Report on Budget Priorities, Challenges, and Constraints for 2024 and Beyond:

Governor's Budget Proposal

for

Fiscal Year 2024-2025

January 23, 2024

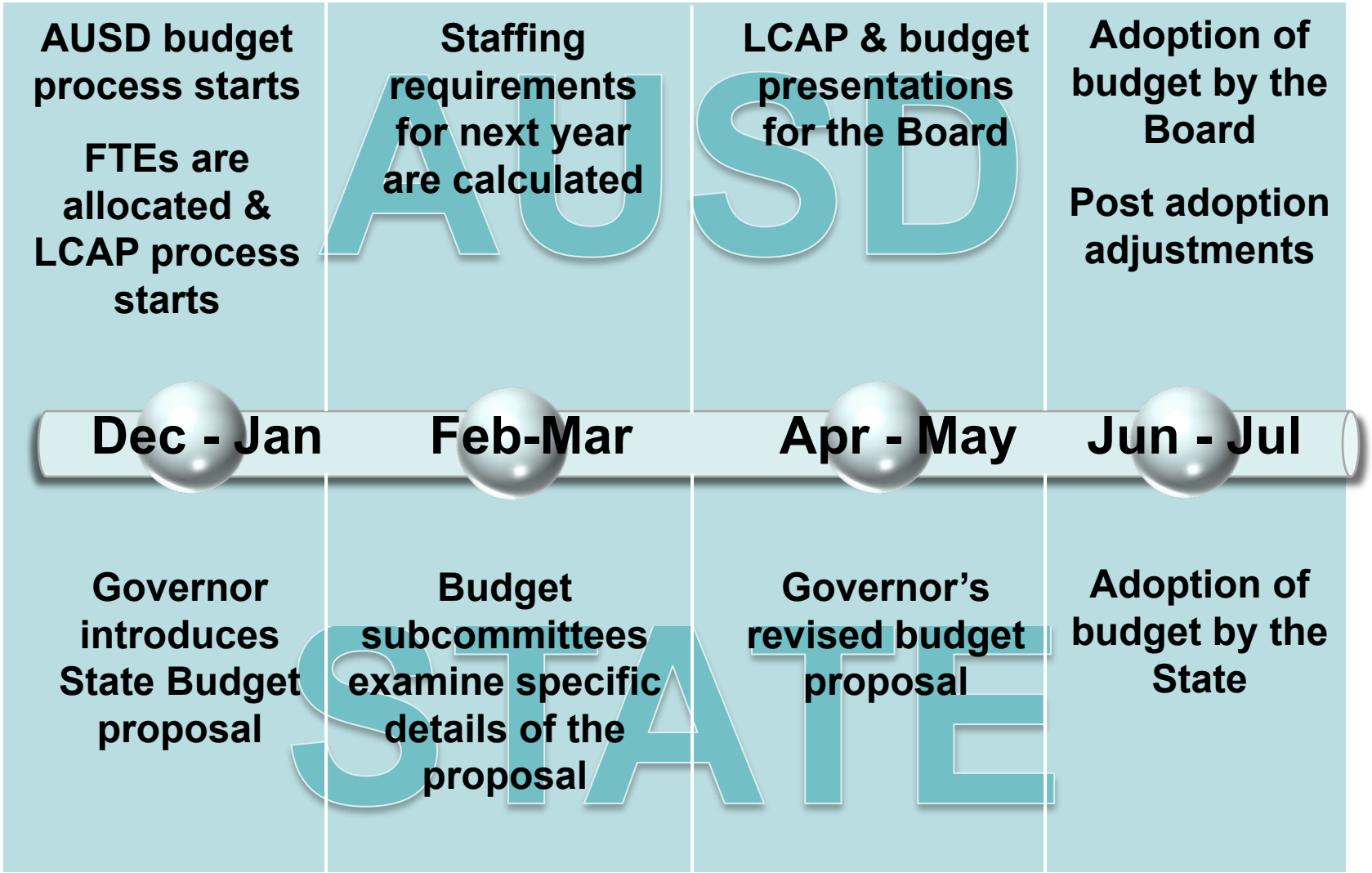
Agenda

- Background and timeline
- Governor's proposal for 2024-2025 education budget
- Enrollment and Average Daily Attendance (ADA)
- Impact on AUSD
- Legislative Analyst's Office (LAO) comments on the Governor's budget
- Upcoming Key Dates
  - Measure E Parcel Tax election
  - Second Interim update

Background

- Initial budget proposal released on January 10, 2024
- Outlines the Governor’s priorities and revenue projections
- Spring negotiations with legislators and other stakeholders
- Revised budget proposal in May 2024
- Budget adoption in June 2024

Timeline


AUSD budget process starts
FTEs are allocated & LCAP process starts
Staffing requirements for next year are calculated
LCAP & budget presentations for the Board
Adoption of budget by the Board
Post adoption adjustments
AUSD
Dec - Jan
Feb-Mar
Apr - May
Jun - Jul
Governor introduces State Budget proposal
Budget subcommittees examine specific details of the proposal
Governor's revised budget proposal
Adoption of budget by the State
STATE

Governor's Proposal for 2024-2025

- **Despite the significant underperformance of General Fund revenues in 2022-23, the Governor is not proposing any new cuts or deferrals to K-12 education core programs**
  - **The Governor's solution to mitigate this $9B shortfall is unprecedented and not widely or clearly understood**
  - **Payback to the State via future growth in the State general fund revenue**
- **Budget gap is $38 billion and not $68 billion**
- **The State is better prepared to weather a financial downturn due to levels of reserve funds**

Cost of Living Adjustment (COLA)

- The statutory COLA is computed using federally aggregated metrics
- The Governor and Legislature must still determine whether there is sufficient money to fund the statutory COLA
- The significant projected decline in 2024-25 is the result of reversal in price increases that occurred in 2022

Year	COLA at Adoption	COLA at First Interim	January Budget Proposal
2023-24	8.22%	8.22%	
2024-25	3.94% →	1.00% →	0.76%
2025-26	3.29%	3.29%	2.73%
2026-27			3.11%

Enrollment and Average Daily Attendance (ADA)

- Reduction in 2023-24 ADA due to high rate of absenteeism
  - Dropped from 95% to 94%
- Approximate loss of $1 million

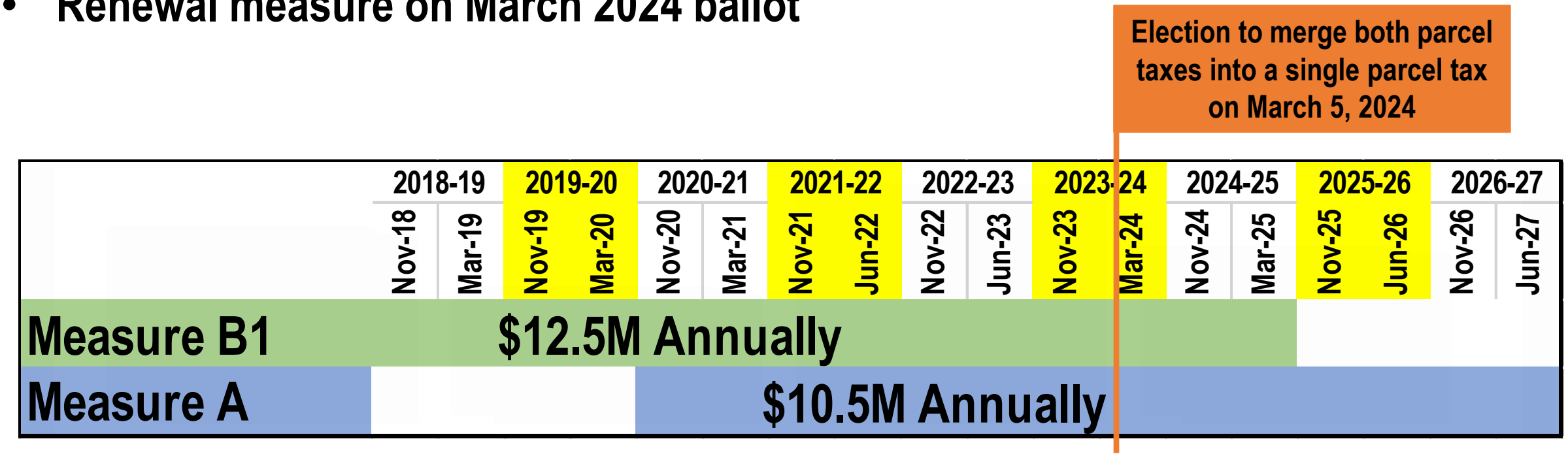
Year	Adoption 23-24 Enrollment	First Int. 23-24 Enrollment	First Int. 23-24 Funded ADA	January 2024 Enrollment	January 2024 Funded ADA
2023-24 (Projected)	8,649	9,063	8,610	9,036	8,534
2024-25 (Projected)	8,476	8,882	8,438	8,855	
2025-26 (Projected)	8,306	8,704	8,269	8,678	
2026-27 (Projected)				8,505	

Legislative Analyst's Office (LAO) Comments

- LAO's estimate of the budget deficit is larger than the estimated $38 billion
- Proposal's revenue projection is plausible, but optimistic
  - By $15 billion
- Reserve withdrawal is reasonable
- Lacks a plan for implementing proposed reductions to TK-12 budget
- Overall, the proposal understates the degree of fiscal pressure facing the State
  - Legislature likely will face more difficult choices next year
- Claw back of one-time funds allocated in 2022-23 is a potential solution

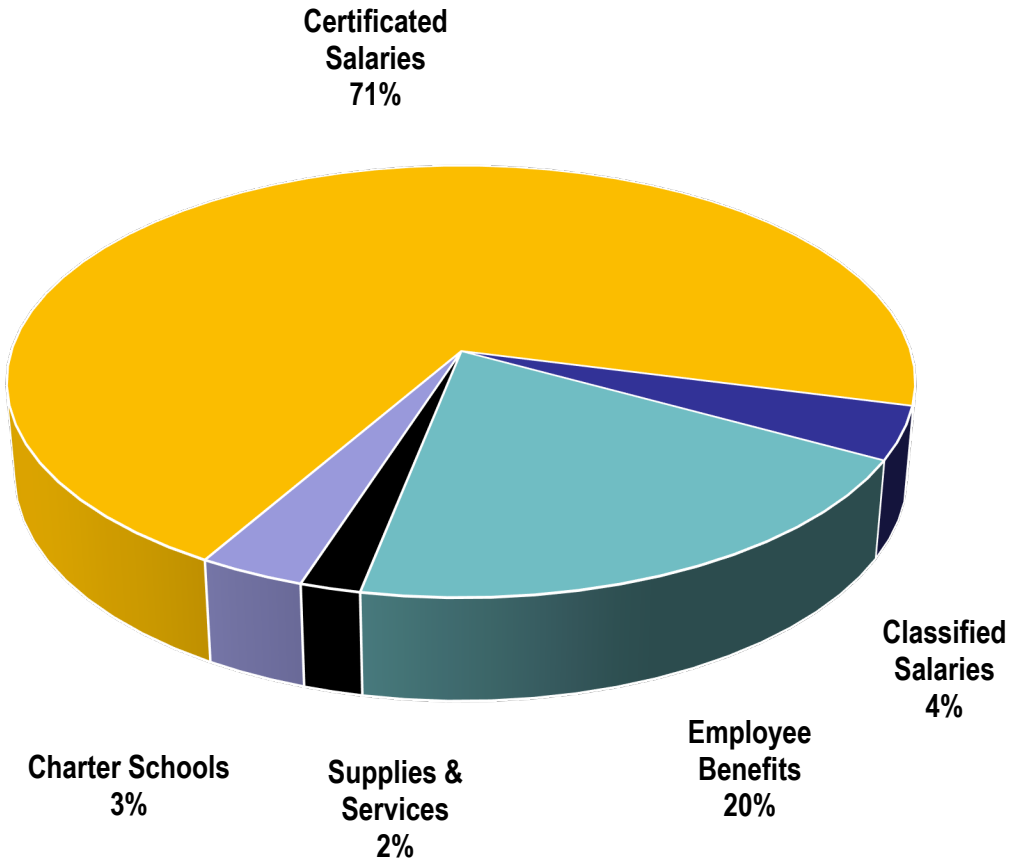
Local Revenue

- Measure B1 parcel tax
- Currently in year six, expires at the end of next school year
- $12.5M revenue removed from 2025-26
- Renewal measure on March 2024 ballot



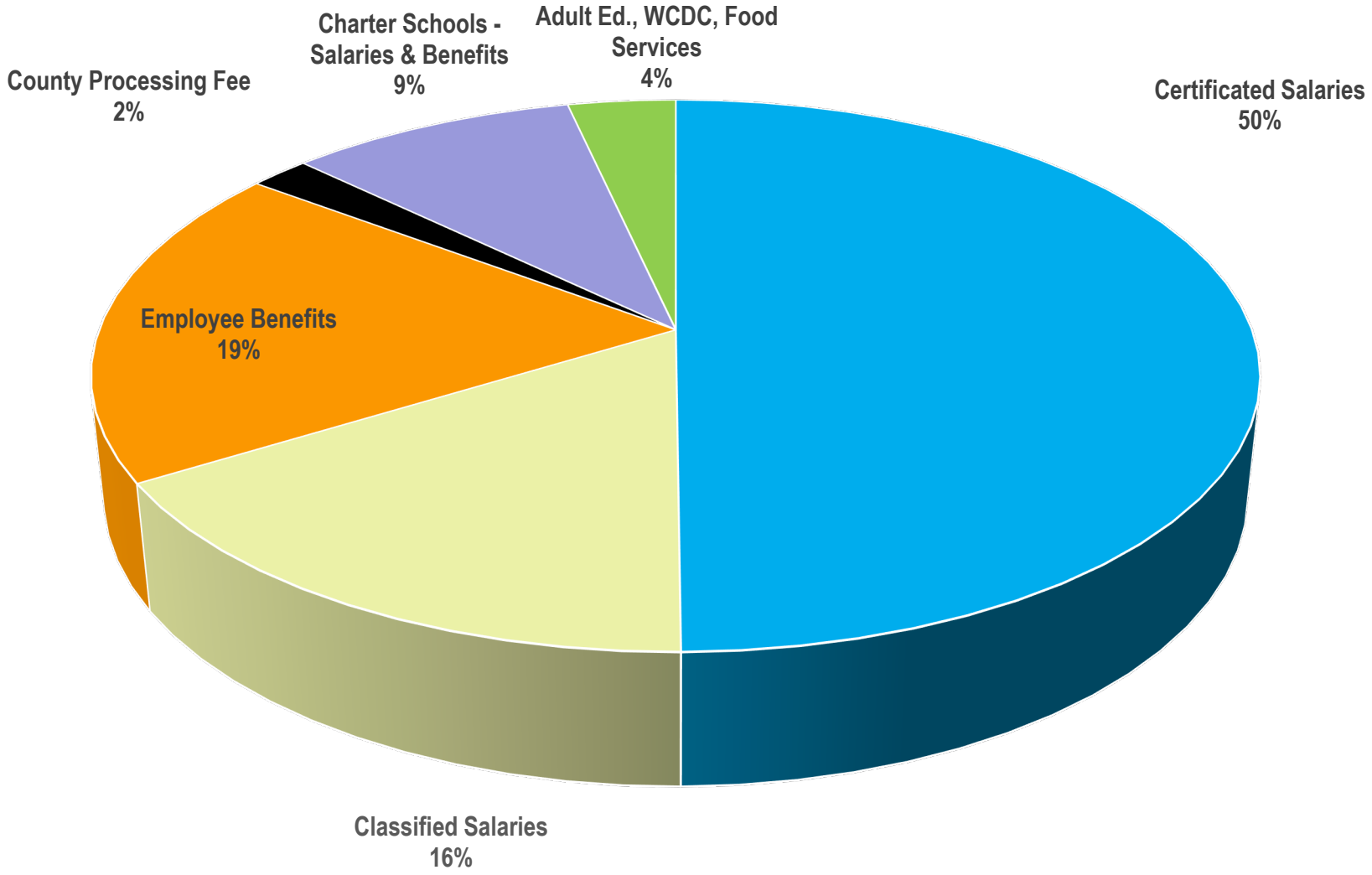
Parcel Tax – Measure B1

PTAX #	Description	Approved Percentage Range	Budget (Amount)	Budget (%)
1	Small Class Sizes in K-3	14% to 15%	$ 1,801,000	14.19%
2	Neighborhood Elementary Schools	7% to 8%	916,000	7.22%
3	Secondary School Choice Initiative	7%-8%	952,401	7.50%
4	Programs to Close the Achivement Gap	13% to 14%	1,668,661	13.15%
5	High School Athletics Program	4%	506,000	3.99%
6	Enrichment Program	9-10%	1,203,715	9.48%
7	Attract and Retain Excellent Teachers	30-31%	3,810,000	30.02%
8	Counseling and Student Support	6%	772,892	6.09%
9	Alameda Charter Students	3-4%	430,000	3.39%
10	Technology	5%	632,508	4.98%
11	Adult Education	0%	-	0.00%
		Sub-Total	12,693,177	
12	Accountability and Fiscal Transparency		205,618	
		Total	$ 12,898,795	



Parcel Tax – Measure A

Description	Budget (Amount)
Certificated Salaries	$ 5,438,432
Classified Salaries	1,782,993
Employee Benefits	2,071,266
County Processing Fee	212,409
Charter Schools - Salaries & Benefits	1,015,555
Adult Education	95,557
WCDC	134,774
Food Services	144,629
Capital Facilities	6,843
	$ 10,902,458



Upcoming Key Dates



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