

Budget Communications Committee Meeting Minutes

June 2, 2010

Call to Order

Gina welcomed everyone, stating that she appreciates the time they take out of their busy schedules to attend, and called the meeting to order at 12:37 p.m. She informed the group that Carol Rouse would provide an update on the May Revision and the 2010-11 budget, and then Gina would provide a brief review of the progress that is currently being made, and the work that will be done during the summer, on the employee suggestions list. She indicated that work on the list would continue until everything is researched, completed, implemented, or taken off the list.

Budget Information Update

Carol Rouse provided a pocket guide prepared by School Services of California on the 2010-11 budget. She said it contains some important facts on the state budget and the May Revision particularly. She said the May Revision was released about two weeks ago, and she presented an update on where we are as a result and what it will mean for the district (see May Revision and 2010-11 Budget Update presentation).

Carol said the district's budget is scheduled for board approval at the June 24 meeting. The current estimate for the ending balance for 2009-10 is \$25.6 million, \$20.2 million in unrestricted, and \$5.4 million in restricted, but these figures are subject to change. As a reminder to the group, Carol provided a copy of the budget reduction scenarios that were approved by board at the April 15 board meeting.

Questions

A committee member said he had heard there is revenue for districts due to the fact that county monies are being shifted to education. Carol said this is one of many shifts the Governor has made for next year that is in the current law. The proposal this year is to take redevelopment agency money and shift it over to schools to free up other monies in the state budget. There is no new money; it is just a shift of where the money is coming from. This saves the state money by being able to pay less in state aid and property taxes. Whatever isn't covered by taxes, the state has to come up with. It's simply a shift and not additional money, especially to education.

A committee member asked about site coaching positions being eliminated. Carol said those decisions are typically made by the site. The principals will look at their categorical funding and try to keep those positions, if possible.

A committee member asked, since the three-percent pay cut across the board and the five-days for certificated are negotiated items, how can the board approve the budget? Carol said what is in the budget currently doesn't include those items.

A committee member shared with the group, based on an e-mail received by the member, that the three-percent salary cut had been taken off the table during negotiations with EEEA.

Information was provided to the group about a Legislative Action Alert, which mentioned an erroneous statement about the Governor giving districts \$10,000 per student. Members were encouraged to correct inaccuracies that are passed around.

To clarify regarding the budget plan, Gina said it is a three-year snapshot. There may be some items that need to be negotiated. The reduction in salary for management does not require negotiation, nor does the work year for classified staff. Carol's department has moved forward with putting the budget together using this plan and omitting the items that need to be negotiated. The county office has let us know that a 2010-11 budget will not be approved if there is anything that shows reductions with no approved associated contract. We are in negotiations right now with EEEA. Upon an agreement with the associations, a revision to the budget would be made accordingly.

Gina added that every month, Carol and her staff have more real information (rather than what's projected or encumbered), and they are constantly updating as they go through the budget development process. So many districts are relying on employee concessions at this point. Two very important things are going on right now—Fiscal Services is working on all of the detail for building the 2010-11 budget, and negotiations are continuing with both associations. Quite a bit of time has been devoted to that process over the last several weeks, and we are hard at it again today.

A committee member asked, if the budget gets presented on June 24 and the associations have not agreed to the proposals, where does that money come from to make up that portion of the budget? Would it come out of reserves? Carol confirmed that it would come out of reserves.

Categorized Suggestions List Update

Gina said we are moving forward with some of the things that have been talked about in the committee and with the board regarding ideas to address efficiencies and save money in the district. She provided information on the following suggestions (see Employee Suggestions Update presentation):

- Alternative Part-Time Employee Benefits
- Unification Study
- Special Education Department Review
- Critical Copying Campaign
- Summer Efficiency Campaign
- Los Angeles Unified Employee Loan Concept
- Fund Raising – Corporate Sponsorships

A committee member asked if there was a way to track gas, electricity, and water for each site for June 26 through August 10 to see if the Summer Efficiency Campaign is

really effective. He thought it would be really good PR to know how much money it saves. Gina responded that we are tracking those items, and we get bills for each school. Since we implemented the S.A.V.E. program, Carol Walker has been tracking the electricity bills throughout the year and awards the site that has saved the most electricity for the month. We have had sites save 20-30 percent in some months, compared to the year before. We will be doing the same for this campaign as well. We might not be able to pinpoint to the day, but the concept in general will be there.

A committee member asked how we would handle custodial issues with this program. Gina said that the custodial and maintenance crews would be using the lights and air conditioning (if needed) whenever they need to be in a room to do their jobs. This is their busiest time of year. Empty rooms will guarantee them the ability to get in a classroom to do their work. We have to allow for that type of work to be done during the summer. We will have to live into the program to see if it helps. It might be a big benefit operationally, even if we came out even in the money department.

A committee member asked if shampooing with no AC and locking the doors would create mold issues or would they keep the doors open? Another committee member said that they dry the carpets and use dehumidifiers. Gina added that they have methodology to take care of it.

A committee member asked if recovery in the early 90s was faster than it is anticipated for our current situation, and Carol said it was. Gina added that reducing salaries doesn't come lightly, and the best strategy at this point is the concept of contingency language. We are still working on that in negotiations. What we can do in this ever-changing economic time of turmoil is give back to the employees when things get better.

A committee member asked if iRead and Project LIVE are funded by the Escondido Education Foundation (EEF). Carol said that some smaller level things are.

A committee member asked what the connection is between the foundation and the district and if there is any financial obligation from the district. Carol said the salaries for the director (who is also the grant writer) and the secretary are paid by the district. Other than that, they are separate from us. They are a 501(c)3 in their own right. A committee member asked if they are a 501(c)3 corporation and also employees, and Gina confirmed that was correct.

A committee member said typically what foundations establish are endowments, and then they utilize the interest or invest it. He gave an example from La Jolla High School, stating that endowments guarantee a certain type of program will continue, which takes the burden off the school district to fund it. A huge amount of money is involved.

An attendee said that the district and EEF boards are separate and gave some examples of endowments that had been set up in the past.

Gina said the fund-raising idea is worth looking at, but further discussion is needed. We have a lot of good ideas on how to be more efficient and better stewards of our public funding. Going through hard times helps us to learn how to live a little leaner. We have a lot going on this summer as we move forward with the research on the suggestions list.

A committee member asked if the education center building is mortgaged and if we have thought about refinancing, if we have a loan. Gina said that we are financed through Certificates of Participation (COP), and she didn't think we could refinance at this point in time, but she'll ask our consultant about it. There are certain restrictions with COP that are different from a residential mortgage.

A committee member said that a couple of days ago, he was reading about outsourcing things, such as accounting, because everybody is trying to get rid of pension plans and increased salaries. He wanted to know if the district had looked at outsourcing payroll and accounting. Gina said that there are some legal restrictions when we are talking about classified bargaining units. We have not looked at outsourcing accounting or custodial functions. She hasn't looked at the code recently, but there is protection out there for employees.

A committee member gave an example of someone who worked at North County Transit, where they took away his pension and medical benefits and then rehired him. Gina said there have been no discussions along those lines.

A committee member asked if the enrollment projections are consistently accurate over the years, as they are considerably low at her site. Gina said the declining enrollment piece has been completely unpredictable, so the numbers would not be accurate. With school transfers related to program improvement, it is very difficult to come up with meaningful numbers on a site-by-site basis. The committee member asked how the numbers are districtwide. Gina said that some schools haven't experienced a decline, but overall, the district is declining. We are losing students every year, but the pattern is completely unpredictable. This year we were pretty flat.

A committee member suggested that the five-day reduction be taken around Christmas time. She said many families go to Mexico at that time, and a lot of instructional time is lost. Gina said she would pass that information on to Mr. Leon. At the last board meeting, a draft student calendar was presented, showing the five-day reduction at the end of the year, but negotiations have to take place before the days can be finalized.

A committee member asked how much money the district spends on services that we are required to provide for charter schools and how much ADA are we losing to charter schools, as their enrollment has increased over the years? Regarding the loss of ADA, Carol said it is variable and depends on the particular site. Over the years, we have lost a varying amount of students. Our greatest loss of 120-140 students was when Heritage Charter opened. Most years, it is much less. Last year, it was 45, and it is about 61 for the current year. We don't tend to lose as many students to Classical because it is a home study/independent study program. We have more crossovers with Heritage. We estimate

on the high end. The figure would be 61 students, times our base revenue limit, plus any other categorical funding that we have that is based on ADA. We haven't done a study on the particular services we do for them, but mainly it is curriculum and fiscal oversight, and most of the time, it's during the reporting cycles. We have an agreement that we will charge a one-percent oversight fee to Heritage (\$35,000), but with Classical, our agreement is that we will not charge an oversight fee. Otherwise, they are self-sufficient. We provide special education services, and we receive their SELPA allocation because our staff is providing services to them. A committee member asked if that is negotiated yearly. Carol said we are on a five-year cycle, and it is periodic. We also provide services to private schools under IDEA as required by law.

A committee member asked if there is a cut-off day for student transfer requests. Gina said that School Choice is a prescribed structure. Another committee member said that usually in the month of February, parents come in and request to go to a different site. That period closes, and then there is a lottery. During the year, anyone can request a transfer, but they would be put at the bottom of the list. For program improvement, there is a second wave that happens. For program improvement schools, new students also get a transfer option.

Gina asked if there were any further questions, and there were none. She thanked the group for coming to all of the meetings. She expressed her appreciation for their dedication and bringing questions forward. She told the group that there are no other scheduled meetings, but if anything comes up, or they are still getting questions from their sites, to feel free to e-mail her or Carol.