

# Jefferson Union High School District

## 2025-2026 PROPOSED BUDGET



### EXECUTIVE SUMMARY

#### May Revision Overview

The May Revision is the last set of data points received before the district must adopt a local budget. Once the 2025-2026 State Budget has been adopted, at the end of June, more information will be available on what has changed and how to adapt locally. Until then, this is the best available budgeting information.

The Governor's Revised Budget shows that the state revenue is coming in lower than previously anticipated and inflation has remained steady. The governor's proposal increases the Local Control Funding Formula (LCFF) base by the statutory cost-of-living adjustment (COLA) of 2.3%. The remaining Proposition 98 funds (which are required to be used for K-14 education) are allocated to a variety of initiatives with continued investments in universal meals and Career Tech Education. To make ends meet, there is a projected withdrawal from State's Rainy Day Fund.

#### Other Revenue Considerations

LCFF Funding – For 25-26, LCFF growth is projected to be 2.3%. The governor is also proposing to continue the additional multiplier for high needs school districts that was instituted in 23-24, but with a lower threshold for participation. JUHSD will not qualify for this multiplier and will continue to be funded outside of the LCFF formula, remaining Basic Aid/Community Funded. The gap between our tax revenue and our LCFF formula is projected to be about 27%.

Federal Funding – The 25-26 budget shows flat funding from the previous fiscal year, however this funding is uncertain due to political factors. Should JUHSD lose all federal funding, reserve funds could be used to temporarily continue without any disruption. If the funding is permanently discontinued, JUHSD will need to make cuts.

Other State Funding – State funding for special education will receive a 2.3% COLA as will CTE programs. However, these programs are funded per pupil so we will see net decreases due to our declining enrollment.

Local Funds – These funds are primarily generated by our Parcel Taxes, by grants, and through our facility rentals. The projected increase is due to a parcel tax increase that was passed in November 2024. However, this increase is partially offset by the projected decrease in rental income during construction at JHS.

## ASSUMPTIONS FOR THE 25-26 PROPOSED BUDGET AND MULTI YEAR PROJECTION

### *Basic Assumptions*

Assumptions are based on the School Services of California (SSC) Dartboard and San Mateo County Assessor's Office information:

<b>Assumptions</b>	<b>25-26</b>	<b>26-27</b>	<b>27-28</b>
Average Daily Attendance (ADA)	3,372	3,263	3,262
Property Tax Increase	5.0%	4.0%	4.0%
COLA	2.30%	3.02%	3.42%
Consumer Price Index (CPI)	3.42%	2.98%	2.77%
STRS	19.10%	19.10%	19.10%
PERS	26.81%	26.90%	27.80%

The retirement system for certificated employees, STRS, last saw a large increase in 22-23, but is projected to remain at 19.10% for the foreseeable future. We will see some relief from increases to the costs for the classified retirement program, PERS. There is a projected 0.24% decrease from 24-25 to 25-26 followed by projected increases in the years to come.

### *Salary Assumptions*

JUHSD has settled labor negotiations for 25-26 with a 4.5% total compensation increase. This increase is reflected in the proposed budget with 4% on salary and the remaining amount applied to anticipated increases in health and welfare benefits. Additionally, the budget includes increases to standard employee compensation costs (salary increase from step and column).

### *Implementation of Reserve Policy BP 3100.1*

As a Community Funded school district, JUHSD relies on property taxes for our largest portion of revenue. This funding source can be more unpredictable than State Funding, therefore maintaining reserves beyond the minimum required by law is recommended. Board Policy 3100.1 outlines how JUHSD intends to maintain fiscal stability. The proposed budget implements a Strategic Reserve as outlined in the policy. It also anticipates making contributions to the Special Reserve Fund 17 each year to reach the goal of 2% reserve in Fund 17 by 2028.

<b>Assumptions</b>	<b>25-26</b>	<b>26-27</b>	<b>27-28</b>
Strategic Reserve Set-Aside	5.0%	3.0%	1.0%
Contributions to Fund 17	\$300,000	\$300,000	\$31,936

## Multiyear Projections

An important part of the budget adoption process is the subsequent two-year projection of the general fund. In addition to the above-mentioned changes, the multiyear projection assumes the following:

- Salary increases of 4%
- Health benefits premium increase of \$275,000
- Minimal changes to staffing levels
- Debt repayment \$287,524, with increases in the out years

The multiyear projection shows deficit spending in all four years, 24-25 estimated actuals, 25-26 budget year, and the two subsequent years. There is deficit spending in all years showing that JUHSD is using reserve funds to cover ongoing costs.

<b>General Fund Summary</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
Beginning Fund Balance	24,562,516	19,774,930	14,106,575	8,647,192
<b>REVENUES</b>				
LCFF/Taxes	65,362,197	68,877,710	71,426,946	74,070,770
Federal	2,486,303	2,182,446	2,202,993	2,238,974
Other State	6,781,514	6,468,482	6,438,186	6,413,993
Local	10,486,956	11,086,956	11,086,956	11,086,956
<b>Revenue Total</b>	<b>85,116,970</b>	<b>88,615,594</b>	<b>91,155,081</b>	<b>93,810,693</b>
<b>EXPENDITURES</b>				
Salaries	43,021,137	45,827,790	47,150,207	47,652,460
Benefits/Payroll Costs	21,238,048	22,474,992	23,256,912	23,702,695
Goods & Services	23,791,026	24,121,509	24,339,152	24,581,210
Other	1,266,822	1,272,134	1,280,669	1,290,716
<b>Expenditure Total</b>	<b>89,317,033</b>	<b>93,696,425</b>	<b>96,026,940</b>	<b>97,227,081</b>
Transfer Out - COP Payment	287,524	287,524	287,524	330,589
To Fund 17	300,000	300,000	300,000	31,936
<b>TOTAL EXCESS/DEFICIT</b>	<b>(4,787,587)</b>	<b>(5,668,355)</b>	<b>(5,459,383)</b>	<b>(3,778,912)</b>
Ending Fund Balance (EFB)	19,774,930	14,106,575	8,647,192	4,868,280
Restricted Balance	2,949,042	944,472	944,473	944,472
Remaining EFB	16,825,888	13,162,103	7,702,719	3,923,808
<b>RESERVES</b>				
Statutory Reserve	2,697,137	2,828,434	2,898,434	2,927,688
Strategic Reserve		4,714,197	2,898,434	975,896
Unallocated Funds	14,128,751	5,619,472	1,905,851	20,224
<b>Fund 01 Reserve Percentage</b>	<b>18.72%</b>	<b>13.96%</b>	<b>7.97%</b>	<b>4.02%</b>
Special Reserve Fund 17	1,184,987	1,489,987	1,789,987	2,094,987
Total Reserves all Funds	18,010,875	14,652,089	9,492,706	6,018,795
<b>Total Reserve Percentage</b>	<b>20.03%</b>	<b>15.54%</b>	<b>9.83%</b>	<b>6.17%</b>

### *Ending Fund Balance*

The General Fund ending fund balance in the Proposed Budget for 25-26 is comprised of the following:

1. Restricted and non-spendable items totaling \$944,472: Restricted Balance \$934,472, Revolving Cash \$10,000
2. Statutory reserve for economic uncertainty \$2,828,434 – 3.0%
3. Strategic reserve per BP 3100.1 \$4,714,197 – 5.0%
4. Unallocated amount \$5,619,472 – 5.96%

The budget anticipates no transfer to Fund 17 – Special Reserve Fund which projects an additional reserve of \$1,489,987 – 1.58%, for a total reserve of 15.54% for 25-26.

### **Other Funds**

All other funds (i.e. adult education, nutrition, etc.) have positive ending fund balances and there are no significant changes over last year. The nutrition program continues to be projected as a break-even program.

### **Next Steps**

The State Budget will be adopted by the end of June. The district will begin revising the JUHSD budget this summer to reflect the adopted state budget and final 24-25 spending.

Unaudited Actuals for 24-25 will be presented in September and the 1<sup>st</sup> Interim Report will be presented in November with more accurate information for 25-26 financials.