



# ***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.