

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 9.3

Meeting Date: December 16, 2021

Subject: Approve Fiscal Recovery Plan

- Information Item Only
- Approval on Consent Agenda
- Conference (for discussion only)
- Conference/First Reading (Action Anticipated)
- Conference/Action
- Action
- Public Hearing

Division: Business Services

Approval of the Fiscal Recovery Plan

: The current financial status as of the 2021-22 Budget Update, using enrollment projections of 38,044, projects that on-going reductions of \$26.2 million are required in order to balance the budget, satisfy the state mandated 2% revenue and avoid

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Description	Proposed	Projected	Projected
	2021-22	2022-23	2023-24
Total Revenues	711,345,307	597,075,014	606,905,302
Total Expenditures	715,746,748	618,584,156	635,156,851
Excess/(Deficiency)	(4,401,442)	(21,509,142)	(28,251,549)
Other Sources/Uses	2,050,301	2,050,301	2,050,301
Net Increase/(Decrease)			
Add: Beginning Fund Balance	125,906,717	123,555,577	104,096,736
Ending Fund Balance	123,555,577	104,096,736	77,845,187

Over the past four years, the District has identified and implemented \$54.7 million in on-going non-negotiable budget reductions. The District's prior reductions also included positions at the District office, administrator level and staff. A list of these reductions is provided below.



numbers. Below is a list of some of the prior year reductions:

2018-19	2019-20 & 2020-21 Bud	ustments
Ongoing	One-Time	

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External Audits of District's Budget

In the last few years, the District's budget has been reviewed by FCMAT, bond rating agencies and the State Auditor for the purpose of identifying needed improvements and to provide recommendations to assist the District in achieving fiscal solvency. A few common conclusions from these reports:

- 1 The District does not have sufficient on-going resources to support on-going expenses



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III. Fiscal Recovery – Proposed Plan

Budget development assumptions are fluid and change throughout the fiscal year due to

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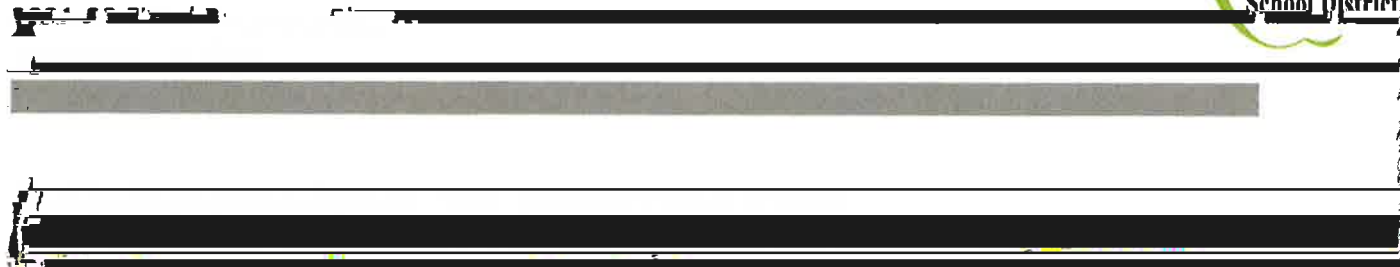
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fluctuations in enrollment, revenue, expenditures, Federal, State or local decisions. The District revises the current budget and multi-year projections to reflect these changes appropriately and then reports updated budgets at each interim reporting period. Budget adjustments will also impact the projected deficit and the Fiscal Recovery Plan.

Additionally, it is important to note that over the past two years, the District's budget has fluctuated to a greater extent due to the impact of COVID. For example, prior to the pandemic,

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Proposed Budget Adjustments

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The District proposes a five-part Fiscal Recovery Plan as follows:

- I. Approve to implement the identified reductions and adjustments listed in Table 1 effective July 1, 2022.

Table #1 Effective July 1, 2022
Effective 7/1/2022

Item	Potential Cost Savings	Notes
Textbook Adoption Budget - L CEF BASE	\$5,054,000	One-time expense allocate to allowable restricted resources

	(2,351,141)	(19,458,841)	(26,201,248)
	(2,351,141)	(14,161,667)	(25,958,074)

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III. Approve to apply any additional unrestricted general funds provided by the State Budget to the deficit. Additional unrestricted general funds will not be allocated to new expenditures until the deficit is resolved. The 2022-23 State Budget Proposal is expected to be available in January 2022.

IV Achieve a negotiated solution to address the deficit. The following table #2 illustrates Districtwide Proposals subject to negotiations.

Table #2 Proposals 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	\$17,708,933
Health Benefits	Rate for ee plus1 or ee plus family plan 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 - General Fund	Currently 181, reduce by 1 day	\$1,822,752
1% Salary Reductions - General Fund	Reduce	\$3,498,368

V. Revisit additional items for reconsideration to address the deficit as needed.

Table #3 that follows is a list of proposed ongoing reductions to the budget. While none of these items are desired, there is recognition that difficult decisions must be made in order to fully address the structural deficit and achieve fiscal solvency. It is important to note that per the prior budget reductions shown on page 3, the Central Office has made significant staffing and operational reductions in the last three years. Therefore, there are risks in implementing additional

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- a. Education Code section 42127 requires the Governing Board of each school district to adopt a budget on or before July 1st. The budget to be adopted shall be prepared in accordance with Education Code section 42126. The adopted budget shall be submitted to the County Office of Education. The County Office of Education will determine if the district will be able to meet its financial obligations during the fiscal year and the subsequent two years. The County Office of Education will either approve, disapprove, or conditionally approve the district's budget.
- b. Education Code section 42130 requires the Superintendent to submit two reports to the Board of Education during each fiscal year. The first report shall cover the and budgetary status of the district for the period ending October 31st. All reports shall be in a format or on forms prescribed by the Superintendent of Public Instruction.
- c. Education Code section 42131 requires the Board of Education to certify, in writing, whether the district is able to meet its financial obligations for the fiscal year. C

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