



# Fiscal Solvency Plan Update

February 5, 2026  
Agenda Item No. 11.1

**Presented by:**

Lisa Grant-Dawson, Interim Chief Business 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

## February 5, 2026 Fiscal Solvency Update

**Ask of the Board:** It is recommended that the Board Review and adopt the revised Fiscal Solvency Plan update and assess the plan's progress to avoid further intervention. Discuss impacts and process moving forward regarding responses to the SCOE regarding the FSP updates to include revised Cash Flow report.

- Update on our Status
- Review and approve the Revised of the Fiscal Solvency Plan & Progress
- Review the Response to the First Interim Letter to the SCOE
- Next Steps



# Focusing on Fiscal Solvency



# Why is the District in this place?

- Continued projections of increased In Expenditures, with no coinciding increase in revenue.

***WE ARE SPENDING MORE THAN WE EARN and...***

- “...indications of potential cash insolvency in the current fiscal year.” FCMAT Report

***...IF WE CONTINUE THIS TREND WE WILL RUN OUT OF CASH.***

- We **CAN** control our spending and our cashflow with a sound strategic plan.

# Finding the Way Forward

**"As you start  
to walk on the  
way, the way  
appears."**

[Rumi.](#)



# Revised 2025-26 Cash Flow Projection

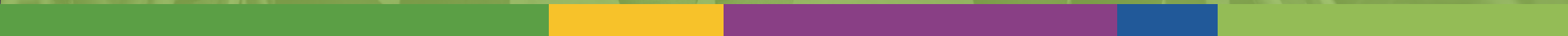
- The District's First Interim reflected a negative projected cash balance of (\$1,056,530).
- **Revised** Cash balance with December 2025 Actuals **\$3,086,392.**
- Monthly Cash Flow Projections with prior month actuals will continue for the rest of the fiscal year.
- Multi-year Cash Flow projections are a next step.

# How do we address our budget and actual spending?

- To address our spending we must review our current year budget and projections.
- We must prioritize our programs and projects.
- We can't do everything and we don't have the resources to hold everything.
- In this moment, we are focusing on our current year spending with appropriate and implementable mid-year reductions while building our 2026-27 budget with less expenditures.
- We also have additional expenditures to consider.



# Revisions and Updates to the Fiscal Solvency Plan



# Fiscal Solvency Plan Update

- The revised Fiscal Solvency Plan has been revised to provide a side by side comparison from the original plan to the proposed revised plan.
- The revised plan also includes new items, which are designated in the Action Column as “New.”
- A Rationale Column has also been added summarizing the item strategy, status, action, and impact of the original and proposed strategy.

# Fiscal Solvency Plan Update

- The fiscal solvency plan additions from the Board's recommendations and action on January 29, 2026 are also included in this revision.
  - Staff is analyzing these strategies to provide a response to financial and operational impact.
  - Prior actions that are duplicative and/or correlate to the new strategies are also noted and amended.

# Fiscal Solvency Plan Update

Projected savings/cost avoidance totals are also included in the Proposed plan options.

## **2025-26**

- The original projected savings/cost avoidance was \$67.7M.
- The revised projected savings is currently \$43.8M.

## **2026-27**

- The core of budget development requests and meetings with sites/departments February 4, 2026
- The net changes, especially related to the Unrestricted General Fund will be estimated and provided during the next update.

# Revised Fiscal Solvency Plan

| A  | B                                       | C                                 | D  |
|--|---|-----------------------------------|--|
| <b>2025-26 FISCAL SOLVENCY PLAN ACTIONS</b>  |   |                                   |  |
|  | Original Plan                           | Proposed Revised Plan*            |  |
| Action   | Adopted Fiscal Solvency Plan (11/20/25) | Revised Projection (as of 2/2/26) |  |
| Summary Total  | \$67,700,000.00                         | \$43,787,539.53                   |  |
| <i>Budget Reductions, Transfers/Contributions to Offset Expenditures (Increase 2025-26 Revenues)</i> | <i>\$40,000,000</i>                     | <i>\$11,988,665</i>               | Rationale  |
| OPEB Disbursement  | \$20,000,000                            |                                   | \$20M can be used for retiree benefits. Meet and Confer with Bargaining Units  |
| Reclass restricted funding (i.e.MAA, FEMA)   | \$13,204,118                            | \$11,988,665                      | MAA \$2,300,000, FEMA \$9,973,618  |
| Adjustment for grants (no 45 day budget update)  | \$6,827,239                             | \$0                               | Review in progress   |
| Investigate options for attendance recovery  |   | \$0                               | This is the first year of the Attendance Recovery Grant. It's being piloted at 5 elementary sites. Funds recovered are determined when data is submitted on P2 in CalPads. Maximum we can recover is 10 days or less per student, with 4 hours equal to 1 day. |

# Revised Fiscal Solvency Plan

| 2025-26 FISCAL SOLVENCY PLAN ACTIONS   |  |   |   |
|--|--|---|---|
| Action   | Original Plan<br>Adopted Fiscal<br>Solvency Plan<br>(11/20/25) | Proposed Revised<br>Plan*<br>Revised Projection<br>(as of 2/2/26) |   |
|  |  |   | recover is 10 days or less per student, with 4 hours equal to 1 day.  |
| <i>Reduce Unrestricted General Fund Expenditures<br/>(Reduce 2025-26 Supply Expenditures)</i>  | <i>\$12,500,000</i>  | <i>\$19,263,162</i>   |   |
| Close out all supply blanket purchase orders already approved  | \$2,854,310  | \$0   | <a href="#">Activity moved to AFSP #4</a>   |
| Reduce department supply budgets by 30% from adopted budget (except custodial)   | \$741,988  | \$0   | <a href="#">Activity moved to AFSP #4</a>   |
| Delay purchase of adopted math curriculum until after July 1, 2027   | \$1,250,000  | \$0   | \$0   |
| Delay purchase of chromebook refresh until after July 1, 2026  | \$2,500,000  | \$2,500,000   |   |
| Remove single use printers / discontinue ink and service   | \$186,065  | \$0   | <a href="#">Activity moved to AFSP #4</a>   |
| Freeze supply purchases unless required for operational compliance   | \$1,120,240  | \$0   | <a href="#">Activity moved to AFSP #4</a>   |
| Eliminate use of "blanket" purchase orders   |  |   |   |
| New: Expend Final Res 7388 COVID Funding   |  | \$196,853   |   |
| New: Arts Materials & Instructional Materials Grant (Res 6762)<br>Contribution to the Unrestricted General Fund to Offset Operating Expenditures |  | \$12,229,000  | The District used this resource to adjust the budget and reduce H & W, but it never appeared on the FSP plan, but noted at First Interim. Resetting the use of it to contribute to the Unrestricted General Fund/Transfer expenses.         |
| New: Balance Supplemental & Concentration Budget - Res 0011  |  | \$4,337,309   | Budget is overspending the budgeted S & C and there is no carryover; thus, creating a deficit. Budget needs to be rebalanced after First Interim position additions. Other S & C Budgets need balancing, but impact smaller and not listed. |

# Revised Fiscal Solvency Plan

| 2025-26 FISCAL SOLVENCY PLAN ACTIONS   |   |  |  |
|--|---|--|--|
| Action   | Original Plan<br>Adopted Fiscal Solvency Plan<br>(11/20/25) | Proposed Revised Plan*<br>Revised Projection<br>(as of 2/2/26) |  |
|  |   |  | Budgets need balancing, but impact smaller and not noted.  |
| <i>Reduce/Offset Compensation Expenditures<br/>(Reduce 2025-26 Salary Costs/New)</i> | <i>\$12,300,000</i>   | <i>\$10,047,552</i>  |  |
| Reconcile and resolve inaccuracies in the position control system                    |   | \$0  | Forthcoming: Revised Fiscal Solvency Plan - February 19th Board Agenda   |
| No fall "true-up" for sites based on CBEDs enrollment                                |   | \$47,552   | The increase of student enrollment and correlated clerical/support staff not provided at fall "true up"  |
| Identify and close non-represented vacancies   | \$2,969,479   | \$0  | Lisa will research; 10 positions on Reconciliation tab   |
| Freeze hiring non-classroom positions  | \$1,381,279   | \$0  | 1/29 Board discussion, delayed to 2/5  |
| Freeze non-represented position reclassifications for current year                   | \$18,389  | \$0  |  |
| Freeze overtime unless required for emergencies                                      | \$103,316   | \$0  |  |
| Re-assign management employees to classroom vacancies                                |   | \$0  | <a href="#">Activity moved to AFSP #1.a</a>  |
| Freeze per diems unless required for operational compliance                          |   | \$0  | On 1/29 Board agenda - Add message in FSP  |
| Freeze sub release unless required for IEP meetings                                  |   | \$0  |  |
| Freeze new non-represented job descriptions for current year                         |   |  | There are no new non-represented job descriptions open for the year nor that will be open. No current budget exists for the creation of new positions.   |
| Establish a system for all per diems to be pre-encumbered                            |   |  | Process has been established and is ready for implementation; cost to be determined once implemented   |
| Discontinue use of compensatory "comp" time  |   |  | The district does not recognize compensatory "comp" time   |
| Establish protocol for classroom overage approvals - review at Serna                 |   |  | The district has established separate overage protocols for departments (Special Education, general classroom, counselor, variance of 3, etc) but will work to establish district-wide alignment for all overages. |

# Revised Fiscal Solvency Plan

| 2025-26 FISCAL SOLVENCY PLAN ACTIONS   |   |  |  |
|--|---|--|--|
| Action   | Original Plan<br>Adopted Fiscal Solvency Plan<br>(11/20/25) | Proposed Revised Plan*<br>Revised Projection<br>(as of 2/2/26) |  |
|  |   |  | departments (Special Education, general classroom, counselor, variance of 3, etc) but will work to establish district-wide alignment for all overages.   |
| Review policies for vacation accruals and establish maximums   |   |  | In progress of review of most recent implementation and enforcement practices.   |
| New: Reduce Self Insurance Factor for 2025-26 to absorb Fund Balance. All Funds pay into this fund based on salaries spent. The Unrestricted General Fund is the largest, but adjustments would have to be proportional. |   | \$10,000,000   | The District has carried a Fund Balance of \$5M+ since 2022-23. <i>CSAM Procedure 775 allows the following: If amounts held in a self-insurance fund exceed amounts required as determined on an actuarial basis (a surplus), current and/or future contributions may be reduced by adjusting the rates used to charge the contributing funds. May take more than two years to affect the Unrestricted GF.</i> |
| <i>Reduce 2025-26 Contracts &amp; Services</i>   | <i>\$2,500,000</i>  |  |  |
| Freeze non-required travel   | \$405,587   | \$0  | Currently reviewing and assessing travel expense status  |
| Deactivate no-use cellular phones assigned to active employees   | \$215,208   | \$0  | Begin Implementation in 2025-26 and Re-Assess allocations for 2026-27 prior to budget adoption   |
| Designate one primary law firm   | \$1,441,467   | \$0  | The District is developing a new internal control process to modify the approval and access protocol with all law firms.   |
| Cancel contract agreements that will not disrupt required operations   |   | \$0  | <a href="#">Activity moved to AFSP #5</a>  |
| Discontinue USPS/hard copy information and replace with electronic delivery  | \$18,389  | \$0  | Recommended full 2026-27 Implementation to determine which items will be electronically remitted   |
| Freeze new contract agreements unless required for operational compliance  |   | \$0  | <a href="#">Activity moved to AFSP #4</a>  |

# Revised Fiscal Solvency Plan

| 2025-26 FISCAL SOLVENCY PLAN ACTIONS   |   |  |  |
|--|---|--|--|
| Action   | Original Plan<br>Adopted Fiscal Solvency Plan<br>(11/20/25) | Proposed Revised Plan*<br>Revised Projection<br>(as of 2/2/26) |  |
| delivery   |   |  | items will be electronically remitted  |
| Freeze new contract agreements unless required for operational compliance  |   | \$0  | <a href="#">Activity moved to AFSP #4</a>  |
| <i>Reduce 2025-26 Program Costs</i>  |   | <i>\$400,000</i>   | <i>\$0</i>   |
| Relocate classes from McClaskey to Charles A. Jones  |   | \$0  | Adult Ed reduced their contribution for the 26-27 year by \$2,100,000 at Budget Dev, that includes the McClaskey move for 26-27. Can't be counted as this year's reduction to program costs. |
| Agendize board workshop(s) for facilities optimization and consolidation planning  |   | \$0  | No financial impact will be realized in 2025-26; however, the Board's decision on how they seek to engage on this subject has not been determined to date.                                   |
| <i>Emergency Procedures 2025-26</i>  |   |  |  |
| Eliminate all supply and contracts budgets not encumbered by January 31  | \$3,000,000   | \$0  | Update in February 2026 in addition to being correlated to ASP#4   |
| TRANS (tax revenue anticipation notes) short-term loan   |   | \$0  | This item should be removed from the Fiscal Solvency Plan.   |
| Implement staggered furlough days for non-represented employees  | \$450,000/day   | \$0  | <a href="#">Activity moved to ASP #3</a>   |
| <i>Additions to the Fiscal Solvency Plan - 1.29.2026</i>   |   | <i>\$2,488,160</i>   |  |
| 1a. Immediately transfer into classrooms all credentialed management employees whose roles have been identified for reduction  |   | \$188,160  | Currently Reviewing to assess operational and financial impact. Update February 19th Board Meeting.  |
| 1b. Immediately release any non-permanent (probationary) classified management employees whose roles have been identified for reduction  |   |  | Currently Reviewing to assess operational and financial impact. Update February 19th Board Meeting.  |
| 1c. Immediately initiate layoffs of all classified management employees whose positions are tied to specially funded programs and whose roles have been identified for reduction |   |  | Currently Reviewing to assess operational and financial impact. Update February 19th Board Meeting.  |

# Revised Fiscal Solvency Plan

| 2025-26 FISCAL SOLVENCY PLAN ACTIONS   |   |                                   |   |
|--|---|-----------------------------------|---|
| Action   | Original Plan                           | Proposed Revised Plan*            |   |
|  | Adopted Fiscal Solvency Plan (11/20/25) | Revised Projection (as of 2/2/26) |   |
| 1c. Immediately initiate layoffs of all classified management employees whose positions are tied to specially funded programs and whose roles have been identified for reduction |   |                                   | Currently Reviewing to assess operational and financial impact. Update February 19th Board Meeting. |
| 2. Immediately freeze all professional services contracts for ongoing services that do not provide direct student support  |   |                                   | Bringing contracts to Cabinet for discussion on 2/3   |
| 3. Increase furlough days for non-rep and confidential staff from 3 to 12  |   |                                   | 190 Total with 148 PERS, 42 STRS Cost per day:  |
| 4. Freeze all supply purchases (not janitorial) in central office and school sites for remainder of fiscal year  |   | \$2,300,000                       | Projected savings as of January 31, 2026  |
| 5. Document procedures around contracts and invoices approved by Cabinet   |   |                                   | Current workflow and potential amendments - Update February 19th Board Meeting                      |
| Direction to Cooperate with labor  |   |                                   | In Progress   |

## 2026-27 FISCAL SOLVENCY PLAN ACTIONS

### Updates in Progress

| <i>Reduce Future Year Supply Expenditures</i>                  |             |  |   |
|--|-------------|--|---|
| Eliminate use of "blanket" purchase orders                     | \$1,427,155 |  |   |
| Reduce total supply allocation to departments and school sites | \$1,604,407 |  |   |
| Eliminate redundant technology hardware and software           |             |  |   |
| Eliminate general use CalCard accounts                         |             |  |   |
| <i>Reduce Future Year Salary and Benefits Costs</i>            |             |  |   |
| Maintain accuracy of position control system                   |             |  |   |
| Identify department consolidation plan for 2026-27 BDP         |             |  | In progress of calculating as Budget Development is in active status. |

# GOAL: REDUCE 2025-26 SALARY COSTS - Freeze Positions - 1.29.26 Follow up

## Freeze hiring non-classroom positions

- Purpose - To reduce expenditures for the 2025-26 year for non-classroom based positions
- Clarification Required
  - There are vacant positions in 2025-26 that are strongly recommended to approve for recruitment.
  - The Non-Represented Positions are not above the targeted 270 FTE requested for reduction in 2026-27
    - Unrestricted General Fund
      - CBOO
      - **Deputy Chief of Schools\* - Action Required**
      - TK Enrollment Specialist
    - Restricted General Fund
      - Asst Superintendent SPED
- The Represented positions would impact all operations and impact another

\*Required - Attorney General Settlement



# Response to SCOE First Interim Letter



# Response to First Interim Letter

- **January 15, 2026 First Interim Letter Requested Action Items**
  - Fiscal Solvency Plan & Cash Flow Report Update by January 31, 2026
    - Monthly updates by the end of month beginning February 2026
- **Additional Item Added**
  - Revised First Interim Multi-year Projection

# Response to First Interim Letter

- **Fiscal Solvency Plan Update**
- **Cash Flow Update**
  - **District reported (\$1,056,530)**
  - **Revised Cash Flow with December Actuals - \$3,086,392**
- **Multi Year Projection Update**
  - **First Interim ending fund balance**
    - **(\$34,167,427)**
    - **Revised projection as of October 31, 2025**
      - **(\$113,258,878)**

# MYP History

Comparison of 25-26 First Interim to 25-26 Adopted Budget (AB) & 24-25 Unaudited Actuals (UA) - Revised

| Description  | 2025-26 Adopted Budget |                      |                     | 2024-25 Unaudited Actuals |                      |                      | 2025-26 First Interim |                      |                      | 2025-26 First Interim Rev, No FSP |                      |                      |
|--|------------------------|----------------------|---------------------|---------------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|-----------------------------------|----------------------|----------------------|
|  | Unrestricted           | Restricted           | Combined            | Unrestricted              | Restricted           | Combined             | Unrestricted          | Restricted           | Combined             | Unrestricted                      | Restricted           | Combined             |
| <b>REVENUE AND OTHER FINANCING SOURCES</b>   |                        |                      |                     |                           |                      |                      |                       |                      |                      |                                   |                      |                      |
| LCFF/Revenue Limit Sources   | 485,862,174            | 2,688,064            | 488,550,238         | 485,687,777               | 2,985,183            | 488,672,960          | 479,855,565           | 2,688,064            | 482,543,629          | 479,855,565                       | 2,688,064            | 482,543,629          |
| Federal Revenues   | -                      | 52,969,003           | 52,969,003          | 9,129,356                 | 48,166,973           | 57,296,329           | -                     | 51,472,813           | 51,472,813           | -                                 | 51,472,813           | 51,472,813           |
| Other State Revenues   | 12,464,964             | 116,141,142          | 128,606,106         | 11,970,752                | 123,346,351          | 135,317,103          | 8,001,560             | 150,199,463          | 158,201,023          | 8,001,560                         | 150,199,463          | 158,201,023          |
| Other Local Revenues   | 14,585,391             | 7,946,272            | 22,531,663          | 15,375,175                | 8,683,025            | 24,058,200           | 14,910,029            | 9,371,572            | 24,281,602           | 14,910,029                        | 9,371,572            | 24,281,602           |
| <b>TOTAL REVENUES</b>  | <b>512,912,529</b>     | <b>179,744,481</b>   | <b>692,657,010</b>  | <b>522,163,059</b>        | <b>183,181,533</b>   | <b>705,344,592</b>   | <b>502,767,154</b>    | <b>213,731,913</b>   | <b>716,499,067</b>   | <b>502,767,154</b>                | <b>213,731,913</b>   | <b>716,499,067</b>   |
| <b>EXPENDITURE AND OTHER FINANCING SOURCES</b>   |                        |                      |                     |                           |                      |                      |                       |                      |                      |                                   |                      |                      |
| Certificated Salaries  | 218,744,200            | 89,182,004           | 307,926,204         | 218,471,232               | 99,871,987           | 318,343,219          | 227,760,878           | 98,288,606           | 326,049,485          | 230,256,232                       | 96,199,606           | 326,455,839          |
| Classified Salaries  | 64,724,110             | 55,539,782           | 120,263,892         | 62,468,377                | 39,768,173           | 102,236,550          | 63,576,110            | 42,731,174           | 106,307,284          | 66,219,773                        | 42,626,178           | 108,845,951          |
| Employee Benefits  | 140,684,922            | 123,549,804          | 264,234,725         | 143,248,936               | 98,413,589           | 241,662,525          | 108,315,481           | 114,990,979          | 223,306,459          | 151,514,020                       | 105,548,882          | 257,062,903          |
| Books & Supplies   | 7,804,267              | 19,207,717           | 27,011,985          | 10,650,543                | 7,845,566            | 18,496,110           | 6,504,448             | 35,114,722           | 41,619,170           | 13,907,052                        | 36,364,722           | 50,271,775           |
| Services & Other Operating Expenses  | 28,936,153             | 34,865,144           | 63,801,296          | 42,774,523                | 113,582,324          | 156,356,847          | 31,099,277            | 122,783,066          | 153,882,343          | 53,982,386                        | 122,783,066          | 176,765,452          |
| Capital Outlay   | 1,684,909              | 7,069,361            | 8,754,270           | 2,060,365                 | 8,828,475            | 10,888,840           | 1,720,773             | 6,398,506            | 8,119,279            | 1,720,773                         | 6,398,506            | 8,119,279            |
| Other Outgo (excluding Indirect Costs)   | 1,378,467              | -                    | 1,378,467           | 1,113,285                 | -                    | 1,113,285            | 1,378,467             | -                    | 1,378,467            | 1,378,467                         | -                    | 1,378,467            |
| Other Outgo - Indirect Costs   | (12,953,967)           | 10,719,860           | (2,234,108)         | (12,259,718)              | 10,048,293           | (2,211,426)          | (13,847,572)          | 11,450,270           | (2,397,302)          | (13,379,391)                      | 10,974,354           | (2,405,037)          |
| <b>TOTAL EXPENDITURES</b>  | <b>451,003,061</b>     | <b>340,133,672</b>   | <b>791,136,732</b>  | <b>468,527,542</b>        | <b>378,358,407</b>   | <b>846,885,949</b>   | <b>426,507,861</b>    | <b>431,757,324</b>   | <b>858,265,185</b>   | <b>505,599,313</b>                | <b>420,895,315</b>   | <b>926,494,628</b>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES</b> | <b>61,909,468</b>      | <b>(160,389,191)</b> | <b>(98,479,722)</b> | <b>53,635,517</b>         | <b>(195,176,874)</b> | <b>(141,541,357)</b> | <b>76,259,293</b>     | <b>(218,025,411)</b> | <b>(141,766,118)</b> | <b>(2,832,158)</b>                | <b>(207,163,402)</b> | <b>(209,995,561)</b> |
| <b>OTHER FINANCING SOURCES/USES</b>  |                        |                      |                     |                           |                      |                      |                       |                      |                      |                                   |                      |                      |
| Interfund Transfers  |                        |                      |                     |                           |                      |                      |                       |                      |                      |                                   |                      |                      |
| Transfers In   | 3,755,880              | -                    | 3,755,880           | 3,257,064                 | 1,590                | 3,258,654            | 3,755,880             | -                    | 3,755,880            | 3,755,880                         | -                    | 3,755,880            |
| Transfers Out  | -                      | -                    | -                   | 3,418,774                 | -                    | 3,418,774            | -                     | -                    | -                    | -                                 | -                    | -                    |
| Contributions  | (147,081,944)          | 147,081,944          | -                   | (163,124,806)             | 163,124,806          | -                    | (176,536,984)         | 176,536,984          | -                    | (176,536,984)                     | 176,536,984          | -                    |
| <b>TOTAL OTHER FINANCING SOURCES/USES</b>  | <b>(143,326,064)</b>   | <b>147,081,944</b>   | <b>3,755,880</b>    | <b>(163,286,517)</b>      | <b>163,126,397</b>   | <b>(160,120)</b>     | <b>(172,781,104)</b>  | <b>176,536,984</b>   | <b>3,755,880</b>     | <b>(172,781,104)</b>              | <b>176,536,984</b>   | <b>3,755,880</b>     |
| <b>NET INCREASE (DECREASE) IN FUND BALANCE</b>   | <b>(81,416,596)</b>    | <b>(13,307,246)</b>  | <b>(94,723,842)</b> | <b>(109,850,999)</b>      | <b>(32,050,478)</b>  | <b>(141,701,477)</b> | <b>(96,521,811)</b>   | <b>(41,488,427)</b>  | <b>(138,010,238)</b> | <b>(175,613,263)</b>              | <b>(30,626,418)</b>  | <b>(206,239,681)</b> |
| <b>FUND BALANCE, RESERVES</b>  |                        |                      |                     |                           |                      |                      |                       |                      |                      |                                   |                      |                      |
| Beginning Fund Balance   | 105,635,230            | 89,749,302           | 195,384,532         | 172,005,384               | 126,825,752          | 298,831,135          | 62,354,384            | 76,442,056           | 138,796,440          | 62,354,384                        | 94,775,274           | 157,129,658          |
| <b>Ending Fund Balance</b>   | <b>24,218,634</b>      | <b>76,442,056</b>    | <b>100,660,690</b>  | <b>62,354,384</b>         | <b>94,775,274</b>    | <b>157,129,658</b>   | <b>(34,167,427)</b>   | <b>34,953,629</b>    | <b>786,202</b>       | <b>(113,258,878)</b>              | <b>64,148,855</b>    | <b>(49,110,023)</b>  |
| <b>Components of Ending Fund Balance:</b>  |                        |                      |                     |                           |                      |                      |                       |                      |                      |                                   |                      |                      |
| Non-spendable-Revolving Cash   | 150,000                | -                    | 150,000             | 150,000                   | -                    | 150,000              | 150,000               | -                    | 150,000              | -                                 | -                    | -                    |
| Stores   | 103,265                | -                    | 103,265             | 103,201                   | -                    | 103,201              | 103,265               | -                    | 103,265              | -                                 | -                    | -                    |
| Restricted   | -                      | 76,442,056           | 76,442,056          | -                         | 94,775,274           | 94,775,274           | -                     | 34,953,629           | 34,953,629           | -                                 | 64,148,855           | 64,148,855           |
| Other Assignments - Estimated contribution to Fund 11  | 2,194,591              | -                    | 2,194,591           | -                         | -                    | -                    | -                     | -                    | -                    | -                                 | -                    | -                    |
| Reserve for Economic Uncertainties   | 15,822,735             | -                    | 15,822,735          | 17,006,094                | -                    | 17,006,094           | 17,165,304            | -                    | 17,165,304           | -                                 | -                    | -                    |
| Unassigned/Unappropriated  | 5,948,044              | -                    | 5,948,044           | 45,095,089                | -                    | 45,095,089           | (51,585,995)          | -                    | (51,585,995)         | (113,258,878)                     | -                    | (113,258,878)        |
| <i>Unappropriated Percent</i>  |                        |                      | <i>0.75%</i>        |                           |                      | <i>5.32%</i>         |                       |                      | <i>-6.01%</i>        |                                   |                      | <i>-12.22%</i>       |

# Response to First Interim Letter

- **Revised projection establishes the true target which the Fiscal Solvency Plan needs to address for 2025-26 for one time and ongoing strategies**
  - **Key areas still being reviewed**
    - **Use of Restricted Resources for proper expense re-allocation**
    - **Vacancy analysis and unearned, yet budgeted compensation**
    - **Spending trends and requests for modifications**
    - **Non Labor spending trends and consulting use and funding review.**

# Revised Fiscal Solvency Plan

| 2025-26 FISCAL SOLVENCY PLAN ACTIONS  |   |                                   |   |
|---|---|-----------------------------------|---|
| Action  | Original Plan                           | Proposed Revised Plan*            |   |
|   | Adopted Fiscal Solvency Plan (11/20/25) | Revised Projection (as of 2/2/26) |   |
| Identify department consolidation plan for 2026-27 BDP                              |   |                                   | In progress of calculating as Budget Development is in active status.   |
| Reduce the number of administrators to under 270 FTE per the S8c SACS budget report | \$14,750,000                            |                                   | In progress of calculating as Budget Development is in active status.   |
| Identify changes to 2027 benefit offerings to reduce overall district contribution  |   |                                   |   |
| Implement a system for all per diems to be pre-encumbered                           | \$3,723,472                             |                                   |   |
| <i>Reduce Future Year Contracts and Services Costs</i>                              |   |                                   |   |
| Update travel procedures for cost containment   limit non-required travel           |   |                                   |   |
| Reduce total contract allocation to departments and school sites                    |   |                                   |   |
| Eliminate contracts related to ineffective programs                                 | \$2,441,106                             |                                   |   |
| Discontinue low/no usage platforms  | \$3,170,736                             |                                   |   |
| <i>Reduce Future Year Program Costs</i>   |   |                                   |   |
| Reduce Parent Participation Preschool to one classroom at Tahoe Elementary          |   | \$238,420                         | District contribution was \$238,420 for 24-25 as of 2/20/25. Teacher salary increases and decreased student participation would have to be figured into this calculation. |
| Eliminate before/after school non-ELOP "pay as you go" programs                     |   | \$353,797                         | District contribution was \$353,797 for 24-25 as of 2/20/25. Teacher salary increases and decreased student participation would have to be figured into this calculation. |
| Develop cost allocation plan  | \$2,500,000                             |                                   |   |
| Eliminate contribution to Adult Education   |   | \$2,100,000                       | See line 46 above   |
| Eliminate practice of Priority School designation and allocations                   | \$2,300,000                             |                                   | Title I funded, Board will make final decision on 2/5   |
| Discontinue sending College Going Packets after grant expires                       |   |                                   |   |

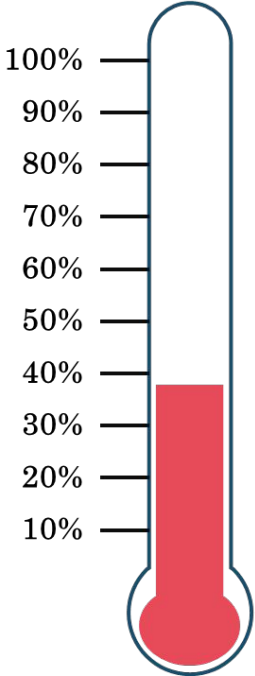
# Revised Fiscal Solvency Plan

## 2025-26 FISCAL SOLVENCY PLAN ACTIONS

| Action  | Original Plan<br>Adopted Fiscal<br>Solvency Plan<br>(11/20/25) | Proposed Revised<br>Plan*            |   |
|---|--|--------------------------------------|---|
|   |  | Revised Projection<br>(as of 2/2/26) |   |
| Eliminate contribution to Adult Education   |  | \$2,100,000                          | See line 48 above   |
| Eliminate practice of Priority School designation and allocations   | \$2,300,000  |                                      | Title I funded, Board will make final decision on 2/5                 |
| Discontinue sending College Going Packets after grant expires   |  |                                      |   |
| Revisit and study continuation of International Baccalaureate Programme   |  |                                      |   |
| Revisit and study implementation of GATE program  |  |                                      |   |
| Establish a Facilities Development Process for locating programs  |  |                                      |   |
| Review inclusive and co-teaching practices for consistency and effectiveness  |  |                                      |   |
| Consider school consolidation plan and boundary changes with timeline   |  |                                      |   |
| Evaluate methodology for determining IEP services to eliminate redundancies and maximize delivery in the least restrictive environment. |  |                                      |   |
| Evaluate allocation method of TK classroom aides for AM/PM programs   |  |                                      |   |
| 20% reduction to departments  | \$36,500,000   |                                      | In progress of calculating as Budget Development is in active status. |

# Revised Fiscal Solvency Plan

## SCUSD 2025-26 Fiscal Solvency Goal





# Next Steps



# Next Steps

## February 2026

- Update Fiscal Solvency Plan and Cash Flow
- 2025-26 Second Interim Preparation
- Budget Development
  - Reconcile the preliminary adjustments to the budget based on Budget Development

## February Board Meetings

- Board Meeting - February 18, 2026 Update on the Fiscal Solvency Plan