



Fiscal Solvency Plan Update

February 19, 2026
Agenda Item No. 12.3

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 19, 2026 Fiscal Solvency Update

Ask of the Board: Recommendation: It is recommended that the Board review the update on the progress of Fiscal Solvency Plan.

- Update on our Status
- Next Steps



Focusing on Fiscal Solvency



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

- Actions from the revised Fiscal Solvency Plan are being calculated and implemented.
- 2026-27 Budget Development is in progress.
- Reconciliation of Position Adjustments are in progress.

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.

Revised Fiscal Solvency Plan

2025-26 FISCAL SOLVENCY PLAN ACTIONS			
Action	Original Plan Adopted Fiscal Solvency Plan (11/20/25)	Proposed Revised Plan* Revised Projection (as of 2/16/26)	
Summary Total	\$67,700,000.00	\$43,599,379.53	
<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 - Entries to be made by Second Interim.
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.

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2025-26 FISCAL SOLVENCY PLAN ACTIONS

Action	Original Plan Adopted Fiscal Solvency Plan (11/20/25)	Proposed Revised Plan* Revised Projection (as of 2/16/26)	
<i>Reduce Unrestricted General Fund Expenditures (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	Activity moved to AFSP #4
Reduce department supply budgets by 30% from adopted budget (except custodial)	\$741,988	\$0	Activity moved to AFSP #4
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	Activity moved to AFSP #4
Freeze supply purchases unless required for operational compliance	\$1,120,240	\$0	Activity moved to AFSP #4
Eliminate use of "blanket" purchase orders			
New: Expend Final Res 7388 COVID Funding		\$196,853	
New: Arts Materials & Instructional Materials Grant (Res 6762) 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.

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Action	Original Plan Adopted Fiscal Solvency Plan (11/20/25)	Proposed Revised Plan* Revised Projection (as of 2/16/26)	
<i>Reduce/Offset Compensation Expenditures (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	Activity moved to AFSP #1.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,

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2025-26 FISCAL SOLVENCY PLAN ACTIONS

Action	Original Plan Adopted Fiscal Solvency Plan (11/20/25)	Proposed Revised Plan* Revised Projection (as of 2/16/26)	
			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. 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>Reduce 2025-26 Contracts & 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	Activity moved to AFSP #5
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		\$0	Activity moved to AFSP #4

Revised Fiscal Solvency Plan

2025-26 FISCAL SOLVENCY PLAN ACTIONS

Action	Original Plan Adopted Fiscal Solvency Plan (11/20/25)	Proposed Revised Plan* Revised Projection (as of 2/16/26)	
<i>Reduce 2025-26 Program Costs</i>			
Relocate classes from McClaskey to Charles A. Jones	\$400,000	\$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	Activity moved to ASP #3
<i>Additions to the Fiscal Solvency Plan - 1.29.2026</i>		\$2,300,000	.
1a. Immediately transfer into classrooms all credentialed management employees whose roles have been identified for reduction		\$0	Item eliminated from strategy list 2.5.2026
1b. Immediately release any non-permanent (probationary) classified management employees whose roles have been identified for reduction		\$0	Item eliminated from strategy list 2.5.2026
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		\$0	Item eliminated from strategy list 2.5.2026

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2025-26 FISCAL SOLVENCY PLAN ACTIONS

Action	Original Plan Adopted Fiscal Solvency Plan (11/20/25)	Proposed Revised Plan* Revised Projection (as of 2/16/26)	
2. Immediately freeze all professional services contracts for ongoing services that do not provide direct student support			Contracts being reviewed for recommendation for 2025-26 and ongoing.
3. Increase furlough days for non-rep and confidential staff from 3 to 12		\$0	Item eliminated from strategy list 2.5.2026
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. Update: Completed.
5. Document procedures around contracts and invoices approved by Cabinet			Current workflow and potential amendments - Update MarchBoard Meeting
Direction to Cooperate with labor			Completed

2026-27 FISCAL SOLVENCY PLAN ACTIONS

Updates in Progress

2026-27 Summary Total	\$68,416,876.00	\$7,646,701.00	
<i>Reduce Reduce Future Year Supply Expenditures</i>	<i>\$21,505,034</i>	<i>\$4,954,484</i>	
Eliminate use of "blanket" purchase orders	\$1,427,155		District uses blanket PO's for operational efficiency and procurement practices for frequent ordering. Budgets can be managed differently.
Reduce total supply allocation to departments and school sites	\$1,604,407		
Eliminate redundant technology hardware and software			

Revised Fiscal Solvency Plan - Admin Reductions

2025-26 FISCAL SOLVENCY PLAN ACTIONS			
Action	Original Plan Adopted Fiscal Solvency Plan (11/20/25)	Proposed Revised Plan* Revised Projection (as of 2/16/26)	
Eliminate redundant technology hardware and software			
Eliminate general use CalCard accounts			CalCard accounts are another efficiency and purchasing control strategy. The District will review the history of purchases and determine if revised internal controls are required.
<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.
Update: Reduce the number of administrators to under 270 FTE per the S8c SACS budget report	\$14,750,000	\$4,954,484	Current projected cost avoidance of 60 less positions. Reconciliation still in progress. 28.2 - \$4,954,484 Restricted. 31.8 Retriected - \$5,335,016
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		

Administrative Reductions

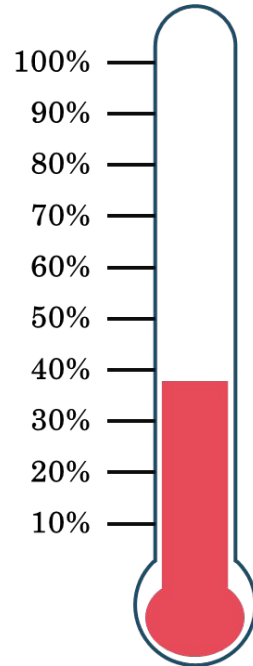
- 2026-27 Reduce Administrative Staff to 270 FTE
- 2019-20 Administrative Positions - 265 - All Funds
- 2025-26
 - Administrator FTE (10/25) - 383.9 - All Funds
 - Administrator FTE (10/25) - 328.5 - General Fund
 - Reduction to 270 - Reduce by 58.5
 - Proposed Reductions - 60.1
 - Additional Administrative Positions also Reduced Due to Lack of Funding
 - Board approved Administrative RIF/PKS 2/12/2025

Revised Fiscal Solvency Plan

2025-26 FISCAL SOLVENCY PLAN ACTIONS			
Action	Original Plan Adopted Fiscal Solvency Plan (11/20/25)	Proposed Revised Plan*	Revised Projection (as of 2/16/26)
<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			
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

Revised Fiscal Solvency Plan

SCUSD 2025-26 Fiscal Solvency Goal

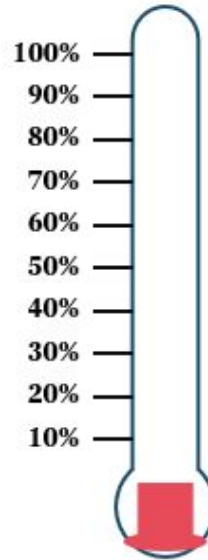


Revised Fiscal Solvency Plan

2026-27 SCUSD Fiscal Solvency Plan



Revised Deficit for 2026-27 MYP w/o
2025-26 Deficit reductions: \$294.9M



2026-27 Budget Development in
Progress



Next Steps



Next Steps

February 2026

- 2025-26 Second Interim Preparation
- Budget Development
 - Reconcile the preliminary adjustments to the budget based on Budget Development

February Board Meetings

- Board Meeting - February 19, 2026 Update on the Fiscal Solvency Plan

March 2026

- Update SCOE - Fiscal Solvency Plan & Cash Flow
- Second Interim/Update on Fiscal Solvency Plan

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