



# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 8.5

**Meeting Date:** August 15, 2019

**Subject:** Approve 2019-2020 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 the 2019-20 District budget revision reflecting the budget changes with the final state budget.

**Background/Rationale:** Education Code Section 42127(h) states that no 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. While there is no requirement to prepare a 45-day budget revision, it is important to make the revisions publicly available when revisions are done.

**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, 2019, 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:** Jacquie Canfield, Consultant  
Amari Watkins, Director II, Accounting Services

**Approved by:** Jorge A. Aguilar, Superintendent

# Board of Education Executive Summary

## Business Services

Approve 2019-2020 District Budget Update and Revision – State Budget Approval  
August 15, 2019



### I. OVERVIEW/HISTORY:

The District adopted the 2019-20 Proposed Budget at the June 20, 2019 Board Meeting. The adopted budget information presented to the Board was based on information known as of the May Revise. Per Education Code Section 42127(h), the 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.

Governor Newsom signed the 2019-20 Budget Act on June 27, 2019. The District Budget Update and Revision reflects the impact of the Budget Act upon the District's budget. The total amount for K-12 education signed by the Governor includes \$81.1 billion and \$3.15 billion one-time non-Proposition 98 funds for temporary relief for employer pension costs. Areas impacted include the following:

#### **Proposition 98:**

##### Special Education

The Budget includes funding for special education equalization and funds for LEAs serving children ages 3-5 with individualized education programs not included in kindergarten or transition kindergarten. While these funds will increase the state maintenance of effort for special education, the allocation method could change. Therefore, districts are required to consider them one-time funds.

##### CalSTRS and CalPERS

The 2019-20 state budget includes pension relief for public education employers, a \$3.15 billion non-Proposition 98 General Fund payment on behalf of employers to CalSTRS and CalPERS Schools Pool. Of this amount, an estimated \$850 million will buy down the employer contributions in 2019-20 and 2020-21.

The CalSTRS employer rate will increase from 16.7% to 17.1% in 19-20.

The CalPERS employer rate will decrease for 19-20 from 20.733% to 19.721%.

#### **Budget Updates:**

- On June 20<sup>th</sup> – Staff adopted the Proposed Fiscal Year 2019-20 Budget.
- Ongoing Weekly Meetings between the District, SCOE, and the SCOE Fiscal Advisor to collaborate and discuss the expectations of the budget for 2019-20 and beyond.

# Board of Education Executive Summary

## Business Services

Approve 2019-2020 District Budget Update and Revision – State Budget Approval  
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- At the September 5<sup>th</sup> Board Meeting, staff will present the End of Year Unaudited Actuals Financial Report and GANN Resolution.
- At the December 19<sup>th</sup> Board Meeting, staff will present the 2019-20 First Interim Report, and the Annual Audit Report for year ending June 30, 2019.

### II. Driving Governance:

- Education Code Section 42127(h) 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 27<sup>th</sup>, the 45 day deadline is August 11, 2019.

### III. Budget:

The following items are included in Budget Revision No. 1 to reflect the changes made in the Governor's Final State Budget for fiscal year 2019-20 for the General Fund:

- Revenue Increases
  - Increase in both Unrestricted and Restricted lottery funding totaling \$120,000
  - \$6.4 million of One-Time Special Education funding, including \$2.2 million of equalization funding and \$4.2 million to support three and four year-olds with an Individualized Education Plan (IEP)
- Expenditure Increases
  - \$338,000 for STRS and PERS Rate Adjustments - STRS rate increased from 16.7% to 17.1% and PERS decreased from 20.733% to 19.721 % from adopted budget

Budget Revision No. 1 includes utilizing Special Education one-time funds for:

- Professional learning totaling \$1.2 million
  - Topics include culturally responsive approaches to building a positive school climate including bullying prevention, restorative classroom and school discipline practices and interventions, implicit bias training, and de-escalation strategies. Sessions will be for all site leaders, classroom teachers (general and special educators), and instructional aides
  - Best practice for effective SSTs and strategies for being responsive to students' academic and social emotional needs. Sessions will be for school leaders and teacher teams
  - Ensuring IEP goals are aligned to course standards and provides educational benefit to the students for special educators
- Release time for preschool teachers to develop a plan to improve the Desired Results Development Profile totaling \$13,000



## Board of Education Executive Summary

### Business Services

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- Additional IEP team for one year to assist with the infant to preschool IEP reporting totaling \$551,000
- Support Community Advisory Committee totaling \$7,500.

Budget Revision No. 1 includes a one-time allocation for the creation of student interim assessments totaling \$25,000.

Budget Revision No. 1 increases the allocation to Restricted Routine Maintenance by \$192,000 to adhere to the three percent requirement of the General Fund expenditures and other financing uses as required by the State.

In addition, Budget Revision No. 1 includes \$4.1 million for a possible increase in the final classroom teacher positions due to possible enrollment increase at schools or possible higher costs for the teacher salary restructure. When actual amounts are determined, staff will update the Board and recommend budget adjustments in a future budget revision.

#### IV. Goals, Objectives and Measures:

Continue to provide information to the Board and the public on a monthly basis starting August 2019, 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:

- Budget Revision within 45 days from signing of State Budget, if needed.
- Continued analysis of information from the State and its impact on District finances.

#### VI. Results:

As a result, the Unrestricted General Fund Reserve for Economic Uncertainties is estimated at \$35.2 million at June 30, 2020.

#### VII. Lessons Learned/Next Steps:

- Continue to monitor the State budget and its impact on District finances.
- Continue to obtain stakeholders' input, follow the LCAP process and meet with bargaining units to seek cost reductions and long-term budget savings.

**Sacramento City Unified School District  
General Fund Summary  
2019/20 Budget Revision #1**

	2019/20 Adopted Budget	8/15/19 2019/20 Revision #1	Difference Between Adopted And BR#1
Revenue Limit/LCFF	\$ 411,739,787	\$ 411,739,787	\$ -
Federal Revenue	50,820,713	50,820,713	-
State Revenue	63,599,802	70,103,257	6,503,455
Other Local Revenue	6,818,988	6,818,988	-
<b>Total Revenues</b>	<b>\$ 532,979,290</b>	<b>\$ 539,482,745</b>	<b>\$ 6,503,455</b>
Certificated Salaries	\$ 218,245,243	\$ 222,324,131	\$ 4,078,888
Classified Salaries	62,208,366	62,255,886	47,520
Employee Benefits	175,504,512	177,470,887	1,966,375
Books and Supplies	16,707,888	17,118,560	410,672
Services, Other Oper	73,931,408	73,931,408	-
Capital Outlay	377,792	377,792	-
Other Outgo	481,300	481,300	-
Indirect/Direct Suppt	(1,791,960)	(1,791,960)	-
<b>Total Expenditures</b>	<b>\$ 545,664,549</b>	<b>\$ 552,168,004</b>	<b>\$ 6,503,455</b>
Transfers In	\$ 2,174,627	\$ 2,174,627	\$ -
Transfers Out	\$ 1,833,785	\$ 1,833,785	\$ -
Other Sources	\$ -	\$ -	\$ -
Other Uses	\$ -	\$ -	\$ -
Restricted Contributions	\$ -	\$ -	\$ -
<b>Total Other Financing</b>	<b>\$ 340,842</b>	<b>\$ 340,842</b>	<b>\$ -</b>
<b>Net Inc/(Dec)</b>	<b>\$ (12,344,417)</b>	<b>\$ (12,344,417)</b>	<b>\$ -</b>
<b>Beginning Fund Balance</b>	<b>\$ 55,457,985</b>	<b>\$ 55,457,985</b>	<b>\$ 1,346,618</b>
Audit Adj/Oth Restatement	\$ -	\$ -	\$ -
<b>Adjusted Beg Bal</b>	<b>\$ 55,457,985</b>	<b>\$ 55,457,985</b>	<b>\$ 1,346,618</b>
<b>Ending Balance</b>	<b>\$ 43,113,568</b>	<b>\$ 43,113,568</b>	<b>\$ -</b>
<b>Components of Ending Fund Balance</b>			
Revolving Cash	\$ 225,000	\$ 225,000	\$ -
Stores	\$ 320,000	\$ 320,000	\$ -
Legally Restricted	1,346,618	1,346,618	-
Other Assignments	\$ 6,000,000	\$ 6,000,000	\$ -
Reserve for Economic Uncertainties	\$ 35,221,950	\$ 35,221,950	\$ -
Reserve Level %	6.43%	6.36%	
<b>Total Ending Fund Balance</b>	<b>\$ 43,113,568</b>	<b>\$ 43,113,568</b>	

**Sacramento City Unified School District  
Unrestricted General Fund Adjustment Summary  
2019/20 Budget Revision #1**

	<b>2019/20 Adopted Budget Unrestricted</b>	<b>8/15/19 2019/20 Revision #1 Unrestricted</b>	<b>Difference Between Adopted And BR#1</b>
Revenue Limit/LCFF	\$ 411,739,787	411,739,787	\$ -
Federal Revenue	-	-	-
State Revenue	7,608,963	7,689,231	80,268
Other Local Revenue	6,465,742	6,465,742	-
<b>Total Revenues</b>	<b>\$ 425,814,492</b>	<b>\$ 425,894,760</b>	<b>\$ 80,268</b>
Certificated Salaries	\$ 163,743,188	\$ 166,382,673	\$ 2,639,485
Classified Salaries	39,903,601	39,903,601	-
Employee Benefits	110,389,737	112,146,657	1,756,920
Books and Supplies	7,034,453	7,115,058	80,605
Services, Other Oper	26,513,756	26,513,756	-
Capital Outlay	95,769	95,769	-
Other Outgo	481,300	481,300	-
Indirect/Direct Suppt	(7,806,883)	(7,896,656)	(89,773)
<b>Total Expenditures</b>	<b>\$ 340,354,921</b>	<b>\$ 344,742,158</b>	<b>\$ 4,387,237</b>
Interfund Transf In	\$ 2,174,627	\$ 2,174,627	\$ -
Interfund Transf Out (-)	1,833,785	1,833,785	-
Other Sources			
Other Uses			
Contributions	\$ (98,144,830)	(93,837,861)	\$ 4,306,969
<b>Total Other Financing</b>	<b>\$ (97,803,988)</b>	<b>\$ (93,497,019)</b>	<b>\$ 4,306,969</b>
<b>Net Inc/(Dec)</b>	<b>\$ (12,344,417)</b>	<b>\$ (12,344,417)</b>	<b>\$ -</b>
Beginning Fund Bal	\$ 54,111,367	\$ 54,111,367	\$ -
Audit Adj/Oth Restatement	\$ -	\$ -	\$ -
<b>Adjusted Beg Bal</b>	<b>\$ 54,111,367</b>	<b>\$ 54,111,367</b>	<b>\$ -</b>
<b>Ending Balance</b>	<b>\$ 41,766,950</b>	<b>\$ 41,766,950</b>	<b>\$ -</b>

**Sacramento City Unified School District  
Restricted General Fund Adjustment Summary  
2019/20 Budget Revision #1**

	<b>2019/20 Adopted Budget Restricted</b>	<b>8/15/19 2019/20 Revision #1 Restricted</b>	<b>Difference Between Adopted And BR#1</b>
Local Control Funding Formula	\$ -	-	\$ -
Federal Revenue	50,820,713	50,820,713	
State Revenue	55,990,839	62,414,026	\$ 6,423,187
Other Local Revenue	353,246	353,246	
<b>Total Revenues</b>	<b>\$ 107,164,798</b>	<b>\$ 113,587,985</b>	<b>\$ 6,423,187</b>
Certificated Salaries	\$ 54,502,055	\$ 55,941,458	\$ 1,439,403.02
Classified Salaries	22,304,765	22,352,285	47,520.00
Employee Benefits	65,114,775	65,324,230	209,455
Books and Supplies	9,673,435	10,003,502	330,067
Services, Other Oper	47,417,652	47,417,652	-
Capital Outlay	282,023	282,023	-
Other Outgo	-	-	-
Indirect/Direct Suppt	6,014,923	6,104,696	89,773
<b>Total Expenditures</b>	<b>\$ 205,309,628</b>	<b>\$ 207,425,846</b>	<b>\$ 2,116,218</b>
Interfund Transf In	\$ -	\$ -	\$ -
Interfund Transf Out (-)	-	-	-
Other Sources	-	-	-
Other Uses	-	-	-
Contributions	98,144,830	93,837,861	(4,306,969)
<b>Total Other Financing</b>	<b>\$ 98,144,830</b>	<b>\$ 93,837,861</b>	<b>\$ (4,306,969)</b>
<b>Net Inc/(Dec)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Beginning Fund Bal	\$ 1,346,618	\$ 1,346,618	\$ 1,346,618
Audit Adj/Oth Restatement	\$ -	\$ -	\$ -
Adjusted Beg Bal	\$ 1,346,618	\$ 1,346,618	\$ 1,346,618
<b>Ending Balance</b>	<b>\$ 1,346,618</b>	<b>\$ 1,346,618</b>	<b>\$ 1,346,618</b>