



CSIS *California School Information Services*

Union Hill School District

Child Development Program Review

February 15, 2011



Joel D. Montero
Chief Executive Officer





February 15, 2011

Susan Barry, Superintendent
Union Hill School District
10879 Bartlett Drive
Grass Valley, CA 95945

Dear Superintendent Barry,

In September 2010, the Union Hill School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for a child development program review. Specifically, the agreement stated that FCMAT would perform the following:

1. Analyze the organizational structure of the child development department, including the number of programs, size and complexity of programs, and the administrative, instructional and support personnel required for an efficient operational program.
2. Assess the alignment of the district's child development programs, including; infants, toddlers, preschool, before and after-school care.
3. Evaluate the revenue sources of the various child development programs and make recommendations to enhance revenues or provide alternative funding sources.
4. Assess the expenditure patterns of the various child development programs and make recommendations to reduce expenses.
5. Review the child development program's multiyear fiscal solvency plan and recommend any changes necessary to improve the plan.
6. Evaluate workflow processes and communication efficiencies between the child development program, business and personnel departments.
7. Analyze the hours of site operation and the employment calendars of site staff, including the year-round staff, and make recommendations to reduce positions, if any.
8. Review the job descriptions of the coordinator, administrator and head teacher to assess leadership requirements of the program's organizational structure.

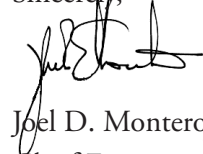
FCMAT

Joel D. Montero, Chief Executive Officer

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This final report contains the study team's findings and recommendations in the above areas of review. We appreciate the opportunity to serve the Union Hill School District, and extend our thanks to all the staff for their assistance during fieldwork.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joel D. Montero', with a stylized flourish at the end.

Joel D. Montero
Chief Executive Officer

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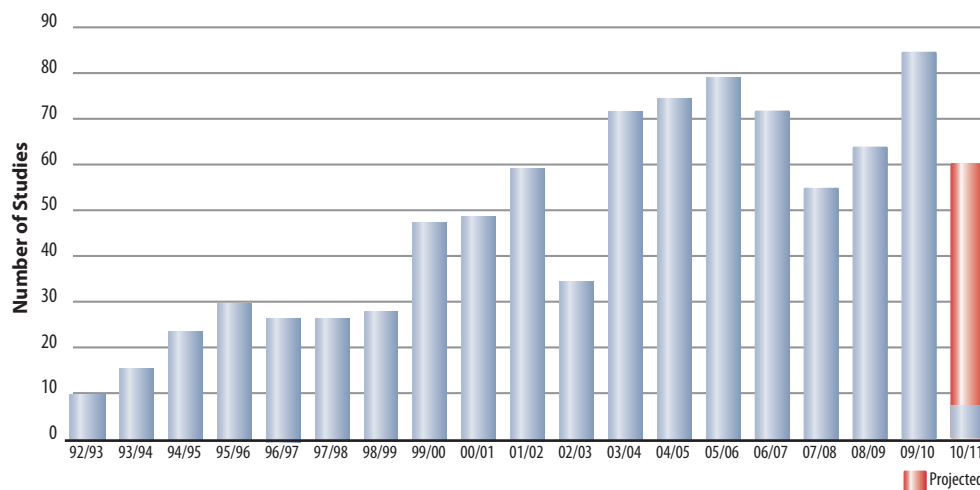
About FCMAT

FCMAT's primary mission is to assist California's local K-14 educational agencies to identify, prevent, and resolve financial and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT's fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices and efficient operations. FCMAT's data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and share information.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state Superintendent of Public Instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the local education agency to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

Study Agreements by Fiscal Year



FCMAT also develops and provides numerous publications, software tools, workshops and professional development opportunities to help local educational agencies operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) arm of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS) and also maintains DataGate, the FCMAT/CSIS software LEAs use for CSIS services. FCMAT was created by Assembly Bill 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. Assembly Bill 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. Assembly Bill 1115 in 1999 codified CSIS' mission.

AB 1200 is also a statewide plan for county office of education and school districts to work together locally to improve fiscal procedures and accountability standards. Assembly Bill 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

In January 2006, SB 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

Since 1992, FCMAT has been engaged to perform nearly 850 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

The Union Hill School District was established in 1868 and consists of a traditional K-8 school, a home-schooling charter school and the Bearcat Discovery Center, which offers a preschool and infant through eighth-grade child care. The district's student enrollment is approximately 800. It is located in Grass Valley, California, in Nevada County.

In August 2010 the district requested FCMAT to review its child development programs and services. The study agreement specifies that FCMAT will perform the following:

1. Analyze the organizational structure of the child development department, including the number of programs, size and complexity of programs, and the administrative, instructional and support personnel required for an efficient operational program.
2. Assess the alignment of the district's child development programs, including; infants, toddlers, preschool, before and after-school care.
3. Evaluate the revenue sources of the various child development programs and make recommendations to enhance revenues or provide alternative funding sources.
4. Assess the expenditure patterns of the various child development programs and make recommendations to reduce expenses.
5. Review the child development program's multiyear fiscal solvency plan and recommend any changes necessary to improve the plan.
6. Evaluate workflow processes and communication efficiencies between the child development program, business and personnel departments.
7. Analyze the hours of site operation and the employment calendars of site staff, including the year-round staff, and make recommendations to reduce positions, if any.
8. Review the job descriptions of the coordinator, administrator and head teacher to assess leadership requirements of the program's organizational structure.

Study Guidelines

FCMAT visited the district on December 7 and 8 to conduct interviews, collect data and review documents. This report is the result of those activities and is divided into the following sections:

- Executive Summary
- Background
- Organizational Structure
- Program Alignment
- Revenue Sources
- Expenditure Trends
- Multiyear Fiscal Solvency
- Appendices

Study Team

The study team was composed of the following members:

John F. Von Flue
FCMAT Fiscal Intervention Specialist
Bakersfield, California

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FCMAT Public Information Specialist
Bakersfield, California

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Director, Early Childhood Education
Services
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*As a member of this study team, this consultant was not representing her employer but was working solely as an independent contractor for FCMAT.

Executive Summary

The Union Hill School District provides preschool and child care services through its Bearcat Discovery Center. These programs have grown to offer needed care services and accommodations for many families of the area, reflecting the district's commitment to provide on-site child care.

The state preschool and child care contracts are governed by CDE funding terms and conditions. The Child Development Attendance and Fiscal Reporting and Reimbursement Procedures manual, commonly known as the Greenbook, provides essential guidance for meeting compliance requirements, effective program management, and receiving maximum reimbursements. Using the guidance and standards provided in the Greenbook as well as the funding terms and conditions, FCMAT reviewed the Bearcat Discovery Center to evaluate program compliance, optimization, and alignment, as well as revenues and expenditures.

Staffing and the operational structure of the center involve multiple assignments for some staff, and may not meet contract requirements. Adjustments should be made to streamline staffing and meet the ratios required to comply with program contracts. Enrollment priorities should be established for subsidized programs as required by contract, and unsubsidized (fee-based) services should be revamped to eliminate program encroachment on the district's unrestricted fund.

The child development center is not completing much of the record keeping and reporting required for program compliance. Children's files contained deficiencies related to admission and eligibility determination. These noncompliance findings are similar to those identified in the Coordinated Compliance Review conducted in 2005.

Commingling of the subsidized and unsubsidized programs creates unnecessary complexities in the programs offered by the center. FCMAT's recommendations include separating the programs and reviewing services, program hours, and child needs to simplify center staffing and cost tracking.

Maximum reimbursable amounts can be obtained from contracts by ensuring that the district receives the standard reimbursement rate for fee-based programs. In addition, program revenues and budgeting for fee-based programs should be reviewed regularly. Rate schedules should be adjusted to align with program costs and enrollment priority should be given to families who commit to regular attendance and keep tuition payments current. A waiting list should be established for families who desire to receive services should program vacancies become available.

The child development fund trend analysis shows deficit spending in the program for the last two years and current fiscal year, 2010-11. The district should improve awareness and control of expenditures by better tracking expenses by program, monitoring supplemental compensation and extra staff hours, and including additional facility expenses related to the Bearcat Discovery Center.

Job descriptions for child development positions contain inconsistencies. Job descriptions for every position should be current and accurately reflect essential duties and requirements to clearly establish authority, responsibility, and expectations.

Background

The Union Hill School District provides preschool and child care programs for children through the Bearcat Discovery Center. Board Policy 5148 recognizes child care and supervision as a necessity for many families and commits to providing on-site child care.

The child development programs began as fee-based programs and subsequently added state subsidy contracts. The program has continued to grow, providing additional services and accommodating the needs and requests of families in the community and beyond. The Union Hill School District is considered to have the most comprehensive child services in Nevada County as it is the only district that provides education and child care programs from infant to 8th grade. The district believes these services draw families to the district as demonstrated by high numbers of incoming interdistrict transfers.

Because of the governor's proposed reduction in child care subsidies for fiscal year 2010-11 in addition to deficit expenditures in the child care fund for 2009-10, the district took action to reduce program expenses. This included the reduction or elimination of several staff positions effective July 1, 2010. The district's adopted 2010-11 budget reflects a reduction in revenue of 27.7% over prior year due to the subsidy decline and a corresponding reduction of expenses in the amount of \$314,226.88 (30.9%) to balance the budget. In addition, the district began providing tuition-based child care services only. To assist families with the transition, the fees for these services included discounts of 10% to 50% for qualified families. In a September letter, the district informed parents that child care services would be restricted to families receiving CalWORKS Stages 1 and 2 funding, children receiving preschool funds, and tuition-based services.

Subsequently, with the passing of the 2010-11 budget, the governor's proposal to eliminate CalWORKS-related child care programs was overturned by the Legislature. The district's first interim budget reflects the subsequent increase in state revenue and a reduction in tuition collections. The district also budgeted an increase in expenses over the July 1 budget of just over \$63,000. These increases were mostly for classified salaries and supply budget line items. The district did not reinstate the support service positions reduced in the July 1 cuts.

The proposed and actual budget cuts, reduction of support staff, and deficit spending in the child development fund over the last two fiscal years have left the district concerned about how to operate these programs most efficiently while maintaining legal standards and compliance. The district's goal as stated by board members and the superintendent is to provide quality child care and compliant programs that serve the families and children without incurring encroachment.

Findings and Recommendations

Organizational Structure

The Union Hill School District operates preschool and child care programs through its Bearcat Discovery Center. The director of child development programs, under the direction of the superintendent, provides leadership and supervision to the center and oversees both the preschool and child care programs. The preschool is staffed with three teachers, six assistants, and an aide for a total of 8.044 full-time equivalents (FTE). The child care program is staffed with four instructors, eight assistants, and one aide for a total FTE of 7.594.

The district's child development programs are funded by two California Department of Education (CDE) contracts, a contract with Sierra Nevada Children's Service (SNCS), and tuition-based child care and preschool programs for infants, toddlers, preschool and school-age children.

Enrollment numbers for all programs is maintained at approximately 300 children throughout the year.

Total enrollment is sufficient to easily meet child care center (CCTR) and California State Preschool Program (CSPP) contracts and receive maximum contracted reimbursement. However, the current structure of the program adds unnecessary complexity. The increased difficulties in managing the program stem from inconsistent enrollment practices, the lack of certifying families prior to enrollment, and improper identification and/or placement in the program that will best generate funding.

Contract Compliance Standards

The Child Development Fiscal Services (CDFFS) department of the CDE publishes a Child Development Attendance and Fiscal Reporting and Reimbursement Procedures manual, commonly known as the Greenbook. This book, available by download from the Internet, serves as a guide to program compliance and procedures.

References from the Greenbook regarding compliance standards applicable to Union Hill contracts reviewed in this study are included in the Appendix section of this report.

Staff Scheduling

Current staff scheduling creates confusion, potential accountability issues, and inefficiencies since many staff work in multiple locations and under various contracts. Employees are scheduled with multiple programs and children to fulfill their hours. Inefficiencies occur due to transition between locations and responsibilities. These schedules are also difficult for substitute staff to follow.

The following are examples of current scheduling taken from the Bearcat Discovery staffing schedule:

Employee A: 10 month employee, 7.25 Preschool & .75 AM Care

7:30-8:15 AM Care

8:10 At curb

8:15-11:15 Dancing Dolphins

11:15-3:30 Non Nappers

Employee B: 12 month employee, 1.5 AM Care and 4.25 Preschool

6:45-8:15 AM Care

8:15-11:15 Fluterpups

11:15-12:30 Non Nappers

Employee C: 12 month employee, 2.5 hours PM Care, 5.5 Preschool

8:15-11:15 Dancing Dolphins

11:45-12:30 Sleepers

12:30-1:00 Break

2:30-4:45 One and Up Care

As evident in the examples above, employees are assigned to several programs and classrooms through the course of their day. Each employee schedule is unique and appears adjusted to fit the hours of employment. Rather, the employee schedules should be adjusted to meet the needs of the program.

Classroom Staffing

Important considerations for determining appropriate staffing levels include:

- Adult to child ratios as required according to age group
- Fulfillment of CSPP and CCTR contracts
- Verification that each subsidized family meets the criteria for eligibility and need
- Number of families who demonstrate a need for services
- Facility license capacities

FCMAT calculated the approximate staffing necessary to meet current CCTR and CSPP contracts considering licensing capacity and maximum reimbursable amount (MRA) to be as follows:

- 4 full time teachers: Infant, Toddlers, CSPP full day, and half day
- 3 full time aides (1 per class except for ½ day preschool)
- 8 part time aides (1 per each ½ day preschool class)

CSPP

Best practice and recommended staffing for the CSPP program is detailed below.

Operations structure:

- 1 AM class of 20 children all attending 8:15 to 11:15 (180 days)
- 1 PM class of 20 children all attending 12:15 to 3:15 (180 days)
- 1 All Day class of 20 children full day CSPP (7:30 -5:30) (247 days)

The above combination would also allow the agency to provide preschool services for up to seven tuition-based families because the current facility license has capacity for 47 preschool age children, as long as the program does not exceed 24 children in any one of the preschool classrooms.

Staffing recommendations for the above classes are as follows:

- AM Class – 1 teacher, 1 part time aide (3.5 hour) and 1 parent volunteer or substitute aide to meet the adult to child ratio
- PM Class (same teacher as AM) – 1 part time aide (3.5 hours) and 1 parent volunteer or substitute aide to meet adult to child ratio
- Full Day Class (no parent volunteers allowed to meet ratio due to program need criteria) – 1 teacher, 1 full time aide with permit and 3 part time aides to help cover full day.

Therefore, the total staffing for CSPP is:

- 1 teacher (186 days) assigned to teach AM and PM class (3 hours each)
- 1 teacher (230 days) full day
- 1 full time aide with permit (230 days)
- 2 part time aides, 3.5 hours (182 days/ half day preschool)
- 3 part time aides, 3.5 hours (247 days/ full day preschool)

CCTR

Following the best practice and recommended staffing for the CCTR program, the operations structure could be:

- 1 infant class (6 weeks to 24 months) with 6 infants
- 1 toddler class (18 months to 30 months) with 8 toddlers
- Neither the infant class nor the toddler class is to exceed 12 children due to licensing capacity.

The staffing requirement for the above classes is:

- Ratio for infants under Title 5 is 1 adult per 3 babies; 1 teacher not to exceed 18 babies.
- Ratio for toddlers under Title 5 is 1 adult per 4 toddlers; 1 teacher not to exceed 16 toddlers.

The above combination would also allow the agency to provide infant and toddler care for up to 10 tuition-based families since the program only needs 14 full time infants and toddlers to earn the full CCTR contract.

The facility license in these two age groups combined allows for a total of 24 children; 12 per each group.

The total staffing needed for the CCTR program is:

- Infant: 1 full time teacher, 1 full time aide, 1 part time aide
- Toddler: 1 full time teacher, 1 full time aide, 1 part time aide

The SNCS after-school subcontract for CCTR would need 1 part-time teacher and 1-2 part-time aides depending on enrollment. The maximum ratio of children to adults is 14:1, with the total not to exceed 28 children on any day.

Support Staff

In response to the Governor's May revise that threatened deep revenue cuts to state contract funding, the district made severe staff reductions. The staff reductions enacted for 2010-11 included the following:

Position	Number of positions affected	Hours reduced
Child Care Assistant	11	2.5 to 5.5 hours/day each
Assistant Director	1	4 hours/day, 10 month
Admissions / Accounting Tech	1	8 hours/day, 12 month
Health Aide / Receptionist	1	5.75 hours/day, 12 month
Preschool Teacher	1	5.75 hours/day, 10 month
Instructor	2	3 hours/day, 12 month 5.75 hours/day, 12 month
Assistant	7	Total reduction of 12.75 hours/day

With the staff reductions, the director of child development programs is now required to perform the duties previously provided by the assistant director, admissions/accounting tech, and health aide/receptionist.

As a result, the duties and responsibilities newly assumed by the director for 2010-11 included:

- Unassisted oversight of the child development programs and staff
- Initial contact for public, parents, staff and children
- Answering calls and inquiries of the Bearcat center
- Clerical and accounting duties related to the various programs
- Student absence and tardy logs
- Student attendance accounting
- Supply maintenance and ordering
- Campus visitor controls

- Child enrollment and eligibility assessment
- Child records and filing system
- Tuition billing, collection, and reconciliation
- Maintain fixed asset records
- Calling substitutes and/or adjusting staff schedules to ensure proper adult/child ratios

The amount of paperwork for these programs is extensive and typically warrants support staff for administrative and clerical support. In addition, it is essential for support staff and administration (director) to possess knowledge pertaining to the regulations and requirements of CDE contracts and the Community Care Licensing Division.

Program Records

FCMAT sampled Bearcat Discovery Center children's file folders for proper enrollment and eligibility requirements. The findings of record keeping were of great concern because there is little structure or accountability in the admission and eligibility determination process.

FCMAT observed the following deficiencies:

- Income Sheet not signed by parent
- CDFS 9600A not signed by parent
- No calculation tape on income form
- Notice of Action missing parent's initials
- Father is on child's birth certificate but his information not in file; neither is single-parent status
- A file that contained a self-declaration of income for various work hours and no contract hours of care were documented
- A file with 6 in family with a monthly income of \$5751.89 has no fee written on Notice of Action

Compliance Review

A Coordinated Compliance Review (CCR) conducted in May 2005 listed a total of 17 non-compliant items; six were found in child development, six in general child care and five in preschool.

FCMAT's findings of noncompliance items in this study are similar to the findings in May 2005.

Components that are key to maintaining compliance in the CCTR and SNCS contracts include:

- Family data files that contain documentation for eligibility and need
- CDFS 9500 attendance and fiscal reports and a Notice of Action Recipient of Services with fees and contract hours
- Accurate daily sign-in sheets
- CDFS 9400 monthly attendance with documented excused and unexcused absences
- Tracking records for both certified (subsidized) and noncertified (nonsubsidized) children
- Staffing ratio must meet attendance numbers, not enrollment

The CCR found the following noncompliance issues:

- Notice of Action is not always complete, accurate or timely
- Eligibility of families based on income is not always documented
- Waiting list procedure for enrollment is not followed
- Basic data file for families is not always complete, accurate or timely
- No system is established to track unexcused absences, Best Interest of the Child (BIC) days, attendance sheets
- Some families in attendance are not eligible

FCMAT observed sign-in sheets where white correction fluid was used, and parent signature with times in and out written in advance. Sign in/out sheets for preschool were not signed by parents because students were taken out to parents for curbside pickup.

The CCR did commend the Union Hill School District for exceeding the CDE requirements in providing infant to eighth grade services. The commendations were, in part, due to the district providing an additional 30 minutes of instruction per day to the early care and education program. However, the additional time is not required and causes unnecessary fiscal strain on the child development budget. This issue will be reflected in the Hours of Operation section of this report.

The CDE requires contract holders to perform annual self-review. The self-review performed on May 21, 2009 did not identify any noncompliance issues. These results are much different from the findings in the 2005 CCR and the current FCMAT study, which raises concerns regarding the level of understanding the director may have of the programs' compliance requirements.

As a result of these issues, FCMAT strongly recommends that the director and support staff attend training on child development programs and compliance requirements. Training should also include how to accurately complete reports, especially for attendance and expenditures claims. In addition, it would be beneficial for staff to attend a CDE review for income and eligibility enrollment requirements.

Recommendations

The district should:

1. Increase familiarity with the Child Development Attendance and Fiscal Reporting and Reimbursement Procedures manual, commonly referred to as the Greenbook.
2. Annually evaluate the CSPP and CCTR based contracts to identify maximum reimbursable amount and funding terms and conditions, and then develop and implement a program plan including number of classes, hours of service, calendar, and staffing to meet the requirements.
3. Routinely review progress toward fulfillment of contracts, evaluate enrollment and staffing, and make necessary adjustments to meet contract goals and MRA.

4. Review child file compliance requirements. Implement procedures and accountability measures necessary to ensure file and records system is maintained, student attendance accounting is complete, and timely claim and tuition billing is performed.
5. Review support staffing needed to provide administrative and clerical duties for the Child Development Center. Add staff as necessary to deliver essential services and maintain compliance.
6. Ensure the director and support staffs attend training on child development programs and compliance requirements, attendance and expenditure claim reporting, and income and enrollment eligibility.
7. Work closely with the CDE Child Development consultant who can assist with program compliance and meeting the contracts MRA.
8. Implement sign-in sheets based on a daily roster (current roster is organized by student) to increase staff awareness of scheduled daily attendance and visibility of compliance for parent sign in/out.

Program Alignment

The district's child development program consists of two CDE contracts, a local CCTR based contract with Sierra Nevada Children's Services (SNCS), and district-controlled, tuition-based services.

The CDE contracts with Union Hill are easily manageable. Total enrollment to meet the CCTR contract is approximately 14 infants and toddlers. The CSPP contract would be met with an enrollment of approximately 60 preschool age children.

The district maintains facility licenses to serve 12 students in the infant center and 59 students in the preschool program. The infant center can serve children 0 to 24 months with no more than 6 infants under the age of 12 months present at one time. The day care center can serve up to 47 children from age 30 months to entry into kindergarten and up to 12 toddlers from age 18 to 30 months.

The program maintains an enrollment of nearly 300 children. Enrollment is not regulated by need or attendance commitment. Most of these children listed in the tuition based program are infrequent attendees and make no commitment to regular year-round attendance. Enrollment rosters should not be maintained beyond numbers needed to fulfill contracts and load classes to license capacity.

The Bearcat Discovery Center commingles all contract programs, fee-based programs, staff, and students. This arrangement makes staff scheduling difficult and complicates contract claims and tuition reconciliation. It appears that the program is managed solely to accommodate requests for services and utilization of staff. Rather, the program should be managed based on providing services within program funding limitations. By prioritizing the fulfillment of the CDE contracts and then allowing fee-based family contracts to the extent of commitment and need, the alignment of the Bearcat Discovery Center programs can be easily managed.

Recommendations

The district should:

1. Separate contracts and programs to simplify staffing and cost tracking.
2. Prioritize enrollment to fulfill CDE contracts.
3. Prioritize services in tuition-based programs to families in most need of regular and long term services.
4. Review services, program hours, and child needs and impose enrollment limitations that align with contracts and resources.
5. Establish a waiting list for families that the program is unable to serve due to resource limitations.

Revenue Sources

The district's child development program received \$972,809.17 in revenue for the 2009-10 fiscal year. Of this amount, \$400,023 (approximately 41%) was received from state subsidy contracts and \$571,525 (approximately 59%) was received from local revenue sources, which include local contracts and fees. For the current fiscal year, the district has budgeted total revenues at \$756,591, with about 58% (\$437,865) from state contracts and 40% (\$303,281) from local sources.

The contracts and rates in effect for the child development program for the 2010-11 fiscal year are detailed below.

Subsidized Programs

The CDE contracts are for California State Preschool Program (CSPP) and General Child Care (CCTR) and are reimbursed at a rate of \$34.38 per child per day of full-time enrollment. The district's contract for services with Sierra Nevada Children's Service (SNCS) is funded through a CCTR contract with the CDE. The child care services are provided a reimbursement rate of \$29.22 per child per day of full-time enrollment.

Program Type	Contract number	Maximum reimbursable amount (MRA)	Minimum child days of enrollment	Minimum days of operation	SACS Resource/ Object
General Child Care	CCTR-0182 2010-11	\$118,647	3,451	247	6105 / 8590
Infant Toddler	CCAP-0061 2010-11	\$131	n/a	n/a	5037 / 8290
State Preschool	CSPP-0338 2010-11	\$313,810	9,128	247	6105 / 8590
Facilities Renovation	CRPS-9081 2009-12	\$17,663	n/a	n/a	6145 / 8590 5037 / 8290
Facilities Renovation	CRPM-8089 2008-12	\$12,653	n/a	n/a	5035 / 8290
Sierra Nevada Children's Services (SNCS)	Subcontract 2010-11	\$97,653	3,342	n/a	6105 / 8699

Unsubsidized (Fee-Based) Programs

Child Care and Preschool

Registration	\$25 per family	Fall / Summer
Babycats Infant/Toddler	\$43 full day \$28 half day	Daily Rate
Preschool	\$18	Per session calculated at monthly rate for 10 months
Preschool Extended Care	\$5.50 per hour \$10 per day / preschool \$15 per day / state preschool	

School Age

Kindergarten	\$5.50 per hour \$13 three hours or less \$17 more than three hours
1 st – 8 th grades (July – Nov 2010)	\$5.50 AM care or 1 st hour \$11.50 AM/PM care \$10 PM care only
1 st – 8 th grades (effective Dec 2010)	\$6 AM care or 1 st hour \$12 AM/PM care \$10 PM care only

Non-School Days & Summer Rates

Summer registration	\$40 per child \$50 per family
Full Day	\$25 day – school age \$28 day – preschool
Half Day	\$19 day – school age \$22 day – preschool

The district offers a 25% discount for district staff members for preschool through 8th grade students.

Temporary Summer Childcare Assistance Program was offered from July 1, 2010 through August 17, 2010. The program provided a 10% to 50% discount on summer rates to school age children of qualifying families and a 50% discount for preschool care.

Maximizing Subsidized Revenues

Prior to earning and claiming reimbursement for contract funds, contractors must first expend all fees received from subsidized parents. The fees must be expended on reimbursable costs and earned by providing child days of enrollment. To be reimbursed the full contract amount in addition to the fees received from subsidized parents, the contractor must have additional reimbursable expenditures and provide child days of enrollment beyond the minimum required by the contract at a rate equal to the lesser of the daily contract rate or the actual cost.

Contractors shall be reimbursed for an audited claim that is the least of the following:

1. The maximum reimbursable amount as stated in the annual child development contract
2. The actual and allowable net program costs
3. Contract service earnings – The adjusted child days/hours of enrollment for certified children, times the contract rate per child day/hour of enrollment, times the actual percentage of attendance plus 5%, but in no case to exceed 100% of enrollment.

Source: California Code of Regulations (paraphrased)

California State Preschool Program (CSPP)

The Union Hill CSPP contract is for \$313,810.

To receive the maximum reimbursement amount, the program would need to maintain an enrollment of 80 half-day children (21.22 for half day) for 180 days of operations or could operate CSPP full day for 247 days and maintain enrollment of 37 full-day children (34.38 for full day).

The best practice and one recommendation to earn the maximum reimbursement and meet the various needs of families would be to operate both half- and full-day CSPP. The operational structure would be:

- 1 morning class of 20 children all attending half day (8:15 to 11:15 for 180 days)
- 1 afternoon class of 20 children all attending half day (12:15 to 3:15 for 180 days)
- 1 all day class of 20 children in full-day CSPP (7:30 to 5:30 for 247 days)

The above combination would also allow agency to provide preschool services for up to seven tuition-based families, not to exceed 24 children in any one of the preschool classrooms.

- Current Facility License No. 293601742 has capacity for 47 preschool age children.
- Capacity total is for 59, with a stipulation that 12 of 59 are for ages 18-30 months

General Child Care (CCTR)

The Union Hill CCTR contract is for \$118,647.

To receive maximum reimbursement, the program would need to maintain an enrollment of 14 full-day children (7:30 to 5:30) for 247 days of operations.

The CCTR contract would need to consist of children who meet the infant, toddler or after-school age group because AB 2579 excluded preschool age children from eligibility.

The program could include one infant class (6 weeks to 24 months) and one toddler class (18 months to 30 months) with 6 infants and 8 toddlers for a total of 14 children. Neither the infant class nor the toddler class may exceed the 12-child license capacity.

Sierra Nevada Children's Services Contract

The district also has a contract with Sierra Nevada Children's Services (SNCS) for subsidized child care. SNCS is funded through a CCTR contract with CDE. Child care services are provided through the district at a rate of \$29.22 per adjusted day of enrollment for eligible children; reimbursable days are not to exceed 3,342 adjusted child days of enrollment during the contract period.

The current contract with SNCS is \$97,653, which would equal approximately 28 children per year if each child were enrolled under four hours of care per day (half time) at 217 days. Half-time care (under four hours) is 0.55 of the maximum daily rate of \$29.22, which is \$16.07.

Program attendance reports have some children listed in SUB (subsidized) and other children in SNCS, which makes it unclear if there is another revenue source for alternative payments. The October 2011 attendance reports indicate 34 children in SNCS and 15 children in SUB. Of the 49 children enrolled in SNCS and SUB contract, 26 children or 52% do not display a consistent need for services, as follows:

- Eight children (16%) did not attend any days in October
- Eleven children (22%) attended 1-5 total days for the month
- Seven children (14%) attended between 5-10 total days for the month

Children enrolled in the program should be required to meet need, eligibility, and program attendance commitments. Those not meeting these requirements should be removed from the enrollment rosters and placed on a waiting list. This will create opportunity for other families who qualify for services and will secure the 28 children needed for contract fulfillment.

Maximizing Unsubsidized Revenues

- Tuition families should be contracted for the year instead of the current practice of monthly contracts
- Enrollment priority should be given to parent(s) willing to make the enrollment/attendance commitment
- The tuition rate should take into consideration the state reimbursement amount for certified or subsidized children enrolled
- Tuition for after-school care should be set up for parents who have a three-hour or more need, and the district should establish tuition rates that coincide with subsidized rates. Best practice would be to set up child care rates under the same division of CDE reimbursement.

• Under 4 hours of care	\$18.90
• 4.0 to 6.5 hours of care	\$25.78
• 6.5 to 10.5 hours of care	\$34.38

The best practice for billing tuition-based parents would be to take the \$21.22 daily rate for part day at 180 days and divide it by 11 equal months for a fee of \$347.23. This amount could be rounded up to \$350 per month and the district could drop the registration fee.

A full-time tuition rate that matches the reimbursement rate for subsidized children is approximately \$710 per month. Infant and toddler care is more expensive to operate than after-school care because the child-to-adult ratio is lower.

This practice would also eliminate some of the paper work and simplify book keeping.

Program Findings

Tuition Deposits

Deposits were reviewed for November 2010. Deposit memos indicated that several payments received were not from funds generated during the current period. One deposit was received from March 2010 and nine others were for periods prior to October 2010. During interviews, the director stated concerns about being able to perform timely reconciliations without additional staff assistance. Timely deposits and reconciliation are important internal control procedures that are essential to the proper management and accounting of the program funds.

Program Revenue Distinctions

Program revenues are received and deposited without clear designation as to the source of the revenue. It appears that the district uses SACS sub-object codes to identify subsidized CCTR and CSPP revenues; however, FCMAT could not distinguish all revenues by the program or resource in which they were earned.

Budget vs. Actuals

The annual audit of the child development fund for 2008-09 and 2009-10 indicates sizeable variances between original budget, final budget and year-end actual revenues.

For the period ending June 30, 2009, the district's original budgeted revenues from state sources was \$554,500. It appears that no budget adjustments were made through the year as the final budgeted revenue remained \$554,500. Actual state sources revenue for the period came to \$494,611, a variance of \$59,889 or over 10% below the budgeted amount.

For the period ending June 30, 2010, the original budget from state revenue sources was \$579,912. Budget adjustments through the year resulted in a final budget amount of \$568,418. The actual revenues from state sources ended at \$400,023, or \$168,395 less than projected. In addition, revenue from local sources was budgeted at \$430,103 but \$571,526 was received for a favorable variance of \$141,423.

Enrollment

October and December attendance sheets show enrollment of approximately 290 infants to after-school age students. Records indicate that over 60% of these children are tuition-based, yet center staff indicated that many families claim they cannot afford tuition. These families should be reviewed for subsidized care eligibility.

Recommendations

The district should:

1. Regularly monitor state contract claims, make program adjustments and prioritize enrollment into contract programs to ensure the MRA is achieved.
2. Regularly monitor the revenue budget and make revisions that accurately reflect obtainable revenue projections.
3. Utilize the SACS code structure to clearly identify revenue by program and/or source.
4. Annually review contract reimbursement rates to ensure that the agency approved daily rate is no less than the standard reimbursement rate (SRR).
5. Consider a direct contract or additional negotiations in the current contract with Sierra Nevada Children's Services to obtain the SRR of \$34.38.
6. Review annual insurance costs for the child development and request a rate increase above the SRR should there be a documented increase in insurance costs.

7. Consider revising the rates of fee-based programs to match subsidized rates and/or cost to provide services.
8. Consider prioritizing enrollment in fee-based programs to children who have regular need for the services.
9. Consider reducing or eliminating voluntary district tuition discounts.
10. Provide for timely reconciliation of program fees and collections for regular attendees at least monthly. More frequent reconciliation and accounting is recommended for cash collections, new registrations, and inconsistent attendees to promptly identify irregularities.
11. Seek additional revenues through local grants, donations, and partnerships.

Expenditure Trends

FCMAT reviewed the district's child development program fund actual revenue and expenditures in years 2008-09 and 2009-10 and the budgeted revenue and expenditures for 2010-11 in an effort to identify areas of potential cost savings.

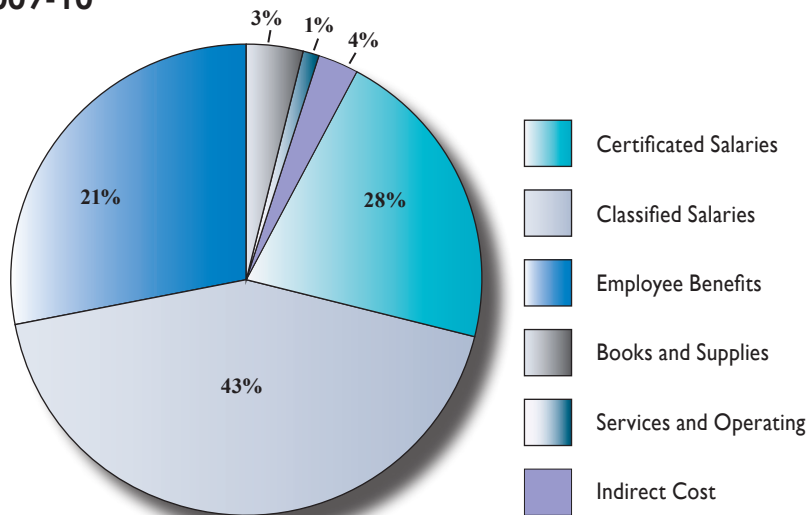
Union Hill Child Development - Fund 12

Name	Object Code	Actual 2008-09	Actual 2009 - 10	Budget 2010 - 11
Revenues				
Revenue Limit Sources	8010 - 8099	0	0	0
Federal Revenues	8100 - 8299	9,872	1,260	15,445
Other State Revenues	8300 - 8599	494,611	400,023	437,865
Other Local Revenues	8600 - 8799	561,169	571,526	303,281
Total Revenues		\$1,065,652	\$972,809	\$756,591
Expenditures				
Certificated Salaries	1000 - 1999	278,571	288,785	275,581
Classified Salaries	2000 - 2999	484,077	439,694	244,275
Employee Benefits	3000 - 3999	219,652	212,364	165,557
Books and Supplies	4000 - 4999	34,329	24,589	41,370
Services and Other Operating	5000 - 5999	13,095	13,598	3,000
Capital Outlay	6000 - 6900	0	0	0
Other Outgo	7000 - 7299	0	0	0
Direct Support/Indirect Cost	7300 - 7399	42,343	38,939	34,032
Debt Service	7430 - 7439	0	0	0
Total Expenditures		\$1,072,067	\$1,017,969	\$763,815
Excess (Deficiency) of Revenues Over Expenditures		(\$6,415)	(\$45,160)	(\$7,224)
Other Financing Sources\Uses				
Interfund Transfers In	8900 - 8929	0	0	0
Interfund Transfers Out	7600 - 7629	0	0	0
All Other Financing Sources	8930 - 8979	0	0	0
All Other Financing Uses	7630 - 7699	0	0	0
Contributions	8980 - 8999	0	0	0
Total Other Financing Sources\Uses		\$0	\$0	\$0
Net Increase (Decrease) in Fund Balance		(\$6,415)	(\$45,160)	(\$7,224)
Fund Balance				
Beginning Fund Balance	9791	74,760	68,345	23,185
Audit Adjustments	9793	0	0	0
Other Restatements	9795	0	0	0
Adjusted Beginning Fund Balance		74,760	68,345	23,185
Ending Fund Balance		\$68,345	\$23,185	\$15,961

2009-10 Expenses

The child development program expended \$1,017,968.88 in fiscal year 2009-10. Of the total amount, employee compensation accounted for approximately 92% while supplies, services and indirect expenditures account for the remaining 8%.

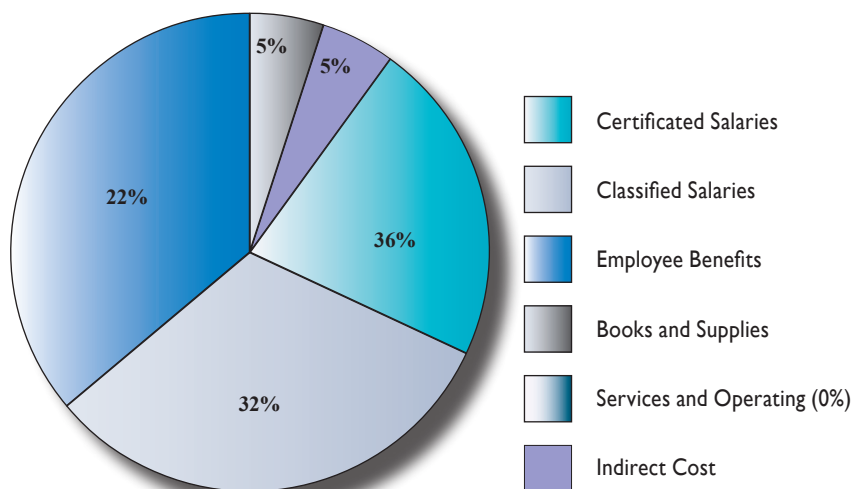
2009-10



2010-11 Budgeted Expenses

The budgeted expenditures for 2010-11 are \$763,816, a reduction of \$254,153 over prior year. This reduction was necessary to align expenditures with budgeted revenues. To accomplish this reduction, the district had to consider employee compensation as the major component of the budget. Through the staff cuts identified earlier in this report, the program was able to reduce employee costs by approximately \$250,000. The anticipated reductions in revenue made the program cuts necessary to control expenditures and maintain a positive fund balance for the program.

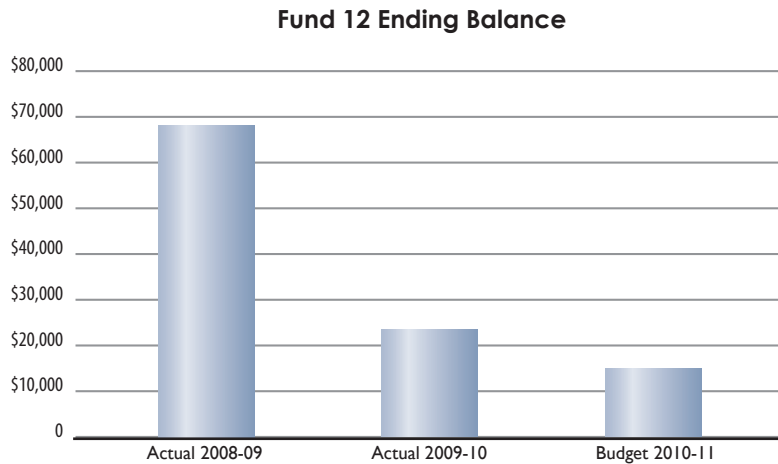
2010-11



Ending Fund Balance

During the fiscal years reviewed, the program's ending fund balance eroded from nearly \$75,000 in June 2008 to a projected balance of less than \$16,000 at the end of the current year.

Should the deficit spending trend continue as budgeted in the current year, the district will expend its fund reserve over the next two fiscal years and the program will require an encroachment to other district funds.



Expenses by Program

FCMAT attempted to extrapolate expenditure trends by program but was not able to identify expenses by program with a high degree of confidence. Employee compensation can be tracked to school or child care by examining the SACS function and goal codes. However, commingling of child placement within programs and coding of all child development revenues under resource 6105 left the analysis inconclusive.

Supplemental Compensation

FCMAT reviewed financial activity and extra hours reports for the period July through October 2010. Within this period, 2,203 hours of extra and substitute time were reported. The cost for these extra hours in salary compensation only (not including statutory benefits) was \$23,720.28. The district budget for this supplemental compensation is \$35,000 for the period to end June 2011. Should these expenses not be controlled, the program will overexpend this budget line item and jeopardize fund solvency.

Further, a more extensive use of the SACS coding capabilities may help the district to more specifically identify employee supplemental compensation by program and by type (substitute, extra hours, time payoff, overtime, etc.).

Sustainability of Expenditure Cuts

The program may be unable to sustain the support staff cuts implemented at the beginning of the fiscal year. It will be difficult for the program to maintain compliance, internal controls, and essential procedural functions given the reduction of administrative and clerical support. This is discussed in more detail in the Staffing section of this report.

Facilities Expense

Budget reports for 2009-10 and 2010-11 show that the district does not assign maintenance, custodial, operational, and utilities expenses to the Bearcat Discovery Center. These expenses are absorbed by the district's general fund. Without accounting for these necessary expenses, the true cost of the child development programs is unknown. The absence of these expenses artificially improves the center's budgetary outlook.

Recommendations

The district should:

1. Implement increased use of the SACS coding capabilities to more specifically identify expenditures by program, including compensation, supplies, and other expenditures.
2. Monitor staff hours and assignments to control extra time and supplemental compensation. Should additional staff hours be necessary to maintain compliance and service goals, make timely budget adjustments to reflect the increased costs.
3. Review administrative and clerical needs for the center and instate positions as necessary to maintain compliance, internal controls, and essential functions.
4. Identify and assign all expenses associated with running the Bearcat Discovery Center to the child development fund, including those associated with facilities maintenance, custodial services, operational expenses, and utilities.
5. Seek alternative opportunities for cost reductions including adjusting employee calendars and hours, eliminating programs that are not self-sustaining, and increasing parent voluntary participation and support.

Multiyear Fiscal Solvency

As reported in the revenue and expenses sections of this report, dramatic fluctuations have occurred in the child development program that affect its ongoing solvency. Child care programs faced threats of reduced funding in the 2010-11 May Revise and again in the 2011-12 governor's proposed budget. Expenditures, driven by employee compensation, continue to rise because of salary and benefit cost increases inherent in the district's compensation schedules. The district recognized the need to reduce program costs and staffing to balance the budget.

Other than actions taken to balance the budget in the current year, neither the program director nor other district personnel has devised a fiscal solvency plan for the child development program. FCMAT's review of the program operations and fiscal solvency identified options to increase efficiencies, reduce costs, and maximize revenues, as discussed in other sections of this report. To further evaluate and create a multiyear solvency plan, the district should first implement detailed tracking of child enrollment and attendance revenues and expenditures for each program and contract. This level of detail is necessary to determine the solvency of each program and to calculate the effects of the various revenue and expenditure fluctuations.

In developing a plan, the district should determine multiyear goals for service and program offerings. A multiyear facilities plan should be developed that reflects facilities and facility maintenance needs for the Bearcat Discovery Center. Available funds should be identified along with a process for seeking additional revenue sources to meet these needs. Program revenue sources should be reviewed, as well as current and potential threats to those funds in a multiyear scenario.

Program expenses should be forecast, inclusive of all staff, supplies, operational and utilities costs. A healthy reserve should be re-established in the child development fund.

Recommendations

The district should:

1. Develop a multiyear solvency plan for the Bearcat Discovery Center.
2. Establish an annual calendar that reflects key timelines to regularly review program status and update the plan. This calendar should consider timelines necessary to make decisions regarding staffing, program offerings, contract applications, and district reporting requirements.

Workflow and Communication

Prior to the reductions and staffing at the beginning of the 2010-11 fiscal year, the positions of director, assistant director, administrative assistant, bookkeeper/clerk, and district business manager worked together to perform duties with regard to student enrollment, attendance tracking, contract claims, tuition billing, staffing, and other necessary functions. As the FCMAT study team conducted interviews and reviewed program files, procedures, and compliance reviews, there were no indications that the policies, procedures and communications were clearly defined. Staff interviewed provided different responses regarding enrollment processes, eligibility determination, and child placement in the program. File inconsistencies indicated a lack of defined processes and accountability. Compliance reviews reflected several concerns regarding file maintenance, program documentation, timely communications, and following proper procedures.

Since the reduction in staffing, the director has performed the data collection and tracking involved in maintaining enrollment and attendance, establishing eligibility, determining tuition and fees, and parent communications. The district's business manager provides support through deposit reconciliation, revenue tracking, and program budget monitoring.

Recommendations

The district should:

1. Establish policies and procedures for workflow and communication between the child development program and district.
2. Delegate administrative and clerical duties among staff to ensure that the director and business manager do not perform all such duties. Ensure that each staff member is aware of responsibilities, knows how to accomplish them, and has time allocated to complete their duties.
3. Regularly evaluate staffing to ensure it is appropriate and sufficient to attain the goals and compliance requirements of the program.
4. Establish accountability and process review procedures to ensure file and program records maintenance, to audit source documents, and to identify redundancies or weaknesses in workflow.

Hours of Operation and Employment Calendars

The program operates from 6:45 a.m. to 6 p.m., 11.25 hours a day. Actual hours of care for children range from 3 to under 10.5 hours. It appears that the hours of operation have expanded to accommodate parent requests. The program is not required to span the number of operating hours it currently does, and the hours at the beginning and end of the day are underutilized. Although it is important to respond to the needs of the families served, it is not efficient to adjust to all requests. The program should operate no more than 10 hours per day to allow for proper staffing and to accommodate most families. Many child care centers find that 7:30 a.m. to 5:30 p.m. works well. An analysis of family contracts and daily sign-in sheets may show that the hours could be reduced even further. Should the center wish to provide hours outside the standard operating hours, fees should be collected to fully offset the resulting expenses.

FCMAT reviewed the October 2010 attendance records and found the following:

- Children on roster 301 (includes children counted multiple times due to different programs).
- Total 2,663 student attendance reported for the month (equals number of children times days attended)
 - 1,573 attendance days at less than 4 hours
 - 290 attendance days at 4 to 6.5 hours
 - 796 attendance days at 6.5 to 10.5 hours
 - 4 attendance days total for only two children at 10.5 or more hours

In addition, the program offers multiple choice of care options to parents regardless of income and need certification. During interview inquiries about student tracking and claim reporting, options were referenced regarding days of attendance and program flexibility including allowing families to add a day, switch a day, and trade out a day.

To maintain program efficiencies and compliance whenever these options are exercised by the families, staffing must be adjusted to maintain appropriate ratios of oversight. These options also make tracking attendance for contracts and tuition billing cumbersome. Overall, the level of flexibility and options offered to families makes it extremely difficult to operate a fiscally sound program.

Recommendations

The district should:

1. Review program hours of operation and student attendance at the beginning and end of the day when it is typically low.
2. Stagger staff shifts to accommodate student attendance.
3. Align hours of operation to meet the greatest needs of parents and students.

4. Review fee contracts to identify needs of parents and adjust hours to maintain attendance minimums necessary to cover costs.
5. Standardize policy and procedures for accommodating parent needs for additional days and additional hours. Ensure that the flexibility options do not encroach on the program.
6. Exercise the authority of the superintendent to change the work calendar of employees to meet program needs (see Work Year as defined on job descriptions).

Job Descriptions

The intent of a job description is to clearly define the requirements of the job and the role of that position in the organization. Components of a good job description include title, job classification, duties and responsibilities, essential functions, necessary and desired qualifications, supervision, and working conditions of the job. They should also clearly establish authority, responsibility, and expectations of the position.

Accurate and current job descriptions assist an organization in operating efficiently and effectively.

As organizations change and job requirements evolve, job descriptions should be updated regularly to ensure their accuracy and relevance to the current organizational structure and position requirements.

FCMAT reviewed the Union Hill School District job descriptions that related to the child development program, which included the positions of preschool teacher, center instructor, center assistant, Bearcat/Alta special needs assistant, center aide, health aide/receptionist, administrative assistant, bookkeeper/clerk, and supervisor of child development programs.

Director of Childcare Programs

As FCMAT reviewed job descriptions, salary schedules, and staffing rosters for the program, the study team found discrepancies between the job description, classification, and authority of the position that oversees the Bearcat child care programs.

The supervisor of child development programs job description approved May 2000 indicates the position overseeing the Bearcat Discovery Center is a confidential supervisory position. This is consistent with the district staff directory, position control, and salary schedule.

The business cards for the position and the job descriptions of subordinate positions reference the position as director of child care programs. The positions of preschool teacher, child development center instructor, child development center assistant, Bearcat/Alta special needs assistant, child development center aide, and child development center administrative assistant all report to the director of child development programs. The job description for the position of bookkeeper/clerk for Bearcat child care programs reports to the director of child care programs but receives supervision from the supervisor of child care programs. Further, the position, although identified as confidential on the job description, is placed on the management salary schedule.

The irregularities in identifying the classification, roles and responsibilities for this position may cause confusion regarding authority and responsibility and may complicate accountability issues for the district.

Assistant Director

No job description was found for the Assistant Director position.

Admissions/Accounting Tech

No job description was found for the admissions/accounting tech.

Staff interviews indicated that the duties of the admissions/accounting tech included those listed for the bookkeeper/clerk for Bearcat child care programs and the Child Development Center administrative assistant positions. The job descriptions for both positions indicate they were last updated in May 2007.

The district salary schedule for 2010-11 does list a salary range for the child development admissions/accounting tech and classifies it as a confidential position.

Recommendations

The district should:

1. Regularly review and update job descriptions to identify their accuracy and ensure their alignment with the needs of the district.
2. Identify and create missing or incomplete job descriptions so that the job description for every district position clearly identifies the position's responsibilities, classification and authority, as well as the expectations of the position.
3. Ensure that employees whose employment is divided between more than one role with the district are clearly identified by job title, funding, and hours or FTE for each position they hold. Align the payroll and accounting records with this identification.

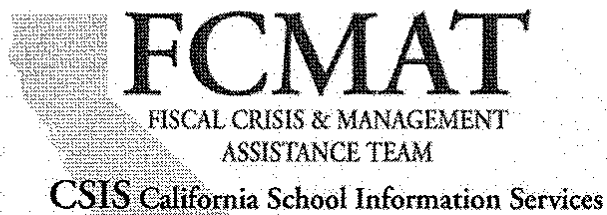
Appendices

Appendix A

Study Agreement

Appendix B

Excerpts from CDE's Greenbook



Appendix A

**FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
September 27, 2010**

The FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM (FCMAT), hereinafter referred to as the Team, and the Union Hill School District, hereinafter referred to as the District, mutually agree as follows:

1. BASIS OF AGREEMENT

The Team provides a variety of services to school districts and county offices of education upon request. The District has requested that the Team provide for the assignment of professionals to study specific aspects of the District operations. These professionals may include staff of the Team, County Offices of Education, the California State Department of Education, school districts, or private contractors. All work shall be performed in accordance with the terms and conditions of this Agreement.

In keeping with the provisions of AB1200, the County Superintendent will be notified of this agreement between the District and FCMAT and will receive a copy of the final report. The final report will be published on the FCMAT website.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

The scope and objectives of this study are to:

The District is requesting the FCMAT Team to utilize best practices and comparable data from districts operating similar child development programs and provide recommendations for improvement in the following areas:

1. Analyze the organizational structure of the child development department, including the number of programs, size and complexity of programs, and the administrative, instructional and support personnel required for an efficient operational program.
2. Assess the alignment of district's child development programs, including: Infants, Toddlers, Preschool, Before and Afterschool Care.

3. Evaluate the revenue sources of the various child development programs and make recommendations to enhance revenues or provide alternative funding sources.
4. Assess the expenditure patterns of the various child development programs and make recommendation to reduce expenses.
5. Review the child development program's Multi-Year fiscal solvency plan and recommend any changes necessary to improve the plan
6. Evaluate work flow processes and communication efficiencies between the child development program, business and personnel departments
7. Analyze the hours of site operation and the employment calendars of site staff, including the year round staff and make recommendations to reduce positions, if any
8. Review the job descriptions of the Coordinator, Administrator and Head Teacher to assess leadership requirements of the program's organizational structure

B. Services and Products to be Provided

- 1) Orientation Meeting - The Team will conduct an orientation session at the School District to brief District management and supervisory personnel on the procedures of the Team and on the purpose and schedule of the study.
- 2) On-site Review - The Team will conduct an on-site review at the District office and at school sites if necessary.
- 3) Exit Report - The Team will hold an exit meeting at the conclusion of the on-site review to inform the District of significant findings and recommendations to that point.
- 4) Exit Letter - The Team will issue an exit letter approximately 10 days after the exit meeting detailing significant findings and recommendations to date and memorializing the topics discussed in the exit meeting.
- 5) Draft Reports - Sufficient copies of a preliminary draft report will be delivered to the District administration for review and comment.
- 6) Final Report - Sufficient copies of the final study report will be delivered to the District administration following completion of the review.
- 7) Follow-Up Support – Six months after the completion of the study, FCMAT will return to the District, if requested, to confirm the District's

progress in implementing the recommendations included in the report, at no cost. Status of the recommendations will be documented to the District in a FCMAT Management Letter.

3. **PROJECT PERSONNEL**

The study team will be supervised by Anthony L. Bridges, CFE, Deputy Executive Officer, Fiscal Crisis and Management Assistance Team, Kern County Superintendent of Schools Office. The study team may also include:

- A. John F. Von Flue FCMAT Fiscal Intervention Specialist*
- B. To Be Determined FCMAT Consultant*
- C. To Be Determined FCMAT Consultant*

Other equally qualified consultants will be substituted in the event one of the above noted individuals is unable to participate in the study.

4. **PROJECT COSTS**

The cost for studies requested pursuant to E.C. 42127.8(d)(1) shall be:

- A. \$500.00 per day for each Team Member while on site, conducting fieldwork at other locations, preparing and presenting reports, or participating in meetings. Cost per day for outside consultants will be billed at the actual daily rate.
- B. All out-of-pocket expenses, including travel, meals, lodging, etc. The District will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon acceptance of the final report by the District.

Based on the elements noted in section 2 A, the total cost of the study is estimated at \$7,500.

- C. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT services are payable to Kern County Superintendent of Schools - Administrative Agent.

5. **RESPONSIBILITIES OF THE DISTRICT**

- A. The District will provide office and conference room space while on-site reviews are in progress.
- B. The District will provide the following (if requested):
 - 1) A map of the local area

- 2) Existing policies, regulations and prior reports addressing the study request
- 3) Current organizational charts
- 4) Current and four (4) prior year's audit reports
- 5) Any documents requested on a supplemental listing

C. The District Administration will review a preliminary draft copy of the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the Team prior to completion of the final report.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with District pupils. The District shall take appropriate steps to comply with EC 45125.1(c).

6. PROJECT SCHEDULE

The following schedule outlines the planned completion dates for key study milestones:

Orientation:	<i>to be determined</i>
Staff Interviews:	<i>to be determined</i>
Exit Interviews:	<i>to be determined</i>
Preliminary Report Submitted:	<i>to be determined</i>
Final Report Submitted:	<i>to be determined</i>
Board Presentation:	<i>to be determined</i>
Follow-Up Support:	<i>If requested</i>

7. CONTACT PERSON

Name of contact person: Jodi LaCrosse, Business Manager

Telephone: (530) 273-0647 x 101 FAX: (530) 273-5626

E-Mail: jlacosse@uhsd.k12.ca.us

Susan Barry 10/13/10
 Susan Barry, Superintendent. Date
 Union Hill School District

Anthony L. Bridges September 27, 2010
 Anthony L. Bridges, CFE, Deputy Executive Officer Date
 Fiscal Crisis and Management Assistance Team

Program Management and Fiscal Expertise

Appendix B

A successful program must have sound fiscal management. There is no requirement that an agency earn the full Maximum Reimbursable Amount (MRA) of its contract. What is important for fiscal solvency is that an agency does not spend more than it will collect as income. Contractors are responsible for knowing the details of their contract's Funding Terms and Conditions and pertinent sections of the Education Code and California Code of Regulations, Title 5. While CDFS staff provides some technical assistance, contractors are ultimately responsible for monitoring their enrollment and expenditure levels, knowing what steps need to be taken to ensure program compliance, and having the business expertise to manage the program's finances and avoid deficit spending.

To quote an Administrative Law Judge's ruling denying a contractor's appeal:

"If a program operator does not know, or have the competence to know, that it will not meet its program goals, who should? ... The Department should be able to rely on a reasonable level of fiscal competence."

Contractors should become familiar with their contract Funding Terms and Conditions so they know what expenses are reimbursable and which reimbursable costs have limits.

Contractors should monitor both their enrollment and their expenses so they do not spend more than their income.

Certification of Eligibility and Need

"CSPP eligible four-year-old children" means children who will have their fourth birthday on or before December 2 of the fiscal year in which they are enrolled in a California State preschool program.

"CSPP eligible three-year-old children" means children who will have their third birthday on or before December 2 of the fiscal year in which they are enrolled in a California State preschool program.

CSPP eligible three-year old children may be enrolled in a CCTR program until their third birthday. CSPP eligible four-year old children are ineligible for CCTR program services.

The contractor shall designate the staff persons authorized to certify eligibility. Prior to initial enrollment and at the time of recertification, an authorized representative of the contractor shall:

- 1. Certify each family's/child's eligibility and need for child care and development services after reviewing the completed application and documentation shall be contained in the family data file.*
- 2. Issue a Notice of Action (NOA), Application for Services or a NOA, Recipient of Services.*

At the time of certification and recertification, families shall be informed of their responsibility to notify the contractor, within five (5) calendar days, of any changes in family income, family size, or need for child care and development services.

Full day preschool is only for age eligible 3 & 4 year old children who meet the age, income and family need criteria.

Half day preschool is only for age eligible 3 & 4 year old children who meet age & income requirements.

Subsidized child care and development services shall only be available to the extent which the parent meets a need criterion that precludes the provision of care and supervision of the family's child for some of the day. Since CDE contracts subsidize only certified children, if a program includes non-certified children, the CDE will prorate the total program costs to determine the appropriate amount to be allocated to the state-subsidized portion.

Contractors shall use daily sign-in/sign-out sheets as a primary source document for audit and reimbursement purposes.

Community Care Licensing

Department of Social Services Title 22 Division 12

▪ *Section 101156 License Required*

Unless a child care arrangement is exempt from licensure (101158), no adult, partnership, corporation, public agency or other governmental entity shall operate, establish, manage, conduct or provide care and supervision without a valid license from the Department.

▪ *Section 101179 Capacity Determination*

A license is issued for a specific capacity which is the maximum number of children that can be cared for at any given time. The number of children is determined by the fire clearance; the physical features of the Child Care Center, including available space; and the available staff to meet the care and supervision needs of the children.

▪ *Section 101482 Issuance of a School-age Child Care Center License*

Dated 7/25/2007: The Department shall issue a license to an applicant according to Health and Safety Code Section 1597.21, after a completed application has been submitted, and all licensing requirements have been met.

Staffing Ratio Requirements

Section 18290 of Title 5 of the California Code of Regulations provides:

Contractors shall maintain at least the following minimum ratios in all centers:

Infants (birth to 18 months old) - 1:3 adult-child ratio, 1:18 teacher-child ratio.

Toddlers (18 months to 36 months old) - 1:4 adult-child ratio, 1:16 teacher-child ratio.

(C) Preschool (36 months to enrollment in kindergarten) - 1:8 adult-child ratio, 1:24 teacher-child ratio.

(D) Children enrolled in kindergarten through 14 years old - 1:14 adult-child ratio, 1:28 teacher-child ratio.

(E) Compliance with these ratios shall be determined based on actual attendance.

(2) Section 18291 of Title 5 of the California Code of Regulations provides:

(A) Whenever groups of children of two (2) age categories are commingled and the younger age group exceeds fifty percent (50%) of the total number of children present, the ratios for the entire group must meet the ratios required for the younger age group.

(B) If the younger age group does not exceed fifty percent (50%) of the total number of the children present, the teacher-child and adult-child ratios shall be computed separately for each group.

101216.4 PRESCHOOL PROGRAM WITH TODDLER COMPONENT 101216.4

(a) Licensees serving preschool-age children may create a special program component for children between the ages of 18 months and 30 months. The provisions of Sections 101151 through 101239.2 shall apply for children over 24 months, except as specified in Sections 101216.4(a)(1) through (6).

The provisions of Sections 101351 through 101439.1 shall apply for children between the ages of 18 and 24 months participating in a preschool toddler component, except as specified in Sections 101216.4(a)(1) through (6).

(1) Child care centers with an existing preschool program wishing to establish a toddler component shall submit an amended application and obtain approval from the Department.

(2) Children in a child care center between the ages of 18 months and 30 months may be placed in the toddler program. A child older than 30 months may participate in the toddler program with written permission from the child's authorized representative. No child in the toddler program shall be placed in the preschool program before the age of 30 months without written permission from the child's authorized representative.

(3) It shall be permissible for a child whose developmental needs require continuation in a toddler component to remain in the toddler component up to a maximum age of three years.

(4) A ratio of six children to each teacher shall be maintained for all children in attendance in the toddler program. An aide who is participating in on-the-job-training may be substituted for a teacher when directly supervised by a fully qualified teacher.

(5) The maximum group size, with two teachers, or one fully qualified teacher and one aide, shall not exceed 12 toddlers.

(6) The toddler program shall be conducted in areas physically separate from those used by older or younger children. Space planning and usage for the toddler component shall be governed by the provisions of Section 101438.3. Plans to alternate use of outdoor play space must be approved by the Department.

(A) Requirements for physical separation between children in the toddler component and older or younger children need not apply when a planned activity is being conducted.

A licensed school age child care center has the following teacher-child ratio

- *1 teacher to no more than 14 children*
- *1 teacher and 1 aide may supervise no more than 28 children*

Funding

As with all CDE full-day child development contracts, the CSPP and CCTR contracts use the standard reimbursement rate as the maximum daily reimbursement. The current rate is \$34.38 per child day.

The CDE contracts allow for actual enrollment to be adjusted by part-day adjustment factors. Part-day designations (full-time, half-time, etc.) account for costs based on the length of services in a day. Rather than complicate contracts with multiple reimbursement rates for these part-day designations, the CDE uses adjustment factors to change actual enrollment to Adjusted Days of Enrollment. Since service-level earnings are based on the contract rate multiplied by Adjusted Days of Enrollment, this practice results in different reimbursement levels.

General programs (CCTR) are divided into a four-part day. The four divisions and their adjustment factors, in accord with Education Code Section 8266.1, are:

<i>Full-time plus</i>	<i>(10.5 hours and over)</i>	<i>1.18</i>
<i>Full-time</i>	<i>(6.5 to under 10.5 hours)</i>	<i>1.00</i>
<i>Three-quarters-time</i>	<i>(4 to under 6.5 hours)</i>	<i>0.75</i>
<i>Half-time</i>	<i>(under 4 hours)</i>	<i>0.55</i>

California State Preschool programs (CSPP) are divided into a four-part day. The four divisions and their adjustment factors are:

<i>Full-time plus</i>	<i>(10.5 hours and over)</i>	<i>1.18</i>
<i>Full-time</i>	<i>(6.5 to under 10.5 hours)</i>	<i>1.00</i>
<i>Three-quarters-time</i>	<i>(4 to under 6.5 hours)</i>	<i>0.75</i>
<i>Half-time</i>	<i>(under 4 hours)</i>	<i>0.6172</i>