SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

Agenda Item# 6.4

Meeting Date: September 10, 2026

Subject: Approve Multi-Year Projections 2026-27 to 2028-29

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

Division: Business Services

Recommendation: Approve the updated 2026-27 to 2028-29 multiyear projections.

Background/Rationale: The Multi-Year Projections (MYP) provide an assessment of the District's financial condition over the current and two subsequent fiscal years. It serves as a critical planning tool to evaluate the long-term impact of revenue trends, expenditure commitments, enrollment changes, labor agreements, and other operational factors on the District's fiscal stability.

Financial Considerations: The revisions increase 2026-27 revenues and other financing sources while significantly reducing budgeted expenditures, resulting in a $208.3 million improvement in the projected annual operating result. Although the revised Multi-Year Projection (MYP) substantially reduces the deficit, the District remains below the minimum reserve requirement and must continue implementing sustainable fiscal solutions to achieve long-term financial stability.

LCAP Goal(s): Goal I – Graduation Outcomes, Goal 2 – Academic Outcomes, and Goal 3 – Welcoming and Safety Outcomes

Documents Attached:

1. Executive Summary
2. MYP Document

Estimated Time of Presentation: 10
Submitted by: Gerardo Castillo, CPA, Chief Business Officer
Approved by: Cancy McArn, Superintendent

Recommended Board Action

Approve the 2026-27 budget revisions reflected in the updated multiyear projection. The revisions produce a net improvement of $208,321,046 compared with the adopted budget and reduce the projected 2026-27 operating deficit after other financing sources to $424,342.

Executive Summary

The updated MYP reflects substantial progress toward fiscal stability. Revised revenues, expenditure reductions, and other financing sources increase the projected 2026-27 ending fund balance by approximately $229.0 million relative to the adopted budget. The revised plan brings 2026-27 and 2027-28 close to balance, but it does not restore the minimum reserve and projects a negative ending fund balance of approximately $1.8 million in 2028-29. Continued implementation of the fiscal stabilization plan and additional recurring solutions remain necessary.

2026-27 Revised Budget

Budget Component	Adopted Budget	Adjustments	Revised Budget
Total revenues	$754,537,288	$35,688,040	$790,225,328
Total expenditures	$965,703,560	$(137,513,931)	$828,189,629
Other financing sources and uses	$2,420,884	$35,119,075	$37,539,959
Net increase or decrease in fund balance	$(208,745,388)	$208,321,046	$(424,342)
Ending fund balance	**$(228,871,684)**	**$229,033,541**	**$161,857**

Areas of Improvement

- Budget revisions improve the 2026-27 annual result by $208.3 million, moving the projection from a $208.7 million deficit to a $0.4 million deficit.
- Expenditure adjustments total $137.5 million in 2026-27. The largest changes occur in employee benefits, services and other operating expenditures, certificated salaries, books and supplies, and classified salaries.
- Revenue adjustments add $35.7 million in 2026-27 after accounting for the correction to STRS on-behalf revenue. Major additions include the SSPD Block Grant, retiree benefit reimbursements, and federal Medi-Cal reimbursements.
- Other financing sources increase by $35.1 million in 2026-27, primarily from redevelopment-related transfers. The projection assumes $3.4 million continues in subsequent years.

- The updated MYP remains nearly balanced in 2027-28, with a projected annual deficit of approximately $11,855.

Areas Requiring Continued Action

- Minimum reserve. The district does not meet its minimum reserve requirement in any projected year. Ending fund balance is approximately $161,857 in 2026-27, $150,001 in 2027-28, and negative $1.8 million in 2028-29.
- Implementation of reductions. The forecast depends on approved and planned reductions being fully reflected in staffing, vacancies, employee benefits, service contracts, supplies, and other actual expenditures.
- Revenue validation. The district should continue to verify the amount, timing, allowability, and recurring status of the SSPD Block Grant, Prop 98 settle-up, Medi-Cal reimbursement, retiree benefit reimbursements, and redevelopment transfers.
- One-time resources. Approximately $31.7 million of the 2026-27 redevelopment transfer is identified as one-time and does not support the budget in later years.
- 2028-29 shortfall. The projection shows an annual deficit of approximately $1.9 million and a negative ending fund balance of approximately $1.8 million. The district must identify additional recurring solutions before that year.

Multiyear Outlook

Projection Measure	2026-27	2027-28	2028-29
Total revenues	$790.2 million	$820.5 million	$837.6 million
Total expenditures	$828.2 million	$826.3 million	$845.3 million
Net change in fund balance	$(0.4) million	$(0.01) million	$(1.9) million
Ending fund balance	**$0.2 million**	**$0.2 million**	**$(1.8) million**

Management Priorities

- Provide the Board with a monthly fiscal stabilization report showing each action, responsible department, budgeted amount, actual savings, implementation date, and current risk status.
- Maintain strict position control, vacancy review, overtime monitoring, and contract approval procedures so budgeted reductions translate into actual savings.
- Update enrollment, ADA, COLA, special education, employee benefit, labor, and cash flow assumptions at each reporting period.
- Develop a recurring reserve restoration plan that eliminates the 2028-29 deficit and rebuilds the state-required reserve.

Fiscal Impact

Approval of the revisions increases 2026-27 revenues by $35,688,040, reduces budgeted expenditures by $137,513,931, and increases other financing sources by $35,119,075. The combined revision improves the projected annual result by $208,321,046. The revised MYP substantially reduces the adopted deficit, but the district remains below the minimum reserve and must continue implementing recurring fiscal solutions.

Description	Object Code	2025-26 UA	Base Year 2026-27AB	Adjustments	Revised 2026-27	Year 2 2027-28	Year 3 2028-29	Comments
Combined Summary								Fiscal Sustainability Plan (FSP) - Board Approved 7/30/2026
A. Revenues								
LCFF Sources	8010-8099	480,435,806.66	499,530,669.00	0.00	499,530,669.00	512,258,047.00	523,538,203.00	
2025-26 Prop 98 -Settle-up State $3.9Billion	8010-8099		0.00	0.00	0.00	22,700,000.00	22,700,000.00	Assume Ongoing
Federal Revenue	8100-8299	38,743,126.01	40,911,357.58	7,000,000.00	47,911,357.58	45,159,776.68	45,159,776.68	FSP- Medi-Cal Reimbursement- Ongoing.
Other State Revenues	8300-8599	176,411,355.56	200,707,843.91	30,861,969.00	231,569,812.91	229,309,425.08	235,136,413.06	FSP- assumes SSPD is Ongoing. Added to all years
Other State Revenues	8300-8599			-25,787,350.00	-25,787,350.00	-25,787,350.00	-25,787,350.00	Adjustment to STRS on Behalf - Adopted shows $55.4MIl
Other Local Revenues	8600-8799	43,158,653.64	13,387,417.02	0.00	13,387,417.02	13,237,920.45	13,237,920.45	
Retiree Benefit Cost Reimb.(26/27 & 27/28)	8600-8799		0.00	23,613,421.00	23,613,421.00	23,613,421.00	23,613,421.00	26/27 & 27/28 MOU July 30, 2026, 2028-29 New MOU
Total, Revenue		**738,748,941.87**	**754,537,287.51**	**35,688,040.00**	**790,225,327.51**	**820,491,240.21**	**837,598,384.19**	
B. Expenditures								
Certificated Salaries	1000-1999	332,479,505.32	352,630,513.08	-16,766,362.00	335,864,151.08	350,768,071.50	359,517,545.23	FSP approved Jul 30, 26, Special Ed Adjustment, MTSS w/ Title I
Classified Salaries	2000-2999	108,128,283.53	128,712,899.45	-12,548,493.00	116,164,406.45	125,070,473.98	128,029,373.44	FSP approved Jul 30, 26, plus Special Ed Adjustment
Employee Benefits	3000-3999	270,215,711.93	334,931,101.19	-48,795,114.00	286,135,987.19	302,171,744.20	316,575,052.77	FSP approved Jul 30, 26, plus Special Ed Adjustment
Books and Supplies	4000-4999	15,423,679.43	30,720,949.89	-14,093,168.00	16,627,781.89	28,853,193.24	31,781,218.08	FSP approved Jul 30, 26, plus Special Ed Adjustment
Services and Other Operating Expenditures	5000-5999	162,871,082.65	119,669,095.97	-40,751,082.00	78,918,013.97	105,797,455.37	109,931,902.20	FSP approved Jul 30, 26, plus Special Ed Adjustment
Capital Outlay/Depreciation	6000-6999	7,106,256.46	1,428,309.00	-140,000.00	1,288,309.00	1,195,309.00	1,201,959.00	FSP approved Jul 30, 26, plus Special Ed Adjustment
Other Outgo (excluding Transfers of Indirect	7100-7299, 7400-7499	1,267,929.56	10,500.00	0.00	10,500.00	10,500.00	10,500.00	FSP approved Jul 30, 26, plus Special Ed Adjustment
Other Outgo - Transfers of Indirect Costs	7300-7399	-2,006,995.36	-2,399,809.00	-4,419,712.00	-6,819,521.00	-2,774,850.20	-2,828,763.41	FSP approved Jul 30, 26, plus Special Ed Adjustment
Fiscal Stabilization P - Expenditures 26-27						-45,035,000.00	-45,035,000.00	From FSP 26-27 Ongoing Expenditures carryover
Fiscal Stabilization P - Expenditures 27-28						-39,732,918.00	-39,732,918.00	From FSP 27-28 Ongoing Planned Reductions Expenditures
Fiscal Stabilization P - Expenditures 28-29							-14,120,000.00	From FSP 2028-29 Ongoing Planned Reductions Expenditures
Total, Expenditures		**895,485,453.52**	**965,703,559.58**	**-137,513,931.00**	**828,189,628.58**	**826,323,979.09**	**845,330,869.31**	FSP- includes 7 Strategies ($20.3 M Ongoing - $5.3M One-time)
C. Excess (Deficiency) of Revenues over Expenditures before Other Financing Sources and Uses		-156,736,511.65	-211,166,272.07	173,201,971.00	-37,964,301.07	-5,832,738.88	-7,732,485.12	
D. Other Financing Sources/Uses								
Interfund Transfers								
Transfers In	8900-8929	2,986,272.68	2,736,682.42	0.00	2,736,682.42	2,736,682.42	2,736,682.42	
Transfers Out	7600-7629	2,793,220.19	315,798.70	0.00	315,798.70	315,798.70	315,798.70	
Other Sources/Uses								
Sources	8930-8979	0	0	$35,119,075	35,119,075.00	3,400,000.00	3,400,000.00	**$31.7M Transfer redev $31M one-time, $3.4M ongoing**
Uses	7630-7699	0	0	0		0	0	
Other Adjustments - Other Financing Uses						0	0	
Contributions	8980-8999	0	0	0		0	0	
Total, Other Financing Sources/Uses		193,052.49	2,420,883.72	35,119,075.00	37,539,958.72	5,820,883.72	5,820,883.72	Transfers from Redevelopment
E. Net Increase (Decrease) in Fund Balance/Net Position		**-156,543,459.16**	**-208,745,388.35**	**208,321,046.00**	**-424,342.35**	**-11,855.16**	**-1,911,601.40**	
F. Fund Balance, Reserves/Net Position								
Beginning Fund Balance/Net Position								
As of July 1 - Unaudited	9791	157,129,658.38	-20,126,296.09	**20,712,495.09**	**586,199.00**	161,856.65	150,001.49	**CalPERS CERBT, SEIU Retro recorded in 2025-26, Liab**
Ending Balance/Net Position, June 30		**586,199.22**	**-228,871,684.44**	**229,033,541.09**	**161,856.65**	**150,001.49**	**-1,761,599.91**	
					Does not meet the minimum reserve		100%	(644,348,719.51)
Prior to Adjustments -Adopted				-	**(228,871,684.44)**	**(437,676,699.86)**	**(646,110,319.42)**	Improvement of