

CHICO UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Special Session

Wednesday, August 5, 2009

6:00 p.m.

**District Office, Large Conference Room
1163 East Seventh Street, Chico, CA 95928**

AGENDA

1. CALL TO ORDER

Opportunity for Public Comment on Agenda Items

The Governing Board welcomes and encourages public comments. Members of the public may comment on items included on this agenda; however, we ask that you limit your comments to five (5) minutes so that as many as possible may be heard (Education Code §35145.5, Government Code §54954.3)

2. DISCUSSION/ACTION CALENDAR

1. GENERAL

1. Information: 2009-10 State Budget Update for CUSD (Jan Combes)
2. Information: Local Government Response to State Budget Crisis (Board President Reed and Board Clerk Griffin)
3. Discussion/Action: Board Discussion/Action Regarding Budget Priorities Subsequent to the July 23, 2009, Legislative Action (Jan Combes)
4. Discussion/Action: Consider Selection of Vendor for Parcel Tax Survey (Jan Combes)

3. CLOSED SESSION

1. UPDATE ON LABOR NEGOTIATIONS

Employee Organizations:

CUTA

CSEA, Chapter #110

Representative:

Kelly Staley, Superintendent

Bob Feaster, Assistant Superintendent

Jan Combes, Assistant Superintendent

2. CONFERENCE WITH LEGAL COUNSEL

Threatened Litigation

Attending:

Significant exposure to litigation pursuant to Government Code Section 54956.9(b)

Kelly Staley, Superintendent

One case

Bob Feaster, Assistant Superintendent

Jan Combes, Assistant Superintendent

Kim Bogard, Attorney at Law

3. PUBLIC EMPLOYEE APPOINTMENT

Per Government Code §54957

Title: Interim Assistant Superintendent, Educational Services

4. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Per Government Code §54957

Title: Superintendent

4. RECONVENE TO REGULAR SESSION

1. Call to Order
2. Report Action Taken in Closed Session

5. ADJOURNMENT

Jann Reed, President
Board of Education
Chico Unified School District

PROPOSED AGENDA ITEM: 2009-10 State Budget: Update for CUSD

Prepared by: Jan Combes, Assistant Superintendent, Business Services

☐ Consent

Board Date August 5, 2009

☒ Information

☐ Discussion/Action

Background Information:

On February 19, 2009, the California State Legislature implemented massive mid-year cuts to California Schools for 2008-09 and adopted a 2009-10 State Budget that cut the funding expected for 2009-10 back to below levels received two years ago.

At the same time the State provided flexibility to schools on a variety of state funded programs, putting the onus on individual school districts to develop their budget priorities and cut what they felt they could survive without. Not only was funding cut, but shifts in cash payments forced many districts into a cash crisis.

CUSD was forced to focus its resources quickly in response to the impact of the February 19, 2009, Budget. Potential layoff notices were required to be provided to teachers by March 15. Other issues, such as purchasing state adopted textbooks to implement the new math standards were required to be in place for the 2009-10 school year. Many decisions had to be made quickly. CUSD was projected to run out of cash as early as October 2009. In order to be able to make payroll, the district would need to sell Tax Revenue Anticipation Notes (TRANs) to interested investors. These notes would produce much needed cash that would have to be paid back by June, 2010. In order to qualify for TRANs the Board made some very difficult decisions in March 2009 to increase class size from 20:1 to 30:1 for K-3 as well as take advantage of many other flexibility provisions afforded by the State Budget.

Much of the State Budget was based on the passing of several key Propositions on May 19, 2009. All of these failed miserably at the polls, sending a clear message to the State to fix the problem in other ways. The Legislature reconvened to try to solve a gap that had grown to \$24.3 billion. To put this number in perspective, the state needed to make adjustments equivalent to almost 25% of its budget in order to get back in balance. The "May Revise" indicated that schools would be cut by an additional \$219 per student, representing \$2.7 M of funding for us. This potential cut would require us to revisit our priorities and force us to make additional reductions in staff and programs. A previously untested code provision that would allow us to issue layoff notices to staff by August 15 was dusted off and many districts prepared for a second round of layoffs.

In June we also received a bit of good news: we would be receiving \$4.4 million of one-time federal assistance dollars, called School Fiscal Stabilization Funds (SFSF). These dollars would help us with cash in the bank, and they could be used to offset the devastating news of the funding cut due to the continued collapse of state funding for education.

When the Board adopted the 2009-10 Budget on June 24, 2009, it was 18 weeks after the first mid-year cuts hit the District in February, five weeks after the failure of the Propositions, and three weeks after we received notification of the federal funds. The point being that everything was happening very quickly and the State Budget was still an unknown. In the absence of raising taxes, the State would be making drastic and severe cuts to education and there was talk of suspending the Proposition 98 funding guarantee for schools.

Due to the short timeline, it was impossible to identify what expenses the District would attempt to “save” with the SFSF. It was clear, that the federal government sent this money with the anticipation that it would be used, quickly, to restore or retain jobs.

CUSD adopted their 2009-10 Budget with the intent that the SFSF funds would be used to pay for existing priorities and to retain existing staff.

To put our 2009-10 Budget in perspective: The adopted budget identifies that expenses exceed income by \$4.7 million in 2009-10, \$6.9 million in 2010-11 and \$7.9 million in 2011-12. The District needs to find a way to cut expenses (or find additional revenue) of about \$6.5 million a year, averaged over the three year period. The District has sufficient reserves, to get through 2009-10 and part of 2010-11. These extra reserves are the direct result of two things: 1) the SFSF Federal Funds which arrived in June and 2) the recapture of state categorical grants allowed by the February 19 flexibility measures. Since these are all one-time monies, it is clear that unless the budget is brought into balance by 2010-11 the District will quickly fall into state receivership.

On June 24, 2009, the Board also passed a resolution to clearly communicate our intent to pursue reductions in salaries, benefits, or both with our employees in order to help bring the budget in line.

On July 22, 2009, the Educational Services team proposed to the Board that the following priorities be funded from SFSF dollars for 2009-10: International Baccalaureate, Safe Schools, School Improvement Program, Secondary Specialized Programs, Pupil Retention Promotion Block Grant, Academy for Change, Cal Safe Pregnant Minors Program, and the Peer Review and Assistance Program for Teachers (PAR). These programs employ about 40 full time equivalent positions and cost about \$2.2 million. The second half of the SFSF fund is carried over for the purpose of being spent in 2010-11. The Board concurred with these recommendations. They were consistent with the priorities identified in March.

On July 23, 2009, the State Legislature passed the revised State Budget. The education-related trailer bill (ABX4) was subsequently signed into law this week by the Governor. The District will update the Board on what we know now about these latest changes. It is clear that the state has used accounting tricks to try to avoid the suspension of Proposition 98. Additional flexibility measures have been passed, such as the ability to spend zero dollars on maintenance if a district can find a way to keep its facilities in good shape in other ways. Many of the provisions are too late to act on for the state of the 2009-10 school year, but we will need to walk through what they might mean to us either now or in 2010-11. It is important to note that among the changes is the authority for a district to choose to offer 175 days of school instead of the previously required 180 -- however they did not mandate this change, which will make it difficult to implement with collective bargaining agreements that are in place in many districts.

It will be several weeks before we are able to work the details into our budget and multi-year projections so the presentation will include only the highlights of “what we think we know” --- the impact of the financial details will be acted on by the Board within 45 days, as required by law, around the middle of September.

Financial Implications

To Be Determined.

Recommended Action

None. This is an Information Only Item.

PROPOSED AGENDA ITEM: Local Government Response to State Budget Crisis

Prepared by: Jann Reed, Board President and Liz Griffin, Board Clerk

☐ Consent

Board Date August 5, 2009

☒ Information

☐ Discussion/Action

Background Information:

Board President Reed attended a summit on governance and fiscal reform sponsored by the Cities, Counties and Schools Partnership, a collaboration of the League of California Cities, the California State Association of Counties and the California School Boards Association on Friday, July 17 and Saturday, July 18. Board Clerk Griffin participated in a teleconference regarding the state budget. Information gathered from these events will be shared.

Financial Implications

Undetermined.

PROPOSED AGENDA ITEM: Board Discussion/Action Regarding Budget Priorities Subsequent to the July 23, 2009, Legislative Action

Prepared by: Jan Combes, Assistant Superintendent, Business Services

☐ Consent

Board Date August 5, 2009

☐ Information

☒ Discussion/Action

Background Information:

Over the course of February to July the State was developing its budget for 2009-10. The State Budget started off bad and took a nose dive for the worse after the Propositions failed in May. Combined with the shortfall in income taxes due to the decline in the economy, California faced a funding shortfall of almost 25% in the coming year. California was also on the brink of running out of cash and was unable to borrow cash from investors due to the severity of the budget imbalance.

California schools are funded on a percentage of the State Budget. Funding for schools was cut severely over the last several weeks and months as the economy deteriorated. CUSD was faced with trying to keep up with these reductions, and manage its cash commitments.

At the same time American Recovery and Reinvestment Act (ARRA) funds provided some short-term relief for schools, in an attempt to help them weather the storm.

During this turbulent time the Board was required to make dramatic decisions that will change the face of education for CUSD for 2009-10 and, most likely, for many years to come. Even after these changes, the District faces extreme challenges over the next three years to bring its budget into balance. We face an annual shortfall of about 7% based on current assumptions.

As a result of these turbulent times, the Board has requested an opportunity for public discussion and possible action regarding the budget priorities identified over the last several months. Staff will be available to respond to questions and provide details about program costs, staffing, and the educational priorities of the District.

Financial Implications

Undetermined.

PROPOSED AGENDA ITEM: Consider Selection of Vendor for Parcel Tax Survey

Prepared by: Jan Combes, Assistant Superintendent, Business Services

☐ Consent

Board Date August 5, 2009

☐ Information

☒ Discussion/Action

Background Information:

The Board conducted a Request for Proposals (RFP) for a Parcel Tax Survey to determine what the cost would be for this kind of a survey of the Chico community. The format for the RFP was approved at the June 24 Board meeting and subsequently it was distributed to a list of vendors. There were two tasks included in the RFP:

- Task 1 is a voter survey with accuracy levels of 3%, 4%, or 5% and an identified cost for each of these thresholds.
- For Task 2 vendors have also provided us with a proposal for strategic consulting to assist us with preparation of the ballot measure as well as development of an information only communications strategy that would include relevant materials. Task 2 would be a final step towards getting the measure on the ballot if it is warranted by the survey results.

The Board would like to discuss the RFP results and determine if they wish to award a contract for Task 1 at this time, keeping in mind the choice of incurring costs related to Task 2 once the survey is completed. The Board may wish to delay action on this item and establish a subcommittee to meet with responders on an individual basis.

Note: All of the proposals are available for review from 8:00 am to 4:30 pm at the District Office located at 1163 East Seventh Street.

Financial Implications

Varies.

Recommended Action

The Board will discuss the proposed cost and determine if they wish to move forward with a survey of the community's interest in a potential parcel tax. Vendors will need to be provided at least 30 working days from notice to proceed in order to accomplish the survey.