

Update: Adjustments to Address the OUSD Budget Deficit in 2026-27 and Beyond

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pm, 25 minutes

7:45

Budget Update
Presented in
December 2025

Update of Resolution 2526-0177: Directing the Preparation of Budget Scenarios to Address OUSD's Structural Deficit

Link to Full Update:

<https://ousd.legistar.com/gateway.aspx?M=F&ID=118436.pdf>

Itemized Proposals in the Budget Scenario adopted on 12/10/25

For 2025-26

- Hiring Freeze and Related Vacancy Savings *\$10 mill.*
- Freeze in all New Contracts (emergency approvals by Superintendent)
- Freeze in Expenditures in 4000 & 5000 Object Codes (Books, Supplies, Services)
- Reductions to Site and Central Budgets *\$7 mill.*
- 2025-26 Attendance Rate Increase of 2% (Special Taskforce) *\$10 mill.*
- Convening of Team of Top School Finance Experts

Itemized Proposals in the Budget Scenario adopted on 12/10/25

For 2026-27

- Central Department Reductions *Up to \$21 mill.*
- 7.5% to 10% in School Site Budget Reductions *\$32 mill.*
- 15% to 20% in Additional Reductions to Central Department Budgets *\$11 mill.*
- Reduce School Site Access to Unutilized Spaces *\$1.6 mill.*
- Additional Review of Contracts (2nd Tier Review)
- Reduction to Routine Restricted Maintenance Account *\$1 mill.*
- Additional Revenue from 2025-26 Increase in Attendance *\$10 mill.*
- Launch of 2 to 3 TK Hubs *\$1.5 mill.*

For 2026-27 (Continued)

Savings for Centralized Procurement and Copiers

Savings from Improved System for Management of Fleet

Shift Attendance Specialists, Noon Supervisors to Supplemental Dollars **\$3.86 mill.**

Shift Costs of 2-3 Small Schools to Supplemental/Concentration Dollars **\$8.5 mill.**

10% Reduction in Contribution to Special Education **\$12 mill.**

Feasibility Study for Non-Public School in OUSD Properties

Staff will begin working to strategically organize the areas listed above into a comprehensive implementation plan.

Following are the sections of that plan:

1. Central Office Staffing Reductions. This includes:

elimination or reduction of positions, adjustments to employee work calendars, restructuring & consolidating teams, vacancy freezes, hiring pauses, reducing overtime & substitute labor costs, and reducing stipends/extr-duty assignments

2. School Site Budget Adjustments. This includes:

reductions to LCFF site discretionary funds, decreases in per-pupil allocations, cuts to school-based program budgets such as athletics, clubs, and library services; enrollment-based allocation adjustments

3. Contracted Services. This includes:

scaling back curriculum and instructional contracts; professional development vendors; technology service providers; transportation vendors, security and campus safety contracts, mental health and behavioral support providers; contractors across custodial, landscaping, HVAC, and trades; and consulting and strategic planning engagements.

It also includes: *districtwide freeze on discretionary spending, halt new contracted services unless explicitly approved; review and approval of contracts through a centralized process involving the Superintendent; fast-track approval process for time-sensitive contracts related to special education, legally required services, and after-school programming.*

4. Program and Services Adjustments. This includes: *reduction or consolidation of certain academic programs; pausing or reduction of wellness initiatives, employee recognition events, and retirement celebrations.*

It also includes: *narrowing or reducing recruitment and employee support programs, including teacher residencies, apprenticeships, and other pipeline investments; academic internships, mentorships, and apprenticeship opportunities; specialized instructional programs; family engagement initiatives; and leadership development offerings.*

5. Materials and Supplies. This includes: *only essential purchases of classroom materials and office supplies; extending the replacement cycles for technology equipment; constrained supply budgets for custodial and maintenance teams; slowing or postponing planned textbook adoptions and curriculum replacement cycles.*

6. Operations and Facilities. This includes:

extending maintenance and custodial schedules; deferring non-critical repairs; implementing energy-reduction strategies to lower utility expenses; consolidating transportation routes; pursuing additional utilities savings through conservation measures.

This may also include:

facility closures, co-locations, or consolidations based on utilization and enrollment trends; updates to facilities rental rates and fee structures; reduction of ground maintenance to only the essential services.

7. Structural and Long Term Savings. This includes: *reviewing and adjusting key policies and operational practices—such as bell schedules, class size initiatives, and transportation; evaluating school site mergers and potential closures; closure or repurposing of underutilized central office buildings; reviewing summer learning and extended day program structures.*

8. Revenue and Funding Adjustments. This includes: *tighter alignment between staffing, services, and actual enrollment; rebalancing the use of restricted and unrestricted funds; ensuring that programs funded with expiring or limited grants are either right-sized or transitioned appropriately*

What
Comes
Next

Key Dates

W. 1/14	School Board Meeting	Nothing related to Budget except an enrollment update (533 over projection of enrollment)
T. 1/20	Budget Study Session	Fiscal Report and Timeline
W. 1/21	Meeting of the Parent & Student Advisory Committee	Benchmarks and Timeline for Adjustments to the OUSD Budget Overview of Investments and Expenditures in School Budgets
W. 1/28	School Board Meeting	Updates on the Budget Development Process
Th. 2/5	Meeting of the Budget & Finance Committee	Preparing for Board Adoption of Specific Budget Changes
W. 2/11	School Board Meeting	Board Vote to Adopt Specific Budget Changes

Highlights from Governor's Budget

From the Governor's Proposed Budget for 2026-27

Summary from a CalMatters Article:

He [Newsom] also proposed no cuts to K-12 schools and preserved many existing programs, increasing per-pupil spending slightly to \$27,400 [from 25,155, source CDE]. The proposal also includes a \$509 million increase in special education funding.

Newsom said Thursday he wants to fully fund the state's universal transitional kindergarten program and provide universal before and after-school programs at elementary schools. The TK program "reached full implementation" in the current fiscal year and costs \$1.9 billion annually, according to his proposal. His spending plan would also spend another \$1 billion on adding high-needs community schools.

<https://edsource.org/2026/newsoms-last-budget-as-governor-would-give-schools-and-community-colleges-an-unexpected-22-billion/748676>