



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item 9.1

Meeting Date: April 4, 2019

Subject: Discussion of Continuing or Reducing Specific Unrestricted Programs and Services

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

Division: Business Services

Recommendation: Discussion with staff regarding programs and services that the District provides to students and would have to be reduced or eliminated in order to avoid fiscal insolvency should viable solutions not materialize.

Background/Rationale: 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 ensure a financial plan that will enable the district to satisfy its multi-year financial commitments.

Due to the District's disapproved budget and negative certification at Second Interim presented at the March 7th Board Meeting, the District must continue to evaluate cost saving options. Additional programs and services that are being reviewed by staff to address the structural deficit will be presented at the April 4 Board Meeting.

Financial Considerations: None

LCAP Goal(s): Family and Community Empowerment; College, Career and Life Ready Graduates; Operational Excellence

Documents Attached:

1. Executive Summary

Estimated Time: 20 minutes

Submitted by: Dr. John Quinto, Chief Business Officer

Approved by: Jorge A. Aguilar, Superintendent

Board of Education Executive Summary

Business Services

Discussion of Continuing or Reducing Specific Unrestricted Programs and Services
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I. OVERVIEW/HISTORY:

At the March 21, 2019 Board meeting, staff presented a Fiscal Recovery Plan Update to address the budget deficit and present a budget solution which included reducing the budget by \$35 million.

At the March 7, 2019 Board Meeting, staff presented the Second Interim Financial Report with a negative certification. Due to the District's negative certification, the District must submit additional financial reports as of June 1st addressing the budget deficit.

At the April 4, 2019 Board Meeting, Board will receive information regarding programs and services that the District provides to students and would have to be reduced or eliminated in order to avoid fiscal insolvency should viable solutions not materialize. **No action will be taken at the April 4, 2019 Board Meeting.**

II. DRIVING GOVERNANCE:

- 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.
- 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 financial and budgetary status of the district for the period ending October 31st. All reports required shall be in a format or on forms prescribed by the Superintendent of Public Instruction.
- 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 remainder of the fiscal year and, based on current forecasts, for the subsequent two fiscal years. Certifications shall be based on the Board's assessment of the district budget. Certifications shall be classified as positive, qualified or negative. This education code section also outlines the role of the County Office of Education.
- Education Code section 42131 (3)(e) directs districts to provide additional reports to the County Office of Education as of June 1st, if a Qualified or Negative Certification is reported as of the Second Interim Report.

III. BUDGET:

The Board must take action on all necessary budget adjustments for 2019-20 and 2020-21, and the district must maintain its required 2% reserve for economic uncertainties. The Discussion of Continuing or Reducing Specific Unrestricted Programs and Services brings forth potential savings to address the structural deficit.

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IV. Goals, Objectives, and Measures:

N/A

V. Major Initiatives:

N/A

VI. Results:

Discussion with staff regarding programs and services that the District provides to students and would have to be reduced or eliminated in order to avoid fiscal insolvency should viable solutions not materialize.

VII. Lessons Learned/Next Steps:

- Continue to monitor the state budget and its impact on the district finances.
- Continue to engage stakeholders in the budget development process.
- Work to complete negotiations with bargaining unit partners.
- Ensure compliance with all LCFF and LCAP requirements.