

Public Hearing

2025-26

Proposed Budget

West Contra Costa Unified School District

June 4th, 2025

David Hart,

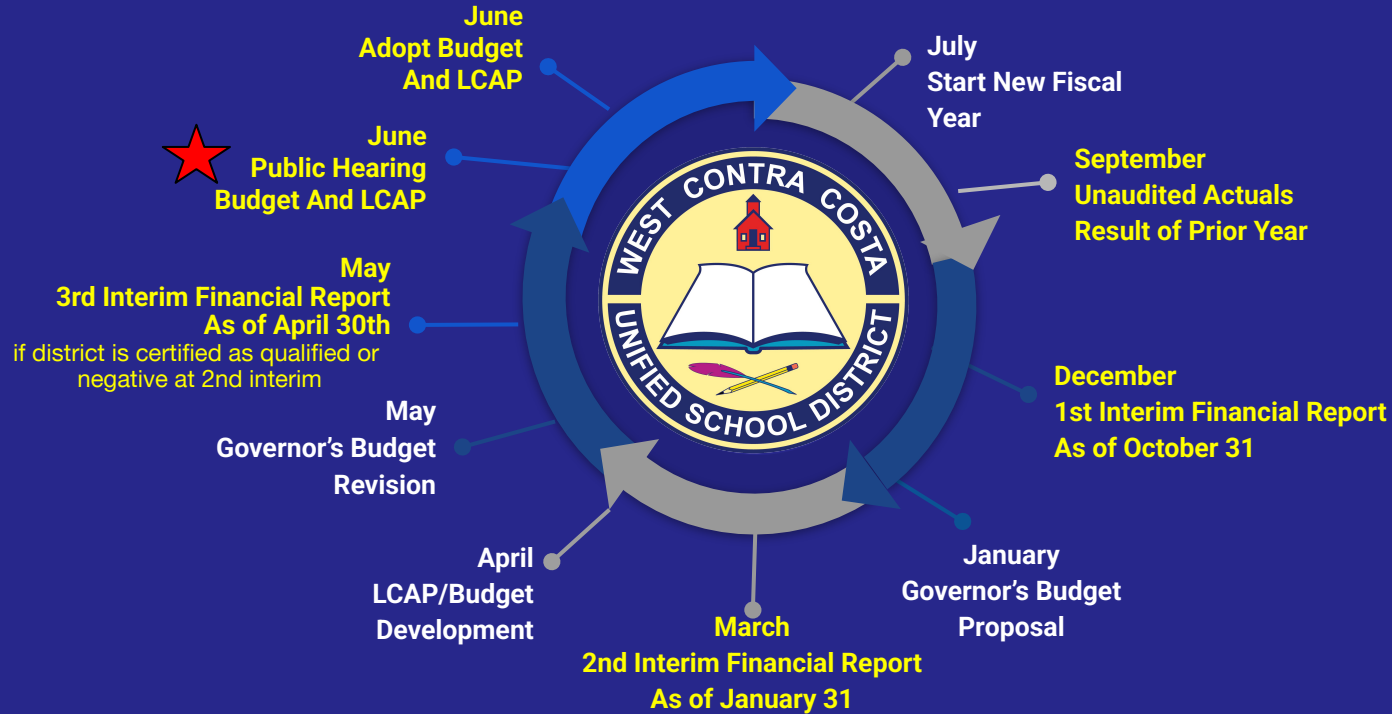
Interim Associate Superintendent, Business Services

Jeff Carter,

Executive Director



Budget Cycle



The Economy and Public Education

Key Guidance Based on Governor's May Revision

On May 14th 2025, Governor Gavin Newsom released the May Revision for the proposed 2025-26 State Budget. The deficit has been adjusted since his January Budget Proposal, recognizing further declines in state revenues over the next two fiscal years.

Themes for the 2025-26 May Revision



Governor Gavin Newsom released his 2025-26 May Revision amid significant financial and economic uncertainty



Significant emphasis on federal policy and its impacts on California foreign trade, tourism, and immigration



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



His May Revision projects both lower revenues and increased costs of health care in the current year and near term



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



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

Risks to the Economy and the State Budget

Stock market volatility in response to federal policy changes can impact projected state revenue

California's unemployment rate is projected to increase in the budget year

California's GDP is projected to decrease in a similar pattern to U.S. GDP in the budget year



Anticipated cuts to key federal programs will increase pressure to backfill losses in federal funding with state dollars

California has several lawsuits pending against the federal government, the outcome of which could affect the California economy

The “Big Three” revenues are projected to be lower by \$4.8 billion over the three-year budget window when compared to January

Local Budget Factors

The District's Proposed Budget is a financial summary of all of the known factors and plans through the end of May 2025 for the 2025-26 to 2027-28 school years. Staffing and programmatic plans drive expenses.

Planning Factors for Budget Proposal Projections

Planning Factor	2025-26	2026-27	2027-28
Cost-of-Living Adjustment (COLA)			
Local Control Funding Formula (LCFF) COLA	2.30%	3.02%	3.42%
Special Education COLA	2.30%	3.02%	3.42%
Employer Benefit Rates			
CalSTRS	19.10%	19.10%	19.10%
CalPERS-Schools	26.81%	26.90%	27.80%
State Unemployment Insurance	0.05%	0.05%	0.05%



2025-26 Budget Planning

- Executive Summary
- Summary of All Funds
- State Forms Reporting
 - Using Standardized Account Code Structure (SACS), a statewide, uniform financial reporting format
 - Includes all funds of the District
- Multi-Year Projection

Budget Development Factors

- Transitional Kindergarten expansion slightly increase Average Daily Attendance (**ADA**) projections
- Cost of Living Adjustments (**COLA**) decreasing
- One-time funds previously used for ongoing costs have expired
- Increases to utilities, insurance, and service contracts
- Indirect cost decreases and decline in funded ADA

Effective COLA Analysis

Effective COLA Analysis	
2025-26 LCFF Revenues (Proposed Budget)	\$ 338,700,402
2024-25 LCFF Revenues (Estimated Actuals)	\$ 337,458,775
Change \$	\$ 1,241,627
Change %	0.37%

Year	Funded ADA		Average Base Grant		Total
2024-25	23,622.18	X	\$10,706	=	\$252,899,059
			+ \$246 COLA (2.3%)		
2025-26	23,184.01	X	\$10,952	=	\$253,916,795
			Increase		\$1,017,736

- The year-over-year difference results in a \$1,017,736 increase that represents an increase of only 0.40%

Structural Deficit

A fiscal solvency plan to address the ongoing structural deficit is included in the budget plan for 25-26, as well as contributions from reserves to support future expenditures as we continue to work toward a fiscally solvent budget.

ADDRESSING THE STRUCTURAL DEFICIT

- Structural Deficit is defined as having ongoing programs and financial commitments for a given year that exceed that particular year's revenue
- Ending Fund Balance or Special Reserve Funds will be used to address the deficit as “one time” dollars



ADDRESSING THE STRUCTURAL DEFICIT (Cont'd)

- The District will spend down Reserves to address the Structural Deficit in the Multi-Year Projection with contributions totaling **\$28,380,705** over the budgeted years, fully exhausting Fund 17 reserve balance
- We will implement ongoing reductions totaling **\$6,405,000** for the 2026-27 school year to satisfy our Fiscal Solvency Plan approved with the 2024-25 Budget Adoption
- With the need for even further reductions for the 2026-27 and 2027-28 projected structural deficit

Fund 17 Projected Remaining Balance

- **2025-26**
 - Beginning Balance: \$27,530,704
 - 2025-26 Contribution: \$23,639,472
 - 2025-26 Ending Balance: \$4,491,232*
- **2026-27**
 - Projected Beginning Balance: \$4,491,232
 - 2026-27 Contribution: \$4,741,233*
 - 2026-27 Ending Balance: \$0
- **2027-28**
 - Projected Balance: \$0
 - 2027-28 Contribution: \$0
 - 2027-28 Ending Balance: \$0

*Includes interest revenue



Current Fiscal Solvency Plan

2025-26 STAFFING REDUCTION SUMMARY BY UNIT				
UNIT	2025-26 FTE COUNT	2025-26 FTE Reduction Suggestions	% of Staff	Estimated Reductions
United Teachers of Richmond	1608.38	26	1.62%	\$3,770,000
West Contra Costa Administrators Association	109.2	3	2.75%	\$615,000
Unrepresented Management	45.25	3.25	7.18%	\$722,000
School Supervisors Association	162	9	5.56%	\$1,446,000
Teamsters	1452.25	2	0.14%	\$190,000
Totals	3377.08	43.25	1.28%	\$6,743,000

Total Staffing Reductions	\$6,743,000
Total Services Reductions	\$584,000
Reduction Total	\$7,327,000

2026-27 REDUCTIONS PLAN - The following recommendations represent budget reduction recommendations for 2026-27 Staffing Levels

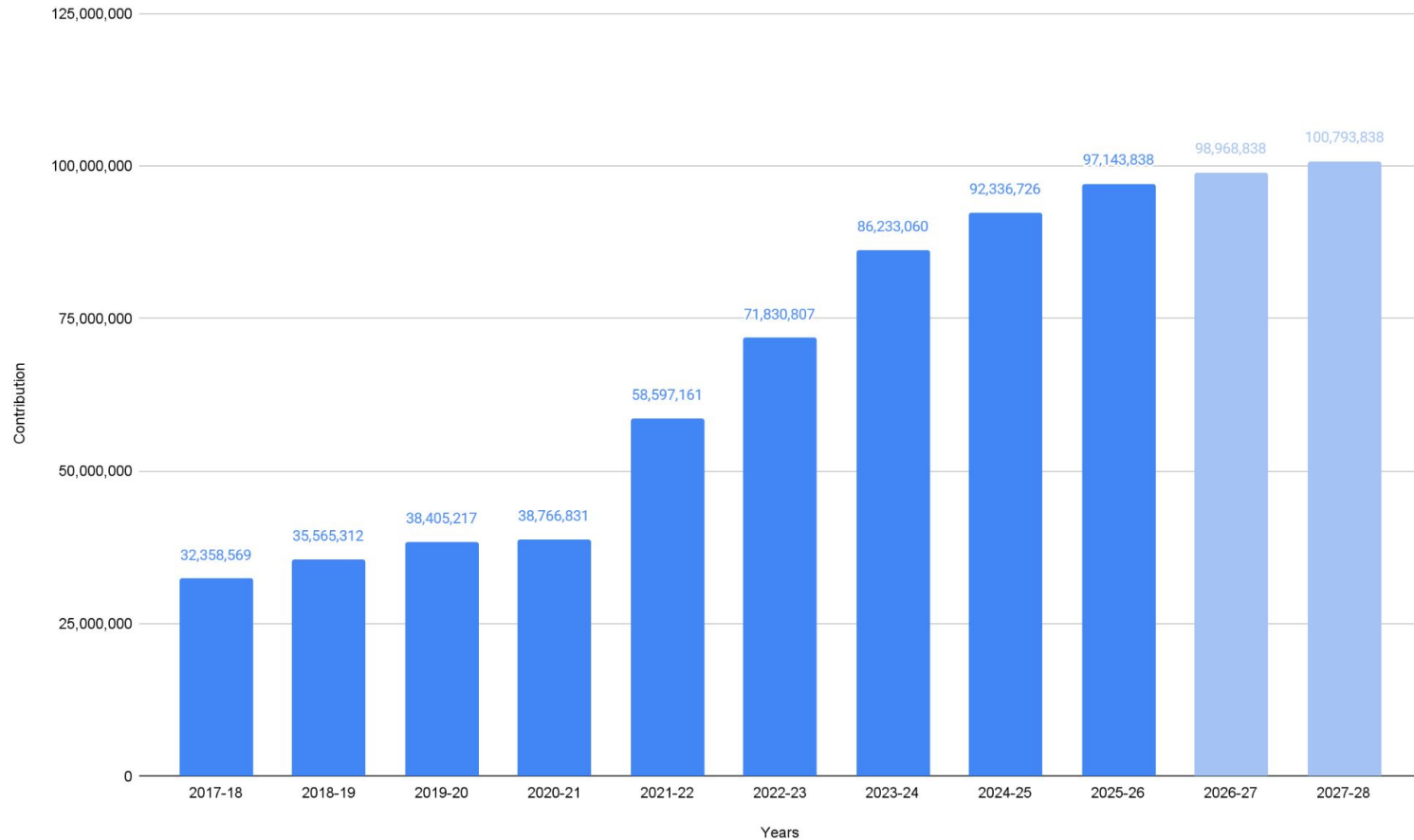
2026-27 STAFFING REDUCTION SUMMARY BY UNIT				
UNIT	2025-26 FTE COUNT	2026-27 FTE Reduction Suggestions	% of Staff	Estimated Reductions
United Teachers of Richmond	1582.38	19	1.20%	\$2,793,000
West Contra Costa Administrators Association	106.2	2	1.88%	\$414,000
Unrepresented Management	43	4	9.30%	\$970,000
School Supervisors Association	153	2	1.31%	\$308,000
Teamsters	1450.25	20	1.38%	\$1,920,000
Totals	3334.83	47	1.41%	\$6,405,000



FACTORS IMPACTING THE STRUCTURAL DEFICIT

- Increased contracted services due to staffing shortages in Special Education
- Decreased COLA funding since 2024-25 Budget Adoption & Second Interim
- Declining Enrollment/ADA & Funded ADA
- Increased operational costs
- Lower Indirect costs
- Less one time dollars remaining

Contributions to Special Education Services



2025-26 Multi-Year Budget Plan

2025-26 Estimated Fund 01 Revenues

2025-26 UNRESTRICTED REVENUES	
General Revenue (LCFF)	\$338,700,402
Federal Revenues	-
Other State Revenues	\$11,263,388
Other Local Revenues	\$6,869,513
TOTAL, REVENUES	\$356,833,303

2025-26 COMBINED REVENUES	
General Revenue (LCFF)	\$338,700,402
Federal Revenues	\$19,055,769
Other State Revenues	\$90,283,614
Other Local Revenues	\$25,595,324
TOTAL, REVENUES	\$473,635,109

LCFF: Local Control Funding Formula



2025-26 Estimated Fund 01 Expenditures

2025-26 UNRESTRICTED EXPENDITURES	
Certificated Salaries	116,175,121
Classified Salaries	39,549,673
Employee Benefits	75,937,359
Books and Supplies	5,357,145
Services, Other Oper Exp	43,287,628
Capital Outlay	0
Other Outgo	453,524
Direct Supp/Ind Cost	(4,758,403)
TOTAL, EXPENDITURES	276,002,047

2025-26 COMBINED TOTAL EXPENDITURES	
Certificated Salaries	173,923,025
Classified Salaries	77,457,559
Employee Benefits	139,301,261
Books and Supplies	16,253,202
Services, Other Oper Exp	103,658,203
Capital Outlay	4,075,811
Other Outgo	2,813,524
Direct Supp/Ind Cost	(1,407,738)
TOTAL, EXPENDITURES	516,074,847

Required Contributions to Restricted Programs

2025-26 Estimated Contributions to Restricted Programs	
Description	Amount
Special Education - Instruction	\$97,143,838
Restricted Maintenance Account	\$11,180,000
Other	\$23,000
TOTAL CONTRIBUTIONS	\$108,346,838



UNRESTRICTED General Fund Multi-Year Summary

	2025-26	2026-27	2027-28
Revenues	\$356,833,303	\$364,140,045	\$371,365,384
Expenditures	\$383,255,885	\$387,690,485	\$394,628,351
Operating Surplus (Deficit)	-\$26,422,582	-\$23,550,440	-\$23,262,967
Beginning Fund Balance	\$18,565,355	\$15,782,245	-\$3,026,962
Projected Ending Fund Balance	-\$7,857,227	-\$7,768,195	-\$26,289,929
Transfers In - Fund 17 Reserve	\$23,639,472	\$4,741,233	\$0
Projected Ending Fund Balance	\$15,782,245	-\$3,026,962	-\$26,289,929
Components of Ending Fund Balance			
Nonspendable	\$300,000	\$300,000	\$300,000
Restricted	\$0	\$0	\$0
Committed	\$0	\$0	\$0
Assigned	\$0	\$0	\$0
Unassigned/Unappropriated			
Reserve for Economic Uncertainty	\$15,482,245	\$15,143,290	\$15,043,709
Unassigned/Unappropriated	\$0	-\$18,470,252	-\$41,633,638



COMBINED General Fund Multi-Year Summary

	2025-26	2026-27	2027-28
Revenues	\$473,635,109	\$479,329,351	\$471,876,129
Expenditures	\$516,074,847	\$504,776,335	\$501,456,972
Operating Surplus (Deficit)	-\$42,439,738	-\$25,446,984	-\$29,580,843
Beginning Fund Balance	\$95,208,174	\$76,407,908	\$55,702,157
Projected Ending Fund Balance	\$52,768,436	\$50,960,924	\$26,121,314
Transfers In - Fund 17	\$23,639,472	\$4,741,233	\$0
Projected Ending Fund Balance	\$76,407,908	\$55,702,157	\$26,121,314
Components of Ending Fund Balance			
Nonspendable	\$300,000	\$300,000	\$300,000
Restricted	\$60,625,663	\$58,729,119	\$52,411,244
Committed	\$0	\$0	\$0
Assigned	\$0	\$0	\$0
Unassigned/Unappropriated			
Reserve for Economic Uncertainty	\$15,482,245	\$15,143,290	\$15,043,709
Unassigned/Unappropriated	\$0	-\$18,470,252	-\$41,633,639

Upcoming Budget Considerations

Parcel Tax Revenue ends June 2027

- Expires 6/30/2027
- Election needed to renew current funded services related to libraries, counseling, and athletics.
- Cannot project revenues for 27-28 until renewal
- Expenditures are contingent on the revenue and must also be removed from the 27-28 budget

Staff Recruitment & Retention

- Need to identify budget dollars to negotiate competitive compensation offers with our labor organizations

- Tonight's Budget Hearing is the first step in the budget approval process.
- Budget Adoption by the School Board Trustees is required by June 30th, prior to the start of each new fiscal year.
- The final budget adopted by School Board Trustees must be submitted to the County Office of Education for fiscal review.
- As the oversight authority, the County Office of Education will review the proposed budget for approval and submission to the CDE.

Questions?

Thank You