
Auburn Union School District

Adopted Budget Revisions/
45 Day Revision
2023-2024

Board presentation: August 23, 2023

What were the major reasons for revisions?

- **Changes to the State allocations for Learning Recovery Block Grant and the Arts/Music/Instructional Materials Block Grant**
 - Per Original Proposal, this was to be reduced with anticipated reduction percentages changing quickly. Currently we are estimating from trailer bill language that reductions will equal around 6%
- **Estimated Actuals - Changes to Starting Balances and Audit Adjustments.**
 - Final direction on how to post audit adjustments received *after* posting of Original Budget. Items are now adjusted in 22-23 fiscal year and correct starting balances are in system.
- **Changes to P-2 ADA and Annual ADA reporting.**
 - As this drives the estimated revenues from the LCFF Formula, corrections that were made in July were incorporated into the budget.

Changes since Adopted Budget

Changes since Adopted Budget 2023-24

	Adopted Budget 2023-24			Revised Original Budget 2023-24			Changes Adopted Budget			Note
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	
Revenue										
General Purpose	17,185,229	375,646	17,560,875	17,140,040	375,646	17,515,686	(45,189)	0	(45,189)	1
Federal Revenue	0	2,540,754	2,540,754	0	2,540,754	2,540,754	0	0	0	
State Revenue	265,176	2,942,456	3,207,632	265,176	2,942,456	3,207,632	0	0	0	
Local Revenue	450,950	1,506,295	1,957,245	450,950	1,506,295	1,957,245	0	0	0	
Total Revenue	17,901,355	7,365,151	25,266,506	17,856,166	7,365,151	25,221,317	(45,189)	0	(45,189)	
Expenditures										
Certificated Salaries	5,700,734	2,063,781	7,764,515	5,825,734	2,063,781	7,889,515	125,000	0	125,000	2
Classified Salaries	1,963,910	1,337,467	3,301,377	1,978,910	1,337,467	3,316,377	15,000	0	15,000	2
Benefits	2,662,512	2,214,996	4,877,508	2,662,512	2,214,996	4,877,508	0	0	0	
Books and Supplies	650,014	1,002,912	1,652,926	650,014	1,002,912	1,652,926	0	0	0	
Other Services & Oper. Expenses	2,636,097	3,361,280	5,997,377	2,636,097	3,361,280	5,997,377	0	0	0	
Capital Outlay	0	740,622	740,622	0	740,622	740,622	0	0	0	
Other Outgo 7xxx	0	923,805	923,805	0	923,805	923,805	0	0	0	
Transfer of Indirect 73xx	(591,520)	559,520	(32,000)	(591,520)	559,520	(32,000)	0	0	0	
Total Expenditures	13,021,747	12,204,383	25,226,130	13,161,747	12,204,383	25,366,130	140,000	0	140,000	
Deficit/Surplus	4,879,608	(4,839,232)	40,376	4,694,419	(4,839,232)	(144,813)	(185,189)	0	(185,189)	3
Other Sources/(uses)	0	0	0	0	0	0	0	0	0	
Transfers in/(out)	(150,000)	0	(150,000)	(150,000)	0	(150,000)	0	0	0	
Contributions to Restricted	(5,034,038)	5,034,038	0	(5,034,038)	5,034,038	0	0	0	0	
Net increase (decrease) in Fund Balance	(304,430)	194,806	(109,624)	(489,619)	194,806	(294,813)	(185,189)	0	(185,189)	3
Beginning Balance	3,931,921	4,841,116	8,773,037	3,221,328	4,841,116	8,062,444	(710,593)	0	(710,593)	4
Ending Balance	3,627,491	5,035,922	8,663,413	2,731,709	5,035,922	7,767,631	(895,782)	0	(895,782)	4
Revolving/Stores/Prepays	10,000	0	10,000	10,000	0	10,000	0	0	0	
Reserve for Econ Uncertainty (3%)	756,781	0	756,781	760,981	0	760,981	4,200	0	4,200	5
Restricted Programs	0	5,035,922	5,035,922	0	5,035,922	5,035,922	0	0	0	6
Assignments	386,000	0	386,000	386,000	0	386,000	0	0	0	
Unappropriated Fund Balance	2,474,710	0	2,474,710	1,574,728	0	1,574,728	(899,982)	0	(899,982)	
<i>Unappropriated Percent</i>			9.8%			6.2%				

Changes Since Adopted, Slide 2

¹ Decrease in LCFF funding due to P-2 corrections and Annual ADA Reporting

² Increases in salary/benefits from original estimations

³ Increased deficit due to less income and increased expenses

⁴ Corrected beginning fund balances from 22-23 Estimated Actuals

⁵ 3% required reserved adjusted to expenditures

⁶ Corrected beginning fund balances from 22-23 Estimated Actuals, Increase in Restricted Funding

Deficit Spending

Net Increase (decrease) In Fund Balance	(489,619)	194,806	(294,813)	(1,322,483)	(1,571,465)	(2,893,948)	(485,742)	(1,637,167)	(2,122,909)
Beginning Balance	3,221,328	4,841,116	8,062,444	2,731,709	5,035,922	7,767,631	1,409,226	3,464,457	4,873,683
Ending Balance	2,731,709	5,035,922	7,767,631	1,409,226	3,464,457	4,873,683	923,484	1,827,290	2,750,774
Revolving/Stores/Prepays	10,000		10,000	10,000		10,000	10,000		10,000
Reserve for Econ Uncertainty (3%)	760,981		760,981	742,150		742,150	735,801		735,801
Reserve for Curriculum Adoption	250,000		250,000	250,000		250,000			0
Reserve for Technology Replacement	136,000		136,000	136,000		136,000	136,000		136,000
Restricted Programs		5,035,922	5,035,922		3,464,457	3,464,457	0	1,827,290	1,827,290
			0			0			0
Unappropriated Fund Balance	1,574,728	0	1,574,728	271,076	0	271,076	41,683	0	41,683
<i>Unappropriated Percent</i>			6.2%			1.1%			0.2%

With current identified budget reductions the District is projected to continue to deficit spend which will continue to reduce the fund balance in out years.

Identified Budget Reductions

As District staff continues to work at identifying budget reductions, we have noted items on the Multi Year Projection that call out the sum of the reductions each fiscal year. Once these have been adjusted within the budget, these reduction lines can be eliminated or adjusted.

	2023-24	2024-25	2025-26
Budget Reductions - 1x Reductions	0	0	0
Budget Reductions - Ongoing	0	(786,938)	(786,938)

Detailed Budget Reductions for 2024-25

Impact of Budget Savings and Reduction Plan
on Unrestricted General Fund

<u>Ongoing Budget Reduction Plan</u>	<u>Object Code</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Eliminate Vacancies - Certificated	2000		\$ 470,822	
Eliminated Vacancies - Benefits	3000		\$ 158,521	
Eliminate Asst Supt Ed Srvc	2000		\$ 133,346	
Eliminate Asst Supt Ed Srvc - Benefits	3000		\$ 24,249	
		\$ -	\$ 786,938	\$ -

Moving reductions to 1st Interim

Staff is moving forward with noted vacancy reductions in 2023-24. This will enable us to reduce spending in this fiscal year, and allowing for less deficit spending and higher fund balance in out years. However, other reductions will still need to be pursued.

CEA Minimum - Current Expense of Education Formula

Elementary Districts 60%

Auburn Union 51.20%

Difference 8.80%

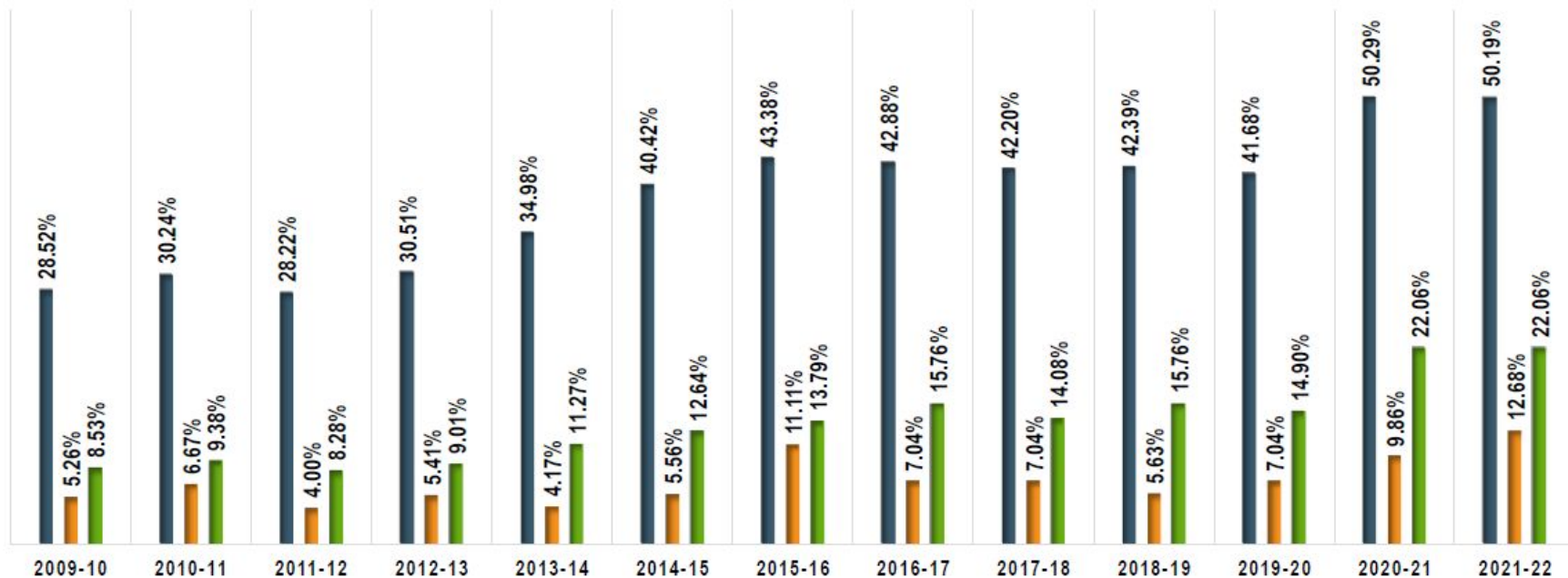
State set formula for Classroom Expenses vs. Certificated Salary and Benefits

Calculation uses both Unrestricted and Restricted. Since COVID, all District have received an influx on one time funding that skews this ratio. It is considered poor practice to use one time money for ongoing costs, such as salaries and benefits. While being good stewards of funding in one case, districts are not meeting this ratio

Are Districts Able to Meet the CEA Requirement?

Districts Not Meeting CEA Requirement

■ Elementary ■ High ■ Unified



What does the COLA really equal for AUSD with Revisions?

Year	Funded ADA*	LCFF Entitlement per ADA	Total Funds
2022-23	1513.45	\$11,245.00	\$17,147,943
2023-24	1402.16	\$12,132.00 (per LCFF calculator)	\$17,140,040
		Dollar amount decrease	(\$7,903.00)
		Percentage Change	(.046%)
*Funded ADA is average of 3 prior years, will be different than actual ADA			

Minimum Wage Increases Still Going

January 1, 2024 - \$16.00/hour

January 1, 2025 - \$16.50/hour

increases continue

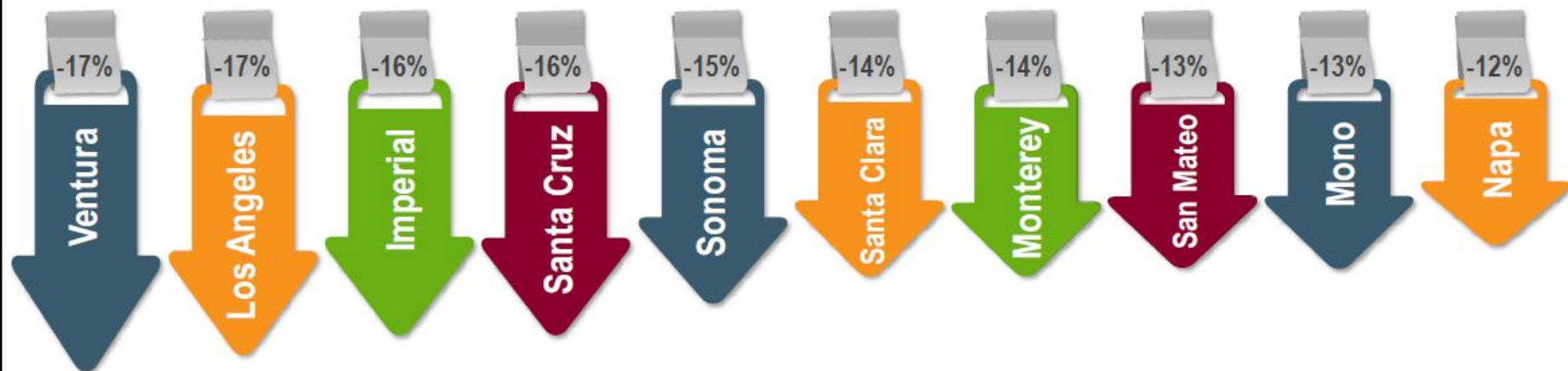
January 1, 2029 - \$18.30/hour



Here is where will we need to increase our Classified Salary Schedule, and do so to all steps to avoid compression.

Declining Enrollment Projections 2022-23 to 2031-32

- Most areas in the state are affected by declining enrollment, but to differing degrees:
- 12 counties are projected to lose 10,000 or more students between 2022-23 and 2031-32
- 18 counties will lose students at a rate faster than the statewide average of 8.27%
- Enrollment trends for each LEA are unique to the community and student populations they serve
- Enrollment trends impact the bottom line—in the current year and the out-years



Source: Department of Finance, CDE

LCFF Equity Multiplier

The Enacted Budget includes \$300 million annually for the new LCFF Equity Multiplier, an add-on to the LCFF to accelerate gains in closing opportunity and outcome gaps—COLA applied starting in 2024-25

Eligibility:

LEAs with schools with prior-year nonstability rate >25% and prior-year socioeconomically disadvantaged pupil rate >70%

- Excludes nonclassroom-based charter schools

Allocation:

Funding allocated per student, using school's total prior-year adjusted cumulative enrollment

- Minimum of \$50,000 per eligible school

Nonstability Rate:

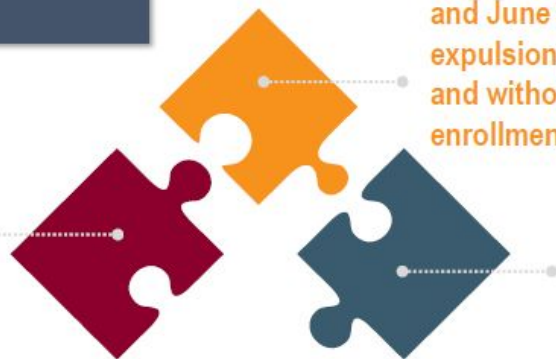
Percentage of students who are either enrolled for less than 245 continuous days between July 1 and June 30 of the prior year, or exited from a school between July 1 and June 30 due to truancy, expulsion, or for unknown reasons and without stable subsequent enrollment at another school

Socioeconomically Disadvantaged:

- Neither parent has a high school diploma
- Eligible for federal free or reduced-price meals
- Meets federal "migratory child" definition
- Homeless child
- Foster youth
- Enrolled in county juvenile court school

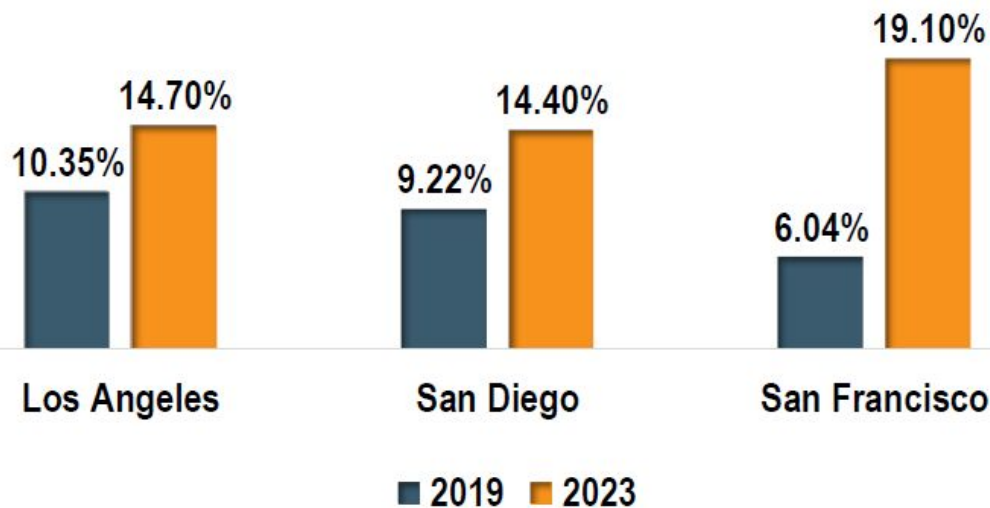
Adjusted Cumulative Enrollment:

Any enrollment with a start date in the school year



Commercial Real Estate Crisis

Office Vacancy Rate



- Office vacancy rates have increased
- Decreased demand for commercial property undermines property values
- As commercial property debts mature, some owners will have trouble refinancing with buildings worth less than the value of loans
- \$1.5 trillion in commercial mortgages is due for repayment before the end of 2025

Budgeting and State Calendar

December 2023 - State to receive next flow of tax revenue

December 15th - First Interim Budget Report

January 2024 - State to determine surplus/deficit of anticipated tax revenue.

March 2024 - Second Interim Budget Report

It is being warned to all affected by the State's ongoing reductions in tax revenues that we could have additional cuts and/or deferrals in January. 2024-25 budget creation may look very different.

Summary

- Budget is still certifying **Positive**, with noted reductions allowing AUSD to meet required reserves.
- The District is still deficit spending and will need to identify further reductions in the next fiscal year to avoid the possibility of a Negative budget next fiscal year.