



David W. Gordon  
Superintendent

April 20, 2023

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Jorge A. Aguilar, Superintendent  
Sacramento City Unified School District  
5735 47th Avenue  
Sacramento, CA 95824  
Sent via email to: [JAguilar@scusd.edu](mailto:JAguilar@scusd.edu)

Dear Superintendent Aguilar:

This is in response to your April 19, 2023, email regarding our April 16, 2023, Second Interim Report letter. In that letter we stated that the district should evaluate the fiscal impact of any collective bargaining agreement through at least 2025-2026 to ensure its 2023-2024 budget can be approved. Your email asked us to clarify whether it is our position that the approval of the district's 2023-2024 adopted budget is dependent on the district demonstrating through MYP calculations that it projects meeting the 2% minimum reserve requirement for fiscal years 2024-2025 and 2025-2026.

**This is correct, our approval of the district's 2023-2024 adopted budget is dependent, in part, on the district demonstrating that it will meet its 2% minimum reserve requirement for the 2024-2025 and 2025-2026 fiscal years in addition to the 2023-2024 fiscal year.**

Education Code section 42127(c) requires the County Superintendent to examine the district's adopted budget to determine whether it complies with the standards and criteria adopted by the State Board of Education pursuant to Education Code section 33127. The County Superintendent is also required to determine whether the budget will allow the district to meet its financial obligations during the fiscal year and is consistent with a financial plan that will enable the district to satisfy its multiyear financial commitments.

The County Superintendent must conditionally approve or disapprove a budget that does not provide adequate assurance that the district will meet its current and future obligations. If the County Superintendent conditionally approves or disapproves the budget, the district must submit a revised budget to the County Superintendent by October 8 that complies with the standards and criteria, allows the district to meet its financial obligations during the fiscal year, and will enable the district to satisfy its multiyear financial commitments. If the revised budget does not comply with these criteria, the County Superintendent must disapprove it.

Jorge A. Aguilar, Superintendent  
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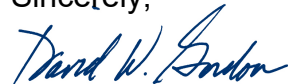
The standards and criteria adopted by the State Board of Education are specified in California Code of Regulations (CCR) sections 15440 through 15451. CCR section 15451 addresses reserves and states that **available reserves for any of the budget year or two subsequent fiscal years must not be less than 2% total expenditures** for districts with 30,001-400,000 average daily attendance. **So, for the district's 2023-2024 budget, this will include the 2023-2024, 2024-2025 and 2025-2026 fiscal years.**

We note that the standards and criteria address several other areas including average daily attendance, enrollment, local control funding formula revenue, salaries and benefits, other revenues and expenditures, facilities maintenance and deficit spending. In addition to the criteria and standards, CCR sections 15440 and 15451 require the district to identify and the County Superintendent to review additional information regarding contingent liabilities, use of one-time revenues for ongoing expenditures, use of ongoing revenues for one-time expenditures, contingent revenues, contributions, long-term commitments, unfunded liabilities, status of labor agreements and the local control and accountability plan.

**Of particular note, CCR section 15451(b)(8) requires the district to identify new labor agreements, as well as new commitments provided as part of previously ratified multiyear agreements, compare the increase in new commitments to the projected increase in ongoing revenues and explain how these commitments will be funded in future fiscal years.**

I hope this answers your question. please feel free to call Nicolas Schweizer, Associate Superintendent of Business Services, at (916) 228-2561.

Sincerely,



David W. Gordon  
Sacramento County Superintendent of Schools

DWG/NS

cc: Rose Ramos, Chief Business & Operations Officer, SCUSD  
Nicolas Schweizer, Associate Superintendent, SCOE  
Terri Ryland, Fiscal Advisor, SCOE