

2023-24 First Interim

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The enacted State Budget for 2023-24 reflects the softening of state revenue as the postponement of personal income tax and corporate tax returns makes this year's budget the riskiest in a decade. The State's total revenue for the last fiscal year will not be known until all outstanding 2022 taxes have been filed, because nearly all residents and some corporations were granted tax filing extensions until October 15, 2023. The State faces potential revenue shortfalls and budget deficits that could further cut education spending.

Fast forward to October 2023. The tax filing has once again been extended for another month. The scheduled release of the Legislative Analyst's Office (LAO) Fiscal Outlook has been delayed. The State estimated that October 2023 tax receipts would exceed \$42 billion. However, as of October 27, 2023, the Franchise Tax Board reported monthly tax collections of only \$14.9 billion- a shortfall from projections of more than \$27 billion. Furthermore, the Legislative Analyst's Office (LAO) projects the 2024-25 statutory COLA to be approximately 1.00%.

Like many LEAs, Lodi Unified shares the similar near and long-term challenges such as risks to the state revenue forecast, reduced ADA because of COVID-19 related student absences, increasing pension rates, expiring one-time COVID-19 relief funds, impacts of the changes to TK Staffing requirements, and declining enrollment.

Planning Factors for 2023-24 First Interim

Planning Factors	2023-24	2024-25	2025-26
Cost-Living-Adjustment (COLA)	8.22%	3.94%	3.29%
CalSTRS	19.10%	19.10%	19.10%
CalPERS	26.68%	27.70%	28.30%

Reductions to Block Grants

Arts, Music, and Instructional Block Grant

The funding for the Arts, Music, and Instructional Block Grant is reduced by approximately 6% of the original grant amount.

Learning Recovery Emergency Block Grant

The Learning Recovery Emergency Block Grant funding is reduced by approximately 14% of the 2022-23 allocation. The full apportionment was received in 2022-23. The reductions will be offset against the 2023-24 Principal Apportionment. The legislature intends to restore these funds, beginning in the 2025-26 fiscal year through 2027-28.

The First Interim Budget report includes the fiscal impact of any changes that affected the Adopted Budget as of October 31, 2023. The LUSG group settled to a 5% increase in salary schedule and a one-time payment, equivalent to a total of \$226,424.16 for 2023-24. Bargaining negotiations continue for other groups.