

# Budget Study Session

May 6, 2026



# OCDE Budget Book

- **The Narrative Summary (includes a breakdown of revenue and expenditures. This section includes a 7-year budget history for all Federal, State and Local Revenues)**
- **Budget Changes in Excess of \$25,000 (new section for First & Second Interim Reports)**
- **Part 1 – Planning Factors (key planning factors used in budget development)**
- **Part 2 – Assumptions (description of changes between current and proposed budget)**
- **Part 3 – Major Object Code Variance (between current and proposed budget)**
- **Part 4 – General Fund (Form 01) Budget Detail by Object Code**
- **Part 5 – Multi-Year Budget Projection (required for current and two subsequent years)**
- **Part 6 – Criteria and Standards (state required trend analysis of the budget)**
- **Part 7 – Average Daily Attendance (ADA) Form A**
- **Part 8 – Listing of All Funds**

# **OCDE Budget Book**

- **Part 9 – Special Education Pass-Through Fund – Object Detail**
- **Part 10 – Child Development Fund (object code detail)**
- **Part 11 – Deferred Maintenance Fund (object code detail)**
- **Part 12 – Special Reserve for Other Than Capital Outlay Projects (object code detail)**
- **Part 13 – County School Facilities Fund (object code detail)**
- **Part 14 – Special Reserve Fund for Capital Outlay Projects (object code detail)**
- **Part 15 – Debt Service Fund (Certificates of Participation for Esplanade project)**
- **Part 16 – Self-Insurance Fund for Dental**
- **Part 17 – Listing of all Entitlements, Contracts, and Grants**
- **Part 18 – Holding Accounts (object code 4399)**
- **Part 19 – Other State Required Reports**

# State Account Code Structure

Reporting Requirements are Defined in the California School Accounting Manual -  
Overview of the Standardized Account Code Structure

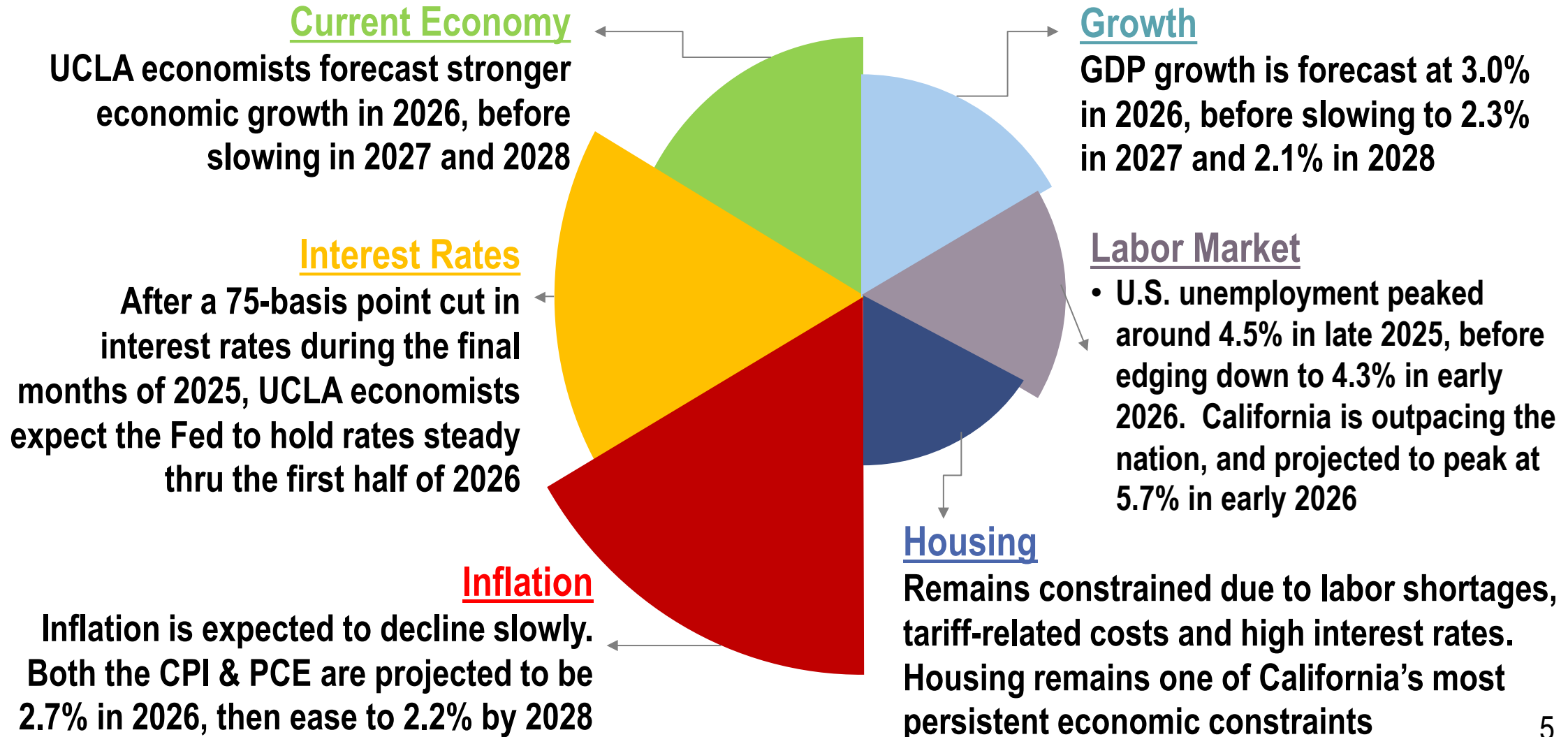
## 1. Fund – 2 digits

2. Resource – 4 digits (tracks activities that are funded with revenues that have spending restrictions)
3. Project Year – 1 digit (identifies projects whose reporting year is different than the fiscal reporting year)
4. Goal – 4 digits (accumulates costs by instructional goals and objectives)
5. Function – 4 digits (describes activities or services performed to support goals and objectives)

## 6. Object – 4 digits (classifies revenues by the general source and type of revenue and classifies expenditures by the types of items purchased or services obtained, e.g., certificated salaries. It also classifies balance sheet accounts as assets, liabilities, or fund balance.)

7. School – 3-digits (designates a specific, physical school structure in alignment with the CDS code)
8. Optional Manager Code – 4 digits
9. Optional Cost Center Code – 4 digits (OCDE uses the cost center to track specific programs)
10. Optional Site Code – 3 digits (OCDE uses to track key programs, i.e. ACCESS, and Special Schools)

# U.S. Economic Outlook and UCLA Anderson March Forecast



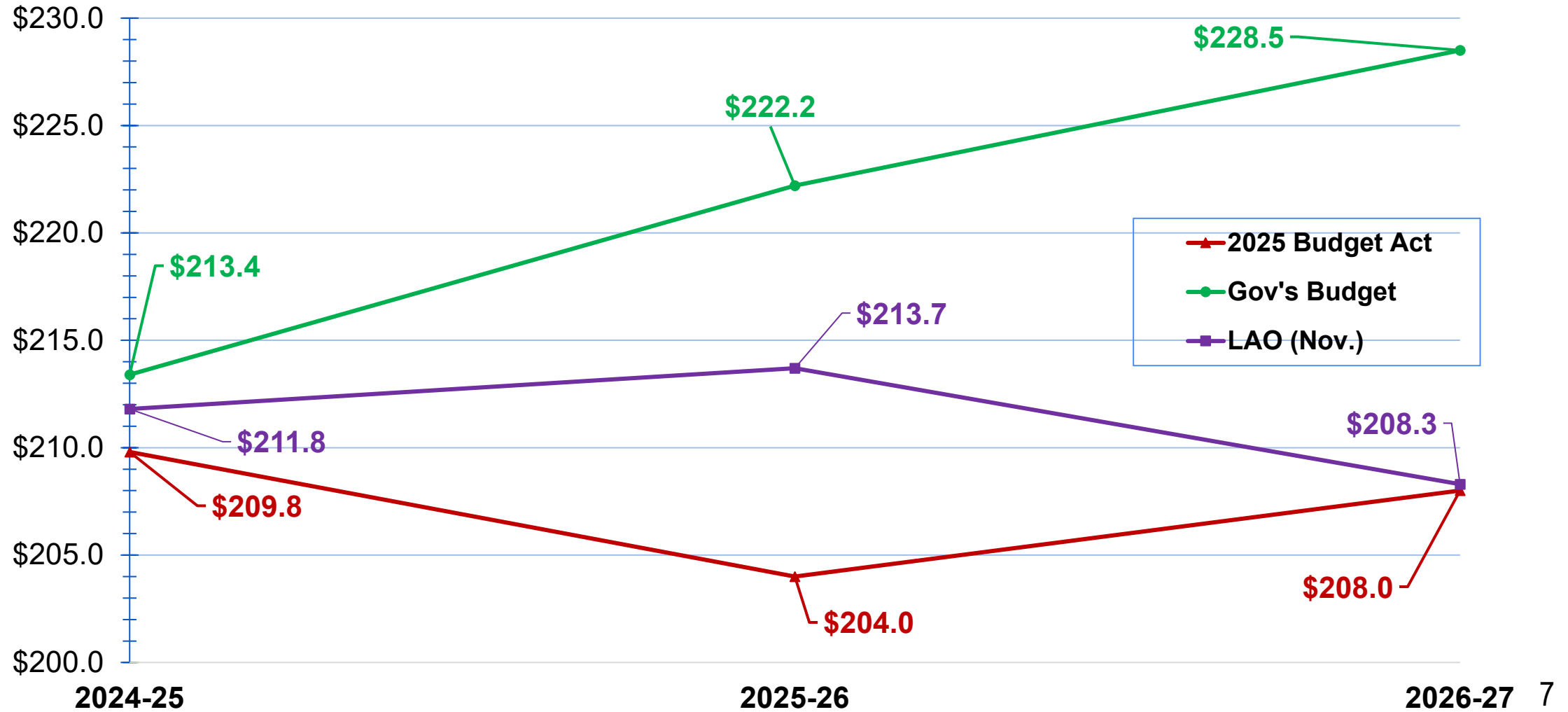
# Governor's January Budget Proposal

- The Governor is estimating a modest budget shortfall of approx. **\$2.9 billion** for 2026-27, due largely to an improved economic outlook and stronger than expected tax receipts since enactment of the 2025-26 State Budget
- The DOF now estimates GF revenue over the three-year budget window, 2024-25 through 2026-27, to exceed levels contained in the 2025-26 State Budget by approximately **\$42.3 billion**
- The LAO's November Outlook reflects revenue projections that are roughly **\$30 billion** lower than the Governor over the three-year budget window, primarily due to the LAO's assessment of a strong risk of a stock market downturn
- Regarding risk, the Governor's budget notes that much of the growth has been driven by large technology companies benefiting from an AI boom. If a market downturn equivalent to the one experienced in 2022 were to occur, state revenue could be up to **\$30 billion** below forecast within the budget window

# State General Fund (GF) Revenues

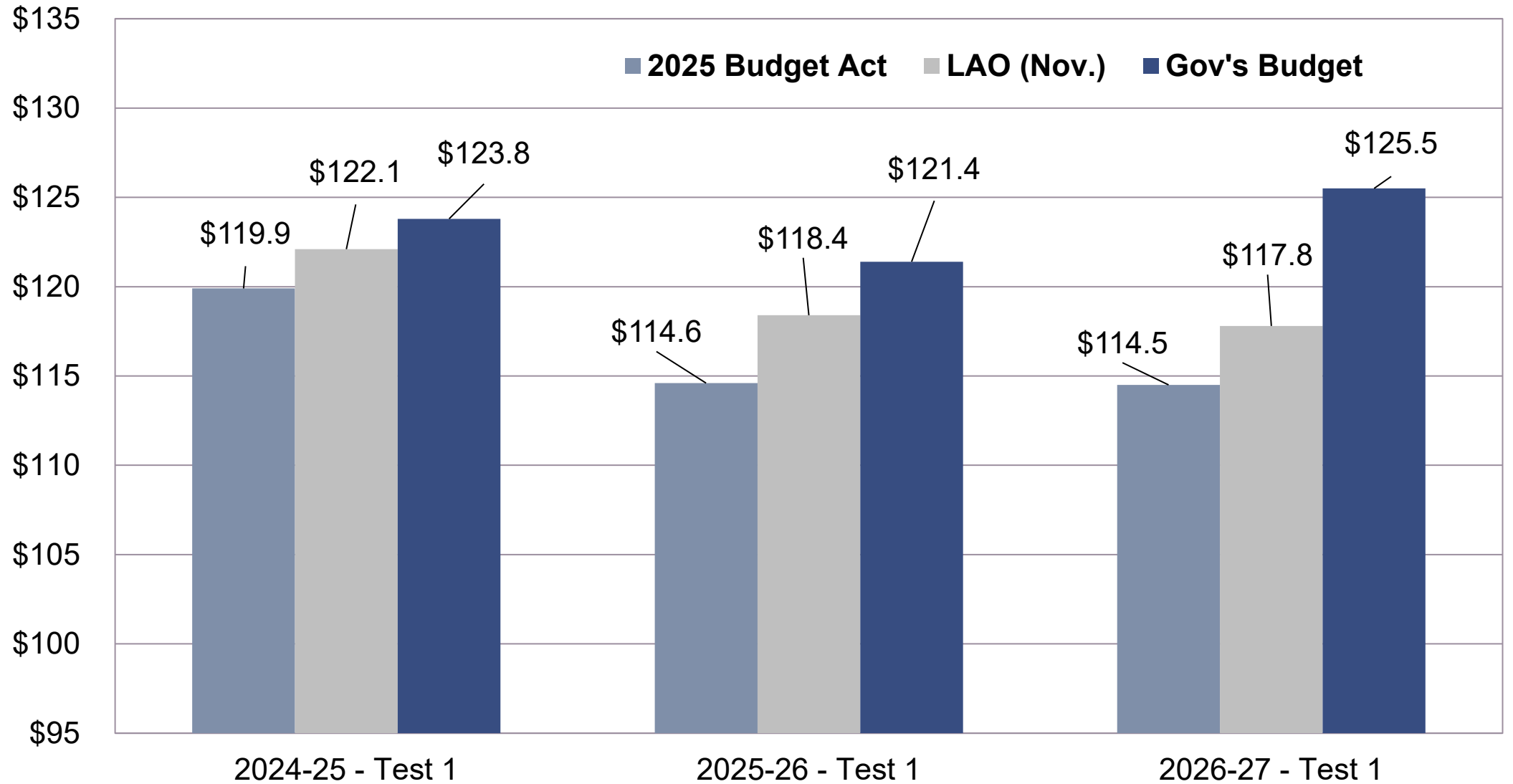
Includes only revenues that affect calculation of Prop 98 Guarantee

(Dollars in Billions)



# Proposition 98 Over Three Years

*(Dollars in Billions)*



# 2025-26 Proposition 98 Guarantee Settle-Up Proposal

The Governor's Budget proposes the same withholding strategy used last year, but at a much higher amount

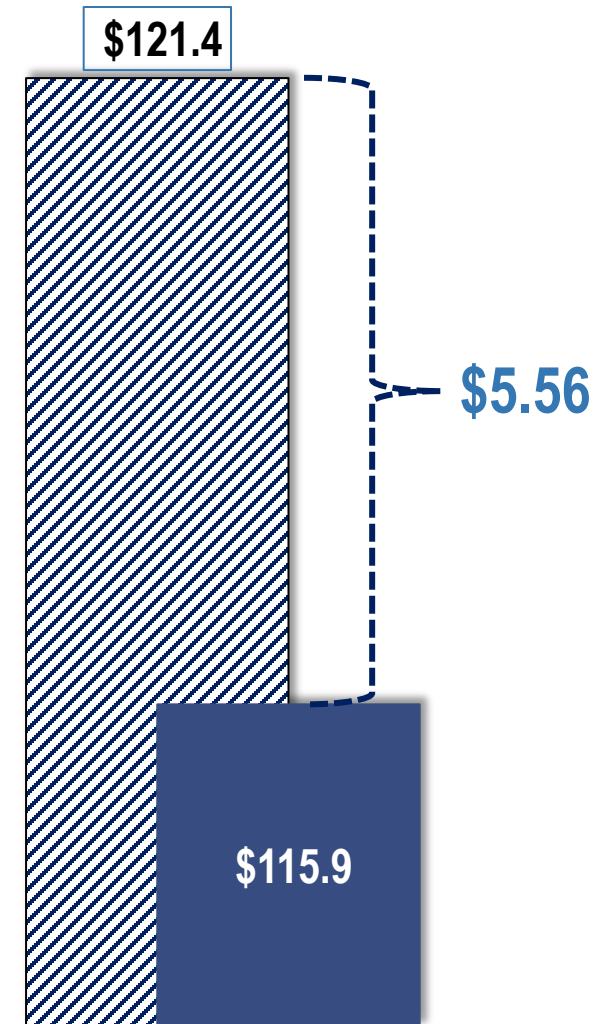
If the 2025-26 minimum guarantee is fully appropriated and allocated to TK-12 agencies on an equal per-ADA basis, LEAs would receive approximately



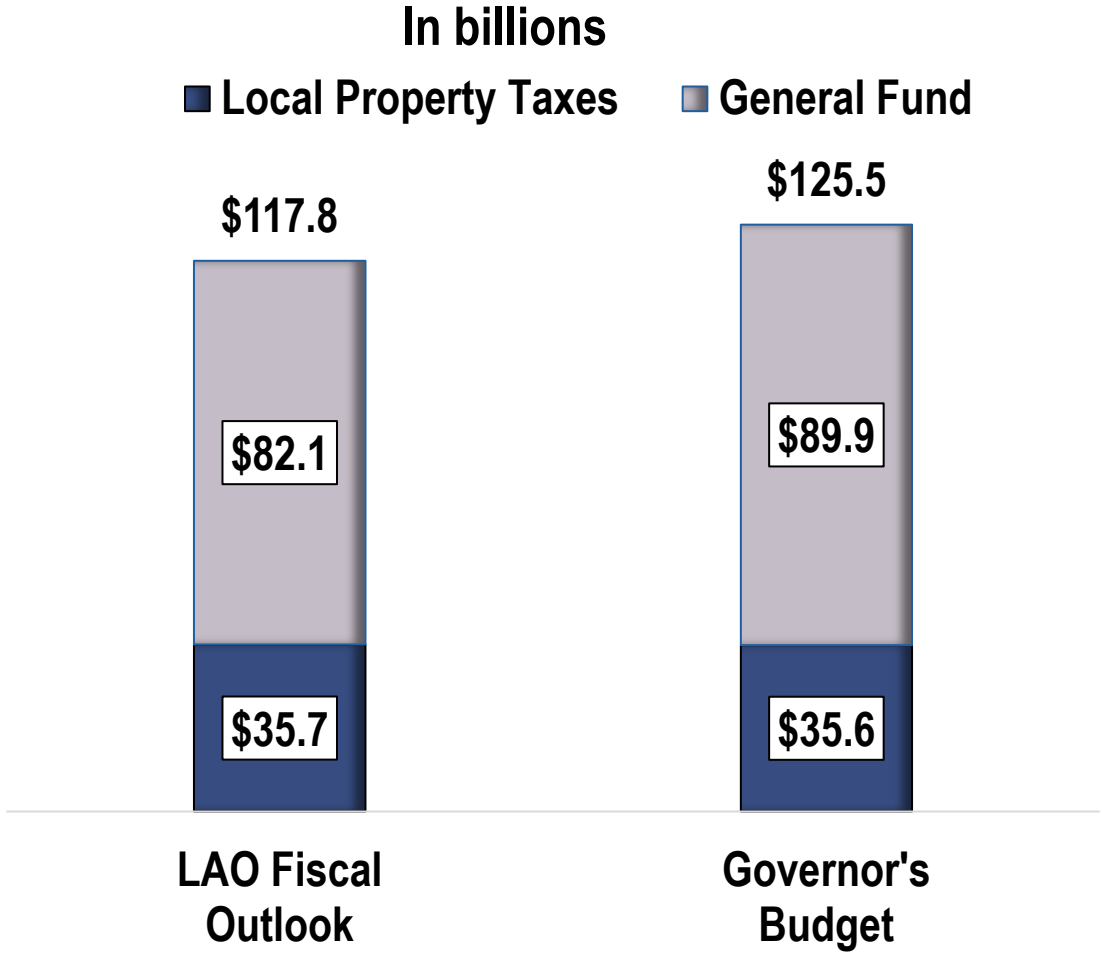
The Governor and Legislature determine how Proposition 98 funds are allocated to LEAs

▣ Constitutional Funding Level

■ Governor's Budget Proposed Funding Level



# 2026-27 Proposition 98 Minimum Guarantee



- The Governor's estimate of the 2026-27 minimum guarantee is \$7.7 billion *higher* than the LAO's November estimate, which is attributable to differences in the tax revenue estimates
- The Governor's personal income tax assumptions alone are \$17 billion higher

# Risks to the State Budget

- **Stock market correction**
- **Large operating deficits beginning in 2027-28**
- **Sluggish job growth**
- **Elevated inflation**
- **Federal policy uncertainty (Tariffs & Immigration)**



# Second Interim Multi-Year Projection Assumptions

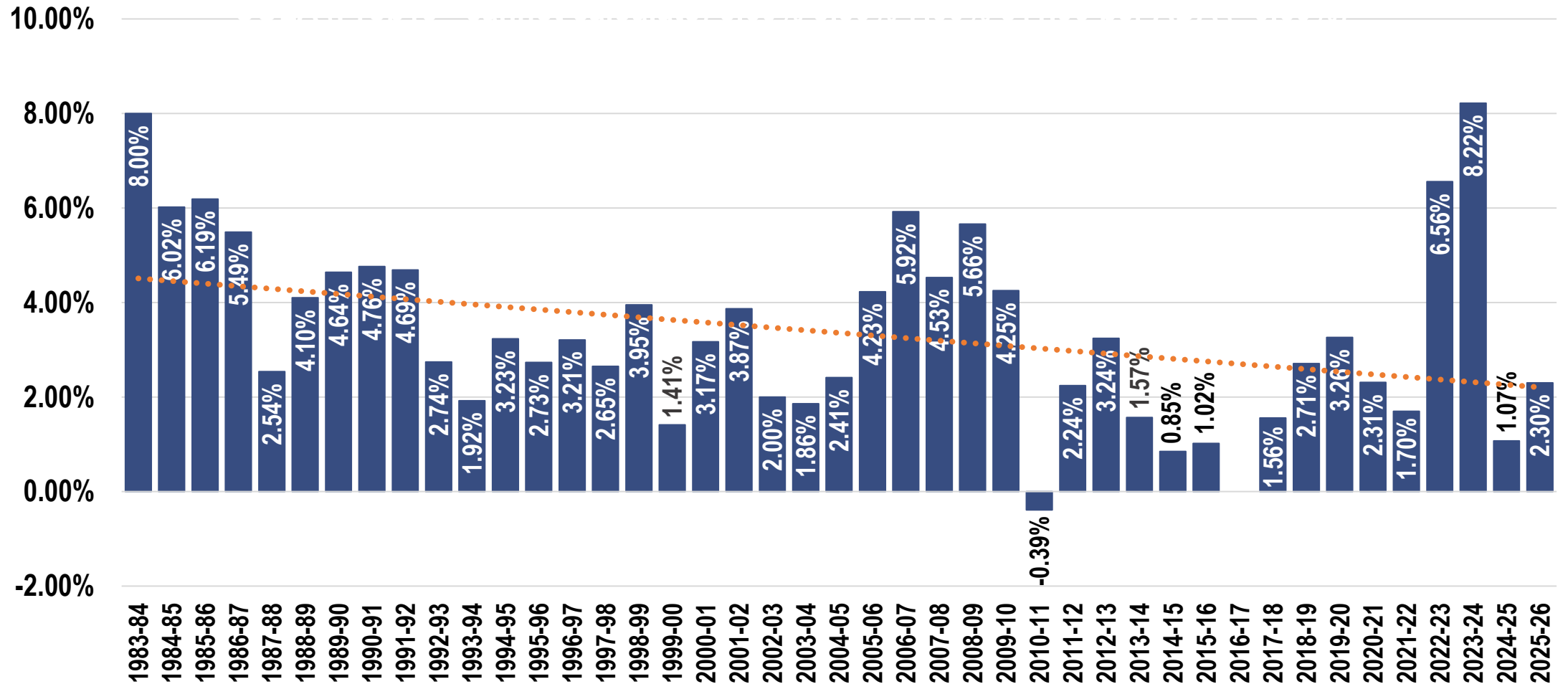
	2025-26	2026-27	2027-28
Salaries	Negotiations Completed (OCSEA & CSEA)	Pending Negotiations	Pending Negotiations
Statutory COLA	2.30%	2.41%	3.06%
Average Daily Attendance (ADA)	4,464	4,381	4,304
LCFF Revenue Projections	\$102,843,825	\$102,343,315	\$101,657,425
Tuition (ACCESS / Special Schools)	\$ 49,577,201	\$ 50,047,577	\$ 50,895,972

# Multi-Year Projections - Combined General Fund

	2025-26 Second Interim	2026-27 Projected	2027-28 Projected
Revenues, and Other Financing Sources	\$377,591,692	\$381,372,407	\$393,135,991
Expenditures, and Other Financing Uses	\$388,158,988	\$384,373,025	\$383,219,054
Surplus/(Deficit) - Revenues Minus Expenditures	(\$10,567,296)	(\$3,000,618)	\$9,916,937
Beginning Balance	\$479,050,323	\$468,483,027	\$465,482,409
Ending Balance	\$468,483,027	\$465,482,409	\$475,399,346

# Historical Statutory COLAs

- The statutory COLA for 2024-25 feels anomalous relative to the last two years, but when looking back, COLA is beginning to normalize to historical trends—COLAs above 6% are the anomalies



# Impact of COVID-19 Protections on MYPs

## COVID-19 Funding



- More than \$26 billion of federal, one-time funding was invested from 2019-20 through 2024-25
- Final tranche of ESSER<sup>1</sup> is approximately \$14 billion and must be fully obligated by September 30, 2024



## ADA Protections



- Adjustments to reported 2021-22 ADA using 2019-20 attendance yields resulted in a one-time bump to funded ADA
- Inclusion of the option to use the average of three prior years' reported ADA to determine current-year funded ADA



## Healthy Reserves



- The infusion of one-time funding, plus the abeyance of declining enrollment and suppressed attendance yields have allowed LEAs to weather the COVID-19 pandemic with minimal disruptions
- In fact, many LEAs were able to add staff and programs

<sup>1</sup>Elementary and Secondary School Emergency Relief Fund

# Major Projects Planned in 2026-27 and Beyond

- **Esplanade Elevator Installation Project** (*completed in 2025-26*)
- **Rancho Sonado Project**
- **Deferred Maintenance Projects for multiple sites**
  - **2026-27 Portable Building Replacements:**
    - ✓ Fred Newhart (3 portable classrooms and 1 portable restroom building)
  - **2027-28 Harbor Learning Center South (Interior and Exterior Paint, and Flooring)**

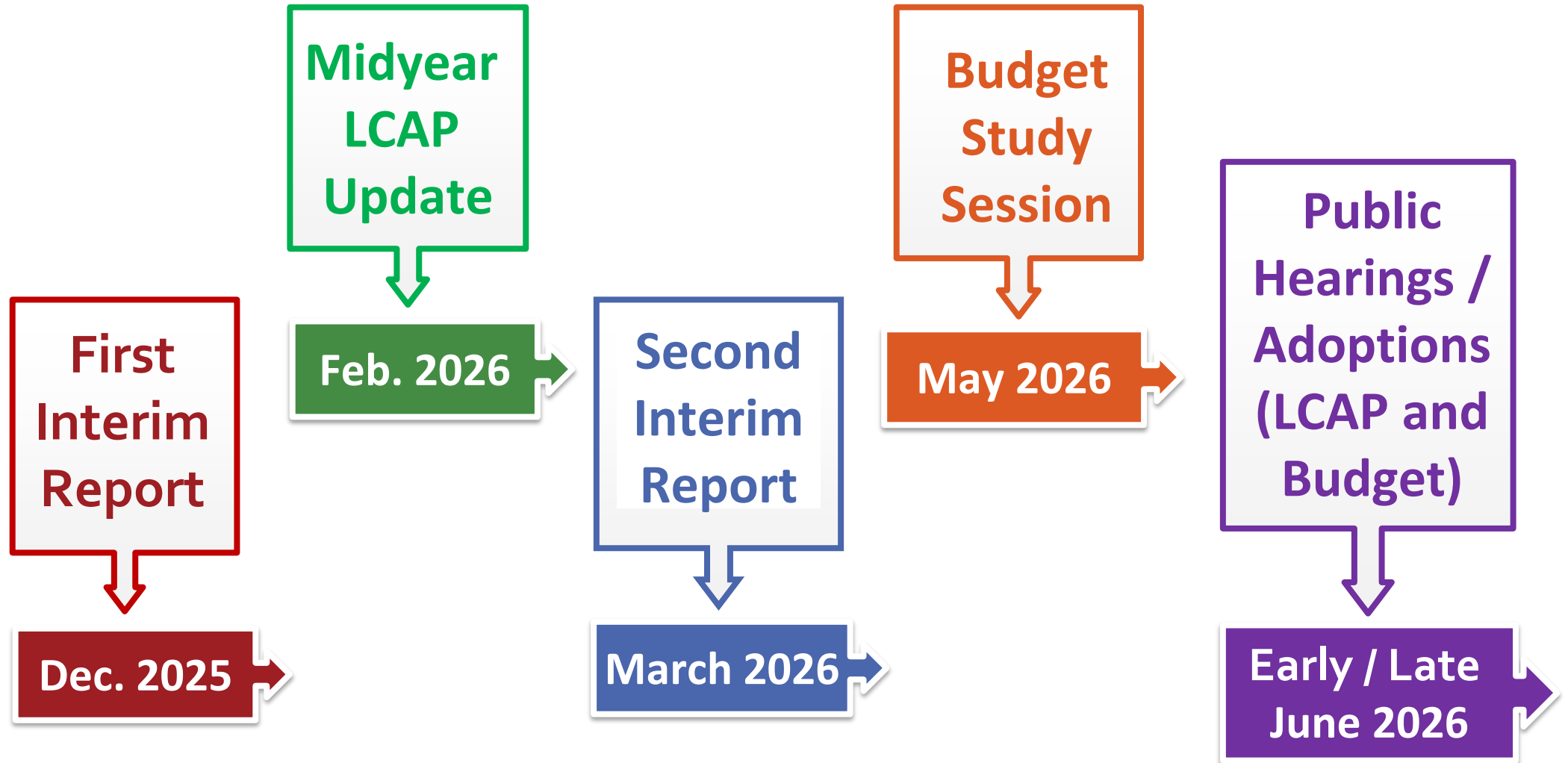
# Board of Education Budget

	2024-25 Audited Actuals	2025-26 Current Budget	2026-27 Projected
Salaries and Employee Benefits	\$ 193,610.61	\$ 296,494.00	\$287,477.00
Materials and Supplies	\$ 1,796.86	\$ 29,000.00	\$ 29,000.00
Services and Other Operating Expenditures ( <i>excluding legal &amp; advocacy Services</i> )	\$ 67,680.14	\$ 75,387	\$ 81,274.00
Legal Services Contracts	\$ 455,825.21	\$ 150,000.00	\$ 100,000.00
Advocacy Contracts	\$ 285,072.02	\$ 280,020.00	\$ 110,000.00
.00Equipment	-	\$ 25,000.00	\$ 25,000.00
Contingency	-	\$ 250,000.00	\$ 250,000.00
Total	\$ 1,003,984.84	\$ 1,105,901.00	\$ 882,751.00

# Challenges Ahead

- Costs for Step and Column, CalPERS and CalSTRS Pensions, and Health and Welfare Benefits Premiums Continue to Rise
- Inflationary Cost Pressures for Other Items Such as Supplies, Services and Equipment Remain Persistent
- Expiration of One-time Federal and State COVID-19 Relief Funding
- Minimum State Aid / Excess Tax Status
- Uncertainty Regarding State Budget Outlook

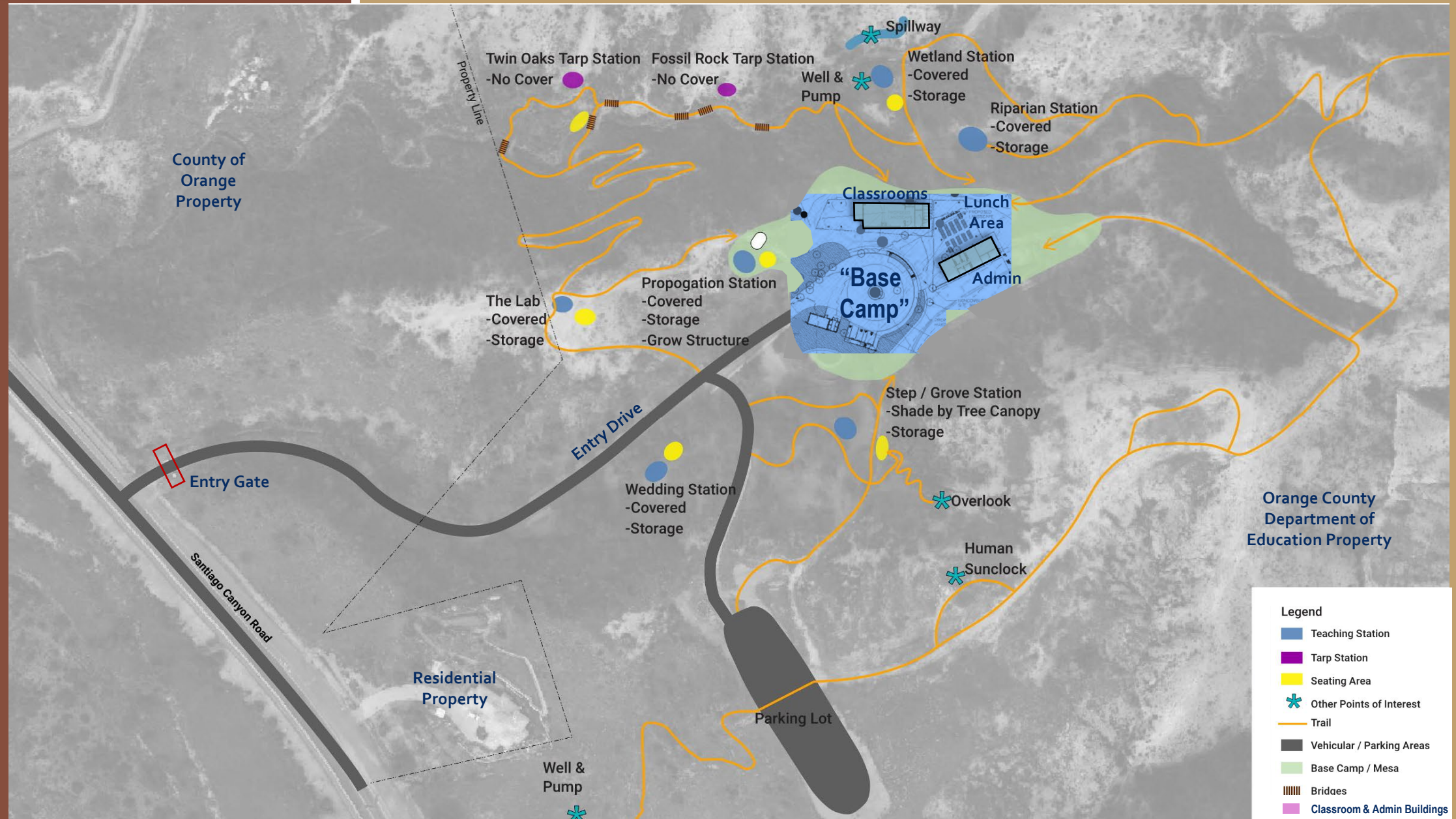
# Budget Timeline





Thank  
You!















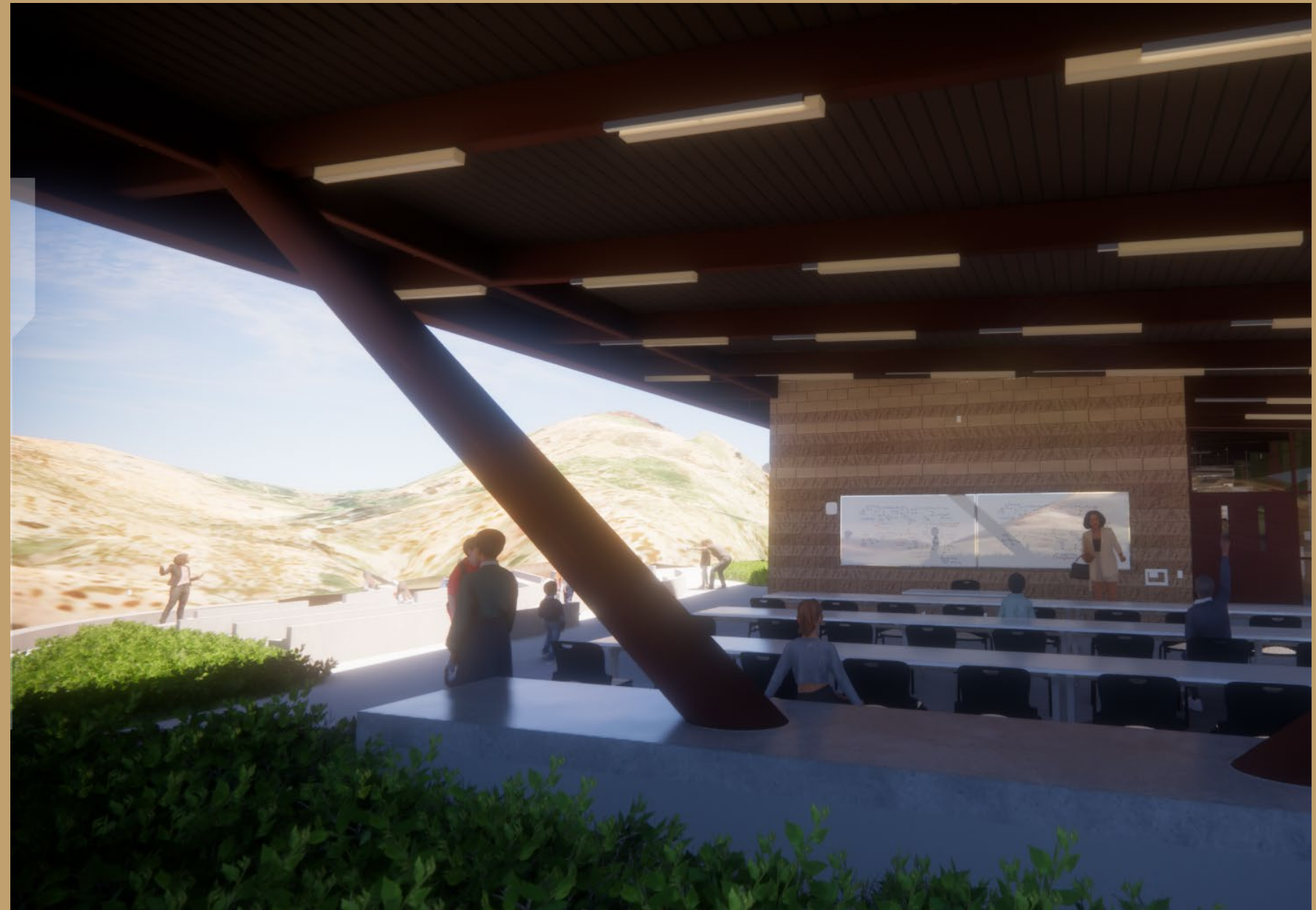
Sculptural Tree



Amphitheater



Bus drop off area



# Rancho Soñado

## Signage

