



# 2022-23 Proposed Budget

Board Meeting  
June 9, 2022  
Agenda Item No. 10.1

# Acronyms

<b>1x</b>	One time	<b>LCFF</b>	Local Control Funding Formula
<b>ADA</b>	Average Daily Attendance	<b>MYP</b>	Multi - Year Projections
<b>AB</b>	Assembly Bill	<b>P-2</b>	Second Period Attendance Reporting Cycle
<b>COLA</b>	Cost of Living Adjustment	<b>PD</b>	Professional Development
<b>ELOP</b>	Expanded Learning Opportunities Program	<b>PERS</b>	California Public Employees' Retirement System
<b>EPA</b>	Education Protection Act	<b>SCOE</b>	Sacramento County Office of Education
<b>FRP</b>	Fiscal Recovery Plan	<b>STRS</b>	California State Teachers Retirement System
<b>LCAP</b>	Local Control Accountability Plan	<b>UPP</b>	Unduplicated Pupil Percentage



# Budget Presentation Agenda

- Financial Reporting Requirements
- May Revise Highlights
- 2021-22 Estimated Actuals
- 2022-23 Proposed Budget
- 2022-23 Multi-Year Projections
- Potential Future Risks & Opportunities
- Summary



# California School District Financial Reporting Requirements

- District required to adopt budget prior to July 1 of each year
- 2022-23 Proposed Budget is a "tentative" budget
- Based on Governor's May Budget Revise, State Enacted Budget may be different
- 2022-23 SCUSD Budget will be presented for Adoption on June 23<sup>rd</sup>
- Material revisions presented within 45 days of State Enacted Budget



# May Revise Highlights

- 2022-23 Additional COLA of 3.29% above 6.56%
- \$8B in 1x discretionary funds at \$1,500/ADA
- Maintains proposal to increase AB602 Special Education funding to \$820/ADA up from \$715/ADA
- 2021-22 attendance ratio from 2019-20 of 94.6% up from 21-22 ratio of 85.9%
  - Projected increase of \$13.9M in 22-23, \$14.6M in 23-24 and \$7.8M in 24-25



# 2021-22 Estimated Actuals

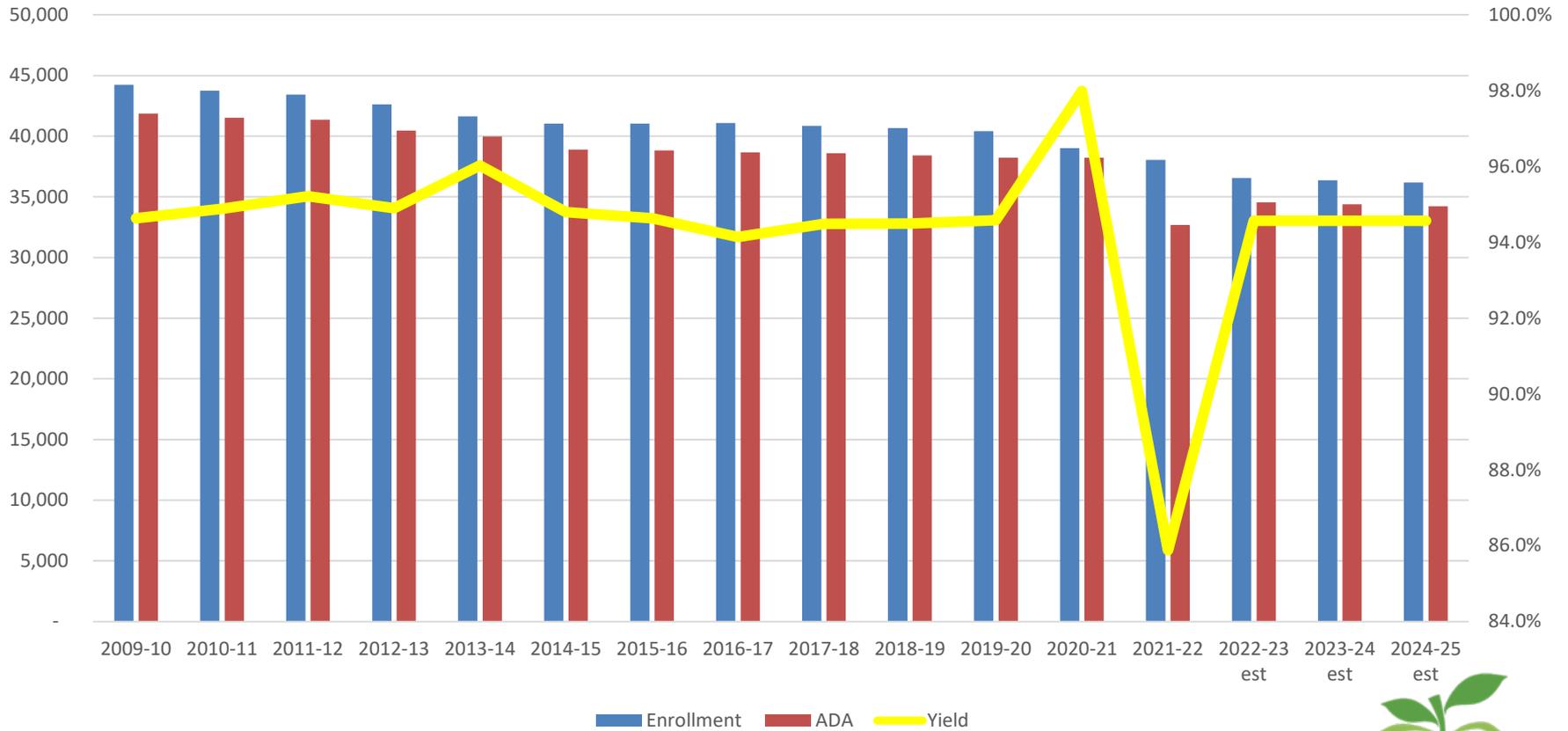
## *Changes from 2021-22 Third Interim*

- Projected Unrestricted ending fund balance of \$42.7M
  - Decrease of \$1.5M due to increase in utilities costs
- Projected unrestricted deficit of \$61M
  - Third Interim included the potential \$47M liability from instructional lost days/minutes and SCTA & SEIU Settlements
- Restricted ending fund balance increased by \$19.1M
  - \$8.9M Educator Effectiveness funds
  - \$10.2M in ELOP funds
- Projected restricted ending fund balance of \$24.6M



# 2022-23 Proposed Budget Enrollment Trend

Enrollment & ADA Trend



# 2022-23 Proposed Budget

## LCFF Funding Factors

<b>Grade Span</b>	<b>K-3</b>	<b>4-6</b>	<b>7-8</b>	<b>9-12</b>
2021-22 Base Grant per ADA	\$8,093	\$8,215	\$8,458	\$9,802
9.85% COLA (6.26% + 3.29%)	\$797	\$809	\$833	\$965
2022-23 Base Grant per ADA	\$8,890	\$9,024	\$9,291	\$10,767
Grade Span Adjustment	\$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



# 2022-23 Proposed Budget LCFF Revenue

## 2022-23 LCFF Target per May Revise Compared to 2021-22 LCFF Funding

	2021-22	2022-23	Difference
Base Grant	\$331,197,734	\$346,812,986	\$15,615,252
Grade Span Adjustment	\$12,855,383	\$13,363,515	\$508,132
Supplemental Grant	\$48,793,613	\$50,748,869	\$1,955,256
Concentration Grant	\$35,580,252	\$36,170,725	\$590,473
Targeted Instructional Improvement Block Grant	\$2,428,078	\$2,428,078	\$0
Home-to-School Transportation	\$4,115,457	\$4,115,457	\$0
Transitional Kindergarten	\$0	\$432,893	\$432,893
<b>Total</b>	<b>\$434,970,517</b>	<b>\$454,072,523</b>	<b>\$19,102,006</b>

*\*Based on Governor's May Revise of 6.56% COLA + 3.29% COLA augmentation, 71% UPP and 3 year averaging of Actual ADA (19-20,20-21,21-22)*

*\*Excludes ADA Attendance Yield Proposal of using 19-20 94.6% rate for 21-22 P-2 ADA, projected LCFF increase of **\$13.9M** in 22-23*

# 2022-23 Proposed Budget Revenues

DESCRIPTION	UNRESTRICTED	COMBINED
General Purpose (LCFF) Revenue	\$454,072,523	\$456,323,702
Federal	\$0	\$91,620,567
State Revenue	\$56,524,860	\$133,686,719
Local Revenue	\$5,910,294	\$8,258,946
<b>TOTAL</b>	<b>\$516,507,677</b>	<b>\$689,889,933</b>

*\*Unrestricted State Revenues include 1x funding proposal of \$1,500/ADA which is approximately \$49M for the District*



# 2022-23 Proposed Budget Expenditures

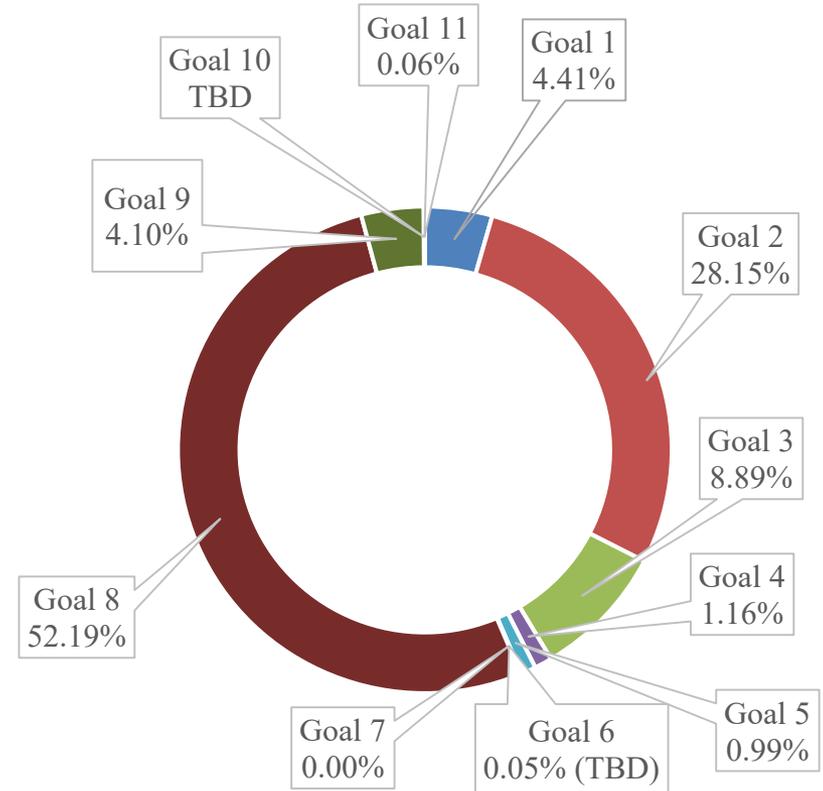
<b>DESCRIPTION</b>	<b>UNRESTRICTED</b>	<b>RESTRICTED</b>	<b>COMBINED</b>
Certificated Salaries	177,131,600	65,846,912	\$242,978,512
Classified Salaries	39,061,130	31,616,783	\$70,677,912
Benefits	126,337,116	89,430,083	\$215,767,200
Books and Supplies	8,011,516	21,326,015	\$29,337,531
Other Services & Oper.	23,735,745	61,790,517	\$85,526,262
Capital Outlay	29,000	5,400,251	\$5,429,251
Other Outgo/Transfer	1,540,000	0	\$1,540,000
Transfers Out	(2,342,426)	0	(2,342,426)
<b>TOTAL</b>	<b>373,503,681</b>	<b>275,410,561</b>	<b>\$648,914,243</b>



# 2022-23 LCAP Goals

<b>1</b>	<b>College and Career Readiness</b>
<b>2</b>	<b>Foundational Educational Experience (Tier 1)</b>
<b>3</b>	<b>Integrated Supports (Tier 2 &amp; 3)</b>
<b>4</b>	<b>Culture and Climate</b>
<b>5</b>	<b>Engagement and Empowerment</b>
<b>6</b>	<b>MTSS Implementation</b>
<b>7</b>	<b>Update SCUSD Graduate Profile</b>
<b>8</b>	<b>Basic Services and Districtwide Operations</b>
<b>9</b>	<b>Focus on Students with Disabilities</b>
<b>10</b>	<b>Focus on Homeless Youth</b>
<b>11</b>	<b>Focus on Foster Youth</b>

22-23 Projected Expenditures by Goal



# 2022-23 LCAP Goal 1

## Projected Expenditures by Action

Ref.	Title	22-23 Projection
1.1	CTE Pathways and Programs (Centrally Funded)	\$ 3,832,452
1.2	Academic and Career Counseling (Base)	\$ 4,054,175
1.3	Academic and Career Counseling (Supplemental)	\$ 5,776,988
1.4	Central Support for Aligned Master Scheduling	\$ 195,924
1.5	Credit Recovery Options	\$ 1,718,742
1.6	Exam Fee Support (AP, IB, PSAT/SAT)	\$ 499,165
1.7	International Baccalaureate (IB) Program Support	\$ 527,994
1.8	SPSA-based Site actions: Graduation/College & Career Ready	\$ 918,691
1.9	Department head stipends for secondary school teachers	\$ 461,753
1.10	Transition Planning for Students with Disabilities	\$ 10,000
1.11	Post-Secondary Tracking of SWDs	\$ 0
1.12	Establish College/Career Readiness Labs at Middle School	\$ 240,333
1.13	Implement State Seal of Civic Engagement (SSCE) Program	\$ 47,040
<b>Goal 1 TOTAL</b>		<b>\$ 18,283,257</b>

# 2022-23 LCAP Goal 2

## Projected Expenditures by Action

Ref.	Title	22-23 Projection
2.1	Professional Learning to support standards implementation	\$ 4,536,174
2.2	Advanced Learning Programs - GATE/AP	\$ 258,145
2.3	Expanded Learning Programs	\$ 23,967,922
2.4	Multisensory Reading Intervention: Curriculum & Training	\$ 40,000
2.5	Language Acquisition Programs for English Learners	\$ 311,915
2.6	Professional Learning specific for English Learner Instruction	\$ 441,915
2.7	Pathways to Multiliteracy	\$ 311,915
2.8	Class Size Reduction (K-3) - CSR to 24:1 at primary grades	\$ 2,606,800
2.9	School Assistance - Additional staffing for high-needs sites	\$ 38,528,384
2.10	Weekly Collaboration Time for certificated staff	\$ 6,299,952
2.11	Restructured Salary Schedule - Recruit and Retain teachers	\$ 13,956,407
2.12	Early Childhood Education: Preschool programs	\$ 12,673,513
2.13	Early Childhood Education: Transitional Kindergarten	\$ 1,163,666

# 2022-23 LCAP Goal 2

## Projected Expenditures by Action

Ref.	Title	22-23 Projection
2.14	Literacy, Research and Project-based learning (Secondary Librarians)	\$ 1,658,460
2.15	Expansion of Theater Arts/Social Emotional Learning Pilot	\$ 701,692
2.16	Visual and Performing Arts (VAPA) Opportunities	\$ 971,351
2.17	SPSA-based site actions: English Learner Progress	\$ 1,427,309
2.18	SPSA-based site actions: English Language Arts Instruction	\$ 1,071,254
2.19	SPSA-based site actions: Mathematics Instruction	\$ 490,712
2.10	SPSA-based site actions: Other academic standards	\$ 3,181,595
2.21	Extra and Co-curricular opportunities and resources	\$ 1,681,649
2.22	Building Teacher Capacity to Teach Reading Districtwide	TBD
2.23	Instructional Technology Professional Development and Support	\$ 520,000
2.24	District Arts Master Plan	\$ 21,357
<b>Goal 2 TOTAL</b>		<b>\$ 116,822,087</b>



# 2022-23 Proposed Budget Contributions

<b>Program</b>	<b>2022-23 Proposed Budget</b>
Special Education	\$79,841,460
Routine Restricted Maintenance Account	\$17,081,000
<b>Total</b>	<b>\$96,922,460</b>

*\*Special Education contribution increased by \$4.6M over 2021-22 contribution, net of the projected increase in 22-23 AB602 special funding of \$4.2M*



# 2022-23 Proposed Budget

## Education Protection Act (EPA)

- Proposition 30 temporary tax increase (11/6/2012)
  - Sales tax increase for 2013-2016
  - Personal income tax increase for 2012-2018
- Proposition 55 (11/8/2016) extends personal income tax through 2030
- Tax revenues received are placed into the Education Protection Account
- Proposition 30 and Proposition 55 include several accountability measures:
  - Governing board at a public meeting approves a spending plan
  - Funds cannot be used on administrative costs
  - Website publishing required (EPA funds received & expended)
  - Annual financial audit
- 2022-23 Projected Revenue **\$89,031,028**
  - All funds are budgeted for teacher salaries & benefits

# 2022-23 Proposed Budget

2022-23 Proposed Budget			
Description	Unrestricted	Restricted	Total
Total Revenues	516,507,677	173,382,256	689,889,933
Total Expenditures	367,566,515	282,498,895	650,065,410
Excess/(Deficiency)	148,941,163	(109,116,639)	39,824,523
Other Sources/Uses	(94,580,034)	96,922,460	2,342,426
<b>Net Increase/(Decrease)</b>	<b>54,361,129</b>	<b>(12,194,179)</b>	<b>42,166,949</b>
Add: Beginning Fund Balance	42,691,089	24,600,396	67,291,485
<b>Ending Fund Balance</b>	<b>97,052,218</b>	<b>12,406,217</b>	<b>109,458,435</b>



# 2022-23 Proposed Budget Fund Summaries

Fund		2022-23 Beginning Fund Balance	Budgeted Net Change	2022-23 Adopted Budget Ending Fund Balance
01	General (Unrestricted and Restricted)	\$67,291,485	\$42,167,249	\$109,458,735
08	Student Activity Fund	\$1,219,952	\$0	\$1,219,952
09	Charter Schools	\$5,209,471	\$2,354,621	\$7,564,092
11	Adult	\$681,523	\$0	\$681,523
12	Child Development	\$186,377	\$0	\$186,377
13	Cafeteria	\$15,655,293	(\$1,494,239)	\$14,161,053
21	Building Fund	\$95,654,639	(\$56,466,253)	\$39,188,386
25	Capital Facilities	\$20,782,401	(\$230,000)	\$20,552,401
35	County School Facilities Fund	\$0	\$0	\$0
49	Capital Projects for Blended Components	\$1,090,778	(\$485,735)	\$605,043
51	Bond Interest and Redemption	\$30,491,953	(\$3,799,000)	\$26,692,953
67	Self-Insurance Fund	\$12,632,456	\$22,476	\$12,654,931



# MYP Assumptions

## Unrestricted Revenues

- 2023-24 LCFF COLA @ 5.38%
  - *Enrollment @ 36,360, .5% decline from prior year*
  - *Funded ADA @ 35,227*
  - *Utilizes 3 year ADA Averaging proposal*
- 2024-25 LCFF COLA @ 4.02%
  - *Enrollment @ 36,179, .5% decline from prior year*
  - *Funded ADA @ 34,489*
  - *Utilizes projected 23-24 actual ADA for funding*
- Removal of 1x funding of \$1,500/ADA = \$49M
- Contributions increase \$8.2M in 23-24 and \$8.7M in 24-25 for projected increase in Special Education expenditures

## Restricted Revenues

- 23-24 Remove 1x federal, state and local carryover
- 24-25 Remove \$51.2M in ESSER III funds

# MYP Assumptions

## Unrestricted/Restricted Expenditure Changes for 2023-24 & 2024-25

- Step & column increases of 1.4% for certificated and .70% for classified salaries
- Adjustments made for STRS, PERS and unemployment insurance rates
- Decrease of 6 FTE to align to enrollment decline each year
- Removal of 3 PD days in 23-24
- Health & welfare benefits adjusted for projected 8% increase

# MYP Assumptions

## Unrestricted/Restricted Expenditure Changes for 2023-24 & 2024-25

- Adjusted books and supplies by \$5M to add back FRP 1x savings from 2022-23
- Removal of expenditures related to 1x funding sources
- 24-25 includes the removal of \$51.2M of ESSER III expenses
- Includes projected special education increases of \$8.2M in 23-24 and \$8.7M in 24-25

# 2022-23 Proposed General Fund MYP

Description	2022-23 Proposed Budget	Projected 2023-24	Projected 2024-25
Total Revenues	689,889,933	642,097,919	602,330,273
Total Expenditures	650,065,410	649,691,083	618,319,372
Excess/(Deficiency)	39,824,523	(7,593,163)	(15,989,099)
Other Sources/Uses	2,342,426	2,342,426	2,342,426
<b>Net Increase/(Decrease)</b>	<b>42,166,949</b>	<b>(5,250,737)</b>	<b>(13,646,673)</b>
Add: Beginning Fund Balance	67,291,485	109,458,435	104,207,698
<b>Ending Fund Balance</b>	<b>109,458,435</b>	<b>104,207,698</b>	<b>90,561,024</b>

- MYP projections show a continued deficit spend each year
- The target to eliminate unrestricted deficit spending is \$11.6M
  - \$13.6M includes projected restricted deficit of \$2M



# 2022-23 Proposed General Fund MYP without ESSER/ELO Funds

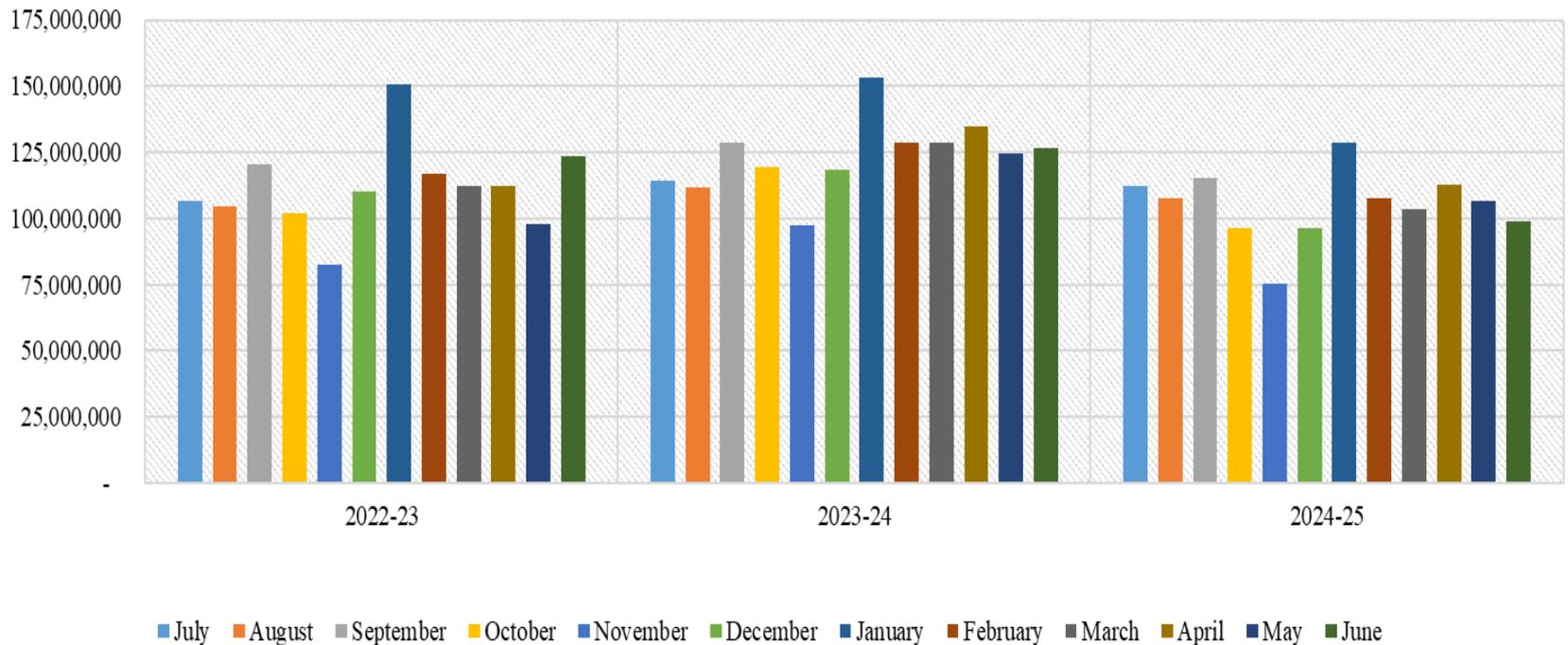
Description	2022-23 Proposed Budget	Projected 2023-24	Projected 2024-25
Total Revenues	636,747,774	589,542,557	600,999,705
Total Expenditures	598,574,401	597,135,720	616,988,804
Excess/(Deficiency)	38,173,373	(7,593,163)	(15,989,099)
Other Sources/Uses	2,342,426	2,342,426	2,342,426
<b>Net Increase/(Decrease)</b>	<b>40,515,799</b>	<b>(5,250,737)</b>	<b>(13,646,673)</b>
Add: Beginning Fund Balance	67,291,485	107,807,285	102,556,547
<b>Ending Fund Balance</b>	<b>107,807,285</b>	<b>102,556,547</b>	<b>88,909,874</b>

- MYP projections show a continued deficit spend each year
- The target to eliminate unrestricted deficit spending is \$11.6M
  - \$13.6M includes projected restricted deficit of \$2M



# 2022-23 Proposed Budget Cash Flow Projections

2022-23 Adopted Budget Multi Year Cash Flow



# 2022-23 Ending Fund Balance

Description	2022-23 Adopted Budget		
	Unrestricted	Restricted	Combined
<b>NONSPENDABLE</b>			
Revolving Cash/Prepays	\$328,749		\$328,749
<b>TOTAL - NONSPENDABLE</b>	<b>\$328,749</b>	<b>\$0</b>	<b>\$328,749</b>
<b>RESTRICTED</b>			
Restricted Categorical Balances		\$12,406,217	\$12,406,217
<b>TOTAL - RESTRICTED</b>	<b>\$0</b>	<b>\$12,406,217</b>	<b>\$12,406,217</b>
<b>COMMITTED ASSIGNED</b>			
2022-23 Projected Deficit	\$3,204,659		\$3,204,659
2023-24 Projected Deficit	\$11,600,596		\$11,600,596
Unrestricted Site Programs	\$383,845		\$383,845
MAA	\$1,121,885		\$1,121,885
2021-22 Unsettled Negotiations	\$9,349,809		\$9,349,809
<b>TOTAL - ASSIGNED</b>	<b>\$25,660,794</b>	<b>\$0</b>	<b>\$25,660,794</b>
<b>RESERVE FOR ECONOMIC UNCERTAINTIES</b>			
Economic Uncertainty (REU-2%)	\$12,954,460		\$12,954,460
Board Economic Uncertainty (REU-3%)	\$19,431,690		\$19,431,690
<b>TOTAL - RESERVE FOR ECONOMIC UNCERTAINTIES</b>	<b>\$32,386,149</b>	<b>\$0</b>	<b>\$32,386,149</b>
<b>UNASSIGNED &amp; UNAPPROPRIATED</b>	<b>\$38,676,526</b>		<b>\$38,676,526</b>
<b>TOTAL - FUND BALANCE</b>	<b>\$97,052,218</b>	<b>\$12,406,217</b>	<b>\$109,458,435</b>



# 2022-23 Components of Ending Fund Balance

## Possible 1x Items for Commitments

- Marketing plan to mitigate enrollment decline
- Re-Imagining Safety enhancements
- VAPA enhancements
- Discretionary fund changes for Board members
- Additional student support services
- Strategies for filling vacancies
- History-Social Sciences/World Language Textbook Adoptions
- Professional Development, including for
  - Anti-racism training
  - MTSS



# Potential Future Risk/Opportunity

## Risks

- Final State Budget and fiscal impact on K-12 Districts
  - 1x Funding Proposal of \$1,500/ADA
  - 3 Year ADA Averaging
- Additional unfunded COVID-19 related expenses
- Significant decline in enrollment
- Future negotiations
- Economic downturn

## Opportunities

- Improved State Budget and funding for K-12 Districts
  - 19-20 ADA Attendance yield proposal
- Recover enrollment
- Waiver for \$47M liability recognized within 21-22 for lost instructional days/minutes
- FRP sufficient to mitigate District's deficit spending

# Summary

- District's budget has been disapproved for 3 years (2018-19, 2019-20 and 2020-21)
- 2021-22 Adopted Budget Conditionally approved
  - Due to deficit spending
  - Diminishing cash flow projections
- District has implemented more than \$50M in ongoing and 1x reductions
- 12/16/21 Board Approved FRP \$243K ongoing and \$5M 1x in 2022-23
- A \$11.6 million ongoing solution is required to achieve balanced budget

# Conduct Public Hearing