



**LAUSD**  
**UNIFIED**

# **Budget Update: LACOE Conditional Budget Approval**

**Board of Education**

**October 6, 2026**

# Topics



## Recap

The Budget Timeline



## Present

The requirements in Los Angeles County Office of Education's (LACOE)  
***Conditional Approval*** of the District's 2026-27 Adopted Budget



## Summarize

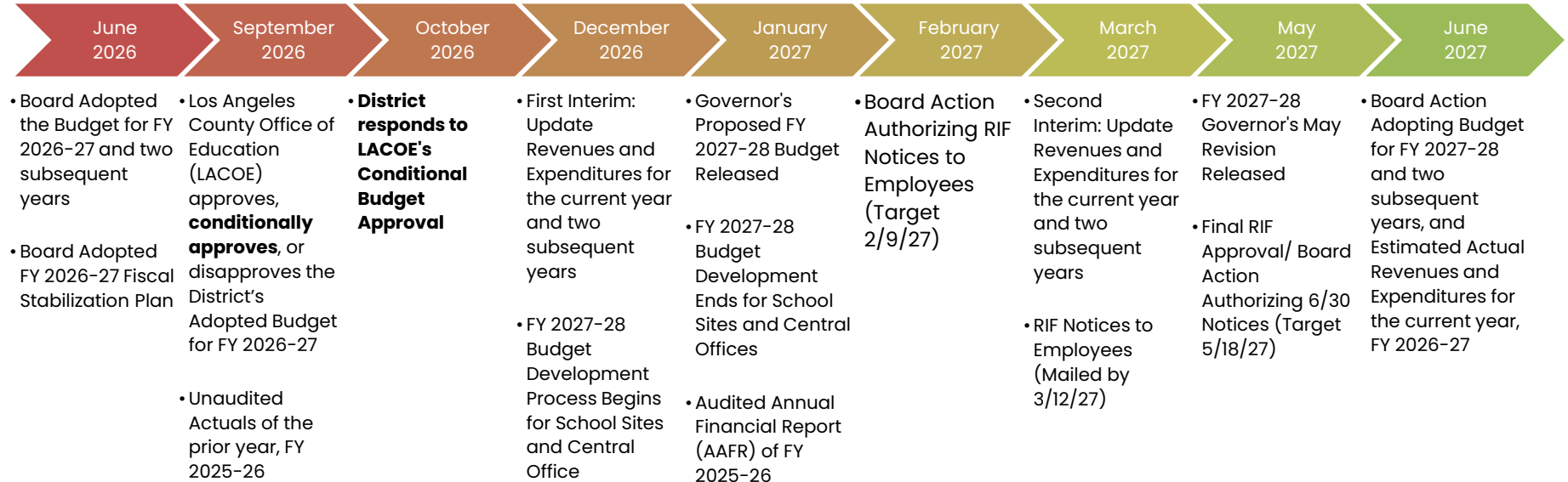
The District's response to LACOE



## Highlight

Next steps and upcoming actions in the District's Budget Cycle

# FY 2026–27 Adopted Budget Update



# LACOE Conditional Budget Approval

*The District must respond to LACOE by October 8, 2026, regarding the two Conditions in the FY 2026-27 Conditional Budget Approval letter.*

| LACOE Conditions   | Required Actions                                                                                                                                                                        |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Condition 1</b> | (A) Timeline for each Fiscal Stabilization Plan (FSP) action, including the action owner and the relevant performance metrics.                                                          |
|                    | (B) Contingencies for FSP actions requiring negotiation, with implementation dates.                                                                                                     |
|                    | (C) Enrollment and ADA projections <ol style="list-style-type: none"><li>1. Revised current enrollment projections and budget adjustments</li><li>2. Fiscal impact of actions</li></ol> |
| <b>Condition 2</b> | Updated Cash Forecast with the Fiscal Stabilization Plan incorporated                                                                                                                   |

# Condition 1 (A) – FSP Key Milestones

*The District has developed work plans with key milestones and metrics to achieve the FSP targets*

| FSP Action                                      | Key Milestone                                                                                                           | Performance Metric | LAUSD Action Owner | Est. Completion/End Month/Year | Timeline – Est. End Month/Year |         |         |         |         |         |         |         |
|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------------------|--------------------------------|---------|---------|---------|---------|---------|---------|---------|
|                                                 |                                                                                                                         |                    |                    |                                | 2026–27                        |         |         |         | 2027–28 |         |         |         |
|                                                 |                                                                                                                         |                    |                    |                                | Jul-Sep                        | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun |
| <b>Furlough Days – All Employees</b>            | Open negotiations with Labor Partners                                                                                   |                    | Labor Relations    | Oct. 2026                      |                                |         |         |         |         |         |         |         |
|                                                 | Board authorization (as applicable)                                                                                     | FSP Target         | Labor Relations    | May 2027                       |                                |         |         |         |         |         |         |         |
| <b>Health Insurance Cost Sharing</b>            | Open negotiations with Health Benefit Committee                                                                         |                    | Labor Relations    | Oct. 2026                      |                                |         |         |         |         |         |         |         |
|                                                 | Board authorization (as applicable)                                                                                     | FSP Target         | Labor Relations    | June 2027                      |                                |         |         |         |         |         |         |         |
| <b>Release of Committed Balance</b>             | Implemented at 1st FY 2026–27 Interim Report                                                                            | FSP Target         | Finance Office     | Dec. 2026                      |                                |         |         |         |         |         |         |         |
| <b>OPEB Trust Contribution</b>                  | Implemented with Schools' FY 2027–28 Budget Development                                                                 | FSP Target         | Finance Office     | Dec. 2026                      |                                |         |         |         |         |         |         |         |
| <b>BSAP Reduction</b>                           | Implemented with Schools' FY 2027–28 Budget Development                                                                 | FSP Target         | Finance Office     | Dec. 2026                      |                                |         |         |         |         |         |         |         |
| <b>SENI Reduction</b>                           | Implemented with Schools' FY 2027–28 Budget Development                                                                 | FSP Target         | Finance Office     | Dec. 2026                      |                                |         |         |         |         |         |         |         |
| <b>HEET Reduction</b>                           | Implemented with Schools' FY 2027–28 Budget Development                                                                 | FSP Target         | Finance Office     | Dec. 2026                      |                                |         |         |         |         |         |         |         |
| <b>Affiliated Charter Block Grant Reduction</b> | Implemented with Schools' FY 2027–28 Budget Development                                                                 | FSP Target         | Finance Office     | Dec. 2026                      |                                |         |         |         |         |         |         |         |
| <b>Sunset MetroGoPass Partnership</b>           | Contract renewal to Board for action or Board Informative (dependent upon outcome of exploring price reduction/options) | FSP Target         | Chief of Schools   | May 2027                       |                                |         |         |         |         |         |         |         |

# Condition 1 (A)– FSP Key Milestones

The District has developed work plans with key milestones and metrics to achieve the FSP targets.

| FSP Action                                                                | Key Milestone                                                                       | Performance Metric | LAUSD Action Owner           | Est. Completion/ End Month/Year | Timeline – Est. End Month/Year |         |         |         |         |         |         |         |
|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------|------------------------------|---------------------------------|--------------------------------|---------|---------|---------|---------|---------|---------|---------|
|                                                                           |                                                                                     |                    |                              |                                 | 2026–27                        |         |         |         | 2027–28 |         |         |         |
|                                                                           |                                                                                     |                    |                              |                                 | Jul-Sep                        | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun |
| <b>Attendance at 93% starting in 2026–27</b>                              | iAttend Blitz and efforts to increase attendance begin for 2026–27                  | PI and P2 ADA      | Chief of Schools             | Aug. 2026                       |                                |         |         |         |         |         |         |         |
| <b>Central Office Reductions–</b>                                         | Labor – Decisions                                                                   | FSP Target         | Finance Office               | Nov. 2026                       |                                |         |         |         |         |         |         |         |
|                                                                           | Labor – Implementation                                                              | FSP Target         | Finance Office               | June 2027                       |                                |         |         |         |         |         |         |         |
|                                                                           | Non-labor Contracts – Decisions                                                     | FSP Target         | Finance Office               | Nov. 2026                       |                                |         |         |         |         |         |         |         |
|                                                                           | Non-labor Contracts – Implementation                                                | FSP Target         | Finance Office               | July 2027                       |                                |         |         |         |         |         |         |         |
| <b>LASPD Reduction</b>                                                    | Managed with Central Office Reduction – Decisions                                   | FSP Target         | Finance Office               | Nov. 2026                       |                                |         |         |         |         |         |         |         |
|                                                                           | Managed with Central Office Reduction – Implementation                              | FSP Target         | Finance Office               | June 2026                       |                                |         |         |         |         |         |         |         |
| <b>Norm Positions Reduction</b>                                           | Implemented with Schools’ FY 2027–28 Budget Development                             | FSP Target         | Finance Office               | Dec. 2026                       |                                |         |         |         |         |         |         |         |
| <b>Reduction in Force Proceedings</b>                                     | Board authorization for notices to employees who may be released                    | N/A                | Personnel Commission         | Feb. 2027                       |                                |         |         |         |         |         |         |         |
|                                                                           | HR/PC notifies employees who may be released no later than 3/15                     | Statutory Timeline | Personnel Commission         | Mar. 2027                       |                                |         |         |         |         |         |         |         |
|                                                                           | Board authorization for employees who will be released no later than June 30        | FSP Target         | Personnel Commission         | May 2027                        |                                |         |         |         |         |         |         |         |
| <b>Stronger Schools (School Consolidation/ Efficiencies/ Repurposing)</b> | Community Informational “Why” Sessions held across all regions                      |                    | Dep. Supt.                   | Oct 2026                        |                                |         |         |         |         |         |         |         |
|                                                                           | Stakeholder Engagement                                                              |                    | Dep. Supt./ Chief of Schools | Dec. 2026, Feb. 2027, June 2027 |                                |         |         |         |         |         |         |         |
|                                                                           | Board Action on Criteria to identify schools for considerations and Equity Analysis |                    | Dep. Supt.                   | March 2027                      |                                |         |         |         |         |         |         |         |
|                                                                           | Board Action on Stronger Schools Plan                                               |                    | Dep. Supt.                   | June 2027                       |                                |         |         |         |         |         |         |         |
|                                                                           | Site Revitalization Planning, Engagement, & Execution                               |                    | Dep. Supt.                   | Ongoing                         |                                |         |         |         |         |         |         |         |

# Condition 1 (B) FSP with Planned Contingencies

The District is required to identify contingency/alternative actions for FSP actions requiring negotiation. Those items are furlough days and health insurance cost sharing, totaling \$100M for Fiscal Year 2027-28.

| Action                                                                                             | FSP<br>FY 2026-27 | FSP<br>FY 2027-28  | FSP<br>FY 2028-29 | Layoff<br>Impact |
|----------------------------------------------------------------------------------------------------|-------------------|--------------------|-------------------|------------------|
| <b>Revenue</b>                                                                                     |                   |                    |                   |                  |
| 1) Revenue from Enacted Budget                                                                     | \$583 M           | \$167 M            | \$168 M           |                  |
| 2) Attendance at 93% starting in 2026-27                                                           |                   | \$21 M             | \$41 M            |                  |
| 3) OPEB Trust Drawdown/Withdrawal (estimated General Fund Unrestricted portion of \$175M drawdown) |                   |                    | \$140 M           |                  |
| <b>Expenditures</b>                                                                                |                   |                    |                   |                  |
| 4) Central Office Reductions - Contracts/Non-Labor                                                 | \$50 M            | \$200 M            | \$200 M           |                  |
| 5) Central Office Reductions - Positions                                                           |                   | \$70 M             | \$70 M            | Yes              |
| 6) OPEB Trust Contribution* at \$0                                                                 | \$111 M           | \$113 M            | \$113 M           |                  |
| 7) Release of Committed Balance - Federal Uncertainties                                            |                   | \$46 M             |                   |                  |
| 8) SENI Reduction (from the \$500M allocation for 2027-28)                                         |                   | \$400 M            | \$500 M           | Yes              |
| 9) BSAP Reduction (from the \$125M allocation for 2027-28)                                         |                   | \$50 M             |                   | Yes              |
| 10) HEET Reduction (from the \$10M allocation for 2027-28)                                         |                   | \$10 M             | \$10 M            | Yes              |
| 11) Affiliated Charter Block Grant Reduction                                                       |                   | \$10 M             | \$10 M            | Yes              |
| 12) Norm Position Reductions                                                                       |                   | \$25 M             | \$25 M            | Yes              |
| 13) Furloughs Days - All Employees (\$25M/Day)                                                     |                   | \$50 M             | \$125 M           |                  |
| 14) School Consolidation/Efficiencies/Repurposing                                                  |                   |                    | \$30 M            | Yes              |
| 15) Health Insurance Cost Sharing                                                                  |                   | \$50 M             | \$100 M           |                  |
| 16) Reduction of LASPD Central Budget                                                              | \$3.5 M           | \$7 M              | \$7 M             | Yes              |
| 17) Sunset MetroGoPass partnership                                                                 |                   | \$2 M              | \$2 M             |                  |
| <b>TOTAL</b>                                                                                       | <b>\$748 M</b>    | <b>\$1,221 M</b>   | <b>\$1,541 M</b>  |                  |
|                                                                                                    |                   | <b>Grand Total</b> | <b>\$3,510 M</b>  |                  |

\$100 million total  
for fiscal year  
2027- 2028

## Condition 1 (B) FSP with Planned Contingencies

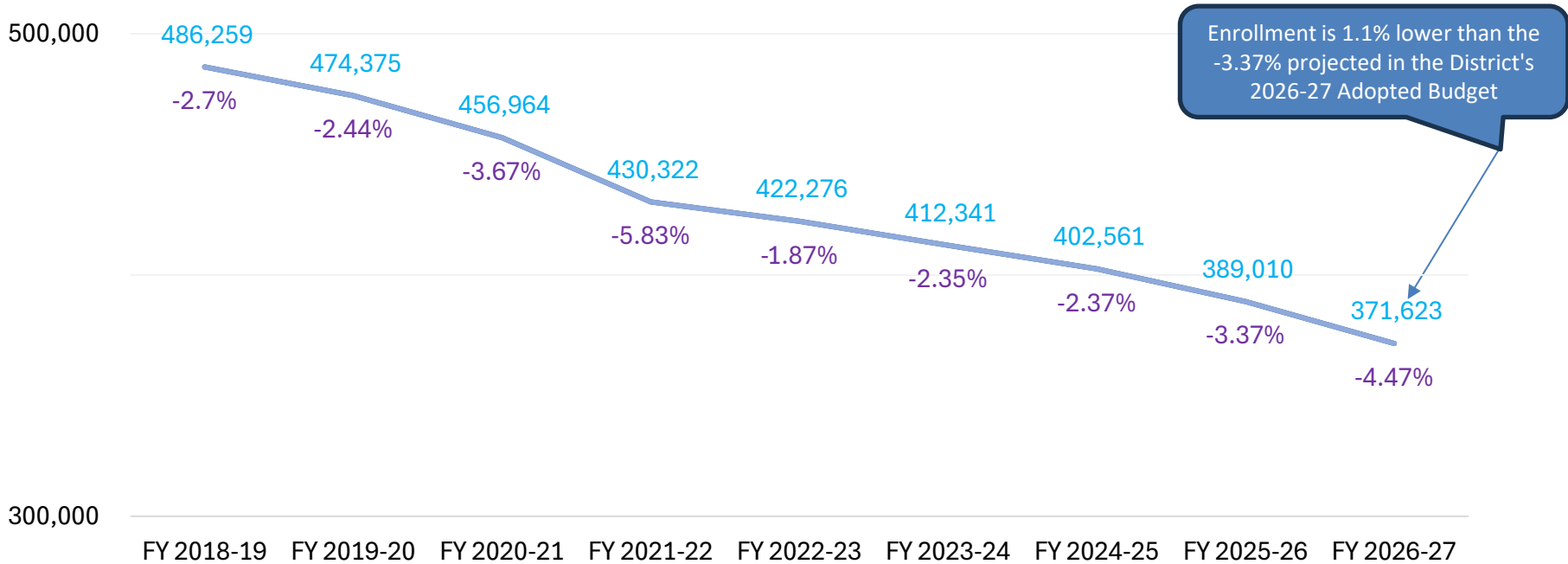
*The contingency action is to maximize restricted grants reimbursements for related District expenses if labor negotiations don't progress by June 2027. This action may affect funds for fiscal year 2027-28 program activities.*

| Action                                                  | FSP<br>FY 2026-27 | FSP<br>FY 2027-28  | FSP<br>FY 2028-29 | Layoff<br>Impact |
|---------------------------------------------------------|-------------------|--------------------|-------------------|------------------|
| <b>Expenditures</b>                                     |                   |                    |                   |                  |
| Maximize use of restricted grants for eligible expenses |                   | \$50 M             | \$50 M            |                  |
|                                                         |                   | <b>Grand Total</b> | <b>\$100 M</b>    |                  |

- **Total Amount:** \$100 million
- **Implementation Date:** January 2027, during budget development for the 2027-28 fiscal year

# Condition 1 (C) TK-12 Historical Enrollment Trend

Actual enrollment at Norm Day for the 2026-27 school year is lower than the projections in our adopted budget. A 1% change in enrollment affects District revenue by approximately \$60 million.



# Condition 1 (C) FY 2026-27 Norm Day Enrollment Summary

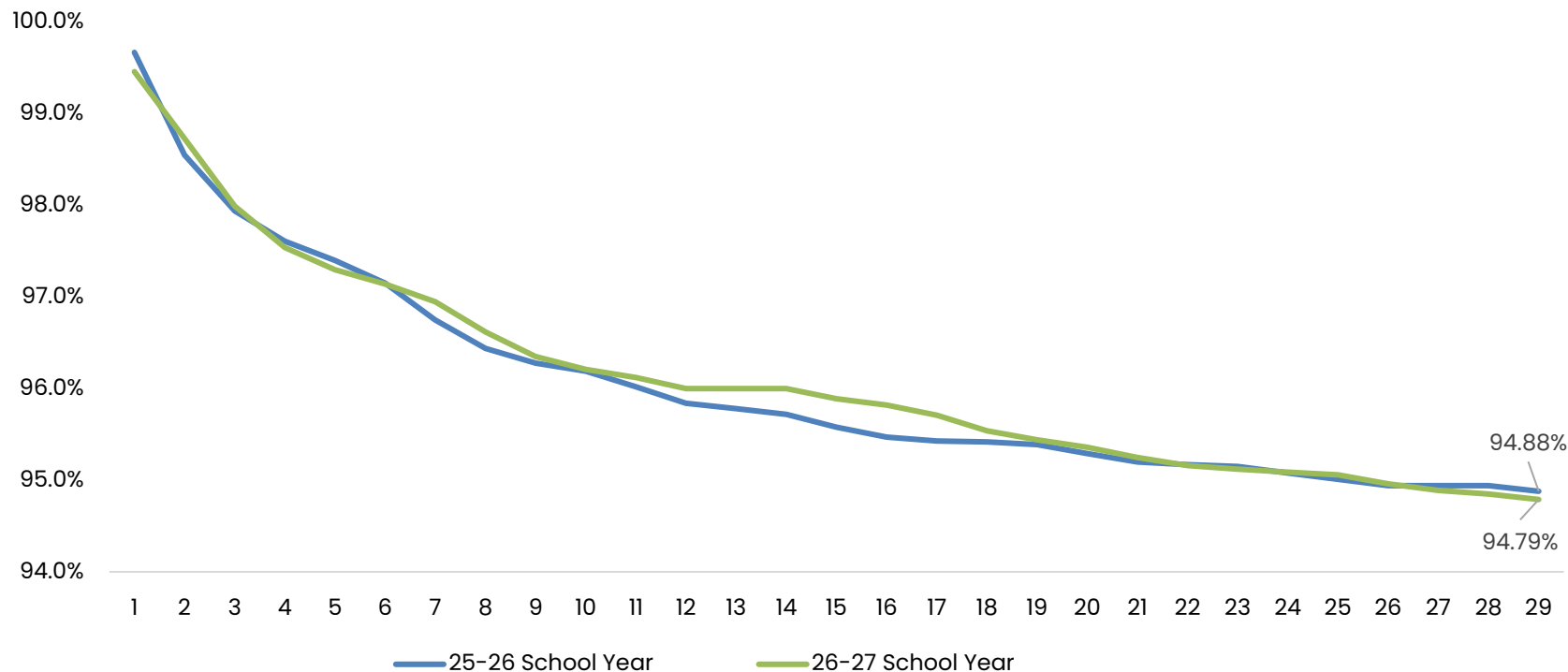
*General Education enrollment declined more than Special Day programs from the Forecast to Norm Day, with the largest decline in TK-3 grades.*

| Grade Level                      | FY 2025-26<br>Norm Day | FY 2026-27<br>Forecast | FY 2026-27<br>Norm Day | Change from<br>FY 2026-27 Forecast<br>to<br>FY 2026-27 Norm Day | Change from<br>FY 2025-26 Norm Day<br>to<br>FY 2026-27 Norm Day |
|----------------------------------|------------------------|------------------------|------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|
| TK-3                             | 121,628                | 116,896                | 114,994                | (1,902)                                                         | (6,634)                                                         |
| 4-5                              | 60,044                 | 57,995                 | 57,437                 | (558)                                                           | (2,607)                                                         |
| 6-8                              | 78,657                 | 75,964                 | 75,562                 | (402)                                                           | (3,095)                                                         |
| 9-12                             | 109,510                | 105,864                | 104,520                | (1,344)                                                         | (4,990)                                                         |
| <b>Total General Education</b>   | <b>369,839</b>         | <b>356,719</b>         | <b>352,513</b>         | <b>(4,206)</b>                                                  | <b>(17,326)</b>                                                 |
| SDP TK-5(6)                      | 10,664                 | 10,664                 | 11,100                 | 436                                                             | 436                                                             |
| SDP 6-8                          | 3,552                  | 3,552                  | 3,295                  | (257)                                                           | (257)                                                           |
| SDP 9-12                         | 4,955                  | 4,955                  | 4,715                  | (240)                                                           | (240)                                                           |
| <b>Total Special Day Program</b> | <b>19,171</b>          | <b>19,171</b>          | <b>19,110</b>          | <b>(61)</b>                                                     | <b>(61)</b>                                                     |
| Pre-K SP ED                      | 2,578                  | 2,578                  | 2,457                  | (121)                                                           | (121)                                                           |
| State Pre-School                 | 1,066                  | 1,277                  | 1,177                  | (100)                                                           | 111                                                             |
| <b>Total Pre-K</b>               | <b>3,644</b>           | <b>3,855</b>           | <b>3,634</b>           | <b>(221)</b>                                                    | <b>(10)</b>                                                     |
| <b>Grand Total</b>               | <b>392,654</b>         | <b>379,745</b>         | <b>375,257</b>         | <b>(4,488)</b>                                                  | <b>(17,397)</b>                                                 |

# Condition 1 (C) Average Daily Attendance Fiscal Year Comparison

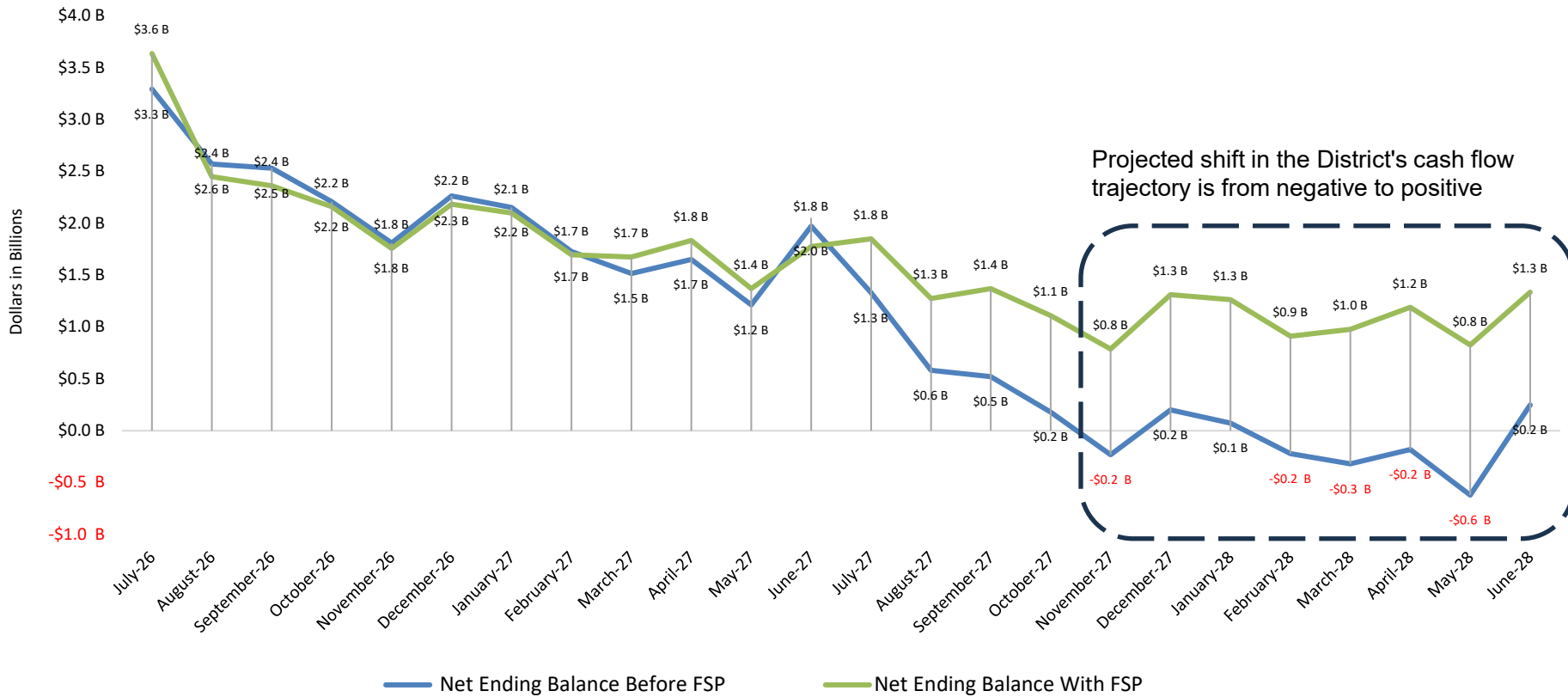
*This school year's attendance has dropped by 0.09% compared to the same period last year.*

Attendance Rate from 1<sup>st</sup> Day of School to Day 29



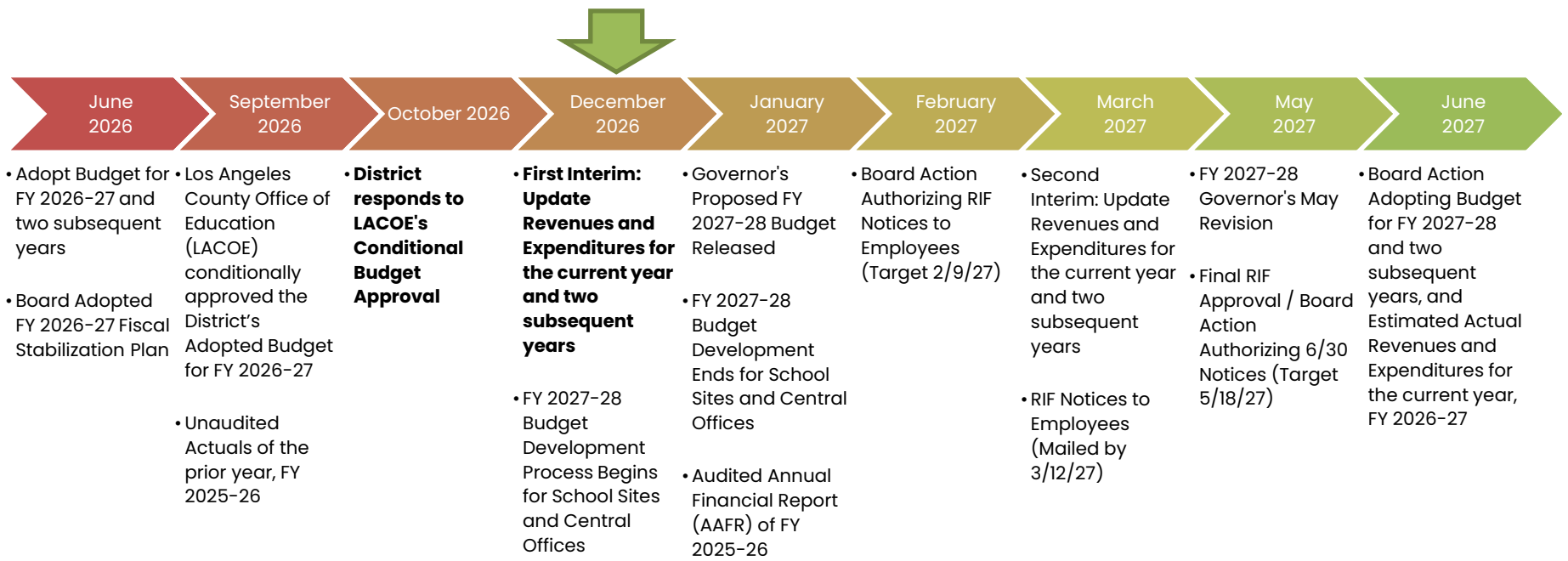
# Condition 2 Updated Cashflow Forecast

The FSP implementation will address in the Cash shortfall projected in the FY 2026-27 Adopted Budget



# Next Steps

- October 8, 2026: Submit the District’s Response to LACOE’s Conditional Budget Approval
- November 9, 2026: LACOE’s Final Determination after reviewing the District’s material
- November – December: Ongoing actions to Implement the FY 2026–27 Fiscal Stabilization Plan
- December 15, 2026: First Interim Financial Report





**LAUSD**  
**UNIFIED**

**Thank you**