TAMALPAIS UNION HIGH
SCHOOL DISTRICT

2025-26 Budget Proposal

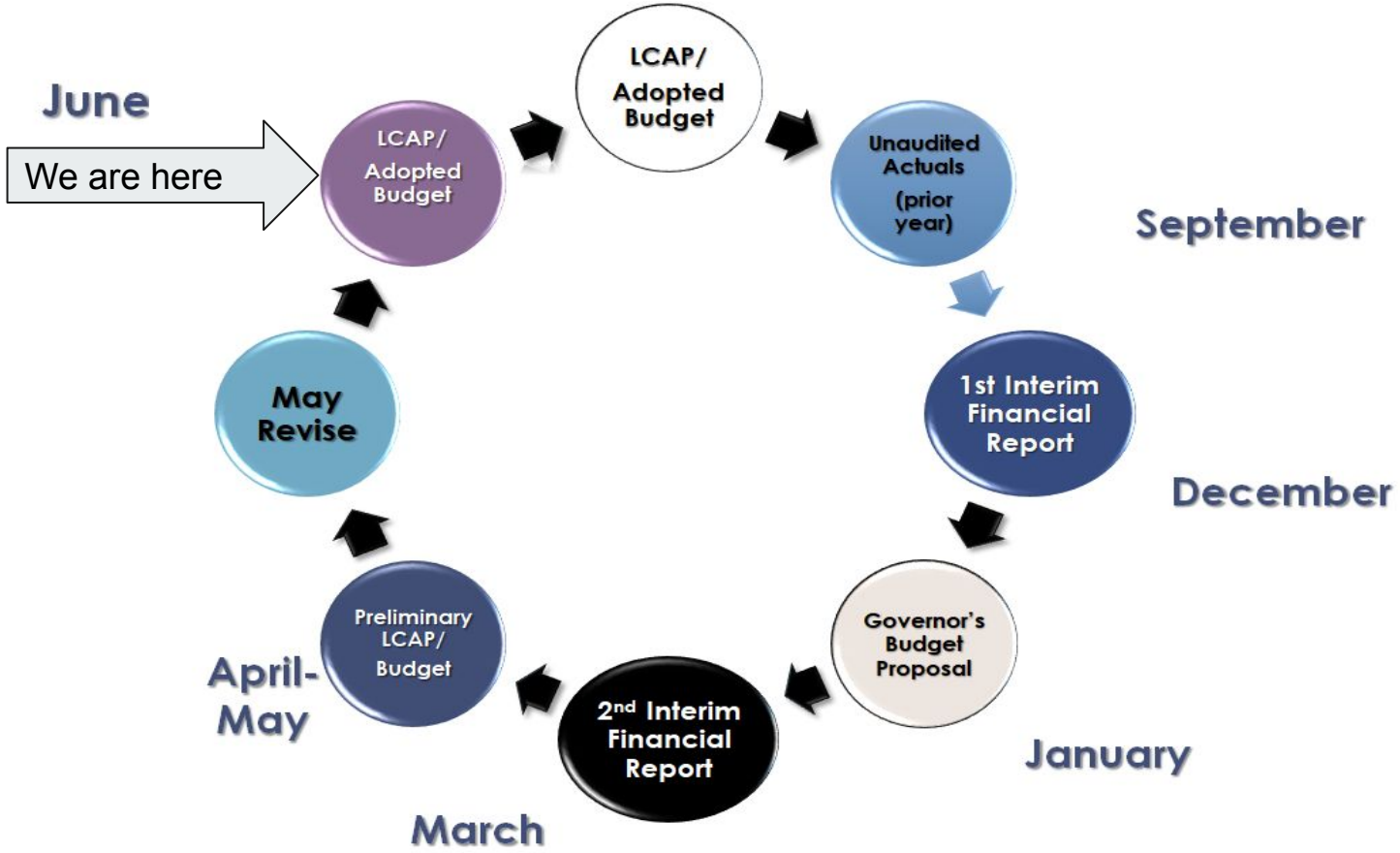
June 17, 2025

Agenda

- Budget Reporting Cycle & Calendar
- National, State & Local economic context
- Governor's 'May Revise' State Budget proposal for 2025-26
- TUHSD
  - *2024-25 Estimated Actuals*
  - *2025-26 Budget & Multi-Year Projection*
- Uncertainties & Prudence
- Next Steps & Questions

Budget Reporting Cycle

State Annual Budget Cycle



2025-26 Budget Calendar & Key Dates

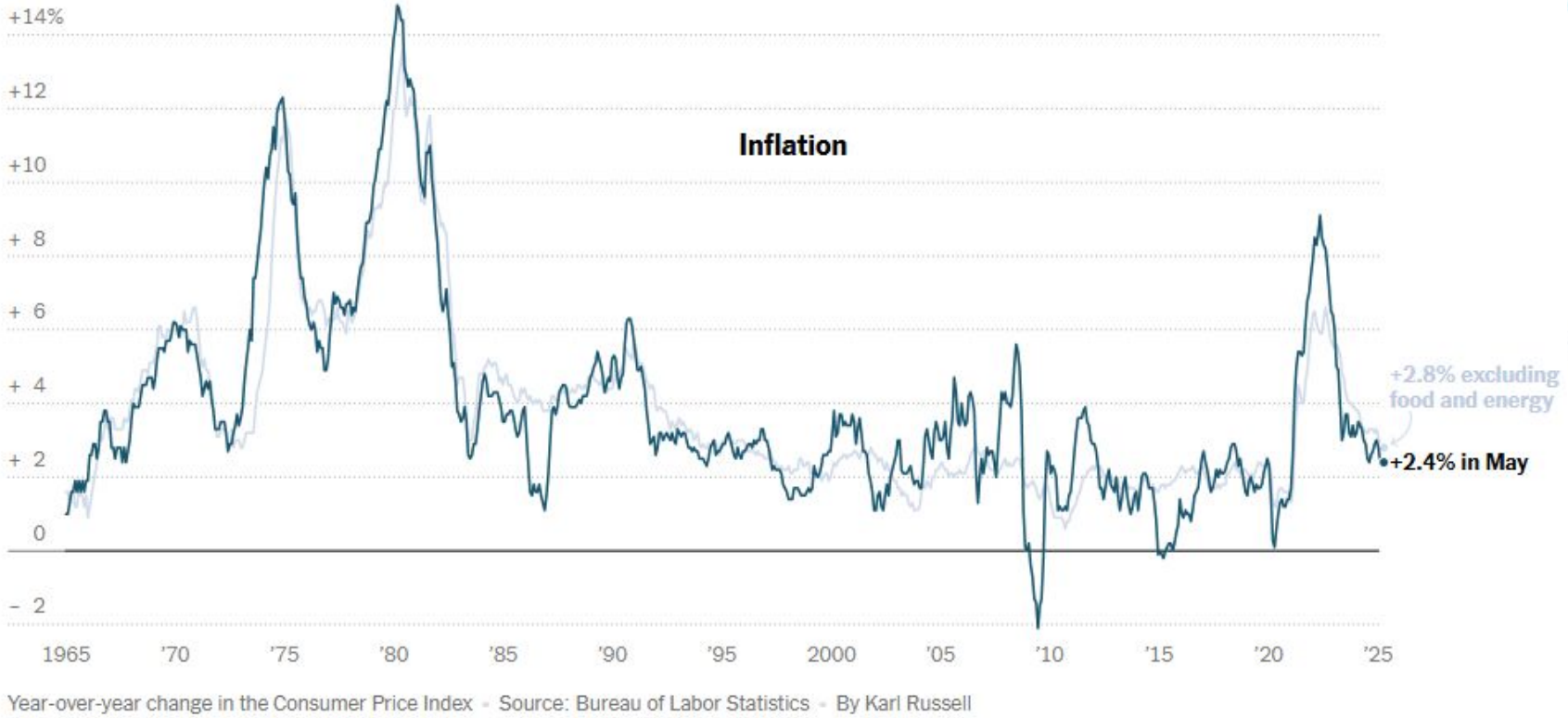
May 2025	Governor's May Revise Budget Proposal for 2025-26
June 2025	CA State Legislature must propose budget plan by June 15th TUHSD Board must adopt a budget by June 30th
August 2025	Possible TUHSD 45-day budget revision for 2025-26, pending State Enacted Budget Act
September 2025	Unaudited Actuals Budget Report for 2024-25
December 2025	1st Interim Budget Report for 2025-26

National, State & Local Economic Context

In a word: *Uncertainty…*

Source: Dr. Jon Haveman, National Economic Education Delegation, May 2025

Inflation: Latest Figures

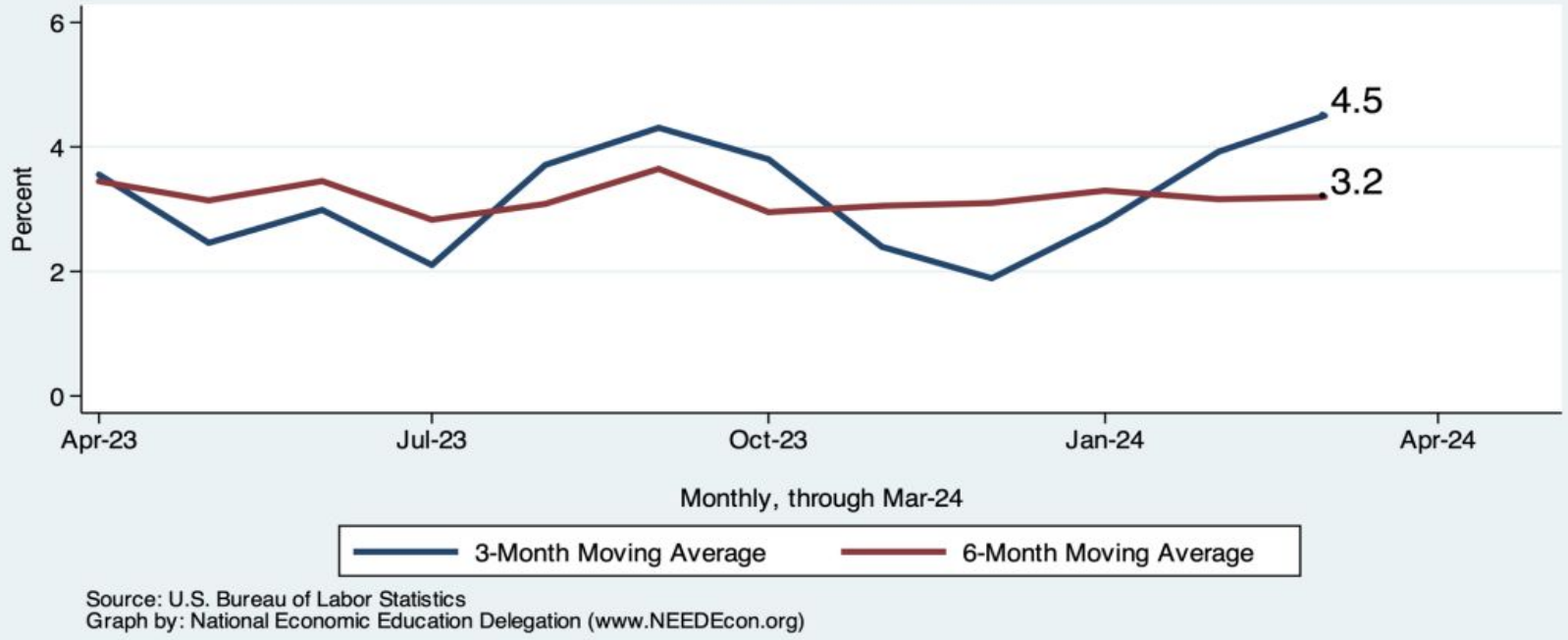


Year-over-year change in the Consumer Price Index · Source: Bureau of Labor Statistics · By Karl Russell

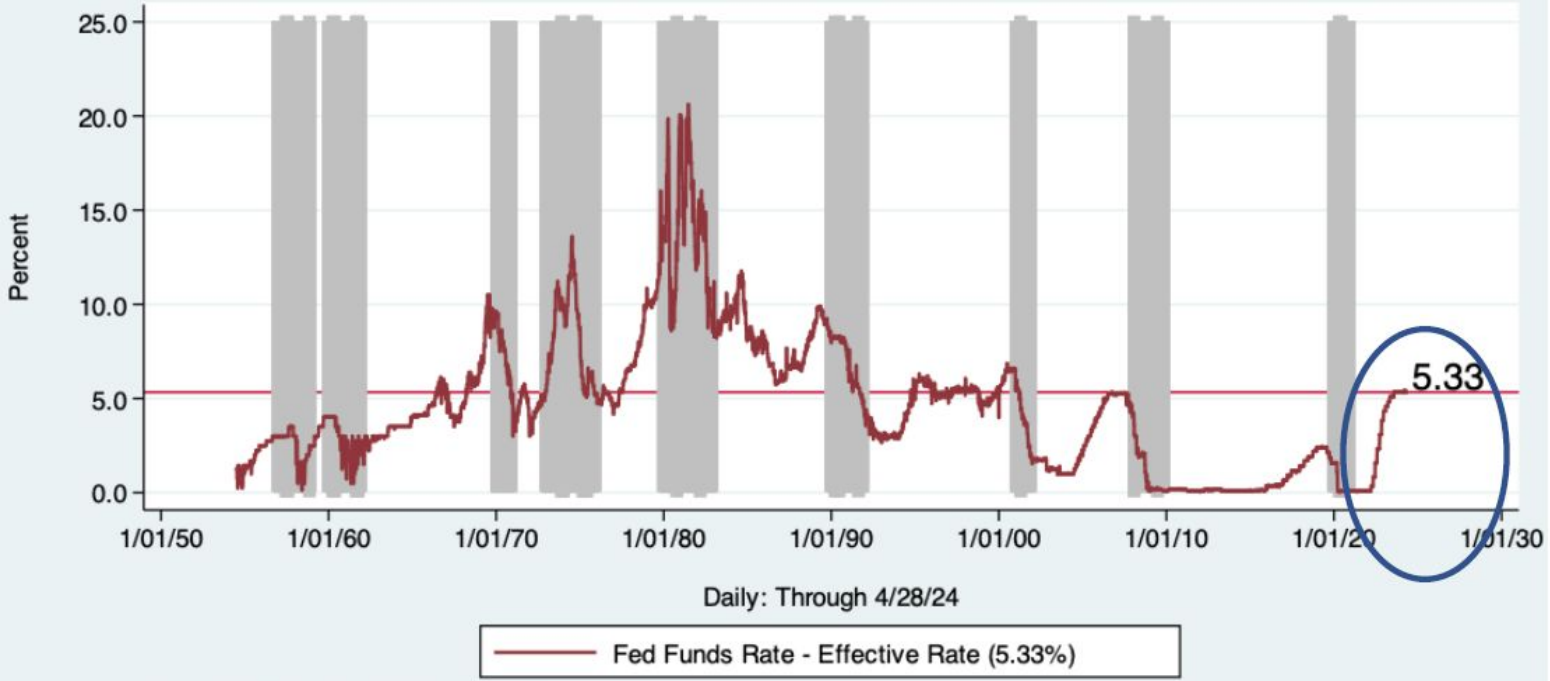
NATIONAL ECONOMIC EDUCATION DELEGATION

Source: NYTimes.com

Inflation in the Last 6 Months



Raising the Federal Funds Rate

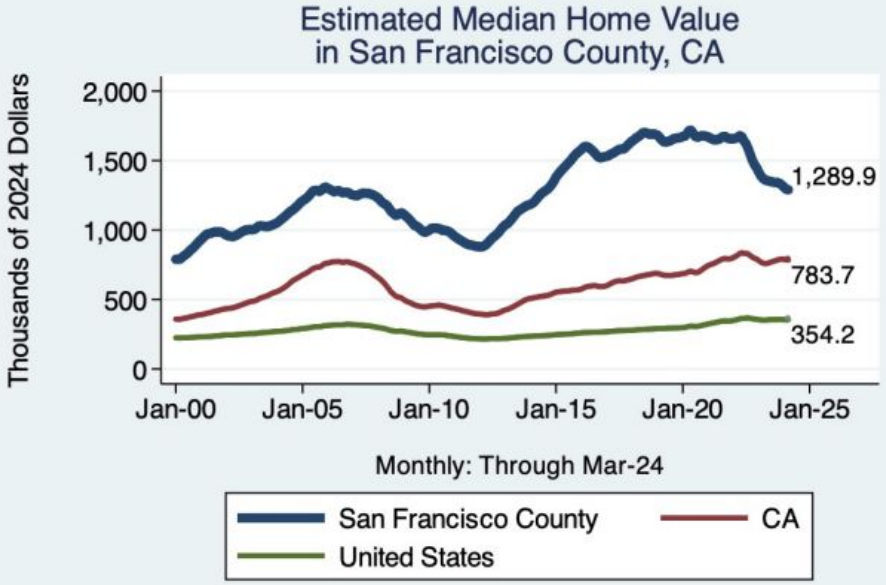


Source: NBER and Board of Governors. Gray shading indicates recession.
Graph by: National Economic Education Delegation (www.NEEDEcon.org)

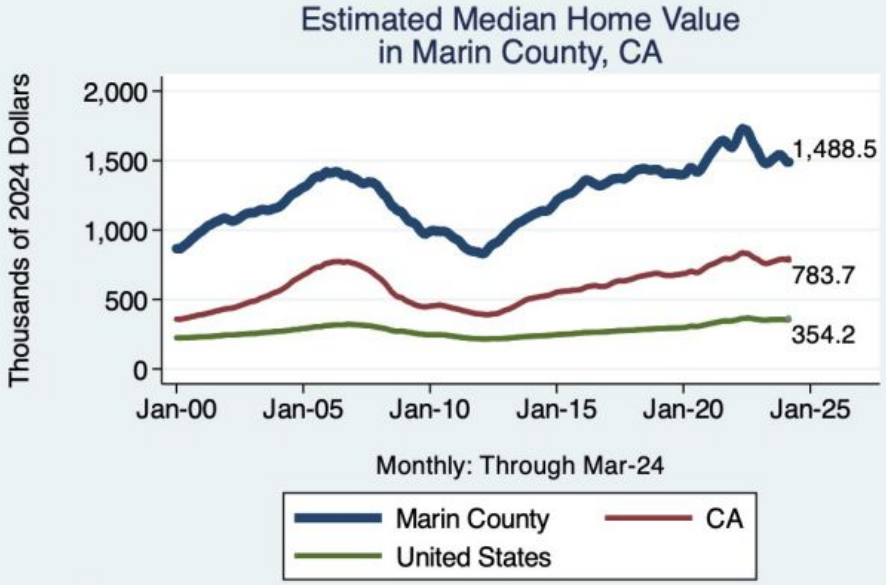
Interest Rates are High!

Source: Freddie Mac and the Federal Reserve
Graph by: National Economic Education Delegation (www.NEEDEcon.org)

RE Experiences … Similar And Not Good

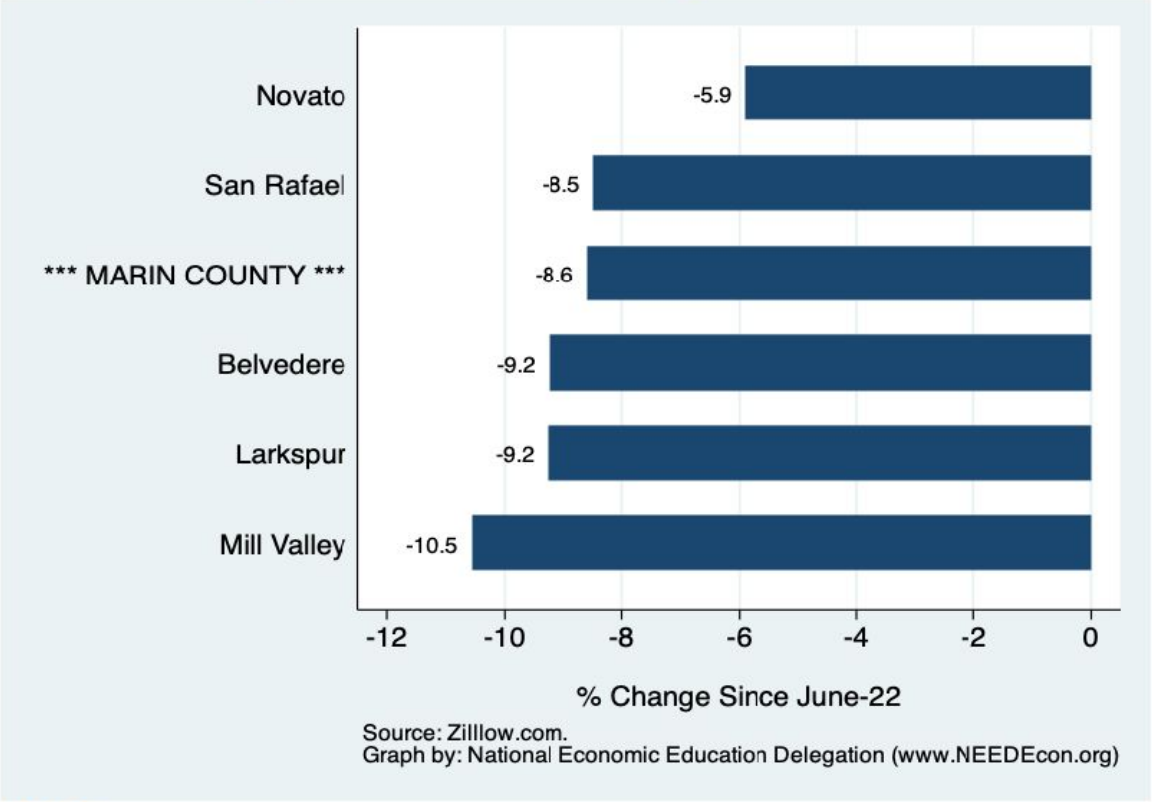


Source: Zillow Housing Data, https://www.zillow.com/research/data/
Produced by: National Economic Education Delegation (www.NEEDelegation.org)



Source: Zillow Housing Data, https://www.zillow.com/research/data/
Produced by: National Economic Education Delegation (www.NEEDelegation.org)

Home Price DEpreciation w/in Marin



Governor's *'May Revision'* State Budget Proposal

California Budget

- **In the red: $38B or $73B – depends on who you ask.**
  - $38B – Newsom (CY revenues are running $6B behind estimates)
  - $73B – LAO
- **Why?**
  - Lower than expected revenues when budgets were made.
    - 7-month tax deferral.
    - High interest rates reduced investment and startups.
- **Will know more once 2023 tax revenues are in and May revise is out.**
- **Prop 98 Funding:**

Takeaways

- **Is a recession on the horizon?**
  - No.
  - Many indicators are still in the black.
    - Recent growth has been pretty good!

- **Threats to continued growth:**
  - If inflation starts to rise again, which seems unlikely.
  - Ukraine and Middle East

- **State Budget in trouble for several years to come.**

Highlights of Governor's May Revision State Budget Proposal

- Governor Newsom released the May Revision to the 2025-26 budget and reinforced recent news of downgraded economic and revenue forecasts and an estimated **$12 billion shortfall** that must be addressed in the budget year. Much of the downgrade is due to impact of federally imposed tariffs. The expected impact of tariffs is $16 billion over the current and budget year.
- **Solutions** to address the budget problems include reductions and freezing enrollment to Medi-Cal, revenue/borrowing including using some Prop 35 funds for Medi-Cal rate increases, loans from the Labor and Workforce Development Fund and a fund shift of $1.7 billion from Greenhouse Gas Gas Reduction Fund to support CAL FIRE operations. Solutions do not include increased taxes.
- The May Revision does not take account cuts of federal funding although the Governor acknowledged cuts are anticipated but he did not specify.
- Projections indicate that California will experience growing operating deficits over several years
- **Reserves:** The May Revision maintains the January proposal to withdraw approximately $7.1 billion from the Budget Stabilization Account (BSA), leaving reserve balance of approximately $15.7 billion at the end of 2025-26.
- For LCFF-funded school districts, funded COLA of 2.3% for revenue growth
- For TUHSD, the Governor's May Revision Budget Proposal will have minimal impact given our 'basic aid' status, except for ongoing State funding for Universal Meals (pending federal funding) and possible $500M discretionary block grant

Source: Ball/Frost Group LLC & CASBO - May Revision Update - May 2025

Back to TUHSD…

2024-25 Estimated Actuals

What is included in the budget adoption process?

- The 2024-25 ‘Estimated Actuals’ reports:
  - Actual financial activity through April & projects financial activity through June 30th
  - Estimated Actuals will be compared to the Unaudited Actuals in September
  - Similar to a ‘3rd Interim’ Budget report for 2024-25

- 2025-26 Proposed Budget aligns resources to the LCAP goals & action steps
  - Inclusive of stakeholder feedback: Public Hearing, LCAP Committee, etc.

- Provides an opportunity to:
  - Adopt a budget based on any significant changes since 2nd Interim in March
  - Recalculate Multi Year Projections
  - Discuss any needed changes or actions

2024-25 School Year: Changes in Revenues & Expenditures

More resources of….

- Property Tax revenue increase
- Excess STRS State revenue increase

Savings in….

- Staff salaries & benefits
- Materials and supplies (primarily sites)
- Other Services & Operations (primarily departments)
- Reduced Special Education contribution (due to reduced staffing expenditures)

Increased spending in….

- Capital Outlay (IT wireless project)

Comparison of 2nd Interim vs. Estimated Actuals

Description	***Unrestricted Projected Operating Surplus (Deficit)***
2024-25 2nd Interim Projection (March)	**$ (2,053,160)**
Changes *(See Next Slide)*	*$ 707,180*
2024-25 Estimated Actuals Projection (June)	**$ (1,345,980)**

Changes from 2nd Interim vs. Estimated Actuals

Description of Changes (Unrestricted)	*Amount*
Increase in total revenue (property tax, State Excess STRS)	$208k
Decrease in staff expenditures (property tax share, unfilled positions, reduced subs, hourly PD, benefits)	$1.2M
Decrease in budgeted site & department expenditures for materials and services	$1.2M
Decrease in contribution to Restricted (i.e. decrease in Special Education staff expenditures)	$359k
Decrease in Transfer In to General Fund (from Fund 40)	$(2.3M)
Net other (capital outlay, indirect cost)	$(6k)
Total Changes	**$707k**

Comparison of 2nd Interim vs. Estimated Actuals - Impact on Reserves

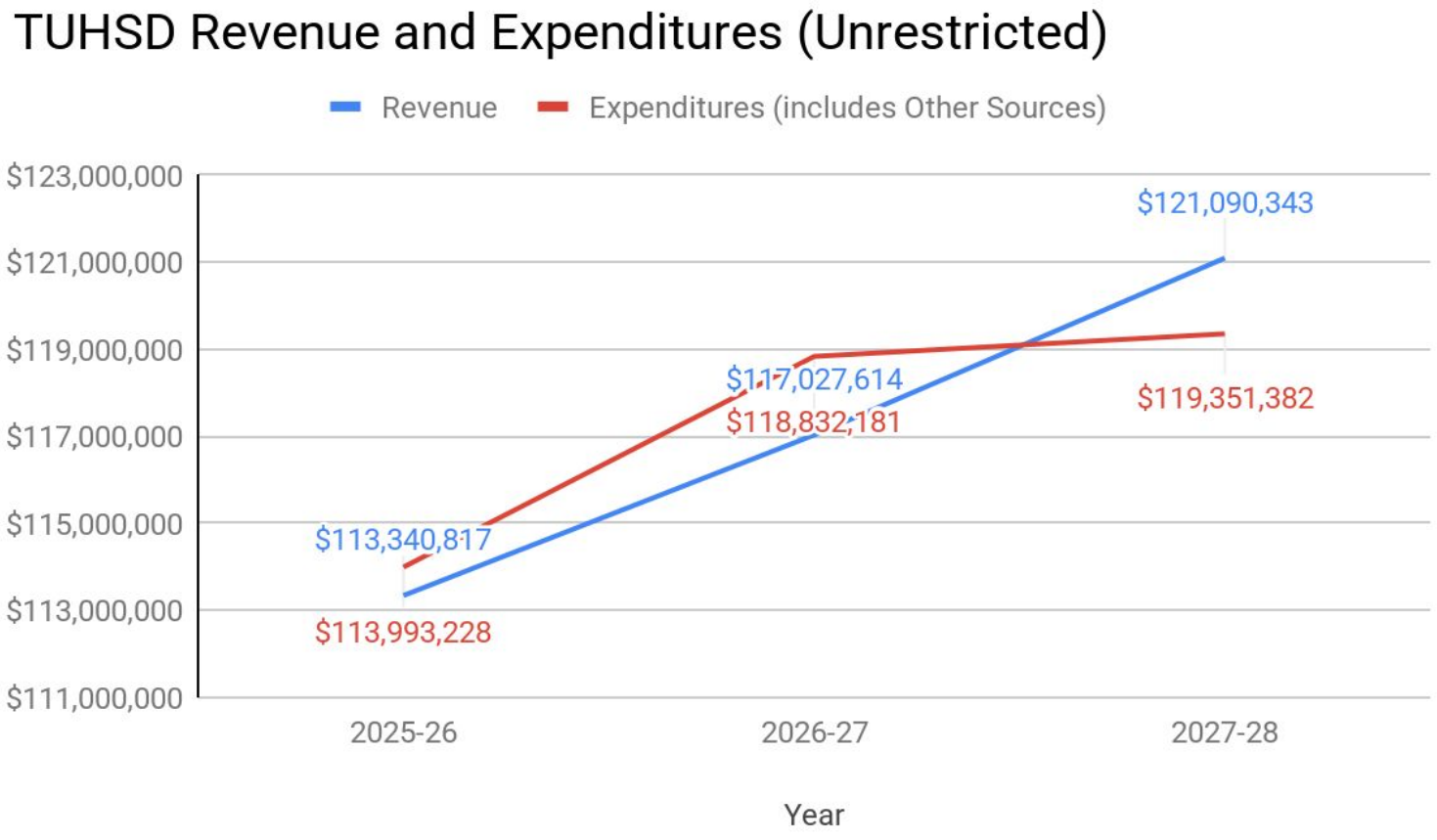
Description	*Unrestricted Projected Operating Surplus (Deficit)*	*Ending Fund Balance (Reserve)*
2024-25 2nd Interim Projection (March)	**$ (2,053,160)**	**$22,500,696 (17.5%)**
Changes	*$ 707,180*	*$ 707,180*
2024-25 Estimated Actuals Projection (June)	**$ (1,345,980)**	**$23,207,876 (18.0%)**

2025-26 Budget Proposal

Multi-Year Projection

- 2026-27 & 2027-28

Summary of Multi-Year Projections



TUHSD Summary of Multi-Year Projections

	2024-25	2025-26	2026-27	2027-28
Operating Surplus (Deficit) *(March 2025)*	$(2.1M)	$(4k)*	$654k*	--
Ending Fund Balance/Reserve *(March 2025)*	$22.5M (17.5%)	$22.7M (18.9%)*	$23.3M (19.2%)*	--
Operating Surplus (Deficit) *(June 2025)*	$(1.3M)	$(652k)	$(1.8M)	$1.7M*
Ending Fund Balance/Reserve *(June 2025)*	$23.2M (18.0%)	$22.6M (17.6%)	$20.8M (15.7%)	$22.5M (16.9%)*

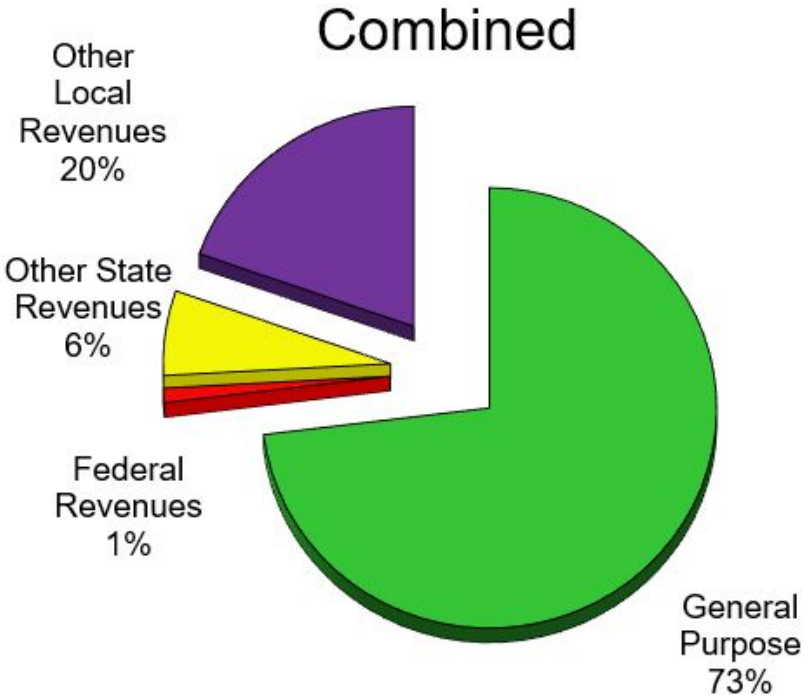
Key Assumptions: * Figures do not include any potential increase in staff compensation (cost of 1% raise = $770k)

Revenues

Revenue Sources for 2025-26 (combined)

- General Purpose $ 90,741,121
  - Property taxes, EPA, minimum State Aid, etc.
- State Funding $ 7,727,329
  - Prop 28, Lottery, Special Education, ROP, etc.
- Federal Funding $ 1,331,281
  - Title I, Title II, IDEA, etc.
- Local Revenue $ 24,385,625
  - Parcel tax, Foundations, facilities fees, interest

TOTAL: $ 124,185,356



Basic Aid vs. State-Funded (LCFF)

- Also known as Community-funded
- District is entitled to a calculated revenue entitlement
- Comprised of both local property taxes revenue and state aid
- If property taxes exceed the calculated revenue entitlement, then the district keeps the overflow revenue and receives only basic (minimal) state aid
- Does not receive significant additional revenue for each new student in enrollment growth
- *TUHSD is about $30.9M over the LCFF entitlement*

- Formerly referred to as 'Revenue Limit'
- District is entitled to a calculated revenue entitlement
- Comprised of both local property taxes and state aid
- When property taxes do not meet the calculated revenue entitlement, then the State makes up the shortfall with additional funding up to the calculated revenue entitlement

Key Budget Assumptions - Unrestricted Revenues

Property Tax Revenue growth projections: $89,240,900 in 2025-26 property tax revenue

Year	*2024-25*	*2025-26*	*2026-27*	*2027-28*	*2028-29*
Old - Growth Rate Projection (%)	**4.37%**	**4.37%**	**4.87%**	**4.87%**	**4.87%**
New - Growth Rate Projection (%)	**4.60%**	**4.40%**	**3.90%**	**4.15%**	**4.40%**
Cumulative $ difference	**$108k**	**$226k**	**$(618k)**	**$(1.2M)**	**$(1.7M)**

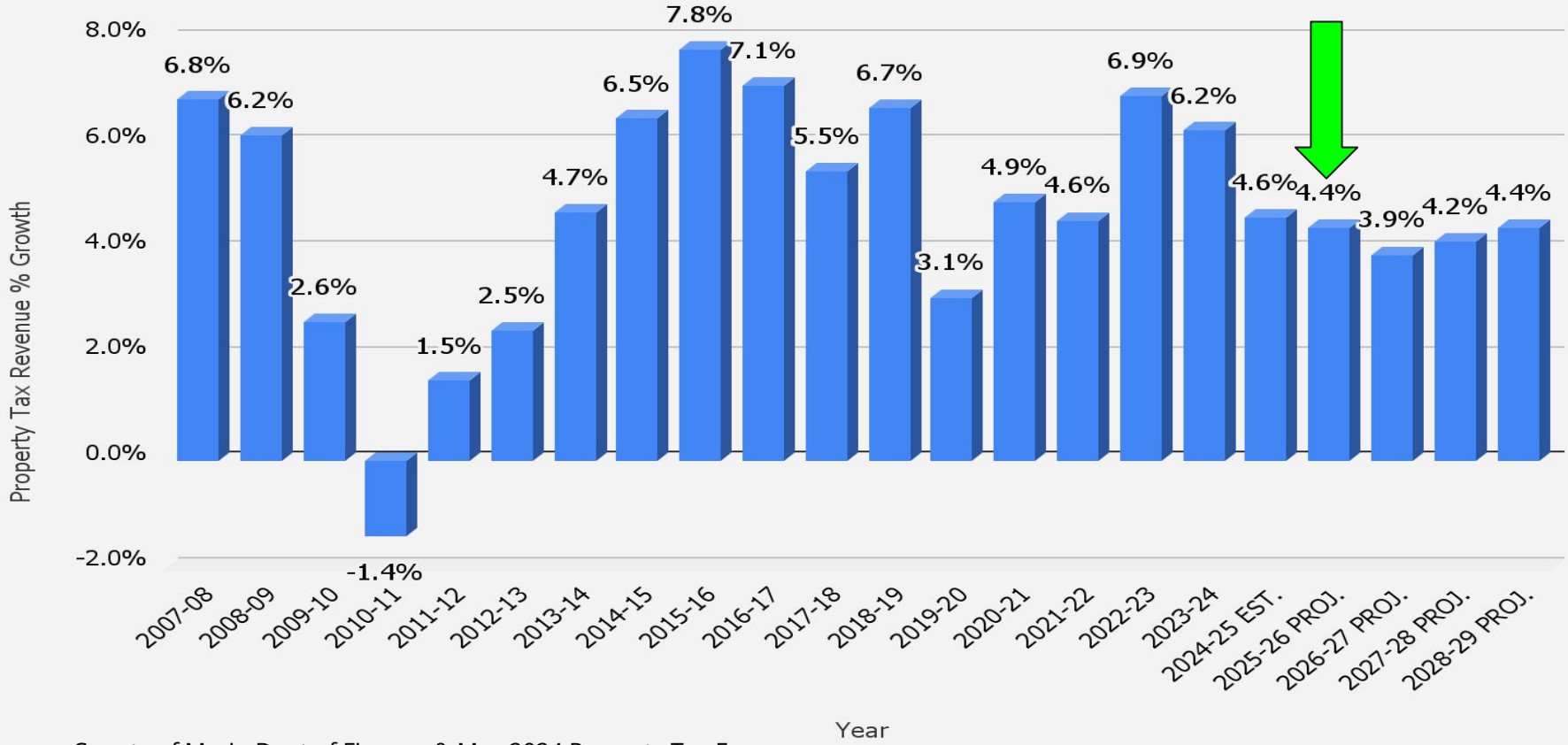
Notes:

- Projections inclusive of information provided at Marin County Property Tax Forum in May

Parcel Tax Revenue

- Increase of 3% with annual inflation adjustment
  - Actual amount depends on volume of Senior Exemptions
- 2025-26 Parcel Tax revenue projected to be $17.8M, which is an increase of $538k from 2024-25

TUHSD Historical Property Tax Revenue Growth



Source: County of Marin Dept of Finance & May 2024 Property Tax Forum

Key Budget Assumptions - Other Revenues

State revenue:

- Continued Universal Meals funding for student nutrition, but largely dependent on federal funding (TBD)
- Prop 28 Arts & Music Education funding now included in budget (after auditor review of allowable uses) for $293k in 2025-26 and $542k and $526k in subsequent years
- Proposed one-time funding of $397k in discretionary block grant not included, but could be used to offset existing programs and not incur new expenditures

Federal revenue: No significant changes confirmed to date (next slide)

Other Local revenue: Facilities rental revenue is projected to increase by $43k

Potential Federal Funding Impacts to TUHSD

- Potential federal policy changes & impact on educational funding & larger economy (i.e. inflation & interest rates)
  - Impact on local real estate market and TUHSD property tax revenues (i.e. $85M in 2024-25)
  - Title I (about $135k currently used for Dynamic Solutions for Youth)
  - Title II (about $225k for Tam Adult School's ESL program & $71k for- Ed Services' teacher induction program)
  - Title III (about $22k for Ed Services' English learner student support))
  - Title IV (about $10k for Ed Services' provide access to a well-rounded education - Dr. Lori Watson)
  - IDEA (Special Education - about $4.5M including SELPA pass-through)
  - Universal Meals (about $450k in federal funding and $1.2M in State funding via federal gov't)
  - Potential 25% trade tariffs on steel & aluminum
    - Significant steel and aluminum in both of the new building replacement projects and especially the four-story Tam High STEAM building. Cost estimates for these tariffs could cost an additional $500k.

Education Protection Account (EPA)

As specified in Proposition 30, EPA K-14 general purpose funds must be utilized for instructional purposes.

Education Protection Account (EPA) Budget *2025-26 Fiscal Year*	
Description	Amount
BEGINNING BALANCE	$0
BUDGETED EPA REVENUES:	
Estimated EPA Funds	$881,902
BUDGETED EPA EXPENDITURES:	
Certificated Instructional Salaries	$636,527
Certificated Instructional Benefits	$245,375
TOTAL	$881,902
ENDING BALANCE	$0

Expenditures

Primary Components:

Enrollment & Staffing

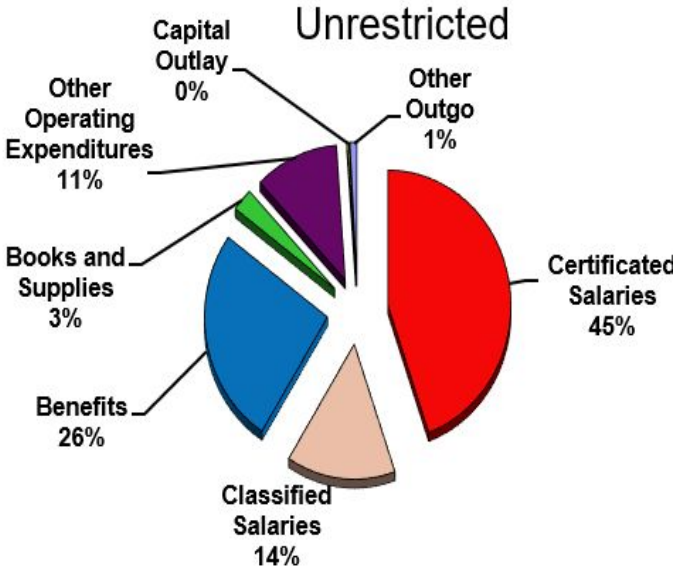
Utilities & Services

STRS & PERS pension rate increases

Special Education

General Fund Expenditures

Description	Unrestricted	Combined
Certificated Salaries	$37,779,301	$45,383,219
Classified Salaries	$12,121,846	$17,287,274
Benefits (Payroll Taxes and Health & Welfare Contributions)	$22,114,674	$33,164,942
Books and Supplies	$2,336,138	$4,451,989
Other Operating Expenditures	$9,344,819	$20,990,470
Capital Outlay	$199,427	$264,830
Other Outgo	$765,262	$2,448,981
TOTAL	**$84,661,467**	**$123,991,705**

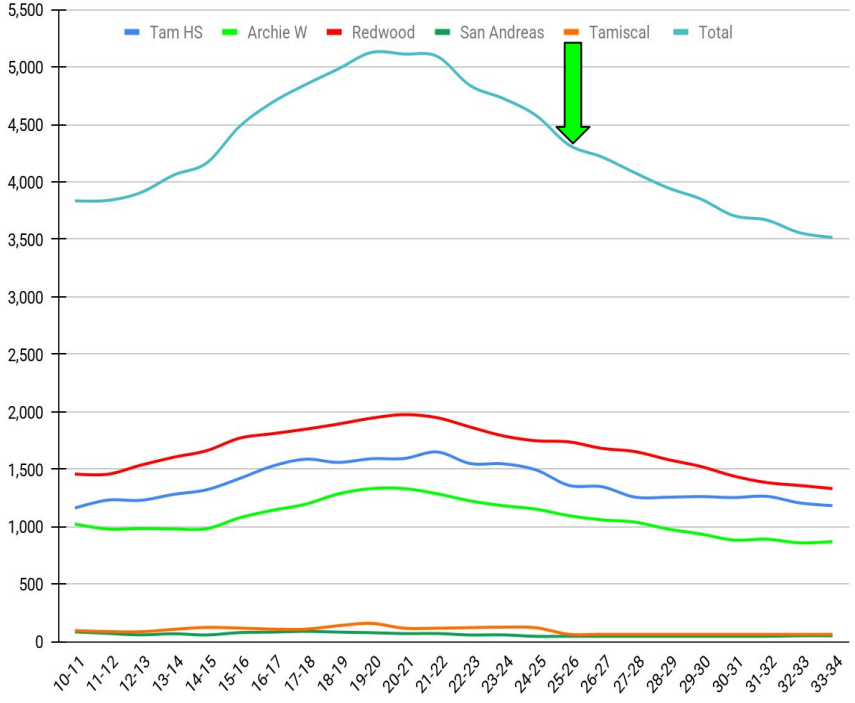


Salaries and benefits comprise approximately 85% of the District's unrestricted expenditures, and approximately 77% of the combined General Fund expenditures.

TUHSD Enrollment Projections (by site)

Date: May 2025

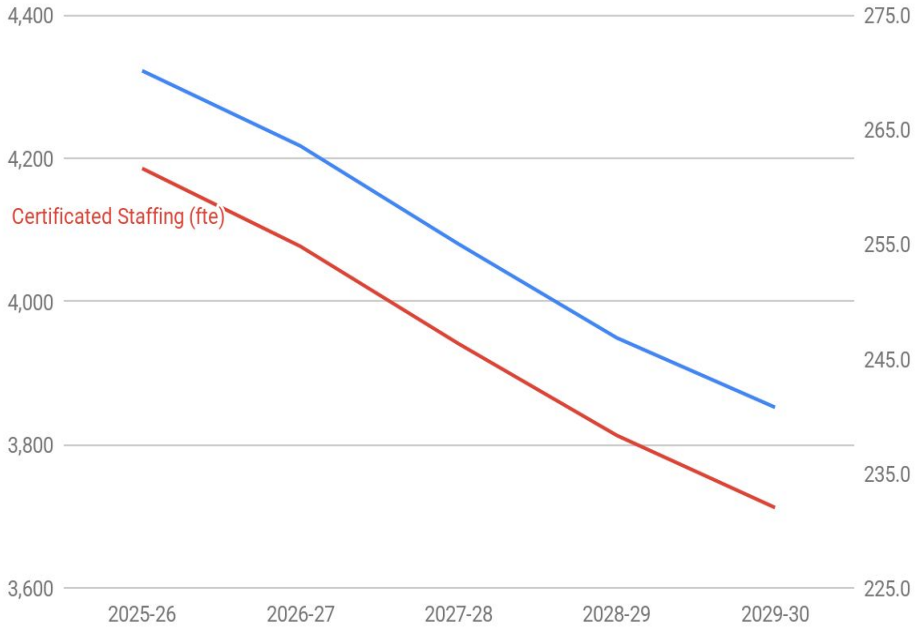
School Year	Tam HS	Archie W	Redwood	San Andreas	Tamiscal	NPS	Total	Change in students	Percent Change
10-11	1,162	1,023	1,458	84	95	14	3,836		
11-12	1,231	979	1,456	71	87	15	3,839	3	0.1%
12-13	1,229	984	1,535	58	85	16	3,907	68	1.7%
13-14	1,281	980	1,604	68	106	21	4,060	153	3.8%
14-15	1,321	982	1,661	57	123	21	4,165	105	2.5%
15-16	1,419	1,077	1,770	78	117	22	4,483	318	7.6%
16-17	1,527	1,142	1,809	82	108	25	4,693	210	4.7%
17-18	1,587	1,195	1,848	89	107	21	4,847	154	3.2%
18-19	1,559	1,285	1,893	82	138	27	4,984	137	2.8%
19-20	1,591	1,331	1,944	77	158	26	5,127	143	2.9%
20-21	1,593	1,331	1,975	69	116	29	5,113	-14	-0.3%
21-22	1,650	1,286	1,948	70	116	23	5,093	-20	-0.4%
22-23	1,549	1,224	1,867	57	121	21	4,839	-254	-5.0%
23-24	1,547	1,182	1,790	58	125	25	4,727	-112	-2.3%
24-25	1,494	1,152	1,747	45	120	21	4,579	-148	-3.1%
25-26	1,359	1,095	1,738	46	63	21	4,322	-257	-5.6%
26-27	1,347	1,059	1,681	46	63	21	4,217	-104	-2.4%
27-28	1,257	1,039	1,653	46	63	21	4,080	-138	-3.3%
28-29	1,256	979	1,584	46	63	21	3,949	-131	-3.2%
29-30	1,262	936	1,524	46	63	21	3,852	-97	-2.5%
30-31	1,253	883	1,440	46	63	21	3,706	-145	-3.8%
31-32	1,264	891	1,384	46	63	21	3,669	-38	-1.0%
32-33	1,207	859	1,358	50	63	21	3,558	-110	-3.0%
33-34	1,183	870	1,331	50	63	21	3,517	-41	-1.1%



Key Budget Assumptions - Expenditures

Enrollment & Certificated Staffing projections:

School Year	Projected Enrollment	Difference from Prior Year	Certificated Staffing (fte)	Difference from Prior Year
2025-26	4,322	-257	261.6	-16.0*
2026-27	4,217	-105	254.8	-6.8
2027-28	4,080	-137	246.3	-8.5
2028-29	3,949	-131	238.3	-8.0
2029-30	3,852	-97	232.0	-6.3



Note:* For 2025-26, the 16.0 fte reduction is comprised of a 12.4 fte due to enrollment decline and a 3.6 fte reduction associated with the $1.3M budget reduction Board-approved in February 2025

Key Budget Assumptions - Expenditures (cont'd)

- TFT- & CSEA-represented employee groups have settled on compensation through 2026-27, but not in 2027-28 & beyond
  - Future cost of a 1% raise in 2025-26 estimated to be approximately $770k
- Step & Column increases are 1.77% for Certificated and 2.76% for Classified from 2025-26
- Health & Welfare employee benefit increases up 8.2% from 2025-26 and assumed 5% annually thereafter
- Insurance rates changes: property: +7%, liability: +16%*, cyber: +10%, workers' compensation: +4%, dental: -10%, vision: -6%
- Utilities expenses projected to increase 4% annually (i.e. MMWD, PG&E, sewer, etc)
- Continued historic trend of Special Education costs average annual increase of $1.1M *(later slide)*

Utilities & Services - Historical Costs

Utility/Service type	2019-20 Actual Total Cost	2024-25 Estimated Total Cost	Cost Increase	% Increase
Electric	$527,955	$1,034,566	$506,611	96%
Water	$381,932	$672,205	$290,272	76%
Gas	$228,128	$500,955	$272,827	120%
Sewer	$161,512	$180,000	$18,488	11%
Garbage	$256,611	$429,221	$172,609	67%
Legal	$353,822	$536,080	$182,258	52%
MSIA	$2,543,713	$2,691,000	$147,287	6%
Totals	$4,453,674	$6,044,026	**$1,590,353**	**36%**

Utility/Service type	2023-24 Actual Total Cost	2024-25 Estimated Total Cost	Cost Increase	% Increase
Electric	$1,029,033	$1,034,566	$5,532	0.5%
Water	$527,567	$672,205	$144,637	27.4%
Gas	$477,282	$500,955	$23,674	5.0%
Sewer	$149,750	$180,000	$30,250	20.2%
Garbage	$443,469	$429,221	-$14,249	-3.2%
Legal	$247,360	$536,080	$288,720	116.7%
MSIA	$2,694,432	$2,691,000	-$3,433	-0.1%
Totals	$5,568,895	$6,044,026	**$475,132**	**8.5%**

Summary of Driven Costs - ‘the cost of doing nothing’

Additional Revenue in 2025-26	
Property Tax (4.6% growth)	$3.6M
Parcel Tax (3.0% growth)	$538k
Total:	**$4.1M**

Note: Above items are not exhaustive and meant for illustrative purposes

Summary of Driven Costs - 'the cost of doing nothing'

Additional Revenue in 2025-26		Additional Expenditures in 2025-26	
Property Tax (4.6% growth)	$3.6M	4% Employee Compensation	$(3.2M)
Parcel Tax (3.0% growth)	$538k	8.2% SISC Healthcare	$(925k)
		Employee Step & Column	$(1.2M)
		Utilities & Insurance	$(238k)
		10% Special Education costs	$(1.3M)
Total:	**$4.1M**	**Total:**	$(6.8M)

Note: Above items are not exhaustive and meant for illustrative purposes

Summary of Driven Costs - 'the cost of doing nothing'

Additional Revenue (or Resources) in 2025-26		**Additional Expenditures in 2025-26**	
Property Tax (4.6% growth)	$3.6M	4% Employee Compensation	$(3.2M)
Parcel Tax (3.0% growth)	$538k	8.2% SISC Healthcare	$(925k)
Reduced Certificated Staffing (-16.0 fte) & balance of $1.3M budget reduction	$2.7M	Employee Step & Column	$(1.2M)
		Utilities & Insurance	$(238k)
		10% Special Education	$(1.3M)
Total:	~~**$4.4M**~~ **$6.8M**	**Total:**	$(6.8M)

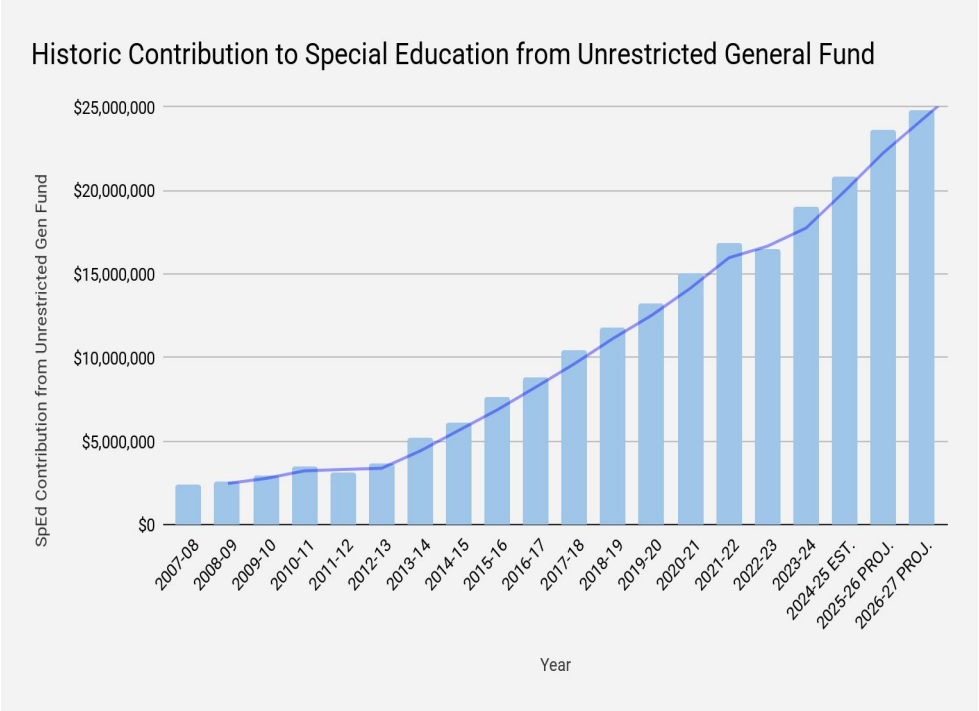
Note: Above items are not exhaustive and meant for illustrative purposes

STRS & PERS Pension Employer Rates & Costs

- In 2013, pension rates were re-calculated based on the Public Employee Pension Reform Act that restructured retirement age and benefits
- Compared to 2013-14, increased pension employer rates & costs have more than doubled (i.e. about $6M to $13M per year

CalPERS Rate Comparison												
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Employer Rates	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%	25.37%	26.68%	27.40%	27.50%	27.50%
Change		2.04%	1.64%	2.53%	1.66%	0.98%	2.21%	2.46%	1.31%	0.72%	0.10%	0%
CalSTRS Rate Comparison												
Employer Rates	10.73%	12.58%	14.43%	16.28%	17.10%	16.15%	16.92%	19.10%	19.10%	19.10%	19.10%	19.10%
Change		1.85%	1.85%	1.85%	0.82%	-0.95%	0.77%	2.18%	0%	0%	0%	0%

Special Education Costs

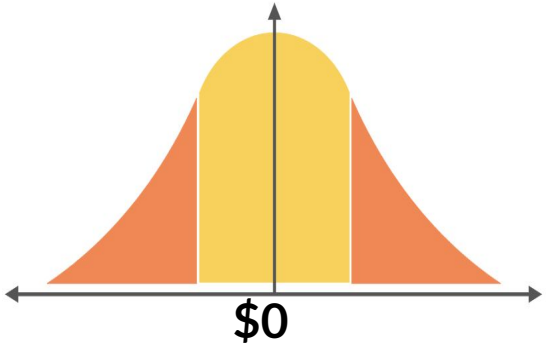


- In 2012, CA law changed increasing district responsibility for funding special education (NPS, mental health)
- TUHSD SpEd contributions have increased from $2.4M to $23.6M in 14 years
  - Avg. of $1.4M increase annually
- 2025-26 Total SpEd transportation costs of $2.2M
- TUHSD currently has 4 Counseling Enriched Classrooms (CEC) and opening 5th at San Andreas in the Fall
  - Estimated savings is $560k annually per CEC
  - Total savings of about $2.8M annually

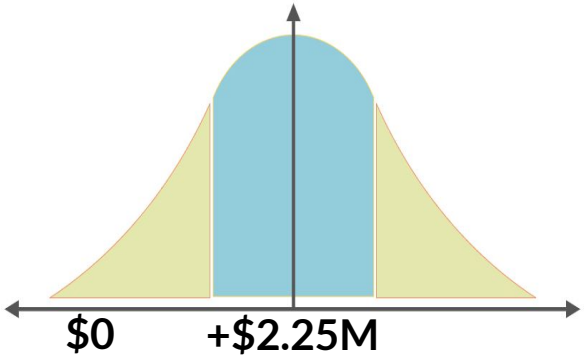
Reminder from January 2021 Budget Workshop:

To increase budget accuracy, 'Expenditure Fall-Out' mechanism still in place with increased magnitude to $2.25M.

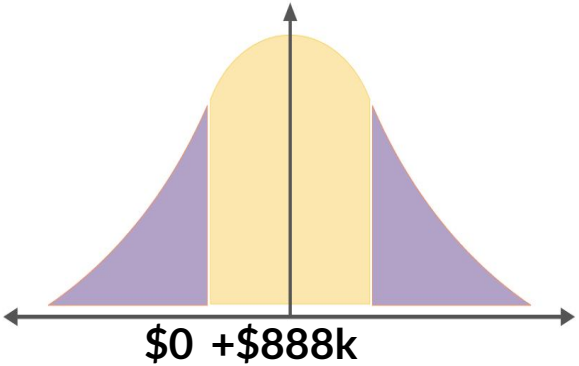
Hypothetical Case:
Aim for perfect accuracy, but 50% chance of negative fall-out



Historical TUHSD Trend:
Less accurate, but significantly little chance of negative fall-out



Options for 2021-22 TUHSD Budget:
More accurate with less chance of negative fall-out



Trade-Off: In exchange for greater budget accuracy, there will be a greater risk (albeit less than hypothetical case) of negative budget fall-out.

Reserves & Assignments

Reserves & Assignments

2025-26 Estimated Ending Fund Balance (Unrestricted) - $22,555,465 (17.6% reserve level)

Non-Spendable - $12,000

Restricted - $5,700,339

Assigned - $18,477,000

- Property Tax Uncertainty (1% of prop tax revenues) - $267,500
- Special Education Uncertainty - $267,500
- Additional 17% Reserve (less REU), per Board Policy - $17,942,000

Unassigned - Statutory 3% minimum reserve for economic uncertainty (REU) - $3,844,800

Unassigned (Other) - $221,665

Reminder: TUHSD Board Policy (BP 3100) establishes a targeted minimum reserve level at 17% of annual expenditures.

Description	2025-26 Budget Proposal			2026-27 Projected Budget			2027-28 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
REVENUES									
General Purpose Revenue (A)	90,741,121	-	90,741,121	94,122,665	-	94,122,665	97,863,484	-	97,863,484
Federal Revenue (B)	-	1,331,281	1,331,281	-	1,322,342	1,322,342	-	1,322,342	1,322,342
State Revenue (B)	2,221,591	5,505,738	7,727,329	2,221,591	5,751,972	7,973,563	2,221,591	5,739,088	7,960,679
Local Revenue (C)	20,378,105	4,007,520	24,385,625	20,683,358	4,007,520	24,690,878	21,005,268	4,007,520	25,012,788
TOTAL REVENUES	**113,340,817**	**10,844,539**	**124,185,356**	**117,027,614**	**11,081,834**	**128,109,448**	**121,090,343**	**11,068,950**	**132,159,293**
EXPENDITURES									
Certificated Salaries (D)	37,779,301	7,603,918	45,383,219	38,596,810	7,900,597	46,497,407	38,069,142	7,984,032	46,053,174
Classified Salaries (D)	12,121,846	5,165,428	17,287,274	12,728,855	5,458,308	18,187,163	13,109,448	5,621,511	18,730,959
Benefits (E)	22,114,674	11,050,268	33,164,942	23,260,192	11,310,591	34,570,783	23,714,637	11,611,544	35,326,181
Books and Supplies (F)	2,336,138	2,115,851	4,451,989	2,336,138	2,142,677	4,478,815	2,336,138	2,142,677	4,478,815
Other Services & Oper. Exp (G)	9,344,819	11,645,651	20,990,470	9,601,047	12,210,868	21,811,915	9,565,516	13,462,868	23,028,384
Capital Outlay (H)	199,427	65,403	264,830	199,427	-	199,427	199,427	-	199,427
Other Outgo (I)	827,656	1,652,461	2,480,117	512,419	1,817,461	2,329,880	512,419	1,999,461	2,511,880
Transfer of Indirect Costs	(62,394)	31,258	(31,136)	(62,394)	31,258	(31,136)	(62,394)	31,258	(31,136)
TOTAL EXPENDITURES	**84,661,467**	**39,330,238**	**123,991,705**	**87,172,494**	**40,871,760**	**128,044,254**	**87,444,333**	**42,853,351**	**130,297,684**
EXCESS / (DEFICIENCY)	**28,679,350**	**(28,485,699)**	**193,651**	**29,855,120**	**(29,789,926)**	**65,194**	**33,646,010**	**(31,784,401)**	**1,861,609**
OTHER SOURCES/USES									
Transfers In	2,250,000	-	2,250,000	2,250,000	-	2,250,000	2,250,000	-	2,250,000
Transfers Out (J)	(4,165,000)	-	(4,165,000)	(4,165,000)	-	(4,165,000)	(2,415,000)	-	(2,415,000)
Net Other Sources (Uses)	-	-	-	-	-	-	-	-	-
Contributions to Restricted (K)	(27,416,761)	27,416,761	-	(29,744,687)	29,744,687	-	(31,742,049)	31,742,049	-
TOTAL OTHER SOURCES / USES	(29,331,761)	27,416,761	(1,915,000)	(31,659,687)	29,744,687	(1,915,000)	(31,907,049)	31,742,049	(165,000)
Net Increase (Decrease)	**(652,411)**	**(1,068,938)**	**(1,721,349)**	**(1,804,567)**	**(45,239)**	**(1,849,806)**	**1,738,961**	**(42,352)**	**1,696,609**
FUND BALANCE, RESERVES									
Estimated Beginning Balance	23,207,876	6,769,277	29,977,152	22,555,465	5,700,339	28,255,803	20,750,898	5,655,100	26,405,997
Estimated Ending Balance	**22,555,465**	**5,700,339**	**28,255,803**	**20,750,898**	**5,655,100**	**26,405,997**	**22,489,859**	**5,612,748**	**28,102,606**
Nonspendable	12,000	-	12,000	12,000	-	12,000	12,000	-	12,000
Restricted	-	5,700,339	5,700,339	-	5,655,100	5,655,100	-	5,612,748	5,612,748
Assigned	18,477,000	-	18,477,000	16,549,300	-	16,549,300	18,279,800	-	18,279,800
Unassigned - REU @ 3%	3,844,800	-	3,844,800	3,966,300	-	3,966,300	3,981,400	-	3,981,400
Unassigned - Other	221,665	-	221,665	223,298	-	223,298	216,659	-	216,659
Total - Est. Fund Balance	**22,555,465**	**5,700,339**	**28,255,803**	**20,750,898**	**5,655,100**	**26,405,997**	**22,489,859**	**5,612,748**	**28,102,606**
Fund Balance Reserve Percentage (Combined Assigned & Unassigned)			**17.59%**			**15.69%**			**16.94%**

TUHSD Summary of Multi-Year Projections

	2024-25	2025-26	2026-27	2027-28
Operating Surplus (Deficit) *(March 2025)*	$(2.1M)	$(4k)*	$654k*	--
Ending Fund Balance/Reserve *(March 2025)*	$22.5M (17.5%)	$22.7M (18.9%)*	$23.3M (19.2%)*	--
Operating Surplus (Deficit) *(June 2025)*	$(1.3M)	$(652k)	$(1.8M)	$1.7M*
Ending Fund Balance/Reserve *(June 2025)*	$23.2M (18.0%)	$22.6M (17.6%)	$20.8M (15.7%)	$22.5M (16.9%)*

Key Assumptions: * Figures do not include any potential increase in staff compensation (cost of 1% raise = $770k)

Summary of All Funds

Summary of All Funds

Below is a summary of each Fund's ending fund balance (or reserve) and estimated changes.

FUND	2024-25	Est. Net Change	2025-26
GENERAL (UNRESTRICTED & RESTRICTED)	$29,977,152	($1,721,349)	$28,255,803
ASSOCIATED STUDENT BODY FUND	$690,629	$0	
ADULT EDUCATION	$907,598	($280,024)	$627,574
CAFETERIA FUND	$484,352	($391,422)	$92,930
DEFERRED MAINTENANCE	$4,051,702	($230,000)	$3,821,702
SPECIAL RESERVE - OTHER THAN CAPITAL OUTLAY	$0	$1,035,000	$1,035,000
FOUNDATION SPECIAL RESERVE FUND	$50,847	$0	$50,847
BUILDING FUND	$164,006,699	($59,758,629)	$104,248,070
CAPITAL FACILITIES FUND	$1,011,588	($330,000)	$681,588
CAPITAL OUTLAY	$9,058,767	($6,443,371)	$2,615,396
BOND INTEREST & REDEMPTION	$11,707,174	($831,993)	$10,875,181
TOTAL	**$221,946,509**	($68,951,788)	**$152,994,721**

Uncertainties & Prudence

Uncertainties & Prudence

- Potential federal policy changes & impact on educational funding & larger economy (i.e. inflation & interest rates)
  - Impact on local real estate market and TUHSD property tax revenues
  - Title I (about $135k currently used for Dynamic Solutions for Youth)
  - Title II (about $225k for Tam Adult School's ESL program & $71k for Ed Service's teacher induction program)
  - Title III (about $22k for Ed Services's English learner student support)
  - Title IV (about $10k for provide access to a well-rounded education)
  - IDEA (Special Education - about $4.5M including SELPA pass-through)
  - Universal Meals (about $450k in federal funding and $1.2M in State funding via federal gov't)
  - 25% trade tariffs on steel & aluminum. Cost estimates for these tariffs could cost an additional $500k for TUHSD building projects
- Ongoing enrollment decline for at least the next 8 years has begun, but flattens in later years
  - Major 'lesson learned' from past financial challenges: Need to adjust staffing to enrollment accordingly
- Ongoing cost increases for utilities, services and driven costs
- TFT- & CSEA-represented employee groups have settled on compensation through 2026-27, but not afterwards
  - Future cost of a 1% raise in 2027-28 for all staff estimated to be approximately $770k
- Given the above and ongoing reduced property tax revenue growth and expenditure increases (healthcare, utilities), staff is projecting the need for an estimated $1.8M in budget reductions (amount TBD at 1st Interim in Dec 2025) effective 2026-27 to maintain fiscal sustainability
- Assuming implementation of budget reductions, TUHSD is projecting balanced budgets in the official 3-year MYP & minimum 17% reserve = **Sustainable, BUT potential federal revenue loss due to policy changes could pose risk to general fund**

2025-26 Budget Calendar & Key Dates

May 2025	Governor's May Revise Budget Proposal for 2025-26
June 2025	CA State Legislature must propose budget plan by June 15th TUHSD Board must adopt a budget by June 30th
August 2025	Possible TUHSD 45-day budget revision for 2025-26, pending State Enacted Budget Act
September 2025	Unaudited Actuals Budget Report for 2024-25
December 2025	1st Interim Budget Report for 2025-26

TAMALPAIS UNION HIGH
SCHOOL DISTRICT

Questions?

Comments?

Special thanks to our Business Office staff for their work to help prepare this report!