

2022-2023

First Interim Budget Update

December 13, 2022

Agenda

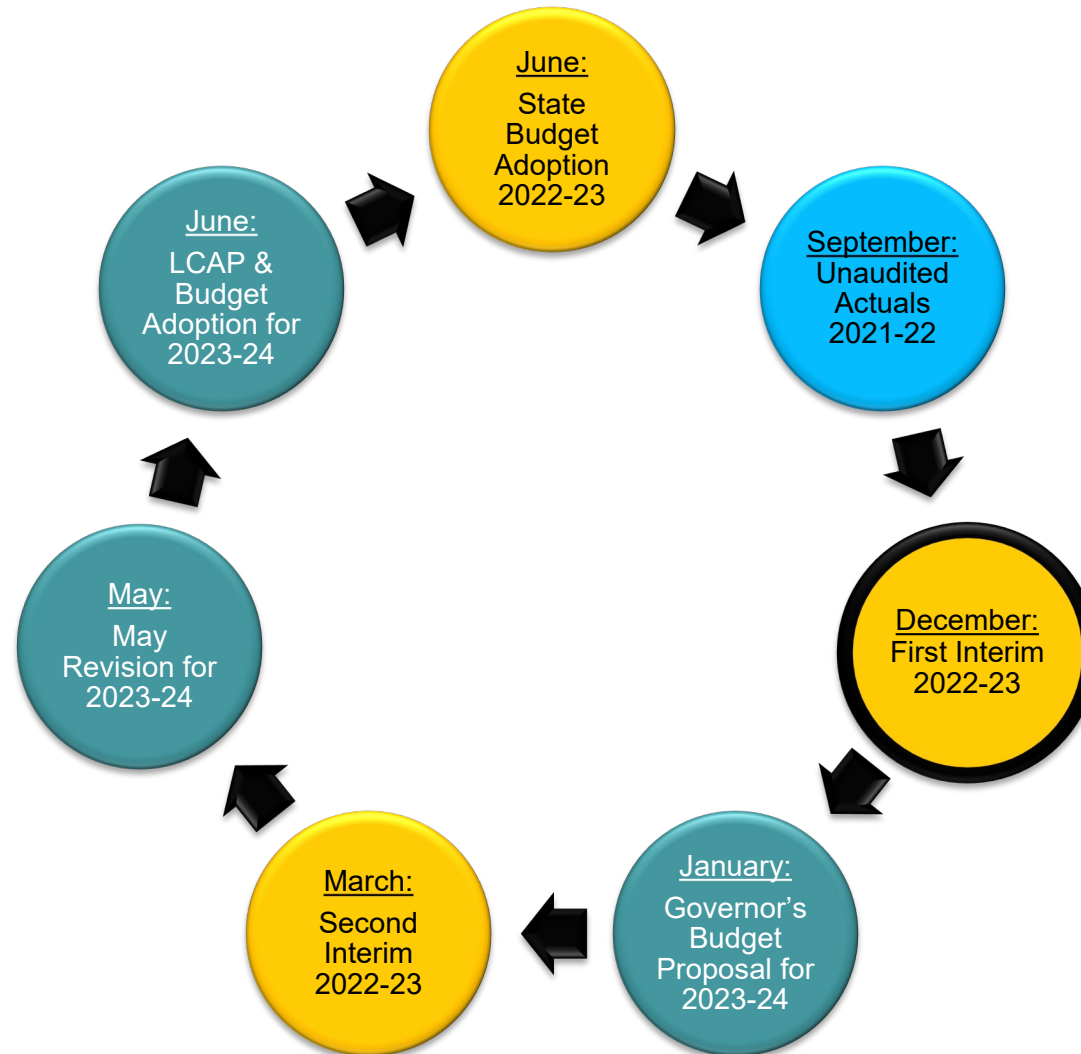
- Background and timeline
- Fiscal Outlook
- Enrollment
- 2022-2023 General Fund budget & Multi-Year Projections
- Parcel Taxes
- Next Steps

Background

- Per state law, AUSD's Board must pass First Interim budget update by December 15 of each year.
- Board must certify that the District's projected financial outlook for 2022-23, 2023-24, and 2024-25 is one of the following:
 - **Positive: WILL MEET** the financial obligations for the current and two subsequent years
 - **Qualified: MAY NOT MEET** the financial obligations for the current and two subsequent fiscal years
 - **Negative: WILL BE UNABLE TO MEET** the financial obligations for the remainder of the current fiscal year and two subsequent fiscal years
- Staff recommends a positive certification.



First Interim Update



Fiscal Outlook

- Legislative Analyst Office's (LAO) Report
 - Economic conditions weigh on revenues
 - State faces \$24 billion budget problem and ongoing deficits
 - Save reserves for a recession
 - Recommend legislature pause or delay recent augmentations
- Other unique AUSD challenges
 - Declining enrollment
 - Measure A parcel tax lawsuit
 - Measure B1 parcel tax
 - Currently in year five, two more years to go

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Measure B1 Parcel Tax (\$12.5M)	1	2	3	4	5	6	7		
Measure A Parcel Tax (\$10.5M)			1	2	3	4	5	6	7

Enrollment

Year		Actual Enrollment	
2018-19		9,383	
2019-20		9,372	
2020-21		9,070	
2021-22		8,707	
Year		Adoption 22-23	First Interim 22-23
2022-23 (Projected)		8,533	8,838
2023-24 (Projected)		8,362	8,661
2024-25 (Projected)		8,195	8,488

-174 students

-665 students

+131 students

Shift of 305 students for revenue calculation!

Assuming 2% Decline

Enrollment by School

School Name	Enrollment 2018-19	Enrollment 2021-22	Enrollment 2022-23
Earhart Elementary	651	559	589
Bay Farm K-8 Elem	609	553	569
Otis Elementary	639	571	542
Love Elementary	552	464	472
Maya Lin	424	445	470
Edison Elementary	474	437	434
Ruby Bridges Elementary	482	446	426
Paden Elementary	398	329	331
Franklin Elementary	334	281	285
Lum Elementary	30		
	4,593	4,085	4,118
Lincoln Middle	878	821	878
Wood Middle	578	615	612
	1,456	1,436	1,490
Alameda High	1,760	1,810	1,800
Encinal Junior/Senior High	1,262	1,126	1,156
ASTI	191	168	167
Island High	88	54	80
	3,301	3,158	3,203
Non Public Schools	33	28	27
TOTAL	9,383	8,707	8,838

Changes in Revenue Since Budget Adoption

In total, LCFF is increased by \$6 million over 22-23 adopted budget
(Recognized at First Interim)

Addition of approximately \$ 1 million for transportation and \$500K for Assessments
(Recognition at Second Interim)

Increase of 6.7% in LCFF Base Funding and option to use 3-year ADA average

Increase of 305 students as compared to the enrollment number assumed at budget adoption

Additional funding to accommodate 12:1 student to adult ratio in TK classrooms

Reimbursement of 60% of reported transportation expenditures

Additional Funds to assist with Special Education assessments

Base Grant

Enrollment

TK Grade Span Adjustment

Transportation Add-on

Special Education Assessments

Changes in Expenditures Since Budget Adoption

Increase of approximately \$7 million in salaries and benefits since budget adoption

Alameda Education Association (Teachers, Counselors, Psychologists)

- 6% salary increase retroactive to July 1, 2022
- Increase teacher hourly rate from \$35 to \$50
- Increase teacher compensation for missing prep period from \$35 to \$70 due to unavailability of substitute teachers
- Increase employer health contribution by \$100/month*

CSEA Chapter 27 & 860, (Administrators, Confidential Employees)

- 6.54% salary increase retroactive to July 1, 2022
- 0.53% increase starting December 1, 2022

Other Compensation Increases

- Increase daily rate for substitute teachers from \$150 to \$200

*Health benefits effective December 2022

Changes in Restricted Revenue Since Budget Adoption

Learning Recovery Block Grant

- One-time
- \$5.9 Million
- Spend by 6/30/28
- Provide academic supports, as well as benefit the social and emotional well-being of staff and pupils
- No restriction on supplanting

Discretionary Block Grant

- One-time
- \$5.5 Million
- Spend by 6/30/26
- Paying for any instructional or operational costs, including retirement cost increases
- No restriction on supplanting
- Recommend holding as a buffer

COVID-19 Fund Balance

- One-time
- Approx. \$1 Million
- Spend by 6/30/24
- Life can be extended via expenditure transfers

Proposition 28 Block Grant for Arts

- Ongoing
- Approx. \$1 Million annually
- State allocation will include per school amount
- Supplement art and music programs at school sites
- Will recognize revenue at second interim

Assumptions

Categories		Source	2021-22	2022-23		2023-24		2024-25	
			Actual	Adopted	Revised	Adopted	Revised	Adopted	Revised
District Enrollment	CALPADS/ Projection		8,706	8,533	8,838	8,362	8,661	8,195	8,488
ADA - Actual/Projected				8,141	8,396	7,986	8,228	7,834	8,064
Funded ADA-Actual/Projected			8,940	8,750	8,730	8,468	8,539	8,135	8,296
Funded ADA as a %age of Enrollment			103%	103%	99%	101%	99%	99%	98%
Unduplicated EL/FRPM Count			2,448	2,399	2,722	2,351	2,668	2,304	2,614
Unduplicated EL/FRPM Percentage				28%	31%	28%	31%	28%	31%
COLA	ACOE			6.56%	6.56%	5.38%		4.02%	
Increase in LCFF Base					6.70%				
State Teacher's Retirement System	ACOE			19.10%		19.10%		19.10%	
Public Employee Retirement System	ACOE			25.37%		25.20%		24.60%	
Deferred Maintenance Budget	AUSD			\$500K		\$500K		\$3Million	

Revised Budget for FY 2022-2023

	Unrestricted			Restricted		Total
	Totally Unrestricted	LCFF Supplemental	Parcel Tax (A & B1)	Special Education	All Other	General Fund
REVENUES						
LCFF Revenue	\$ 96,319,655			\$ 747,212		\$ 97,066,867
Federal Categorical Revenue				2,388,121	8,715,151	11,103,272
State Categorical Revenue	1,876,162			1,390,748	22,343,298	25,610,208
Local Revenue	522,489		23,682,558	7,123,576	1,578,926	32,907,549
Total Revenues	\$ 98,718,306	\$ -	\$ 23,682,558	\$ 11,649,657	\$ 32,637,375	\$ 166,687,896
EXPENDITURES						
Certificated Salaries	\$ 28,890,631	\$ 2,876,319	\$ 14,500,323	\$ 10,721,857	\$ 2,309,847	\$ 59,298,977
Classified Salaries	10,333,255	329,744	2,256,135	6,283,653	2,991,546	22,194,333
Benefits	13,294,528	933,690	4,678,151	5,732,088	8,104,115	32,742,572
Books & Supplies	2,011,023	545,643	206,270	152,046	5,964,929	8,879,911
Services & Op. Expenses	10,121,022	706,587	274,408	15,358,689	6,232,346	32,693,052
Capital Outgo & Transfers	2,712,839	410,329	1,803,841	2,047,273	3,005,603	9,979,885
Total Expenditures	\$ 67,363,298	\$ 5,802,312	\$ 23,719,128	\$ 40,295,606	\$ 28,608,386	\$ 165,788,730
Other Sources (Uses)	\$ (38,457,512)	\$ 5,354,320		\$ 28,357,381	\$ 4,745,811	\$ -
Net Inc. (Dec) in Fund Bal.	\$ (7,102,504)	\$ (447,992)	\$ (36,570)	\$ (288,568)	\$ 8,774,800	\$ 899,166
Beginning Balance	\$ 21,341,319	\$ 1,378,239	\$ 36,570	\$ 288,567	\$ 7,669,585	\$ 30,714,280
Ending Balance	\$ 14,238,815	\$ 930,247	\$ -	\$ (1)	\$ 16,444,385	\$ 31,613,446

Components of Ending Fund Balance

Line #		Unrestricted			Restricted		Total
		Totally Unrestricted	LCFF Supplemental	Parcel Tax (A & B1)	Special Education	All Other	General Fund
A	Ending Balance	\$ 14,238,815	\$ 930,247	\$ -	\$ -	\$ 16,444,385	\$ 31,613,447
	Revolving Cash Fund	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
	Measure A Litigation	375,000					375,000
	Textbook Adoptions	1,865,680					1,865,680
	Unbudgeted Health Benefits	169,200					169,200
	LCFF Supplemental		930,247				930,247
	Expanded Learning Opp. Prgm.					1,127,778	1,127,778
	Educator Effectiveness Grant					1,419,617	1,419,617
	Restricted Lottery (Text Books)					998,156	998,156
	Discretionary Block Grant					5,527,546	5,527,546
	A-G Access/Success Grant					258,609	258,609
	Learning Recovery Grant					5,953,355	5,953,355
	Misc. Grants & Donations					1,159,324	1,159,324
B	Components of Ending Fund Balance - Total	\$ 2,459,880	\$ 930,247	\$ -	\$ -	\$ 16,444,385	\$ 19,834,512
C = A - B	Unassigned/Unappropriated Ending Fund Balance	\$ 11,778,935	\$ -	\$ -	\$ -	\$ -	\$ 11,778,935

Multiyear Projections - Unrestricted General Fund

Line	Description	2022-23	2023-24	2024-25
		Revised	Projected	Projected
A	Projected Beginning Balance, July 1	\$ 22,756,128	\$ 15,169,062	\$ 13,931,248
B	Revenues	\$ 122,400,864	\$ 125,354,602	\$ 124,209,249
C1	Expenditures	96,884,738	91,884,277	92,910,828
C2	Contribution to Restricted Programs	33,103,192	34,708,139	34,995,999
D = B-C1-C2	Surplus (Deficit)	\$ (7,587,066)	\$ (1,237,814)	\$ (3,697,578)
E = A+D	Projected Ending Balance, June 30	\$ 15,169,062	\$ 13,931,248	\$ 10,233,670
F	Assignments/Commitments	\$ 3,390,128	\$ 3,559,328	\$ 3,559,328
G = E-F	Unassigned/Unappropriated Ending Fund Balance	\$ 11,778,934	\$ 10,371,920	\$ 6,674,342

Full Time Equivalent (FTE) Employees

- District has reduced its formula-based FTE in response to decline in enrollment

Employee Category	2019-20	2020-21	2021-22	2022-23 Adopted Budget	2022-23 First Interim	Comments
Certificated Non-Management	543.0	520.5	518.0	512.4	506.4	
Classified Non-Management	329.6	304.6	314.3	320.9	325.9	Addition of grant and donation funded positions
Certificated Management	39.5	40.0	41.6	40.0	40.0	
Classified Management	17.8	17.6	18.7	18.7	19.3	Addition of .5FTE for ELOP implementation
Total	929.9	882.7	892.6	892.0	891.6	

Temporary Positions Funded Using COVID One-Time Funds

Employee Category	2021-22	2022-23	2023-24	2024-25
Academic Counselors	3	3	3	
Program Manager - Assessment	1	1	1	
Program Manager - Mental Health	1			
Teacher on Special Assignment - Learning Loss	1	1	1	
Education Equity/Family Engagement Coordinator*	1	1		
Psychologist	1			
Digital Communication Specialist	1	1		
Paraprofessionals	10			
COVID Office Assistants		2		
Total	19	9	5	

*Transfers to LCFF Supplemental Funds

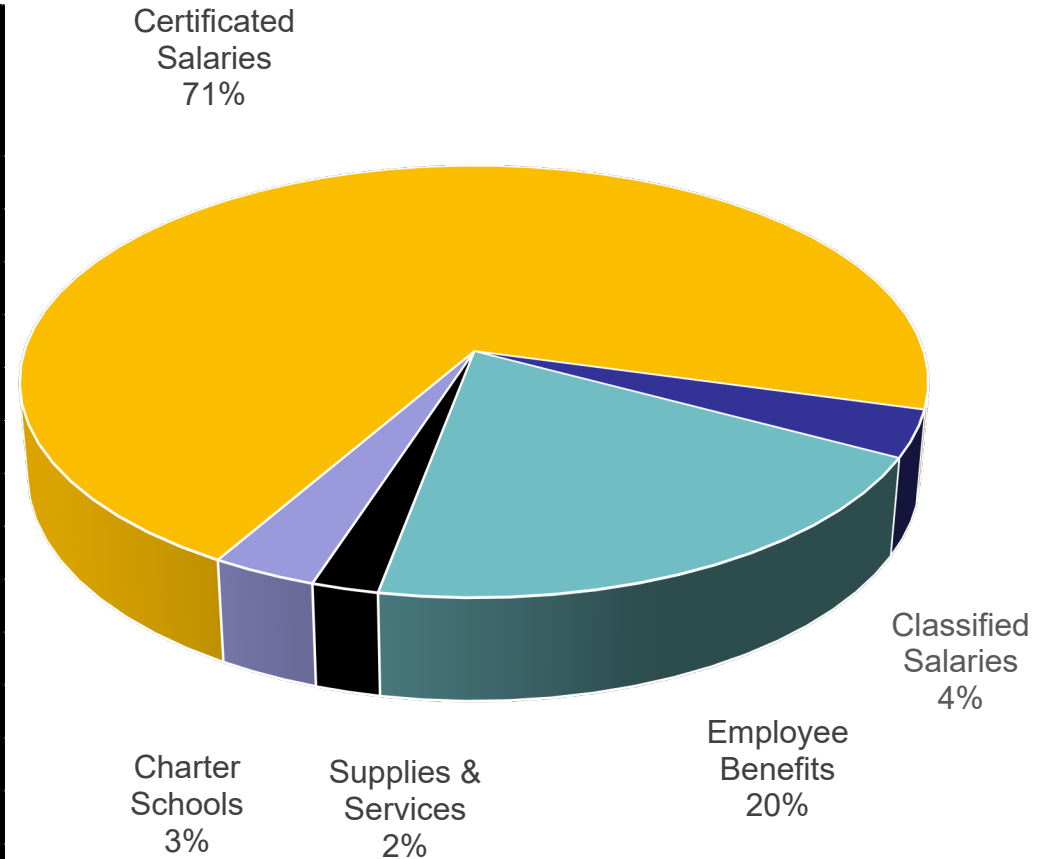
Reserve Fund

- Additional reserves can provide a cushion against
 - Decline in enrollment
 - Change in demographics
 - Cushion for a softer landing in case future parcel tax renewals are not sought or fail

Description	Amount
Reserve for Economic Uncertainties	
3% of Expenditures (Required by the State)	\$ 4,960,223
Three weeks worth of salary	\$ 6,746,214
Deficit Spending Mitigation Measure	\$ 9,689,479
Total Reserve in Fund 17	\$21,395,916

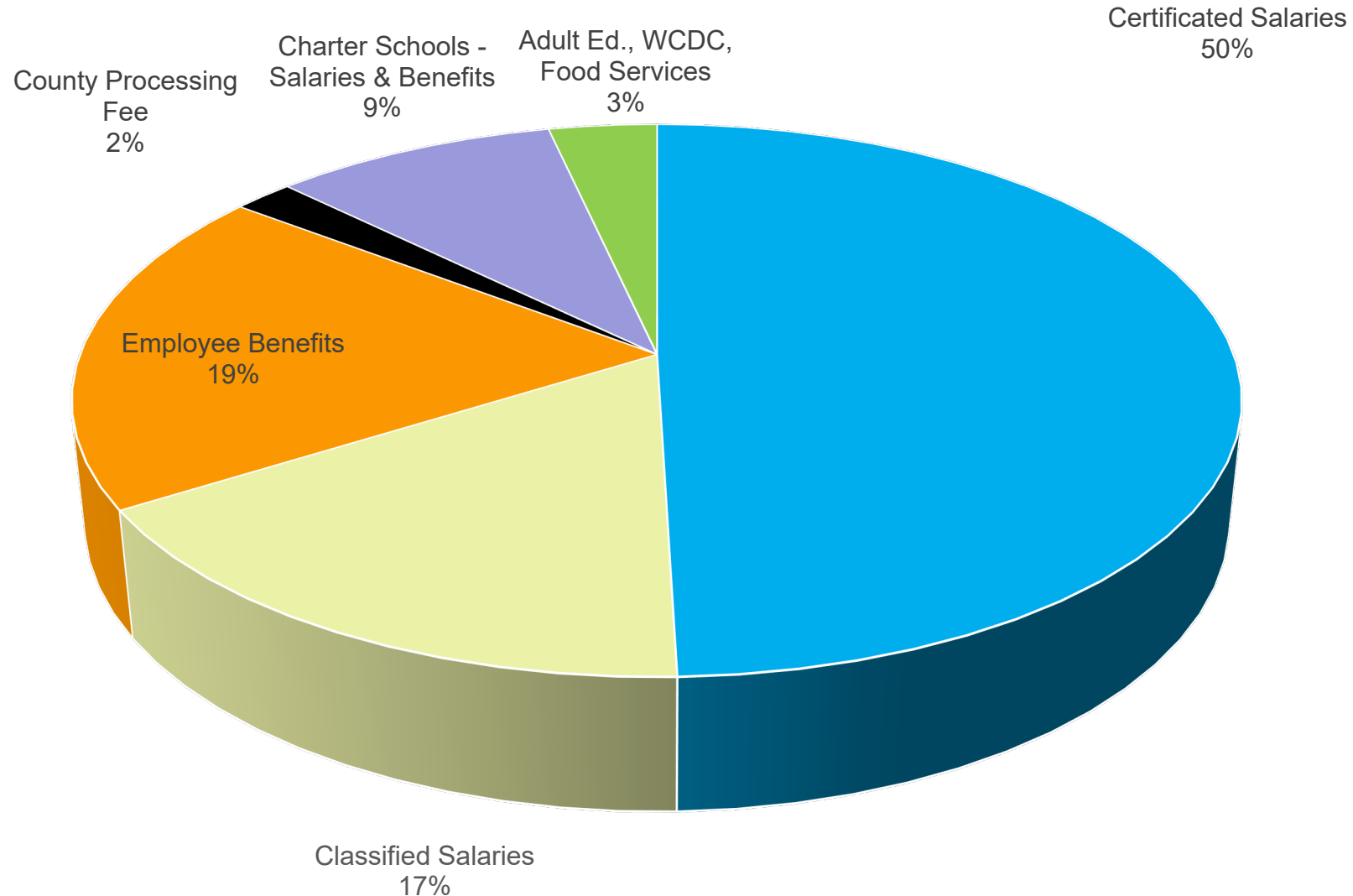
Parcel Tax – Measure B1

PTAX #	Description	Approved Percentage Range	Budget (Amount)	Budget (%)
1	Small Class Sizes in K-3	14% to 15%	\$ 1,798,000	14.21%
2	Neighborhood Elementary Schools	7% to 8%	915,000	7.23%
3	Scndary School Choice Initiative	7%-8%	936,254	7.40%
4	Programs to Close the Achivement Gap	13% to 14%	1,672,000	13.21%
5	High School Athletics Program	4%	505,000	3.99%
6	Enrichment Program	9-10%	1,164,945	9.20%
7	Attract and Retain Excellent Teachers	30-31%	3,817,000	30.16%
8	Counseling and Student Support	6%	756,820	5.98%
9	Alameda Charter Students	3-4%	422,881	3.34%
10	Technology	5%	668,112	5.28%
11	Adult Education	0%	-	0.00%
		Sub-Total	12,656,012	
12	Accountability and Fiscal Transparency		184,264	
		Total	\$ 12,840,276	



Parcel Tax – Measure A

Description	Budget (Amount)
Certificated Salaries	\$ 5,388,945
Classified Salaries	1,804,047
Employee Benefits	2,092,492
County Processing Fee	212,408
Charter Schools - Salaries & Benefits	999,157
Adult Education	95,557
WCDC	134,774
Food Services	144,629
Capital Facilities	6,843
	\$ 10,878,852



Next Steps

- Governor's Budget Proposal for 23-24 in January of 2023
- Second Interim closes on January 31
 - Presentation in March 2023

Board Discussion & Questions

Acronyms

AB	Assembly Bill	CPI	Consumer Price Index	LEA	Local Educational Agency
ACA	Affordable Care Act	CTE	Career Technical Education	LRE	Least Restrictive Environment
ADA	Average Daily Attendance	DOF	Department of Finance	MAA	Medi-Cal Administrative Activities
AP	Advanced Placement	DSA	Division of the State Architect	MOU	Memorandum of Understanding
API	Academic Performance Index	EC	Education Code	MTSS	Multi-Tiered Systems of Support
AYP	Adequate Yearly Progress	EL	English Learner	MYP	Multiyear Projection
BTSA	Beginning Teacher Support and Assessment	EPA	Education Protection Account	OPEB	Other Postemployment Benefits
CAASPP	California Assessment of Student Performance and Progress	ERAF	Education Revenue Augmentation Fund	OPSC	Office of Public School Construction
CALPADS	California Longitudinal Pupil Achievement Data System	ESL	English as a Second Language	P-1	First Principal (Apportionment)
CalPERS	California Public Employees Retirement System	ESSA	Every Student Succeeds Act	P-2	Second Principal (Apportionment)
CalSTRS	California State Teachers Retirement System	ESY	Extended School Year	PAR	Peer Assistance and Review
CALTIDES	California Longitudinal Teacher Integrated Data Education System	FAPE	Free and Appropriate Public Education	PD	Professional Development
CARS	Consolidated Application and Reporting System	FCMAT	Fiscal Crisis & Management Assistance Team	PI	Program Improvement
CASEMIS	California Special Education Management Information System	FERPA	Family Educational Rights and Privacy Act	PTA	Parent Teachers Association
CBA	Collective Bargaining Agreement	FRPM	Free and Reduced-Price Meals	RDA	Redevelopment Agency
CBEDS	California Basic Educational Data System	FTE	Full-Time Equivalent	SACS	Standardized Account Code Structure
CCSS	Common Core State Standards	GAAP	Generally Accepted Accounting Principles	SBE	State Board of Education
CDE	California Department of Education	GASB	Governmental Accounting Standards Board	SDC	Special Day Class
CELDT	California English Language Development Test	IEP	Individualized Education Program	SELPA	Special Education Local Plan Area
CNIPS	Child Nutrition Information Payment System	LAO	Legislative Analyst's Office	SPSA	Single Plan for Student Achievement
COE	County Office of Education	LCAP	Local Control and Accountability Plan	TK	Transitional Kindergarten
COLA	Cost-of-Living Adjustment	LCFF	Local Control Funding Formula	TRANS	Tax and Revenue Anticipation Notes
COP	Certificate of Participation			UPP	Unduplicated Pupil Percentage