



# SAN DIEGO UNIFIED SCHOOL DISTRICT

## **Board of Education 2023-24 Budget Adoption First Reading**

**June 20, 2023**

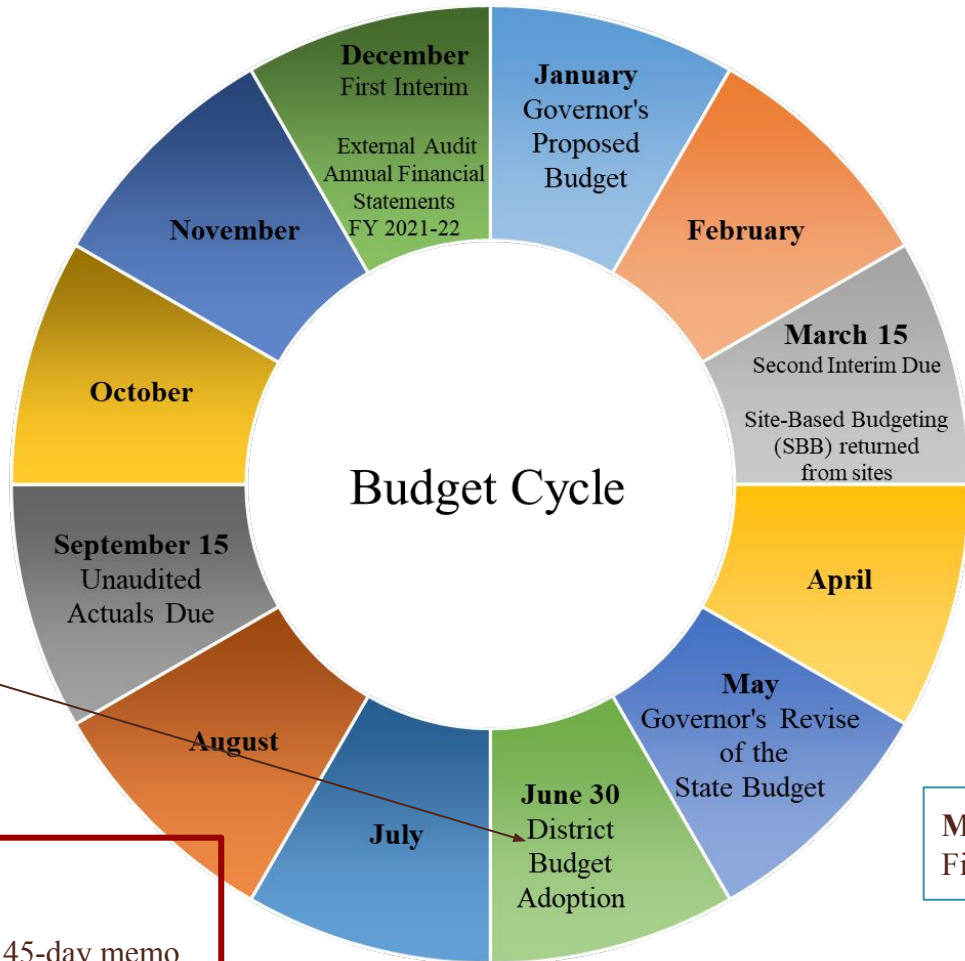


# Presentation Agenda

- Budget Development Timeline
- Budget Considerations
- Multi-Year Assumptions & Projections
- Budget - Proactive Planning
- One-Time Funding
- Statement of Reason for Excess Reserves
- Tax and Revenue Anticipation Notes (TRANs)
- Conclusion



# Budget Development Timeline



**We Are Here**

**Late July**  
TRANs Issuance  
Final State Budget Update 45-day memo

**July 1**  
2023-24 Adopted Budget due to SDCOE

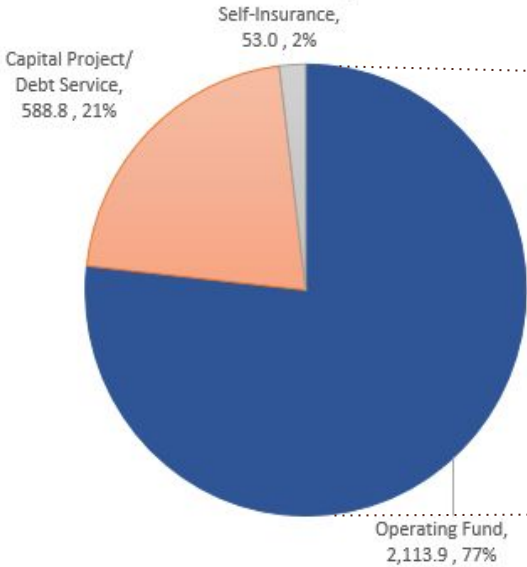
**Budget Adoption and LCAP**  
First Reading - June 20  
Second Reading - June 27  
Reviewed and Approved together

**June**  
LCAP Workshop - June 8  
Education Protection Account (EPA) Public Hearing - June 20  
TRANs Resolution and Preliminary Official Statement - June 27

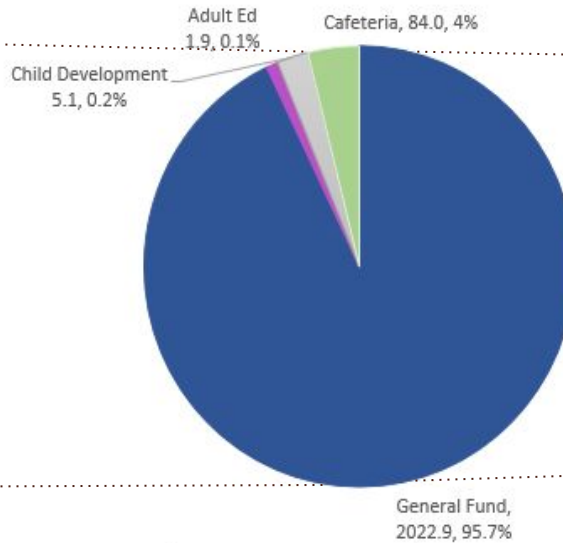


# Proposed 2023-24 Budget

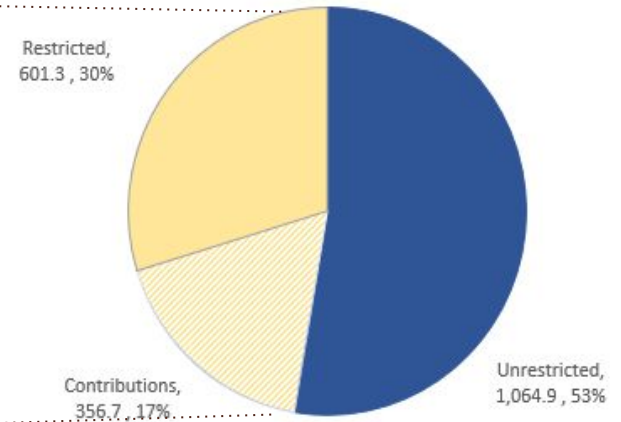
All Funds - \$2.8B



Operating Funds - \$2.1B



General Fund - \$2B





# Budget Considerations



Ongoing vs. One-time Funding



Enrollment and ADA Trends



CalSTRS/CalPERS Rates



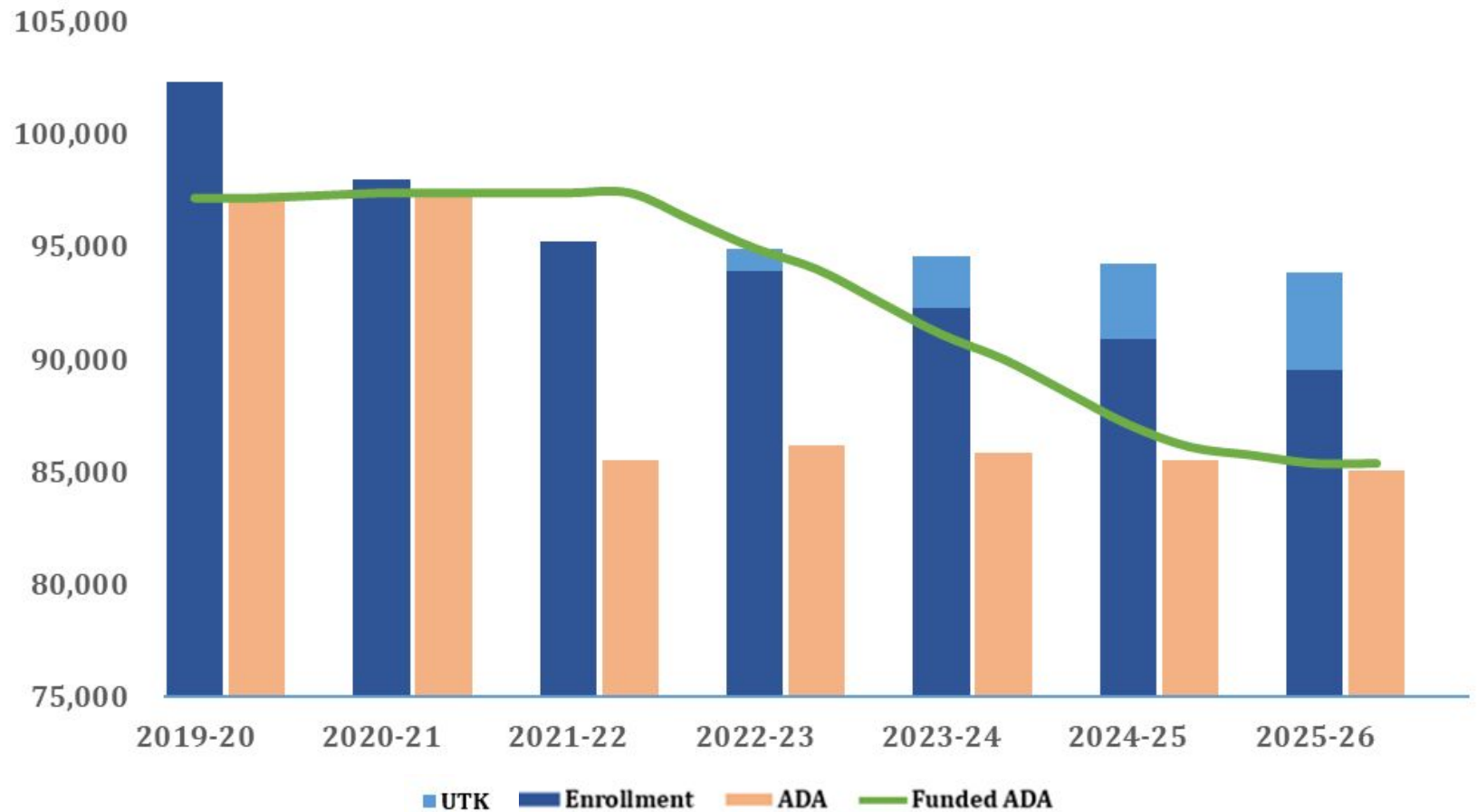
Successor Bargaining & Reopeners



Potential Impact of Final State Budget



# Local Control Funding Formula (LCFF) Enrollment & Average Daily Attendance (ADA)



UTK - Universal Transitional Kindergarten (UTK) is a phased implementation, chart shows funded enrollment.



# General Fund Multi-Year Assumptions Revenues

| DESCRIPTION                           | 2023-24 | 2024-25 | 2025-26 |
|---------------------------------------|---------|---------|---------|
| <b>LCFF/State Funding Model</b>       |         |         |         |
| Funded Average Daily Attendance (ADA) | 91,542* | 87,539* | 85,798* |
| Cost of Living Adjustment (COLA)      | 8.22%   | 3.94%   | 3.29%   |
| <b>Other State</b>                    |         |         |         |
| Mandated Block Grant                  | \$4.2M  | \$4.3M  | \$4.4M  |
| Lottery- Unrestricted Per ADA         | \$170   | \$170   | \$170   |
| Lottery- Restricted Per ADA           | \$67    | \$67    | \$67    |
| <b>Federal</b>                        |         |         |         |
| Federal Impact Aid                    | \$10.0M | \$10.0M | \$10.0M |
| <b>Other Sources</b>                  |         |         |         |
| Transfer In                           | \$30.5M | \$24.5M | \$24.5M |

Note: San Diego County Office of Education (SDCOE) guidance letter dated June 2, 2023 lists limited planning factors based on available details.  
 \*Three year rolling average



# General Fund Multi-Year Assumptions Expenditures

| DESCRIPTION                            | 2023-24     | 2024-25         | 2025-26         |
|--|-------------|-----------------|-----------------|
| <b>Salaries and Benefits</b>           |             |                 |                 |
| Step & Column: Certificated/Classified | 1.87%/1.47% | 1.87%/1.47%     | 1.87%/1.47%     |
| Salary Increase*                       | <b>5%</b>   | -               | -               |
| STRS                                   | 19.10%      | 19.10%          | 19.10%          |
| PERS                                   | 26.68%      | 27.70%          | 28.30%          |
| Health & Welfare Premiums              | 5.00%       | 5.00%           | 5.00%           |
| <b>Miscellaneous</b>                   |             |                 |                 |
| Budget Shortfall                       | -           | <b>\$128.9M</b> | <b>\$182.0M</b> |
| Loss of ESSER and IPI                  | -           | <b>\$160M</b>   | -               |
| Transfers Out                          | \$11.7M     | \$11.6M         | \$11.6M         |
| <b>Contributions</b>                   |             |                 |                 |
| Special Education                      | \$299.0M    | \$303.6M        | \$311.9M        |
| Routine Restricted Maintenance (RRM)   | \$54.5M     | \$51.0M         | \$50.4M         |

\*10% retro payment is accrued for 2022-23. Impact of settled bargaining agreements, including equity clauses, are included in the projections.  
Note: San Diego County Office of Education (SDCOE) guidance letter dated June 2, 2023 lists limited planning factors based on available details.





# Multi-Year Budget Projections General Fund Unrestricted

| DESCRIPTION                            | 2022-23 ESTIMATED ACTUALS | 2023-24 BUDGET      | 2024-25 PROJECTION  | 2025-26 PROJECTION  |
|--|---------------------------|---------------------|---------------------|---------------------|
| <b>Beginning Balance</b>               | \$117,565,849             | \$142,824,754       | \$52,030,656        | \$46,725,656        |
| <b>Revenues</b>                        | 1,282,388,882             | 1,312,006,023       | 1,314,453,404       | 1,331,544,930       |
| <b>Expenditures</b>                    | -976,173,424              | -1,064,893,328      | -1,100,800,222      | -1,158,276,901      |
| <b>Budget Shortfall 2024-25</b>        |                           | -                   | <b>128,947,004</b>  | -                   |
| <b>Budget Shortfall 2025-26</b>        |                           |                     | -                   | <b>181,998,464</b>  |
| <b>TOTAL EXPENDITURES</b>              | -976,173,424              | -1,064,893,328      | -971,853,218        | -976,278,437        |
| <b>Other Sources/Uses</b>              | -280,956,553              | -337,906,793        | -347,905,186        | -355,612,493        |
| <b>Ending Balance</b>                  | <b>\$142,824,754</b>      | <b>\$52,030,656</b> | <b>\$46,725,656</b> | <b>\$46,379,656</b> |
| <b>Required Reserves</b>               | 38,440,000                | 40,691,000          | 35,386,000          | 35,040,000          |
| <b>Available Balance</b>               | 104,384,754               | 11,339,656          | 11,339,656          | 11,339,656          |
| <b>Reserve for Projected Shortfall</b> | 99,802,725                | -                   | -                   | -                   |
| <b>School Site Ending Balances</b>     | 2,000,000                 | 2,000,000           | 2,000,000           | 2,000,000           |
| <b>S&amp;C Add On</b>                  |                           | 6,757,627           | 6,757,627           | 6,757,627           |
| <b>Stores, Prepaid, Revolving Cash</b> | 2,582,028                 | 2,582,028           | 2,582,028           | 2,582,028           |
| <b>Reserve (Shortfall) /Surplus</b>    | <b>\$0</b>                | <b>\$0</b>          | <b>\$0</b>          | <b>\$0</b>          |

Note: Projections assume the full utilization of state funds like the discretionary block grant and learning recovery funds.



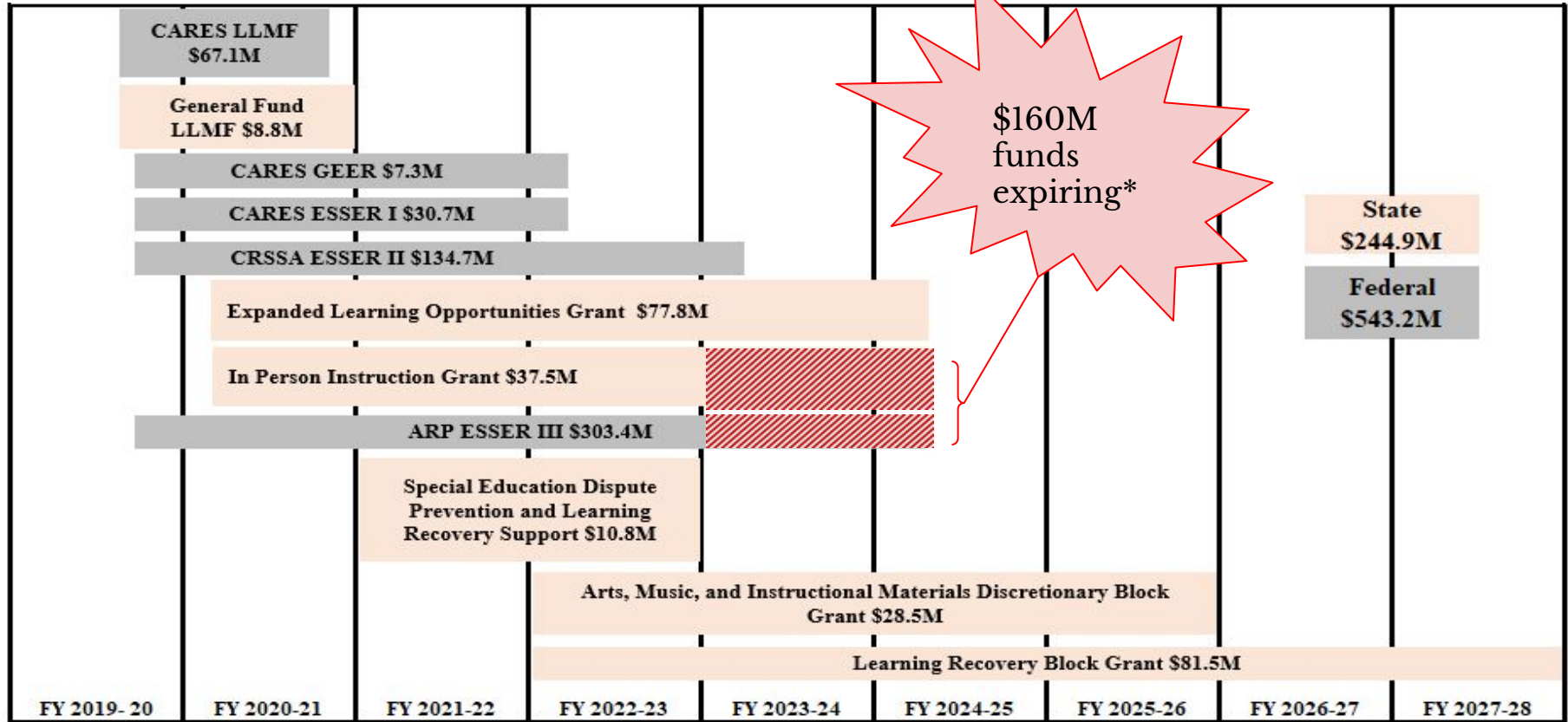
# Budget - Proactive Planning

We will begin steps to address the 2024-25 budget deficit using the following strategies:

- Funding Shifts
- Staffing Freeze/Attrition
- Central Office Reductions
- Spending Freeze
- ADA Increase
- Programmatic Reductions
- Budget lapse/actual spending



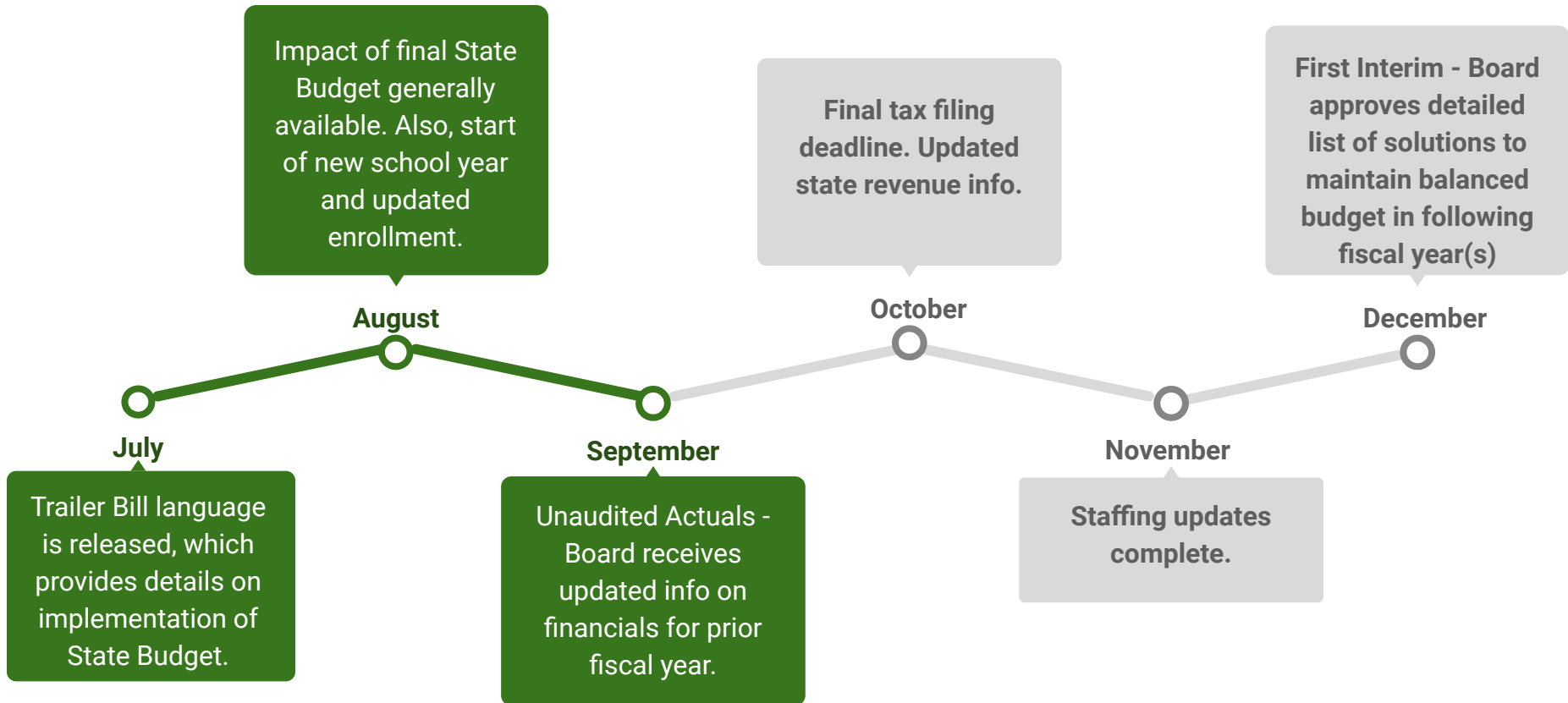
# One-Time State and Federal Funding - COVID related



\* \$160M of costs eliminated starting in 24/25, in addition to the GFU shortfall. Maintaining these expenses will increase the shortfall.



# Budget - Next 6 Months





# Statement of Reasons for Excess Reserves 2023-24

Education Code Section 42127(a)(2)(B) requires a statement of the reasons that substantiates the need for assigned and unassigned ending fund balances in excess of the minimum reserve standard for economic uncertainties for each fiscal year identified in the budget.

| Combined Assigned and Unassigned/Unappropriated Fund Balances |  |  |                |
|---|--|--|----------------|
| Form  | Fund   |  | 2023-24 Budget |
| 01  | General Fund/County School Service Fund  |  | \$49,448,627   |
| 17  | Special Reserve Fund for Other Than Capital Outlay Projects                                  |  | \$ -           |
|   |  |  |                |
|   | Total Assigned and Unassigned Ending Fund Balances   |  | \$49,448,627   |
|   | District Standard Reserve Level  |  | 2%             |
|   | Less District Minimum Reserve for Economic Uncertainties                                     |  | \$40,691,000   |
|   |  |  |                |
|   | Remaining Balance to Substantiate Need (Reserve for Projected Shortfall and School Balances) |  | \$8,757,627    |

- Reason for Fund Balances in Excess of Minimum Reserve: \$2.0M set aside for specific school site accounts in 2023-24 and \$6.7M Supplemental & Concentration Add-on
- Does not include non-spendable components of ending of fund balance (i.e. stores, prepaids)



# Tax and Revenue Anticipation Notes (TRANs)

Resolution to the Board at June 27 meeting:

- Short Term Borrowing Authority to \$280M, Estimated use of \$200M
- Credit rating at end of June 2023
- Close TRANs deal in late July 2023



# Conclusion

Action requested at June 27 Board meeting:

- Staff Recommendation: Approve Proposed 2023-24 District Budget and identify budget solutions of \$128.9M in 2024-25 and \$182.0M in 2025-26.
- Continue Funding Advocacy - Federal, State and Local.
- Return to Board with Revised Budget within 45 day timeline if needed.
- Detailed solutions to balance 2024-25 budget required at First Interim report, December 2023.



Questions?