



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item 7.1

Meeting Date: March 7, 2019

Subject: Resolution No. 3060, Fiscal Solvency Plan To Save Our Schools

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

Division: Office of the Superintendent

Recommendation: Approve Resolution No. 3060 Student Centered Fiscal Solvency

Background/Rationale: Resolution addressing the Board's request to take action on budget related items including: limiting costs of administration, deferring the Superintendent's salary increase for the 2018-19 school year, seeking to decrease health care costs, and implementing vacation use policies.

Financial Considerations: These measures are to assist with the efforts to reduce the District's current budget deficit.

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

Documents Attached:

1. Resolution 3060 will be provided at the Board Meeting

Estimated Time of Presentation: 10 Minutes

Submitted by: Jorge A. Aguilar, Superintendent

Approved by: Jorge A. Aguilar, Superintendent

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION**

RESOLUTION NO. 3060

RESOLUTION ON *FISCAL SOLVENCY PLAN TO SAVE OUR SCHOOLS*

WHEREAS, the Sacramento City Unified School District (“District”) is facing a significant budget deficit and that deficit is expected to grow in future years if corrective action is not taken; and

WHEREAS, the Sacramento County Office of Education disapproved the District’s adopted budget for the 2018-2019 fiscal year on September 6, 2018 and October 11, 2018 on the basis of a budget deficit and spending from the District’s reserve; and

WHEREAS, the Sacramento City Unified School District (“District”), due to budgetary concerns, must reduce the budget by thirty-five (35) million dollars by June 30, 2019, in order to balance the budget and maintain the required 2% reserve; and

WHEREAS, the District will be unable to reach its goal of making budgetary cuts that do not impact student programs and services unless all District stakeholders work together and make shared sacrifices; and

WHEREAS, as a result of the District’s limited financial resources, a number of valuable opportunities and programs for *all* students are not paid for by the district, such as:

- District sponsored visits to feeder middle schools for elementary students;
- District sponsored visits to feeder high schools for middle school students;
- District sponsored visits to careers through experiential visits to local businesses;
- District sponsored visits to colleges and universities for elementary, middle school, and high school students;
- Exposure to the Arts, including Theatre, Museums, Ballet, Symphony, etc.;
- Expanded Summer Learning Program for students at all grade levels;
- Science-related camps;
- Organized elementary sports programs;
- Transportation for students to participate in extra-curricular activities.

WHEREAS, not offering valuable programs to close opportunity gaps and, therefore, limit the number of students for whom opportunities are offered is inconsistent with the District’s goal of equity, access, and social justice; and

WHEREAS, students should be at the center of all budget decisions and all employees should work collaboratively to protect funding for core academic programs and services to keep cuts away from areas that directly affect our students; and

WHEREAS, the District has identified several areas where we can further the work that District staff has already begun and make even greater strides in saving our schools; and

WHEREAS, our core values of equity, access, and social justice are not limited to our students and we are equally committed to applying these core values when making decisions related to our employees; and

WHEREAS, any cuts made to save our schools from a takeover will be based on parity relative to each bargaining unit's size and cost to the District; and

WHEREAS, the District has identified the need to maintain its costs for unrepresented administrators and managers as a low percentage of the District's budget expenditures; and

WHEREAS, the District's administrators, at both school sites and the District Office, provide critical support services to school sites and advance the goal of increased student achievement; and

WHEREAS, the District's spending on unrepresented administrators and managers as a percentage of total unrestricted expenditures compares favorably with that of similarly sized or larger school districts in Sacramento County; and

WHEREAS, a portion of the costs for unrepresented administrators and managers is paid outside of unrestricted general funds through grants and other funding sources that do not factor into the current budget deficit; and

WHEREAS, the District has already made cuts in personnel in positions as unrepresented administrators and managers as well as vacant unrepresented administrator or management level positions that will be closed/eliminated, for a combined \$1 million in cuts already made at the District Office level; and

WHEREAS, according to the findings of the Fiscal Crisis Management Assistance Team ("FCMAT") the District currently spends approximately 91% of its unrestricted budget on employees, with a large portion of those expenses being consumed by the District contributing nearly \$35,000 annually to health and welfare benefits for employees; and

WHEREAS, a "rebalancing" of employee benefit contributions with a return to benefits that are in parity to comparable school districts while providing high quality benefit plans to our employees is critical to solving the District's financial crisis; and

WHEREAS, District labor partners should have a strong voice in identifying high quality and comparable benefit plans for their members; and

WHEREAS, as a continuation of our cost savings efforts, the District staff and our labor partners have been working to identify high quality and comparable health benefit plans for our employees that are similar to those currently offered and in line with what comparable school districts offer to their employees; and

WHEREAS, in the past the District has contributed funds to reduce our other post-employment benefits that are provided to our eligible employees upon retirement to make efforts toward funding this substantial unfunded liability of the District; and

WHEREAS, accrued vacation time is an employment benefit that the District is required by law to pay in cash when an employee leaves or retires from the District; and

WHEREAS, in past years employees accrued large amounts of unused vacation time and received sizeable lump sum payments upon leaving employment with the District; and

WHEREAS, beginning with the 2017-2018 school year, the District took action to pay down the liability resulting from employee accrual of vacation time. This required supervisory, management, administrative, confidential, represented and non-represented employees to use vacation time or be cashed out annually, based on noted annual limits; and

WHEREAS, since implementing this change in practice, the District has reduced its liability for unused vacation costs by approximately four million dollars for fiscal year 2017-2018 alone; and

WHEREAS, as part of its Fiscal Recovery Plan the District plans to develop and implement practices that can reduce the financial burden for payment of unused vacation time thereby providing more financial resources for services to student; and

WHEREAS, District Superintendent, Jorge Aguilar, has agreed to forgo any salary increase allowed under his Employment Agreement until the District receives either a qualified or positive certification as defined in Education Code section 42131, subdivision (a)(1); and

WHEREAS, it is imperative for the District to control administrator costs in order to balance the budget and maintain required reserves; and

WHEREAS, the District has already made approximately \$100,000 in cuts from the Board Office.

NOW, THEREFORE, BE IT RESOLVED by the Sacramento City Unified School District Board of Education which finds and determines as follows:

1. The foregoing recitals are true and correct.

SPENDING ON ADMINISTRATORS

2. The District's 2019-2020 fiscal year spending on unrepresented administrators and managers will not exceed the cost level established for the current year in the District's Second Interim Budget of 2018-2019.
3. The District Superintendent and staff will develop strategies to control administrator costs within the parameters set forth above, including, but not limited to, not filling certain administrator vacancies, salary freezes and other cost-savings measures.
4. The Superintendent will forgo his 3.5% salary increase until the District achieves either a qualified or positive certification of its interim reports.

EMPLOYEE HEALTH BENEFITS

5. The District will work with labor partners and unrepresented employees to rebalance employee benefit contributions with a goal toward returning to District contributions that are in parity to comparable school districts while providing high quality benefit plans to our employees.

EMPLOYEE VACATION ACCRUAL AND USAGE

6. The District's managers, supervisors and administrators will receive and review the applicable collective bargaining agreements regarding vacation use, accrual, carryover and buyout.
7. The District's managers, supervisors and administrators are directed to work with their employees to develop a plan that allows each employee who earns vacation to use that vacation in the year earned and minimize any vacation carryover consistent with the terms of any negotiated agreement.
8. The District's managers, supervisors and administrators will work collaboratively to develop methods for encouraging employee vacation use, to develop comprehensive vacation schedules, and to carefully monitor the levels of employees' vacation accrual.
9. The Board President, District Superintendent, or designee is authorized and directed to take any other actions necessary to carry out this Resolution.

PASSED AND ADOPTED by the Sacramento City Unified School District Board of Education on this 7th day of March, 2019, by the following vote:

AYES: _____
NOES: _____
ABSTAIN: _____
ABSENT: _____

Jessie Ryan
President of the Board of Education

ATTESTED TO:

Jorge A. Aguilar
Secretary of the Board of Education