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2023-2024

FIRST INTERIM REPORT

Presented by

Mike Reynolds

Interim Assistant Superintendent, Business Services

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2023-2024

FIRST INTERIM REPORT

- The current year is fine both in terms of budget and finance. The fact is, we are facing the same challenges as a great number of California School Districts who must now adjust to the post-COVID funding levels and our State's budget shortfalls.
- We intend to work diligently with our many interest-holders, including our Community Budget Advisory Committee, to develop a budget that meets our needs in balance with our revenues.
- At this stage of budget development, there are a great many unknowns. For example, we do not know whether the State's Cost of Living Adjustments will be lower or higher, but whatever direction it takes, the Governing Board will have ample time to adjust our expenditures to prepare for the 2024-25 fiscal year.

2023-2024 FIRST INTERIM REPORT NET DECREASE IN FUND BALANCE

| | 2023-24 Adopted Budget | 2023-24 First Interim | Difference |
|--------------------------------------|------------------------------|--------------------------|-----------------------|
| Revenues: | | | |
| LCFF Sources | \$ 80,244,654 | \$ 80,248,427 | \$ 3,773 |
| Federal Revenue | 2,596,669 | 3,367,462 | 770,793 |
| Other State Revenue | 16,540,607 | 18,809,236 | 2,268,629 |
| Other Local Revenue | 5,131,763 | 5,449,265 | 317,502 |
| Total Revenues | \$ 104,513,693 | \$ 107,874,390 | \$ 3,360,697 |
| Expenditures: | | | |
| Certificated Salaries | \$ 45,641,460 | \$ 50,349,525 | \$ 4,708,065 |
| Classified Salaries | 15,007,697 | 17,709,572 | 2,701,875 |
| Employee Benefits | 26,823,366 | 28,296,336 | 1,472,970 |
| Books and Supplies | 4,586,211 | 4,637,961 | 51,750 |
| Services and Other Operating | 15,884,596 | 18,598,508 | 2,713,912 |
| Capital Outlay | 271,812 | 271,812 | - |
| Other Outgo - Indirect Costs | (513,347) | (525,591) | (12,244) |
| Total Expenditures | \$ 107,701,795 | \$ 119,338,123 | \$ 11,636,328 |
| Other Financing Sources/Uses: | | | |
| Transfers In | \$ 1,750,000 | \$ 2,250,000 | \$ 500,000 |
| Transfers Out | - | - | - |
| Net Change in Fund Balance | \$ (1,438,102) | \$ (9,213,733) | \$ (7,775,631) |

2023-2024 FIRST INTERIM REPORT REVENUE ASSUMPTIONS

Federal Revenue:

- ESSER funds reconciliation of revenue from prior years: \$1.006M
- Special Ed and various categorical programs: (\$230K)

State Revenue:

- ELOP continued funding of before and after school program: \$2.3M

Local Revenue:

- Interest revenue: \$350K

2023-2024 FIRST INTERIM REPORT ASSUMPTIONS

Expenditures:

- Salaries and benefits increased (8% salary increase, medical cap increase, ACE reclass, etc.): \$7.5M
- Salaries and benefits increased due to addition of Culver Park (three teachers, one administrator and three Inclusion Facilitator Coordinators): \$925K
- Classified salaries and benefits increased to fund two full-time instructional aides each at all five elementary sites (funded by LRE Block Grant): \$456K
- Services and Other Operating increased due to the following: attorney fees - \$200K; utilities - \$200K; ELOP program - \$1M; bond program costs and election - \$350K; various settlements - \$1.84M; buses for fieldtrips - \$100K
- Services and Other Operating decreased due to the following: temporary staffing support agencies (\$350K)

MULTI-YEAR PROJECTION

- LCFF revenue cost of living adjustments (COLA) budgeted at 1% for 24-25 and 3.29% for 25-26
- LCFF revenue funded on lower ADA in 24-25 and 25-26 compared to 23-24 based on three (3) year rolling average funding model
- Enrollment is projected to stay flat
- We will draft priorities and a needs assessment for the Board to consider
- Temporary (restricted one-time funds) positions in 2023-24 funded by unrestricted General Fund in 2024-25 through 2025-26 ongoing (\$2.8M)

STATE FACES A \$68 BILLION PROJECTED BUDGET SHORTFALL

- On 12/7, the state's nonpartisan LAO issued its long-awaited Fiscal Outlook for FY 2024-2025. The report offered a revised and extremely sobering projection of the state budget and significantly more detail to the state's finances based upon newly updated revenues.
- Usually released earlier in the fall, the Fiscal Outlook was delayed because of two extensions of the state's personal income tax filing deadline. According to the LAO, the projected state budget shortfall has increased by \$53 billion when compared to the projections used in the development of the current year budget. It is now estimated that the state is projected to face a \$68 billion deficit in the coming 2024-2025 fiscal year – up from the \$15 billion when the 2023-2024 budget was signed in June.
- According to the LAO, flat consumer spending over the past year, relatively weak job growth, reduced investment in business startups and expansion, lower state income tax collections and increased prices have combined to place significant pressure on the state budget.
- In summarizing the state's financial picture, analysts wrote, "California faces a serious deficit. While addressing a deficit of this scope will be challenging, the Legislature has a number of options available to do so. In particular, the Legislature has reserves to withdraw, one-time spending to pull back, and alternative approaches for school funding to consider."