

Superintendent's Budget Advisory Committee

Minutes

Inaugural Meeting

October 25, 2018

District Office Board Room

1. Introductions

Superintendent Harmeier gave an overview of the purpose of the committee. There were introductions of attendees which included parents, teachers, certificated staff, classified staff, administrators, board members, SCEF and City of San Carlos. Each person shared what organization they represented and why they choose to be on the committee.

Committee members present included: Michelle Harmerier, Hazel Stabinsky, Jonathan Ochoa, Hans Barber, Ray Turner, Jamie Baxter, Mila Milligan, Jennifer Smith, Marianne Jett, Sarah Orton, Mindy Hill, Neil Layton, Kristen Ugrin, Jennifer Gaboury, Susan Raymond, Alana Corso, Scott Cleveland, Kathy Parmer-Lohan, Nancy Silver, Tricia Hojo, Rebecca Mendenhall, Angela Naughton, Amy Newby, Cori Carpenter, Jeannine Olivares, Cathy Eitel and Christina Carrier.

2. Goals and Purpose of Superintendent's Budget Advisory Committee (BAC)

Superintendent Harmeier presented a brief description of the goals and purpose of the committee. She emphasized the need of this committee to be in an advisory role to staff and the Board. She requested the group to come up with creative solutions in a collaborative way. She shared that this committee will not be discussing the Bond or the one-time facilities use funds. The committee is focused on the annual operating District budget. She shared that her hope for an outcome of the committee and community to better understand school finance, the SCSD budget and gain trust and support in the community through this process and the budget decisions.

3. Review Draft Meeting Guidelines

Superintendent Harmeier presented the meeting norms to the committee. There were no requests to change the meeting norms presented.

4. Role of State, County Office, and District

Superintendent Harmeier presented the District current financial conditions. The same information was discussed at the Board's Budget Study Session September 25, 2018. This included an update on the 2017-2018 unaudited actuals and the unexpected enrollment



decline of 100 students this year.

Superintendent Harmeier stated that District staff is working with the San Mateo County Office of Education (SMCOE) and School Services of California (SSC) to help with projections and budgeting. Superintendent Harmeier also shared that the District was currently negotiating salary/benefit increases for all employee groups including SCTA, administrators, and CSEA. Superintendent Harmeier and Ms. Milligan will be attending School Services of California budget workshops throughout the year to hear the most current information and analysis of the State budget.

5. SCSD Current Conditions

Mila Milligan, Interim Chief Business Official (CBO), presented an explanation of public finance and school budgets. She shared that the budget is not static and that there are changes in revenue and expenditures which could include changes in staffing needs, enrollment changes, program changes, and unforeseen circumstances. The budget process starts with the adopted budget in June, 1st interim report in December, 2nd interim report in March and then actuals in September.

Ms. Milligan explained that Local Control Funding Formula (LCFF) is how the State calculates District revenue based on actual average daily attendance (ADA). In addition to the base amount, there are additional supplemental and concentration grants for Districts with higher percentages of identified students; those learning English (EL), those living in poverty (Free/reduced lunch program), and those in the foster youth system. Our District receives a very small amount of supplemental funds because we do not have large percentages of the identified students needing extra support. Ms. Milligan shared that Districts like ours receive funds from three main areas: 1) property taxes, 2) temporary taxes, and 3) State aid. Districts also receive some Federal funds and our District receives revenue from SCEF and the Enterprise fund, SMART-E preschool, extended day program and enrichment programs. Ms. Milligan provided an explanation of how LCFF is calculated.

Superintendent Harmeier shared some background about the shift in the new school funding allocation model. After the 2007-2012 recession, the State changed how they were going to allocate funds to schools as the economy recovered. The difference was schools with students with higher needs receive more grant funds to provide supports for those students. As funds became available, the State provided more money to all districts to bring them back to the pre-recession funding levels of 2007. Until this year, Districts received “gap funding” to catch up to that 2007 levels. Last year was the last year and we are now considered “fully funded” and will not receive any additional gap funding. However, our expenses continue to increase significantly but our funding levels will remain the same. The costs of pensions and health care are increasing significantly for Districts but we will not receive additional funding from the State, with the exception of the possible Cost of Living Adjustment (COLA) each year.

There was discussion from the committee regarding the LCFF funding calculations and the how our community compares to other nearby school districts. Other districts near us are “community funded” which means they may be getting more funding per student because their property taxes exceed the revenue limit and they are able to keep the amounts over the limit. Other districts have high “unduplicated counts” of students and receive additional funding.

Ms. Milligan presented the major assumptions for 2018 through 2021. This included the last LCFF gap funding, one time funding per ADA, salary increases, benefit cap increase, COLA, increase in PERS and STRS rate. The one-time funding per ADA will stop for 2019-2020 school year. She shared that we do not know what the State will be paying next year. She stated that STRS and PERS retirement contribution has gone up significantly every year and will continue to increase for the next few years.

Ms. Milligan shared that District expenses are based on actual enrollment, but LCFF funding comes from ADA. Ms. Milligan stated that as of today, our enrollment is 3056 students instead of what was budgeted, 3165 students. Superintendent Harmeier stated that over the last few year's, Dr. Baker and Decision Insight made accurate projections of the anticipated growth and it is important to note that the 4-5 schools were created to manage the growth and improve programs at the same time. Even with this slight decline this year, the need for the 4-5 schools remains critical for our facilities master plan so we can manage the growth on our elementary campuses.

Committee members discussed how we can keep District students.

Superintendent Harmeier shared that California is a high tax state however funds are not being increased for education. She stated that our budget is very volatile and that we do not know what to predict with the new Governor taking office. We will receive a 2019-2020 Governor's Budget in January, but we will not have a solid idea of the budget until the new Governor's May Revision of the Budget.

6. Review of Budgeting Process and Calendar

Superintendent Harmeier provided an overview of the budget timeline. She asked principals to hold off on any expenses that are not absolutely necessary. She stated that Cabinet staff will bring a draft budget to the board in February in order to issue preliminary notices to staff if needed. Superintendent Harmeier stated that once the Governor releases the May Revise, staff will revise the budget for presentation to the Board in early June.

7. Communications

The committee did not discuss the communication plan to the broader community at this time.

8. Round Table

The committee broke into small groups to discuss issues that they feel are important. The committee shared questions and areas that needed to be covered at the next meeting. Committee members shared their feelings about the information received today. Some of those feelings included motivation, frustrations by the State's involvement, curious, hopeful, appreciative, grateful, information is not surprising, looking forward to next steps, great foundation of information, excited and cautiously optimistic.

Superintendent Harmeier does not want the political messages to tear the District apart. She wants to make sure the voices of the employees are heard and we all work collaboratively to create a balanced budget for the next three years.

9. Post it Activity

Committee members were asked to write questions or requests for information on Post-its so the Cabinet could address them at future committee meetings:

- Did we over hire since there were 100 kids short?
- How are jobs prioritized? Strategic Plan focuses on 21st Century skills, but curriculum director prioritized over Tech Tosas.
- Salary and benefits – Why, in district of this size, and declining enrollment, is there a need for a Curriculum Coordinator and an Assistant Superintendent and Student Services and Chief Business Official and Analyst?
- Ratio of administration/student – How does it compare with other districts?
- We should inform the community about the \$45/day. Some districts encourage parents to make a donation of \$45 for days missed for vacations.
- How is enrollment projected? What was the process in the past and will it be the same in the future?
- How does our attendance compare to neighboring districts?
- Does independent study generate revenue and if yes, is it same as ADA?
- Absenteeism – How much money is generated ADA by a percent increase is 96% - 97%? This is an area for communicating with parents.
- Will the message go out to parents to not take trips during school session? Long weekends for sports and vacations? No donations coming in to SCEF as in past.
- Can we fold in the San Carlos students that are zoned for Clifford if RCSD is considering closing Clifford?
- What are ADA percentages for our surrounding cities?
- How is COLA calculated? Who funds COLA?
- What is the total revenue?
- What is “MBG” on revenue?
- Is the revenue shown for SMART-E and other programs net of expenses and fully burdened?
- Developer fees? Site rental fees in “Transfer In” data?
- LCFF Supplemental grant. Regarding the grant for free and reduced meals, is this self reported or data from federal? Outreach to parents.
- Books and supplies – curriculum adoption keep getting pushed to another year, so what is the money being spent on?
- For 2018-2019 overspending, what was money spent on? One time or ongoing expenses?
- How are construction costs paid? Since it's from a separate “bucket”, how does the district receive money from the bond?
- Strategic Plan is heavily communicated and quoted but items listed in it are not being practiced (1:1 devices, tech skills, personal learning).
- Plan for allowing for a break when sensitive topics cause some difficulty to give people a chance to take some deep breathes.

10. Future Agenda Items

At the next meeting on November 15, 2018, the committee will be studying our revenue sources including parcel tax, SCEF, enrollment vs. ADA. Superintendent Harmeier also asked for additional input from everyone. She stated that there is no meeting in

December but requests committee members to attend the December 6th board meeting or watch the video for a snap shot of where we are after First Interim. Superintendent Harmeier shared that there are a lot of organizations that are pushing to increase funding. This is a national issue and we need to be aware. Communication will be discussed at the next meeting to discuss ways in which the committee will communicate with the larger community.

Meeting adjourned 5:05 PM.