

# Shoreline Unified School District

**2023-2024**

## **Proposed Budget Report Narrative**



Presented to the Board of Trustees for Approval

Public Hearing – June 15, 2023

Adoption – June 22, 2023

## **2023-2024 Proposed Budget Report Narrative**

This document is organized with a one-page explanation of changes between this proposed budget and the prior year estimated actuals. The explanation is meant to be looked at in conjunction with the Form 01 summary –restricted/unrestricted that is duplicated immediately following the explanation.

The next page is a discussion of Shoreline’s multi-year projection and then the multi-year projection for combined restricted and unrestricted resources is also duplicated.

The Proposed Budget – SACS Forms has more detailed information. It is recommended to closely review this narrative before examining the details in the SACS Forms.

The assumptions used in the multi-year projection and the School Services of California Dartboard are included at the end.

Based on the assumptions included in the proposed budget, the Shoreline Unified School District will be able to meet its financial obligations for the current fiscal year, and two subsequent projection years. The proposed 2023-24 Shoreline Unified School District Budget will be presented for approval on June 22, 2023.

## Changes from 2022-23 Estimated Actuals

### Revenue

- LCFF Sources
  - Property tax growth rate based on P2 taxes is 2.05%
- Federal Revenue
  - Remove one-time funding
- Other State Revenue
  - Remove one-time funding
- Other Local Revenue
  - Remove donations budget

### Expenditures

- Certificated Salaries
  - Salary Increase of 3%
  - Add in budget for vacant positions
    - Current Vacancies
      - Spanish Teacher at West Marin-Inverness
      - Literacy Coach
      - Psychologist
      - Speech Language Pathologist
  - Decrease 0.2 FTE Education Specialist at Tomales Elementary
  - Decrease 1.0 FTE Literacy Coach
  - New teachers entering lower on the salary schedule
- Classified Salaries
  - Salary Increase of 3%
  - Add in budget for vacant positions
    - Current Vacancies
      - Technology Coordinator
      - District Mechanic
      - Bus Driver
  - Final Layoff Resolution Positions
  - Hire 0.4 FTE Occupational Therapist
- Employee Benefits
  - Increase PERS rate to 26.68%
  - Increase Worker's Compensation to 2.09%
  - Decrease Unemployment Insurance to 0.05%
  - Family Health Benefits Cap Increase \$1,000
- Books and Supplies
  - Move MCF carryover from 2022/23 Estimated Actuals to 2023/24 Proposed Budget
- Services and Other Operating Expenditures
  - Increase utility costs
  - Decrease consultant positions that are posted as vacancies
  - Changes in services for students with Individual Education Plans (IEPs)
- Capital Outlay
  - Remove CTE Kitchen Architect, Playground, Ag Truck and Plasma Table

Budget, July 1  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2022-23 Estimated Actuals			2023-24 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>A. REVENUES</b>									
1) LCFF Sources		8010-8099	12,237,498.00	0.00	12,237,498.00	12,421,508.00	0.00	12,421,508.00	1.5%
2) Federal Revenue		8100-8299	1,698,997.00	641,050.86	2,340,047.86	1,728,837.00	573,585.00	2,302,422.00	-1.6%
3) Other State Revenue		8300-8599	245,234.00	1,889,877.54	2,135,111.54	223,226.00	1,583,401.27	1,806,627.27	-15.4%
4) Other Local Revenue		8600-8799	287,103.00	1,674,304.00	1,961,407.00	36,356.00	1,303,860.00	1,340,216.00	-31.7%
5) TOTAL, REVENUES			14,468,832.00	4,205,232.40	18,674,064.40	14,409,927.00	3,460,846.27	17,870,773.27	-4.3%
<b>B. EXPENDITURES</b>									
1) Certificated Salaries		1000-1999	4,774,703.88	1,139,402.66	5,914,106.54	4,979,671.73	1,426,709.27	6,406,381.00	8.3%
2) Classified Salaries		2000-2999	2,287,453.60	749,674.51	3,037,128.11	2,335,560.00	875,276.00	3,210,836.00	5.7%
3) Employee Benefits		3000-3999	3,128,940.02	1,418,370.99	4,547,311.01	3,379,878.00	1,740,702.00	5,120,580.00	12.6%
4) Books and Supplies		4000-4999	565,740.48	259,714.66	825,455.14	561,283.00	615,907.00	1,177,190.00	42.6%
5) Services and Other Operating Expenditures		5000-5999	1,575,595.63	1,099,423.42	2,675,019.05	1,605,567.00	1,164,951.00	2,770,518.00	3.6%
6) Capital Outlay		6000-6999	263,067.46	181,829.17	444,896.63	100,000.00	0.00	100,000.00	-77.5%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299 7400-7499	25,955.00	231,021.00	256,976.00	0.00	265,415.00	265,415.00	3.3%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	(53,933.00)	35,203.00	(18,730.00)	(78,838.00)	45,583.00	(33,255.00)	77.5%
9) TOTAL, EXPENDITURES			12,567,523.07	5,114,639.41	17,682,162.48	12,883,121.73	6,134,543.27	19,017,665.00	7.6%
<b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)</b>			1,901,308.93	(909,407.01)	991,901.92	1,526,805.27	(2,673,697.00)	(1,146,891.73)	-215.6%
<b>D. OTHER FINANCING SOURCES/USES</b>									
1) Interfund Transfers									
a) Transfers In		8900-8929	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Transfers Out		7600-7629	404,130.19	759.00	404,889.19	390,759.00	0.00	390,759.00	-3.5%
2) Other Sources/Uses									
a) Sources		8930-8979	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Uses		7630-7699	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
3) Contributions		8980-8999	(1,518,279.77)	1,518,279.77	0.00	(1,832,310.00)	1,832,310.00	0.00	0.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			(1,922,409.96)	1,517,520.77	(404,889.19)	(2,223,069.00)	1,832,310.00	(390,759.00)	-3.5%
<b>E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)</b>			(21,101.03)	608,113.76	587,012.73	(696,263.73)	(841,387.00)	(1,537,650.73)	-361.9%
<b>F. FUND BALANCE, RESERVES</b>									
1) Beginning Fund Balance									
a) As of July 1 - Unaudited		9791	5,202,338.69	1,322,937.35	6,525,276.04	5,181,237.66	1,931,051.11	7,112,288.77	9.0%
b) Audit Adjustments		9793	0.00	0.00	0.00	0.00	0.00	0.00	0.0%

## Multi Year Projection Discussion

The assumptions used for the multiyear projection (MYP) were taken from the School Services of California Dartboard and are duplicated on the last page of this narrative.

### Revenue

The changes to the general purpose (LCFF) revenues are primarily due to the estimated increases in property tax revenue. The projected rate of property taxes for future years is 4% for 2024-25 and 3% for 2025-26. The estimated COLA was applied to the appropriate Other State Revenue sources.

### Expenditures

Certificated step and column costs are expected to increase by 1.5% each year. Classified step costs are expected to increase by 2% each year. The MYP includes a 3% salary increase in 2023-24.

The California Consumer Price Index of 3.02% in 2024-25 and 2.64% in 2025-26 was applied to supplies and services. The MCF Carryover in 2023-24 was removed from future years projections.

### Discussion

The district has a structural deficit that was temporarily offset by one-time funding. The one-time funding is ending and significant deficit spending is estimated to happen in the current and following two fiscal years. The decline in ending fund balance is threatening the future fiscal solvency of Shoreline.

The Budget Committee and district staff are gathering input from our community on the priorities for our district. The goal is to develop a balanced budget that meets the needs of our community. The sooner we can decrease our spending, the less drastic the changes must be.

### Components of Ending Fund Balance

	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
Nonspendable	\$ 21,125	\$ 21,000	\$ 21,000
Restricted	1,089,664	759,764	550,340
Reserve for Economic Uncertainties (4%)	776,337	774,756	787,314
Unassigned	3,687,512	3,092,299	2,423,680
<b>Total Ending Fund Balance</b>	<b>\$ 5,574,638</b>	<b>\$ 4,647,819</b>	<b>\$ 3,782,334</b>

Description	Object Codes	2023-24 Budget (Form 01) (A)	% Change (Cols. C-A/A) (B)	2024-25 Projection (C)	% Change (Cols. E-C/C) (D)	2025-26 Projection (E)
(Enter projections for subsequent years 1 and 2 in Columns C and E; current year - Column A - is extracted)						
<b>A. REVENUES AND OTHER FINANCING SOURCES</b>						
1. LCFF/Revenue Limit Sources	8010-8099	12,421,508.00	3.64%	12,873,709.08	2.74%	13,226,425.92
2. Federal Revenues	8100-8299	2,302,422.00	0.00%	2,302,422.00	0.00%	2,302,422.00
3. Other State Revenues	8300-8599	1,806,627.27	1.17%	1,827,790.90	1.06%	1,847,124.30
4. Other Local Revenues	8600-8799	1,340,216.00	-0.15%	1,338,171.27	0.04%	1,338,746.35
5. Other Financing Sources						
a. Transfers In	8900-8929	0.00	0.00%	0.00	0.00%	0.00
b. Other Sources	8930-8979	0.00	0.00%	0.00	0.00%	0.00
c. Contributions	8980-8999	0.00	0.00%	0.00	0.00%	0.00
6. Total (Sum lines A1 thru A5c)		17,870,773.27	2.64%	18,342,093.25	2.03%	18,714,718.57
<b>B. EXPENDITURES AND OTHER FINANCING USES</b>						
1. Certificated Salaries						
a. Base Salaries				6,406,381.00		6,542,476.74
b. Step & Column Adjustment				96,095.74		98,137.16
c. Cost-of-Living Adjustment				0.00		0.00
d. Other Adjustments				40,000.00		0.00
e. Total Certificated Salaries (Sum lines B1a thru B1d)	1000-1999	6,406,381.00	2.12%	6,542,476.74	1.50%	6,640,613.90
2. Classified Salaries						
a. Base Salaries				3,210,836.00		3,256,482.60
b. Step & Column Adjustment				63,852.60		65,129.66
c. Cost-of-Living Adjustment				0.00		0.00
d. Other Adjustments				(18,206.00)		0.00
e. Total Classified Salaries (Sum lines B2a thru B2d)	2000-2999	3,210,836.00	1.42%	3,256,482.60	2.00%	3,321,612.26
3. Employee Benefits	3000-3999	5,120,580.00	1.55%	5,200,186.95	1.27%	5,266,298.26
4. Books and Supplies	4000-4999	1,177,190.00	-38.17%	727,839.81	2.61%	746,831.70
5. Services and Other Operating Expenditures	5000-5999	2,770,518.00	1.32%	2,807,206.24	1.86%	2,859,500.02
6. Capital Outlay	6000-6999	100,000.00	0.00%	100,000.00	0.00%	100,000.00
7. Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499	265,415.00	0.00%	265,415.00	0.00%	265,415.00
8. Other Outgo - Transfers of Indirect Costs	7300-7399	(33,255.00)	0.00%	(33,255.00)	0.00%	(33,255.00)
9. Other Financing Uses						
a. Transfers Out	7600-7629	390,759.00	3.02%	402,559.92	2.64%	413,187.50
b. Other Uses	7630-7699	0.00	0.00%	0.00	0.00%	0.00
10. Other Adjustments				0.00		0.00
11. Total (Sum lines B1 thru B10)		19,408,424.00	-0.72%	19,268,912.26	1.62%	19,580,203.64
<b>C. NET INCREASE (DECREASE) IN FUND BALANCE (Line A6 minus line B11)</b>						
		(1,537,650.73)		(926,819.01)		(865,485.07)

Description	Object Codes	2023-24 Budget (Form 01) (A)	% Change (Cols. C-A/A) (B)	2024-25 Projection (C)	% Change (Cols. E-C/C) (D)	2025-26 Projection (E)
<b>D. FUND BALANCE</b>						
1. Net Beginning Fund Balance (Form 01, line F1e)		7,112,288.77		5,574,638.04		4,647,819.03
2. Ending Fund Balance (Sum lines C and D1)		5,574,638.04		4,647,819.03		3,782,333.96
<b>3. Components of Ending Fund Balance</b>						
a. Nonspendable	9710-9719	21,125.00		21,000.00		21,000.00
b. Restricted	9740	1,089,664.11		759,764.46		550,339.96
<b>c. Committed</b>						
1. Stabilization Arrangements	9750	0.00		0.00		0.00
2. Other Commitments	9760	0.00		0.00		0.00
d. Assigned	9780	0.00		0.00		0.00
<b>e. Unassigned/Unappropriated</b>						
1. Reserve for Economic Uncertainties	9789	776,337.00		774,756.00		787,314.00
2. Unassigned/Unappropriated	9790	3,687,511.93		3,092,298.57		2,423,680.00
f. Total Components of Ending Fund Balance (Line D3f must agree with line D2)		5,574,638.04		4,647,819.03		3,782,333.96
<b>E. AVAILABLE RESERVES</b>						
<b>1. General Fund</b>						
a. Stabilization Arrangements	9750	0.00		0.00		0.00
b. Reserve for Economic Uncertainties	9789	776,337.00		774,756.00		787,314.00
c. Unassigned/Unappropriated	9790	3,687,511.93		3,092,298.57		2,423,680.00
d. Negative Restricted Ending Balances (Negative resources 2000-9999)	979Z			0.00		0.00
<b>2. Special Reserve Fund - Noncapital Outlay (Fund 17)</b>						
a. Stabilization Arrangements	9750	0.00		0.00		0.00
b. Reserve for Economic Uncertainties	9789	0.00		0.00		0.00
c. Unassigned/Unappropriated	9790	0.00		0.00		0.00
3. Total Available Reserves - by Amount (Sum lines E1a thru E2c)		4,463,848.93		3,867,054.57		3,210,994.00
4. Total Available Reserves - by Percent (Line E3 divided by Line F3c)		23.00%		20.07%		16.40%
<b>F. RECOMMENDED RESERVES</b>						
<b>1. Special Education Pass-through Exclusions</b>						
For districts that serve as the administrative unit (AU) of a special education local plan area (SELPA):						
a. Do you choose to exclude from the reserve calculation the pass-through funds distributed to SELPA members?	YES					

Shoreline Unified 21-73361-0000000	<b>Multiyear Projection</b> <b>23-24 Budget Adoption</b> Assumptions	Fund 01
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Description	2023-24 Base Year	2024-25 Year 2	2025-26 Year 3
<b>State Rates</b>			
State Categorical COLA	8.2200%	3.9400%	3.2900%
California CPI	3.5400%	3.0200%	2.6400%
California Lottery - Base	\$170.00	\$170.00	\$170.00
Applied Change Rate		0.0000%	0.0000%
California Lottery - Instructional Materials	\$67.00	\$67.00	\$67.00
Applied Change Rate		0.0000%	0.0000%
Mandate Block Grant	8.2200%	3.9400%	3.2900%
Interest Rate Trend for 10-Year Treasuries	3.1300%	2.8100%	2.9000%
Applied Change Rate		-10.2236%	3.2028%
STRS Rate Change	19.1000%	19.1000%	19.1000%
Applied Change Rate		0.0000%	0.0000%
PERS Rate Change	26.6800%	27.7000%	28.3000%
Applied Change Rate		3.8231%	2.1661%
Federal COLA	0.0000%	0.0000%	0.0000%
ESSA: Title I, Part A, Basic Grants Low-Income and Neglected	0.0000%	0.0000%	0.0000%

Description	2023-24 Base Year	2024-25 Year 2	2025-26 Year 3
<b>Local Rates</b>			
LCFF Sources - State Aid, Current Year	\$0.00	\$0.00	\$0.00
LCFF Sources - Education Protection Account, Current Year	\$0.00	\$0.00	\$0.00
LCFF Sources - Local Revenue	2.0500%	4.0000%	3.0000%
LCFF Sources - Charter In-Lieu of Property Tax Transfer	\$0.00	\$0.00	\$0.00
Certificated Staff Step & Column	1.5000%	1.5000%	1.5000%
Certificated COLA	3.0000%	0.0000%	0.0000%
Certificated COLA - One-time Off Schedule Bonus %	0.0000%	0.0000%	0.0000%
Classified Staff Step	2.0000%	2.0000%	2.0000%
Classified COLA	3.0000%	0.0000%	0.0000%
Classified COLA - One-time Off Schedule Bonus %	0.0000%	0.0000%	0.0000%
Certificated Management COLA	3.0000%	0.0000%	0.0000%
Certificated Management COLA - One-time Off Schedule Bonus %	0.0000%	0.0000%	0.0000%
Classified Management COLA	3.0000%	0.0000%	0.0000%
Classified Management COLA - One-time Off Schedule Bonus %	0.0000%	0.0000%	0.0000%
Certificated Health & Welfare Percent Change	2.0000%	0.0000%	0.0000%
Classified Health & Welfare Percent Change	2.0000%	0.0000%	0.0000%
OASDI/Medicare/Alternative Rate Change	0.0000%	0.0000%	0.0000%
Applied Change Rate		0.0000%	0.0000%
Certificated OASDI/Medicare/Alternative Rate Change	0.0000%	0.0000%	0.0000%
Applied Change Rate		0.0000%	0.0000%

## SSC School District and Charter School Financial Projection Dartboard 2023-24 May Revision

This version of School Services of California Inc. (SSC) Financial Projection Dartboard is based on the Governor’s 2023-24 May Revision. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and other planning factors. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

<b>LCFF PLANNING FACTORS</b>					
Factor	2022-23	2023-24 <sup>1</sup>	2024-25	2025-26	2026-27
Department of Finance Statutory COLA	6.56%	8.22%	3.94%	3.29%	3.19%
Planning COLA	6.56%	8.22%	3.94%	3.29%	3.19%

<b>LCFF GRADE SPAN FACTORS FOR 2023-24</b>				
Entitlement Factors per ADA*	TK-3	4-6	7-8	9-12
2022-23 Base Grants	\$9,166	\$9,304	\$9,580	\$11,102
Statutory COLA of 8.22%	\$753	\$765	\$787	\$913
2023-24 Base Grants	\$9,919	\$10,069	\$10,367	\$12,015
Grade Span Adjustment Factors	10.4%	–	–	2.6%
Grade Span Adjustment Amounts	\$1,032	–	–	\$312
2023-24 Adjusted Base Grants <sup>2</sup>	\$10,951	\$10,069	\$10,367	\$12,327
Transitional Kindergarten (TK) Add-On <sup>3</sup>	\$3,044	–	–	–

\*Average daily attendance (ADA)

<b>OTHER PLANNING FACTORS</b>						
Factors		2022-23	2023-24	2024-25	2025-26	2026-27
California CPI		5.71%	3.54%	3.02%	2.64%	2.89%
California Lottery	Unrestricted per ADA	\$170	\$170	\$170	\$170	\$170
	Restricted per ADA	\$67	\$67	\$67	\$67	\$67
Mandate Block Grant (District)	Grades K-8 per ADA	\$34.94	\$37.81	\$39.30	\$40.59	\$41.88
	Grades 9-12 per ADA	\$67.31	\$72.84	\$75.71	\$78.20	\$80.69
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$18.34	\$19.85	\$20.63	\$21.31	\$21.99
	Grades 9-12 per ADA	\$50.98	\$55.17	\$57.34	\$59.23	\$61.12
Interest Rate for Ten-Year Treasuries		3.65%	3.13%	2.81%	2.90%	3.00%
CalSTRS Employer Rate <sup>4</sup>		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate <sup>4</sup>		25.37%	26.68%	27.70%	28.30%	28.70%
Unemployment Insurance Rate <sup>5</sup>		0.50%	0.05%	0.05%	0.05%	0.05%
Minimum Wage <sup>6</sup>		\$15.50	\$16.00	\$16.50	\$16.90	\$17.30

<b>STATE MINIMUM RESERVE REQUIREMENTS FOR 2023-24</b>	
Reserve Requirement	District ADA Range
The greater of 5% or \$80,000	0 to 300
The greater of 4% or \$80,000	301 to 1,000
3%	1,001 to 30,000
2%	30,001 to 400,000
1%	400,001 and higher

<sup>1</sup>Applies to Special Education, Child Nutrition, State Preschool, Foster Youth, Mandate Block Grant, Adult Education, Adults in Correctional Facilities Program, Charter School Facility Grant Program, American Indian Education Centers, and the American Indian Early Childhood Education.

<sup>2</sup>Additional funding is provided for students who are designated as eligible for free or reduced-price meals, foster youth, and English language learners. A 20% augmentation is provided for each eligible student with an additional 65% for each eligible student beyond the 55% identification rate threshold.

<sup>3</sup>Funding is based on TK ADA only and is in addition to the adjusted base grant amount. Further, the funding is adjusted by statutory COLA each year.

<sup>4</sup>California State Teachers’ Retirement System (CalSTRS) and California Public Employees’ Retirement System (CalPERS) rates in 2023-24 are final, and the subsequent years’ rates are subject to change based on determination by the respective governing boards.

<sup>5</sup>Unemployment rate in 2023-24 is final based on determination by the Employment Development Department and the subsequent years’ rates are subject to actual experience of the pool and will be calculated in accordance with California Unemployment Insurance Code Section 823(b)(2).

<sup>6</sup>Minimum wage rates are effective January 1 of the respective year.