

TALKING POINTS
San Ysidro Elementary School District

June 5, 2013

I. Introduction

- a. The Fiscal Crisis and Management Assistance Team
- b. Why I was asked to be here this evening
- c. AB 1200 and COE oversight—what is it and how does it work (sequential/progressive)
- d. The Emergency Loan process and Statutes
- e. Basic district budget processes—annual budget, interim reports, MYP
- f. What constitutes a fiscal emergency and What is fiscal recovery?

II. AB 1200—What your disapproved budget and negative certification really mean

- a. The role of the County Superintendent to implement oversight
- b. The continuum of AB 1200 and where the district currently is with respect to getting an emergency loan
- c. Monitoring and the Interim reports
- d. What is the role of the fiscal advisor—the partial loss of your local governance
- e. Superintendent/CBO certification of collective bargaining agreements
- f. The concept of current and two subsequent years--MYFP

III. Process for Emergency Loans

- a. How does a district get one? The concept of running out of cash
- b. It's really not a loan, it is cash flow assistance pending budgetary recovery
- c. The State Administrator (SPI) and loss of the local governance option
 - i. cost
 - ii. the comprehensive review requirement
 - iii. when do you get a State Trustee
- d. The terms of the emergency apportionment—how long, interest rate, recovery
- e. What typically happens in a district when a State Administrator takes over
 - i. board is advisory
 - ii. collective bargaining continues with the S.A. as the decision maker and negotiator
 - iii. budget reductions are inevitable which translates to losing positions
 - iv. the entire situation is tedious, complex and ugly
 - v. all other operational areas will be assessed and considered
 - vi. by statute, the superintendent is released
 - vii. the CDE makes ALL final decisions

IV. Budget

- a. How you likely got here and how you must demonstrate recovery
- b. What is recovery?
 - i. stop deficit spending
 - ii. establish a positive fund balance
 - iii. establish and maintain a reserve for current and two subsequent years
 - iv. success in the other operational areas will be a part of the criteria for the return of the board's powers

V. Questions and Answers

State Takeover Timeline

- District self-certifies Negative at Second Interim
- County Superintendent concurs with certification
- County Superintendent assigns a Fiscal Advisor to the District
- FCMAT presents to the District Governing Board
- District submits the 2013-14 Budget to the COE
- If budget reductions are not sufficient, County Superintendent will disapprove the budget
- County Superintendent, via Fiscal Advisor, continues to work with the District to identify expenditure reductions
- If reductions are not sufficient, budget remains un-approved
- District Governing Board must declare they are in danger of becoming insolvent
- County Superintendent requests FCMAT to declare San Ysidro a Fiscal Emergency when its determined that District will run out of cash
- County Superintendent and District work together to contact the local legislators (Assembly Member or Senator) to sponsor legislation for a bail out. ***(This process can take several months)***
- County Office of Education required to speak to the Legislature about the condition of the District.
- After the bill passes both committees in each house, the Governor then signs it
- State Trustee is appointed, district superintendent is dismissed and Board is advisory only