



2025-26 Proposed Adopted Budget Report



PRESENTED TO THE BOARD OF TRUSTEES – FOR PUBLIC HEARING
June 17, 2025

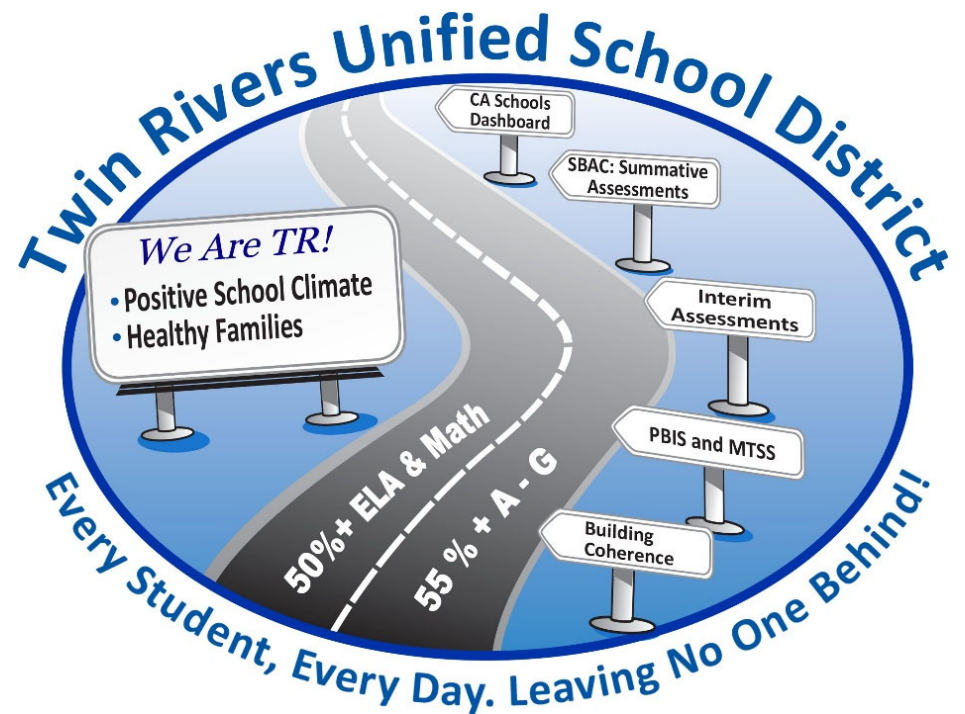
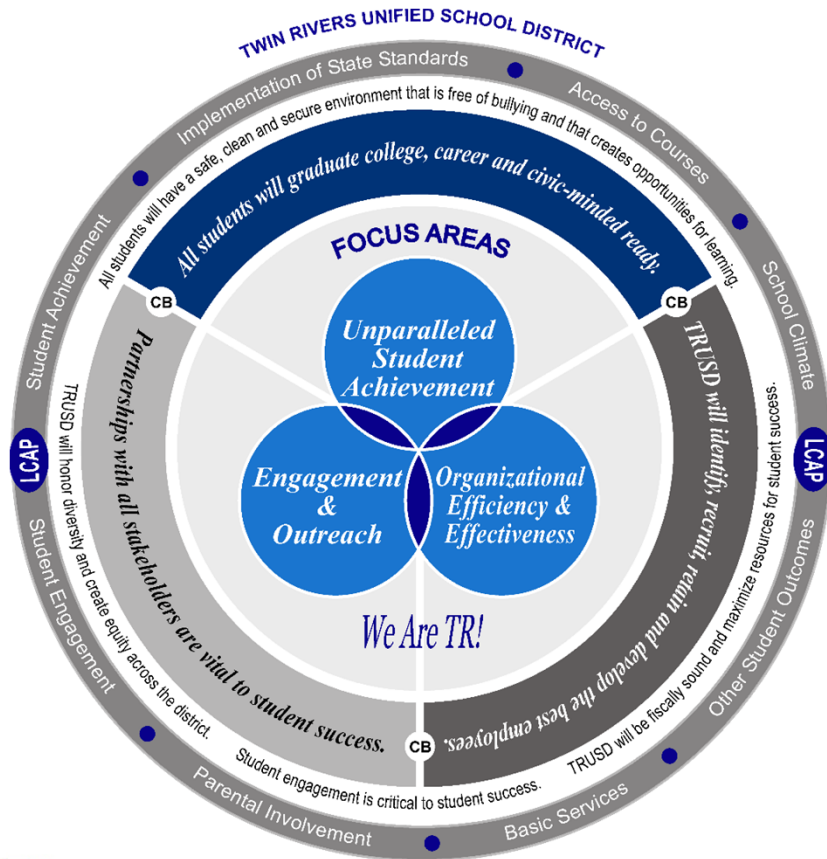
By Ryan DiGiulio
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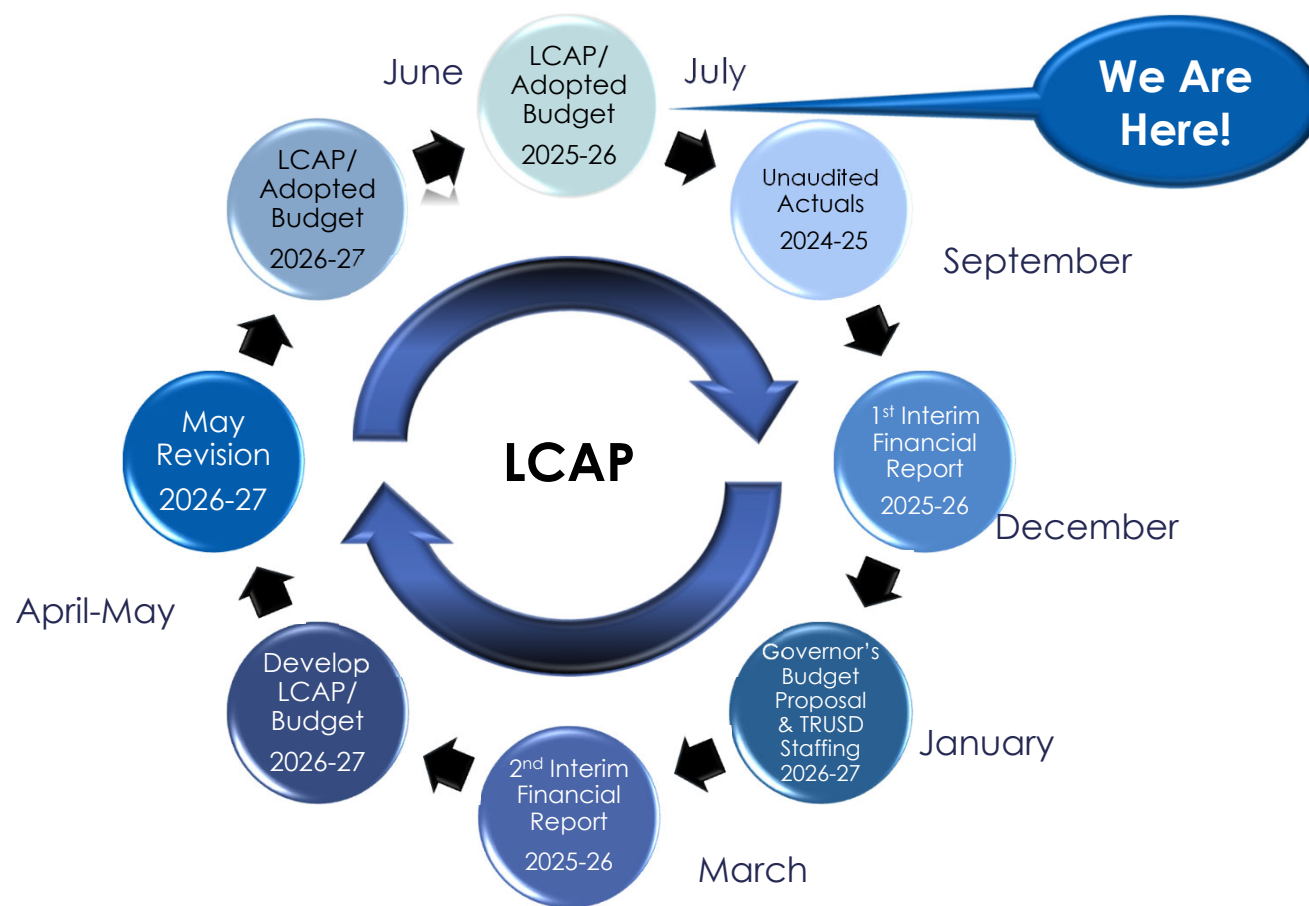
Agenda

- Strategic Framework and Roadmap to College and Career Ready
- The Budget Reporting Cycle
- May Revision Overview
- Proposed 2025-26 Adopted Budget
 - Budget Projection – Key Factors
 - SACS Budget Forms
 - 2025-26 Other Funds
 - 2025-26 General Fund
 - General Fund Multi-Year Projection
- One-time Block Grant Funds
- Looking Ahead

Strategic Framework and Roadmap to College and Career Ready



The Budget Reporting Cycle





May Revision Overview

2025-26 May Revision Overview



Governor Gavin Newsom released his 2025-26 May Revision amid significant financial and economic uncertainty (\$4.8 billion lower revenue from January and \$12 billion deficit in budget year)



His May Revision projects both lower revenues and increased costs of health care (Medi-Cal) in the current year and near term



Significant emphasis on federal policy and its impacts on California foreign trade, tourism, and immigration (inflation 1% higher than January and 27% tariff rate)



To address the budget deficit, he uses a combination of reductions, borrowing, funding shifts, deferrals, and expenditures that would only be activated if sufficient revenues materialize



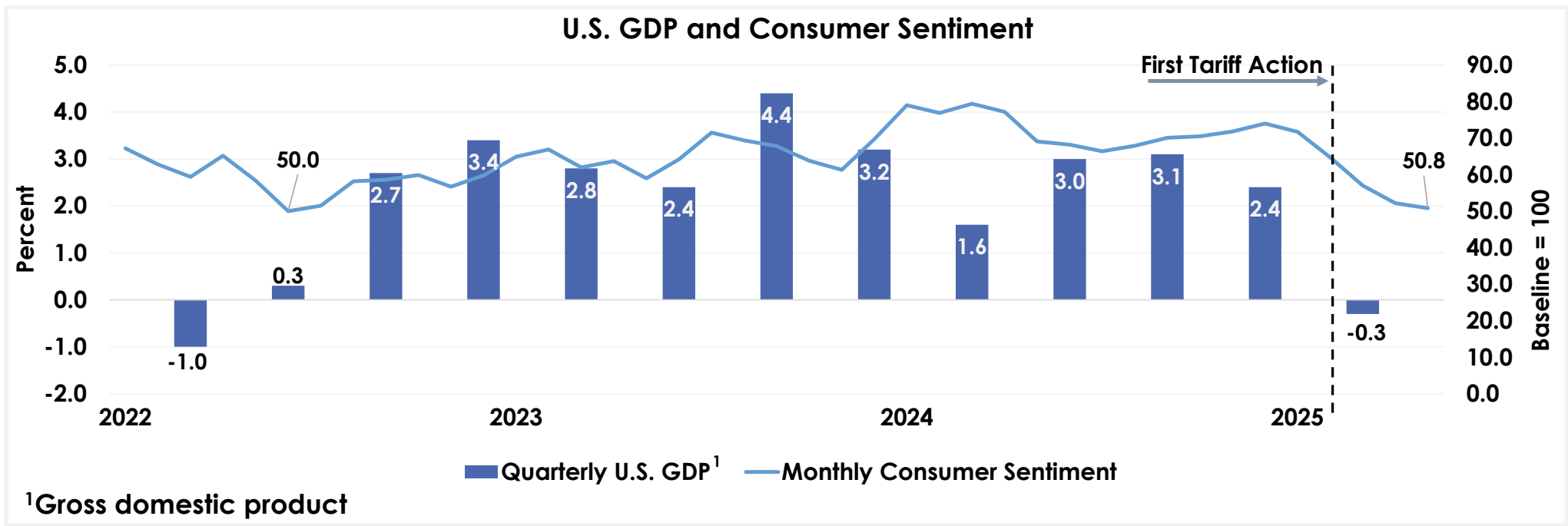
First seen in his January 2025 Budget proposal, the plan to under-appropriate the 2024-25 minimum guarantee remains in his May Revision to the tune of \$1.3 billion



Proposition 98 is largely insulated from these problems, with minimal disruptions to the proposals from the Governor's Budget in early January 2025, despite all that has come to pass since then

U.S. Gross Domestic Product and Consumer Confidence

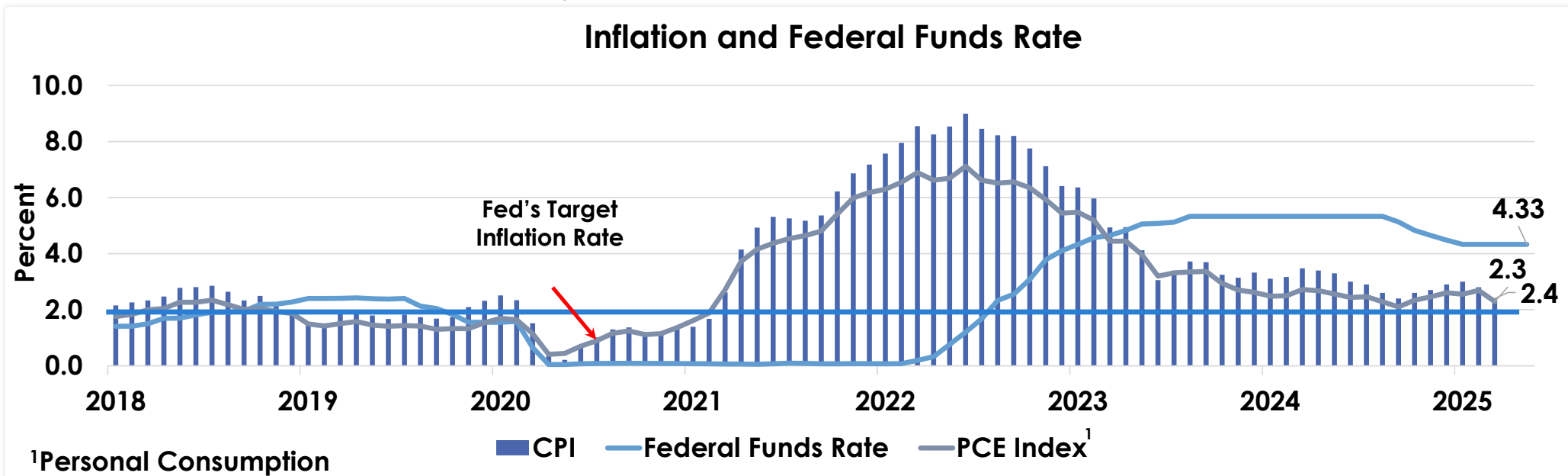
- The economy contracted 0.3% in the first quarter of 2025
- April consumer sentiment declined for the fourth consecutive month to 50.8, the lowest figure since 2022



Sources: Bureau of Economic Analysis (BEA) and University of Michigan: Consumer Sentiment, retrieved from Federal Reserve Economic Data

Inflation and Federal Funds Rate

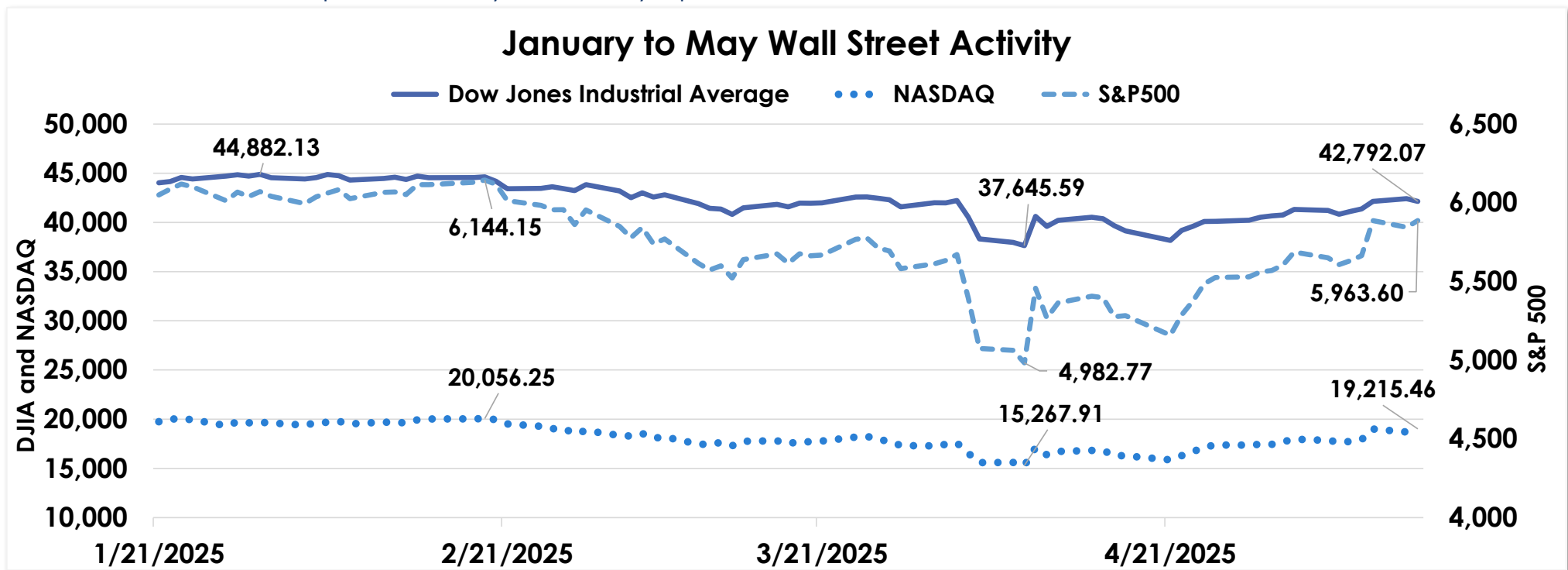
- Inflation indexes continue to be above the Federal Reserve (Fed) 2% goal
- The effective federal funds rate is 4.33%, with no reductions since December
- The Fed cited a “wait and see” approach to future federal funds rate reductions due to increased economic uncertainty



Source: BEA and BLS

Wall Street

- All major indexes have been notably volatile in response to federal policy changes since January
- Each index hit a low point for the year in early April



California Economy—Los Angeles County Fires and Other Key Drivers

Unemployment

- Unemployment is projected to reach 5.7% in 2025 and fall to an average of 4.8% in 2027
 - Wildfire-related displacement and construction delays are projected to negatively impact employment growth
 - Hiring for the first three months of 2025 has been relatively flat

Growth

- GDP is expected to continue trending down
- Los Angeles (L.A.) County wildfires are estimated to reduce L.A. County GDP by 0.48% in 2025

Inflation

- Consumer Price Index is projected to increase to 3.0% in 2026 and fall to 2.6% in 2027



Revenue

- State revenue remains strong in the current year and is projected to slow down in 2025-26 with projections showing revenues down more than \$20 billion cumulatively 2026-27 through 2028-29
- The tax filing extensions for Los Angeles County due to the January 2025 wildfires have delayed revenue collections and complicate budget projections

Domestic Migration

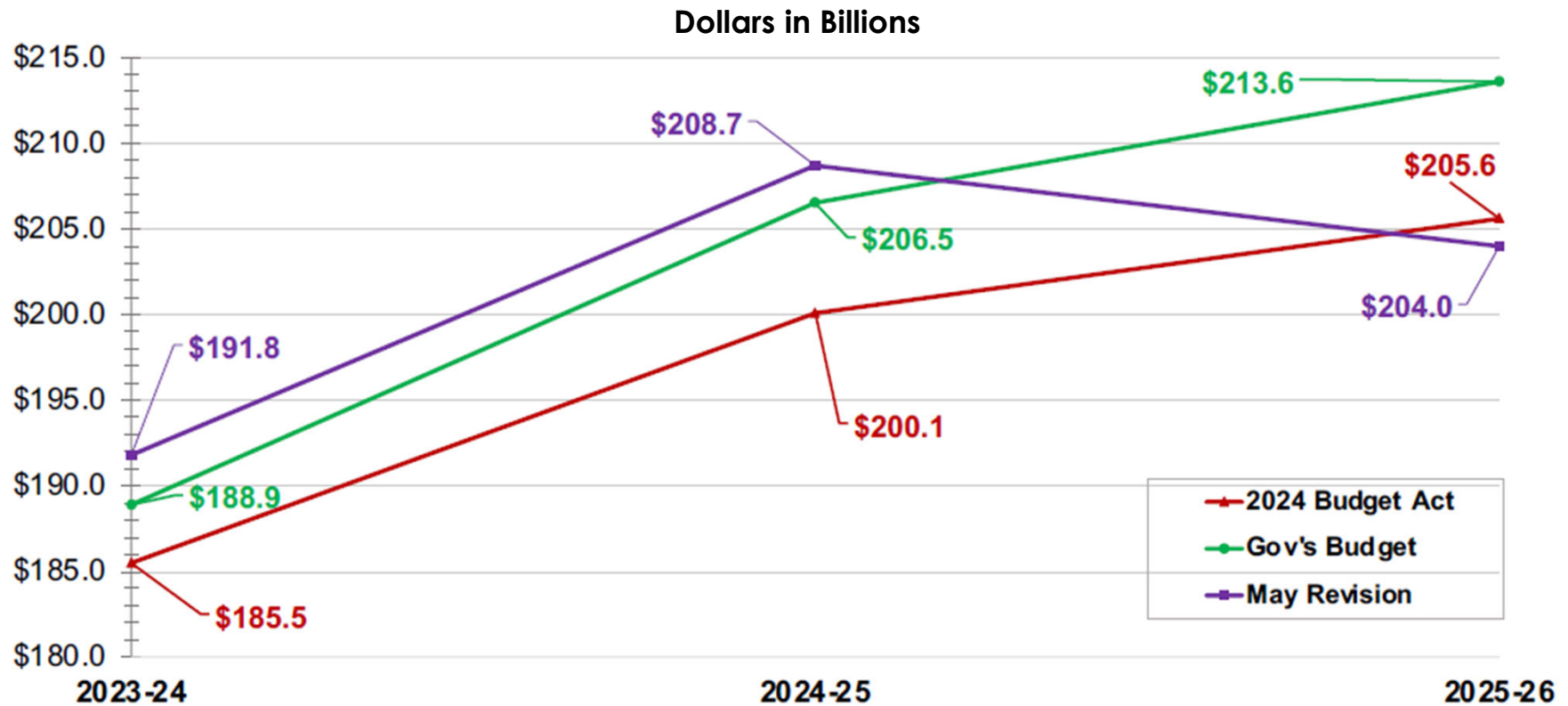
- California net domestic outmigration has moderated
- State population is expected to increase slightly in 2025, 2026, and future years

Housing

- New permits for housing remain flat, despite policy changes to ease construction permitting
- Deportations, high interest rates, tariffs on materials, and rebuilding of homes damaged and destroyed by L.A. County wildfires are expected to constrain the housing supply

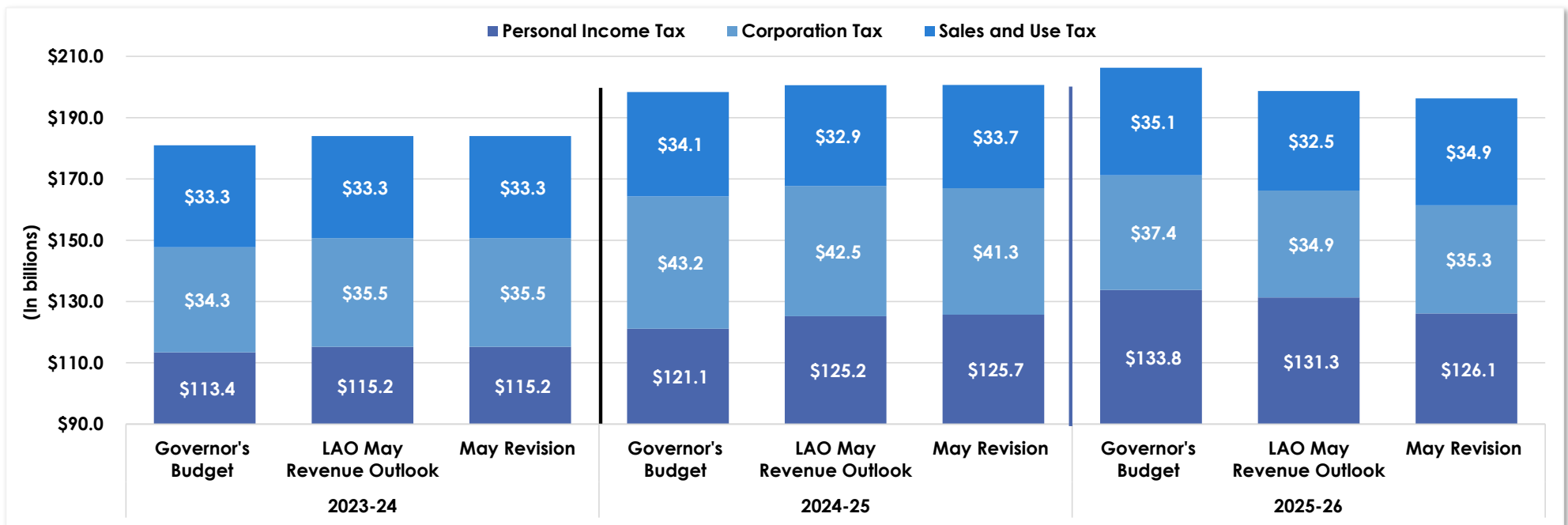
State General Fund Revenues

- Includes only revenues that affect the calculation of Prop 98 guarantee



“Big Three” Taxes

- The May Revision's “Big Three” revenues are projected to be lower than the Governor's Budget figures by \$4.8 billion over the budget window
- The LAO May Revenue Outlook projections are higher than the Governor's May Revision estimates by \$2.4 billion



Proposition 98

Like the rest of the State Budget, the conditions for Proposition 98 and education have deteriorated since the Governor's Budget

Minimum Guarantee

\$4.6 billion
down across
three-year
budget
window

One-Time Solutions

\$2.9 billion
in one-time
funding to
support core
TK-14
programs

Rainy Day Fund

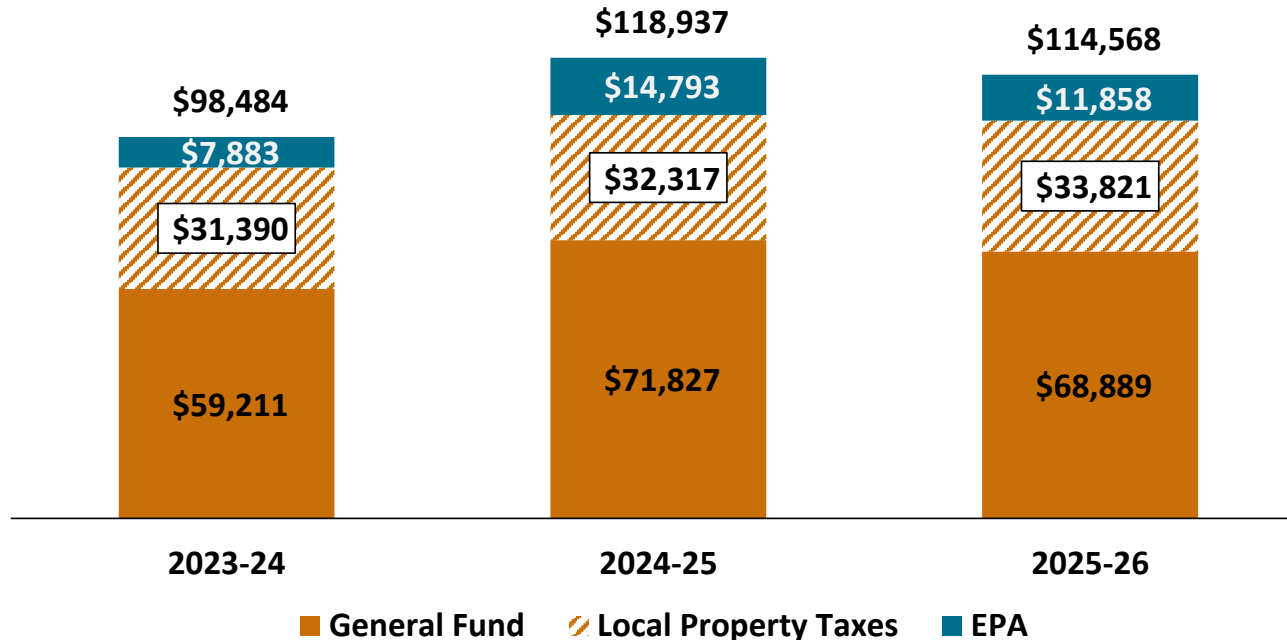
\$540 million
once again
depletes the
education Rainy
Day Fund

Good news – No proposed local cuts



Proposition 98 and the Education Protection Account (EPA)

**Proposition 98 Minimum Guarantee Revenue Sources
(In millions)**



¹ Proposition 55 (2016) extended the PIT rate provisions of Proposition 30

- Proposition 30 (2012)¹ established the Education Protection Account (EPA)
 - Personal income taxes are deposited into the EPA
 - EPA revenues constitute a sizeable share of the minimum guarantee and local apportionments each year
 - From 2012-13 through 2023-24, Proposition 30/55 PIT made up about 6.2% of the “Big Three” revenues
- Expires in 2030 and extending the tax rates requires voter approval
 - Expiration would create pressure for the state General Fund

Risks to Proposition 98 and Education

The present is uncertain . . . the future is even more so

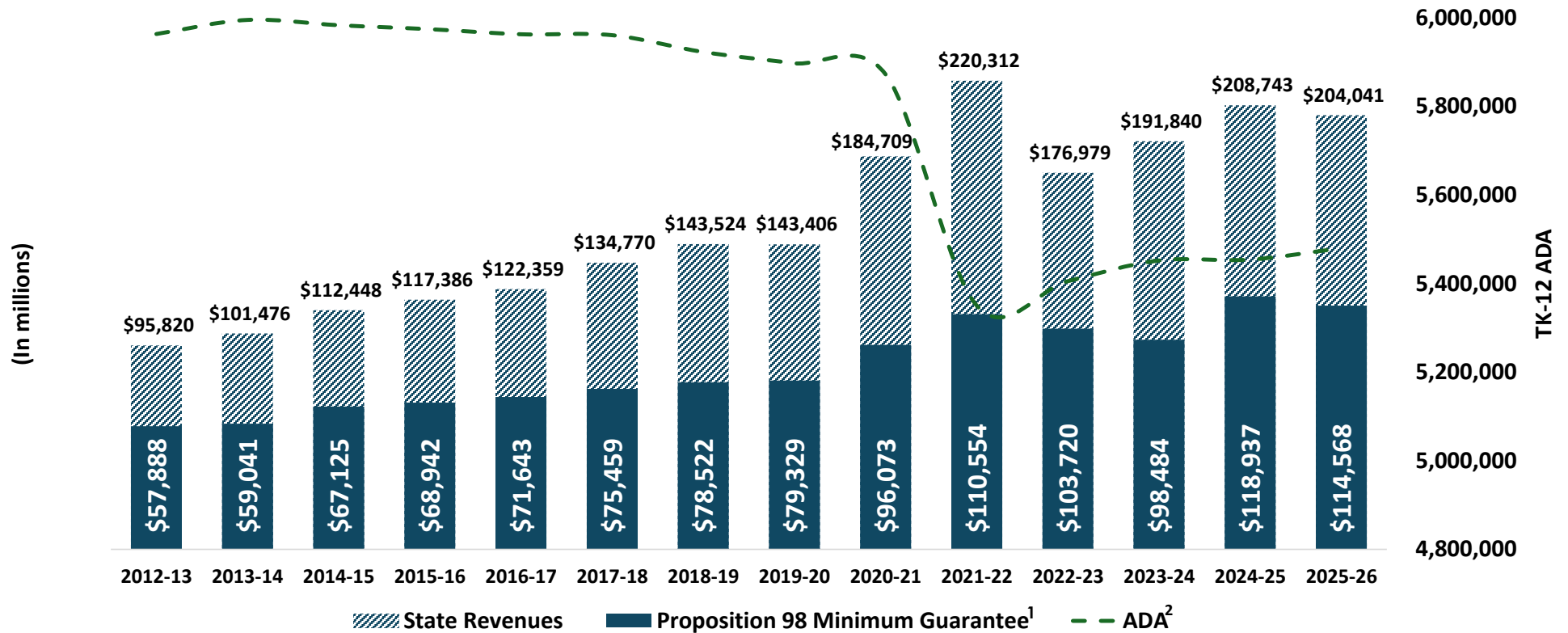


- Proposition 98 and the education budget rely on a healthy California economy and the strength of the state General Fund
- Deteriorated conditions diminish education resources
- The May Revision reverts to using old budget tools and creates a new one—a *psychic* settle up
- Reliance on one-time resources to support core programs poses risks, especially if conditions worsen
- Problems on the “*other side*” of the State Budget could make suspending Proposition 98 an enticing budget solution

Significant Budget Items

- COLA
 - 2.30%, down from 2.43%
 - Equity Multiplier/Categorical Programs
 - The May Revision includes \$174 million to fund the 2.30% estimated statutory COLA for the Equity Multiplier and categorical programs such as Special Education, Child Nutrition and the Mandate Block Grant
 - Student Support and Professional Development Discretionary Block Grant
 - The May Revision reduces the one-time block grant by \$100 million for a total of \$1.7 billion, but largely retains its original design
 - Funds are fully flexible to address rising costs
 - Allocation method is on an equal per-ADA basis (estimated at approximately \$305 per ADA)
 - Funds are available for expenditure through June 30, 2029 with report due September 30, 2029
 - Transitional Kindergarten
 - The May Revision continues to provide ongoing funding for full implementation of UTK in 2025-26
- | | |
|-----------------|--|
| \$3,148 | Per pupil for current 12:1 student-to-adult ratio requirement |
| +\$2,397 | Additional per pupil for 10:1 student-to-adult ratio requirement in 2025-26 |
| \$5,545 | Total per-pupil add-on |
- ELOP
 - Funding to extend to all students with UPP \geq 55%
 - Learning Recovery Emergency Block Grant (LREBG)
 - May Revision maintains the restoration of \$378.6 million through the 2027-28 school year

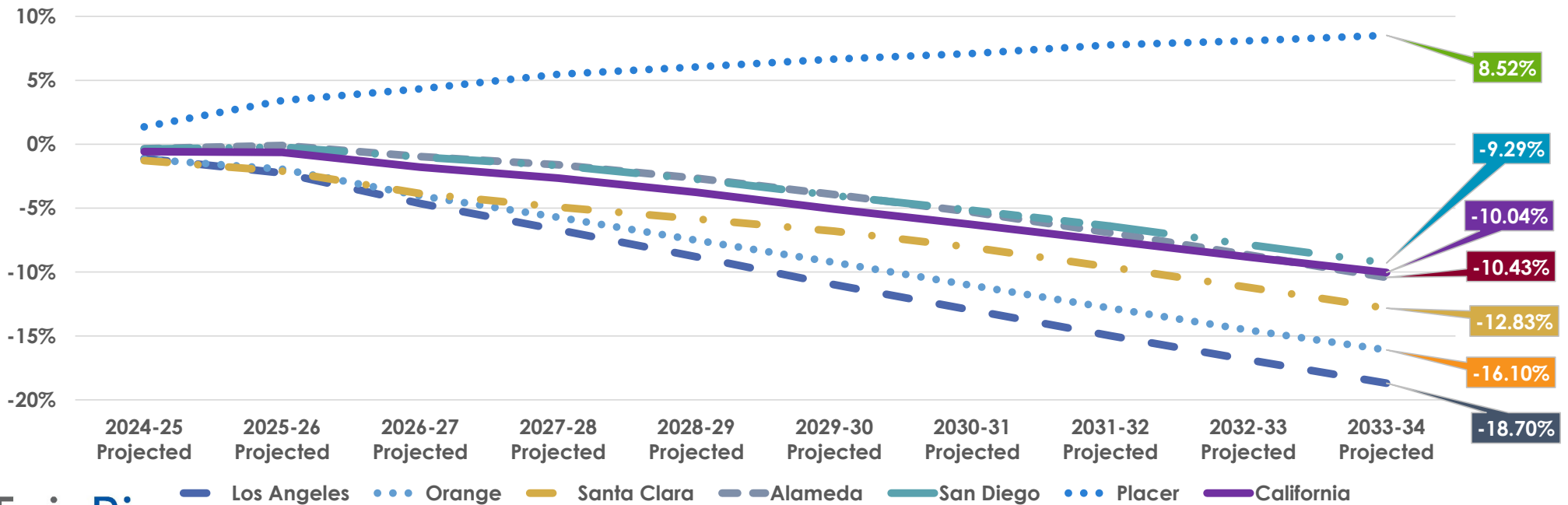
Proposition 98 and Student Attendance Over Time



¹Proposition 98 minimum guarantee was suspended in 2023-24; ²Average daily attendance (ADA)

District Financial Conditions—Declining Enrollment by County

- 44 (or 76%) of the 58 counties are projected to decline in enrollment through 2033-34
- The 44 declining enrollment counties are projected to be down by approximately 600,000
- The 14 (or 24%) growing enrollment counties are projected to increase by approximately 14,000



2023-24 Average Reserve Levels

- The latest statewide data on school district reserves available is for 2023-24
 - Despite an 8.22% COLA for 2023-24, reserve levels remain largely flat
 - This is likely due to declining enrollment

Average Unrestricted General Fund, Plus Fund 17, Ending Balances¹

By District Type	2022-23	2023-24	By District Size	2023-24
Unified	23.74%	24.36%	Less than 1,000 ADA	41.91%
Elementary	25.55%	25.54%	1,001 to 5,000 ADA	25.36%
High	22.94%	24.40%	5,001 to 10,000 ADA	22.14%
			Greater than 10,001	24.29%

¹As a percentage of total General Fund expenditures, transfers, and other uses

Federal Education Budget

President Donald Trump's Proposed 2026 Budget

Non-Defense Spending

Reduced by \$163 billion from 2025 levels, including education spending

- Maintains Title I and Special Education Funding
- K-12 Simplified Funding Program
\$2 billion for 18 consolidated formula and competitive grants
- Eliminates Adult Education
- Eliminates Title III and Migrant Education

Next Steps for 2025-26 Budget Development

- The only proposal codified in Education Code is the statutory COLA—OK to include in local budget
 - The following are still subject to negotiations between the Governor and Legislature

Proposal	SSC Advice	Risk Level	Risk of Including in Your Adopted Budget
2.30% COLA	Yes	Very Little	Statutory COLA is a known number as of April 2025
LREBG Additional Funding	No	Lower	Lower than others, but still subject to negotiation
TK Ratio LCFF Add-On	No	High	Amount decreased from January
Discretionary Block Grant	No	High	Amount decreased and the allocation method, allowable uses, and amount may change again before the budget is enacted
Teacher Preparation and Professional Development	No	High	Amounts have been reduced and repurposed since January
Universal ELO-P 55% Threshold	No	Lower	Lower than others, but still subject to negotiation

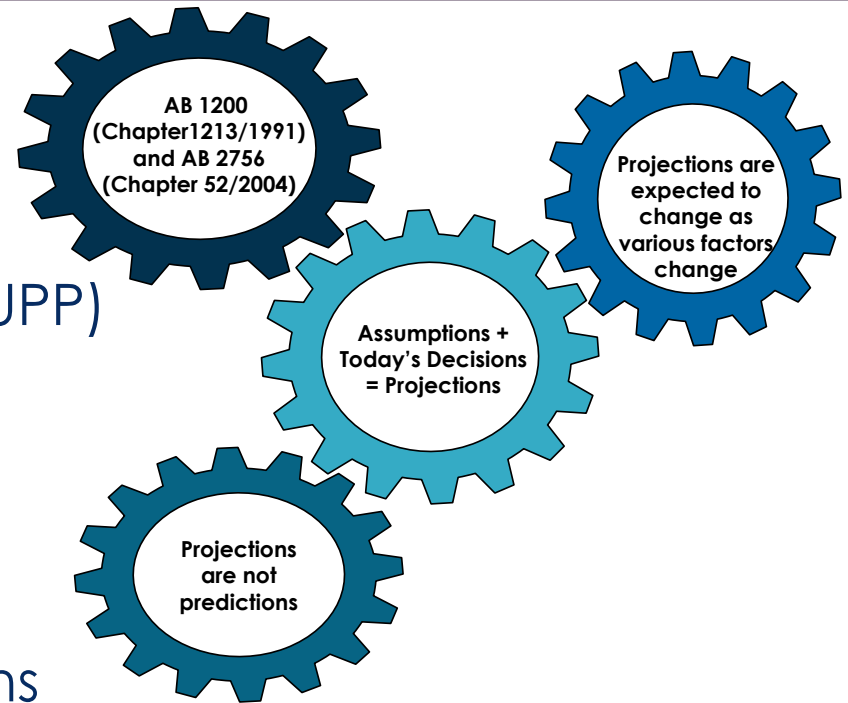


Proposed 2025-26 Adopted Budget

Budget Projections

- Key Factors

- Enrollment
- Attendance
- Unduplicated Pupil Percentage (UPP)
- LCFF Increase/Decrease
- Position Control/Hiring
- STRS/PERS increases
- Special Education Increases
- Collective Bargaining/Negotiations
- Don't use one-time dollars to justify paying for ongoing expenditures



SACS Budget Forms

- Budget Certification - **Positive**
- Executive Summary and Internal Budget Documents for all Funds
- Adopted Budget Reports for all Funds
- Cash Flow Projection
- Average Daily Attendance
- Multi-Year Projection – General Fund
- Summary of Interfund Activities
- Criteria and Standards

Other Funds

- Fund 08: Student Activity Special Revenue Fund
- Fund 11: Adult Education Fund
- Fund 12: Child Development Fund
- Fund 13: Cafeteria Fund
- Fund 14: Deferred Maintenance Fund
- Fund 20: Special Reserve Fund for Post-Employment Benefits
- Fund 21: Building Fund
- Fund 25: Capital Facilities Fund – Developer Fees
- Fund 35: County School Facilities Fund
- Fund 40: Special Reserve Capital Outlay Fund

2025-26 General Fund

	Unrestricted	Restricted	Total Fund
Revenues	\$ 345,647,167	\$ 189,352,795	\$534,999,962
Expenditures	\$ 346,385,657	\$ 217,432,107	\$563,817,764
Net Increase/(Decrease) Fund Balance	\$ (738,490)	\$ (28,079,312)	\$ (28,817,802)
Beginning Fund Balance Restricted and Designated Carryovers	\$ 71,214,042	\$ 103,174,336	\$174,388,378
Ending Fund Balance Before Reserves	\$ 70,475,552	\$ 75,095,024	\$145,570,576
Components of Ending Fund Balance:			
Nonspendable	\$ 2,347,569	\$ -	\$ 2,347,569
Restricted	\$ -	\$ 75,095,024	\$ 75,095,024
Committed	\$ 20,660,502	\$ -	\$ 20,660,502
Assigned	\$ 531,923	\$ -	\$ 531,923
Unassigned - Economic Uncertainties	\$ 46,935,557	\$ -	\$ 46,935,557
Unassigned (Available Balance)	\$ -	\$ -	\$ -

8.32%

NOTE: Meets Board Policy intent for Economic Uncertainties

No structural deficit; using carryover funds and one-time facility projects

2025-26 Ending Fund Balances

Committed

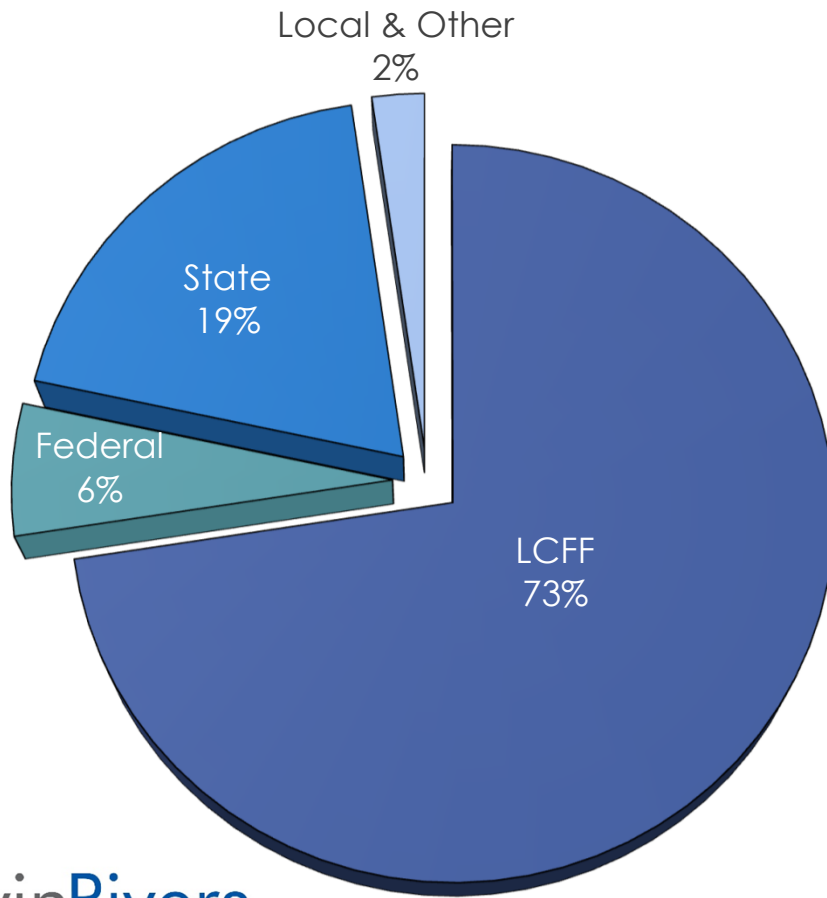
Board Resolution for Technology	\$ 4,000,000
Board Resolution for HVAC	\$ 10,000,000
Board Resolution for Employee Recruitment	\$ 6,660,502
Total Committed Balance	\$ 20,660,502

2025-26 Ending Fund Balances

Restricted

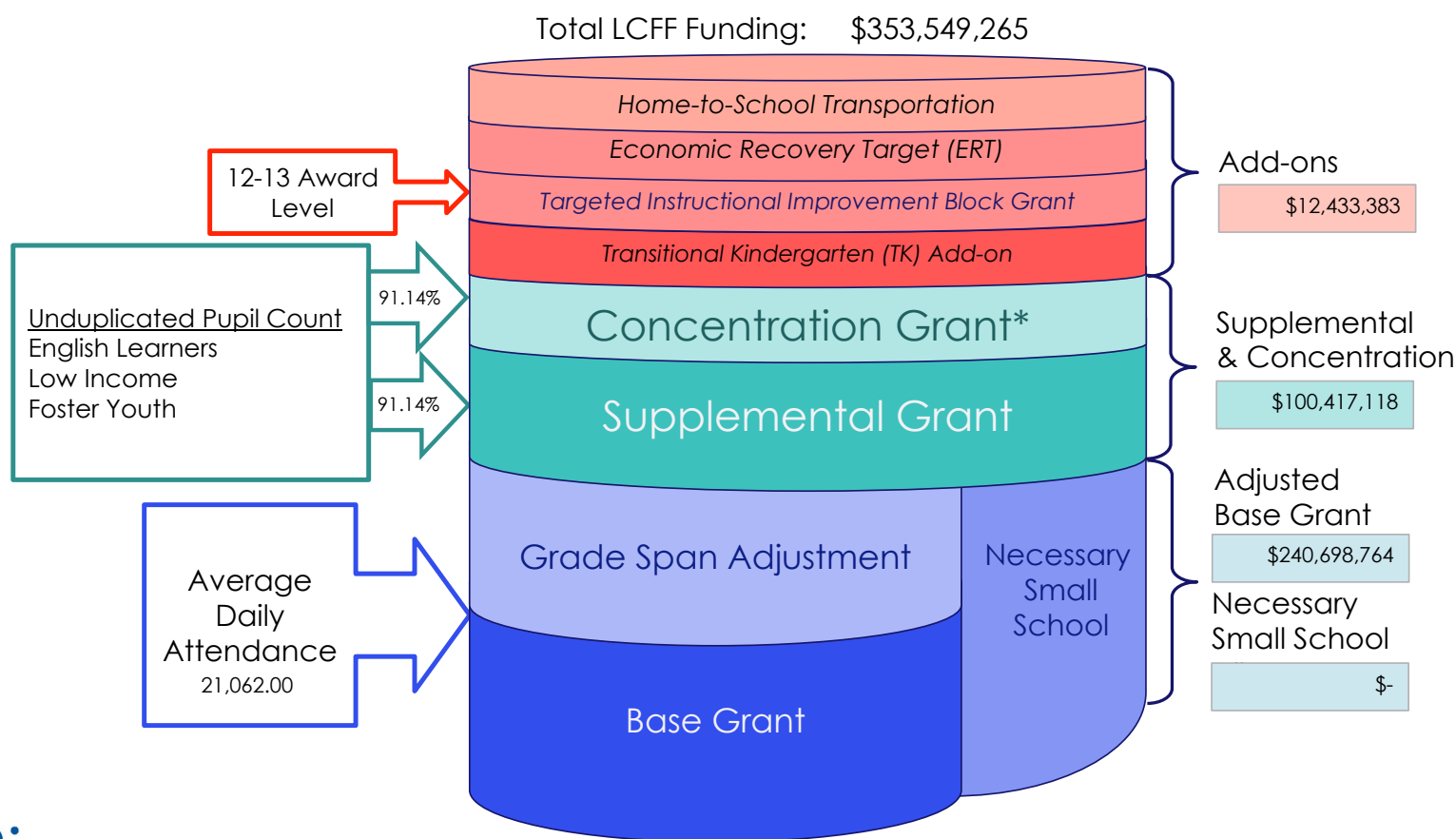
Expanded Learning Opportunities Program	\$ 24,558,936
Lottery: Instructional Materials	\$ 15,000,000
Learning Recovery Emergency Block Grant	\$ 8,180,722
Other Restricted State	\$ 6,325,657
Other Restricted Local	\$ 5,762,763
LCFF Equity Multiplier	\$ 4,526,660
Special Education	\$ 3,495,801
Special Education Early Intervention Preschool Grant	\$ 3,254,227
Literacy Coaches and Reading Specialists Grant Program	\$ 1,639,733
Golden State Pathways Program	\$ 1,506,368
Arts and Music in Schools (AMS) - (Prop 28)	\$ 328,137
Mental Health - Related Services	\$ 243,493
Educator Effectiveness, FY 2021-22	\$ 80,988
Dual Enrollment Opportunities	\$ 65,300
Learning Communities for School Success Program	\$ 64,199
Arts, Music, Instructional Materials Discretionary Block Grant	\$ 32,077
Classified School Employees Professional Development Block Grant	\$ 24,783
A-G Access/Success Grant	\$ 5,181
Total Restricted Balance	\$ 75,095,025

2025-26 General Fund Revenues



LCFF	\$ 387,923,312
State Aid	\$ 271,962,178
Property Tax	\$ 57,357,585
Education Protection Account	\$ 56,803,549
Property Tax Transfer - Spec. Ed.	\$ 1,800,000
Federal	\$ 31,022,256
State	\$ 103,451,339
Local & Other	\$ 12,232,555

2025-26 Components of LCFF (not including Charters)



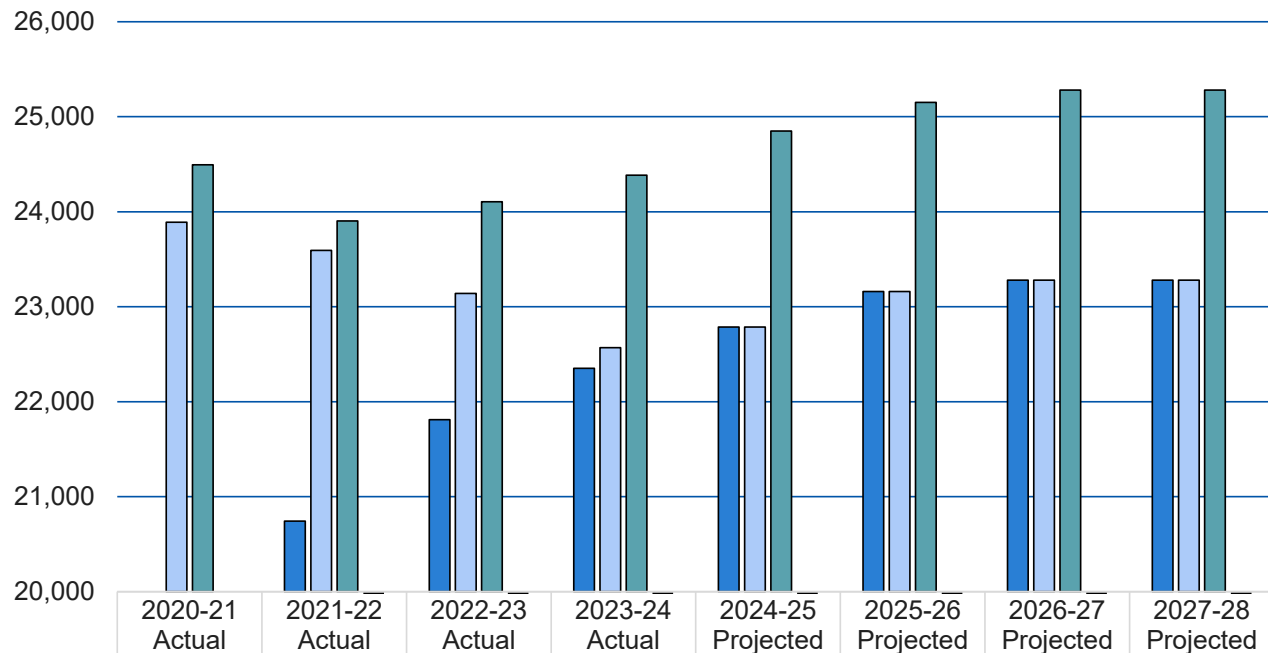
*Unduplicated Pupil Percentage must be above 55% to receive Concentration Grant funding

Inspiring each student to extraordinary achievement everyday!

2025-26 LCFF Revenue

	Twin Rivers Estimated 2025-26	Creative Connections Estimated 2025-26	Smythe Academy Estimated 2025-26	Westside Prep Charter Estimated 2025-26	Total
2025-26 Estimated LCFF Entitlement	\$353,549,265	\$10,129,997	\$15,780,941	\$6,663,109	\$386,123,312
Base Funding	\$253,132,147	\$7,693,853	\$11,126,704	\$5,005,773	\$276,958,477
Supplemental/Concentration	\$100,417,118	\$2,436,144	\$ 4,654,237	\$1,657,336	\$109,164,835
Estimated Unduplicated Pupil % (3 year rolling average) (EL, low income and/or foster youth)	91.14%	79.31%	94.22%	81.01%	

LCFF “Funded” ADA vs P-2 ADA (Includes Charters)

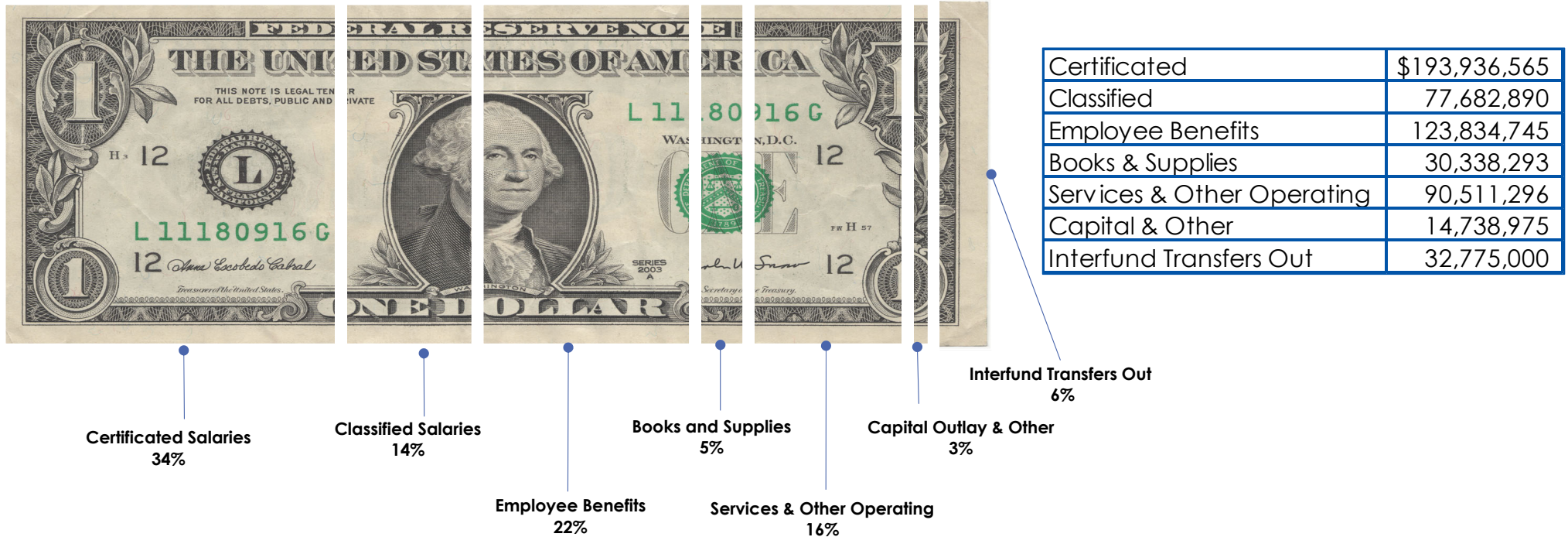


P-2 ADA (Not Including SCOE)	N/A	20,742	21,811	22,351	22,787	23,161	23,281	23,281
LCFF ADA (Not Including SCOE)	23,891	23,593	23,140	22,569	22,787	23,161	23,281	23,281
Enrollment (CALPADS date)	24,494	23,904	24,106	24,385	24,849	25,151	25,281	25,281
Attendance Yield	N/A	86.8%	90.5%	91.7%	91.7%	92.1%	92.1%	92.1%

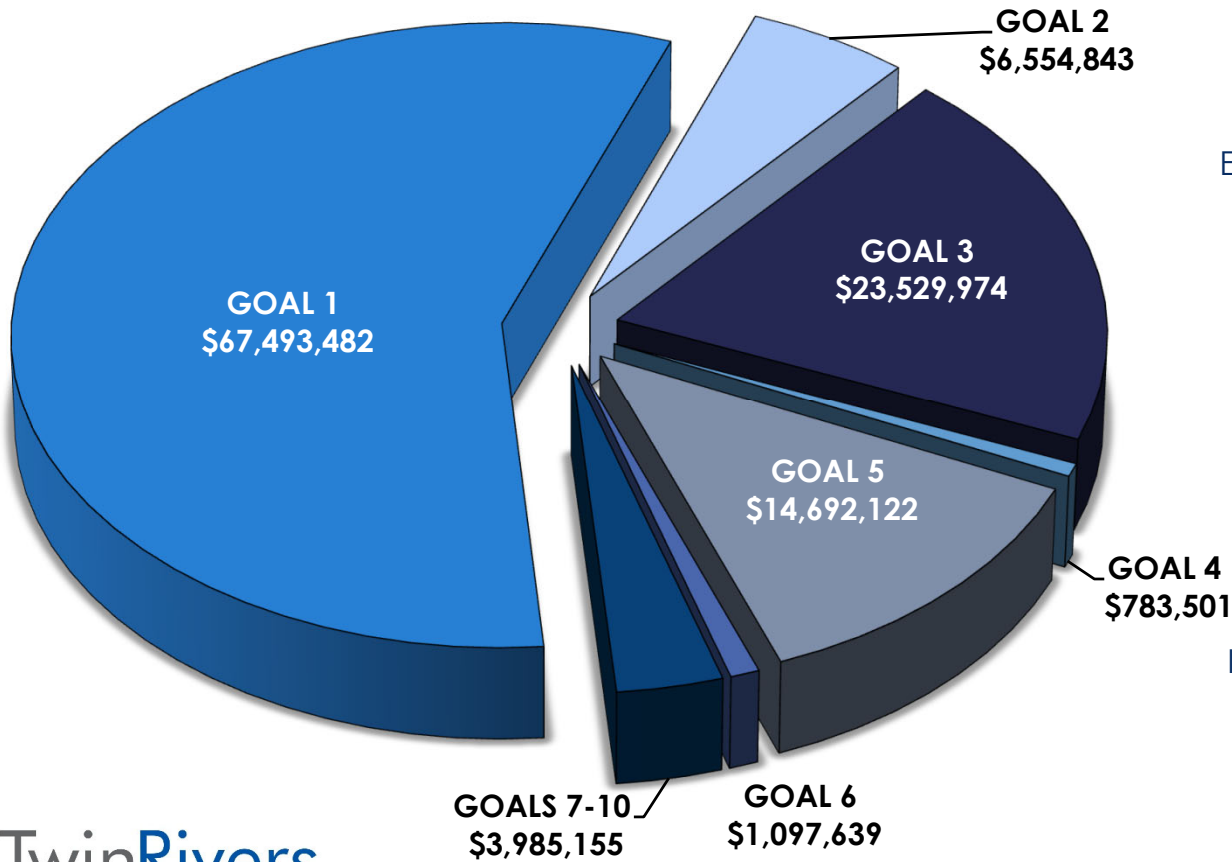
Estimated Actuals 2024-25 vs. Proposed Budget 2025-26

Revenue Changes - Unrestricted	Increase/(Decrease) (In Millions)
Local Control Funding Formula (LCFF)	
<i>Estimated Funding 2024-25</i>	\$372.7
<i>Estimated Funding 2025-26</i>	\$386.1
INCREASE	\$13.4
State Revenue	
Increase Mandated Cost	\$0.04
Increase Lottery	\$0.1
Increase Other State Revenue	\$0.12
Other Local Revenue	
Decrease interest income	(\$2.1)
Decrease miscellaneous income	(\$0.4)
Decrease revenue from independent charters	(\$2.8)
TOTAL	\$8.36

2025-26 General Fund Expenditures



TRUSD LCAP Expenditures by Goal



Goal 1
Increase Academic Achievement
and Decrease Disproportionalities

Goal 2
Ensure All Students Graduate College and Career
Ready

Goal 3
Improve Culture and Climate through increased
Student Engagement

Goal 4
Increase Parent Engagement

Goal 5
Provide Facilities that are Clean, Safe
and Conducive to Student Learning

Goal 6
Increase ELA and Math Academic Achievement
for Students with Disabilities

Goals 7-10
Equity Multiplier Focus Goals

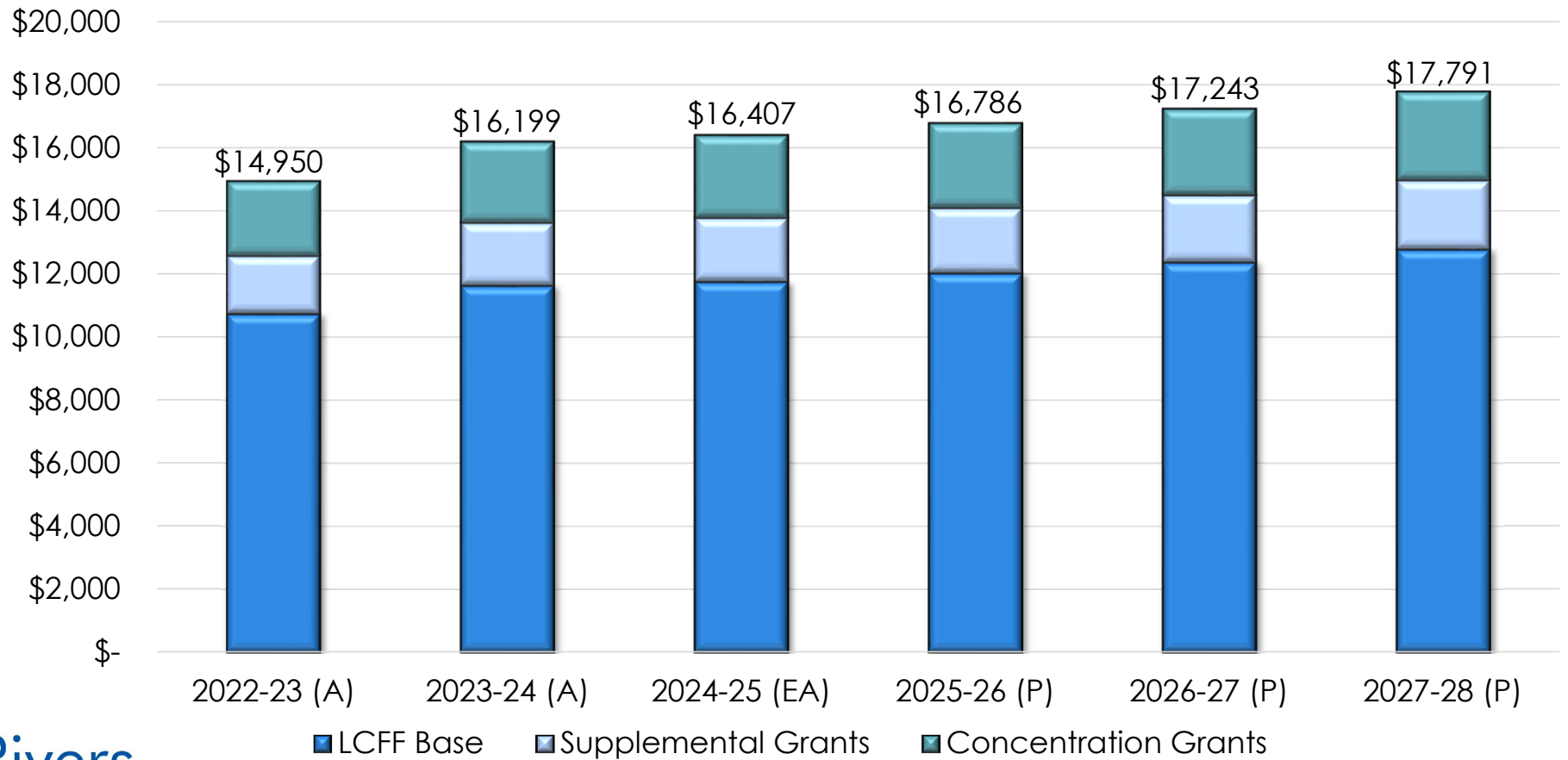
Estimated Actuals 2024-25 vs. Proposed Budget 2025-26

<u>Expenditure Changes - Unrestricted</u>		Increase/(Decrease) (In Millions)
Certificated Salaries		
Step & Column, 2.5% salary increase & teachers for Northlake School and TK		\$5.4
Nurses no longer using one-time ESSER funds		(\$0.8)
One-time TRUE settlement removed		(\$1.6)
Classified Salaries		
Step & Column, 2.5% salary increase & positions for TK classes		\$3.9
Employee Benefits		
Health Benefits increase, PERS increase, & increase from salary increases		\$5.2
	SUBTOTAL	\$12.1

Estimated Actuals 2024-25 vs. Proposed Budget 2025-26 (Continued)

Expenditure Changes - Unrestricted		Increase/(Decrease) (In Millions)
Materials & Supplies		
Removed various one-time expenditures		(\$1.7)
Services		
Removed one-time insurance liability & add ongoing increase premiums		(\$0.7)
Removed one-time health services expenditure		(\$1.3)
Removed one-time charter consultant expenditures		(\$0.3)
Removed one-time HR service agreement expenditures		(\$0.2)
Capital Outlay & Other		
Facility Projects in LCAP		\$9.8
More Indirect from categorical programs		(\$4.6)
Other Outgo		
Transfers to Fund 40 reduced		(\$14.6)
TOTAL		(\$1.5)

Projected LCFF Funding Per ADA



Multi-Year Projection (MYP) Assumptions

	2024-25	2025-26	2026-27	2027-28
Average Daily Attendance (ADA) - Funded (including charters)	22,787	23,161	23,281	23,281
Funded LCFF ADA	Current	Current	Current	Current
Statutory COLA & Augmentation	1.07%	2.30%	3.02%	3.42%
Step and Column - Certificated	1.3%	1.4%	1.4%	1.4%
Step - Classified	2.1%	1.85%	1.85%	1.85%
STRS Employer Rates	19.10%	19.10%	19.10%	19.10%
PERS Employer Rates	27.05%	26.81%	26.90%	27.80%
Lottery Revenue – Unrestricted per ADA	\$191	\$191	\$191	\$191
Lottery Revenue – Restricted per ADA	\$82	\$82	\$82	\$82
California Consumer Price Index (CPI)	3.07%	3.42%	2.98%	2.77%

Additional MYP Assumptions and Details

2026-27

- LCFF
 - “Funded” and actual ADA increase of 120
 - No change to Charter ADA
- Interest income reduced \$1.9M
- Salaries/Benefits
 - 2.5 % salary increase budgeted for all positions
 - Health contribution increase budgeted for all positions
 - 6 additional teachers
 - Remove teacher offsets to Block Grant funds
 - 3 Classified positions shifted from one-time funds back to unrestricted
- 3% increase for inflation
- \$9.5M less toward Capital Outlay Projects
- One-time expenditure carryovers removed

2027-28

- LCFF
 - No change to TRUSD ADA
 - No change to Charter ADA
- Interest income reduced \$1M
- Salaries/Benefits
 - No salary increase
- 3% increase for inflation
- One-time expenditure carryovers removed

General Fund Multi-Year Projection (MYP)

(In Millions)	Estimated Actuals 2024-25	Proposed Budget 2025-26	Projection 2026-27	Projection 2027-28
Beginning Fund Balance - July 1	\$188.4	\$174.4	\$145.6	\$130.4
Revenues	\$576.1	\$535.0	\$547.9	\$561.5
Expenditures (Including Transfers)	(\$590.1)	(\$563.8)	(\$563.0)	(\$563.2)
Surplus/(Deficit Spending)	(\$14.0)	(\$28.8)	(\$15.1)	(\$1.7)
Ending Fund Balance	\$174.4	\$145.6	\$130.4	\$128.7
Components of Ending Fund Balance				
Nonspendable	\$2.4	\$2.3	\$2.3	\$2.3
Restricted	\$103.2	\$75.1	\$60.3	\$58.4
Committed	\$20.7	\$20.7	\$20.7	\$20.7
Assigned	\$0.5	\$0.5	\$0.5	\$0.5
Unassigned – Economic Uncertainties*	\$47.6	\$46.9	\$46.6	\$46.7

*Meets Board Policy Intent for Economic Uncertainties

8.07%

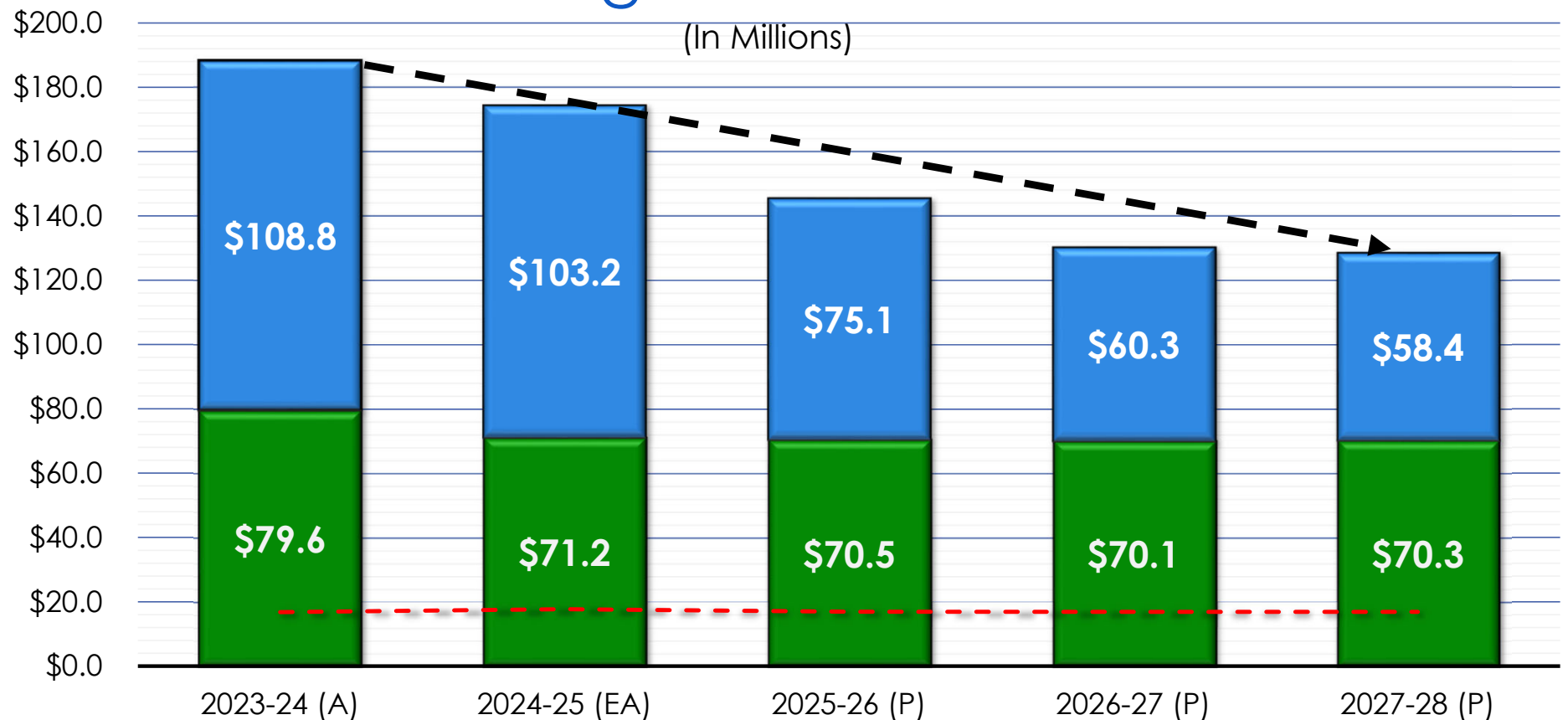
8.32%

8.28%

8.29%

NOTE: No structural deficit; using carryover funds and one-time facility projects

General Fund Multi-Year Projection (MYP) Ending Fund Balance



One-time Block Grant Funds

- One-time discretionary block grant funds are available through 06/30/2026
- One-time Learning Emergency Block Grant funds are available through 06/30/2028
- The \$9.1M of positions paid by one-time block grant funds (providing a surplus to unrestricted funds) will shift to unrestricted funds in future years (\$5.6M in 2026-27, \$0 in 2027-28 and \$3.5M in 2028-29).
- \$3.7M in service agreements paid by one-time block grant funds; \$2M to be eliminated over three years and \$1.7M in 2028-29 shift to unrestricted funds.

Looking Ahead

- With budget adjustments, including incorporating compensation increases, 2025-26 presents a balanced budget year with Restricted funds being spent down as well as some one-time unrestricted expenditures
- However, economic indicators heed caution
 - The State is operating at a significant deficit and using one-time money to plug ongoing holes
 - Lots of uncertainty, especially based on Federal policy
- Beyond 2024-25
 - We need to monitor and adjust accordingly as we move into future years based on the State Economy, especially as impacted by Federal policy
 - ☐ We will see what final budget bill from State means for TRUSD
 - ☐ While no recession is predicted, there is risk and uncertainty and State reserves are depleted for the most part
- June 24th: Adoption of Proposed 2025-26 Budget
- August: TRUSD 45 Day Budget Revision if the State Adopted budget is materially different
- September: 2024-25 Unaudited Actuals and 2025-26 Budget Update
 - Will have State Budget Act and revised revenue projections
- December: First Interim will be presented to the Board
 - Actual Carryover and restricted ending fund balance amounts from 2024-25 will be included



TwinRivers
UNIFIED SCHOOL DISTRICT

Thank You!
Questions?

Appendix: Acronyms

- (A) – Actual
- AB – Assembly Bill
- ADA – Average Daily Attendance
- AMS – Arts and Music in Schools
- BEA – Bureau of Economic Analysis
- CA – California
- CALPADS – California Longitudinal Pupil Achievement Data System
- CB – Core Belief
- COLA – Cost-of-Living Adjustment
- CPI – Consumer Price Index
- DJIA – Dow Jones Industrial Average
- (EA) – Estimated Actuals
- EL – English Learner
- ELA – English Language Arts
- ELOP/ELOP – Expanded Learning Opportunities Program
- ESSER – Elementary & Secondary School Emergency Relief
- EPA – Environmental Protection Agency
- ERT – Economic Recovery Target
- FY – Fiscal Year
- GDP – Gross Domestic Product
- HR – Human Resources
- HVAC – Heating, Ventilation, and Air Conditioning
- L.A. – Los Angeles
- LAO – Legislative Analyst's Office
- LCAP – Local Control and Accountability Plan
- LCFF – Local Control Funding Formula
- LREBG – Learning Recovery Emergency Block Grant
- M – Million
- MTSS – Multi-Tiered System of Supports
- MYP – Multi-year Projection

Appendix: Acronyms

- N/A – Not Applicable
- NASDAQ - National Association of Securities Dealers Automated Quotations
- (P) – Projected
- P-2 – Second Principal Apportionment
- PBIS – Positive Behavioral Interventions and Supports
- PCE – Personal Consumption Expenditures
- PERS – Public Employees Retirement System
- PIT – Personal Income Tax
- REU – Reserve for Economic Uncertainties
- S&P – Standard and Poor's
- SACS – Standardized Account Code Structure
- SBAC – Smarter Balanced Assessment Consortium
- SCOE – Sacramento County Office of Education
- SSC – School Services of California
- STRS – State Teachers Retirement System
- TK – Transitional Kindergarten
- TR – Twin Rivers
- TRUE – Twin Rivers United Educators
- TRUSD – Twin Rivers Unified School District
- UPP – Unduplicated Pupil Percentage
- U.S. – United States
- UTK – Universal Transitional Kindergarten