



HEIDI SANN, Chief Financial Officer  
2450 Lancaster Drive NE • PO Box 12024  
Salem, Oregon 97309-0024  
503-399-3021

Andrea Castañeda, Superintendent

Date: February 02, 2026  
To: Andrea Castañeda, Superintendent  
From: Heidi Sann, Chief Financial Officer  
Re: Financial Update for the Quarter Ended December 31, 2025

Board Policy EL-8, Item 6 sets out a provision for the School Board to receive quarterly financial reports that include a recap of changes between the current and previous report in expenditures, revenue, enrollment, and a projected ending fund balance. The information provided in this memo summarizes the financial highlights of the second quarter for the 2025-26 fiscal year.

**Current Year (2025-26) Outlook:**

- **Revenue** – The district anticipates General Fund revenue to decrease by approximately \$2.2 million from the September Financial Update. The State of Oregon’s most recent Economic and Revenue Forecast, released on November 19, 2025, was slightly improved from the September forecast and mid-year impacts to state school funding are not currently anticipated. The district will continue to assess any potential impact on state school funding based on the February forecast.
- **Expenditures** – The district is forecasting to spend approximately \$20.5 million less than budgeted in the general, up \$1.4 million in additional unspent expenditures compared to the September Financial Update. This includes about \$19.4 million in salaries and payroll costs, driven by staff vacancies and grant support, and approximately \$1.1 million in supplies, materials, and purchased services. When combined with the \$52.3 million operating contingency, which is reserved for unusual or extraordinary events, the total unspent projected expenses amount to \$72.8 million.
- **Enrollment** – The December 2025 enrollment is 36,884 students, down from 38,017 from last December. This decline aligns with the district’s forecast and continues to be monitored for any impact it may have on funding and other key areas.
- **Summary and Look Ahead**  
A General Fund ending fund balance of \$70.2 million, or 10.21%, of operating revenue is estimated for the 2025-26 fiscal year. While this reflects a slight decrease from the previous quarterly financial report, it remains within policy targets. Fluctuations are likely to occur between this report and the next quarterly report as updated information becomes available. The 2026-27 budget development process is underway. In alignment with the school board’s direction, the district is working to identify \$25 million in reductions for the 2026-27 fiscal year. These reductions are necessary to protect the district’s long-term financial health and stability. Community budget conversation meetings about these reductions are on-going.

**Salem-Keizer Public Schools**  
**General Fund Revenue & Expenditure Projection**  
**Fiscal Year Ending June 30, 2026**  
**Quarter Ended December 31, 2025**

	<b>2025-26</b>
State Formula Revenue	\$ 561,035,054
Exempt Revenue and Fund Transfers	33,261,002
Total Budgeted Revenue	<b>\$ 594,296,056</b>
Budgeted Beginning Fund Balance	96,000,000
Total Budgeted Resources	<b>\$ 690,296,056</b>
Total Budgeted Expenditure	<b>\$ 690,296,056</b>
Total Budgeted Resources	\$ 690,296,056
Less: Budgeted Beginning Fund Balance	(96,000,000)
Add: Actual Ending Fund Balance 2024-25	95,694,483
Total Operating Revenue - Prior to Year End	<b>\$ 689,990,539</b>
Year End Revenue Increase/(Decrease)	(2,241,574)
Total Operating Revenue	<b>\$ 687,748,965</b>
<b><u>Fund Balance Projection</u></b>	
Actual Beginning Fund Balance	\$ 95,694,483
Less: Budgeted Beginning Fund Balance	(96,000,000)
Adjust Increase/(Decrease) - Projected Revenue	(2,241,574)
Adjust Decrease/(Increase) - Projected Expenses - includes Contingency	72,796,002
Projected Ending Fund Balance	<b>\$ 70,248,911</b>
Projected Ending Fund Balance as a Percent of Total Operating Revenue	10.21%
<i>Administrative Policy ADM-A001 4.1 (7%-12% Targeted Ending Fund Balance)</i>	