



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item 10.3

Meeting Date: August 3, 2017

Subject: Approve 2017-18 District Budget Update and Revision –
State Budget Approval

- 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: Approve revisions to the 2017-2018 District budget based on changes that were made to the final state budget.

Background/Rationale: Education Code Section 42127(i)(4) requires districts to revise their budget “no later than 45 days” after the Governor signs the Annual Budget Act. The Governor signed the 2017-18 Budget Act on June 27, 2017. As such, SCUSD has until Friday, August 11th, 2017, to submit a revised budget to the Sacramento County Office of Education. This Budget Revision reflects the impact of the State Budget Act upon the District’s budget.

Financial Considerations: The proposed revisions to the adopted budget for the general fund reflect the adjustments needed to bring the District’s budget into alignment with the changes based on the Budget Act signed by the Governor on June 27, 2017, and all other expenditure and revenue data available to the District at this time.

LCAP Goal(s): Family and Community Empowerment; Operational Excellence

Documents Attached:

1. Executive Summary

Estimated Time: 10 minutes

Submitted by: Gerardo Castillo, CPA, Chief Business Officer

Approved by: Jorge A. Aguilar, Superintendent

Board of Education Executive Summary

Business Services

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I. OVERVIEW/HISTORY:

On June 27, 2017, Governor Jerry Brown signed the main state budget bill following the Legislature's passage of the budget on June 15, 2017. These bills collectively enacted how California funds education. We have presented to the Board and posted to our website, on June 15th and June 28th, the District budget with information known as of the May Revise and guidance from Sacramento County Office of Education. Sacramento City Unified School District (SCUSD) Budget did not include one-time funds that administration considers material and therefore we are presenting the 45 day budget revision.

- **One-Time Discretionary Funds**

The 2017-18 enacted State Budget contains \$877 million in one-time discretionary funds, a reduction of \$135 million from the amount proposed in his May Revision. Funding is to be provided to school districts, county offices of education (COEs), and charter schools, based on 2016-17 Second Principal Apportionment (P-2) average daily attendance (ADA). The Department of Finance estimates that LEAs will receive approximately \$147 per ADA. As in prior years, the one-time funds reduce LEAs outstanding mandate claims on a dollar-for-basis. The Legislature rejected the Governor's proposal to disburse the one-time funds in May 2019. Instead, these funds will be provided during the 2017-18 fiscal year.

- **Other Categorical Programs**

As previously mentioned at the June 28th Board meeting, the enacted State Budget provides several categorical programs with **one-time** funds. The below funding is state wide:

- \$50 Million to augment the After School and Education Safety Program
- \$25 Million for the Classified School Employees Credential Program
- \$10 Million for a new refugee Student Support Program
- \$5 Million for the Bilingual Professional Development Program
- \$2.5 Million for the California Equity Performance and Improvement Program
- \$1.5 Million for the California-Grown Fresh School Meals Grant Program

None of these one-time categorical increases SCUSD funding at this point as the funding is competitive or increase to programs already in operation. We will describe briefly each of them. Once we know that SCUSD will receive the funding we will add it to the Budget at that point.



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- **\$50 Million to augment the After School and Education Safety Program (ASES)**

An increase of \$50 million Proposition 98 General Fund is stated to increase provider reimbursement rates for the ASES program.

- **\$25 Million for the Classified School Employees Credential Program**

An increase of \$25 million one-time Proposition 98 General Fund, available for five years, to support a second cohort of the California Classified School Employees Credentialing Program established in the 2016 Budget Act. The program will provide grants to K-12 LEAs to support recruitment of noncertificated school employees to participate in a teacher preparation program and become certificated classroom teachers in California public schools. SCUSD was not funded, but we have seven classified employees enrolled in this program at Sacramento County Office of Education.

- **\$10 Million for a new refugee Student Support Program**

An increase of \$10 million one-time Proposition 98 General Fund to provide additional services for refugee students transitioning to a new learning environment. SCUSD did not receive any funding for refugee student support program in 2016-17.

- **\$5 Million for the Bilingual Professional Development Program**

An increase of \$5 million one-time Proposition 98 General Fund available through the 2019-20 for competitive grants to support professional development for teachers and paraprofessionals seeking to provide instruction in bilingual and multilingual settings. Grants will be given to school districts, charter schools and offices of education that can partner with community colleges, public or private universities and organizations with expertise in helping English learners.

- **\$2.5 Million for the California Equity Performance and Improvement Program**

An increase of \$2.5 million one-time Proposition 98 General Fund to support and build capacity within local educational agencies and the State Department of Education to promote equity in California public schools.

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- **\$1.5 Million for the California-Grown Fresh School Meals Grant Program**

An increase of \$1.5 million one-time Proposition 98 General Fund to incentivize the purchase of California-grown food by schools and expand the number of freshly prepared school meals offered that use California-grown ingredients.

- **Child Care and State Preschool**

- An increase of \$92.7 million General Fund (\$60.7 million Proposition 98, \$32 million non-Proposition 98) to increase the reimbursement rate for State Preschool and other direct-contracted child care and development providers, beginning July 1, 2017.
- An increase of \$25 million non-Proposition 98 General Fund to update the income eligibility requirements for state-subsidized child care
- An increase of \$7.9 million Proposition 98 General Fund to provide access to full-day State Preschool for an additional 2,959 children from low-income working families, starting March 1, 2018

These programs are administered by the Department of Education and the Department of Social Services. Families can access child care and early education subsidies through centers (Non-profit organizations) that contract directly with the Department of Education or local educational agencies. This program has not received an increase in funding for several years; the 2017 Budget Act increases the child care provider reimbursement rate ceilings to reflect a corresponding cost increase for providers given increases in the state minimum wage.

SCUSD general fund contributes \$1.5 Million to Child Development Fund, and at this time we are not adjusting the contribution as SCUSD pays the same compensation to employees as if they work in the K-12.

Staff is still reviewing the details and its effects on the Child Development Fund. These changes will be incorporated in the future.



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II. Driving Governance:

- Education Code Section 42127(i)(4) states that “Not later than 45 days after the Governor signs the annual Budget Act, the school district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect the funding made available by that Budget Act.” Since the Governor signed the budget on June 27th, the 45 day deadline is August 11, 2017.

III. Budget:

At the time of the Adopted Budget, staff included additional Revenue based on the Governor’s May Revise. The final state budget changed the General fund as described in Section I. On this Budget revision; staff is adding additional one-time revenues and the effect in the General Fund. The general budget and proposed revisions are provided below:

Summary

Estimated Revenues	Amount
New 2017-18 Discretionary Revenue (One-Time)	\$5,686,842
Total Revenue Increases	\$5,686,842

IV. Goals, Objectives and Measures:

Continue to provide information to the Board and the public on a monthly basis starting July 2017, including required reporting periods such as First, Second and Third Interim reports. Develop significantly improved budget development process to comply with Local Control Accountability Plan (LCAP).

V. Major Initiatives:

- Reworking the District chart of accounts to provide a better tracking of LCFF Supplemental and Concentration expenditures
- Fiscal stability for 2017-18 and outlying years
- Utilizing funds prudently and effectively
- Development of business processes that provide more timely, consistent, and a financial data



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VI. Results:

Continued review and updates given to the Board, staff, and community will provide information needed to make knowledgeable fiscal decisions.

VII. Lessons Learned/Next Steps:

- Continue to monitor the fiscal health of the district and the state
- Work closely with the Sacramento County Office of Education and provide necessary information
- Provide a budget calendar for the 2018-19 fiscal year

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BUDGET REVISIONS
GENERAL FUND (Changes Due to Final State Budget)

	Adopted Budget 7/1/17 2017-18	45 Day Revised 8/03/17 2017-18	VARIANCE 08/03/17
REVENUES			
LCFF SOURCES	367,365,706	367,365,706	
FEDERAL REVENUE	51,515,753	51,515,753	
OTHER STATE REVENUES	56,275,406	61,962,248	5,686,842
OTHER LOCAL REVENUES	4,962,063	4,962,063	
TOTAL REVENUES	480,118,928	485,805,770	5,686,842
EXPENDITURES			
CERTIFICATED SALARIES	197,337,618	197,337,618	
CLASSIFIED SALARIES	61,159,475	61,159,475	
EMPLOYEE BENEFITS	160,938,613	160,938,613	
BOOKS AND SUPPLIES	21,569,264	21,569,264	
SERVICES/OTHER OPERATING EXP	55,550,675	55,550,675	
CAPITAL OUTLAY	2,665,254	2,665,254	
OTHER OUTGO	2,836,450	4,336,450	1,500,000
INDIRECT SUPPORT	-1,911,826	-1,911,826	
TOTAL EXPENDITURES	500,145,524	501,645,524	1,500,000
OTHER FINANCING SOURCES/USES			
INTERFUND TRANSFERS IN	1,502,069	1,502,069	
INTERFUND TRANSFERS OUT	-1,730,000	-1,730,000	
OTHER SOURCES	0	0	
OTHER USES	0	0	
TOTAL OTHER FINANCING SOURCES/USES	-227,931	-227,931	
NET INCREASE (DECREASE) IN FUND BALANCE	-20,254,527	-16,067,685	4,186,842
Beginning Fund Balance, July 1			
Audit Adjustments	75,378,499	75,378,499	
	0	0	
Ending Fund Balance, June 30	55,123,973	59,310,815	4,186,842
Nonspendable - Revolving and Stores	545,000	545,000	
Unassigned- Reserve for Economic Uncert.	20,013,133	20,013,133	
Restricted	817,653	817,653	
Assigned	33,748,186	37,935,028	4,186,842
Unappropriated Fund Balance	0	0	0

Restore \$1.5 M to debt service payment due to agreement to find one time funding for Youth Engagement

Additional \$5,686,842 due to One-Time funds at \$147 per P2 ADA (38,686)