Budget Update

WSD Leadership

December 16, 2025

Overview

I. 2025-26 First Interim & Budget Calendar
   I. COLA, Enrollment & Assumptions
   II. Multi-Year Projections
   III. LAO 2026-27 Fiscal Outlook & Next Steps
II. PARS Supplementary Retirement Plan

2025-26 First Interim Budget Report

2025-26 Budget Calendar

- ~~2025-26 Adopted Budget – June 12~~
- ~~2024-25 Unaudited Actuals – September 11~~
- 2025-26 First Interim Budget (data as of 10/31) – December 11
- 2024-25 Audited Financial Statements – January 22
- 2025-26 Second Interim Budget (data as of 1/31) – March 19

Westminster School District
2025-2026 Annual Budget

2025-2026 BUDGET DEVELOPMENT CALENDAR

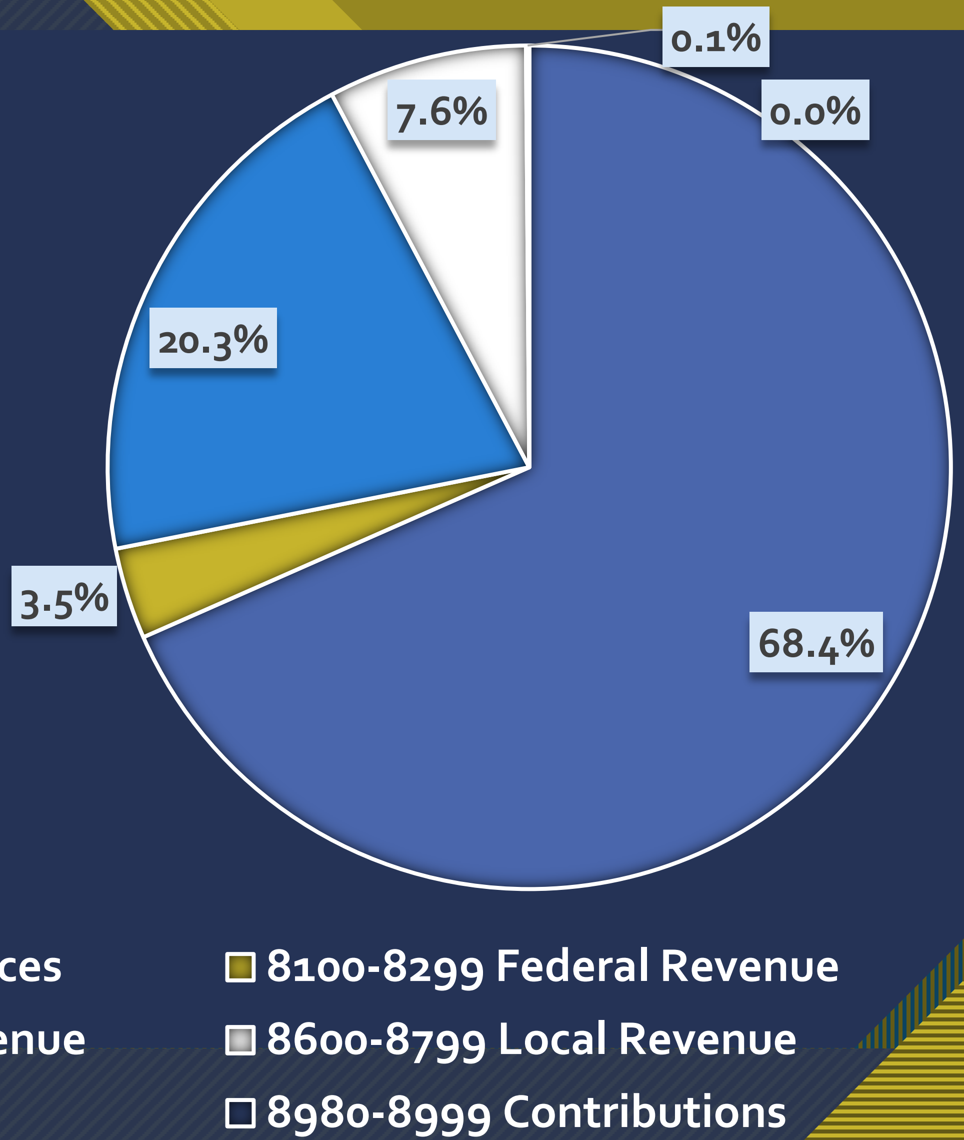
Due Date	Action	Responsibility
July 2025	Begin Year-End Closing process and revenue and expenditure account reconciliation	Business Services
August 2025 or 45 Days After Governor Signs Budget	Submit for public review any revisions in revenues and expenditures to reflect recently signed Budget Act	Board of Education & Business Services
August 2025 – September 2025	Complete Year-End Closing and roll-over ending fund balances. Submit Unaudited Actuals to Board of Education and OCDE for approval	Business Services
	Review initial Enrollment and Staffing projections	Business Services & Human Resources
October 2025 – November 2025	Provide Budget updates for revenues and expenditures to Site and District Administrators for review	Business Services & Educational Services
December 2025	Present First Interim Report to the Board of Education and Submit Approval to the OCDE	Board of Education & Business Services
January 2026	Review and Approve Second Semester Staffing / CALPADS Projections Governor's January 2025-26 Proposal	Business Services, Human Resources, & Executive Staff
February 2026	Provide Budget updates for revenues and expenditures to Site and District Administrators for review	Business Services & Educational Services
March 2026	Present Second Interim Report and possible LCAP Revision to the Board of Education and Submit Approval to the OCDE	Board of Education, Business Services & Educational Services
April 2026 - May 2026	Review Final Budget revisions with Site and District Administrators and determine carryover amounts	Business Services & Educational Services
May 2026 – June 2026	Governor's May Revision Update Public Hearing on Local Control Accountability Plan (LCAP), Proposed Budget, SB 858 Reserve Requirement and Education Protection Account (EPA) Expenditures Submit LCAP and Proposed Budget to the Board of Education for Adoption and submit to the Orange County Department of Education (OCDE)	Board of Education, Business Services & Educational Services

Interim Reporting

- CA Ed Code 42130 requires the Governing Board of each school district to **certify** at least twice a year to the District's **ability to meet its financial obligations** for the remainder of that fiscal year and for the subsequent two fiscal years.
    - The certification classifications are as follows:
        - **NEGATIVE**
        - **QUALIFIED**
        - **POSITIVE**
- The First Interim Report must be approved by the Governing Board and submitted on or before **December 15, 2025.**

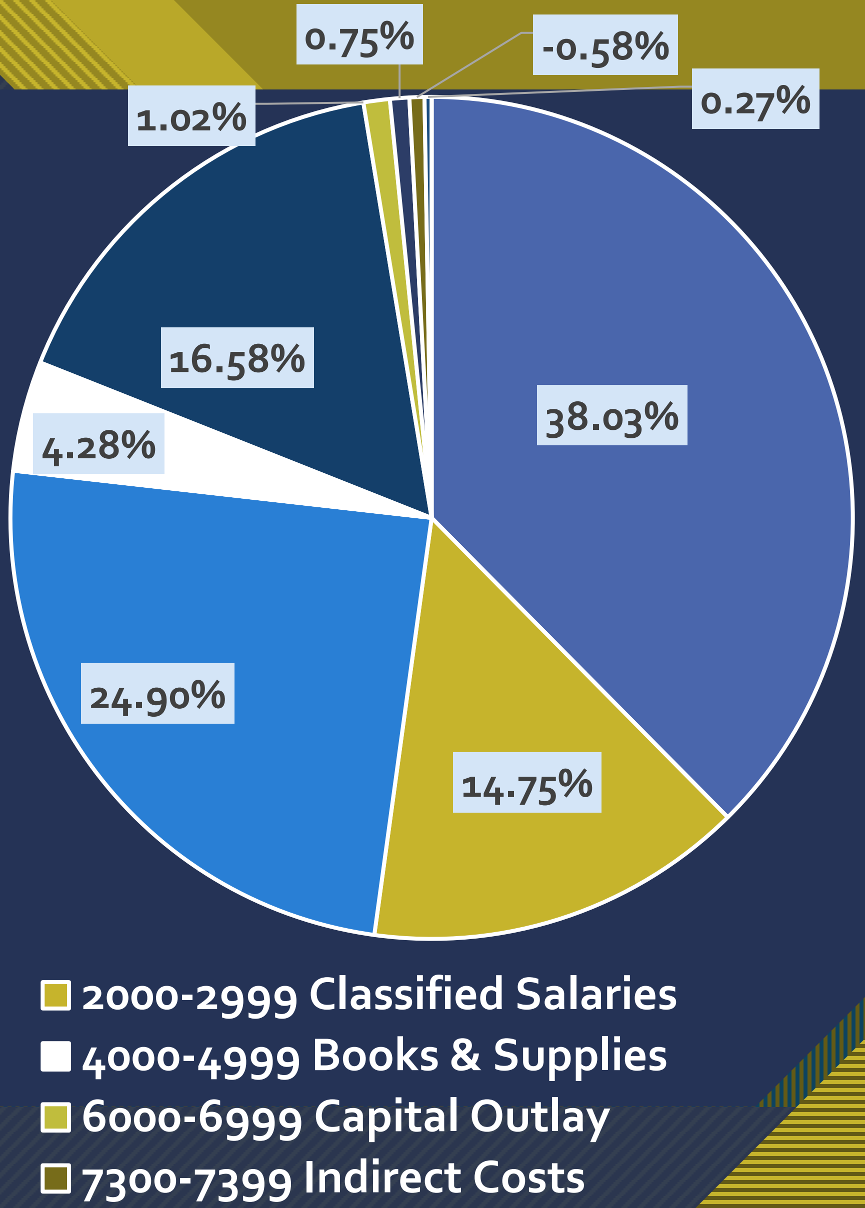
2025-26 General Fund Revenues

First Interim (in millions)	Unrestricted	Restricted	Combined
8000-8099 LCFF Sources	$ 108.92	$ -	**$ 108.92**
8100-8299 Federal Revenue	$ -	$ 5.58	**$ 5.58**
8300-8599 State Revenue	$ 2.20	$ 30.19	**$ 32.39**
8600-8799 Local Revenue	$ 3.24	$ 8.90	**$ 12.15**
8900-8929 Transfers	$ 0.20	$ -	**$ 0.20**
8930-8979 Other Sources	$ -	$ -	**$ -**
8980-8999 Contributions	$ (27.84)	$ 27.84	**$ -**
Total Revenues	**$ 86.73**	**$ 72.51**	**$ 159.23**

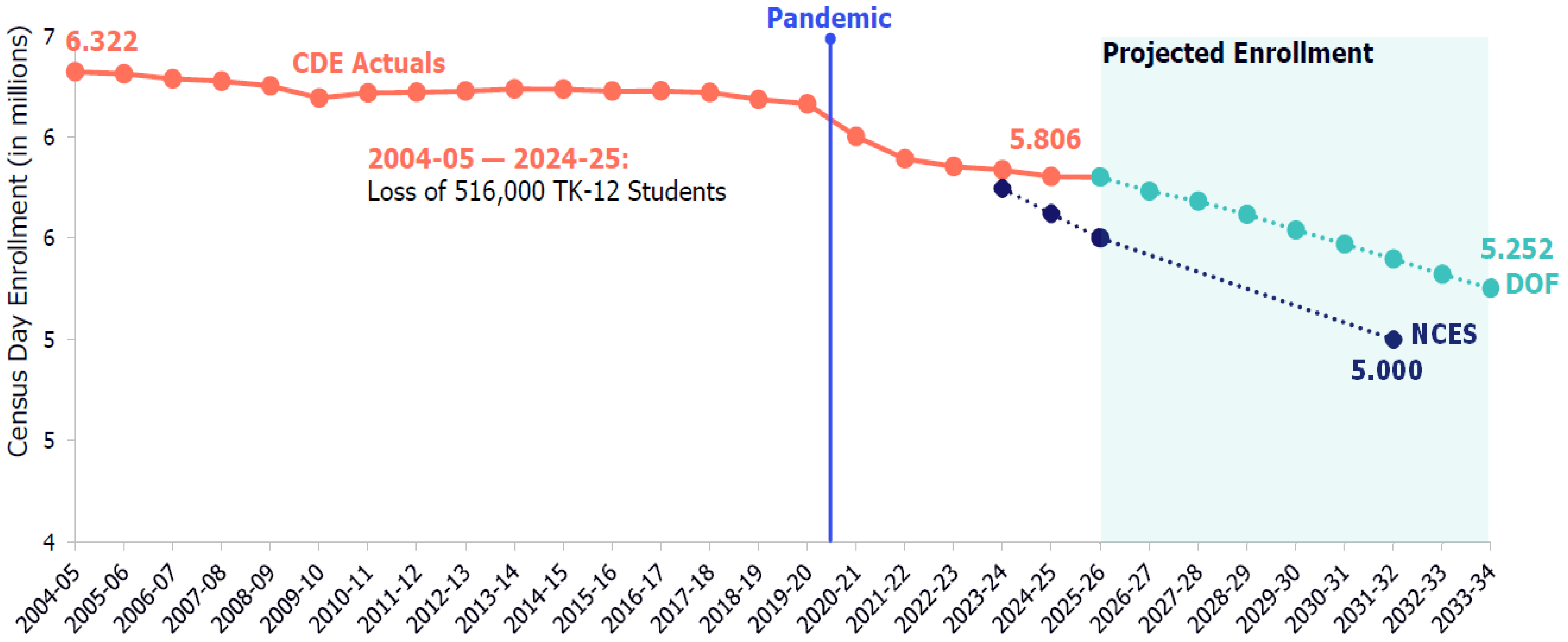


2025-26 General Fund Expenditures

First Interim (in millions)	Unrestricted	Restricted	Combined
1000-1999 Certificated Salaries	$ 46.60	$ 22.07	**$ 68.67**
2000-2999 Classified Salaries	$ 13.71	$ 12.93	**$ 26.64**
3000-3999 Employee Benefits	$ 24.34	$ 20.62	**$ 44.97**
4000-4999 Books & Supplies	$ 2.77	$ 4.96	**$ 7.72**
5000-5999 Services & Operations	$ 12.25	$ 17.69	**$ 29.94**
6000-6999 Capital Outlay	$ 0.48	$ 1.36	**$ 1.84**
7100-7299, 7400-7499 Other Outgo	$ 0.27	$ 1.08	**$ 1.35**
7300-7399 Indirect Costs	$ (4.83)	$ 3.78	**$ (1.05)**
7600-7699 Transfers	$ -	$ 0.49	**$ 0.49**
Total Expenditures	**$ 95.59**	**$ 84.99**	**$ 180.58**

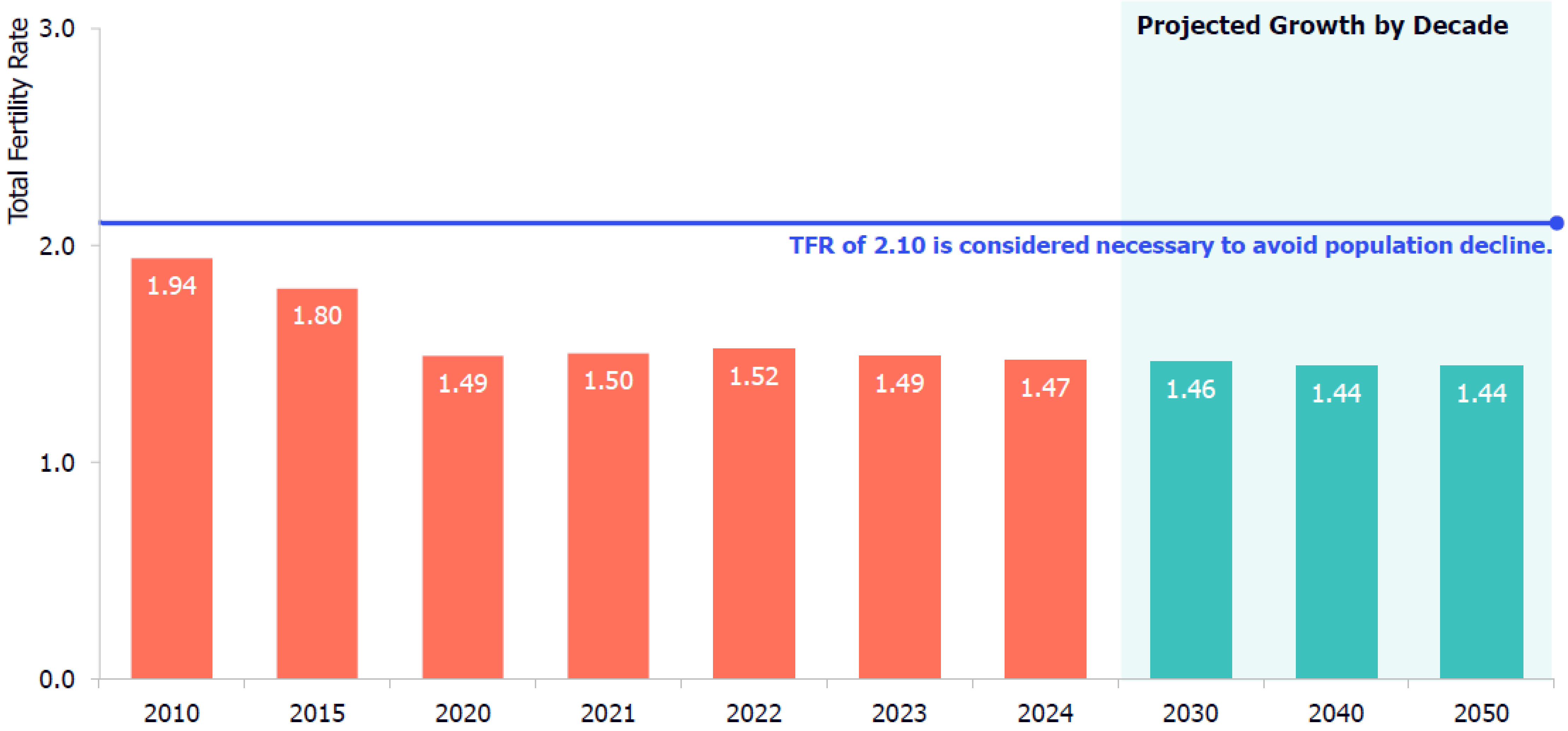


Declining TK-12 Enrollment Since 2004



Sources: California Department of Education (CDE), California DOF, and National Center for Education Statistics

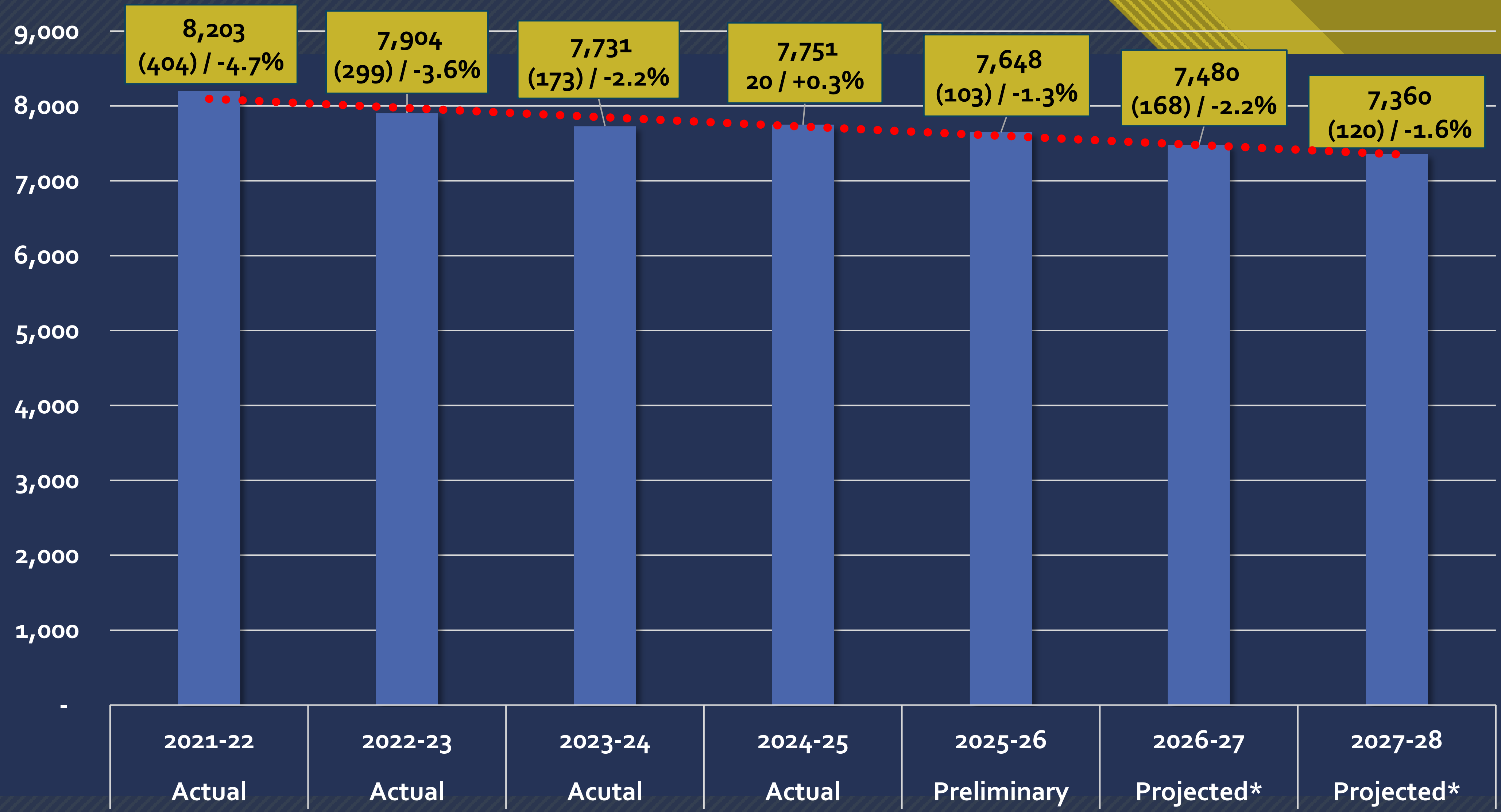
CA Fertility Rate



Source: Adapted from California DOF.

Note: TFR is the average number of children a woman has over her reproductive lifetime.

Enrollment Data



- Average annual decline = -2.7% from 2021/22 thru 2025/26
  - Lower births, demographics, housing costs
- In 2024/25, the rate of declining enrollment has slowed compared to previous years.
- Demographer data projects -1.3% average decline through 2035

Official CalPADs Data
*Reflects updated projections from demographer data

2025-26 OC Enrollment Comparison

				Prior Year Comparison		Two Year Comparison					Prior Year Comparison		Two Year Comparison	
DISTRICT	2023-24 1st Day*	2024-25 1st Day*	2025-26 1st Day*	2024-25 to 2025-26 Difference	2024-25 to 2025-26 % DIFF	2023-24 to 2025-26 Difference	2023-24 to 2025-26 % DIFF	2023-24 6th Day*	2024-25 6th Day*	2025-26 6th Day*	2024-25 to 2025-26 Difference	2024-25 to 2025-26 % DIFF	2023-24 to 2025-26 Difference	2023-24 to 2025-26 % DIFF
Anaheim Elementary	14,159	13,685	13,212	(473)	-3.46%	(947)	-6.69%	14,119	13,711	12,987	(724)	-5.28%	(1,132)	-8.02%
Buena Park	3,655	3,692	3,650	(42)	-1.14%	(5)	-0.14%	3,752	3,687	3,617	(70)	-1.90%	(135)	-3.60%
Centralia	3,885	3,860	4,024	164	4.25%	139	3.58%	4,005	3,961	3,968	7	0.18%	(37)	-0.92%
Cypress	3,331	3,267	3,169	(98)	-3.00%	(162)	-4.86%	3,311	3,256	3,159	(97)	-2.98%	(152)	-4.59%
Fountain Valley	5,975	5,956	5,935	(21)	-0.35%	(40)	-0.67%	6,011	5,974	6,021	47	0.79%	10	0.17%
Fullerton	11,408	11,010	10,568	(442)	-4.01%	(840)	-7.36%	11,374	11,209	10,786	(423)	-3.77%	(588)	-5.17%
Huntington Beach City	4,597	4,509	4,474	(35)	-0.78%	(123)	-2.68%	4,622	4,554	4,472	(82)	-1.80%	(150)	-3.25%
La Habra City	4,256	4,239	3,873	(366)	-8.63%	(383)	-9.00%	4,272	4,210	4,091	(119)	-2.83%	(181)	-4.24%
Lowell Joint	3,081	2,975	2,943	(32)	-1.08%	(138)	-4.48%	3,066	2,974	2,952	(22)	-0.74%	(114)	-3.72%
Magnolia	4,886	4,785	4,654	(131)	-2.74%	(232)	-4.75%	4,878	4,732	4,629	(103)	-2.18%	(249)	-5.10%
Ocean View	6,816	6,644	6,526	(118)	-1.78%	(290)	-4.25%	6,851	6,642	6,499	(143)	-2.15%	(352)	-5.14%
Savanna	1,669	1,612	1,543	(69)	-4.28%	(126)	-7.55%	1,694	1,683	1,594	(89)	-5.29%	(100)	-5.90%
Westminster	7,852	7,867	7,611	(256)	-3.25%	(241)	-3.07%	7,912	7,759	7,611	(148)	-1.91%	(301)	-3.80%

- OC Data provides an early snapshot at 2025-26 enrollment trends
  - One Year Comparison = WSD Ranks 6th with **-1.91%** (0.10% difference from 4th)
  - Two Year Comparison = WSD Ranks 6th with **-3.80%** (0.55% difference from 3rd)
    - Actual October CBEDs data is needed for final figures

Federal Education Budget Updates

- Federal policy and funding creating uncertainty and risk:
  - The DC-CA relationship is very antagonistic
  - Changes made through executive orders as well as impact of "One Big Beautiful Bill"
  - If mid-year funding threats persist, FCMAT warns to ensure reserve level contingency to meet current obligations
    - WSD 2025/26 reserve maintains **$5.6 million** contingency

Program Description	Amounts
Other Federal Revenue	$ 5,814
Title I, Part A, Low-Income	$ 2,497,149
Special Education; IDEA, Part B	$ 1,954,084
Special Education, Grants	$ 177,712
Title II, Part A, Effective Instruction	$ 283,853
Title IV, Part A, Student Support	$ 189,298
Title III, Immigrant Student Program	$ 49,731
Title III, English Learners	$ 367,435
McKinney-Vento, Homeless Ed.	$ 79,059
Total:	**$5,604,135**

COVID-19 Funds Received Since 2020

- The District has received a combined total of $48.9 million in COVID-19 related funding
- As of 6/30/25, the District has expended **all** COVID-19 funding.

Westminster School District COVID-19 Funding	
State Funding	$7,389,302
Federal Funding	$41,561,906
Total COVID-19 Funding	$48,951,208

MULTI-YEAR PROJECTION ASSUMPTIONS

Proposed Budget Planning Factors	2025-26	2026-27	2027-28
Cost of Living Adjustment (COLA)			
Department of Finance Statutory COLA	2.30%	3.02%	3.42%
LCFF Planning COLA	2.30%	3.02%	3.42%
LCFF Grade Span Adjustment:			
TK-3	10.40%		
9-12 (n/a)	2.60%		
LCFF Add-on: Universal Transitional Kindergarten/ADA	$5,545	$5,712	$5,907
Unduplicated Pupil Ratio (3-yr. rolling average)	77.11%	76.35%	75.72%
Special Education COLA	2.30%	3.02%	3.42%
Lottery			
Unrestricted per ADA	$190	$190	$190
Restricted Prop. 20 per ADA	$82	$82	$82
Mandated Block Grant (Districts)			
K-8 per ADA	$39.09	$40.27	$41.65
Salaries: Step/Column	As Budgeted	1.06%	0.99%
Minimum Wage (effective Jan 1)	$16.90	$17.40	$17.80
Employer Benefit Rates:			
CalSTRS	19.10%	19.10%	19.10%
CalPERS-Schools	26.81%	26.40%	26.90%
Health & Welfare (ACA & Retiree Benefits)	As Budgeted	2.70%	2.76%
Unemployment Insurance Rate	0.05%	0.05%	0.05%

Multi-Year Projections

General Fund - Unrestricted/Restricted (millions)	2025-26 First Interim	2026-27 Projected	2027-28 Projected
Total Revenues	$ 159.23	$ 157.92	$ 159.55
Total Expenditures	$ 180.58	$ 166.27	$ 167.69
Change in Fund Balance	$ (21.34)	$ (8.35)	$ (8.14)
Beginning Fund Balance/Audit Adjustment	$ 73.66	$ 52.32	$ 43.97
Projected Ending Fund Balance	$ 52.32	$ 43.97	$ 35.84
Components of Ending Fund Balance			
Reserve: Economic Uncertainties/REU-7%	$ 12.64	$ 11.64	$ 11.74
Restricted Program Balances	$ 9.65	$ 7.33	$ 4.11
Revolving Cash & Stores	$ 0.12	$ 0.12	$ 0.12
Committed Balances: AB218 Uninsured Litigation, Strategic Planning, & Attract/Retain	$ 10.14	$ 8.57	$ 6.07
Assigned Balances: Federal Uncertainty, Technology Refresh, Textbook Adoption, LCFF/COLA Decline, Safety, Marketing, Compensated Absences, CAPE Interests, Curriculum Alignment-Elevate, Enrollment Contingency, Bus Replacement & Capital Improvements	$ 12.11	$ 10.13	$ 8.52
Unappropriated Balance (UB)	$ 7.67	$ 6.18	$ 5.28
Total Projected Ending Balance	$ 52.32	$ 43.97	$ 35.84
Total Reserve (REU + UB)	11.2%	10.7%	10.1%

- Revenues include proposed DOF COLAs, new UTK add-on & projected declining enrollment
- Expenditures reflect current staffing & new one-time Discretionary Block Grant
- Change in fund balance reflects planned use of Restricted Program Balances for one-time Grants and projects, and projects unrestricted budget deficit spending (avg.-3.9%). Ongoing budget pressures remain, and staff may bring forward fiscal stabilization plan if needed based on upcoming financial updates.

Budget Certification

- **Negative** = A school district that, based on current projections, **WILL BE UNABLE TO MEET** its financial obligations for the **CURRENT FISCAL YEAR OR SUBSEQUENT FISCAL YEARS.**

- **Qualified** = A school district that, based on current projections, **MAY NOT MEET** its financial obligations for the **CURRENT FISCAL YEAR OR SUBSEQUENT TWO FISCAL YEARS**.

- **Positive** = A school district that, based on current projections, **WILL MEET** its financial obligations for the **CURRENT FISCAL YEAR AND SUBSEQUENT TWO FISCAL YEARS**.

LAO Fiscal Outlook

- Legislative Analyst Office (LAO) is CA's nonpartisan government agency – provides expert, unbiased analysis of the state budget to help lawmakers make informed decisions
- On November 18, 2025, LAO released 2025-26 Budget Fiscal Outlook
  - LAO projects a state budget **deficit** of **$18 billion** in 2026-27
  - Estimated 2.5% COLA in 2026/27 but revenue performance is uneven and volatile and LAO cautions that some recent revenue strength may be temporary
  - "Bottom line: **ongoing budget uncertainty** heading into 2026-27" (Source: SSC)

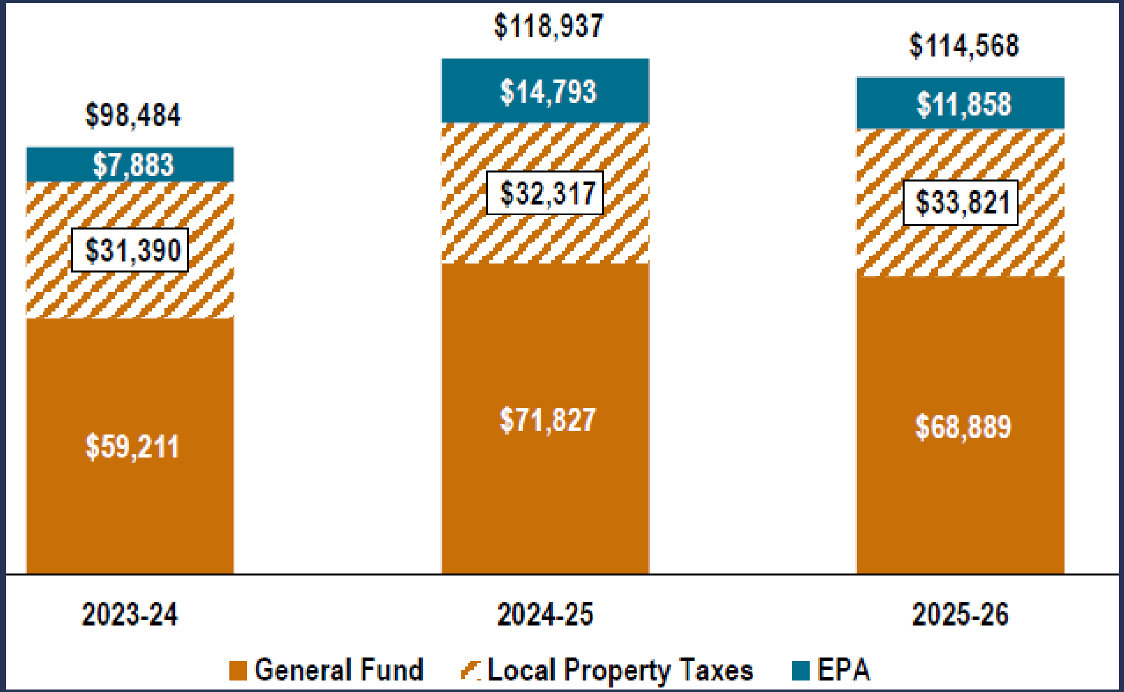
PROPOSITION 98

- Prop 98 outlook suggests limited new ongoing capacity heading into 2026-27
- Any new resources may be constrained by State Budget pressures and commitments
- LAO forecasted Statutory COLA's

	2025-26	2026-27	2027-28	2028-29
LAO Forecast	2.30%	2.50%	3.70%	4.00%
OCDE Planning Factors	2.30%	3.02%	3.42%	3.31%
Difference	**0.00%**	**-0.52%**	**0.28%**	**0.69%**

Loss of $562,000 for LCFF funding

Proposition 98 & Education Protection Account



Prop 98 Guarantee (in millions)

WSD impact if EPA funding is not extended

- Proposition 55 (2016) extended Proposition 30 (2012) by another 12 years until 2030
  - The Proposition taxes high-income taxpayers (>$250,000)
  - Funds deposited into the EPA
  - "The California Children's Education and Health Care Protection Act of 2026," filed on August 29
    - The initiative would remove the current sunset for high-income earners
    - LAO estimates $11 billion/year in revenues. Actual revenues depend on economy and capital gains volatility
      - If the initiative fails, statewide revenues could fall after 2030

Looking Ahead

January 10

- Governor's January Budget Proposal for 2026-27

March 15

- 2025-26 Second Interim Budget Certification

May 14

- Governor's May Revision for 2026-27

May/June

- 2026-27 Preliminary / Adopted Budget & LCAP

June 15

- Final 2026-27 State Budget Enacted

PARS-SRP

PARS - SRP

- Sent to eligible employees (>0.50 FTE, 55 years of age + 10 years of service)
- 85% of 2025/26 base salary (does not include stipends, etc.)
- Group orientation meeting on January 6, 2026 @ D.O. Board Room 3:30PM
- Participants must submit letter of resignation by February 6, 2026
- Final plan determination February 19, 2026

Business Services — *WSD INSPIRES!*

Manuel Cardoso, Assistant Superintendent

Gunn Marie Hansen, Ph.D., Superintendent

November 21, 2025

To Eligible Employees:

The Westminster School District is pleased to announce the offering of the Suppleme[illegible] Plan (SRP) for eligible Certificated Non-Management employees for the 2025-2026 school yea[illegible] will be administered by PARS, Public Agency Retirement Services, a[illegible]will provide a suppleme[illegible] benefit in addition to your CalSTRS/CalPERS retirement benefit.

The District will contribute an amount equivalent to 85% of [illegible] 2025-2[illegible]e Pay[illegible]ARS that will fund an annuity program through Pacific Life Insurance Com[illegible]vides a[illegible]nuity payout options to you.

In order to participate in the plan, you must meet [illegible]wing[illegible]ria set forth by the District:

1. Certificated Non-Management employee[illegible]ployed by the District as of November 20, 2025 at an FTE level of 0.5 or [illegible]er
2. Are at least fifty-five (55) ye[illegible] with ten [illegible] more years of District service as of June 30, 2026
3. Have resigned from District emp[illegible]tive after the completion of the 2025-2026 school year on or before June 30, 2026
4. Have submitted all[illegible] SRP e[illegible]ment [illegible]als and District Letter of Resignation to the PARS office no [illegible] on [illegible]ruary 6, 2026

Please note that the Supplementary [illegible]ent Pla[illegible]P) will only be offered if the resulting participation level generates an acceptable level of [illegible]wings to the District. The District will announce by February 19, 2026, whether [illegible] the plan will be a[illegible]d. If the plan is approved, all resignation letters submitted prior to the enroll[illegible]ill become [illegible]cial. If the plan is not approved, all resignation letters will be automatically res[illegible]ed.

Each employee who [illegible] eligibility requirements based on the established criteria will receive a custo[illegible] enrollment p[illegible]mailed to his/her home address. To answer your questions about the SRP, a gro[illegible]entation meeting [illegible]een scheduled.

Monday, December 15, 2025
3:30 – 4:30 PM
District Office Board Room

Please contact the P[illegible] Plan Support Department if you have any questions about this District sponsored retirement incenti[illegible] (800) 731-7884 or via email at plansupport@pars.org.

Sincerely,

Manuel Cardoso
Assistant. Superintendent, Business Services
mcardoso@wsdk8.us
714-894-7311 ext. 1010

PARS – Health & Welfare

- Retiree health benefits provisions outlined in the WTA collective bargaining agreement (Section 12.2 – Retirement Health Benefits
  - **ARTICLE 12 - Retiree Health Benefits (Contract Section 12.2)** - Eligible unit members retiring who have reached age 55 are entitled to District-paid retiree health benefits based on years of full-time District service immediately prior to retirement:
    - 20 Years of Service – 100% District Contribution - The District will contribute 100% of the current maximum District contribution toward the standard medical, dental, and vision plans.
    - 15 Years of Service – 75% District Contribution - The District will contribute 75% of the current maximum District contribution toward the standard medical, dental, and vision plans.
    - 10 Years of Service – 50% District Contribution - The District will contribute 50% of the current maximum District contribution toward the standard medical, dental, and vision plans

PARS – Health & Welfare (continued)

- **Contribution Caps & Plan Selection -** Retirees must pay any cost that exceeds their eligible percentage of the District contribution. For employees retiring on or after October 1, 2016, the District contribution is capped based on the medical plan tier selected:
  - Employee Only: $13,248.24
  - Employee + 1: $19,772.64
  - Employee + Child/Children: $13,433.40
  - Employee + Family: $23,788.44

- If a retiree changes tiers, the District will contribute up to the maximum cap for the new tier. Coverage continues until the retiree reaches age 65 or becomes Medicare-eligible, whichever occurs first, or until the retiree chooses to discontinue coverage earlier.

THANK YOU!

QUESTIONS?