

BOARD OF EDUCATION RESOLUTION 236-6Sp2
BOARD COMMITMENT TO EXPENDITURE REDUCTION
SUPPLEMENTAL CERTIFICATION

WHEREAS, Board Policy 3460: Financial Reports and Accountability states:

“The Governing Board is committed to ensuring public accountability and the fiscal health of the district. The Board shall adopt sound fiscal policies, oversee the district’s financial condition, and continually evaluate whether the district’s budget and financial operations support the district’s goals for student achievement.”; and

WHEREAS, Board Policy 3460: Financial Reports and Accountability further states:

“If district conditions predict fiscal distress or indicate that the district might not be able to meet its fiscal obligations, the Board and Superintendent or designee shall act quickly to identify and resolve these conditions. The Board shall work cooperatively with the State Superintendent of Public Instruction to improve the district's fiscal health and may contract with an external individual or organization to advise the district on fiscal matters.”; and

WHEREAS, one factor the California Department of Education uses to assess fiscal distress is the school district’s ability to maintain a minimum reserve for economic uncertainties for the current and two subsequent fiscal years; and

WHEREAS, San Francisco Unified School District is within the Average Daily Attendance range of 30,001 to 400,000, thereby requiring a minimum reserve for economic uncertainties of 2% of the combined General Fund; and

WHEREAS, at the June 28, 2022 Board Meeting, the Board adopted the 2022-23 Budget reflecting positive available fund balance for FY 2022-23 and the multi-year projections while meeting the required minimum reserve for economic uncertainty; and

WHEREAS, at the October 25, 2022 Board Meeting, the Board approved the District and County Office of Education’s Fiscal Year 2021-22 Unaudited Actuals, which increased anticipated FY 2022-23 beginning fund balance by \$8.7 million; and

WHEREAS, at the October 25, 2022 Board Meeting, the Board approved the UESF and UASF labor agreements including 6% base salary increase in FY 2022-23, reflecting ongoing annual expenditure increases of over \$34 million; and

WHEREAS, at the 2022-23 2nd Interim Financial Report, SFUSD is projected to deficit spend by a total of \$25,787,924 in 2022-23, lowering the unrestricted reserve to 7.65%; \$22,107,931 in 2023-24, lowering the unrestricted reserve to 5.81%; and \$36,264,344 in 2024-25, lowering the unrestricted reserve to 2.83% in the Unrestricted General Fund. As a consequence, budget balancing solutions are necessary to ensure that SFUSD continues to meet the required minimum reserve for economic uncertainty; and

WHEREAS, the District's 2nd Interim Financial Report did not include compensation increases for all of the District's 16 bargaining units which, when included, would further increase deficit spending and require additional budget balancing solutions;

NOW, THEREFORE, BE IT RESOLVED that in accordance with Board Policy 3460, the Board:

- Commits to take action or actions to ensure that the school district meets the State minimum reserve for economic uncertainty and eliminates the school district's unrestricted general fund structural deficit in 2023-24, 2024-25 and 2025-26.
- Shall hold a Budget Workshop in August 2023 to provide additional direction on the 2023-24 Budget as it relates to the 45-Day Budget Revision process after receiving information on the impacts of the 2023-24 State of California's Final Budget from June 2023 has on the finances of the district.
- Prior to any collective bargaining agreement approval, the Board shall review the budget impact of these agreements and identify budget balancing solutions by action of the Board prior to the approval of any collective bargaining agreement,
- Prior to any collective bargaining agreement approval, the Superintendent shall submit all agreements to the California Department of Education and to the fiscal experts 10 days prior to board approval.

BE IT FURTHER RESOLVED, that the Board:

- Hereby directs the Superintendent to initiate all steps necessary to implement a balanced budget consistent with meeting the minimum reserve of the Unrestricted General Fund. This includes, but is not limited to, statutory notices relating to layoff or reassignment. Additionally, the Superintendent will incorporate General Fund solutions in the 45-Day Budget Revision for Fiscal Year 2023-2024 District Budget and its fiscal impact to the related multi-year budget projections for the subsequent two (2) fiscal years to be adopted by Board not later than August 30, 2023; and

BE IT FURTHER RESOLVED, if new one-time funds are identified at or after the closing of the books, or at any other time prior to December 2023, the Board directs the Superintendent to utilize the funds in a manner that feasible and consistent with Board Policies an an effort to ensure fiscal stabilization; and

BE IT FURTHER RESOLVED, the Board,

- directs the Superintendent to identify the revenue generating strategies and to present the Board with an implementation plan for each strategy on each no later than September 2023.

PASSED AND ADOPTED by the following called vote this June 20, 2023: