



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 10.1

Meeting Date: February 2, 2012

Subject: s Budget Proposal and 2011-12 and 2012-13 Budget
Recommendations and Reductions

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

Division: Administrative Services

Recommendation: Discuss for approval recommendations for maintaining a balanced 2011-12 and 2012-13 budget proposal.

Background/Rationale: At the December 14, 2011 Board meeting, staff provided the First Interim Financial Report for approval. At that time, a representative from School Services of California, Inc. and the Sacramento County Superintendent of Schools presented information to the Board outlining the critical need for early identification and approval of budget balancing reductions.

A first review of potential recommendations was provided at the January 12 Board meeting. At that time, items to balance 2011-12 and 2012-13 were identified for approval.

Financial Considerations: Board review and action on recommendations for budget balancing.

Documents Attached:

1. Executive Summary

Estimated Time of Presentation: 20 Minutes

Submitted by: Patricia A. Hagemeyer, Chief Business Officer

Approved by: Jonathan P. Raymond, Superintendent



Starting with mid-year reductions in 2002-03, Sacramento City Unified School District has reduced expenditures, enhanced revenues or used one-time funds for a total of \$185.8 million dollars to maintain balanced budgets. This shortfall was caused mostly by reductions in state revenue, increased employee costs and declining enrollment. One-time funds are virtually gone and employee salaries and benefits make up 90 percent of our unrestricted general fund dollars.

During the 2007-08 and 2008-09 fiscal years, an early retirement incentive was approved using Public Agency Retirement Services (PARS). As a result of that incentive which saved the district money over time, payments totaling \$3.74 million are made once each year. This recommendation would shift the funding of these payments to the Retiree Benefits Fund thereby relieving the general fund of this obligation. The payment for \$2.7 million will end after 2012-13 and the payment for \$1.04 million will end after 2013-14.

All contracts and central office operating budgets will be under review with non-mandated contracts reduced or eliminated. Operating budgets will be reduced or eliminated. This will leave limited budgets for future expenses. Antiquated equipment replacement will be non-existent. Training and staff development will be severely limited.

Many years ago, the Board set aside one-time dollars in a reserve to help pre-fund the liability for retiree benefits. These funds are included in the general fund ending balance. Despite best efforts to keep these funds set aside, the district budget situation is so severe, these funds must now be used for on-going expenses. This is a one-time funding source.

This recommendation includes staffing reductions in the Central Office and five furlough days for all unrepresented management, supervisors and confidential staff. In addition, salary schedule maintenance (step increases) will be frozen for the 2012-13 year. As unrepresented employees (as well as United Professional Educators and Classified Supervisors Association) do not receive district paid health and welfare benefits, any increased costs for benefits are passed along to these employees in addition to these pay reductions.

Based on discussion at the January 12 Board meeting, the monthly stipends paid to Board members would be reduced by 50%. The current stipend amount is \$787.50. Approval of this recommendation would reduce the monthly stipend amount to \$393.75.

Starting in 2008-

Class sizes are currently staffed at grades K-1 at 24.9:1, grades 2-3 at 29:1, grades 4-6 at 33:1, grades 7-8 at 31:1 and grades 9-12 at 35:1. This proposal would staff at contract maximums of kinder at 32:1, grades 1-3 at 31:1, grades 4-6 at 33:1, grades 7-8 at 31:1 and grades 9-12 at 35:1. The savings takes into consideration K-3 Class Size Reduction funding. The change in class sizes would result in a loss of 87 FTE teaching positions.

This proposal would result in a reduction of 60 FTE custodians and 37 FTE plant managers. A different approach to cleaning and maintaining school sites would have to be implemented.

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Governor's Budget Proposal and 2011-12 and 2012-13
Budget Recommendations and Reductions
February 2, 2012

Required Board actions will take place in order to ensure a balanced Adopted Budget is in place on or before July 1, 2012

