

Saddleback Valley
Unified School District



Board Study Session

October 2025



2025-26 Original Budget Multi-Year Projection - Unrestricted Only



	2025-26 Original Budget	2026-27 Projected	2027-28 Projected		2028-29 Projected
Beginning Fund Balance	67,784,570.00	66,391,823.00	47,829,610.00		21,051,053.00
Revenue	303,341,775.00	307,233,113.00	312,029,587.00		315,862,902.00
Expenditures	304,734,522.00	325,795,326.00	338,808,144.00		346,334,665.00
Surplus/(Deficit)	(1,392,747.00)	(18,562,213.00)	(26,778,557.00)		(30,471,763.00)
Ending Fund Balance	66,391,823.00	47,829,610.00	21,051,053.00		(9,420,710.00)
Nonspendable Reserves	2,506,864.00	1,012,357.00	532,169.00		493,769.00
Designated for Economic Uncertainties	20,112,580.00	20,445,758.00	20,403,423.00		20,829,081
Other Commitments	21,627,940.00	16,627,940.00	0		0
Assigned Fund Balance	22,144,439.00	9,743,555.00	115,461.00		0
Unappropriated Fund Balance	0	0	0		(30,743,560.00)

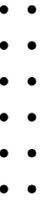


Budget Challenges: Factors Contributing to the Ongoing Structural Deficit

1. Lower enrollment decreases revenue
 - a. Yearly decrease of 500 students equates to approximately \$29 million over three years
2. Yearly step-and-column increases impact expenses
 - a. \$3.4 million ongoing
3. Health and Welfare
 - a. Increases between 8% and 12%
4. Inflation

Other Budget Challenges

1. Expiring One-Time Funds
 - a. Arts, Music, and Instructional Materials Block Grant (25-26)
 - b. Educator Effectiveness Block Grant (25-26)
 - c. A-G Completion Improvement Grant Program (25-26)
 - d. Learning Recovery Emergency Block Grant (27-28)
 - i. K/1 Combo disband, Tier II Reading Intervention, Mental Health programs
2. Alternate funding sources must be identified or programs will be reduced or eliminated

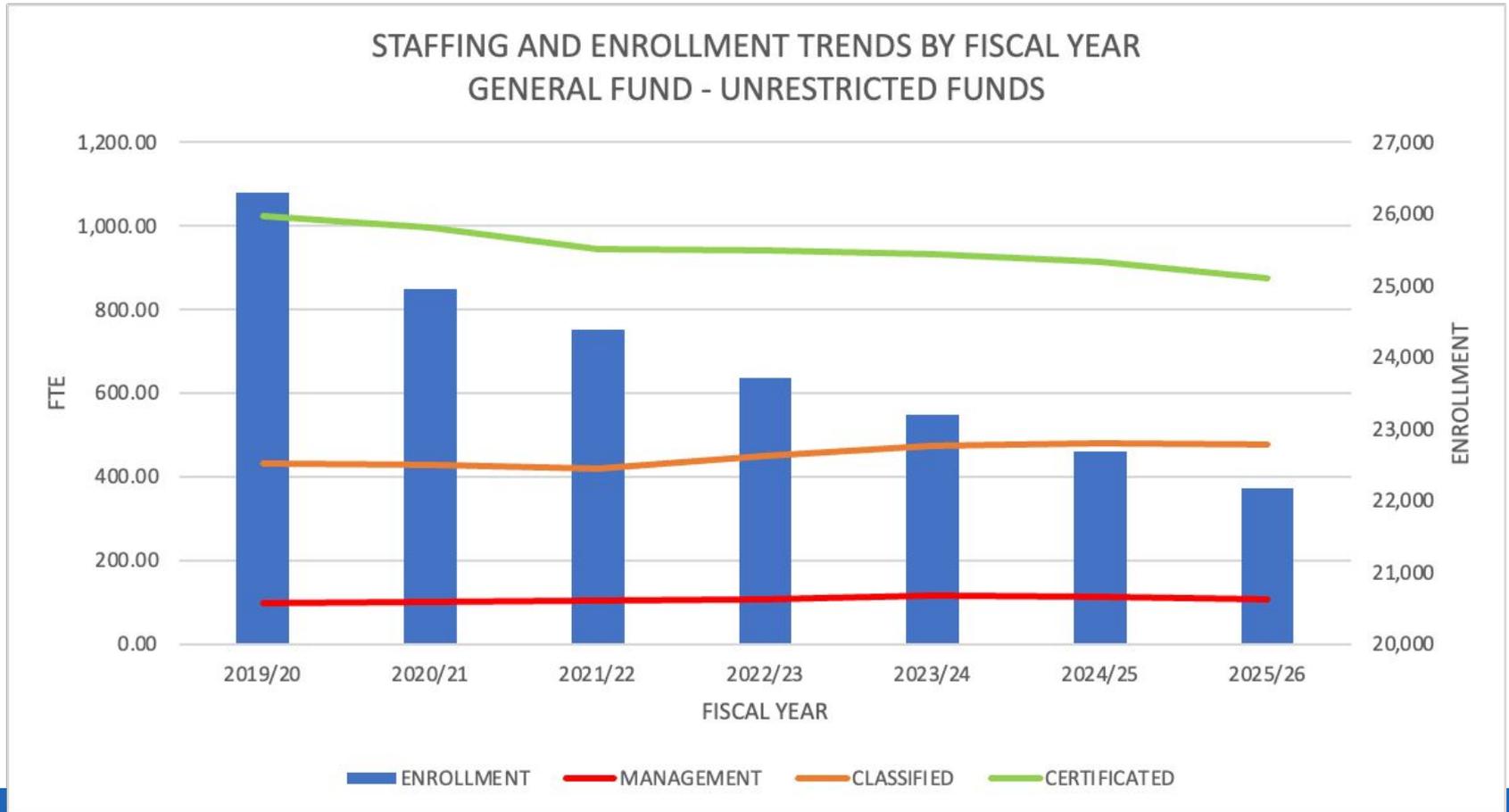


Other Budget Challenges

1. Declining Enrollment
 - a. Long-term projections indicate continued enrollment declines for SVUSD and across the state
 - b. Enrollment projected to decline by 500 students per year for 3 years
 - i. Equates to \$29 million in lost additional revenue
2. Special Education
 - a. The district contribution to Special Education grows each year
 - i. \$53.3 million in 2025-26
3. Insurance Liabilities
 - a. AB 218 removed timeframe to bring sexual assault related cases
 - i. District now contributes \$1 million annually for insurance for old insurance coverage
 - ii. Insurance premiums for California public agencies increasing between 10%-20% yearly



Staffing v. Enrollment



Staffing Reductions 2023-2024-2025

Classified	Certificated	Management
Benefit Tech Assistant	Elementary PE Teacher	Director-Elementary
Buyer	(2)Elementary Music Teacher	Coordinator-Athletics
(2) Clerk II	(18) Coaches and TOSA	Director, FMOC
Clerk III	(30) Teaching Positions	Benefits Tech
(2) Custodian		Principal-Elementary
Director Secretary		(3) Field Supervisors
Health Office Aide		Position Control Manager
HR Technician II		Purchasing & Contracts Supervisor
Instructional Aide Field Study		(2) Assistant Principals
(2) IA PE		Elementary Coordinator-STEM
Library Media Clerk Elementary		
Office Manager		
Plant Foreman		
(6) Playground Assistant		
School Community Outreach Liaison		
1.5% or 15 FTE	4% or 51 FTE	12% or 13 FTE

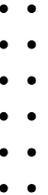
Recent Budget Adjustments

1. \$10.2 million in restricted Redevelopment Agency (RDA) funds shifted to offset a portion of the District's \$53 million required contribution to Restricted Maintenance Account (RMA) between 2020-2025
 - a. Yearly, 3% of general fund must be allocated to maintenance
 - b. Shifted an available \$10.2 million to cover expenditures between 2020-25
 - c. Funding was restricted for facilities work at certain schools
2. Supplemental Retirement Program (SRP), \$1 million savings per year for 5 years
3. Staffing reductions
4. \$1 million in general funded positions shifted to restricted funding sources
5. \$1.3 million reduction in Special Education settlement fees



Recent and Future Budget Adjustments

1. TK add-on funding of \$1.6 million
2. Routine Restricted Maintenance (RRM) contributed \$500,000 in indirect costs
3. SELPA contribution of \$1 million
 - a. Covers costs of services provided to SELPA
4. Refinement and further implementation of ADA recovery program
 - a. Anticipated to raise ADA, bringing in additional revenue

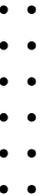


Uncertain Budget Impacts: Federal Funding Reductions or Eliminations

1. Federal Funding Reductions or Elimination
 - a. Federal Funds (Title, Special Education, Food Services, McKinney Vento)
 - i. 137.8 FTE or 5.4% of all district FTE is currently funded via federal funds
 - ii. If funding is cut, district would need to fund positions for up to 16 months
2. Medicare Cuts
 - a. California Medi-Cal program, anticipate \$70 billion in annual cut to state budget
 - b. District receives between \$1 and \$1.5 million a year in Medi-Cal funding
3. National School Lunch Program
 - a. State is committed to providing two free meals a day to all students; uncertain impact if federal reimbursement is cut
4. Tariffs and inflation impact at state level creates revenue uncertainty

Future Budget Action Ideas

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1. Utilize the annually available \$2 million in RDA funds for the next three years (\$6M total)
 - a. Significant negative impact upon facility work and operations from HVAC to roofing to painting to electrical
 2. Utilize \$6.7 million Student and Professional Development Block Grant
 3. Review all department staffing and budgets
 - a. Ongoing between September and October
 4. Capturing expenses related to restricted programs



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Questions?

