Sacramento City Unified School District

SACRA ENTO C TY UNIF ED SCHOOL DISTRICT BOARD OF EDUCATION

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re-s	
Meeting Date: February 4, 2021	
Subject: Resolution No. 3180: Recognition of District Structural	Deficit
☐ Information Item Only	
Approval on Consent Agenda Conference (for dispussion on to)	
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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION RESOLUTION NO. 3180

RESOLUTION ON RECOGNITION OF STRUCTURAL DEFICIT

WHEREAS, the Sacramento City Unified School District ("District") is facing a significant structural budget deficit in the unrestricted General Fund and independent entities expect that deficit to grow in future years if corrective action is not taken, because as noted by the State Auditor,

in revenue and i

its revenues (Audit Report at Figure 9, pg. 35); and

WHEREAS, the Board of Education	understands that there are long-time challenges related
ž	that have reviewed its hudgets since 2003
pg. 2); and	nt action to control those costs when negotiating any of with its teachers union since then." (Audit-Report at
	cannot achieve cost
expenditures: salaries: benefits: and	, services, and other operating expenses"
jt	
<u>{</u>	
i.	
"to increase and col outcomes students	llective trust is central to creating the conditions for
WHEREAS, The Board recognizes th	nat budget projections of both revenue and
expanded based on a constant of the constant of	District uses indus
inci	ections and
ev	

4. 5.

(First Interim Report Assumptions at pg. 187;
at_ng. 6): and
Office of Education disapproved the District's the 2019-2020, and the on the basis of a structural budget deficit, cash flow insufficiencies, and negative fund balance projections,
which are projected to lead to a failure to meet ongoing expenses and the state-mandated 2% reserve, and thereby trigger the need for a state loan and take ; and
State Takeover or "receivership" results in the loss of local board control of
, and as recognized by the State "If lurther. when a district must make land related interest payments, it has less
programs and opportunities for students."
WHEREAS, the District's budget has been analyzed by numerous outside independent entities, including the pursuant to its authority under Government Code Section 8543, et seq., the Assistance Team its responsibilities under AB 1200, and the pursuant to its school district budget related responsibilities under Education et seq. The District relies upon these outside entities for the purpose of identifying Recaled improvements and providing recommendations to assist the District in achieving fiscal solvency, as set out in the reports issued by each independent entity: AuditorCalifornia State Auditor – 2019 Fiscal Crisis & Management Assistance Team (FCMAT) - 2018 (Audit Report at ng. 13): and
pursuant to
the Control of the Co
the ongoing revenue it receives"
the <u>appropriates one-time junas jor a specific</u>
2. 3.

Unified r	received \$5.7 million in one-time funds from the State for	of satisfying
. 1	the nto Unified and is the district's structural wish to	ts board will need to make
3. T	The District must implement significant ongoing budget reduced the district's total	etions to create shalanced o
WH	." (Audit Repart dat /260) distriction in the control of the contr	11 14 64
he <u>reeom</u>	number or recommendation	ns from
	es (Audit Report at pg. 20-22, Figure 7; see also FCMAT 201 etime health benefits in addition to ty-paid, high-priced health by the State Auditor as the fourth costliest sch	8 at pg. 14-17), with one alth benefits for active
WH	IEREAS, as recognized by the	
	of the lowest cost whereas other	districts
WH	IEREAS, the District has made	
ufrestrict	red General Fund costs over the last two years	

interfund short term

occurring however in March of 2022 (First Interim at pgs. 195-196), and although the Governor's January Budget Proposal would delay these estimated dates for a limited number of months, the cash flow problem is projected to persist; and

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al TOPPERCHEAR RESOLVED that the dall District Labor Partners to establish	ng cash flow shortages and a negative fund balance i Board remains committed to supporting the District collaborative and non-adversarial labor relations an

through the following priorities: 1) apply new ongoing state and federal revenues; 2) apply ongoing savings achieved through negotiations; and, 3) apply ongoing savings achieved through non-negotiated savings. Such actions will prevent a state loan and takeover, and provide a foundation for solvency and reinvestment in critical priorities that serve students and families.

PASSED AND ADOPTED by the Sacramento City Unified School District Board of Education on this 4th day of February 2021, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:
ATTESTED
Jorge A. Secretary of the Board of Education
Secretary of the Board of Education

Christina Pritchett
President of the Board of Education