

# Annual Report 2009-10



Joel Montero, Chief Executive Officer

Christine Lizardi Frazier, Administrative Agent  
Office of Kern County Superintendent of Schools

<http://www.fcmat.org>



# **Fiscal Crisis and Management Assistance Team**

## ***Annual Report*** **2009-10**

***Joel Montero, Chief Executive Officer***  
***Christine Lizardi Frazier, Administrative Agent***  
***Office of Kern County Superintendent of Schools***



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## Foreword

The Fiscal Crisis and Management Assistance Team (FCMAT) is pleased to provide this year's organizational Annual Report. The 2009-10 FCMAT Annual Report represents our twelfth such effort and is intended to provide our many constituents with a reflective look at the year just past with respect to our efforts, accomplishments and continuing challenges. In this year's report, we have attempted to provide more quantitative comparison data related to the day-to-day work of FCMAT. The reader will also find that, as compared to past reports, we now more precisely identify focus areas related to workflow because requests from the field now cover a broader range of more complex needs.

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**The primary role of FCMAT regardless of the fiscal environment is to assist LEAs in maintaining solvency.**

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Coinciding with the release of this annual report, the state is poised on the brink of its own budget adoption. While it is impossible to determine either the short- or long-term impact of the state's late effort, it appears clear that the challenges of the past few years will continue as local education agencies (LEAs) across the state grapple with a variety of financial concerns and constraints. The primary role of FCMAT regardless of the fiscal environment is to assist LEAs in maintaining solvency. In that effort our workflow and focus is dictated by the needs of the field, thereby changing the operational structure and design of the organization. With that, our challenge continues to be an ability to remain flexible and responsive to our primary constituents – the districts, county offices, community colleges and charter schools of California.

The FCMAT Annual Report once again draws primary attention to our California School Information Services (CSIS) division as it continues to accept the challenges to support data management at both the state and LEA levels. The development of the California Longitudinal Pupil Data System (CALPADS) has added to CSIS' role and function and created a list of emerging needs in the field as the process for this new data collection software is implemented. Moreover, the content of this report is reflective of a continuing effort within FCMAT to ensure that all CSIS functions are well integrated into the whole of our organizational structure as we endeavor to demonstrate to the field that the operations of FCMAT and CSIS are one in the same managed as they are under a single administrative umbrella.

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**No other program within the FCMAT structure has changed more than our professional development effort over these past three years.**

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There is no other program within the FCMAT structure that has changed more than our professional development effort over these past three years. With fewer resources at our disposal the focus now is

efficient deployment in those areas most needed by field level business office professionals. Where possible, FCMAT now directly delivers a range of professional development opportunities directly to our constituents in the form of workshops, training, and support. Along with that, through the coordinated efforts of our CSIS division, FCMAT has the ability to leverage product development in the form of software tools such as Budget Explorer and data support through our efforts in the Ed Data Partnership. The CBO Mentor program now enters its eighth year and we continue a handful of other efforts run in cooperation with FCMAT's traditional professional development partners.

In the final analysis we judge the 2009-10 year for FCMAT as a positive and growth producing experience for the organization and each of our staff. Regardless of the financial condition of the state and LEAs, our mission remains the same: to assist districts in maintaining solvency, provide local support, and add significant value to the California education system. I believe this report reflects those efforts.



Joel Montero  
Chief Executive Officer

## **FCMAT Organization**

In 1992, county offices of education were invited to apply to be the administrative agent for the Fiscal Crisis and Management Assistance Team. Four county offices submitted responses and the Kern County Superintendent of Schools was chosen to be the administrative agent of FCMAT. A 25-member Board of Directors has statutory responsibility for a variety of decisions related to the Team, and is an active, engaged and important component of FCMAT.

### **Administrative Agent**

The FCMAT Administrative and Fiscal Agent is the Kern County Superintendent of Schools, Christine Lizardi Frazier. Frazier's education career spans more than 30 years as a classroom teacher, school principal, assistant superintendent and district superintendent. She joined the Kern County Superintendent of Schools Office in 1996. She previously worked in FCMAT as a Director of Management Assistance, and was Associate Superintendent before her appointment as Superintendent of Schools.



**Christine L. Frazier**  
Administrative Agent

Frazier manages an office of more than 1,100 employees. She serves on the boards of the Kern Economic Development Corporation and Greater Bakersfield Chamber of Commerce. She is a member of the Selective Service board and has held leadership posts in professional organizations. Recently, she launched UPLANit, a web-based program designed to expose children and their parents to college and career options and opportunities.

Frazier provides direct supervision of the FCMAT CEO. The role of the administrative agent is to ensure independent fiscal oversight, including an independent/external audit of the FCMAT business operations.

### **FCMAT Board**

Assisting FCMAT is a 25-member Board of Directors, composed of county and district superintendents representing 11 county office of education service regions, two community college representatives, and an administrator from the Department of Education. The board members are listed on pages 5 and 6 of this report.



**Darline Robles**  
Board Chair

A Board Chairman is elected by the board to serve a two-year term. The 2009-10 chair is Superintendent Darline Robles of the Los Angeles County Office of Education (LACOE).

Dr. Darline P. Robles is the top education leader of the nation's most populous and diverse county, ensuring the financial and academic stability of 80 school districts that serve more than two million preschool and school-age children. The first woman to be named Superintendent of LACOE in 2002, Robles oversees \$16 billion in school district funding and a staff of nearly 4,000.

Robles' more than 30-year education career began in Montebello as a teacher, then coordinator, of bilingual and bicultural education. She also served as an elementary and intermediate school principal. She received a Bachelor of Arts degree in history from California State University, Los Angeles; a master's degree in education from Claremont Graduate School; and a doctorate in education policy and administration from the University of Southern California.

The FCMAT board meets quarterly and the Executive Board meets as needed. In the 2009-10 fiscal year, the FCMAT board accepted FCMAT's Annual Report for 2008-09, approved the 2009-10 FCMAT budget, approved the 2008-09 CBO Mentor Annual Report, designated the Chico Unified School District a fiscal emergency, and approved the CBO Mentor Cohort 7 program and list of participants. The board also directed FCMAT to conduct a focus group of LEAs regarding concerns over the CALPADS implementation.

### **FCMAT Agency**

The Team is headed by a Chief Executive Officer. All FCMAT staff members are employees of the Kern County Superintendent of Schools Office. FCMAT also provides oversight of the California School Information Services project, which is based in Sacramento.



Joel Montero has served as the Chief Executive Officer of FCMAT since March 2006. His experience spans more than 30 years in the field of education.

Beginning in 1975 as a high school teacher, Montero has been a school principal, deputy superintendent, superintendent of a unified school district, and has worked for FCMAT for 12 years in a variety of roles. He served as the Deputy CEO before his appointment to the position of FCMAT CEO.

**Joel Montero**  
Chief Executive Officer

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## Fiscal Issues in California Education

As a part of our statutory responsibility, FCMAT's Chief Executive Officer annually delivers a status report on the state of fiscal oversight and district solvency in the field to the education budget subcommittees of the state Legislature. While the report focuses on the general fiscal health of LEAs, it also attempts to identify continuing and emerging issues that will fiscally affect California's school districts, county offices of education and charter schools.

FCMAT staff track and analyze continuing and emerging fiscal issues based on their daily hands-on experiences in the field, as well as their work and communications with other state agencies. The issues identified in this section of the Annual Report are not necessarily based on quantifiable research, but as a result of staff observations and the recurring appearance during fieldwork of similar issues in multiple school districts, county offices of education, charter schools, and community colleges.

The issues identified below are some of those that may significantly impact the fiscal viability of California's school agencies both now and in the future. Many of these items were recognized in prior years and are now noted as "continuing issues." A single emerging issue overshadows all others again this year: the threat of insolvency to school district, county office and charter school budgets.

### Continuing Issues

#### Declining Enrollment

Declining enrollment and its associated issues has become resident on the list for the past four years. Once again, the state's overall student enrollment is expected to decline although perhaps by a smaller percentage than in previous years. Perhaps one-half of all school districts in California have some level of declining enrollment. For those districts with minimal student declines, the impact is negligible. However, in rapidly declining districts, when combined with losses in revenue, the challenge of managing resources can be more difficult. Over the past several years, declining enrollment has created a need for many school districts to rethink budget development, allocation and conservation of resources, and facilities management. In fiscal year 2007-08 the state experienced a loss of approximately .52% in student enrollment. In 2008-09 the numbers indicate that the state lost another approximately .45%. The projected loss for 2009-10 was estimated at .32%, but after adjusting for charter school growth at 14%, the real ADA decline for regular K-12 is closer to 1%.

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Once again, the state's overall student enrollment is expected to decline.

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#### Debt

In 2008, Attorney General Jerry Brown published an opinion that held that the cash-out refinancing of voter-approved debt was illegal in California. Several school districts were charged exorbitant fees for this practice, and taxpayers' obligations were increased and extended in the short term. FCMAT staff continue to have a concern that assumption of non-voter-approved debt by LEAs, cash-out refinancing of this same debt, and the ratio of debt service payments to general fund unrestricted revenues is continuing to increase in some districts.

AB 2197 (Mullin) was signed into law in 2008 to provide direction and add disclosure requirements to all education agencies. As the traditional sources of debt service for non-voter-approved debt decline in school districts, the general fund unrestricted account bears the increasing brunt of these payments. As general revenues decline, the ability of some districts to service increasing debt declines, creating the need for deeper program side reductions. Senate Bill 623 was introduced into the Legislature during the 2010 session and would have addressed issues of potential conflicts of interest between school districts and investment firms. The bill failed to make it out of the Local Government Committee. Unclear legal direction will continue to create a potential liability for LEAs in this area.

### **Cash Management and Borrowing for Short Term Cash Flow**

If implemented fully, the deferral of cash payments to LEAs will now approach \$7 billion with the adoption of the 2010-11 state budget. The deferral of cash apportionments to LEAs, the loss in interest income from cash balances, the need to increase the level of short-term financing options with an associated

**Districts will struggle with cash insolvency in increasing numbers.**

increase in the cost of issuance, changes in the apportionment schedules, and the erosion of organizational fund balances has created, in some organizations, a cash management crisis. As a result, districts will struggle with cash insolvency in increasing numbers. FCMAT projects that issues related to cash flow and cash management will continue into subsequent fiscal years, with

a commensurate need to focus more carefully the process of fiscal oversight and budget certification. Smaller school districts with 1,000 ADA or less are disproportionately affected as their ability to manage cash flow is mitigated by issues related to scale, experience, and the impact of other funds.

Under current practice, the accounting treatment for cross-year cash deferrals has been to accrue those dollars in the year they are earned (current year) and receive them in the subsequent year. This accounting treatment allows LEAs to avoid deeper cuts in their current year budgets. Absent support for this accounting methodology, school districts and county offices of education will struggle to maintain solvency and a balanced financial statement, which could affect their ability to borrow for short-term cash flow. Without that ability, more LEAs will potentially become cash insolvent and require state intervention.

**Declining state revenues and the possibility of mid year budget reductions mean local school districts will be faced with difficult and challenging budget choices.**

### **Early Retirement Incentives**

Declining state revenues and the possibility of mid year budget reductions mean local school districts will be faced with difficult and challenging budget choices. Most school districts expend 85% to 90% of their operating budget on salaries and benefits. This, combined with the need to reduce certificated staff due to losses in revenue, may cause many districts to review the cost savings of early retirement incentives. Retiring top-step personnel and hiring new employees at entry-level pay is an option that proposes to save money for many districts. The incentive involves a dollar amount or years of service credit to employees from the district to supplement an employee's STRS or PERS pension.

Districts will need to review the process for opening the window for retirement under the PERS/STRS Golden Handshake programs or options such as a Supplemental Employee Retirement Plan (SERP) or

the Public Agency Retirement System (PARS). Districts will need to fully evaluate the cost and payback analysis under any of these models. Normally the cost for such programs, if calculated correctly, can be paid in full by replacement savings over multiple fiscal years.

The challenge for most districts is establishing the eligibility list for potential participants and calculating the projected savings. Districts will need to fully examine the type of staff that elects to participate in this type of program and provide a more realistic replacement cost on the district's salary schedule to fully evaluate the projected savings. Many times the added retirement cost is not included in the annual valuation reports to determine the actual savings, which can result in a much lower savings, if any, than what was originally projected.

## **Emerging Issues**

### **LEA Solvency**

The FCMAT internal "watch list" of districts nearing insolvency currently numbers approximately 25. This number is increased from the prior year by five LEAs. A closer look at the list would identify ap-

**In short, LEAs simply cannot afford to be taken over by the state.**

proximately 50% of these LEAs as small- to medium-sized rural school districts. School district solvency is exacerbated by declining revenues, erosion of reserves, recovery related to the loss of one-time money, declining enrollment, and issues related to the cost of staffing. The issues surrounding cash

solvency are so compelling that the focus of fiscal health is quickly evolving from simply balancing the budget to maintaining the ability to borrow for short term cash flow.

The California Education Code provides support for cash insolvent or "bankrupt" school districts. However, the state's general fund, which initially must support these emergency appropriations, is limited by the lack of a robust state economy and a general and continuing decline in all types of revenue sources. This is addressed by the utilization of the California Infrastructure Bank's sale of bonds to support emergency appropriations. As a result, the real impact of cash insolvency resulting in state intervention in school districts is a very expensive proposition as LEAs grapple with debt service payments that reflect borrowing at market interest rates. In short, LEAs simply cannot afford to be taken over by the state.

### **Program Restoration**

Local education agencies must begin to focus now on the maintenance and restoration of programs in the future, particularly those restricted programs that fall within the categorical flexibility guidelines. The role of school and district administrators to prioritize services and programs that have been reduced, set aside or eliminated will need to be reconsidered when and if funding is restored. In the organizational press to simply survive the past two years, the need for significant focus on planning for the future is being missed.

**In the organizational press to simply survive the past two years, the need for significant focus on planning for the future is being missed.**

### **Pension Reform**

At this writing the details of pension reform remain unclear. However, given the long-term unfunded liabilities of both the STRS and PERS programs, we would conclude that pension reform in the form of higher employer contributions, benefit adjustments, and program changes will be a reality in the future. The potential impact on LEAs will be both economic and organizational as competition for quality personnel is based, at some level, on the total compensation packages offered by employers.

### **School District Unification, Consolidation and the Expanding Number of Education Entities**

In an effort to support cost containment efforts and reduce administrative overhead, many LEAs will continue to consider unification and consolidation. While the economic impacts are fairly clear and measurable, there is little or no empirical data that addresses how program delivery might be affected. The absence of such data will impede progress related to LEA unification and the resulting reduction in the number of school districts in California. At the

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**Many LEAs will continue to consider unification and consolidation.**

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same time, the actual number of public education entities (districts, county offices, charter schools, other related programs) is increasing in California at a very rapid pace. At last count, nearly 1,600 individual educational entities submitted individual student identifier information in the state, all of them with various fiscal reporting responsibilities, financial oversight, and data management obligations. The lack of reporting and fiscal oversight standards among all entities creates a potential liability for the state and the effective use of California's limited resources.

## **FCMAT/CSIS Strategic Plan**

California's late passage of a state budget has created financial difficulties and uncertainty for K-14 education. Due to additional apportionment deferrals, sustaining the recommended reserves for economic uncertainties and short term financial solvency have become increasingly difficult during this current fiscal climate. Educational services to the state's K-14 student populations have become more complex and more costly. Early retirements, attrition, and the need to operate with minimal staffing levels have resulted in fewer long-term, experienced assistant superintendents of business and chief business officials at the LEA level. These challenges have been compounded by the current national, state and local economic trends.

Data management has also become more complex and more costly for LEAs. The implementation of CALPADS in 2009-10 required updates to local student information systems and extensive staff time to complete submissions. In 2010-11, additional CALPADS submissions will be implemented, including the collection of course, staff demographic, staff assignment, and discipline data, along with additional program data. These new submissions will necessitate additional updates to local systems and staff time to complete submissions and certifications of the data.

As these issues continue to confront LEAs daily, FCMAT is positioned to provide timely and cost effective assistance. As recently as six years ago, fiscal crisis and management assistance mainly consisted of management reviews and written reports. Although the management assistance component is a fundamental FCMAT responsibility and will remain an integral service, data management and technical support will need to be a priority for FCMAT/CSIS staff due to federal and state accountability requirements. However, FCMAT's clientele most urgently need the hands-on skills and tools to construct a solid operational infrastructure and the best possible environment for student learning. FCMAT staff members possess top-level skills in school finance, data management, and other specialized areas, and provide high-quality support to K-14 education.

Public education continually changes and evolves through the legislative process. FCMAT endeavors to anticipate these changes and adjust its services accordingly. As of this writing, with fiscal year 2010-11 under way, FCMAT is positioning its resources and setting goals for what looks to be another highly challenging fiscal year.

As part of the Kern County Superintendent of Schools (KCSOS) organization, FCMAT also endeavors to support and enhance the KCSOS strategic goals. This is evidenced in FCMAT's efforts to address its primary mission of assisting K-14 public school agencies in identifying, preventing, and resolving their financial, data management and other operational issues while providing an array of core services. The leadership and guidance of the FCMAT board also helps to shape and define FCMAT's goals. Those goals are enumerated below:

### ***Improve student growth and achievement***

FCMAT continues to work assisting LEAs to best utilize their resources to enhance their instructional programs. While direct classroom support is not part of FCMAT's operational assignment, resources such as the Associated Student Body Manual, online Help Desk, charter school workshops; software products and professional development help county offices and districts to provide the best possible learning experience for their students. FCMAT/CSIS also continues to build local capacity of LEAs to effectively and efficiently submit data.

### ***Maximize services to clients and improve access to resources***

Client services are provided either at the request of an LEA and/or at the direction of the state. FCMAT continues to provide fiscal crisis and management assistance reviews to LEAs, charter schools and community colleges. A long-standing feature of FCMAT's website, the online Help Desk, endeavors to provide a 24-hour turnaround in response to fiscal and management assistance questions. This service is used extensively by LEAs across the state, with multiple questions submitted each day. FCMAT/CSIS staff are responsible for the CALPADS and CSIS Service Desks and respond to thousands of questions during each data submission cycle. FCMAT will continue its practice of providing a prompt, detailed response to users' fiscal and data management questions.

FCMAT staff members receive phone calls for assistance from around the state each day. Utilizing both staff and consultant expertise, these matters are addressed with short- and long-term solutions that the client can begin implementing immediately. Leveraging experience gained from the CALPADS Service Desk, FCMAT's fiscal and management assistance staff, as well as data management staff, track and monitor all types of technical assistance and support requests to maximize effectiveness. The teams will continue to be responsive to requests for assistance from LEAs, the Legislature, California Department of Education, Department of Finance, and other state agencies. FCMAT/CSIS staff members will continue to serve as subject matter experts to the California Department of Education on CALPADS implementation.

To better serve clients in the 2010-11 fiscal year, FCMAT is undertaking a revision of its FCMAT and CSIS websites to unify them under one web presence. This integration will reflect the organization's full breadth of products and services. The website will encourage effective and inclusive communication, and provide paths to related electronic destinations. The new web portal will provide all critical functionality of the current sites as well as new features and functions to provide an expanded interface for data input, access to FCMAT software applications, information management, and collection and management of K-20 data on behalf of the state.

In July 2010, FCMAT/CSIS began hosting the Ed-Data website. Beginning in October, FCMAT/CSIS will maintain the site. This new work leverages FCMAT/CSIS' efforts to help LEAs access and make effective use of data.

### ***Maintain a cohesive, productive and stable workforce***

Effective staffing is of utmost importance in deploying services to the state's approximately 1,600 county offices of education, school districts, community college districts and independently reporting charter schools. To ensure that services are professionally and seamlessly provided, FCMAT must continually

evaluate its staffing and recruit top-rated candidates who possess the requisite skills in school finance, data management, and other specialized areas. As new employees are hired or existing employees depart, ongoing analysis of the agency's staffing needs must occur. To support FCMAT staff in management assistance reviews, consultants with expertise in LEA operations are recruited to support the FCMAT team.

To assist LEAs in their efforts to recruit and hire qualified chief business officials (CBOs) and chief technology officers (CTOs), FCMAT will continue to support the CBO and CTO Mentor training programs. In addition, in recognition that the turnover rate for LEA staff responsible for data submissions is approximately 25% each year, FCMAT/CSIS will continue training new data management coordinators.

FCMAT/CSIS continues transition work to ensure its staff members are fully prepared to deliver effective future support of CALPADS. FCMAT/CSIS will support CALPADS once IBM's contractual obligation is complete. FCMAT/CSIS is implementing transition activities in a manner consistent with the Transition Policy for CSIS Support of CALPADS approved by the FCMAT Board, and the Transition Plan for CSIS Support of CALPADS approved by CDE and submitted to the Office of the Chief Information Officer and the Department of Finance.

### ***Maintain fiscal stability, integrity and accountability***

Effective, easy-to-use tools are essential to the budgeting process. FCMAT will continue to refine and update its Budget Explorer multiyear projection software for school districts and county offices, and has completed Budget Explorer v.4.0 for county office multiyear projections. Version 4.0 for school districts was presented at the 2009 CASBO conference. Staff will continue to conduct fiscal health analyses, cash flow analyses, and multiyear projections for LEAs. It is FCMAT's goal for the 2010-11 fiscal year to implement Budget Explorer v.5.0 for charter school financial reporting and cash flow analysis.

Work continues on Fiscal Insight, a software tool to support the budget review and monitoring of facilities projects. Product enhancements will include a set of financial diagnostics to assist LEAs with historical trends and future revenue and expenditure projections.

FCMAT/CSIS will continue to offer its address validation and records transfer services. The address validation service helps LEAs save time and money by improving their address accuracy for CALPADS, direct certification of eligibility for free school meals, and district mailings to parents/guardians. Records transfer services, including Eligibility in the Local Context and Academic Records Transfer, help LEAs share electronic transcript data, thereby reducing costs associated with print transcripts and error resolution.

All of FCMAT's professional development offerings are reviewed, considered and revised annually in an effort to best focus this important service and maximize the dollars allocated to it.

Internally, FCMAT will utilize and/or develop budget tools as necessary to ensure its fiscal health.

***Provide proactive leadership as a community partner***

The two major components of this goal are to: (1) Encourage professional staff development on a state-wide basis and (2) Encourage collaborations with other agencies.

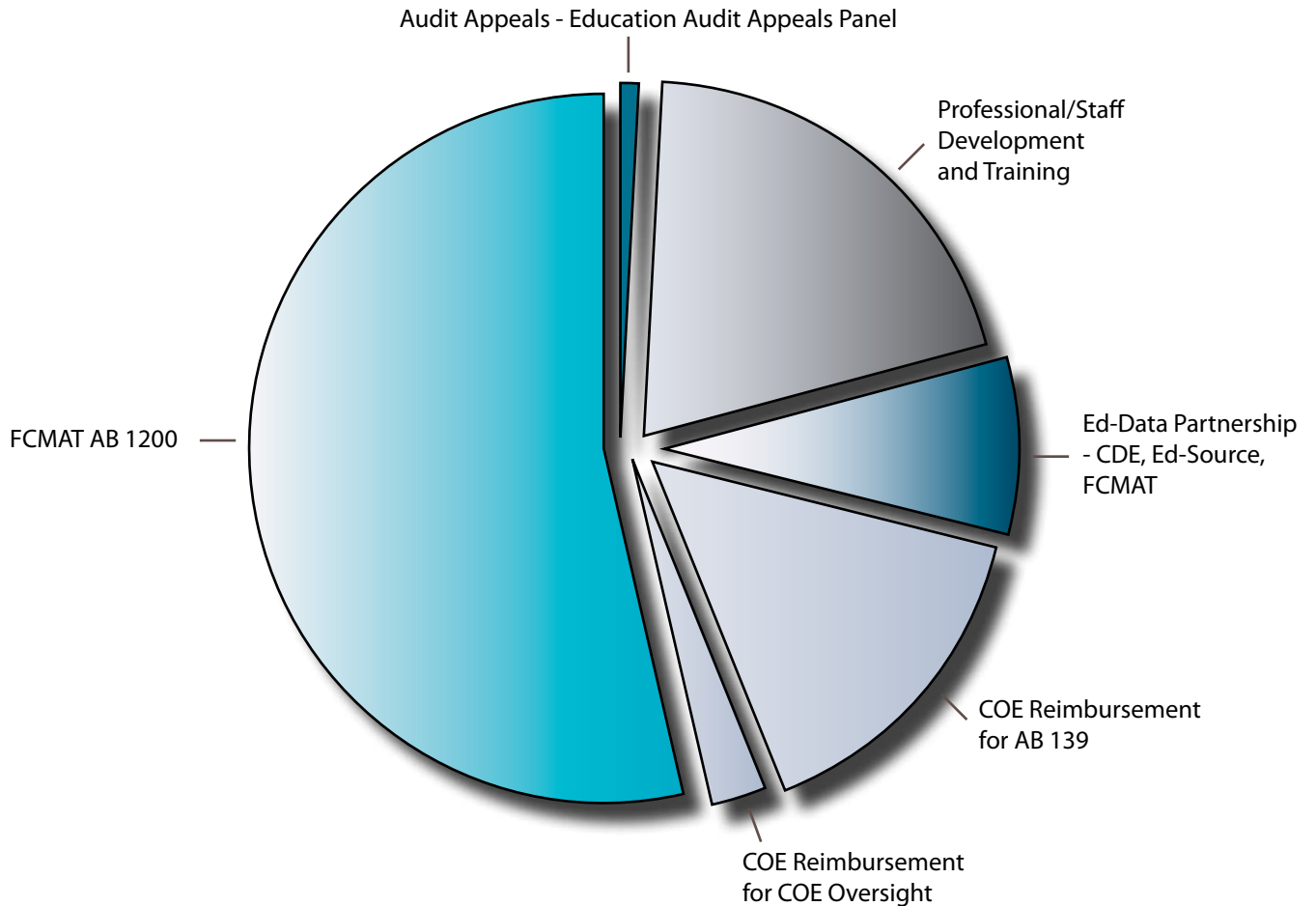
FCMAT provides financial and staff support for professional development training in collaboration with other California educational agencies and entities such as the California School Boards Association, California Association of School Business Officials, California Educational Technology Professionals Association, School Services of California, and the California County Superintendents Educational Services Association.







In addition, the team works collaboratively with LEAs and California educational agencies to promote and support educational issues with state lawmakers. FCMAT will maintain and further develop liaisons with local educational agencies, state educational agencies, state legislators, local officials, and not-for-profit organizations such as EdSource.

# Appropriations for Fiscal Year 2009-10: FCMAT

FCMAT: \$3,648,000

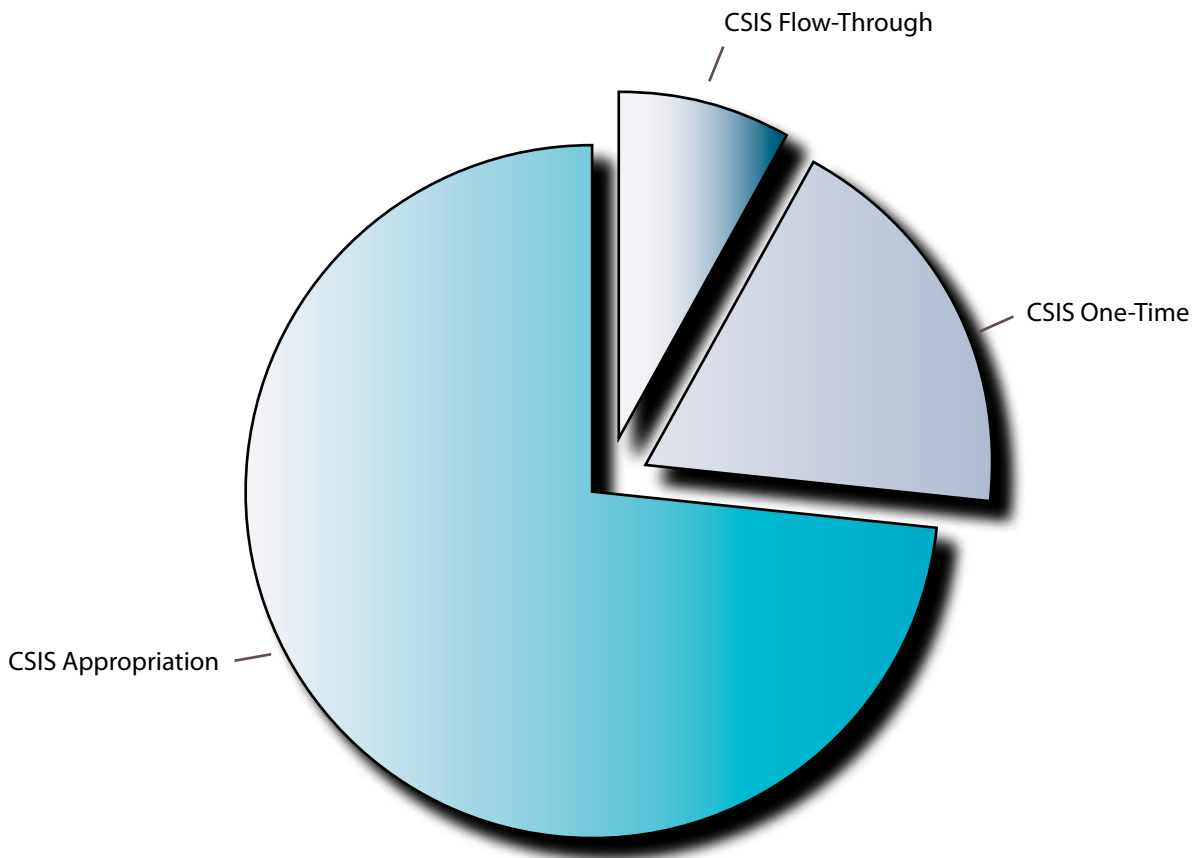
FCMAT Flow-Through: \$1,151,000






	FCMAT AB 1200	\$2,445,000
	COE Reimbursement for COE Oversight	\$115,000 (flow-through)
	COE Reimbursement for AB 139	\$687,000 (flow-through)
	Ed-Data Partnership - CDE, Ed-Source, FCMAT	\$373,000 (\$349,000 flow-through)
	Professional/Staff Development and Training	\$914,000
	Audit Appeals - Education Audit Appeals Panel	\$42,000

## Appropriations for Fiscal Year 2009-10: CSIS

CSIS: \$4,538,000  
CSIS One-Time: \$1,158,000  
CSIS Flow-Through: \$ 500,000



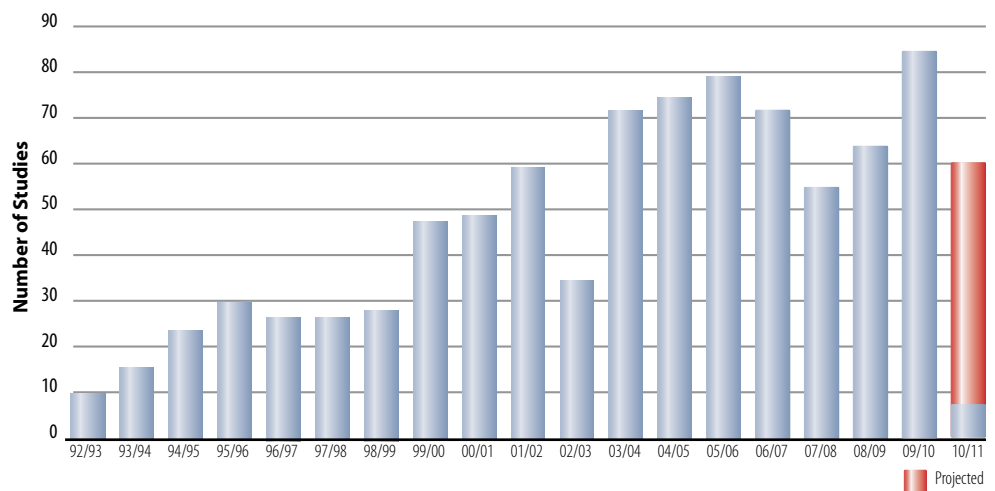
	CSIS Appropriation	\$4,538,000
	CSIS One-Time	\$1,158,000
	CSIS Flow-Through	\$500,000

## Year in Review

### Partnership with the Educational Community

FCMAT provides proactive and preventative management assistance to districts and county offices in managing their operations. Management assistance requests from districts or county offices represent approximately 90% of FCMAT’s work. Additionally, the state Legislature and county superintendents of schools can assign FCMAT into a local educational agency (LEA). These assignments are typically for fiscal crisis intervention work and represent approximately 10% of FCMAT’s studies. FCMAT’s primary charge with these assignments is to avert emergency state loans. Legislation in 2006 made FCMAT services available to charter schools and community colleges, expanding FCMAT’s role in providing assistance to local educational agencies, K-14.

Study Agreements by Fiscal Year



In addition to their primary work of educating students, California’s LEAs handle business services, purchasing, technology, facilities, food services, transportation, and personnel. These various functions or services all affect the delivery of educational programs and are essential for success. The challenge for districts, county offices and other LEAs is to minimize the cost of these services to maximize the resources available to support instruction. In 2009-10 and for the next several years, this challenge remained formidable, with districts declining in enrollment and needing to address increasing expenditures with shrinking resources.

During 2009-10 FCMAT handled 84 fiscal crisis intervention or management assistance reviews for districts, county offices, charter schools and community colleges throughout the state. The types of reviews performed in each of 16 major categories in the 2008-09 fiscal year is shown on page 27.

FCMAT also has been assigned to a number of school districts that required emergency state loans to continue to operate, and has been required to conduct comprehensive assessments of these districts in five operational areas: Community Relations and Governance, Pupil Achievement, Personnel Management, Financial Management and Facilities Management. FCMAT has developed recommendations and a recovery process to assist these districts in their return to local governance and fiscal solvency, and continues to be engaged with several of these districts in monitoring and reporting on the long-term recovery process.

Many monitoring agencies and the state Legislature continue to call on FCMAT as a statewide resource to assist in providing cost-effective services and products to California's public schools.

FCMAT continues to develop and/or update a number of publications and software tools to assist and guide LEAs in conducting their operations more effectively, and provides numerous training workshops to assist them in fulfilling their oversight responsibilities.

### ***Interim Financial Report Certifications***

Each LEA is required to file two reports during a fiscal year indicating the status of its financial health. The first interim report is due December 15 for the period ending October 31. The second interim report is due March 17 for the period ending January 31.

The interim reports must include a certification of whether or not the LEA is able to meet its financial obligations. These certifications are classified as positive, qualified, or negative. A positive certification indicates that the district will meet its financial obligations for the current and two subsequent fiscal years. A qualified certification is assigned when the district may not meet its financial obligations for the current or two subsequent fiscal years. A negative certification signifies that the district will be unable to meet its financial obligations for the remainder of the current year or for the subsequent fiscal year.

As indicated in the charts on the following four pages, qualified certifications remained at very high levels in the first and second reporting periods for 2009-10. Negative certifications again reached unprecedented numbers. This can be attributed largely to the state's poor fiscal position that has resulted in several rounds of funding cuts and deferred payments to the state's LEAs.

FCMAT has monitored interim certification status since its inception, and will continue to do so as an integral part of its efforts to assist LEAs in preserving their fiscal stability.

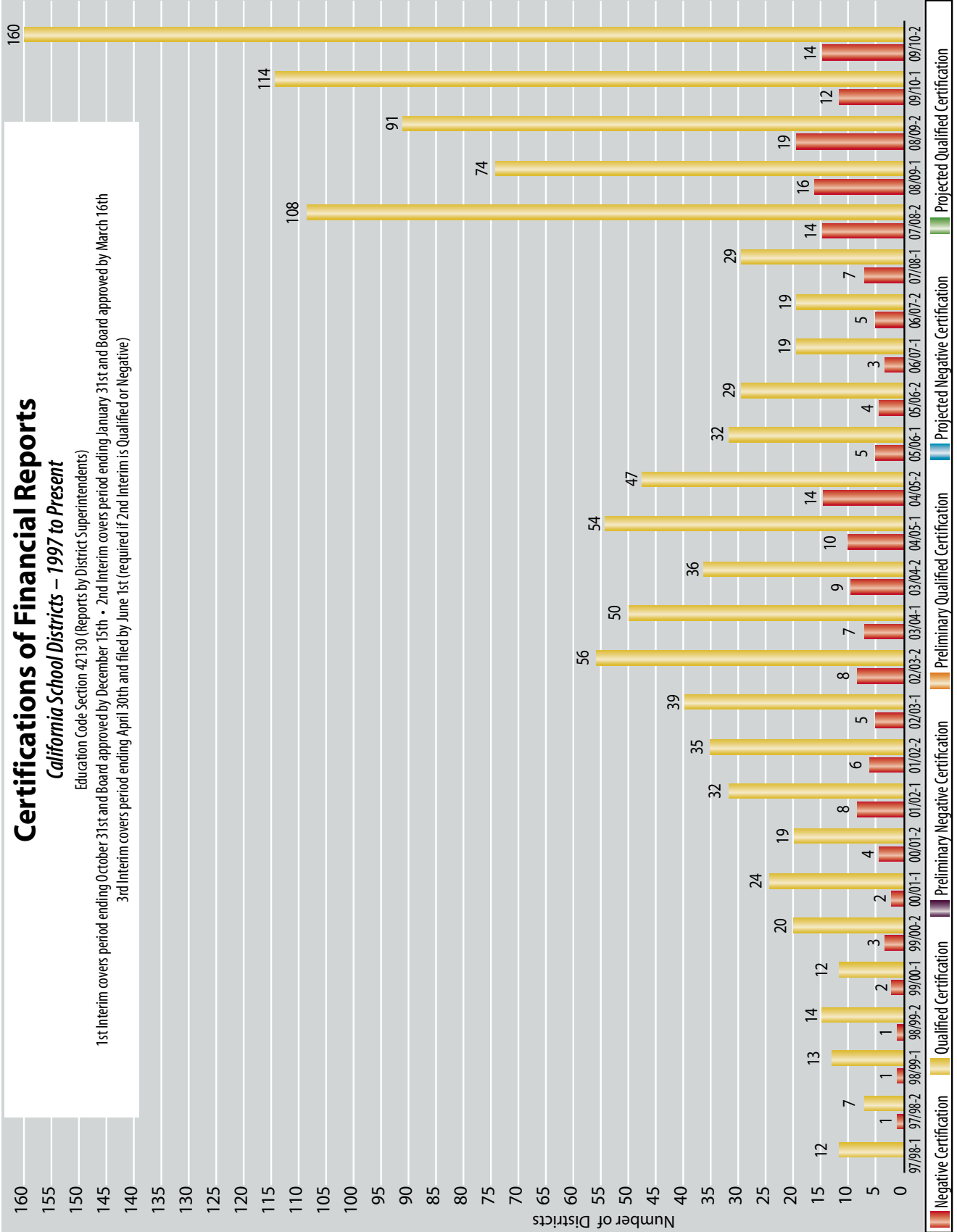
# Certifications of Financial Reports

## California School Districts – 1997 to Present

Education Code Section 42130 (Reports by District Superintendents)

1st Interim covers period ending October 31st and Board approved by December 15th - 2nd Interim covers period ending January 31st and Board approved by March 16th

3rd Interim covers period ending April 30th and filed by June 1st (required if 2nd Interim is Qualified or Negative)



Positive Certification: Shall be assigned to any school district that, based upon current projections, will meet its financial obligations for the current fiscal year and subsequent two fiscal years.

Qualified Certification: Shall be assigned to any school district that, based upon current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

Negative Certification: Shall be assigned to any school district that, based upon current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year.

Second Interim Budget Certifications

2009-10

County	District	Certification
Alameda	Hayward Unified	Negative
Contra Costa	John Swett Unified	Negative
Lassen	Westwood Unified	Negative
Los Angeles	Lynwood Unified	Negative
Mariposa	Mariposa County Unified	Negative
Sacramento	Natomas Unified	Negative
San Benito	Aromas-San Juan Unified	Negative
Santa Clara	Franklin-McKinley Elementary	Negative
Santa Clara	Orchard Elementary	Negative
Solano	Travis Unified	Negative
Solano	Vallejo City Unified	Negative
Sonoma	Cloverdale Unified	Negative
Sonoma	Cotati-Rohnert Park Unified	Negative
Sonoma	Healdsburg Unified	Negative

County	District	Certification
Alameda	Newark Unified	Qualified
Alameda	Oakland Unified	Qualified
Amador	Amador County Office of Education	Qualified
Amador	Amador County Unified	Qualified
Butte	Chico Unified	Qualified
Butte	Paradise Unified	Qualified
Calaveras	Mark Twain Union Elementary	Qualified
Contra Costa	Antioch Unified	Qualified
Contra Costa	Knightsen Elementary	Qualified
Contra Costa	Martinez Unified	Qualified
Contra Costa	San Ramon Valley Unified	Qualified
Contra Costa	West Contra Costa Unified	Qualified
El Dorado	Buckeye Union Elementary	Qualified
El Dorado	Gold Oak Union Elementary	Qualified

County	District	Certification
El Dorado	Gold Trail Union Elementary	Qualified
Fresno	Golden Plains Unified	Qualified
Fresno	Orange Center (Elementary)	Qualified
Fresno	Parlier Unified	Qualified
Glenn	Willows Unified	Qualified
Humboldt	Eureka City Unified	Qualified
Humboldt	Mattole Unified	Qualified
Humboldt	Scotia Union Elementary	Qualified
Humboldt	Southern Humboldt Joint Unified	Qualified
Imperial	Imperial Unified	Qualified
Kern	El Tejon Unified	Qualified
Kern	Lost Hills Union Elementary	Qualified
Kern	Muroc Joint Unified	Qualified
Kern	Panama-Buena Vista Union Elementary	Qualified
Kern	Southern Kern Unified	Qualified
Lake	Upper Lake Union Elementary	Qualified
Lassen	Janesville Union Elementary	Qualified
Los Angeles	Antelope Valley Union High	Qualified
Los Angeles	Azusa Unified	Qualified
Los Angeles	Burbank Unified	Qualified
Los Angeles	Covina-Valley Unified	Qualified
Los Angeles	Culver City Unified	Qualified
Los Angeles	El Rancho Unified	Qualified
Los Angeles	Garvey Elementary	Qualified
Los Angeles	Glendale Unified	Qualified
Los Angeles	Hawthorne Elementary	Qualified
Los Angeles	Inglewood Unified	Qualified
Los Angeles	Lancaster Elementary	Qualified
Los Angeles	Las Virgenes Unified	Qualified
Los Angeles	Lennox Elementary	Qualified

**Second Interim Budget Certifications**  
2009-10

County	District	Certification	County	District	Certification
Los Angeles	Little Lake City	Qualified	Nevada	Nevada City Elementary	Qualified
Los Angeles	Los Angeles Unified	Qualified	Orange	Anaheim City Elementary	Qualified
Los Angeles	Los Nietos Elementary	Qualified	Orange	Buena Park Elementary	Qualified
Los Angeles	Lowell Joint Elementary	Qualified	Orange	Capistrano Unified	Qualified
Los Angeles	Montebello Unified	Qualified	Orange	Centralia Elementary	Qualified
Los Angeles	Newhall Elementary	Qualified	Orange	Fullerton Elementary	Qualified
Los Angeles	Norwalk-La Mirada Unified	Qualified	Orange	Garden Grove Unified	Qualified
Los Angeles	Paramount Unified	Qualified	Orange	Huntington Beach City Elementary	Qualified
Los Angeles	Pomona Unified	Qualified	Orange	La Habra City Elementary	Qualified
Los Angeles	Rosemead Elementary	Qualified	Orange	Saddleback Valley Unified	Qualified
Los Angeles	Rowland Unified	Qualified	Orange	Santa Ana Unified	Qualified
Los Angeles	San Gabriel Unified	Qualified	Orange	Westminster Elementary	Qualified
Los Angeles	Santa Monica-Malibu Unified	Qualified	Placer	Auburn Union Elementary	Qualified
Los Angeles	South Pasadena Unified	Qualified	Placer	Cofax Elementary	Qualified
Los Angeles	Whittier City Elementary	Qualified	Placer	Placer Hills Union Elementary	Qualified
Los Angeles	William S. Hart Union High	Qualified	Placer	Rocklin Unified	Qualified
Los Angeles	Wilsona Elementary	Qualified	Riverside	Alvord Unified	Qualified
Mariposa	Mariposa County Office of Education	Qualified	Riverside	Coachella Valley Unified	Qualified
Mendocino	Laytonville Unified	Qualified	Riverside	Desert Sands Unified	Qualified
Mendocino	Potter Valley Community Unified	Qualified	Riverside	Menifee Union Elementary	Qualified
Mendocino	Round Valley Unified	Qualified	Riverside	Moreno Valley Unified	Qualified
Mendocino	Ukiah Unified	Qualified	Riverside	Nuview Union Elementary	Qualified
Merced	Dos Palos Oro Loma Joint Unified	Qualified	Riverside	Palo Verde Unified	Qualified
Merced	Le Grand Union High	Qualified	Riverside	Riverside Unified	Qualified
Mono	Eastern Sierra Unified	Qualified	Riverside	Temecula Valley Unified	Qualified
Monterey	King City Union Elementary	Qualified	Riverside	Val Verde Unified	Qualified
Monterey	King City Joint Union High	Qualified	Sacramento	EK Grove Unified	Qualified
Monterey	North Monterey County Unified	Qualified	Sacramento	Folsom Cordova Unified	Qualified
Monterey	Santa Rita Union Elementary	Qualified	Sacramento	Robla Elementary	Qualified
Monterey	Washington Union Elementary	Qualified	Sacramento	Sacramento City Unified	Qualified

## Second Interim Budget Certifications

2009-10

County	District	Certification
San Bernardino	San Juan Unified	Qualified
Sacramento	Twin Rivers Unified	Qualified
San Benito	Hollister Elementary	Qualified
San Bernardino	Alta Loma Elementary	Qualified
San Bernardino	Baker Valley Unified	Qualified
San Bernardino	Bear Valley Unified	Qualified
San Bernardino	Central Elementary	Qualified
San Bernardino	Chino Valley Unified	Qualified
San Bernardino	Etiwanda Elementary	Qualified
San Bernardino	Hesperia Unified	Qualified
San Bernardino	Lucerne Valley Unified	Qualified
San Bernardino	Rialto Unified	Qualified
San Bernardino	Yucaipa-Calimesa Joint Unified	Qualified
San Diego	La Mesa-Spring Valley	Qualified
San Diego	Oceanside Unified	Qualified
San Diego	Ramona City Unified	Qualified
San Diego	San Ysidro Elementary	Qualified
San Luis Obispo	Atascadero Unified	Qualified
San Luis Obispo	Lucia Mar Unified	Qualified
San Luis Obispo	Paso Robles Joint Unified	Qualified
San Luis Obispo	Pleasant Valley Joint Union Elementary	Qualified
San Luis Obispo	San Miguel Joint Union Elementary	Qualified
San Luis Obispo	Shandon Joint Unified	Qualified
San Mateo	Belmont-Redwood Shores Elementary	Qualified
San Mateo	La Honda-Pescadero Unified	Qualified
Santa Clara	East Side Union High	Qualified
Santa Clara	Milpitas Unified	Qualified
Santa Cruz	Santa Cruz City Elementary	Qualified
Santa Cruz	Santa Cruz City High	Qualified

County	District	Certification
Shasta	Anderson Union High	Qualified
Shasta	Cascade Union Elementary	Qualified
Shasta	Castle Rock Union Elementary	Qualified
Shasta	Cottonwood Union Elementary	Qualified
Shasta	Happy Valley Union Elementary	Qualified
Shasta	Oak Run Elementary	Qualified
Shasta	Pacheco Union Elementary	Qualified
Solano	Dixon Unified	Qualified
Solano	Fairfield-Suisun Unified	Qualified
Sonoma	Forestville Union Elementary	Qualified
Sonoma	Geyserville Unified	Qualified
Sonoma	Piner-Olivet Union Elementary	Qualified
Sonoma	Sebastopol Union Elementary	Qualified
Sonoma	West County Transportation	Qualified
Sonoma	West Sonoma County Union High	Qualified
Stanislaus	Ceres Unified	Qualified
Stanislaus	Salida Union Elementary	Qualified
Stanislaus	Stanislaus Union Elementary	Qualified
Tehama	Antelope Elementary	Qualified
Tehama	Reeds Creek Elementary	Qualified
Tulare	Stone Corral Elementary	Qualified
Tuolumne	Curtis Creek Elementary	Qualified
Tuolumne	Summersville Union High	Qualified
Ventura	Hueneme Elementary	Qualified
Ventura	Rio Elementary	Qualified
Ventura	Santa Paula Elementary	Qualified
Yuba	Marysville Joint Unified	Qualified

## **Management Assistance 2009-10**

### ***AB 1200 / AB 2756 in Action***

Assembly Bill 1200 was created out of the need to ensure that local educational agencies throughout California adequately prepare to meet their financial obligations. The law was based on concerns arising from the bankruptcy of the Richmond School District and the fiscal collapse of other districts that were preparing to seek emergency loans from the state.

AB 1200 is a statewide plan for county offices of education and school districts to work together on the local level to improve fiscal procedures, standards, and accountability. AB 1200 expands the role of county offices of education in monitoring school districts and mandates intervention, under certain circumstances, to ensure that districts can meet their financial obligations. AB 1200 provisions also apply to the state in its role as monitor of county offices of education. Every publicly funded K-12 school operation has been affected by this innovative effort to ensure fiscal solvency throughout school systems in the state.

The Legislature, through AB 1200, created the Fiscal Crisis and Management Assistance Team (FCMAT). A statewide resource, FCMAT provides fiscal and management guidance to assist monitoring agencies in the performance of their tasks and assists educational agencies requesting help in school business management and related areas.

The procedures to form FCMAT were spelled out by the provisions of AB 1200. In spring 1992, all county offices of education were notified of the opportunity to apply to be the administrative agent for FCMAT. Four county offices submitted responses. As required by law, the decision of which county office would be selected was made by the Superintendent of Public Instruction and the Secretary of Child Development and Education. The Kern County Superintendent of Schools Office was chosen to administer FCMAT, and entered into a contract in June 1992 with the governor's office and the California Department of Education (CDE). The current Administrative Agent is the Kern County Superintendent of Schools, Christine Lizardi Frazier.

The Kern County Superintendent of Schools provides supervision to the team's chief executive officer. Assisting FCMAT in a variety of ways is a 25-member Board of Directors, comprised of county and district superintendents representing the 11 county office of education service regions, a community college representative and a community college board member, and an administrator from the CDE. An important function of the FCMAT board is the authority to declare that a fiscal emergency exists in a local educational agency.

FCMAT's services can be contracted under several different circumstances. For example, if a county office reviews and disapproves a school district's annual budget, that county office may ask FCMAT to examine the district's financial records, develop a budget and/or provide other recommendations to ensure fiscal stability. In addition, FCMAT can respond directly to the request of any school district, county office or charter school seeking advice to improve management.

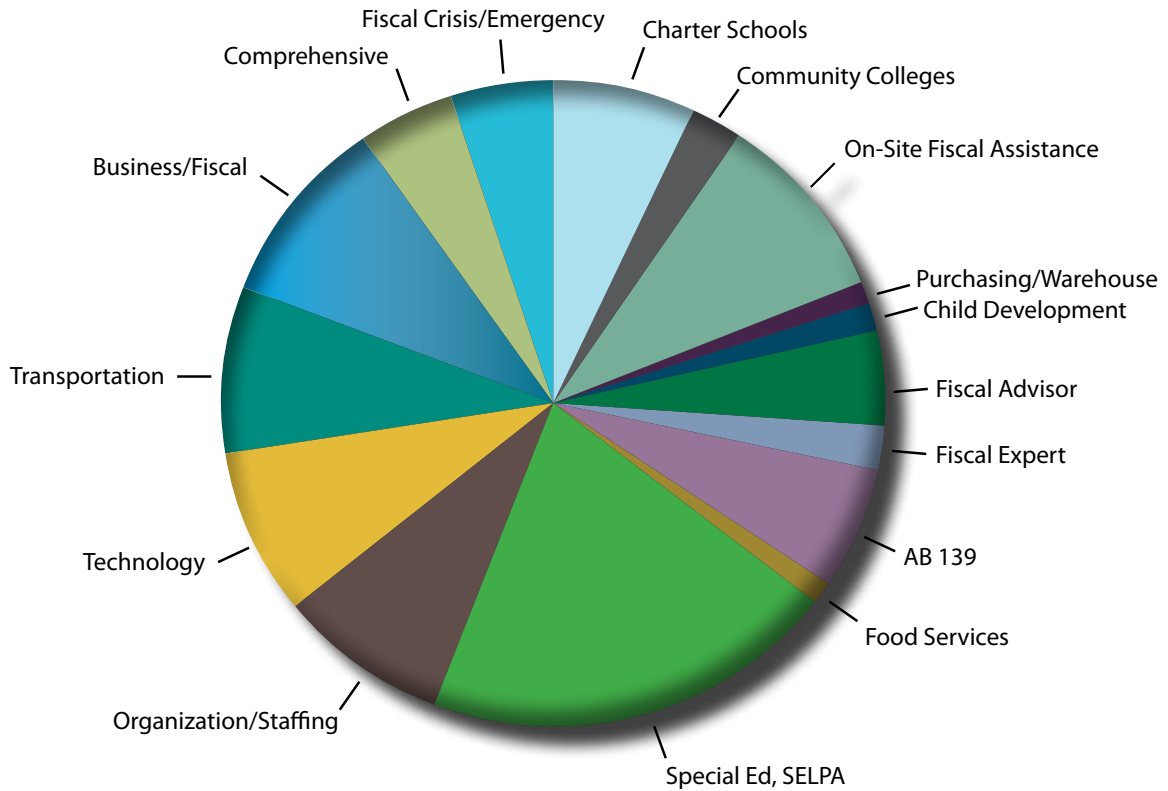
Emergency loans to the Oakland Unified School District (2003) and the Vallejo City Unified School District (2004) prompted the state Legislature to author additional fiscal oversight legislation in the form of AB 2756 (Daucher). The bill made substantive changes to the financial accountability and oversight process of a school district's fiscal condition, and clarified the process for the oversight and monitoring of districts that obtain emergency loans.

















Various state and local agencies were assigned added responsibilities through AB 2756. The State Board of Education was charged with adopting and updating the state's standards and criteria. It also was required to adopt a comprehensive list of professional and legal standards to be used as a guide for good educational programs and fiscal and management practices. FCMAT's comprehensive assessment and monitoring role with emergency loan districts was clarified and enhanced. The role of the county superintendent of schools was clarified relative to the emergency loan districts. AB 2756 makes it clear that the appointment of a State Administrator to an emergency loan district does not remove any statutory rights, duties, or obligations from the county superintendent. A number of added responsibilities were assigned to local school districts relative to AB 2756. One key change was the requirement for the district superintendent and chief business official to certify in writing that the costs incurred by the school district under a contractual agreement can be met by the district during the term of the agreement.

A summary of the studies completed by FCMAT during the 2009-10 fiscal year is provided on the next several pages.

## Types of Reviews for Fiscal Year 2009-10

Total Studies = 84



	Fiscal Crisis/Emergency = 4		AB 139 = 5
	Comprehensive = 4		Fiscal Expert = 2
	Business/Fiscal = 8		Fiscal Advisor = 4
	Transportation = 7		Child Development = 1
	Technology = 7		Purchasing/Warehouse = 1
	Organization/Staffing = 7		On-Site Fiscal Assistance = 8
	Special Ed, SELPA = 17		Community Colleges = 2
	Food Services = 1		Charter Schools = 6

## Fiscal Crisis and Management Assistance Team

Client	Job No.	Client	Job No.	Client	Job No.
<b>Fiscal Crisis/Emergency</b>		<b>Organization/Staffing</b>		<b>Fiscal Expert</b>	
Butte COE/Chico USD	800	Imperial COE	829	Sonoma COE/Cloverdale USD	814
Sonoma COE/Cloverdale USD	796	Tulare JUHSD	806	San Mateo COE/La Honda Pescadero USD	775
San Mateo COE/La Honda Pescadero USD	775	Gateway USD	798		
Lassen COE - Westwood USD	735	King City JUHSD	794		
		Cutler-Orosi JUSD	793	<b>Fiscal Advisor</b>	
<b>Comprehensive</b>		Pleasant Valley SD	780	Ivy Academia Charter	841
King City JUHSD	788	Emery USD	778	Sonoma COE/Piner Olivet SD	761
Compton CC	600			Monterey COE/King City JUHSD	734
Vallejo City USD	426	<b>Special Ed, SELPA</b>		Solano COE/Travis USD	710
West Fresno ESD	384	Fairfield-Suisun USD	830		
		Marin COE	824	<b>Child Development</b>	
<b>Business/Fiscal</b>		San Bernardino COE/West End	821	Santa Barbara SDs	828
St Helena USD	837	Oroville UHSD	820		
Montebello USD	827	N. Santa Cruz SELPA	816	<b>Purchasing/Warehouse</b>	
Enterprise ESD	818	Sierra USD	811	Santa Clara COE	832
Antioch USD	802	Auburn USD	808		
Hollister SD	792	Antioch USD	803	<b>On-Site Fiscal Assistance</b>	
Oxnard SD	787	Placer Hills USD	801	St. Helena USD	836
San Diego USD	779	Elk Grove USD	791	Millbrae SD	826
Lynwood USD	732	Walnut Creek SD	790	Dixon USD	819
		Contra Costa COE	784	Ross Valley SD	810
<b>Transportation</b>		Atascadero USD	777	Martinez USD	812
Washington USD	834	Paso Robles JUSD	774	John Swett USD	776
River Delta USD	825	Oxnard SD	770	Benicia USD	771
Coachella Valley USD	807	Visalia USD	769	Sanger USD	753
Dixie SD	804	John Swett USD	762		
Lassen COE- Lassen High Co-Op	786			<b>Community Colleges</b>	
Contra Costa COE	785	<b>Food Services</b>		San Jose Evergreen CCD	8103
Big Valley JUSD	764	Palmdale ESD	809	Peralta CCD	8102
<b>Technology</b>		<b>AB139</b>		<b>Charter Schools</b>	
Fairfield-Suisun USD	817	Monterey King City JUHSD	813	FAME Charter	835
Muroc JUSD	799	Santa Clara COE Eastside UHSD	783	Ivy Academia Charter	833
Petaluma City Schools	797	Mendocino COE/Round Vly USD	773	Rocky Point Charter	805
Mountain Empire USD	795	Santa Clara COE/MACSA	763	FAME Charter	782
Irvine USD	789	Lassen COE/Westwood USD	742	FAME Charter	781
Evergreen SD	738			Livermore Charter	772
Lamont ESD	746				

## **Trend Analysis**

In an effort to engage in continuous improvement, FCMAT reviews trends to project client needs, predict workflow and allocate resources. FCMAT studies continue to be diverse, but the overarching focus of all studies is on improving efficiency and reducing operational costs. Over the past three years the number of FCMAT studies has increased, with an unprecedented 84 management assistance reviews in 2009-10, a 24% increase over the 64 studies completed in 2008-09. This continues a growth trend that began in 2007-08 when FCMAT conducted 56 studies. The types of studies conducted in 2009-10 were diverse, from organization and staffing to child development. The most significant growth was realized in Special Education as districts, SELPAs and county offices requested FCMAT services to seek operational efficiencies while maintaining a high level of student services. FCMAT realized an increase from six such studies in 2008-09 to 17 studies in 2009-10.

As districts and county offices responded to the continued budget crisis and sought operational efficiencies in administrative and support staffing, FCMAT realized a growth in organization and staffing studies from four studies in 2008-09 to seven studies in 2009-10. FCMAT provided support to one district in fiscal crisis in 2008-09 compared to four districts in 2009-10. In addition, FCMAT staff members were assigned as fiscal experts in two districts and fiscal advisors in four. AB 139 fraud audits were at a record high of five studies.

Community colleges and charter schools continue to be emerging markets. In the past year FCMAT has seen an increase in the number of requests from community colleges and charter schools, and in 2009-10 FCMAT completed studies for two community colleges and six charter schools.

## **Study Summaries 2009-10**

### **Antioch Unified School District (No. 802)**

A multiyear financial projection developed by FCMAT showed that the district would not be able to meet its recommended reserve requirement in the two subsequent fiscal years without ceasing deficit spending and increasing revenue and/or reducing expenditures.

### **Atascadero Unified School District (No. 777)**

A review of special education programs and services resulted in recommendations to help the district evaluate feasibility, reduce costs and provide a high level of service when transferring some programs from county office to district operation.

### **Auburn Union Elementary School District (No. 808)**

The special education report was a follow-up to one conducted in June 2005 and found that students may have been overidentified for speech and language services.

### **Big Valley Joint Unified School District (No. 764)**

FCMAT analyzed the costs and benefits of two options for school consolidation, and provided recommendations.

### **Contra Costa County Office of Education (No. 784)**

A review of the Contra Costa Special Education Local Plan Area indicated that the SELPA should revise its resource-allocation policy to include greater detail on the various funding sources and provide for more involvement by SELPA governance.

### **Contra Costa County Office of Education (No. 785)**

FCMAT issued a management letter recommending that the county office explore modifications in special education program placement and bell time coordination to increase efficiency and minimize cost.

### **Cutler-Orosi Unified School District (No. 792)**

A business and personnel review suggested a staffing comparison with unified districts that were similar in size to determine whether the departments were adequately staffed.

### **Desert Sands Unified School District (No. 765)**

A review of the district's technology services included recommendations to better align services and resources with the district's instructional needs.

### **Dixie School District (No. 804)**

The district was found to operate a safe and service-oriented transportation program. Funding and bus routing challenges were among the areas reviewed.

### **Elk Grove Unified School District (No. 791)**

Recommendations were made in 12 operational areas to contain special education costs, including staffing ratios, transportation, and program configuration.

**FAME Public Charter School (No. 781)**

FCMAT reviewed the charter school's special education services and provided recommendations for improved timeliness of services, corrections of minor compliance issues, and minor improvements to some recordkeeping and procedures.

**FAME Public Charter School (No. 782)**

The charter's 2009-10 general fund budget, multiyear financial projections for 2010-11 through 2013-14, and cash flow projections were reviewed. A number of adjustments to processes and procedures were recommended.

**Gateway Unified School District (No. 798)**

Business Department processes and procedures were reviewed for their efficiency and productivity. Additional training for some positions was recommended, along with improvements in internal controls and streamlining of the purchasing process.

**Hollister Elementary School District (No. 793)**

A fiscal review advised the district to begin preparing immediately for a period of fiscal instability and adopt a budget and multiyear projections that eliminate deficit spending and meet reserve requirements in the budget and projection years.

**Irvine Unified School District (No. 789)**

FCMAT recommended a reorganization of the technology department and additional training for employees in the payroll department.

**John Swett Unified School District (No. 762)**

A review of the special education program found that the district overidentified special education students and recommended the implementation of a districtwide student study team process.

**Lamont Elementary School District (No. 746)**

The creation of a new technology department titled Technology and Information Services was among the suggestions FCMAT developed for this report.

**Lassen County Office of Education (No. 786)**

A review of a multidistrict transportation cooperative included recommendations for improvements in communication regarding the nature of the cooperative arrangement, cost distribution and accounting, and vehicle use and replacement.

**Lassen County Office of Education/Westwood USD/Westwood Charter School (No. 742)**

The district's policies and procedures related to conflict of interest and employment were reviewed in this AB 139 study to determine whether the district and/or the charter school were in violation of Government Codes 1090-1099 or 1126-1127.

**Lynwood Unified School District (No. 732)**

FCMAT's fiscal review indicated that the district would not meet its recommended reserve requirement in the current and two subsequent fiscal years without a detailed plan to increase revenue and/or reduce expenditures and cease deficit spending.

**Muroc Joint Unified School District (No. 799)**

Focusing on technology, the review indicated that every network device in the district was well beyond its predicted useful life and should be replaced.

**Oxnard Elementary School District (No. 770)**

FCMAT's study focused on the district's special education programs in four areas: fiscal, program, current practices and management structure.

**Oxnard Elementary School District (No. 787)**

Financial processes and procedures were reviewed, and the district's financial management software was evaluated. The district's organizational structure in the facilities, business and technology departments also was analyzed, and recommendations made.

**Paso Robles Joint Unified School District (No. 774)**

The viability of transferring special education programs from the county office of education to the district was analyzed and recommendations for transitioning programs were made.

**Placer Hills Union School District (No. 801)**

A special education review was conducted that focused on instructional strategies and the service delivery model. Student placement in county office vs. regional or district programs also was closely examined.

**Pleasant Valley School District (No. 780)**

An organization, function, and staffing review of specific positions in the district's business office found that the department was slightly understaffed.

**Rocky Point Charter School (No. 805)**

Components of this fiscal study included a review of the charter's 2009-10 general fund budget and a multiyear financial projection. The charter was projected to meet its reserve requirement in the current and two subsequent fiscal years.

**San Diego Unified School District (No. 768)**

A multiyear financial projection concluded that the district would meet the required reserves for economic uncertainty in the current and two subsequent fiscal years after reducing the operating budget by more than \$369.6 million over the three fiscal years.

**San Jose/Evergreen Community College District (No. 8103)**

FCMAT completed a management assistance review that centered on possible violations related to travel and credit card use.

**San Mateo County Office of Education/La Honda Pescadero Unified School District (No. 775)**

FCMAT's multiyear financial projection and cash flow analysis revealed that the district would not need an emergency state appropriation but would budget reductions to maintain its required reserve in fiscal year 2011-12.

**Santa Clara County Office of Education/Mexican American Community Services Agency Charter Schools (No. 763)**

An AB 139 extraordinary audit revealed that some employee retirement contributions were not made to STRS and PERS and provided recommendations to correct this issue while maintaining fiscal solvency.

**Santa Clara County Office of Education/East Side Union High School District (No. 783)**

An AB 139 extraordinary audit of the East Side Union High School District found violations of board policy with regard to contracted services and considerable need for improvement in vacation accrual and accounting, but no illegal practices.

**Sonoma County Office of Education/Cloverdale USD (No. 796)**

This management letter and its attachments included a multiyear financial projection and identification of the district's cash flow needs for 2009-10 and 2010-11. The COE was advised that the district would need to make significant budget adjustments to remain fiscally solvent in the 2010-11 fiscal year.

**Soquel Elementary School District (No. 816)**

The North Santa Cruz County SELPA was the focus of a study that found the SELPA funding model included some inequity, and the allocation of state support funds may not have been fair and equitable.

**Tulare Joint Union High School District (No. 806)**

This Business Department review recommended adjustments to the organizational structure and tightening of some internal controls, and provided staffing comparisons to business departments in similarly sized California high school districts.

**Visalia Unified School District (No. 769)**

A wide-ranging review of the special education program was conducted that included staffing, services, staff development, possible program transfer, program review, due process, and the benefits and challenges of becoming a single-district SELPA.

**Vallejo Unified School District (No. 426)**

A final Pupil Achievement review was completed as part of this comprehensive study, as control over the pupil achievement area has been returned to the district. Fieldwork was ongoing for the fiscal management component of the study.

**Walnut Creek Elementary School District (No. 790)**

The use of a SELPA contract, certified list and negotiated rates for all nonpublic school placements were among the recommendations of a study that focused on special education and central office organization.

## Client Evaluation Results

Upon completion of each study, FCMAT sends the client a User Evaluation Form requesting feedback for the services provided. This evaluation helps FCMAT to meet its clients' needs and document areas of service that may need improvement.

**"FCMAT team was great – of immense help to our district."**

For 2009-10, FCMAT received 26 completed evaluations. An analysis of the evaluations is submitted to the Kern County Superintendent of Schools as FCMAT's administrative agent, and to the FCMAT Board of Directors.

These are the responses from the User Evaluation forms received during 2009-10:

**Did the FCMAT team complete the objective of the study as requested?** 26=yes, 0 no.

**Was the time line satisfactory?** 25=yes, 0-no, no response-1.

**How would you rank FCMAT's overall assistance?** (Scale of 1-5) 20=5, 6=4.

**How would you rank your level of satisfaction with the entire process?** (Scale of 1-5) 19=5, 7=4.

Types of local educational agencies that completed the User Evaluation Form:

- K-12 School Districts – 15
- County Offices of Education – 11
- Community Colleges – 0
- Charter Schools – 0

This client evaluation summary does not reflect FCMAT's ongoing fieldwork or legislative assignments to conduct comprehensive assessments.

FCMAT's Deputy Executive Officer makes personal contact with all clients who provide a performance evaluation score of 3 or lower. Written documentation is maintained as to the nature of the call, the contact, issues raised, and the ultimate resolution. All evaluations received by FCMAT for the 2009-10 fiscal year were rated 4 or better.

**"I was very pleased with the process and the information generated."**

## Client Evaluation Results – Year-to-Year Comparison

Did the FCMAT team complete the objective of the study as requested?					
2008-09			2009-10		
Response	Number of Responses	Percentage of Total	Response	Number of Responses	Percentage of Total
Yes	31	100%	Yes	26	100%
No	0	0%	No	0	100%

Was the time line satisfactory?					
2008-09			2009-10		
Response	Number of Responses	Percentage of Total	Response	Number of Responses	Percentage of Total
Yes	31	100%	Yes	25	96%
No	0	0%	No	1	4%

How would you rank FCMAT’s overall assistance? (Scale of 1-5)					
2008-09			2009-10		
Response	Number of Responses	Percentage of Total	Response	Number of Responses	Percentage of Total
5	19	61%	5	20	77%
4	12	39%	4	6	23%

How would you rank your level of satisfaction with the entire process? (Scale of 1-5)					
2008-09			2009-10		
Response	Number of Responses	Percentage of Total	Response	Number of Responses	Percentage of Total
5	22	71%	5	19	73%
4	9	29%	4	7	27%

Types of local educational agencies that completed the User Evaluation Form					
2008-09			2009-10		
Response	Number of Responses	Percentage of Total	Response	Number of Responses	Percentage of Total
K-12 Districts	19	61%	K-12 Districts	15	58%
COEs	12	39%	COEs	11	42%
Community Colleges	0	0	Community Colleges	0	0
Charter Schools	0	0	Charter Schools	0	0

These results point to an ongoing overall satisfaction with FCMAT’s services. A survey is sent to each client at the close of the study, and several follow-up contacts are made to ensure its return. However, only approximately one-third of clients complete and return the survey. FCMAT will endeavor to increase the number of survey responses in the 2010-11 fiscal year. This may include revision of the survey itself so that it yields more timely and detailed feedback.

## Special Assignments

### ***Fiscal Advisor/Fiscal Expert Assignments***

FCMAT staff provide support to school districts and charter schools at the request of county offices of education or charter school governing boards. FCMAT's role is to assist districts and COEs in maintaining a high level of fiscal health, thereby helping to avoid solvency problems. As an external and independent entity, FCMAT may be assigned as a fiscal expert or advisor or simply to act as a statewide resource that provides fiscal and management guidance, professional development, and support for districts involved in fiscal emergencies. Consistent with the statutes that created FCMAT, its approach is both preventative and progress and is intended to move districts toward a positive certification. Early intervention through multiyear projecting, trend analysis and collaborative partnering with both public and private agencies are the consistent themes of FCMAT's approach.

FCMAT served as fiscal advisor or fiscal expert to these entities in the 2009-10 fiscal year:

<b>Fiscal Advisor</b>	<b>Fiscal Expert</b>
Ivy Academia Charter School	Cloverdale Unified School District
King City Joint Union High School District	La Honda-Pescadero Unified School District
Piner Olivet School District	
Travis Unified School District	

### ***Comprehensive Reviews***

#### **Vallejo City Unified School District**

In June 2004, Senate Bill 1190 authorized a state loan of \$60 million and authorized the Superintendent of Public Instruction (SPI) to appoint a state administrator to the district. FCMAT was required by the legislation to conduct a comprehensive assessment of the district, develop a recovery plan, and provide three six-month monitoring reports of the district's progress through May 2006.

FCMAT issued its Assessment and Recovery Plan on November 1, 2004. Six-month progress reports were issued in May and November 2005, May and November 2006, and July 2007. The most recent report was issued in June 2008. The operational areas of Community Relations/Governance, Pupil Achievement, Personnel Management, and Facilities Management have been returned to the local governance of the Vallejo board by the SPI, with the State Administrator serving as State Trustee for these areas. The Financial Management area remains under state administration. A review in the area of Pupil Achievement was conducted September 2009, with a report published January 2010. Although this area has already been returned for local control, the district requested a current assessment of progress to date. A progress report was finalized in the area of Financial Management, along with an independent multiyear financial projection and cash flow projection. The date for the next review is to be determined.

#### **West Fresno Elementary School District**

In March 2003, Assembly Bill 38 provided an emergency state loan of \$2 million to the district and authorized the appointment of a State Administrator. The legislation required FCMAT to conduct a

comprehensive assessment of the district. The bill also required FCMAT to file status reports for two six-month periods through June 2004 on the school district's progress with regard to the improvement plans. FCMAT issued six-month progress reports in January 2004 and July 2004. Subsequent legislation was required to authorize FCMAT to provide additional progress reports for the district. These progress reports were issued in July 2005, April 2007 and April 2008.

The April 2008 progress report recommended the return to local governance of four of the five operational areas: Community Relations/Governance, Personnel Management, Pupil Achievement, and Facilities Management. Three of the four areas recommended for local control were regained by the district, with Pupil Achievement remaining under state control, along with Financial Management.

The April 2009 progress report recommended that the SPI return the Financial Management component to local governance. The Pupil Achievement component remains under state control and is not required to be reviewed by FCMAT because the district is receiving the assistance of the District Assistance Intervention Team (DAIT) from the Fresno County Office of Education.

On December 4, 2009, state Superintendent of Public Instruction (SPI) Jack O'Connell reassumed the powers of the district in the following areas: Community Relations and Governance, Personnel Management, and Facilities Management. These areas are defined by FCMAT in the West Fresno Elementary School District Assessment and Improvement Plan. Assembly Bill 38 (Chapter 1, Statutes of 2003) provides the SPI with the oversight responsibilities and contains prescriptive requirements in subdivision (e) that must be satisfied by the district for all of its duties and powers to be returned by the SPI.

FCMAT will conduct an additional review that will include a subset of the original standards using a scoring rubric to evaluate the three component areas listed above. Once the specific conditions outlined by the SPI are met, the district may be eligible to reassume operational control.

### **Compton Community College District**

In June 2006, the Compton Community College District required a \$30 million state emergency loan. AB 318 provided the emergency funds and appointed a State Trustee to administer the college district. The district also lost its accreditation in summer 2006, but is able to provide educational programs as a satellite campus through its partnership with El Camino Community College.

FCMAT conducted an extraordinary audit of the college district and issued its report in November 2006. The report called attention to a number of inappropriate operational practices and the lack of internal controls and procedures to guide operations effectively. In addition, FCMAT conducted a comprehensive assessment of the district's operations in the areas of Community Relations/Governance, Academic Achievement, Personnel, Facilities, Finance and Technology.

FCMAT issued its comprehensive report and recovery plan in April 2007. Additional progress reports were issued in January and July 2008, and the most recent review was published in June 2009. Substantial progress has been made in each operational area, with the fifth comprehensive report scheduled for release in October 2010.

### **King City Joint Union High School District**

Senate Bill 130 was signed into law July 22, 2009, providing King City Joint Union High School District with a \$13 million emergency loan and authorizing the state Superintendent of Public Instruction to appoint a state administrator. The bill enumerates the financial condition, criteria and standards that must be in place for authority to be restored to the board. SB 130 authorized FCMAT to conduct a comprehensive review of the district operation in five areas including: Financial Management, Facilities, Personnel, Pupil Achievement, and Community Relations. In addition, FCMAT was authorized to develop a recovery plan and conduct annual comprehensive reviews until authority has been returned to the board.

In October 2009, FCMAT conducted the comprehensive review on over 308 professional and legal standards and published a 680-page report containing approximately 1,043 recommendations. In March 2010, 145 priority standards were selected for further review. FCMAT returned in late September and early October 2010 to conduct the second comprehensive review and measure progress in the identified priority standards. During the first year of state administration the district has made progress in several priority areas.

Over the past year the board has participated in governance training with CSBA and online ethics training. The district is revising and updating board policies monthly. The collective bargaining agreements with both the teachers' union (KCHSTA) and classified staff (CSEA local 529) were settled for an approximate ongoing savings of \$2.6 million. Two school days were added to the schedule and instructional minutes were increased. The district returned the special education and food services programs to district operation to increase local control of services and reduce operational expenses.

Two new principals and three new vice principals were hired at the two comprehensive high schools. District office staff has been reorganized and systems and procedures are being developed.

A \$13 million loan from the I Bank was negotiated with a 5.44% rate over the 20-year term of the loan. No prepayment is permitted during the first 10-year period, and there is a penalty for early payment in the final 10 years of the loan.

API has increased by 41 points at King City High School (721) and 60 points at Greenfield High School (669), the highest scores in the history of the district. The percentage of students passing CAHSEE in language is 47.6%, and in math it is 49.2%.

The master schedule was revised to add support classes for students needing strategic and intensive intervention. In addition, two unaccredited continuation schools were reorganized into one continuation high school, and an application for accreditation has been filed. A new independent study charter school will initially serve 9-12 grade students, with a plan to expand to serve the K-12 population in south Monterey County in 2011-12.

FCMAT plans to publish the second comprehensive review in January 2011.

## Professional Development

### **FCMAT Training**

FCMAT offers workshops to California's K-14 local educational agencies, with fees set to recover the cost of the workshop only. For the following workshops, FCMAT staff members are utilized as presenters, with materials developed and produced in-house.

#### **Associated Student Body**

*Target Audience: District and site-level staff who handle ASB accounting/operations*

Description: This workshop is structured specifically for the requesting client, whether it's for an elementary, secondary or unified school district; charter school or community college. Workshops are three to four hours, depending on the agenda, and cover all aspects of ASB accounting and operations, with real-life experiences and examples used throughout. The FCMAT ASB Accounting Manual and Desk Reference is used as a guide to the training.

#### **Budget Explorer**

*Target Audience: CBOs and other business staff who prepare MYFPs*

Description: Hands-on training provides attendees with an in-depth understanding of Budget Explorer as a multiyear financial forecasting, planning and communication tool. One new feature of BE is for users to create a cash flow analysis. Participants learn how to create a multiyear financial forecast, print reports, and export data to another file to assist in meeting the financial reporting and cash flow requirements under AB 1200.

#### **Charter School Fiscal Management**

*Target Audience: Charter school and oversight agency staff and administrators*

Description: This FCMAT workshop is for charter school and oversight agency staff and administrators. The workshop is relatively new, and has been positively received due to the low cost and comprehensive information. The workshop was held in two locations in 2008-09, and five locations in fall 2009. Three additional sessions are planned for 2010. Topics include overview of laws and regulations, MOUs, pupil enrollment, school calendar and attendance, annual audits, internal controls and oversight, data management and CALPADS, overview and explanation of funding sources, effective financial management through budgets, financial projections and cash flow projections.

Each year, FCMAT sponsors and partners with other agencies and the private sector to provide timely, pertinent training and information to California's local educational agencies. Those efforts include the following:

### **Accounts Payable Workshop**

*Target Audience: Chief business officials, county office and district business staff*

*Partner: California Association of School Business Officials (CASBO)*

Description: Participants receive information to help them understand the complexities that govern many of the internal procedures that exist in accounts payable. They learn the importance of accounts payable as it relates to budget, overall financial reporting, federal and state categorical compliance, and the annual audit of district funds. Each participant receives comprehensive materials that includes a copy of the California School Accounting Manual.

### **CBO Boot Camp**

*Target Audience: New and aspiring CBOs and superintendents*

*Partner: CASBO*

Description: This intensive, three-and-a-half-day program is designed to assist aspiring chief business officials and superintendents. The program guides participants through the everyday battles and sometimes conflicting responsibilities CBOs face. Areas of focus include an overview of school finance, making budget presentations, special education issues, SACS accounting structures, working with oversight agencies, school facilities, risk management, the CBO and collective bargaining, and much more.

### **Building a Better Budget - Making Categoricals Serve your District**

*Target Audience: Site administrators, district fiscal administrators, and program directors*

*Partner: School Services of California (SSC)*

Description: This workshop focuses on how to learn about the latest rules and opportunities to manage categorical resources to optimally support district and site goals and priorities. The latest updates on categorical programs are provided, including tips on how to maximize funding and adjust planning and management practices to accommodate state budget changes while meeting compliance requirements.

## **Cash Flow**

*Target Audience: District and county office administrators and technical staff responsible for budget monitoring and cash flow management*

*Partner: School Services of California (SSC)*

Description: This new workshop was offered at the San Luis Obispo and Orange County offices of education during 2009-10, with additional offerings being planned in 2010-11 at other county offices of education. With all of the current cash deferrals at the state level, along with the current effect of California's economy on school districts, the challenges of cash flow management continue to increase. Thus, a more hands-on workshop was developed including topics such as cash flow concepts, how to prepare a cash flow (including a hands-on exercise), cash borrowing and recognizing trouble.

## **May Revision Workshop**

*Target Audience: Education community, news media, and elected officials*

*Partners: SSC and CCSESA*

Description: This workshop shares information about the financial implications of the governor's May Revision, including updated state budget and Proposition 98 projections, up-to-the-minute status reports on categorical programs, and the potential impact of the governor's proposed initiatives. Also included is information related to practical issues involved in closing the books and determining appropriate accruals; program rates, provisions, flexibility, and changes to program funding and operational requirements. Strategies for collective bargaining and proactive responses to financial problems are discussed along with how the statutory COLA was calculated and what it means for the budget and for collective bargaining.

## **Fiscal Oversight Conference**

*Target Audience: County office business staff*

*Partners: CCSESA and the Business and Administration Steering Committee (BASC)*

Description: This annual event is cosponsored by CCSESA, BASC, and FCMAT to provide up-to-date information and training related to the role of the county office of education cited in Education Code Sections 42127.6-8. Sessions relate to emerging oversight issues, new legislation, the utilization of tools and techniques, and general information related to the implementation of AB 1200 and AB 2456.

## **Masters in Governance**

*Target Audience: Board members, superintendents*

*Partner: California School Boards Association (CSBA)*

Description: CSBA developed the Masters of Governance training program to support board members and superintendents. The program contains seven separate training modules focusing on the board's role with respect to setting the direction, establishing structure, providing support, ensuring accountability and acting as a community leader. FCMAT continues to support CSBA in revising and presenting the finance module in an effort to better prepare board members for their important role in approving, monitoring and implementing the district budget.

## **Professional Development Resource Guide**

*Target Audience: Chief business officials, county office and district office staff*

Description: Under AB 3141, state funded school business training services are facilitated through FCMAT. This includes the development of a training calendar to be disseminated semiannually to each county service region, which publicizes all of the fiscal training services offered at the local, regional and state levels. The Resource Guide is posted on FCMAT's Web site.

## **Written Resources**

### **Associated Student Body Accounting Manual & Desk Reference**

*Target Audience: All those involved with student organizations, including chief business officials, principals, ASB advisors, ASB bookkeepers, district office oversight staff, and student councils*

Description: Revised in 2009, the ASB Accounting Manual & Desk Reference is the standard used by educational entities throughout the state for ASB operations. Information is provided in a user-friendly format to guide all those responsible for student body activities. The manual responds to the increased demands on today's school leaders to augment funding for students and schools while still maintaining fiscal accountability and accuracy. The manual suggests the right questions to ask and how to assess the answers.

### **County Office of Education Fiscal Procedural Manual**

*Target Audience: Chief business officials, county office business staff, superintendents, board members*

*Partners: CCSESA and BASC*

Description: The Fiscal Procedural Manual was originally published in January 2005. The manual assists COE business officials in performing their required duties related to evaluating the operation of school district finances. It outlines 26 procedures and adopted standards that are required by California education and government codes and can assist county offices of education

in developing consistent and common practices in reviewing and responding to school district fiscal requirements. FCMAT updated Sections 003, 010 and 023 of the manual in February 2010 with the assistance of the School Financial Services Subcommittee, with review and final approval by the Business and Administration Services Committee.

## **Fiscal Oversight Guide**

*Target Audience: Chief business officials, county office and district business staff, superintendents, board members*

*Partners: CCSESA and BASC*

Description: The Fiscal Oversight Guide was issued in September 2006, adding the increased oversight requirements of AB 2756 to the information contained in the original AB 1200 Guide. The guide provides an additional resource for county offices to use in the oversight of school districts, outlining the responsibilities of the county offices of education in the budget adoption and approval process and review of interim reports. It also provides guidance and sample letters for various scenarios if budgets are disapproved or interim reports are qualified or negative.

## **CSIS Training**

### **Eligibility in the Local Context (ELC) Training**

*Target Audience: LEA school counselors and staff members who will be completing an ELC submission through CSIS to the University of California Office of the President*

Description: This course provides detailed instructions on ELC data population requirements and the submission process to enable users to electronically submit qualifying student records.

### **Academic Records Transfer (ART) Training**

*Target Audience: LEA staff members who are responsible for submitting student transcript data to CSIS and/or transferring transcript data to other K-12 LEAs or to postsecondary institutions*

Description: This three-part course begins with detailed instruction on ART data population requirements that will enable users to electronically submit student transcript records. The second part focuses on the DataGate records transfer functionality. The third part provides detailed instruction on the CSIS Transcript Center process and functionality, including how the end users request, send and receive student transcripts.

## **Address Validation**

*Target Audience: LEAs staff members who want to submit student addresses for the purpose of address validation.*

Description: This training session prepares LEA staff members to take advantage of FCMAT/CSIS' free Address Validation service. This service either automatically corrects and standardizes addresses submitted by LEAs that do not comply with U.S. postal mailing standards or identifies errors when automatic correction is not possible. Address Validation allows LEAs to download corrected/standardized addresses as well as to access error reports for addresses that could not be corrected. This process helps LEAs improve their address quality for CALPADS, direct certification of eligibility for free school meals, and postal mailings.

## **CALPADS Training**

*Target Audience: LEA program and data management staff responsible for reporting and certifying student and staff data in CALPADS*

Description: CALPADS training sessions prepare local education agency staff to submit data to CALPADS. Training sessions are offered through either online classes or self-paced learning. Topics in 2009-10 include the topics listed below. Topics in 2010-11 will include the topics listed below as well as training for any new CALPADS functionality implemented in 2010-11, including Fall 2, staff and course data.

- TRNG 1 - Overview of CALPADS Objectives and Requirements
- TRNG 2 - CALPADS Features, Key Concepts, and System Administration
- TRNG 3 - CALPADS SSID Enrollment
- TRNG 4a - CALPADS State Reporting, Including Instruction for Fall 1 Data Collections
- TRNG 4b - CALPADS Anomalies
- CALPADS Data Reconciliation
- Fall 1 Reporting and Certification

## **Data Management Coordinator Training**

*Target Audience: Staff members who will be completing CALPADS and/or CSIS data submissions and are new to education and/or data management.*

Description: The class includes two parts. Part 1 focuses on key data management concepts, data constituencies and ways to build organizational leadership and support for data management. Part 2 focuses on factors affecting data quality, data security, data use and reporting considerations.

## **Leadership Preparation**

### **CBO Mentor Project**

This exemplary one-year program is designed to produce qualified school district chief business officials. It is geared toward those who have a clear goal and experience in school business operations that will enable them to advance to the CBO level. Students attend nine Friday evening and Saturday sessions in Sacramento. A mentor who is a sitting or recently retired CBO or assistant superintendent of business is assigned to each participant and is available to help them as needed. Participants in the program represent LEAs of all sizes throughout the state.

The seventh cohort of the project is under way and will conclude in March 2011. Applications for the eighth cohort were available on FCMAT's website as of August 2010. The first session for the eighth cohort will be held in April 2011.

A successful candidate for the CBO Mentor Project should currently have or show potential in the following areas:

- Involved in some facet of school business (desirable, not required)
- School finance
- Computer literacy, spreadsheet software
- Sensitivity to confidential issues
- Logical thinking skills
- Analytical abilities
- Facilitation skills
- Leadership
- Interpersonal skills; ability to communicate well with others
- Career objective to become a fully qualified CBO

Surveys of each cohort indicate that 98% of the candidates who have completed the program either advance to a higher position in the business office and/or become an Assistant Superintendent of Business Services. One hundred fifty-one candidates have completed the program and 24 are being trained in the seventh cohort.

A CBO Mentor Project Steering Committee serves in an advisory role to FCMAT. Steering committee members communicate regularly on an informal basis to monitor, evaluate and guide the progress of the CBO Mentor Project. After each CBO training session, committee members are debriefed to determine the strengths and weaknesses of the session.

Project partners are BASC, CASBO, CCSESA, FCMAT and SSC. FCMAT underwrites the project, and the training is offered free to participants.

## **Chief Technology Officer (CTO) Mentor Project**

Now in its fourth year, this project prepares individuals for senior leadership in administrative and informational processes and technologies needed for effective K-12 operations.

FCMAT's partners in CTO Mentor are CCSESA, and as lead agency, the California Educational Technology Professionals Association (CETPA). Representatives of these agencies serve as the Steering Committee for CTO Mentor. This committee reviews and adjusts materials as needed, working with the instructors to ensure an innovative and effective curriculum. The California Department of Education and the state Secretary of Education are supportive and engaged in the project, providing expert guest instruction.

The 2010 cohort consists of 20 individuals from across the state, chosen on the basis of their accomplishments to date and potential impact within K-12 agencies and programs. Candidates receive intensive instruction in eight 12-hour segments on Fridays and Saturdays, and must actively engage with their mentor throughout the program. Graduation requires mentor approval and candidates must complete session assignments, a final thesis and an oral examination. Program instructors and mentors are current CTOs drawn from across California, each with extensive K-12 experience and expertise.

The curriculum is updated each year to keep the topics relevant and helpful. A detailed and realistic case study was developed and is used by the instructors as a teaching tool. Scenarios were created to support the curriculum and create an interactive environment where ideas and expertise are applied. Applications for the 2011 cohort will be available in October 2010.

## **Facilities Leadership Academy**

The Coalition for Adequate School Housing (CASH) again partnered with FCMAT in 2008-09 to provide the School Facilities Leadership Academy, a 10-month, nine-session professional development program. The 25 members of the third cohort represented a cross-section of the professional disciplines that help design, build, and maintain the facilities serving California's public schools: superintendents, chief business officials, facility directors, planners, and maintenance and operations supervisors from both the public and private sectors.

Each participant was mentored by a school facilities expert, and attended two-day classes each month in Sacramento. The curriculum covered site selection, architectural design, facility financing, program management, maintenance and operations, and modernization. Classes were taught by core academy faculty and guest experts.

## **USC School Business Management Certificate Program**

This unique program was new in 2008-09, and is conducted approximately 75% online, with a class at the USC campus both at the beginning and at the conclusion of the program, allowing participants the flexibility to arrange their learning schedule. There is a cohort of no more than 25 students at a time, working individually and in groups to learn how to deal with real-world business situations and activities.

Solutions are found by exploring resources that are built into the online classroom, including readings, connections to valuable Internet sites, and videotaped insights from a host of functional experts as well as current CBOs. In addition, participants are presented with individual activities that provide them with the chance to check their mastery of information. Discussions are facilitated by a lead instructor who works in school business. There are also live interactions with experts that allow participants to ask questions directly.

## **Product Development**

### **Budget Explorer**

Budget Explorer is FCMAT's Web-based multiyear financial forecasting and cash flow application software that is designed to meet the planning and reporting needs of California's K-12 school districts and county offices. It is SACS and GASB compliant for financial reporting purposes.

The software is available free of charge to authorized users. A unique account for each user is assigned by FCMAT and provides the user access to the Budget Explorer website. Accounts are password-protected, ensuring that budget forecasts are safe, confidential, and cannot be accessed by unauthorized users. Approximately 1,100 accounts have been established since the software was launched.

This online resource makes it possible for school districts and county offices to access, create, and edit projections from any computer with an Internet connection. Budget Explorer enables school district and county office staff to create accurate multiyear forecasts of revenues and expenditures. This leads to more informed decision making and the ability to project the fiscal impact of current financial and strategic decisions. The software is simple to learn and user-friendly.

The software's capability is enhanced by modules for enrollment projection, revenue limit calculation, salary forecasting, automatic resource balancing, audit logging and cash flow projections.

### **Budget Explorer Version 4.0 Release**

FCMAT presented a new product release at the April 2009 CASBO conference. Additional functions and enhancements in the new release included the following:

#### Cash Flow Module

- Analyze cash flow for either base or projected years
- Determine revenues from each resource based on pre-established monthly rate proportions, based on district profile
- Track monthly revenues and expenditures

#### Fiscal Health & Risk Analysis

- Creates diagnostic trends for revenue, expenditures and fund balance analysis

#### AB 1200 Reports

- Distribute salary data by bargaining unit with actual data drawn from the projections
- Customize text and data on these reports

### **County Office of Education; COE Internal Business Services Uses**

Funding for county offices is very different from that of K-12 school districts and Budget Explorer has been enhanced for COE use. Special enrollment categories specific to county offices receive uniquely calculated funding streams, requiring a software tool that offers the range of calculation formulas necessary to create projections. With Budget Explorer, county office internal business services users now have access to the revenue limit calculation form (Form O), together with all the enrollment categories and associated revenue calculations that are unique to county offices. Budget Explorer 3.0 for county offices was released in spring 2008.

Although still in the planning stages, FCMAT has begun to evaluate the development of Budget Explorer v.5.0 for charter schools. This type of application would provide charter schools with the ability to create the same types of multi-year financial and cash flow projections that are provided to school districts and county offices. There are over 900 charter schools in California, and FCMAT will be addressing this emerging market during the 2010-11 fiscal year.

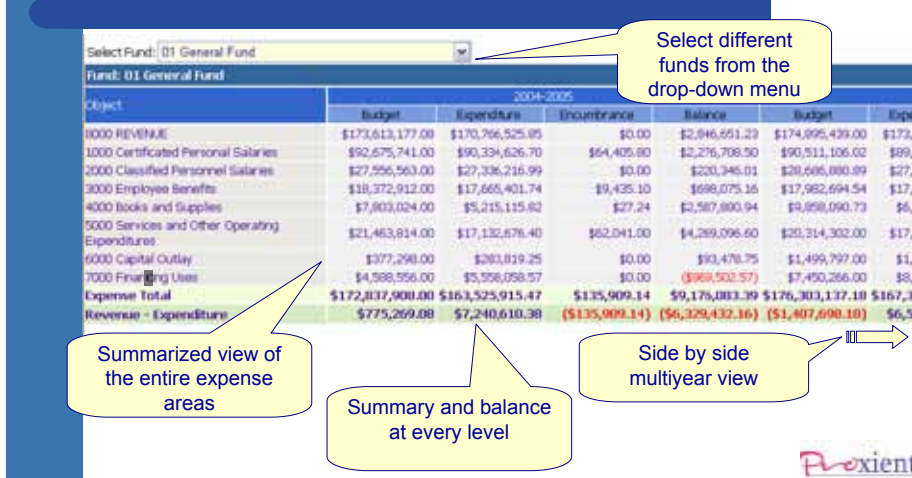
### ***Fiscal Insight***

Fiscal Insight is a secure, Web-based budget and financial transaction reporting software that automates the extraction of financial transactions from any type of financial reporting software. FCMAT has co-developed this powerful software tool to include automated diagnostics that will create financial trends and analysis reporting. Using FCMAT's Fiscal Health and Risk Analysis and the SACS Criteria and Standards Review, users can generate a series of diagnostic reports and graphics to analyze revenue and expenditure trends and assist in decision-making and oversight. Reports include the following:

- CBEDS Historical and Projected Enrollment Report
- Revenue Trend Analysis
- Expenditure Trend Analysis by Object
- Salary and Benefits vs. Total Unrestricted Expenditures
- Deficit Spending Trends
- Year-to-Year Comparison and Trends for Fund Balance

Fiscal Insight can extract read-only data and report financial transactions to the lowest level of detail for all funds. The following is a sample view of the reporting capabilities of Fiscal Insight:

## Fiscal Insight™ - View by Object



FCMAT utilizes this product in fieldwork to view historical trends against the current or projected budget and can analyze the financial trends of an LEA by extracting data by fund, resource, object, or viewing specific financial transactions. Weekly, monthly or quarterly data extracts can be set up or customized by the user.

FCMAT has submitted a proposal to the Office of Public School Construction and, if the proposal is approved, anticipates using the Fiscal Insight software in the review process of financial hardship applications and auditing project closeouts for OPSC.

### DataGate

DataGate is the Web-based software application built and operated by CSIS that allows local education agencies to securely submit and transfer data electronically across the internet to a CSIS server. In 2009-10, DataGate was used for the following services:

- **Direct certification** of eligibility for free school meals, a method for LEAs to identify students who are eligible for the School Breakfast Program and National School Lunch Program based on participation in CalWORKS or the Supplemental Nutrition Assistance Program, without the need for the parent or guardian to complete an application.
- **Address validation**, a free service that either automatically corrects and standardizes addresses submitted by LEAs that do not comply with U.S. postal mailing standards or identifies errors when automatic correction is not possible. Address validation allows LEAs to download corrected/standardized addresses and access error reports for addresses that could not be corrected. This allows LEAs to improve their address quality for CALPADS, Direct Certification, and postal mailings.

- **Eligibility in the Local Context**, a path whereby California high school students who attain eligibility are guaranteed a space at one of the University of California campuses. A student's eligibility is determined in the summer between their junior and senior years of high school. To be eligible, a student must have his or her transcript submitted to the University of California Office of the President (UCOP), have satisfactorily completed a specific pattern of 11 UC-approved courses by the end of the junior year, and be ranked in the top 4% of his or her high school class. The CSIS ELC submission enables LEAs to electronically submit transcripts through CSIS to the UCOP.
- **Academic records transfer**, a service that allows LEAs to upload transcript data to the secure CSIS Transcript Center and send individual transcripts or groups of transcripts to any postsecondary institution in the nation.

## **Technical Support**

### **AB 1200 Reimbursements**

Education Code Sections 42127.3 and 42127.6 identify circumstances by which a county superintendent of schools may be reimbursed for a portion of the costs associated with actions related to the disapproval of a school district budget by the COE or SPI, and qualified or negative certifications of a school district budget. Eligible reimbursements include the appointment a fiscal advisor or fiscal expert, contracts with a CPA firm to investigate financial irregularities, or contracts for additional assistance to conduct a financial and budgetary study.

Claims for reimbursement are processed through FCMAT and are reviewed and approved by the Departments of Education and Finance.

### **FCMAT and CSIS Help Desks**

#### **FCMAT**

The FCMAT Help Desk is a free online resource designed to answer questions related to school business throughout California. Questions cover a wide range of school business topics, including new topics coming from booster/parent clubs, charter schools and community colleges. Numerous LEAs and others use this resource, with 92 questions answered in 2004-05, 393 questions answered in 2008-09, and 698 questions in 2009-10. FCMAT endeavors to answer all questions within 24 hours whenever possible. If extensive research is required the response is as timely as possible, and all questions receive a response.

The responses provided by the Help Desk are intended to share the expertise of FCMAT staff and do not constitute legal advice. Each answer includes a statement that if the topic involves interpretation of laws, regulation or court precedent or otherwise calls for legal advice, the person asking the question should also consult legal counsel before acting on the FCMAT response.

Over the past year, the following types of questions were received and answered:

<b>Topic</b>	<b>No. of Requests Received</b>
ASB Organizations	370
Booster/Parent Clubs	46
Chief Business Official	106
Charter School	47
Accounting/Budget	21
Technology/CSIS	5
Human Resources/Payroll	18
Child Nutrition	11
Attendance	10
Board of Education/Board Policies	17
Community College	11
Purchasing/Risk Management	7
Facilities	6
Special Education	3
Miscellaneous*	20

\*Miscellaneous consists of questions/requests where the individual was referred to another source, such as FCMAT's listservs, Ed-Data, copies of past FCMAT reports, or workshop schedules.

### **Budget Explorer Software Online Help Desk**

The online help desk for Budget Explorer is a reliable and a timely mechanism for users to request technical support on budget forecasting and cash flow issues. In most instances, support requests submitted via the online help desk are urgent because of a reporting deadline such as a board meeting or a negotiations meeting for collective bargaining. To meet the needs of BE users in a timely manner, the online help desk is continuously monitored by four staff members, with primary responsibility for first-level support provided by a developer staff member. Approximately 80% of questions submitted to the help desk are responded to by first-level support. Of the questions submitted to the help desk, over 75% are resolved within one hour. In 2009-10, the help desk provided information and answers to over 450 users on topics ranging from revenue limit calculation to creating an accurate enrollment projection. Approximately 95% of support requests are received during normal working hours; however, support is available 24/7.

### **CSIS Service Desk**

CSIS provides service desk support to California's 1,500-plus local education agencies on the California Longitudinal Pupil Achievement Data System (CALPADS), direct certification, address validation, and academic records transfer. In the first year of CALPADS operations (August 2009 to August 2010), CSIS responded to 17,434 service requests related to CALPADS. CALPADS service requests are categorized into three classifications: service fulfillment (requests for help), incidents (reports of user difficulties with CALPADS) and new service requests (requests for changes or improvements to the software). The 17,434 service requests consisted of 14,372 service fulfillment requests, 2,838 incidents and 222 new service requests. The topics included in those requests are displayed below.

<b>Topic</b>	<b>No. of Requests Received</b>
Gaining Access	3,074
Data Reconciliation	2,177
Data Questions	1,871
Information Request	1,787
Software Questions	1,740
Software/Functionality Questions	1,210
Reports & Extracts	916
Training	493
Deadline Extension	401
LEA Contact Information	185
Request for Additional Assistance	152
Transaction Status/Management	76
Submission Deadlines/Timelines	67
Expected Schools	65
Feedback	55
Vendor	49
Business Logic	25
Data Mapping & Translation Tables	14
Transaction Status	10
Technical Assistance (non-CALPADS)	5

In addition to its CALPADS work, CSIS responded to approximately 12,000 service requests for DataGate between August 1, 2009 and July 31, 2010. LEAs continued to use DataGate to obtain SSIDs through September 10, 2009 and used the CSIS Service Desk to support this activity. Additionally, LEAs used DataGate and the CSIS Service Desk for Direct Certification, Academic Records Transfer and Eligibility in the Local Context.

Requests for assistance can be submitted via the Internet at <http://www2.cde.ca.gov/calpadshelp/default.aspx> for CALPADS questions. Questions about CSIS services can be submitted via <http://www.csis.k12.ca.us/support/ContactSupport/>, by calling (916) 325-9210, or by e-mailing support@csis.k12.ca.us.

### **Listservs**

FCMAT maintains confidential listservs for various job-alike groups. These listservs are a vital communication link between professional colleagues and are a fast, free, and secure method for sharing information. K-12 professionals may connect with their colleagues throughout the state to share documents and obtain relevant and timely information.

Currently, FCMAT maintains 14 active listservs for these groups:

Budget Explorer Test Group
Budget Explorer User Group
County Office CBOs
Cash Academy
Cash Maintenance Work
Charter Schools
County Office HR Administrators
Credentials Analysts
District Office CBOs
District Office HR Administrators
Facilities Professionals
K-12 News Headlines
Maintenance and Operations Professionals
Purchasing Professionals

CSIS maintains a one-way listserv (used to disseminate information only) for communications to LEAs on data submissions and CSIS services and another one-way listserv for student information system vendors. CSIS also maintains a two-way listserv for LEAs that enables conversations among clients as well as with CSIS.

### ***FCMAT and CSIS Websites***

At the onset of fiscal year 2010-11, a variety of resources and numerous services for the educational community are found on two separate websites: FCMAT's [www.fcmat.org](http://www.fcmat.org) and the CSIS program's [www.csis.k12.ca.us](http://www.csis.k12.ca.us). The FCMAT site is visited hundreds of thousands of times each year, as clients make use of features that include daily updates of education news articles from major news sources, fiscal and legal alerts, and FCMAT's published reports.

The CSIS website describes CSIS services and provides a variety of resources for LEAs, including training materials, requirements documents, program documents such as the CSIS Privacy and Confidentiality Procedures, important announcements from CSIS and CDE, and sample local data collection forms.

Both sites include announcement of and training registration pages for various FCMAT, CSIS and CAL-PADS training sessions as well as access to proprietary software applications for use by LEAs including Budget Explorer, Fiscal Insight and DataGate.

Work is now under way to replace the separate websites with a single site that will better serve California's K-14 fiscal, data and technology needs. The new site will offer all the features of the existing sites utilizing an enhanced interface to facilitate client input, launch of FCMAT applications, collection and management of statewide K-20 data on behalf of the state, and access to FCMAT's publications and other resources.

## **Education Audit Appeals Panel**

Education Code Section 41344 provides an opportunity for a local education agency to appeal a finding contained in a final audit report. This code section established an audit appeals panel consisting of the Superintendent of Public Instruction, the Director of the Department of Finance, and the Chief Executive Officer of FCMAT, or their designees. Susie Lange represents the Superintendent of Public Instruction, Diana L. Ducay represents the Director of Finance, and Joel Montero serves in his capacity as CEO of FCMAT. The panel meets at least monthly; its meeting schedule and other information may be found on its website: [www.eaap.ca.gov](http://www.eaap.ca.gov).

## **Other Products and Services**

### **Ed-Data**

*Partners: CDE, EdSource, and FCMAT/CSIS*

Description: The Ed-Data Partnership website, found at [www.ed-data-k12.ca.us](http://www.ed-data-k12.ca.us), contains the most user-friendly and up-to-date data available in the demographic and assessment areas and is the only education website that provides financial information in California. The Ed-Data Partnership makes efficient use of the state's investment in data analysis by making school, district and county information readily available to a variety of users. A primary objective of the Ed-Data website is to follow the governor's data transparency initiatives by helping to make information available to all constituencies in a format that is usable and easily understood. In June 2009, FCMAT/CSIS began hosting the website. Beginning in October 2010, FCMAT/CSIS will maintain the site.

### **Ed-JOIN**

*Partner: CCSESA*

Description: Ed-JOIN is California's premier public education job search website. Created by CCSESA and supported by CalTRIP, Ed-JOIN offers a unique tool for school districts and county offices of education to utilize in their efforts to recruit quality staff. This project partners FCMAT and Ed-JOIN staff to train school district HR professionals in the use of Ed-JOIN.

### **Certificated Salaries and Benefits Project, J-90**

*Target Audience: Chief business officials, county office and district business staff, superintendents, negotiations staff*

*Partners: SSC (School Services of California), CDE, California Federation of Teachers and the California Teachers Association*

Description: An annual survey is designed and collected to publish salary and benefits information for certificated employees. Improvements are continually made to enhance the quality of district information. Issues to be evaluated and reported include average salary schedule, amount and total salary expense, prior vs. current year, total health benefit expense as a ratio to total salary expense, total number of service days versus instructional days, and other appropriate and timely data.



***Fiscal Crisis and Management Assistance Team***  
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