



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item 9.4

Meeting Date : June 20, 2019

Subject : Adopt Proposed Fiscal Year 2019 -20 Budget for All Funds and
Education Protection Account

- 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 : Adopt the proposed 2019-20 Budget for all funds presented as a Public Hearing Item at the June 6, 2019 Board Meeting.

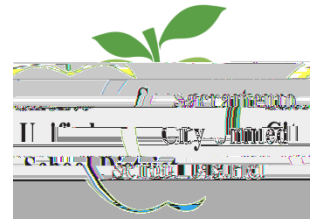
Background/Rationale : At the June 6, 2018 Board meeting, a public hearing was conducted on the proposed 2019-20 budget for all funds. Administration is now requesting action to adopt the proposed budget. As indicated at the prior Board meeting, by June 30th of each year, the school district must adopt a budget for all funds for the ensuing fiscal year. Prior to adoption of the budget, the Board must conduct a public hearing. This is in accordance with state prescribed procedures for single budget adoption, which require that the budget be adopted and submitted to the County Office of Education on state required forms by June 30th. The 2019-20 Budget establishes expenditure authority for the district to conduct business for the next fiscal year.

The proposed 2019-20 budget is based on the May Budget Revision that was presented by the Governor on May 9, 2019 and incorporates recommendations from the Sacramento County Office of Education. While the Governor's May Budget Revision is a very significant event in the process, the final impact to the District will not be known until the State budget is signed. School districts have 45 days after the final State budget is signed to amend and resubmit their budget. The proposed 2019-20 budget takes into consideration the priorities from stakeholders as discussed at the LCAP presentations, some of Superintendent Initiatives and budget committee meetings.

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- x April/May – Presentations were made to the Board of Education on the proposed staffing levels at schools, school allocations and possible program reductions.
- x On June 6th – Staff presented the Proposed Fiscal Year 2019-2020 Budget.
- x Ongoing Weekly Meeting between the District, SCOE, and the SCOE Fiscal Advisor to collaborate and discuss the expectations of the budget for 2019-2020 and beyond.

II. Driving Governance:

- x Education Code section 42127 requires the Governing Board of each school district to adopt a budget on or before July 1st. Article XIII section 36(e)(6) requires the Governing Board to approve Education Protection Account proposed expenditures in open session of a public meeting. The budget to be adopted shall be prepared in accordance with Education Code section 42126. 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.

III. Budget:

Following the Executive Summary is a chart that summarizes the 2019-2020 Proposed Adopted Budget for All Funds.



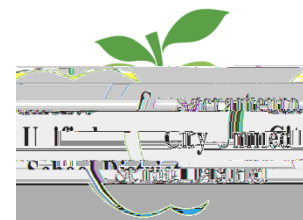
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SACS Summary Unrestricted General Fund 2018/19-2021/2022

| | Projected 2018/19 | Proposed 2019/20 | Projected 2020/21 | Projected 2021/22 |
|---|----------------------|---------------------|----------------------|----------------------|
| Ongoing Funds | | | | |
| Revenues | \$415.75 | \$427.99 | \$436.28 | \$445.01 |
| -Contributions | \$82.30 | \$98.14 | \$105.46 | \$112.77 |
| - Expenses, Sources/Uses | \$346.71 | \$342.20 | \$349.81 | \$356.21 |
| - Supplemental/Concentration Expanded Progr | \$0.00 | | \$2.06 | \$1.59 |
| Ongoing Net Change in Fund Balance | (\$13.26) | (\$12.35) | (\$21.05) | (\$25.56) |
| One-Time Funds | | | | |
| Revenues | \$7.10 | \$0.00 | \$0.00 | \$0.00 |
| - One-Time Expenses | \$0.00 | \$0.00 | \$6.00 | \$4.00 |
| One Time Net Change in Fund Balance | \$7.10 | \$0.00 | -\$6.00 | -\$4.00 |
| Total Unrestricted General Fund: | | | | |
| Beginning Balance | \$60.28 | \$54.11 | \$41.76 | \$14.71 |
| Ending Balance | \$54.11 | \$41.76 | \$14.71 | -\$14.85 |
| Component of the Ending Balance | | | | |
| Cash, Inventory, Prepaid Assets | \$0.55 | \$0.55 | \$0.55 | \$0.55 |
| Designated Funds | \$6.00 | \$6.00 | \$0.00 | \$0.00 |
| Reserve for One-Time Expenses and Carryover | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Net Unrestricted General Fund Balance | \$47.57 | \$35.22 | \$14.17 | -\$15.40 |
| Required Ongoing Reductions | | | | |
| Change in Reserve | (\$12.36) | (\$12.35) | (\$21.05) | (\$29.56) |
| Reserve level | 8.54% | 6.44% | 2.48% | -2.63% |

Summary Recommendation

On the following page is a multi-year plan that maintains a 4% reserve level for all years and eliminates deficit spending. The Board should consider adopting a reserve policy that outlines required reserve levels for both stable and unstable economic times.

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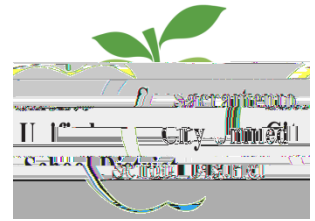
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Any reductions made earlier than this timeframe significantly reduces the amount of adjustments that would be needed.

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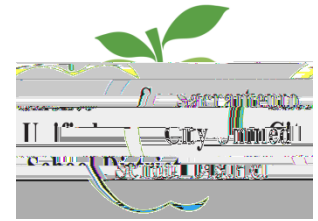


| BEGINNING BALANCE | Description | Amount |
|-------------------|-------------|--------|
| | | \$0 |

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- x Custodial investments include a school plant operations manager and two custodians.
- x Administration investments include a principal and assistant principal.

High school site investments for each site include:

- x Classroom teacher investments provided per the collective bargaining agreement. Resources include additional teachers such as a librarian, Small Learning Community teacher and counselor support.
- x Safety investment of campus monitors.
- x Clerical investments include an office manager, and 3.5 to 10 additional clerical support.
- x Custodial investments include a school plant operations manager and two custodians.
- x Administration investments include a principal and assistant principal.

School Site Funds As presented at the May 2, 2019 Board meeting, the 2019-2020 Proposed Budget includes school site allocations for a total allocation of approximately \$18.8 million. In addition, all schools continue to receive approximately \$2.5 million in instructional classroom supplies.

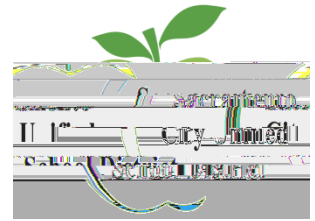
Restructure of the Teacher Salary Schedule While work still needs to be completed to confirm the actual increase to the restructuring of the teacher salary schedule, an estimated increase of 7.3% equating to a total of approximately \$15 million for the General Fund, Child Development and Charter School Fund has been allocated in the appropriate fund.

Student Support Initiatives The 2019-2020 budget includes funding for various student support initiatives. The total amount allocated for these initiatives is \$1.22 million. This funding is distributed across various programs and services to support student success and well-being.

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in the following categories:

- o Continue the programs at the elementary and middle school level which includes:
 - f* Elementary School support for the flag football, basketball and STRIDE running programs for a total of \$358,000.
 - f* Middle School support for athletic and non-athletic activities of \$16K at regular middle schools and \$5K at K-8 and smaller middle schools for a total of \$163,000.
- o Expand support at the High Schools from \$1.2 million to \$1.5 million to include:
 - f* Extracurricular stipends for nine stipends such as newspaper, speech/debate, student advisory, yearbook, and musical directors.
 - f* Athletics to cover all CIF sports currently on the extra pay for extra duties schedule which expands offerings by nine sports teams, including sports that are not currently offered at certain sites.
- x Increasing Grade Level Readiness Rates – The Proposed Budget allocates Title I and Supplemental/Concentration funding for student interventions for students who are not demonstrating grade readiness with an estimated cost of \$1.5 million. Interventions will include winter break, after school, weekend and summer intervention programs.
- x African American Achievement Task Force (AAATF) – The Proposed Budget allocates \$150,000 to support the implementation of the Board approved AAATF recommendations. Among other things, the funds will assist with the overall planning process and implementation of creating a districtwide African American Advisory committee and the accountabilitygntid5-4(g)2(s)2(.)4.1(i)-()Tj0.001 Tc -0.001 Tw.3.41 0 Td1(c)4(o)-2()1n(o)-2(r)3(nts)16,3(e)-

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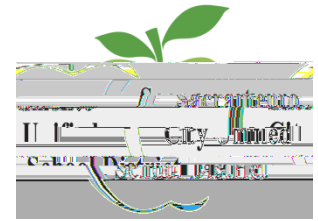
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indirect costs, and the salary schedule restructure. In addition, the proposed budget includes an increase in AB602 revenue of \$1.2 million over Third Interim projections. For the 2019-2020 budget year, the contribution level is increasing \$5.6 million.

Indirect – As mentioned in the Third Interim Report, the Proposed 2019-2020 budget includes charging indirect costs to the allowable level on all programs. This includes special education and routine restricted maintenance. These two program increases the indirect cost by \$3.7 million. The total indirect cost is \$7.8 million.

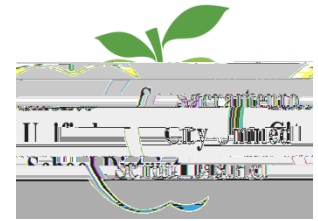
Other Funds– The following section includes other funds that either need support from the Unrestricted General Fund or are providing support for expenses that could have been supported by the Unrestricted General Fund. All Other Funds programs are supported within their funding sources.

- x Adult Education Fund – The 2019-2020 Proposed Budget includes support from the Unrestricted General Fund for the parent participation program totaling \$360,000. This is a similar level as the 2018-2019 school year. All other Adult Education programs are self-supporting.
- x Child Development Fund – The 2019-2020 Pror

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- x Capital Projects Fund for Blended Component Units (Mello Roos) and Developer Fees Fund – The 2019-2020 Proposed Budget assumes the continued support for the Lease Revenue Bonds with a total estimated debt service cost of \$5.5 million.

Multi-Year Items

Local Control Funding Formula for 2020-2021 and 2021-2022 - The multi-year projections include LCFF funding increase at the levels mentioned earlier in the report: \$8.4 million in 2020-2021 and \$8.7 million in 2021-2022.

Supplemental/Concentration Funds - The LCFF is providing approximately \$76 million in Supplemental/Concentration funding for 2019-2020. This is an increase over the current year of \$3.38 million. Preliminary work shows that the District has budgeted all Supplemental/Concentration funds for 2019-2020. These funds will increase by \$2.06 million in 2020-2021 and \$1.59 million in 2021-2022. The multi-year projection includes reserving \$624,000 in additional support for the ELSP program in 2020-2021 and reserves the remaining funds for the increased cost/service for these programs.

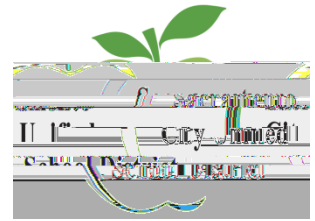
Restructure of the Teacher Salary Schedule - Recently, an arbitrator ruled on the restructuring of the teachers' salary schedule. This change adds different columns and steps and allows for teachers to increase their salary faster with advanced degrees and class units. At this time, it is not known how this will impact the cost of teachers from one year to the next (called cost of step/column). No new adjustment was made for this change in the multi-year projections.

Teaching Positions in 2020-2021 and 2021-2022 -

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Utilities – The multi-year projections include increases of \$540,000 in 2020-2021 and \$578,000 in 2021-2022 based on historical usage and notification of percentage increases.

Indirect Rate for 20202021 and 20212022 - The 2017-2018 Unaudited Actual Financial Report projected the 2019-2020 indirect rate at 4.50%. The multi-year projection assumes this rate through 2020-2021.

Contributions/Transfers Out for 20202021 and 20212022 - The multi-year projec 2p16(.)2(801 0 T

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Adopted Budget Summary--All Funds

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