



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item 9.3

Meeting Date: October 18, 2018

Subject: Budget Reduction Timeline Plan

- 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: The Budget Reduction Timeline Plan identifies steps, progress and reductions needed to mitigate the District’s structural deficit. The Timeline is due to the Sacramento County Office of Education (SCOE) on October 19, 2018. An updated Timeline will be included in the 2018-19 First Interim Report. Board approval will be needed by December 14, 2018.

Background/Rationale: On October 4, 2018, the District presented the 2018-19 Adopted Budget Revision. On October 11, 2018, the District received a letter from SCOE, informing the District that the Revised Budget has also been disapproved.

Staff is working with labor partners on identifying district-wide savings and reductions. Staff has put together a Budget Reduction Timeline Plan for Board approval which addresses the District’s current deficit and timeline of reductions that will need to be made in order to address the deficit.

Financial Considerations: Budget reductions addressing the current deficit.

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

Documents Attached:

1. Executive Summary

Estimated Time: N/A

Submitted by: Dr. John Quinto, Chief Business Officer

Approved by: Jorge A. Aguilar, Superintendent

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I. OVERVIEW/HISTORY:

On October 4, 2018, staff presented the 2018-2019 adopted budget revision for Board approval. With the Board's approval, staff then submitted the 2018-2019 adopted budget revision to the Sacramento County Office of Education (SCOE) meeting the October 8, 2018 deadline.

On October 11, 2018, the District received a letter from SCOE indicating that the 2018-2019 adopted budget revision had been disapproved due to the negative unrestricted fund balance for the two subsequent fiscal years: 2019-20 and 2020-21.

On October 18, 2018, staff will present the budget reduction timeline plan for Board approval. Pursuant to Education Code 42127.1 through 42127.3, the District is requesting to waive the formation of a Budget Review Committee (BRC). The District will submit the request to waive the BRC at the October 18, 2018 Board Meeting. Upon approval of the Waiver by the California Department of Education (CDE), the District must re-submit a viable Board Approved Budget to CDE by December 31, 2018. The First Interim must first also reflect the viable budget with the multi-year expenditure plan and be submitted to CDE by December 14, 2018.

By October 19, 2018, the District will submit an updated cash flow and timeline.

II. Driving Governance:

- Education Code section 42127 requires the Governing Board of each school district to adopt a budget on or before July 1st. The adopted budget shall be submitted to the County Office of Education. The County Office of Education will determine if the district will be able to meet its financial obligations during the fiscal year and ensure a financial plan that will enable the district to satisfy its multi-year financial commitments.
- Per Education Code section 42127 (d), the County Superintendent may assign a fiscal advisor to the District.
- Per Education Code sections 42127.1 through 42127.3, the County Superintendent must call for the formation of a Budget Review Committee (BRC). District may waive the formation of the BRC by submitting a waiver to the California Department of Education by November 8, 2018.

III. Budget:

The budget reduction timeline plan will include savings and reductions that:

1. Do not need negotiation
2. Need negotiation
3. Cuts

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IV. Goals, Objectives and Measures:

Present a budget reduction timeline plan for Board approval in conjunction with a request to waive the formation of a Budget Review Committee.

V. Major Initiatives:

- Budget Reduction Timeline Plan presented to the Board at the October 18, 2018.
- Work with Sacramento County Fiscal Advisor on mitigation measures for reserve deficiency.
- Request to waive the formation of a Budget Review Committee by the November 8, 2018 deadline.
- Meet the October 19, 2018 deadline to submit the cash flow and timeline.
- Meet the December 14, 2018 deadline to submit a First Interim Report with a viable Board approved budget and multi-year expenditure plan.
- Meet the December 31, 2018 deadline to submit a reversal of deficit spending and meet the 2% minimum reserve levels in 2019-20 and 2020-21.

VI. Results:

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

VII. Lessons Learned/Next Steps:

- Continue to monitor the fiscal health of the district and state.
- Work closely with the Sacramento County Office of Education and Fiscal Advisor.
- FCMAT Fiscal Health Assessment in October.
- Continue to identify and review viable options with labor partners and other stakeholders that the District could adopt to achieve cost savings and long-term financial sustainability and present a budget reduction timeline plan to the Board on October 18, 2018.