



MEETING MINUTES

A. CALL TO ORDER

1. Roll Call

Staff conducted Roll Call to establish Quorum:

Committee Members

- Satheesh Madhathil - present
- Ava Chiao - present
- Kate Lee - present
- Marc Kulla - present
- Mary Alarid-Enright - present
- Michelle Herriage - present; arrived at 9.37 am
- Nick Prychodko - present; arrived at 9.35 am
- Dan Halabe - present
- Stuart Rosenberg - present
- Phyllis Vogel - absent
- Kimya Shariffi - present
- Shompa Bhattacharya - present
- Omar Batres - present
- Maria Fernandez- present

Staff

- Stacy Yao - present
- Chris Jew- absent
- Tina Bernal - present
- Kavitha Lakshmanan - present

2. Approval of the September 3, 2025 Meeting Agenda (5 min)

Motion: Approve the September 3, 2025 regular budget advisory committee meeting agenda.

Motion made by: Stuart Rosenberg

Motion seconded by: Mary Alarid-Enright

Voting:

- Satheesh Madhathil - yes
- Ava Chiao - yes
- Kate Lee - yes



- Marc Kulla - yes
- Mary Alarid-Enright - yes
- Michelle Herriage - NA
- Nick Prychodko - NA
- Dan Halabe - yes
- Stuart Rosenberg - yes
- Kimya Shariffi -yes
- Shompa Bhattacharya - yes
- Omar Batres - yes
- Maria Fernandez- yes

B. MINUTES APPROVAL

1. Approval of the April 9, 2025 Meeting Minutes (5 min)

Motion: Approve the September 3, 2025 regular budget advisory committee meeting agenda.

Motion made by: Marc Kulla

Motion seconded by: Kimya Shariffi

Voting:

- Satheesh Madhathil - yes
- Ava Chiao - yes
- Kate Lee - yes
- Marc Kulla - yes
- Mary Alarid-Enright - yes
- Michelle Herriage - NA
- Nick Prychodko - NA
- Dan Halabe - yes
- Stuart Rosenberg - yes
- Kimya Shariffi -yes
- Shompa Bhattacharya - yes
- Omar Batres - yes
- Maria Fernandez- yes

C. INFORMATION (90 mins)

1. May 28, 2025 Meeting Notes

Meeting notes from 05.28.2025 was shared.

2. Committee Norms and Role



Staff went over the role and norms of the committee and the Board policy pertaining to this committee.

- The Budget Advisory Committee is a standing committee representing various district stakeholders, including parents, staff, and community members. Its main purpose is to review the district's budget, share information with their respective groups, and provide advisory recommendations to the Superintendent. The committee does not have any decision-making authority.
- Outlined a set of norms to ensure effective meetings, such as starting and ending on time, addressing issues rather than individuals, maintaining confidentiality, staying on topic.
- Representing the needs of the entire district, not just a specific site or program.
- Board representatives to report back to the Board on the committee's activities and recommendations.

3. Unaudited Actuals 2024-2025 Update

2024-25 Revenues combined (slide 4)

- Close to projections, on target
- Timeline of the budget calendar
 - Adopted budget 2025-26 in June 2025
 - 45 day revision brought back in August

Key Revenue Variances

- Supplemental Property Taxes- Received slightly more than projected for a difference of about \$1 million
- Federal Revenue- a reduction of about \$600K- This is not a loss of funds. It represents allocated federal money that was unspent (unearned revenue) in 2024-25 and has been carried over/moved to be counted as revenue in the 2025-26 fiscal year.
- State Funding (ELOP) increase of about \$861,000- Solely due to ELOP (Extended Learning Opportunity Program) funds. This represents unspent ELOP revenue from 2024-25 that has been carried over.
- Local Revenue-down about \$500,000- Primarily due to a negative adjustment from the Medical BOP (Medi-Cal billing) program. A change in billing procedures about five years ago required the District to make the final payment this year to back pay five years of medical billing, creating a negative variance.
- Other Financing- \$7 million-difference of about \$7 million- The largest difference, driven by strategic transfers and internal costs:



- Fund Transfers: Management decision to move Mandate Block Grant money (the majority) and some Instructional Materials Grant money into the General Fund to increase fund reserves. (Note: These are one-time funds.)
- Indirect Costs: Increased revenue generated by charging categorical programs indirect costs to cover district overhead.
- CuperDoodle Program: Generated an additional \$170,000 contribution to the District.
- New Accounting Procedure: Inclusion of long-term instructional technology (IT) contract commitments (a multi-year software liability) as an accounting principle adjustment at year-end.
- The funds moved into the General Fund—specifically the Mandate Block Grant and the Instructional Materials Grant—are one-time resources that have now been utilized. They will not be available in future years to boost the fund balance.

Member Clarifying Questions

- how much of \$7 million of the mandated block grant was moved?
 - 5.6 mil.
- How can you move it to general funds if it's mandated?
 - Despite the name, the mandate block grant is considered unrestricted by the State and can be used for any general district expenditures.
- Federal carryover, other states carryover. One is negative and one is positive. So did we end up with a net positive carryover?
 - Federal revenues are unearned revenues, cannot count the revenue until we use it, we basically had to back that revenue out. So that's why you see your federal revenues as negative. We had to take that revenue out and then move it into 25-26. ELOP on the other hand is what we call a carry balance risk resource which means it's able to carry its balance. So that's why you see that as a positive number because it's able to carry that. So even though we're carrying it over, there are restrictions on the ELOP. We can't take that excess money and spend it under the other areas. It has to be used under ELOP. So we've been trying to be very strategic and charge as much as possible in the ELOP without going over the legal allowable
- Where in the revenue is the Leased Revenue?
 - This revenue (e.g., from property leases) is located in the Building Fund (Fund 21), not the General Fund (Fund 01). It is reflected in the General



Fund as a "transfer in from other funds," specifically the Building Fund contribution (RMA), which totaled \$5,948,000 this year.

- Even though federal funds are received in 24-25 if you're carrying them over you don't count it as revenue in 24-25?
 - that's correct and it's going to be counted as revenue in 25-26.

Estimated Actuals vs. Unaudited Actuals (slide 5)

- Total General Fund expenses came in at \$267.8 million, which was \$1.8 million above the \$266 million projection. However, the majority of the variance is attributed to unspent restricted funds that are now being carried over, rather than increased cash expenditures.

Key Expense Variances (Estimated Actuals vs. Unaudited Actuals)

- Certificated and Classified Salaries- \$674,000 and \$630,000 respectively- Slightly over plan. Considered a very close estimate given the difficulty in predicting year-end time cards and miscellaneous adjustments.
- Employee Benefits- \$25,000 under planned.
- Books and Supplies- significant savings of \$3.5 million
 - Unrestricted Funds: \$500,000 in savings—a significant achievement resulting from closer departmental monitoring and conscious decisions throughout the year to delay or cancel purchases/contracts to curb spending.
 - Restricted Funds: The remaining \$3 million is unspent categorical money that is now carried over to the next year.
- Operations and Contracted Services- \$2.6 million Savings
 - Fund 1: \$250,000 in savings—considered a very accurate estimate.
 - The remaining \$2.3 million is unspent restricted funds that is now carried over.
- Capital Outlay- On target- Variance related to a new accounting requirement to capture the liability for long-term subscription assets (e.g., IT software contracts) at year-end; this is an accounting adjustment, not actual cash expended.
- Other Outgoing- On target- Represents required year-end accounting capture of principal and interest payments on leases (e.g., solar, PG&E, vehicles, Mary lease).
- Direct/Indirect Support- \$10 million difference- A large difference related to the movement of funds (Mandate Block Grant, Instructional Materials). This line item reflects indirect cost credits (negative expense). The transfer required the funds to be shown as both an "out" (debit) and an "in" (credit) in different accounts within



the General Fund, which results in a large fluctuation on this line item but net offsets when total General Fund expenses are calculated.

Member Clarifying Questions

- Direct/Indirect Support, explain more
 - When we operate programs in our categorical funds there is a indirect cost that the District charges categorical programs to cover District overhead. In our Estimated actuals at the end of the year we said all of those little programs that operate the indirect support cost that comes back to support the District on those programs we would get back \$376,000. Since that happened, we made some decisions then for the mandate block grant. Example: the mandate block grant, we had to move it out of that account and then into another account. So, what you're seeing on here is the out and the in. It is represented twice because we have to take it out of one account and we have to put it in on another account. It's just the way school district finance works. You are just moving it. So, you see it representing in the out and then you see it represented in the in.
- We spent the money but it doesn't look like we spent money?
 - It went to the General Fund. We moved it to the general fund and then it was used within the general fund to cover the general fund.
- Saved money with books and supplies? Difference of \$3.5 million, last year it was a \$5 million increase in the books and supplies between last year and a year before. And now we're seeing at the actuals that the difference is 3.5 million. It looks like we're overestimating on the books and supplies by a lot
 - The 3.5\$ million difference reflects \$500,000 in unrestricted savings (due to conscious efforts to curb spending) and \$3 million in restricted funds that were not spent.
 - Money that is not spent in a categorical (restricted) fund must carry over to the next fiscal year.
 - The decision to save money through conscious decisions to not move forward on contracts/purchases was made throughout the year, especially after the First and Second Interim reports, when the District realized the need to conserve funds.
- Those restricted funds, do they have a a time limit of how long we can carry them over?
 - Each categorical program has a specific timeline for expenditure (e.g.,



Title I is 18 months, ELOP is up to 3 years).

- Comparing two slides between income and revenue versus expense we see a minus \$25 million roughly or \$26 million. Is it mainly the revenue reduced or our expenses increased? What is a significant difference of 25 million? Did we know we were going to spend \$25 million more?
 - Yes, the District budgeted to deficit spend. The original budget projection anticipated spending \$265 million against a revenue of \$233 million, meaning the District planned to use \$32 million from existing fund reserves.
 - The estimated deficit was \$32 million, and the Unaudited Actuals show a deficit of \$26 million. This \$6 million reduction was achieved by transferring the one-time Mandate Block Grant funds into the General Fund.
 - The fact that expenditures continue to outpace revenues is the exact reason the District is pursuing fiscal stabilization strategies, requiring either a reduction in expenditures or an increase in revenue.
- The elimination of positions is a cost-cutting measure that will be reflected in the 2025-26 budget is only about \$2-3 million, is not significant enough to eliminate the current \$26 million deficit.

2024 Fund Balance Combined (Slide 6)

- The District deficit spent \$26 Million in 2024-25, relying on the Beginning Fund Balance to cover the difference. This deficit includes the planned spend-down of certain restricted funds that are nearing depletion.
- The \$6.2 million improvement in the Ending Fund Balance was directly caused by the one-time transfer of the Mandate Block Grant and Instructional Materials money into the General Fund to boost reserves.

Components of the Ending Fund Balance (Slide 7)

The \$33 million Ending Fund Balance is broken down into various reserved and designated categories:

- Revolving Cash, Stores Inventory, Prepaid Expenses: Standard required components.
- Legally Restricted Balance: Ended at \$16 million (up from \$11 million projected). These are categorical program funds restricted for specific uses. The increase is due to unspent restricted carryover.
- Designated LCAP Carryover: \$431,000.



- **Total Available Reserve:** The remaining balance forms the reserves:
 - State Required Reserve (3%): \$8 million.
 - Board Reserve (additional 3%): \$7.3 Million.

Combined Reserve Total: The District ended with a combined reserve level of 5.73% (3% required + 2.73% Board reserve), which is slightly better than the 5.67% originally projected. The District's target reserve rate is 10% (3% required + 7% Board reserve).

Member Clarifying Questions

- **Basic Aid and Reserve Target (10%)**-Is property tax revenue not more stable and more than State funding? Why would you use that as the reason to increase it?
 - The Board adopted a policy two years ago setting the 10% reserve target because property taxes are not considered a stable funding source and can be volatile.
 - Uncertainty: The final revenue amount is not known until year-end, after spending has already occurred, making planning difficult.
 - Cash Flow: Property tax revenue is received in small amounts quarterly, with the final large payment at the very end. This creates a significant cash flow challenge, requiring a large reserve to front expenditures throughout the year.
- **Property Tax**- Isn't there a basic amount that we definitely get?
 - The Assessor's Office provides an annual projection based on trends and factors, but it is not a guaranteed amount.
 - While property taxes have grown by an average of 5% annually, the final figure can fluctuate by anywhere from \$500,000 to \$1 Million, especially due to economic events (like the "blip" seen during COVID).
 - A strategy to budget based on LCFF (Local Control Funding Formula) projections rather than property tax projections could serve as a safeguard, especially while the District's reserves are low, as the District is guaranteed the LCFF amount if property taxes fall below it.

Assigned & Legally Restricted Components (Slide 8)

- **LCAP Carryover:** \$431,000 has been designated/assigned out of that fund balance for the Local Control Accountability Plan (LCAP) carryover.
- **Legally Restricted Balance** \$16 Million is held in categorical funds, meaning the money is restricted for specific purposes and uses. This balance is divided among the following programs:



- Extended Learning Opportunity Program (ELOP)
- Educator Effectiveness
- Lottery
- Mental Health
- Art, Music, and Instructional Materials Block Grant
- Prop 28 Art and Music Grant
- Child Nutrition Services (Kitchen Infrastructure Grant)
- Professional Development (PD) - Includes the Classified Employee PD Grant
- Other Restricted (Local and School-Funded Donations)

Member Clarifying Questions

- Can you explain again the two parent or local and and share funded donations?
 - This category represents approximately \$2.5 Million in carryover funds held by respective school sites.
 - School-Funded Donations- All school donations collected are deposited into site-specific accounts. Principals use these as discretionary funds for items like field trips and supplies. This is the intended account for the new donation process. These funds are considered restricted/categorical because they are tied to the site that generated the donation; they are not available for general district use. The carryover (50% of total donations) often accumulates from matching money and funds not spent in the year they were donated.
 - Other Restricted Local- Used when a parent group/organization pays for a specific project or position (e.g., funding an additional hour for a school librarian). The District has placed a freeze on new parent-funded positions. Rationale: Once hired, the individual is a District employee. If the parent funding ceases, the District is obligated to cover the salary, creating a future liability and perpetuating inequity across campuses that cannot raise similar funds.
- So the new donation process everything's going into the school funded donations?
 - That is correct.
- Isn't that general funds then?
 - It's in restricted categorical because parent donations, they're restricted because we don't we don't use those funds at the district level. They're not considered general fund because they're restricted to the site that could donations were generated.



- There are carryovers every year from the parent donations, they should be spent on the students that year in the school. They're not, but they are oftentimes identified in their school site plans how they're going to expend it. There is carryover every year and then there's additional donations coming in every year. Often we get matching money, we don't plan on the matching money, but that's like extra and so that accumulates over time.
- Can they demand it back?
 - Since the donations are held by the respective schools, parent groups generally cannot demand the money back.
 - with parent funded positions we have put a freeze. We don't allow any additional parent funded positions because ultimately even though they're paid by the parents, if the following year the parents do not have the funds to cover it, we're obligated to cover them. They are our employees the minute they're hired, whether they're paid by parent funds or not, they are our employee. We're trying to provide the services for it and trying to make it more equitable across the campuses because you'll see where there's a couple campuses that generate more parent funds. Our schools that aren't generating the donations don't have that ability to hire additional staff.
- Does the two and a half or two plus million represent a big or small portion of the total donations? Like approximately how much is the total?
 - Its about 50%.
- What's this classified employee PD personal development?
 - The district received a grant to help support a classified uh professional development. So it it's a fund that is allocated to all of the departments to help support them with professional development.
- I would like to understand why there's so much carryover when our programs are hurting so much under the art and music? Schools were scraping to get their instruments fixed and get new instruments and and there's just so much money there.
 - Art music instructional material block grant was one time money that the District is strategically trying to stretch this fund to cover staffing costs for as long as possible, anticipating it must be spent within the next two years.
 - The carryover exists due to spending restrictions. Prop 28 requires funds to be used for new/supplemental programs, not to supplant existing ones. It is challenging to demonstrate that expenditures (like adding new



sections or new repair programs) meet this strict "new" requirement. The District is currently working on plans to address this.

Updated Adopted Budget Multi-Year Projection (MYP) (Slide 9)

The Multi-Year Projection (MYP) has been updated to incorporate the final 2024-25 Unaudited Actuals, specifically reflecting the higher \$33 Million Beginning Fund Balance for 2025-26. Based on the current assumptions and planned reductions, the reserve totals are projected to grow in the next few years.

Member Clarifying Questions

- Why total revenue for next year and the year after is staying pretty constant? In general property tax revenue increases by 5%, why are we keeping the revenue the same?
 - Appears flat for 2025-26 due to the Basic Aid shift. While property tax is projected to increase by 5%, this increase is offset by the loss of \$6 Million in supplemental property tax (no longer received as a Basic Aid district). Revenues only become flush for this initial year, then moving forward then you'll see the 5% increase from the property taxes
- When you show salaries being pretty consistent, are you assuming that salaries won't change? Headcount will reduce but how did you come to the decision that salaries for would stay consistent?
 - In 25-26 we did build in the 2% salary increase. 26 and forward we don't have any salary increase built into it. We have made assumptions on reductions in staffing over the course of those years. In 26-27 we also added in adjustments for step in column because we wanted to make sure that we took that into consideration and that we made adjustments for step in column. So those adjustments are added in here.
- Trying to get more revenue- where are we with Meyerholz, other empty properties, Finch? Contracting services are more expensive, exploring contracting services, etc?
 - Finch Property: The property is not incorporated in the 2024-25 figures. The process is moving forward with designated negotiators (staff and Chris) for the next step.
 - Meyerholz Property: The Request for Proposal (RFP) yielded five bids. The results will be presented to the Board in October, with a potential lease start date projected for July 2026.



- When you were coming up with these certificated and classified salaries, there must have been some money amount that you used in terms of job position cuts or or labor cuts.
 - 2025-26:
 - 2% Salary Adjustment (built in).
 - TK Expansion and Class Size Reduction: Added 12.4 FTE.
 - Reduction from Vacancies: 35 FTE reduction (vacant positions not filled).
 - Retirement Incentives: \$700,000 in savings included.
 - Other Assumptions: Included reductions in PG&E, restricted routine maintenance, and legal costs.
 - 2026-27:
 - An additional 48 FTE reduction is factored into the MYP to achieve the necessary cost containment and fiscal stabilization moving forward.
- Are we moving on with the same program that we have right now for the 100% covered employee benefits?
 - Yes, 100% for employee, 75% for dependents
 - Projected a 10% increase in costs overall across plans
- Would the retirement incentive also be for five years?
 - Yes, that's correct. For the next five years, the savings to the district is absorbed over five years. The retirement incentive is not offered for 5 years just the savings are distributed over the next 5 years.
- 48 FTE reductions, what are you basing that on?
 - It's more based on a number than individuals. The 48 is about five and a half to six million.
- Certificated, does that include directors and managers or is that separate?
 - Yes, includes management
- Given that there is close to 50 FTE reduction in workforce, it's beneficial to incentivize the higher earners. Is there consideration of that for this year to incentivize the high earners to leave?
 - The District is currently exploring the possibility of an additional retirement incentive program to target higher-earning employees, potentially by expanding the offerings (e.g., dropping the eligibility age from 60 to 55) to help achieve the necessary workforce reductions.



- Knowing that there is increased expenditures in SPED, did numbers increase?
 - The number of students served remains relatively flat, shifting by only one or two at year-end.
 - The cost of special education has increased tremendously, even with a constant number of students. The largest cost drivers are costs for students requiring placement in external non-public schools (NPS) and costs incurred to provide services mandated by legal settlements.
 - The District is actively working to internalize programs and services by hiring staff to provide services internally, rather than relying on more expensive external contracts. This is reflected in the long-term trend of salaries growing while contract service costs (where NPS expenditures are housed) remain a persistent, growing 10% of expenses.
- Can we see how the Bond money is being utilized?
 - Bond money is managed within Fund 24 (I Bond Fund).
 - Project revisions and new phases are brought to the Board for discussion and approval.
 - Citizens' Bond Oversight Committee (CBOC): This council meets quarterly to review all expenditures, ensuring they align with the original ballot language and measures approved by voters. All CBOC proceedings are public knowledge.
 - Phase I (Approved Spring): Work for the first approved list has begun, including TK playgrounds and HVAC upgrades.
 - Next Phase: The Facility Planning Committee is developing the next list of projects, which will be brought to the Board for discussion at the September board meeting.
- Is there a sunset date for ELOP expenditures?
 - ELOP expenditures have a three-year deadline for spending. The District spent the 2023-24 allocation and has now started the 2024-25 allocation, which can carry over for up to three years.

Recommendations for the Unaudited Actuals Presentation Slides

- Create a visual dashboard to highlight one-time money status and clearly state that 90% of costs are personnel- Improves clarity and impact for core fiscal issues.
- Slide 4 (Revenues)- Change color/explain the use of "red" for favorable variances (increases). Highlight Building Fund revenue and add corresponding notes- Avoids visual misunderstanding (red often implies a loss/negative). Highlights external funding sources.



- Slide 9 (MYP)- Change "LCFF Funding" terminology in the numbers. The District is now Basic Aid; referencing LCFF is confusing.
- Slide 19 (Charts)- Change one of the orange colors used in the chart- The two colors are too close, hindering readability.

Additional Information Requested

- Direct/Indirect Support Breakdown: Detailed breakdown of the \$3 Million difference on Slide 5 (in the Direct/Indirect Support line item).
- Full information on total Parent and other organization donations.
- Block Grant Details: block grants, carryovers, and all applicable spending restrictions.
- PG&E Savings: Documentation of savings resulting from PG&E reductions.
- Instruction Department Staffing: Management vs. non-management breakdown in the Instruction Department (noting that credentialed management is Certificated and non-credentialed is Classified).
- Ancillary Services Expense (Function 4100-4910): Explanation for the high 2024-25 cost related to people and services in afterschool sports/ancillary services.

Feedback:

Good Presentation

D. FOLLOW-UP ITEMS (10 mins)

1. Update

E. AGENDA SETTING/FUTURE MEETINGS (5 Mins)

F. ADJOURNMENT