



Budget Right-Sizing Update

Board Meeting
September 18, 2025
Agenda Item No. 12.2

Presented by:

Janea Marking, Chief Business and Operations Officer

SCUSD Core Value & Guiding Principle

SCUSD Core Value

We recognize that our system is inequitable by design and we vigilantly work to confront and interrupt inequities that exist to level the playing field and provide opportunities for everyone to learn, grow and reach their greatness.

SCUSD GUIDING PRINCIPLE

All students are given an equal opportunity to graduate with the greatest number of postsecondary choices from the widest array of options

Agenda

- **The Data Points Are In**
- **Two Challenges**
- **The Months Ahead**
- **Next Steps**

Year 1

Assessing
the Financial
Landscape
and
Prioritizing
Investments

Year 2

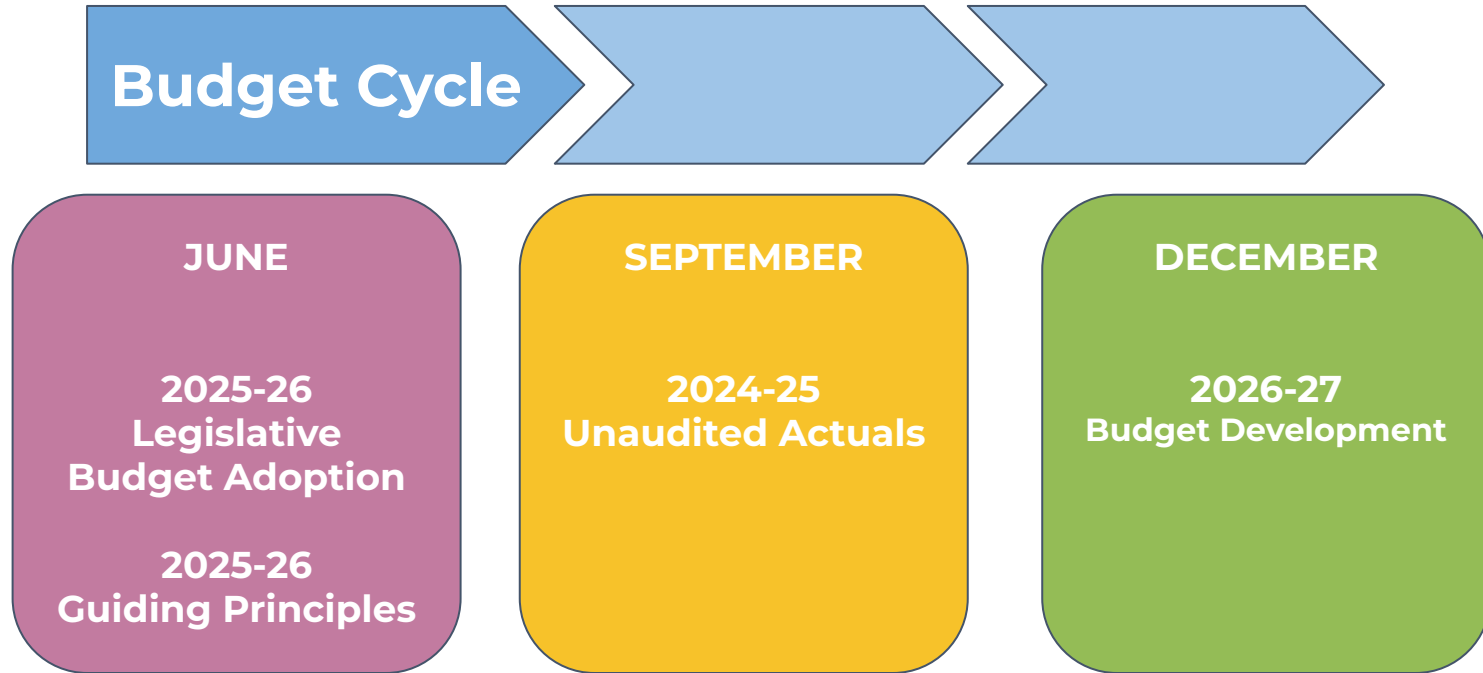
Implementing
Strategic
Budget
Adjustments

Year 3

Continue the
Right Sizing
Cycle

Data Points

Budget Right-Sizing Plan





Unknown Costs of Negotiated Settlements

Updated Multi Year Projection

FUND 01 2024-25 Unaudited Actuals, 2025-26 Adopted Budget & MYP

Unaudited
Actuals

Function	2024-25 Unaudited Actuals			2025-26 Adopted Budget			2026-27 Projected Budget			2027-28 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
AND OTHER FINANCING SOURCES												
Salaries	485,687,777	2,985,183	488,672,960	485,862,174	2,688,064	488,550,238	494,380,583	2,688,064	497,068,647	510,199,348	2,688,064	512,887,412
Salaries	9,129,356	48,166,973	57,296,329		52,969,003	52,969,003		39,910,921	39,910,921		39,910,921	39,910,921
Revenues	11,970,752	123,346,351	135,317,103	12,464,964	116,141,142	128,606,106	12,464,964	114,147,432	126,612,396	12,464,964	114,147,432	126,612,396
Revenues	15,375,175	8,683,025	24,058,200	14,585,391	7,946,272	22,531,663	33,605,391	7,877,638	41,483,029	13,792,455	7,814,488	21,606,943
TOTAL REVENUES	522,163,059	183,181,533	705,344,592	512,912,529	179,744,481	692,657,010	540,450,338	164,624,055	705,074,993	536,456,767	164,560,905	701,017,672
EXPENDITURES AND OTHER FINANCING SOURCES												
Salaries	218,471,232	99,871,987	318,343,219	218,744,200	89,182,004	307,926,204	201,876,902	86,236,843	288,113,745	198,164,686	85,216,764	283,381,450
Salaries	62,468,377	39,768,173	102,236,550	64,724,110	55,539,782	120,263,892	57,974,603	54,256,285	112,230,888	58,303,154	54,383,254	112,686,408
Employee Benefits	143,248,936	98,413,589	241,662,525	140,684,922	123,549,804	264,234,725	132,585,156	112,839,831	245,424,988	135,119,399	111,904,216	247,023,615
Books & Supplies	10,650,543	7,845,566	18,496,110	7,804,267	19,207,717	27,011,985	4,304,267	12,885,546	17,189,813	4,304,267	11,914,775	16,219,042
Services & Other Operating Expenses	42,774,523	113,582,324	156,356,847	28,936,153	34,865,144	63,801,296	21,086,153	28,129,649	49,215,802	21,086,153	42,344,796	63,430,949
Capital Outlay	2,060,365	8,828,475	10,888,840	1,684,909	7,069,361	8,754,270	1,684,909	3,229,758	4,914,667	1,684,909	2,545,190	4,230,099
Other Outgo (excluding Indirect Costs)	1,113,285		1,113,285	1,378,467		1,378,467	1,378,467		1,378,467			1,378,467
Other Outgo - Indirect Costs	(12,259,718)	10,048,293	(2,211,426)	(12,953,967)	10,719,860	(2,234,108)	(12,205,420)	9,971,312	(2,234,108)	(12,042,117)	9,808,010	(2,234,108)
TOTAL EXPENDITURES	468,527,542	378,358,407	846,885,949	451,003,061	340,133,672	791,136,732	408,685,037	307,549,224	716,234,261	407,938,918	318,119,004	726,117,522
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES	53,635,517	(195,176,874)	(141,541,357)	61,909,468	(160,389,191)	(98,479,722)	131,765,301	(142,925,169)	(11,159,268)	128,457,849	(153,558,099)	(25,100,250)
OTHER FINANCING SOURCES/USES												
Interfund Transfers												
Transfers In	3,257,064	1,590	3,258,654	3,755,880	-	3,755,880	3,755,880	-	3,755,880	3,755,880	-	3,755,880
Transfers Out	3,418,774		3,418,774									
Contributions	(163,124,806)	163,124,806		(147,081,944)	147,081,944		(144,834,870)	144,834,870		(145,131,380)	145,131,380	
TOTAL, OTHER FINANCING SOURCES/USES	(163,286,517)	163,126,397	(160,120)	(143,326,064)	147,081,944	3,755,880	(141,078,990)	144,834,870	3,755,880	(141,375,500)	145,131,380	3,755,880
NET INCREASE (DECREASE) IN FUND BALANCE	(109,650,999)	(32,050,478)	(141,701,477)	(81,416,596)	(13,307,246)	(94,723,842)	(9,313,089)	1,909,701	(7,403,388)	(12,917,651)	(8,426,719)	(21,344,370)
FUND BALANCE, RESERVES												
Beginning Fund Balance	172,005,384	126,825,752	298,831,135	62,354,384	94,775,274	157,129,658	(19,062,211)	81,468,027	62,405,816	(28,375,300)	83,377,729	55,002,428
Other Restatements												
Ending Fund Balance	62,354,384	94,775,274	157,129,658	(19,062,211)	81,468,027	62,405,816	(28,375,300)	83,377,729	55,002,428	(41,292,951)	74,951,009	33,658,058
Components of Ending Fund Balance:												
Non-spendable-Revolving Cash	150,000		150,000	150,000		150,000	150,000		150,000	150,000		150,000
Stores	103,201		103,201	103,265		103,265	103,265		103,265	103,265		103,265
Restricted		94,775,274	94,775,274		81,024,450	81,024,450		78,340,715	78,340,715		69,913,995	69,913,995
Other Commitments (AB1200)				7,811,730	2,493,571	10,305,301	27,488,272	5,037,014	32,525,286	32,192,192	5,037,014	37,229,206
Other Assignments												
Reserve for Economic Uncertainties	17,006,094		17,006,094	15,822,735		15,822,735	14,324,685		14,324,685	14,522,358		14,522,358
Unassigned/Unappropriated	45,095,089	-	45,095,089	(42,949,941)	(2,049,993)	(44,999,934)	\$ (70,441,522)	-	\$ (70,441,522)	\$ (88,260,766)	-	\$ (88,260,766)
Unappropriated Percent			5.325%			-5.688%			-2.835%			-12.155%

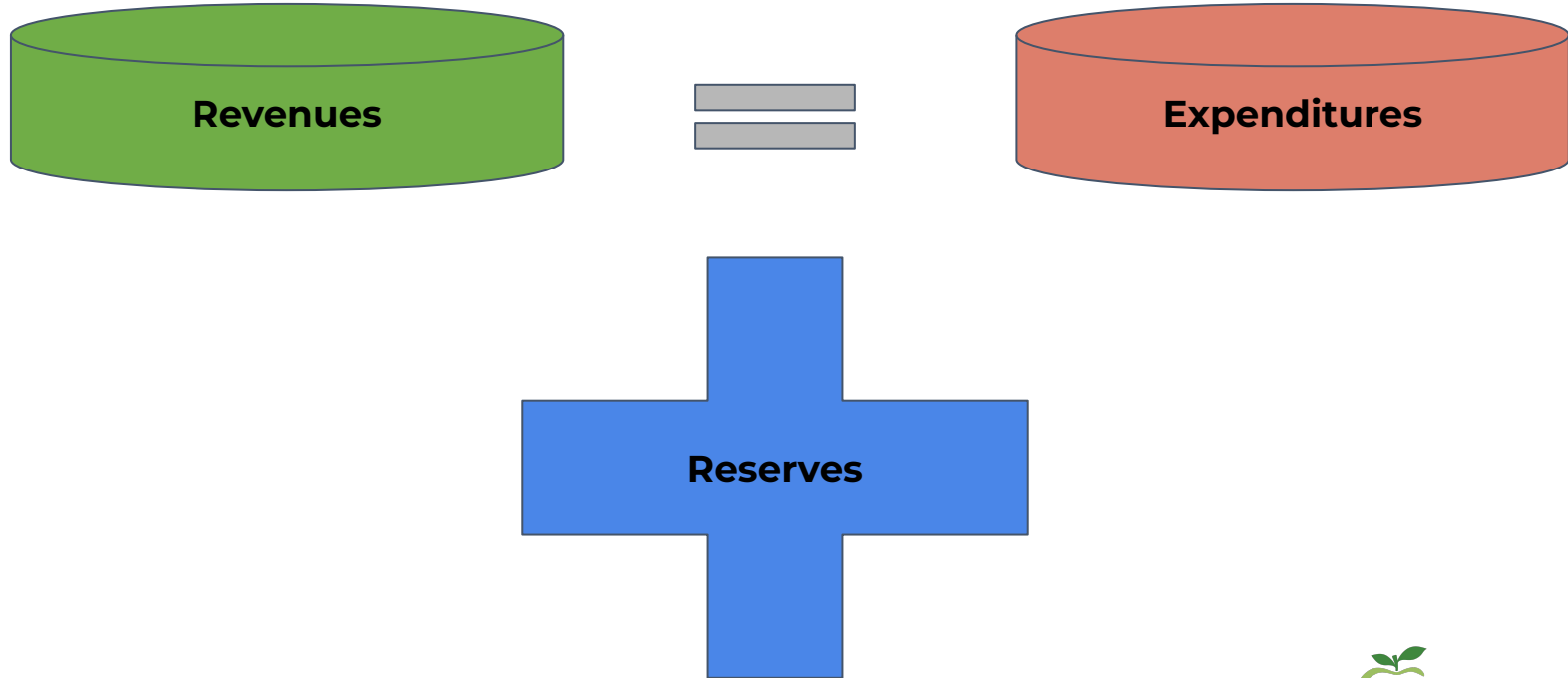
SCOE September 3, 2025

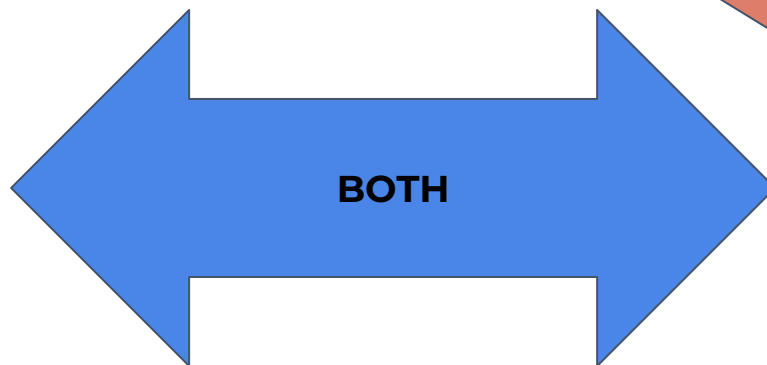
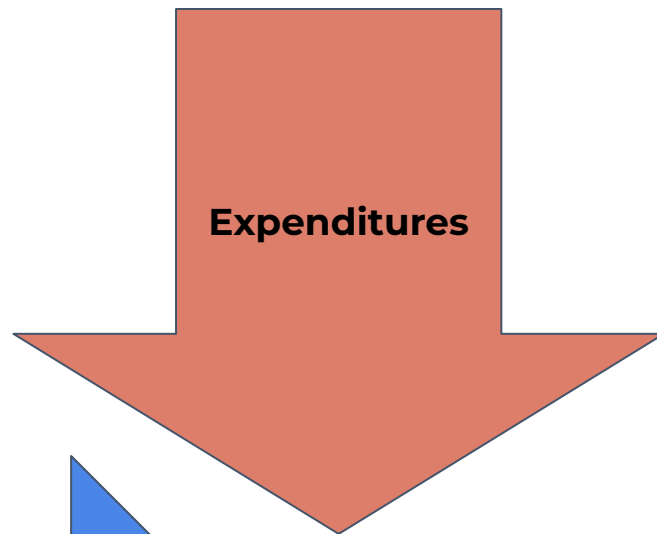
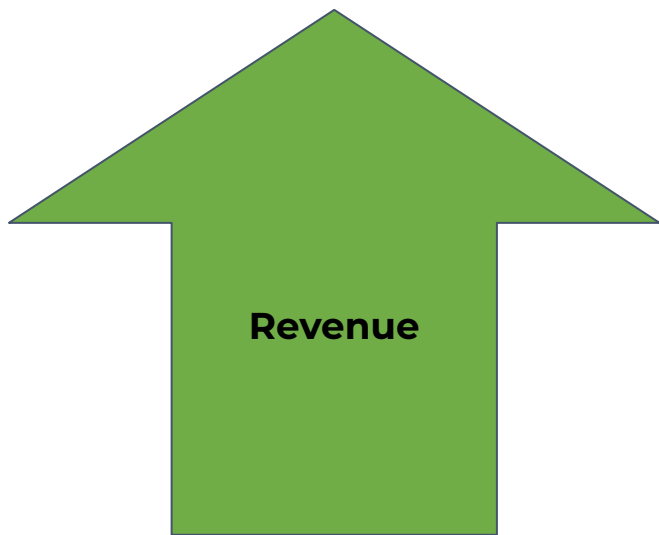
As a result, pursuant to Education Code section 42127.6. We have determined that the district is at risk of

not being a going concern

without immediate corrective action.

Right-Sizing





Two Challenges

Projections Indicate

Current Year Cash Insufficiency

- \$43 deficit spend (UA)
- Lack of reserves
- Dependency on one-time funds

Multi-Year Deficit

- Compounding problem
- We have made new commitments and now we have to afford them

Projected Multi Year Deficit

-Maintain Minimum Reserve Requirement-

Multi Year Deficit

FUND 01 2024-25 Unaudited Actuals, 2025-26 Adopted Budget & MYP

Description	2024-25 Unaudited Actuals			2025-26 Adopted Budget			2026-27 Projected Budget			2027-28 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
REVENUE AND OTHER FINANCING SOURCES												
LCFF Sources	485,687,777	2,985,163	488,672,960	485,662,174	2,688,064	488,350,238	494,380,583	2,688,064	497,068,647	510,199,348	2,688,064	512,887,412
Federal Revenues	9,129,356	48,166,973	57,296,329	-	52,969,003	52,969,003	-	39,910,921	39,910,921	-	39,910,921	39,910,921
Other State Revenues	11,970,752	123,346,351	135,317,103	12,464,964	116,141,142	128,606,106	12,464,964	114,147,432	126,612,396	12,464,964	114,147,432	126,612,396
Other Local Revenues	15,375,175	8,683,025	24,058,200	14,585,391	7,946,272	22,531,663	33,605,391	7,877,638	41,483,029	13,792,455	7,814,488	21,606,943
TOTAL REVENUES	522,163,059	183,181,533	705,344,592	512,912,529	179,744,481	692,657,010	540,450,938	164,624,055	705,074,993	536,456,767	164,560,905	701,017,672
EXPENDITURE AND OTHER FINANCING SOURCES												
Certificated Salaries	218,471,232	99,871,987	318,343,219	218,744,200	89,182,004	307,926,204	201,876,902	86,236,843	288,113,745	198,164,686	85,218,764	283,383,450
Classified Salaries	62,468,377	39,768,173	102,236,550	64,724,110	55,539,782	120,263,892	57,974,603	54,256,285	112,230,888	58,303,154	54,363,254	112,666,408
Employee Benefits	143,248,936	98,413,589	241,662,525	140,684,922	123,549,804	264,234,725	132,585,156	112,839,831	245,424,988	135,119,399	111,904,216	247,023,615
Books & Supplies	10,650,543	7,845,566	18,496,110	7,804,267	19,207,717	27,011,985	4,304,267	12,885,546	17,189,813	4,304,267	11,914,775	16,219,042
Services & Other Operating Expenses	42,774,523	113,582,324	156,356,847	28,936,153	34,865,144	63,801,296	21,086,153	28,129,649	49,215,802	21,086,153	42,344,796	63,430,949
Capital Outlay	2,060,365	8,828,475	10,888,840	1,684,909	7,069,361	8,754,270	1,684,909	3,229,758	4,914,667	1,684,909	2,545,190	4,230,099
Other Outgo - (excluding Indirect Costs)	1,113,285	-	1,113,285	1,378,467	-	1,378,467	1,378,467	-	1,378,467	1,378,467	-	1,378,467
Other Outgo - Indirect Costs	(12,259,718)	10,048,293	(2,211,425)	(12,953,967)	10,719,860	(2,234,108)	(12,205,420)	9,971,312	(2,234,108)	(12,042,117)	9,808,010	(2,234,108)
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Contributions	(163,124,806)	163,124,806	-	(147,081,944)	147,081,944	-	(144,834,870)	144,834,870	-	(145,131,380)	145,131,380	-
TOTAL, OTHER FINANCING SOURCES/USES	(163,266,517)	163,126,397	(160,120)	(143,326,064)	147,081,944	3,755,880	(141,078,990)	144,834,870	3,755,880	(141,375,500)	145,131,380	3,755,880
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FUND BALANCE, RESERVES												
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Other Restatements	-	-	-	-	-	-	-	-	-	-	-	-
Ending Fund Balance	62,354,384	94,775,274	157,129,658	(19,062,211)	81,468,027	62,405,816	(28,375,300)	83,377,729	55,002,428	(41,292,951)	74,951,009	33,658,058
Components of Ending Fund Balance:												
Non-spendable-Revolving Cash	150,000	-	150,000	150,000	-	150,000	150,000	-	150,000	150,000	-	150,000
Stores	103,201	-	103,201	103,265	-	103,265	103,265	-	103,265	103,265	-	103,265
Restricted	-	94,775,274	94,775,274	-	81,024,450	81,024,450	-	78,340,715	78,340,715	-	69,913,995	69,913,995
Other Commitments (AB1200)	-	-	-	7,811,730	2,493,571	10,305,301	27,488,272	5,037,014	32,525,286	32,192,192	5,037,014	37,229,206
Other Assignments	-	-	-	-	-	-	-	-	-	-	-	-
Reserve for Economic Uncertainties	17,006,094	-	17,006,094	15,822,735	-	15,822,735	14,324,685	-	14,324,685	14,522,358	-	14,522,358
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Unappropriated Percent			5.325%			-5.989%			-2.835%			-12.155%

Multi Year Deficit

$$\begin{array}{r} 23 \\ + 35 \\ \hline 58 \end{array}$$

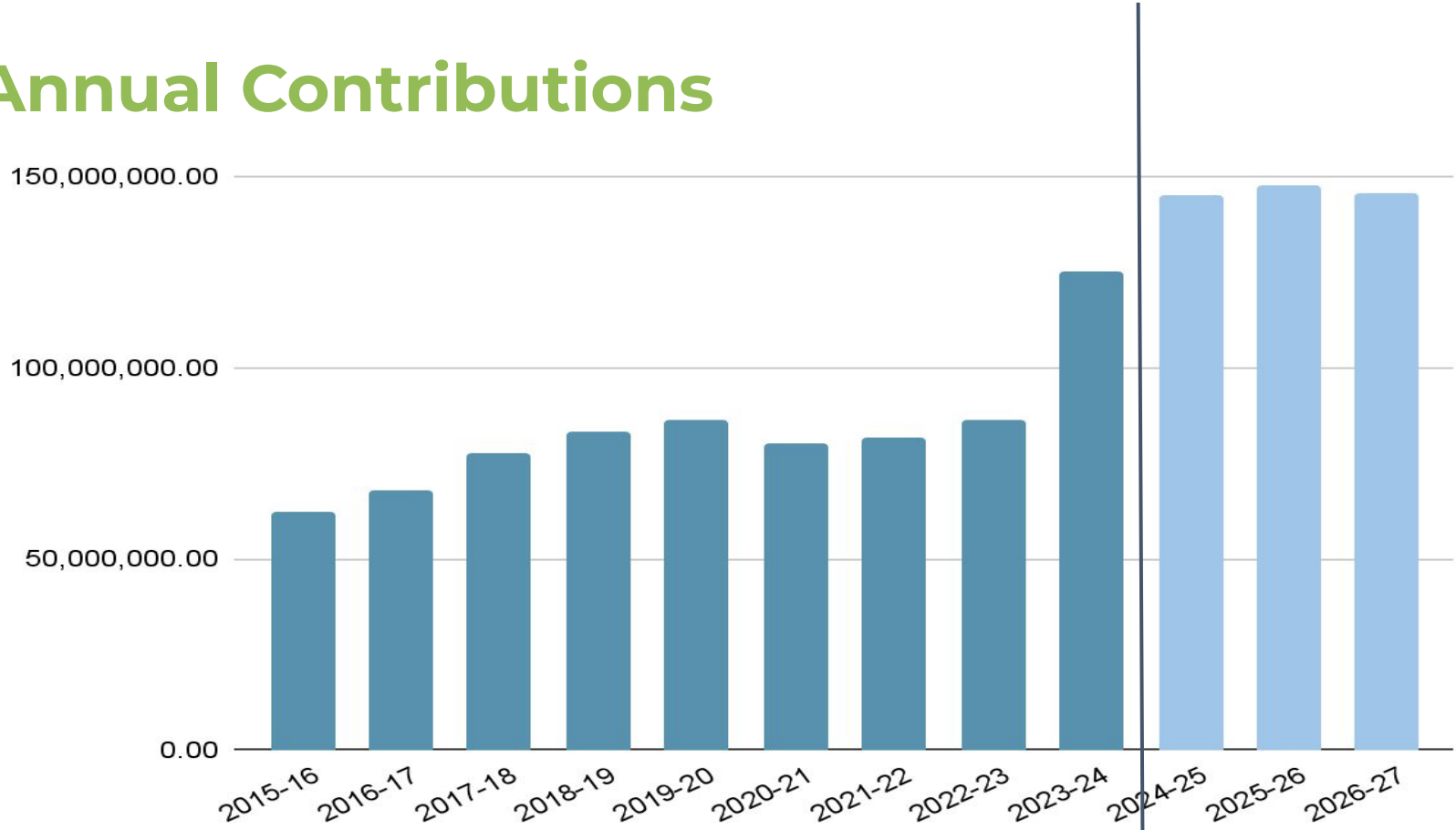
Diagram illustrating the addition of 23 and 35 to reach 58. The number 23 is shown with a bracket pointing to 8, and the number 35 is shown with a bracket pointing to 15, indicating the components of the sum.

Multi Year Deficit

Reductions
of this
magnitude
will not be
harmless.

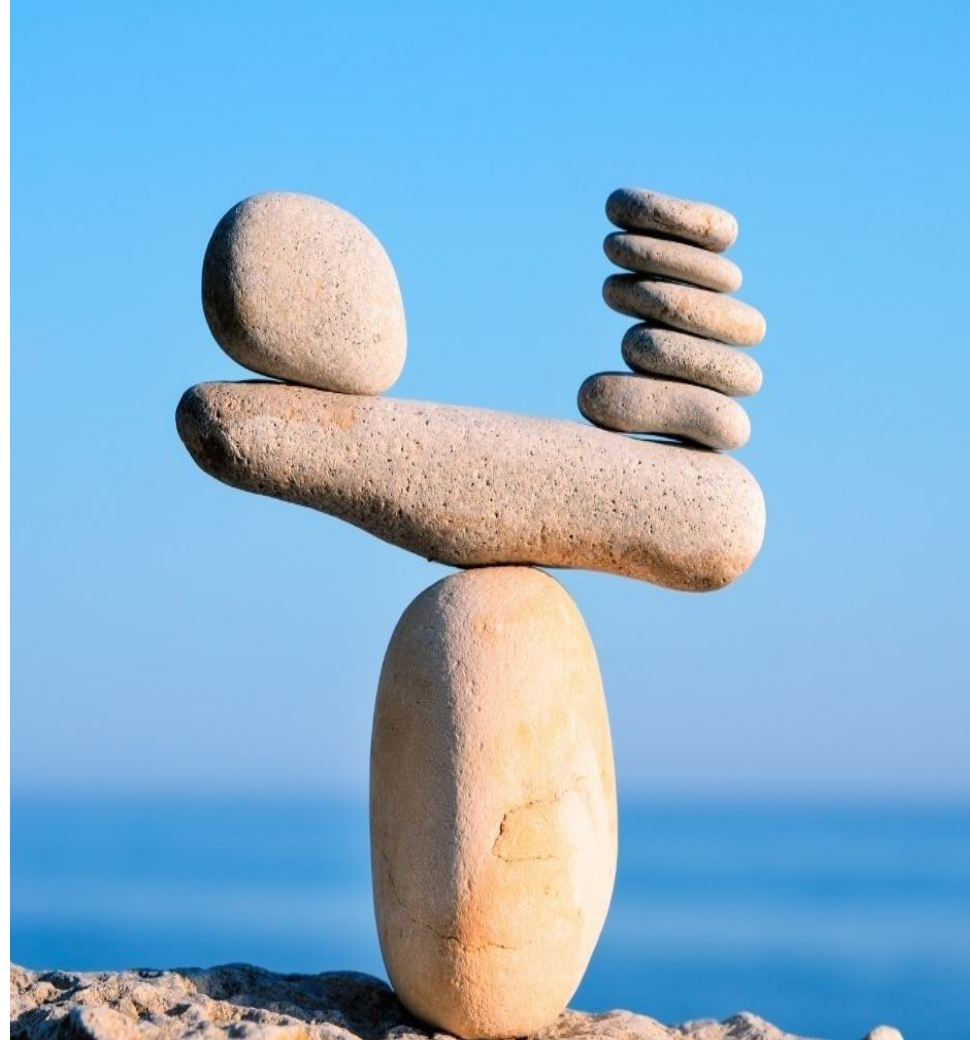


Annual Contributions



2026-27 Budget Development

Balancing the budget isn't about avoiding tough choices, it's about making them strategically to secure a stronger future.

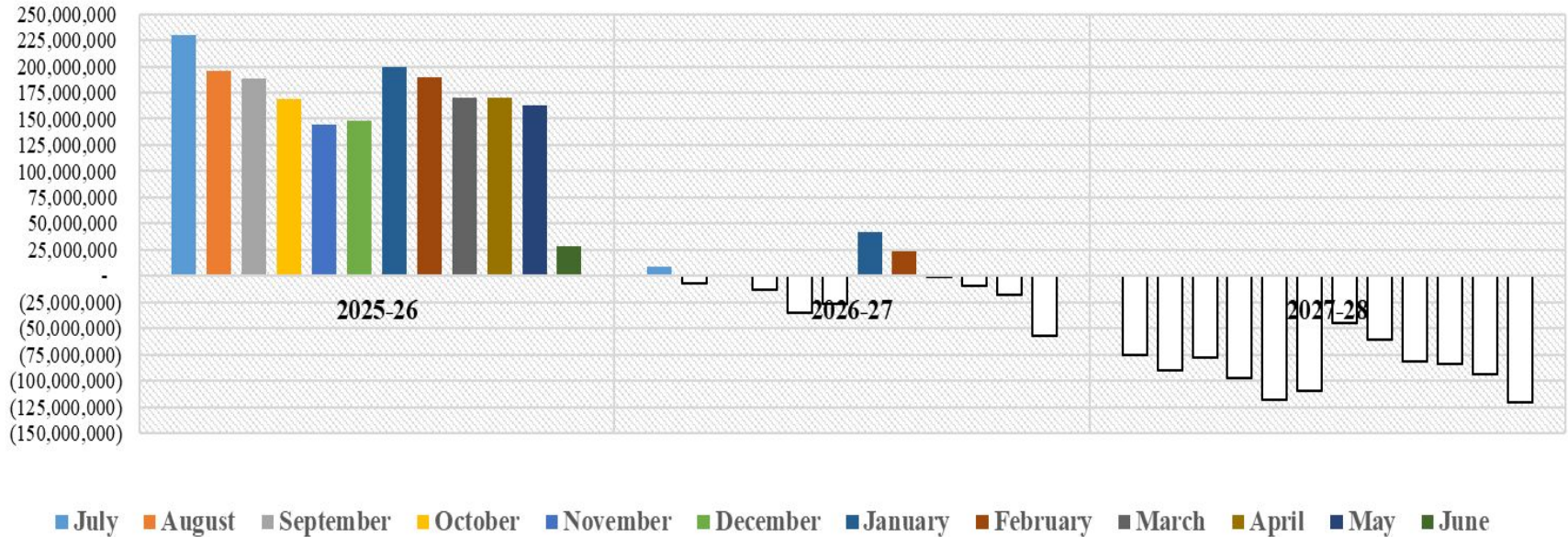


Projected Current Year Cash Insufficiency

-Cash Flow for Monthly Payroll and Payables-

Current Year Cash Insufficiency

2025-26 Adopted Budget Multi Year Cash Flow with 2024-25 Unaudited Actuals





ALERT

Current Year Cash Insufficiency

We must act immediately to address the revenue and cash shortfall for the current fiscal year to ensure we can meet our payroll and other commitments.

We are exploring the following actions to stabilize our finances:

Increase Revenues

- Reducing current year department allocations
- Disbursement from the OPEB Trust
- Limited interfund transfers
- Short term loan (non-voter approved debt)

Current Year Cash Insufficiency

Slow Spending

To conserve cash, we are implementing an immediate freeze on all spending from the **general fund unrestricted budget as of October 1, 2025.**

This includes:

- Non-classroom hiring
- New contracts
- Travel
- Non-classroom supplies
- Per diems
- Overtime (except for emergency responses)
- Sub release (except for IEP meetings)

For all unrestricted resources, which includes supplemental and concentration funds.

Current Year Cash Insufficiency

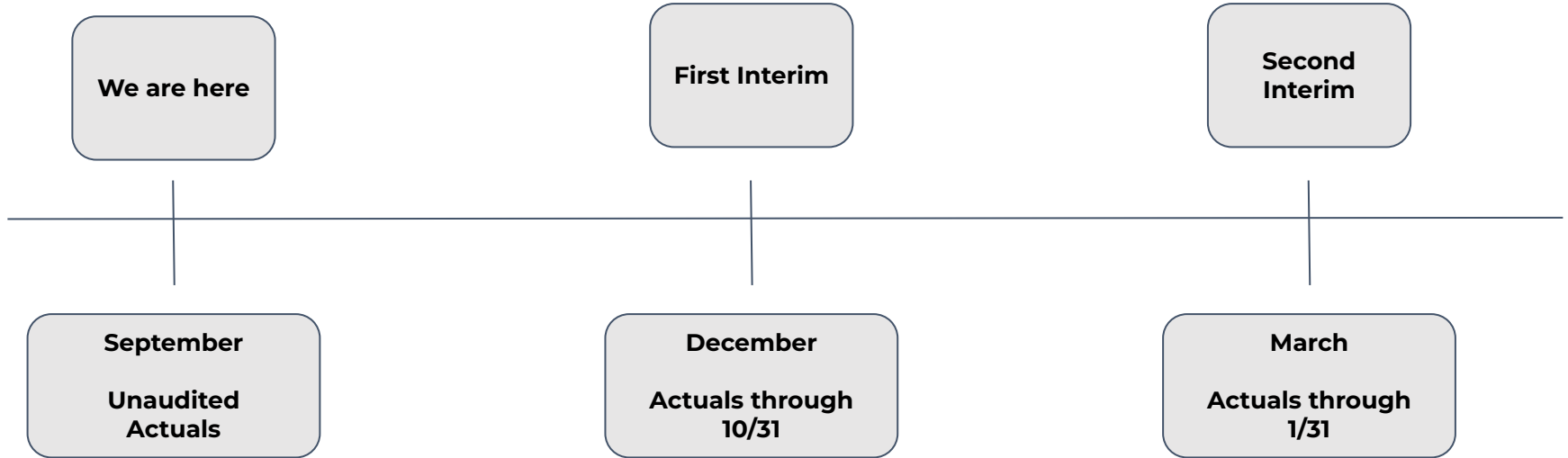
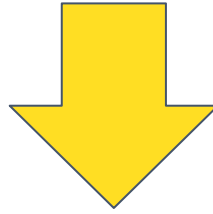
It is our every intention to avoid major disruption to student opportunities, programs, and the day-to-day educational experience.



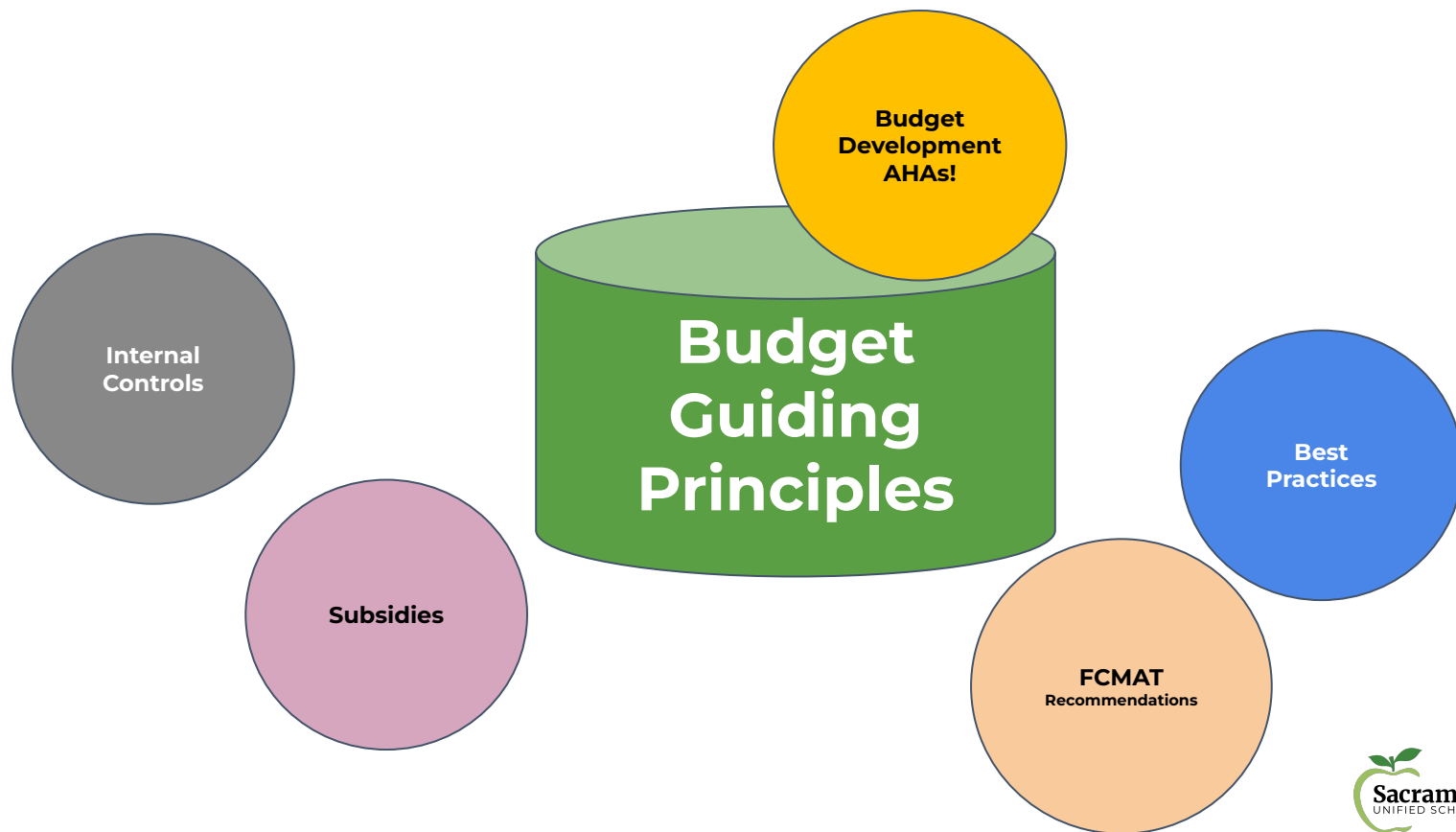
Uncontrolled Expenses

The Months Ahead

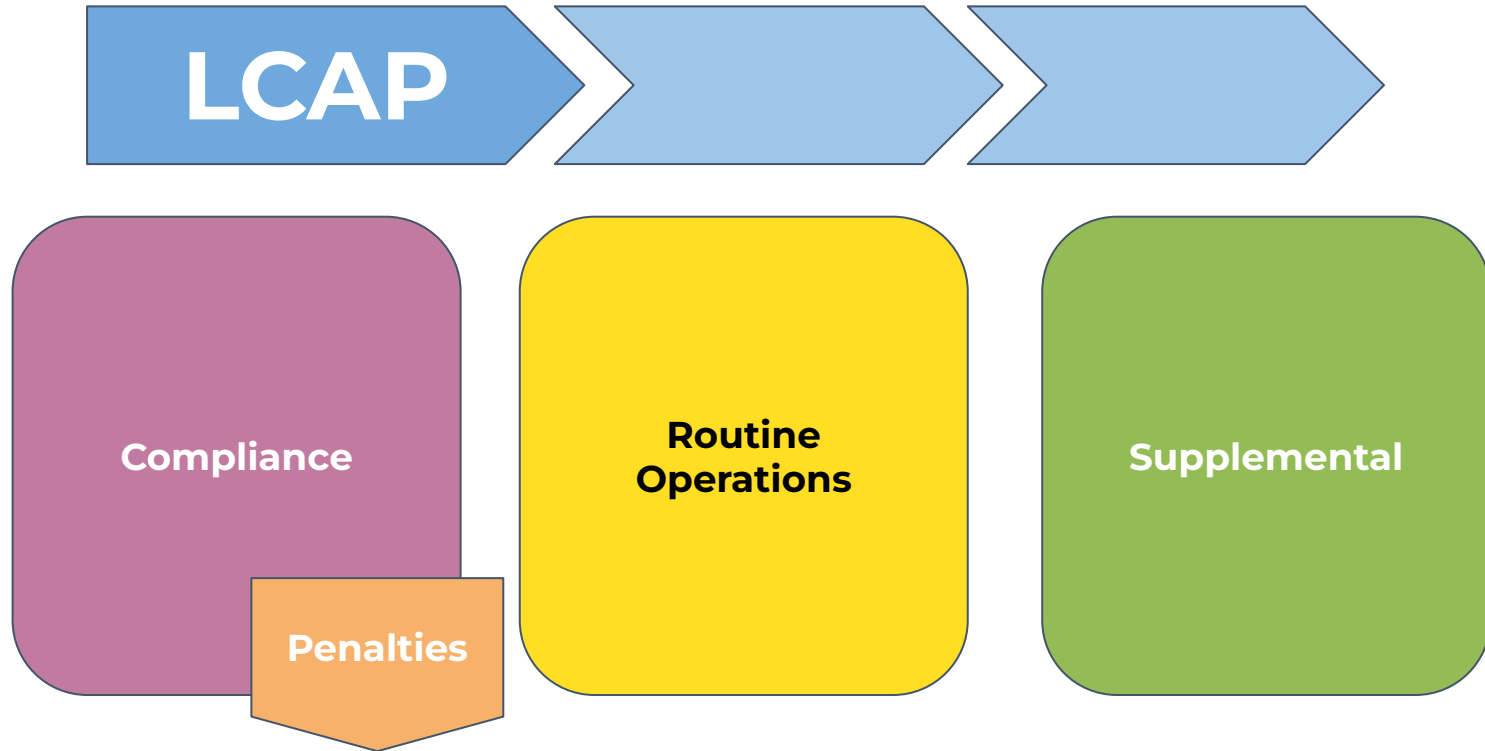
Rapid Timeline



Stick to the Plan!



Expenditure Prioritization



Next Steps

**We are
committed to
each other.**

**Success is shared
by ALL.**



MINDSET



Maintaining Local Control



Questions?

Feedback

GOT BUDGET?



THANK YOU