



Lisette Estrella-Henderson, Superintendent of Schools
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May 3, 2024

Dr. Latyna Young, Board President
Vallejo City Unified School District
665 Walnut Avenue
Vallejo, CA 94592

Dear President Young:

Under Assembly Bill AB 1200, AB 2756, and Government Code (GC) Section 3547.5, the Solano County Office of Education (SCOE) has received the Vallejo City Unified School District (District) "Public Disclosure of Proposed Collective Bargaining Agreement" (Disclosure) regarding Tentative Agreements (TA) with the Vallejo Education Association (VEA), California School Employees Association Chapter #199 (CSEA), and Vallejo Schools Managers Association (VSMA) employee groups. The agreement covers the period beginning July 1, 2023 and ending June 30, 2024 and is scheduled for governing board action on May 8, 2024.

Collective Bargaining Disclosure:

The proposed agreements provide the following:

Vallejo Education Association

- 5.5% increase on the salary schedule, retroactive to July 1, 2023
- \$6,000 one-time stipend payment
- \$5,000 one-time stipend payment, effective September 30, 2024
- Increases to educational stipends to \$2,000
- Increase to cash in-lieu to \$250 and classroom materials stipend to \$250

California School Employees Association Chapter #199

- 5.6% increase on the salary schedule, retroactive to July 1, 2023
- \$6,000 one-time stipend payment

Vallejo Schools Managers Association

- 5.68% increase on the salary schedule, retroactive to July 1, 2023
- \$6,000 one-time stipend payment
- \$5,000 one-time stipend payment, effective September 30, 2024
- Increase to cash in-lieu to \$250
- Increase to Masters and Doctorate to \$2,000

The District estimates the cost increase of all three salary agreements to the unrestricted General Fund is about \$9M in 2023-24. The cost increase of all three salary agreements in 2023-24 for the Other Operating Funds:

- Fund 09: \$200,561
- Fund 11: \$151,911
- Fund 12: \$261,897
- Fund 13: \$339,614
- Fund 21: \$31,639

Based on the Disclosure, the ongoing costs of the agreements will be funded using a combination of Local Control Funding Formula (LCFF) funding, restricted funding sources, one-time funds, and budget reductions commencing in 2024-25.

Deficit Spending and Multiyear Projection:

Our office received the Disclosures on April 18, 2024. Based on the submitted Disclosure, the District projected a negative ending balance of \$11M in the Unrestricted General Fund for fiscal year 2025-26 due to the tentative agreement. SCOE staff met with the District's business staff to discuss concerns regarding the projected negative fund balance. On May 2, 2024, the District submitted an updated multiyear projection, a proposed list of budget reductions for the 2024-25 and 2025-26 fiscal years, and draft Board Resolution No. 4068 that the governing board will consider on May 8, 2024.

Based on the latest information received, the District plans to address the \$11M budget shortfall by eliminating 57 positions that have been vacant between 2017-18 and 2022-23, which equates to about \$3M in salaries and benefits. Secondly, the District plans to reduce 10 teaching positions, or \$1.3M, due to declining enrollment in 2025-26. Lastly, the District plans to reduce discretionary budget by \$3M in 2025-26. While the \$7.3M in total budget reductions will reduce the budget shortfall, the updated multiyear projection reflects a negative ending fund balance of \$3.6M in the Unrestricted General Fund for fiscal year 2025-26. This amount does not include the three percent minimum reserve requirement estimated at \$6M; therefore, it requires approximately \$9.6M in further reductions. The District noted other revenue enhancements, such as the sale of school property or one-time reserves to maintain fiscal stability.

SCOE is deeply concerned regarding the affordability of these agreements and the amount needed to balance the budget. Should the governing board approve these agreements as presented, they must take action to address the long-term impact of the settlement in 2024-25 and beyond. Failure to implement budget solutions or enhance revenues in 2024-25 will move the District toward fiscal insolvency. Additionally, while the District is considering one-time reserve, these fund have been previously committed for pending litigation and LCFF Carryover; thus requiring governing board action to modify its use.

SCOE is also concerned about the number of vacant positions that have remained in the budget. It is unclear why these positions have remained budgeted, especially since the District has been facing a decline in student enrollment. Failure to analyze and/or adjust staffing based on ratios and enrollment and failure to regularly reconcile budget, payroll, and position control are indicators of risk or potential insolvency of the Fiscal Crisis Management Assistance Team's (FCMAT) indicators of school agencies needing intervention. Best practice is to project staffing ratios to students for all categories of employees and budget for vacancies that can and will be filled.

In conclusion, we urge the governing board to carefully consider the long-term impact of the settlement. It is the governing board's fiduciary responsibility to ensure that all local decisions support and promote the fiscal health of the District. SCOE will continue to work closely with the District's administration regarding any questions about potential fiscal challenges. If our office may be of further assistance, please contact Michelle Henson at (707) 399-4405.

Sincerely,



County Superintendent of Schools
Solano County Office of Education

cc:

Members of the Board of Education, Vallejo City Unified School District
William Spalding, Superintendent, Vallejo City Unified School District
Rosa Loza, Chief Business Official, Vallejo City Unified School District
Michelle Henson, Deputy Superintendent, Administrative Services and Operations, Solano County Office of Education
Mel Iizuka, SCOE Trustee
Diana Lopez, Director, District Business Services, Solano County Office of Education