



**VALLEJO CITY**  
UNIFIED SCHOOL DISTRICT  
SUPERINTENDENT'S  
OFFICE

# 2025-26 Budget Reductions



# Agenda

## Status of our Budget and Multi-year Projection

- Review of first Interim MYP
- New factors impacting Second Interim
- What we know about the Governor's budget proposal?

## How did we get here?

- End of COVID era one time funding
- Declining enrollment
- A need to right-size and optimize the district

## Addressing Budget Shortfalls

- Across the board budget reductions and elimination of positions
- Decrease in contracted services
- School closure and consolidation plan - Phase 1 of multi-year phased approach
- Timeline of next steps and Phase 2

## Five-Year Multi-Year Projections (Unrestricted)

	2024-25	2025-26	2026-27	2027-28	2028-29
PROJECTED DEFICIT/SURPLUS	(20,323,296)	(13,149,930)	(6,117,284)	(14,988,164)	(12,147,142)
BEGINNING BALANCE (rounding)	47,124,309	26,801,013	13,651,083	7,533,797	(7,454,367)
<b>ENDING FUND BALANCE (rounding)</b>	<b>26,801,013</b>	<b>13,651,083</b>	<b>7,533,797</b>	<b>(7,454,367)</b>	<b>(19,601,511)</b>
NONSPENDABLES	255,303	255,303	255,303	255,303	255,303
COMMITTED	17,962,110	5,996,579	-	-	-
ECONOMIC UNCERTAINTY (REU-3.5%)	8,583,600	7,399,200	7,277,800	7,257,000	7,216,000
UNALLOCATED/UNASSIGNED	-	-	695	(14,966,670)	(27,072,812)
TOTAL RESERVE PERCENTAGE (EUR+UNASSIGNED)	3.50%	3.50%	3.50%	-3.72%	-9.63%

# Interim Certification

The multi-year projection supports that the District will be able to meet its financial obligations for the current and subsequent years by meeting the required minimum economic uncertainty reserve of 3.5 percent.

## District's concern:

The current school year has a projected deficit is—\$20.3 million. For fiscal years 2025-26 and 2026-27 the estimated deficits are —\$13.1 million and \$6.1 million, respectively.

Additionally, due to concerns about declining enrollment, low attendance participation, and potential salary increases conditional to budget reductions, and surplus property sale currently in escrow, the District certifies that its financial condition is **qualified**. A qualified certification states that, based on current projections, a district may not meet its financial obligations for the current and two subsequent fiscal years.

While the District projects will meet its minimum reserve for the current and two subsequent years, the administration must develop a plan to address the deficit spending of the upcoming years and implement additional budget reductions beginning the 2025-26 school year.

## **Second Interim**

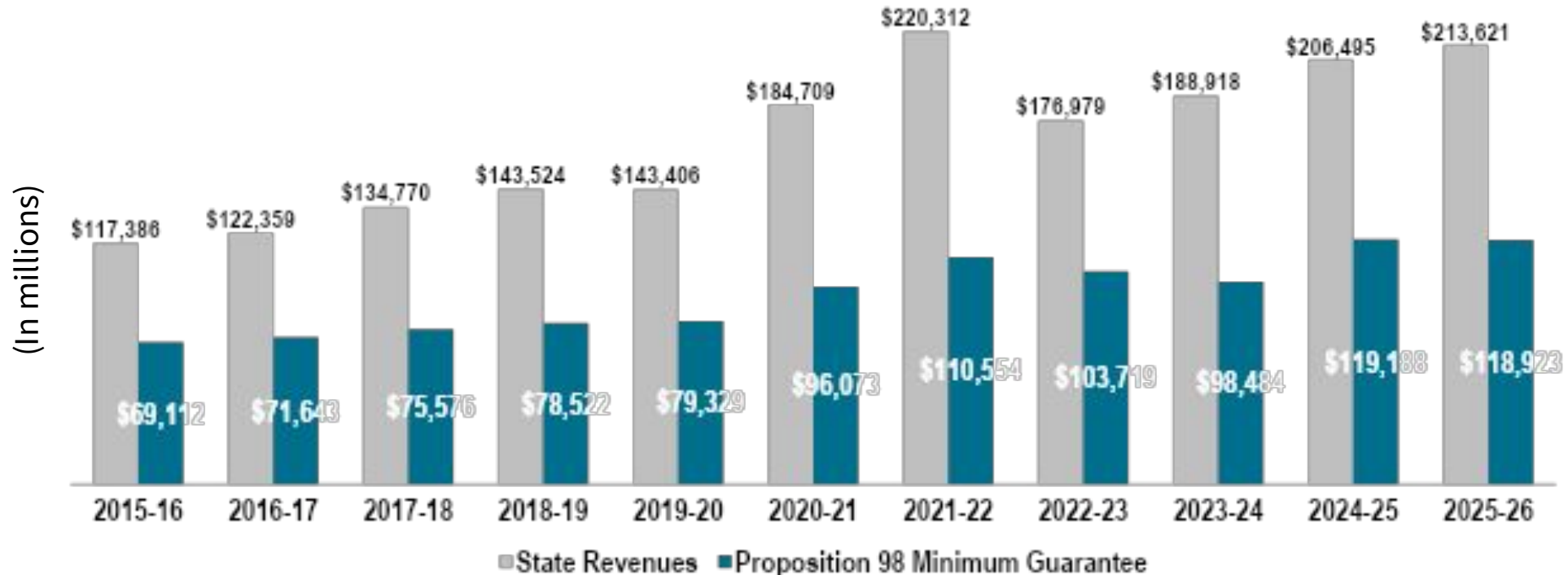
- Net general fund audit adjustments resulting in a fund balance decrease of \$1.4m
- Remove approximately \$1.3m contracted services from the current and subsequent year budgets since expenditure was recognized in 23-24.
  - \$4M savings over three years
- Removal of sale of property ≈ \$6,000,000 (25-26 fiscal year)
- Revised increase in projected transportation revenue ≈ \$900,000
  - Provided transportation costs don't decrease, the estimated savings is \$2.7 over three years
- Recognize one-time vacancy savings (Amount to be Determined)
- Adjust for new COLA factors (Described Below)

**Note: The above list is not exclusive. Additional financial components/adjustments are likely to be found during the preparation of second interim.**

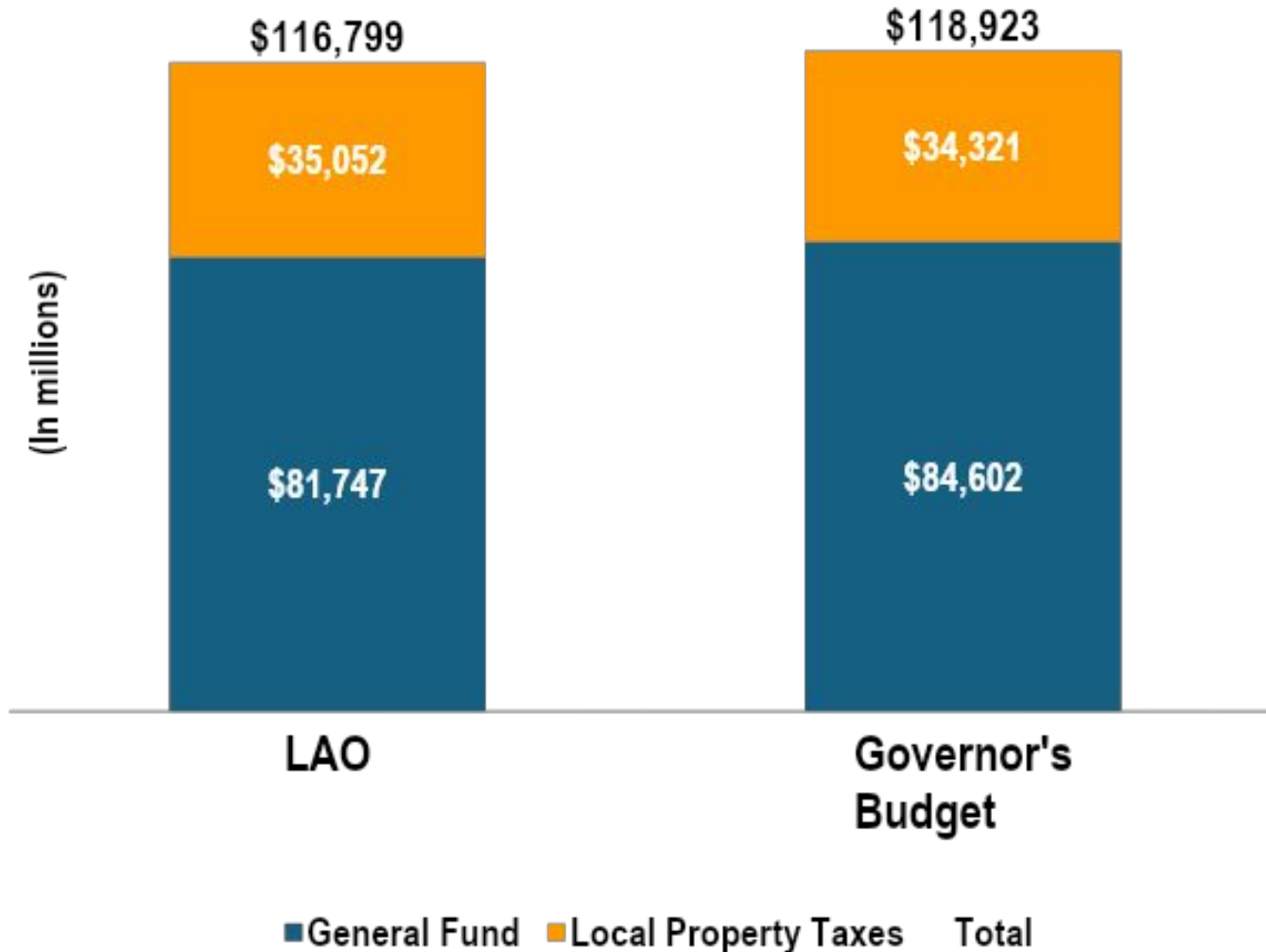
# Proposition 98 and the Education Budget

K-14 education funding continues to encumber a significant share of California's annual budget.

Within the state's spending limit, Proposition 98 funding, including local property taxes, has averaged 55 percent of state general fund revenues since 2015. 2025-26 is no different.



## 2025-26 Prop 98 Minimum Guarantee



- Compared to the LAO *Fiscal Outlook*, the Governor's estimates for the 2025-26 minimum guarantee are only modestly higher
  - General Fund revenues are \$2.9 billion higher while local property tax revenue is \$731 million lower
- Both estimate the budget year level to be lower than 2024-25

## 2025-26 Budget Development–SSC Advice

<b>Program</b>	<b>Include in 2025-26 Budget Development</b>	<b>Develop Tentative Internal Plan for Funding/Program Requirements</b>
2.43% COLA (all applicable programs)	✓	
LREBG Additional Funding		✓
TK LCFF Add-On For Ratios		✓
Discretionary Block Grant		✓
TK-12 Literacy and Mathematics Coaches/Literacy Screenings		✓
ELO-P 55% Threshold (Instead of a 75% Threshold)		✓

- We do not yet have allocation or program details for many proposals in the Governor's Budget. Until more detail becomes available, do not include in 2025-26 budget development

# SSC Financial Projection Dashboard

		Planning Factors				
		2024-25	2025-26	2026-27	2027-28	2028-29
<b>DOF Planning COLA</b>		1.07%	2.43%	3.52%	3.63%	3.49%
<b>California CPI</b>		2.85%	2.92%	2.70%	2.76%	2.90%
<b>CalSTRS Employer Rate</b>		19.10%	19.10%	19.10%	19.10%	19.10%
<b>CalPERS Employer Rate</b>		27.05%	27.40%	27.50%	28.50%	28.20%
<b>Unemployment Insurance</b>		0.05%	0.05%	0.05%	0.05%	0.05%
<b>California Lottery</b>	Unrestricted per ADA	\$191	\$191	\$191	\$191	\$191
	Restricted per ADA	\$82	\$82	\$82	\$82	\$82
<b>Mandate Block Grant (District)<sup>1</sup></b>	Grades K-8 per ADA	\$38.21	\$39.14	\$40.52	\$41.99	\$43.46
	Grades 9-12 per ADA	\$73.62	\$75.41	\$78.06	\$80.89	\$83.71
<b>Mandate Block Grant (Charter)</b>	Grades K-8 per ADA	\$20.06	\$20.55	\$21.27	\$22.04	\$22.81
	Grades 9-12 per ADA	\$55.76	\$57.11	\$59.12	\$61.27	\$63.41

<sup>1</sup>COE Mandate Block Grant: \$39.14 per ADA grades K-8; \$75.41 per ADA grades 9-12; \$1.31 per unit of countywide ADA

# Projected COLA

<b>Fiscal Year</b>	<b>First Interim COLA</b>	<b>Second Interim COLA</b>	<b>Budget Impact</b>
<b>2024-25</b>	1.07%	1.07%	\$ 0
<b>2025-26</b>	2.93%	2.43%	\$ (643,000)
<b>2026-27</b>	3.08%	3.52%	\$ (80,000)
<b>2027-28</b>	3.30%	3.63%	\$ 341,000
<b>2028-29</b>	3.29%	3.49%	\$ 605,000
<b>Net Impact</b>			\$ 223,000

The chart is only measuring the impact of the changes in COLA from first interim (i.e. all other variables are unchanged from first interim). The revised impact to VCUSD's LCFF that incorporate all changes (e.g. ADA, net charter shift, UPP%, etc...) will be presented at second interim.

# Allocated COVID Funding

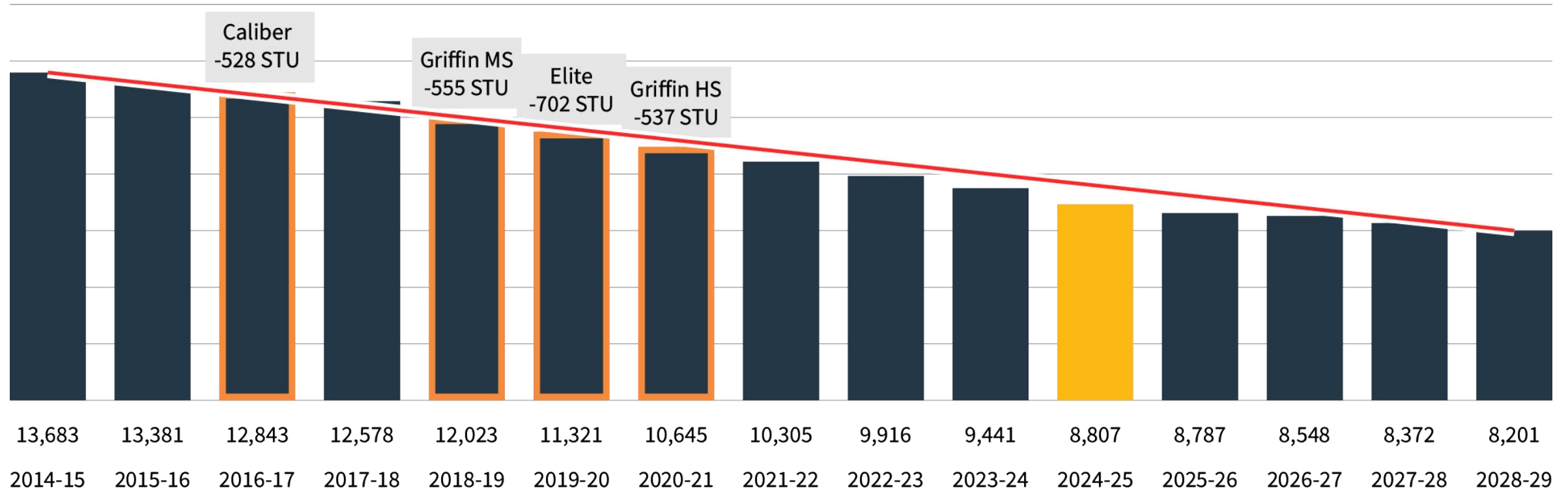
<b>COVID Program - Federal</b>	<b>Allocation</b>
Coronavirus Relief Fund (Resource#: 3220)	\$ 9,308,122
Governor's Emergency Education Relief I (Resource #: 3215)	\$ 636,656
ESSER I, II, & III (Resource #: 3210,3212,3213,3214)	\$ 46,152,570
Expanded Learning (Resource #: 3216-3219)	\$ 3,491,933
General COVID Relief Fund (Resource #: 7420)	\$ 972,153
Expanded Learning (Resource #: 7425,7426)	\$ 4,399,893
In Person (Resource #: 7422)	\$ 4,315,620
Learning Recovery Block Grant (Resource #: 7435)	\$ 13,409,519
<b>Total</b>	<b>\$ 82,686,466</b>

# COVID-Related Expenditures

<b>COVID Expenditures</b>	<b>Personnel</b>	<b>Non-Personnel</b>	<b>Total</b>
Fiscal Year 2019-20	\$ 1,258,156	\$ 0	\$ 1,258,156
Fiscal Year 2020-21	\$ 6,110,161	\$ 5,928,301	\$ 12,038,462
Fiscal Year 2021-22	\$ 11,048,243	\$ 4,393,866	\$ 15,442,109
Fiscal Year 2022-23	\$ 12,555,304	\$ 7,207,120	\$ 19,762,424
Fiscal Year 2023-24	\$ 17,548,010	\$ 6,393,971	\$ 23,941,981
<b>Fiscal Year 2024-25 (YTD)</b>	<b>\$ 2,982,502</b>	<b>\$ 2,301,806</b>	<b>\$ 5,284,308</b>
Total - Expenditures	\$ 51,502,376	\$ 26,225,064	\$ 77,727,440
<b>Fiscal Year 2024-25 (Remaining)</b>	<b>\$ 984,610</b>	<b>\$ 3,974,416</b>	<b>\$ 4,959,026</b>
Total	\$ 52,486,986	\$ 30,199,480	\$ 82,686,466

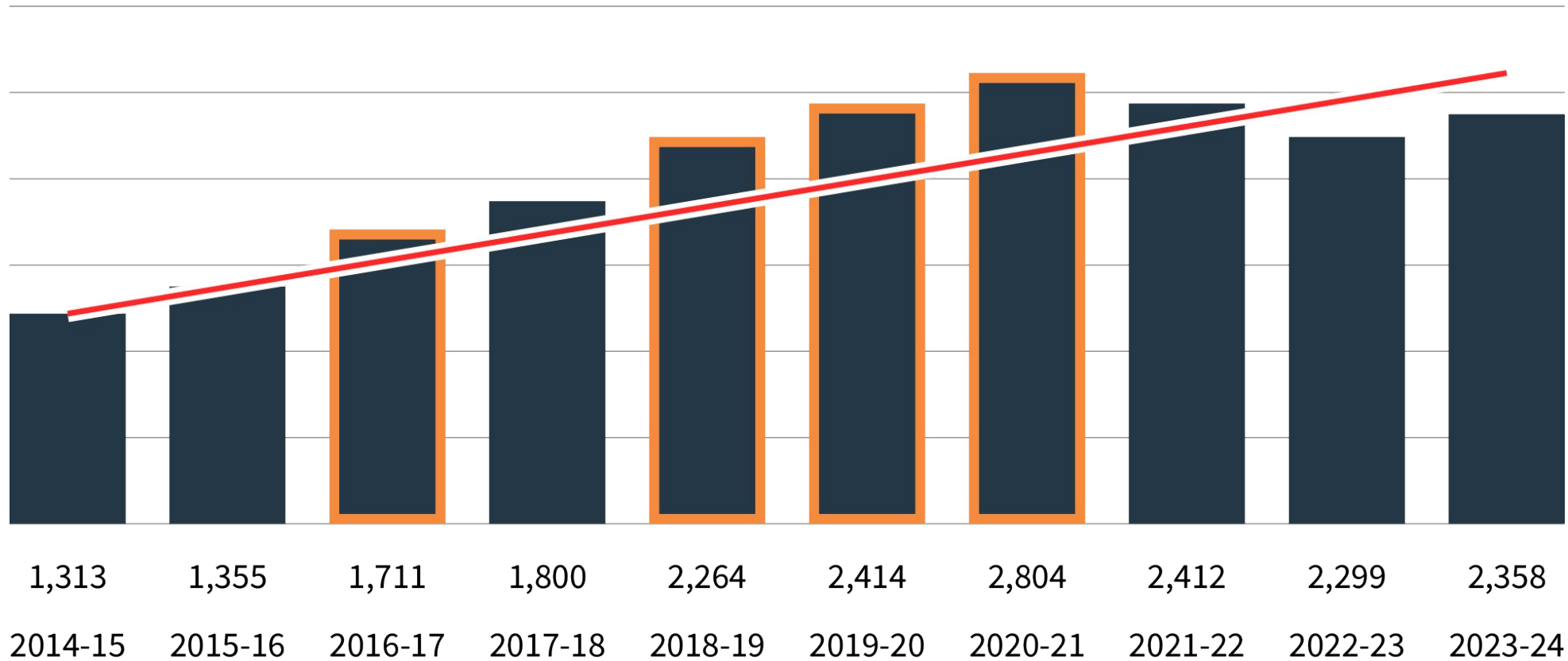
# Enrollment Trends and Projections

## VCUSD Enrollment Trends and Projections



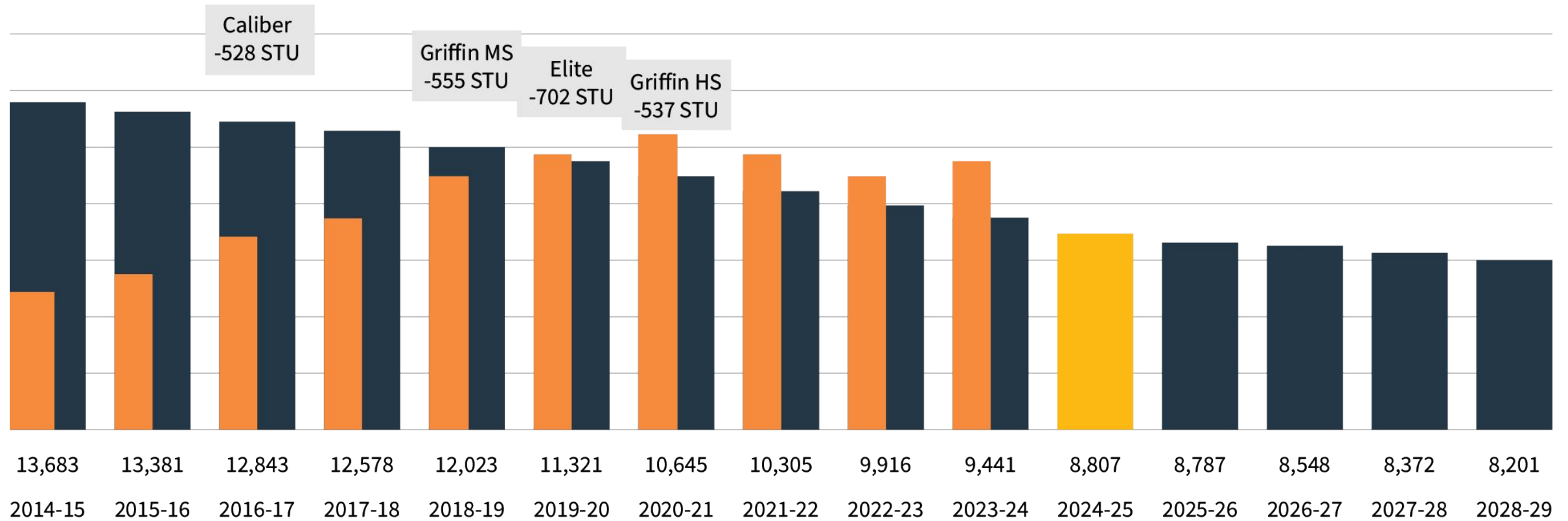
# Enrollment Trends and Projections

## Charter School Enrollment Trend and Projections



# Enrollment Trends and Projections

## VCUSD and Charter Enrollment Trend and Projections Overlay



# Enrollment/Capacity at VCUSD Schools

Site	Grades	Enrollment (01.17.25)	Total Capacity of Site	Available Capacity (Based on Current Enrollment)
<b>Loma</b>	TK-5	271	900	514
	6-8	88		
	<u>Total</u>	<u>359</u>		
<b>Mare Island</b>	TK-5	291	750	325
	6-8	134		
	<u>Total</u>	<u>425</u>		
<b>Solano Widenmann</b>	TK-5	254	1170	565
	6-8	351		
	<u>Total</u>	<u>605</u>		
<b>Vallejo Charter</b>	TK-5	206	N/A	N/A
	6-8	162		
	<u>Total</u>	<u>368</u>		

## **District Goals**

1. Right-size the district and ensure responsible stewardship of public property and resources
2. Capitalize on substantial programmatic benefits
3. Realize financial benefit and avoid unnecessary intervention by fiscal oversight entities
4. Ensure that closed/consolidated sites are not left vacant
5. Focus on forward-thinking plan to accommodate future development and attendance where necessary

# Proposed Staffing Reductions for 2025-26

General Fund			Grant		LCAP		Total	
	FTE	Savings	FTE	Savings	FTE	Savings	FTE	Savings
<b>CSEA</b>	18.15	\$1,102,920	9.00	\$1,339,524	20.25	\$1,395,254	47.40	\$3,837,698
<b>VEA</b>	28.00	\$3,363,026	2.00	\$240,000	-7.50	-\$908,214*	22.50	\$2,694,812
<b>VSMA</b>	4.00	\$779,194	0	\$0	1.00	\$160,000	5.00	\$939,194
<b>Total**</b>	50.15	\$5,245,140	11.00	\$1,579,524	13.75	\$647,040	74.90	\$7,471,704

\* Negative represents a shift of 10 FTE from general fund to LCAP

\*\* Staffing reductions include closure and consolidation of both Mare Island Health and Fitness and Loma Vista Environmental Science Academy

# Proposed Non-Staff Reductions for 2025-2026

	<b>General Fund</b>	<b>LCAP</b>	<b>Total</b>
<b>Non-Staff Reductions by Fund</b>	\$3,754,230	\$1,660,651	\$5,414,881

# Total Proposed Reductions for 2025-26

	<b>General Fund</b>	<b>LCAP</b>	<b>Grant</b>	<b>Total</b>
<b>Staff Reductions</b>	\$5,245,140	\$1,579,524	\$647,040	\$7,471,704
<b>Non-Staff Reductions</b>	\$3,754,230	\$1,660,651	\$0	\$5,414,881
<b>Totals</b>	\$8,999,370	\$3,240,175	\$647,040	\$12,886,585*

\*Total amount includes full closure of Mare Island Health and Fitness Academy and Loma Vista Environmental Science Academy. This amount would be decreased by \$1 to \$1.1 million for each school not closed fully.

## **School Closure and Consolidation**

Staff presented options for closure and consolidation of Mare Island Health and Fitness Academy and Loma Vista Environmental Science Academy.

Full closure of these two schools can yield a net savings of

- MIHFA = \$1,066,338
- LVEA = \$1,176,780

Future revenue can be generated with the sale of Vallejo Charter School campus, amount TBD.

# Revenue Enhancements

## Overall attendance (as of 2/11/25) is 90.43%

- Budget is built on an conservative ADA of, three year average which is 8775.35
- With an ADA improvement of just 1%, this could equate to significant additional revenue
- Approximate revenue gain for a 1% increase in ADA next year ≈ \$400,000

## Sale of property(ies):

- Rollingwood property is in escrow - \$6 million expected towards the end of Fiscal Year 2025-26
- Potential sale of the property that currently houses Vallejo Charter School

## Home-to-School Transportation Revenue:

- VCUSD is expected to receive additional home-to-school transportation funding of approximately \$900,000 based on last year's expenditures transporting children to and from school.

## **Next Steps for Budget Reductions**

- March 5, 2025 - Second interim report
- March 5, 2025 - Staff reductions finalized
  - Employees impacted by any reductions notified
- April 2025 - Begin identifying Phase 2 school closure/consolidation list for 2026-27
- Fall 2025 - Closure and Consolidation committee formulation
- Winter 2025 - Board votes on phase 2 closure/consolidation and budget reductions for 2026-27 school year



# *Questions*



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