



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 9.1

Meeting Date : November 4, 2021

Subject : Fiscal Recovery Plan

- Information Item Only
- Approval on Consent Agenda
- Conference (for discussion only)
- Conference/First Reading (Action Anticipated: 12/16/21)
- Conference/Action
- Action
- Public Hearing

Division : Business Services

Recommendation : First presentation of the Fiscal Recovery Plan.

Background/Rationale : The current financial status as of the 2021-22 Budget Update, using enrollment projections of 38,0039, projects that on-going reductions of \$39,300,000 are required in order to balance the budget, satisfy the state-mandated 2% reserve and avoid fiscal insolvency.

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Cash Flow

The District's cash flow reports project a positive cash balance through the current fiscal year and two subsequent years. However, due to the deficit spending, cash balances are also projected to decline significantly. Therefore, the District must implement reductions in order to bolster its cash balances and continue to meet its financial obligations. The following graph compares the District's projected cash balances for the budget year 2021-22 through the future years 2022-23 and 2023-24 as of October 2021:

The above chart includes estimated changes from the 2021-22 State Budget, 2020-21 Unaudited Actuals, and projected lower enrollment. These estimated changes include:

- Projected Enrollment of 38,039 students

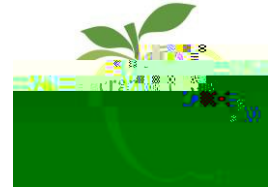
- Change in revenue recognition of COVID funds in the 2020-

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Budget Reductions Implemented To Date

Over the past four years, the District has identified and implemented \$54.7 million in on-going non-negotiable budget reductions. The District's prior reductions also included positions at the District office, administrator level and staffing adjustments consistent with student enrollment numbers. Below is a list of some of the prior year reductions:

2018-19, 2019-20 & 2020-21 Budget Adjustments

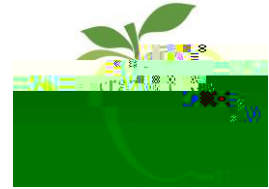
Approval Date	Ongoing (in millions)	One-Time (in millions)	Items
December 2018	17.5	3.6	Position Control, Debt Service, OPEB, Central Office Personnel, Supplies, Services

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3. the District must implement significant on-going budget reductions to create a balanced budget, and eliminate deficit spending to avoid fiscal insolvency
4. the District's personnel costs are the largest on-going expense and these must be reduced
5. The District's escalating healthcare costs are a main driving factor that must be reduced

Proposed Student Centered Fiscal Recovery Plan

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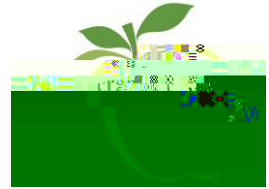
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The summary below reflects countless hours of staff collaboration identifying possible reductions to the budget. While none of these items are desi(B)-1 (us)-Tf-0.nt (t)-2 (e)65 12 104.81 /Pagination BDC 10S-1 (us)-Tf-0

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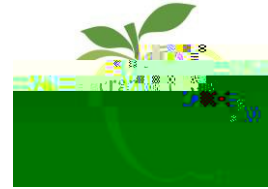


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The tables below show the impact of implementing budget solutions effective July 1, 2022.

Fiscal Recovery Plan Scenario #1 - \$39.3M On-Going Budget Reductions

Sacramento City Unified School District	2021-22 Budget Update	2022-23 Projected	2023-24 Projected
PROJECTED Deficit Spending as of the 2021-22 Budget Update (<i>Enrollment projections @ 38,039</i>)	(\$2,194,864)	(\$34,725,712)	(\$39,292,599)
<i>On-going budget reductions 2022-23</i>		\$39,300,000	\$39,300,000
<i>On-going budget reductions 2023-24</i>			
<i>On-going budget reductions 2024-25</i>			
Cummulative On-Going Budget Reductions	\$0	\$39,300,000	\$39,300,000
REVISED Surplus/(Deficit) Spending		\$4,574,288	\$7,401

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