

BERKELEY UNIFIED SCHOOL DISTRICT
MINUTES, SPECIAL MEETING
Thursday, January 17, 2002
Berkeley Alternative High School
2701 Martin Luther King Jr. Way
Berkeley, CA 94704-1180

ADOPTED MINUTES
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CALL TO ORDER

President Shirley Issel called the Board of Education Meeting to order at 7:45 p.m.

BOARD ROLL CALL

MEMBERS PRESENT: President Shirley Issel
Vice President Joaquin J. Rivera
Director Terry S. Doran
Director Ted Schultz
Director John T. Selawsky
Student Director Sarena M. Chandler

Administration: Superintendent Michele Lawrence, Secretary

Approve Agenda

Approve the Special Meeting Agenda of January 17, 2002

Motion: Directors Rivera/Schultz and approved unanimously on voice vote:
Approval of the Special Meeting Agenda of January 17, 2002.

REPORTS: Union Representatives
Advisory Councils
Superintendent's Report
Board Members' Reports

There were no reports at this time.

HEARING SECTION

Ms. Nancy Riddle and Ms. Carol Wilkins, representatives of BSEP (Berkeley Schools Excellence Project) and Mr. Pat Robertson, representing Public Employees' Union Local One, addressed the Board regarding the budget deficit.

AGENDA ITEM:

Presentation and Action

Presentation on the status of the budget and Certification of the First Interim Budget Report

Superintendent Lawrence introduced Ms. Sheila Jordan, Superintendent, Alameda County Office of Education. Ms. Jordan gave a clarifying statement explaining the role of FCMAT (Fiscal Crisis and Management Assistance Team). She then introduced the FCMAT team: Mr. Joel Montero, Ms. Barbara Dean, and Ms. Patricia Feldpouch. She also introduced Alameda County Office staff: Mr. Michael Lenahan, Associate Superintendent, Business Services and Ms. Lou Highlander, Director, Business and Advisory Services.

Ms. Barbara Dean, FCMAT, made a 45-page power point presentation: **Berkeley Unified School District First Interim Report, Fiscal Crisis and Management Assistance Team, January 17, 2002.** She reviewed the budget process, explained the three interim report certification options and discussed the General Fund categories, revenues and expenditures. Ms. Dean reported that the FCMAT review of the 2001-02 budget indicates that the District will not be able to meet its financial obligations for the current or subsequent year, while maintaining the required 3% reserve level for economic uncertainties, without revenue and expenditure revisions. The amount available for the reserve is \$1,376,331.00, which is \$1,651,223.00 short of meeting the District's required reserve of \$3,027,554.00. Ms. Dean said that without material changes, the General Fund budget for 2002-03 is projected to be short almost \$7.8 million dollars. Additional areas covered in Ms. Dean's presentation included:

- Factors impacting the 2001-02 Budget;
- An analysis of the 2000-01 General Fund Balance;
- Legally restricted balances;
- FCMAT adjustments;
- Contributions to restricted programs;
- Multi-Year Projection Variables;
- Trends—Average Daily Attendance;
- Trends—Fund Balance;
- Trends—Available Reserves;
- Other Funds;
- Funding the Negative Self Insurance Fund Balance;
- Workers Compensation.

Presentation and Action (continued)

Presentation on the status of the budget and Certification of the First Interim Budget Report (continued)

Ms. Barbara Dean said the next steps for the District are:

- Complete conversion and implementation of the QSS system for Human Resources, Financial, and Payroll systems by July 1, 2002.
- By March 15, 2002, develop a recovery plan adopted by the Board that will prevent further compounding of the effect of current fiscal practices and that will restore adequate reserves.
- Begin an audit and review of vacation balances, contributions by employees and retirees for benefits, and payroll verification.
- Develop internal control standards and practices.
- Accept the final FCMAT written report, containing findings and recommendations for changes.
- Continue the position control validation process.
- Following the reconciliation of position control, determine whether the General Fund is under-budgeted in salaries, and make any revisions needed in current programs.
- Establish responsibilities for development of the Second Interim report and the development of the 2002-2003 budget, for all funds.
- Record budget revisions following certification of the First Interim report.
- Continue to analyze supplies accounts to determine the adequacy of budgeted amounts.

Ms. Dean made the following suggestions:

- As soon as possible, bring day-to-day procedures up-to-date for posting cash and securing approvals for budget revisions.
- Conduct a review of the risk management practices of the District.
- Examine the impact of the Governor's proposed 2002-2003 budget, as it will affect programs currently operated by the District—including Independent Study ADA and Peer Assistance and Review.

Presentation and Action (continued)

Presentation on the status of the budget and Certification of the First Interim Budget Report (continued)

Motion: Directors Rivera/Schultz and approved unanimously on Roll Call Vote:

To accept the Negative Certification of the First Interim Report, certifying that the District will be unable to meet its financial obligations for the current or subsequent year without significant expenditure reductions and revenue enhancements.

The motion was followed by Board discussion as follows:

Director John Selawsky encouraged staff to the Budget and Finance Committee and the public to participate in deliberations regarding the budget. He said he wants this budget process to be an open process. Director Selawsky expressed concern about the accrued vacation item and the financial liability this can create for the District. He requested a recommendation from staff on how to eliminate this potential liability. He also requested a recommendation regarding a possible hiring freezes.

Vice President Rivera asked for further information regarding the Self Insurance line item. He said staff should to be more aggressive in monitoring this expense.

President Issel asked how budgets are different and similar in other school districts

ADJOURNMENT

President Issel declared the Special Board of Education Meeting adjourned at 10:12 p.m.

APPROVED:

ATTEST:

President, Board of Education
Berkeley Unified School District

Secretary, Board of Education
Berkeley Unified School District

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