

**SANTA CRUZ CITY SCHOOLS
BUDGET ADVISORY COMMITTEE MEETING**

District Office

Tuesday, December 10, 2019

Minutes

Attendance at Meeting

BAC Members:

Casey O'Brien, Middle Schools
Clyde Curley, Elementary Schools
Crystal Williams McNish, Small Schools parent
Gail Atlansky, Student Services
Greg O'Meara, High Schools
Jim Monreal, Business Services
Kris Munro, Superintendent
Mary Hart, SC COE
Matt Farrell, Santa Cruz Education Foundation
Michelle McKinney, Small Schools
Rebecca Olker, SC COE
Tim Madsen, Elementary School parent

Absent:

Casey Carlson/Sarah Rominger, GSCFT
Brent Kline/Stacy O'Farrell, AMA
Dorothy Coito, Educational Services
Jeanie Brown/Paula Morin, SCCCE
Jeremy Shonick, Board Trustee
Molly Parks/Desiree Dominguez, Human Resources
Octavio Jimenez Garcia, Middle School parent
Olwen Skogerson, High School parent
Suzanne Trincherro, Finance

I. Call to Order

Asst. Supt. Jim Monreal called the meeting to order in Conference Room 5 at the District Office at 6:00 pm. He welcomed all attendees and invited them to introduce themselves.

II. 1st Interim Report

The 1st Interim Report reflects the District's financials as of 10/31/19. The 2nd Interim will show the financials as of 1/31/20, and will be presented to the Board in March. These reports precede the closing of the fiscal year, and drive the building of the 2020-21 budget. The Budget Advisory Committee will focus at this meeting on the current status of the budget and changes so far this year. The 1st Interim Report will go to the Board on 12/18/19, then to the SC County Office of Education for review, and then to the State. A "Positive Certification" indicates that the District can meet its obligations for the current year and for the next two years.

Jim explained the adjustments made to the budget at 1st Interim. The biggest source of funding is the Local Control Funding Formula (LCFF). The District's enrollment corresponds to the moderate enrollment projections of DecisionInsite. This is the first year 6th graders have been included in the secondary enrollment counts. Federal revenues increased by \$332K. Funds are allocated for target students and the programs which serve them.

State revenue has increased by \$722K, including Special Ed grants and a block grant for low performing students. A Career Technical Education Incentive Grant has added funds.

Local Revenues have increased by \$2.3M. SAIL (Students Achieving Independence and Life Successes), a Special Education program, has added \$186K through Memorandums of Understanding with other districts to serve those districts' students. Facility Use Fees have added \$113K, which helps to pay for upkeep on those facilities that are rented. Donations are up this year, as is interest, which is based on rates we receive. Jim Monreal discussed several other programs which have contributed to local revenues, including SELPA, a county-wide network of districts serving students with special needs, Career Technical Education Incentive grant MOUs, Math grants at Branciforte Middle and Gault Elementary schools, DROPS (Drought Response Outreach Program for Schools) grant at Bay View Elementary, and a Computer Science for All Grant of \$375K.

Expenditure Adjustments at 1st Interim included a \$2.6M increase in salaries and an increase of \$152K for benefits, as negotiated with bargaining groups, increase of \$2.4M for books and supplies per the new Curriculum Master Plan, carryover, and various services and operating expenditures amounting to \$1.6M. \$155K of these expenses are for network expansion improvements.

Capital outlay expenditures of \$578K for the DROPS were included at 1st Interim. Projected revenues from Regional Development Administration (RDA) were reduced by \$721,000 in anticipation of lower RDA revenues in the future.

The net result of the 1st Interim adjustments is the District projected to deficit spend by \$2.9 M. Of the Ending Fund Balance, \$8M is set aside for future years. The District needs to meet a 3% reserve requirement.

On the 1st Interim's Multi Year Projection, salary increases are included, as are anticipated needs. The District is projected to end 2019-20 with a 4.29% reserve.

Important future budget events include the Governor's proposed 2020-21 Budget, to be announced in January. In March, the District will complete the 2nd Interim Report. In May, the Governor will present his revised 20-21 budget proposal.

III. Discussion

- Parcel Tax Carryover Reserve. Any carryover stays with the program it originally supported. Effort is made to spend Parcel Tax revenue in the year it is collected.
- RDA v. Bond. These are two different pots of money. RDA can supplement other projects and needs. It is especially valuable in the event of an emergency. It is a local revenue.
- What is a comfortable reserve percentage? A 10-12% reserve allows for cash flow needs. No cash is collected until after 12/10, when taxes are due. There is more volatility in a basic aid district (elementary). Revenue limit (LCFF) is received monthly (secondary). We can borrow internally, negative spend then pay back with interest when funds are received.
- Per Supt. Kris Munro, the 1st Interim reconciles what was projected with what actually happened. Once the Governor's proposed budget is announced, we will make decisions on how to spend.

IV. Marketing Follow-Up

Kris shared that the District's marketing teacher had advised to keep the District's current tag line from "Engaging Students Hearts and Minds -- Every student, every day!" rather than switch to the suggested "Public education is the foundation of democracy". The marketing teacher will work with Kris' assistant, Sarah Miller, and the sites to assemble photographs and stories for Facebook and other social media. Enrollment information will be published in Growing Up in Santa Cruz, Good Times, and Coastlines in the Sentinel. Kris expressed appreciation for Members' ideas at the last meeting and asked Members to keep bringing them.

V. Mary Hart to Retire in May

Jim Monreal and Kris Munro thanked Mary Hart, the Deputy Superintendent for Business at the Santa Cruz County Office of Education, for her many years of participation on the District's Budget Advisory Committee. The open relationship between SCCS and the COE is much appreciated. We wish Mary a happy retirement.

VI. Next Meeting/Adjournment

The next BAC meeting will be held on January 28, 2020 at the District Office. The Governor's proposals for 2020-21 will have been announced and the District can then begin to build their budget for next year.

The meeting was adjourned at 6:40 pm.

Respectfully Submitted,

Catherine Meyer-Johnson
Executive Assistant
Business Services

Jim Monreal
Assistant Superintendent
Business Services