



DNUSD 26-27 PRELIMINARY BUDGET HEARING

A strategic overview of the district's financial plan, May Revise impacts, enrollment trends, and budget outlook.



WHY THE SCHOOL BUDGET MATTERS

A school budget is more than a ledger – it is a **statement of values** that translates educational priorities into a concrete financial plan, ensuring every dollar supports student success.

FINANCIAL TRANSITION

Concludes the current fiscal year and establishes the legal authority to begin spending for the new fiscal year starting July 1st.

PURPOSEFUL RESOURCE ALLOCATION

Funding is strategically aligned with our core mission, using student demographics, academic outcomes and curriculum requirements to determine LCAP spending.

REGULATORY REQUIREMENT

Ensures the district secures formal board approvals for the upcoming budget before the new fiscal year commences.

FTE OPTIMIZATION

Finalize staff allocations in direct alignment with anticipated student enrollment.

KEY BUDGET COMPONENTS

Component	Purpose in June
Revenue Projections	Finalize income from Local Control Funding Formula, state funding, and federal grants
Personnel Expenditures	Lock in salaries and benefits – typically 75–80% of total budget.
Operational Costs	Allocate funds for maintenance, utilities, insurance, technology, and transportation.

IMPACTS FROM THE MAY REVISE

The May Revision is California's most important financial turning point for TK-12 districts. By May, three critical things are known:

1

TAX REVENUE CONFIRMED

April returns are processed – the state shifts from projections to actual cash on hand.

2

PROP 98 RECALCULATED

The constitutional guarantee of ~40% of the General Fund for K-14 education is adjusted to match actual revenues.

3

FINAL COLA SET

The Cost-of-Living Adjustment is finalized, setting the exact per-pupil funding increase through LCFF.

i By law, if the final state budget differs significantly from May Revise assumptions, districts have **45 days** to present a revised budget to their local board.

2026 MAY REVISE HIGHLIGHTS

Stronger-than-projected revenues allow the 2026–27 May Revise to **eliminate the structural deficit** and inject targeted funding into public schools.



SUPER COLA – 4.31%

Combined statutory (2.87%) and discretionary LCFF increase (1.44%), giving districts flexible dollars for Paid Pregnancy Disability Leave (14 weeks) rising operational costs.



SPECIAL EDUCATION – (\$1340 PER ADA/\$967K)

Largest single investment in special education in California history – ongoing funding increase.



FLEXIBLE BLOCK GRANT – (\$937 PER ADA/\$1.8M)

Student Support & Professional Development grant for teacher recruitment, retention, training and operational costs.



LEARNING EMERGENCY BLOCK GRANT (\$228 PER ADA/\$453K)

Funds are utilized to support learning recovery initiatives and expenditures and actions are defined in the LCAP.

PROJECTED ENROLLMENT (ADA)

26-27 ENROLLMENT

Actual CBEDS 2025-26	PROJ CBEDS 2026-27	PROJ CBEDS 2027-28	PROJ CBEDS 2028-29
1005	987	970	953
802	788	774	761
506	497	488	480
977	960	943	927
3290	3232	3176	3120

FUNDED ADA PROJECTIONS

- 2025-26: 3,127
- 2026-27: 3,090
- 2027-28: 3,065
- 2028-29: 3,033

ADA RATES BY GRADE BAND

- TK-3: 93.9%
- 4-6: 94.0%
- 7-8: 92.7%
- 9-12: 91.4%

Enrollment has averaged a **1.75% annual decline** over the past five years and average daily attendance for all grade spans is 92.85% in 25/26, directly impacting LCFF revenue.

REVENUE OVERVIEW – 2026–27

Total revenues increase **3.3% from 2025–26**, driven by the Super COLA and targeted state grants.

\$46M

LCFF REVENUE

Core per-pupil funding via Local Control Funding Formula

\$15M

STATE REVENUES

Includes Student Support Block Grant, Learning Emergency Grant, KIT Infrastructure

\$4.2M

FEDERAL REVENUES

Revenues becoming stable for now

\$9.5M

LOCAL REVENUES

Includes Special Education increase

BUDGET SUMMARY

EXPENDITURES BY OBJECT


Certificated Salaries: \$22.8M	Classified Salaries: \$17.8M	Benefits: \$23M	Books & Supplies: \$4.3M
Services, Operating Expenses: \$8.2M	Capital Outlay: \$525K	Other Outgo/Direct Support: \$1.7M	

FUND BALANCE

Beginning Balance: \$31.1M	Ending Balance: \$27.4M	Restricted Resources: \$15.7M	Unassigned Amount: \$11.6M
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RESERVE CAP – 2026-27

Districts must ensure combined assigned and unassigned General Fund balances do not exceed the allowable threshold of 10%. **Committed reserves** (set aside by board action) are excluded from the cap calculation.

 Net Budget Shortfall: **(\$3.78M)**



CAUTIONARY APPROACH

DOWNSIDE RISK FACTORS

- Rising inflation far exceeding wage growth
- Declining enrollment impacting LCFF Revenue
- Federal and state funding volatility
- Financial and labor market exposure
- Non-controllable costs - step & column, utilities, workers compensation, property & liability insurance, legal

Recent revenue gains do **not** resolve the state's future structural challenges.

ADDRESSING THE BUDGET SHORTFALL

DNUSD is taking a **cautious, deliberate approach** to close the \$3.78M gap while protecting core services.

HIRING FROST


All vacancies reviewed at Cabinet level to confirm services are still needed and funding is stable before filling positions.

TIGHT OPERATIONAL CONTROLS

Programs tied to the unrestricted general fund are subject to reductions. Ongoing expenditures aligned with sustainable funding levels district priorities.

ACTIVE MONITORING

District is closely tracking volatility within Federal and State government and will rebuild reserve balances where possible.

 DNUSD will avoid assuming recent revenue growth will continue – prepare for potential future shortfalls and align spending with enrollment trends.