

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

MINUTES

May 24, 2010

The Budget Communication Committee met at 3:30 p.m. on Monday, May 24, 2010, in the outside conference room at the FCUSD District Office. In attendance were: Debbie Bettencourt, Marty Baumann and Cathy Runnels, Steve Hanson and Rob Thomas, representing CSEA, and Dave Werra and Tracy Suter, representing FCEA, Joan Jarman, representing FCLA. Carol Akey served as recorder.

Ms. Bettencourt opened the meeting by stating that a Third Interim Report was submitted to the Board of Education and was required because the District is in qualified status. She said that the Governor's May Revise had been of particular interest to the Board. Ms. Bettencourt stated that while data indicates a slight economic upturn in the economy, California will likely lag behind due to higher unemployment which results in lower personal income taxes paid in the state. She surmised that it may take California's financial situation a couple of years longer to recover.

Ms. Bettencourt then summarized her Budget Update presented to the Board of Education on May 20, 2010:

Economic Outlook:

- Home prices remain stagnant – home prices not increasing
- State revenues may return to the pre-recession levels in 2012/13
 - April numbers reflect 2009 unemployment and subsequent drop in personal income taxes paid to the state
- Private sector leads public sector in recovery
- Prop 98 education funding restoration will likely not occur until 2012/13.
 - Sizable deficits challenge State's ability to restore Prop 98 funding
 - Of \$11 billion due to education, it would take only \$7 billion to make districts "whole." \$4 billion more is due but will probably not be received for a couple of years.

May Revise for Education

- One piece of good news – No mid-year cuts to education!
- Prop 98 over appropriated
 - What education is getting is more because revenue dropped. Offset will go against \$11 billion owed.
- Reduced child care \$1.2 billion
 - Prop 98 manipulated so that anything related to children is pushed into Prop 98 funding, i.e. field trips, art for children

- Lower local property taxes means state has to pay higher share of what is owed to education
- Restore 4th grade ELA test
- CALPADS for RTT
- Suspend mental health funding for students
 - Currently, County Department of Health Services is funded by state to provide mental health services for students through the county system.
 - Suspension of funding means districts become responsible for those services
 - Monitoring closely
 - Special Ed could become a very large encroachment on the General Fund

Third Interim Report through April 30, 2010

- Fiscal Services spent a lot of time updating the District's revenues to reflect changes from the Second Interim Report prepared for period ending January 31.
 - Surprisingly, ADA was up the last two months (It usually goes down but was up \$174,000 for the year and will roll to the ending balance.)
 - Adjusted Federal ARRA, IDEA monies - \$633,000
 - Received 3rd out of 6 installments due (was expected in June, but arrived in May)
 - State and other federal programs - \$840,000
 - CSR
 - District looked at different way to report K-3 and came up with \$200,000 more.
 - SOARS and Refugee (specific grants)
 - Tier 3
 - State lowered Tier 3 dollars and said to use SFSF dollars.
 - Salaries, benefits, supplies, utilities, contracts

Ending Balance

- \$4.5 million - 3% required reserve
 - Reducing by \$300,000* in 2010/11
- \$5.7 million - Legally restricted purposes
- \$1.5 million - School carryovers
- \$1.3 million - Tier 3 categoricals
- \$2.2 million - Local grants
- \$3.5 million* - tier 3 general fund sweep
- \$0.4 million* - Unrestricted general fund

*Identified to help general fund shortfall in 2010/11 and already on Superintendent's recommendation list

Multi-Year Projection

- 2011/12 Assumptions
 - \$279 student reduction by state
 - Presentation to the Board of Education showed the calculation for Base Revenue Limit (BRL) indicates \$244 reduction instead of \$201. This was

because School Services of California assumed the reduction would be calculated after the 18% deficit. The State Department of Finances disagreed, saying the reduction would be taken before the deficit BRL. (Means \$836,000 more in reductions for 2010/11.)

- Will mitigate by tapping into more Tier 3 dollars for 2010/11, making matters worse for 2011/12.
- Step and Column salary increases
- Loss of ARRA and SFSF funds

Multi-Year Projection

- 2011/12 Assumptions
 - 1.8% COLA (\$2.16 million may not get funded)
 - No repayment of state cuts/deficit factor
 - Loss of ARRA-IDEA funding
 - Loss of some one-time revenue (Tier 3, cell tower, use of reserve, etc.)
 - Cost of step/column
- 2010/11 -Shortfall (ongoing structural deficit) - \$3.2 million (using reserve and Tier 3 program monies)
- 2011/12 – Structural deficit of \$5 million (Not enough in Tier 3 dollars to pay for it)
 - \$3.899 million target for where reductions are needed for 2011/12
- 2012/13 – In June 2010, District has to do a “2-year look ahead
 - Class Size Reduction – Lose or implement program again (\$3 million hit)

Next Steps

- Adopt budget in June
 - Have to address the additional \$836,000 somewhere

Adequacy Lawsuit (Public School Financing)

- Suit filed by 9 districts throughout the state, CSBA, ACSA, and PTA – based on premise that California is not living up to its responsibility to fund education adequately
- Hope is that it will throw current system out the window and replace it with a system of funding that is based on individual student needs.
- FCUSD is the Sacramento area representative
- Selected students and parents are participants

The meeting was adjourned at 4:15 p.m.