MT. DIABLO
UNIFIED SCHOOL DISTRICT

2026-2027
Proposed Budget

June 10, 2026 Board Meeting

Adrian Vargas, Chief Business Officer
Gustavo Aguilera, Executive Director of Fiscal Services
Brenda Barbera, Director of Budget, Accounting & Fiscal Compliance
Dr. Adam Clark, Superintendent

California School District Financial Reporting Requirements

- District required to adopt budget prior to July 1 of each year
- No financial reporting certification, budget is approved or disapproved by COE
- 2026-27 Proposed Budget is a "tentative" budget
- Based on Governor's May Budget Revise, State Enacted Budget may be different
- 2026-27 MDUSD Budget will be presented for Adoption on June 24th
- Material revisions presented within 45 days of State Enacted Budget

Information Sources for Proposed Budget

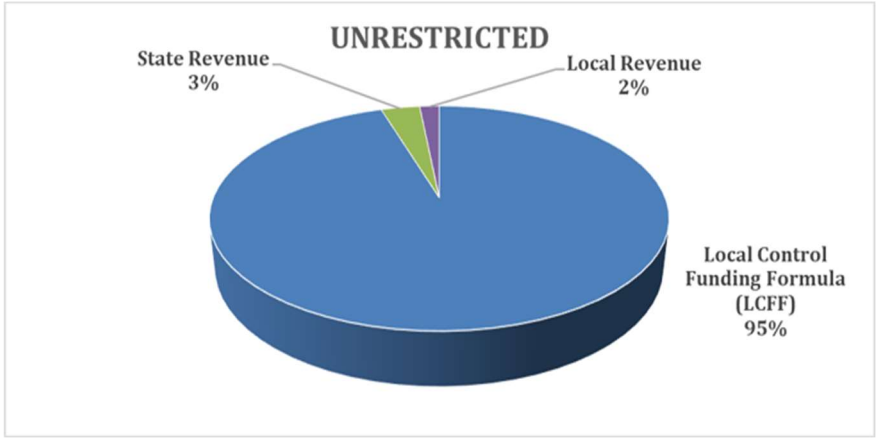
- MDUSD staff and their input on site & department program needs: budget development process started in January 2026
- School Services of California: 2026-27 May Revise Projection Dartboard
- California County Superintendents Educational Services Association: The Common Message for the 2026-27 May Revision

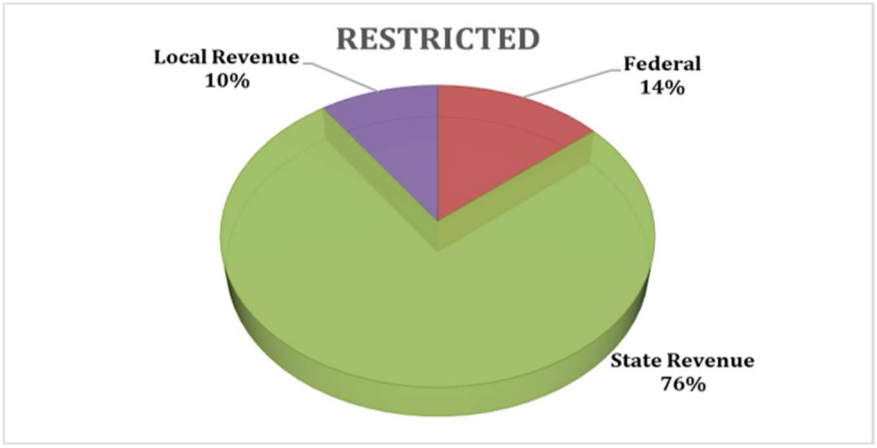
Governor's May Revise Highlights

- Increase to the Local Control Funding Formula (LCFF) base rates – 2.87% Cost of Living Adjustment (COLA) plus additional investment of 1.44%
- $3.9B appropriation delayed for 2025-26 Prop 98 funds
- $5B for one time Student Support & Professional Development Block Grant ***Proposed Budget includes Governor's January proposal of $2.8B or $525 per 2025-26 P-2 ADA***
- $757M for the remaining Learning Emergency Recovery block grant funds @ $228 per ADA reduced during the 2023-24 fiscal year ***(included in Proposed Budget)***
- $2.3B to increase Special Education base rate of $917/ADA to $1,340/ADA ***(included in Proposed Budget)***
- No cash deferrals proposed for the 2026-27 fiscal year

2026-27 Proposed Budget Revenues

DESCRIPTION	UNRESTRICTED	RESTRICTED	COMBINED
Local Control Funding Formula (LCFF)	$374,296,274	$0	$374,296,274
Federal	$0	$19,271,409	$19,271,409
State Revenue	$12,780,462	$105,800,186	$118,580,648
Local Revenue	$6,442,896	$13,445,209	$19,888,105
TOTAL	**$393,519,632**	**$138,516,804**	**$532,036,436**





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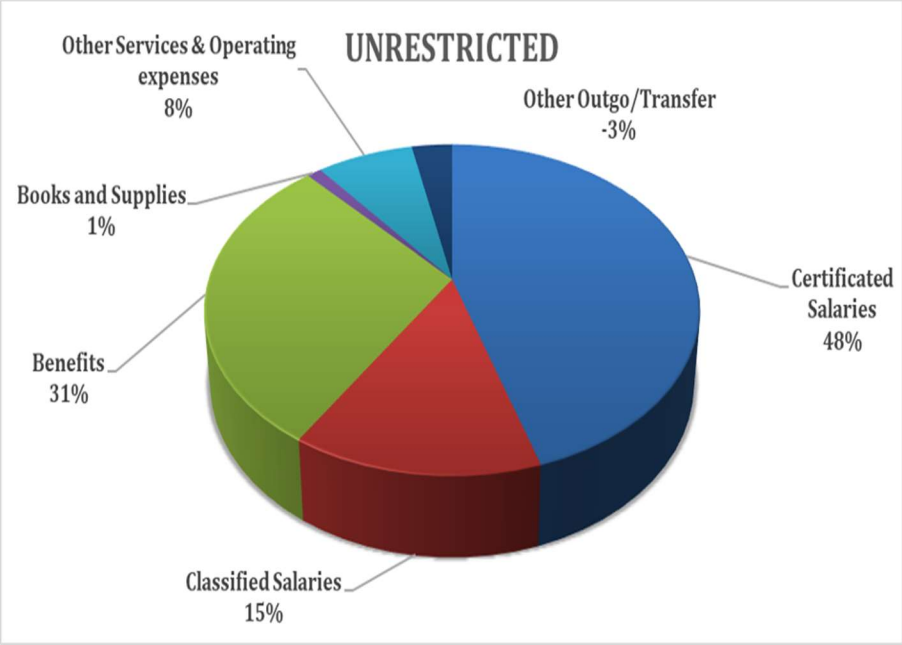
2026-27 Proposed Budget Expenditures

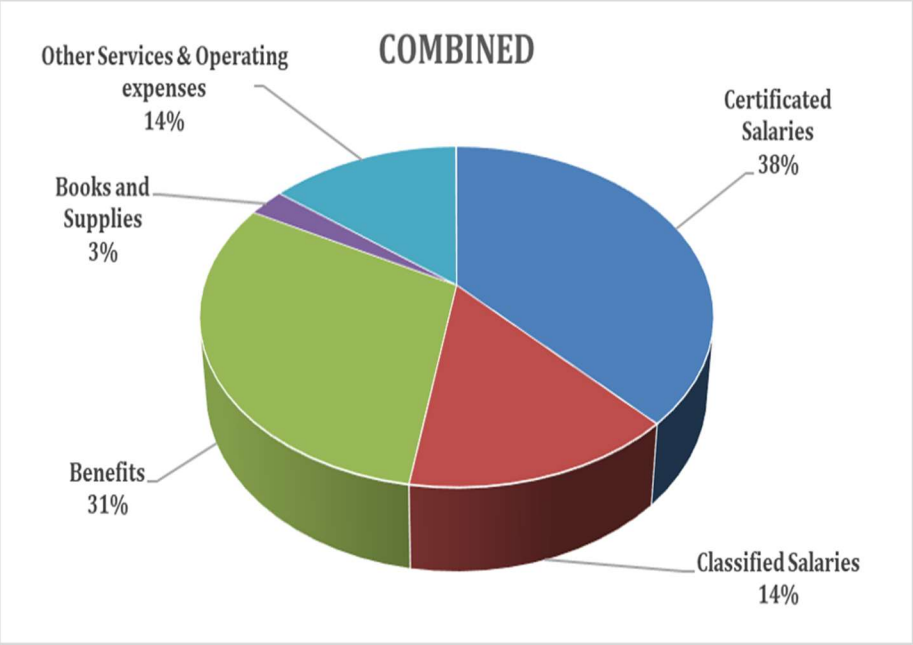
DESCRIPTION	UNRESTRICTED	RESTRICTED	COMBINED
Certificated Salaries	$155,445,645	$51,671,165	$207,116,810
Classified Salaries	$47,452,768	$31,454,606	$78,907,374
Benefits	$100,892,548	$65,566,232	$166,458,780
Books and Supplies	$3,858,494	$10,824,760	$14,683,254
Other Services & Operating expenses	$25,840,774	$51,808,685	$77,649,459
Capital Outlay	$0	$150,000	$150,000
Other Outgo/Transfer	($10,845,485)	$10,610,363	($235,122)
TOTAL	**$322,644,745**	**$222,085,810**	**$544,730,555**

**Salaries & Benefits comprise approximately 94% of the unrestricted budget.*

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2026-27 Proposed Budget Expenditures





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2026-27 Proposed Budget Contributions

Description	2026-27 Proposed Budget
Special Education	$70,837,532
Routine Restricted Maintenance Account	$15,976,603
Local Programs	$1,581,001
Total	**$88,395,136**

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2026-27 Proposed Budget Summary

Description	Unrestricted	Restricted	Total
Total Revenues	393,519,632	138,516,804	532,036,436
Total Expenditures	322,644,745	222,085,810	544,730,555
Excess/(Deficiency)	70,874,887	(83,569,006)	(12,694,119)
Other Sources/Uses	(88,395,136)	88,395,136	0
Net Increase/(Decrease)	**(17,520,249)**	**4,826,130**	**(12,694,119)**
Add: Beginning Fund Balance	76,516,454	41,824,335	118,340,789
Ending Fund Balance	**58,996,205**	**46,650,465**	**105,646,670**

Description	2026-27 Proposed Budget		
	Unrestricted	Restricted	Combined
NONSPENDABLE			
Revolving Cash/Stores/Prepaid Items	$722,000		$722,000
TOTAL - NONSPENDABLE	**$722,000**	**$0**	**$722,000**
RESTRICTED			
Restricted Categorical Balances		$46,650,465	$46,650,465
TOTAL - RESTRICTED	**$0**	**$46,650,465**	**$46,650,465**
COMMITTED			
2027-28 Projected Deficit	$17,363,067		$17,363,067
2028-29 Projected Deficit	$22,380,969		$22,380,969
TOTAL - COMMITTED	**$39,744,035**		**$39,744,035**
ASSIGNED			
ERP Conversion	$1,400,000		$1,400,000
TOTAL - ASSIGNED	**$1,400,000**	**$0**	**$1,400,000**
RESERVE FOR ECONOMIC UNCERTAINTIES			
Economic Uncertainty (REU-3%)	$16,341,917		$16,341,917
TOTAL - RESERVE FOR ECONOMIC UNCERTAINTIES	**$16,341,917**	**$0**	**$16,341,917**
UNASSIGNED/UNAPPROPRIATED	**$788,253**		**$788,253**
TOTAL - FUND BALANCE	**$58,996,205**	**$46,650,465**	**$105,646,670**

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2026-27 Proposed Budget
Fund Summaries

Fund	2026-27 Beginning Fund Balance	Budgeted Net Change	2026-27 Ending Fund Balance
General (Unrestricted & Restricted)	$118,340,789	($12,694,119)	$105,646,670
Student Activity Fund	$746,817	$0	$746,817
Charter Schools Special Revenue Fund	$2,826,318	($241,629)	$2,584,689
Adult Education Fund	$2,940,054	($166,305)	$2,773,749
Cafeteria Special Revenue Fund	$13,529,177	($3,185,730)	$10,343,447
Deferred Maintenance Fund	$0	$0	$0
Building Fund	$41,380,927	($19,764,000)	$21,616,927
Capital Facilities Fund	$22,905,627	$1,627,194	$24,532,821
County School Facilities Fund	$3,877,796	$84,000	$3,961,796
Capital Projects Fund for Blended Component Units	$27,699	$2,100,856	$2,128,555
Bond Interest and Redemption Fund	$41,614,535	($6,515,013)	$35,099,522
Debt Service Fund for Blended Component Units	$8,041,866	$1,224,837	$9,266,703
Foundation Private-Purpose Trust Fund	$67,005	$1,000	$68,005
TOTAL	**$256,298,610**	**($37,528,909)**	**$218,769,701**

California AB 2756 – Enhanced Fiscal Oversight for School Districts

Key Provisions

Increased Fiscal Transparency – Requires school districts to submit multi-year financial projections (MYPs) and disclose deficit spending, reserves, and cash flow analyses.

Stronger County Oversight – Expands County Offices of Education (COE) authority to review, reject budgets, and intervene in fiscally distressed districts.

Budget Certification & Early Warning System – Strengthens Interim Reporting (First and Second Reports), requires districts to certify financial stability over three years, and introduces red flag indicators for financial distress.

Stronger Intervention Measures for At-Risk Districts – Allows COEs and the California Department of Education (CDE) to impose restrictions, assign state-appointed fiscal advisors, and require a Fiscal Recovery Plan.

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Multiyear Projections (MYP)

Multi-Year Projections (MYPs) are reasoned estimates, not guaranteed outcomes, that help school districts assess revenue, expenditures, and fund balances over three years.

Since funding, enrollment, and expenses can change, MYPs require regular updates and adjustments. While not perfect, they help identify risks early and prevent financial crises.

2026-27 Proposed Budget
MYP Assumptions

2027-28 & 2028-29 Revenue Assumptions

Enrollment & ADA: 29,371 flat enrollment, 93.25% ADA ratio for next 2 years

LCFF Revenue: +$12.4M (2027-28), +$11.9M (2028-29) from COLA (3.30%, 3.09%) & a 55.9% UPP

Federal, State & Local Revenues: Federal, State and Local revenues are projected to remain flat in the two subsequent years after one-time revenues are removed from 26-27, most significantly $14.3M in state revenues for the Student Support and Professional Development Discretionary grant and $2.9M for the Learning Emergency Recovery grant

Special Education Contribution: $2.5M annual contribution for 2027-28 and $2.6M for 2028-29 due to increasing costs for salaries, benefits and services

2026-27 Proposed Budget
MYP Assumptions

2027-28 & 2028-29 Expenditure Assumptions

Salary Adjustments: Both certificated and classified salaries include a 1.56% step and column increase, with unrestricted salaries further reflecting projected increases of 2.63% ($6.5M) in 2027–28 and 2.42% ($6.1M) in 2028–29

Restricted salaries increase due to special education costs but are offset in 2027–28 by shifting $1.2M to unrestricted funds In 2028–29 restricted salaries decrease with the removal of one-time funds and an additional $758K shift to unrestricted salaries

Benefits: STRS remains steady at 19.10%; PERS rates are adjusted at 26.8% in 2027-28 and 25.9% in 2028-29

Overall benefits increase of $5.6M in 2027-28 and $5.4M in 2028-29 due to projected salary, medical and pension rate increases

2026-27 Proposed Budget
MYP Assumptions

2027-28 & 2028-29 Expenditure Assumptions

Books & Supplies: In 2027–28, Unrestricted books and supplies decrease by $1.2M due to a funding shift to the Student Support and Professional Development grant

Restricted expenses decrease by a net of $639K in 2027–28, reflecting a reduction from one-time funds offset by the $1.2M grant shift. In 2028–29 expenses decrease by $1.1M with the removal of one-time expenses

Contracted Services & Operating Expenses: In 2027–28, Unrestricted operating expenses decrease by $3.75M due to a funding shift to the Student Support and Professional Development grant

Restricted contracted services are expected to increase by a net of $765K in 2027–28, reflecting the addition of those shifted unrestricted funds and projected increases for special education offset by the removal of one-time funds. In 2028–29 restricted expenses decrease slightly by $85K

Capital Outlay & Indirect Costs: Capital outlay is projected to remain level. In 2027–28 indirect costs are adjusted as increased grant utilization is offset by fewer expiring one-time funds In 2028–29 indirect costs increase slightly due to special education cost adjustments

2026-27 Proposed Budget MYP

Description	Proposed Budget 2026-27			Projection 2027-28			Projection 2028-29		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Revenue									
General Purpose	374,296,274	-	374,296,274	386,672,600	-	386,672,600	398,580,184	-	398,580,184
Federal Revenue	-	19,271,409	19,271,409	-	19,271,409	19,271,409	-	19,271,409	19,271,409
State Revenue	12,780,462	105,800,186	118,580,648	12,780,462	88,531,078	101,311,540	12,780,462	88,531,078	101,311,540
Local Revenue	6,442,896	13,445,209	19,888,105	6,442,896	13,615,400	20,058,296	6,442,896	13,615,400	20,058,296
Total Revenue	**393,519,632**	**138,516,804**	**532,036,436**	**405,895,958**	**121,417,888**	**527,313,846**	**417,803,542**	**121,417,888**	**539,221,430**
Expenditures									
Certificated Salaries	155,445,645	51,671,165	207,116,810	163,003,716	51,506,775	214,510,491	169,766,152	51,360,045	221,126,197
Classified Salaries	47,452,768	31,454,606	78,907,374	49,214,841	31,985,473	81,200,313	51,290,510	32,060,170	83,350,680
Benefits	100,892,548	65,566,232	166,458,780	106,514,389	65,721,066	172,235,454	111,941,910	65,085,715	177,027,625
Books and Supplies	3,858,494	10,824,760	14,683,254	2,668,062	10,185,551	12,853,613	2,668,062	9,100,757	11,768,819
Other Services & Oper. Expenses	25,840,774	51,808,685	77,649,459	22,090,774	52,573,578	74,664,353	22,090,774	52,488,784	74,579,558
Capital Outlay	-	150,000	150,000	-	150,000	150,000	-	150,000	150,000
Other Outgo 7xxx	-	1,075,372	1,075,372	-	1,075,372	1,075,372	-	1,075,372	1,075,372
Transfer of Indirect 73xx	(10,845,485)	9,534,991	(1,310,494)	(11,170,599)	9,860,105	(1,310,494)	(11,062,336)	9,751,842	(1,310,494)
Total Expenditures	**322,644,745**	**222,085,810**	**544,730,555**	**332,321,183**	**223,057,920**	**555,379,103**	**346,695,073**	**221,072,685**	**567,767,758**
Deficit/Surplus	70,874,887	(83,569,006)	(12,694,119)	73,574,775	(101,640,032)	(28,065,257)	71,108,469	(99,654,797)	(28,546,328)
Contributions to Restricted	(88,395,136)	88,395,136	-	(90,937,842)	90,937,842	-	(93,489,438)	93,489,438	-
Net increase (decrease) in Fund Balance	**(17,520,249)**	**4,826,130**	**(12,694,119)**	**(17,363,067)**	**(10,702,191)**	**(28,065,257)**	**(22,380,969)**	**(6,165,359)**	**(28,546,328)**
Beginning Balance	76,516,454	41,824,335	118,340,789	58,996,205	46,650,465	105,646,670	41,633,139	35,948,274	77,581,413
Ending Balance	**58,996,205**	**46,650,465**	**105,646,670**	**41,633,139**	**35,948,274**	**77,581,413**	**19,252,170**	**29,782,915**	**49,035,085**
Revolving/Stores/Prepaids	722,000		722,000	722,000		722,000	722,000		722,000
Reserve for Econ Uncertainty	16,341,917		16,341,917	16,661,373		16,661,373	17,033,033		17,033,033
Restricted Programs	-	46,650,465	46,650,465	-	35,948,274	35,948,274	-	29,782,915	29,782,915
Committed	39,744,035		39,744,035	22,380,969		22,380,969	-		-
Other Assignments	1,400,000		1,400,000	1,400,000		1,400,000	1,400,000		1,400,000
Unappropriated Fund Balance	**788,253**	-	**788,253**	**468,797**	-	**468,797**	**97,137**	-	**97,137**
Unappropriated Percent			*0.14%*			*0.08%*			*0.02%*

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2026-27 Proposed Budget MYP Summary

Description	Proposed Budget 2026-27	Projected 2027-28	Projected 2028-29
Total Revenues	$532,036,436	$527,313,846	$539,221,430
Total Expenditures	$544,730,555	$555,379,103	$567,767,758
Net Increase/(Decrease)	**($12,694,119)**	**($28,065,257)**	**($28,546,328)**
Beginning Fund Balance	$118,340,789	$105,646,670	$77,581,413
Ending Fund Balance	**$105,646,670**	**$77,581,413**	**$49,035,085**
Components of Ending Fund Balance	*$104,858,417*	*$77,112,616*	*$48,937,948*
Nonspendable	$722,000	$722,000	$722,000
Restricted	$46,650,465	$35,948,274	$29,782,915
Assigned	$1,400,000	$1,400,000	$1,400,000
3% REU	$16,341,917	$16,661,373	$17,033,033
Unassigned/Unappropriated	**$788,253**	**$468,797**	**$97,137**

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Future Considerations/Risks

1. **Federal Policy Changes & Federal & State Economy**
2. **Expiring and spending down of one time funds (Deficit spending)**
3. **Rising cost pressures: Health benefits, insurance & utilities**
4. **Enrollment and Student absence rates**

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Next Steps

- 2026-27 MDUSD Budget Adoption – June 24th
- State Enacted Budget – by July 1st
- 45 Day Revise Budget Update – August 2026
- 2025-26 Unaudited Actuals – September 2026
- 2026-27 First Interim – December 2026

Questions?

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