



Budget and Fiscal Recovery Plan Update

Board Meeting
November 4, 2021
Agenda Item No. 9.1

Overview

- History/Background on District's Budget
- District's Current Budget Status and Multi-Year Projection (MYP)

(based on 2021-2022 Adopted Budget Updated with State Enacted Budget & Beginning Fund Balance)

- Fiscal Recovery Plan Discussion
- Q&A
- Board Action December 16th 2021

Background

Definitions

- Structural Deficit : occurs when on-

History/Background

- District's budget has been operating a structural deficit for several years due to on-going expenditures exceeding on-going revenues
 - ¾ Fiscal year 2019-20 and 2020-21 surpluses were a result of one-time savings due to less spending during COVID-19
- The District has managed the deficit with one-time sources and reserves – a non-sustainable plan as these resources will eventually be depleted
- Employee salaries and benefits account for approximately 91% of the unrestricted budget
- The District's benefit structure for active employees and retirees is one of the highest in the region
- Salaries and benefits continue to increase year over year yet revenue does not increase at the same rate or remains flat

District's Current Budget Status and Multi-Year Projection

Budget Adjustments Implemented in Prior Years

Approval Date	Ongoing (in millions)	One-Time (in millions)	Items
December 2018	17.50	3.60	Position Control, Debt Service, OPEB, Central Office Personnel, Supplies, Services & Utilities
February/March 2019	7.80	-	Staffing adjustments - aligning to enrollment for 2019-20
May 2019	21.00		

Budget Adjustments in 2021-22

Board Approved 2/4/21

2021-22 Budget Adjustments		
Item	Action	Savings
Travel - LCFF BASE	Eliminated for 21-22 Budget	\$90,000
Professional Development - LCFF BASE	Eliminated for 21-22 Budget	\$108,000
Site Discretionary Supplies	Eliminated for 21-22 Budget	\$275,000
20% Central Office Supplies & Contracts - LCFF BASE	Eliminated for 21-22 Budget	\$455,000
Transportation	Eliminated for 21-22 Budget	\$1,100,000
After School - LCFF BASE	Shifted to COVID Funding for 21-22 Budget	\$500,000
Preschool Contribution - LCFF BASE	Shifted to COVID Funding for 21-22 Budget	\$564,000
College & Career Visits - LCFF BASE	Shifted to COVID Funding for 21-22 Budget	\$288,000
Social Workers	Shifted to COVID Funding for 21-22 Budget	\$885,000
Counselors Above Staffing Ratio	Shifted to COVID Funding for 21-22 Budget	\$235,000
Total Budget Reductions in 2021-22 From Prior Fiscal Recovery Pla		4,500,000

District's Current Budget Status and Multi-Year Projection (MYP)

Based on 2021-

Sacramento City Unified School District	2021-22 Budget Update	2022-23 Projected	2023-24 Projected
Beginning Fund Balance - Unaudited Actuals	\$103,708,114	\$101,513,250	\$66,787,538
Surplus/(Deficit) Spending	(\$2,194,864)	(\$34,725,712)	(\$39,292,599)
Ending Fund Balance	\$101,513,250	\$66,787,538	\$27,494,939
Less: Assignments & Reserves	\$79,281,726	\$44,556,014	\$10,263,415
2% Reserve for Economic Uncertainty	\$11,920,193	\$12,335,433	\$12,307,291
Net Available Fund Balance after 2% REU	\$10,311,331	\$9,896,091	\$4,924,233

District's Current Budget Status and Multi-Year Projections (MYP)

(Based on 2021-

Consequences if Reductions are Not Achieved and the Deficit Persists:

- The District's cash balance will deteriorate
- The District's ending fund balance will diminish to zero
- The District will be unable to satisfy its obligations (pay for all expenditures)

Fiscal Recovery Plan

- 1) Fiscal Recovery Plan Scenarios to Eliminate Deficit
 - A. Fiscal Recovery Plan - Subject to Negotiations
 - B. Fiscal Recovery Plan - Central Department Programs
 - C. Fiscal Recovery Plan - School Site Programs Considered in Previous FRP Discussions
 - D. Fiscal Recovery Plan - Above Staffing Formula and/or CBA Considered in Previous FRP Discussions
- 2) New Classified Layoff Process

Fiscal Recovery Plan – Scenario #1

\$39.3M On-Going Budget Reduction Effective 7/1/2022

*Assumes enrollment of 38,039

Sacramento City Unified School District	2021-22 Budget Update	2022-23 Projected	2023-24 Projected
PROJECTED Deficit Spending as of the 2021-22 Budget Update (Enrollment projections @ 38,039)	(\$2,194,864)	(\$34,725,712)	(\$39,292,599)
On-going budget reductions 2022-23		\$39,300,000	\$39,300,000
On-going budget reductions 2023-24			\$39,300,000
On-going budget reductions 2024-25			
Cummulative On-Going Budget Reductions	\$0	\$39,300,000	\$39,300,000
REVISED Surplus/ (Deficit) Spending		\$4,574,288	\$7,401

Fiscal Recovery Plan – Scenario #2

\$19.65M On-Going Budget Reduction Effective 7/1/2022 Each Year

* Assumes enrollment of 38,039

Sacramento City Unified School District	2021-22 Budget Update	2022-23 Projected	2023-24 Projected
PROJECTED Deficit Spending as of the 2021-22 Budget Update (Enrollment projections @ 38,039)	(\$2,194,864)	(\$34,725,712)	(\$39,292,599)
On-going budget reductions 2022-23		\$19,650,000	\$19,650,000
On-going budget reductions 2023-24			\$19,650,000
On-going budget reductions 2024-25			
Cummulative On-Going Budget Reductions	\$0	\$19,650,000	\$39,300,000
REVISED Surplus/ (Deficit) Spending		(\$15,075,712)	\$7,401

Proposed Fiscal Recovery Plan Items Subject to Negotiations

DISTRICTWIDE PROPOSALS - SUBJECT TO NEGOTIATIONS		
Item	Action	Potential Cost Savings
Health Benefits	Reduce District Contribution to 100% employee only (any plan) & 75% of Kaiser Rate for ee plus1 or ee plus family plan	\$17,708,933
Health Benefits	Reduce District Contribution to Kaiser rate:100% employee only & 75% for ee plus1 and 75% for ee plus family plan	\$18,744,093
Dental & Vision Benefits	Reduce to 80% per Tier	\$1,421,022
Dental & Vision Benefits	Reduce to employee only	\$2,986,951
CompleteCare (Keenan Program)	\$400 Cash In-lieu of Benefits assuming 3% participation	\$1,152,703
CompleteCare (Keenan Program)	\$500 Cash In-lieu of Benefits assuming 3% participation	\$1,071,209
Furlough Days	Currently 181, reduce by 1 day	\$1,822,752
1% Salary Reductions	Reduce	\$3,498,368

Proposed Fiscal Recovery Plan

Important Considerations

- Several items, aligning staffing to approved ratios, will be implemented during budget development as a routine matter
- Supplemental/Concentration must be spent to “improve or increase services” to identified students and will be carried over and accumulated until spent on supplemental items. These dollars cannot be spent on Base program costs.
- Additional Concentration funds must be spent to increase school site staffing and also cannot be spent on Base program costs.
- Unrestricted General Fund: 2 Categories
 1. Base
 2. Supplemental & Concentration (S&C)

Proposed Fiscal Recovery Plan

Central Departments & District Wide

CENTRAL DEPARTMENT PROGRAMS	
Item	Potential Cost Savings
15% Central Office Staffing Reductions - LCFF BASE	\$3,640,000
20% Central Office Discretionary - LCFF BASE	\$3,200,000
Textbook Adoption Budget - LCFF BASE	\$5,054,000
New Teacher Induction - LCFF BASE	\$243,174
Staffing Adjustment to Enrollment Decline - LCFF BASE	\$6,900,000
15% Central Office Staffing Reductions - LCFF S&C	\$1,930,000
20% Central Office Discretionary - LCFF S&C	\$551,000
TOTAL LCFF BASE	\$19,037,174
TOTAL LCFF S&C	\$2,481,000
TOTAL UNRESTRICTED GENERAL FUND	\$21,518,174

Programs/Services Considered in Previous Fiscal Recovery Plan Discussions Not Impacted by CBA

Item	Potential Cost Savings
Charters - LCFF BASE	\$266,000
20% Site Discretionary Supplies - LCAP BASE	\$555,000
College & Career Visits - LCFF S&C*	\$690,598
Small Schools/Specialty Programs - LCFF S&C	\$3,930,863
Alternative Ed - LCFF S&C	\$1,606,151
Waldorf/Specialty Programs - LCAP S&C	\$869,558

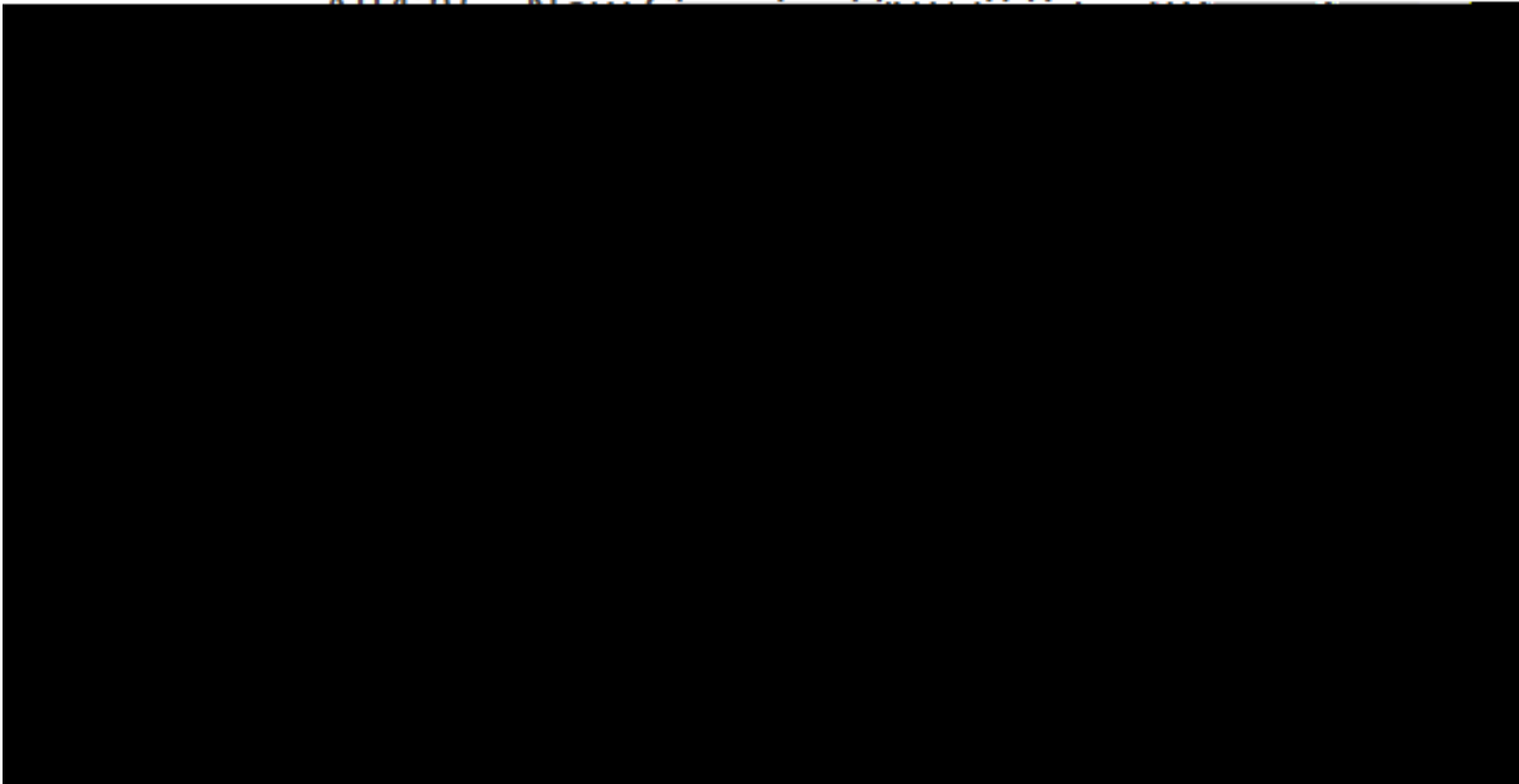
*College and career visits and Elementary sports shifted to COVID funding source for 2021-22 budget

Proposed Fiscal Recovery Plan Staffing Above Formula and/or CBA Considered in Previous Fiscal Recovery Plan Discussions

*\$235K in reductions to Counselors above ratio were shifted to COVID funding source for 2021-

Fiscal Recovery Plan Staffing Considerations

AD428 - New Classification Unit (FD)



Summary and Q&A

A Board approved Fiscal Recovery Plan is required by 12/16/21

- The condition for the “conditional approval” of the adopted budget is that an implementable deficit reduction plan is approved by the Board by 12/16/21.
- SCOE

Q & A