

District Considering Potential Budget Cuts

You may have heard that AUSD is considering potential budget cuts in coming years. Several factors are contributing to financial pressure in the district (and in many districts across the state) at this time, and we want to be sure our community understands them.

The current areas of budgetary concern are:

1) Rising Costs

The state has increased the amount of money that school districts have to contribute to **employee pensions**. Between 2014-15 and 2020-21, AUSD will be required to increase the percentage it pays for “certificated” employees (meaning those with teaching certificates) 10.2%. The district will be required to increase the percentage it pays for classified employees (those without teaching certificates) by 12% over the same period.

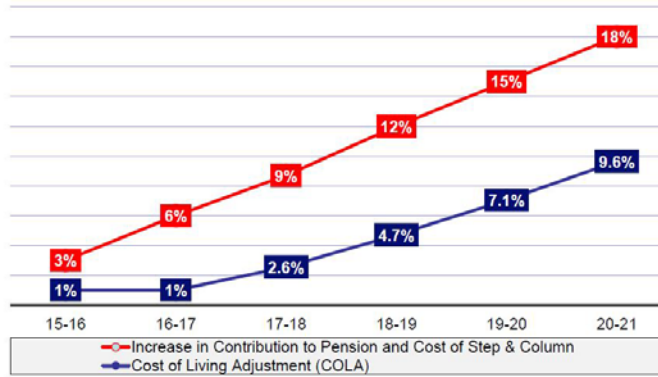
CalPERS & CalSTRS Contribution Rates

	STRS		PERS	
	Employer	Employee	Employer	Employee
2011-12	8.25%	8.00%	10.92%	7.00%
2012-13	8.25%	8.00%	11.41%	7.00%
2013-14	8.25%	8.00%	11.44%	7.00%
2014-15	8.88%	8.15%	11.77%	7.00%
2015-16	10.73%	9.20%	11.84%	7.00%
2016-17	12.58%	10.25%	13.88%	7.00%
2017-18	14.43%	10.25%	15.53%	7.00%
2018-19	16.28%	10.25%	18.10%	7.00%
2019-20	18.13%	10.25%	20.80%	7.00%
2020-21	19.10%	10.25%	23.80%	7.00%

Between 2018-19 and 2010-21, this will cost AUSD \$10 million. Cost of Living Adjustments provided by the state government cannot nearly cover this expense, so it needs to come from the general fund, which reduces the amount of money available for programs and employees.

STRS and PERS – Historical Rates

Cumulative Increase in Contribution to Pension Systems and Cost of Step & Column*



This revenue problem is affecting every school district in the state.

In addition, the amount of money that AUSD is spending on **special education** rose from \$18.7 million in 2012-13 to \$25.5 million in 2016-17. Because the state has not provided more funding to cover these mandated Special Education services, the amount AUSD takes from its General Fund to pay for special education has risen from \$9 million to \$17.3 million in the same period. The Special Education Department is currently looking for ways to reduce their expenses.

Rising Costs – Special Education Services

Expenditures* – Special Education Services



2) *Low Salaries*

Employee salaries are among the lowest in Alameda County, and the Board of Education, our community, AUSD management, and employees all have a shared interest in increasing salaries so that we attract and retain the very best employees possible. AUSD employees have received 15% in raises since 2013, but their salaries continue to be low compared to surrounding districts.

Measure B1 Litigation

Last November, voters approved Measure B1 by 74%. An extension of the current Measure A parcel tax, Measure B1 was expected to raise more than \$12 million per year to be spent on class size reduction, athletics, secondary school choice, arts, and programs to close the achievement gap. (For more information on these parcel taxes, please see the [Measure A page](#) on the AUSD website.)

In February, 2017 however, a small group of plaintiffs filed a lawsuit against the measure, saying it is illegally structured. The lawsuit was heard in court in September, and we are now awaiting the judge's decision on the matter.

Aware that a loss of Measure B1 would deprive AUSD of \$12 million per year, the Alameda County Office of Education (ACOE) asked the district to prepare a list of potential cuts. This is to ensure that the district remains solvent even if it loses the parcel tax revenues.

The Bottom Line

Currently, the district expects to have to cut between \$16 and \$20 million from its \$100 million budget to cover rising expenses and the loss of Measure B1 revenue. Any cuts made to free up additional funds for employee raises would come on top of those cuts.

Next Steps

District managers have met with bargaining units and site administrators to explain the budgetary challenges now facing the district. Staff will continue meeting with stakeholders over the next few weeks. A draft budget reduction list will be presented to the Board of Education at its November 14 public meeting. An amended list (if needed) will be presented on November 28, and the Board will

vote to approve the final list on December 12 in order to meet the budget reduction planning deadline set by the ACOE.

“We are hopeful that Measure B1 will prevail in the litigation filed against it, and we are also advocating for adequate funding from the state for K-12 public education,” says Superintendent McPhetridge. “But AUSD must plan for budget cuts because of insufficient revenue and unfunded mandates from the state. We hope the public we serve will follow local and state funding developments so all understand AUSD’s need to plan for budget cuts at this time.”

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