

2025-2026 Proposed Budget Report

Board of Education Presentation

May 21, 2025

- Presenter:
- Sulema Holguin, Assistant Superintendent/CBO

Presentation Overview



- Budget and Financial Reporting Cycle
- Budget Development
- Proposed Budget
- Ending Fund Balance
- Governor's May Revise Highlights
- Next Steps



BUDGET AND FINANCIAL REPORTING CYCLE

Budget and Financial Reporting Cycle



- Adopted LCAP and 2024-2025 Proposed Budget.....June 2024
- 45-Day 2024-25 Budget Revise.....August 2024
- Closing of the 2023-2024 Fiscal Year.....June-September 2024
- 2023-2024 Unaudited Actuals.....September 2024
- 2024-2025 First Interim Financial Report.....December 2024
- Governor's 2025-2026 Proposed Budget..... .....January 2025
- **OUSD Budget Development for 2025-2026.....January-June 2025**
- 2023-2024 Audit Report.....January 2025
- 2024-2025 Second Interim Financial Report.....March 2025
- **2025-2026 Public Hearing on LCAP and Proposed Budget...May 2025**
- Governor's 2025-2026 Proposed Budget..... May 2025
- 2025-2026 LCAP and Budget Adoption.....June 2025



BUDGET DEVELOPMENT

Making the Connection



District Budget

Revenues

- Income from State, Federal, and Other Sources

Expenditures

- Salaries, benefits, materials, books, supplies, services, utilities (driven by LCAP goals and actions)

Balance – Surplus/Deficit

- Revenues minus expenditures

Fund Balance

- Reserve for economic uncertainties, Restricted funds carryover

Personal Budget

Income

- Paychecks, investments, trust disbursements

Expenses/Bills

- Mortgage, rent, food, utilities, credit cards

Balance – Surplus/Deficit

- Income minus expenses/bills

Fund Balance

- Emergencies, retirement, college, car, new kitchen

Budget Development Process



- **January**
  - Begin budget development following the release of the Governor's January Budget Proposal
  - Prepare preliminary site allocations for discretionary and categorical programs based on CALPADS enrollment data

- **February**
  - Collaborate with Human Resources to review staffing
  - Project compensation costs, including statutory benefits and health & welfare contributions
  - Develop budget preparation materials for school sites and departments
  - Schedule in-person budget meetings with each site in coordination with Educational Services

Budget Development Process



- **March**
  - Conduct site and department budget meetings to:
    - Align Local Control and Accountability Plan (LCAP) priorities
    - Address programmatic and site-specific needs
    - Support updates to School Plans for Student Achievement (SPSAs)

- **April-May**
  - Update Local Control Funding Formula (LCFF) revenue projections based on P-2 ADA reporting (attendance data) and any assumption updates
  - Analyze and align estimated and proposed budget figures with Second Interim financial projections

The proposed budget was developed using the state-adopted Criteria and Standards. It includes the expenditures necessary to implement the LCAP goals and actions.

Reporting Accountability



- Outlines the District's financial plan estimates for the current and proposed budget for next year
- Allocates resources in alignment with LCAP and District priorities focused on student achievement
- Provides an updated view of the District's current financial health
- Allows staff and Board members to assess if the District is on track to meet its financial obligations for the current and upcoming fiscal years
- Identifies any potential areas of concern requiring adjustments based on projected revenue and expenditure data
- Continues the analysis of information from the State and its impact on the District's budget

Legal Requirements



- In accordance with the Education Code and AB 1200, school districts are required to hold a public hearing on the LCAP and the Proposed Budget at the same board meeting
- A separate board meeting is required to adopt the LCAP and Proposed Budget
- The budget must be balanced and adopted on or before July 1
- Education Code section 42127 requires the Board of Education to certify, in writing, whether the District will comply with the reserve transparency report
  - The report includes the reason for having assigned and unassigned ending fund balances above the District standard reserve level of 3% for the proposed budget



2025-2026
PROPOSED BUDGET

Budget Assumptions (Governor's Jan. Budget Proposal)



		2024-25 Estimated*	2025-26 Projected	2026-27 Projected	2027-28 Projected
Statutory Cost of Living Adjustment (COLA)		1.07%	**2.30%	3.52%	3.63%
Student Enrollment		22,667	22,306	21,945	21,584
Funded Average Daily Attendance (ADA)		22,270.77	21,742.05	21,447.77	21,074.91
Consumer Price Index (CPI)		2.85%	2.92%	2.70%	2.76%
State Teachers' Retirement System (STRS)		19.10%	19.10%	19.10%	19.10%
Public Employees' Retirement System (PERS)		27.05%	26.81%	27.50%	28.50%
LCFF Base Grade Span Factors	TK	$14,145	$14,471	$14,980	$15,523
	K-3	$11,068	$11,323	$11,721	$12,146
	Gr 4-6	$10,177	$10,411	$10,777	$11,168
	Gr 7-8	$10,478	$10,719	$11,096	$11,499
	Gr 9-12	$12,460	$12,746	$13,194	$13,674

* Numbers are reflective of 2nd Interim Information

** COLA has been updated based on Governor's May Revise

Unrestricted Revenue



Unrestricted Revenue	2024-25	2024-25	2025-26
	Second Interim	Estimated	Proposed
LCFF Revenue	$ 299,206,077	$ 299,208,565	$ 299,042,491
Federal Revenue	$ 9,598	$ 9,598	$ 9,598
State Revenue	$ 9,179,191	$ 9,447,069	$ 9,146,576
Other Local Revenue	$ 16,028,812	$ 16,857,812	$ 15,332,089
Interfund Transfers In	$ 3,744,200	$ 3,744,200	$ 3,746,213
Contributions	$ (42,532,446)	$ (41,341,628)	$ (38,441,072)
Total	**$ 285,635,432**	**$ 287,925,616**	**$ 288,835,895**

Restricted Revenue



Restricted Revenue	2024-25	2024-25	2025-26
	Second Interim	Estimated	Proposed
Federal Revenue	$ 22,777,971	$ 21,506,861	$ 14,340,457
State Revenue	$ 67,378,279	$ 63,593,734	$ 62,814,756
Other Local Revenue	$ 2,976,359	$ 5,449,884	$ 4,849,269
Contributions	$ 42,532,446	$ 41,341,628	$ 38,441,072
Total	**$ 135,665,055**	**$ 131,892,107**	**$ 120,445,554**

Combined Revenue



Combined Revenue	2024-25	2024-25	2025-26
	Second Interim	Estimated	Proposed
LCFF Revenue	$ 299,206,077	$ 299,208,565	$ 299,042,491
Federal Revenue	$ 22,787,569	$ 21,516,459	$ 14,350,055
State Revenue	$ 76,557,470	$ 73,040,803	$ 71,961,332
Other Local Revenue	$ 19,005,171	$ 22,307,696	$ 20,181,358
Interfund Transfers In	$ 3,744,200	$ 3,744,200	$ 3,746,213
Contributions	$ -	$ -	$ -
Total	$ 421,300,487	$ 419,817,723	$ 409,281,449

Unrestricted Expenditures



Unrestricted Expenditures	2024-25	2024-25	2025-26
	Second Interim	Estimated	Proposed
Certificated Salaries	$126,222,616	$124,592,873	$126,258,650
Classified Salaries	$42,254,914	$42,044,854	$39,376,099
Employee Benefits	$66,741,384	$66,125,589	$63,950,048
Materials and Supplies	$7,177,572	$7,518,828	$12,595,900
Operating Expenses and Services	$29,572,427	$29,540,458	$25,919,948
Capital Outlay	$1,720,544	$2,385,156	$507,328
Other Outgo	$5,636,413	$5,633,727	$5,723,186
Direct Support/Indirect Costs	$(4,970,439)	$(4,909,636)	$(5,309,078)
Transfers Out/Other Uses	$10,062,167	$10,062,167	$7,631,538
Total	**$284,417,598**	**$282,994,016**	**$276,653,619**

Restricted Expenditures



Restricted Expenditures	2024-25	2024-25	2025-26
	Second Interim	Estimated	Proposed
Certificated Salaries	$36,636,270	$38,089,823	$33,164,987
Classified Salaries	$20,505,165	$21,036,544	$21,171,576
Employee Benefits	$36,613,048	$36,186,044	$36,116,563
Materials and Supplies	$16,411,709	$15,849,573	$10,322,991
Operating Expenses and Services	$24,331,328	$26,176,768	$22,760,869
Capital Outlay	$12,720,111	$10,572,713	$5,042,847
Other Outgo	$1,239,912	$1,232,478	$1,267,042
Direct Support/Indirect Costs	$4,170,736	$4,206,202	$4,519,275
Transfers Out/Other Uses			
Total	**$152,628,279**	**$153,350,145**	**$134,366,150**

Combined Expenditures



Combined Expenditures	2024-25 Second Interim	2024-25 Estimated	2025-26 Proposed
Certificated Salaries	$ 162,858,886	$ 162,682,696	$ 159,423,637
Classified Salaries	$ 62,760,079	$ 63,081,398	$ 60,547,675
Employee Benefits	$ 103,354,432	$ 102,311,633	$ 100,066,611
Materials and Supplies	$ 23,589,281	$ 23,368,401	$ 22,918,891
Operating Expenses and Services	$ 53,903,755	$ 55,717,226	$ 48,680,817
Capital Outlay	$ 14,440,655	$ 12,957,869	$ 5,550,175
Other Outgo	$ 6,876,325	$ 6,866,205	$ 6,990,228
Direct Support/Indirect Costs	$ (799,703)	$ (703,434)	$ (789,803)
Transfers Out/Other Uses	$ 10,062,167	$ 10,062,167	$ 7,631,538
Total	**$ 437,045,877**	**$ 436,344,161**	**$ 411,019,769**

Multi-Year Projections



	2024-25	2024-25	2025-26	2026-27	2027-28
	Second Interim	Estimated	Proposed	Projected	Projected
Total Revenues	$ 421,300,487	$ 419,817,723	$ 409,281,449	$ 414,651,228	$ 417,351,138
Total Expenditures	$ 437,045,877	$ 436,344,161	$ 411,019,769	$ 414,084,277	$ 408,908,312
Change in Fund Balance	**$ (15,745,390)**	**$ (16,526,438)**	**$ (1,738,320)**	**$ 566,951**	**$ 8,442,826**
Unrestricted	$ 1,217,834	$ 4,931,600	$ 12,182,276	$ 4,614,042	$ 9,588,263
Restricted	$ (16,963,224)	$ (21,458,038)	$ (13,920,596)	$ (4,047,091)	$ (1,145,737)
Beginning Fund Balance	$ 216,660,043	$ 216,660,043	$ 200,133,605	$ 198,395,285	$ 198,962,236
Projected Ending Fund Balance	**$ 200,914,653**	**$ 200,133,605**	**$ 198,395,285**	**$ 198,962,236**	**$ 207,405,062**



ENDING FUND BALANCE

Multi-Year Projections - Fund Balances



Combined	2024-25	2024-25	2025-26	2026-27	2027-28
	Second Interim	Estimated	Proposed	Projected	Projected
Beginning Fund Balance	$ 216,660,043	$ 216,660,043	$ 200,133,605	$ 198,395,285	$ 198,962,236
Net Inc/ (Dec)	$ (15,745,390)	$ (16,526,438)	$ (1,738,320)	$ 566,951	$ 8,442,826
Ending Fund Balance	**$ 200,914,653**	**$ 200,133,605**	**$ 198,395,285**	**$ 198,962,236**	**$ 207,405,062**
Components of Fund Balance:					
Revolving Cash and Inventory	$ 408,485	$ 408,485	$ 408,485	$ 408,485	$ 408,485
Restricted	$ 48,546,695	$ 44,051,881	$ 30,131,285	$ 26,084,194	$ 24,938,457
Economic Uncertainties	$ 13,171,376	$ 13,090,325	$ 12,559,539	$ 12,719,066	$ 12,386,400
Assigned	$ 21,822,415	$ 25,039,002	$ 25,744,123	$ 25,484,123	$ 25,224,123
Committed	$ 108,663,371	$ 112,447,308	$ 127,162,023	$ 131,469,614	$ 141,575,774
Unassigned	**$ 8,302,311**	**$ 5,096,604**	**$ 2,389,830**	**$ 2,796,754**	**$ 2,871,823**

Committed Funds



- The District is recommending committing funds for the following reasons:
  - Uncertain funding levels
  - 10% reserve equal to 6 weeks of employee payroll
  - Continuous student enrollment decline with an expected additional decrease of 10% over 10 years
  - Textbook adoption for Mathematics and English Language Arts (ELA) for next 4 years
  - Emergency communication processes and equipment for safety and security of students and staff
  - Aging facilities needs that are more than the annual transfers to Deferred Maintenance Fund for providing safe and functional learning environments
  - Funding related to attendance loss (current ADA rate 94% from pre-COVID level of 96%)
  - Replacement of aging vehicles and updating technology

District Reserve - Commitments



Approve Resolution No. 22-24-25 to commit fund balances for the purposes indicated be low:

Commitments	2025-26
	Proposed
Fiscal Emergencies	$ 21,354,871
Districtwide Emergency Alert System	$ 5,500,000
Negotiations Commitment	$ 6,381,360
Textbook Adoption	$ 18,120,000
Pension Obligations	$ 9,430,000
Replacement and Updating Technology	$ 12,179,893
Enrollment Decline (500 students)	$ 7,964,768
Vacation Liability	$ 5,150,033
Loss of Attendance (ADA)	$ 16,396,683
Vehicle Replacements	$ 4,672,322
Deferred Maintenance Facility Projects	$ 20,012,093
Total	$127,162,023

Proposed Budget Summary



- The District **is** on track to meet its financial obligations
- Despite excess spending in the current and proposed budget year, the District **is** projected to have a balanced budget and is projected to meet and exceed reserve requirements in the current and two consecutive fiscal years
- The District continues to have a healthy reserve and continues to monitor and look at ways of stabilizing the budget through reduction of expenditures based on attrition aligned with enrollment needs
- Staff requests the Board's approval of the 2025-26 proposed budget at the June board meeting



GOVERNOR'S
MAY REVISE HIGHLIGHTS

Governor's May Revise Highlights



- Governor Gavin Newsom revised proposed 2025-2026 California state budget on May 14
- General Fund Revenues projections are lower than at January's release by $4.8B for 2025-26 and,
  - Additional $22.7B in 2026-27 through 2028-29
- $1.8B LCFF revenue deferring from June 2026 to July 2026 **- New**
- Statutory COLA revised to 2.30% from 2.43% for LCFF and categorical programs **- Lower**
- $1.2B ongoing for reduced TK student-to-adult ratio (from 12:1 to 10:1)**- Lower**
- $515.5M for expanded ELO-P eligibility (UPP threshold lowered to 55%) **- Higher**
- $1.7B one-time Student Support and Professional Development Discretionary Block Grant **- Lower**
- $90.7M ongoing funding for universal meals program and $21.9M to SUB Bucks Program **- New**
- $378.6M additional for Learning Recovery Emergency Block Grant**- no change**

LEAs can be cautiously optimistic about the 2025-26 fiscal year

Next Steps



- State Level
  - Projections are subject to change
  - Legislature adopts its version of State Budget by June 15
  - Governor signs State Enacted Budget by June 30
- Local Level
  - Adopt Proposed Budget at June Board meeting
  - 45-Day revision update at Aug. Board meeting based on State's Enacted Budget
  - 24-25 Year End Close report at Sept. Board meeting

Thank you to our Fiscal Services Team!



Leadership

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BOARD MEMBER QUESTIONS OR COMMENTS