

The Superintendent's Update

October 23, 2009

The PVHS Student Leadership "Task for the Week", should you choose to accept it, is:
"Have a meal with "Family". Enjoy the evening when you make it happen!"

NEWS FROM KELLY

LOVE Chico: On Sunday, October 18, many of our schools (along with many other locations throughout Chico) were the recipients of some LOVE. Thanks to 19 local churches and over 3,000 volunteers, the students, staff and parents of CUSD arrived on Monday, October 19 to new murals, new holistic playgrounds, new plants and bark, improved bike racks, new picnic benches, and many, many more improvements. This is important on so many levels. There was a great deal of giving of time, energy, and talents by individuals and families that day. Connections were made between those working and with the volunteers and the schools. As a result of the work of these dedicated volunteers, the schools are brighter and cleaner places for students to learn, parents to help, and teachers to educate. This was not only the result of the volunteers who worked that day but also to the incredible planning that was undertaken by the leaders of LOVE Chico and the project leaders. Please go to the LOVE Chico website at: www.lovechico.org to see the donors, the projects, and the participating churches. We are truly fortunate to live in a community that is so generous and understands that we are all in this together.

State Receivership: On Wednesday, October 21, Joel Montero from Fiscal Crisis and Management Assistance Team (FCMAT) visited Chico to discuss what it means if CUSD must utilize a state loan. Mr. Montero was here for the day and held separate meetings with the District Leadership Team and CSEA/CUTA representatives before addressing the Board on Wednesday evening. Among the many interesting things we learned is that the State does not loan us money from the State budget but that the Infrastructure Bank issues bonds on the behalf of CUSD that CUSD must then repay at the going interest rate. To better understand the full implications of State Receivership, please read the article by Mr. Montero (included directly below this section).

Currently, CUSD is predicting to dip precariously low on cash in November 2009 and again in August 2010. In September the Board authorized short term borrowing from other funds of the district, primarily developer fee funds, for the 2009-2010 school year. The crisis, however, hits in August 2010 when CUSD is projected to run out of cash. At that point, there may be insufficient local funds to borrow. Further complicating the situation, the district must be able to pay back any local borrowing by June 2011, which does not appear possible based on the budget assumptions currently in place for the 2010-11 budget year. In addition, the state itself is falling short of income projections. Districts across the state are bracing for possible mid-year cuts in January, which would make an already terrible situation worse. Against this backdrop, the district is revising its budget for 2009-10 and trying to ascertain just when -- and if -- cash shortfalls will occur in 2010-11. The district does not know definitively yet if cash solvency will be an issue in 2010 or in 2011, but if cash is needed before June 2011, the process to start the application for an emergency apportionment must be part of legislation sponsored in January 2010.

FCMAT is recommending to its Board that CUSD be declared a district in fiscal crisis. This allows FCMAT to do an independent review of our situation that is paid for by the FCMAT budget, rather than by CUSD. In the meantime, we will keep everyone posted as we continue efforts to resolve our budget issues locally. Mr. Montero shared that a state loan, the debt service on that loan, the salary of the State Administrator and his/her staff, and other receivership expenses would cost the district 25% more than if we resolved our budget issues without the interference of the State. I promise to do all I can to keep that additional 25% in Chico to meet the needs of our own students and address our many existing educational needs.

The FISCAL REPORT 32 informational update

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What State Receivership Means and Why It's Best to Avoid It

[Editor's Note: It is probably just coincidence, but we have had quite a number of inquiries recently about the consequences of just turning over the keys to the district to the state if the state doesn't stop cutting education. Since the Fiscal Crisis and Management Assistance Team (FCMAT) has responsibility for assisting districts in their efforts to avoid or deal with financial problems, we asked Joel Montero, FCMAT's Deputy Executive Officer, to author this article.]

Last spring, California had the highest number of districts ever with qualified or negative certifications on their Second Interim budgets, reflecting the growing number of districts in fiscal distress. When a district gets to the point where it no longer has the cash to pay its bills, it must apply for a state loan, which means state receivership. Unfortunately, as a sign of the times, we have received many questions from districts about what state receivership looks like. What follows is some information on current law and, for a practical matter, what we have seen most recently in the districts that have required a state loan.

Budget Reserves vs. Cash Reserves

A school district receives a qualified or negative certification generally because of its inability to maintain the state-required level of reserves in all three years of its multiyear projections. Running out of reserves by itself, however, does not cause a school district to require a state loan; running out of cash does.

The distinction between reserve levels and cash levels becomes clearer when looking at your General Fund balance sheet. Reserves are the (hopefully positive) difference between assets and liabilities, some of which are cash and some of which are not. On the assets side, there are several cash accounts that are obviously cash—Cash in County Treasury, Cash in Bank, Cash with Fiscal Agent, etc. Not all cash is accessible to pay bills—for example, Cash with Fiscal Agent is set aside for a specific purpose and the district may not have the legal authority to draw on that cash to pay for operations. Other assets are not cash—for example, Stores Inventory and Prepaid Expenses. Most liabilities are not cash, but one notable exception is Deferred Revenues, since this represents cash that has been received by the district. It is set up as a liability because it cannot be recognized as revenue until it has been spent on the specific purpose of the grantor agency.

It has generally held true that low reserve levels are an indicator of low cash levels and vice versa. However, with the recent state cash deferrals, this has become less true. School districts with prudent reserves are still having to manage their cash actively and borrow to get through the negative cash months. And districts with inadequate reserves are having an even tougher time ensuring that the cash is there to meet the obligations when due.

Cash Borrowing Options

There are several options available to a school district to borrow cash locally—from its other funds, using tax and revenue anticipation notes (TRANS), from the county office of education, or from the county treasurer (Education Code Sections [E.C.] 42621, 42620). However, all of these options are temporary, short-term borrowing—they generally require that the district pay back the borrowing within a year or less. For each of these types of borrowing, the district is required to prepare a cash flow projection that indicates that the borrowing can be paid back from the district's future revenues in the time frame required.

If the cash flow projection, however, shows that the district will be unable to pay back the local borrowing, it means that the cash balance is trending downward with no end in sight—that the future revenues are not enough to keep up with operational obligations plus pay back the borrowing. If the district is unable to borrow locally, then the only other option is to request a loan from the state.

State Loan

A loan (technically referred to in the Education Code as an emergency appropriation) from the state requires that one of the district's local representatives to the State Legislature sponsor a bill through the legislative process. This is typically an urgency bill, meaning that it requires at least a two-thirds vote of each house of the Legislature so that it can become effective upon the Governor's signature. The legislative process takes many months, so a state loan should be initiated early enough to ensure that the cash is there when the district needs it, and the timing needs to work within the legislative calendar. Typically, the bill has to

be introduced in January in order to work its way through all of the legislative committees and the floors of both houses by the summer or early fall.

A loan from the state results in the state taking control of the school district. The degree of state control is determined by the size of the loan relative to the district's budget. Specifically, per E.C. 41326(a), if the loan is less than twice the size of the district's required reserve level, a State Trustee is assigned and assumes authority over the financial aspects of the school district's activities. If the size of the loan exceeds twice the size of the district's required reserve level, the following takes place:

The school Board loses its powers and becomes advisory only [E.C. 41326(c)(1)]

The Superintendent is no longer employed by the district [E.C. 41326(c)(2)]

A State Administrator is assigned and assumes the powers of the Board and Superintendent [E.C. 41326(b)]

State loans are typically set up for repayment over 20 years. In both situations above, state control remains over the school district until the loan is fully repaid. The State Trustee or State Administrator reports directly to the Superintendent of Public Instruction—the state of California—not the local school Board or community.

The state loan is sized to accommodate the anticipated shortfall in cash that the district will need during the life of the loan in order to meet its obligations. In addition, all of the costs of ensuring a fiscal recovery are the responsibility of the district (E.C. 41328) and are added to the amount of the state loan. The cost of recovery when a State Administrator is assigned includes:

The cost of the compensation package for the State Administrator (E.C. 41326[(b)](8))

The cost of additional staffing as determined by the State Administrator to be necessary for ensuring fiscal recovery (E.C. 41326[(b)](9))

The cost of management reviews and developing a recovery plan, including the cost of the initial comprehensive review and follow-up reviews every six months encompassing these five areas of the district (E.C. 41327.1):

Community relations and governance

Pupil achievement

Financial management

Personnel management

Facilities management

Any other expenditures deemed necessary by the State Administrator to help ensure fiscal recovery

On the natural, a state loan will be much larger than what the district would otherwise need to borrow locally if it had been able to solve its own fiscal crisis. Therefore, a district that receives a state loan needs to make more expenditure cuts and/or take longer to pay the loan back.

The comprehensive review and six-month follow-up studies measure the district's progress in meeting the standards established. In the areas where the district has progressed enough in meeting the standards, the Board receives its powers back and a Superintendent is hired to administer those areas. It normally takes several years before the Board regains any of its powers. State control remains, either in the form of a State Administrator or State Trustee, with stay or rescind power over certain Board actions until the state loan is paid off.

The State Administrator's mission is to restore fiscal solvency as soon as possible so that the loan can be paid back to the state. This will be done by reducing expenditures to a level that is lower than revenues so that the reserves can be rebuilt over time while the state loan is being paid back. This means that all possible avenues for balancing the budget are pursued. The State Administrator cannot set aside any contractual obligations that the district has already entered into, including vendor contracts and bargaining unit contracts, without renegotiating them. If modifying provisions of these contracts is critical to gaining fiscal solvency, the State Administrator has the power to invoke the timelines available in the contracts or by law, including the ability to use the impasse/fact-finding process to unilaterally impose changes in collective bargaining agreements.

Conclusion

A district in financial trouble will regain fiscal solvency. If the district and the Board, while it has the power, do not take the necessary actions locally to restore fiscal solvency, the same actions and more will be imposed by the state. The typical state loan is established to be a 20-year payback. The district remains under some level of state control until that payback is complete. Generally, recovery costs more and takes longer if a state loan is required.

In the long term, taking the necessary actions locally and avoiding a state loan will result in greater local control, less outside intervention, and better long-term outcomes for students, employees, and the community.

—Joel Montero

posted 10/20/2009

NEWS FROM BUSINESS SERVICES

Fiscal Services: The October payroll is being finalized this week. Everyone should check out their pay stubs for the monthly messages from the payroll team. Most of this month has been spent working on categorical budget updates for first interim. The new stimulus dollars and flexible categorical dollars have added complexity to the budget processes. Your medical JPA is currently preparing an information bulletin pertaining to the H1N1 flu vaccine; however, the bulletin is not quite ready for publication. The BSSP-JPA Board of Directors approved waiving your deductible, co-pay, and co-insurance payment for administration of the H1N1 vaccine by network providers. The vaccine will be not available by the usual clinics but instead by your network medical provider if they have the vaccine available.

Measure A Phase 1 Performing Arts Center at Pleasant Valley High School (PAC): In spite of the recent wet weather, positive progress is continuing on the PAC. The roofing is near completion which will make way for drywall to continue on the interior of the building. Decorative concrete sections are appearing in the courtyard in front of the PAC and preparations are being made for asphalt to be placed to the south and rear of the building.



Measure A Phase 2 Permanent Classrooms at Chico High School: The building is starting to come up! The structural steel for the south building arrived on Thursday and the skeleton of the building is being erected. The steel and second floor metal decking work will continue for the next six weeks with workers leap-frogging between the north and south portions of the building.

Nutrition Services: As reported late last school year, the Nutrition Services Division of the California Department of Education received over \$70 million in equipment grant fund requests, had only \$12.8 million in available funding, and was able to fund only 18% of all grant funds requested by CA schools. Using competitive scoring, grants were awarded to those applicants with 95-100% scores. CUSD was awarded \$111,111 of the \$207,000 requested (the maximum allotment). The grant approved specific equipment for which the dollars had to be used, and if those items were not purchased, the money had to be sent back. CUSD was approved for a Pizza Oven, a Dough Divider/Rounder (used for preparation of the pizza dough), a freezer for the Corp Yard Warehouse and a delivery vehicle. Following are photos of the new equipment.



Maintenance and Operations: Last Spring the Northern California School Insurance Group Risk Control Manager inspected all secondary sites for health and safety issues. All M/O related items have been scheduled for repair. The school sites have been provided with violations that are relative to housekeeping issues.

Budget Communication Team: The Budget Communication Team will be meeting next on October 29 and will discuss information provided by Mr. Montero. We hope to issue our next edition, the fifth in a series started last year, on the topic of "State Takeover: What It Means and Why it is a Possibility for CUSD". Please contact Jan Combes via email if you have any at jcombes@chicousd.org.

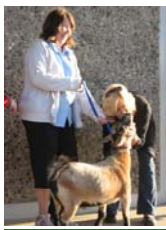
NEWS FROM SCHOOL SITES

Successful Ag Tour: The 3rd annual M & T Ranch (located west of Chico) Tour for prospective high school agriculture students took place on October 22. Over 130 students from Bidwell Jr., Chico Jr. and Marsh Jr. High Schools attended. Students saw first hand and up close what agribusiness looks like and the complexities of agriculture in today's world. FFA Leaders from Chico High School [Sarah Butterfield](#) and [Liz Ramirez](#) spoke with the students regarding Agriculture options as they enter into high school next year. The M & T Ranch Tour was hosted by [Les Heringer](#), Manager of the M & T Ranch and one of the founding members of the Friends of Ag Group which supports the Agriculture program at Chico High School.

"Wasted-The Truth of Underage Drinking in Butte County": The Documentary "*Wasted-The Truth of Underage Drinking in Butte County*" was shared with CHS students on Thursday, October 22, in Roger Williams Theater. This 15-minute documentary, filmed in Chico, provided an accurate scope and scale of how underage and high risk drinking affects our junior high, high school and college students as well as the larger community. Additional curriculum and worksheets were provided for teachers for follow up classroom activities with their students. Thank you [Sue Baber](#) for coordinating this activity.

PVHS Hosts Recruiting Realities: Pleasant Valley High School will be hosting an EXCELLENT speaker, [Jack Renkens](#), who will be giving the realities of the "College Recruiting Game". Anyone interested in college athletics MUST attend this seminar. It is FREE to everyone for one night only: Monday, October 26, 7:00-8:00 p.m. in the Pleasant Valley Gym. Do not miss this chance to see how the real game is played. You need to get involved to have a chance.

Neal Dow and Kissing the Goat: Here are some photos from Neal Dow Carnival winners kissing the goat. Teachers and principal include: [Steven Oberlander](#), [Jeanne O'Connel](#), [Katy Hildenbrand](#), and [Marilyn Rees](#).



Hooker Oak: Hooker Oak's fifth and sixth graders were treated to an informative presentation by the Butte Humane Society's (BHS) Public Relations gal, [Lori Wells](#), then grabbed armloads of donated supplies and headed to the BHS van. Thanks to all who donated from the Hooker Oak community, as well as our neighborhood community.



Thrilling Citrus Elementary: Some CUSD students, teachers and staff have been in the news for a community dance event [Cathy Small](#) has been organizing. It is called "Thrill the World", an annual worldwide simultaneous dance to Michael Jackson's Thriller. They have been practicing for months and the big event "Thrill with the World" is this Saturday, 5:30 p.m. at Downtown Plaza. There are over 200 people signed up, so the plaza will be filled with zombie dancers, families and friends. Links to media articles about the event: Synthesis: <http://chico.synthesis.net/>; The Orion: <http://www.theorion.com/entertainment/thrill-the-world-1.792467> (there will be video interviews posted on their site on Wednesday); and the Enterprise Record: http://www.chicoer.com/advertise/ci_13588280?IADID=Search-www.chicoer.com-www.chicoer.com

Love Chico/Love Rosedale Day was a great success! Thank you to [Rory Rottschalk](#) for your representation, coordination and vision for this wonderful project! Rory was Rosedale's representative with the Love Chico church community. On Sunday, we had Rosedale families, staff and our wonderful Love Chico community who beautified our school by gardening and painting murals. The children who participated were proudly showing their work to their friends on Monday and their sense of pride and ownership was priceless. We are honored to have [Greg Payne](#), a local artist who guided us with the colorful murals and presented us with his beautiful artistry in the raccoon family, it is amazing!

Love Chico at Shasta: Volunteers began work at Shasta Elementary at 7:30 a.m. and ended near 3:00 p.m. Approximately 40+ attended (some from Yuba City who attend church in Chico on Sundays). The painting crews did a remarkable job. The garden was transformed. One father was working with his baby in a backpack. Children and parents were working side-by-side. [Judy Bean](#) (second grade teacher) was there for nearly the entire day. [Kelly Voss](#) set up snacks, coffee, etc for the volunteers which were donated by PTO. It was a great day.

CHS Updates:

- **Architecture/Engineering:** The ROP CAD Drafting students have been invited to participate in a couple of community service projects. We have an agreement with the City of Chico Planning Dept. to complete garage and outbuilding plans for clients who want them built but have no plans. The ROP Construction class at PVHS may actually do the building. They are also working with Culp and Tanner Engineers, Howard Slater and the Sunshine Rotary to design and develop a new training facility for the Chico Police Department.
- **ACT:** ACT juniors and their parents met their business/community mentors for the first time on Wednesday, October 14 at the Mentor Match-Up dinner organized by [Sue Kamrar](#), [Jacqui Windsor](#) and [Ron Pope](#). ACT seniors and their families are busy fundraising for the 10th annual Senior educational trip to Los Angeles in January. The ACT Presentation team, comprised mostly of sophomores and freshmen, has already started sharing its Don't Laugh at Me and Mission Nutrition messages at local schools and community events, with more requests for presentations and visits coming in.
- **AG:** Our Ag students will continue to operate their pumpkin patch every weekend from 10:00 am - 4:00pm and on Wednesdays 2:30 - 5:30 through Halloween. Shortly after Mr. Payne will be taking some of his Ag Equipment fabrication class to operate equipment and get the student farm ready for a fall crop, most likely a hay mixture. Next week Ms. Zweigle and two students, [Anna Wood](#) and [Corrinne Mendonca](#) will be leaving for the National FFA convention in Indianapolis and then onto Washington DC for the California Leadership Experience.
- **Band:** The band will be performing its James Bond Show this Friday evening at the Almond Bowl Game. Hear them in concert on Tuesday, December 1, at Laxson Auditorium on the Chico State campus. Several bandsmen will be auditioning for All Northern Honor Band, Nor Cal Honor Band and All State Honor Band this year.

- **Art:** The art department has a long standing tradition of creating Halloween related artwork for elementary classrooms. In Paul Stephens' drawing classes, students are creating pen and ink haunted houses that will be given to several elementary classrooms. Nancy Skadal's Basic Design class has just completed pen and ink paper masks that will also be given to several elementary classrooms. The elementary students will be coloring and decorating the work that they receive. Some elementary classes take the project further, writing stories or plays to accompany their artwork.
- **Physical Education:** CSUC's fundraising chair, [Michelle Nevelle](#), is hosting a fund raiser 5k run to benefit CHS PE. The 5k is set for Saturday, November 7 in lower Bidwell Park. Start time is 8:00 am. Walk or jog and have fun too!
- **KLT Training:** Formative assessment/literacy had the first training for the year (Thursday, October 8). Four collaborative teams: U.S. History - [Gina Snider](#) and [Kevin Moretti](#); SDC - [Keith Rollins](#) and [Karen Armstrong](#); Spanish Dos and Tres - [Cindy Triffo](#), [Tim Applebee](#), and [Jacqui Windsor](#); and Photography - [Penni Baxter](#) and [Cindy Hopkins](#), a Viking, attended the half-day training and worked on formative assessment and literacy strategies. History developed evidence guides and newsflash for an upcoming unit; Spanish focused on vocabulary study charts, newsflash for post reading activities, keyword poster and 3-2-1; SDC began the arduous journey of developing learning targets and keyword lists for their ninth grade math curriculum; and photography continued working on aligning the photography curriculum between the two schools through a virtual website. Quote: "it was a great opportunity to collaborate and work together in fine tuning our delivery of instruction and the content as well."
- **Choral Department:** Students sang at back to school night, the Chico High foundation dinner, 11 students involved in the high school honor choir sang at the Oldies Car Show downtown, students have sung the Star Spangled Banner at every home football game, and we formed a choir club. There will be a Veteran's Day, Americana Concert on Tuesday, November 10, 7:00 p.m. in Williams Theater. It will be FREE to Veterans and only \$5.00 for everyone else. We will be having a "Take Over T Bar" Night on Thursday, October 15, 4:00-8:00 p.m.; 15% of all profits go to the choir. Our Winter Concert is scheduled for December 8, 7:00 p.m. at Bidwell Presbyterian Church.
- **Science:** The students in the Teach to Learn Program have just completed their first teaching in the University's Hands on Lab. Our high school students taught a lesson on water to fifth graders. The students involved in the program are part of the Introductory Chemistry Class led by [Sal Reyna](#). We have had two student presentations at lunch. One by [Megan Hall](#) and [Stephanie Gall](#) on the Youth Leadership Forum in Medicine. Both of these students have attended this ten-day summer program on medical careers. The second presentation was by [Levi Stanton](#) on the COSMOS summer program in Math & Science. Levi attended that fantastic program at UC Santa Cruz this past summer. Both presentations were well attended by current science students.
- **CHS Donation:** The Soroptimist International of Chico approved a request for \$375 for Fiction (novels and short stories) non-fiction, biographies, autobiographies for [Chris Persson's](#) classroom library. Gale Morgan, the school librarian/teacher, visited Chris' classroom (and others) after she heard kids were reading on their own and made a HUGE difference in the students' commitment and choice of books.

[CUSD IN THE NEWS](#)

Enterprise Record

[Rumors of Butte College stadium partnership unfounded, president says](#)

[Lease may hold up charter's bond money](#)

[Letters: State will chip in to help Chico school](#)

[Proposed community stadium idea gets tepid reception](#)

[Letter: Charter school can't ignore the rules](#)

[CUSD to get detailed fiscal crisis report](#)

[CUSD urged to avoid state takeover: But other options may not be ...](#)

Chico News and Review

[Preparing for the pandemic](#)

[Letters for October 22, 2009](#)

[Green school green light](#)

KPAY

[Tough Times Ahead for Chico Schools as They Try to Avoid a State ...](#)

ANSWERS RECEIVED REGARDING:

"WHAT IS WRONG WITH THIS PICTURE?"



- What is RIGHT with this picture is that two "competitive campus" leaders understand that we are all in this together, that a game is a game, but everything is really about students. Maybe what is wrong, besides the shirt color, is one of those guys might not be smiling tonight. But I doubt it.
- The Principals are wearing each others colors in the picture!!
- Jim is wearing blue (BAD Jim) and John is wearing red (Good John).....opposite school colors....but shows that John has GREAT taste!! ☐
- *I'm sure everyone has already responded that Jim and John are wearing the wrong colors ☐*
- Regarding the photo...their shirt colors are wrong. Thanks for the fun.
- Each principal is wearing the opposite schools colors!
- Ha! Actually, nothing is wrong!! John Shepherd (in red) has always been a supporter of both traditional high schools, and has openly encouraged staff to cheer on every student, REGARDLESS of mascot. Jim Hanlon (in blue) is also an ardent supporter of the "high school across town" where his own son attends and his wife worked for many years. We are a COMMUNITY and these men are leading the way!
- Wrong colors on the principals.
- I am sure I am not the first – but Shep is in Red and Jim is in Blue... and during Almond Bowl week! Boo Hissssssss
- I have no idea who the gentlemen in the picture are....but my guess is that they are wearing opposing school colors....Chico High guy is wearing blue and PV guy wearing red....LOL just a guess.
- Cool picture of John Shepherd (PV Principal) in CHS colors and Jim Hanlon (CHS principal) in PV colors.

BEST HEADING FOR THIS PICTURE!



- You mess with the bull, you get the horns!
- PV Admin Lets Viking Spirit Go To Their Heads! ☐
- Eight horns are better than None.
- Seasoned teachers, like adult male deers and perhaps Vikings, perhaps grow horns or antlers, find wisdom comes with age and experience, and bring that into the classroom in spite of their silly appearance.
- Vikings...NOT!!

Budget Communications Team Bulletin, 4th Edition

1. If my child doesn't regularly eat in the cafeteria, should I still fill out the application?

Yes, the free and reduced meal applications generate other money for many of our schools. All families are encouraged to complete the application to see if they qualify and to submit it even if their student brings their own lunch to school or purchases it elsewhere.

2. Is the food service program a "drain" on the financial resources of the District?

In 2005-06 the District disclosed that the food service program cost the General Fund about \$1 million. The program was not self supporting and the state found the program to be out of compliance during an audit. Over the last five years the program has gone through several changes, including: streamlining the operation and creating a healthy, efficient, and consistent way of preparing and serving meals. Meal items were created that met the nutritional needs of students, and were in full compliance with the USDA and the State of California. State and Federal grants were utilized to obtain necessary equipment for production and meal accountability. The entire department's staffing was organized to reflect the needs of each individual site. The program is now self supporting and operates with no negative impact on the General Fund of the district. The food service program keeps 75 people employed in our community. The program now has sufficient profit to fully reimburse the District for an indirect cost rate of 4.2 %. In 2008-09 the food service program contributed \$144,238 to the general fund for administrative overhead and reimbursement of other costs.

3. Did the food service program receive any money from the American Recovery and Reinvestment Act (i.e. federal stimulus funds)? What was it used for?

Yes, the food service program applied for and received a grant of \$111,111. These dollars will provide a pizza oven and production equipment to serve a low-fat, nutritionally compliant pizza, which is one of the cafeteria's most popular food items at both the elementary and secondary school sites. In addition the grant funds were used to purchase a delivery vehicle and to replace a freezer that is used for storage of home-baked bakery items. The grant may be used exclusively for equipment purchases, but with the potential of creating positions down the road.

4. It sounds like there have been a lot of positive changes for the food services program in the last few years. Was the union involved in developing and promoting these changes for Chico USD?

Yes, in 2006-07 the district and CSEA worked together to form the Quality Circle. This concept is based on a process first used by Japanese industry that involves the participation of workers in the development of new ideas and continual focus on improvement in quality. It was a creative and innovative business model that has proved very successful for this program at CUSD. The philosophy behind the Quality Circle was to have employees from each of the different categories working with management to determine the needs of the department in order to become financially independent. A variety of staff including a Baker, Driver, Cook Manager, Satellite Manager, Cafeteria Assistant and Management met regularly to determine needs and plan accordingly. The Quality Circle worked together to reorganize the entire department, site-by-site and create an efficient operation, cutting \$280,000 in salary and benefits in the process. The final phase of the reorganization was adding Coordinator positions which created 2 full-time positions within the department. The Quality Circle continues to review and recommend actions to improve efficiency and effectiveness of the program.