



We ARE Clovis UNIFIED!

**2024-25
GOVERNOR'S PROPOSED BUDGET AND
CLOVIS UNIFIED'S PRELIMINARY BUDGET**

GOVERNING BOARD PRESENTATION
February 7, 2024



PROPOSED
STATE BUDGET
AND LOCAL
AGENCY
IMPACTS



We **ARE** 
Clovis **UNIFIED!**

The State Budget and The Economy

- Headline inflation is down year over year and is expected to decline further through the budget year
- Leading economists anticipate a reduction to interest rates later in 2024
- The national and state economies are in a slow growth pattern
- The Governor projects a \$37.9 billion budget deficit for 2024-25
- Budget-balancing measures include drawing down \$13.1 billion in reserves and \$5.7 billion from the Public School System Stabilization Account (PSSSA), along with borrowing, funding reductions in non-Proposition 98 areas, funding delays, deferrals to payroll and University of California/California State University, and tax revenue proposals
- A recession is no longer forecasted in 2024 or 2025 by most economists, but there are notable risks to the State Budget

U.S. Economic Outlook and UCLA Anderson December Forecast

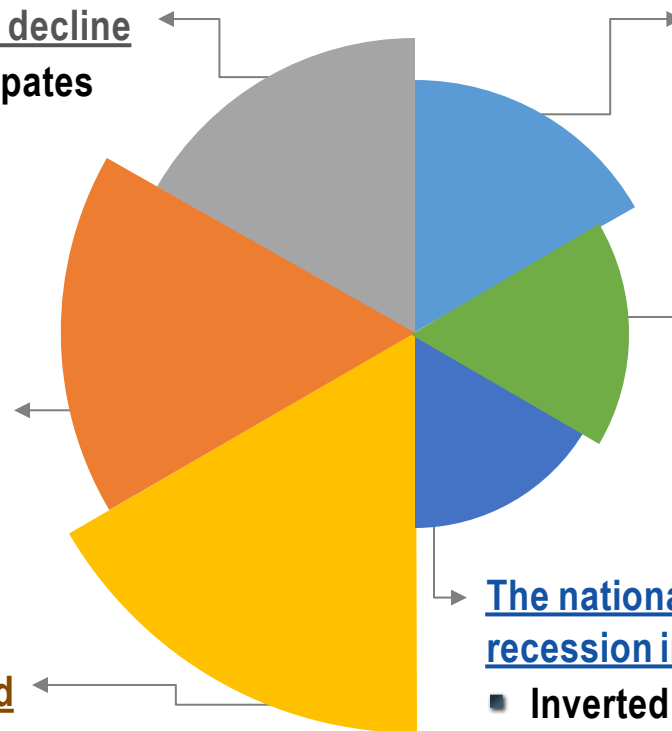
Inflation is predicted to continue its decline

- UCLA Anderson (Forecast) anticipates headline inflation to fall to 2.7%

Slow economic growth

- The Forecast projected three quarters of 1.0% growth in 2024, increasing to 2.5% by 2025
- A slow growth economy is especially vulnerable to risk

A recession is no longer forecasted for the near future



Interest rate cuts are projected as early as 2024

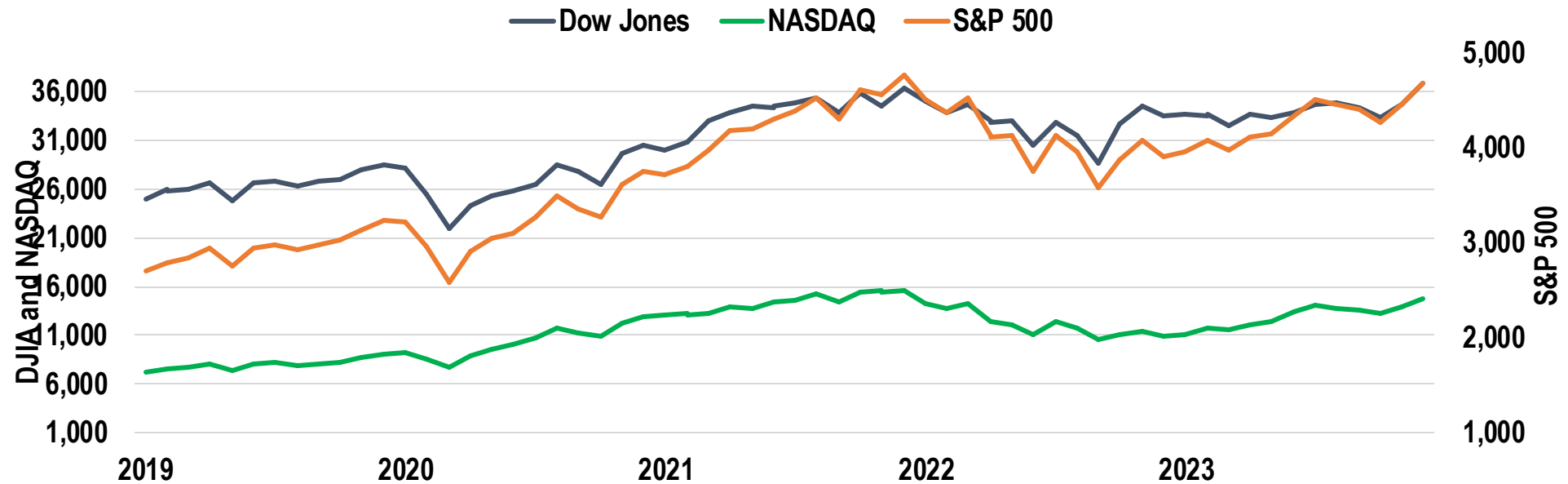
- The Forecast predicts the federal funds rate will be 4.8% by 2025

U.S. employment and income are predicted to remain strong

- The Forecast projects stable U.S. unemployment rates through 2025

The national economy is defying historical recession indicators

- Inverted yield curve
- Annual inflation falling from above 5.0% to below 3.0%

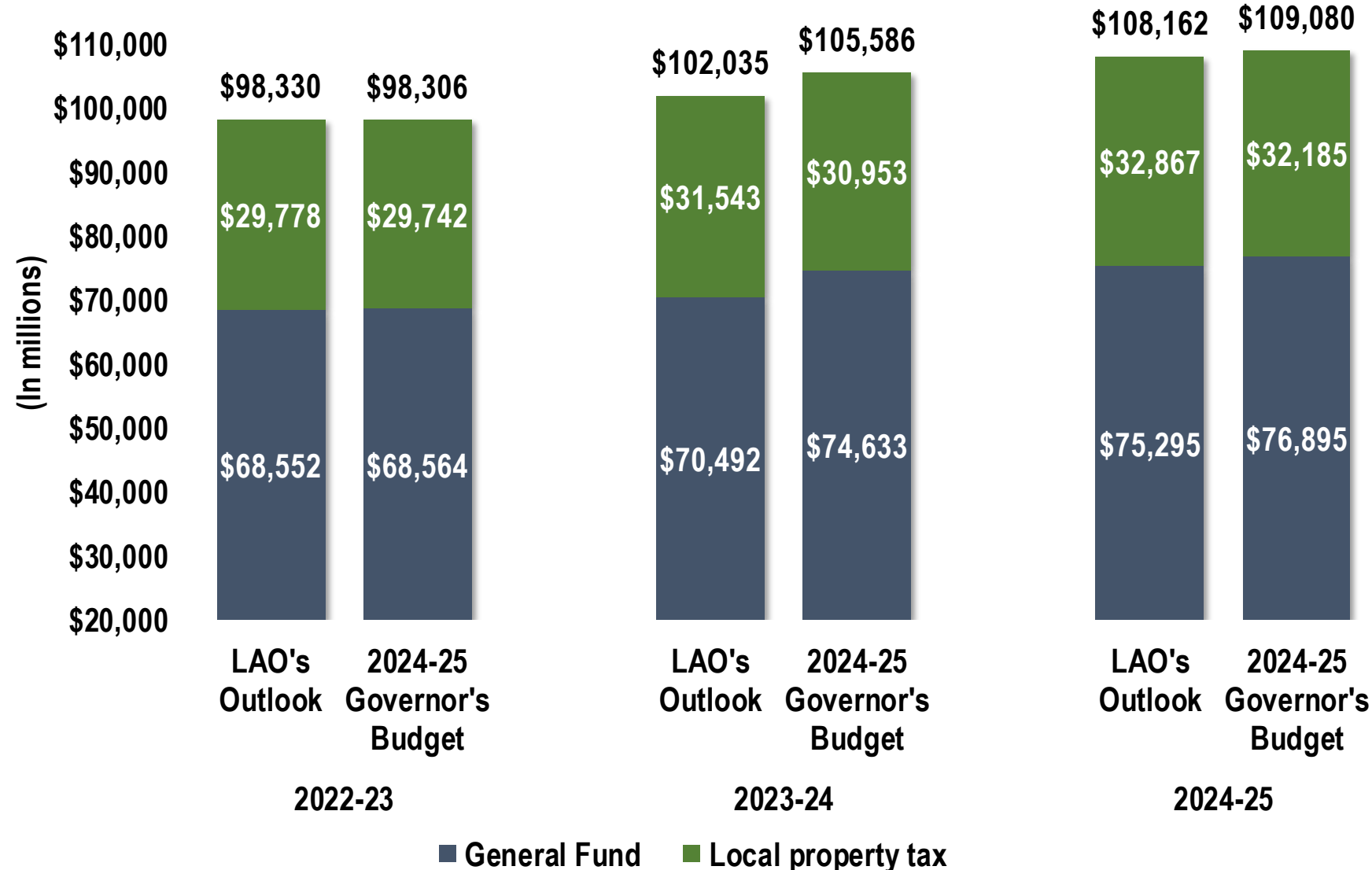


Source: Federal Reserve Economic Data

The Stock Market

- Wall Street outperformed early expectations for 2023; all three major indexes showed double-digit gains for the year
- Interest rates remain elevated, yet the market responded to easing inflation and the possibility of 2024 rate cuts
- At closing on January 12, the Dow Jones was at 37,593, the NASDAQ was at 14,972, and the S&P 500 was at 4,783
- At closing on February 5th, the Dow Jones was at 38,380, the NASDAQ was at 15,597, and the S&P 500 was at 4,943

Proposition 98—Governor’s Budget vs. LAO’s *Outlook*



- There is a \$4.5 billion difference in the minimum guarantee between the LAO’s *Outlook* and the Governor’s Budget for the current and budget year
 - 2023-24: \$3.6 billion
 - 2024-25: \$0.9 billion
- Again, the driver is a \$15.3 billion difference in state General Fund revenue assumptions
 - The LAO assumes modestly higher local property taxes

What's Not in the Education Budget?



Proposition 98 Cuts

Despite the significant drop in the minimum guarantee from 2021-22 to 2022-23, the Governor's Budget proposes no cuts in overall Proposition 98 funding

Deferrals

Due to the Governor's Budget revenue assumptions and the Administration's treatment of the Proposition 98 minimum guarantee, there is no need for the state to defer payments to LEAs

Sweeps

Unlike last year, the Governor's Budget does not include any proposals to sweep unallocated funds from programs, such as the Community Schools Partnership Program, so LEAs planning for those funds can breathe a sigh of relief . . . *for now*

LCFF Overview

- The Governor's Budget once again relies on one-time funding to meet the ongoing obligation to the Local Control Funding Formula (LCFF)
 - Of the proposed \$5.7 billion PSSSA withdrawals across the current and budget year, \$5.0 billion is proposed to be allocated for the purposes of supporting the LCFF

2023-24 Enacted Budget



2023-24

2024-25 Governor's Budget



2023-24



2024-25

LCFF Equity Multiplier—Distribution of Funds

- Additional funds are allocated to LEAs, but eligibility is determined by school sites

- High schools serving at least 85% of students who are eligible for federal free meal program

CUSD Qualifying Schools

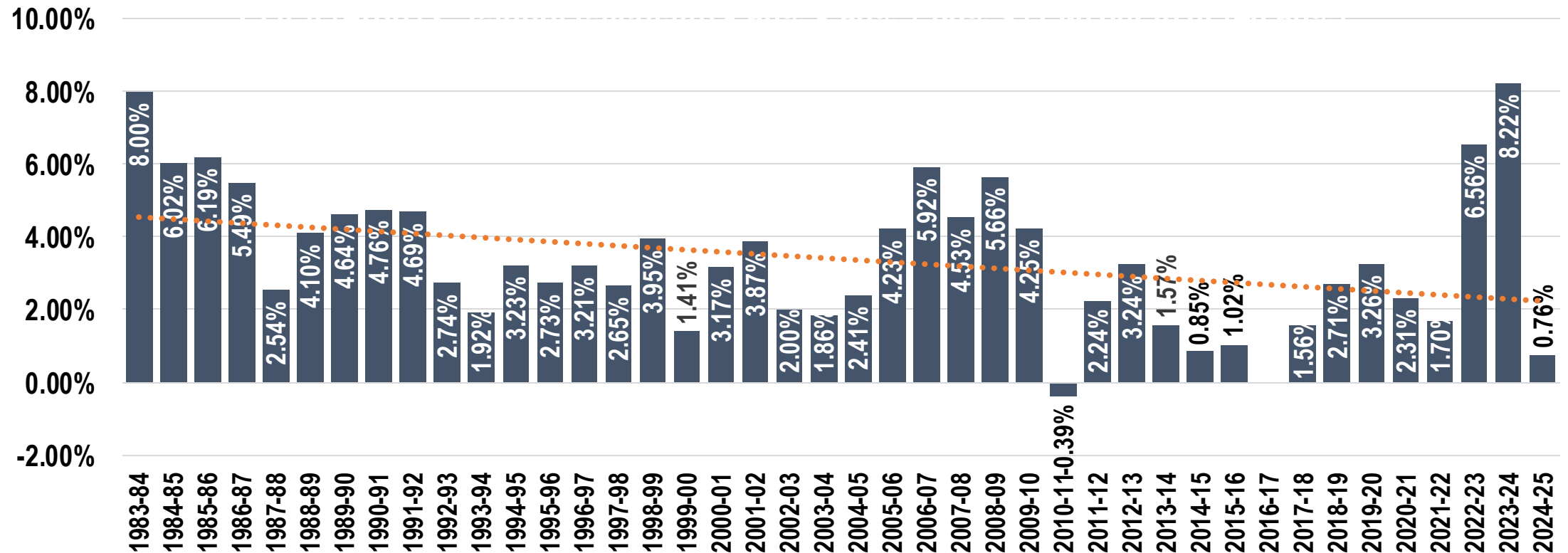
- Gateway - \$480,960
- CCDS Secondary - \$219,960



- Elementary and middle schools serving at least 90% of students who are eligible for federal free meal program
- CCDS Elementary - \$50,000

Historical Statutory COLAs

- The statutory COLA for 2024-25 feels anomalous relative to the last two years, but when looking back, COLA is beginning to normalize to historical trends—COLAs above 6% are the anomalies

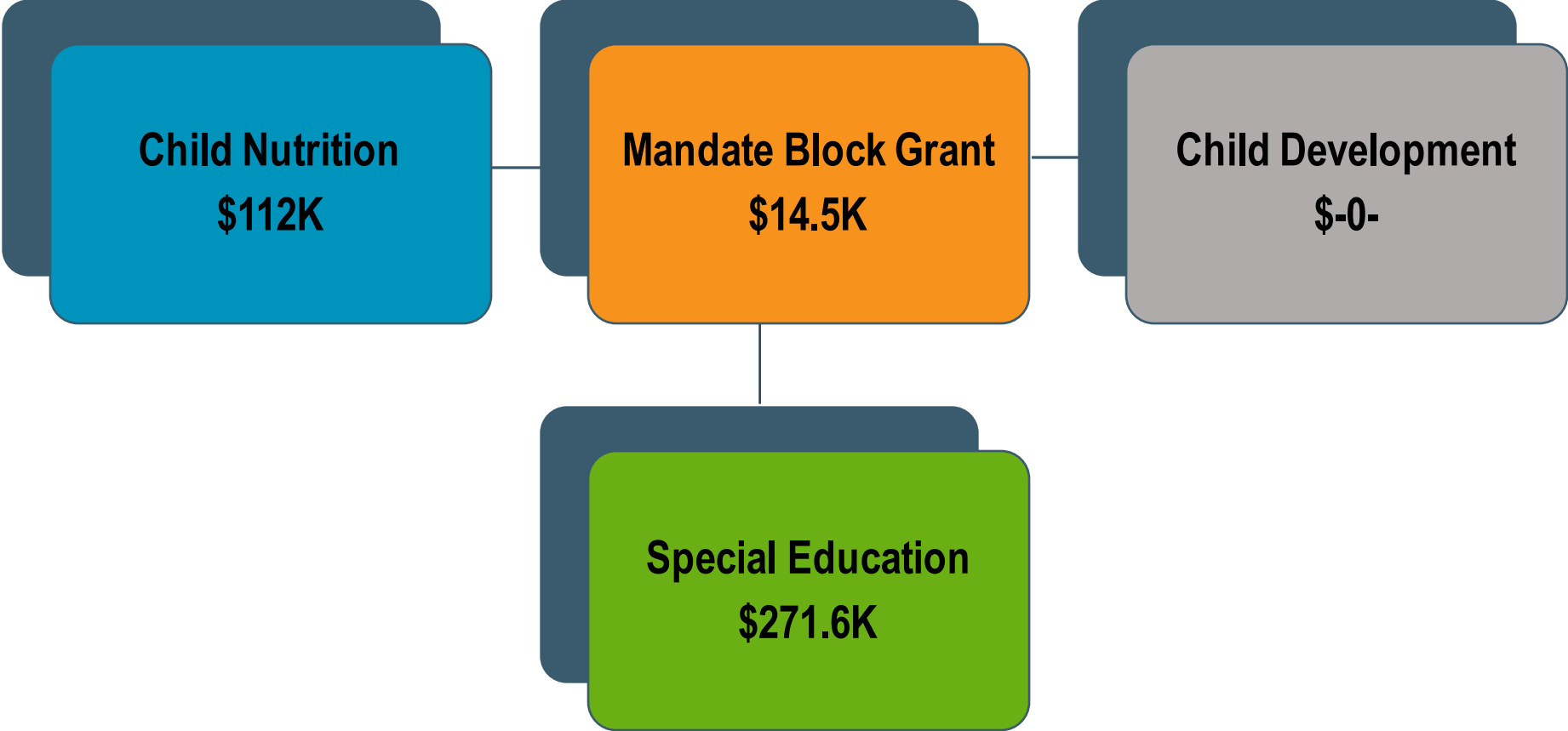


2024-25 COLA Scenarios based on % change in California Implicit Price Deflator

	2022	2022	2022	2023		
	Q2	Q3	Q4	Q1	Average	
	125.482	126.005	126.858	126.855	126.300	
	2023	2023	2023	2024		
	Q2	Q3	Q4	Q1	Average	
	125.936	127.707	127.979	??	127.207	
Scenario						COLA
Flat	125.936	127.707	127.979	127.979	127.400	0.871%
1% Per Q	125.936	127.707	127.979	129.259	127.720	1.124%
1.5% Per Q	125.936	127.707	127.979	129.899	127.880	1.251%

State Categorical Programs Receiving COLA

- The Governor’s Budget includes \$65 million to fund the 0.76% COLA for the Equity Multiplier and the following programs:



Attendance Actual vs Funded

Pre-Pandemic:

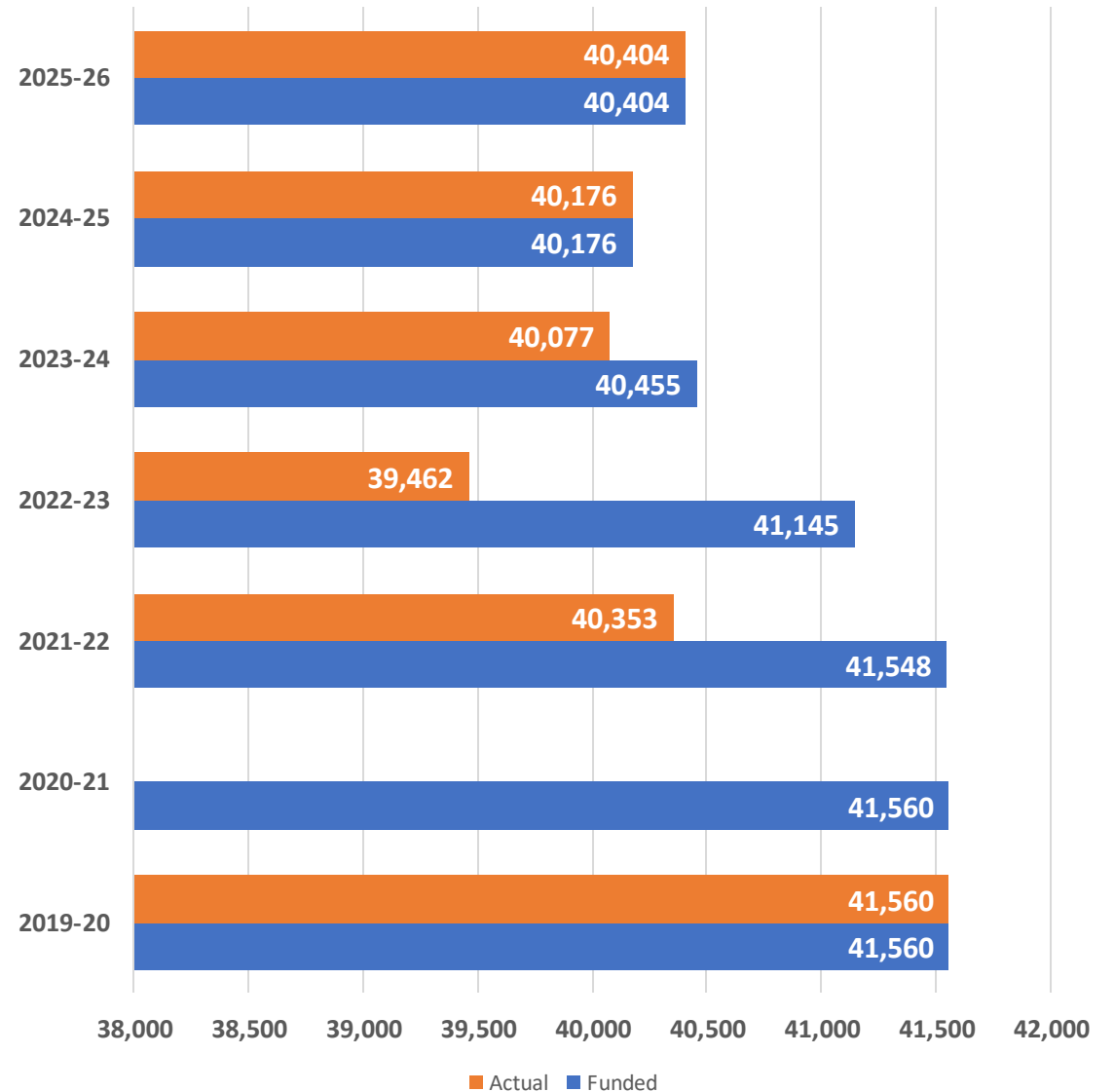
- A District was funded on current year or prior-year ADA which ever was greater

During Pandemic:

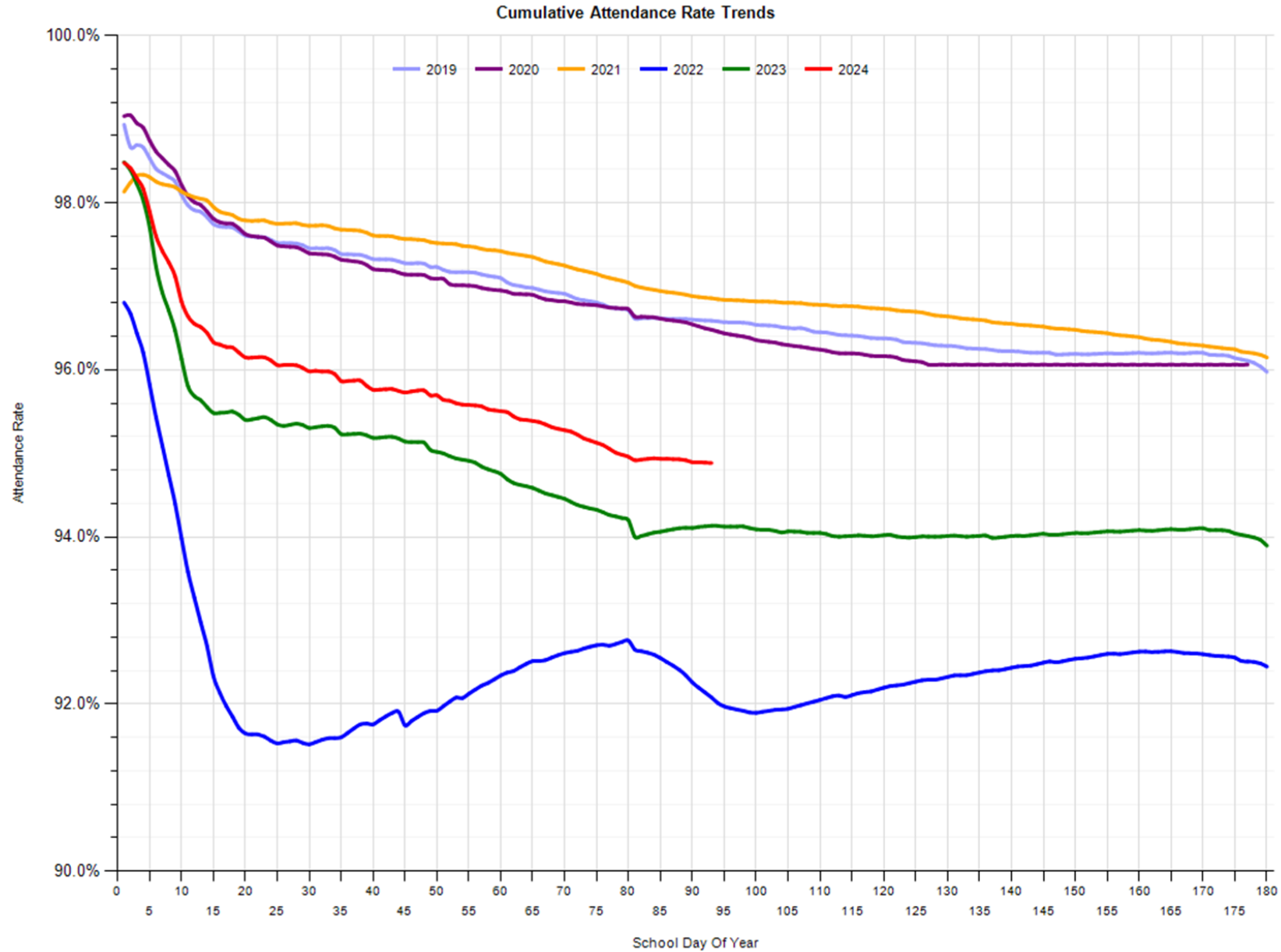
- Districts were held harmless and funded on 2019-20 ADA
- During 2021-22 Districts were allowed to use the 2019-20 attendance rate

Post Pandemic:

- Districts are funded on current year ADA, prior year ADA, or prior three-year average ADA (by grade span) whichever is greater



CUSD Cumulative Attendance Rate Trends



1st Interim with 94% Attendance Rate

Description	2023-24 1 st Interim	2024-25	2025-26	2026-27	2027-28	2028-29
Net Revenue/Expenditure (Operating)	(8,296,487)	(6,998,329)	(1,629,245)	5,719,907	13,400,927	14,268,904
General Reserve Percentage * (Less 10% for BP 3100 stabililization)	17.18%	17.38%	16.75%	17.32%	18.91%	20.70%
Funded ADA	(672)	(280)	229	38	195	75
Method Used	3-YEAR AVG	CY ADA	CY ADA	CY ADA	CY ADA	CY ADA
COLA	8.22%	3.94%	3.29%	3.19%	3.16%	1.50%

Governor’s COLA with 94.5% Attendance Rate

Description	2023-24 1 st Interim	2024-25	2025-26	2026-27	2027-28	2028-29
Net Revenue/Expenditure (Operating)	(8,296,487)	(19,076,914)	(16,744,603)	(10,271,510)	(3,126,355)	(2,536,341)
General Reserve Percentage * (Less 10% for BP 3100 stabililization)	17.18%	15.57%	12.73%	11.01%	10.35%	9.85%
Funded ADA	(672)	(72)	230	38	196	76
Method Used	3-YEAR AVG	CY ADA	CY ADA	CY ADA	CY ADA	CY ADA
COLA	8.22%	0.76%	2.73%	3.11%	3.17%	1.50%

Governor’s COLA with 94% Attendance Rate

Description	2023-24 1 st Interim	2024-25	2025-26	2026-27	2027-28	2028-29
Net Revenue/Expenditure (Operating)	(8,296,487)	(21,396,520)	(19,140,554)	(12,745,394)	(5,691,817)	(5,145,609)
General Reserve Percentage * (Less 10% for BP 3100 stabililization)	17.18%	15.22%	12.03%	9.96%	8.94%	8.10%
Funded ADA	(672)	(280)	229	38	195	75
Method Used	3-YEAR AVG	CY ADA	CY ADA	CY ADA	CY ADA	CY ADA
COLA	8.22%	0.76%	2.73%	3.11%	3.17%	1.50%

Governor’s COLA with 95% Attendance Rate

Description	2023-24 1 st Interim	2024-25	2025-26	2026-27	2027-28	2028-29
Net Revenue/Expenditure (Operating)	(8,296,487)	(16,695,951)	(14,285,274)	(7,732,186)	(493,033)	141,946
General Reserve Percentage * (Less 10% for BP 3100 stabililization)	17.18%	15.92%	13.45%	12.09%	11.78%	11.66%
Funded ADA	(672)	141	231	38	197	76
Method Used	3-YEAR AVG	CY ADA	CY ADA	CY ADA	CY ADA	CY ADA
COLA	8.22%	0.76%	2.73%	3.11%	3.17%	1.50%



Keeping the System Going

CUSD – Keeping the System Going

New Revenues – 2024/25

LCFF Additional Revenues	
State COLA of .76%	\$ 3,230,360
Supplemental Grants	(296,200)
ADA Decline 280 (funded)	(3,102,400)
TK Adjustment	619,170
Transportation LCFF Augmentation	20,000
Medi-Cal Ongoing (previously reported as one time on annual basis)	1,000,000
Special Education	931,450
Mandate Block Grant	14,500
Total New Ongoing Revenues	\$ 2,416,880

CUSD – Keeping the System Going

New Expenditures – 2024/25

Allocated Personnel Units (APU), 2.8 APU Increase and TK Implementation	593,200
Step & Column	1,171,900
Special Education Program Growth (Includes Spectrum MOU)	5,700,000
PERS Contribution Increases	978,100
Expenditures Funded with Expiring COVID Relief Funds	5,729,300
Hirayama Staffing/Operation Costs	826,000
TBEC Staffing/Operation Costs	2,102,900

CUSD – Keeping the System Going

New Expenditures – 2024/25

LCAP Supplemental	(296,000)
Routine Restricted Maintenance State Req'd 3% of total General Fund Expenditures	449,100
Property & Liability Insurance	462,420
Employee Computer Refresh	400,000
Certificate of Participation Debt Service	131,300
Contribution for Transportation Costs AB 181 funds 60% of Home to School Transportation	(3,000,000)
Other Expenditures	170,925
Total New Ongoing Expenditures	\$15,419,145

CUSD – Keeping the System Going

Summary – 2024/25

The following takes into consideration all additional ongoing revenues and ongoing expenditures for the 2024-25 fiscal year:

Total additional ongoing revenues	\$ 2.4M
Total additional ongoing expenditures	<u>15.4M</u>
2024-25 Net Revenues/Expenditures	(\$13.0M)
Prior Year (2023-24) Operating Deficit	(\$ 8.4M)
2024-25 Operating Deficit, Projected	<u>(\$21.4M)</u>

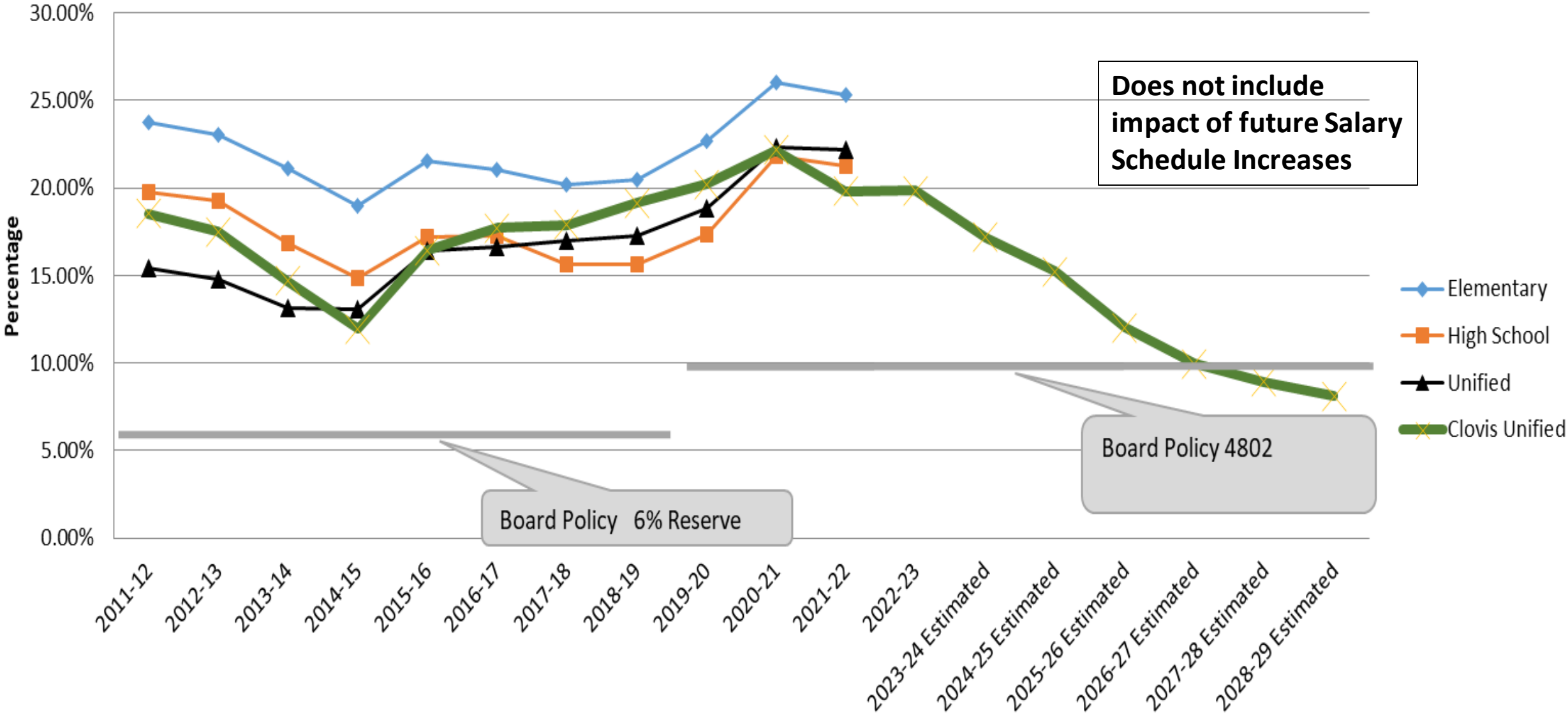
Description	2024-25	2025-26	2026-27	2027-28	2028-29
Net Revenue/Expenditure (Operating)	(21,396,520)	(19,140,554)	(12,745,394)	(5,691,817)	(5,145,609)
General Reserve Percentage * (Less 10% for BP 3100 stabilization)	15.22%	12.03%	9.96%	8.94%	8.10%

Enrollment Growth	108	231	44	208	82
Enrollment	42,719	42,950	42,994	43,202	43,284
Budgeted ADA Rate	94.0%	94.0%	94.0%	94.0%	94.0%
ADA Growth From PY Actual ADA	98	229	38	195	75
Funded ADA	(280)	229	38	195	75
Method Used	CY ADA	CY ADA	CY ADA	CY ADA	CY ADA
COLA	0.76%	2.73%	3.11%	3.17%	1.50%

Ongoing SPED Revenues	\$ 931,434	\$ -	\$ -	\$ -	\$ -
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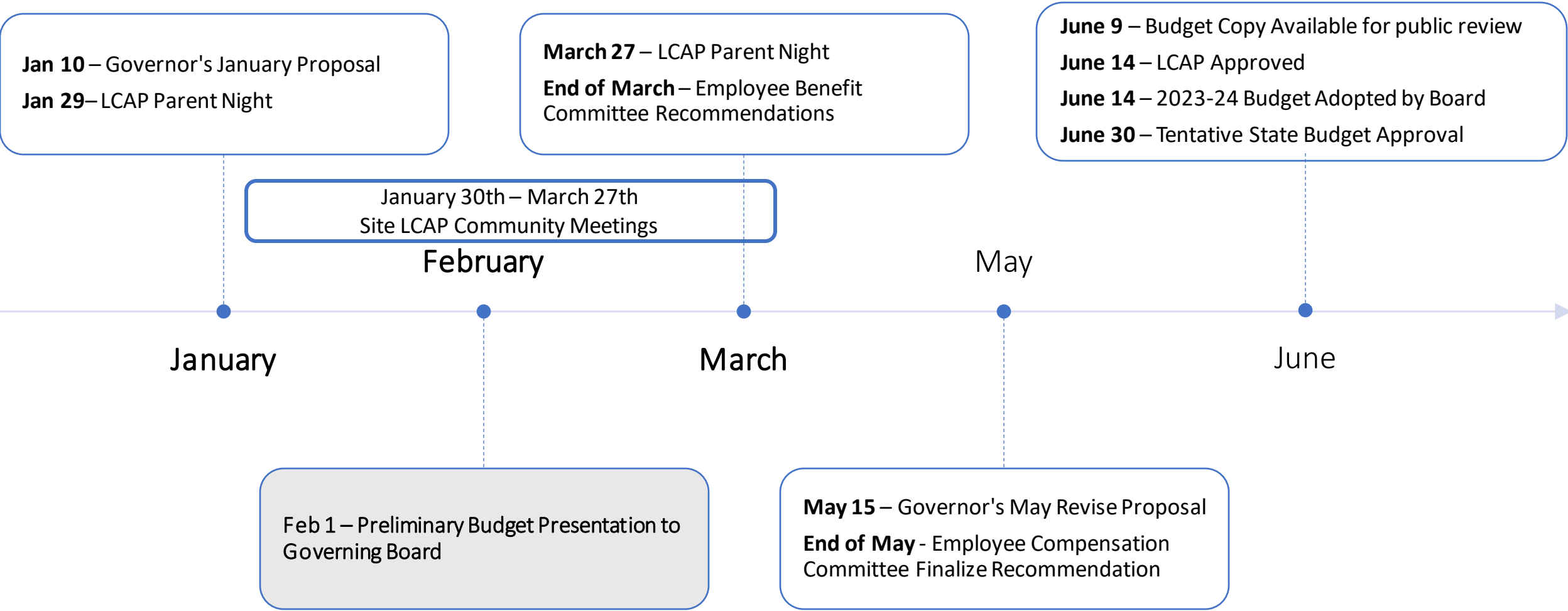
Discretionary Expenditure Assumptions					
Percent on Schedule Adjustment	TBD	TBD	TBD	TBD	TBD
Salary Schedule adjustments	\$ -	\$ -	\$ -	\$ -	\$ -
Classification Study	TBD	TBD	TBD	TBD	TBD
Health Benefits	TBD	TBD	TBD	TBD	TBD
Special Education	\$ 5,700,000	\$ 3,615,150	\$ 3,730,473	\$ 3,786,430	\$ 3,786,430
Non-Formula Staffing needs - Capacity	\$ (41,228)	\$ -	\$ -	\$ -	\$ -
Textbooks (Current Budget \$6.2 million)	\$ 10,748	\$ 25,054	\$ 4,169	\$ 21,382	\$ 8,259
COVID Recovery of PY Reductions/Risk Mgr	\$ 86,171	\$ -	\$ -	\$ -	\$ -
COVID Funded Nursing Positio+B1ns	\$ 816,410				
COVID Funded Special Ed Positions	\$ 4,861,077				
Non-Personnel Adjustments	\$ (12,000)	\$ -	\$ -	\$ -	\$ -
Liability Insurance	\$ 462,421	\$ 464,179	\$ 555,080	\$ 610,589	\$ 559,284
STRS Employer Rate Increases	\$ -	\$ -	\$ -	\$ -	\$ -
PERS Employer Rate Increases	\$ 978,139	\$ 611,337	\$ 349,335	\$ 1,222,673	\$ 562,309
COP Ongoing Debt Service	\$ 131,344	\$ (32,000)	\$ (514,400)	\$ (2,000)	\$ (2,000)
New Secondary Schools	\$ 2,102,853	\$ 4,974,029	\$ 2,638,533	\$ 2,086,138	\$ 752,093
New Elementary	\$ 826,040	\$ -	\$ -	\$ -	\$ -

Statewide Unrestricted Average Reserve



What's Not Included in the MYP?

- Future Salary Schedule Increases
 - 1% = \$3.7M
- Ongoing Impact of Minimum Wage
 - Annually increases by CPI%, Cap of 3.5%
 - 2024 minimum wage \$16
- Health and Welfare Contribution Increases
- Other
 - Special Ed cost above projections
 - Class Size Reduction
 - Implementation of Collective Bargaining Agreements



Financial Reports



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

This Meritorious Budget Award is presented to:

CLOVIS UNIFIED SCHOOL DISTRICT

for excellence in the preparation and issuance of its budget
for the Fiscal Year 2023-2024.

The budget adheres to the principles and standards
of ASBO International's Meritorious Budget Award criteria.




John W. Hutchison
President


Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director

Adopted Budget

- [2023-24 Adopted Budget SACS \(RTF\)](#)
- [2023-24 Adopted Budget \(RTF\)](#)
- [2022-23 45-day Revision \(RTF\)](#)
- [2022-23 Adopted Budget SACS \(RTF\)](#)
- [2022-23 Adopted Budget \(RTF\)](#)

Interim Report

- [2023-24 First Interim SACS \(RTF\)](#)
- [2023-24 First Interim Report \(RTF\)](#)
- [2022-23 Third Quarter Report \(RTF\)](#)
- [2022-23 Second Interim SACS \(RTF\)](#)
- [2022-23 Second Interim Report \(RTF\)](#)

Unaudited Actuals

- [2022-23 Unaudited Actuals SACS \(RTF\)](#)
- [2022-23 Annual Financial Report \(RTF\)](#)
- [2022-23 Annual Budget Transfers \(RTF\)](#)
- [2021-22 Unaudited Actuals SACS \(RTF\)](#)

Audit Report

- [June 30, 2023 Annual Audit Report \(RTF\)](#)
- [June 30, 2022 Annual Audit Report \(RTF\)](#)
- [June 30, 2021 Annual Audit Report \(RTF\)](#)
- [June 30, 2020 Annual Audit Report \(RTF\)](#)

<https://www.cusd.com/FinancialReports.aspx>

Thank you!