Alum Rock Union Elementary School District

2024-25
Second Interim Budget

March 13, 2025

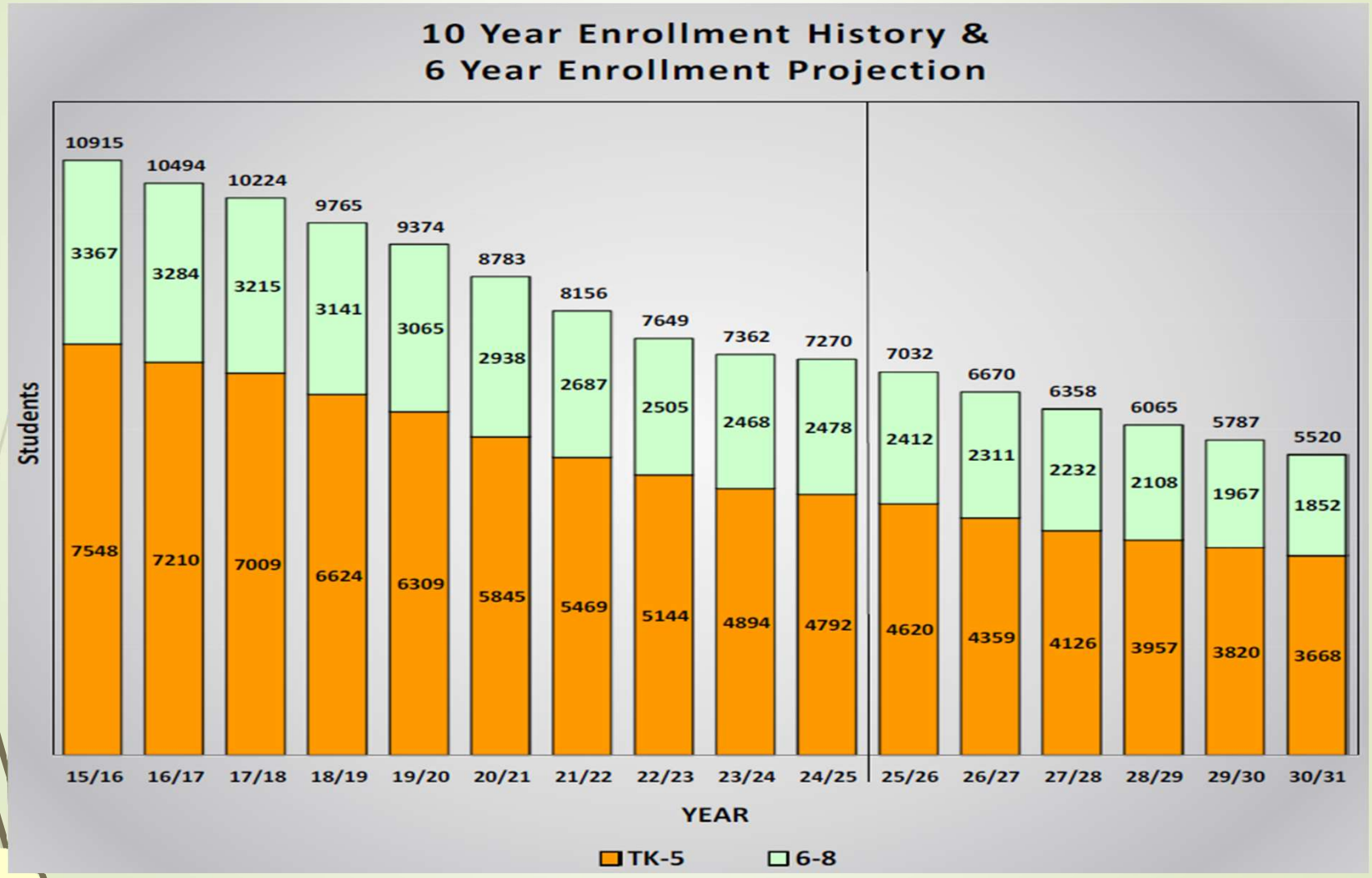
Presented by: Teresa DeCelles, CPA

Asst. Supt., Business Services

Overview

- Enrollment History and Projections
- Key Assumptions
- Second Interim Compared to First Interim
- Second Interim Multi-Year Projections
- Considerations – Not Included in Second Interim
- Potential Surprises (Good and Bad)
- Next Steps/Future Considerations

Enrollment History and Projections per SchoolWorks



Key Assumptions

- **The Multi-Year Projections (MYP) includes the board approved School Closure/Consolidation Plan.**
- **The MYP includes the board approved Fiscal Stabilization Plan submitted to the Santa Clara County Office of Education (SCCOE).**
- **The MYP includes an additional potential 300 * student decrease (total decrease of approximately 540 students) due to school closures and projected enrollment drop.**

* Most recent FY 25-26 enrollment information from Student Services.

Second Interim Compared to First Interim FY 24-25 Revenues and Expenditures (Unrestricted General Fund)

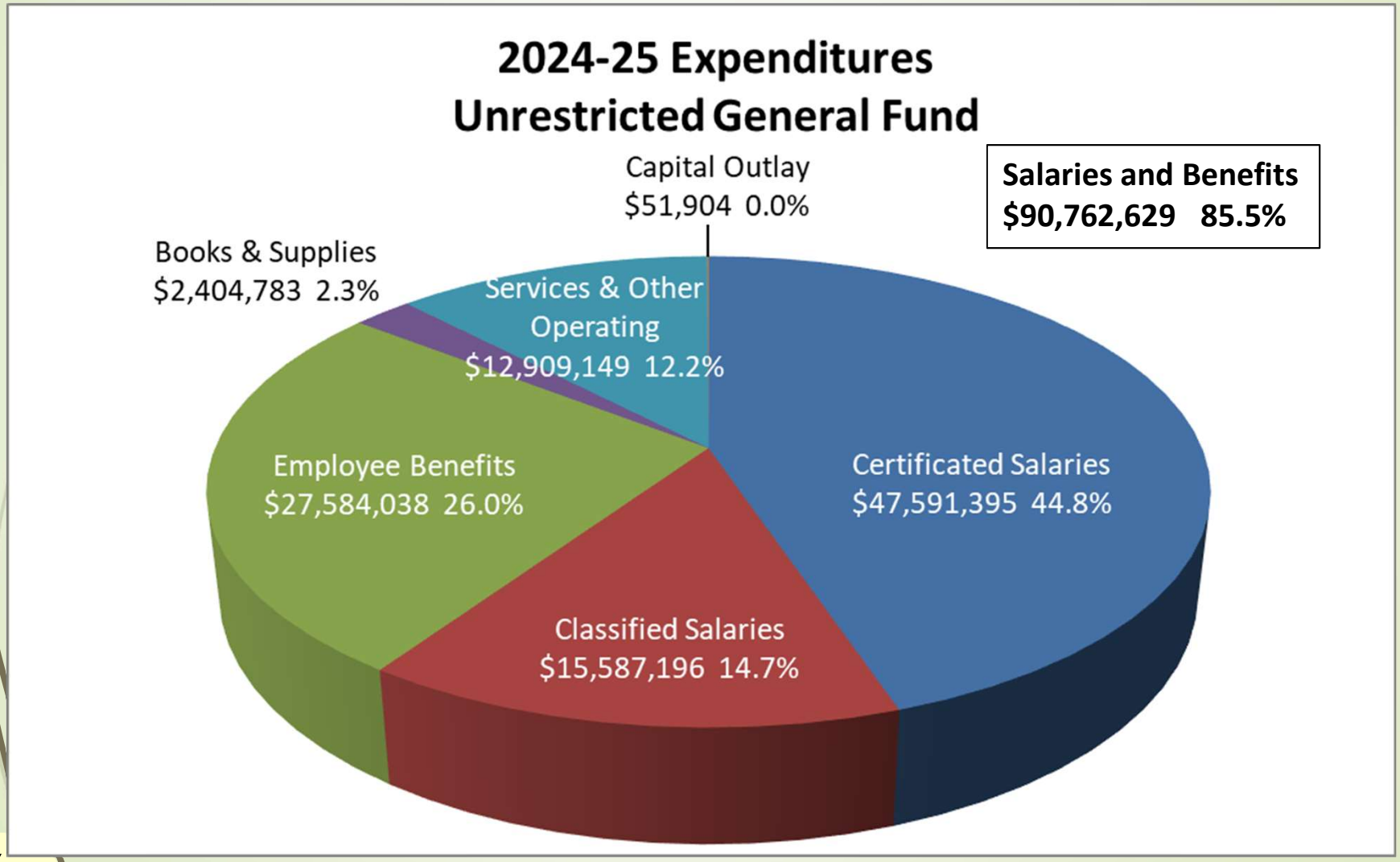
REVENUES	First Interim	Second Interim	Variance	
Local Control Funding Formula (LCFF)	$ 106,947,539.00	$ 106,946,778.00	$ (761.00)	
Lottery Revenues	$ 1,411,255.00	$ 1,411,255.00	$ -	
Other State Revenues	$ 750,941.00	$ 799,425.00	$ 48,484.00	Increase in ELPAC and CAASP Revenue ($47K).
Parcel Tax Revenue	$ 4,775,445.00	$ 4,775,445.00	$ -	
Other Local Revenues	$ 4,327,744.00	$ 4,352,744.00	$ 25,000.00	Increase in SMAA Revenue ($25K).
TOTAL REVENUES	**$ 118,212,924.00**	**$ 118,285,647.00**	**$ 72,723.00**	
TOTAL EXPENDITURES	**$ 97,665,334.00**	**$ 97,764,119.00**	**$ 98,785.00**	
TOTAL CONTRIBUTIONS *	**$ 38,376,353.00**	**$ 38,234,181.00**	**$ (142,172.00)**	
SURPLUS/(DEFICIT)	**$ (17,828,763.00)**	**$ (17,712,653.00)**	**$ 116,110.00**	

* Contributions are required payments to RRM and Special Education.

Second Interim Compared to First Interim FY 24-25 Expenditures (Unrestricted)

EXPENDITURES	First Interim	Second Interim	Variance	Reason
Certificated Salaries	$ 47,859,347.00	$ 47,591,395.00	$ (267,952.00)	Reduced vacancies not filled in Music.
Classified Salaries	$ 15,817,667.00	$ 15,587,196.00	$ (230,471.00)	Reduced vacancies not filled in Transportation and closed unneeded positions (TK/K Para Educators, and Campus Paras).
Benefits	$ 27,845,110.00	$ 27,584,038.00	$ (261,072.00)	Reduction of benefits associated with reduction of positions noted above.
Books and Supplies	$ 2,355,040.00	$ 2,404,783.00	$ 49,743.00	$100K increase in transition costs offset by $50K reduction in materials and supplies.
Services & Other Oper Exp	$ 12,102,384.00	$ 12,909,149.00	$ 806,765.00	$200K for election expenses, $450K of insurance costs, $100K transition costs and $50K for the Realty Contract.
Capital Outlay	$ 40,949.00	$ 51,904.00	$ 10,955.00	
Other Outgo and Debt Service	$ (8,355,163.00)	$ (8,364,346.00)	$ (9,183.00)	
TOTAL EXPENDITURES	**$ 97,665,334.00**	**$ 97,764,119.00**	**$ 98,785.00**	
Contribution to Routine Repair and Maintenance	$ 4,944,016.00	$ 4,944,016.00	$ -	
Contribution to Special Education	$ 33,432,337.00	$ 33,290,165.00	$ (142,172.00)	Decrease due to reduction of 1 RSP teacher vacancy.
TOTAL CONTRIBUTIONS	**$ 38,376,353.00**	**$ 38,234,181.00**	**$ (142,172.00)**	
TOTAL EXPENDITURES & CONTRIBUTIONS	**$ 136,041,687.00**	**$ 135,998,300.00**	**$ (43,387.00)**	

FY 24-25 Second Interim
Unrestricted General Fund Expenditures



FY 25-26 (Next Fiscal Year)
What's Changed Since First Interim

- **Less Revenue –** Projected COLA decreased from 2.93% to 2.43% resulting in $480K less LCFF revenue.
- **Additional Costs -** Retained four more school administrators and one additional community liaison resulting in $919K additional costs.
- **Additional Costs** - Added transition costs of $200K.
- **Additional Savings** - 10 additional certificated staff reduction due to class size efficiency resulting in $1.5M savings.

FY 25-26 1st Interim Compared to 2nd Interim Change in Fiscal Stabilization Plan

FY 2025-26 Change in Revenue			
	First Interim	Second Interim	Variance
LCFF Revenue	**108,145,635**	**107,665,101**	**(480,534)**
2025-26 Savings (School Site and District Office)			
Savings	**First Interim**	**Second Interim**	**Variance**
Closure/Consolidation of Schools	7,885,162	6,965,527	(919,635)
4 Counselors Positions Not Filled	606,614	606,614	-
Subtotal Closure/Consolidation of Schools	**8,491,776**	**7,572,141**	**(919,635)**
District Office Staffing Reductions	1,783,960	1,756,740	(27,220)
Special Education Staffing Reductions	1,891,000	1,805,000	(86,000)
Certificated Staffing Reductions	1,500,000	3,000,000	1,500,000
Total Savings	**13,666,736**	**14,133,881**	**467,145**
2025-26 Unplanned Expenditures			
Transition Costs	**-**	**(200,000)**	**(200,000)**
Cumulative Effect of Other Minor Changes		**20,888**	**20,888**
Overall Decrease in Savings FY 2025-26			**(192,501)**

FY 25-26 1st Interim Compared to 2nd Interim District Office Staffing Reductions

	First Interim December 2024		Second Interim March 2025			
Bargaining Unit	Projected Reduction in FTE	Amount	Projected Reduction in FTE	Amount	FTE Variance	Comments
Mgmt	1.00	$ 182,756.00	5.25	$ 979,412.99	4.25	Reduced 4.25 Mgmt Positions, 1 Position reallocated to Restricted Funding
CSEA	5.50	$ 671,793.00	3.50	$ 418,300.74	(2.00)	Saved 2 CSEA Positions in ITSS
Teamsters	8.50	$ 929,411.00	4.00	$ 359,026.55	(4.50)	Saved 6 Bus Driver Positions (4.5 FTE)
Total	**15.00**	**$ 1,783,960.00**	**12.75**	**$ 1,756,740.28**	**(2.25)**	

Bargaining Unit	Department	FTE
CSEA	2.5 FTE Fiscal/Payroll/Purchasing, 1 FTE MOT	3.50
Teamsters	3 FTE MOT, 1 FTE Warehouse	4.00
		7.50

There were no reductions in school support staff.

Multi-Year Projection – Unrestricted General Fund

Unrestricted General Fund - Second Interim			
	2024-25	2025-26	2026-27
Beginning Fund Balance	50,687,744	32,975,091	23,565,819
Total Revenues	118,285,647	118,243,817	119,303,156
Total Expenditures	97,764,119	91,234,559	90,114,752
Contribution	(38,234,181)	(36,418,530)	(36,988,869)
Surplus/(Deficit)	**(17,712,653)**	**(9,409,272)**	**(7,800,465)**
Ending Fund Balance	**32,975,091**	**23,565,819**	**15,765,354**

Multi-Year Projection – Restricted General Fund

Restricted General Fund - Second Interim			
	2024-25	2025-26	2026-27
Beginning Fund Balance	26,844,713	-	-
Total Revenues	47,474,521	31,682,390	31,022,523
Total Expenditures	112,553,415	68,100,920	68,011,392
Contribution	38,234,181	36,418,530	36,988,869
Surplus/(Deficit)	**(26,844,713)**	-	-
Ending Fund Balance	-	-	-

One Time Funds and Balances

Program	Expiration	Carryover
Arts, Music, & Instr Matls Discretionary	June 30, 2026	$ 4,430,378
Classified School Employees PD	N/A	$ 46,880
Educator Effectiveness	September 30, 2026	$ 963,845
Kitchen Infrastructure Grant - FY 22 Grant	June 30, 2025	$ 615,538
LCRS - Literacy Coaches and Reading Specialists Grant (Aptitud)	June 30, 2027	$ 450,000
LCSSP - Learning Communities for School Success Prg	December 31, 2026	$ 990,840
Learning Recovery Emergency Block Grant	June 30, 2028	$ 93,058
SB 117 COVID-19 LEA Rspnse Fds	N/A	$ 83,129
SEL Wellness Center	June 30, 2026	$ 3,555,000
LCFF Equity Multiplier (Chavez)	June 30, 2024	$ 51,578
ELOP - Expanded Learning Opportunities Program	June 30, 2025	$ 11,288,890
Lottery	N/A	$ 983,267
Prop 28 - Arts & Music in Schools	June 30, 2026	$ 1,301,864
Local Donations (various)	N/A	$ 501,223
Medi-Cal Billing Option	N/A	$ 1,084,863
Russo Outdoor Equity Grant	June 30, 2026	$ 370,059
SPED Early Intervention Preschool Grant	N/A	$ 34,301
Total Carryover		**$ 26,844,713**

Multi-Year Projection - Combined General Fund (Unrestricted & Restricted)

Combined General Fund - Second Interim			
	2024-25	2025-26	2026-27
Beginning Fund Balance	77,532,457	32,975,091	23,565,819
Total Revenues	165,760,168	149,926,207	150,325,679
Total Expenditures	210,317,534	159,335,479	158,126,144
Surplus/(Deficit)	(44,557,366)	(9,409,272)	(7,800,465)
Ending Fund Balance	32,975,091	23,565,819	15,765,354
Reserve for Economic Uncertainty	6,309,526	4,780,064	4,743,784
	3%	3%	3%

Multi-Year Projection - Combined General Fund Without School Closures or Staffing Reductions

Combined General Fund - Second Interim with no Reductions			
	2024-25	2025-26	2026-27
Beginning Fund Balance	77,532,457	32,975,091	11,987,829
Total Revenues	165,760,168	149,926,207	150,325,679
Total Expenditures	210,317,534	170,913,469	171,011,585
Surplus/(Deficit)	(44,557,366)	(20,987,262)	(20,685,906)
Ending Fund Balance	32,975,091	11,987,829	(8,698,077)
Reserve for Economic Uncertainty	6,309,526	5,127,404	5,130,348
	3%	3%	3%
Short			(13,828,425)

Considerations – Not Included in Second Interim MYP

- **Future Revenue** - Repurposing of excess facilities to generate leasing revenue or possible sale/land swap of excess facilities.

- **Expenditures** – Negotiations are not settled for the current year or future years, therefore, raises and/or off salary schedule increases are not included in the multi-year projection.

	ARUSD - Salary Increases Summary				
	2020-21	**2021-22**	**2022-23**	**2023-24**	**Total**
On-Going (AREA)	0.00%	3.25%	5.00%	8.20%	**16.45%**
On-Going (Others)	0.00%	3.25%	5.00%	7.10%	**15.35%**
One-Time (AREA)	0.00%	3.00%	0.00%	0.00%	**3.00%**
One-Time (Others, not AREA)	0.00%	3.00%	0.00%	2.00%	**5.00%**
One-Time in $ (All)	2,000	-	-	-	**2,000**

- **Expenditures** – Transition costs are estimated at $200,000 each for FY 24-25 and FY 25-26. Actual costs may be higher or lower.

Other Potential Surprises (Good and Bad)

- COLA for the out years may change
- ADA may decrease due to school closures
- Potential Litigation
- Special Education MOE (Maintenance of Effort) Considerations
- Uncertainty regarding federal funding
- The Governor's Proposed Budget includes a one time discretionary block grant

Next Steps/Future Considerations

- March 2025 – Approve Second Interim Report (Budget as of 01/31/25)
- March to May 2025 – FY 2025-26 Budget Development
- May 2025 – Third Interim Report (Budget as of 04/30/25)
- May 2025 – Governor's May Revise
- June 2025 – Public Hearing for FY 2025-26 Budget and LCAP
- June 2025 – Adoption of FY 2025-26 Budget and LCAP

Thank you and Questions



Appendix

Multi-Year Projection – Unrestricted General Fund

	UNRESTRICTED GENERAL FUND		
	2024-25 Second Interim	2025-26 Projected	2026-27 Projected
BEGINNING FUND BALANCE	**50,687,744**	**32,975,091**	**23,565,819**
LCFF	106,946,778	107,665,101	108,827,243
State	2,210,680	2,114,638	2,031,852
Local	9,128,189	8,464,078	8,444,061
TOTAL REVENUES	**118,285,647**	**118,243,817**	**119,303,156**
Certificated Salaries	47,591,395	44,058,383	43,290,464
Classified Salaries	15,587,196	13,320,225	13,259,493
Employee Benefits	27,584,038	24,442,731	24,080,649
Books and Supplies	2,404,783	2,404,783	2,404,783
Services and Other Operating Expenditures	12,909,149	11,541,860	11,629,379
Capital Outlay	51,904	51,904	51,904
Other Outgo	39,000	39,000	39,000
Other Outgo - Indirect Costs	(8,403,346)	(4,624,327)	(4,640,920)
TOTAL EXPENDITURES	**97,764,119**	**91,234,559**	**90,114,752**
Contribution	(38,234,181)	(36,418,530)	(36,988,869)
Surplus/(Deficit)	**(17,712,653)**	**(9,409,272)**	**(7,800,465)**
ENDING FUND BALANCE	**32,975,091**	**23,565,819**	**15,765,354**

Multi-Year Projection – Restricted General Fund

	RESTRICTED GENERAL FUND		
	2024-25 First Interim	2025-26 Projected	2026-27 Projected
BEGINNING FUND BALANCE	**26,844,713**	-	-
LCFF	-	-	-
Fed	8,445,945	6,732,385	6,592,462
State	37,364,501	24,237,613	23,725,786
Local	1,664,075	712,392	704,275
TOTAL REVENUES	**47,474,521**	**31,682,390**	**31,022,523**
Certificated Salaries	20,431,971	17,921,434	18,190,255
Classified Salaries	13,880,717	13,404,843	13,671,939
Employee Benefits	21,000,032	18,270,749	18,462,343
Books and Supplies	18,977,889	1,459,249	1,316,701
Services and Other Operating Expenditures	27,626,279	10,187,137	9,496,053
Capital Outlay	-	-	-
Other Outgo	2,679,160	2,679,160	2,679,160
Other Outgo - Indirect Costs	7,957,367	4,178,348	4,194,941
TOTAL EXPENDITURES	**112,553,415**	**68,100,920**	**68,011,392**
Contribution	38,234,181	36,418,530	36,988,869
Surplus/(Deficit)	**(26,844,713)**	-	-
ENDING FUND BALANCE	-	-	-

Multi-Year Projection – Combined General Fund

	UNRESTRICTED/RESTRICTED GENERAL FUND		
	2024-25 Second Interim	2025-26 Projected	2026-27 Projected
BEGINNING FUND BALANCE	**77,532,457**	**32,975,091**	**23,565,819**
Local Control Funding Formula (LCFF)	106,946,778	107,665,101	108,827,243
Federal Revenue	8,445,945	6,732,385	6,592,462
Lottery Revenues	1,411,255	1,369,775	1,274,500
Other State Revenues	38,163,926	24,982,476	24,483,138
Other Local Revenues	10,792,264	9,176,470	9,148,336
TOTAL REVENUES	**165,760,168**	**149,926,207**	**150,325,679**
Certificated Salaries	68,023,366	61,979,817	61,480,719
Classified Salaries	29,467,913	26,725,068	26,931,432
Employee Benefits	48,584,070	42,713,480	42,542,992
Books and Supplies	21,382,672	3,864,032	3,721,484
Services and Other Operating Expenditures	40,535,428	21,728,997	21,125,432
Capital Outlay	51,904	51,904	51,904
Other Outgo	2,718,160	2,718,160	2,718,160
Indirect Costs	(445,979)	(445,979)	(445,979)
TOTAL EXPENDITURES	**210,317,534**	**159,335,479**	**158,126,144**
Surplus/(Deficit)	**(44,557,366)**	**(9,409,272)**	**(7,800,465)**
ENDING FUND BALANCE	**32,975,091**	**23,565,819**	**15,765,354**