

Budget & LCAP Adoption Process

Public Hearing on Proposed Budget for Fiscal Year 2024-2025

June 11, 2024

Agenda

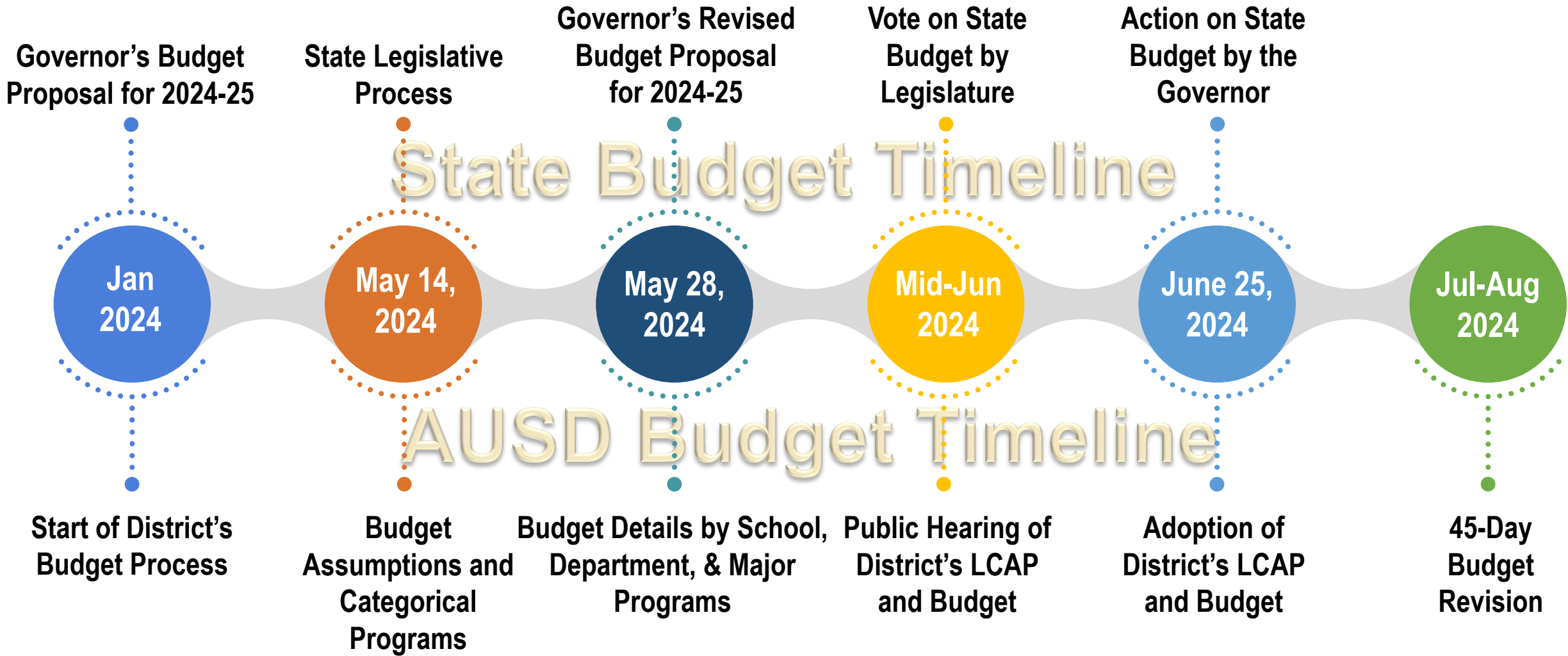
- **Background**
- **Timeline**
- **Budget Priorities**
- **State Budget Update**
- **Budget assumptions**
- **2024-2025 General Fund budget & Multi-year projections**

Background

- **Per State Law AUSD's Board must adopt budget and the Local Control Accountability Plan (LCAP) by June 30, 2024.**
- **Board must certify that the District's projected financial outlook for 2024-2025, 2025-2026, and 2026-2027 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.**



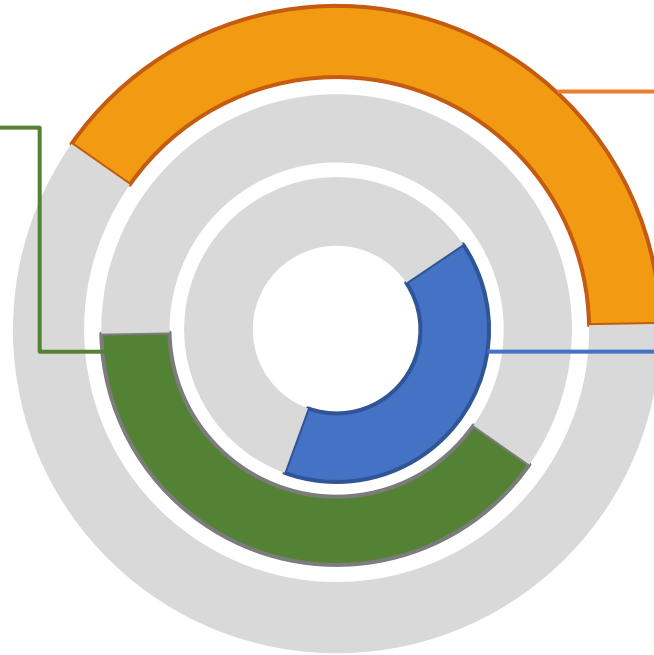
Timeline



Budget Considerations

Implementation of 2023-24 negotiated agreement

One-time funds used to increase healthcare contribution. Need to absorb in ongoing budget



Improve District's Competitiveness

Keep making investments in employee compensation and healthcare costs

Extend One-Time Investments

One-time State funds used for various short-term programs. Identify resources and provide options to extend

Programs/Positions Ending at the End of 2024-25 School Year

Position	FTE or Amount
LGBTQ Liaison*	0.70
Program Manager	0.50
TSA - Beginning Teacher Program SPED	0.60
Digital Communication Specialist	1.00
Wellness Resource Liaison	1.00
Counselor	1.00
TSA to Implement Universal TK	1.00
Teacher on Special Assignment - Special Ed.	1.00
AVID	\$40,000

*Reduces to .5FTE in 2025-26, and .2FTE in 2026-27

Budget Challenges

- **Legislative Analyst Office state multiyear budget outlook (3-5 years)**
 - Very unlikely that the state will be able to afford the May Revision spending levels
 - Multiyear one-time commitments no longer affordable
 - Combination of state reserve funds and reduction of one-time commitments may be needed to sustain core, ongoing programs
- **Local Revenue**
 - **Measure A parcel tax litigation**
 - Annual revenue: \$10.9 million
 - Requires maintaining higher than normal reserves for contingency planning
 - **Measure B1 parcel tax expiration**
 - Annual revenue: \$12.8 million
 - Expiring at the end of 2024-25



**Slide from 6-13-23 Budget
Adoption Presentation**

Budget Challenges

- **State is facing a \$26 billion budget deficit in 2024-25**
 - **K-14 education continues to be shielded from programmatic reductions in 24-25**
 - **May revision addresses deficits by depleting Prop 98 reserve and other accounting measures**
 - **There is a risk of further state budget shortfalls that could jeopardize education funding**
- **Reduction to Department of Social Services (DSS) budget**
 - **DSS funds ACDC outside of K-14 budget**
 - **Freeze on funding for childcare program expansion programs**
 - **Elimination of funding to increase preschool inclusivity. Providers will still be required to serve at least 5% of students with disabilities**

New Unfunded Mandates

- **Additional paid leaves for employees**
- **Expansion of childhood sexual assault laws**
- **Reduction of staff to student ratio from 24:2 to 20:2 in TK programs**

Summary of Assumptions

Categories	Source	2023-24 Actual	2024-25 Projected MYP Year 1	2025-26 Projected MYP Year 2	2026-27 Projected MYP Year 3
District Enrollment	CALPADS/Projection	9,061	9,061	9,061 →	8,879
ADA - Actual/Projected		8,564	8,564	8,564	8,391
Actual ADA as a %age of Enrollment		94.5%	94.5%	94.5%	94.5%
Funded ADA-Actual/Projected		8,564	8,564	8,561 →	8,564
Funded ADA as a %age of Enrollment		94.5%	94.5%	94.5%	96.5%
Unduplicated EL/FRPM Count		3,537	3,537	3,537	3,537
Unduplicated EL/FRPM Percentage		39%	39%	39%	40%
Measure B1 Parcel Tax		\$12.5M	\$12.5M		
Measure A Parcel Tax		\$10.5M	\$10.5M		
Measure E Parcel Tax				\$23.0M	\$23.0M
COLA	ACOE	8.22%	1.07%	2.93%	3.08%
Increase in LCFF Base/Deficit Factor					
Increase in Consumer Price Index (CPI)		3.33%	3.10%	2.86%	2.87%
State Teacher's Retirement System	CalSTRS	19.1%	19.1%	19.1%	19.1%
Public Employee Retirement System	CalPERS	26.7%	27.1%	27.6%	28.0%
20:1 Staff to Student Ratio in TK	Local Decision		→	\$578K	\$578K
Deferred Maintenance Budget	Local Decision	→ \$500K	\$500K	\$500K	\$500K
Set-Aside for Uninsured Liabilities	Local Decision		→ \$1M	\$1M	\$1M

Deferred Maintenance



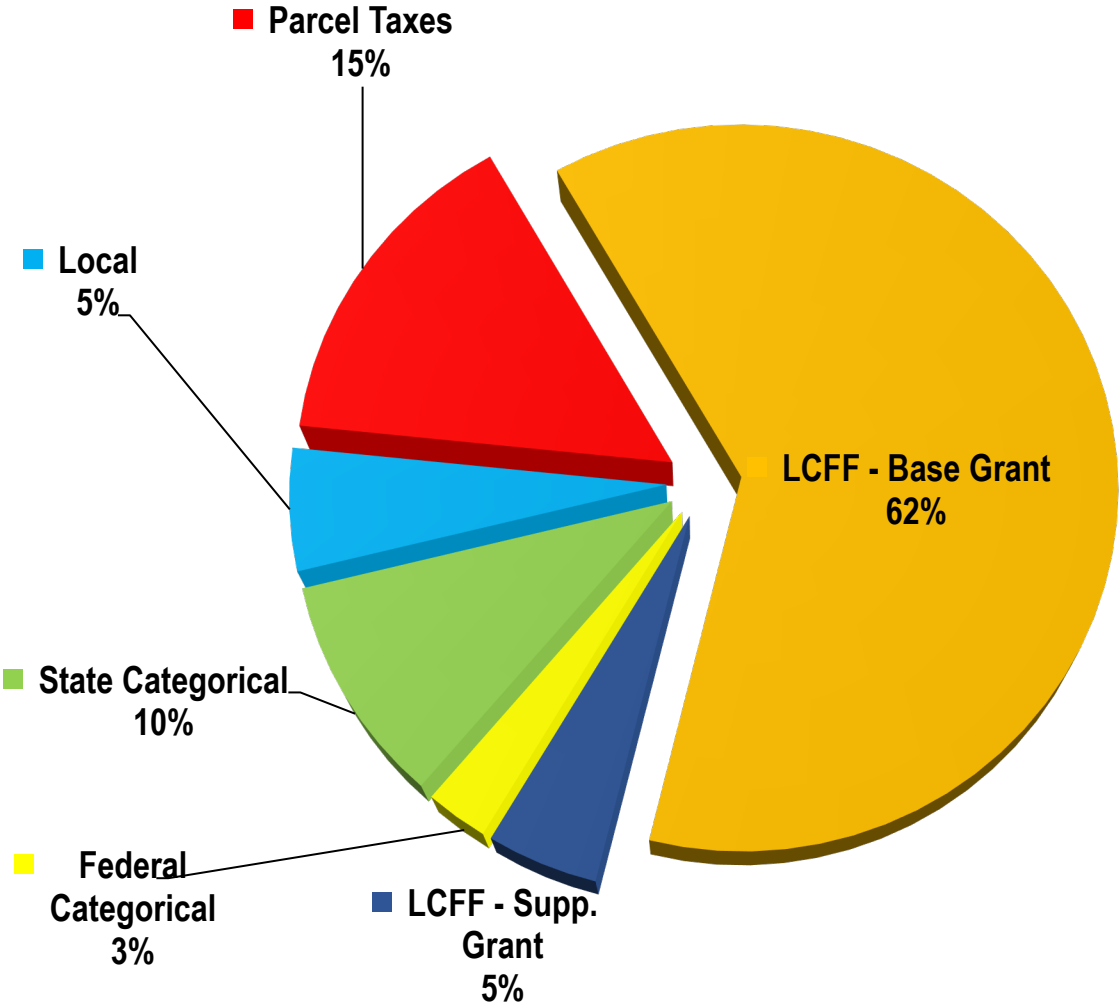
- **Planned or unplanned maintenance that has been deferred due to lack of funding**
 - This includes painting, flooring, electrical, roofing, lighting, HVAC, doors/windows
- **State used to provide separate funding, but now that funding is part of LCFF Base revenue**
 - Each District has to make a local decision using unrestricted general fund
- **Pre LCFF, AUSD was setting aside approximately \$3 Million for deferred maintenance, but around 2010 it was reduced to \$500K annually**
 - As a result, we have to defer “Deferred Maintenance” longer

Proposed Budget for FY 2024-2025

	Unrestricted			Restricted		Total
	Totally Unrestricted	LCFF Supplemental	Parcel Tax (A & B1)	Special Education	All Other	General Fund
REVENUES						
LCFF Revenue	\$ 104,900,801	\$ -	\$ -	\$ 894,506	\$ -	\$ 105,795,307
Federal Categorical Revenue				2,767,130	1,470,905	4,238,035
State Categorical Revenue	3,204,594			1,453,484	11,129,374	15,787,452
Local Revenue	1,446,356		23,831,179	7,017,181	60,149	32,354,865
Total Revenues	\$ 109,551,751	\$ -	\$ 23,831,179	\$ 12,132,301	\$ 12,660,428	\$ 158,175,659
EXPENDITURES						
Certificated Salaries	\$ 33,499,907	\$ 4,641,696	\$ 14,738,652	\$ 13,288,958	\$ 3,342,607	\$ 69,511,820
Classified Salaries	11,977,157	806,686	2,306,024	7,368,654	3,376,685	25,835,206
Benefits	16,990,556	1,628,868	4,625,680	7,670,484	7,763,017	38,678,605
Books & Supplies	3,269,031	40,423	87,070	340,970	1,117,253	4,854,747
Services & Op. Expenses	9,910,526	499,760	289,394	12,178,137	4,797,639	27,675,456
Capital Outgo & Transfers	(4,521,106)	610,918	1,402,556	2,564,164	1,102,241	1,158,773
Total Expenditures	\$ 71,126,071	\$ 8,228,351	\$ 23,449,376	\$ 43,411,367	\$ 21,499,442	\$ 167,714,607
Other Sources (Uses)	\$ (44,150,539)	\$ 7,429,298	\$ (381,803)	\$ 30,989,509	\$ 5,731,732	\$ (381,803)
Net Inc. (Dec) in Fund Bal.	\$ (5,724,859)	\$ (799,053)	\$ -	\$ (289,557)	\$ (3,107,282)	\$ (9,920,751)
Beginning Balance	\$ 27,327,283	\$ 1,918,392	\$ -	\$ 289,557	\$ 16,360,334	\$ 45,895,566
Ending Balance	\$ 21,602,424	\$ 1,119,339	\$ -	\$ -	\$ 13,253,052	\$ 35,974,815

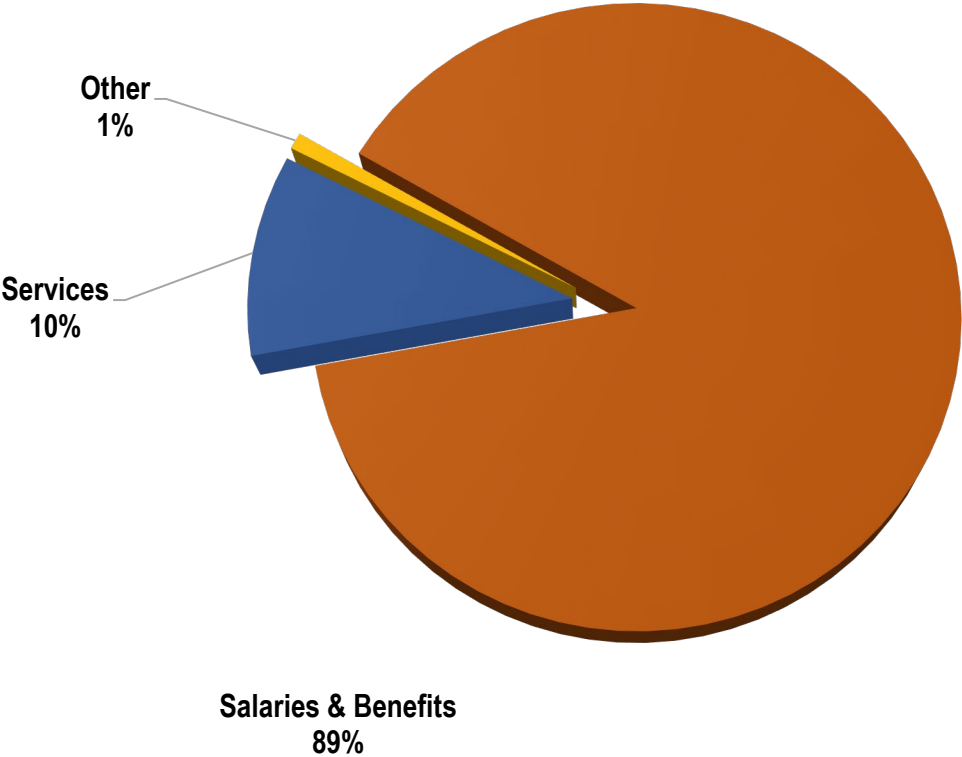
General Fund Revenue (Unrestricted & Restricted)

Description		Total
		(Millions)
LCFF Base Grant	\$	98.4
LCFF Supp. Grant		7.4
Federal Revenue		4.2
Other State Revenue		15.8
Other Local Revenue		8.6
Parcel Taxes		23.8
Total		\$ 158.2

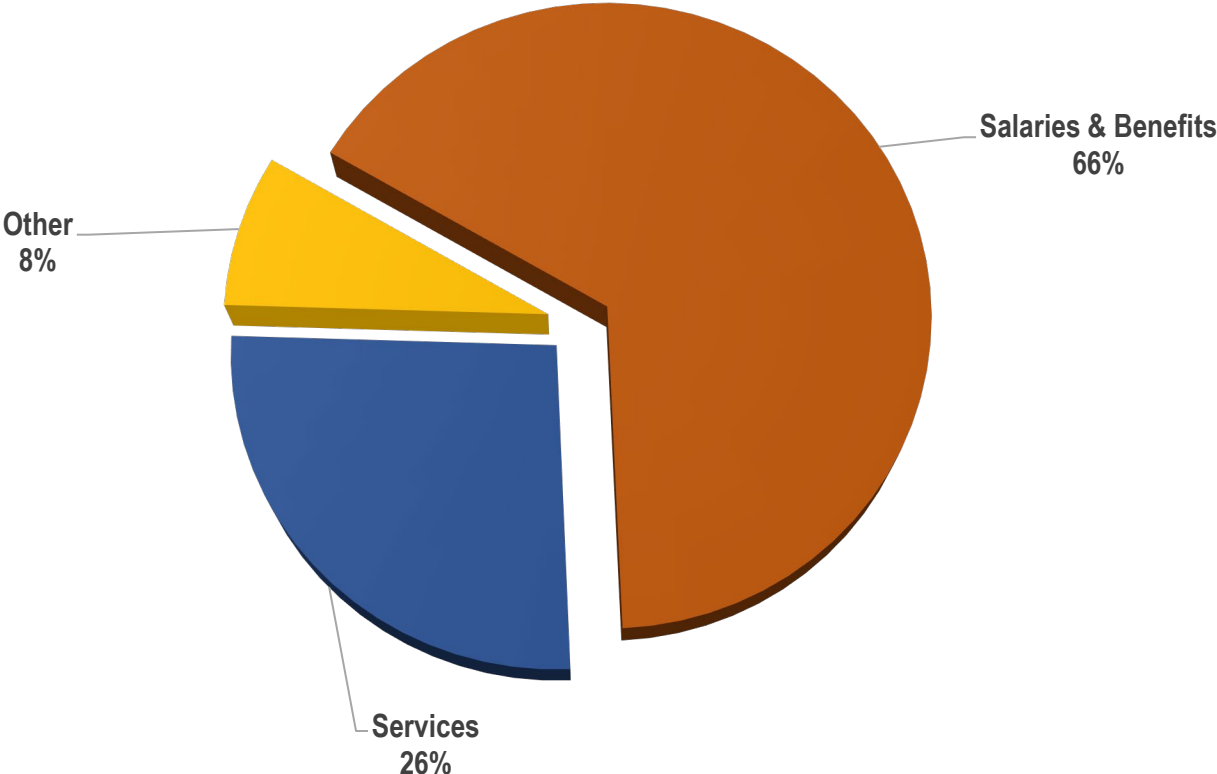


General Fund Expenditures

Unrestricted General Fund

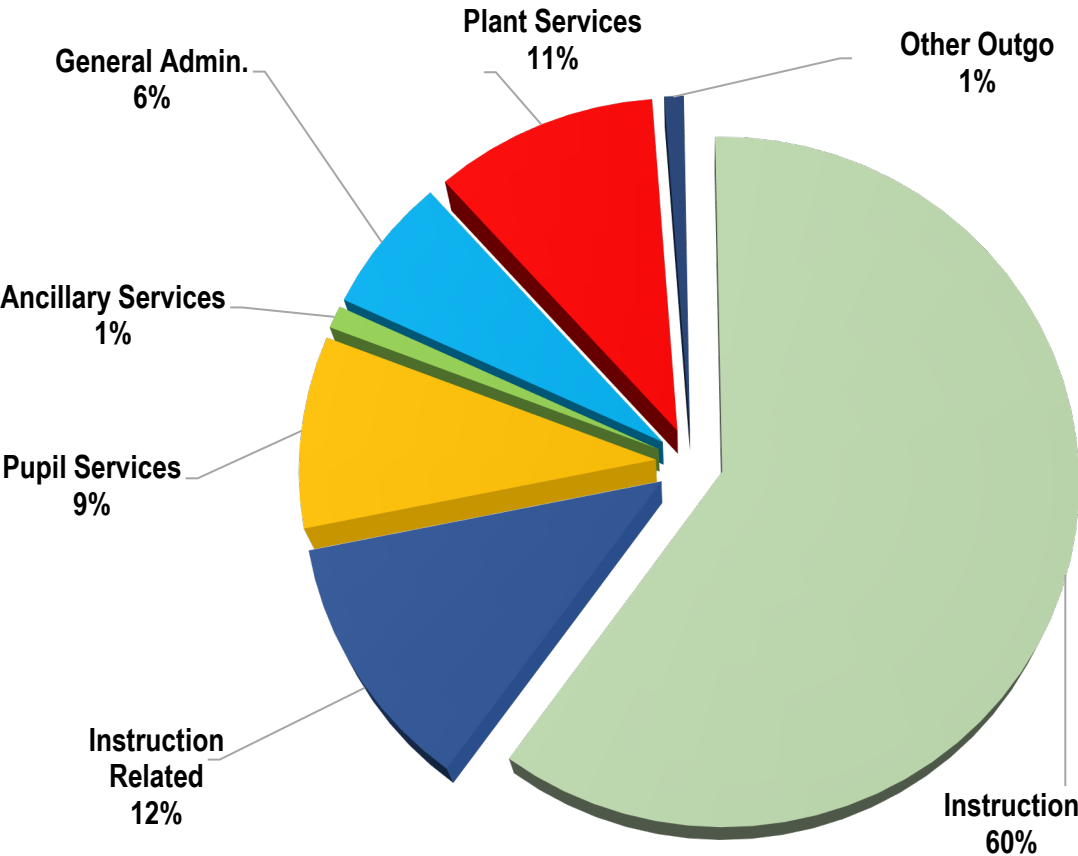


Restricted General Fund



Expenditures – Major Operational Areas

Major Operational Areas	
Instruction	Activities dealing directly with the interaction between teachers and students
Instruction Related	Library & Media teachers, School Administration, Teaching Staff Development
Pupil Services	Counselors, Psychologists, Specialized Special Ed. Services, Transportation, Health Services
Ancillary Services	Athletics, After School Services
General Admin.	Fiscal Services, Technology Services, Insurance, Human Resources, Legal, Superintendent
Plant Services	Utilities, Custodial Services, Maintenance Staff



Full Time Equivalent (FTE) Employees

Employee Category	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Certificated Non-Management	542	520	518	507.0	531.4	542.6
Classified Non-Management	332	306	296	326.3	340.7	336.6
Certificated Management	39	40	40	41.0	45.1	42.0
Classified Management	19	18	19	18.8	18.8	18.8
Total FTE	932	884	873	893.1	936.0	940.0

Multiyear Projections - Unrestricted General Fund

Line	Description	2024-25	2025-26	2026-27
		Proposed Amount (Millions)	Projected Amount (Millions)	Projected Amount (Millions)
A	Projected Beginning Bal., July 1	\$ 29.24	\$ 22.72	\$ 13.21
B	Revenues	\$ 133.38	\$ 136.54	\$ 139.87
C1	Expenditures	\$ 102.80	\$ 107.77	\$ 108.60
C2	Contribution to Restricted	\$ 37.10	\$ 38.28	\$ 38.47
D = B-C1-C2	Surplus (Deficit)	\$ (6.52)	\$ (9.51)	\$ (7.20)
E = A+D	Projected Ending Bal., June 30	\$ 22.72	\$ 13.21	\$ 6.01
F	Assignments/Commitments	\$ 5.91	\$ 5.91	\$ 5.91
G = E-F	Unassigned/Unappropriated Ending Fund Balance	\$ 16.81	\$ 7.30	\$ 0.10

Public Hearing of Budget Proposal - Reserves

As required by Senate Bill (SB) 858, the Alameda Unified School District has determined:

- **Fund 17**
 - **Minimum 3% reserve level, required by law, is \$5,042,892**
 - **Additional committed reserves, equal to three weeks payroll, of \$7,781,832, per BP 3100**
- **Greater than minimum reserves, in the amount of \$15,362,122 are required in 2024-25 to account for LCFF/Supplemental carryover, open purchase orders, uninsured liabilities, and to pay for compensation and healthcare costs in future years**

Resolution Committing Funds

- Requirement under Government Accounting Standards Board (GASB 54)
- Funds committed are not subject to the 10% cap on reserve rule
- Once committed, it requires a Board action to revise, remove, or redirect funds for other purposes
- Adoption of resolution on June 25, 2024, will supersede Resolution No. 2023-2024.29 which was adopted by the Board on December 12, 2023

ALAMEDA UNIFIED SCHOOL DISTRICT

Alameda, California

Resolution

June 25, 2024

Resolution No. 2023-2024.XX

Designating Certain General Funds as Committed Fund Balance

WHEREAS, the Governmental Standards Accounting Board (GASB) has issued Statement No.54, establishing a hierarchy clarifying constraints that govern how a government entity can use amounts reported as fund balance; and

WHEREAS, the Alameda Unified School District Board of Education (Board) has previously adopted Board Policy 3100 acknowledging its authority to commit, assign, or evaluate existing fund-balance classifications and identify the intended uses of committed or assigned funds; and

WHEREAS, the committed fund balance classification reflects amounts subject to specific internal constraints self-imposed by the Board; and

WHEREAS, once the committed fund-balance constraints are imposed, it requires the constraint to be revised, removed, or redirected for other purposes by the Board in the same manner as the Board originally approved the commitment; and

WHEREAS, the Board has determined it has specific needs that it elects to fund with portions of its General Fund ending fund balance; and

NOW, THEREFORE, BE IT RESOLVED, that the Alameda Unified School District Board of Education, hereby commits to utilizing portions of its general fund ending balance, as indicated by the committed fund classification in its financial statements, for the following purposes:

Purpose	Justification	Fund 1 (Amount)	Fund 17 (Amount)	Total (Amount)
LCFF Supplemental	Approximate carryover from 2023-24 to 2024-25 per Education Code 42238.07	1,918,392		1,918,392
Open Purchase Orders	Approximate cost of purchase orders issued in 2023-24 but will be paid in 2024-25	1,000,000		1,000,000
Potential Uninsured Legal Costs	To cover legal and settlement costs related to uninsured liability	1,000,000		1,000,000
State Reserve Requirement	Set-aside to meet the State Reserve Cap requirement	1,943,730		1,943,730
To maintain fiscal solvency and stability	Maintain additional reserves equivalent to at least 3-weeks salary and benefits cost to protect the district against unforeseen circumstances		7,781,832	7,781,832
State Reserve Requirement	3% reserve mandated by the State		5,042,892	5,042,892
Health Benefits	Set-aside for already negotiated contribution to health benefits		9,500,000	9,500,000
	TOTAL	\$5,862,122	\$22,324,724	\$28,186,846

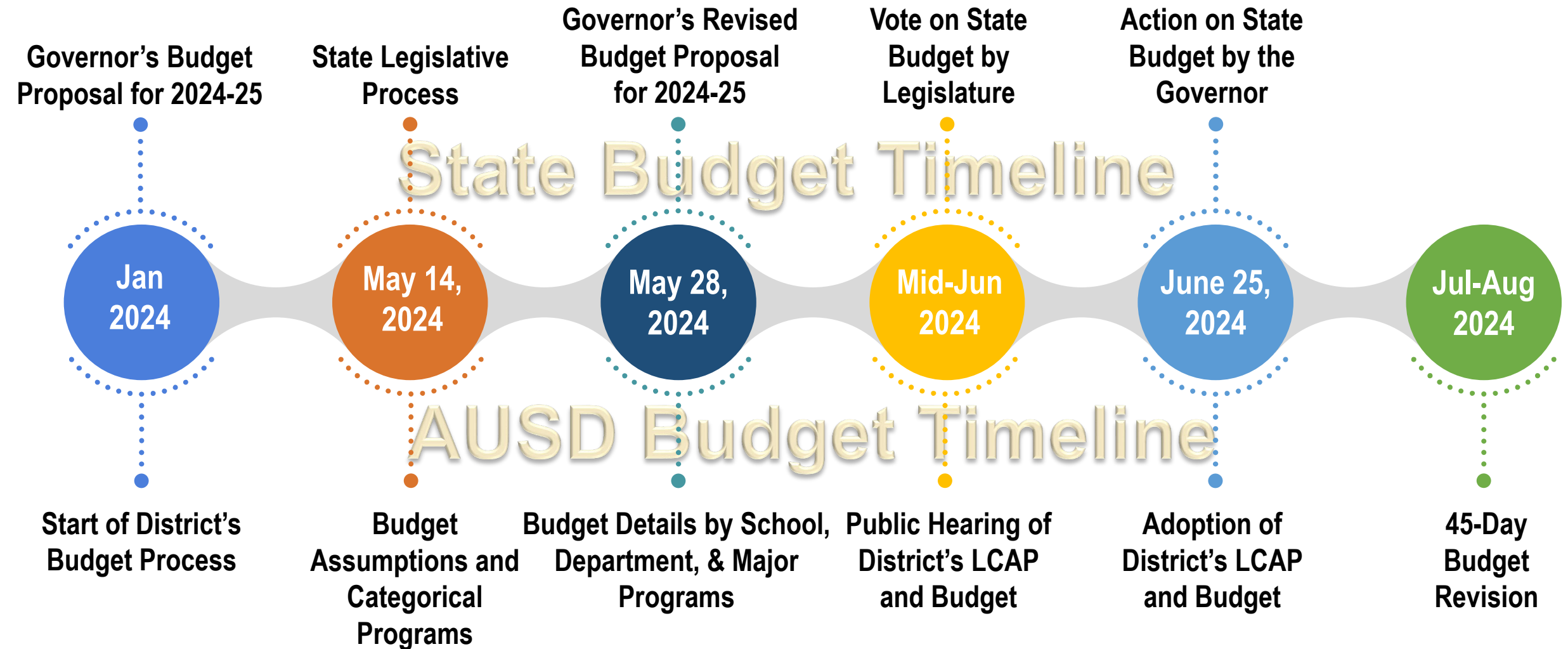
Fund Balance Commitments

Purpose	Justification	Fund 1	Fund 17	Total
LCFF Supplemental	Approximate carryover from 2023-24 to 2024-25, per education code 42238.07	1,918,392		\$ 1,918,392
Open Purchase Orders	Approximate cost of purchase orders issued in 2023-24 but will be paid in 2024-25	1,000,000		\$ 1,000,000
Potential Uninsured Claims	To cover legal and settlement costs related to uninsured liability	1,000,000		\$ 1,000,000
Employee Compensation	Set-aside for already negotiated compensation increase for all employees	1,943,730		\$ 1,943,730
3-Week Payroll	Additional reserves to protect the district against unforeseen circumstances		7,781,832	\$ 7,781,832
State Reserve Requirement	3% reserve mandated by the State		5,042,892	\$ 5,042,892
Health Benefits	Set-aside for already negotiated contribution to health benefits		9,500,000	\$ 9,500,000
Total Commitments		\$ 5,862,122	\$ 22,324,724	\$ 28,186,846

The Road Ahead

- **May revision relies heavily on the use of one-time funds for ongoing programs**
 - **Plan based on May Revision, and make adjustments based on final Enacted Budget**
- **Ending fund balance for 2023-24**
 - **Opportunity to transfer expenditures to categorical programs as part of closing fiscal year 23-24 and provide a one-time boost to the ending fund balance**

Timeline



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	ESSER	Elementary & Secondary School Emergency Relief	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