

Budget Communications Committee Meeting Minutes

March 23, 2011

Welcome and Introductions

The meeting was brought to order by Gina Manusov at 12:34 p.m. She told the committee that she would go through the information that was provided at the March 3 and March 7 board meetings, focusing on the final Scenario B that was presented on March 7 when the board made their decisions.

Board Meeting Materials/Discussion (March 3 and 7, 2011)

March 3 Meeting

Gina provided the information that was presented to the board on March 3 (see presentation). The board was given the complete list of suggestions from the committee as well as their additional suggestions.

At the previous meeting, the committee had requested information on all of the fund balances, and a chart was developed detailing this information (see presentation). Gina noted some particulars regarding the various funds:

- Deferred maintenance fund - Has some flexibility, and we are not required to make the full district contribution, freeing up some money in the general fund. We've tapped into that fund over the last two years.
- Special reserve federal tax rebate fund - This fund is for taxes or interest penalties involved with arbitrage payments and calculations on bonds and COPs. It was suggested to use \$100,000 from this fund as part of the budget solutions.
- Special reserve for employee post-employment benefits GASB 45 – Two million dollars of this fund was already slotted as a budget solution.
- Building funds – We still have balances in these four funds, but they are restricted to capital facility projects, and no operational solutions can come from them.
- Capital facilities – redevelopment (25-38) - We expect our first big redevelopment payment of \$2.7 million in October. Approximately \$1 million will be used for the FBC refunding bonds payment. The balance of a little over a half million dollars is from the city's good faith payment and is designated as a potential budget solution.
- Special reserve – capital projects – This fund is for one of the district's COPs and is restricted.
- Foundation permanent trust fund – This fund was set up by a parent and is interest only for North Broadway School.

Gina reviewed the additional information from the first suggestion list that was requested by the board (see presentation).

Regarding the suggestion to consolidate the Maintenance and Operations and Facilities Planning and Construction Departments, Gina said the preliminary evaluation was that

there would be no significant savings at this time in terms of what was already on the list for position reductions as both departments were affected. We need to do a more detailed analysis of what would be involved. Human Resources is collecting information from other districts throughout the state with this structure. We need to involve the personnel commission and be very thoughtful about it, considering all aspects. We are continuing to work on it, but we can't complete the research and implement consolidation (if indicated) by July 1.

Regarding consumables, Gina said that Leila Sackfield put some data together about where we could eliminate some copying/printing costs. We have some savings on the final plan related to eliminating some of the consumable costs.

Regarding counseling services clarification, Kelly Prins provided details at the board meeting on what the CARE grant staff does compared to what the school counselors do. We can't automatically assume that the CARE grant staff could provide the counseling services if counselors were reduced. Counselors were subsequently removed from the list as a reduction.

Regarding Nutrition Services, the department is self-sufficient and helps the general fund by paying \$312,816 for indirect support of custodial, accounting, payroll, etc.

Gina concluded her presentation on the March 3 meeting by stating that a budget freeze was put in place and we are scrutinizing all expenditures, including travel/conference, to make sure they are essential to the job. The less we spend, the more it helps our ending balance as we move into the next year.

March 7 Meeting

Gina provided information that was presented to the board at the March 7 meeting (see presentation) and reviewed the items from Scenario B that were removed from the reduction list:

School site reductions – Counselors were removed from the list, AP reductions were reduced to two FTE. The reduction of a nurse was eliminated. Elementary music used to be three FTE, but the music teachers said they could run the program with two teachers, so we ended up with a reduction of one FTE. The elimination of the Community Day School was removed from list. We added a reduction for the use of consumables in the classrooms, and we reduced the special education instructional assistants' calendars by two days. There were no changes in employee concessions; the four furlough days still stand.

A member asked if the four furlough days apply to everyone. Gina responded that they do, from the superintendent on down.

A board member commented that there was discussion about those positions already taking a 25-percent hit as well as furlough days. She was not aware a final decision had been made on that. Gina responded that she would get clarification on it.

A member asked if that would affect the special education IAs as well, and Gina said it could, but we will have to take a look at it. A board member asked if the reduction in days for the IAs were nonstudent days, and Gina said yes, they are not a reduction in services provided but a reduction for their calendar.

Gina explained that some new reductions were added: OPEB benefits were moved to categorical programs as a way to allow restricted monies to take over the costs borne by the general fund in the amount of \$70,000. The Rady Children's Hospital contract for \$53,000 will not be renewed as a trade-off for the nurse position, as the nurses said they could do the assessments that the hospital was doing. The COMPACT membership was originally on the list as a reduction but is no longer. There was more interest from a majority of the board to keep it on because of the services that are a benefit to the district.

A member asked what services COMPACT provides. A board member said that it is a non-profit collaborative organization that provides violence prevention programs and a boys program at Del Dios, they coordinate career days at the middle schools, and help at the school sites. Another member added that at Lincoln School, they come once a week to help in the library and also help with parent meetings.

Gina continued her review of the other reduction strategies presented to the board: Regarding the reduction for travel/conference expense, she told the committee that this is a reduction in the unrestricted general fund portion and does not affect the restricted side where there are set asides for staff development.

Input was received from the board regarding saving money on copier expenses, and we are targeting \$20,000. We will put out a plan with some suggestions on how departments and school sites can make this happen. Gina said she met with the Publications staff and the Purchasing director about consolidating things, limiting the purchase of more expensive papers, and being more efficient in the use of materials related to copying.

Regarding state flexibility, we are recommending 25:1 due to per diem subbing costs, which were discussed at the last committee meeting. The only change is we are tightening the staffing formula. There may be more combination classes next year.

Redevelopment revenue as a budget solution is now listed at \$2,253,000. It used to be \$1.7 million after making the debt service payment. We added in the good faith payment of \$553,000. We are using everything we possibly can above the debt service payment as a budget solution. It is a one-time solution. The revenue should be coming every year, but we haven't experienced that yet.

Three-Year Plan

Carol Rouse reviewed the Preliminary Multi-Year Projections handout. She stated that the document has changed a little bit and will continue to change as we get more information and refine our estimates. Anything in bold print is an update from the previous document. We are worried about the second and third years, particularly the

third year. We added \$500,000 from the freeze we've implemented recently to the estimated beginning balance. Our ending balance is estimated at \$22.8 million. We are losing about \$7.5 million in revenue limit. Total reductions amount to \$10.2 million. Deficit spending assumptions are accounted for in each of the three years.

We are waiting on the final word from the county on how they will be looking at a district in trouble the third year out. We don't know about the tax extensions, but it doesn't look very promising. The biggest issue now is the timing. We are past some deadlines for June 7. Pushing it off any further is problematic. There is talk about the possibility of bypassing the legislative process and putting it on the November ballot as a proposition. It is far from over in terms of a solution, and the state is talking about IOUs in that case.

A board member asked Carol to review information on reserves for economic uncertainty. Carol said that the minimum for EUSD is 3 percent. Our board historically has targeted a reserve level of 4.75 percent.

A member asked, if 3 percent is the minimum, why we didn't go to 3 percent. A board member replied that 4.75 percent is comfortable as far as making payroll is concerned. The major issue is with cash deferrals. To go below 4 percent would not be good (cash flow concerns). Redevelopment revenues have been promised but not seen yet. Carol added that the cash balance is far more serious given the deferrals.

Gina completed her presentation on the information provided to the board at the March 7 meeting:

Regarding the CSEA proposal (additional considerations), a computation was provided for eight additional furlough days for the entire bargaining unit for feasibility. CSEA is in the process of taking a survey of their membership and evaluating the results. A proposal may come forward from it, but we are moving forward with the plan the board approved on March 7.

Regarding the parcel tax item, a request was made for us to look into the parcel tax possibility. It is a long-range item, but we are looking into it, although it is not a solution for 2011-12. We will come back to the board with more information.

Regarding the four-day work week, Gina said that Superintendent Walters provided information on that aspect, and she gave the committee some time to read that handout. Gina said this model works better in rural districts where people travel long distances to get to school. We won't be pursuing it for our district as it is not a good fit for a district like ours.

A member asked if the four-day work week is something that could be considered for a librarian. Gina responded that it would be considered on a case-by-case basis for special circumstances. Bob Leon should be contacted about it.

Gina said that Carol and her staff are working on the budget, and Human Resources is working on notifying employees. Alicia Schlehuber will schedule meetings to explain the bumping process. Gina encouraged everybody to attend that presentation regarding the new system for classified employees. She said a lot of work is going on right now on the employee and fiscal sides. The committee doesn't have another meeting scheduled until June. Normally, we would have a May Revise that is meaningful, but this year we don't know what to expect.

A member asked if we could exist on the numbers for the third year out, and Gina said no, we are in trouble. She explained what will happen for the development of the budget: we will have to make some assumptions for next year and the following year to make the numbers work better. Carol will come up with some assumptions to use on the out years, which are not cast in stone or board approved in terms of individual cut items. We have to show the county that we know we have to make more cuts in the following year. We can't put anything in there for employee concessions either. Contingency language will be triggered if we have a larger drop in our revenue limit. If we don't have a contract, it doesn't go on the planning sheet. We have to come up with something fairly reasonable, otherwise they take it out. For example, the county wouldn't accept as reasonable a cut in supplies of \$3 million dollars. Conservative budgeting has kept us from making more drastic cuts than most districts for a significant period of time.

A member asked why we couldn't drop Groupwise and go to Gmail, which doesn't cost anything. Gina said Google and Gmail are not complete solutions. There would be an expense as far as a business solution is concerned. There are some other products out there that are designed to structure a certain amount of work in a cloud and a certain amount resident. There are security issues with going 100 percent Google. It is something we have talked about off and on for the last year.

Another member asked about using Google such as they do with the iPods and Gmail accounts with the students. Gina responded that it appears to be a great solution in some respects, but there are security problems. If it were a 100-percent viable solution, we would have moved to it already, but it's not. For a full-blown solution for an organization our size, there is a cost. She will take the budgetary aspect to the next cabinet meeting and report back to the committee.

A member asked what is the worst the county could do to us if we turned in this negative three-year look. Gina said they would help us make solutions, and our local control starts to fade. A member asked if the unions wouldn't be involved then, and Gina said they would still be involved.

A board member encouraged everyone to speak with their legislators and write letters. She described a conversation where one of the legislators made a comment based on misinformation that the district gets \$11,000 per pupil, wanting to know why can't we make it work. The board member said we have to make these folks understand.

A member commented that now that everybody has been notified, morale is really bad. She hears from the custodians that they are concerned about how they are going to get all of their work done with less people. Gina said it is going to look different. We can't make these reductions and not have it be impactful. She met with the custodians and maintenance folks yesterday and had a discussion about this. There are two issues here. You are telling somebody that you are reducing resources, taking away from the custodial crews. You have to make an adjustment to the work product. Reconciling to one's desire to perform at a certain level (work ethic) is one process. Another layer of concern we need to deal with as a district is everybody out there has to have an understanding, classified and teaching staff, that the level of service is not going to be the same. We have to be sensitive to the new look of what we are able to do or not do. We have to come up with a plan in cabinet to get that word out.

A member said that needs to be brought to the PTA so it can be passed on to the parents. Also, she didn't know that if a child doesn't come to school we lose money. She doesn't think parents know that either. We need to get more communication across the board as far as the budget is concerned. Having the principal explain the situation at a PTA or parent forum meeting would help. It would also help with getting parents to write letters to legislators and working in the classroom.

A member said that at Farr, they did a ConnectEd message about losing money when children are not in school, but it had the opposite effect. Parents brought their sick kids to school for 10 to 15 minutes to get them counted for attendance and then took them home. Maybe a ConnectEd message from Jennifer would help.

Gina responded that communication is really important. It might take cabinet coming to teacher staff meetings. The key is to have understanding at all possible levels.

Regarding unification, Gina said we ended up with a special board meeting on April 13 with the high school district and ours. Tonight there is another joint meeting with San Pasqual Union School District, the high school district, and ours for a variety of things. The meeting in April is at 7 p.m. and is a public meeting. The unification study will be posted to the web site the Friday before that meeting.

A member asked why we hadn't considered shorter work days (7 ½ hours).

Another member asked about having a custodian on site at night instead of a traveling crew. Gina responded that research has been done on that in the past. The bottom line is there is evidence to support that the crew system is better in the long run because of the team effort and ownership. There are safety concerns about having one person at a school at night, especially with the lady custodians. Accountability is another issue. With the current reductions (eight custodians, two from the middle schools and six from the roving crews), we are almost at an FTE level of one at night per site. It is best to hang on to the crew system. We looked at the gas expenditure, and it was about \$10,000 per year. We have no registration costs as we are exempt as a public agency. We've

already invested in equipment. If we went to site based, we would have to purchase equipment for each school.

A member asked about taking the YMCAs out and making child care a money-making program run by the district. Gina said we have multiple programs out there, including ASES and other free programs. Enrollments for fee-based programs are down. She said it would be looked into. A member asked if we pay the YMCA for those programs, and Gina said no, there is no expense on our part with YMCA and ASES. The member asked about use of facilities. Gina said permit holders don't pay a rental fee for the room if they are nonprofit, but they pay for custodians (if applicable). We have a fee schedule for profit-making organizations, which we compare with other districts to make sure we are charging appropriately.

A member asked about allowing for-profit agencies to rent our meeting rooms at the district office. Gina said we generally haven't opened up our district office facility for that, but we can look at it. Another member asked if there is a security issue with doing that, and Gina confirmed that there would be security concerns.

A member had a suggestion regarding removal of personal appliances from the workplace. She suggested that whoever wanted to have them could pay an annual fee based on wattage used and get a sticker to put on the appliance. Gina said a district up north implemented something like that, but with reduced staff, who is going to administer it? The idea was put on the list to discuss at the next cabinet meeting.

A member expressed concern that one refrigerator wouldn't house everybody's lunch. Gina said we would have to make sure there is an option for adequate food storage, but the amount of savings is pretty big. Another member said that having the option to pay for using personal appliances would make people feel better about eliminating them.

A member said that the PTA and YMCA are allowed to use their copier and paper, and she thought they should contribute something towards that. Gina responded that it's worth looking at. Another member said that the PTA should have to pay for paper and products used and there is a way to implement that, but there has to be forethought.

A member asked for confirmation that the medical therapy unit was self-sufficient, and Gina said that is correct. The member said the MTU uses the site's washer/dryer and custodian. Gina said she would check on it.

A principal suggested, if we lose our music program, striking a partnership with the Center for the Arts to provide a ubiquitous music program. She asked if we are taking advantage of any rebates the state might be giving for energy saving lights, low flow toilets, etc. She also suggested a partnership with the Escondido Police Department for our security services, patrolling schools more and reducing that cost. Gina responded that we do get rebates wherever possible. We received huge rebates from SDG&E for our lighting retrofit project. A developer funded some low flow toilets, urinals, and sinks through the Rincon Del Diablo Municipal Water District. We were notified on Monday

by SDG&E that our district is one of the organizations in the community that will be awarded for our energy credits for S.A.V.E., the lighting retrofit, and our Power Save computer software implementation.

A member asked if we are still moving forward with automating the HVAC systems at the school sites, and Gina said we are still looking into it and waiting for the request for proposals to be developed.

A member asked if we are still moving forward with getting cameras at the schools. Gina said yes, plans are being reviewed for seven sites. We might not be able to afford all of them, depending on the bid pricing. The project will use a capital facilities funding source.

A member commented that money was well spent on the fencing at Conway. It has cut down on the skateboarders and vandalism.

A member asked about having fundraisers with the community and the money used for the general fund or designated for certain things. Gina responded that we have to be careful about free and appropriate education laws. It can't appear that we are charging anybody for anything for schooling. We can't charge for students to participate in regular school activities. The member clarified that she was referring to adults, teachers, or anyone who would like to participate. Gina said she would look into it.

A member asked, if funds are available, can hours that are being lost on some of these positions be augmented. Gina said there can be no backfilling with categorical funds. More information will be coming out on that.

A member asked, since custodians are impacted by food on the campus, if nutrition can backfill some of the custodian positions. Gina said no, because of the indirect costs they are already paying. The member asked if the amount they are paying is enough to pay the cost of the services. Gina said it is not done on a direct-cost basis. The state sets the amount, but she would check on it.

A member asked if the utility costs for the addition of the huge freezers have been taken into account. Gina said when there is a separate meter, there could be a direct pay on that. The member asked, if the kilowatt usage goes up, could we back charge the department. Gina said no, it has to be a separate meter, but we'll take a look at it.

A principal asked about getting an increase in the indirect rate, and Gina said she would look into it.

A member asked if we have looked into solar power, and Gina said yes, to some extent. The energy piece is an initiative we've wanted to look into. We have joined with the JPA energy group, which has already done some screening of companies and resources available. When we are ready, it may be a power purchase agreement or other new thing

in the “going green” arena. We need some human resources to push it forward in the next year.

Talking Points

The following are the talking points the committee suggested:

- Modified/lowered expectations
- Getting the word out and encouraging writing letters to legislators
- The district is still working on different solutions
- State budget is not going to happen for awhile

A member asked about the status of the list of suggestions from previous years. Gina said that we’ve checked off a lot of the things on the list, and we can report back out on those items.

A board member suggested we hire an energy czar. There may be some solutions that look like an expenditure but end up saving money.

A member mentioned that he and the other HVAC tech are already doing energy management where they can.

A member asked if we are going to be dark in July again. Gina said it worked pretty well last year, although we need to control the reissuance of keys a little better. Everybody should plan on that. In terms of efficiencies, the custodial and maintenance teams were very positive about the impacts. A member asked if the savings from doing that got published. Gina said she would send that information out.

A member asked if the removal of appliances is a sure thing for next year. Gina said it’s on the list, but the communication hasn’t been developed yet. We need some guidelines and to talk about the suggestion to charge for the use of personal appliances. The cost savings amount to a person’s job. A member asked if people should be told they won’t have them. Gina responded that people need to plan for not having personal appliances in their work spaces, and information on how this is going to look will be forthcoming.

Next Meeting

The next meeting is June 1, 2011.

Adjournment

Gina told the committee to continue to e-mail her and Carol with any questions or comments. The meeting was adjourned at 2:55 p.m.