

From the CEO...

FCMAT's second interim survey shows a continuing deterioration of the fiscal condition of school districts and county offices of education. More than 15% of districts statewide have adopted a qualified certification, up 4% from first interim and 6% from second interim last fiscal year.

Second Interim Certifications

Positive certifications	805
Qualified certifications	149
Negative certifications	13

The results are district self-certifications only, and COEs will likely change some certifications before the final due date. This could result in additional qualified and negative certifications. CDE will post the official state numbers in June.

The combined totals of qualified and negative certifications from first interim 2009 to current clearly illustrate the downward trend:

Two-Year Trend

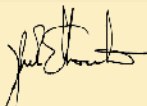
2009 first interim	90
2009 second interim	110
2010 first interim	126
2010 second interim	162 (unofficial)

The combined number of qualified and negative certifications is increasing primarily due to districts self-reporting their qualified status. The number of negatives has remained fairly stable.

Fewer negative certifications than expected are probably due to the one-time ARRA funds. When those dollars are depleted, districts will have to make additional reductions.

For many districts certifying as qualified, particularly those with declining enrollment, reductions are just coming too fast for them to react adequately.

Hold on tight, folks: It's still a bumpy ride.



Joel D. Montero, CEO

Von Flue Joins FCMAT Staff

John Von Flue joined FCMAT as its newest fiscal intervention specialist on April 1.

He comes to FCMAT from the Lamont



Elementary School District, where he was the Assistant Superintendent of Business and Personnel.

Von Flue holds a bachelor's degree in economics from the University

of California, San Diego, and a master's in business administration from California State University, Bakersfield. He completed the CBO Mentor program in 2005. He also attended the Personnel Administrators Academy sponsored by ACSA and the School Facilities Leadership Academy co-sponsored by the Coalition for Adequate School Housing and FCMAT. He was named CBO of the Year by the ACSA West Kern Charter and Region XI in 2005.

Von Flue was recently appointed president of the ACSA State Business Services Council for 2010-11. His private sector experience includes operations, finance and personnel management positions. He has been a Bakersfield resident for the last 12 years.

"I am honored and thrilled to be chosen to work with FCMAT," Von Flue said. "I look forward to serving California education in this new capacity."

CBO Mentor Project Set to Train Seventh Cohort

Planning is under way for the 7th cohort of the FCMAT/SSC/CASBO/CCSESA CBO Mentor Project. For the 2010-11 cohort, 28 participants throughout the state and mentors have been selected and approved by the FCMAT Board of Directors. The first session will be held May 7-8 in Sacramento. All curriculum and projects will be posted on FCMAT's Web site.

FCMAT CEO Joel Montero directs the project and Chief Management Analyst Bill Gillaspie coordinates the sessions. The project enjoys continued strong partnerships with Ron Bennett of SSC, Brian Lewis of CASBO, and instructors Francie Heim and Bill McGuire. Mary Turcotte returns as mentor coordinator.

The first of the 10 scheduled sessions will focus on communication and writing skills and will be presented by FCMAT's writing staff.

Comprehensive Reports Issued for King City, Compton

King City JUHSD

Untenable teacher salaries, ineffective governance and a lack of consistent administrative leadership were cited as key factors in the cash insolvency of the King City Joint Union High School District.

FCMAT's initial comprehensive report on the district, issued in February 2010, found that the district does not meet the most basic legal and professional standards. These include, in part: ineffective communication, inadequate budget development, lack of budget monitoring, lack of position control, ineffective management information systems, and lack of updated board policies.

On a scale of zero (not implemented) to 10 (fully implemented), ratings for the standards in the five areas of review ranged from 2.22 to 2.90.

Annual assessments are to be conducted and published to convey the district's progress in meeting the recommendations for recovery.

Compton CCD

Much improvement was noted in all operational areas as fieldwork was conducted for the Compton Community College District Fourth Progress Report. Ratings for all of the five component areas increased over the prior rating period, and fewer standards had ratings of less than a 4.

State Bailout is No Panacea

Working in LEAs around the state, FCMAT staff members find an increasing number of districts considering a state bailout. These districts often believe that asking the state to provide them with a loan and take control of their district would be better than imposing budget cuts.

Some LEAs do not realize that:

1. The state will not provide a loan unless the district has acted to reduce its budget and exhaust all its cash reserves in all funds.
2. The state will impose budget reductions the district doesn't want - and additional ones - to fund the cost of the state takeover. These reductions will affect many or all the areas the district prefers to spare from reduction or elimination.
3. The state will relieve the district superintendent of his or her duties and suspend the governing board's authority whether they played a role in creating the district's fiscal problems or not.

The bottom line: As difficult as budget reductions may be, they are always better than a state takeover.

Comprehensive Reports (cont.)

The district continues to face major challenges with its campus and facilities, particularly the row buildings that are old and in critical need of repair. The previous lack of confidence regarding the college's financial condition and fiscal practices due to the constant turnover of the chief business official (CBO) position has stabilized with the hiring of a new CBO.

FCMAT anticipates that the district, with the assistance of its partner, the El Camino Community College District, will continue to make the progress necessary to return to local governance and to re-establish eligibility requirements for accreditation.

Studies by Type - 2009-10 Fiscal Year (through March 25)

Type of Study	Completed and in Progress
AB 139	6
Comprehensive	3
Fiscal/Budget	23
Food Services	1
HR/Organization and Staffing	5
Multiple Areas of Review	9
Petition Review (Charter)	1
Special Education	14
Technology	7
Transportation	5
Other	3
Total Studies (through March 25)	77

FCMAT Studies Exceed Projected Number for 2009-10

Requests for FCMAT reviews continue at a brisk pace as California's local educational agencies struggle to maximize each budget dollar and resource.

As shown in the table above, special education studies continue to be in demand, with 14 signed study agreements since July 1 and a clear focus on maintaining service levels while working to contain costs. The 23 fiscal and budget studies have focused on varying issues such as cash flow, Budget

Explorer assistance, multiyear financial projections, and budget development.

The passage of AB 130 authorized the King City JUHSD comprehensive study, with the initial report issued in February 2010.

At the start of the fiscal year, FCMAT administrators estimated that a total of 50 studies would be conducted in 2009-10. With just over three months remaining in the fiscal year, that number has been exceeded.

Upcoming Events

Date	Event	Time/Location
April 13	CSIS - Academic Records Transfer	9:30 a.m. to noon - Web conference
April 13	CSIS - Enrollment Update/ Address Validation	1:30 p.m. to 3:30 p.m. - Web conference
April 14	CSIS - Direct Certification	9 a.m. to 11 a.m. - Web conference
April 16-19	CASBO Annual Conference	Sac. Hyatt Regency & Sheraton Grand
April 19, 27, 30	CSBA - Board Self-Evaluation and Supt. Evaluation	Various locations
May 20, 21, 24, 25	SSC - May Revision Workshops	Various locations
May 23-24	CSBA - 2010 Legislative Action Conference	Hyatt Regency Sacramento
May 24-25	CETPA (co-sponsor) Netbook Summit	Hyatt Regency San Francisco airport

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