

BUDGET ADVISORY COMMITTEE MEETING

Tuesday, November 15, 2016

Minutes

Attendance at Meeting

BAC Members:

Barry Kirschen, GSCFT
Casey Carlson, GSCFT (Alternate)
Cheryl Robbins, Finance Director
Deedee Perez-Granados, Board Trustee
Frank Wells, Asst. Supt., Educational Services
Jean Gardner, Santa Cruz Co. Office of Education
Kristin Pfothenauer, Middle Schools
Michelle Poirier, High Schools
Mike Perez, Elementary Schools
Molly Parks, Asst. Supt., Human Resources
Patrick Gaffney, Asst. Supt., Business Services
Patty Threet, Board Trustee
Suzanne Trincherro, Finance

Absent:

Desiree Dominguez, Human Resources
Eileen Brown, AMA
Jeanie Brown, SCCCE
Robert Chacanaca, SCCCE
Stephanie Pache, SC Ed Foundation

Visitors:

Claudia Vestal, Board Trustee
Kris Munro, Superintendent
Sheila Coonerty, Board Trustee

I. Agenda and Introductions

Asst. Supt. Gaffney called the meeting to order in Room 312 at the District office at 4:40 pm. He reviewed the agenda, including the 2017-18 Budget Development Calendar, the 2015-16 Unaudited Actuals and Multi-Year Projections presentation, and CBEDS enrollment projections. BAC will study budget priorities to ensure that they align with LCAP goals. Mr. Gaffney asked BAC members to contact him with any topics they would like to discuss at future BAC meetings.

II. 2015-16 Unaudited Actuals and Multi-Year Projections

Mr. Gaffney reviewed the power point previously presented to the Board on 9/14/16. His approach is to focus on process, keeping all parties informed as info is received, and encouraging discussion at that time. RDA funding contributed to the +\$3 million variance between 2015-16 estimated actuals ending balance and actuals ending balance, as did LCFF variances. Leases and Rents will be reviewed. Expenses increased by \$131k over estimated expenses, due mostly to retiree expenses. Health benefits cost less than expected. Information was received in August regarding revenue to be received from SELPA. The elementary district sustained a double hit, as they lost in categorical funding and in fair share funding.

Mr. Gaffney explained that the savings anticipated (~ \$1 million) from taking back the secondary Special Ed classes had not materialized to the extent expected. These savings were built into the Adopted Budget. On 11/16/16, SECA will take a vote as to whether or not SCCS can give those classes back to the County. In the Multi-Year Projections, the projected savings have been subtracted out in years 2017-18 and 2018-19. SECA partner districts acknowledge that SCCS has been disproportionately funding Special Ed. SECA is working to identify how to correct this situation while protecting the smaller districts as well. Updates will be provided to the Budget Advisory Committee when more information is known.

BAC members asked when anticipated revenues from Bond Measures A and B will be included in the Budget. Mr. Gaffney said they would be included at a future date, but would not appear under the General Fund.

Regarding the % Unrestricted Reserve chart, the Barry Kirschen and Casey Carlson commented that the 3% projected in 2018-19 will probably not materialize, as past predictions have not come to pass.

Trustee Patty Threet noted that there is no slide to show how much less is offered to students since the recession.

Jean Gardner of the COE commented that the recession happened in 2008-09. After that all categoricals were included with the Unrestricted General Fund, to increase reserves and to help with cash flows. When LCFF was begun in 2013-14, additional funds were provided to categoricals. Most districts held on to their reserves, not knowing what to expect.

III. CBEDS Enrollment

Mr. Gaffney reviewed the CBEDS presentation made to the Board on October 19, 2016. The charts show a net decline of 133 students in actual enrollment, and a net decline of 62 students compared to enrollment projections. This translated to a decrease of \$700,000 in the secondary district, and a decrease of \$1 million district wide because net growth has not occurred. Staff are reviewing Decision Insite's projection model. Mr. Gaffney noted that the \$3m increase in the 2015-16 ending balance is offset by \$700k less due to decreased enrollment and from Special Ed's savings being less than anticipated.

The last slide in the CBEDS presentation compared budgeted ADA to actual ADA for different grade groups, as well as budgeted dollars compared to actual dollars for 1617, 1718 and 1819 for the elementary and secondary districts.

Barry Kirschen asked if there was "a delay in the hit" SCCS receives, and what was the secondary district's ADA at P2 in the previous year.

Mr. Gaffney said that staff will reevaluate the basic aid funding status for the elementary district. It will grow in funding as the tax base increases. \$3m was received in property tax revenue this year.

Board Member Patty Threet suggested that the inter-district transfer rate be examined.

Jean Gardner of the COE explained that property tax revenue is more reliable than State revenue. SCCS could grow out of basic aid status and generate additional revenue, but staff increases could cancel that out. Basic Aid status is dependent on a mathematical calculation. Districts are now receiving gap funding, but once we reach the target, gap funding will stop.

Barry Kirschen noted that the more students SCCS loses, the less likely we will grow out of Basic Aid status.

Asst. Supt. Gaffney touched on factors affecting the District budget, including retiree costs, step and column increase, the sunset of Prop. 30, subsidization of SELPA, overall Special Ed budget, Maintenance budget, ROP take-back, Measure O impact, takeback of athletic costs. He discussed the impact of the dissolution of the RDA. 43.3% of RDA funds go back to operational budgets, and the rest to facilities. As of June, 2016, the law changed, providing a broadened definition of facilities, to include the cost of people doing the work. Mr. Gaffney is

working with an RDA consultant on how to interpret the new definitions. Projections indicate that there will be growth in RDAs and decrease in debt, resulting in increase of funding to schools. At 1st Interim we should be able to incorporate these ideas and to repurpose funds. Questions to be answered are how much and when, and whether RDA funds will be included in Prop 98 revenue.

Casey Carlson asked if bond funds could be used for staff. The answer is no, unless for a bond accountant.

Barry Kirschen asked what the purpose of the Budget Advisory Committee is. Is it to make recommendations? Mr. Gaffney replied that it could be called the Budget Briefing Committee! The LCAP intent is to provide additional services. The MYP does not have any salary increases built into it besides step and column.

Casey Carlson asked why the step and column for Classified staff has gone up more than for Certificated (\$195k v. \$93K). Staff will analyze and report back.

Trustee Deedee Perez-Grandados asked where common core, coaching and professional development fit into all this. Mr. Gaffney stated that we have needs in many areas, including vehicles and technology. Currently, the Tech Plan is being reviewed. The funds required must be determined, and considered together with LCAP funding. Trustee Perez-Granados noted that some curricular programs were paid for by one-time monies. Barry Kirschen noted that LCFF Supplemental funding is continuing. Trustee Perez-Granados stated that the District has been funding those programs that were funded previously by one-time monies.

Adjournment

Asst. Supt. Gaffney announced that the 12/13/16 Budget Advisory Committee meeting will take place from 6:00 – 7:30 pm. This will be the regular time schedule going forward. At that meeting there will be follow-up on some of the topics discussed tonight.

The meeting was adjourned at 5:45 pm.

Respectfully submitted,

Patrick K. Gaffney

Asst. Supt., Business Services