



December 9, 2025

Overview

- Interim Report Overview
- Budget Timeline
- First Interim Highlights
 - SF Unified School District
 - SF County Office of Education
- Multi-Year Projections
- Next Steps

Short-Term Metrics

Superintendent Short Term Metrics	
1. Maintain focus on student outcomes	a. Revise interim goals and guardrails that align with an updated governance calendar
	b. Provide training for staff that further implements our student outcomes focused governance model
	c. Articulate "major initiatives" that support VVGs
2. Establish stable and effective cabinet and leadership structure	a. Develop a central office organizational plan that includes (1) an organizational chart with job descriptions; (2) defined roles and responsibilities of major divisions
	b. Set organizational and cultural change expectations that include clear accountability structures
	c. Plan for how "major initiatives" will be owned/managed by district leadership
3. Remain "on track" towards a positive fiscal certification	a. Follow through on the Fiscal Stabilization Plan
	b. Produce a balanced budget that (1) includes a clear plan to address deficit spending; (2) allows the district to meet its financial obligations; (3) protects Student Outcome Goals
	c. Ensure the success of operational systems and conditions that enable strong budgetary practices (e.g. essential HR/finance functions, Frontline, RedRover)

Board Short Term Metrics	
1. Continue implementation of effective governance practices	a. Conduct a full policy diet of board policies and resolutions that align to our new effective governance framework
	b. Establish refreshed progress monitoring routines/expectations given revised interim goals and guardrails establish
	c. Complete Superintendent mid-year evaluation and Board self-evaluations (note: Superintendent end-of-year evaluation to take place in December 2025)
2. Implement new/ improved systems and routines for engaging schools, staff, and the community	a. Adopt shared engagement and communications expectations for the Board (e.g. school visits, improved communication channels, public engagement)
	b. Provide training for the public that further implements our student outcomes focused governance model
	c. Restructure Board/public learning (e.g. SPED deep dive in progress monitoring meeting) that is reflected in an updated governance calendar

Other
Legally required

This is the **first** Interim Report of this year.

Interim reports identify changes to revenues, expenditures, and fund balance and provide Multi-Year Projections (MYPs) for the current and following two fiscal years.

Local educational agencies (LEAs) are required to file two reports during a fiscal year (interim reports) on the status of the LEA's financial health. A third interim report is required for LEAs that receive a qualified or negative certification on their second interim report. The first interim report is due December 15 for the period ending October 31.

One of three certifications is made to the State of California's Department of Education regarding the District's and County Office of Education's ability to meet their financial obligations for the balance of the fiscal year. The possible certifications are:

- (1) a **positive** certification: the District or County Office will be able to meet its financial obligations;
- (2) a **qualified** certification: the District or County Office may or may not be able to meet its obligations; or,
- (3) a **negative** certification: the District or County Office will not be able to meet its financial obligations.

SFUSD's Budget Timeline



Important Context for 1st Interim

Budget monitoring and activities have identified savings and efficiencies resulting in an increase of the District's Unrestricted/Unassigned ending balance:

- Maximizing use of Restricted Resources such as Learning Recovery Emergency Block Grant (LREBG) and Local Funds (PEEF, DCYF, QTEA, and FWEA) for General Fund Relief;
- Identification and removal of duplicate and vacant positions from the budget;
- Improved budget controls for projected compensation for vacant and filled positions

Important Context for 1st Interim

The creation of Special Reserve Fund 17 will help clarify and increase transparency by reporting General Fund reserve balances separate from the Unrestricted General Fund. The goal is to help stakeholders obtain a better sense of unrestricted balances in the General Fund.

Upon Board approval of 1st Interim, \$111.5 M (8% of total Fund 01 expenditures) will be transferred from the General Fund to create this reserve in Fund 17 (not to be used for ongoing expenses but in the event of urgent fiscal need).

This will replace the \$40M Rainy Day Reserve and \$22M Budget Stabilization Reserve.

San Francisco Unified School **District** (SFUSD)

Recommended Certification: Qualified

District (SFUSD) Unrestricted General Fund

	San Francisco Unified School District 2025-26 1st Interim Projection Unrestricted General Fund	2025-26 Adopted Budget	2025-26 1st Interim Projection	% Change from Adopted Budget to 1st Interim
A	Beginning Fund Balance*	\$139,207,569	\$221,181,528	59%
B	Total Revenues	\$741,415,921	\$744,474,360	0%
C	Total Expenditures & Contributions	\$790,215,259	\$796,001,806	1%
	<i>Total Expenditures</i>	<i>\$565,616,728</i>	<i>\$570,292,258</i>	<i>1%</i>
	<i>Total Contributions</i>	<i>\$224,598,531</i>	<i>\$225,709,548</i>	<i>0%</i>
D	Net Surplus / (Shortfall)	-\$48,799,338	-\$51,527,446	6%
	<i>Fund 17 - District Reserve Policy</i>		<i>111,501,643</i>	
E	Ending Fund Balance	\$90,408,231	\$58,152,439	-36%
	Stores Inventory & Prepaid	\$1,875,150	\$1,563,670	-17%
	Rainy Day Reserve	\$40,000,000	\$0	
	Reserve for Economic Uncertainty 2%	\$26,460,000	\$27,877,835	5%
	Budget Stabilization Reserve	\$22,073,081	\$0	
	Unassigned/Unappropriated	\$0	\$28,710,934	

District (SFUSD) Unrestricted GF Major Changes

- **Revenue:**
 - \$7M Other State increase largely in Home-to-School Transportation
 - -\$4M Leases & Rental projected decrease based on three-year income trends
- **Expenditures:**
 - \$1.3M Salary & Benefit increases include:
 - -\$5.3M Savings from ending 93 vacant positions and aligning budget to actual projected expenditures
 - \$6.6M Increases from \$4.3 UASF Tentative Agreement \$2.3M for Unrepresented Mgmt negotiated increases
 - -\$1M Books & Supplies decrease include:
 - Savings from moving expenditures to eligible Restricted Resources
 - \$6M Services & Other Operating Expenditures increase include:
 - Increase of \$3.4M for SPED Transportation costs
 - Increase of \$1M for critical contracts
- **Ending Fund Balance:**
 - \$111M of Ending Fund Balance transferred to Special Reserve Fund 17 (8% local reserve)
 - Replaces \$40M Rainy Day & \$22M Budget Stabilization Reserves

District (SFUSD) Multi-Year Projections Unrestricted GF

11

	San Francisco Unified School District 2025-26 1st Interim Budget Unrestricted General Fund: Multi-Year Projections	2025-26 1st Interim Projection	2026-27 Projection	2027-28 Projection
A	Beginning Fund Balance	\$221,181,528	\$58,152,439	\$29,146,575
B	Total Revenues	\$744,474,360	\$759,159,074	\$778,006,969
C	Total Expenditures & Contributions	\$796,001,806	\$791,608,067	\$797,554,866
	<i>Total Expenditures</i>	\$570,292,258	\$566,534,421	\$572,198,853
	<i>Total Contributions</i>	\$225,709,548	\$225,073,646	\$225,356,013
D	Net Surplus / (Shortfall)	-\$51,527,446	-\$32,448,993	-\$19,547,898
	<i>Fund 17 - District Reserve Policy</i>	\$111,501,643	-\$3,443,129	-\$19,770,046
E	Ending Fund Balance	\$58,152,439	\$29,146,575	\$29,368,724
	Stores Inventory & Prepaid	\$1,563,670	\$1,563,670	\$1,563,670
	Reserve for Economic Uncertainty 2%	\$27,877,835	\$27,582,905	\$27,805,054
	Unassigned/Unappropriated	\$28,710,934	\$0	\$0

- Expenditure growth in future years reflects 1% increase for step & column as well as UASF & Unrepresented Mgmt TA assumptions.
- Special Education Contribution assumptions will be incorporated at 2nd Interim.
- As expenditure growth outpaces revenue, Special Reserve Fund 17 will be drawn down in 2026-27 and 2027-28 to meet the statutory 2% reserve in Fund 01.
- The Fiscal Stabilization Plan and further budget-balancing measures will reduce deficit spending.

SFUSD Planned Deficit

- As of 1st Interim, SFUSD is still seeing a structural planned deficit in the unrestricted general fund. This leads to a projection of a negative fund balance over time.
- This is caused by planned annual spending exceeding projected annual revenue.
- SFUSD's planned expenditures continue to exceed budgeted revenues each year for the current and next two years in the Unrestricted General Fund:
 - 2025-26: \$51M Shortfall
 - 2026-27: \$32M Shortfall
 - 2027-28: \$19M Shortfall

District (SFUSD) Restricted General Fund

	San Francisco Unified School District 2025-26 1st Interim Projection Restricted General Fund	2025-26 Adopted Budget	2025-26 1st Interim Projection	% Change from Adopted Budget to 1st Interim
A	Beginning Fund Balance*	\$156,697,919	\$207,741,643	33%
B	Total Revenues	\$452,550,209	\$547,109,052	21%
C	Total Expenditures	\$510,666,683	\$597,889,922	17%
	<i>Total Expenditures</i>	<i>\$734,737,589</i>	<i>\$823,599,470</i>	<i>12%</i>
	<i>Total Contributions</i>	<i>-\$224,070,906</i>	<i>-\$225,709,548</i>	<i>1%</i>
D	Net Surplus / (Shortfall)	-\$58,116,474	-\$50,780,870	-13%
E	Ending Fund Balance	\$98,581,445	\$156,960,773	59%

- Revenue has increased significantly in Title I, ELO-P, and other State and Local sources.
- Budgeted expenditures have fluctuated, due to **improved budgeting strategies** to better budget with increases in SpEd budget as well as implementation of SEIU TA for last year.
- **Deficit spending is planned** so that the District can utilize available one-time and expiring funding.

District (SFUSD) Multi-Year Projections Restricted GF

San Francisco Unified School District 2025-26 1st Interim Projection Restricted General Fund: Multi-Year Projections		2025-26 1st Interim Projection	2026-27 Projection	2027-28 Projection
A	Beginning Fund Balance	\$207,741,643	\$156,960,773	\$105,260,693
B	Total Revenues	\$547,109,052	\$535,956,124	\$539,443,828
C	Total Expenditures	\$597,889,922	\$587,656,203	\$592,814,466
	<i>Total Expenditures</i>	\$823,599,470	\$812,729,850	\$818,170,480
	<i>Total Contributions</i>	-\$225,709,548	-\$225,073,646	-\$225,356,013
D	Net Surplus / (Shortfall)	-\$50,780,870	-\$51,700,080	-\$53,370,639
E	Ending Fund Balance	\$156,960,773	\$105,260,693	\$51,890,055

- In the Restricted General Fund, deficit spending is planned so that the District can utilize available one-time funding.
- State revenues are projected to increase.
- Expenditures will be reduced as grant funding expires; several notable block grants will expire after 2025-26 such as Educator Effectiveness, Arts & Music Block Grant, and A-G, which results in lower projected spending in 2026-27.

San Francisco **County** Office of Education (SFCOE)

Recommended Certification: Positive

County (SFCOE) Unrestricted General Fund

	San Francisco County Office of Education 2025-26 1st Interim Budget Unrestricted General Fund	2025-26 Adopted Budget	2025-26 1st Interim Projection	% Change from Adopted Budget to 1st Interim
A	Beginning Fund Balance*	\$9,266,939	\$11,562,521	25%
B	Total Revenues	\$14,705,347	\$14,799,636	1%
C	Total Expenditures	\$14,144,008	\$14,121,891	0%
D	Net Surplus / (Shortfall)	\$561,339	\$677,745	21%
E	Ending Fund Balance	\$9,828,278	\$12,240,266	25%

- There are very minor updates compared to Adopted Budget and 1st Interim.
- We continue to identify opportunities to distinguish between County and District responsibilities.
- In future years, we expect a modest increase to the County budget as we create more internal protocols that align with County functions.

County (SFCOE) Restricted General Fund

	San Francisco County Office of Education 2025-26 1st Interim Budget Restricted General Fund	2025-26 Adopted Budget	2025-26 1st Interim Projection	% Change from Adopted Budget to 1st Interim
A	Beginning Fund Balance*	\$4,551,452	\$8,586,709	89%
B	Total Revenues	\$4,772,840	\$5,181,593	9%
C	Total Expenditures	\$6,239,404	\$8,807,062	41%
D	Net Surplus / (Shortfall)	-\$1,466,563	-\$3,625,470	147%
E	Ending Fund Balance	\$3,084,889	\$4,961,240	61%

- **Revenue is up** largely due to Federal ESSA and other Local Revenues.
- Budgeted expenditures are higher, due to fully budgeting expenses to restricted resources which allows the District to **utilize all available restricted funding**. In addition, multi-year grants that are budgeted in their entirety but reimbursed only when expenditures occur.
- **Deficit spending is planned** so that the District can utilize available one-time and expiring funding.

County (SFCOE) Multi-Year Projections Total GF

	San Francisco County Office of Education 2025-26 1st Interim Budget Total General Fund: Multi-Year Projections	2025-26 1st Interim Projection	2026-27 Projection	2027-28 Projection
A	Beginning Fund Balance	\$20,149,230	\$17,201,505	\$16,100,019
B	Total Revenues	\$19,981,229	\$20,124,099	\$20,481,280
C	Total Expenditures	\$22,928,954	\$21,225,585	\$21,410,537
D	Net Surplus / (Shortfall)	-\$2,947,725	-\$1,101,486	-\$929,257
E	Ending Fund Balance	\$17,201,505	\$16,100,019	\$15,170,762

The County is operating at a planned structural deficit and is projected to use Fund Balance through 2027-28.

Expenditures must be reduced as grant funding expires; several notable block grants will expire after 2025-26 such as Educator Effectiveness, Arts & Music Block Grant, A-G, ARP Act: HYC II, which results in lower projected spending in 2026-27.

Other Operating Funds

Fund Number	Fund Name	2025-26 Actual Beginning Fund Balance	2025-26 Projected Ending Fund Balance	Notes
11	Adult Education	\$519,504	\$0	Assumes additional spending of prior-year carryover revenue in State Adult Education Resource 6391
12	Early Education	\$30,887,301	\$23,930,246	Assumes spending of additional new revenues in Federal Child Care Resource 5025 and State Preschool Resource 6105
13	Cafeteria	\$21,099,968	\$15,586,764	Assumes spending of prior-year carryover revenue in Federal Child Nutrition Resources 5310 & 5320 as a one-time relief for reduced local DCYF & Sugary Drinks Distribution Tax Restricted Resources
21	Building	\$338,699,708	\$0	Assumes multi-year spending in Capital Outlay
25	Capital Facilities	\$48,014,739	\$0	Assumes multi-year spending in Capital Outlay

1st Interim Takeaways and Next Steps

- The District's certification will be Qualified and budget balancing measures will continue.
- SFUSD will present a Fiscal Stabilization Plan Update on December 16.

A photograph of three students in a library. Two boys are sitting on the floor, looking at a tablet together. One boy is pointing at the screen. A girl is sitting next to them, also looking at a tablet. The background is filled with bookshelves. The image has a blue tint.

Thank you!