

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

MINUTES

NOVEMBER 30, 2009

The Budget Communication Committee met at 3:30 p.m. on Monday, November 30, 2009, in the outside conference room at the FCUSD District Office. In attendance were: Debbie Bettencourt, Marty Baumann, and Cathy Runnels; Joan Jarman, representing FCAA; and Rob Thomas and John Kenney, representing CSEA. No representatives from FCEA were in attendance. Carol Campbell served as recorder.

Ms. Bettencourt distributed several handouts containing current budget information prepared by School Services of California, Budget Reduction Ideas prepared by the District, and Ms. Bettencourt's November 2009 Power Point presentation entitled "Budget Update & Multi Year Projections."

Ms. Bettencourt referred to "just breaking" news regarding a PERS announcement that there will be a substantial increase in employer PERS contributions. PERS suffered a 24% investment loss last year and, in order to make up for that loss, will phase in the impact over a 3-year period. The current Employer Contribution Rate of 9.709% will increase to 14.0% over the next four years.

Another School Services Report, issued November 10, 2009, indicates that two non-partisan initiatives have been submitted to reform California's budget process. These initiatives focus on:

- Planning ahead on spending, requiring Governor and lawmakers to review a 2-year spending plan and a 5-year fiscal forecast before approving a budget;
- Results and accountability, requiring clear goals for all programs;
- Performance review, requiring Legislature to oversee major expenditures.

Ms. Bettencourt reported that the LAO will likely project an 18-month state budget deficit of \$21 billion, much higher than expected.

While the affect on education is still unknown, it is reported that there will be no state COLA's for the next five years. Cathy Runnels pointed out that our salary steps are funded through COLA's.

Ms. Bettencourt noted that \$250+ of the \$833-per-ADA cut in K-12 education this year is supposed to be restored in 2010-11. The District built its budget based on that assumption. However, she said, the forecast indicates that the minimum guarantee under Proposition 98 would decline by 3.9% in 2011-12. In addition, the District used all the Federal stimulus monies in 2009/10 leaving a \$10.6 million shortfall for 2010/11.. Debbie recommended that this information be shared with employees.

Ms. Bettencourt then referenced a CASBO report of November 18, 2009, which states that the legislative analyst projects ongoing budget challenges for the state, despite the expected recovery. In that article, the LAO is said to forecast that the gap between revenues and spending will be the greatest in 2012-13 (\$23 billion.) The analyst offered three options for addressing the funding for education guaranteed by Proposition 98:

- Pay \$1 billion at the end of 2009-10;
- Pay \$200 million a year, or so, over five years;
- Suspend the guarantee and maintain existing funding levels.

In addition, the legislative analyst predicts that there will not be a return to pre-recession Prop 98 funding levels until 2013-14.

Ms. Bettencourt stated that the District's goal is to manage further staffing reductions or find new ways to raise revenue.

Referring to her Power Point presentation to the Board, Ms. Bettencourt directed attention to the information regarding Multi Year Projections. She explained that Folsom Cordova USD is now in qualified financial status, wherein additional reporting and County oversight are required. She added that the projections are based on assumptions and that the end result of \$10.6 million in cuts is "as good as it can get." The Multi Year Projections also tell the County that FCUSD is doing a "look ahead."

Ms. Bettencourt reviewed the Ongoing Revenue information which projects \$120 million ongoing general revenue for 2010/11. She pointed out that the Ongoing Expenses slide indicates an ongoing cost for 2010/11 of \$130.5 million, leaving the District with a conservative figure of \$10.6 million as a shortfall. Those figures, she noted, represent a "best case scenario." She went on to say that if the \$250 per student ADA (\$4 million) is not restored, the District will be looking at a \$15 million shortfall.

Ms. Bettencourt distributed a spreadsheet listing all budget reduction ideas and asked that the committee members go over it with the intention of selecting items (excluding the negotiable ones) that would get the District to \$10.6 million in reductions. She asked, "Without any concessions from any of the employee associations, how would you do it?" The spreadsheet will be emailed to committee members.

The next meeting will be in January 11. Ms. Bettencourt stated that if there are further cuts from the state, she will schedule an earlier meeting.

The meeting adjourned at 4:50 p.m.