CSDC '26 Conference

CHARTER IMPACT

# IS THE JUICE WORTH THE SQUEEZE?

***Budgeting when funding is complicated***



# Connect to Wi-Fi

**NETWORK:** CSDC Attendee
**PASSWORD:** csdc2026

CSDC '26 Conference

# SPEAKERS



**Marie Arce**
*Senior Director of Client Finance*

CHARTER IMPACT



**Cindy Wagner**
*Superintendent*

O'FARRELL Charter Schools



**Bill Dobson**
*Executive Director*

my academy MOTIVATED YOUTH ACADEMY



**Matthew Lemos**
*Director of Client Finance*

CHARTER IMPACT

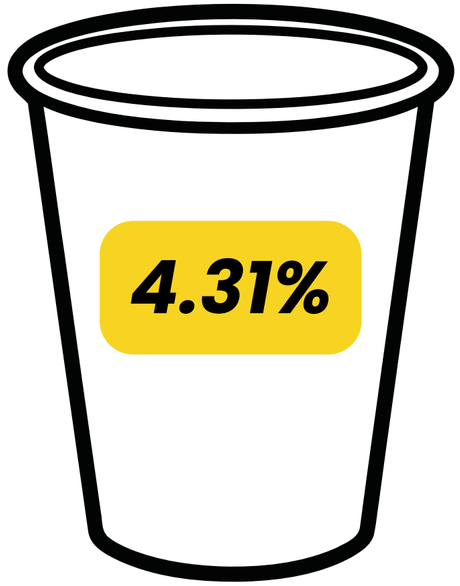
# A RECORD YEAR THAT DOES NOT FEEL LIKE ONE




*Total TK-12 funding in 2026-27 across all state and federal sources*




*Per student, all sources a historic high*




*COLA on LCFF, higher than anyone projected in January*

***So why are most of us budgeting more cautiously than we were three years ago?***

# WHY THIS MONEY SHOWED UP, AND WHY IT MAY NOT STAY

## *What drove it*

- *A surge in state revenue tied to the run-up in AI and tech stocks*
- *Prop 98 rises with the General Fund, so schools rose with it*
- *The Legislature added roughly $400M more in final negotiations*

## *What that means for Year Three*

- *Capital gains are the most volatile slice of the General Fund*
- *The state still carries billions in budgetary debt and projects structural deficits*
- *A market correction reaches your LCFF, not just Sacramento*

***Revenue that arrives because of a stock market can leave the same way.***
***Treat the source, not just the amount.***

# THE BLOCK GRANT, IN THREE MOVES

**June 2025**

**$1.8B**

*Prior discretionary grant*

**January 2026**

**$2.8B**

*Governor's proposal*

**Enacted, June 2026**

**$5.0B**

*About $937 per student*

***It is titled Student Support and Professional Development.***
***In practice, LEAs can spend it on nearly anything.***

CSDC '26 Conference

***LIVE POLL***

# WHAT ARE YOU DOING WITH YOUR BLOCK GRANT?

**A**

*Already spent or committed most of it*

**B**

*Holding it in reserve*

**C**

*Spreading it across the full window*

**D**

*Still deciding, honestly*

# FOUR THINGS YOU CAN DO WITH ONE-TIME MONEY

**Bank**

*Build reserves, retire liabilities, pre-fund a cost you already know is coming.*

**Buy**

*One-time assets: curriculum, technology, deferred maintenance, furniture.*

**Build**

*Capacity that outlasts the money: training, systems, credentialing pipelines.*

**Bridge**

*Temporary staffing or programs, with a written end date and a funded off-ramp.*



*Lower Risk*

*Higher Risk*

CSDC '26 Conference

## CASE STUDY - MY ACADEMY

# WE HELD $150,000 IN A-G FUNDS FOR THREE YEARS, THEN SPENT IT ON STAFF WE ALREADY HAD

### THE FUNDING

*Two A-G grants, $75,000 each: Access and Success, plus Learning Loss Mitigation. $150,000 total, carried unspent into grant years four and five.*

### THE DECISION

*Draw it against certificated salaries unrestricted was already carrying: a counselor on one grant, teachers on the other.*

### WHAT HAPPENED

*$50,000 cleared in FY24-25 by a one-year-end reclass. $100,000 cleared in FY25-26 as payroll posted, done by December. No new position, no cliff.*

### WHAT I WOULD DO DIFFERENTLY

*Expense it to the grant monthly from day one. A single reclass is a scramble and a harder story to tell at audit.*



# THE ONE-TIME MONEY MAP

| Source | Statewide | How it is allocated | Spend by |
|---|---|---|---|
| Student Support Block Grant | $5.0B one-time | Per 2025-26 ADA | Through 2032* |
| Learning Recovery Block Grant | +$757.3M | Formula augmentation | LREBG window |
| Literacy coaches | $350M one-time | Targeted | Multi-year |
| K-2 reading screening | $40M one-time | Targeted | Multi-year |
| Educator residencies | $250M one-time | Competitive | Through 2029-30 |
| Community Schools | $1B ongoing | Grantees; 65%+ UPP | 5-year cycles |

** Confirm your exact deadline in the trailer bill language before you build a spend plan around it.*

# ONGOING IS NOT ALWAYS ONGOING

## Community Schools

*$1B is ongoing, but it flows to existing grantees and to sites at 65% unduplicated or higher.*

*Cohort 1 reaches its final implementation year in 2026-27. Extension grants top out around $100K.*

## Prop 28 arts

*Ongoing, but tied to staffing rules and a supplement-not-supplant test.*

*The position you hire outlasts any single year's allocation, and the reporting follows it.*

## Expanded learning

*The rate is fixed. The program obligations attached to it are not.*

*Carryover comes with strings, and unspent balances invite questions you do not want at audit.*

---

***Ask of every ongoing line: ongoing for whom, and for how long?***

# PART OF YOUR COLA IS ALREADY SPENT

**4.31%**

*The COLA also carries a new requirement: up to 14 weeks of paid pregnancy disability leave for TK-12 staff.*

**What to model before you call it a raise**

- *Substitute and coverage costs during leave*
- *Employer STRS and PERS on both the leave and the coverage*
- *Small schools absorb a single leave far less smoothly than a district*
- *No separate revenue line offsets any of it*

CSDC '26 Conference

# THE CLIFF MOVED - IT DID NOT DISAPPEAR




*held back from Prop 98, which school groups argue belongs to schools now*




*is when the unpaid 2025-26 obligation comes back into the budget conversation*




*allocations and grant programs remain their own open question*




*keeps drifting, and every formula here starts with attendance*

***None of these are predictions. They are the four things that would change your Year Three if they broke the wrong way.***

# SAME DOLLARS, DIFFERENT LANDING

**Prior-year ADA lags growth**

*A grant sized on last year's attendance underfunds the students you actually serve.*

**Windows outlive terms**

*A spend window running to 2032 crosses at least one renewal for most schools.*

**Authorizers read the MYP**

*A Year Three deficit is a fiscal finding, not just a planning note.*

**Lenders read the ratio**

*Check whether one-time revenue counts toward your debt service coverage covenant.*

**Compliance costs more**

*A lean back office pays a higher price per grant dollar than a county office does.*

**No district cushion**

*There is no larger balance sheet to absorb a program that outlives its funding.*

# WHY YOUR INTERIM LOOKS GREAT AND YOUR MYP DOES NOT

| | 2026-27 | 2027-28 | 2028-29 |
|---|---|---|---|
| Ongoing revenue | 10,200,000 | 10,400,000 | 10,500,000 |
| One-time revenue | 1,150,000 | 250,000 | 0 |
| Total revenue | 11,350,000 | 10,650,000 | 10,500,000 |
| Total expenses | 10,600,000 | 10,900,000 | 11,200,000 |
| Net position | 750,000 | -250,000 | -700,000 |
| Ending balance, % of expenses | 17.90% | 15.10% | 8.50% |

***Nothing went wrong in this budget. The one-time revenue simply stopped, and the expenses it carried did not.***

# ONE-TIME MONEY SHOULD NEVER BE THE ONLY THING HOLDING UP A RECURRING COST.



*Your core is what you would still fund in a lean year:*

***Staffing ratios*** ***Compliance*** ***Facilities*** ***Base instructional program***

CSDC '26 Conference

## CASE STUDY - O'FARRELL CHARTER SCHOOLS

# WE USED LREBG TO KEEP COVID POSITIONS, AND NOW STAFF THINK THEY ARE PERMANENT

### THE FUNDING

*LREBG, apportioned at $2,767,116. The 2023 Budget cut it to $2,371,034 and recovered $396,082. FY25-26 brought back $132,427.*

### THE DECISION

*Keep the positions and support that COVID funds had stood up as a temporary measure, paid now from LREBG.*

### WHAT HAPPENED

*Years of continuation made the roles read as permanent to staff. A healthy ending fund balance each year makes cutting them harder to justify.*

### WHAT I WOULD DO DIFFERENTLY

*Eliminate the positions when the funding was eliminated. The conversation does not get easier with another year of payroll behind it.*



# THE SQUEEZE TEST




*Does the expense outlive the funding?*




*If it does, what is the off-ramp, and who has agreed to it in writing?*




*What does compliance cost, measured against the size of the award?*




*Does it advance an LCAP goal or a strategic priority, or is it just available?*




*Could you defend this decision to your board, your authorizer, and your auditor in Year Three?*

# IMPACT AGAINST ADMINISTRATIVE BURDEN

| | Low admin burden | High admin burden |
|---|---|---|
| High impact | **Chase it**<br>*Worth real staff time. Put it on the calendar and assign an owner.* | **Think hard**<br>*Only with capacity to administer it. Price the compliance before you apply.* |
| Low impact | **Take it if easy**<br>*Accept it, spend it cleanly, do not build a program around it.* | **Walk away**<br>*The juice is not worth the squeeze. Saying no is a legitimate budget decision.* |

# A ONE-PAGE GO / NO-GO

## *Five things to price out*

- *Hours to write the application, and whose hours*
- *Match or maintenance-of-effort requirements*
- *Reporting cadence over the full grant life*
- *Staff you must hire to run it*
- *What happens to all of it when the grant ends*

## *Watch the audit threshold*

*Federal expenditures above $1 million in a fiscal year trigger a Single Audit.*

*One more federal grant can push you over the line and add cost across every federal program you run, not just the new one.*

# TIMING THE SPEND




**Spend the restricted money first**

*Earliest deadline and tightest strings go first. Flexible dollars are your last line of defense, so spend them last.*




**Ladder the block grant across its window**

*A multi-year window is a gift. Front-loading it converts a cushion into a cliff you built yourself.*




**Designate the balance by board action**

*Committing fund balance shows the board, the authorizer, and your lender that the money is already spoken for.*

# ONE CALENDAR, ONE OWNER

## Jul – Sep

*Allocations post. Carryover is booked. Fall grant applications open.*

## Oct – Dec

*First interim. Expenditure reports. Grants nearing their end get a closeout plan.*

## Jan – Mar

*Governor's budget. Second interim. Competitive deadlines cluster here.*

## Apr – Jun

*May Revise. LCAP and budget adoption. Spend-down deadlines land.*

## School owns

*the program decision, the LCAP tie, the staffing plan.*

## Back office owns

*the deadlines, the coding, the reports, the reconciliation.*

## Shared

*the spend plan, the board narrative, and the Year Three story.*

# YOUR MONDAY MORNING CHECKLIST



*Tag every one-time dollar in your budget so you can see them as a group.*



*Run the multi-year projection all the way through Year Three, with the one-time revenue gone.*



*Apply the Squeeze Test to anything that adds headcount.*



*Take a board action designating what the block grant balance is for.*



*Put every expiration and reporting date on one calendar with one named owner.*

CHARTER IMPACT

CSDC '26 Conference

# QUESTIONS?

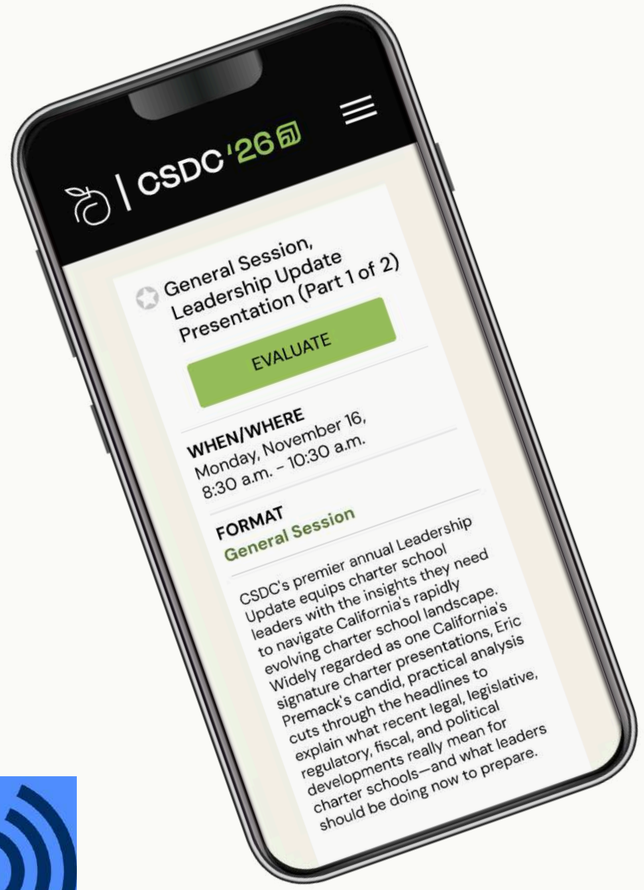
# MAKE SURE THE JUICE IS WORTH THE SQUEEZE.



**Scan the code for access**

*Squeeze Test worksheet, go / no-go one-pager, and the funding calendar template.*

# We Value Your Feedback




Please complete the evaluation form linked in the session description.
Your feedback helps **me** improve my sessions, and CSDC's programming committee continue to select the strongest presentations in the sector.

**Submit your feedback by November 30 and qualify** to win one of a **$100** or **$50** Visa gift cards.

YOUR FEEDBACK MATTERS

# Scan.
# Share.
# You could win.

## Tell me how I did.

CSDC '26

SCAN TO SHARE YOUR FEEDBACK

SUBMIT BY NOVEMBER 30 TO QUALIFY

**$100 or $50**

**VISA GIFT CARD**

#CSDCCONFERENCE