



Lowell Joint School District

Tradition of Excellence Since 1906

“Home of Scholars and Champions”

State Budget Update as of December 31, 2023

Presented to the Board of Trustees
January 8, 2024





Legislative Analyst's Office (LAO)

Fiscal Outlook Report

December 7, 2023

- **State of California faces a \$68 Billion deficit over 3 years (2022/23 - 2024/25)**
 - \$26 Billion shortfall in tax collections for 2022-23
 - State Economy entered a downturn in 2022 due to:
 - Higher Borrowing Costs
 - Reduced Investments
 - Home Sale Decline of 50%
 - Initial Public Offering (IPO) Reduction of 80%





Legislative Analyst's Office (LAO)

Fiscal Outlook Report

December 7, 2023

- **State Deficit of \$68 Billion results in \$15.4 Billion shortfall for Education in 2022/23 & 2023/24)**

- LAO highlights 2 options available to the Legislature:
 - Option #1
 - Cuts to the current year to fill the deficit from 2022/23 and reduce Cost Of Living Adjustment (COLA) for the 2023/24, 2024/25, and 2025/26 years
 - This option would cause District's to enact mid-year budget cuts and revise Multi-Year Projections downward

 - Option #2
 - Legislature could withdraw "Rainy Day" reserve funds to fill the gaps in 2022/23 & 2023/24 but would have to replenish it in 2024/25
 - This option would likely have minimal effect on 2023/24 and significant COLA reductions for 2024/25 and beyond.





Multi-Year Projections

Potential Revisions

(Based on November LAO Report)

- **Local Control Funding Formula:**
 - COLA
 - **1.00%** vs 3.94% at FI in 2024-25
 - **2.00%** vs 3.29% at FI in 2025-26
 - Enrollment, ADA, and other MYP assumptions remain the same as First Interim





Multi-year General Fund Summary

| CURRENT ASSUMPTIONS | 2023-24 First Interim | 2024-25 Projected | 2025-26 Projected |
|-------------------------------|--------------------------|----------------------|----------------------|
| Total Revenue & Transfers In | \$44,812,727 | \$43,445,039 | \$44,817,538 |
| Total Expenditures & Outgo | \$45,254,378 | \$43,814,537 | \$43,618,151 |
| Change in Fund Balance | <\$441,651> | <\$369,498> | \$1,199,387 |
| Beginning Balance | \$19,983,906 | \$19,542,255 | \$19,172,757 |
| Ending Balance | \$19,542,255 | \$19,172,757 | \$20,372,144 |

| REVISED ASSUMPTIONS | 2023-24 First Interim | 2024-25 Projected | 2025-26 Projected |
|----------------------------------|--------------------------|----------------------------|----------------------------|
| Total Revenue & Transfers In | \$44,812,727 | \$42,288,404 | \$43,109,260 |
| Total Expenditures & Outgo | \$45,254,378 | \$43,814,537 | \$43,618,151 |
| Change in Fund Balance | <\$441,651> | <\$1,526,134> | <\$508,892> |
| Change from First Interim | \$0 | <\$1,156,636> | <\$1,708,279> |
| Beginning Balance | \$19,983,906 | \$19,542,255 | \$18,016,121 |
| Ending Balance | \$19,542,255 | \$18,016,121 | \$17,507,229 |
| Change from First Interim | \$0 | <\$1,156,636> | <\$2,864,915> |





Future Considerations....

- **Governor's State budget projections for 2024/25 will be released next week**
- **The Legislative Analyst's Office**
 - Estimates COLA of approximately 1.00% for 2024-25 State budget unless there are gimmicks
 - Federal Reserve will likely stop raising rates in 2024
 - School-Aged children demographic is decreasing by 1% per year
 - Low COLA + Declining Enrollment = Reduced Funding





QUESTIONS?

