

# Fiscal Recovery Plan

Updated In Conjunction With the Second Interim Budget Report

**Fiscal Years 2016-2019**



**SONORA UNION**  
**HIGH SCHOOL DISTRICT**

Tuolumne County, California

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**Prepared by:**

Patrick Chabot

Superintendent

Presented to the Board of Trustees

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Sonora Union High School District

100 School Street

Sonora, CA 95370

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## **Introduction**

This Fiscal Recovery Plan update has been created by the collaborative efforts of the Sonora Union High School District management team. This Fiscal Recovery Plan outlines the preliminary steps the district has taken and is proposing to take in order to make budgetary adjustments to impact the multi-year financial projections to reflect a sound fiscal foundation, which supports the district's primary purpose; the education of our students. Though substantial steps in this transition are necessary, many of which include budgetary reductions, an open and transparent collaboration that levies the support of all district stakeholders will be the only viable path to a sound fiscal future.

This Fiscal Recovery Plan was developed to address the structural deficit identified in the district's budget, of which the district notified the Tuolumne County Superintendent of School (TCSOS) and the Fiscal Crisis and Management Assistance Team (FCMAT). The goal of this plan is to outline the steps that the district plans to take in order to directly address key and targeted areas to improve the district's 2016-2019 multi-year financial projections. This plan is meant to be adaptable to all budgetary conditions in California's school funding laws, to the current enrollment projections for the district, and the educational needs of the students of the district.

FCMAT's Fiscal Health Risk Analysis identifies twenty different fiscal indicators used to measure a district's potential risk. According to the county report, components of greatest concern for the district are deficit spending, fund balance, reserve for economic uncertainty, enrollment, bargaining agreements, and encroachment. During the Fall of 2016, the District began a preliminary budgetary investigation, looking at all of these components to analyze where adjustments could be made. This Fiscal Recovery Plan seeks to utilize the recommendations from FCMAT's study and work to direct budgetary projections for the district with specific actions and timelines. Deficit spending is when expenditures exceed revenues. In the First Interim multi-year projections, the district anticipated deficit spending an average of \$600,000 per year over the next three years. In order to change this trajectory, expenditures must be reduced in the current year and the subsequent years to balance the budget. Fund balance is the dollars unspent in prior years where expenditures did not exceed revenues. The state requires a reserve of 4% of the General Fund expenditures. The district maintained approximately a \$1,098,000 reserve in Fund 17 for economic uncertainties.

Over the past 10 years the district has seen a decline in student population averaging 66 students per year. The district projected a slight increase of enrollment for the 2016-2017 school year, budgeting for an estimated enrollment of 1067 students. Projections beyond 2016-2017 indicate that enrollment in the county may stabilize which will allow the district to conservatively project a flat enrollment over the next three years. The decline in enrollment has been coupled with a low Average Daily Attendance (ADA) ratio calculated for the year at approximately 91%, which is low compared to the state average of 95%. Other factors that contributed to this year's approved budget include changes made through the negotiations process during the 2015-2016 school year with the bargaining agreements of the Certificated and Classified units. Each received a 3% increase in the 2015-2016 school year. Rising salaries due to step and column salary schedules added to the district's expenses. Also, two additional days were added to the teachers' calendar for professional development and paid for out of Supplemental Funds. Encroachment is often an issue with Special Education, Transportation and the Cafeteria programs. Rising food costs in combination with declining enrollment have increased the encroachment for the Cafeteria.

Sonora Union High School District is committed to the District's Mission, adopted by the Board of Trustees on April 16, 2016. With the joint collaboration of the district faculty, classified staff, management team, parents, and community members, this Fiscal Recovery Plan centers around this mission: "To maintain focus on student learning and wellness by engaging in sound resource allocation and policy management to ensure that the Sonora Union High School District is an excellent place to learn, teach, and work."

This Fiscal Recovery Plan is also committed to continue to implement the Board of Trustees' District Goals adopted by the Board on April 16, 2016:

### **2016 – 2017 District Goals**

- 1. Academic Achievement** – Students and teachers are held to a high standard of academic achievement with increased completion of the entrance standards (A-G requirements) of the University of California and California State University system.
- 2. Staff Development** – Staff development and training programs are relevant, of high interest and support new academic assessment and technology initiatives and innovations.
- 3. Facilities** – The District supports the construction and modernization of district facilities and technology to better support staff and student learning, safety and efficiency.

4. **Assessment Data** – Departments will develop common assessments to help drive instruction and evaluate the effectiveness of programs, personnel and student achievement. Each department shall report the results of this evaluation to the Board on an annual basis.

5. **Finances** – The District is a good steward of existing resources while developing additional sources of funding for current programs and new initiatives.

6. **Career Technical Education** – Students have the opportunity to learn workforce skills through high quality career technical and community learning programs aligned to the regional economy.

7. **School Culture** – All members of our educational community engage in positive interpersonal relationships promoting a culture of cooperation, trust and respect.

8. **Alternative Programs** – The District supports other academic programs including adult education, Middle College, independent study and alternative education.

9. **Co-Curricular Programs** – The District recognizes that arts, athletics and student organizations are essential facets of the high school experience and supports increased student engagement and achievement.

10. **Wellness** – The District promotes physical and mental health through student programs that encourage healthy habits, improved nutrition, and access to personal counseling.

## **Recovery Plan**

Sonora Union High School District proposed five areas to address the structural deficit forecasted in the district's 2016-2019 multi-year financial projections. These five areas work together to address significant concerns that were brought to the district by the superintendent, the Fiscal Crisis Task Force, and district stakeholders. The areas are designed to address the structural problems within the budget while seeking to uphold the strictest adherence to the needs of the students of the schools.

An important consideration of this Fiscal Recovery Plan will be the 2017-2018 Local Control and Accountability Plan (LCAP) that will be presented to and approved by the Board of Trustees in June of 2017. Each goal of the LCAP, and the projected three years of action, are currently being analysed for appropriateness, and considered for revision and developed by the district based on the information the superintendent has received through the fiscal recovery process. The 2017-2018 budget year will be built upon the goals, sustained and revised in the LCAP, and the renewed focus lent to the services targeted for the district's unduplicated count students. Stakeholder input will be a crucial component of the development and changes to the 2017-2018 Local Control Accountability Plan.

The five areas, outlined below, represent accommodation from each area of the district for school years 2016/17, 2017/18, and 2018/19.

<b>Summary of Changes</b>		<b>Date Implemented</b>	<b>Reductions</b>
<b>I</b>	Reductions in Sonora Union High School District Certificated Management	January 31, 2017	\$320,000
<b>II</b>	Reductions in Sonora Union High School District Classified Management	January 31, 2017	\$21,000
<b>III</b>	Reductions in Sonora Union High School District Confidential Employees	January 31, 2017	\$11,000
<b>IV</b>	Reductions in Sonora Union High School District Classified Employees	March 31, 2017	\$378,000
<b>V</b>	Reductions in Sonora Union High School District Certificated Employees	August 2017	\$1,175,000
	Total savings for 3 school years (2016/17, 2017/18, 2018/19)		\$1,905,000

### **I - Certificated Management**

Certificated and Classified Management has agreed to a reduction of 2 days in their contract for the 2016-2017 school year and 5 days for the 2017-2018 and 2018-2019 school years. The superintendent has agreed to a 5 day reduction in salary for the remainder of the 2016-2017 school year and 10 days for the 2017-2018 and 2018-2019 school years. One certificated management position has been eliminated. Any positions vacated by retirement or resignation will be evaluated and possibly not filled. These reductions are incorporated into the 2nd Interim Budget report. See attached Board Resolution 2016/17-16.

## **II - Classified Management**

Classified Management has agreed to a reduction of 2 days in their contract for the 2016-2017 school year and 5 days for the 2017-2018 and 2018-2019 school years. Any positions vacated by retirement or resignation will be evaluated and possibly not filled. See attached Board Resolution 2016/17-16.

## **III - Confidential Employees**

Classified Management has agreed to a reduction of 2 days in their contract for the 2016-2017 school year and 5 days for the 2017-2018 and 2018-2019 school years. Any positions vacated by retirement or resignation will be evaluated and possibly not filled. See attached Board Resolution 2016/17-16.

## **IV - Classified Employees**

Classified Employees have been given notices of reduction of days per year or hours per day in accordance with Board Resolution 2016/17-15, attached. The District has received one retirement request as of the publication of this document.

## **V - Certificated Employees**

Certificated Employees have been given notices of reduction in accordance with Board Resolution 2016/17-17, attached. The District has received 2.8 FTE resignations as of the publication of this document. Staffing ratios are currently being developed and will continue to be evaluated after class sign-ups for each school year, so that adequate staffing can be achieved.

## **FCMAT Recommendations:**

In the November 4, 2016 FCMAT report for Sonora Union High School District there were 25 recommendations.

1. In concert with this Fiscal Recovery Plan, the District has prepared a Multi-Year Fiscal Projection that isolates restricted and unrestricted resource details.

2. This Fiscal Recovery Plan identifies the specific ongoing salary and benefit expenditure reductions sufficient to ensure fiscal solvency in the two subsequent fiscal years.
3. The district is in the process of conducting a detailed review of its Career Technical Education (CTE) programs to correctly allocate all expenditures attributable to program funding and ensuring that expenditures do not exceed program revenues.
4. The district reduced the expenditures at the agricultural ranch program by reassigning the ranch manager, and maintenance and operations worker back to the main campus in August of 2016.
5. The district is currently developing the master schedule for the next school year based on projected enrollment and student class sign-ups.
6. The district is monitoring class offerings and class sizes and staffing conservatively to prevent overstaffing.
7. The district has updated seniority lists and issued staffing reductions for 2017-18.
8. The district has identified expenditure reductions sufficient to mitigate the structural deficit in unrestricted resources.
9. The district has implemented significant personnel reductions for 2017-18 that will control expenditures.
10. The district is monitoring and adjusting all staffing levels to coincide with projected changes in enrollment.
11. Each school site is developing a campaign to educate students and families about the importance, and the impact of attendance and absences.
12. The district is monitoring cash receipts and cash flow monthly to ensure sufficient funds are available.
13. The district, working with site administrators, is reviewing programs that use restricted resources and will align expenditures with funding and include this in the LCAP.
14. The FCMAT quote to perform a study on the district's Special Education, Maintenance, Transportation, and Food Service, was almost \$30,000. The board and our community determined this was not an affordable option. Instead, WLC Construction Services is reviewing or maintenance procedures and programs at not cost, and will provide a written report when finished; and two members of the University of California Cooperative Extension, Nutrition-Community Education program, and two local restaurant owners are reviewing and advising on the child nutrition program.
15. The Adult Education program at SUHSD is solely funded through the Adult Education Block Grant. No additional funds from the district are used for this program.
16. The new CBO for the district will be learning the operations of the QSS/QCC system and determining the feasibility of changing to that system.

17. The district will monitor its obligation to transfer in-lieu taxes to the Calaveras county-operated charter school, based on our status of being state-funded in the previous year.
18. Sonora Union High School District has never had a long-range facilities master plan. This is something that the district will begin to work on over this coming summer. The current 5-year deferred maintenance plan has identified facility projects, and cost estimates, but funding sources are still being explored.
19. The district is committed to not starting any unnecessary facilities projects to ensure that no further encroachment on the general fund will be necessary.
20. The Proposition 39 funds have been transferred to the Fund 21 bond fund to cover appropriate costs in the Humanities Building construction.
21. The district will reallocate excess funds in Fund 40 to Fund 17 if and when necessary.

### **Other Measures:**

In the original Fiscal Recovery Plan, the district outlined measures that were considered, but has since removed these from the recovery plan due to the inability to quantify any savings or cost adjustments.

1. Change in graduation requirements could have possibly reduced the class sizes but any savings to the district is uncertain.
2. Negotiations with SUHSD Federation of Teachers (certificated) and the SUHSD CSEA chapter #774 (classified) unions are still ongoing. The impact of any possible negotiations is not reflected in this Fiscal Recovery Plan. Once complete, the Collective Bargaining Public Disclosure, if any, will be submitted to the Tuolumne County Superintendent of Schools office per Government Code 3540.2.
3. The district submitted an Intent to Transfer Programs for the Independent Living Skills (ILS), NeXus, and Transition programs from TCSOS to investigate possible cost savings. Preliminary analysis by the TCSOS showed an increase in cost to the district of approximately \$500,000 to assume responsibility for these programs. The district withdrew its intent to transfer.
4. The district constantly looks for cost savings in supplies, materials, and services as a prudent measure. Therefore this measure is being dropped from the Fiscal Recovery Plan.
5. The district has received a Career and Technical Education (CTE) Incentive Grant in 2016 for \$225,273 which approximately \$60,000 has been spent on equipment and supplies. The next two periods of funding are expected to be \$174,140 each. The majority of these funds will be used for CTE salaries and benefits over the next three years, for an approximate total of \$475,000.



6. The district qualifies for the College Readiness Block Grant of \$75,000. Approximately \$25,000 will be applied towards existing employee salaries and benefits over the three year period of the grant.

## **Concluding Remarks**

This Fiscal Recovery Plan is subject to revisions and will adapt to changing fiscal conditions of the district.

This Fiscal Recovery Plan will be updated as progress is made. Implementation of many parts of this plan has already begun and will continue to require tough decisions and a change in the way of doing things, and provides a pathway for success.