

April 17, 2023

Jorge A. Aguilar, Superintendent
Sacramento City Unified School District
5735 47th Avenue
Sacramento, CA 95824

SUBJECT: 2022-2023 Second Period Interim Report

Dear Superintendent Aguilar:

After submission of the Second Period Interim Report, the County Superintendent of Schools is required to review the report for adherence to the State-adopted Criteria and Standards pursuant to Education Code sections 42130-31 and 33127. The district filed a Second Interim Report with a positive certification. Based on the multi-year projections and assumptions provided by the district, it appears the district will meet its 2% minimum unrestricted reserve requirement for the current fiscal year and two subsequent fiscal years. We concur with the district's positive certifica

It is our understanding that the district has begun negotiations with the Sacramento City Teachers Association on changes to their collective bargaining agreement, including employee compensation, and will begin similar negotiations with the rest of its bargaining units. In our January 16, 2023 First Interim Report letter, we advised the district to refrain from taking actions that would result in ongoing deficit spending and maintain reserves above its current reserve policy of 5% to avoid the potential for future insolvency, budget cuts and layoffs, and the harmful impacts these have on students. We continue to advise the district to use caution in increasing expenditures and to ensure that it can support any increases within ongoing revenues, including increases resulting from negotiated agreements.

To ensure it can support the costs of a collective bargaining agreement, the district should conduct a pre-settlement analysis of each proposal under consideration and identify related costs or savings for the current and subsequent years and identify ongoing revenue sources or expenditure reductions. 11M0 (n)1.008 12 (3)(i)12 (cao)2 ainl s Td [(o

In addition to requiring that the district provide the County Superintendent a fiscal analysis of the collective bargaining agreement and its effect on the district's budget, State Criteria and Standards (California Code of Regulations section 15451(b)(C)) and Education Code section 42142 also require that the district provide the County Superintendent any revisions to the district's current budget necessary to fulfill the terms of the agreement within 45 days of adoption of the agreement. Furthermore, if the agreement will result in significant ongoing deficit spending and/or put the district at risk of not meeting its minimum unrestricted reserve requirement for the current fiscal year and two subsequent fiscal years, the district must also submit a detailed budget adjustment plan approved by the district's governing board demonstrating how the district will meet the current and future costs of the agreement and maintain adequate reserves.

Furthermore, Education Code section 42127(c)(2) requires the County Superintendent to approve a school district's budget that does not provide adequate assurance

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We would like to thank your staff for their cooperation during our review process. If you have any questions or concerns regarding this review, please feel free to call Nicolas Schweizer, Associate Superintendent of Business Services, at (916) 228-2561.

Sincerely,



David W. Gordon
Sacramento County Superintendent of Schools

DWG/NS/sl

cc: Chinua Rhodes, Board President, SCUSD
Rose Ramos, Chief Business & Operations Officer, SCUSD
Dr. Nancy Herota, Deputy Superintendent, SCOE
Nicolas Schweizer, Associate Superintendent, SCOE
Sharmila LaPorte, District Fiscal Services Director, SCOE
Terri Ryland, Fiscal Advisor, SCOE