



Buckeye Union Budget Update

Presented To:

LCAP Parent Advisory and Budget Advisory Committees on 2/4/2026

In The Background

Risks to the State Budget

Projected deficit of \$22 billion in 2027-28 and shortfalls totaling \$45 billion in 2028-29 and 2029-30

Stock market volatility overly reliant on AI companies' performance

Federal policymaking uncertainty related to foreign trade

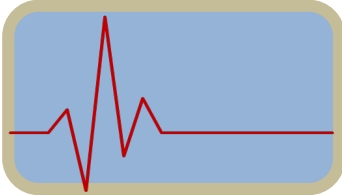
Inflation volatility and Fed's response

Medi-Cal costs and caseload pressures



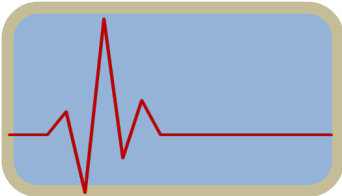
Risks to Proposition 98 and Local Budgets

- In addition to the larger effects that the national and state economy could have on education funding and local budgets, historical risks persist alongside one relatively new risk



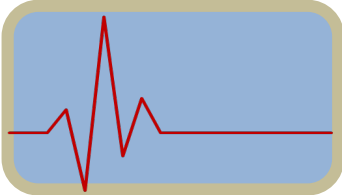
Declining Enrollment

Protracted declines in student enrollment continue to pressure local budgets—trends are expected to continue



Deficit Spending

A growing number of LEAs are deficit spending, which, when coupled with declining enrollment, can create fiscal crises if unaddressed



Proposition 98 Settle-

Up The state's reliance on Proposition 98 borrowing is concerning as deficits mount



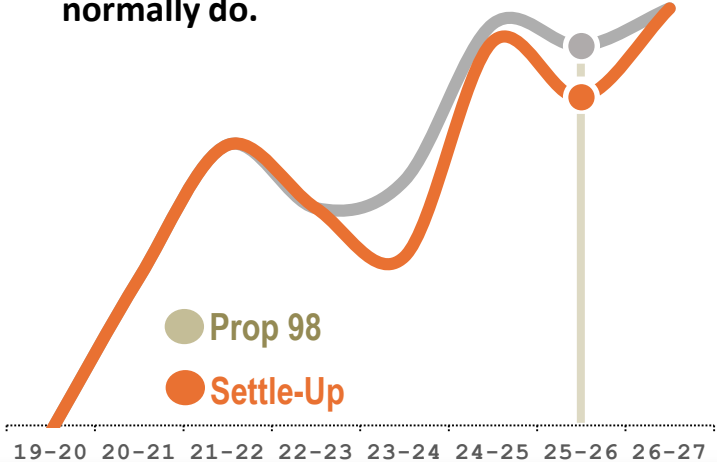
Highlights

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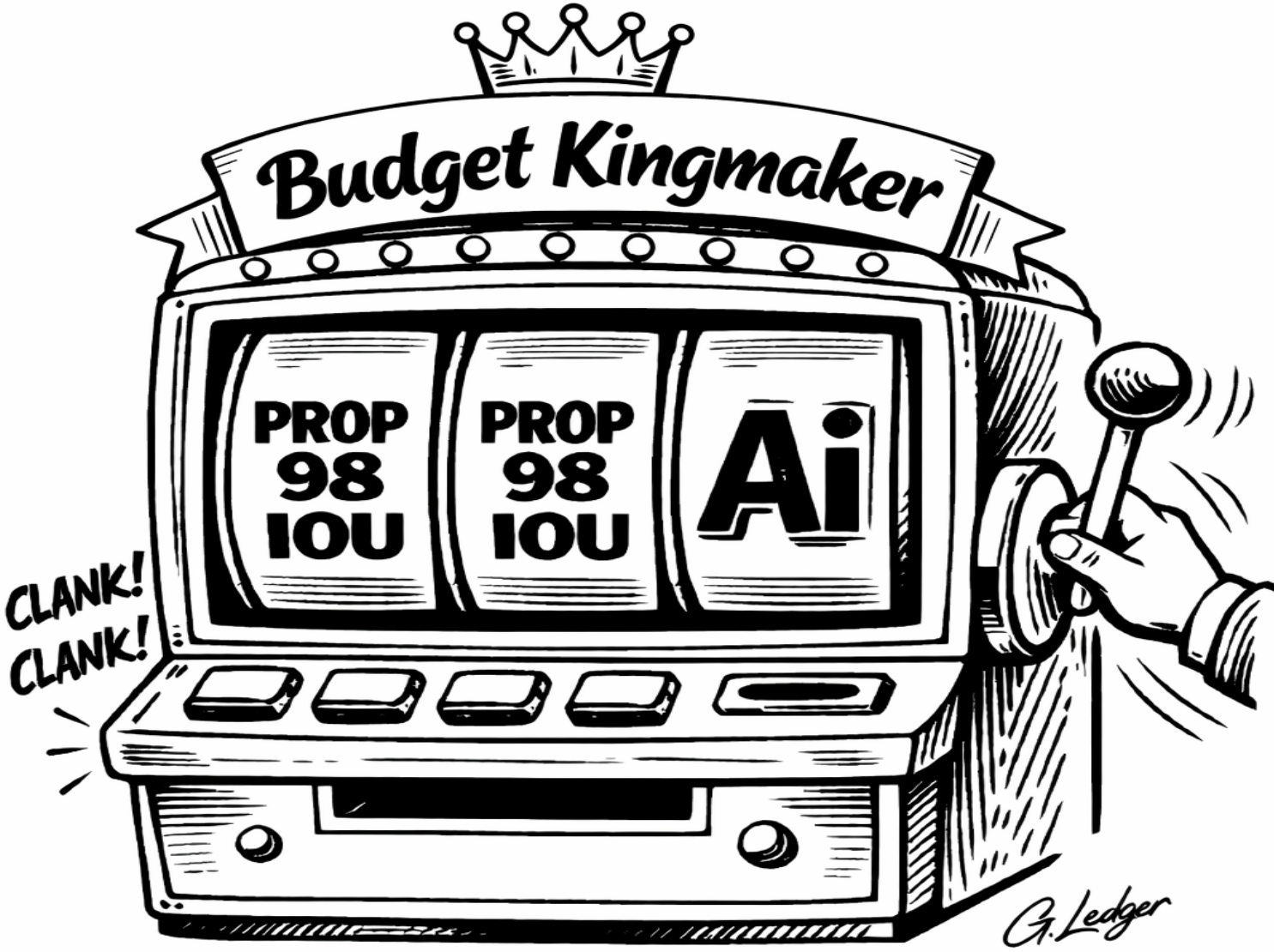


Funding

So far, you're borrowing more than you normally do.



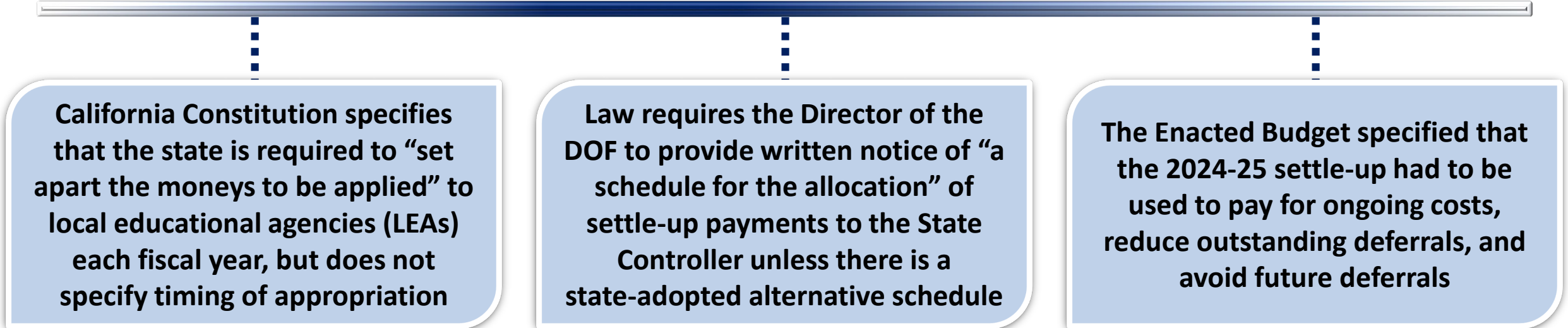
Risks to Local Budgets – SOMETHING BORROWED, \$5.6 Billion



Risks to Local Budgets – SOMETHING BORROWED, \$1.9 Billion Impact on 2025-2026

For the first time since voters approved Proposition 98 almost 40 years ago, the Enacted Budget withheld appropriating \$1.9 billion from the minimum guarantee calculated for the 2024-25 fiscal year without suspending Proposition 98 with a two-thirds vote of the California Legislature and approval of the Governor

Lawmakers referred to this new State Budget tool as “settle-up”
Importantly, this is not a traditional use of Proposition 98’s settle-up mechanism



California Constitution specifies that the state is required to “set apart the moneys to be applied” to local educational agencies (LEAs) each fiscal year, but does not specify timing of appropriation

Law requires the Director of the DOF to provide written notice of “a schedule for the allocation” of settle-up payments to the State Controller unless there is a state-adopted alternative schedule

The Enacted Budget specified that the 2024-25 settle-up had to be used to pay for ongoing costs, reduce outstanding deferrals, and avoid future deferrals

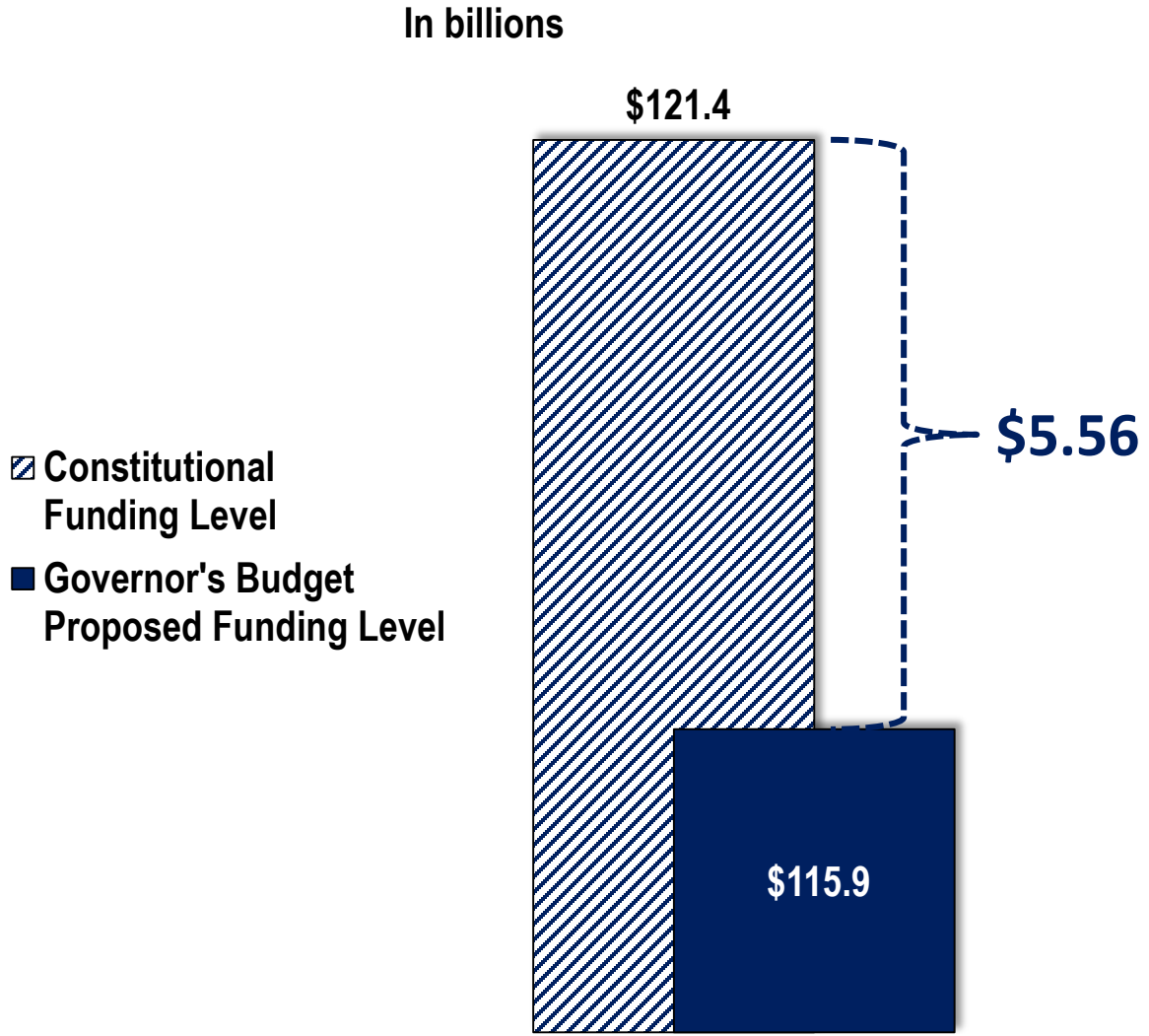
Risks to Local Budgets – SOMETHING BORROWED, \$5.6 Billion Impact on 2026-2027

The Governor's Budget proposes the same withholding strategy used last year, but at a much higher amount

If the 2025-26 minimum guarantee is fully appropriated and allocated to TK-12 agencies on an equal per-ADA basis, LEAs would receive approximately

Statewide/Buckeye
\$909 (\$3.6 Million)
per ADA

The Governor and Legislature determine how Proposition 98 funds are allocated to LEAs



Risks to Local Budgets – (\$5.6 Billion) – Settle-Up vs. Maintenance Factor

Historically, when the state has not appropriated the full guarantee, it has *suspended Proposition 98*, allowing lawmakers to appropriate less than the minimum guarantee

Proposition 98 has been suspended just three times—in 2004-05, 2010-11, and 2023-24

The 2023-24 minimum guarantee was suspended as part of the 2024-25 Enacted Budget when the state could not afford the higher estimate—today’s conditions are eerily similar

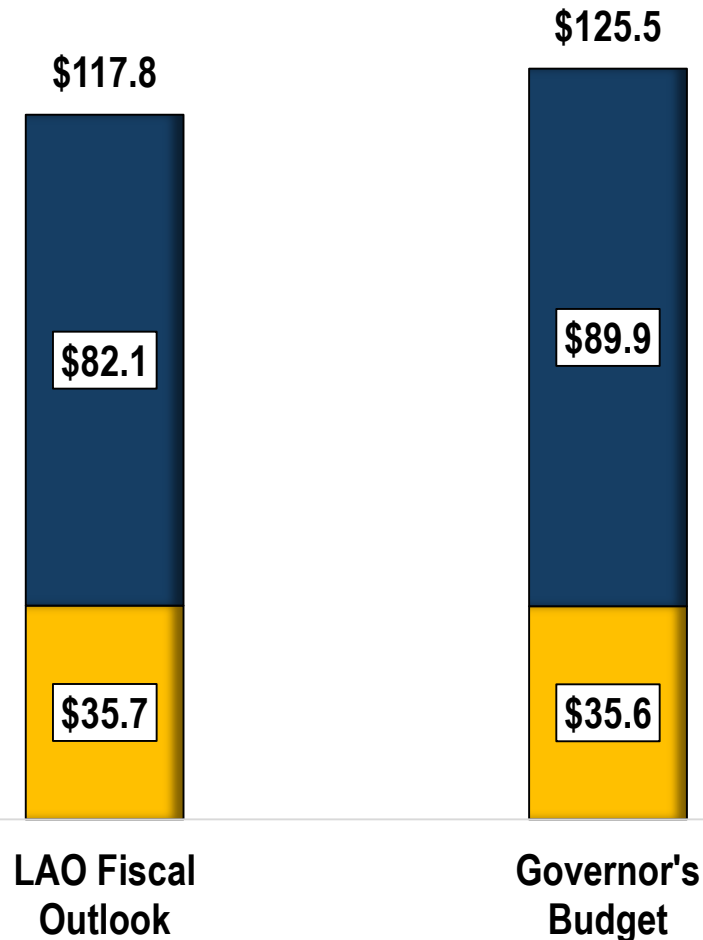
Questions	Settle-Up	Maintenance Factor
What creates the obligation?	When revised funding level is more than previously appropriated	When the state suspends Proposition 98
Is it adjusted for inflation?	No	Yes, each year, the balance is adjusted for COLA and changes in ADA
When are payments made?	Based on a Director of Finance-determined or state-adopted schedule	Constitution requires payments when General Fund revenues are outpacing personal income
What determines payment amounts?	The Director’s or state-adopted schedule	A constitutional formula

Proposition 98 & the Education Budget

2026-27 Minimum Guarantee

In billions

■ Local Property Taxes ■ General Fund



The Governor's estimate of the 2026-27 minimum guarantee is \$7.7 billion *higher* than the LAO's November estimate, which is attributable to differences in their "Big Three" tax revenue estimates

2026-27 "Big Three" Taxes (in billions)		
	LAO <i>Fiscal Outlook</i>	Governor's Budget
Personal Income Taxes	\$125.2	\$142.2
Corporation Taxes	\$41.7	\$43.5
Sales Taxes	\$34.3	\$35.1
Total	\$201.2	\$220.8

- The Governor's personal income tax assumptions alone are \$17 billion higher

2026-27 LCFF Funding Factors – Increased by 2.41% (Decreased in MYP - Previously 3.02%)

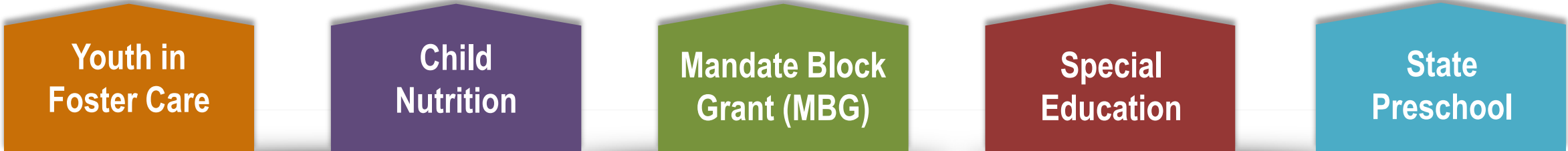
Grade Span	TK-3	4-6	7-8	9-12
2025-26 Base Grant per ADA	\$10,256	\$10,411	\$10,719	\$12,423
2.41% COLA	\$247	\$251	\$258	\$299
2026-27 Base Grant per ADA	\$10,503	\$10,662	\$10,977	\$12,722
GSA (10.4%)	\$1,092	-	-	\$331
2026-27 Adjusted Base Grant per ADA	\$11,595	\$10,662	\$10,977	\$13,053
20% Supplemental Grant per ADA ¹	\$2,319	\$2,132	\$2,195	\$2,611
65% Concentration Grant per ADA ²	\$3,392	\$3,119	\$3,211	\$3,818
TK Add-On per ADA (inclusive of COLA)	\$5,679	–	–	–

¹Maximum amount per ADA—to arrive at LEA’s grant amount, multiply adjusted base grant per ADA by 20% and UPP

²Maximum amount per ADA—to arrive at LEA’s grant amount, multiply adjusted base grant per ADA by 65% and UPP above 55%

2026-27 – Increased by 2.41% COLA – Applies to Categorical Programs

- COLA is provided for the LCFF Equity Multiplier and the following categorical programs:



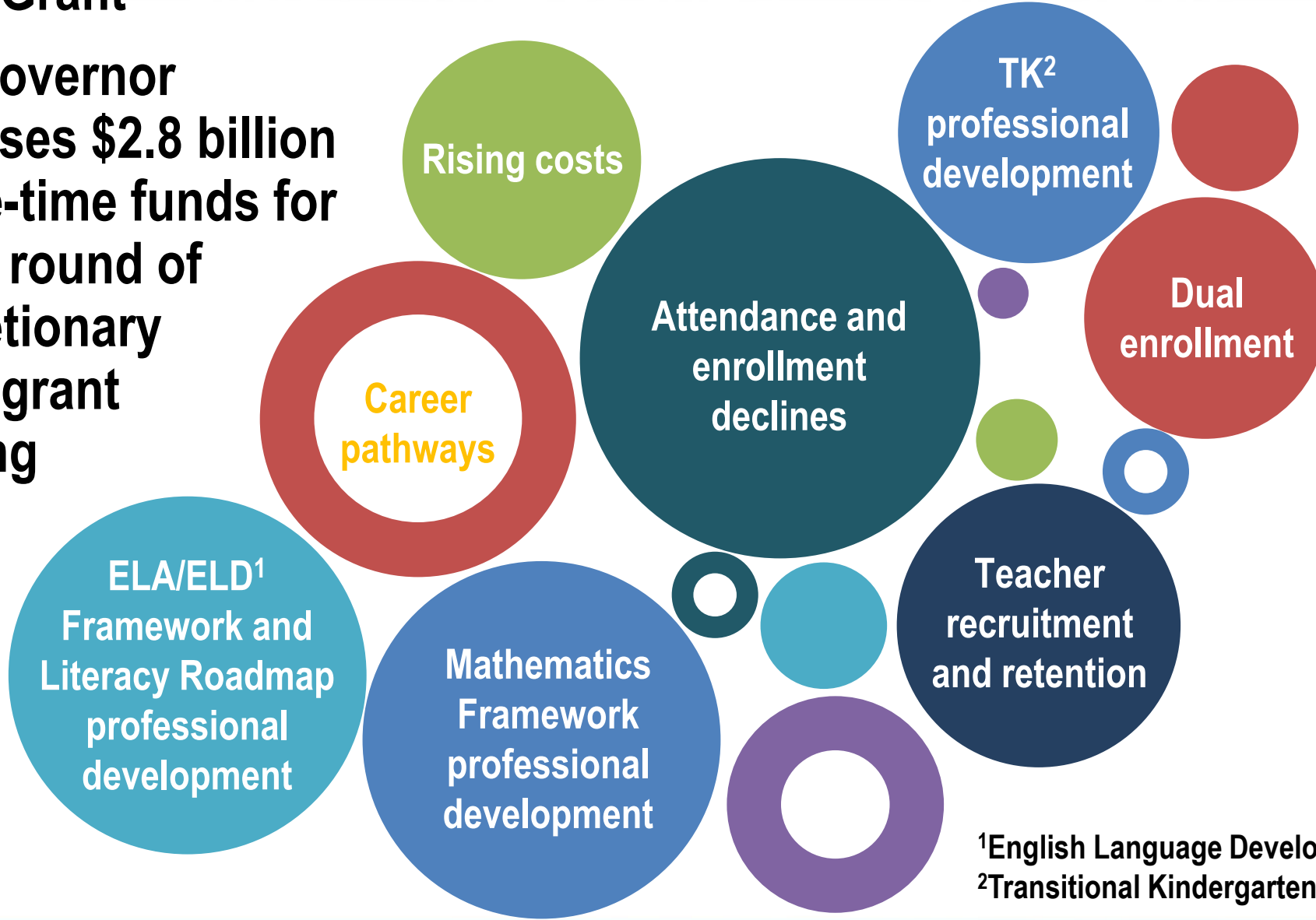
● ● ● \$228.2 million is included to fund the 2.41% estimated statutory COLA ● ● ●



¹2025-26 statutory COLA

2026-27 – One-Time Dollars: Student Support & Professional Development Block Grant

The Governor proposes \$2.8 billion in one-time funds for a new round of discretionary block grant funding



Use of the block grant is intended to be fully discretionary, but with certain statewide priorities highlighted

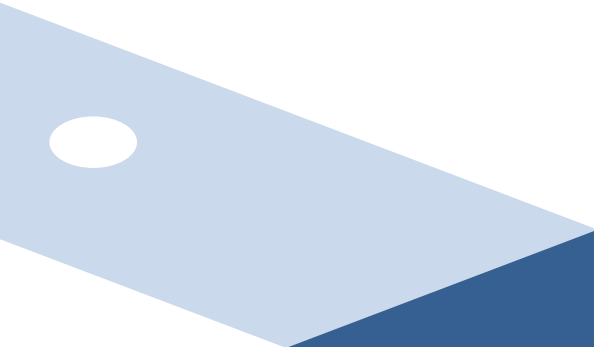
Trailer bill language will include the allocation methodology, expenditure deadline, and other details

SSC estimates \$512.48 per ADA, if distributed per ADA (= BUSD \$2 Million)


¹English Language Development
²Transitional Kindergarten

LAO Look at Enrollment Based Funding


The LAO recommends the state maintain its current ADA-based funding system citing the following:




The cost would be more than \$6 billion to implement



LEAs with lower attendance rates that would benefit typically have higher UPP and receive additional funding from S/C grants



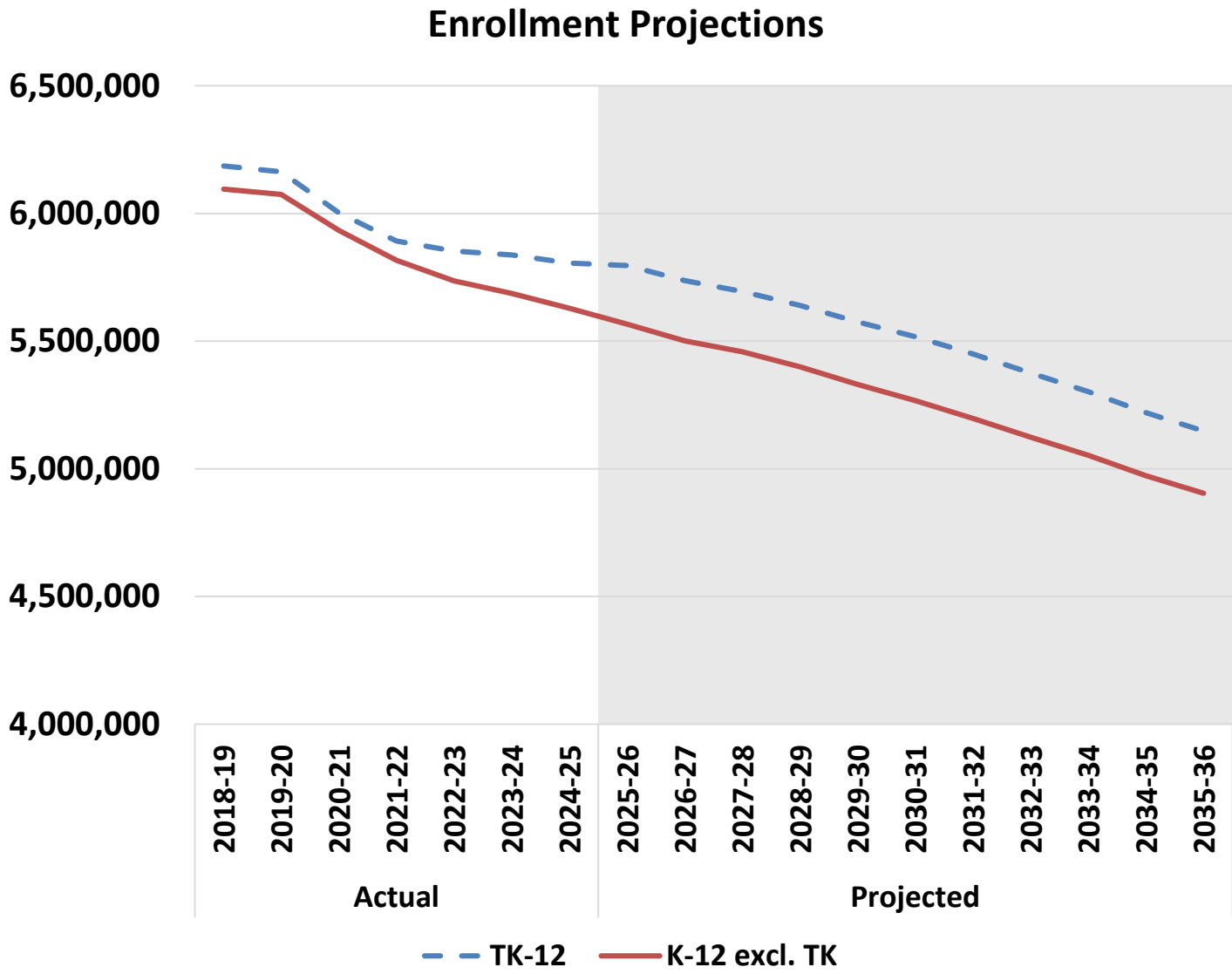
The LAO expressed concerns that over time, attendance rates would drop as less emphasis would likely be placed on attendance recovery efforts



This could lead to decreases in student achievement as there is a strong correlation between student attendance and student achievement

Student Enrollment Forecast

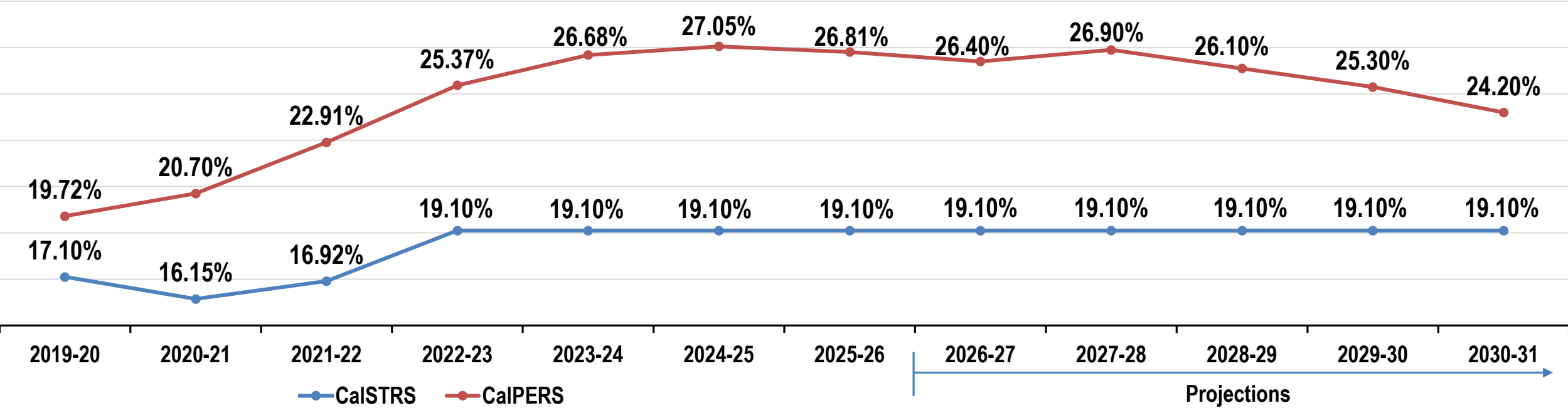
- **Statewide enrollment continues to decline**
- **Since 2018-19, statewide enrollment has dropped 6.1%**
 - **By 2034-35, it is projected to decrease by 16.3%**
- **Implementation of TK has helped slow down the decline**
 - **With full implementation in 2025-26, the annual 1.0% decline is forecasted to return for the next ten years**



CalPERS and CalSTRS Employer Contribution Rates

The California State Teachers' Retirement System (CalSTRS) employer contribution rate has leveled off. According to CalSTRS, an annual employer contribution rate of 19.10% would eliminate the employer's unfunded liability three years ahead of schedule based on the CalSTRS full funding plan.

After years of steady increases, California Public Employees' Retirement System (CalPERS) rates are projected to gradually decline from their highwater mark in 2024-25, according to revised projections released in fall 2025.



Governor's January Budget Proposal

Budget - Other Items of Interest in - 2026-27 Governor's Budget Proposal

- \$1.9 Billion Repaid (settle-up)
- Local Reserve Cap triggered for 2026-2027
- LCFF Equity Multiplier increased
 - 2024-2025 – per pupil rate: \$939.05
 - 2025-2026 – per pupil rate: \$1,110
- Community Schools: Proposed \$1.0 Billion in new, ongoing funds
- ELO-P: Proposed \$4.67 Billion in ongoing funds
- Universal Meals – funded
- Special Education Funding Equalized to \$999 per funded ADA

Other Items of Interest in - 2026-27 Governor's Budget Proposal

- Antisemitism and Discrimination – Approximately \$7.2 Million ongoing
- \$22.9 Million (one-time) to support LEAs recovering from 2025 Los Angeles wildfires
- \$100 Million (one-time) increase access to college and career pathways
- \$40 Million (one-time) implementation of reading difficulties screeners
- \$250 Million (one-time) continued educator residency programs through 2029-30

Tax Initiatives

Proposition 30/55 Extension

CTA¹ is leading an effort to make permanent current voter-approved tax rates for high-income earners

- The taxes were first established by Proposition 30 in 2012, and extended by Proposition 55 in 2016
- The tax rates are set to expire in 2031

Proposition 30 provides significant revenue to the state, between \$5 to \$15 billion per year, with approximately 40% of those revenues going to education programs

The proposed initiative must receive the required number of signatures by May 4, 2026, to qualify for the November 2026 ballot

California Billionaire Tax Act

SEIU² is sponsoring an initiative that would impose a one-time 5% tax on taxpayers with covered assets over \$1 billion

Projected to raise tens of billions of dollars in revenue, with 90% dedicated to health care services and the remaining amount for K-14 education and food assistance

The proposed initiative must receive the required number of signatures by June 24, 2026, to qualify for the November 2026 ballot

¹California Teachers Association; ²Service Employees International Union

Local Impacts and Operational Considerations

It's Time to Right Size the District

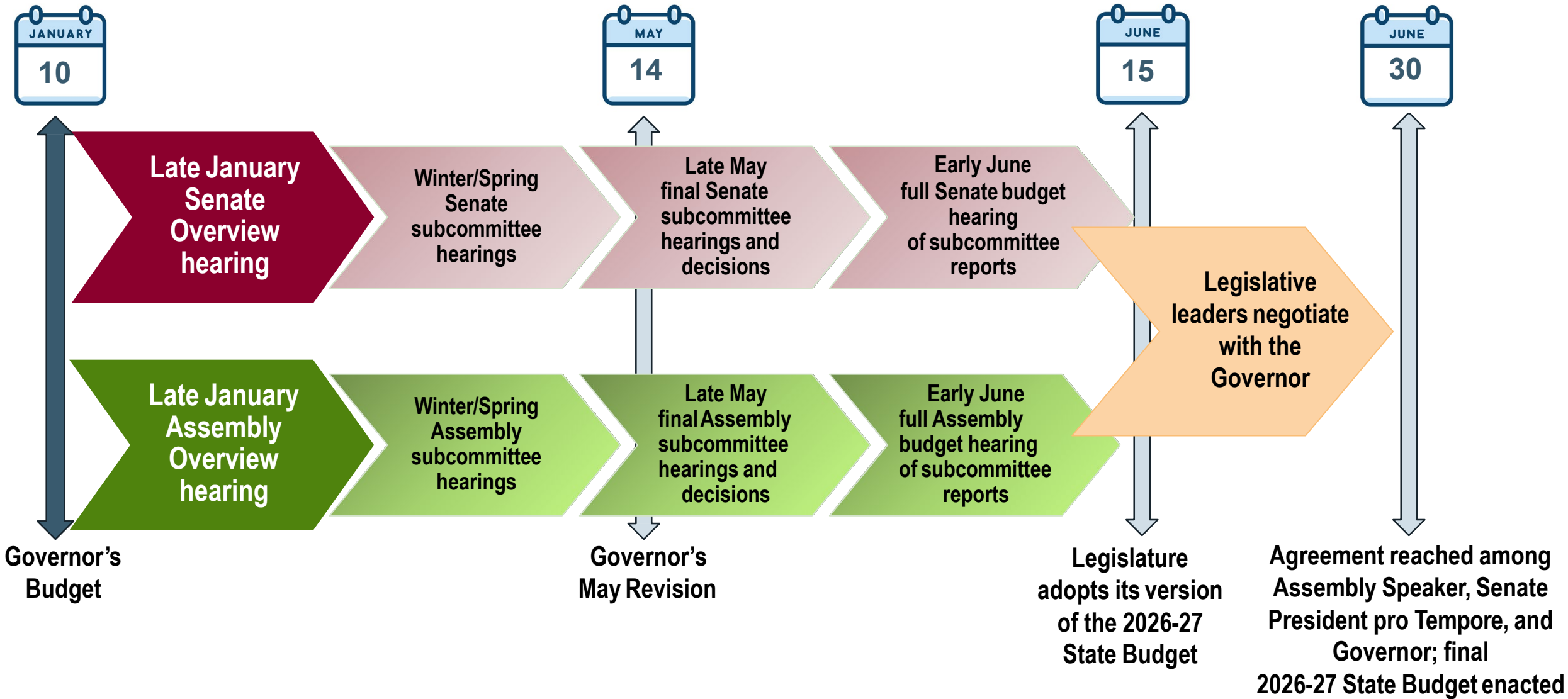
After several years of declining enrollment and escalating costs (inflation), we must further bring staffing into alignment with current student numbers as funded student numbers have decreased and an ongoing deficit of \$1.5 million has arisen and will need to be addressed over the next 2-3 years.

Since inception of LCFF:

- Contributions to pensions (8.25%, increasing to approx. 20% of salaries)**
- Utilities**
- Insurance Premiums – five fold increase**
- Technology Costs – unfunded**
- Greater proportion of student with disabilities – under-funded mandate**
- Declining enrollment**
- Employee Portion of Health & Welfare Cost Increases – Approx. 15-25% to Employees**

The Road Ahead

State Budget Process—From January to June



RAISE THE BASE!

Districts across the state are coming together to advocate for adequate and equitable base funding for all students.
Stand with districts across California working to Raise the Base for every student!

LIST YOUR DISTRICT OR ORGANIZATION

SIGN THE PETITION

Supporting Districts and Organizations

- Black Oak Mine Unified
- Buckeye Union
- Castro Valley Unified
- Clovis Unified
- Dublin Unified
- Fremont Unified
- Livermore Valley Joint Unified
- Newark Unified
- Piedmont City Unified
- Pleasanton Unified
- Placerville Union Elementary
- Rescue Union



Thank you for attending!

