



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 11.2

Meeting Date: June 14, 2012

Subject: **Public Hearing and Action on Resolution No. 2708: State Categorical Program Flexibility (Tier III) Transfer and 2012-13 Budget Update**

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

Division: Administrative Services

Recommendation: Approve Resolution # 2708 State Categorical Flexibility (Tier III) Transfer and 2012-13 Budget Update

Background/Rationale: Assembly Bill (AB) 189 (Chapter 606/2011), effective January 1, 2012, changes the public hearing requirement regarding the use of the State Categorical Program Flexibility (Tier III) funds. The public hearing meeting must be held prior to and independent of the meeting at which the 2012-13 annual budget will be adopted. AB 189 also requires a governing board to identify any program that is proposed to be closed in the agenda of the public hearing. All closed programs subject to Tier III funding requirements are listed on Attachment A. As part of the public hearing, testimony from the public, approval or disapproval of the proposed use of funding and explicit purposes for which the funding will be used must be established.

Senate Bill X3-4 authorizes districts and county offices to transfer funds received for approximately 40 programs to "any educational purpose, to the extent permitted by federal law." This flexibility allows the Board of Education to use categorical funds based on the district's goals for student achievement and to direct these limited resources to priorities set by the district.

Staff will present for information an update on the 2012-13 fiscal year budget.

Financial Considerations: \$5,035,166 from closed programs used for other educational purposes.

Documents Attached:

1. Executive Summary
2. State Categorical Tier III Programs
3. Resolution No. 2708: State Categorical Program Flexibility (Tier III) Transfer

Estimated Time of Presentation: 15 Minutes

Submitted by: Patricia A. Hagemeyer, Chief Business Officer

Approved by: Jonathan P. Raymond, Superintendent

Board of Education Executive Summary

Public Hearing and Action on Resolution No. 2708: State Categorical Program Flexibility (Tier III) Transfer and 2012-13 Budget Update
June 14, 2012



I. Overview/History:

On February 20, 2009, Governor Schwarzenegger signed a package of bills revising the 2008-09 state budget and enacting the 2009-10 state budget. This action resolved a protracted political battle over the combination of cuts and revenue increases needed to close the state's \$41 billion deficit. Although the budget contained steep cuts to over 50 categorical programs, Senate Bill X3 4 (the education budget trailer bill from the third extraordinary session which was called by the governor in December to address the state's fiscal crisis) did provide some amount of flexibility for districts. The bill authorized districts and county offices to transfer funds received for approximately 40 programs to "any educational purpose." This flexibility allowed districts to use categorical funds based on the district's goals for student achievement and to direct these limited resources to priorities set by the district, rather than the priorities determined by the state. Tier I programs were not reduced and received no flexibility – examples include Child Development, K-3 Class Size Reduction and Special Education. Tier II programs received a 20% reduction with no flexibility provided. Examples include Foster Youth and Partnership Academies. Tier III programs (see attached list) were reduced by approximately 20% with flexibility granted through 2012-13. Subsequently, the flexibility was granted through the 2014-15 fiscal year.

Districts accepting the Tier III flexibility provisions and exercising the transfer authority were required to hold a public hearing on the matter to "take testimony from the public, discuss, and approve or disapprove the proposed use of funding." At the time, this public hearing could be held in conjunction with the public hearing on the adoption of the district's budget.

Assembly Bill 189 now requires that the public hearing is held prior to and independent of a meeting where the governing board of a school district adopts a budget. This bill also requires the governing board to identify the program(s) to be closed before the public hearing.

A budget update for the 2012-13 fiscal will be presented. At this time, a recommendation will be discussed that identifies partial funding for co-curricular activities. In addition, potential options for home to school transportation will be outlined. It is anticipated that action taken on any of these items would occur as part of the Adopted Budget scheduled to be approved by the board on June 21, 2012.

II. Driving Governance:

- Education Code Section 42605 2(a) states as a condition of receipt of funds, the governing board of the school district, as appropriate, at a regularly scheduled open public hearing shall take testimony from the public, discuss, approve or disapprove the proposed use of funding, and make explicit for each of the budget items the purposes for which the funds will be used.

Board of Education Executive Summary

Public Hearing and Action on Resolution No. 2708: State Categorical Program Flexibility (Tier III) Transfer and 2012-13 Budget Update
June 14, 2012

- AB189 states that the public hearing be held prior to and independent of a meeting where the governing board of a school district adopts a budget. AB189 also requires the governing board to identify the program or programs to be closed before the public hearing.

III. Budget:

The attachment outlines Tier III funds received by the district. This attachment also reflects the amount of funds originally received by the district in 2008-09 as well as reductions from 2010-11 through the proposed 2012-13 year. Savings from reduced or closed programs will be transferred from the Tier III program to the unrestricted general fund, utilizing the Standardized Account Code Structure (SACS) resource code 0000. Funds will be used for instruction and instructional related purposes. Those programs that are not closed will use funds as identified below with the SACS function codes:

| Program | Function/Fund |
|--|--|
| Cal Safe Child Care Services | 1000/Instruction 2100/Instructional Supervision |
| Community Day School | 1000/Instruction |
| Gifted and Talented Education | 1000/Instruction 2100/Instructional Supervision |
| Instructional Materials Block Grant | 1000/Instruction |
| International Baccalaureate | 1000/Instruction |
| Professional Development Block Grant | 1000/Instruction |
| Regional Occupational Block Grant | 1000/Instruction 2100/Instructional Supervision 3110/Guidance and Counseling 8100/Plant Maintenance |
| School Safety Competitive Grant | 8300/Security |
| Targeted Instructional Improvement Block Grant | 2100/Instructional Supervision 2420/Instructional Library-Media 2495/Parent Participation |

In order to avoid a loss of average daily attendance by the elimination of co-curricular activities, staff will make the following recommendation on June 21: provide \$1,004,000 in funding for co-curricular activities.

This would fund some stipends (not all) and athletic transportation funding would be reduced by half. The funding for this program would come from the closure of Freeport Elementary School as well as savings from total reductions approved by the Board on February 2, 2012 and the projected amount of funds needed to balance the budget for 2012-13.

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Staff are reviewing home-to-school transportation and will look at severe safety concerns, such as crossing rail road tracks, for potential options to support our families. Transportation funding is still unknown. It is likely any decisions regarding home-to-school transportation will take place over the summer once funding and student placement is known.

IV. Goals, Objectives and Measures:

Meet AB189 guidelines to ensure the continuing flow of Tier III funding to the district. Provide flexibility within the Tier III programs.

V. Major Initiatives:

- Support district goals through budget flexibility.
- Maintain a balanced budget for 2012-13.
- Utilize funds prudently and effectively.

VI. Results:

Ensure a balanced 2012-13 Adopted Budget is approved and in place before July 1, 2012.

VII. Lessons Learned/Next Steps:

- 2012-13 Adopted Budget for board approval at June 21, 2012 meeting.
- Continue to monitor the state budget and its impact on district finances.
- Monitor support for Governor's Tax Initiative and the impact on district finances.

State Categorical Tier III Programs

All funds allocated to Unrestricted General Fund, Resource 0000 will be used in SACS Function Code 1000-2999 - Instruction and Instruction Related Services.

| Tier III Program | 2008-09 Funding | 2010-11 Funding | 2011-12 Funding | 2012-13 Funding | Allocation to Unrestricted General Fund – Resource 0000 | 2012-13 Program Closed |
|---|---------------------|---------------------|---------------------|--------------------|--|------------------------------|
| Adult Education Program (R6390) | \$12,452,096 | \$8,093,862 | \$5,093,862 | \$0 | \$5,093,862 | X |
| Arts and Music Grant (R6760) | \$620,318 | \$565,000 | \$565,000 | \$0 | \$565,000 | X |
| Cal Safe Academic Support (R6091) | \$190,262 | \$0 | \$0 | \$0 | \$0 | X |
| Cal Safe Childcare Services (R6092) | \$163,883 | \$169,816 | \$170,174 | \$170,174 | \$0 | |
| California High School Exit Exam (R7055) | \$439,001 | \$0 | \$0 | \$0 | \$0 | X |
| Certificated Staff Mentoring (R7276) | \$86,771 | \$0 | \$0 | \$0 | \$0 | X |
| Child Oral Health Assessment (R0600) | \$24,550 | \$0 | \$0 | \$0 | \$0 | X |
| Class Size Reduction – 9 th Grade (R1200) | \$442,363 | \$0 | \$0 | \$0 | \$0 | X |
| Community Based English Tutoring (R6285) | \$365,620 | \$0 | \$0 | \$0 | \$0 | X |
| Community Day School (R2430) | \$39,164 | \$39,164 | \$39,164 | \$39,164 | \$0 | |
| Deferred Maintenance* (R6205) | \$1,550,422 | \$0 | \$0 | \$0 | \$750,000* | X |
| Gifted and Talented Education (R7140) | \$311,839 | \$311,839 | \$311,839 | \$296,247 | \$15,592 | |
| Instructional Materials Block Grant (R7156) | \$2,206,123 | \$1,500,000 | \$1,000,000 | \$1,000,000 | \$0 | |
| International Baccalaureate – L. Burbank (R7286) | \$10,378 | \$10,378 | \$10,378 | \$10,378 | \$0 | |
| PE Teacher Incentive Grant (R6258) | \$159,392 | \$0 | \$0 | \$0 | \$0 | X |
| Peer Assistance and Review (R7271) | \$152,530 | \$0 | \$0 | \$0 | \$0 | X |
| Professional Development Block Grant (R7393) | \$2,358,344 | \$1,572,229 | \$1,572,229 | \$1,572,229 | \$0 | |
| Pupil Retention Block Grant (R7390) | \$840,175 | \$0 | \$0 | \$0 | \$0 | X |
| Regional Occupational Program (R6350) | \$1,885,702 | \$1,618,226 | \$1,618,226 | \$1,537,315 | \$80,911 | |
| School Library/ Improvement Block Grant (R7395) | \$3,361,349 | \$953,663 | \$723,663 | \$0 | \$723,663 | X |
| School Safety Competitive Grant (R6405) | \$531,667 | \$531,667 | \$531,667 | \$531,667 | \$0 | |
| Staff Development – Administrator Training (R7325) | \$33,472 | \$0 | \$0 | \$0 | \$0 | X |
| Staff Development – Math and Reading Professional Development (R7294) | \$195,647 | \$0 | \$0 | \$0 | \$0 | X |
| Supplemental School Counseling (R7080) | \$1,164,990 | \$896,150 | \$896,150 | \$0 | \$896,150 | X |
| Targeted Instructional Improvement Block Grant (R7394) | \$2,419,063 | \$1,406,000 | \$1,406,000 | \$1,406,000 | \$0 | |
| Teacher Credentialing Block Grant (R7392) | \$756,940 | \$100,000 | \$0 | \$0 | \$0 | X |
| Sub-Total | \$32,762,061 | \$17,767,994 | \$13,938,352 | \$6,563,174 | \$8,125,178 | |
| Less Adult Education Offset for Fees Paid to General Fund | | | | | -\$2,193,862 | |
| Less Supplemental School Counseling Included in Other Proposed Recommendations | | | | | -\$896,150 | |
| Total | | | | | \$5,035,166 | |

*Deferred Maintenance included in projected budget deficit as a one-time reduction.

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

RESOLUTION NO. 2708

State Categorical Program Flexibility (Tier III) Transfer

WHEREAS, statewide budget reductions have resulted in devastating budget reductions in the Sacramento City Unified School District; and

WHEREAS, SBX3 4, ABX4 2 and SB70 provided fiscal flexibility for fiscal years 2008-09 through 2014-15 to allow school districts to utilize funding received from the state budget act for “Tier III” categorical programs for any educational purpose; and

WHEREAS, as a condition of receipt of the Tier III funds, the governing board is required, at a regularly scheduled open public hearing, to take testimony from the public, discuss the flexibility provision, and approve or disapprove the proposed use of funding; and

WHEREAS, any transfer of funds will be used to ensure that the district’s overall goals for student achievement will be the main consideration in the use of this flexibility; and

WHEREAS, attached to the agenda is a list of specific programs identified with original resource codes, the estimated funding amounts and programs that will be closed; and

NOW, THEREFORE, BE IT RESOLVED following a public hearing in which public testimony was taken, discussion regarding the proposed uses of the funds took place and programs proposed to be closed were identified, the Sacramento City Unified School District will utilize the flexibility provided through SBX3 4, ABX4 2 and SB70 during the state’s fiscal crisis to transfer funds in Tier III categorical programs for any educational purpose.

PASSED AND ADOPTED by the Sacramento City Unified School District Board of Education on this 14th day of June 2012 by the following vote:

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

Diana Rodriguez
President of the Board of Education

ATTESTED TO:

Jonathan P. Raymond
Secretary of the Board of Education