

Budget for School Year 2025-2026

Family-Friendly Guide to AUSD's Budget

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Budget Overview

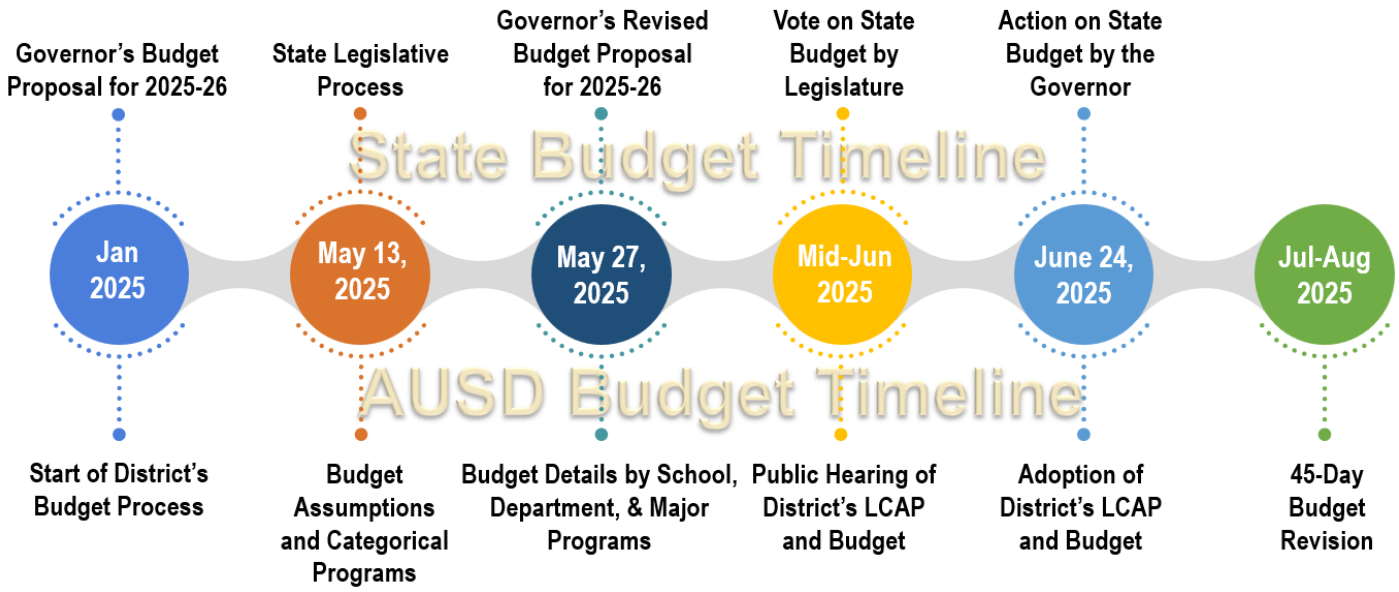
What is a budget?

The budget is a policy document that reflects the philosophy of the Board of Education, the administration, and the education community. The budget is a guiding financial plan for meeting the Board's goals and objectives for the fiscal year and guides administrative decisions and actions throughout the year. The budget represents the total estimated revenues and the maximum expenditure authorized by the Board for the fiscal year. The budget is a living, changing document and is updated continuously. Staff presents at least two budget updates to the Board annually. These are called the First and the Second interim reports. The district's fiscal year starts on July 1 and ends on June 30.

Budget timeline

The district's budget timeline spans from December to August and includes the following:

1. August – February
    a. Stakeholder engagement. In all ten meetings were held for the 2025-26 budget
2. December:
    a. Enrollment projections for the next year are created, and preliminary staffing allocations are shared with school sites and the budget office.
    b. School sites receive their discretionary allocations.
3. January:
    a. The Governor releases the State's initial budget proposal. This is used to create initial revenue projections for the school district
    b. Principals submit their discretionary budgets for the following year.
4. February:
    a. The Human Resources department prepares initial layoff notices based on FTE allocation and the principal's use of discretionary funds for the following year.
5. March – April:
    a. The State legislatures evaluate the Governor's proposal and prepare their own priorities.
6. May:
    a. Revenue estimates are further refined when the Governor releases the revised budget proposal in May.
    b. District staff presents budget assumptions and allocations to the Board of Education
7. June:
    a. The budget is made available to the public for review
    b. Public hearing on the LCAP and the budget at the first meeting in June
    c. Adoption of the LCAP and the budget at the second meeting in June



Budget Goals

The goals for the 2025-26 budget proposal are:

1. Implementation of long-term strategic plan
2. Implementation of
    a. Short-term operational goals listed in the LCAP for 2025-26
    b. 2024-25 salary negotiated agreement
        i. One-time funds are used to increase healthcare contribution. Need to absorb in the ongoing budget
        ii. Keep making investments in employee compensation and healthcare costs
        iii. Extend one-time investments used for various short-term programs.
3. Contingency planning

Multiyear Projections (MYP):

The budget package also includes multiyear projections for the two subsequent fiscal years. The MYP shows a comprehensive 3-year financial picture. For the budget to be approved by the Alameda County Office of Education, the district must demonstrate that it can meet its financial obligations for the next three years.

The MYP is not an economic forecast. The MYP shows the impact of present decisions on the finances of future years. The multiyear projections are refined and updated at each interim report. Interim periods provide an opportunity to check assumptions, especially for enrollment, and the ability to explore alternate scenarios by adjusting assumptions.

You may review the district's MYP (slide 18) by clicking here.

Types of Funds:

General Fund

The general fund has two sections:

1. The "unrestricted general fund" accounts for the district's day-to-day operations. Approximately 84% of the general fund, or about $138.4 million, is unrestricted.
    a. Approximately 80% of the unrestricted general revenue, $110.2 million, comes from the State under the Local Control Funding Formula (LCFF), which is based on average daily attendance (ADA).
    b. The citizens of Alameda raise approximately 17% of the unrestricted general fund revenue, $24.0 million, through Measure E parcel tax.

2. The "restricted general fund" includes specialized funding to provide supplemental services. In fiscal year 2025-26, AUSD (Alameda Unified School District) estimates to receive $27.2 million in restricted funds. These funds are primarily generated by the number of students who receive special education services, qualify for free or reduced-price meals, or are English Learners.

A summary of AUSD's general fund revenue can be found on slides number 11 of the June 10, 2025, presentation.

Reserve Fund

The district's reserve fund is equivalent to an individual's savings account. The school district depends on the State for most of its funding. More than half of the revenue collected by the State comes from personal income taxes, and about 1% of California earners pay about 50% of the personal income tax. The State's reliance on so few wealthy individuals makes the state revenue very volatile. In general, the reserve funds help shield against the boom-bust cycle in state funding.

Alameda Unified also depends heavily on local parcel tax revenue. Parcel taxes are subject to a citizen's vote every nine years and often face litigation. Additional reserve funds provide a cushion in case parcel tax is not renewed in a timely manner.

A summary of AUSD's reserve fund can be found on slide number 15 of the December 9, 2025, presentation.

REVENUE

Revenue Assumptions

The district's revenue is built around a set of basic assumptions. The State gives some of the factors, and others are defined locally by the district. Assumptions for fiscal year 2025-26 are:

1. Student enrollment and attendance projections

    The key component of estimating future unrestricted general fund revenue is student enrollment and corresponding average daily attendance (ADA). The ADA is a measurement of the number of times a student is in presence during the school year. The district's enrollment dropped by about 600 students during the COVID-19 pandemic. The district is assuming an enrollment of 9,292 students for 2025-26, with a 2% decline for 2026-27 and 2027-28. The following table summarizes the enrollment and ADA estimates for the next three years:

Description	2024-25 (Actual)	2025-26 (Projected)	2026-27 (Projected)	2027-28 (Projected)
Student Enrollment	9,292	9.292	9,106	8,924
ADA percentage	94.8%	94.8%	94.8%	94.8%
ADA Count	8,805	8.805	8,630	8,457
ADA Funded Count	8.805	8,805	8,805	8,746

2. Cost-of-living adjustment (COLA):

The cost-of-living adjustment is an increase in the school district's revenue to account for the rise in prices of goods and services purchased by state and local governments from one fiscal year to the next. The COLA increases assumed in the 2025-26 budget and three-year MYP are summarized in the following table:

Description	2024-25 (Actual)	2025-26 (Projected)	2026-27 (Projected)	2027-28 (Projected)
Cost of living adjustment (COLA)	1.07%	2.30%	3.02%	3.42%

Revenue Types

Local Control Funding Formula – Base (LCFF/B)

The district receives most of its revenue from the State of California (the State) through LCFF Base revenue. In simple terms, LCFF Base revenue is calculated based on a state-determined dollar amount multiplied by the average number of students attending during the school year. LCFF/B, as the name suggests, is to provide base or core services across the district.

LCFF-Supplemental (LCFF/S)

Like LCFF/B, LCFF/S revenue is provided by the State. However, instead of total enrollment, LCFF/S is a state-determined dollar amount multiplied by the unduplicated count of students who qualify for free or reduced-priced meals (FRM), are in foster care, are unhoused, or are English Learners (EL).

LCFF/S funds must be spent to provide supplemental services over and above the district's core programming. Slides 47-48 summarize the proposed expenditures for the fiscal year 2025-26:

Federal Sources

AUSD receives a small portion of its overall revenue from the Federal government. The two biggest federal programs in AUSD are Title I and Revenue to provide Special Education (SPED) services. Federal sources are considered categorical programs.

Other State Sources

In addition to LCFF/B and LCFF/S, the State provides various funds for specific programs. These are also referred to as "restricted" or "categorical" programs, as each funding stream has its own rules and regulations on usage.

Other Local Revenue

Other Local Revenue primarily consists of the transfer of special education funds from the North Region SELPA to the district. This category also includes local grants and donations.

Slide 25-46 covers federal, other State, and local revenue sources.

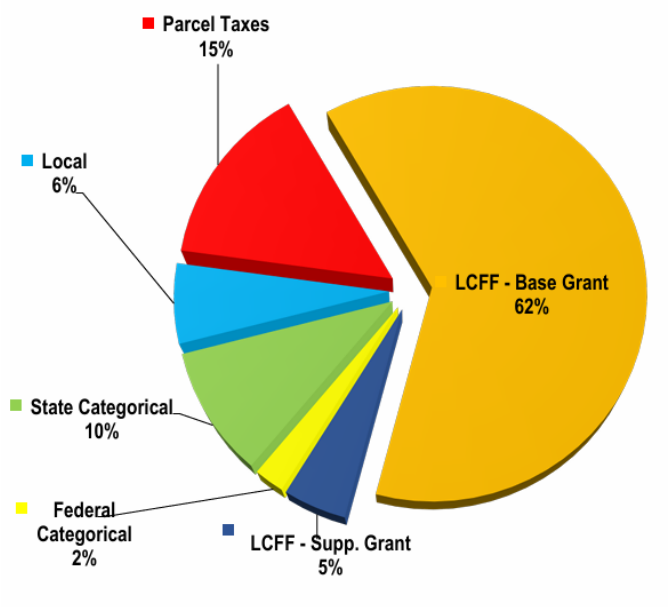
Parcel Tax

The parcel tax is one of the few ways for school districts to increase local funding within the restrictions imposed by the passage of Proposition 13 in 1978. AUSD's Measure E parcel tax is estimated to generate $24.07 million in annual revenue during 2025-26.

Parcel tax revenue is accounted for in the district's unrestricted general fund and is primarily used for employee salaries. Measure E started in 2025-26, and will sunset in 2033-34.

The following table and pie chart provide details of the district's projected general fund revenue for fiscal year 2025-26.

Description	Amount (Millions)
LCFF Base Grant	$103.5
LCFF Supplemental Grant	7.7
Federal Revenue	3.7
Other State Revenue	16.5
Other Local Revenue	10.3
Parcel Taxes	24.0
Total	**$165.7**



EXPENDITURES

The district spends funds on employee salaries, benefits, purchasing supplies, contracting for services, utilities, and building maintenance. Employee salaries are the largest single expenditure type in the district's budget. The district's expenditure budget is based on assumptions made by the district, such as enrollment, or on factors calculated by outside organizations, such as pension rates or consumer price index.

Expenditure Assumptions

Staffing allocations

Staffing formulas define the basic staffing needed to provide core services. Core services are funded using the unrestricted general fund. Determining core staffing allows the district to use categorical funds to provide supplemental services. Staffing allocations for 2025-26 are listed on slides 12 through 16 of the May 13, 2025 presentation.

Cost of Step and Column Movement

The term "step and column movement" refers to the annual increase in compensation for certificated staff who complete additional education and training and stay with the district. The total cost of step and column movement is calculated by adding the increase for all employees and adjusting it against the difference in salary between retiring employees and their replacements.

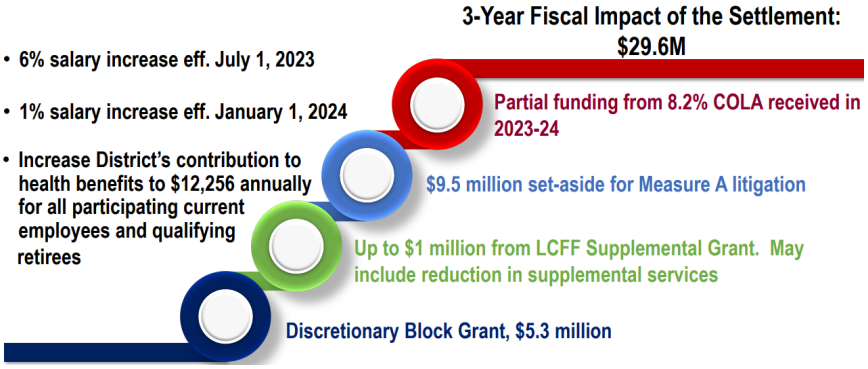
A similar concept applies to classified employees; however, it only accounts for years with the district and does not add additional salary for additional education.

The following table summarizes the cost of step and column built in the multiyear projections:

Employee Group	2025-2026	2026-2027	2027-2028
Certificated employees	$-	$187,637	$740,134
Classified employees	-	292,410	295,128
Total	-	$480,047	$1,035,262

Collective bargaining costs

The district and its three bargaining units are settled for fiscal year 2024-25. Negotiations for 2025-26 were not concluded at the time of 2025-26 budget adoption. The following slide from April 16, 2024, and May 14, 2024, presentation summarizes the 2023-24 bargaining unit agreements:

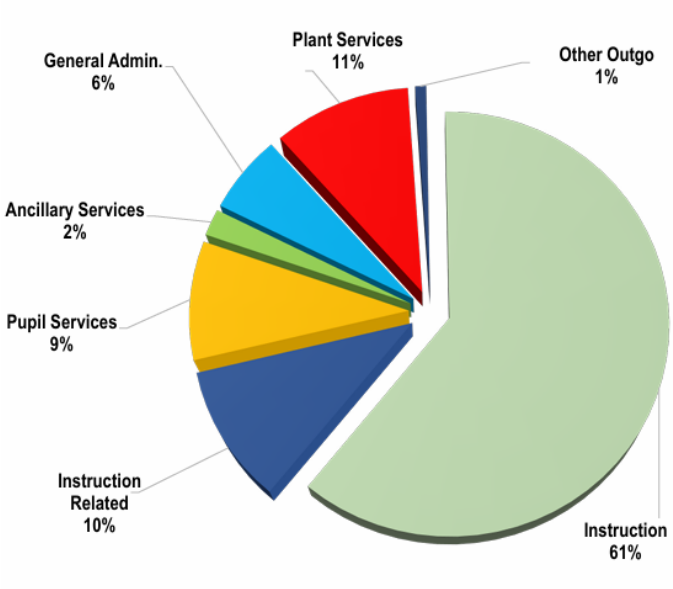


Expenditures by category and type

The district spends most of its funds on instruction, instruction-related services, and pupil services, which are primarily provided by the district's staff. However, the district has struggled to hire qualified employees, and replacement contracted teachers hired add additional pressure on the budget. This trend is more prevalent in providing special education services.

The following table summarizes expenditure by type of service:

Services	Total
Instruction	$106,670,060
Instruction Related	18,127,862
Pupil Services	15,882,471
Ancillary Services	3,614,954
General Administration	10,580,373
Maintenance & Custodial	18,268,490
Transfer between Agencies	1,415,411
Total	174,559,621



School-site budgets

The district follows a hybrid budgeting model under which:

- All schools receive a base allocation that includes classroom teachers, secondary school counselors, custodial, clerical, food services, and administrative staff to support a school's projected enrollment.
- The central office provides and maintains textbooks, instructional materials, and classroom and student technology.
- Some supplemental services, such as instructional coaches and instruction leads, are managed centrally, and some supplemental funds are passed on to school sites for individual principals and their communities to manage. The school site council typically approves site-based discretionary supplemental funds.

- Schools receive unrestricted discretionary funds to provide classroom and office supplies (paper, pencil, duplication)

Slides 12 through 33 of May 27, 2025, presentation cover budgets for each school with summary pages for elementary, middle, and high schools.

Special Education budget

The 2025-26 budget includes $44.8 million to provide special education services. These services are funded through the following four sources:

Description	Amount (Millions)
Federal revenue	$2.28
State revenue	11.66
Contribution from unrestricted general fund	30.85
Total	**$44.79**

After a steady decline over the past few years, the number of students receiving special education services has increased to pre-pandemic levels. The following tables summarizes the student count across various grade spans:

Grade span	2021-22	2022-23	2023-24	2024-25
Infants & Preschool	82	90	94	76
TK-12 grades	1,010	1,050	1,064	1,101
Adult Transition	33	34	34	25
Total Students	1,125	1,174	1,192	1,202

Like regular education, most of the special education budget is used for employee salaries. However, a disproportionate amount is spent on services using contractors. The following table gives a breakdown of special education budget by category:

Expenditure Category	Employees (Full Time Equivalent – FTE)	Amount (millions)
Certificated salaries		
Permanent positions	124	$13.35
Hourly & substitute		.64
Longevity stipends		.16
Classified salaries		
Permanent positions	144	7.55
Hourly & substitute		.56
Benefits		8.22
Supplies		.42
Services		11.84
Other outgo		2.65
Total	250	$45.39

The following table gives a breakdown of $11.87 million in services listed in the above table:

Type of Service	Amount (millions)
Mental Health	$3.34
Non-Public Schools	3.00
Student Transportation	2.66
Misc. Contracts	1.85
Legal Expenses	.30
Non-Public Agencies	.25
Speech Services	.22
Independent Education Evaluation	.12
Student Assessments	.10
Total	$11.84

For fiscal year 2025-26, the budget proposal is approximately $38K per student receiving special education services. The employee-to-student ratio in the special education department is 4.4 students to 1. In fiscal year 2022-23, the district spent approximately $6.2 million more on special education than other Alameda County school districts after normalizing the difference in student counts.

Slide 34 through 39 of the May 27, 2025 presentation provides additional details of the special education expenditures.

Department Budgets

The May 27, 2025, presentation includes the budget for each department on slides 40 through 56.

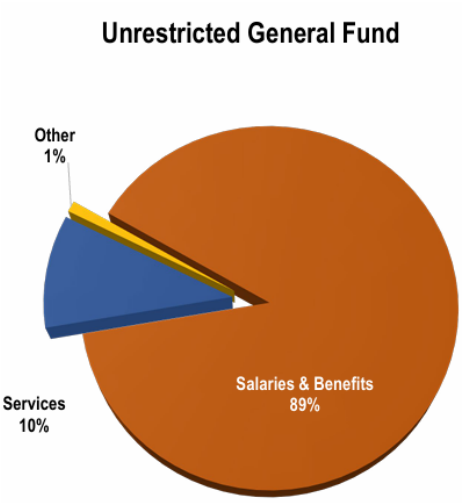
Categorical programs

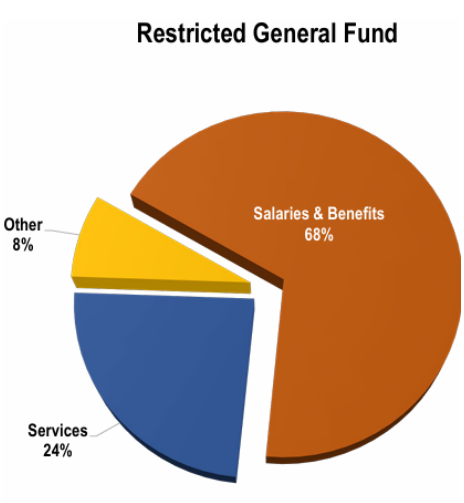
The list of categorical programs AUSD qualifies for and their intended usage is on Slides 25 through 46 of the May 13, 2025, presentation.

Summary of Expenditures

The following table provides a summary view of proposed expenditures for 2024-25

Expenditure Category	Unrestricted	LCFF Supplemental	Special Education	Categorical	Total
	(millions)				
Certificated Salaries	51.50	4.51	13.99	2.35	72.35
Classified Salaries	14.75	.90	8.11	3.86	27.62
Benefits	23.35	1.74	8.17	8.32	41.55
Supplies	3.30	.05	.42	1.38	5.15
Services	10.67	.28	11.84	3.94	26.73
Capital Exp & Transfers	-2.95	.6	2.65	.71	
Total	$100.62	$8.08	$45.18	$20.56	$174.44





Glossary:

Certificated Salaries:

Teachers, librarians, counselors, nurses, psychologists, principals, certificated administrators at the district office, superintendent

Classified Salaries

Paraprofessionals, behavior specialists, occupational therapists, custodians, food service workers, maintenance staff, health aides, clerical staff, classified administrators

Benefits

Contribution to retirement systems, health benefits, social security, medicare, unemployment insurance, worker's compensation, post-employment benefits

Supplies

Textbooks, classroom supplies, office supplies, computers, testing materials

Services

Insurance, utilities (disposal, pest, alarm, gas, water, electricity, sewage, telephone, internet, software, settlements, transportation

Instruction

Activities dealing directly with the interaction between teachers and students

Instruction related

Library and Media teachers, school administration, staff development for teachers

Pupil services

Counselors, Psychologists, student transportation, health services

Ancillary services

After-school services, athletics

General administration

Fiscal Services, Technology Services, Insurance, Human Resources

Maintenance & custodial

Utilities (Electricity, natural gas, water, sewage, storm runoff, pest control, garbage, etc.), custodians, maintenance workers

Transfers between agencies

Transfers between public agencies, such as transfer of property tax to charter schools