



Bellevue Union School District

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BUSD Board of Education

The State of the District Budget Addressing Community Concerns

Dear BUSD Community,

This letter outlines the key events that have led to the financial and budgetary issues the District faces and the rationale for beginning the process of making necessary reductions in staff as well as those in programs and services beginning in the 2024-25 school year.

As has been shared during regular budget presentations to the Board, the need to make additional reductions to those already planned, is a necessary strategy to align our revenue with our expenditures and have a balanced budget. Below is a timeline of this on-going process:

1. **February 2023:** District engaged in the negotiations process with both the teacher's union and the classified employee's union to update the contract and negotiate salary and benefits.
2. **June 2023:** District adopted a balanced budget for the 23-24 school year using revenue projections provided by the state.
 - a. Planned ongoing use of one-time pandemic money to support the employment of additional school-based staff, purchase curriculum and supplies, and provide professional development.
 - b. Planned use of the LCAP process in 24-25 to determine staff, programs and services to be absorbed into the general fund after one-time funding is spent and staff, programs and services to be eliminated in 25-26 budget.
3. **Fall 2023:** District continued negotiations with each union assuming revenue projections from the adopted budget. Teachers union stopped negotiations and asked to go directly to mediation.
4. **Fall 2023:** District entered into mediation for an inherited lawsuit. A settlement was reached under a confidential agreement.
5. **January 10, 2024:** State of California released its initial budget proposal with a significant reduction in the Cost of Living Adjustment (COLA) for the next two years.
 - a. If passed, the impact of the budget proposal represents a reduction of projected revenue of **\$1,570,000** over the next two years for BUSD.
6. **January 19, 2024:** District entered into mediation with the teacher's union. (The classified union receives the same increases in salary and benefits as the teachers.)
 - a. A mediated settlement was reached in order to maintain positive relations and avoid potential disruption to school operations. Terms of the settlement include a 9% raise in the current 23-24 school year with an increase in the contribution to health benefits of \$2500 per employee.
 - b. In 24-25, there will be a 3% raise and an additional increase in the District's contribution to health benefits of \$500 per employee.
 - c. When approved and implemented this will result in an increase of expenses of **\$2,000,000** in 2023-24 with an additional **\$922,000** in 2024-25.

Board of Trustees: Adele Walker, Jamie Padilla, Irene Rosario, Nikigiovonie Rogers, Lisa Reyes

Superintendent: Michael Kellison



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7. **January-ongoing:** Increased expenses combined with decreased funding has the District unable to meet its financial obligations in 24-25 and 25-26 without reductions.
 - a. Budgets for 24-25 were already revised to include:
 - i. **24% (\$385,000)** decrease in Books and Supplies along with a **8% (\$1,100,000)** decrease in Services and Operating Expenditures.
 - ii. Services and Operating Expenditures are tied to the cost of operating facilities and IEP driven special education programs and services making them more difficult to reduce.
8. **February 8, 2024:** All staff notified of budget and need to make reductions.
9. **February 8 and 14, 2024:** Leadership from both unions met with the Superintendent to discuss the budget and the need to make reductions.
 - a. Ideas were generated, recommendations made, and mutual agreement on some items by both groups, served as the basis for the proposed reductions presented to the Board on February 20, 2024.
10. **February 20, 2024:** Board meeting in which resolution to initiate a Reduction in Force (RIF) process was on the agenda. Per statute, impacted employees must receive notification before March 15, 2024.
 - a. The proposed reductions considered by the Board on February 20, 2024 included the following:
 - i. 22% reduction in Management Staff
 - ii. 19% reduction in Classified Staff
 - iii. 5% reduction in Certificated Staff (Non-Classroom Based Teachers)
 - iv. 0% reduction in Certificated Classroom Based Teachers
 - b. The Board postponed taking action and requested additional information.
 - c. Special Board Meeting to be scheduled.

Overall, the District:

- Anticipates receiving less money from the state in 24-25 and 25-26 and revised its budget to reflect that decrease.
- Needs to use the one-time funds more quickly than planned for to offset the loss of revenue.
- Will see increased expenses when the negotiated raises with the unions are approved and implemented.
- Will deplete its reserves to cover increased expenses as a result of the compounding impact of the raises and the decrease in revenue received from the state.
- Will not have our budget approved by the County Office of Education unless we take action at this time.

Reducing staff is a last resort because we value our employees, and we have the responsibility to serve our community by ensuring that we can be financially secure in the short and long term.

Yours truly,

BUSD Board of Trustees

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