

**FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM
 BOARD OF DIRECTORS' QUARTERLY MEETING
 Westin Hotel, San Diego
 June 24, 2007
 Minutes**

Present:

Herbert Fischer, San Bernardino COE, Chair RIMS, Region 10
 Dave Geck, Lake COE, Alternate North Coast, Region 1
 Steve Lund, Fort Bragg USD North Coast, Region 1
 Richard Holmes, Siskiyou UHSD Northeastern, Region 2
 Ric Teagarden, Yuba COE Capitol, Region 3
 Sherry Smith, El Dorado UHSD Capitol, Region 3
 Mary Jane Burke, Marin COE Bay, Region 4
 Tim Foley, San Benito COE, Vice Chair South Bay, Region 5
 Marc Liebman, Berryessa USD South Bay, Region 5
 Michael Carey, Amador COE Delta Sierra, Region 6
 Bill Draa, Banta ESD Delta Sierra, Region 6
 David Miller, Hilmar Unified SD Central Valley, Region 7
 Julian Crocker, San Luis Obispo COE, Past Chair Costa Del Sur, Region 8
 Patrick Sayne, Paso Robles USD Costa Del Sur, Region 8
 Marc Ecker, Fountain Valley SD Southern, Region 9
 Jay N. Hoffman, Nuvview USD RIMS, Region 10
 Amy Enomoto-Perez, Rosemead SD Los Angeles, Region 11
 Ken Shelton, Los Angeles COE, Alternate Los Angeles, Region 11
 Don Singer San Bernardino Community College District
 Susie Lange Deputy Superintendent, CDE
 Larry Reider Administrative Agent, FCMAT
 Joel Montero Chief Executive Officer, FCMAT

Guests and Staff:

Russ Brawn Chief Operations Officer, CSIS
 Nancy Sullivan Administrator, CSIS
 Anthony Bridges Deputy Executive Officer, FCMAT
 Frank Fekete Legal Counsel, FCMAT
 Roberta Mayor Chief Management Analyst, FCMAT
 Barbara Smith Executive Secretary, FCMAT
 Gary Thomas BASC Chair
 Anthony Monreal Deputy Superintendent, CDE
 Michael Ricketts Deputy Executive Officer, CCSESA
 John Mockler Mockler & Associates
 Kermith Walters Supt., Siskiyou COE

Excused:

Paul Tichinin, Mendocino COE North Coast, Region 1
 Bob Owens, Lassen COE Northeastern, Region 2
 Laura Alvarenga, San Rafael City HSD Bay, Region 4
 Sheila Jordan, Alameda COE, Alternate Bay, Region 4
 Larry Powell, Fresno COE Central Valley, Region 7
 Bill Habermehl, Orange COE Southern, Region 9
 Darline Robles, Los Angeles COE Los Angeles, Region 11
 Frederick Harris Vice Chancellor, Community Colleges

I. General Functions

A. Call to Order

The meeting of the FCMAT Board of Directors was called to order at 10:05 a.m. by Chair Herbert Fischer, San Bernardino County Superintendent of Schools.

B. Approval of Agenda

A motion was made by Bill Draa and seconded by Jay Hoffman to approve the June 24, 2007 agenda. The motion was approved.

C. Minutes of March 22, 2007

A motion was made by Marc Liebman and seconded by Amy Enomoto-Perez to approve the minutes of the March 22, 2007 board meeting. The motion was approved.

D. Welcome from FCMAT's Administrative Agent

Dr. Larry Reider welcomed the new board members, Wes Smith and Jose Gonzalez and welcomed back a returning board member, Debra Bradley. Larry thanked those who attended Tom Henry's retirement party. He also thanked the board members and Joel for their leadership of FCMAT.

E. Recognition of Retirees

Dr. Herbert Fischer reported that Tom's retirement party was very successful. He also recognized Dr. Reider for his work as FCMAT's Administrative Agent.

Retiring board members Richard Holmes, Superintendent of Siskiyou Union High School District and David Miller, Superintendent of Hilmar Unified School District were recognized for their dedication and service to FCMAT.

F. FCMAT Executive Committee

Joel reported that the Executive Committee meets prior to the board's quarterly meetings and between board meetings; they approve the hiring of new staff. They recently approved the hiring of a CSIS Program Analyst. He shared that CSIS has several more openings that will need to be filled.

G. Public Participation

There were no public comments.

H. Report from the CEO

Joel reported that he would use time at the meetings to discuss the organization's operations. FCMAT currently has two positions open, for a Fiscal Intervention Specialist and a Management Analyst in technology. Joel reported that he and Anthony will be interviewing the four final candidates for the Fiscal Intervention Specialist this week. The final interviews for the Management Analyst position will be conducted in July. More information on the filling of these positions will be available at the October meeting.

Joel reported that in January 2005 legislation was passed that allowed FCMAT to assist charter schools. The requests for charter school assistance have increased. FCMAT has been asked by the department of education to assist in the review of state board-approved charters. The State Board of Education approves charters when they are not approved at the county or LEA level. There are nine state board-approved charters. FCMAT has been involved with two, New West Charter School and Livermore Valley Charter School. Livermore Valley is experiencing a cash flow problem and FCMAT will become engaged as a fiscal advisor and will assist in developing a recovery plan. Requests for assistance in this area will continue to increase as the department of education approves charter schools.

I. Report from the California Department of Education

Susie Lange introduced the new Deputy Superintendent of Curriculum & Instruction, Anthony Monreal.

Susie reported that student identifiers continue to be a challenge. The department is finding that student information is in greater demand. The issue of privacy continues to be raised and addressed. There are federal laws challenging what should or should not be made available. Susie shared that Jack O'Connell is forming an advisory committee. Susie reported that CALPADS will receive ongoing funding for student identifiers and the subject of identifiers for teachers is being discussed.

Susie reported that the department of education is very close to returning local authority to Vallejo City Unified School District. Oakland Unified is making slow progress and the department is trying to determine how to return powers back to their board. West Fresno Elementary remains under a state administrator.

Ken Shelton suggested that dialogue between the department and the county office occur before all powers are restored to a district. This dialogue would have been helpful with the Los Angeles County Office of Education before authority was returned to Compton, to determine what went well and what didn't. Susie reassured Ken that they will work with the county superintendents.

Susie also stated that Emery Unified is still struggling. Susie requested that at a future board meeting she would like to discuss the expansion of the regional teams as the program has been very successful.

Tony Monreal commented how much he appreciated Larry Reider's support when he was a district superintendent in Kern County. Tony reported that his department will be focusing on support of English Language Learners, implementation of the after school programs and improvement of the assessment test scores. Other priorities will be looking at how the Special Education system is working, implementing health care centers, and working with the Department of Corrections on Alternative Education.

Julian asked about charter schools and the issue of conflict of interest. Herb stated that the California Charter Academy audit surfaced the need for a review of the board's responsibility. It was suggested that FCMAT address the issue of charter schools, by perhaps drafting a letter to the state board addressing the issues that the FCMAT reports have noted, and how the regulations have fallen short. Joel stated that Government Code 1090 addresses the issue of conflict of interest which was the issue in recent charter school reports. Frank suggested that such a letter come from the FCMAT CEO after review by the Executive Committee.

Gary Thomas stated that he was part of a committee and was informed that there was no way to mandate Government Code 1090 on charter schools. Districts should require language in the MOU or petition to follow GC 1090. Ken Shelton mentioned that conflict of interest is not only an issue for charters and this issue has appeared in other FCMAT reports. It was agreed that Joel will submit a letter to the state board.

J. Report from Secretary of Education or Designee

A representative was not present.

K. CBO Mentor Project – 4th cohort

Joel reported that the fourth cohort of the CBO Mentor Project has begun. The board should have received the orientation binder with their board packets. An Executive Report on the Mentor Project will be presented at the October board meeting. Gary Thomas reported that he is a mentor for this cohort and he is impressed with the candidates this year.

L. California State Budget Update

Michael Ricketts, the deputy executive officer of CCSESA, commented on the Governor's May Revision. The May Revision included funding for CSIS CALPADS, but he is not sure it will be included in the final version of the budget. He reported that the budget is still being reviewed in both houses and has not been passed to the governor. This will be a tight budget and most of the proposals in the May Revision likely will not be funded. The final budget will depend on the negotiations of the Big Five.

John Mockler discussed the May Revision and the pending budget. John provided an overview of the Proposition 98 Test 1, 2 and 3 environments. John shared that there was rapid growth in the late 1980's but now there is a decline in enrollment. This will affect school funding.

John reported that the Quality Education Investment Act (QEIA), SB 1133 brought about a shift in policy. The Governor and the CTA wanted to invest in those schools that needed the most help. Schools were asked to apply for the funding and many districts that could have used the funding did not apply. The funding will continue for seven years. There are some districts such as the Kern High School District that will be receiving a lot of funds through the program for their schools.

N. LEA Debt

Anthony Bridges reported that FCMAT is concerned with the amount of debt some LEAs are incurring. Anthony reported that districts need to apply a debt ratio to determine what kind of debt they can carry. He shared that there can be problems when a district uses, for example, a COP to cover a bond fund. This practice has been seen in districts that have fallen into state receivership. The county offices need to protect the districts from incurring long term debt. When the district's payroll covers 85-90% of the budget, there is little flexibility.

Ken Shelton discussed the issue of Other Post Employment Benefits (OPEB) Bonds. He indicated that LEAs are looking to the state for guidance and the attorney general is developing a legal response. The governor has established a commission for gathering data and surveys were mailed and due on June 29. This is a statewide issue and will ultimately be an AB1200 oversight issue. Anthony shared that the governor is looking at developing strategies for GASB 45 and dealing with the large unfunded retirement benefits.

O. California School Information Services (CSIS)

Susie shared that CDE was providing CSIS with \$461,000 to assist with the maintenance of the student identifiers.

Nancy Sullivan reported that the CSIS Strategic Plan has been updated to include the new practices for CALPADS and CALTIDES. The plan reflects the business challenges and objectives to assist the State in serving students. Nancy welcomed any feedback or questions from the board. Patrick Sayne commented that it's important to check the data and coding in the reports.

A motion was made by Mary Jane Burke and seconded by Debra Bradley to approve the changes to the CSIS Strategic Plan. The motion was approved.

Nancy reported that the Needs Assessment for the Best Practices cohort was in the board packets. The document is color coded to represent the areas that need improvement. She suggested that everyone review their summary reports for data on their LEA. The lowest scores are from those who were not trained on CSIS submissions. The Needs Assessment report is helpful to the LEAs and assists CSIS in determining how best to move forward.

P. RDA FCMAT Alert & FAQs

Anthony reported that FCMAT has posted to its web site an Alert and FAQs (frequently asked questions) regarding payments from redevelopment agencies (RDAs). Districts need to look at why they are receiving those revenues. The specifics will be different for every agency. Anthony stated that there needs to be training for the local auditors to know what to look for in RDA requirements.

Q. Status of Key FCMAT Assignments

West Fresno Elementary School District

Roberta Mayor reported that the latest comprehensive report for West Fresno Elementary School District was issued in April 2007. This was the first report in almost two years and reflected the progress made under a newly appointed state administrator. The district made a lot of progress, but no operational areas were recommended for return to local governance. There will likely be a report issued in another year unless the district requests an earlier report at its own expense.

Vallejo City Unified School District

Roberta reported that the next Vallejo report will be issued in early July 2007. The district is reviewing the draft report. In the January 2007 report, it was recommended that the state superintendent return two operational areas to local governance, but the state decided to hold off until there was another review, as other areas appeared close to meeting

the criteria for return. The July report will recommend that a third operational area also be returned. With three of five areas to be returned, the district is beginning the process of hiring a superintendent.

Oakland Unified School District

Roberta reported that the last Oakland report was issued in September 2006. The district has been waiting for legislation to provide funding for another report. The FCMAT teams will conduct their field work in September and October when school is in session. The September 2005 and 2006 reports recommended that the operational area of Community Relations/Governance be returned to local board governance, but this has not occurred, prompting AB 45. This bill would base the return of an operational area on FCMAT's recommendation, not on the state superintendent's action. AB 45 sets up timelines for implementation, such as July 1 for the return of an operational area following FCMAT's recommendation. The bill has passed the Assembly and was referred to the Senate education committee. FCMAT is not seeking the authority proposed by the bill.

Compton Unified School District

Roberta reported that all parties to the Consent Decree, except the Department of Finance, have agreed to an amendment to the Consent Decree for Compton USD. Approval from the Department of Finance is still pending. Two reports for Compton Unified were issued back to back because FCMAT was hoping to hear from the DOF before issuing the August 2006 report in the new format reflecting the amended terms. The only stipulation of the original Consent Decree that remains to be implemented is the full implementation of the Facilities Master Plan. As the Facilities Master Plan needs to be periodically updated, it would take years to "complete." FCMAT monitors ten standards in each of the five operational areas under the terms of the amendment. The district did not meet the criteria in all five areas in the August 2006 report, but they did do so in the February 2007 report. The ACLU will consider terminating the Consent Decree if the criteria in the five areas have been met for two consecutive six-month periods through February 2008.

Compton Community College

The Compton Community College report was issued in April 2007 and this report provides base line ratings for progress reviews. Reports will be issued in January and July and it is expected to be a 6-8 year commitment.

II. Board Members' Comments

There were no comments from the board.

III. Agenda Items for Next Meeting

There were no items suggested for the next meeting.

IV. Date and Location of Next Meeting

The next meeting is scheduled for Sunday, October 14, 2007 from 10:00 a.m. to 1:00 p.m. at the Dolce Hayes Mansion in San Jose.

V. Adjournment

The meeting was adjourned at 1:00 p.m.