Alum Rock Union Elementary School District

2026-27 Budget Update

November 12, 2026

Presented by: Teresa DeCelles, Asst. Supt., Business Services

Enrollment Projections

- FY 2025-26: 6,758 + 37 COE = 6,795 (489 decrease from PY)
- FY 2026-27: 6,321 + 37 COE = 6,358 (467 decrease from PY)
- FY 2027-28: 6,009 + 37 COE = 6,046 (312 decrease from PY)
- FY 2028-29: 5,716 + 37 COE = 5,753 (293 decrease from PY)

- Based on SchoolWorks 2024/25 Demographics and Enrollment Projections (September 2024)

What's Changed Since Adopted Budget – Negotiated Agreements

- Alum Rock has reached a negotiated agreement with the Alum Rock Educators Association (AREA) for Fiscal Years 2025-26 and 2026-27, including salary and benefits increases.
- Teamsters and CSEA employees will receive the same salary and benefits increases pursuant to the respective bargaining unit agreements' "me too" provisions.
- Unrepresented management and non-management employees will also receive the same salary and benefits increases, consistent with the District's past compensation practices.
- **Full-Day Kindergarten:** Beginning in Fiscal Year 2027-28, the AREA Tentative Agreement provides for full-day Kindergarten and includes a Kindergarten Paraeducator for 290 minutes per day.

Salary and Benefits Increases

- **Fiscal Year 2025-26:** 3% ongoing salary schedule increase, effective July 1, 2025.
- **Fiscal Year 2026-27:** 2% ongoing salary schedule increase, effective July 1, 2026.
- **Fiscal Year 2026-27:** 1% one-time, off-schedule payment, paid in two installments:
  - 0.5% on December 10, 2026
  - 0.5% on June 10, 2027
- **Health and Welfare Benefits:** Effective October 2026, the District's contribution will increase from 85% to 90%, reducing the employee contribution from 15% to 10%.

Cost of Salary and Benefits Increases

	2025-26	2026-27	2027-28	2028-29
Cost of 3% Raise effective FY 2025-26	3,155,914	3,155,914	3,155,914	3,155,914
Cost of 2% Raise effective FY 2026-27		2,104,266	2,104,266	2,104,266
Cost of 1% off salary schedule		1,073,176		
Cost of Benefits Increase to 90%		923,542	923,542	923,542
Total Per Year	**3,155,914**	**7,256,898**	**6,183,722**	**6,183,722**
Cumulative Cost		10,412,812	16,596,534	22,780,256

Salary and benefits increases for FY 25-26 and FY 26-27 will be funded by the Student Support and Professional Development Discretionary Block Grant of $8 million and a one time insurance settlement of $3.7 million.

Adopted Budget Multi-Year Projection – Unrestricted General Fund

Unrestricted General Fund	2026-27	2027-28	2028-29
Beginning Fund Balance	**34,235,768**	**30,248,952**	**24,366,036**
Total Revenues	120,223,401	118,822,526	115,481,367
Total Expenditures	(91,042,272)	(90,150,736)	(90,073,316)
Routine Repair & Maintenance Contribution (3%	(4,627,508)	(4,627,508)	(4,627,508)
Special Education Contribution	(28,290,437)	(29,677,198)	(30,212,978)
Interfund Transfer Out	(250,000)	(250,000)	(250,000)
Surplus/(Deficit)	**(3,986,816)**	**(5,882,916)**	**(9,682,435)**
Ending Fund Balance	**30,248,952**	**24,366,036**	**14,683,601**
3% Reserve for Economic Uncertainty	**4,627,760**	**4,590,520**	**4,587,200**
	MET	**MET**	**MET**

What's Changed Since Adopted Budget - Revenues

- Include the 1.44% COLA increase from the Governors Budget.
  - Alum Rock estimates that the 14 weeks of paid pregnancy disability leave covered by the 1.44% COLA is already adequately budgeted in substitute costs and therefore, no additional budget was added.
- Include $3.7 million one time insurance proceeds.

- Student Support and Professional Development Block Grant:
  - FY 2025-26 allocation of $2.1M will be included in the First Interim Restricted Fund Carryover.
  - FY 2027-28 allocation of $5.9M will be included in the First Interim Restricted Fund as a new grant.

Multi-Year Projection – Unrestricted General Fund Revenues

Unrestricted General Fund Revenues				
		2026-27	2027-28	2028-29
Beginning Fund Balance		**34,235,768**	**34,612,221**	**23,331,008**
Total Revenues		120,223,401	118,822,526	115,481,367
1.44% COLA Increase		1,446,416	1,164,425	843,542
One Time Insurance Proceeds		3,719,581	-	-
Revised Revenues		**125,389,398**	**119,986,951**	**116,324,909**

What's Changed Since Adopted Budget - Expenditures

- Include the 2025-26 and 2026-27 Salary Increases, One-time Off salary Payment and Benefits Increase.
- Transfer salary and benefits increases to the Student Support and Professional Development Block Grant.
- Include cost of Kindergarten Paraeducators included in AREA negotiations starting in Fiscal Year 2027-28.

Multi-Year Projection – Unrestricted General Fund Expenditures

Unrestricted General Fund Expenditures	2026-27	2027-28	2028-29
Total Expenditures	(91,042,272)	(90,150,736)	(90,073,316)
2025-26 3% Salary Increase	(3,155,914)	-	-
2026-27 2% Salary Increases, 1% Off Salary Payment and Benefits Increase	(7,256,898)	(6,183,722)	(6,183,722)
Transfer to Student Support Block Grant	8,110,084		
Additional Kinder Paraeducators	-	(1,379,000)	(1,379,000)
Revised Expenditures	(93,345,000)	(97,713,458)	(97,636,038)

What's Changed Since Adopted Budget – Special Education Contribution

Reduction in Special Education Contribution:

- **Paraeducator Vacancies:** The District's Special Education contribution has been reduced to reflect paraeducator vacancies being covered by contracted services, resulting in estimated savings of approximately $1,000,000.

- **FY 2025-26 SELPA Revenue Refund:** SCCOE had excess Block Grant revenue above the 2% reserve permitted under SELPA policy. The excess funds were refunded to participating districts, and Alum Rock received approximately $713,000.

Multi-Year Projection – Unrestricted General Fund Expenditures

Unrestricted General Fund Expenditures			
	2026-27	2027-28	2028-29
Special Education Contribution	(28,290,437)	(29,677,198)	(30,212,978)
Reduction in SpEd Contribution	1,700,000	1,000,000	1,000,000
Revised Special Education Contribution	**(26,590,437)**	**(28,677,198)**	**(29,212,978)**

Revised Multi-Year Projection – Unrestricted General Fund

Unrestricted General Fund Revenues	2026-27	2027-28	2028-29
Beginning Fund Balance	**34,235,768**	**34,812,221**	**23,531,008**
Total Revenues	120,223,401	118,822,526	115,481,367
1.44% COLA Increase	1,446,416	1,164,425	843,542
One Time Insurance Proceeds	3,719,581	-	-
Revised Revenues	**125,389,398**	**119,986,951**	**116,324,909**
Total Expenditures	(91,042,272)	(90,150,736)	(90,073,316)
2025-26 3% Salary Increase	(3,155,914)	-	-
2026-27 2% Salary Inc, 1% Off Salary, Benefits Inc	(7,256,898)	(6,183,722)	(6,183,722)
Transfer to Student Support Block Grant	8,110,084		
Additional Kinder Paraeducators	-	(1,379,000)	(1,379,000)
Revised Expenditures	**(93,345,000)**	**(97,713,458)**	**(97,636,038)**
Routine Repair & Maintenance Contribution (3%)	(4,627,508)	(4,627,508)	(4,627,508)
Special Education Contribution	(28,290,437)	(29,677,198)	(30,212,978)
Reduction in SpEd Contribution	1,700,000	1,000,000	1,000,000
Revised Special Education Contribution	**(26,590,437)**	**(28,677,198)**	**(29,212,978)**
Interfund Transfer Out	(250,000)	(250,000)	(250,000)
Surplus/(Deficit)	**576,453**	**(11,281,213)**	**(15,401,615)**
Ending Fund Balance	**34,812,221**	**23,531,008**	**8,129,393**
3% Reserve for Economic Uncertainty	**4,627,760**	**4,590,520**	**4,587,200**
	MET	**MET**	**MET**

Thank you and Questions

