

**REPORT TITLE:** Are Paso Robles School Budgetary Woes A Lesson for Other Districts?

**REPORT DATE:** June 26, 2012

**AUTHORIZED RESPONDER:** Chris Adams, Superintendent for the Coast Unified School District, Secretary for the Coast Unified School District Governing Board

**FINDINGS:**

- I (we) agree with the findings numbered: #1 (Board's Fiscal Responsibility)
- I (we) disagree wholly or partially with the findings numbered: #2 (Board Training on Fiscal Oversight)  
*A statement is attached that specifies the portion of the findings that are disputed including an explanation and reasons.*
- I (we) agree with the findings numbered: #3 (All ten school districts in San Luis Obispo County are currently in deficit spending)
- I (we) disagree wholly or partially with the findings numbered: #8 (Basic Aid Districts - Substantial Reserves & Minimum Disruption)  
*A statement is attached that specifies the portion of the findings that are disputed including an explanation and reasons.*

**RECOMMENDATIONS:**

Recommendation 2: Each governing board in the county should establish a policy requiring new board members to attend a minimum of two days of education on school district budgeting and financial oversight. Each governing board should also require follow-up financial training for board members annually.

- Recommendation number 2 has been implemented.  
*(Attach a summary describing the implemented actions.)*

Date: September 14, 2012

Signed: 

Number of pages attached: 2

**Attachment #1**

**REPORT TITLE: Are Paso Robles School Budgetary Woes A Lesson for Other Districts?**

**REPORT DATE: June 26, 2012**

**AUTHORIZED RESPONDER: Superintendent of Schools for the Coast Unified School District Governing Board**

**STATEMENTS for FINDINGS #2 & #8**

*Finding #2: Governing board members overseeing the county's ten districts, similar to governing board members statewide, are offered education and training in school district budgeting and financial oversight, but seldom take maximum advantage of the workshops offered.*

We disagree with the statement that governing board members “seldom take maximum advantage of the workshops offered”. Our current members have had a very good track record of attending all county offered professional development. New governing board members to Coast Unified have taken advantage of free training offered through the San Luis Obispo County Office of Education and attended trainings offered by California School Boards Association. Most of our current members have served longer than seven years and, due to budget constraints, professional development has been drastically reduced in order to preserve the funding in the classrooms.

*Finding #8: Three Basic Aid districts, Cayucos, San Luis Coastal and Coast Unified, which receive revenue from local property taxes and have maintained substantial reserves, are expected to weather the current state budget crisis with minimal disruption of their education programs.*

We agree that the reserves required of us as a basic aid district have helped mitigate the very tough budget conditions to date, however it appears that the current five-year budget crisis has no end in sight. Therefore our disagreement is with the statement that our district has had “minimal disruption to their educational programs” and is expected to be minimally impacted by the state budget crisis.

Coast Unified has lost substantial revenue from the “fair share” contributions required by the state in lieu of revenue limit reductions, as well as suffered steady property tax revenue declines during these years of economic upheaval. Over the past four years, the total amount of “fair share” reductions from the district is \$1,608,145. Added to other categorical cuts made and projected “trigger cuts” that are predicted after the November elections Coast will experience a reduction of \$2,261,192 or 20% over a five year span. While our educational program has continued to improve over the past five years, our class sizes have increased, our resources have been drastically reduced, and everything outside of the classroom has been maintained at minimum levels until “the budget bounces”. This is a far cry from minimal disruption to date and with the end no where in sight we will be continuing to experience severe reductions.

## **STATEMENT for RECOMMENDATION #2**

*Recommendation 2: Each governing board in the county should establish a policy requiring new board members to attend a minimum of two days of education on school district budgeting and financial oversight. Each governing board should also require follow-up financial training for board members annually.*

Coast Unified currently has a board bylaw in place requiring governing board members to “participate in professional development and commit the time and energy necessary to be an informed and effective leader” that is not limited to two days. This includes an understanding that all new board members must attend, during their first year, any trainings offered by San Luis Obispo County Office of Education as well as all sitting board members attending if at all possible. New board members are also encouraged to attend New Board Member Workshops at the annual California School Boards Association Conference their first year. Most of our current members have served longer than seven years and, due to budget constraints, professional development has been drastically reduced in order to preserve the funding in the classrooms. As finances continue to dwindle from school budgets, policies like these that are recommended from agencies outside our organization need to provide funding for their recommendations.

The problem is not in our governing board being uneducated, unprepared, or unwilling to deal with school district budgeting and financial oversight, it is in the gross negligence with which our state has acted in not giving the money it has promised each year because it cannot balance its budgets. When our district budget is adopted each year, we have acted on the conditions given to us by the governor in regards to programs that will be funded as well as overall funding. Over the past five years, our state government has promised income and then deferred and/or not delivered the money. A simple glaring example for our district is the class size reduction money promised to Coast Unified for 2011-12 that was due to the district after it was spent and then never paid. No amount of training of budget management can prepare a district for this behavior that unfortunately is becoming more and more common place.