

**ESCONDIDO UNION SCHOOL DISTRICT
BUSINESS SERVICES DIVISION**

**BUDGET COMMUNICATIONS COMMITTEE MINUTES
June 1, 2011**

Welcome

The meeting was brought to order by Gina Manusov at 12:33 p.m. Gina told the group that she and Carol Rouse would be giving them an update on how things have progressed since the last meeting. The Governor's May Revise was just issued, and she and Carol, as well as Phil Lutgen and Romera Maratea from EEEA, attended the School Services May Revise Workshop. Carol will be presenting the most current information available, with more information to follow at the June 9 board meeting. She will also be presenting on the multi-year projections. Gina said she will be giving them a progress report on how we are doing with some of the employee suggestions.

Governor's May Revision

Carol Rouse provided information from the Governor's May Revision, stating that basically, we received good news with a much more upbeat outlook, and it looks a lot like the Governor's original proposal (see presentation).

Regarding the national average for levels of funding, a member said that he wanted to make sure everyone is aware of what California's average funding of \$2,680 really means as compared to the national average. He stated that if the national average is \$7,600, then we are getting about \$5,000. With our ranking, we are basically almost dead last in per pupil funding in one of the most expensive states to do business. Another member added that California was the largest economy in the world until recently.

A board member asked, if the May Revision presumes that extensions will pass and there is no back-up plan, what has really changed? Carol responded that the state revenue situation being better is the only change. A member added that what has changed is the Governor's mindset on education. We are not confident in the tax extensions but in the Governor's will not to hit schools. Gina said a comment made by Ron Bennett was that should tax extensions not go through, the Legislature has options now, because of tax collections thus far, to balance the budget without sacrificing more cuts to education. Seeing the options out there, there is less risk for us than there was in January. The Governor is not going to line out a plan B to give the opposition an idea of what he intends to do. While there is a feeling of some degree of protection for education, some other non-education areas could be cut instead. With the commitment not to hurt education anymore, we are cautiously optimistic. A board member asked if there was a time line. Carol responded that we don't ever really know what the time line will be. It might move faster this year because a lot of steps have been accomplished already.

Regarding the chart on projected versus actual funding per ADA, a member commented that the top line funding is actually to maintain the status as 47th in the nation that we

used to have. To be average, we need another \$1,200 above that. The bottom line is the actual level, and the middle one is where we are taking cuts (from 2007).

Regarding the maintenance factor, the member said that people don't understand that an increase in revenues was the maintenance factor being paid back, not COLA. The maintenance factor owed 19 percent to every district in the state. Districts are not getting what is owed to them. Carol added that the state has owed districts' maintenance factor money for several years, since the early 2000s.

A member asked how many students we had last year. Carol responded that we were paid on 17,163. The member asked if we declined, and Carol said that we went down from 17,403 last year. There is a difference between enrollment and ADA when there is a decrease.

A board member asked for clarification on ADA versus enrollment. Carol said that ADA factors the number of students in attendance as opposed to the number of students enrolled in school. A member commented that this further demonstrates the importance of attendance. Carol said that if we had a 100-percent attendance rate, it would be the same as enrollment. Our average attendance rate is 95.6 percent, and it is not likely to get much higher. It has been about the same for years.

A member asked what the outcome was of reducing the school year. Referring to the suggestion by some that the school year might need to be reduced by six weeks, Carol said that was never a proposal. It could be a part of the overall budget solution when the Governor signs the budget document, but it is not currently part of his plan. It is not likely, but possible. Our district has four furlough days for next year. Gina added that the current maximum is five. In order to instill a six-week reduction, more legislation would have to occur.

A member asked what the next steps in the budget process mean for categorical funds. Carol said categorical funds for 40 programs the state offered were turned into flexible programs. The district has the option of operating the program as it was or not operating it at all so they can use the money elsewhere. The member stated that at Bear Valley and L. R. Green, they use a lot of those funds for technology as they receive no Title I funds. It affects the operating ability at those campuses and it's been a problem in the last 10-15 years. Carol said that our Title I funds were extended to three additional schools. For next year, we are changing the formula allocations a bit to give middle schools more money. We added some PE equipment funding for middle schools, as they can't sell PE clothes at a profit any longer.

A member asked for clarification of a misunderstanding regarding the cut in GATE funding—was it K-5 or K-8? Gina said that she will need to check with Leila Sackfield and then send out an e-mail regarding this.

Preliminary Multi-Year Projections

Carol provided a copy of the multi-year projection worksheet that was presented at the March 7 board meeting, as well as a copy of the updated one, which has the two out-years crossed out since the work hasn't been done yet. She said that we've been successful with our spending freeze. Our projected beginning balance is at \$24 million, which is a better estimate. The changes to the spreadsheet are indicated in bold print: We've estimated the change for ADA up a bit and the declining enrollment loss has gone down a bit. There is an adjustment for the unemployment insurance increase (statewide), which has more than doubled for everyone in the state. The ADA/flat funding loss was counted before but is now zeroed out. We have an ongoing revenue limit reduction of \$5.5 million. There is another adjustment downward of CSR monies. The only other thing is the difference in the unemployment insurance rate. Deficit spending went from \$3.2 to \$2.6 million. The ending balance is up commensurately. The third year out, we were looking at being \$6.3 million in the hole, but now, with just these small increases to the first year, our problem is now half the size it was.

A member asked what our beginning balance was at the beginning of this year. Carol said it was \$21.3 million, but it has now increased. Our cash situation is still perilous. Even if we get one less deferral, it is still critical. Only about 40 percent of the ending balance was available in cash balance at the end of 2009-10. It would be less in 2010-11 due to additional deferrals.

Progress Report

Gina gave a report on the district's continuing efforts to effect budget reductions (see presentation).

Reduction in Copier Efficiencies/Printing Costs – Gina has met with the publications staff, and they are working on other ideas. We've already asked that certain papers, such as Astrobrights, not be used any longer. Our budget situation has forced us to look at what we are doing and how we are doing it. When you reach \$50,000 in reductions, that amounts to one person's salary with benefits.

A member shared that their office manager posted the cost related to using a particular piece of paper to make staff aware of the actual cost involved, causing them to rethink what they are using. Gina thought that was a great concept.

Use of One-Time ARRA SFSF Funding – We received the final 10 percent of our apportionment of ARRA funds in the SFSF category (least restrictive and on a one-time basis) of approximately \$600,000-\$700,000. These funds must be spent by September 30. We are going to use a good deal of this one-time money to replace copiers in the workrooms at the school sites. Maintenance costs are astronomical on the copiers we have now, and we were fortunate to get a maintenance contract at all. Without a contract, costs would be based on an hourly rate. The projected savings on maintenance costs will be about \$117,000. A member asked if the existing copiers belong to the district and are we going to recycle or resell them? Gina responded that our new vendor will remove them. The member asked if we get a credit for the old machines or can we keep them for

use by volunteers. Gina said that service costs are huge, so it doesn't make sense to keep them. We did a survey at the sites to determine the usage, and we won't be paying for bells and whistles that aren't needed.

A board member asked if the schools can keep the old machines until they die. Gina said functionality is too critical to our schools. When a copier goes down every week, it's a problem. The reality is that the copiers are way past their normal useful life. We want to encourage use of the print shop for printing services, as it is cheaper. We are trying to look into every nook and cranny to hit the \$20,000 savings goal, or more.

A member asked if every school will be getting a new copier. Gina said that every school will get a new one, and the middle schools will get two.

Unification Study – This is not a dead issue, but we are not actively moving forward with unification. A member asked if it was tabled for now, and Gina said that is correct. It stays on the list as something in the works.

Contracts/Agreements – Our annual list of contracts and agreements went to the board for approval at the last board meeting. We are reviewing these contracts on a continuing basis when they come up for renewal.

Use of District Employees v. Vendors – We are trying to look at projects from the maintenance perspective. We are developing a routine for the maintenance team to look at a project and assess whether it fits in with their work load, skill set, and schedule.

A member asked who is paying for the NWEA computer labs? Gina responded that we are going to be using some of the ARRA SFSF monies for infrastructure. A member asked if the district will replace computers at the sites with existing labs when they lose two or three computers. Gina said she doesn't know about individual computer losses. Primarily, middle schools need more than one lab. For elementary, one fully functioning lab is sufficient. This is a question for Educational Services, and Gina will check with Kathleen Sorensen. From her discussions with Leila and Kathleen, there are some options as far as equipment that is needed. A member asked who is making decisions on that (Mac mini labs), stating that there are a number of different laptops on his campus. He searched around for a week to find an attachment for a monitor cable. Everything uses the PC interface except Mac, which is a significant cost. They have computers that aren't usable as they won't run with the new Microsoft Office or other software that they have. We need to rethink what we do in the district. Gina said that NWEA needs have put a focus on this issue. She's had conversations with Leila and Kathleen in the last couple of weeks regarding how we are going to get everybody up and running and finding out what other districts do. This is something that cabinet will be looking at. In terms of PC versus Mac, that issue is still on the active list from the committee.

A member said that at her site, they can't print NWEA results from a Mac and asked if we are going districtwide with NWEA. Gina said things are starting to shift for next

year, and we are moving forward with all schools but not all grade levels. A member commented that they can print from Macs at her site, but it has to be set up a certain way.

A member asked for clarification on funding for NWEA. Gina responded that she doesn't know about the funding piece. She will follow up with Leila and Kathleen to get a better understanding and get a communication out to the committee.

Recycling Food Service Trays – We have a relatively new warehouse driver who has spearheaded this effort. We've located a company that is willing to pick up the trays for recycling. We are not getting money for the trays, but it will reduce the trash going into our dumpsters, and we will effect savings that way. The program will be piloted at North Broadway, Reidy Creek, and Rock Springs.

A member commented that she was under the impression, for the city of Escondido, that Styrofoam is a recyclable, so why aren't we doing that? Gina said she wasn't aware that was an option, but the program we are researching won't cost us anything. A member responded that if there is any food on a recyclable, it can't be put in the recycle bin. A member asked if this will impact the site custodian at all. Gina said it will, but we going to have to see how it works.

New Purchasing Alliance – Using the new purchasing alliance is an additional effort for us to always get the best pricing we can. A member asked if this is in addition to the consortium. Gina said it is, and we are not leaving the consortium. A member asked if they have the same types of products as the consortium. Gina said she's not sure about all of the options, but she'll get more information. A member asked if it costs money to be a part of it. Gina said, no, it just takes approval of the board to participate.

Parcel Tax Information – Facilities Planning & Construction has gathered information on this topic and we are going to present the information to the board at the July board meeting (tentatively).

A member asked how much it costs to send a report card home per pupil. What is the district's policy on this; can they be given the report card on Friday instead of Monday? A member commented that the school offices are still open until the end of the month, so they can pick them up until then. Gina said she doesn't know the policy, but it seems reasonable to give them until the end of the month to pick them up.

A member commented that a lot of good ideas have come from this committee.

A member asked if we have information on how much a school gets from parcel taxes. Gina said it is a ballot measure, and the amount would be based on what the consultant recommends and the district determines. Information is going to be given to the board on how the process works, what the consultants do and their cost, who can be exempted, etc., so the board can assess if they want to see the district move forward with the measure. A member commented that in Washington State, 20-25 percent of their budget was through parcel taxes. A board member said that it is not like a bond measure. The

district identifies shortfalls for a finite period of time and for a specific purpose, so the voters know what it will be spent on. Gina said some of the parcel tax measures that have passed recently are extensions. Defining the district's needs is exactly what would have to be researched. It is still an election process. A member commented that if technology were the focus, it would also alleviate district needs in this area for use of district monies elsewhere. A board member said that out of 13 parcel tax measures in Northern California in May, 9 passed.

Revenue Generating Concepts

District-sponsored child care – This was brought up at the last meeting. It doesn't appear to be a revenue generator that is viable, but there is still more research to do.

Publications Department – They do some jobs for outside agencies and are exploring some possibilities for marketing the department more. However, they need to be able to handle their workload, and at certain times during the year, they can't take on more work as they are too busy with district jobs.

Renting Education Center – We've taken a look at this, and we wouldn't recommend this to the board because of the risks involved.

Fund-Raising – We currently have a lot of adult activities going on in our community with the PTA/PTO groups, ASB, and the Escondido Education Foundation.

Consolidating M&O and Facilities – Human Resources is still working on this and gathering data on what it looks like in other districts. It is not a dead issue.

Partnership with Escondido Police Department – The concept is great, but not viable as the city of Escondido is dealing with their own budget reductions.

A member asked if we are still moving forward with security cameras for the sites. Gina said yes, we have some funds earmarked. We are looking at construction to begin in the August-September time frame. Once the bids come in, we can determine how many schools we can afford to do. We are currently set to go out to bid for seven schools. The member asked if we will do them for all schools eventually. Gina said it would be nice, but funding is an issue.

Discussion was had regarding HVAC issues.

Various Energy-Saving Strategies – The district was honored by S.D.G.&E. as the K-12 energy champion for implementation of the lighting retrofit, S.A.V.E. program, and Power Save software program. Gina played the video that highlighted this award.

Regarding personal appliances in the workplace, Gina said we have a plan to roll this out, but we want to address all of the questions/comments in order to make sure it is rolled out successfully. She asked the group what comments they have heard at their sites.

A member said this topic was brought up in a staff meeting. He thought it would be okay as long as there was a refrigerator that was convenient for the teachers to use. He said there was some concern about coffee pots and nobody understood about the microwaves since they don't use energy like refrigerator when they are not in use. Another member

asked if there is a safety issue with coffee pots in the classrooms. He was told that the coffee pots are in the pods, not the classrooms. A member asked if the district is going to provide cost-effective appliances. Another member said that the appliances are donated. Gina responded that, disregarding where the funding would come from, the investment in energy efficient appliances would pay off in the long run. We need to look at developing a plan.

A member suggested consolidating appliances down to having them in each pod only.

A member commented that the personal appliances are a morale booster.

A member asked if anybody has really looked at the cost savings. Gina responded that what she presented at the board meeting was \$50,000, and that's conservative. It's at least a person's salary.

A member added that the maintenance part of it hasn't even been figured in. For example, Felicita is an old school and the wiring needs to be upgraded. Every classroom has a coffee pot, microwave, and refrigerator consistently blowing breakers.

Gina said she feels strongly about this idea for a lot of different reasons besides the money. The custodial department has complained that the extra food in the classrooms impacts their job. When we are laying people off and when we have this much savings, it's not something we can just push aside, but we need to make sure that people have options that are reasonable. It needs more thought before it is rolled out.

A member suggested taking the \$50,000 in savings and paying for energy-efficient refrigerators, two for each site, and the principal can decide where they go.

A member asked if the Special Education classrooms can keep their refrigerators. Gina said they are an exception as are the Parent Involvement classrooms.

A member said that to him, refrigerators are a done deal, but we really need to think about microwaves. Teachers are going to eat in their classrooms. We need to be considerate of what we are here for, and we want employees to be happy.

Gina said we need to be thoughtful when rolling out the program. She will take the ideas back to the team working on the program, have more discussion in cabinet, and come up with a game plan.

A board member commented that recently we had 13 IAs with their hours cut plus benefits. Empathy and looking out for one another needs to be taken into account.

Gina said that this item was on the reduction list for a reason. It's not really about going green, it's about saving jobs.

A member asked about the concept of charging an annual fee for the use of personal appliances. Gina said that is another project for someone to manage for 23 sites. With diminishing personnel, it doesn't seem feasible.

Energy Conservation/Policy Committee – This is in development for next year. The stakeholders would be similar to the Budget Communications Committee.

PTA/PTO Contributions for Use of School Paper – A member said she has the PTA membership items sent out by the district's Publications Department, and they charge the PTA for it. Gina commented that this could be part of the marketing strategy for that department.

E-mail Upgrade Project – The current cost for Groupwise is less than \$10,000 (licensing and filtering). We have formed a committee to work on the e-mail upgrade selection process: Kathy Shirley, Dale Wood, Carol Walker, and Gina. We want to make this happen in the next school year, and we will develop an implementation plan as well.

A member said that Groupwise for administration is different. We need to look at what we are doing at the schools. Gina responded that we are looking at all options for e-mail to find the best solution for the district. The program is not resident on the classroom computers as it was not possible to load the client on Macs. The Web-based version is not as functional. The solution is to meet all of the needs and give schools better functionality. Google is free, but free doesn't mean you get all you need. Groupwise has a lot of power to it. The goal is to find a really good solution that will work for everyone. Everyone will be hearing more about it and receive a survey. The project team will be talking to focus groups as well. It is a very prescribed process.

Talking Points

- The budget situation is more positive than before; there's hope, but we have to wait and see.
- All of the employee suggestions have been reviewed; we are enacting what we can and still researching others.
- New copy machines are on the way.
- The new policy for removal of personal appliances from the classroom is coming, but the details are still being worked on. Encourage employees to take them home voluntarily and mention the conservative savings of \$50,000 (a person's salary).

Adjournment

Gina told the group that we have developed a meeting schedule for next year similar to this year. A member asked if we could change the time of some of the meetings to the morning, as having them in the afternoon impacts his group of students. Gina said she would look at that suggestion and get the schedule out to them.

Gina thanked the group for the amazing job they have done this year. She applauds their work in coming here and doing all of the communication.

A member said that she appreciates having the committee and thanked Gina for doing all of the background work and for listening to them.

The meeting was adjourned at 3:25 p.m.