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Carlsbad Unified Fails to Pass Budget, Requiring Emergency Meeting Board Clerk Removed Over Legal Dispute in Contentious Meeting

Carlsbad, June 20, 2025 – During a tense and argumentative meeting lasting almost 6 hours, the Carlsbad Unified School District (CUSD) Board of Trustees failed to pass a required 2025-26 Budget after a transfer of \$3.1M in fiscal reserves was apparently improperly added by Board President Kathy Rallings and opposed by all other trustees. The proposed budget, which must be approved by June 30th, failed on a 1-4 vote, with only Rallings in favor.

The Board must now schedule an emergency meeting prior to June 30th to approve a revised budget or face intervention by the San Diego County Office of Education. The 4 trustees opposed to the current budget agreed to an emergency meeting, but Rallings said she would not attend. After it became clear that the Board opposed her unilateral budget revision, Rallings became irritated and refused to conduct the meeting and guide the trustees on how to amend the budget.

The dispute dates to a December 2024 meeting when Rallings made a surprise request to transfer \$7M out of the fiscal reserves without notifying the Board or public. The request was approved on a 3-2 vote but triggered a Brown Act complaint and investigation which eventually concluded the vote was not to transfer the money, just an agreement to discuss doing so at a future meeting. Rallings contradicted that conclusion again on Wednesday night, creating even more confusion.

At the January 22nd meeting, several trustees expressed confusion over their prior vote and ultimately rejected a request to change a board policy to reduce the reserve balance. Despite this vote, \$3.1M of the transfer appeared on a line item buried in the 129-page budget proposal at the June 11th meeting, apparently improperly added by Rallings without Board consent. Rallings, an employee of the powerful California Teachers Association, has been dogged by conflict-of-interest accusations after the Fair Political Practices Commission (FPPC) found in 2024 that she violated state law 3 times by continuously failing to disclose her union employment and income.

The meeting was already tense after an earlier argument when Rallings tried to prevent Trustee Gretchen Vurbeff from asking a question about a proposed Ethnic Studies course, raising concerns about violations of Vurbeff's First Amendment rights.

The meeting became heated again when the Board later voted to remove Vurbeff as Board Clerk after Vurbeff refused to sign the minutes of the May 21st meeting. Vurbeff claimed the minutes misrepresented a vote taken by the Board to provide extra paid leave to Trustee Alison Emery, a teacher in a neighboring district, even though the policy on the agenda did the opposite, a fact later confirmed by legal counsel. That vote is now the subject of a lengthy new complaint based on Trustee Emery's vote to approve the policy that would provide her with a direct financial benefit.

The video of the June 18th meeting can be found here.