

**Regular Meeting of the
Fiscal Crisis and Management Assistance Team (FCMAT)
Governing Board**

**The Roosevelt Hotel, Los Angeles
June 25, 2006
10:30 a.m. – 1:30 p.m.**

AGENDA

		<u>Report</u>	<u>Action or Information</u>
I.	General Functions		
A.	Call to Order	Oral	Action
B.	Approval of Agenda	Written	Action
C.	Minutes of March 20, 2006	Written	Action
D.	Welcome from FCMAT's Administrative Agent <ul style="list-style-type: none">• Welcome new FCMAT Board Member: Marc Liebman, Region 5, Supt., Berryessa UESD	Oral	Information
E.	Recognition of Retirees <ul style="list-style-type: none">• Larry Aceves, John Sugiyama and Molly Helms	Oral	Information
F.	FCMAT Executive Committee Meeting <ul style="list-style-type: none">• Recommendation/Approval for FCMAT Fiscal Intervention Specialist and (2) CSIS Database Programmer Analysts	Oral	Information
G.	Public Participation <ul style="list-style-type: none">• Time reserved for any person to address the FCMAT Board. The Chair may limit the time of participation.	Oral	Information
H.	Report from the California Department of Education	Oral	Information
I.	Report from Secretary of Education or Designee	Oral	Information
J.	Increase in the FCMAT Daily Rate	Written	Action
K.	CBO Mentor Project <ul style="list-style-type: none">• Executive Report 2005-06	Written	Information
L.	Budget Explorer Demonstration	Oral	Information
M.	CSIS Quarterly Report	Written	Information
N.	Assembly Bill 318 (Dymally)	Written	Info/Discussion

O.	Regional Team Activity	Oral	Information
P.	Status of Key FCMAT Assignments <ul style="list-style-type: none"> • Options for Youth/Opportunities for Learning • Comprehensive Reviews: Vallejo USD, Oakland USD, West Fresno • Hartnell Community College • Albor Charter School, AB 139 • Compton USD Consent Decree; Disengagement Proposal 	Oral/Written	Discussion
Q.	Pending Litigation – Closed Session <ul style="list-style-type: none"> • Discussion with Legal Counsel: OFY/OFL v. California Department of Education 	Oral	Discussion
R.	Financial Activity Report	Written	Information
S.	Directory Information (Bylaws, Roster, Meeting Dates)	Written	Information
II.	Board Members’ Comments	Oral	Information
III.	Agenda Items for Next Meeting	Oral	Information
IV.	Date and Location of Next Meeting Sunday, October 15, 2006 10:30 a.m. – 1:30 p.m. Calaveras County		
V.	Adjournment		

**FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM
 BOARD OF DIRECTORS' QUARTERLY MEETING
 Roosevelt Hotel, Hollywood
 June 25, 2006
 Minutes**

Present:

Herbert Fischer, San Bernardino COE, Chair..... RIMS, Region 10
 Jay N. Hoffman, Nuvview USD RIMS, Region 10
 Paul Tichinin, Mendocino COE.....North Coast, Region 1
 Bob Owens, Lassen COE..... Northeastern, Region 2
 Richard Holmes, Siskiyou UHSD..... Northeastern, Region 2
 Terence McAteer, Nevada COE Capitol, Region 3
 Mary Jane Burke, Marin COE Bay, Region 4
 John Sugiyama, Dublin Unified SD.....Bay, Region 4
 Sheila Jordan, Alameda COE, Alternate.....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
 Patrick J. Holland, Mariposa COE.....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
 Amy Enomoto-Perez, Rosemead SD..... Los Angeles, Region 11
 Frederick Harris Vice Chancellor, Community Colleges
 Don Singer San Bernardino Community College District
 Gavin PayneDeputy Superintendent, CDE
 Larry Reider Administrative Agent, FCMAT
 Joel Montero Chief Executive Officer, FCMAT

Guests and Staff:

Russ Brawn Chief Operations Officer, CSIS
 Frank Fekete.....Legal Counsel, FCMAT
 Christine Frazier..... Associate Superintendent, KCSOS
 Roberta Mayor Chief Management Analyst, FCMAT
 Andy Prestage Management Analyst, FCMAT
 Linda Protine..... BASC Chair
 Barbara SmithExecutive Secretary, FCMAT

Excused:

James Scott, Eureka City USDNorth Coast, Region 1
 Molly Helms, Pollock Pines Elem. SD Capitol, Region 3
 Larry Aceves, Franklin-McKinley ESD South Bay, Region 5
 David Miller, Hilmar Unified SDCentral Valley, Region 7
 Bill Habermehl, Orange COE..... Southern, Region 9
 Kenneth Noonan, Oceanside USD..... Southern, Region 9
 Darline Robles, Los Angeles COE Los Angeles, Region 11
 Erik Skinner Office of Secretary of Education
 Susie Lange.....Deputy Superintendent, CDE

I. General Functions

A. Call to Order

The meeting of the FCMAT Board of Directors was called to order at 10:35 a.m. by Chair Herbert Fischer, San Bernardino County Superintendent of Schools. Herb welcomed the board members.

B. Approval of Agenda

A motion was made by Julian Crocker and seconded by Bob Owens to approve the June 25, 2006 agenda. The motion was approved.

C. Minutes of March 20, 2006

A motion was made by John Sugiyama and seconded by Patrick Sayne to approve the minutes of the March 20, 2006 board meeting. The motion was approved.

D. Welcome from FCMAT's Administrative Agent

Dr. Larry Reider welcomed the board to Hollywood and thanked them for their service. Larry welcomed new board member Marc Liebman from Berryessa Union School District and invited Marc to briefly share his background.

E. Recognition of Retirees

Herb recognized three FCMAT Board members who were retiring and thanked them for their service to FCMAT. He presented John Sugiyama with a Certificate of Appreciation for his service to the FCMAT Board. Molly Helms and Larry Aceves who were not present, will be sent a Certificate of Appreciation.

F. FCMAT Executive Committee Meeting

Joel reported that the Executive Committee approved the hiring of two positions for CSIS and one position for FCMAT. The bylaws state that the Executive Committee has the authority to approve new hires up to a certain management level. CSIS has had a significant turnover of staff and is struggling to fill the vacant positions. Diane Branham has been hired as a Fiscal Intervention Specialist for FCMAT. Joel anticipates that she will be in training for 6-12 months with various FCMAT staff.

G. Public Participation

There were no public comments.

H. Report from the California Department of Education

Gavin Payne reported that the Department of Education is working closely with the Secretary's office on budget issues. He indicated that the status of the budget or what it will include is uncertain at this time.

Herb shared with Gavin that he appreciated the position that Superintendent Jack O'Connell took in regards to the California High School Exit Exam. He stated that Secretary Alan Bersin's deputy met with the San Bernardino district superintendents. Herb said that he cannot recollect when there has ever been such an open relationship between the department of education and the secretary's office. Gavin commented that a collaborative relationship has been desired by the SPI who is very pleased with the open relationship.

Joel commented that FCMAT also sees a more collaborative relationship with the department of education and thanked Gavin and his staff for fostering this working relationship.

I. Report from Secretary of Education or Designee

A representative was not present.

J. Increase in the FCMAT Daily Rate

Joel reported that the board packet includes a request for an increase in the daily rate charged to districts and COEs for FCMAT management services. The last time the rate was increased was October 1999. Joel shared that FCMAT staff has been reviewing FCMAT finances and costs. There are very few consultants today who are available at \$400 a day. FCMAT uses part of its legislative appropriation to keep services low for clients by subsidizing the actual cost of the consultants. In 2000-01, FCMAT had a large carryover balance and has been spending it down instead of asking for a rate increase. The reserve now has been spent down and we continue to maintain the 25% of the budget required to support fiscal emergencies declared by the Board. At the end of this fiscal year, we should have a fund balance of approximately \$300,000.

FCMAT is also implementing cost containment measures and is more careful with spending and calculating the costs of our jobs. There are some districts that can't afford our services, but we provide needed services even if they can't afford it. Staff is requesting that the Board approve the recommendation to increase the daily rate to \$500.

John Sugiyama asked if there has been any consideration to using a sliding scale based on the size of a district or the client's ability to pay. Joel indicated that this is worth considering in the future. With the anticipated increase in FCMAT's appropriation this year and the increase in the consultant daily rate to \$500, we should be fine this year, but possibly in the future we may need another increase and could consider a sliding scale at that time. The adequacy of FCMAT's charges should be reviewed on an annual basis. Paul stated for clarification that the \$500 is not the amount we pay the consultants; this is the fee that we charge the district for the consultant's daily services. Joel shared that FCMAT also will be billing clients differently this year, instead of only when the final report is issued.

A motion was made by John Sugiyama and seconded by Terry McAteer to increase the daily rate to \$500. The motion was approved.

K. CBO Mentor Project

Joel reported that the CBO Mentor Project has been a successful program and each year we have improved and learned from the prior year. The second cohort had 26 graduates and 17 of those have already moved to positions of greater responsibilities. Joel shared that Ron Bennett,

President of School Services of California, stated that if a candidate has listed this training program on their resume, they are moved directly into the interview pool for CBO vacancies. The third cohort began in April 2006 with 28 participants. Joel stated that this latest cohort is the most engaged group so far.

Patrick Sayne reported that San Luis Obispo County will be offering training under SB 352 and information regarding the training will be distributed soon. They are looking for teachers and mentors. Gavin said that there is a diminishing pool of mentors. A goal would be to make the former CBO Mentor Project trainees, the new mentors for future participants. Joel commented that being a mentor is not as easy as it looks.

Joel stated that there are significant differences between the two programs: CBO Mentor Project and the SB 352 program. The CBO Mentor Project is a preparation program for individuals in school finance that provides different levels of skill preparation and the participant can move from one level to the next. SB 352 is offered to a broader audience and is a training program to increase their general knowledge of school finance. There is a need for both of the programs. Gavin stated that the department is still trying to get funding for the second year of the SB 352 program. They are encouraging and giving priority to applicants from districts with a negative or qualified budget. Oakland Unified has enrolled eight people in the training. Marc Liebman shared that his district hired someone that had graduated from the CBO Mentor Project and she was highly qualified.

L. Budget Explorer Demonstration

Joel commented that one of FCMAT's responsibilities is providing Professional Development to the field. Professional Development efforts for the last two or three years have primarily centered on providing training workshops. Lately, FCMAT has increased its work on product development. FCMAT has produced, for example, the AB 1200 Guide, the County Office Fiscal Procedures Manual and the ASB Handbook. Budget Explorer, one of the latest FCMAT products, is software for producing multiyear projections. Joel introduced Andy Prestage, a FCMAT Management Analyst with technology expertise.

Andy Prestage presented a demonstration of the Budget Explorer software that is currently available to county offices and districts. The software is web-based and free to anyone who wants to use it. Board members asked questions about the product's application and seemed very pleased that this new tool is available to local educational agencies to utilize.

M. CSIS Quarterly Report

Russ reported that there are many changes in the state budget this year related to CALPADS. A copy of the quarterly report has been provided in the board packet. During the fourth quarter 250 districts submitted their data to CSIS for the Spring submission. The Annual SSID Enrollment Update should be complete by this Fall. The May Revise called for a significant increase in funding to prepare all non-CSIS LEAs for CALPADS. The additional funding will require additional staff for CSIS, up to as many as 45 new staff members.

This fiscal year also will bring changes in four legislative requirements: SB 1453 – assigning and maintaining CSIS SSID; SB 1115 – building local capacity of local educational agencies to implement and maintain comparable, effective and efficient student information systems; assist

local educational agencies to transmit state and federal reports electronically; and records transfers. CSIS is working with the community college system and transferring information for K-12 students. These discussions have drawn the interest of the universities.

Mary Jane Burke commented that there is confusion because of the various acronyms used for CSIS and asked if there would come a time when there would be only one name or acronym. Joel responded that there is a whole range of data management systems and not all of them contain the pieces to create one state level identifier. He predicted that this might be possible by 2010, but this issue is moving forward to the right people for resolution.

Patrick Sayne commented that districts are frustrated by not having sufficient funding for the administrative costs of complying with the data requirements and maintaining the required data. Gavin Payne stated that the evolution of the system has been painful but the comments of the board members are well taken and the department will continue to fight for the necessary money to support implementation at the local level. The issue is getting the right people to hear it in Sacramento. Districts will receive only \$2.50 per enrolled student, but the need is closer to \$7.00 per student.

N. Assembly Bill 318 (Dymally)

Joel reported that AB 318, carried by Assembly Member Dymally, was introduced to bring recovery to Compton Community College. FCMAT has been written into the legislation in three areas. The bill requires: 1) that FCMAT conduct a comprehensive review of the college, not unlike the K-12 model when a district receives an emergency loan. Roberta has been working on getting standards written for the community college level. 2) FCMAT shall conduct an Extraordinary Audit of the community college because there is believed to be a high level of fraud, and 3) FCMAT is to be part of an advisory committee to be established. This bill is unprecedented. Currently, the college is out of money and the Los Angeles County Office of Education has provided the college with a loan to cover the next payroll.

Fred Harris stated that the amount of the loan is \$30 million. He stated that if the bill isn't signed soon that the college wouldn't get the money in time for the budget. The college appreciated the loan provided by the LACOE. Layoff notices did go out to staff and included layoffs at the management level. The most important part of the bill is to maintain services to the students. There has been a 40% decline in enrollment. Don Singer stated that he is a member of the statewide board for community colleges and they are watching what happens to a board under a state trustee. Fortunately, Compton Community College is still accredited and the credits are transferable. Compton will be able to provide the necessary services through their partnership with the El Camino Community College as the service provider.

Frank questioned the role of having FCMAT participate on the technical advisory board and suggested that this be thought through very carefully.

O. Regional Team Activity

Joel reported that the Regional Teams work under the management of the FCMAT board. He shared that he and Barbara Dean will be meeting with each regional team this summer and early fall. The teams are in the 2nd year of funding. FCMAT communicates with the regional teams on

a regular basis. Currently, there is no discussion to expand to more than the four regions. The teams are doing a lot of work and providing assistance at a local level.

P. Status of Key FCMAT Assignments

Frank reported that the Options for Youth and Opportunities for Learning audit is nearing completion. The draft report is being read by the county offices that requested the audit. There will be an exit interview on July 13 and the projected report publication date is August 9. Frank stated that a closed session regarding the OFY/OFL lawsuit is not necessary. The issue in the lawsuit is the calculation of the full-time equivalent teachers (FTEs) and Frank discussed the FTEs claimed by the charter.

Roberta reported that the final six month report for Vallejo was issued in May 2006. The legislation required four reports, a comprehensive assessment and three six-month reports, which were paid for by the Vallejo district. Vallejo is deciding if they want FCMAT to conduct an additional six-month review or an annual review.

Oakland's last report was issued in September 2005 and West Fresno's in July 2005. Language in the current state budget bill authorizes FCMAT to utilize its own unexpended fund balances to fund an additional report in 2006 for Vallejo, Oakland and West Fresno. West Fresno has requested that FCMAT delay its next report until the spring. The Oakland report is expected to be issued September 30, 2006. The language in the budget bill states that the scheduling of these reports be agreed upon by the State Superintendent of Public Instruction and FCMAT, to meet the district's needs and FCMAT's work schedule.

Roberta reported that although the Compton Unified School District has been returned to local governance under AB 52, because of the Consent Decree, FCMAT is still the monitoring agent. Compton is required to meet certain Consent Decree stipulations and they have met all stipulations except for the full implementation of the district's facilities master plan. Compton was successful in passing a general obligation bond and has received state funds for their building program. FCMAT is required to meet with the plaintiff's lawyers and the district every sixty days. As it may require many more years and additional funding sources for the district to completely implement its facilities master plan, this committee has considered and developed alternative criteria for the district to meet for the possible early disengagement of the ACLU from the district. The alternate criteria are included in the board packets for information.

The ACLU proposed that the FCMAT standards in the five operational areas originally assessed by FCMAT be again assessed; however, they agreed to FCMAT's suggestion that ten selected standards in each operational area be assessed instead of the original number of standards. The ACLU and district lawyers are crafting an amendment to the Consent Decree which the Compton board must approve. The next six-month progress report for Compton is expected to be issued at the end of August, and will reflect the new criteria. If the district can maintain the new criteria for two consecutive six-month periods after this August report, the committee could agree on an early termination of the Consent Decree. Fred Harris asked why there has been a delay in implementing the facilities master plan and Roberta responded that to address everything the plan included would cost more than \$400 million. The funds available from the district's general obligation bond and the state matching funds totaled \$160 million. The most pressing facilities needs were addressed.

Joel reported that FCMAT has completed the first management assistance report for Hartnell Community College. The college indicated they enjoyed having FCMAT there. FCMAT has received another request for services from the West Valley-Mission Community College.

Q. Pending Litigation

This discussion was covered in item P. No closed session was required or held.

II. Board Members' Comments

There were no comments from the board members.

III. Agenda Items for Next Meeting

There were no proposed items for the next meeting.

IV. Date and Location of Next Meeting

The next meeting is scheduled for Sunday, October 15, 2006 from 10:30 a.m. to 1:30 p.m. at the Murphys Suites in Calaveras County.

V. Adjournment

The meeting was adjourned at 1:40 p.m.