



2020-21 Budget Review Committee

Board Meeting
November 5, 2020
Agenda Item No. 7.1

Timeline of 2020-2021 Budget Events

Date	Action	Next Steps
June 25, 2020	District Adopts 2020-2021 Budget	District submits to SCOE June 26, 2020
August 4, 2020	District receives notification from SCOE that the 2020-2021 Adopted Budget is Disapproved	SCOE requests District to submit a Revised Budget by October 8, 2020
October 1, 2020	District Board Approves the Revised 2020-2021 Budget	District submits to SCOE October 2, 2020
October 28, 2020	District receives notification from SCOE that the 2020-2021 Revised Budget is Disapproved	SCOE advises District of Ed Code 42127.1 Formation of Budget Review Committee (BRC) or Waiver of BRC
November 8, 2020	Waiver of BRC due to California Department of Education	Prepare a Fiscal Recovery Plan and develop a balanced budget by December 31, 2020
November 19, 2020	Fiscal Recovery Plan Presented at 11/19/2020 Board Meeting	Board Approves Fiscal Recovery Plan December 10, 2020 Board Meeting
November 30, 2020 (if BRC not waived)	If not waived, BRC reviews the 2020-2021 Budget and recommends approval or disapproval	If disapproved, BRC will recommend budget revisions enabling the District to meet its financial obligations.

Background on District Budget Review Committee (BRC) Waivers

- Approved in 2018 for 2018-2019 Budget
- Approved in 2019 for 2019-2020 Budget

Questions

Q1: What is the purpose and process of the BRC?

- The BRC is convened in about 10 days following decision to not waive the committee. Purpose and process is to review the District's budget and fiscal policies and transmit by 11/30 either of the following:
 1. The recommendation that the budget be approved or
 2. Report disapproving the budget with recommendations

Questions

Q2: Why continue to recommend to waive a Budget Review Committee (BRC?)

Q3: What factors, beyond the reasons listed in the waiver, are considered in the recommendation to waive?

A budget review committee is usually not that helpful for many reasons:

- The tight timeline of a BRC makes the results rushed and not thorough. The County disapproves the readopted budget by 11/8, a BRC is convened in about 10 days, and by 11/30 the BRC arrives at one of the 2 options listed on the previous slide.
- The short timeline would most likely give the district the same results or lesser quality from the BRC as they have received from FCMAT, the state auditor, SCOE, and rating agencies.

Questions

Q2: Why continue to recommend to waive a Budget Review Committee (BRC?)

Q3: What factors, beyond the reasons listed in the waiver, are considered in the recommendation to waive?

A budget review committee is usually not that helpful for many reasons:

- The district could prepare its own fiscal recovery plan with better data. The District is presenting a fiscal recovery plan at the November 19, 2020 Board Meeting.
 - FCMAT review is only six weeks old, and those recommendations have been incorporated in the District's FRP.
- A study by a BRC requires an incredible amount of staff work and would redirect limited staff resources from other critical tasks: fiscal recovery plan, 1st interim, and independent auditors

Questions

Q4: Under what circumstances would COE and District staff recommend not to waive a BRC?

- Not many reasons. In recent history, this may have only happened once.
- The language in the law doesn't gear the system for success, mostly due to short time line.
- May be useful for a small district with a singular issue that could accomplish the task in a couple of weeks.

Questions

Q5: Because this is in addition to a fiscal advisor, what are some additional benefits and disadvantages of a BRC?

- Perhaps a small district with a singular issue might benefit from a BRC.
- Disadvantages as listed in the first question include:
 - The tight timeline of a BRC makes the results rushed and not thorough. The County disapproves the readopted budget by 11/8, a BRC is convened in about 10 days, the BRC shall transmit by 11/30 one of the options listed in a previous slide.
 - The short timeline would most likely give the district the same results from the BRC as they have received from FCMAT, the state auditor, SCOPE, and rating agencies.

Questions (Q5 Cont)

Q5: Because this is in addition to a fiscal advisor, what are some additional benefits and disadvantages of a BRC?

- Disadvantages:
 - The FRP draft will be presented to the board on 11/19/2020 while the BRC plan would not come to the board until after 11/30/ 2020
 - A study by a BRC requires an incredible amount of staff work and would redirect limited staff resources from other critical tasks: fiscal recovery plan, 1st interim, and independent auditors.
 - Staff can only work on one or the other – work on the FRP as we have been doing or help three individuals not currently associated with or aware of our local fiscal context redo the whole budget by Nov 30 which is not recommended by staff.