Fiscal Stabilization 2026-27

$30-35 Million in Required Budget Reductions

PUSD Financial Outlook

- PUSD ended the 2024-25 fiscal year with a positive balance across all funds, largely because of monies from the fire.
- Through substantial ongoing reductions starting the 2025-26 budget, PUSD remained in compliance with state requirements.
- However, the PUSD is facing a growing structural deficit that must be addressed with urgency. PUSD's Fiscal Stabilization Plan calls for a $30-35 million reduction for the 2026-27 fiscal year. The target must be adjusted to a higher level to account for inflation and unexpected circumstances. L.A. County Office of Education letter

Multiple factors contribute to this challenge, including:

- Deficit spending: spending more than we take in
- Declining enrollment and reduced Average Daily Attendance.
- Rising costs for employee benefits, insurance, and utilities.
- Lower-than-expected state Cost of Living Adjustment.
- State budget volatility is linked to broader economic and federal conditions.

Our Priorities

- **Students**. Classroom experiences remain supportive and focused on learning.
- **Transparency**. Superintendent's Budget Advisory Committee meetings, website, and Board of Education action will be open to the public.
- **Respect for Employees.** Every staff member has contributed to building PUSD; we will lead this process with care.

Our Commitment

These reductions will impact the way PUSD operates; however, our priority remains students and ensuring that classrooms remain places of learning and care.

How PUSD is Identifying Reductions

- The Superintendent's Budget Advisory Committee (SBAC) has reconvened to focus on school-based services. The SBAC is made up of parents, students, educators, and community members and continues to play a key role in shaping a thoughtful and student-centered path forward. Their work this fall will help inform the Board's decisions about how to align resources with the district's priorities for the 2026-27 school year. pusd.us/sbac
- Separate workstreams, or processes, will concentrate on identifying reductions or revenue in seven other areas, such as the central office and asset management.

Workstreams

Reductions or revenue to offset reductions are being identified via eight workstreams, or processes:

1. Superintendent's Budget Committee - *for school-based services*
2. Central Office Reductions
3. Contracts
4. Grant Maximization
5. Special Education
6. Transportation
7. Asset Management
8. Staffing to Ratio/Vacancies

Process & Timeline

- **September-October 2025**
  - Superintendent's Budget Advisory Committee meets publicly to review options and develop recommendations. Information is posted at pusd.us/sbac.
  - Other workstreams identify reductions/revenue.
- **November 2025**
  - November 13, 2025 - Board of Education reviews recommendations for reductions.
  - November 20, 2025 - Board of Education takes final action.
- **December 2025**
  - Implementation of reductions begins: The First Interim Report is delivered to the L.A. County Office of Education, and the district begins the process of identifying positions for reductions in accordance with collective bargaining agreements with labor partners.
- **March 2026**
  - Reduction in force notices issued.
- **July 2026**
  - New budget with $30-35 million in reductions takes effect.