



## Third Interim Report – Frequently Asked Questions

**Q: Is there still a \$35 million structural budget deficit?**

**A:** The District’s projected ongoing structural budget deficit at Third Interim is now \$34 million. This projection is subject to review by the County Office of Education.

The \$35 million figure reported in January 2019 was the amount needed to balance the budget in the current fiscal year and maintain the state minimum reserve requirement of 2% in FY 19-20 and 20-21. However, this projection considers that next month the District will have to adopt a new budget that maintains a minimum 2% reserve through an additional year (FY 21-22). The district is deficit spending and next year must use \$19.67 million of its reserves to cover its expenses. Therefore, the \$28 million in cuts and cost savings adopted by the Board this year will not be sufficient to avoid running out of cash in the future. More long-term cuts and cost savings will be needed to maintain the state required reserves.

**Q: Is there more money for special education?**

**A:** In the Governor’s May Revise, he has proposed more money for special education. However, it is still too soon to determine whether that proposal will be approved in its current form and what the impact would be for Sac City. Therefore, it is too early to include this in the Third Interim Report projections. Any adjustments made in the state’s final adopted budget would reflect changes for Sac City in a revised budget, 45 days after the end of the fiscal year.

**Q: Why was there a difference in enrollment projections between second and third interim?**

**A:** This was an oversight by the District that occurred because the second interim report did not include all schools’ projected ADA and enrollment in future years. The error was discovered and corrected for the Third Interim Report. As a result of this oversight, the LCFF revenue is significantly higher in FY 2020-21 and 2021-22 than in the Second Interim Report. However, it is important to note that this oversight did not impact the staffing levels at the school.

**Q: Does the District have the resources to reduce class sizes and hire more certificated staff?**

**A:** No. The District is in negative certification—one of only five school districts in the state facing this financial status. It is not in a position to reduce class sizes and hire more certificated staff until it stops deficit spending.