

2026-2027 Proposed Budget

& Estimated Actuals

Board of Education Presentation
May 21, 2026

Presenters:

Yuri Calderón, Interim Assistant Superintendent, Business Services/CBO

Meghna Bulsara, Executive Director, Business Services

Legal Requirements: LCAP & Budget

Budget Adoption Requirements

Public Hearing Required
A public hearing on the Local Control and Accountability Plan (LCAP) and Proposed Budget must be held at the same Board meeting.

Separate Adoption Meeting
A separate Board meeting is required to adopt the LCAP and Proposed Budget.

Adoption Deadline
The budget must be balanced and adopted on or before July 1.

Education Code §42127 — Reserve Certification
The Board must certify, in writing, the District's compliance with reserve transparency reporting when assigned/unassigned balances exceed the 3% State minimum.

Budget Certification
The Board must certify the District's ability to meet its financial obligations for the current and two subsequent fiscal years.

LCAP & LCFF Alignment

Education Code §52060–§52077
Districts must adopt a three-year LCAP describing goals, actions, and expenditures for all students.

State Priorities
The LCAP must address eight State priorities including student achievement, conditions of learning, and engagement.

LCFF Supplemental & Concentration
Local Control Funding Formula (LCFF) funds must increase or improve services for unduplicated pupils (low-income, English learners, foster youth).

Budget Alignment
The Proposed Budget must include the expenditures necessary to implement the LCAP goals and actions.

Budget Development Cycle

Building a balanced, on-time budget is a year-round, collaborative process aligned with the Governor's January Proposal, State guidance, and the LCAP.

PHASE 1

JANUARY

Launch

- Begin development after Governor's January Budget Proposal
- Prepare preliminary site allocations using California Longitudinal Pupil Achievement Data System (CALPADS) enrollment data

PHASE 2

FEBRUARY

Build

- Collaborate with Human Resources to review staffing
- Project compensation, statutory benefits, and health & welfare
- Schedule in-person budget meetings with each school site

PHASE 3

MARCH

Align

- Collaborate with site & department administrators
- Align with LCAP priorities and site-specific needs
- Update School Plans for Student Achievement (SPSAs)

PHASE 4

APRIL–MAY

Update and Adopt

- Update LCFF revenue projections from P-2 Average Daily Attendance (ADA)
- Align budget figures with Second Interim
- Public hearing → Board adoption by July 1

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

About This Budget

The budget describes how Orange Unified School District will spend approximately $438 million next year. A budget is more than a ledger — it is a statement of priorities.

1

Investing in People

A negotiated 4.0% ongoing compensation increase with the Orange Unified Education Association (OUEA), a one-time off-schedule payment, and increased health and welfare contributions for our employees.

2

Student-Focused Budgeting

Direct allocations to school sites increase from approximately $4.9 million to roughly $32.0 million — putting decision-making closer to students.

3

Preserving Financial Strength

Maintaining reserves well above the State 3% minimum and committing one-time resources to deferred maintenance, capital improvements, and enrollment stabilization.

These choices preserve structural balance and earn a Positive Certification — the District's affirmation that it can meet its financial obligations for the current and two subsequent fiscal years.

The Fiscal Landscape

California funds public schools primarily through the Local Control Funding Formula (LCFF).

How LCFF Works

Average Daily Attendance (ADA) × Per-Pupil Grant
ADA multiplied by a per-pupil base grant that varies by grade span.

+ Supplemental & Concentration
Additional funding for unduplicated pupils — low-income students, English learners, and foster youth.

= District LCFF Revenue
OUSD's projected 2026-2027 LCFF revenue: approximately $305.6 million.

DOWNWARD PRESSURE

Enrollment Decline

Gradually declining enrollment — a trend shared by districts across California — puts steady downward pressure on revenue.

UPWARD PRESSURE

Rising Costs

Pensions, health & welfare, utilities, transportation, special education, and negotiated wages continue to rise year over year.

Proposed Budget Assumptions

Assumption	Estimated 2025-26	Proposed 2026-27	Projected 2027-28	Projected 2028-29
FUNDING & INFLATION				
Statutory Cost of Living Adjustment (COLA)	2.30%	**2.87%**	3.06%	3.34%
Consumer Price Index (CPI)	3.37%	**3.08%**	2.75%	2.68%
ENROLLMENT & ATTENDANCE				
Student Enrollment	22,389	**22,050**	21,711	21,372
Funded Average Daily Attendance (ADA)	21,764	**21,514**	21,200	20,907
Unduplicated Count Students	13,326	**13,252**	13,048	12,845
PENSION CONTRIBUTION RATES				
CalSTRS Employer Rate[1]	19.10%	**19.10%**	19.10%	19.10%
CalPERS Employer Rate[2]	26.81%	**26.40%**	26.80%	25.90%
RESERVE STANDARDS				
State Minimum Reserve Requirement	3.00%	**3.00%**	3.00%	3.00%
State Maximum Reserve Limit / Cap	10.00%	**10.00%**	10.00%	10.00%
PER-PUPIL & PROGRAMMATIC FUNDING				
California Lottery — Restricted	$82.00	**$82.00**	$82.00	$82.00
California Lottery — Unrestricted	$191.00	**$190.00**	$190.00	$190.00
Mandated Block Grant (K-8)	$39.09	**$40.03**	$41.25	$42.63
Mandated Block Grant (9-12)	$76.48	**$78.32**	$80.72	$83.42
Minimum Wage	$16.90	**$17.40**	$17.90	$18.90

[1] CalSTRS = California State Teachers' Retirement System *[2] CalPERS = California Public Employees' Retirement System*

Enrollment & Revenue Outlook

3.07% **Cumulative Enrollment Decline**



Total enrollment is projected to drop by **678 students** over the three-year period.

Enrollment vs. Funding Adjustments

Fiscal Year	Projected Enrollment	Statutory COLA
2026–27	22,050	2.87%
2027–28	21,711	3.06%
2028–29	21,372	3.34%



Rising Statutory COLA

State funding adjustments are projected to increase from **2.87% to 3.34%** by 2029.

Fiscal Year	Funded ADA	Unduplicated Count
2026–27	21,514	13,252
2027–28	21,200	13,048
2028–29	20,907	12,845



21,514 **Funded ADA for 2026–27**

Funded Average Daily Attendance is projected to decline to **20,907** by 2028–29. Unduplicated count students decline from **13,252** to **12,845**.

Labor & Operational Pressures



3.08%

Consumer Price Index (CPI)

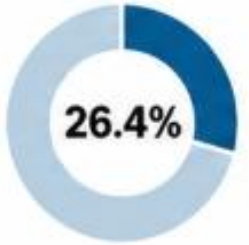
Projected CPI for 2026–27; **2.75%** in 2027–28 and **2.68%** in 2028–29

Employer Contribution Rates



CalSTRS

Employer rate remains **19.10%** through 2028–29.



CalPERS

Employer rate is **26.40%** in 2026–27, **26.80%** in 2027–28, and **25.90%** in 2028–29.



$17.40 **2026–27 Minimum Wage**

Minimum wage rises to **$17.90** in 2027–28 and **$18.90** in 2028–29. State minimum reserve remains **3.00%** and the reserve cap remains **10.00%** through 2028–29.

Other assumptions: Lottery restricted $82.00; lottery unrestricted $190.00; Mandated Block Grant K–8 rises from $40.03 to $42.63 and 9–12 rises from $78.32 to $83.42.

2026–27 Budget May Revision Overview

Comparison of Proposed Budget, Change, and May Revision

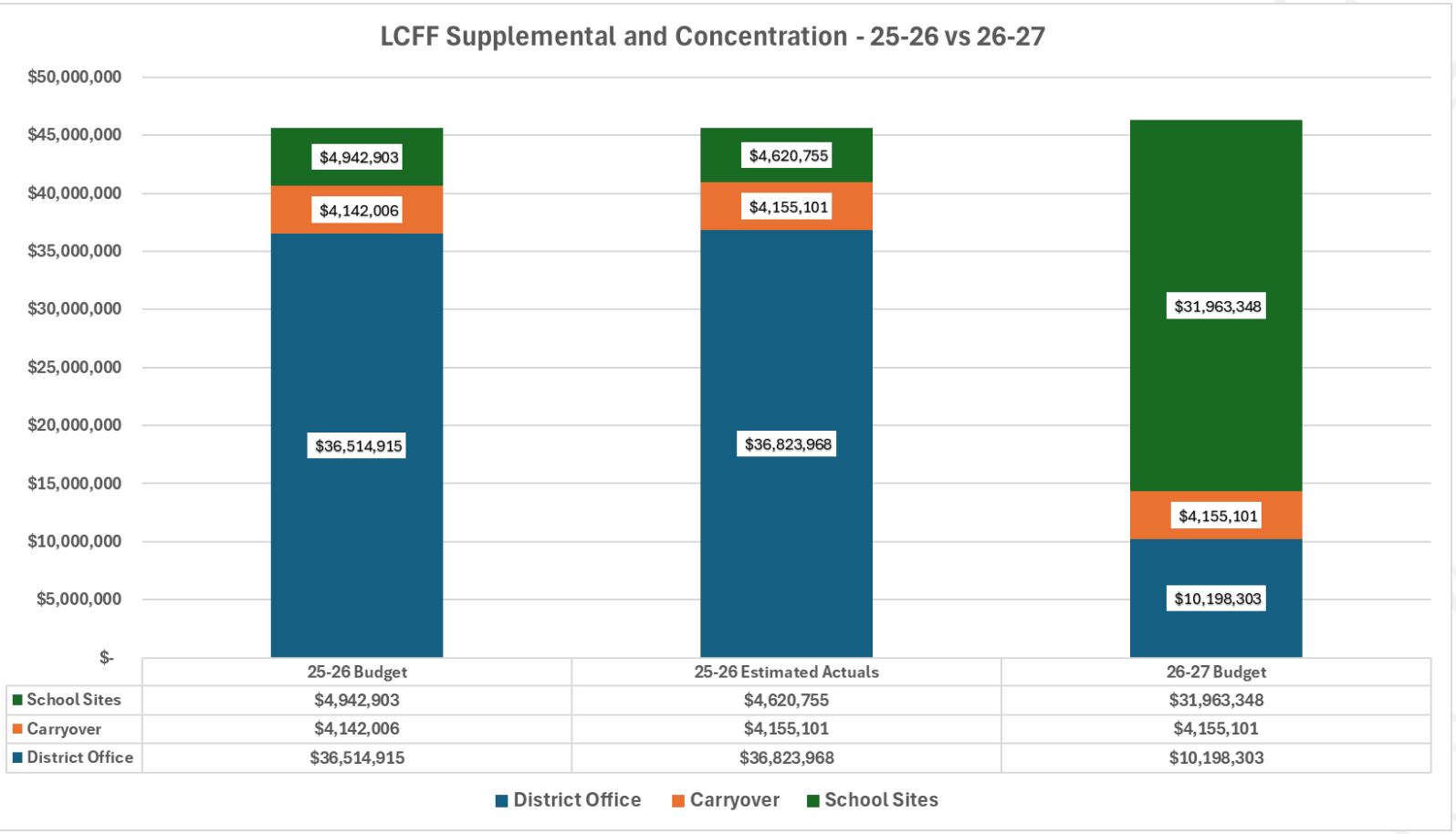
Total Budget Increase: **+$33,726,282**

Revised Total Budget: **$363,890,438**

Category	2026–27 Proposed Budget	Change	2026–27 May Revision	Note
LCFF Revenue	$305,582,915.00	↑ $4,222,973.00	$309,805,888.00	COLA 2.87% → 4.31%
Student Support and Professional Development Blk Grant	$ -	↑ $19,530,852.00	$19,530,852.00	Est Proj $936.98 Per ADA per SSC
Special Education	$24,581,241.00	↑ $7,513,721.00	$32,094,962.00	Rate per pupil $999-->$1,350
Learning Recovery BG	$ -	↑ $2,458,736.00	$2,458,736.00	Est Proj $228 per 20-21 ADA
Total Estimated Revision	**$330,164,156.00**	↑ $33,726,282.00	**$363,890,438.00**	–

Moving Resources Closer to Students

Beginning with 2026-2027, direct allocations to school sites increase from approximately $4.9 million to roughly $32.0 million.



WHY THIS MATTERS

+$27.1M

Direct increase to school sites

Refocusing the way we think about and structure our budgets requires viewing every resource through the lens of student impact. By aligning investments more closely with school site needs, we shorten the distance between resources and student outcomes.

Consistent with the spirit of LCFF.

2025-2026 Estimated Actuals

A careful, line-by-line review of revenues, expenditures, encumbrances, and obligations — including the full impact of the OUEA settlement.

Unrestricted

General operations — flexible dollars the Board may direct

75% of revenue

REVENUE

$327.8M revenue collected

LCFF Sources	$301.5M	92%
Other Local Revenue	$17.1M	5%
Other State Revenue	$9.2M	3%
Federal Revenue	$10K	0%

SPENDING

$283.3M expenditures

Certificated Salaries	$135.3M	48%
Employee Benefits	$69.1M	24%
Classified Salaries	$43.3M	15%
Services & Other Operating	$22.3M	8%
Books & Supplies	$10.4M	4%
Capital Outlay	$2.7M	1%
Other Outgo (net)	$211K	0%

OPERATING SURPLUS **+$44.5M** before transfers and contributions

Restricted

Categorical programs — dollars earmarked for specific uses by law

25% of revenue

REVENUE

$106.9M revenue collected

Other State Revenue	$86.1M	81%
Federal Revenue	$14.8M	14%
Other Local Revenue	$6.0M	6%

SPENDING

$154.3M expenditures

Employee Benefits	$41.3M	27%
Certificated Salaries	$35.9M	23%
Services & Other Operating	$29.4M	19%
Classified Salaries	$21.8M	14%
Books & Supplies	$14.3M	9%
Capital Outlay	$6.3M	4%
Other Outgo (net)	$5.4M	4%

OPERATING SHORTFALL **-$47.4M** before transfers and contributions

$41.9M CONTRIBUTION from Unrestricted to Restricted

Categorical programs cost more than the State and Federal categorical revenue brings in. The General Fund covers the difference.

$114.7M planned transfer out of ending fund balance →

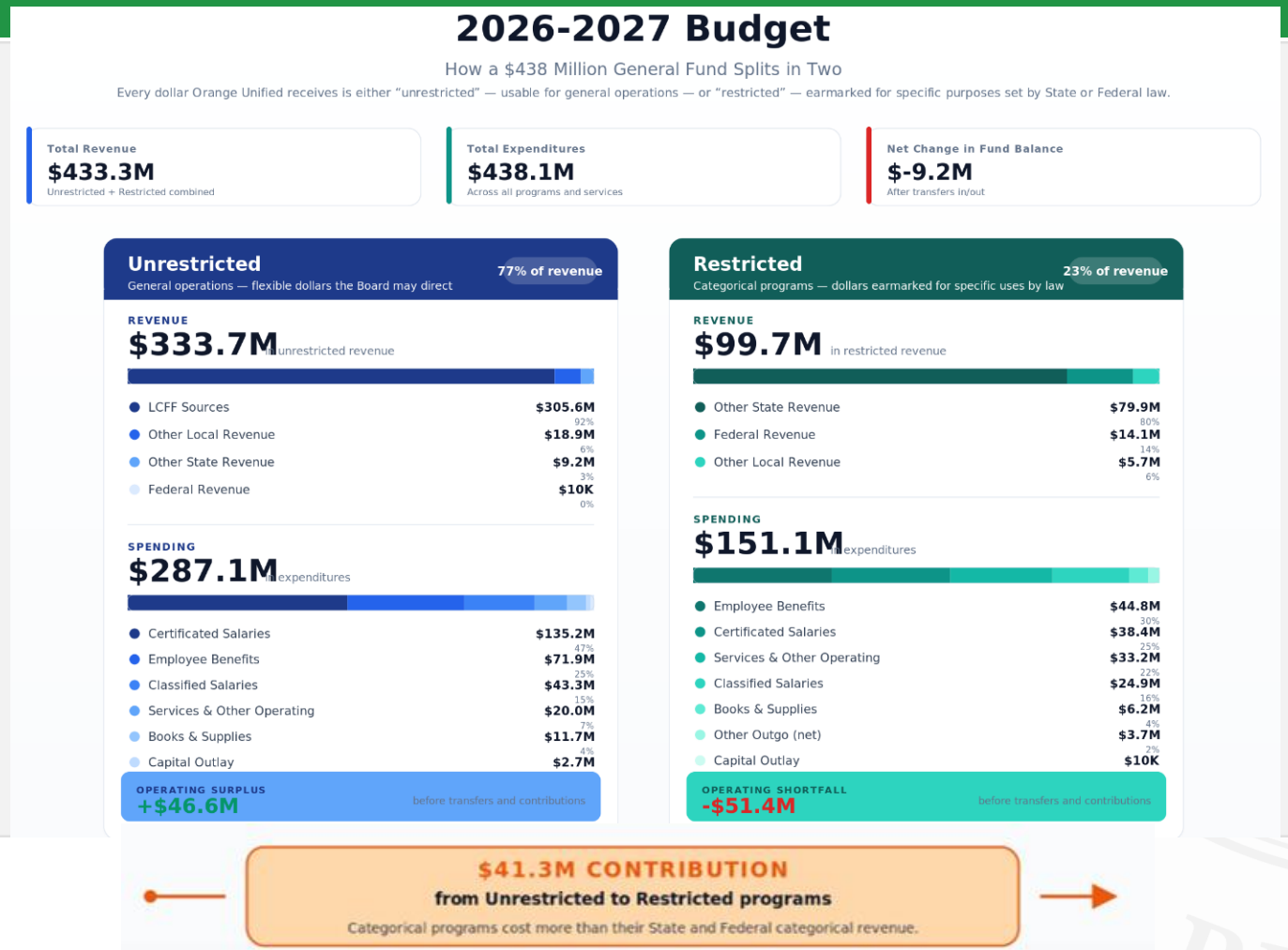
- Capital improvements ($100.5M)
- Deferred Maintenance ($6M)
- Enrollment Decline Stabilization ($12.7M)
- Retiree Benefit Trust ($3.7M)

2026-2027 Proposed Budget

$433.3M

Total Revenue

LCFF: $305.6M
Federal: $ 14.1M
State: $ 89.1M
Local: $ 24.5M



$438.1M

Total Expenditures

Salaries & Benefits ≈ 82% ($358.5M of total)

Multi-Year Projections – Unrestricted and Restricted

UNRESTRICTED

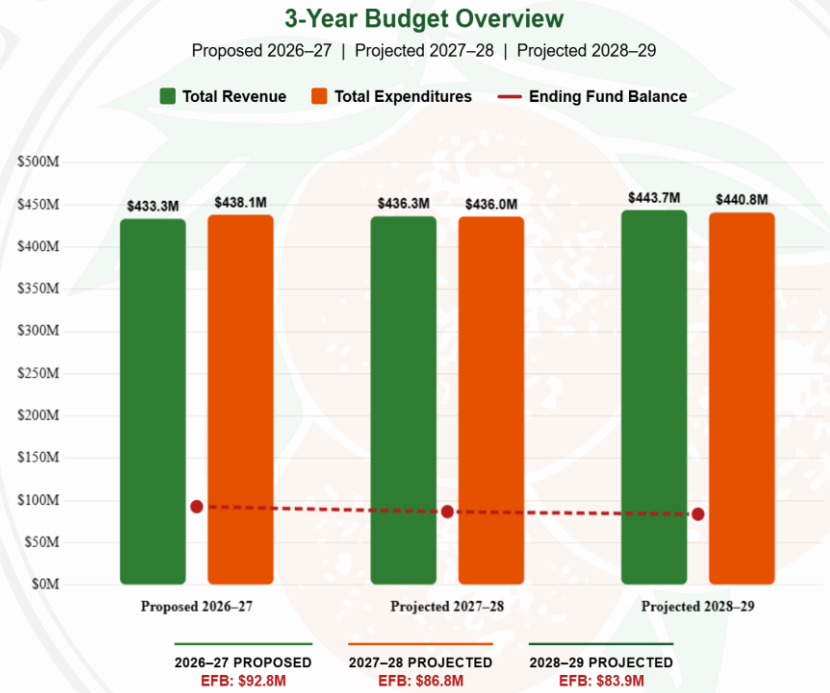
	Proposed 2026-2027	Projected 2027-2028	Projected 2028-2029
Beginning Balance	**$50,790,094**	**$51,681,193**	**$52,110,751**
Total Revenue	$333,673,747	$337,597,555	$343,839,934
Total Expenditures	$287,065,908	$286,147,420	$291,054,496
Contribution Unrestricted to Restricted	($41,316,740)	($43,793,060)	($49,545,590)
Net Operating Revenues vs Expenditures	**$5,291,099**	**$7,657,076**	**$3,239,848**
Transfer In	$3,484,586	$3,744,185	$3,746,060
Transfer Out	$7,884,586	$10,971,701	$8,560,994
Net Change	**$891,099**	**$429,560**	**($1,575,086)**
Ending Fund Balance	**$51,681,193**	**$52,110,751**	**$50,535,665**

RESTRICTED

	Proposed 2026-2027	Projected 2027-2028	Projected 2028-2029
Beginning Balance	**$51,215,383**	**$41,119,320**	**$33,714,454**
Total Revenue	$99,666,581	$98,689,305	$99,838,974
Total Expenditures	$151,079,384	$149,887,231	$149,749,748
Contribution Unrestricted to Restricted	$41,316,740	$43,793,060	$49,545,590
Net Operating Revenues vs Expenditures	**($10,096,063)**	**($7,404,866)**	**($365,184)**
Net Change	**($10,096,063)**	**($7,404,866)**	**($365,184)**
Ending Fund Balance	**$41,119,320**	**$33,714,454**	**$33,349,269**

Multi-Year Projections - Combined

	2026-2027	2027-2028	2028-2029
Beginning Balance	$ 102,005,477	$ 92,800,513	$ 85,825,204
LCFF Revenue	$ 305,582,915	$ 309,749,677	$ 316,251,754
Federal Funding	$ 14,133,799	$ 14,133,799	$ 14,133,799
Other State Funding	$ 89,091,870	$ 87,970,419	$ 88,978,190
Local Revenue	$ 24,531,744	$ 24,432,965	$ 24,315,166
Transfer in	$ 3,484,586	$ 3,744,185	$ 3,746,060
Total Revenue	$ 436,824,914	$ 440,031,045	$ 447,424,969
Certificated Salaries	$ 173,653,915	$ 174,731,852	$ 175,644,216
Classified Salaries	$ 68,124,925	$ 69,288,269	$ 70,222,403
Employee Benefits	$ 116,762,828	$ 117,864,371	$ 117,063,423
Books and Supplies	$ 17,887,570	$ 14,290,221	$ 16,819,565
Services and Other Operating Expenditures	$ 53,189,000	$ 54,558,856	$ 55,927,517
Capital Outlay	$ 2,728,189	$ 15,000	$ 15,000
Other Outgo	$ 5,798,865	$ 5,286,084	$ 5,112,122
Transfer Out	$ 7,884,586	$ 10,971,701	$ 8,560,994
Total Expenditures	$ 446,029,878	$ 447,006,354	$ 449,365,240
Excess/Deficiency	$ (9,204,964)	$ (6,975,309)	$ (1,940,271)
Ending Fund Balance	$ 92,800,513	$ 85,825,204	$ 83,884,933



Revenue grows steadily across all 3 years
Expenditures slightly lower in 2027–28 before rising again in 2028-29
Unrestricted Ending Fund Balance remains consistent
Restricted Ending Fund Balance trends downward each year

Components of Ending Fund Balances

	Estimated 2025-2026	Proposed 2026-2027	Projected 2027-2028	Projected 2028-2029
Beginning Balance	**$ 215,820,115**	**$ 102,005,477**	**$ 92,800,513**	**$ 86,825,204**
Total Revenue	$ 434,700,071	$ 433,340,328	$ 436,286,860	$ 443,678,909
Total Expenditures	$ 437,607,983	$ 438,145,292	$ 436,034,653	$ 440,804,246
Net Operating Revenues vs Expenditures	**$ (2,907,912)**	**$ (4,804,964)**	**$ 252,207**	**$ 2,874,663**
Transfer in	$ 3,746,213	$ 3,484,586	$ 3,744,185	$ 3,746,060
Transfer Out	$ 114,652,939	$ 7,884,586	$ 10,971,701	$ 8,560,994
Change	**$ (113,814,638)**	**$ (9,204,964)**	**$ (5,975,309)**	**$ (1,940,271)**
Ending Fund Balance	**$ 102,005,477**	**$ 92,800,513**	**$ 86,825,204**	**$ 84,884,933**
Restricted Balance	**$ 51,215,383**	**$ 41,119,320**	**$ 33,714,453**	**$ 33,349,268**
Unrestricted Balance	**$ 50,790,094**	**$ 51,681,193**	**$ 52,110,751**	**$ 50,535,665**
Revolving Cash and Inventory	$ 408,485	$ 408,485	$ 408,485	$ 408,485
Assignment for Attract & Retain	$ 2,501,094	$ 2,393,094	$ 2,285,094	$ 2,177,094
Assignment for LCFF Supplemental and Concentration	$ 1,653,879	$ 208,301	$ -	$ -
Assignment for Unrestricted Lottery	$ 1,181,737	$ 815,037	$ 4,045,418	$ 4,942,046
Reserve for Economic Uncertainties (3%)	$ 16,567,828	$ 13,380,896	$ 13,410,191	$ 13,480,957
Reserve for Board assigned for Economic Uncertainties	$ 21,978,957	$ 27,397,175	$ 24,521,446	$ 23,028,969
Commitments for Districtwide Emergency Alert System	$ 6,498,114	$ 7,078,205	$ 7,440,117	$ 6,498,114
Unrestricted Ending Fund Balance	**$ 50,790,094**	**$ 51,681,193**	**$ 52,110,751**	**$ 50,535,665**
Unrestricted Reserve Percentages	**9.20%**	**11.59%**	**11.66%**	**11.25%**

Reserves & Long-Term Stewardship

Stewardship Principles

- **Structural Balance**
  Match ongoing expenditures with ongoing revenue.
- **One-Time for One-Time**
  Reserve one-time dollars for one-time purposes only.
- **Plan for Long-Term Needs**
  $114.7M moved in 25-26 to dedicated reserves for capital, deferred maintenance, and enrollment stabilization.
- **Board Policy on Reserves**
  Reserves set aside consistent with adopted Board Policy and the Reserve Transparency requirement of Education Code §42127.

Beyond the General Fund

Fund	Purpose	25-26 Ending	26-27 Ending
01 — General Fund	Day-to-day operations: salaries, instruction, services	$102.0M	**$94.4M**
12 — Child Development	State preschool and childcare	$8.7M	**$9.7M**
13 — Cafeteria	Federal/state-funded food services	$14.8M	**$13.8M**
14 — Deferred Maintenance	Major facility repairs	$7.2M	**$5.9M**
17 — Special Reserve (Non-Capital)	Enrollment Decline Stabilization Reserve	$12.7M	**$12.8M**
21 — Building Fund (Measure S)	Voter-approved bond proceeds for facilities	$26.6M	**$24.9M**
25 — Capital Facilities	Developer fees for new student capacity	$6.8M	**$7.4M**
35 — County School Facilities	State matching funds for school construction	$38.3M	**$39.8M**
40 — Special Reserve (Capital)	Major capital improvements at every campus	$92.2M	**$91.9M**
51 — Bond Interest & Redemption	Debt service on voter-approved bonds	$7.0M	**$5.1M**
56 — Debt Service	Other debt service obligations	$0	**$7.7M**
67 — Self-Insurance	Workers' comp / liability reserves	$5.0M	**$2.9M**
71 — Retiree Benefit Trust	Other Post-Employment Benefits (OPEB) — retiree health	$115.6M	**$109.9M**
TOTAL — All Funds (incl. smaller funds)		**$438.3M**	**$437.5M**

Recommendation

The 2026-2027 Proposed Budget is the product of an organization that is intentional

- ✓ Invests in employees
- ✓ Is student focused and is budgeting in a student-centered manner
- ✓ Increases transparency
- ✓ Commits reserves to the obligations they are intended to fund
- ✓ Maintains structural balance and a Positive Certification

Recommendation: Staff recommends the Board of Education certify the 2026-2027 Proposed Budget with a Positive Certification. The District will meet and/or exceed its financial obligations for the current and the next two subsequent fiscal years.

Questions or Comments