

**SACRAMENTO CITY
UNIFIED SCHOOL DISTRICT**

Fiscal Sustainability Plan

Executive Report & Monthly Progress Update

2026-27 Fiscal Year | October 2026

Office of the Superintendent

Cancy McArn, Superintendent

Message from the Superintendent

Team Sac City,

Our Fiscal Sustainability Plan continues to move from projected solutions to measurable operational changes. The October update reports \$49.77 million in actions identified as achieved in the Board presentation, while reinforcing that approved budget adjustments, actual expenditures, and available cash are different measures and must be reconciled before we count permanent savings.

This month we are introducing an important new Special Education expenditure tracker. It compares 2026–27 spending with the same months of 2025–26 by expenditure object: 4000 (books and supplies), 5000 (services and operating expenditures, including contracted services), 1000 (certificated salaries), and 2000 (classified salaries). The intended direction is lower 4000 and 5000 expenditures alongside higher 1000 and 2000 expenditures. Together, those movements can indicate that we are relying less on outside contracts and building more capacity to provide services through our own employees.

That shift matters for more than the budget. Delivering appropriate services through District staff can strengthen continuity for students and families and help us build a sustainable service model. We will pair the expenditures comparison with staffing FTE, vacancies, contract commitments, service delivery, and student needs before concluding that a durable transition has occurred.

The October tracker shows the early direction we want to examine: through the months reported, certificated and classified cash expenditures are above the comparable prior-year period, while 4000 and 5000 cash outflows are lower. These are preliminary cash-flow indicators—not yet a validated net savings figure. Our obligation to provide every student the services required by their individualized education program remains unchanged.

As we prepare to begin development of the 2027–28 budget, we know that difficult choices lie ahead. The coming budget cycle must do more than close an a one-time gap: it must establish lasting structural changes that end the District's pattern of deficit spending. Our directors have begun that work now, identifying sustainable savings while keeping students and the services they need at the center of every decision. Financial responsibility is not separate from our educational mission; it is what allows our locally elected Board and our community to continue making decisions about the education and supports we provide. Without meaningful change, we risk losing that local decision-making authority to an appointed administrator whose primary responsibility would be financial recovery, with less room to weigh the needs of our students, staff, and families. This work will be difficult, and it will require the commitment of all of Team Sac City. We cannot accomplish it without working together.

We will continue to share both progress and the work still ahead, with particular attention to cash liquidity, recurring budget balance, and the quality of services students receive. Thank you to everyone across Team Sac City contributing to this effort.

Cancy McArn
Superintendent

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1. Executive Summary

\$156.5M	\$129.4M	\$158.639M	\$150M
2025-26 operating deficit	Unrestricted deficit	Original FSP package	Solvency target
General Fund	2025-26	July 30 framework	FSP benchmark

SCUSD's Fiscal Sustainability Plan (FSP) is the District's comprehensive framework to restore financial stability while preserving local governance and protecting core educational services. The plan was developed in response to a combination of structural imbalance, declining enrollment, high personnel costs, increasing unrestricted contributions to restricted programs, and a deteriorating cash-flow outlook.

The Seven Strategies document describes the organizational changes under consideration: increase revenue; enhance processes; engage with labor partners; consolidate programs and services for cost savings; implement additional staffing reductions; exhaust borrowing options; and explore facilities efficiencies.

The July 30, 2026 Fiscal Sustainability Plan translates those strategies into a measurable solvency package. The original framework identified \$158.639 million of potential fiscal improvement against a \$150 million solvency target. It also established a monthly reporting standard requiring evidence of budget reductions, actual expenditure savings, cash preserved or received, forecast-to-target variance, responsible ownership, and corrective action when a strategy is behind schedule.

Two operating objectives

1) Maintain sufficient cash flow and cash on hand to pay all liabilities, including payroll. 2) Remove unsupported or excess budget in the current and future fiscal years so that the District operates within a budget-to-revenue system.

What has changed since adoption

By September, the District had moved from a planning document to a recurring implementation process. The September Board update identified completed or quantified actions including the state discretionary block grant, books and supplies adjustment, cell-phone reductions, high-school graduation changes, elimination of central funding for the sixth-grade science trip, transportation savings, utility savings, benefit-audit savings, and a one-time shift of MTSS costs to Title I carryover.

At the same time, the September 10 multi-year projection reported that the revised projection was near balance in 2026-27 and 2027-28, while identifying the minimum reserve as the central remaining fiscal gap. The District's next phase is therefore not simply to identify more ideas; it is to execute the adopted and proposed actions, verify recurring value, and restore reserves.

2. Financial Baseline: Why the FSP Is Necessary

2025-26 year-end condition

The 2025-26 Unaudited Actuals provide the clearest year-end baseline for the FSP. The General Fund recorded an operating deficit of \$156.54 million. The unrestricted portion of the General Fund recorded a deficit of \$129.43 million, while the restricted portion recorded a deficit of \$27.11 million.

33,218.76	33,678.27	\$0.586M	(\$67.3M)
Actual General Fund ADA	Funded ADA	Ending General Fund	Unassigned balance
2025-26	three-year adjusted basis	balance	year-end component
		June 30, 2026	

The year-end report also shows why the structural solution must focus on staffing, programs, and recurring operating practices. Salaries and benefits comprise approximately 90% of the unrestricted General Fund budget and approximately 79% of the total General Fund budget. This means that supply reductions alone cannot resolve an imbalance of this scale.

Conditions identified in the Seven Strategies document

- Enrollment has declined nearly 20% from its 2000 peak.
- Staff compensation was identified as approximately 93% of unrestricted General Fund dollars in the strategy-development document.
- The unrestricted General Fund contribution to Special Education has grown substantially over the prior five years.
- The District's prior fiscal response did not fully align approved reductions with the staffing and program changes needed to actualize them.

The Seven Strategies document states that the District began 2026-27 with a negative fund-balance condition and an ongoing structural deficit estimated at approximately \$135 million. It also notes that the adopted 2026-27 budget included a 20% reduction across departments other than schools and the reduction or elimination of approximately 156 central-office positions, estimated to generate approximately \$26.5 million in ongoing savings.

Why this matters

The FSP is designed to address both sides of the problem: immediate cash availability and the recurring mismatch between expenditures and recurring revenue. One-time cash can create time for implementation, but recurring operating changes are necessary to reduce the structural deficit.

3. What the Fiscal Sustainability Plan Is

The FSP should be understood as a management framework, not merely a list of reductions. It links the District's business plan, budget, staffing, contracts, programs, facilities, and revenue assumptions into one monthly accountability process.

Core design principles

Principle	Meaning
Budget to revenue	Departments and programs should be built around confirmed or reasonably supportable revenue rather than around historical spending levels.
Actualization	An approved reduction is not treated as achieved until the budget has been reduced, spending has declined or revenue has been received, and cash impact can be demonstrated.
Monthly management	The FSP is reviewed monthly so that delays and shortfalls can be replaced with corrective actions before year-end.
Ownership	Each action has a responsible Cabinet member or department lead, with supporting financial evidence.
Structural focus	Where possible, actions should create recurring reductions or recurring revenue improvements rather than only one-time relief.
Local control	The plan is intended to preserve the Board of Education's ability to make decisions locally by restoring fiscal stability.

The relationship between the Seven Strategies and the solvency buckets

The Seven Strategies describe how SCUSD changes the organization. The solvency buckets describe how those changes are measured financially. A single strategy may affect more than one solvency bucket. For example, eliminating District-sponsored cell service is a process change under the Seven Strategies and also contributes to telecom/lease savings in the solvency framework.

Management rule

Every FSP action should ultimately answer four questions: What changed? How much budget was removed or revenue added? How much cash was preserved or received? Is the change recurring, one-time, or dependent on a future event?

4. The Seven Strategies for Fiscal Sustainability

Strategy 1 - Increase Revenue

Increase recurring and one-time revenue without relying solely on expenditure reductions.

- Educational parcel tax: \$10-\$12 million annually was identified in the strategy document, beginning in 2027-28 if approved by voters.
- LCFF form return strategy: \$5 million was identified for 2026-27, with larger potential value in later years if the District improves its Unduplicated Pupil Percentage.
- Attendance improvement: a 1% ADA increase was estimated at approximately \$2.5 million; the strategy document identifies a broader goal of improving attendance while reducing chronic absenteeism.

Strategy 2 - Enhance Processes

Create operating controls that prevent the District from recreating the structural problem after reductions are made.

- Budget literacy and biweekly budget/invoice review: \$1.5 million target.
- Program development and 12-month business planning: \$3.0 million target.
- Eliminate District-issued cell-phone service: \$300,000 annual target; September implementation reduces service by September 30.
- Recruitment and retention, fingerprinting fee changes, central printing review, and movement of books/supplies to the appropriate line item.

Strategy 3 - Engage With Labor Partners

Use negotiated agreements to reduce costs, improve staffing models, and create cash-flow relief while respecting collective bargaining obligations.

- The September 9 SCTA MOU addresses retiree-health funding for 2028-29 and health-plan changes beginning January 1, 2027, subject to the agreement's conditions.
- The MOU states that health-plan savings accrue to the District and cites a preliminary actuarial estimate of approximately \$4 million per calendar year.
- Additional mutually agreeable MOUs or side letters may be explored with labor partners where they can support fiscal recovery.

Strategy 4 - Consolidate Programs & Services for Cost Savings

Review programs based on enrollment, utilization, required staffing, return on investment, restricted-funding opportunities, and service impact.

- Program reviews include IB, JROTC, VAPA, AP/IB testing, induction, master scheduling, Waldorf, inclusive practices, TK-8 models, athletics, science trips, counselors/social workers, MTSS, alternative programs, home visits, and other program structures.
- September completed actions include moving high-school graduations to District facilities and eliminating central General Fund support for the sixth-grade science trip.
- Middle-school itinerant music support was shifted to one-time Arts and Music in Schools carryover funding, producing a \$638,000 General Fund reduction in the September strategy document.

Strategy 5 - Implement Additional Staffing Reductions

Continue aligning management and staffing structures to enrollment, program requirements, and sustainable revenue.

- The strategy document identifies management-classification consolidation as a future budget-development action with a \$750,000 ongoing target.

- Vacancy control, position control, workforce actualization, and staffing-to-ratio work are also reflected in the broader FSP financial buckets.

Strategy 6 - Exhaust All Borrowing Options

Maintain access to viable internal borrowing and other lawful cash-flow tools while structural actions take effect.

- The strategy document frames borrowing as emergency cash-flow support rather than a substitute for recurring budget correction.
- Monthly cash-flow monitoring remains necessary because budget savings and cash timing are not the same measure.

Strategy 7 - Explore Facilities Efficiencies

Align the District's physical footprint with enrollment, program needs, operating costs, and long-term educational service standards.

- Consolidate programs that do not require student attendance on a dedicated site: approximately \$1.0 million ongoing target.
- Consolidate small specialty programs onto fewer campuses: approximately \$1.1 million ongoing target.
- Review school boundaries before considering broader consolidation.

Strategy 7 is currently planned to contribute approximately \$15-\$19 million in ongoing reductions through facilities efficiencies, including program/site consolidation and footprint alignment. Specific actions remain subject to Board direction, implementation planning, and the applicable community process.

- Establish Board policy and a cost model for facility enrollment standards and an 'ideal school' staffing/service model.

5. The \$150 Million Solvency Framework

The July 30 FSP summary organized the District's response into measurable financial buckets. The initial package totaled \$158.639 million, providing an \$8.639 million implementation cushion above the \$150 million target.

\$31.100M

State block grant
one-time

\$20.300M

Programmatic reductions
Seven Strategies

\$58.550M

Other District actions
cash-flow savings

\$48.689M

SCTA/OPEB package
July framework

The original package was not intended to imply that every amount was already realized. The monthly reporting standard explicitly distinguishes an approved target from a posted budget reduction, verified savings, cash realized, and forecast at completion.

#	FSP financial bucket	Target
1	State discretionary block grant	\$31.100M
2	Programmatic reductions	\$20.300M
3	Contracts and consultants	\$9.000M
4	Department operating budgets	\$3.000M
5	Align resources with student priorities / site non-personnel	\$2.000M
6	Overtime, substitutes, stipends and extra duty	\$5.750M
7	Special Education efficiencies	\$3.000M
8	Workforce and benefit actualization / position control	\$6.000M
9	Procurement and unused allocations	\$4.750M
10	Facilities, utilities and leases	\$3.500M
11	Central administration and management	\$3.000M
12	Transportation and fleet	\$0.800M
13	Legal, claims and risk controls	\$3.000M
14	Attendance and revenue recovery	\$2.000M
15	Hiring freeze and vacancy controls	\$2.000M
16	Health-benefit dependent eligibility audit	\$2.500M
17	Technology and software-license consolidation	\$0.500M
18	Insurance, telecom, copier and lease renegotiation	\$0.750M
19	Additional Medi-Cal and reimbursement recovery	\$2.000M
20	Additional state grants/reimbursements/restricted cost replacement	\$5.000M conservative

6. Implementation, Accountability & Monthly Measurement

The FSP's effectiveness depends on a consistent definition of completion. The July framework establishes that approval alone is insufficient. Monthly reporting should demonstrate the financial transaction and operating change behind each action.

Required field	Executive reporting standard
Original target	Approved savings or revenue amount.
Budget reduction	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 based on current implementation.
Variance	Difference between target and forecast/actual.
Evidence	Payroll, contract, claim, allocation, purchase-order, utility, or other supporting records.
Responsible owner	Cabinet member or department lead accountable for execution.
Corrective action	Replacement action when the original target is delayed or insufficient.
Confidence	Implementation assessment based on evidence and timing.

Business-plan discipline

The process-improvement strategies call for recurring department budget reviews and 12-month business plans. The objective is to connect operating work, staffing, contracts, and planned expenditures to available revenue before the budget is adopted, rather than attempting to correct unsupported spending after the year begins.

Monthly governance cycle

- Department owners update actual spending, encumbrances, staffing, and implementation status.
- Business Services validates budget reductions, revenue postings, and cash impact.
- Cabinet reviews variances and determines corrective actions.
- The Board receives a monthly FSP update showing realized progress and unresolved risk.
- Items that do not produce the expected result remain open until replaced or otherwise resolved.

7. August 2026 Monthly Update

August position

The first monthly update established the reporting format and showed that implementation had begun, but much of the supporting financial data was still developing.

Cash-flow position reported in August

The August 20 Board update reported that, with no other adjustments assumed, cash flow extended through February 2027 without the SCTA agreement and through April 2027 with the SCTA agreement as it was then contemplated.

Plan at a glance - August

Category	August plan amount
State discretionary block grant	\$31.100M
Program optimizations & reductions	\$20.300M
Additional cash-flow savings	\$58.550M
OPEB/SCTA relief package for 2026-27	\$48.689M
Total plan	\$158.639M

Early actions reported

Action	Amount reported
State discretionary block grant	\$30,861,969
Books and supplies adjustment	\$5,300,000
July cost avoidance to date	\$553,384

The August presentation also began tracking department-level actions for transportation contracts, overtime, facilities/energy, transportation operating costs, and other categories. At this stage, the report was intentionally focused on establishing baselines and creating a monthly evidence trail.

Progress and implementation status

August established the first implementation baseline. The Board update reported \$36.715 million achieved against the original \$158.639 million framework and began department-level tracking. Most importantly, August moved the FSP from an adopted framework to a recurring management and evidence process, while several larger categories still required implementation data.

Implementation status

Status	Items shown in August Board update
Upcoming	LCFF forms with collection; monthly vacancy savings report; 1st Interim Report; benefits audit; 2nd Interim Report; old-PO cleanup report; Cash Flow Update
In progress	Reduction of open POs; eliminate cell-phone service; energy-reduction strategies; reduction of OT & substitutes
Delayed	Position Control List
Rescinded	SCTA Agreement Implementation request as listed in the August status slide

8. September 2026 Monthly Update

\$30.862M

State block grant reported
September summary

\$6.682M

Program actions 2 & 4
savings to date

\$0.524M

Benefit audit
savings to date

\$4.000M

MTSS funding shift
one-time

September implementation highlights

Action	Amount	September status / note
State discretionary block grant	\$30,861,969	One-time state revenue identified in FSP.
Books and supplies adjustment	\$5,300,000	Completed; reflected as a budget adjustment.
July cost avoidance	\$553,384	Previously identified cost avoidance.
Cell phone - September avoidance	\$7,000	Service reduction underway.
Remaining 2026-27 cell-phone avoidance	\$225,000	Expected after shutdown.
High-school graduations	\$300,000	Completed; moved to SCUSD facilities/site funding approach.
Sixth-grade science trip	\$856,000	Central funding removed; strategy document identifies \$850,496 underlying cost.
Transportation contract-driver savings	\$122,850	August contract-driver savings.
Utility savings - July	\$983	General Fund utility savings reported.
Transportation department savings	\$8,087	August department savings.
Benefit audit savings	\$523,893	Audit/removal and contribution adjustments.
MTSS costs shifted to Title I carryover	\$4,000,000	One-time General Fund relief.

Program optimization changes

The September Seven Strategies document records several changes from the earlier planning list. Middle-school itinerant music teachers were shifted to one-time Arts and Music in Schools carryover funding, with \$638,000 identified. High-school graduations were marked complete after ceremonies were moved to SCUSD facilities. The sixth-grade science trip was marked complete as a central General Fund reduction, and the District stated that no Sly Park trips would be centrally funded.

The September Board update also added \$4.0 million of one-time relief by moving 2026-27 MTSS costs to Title I carryover. This improves the current-year General Fund position but should be tracked separately from recurring structural savings because the funding source is one-time.

Cell-phone implementation

The September tracking sheet shows a \$300,000 annual cell-phone target, with \$7,000 of September budget reduction and \$232,000 of total projected budget reduction across September through June based on the monthly schedule shown in the presentation.

Transportation, overtime and facilities

Transportation supplemental driving contracts showed \$352,730 of savings to date in the September presentation. The overtime/substitute/stipend/extra-duty category showed \$269,232 of savings to date. Transportation's separate fleet/operating bucket reported \$46,939 of savings to date, and the facilities energy tracker reported July utility savings of \$983 against a \$2.0 million energy-reduction sub-target.

Benefit audit

The September presentation reported \$523,893 of savings to date under the \$2.5 million health-benefit dependent eligibility audit target. The presentation attributes savings to surviving-spouse, dual-coverage, single-health-rebate, and Medicare audits, with ongoing savings generated through contribution adjustments.

September Labor-Partner Development: SCTA MOU

A September 9, 2026 MOU between SCUSD and SCTA was presented for Board approval on September 10. The agreement states a shared commitment to fiscal recovery and preserving local control.

The MOU provides that the parties will recommend use of OPEB trust resources to pay the estimated \$23 million cost of SCUSD retiree health benefits for the 2028-29 school year only. It also establishes a new health-plan structure through CalVEBA beginning January 1, 2027, subject to the conditions in the agreement.

The agreement states that savings from the health-plan changes accrue to the District and cites a preliminary CalVEBA actuarial estimate of approximately \$4 million per calendar year. The MOU is contingent on ratification/approval and the participation agreement described in the document.

Important reporting distinction

The September MOU differs from earlier July assumptions about OPEB relief. For executive reporting, the current signed/Board-presented agreement should be tracked according to its actual terms and timing, while older FSP package amounts should remain labeled as the original July framework rather than treated as current realized cash.

Board-request status - September

Progress demonstrated

September moved the report beyond baseline creation into documented implementation. The Board summary increased the reported amount from \$36.715 million in August to \$42.759 million in September. The month included completed program reductions, additional benefit-audit savings, transportation and contract savings, the cell-phone shutdown process, and a \$4.0 million one-time MTSS funding shift. The report continues to distinguish recurring structural reductions from one-time cash or funding relief.

Implementation status

Status	Items shown in September Board update
Upcoming	1st Interim Report; 2nd Interim Report; Cash Flow Update
In progress	Reduction of open POs; eliminate cell-phone service; reduction of OT & substitutes
Delayed	LCFF forms with collection; energy-reduction strategies; position control list; vacancy savings by month; old-PO cleanup report
Rescinded	SCTA Agreement Implementation request as listed in the September status slide

9. October 2026 Monthly Update

Board presentation: October 15, 2026. This section updates the September baseline without restating or replacing the earlier monthly record.

Executive dashboard

Measure	October board presentation
FSP goal shown on October slide	\$174,490,000 (different from the original July \$158.639M framework; reconcile definitions)
Actions reported as achieved	\$49,769,152
Remaining against October slide goal	\$124,720,848
Action 2 & 4: programmatic / operating budget	\$12,260,543 savings to date
Action 3: contracts	\$775,435 savings to date
Action 10: facilities	\$102,523 savings to date
Action 12: transportation	\$285,846 savings to date
Action 16: benefits audit	\$523,893 savings to date

The Board slide still labels the goal summary “as of August 12, 2026”; the amounts above are from the October 15 presentation. The date label and the changing goal definition should be corrected or explained in the next reporting cycle.

NEW | Special Education: year-over-year cash-flow tracker

The comparison is organized by SACS expenditure object. For 4000 and 5000, lower current-year expenditures are the desired direction; for 1000 and 2000, higher spending may reflect additional in-house staffing and service delivery. This is a change in spending mix, not automatically a net savings calculation.

Object / interpretation	2025–26 Jul–Sep	2026–27 Jul–Sep	Change in cash outflow
4000 Books & supplies	\$211,593	\$17,048	-194,545
5000 Services / contracts	\$560,150	\$-26,195	-586,345
1000 Certificated staff	\$11,769,285	\$12,905,872	+1,136,587
2000 Classified staff	\$4,231,504	\$5,823,445	+1,591,941

Note: July–September comparison calculated from the monthly values displayed on slide 14; the 2000-series October entry of –\$1,709 is excluded for comparability. Negative expenditures values in the source may represent reversals or adjustments.

Interpretation: the first three months show a shift toward employee payroll and away from services and supplies cash payments. This is consistent with the District’s objective of replacing outside agency services with in-house personnel, but confirmation requires agency invoice timing, encumbrances, staffing FTE changes, and service-level verification. The October slide also displays a Special Education trend of –\$1,947,638; its calculation and sign convention should be reconciled before treating it as net savings.

Other October implementation movement

The October presentation adds or highlights a \$900,000 technology budget deletion, \$1,869,312 in January–June negotiated health insurance savings, \$220,500 in completed cell-phone cancellation savings, \$806,193 in one-time staff leveling, a \$3,070,657 ELOP funding change, \$101,540 in August utility savings, and \$41,784 in September transportation department savings. These should remain categorized as recurring savings, one-time savings, cost avoidance, or funding realignment as applicable, rather than combined indiscriminately.

Next reporting priorities

Validate the Special Education object-level cash-flow tracker against FTE, agency contracts and invoice timing; reconcile the \$174.49 million October goal with the original July plan; update General Fund liquidity and minimum-reserve risk; and report implementation and variance at First Interim in December.

10. Financial Outlook & Remaining Risks

Multi-year projection

The September 10 multi-year projection states that the revised plan closes nearly all of the projected gap and that 2026-27 adjustments improve the projected result by \$208.3 million. It further states that the revised projection is near balance in 2026-27 and 2027-28.

The same presentation identifies the minimum reserve as the central remaining fiscal gap, with an indicated reserve shortfall of approximately \$25 million. Its Board takeaway is that the District has substantially improved the multi-year projection, but full implementation and an additional reserve solution remain necessary.

Executive risk register

Risk	Why it matters	Management response
Implementation risk	Targets may be approved but not fully realized in spending or cash.	Monthly evidence; corrective actions; owner accountability.
One-time vs. ongoing	One-time grants and carryover shifts improve current-year cash but do not by themselves reduce the recurring structural deficit.	Separate one-time and ongoing impacts in every monthly report.
Revenue assumption risk	Attendance, LCFF form returns, reimbursements and grants depend on execution and/or external factors.	Track confirmed revenue separately from aspirational gains.
Labor/health implementation	Health-plan savings depend on completing the CalVEBA participation and enrollment process described in the MOU.	Track milestones and actual premium/contribution changes.
Position control	Vacancy and staffing savings can be overstated if positions are backfilled through overtime, contractors or agency staffing.	Report net savings after backfill costs.
Program reductions	Some program changes require Board direction, bargaining, legal review, or transition planning.	Do not count future actions as realized until implementation evidence exists.
Facilities	Facilities efficiencies can produce large recurring value but require longer lead times and community/Board processes.	Maintain a multi-year implementation calendar separate from current-year cash assumptions.
Reserve restoration	Near operating balance does not by itself restore the required reserve.	Identify a specific reserve-restoration path and monitor it separately.

11. Next 30 / 60 / 90 Days

Next 30 days

- Complete September 30 cell-phone shutdown and post corresponding budget reductions.
- Provide the October cash-flow update and reconcile current cash assumptions to the revised multi-year projection.
- Continue open-PO cleanup and document released encumbrances and cash impact.
- Advance LCFF form collection and quantify confirmed revenue impact separately from projected impact.
- Complete the next round of department budget reviews and identify unsupported or duplicative budget.

Next 60 days

- Integrate position-control and vacancy reporting into the monthly FSP tracker, including backfill and contractor offsets.
- Track implementation milestones for the SCTA/CalVEBA agreement and quantify only savings supported by actual rates and timing.
- Expand contract/consultant reporting by vendor, termination date, gross savings, replacement cost, and net cash savings.
- Continue Special Education efficiency work, including provider, agency staffing, transportation, reimbursement, and unrestricted contribution impacts.

Next 90 days

- Use First Interim to reconcile FSP actions to the official budget and multi-year projection.
- Move department business plans into 2027-28 budget development so recurring reductions are built into the next adopted budget rather than treated as temporary controls.
- Present a clear reserve-restoration strategy and identify the recurring value of each major FSP action.
- Maintain a separate long-range facilities efficiency workstream for boundary, program-location, and enrollment-standard decisions that require Board/community processes.

Monthly executive question

Are we only improving the forecast, or have we permanently changed the underlying budget, spending pattern, and cash position? The report should answer that question every month.

Appendix A - Seven Strategies Executive Matrix

Strategy	Title	Primary levers	Timing	Executive note
1	Increase Revenue	Parcel tax; LCFF forms; attendance/ADA	2026-27 and later	Revenue dependent on execution/approval
2	Enhance Processes	Budget literacy; business plans; phones; recruitment; printing; budget coding	Immediate	Creates controls and recurring operating discipline
3	Engage With Labor Partners	Health plans; OPEB; MOUs/side letters	2026-27 and later	Agreement terms and bargaining govern timing
4	Consolidate Programs & Services	Program ROI, restricted-fund shifts, service redesign, scheduling	2026-27 through 2028-29	Large portfolio; some items completed, others under review
5	Additional Staffing Reductions	Management structures; ratios; vacancy/position control	Primarily 2027-28	Must be net of backfill costs
6	Borrowing Options	Internal cash-flow tools	As needed	Cash bridge only; not structural solution
7	Facilities Efficiencies	Program consolidation; boundaries; school consolidation; enrollment standards	2027-28 and later	Planned reduction target: \$15-\$19M; long lead time and Board/community process.

Selected strategy actions with quantified targets

Item	Action	Target / amount	Timing
1.1	Educational parcel tax	\$10-\$12M ongoing	2027-28
1.2	LCFF form return strategy	\$5.0M in 2026-27	2026-27
1.3	Attendance improvement	\$2.5M per 1% ADA	2026-27
2.1	Budget literacy	\$1.5M	2026-27
2.2	Program development	\$3.0M	2026-27
2.3	Eliminate District cell phones	\$0.3M	2026-27
2.8	Books & supplies adjustment	\$5.3M	Completed
4.6	VAPA contribution / AMS shift	\$0.933M plan; \$0.638M Sept shift	2026-27/27-28
4.12	High-school graduations	\$0.3M	Completed Sept.
4.16	Sixth-grade science trip	\$0.850M	Completed Sept.
5.1	Management classifications	\$0.750M	2027-28
7.1	Consolidate non-student program sites	~\$1.0M	2027-28
7.2	Consolidate low-enrollment specialty programs	\$1.1M	2027-28
7.4	Consolidate small elementary schools	\$19-\$27M	2028-29

Appendix B - FSP Solvency Buckets

The table below preserves the original July 30 financial framework. Amounts are targets, not necessarily realized savings. Monthly updates should distinguish the original target from the current forecast and actual result.

#	Bucket	Original target
1	State discretionary block grant	\$31.100M
2	Programmatic reductions	\$20.300M
3	Contracts and consultants	\$9.000M
4	Department operating budgets	\$3.000M
5	Align resources with student priorities / site non-personnel	\$2.000M
6	Overtime, substitutes, stipends and extra duty	\$5.750M
7	Special Education efficiencies	\$3.000M
8	Workforce and benefit actualization / position control	\$6.000M
9	Procurement and unused allocations	\$4.750M
10	Facilities, utilities and leases	\$3.500M
11	Central administration and management	\$3.000M
12	Transportation and fleet	\$0.800M
13	Legal, claims and risk controls	\$3.000M
14	Attendance and revenue recovery	\$2.000M
15	Hiring freeze and vacancy controls	\$2.000M
16	Health-benefit dependent eligibility audit	\$2.500M
17	Technology and software-license consolidation	\$0.500M
18	Insurance, telecom, copier and lease renegotiation	\$0.750M
19	Additional Medi-Cal and reimbursement recovery	\$2.000M
20	Additional state grants/reimbursements/restricted cost replacement	\$5.000M conservative

Original July 30 framework: \$109.950 million before OPEB-related relief; \$48.689 million of SCTA agreement-related relief in the original package; \$158.639 million total; \$150 million minimum solvency target; \$8.639 million implementation cushion.

Appendix C - Monthly Reporting Standard

Beginning with this report, each monthly edition should retain the same core chapters and replace/update the monthly implementation section. The goal is to make month-to-month movement visible without rewriting the history of the plan.

Monthly section	Required content
Financial condition	Updated budget, MYP, cash-flow horizon, reserve position.
FSP realized to date	Verified revenue, budget reductions, expenditure savings, and cash impact.
Changes this month	New actions, rescinded actions, funding shifts, Board decisions, labor agreements.
Strategy status	Progress across all seven strategies, including items not yet producing current-year savings.
Variance & corrective action	Items behind plan and replacement actions.
Next 30/60/90 days	Specific management milestones and responsible owners.
Supporting evidence	Budget reports, payroll, contracts, POs, invoices, claims, utility data, staffing reports.

Recommended status language

Status	Definition
Completed	Operating change implemented and supporting financial action posted or verified.
In progress	Implementation underway; target remains supportable but not fully realized.
Delayed	Milestone missed or evidence insufficient; corrective action required.
Under review	Concept remains in analysis and should not be counted as realized.
Rescinded / replaced	Original action will not proceed and must be removed or replaced in the plan.

Source: SCUSD Seven Strategies for Fiscal Sustainability; SCUSD 2026-27 Fiscal Sustainability Plan (July 30, 2026); August 20 and September 17, 2026 FSP Board updates; September 10, 2026 Unaudited Actuals and Multi-Year Projection materials; September 9, 2026 SCUSD-SCTA MOU.