SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

Agenda Item# 11.1

Meeting Date: August 20, 2026

Subject: Fiscal Sustainability Plan Update

- ☒ Information Item Only
- ☐ Approval on Consent Agenda
- ☐ Conference (for discussion only)
- ☐ Conference/First Reading (Action Anticipated: ______________)
- ☐ Conference/Action
- ☐ Action
- ☐ Public Hearing

Division: Office of the Superintendent

Recommendation: The Superintendent recommends the Board receive an update on the Fiscal Accountability Plan and approve any changes that enhance the district's fiscal outlook.

Background/Rationale: On July 30, 2026, the Board of Education passed a $158.6 million fiscal accountability plan that would keep the district from going insolvent by the end of the fiscal year.

This plan is a mix of one-time opportunities, and other, ongoing reductions to address the structural budget deficiencies, and aligning our district programs in the future that meet our educational needs with our fiscal responsibilities.

Each month, at the second board meeting, staff will provide an update on the plan, adjustments that are made due to success/failure of action items, and an updated cash status.

Financial Considerations: The plan is to close an estimated $158 million (unrestricted and restricted) gap between budgeted expenditures reductions and revenue increase. These changes must be on-going to avoid insolvency in the future; however, one-time actions support a short-term cash flow need. It is estimated the district will go insolvent in February 2027 with no changes to the current district budget that was adopted in June 2026 for the fiscal year 2026-2027.

As the plan becomes more defined and savings are realized, it will extend the district's opportunity to finish the fiscal year with enough cash to pay expenses.

Right now, the current need of $82.2 million in ongoing Unrestricted General Fund budget reductions as soon as possible will provide the fastest path to relief and allow for a new multi-year projection report to reflect the work of the action plan. On-going savings are needed in all General Fund categories, both unrestricted and restricted.

To date, following the Fiscal Accountability Plan, the district has achieved $36,161,969 in one-time funds of the $158.6 million need for this fiscal year. This work has extended the time the district may go insolvent to April 2027.

LCAP Goal(s): Operational Excellence

Documents Attached:
1. Fiscal Plan Action Plan Summary
2. Fiscal Plan PPT

Estimated Time of Presentation: 15 Minutes
Submitted by: Gerardo Castillo, Chief Business Officer & Chris Ralston, Assistant Superintendent
Approved by: Cancy McArn, Superintendent

Sacramento City
UNIFIED SCHOOL DISTRICT

SCUSD 2026–27 Fiscal Sustainability Plan
July 30, 2026

Excluded from the Board's adopted budget for the 2026-2027 fiscal year, this comprehensive fiscal sustainability plan introduces new revenue streams, operational efficiencies, expenditure cuts, and negotiated cash-flow relief.

Full implementation of these measures could enhance the District's financial standing by $158.639 million, creating a viable path to achieve the $150 million solvency target established by the Sacramento County Office of Education (SCOE). Notably, this $150 million benchmark surpasses SCOE's stated goal of $135 million and FCMAT's projection that the District's cash deficit will be $135 million by June 2027.

To fulfill its monitoring obligations, the District will implement monthly updates across the designated categories. When an approved reduction is insufficient; the primary focus remains on its concrete realization. Staff must demonstrate actual budget contractions, decreased operational expenditures, preserved cash balances, and the substitution of any deficiencies with alternative measures to safeguard the solvency objective. This framework is subject to modification following each monthly evaluation.

Key:

- *Funds Realized = blue background*
- *MOU Pending Approval = yellow background*
- *Sub Totals/Totals = purple background*

#	Bucket	Target Amount	What it includes	How to Show Process or Completion	Funds Realized
1	**State discretionary block grant**	**$31.100M**	Final one-time state funding not included in the adopted budget.	Official CDE allocation, payment timing, District-versus-charter treatment, eligible uses, and how much unrestricted spending it can replace. Monthly reporting must show allocation, revenue posted,	**31.100M**

#	Bucket	Target Amount	What it includes	How to Show Process or Completion	Funds Realized
				cash received, eligible expenditures shifted, remaining balance, and variance from plan.	
2	**Programmatic reductions**	**$20.300M**	Reductions identified in the [7 Strategies](#) **document**, including program cuts, consolidations, service reductions, and the additional $5.3M program reduction amount (book and supplies moved from 4399. Verified by SCOE)	**Refer to the [7 Strategies](#) document.** Staff must identify which strategies are approved, the savings assigned to each strategy, implementation dates, bargaining implications, replacement costs, and expected monthly cash impact. Monthly reporting must show the original target, budget reduction posted, actual savings realized, cash preserved, forecast at completion, variance, responsible owner, and corrective action if implementation is behind schedule.	
3	**Contracts and consultants**	**$9.000M**	Consultants, agency staffing, software, legal services, training, subscriptions, communications, and contract scope reductions	Vendor-by-vendor schedule, termination dates, gross savings, replacement costs, and net cash savings. Monthly reporting must show contracts canceled or reduced, encumbrances released, payments avoided, replacement costs, and net savings.	
4	**Department operating budgets**	**$3.000M**	Additional reductions to controllable central-office spending such as travel, supplies, equipment, memberships, and discretionary services	Department-level budgets, exact object codes reduced, existing encumbrances, prior reductions already taken, and monthly spending limits. Monthly reporting must show revised budget, actual spending, open purchase orders, remaining target, and corrective action.	
5	**Align resources with student priorities**	**$2.000M**	Approximately 10% reduction in unrestricted site-controlled spending, plus	Unrestricted site budgets, committed versus available balances, essential-cost exemptions, and actual amounts removed. Monthly	

#	Bucket	Target Amount	What it includes	How to Show Process or Completion	Funds Realized
			recovery of unused balances and stale purchase orders	reporting must show site reductions posted, spending against revised budget, released purchase orders, unused balances recovered, exemptions, and net Districtwide savings.	
6	**Reduce overtime, substitutes, stipends, and extra duty**	**$5.750M**	Reduce Overtime controls, substitute reductions, extra-duty work, stipends, summer staffing, and compensatory-time controls	Historical spending baseline, department and site caps, contractually required costs, approved exceptions, and monthly savings. Monthly reporting must show actual spending by category, comparison with target and prior year, approved exceptions, forecast, and net savings.	
7	**Special-education efficiencies**	**$3.000M**	Agency staffing reductions, provider renegotiation, transportation efficiency, extraordinary-cost claims, and service delivery improvements	No reduction in required IEP services, contract and staffing detail, reimbursement claims, replacement costs, and net unrestricted benefit. Monthly reporting must show agency costs, District replacement costs, claims submitted, reimbursements received, transportation savings, and net encroachment improvement.	
8	**Workforce and benefit actualization**	**$6.000M**	Savings from staffing levels below budget, delayed hiring, retirements, lower-cost replacements, and related benefit savings	Budgeted versus actual FTE, payroll variance, benefit savings, backfill costs, and proof the amount is not duplicated elsewhere. Monthly reporting must show active FTE, salary savings, benefit savings, overtime and contractor offsets, and net realized savings.	
9	**Procurement and unused allocations**	**$4.750M**	Closing stale purchase orders, releasing encumbrances, recovering unused allocations, equipment freezes,	Purchase-order aging report, canceled obligations, released encumbrances, unrestricted amount available, and actual cash avoided. Monthly reporting must show purchase orders canceled, encumbrances released,	

#	Bucket	Target Amount	What it includes	How to Show Process or Completion	Funds Realized
			and centralized purchasing	budget returned, equipment purchases deferred, and cash impact.	
10	**Facilities, utilities, and leases**	**$3.500M**	Energy savings, space consolidation, lease reductions, closing unused areas, and deferring noncritical replacements	Specific sites, leases, utility baselines, implementation dates, one-time costs, and 2026–27 cash savings. Monthly reporting must show utility usage, leases reduced, space consolidated, contracts terminated, and savings realized.	
11	**Central administration and management**	**$3.000M**	Vacant management positions, acting assignments, overlapping functions, supervisory layers, and central-office support reductions	Named positions and functions, salary and benefit savings, organization changes, implementation dates, and no replacement cost elsewhere. Monthly reporting must show positions eliminated, payroll savings, acting stipends ended, consultant reductions, and replacement costs.	
12	**Transportation and fleet**	**$.800M**	Route optimization, overtime reduction, contractor review, fuel controls, fleet assignment, and maintenance savings	Route analysis, required-service compliance, contractor comparisons, overtime data, and monthly cost reductions. Monthly reporting must show route count, contractor use, overtime, fuel, maintenance, and savings against target.	
13	**Legal, claims, and risk controls**	**$3.000M**	Outside counsel limits, investigation controls, claims management, workers' compensation improvements, and settlement review	Historical baseline, enforceable authorization controls, identified cases or vendors, and measurable year-over-year reduction. Monthly reporting must show outside counsel spending, claims costs, investigations, settlements, workers' compensation trends, and savings.	
14	**Attendance and revenue recovery**	**$2.000M**	Attendance corrections, prior-year receivables,	Separate confirmed recoveries from aspirational attendance gains, identify receivables and claims, and	

#	Bucket	Target Amount	What it includes	How to Show Process or Completion	Funds Realized
			reimbursement recovery, indirect-cost recovery, and limited ADA improvement	show cash collection dates. Monthly reporting must show ADA versus budget, claims submitted, revenue received, prior-period corrections, and variance from target.	
15	**Hiring freeze and vacancy controls**	**$2.000M**	Holding noncritical vacancies open outside classroom, safety, legal, and compliance positions	Position list, vacancy dates, salary and benefit savings, exemptions, and no overtime, substitute, agency, or contractor backfill. Monthly reporting must show vacancies held, payroll savings, exceptions approved, backfill costs, and net savings.	
16	**Health-benefit dependent eligibility audit**	**$2.500M**	Removal of ineligible dependents and reduction in related premium or claims costs	Independent eligibility review, actual enrollment removals, premium or claims savings, timing, and separation from OPEB relief. Monthly reporting must show audit completion, dependents removed, premium reductions, claims impact, and realized savings.	
17	**Technology and software-license consolidation**	**$0.500M**	Elimination of unused or duplicate licenses, platform consolidation, device management, and centralized purchasing	License inventory, usage data, contracts canceled, implementation costs, and no duplication with the contracts bucket. Monthly reporting must show licenses removed, contracts reduced, implementation costs, and net savings.	
18	**Insurance, telecom, copier, and lease renegotiation**	**$0.750M**	Rebid or reduced insurance, phone lines, mobile devices, copiers, equipment rentals, and recurring leases	Current contract inventory, renewal dates, bids or amendments, termination costs, and net 2026–27 savings. Monthly reporting must show agreements renegotiated, services removed, contract savings, termination costs, and cash impact.	
19	**Additional Medi-Cal and**	**$2.000M**	Unsubmitted claims, billing	Claim inventory, submission dates, expected collections,	

#	Bucket	Target Amount	What it includes	How to Show Process or Completion	Funds Realized
	reimbursement recovery		corrections, prior-period reimbursements, and improved claiming processes	responsible department, and separation from the special-education bucket. Monthly reporting must show claims submitted, approved amounts, cash received, denied claims, and forecast at completion.	
20	**Additional state grants, reimbursements and restricted cost replacement**	**$5M conservative ($10M target; $8M–$22M gross opportunity**	Special-education reimbursements, Community Schools, homeless-student supports, dual enrollment, inclusive practices, teacher pipelines, newcomer supports, kitchen infrastructure, and other final-budget programs	Final allocation or award notice; proof the amount is not already budgeted; allowable-use analysis; existing unrestricted expenditure being replaced; required new spending; net General Fund benefit; monthly cash-receipt schedule; and responsible department owner	
21	**Subtotal before OPEB MOU**	**$109.950M**	State funding plus District-controlled reductions and recoveries	Full reconciliation showing no overlap, clear ownership, implementation dates, and monthly evidence of budget and cash realization.	
22	**OPEB-related relief**	**$41.204M**	OPEB and related health-benefit cash relief . Amount verified by SCOE consultant.	Signed agreement, legal and actuarial review, exact cash timing, future liability impact, and confirmation the amount is not counted elsewhere. Monthly reporting must show cash retained or avoided, actual contribution changes, health-cost impact, remaining obligation, and variance from plan.	
23	**Medi-Cal reimbursements to offset General Fund costs.**	**7.000 M**	SCTA agreement. Amount verified by SCOE letter (page 2, paragraph 4)		
24	**SCTA's member OPEB**	**.485 M**	SCTA agreement. Amount saved by		

#	Bucket	Target Amount	What it includes	How to Show Process or Completion	Funds Realized
	contribution (non funding savings)		employees not contributing to OPEB for 26-27.		
25	**Total maximized plan**	**$158.639M**	Full proposed solvency package	Evidence that at least $150M is realistic, measurable, timely, and cash-positive.	

Summary

Items	Amount
Total before OPEB Agreement	**$109.950M**
SCTA Agreement total relief for ‘26-’27	**$48.689M**
Total plan	**$158.639M**
Minimum solvency target	**$150.000M**
Implementation cushion	**$8.639M**

Monthly Reporting Commitments

Every line item will be reviewed monthly using the same standards:

Required field	Details
Original target	Approved savings or revenue amount
Budget reduction posted	Amount formally removed from the budget
Actual savings to date	Verified expenditure reduction or revenue collected
Cash realized	Actual cash preserved or received
Forecast at completion	Expected full-year result
Variance	Difference from target
Evidence	Payroll, contract, claim, allocation, or purchase-order support
Responsible owner	Cabinet member or department lead
Corrective action	Replacement action if the target falls short
Confidence rating	High, medium, or low

A reduction will not be considered achieved because it has been approved. Staff will show that the budget has been reduced, spending has actually declined, cash has been preserved, and any shortfall has been replaced with another identified action.