



## I. HISTORY:

The District has been in financial hardship for nearly 20 years. Approximately 15 years ago the District paid a consultant to review finances and received the recommendation to close two (2) schools. In the past, the board focused more on increasing revenue and not on budget reductions.

Since at least 2012, AUSD has experienced well-documented declining enrollment and fiscal concerns, with continuous deficit spending in the General Fund. Since 2020 there have been annual budget reductions to attempt to “right-size” the budget to fit the reduced student population and meet all necessary compliance requirements, however *as enrollment continues to shrink and costs continue to rise, AUSD is projected to be in a negative fund balance by the fiscal year 2023-2024.*

In working with the Placer County Office of Education (PCOE) at each interim budget report, *it has continuously been recommended that the District consolidate school campuses and address the structural deficit in the annual budgets.*

## II. PRESENT FISCAL CHALLENGES AND HOW THEY WILL BE ADDRESSED:

On December 15, 2021, AUSD approved and adopted a First Interim Budget Report that was certified as a “Qualified” budget, **meaning that the District may not be able to meet its financial obligations over the next three years.** Even so, the First Interim Budget allocated \$1.5 million in ongoing expenditure reductions for the Fiscal Year 2022-23 and an additional \$1.5 million in 2023-24, which would then total \$3 million in ongoing budget reductions.

As such, PCOE reviewed the First Interim Report and on January 14, 2022, submitted a letter to the District outlining the concerns with the Qualified status, recommendations, and **a requirement for a Fiscal Recovery Plan and Resolution to be adopted by the AUSD Board of Trustees by March 15, 2022.**

### **Fiscal Recovery Plan Elements:**

- The District must implement sufficient reductions to resolve the ongoing structural budget deficit, which is also projected to increase in future years.
- AUSD is at risk of fiscal insolvency if the required reductions are not implemented for the 2022-23 and 2023-24 fiscal years.



- The Fiscal Recovery Plan (FRP) includes both negotiable and non-negotiable items.
- Additional reductions will be required to eliminate deficit spending and achieve fiscal solvency.

### **2021-22 First Interim Report:**

The financial status of the 2021-22 First Interim Report projected ongoing reductions of expenses in two upcoming fiscal years as a placeholder in order to balance the budget, as well as satisfy the state-mandated 3% reserve and avoid fiscal insolvency. See Appendix A.

### **Budget Reductions Implemented To Date**

Since adopting a Qualified budget, the District has taken on the task of beginning to look at budget reductions and how those can be implemented. **To date the District has:**

- Moved expenses to one time State and Federal funding in order to alleviate pressure on the General Fund;
- Restructured Child Nutrition Director position resulting in cost savings;
- Enacted a Budget Committee with representatives from all school sites and the District office
- Evaluating Child Nutrition program for streamlined practices and cost savings measures.

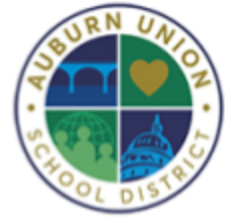
An explanation of our District contribution to this program can be found in Appendix C.

## **III. PROPOSED STUDENT-CENTERED RECOVERY PLAN**

The District believes that students should be at the heart of all decisions and that we must work collaboratively to protect funding for core academic programs and services. As we continue this work, we are guided by our core values and reminded that these values are not limited to our students, but should be applied when making decisions related to our employees. The District has identified proposed budget reductions necessary to save our schools from insolvency. **While these are estimates, it will likely require additional negotiated cuts in order to bring the District to a Positive status.**

### **Fiscal Recovery Plan:**

- The District has formed a Budget Committee to review the financial standing of the District and to cultivate recommendations.



- Members were recruited by site principals and department leads.
- They were asked to speak to other unit members, the community, and employees in order to gather suggestions.
- There were a great number of repeated recommendations that totaled a significant amount toward overall reductions. The chart in Appendix B shows the summary of Budget Committee recommendations.
- The Fiscal Recovery Plan (FRP) includes both negotiable and non-negotiable items. Savings from the non-negotiable items will reduce the deficit but **the proposed reductions alone will likely not be sufficient over the next two fiscal years, thus additional reductions will be required to eliminate deficit spending and achieve fiscal solvency.**

### Class Sizes

The District will be implementing slow increases in class sizing over the next two fiscal years to align with other districts across California:

**TK-3 - remaining at 24:1**

4-8 - increasing from 28:1 to 32:1 over the next two years

### School Site Consolidation/Grade Configuration

Due to current enrollment trends, AUSD will need to consolidate at two elementary school sites; AVCC and one other AUSD site as determined with input through the Committee process, and/or adopt a TK-8th grade school model. As previously stated, for over six years PCOE has made it clear that AUSD needs to close sites. **The District will begin the process of evaluating sites for consolidation or grade configuration at the end of this fiscal year and through the beginning of the 2022-23 fiscal year. The District will establish a committee of education and community partners as leadership engages in this process.**

Experts recommend and industry standards dictate that elementary schools have an enrollment of 400-650 students. This allows them to be fiscally whole and provide programs and enrichments to better the educational experience of their students. Research shows significant academic gains in K-8 grade span configurations vs. 6-8 grade span configurations.

The financial aspect of reconfiguring the grade levels at EV Cain Middle School is generally within the savings between the operation of an elementary site versus a middle school site. A majority of this is in the cost of administration and reduced staffing ratios of support positions. Average costs and savings

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are located within Appendix D.

### IV. SUMMARY

Utilizing the recommended budget reductions in the charts below, the District not only has the **ability to fulfill all financial obligations and maintain a positive balance in 2021-22 and over the next two fiscal years, but it also rectifies the structural deficit that the District has been experiencing for the last several interim reports.**

#### Proposed Non-Negotiable Budget Reductions 2022-23

<b>AUSD Fiscal Recovery Plan - Non-Negotiable Reductions 2022-23</b>	
Reduce Management Position	\$20,000.00
Reduce Home to School Transportation	\$559,000.00
Reduce Unrestricted Administrative Expenses 10%	\$200,000.00
Reduce Child Nutrition Director position (reduces contribution)	\$20,592.79
Change Position Funding - Mental Health Specialist	\$109,400.00
Restructure EL Coordinator Position and duties to Certificated Program Specialist	\$27,000.00
Close all sites during summers/breaks when not cleaning	\$29,380.00
Reduce 1 FTE Night Custodian	\$24,745.00
Reduce ALC Intervention Paraprofessionals - 37.6 hours	\$55,878.51
Reduce Bilingual Paraprofessionals - 112.4 hours	\$82,600.00
Reduce General Education Paraprofessionals - 184.8 hours	\$156,996.00
Reduce Elementary PE Teacher 1 FTE	\$96,593.31
Reduce .5 FTE Counselor	\$51,130.00
Reduce 4.5 Certificated FTE	\$255,217.00
<b>Total Ongoing 2022-23 Reductions</b>	<b>\$1,688,532.61</b>



The above reductions go above the noted \$1.5 million dollar goal noted in the First Interim Budget Report, however, the **Administration found it imperative that we make as many reasonable reductions as soon as possible in order to reduce the need for deeper reductions in 2023-24 and allow for minor changes to the amounts should net savings be found to need adjustments.** All expenses are “ongoing”, therefore will roll to future years until the budget can be evaluated for any reinstatement of programs or positions.

### **Proposed Non-Negotiable Budget Reductions 2023-24**

As the 2022-23 budget reductions are ongoing, they will also be reflected in the 2023-24 Fiscal Year, which then requires an additional \$1.5 million dollars minimum in budget reductions.

<b>AUSD Fiscal Recovery Plan Non Negotiable Reductions for 2023-24</b>	
Consolidation of one (1) Elementary School Site	\$590,000.00
Grade reconfiguration at EV Cain Site	\$378,000.00
Relocate Alta Vista Charter Program onto Elementary School Site (eliminates contribution)	\$270,000.00
Reduce Unrestricted Expense Budgets by 5%	\$90,000.00
Eliminate Contribution to Fund 13	\$190,000.00
Class Size Increases (4-8 grades to 32:1), Reduce 2 FTE Certificated	\$113,430.00
<b>Total Ongoing 2023-24 Reductions</b>	<b>\$1,631,430.00</b>

However, as we look two years out there is always a possibility for situations to arise where some of these reductions are not feasible. This is why it is imperative that the District engage in negotiated reductions during the 2022-23 Fiscal Year to insure full fiscal solvency. The revised Multi-Year Projections showing the estimated savings and Fund Balances are located in Appendix E.

With the adoption of this Fiscal Recovery Plan, the Auburn Union School District will be able to meet its financial obligations for the current and two subsequent years. ***These figures above, without negotiated items, show a total reduction of \$3.2 million dollars over two fiscal years.***

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## Appendix A

### Auburn Union School District First Interim 2021-22 and Multi-Year Projection

	1st Interim 2021-22				Projection 2022-23				Projection 2023-24		
	Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined
<b>Revenue</b>											
General Purpose	16,052,383	359,272	16,411,655	1	14,577,546	359,272	14,936,818	1	14,882,887	359,272	15,242,159
Federal Revenue	0	6,024,594	6,024,594		0	2,055,594	2,055,594	2	0	2,055,594	2,055,594
State Revenue	285,115	1,316,067	1,601,182		260,136	1,345,597	1,605,733		250,136	1,345,597	1,595,733
Local Revenue	297,337	1,291,355	1,588,692		288,064	1,291,355	1,579,419		288,064	1,291,355	1,579,419
<b>Total Revenue</b>	<b>16,634,835</b>	<b>8,991,288</b>	<b>25,626,123</b>		<b>15,125,746</b>	<b>5,051,818</b>	<b>20,177,564</b>		<b>15,421,087</b>	<b>5,051,818</b>	<b>20,472,905</b>
<b>Expenditures</b>											
Certificated Salaries	6,446,185	2,397,260	8,843,445	3	6,587,985	2,449,960	9,037,945	3	6,732,885	2,502,660	9,235,545
Classified Salaries	2,088,147	1,578,918	3,667,065	3	2,109,047	1,594,718	3,703,765	3	2,130,147	1,610,518	3,740,665
Benefits	2,838,003	2,388,269	5,226,272	4	3,079,733	2,487,949	5,567,682	4	3,136,043	2,519,129	5,655,172
Books and Supplies	658,721	744,359	1,403,080		658,721	444,359	1,103,080		658,721	444,359	1,103,080
Other Services & Oper. Expenses	2,722,308	4,482,090	7,204,398	2,6	2,722,308	842,969	3,565,277	2,6	2,722,308	265,041	2,987,349
Capital Outlay	0	215,000	215,000		0	215,000	215,000		0	215,000	215,000
Other Outgo 7xxx		775,653	775,653		0	775,653	775,653		0	775,653	775,653
Transfer of Indirect 73xx	(855,799)	703,743	(152,056)		(855,799)	703,743	(152,056)		(855,799)	703,743	(152,056)
Budget Savings (1x)					0	0	0		0	0	0
Cumulative Budget Reductions						0	0			0	0
<b>Total Expenditures</b>	<b>13,897,565</b>	<b>13,285,292</b>	<b>27,182,857</b>		<b>14,301,995</b>	<b>9,514,351</b>	<b>23,816,346</b>		<b>14,524,305</b>	<b>9,036,103</b>	<b>23,560,408</b>
Deficit/Surplus	2,737,270	(4,294,004)	(1,556,734)		823,751	(4,462,533)	(3,638,782)		896,782	(3,984,285)	(3,087,503)
Other Sources/(uses)		0	0		0	0	0		0	0	0
Transfers in/(out)	(243,260)	294,925	51,665		(243,260)	294,925	51,665		(243,260)	294,925	51,665
Contributions to Restricted	(3,392,519)	3,392,519	0	5	(3,560,699)	3,560,699	0	5	(3,660,379)	3,660,379	0
<b>Net increase (decrease) in Fund Balance</b>	<b>(898,509)</b>	<b>(606,560)</b>	<b>(1,505,069)</b>		<b>(2,980,208)</b>	<b>(606,909)</b>	<b>(3,587,117)</b>		<b>(3,006,857)</b>	<b>(28,981)</b>	<b>(3,035,838)</b>
Beginning Balance	3,898,120	1,242,450	5,140,570		2,999,611	635,890	3,635,501		19,403	28,981	48,384
<b>Ending Balance</b>	<b>2,999,611</b>	<b>635,890</b>	<b>3,635,501</b>		<b>19,403</b>	<b>28,981</b>	<b>48,384</b>		<b>(2,987,454)</b>	<b>0</b>	<b>(2,987,454)</b>
Revolving/Stores/Prepays	5,000		5,000		5,000		5,000		5,000		5,000
Reserve for Econ Uncertainty (3%)	815,000		815,000	6	714,000		714,000		707,000		707,000
Restricted Programs		635,890	635,890		0	28,981	28,981		0	0	0
Assigned	451,220		451,220	7	541,464		541,464		649,757		649,757
<b>Unappropriated Fund Balance</b>	<b>1,728,391</b>	<b>0</b>	<b>1,728,391</b>		<b>(1,241,061)</b>	<b>0</b>	<b>(1,241,061)</b>		<b>(4,349,211)</b>	<b>0</b>	<b>(4,349,211)</b>
<i>Unappropriated Percent</i>			<b>6.4%</b>				<b>-5.2%</b>				<b>-18.5%</b>

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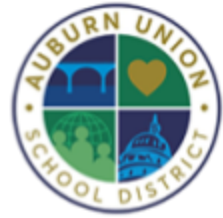
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### Appendix B

#### Summary of Reductions for AUSD Budget Committee 2022

<u>Fiscal Year 2022-23</u>	
	<u>Cost Savings</u>
Reduce Health Services Coordinator to District Nurse	\$20,000.00
Reduce Home to School Transportation General Ed	\$559,000.00
Reduce UnRestricted Department Budgets by 10%	\$200,000.00
Reduce Child Nutrition Director to Manager (reduces contribution)	\$20,593.00
Reallocate Position Funding to Restricted where applicable	\$109,400.00
Reduce EL Coordinator Position to Program Specialist	\$27,000.00
Close sites when able during summer breaks	\$29,380.00
<b>Total Assumed Savings</b>	<b>\$965,373.00</b>
<u>Fiscal Year 2023-24</u>	
Consolidate Alta Vista Charter onto other campus (reduces contribution)	\$190,000.00
Close EV Cain, convert to K-8 campus	\$378,000.00
Close smaller school site, consolidate to other campus	\$590,000.00
<b>Total Assumed Savings</b>	<b>\$1,158,000.00</b>



## **Appendix C**

### **Eliminating General Fund Contribution to Fund 13**

Fund 13 is AUSD's restricted Child Nutrition Fund that handles all food service related income and expenses. This fund was operating with a positive balance for a few years prior to the onset of COVID.

With costs of food and labor increasing, as well as the loss of various forms of revenue, one example being no sales at the snack bar at the middle school, the fund is now operating only with an approximate contribution from the General Fund of \$190,000.00.

This fiscal year the Child Nutrition Department has made changes such as:

- Reducing the title and salary of the Director to a Manager
- Ordering less pre-packaged food
- Implemented improved system to track our inventory to avoid unnecessary items
- Brought on Sodexo, a consulting firm for Food Service Departments, to provide an analysis of the program and identify potential savings, streamlined processes, and best practices

With the changes to ordering, stocking, and Sodexo's proposals we are confident that we will not only be able to reduce the General Fund Contribution to Fund 13 in 2022-23 but also be a self-sustaining program by 2023-24.



### **Appendix D**

#### **Savings for consolidating Alta Vista Community Charter to an Elementary School Site:**

Office staffing/Health Clerk	\$68,000.00
Utilities	\$38,101.00
Custodial Staff	\$57,718.00
Food Service	\$30,066.00
<b>Total</b>	<b>\$193,885.00</b>

#### **Savings for consolidating Elementary School onto another campus:**

Administrator	\$126,097.00
Office Staffing (3_	\$123,483.00
Health Clerk	\$16,077.00
Library Tech	\$12,146.00
Custodial	\$131,608.00
Utilities	\$105,100.00
Food Service Staffing	\$73,032.57
<b>Total</b>	<b>\$587,543.57</b>

#### **Savings in the conversion of Middle School to Elementary School:**

##### **Middle School Operational Costs**

Administrator	\$137,961.92
VP	\$106,264.00
Office Staffing	\$232,680.00
Health Assistant	\$44,665.00
Utilities	\$144,400.00
Custodial	\$175,075.00
Library Tech	\$14,454.00
Food Service	\$110,000.00
<b>Total</b>	<b>\$965,499.92</b>

<b>Difference between Middle/Elem</b>	<b>\$377,956.35</b>
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## Appendix E

Auburn Union School District  
Second Interim 2021-22 and Multi-Year Projection

	2nd Interim 2021-22				Projection 2022-23				Projection 2023-24		
	Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined		Unrestricted	Restricted	Combined
<b>Revenue</b>											
General Purpose	16,127,716	359,272	16,486,988	1	15,993,219	359,272	16,352,491	1	15,797,564	359,272	16,156,836
Federal Revenue	0	5,134,177	5,134,177		0	2,768,657	2,768,657	2	0	2,768,657	2,768,657
State Revenue	285,115	1,391,581	1,676,696		260,136	1,421,111	1,681,247		260,136	1,421,111	1,681,247
Local Revenue	297,337	1,291,355	1,588,692		288,064	1,291,355	1,579,419		288,064	1,291,355	1,579,419
<b>Total Revenue</b>	<b>16,710,168</b>	<b>8,176,385</b>	<b>24,886,553</b>		<b>16,541,419</b>	<b>5,840,395</b>	<b>22,381,814</b>		<b>16,345,764</b>	<b>5,840,395</b>	<b>22,186,159</b>
<b>Expenditures</b>											
Certificated Salaries	6,347,420	2,690,257	9,037,677	3	6,046,987	2,008,583	8,055,570	3	6,066,557	2,116,123	8,182,680
Classified Salaries	1,999,034	1,737,933	3,736,967	3	1,789,085	702,833	2,491,918	3	1,206,985	633,894	1,840,879
Benefits	2,683,379	2,411,786	5,095,165	4	2,684,868	1,896,802	4,581,670	4	2,366,838	1,866,624	4,233,462
Books and Supplies	622,470	1,228,110	1,850,580	3	422,470	753,661	1,176,131	3	332,470	301,892	634,362
Other Services & Oper. Expenses	2,839,782	1,939,989	4,779,771	2,3,6	2,251,402	965,143	3,216,545	2,3,6	2,251,402	94,934	2,346,336
Capital Outlay	1,762	795,000	796,762		1,762	205,000	206,762		1,762	205,000	206,762
Other Outgo 7xxx	0	787,166	787,166		0	612,166	612,166		0	612,166	612,166
Transfer of indirect 73xx	(833,825)	674,307	(159,518)		(833,825)	674,307	(159,518)		(833,825)	674,307	(159,518)
Budget Savings (1x)					0	0	0		0	0	0
Cumulative Budget Reductions					0	0	0		0	0	0
<b>Total Expenditures</b>	<b>13,660,022</b>	<b>12,264,548</b>	<b>25,924,570</b>		<b>12,362,749</b>	<b>7,818,495</b>	<b>20,181,244</b>		<b>11,392,189</b>	<b>6,504,940</b>	<b>17,897,129</b>
<b>Deficit/Surplus</b>	<b>3,050,146</b>	<b>(4,088,163)</b>	<b>(1,038,017)</b>		<b>4,178,670</b>	<b>(1,978,100)</b>	<b>2,200,570</b>		<b>4,953,575</b>	<b>(664,545)</b>	<b>4,289,030</b>
Other Sources/(uses)	26,239		26,239		26,239	0	26,239		26,239	0	26,239
Transfers in/(out)	(458,450)	294,925	(163,525)		(458,450)	294,925	(163,525)		(458,450)	294,925	(163,525)
Contributions to Restricted	(3,262,857)	3,262,857	0	5	(3,449,417)	1,031,099	(2,418,318)	5	(3,449,417)	1,031,099	(2,418,318)
<b>Net increase (decrease) in Fund Balance</b>	<b>(644,922)</b>	<b>(530,381)</b>	<b>(1,175,303)</b>		<b>297,042</b>	<b>(652,076)</b>	<b>(355,034)</b>		<b>1,071,947</b>	<b>661,479</b>	<b>1,733,426</b>
<b>Beginning Balance</b>	<b>3,898,120</b>	<b>1,242,450</b>	<b>5,140,570</b>		<b>3,253,198</b>	<b>712,069</b>	<b>3,965,267</b>		<b>3,550,240</b>	<b>59,993</b>	<b>3,610,233</b>
<b>Ending Balance</b>	<b>3,253,198</b>	<b>712,069</b>	<b>3,965,267</b>		<b>3,550,240</b>	<b>59,993</b>	<b>3,610,233</b>		<b>4,622,187</b>	<b>721,472</b>	<b>5,343,659</b>
Revolving/Stores/Prepays	5,000		5,000		5,000		5,000		5,000		5,000
Reserve for Econ Uncertainty (3%)	778,000		778,000	6	605,000		605,000		537,000		537,000
Restricted Programs Assigned		712,069	712,069	7	0	59,993	59,993	7	0	721,472	721,472
<b>Unappropriated Fund Balance</b>	<b>2,470,198</b>	<b>0</b>	<b>2,470,198</b>		<b>1,810,753</b>	<b>0</b>	<b>1,810,753</b>		<b>3,620,514</b>	<b>0</b>	<b>3,620,514</b>
Unappropriated Percent			9.5%				9.0%				20.2%