

BUDGET ADVISORY COMMITTEE MEETING

Tuesday, October 17, 2017

Minutes

Attendance at Meeting

BAC Members:

Casey Carlson, GSCFT
Deedee Perez-Granados, Board Trustee
Greg Torr, Finance
Jean Gardner, Santa Cruz Co. Office of Education
Kat McElwee, Middle Schools
Michelle Poirier, High Schools
Patrick Gaffney, Asst. Supt., Business Services
Robert Chacanaca, SCCCE

Absent:

Desiree Dominguez, AMA
Molly Parks, Human Resources
Rocco Cappalla, Santa Cruz Ed Foundation
Frank Wells, Educational Services
Elementary Schools Representative

Visitors:

Mark McConnell, GSCFT
Kris Munro, Superintendent
Sarah Rominger, GSCFT

I. Agenda

Asst. Supt. Pat Gaffney called the meeting to order in Room 312 at the District office at 6:08 pm. He previewed the agenda, including presentations on the 2016-17 Unaudited Actuals and on the 2017 CBEDS Enrollment.

II. 2016-17 Unaudited Actuals and Multi-Year Projections

Pat said that Finance is now working on adjustments for First Interim, in the areas of Workers Comp, Utilities and benefits. When the 2016-17 books were closed, the estimated ending balance was \$600k less than the actual ending balance. Some of this can be traced to Maintenance and Operations expenses, as well as Special Ed expenses. Were these savings one-time or recurring and customary? If they are customary, the savings should be put to use. We hope to change the process to identify differences from budget earlier in the year. M&O purchase orders set aside funds for different services, in anticipation that they may be needed. State modernization matching funds, deferred maintenance and routine restricted maintenance must be set aside as well. Pat noted that the Restricted ending balance also showed a variance of \$355k, but these funds must be used in defined ways. Pat is meeting with each principal to look at the site budgets, and encouraging leadership to either spend the money on current students or have a plan on how the money will be spent in coming years.

III. Multi-Year Projection

Pat discussed the Revenue Assumptions, Expenditure Assumptions and the % Unrestricted Reserve for the next three years.

Revenues

The Fair Share Reduction takes funds from basic aid districts and contributes funds to non-basic aid districts. This applies to the SCCS Elementary District. The Education Protection Act provides \$200 per ADA to the Elementary District. This pays for reduced class sizes. A 2% property tax increase is forecast for the next three years for the Elementary District. Prop 13 makes property values increase annually by 2% of the CPI. As RDA debt is reduced, the tax base goes up.

Expenditures

Staff are assessing the costs for classified health and welfare benefits, but it is estimated to be about a 5% increase. Workers Comp rates are not projected to increase significantly. The District expects to book a proportional share of projected STRS liability (GASB 68) by First Interim. It is just a journal entry, to show the portion that the State gives us for STRS.

Discussion followed. It was suggested that even though the District talks about deficit spending, that rarely turns out to be the case. Another comment questioned what revenue could be expected from taxes on legal marijuana. Pat stated that in negotiations, the remaining reserve would be discussed. Jean Gardner of the COE commented that the percentages of unrestricted reserve bar chart showed much lower numbers than those of other districts in the state. November is a cash poor month for basic aid districts, who receive funding twice per year. Districts are required to have cash to pay employees. To avoid State take-over, the District borrows from the County.

IV. CBEDS Enrollment

According to a 10-year demographic study, SCCS will lose 950 students during the next nine years. District staff use both conservative and moderate projections. If the actual ADA is less than 95% of projections, this will need to be adjusted at First Interim.

It is important to understand why we lose students and where they went. Illuminate will help track students, as it used by other local school districts. It was commented that Harbor High seems to be losing students compared to Santa Cruz High and Soquel High. Superintendent Kris Munro commented that the majority of losses could be linked to families moving out of the area. This also reduces the LCFF percentages.

V. Adjournment

The meeting was adjourned at 7:15 pm.

Respectfully Submitted,

Catherine Meyer-Johnson
Administrative Assistant
Business Services

Patrick K. Gaffney
Asst. Superintendent
Business Services