

Saddleback Valley
Unified School District



2022-23 First Interim Budget

DECEMBER 12, 2022

2022-23 First Interim Budget Major Assumptions

1. **Local Control Funding Formula (LCFF) revenue is based on the State Adopted Budget**
 - a) Cost of Living Adjustment (COLA) of 6.56%
 - b) Additional base augmentation of 6.70%
 - c) TK add-on funding = \$2,813 per TK ADA
 - d) Average of three prior years' ADA
 - e) One-time adjustment for 2021-22, adjusted for 2019-20 absence rate
 - f) Increase to unduplicated students resulting in higher Unduplicated Pupil Percentage
 - g) Increase to Home-to-School Transportation reimbursement

2. **Funded ADA 24,937.17**
 - a) Funded on the average of three prior years' ADA

3. **Salaries and benefits reflect actual staffing as of 10/31/22 including vacancies**
4. **STRS employer contribution rate = 19.10% (increased from 16.92% in 2021-22)**
5. **PERS employer contribution rate = 25.37% (increased from 22.91% in 2021-22)**

Change in Unrestricted Budget 2022-23 Original Budget vs. First Interim

	2022-23 Original Budget	2022-23 First Interim	Difference
Beginning Balance	75,128,119	77,907,131	2,779,012
Revenue	260,379,662	292,194,348	31,814,686
Expense	270,323,696	291,368,310	21,044,614
Surplus/(Deficit)	(9,944,034)	826,038	10,770,072
Ending Balance	65,184,085	78,733,169	13,549,084
Nonspendable	439,729	5,486,674	5,046,945
Designated for Economic Uncertainties	17,802,397	19,689,435	1,887,038
Other Commitments	38,358,969	33,273,847	(5,085,122)
Assigned	6,412,008	13,639,491	7,227,483
Unappropriated Balance	2,170,982	6,643,722	4,472,740

Change in Unrestricted Revenue 2022-23 Original Budget vs First Interim

Unrestricted Revenue Original Budget	\$260,379,662
Unrestricted Revenue First Interim	<u>\$292,194,348</u>
Increase in Unrestricted Revenue	\$ 31,814,686

Explanations of significant changes:

- A. \$30.7 million – Increase of 9.15% in projected Unduplicated Pupil Percentage, prior three years' average ADA, change in LCFF augmentation from 3.29% to 6.70%
- B. \$661,000 – Additional Lottery funds due to increased prior year ADA
- C. \$456,000 – Increase to local revenue and interest

Change in Unrestricted Expenditures 2022-23 Original Budget vs First Interim

Unrestricted Expenditures Original Budget	\$270,323,696
Unrestricted Expenditures First Interim	<u>\$291,368,310</u>
Increase in Unrestricted Expenditures	\$ 21,044,614

Explanations of significant changes:

- A. \$ 16,575,000 – Increase due to 8.5% ongoing salary increase and one-time 1.5% off-schedule
- B. \$1,992,000 – Increase due to negotiated certificated stipends and classified staffing bands adjustments
- C. \$(327,000) – Classified vacancy savings
- D. \$(1,415,000) – Decrease of 12.0 teacher FTE due to declining enrollment and vacancy savings
- E. \$(940,000) – Reclassification in Health and Welfare and HRA to reserves
- F. \$(2,094,000) – Reduction in SVUSD students attending OCDE Programs
- G. \$6,174,000 – Increase in Special Education contribution as a result of 8.5% salary increase and Instructional Assistant staffing
- H. \$1,132,000 – Increase in Routine Restricted Maintenance Account contribution

2022-23 First Interim Budget Multi-Year Assumptions

- 1. Local Control Funding Formula (LCFF) revenue**
 - a) COLA adjustments: 2023-24 5.38%, 2024-25 4.02%

- 2. Enrollment and ADA projections based on historical trends, TK projections, and demographer study**
 - a) Decrease in funded ADA of 1,046 in 2023-24 and 1,113 in 2024-25 for LCFF target entitlement calculation
 - b) Due to declining enrollment we are funded on the average of three prior years' ADA

- 3. Salaries and benefits adjusted for step & column, attrition and changes to retirement contributions (STRS & PERS), and projected staffing needs for Transitional Kindergarten students**

- 4. Inflation increases applied to utilities, fuel and other contracted services**

- 5. Textbook adoptions are adjusted based on projected curriculum needs**

2022-23 First Interim Budget Multi-year Projection - Unrestricted Only

	2022-23 First Interim Budget	2023-24 Projected	2024-25 Projected
Beginning Fund Balance	77,907,131	78,733,169	88,486,486
Revenue	292,194,348	296,719,512	295,625,681
Expenditures	291,368,310	286,966,195	297,504,279
Surplus/(Deficit)	826,038	9,753,317	(1,878,598)
Ending Fund Balance	78,733,169	88,486,486	86,607,888
Nonspendable Reserves	5,486,674	4,462,274	3,437,874
Designated for Economic Uncertainties	19,689,435	17,824,784	17,917,039
Other Commitments	33,273,847	36,949,472	38,224,208
Assigned Fund Balance	13,639,491	9,494,953	9,885,257
Unappropriated Fund Balance	6,643,722	19,755,002	17,143,510

2022-23 First Interim Budget

Unrestricted Assignments/ Board Approved Commitments/Nonspendable

Assignments

Negotiated Salary Increase	5,294,500
Caltrans Settlement	184,667
SV Innovates Classrooms	5,800,000
Safety Projects	2,000,000
Supplemental to Support LCAP	360,324
Total	13,639,491

Nonspendable

Revolving Cash	120,000
Stores	281,552
Prepaid Textbooks	5,085,122
Total	5,486,674

Previously Approved Commitments

Technology	10,213,400
Facilities/Modernization/Def. Maint/Safety	4,500,000
Universal TK Implementation	8,074,736
Comprehensive Program Implementation	4,500,000
Special Education Decline in Funding	1,985,711
Future Liabilities	4,000,000
Total	33,273,847

2022-23 First Interim Budget Proposed Commitments

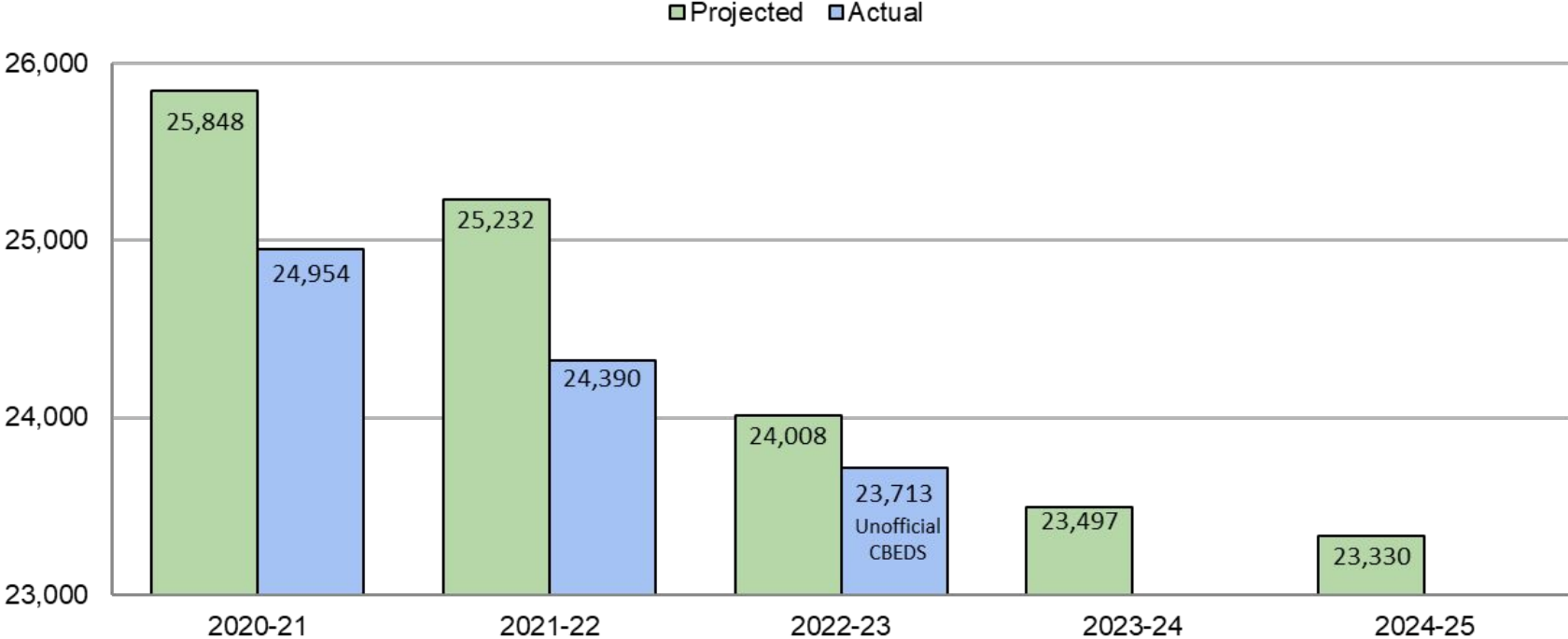
1. **Safety Projects - \$2.0 million**

- a) Improve perimeter Control
- b) Increase perimeter surveillance
- c) Training
- d) Supplies

2. **Continue SV Innovates Classroom Project - \$5.8 million**

- a) Continue classroom AV and furniture upgrades

2022-23 First Interim Budget Multi-Year Projected Declining Enrollment



Impact of STRS and PERS Contribution Rate Increases

	2022-23	2023-24	2024-25
STRS Rate	19.10%	19.10%	19.10%
PERS Rate	25.37%	25.20%	24.60%
STRS Expenditures	28,573,041	28,919,497	29,326,182
PERS Expenditures	11,560,539	11,538,920	11,450,250
Total STRS/PERS Expenditures	40,133,580	40,458,416	40,776,432
Total General Fund Expenditures	393,788,695	356,495,689	358,340,772
% of General Fund Expenditures	10.19%	11.35%	11.38%

Note: Does not include the STRS on Behalf accounting entry

2022-23 First Interim Budget: Next Steps

1. **Governor's Proposed Budget for 2023-24 will be released in January**
 - a) Potential for Cost of Living Adjustment
2. **Update staffing projections for 2023-24 based on projected enrollment**
3. **Second Interim budget presented for approval in March**

2022-23 First Interim Budget: Closing Thoughts

1. Ongoing evaluation of program needs

- a) Sustainability of program enhancements with one-time COVID relief funds
- b) Impacts on school sites with lower program participation once COVID funds end
- c) Determine base level programs for all grade spans

2. The structural operating expenditures are increasing each year

- a) Employer contributions for PERS and STRS absorb a substantial portion of increase to LCFF funding
- b) The cost of Special Education services continues to rise

3. Continue to evaluate reserves for future needs

- a) Comprehensive Program
- b) Technology
- c) Facility and safety needs

Saddleback Valley
Unified School District



2022-23 First Interim Budget
