The SMCOE has officially identified Pacifica School District as a **"Lack of Going Concern"** due to significant financial risks. This is a serious designation that triggers immediate oversight and intervention to prevent fiscal insolvency.

Key Risks to District Stability

- **Unaccounted Expenses:** Since the First Interim budget, the district identified $1.2 million in missing Special Education costs and $480,000 for vacant positions.
- **Negative Balances:** Projections show the district will end the current year with a negative $1 million balance in the Unrestricted General Fund.
- **Leadership Gaps:** The district lacks a consistent Chief Business Official and recently lost its Superintendent, which threatens program and fiscal stability.
- **Declining Enrollment:** Fewer students are enrolling, requiring difficult staffing adjustments to remain stable.

Impact on Labor and Operations

- **Hiring and Spending:** The County Superintendent recommends an immediate hiring freeze on non-student-facing positions and a freeze on all non-essential discretionary spending.
- **Contract Review:** Any proposed collective bargaining agreements must now be reviewed by the SMCOE for 10 working days before approval.

Position Reductions: The district is facing a March 13, 2026, deadline to notify employees of potential position reductions (PKS) for the 2026-27 school year.