



# 2022-23 PROPOSED BUDGET

## JUNE 9, 2022

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# AGENDA

- 
- Governor's May Revision
  - Revenue Assumptions
  - Expenditure Assumptions
  - Site Level Allocations
  - Multi-year Projections
  - Future Considerations
  - Next Steps



# GOVERNOR'S MAY REVISION

## OVERVIEW OF THE 2022-23 MAY REVISION

# May Revision for the State—and for Our District

- **The Governor’s May Revision is the last statutory step in the State Budget process before the Legislature adopts the state’s spending plan by June 15**
- **The Newsom Administration has updated revenue projections and proposals based on the latest cash receipts and economic forecasts**

**This is not so different from the process our district is going through to adopt its budget:**

- |  |  |
|--|--|
| • Incorporating revised revenue projections with the Local Control Funding Formula (LCFF) Simulator and School Services of California Inc. (SSC) Dartboard | • Updating step and column movement, benefits, and other local costs |
|--|--|

- **Once the 2022-23 State Budget has been enacted, we will inform you of what has changed and how it affects our budget.**

# Themes for the May Revision

- **Governor Gavin Newsom’s spending plan is an eye-popping \$300.7 billion budget to “provide relief from rising inflation, ensure public safety, address homelessness, transform public education, and combat climate change”**
  - **“Transform[ing] public education” in the May Revision is thankfully less drastic than it sounds since educational leaders are drained from two years’ worth of transformations**
- **And while revenues are extraordinary now, we’ve seen this storyline play out before**
  - **The Governor seeks to guard California against a bust like we experienced post the dot-com boom**



# Reserve Cap

- **Senate Bill (SB) 751 (Hill, Statutes of 2017) sets the threshold for triggering the cap on district reserves and the limits of how much school districts can maintain in their local reserves**

**Caps district reserves at 10% using assigned/unassigned ending balance of General and Special Reserve For Other Than Capital Outlay Fund**

**Exempts basic aid districts and districts with fewer than 2,501 ADA**

# Statewide Average Reserve Levels

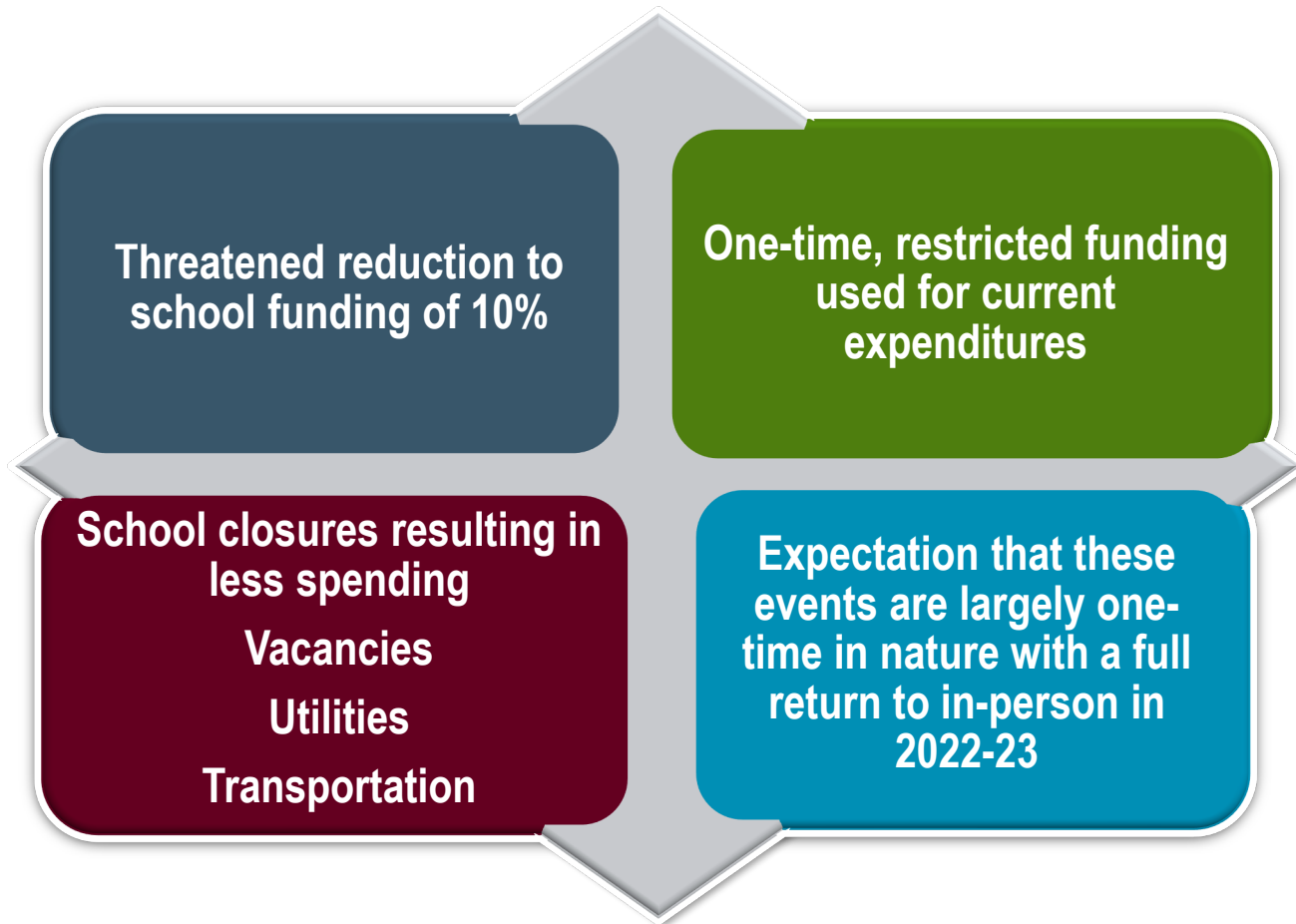
- The latest statewide data on school district reserves is available for 2020-21
  - Unrestricted fund balances increased tremendously

Average Unrestricted General Fund, Plus Fund 17, Ending Balances <sup>1</sup>			
	2019-20	2020-21	Difference
Unified School Districts	18.82%	22.36%	3.54%
Elementary School Districts	22.70%	26.01%	3.31%
High School Districts	17.34%	21.82%	4.48%

<sup>1</sup>As a percentage of total General Fund expenditures, transfers, and other uses

- In a year when no new ongoing funding was provided, how could this happen?
  - Driven by the “COVID-bump”

# Factors Impacting Statewide Average Reserve Levels





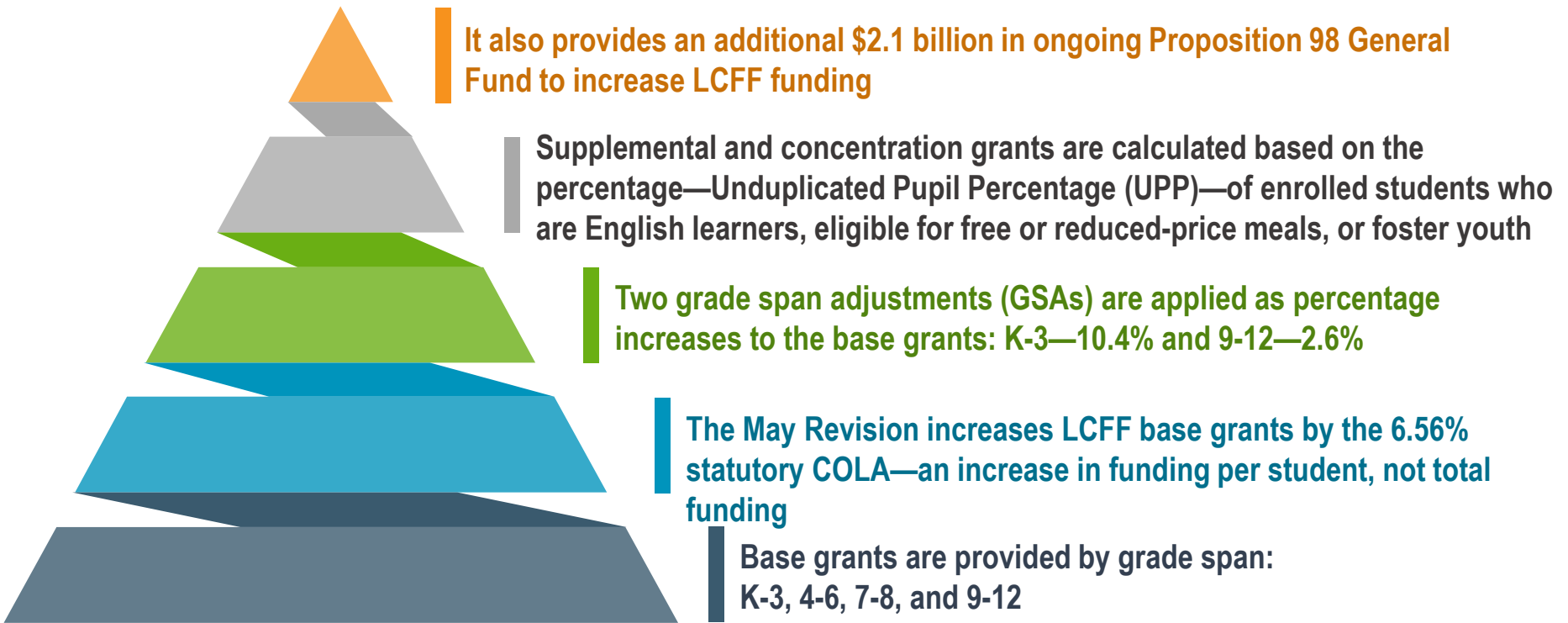
# Governor's Budget vs. May Revision

Item	Governor's Budget	May Revision
LCFF <sup>1</sup> Funding Increase	\$3.3 billion	\$6.1 billion
Proposition 98 Minimum Guarantee		
2020-21	\$95.9 billion	\$96.1 billion
2021-22	\$99.1 billion	\$110.2 billion
2022-23	\$102.0 billion	\$110.3 billion
2022-23 Statutory COLA <sup>2</sup>	5.33%	6.56%
One-Time Discretionary Funds	\$0	\$8 billion

<sup>1</sup>Local Control Funding Formula (LCFF)

<sup>2</sup>Cost-of-living adjustment (COLA)

# 2022-23 LCFF Funding Factors



# 2022-23 LCFF Funding Factors

Grade Span	K-3	4-6	7-8	9-12
2021-22 Base Grant per ADA <sup>1</sup>	\$8,093	\$8,215	\$8,458	\$9,802
6.56% COLA	\$531	\$539	\$555	\$643
Additional LCFF Investment <sup>2</sup>	\$266	\$270	\$278	\$322
2022-23 Base Grant per ADA	\$8,890	\$9,024	\$9,291	\$10,767
GSA	\$925	–	–	\$280
2022-23 Adjusted Base Grant per ADA	\$9,815	\$9,024	\$9,291	\$11,047
20% Supplemental Grant per ADA (Total UPP)	\$1,963	\$1,805	\$1,858	\$2,209
65% Concentration Grant per ADA (UPP Above 55%)	\$6,380	\$5,866	\$6,039	\$7,181

<sup>1</sup>Average daily attendance (ADA)

<sup>2</sup>School Services of California (SSC) estimate of the impact the additional \$2.1 billion investment brings to LCFF funding by increasing the base rates

# Discretionary Block Grant

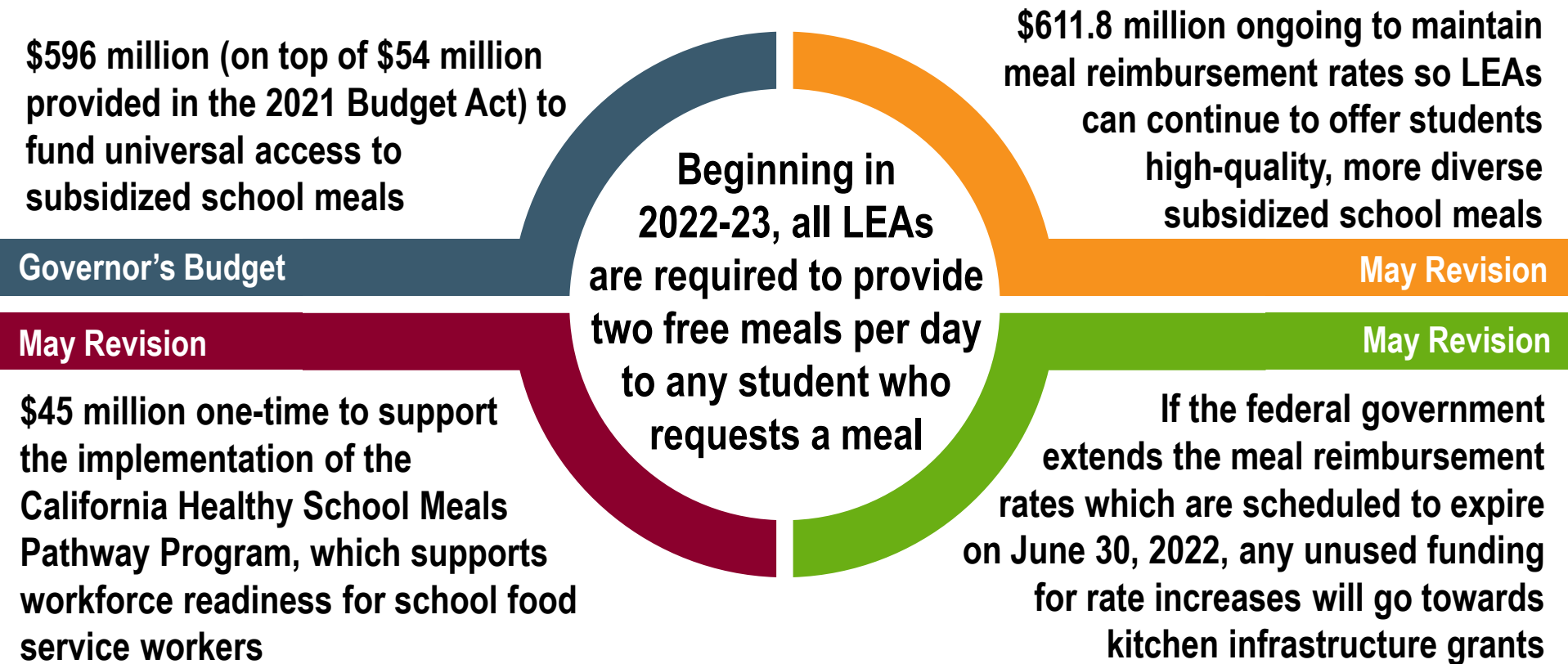
- Taking a page from his predecessor, Governor Newsom proposes a one-time \$8 billion Discretionary Block Grant for LEAs for the 2022-23 fiscal year

- This equates to approximately \$1,500 per ADA
- The funding would be distributed on a per-ADA basis using 2021-22 Second Principal Apportionment (P-2) reported ADA
- Expenditure of these funds is determined by the local governing board and can be used for any one-time purpose



- Funds will offset LEAs' outstanding mandate reimbursement claims on a dollar-for-dollar basis
- There is intent language that this funding be used to address student learning challenges, protect staff levels, and support the mental health and wellness of students and staff
- It is important to remember that intent language does not have the force of law

# Child Nutrition



# CalPERS Employer Contribution Rates

- The California Public Employees' Retirement (CalPERS) Board adopted an employer contribution rate of 25.37% for 2022-23 (up 2.46% from the current-year rate of 22.91%)
- Post-PEPRA<sup>1</sup> members hired on or after January 1, 2013, will see a 1.00% increase to their current contribution of 7.00%, for a total of 8.00% of their salary effective July 1, 2022
  - Classic member contribution rates are not subject to PEPRA and are set by statute—they will continue to contribute 7.00% of their salary

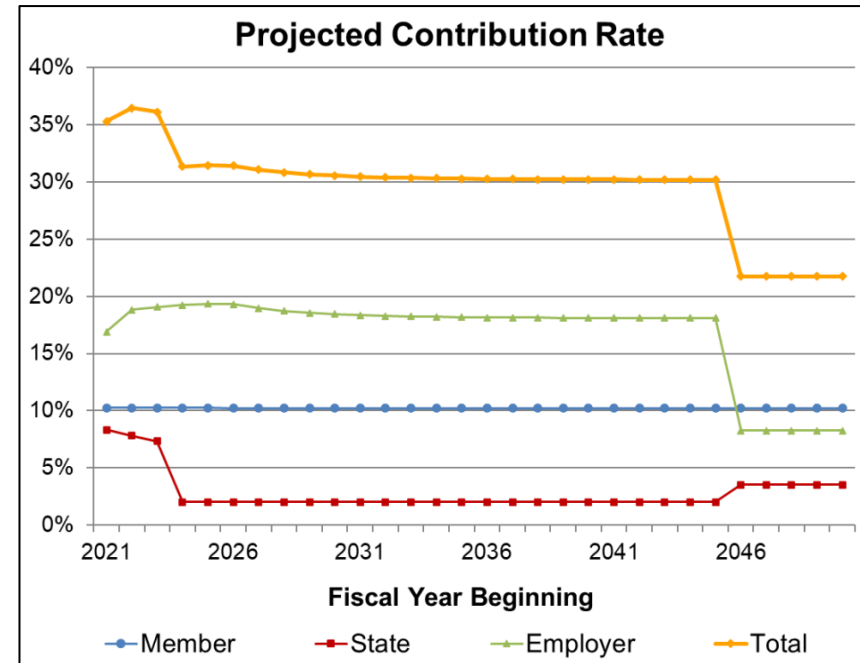
	Actual	Projected				
Employer Contribution Rate	2022-23*	2023-24	2024-25	2025-26	2026-27	2027-28
	25.37%	25.20%	24.60%	23.70%	22.60%	22.60%

\*2022-23 Employer contribution rate approved by CalPERS Board on April 18, 2022

<sup>1</sup>Public Employees Pension Reform Act (PEPRA)

# CalSTRS Employer Contribution Rates

- On May 4, 2022, the California State Teachers' Retirement System (CalSTRS) Board adopted an employer contribution rate of 19.1% for 2022-23
- In the latest CalSTRS actuarial valuation report, it is projected that the employer contribution rates will remain steady at 19.1% through CalSTRS' full funding goal date of 2046
- Unless the 2022-23 Enacted State Budget includes a supplemental contribution to CalSTRS on behalf of employers to pay for the increased pension costs, SSC recommends that LEAs plan for the employer contribution rate of 19.1% beginning in 2022-23 and for the next several years thereafter



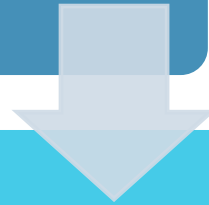
Source: CalSTRS Actuarial Valuation Report, June 30, 2021



# 2022-2023 PROPOSED DISTRICT BUDGET



The budget is a reflection  
of the Board's priorities.



We take those priorities  
and identify the resources  
that can be used to  
support them.



We look at the services  
we are trying to provide  
and align resources to get  
us there.

## DEVELOPING THE DISTRICT BUDGET

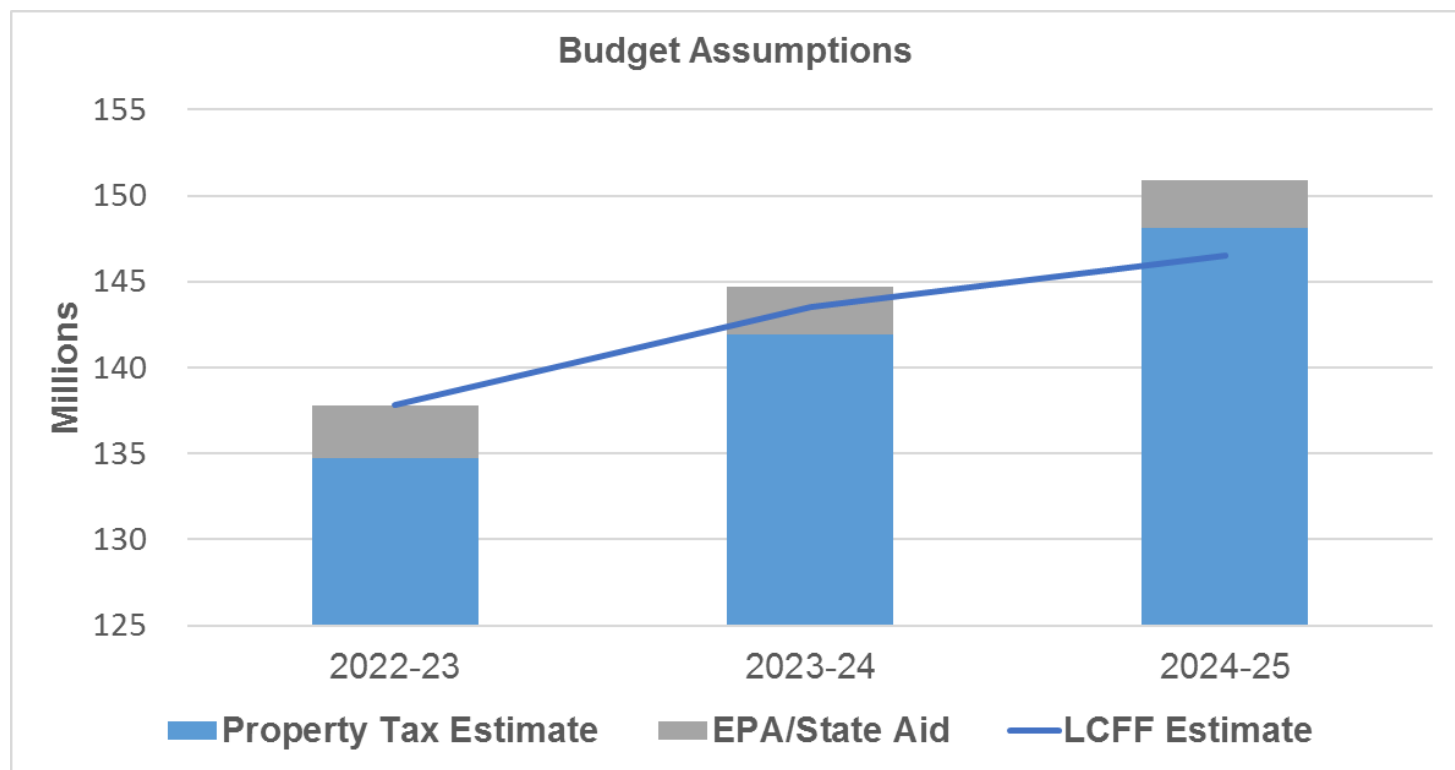
# STATE AID (LCFF) VS. COMMUNITY FUNDED

- Most California school districts are funded by a mixture of property taxes and state aid. This is an LCFF funded school district.
  - The State targets a funding goal and the State makes good on shortfalls in property tax revenue
  - The more property taxes you have, the less the State is obligated to provide
- When property taxes exceed the target established for state aid, the district keeps the excess property taxes but receives only limited state funding.
  - In law, these districts are called “excess property tax” or “basic aid” districts.
  - We call ourselves community or locally funded school districts
  - During tough economic times, property taxes are at risk

## 2022-23 STATE AID (LCFF) FUNDED DISTRICT

- With the Governor's May revision, the LCFF calculation provides more funding than our property tax revenues
- Therefore, SDUHSD is a state aid/LCFF funded District.
- Based on current projections, we will continue to be LCFF funded in fiscal year 2023-24.
- We are projecting becoming a Basic Aid funded district again in fiscal year 2024-25.

# BASIC AID STATUS



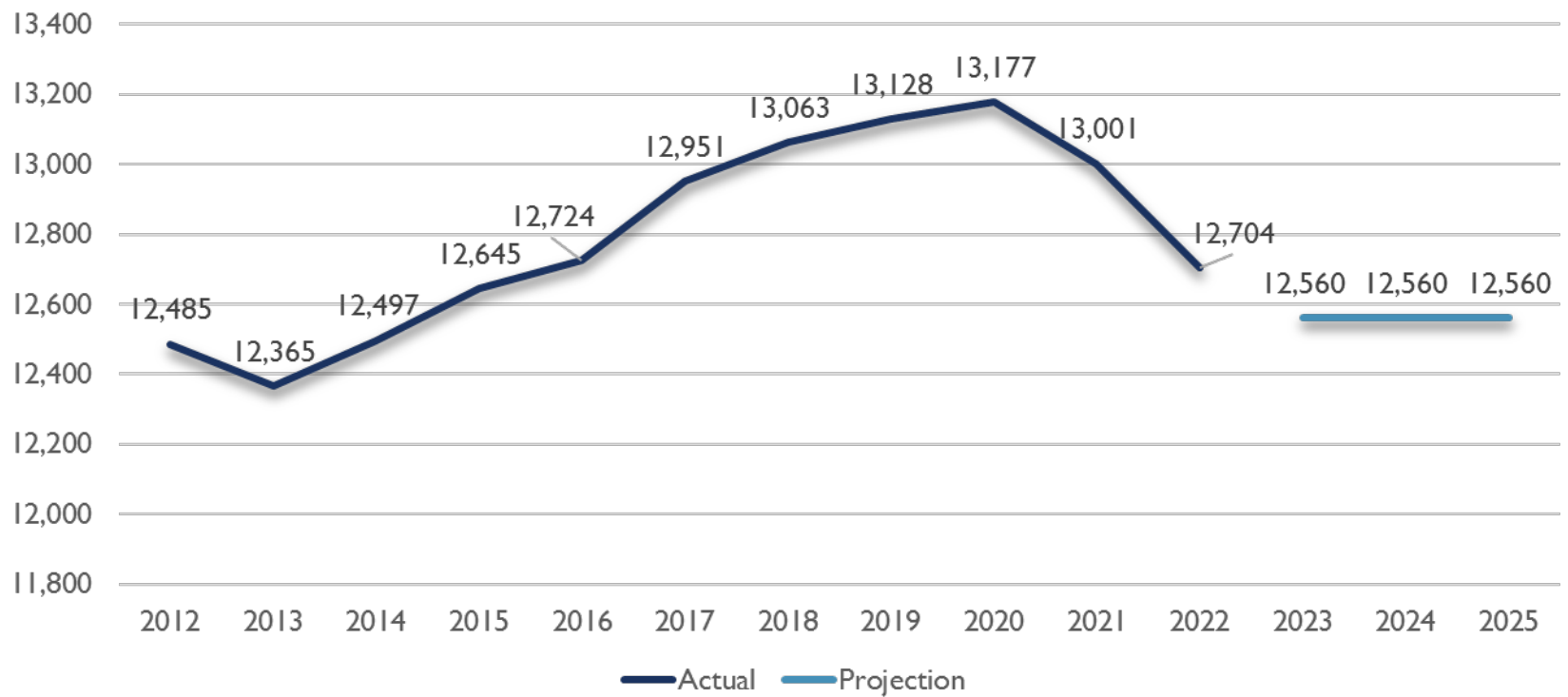
# LCAP DEVELOPMENT

Using a comprehensive review of school and district data as well as feedback and input gathered from all stakeholders, district leadership sets priorities from which we then develop...

- LCAP Goals
- Metrics to measure progress towards goals
- Actions and services to support students and meet each goal
- Expenditures to implement the actions and services needed to reach each goal

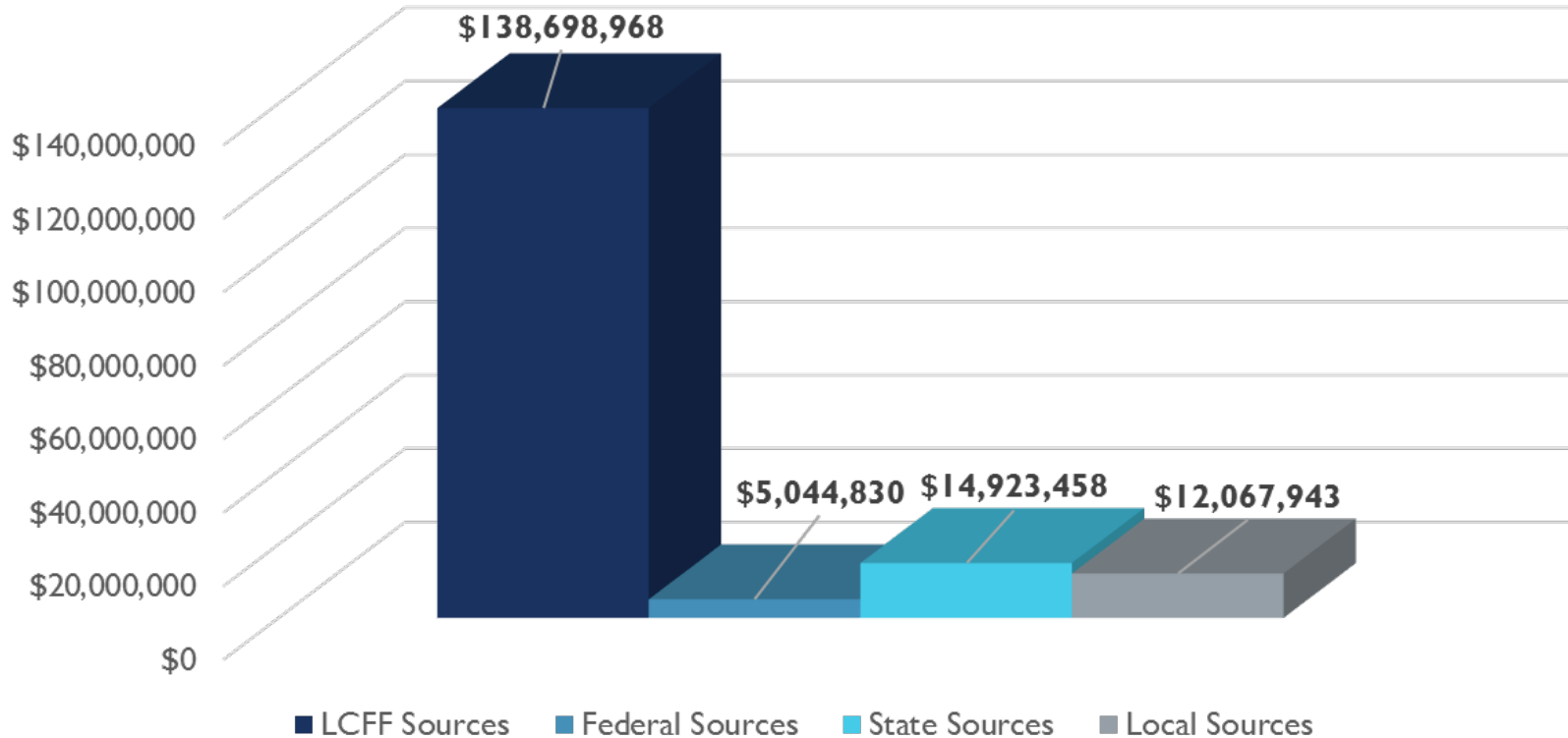
**The proposed LCAP and Budget are being presented at the June 9, 2022 Board meeting. LCAP funds are incorporated in the proposed budget.**

# ENROLLMENT TRENDS



# KEY BUDGET ASSUMPTIONS

	2022-23	2023-24	2024-25
Projected Enrollment	12,560	12,560	12,560
Projected P2 ADA	12,006.27	12,006.27	12,006.27
Property Taxes	6.38% / \$8.7M	5.38% / \$7.2M	4.38% / \$6.2M
COLA	6.56%	5.38%	4.02%
Unemployment Insurance	0.50%	0.20%	0.20%
STRS	19.10% / \$1.5M	19.10%	19.10%
PERS	25.37% / \$800K	25.20%	24.60%
Health & Welfare	5% Cert / \$188K 2.5% Class / \$100K	5% Cert 2.5% Class	5% Cert 2.5% Class
Step & Column	1.33% Cert/ \$900K .60% Class/\$150K	1.33% Cert .60% Class	1.33% Cert .60% Class

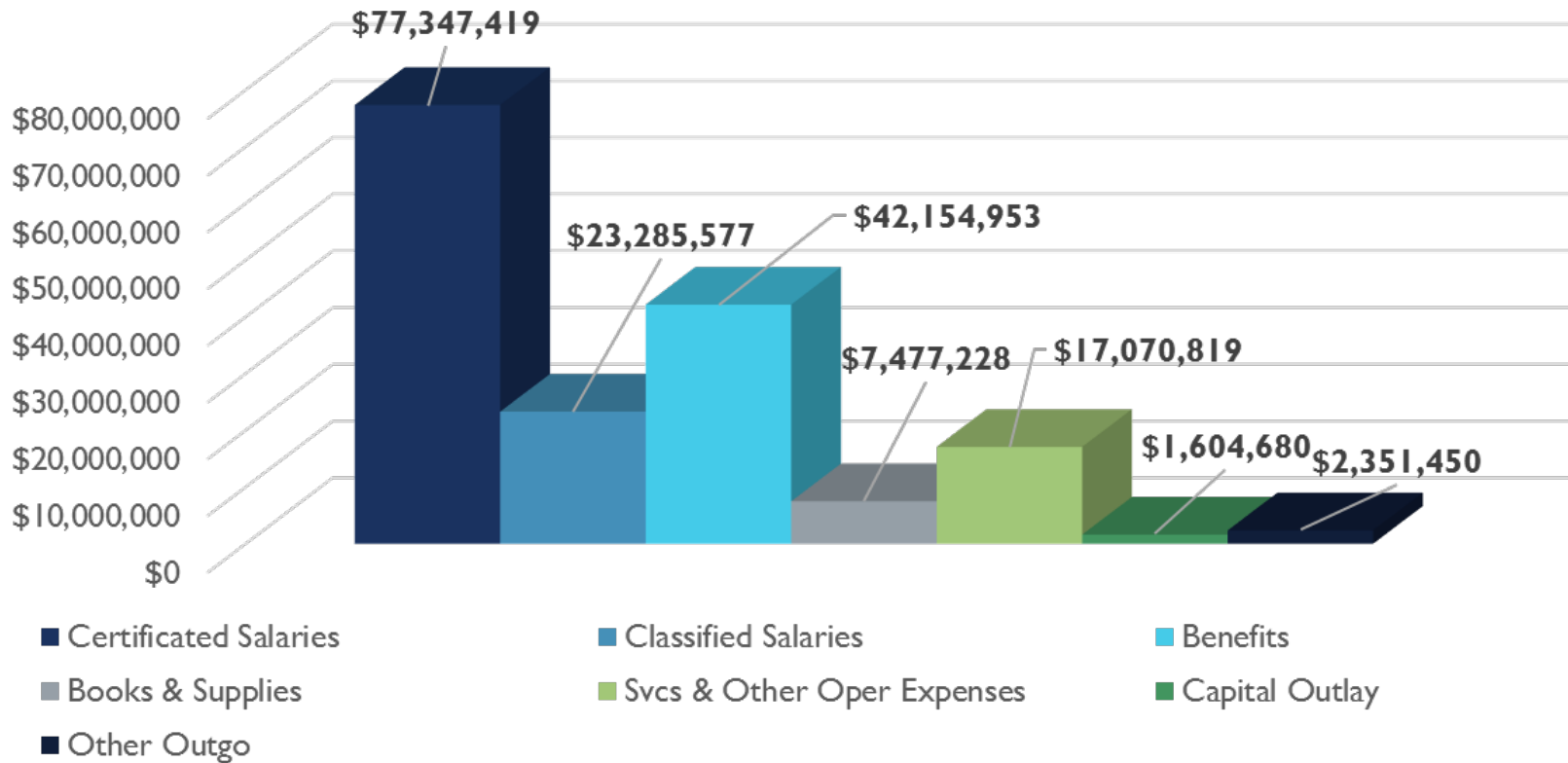


**2022-23 PROJECTED REVENUE**  
**\$170,735,199**



# 2022-23 PROJECTED EXPENSES

## \$176,356,617



# SITE DISCRETIONARY FUNDS

Site	Proj. Enrollment	Rate	Allocation
Canyon Crest	2,346	\$ 89.00	\$ 208,794.00
La Costa Canyon	1,646	\$ 89.00	\$ 146,494.00
San Dieguito	2,144	\$ 89.00	\$ 190,816.00
Torrey Pines	2,649	\$ 89.00	\$ 235,761.00
<b>Total High Schools</b>	<b>8,785</b>		<b>\$ 781,865.00</b>
Carmel Valley	797	\$ 70.00	\$ 55,790.00
Diegueno	780	\$ 70.00	\$ 54,600.00
Earl Warren	531	\$ 70.00	\$ 37,170.00
Oak Crest	808	\$ 70.00	\$ 56,560.00
Pacific Trails	867	\$ 70.00	\$ 60,690.00
<b>Total Middle Schools</b>	<b>2,986</b>		<b>\$ 264,810.00</b>
Sunset	102	\$ 80.00	\$ 8,160.00
<b>Total Continuation Schools</b>	<b>3,088</b>		<b>\$ 8,160.00</b>
<b>Grand Total all Schools</b>	<b>14,859</b>		<b>\$ 1,054,835.00</b>

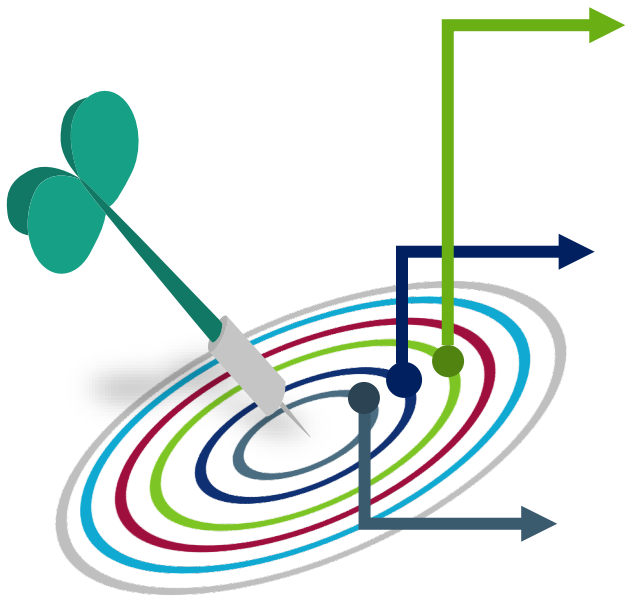


# MULTI-YEAR PROJECTION

## 4-YEAR PROJECTION

# Multiyear Projections

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Multiyear projections are required by Assembly Bill (AB) 1200 and AB 2756

Projections are anchored in reliable information as of the date of the projection—they are NOT forecasts

Projections will change any time the underlying factors change

**2022-2023 Adopted Budget**  
**General Fund Multi-Year Projections**  
**Unrestricted/Restricted**

**San Dieguito Union High School District**

Description	Object Codes	FY2023 Projection (C)	% Change (Cols E- C/C) (D)	FY2024 Projection (E)	% Change (Col G- E/E) (F)	FY2025 Projection (G)	% Change (Col I- G/G) (H)	FY2026 Projection (I)
<b>A. REVENUES AND OTHER FINANCING SOURCES</b>								
1. LCFF Sources	8010-8099	138,698,967.97	5.00%	145,627,320.45	4.23%	151,793,666.29	3.36%	156,893,631.58
2. Federal Revenues	8100-8299	5,044,830.00	0.00%	5,044,830.00	-21.29%	3,970,979.00	0.00%	3,970,979.00
3. Other State Revenues	8300-8599	14,923,458.01	0.00%	14,923,520.00	0.00%	14,923,520.00	0.00%	14,923,520.00
4. Other Local Revenues	8600-8799	12,067,943.02	0.04%	12,072,442.99	0.04%	12,077,011.02	0.00%	12,077,011.02
5. Other Financing Sources								
a. Transfers In	8900-8929	765,589.00	0.00%	765,589.00	0.00%	765,589.00	0.00%	765,589.00
b. Other Sources	8930-8979	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
c. Contributions	8980-8999	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
<b>6. Total (Sum lines A1 - A5c)</b>		<b>171,500,788.00</b>	<b>4.04%</b>	<b>178,433,702.44</b>	<b>2.86%</b>	<b>183,530,765.31</b>	<b>2.78%</b>	<b>188,630,730.60</b>
<b>B. EXPENDITURES AND OTHER FINANCING USES</b>								
1. Certificated Salaries								
a. Base Salaries		77,168,177.98		77,232,968.96		78,091,464.01		78,785,658.50
b. Step & Column Adjustment		0.00		0.00		0.00		0.00
c. Cost-of-Living Adjustment		0.00		0.00		0.00		0.00
d. Other Adjustments								
e. Total Certificated Salaries (Sum lines B1a - B1d)	1000-1999	77,168,177.98	0.08%	77,232,968.96	1.11%	78,091,464.01	0.89%	78,785,658.50
2. Classified Salaries								
a. Base Salaries		25,042,015.00		24,888,335.97		25,028,951.98		25,144,808.76
b. Step & Column Adjustment		0.00		0.00		0.00		0.00
c. Cost-of-Living Adjustment		0.00		0.00		0.00		0.00
d. Other Adjustments								
e. Total Classified Salaries (Sum lines B2a - B2d)	2000-2999	25,042,015.00	-0.61%	24,888,335.97	0.56%	25,028,951.98	0.46%	25,144,808.76
3. Employee Benefits	3000-3999	44,476,795.39	0.33%	44,621,695.68	0.99%	45,063,574.26	0.00%	45,063,574.26
4. Books and Supplies	4000-4999	7,765,771.85	-2.02%	7,609,060.84	1.50%	7,723,195.86	1.17%	7,813,330.27
5. Services and Other Operating Expenditures	5000-5999	18,635,287.00	6.18%	19,786,697.96	2.23%	20,227,395.04	0.00%	20,227,395.04
6. Capital Outlay	6000-6999	874,992.00	1.50%	888,117.00	1.50%	901,439.00	0.00%	901,439.00
7. Other Outgo (excluding Transfers of Indirect Cost)	7100-7299, 7400-7499	2,466,315.63	0.47%	2,477,832.63	0.47%	2,489,522.64	0.00%	2,489,522.64
8. Other Outgo - Transfers of Indirect Costs	7300-7399	(72,737.48)	2.47%	(74,537.48)	2.45%	(76,365.48)	0.00%	(76,365.48)
9. Other Financing Uses								
a. Transfers Out	7600-7629	50,000.00	0.00%	50,000.00	0.00%	50,000.00	0.00%	50,000.00
b. Other Uses	7630-7699	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
10. Other Adjustments (Explain in Section F below)		0.00		0.00		0.00		0.00
<b>11. Total (Sum lines B1 - B10)</b>		<b>176,406,617.37</b>	<b>0.61%</b>	<b>177,480,171.56</b>	<b>1.14%</b>	<b>179,499,177.31</b>	<b>0.50%</b>	<b>180,399,362.99</b>

**2022-2023 Adopted Budget  
General Fund Multi-Year Projections**

**San Dieguito Union High School District**

**Unrestricted/Restricted**

Description	Object Codes	FY2023 Projection (C)	% Change (Cols E- C/C) (D)	FY2024 Projection (E)	% Change (Col G- E/E) (F)	FY2025 Projection (G)	% Change (Col I- G/G) (H)	FY2026 Projection (I)
<b>C. NET INCREASE (DECREASE) IN FUND BALANCE</b> (Line A6 - B11)		<b>(4,905,829.37)</b>		<b>953,530.88</b>		<b>4,031,588.00</b>		<b>8,231,367.61</b>
<b>D. FUND BALANCE</b>								
1. *Net Beginning Fund Balance (Form 011, line F1e)		26,287,600.87		21,381,771.50		22,335,302.38		26,366,890.38
2. Ending Fund Balance (Sum lines C and D1)		21,381,771.50		22,335,302.38		26,366,890.38		34,598,257.99
3. Components of Ending Fund Balance (Form 011)								
a. Nonspendable	9710-9719	181,000.00		181,000.00		181,000.00		181,000.00
b. Restricted	9740	4,123,948.13		2,671,310.83		436,179.67		1,048.50
c. Committed								
1. Stabilization Arrangements	9750	0.00		0.00		0.00		0.00
2. Other Commitments	9760	1,500,000.00		3,500,000.00		8,000,000.00		10,000,000.00
d. Assigned	9780	0.00		0.00		0.00		0.00
e. Unassigned/Unappropriated								
1. Reserve for Economic Uncertainties	9789	5,292,199.00		5,324,405.00		5,384,975.00		5,419,910.87
2. Unassigned/Unappropriated	9790	10,284,624.37		10,658,586.55		12,364,735.71		20,476,012.97
f. Total Components of Ending Fund Balance (Line D3f must agree with line D2)		21,381,771.50		22,335,302.38		26,366,890.38		36,077,972.34
<b>E. AVAILABLE RESERVES</b>								
1. General Fund								
a. Stabilization Arrangements	9750	0.00		0.00		0.00		0.00
b. Reserve for Economic Uncertainties	9789	5,292,199.00		5,324,405.00		5,384,975.00		5,419,910.87
c. Unassigned/Unappropriated	9790	10,284,624.37		10,658,586.55		12,364,735.71		20,476,012.97
2. Special Reserve Fund - Noncapital Outlay (Fund 17)								
a. Stabilization Arrangements	9750	0.00		0.00		0.00		0.00
b. Reserve for Economic Uncertainties	9789	0.00		0.00		0.00		0.00
c. Unassigned/Unappropriated	9790	0.00		0.00		0.00		0.00
3. Total Available Reserves (Sum lines E1a - E2c)		15,576,823.37		15,982,991.55		17,749,710.71		25,895,923.84
4. Total Available Reserves - by Percent (Line E3/Line F3c)		8.83%		9.01%		9.89%		14.35%

# DISTRICT RESERVES – ITS IMPORTANCE

- 3% requirement
- Board Policy 3100 – Revised August 2021
  - Additional 15% - Basic Aid (Community Funded) Reserve
  - Replenish low balance over a period not to exceed 5 years
- For Community Funded districts, reserves help with cash flow during low months before property tax receipts are in
- The District will need to issue a Tax and Revenue Anticipation Note (TRAN) again this year to help cover monthly operating expenses



# FUTURE CONSIDERATIONS





Continue to Build Basic Aid Reserve per Policy

White Fleet Replacement

Deferred Maintenance

Staffing Ratios

## FUTURE CONSIDERATIONS FOR BUDGET PLANNING



Local Control Accountability  
Plan (LCAP) and Budget must  
be adopted by June 30, 2022



LCAP and Budget Adoption  
scheduled for June 23, 2022

## NEXT STEPS