

	Information Item Only Approval on Consent Agenda Conference (for discussion only) Conference/First Reading (Action Anticipated:) Conference/Action Action Public Hearing
	Business Services Receive key information on the State Enacted Budget for fiscal

Reversion description of the control of the control

year 2023-24 and the projected impact on the District's budget.

• The funded cost-of-living adjustment (COLA) to the Local Control Funding Formula (LICETTE); & 220% all education and several other categorical programs outside the

On June 27, 2023, Governor Gavin Newsom signed an on-

- \$1.1 billion reduction to the Learning Recovery Emergency Block Grant
- \$2000kr@iliaom reduction to the Arts, Music and Instructional Materials Discretionary
- \$1030e numbro de contrarpagnes) y Tribiesses sent de creite bet vadle to \$1550 febro priobre Medicine (1260) de trevete de trevete de creite bet vadle to \$1550 febro priobre Medicine (1260) de trevete de tre
- \$248 million (one-time) increase to expand the number of high-poverty schools participating in the Literacy Coaches and Reading Specialist Grant Program.

 Delay of the \$550 million in planned support from 2023-24 to 2024-25 for the California Preschool, Transitional Kindergarten (TK) and Full-Day Kindergarten Facilities Grant Program. This program provides funding for the construction of new classrooms or the retrofit of existing school facilities for these programs.
Identify projected impact to the District's budget based on key items in the State Enacted Budget for 2023-24
Family and Community Empowerment; Operational Excellence

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I. OVERVIEW/HISTORY:

The District adopted the fiscal year 2024-Budget for all funds at the June 22, 2026ard meeting. The District's 202324 Adopted Budget is based on the Governor's May Budget Revision that was released on May, 2023. While the Governor's May Revise Budget is a very significant event in the process, the final impact to the District is ultimately known once the State Budget is signed. On June 27, 2023, Governor Gavin Newsom signed tiamed budget. The budget maintained several proposals that were inclinded May Revision; however, some changes have been incorporated in the final state budget.

These are the majorKF12 funding provisons in the 202324 state budget:

- x The funded cosof-living adjustment (COLA) to the Local Control Funding Formula (LCFF), special education and several other categorical programs outside the LCFF is 8.22%.
- x \$1.1 billion reduction to the Learning Recovery Emergency Block Grant (see Learning Recovery Emergency Block Grant below for further details).
- x \$200 million reduction to the Arts, Music and Instructional Materials Discretionary Block Grant (see Arts, Music and Instructional Materials Discretionary Block Grant below for further details).
- x \$300 million (ongoing) increase to create an LCFF Equity Multiplier intended to close opportunity gaps. These funds will be allocated to schools serving more than 70% socioeconomically disadvantaged students and more than 25% transient students.
- x \$248 million (onetime) increase to expand the number of highverty schools participating in the Literacy Coaches and Reading Specialist Grant Program. This program provides funding to eligible LEAs for the:
 - o Development of school literacy programs.
 - o Employment and training of literacy coaches and reading and literacy specialists.
 - o Development and implementation of interventions for students needing targeted literacy support.
- x Delay of the \$550 million in planned support from 20223 to 202425 for the California Preschool, Transitional Kindergarten (TK) and FDM Kindergarten Facilities Grant Program. This program provides funding for the construction of new classrooms or the retrofit of existing school facilities for these program

II. Driving Governance:

x Education Code section 42127 requires the Governing Board of each school district to adopt a budget on or before July and the proposed expenditures for the Education Protection Acount The budget to be adopted shall bepared in accordance with Education Code section 42126. The adopted budget shall be submitted to the County Office of Education. The County Office of Education will determine if the district will be able to

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2023-24 State Enacted Budget

Local Control Funding Formula

The final budget adopts@OLA of 8.22% on the LCFF anoth selected categorical programs.

Transitional Kindergarten (TK)

The 202324 State Budget makes three significant changes to TK staffing requirements as compared with the May Revision:

x Beginning in 202526, all TK classrooms must be staffed at at 0-0 studento-adult ratio. While it is the intent of the legislature to provide funding to support this staffing ratio, the 10to-1 req Tj 0 Tc-2 (e)-1 (t)-2 (o) 5 (pr)-2 (ovi0.82 Tw 24)0no-2 (e)-0 Tw (-)Tj 0.



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suspends the annual COLA for State Preschordhie 202324 and 2024–25 fiscal years. Instead, it expresses the intention to honor negotiated rate increases.

Additionally, legislation adopted prior to the State Budget allows the CDE to use \$9.7 million from the 202223 State Budget to waive family for preschool through September 30, 2023. Starting October 1, 2023, family fees cannot exceed 1% of the family's monthly income, and families with an adjusted monthly family income below 75% of the state median family income cannot be assessed a family fee. A new family fee matrix is in development.

Special Education

As part of the State Budget, the Special Education base grant will receive an 8.22% COLA and

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2023-24 Sacramento City Unified School District 45 Day Budget Update

Summary of Changes:

- x Unrestricted lottery increase by \$242K from \$5.9M to \$6.14M to reflect increase in per ADA rate from \$170 \$177
- x Restricted lottery increase by \$173K from \$2.2M to \$2.5M to reflect increase in per ADA rate from \$67 to \$72
- x One-time Arts Music Instructional Materials Discretionary Block Grant increase of \$9.67M for 2022-23 year, reflecting the adjusted reduction of 5.56%
- x One-time LearningRecovery Emergency Block Grantecrease of \$7.77M for 2022-23 year, reflecting the state reduction of approximately 14%.
- x Increase in unrestricted ongoing expenditures of \$706K related to additional positions and budget revisions since adopted budget

Planning Factors for 2023-24 and Multi- Year Projections

Key planningfactorsfor LEAs to incorporatento their 45-day revision for the 202324 Adopted Budget and multiyear projections are listed below and are based on the latest information available.

Planning Factor	202324	202425	2025-26
Cost-of-Living Adjustment (COLA)			
LCFF COLA	8.22%	3.94%	3.29%
Special Education COLA	8.22%	3.94%	3.29%
Employer Benefit Rates			
CalSTRS	19.10%	19.10%	19.10%
CalPERSSchools	26.68%	27.70%	28.30%
State Unemployment Insurance	0.05%	0.05%	0.05%
Lottery			
Unrestricted per ADA	\$177	\$177	\$177
Proposition 20 per ADA	\$72	\$72	\$72

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2023-24 Multi Year Projections Update

	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Revenue									
General Purpose	500,346,764	2,478,216	502,824,980	501,052,464	2,478,216	503,530,680	504,787,435	2,478,216	507,265,651
Federal Revenue	-	99,571,861	99,571,861	-	39,089,508	39,089,508	-	39,089,508	39,089,508
State Revenue	12,144,270	100,096,650	112,240,920	12,144,270	99,371,792	111,516,062	12,144,270	99,371,792	111,516,062
Local Revenue	4,151,175	2,032,950	6,184,125	4,151,175	2,032,950	6,184,125	4,151,175	2,032,950	6,184,125
Total Revenue	516,642,209	204,179,676	720,821,886	517,347,909	142,972,466	660,320,376	521,082,880	142,972,466	664,055,347
Expenditures									
Certificated Salaries	178,470,006	70,896,488	249,366,493	179,830,938	78,538,960	258,369,898	181,834,083.06	72,710,274	254,544,357
Classified Salaries	42,958,364	34,523,944	77,482,308	44,263,437	31,543,654	75,807,091	44,573,280.94	32,482,630	77,055,911
Benefits	131,105,927	89,940,805	221,046,732	137,724,914	83,271,157	220,996,071	144,183,819.79	84,810,601	228,994,421
Books and Supplies	13,462,782	25,690,583	39,153,365	14,258,594	15,568,581	29,827,175	9,365,541.48	15,690 B25,	690,583

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Conclusion

The District is projected to satisfy the 2% required reserve for economic uncertainties and maintain a positive cashow in 2023-24, 2024-25 and 2025. The District projects an unrestricted surplus \$26.9M for 2023-24, \$10.06M for 2024-25 and \$1.26M in 2025-26. The projected budget and multiyear projections support that the District is projected to be able to meet its financial obligations for the current and subsequent two years.

Risks:

Uncertaintyregarding on-going State funding for K12 Districts, the potential future impact of a recessionary economy, enrollment, and declining average daily attendance. Additional risks include expiring ESSER III positions that are projected to shift to the immedeening REBG and Arts Music BG in 2024-25 but do not have an ongoing funding source identified thereafter and are subsequently removed from the budget. Additional information will be brought to the board as the district continues discussions on strategic investments.

Opportunities:

Improved State Budget and funding for K12 Districts, stable/increased enrollment, maintaining