



Resolution to Commit Funds

Board Meeting
June 23, 2022
Agenda Item No. 10.1

Acronyms

SCOE	Sacramento County Office of Education
EC	Education Code
PSSSA	Public School System Stabilization Account
PLC	Professional Learning Communities
MTSS	Multi-Tiered Systems of Support

Presentation Agenda

- Overview/Background Information
- 2022-23 Proposed Budget Reserves
- Options to Address 10% Cap Limitation
- 2022-23 Proposed Commitments
- Questions
- Approve Resolution

Overview of Public School System Stabilization Account

- PSSSA established in 2014 (“rainy day fund”)
 - Protect school districts by providing stability to the State budget during fiscally challenging periods
 - Imposes a 10% cap on school districts’ combined assigned and unassigned reserves when the PSSSA balance reaches or exceeds 3% of the total Proposition 98 funding
 - 2021-2022 PSSSA balance reached the 3% triggering the 10% cap on school districts for their 2022-2023 budgets



2022-2023 Projected Budget Reserves

- The District's 2022-23 Budget projects an estimated total assigned and unassigned fund balance (reserves) of \$96.7M approximately (*after accounting for restricted balances and non-spendable funds*).
- The District's 10% reserve cap is calculated at \$64.7M approximately
- Therefore, reserves are estimated at \$31.9M above the 10% cap.



2022-2023 Projected Budget Reserves & 10% Cap Calculation

SCUSD 2022-23 Proposed Budget	
Total Estimated Assigned/Unassigned Fund Balance (reserves)	96,727,518
Calculation of 10% Reserve Cap	
Total Net Expenditures (SCUSD 2022-2023 Proposed Budget)	647,722,684
10% Reserve Cap Limit	64,772,268
Projected Amount Above 10% Reserve Cap	31,955,249



Three Options to Address 10% Reserve Cap Limitation

Three Options to address reserves above 10% cap:

1. Spend down the excess reserves on one-time programs supported by a defined plan
2. Seek a temporary waiver from SCOE per EC 42127.01(b) (valid for 2 years only)
 - a) Statement substantiating the need for excess reserves
 - b) Identify extraordinary fiscal circumstance
 - c) Provide evidence of no other fiscal resource to fund the extraordinary fiscal circumstance (can be considered a commitment)
3. Reclassify the excess reserves to the committed or restricted category (*recommended*)
 - a) Committed amounts constrained to a specific purpose by the Board
 - b) All committed funds shall be approved by a majority Board vote no later than the reporting period (June 30)



Recommended Option to Address 10% Reserve Cap Limitation

- District recommends **option three** to address reserves above 10% cap - *Reclassify the excess reserves to the committed category*



2022-2023 Proposed Commitments

Proposed One-Time Commitments:	Estimated Amount
Professional Learning Communities (PLC)	\$3,100,000
History/Social Science and World Language Textbook Adoption	\$13,000,000
Multi-Tiered Systems of Support (MTSS)	\$400,000
EPOCH anti-bias and anti-racist professional learning	\$400,000
Communications	\$60,000
Summer school programs	\$5,000,000
Transitional Kindergarten support	\$48,000
3% Additional Reserve per board policy 3100	\$19,431,681
Total Committed Amount	\$41,439,681



Proposed Commitments & Projected Reserves

2022-2023 Proposed Budget	
Projected Assigned/Unassigned Fund Balance	96,727,518
Proposed Commitments	41,439,681
Estimated Assigned/Unassigned Fund Balance After Commitments	\$55,287,837
(approximately \$9.4M below 10% reserve cap)	
Estimated 10% Reserve Cap (maximum)	\$64,772,268

- The commitments of \$41M will reduce the assigned/unassigned fund balance to \$55M which is below the maximum of \$64.7M.
- Therefore, the District will be in compliance with the 10% cap.



Summary

- Board retains authority to change the purposes and/or amounts throughout the 2022-2023 fiscal year, this action must occur prior to the close of the 2022-2023 fiscal year
- The District will monitor these purposes and provide the Board with a status report (at a minimum at each reporting period)
- State Budget not yet enacted & final State Budget may differ from District's proposed adopted budget assumptions
- District will revise the 2022-2023 proposed adopted budget to reflect the State enacted budgetary items for school districts
- Per EC 42127, school districts have 45 days after the Governor signs the annual State Budget Act to revise revenues and expenditures to reflect appropriate Budget Act items
- These revisions may affect the 10% reserve cap calculation.

Questions

Approve Resolution No. 3279