

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
BUDGET COMMUNICATION COMMITTEE – 2009-2010

MINUTES

MARCH 8, 2010

The Budget Communication Committee met at 3:30 p.m. on Monday, March 8, 2010, in the outside conference room at the FCUSD District Office. In attendance were: Debbie Bettencourt, Marty Baumann and Cathy Runnels; Joan Jarman, representing FCLA; John Kenney and Rob Thomas, representing CSEA, Dave Werra and Bob Schlegel, representing FCEA, and JoAnne Reinking, Folsom Cordova USD Board Clerk. Carol Campbell served as recorder.

Ms. Bettencourt distributed several documents, which included a print out of her March, 2010 Power Point presentation to the Board of Education “2009/10 Second Interim Financial Report”, several issues of the *Fiscal Report* published by School Services of California, Inc., and the 2009/10 Second Interim Financial Reports. The documents also address many of the questions submitted by the bargaining units. Highlights were:

Power Point of 2009/10 Second Interim Financial Report

- ❖ This is the second in depth report to the Board of Education, reminding them of where the District stands.
- ❖ Governor’s proposal for education cuts \$2.4 billion more in 2010/11 and reneges on prior year amounts owed by the State to Districts.
- ❖ District withstood significant cuts in 2009/10, and faces additional cuts for 2010/11 and 2011/12.

Revenue Limit Funding (base funding per student)

- ❖ If fully funded by the State, the cuts wouldn’t be necessary.
 - Actual base funding per student to be paid in 2010/11 = \$4,983
 - Statutory base funding per student which should have been paid = \$6,342
- ❖ The District ended up using some of the ending balance for 2009/10.
- ❖ 2010/11 and 2011/12 will be very difficult for the District

Solutions used to fill 2009/10 gap created by statewide cut to FCUSD:

- ❖ AARA (federal stimulus dollars)
 - General Purpose (SFSF) - \$4.9 million
 - Categorical (SFSF) - \$1.6 million
 - Special Ed (IDEA) – \$0.9 million
 - AARA is one-time money.
- ❖ District expects the final 10% SFSF this year after the state reduces the amount due to repay QEIA monies withheld from them last year. Until the state determines what is owed to QEIA, the District won’t know what monies will be coming in to this District. Best guess is around \$200,000 (\$10 per student) Safe to say our Board will use that money to help fill the budget gap.

- ❖ \$8.3 million already received from SFSE.
- ❖ District will not be starting any new programs in 2010/11.
- ❖ Identified June 2009 Tier 3 State Categorical ending balances and swept \$4.1 million to the General Fund
- ❖ Designated some ongoing Tier 3 revenue (\$2.1 million) for redirection
- ❖ Earmarked some for 2010/11
- ❖ Swept percentage of site department carryovers (ending balances) - \$1.0 million
- ❖ Three furlough days for employees - \$1.8 million
- ❖ Reduction in services to students and increase to class size - \$3.0 million.

Cash Flow (State Deferrals)

- ❖ Federal Government is unusually slow with transmitting funding this year
- ❖ By end-of-year, \$16 million owed to District. The District will have to loan itself money to cover the November, December, March, and June payrolls.

Second Interim Financial Report Findings:

- ❖ District is deficit spending
 - Current year expenditures exceed current year revenue
 - Even with major budget adjustments, ending balances are being used
 - Percentage of unrestricted salaries and benefits went up (looks somewhat better when restricted is added to the General Fund)
 - District has been more dependent on specialized programs, i.e. SLP.

- ❖ Current look at this year
 - Beginning balance of \$24.2 million, made up of:
 - Reserve
 - Legally Restricted
 - Site/Dept
 - Tier 3
 - Sweep balances
 - State cut deferral
 - 09/10 Revenue - \$134.8 million
 - Total Available - \$159 million
 - 09/10 Expenditures - \$142.9 million
 - Ending balance 6/30/10 - \$16.1 million, comprised of:
 - Reserve
 - Legally Restricted
 - Site/Dept
 - Tier 3
 - Sweep balances to be used in 2010/11

- ❖ Multi-Year Projections 2010/11
 - Budget Solutions/Sweeps
 - Revenue/Sweeps/Transfers - \$4.84 million
 - Reduction in services, positions, stipends, and management furloughs - \$8.41 million

- Reduction in supplies, contracts, and energy conservation - \$.86 million
 - Total - \$14.11 million
- Projected 2010/11 Revenue - \$134.4 million
- Projected 2010/11 Expenditures - \$137.90 million
- Projected 2010/11 deficit - \$3.5 million (using ending balances/sweeps)
- Projected 2011/12 shortfall - \$4.8 million

- ❖ Governor's Proposals for Education
 - \$200/student cut targeted to central services/administration (any services provided outside the classroom, including Personnel, Payroll, Accounting, Printing, Curriculum, Technology, Maintenance, Custodial, Utilities, Attendance/Supervision)
 - Whatever was spent in 2008/09 to be reduced by 12 percent – FCUSD already meets this criteria
 - Waiver if total cost is less than 15% - FCUSD already meets this criteria

- ❖ General Fund District Administration Numbers
 - 2007/08 – 30.57 FTE
 - 2008/09 – 24.27 FTE (21% reduction)
 - 2009/10 – 20.05 FTE (17% reduction)

- ❖ Minimum Reserve
 - Ed code requirement is 3%
 - Amendment for 2009/10 allowed 1% (a 1-year solution)
 - Must show progress in restoring to 3% in 2010/11 and fully restore by July, 2011
 - FCUSD is using reserve monies to help with cash flow issues. Didn't reduce to 1% because there was no way to repay it.

- ❖ Fluctuations in Supplies/Materials Accounts
 - In June, the District budgets for the site allocations
 - In October/December, the balances/carryovers are added to current year accounts
 - In March, CFO starts estimating what the sites will spend and the balance rolls back to the ending balance.

- ❖ Other Funds
 - Retiree Benefit Fund
 - Irrevocable trust to meet obligations created by union contracts for retirees
 - Capital Outlay Reserve – Established for major capital projects outside the general fund's ability to fund. Revenue sources include: cell tower rent for artificial turf replacement, federal e-rate credits for wide-area network, and certificates of participation issued for Vista del Lago High School construction and repayment of debt. (The Capital Outlay Reserve is not irrevocable.) The

Board has decided to take \$600,000 of this fund for next year, after determining the cost to replace the fields for the next five years.

➤ Student Care Fund

- Self-supporting
- Reimburses schools for supplies
- Pays for .5 FTE principal/administrator
- Pays General Fund indirect cost rate (5-8%)

❖ Legislative Analyst's Office Highlights (K-12 Funding shortfall):

- Critical of Governor's proposals to reduce education, recalculate Prop 98, change gas tax to a "fee"
- Mentioned that a Federal Maintenance of Effort not met (waiver needed)
- Recommends:
 - Suspending Prop 98 or new revenues
 - Reject Governor's proposal for administrative costs
 - Adopt Governor's proposal to allow contracting out
 - Adopt Governor's proposal on substitute teacher priorities
 - Reject Governor's proposal for local board decision on teacher dismissals
 - Eliminate mandates
 - Change CSR, CTE, After School and Safety programs to Tier 3 (for sweep flexibility)
 - Reduce EIA, child care rates, QEIA
 - Change Kindergarten age in 2011/12 to Sept. 1
- Largest cut in education from 2007/08 to 2010/11 affects K-12 education, 11.3%

Ms. Bettencourt had "ticked" points of interest in the *Fiscal Report* publications and directed the committee to pay particular attention to those items.

The meeting adjourned at 4:45 p.m.