

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
BUDGET COMMUNICATION COMMITTEE – 2008-2009

MINUTES

January 12, 2009

The Budget Communication Committee met at 3:30 p.m. on Monday, January 12, 2009, in the outside conference room at the FCUSD District Office. In attendance were: Debbie Bettencourt, Marty Baumann, Cathy Runnels, Dave Werra and Bob Schlegel, representing FCEA, and Steve Hanson and John Kenney, representing CSEA. Carol Campbell served as recorder.

Debbie distributed a copy of the budget survey that is posted on the District website. She said that the District had considered having an outside firm conduct the survey; however, the cost would have been around \$800, and the firm's proposed questions weren't good. Therefore, it was decided that the survey would be done in-house.

In addition, Debbie stated, there are two public forums for budget discussions scheduled, one on February 10, 2009, in Folsom, and one on February 12, in Rancho Cordova. The District will need to have all the information ready to present to the Board by February 19.

Dave Werra said that he realizes the survey will first be handled internally, but he asked if it will then be made public. Debbie responded that it will be made public and added that Mr. Godwin doesn't keep information under wraps. Steve Hanson mentioned that CSEA hadn't been privy to the upcoming survey information, and Cathy reminded him that she and Marty had tried unsuccessfully to schedule a meeting with him.

Bob Schlegel asked if the District had considered a 4-day work week, and Debbie responded that it had been considered previously. She added that she would look at it again. Dave Werra suggested that a 4-day work week might represent a problem within the community.

Steve Hanson stated that if the membership has ideas, they need to be shared. He also said, "If you don't vote, don't complain!"

Debbie announced that she would be going through the handouts in reverse today and would be starting with the budget reduction sheet which lists "not yet restored" items. These items are cuts that were made last year and have not yet been restored. Debbie said that this list will put in perspective what has already been done in the way of reductions. Some of the items she pointed out were:

- Middle school athletic budget was cut in half

- Eliminate senior projects. (Goal has been to try to push these into other curriculum)
- No 3<sup>rd</sup> grade CSR
- Reduce classified sub services by 20% (This goal may not be realized.)
- Reduce sub teachers by 20% (less money was budgeted for subs)
- Eliminate non-emergency overtime (Overtime is down)
- Eliminate career center clerks

In addition, Debbie stated, the District has been using any available special funds, and site budgets haven't included furniture and equipment for some time. All in all, over \$8 million in cuts has not been restored. Steve Hanson had a question about the elimination of seven District Office classified positions, and Debbie said she would look into that item.

Debbie then moved on to the print out of the State Budget Proposals Power Point presentation, which, she emphasized, is still in draft form. Some of the points covered are:

- In California, funding for all but two areas of service is at or above national average
  - Transportation (27<sup>th</sup> in nation)
  - Education (46<sup>th</sup> in nation)
- Education is the furthest out of all state services funded.
- Structural deficit in State Budget
- Declining revenue (lowers Prop 98)
- Increasing need for services (prisons, welfare, health, unemployment, etc.)
- Housing recovery appears to be the key. Every dollar spent on construction rolls to purchase of food, cars, etc.

Debbie referred to the graph comparing the Legislative Analyst's Revenue Forecasts for 2007 and 2008. It appears, she said, that we are looking at another two to three years "in the toilet." The same is true for the next two graphs which represent a comparison of jobs and income for 2008, 2009, and 2010. She pointed out that 2009 is depicted as a deficit year. The scary part, Debbie said, is that the Legislative Analyst, UCLA, and the Department of Finance all agree on the forecast. Due to unemployment, it appears that the amount of income per person will be at its lowest in 2009.

Debbie briefly covered the slide referencing the Governor's Revenue Proposals:

- Temporary 1.5 cent increase in Sales Tax
- Broaden Sales Tax Base
- "Nickel-per-drink" beverage excise tax
- 9.9% oil severance tax

- Reduction in Dependent Exemption Credit (Taxpayers now claim \$1500 per child. That exemption would be reduced to about \$300 per child)
- Increase in vehicle registration fees
- Shift Tribal gaming revenues from Transportation to General Fund
- Special Fund transfers and loans
  - Governor is counting on \$5 billion generated from Lottery securitization.

Debbie's next slide indicates the Governor's plan for reductions. His proposal includes:

- Health/Human Services – 3% cut
- Department of Corrections – 8.7% cut
- Legislature – 10% cut
- Business, Transportation, Housing – 29% cut (to be replaced by a 1.5 cent sales tax increase)
- Education – 16% cut (Represents largest hit)
- Debt Service Increase of 32%. (Debbie pointed out that if she was a lender, she wouldn't loan the state money,)

Debbie commented that the Governor's projections are "pie in the sky" at this point. She went on to discuss the State's cash crisis, saying that it is affecting us now, through delay of payments to the District. There is a proposal to delay payments to Districts for six months, so they would not get paid until July. Debbie added that she had had to borrow to meet the December payroll, since the District was short \$9 million. That was accomplished through a 30-day transfer from other funds and has to be repaid by the end of the fiscal year (June 30.) Steve Hanson asked that Debbie clarify that transaction, and Debbie said she intends to do that at the Board meeting. She indicated that it involves the general ledger and cash as two separate sets of accounting and that the transfer was made to make the District whole.

According to Debbie, a resolution of the budget will only come about by voter interference, with special elections on lottery, sales tax increase, etc.. The alternative to that would be to "get a hold of a couple of swing votes." She added that the survey mentions an increase through a parcel tax, and there will be a run made at that if the voter support is close to two thirds. There is a bill now which would reduce the required support to 50%.

The Governor's Plan was then discussed. Debbie pointed out that the COLA is 5.66% in law but came in at .68%. The Governor has asked for a take back on that .68% along with a further reduction of revenue limit by 4.5% (\$275 per student less.) There is also a proposal to use State transportation funds to provide school transportation. Debbie stated that she is not sure that State transportation funds are intended for this use. The Governor has also proposed delaying payments to education until July, 2009, which is a major problem for the District. In addition, the State has stopped payment on mandated costs to

districts. There was some success in that a ruling in a lawsuit prohibits issuing IOU's for mandated services.

Regarding 2009-10:

- All 2008-09 reductions still in place
- No COLA (5.02% in law)
- Further reduction of 2.78% to revenue limit (\$155 per student)
  - This equates to a 5-day cut to the instructional year.
- Suspension of 38 of 40 mandated programs (CAHSEE and inter-district transfers)
- Represents a \$2.78 million cut to FCUSD.

Debbie emphasized that the proposals represent a 16.16% deficit factor to our district in 2009-10. The impact on FCUSD will amount to a \$10.8 million budget shortfall. Keep in mind, she said, that ongoing obligations like, health benefits, utility, fuel and insurance likely will continue to go up. Rates for Unemployment and Worker's Comp will likely increase about 10%.

As far as options for FCUSD, Debbie said that the district is looking at whatever can be done to get through the next two years:

- Use of categoricals (May be tapped, if approval is given by State)
- Spending freeze
- Hiring freeze
- Use of reserves (Reduce to 1.5%, with plan to repay in 2 years)
- Layoffs
- School year reduction (negotiable)
- Don't make the deferred maintenance match
- Cash flow borrowing plan
- Furlough days or salary reductions (negotiable)

Debbie asked if any other possibilities come to mind. Dave Werra asked her about her quote in the Bee regarding elimination of CSR in grades 1 and 2. Debbie replied that she had been misquoted and quoted out of context. She had been referring to cuts already made this year. Dave asked if the elimination of CSR in grades 1 and 2 are on the "long list" for now, and she answered that she hasn't cost out anything yet but will be doing so.

Steve Hanson recommended putting all Maintenance employees on four 10-hour days to reduce fuel usage.

Debbie informed the group that at the January 15 Board meeting, there is an agenda item recommending the elimination of K-6 Summer School. Dave questioned whether it is for K6 or for K-8, as stated in Mr. Godwin's Week in Review article. There was some confusion as to which is correct.

Steve Hanson asked what the District spends on irrigation. He suggested further usage of the two District wells as a possible savings. Steve added that the District could even add another well and water the interiors on pressure. Debbie asked that he submit his ideas on the survey.

Bob Schlegel recommended eliminating testing, even though, he said, "It's small potatoes." He stated that it costs CHS \$2,000 to hire proctors and to provide luncheon and tables for the exit exam.

Debbie handed out a document regarding state budget proposals for cuts to education, saying it is essentially the same information in a different format. She pointed to the Legislature's 2008-09 proposal which has been vetoed by the Governor. The Governor has also brought forth the items he would cut to get to five million in this year. On page 2 of this document, said Debbie, there are many similarities between the Governor's recommendations and the Legislature's proposals. The Legislature excludes talking beyond the categorical ending balances of 6/30/2008, and has not presented a proposal for 2009-10. The Governor's proposal has everything on the table, 2008-09 and 2009-10. Debbie said she believes it will fall somewhere in between the two proposals, although both impact the District at \$5.2 million in cuts for 2008/09. The total for both 2008/-09 and 2009/10 would be approximately \$10.75 million in cuts.

At this point, Debbie asked for any questions from the committee. Bob Schlegel iterated that in 1992/93, the Lottery was basically to fund SIP programs. Then the state took the lottery monies and dumped it into revenue for education. Bob said he sees this as a double sword in that they want to subtract it out again. Debbie agreed that lottery monies were never intended to supplant general education funding.

Debbie stated that the group had been informed about the survey and the public forums and asked how the group wants to provide input. Bob responded that everyone got the information through the Superintendent's phone call. He added that, at the sites, the "biggest" thing is the moratorium on spending. He asked if that affects all funds at the sites. Debbie answered that she is holding on to all cash, even for that of the Partnership Academy. Payroll must be met and has top priority.

Dave Werra said his unit will work with and through their Rep Council for the time being so they can get the "pulse" of the membership. He asked that Debbie keep the information flowing at these Budget Communication Committee meetings for now and continue to gather information from the community.

Bob threw out another suggestion: All District sprinklers should be on timers. Steve Hanson said that that is being updated now.

Debbie said she will likely revisit the issue of removal of personal appliances at all sites and asked Dave to forewarn the Rep Council.

Dave suggested more concentration on renting out District facilities, and Debbie replied that fees will be increasing. For instance, she said, STARBASE has not been charged for their facility use, even though the District pays for half the teacher. She added that those types of usage are an encroachment on the General Fund. Neither the ACES Program nor STARS pays the District for facilities use.

Dave then asked if the District could handle any more cell towers for revenue, and Debbie said that with the vendors “gobbling up” each other, there is less need for additional towers. Steve Hanson pointed out that the monies from the towers had been earmarked for refurbishing the artificial turf in the District.

Dave asked, also, about solar panels; and Debbie said she is already looking into that possibility, including placing them in asphalted areas.

The meeting adjourned at 4:35 p.m.