

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

MINUTES

APRIL 12, 2010

The Budget Communication Committee met at 3:30 p.m. on Monday, April 12, 2010, in the outside conference room at the FCUSD District Office. In attendance were: Debbie Bettencourt, Marty Baumann, John Kenney and Rob Thomas, representing CSEA, and Bob Schlegel, representing FCEA. Carol Akey served as recorder.

Ms. Bettencourt opened the meeting by mentioning that there is some good news to report regarding the budget, that being that Special Education has been doing a good job in managing District resources. Through efforts to get a handle on the funds spent on educational services that have to be outsourced to Non-Public Schools and Non-Public Agencies, Special Ed has projected a possible savings of \$300,000 this year.

Ms. Bettencourt then summarized her Budget Update presented to the Board of Education on April 8, 2010:

**State level:**

- Very little action has been taken at the State capital
- Hoping for more revenue in hand following Governor's May revise
- \$20 billion budget gap spread over two years (09-10/10-11).

**Current year budget "fixes" for State**

- Gas fee swap for gas tax
  - Hold Prop 98 harmless
  - \$800 million owed to education (K-12) in 2010/11 (\$600 million not recognized by State)
- Job growth bills pending
- Cash deferrals to school districts finalized/delays confirmed
- State has mastered "legal thievery"
  - State was going to reduce District funds by \$800,000 to fund QEIA in other districts
  - State directed districts to use future Federal stimulus monies to backfill programs cut in March
  - District counting on Federal stimulus monies to help with Middle School electives (Board priority)
    - Now that opportunity has been denied the District and there is no other back-up plan in place

### **State Budget Subcommittee**

- Rejected Governor's proposal to direct cuts at administration/maintenance
- Rejected Governor's proposal to consolidate County Offices of Education (this plan had some merit)
- Introduced bill to move K-3 Class Size Reduction to Tier 3 with financial penalties
  - Means 20% cut; however, if class size goes beyond 25, all funding would be lost
  - District was required to notice teachers by March 15, and staffing was planned at 30. The District would be left not knowing how to plan for next year's staffing.

### **FCUSD Budget Shortfall**

- \$13.9 million, based on Governor's Proposed Budget for 2010/11
- Loss of one-time Federal Stimulus dollars and "swept" funds, such as site carryovers
- Cost to restore furlough days in 09/10 agreement for 3 days
- Cost of step/column salary increases
- The \$13.9 million does not include increase in costs for utilities, health benefits, or property/liability premiums. (No estimates on those costs yet.)

### **Superintendent's Recommendations**

- Use ending balances and redirect ongoing Tier 3 programs revenue
- Borrow from cell tower proceeds
- Increase fees for athletics and summer school
- Reduce retiree benefit contribution
- Reduce General Fund Reserve
- Reduction in services, positions, stipends, and management furloughs
- Reduction in supplies, contracts, and energy use
- Reductions amount to approximately \$14.1 million
- Difference between \$13.9 million shortfall and \$14.1 million in reductions is because some things have not yet been implemented, i.e., classified lay offs. May need the cushion if the May revise comes in negative.

### **Projected Ending Balance 6/30/10**

- Estimated at \$16.1 million
- Required Reserve: \$4.5 million – use .3 towards gap
- Legally Restricted: \$4.6 million (Title 1, EIA, ARRA)
  - Can't get to these monies easily, since they are restricted to the purposes for which they were intended
  - Asking CDE if the monies intended for Special Ed under Federal Stimulus may be used to help pay for new buses, since Special Ed buses are included
- Site/Dept. Carryover: \$2.3 million (swept \$1 million in 2009-10)
- Tier 3 Carryover: \$1.4 million (using as intended under grants)
- Sweep balances: \$2.2 million used towards gap
- Board has always been advised that \$3.6 million may be used out of the \$16.1 million to help with gap

### **Budget Adoption Timeline for FCUSD**

- April 22 – action on layoff notices (tight timeline)
  - May 15 for final layoff notice for certificated
  - May 22 for layoff notice for classified
  - Revision after state’s mid-May Revise
  - Prepare Third Interim financial report on May 20
  - Prepare state reports in early June
  - Board adoption of FCUSD budget on June 17
  - Submit balanced budget by June 30
  - State to miss its own June 30 budget deadline, but demands Districts meet their deadline.

### **Superintendent’s Tentative Budget Solution & Reductions for 2010-11**

- No changes

Ms. Bettencourt then addressed some of the questions submitted by FCEA regarding the District’s finances. She said she will provide written answers to all of the questions to FCEA leadership and would touch on a few of the questions today.

Information taken from School Services of California Inc.’s *Fiscal Reports* was shared with the Budget Communication Committee members, which included:

- State is taking \$800,000 of stimulus monies, saying it will be paid back later when it comes in from the Federal government.
- District was counting on those dollars to restore some cuts and did not see it as “backfill”
- Outlook for May Revise:
  - State General Fund revenues higher than expected over last two months
  - No upward trend in job market yet, but rate of job losses declining
  - Governor’s plan included anticipated \$7 billion from the Federal government, which may not come to the State. If it does not, he will come back to cut programs
  - Leading economists fear recent growth in economy is due to massive federal spending
  - Federal stimulus monies will not be renewed
  - Job creation lagging
  - Private sector employment critical to improved education funding
  - State will continue to spend more on social services
  - Assuming that Governor’s cuts may be withdrawn is “folly”
  - Possibility of “double dip” recession ahead

### **2009-10 Waivers for February, April, and May State Payment Deferrals**

- Ms. Bettencourt had hoped to be able to apply for a waiver, but she has determined that FCUSD will not qualify and will have to do internal borrowing.

### **Excess Reserves**

- FCUSD is not as conservative as some districts and keeps its reserves at around 3 per cent. (See article from School Services of California where districts are requesting new policy on higher reserves.)

Rob Thomas asked Ms. Bettencourt if anything will be known prior to the employee lay off notices. She responded that she doesn't think the May revise will be any better, especially since the Federal government hasn't met the Governor's expectations. She added that she would expect that more cuts may come, but, for now, the District must "keep going" with the proposed cuts. Furlough days would help reduce layoffs.

The meeting adjourned at 4:10 p.m.