TAMALPAIS UNION HIGH
SCHOOL DISTRICT

2025-26 2nd Interim Budget

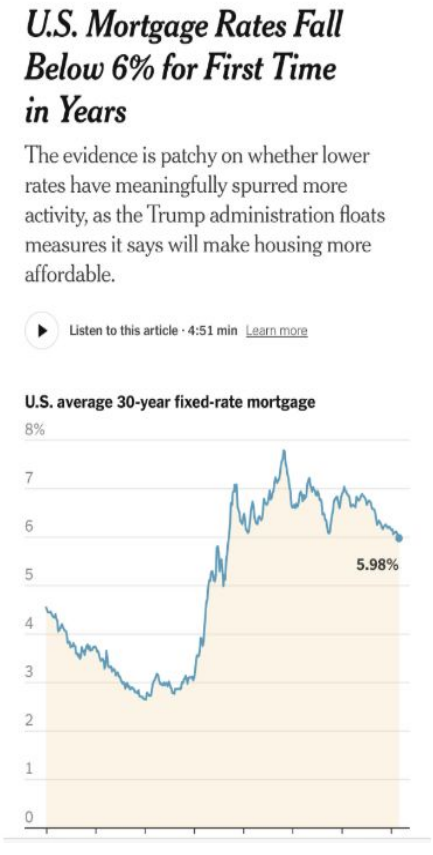
March 10, 2026

Agenda

- Budget Reporting Cycle
- Start with the End: *Where are we now compared to December?*
- 2025-26 Budget: Revenue & Expenditures - *What has changed since December?*
- Multi-Year Projection - *Where are we projecting to be in the future?*
- Other Funds
- Prudence and Next Steps
- Questions & Comments

State Outlook & Risks

State Outlook & Risks



U.S. Mortgage Rates Fall Below 6% for First Time in Years

The evidence is patchy on whether lower rates have meaningfully spurred more activity, as the Trump administration floats measures it says will make housing more affordable.

Listen to this article · 4:51 min Learn more

U.S. average 30-year fixed-rate mortgage

1. Declining student enrollment trend is #1 fiscal challenge for school districts for next two decades
2. School district annual costs continue to grow greater than 5.5%, while revenue growth is much slower.
3. Ongoing threat of federal funding reductions
4. Prop 30 (Education Protection Account) funding expiration & reauthorization on ballot in Nov 2026
5. 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
6. Global political and economic uncertainty and volatility.

The New York Times

Cooking The Athletic Today Lifestyle Opinion S

Stocks Fall and Oil Prices Surge on Warning of Extended War

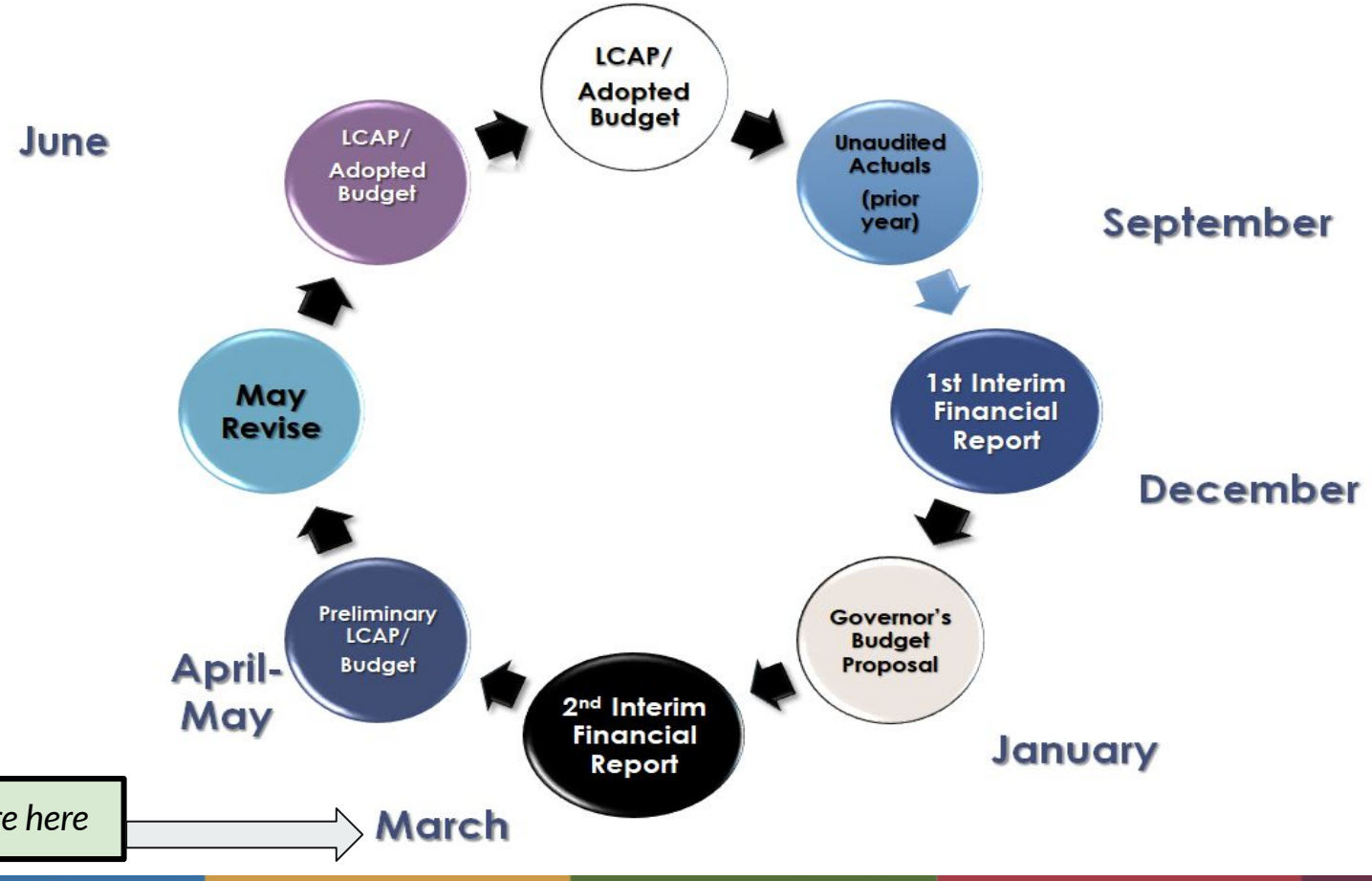
LIVE Just Now

U.S. Closes 2 Gulf Embassies; Israel Seizes Sites in Lebanon

Sources: JLAC Legislative Day (2/11/2026), CASBO CBO Symposium (11/25), FCMAT State Budget (1/22/26), & New York Times

Budget Reporting Cycle

Budget Reporting Cycle for California Schools



Start with the End

Where were we in December and now in March?

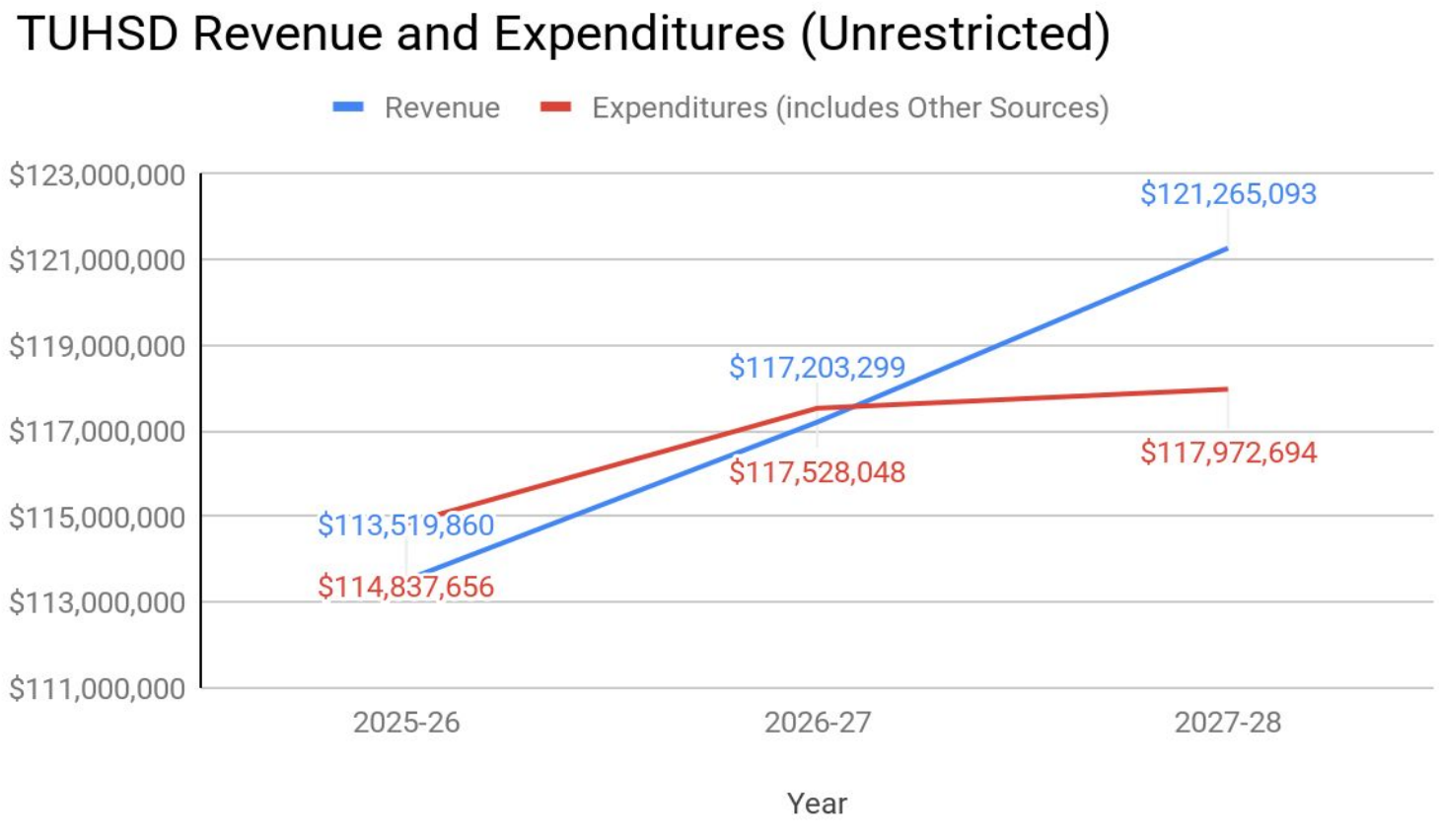
TUHSD Summary of Multi-Year Projections

	2025-26	*2026-27*	*2027-28*
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%)***
Operating Surplus (Deficit) ***(March 2026)***	**$1.3M**	**$(325k) ***	**$3.3M ****
Ending Fund Balance/Reserve ***(March 2026)***	**$22.3M (16.7%)**	**$22.0M (16.9%) ***	**$25.3M (19.3%) ****

Key Assumptions:

* **Figures do not include any potential increase in staff compensation (cost of 1% raise = ~$770k)**
* **$2.2M of expenditure reductions included in these figures**

Summary of Multi-Year Projections



Revenues

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%**	**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 $14k

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

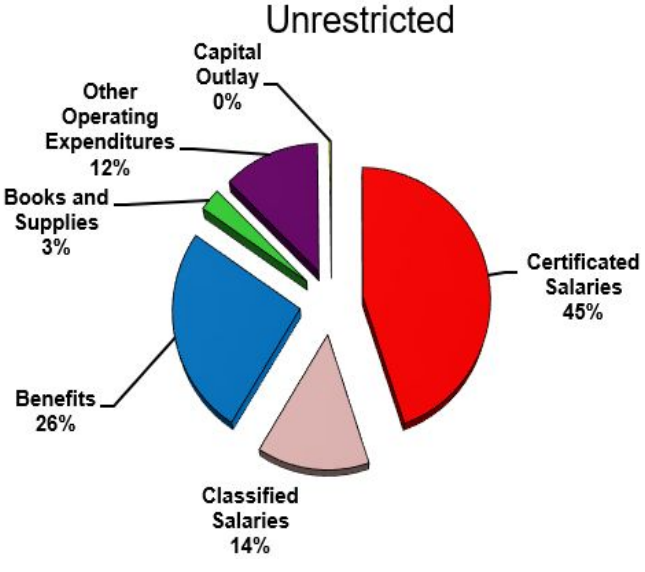
- Impact on local real estate market and TUHSD property tax revenues
- Title I (about $135k, of which $100k is currently used for Dynamic Solutions for Youth)
- Title II (about $225k for Tam Adult School's ESL program & $71k for- Ed Services' teacher induction program)
- Title III (about $22k for Ed 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	$37,929,933	$46,270,122
Classified Salaries	$11,793,759	$17,534,671
Benefits (Payroll Taxes and Health & Welfare Contributions)	$21,711,355	$33,069,176
Books and Supplies	$2,371,465	$6,566,112
Other Operating Expenditures	$10,554,121	$23,373,783
Capital Outlay	$182,612	$388,217
Other Outgo	$759,339	$2,454,249
TOTAL	**$85,302,584**	**$129,656,330**

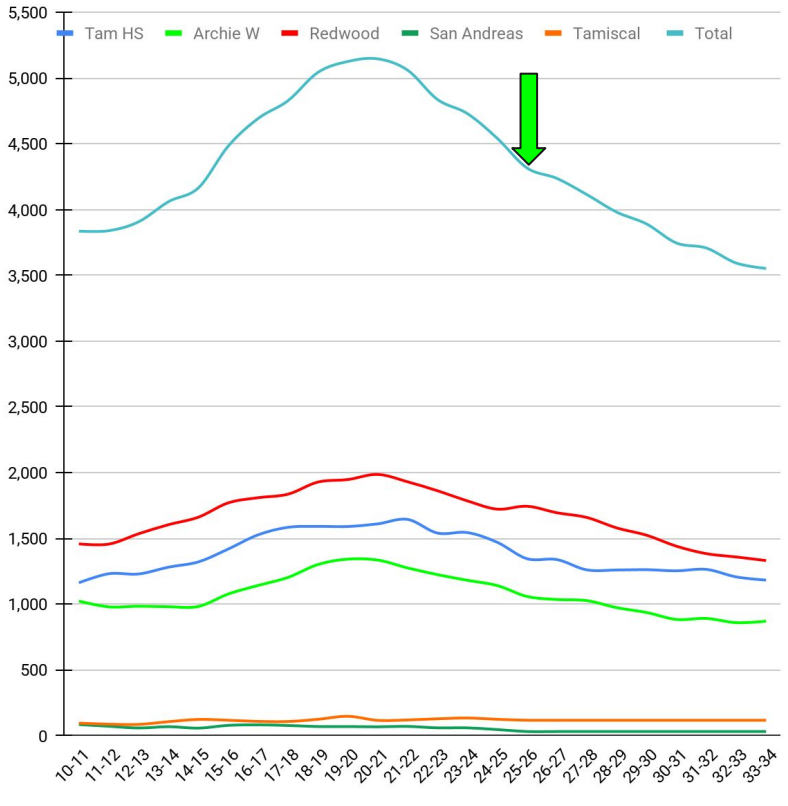


Salaries and benefits comprise approximately 84% of the District's unrestricted expenditures, and approximately 75% of the combined General Fund expenditures.

TUHSD Enrollment Projections (by Site)

Date: Jan 2026

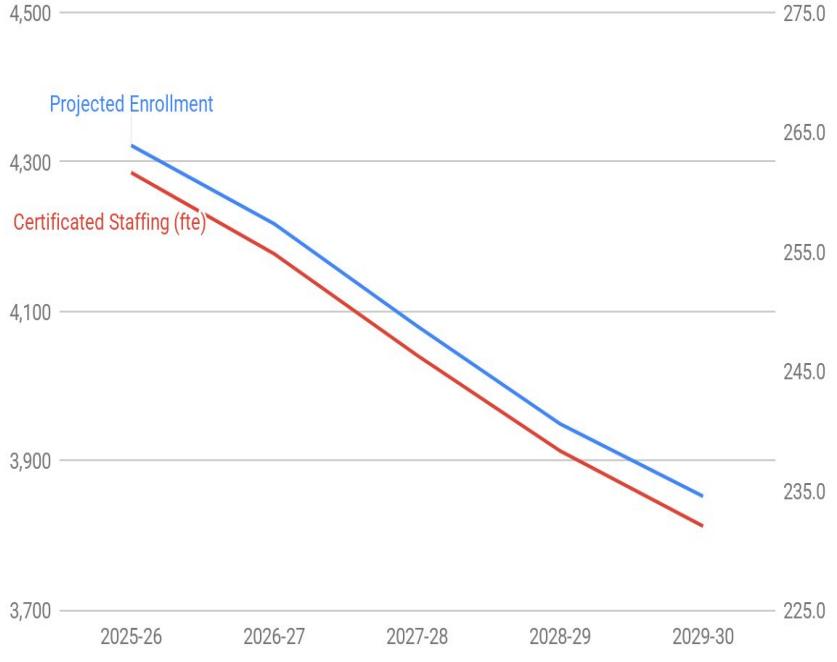
School Year	Tam HS	Archie W	Redwood	San Andreas	Tamiscal	NPS	Total	Change in students	Percent Change
10-11	1,162	1,023	1,458	84	95	14	3,836		
11-12	1,231	979	1,456	71	87	15	3,839	3	0.1%
12-13	1,229	984	1,535	58	85	16	3,907	68	1.7%
13-14	1,281	980	1,604	68	106	21	4,060	153	3.8%
14-15	1,321	982	1,661	57	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

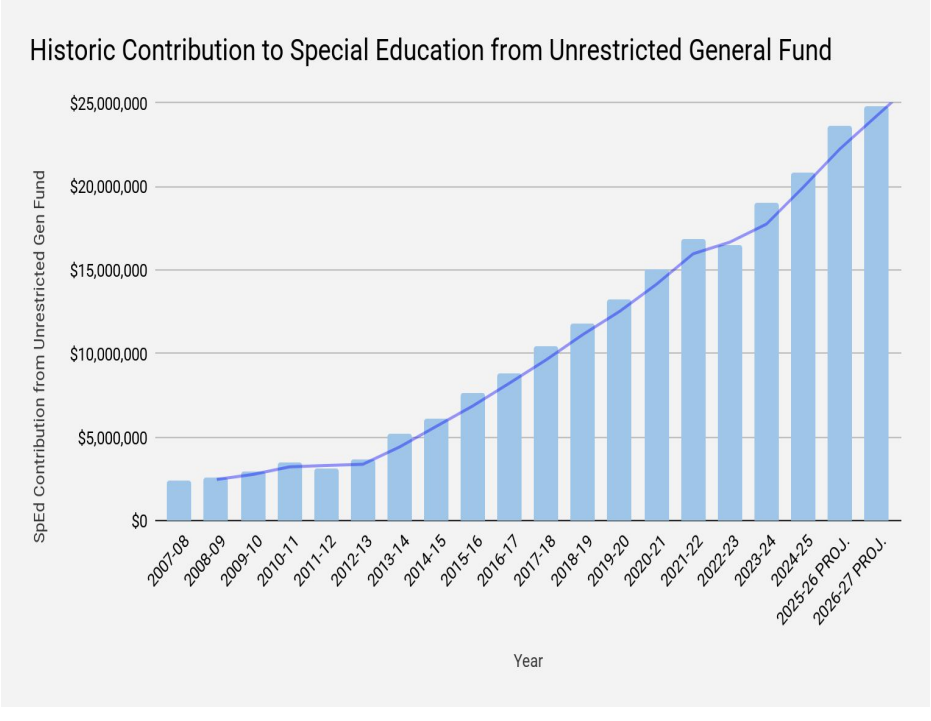
Enrollment & Certificated Staffing projections:

School Year	Projected Enrollment	Difference from Prior Year	Certificated Staffing (fte)	Difference from Prior Year *
2025-26	4,316	-	261.6	-
2026-27	4,237	-79	254.8	-6.8
2027-28	4,114	-123	246.3	-8.5
2028-29	3,980	-134	238.3	-8.0
2029-30	3,891	-89	232.0	-6.3



Notes: * Projected staffing levels have not been updated 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 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
- Special Education transportation (via MPTA) to increase 42% (from $950k) due to end of 10-year contract and current market rates

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

Comparison:

1st Interim (December 2025)

vs.

2nd Interim (March 2026)

Reconciliation of 1st Interim vs. 2nd Interim Budgets

Description	*Amount*
2025-26 First Interim Projected Deficit	**$ (936,536)**
Add: Variance Components (*See Next Slide*)	**$ (381,260)**
2025-26 Second Interim Projected Deficit	**$ (1,317,796)**

Reconciliation of Variance Components

Description of Variance Components	*Amount*
Increase in local revenue due to facilities rentals	$24k
Increase in staffing & benefits expenditures (i.e. various leaves and sub costs, staffing adjustments for increased and various leaves)	$(420k)
Increase in Other Services & Operating Costs expenditures (legal costs)	$(204k)
Decrease contribution to Restricted (i.e. Special Education)	$194k
Other net adjustments (i.e. Books & Supplies reduction, capital outlay, indirect cost)	$25k
Total Variance	**$ (381k)**

Reconciliation of 1st Interim vs. 2nd Interim Budgets

Description	*Amount*	*Ending Fund Balance (Reserve)*
2024-25 First Interim Projected Deficit	**$ (936,536)**	**$22,675,061 (17.0%)**
Add: Variance Components (*See Previous Slide*)	**$ (381,260)**	**$ (381,260)**
2023-24 2nd Interim Projected Deficit	**$ (1,317,796)**	**$22,293,801 (16.7%)**

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

Reserves & Assignments

Reserves & Assignments

2025-26 Estimated Ending Fund Balance (Unrestricted) - $22,293,801 (16.7% reserve level)

Non-Spendable - $12,000

Restricted - $6,037,285

Assigned - $18,267,101

- Property Tax Uncertainty (1% of prop tax revenues) - $0
- Special Education Uncertainty - $0
- Additional Reserve (beyond 3% REU), per Board Policy - $18,267,101

Unassigned - 3% minimum reserve for economic uncertainty (REU) - $4,014,700

Unassigned (Other) - $0

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

Other Funds

Summary of All Funds

Illustrated below is a summary of each Fund's fund balance and corresponding change.

FUND	2024-25	Est. Net Change	2025-26
GENERAL (UNRESTRICTED & RESTRICTED)	$32,697,107	($4,366,020)	$28,331,087
ASSOCIATED STUDENT BODY FUND	$696,177	$0	$696,177
ADULT EDUCATION FUND	$1,127,761	($320,951)	$806,810
CAFETERIA FUND	$1,066,458	($709,582)	$356,876
DEFERRED MAINTENANCE FUND	$4,063,075	($1,258,888)	$2,804,187
SPECIAL RESERVE - OTHER THAN CAPITAL OUTLAY	$1,035,000	$1,035,000	$2,070,000
FOUNDATION SPECIAL RESERVE FUND	$59,772	($9,061)	$50,711
BUILDING FUND	$168,644,311	($58,783,510)	$109,860,801
CAPITAL FACILITES FUND	$1,114,857	($705,148)	$409,709
CAPITAL OUTLAY FUND	$14,288,700	($6,799,740)	$7,488,960
BOND INTEREST & REDEMPTION	$19,680,564	($831,993)	$18,848,571
TOTAL	**$244,473,782**	($72,749,893)	**$171,723,889**

Back to the End

Where were we in in December and now in March?

TUHSD Summary of Multi-Year Projections

	2025-26	*2026-27*	*2027-28*
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%)***
Operating Surplus (Deficit) ***(March 2026)***	**$1.3M**	**$(325k) ***	**$3.3M ****
Ending Fund Balance/Reserve ***(March 2026)***	**$22.3M (16.7%)**	**$22.0M (16.9%) ***	**$25.3M (19.3%) ****

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

* $2.2M of expenditure reductions included in these figures

Description	2025-26 Second 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	94,275,947	-	94,275,947	98,015,831	-	98,015,831
Federal Revenue (B)	-	1,470,580	1,470,580	-	1,413,758	1,413,758	-	1,413,758	1,413,758
State Revenue (B)	2,204,765	6,897,707	9,102,472	2,204,765	5,758,234	7,962,999	2,204,765	5,745,350	7,950,115
Local Revenue (C)	20,417,334	5,317,163	25,734,497	20,722,587	3,257,520	23,980,107	21,044,497	3,257,520	24,302,017
TOTAL REVENUES	**113,519,860**	**13,685,450**	**127,205,310**	**117,203,299**	**10,429,512**	**127,632,811**	**121,265,093**	**10,416,628**	**131,681,721**
EXPENDITURES									
Certificated Salaries (D)	37,929,933	8,340,189	46,270,122	38,614,774	8,005,175	46,619,949	38,087,325	8,089,886	46,177,211
Classified Salaries (D)	11,793,759	5,740,912	17,534,671	12,056,236	5,386,324	17,442,560	12,416,717	5,547,375	17,964,092
Benefits (E)	21,711,355	11,357,821	33,069,176	22,391,966	11,114,282	33,506,248	22,762,637	11,390,223	34,152,860
Books and Supplies (F)	2,371,465	4,194,647	6,566,112	2,371,465	1,369,616	3,741,081	2,371,465	1,369,616	3,741,081
Other Services & Oper. Exp (G)	10,554,121	12,819,662	23,373,783	9,487,473	12,803,864	22,291,337	9,451,942	14,110,864	23,562,806
Capital Outlay (H)	182,612	205,605	388,217	182,612	-	182,612	182,612	-	182,612
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	(68,317)	42,449	(25,868)	(64,864)	38,996	(25,868)	(64,864)	38,996	(25,868)
TOTAL EXPENDITURES	**85,302,584**	**44,353,746**	**129,656,330**	**85,552,081**	**40,535,718**	**126,087,799**	**85,720,253**	**42,546,421**	**128,266,674**
EXCESS / (DEFICIENCY)	**28,217,276**	**(30,668,296)**	**(2,451,020)**	**31,651,218**	**(30,106,206)**	**1,545,012**	**35,544,840**	**(32,129,793)**	**3,415,047**
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)	(27,620,072)	27,620,072	-	(30,060,967)	30,060,967	-	(32,087,441)	32,087,441	-
TOTAL OTHER SOURCES / USES	(29,535,072)	27,620,072	(1,915,000)	(31,975,967)	30,060,967	(1,915,000)	(32,252,441)	32,087,441	(165,000)
Net Increase (Decrease)	**(1,317,796)**	**(3,048,224)**	**(4,366,020)**	**(324,749)**	**(45,239)**	**(369,988)**	**3,292,399**	**(42,352)**	**3,250,047**
FUND BALANCE, RESERVES									
Estimated Beginning Balance	23,611,597	9,085,509	32,697,107	22,293,801	6,037,285	28,331,087	21,969,052	5,992,046	27,961,099
Estimated Ending Balance	**22,293,801**	**6,037,285**	**28,331,087**	**21,969,052**	**5,992,046**	**27,961,099**	**25,261,451**	**5,949,694**	**31,211,146**
Nonspendable	12,000	-	12,000	12,000	-	12,000	12,000	-	12,000
Restricted	-	6,037,285	6,037,285	-	5,992,046	5,992,046	-	5,949,694	5,949,694
Assigned	18,267,101	-	18,267,101	18,049,452	-	18,049,452	17,485,500	-	17,485,500
Unassigned - REU @ 3%	4,014,700	-	4,014,700	3,907,600	-	3,907,600	3,920,500	-	3,920,500
Unassigned - Other	0	-	0	0	-	0	3,843,451	-	3,843,451
Total - Est. Fund Balance	**22,293,801**	**6,037,285**	**28,331,087**	**21,969,052**	**5,992,046**	**27,961,099**	**25,261,451**	**5,949,694**	**31,211,146**
Fund Balance Reserve Percentage (Combined Assigned & Unassigned)			**16.65%**			**16.86%**			**19.32%**

Uncertainties & Prudence

Uncertainties & Prudence

- Global economic, political and policy volatility and uncertainty
  - Inflation
  - Impact on local real estate market and TUHSD property tax revenues (~4% annual growth)
  - Risk of federal funding loss
    - Title funding - (about $450k)
    - IDEA (Special Education - about $4.5M)
    - Universal Meals - (about $1.4M)
- Ongoing cost increases for utilities, services and driven costs (5.8% annually for TUHSD)
- 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.*"
- 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 $2.2M of budget reductions for 2026-27,* TUHSD is projecting future balanced budgets in the official 3-year MYP & return to minimum 17% reserve = **Fiscally Sustainable**

2nd Interim Certification

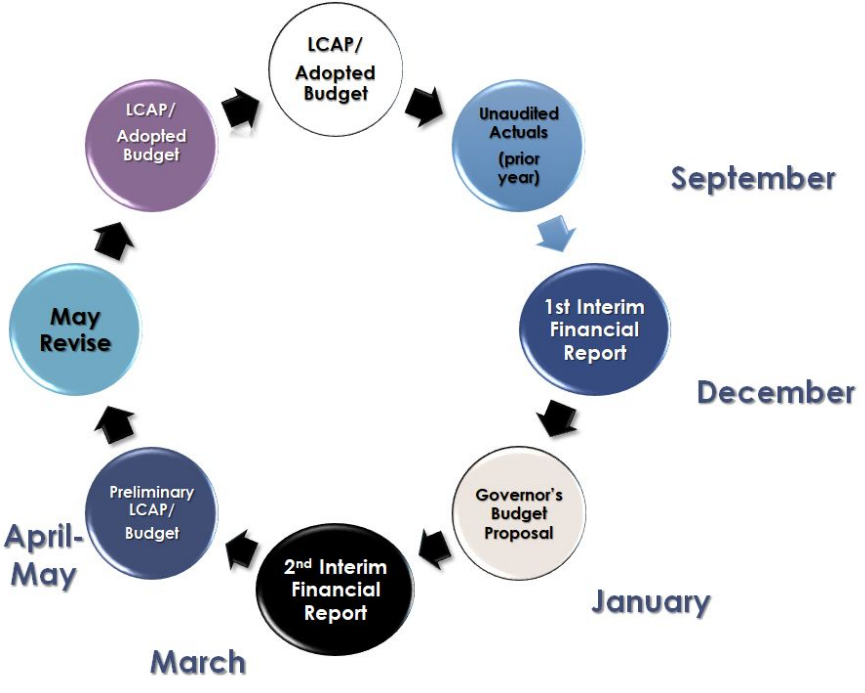
- Per AB 1200
- *The Second Interim projection indicates that, as defined in AB 1200, "the district **will** be able to meet its financial obligations for the current fiscal year and subsequent two years."*

The District is self-certifying as "Positive"

Budget Calendar
&
Key Dates

Budget Calendar & Key Dates

January 2026	Governor's proposal for State budget
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
August 2026	45-day Budget Revision pending State Enacted Budget
September 2026	Unaudited Actuals 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!