



Alum Rock Union Elementary School District

Public Hearing for Fiscal Year 2026-27 Proposed Budget

BOARD MEETING

JUNE 11, 2026



Overview

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- Multi-Year Projections (MYP)
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 - Restricted General Fund
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- Budget Challenges and Responses
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- Budget Adoption Timeline and Future Planning



Executive Summary – FY 2026-27 Proposed Budget at a Glance

- Budget meets reserve requirements in all three years.
- Structural deficit remains a long-term challenge.
- Declining enrollment continues to reduce LCFF revenue.
- Budget includes staffing reductions to align expenditures with enrollment.
- Budget maintains core instructional and LCAP priorities.
- Negotiations are not settled for FY 2025-26 or future years, are not included in the budget and will have a fiscal impact.
- Additional reductions and efficiencies will be needed in future years.



Key Assumptions from Governor's May Revision

Included in Budget

- COLA increase for FY 2026-27 from 2.41% to 2.87%.
- Special Education funding increase to \$1,340 per ADA.

Not Included in Budget

- COLA augmentation of 1.44%. The trailer bill language states this may be tied to offset the proposed up to 14-week paid pregnancy disability leave.
- Discretionary Block Grant Proposal.
- Other one-time grants.



Key Assumptions – Enrollment and ADA

Enrollment and ADA Summary, excluding COE				
Description	2025-26	2026-27	2027-28	2028-29
Enrollment	6,754	6,373	6,061	5,768
Change from prior year	(476)	(381)	(312)	(293)
Funded LCFF ADA	6,941	6,776	6,450	6,080
Change from prior year	(167)	(165)	(325)	(371)
LCFF ADA Funding Method	3PY Average	3PY Average	3PY Average	3PY Average
Unduplicated Pupil Count (UPC)	5,801	5,359	5,097	4,850
Unduplicated Pupil Percentage (UPP)	85.89%	84.09%	84.10%	84.08%

County Office of Education (COE) Students FY 2025-26 = 37



Key Assumptions – LCFF Revenue

	Based on FY 2026-27 May Revision			
LCFF	2025-26	2026-27	2027-28	2028-29
Funded COLA at Second Interim	2.30%	2.41%	3.06%	3.34%
Funded COLA May Revision	2.30%	2.87%	3.30%	3.09%
Difference	0.00%	0.46%	0.24%	-0.25%
Total LCFF Entitlement	<u>\$ 108,818,889</u>	<u>\$ 109,210,414</u>	<u>\$ 107,950,948</u>	<u>\$ 104,736,843</u>
Change in Amount from Prior Year	N/A	\$ 391,525	\$ (1,259,466)	\$ (3,214,105)
Change in Percentage from Prior Year	N/A	0.36%	-1.15%	-2.98%
Funded LCFF ADA (3 yr prior average)	<u>6,940.76</u>	<u>6,775.54</u>	<u>6,450.21</u>	<u>6,079.56</u>
Change in Funded ADA from Prior Year	N/A	(165.22)	(325.33)	(370.65)
Change in Percentage from Prior Year	N/A	-2.38%	-4.80%	-5.75%
LCFF Entitlement Per ADA	\$ 15,678	\$ 16,118	\$ 16,736	\$ 17,228

Enrollment and ADA declines continue to outpace COLA increases, reducing future LCFF revenue.



Key Assumptions – Revenues Based on May Revision

2026-27 General Fund Revenues (Unrestricted and Restricted)		
	2026-27	%
Local Control Funding Formula (LCFF)	109,210,414	72.7%
Federal Revenue	5,360,848	3.6%
Unrestricted Lottery Revenues	1,273,745	0.8%
Other State Revenues	23,845,759	15.9%
Parcel Tax Revenue	4,889,249	3.3%
Lease Revenue	2,824,969	1.9%
Other Local Revenue	2,866,868	1.9%
TOTAL REVENUES	150,271,852	100%

LCFF represents approximately 72.7% of total unrestricted and restricted funding and remains the District's primary revenue source.



Key Assumptions – Restricted Revenues

Federal Revenue

- Title I, II, III, IV = \$3.5M
- Special Education = \$1.8M

State Revenue

- ELOP (Expanded Learning Opportunities Program) = \$11.8M
- ASES (After School Education and Safety Program) = \$2.3M
- Prop 28 Arts and Music Grant = \$956K



Key Assumptions – Expenditures

FY 2025-26

- Increase of \$252K in net expenditures mostly due to the E-Rate Wi-Fi expenditure.

FY 2026-27

- Includes consolidation of Adelante I and II onto the Fischer site, and Board-approved district office staffing reductions = \$2.3M.
- Includes reduction of 10 certificated FTEs to align with declining enrollment = \$1.5M.

FY 2027-28

- Includes reduction of 10 certificated FTEs to align with declining enrollment = \$1.5M.

FY 2028-29

- Includes reduction of 10 certificated FTEs to align with declining enrollment = \$1.5M.



Key Assumptions – Expenditures, cont'd

- Negotiations are not settled for FY 2025-26 or future years and are not included in MYP.
- Step and column increases are included for all three years.
- Budget supports core LCAP goals and maintains critical staff while increasing student programs.
- Reduction in management positions.

	Resolution #50-25/26 Freeze until June 30, 2028	FY 2025-26	FY 2026-27
Certificated	42	36	33
Classified	44	41	36



Combined General Fund Multi-Year Projection (Unrestricted and Restricted)

Combined General Fund			
	2026-27	2027-28	2028-29
Beginning Fund Balance	32,935,423	28,948,607	23,065,691
Total Revenues	150,271,852	147,134,403	143,224,223
Total Expenditures	154,008,668	152,767,319	152,656,658
Transfer Out (to Fund 14)	250,000	250,000	250,000
Surplus/(Deficit)	(3,986,816)	(5,882,916)	(9,682,435)
Ending Fund Balance	28,948,607	23,065,691	13,383,256
Reserve for Economic Uncertainty	4,627,760	4,590,520	4,587,200
	3%	3%	3%



Unrestricted General Fund Multi-Year Projection – Revenues

	UNRESTRICTED GENERAL FUND		
	2026-27	2027-28	2028-29
	Proposed Budget	Projected	Projected
BEGINNING FUND BALANCE	32,935,423	28,948,607	23,065,691
Local Control Funding Formula (LCFF)	109,210,414	107,950,948	104,736,843
State Revenues	2,094,229	2,026,191	1,957,051
Local Revenues	8,918,758	8,845,387	8,787,473
TOTAL REVENUES	<u>120,223,401</u>	<u>118,822,526</u>	<u>115,481,367</u>



Unrestricted General Fund Multi-Year Projection – Expenditures

	2026-27	2027-28	2028-29
Certificated Salaries	42,174,057	41,700,318	41,219,473
Classified Salaries	12,447,898	12,696,856	12,950,793
Employee Benefits	24,104,561	24,014,857	23,826,128
Books and Supplies	1,790,660	1,790,660	1,790,660
Services and Other Operating Expenditures	11,945,500	11,645,500	11,945,500
Capital Outlay	150,000	150,000	150,000
Other Outgo	100,000	100,000	100,000
Other Outgo - Indirect Costs	<u>(1,670,404)</u>	<u>(1,947,455)</u>	<u>(1,909,238)</u>
TOTAL EXPENDITURES	<u>91,042,272</u>	<u>90,150,736</u>	<u>90,073,316</u>
Contributions/Transfer Out	<u>(33,167,945)</u>	<u>(34,554,706)</u>	<u>(35,090,486)</u>
Surplus/(Deficit)	<u>(3,986,816)</u>	<u>(5,882,916)</u>	<u>(9,682,435)</u>
ENDING FUND BALANCE	<u><u>28,948,607</u></u>	<u><u>23,065,691</u></u>	<u><u>13,383,256</u></u>



Unrestricted General Fund MYP – Services Expenditures

	UNRESTRICTED GENERAL FUND		
	2026-27	2027-28	2028-29
	Proposed		
SERVICES AND OTHER OPERATING EXPENDITURES	Budget	Projected	Projected
Travel, Conferences, Dues and Memberships	239,892	239,892	239,892
Insurance	1,223,000	1,223,000	1,223,000
Operations, Utilities & Communications	4,311,600	4,311,600	4,311,600
Rentals, Leases, Repairs & Transfers	275,004	275,004	275,004
Professional Services *	5,896,005	5,596,005	5,896,005
TOTAL	11,945,500	11,645,500	11,945,500

* Professional Services includes contracts for licensing agreements, nursing, school support, legal, audit, security, and election expenses.



Restricted General Fund Multi-Year Projection – Revenues

	RESTRICTED GENERAL FUND		
	2026-27	2027-28	2028-29
	Proposed Budget	Projected	Projected
BEGINNING FUND BALANCE	-	-	-
Fed	5,360,848	5,257,985	5,158,118
State	23,025,275	22,569,912	22,127,812
Local	1,662,328	483,980	456,926
TOTAL REVENUES	30,048,451	28,311,877	27,742,856



Restricted General Fund Multi-Year Projection – Expenditures

	2026-27	2027-28	2028-29
Certificated Salaries	15,200,404	15,428,412	15,659,837
Classified Salaries	9,127,097	9,144,639	9,325,732
Employee Benefits	18,019,390	18,164,450	18,254,428
Books and Supplies	1,809,871	2,697,082	2,578,428
Services and Other Operating Expenditures	17,511,041	15,606,356	15,227,490
Capital Outlay	-	-	-
Other Outgo - Indirect Costs	1,298,593	1,575,644	1,537,427
TOTAL EXPENDITURES	62,966,396	62,616,583	62,583,342
Routine Repair & Maintenance Contribution	4,627,508	4,627,508	4,627,508
Special Ed Contribution	28,290,437	29,677,198	30,212,978
TOTAL CONTRIBUTION *	32,917,945	34,304,706	34,840,486

* Contribution is a required payment from the unrestricted general fund to fund RRM and Special Ed



Considerations – Not Included in FY 2026-27 Budget

Potential Revenue Opportunities

- Repurposing of surplus facilities to generate lease revenue.
- The Governor's Proposed Budget includes a one-time discretionary block grant.

Potential Cost Pressures

- Collective bargaining – Negotiations are not yet settled for FY 2025-26, FY 2026-27 or future years.
- Extended Day Kindergarten staffing.
- Inflationary cost increases.
- Potential litigation and other unforeseen legal costs.



Budget Challenges and Responses

Challenge

Declining Enrollment

Structural Deficit

Rising Special Ed Costs

Fiscal Uncertainty

District Response

Staffing Reductions

School Closures/Consolidations
and Multi-Year Reductions

Hanover Study and Ongoing
Expenditure Monitoring

Maintaining Reserves

* Additional reductions and efficiencies will need to continue in future years.



Statement of Reserves

Statement of Reserves			
	2026-27	2027-28	2028-29
Ending Fund Balance	\$ 28,948,607	\$ 23,065,691	\$ 13,383,256
Revolving Cash	\$ 20,000	\$ 20,000	\$ 20,000
Committed Fund Balance	\$ 19,500,000	\$ -	\$ -
Combined Assigned and Unassigned Fund Balances	\$ 9,428,607	\$ 23,065,691	\$ 13,383,256
Less: Reserve for Economic Uncertainty	\$ 4,627,760	\$ 4,590,520	\$ 4,587,200
District Standard Reserve Level	3%	3%	3%
Remaining Balance to Substantiate	\$ 4,800,847	\$ 18,475,171	\$ 8,796,056
Reason for Fund Balance in Excess of Minimum Reserve for Economic Uncertainties			
This reserve will offset some of the structural deficits as reflected in the MYP. Structural deficits continue and increase in future years as shown by the decreasing fund balance.			
	\$ 4,800,847	\$ 18,475,171	\$ 8,796,056
Total Substantiated Needs	\$ 4,800,847	\$ 18,475,171	\$ 8,796,056
Remaining Unsubstantiated Balance	\$ -	\$ -	\$ -



Budget Adoption Timeline and Future Planning

- June 11, 2026 - Public Hearing for LCAP and Proposed Budget for FY 2026-27
- June 2026 – State Budget Adoption
- June 25, 2026 – Adoption of FY 2026-27 LCAP and Budget
- Fall 2026 – Monitor FY 2026-27 Enrollment
- September 2026 – Unaudited Actuals
- December 2026 – First Interim



THANK YOU

Any Questions?