



Qualified & Negative Certifications: Understanding the Common Message and the Role and Services of FCMAT

- Teri Burns, *Sr. Policy Director, Policy and Programs*
- Jim Thomas, *San Joaquin County Office of Education*
- Joel Montero, *Fiscal Crisis and Management Assistance Team*



Webcast Agenda

- Purpose of this webcast
- Role of COE in budget certification process
- Common Message
- Quick review of state takeover process
- AB 1200
- FCMAT
- Q&A



Value to Board Members

- Big picture – an avalanche of qualified and negative certifications are coming
- Information is power – we want equip members with good, timely information to inform good local policy making
- Make the tough decisions now
- Resources are available to help – seek them early on to support good decision-making



Role of COE in Budget Certification Process

- Responsibility of COE
- COE is a resource and partner



Common Message

- What it is – what it is not
- How it is used by COEs
- Key elements
 - Factual information
 - Advice to COEs
- Why board members should be familiar with the budget guidance issued by their COE



What is FCMAT and What is its Role?

- A support agency for COEs, school districts, charter schools, and community colleges
- Resource for professional staff AND board members
- Assists COEs in helping school districts avoid emergency loans and state takeover
- Professional and product development, auditing for fraud, managing student data systems, and intervening in fiscal emergencies
- Report to the Legislature and governor, and are active on several state boards and commissions



AB 1200 and Oversight Responsibilities

- Enacted to help school districts avoid insolvency
- Sets the financial standards
- Created FCMAT
- Empowered COEs with fiscal oversight



Possible Actions Under Qualified Certifications

- Fiscal expert assignment
- Budget analysis and new financial projections
- Approval of new debt issuance
- Longer period of review for collective bargaining agreements
- Encumber all contracts and other obligations
- Withhold compensation from superintendent and board



Possible Actions Under Negative Certifications

All actions under a Qualified Certification plus:

- Develop and impose a budget
- Stay or rescind any board action inconsistent with fiscal recovery
- Develop a fiscal recovery plan with district
- Assign a fiscal advisor
- May not abrogate any provisions of the collective bargaining agreement



13 Ways Districts Get Into Trouble

1. Estimates of state economics
2. ADA
3. Budget assumptions
4. Control of staff costs
5. Estimating step and column
6. Use of one-time dollars



13 Ways Districts Get Into Trouble

7. Negotiations
8. Multi-year planning
9. Execution of the budget
10. Budget monitoring
11. Deficit spending
12. Estimating the ending fund balance
13. Management of cash



10 Things To Do Now

1. Maintain reserve
2. Preserve cash—don't borrow if you don't have to
3. Project enrollment conservatively
4. Plan a contingency if Prop 30 or Prop 38 fail
5. Bargain now for a reduction of the work year and tie it to concessions



10 Things To Do Now

6. Consider the impact of TK and transportation
7. Maximize use of the flexibility options
8. Resist the temptation to enter into non-voter approved debt
9. Create your own district profile
10. Communicate accurately and regularly with constituents



Other Ways To Ensure Success

- Honesty and integrity in the process and communication
- Focus on the big picture – long-term fiscal stability!
- Develop a district message with internal stakeholders
- Communicate internally and externally
- The school funding crisis is real. We need the public to **Stand Up For Education!**



Resources

- CSBA
- FCMAT
- County Office of Education
- California Department of Education



Conclusion

- Take action. Access COE resources to make effective local budget decisions.
- **Stand Up For Education!** Support Prop 30 and Prop 38 and educate your parents and the community about the school funding crisis.
- Stay tuned for more resources and webcasts from CSBA.