

BOUNDARY/ENROLLMENT BUDGET STUDY SESSION

BOARD OF EDUCATION MEETING
April 16, 2026



Objectives



Provide general declining enrollment and budget information for Trustees to refine the Assumptions that will drive the development of future school closure concepts that need to be vetted with the community prior to any Board decision.

01 Review the Challenge (School Years 2025-2035)

- DJUSD declining enrollment projections (updated)
- DJUSD Fiscal Outlook Projection (updated)

02 DJUSD Budget 101

- LCFF overview
- DJUSD General Fund Revenue and Expenditure Breakdown
- DJUSD Multi-year Budget Projections

03 Review the Challenge - Setting the Reduction Target

04 The Toolbox: Ways to Reduce Expenditures

- General Administration Overview
- Operational and Programmatic Options

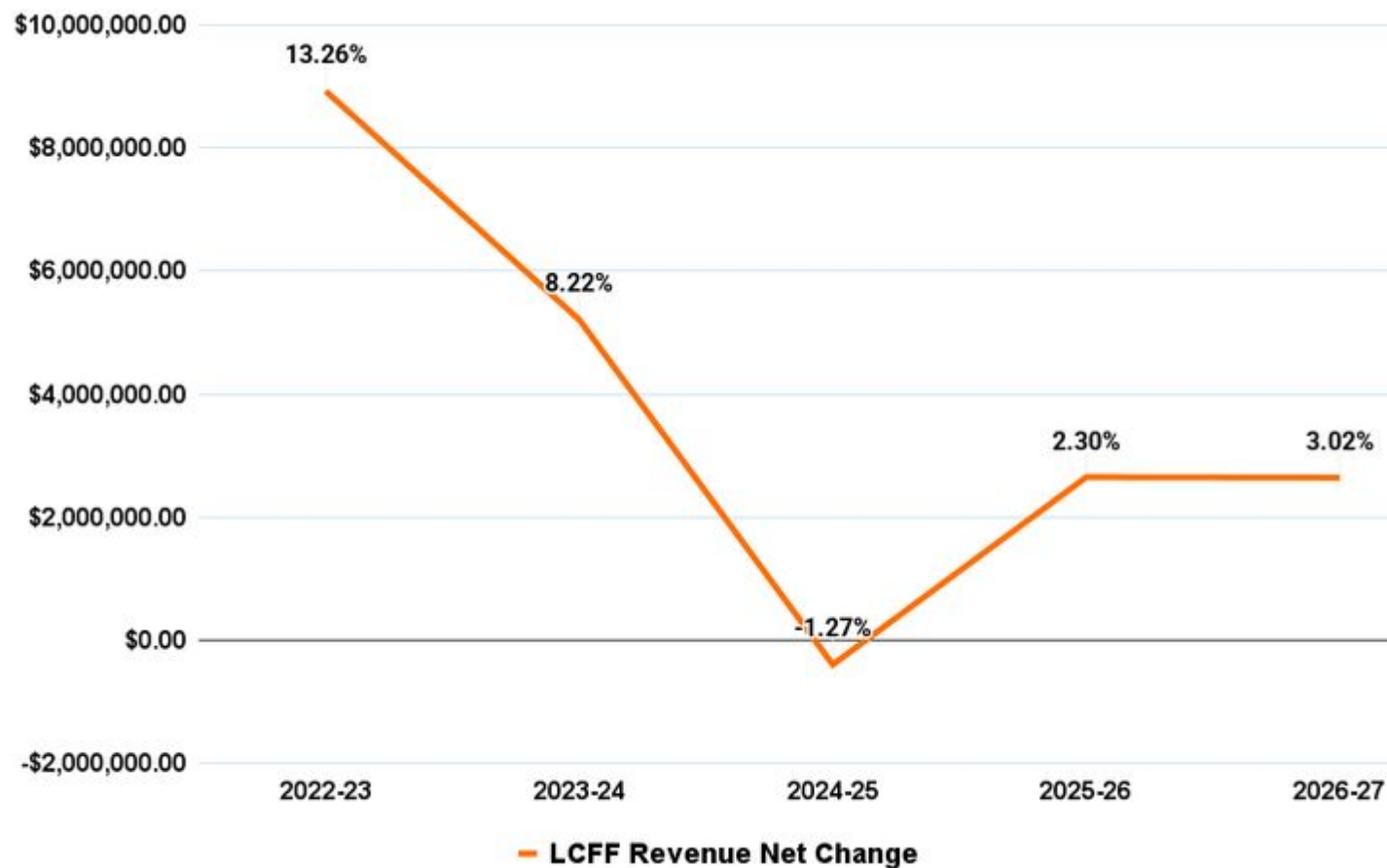
Once the CADIE Report is released (May) the District will provide comparisons to DJUSD expenses for UA 24-25



Review the Challenge

(School Years 2025-2035)

LCFF Revenue Growth/Decline



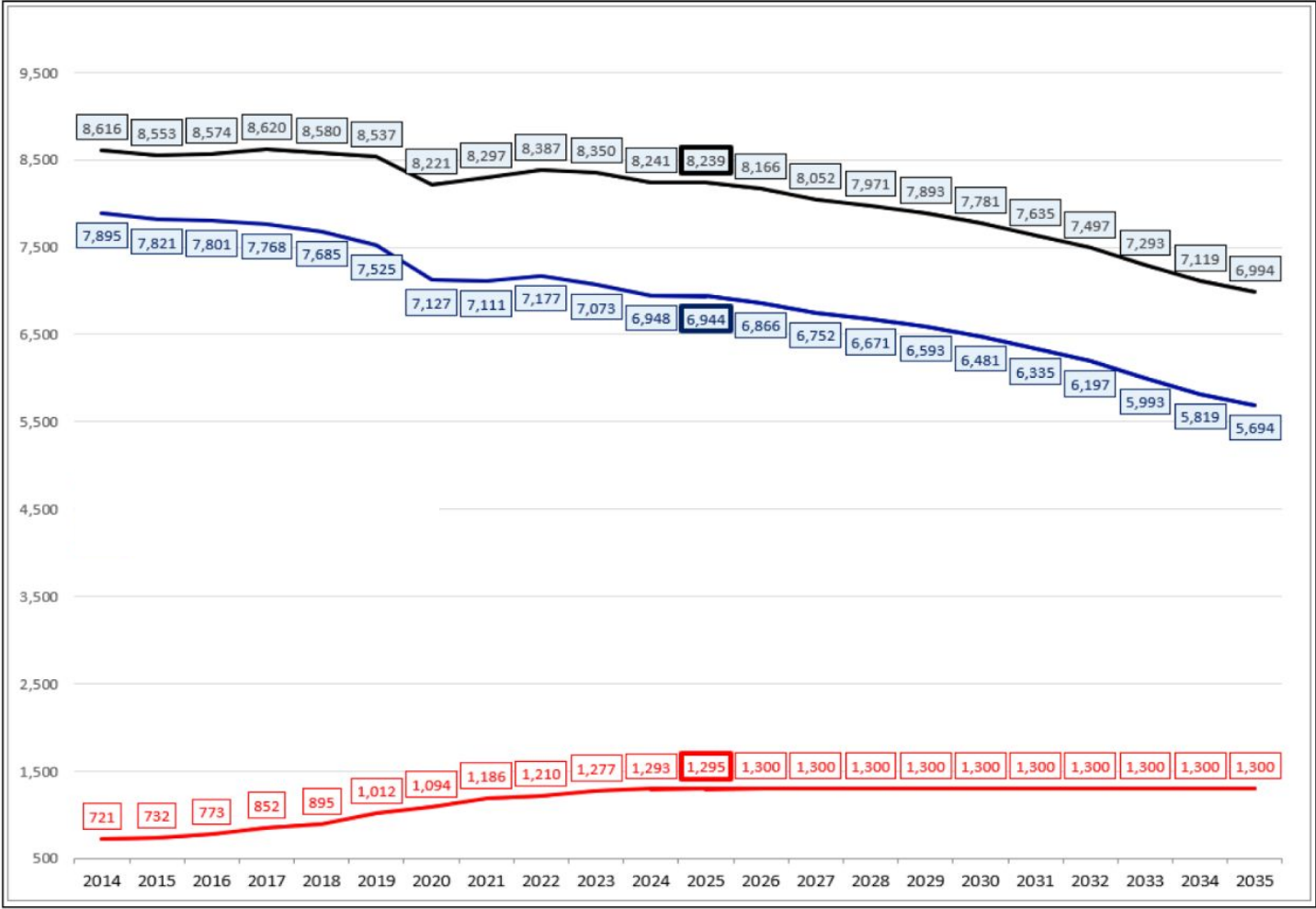
District Forecast

Total Projected Enrollment Decline of **1245** students between 2025 and 2035 and a total projected decline of **1622** students since 2014.

- **Resident Enrollment**
 - Declined by **951** since 2014-15
 - Average **-86** annually

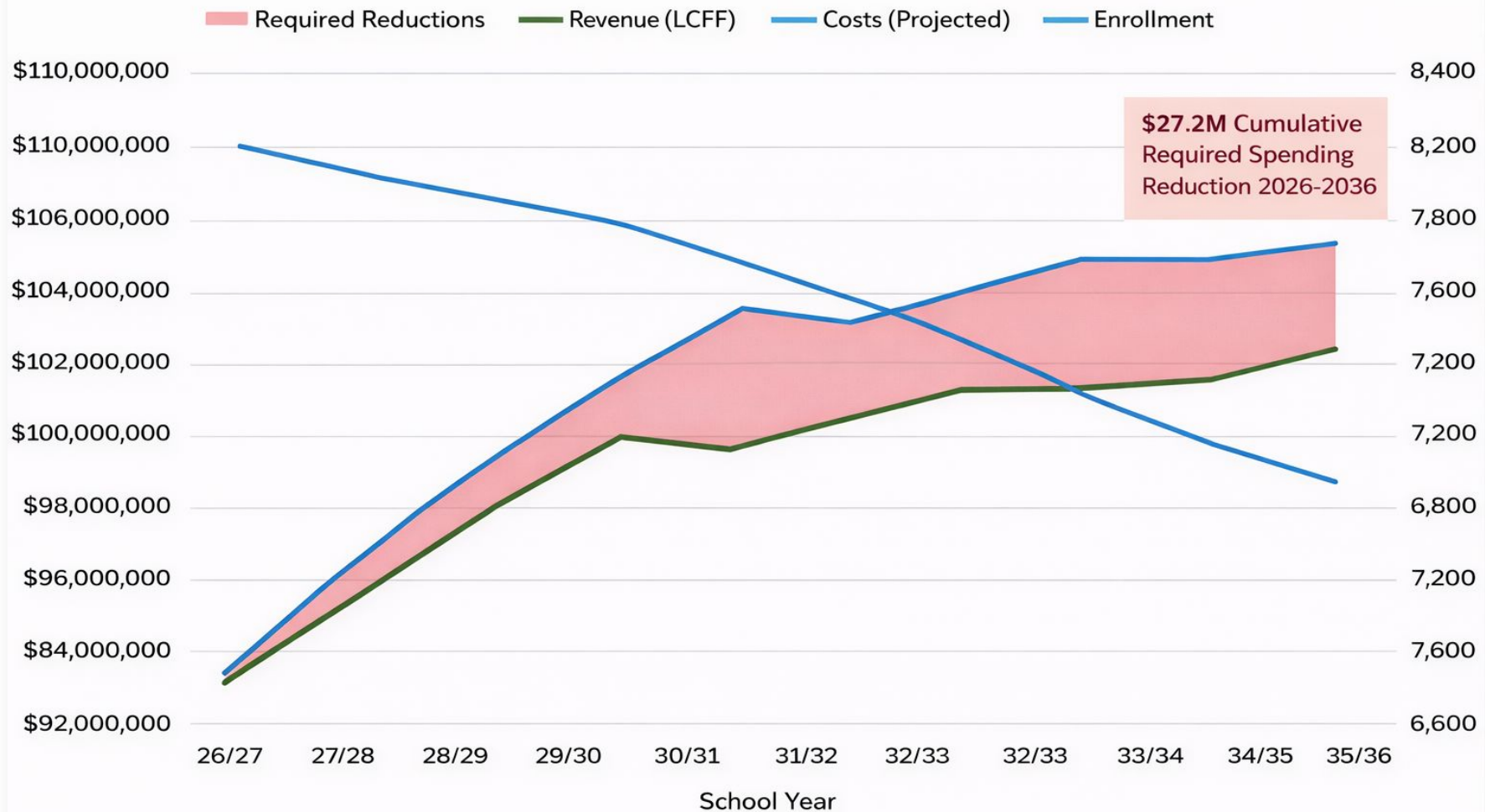
- **Non-Resident Enrollment**
 - Increased by **574** since 2014-15
 - Average **+52** annually
 - IDT increases started around the 2008/2009 school year

- Resident TK-12 Students
- Interdistrict Transfers (IDTs) TK-12 Students
- Total TK-12 Enrollment



Projected Decline

Attendance vs. Required Reductions for 26/27 - 35/36



DJUSD Budget 101

LCFF Overview

Enrollment Drives Funding

Districts receive a uniform **base grant** for every student enrolled, adjusted by grade level.

School districts receive additional 20% in **supplemental grant** (over the base grant) for ADA of students with greater challenges, defined as:

1. Low-income students
2. English learners
3. Foster/homeless youth



Districts receive **concentration grant** funding, an additional 65% of the adjusted base grant for each high-need student, applied to the percentage exceeding 55% of the total district enrollment.

These students are commonly referred to as **unduplicated students**. This is because even if they are in more than one of the specially funded groups, they are only counted once.

Districts have broad discretion on spending base grants, but supplemental and concentration funds must be used to "increase or improve services" for high-need students.



DJUSD LCFF Revenue

Base Grant:

A uniform per-student amount based on grade level (K-3, 4-6, 7-8, 9-12).

Supplemental Grant:

An additional 20% of the adjusted base grant for each high-need student. In 2025-26, DJUSD’s unduplicated percentage is 31.76%. The DJUSD supplemental grant for 25-26 totaled \$5.3M or an average of \$1,985 per unduplicated pupil.

Concentration Grant:

DJUSD is not eligible for a concentration grant.

Factors per ADA	TK-3	4-6	7-8	9-12
2025-26 Base Grant	\$10,256	\$10,411	\$10,719	\$12,423
Grade Span Adjustment Amount	\$1,067	----	----	\$323
2025-26 Adjusted Base Grants	\$11,323	\$10,411	\$10,719	\$12,7426
TK Add-on	\$5,545			

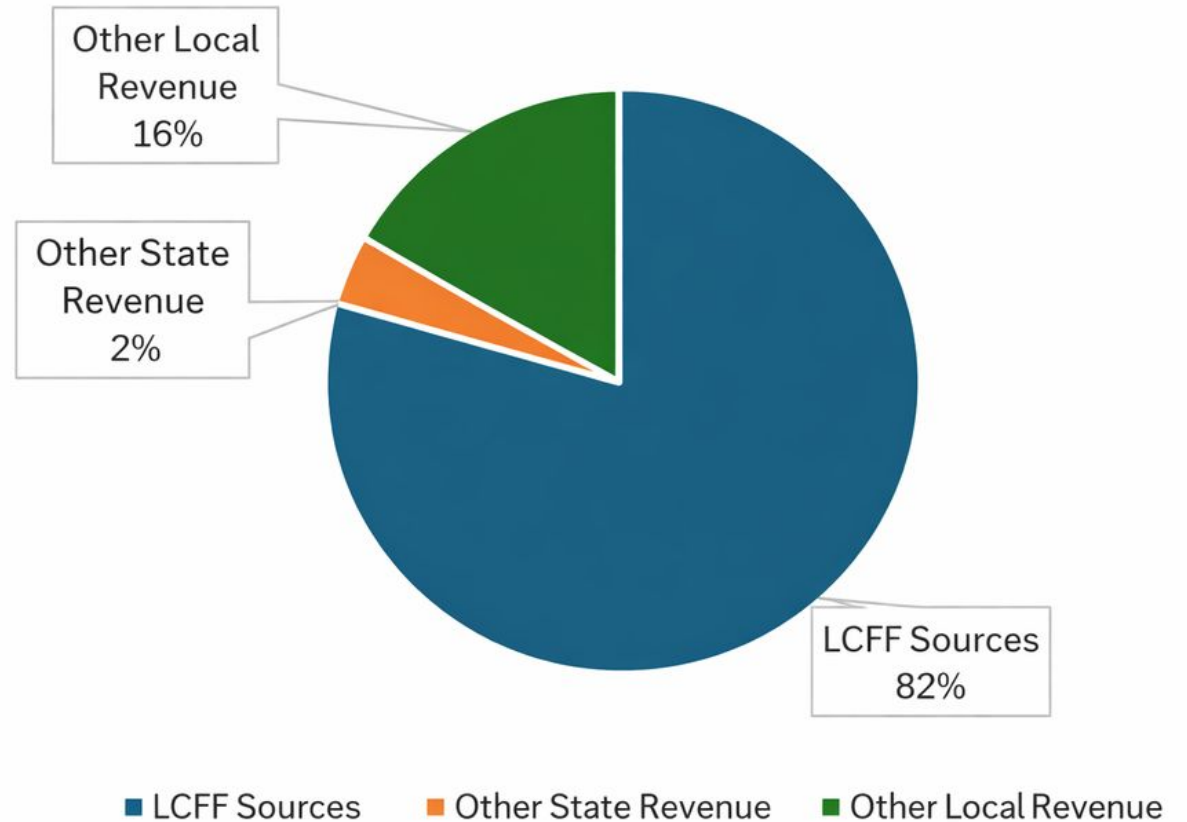


82% of General Fund Unrestricted Revenue is LCFF Funding

DJUSD General Fund Unrestricted Revenues

- The majority of DJUSD Revenue comes from state LCFF funding
- DJUSD is relatively unique in that a significant proportion of revenue is generated by parcel taxes

DJUSD General Fund - Unrestricted Revenue 2024-25
\$107,069,014.71



DJUSD Parcel Tax Contributes About 15% of General Fund Revenue

Davis is unique in that it receives the benefits of a parcel taxes on its community to support a variety of services.



In March 2020, Davis voters passed Measure G, a parcel tax for the purpose of continuing to enhance the ability of DJUSD to provide competitive compensation. Measure G generates approximately \$4.2 million per year.

In 2024, Davis voters passed Measure N, a parcel tax renewal that generates approximately \$12.1 million annually for quality educational programs.

Davis Spends Most of its Unrestricted Budget on Salary & Benefits (89.5% of Expenses)

Certificated Salaries

- Salary expenditure for certificated employees; primarily teachers

Classified Salaries

- Salary expenditure for classified employees; primarily support roles in a school system

Employee Benefits

- Includes Health and Welfare benefits & Statutory benefits

Books & Supplies

Services & Operations

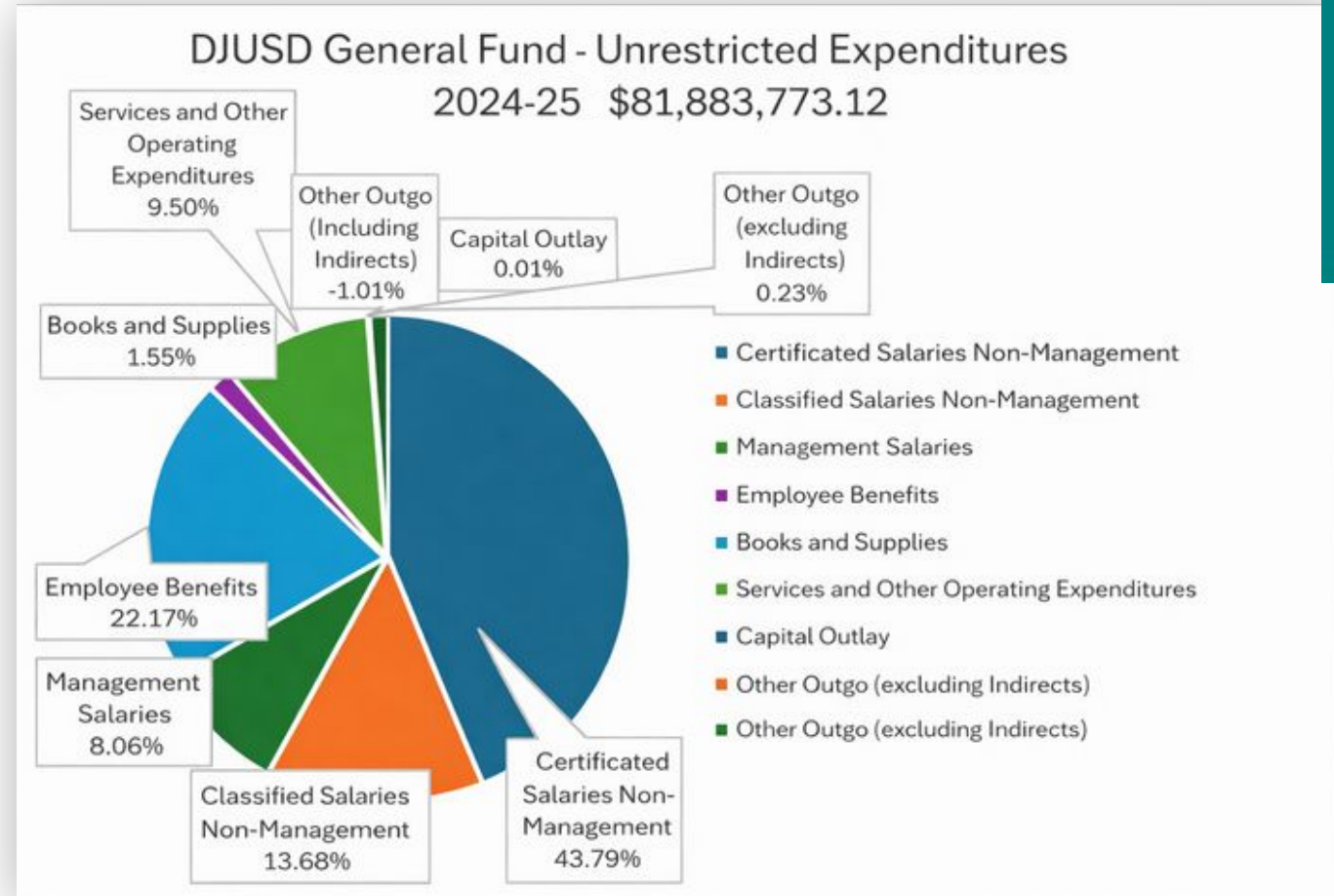
- This covers costs such as: utilities, housekeeping, rental, leases, repairs, insurance, etc.

Capital Outlay

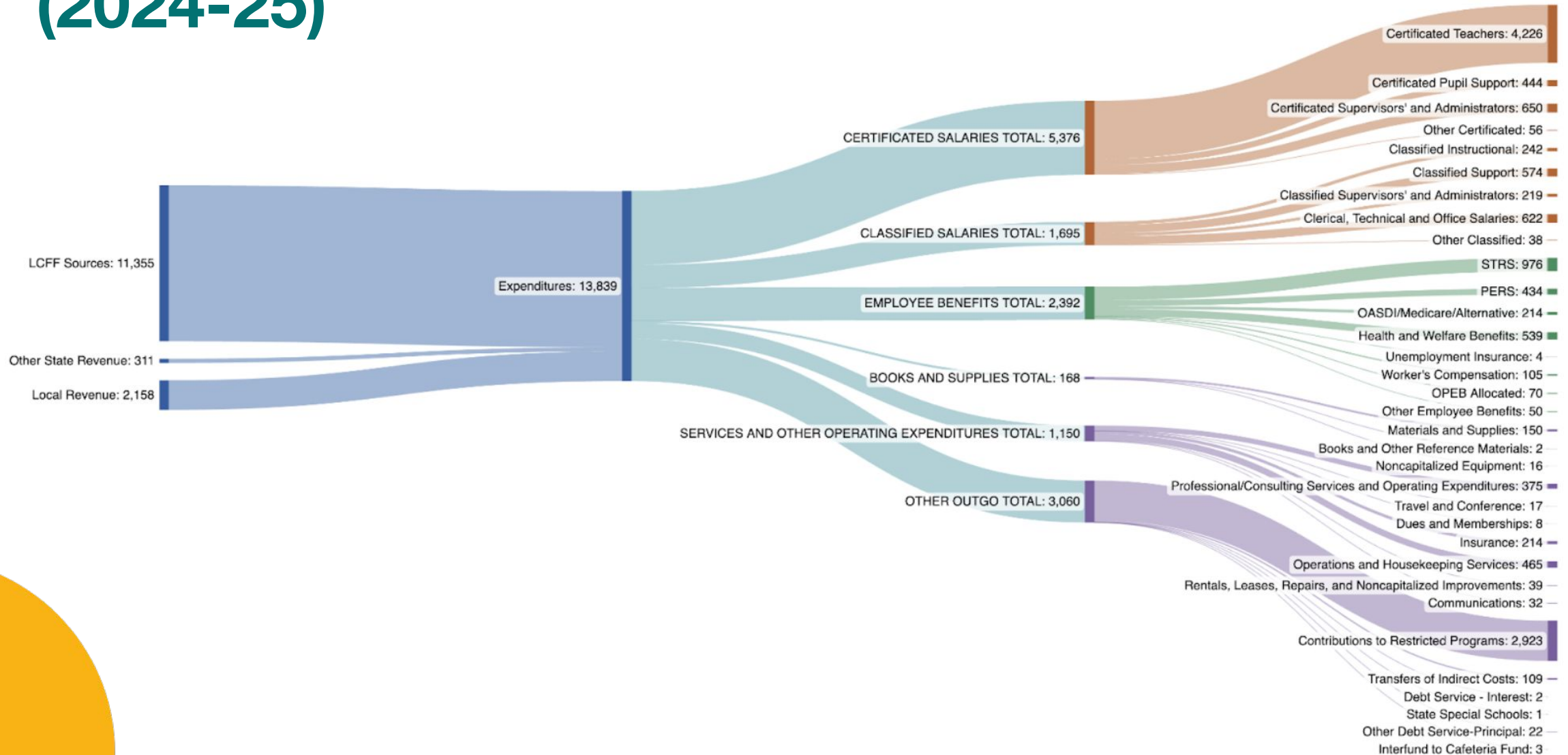
- This expense covers the purchase of fixed/tangible assets such as equipment and buildings

Other Outgo

- Debt service, pass-through funds to other agencies, and transfers between funds



DJUSD General Fund Unrestricted - Sankey Diagram: Revenue & Expenses Per ADA (2024-25)



DJUSD Multi-Year Budget Projections

Second Interim Multi-Year Projection Summary

Unrestricted General Fund	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>
Beginning Balance July 1	\$10,404,595	\$11,278,840	\$13,491,291
+ Revenues	\$84,982,973	\$87,624,310	\$89,651,455
- Expenditures	(\$84,078,612)	(\$86,081,743)	(\$86,874,743)
+ Budget Reductions	\$0	\$700,000	\$1,500,000
+/- Other Financing Sources/Uses	(\$30,116)	(\$30,116)	(\$30,116)
= Surplus/(Deficit) Spending	\$874,245	\$2,212,451	\$4,246,596
Ending Balance June 30	\$11,278,840	\$13,491,291	\$17,737,887
Total Ending Balance %	7.8%	9.9%	13.2%
Reserve for Economic Uncertainties %	3.0%	3.0%	3.0%
Reserve for Budget Stabilization %	3.0%	3.0%	3.0%
Reserve for Other %	1.8%	3.9%	7.2%

Does not include 2.75% compensation/benefits increase offered to DTA in 25-26. **Reserve will reduce by approximately \$1.7M if offer is accepted, bringing the reserve to 6.6%.**

If the 25-26 compensation increase is accepted, the reserve in 2026-27 reduces to approximately \$10.1M (or 7.3%) and in 2027-28 reduces to approximately \$12.6M (or 9.3%).

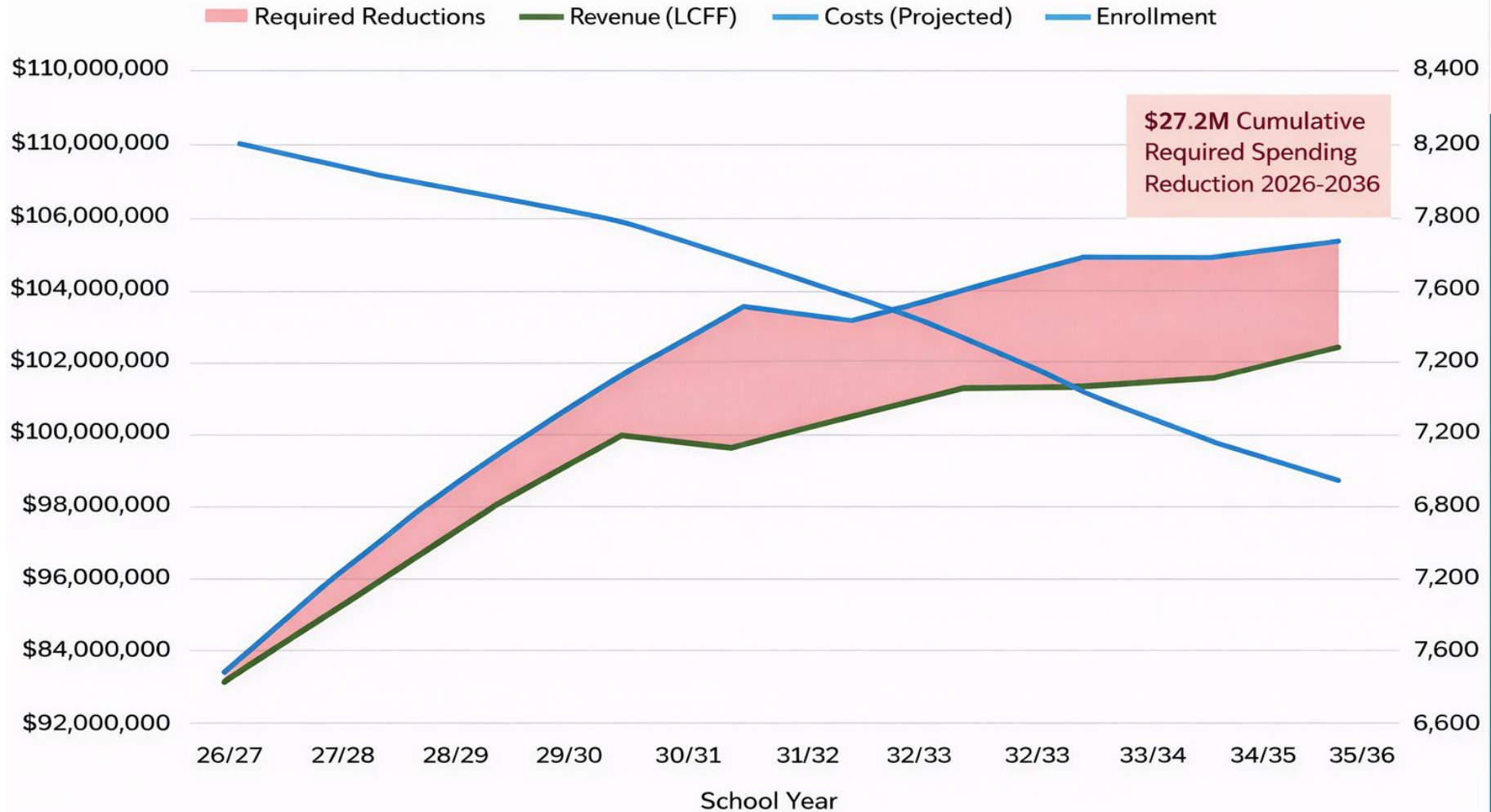
The average reserve level for unified districts in CA in 24-25 was 21.89% (*State-wide Unaudited Actuals - SSC report*). The state minimum reserve level is 3%. A reserve can buy the District time between a downturn in revenue and expenditure reductions.

Review the Challenge

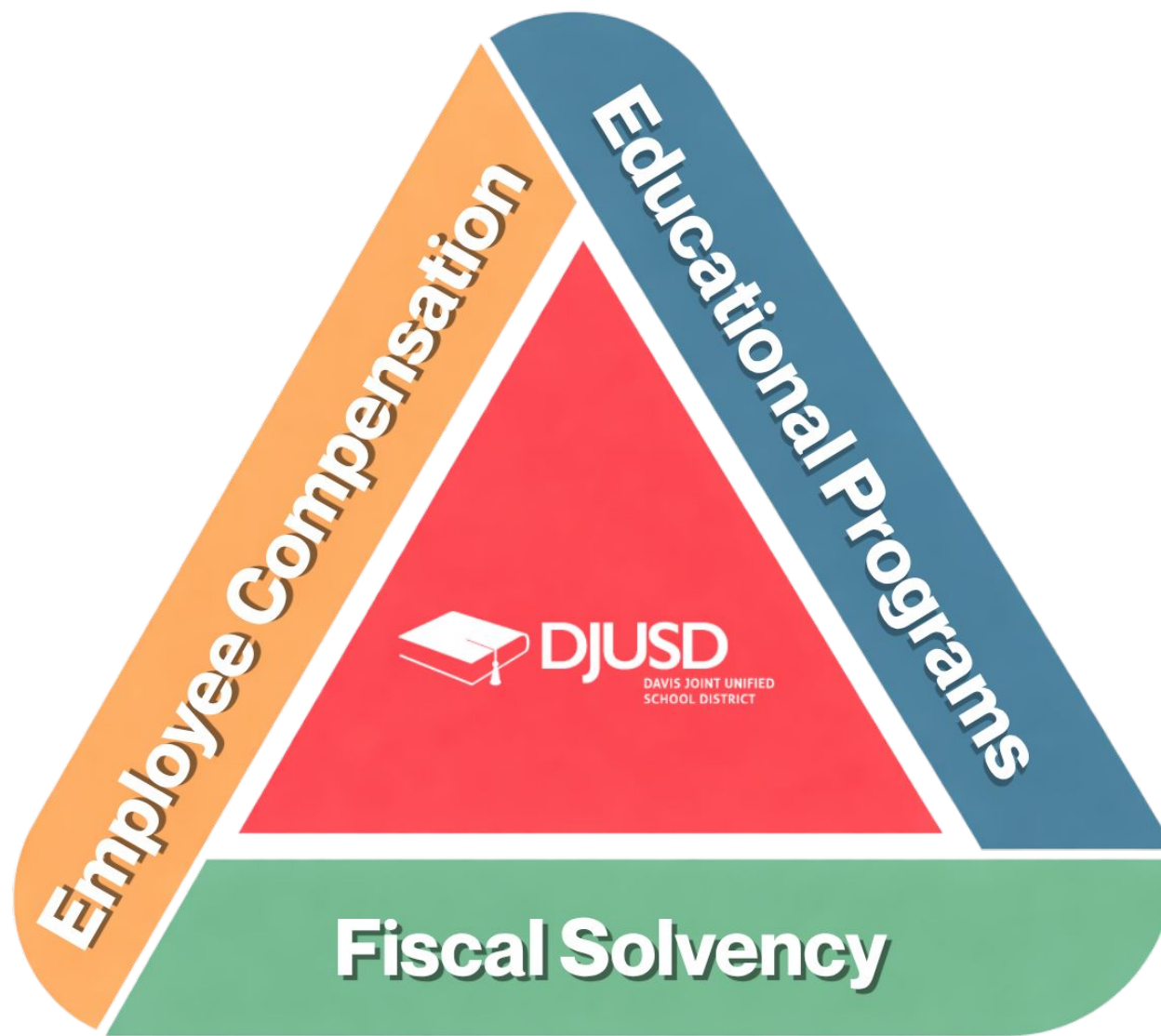
Setting the Reduction Target

Projected Decline

Attendance vs. Required Reductions for 26/27 - 35/36



Finding Balance in Economic Uncertainty



The Toolbox

Ways to Reduce Expenditures

General Fund by Activity 7000 - General Administration Year-by-Year Comparison

If the District were charging indirect costs (8.4%) to the Parcel Taxes (Measure N and G), like it does for other restricted funds, the General Administration expenditures would be reduced by \$1.37M (\$16,395,181 x .084 = \$1.37M) or .95% to 6.75%.

In order to charge indirect costs to the parcel tax, related programming would need to be reduced. **In 2023-24, the CA average for General Administration was 6%.**

	2023-2024 Unaudited Actuals	2024-2025 Unaudited Actuals	2025-2026 Current Budget
7000's - Function & Description	Percent of Total Expenditures	Percent of Total Expenditures	Percent of Total Expenditures
Grand Total - Function 7000's	9.75%	8.83%	7.70%
Adjusted for Parcel Tax In-directs	8.80%	7.88%	6.75%



Options for Reductions to Operations

Driven by the Decline with timing discretion	Total Cost
Variable Costs per 100 students*	\$800K
District Support Services per 100 students*	\$150K

KEY

*Derived from School Model Board Study Session Costs, March 2026

** Parcel Tax-Funded

*** Some Parcel Tax Funding and requires collective bargaining

**** Would require collective bargaining

***** Includes staffing including: Site Administration (principal, VP/TOSA, office staff), Support Services (library, counseling, reading, safety, tech, custodial). Some positions funded through parcel tax or other funds.

Other Options	Total Cost
+1 student per class in grades TK-6 (6 FTE)*****	\$660K
+1 student per class in grades 7-12 (5 FTE)*****	\$550K
* School Closure: Elementary*****	\$1.2M
School Closure: Junior High*****	\$1.75M
10% reduction in Materials and Supplies	\$130K
10% reduction in Travel and Conferences	\$13K
10% reduction in Outside Services (legal services, professional services, library digital resources, software services, etc)	\$290K
10% reduction in Custodial	\$375K

Options for Reductions to Program

Programmatic Options	Total Cost
10% reduction to specialists & Coordinators***	\$290K
10% reduction to counseling/mental health supports**	\$250K
10% reduction to 7th period** (2 FTE)	\$220K
10% reduction to summer school programming*	\$65K

KEY

*Some positions funded partially through restricted funds

** includes Full or Partial Parcel Tax-Funded positions

*** Some Parcel Tax Funding and requires collective bargaining

More Programmatic Options	Total Cost
10% reduction to Athletics **	\$78K
10% reduction to Libraries***	\$185K
10% reduction to Site Support Services	\$610K
10% reduction in District provided Site/Student Services Support*	\$170K
10% reduction in District provided Site/Instruction Support**	\$65K

Summary



- If the District declines in enrollment as projected, DJUSD will need to reduce **\$10.4M** within the next five years and approximately **\$27.2M** over the next ten years.
- The financial projections will be influenced by actual enrollment and attendance, collective bargaining decisions and the state budget each year.
- We must navigate the enrollment decline and corresponding revenue drops in real time while balancing fiscal solvency, employee compensation and educational programs.
- There is a toolbox of options to address required ongoing deep cuts that includes, but is not limited to, programmatic reductions, operations reductions and school closure/consolidation.
- Tonight's presentation is to inform our next steps in refining the Assumptions that will drive the development of new school closure concepts that need to be vetted with the community prior to any Board decision.

