



UNIFIED SCHOOL DISTRICT
Business Services

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2024-25 Second Interim
Mrs. April Juarez, Executive Director of Fiscal Services

The Governor’s budget, released on January 10, 2025, represents an increase of approximately \$7.5 billion in Proposition 98 guarantee over the three-year period relative to the 2024 Budget Act. However, the budget proposes to provide only \$117.6 billion for education programs in 2024-25 instead of the current calculated Proposition 98 level of \$119.2 billion. This is intended to mitigate the risk of appropriating more resources than are ultimately available when the final calculation for 2024-25 is made after the end of the fiscal year. The 2025-26 budget includes \$118.9 billion in Proposition 98 funding for all TK-12 programs for continued fiscal stability to meet the current obligations to TK-12 education.

The state budget faces additional financial risks due to massive wildfires, chronic absenteeism due to immigration concerns for families, and potential federal policy and funding changes, which may impact both revenues and expenditures.

Given the risks associated with the state budget, the local educational agencies are urged to exercise caution when budgeting for future years.

Planning Factors for 2024-25 Second Interim

Planning Factors	2024-25	2025-26	2026-27
Cost-of-living Adjustment (COLA)	1.07%	2.43%	3.52%
CalSTRS	19.10%	19.10%	19.10%
CalPERS	27.05%	27.40%	27.50%

Like many LEAs, Lodi Unified School District faces similar near and long-term challenges, such as risks to the state revenue forecast, declining enrollment, inflationary pressures, including pension rate increases, and rising personnel costs. In addition, uncertainties about federal grant funding delays or any future cuts are unknown.

The effects on fund and cash balances due to spending down of prior years’ one-time revenues will be witnessed in future years as the district continues to project deficit spending. Thus, proactive steps to reduce spending are needed to help safeguard the reserve levels, prevent their depletion, and minimize the need for deeper reduction in the future.

The Second Interim Budget report includes any changes that affected the revised budget as of January 31, 2025, including the fiscal impact of one-time supplemental allocation for health and welfare and salary increases for all employee groups settled as of January 31, 2025. Negotiations are ongoing with LEA.