



2025-26 Fiscal Update & Programmatic Impacts

RECOMMENDED ADDITIONAL REDUCTIONS
2026-27
\$5,077,199

School Board Direction

2025-26 Annual Priority

Develop a plan and recommendation for the Board that rectifies our structural deficit and ensures we meet the minimum state guidelines to maintain a positive certification.

2025-30 Strategic Direction

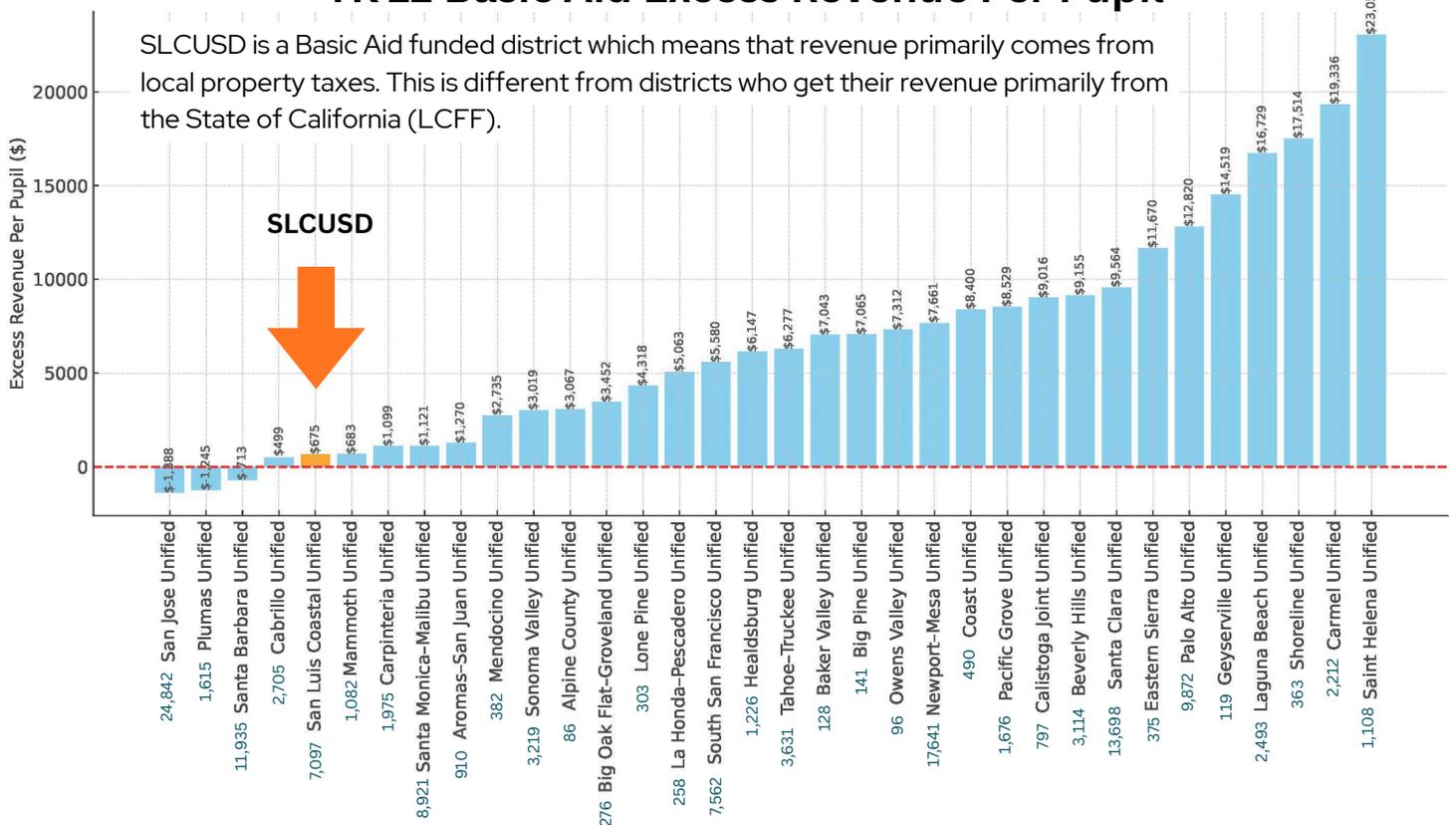
Maintain a reserve level of a minimum of 10% of expenditures in unrestricted funds.

Reductions to Date



TK-12 Basic Aid Excess Revenue Per Pupil

SLCUSD is a Basic Aid funded district which means that revenue primarily comes from local property taxes. This is different from districts who get their revenue primarily from the State of California (LCFF).



WHY DOES SLCUSD HAVE A STRUCTURAL DEFICIT?

Unfunded State Mandated TK Program

The district added an additional grade level. Transitional Kindergarten is open to all 4-year-olds now and these classes require low enrollment and additional staffing. Each class has a teacher and an aide. The district does not receive any additional funding for this program that the state has mandated and called "Universal," even though basic-aid districts like ours are provided no funding to essentially add an additional grade level to our public school offerings.

We have worked with the Transitional Kindergarten staff to develop a half-day program to try and limit additional staffing needs. This will cause an audit finding for the school district - instructional minutes.

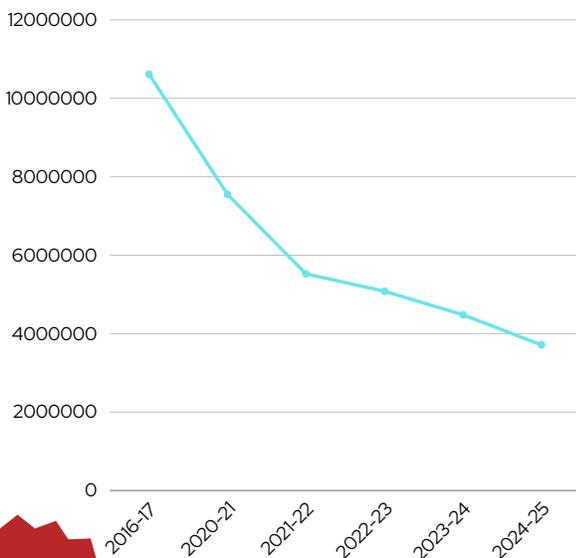
IF THE STATE FUNDED TK, SLCUSD WOULD RECEIVE IN 2026-27 BASED ON CURRENT TK ENROLLMENT:

\$5,777,641

We will continue to fight for Transitional Kindergarten state funding by working with our local and state representatives.

Revenue Recovery Efforts

Loss of Unitary Tax Revenue (Diablo Canyon Nuclear Power Plant)



PG&E has been depreciating the Diablo Canyon Nuclear Power Plant over the past seven years with 2025-26 as the final year of depreciation. The district did receive one time funding to help offset the reduction in unitary tax (SB1090 funding). We have received our last payment and need to make the necessary adjustments to our budget.

- In 2016-17 the district received \$10,616,362 in unitary tax.
- In 2024-25, the district received \$3,710,859 in unitary tax.
- This is a \$6,905,493 reduction in revenue and we will see what the unitary values are in November (post-depreciation).

Revenue Recovery Efforts

We will continue to fight for a return of unitary tax or a continuation of funding for every year Diablo Canyon Nuclear Power Plant remains open.

WHY DOES SLCUSD HAVE A STRUCTURAL DEFICIT?

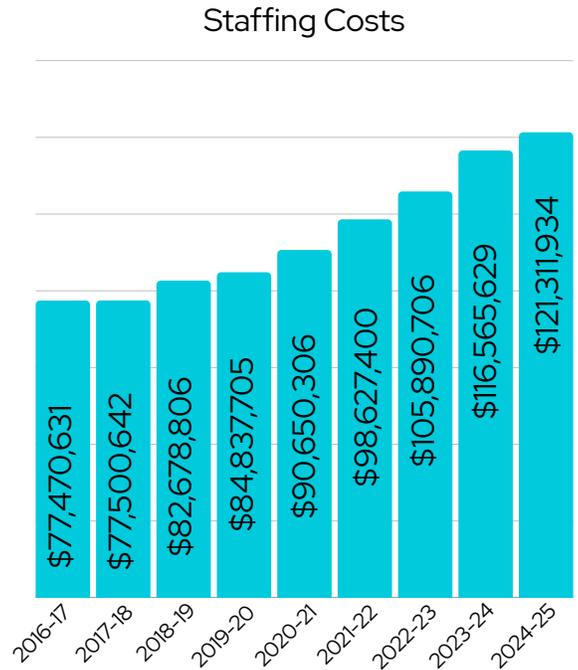
Rising Staffing Costs

The cost of employee retirement systems has grown dramatically over the past 10 years.

- STRS (Teacher Retirement System) went from a District contribution of 8.3% to 19.1%
- PERS (Classified Retirement System) went from 11.7% to 27.5%

The district has also negotiated 29% in salary increases during that same time period, so that our employee compensation can keep pace with inflation of everyday living expenses.

Every 1% increase adds over \$1 million to our structural deficit. We are entering negotiations with all three unions this year for 2026-27.



End of One-Time COVID Funding

**TOTAL COVID FUNDS
2021-2024:
\$20,602,660**

**OTHER ONE-TIME FUNDS
2021-2023:
\$8,547,237**

COVID-Related One-Time Funding Has Ended - The District received millions of dollars in one-time revenue to assist us with helping students who had learning loss during those COVID years, as well as state one-time funding that had to be expended by 2024. The district used these funds to hire personnel to assist our students. Over 173 additional staff were hired during this time period with one-time funding. That funding has now been expended.

The Board made reductions for 2025-26, but further reductions in personnel will be needed.

Proposed Non-Personnel Reductions

2026-27 PROJECTED NON-PERSONNEL REDUCTION TOTAL: \$904,573

\$5,000

Principal Mentorship

Stipend for a mentor to assist a new principal in the district.

IMPACT: This reduction will eliminate outside principal mentorship and support, and require district staff to provide those services.

\$7,500

Leader in Me: District Costs

Provides one day of training that can be used with the Leader in Me sites and provides discounts to the program costs for Leader in Me school sites. There is an alternative funding source under consideration for this program.

IMPACT: The General Fund will no longer support this program at the district level.

\$9,653

Wayfinder

Middle School curriculum for Social Emotional Learning. There is alternative funding sources under consideration for this program.

IMPACT: General Funds will no longer support this program. Restricted Medi-Cal funding may be used if the program continues.

\$26,700

Second Steps to Respect

This is the Elementary School curriculum for Social Emotional Learning. Alternative funding source under consideration for this program.

IMPACT: General Funds will no longer support this program. Restricted Medi-Cal funding may be used if the program continues.

\$30,000

Cultural Creations

Cost of a consultant to assist in professional development for sites to create goals supporting underserved students.

IMPACT: This reduction in consultant costs will mean the sites will have to continue the program using district personnel.

\$43,000 Common Ground Advisory Task Force

Provides a sounding board on controversial issues to find common ground suggestions through civil discourse, provide suggestions to improve policy, and improve conditions on campuses for all students.

IMPACT: This reduction will eliminate the associated operational, attorney, and consultant fees. The Superintendent will determine whether the Task Force continues without the supports.

\$60,000

University of Washington

Cost of a consultant to assist in professional development for secondary sites in leading equitable schools.

IMPACT: This reduction in consultant costs will mean the sites will have to continue the program using district personnel.

\$68,000

YouthTruth Survey

Research-based surveys to measure the non-academic areas that impact student outcomes including classroom engagement, bullying, social media, safety, drugs, and alcohol.

IMPACT: The YouthTruth Survey may be given every three years instead of on an annual basis. Potential negotiations with YouthTruth are underway to significantly reduce the costs. Alternative surveys might be considered.

\$100,000

Athletics Budgets

Reducing both high schools' athletic budget (transportation, materials, and supplies) by \$50,000 each.

IMPACT: This further reduces each of the high schools' athletic budgets on top of current year reductions.

\$100,000

Musical Instrument Budget

District contribution to music programs currently used for instruments, field trips, etc.

IMPACT: The original \$150,000 recommended reduction was reduced by \$50,000 to provide a budget for cleaning, instrument repairs, piano tuning, and materials and supplies. The District will work with each impacted program to ensure needs are met.

\$404,720

School Resource Officers

Funds a School Resource Officer (SRO) from the City of Morro Bay and the City of San Luis Obispo to be stationed at each of the comprehensive high schools and be on call to assist all sites.

IMPACT: This reduction will eliminate the contracted SRO positions at SLOHS and MBHS. Our schools will rely on patrol officers unless the respective cities choose to fund the SRO positions.

Proposed Personnel Reductions

2026-27 PROJECTED PERSONNEL REDUCTION TOTAL: \$4,172,626

\$1,754,800 Non-Classroom Intervention Program Personnel Reduction

Reduction of out-of-classroom personnel who deliver supplemental services and support to students.

IMPACT: The district will maintain a multi-tiered system of support model at reduced levels.

\$700,000 Secondary Teachers (-7 FTE)

An increase in class size at secondary sites.

IMPACT: Will result in increased class sizes at our secondary schools.

\$375,000 Secondary Counselors (-3 FTE)

Reduction of 3.0 secondary PPS counseling positions from our middle and high schools.

IMPACT: Maintains counseling support at the secondary level. Wellness Centers with therapeutic counseling support remaining at both comprehensive high schools. Community Counseling support will continue at the secondary level.

\$190,000 Elementary Library Media Tech Reduction

Reduction of Library Media Tech FTE at the elementary level.

IMPACT: Libraries at all sites will remain open. This reduction will lower the amount of Library Tech time at each site based on the student population and number of classes.

\$134,538 Foundation TOSA (-1 FTE)

The District will not fund the iINNOVATE TOSA in the 2026-27 school year. The Foundation could elect to fund the position.

IMPACT: The district will no longer fund this position.

\$120,000 District Office Clerical Position (-1 FTE)

Reduction of a clerical position at the district office.

IMPACT: This will result in the reduction of a clerical position from the District Office campus.

\$115,000 Grounds Worker (-1 FTE)

Reduction of a position in Buildings, Grounds, and Transportation.

IMPACT: This reduction will eliminate a grounds worker position.

\$100,000 Restructure Student Support Services

School Services of California conducted an audit of the Student Support Services Department and recommended the district restructure its support model to better meet the demands associated with special education.

IMPACT: This reduction reflects the loss of a grant-funded position.

\$90,906 PBHS Staff Reduction (-1 FTE)

Reduction of a General-Funded position at Pacific Beach High School. Other funding sources under consideration for this program.

IMPACT: PBHS will utilize restricted funds to keep current staffing if approved.

\$75,000 Elementary Athletic Coordinator (-.6 FTE)

Reduction of the Elementary Athletic Coordinator position.

IMPACT: There is currently a coordinator for the elementary athletics for achievement program. This reduction will eliminate that position. The district will need to find a way to manage the program if it continues.

\$60,000 Summer Athletics Stipends

Stipends for high school coaches for summer practices and competitions.

IMPACT: With year round athletics, summer stipends are a way to pay coaches for their summer practices and games. This reduction will eliminate those stipends. This reduction may result in a loss of summer athletic offerings.

\$56,499 Counselor Sub (-.8 FTE)

General Fund money was utilized to back-fill a leave for a counselor during 2025-26. If needed, future leaves will not be backfilled for the Dual Enrollment counseling position.

IMPACT: This sub position will no longer be funded.

Already Reduced

\$264,582 Elementary Counselors (-3 FTE)

In 2025-26, the district reduced 3 elementary counselors through attrition. There are no additional reductions to elementary counseling recommended for 2026-27.

IMPACT: This reduction has already occurred. The district is not making further reductions to elementary counseling.

\$50,000

Manatt

Lobbying firm the District utilized to assist in TK and Unitary Tax legislation.

IMPACT: This reduction has already been implemented.

\$56,301

HR Tech (Partial Year)

Through attrition, this position has been reduced.

IMPACT: This employee retired and the Human Resources Department is not filling the position.

\$80,000

Custodian (-1 FTE)

Through attrition, this position has been reduced.

IMPACT: This position was eliminated through attrition.

Communication Plan & Timeline

AUGUST

- Board Mtg: Budget Presentation
- 19** Publish Budget Website
Publish Budget FAQ
- 22** Family & Staff Communications

OCTOBER

- 9** Superintendent's Fiscal Sustainability Committee Mtg #1
- 10** Family & Staff Communications: Invite to the Staff & Community Briefing
- 16** Staff (4:00) & Community (5:30) Briefings
- 21** Board Meeting: Budget Presentation
- Family & Staff Communications: Budget Presentation
- 24** Superintendent's Fiscal Sustainability Committee Mtg #2

SEPTEMBER

- 16** Board Mtg: Budget Presentation & Unaudited Actuals
- 18** Parent Leader Meeting: Budget Presentation
- 19** Family & Staff Communications Budget Overview Video
- 29** Budget Overview Mtg w/Key Stakeholders

NOVEMBER

- 13** Study Session: Budget Reduction Review
- 18** Board Mtg: Superintendent's Recommendations Discussion
- 20** Parent Leader Meeting: Recommendation Review
- 21** Staff & Family Communications: Recommendations
Video: Recommendations & Budget Update

DECEMBER

- 5** Family & Staff Communications: Property Tax Budget Impact
- 16** Board Mtg: Board Vote on Budget Reduction Recommendations
- 19** Staff & Family Communications: Explanation of Budget Reduction Approvals