



2024-25 First Interim Budget

December 19, 2024
Agenda Item No. 11.3

Presented by:

Cindy Tao, Assistant Superintendent of Business Services
Janea Marking, Chief Business and Operations Officer

Building Equity Into The Foundation

SCUSD Core Value

We recognize that our system is inequitable by design and we vigilantly work to confront and interrupt inequities that exist to level the playing field and provide opportunities for everyone to learn, grow and reach their greatness.

SCUSD GUIDING PRINCIPLE

All students are given an equal opportunity to graduate with the greatest number of postsecondary choices from the widest array of options

Acronyms

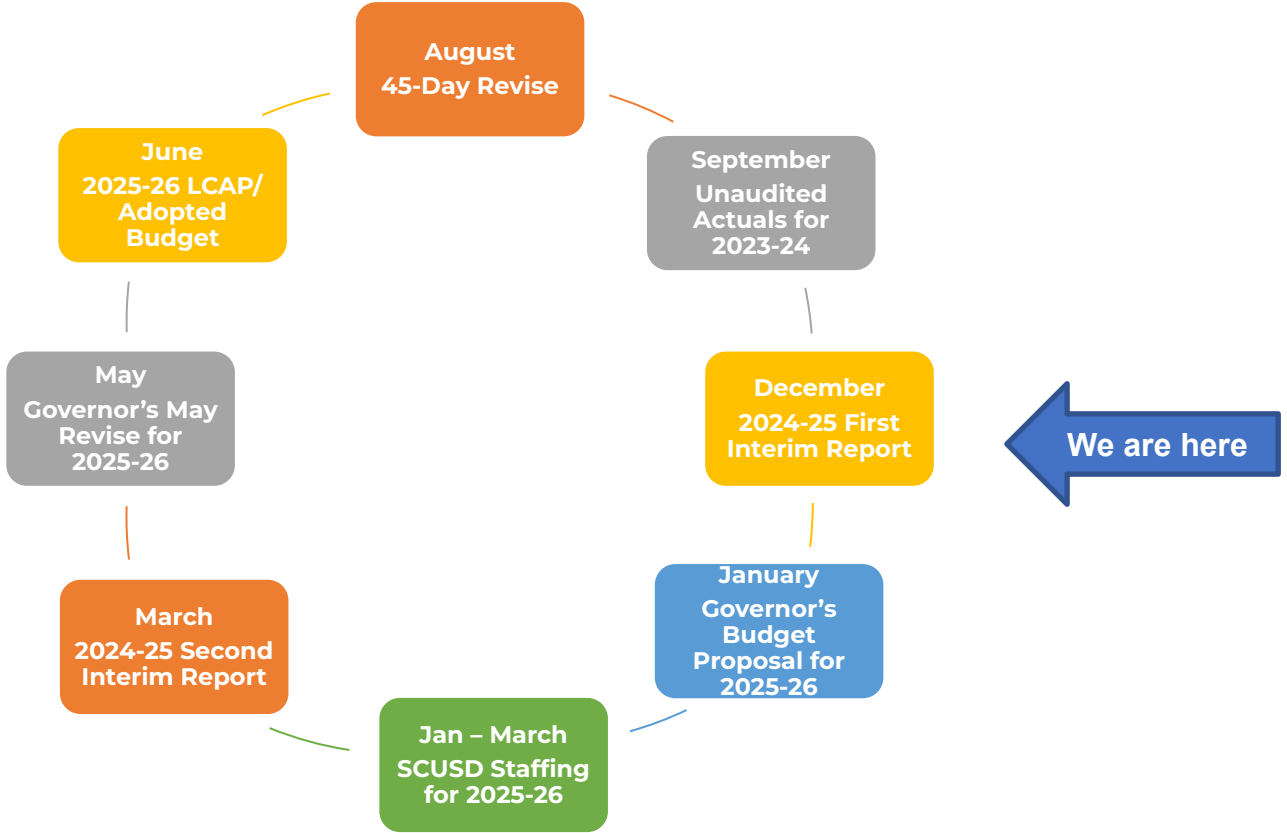
ADA	Average Daily Attendance	LCFF	Local Control Funding Formula
AMIM	Arts Music Instructional Materials Block Grant (1x)	LREBG	Learning Recovery Emergency Block Grant (1x)
ASES	After School Education and Safety	MYP	Multi-Year Projections
COLA	Cost of Living Adjustment	OPEB	Other Post Employment Benefits
CTE	Career Technical Education	P-2	Second Period Attendance Reporting Cycle
ELOG	Expanded Learning Opportunities Grant (1x)	PERS	California Public Employees' Retirement System
ELOP	Expanded Learning Opportunities Program (Ongoing)	S&C	Supplemental and Concentration (Ongoing)
EPA	Education Protection Account	SCOE	Sacramento County Office of Education
ESSER	Elementary and Secondary School Emergency Relief (1x)	STRS	California State Teachers Retirement System
FEMA	Federal Emergency Management Agency (1x)	SUI	State Unemployment Insurance
HTS	Home-To -School Transportation LCFF Add-On (Ongoing)	TIIG	Targeted Instructional Improvement Grant LCFF Add-On (Ongoing)
IPI	In Person Instruction Grant (1x)	UPK	Universal Prekindergarten Planning and Implementation Grant
LCAP	Local Control Accountability Plan	UPP	Unduplicated Pupil Percentage

*1x indicates a one-time funding source

Agenda

- **Budget Reporting Cycle**
- **Revenues**
- **Expenditures**
- **Surplus / Deficit & Fund Balance**
- **Multi-Year Projections & Other Funds**
- **Right Sizing Plan Update**
- **Summary and Certification**

Budget Reporting Cycle



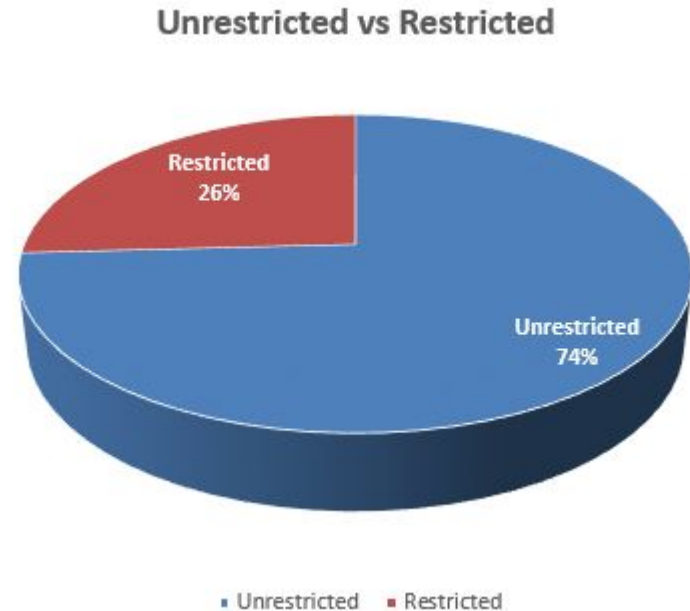


Revenues

2024-25 First Interim Report

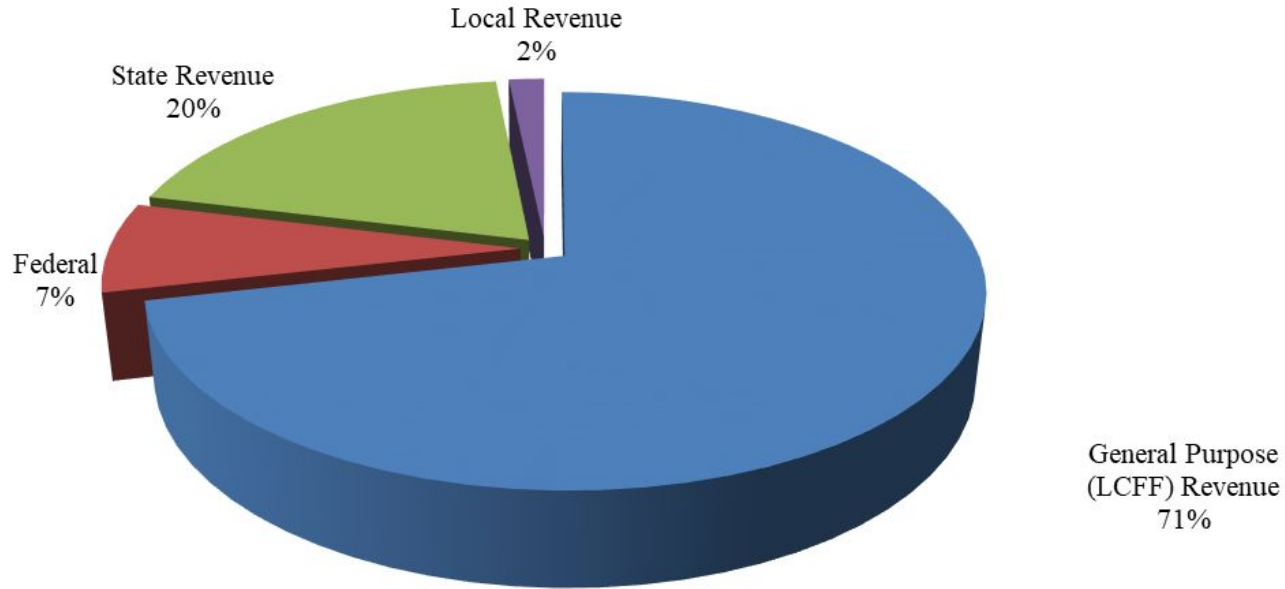
2024-25 First Interim Revenues

- District revenues are received as restricted or unrestricted funds
- Unrestricted funds are used for general purposes and are the primary resource for core educational programs
- Restricted revenues are received for specific and limited purposes

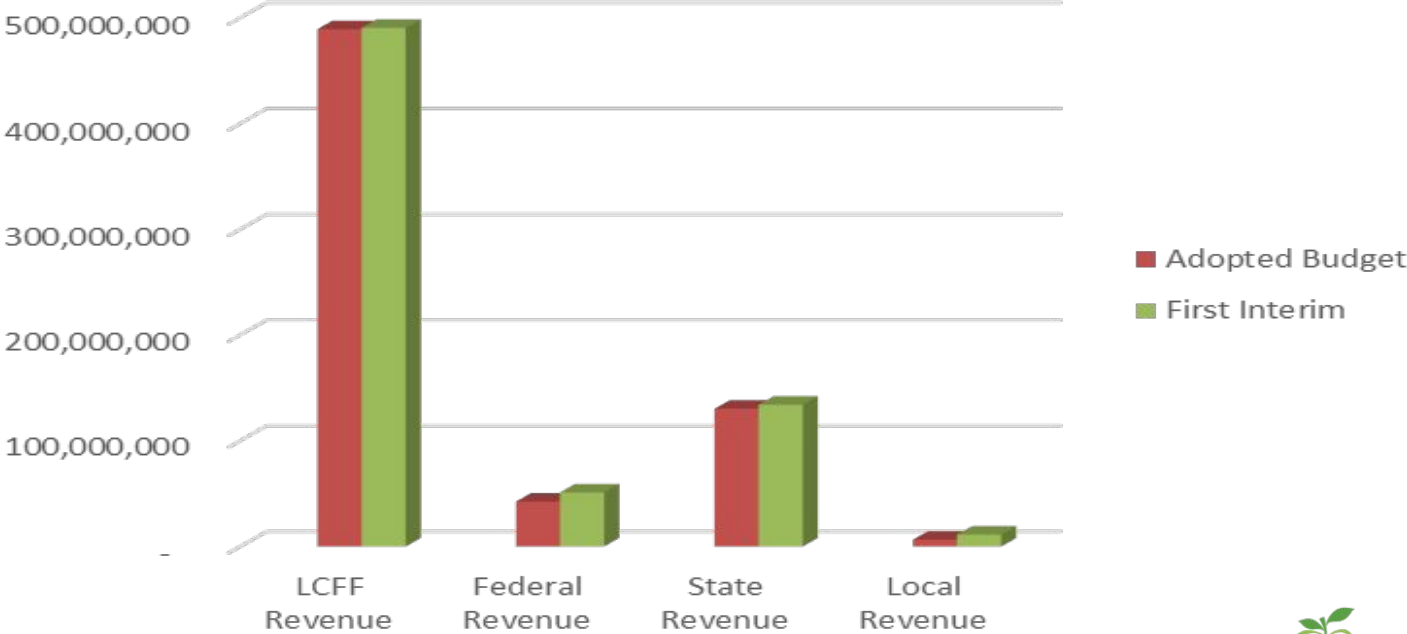


2024-25 First Interim Revenues by Source

Total General Fund Revenue 2024-25 First Interim



2024-25 Revenue Summary Comparison



2024-25 First Interim Revenue Changes

Unrestricted Revenue

- LCFF is consistent with projection YTD
- Increased local revenue from additional local donation funds

Restricted Revenue

- Federal revenue increased due to carryover funds in Clean School Bus grant \$2.4M, Title Programs and other grants \$5.6M,
- State revenues increased due to carryover funds including ELOP of \$2.9M, ASES of \$1M, UPK Planning funds of \$1.5M, CTE of \$1.5M, and Teacher Implementation & Expansion grant \$726k
- Local revenue was also adjusted to reflect local grant carryover funds

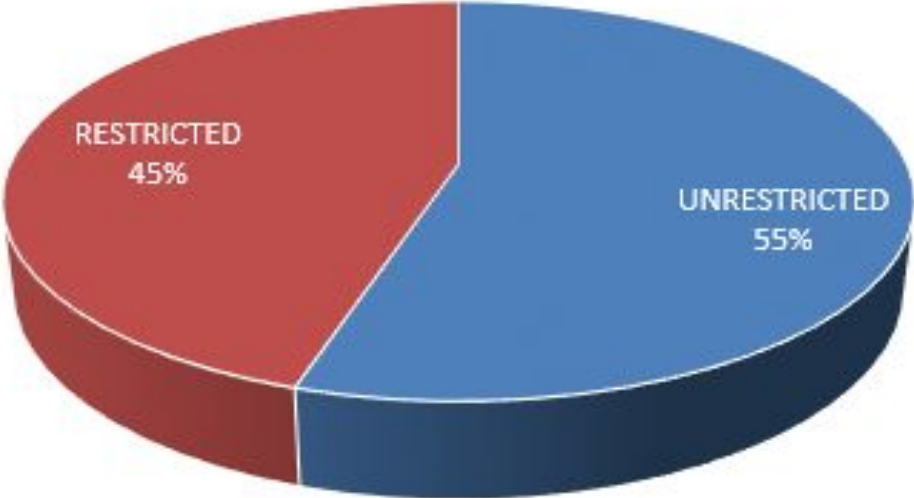


Expenditures

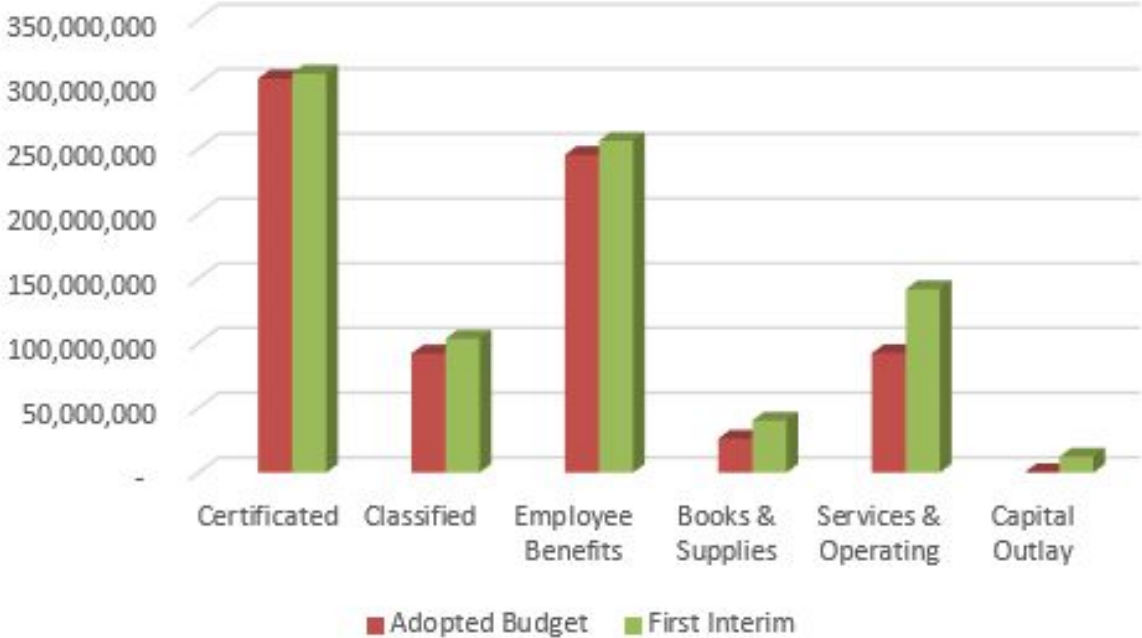
2024-25 First Interim Report

2024-25 First Interim General Fund Expenditures

Expenditures



2024-25 First Interim Expenditures



2024-25 First Interim Expenditure Changes

- Certificated and Classified salaries/benefits increased due to settled bargaining agreements including retroactive and ongoing costs
- Salaries/benefits decreased to reflect estimated \$4.1M in vacancy savings
- Books and supplies increase due to budgeting of carryover funds in ELOP, Title Programs, and other state and local grant resources
- Services & Operating cost increases include \$19M ELOP funds, \$7.1M for transportation services, \$25M special education services, and budgeting of carryover grant funds
- Capital outlay increased due to budgeting of funds for buses including clean air equipments and kitchen infrastructure

General Fund Contributions

- Some programs do not generate revenues that are sufficient to cover all expenses
- For these programs, the General Fund must “contribute” unrestricted dollars to maintain the program or services
- Projected general fund contributions as of the 2024-25 First Interim report are illustrated in the table below:

Program	2024-25 Adopted Budget	2024-25 First Interim Budget
Special Education	\$97,992,501	\$123,000,000
Restricted Maintenance Account	\$23,013,236	\$22,013,236
Total	\$120,159,401	\$145,013,236

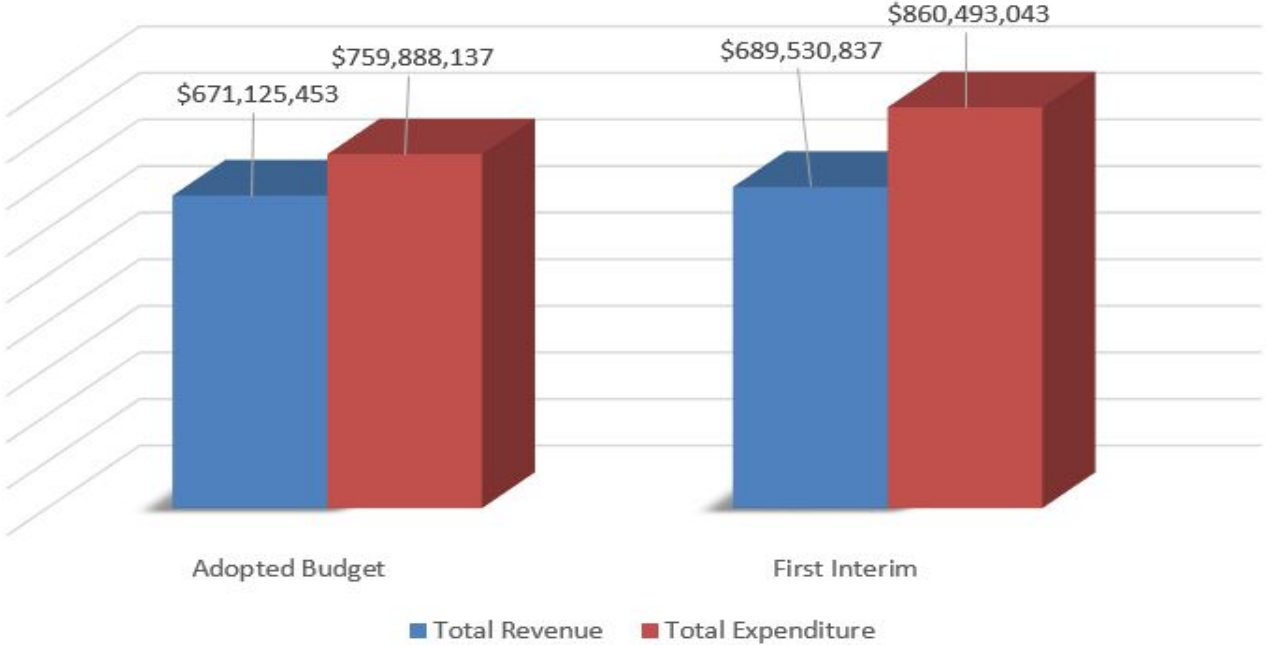
- The increase in contributions for special education are driven by additional staffing from recent negotiation settlements and increased student service needs



Surplus/(Deficit) and Fund Balance Summary

2024-25 First Interim Report

2024-25 Surplus / (Deficit) Comparison



2024-25 Ending Fund Balance Comparison





Multi-Year Projections & Other Funds

2024-25 First Interim Report

Other Funds Summary

Fund		2024-25 Beginning Fund Balance	Budgeted Net Change	2024-25 First Interim Budget Ending Fund Balance
01	General Fund	\$298,831,135	(\$170,962,206)	\$127,868,930
08	Student Activity Fund	\$1,668,396	\$0	\$1,668,396
09	Charter Schools	\$15,685,391	(\$4,820,247)	\$10,865,144
11	Adult	\$167,168	(\$70,595)	\$96,573
12	Child Development	\$3,561,647	(\$722,867)	\$2,838,781
13	Cafeteria	\$16,811,123	(\$1,747,258)	\$15,063,865
21	Building Fund	\$457,848,204	(\$457,848,204)	\$0
25	Capital Facilities	\$30,852,823	\$3,840,000	\$34,692,823
35	County School Facilities Fund	\$3,237	\$0	\$3,237
49	Capital Projects for Blended Components	\$2,710,750	\$0	\$2,710,750
51	Bond Interest and Redemption	\$48,064,933	\$649,823	\$48,714,756
61	Cafeteria Enterprise Fund	\$45,446	\$0	\$45,446
67	Self-Insurance Fund	\$12,168,009	(\$10,000)	\$12,158,009

MYP Revenue Assumptions

Unrestricted Revenue Assumptions

- Continued declining enrollment resulting in decreased state and federal revenue
- LCFF COLA of 2.93% for 2025-26 and 3.08% for 2026-27
- Increased state revenue due to additional transportation reimbursement funding
- Contributions to Special Education adjusted based on historical trends for 2025-26 and 2026-27

Restricted Revenue Assumptions

- Federal, State and Local revenue maintained in 2025-26 and 2026-27 as the district continues to receive new grant awards
 - Includes carryover funds in IPI, Title Programs, CTE, ASES, UPK, and Special Ed
- Contributions to Special Education adjusted based on historical trends for 2025-26 and 2026-27

WARNING

SCUSD utilizes the
SSCAL dartboard for
revenue projections

The dartboard shows a
2.93% COLA
for 2025-26

It is estimated that the
2026-27 COLA could be
3.08% or lower

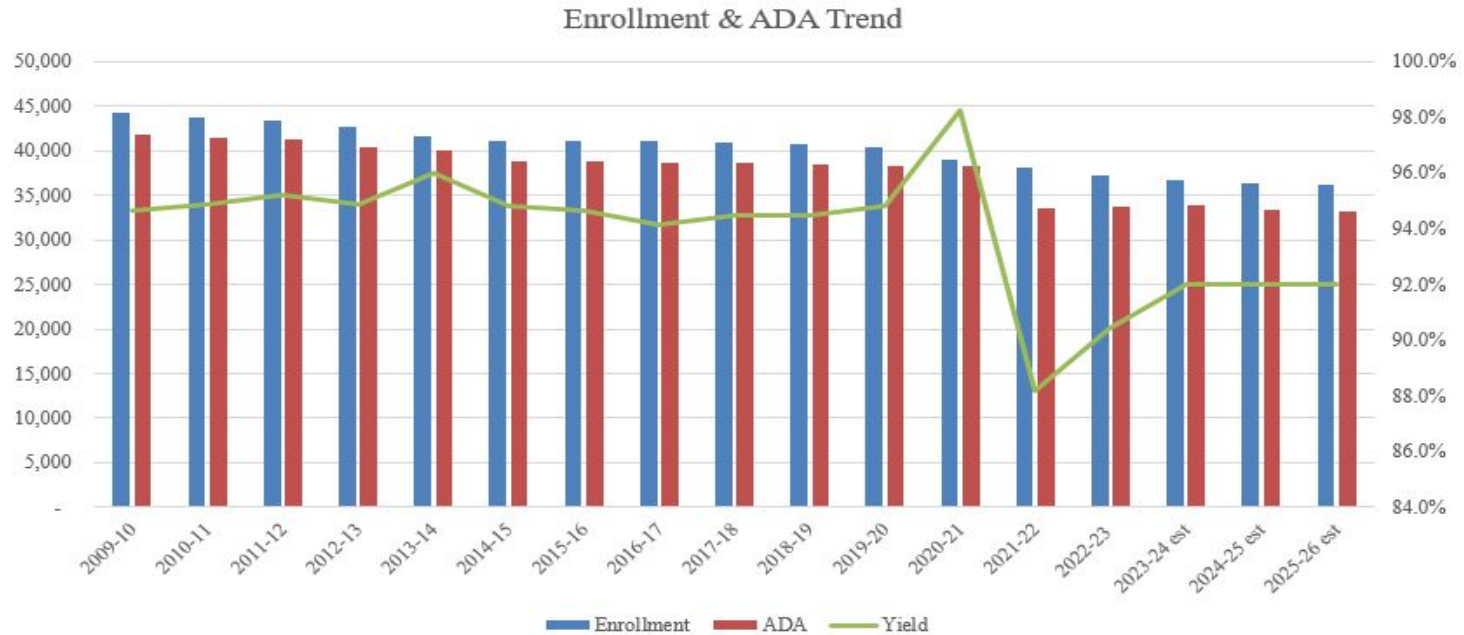


MYP Expenditure Assumptions

Expenditure Assumptions for 2024-25 and 2025-26

- Estimated step and column costs of 1.4% for Certificated and .7% for Classified
- STRS contribution to remain flat at 19.10% and PERS increase of .37% in 24-25 from 26.68% to 27.05% and .55% in 25-26 from 27.05% to 27.60%
- Benefits increased by projected 8.80% for escalating health care costs
- Books & Supplies / Services & Operating assume discontinuation of costs associated with one-time revenue sources

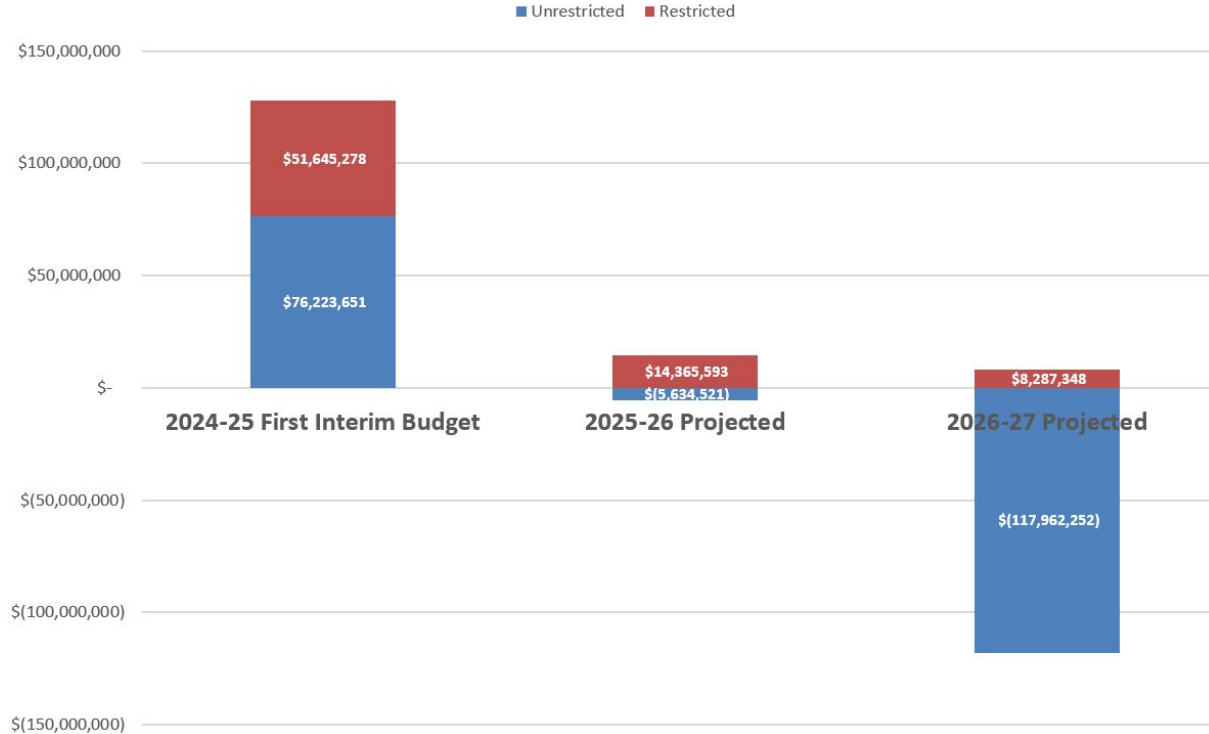
SCUSD Enrollment & ADA Trend



2024-25 Multi-Year Projections & Components of Ending Fund Balance

Description	2024-25 First Interim Budget	Projected 2025-26	Projected 2026-27
Total Revenues	686,663,390	688,942,397	701,837,195
Total Expenditures	860,493,043	810,947,701	823,110,619
Net Increase/(Decrease)	(170,962,206)	(119,137,857)	(118,405,976)
Beginning Fund Balance	298,831,135	127,868,930	8,731,072
Ending Fund Balance	127,868,930	8,731,072	-109,674,904
Nonspendable	150,000	150,000	150,000
Restricted	51,645,278	14,365,593	8,287,348
Committed	-	-	-
Assigned	-	-	-
2% REU	17,152,512	16,161,605	16,404,863
Unassigned/Unappropriated	58,921,139	-21,946,126	-134,517,115

2024-25 Multi-Year Projections & Components of Ending Fund Balance



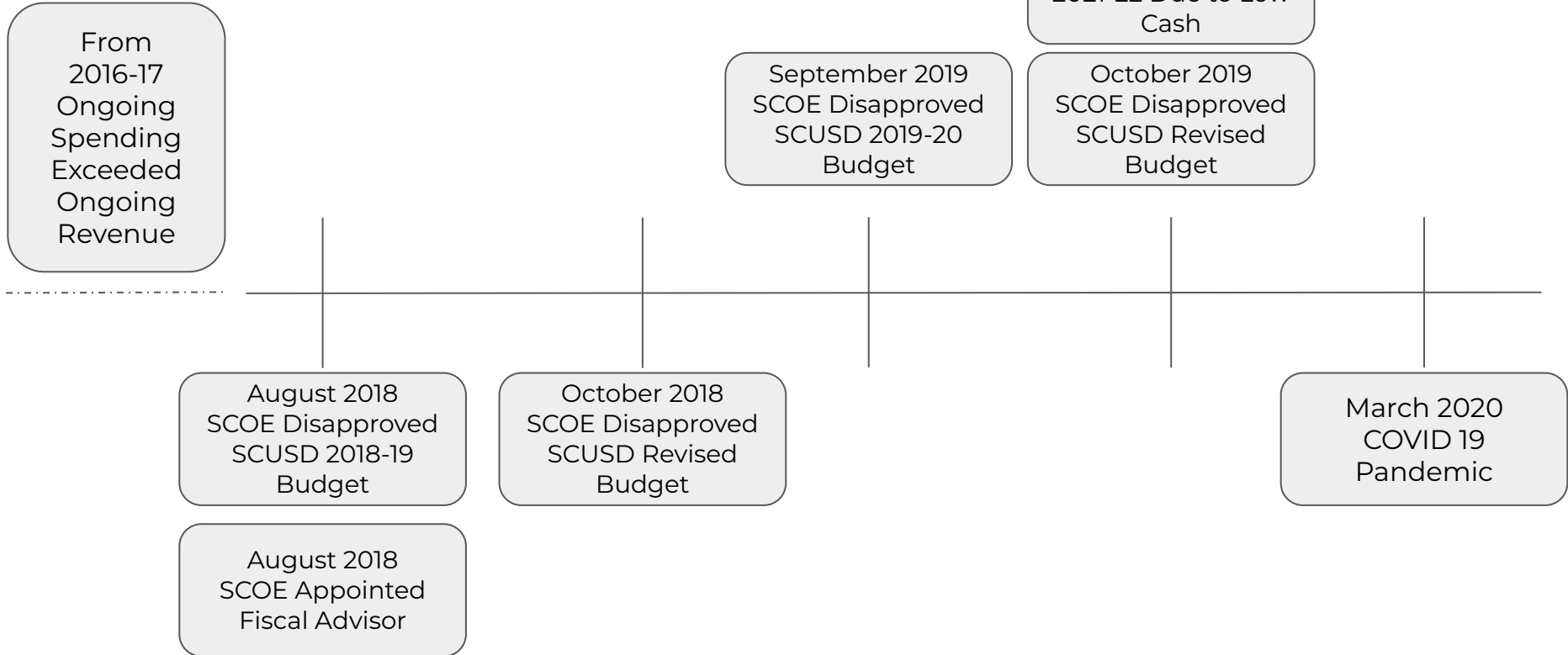


Right Sizing Plan Update

2024-25 First Interim Report

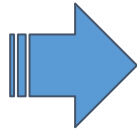
Where We Began

Timeline

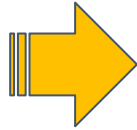


FCMAT

Fiscal Health Risk Analysis 2018



Budget Process



Position Control

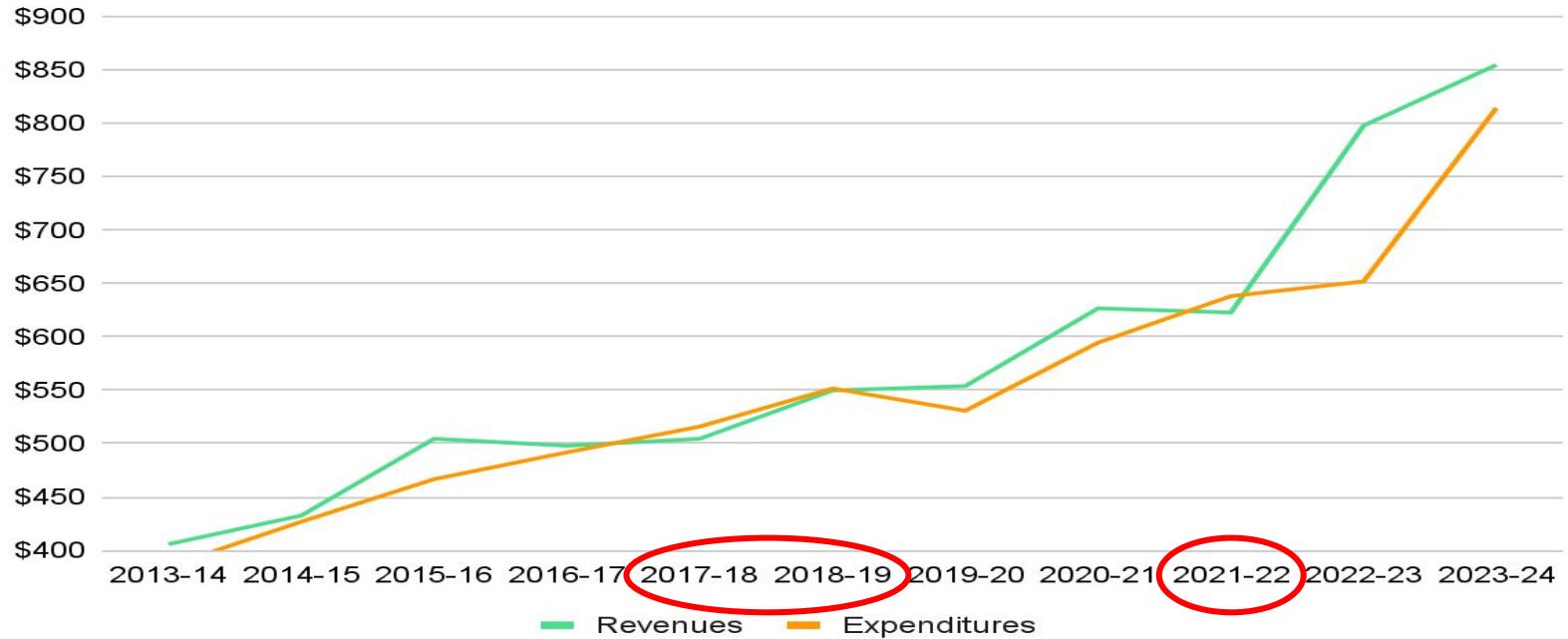


Accuracy / Internal Controls

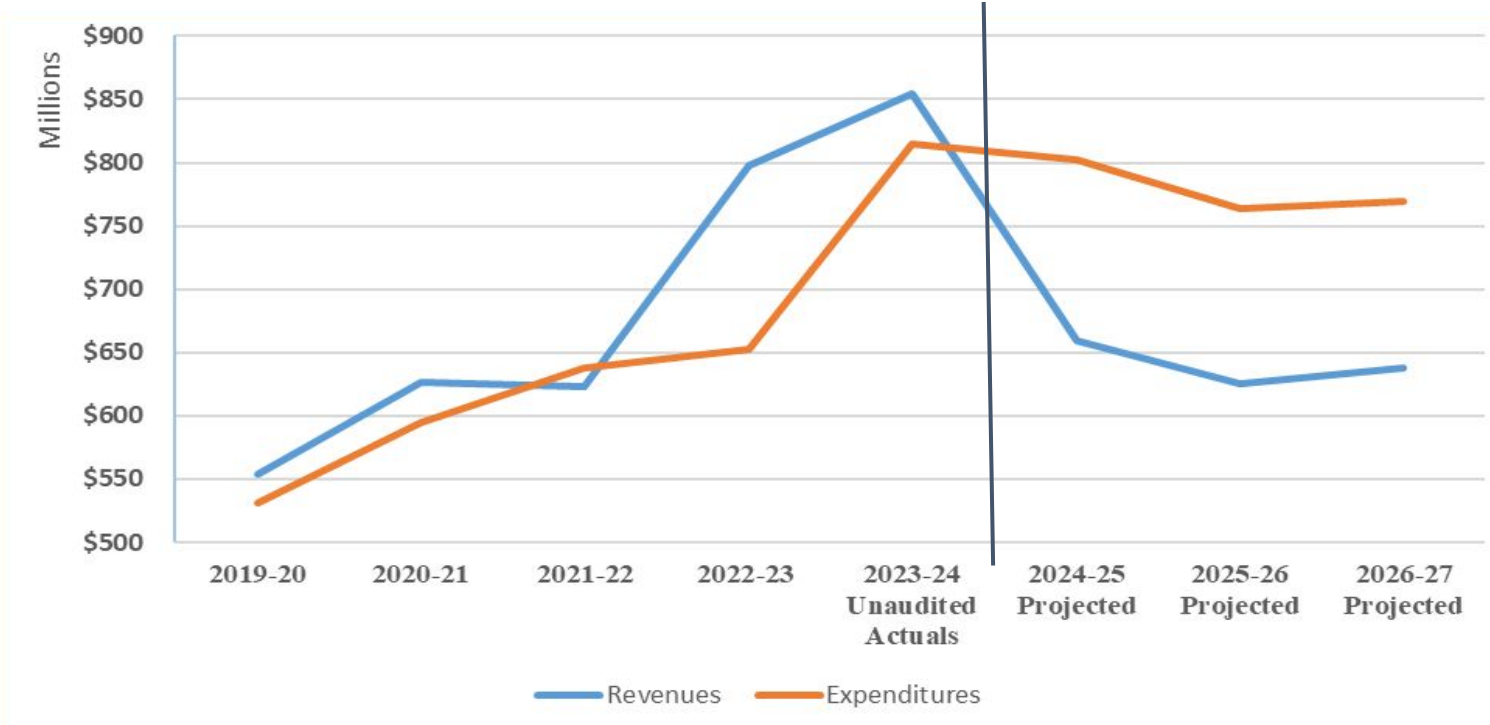
Observations

- 1 Need for Budget Literacy
- 2 Dependent on Contracts
- 3 Dependent on Exceptions
- 4 Lack of Compliance Accountability (unauthorized)
- 5 Unbudgeted Expenditures
- 6 Need for Internal Controls

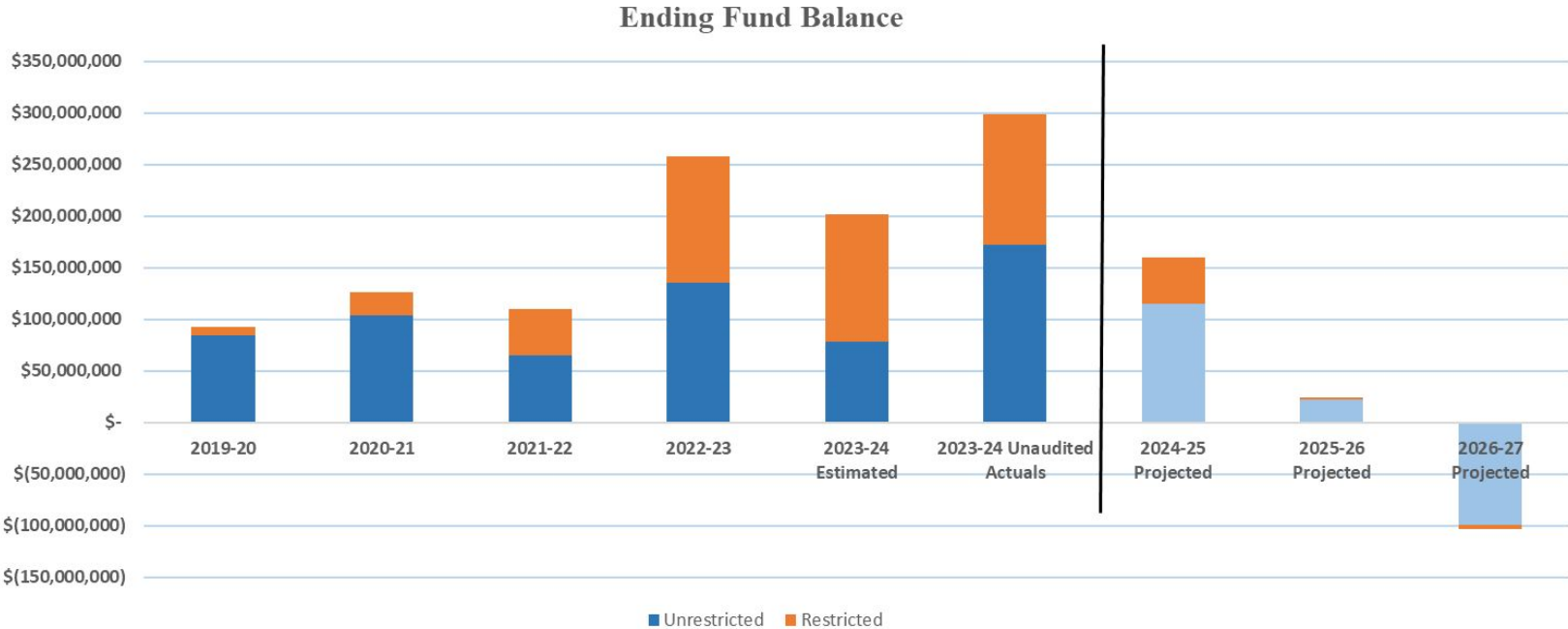
Multi-Year Comparison (Unaudited Actuals)



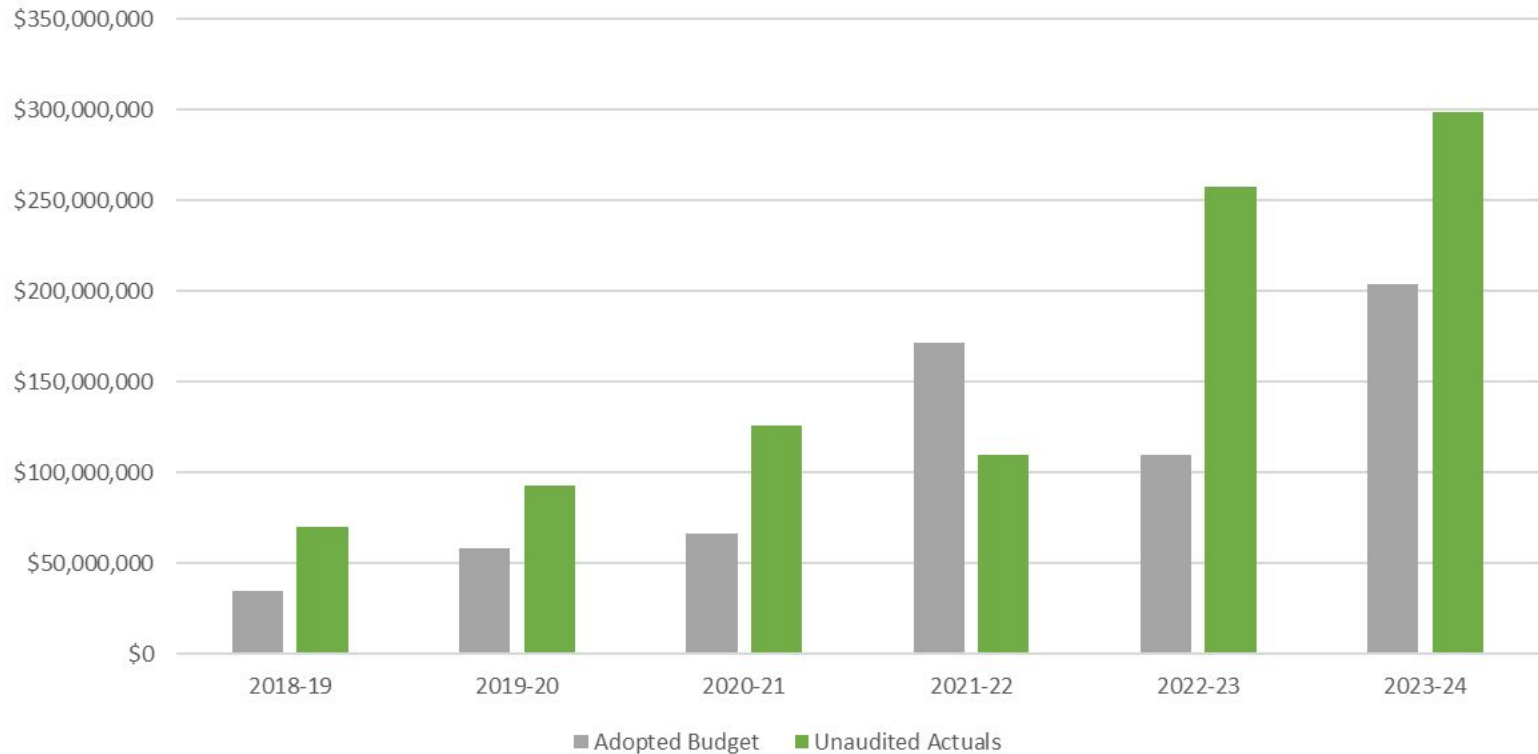
Multi-Year Comparison (Unaudited Actuals)



Multi-Year Comparison (Unaudited Actuals)

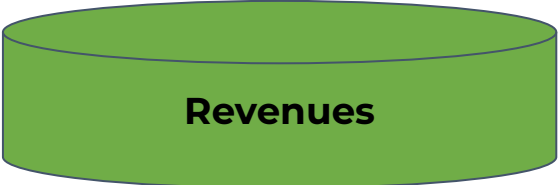


Ending Fund Balance Comparison

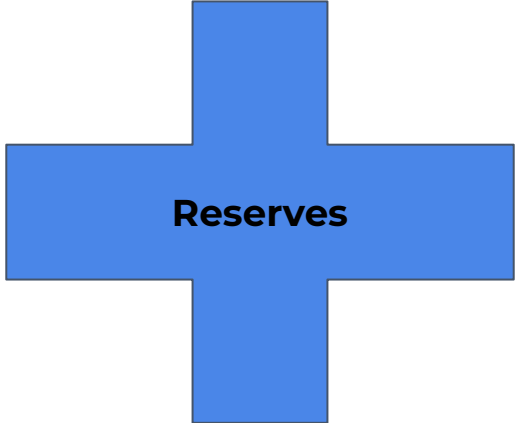
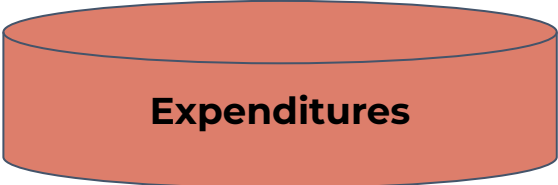


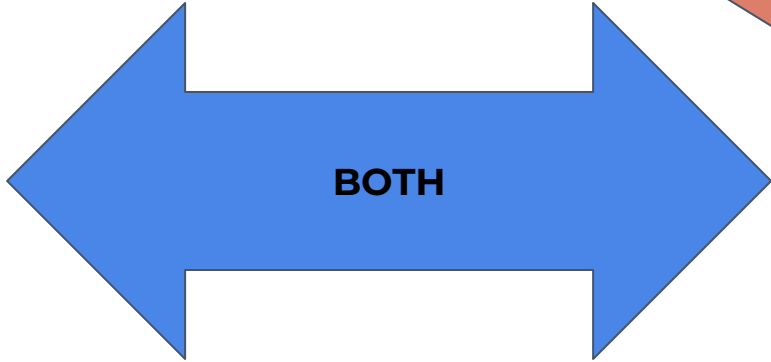
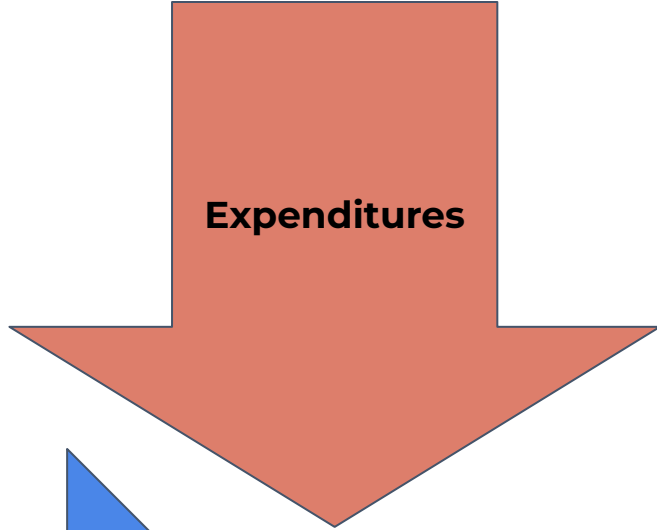
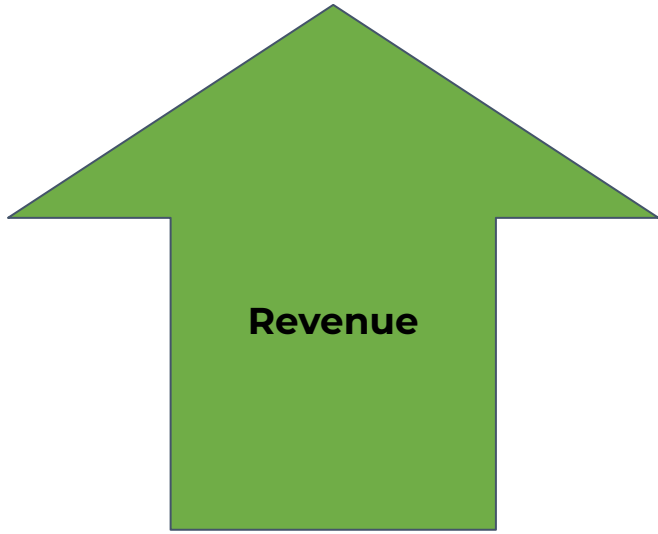
Working Towards a Solution

What is Right-Sizing

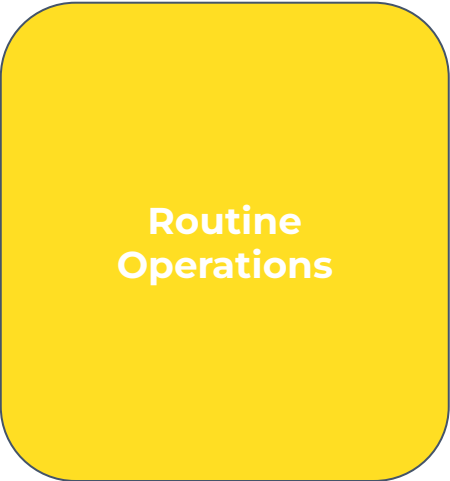
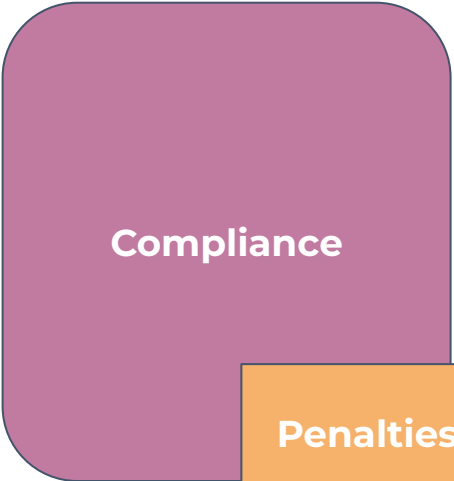


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Guidelines



The Great Reset

**Educate on
Processes**

**Revise
Guidelines**

**Budget
Development**

**Improve
Internal
Controls**

Starting

JULY !

Budget Development Process 2025-26



Call To Action

This is **not a recommendation for significant reductions** to classrooms or student programs.

Providing **an analysis of opportunities** that can maximize dollars through organizational efficiencies.

We are an organization of talent.

This is a **call to action for collaboration and alignment.**

Commitments

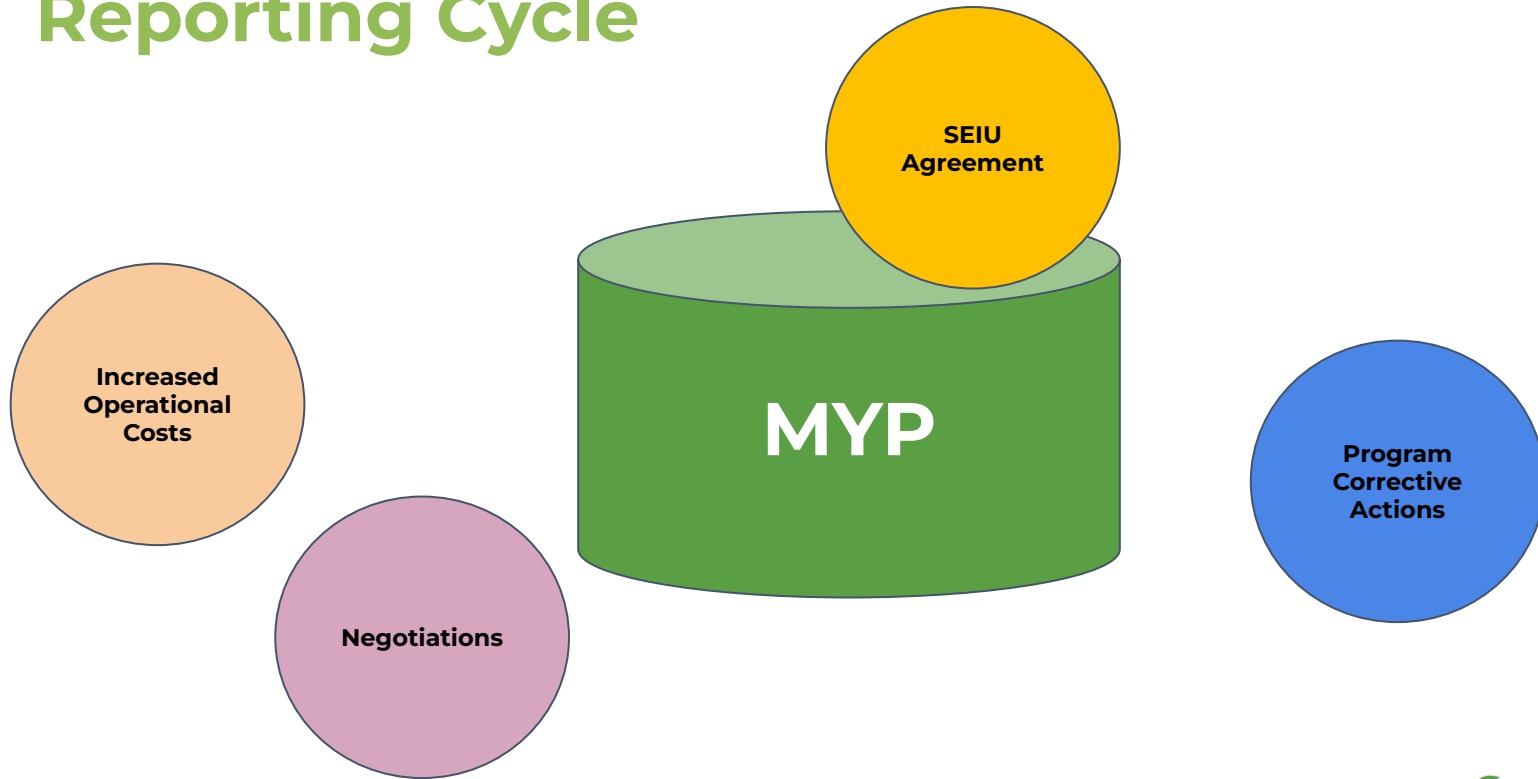
- 1 Prioritize People
- 2 Maximize Dollars
- 3 Fiscal Discipline
- 4 Transparency
- 5 Budget Literacy
- 6 The Work Must Be Done

Totals

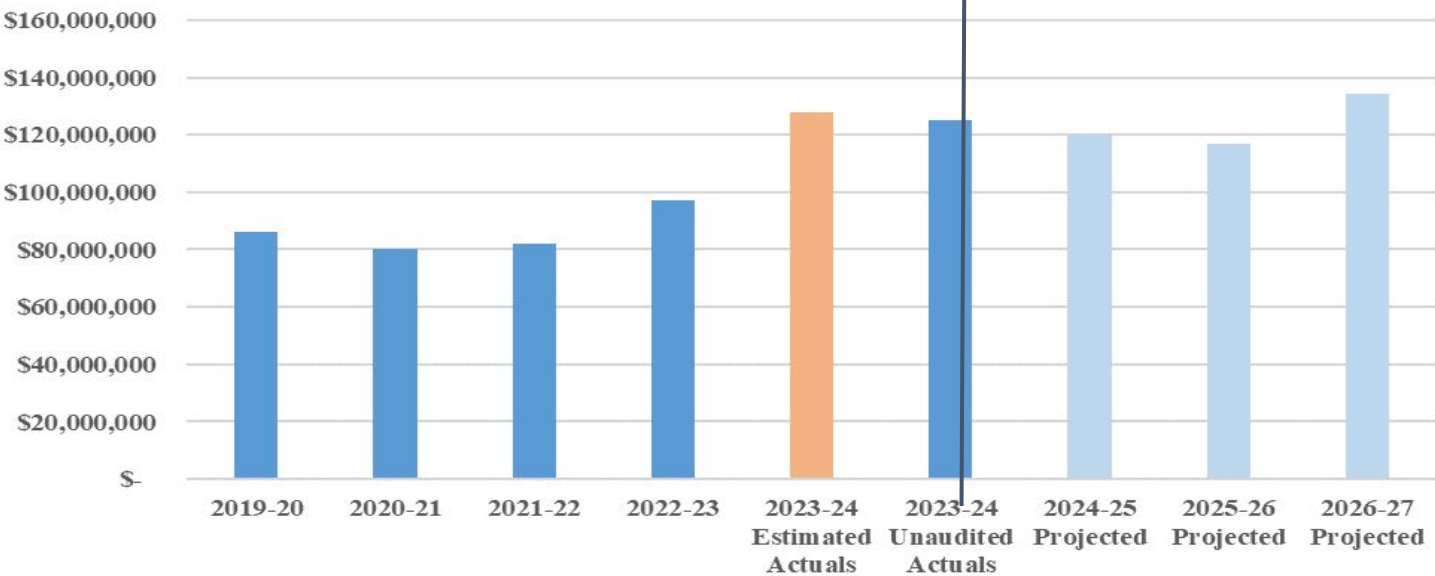
Item	2024-25	2025-26	2026-27
Total Revenues	\$60.3M	\$17.4M	\$12.5M
Total Non-Staff Expenditures	\$8.25M	\$29.55M	\$50.75M
Total Staff Expenditures	\$3M	\$7.25M	\$8.5M
Total Recommendations	\$71.55M	\$54.2M	\$71.75M

Looking Ahead

Reporting Cycle



Contributions



AB 1200 Accountability

Assembly Bill (AB) 1200 established the structure for financial accountability standards and the reporting and oversight process relative to LEA fiscal conditions

- Provides for standards and criteria for fiscal accountability related to budget development and expenditures (EC 33127 and 33128)
- Requires regular and uniform budgetary and financial reporting
- Requires public disclosure of certain events and conditions
- Recognizes that the first level of oversight rests with each LEA's governing board and provides for a secondary and external level of oversight by the county (or state) superintendent
- Provides for a receivership process for districts that cannot meet their financial obligations

The foundations of the AB 1200 process assume the school district and their oversight agency are aligned regarding the facts and goals, and work together to improve fiscal conditions.

AB 1200 Certification Definitions

At interim reports (December 15 and around March 15) – EC 42130 & 42131

- District's governing board self-certifies positive, qualified or negative
- A district is positive when it is determined that it will meet its financial obligations in the current and two subsequent years
- A district is qualified when it is determined that it may not be able to meet its financial obligations in the current and two subsequent years (budget)
- A district is negative when it is determined that it will not meet its financial obligations in the current and next fiscal year (cash)

Your future hasn't
been written yet.

No one's has...

Your future is
whatever you make
it, so make it a good
one.

Dr. Emmett Brown
Back to the Future





Summary and Certification

2024-25 First Interim Report

Summary and Certification

- The District is projected to satisfy the 2% reserve for economic uncertainties and maintain a positive cash flow in 2024-25, 2025-26 and 2026-27.
- The District projects an unrestricted deficit of \$63.4M in 2024-25 resulting in an ending General Fund negative balance of approximately \$21.9M, and a deficit of \$51.7M in 2026-27 resulting in a negative ending General Fund balance of \$134.5M.
- Strategic budget planning and discussions are ongoing
- Governor's Budget proposal in January expected to yield changes to COLA and will be used for planning guidance
- Education Code 42131 requires the Interim report and Certification of Financial Condition be approved by the Governing Board of the School District
- **Staff Recommendation:**
 - **Qualified Certification:** District can meet current obligations with plans to address future challenges.



Thank You

