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MEASURE E OVERSIGHT COMMITTEE

March 14, 2016

MINUTES

Committee Members Present:	Debra Cohen (arrived 5:55pm) John Elginer Lesli Kraut Hannah Turner Kukurudz Jay Lieberman Ted Paul
Committee Members Absent:	Jack Colman Ned Davis
Also Present:	Karen Kimmel, Assistant Superintendent-Business Kristine Torres, Director of Accounting

Committee Chair Member Lesli Kraut called the meeting to order at 5:47pm.

State / District Budget

Ms. Kimmel provided an overview to the committee regarding the annual Local Control and Accountability Plan (LCAP) process that school districts are required to adhere to as part of the state funding. The District actively seeks community input from all stakeholders regarding LCAP goals prior to adoption of the LCAP plan and the annual budget. Ms. Kimmel further explained that the LCAP includes the state's eight priority areas along with the District's seven goals, for which there are strategies for each goal for a period of three years going forward. The District annually reviews the achievement of each goal and makes adjustments as needed for future years.

Ms. Kimmel reviewed the Second Interim Budget with the committee as well, which includes multi-year projections. She commented that there is additional funding planned

for supplemental services that have been earmarked for low-income and English Language Learners. Ms. Kraut inquired about the supplemental increases. Ms. Kimmel replied that the supplemental increases are based on a percentage of the total District budget and that if additional state dollars are provided there is a corresponding increase in the supplemental budget. Mr. Elginer asked if the supplemental budget is increasing at the same rate as the overall budget. Ms. Kimmel answered that the supplemental budget is the largest portion of the increased dollars.

Ms. Kimmel commented that the District is very pleased to know the District can rely of funding through Measure E for the next 12 years. In regards to the District budget, she explained to the committee how the CalSTRS and CalPERS costs to the District would increase over the next several years and that the percentage increase is dictated by the State. She further stated that employees, the District and the state all contribute to the pension funds. Ms. Kimmel explained that based on actuarial studies, these two pension funds are underfunded, which is why the state is mandating increased contributions from districts. She indicated that the District currently contributes approximately 8.5% based on employee salaries. The amount the District would be expected to contribute will rise until it reaches 19.5% based on employee salaries. The amount paid to the pension funds by the District is over and above the employee salaries and benefits. Mr. Elginer questioned if the District can prefund dollars to fund the pension portion of the budget. Ms. Kimmel responded that the District could set aside dollars in reserves and earmark those dollars. She mentioned that there are restrictions to how much can be set aside in reserves, and Ms. Kimmel stated that the 6% maximum cap on reserves will not go into effect until the state has paid all unfunded obligations.

Ms. Kimmel explained to the committee that there are a couple of funding issues from the state level that would effect the District financially include that Proposition 30 is set to expire and the loss of those dollars would impact the District. Based on the Governor's Budget for 2016-2017 there may be one-time funds provided to school districts and Ms. Kimmel would obtain more information based on the Governor's May Revise Budget.

Ms. Cohen asked if there is the option for the District to consider a capital infusion through a bond fund. Ms. Kimmel explained that the District has a bond fund and that the District is reviewing the remaining projects for the bond. The District is preparing an RFP for architectural services in regards to the Lupin Hill Elementary School MRP.

Mr. Elginer asked if the unions negotiate their contract annually. Ms. Kimmel explained that there are automatic step and column increases annually and that the union contract is renegotiated annually.

Parcel Tax Budget

Ms. Torres presented the Measure E Parcel Tax information as of February 29, 2016. She commented that the District is in year 12 of the Parcel Tax. The District expects total revenues of $2.337M this school year and would spend $2.347M including approximately $10,000 of reserves. The ending balance for reserves is expected to be

$125,574. Based on retaining 3% of the total budget for reserves, there is approximately $55,000 available. Ms. Torres reviewed the details for the revenues and expenses.

Measure E Budget Allocations

The committee discussed the options available in terms of allocation of Measure E funds. Ms. Kimmel explained that as long as allocations are consistent with the ballot text the committee could provide feedback on the level of funding for each target area of Measure E funds. Ms. Kraut questioned if the District should continue to spend down to the 3% reserves level each year or if the committee should recommend an increase for the amount of reserves that could be used in future years. Mr. Lieberman commented that the he thought the purpose of Measure E is to spend the money on the needs of the District as detailed in the ballot text rather than to save the funds for future use. The committee voted and unanimously voted to continue spending down to the 3% reserves level. Ms. Lieberman asked if the 4/5 science budget is used to pay salaries or for materials. Ms. Kimmel responded that the budget pays for salaries. Mr. Elginer asked about the music/drama and extra curricular stipends spending at the middle school level. Ms. Kimmel replied that the majority of the funding is devoted to elementary schools in order to lower class sizes and to the high schools in order to fund the additional counselors, registrars, assistant principals and other personnel that are needed at that level. Ms. Cohen asked about why media specialists are listed as a district-wide expense. Ms. Kimmel responded that the media specialists serve multiple grade levels and that is why that expenditure is listed as a district-wide expense.

Next Meeting:

Ms. Kimmel reminded the committee that there are several committee members whose term will expire before the next meeting and that the District would seat committee members for open seats prior to the next meeting.

The committee approved the following meeting dates for the 2016-2017 school year:

- September 12, 2016 at 5:45pm
- January 9, 2017 at 5:45pm
- April 3, 2017 at 5:45pm

The meeting adjourned at 7:09pm