

CUPERTINO UNION SCHOOL DISTRICT

2026–2027 Adopted Budget



Presented by:

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Fiscal Services**

Date:

June 11, 2026

Agenda

2025–2026

- Estimated Actuals

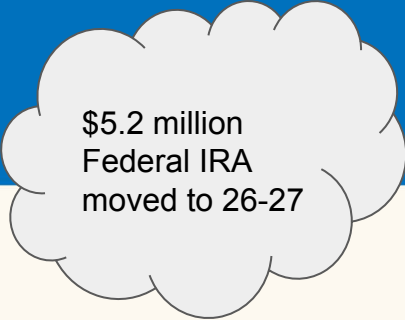
2026–2027

- Governor's May Revise
- Adopted Budget

2027–2029

- Multi-year Projection

2025–2026 Estimated Actuals



\$5.2 million
Federal IRA
moved to 26-27

DEFICIT SPENDING

The District experienced a unrestricted structural deficit, with total expenditures of \$168 million, plus a contribution of \$35.1 million, totalling \$203.1 million. This exceeded the total revenue of \$192 million, leading to a deficit spending amount of \$6.3 million. This deficit spending includes fund transfers of \$4.8 million to offset the deficit (\$1.5M Fund 21 + \$3.2M IRA Fund 21).

DRAWDOWN ON FUND BALANCE

To cover ongoing operational costs and structural deficits, the General Fund balance (combined) was decreased by \$8.7 million, from a starting balance of \$33.4 million to an ending balance of \$24.7 million.

UNRESTRICTED DEFICIT

The unrestricted funds budget ran a deficit, representing a net drop of \$6.3 million to the unrestricted fund balance.

2026–2027 Governor's May Revise

PROPOSITION 98 MINIMUM GUARANTEE

The Prop 98 minimum guarantee increases significantly under the May Revision compared with the January proposal. The May revision makes increased deposits into the Prop 98 reserve account ("Rainy Day Account").

POTENTIAL INVESTMENTS THAT MIGHT AFFECT THE DISTRICT

Discretionary Block Grant proposal increased to \$5 billion. (\$6.6M budgeted to \$11.8M based on ADA) or (\$2.2M to \$3.9M based on UPP)

Investing \$2.4 billion in Special Education funding rates. (\$4.4M based on ADA - not in budget & on-going)
Paid Pregnancy Leave - up to 14 weeks of paid pregnancy disability leave. State mandate but no additional monies to Basic Aid Districts. (not in budget)

NEXT STEPS

The legislature will review the Governor's proposal over the next few weeks and will adopt the proposal by June 15th. Then it will go to the Governor's Office for finalization June 30th.

Additional updates will be brought back to the Board via the 45-day Revise in August, 2026.

Proposition 98



The Proposition 98 minimum guarantee is up more than \$6 billion over the three-year budget window



The May Revision provides significant increases in ongoing and one-time resources to LEAs



The statutory cost-of-living adjustment (COLA) is fully funded at 2.87% and an additional 1.44% increase is provided, but does not apply to all programs and comes with new spending requirements



Despite increased revenue, the May Revision continues to under appropriate the 2025-26 minimum guarantee by \$3.9 billion

2026–2027 Adopted Budget – Revenues

Property Taxes



BASIC AID DISTRICT TRANSITION

↗ 75% of General Fund
(Secured Roll +5%)

One-Time Revenue Boosts



\$6.6M Discretionary
Block Grant

\$330k Recovery Block
Grant

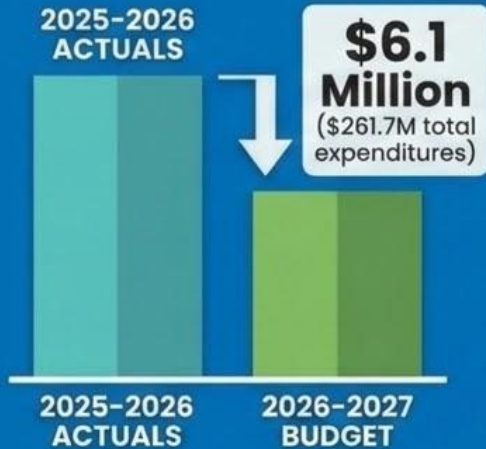
Strategic One-Time Capital Transfer



- **\$5.2M** Interfund Transfer
- leveraging Federal Solar (IRA) Rebate

2026-2027 Adopted Budget – Expenditures

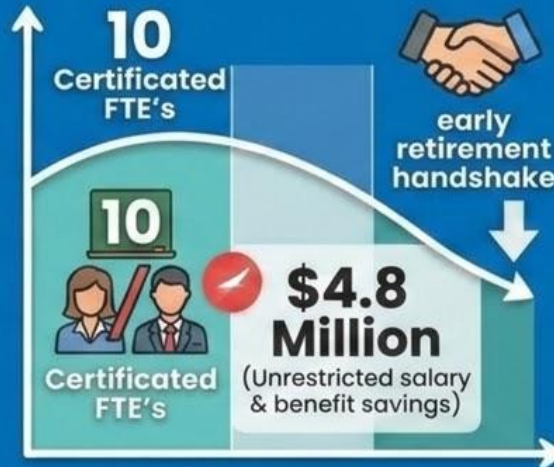
RIGHTSIZING & OPERATIONAL REDUCTIONS



Fiscal Stabilization Plan

(Initial plan impact)

SLIGHT STAFFING COST PULLBACKS



- Total Reductions **\$7.4 Million**
 - Total One Time Salaries moved back to GF \$2.6 Million
- = \$4.8 Million Net savings**

HEAVY OVERHEAD & INSURANCE HEADWINDS



Fiscal Wind

2026-2027 Adopted Budget – Fund Balance

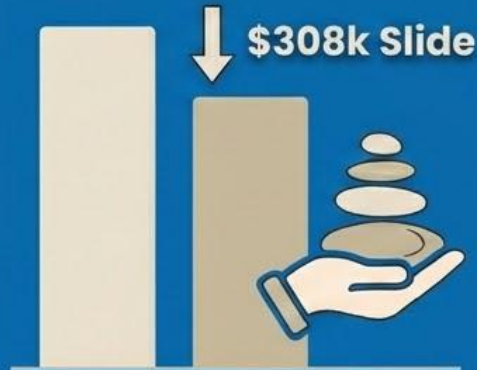
UNRESTRICTED DEFICIT ELIMINATED



YEAR-OVER-YEAR PROGRESS:

- **25-26: -\$6.3 Million**
- **26-27: +\$4.1 Million**

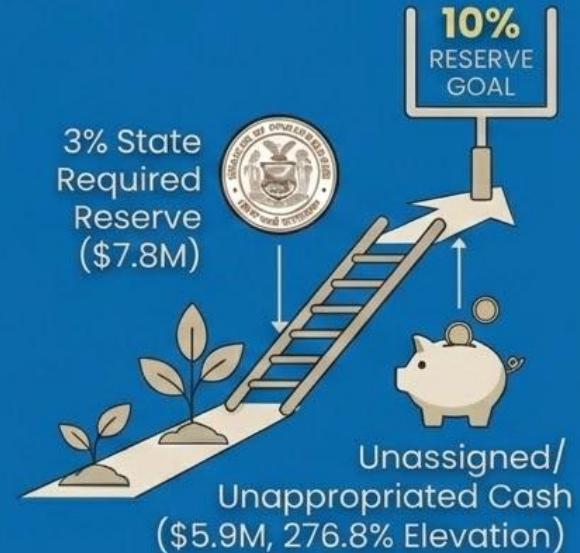
TOTAL YEAR-END BALANCE STABLE



\$24.4M Stabilized

NET GENERAL RESERVE POOL

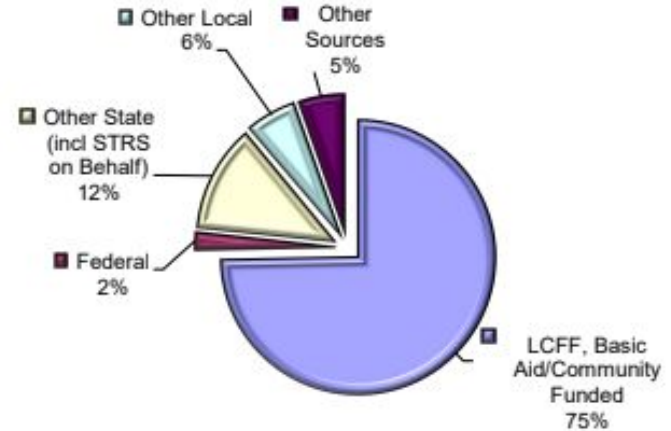
PROGRESS TOWARD 10% RESERVE GOAL



2026–2027 Revenues

- 75% of the District's revenues are generated from the District's State Aid and Local Property Taxes
- State income includes one-time funding of Student Support & Professional Development Discretionary Block Grant (\$6.6 million) and Learning Recovery Emergency Block Grant (\$330k).
- One-time Transfer from Fund 21 Building Fund (\$5.2 million) Fund 01 General Fund for the Solar Project Federal Inflation Reduction Act (IRA) rebate.

CUPERTINO UNION SCHOOL DISTRICT 2026-2027 ADOPTED BUDGET GENERAL FUND PROJECTED REVENUE



General Fund Sources	In Millions
LCFF	\$195.2
Federal	\$4.9
State	\$32.1
Other Local	\$15.1
Other Sources	\$14.1
Total Revenue	\$261.4
Beginning Fund Balance	\$24.7
Total General Fund	\$286.1

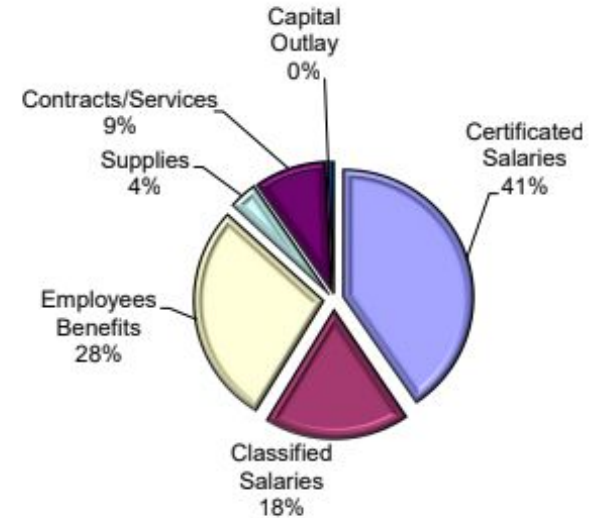
Fund 21 - Building Fund

Revenues:	Beginning Fund	\$ 297,107
• Federal Revenue - IRA Reimbursement	\$ 5,200,000	
• Lease Revenue	<u>\$10,113,763</u>	
Total Annual Revenues		\$15,313,763
Expenditures:		
• Expenditures (Staff, materials/supplies, operating expenses)	\$ 892,558	
• Transfers to General Fund 01 (\$5.2M 01, \$8.0M 08, \$900k 01)	<u>\$14,051,327</u>	
Total Expenditures		\$14,943,885
Fund Balance at Year End		\$ 666,985

2026–2027 Expenditures

- **2.3% decrease** in expenditures compared to the 2025-2026 estimated actuals
- **87%** of the District's budgeted expenditures are for certificated salaries, classified salaries, and employee benefits.
- \$1.0 million in Retirement saving were included from the Early Retirement Incentive Program.
- **8.4%** of the General Fund budget (\$21.9 million) represents health & welfare alone.
- Operating and Program costs like property & liability insurance and insurance for AB218 pooled liability are increasing over **10%**.

CUPERTINO UNION SCHOOL DISTRICT
2026-2027 ADOPTED BUDGET
GENERAL FUND PROJECTED EXPENDITURES



General Fund Sources	In Millions
Certificated Salary	\$106.0
Classified Salary	\$47.7
Employee Benefits	\$73.3
Books & Supplies	\$9.2
Services & Other Operations	\$23.5
Capital Outlay & Other Outgo	\$2.0
Total Expenditure Budget	\$261.7

Multiyear Projections

 What MYPs ¹ <u>ARE</u>	 What MYPs <u>ARE NOT</u>
 Mathematical calculations used to estimate future-year financial conditions	 Predictions or forecasts
 Based on industry-standard economic assumptions	 A “crystal ball”
 Inclusive of locally developed data estimates	 A tool for measuring “wrongness”
 Reflections of decisions that have already been made	 Guaranteed future outcomes



MYPs are planning tools designed to support informed financial decision-making

¹Multiyear Projection

Multi-Year Projection Assumptions 2026-2027

Revenues - One-time

- \$5.2M Inflation Reduction Act Reimbursement - One-time revenues from Fund 21 (delayed from 25-26)
- \$6.6M Student Support & Professional Development Discretionary Block Grant
- \$330k Learning Recovery Emergency Block Grant

Revenue - On-going

- \$2M Supplemental Property Taxes (reduction of \$3.3M from 25-26)
- \$550k Transfer to Fund 01 General Fund from Fund 21

Revenue - Transfers

- \$773k ELOP Rental of Facilities to Fund 21 and transfer to Fund 01 General Fund
- \$1.5M Meyerholz Facility Lease
- \$250k Stockmeir Facility Lease
- \$500k Finch Revenues
- \$8.0M approximately On-going Transfer to Fund 08 Special Programs to cover RRMA

Multi-Year Projection Assumptions 2026-2027

Expenditures - One-time

- \$1.5M Decrease of Salaries from Fund 01 to Fund 08 Prop 28 - One-time (must go back to GF 27-28)
- \$330k LREBG expenditures from Fund 08 to Fund 01 - One-time (must go back to GF 27-28)
- \$40k Increase Search Firm for Superintendent - One-time
- \$603k TRAN financing - One-time
- \$262k NOT INCLUDED for Electric Busses matching required One-time

Expenditures - On-going

- \$1.3M Decrease of Salaries (11 FTE Certificated) due to declining enrollment - On-going
- 10% Increase in Property & Liability Insurance and SELF Insurance for AB218 claims JPA - On-going
- \$350k Increase Election Costs added odd years - On-going
- \$700k Decrease in work year 236 to 203 for BI's - On-going
- \$1.8M Decrease in H & W (plan management and potential cap) On-going
- \$1.0M Decrease in Salaries & Benefits SERP Early Retirement Program On-going
- \$TBD Increase in benefits for 5 FTE from Early Retirement Program

Expenditures - Future planned reductions

- \$1.4M Decrease in Salaries (12 FTE) due to declining enrollment 27-28 On-going
- \$994k Decrease in Salaries & Benefits SERP Early Retirement Program 27-28 On-going
- \$330k IT Reorganization 27-28 On-going
- \$5M Decrease in Salaries Certificated/Classified TBD 27-28 On-going
- \$3M Decrease in Salaries Certificated/Classified TBD 28-29 On-going

Multi-Year Projection

	2026-2027	2027-2028	2028-2029
UNAUDITED BEGINNING FUND BALANCE, 7/1	\$ 24,659,053	\$ 24,350,722	\$ 26,081,732
TOTAL REVENUE	261,389,925	255,950,243	264,995,273
TOTAL EXPENDITURES	261,698,256	254,219,234	253,899,959
REVENUE LESS EXPENDITURES	(308,331)	1,731,009	11,095,313
ESTIMATED ENDING FUND BALANCE	24,350,722	26,081,732	37,177,045
COMPONENTS OF ENDING BALANCE (GASB 54)	318,110	318,110	318,110
Nonspendable & Restricted Program's Carryover	10,219,727	11,042,996	12,301,439
3% Reserve for Economic Uncertainties	7,850,948	7,626,577	7,616,999
Additional Board Reserve/Unrestricted Assigned	5,961,937	7,094,048	16,940,497
Total Reserve	13,812,884	14,720,625	24,557,496
Reserve Total %	5.28%	5.79%	9.67%
Unassigned Fund Balance	0	0	(0)

2026-2027 Cash Flow/TRAN

		Fiscal Year 2026-27											
		Jul 2026	Aug 2026	Sep 2026	Oct 2026	Nov 2026	Dec 2026	Jan 2027	Feb 2027	Mar 2027	Apr 2027	May 2027	Jun 2027
Actual / Projected		Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
CASH	Beginning Cash	25,848,115	60,655,794	37,869,409	22,351,676	17,014,929	33,046,477	44,077,510	51,054,994	36,565,720	44,274,244	61,478,176	37,805,959
	With TRANs	60,655,794	37,869,409	22,351,676	17,014,929	33,046,477	44,077,510	51,054,994	36,565,720	44,274,244	61,478,176	37,805,959	22,432,148
	TRAN Balance	49,555,000	49,555,000	49,555,000	49,555,000	49,555,000	49,555,000	49,555,000	49,555,000	49,555,000	49,555,000	49,555,000	-
	Without TRANs	11,100,794	(11,685,591)	(27,203,324)	(32,540,071)	(16,508,523)	(5,477,490)	1,499,994	(12,989,280)	(5,280,756)	11,923,176	(11,749,041)	22,432,148

TRAN Borrow \$ 49,555,000

TRAN Repayment \$ 50,690,635

TRAN Financing \$ 1,135,635

Questions?

Thank you!