

BUDGET ADVISORY COMMITTEE MEETING
Tuesday, December 8, 2015
Minutes

Attendance at Meeting

BAC Members:

Angela Meeker, Asst. Supt., Educational Services
Barry Kirschen, GSCFT
Carolyn Livingston, Santa Cruz Education Foundation (Alternate)
Casey Carlson, GSCFT (Alternate)
Clyde Curley, Principal, Westlake Elementary
Desiree Dominguez, Human Resources
Jean Gardner, Santa Cruz Co. Office of Education
Jeanie Brown, SCCCE (Alternate)
Jeremy Shonick, Board Trustee
Jim Monreal, Asst. Supt., Business Services
Julia Hodges, Middle Schools
Kris Munro, Superintendent
Lacie Gray, Santa Cruz Education Foundation
Patty Threet, Board Trustee
Robert Chacanaca, SCCCE
Richard Davis, Principal, Harbor High
Suzanne Trincherro, Finance

I. Agenda and Introductions

Mr. Monreal called the meeting to order in Room 312 at the District office at 6:08 pm., and gave an overview of the agenda.

He stated that schools are priority in the Governor's budget. With the economy improving, there are better opportunities for students. The window of time for responding to the Budget surveys sent to parents and staff was on 12/4/15.

Mr. Monreal stated that the purpose of the Budget Advisory Committee is to review the current financial information for the District, to gain an understanding of the budget and to make recommendations to the Board. He presented the calendar of BAC meetings for the year, together with the topics to be discussed at those meetings. The 2016-17 budget must be adopted by 7/1/16.

II. First Interim Report

Mr. Monreal covered required reporting deadlines and certification definitions. He noted that the unrestricted reserve is projected at 3.48% in fiscal year 2017-18. He explained the changes from the revised 2016-17 budget to the current 1st Interim budget. The budget is updated frequently. Mr. Monreal detailed the changes in Unrestricted expenditures and Unrestricted revenues. This year the State One-Time Mandated cost reimbursement was reduced from \$601/per student to \$529/per student. The reduction resulted in a revenue difference of <\$453,608>. Salary adjustments are made when we add new staff. Benefits savings resulted in a salary exchange. Mr. Monreal noted that conservative estimates are used as final revenue figures are not received until after the fiscal year has ended, in late August or early September. Mr. Monreal explained the multi-year projections and the factors that will affect it, including an anticipated shift in responsibility for STRS to the employer. Health and welfare costs are expected to increase by 8% for certificated staff. The MYP will

change in January, when more information is known. Mr. Monreal said that on the horizon, growth is exceeding projections, and expects that the Governor will distribute the difference to schools as a one-time allocation.

Discussion followed.

- Members questioned why there is a disparity between what is received in restricted funding and what is spent. Mr. Monreal responded that contributions are made to Food Services and to Special Education, which are under-funded. It is difficult to project Special Ed expenses and the costs can be high. A member noted that Special Ed supply budgets were cut this year because Special Ed expenses were so high.
- He was asked what the target is for the % unrestricted reserve, and replied that the minimum is 3%, but that the State recommends a reserve of 17% to maintain programs and operations in the face of a downturn in the economy.
- Members discussed the potential effects of revenue from Measure O. The District will take on the Career and Technical Education (CTE) expenses from the COE (\$1.4 million in 2 years) if the current programs are continued. The State is no longer funding these programs through the COE. Members discussed promises made to voters regarding programs to be supported. Athletics funding from Measure O was to replace parent fund-raising. Mr. Monreal said that the District will need to determine what can be funded long-term.
- Mr. Monreal was asked why there is nothing budgeted for increases in Federal funding and responded that Federal grants are currently being rewritten and legislated. Federal revenue is tied to our % of Free and Reduced unduplicated lunch counts. Federal revenues are now shown as flat, but will be updated as more information is available at 2nd Interim.
- This year, new revenue contributed to common core materials, funding for technology, and increased bandwidth to use equipment. Equipment should be replaced every three years. Supply allocations to sites were increased by \$15/\$20/\$35 (elementary/middle/high) per pupil. This resulted in a total increase to \$300,000 from \$180,000 for supplies.
- Salaries account for 85% of the District's budget when restricted and unrestricted expenses are combined.
- It was suggested that the undesignated reserve of .48% (projected for 2017-18) be spent as needed.
- A member of the public asked if Natural Bridges might be re-opened. Mr. Monreal replied that this is a Board decision. There was no money set aside for Natural Bridges. Funds for facility needs at all sites is budgeted in the Building Fund # 21 - \$1.7 million for elementary and \$1.2 million for secondary.

III. LCAP Budget Survey

The Budget Survey distributed to parents and staff was included in the BAC agenda packet. Mr. Monreal thanked the District IT department for sending it out. It is hoped that this year's survey results will be easier to analyze. Asst. Superintendent Angela Meeker said she will share the disaggregated data at the January BAC meeting.

IV. Adjournment

Mr. Monreal noted that a Long Range Facilities Master Plan is currently being generated to document facilities priorities. This Plan will evolve and change over time. He invited members to contact him with any questions. The meeting was adjourned at 7:30 pm.

Respectfully submitted,

Jim Monreal

Asst. Supt., Business Services