

FY 2025–26 First Interim Financial Report

Board of Education
December 16, 2025



Topics

- ❑ Summarize the District's budget and multiyear projection at first interim
- ❑ Highlight key changes across in the District's Operating Funds
- ❑ Recommend the Board:
 - Certify as **Positive** the District's First Interim Financial Report
 - Transfer Fund 17 balance to the General Fund

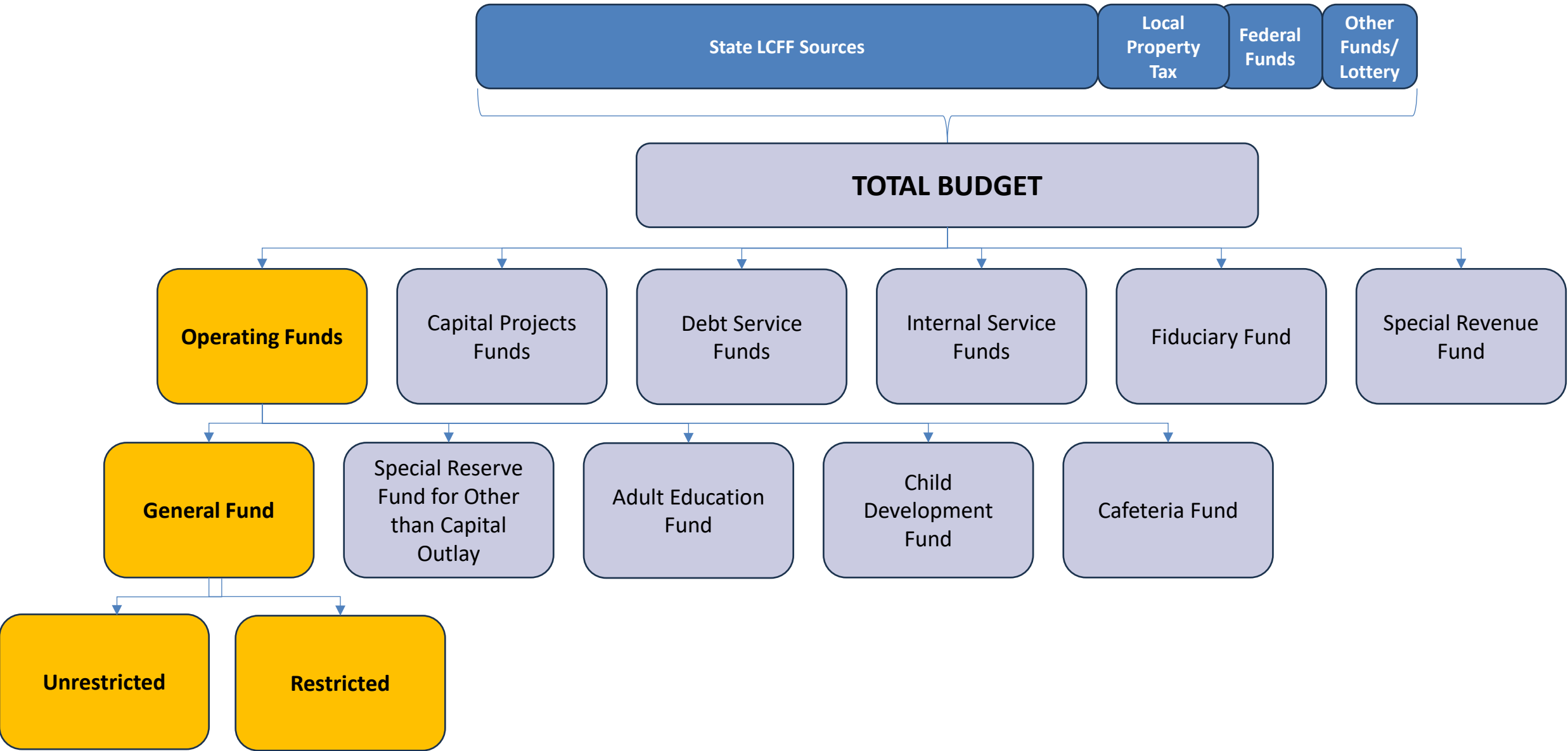
Budget Timeline



First Interim Overview

- ❑ **Purpose:** Statutorily required mid-year update to the current year budget and multiyear projections for the two subsequent years.
- ❑ **Due date:** December 15 for the period ending October 31.
- ❑ Three certification options upon reporting:
 - **Positive** – the District will meet its financial obligations for the current fiscal year and two subsequent years.
 - **Qualified** – the District may not be able to meet its financial obligations for the current or two subsequent fiscal years.
 - **Negative** – the District will not be able to meet its financial obligations for the current or subsequent fiscal year.
- ❑ **Recommended Action:** the Board certify as “**Positive**”, at first interim for the District’s current FY 2025–26 Budget and the next two subsequent years.

Breaking Down LAUSD's Overall Budget



First Interim: General Fund Major Highlights

- ❑ **FY 2025–26** General Fund Unrestricted/Unassigned ending balance is projected to be **\$1,447 million**.
 - This is \$3 million lower than reported at FY 2025–26 Adopted Budget in June.

- ❑ **FY 2027–28** General Fund Unrestricted/Unassigned ending balance is projected to be **\$10 million**.
 - This is \$1,604 million higher than reported at FY 2025–26 Adopted Budget in June.

- ❑ LA Unified **will meet** its financial obligations for the current fiscal year and two subsequent years with **one-time** \$796 million assigned balance for Workforce Stabilization.

Major Changes in General Fund Unrestricted & Restricted

(Dollars in Millions)

Description	June Adopted Budget FY 2025-26	First Interim FY 2025-26	Dollar/Percent Change (First Interim vs June Adopted Budget)	Reasons for Changes
Beginning Balance	\$4,273	\$4,458	\$185 / 4%	<ul style="list-style-type: none"> Fiscal close true-up from estimate to actual
Revenues	\$9,384	\$9,899	\$515 / 5%	<ul style="list-style-type: none"> Judgment obligation bonds Student Support & Professional Development Discretionary Block Grant
Expenditures	\$11,505	\$11,283	\$(221) / (2)%	<ul style="list-style-type: none"> OPEB annual contribution decreased Multi-year grants budgeted in their entirety
Revenue less Expenditure	\$(2,121)	\$(1,384)	\$736 / 35%	
Ending Balance	\$2,153	\$3,073	\$921 / 43%	

General Fund Restricted

(Dollars in Millions)

Key takeaways: Timing differences between revenue and expenditures accounts for in-year deficit.

Description	June Adopted Budget FY 2025–26	First Interim FY 2025–26	Dollar/Percent Change (First Interim vs June Adopted Budget)	Reasons for Changes
Beginning Balance	\$870	\$890	\$19 / 2%	<ul style="list-style-type: none">Fiscal close true-up from estimate to actual
Revenues	\$4,208	\$4,459	\$250 / 6%	<ul style="list-style-type: none">Student Support & Professional Development Discretionary Block GrantLearning Recovery Emergency Block Grant
Expenditures	\$5,000	\$4,869	\$(131) / (3)%	<ul style="list-style-type: none">Multi-year grants budgeted in their entirety
Revenue less Expenditure	\$(792)	\$(410)	\$381 / 48%	
Ending Balance	\$79	\$479	\$401 / 509%	

General Fund Unrestricted

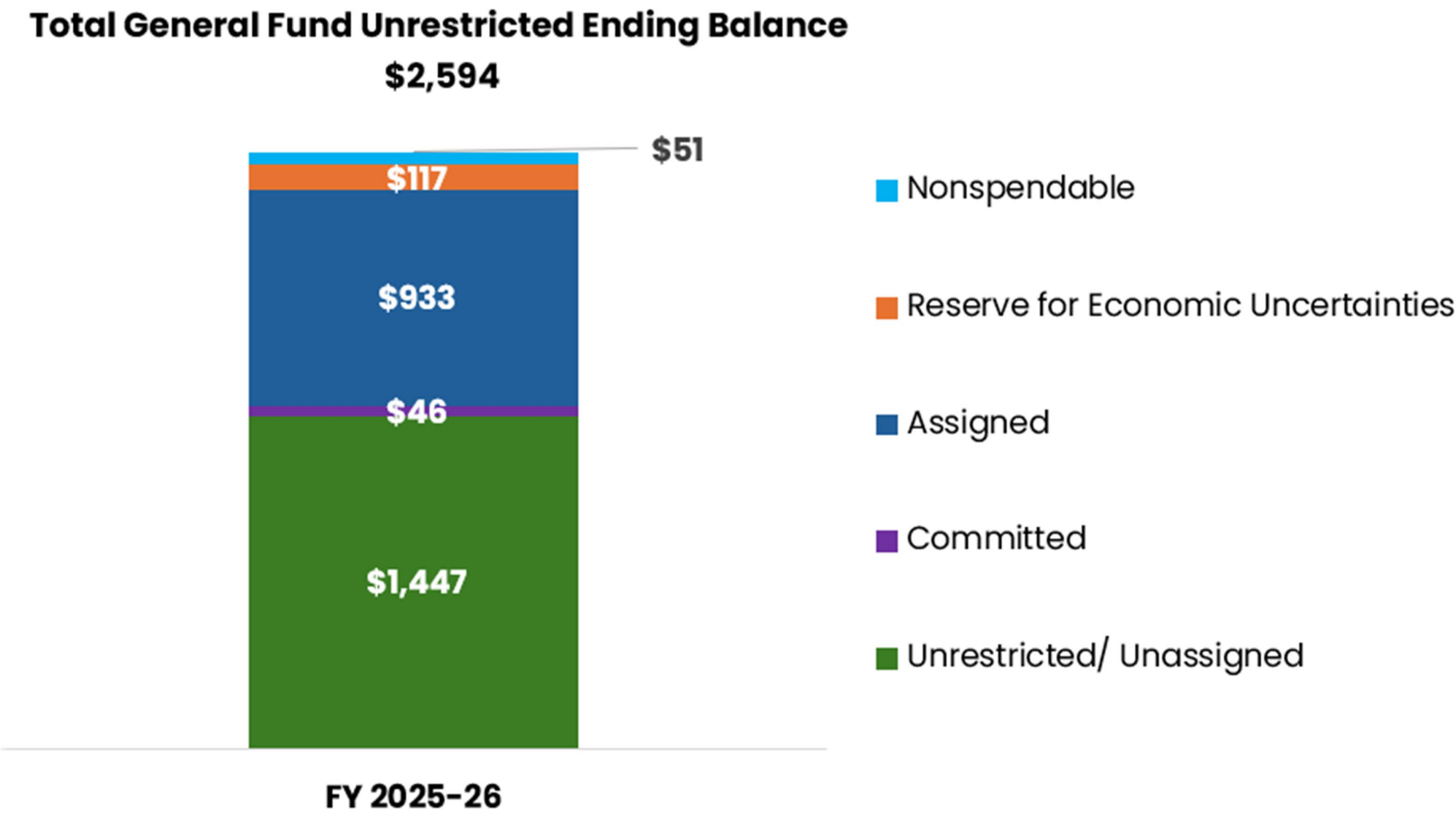
(Dollars in Millions)

Key takeaways: Ongoing structural deficit due to in-year expenditures exceeding in-year revenues.

Description	June Adopted Budget FY 2025-26	First Interim FY 2025-26	Dollar/Percent Change (First Interim vs June Adopted Budget)	Reasons for Changes
Beginning Balance	\$3,403	\$3,568	\$165 / 5%	<ul style="list-style-type: none">Fiscal close true-up from estimate to actual
Revenues	\$5,176	\$5,440	\$264 / 5%	<ul style="list-style-type: none">Judgment obligation bonds
Expenditures	\$6,505	\$6,414	\$(91) / (1)%	<ul style="list-style-type: none">OPEB annual contribution
Revenue less Expenditure	\$(1,329)	\$(974)	\$355 / 27%	Structural deficit
Ending Balance	\$2,074	\$2,594	\$520 / 25%	Multiple components

Components of General Fund Unrestricted Ending Balance

(Dollars in Millions)



General Fund Unrestricted Assigned Balances

(Dollars in Millions)

One-time set-aside
for cost of offers to
unions already made

Assigned Balances by Activity	FY 2025-26	FY 2026-27	FY 2027-28
Workforce Protection/Stabilization	\$229.1	\$403.0	\$796.4
Fiscal Stabilization Plan – School Carryover	360.3	–	–
Fiscal Stabilization Plan – Reassess Earmarked Balances	161.3	161.3	34.1
Access & Equity Programs	4.8	4.8	4.8
Community Schools	5.7	11.7	17.6
Greening / Climate / Cyber Protection	56.9	50.7	50.7
School Discretionary Funds	69.0	74.4	65.7
Violence & Drug Prevention	17.3	1.0	1.0
School Generated Donations	27.5	27.5	27.5
Community Challenge Grant	0.1	0.1	0.1
All Others	1.4	64.8	66.4
Grand Total	\$933.4	\$799.2	\$1,064.3

Multi-Year Projection: General Fund Unrestricted/Unassigned

(Dollars in Millions)

Major reasons for updated projections:

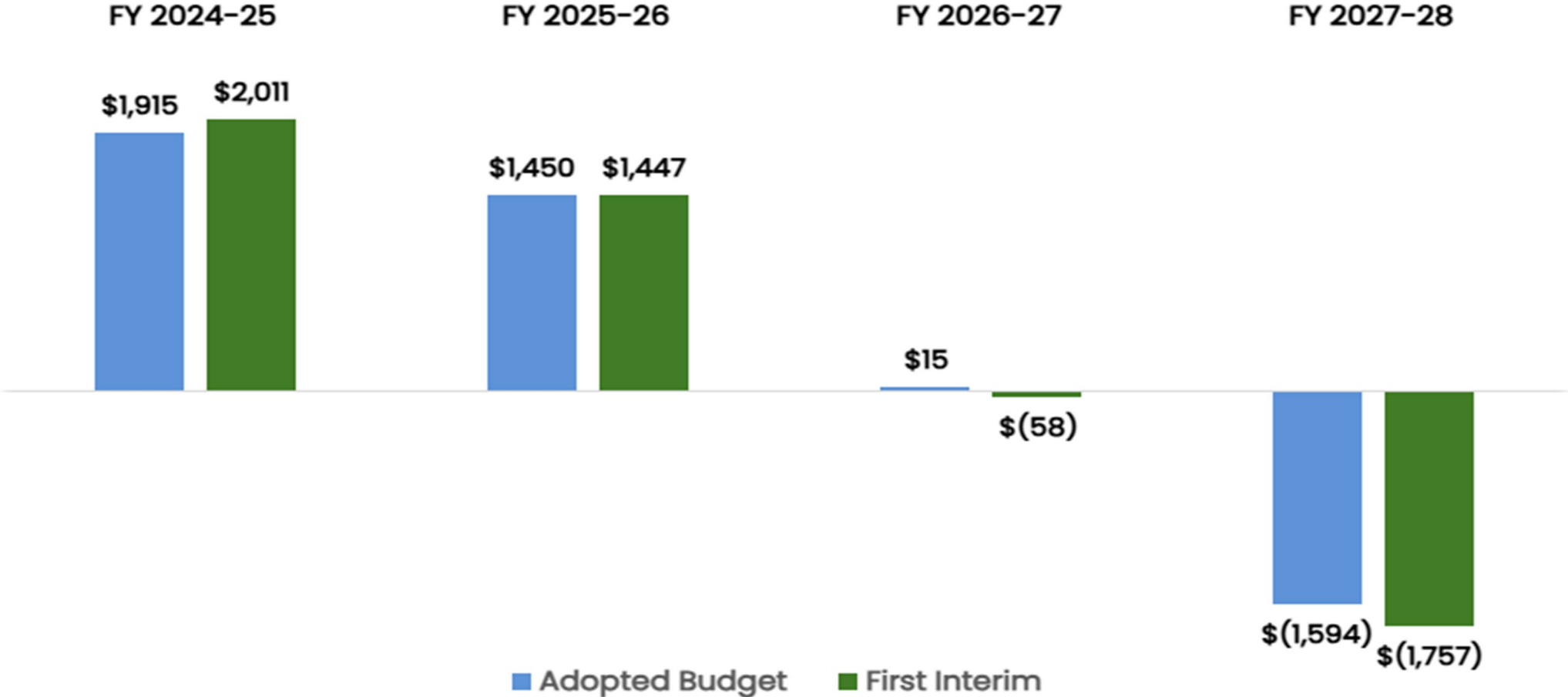
- ❑ Lower revenue due to less 2025-26 norm enrollment
- ❑ Increased expenditure for Judgment Obligation Bonds debt services
- ❑ Lower General Fund unrestricted relief due to reduced Title I funds
- ❑ Increased projected costs for Routine Repair and Maintenance Account and Special Education Requirements

	FY 2025-26	FY 2026-27	FY 2027-28
Estimated Unassigned Ending Balance at Adopted Budget (June 2025)	\$1,450	\$15	\$(1,594)
Estimated Unassigned Ending Balance at First Interim no FSP (December 2025)	1,447	\$(58)	\$(1,757)
Change	\$(3)	\$(73)	\$(163)

Multi-Year Projection – First Interim without Fiscal Stabilization Plan

(Dollars in Millions)

GF Unrestricted/Unassigned Ending Balances – Adopted Budget vs. First Interim



Multi-Year Projection:

General Fund Unrestricted/Unassigned

Factors Not Reflected in Multi-Year Projection

- ☐ Future changes in compensation
- ☐ Governor's January proposed budget
- ☐ Potential reductions in federal funding
- ☐ Potential new major programmatic investments
- ☐ Unrecognized claims

LAUSD Fiscal Stabilization Plan (FSP) – Updated

(Dollars in Millions)

Action	Adopted FSP FY 2026–27	Adopted FSP FY 2027–28	Updated FSP FY 2026–27	Updated FSP FY 2027–28
1) 10% of Fund 17	\$50	–	\$50	–
2) SENI & GFSP Carryover at 0%	\$360	\$65	\$360	\$65
3) SENI Allocation Reduction	\$75	\$200	\$99	\$200
4) Unfunded Positions	\$60	\$60	\$60	\$60
5) Consolidate District Footprint	\$30	\$30	–	\$30
6) Reassess Earmarked/Assigned Balances	\$115	\$0	\$53	\$140
7) Strategic Closure of School Positions	\$100	\$100	–	–
8) Bring Students Closer to School of Residence	\$15	\$15	\$1	\$15
9) Central Reductions	\$200	\$125	\$150	\$150
TOTAL			\$773	\$660

\$1.6 billion

\$1.4 billion

Recommended Solution to Certify Positive

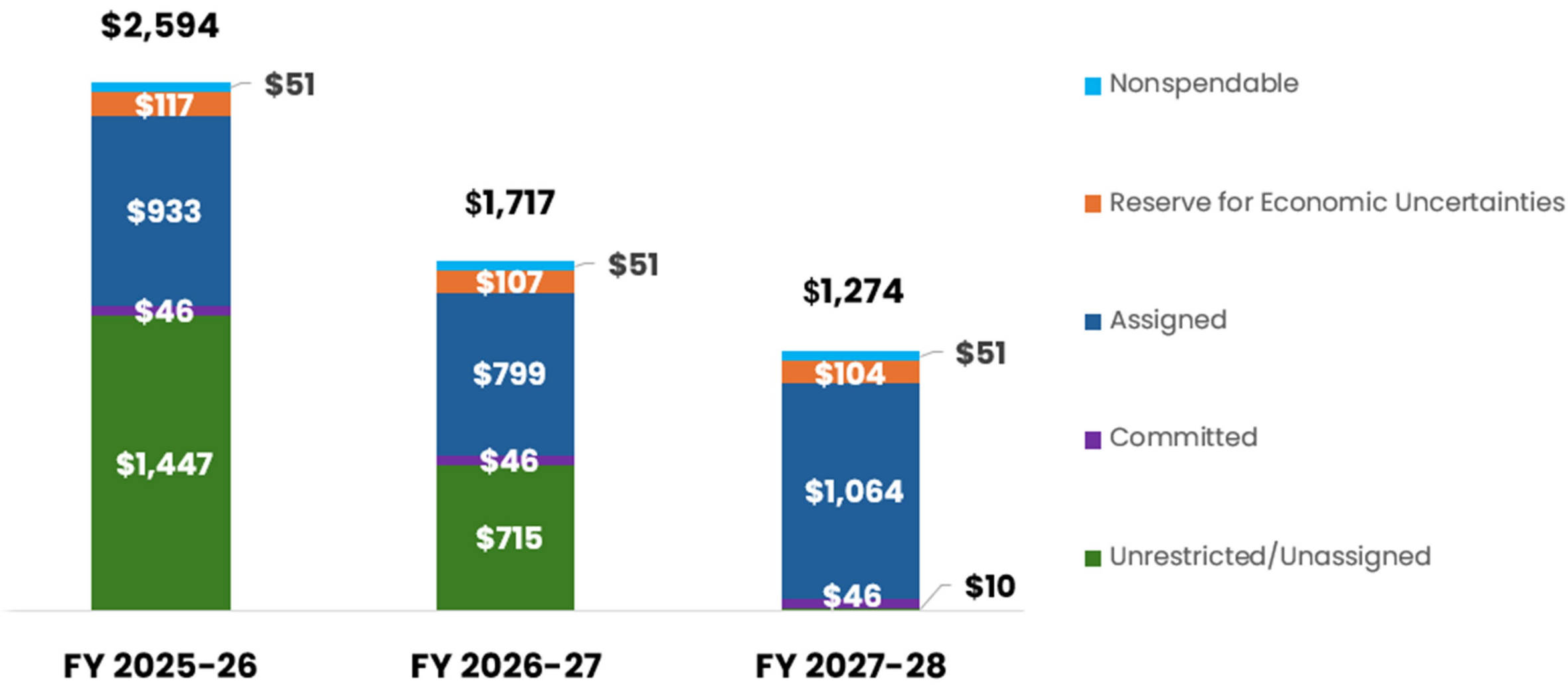
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Activity	FY 2026–27	FY 2027–28
Projected Negative Balance at 1st Interim	\$(58)	\$(1,757)
1) Release of Board Approved OPEB Adjustment, June 2025		\$634
Subtotal	\$(58)	\$(1,123)
2) Additional Fund 17 transfer		\$496
Subtotal		\$(627)
3) Fiscal Stabilization Plan (FSP)	\$773	\$1,433
Subtotal		\$806
4) Assigned to a Workforce Stabilization Fund		\$(796)
Total, GF Unassigned/Unrestricted	\$715	\$10

Components of General Fund Unrestricted Ending Balances

First Interim with Fiscal Stabilization Plan

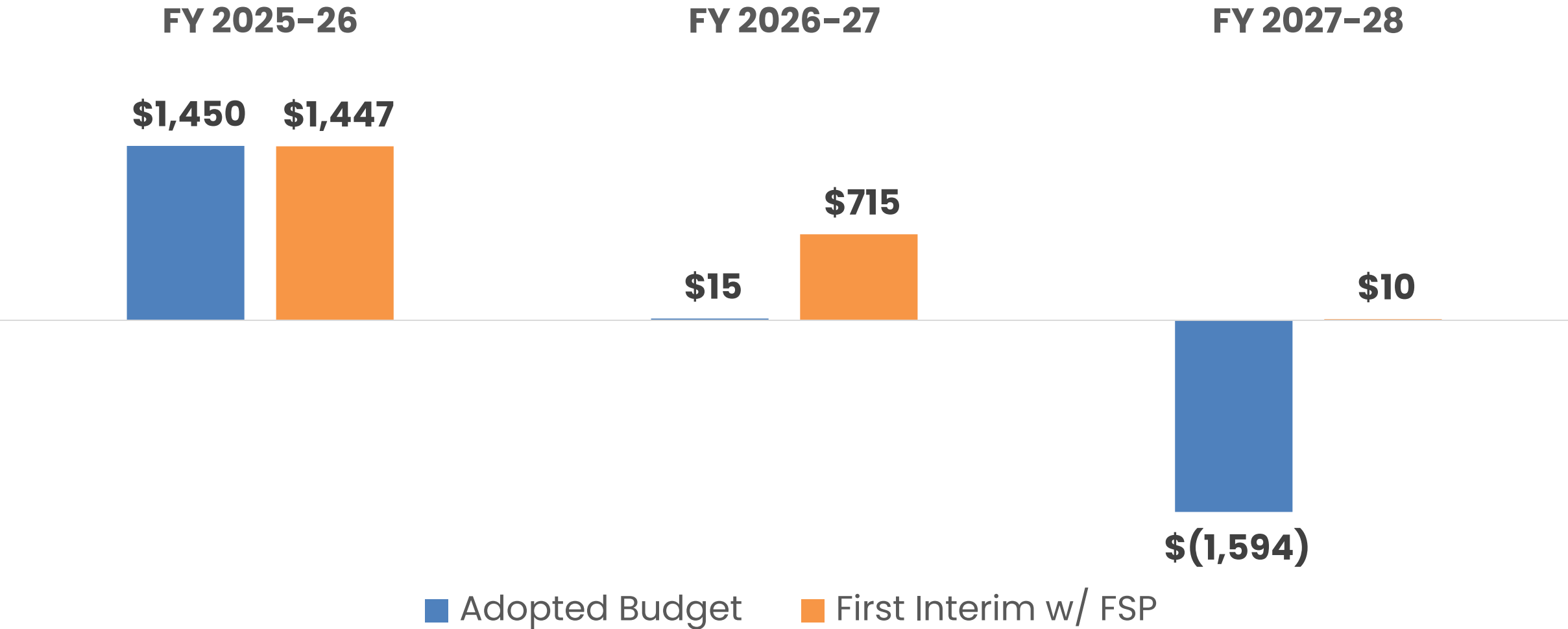
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Multi-Year Projection:

General Fund Unrestricted/Unassigned Ending Balances

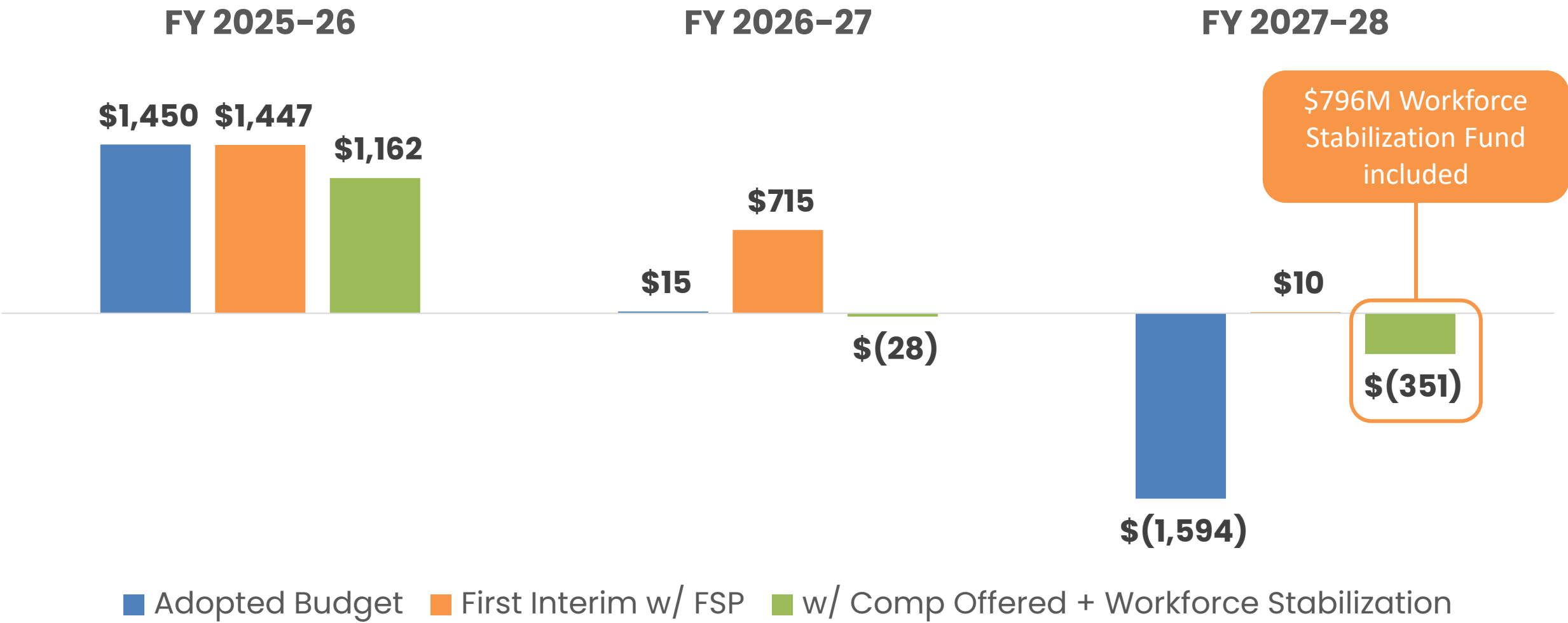
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Multi-Year Projection:

General Fund Unrestricted/Unassigned – w/ Cost of Labor Offers

(Dollars in Millions)



Summary

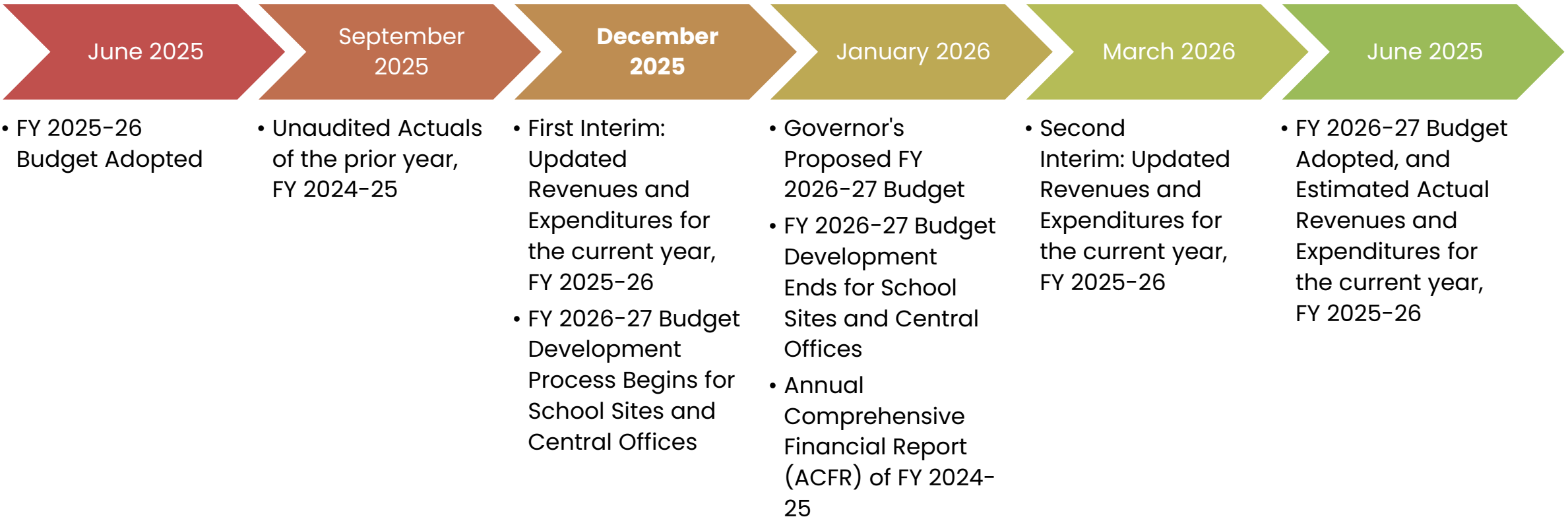
- ❑ **Recommendation:** certify as **Positive** the District's First Interim Financial Report.

- ❑ With Board approval, the District plans to:
 - Release OPEB funds currently held in assigned balances
 - Transfer the remaining Fund 17 balance to the General Fund
 - Implement the updated fiscal stabilization plan
 - Assign the remaining balance for Workforce Stabilization

- ❑ **Workforce Stabilization** funds will be held as a one-time solution to cover increased salary costs once negotiations are settled. A more extensive fiscal stabilization plan is likely to be necessary.

Next Steps

- ❑ Dec 15: Upload preliminary report
- ❑ Dec 16: Submit to LACOE with Board approval
- ❑ Dec 31: LACOE to certify



THANK YOU

Discussion