



2019-20 Proposed Revised Adopted Budget

Board Meeting
October 3, 2019
Agenda Item No. 9.1

Outline Budget Presentation

- Purpose of Proposed Revised Adopted Budget
- Sacramento County Office of Education (SCOE)
- Summary of Multi-Year Projections Adopted Budget v. Proposed Revised Adopted Budget
- Proposed Revised 2019-20 Budget Changes since Adopted Budget
- Multi-Year Projections
 - SACS Multi-Year Report – ***Official State Report***
 - Recommended Plan Multi-Year Report
- Summary
- Public Hearing on Proposed Revised Adopted Budget

Purpose of Proposed Revised Adopted Budget

- District 2019-20 Adopted Budget disapproved by SCOE
 - Due to 2021-22 Unrestricted General Fund negative ending balance
- Education Code 42127 requires District to develop and approve a Revised Adopted Budget by Oct 8, 2019
 - Public Notice and Public Hearing is required
- Include latest information



SCOE Recognition of District Progress

- Considerable progress to stabilize budget since 2018-19 Adopted Budget
- Reductions did not remove the structural deficit
- Cash insolvency delayed -- risk not eliminated
- Acknowledged improved processes in:
 - Enrollment projections
 - Hiring
 - Purchasing
- Successfully recruited CBO and CAO

SCOE Suggested Next Steps

- Accelerate negotiations
- Hire and train budget and payroll staff to stay current on all required reporting
- Document “One-Stop Staffing” process and streamline hiring to ensure budget is accurate
- Evaluate staffing ratios, class sizes, caseloads in regular and specialty programs for costs and limited opportunities for students
- Adhere to budget calendar
- Continue to improve budget assumption documentation

Summary of Multi-Year Projections

June 2019 vs October 2019

JUNE OFFICIAL SACS Multi-Year Report (in millions)	Estimated Actuals 2018-19	June Adopted 2019-20	Projected 2020-21	Projected 2021-22
Ongoing Net Change in Fund Balance	(\$13.26)	(\$12.35)	(\$21.05)	(\$25.56)
Net Unrestricted General Fund Balance	\$47.57	\$35.22	\$14.17	(\$15.40)
Reserve Level	8.54%	6.44%	2.48%	(2.63%)

OCTOBER OFFICIAL SACS Multi-Year Report (in millions)	Unaudited Actuals 2018-19	Proposed Revised 2019-20	Projected 2020-21	Projected 2021-22
Ongoing Net Change in Fund Balance	(\$6.25)	(\$11.47)	(\$22.13)	(\$26.97)
Net Unrestricted General Fund Balance	\$52.86	\$45.27	\$23.15	(\$7.82)
Reserve Level	9.49%	7.80%	3.99%	(1.35%)

2018/19 Budget Adjustments

Month	Ongoing Current Yr	Ongoing Future Yrs	One-Time	Items
December 2018	\$17.5		\$3.6	Position Control, Debt Service, OPEB, Central Office Personnel, Supplies, Services, Utilities
Feb/March 2019		\$7.8		Personnel Changes for 19/20
May 2019	\$8.3	\$12.7	\$2.5	Spec Ed expenditures, LCFF, Utilize Restricted Funds, Charter Oversight revenue and Interest
June 2019	\$2.9			Special Ed revenue, District Services revenue (custodial, utilities from charters)
September 2019	\$1.0		\$6.0	Interest revenue, One-time expenditure savings
Total	\$29.7	\$20.5	\$12.1	

Summary of Changes in Proposed Revised Adopted

- Recognition of additional State one-time revenues
- Recognition of one-time expenditures
- Recognition of increase local income and contract reductions
- Recognition of additional 9.2% cost for restructuring the teacher salary schedule for substitutes and stipends
- Recognition of additional teacher positions and utilization of restricted funds for positions above baseline
- Cash flows shows positive cash through **October 2020** and major cash challenges starting October 2021
- Revised Multi-Year Projection (while improved) has a negative ending balance for 2021-22 Unrestricted General Fund
- Need a negotiated solution to achieve **\$27 million**

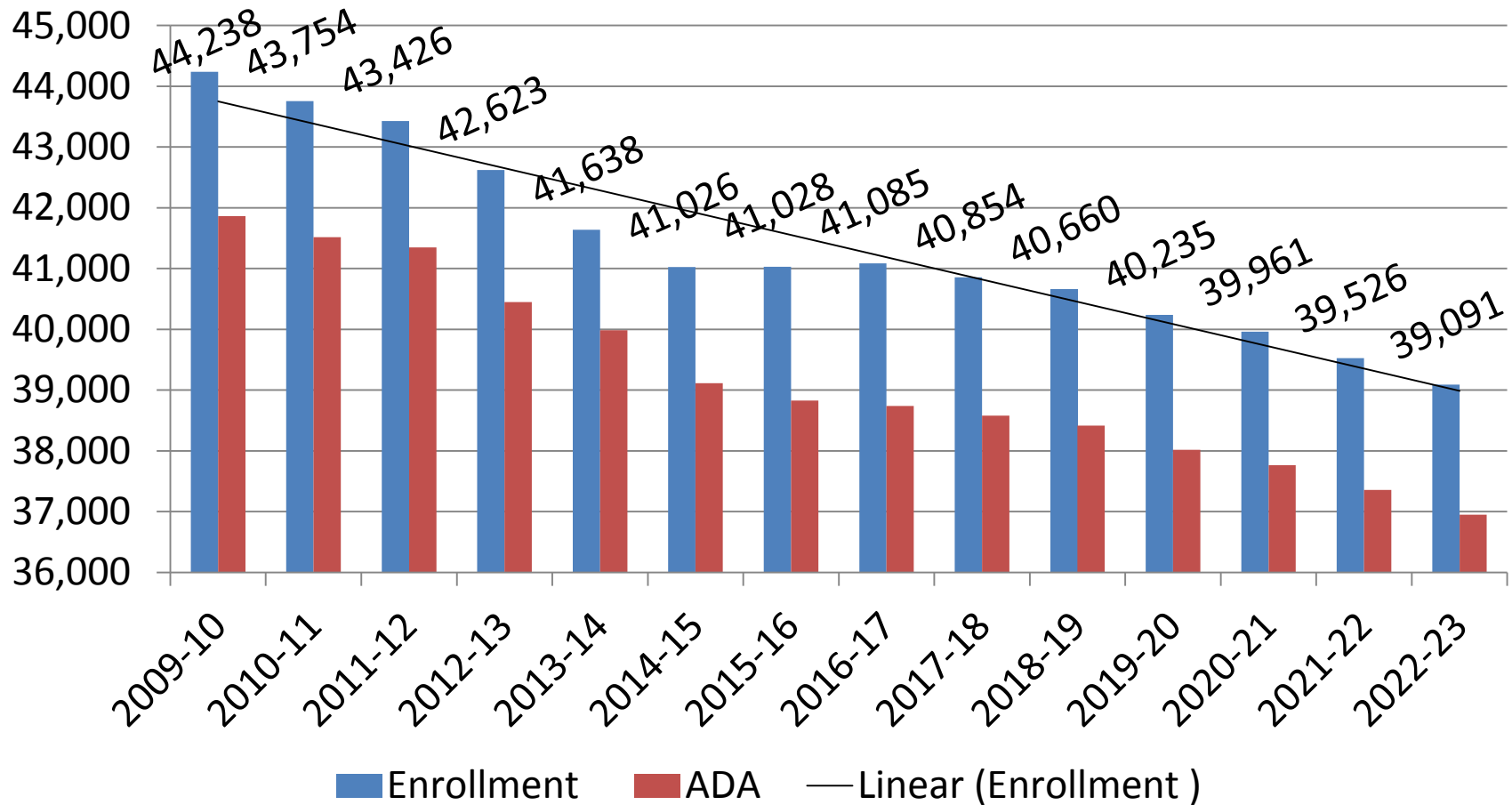
Revenue Changes Since Original Adopted Budget

- Increase in State Revenues – 8/15 Board Meeting
 - Lottery - \$120,000
 - One Time Funds
 - Special Education Equalization \$2.2 million
 - Special Education Preschool - \$4.2 million -Unrestricted
- Increase in Local Revenues
 - Interest Revenue - \$589,000
 - Other Local Revenue - \$100,000

Proposed Expenditures Changes Since Original Adopted Budget

- Additional Teacher Salary Restructure Cost for Unrestricted General Fund - \$1.3 million
 - Substitutes, Stipends, Adult Education Salaries
- Staffing of Schools -
 - Added 22.2 FTE due to enrollment and program needs
 - Teachers above baseline increased from 89 to 127 positions
 - 30 additional teacher positions with Title I funds
 - Additional classified positions per staffing parameters 2 FTE
 - Head teacher/school athletics stipends at smaller secondary schools - \$50,000

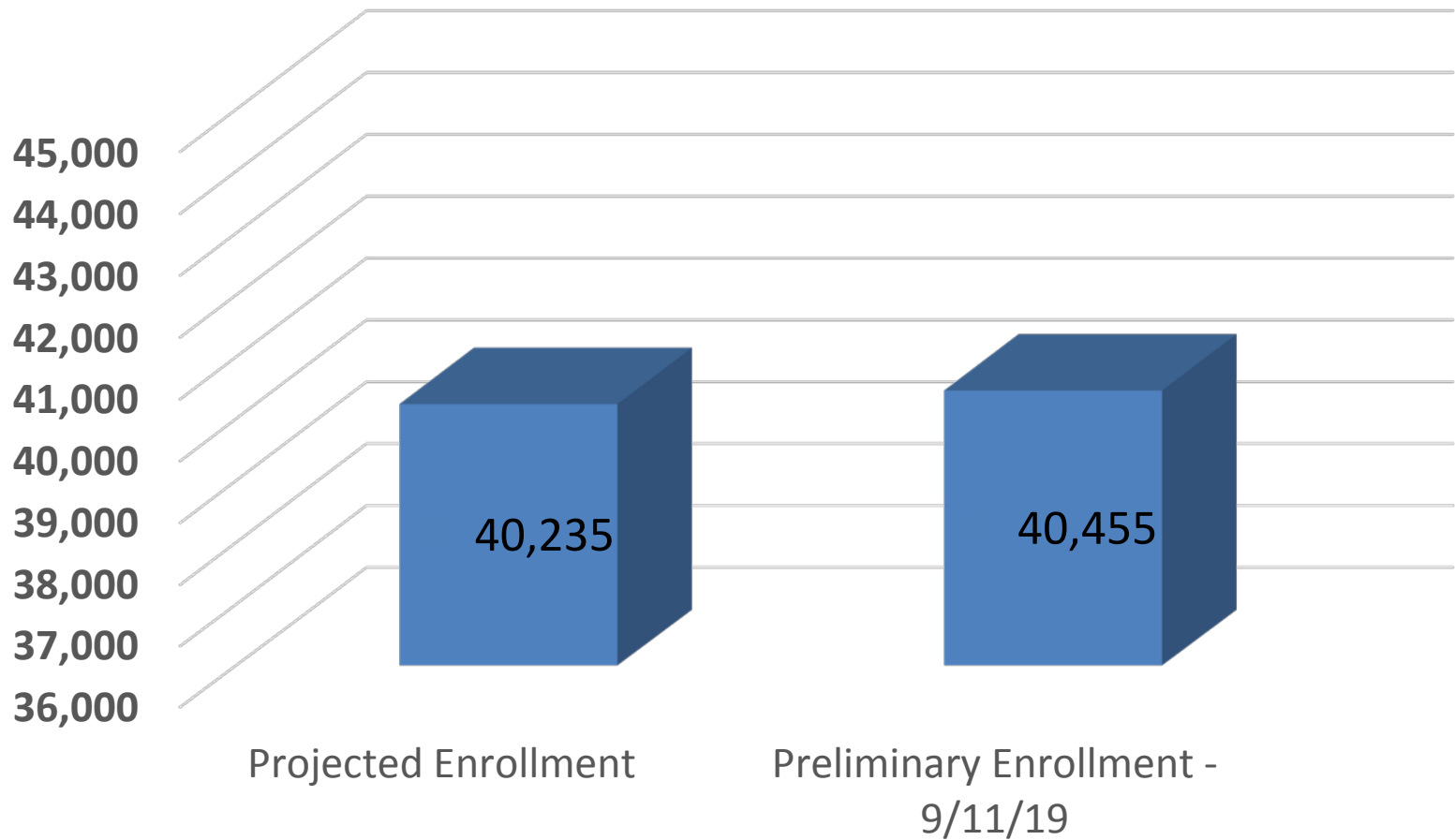
Enrollment Trend



CBEDS: 2009-10 through 2018-19

Projected: 2019-20 through 2022-23

2019-20 Projected Enrollment vs. Preliminary Enrollment



Proposed Expenditures Changes Since Original Adopted Budget

- Graduation Costs for Memorial Auditorium - \$46,500
- SCOE Community Day , SCOE Special Education Excess Cost – \$370,000
- Restricted Routine Maintenance increased \$1 million
 - Maintains 3% of General Fund as required
- Expenditure savings – Totaling \$701,000
 - Utilities based on 2018-19 actuals – \$215,000 savings
 - Contract Saving based on 2018-19 – \$486,000 savings
- Reprioritize existing funds
 - Legal Services budget to fund paralegal position

Proposed Expenditures Since Original Adopted Budget



- **Unrestricted One-Time Expenditures** - Totaling \$1.97 million
 - Waldorf Second Year Training - \$20,000
 - Teacher Stipends for Science Book Adoption - \$200,000
 - AED Equipment – \$72,000
 - Student Interim Assessment - \$25,000
 - Designations
 - Donations, Computer Replacement Program, Computer Blade Server, Sites Saturday Incentive, Lost Books - \$1.65 million
- **Special Education One-Time Expenditures** - \$1.77 million
 - Professional Learning - \$1.2 million
 - IEP Team to assist with backlog for one year - \$551,000
 - Release Time for Preschool Teacher for Desired Results Development Profile - \$15,000

Multi-Year Projection Assumptions

Revenues – LCFF COLA

- 20-21 - 3.0% - \$8.4 million
- 21-22 - 2.8% - \$8.75 million

Expenditure Changes Over 2020-21 and 2021-22

- Increase contribution for STRS and PERS per statute - \$3.4 million
- Increase in Health 4% est. for future years - \$3.6 million
- Increase charter school contribution - \$0.7 million
- Increase utilities (estimates per various authorities) - \$1.1 million
- Increases in Special Education - \$14.6 million (\$7.3 million each year)
- Decrease teaching positions due to declining enrollment - \$1.5 million

SACS Unrestricted General Fund – OFFICIAL REPORT

Multi-Year Projections

	Unaudited			
	Actuals 2018/19	Proposed 2019/20	Projected 2020/21	Projected 2021/22
Ongoing Funds				
Revenues	\$418.86	\$429.08	\$437.21	\$445.96
-Contributions	\$83.28	\$100.01	\$107.69	\$115.00
- Expenses, Sources/Uses	\$341.83	\$340.54	\$349.59	\$356.34
- Supplemental/Concentration Expanded Progr	\$0.00		\$2.06	\$1.59
Ongoing Net Change in Fund Balance	(\$6.25)	(\$11.47)	(\$22.13)	(\$26.97)
One-Time Funds				
Revenues	\$7.10	\$4.20	\$0.00	\$0.00
- One-Time Expenses	\$0.00	\$2.23	\$6.00	\$4.00
One Time Net Change in Fund Balance	\$7.10	\$1.97	(\$6.00)	(\$4.00)
Total Unrestricted General Fund:				
Beginning Balance	\$60.28	\$61.13	\$51.62	\$23.50
Ending Balance	\$61.13	\$51.62	\$23.50	(\$7.47)
Component of the Ending Balance				
Cash, Inventory, Prepaid Assets	\$0.35	\$0.35	\$0.35	\$0.35
Designated Funds	\$6.00	\$6.00	\$0.00	\$0.00
Reserve for One-Time Expenses and Carryover	\$1.92	\$0.00	\$0.00	\$0.00
Net Unrestricted General Fund Balance	\$52.86	\$45.27	\$23.15	-\$7.82
Change in the Unrestricted General Fund Balance	(\$7.07)	(\$7.58)	(\$22.13)	(\$30.97)
Reserve level	9.49%	7.80%	3.99%	-1.35%

Recommended Plan for Unrestricted General Fund Multi-Year Projections

Recommended Plan For Unrestricted General Fund 2018/19-2021/2022				
	Unaudited			
	Actuals 2018/19	Proposed 2019/20	Projected 2020/21	Projected 2021/22
Ongoing Funds				
Revenues	\$418.86	\$429.08	\$437.21	\$445.96
-Contributions	\$83.28	\$100.01	\$107.69	\$115.00
- Expenses, Sources/Uses	\$341.83	\$340.54	\$333.59	\$329.35
- Supplemental/Concentration Expanded Programs			\$2.06	\$1.59
Ongoing Net Change in Fund Balance	(\$6.25)	(\$11.47)	(\$6.13)	\$0.02
One-Time Funds				
Revenues	\$7.10	\$4.20	\$0.00	\$0.00
- One-Time Expenses	\$0.00	\$2.23	\$6.00	\$4.00
One Time Net Change in Fund Balance	\$7.10	\$1.97	(\$6.00)	(\$4.00)
Total Unrestricted General Fund:				
Beginning Balance	\$60.28	\$61.13	\$51.62	\$39.50
Ending Balance	\$61.13	\$51.62	\$39.50	\$35.52
Component of the Ending Balance				
Cash, Inventory, Prepaid Assets	\$0.35	\$0.35	\$0.35	\$0.35
Designated Funds	\$6.00	\$6.00	\$0.00	\$0.00
Reserve for One-Time Expenses and Carryover	\$1.92	\$0.00	\$0.00	\$0.00
Net Unrestricted General Fund Balance	\$52.86	\$45.27	\$39.15	\$35.17
Required Ongoing Reductions			\$16.00	\$11.00
Change in the Unrestricted General Fund Balance	(\$7.07)	(\$7.58)	(\$6.13)	(\$3.98)
Reserve level	9.49%	7.80%	6.93%	6.19%

Summary

- District has implemented reductions
- Options are limited to personnel costs
- Solution required to avoid a crisis
- Passage of time is a problem for SCUSD

Conduct Public Hearing