

2018-19 Budget Update

Board Meeting
October 18, 2018
Agenda Item No. 9.3

Presented by: John Quinto, Chief Business Officer

Presentation Sequence

- Update on FCMAT Fiscal Health Risk Analysis process
- Review timeline to meet December 14, 2018 First Interim Report and Balanced Budget deadline
- Explanation of Budget Review Committee versus Waiving Budget Review Committee

FCMAT Fiscal Health Risk Analysis

- FCMAT worked out of Serna between Monday, October 15, 2018 and Wednesday, October 18, 2018
- Interviewed Superintendent, all cabinet members, as well as heads of each department, including HR, Facilities, Transportation, Payroll, Financial Services
- FCMAT Fiscal Health Risk Analysis focuses on common indicators for risk of insolvency, not specific reductions to eliminate the deficit
- Anticipated completion of FCMAT Fiscal Health Analysis is December 2018

Timeline as of 10/11/18

- 10/11/18 SCOE disapproval letter received by superintendent
- 10/12/18 Posted SCOE disapproval letter on SCUSD website
- 10/15/18 FCMAT started Fiscal Health Risk Analysis
- 10/18/18 Board takes action on whether to pursue Budget Review Committee or Waive the Budget Review Committee
- 10/19/18 SCOE deadline for District to submit Cash Flow Projection
- *10/19/18-12/14/18 if Board waived the Budget Review Committee, work with Fiscal Advisor and labor partners to meet the First Interim Report and Balanced Budget deadline*
- *10/19-11/30/18 if Board does not waive Budget Review Committee, receive list of potential committee members from Superintendent of Public Instruction, choose three (3) names within 5 days, start BRC process, and complete by 11/30/18*
- 12/6/18 Update Board on First Interim Report and work toward submitting Balanced Budget deadline of 12/14/18
- 12/14/18 SCOE First Interim Report and Balanced Budget deadline

Budget Review Committee vs. Waiver of Budget Review Committee

- With budget disapproval, the Sacramento County Superintendent must call for the formation of a Budget Review Committee *unless* the governing board of the district and the County Superintendent agree to waive this requirement.
- Waiver must be approved by District Board and submitted to the County Superintendent for approval.
- California Department of Education (CDE) must approve the Waiver.
- Deadline to submit a board approved waiver to the CDE is November 8, 2018.

Budget Review Committee vs. Waiver of Budget Review Committee

- **Budget Review Committee (BRC)**
 - Pros
 - One of two options the Board can consider
 - Cons
 - Not common practice with the CDE, i.e. CDE does not have an existing Budget Review Committee list and would have to form one
 - Budget Review Committee has a very short timeline, thus not allowing the District to capitalize on ability to work with labor partner and other stakeholders between now and the December 14, 2018 First Interim Report and Balanced Budget deadline
 - Ed Code does not require that we have access to the SCOE-appointed Fiscal Advisor
- **Waiver of Budget Review Committee**
 - Pros
 - Common practice
 - Capitalizes on and allows District to continue working with SCOE's appointed Fiscal Advisor in order to meet the December 14, 2018 First Interim Report and Balanced Budget deadline
 - Allows us to continue working with Labor Management Consortium and other labor partner to work toward meeting the December 14, 2018 First Interim Report and Balanced Budget deadline
 - Cons

Recommendation is for Board to approve the Waiver
of the Budget Review Committee

Q&A