

2026–27 Adopted Budget Presentation

Overview

The Downey Unified School District 2026–27 Adopted Budget reflects a “conservatively optimistic” approach, balancing current financial stability with long-term fiscal responsibility. The District prioritizes student outcomes, high-quality programs, and staff support while planning for future economic uncertainty

Guiding Principles

Budget development is grounded in key priorities:

- Improving the student experience
- Providing high-quality programs
- Recruiting and retaining strong staff
- Maintaining sustainable and scalable systems
- Ensuring long-term fiscal planning and stability

State and Economic Context

California’s current economic environment reflects stronger-than-expected revenues, largely driven by personal income tax growth. While this increases education funding, some funds are restricted or delayed, creating ongoing uncertainty for future budgets.

Additionally:

- Revenue volatility remains a concern due to reliance on the stock market
- State reserves help mitigate future downturns
- Not all funding increases are available for immediate use

Education Funding Overview

Education funding includes a combined cost-of-living adjustment (COLA), resulting in an effective increase of 4.31 percent.

District funding is primarily determined through:

Property taxes

State funding formulas under Proposition 98

Statewide tax revenues (personal income, sales, and corporate taxes)

Local Budget Highlights

- **Total General Fund Revenues:** \$492.4 million
- **Total General Fund Expenditures:** \$474.9 million

The majority of expenditures support:

- Salaries and benefits
- Instructional services
- Operational and program costs

Enrollment and Staffing Assumptions

Enrollment is projected to remain relatively stable in 2026–27 following recent fluctuations.

Budget assumptions include:

- Step and column salary increases
- A negotiated 2.0 percent salary increase effective July 1, 2025
- Statutory benefit rates for certificated and classified employees

Special Education Funding

Increased state funding for special education reduces the financial burden on the District's unrestricted general fund, helping to address structural budget pressures.

Compensation and Healthcare Costs

Employee compensation includes salaries, healthcare, and statutory benefits. Rising healthcare costs continue to create long-term financial pressure and must be carefully managed.

Reserves and Fiscal Stability

The District maintains strong reserves to support financial stability:

- Reserve for economic uncertainties projected at 7.82 percent
- Required minimum reserve (3 percent) is met and exceeded

Maintaining reserves helps:

- Protect classroom instruction
- Ensure staffing stability
- Sustain programs during economic downturns

Key Takeaways

- Strong state revenues provide increased funding in the current year
- One-time funds cannot support ongoing expenses
- Conservative budgeting protects students, staff, and programs over time
- Long-term planning and reserves are essential due to economic volatility