



## **2020-21 Budget Stabilization Plan**

*Revised November 5, 2020 per Board Direction*

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## Superintendent’s Message

This Budget Stabilization Plan has been carefully developed over the last several months and completes several obligations that we have in terms of accounting for and reporting on our fiscal health. As is the case for all school districts in California, Dixon Unified is overseen by our County Office of Education. We must present this plan to the County Office to demonstrate both our understanding of our financial situation, and more importantly, the steps that we are undertaking to ensure that we are able to meet all of our fiscal obligations in the coming years. In addition, we have a responsibility to the members of our District community – staff, families, students, and the citizens of Dixon – to keep them informed of our financial condition and the current and future actions that we are taking to ensure that it remains positive. This plan is the foundation for the extensive work ahead of us, about which we will continue to communicate regularly.

## Governing Board Resolution

District budgets are certified as Positive, Qualified, or Negative.

Certification	Description
Positive	Assigned when a district will be able to meet its financial obligations for the current and two subsequent fiscal years.
Qualified	Assigned when a district may not meet its financial obligations for the current and two subsequent fiscal years.
Negative	Assigned when a district will not meet its financial obligations for the current and two subsequent fiscal years.

The 2019-20 First Interim budget was certified as Negative by the Solano County Office of Education. After making extensive budget adjustments, the District and Solano County Office of Education both certified the 2019-20 Second Interim budget as Qualified.

On March 4, 2020, the Governor declared a State Emergency due to the COVID-19 pandemic. The pandemic resulted in economic uncertainty, volatility of state general fund revenue, and increased operational costs for districts. On June 18, 2020, the Governing Board approved the 2020-21 Adopted Budget. The Adopted Budget included budget projections as a result of the economic impact of the COVID-19 pandemic and projected that the District would not meet its financial obligations for the current or subsequent fiscal years. Staff requested that the Governing Board approve a resolution formalizing its commitment to implement ongoing budget reductions to maintain fiscal solvency in 2020-21 and subsequent two fiscal years.

The Governing Board approved Resolution # 20-1630, “Commit to Implement Ongoing Budget Reductions to Meet the Board of Education’s Fiscal Obligations in 2020-21 and Two Subsequent Years”, on June 18, 2020. The resolution specified that the District would commit to implementing ongoing budget reductions to meet financial obligations, make every effort to sustain high-quality education programs for our students, and implement the necessary budget adjustments in the 2019-20 First Interim budget report.

The Governing Board directed staff to submit a detailed budget stabilization plan and implementation timeline.

## County Office of Education Letter

At the September 3, 2020 Governing Board meeting, staff presented the Solano County Office of Education letter titled “Review of the 2020-21 Adopted Budget”. Solano County Office of Education stated that the District must submit detailed plans listing potential budget reductions and/or budget solutions that will address the budget shortfall, including meeting the required three percent reserve in the General Fund’s fund balance. If the conditions set forth by Solano County Office of Education are not met, and they determine that the District is no longer fiscally viable, they will be statutorily required to invoke the provisions of Education Code section 42127.6. See Appendix A, Education Code 42127.6 for a summary of the code’s provisions.

## Stakeholder Input

### Governing Board

On September 21, 2020, the District conducted a Governing Board Budget Workshop. At this meeting, the Governing Board directed staff to reduce the budget to ensure a minimum of 5% ending fund balance in 2020-21 and subsequent two fiscal years.

### Budget Advisory Committee

The Budget Advisory Committee (BAC) is comprised of four parents, two representatives from each labor group, two Governing Board members, the Superintendent, Assistant Superintendent of Education, Chief Business Official, and Executive Director of Human Resources and Labor Relations. The BAC had three meetings and identified priorities to evaluate for the budget stabilization plan. The table titled “Budget Advisory Committee – Programs/Services to Evaluate”, identifies their priorities. The highest percentage items are items that the BAC voted as most important to consider for the budget stabilization plan. Recordings of each meeting are on the District website. The results of the BAC prioritization is in Appendix B.

### Management

The Superintendent’s Council is comprised of site administration, managers, coordinators, directors, and the Superintendent, Assistant Superintendent of Education, Chief Business Official, and Executive Director of Human Resources and Labor Relations. The Superintendent’s Council met twice, and budget managers were directed to evaluate their budgets and identify ten percent reductions to unrestricted expenses. The ten percent reductions would be effective in 2020-2021. The reductions would be ongoing and, unless a specific funding source is identified, would continue in the two subsequent fiscal years.

## Proposed Budget Stabilization Solutions

Stakeholder input identified key areas to evaluate as potential solutions to achieve fiscal solvency for 2020-21 and the two subsequent fiscal years. At this time, Management projects that the District will meet its fiscal obligations and the Governing Board’s direction to have a 5% ending fund balance for

2020-21. Without implementing a budget stabilization plan, projections indicate that the District may not meet its fiscal obligations or have an ending fund balance of 5% for 2021-22 and will not meet its fiscal obligations for 2022-23.

The table titled "Budget Stabilization Solutions for Consideration" lists the reductions for consideration per stakeholder meetings and the projected school year for implementation. The tables titled "Governing Board Reports" lists the key reporting items, descriptions, and time frames for each report.

## Budget Stabilization Solutions for Consideration

Item	Description	20-21	21-22	22-23
1. 10% Unrestricted Expenses Reduction	Reduce unrestricted expenses by 10% effective 2020-21.			
<del>2. 5th Grade Camp</del> Removed from Plan per Board direction on November 5, 2020.	<del>Evaluate the unrestricted fund contribution to the 5th Grade Camp program.</del>			
3. Advanced Placement Exams	Evaluate the District's contribution to student advanced placement exam fees.			
4. Class Size Increases	Evaluate increasing class sizes to reduce personnel expenses.			
5. Community Day School	Evaluate restructuring or closing the Community Day School to reduce expenses.			
6. Consolidate Elementary Schools	Evaluate consolidating the elementary schools to reduce expenses.			
7. Consolidate Positions	Evaluate the consolidation of management, classified, and certificated positions to reduce personnel expenses.			
8. Dual Language School	Evaluate the implementation of a Dual Language School to increase enrollment.			
9. Elementary Band	Evaluate the continuance of the elementary band program.			
10. Employee Concessions	Employee concessions per the June 18, 2020 Governing Board-approved Resolution #20-1627 - Reserving the Right to Make 2020-21 Employee Compensation Reductions.			
11. Lease Property	Lease vacant property to increase revenue.			
12. Maine Prairie High School Location	Evaluate moving Maine Prairie High School to Dixon High School.			
13. Professional Development	Evaluate professional development programs to identify areas for expense reductions.			
14. Reduction in Force	Reduce personnel expenses per Governing Board-approved resolutions to decrease certificated, classified, and/or management positions.			
15. Response to Intervention (RTI) Program	Evaluate the RTI program to identify areas for expense reductions.			
16. Saturday School	Evaluate the effectiveness of Saturday School and determine the program's continuance.			
17. Summer School	Evaluate summer school, excluding Special Education or the Migrant Education Program.			
18. Temporary Hiring Freeze	Temporary hiring freeze of identified positions.			

19. Update Job Descriptions	Update job descriptions to identify alternative funding sources.			
20. Virtual Academy Added to plan per Board direction on November 5, 2020.	Evaluate the implementation of an independent study virtual academy per Board Direction on November 5, 2020.			

## 2020-2021 Governing Board Reports

Time Frame	Actions	Description
November 2020	Budget Stabilization Plan	Present proposed budget stabilization plan to the Governing Board for review and approval.
December 2020	2020-21 1st Interim Financial Report	The financial report will include ongoing and one-time reductions identified for 2020-21 and 2021-22 and updated budget projections. The report will also include any Governing Board approved budget stabilization adjustments.
	Budget Stabilization Plan Update	A report will be presented to the Governing Board that provides an update on the budget stabilization plan's status.
February 2021	Reduction in Force Resolutions	Resolutions will be presented to the Governing Board to address reductions in force for 2021-22.
March 2021	2020-21 2nd Interim Financial Report	The financial report will include: updated budget projections per the Governor's January proposed budget, actual expenses and revenues, and 2021-22 expense reductions should the Governing Board approve reductions in force resolutions. The report will also include any Governing Board approved budget stabilization adjustments.
	Budget Stabilization Plan Update	A report will be presented to the Governing Board that provides an update on the budget stabilization plan's status.
June 2021	2021-22 Adopted Budget	The budget will include budget projections per the Governor's May Revised budget and actual expenses and revenues. The report will also include any Governing Board approved budget stabilization adjustments.
	Budget Stabilization Plan Update	A report will be presented to the Governing Board that provides an update on the budget stabilization plan's status.

## 2021-22 Governing Board Reports

Time Frame	Actions	Description
August 2021	2021-22 45-Day Revised Budget, as applicable	The financial report will include updated budget projections per the enacted state budget, if applicable.
September 2021	2020-21 Unaudited Actuals	The financial report will include the actual revenues, expenses, and ending balance.
December 2021	2021-22 1st Interim Financial Report	The financial report will include updated budget projections. The report will also include any Governing Board approved budget stabilization adjustments.
	Budget Stabilization Plan Update	A report will be presented to the Governing Board that provides an update on the budget stabilization plan's status.
February 2022	Reduction in Force Resolutions	Resolutions will be presented to the Governing Board to address reductions in force for 2022-23.
	Budget Stabilization Plan Update	A report will be presented to the Governing Board that provides an update on the budget stabilization plan's status.
March 2022	2021-22 2nd Interim Financial Report	The financial report will include: budget projections per the Governor's January proposed budget and 2022-23 expense reductions should the Governing Board approve a reduction in force resolutions. The report will also include any Governing Board approved budget stabilization adjustments.
	Budget Stabilization Plan Update	A report will be presented to the Governing Board that provides an update on the budget stabilization plan's status.
June 2022	2022-23 Adopted Budget	The budget will include budget projections per the Governor's May Revised budget. The report will also include any Governing Board approved budget stabilization adjustments.
	Budget Stabilization Plan Update	A report will be presented to the Governing Board that provides an update on the budget stabilization plan's status.



## 2022-23 Governing Board Reports

Time Frame	Actions	Description
August 2022	2022-23 45-Day Revised Budget, as applicable	The financial report will include updated budget projections per the enacted state budget, if applicable.
September 2022	2021-22 Unaudited Actuals	The financial report will include the actual revenues, expenses, and ending balance.
December 2022	2022-23 1st Interim Financial Report	The financial report will include updated budget projections. The report will also include any Governing Board approved budget stabilization adjustments.
	Budget Stabilization Plan Update	A report will be presented to the Governing Board that provides an update on the budget stabilization plan's status.
February 2023	Reduction in Force Resolutions	Resolutions will be presented to the Governing Board to address reductions in force for 2023-24.
	Budget Stabilization Plan Update	A report will be presented to the Governing Board that provides an update on the budget stabilization plan's status.
March 2023	2022-23 2nd Interim Financial Report	The financial report will include: budget projections per the Governor's January proposed budget and 2022-23 expense reductions should the Governing Board approve a reduction in force resolutions. The report will also include any Governing Board approved budget stabilization adjustments.
	Budget Stabilization Plan Update	A report will be presented to the Governing Board that provides an update on the budget stabilization plan's status.
June 2023	2023-24 Adopted Budget	The budget will include budget projections per the Governor's May Revised budget. The report will also include any Governing Board approved budget stabilization adjustments.
	Budget Stabilization Plan Update	A report will be presented to the Governing Board that provides an update on the budget stabilization plan's status.

## Appendix A. Education Code 42127.6 Summary

Source: Fiscal Crisis and Management Assistance Team (FCMAT), Fiscal Oversight Guide, June 2019

- I. A district shall provide the county superintendent of schools with a copy of any study, report, evaluation, or audit that contains evidence that the school district is showing fiscal distress under the criteria and standards adopted in Education Code section 33127, or a report on the district by Fiscal Crisis and Management Assistance Team (FCMAT) or any regional team created pursuant to subdivision (i) of Education Code section 42127.8.
- II. The county superintendent of schools shall review and consider these studies, reports, evaluations or audits that contain evidence that the district is demonstrating fiscal distress under the criteria and standards, or that contain a finding by an external reviewer that more than three of the 15 most common predictors of a school district needing intervention, as determined by FCMAT2 , are present [E.C. 42127(c)(2)].
- III. The county superintendent of schools shall investigate the financial condition of the school district and determine if the school district may be unable to meet its financial obligations for the current or two subsequent fiscal years or should receive a qualified or negative interim financial certification pursuant to Education Code section 42131.
  - A. If at any time during the fiscal year the county superintendent of schools determines that a school district may be unable to meet its financial obligations for the current or two subsequent fiscal years, or if the district has a qualified or negative certification, the county superintendent shall notify the governing board and the SPI in writing of that determination and the reasons for the determination. The notification shall include the assumptions used and shall be available to the public. The county superintendent shall report to the SPI on the financial condition of the district and proposed remedial actions. The county superintendent shall adhere to Education Code section 42127.6 in assisting the school district by doing at least one of the following (This is a paraphrased narrative of the code section. Please refer to Education Code section 42127.6 for a complete listing):
    - i. Assign a fiscal expert, paid for by the county superintendent, to advise the district on its financial problems.
    - ii. Conduct a study of the financial and budgetary conditions of the district. If expertise is needed for the study, the county office of education may hire staff with the approval of the SPI. The school district shall pay 75 percent and the county office of education shall pay 25 percent of those staff costs. County offices of education are eligible to request their 25 percent of costs through a FCMAT reimbursement with the approval of the CDE and DOF.
    - iii. Direct the school district to submit a financial projection of all fund and cash balances of the district for the current and subsequent fiscal years.
    - iv. Require the district to encumber all contracts and other obligations, to prepare appropriate cash flow analyses and budget revisions, and to record all receivables and payables.

- v. Direct the district to submit a proposal for addressing its fiscal condition.
  - vi. Withhold compensation of the members of the governing board and district superintendent for failure to provide requested financial information. This action may be appealed to the SPI.
  - vii. Assign FCMAT to review teacher hiring practices, teacher retention rate, percentage of provision of highly qualified teachers, and the extent of teacher misassignment in the school district. If a review team is assigned, the district shall follow the recommendations of the team. Any contract entered into by the county superintendent of schools for the purposes of this subdivision is subject to the approval of the SPI.
- B. If, after taking any or all of the actions cited in Education Code sections 42127.6(a)(1)(A) through (G), the county superintendent determines that a district will be unable to meet its financial obligations for the current or subsequent fiscal year, the county superintendent shall notify the governing board and SPI in writing. The notification shall include the county superintendent's assumptions in making the determination and shall be provided to the superintendent of the school district and the parent and teacher organization of the district. Within five days of the determination, the district may appeal the determination to the SPI. Within 10 days of the appeal, the SPI shall sustain or deny any or all parts of the appeal. During the appeal process, the county superintendent may stay any action of the governing board that is inconsistent with the district's ability to meet its financial obligations in the current or subsequent fiscal year until resolution of the appeal by the SPI [E.C. 42127.6(b), (c) and (d)].
- C. If the appeal is denied or not filed, or if the district has a negative certification, the county superintendent, in consultation with the SPI, shall take at least one of the actions described below, and all actions that are necessary to ensure that the district meets its financial obligations. These actions include the following [E.C. 42127.6(e)(1) through (5)]:
- i. Develop and impose, in consultation with the SPI and the governing board, a budget revision.
  - ii. Stay or rescind any action that is determined to be inconsistent with the school district's ability to meet its obligations for the current or subsequent fiscal year.
  - iii. Assist in developing, in consultation with the governing board of the school district, a financial plan that will enable the district to meet its future obligations.
  - iv. Assist in developing, in consultation with the governing board of the school district, a budget for the subsequent fiscal year.
  - v. As necessary, appoint a fiscal advisor to perform any or all of the duties required of the county superintendent under this section.
- D. No later than five days after receipt of the notice that the county superintendent of schools is proposing changes to the district's budget pursuant to Education Code section

42127.6(e), the district may appeal the change to the SPI on the basis of impact to programs, requirement of unnecessary reductions, or conflict with state and federal law. The SPI, with the concurrence of the president of the State Board of Education, has five days to deny or uphold the appeal [E.C. 42127.9].

- E. Any action taken by the county superintendent of schools under this subdivision shall be accompanied by a notification that shall include the actions to be taken, the reasons for the actions, and the assumptions used to support the necessity for these actions.
  - F. The school district shall pay 75 percent and the county office of education shall pay 25 percent of the administrative expenses incurred pursuant to Education Code section 42127.6(e) or costs associated with improving the district's financial management practices. County offices of education are eligible to request their 25 percent of costs through a FCMAT reimbursement with the approval of the CDE and DOF [E.C. 42127.6(h)].
- IV. This section does not authorize the county superintendent to abrogate any provisions of a collective bargaining agreement that was entered into by a school district prior to the date upon which the county superintendent of schools assumed authority [E.C. 42127.6(g)].
- V. The SPI is required to monitor the efforts of county superintendents and may exercise any of that authority if the actions of the county superintendent are not effective in resolving the school district's financial problems. If the SPI decides to exercise the powers of the county superintendent, the county superintendent is relieved of those powers. The SPI shall take further actions to ensure the long-term fiscal stability of the district. The county office of education is required to reimburse the SPI for all costs in exercising this authority [E.C. 42127.6(k)].

## Appendix B – Budget Advisory Committee Priorities

