TAMALPAIS UNION HIGH
SCHOOL DISTRICT

# 2025-26 1st Interim Budget

December 9, 2025

# Agenda

- State Outlook & Risks
- Start with the End: *Where were we in June and now in December?*
- 2025-26 Budget: Revenue, Expenditures & Reserves - *What has changed since June?*
- Multi-Year Projection - *Where are we going?*
- Uncertainties & Prudence
- Next Steps and Questions & Comments

# State Outlook & Risks

# State Outlook & Risks

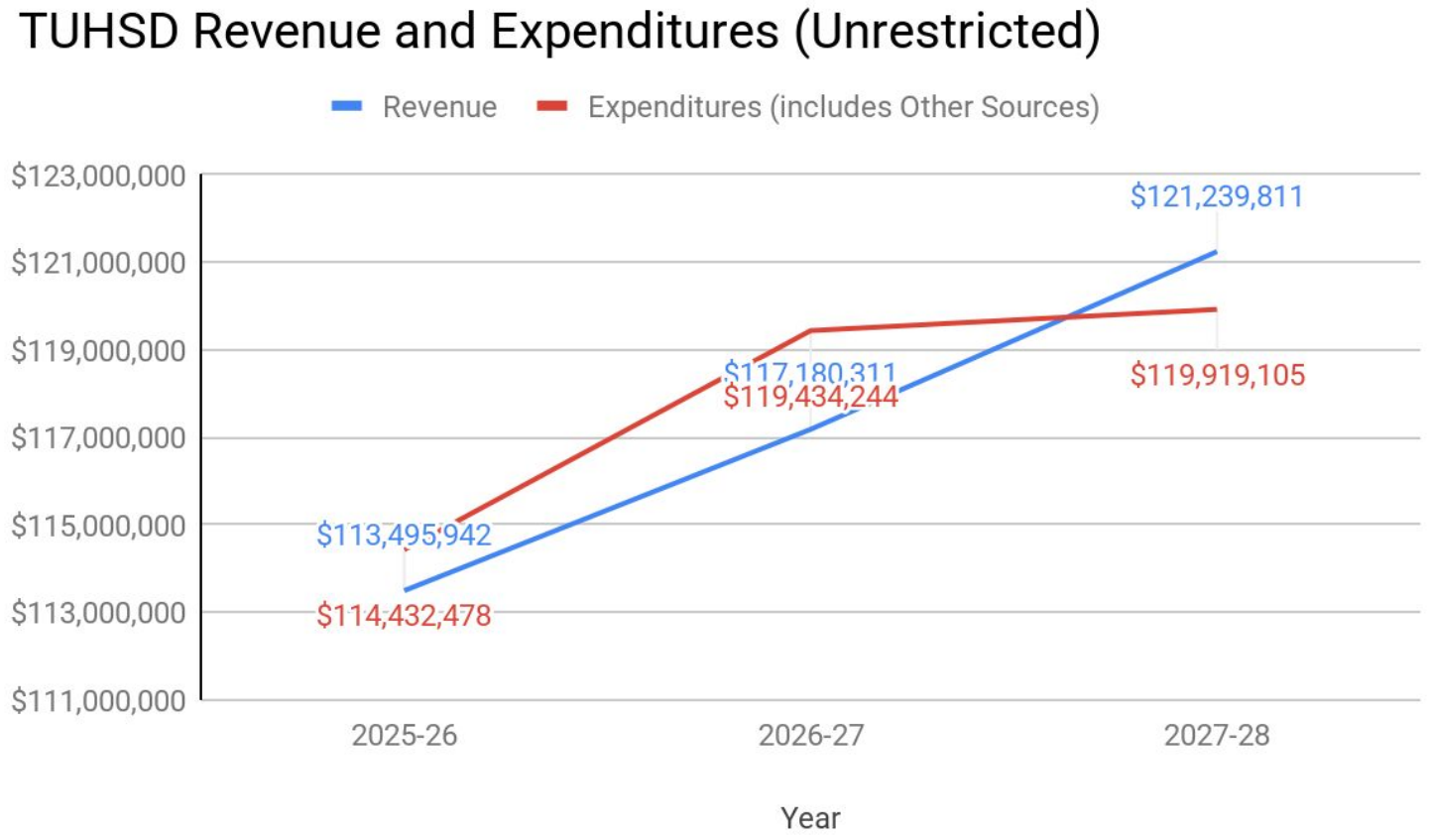
1. Declining student enrollment trend is #1 fiscal challenge for school districts for next two decades
2. Inflation lowered near pre-COVID levels, but school district annual costs continue to grow greater than 5.5%
3. State economy & revenues ok in near term due to AI valuations, but ongoing State deficits projected and concerns about possible 'AI bubble' with market correction
4. Ongoing threat of federal funding reductions
5. Prop 30 (Education Protection Account) funding expiration & reauthorization on ballot in Nov 2026

Source: CASBO CBO Symposium, November 2025, FCMAT/SSC workshop

# Start with the End...

*Where were we in June and now in December?*

# Summary of Multi-Year Projections



# TUHSD Summary of Multi-Year Projections

| | *2025-26* | *2026-27* | *2027-28* |
|---|---|---|---|
| ***Operating Surplus (Deficit)*** ***(June 2025)*** | **$(652k)** | **$(1.8M)** | **$1.7M*** |
| ***Ending Fund Balance/Reserve*** ***(June 2025)*** | **$22.6M (17.6%)** | **$20.8M (15.7%)** | **$22.5M (16.9%)*** |
| ***Operating Surplus (Deficit)*** ***(December 2025)*** | **$(937k)** | **$(2.3M)** | **$1.3M*** |
| ***Ending Fund Balance/Reserve*** ***(December 2025)*** | **$22.7M (17.0%)** | **$20.4M (15.5%)** | **$21.7M (16.4%)*** |

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

# Revenue

# 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 $31.3M 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:** $89,668,788 in 2025-26 property tax revenue

| *Year* | *2025-26* | *2026-27* | *2027-28* | *2028-29* |
|---|---|---|---|---|
| **Old - Growth Rate Projection (%)** | **4.37%** | **4.87%** | **4.87%** | **4.87%** |
| **New - Growth Rate Projection (%)** | **4.1% (down from 4.4%)** | **3.90%** | **4.15%** | **4.40%** |
| **Cumulative $ difference** | **$(25k)** | **$(869k)** | **$(1.5M)** | **$(2.0M)** |

Parcel Tax Revenue

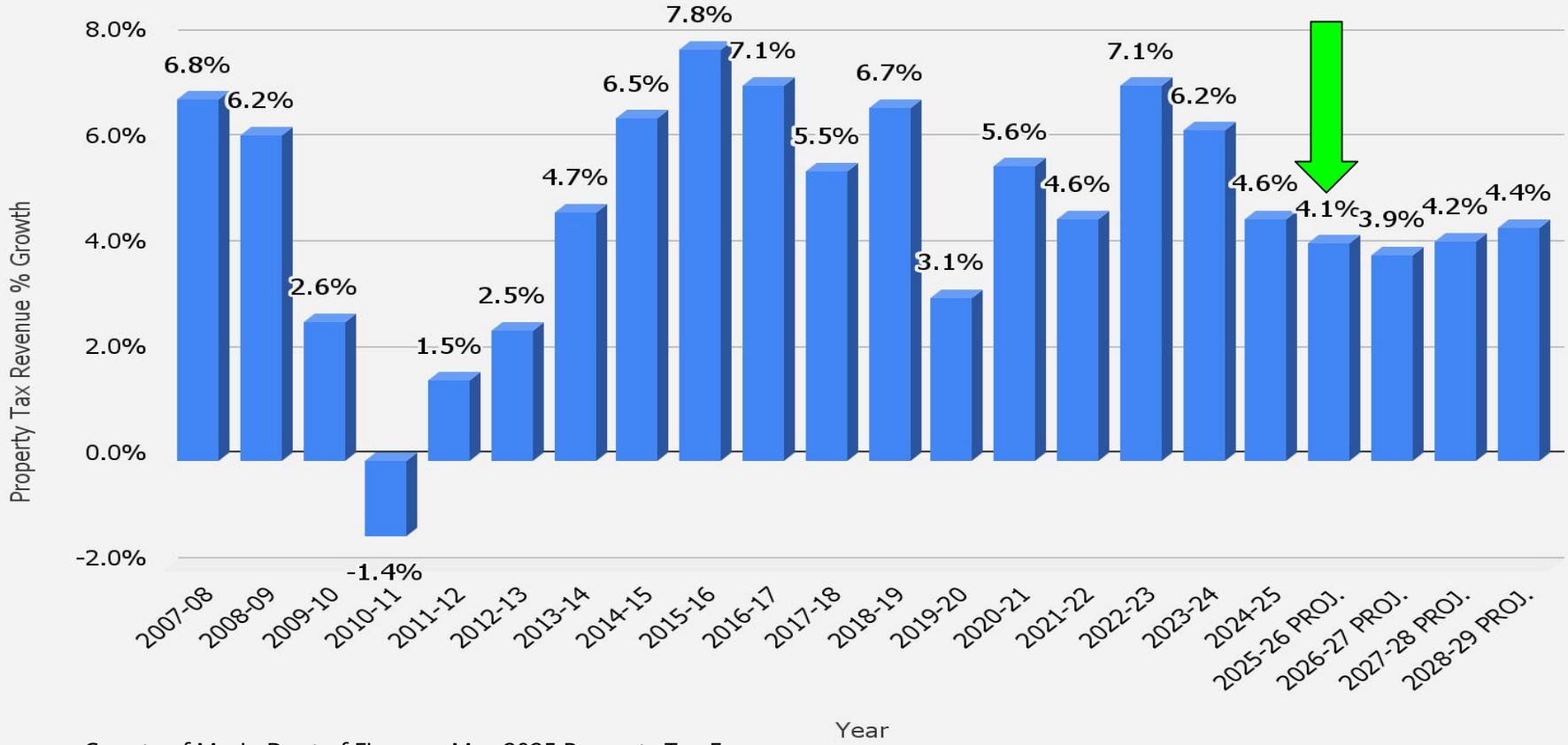
- 2025-26 Parcel Tax revenue projected to be $18.5M, which is a 3% increase of $547k from 2024-25

State revenue: No changes

Federal revenue: No significant changes confirmed to date (more later)

Other Local revenue: Facilities rental revenue is projected to increase by $15k

# TUHSD Historical Property Tax Revenue Growth




Sources: County of Marin Dept of Finance, May 2025 Property Tax Forum

# Potential Federal Funding Impacts to TUHSD

Potential federal policy changes & impact on educational funding & larger economy

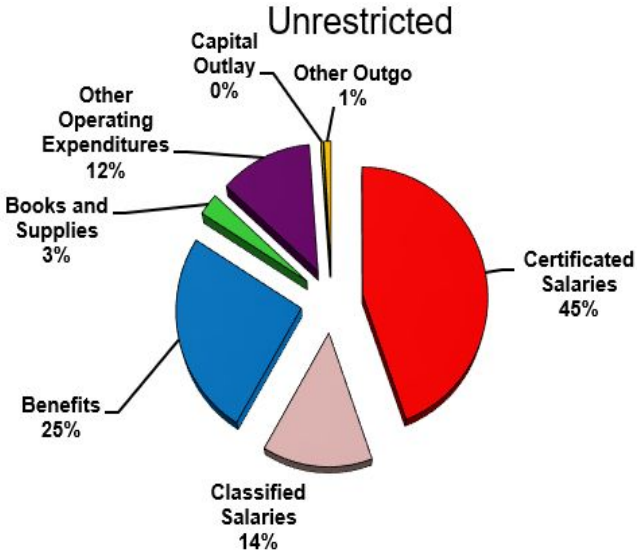
- Impact on local real estate market and TUHSD property tax revenues
- Title I (about $135k, of which $100k is currently used for Dynamic Solutions for Youth)
- Title II (about $225k for Tam Adult School's ESL program & $71k for- Ed Services' teacher induction program)
- Title III (about $22k for Ed Services' English learner student support) - assume no funding in 2026-27 & beyond
- 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 $261k in federal funding and $1.1M in State funding via federal gov't)

# Expenditures

Enrollment & Certificated Staffing
Special Education
Driven Costs

# General Fund Expenditures

| Description | Unrestricted | Combined |
|---|---|---|
| Certificated Salaries | $37,709,417 | $46,029,767 |
| Classified Salaries | $11,784,929 | $17,483,267 |
| Benefits (Payroll Taxes and Health & Welfare Contributions) | $21,520,062 | $32,930,839 |
| Books and Supplies | $2,346,501 | $6,596,659 |
| Other Operating Expenditures | $10,349,321 | $22,960,843 |
| Capital Outlay | $220,127 | $347,472 |
| Other Outgo | $772,918 | $2,454,249 |
| **TOTAL** | **$84,703,275** | **$128,803,096** |

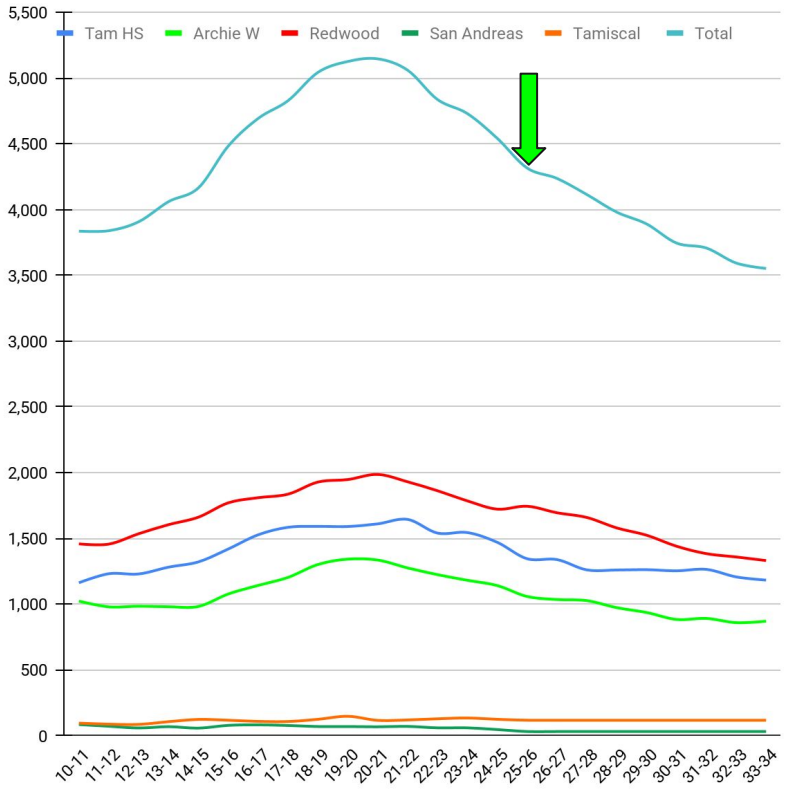



Salaries and benefits comprise approximately 84% of the District's unrestricted expenditures, and approximately 75% of the combined General Fund expenditures.

# TUHSD Enrollment Projections (by Site)

Date: Nov 2025

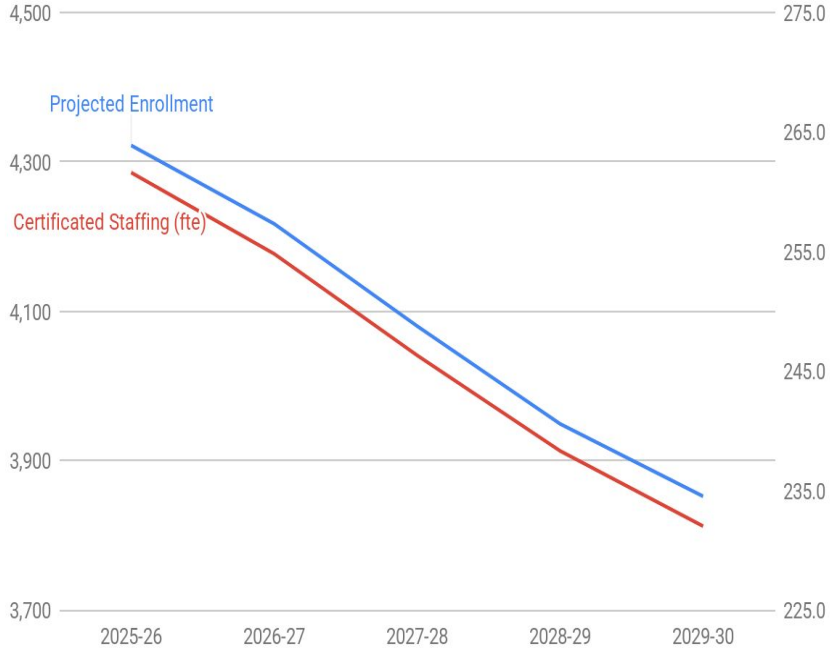
| School Year | Tam HS | Archie W | Redwood | San Andreas | Tamiscal | NPS | Total | Change in students | Percent Change |
|---|---|---|---|---|---|---|---|---|---|
| 10-11 | 1,162 | 1,023 | 1,458 | 84 | 95 | 14 | 3,836 | | |
| 11-12 | 1,231 | 979 | 1,456 | 71 | 87 | 15 | 3,839 | 3 | 0.1% |
| 12-13 | 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 | 1,584 | 1,203 | 1,836 | 77 | 107 | 21 | 4,828 | 135 | 3.2% |
| 18-19 | 1,591 | 1,301 | 1,928 | 69 | 124 | 30 | 5,043 | 215 | 4.5% |
| 19-20 | 1,590 | 1,342 | 1,947 | 69 | 147 | 31 | 5,126 | 83 | 1.6% |
| 20-21 | 1,610 | 1,335 | 1,986 | 67 | 116 | 32 | 5,146 | 20 | 0.4% |
| 21-22 | 1,644 | 1,275 | 1,930 | 70 | 119 | 22 | 5,060 | -86 | -1.7% |
| 22-23 | 1,540 | 1,224 | 1,862 | 59 | 128 | 24 | 4,837 | -223 | -4.4% |
| 23-24 | 1,544 | 1,181 | 1,785 | 59 | 134 | 27 | 4,730 | -107 | -2.2% |
| 24-25 | 1,470 | 1,141 | 1,722 | 46 | 124 | 39 | 4,542 | -188 | -4.0% |
| 25-26 | 1,345 | 1,058 | 1,744 | 31 | 117 | 21 | 4,316 | -226 | -5.0% |
| 26-27 | 1,339 | 1,035 | 1,694 | 31 | 117 | 21 | 4,237 | -79 | -1.8% |
| 27-28 | 1,260 | 1,026 | 1,659 | 31 | 117 | 21 | 4,114 | -123 | -2.9% |
| 28-29 | 1,259 | 973 | 1,579 | 31 | 117 | 21 | 3,980 | -134 | -3.3% |
| 29-30 | 1,262 | 936 | 1,524 | 31 | 117 | 21 | 3,891 | -90 | -2.3% |
| 30-31 | 1,253 | 883 | 1,440 | 31 | 117 | 21 | 3,745 | -145 | -3.7% |
| 31-32 | 1,264 | 891 | 1,384 | 31 | 117 | 21 | 3,708 | -38 | -1.0% |
| 32-33 | 1,207 | 859 | 1,358 | 31 | 117 | 21 | 3,593 | -114 | -3.1% |
| 33-34 | 1,183 | 870 | 1,331 | 31 | 117 | 21 | 3,552 | -41 | -1.1% |



# Key Budget Assumptions - Expenditures

## Enrollment & Certificated Staffing projections:

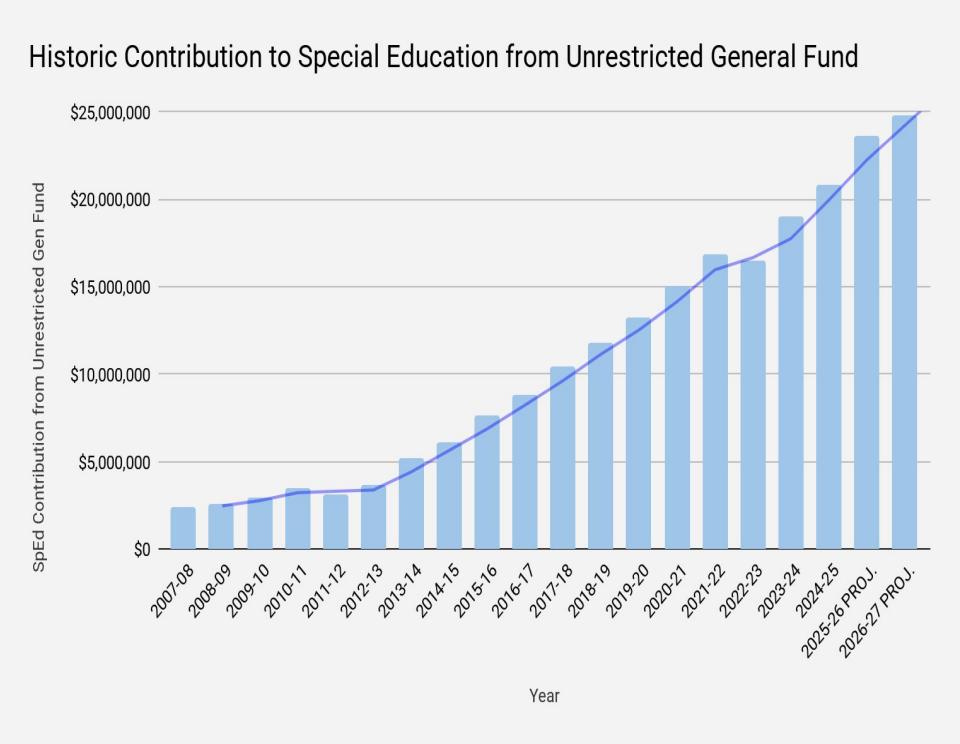
| School Year | Projected Enrollment | Difference from Prior Year | Certificated Staffing (fte) | Difference from Prior Year * |
|---|---|---|---|---|
| **2025-26** | 4,322 | - | 262.6 * | - |
| **2026-27** | 4,217 | -105 | 255.8 | -6.8 |
| **2027-28** | 4,080 | -137 | 247.3 | -8.5 |
| **2028-29** | 3,949 | -131 | 239.3 | -8.0 |
| **2029-30** | 3,852 | -97 | 233.0 | -6.3 |




Notes: * Increase of 1.0 fte compared to staffing at Budget Adoption (June 2025) due to new Tam High BSST Intervention Coordinator

* Projected staffing levels have not been changed yet since Budget Adoption, but anticipated to be lower in near-term and higher in medium- & long-term

# 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 $20.1M in 14 years
  - Avg. of $1.3M increase annually
- TUHSD currently has 5 Counseling Enriched Classrooms (CEC)
  - Estimated savings is $560k annually per CEC
  - Total savings of about $2.8M annually
- Special Education transportation (via MPTA) increased 50% (from $950k) due to end of 10-year contract and current market rates
- $503k expenditure increase due to additional NPS placements since June 2025

# 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%** |

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

| **Additional Revenue in 2025-26** | |
|---|---|
| Property Tax (4.1% growth) | $3.4M |
| Parcel Tax (3% growth) | $538k |
| **Total:** | **$3.9M** |

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 (4.1% growth) | $3.4M | 4% Employee Compensation | $(3.2M) |
| Parcel Tax (3% growth) | $538k | 8.2% SISC Healthcare | $(1.0M) |
| | | Employee Step & Column | $(1.4M) |
| | | Utilities & Insurance | $(326k) |
| | | 10% Special Education costs | $(1.4M) |
| **Total:** | **$3.9M** | **Total:** | **$(7.3M)** |

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 (4.1% growth) | $3.4M | 4% Employee Compensation | $(3.2M) |
| Parcel Tax (3% growth) | $538k | 8.2% SISC Healthcare | $(1.0M) |
| Reduced Certificated Staffing (enrollment decline) | $1.2M | Employee Step & Column | $(1.4M) |
| Reduced expenditures (Budget Reduction) | $2.2M | Utilities & Insurance | $(326k) |
| | | 10% Special Education | $(1.4M) |
| **Total:** | ~~**$3.9M**~~ **$7.3M** | **Total:** | **$(7.3M)** |

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

# Reconciliation of Adopted vs. 1st Interim Budgets

| *Description* | *Amount* | *Ending Fund Balance (Reserve)* |
|---|---|---|
| **2025-26 Budget Adoption Projected Deficit** | **$ (652,411)** | **$22,555,465 (17.6%)** |
| **Add: Variance Components** (*See Next Slide*) | **$ (284,125)** | **$119,597** *(net change adjusted by variance of $(284k) & updated 2024-25 Unaudited Actuals of $404k)* |
| **2025-26 First Interim Projected Deficit** | **$ (936,536)** | **$22,675,061 (17.0%)** |

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

# Reconciliation of Variance Components

| *Description of Variance Components (Unrestricted only)* | *Amount* |
|---|---|
| Net increase in General Purpose revenue (community redevelopment, State, facilities rental) | $155k |
| Net increase in expenditures (staffing adjustments, department budgets, wireless upgrades, settlement, PERS rate reductions) | $(42k) |
| Net increase in contributions to Restricted Funds (SpEd NPS placements) | $(397k) |
| **Total Variance** | **$(284k)** |

# Reserves & Assignments

# Reserves & Assignments

**2025-26 Estimated Ending Fund Balance (Unrestricted) - $22,675,061 (17.0% reserve level)**

Non-Spendable - $12,000

Restricted - $6,038,755

Assigned - $18,672,600

- Property Tax Uncertainty - $28,500
- Special Education Uncertainty - $28,500
- Additional 17% Reserve (less REU), per Board Policy - $18,615,600

Unassigned - 3% minimum reserve for economic uncertainty (REU) - $3,989,100

Unassigned (Other) - $1,361

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

# Other Funds

# Summary of Other Funds

In addition to the general fund, other funds collect and track specific funds for restricted purposes.

| FUND | 2024-25 | Est. Net Change | 2025-26 |
|---|---|---|---|
| GENERAL (UNRESTRICTED & RESTRICTED) | $32,697,107 | ($3,983,290) | $28,713,817 |
| ASSOCIATED STUDENT BODY FUND | $696,177 | $0 | $696,177 |
| ADULT EDUCATION | $1,127,761 | ($320,951) | $806,810 |
| CAFETERIA FUND | $1,066,458 | ($487,192) | $579,266 |
| DEFERRED MAINTENANCE | $4,063,075 | ($484,776) | $3,578,299 |
| SPECIAL RESERVE - OTHER THAN CAPITAL | $1,035,000 | $1,035,000 | $2,070,000 |
| FOUNDATION SPECIAL RESERVE FUND | $59,772 | ($9,061) | $50,711 |
| BUILDING FUND | $168,644,311 | ($60,560,000) | $108,084,311 |
| CAPITAL FACILITIES FUND | $1,114,857 | ($606,521) | $508,336 |
| CAPITAL OUTLAY FUND | $14,288,700 | ($6,735,269) | $7,553,431 |
| BOND INTEREST & REDEMPTION | $19,680,564 | ($831,993) | $18,848,571 |
| **TOTAL** | **$244,473,780** | ($72,984,053) | **$171,489,727** |

# Back to the End

*Where were we in June and now in December?*

# TUHSD Summary of Multi-Year Projections

| | *2025-26* | *2026-27* | *2027-28* |
|---|---|---|---|
| ***Operating Surplus (Deficit)*** ***(June 2025)*** | **$(652k)** | **$(1.8M)** | **$1.7M*** |
| ***Ending Fund Balance/Reserve*** ***(June 2025)*** | **$22.6M (17.6%)** | **$20.8M (15.7%)** | **$22.5M (16.9%)*** |
| ***Operating Surplus (Deficit)*** ***(December 2025)*** | **$(937k)** | **$(2.3M)** | **$1.3M*** |
| ***Ending Fund Balance/Reserve*** ***(December 2025)*** | **$22.7M (17.0%)** | **$20.4M (15.5%)** | **$21.7M (16.4%)*** |

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

| Description | 2025-26 First Interim Budget | | | 2026-27 Projected Budget | | | 2027-28 Projected Budget | | |
|---|---|---|---|---|---|---|---|---|---|
| | Unrestricted | Restricted | Combined | Unrestricted | Restricted | Combined | Unrestricted | Restricted | Combined |
| **REVENUES** | | | | | | | | | |
| General Purpose Revenue (A) | 90,897,761 | - | 90,897,761 | 94,276,877 | - | 94,276,877 | 98,014,467 | - | 98,014,467 |
| Federal Revenue (B) | - | 1,331,281 | 1,331,281 | - | 1,322,342 | 1,322,342 | - | 1,322,342 | 1,322,342 |
| State Revenue (B) | 2,204,765 | 6,837,561 | 9,042,326 | 2,204,765 | 5,758,234 | 7,962,999 | 2,204,765 | 5,745,350 | 7,950,115 |
| Local Revenue (C) | 20,393,416 | 5,070,022 | 25,463,438 | 20,698,669 | 3,257,520 | 23,956,189 | 21,020,579 | 3,257,520 | 24,278,099 |
| **TOTAL REVENUES** | **113,495,942** | **13,238,864** | **126,734,806** | **117,180,311** | **10,338,096** | **127,518,407** | **121,239,811** | **10,325,212** | **131,565,023** |
| **EXPENDITURES** | | | | | | | | | |
| Certificated Salaries (D) | 37,709,417 | 8,320,350 | 46,029,767 | 39,087,852 | 8,037,861 | 47,125,713 | 38,566,175 | 8,122,971 | 46,689,146 |
| Classified Salaries (D) | 11,784,929 | 5,698,338 | 17,483,267 | 12,688,492 | 5,465,915 | 18,154,407 | 13,067,878 | 5,629,346 | 18,697,224 |
| Benefits (E) | 21,520,062 | 11,410,777 | 32,930,839 | 23,001,881 | 11,192,593 | 34,194,474 | 23,381,724 | 11,473,121 | 34,854,845 |
| Books and Supplies (F) | 2,346,501 | 4,250,158 | 6,596,659 | 2,346,501 | 1,289,172 | 3,635,673 | 2,346,501 | 1,289,172 | 3,635,673 |
| Other Services & Oper. Exp (G) | 10,349,321 | 12,611,522 | 22,960,843 | 9,466,816 | 12,801,357 | 22,268,173 | 9,431,285 | 14,107,357 | 23,538,642 |
| Capital Outlay (H) | 220,127 | 127,345 | 347,472 | 220,127 | - | 220,127 | 220,127 | - | 220,127 |
| 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 | (54,738) | 28,870 | (25,868) | (54,738) | 28,870 | (25,868) | (54,738) | 28,870 | (25,868) |
| **TOTAL EXPENDITURES** | **84,703,275** | **44,099,821** | **128,803,096** | **87,269,350** | **40,633,229** | **127,902,579** | **87,471,371** | **42,650,298** | **130,121,669** |
| **EXCESS / (DEFICIENCY)** | **28,792,667** | **(30,860,957)** | **(2,068,290)** | **29,910,961** | **(30,295,133)** | **(384,172)** | **33,768,440** | **(32,325,086)** | **1,443,354** |
| **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) | (27,814,203) | 27,814,203 | - | (30,249,894) | 30,249,894 | - | (32,282,734) | 32,282,734 | - |
| **TOTAL OTHER SOURCES / USES** | (29,729,203) | 27,814,203 | (1,915,000) | (32,164,894) | 30,249,894 | (1,915,000) | (32,447,734) | 32,282,734 | (165,000) |
| **Net Increase (Decrease)** | **(936,536)** | **(3,046,754)** | **(3,983,290)** | **(2,253,933)** | **(45,239)** | **(2,299,172)** | **1,320,706** | **(42,352)** | **1,278,354** |
| **FUND BALANCE, RESERVES** | | | | | | | | | |
| Estimated Beginning Balance | 23,611,597 | 9,085,509 | 32,697,107 | 22,675,061 | 6,038,755 | 28,713,817 | 20,421,128 | 5,993,516 | 26,414,645 |
| **Estimated Ending Balance** | **22,675,061** | **6,038,755** | **28,713,817** | **20,421,128** | **5,993,516** | **26,414,645** | **21,741,834** | **5,951,164** | **27,692,999** |
| Nonspendable | 12,000 | - | 12,000 | 12,000 | - | 12,000 | 12,000 | - | 12,000 |
| Restricted | - | 6,038,755 | 6,038,755 | - | 5,993,516 | 5,993,516 | - | 5,951,164 | 5,951,164 |
| Assigned | 18,672,600 | - | 18,672,600 | 16,445,500 | - | 16,445,500 | 17,745,200 | - | 17,745,200 |
| Unassigned - REU @ 3% | 3,989,100 | - | 3,989,100 | 3,962,100 | - | 3,962,100 | 3,976,200 | - | 3,976,200 |
| Unassigned - Other | 1,361 | - | 1,361 | 1,528 | - | 1,528 | 8,434 | - | 8,434 |
| **Total - Est. Fund Balance** | **22,675,061** | **6,038,755** | **28,713,817** | **20,421,128** | **5,993,516** | **26,414,645** | **21,741,834** | **5,951,164** | **27,692,999** |
| **Fund Balance Reserve Percentage** (Combined Assigned & Unassigned) | | | **17.04%** | | | **15.45%** | | | **16.40%** |

# Uncertainties & Prudence

# Uncertainties & Prudence

- Potential federal policy changes & impact on educational funding & larger economy
  - Impact on local real estate market and TUHSD property tax revenues
  - Risk of federal funding loss
    - Title  funding - (about $450k)
    - IDEA (Special Education - about $4.5M)
    - Universal Meals - (about $1.4M)
- Ongoing enrollment decline for at least the next 8 years
  - Major 'lesson learned' from past financial challenges:  Need to annually adjust staffing to enrollment accordingly
  - "*Don't kick the can down the road… the problems only compound.*"
- Ongoing cost increases for utilities, services and driven costs  (5.8% annually for TUHSD)
- 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, staff is confirming the need for $2.2M in budget reductions (General Fund) effective 2026-27 to maintain fiscal sustainability
- *Assuming implementation of the proposed budget reductions*, TUHSD is projecting  balanced budgets in the official 3-year MYP & minimum 17% reserve  =  **Sustainable**

# 1st Interim Certification

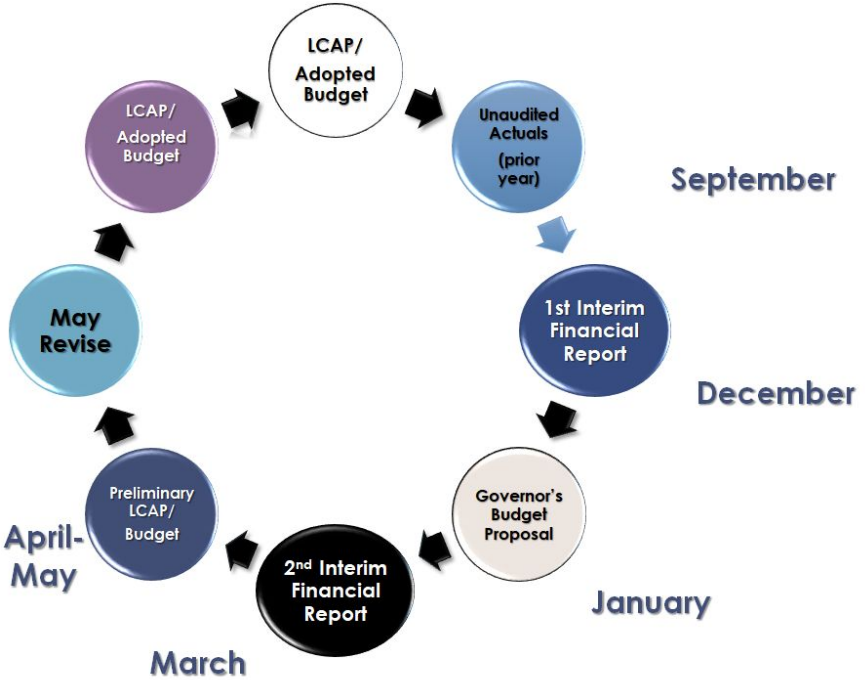
- Per AB 1200
- *The First Interim projection indicates that, as defined in AB 1200, "the district **will** be able to meet its financial obligations for the current fiscal year and subsequent two years."*

***The District is self-certifying as "Positive"***

# Budget Calendar
# &
# Key Dates

# Budget Calendar & Key Dates

| | |
|---|---|
| January 2026 | Governor's proposal for State budget |
| February 2026 | Mid-year LCAP update |
| March 2026 | 2nd Interim Budget Report for 2025-26 |
| May 2026 | Governor's May Revise budget proposal |
| June 2026 | Board adopts 2026-27 LCAP & Budget Enacted State Budget Act |



# Questions? Comments?

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