

# Report on Budget Priorities, Challenges, and Constraints for 2024 and Beyond

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Pasquale Scuderi, Superintendent  
January 9, 2023



# Governor's Budget Expected January 10

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Areas we will be watching:

- Projected Cost of Living Adjustment FY 24-25
- Projected Cost of Living Adjustment FY 25-26
- Any new restricted or categorical money (block grants, 1x allocations, etc.) for education



# Multiple Budget Components to Manage in 2024

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- California State Revenue is down \$68 billion for Fiscal Year 24-25.
- Reduction in projected Cost of Living Adjustment\* from 3.94% to 1% means about \$5 million less for Alameda Schools in 24-25.
- Currently in negotiations with employee groups for compensation
- If local parcel tax measures are not renewed in March of 2024\*\*, District will need to present \$12 million in proposed cuts to the county office by June of 2024 (to be in effect for 25-26 school year).

\* Governor's budget expected January 10, 2024

\*\* Additional details presented on January 9 and January 24 to Board of Education



# Contingency Timeline: April 2024 - Nov. 2024

	April '24	May '24	June '24	July '24	Aug. '24	Sept. '24	Oct. '24	Nov. '24
If parcel tax <u>IS</u> approved in March 2024	Budget stabilized and new annual state revenue becomes focus.							
If parcel tax is <u>NOT</u> approved in March 2024	Develop list of reductions = to \$12 million begins and ongoing							Second attempt at renewal of parcel tax
	Planning begins for second election in Nov. '24							
		List of reductions is further analyzed and discussed						

# Contingency Timeline: Dec. 2024 - July 2025

	Dec. '24	Jan. '25	Feb. '25	March '25	April '25	May '25	June '25	July '25
If parcel tax <u>IS</u> approved in March '24	Budget stabilized and new annual state revenue becomes focus.							
If parcel tax is <u>NOT</u> approved in March 2024	Planning for implementation of cuts begins							\$12 million in reductions <u>IN EFFECT</u> for August 2025
	Discussion of third attempt to pass parcel tax begins and ongoing							
	Layoff notices related to reductions generated							
	Layoff notices to Board							
	Layoff notices issued to employees							



# Second Stream of Local Revenue Expires in June 2027

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- Measure A (passed in March 2020) provides an additional \$10 million dollars annually.
- Revenue is exclusively used to support salaries.



# IF Closing a \$12 Million Dollar Shortfall Becomes Necessary (Expiration of Measure B1 in June 2025)



District Office and Service Cuts



Position and Program Cuts at Schools



School Closures or Consolidations



Increased Class Sizes K-3

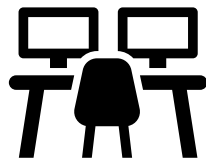


Salary Rollbacks or Multi-Year Salary Freezes



# If Closing a \$12 Million Dollar Shortfall Becomes Necessary

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## District Office and Service Cuts

- Reductions in District staff will have impact on school support or services at school sites.
- AUSD runs proportionately smaller district office than county average.
- Proportionately much leaner than SFUSD and other larger districts.



# If Closing a \$12 Million Dollar Shortfall Becomes Necessary

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## Position and Program Cuts at Schools

- Reductions in positions that support literacy, teacher practice, counseling services, mental health services
- Some support/service/enrichment dollars may need to absorb some general operating costs if a revenue loss this large materializes.



# If Closing a \$12 Million Dollar Shortfall Becomes Necessary



## School closures or consolidations

- Preliminary analysis would begin February of 2024.
- Initial process would begin IF local tax revenue was not extended in March election.
- Criteria to be used in deciding which schools to consolidate or close would include: enrollment, condition of school facility, operating cost of school, capacity of school to accommodate additional students, demographic balance, and other factors.



# If Closing a \$12 Million Dollar Shortfall Becomes Necessary



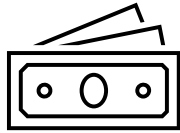
## Increased Class Sizes in Grades K-3\*

- Current class sizes of 25:1 in grades K-3 would increase to 30:1 or 32:1.
- This would result in \$1.8 million to \$2.5 million in reduced costs.

*\* Must be negotiated with AEA*



# If Closing a \$12 Million Dollar Shortfall Becomes Necessary



## Salary Rollbacks or Multi-Year Salary Freezes\*

- Freezes would mean utilizing all or at least a significant portion of any new annual revenue from the state to backfill the lost local revenue.
- The length and impact of this remedy would also depend on projected new revenue from the state over-time.

*\* Must be negotiated with all bargaining groups*



# Significant One-Time Monies

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Dollars that can supported limited term projects but will not provide relief for ongoing expenses and staffing costs

- LCFF Supplemental Carryover
  - Possible investments at Ruby Bridges
  - Possible investments to boost UC/CSU Eligibility Rates for African-American High School Students
  - Continued support of AVID program
- Arts, Music, and Block Grant (currently held in reserve)



# Local Control Accountability Planning Continues Despite Variables

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- Planning and process for a new 3-year Local Control Accountability Plan (LCAP) will continue
- Obviously, significant adjustments may be necessary given the fiscal variables at hand
- LCAP summary process shared on September 26, 2023