Budget Advisory Committee Regular Meeting (Wednesday, September 18, 2024)
Generated by Kavitha Lakshmanan on Wednesday, September 18, 2024

Members present
Jerry Liu, Michelle Herriage, Mary Alarid-Enright, Omar Batres, Maria Fernandez, Marc Kulla, Shompa Bhattacharya, Kimya Sharifi, Dan Halabe

Non Members Present
Phyllis Vogel

Meeting called to order at 9:33 PM
1. CALL TO ORDER
1.1 Roll Call

1.2 Approval of Committee Meeting Agenda
Approve the September 18, 2024 Committee Meeting Agenda

Motion by Mary Alarid-Enright, second by Marc Kulla.
Final Resolution: Motion Carries
Yes: Jerry Liu, Michelle Herriage, Mary Alarid-Enright, Omar Batres, Maria Fernandez, Marc Kulla, Shompa Bhattacharya, Kimya Sharifi, Dan Halabe

2. MINUTES APPROVAL (Allocated Time - 15 Minutes)

2.1 Approval of the February 28, 2024 Regular Meeting Minutes
Approve the February 28, 2024 Regular Meeting Minutes

Member asked clarifying question
- What is the 6.3million increase from the adopted budget written in Key Budget Changes on pg 1?
  - Those are revenues

Motion by Mary Alarid-Enright, second by Marc Kulla.
Final Resolution: Motion Carries
Yes: Jerry Liu, Michelle Herriage, Mary Alarid-Enright, Omar Batres, Maria Fernandez, Marc Kulla, Shompa Bhattacharya, Kimya Sharifi, Dan Halabe

2.2 Approval of the April 26, 2024 Study Session Minutes
Approve the April 26, 2024 Study Session Meeting Minutes

Motion by Dan Halabe, second by Kimya Sharifi.
Final Resolution: Motion Carries
Yes: Jerry Liu, Michelle Herriage, Mary Alarid-Enright, Omar Batres, Maria Fernandez, Marc Kulla, Shompa Bhattacharya, Kimya Sharifi, Dan Halabe

2.3 Approval of May 22, 2024 Regular Meeting Minutes
Approve the May 22, 2024 Regular Meeting Minutes

Motion by Marc Kulla, second by Michelle Herriage.
Final Resolution: Motion Carries
Yes: Jerry Liu, Michelle Herriage, Mary Alarid-Enright, Omar Batres, Maria Fernandez, Marc Kulla, Shompa Bhattacharya, Kimya Sharifi, Dan Halabe

3. INFORMATION (Allocated Time - 45 Minutes)

3.1 Committee Norms and Role

- Revisit the norms:
  - stay on task, ensure time that we have here is productive, cover all questions and topics you want us to cover.
  - Lot of voices in the room- be respectful, voice your opinion and concern in a respectful manner
  - represent the district in a sense and not advocate for one group or the other
  - maintain confidentiality of discussions
- Role:
  - Advisory role to the Superintendent and the Board
  - Sounding board and we respect your opinion

Member clarifying questions and comments

- What do you mean when you say maintain confidentiality? we take the information back to our members, what is the limitation of what can be shared?
  - Just some simple things like; when you share, please share about the position and not the personnel. Talk about District budget reductions or restrictions, layoffs etc., please do not share information till the Board has approved it. Please do not overstep and convey wrong information to the group. Most of the information shared here is fine to take forward but in particular if the Board needs to make a decision, please hold or we will let you know when it is ok to share.
- With regards to the Advisory role- doesn't the Advisory Committee have a deliverable each year?
  - Chris will talk with Stacy about this. The committee is advisory to the Board and its function is to present to the Board. It is a great idea, we can entertain that as one of our goals, to present an output at the end of the year.

- With regards to input to the Board, when it is presented to the Board, we used to get the Budget Advisory Committee to weigh-in in the past years if they had recommendations.
  - Timing is key. We are not building the budget for next year but we will start in January.

3.2 Unaudited Actuals 2023-2024 Update

- Summary overall of Estimated Actuals
- Looking at revenues- slide 4
  - big change with LCFF revenue- as we are going through the process of property taxes increasing, we received State aid and these two make out LCFF apportionments
  - ERAF- had not taken place- $23 million
  - And the difference is the $13 million
  - We will be doing a very close analysis at each interim and we are moving into basic aid. Basic from State and property taxes will come in later
  - federal state and local- offsets the increase in the revenue- $8.8 million
  - state lottery- $2.2 million- increase in the state revenue
  - local revenue- interest on our cash did better than expected, little bit of increase there as well

- Looking at expenditures- Slide 5
  - overall- $8.8 million was to employee benefits
  - zero impact overall
  - books and supplies and contracted services- continue to fine tune- off by about a million
  - savings from releasing PO encumbrances. We continue to work with our departments and school sites to release unused encumbrances and and we work together to hone in while we work with all to keep PO as accurate as possible.
  - overall expenditures $8 million

- Fund balances- slide 6

- ending balance under the $62 million projected, ended up at $59 million
- expenditure adjustments revenue - changed the picture by $2.7 million

- Components of Ending fund balance- Slide 7
  - what's in the $59 million
  - non special education expenses
  - legally restricted balance- restricted for specific purposes. Balance is a little bit less as we spend down one time resources

- Assigned reserve- what is it?- slide 8
  - $1.2 million in instructional materials
  - $5.3 million in mandated block grant
  - we were able to make an adjustment on the Board reserve from 4.08% to 6.85%

- MYP- Slide 9
  - 5 year look in terms of what the budget looks like
  - updates in 1st and 2nd interim and when we do budget in the beginning of the year
  - since we are in the interim we cannot show the 2024-25 budget changes and numbers
  - we had projected a balance of $62 million and now it is $59 million. That is the only change
  - Change to restricted categorical balances- spending more down we adjusted down from what was projected
  - with all of that we are projecting to end the year with $31,124,180 million
  - we update the beginning numbers of the MYP based on these numbers
  - we are able to maintain a reserve and the Board reserve
  - at first interim we will update all current year revenues and expenditures
  - these numbers will ebb and flow

- details in next few slides- Slide 10
  - try to equate how we are accountable to report these numbers to the State. This is the map how we have to report to the State and how we are tracking this at the district with our 4 district priorities
  - Instructional related, pupil related, we operate and spend resources for these key areas and translate back to our 4 district priorities

Member asked a clarifying question

- what is SACS?
  - State Accounting Code Structure

- Graphical representation- Slide 11
  - various SACS codes, how we spend our money-biggest is instruction: instruction and special education
  - Next is the support structures- functions that support instruction- 13% of budget
  - pupil services- psychologists, social workers, health clerks- 7%
  - district admin-6%
  - IT- 6%
  - maintenance/operations- utilities, custodial- 9%

- How we prioritize and spend our money- Slide 12
  - tying it back to the 4 district goals
  - 84% towards academic excellence our #1 district priority

- Historical Trend- Slide 13
  - what the Last several years looks like, how we spend 200+ million budget over these 10 categories

- Dive a little deeper
    - slide 14 instruction- largest area- largest proportion of our budget. Over time we spend more year over year except the last couple of years - dropped because of?- Chris will check. When we give raises- these costs have been going up. 89% of this function are people costs- certified and classified plus other salaries tied up
    - Board had asked for a breakdown of management and non- management salaries, the work is in progress to bring this info to Board
    - slide 15 Special education- standards we keep track of like special day class. Most of it is personnel cost. It is difficult to hire employees for these positions. These are services we have to provide so we are seeing more of our budget spending towards hiring as we are not able to provide and we contract. we also have the non public school placement of students requirement that we have to fulfill.
    - Slide 16 Instructional related services- direct support services- principal, office staff, class room IA- non special education IA, coaches
    - slide 17 pupil services- nurses, social workers, psychologists
    - Slide 18 ancillary services- after school sports
    - Slide 19 community services- facility use
    - Slide 20 General administration- all those departments from Superintendent's office, Board, fiscal, purchasing, largest priority is IT. A lot of it is personnel. Services and materials-these are the things that it takes to t operate, 66% of total budget.
    - Slide 21 Plant services- grounds, operation, maintenance. Here the largest part is utilities- about $5 million of that $6.5 million is electricity, garbage, water, gas.
    - Slide 22- Debt Services and transfers- leases- trucks, copiers

Members asked clarifying questions

- Employee benefits- $9 million over, why?
    - STERS-on-behalf is an accounting requirement that we are have to reflect the STERS cost on our books. STERS is a contribution we have to pay. We are also required to put on our books the State costs. It is called Phantom Accounting- so that it does not have have a negative effect. We show it as a negative revenue coming in from State to show the expenditure on our books. State allows us to show it as revenue
- It does not come up in interims. why?
    - it showed up at the unaudited. when we see the estimated actuals- we did record it till we closed. It is always there in unaudited actuals but when we present the estimated actuals, since the transaction had not happened it was not in the estimate.
- So it is not $9 million over?
    - when we estimated we were $9 million less but in unaudited actuals yes we were $9 million over. Difference between estimated and unaudited is $9 million because we did not acknowledge it in estimated but when we closed the books we had acknowledged it. It should have been acknowledged. In 24-25 it will be in the books
- What is the * in the MYP?
    - when we brought this back in June we shared with the Board- it is the salary adjustment for 24-25. 3% that was effective Jul 1st was included in expenditures. The additional 2% that will be effective in Jan is reflected in the **.
- Can we see salaries for classifieds separated by SEIU and CSEA? What salaries look like for each of the group? Provide a better pic of each group?
    - we cannot in this format but within the State reporting we can break it down. All CSEA positions are going to be technical and clerical. We can but the technical positions coding may be difficult to break down but we will bring back something.
- What is the cost of contracted out positions-IAs in the classroom? What beyond staffing is being contracted out?
    - we will bring back
- What is effect of the Solar project on utilities?
    - we have projections of cost avoidance based on consumption needs. ENGIE did a proforma. Lease will have to paid off and after those payments we will see beneifts and

savings. Not having to buy as much energy, we will be buying some electricity. The system is designed to support 85% of district needs. It will take about 20 years to pay off loan. We will bring back some information on this.

3.3 Adopted 2024-25 District Budget

- We meet with you before we bring to the Board this adopted budget
- reference point - go back and see what has changed since the adopted budget
- only one thing has changed- how we actually ended 23-24. Everything else here is an assumption and these will be updated and changed as of first interim
- property tax- we are getting updated into every two months from the County tax office. Our property tax may not be coming in as high as we had anticipated. We estimated 6% and it is not as high as that. We will be monitoring that and we will be reevaluating this as we go along. This emphasizes the need to have the Board reserve as high as 10%, it is this kind of volatility.

Members asked question and comment

- Are we still projecting higher than the LCFF?
  - we think it will be about $2 million less, we don't think the less property tax will knock us out. Yes, we are
- In lieu of the numbers going down I hope we are going to budget conservatively
  - this is all our home values. As you can see the assessed value is increasing pretty decently. Up until this last year, we thought we would be following this trend and that's what we assumed to build our projections at 6%. We are going to readjust down to conservative numbers for first interim. The assessed value is still growing but it might be a difference of $1-2 mill in revenue looking at assessed value. We are getting periodic updated information. Real numbers we wont know till end of fiscal year. We are having to plan and budget with an unknown variable
- Has never been lower that 4% in history?
  - no. It is a pretty consistent unknown, within the 1-2 variable. instead of 6% it may be 4%. Advocating that we need a Board reserve

4. DISCUSSION (Allocated Time - 30 Minutes)

4.1 Property Taxes

- We talked about this just now. To add there is copy of the update in your meeting packet. Specifically CUSD- what occurred in 23-24 and what they are projecting in 24-25

Staff added

- Please note there is one other thing you might enquire about- you can appeal the assessed property value. This appeal delays the assessment. There's a $billion in assessed value delays. It is fascinating where the system can be manipulated.

5. FOLLOW UP (Allocated Time - 10 Minutes)

5.1 Restricted Funds

- Committee had a question about budgeted dollars of restricted funds-it comes down to source
- most of them fall under restricted reserve
- The handout in the meeting packet has this information, it is a cheat sheet provided that breaks down the State and Federal categorical programs
- talks about how we can spend the monies
- Even though we are budgeting in one category, when you look at title I- IV resource groups, you can see we can only spend this money
- strings attached on how to spend this money. We have a large chunk of our resources in all these categories.

- a lot of these are not ongoing- some of these are one time money
- restricted accounts is our obligation to set aside our money for maintenance.
- Local restricted-parent donations, CEEF, local resources that schools get etc. - we account for it
- end of the year restricted money is reflective of the balances in all of these pots.

Members ask clarifying questions

- Can we see how much is available in each of these?
    - we can make available monthly printouts.

5.2 Warehouse Inventory

- Information in meeting packet
- End of the report- $83000 value at June 30th, 2024

Members ask clarifying questions

- what do you do with items that we don't use anymore?
    - we may have items that don't have value, we may have received for free. Donated items have no value.
- Are they able to look back to see what was used, what do we not need?
    - I would like to see as well. A historical pattern and I don't think we are ready yet. Staff is still learning. Definitely obsolete things we don't need, warehouse space is precious. All the direct shipment from office depot goes directly to school sites. It has eliminated the need to store stuff unless we are buying in bulk. Paper products like towels, toilet paper mostly what we are storing. Yes they have reduced tremendously but we need to make sure we are not spending. Another inventory to be conducted- a comprehensive inventory has been contracted out to happen in March.
- Why cannot it be done within?
    - staff does not have the capacity to do inventory at each site. vendor will come to do it, too much staff wear and tear.

- Are we able to go for workshops for budget?
    - yes, when they come out we will share that information- the School Services workshop is in Sacramento. But there is one at the County Office of Education

- With regards to the purpose of this committee- During negotiations 99% of discussions are not salary related. In April and May the District came to us and said there was an $8 million change in the projected costs. This seriously impacted 7 months of discussions that we were in to better the education of students. If sign-ups happened earlier and open enrollment was in November/December was this commitment of coverage not discussed and a discussion on how to cover them not addressed? why did it not come up in the BAC, this health premiums increase.
    - open enrollment happens in Nov-Dec. All that information is not put into payroll till end of Jan. The numbers are not there for us to update our records. It was shared in the April study session

- Does this committee act in a role where this BAC would weigh in on those decisions involving benefits. costs of benefits
    - discussion is happening in the benefits committee and does not equate to this group until it was in the budget. $8 million change in t he budget-we did not know till 2nd interim once everything is in.

- Would they be able to tell you this is the amount and we sit down in this committee and decide how it is allocated? how to fund it? Not to hurt our members this was a positive move and we are appreciative of it. The increments that go up because of this we would like to know.
    - we changed the % of staff that would be coming off waivers, new sign ups, adding family members. If it was straight up increase then we could have projected better. Some questions are how can we fund it so it does not impact them? Will the increases down the

line affect the additional employees signed up? Annual premium increase paid by the function of this group- discussion of a huge increase with premiums, 2-3 options, employee bears all of it or some of it or CUSD bears all of it some of it.

- We will bring this up in the health and benefits committee.
  - reductions to departments sites etc., effects of things like that, changes impact everyone. It means less money to pay for other things, indirect and unexpected consequence of that change. Although we met with every department for budget meetings we did not have exact numbers. Numbers changed, no % age given as we did not have those numbers. We have the Board reserve to maintain. Staffing- a lot of our budget is built upon staffing and we are not adjusting staffing due to declining enrollment we are carrying that and that's a choice in other areas. We had to put those reductions in place and that's why we had position freeze to provide for the raises we gave.

- Staffing- do we ever have a committee to look at the overtime that is being consumed rather that hiring somebody. Time and half to pay for someone rather than hiring someone.
  - we thought about it. Obviously if we had enough people we would not necessitate overtime. assuming it follows all the same trade...like plumbers and electrical- it wont mix

- For example- electricians - 3 electricians- 100 hours overtime. Why not just hire another electrician?
  - we can look at it. HR is looking at a study ongoing to look at it, look at the needs and the job descriptions as well. For any work that is being performed on an overtime basis and there is enough of it on a consistent basis we should just hire another person.

- We don't need another driver, why was a new driver hired?
  - HR decision
- Is it cheaper to contract out?
  - no
- IAs should be offered a little more in that case.
  - we have a lot of folks gone to retiree ranks, they are able to secure these jobs and ask whatever they want.
- Increase pay because of more work or many don't like the job. Paying more than the contractors, no consistency, new person every time. They are a huge part of the classroom

6. FUTURE AGENDA

6.1 2024-2025 Scope of Work and Upcoming Committee Meeting Calendar
- Staff asked if there are any other topics that the committee would like to see information on
  - No requests
- Staff asked if this format of presentation where we bring back as information any follow-up items requested works for the committee. This allows for more time to be spent on discussion items. If there is information that we can get to you ahead of time, we will. Staff also asked if the minutes we presented for approval that were written in a manner requested by the committee were okay. It is pretty exhaustive and written as per committee request.
  - Members responded that this works and today's meeting was very informative.
- Members requested that all supporting documents be sent out ahead of time when the agenda is sent out
  - Staff agreed to do their best to get ready the documents ahead of time.

Members had some clarifying questions on other topics
- What percentage of our revenue is affected by the Governor's decision?
  - It affects the State restricted programs, less than 5%. The COLA does affect Special Education but it is a small portion of our budget.
- As a representative of the Union, what should I look for in the charts
  - If I were to wear my Union hat, I would look at- how are we prioritizing our dollars in non-personnel items. Also look at how efficiently are we using resources in those areas.

Look at Maintenance- District used to operate within the 3%. Now Routine Maintenance is over 3% and it requires further contribution from our District to maintain the facilities. How do we get back to the 3% margin, how do we be more efficient within the resources.

Agenda or Follow up Items:

- CSEA and SEIU salary breakdown within the classifieds
- Cost of Contracted Services that are used to replace staffing shortages. List of other items beyond staffing being contracted out
- Look at the cost of overtime hours vs hiring new staff in the maintenance department
- Monthly printouts of balances in Restricted resources
- Solar Project Proforma- visible saving timeline
- List of Budget workshops to attend
- Budget Advisory Committee deliverable at the end of the year- Chris will talk w/Stacy

7. ADJOURNMENT

- Meeting adjourned at 11.19 AM