

First Interim Budget for Fiscal Year 2025-2026

December 9, 2025

Agenda

- **Background and timeline**
- **Updated Budget Assumptions**
- **2025-2026 Budget Update**
 - **General Fund**
 - **Multi-Year Projections**
 - **Staffing**
- **Update on Special Education**
- **Fiscal Outlook**
- **Upcoming Key Dates**

Background

- **First Interim presents the clearest picture of the district's budget**
- **Personnel budgets are up to date with all current-year positions filled or encumbered.**
- **New employees have made their medical selections**
- **Contracts are signed and encumbered**
- **Three months of actual data (payroll, benefits, operating expenditures) helps refine financial assumptions**

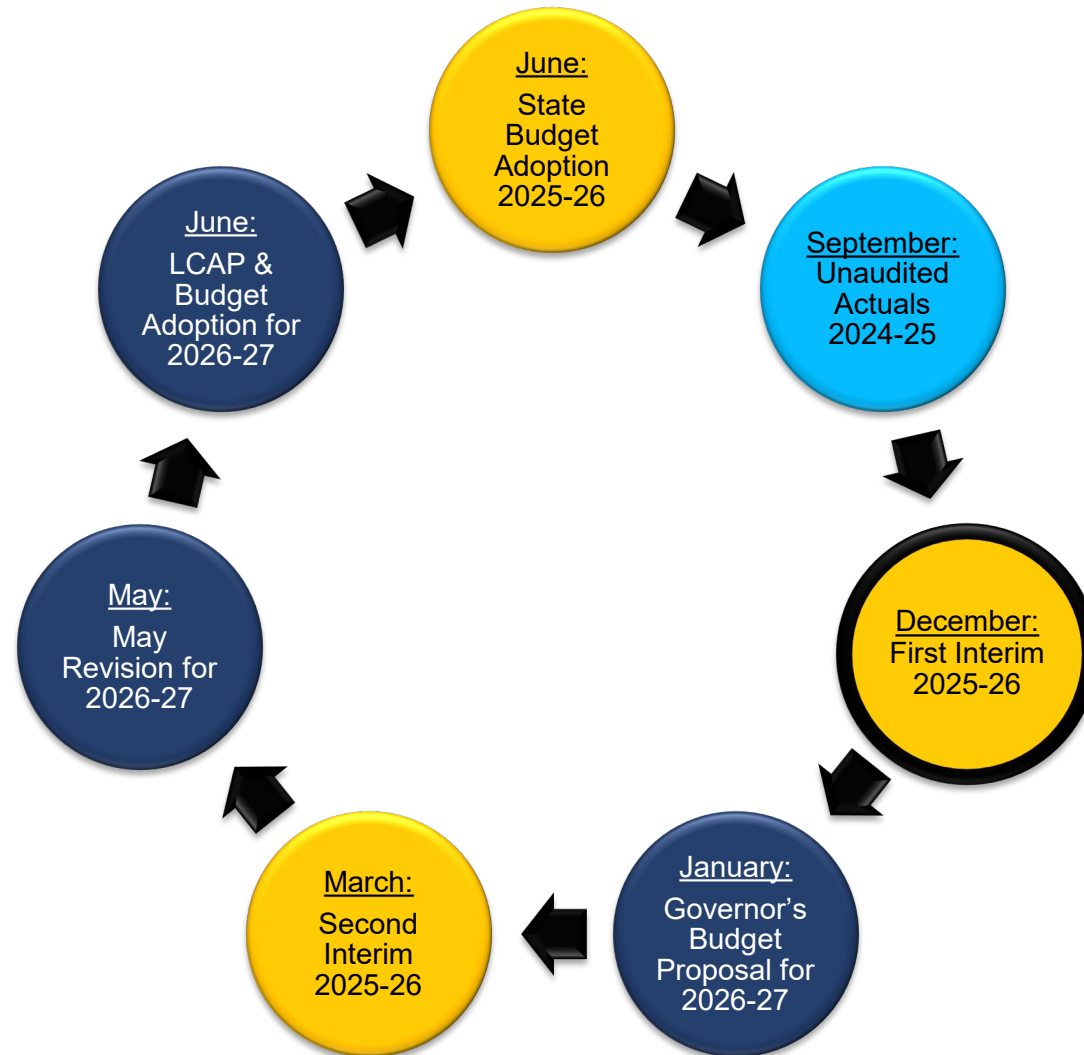
Background

- **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 2025-26, 2026-27, and 2027-28 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.

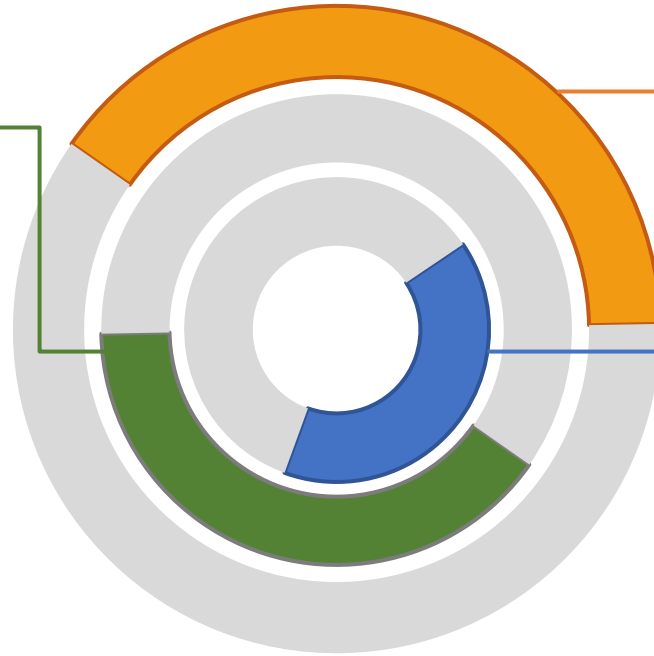
Timeline



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.

Cost of Living Adjustment (COLA)

Year	COLA at Adoption	COLA at First Interim	LAO's Projection
2025-26	2.30%	2.30%	2.30%
2026-27	3.02%	3.02%	2.51%
2027-28	3.42%	3.42%	3.7%
2028-29	3.31%	3.31%	4.0%

Enrollment Projections

Year	Actual Enrollment
2014-15	9,499
2015-16	9,454
2016-17	9,481
2017-18	9,502
2018-19	9,383
2019-20	9,372
2020-21	9,070
2021-22	8,707
2022-23	8,838
2023-24	9,061
2024-25	9,292
2025-26	9,342

- Assuming flat enrollment for 2026-27
- 2% decline in 2027-28
- Funded ADA will stay flat

Year	Projected Enrollment	ADA @ 94.3%	Funded ADA
2025-26	9,342	8,810	8,810
2026-27	9,342	8,810	8,810
2027-28	9,155	8,633	8,810

Summary of Assumptions

Categories	Source	2024-25 Actual	2025-26 Projected MYP Year 1	2026-27 Projected MYP Year 2	2027-28 Projected MYP Year 3
District Enrollment	CALPADS/Projection	9,292	9,342	9,342	9,155
ADA - Actual/Projected		8,805	8,810	8,810	8,633
Actual ADA as a %age of Enrollment		94.8%	94.3%	94.3%	94.3%
Funded ADA-Actual/Projected		8,805	8,810	8,810	8,810
Funded ADA as a %age of Enrollment		94.8%	94.3%	94.3%	96.2%
Unduplicated EL/FRPM Count		3,486	3,630	3,630	3,557
Unduplicated EL/FRPM Percentage		38%	38%	38%	39%
Measure B1 Parcel Tax		\$12.5M			
Measure A Parcel Tax		\$10.5M			
Measure E Parcel Tax			\$24.0M	\$24.0M	\$24.0M
COLA	ACOE	1.07%	2.30%	3.02%	3.42%
Increase in LCFF Base/Deficit Factor		0.00%	0.00%	0.00%	0.00%
Increase in Consumer Price Index (CPI)		3.07%	3.42%	2.98%	2.77%
State Teacher's Retirement System	ACOE	19.1%	19.1%	19.1%	19.1%
Public Employee Retirement System	CalPERS	27.1%	26.8%	26.4%	26.9%
Deferred Maintenance Budget	AUSD	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000

Revised Budget for FY 2025-2026

	Unrestricted		Restricted		Total
	Totally Unrestricted	LCFF Supplemental	Special Education	All Other	General Fund
REVENUES					
LCFF Revenue	\$ 111,444,164	\$ -	\$ 917,432	\$ -	\$ 112,361,596
Federal Categorical Revenue	-	-	2,421,240	1,842,596	4,263,836
State Categorical Revenue	1,935,599	-	3,043,306	14,788,982	19,767,887
Parcel Tax	23,928,929	-	-	-	23,928,929
Local Revenue	2,253,103	-	7,955,178	2,205,833	12,414,114
Total Revenues	\$ 139,561,795	\$ -	\$ 14,337,156	\$ 18,837,411	\$ 172,736,362
EXPENDITURES					
Certificated Salaries	\$ 48,592,383	\$ 4,550,058	\$ 12,872,216	\$ 3,940,952	\$ 69,955,609
Classified Salaries	13,996,841	905,476	5,403,672	3,761,853	24,067,842
Benefits	22,224,184	1,775,493	6,771,343	8,725,685	39,496,705
Books & Supplies	3,378,412	39,235	195,719	2,937,819	6,551,185
Services & Op. Expenses	11,985,720	298,515	17,969,990	6,773,887	37,028,112
Capital Outgo & Transfers	(2,575,528)	613,071	2,461,331	1,350,439	1,849,313
Total Expenditures	\$ 97,602,012	\$ 8,181,848	\$ 45,674,271	\$ 27,490,635	\$ 178,948,766
Other Sources (Uses)	\$ (45,214,205)	\$ 7,701,825	\$ 31,138,554	\$ 5,992,023	\$ (381,803)
Net Inc. (Dec) in Fund Bal.	\$ (3,254,422)	\$ (480,023)	\$ (198,561)	\$ (2,661,201)	\$ (6,594,207)
Beginning Balance	\$ 31,118,091	\$ 2,246,467	\$ 111,006	\$ 18,811,139	\$ 52,286,703
Ending Balance	\$ 27,863,669	\$ 1,766,444	\$ (87,555)	\$ 16,149,938	\$ 45,692,496

Multiyear Projections - Unrestricted General Fund

Official First Interim Submission

Line	Description	2025-26	2026-27	2027-28
		Proposed Amount (Millions)	Projected Amount (Millions)	Projected Amount (Millions)
A	Beginning Fund Bal., July 1	\$ 33.36	\$ 29.63	\$ 24.50
B	Revenues	\$ 139.56	\$ 142.91	\$ 146.88
C1	Expenditures	\$ 105.78	\$ 108.61	\$ 110.15
C2	Contribution to Restricted Programs	\$ 37.51	\$ 39.43	\$ 40.35
D = B-C	Increase (Decrease) in Fund Balance	\$ (3.73)	\$ (5.13)	\$ (3.62)
E = A+D	Projected Ending Bal., June 30	\$ 29.63	\$ 24.50	\$ 20.88
F	Assignments/Commitments	\$ 2.91	\$ 2.91	\$ 2.91
G = E-F	Unassigned/Unappropriated Ending Fund Balance	\$ 26.72	\$ 21.59	\$ 17.97

Multiyear Projections - Unrestricted General Fund

MYP for Long-term Commitments with Multiyear Drawdown

Line	Description	2025-26	2026-27	2027-28
		Proposed Amount (Millions)	Projected Amount (Millions)	Projected Amount (Millions)
A	Beginning Fund Bal., July 1	\$ 33.36	\$ 31.70	\$ 28.64
B	Revenues	\$ 139.56	\$ 142.91	\$ 146.88
B1	Transfer from Res & Disc. Block Grant	\$ 2.07	\$ 2.07	\$ 2.07
C1	Expenditures	\$ 105.78	\$ 108.61	\$ 110.15
C2	Contribution to Restricted Programs	\$ 37.51	\$ 39.43	\$ 40.35
D = B-C	Increase (Decrease) in Fund Balance	\$ (1.66)	\$ (3.06)	\$ (1.55)
E = A+D	Projected Ending Bal., June 30	\$ 31.70	\$ 28.64	\$ 27.09
F	Assignments/Commitments	\$ 2.91	\$ 2.91	\$ 2.91
G = E-F	Unassigned/Unappropriated Ending Fund Balance	\$ 28.79	\$ 25.73	\$ 24.18

Multiyear Projections - Unrestricted General Fund

MYP for Long-term Commitments – Drawdown Options

Line	Description	2025-26	2026-27	2027-28
		Proposed Amount (Millions)	Projected Amount (Millions)	Projected Amount (Millions)
A	Beginning Fund Bal., July 1	\$ 33.36	\$ 34.63	\$ 29.50
B	Revenues	\$ 139.56	\$ 142.91	\$ 146.88
B1	Transfer from Res & Disc. Block Grant	\$ 5.00	\$ -	\$ 1.21
C1	Expenditures	\$ 105.78	\$ 108.61	\$ 110.15
C2	Contribution to Restricted Programs	\$ 37.51	\$ 39.43	\$ 40.35
D = B-C	Increase (Decrease) in Fund Balance	\$ 1.27	\$ (5.13)	\$ (2.41)
E = A+D	Projected Ending Bal., June 30	\$ 34.63	\$ 29.50	\$ 27.09
F	Assignments/Commitments	\$ 2.91	\$ 2.91	\$ 2.91
G = E-F	Unassigned/Unappropriated Ending Fund Balance	\$ 31.72	\$ 26.59	\$ 24.18

Multiyear Projections - Unrestricted General Fund

MYP for Long-term Commitments – What if the COLA drops?

Line	Description	2025-26	2026-27	2027-28
		Proposed Amount (Millions)	Projected Amount (Millions)	Projected Amount (Millions)
A	Beginning Fund Bal., July 1	\$ 33.36	\$ 31.70	\$ 28.14
B	Revenues	\$ 139.56	\$ 142.91	\$ 146.88
B1	Transfer from Res & Disc. Block Grant	\$ 2.07	\$ 2.07	\$ 2.07
B2	What if 26-27 COLA drops to 2.5%?		\$ (0.50)	\$ (0.30)
C1	Expenditures	\$ 105.78	\$ 108.61	\$ 110.15
C2	Contribution to Restricted Programs	\$ 37.51	\$ 39.43	\$ 40.35
D = B-C	Increase (Decrease) in Fund Balance	\$ (1.66)	\$ (3.56)	\$ (1.85)
E = A+D	Projected Ending Bal., June 30	\$ 31.70	\$ 28.14	\$ 26.29
F	Assignments/Commitments	\$ 2.91	\$ 2.91	\$ 2.91
G = E-F	Unassigned/Unappropriated Ending Fund Balance	\$ 28.79	\$ 25.23	\$ 23.38

Fund Balance Commitments

Purpose	Justification	Fund 1	Fund 17	Total
LCFF Supplemental	Approximate carryover from 2024-25 to 2025-26 per Education Code 42238.07	\$ 1,860,203		\$ 1,860,203
Potential Uninsured Claims	To cover legal and settlement costs related to uninsured liability	1,000,000		1,000,000
Revolving Fund	Revolving Fund set-aside	50,000		50,000
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		8,998,032	8,998,032
State Reserve Requirement	3% reserve mandated by the State		5,248,243	5,248,243
Health Benefits	Set-aside for already negotiated contribution to health benefits		9,500,000	9,500,000
Total Commitments		\$ 2,910,203	\$ 23,746,275	\$ 26,656,478

Full Time Equivalent (FTE) Employees

Employee Category	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26 Adoption								
Certificated Non-Management	542	520	518	507.0	531.4	548.0	563.0	+ 13.4 =	Increase from June 2025	=	2025-26 First Interim	Changes Funded By:			
Classified Non-Management	332	306	296	326.3	340.7	352.0	357.0		(2.3)				Unrestricted	Restricted	SPED
Certificated Management	39	40	40	41.0	45.1	42.0	42.0		15.7						
Classified Management	19	18	19	18.8	18.8	18.8	18.8		-						
									-						
Total FTE	932	884	873	893.1	936.0	960.8	980.8	13.4			994.2	(2.3)	2.3	13.5	
No of Students	9,372	9,070	8,707	8,838	9,061	9,292	9,292				9,342				

Full Time Equivalent (FTE) Employees

FTE Employee Count after removing positions funded by one-time funds

Employee Category	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26 First Interim	FTE Reductions Starting			
								2026-27	2027-28	2028-29	Net After Reductions
Certificated Non-Management	542	520	518	507.0	531.4	548.0	560.7	(6.2)	(0.7)	(0.2)	553.6
Classified Non-Management	332	306	296	326.3	340.7	352.0	372.7	(4.4)	(3.0)	(0.8)	365.3
Certificated Management	39	40	40	41.0	45.1	42.0	42.0		(2.0)	(1.0)	39.0
Classified Management	19	18	19	18.8	18.8	18.8	18.8				18.8
Total FTE	932	884	873	893.1	936.0	960.8	994.2	(10.6)	(5.7)	(2.0)	976.7

Full Time Equivalent (FTE) Employees

Approximately 28 additional FTE in 2024-25, as compared to 2019-20, for about the same number of students

Year	FTE	No of Students
2019-20	932	9,372
2024-25	994	9,342
Funded through one-time funds	(18)	
TK Classrooms (2 staff members)	(16)	
Total Adjusted FTE	960	9,342

Positions and Programs Funded Using One-Time Funds

- The order and timing of position eliminations may change based on Board's direction
- Availability of other funding sources may also change the timeline

Program	25-26	26-27	27-28	28-29	Positions?	26-27	27-28	28-29
Expanded mental health contract	X	X	X					
LGBTQ Liaison	X	X	X		Yes	(0.50)		(0.20)
Expanded secondary counseling	X	X	X		Yes			
Program Manager - Intervention Leads	X	X	X		Yes			(0.50)
Ed. Services coordinator	X	X	X		Yes			(0.60)
Elementary math stipends	X	X	X					
Campus Security Otis for Construction	X	X	X		Yes			(0.75)
Wellness Resource & SEL Counselor	X	X			Yes		(2.00)	
Literacy Framework & Grading Policy	X	X						
Addl. Site admin support for SPED	X	X			Yes		(1.00)	
Addl. Site admin support for Lincoln	X	X			Yes		(1.00)	
Arts teacher at Maya Lin	X	X			Yes		(0.70)	
Student advisor/mentor (Equity Office)	X	X			Yes		(1.00)	
Multiyear tutoring pool	X	X						
Psychologist	X				Yes	(0.70)		
Teacher induction program	X				Yes	(3.00)		
TSA Special Education	X				Yes	(1.00)		
AHS Coordinator	X				Yes	(1.00)		
Addl. Campus security at EHS & AHS	X				Yes	(1.75)		
Campus Security Earhart	X				Yes	(0.75)		
Campus Security WMS for Construction	X				Yes	(0.88)		
Teen parenting program	X				Yes	(1.00)		

Learning Recovery Block Grant (LRBG) - Extension

- **Accelerate progress to close learning gaps through the implementation, expansion, or enrichment of evidence-based learning supports**
- **Approx \$700K in one-time funds**
- **Must spend by June 30, 2028**
- **Must include in the Local Control Accountability Plan (LCAP)**
 - **Must conduct a new student needs assessment prior to expending funds based on the LCAP**

Special Education – Budget by Expenditure Type

- 500K increase in overall budget
- Reduction of 5.2M in salaries and benefits
- Increase of 6.1M in services

Expenditure Type	Amount 25-26	Amount 25-26	Change from
	(Adoption)	(First Interim)	Adoption -
			Increase
			(Decrease)
(millions)			
Certificated Salaries	\$ 14.23	\$ 13.11	\$ (1.12)
Classified Salaries	8.12	5.40	(2.72)
Employee Benefits	9.28	7.88	(1.41)
Books & Supplies	0.42	0.19	(0.23)
Services	11.85	17.97	6.12
Other Outgo	2.66	2.46	(0.20)
Total	\$ 46.56	\$ 47.01	\$ 0.45

Special Education - Services

- The district started the 2025-26 school year with \$11.8 million budgeted in contracted services to provide special education services
- The amount will be adjusted at each interim as additional services are identified and contracts are executed.

Contract Type	Amount 25-26 (Adoption)	Amount 25-26 (First Interim)
	(millions)	
Mental Health	\$ 3.34	\$ 2.78
Non-Public Schools	3.00	2.79
Student Transportation	2.67	1.72
Misc. Contracts	1.85	2.33
Legal Expenses	0.30	0.30
Non-Public Agencies	0.25	6.88
Speech Services	0.23	1.08
Independent Education Evaluation	0.12	0.06
Student Assessments	0.10	0.04
Total	\$ 11.85	\$ 17.97

Special Education – Budget by Operational Area

- Overall expenditure categories are not impacted.
- Services delivered or performed to support implementation of IEPs have not changed.

Expenditure Type	25-26	25-26 (First	Change from
	(Adoption)	Interim)	Adoption - Increase (Decrease)
Amount (millions)			
Instruction	\$ 33.09	\$ 34.75	\$ 1.66
Instruction Supervision	2.34	\$ 1.95	(0.39)
Support Services:			
Counseling Services	1.21	1.33	\$ 0.12
Psychological Services	3.58	3.77	\$ 0.19
Health Services	0.90	0.91	\$ 0.01
Transportation	2.79	1.85	\$ (0.94)
Indirect Cost	2.66	2.46	(0.20)
	\$ 46.57	\$ 47.02	\$ 0.45



Special Education – Staffing

Position Title	2023-24	2024-25	2025-26
Full Time Equivalent (FTE)			
Teachers	95.03	98.80	98.90
Paraprofessionals	127.13	129.43	140.74
Support Staff			
Behaviorist	5.00	5.00	6.00
Psychologist	15.60	16.00	18.00
Occup. Therapist	5.00	5.00	5.60
Transition Svc. Spl.	1.00	0.50	0.50
Clerical Staff	2.88	2.88	2.88
Administrative Staff	5.00	5.00	5.00
Total	256.64	262.61	277.62

District Employees	Contracted Employees	Vacancies
2025-26 Full Time Equivalent (FTE)		
92.00	6.60	0.30
70.99	69.75	
6.00		
17.50	0.50	
5.00	0.60	
0.50		
1.88		1.00
5.00		
198.87	77.45	1.30

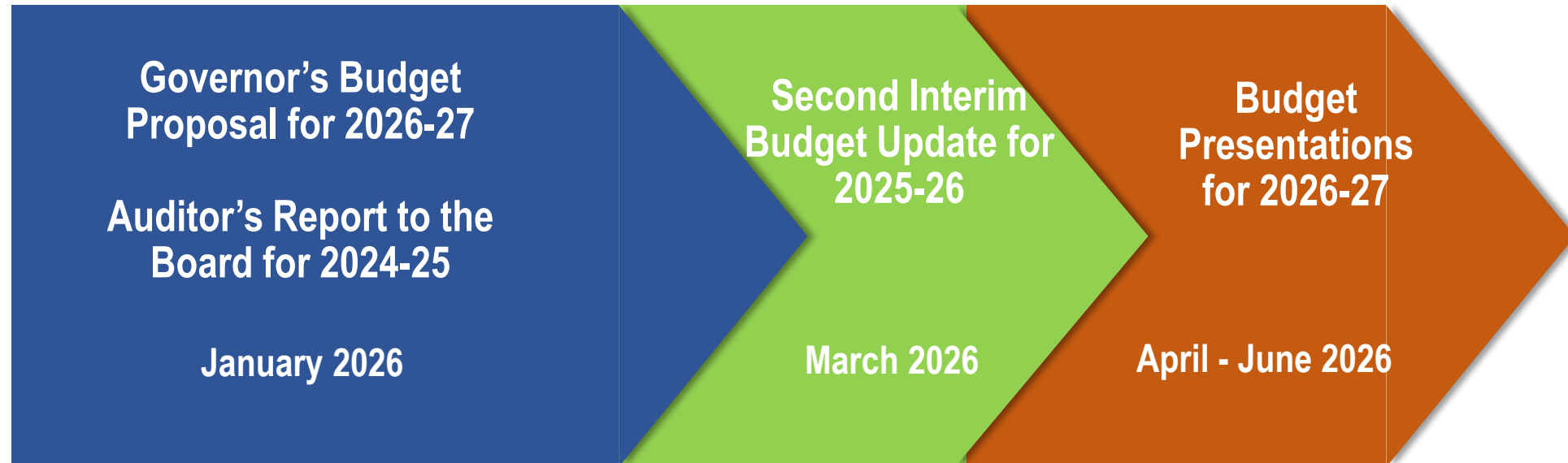
District is spending approximately \$1 million more on contracted employees than it would on hiring its own employees.

State Fiscal Outlook for 2026-27

Legislative Analyst's Office (LAO) report (issued November 2025):

- **Funded COLA for 26-27 expected to drop from 3.02% to 2.51%**
- **Short-term surplus in 24-25 may result in significant additional one-time funding for school districts**
 - **One-time funds are not for ongoing salaries and services**
 - **Use for one-time costs, such as facility upgrades**
- **Long-term deficit warning**

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	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