

COLUSA UNIFIED SCHOOL DISTRICT

45-DAY REVISION BUDGET ASSUMPTIONS 2023-2024 WITH NARRATIVE SUMMARY

The Colusa Unified School District (CUSD) budget is developed using a zero-based budget model approach. In addition, a portion of the budget is developed to compliment the Local Control and Accountability Plan, which identifies how the District will support the most at-risk students that it serves.

INTRODUCTION

The Board of Education (BOE) adopted their budget for the 2023-2024 fiscal year at their meeting on June 26, 2023. At the time the budget was adopted with a positive certification, the May Revise was the basis for overall budget development. In the May Revise, revenue under the Local Control Funding Formula (LCFF) increased in fiscal 2023-2024 by 8.22%. The Unrestricted General Fund, Fund 01 expected a surplus of \$1,158,298. The Restricted General Fund has a planned deficit of \$128,801.

45-DAY REVISION

On June 27, 2023, Governor Gavin Newsom signed an on-time budget. The budget maintained several items that were included in the May Revision: an 8.22% Cost of Living Adjustment (COLA) to the Local Control Funding Formula (LCFF), special education and several other categorical programs outside the LCFF. Additional changes impacting the CUSD include but are not limited to:

- \$1.1 billion reduction to the Learning Recovery Emergency Block Grant (see Learning Recovery Emergency Block Grant below for further details)
- \$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)
- \$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
- Multiple changes to Local Control Accountability Plan (LCAP) requirements. This includes new requirements to: Add focused goals to address educator preparation and student performance for schools receiving Equity Multiplier funding; Add specific actions to address any school or student group assigned the lowest performance level on any California School Dashboard indicator; Change actions deemed ineffective over a three-year period; Tie schoolwide and districtwide actions to specific outcome metrics.
- The 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.
- 100 million decrease in planned support for the School Facility Program in 2023-24, reducing the allocation from approximately \$2.1 billion to approximately \$2.0 billion. This program provides funding for new construction and modernization.
- \$15 million (one-time) increase for grants to LEAs to acquire and install commercial dishwashers. This is in addition to the \$600 million included in the 2022-23 State Budget for kitchen infrastructure grants.

GENERAL FUND – FUND 01

UNRESTRICTED REVENUE ASSUMPTIONS

LOCAL CONTROL FUNDING FORMULA (LCFF) OVERVIEW The LCFF is intended to provide a funding mechanism that is simple and transparent while allowing local educational agencies (LEAs) maximum flexibility in allocating resources to meet local needs. While the formula itself is relatively straightforward, the transition from revenue limit funding to the LCFF has been very complex. The primary cause for this complexity is the State’s commitment to ensuring all LEAs are funded at no less than what they received in 2012-2013 with an eight-year cycle to fully fund the LCFF.

The final budget adopts a COLA of 8.22% on the LCFF and a transitional kindergarten (TK) add-on to the LCFF. The TK add-on will be computed at \$3,044.23 per current year TK ADA and will increase annually by COLA. The funding is intended to offset the additional costs associated with meeting the 12:1 pupil to staff ratios required in TK classrooms and is conditioned on the school district or charter offering transitional kindergarten in the year it receives the funding and maintaining an average TK class enrollment of no more than 24 pupils.

Supplemental and Concentration Grants Education Code Section 42238.02 increases the LCFF base grant by a supplemental grant and a concentration grant. These are determined by the district’s or charter school’s unduplicated count of pupils who are eligible for free and reduced-price meals, or who are classified as English learners or as foster youth or homeless. The use of these funds is subject to the regulations adopted by the State Board of Education at its January 14, 2014 meeting.

Since the District adopted its budget in June, the changes to the LCFF have not been of significance with the exception of the LCFF Equity Multiplier. The District is estimated to receive an additional \$102,026 as a result. Chart #1 shows the target calculation of the LCFF which currently *does not* include the LCFF Equity Multiplier.

Colusa Unified (61598) - Adopted Budget		v.24.1	6/20/2023	CY
LOCAL CONTROL FUNDING FORMULA				2023-24
LCFF ENTITLEMENT CALCULATION				
		COLA & Augmentation	Base Grant Proration	Unduplicated Pupil Percentage
Calculation Factors		8.22%	0.00%	71.25% 71.25%
	3-PY Average			
	ADA	Base	Grade Span	Supplemental Concentration Total
Grades TK-3	429.86	\$ 9,919	\$ 1,032	\$ 1,561 \$ 1,157 \$ 5,875,420
Grades 4-6	318.30	10,069		1,435 1,064 4,000,194
Grades 7-8	226.48	10,367		1,477 1,095 2,930,495
Grades 9-12	482.22	12,015	312	1,757 1,302 7,419,261
Subtract Necessary Small School ADA and Funding	-	-	-	-
Total Base, Supplemental, and Concentration Grant		\$ 15,610,535	\$ 594,069	\$ 2,309,155 \$ 1,711,611 \$20,225,370
NSS Allowance		-	-	-
TOTAL BASE		\$ 15,610,535	\$ 594,069	\$ 2,309,155 \$ 1,711,611 \$20,225,370
ADD ONS:				
Targeted Instructional Improvement Block Grant				\$ 72,847
Home-to-School Transportation (COLA added commencing 2023-24)				48,910
Small School District Bus Replacement Program (COLA added commencing 2023-24)				-
Transitional Kindergarten (Commencing 2022-23)	TK ADA	25.00	TK Add-on rate \$ 3,044.23	76,106
ECONOMIC RECOVERY TARGET PAYMENT				-
LCFF Entitlement Before Adjustments				\$20,423,233
Miscellaneous Adjustments				-
ADJUSTED LCFF ENTITLEMENT				\$20,423,233
Local Revenue (including RDA)				(4,799,766)
Gross State Aid				\$15,623,467
Education Protection Account Entitlement				(4,952,792)
Net State Aid				\$10,670,675

Chart #1 – LCFF Target

In Chart #2, the LCFF Entitlement shows an increase in funding, the LCFF funding sources, the ADA the calculation is based upon and the estimated funding per ADA.

LCFF Entitlement (before COE transfer, Choice & Charter Supplemental)			\$20,423,233
Change Over Prior Year	7.33%	1,394,374	
LCFF Entitlement Per ADA			14,019
Per-ADA Change Over Prior Year	8.73%	1,126	
Basic Aid Status (school districts only)			<i>Non-Basic Aid</i>
LCFF SOURCES INCLUDING EXCESS TAXES			
		Increase	2023-24
State Aid	7.96%	786,807	\$10,670,675
Education Protection Account			4,952,792
Property Taxes Net of In-Lieu Transfers	6.46%	291,213	4,799,766
Charter In-Lieu Taxes	0.00%	-	-
Total LCFF (Excludes Basic Aid Choice and Basic Aid Supplemental Funding)	5.67%	1,078,020	\$20,423,233

Chart #2 – LCFF Entitlement

RESTRICTED REVENUE ASSUMPTIONS

Federal Revenues The 45-Day Revision Budget assume the same level of federal funding as the Adopted Budget. Changes are expected as the Consolidated Application for Federal funds is now available. An update to Federal revenues will be presented with the First Interim Report.

Proposition 28 In November 2022, voters approved Proposition 28, which mandates the annual allocation of 1% of the TK-12 portion of Proposition 98 funding for arts and music instruction in schools. The State Budget estimates total funding for Proposition 28 to be \$938 million in 2023-2024. Furthermore, legislation adopted with the State Budget (SB 115) includes several technical clarifications to the proposition, such as specifying that the funding amount for a given fiscal year is finalized as of the subsequent year’s May Revision. The Colusa Unified School District is expected to receive \$245,158 which will be deposited into the General Fund, Resource 6770.

Learning Recovery Emergency Block Grant: The 2022-2023 State Budget also established the Learning Recovery Emergency Block Grant, totaling \$7.9 billion in one-time funds, to support academic learning recovery and staff and pupil social and emotional well-being. This funding is designated to be spent through the 2027-2028 fiscal year. The 2023-2024 State Budget reduces funding for the Learning Recovery Emergency Block Grant by \$1.1 billion, or approximately 14%, in the 2022-2023 fiscal year. The CUSD will set up a liability in the amount of \$348,600 which will be included and reported with the 2022-2023 Unaudited Actual Report.

Arts, Music and Instructional Materials Discretionary Block Grant: The 2022-2023 State Budget established the Arts, Music and Instructional Materials Discretionary Block Grant, totaling \$3.5 billion in one-time funds. This grant provides LEAs with funding for specified uses, including standards-aligned professional development, instructional materials, improved school culture and development of diverse and culturally relevant book collections. The 2023-2024 State Budget reduces this amount by \$200 million, or approximately 6%. The first 50% of the grant was distributed to LEAs in November 2022. The remaining funds, adjusted for the \$200 million reduction, are scheduled for distribution in the 2023-2024 fiscal year, most likely in late summer or early fall. For the Colusa Unified School District, this is a reduction in funding of \$56,744.

Home to School Transportation Beginning in 2022-2023 and for each fiscal year thereafter, school districts and county offices of education will be reimbursed for pupil transportation services an amount equal to 60% of the prior-year reported home to school transportation expenditures within function 3600, excluding capital outlay or nonagency expenditures. For 2023-2024, the amount being reimbursed and included in the Principal Apportionment is \$136,484.

UNRESTRICTED AND RESTRICTED EXPENDITURE ASSUMPTIONS

Unrestricted expenditures remained flat in the 45-Day Revision Budget. However, restricted expenditures increased by \$681,571 to match revenues and assume expenditures will occur in Certificated Salaries, Books and Supplies, and Other Outgo.

Multiyear Projections Districts are required by law to project revenues and expenditures for the budget year and the two subsequent fiscal years. To generate such a document, districts rely on a variety of assumptions and sources of information available at the time the projection is created. This projection is known as a Multi-Year Projection (MYP).

The further into the future a projection is made, the greater the likelihood the variables used to create the projection will deviate from assumed values. Subsequent year projections are predicated on trying to forecast variables that are entirely outside the control of the District, including the actions of current and future elected officials and the direction of the global, national and state economy.

The current 45-Day Revision MYP, based on the data provided in the State Adopted Budget, makes changes only for those variables noted in the paragraphs above. In addition, outyear variables, such as COLA, have been updated to meet the current Department of Finance projects. For the District, estimated increases in 2024-2025 and 2025-2026 are \$423,479 and \$342,010 respectively as shown below in Chart #3 – 2023-2024 45-Day Revision Budget MYP LCFF Entitlement Calculation.

Colusa Unified (61598) - Adopted Budget	v.24.1	CY1	v.24.1	CY2
LOCAL CONTROL FUNDING FORMULA		2024-25		2025-26
LCFF Entitlement (before COE transfer, Choice & Charter Supplemental)		\$ 20,987,537		\$ 21,434,313
Change Over Prior Year	2.76% 564,305		2.13% 446,776	
LCFF Entitlement Per ADA		14,560		15,049
Per-ADA Change Over Prior Year	3.86% 541		3.36% 489	
Basic Aid Status (school districts only)		Non-Basic Aid		Non-Basic Aid
LCFF SOURCES INCLUDING EXCESS TAXES				
		2024-25		2025-26
State Aid	3.97% <u>Increase</u> 423,479	\$ 11,094,154	<u>Increase</u> 342,010	\$ 11,436,164
Education Protection Account		5,093,617		5,198,383
Property Taxes Net of In-Lieu Transfers	0.00%	4,799,766	0.00%	4,799,766
Charter In-Lieu Taxes	0.00%	-	0.00%	-
Total LCFF (Excludes Basic Aid Choice and Basic Aid Supplemental Funding)	2.07% 423,479	\$ 20,987,537	1.63% 342,010	\$ 21,434,313

CHART #3 – 2023-2024 45-DAY REVISION BUDGET MYP LCFF ENTITLEMENT CALCULATION

Although a moderate MYP, this projection is not a worst-case scenario as there is the possibility of future funding reductions by the State. As the current year budget cycle continues to evolve, the Board of Education will be presented with updated scenarios on what future funding may look like and its impact on future budgets.

	<u>2023/2024</u>		<u>2024/2025</u>		<u>2025/2026</u>	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Total Revenues	\$21,096,751	\$4,288,576	\$21,470,559	\$3,438,193	\$21,923,728	\$3,150,320
Total Expenditures / Uses / Sources	19,843,314	4,530,632	20,351,959	4,046,064	20,865,798	3,905,142
Net Increase/Decrease	\$ 1,253,437	\$ (242,056)	\$ 1,118,601	\$ (607,871)	\$ 1,057,930	\$ (754,822)
Beginning Fund Balance	4,192,282	1,604,749	5,445,719	1,362,693	6,564,320	754,822
Ending Fund Balance	<u>\$ 5,445,719</u>	<u>\$ 1,362,693</u>	<u>\$ 6,564,320</u>	<u>\$ 754,822</u>	<u>\$ 7,622,250</u>	<u>\$ (0)</u>

Chart #4 – 2023-2024 45-Day Revision Budget MYP

For purposes of the 2023-2024 45-Day Revision Budget, the MYP shown in the chart above follows the funding model and assumes that future growth in expenditure of 2% per annum will

occur. In addition, one-time dollars (both revenue and expense) are removed from future years. For restricted dollars, this creates a deficit in 2024-2025 that will require a shift of expenditures to unrestricted dollars in 2025-2026.

GENERAL FUND CONCLUSION

The state's adopted budget successfully closed a \$31.7 billion budget deficit and fully funded the statutory COLA while safeguarding most education programs from cuts. However, the District should be aware that the state remains at risk for further revenue shortfalls that could result in additional cuts to education spending. The state's complete revenue will not be known until after all 2023 taxes are filed in October, because nearly all residents and some corporations were granted tax filing extensions.

School Districts face near and long-term challenges, including risks to the state revenue forecast, reduced ADA because of COVID-19-related student absences, inflationary pressures (e.g., pension rate increases), expiring one-time COVID-19 relief funds, and declining enrollment. Given that each district has unique funding and program needs, it is crucial that districts continuously assess their individual situations, work closely with their COE, and develop comprehensive plans that maintain their fiscal solvency and preserve the integrity of their educational programs.

END: 45-DAY REVISION BUDGET ASSUMPTIONS CUSD 2023-2024

Colusa Unified School District
Education Code 42127(h) requires a public review of budget revisions within 45 days of an enacted state budget.
Revisions are as of August 11, 2022 and in accordance with the 2022-23 Enacted State Budget

	2023-24 Adopted Budget		2023-24 45-Day Revise		Variance	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Revenues						
LCFF Sources	20,423,233.00	-	20,525,259.00	-	102,026.00	-
Federal Revenue	4,500.00	1,178,275.00	4,500.00	1,075,093.00	-	(103,182.00)
Other State Revenue	311,992.00	2,526,985.00	311,992.00	3,198,483.00	-	671,498.00
Other Local Revenue	255,000.00	15,000.00	255,000.00	15,000.00	-	-
Total Revenues	20,994,725.00	3,720,260.00	21,096,751.00	4,288,576.00	102,026.00	568,316.00
Expenditures						
Certificated Salaries	8,400,892.00	702,815.00	8,400,892.00	932,973.00	-	230,158.00
Classified Salaries	2,270,147.00	826,085.00	2,270,147.00	826,085.00	-	-
Employee Benefits	4,095,732.00	1,485,268.00	4,095,732.00	1,485,268.00	-	-
Subtotal Personnel Cost(s)	14,766,771.00	3,014,168.00	14,766,771.00	3,244,326.00	71.61%	-
Books and Supplies	864,377.00	404,089.00	834,337.00	845,429.00	(30,040.00)	441,340.00
Services and Other Operating Expenditures	1,631,487.00	788,148.00	1,661,487.00	788,148.00	30,000.00	-
Capital Outlay	75,000.00	-	75,000.00	-	-	-
Other Outgo	(102,328.00)	1,937,819.00	(95,401.00)	1,947,892.00	6,927.00	10,073.00
Contributions	2,295,163.00	(2,295,163.00)	2,295,163.00	(2,295,163.00)	-	-
Subtotal Non-Personnel Cost(s)	4,763,699.00	834,893.00	4,770,586.00	1,286,306.00	28.39%	-
Total Expenditures	19,530,470.00	3,849,061.00	19,537,357.00	4,530,632.00	6,887.00	681,571.00
Other Sources/Uses						
Interfund Transfers In	-	-	-	-	-	-
Interfund Transfers Out	305,957.00	-	305,957.00	-	-	-
Other Sources	-	-	-	-	-	-
Other Uses	-	-	-	-	-	-
Total Other Sources/Uses	(305,957.00)	-	(305,957.00)	-	-	-
Fund Balance						
Net Increase/Decrease	1,158,298.00	(128,801.00)	1,253,437.00	(242,056.00)	95,139.00	(113,255.00)
Beginning Fund Balance	4,113,850.00	1,291,261.00	4,113,850.00	1,291,261.00	-	-
Ending Fund Balance	\$ 5,272,148.00	\$ 1,162,460.00	\$ 5,367,287.00	\$ 1,049,205.00	95,139.00	(113,255.00)

The adopted budget is a projection of the revenues and expenses based on the May Revision budget. Assumptions are

- Increase to the LCFF Sources due to the application of the LCFF Equity Multiplier
- Decrease in Federal revenue due to COVID resources being fully expended in fiscal 2022.2023
- Increase in State revenues due to Proposition 28 and the Arts, Music and Instructional Materials Block Grant
- Increase in Salary due to Proposition 28
- Increase in supplies, services and capital outlay due to the Arts, Music and Instructional Materials Block Grant
- Net increase to the unrestricted general fund of \$95,139 and a net decrease to the restricted general fund of \$113,255

Colusa Unified School District
2023.24 Adopted Budget - Multi Year Projection

	Adoptd Budget 2023.2024			Year 1 - Projected 2024.2025			Year 2 - Projected 2025.2026		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
A. REVENUES									
LCFF Sources	20,525,259	-	20,525,259	20,886,775	-	20,886,775	21,329,275	-	21,329,275
Federal Revenues	4,500	1,075,093	1,079,593	4,500	697,546	702,046	4,500	319,999	324,499
Other State Revenues	311,992	3,198,483	3,510,475	324,284	2,725,647	3,049,932	334,953	2,815,321	3,150,274
Other Local Revenues	255,000	15,000	270,000	255,000	15,000	270,000	255,000	15,000	270,000
Other Sources	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	21,096,751	4,288,576	25,385,327	21,470,559	3,438,193	24,908,753	21,923,728	3,150,320	25,074,048
B. EXPENDITURES									
Certificated Salaries									
Base Salaries	8,400,892	932,973	9,333,865	8,400,892	932,973	9,333,865	8,542,867	948,740	9,491,607
Step and Column				141,975	15,767	157,742	144,374	16,034	160,408
Cost of Living				-	-	-	-	-	-
Other Adjustments (STRS)			<i>Not included in total</i>	27,117	3,011	30,129	27,575	3,062	30,638
Total Certificated Salaries	8,400,892	932,973	9,333,865	8,542,867	948,740	9,491,607	8,687,241	964,774	9,652,015
Classified Salaries									
Base Salaries	2,270,147	826,085	3,096,232	2,270,147	826,085	3,096,232	2,308,511	840,045	3,148,556
Step and Column				38,364	13,960	52,324	39,014	14,197	53,211
Cost of Living				-	-	-	-	-	-
Other Adjustments (PERS)			<i>Not included in total</i>	47,362	17,234	64,596	36,357	13,230	49,586
Total Classified Salaries	2,270,147	826,085	3,096,232	2,308,511	840,045	3,148,556	2,347,525	854,242	3,201,767
Employee Benefits	4,095,732	1,485,268	5,581,000	4,170,211	1,505,514	5,675,725	4,234,143	1,521,806	5,755,949
Books and Supplies	834,337	845,429	1,679,766	876,054	588,272	1,464,326	919,857	617,686	1,537,543
Services, Other Operating Exp	1,661,487	788,148	2,449,635	1,744,561	528,127	2,272,688	1,831,789	554,533	2,386,322
Capital Outlay	75,000	-	75,000	78,750	-	78,750	82,688	-	82,688
Other Outgo	-	1,947,892	1,947,892	-	2,045,287	2,045,287	-	2,147,551	2,147,551
Direct Support / Indirect Cost	(95,401)	-	(95,401)	(100,171)	-	(100,171)	(105,180)	-	(105,180)
Other Financing Uses	-	-	-	-	-	-	-	-	-
Transfers Out	305,957	-	305,957	321,255	-	321,255	337,318	-	337,318
Future TFs / Shifts / Deducts Year #1		-	-	-	-	-	-	-	-
Future TFs / Shifts / Deducts Year #2		-	-	-	-	-	-	(225,033)	(225,033)
Contributions	2,295,163	(2,295,163)	-	2,409,921	(2,409,921)	-	2,530,417	(2,530,417)	-
TOTAL EXPENDITURES	19,843,314	4,530,632	24,373,946	20,351,959	4,046,064	24,398,023	20,865,798	3,905,142	24,770,940
C. NET INCREASE (DECREASE) IN FUND BALANCE	1,253,437	(242,056)	1,011,381	1,118,601	(607,871)	510,730	1,057,930	(754,822)	303,108
E. FUND BALANCE, RESERVES									
Beginning Balance	4,192,282	1,604,749	5,797,031	5,445,719	1,362,693	6,808,412	6,564,320	754,822	7,319,142
Estimated Ending Balance	5,445,719	1,362,693	6,808,412	6,564,320	754,822	7,319,142	7,622,250	-	7,622,249
F. COMPONENTS OF ENDING FUND BALANCE									
a) Nonspendable									
Revolving Cash	30,350	-	30,350	30,350	-	30,350	30,350	-	30,350
Stores	-	-	-	-	-	-	-	-	-
b) Restricted	-	1,362,693	1,362,693	-	754,822	754,822	-	-	-
c) Committed	-	-	-	-	-	-	-	-	-
d) Assigned	4,196,672	-	4,196,672	5,314,879	-	5,314,879	6,353,353	-	6,353,353
e) Unassigned/Unappropriated									
Reserve for Economic Uncertainties (5%)	1,218,697	-	1,218,697	1,219,091	-	1,219,091	1,238,547	-	1,238,547
Unassigned/Unappropriated Amount	-	-	-	(0)	-	(0)	(0)	-	(1)