

# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item 10.2

**Meeting Date:** February 4, 2021

**Subject:** Resolution No. 3180: Recognition of District Structural Deficit

- Information Item Only
- Approval on Consent Agenda
- Conference (for discussion only)

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 *regarding its health benefit costs from that have reviewed its budgets since 2003* *Sacramento Unified has not taken sufficient action to control those costs when negotiating any of* *tered into with its teachers union since then.* (Audit Report at pg. 2); and

*cannot achieve cost*  
*expenditures: salaries; benefits; and , services, and other operating expenses”*

[REDACTED]

*“to increase and collective trust is central to creating the conditions for*  
*outcomes students*

WHEREAS, The Board recognizes that budget projections of both revenue and *ex* *change often based on numerous factors, and that the* District uses indus  
incl ections and

(First Interim Report Assumptions at pg. 187;

at pg. 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  
statewide administration  
, and as recognized by the State  
"If further, when a district must make 1 and related interest payments, it has less  
programs and opportunities for students."

WHEREAS, the District's budget has been analyzed by numerous outside independent  
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

WHEREAS, identifying needed improvements and providing recommendations to assist the District in  
achieving fiscal solvency, as set out in the reports issued by each independent entity:

Auditor, California State Auditor – 2019  
Fiscal Crisis & Management Assistance Team (FCMAT) – 2018  
(Audit Report at pg. 13); and

Policy Analysis for California Education (PACE) – 2019  
pursuant to

the  
the ongoing revenue it receives"

the

- 1.
- 2.
- 3.
- 4.
- 5.

Critical conclusions from these independent entities include:

Unified received \$5.7 million in one-time funds from the State for [redacted] of satisfying

[redacted] the [redacted] nto Unified and its board will need to make  
the district's structural [redacted]  
wish to [redacted] he

3. The District must implement significant ongoing budget reductions to create a balanced [redacted] Sacramento  
[redacted] the district's total [redacted] ... (Audit

[redacted] (Audit Report at 26) district still

[redacted] number of recommendations from

retiree lifetime health benefits in addition to [redacted] ly-paid, high-priced health benefits for active

[redacted] for active em

[redacted] whereas other [redacted] districts

[redacted] of the lowest cost



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

WHEREAS, based on the projected impact of the Governor's January Budget Proposal and one-time restricted federal COVID relief dollars, the District expects the date of fiscal insolvency ~~as projected in First Interim will be prolonged; however, reserves are nevertheless expected to be~~

[REDACTED]

depleted due to the structural deficit leaving cash flow shortages and a negative fund balance in ~~BE IT FURTHER~~ **RESOLVED** that the Board remains committed to supporting the District and all District Labor Partners to establish collaborative and non-adversarial labor relations and encourage ~~the Board~~ **the Board** ~~intends to~~ **intends to** ~~bring resolution conciliatory participation in the~~ **bring resolution conciliatory participation in the** ~~stakeholders the~~ **stakeholders the** ~~Board~~ **or similar entities, and**

[REDACTED]

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

Christina Pritchett  
President of the Board of Education