MEETING MINUTES

We welcome you to this meeting of the LGSUHSD Budget Advisory Committee (BAC) meeting. The public may make comments relevant to agenda items at the time so designated on the agenda. Public comment will not be heard outside of the designated time. While not required, we would appreciate it if you would identify yourself with your name and address when addressing the BAC. Speakers are asked to limit remarks to three minutes (with a maximum of twenty minutes for one topic). Any individual requiring disability-related accommodations or modifications including auxiliary aids and services in order to participate in the BAC meeting should contact the Superintendent's office in writing.

You may provide public comment by using the Raise your Hand feature, once you have logged in and registered using the posted Zoom link. The host will be notified that you have done so. Once you are recognized by the host, you may be asked to unmute your speaker. You will have a maximum of three minutes to speak.

Upon request by a student's parent/guardian, or by the student if age 18 or older, the minutes shall not include the student's or parent/guardian's address, telephone number, date of birth, or email address, or the student's name or other directory information as defined in Education Code 49061. The request to exclude such information shall be made in writing to the Secretary or Clerk of the Board. (Education Code 49073.2)

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Attendance

Katie Chen
Kathy Granger
Anh Kwa
Prisha Patel
Denise Ramon Herrera
Daniel Snyder
Fan Steinke
Dave Wilde

I. Call to Order

A. Roll Call/Establishment of a Quorum

Roll call was taken and a quorum established.

Voting members present:
Katie Chen, Kathy Granger, Anh Kwa, Dan Snyder, Prisha Patel, Denise Ramon Herrera, Fan Steinke, Dave Wilde, Robert Wise
Voting members absent:
Erol Ceran, Charles Endweiss

Non-voting members present:
Michael Grove, Cynthia Chang, Peter Hertan, Greg Louie, Delores Perley, Lee Fagot (Sub-committee member)
Non-voting members absent:
Carrie Bosco

II. Welcome New BAC member

Mr. Endweiss was unable to attend this meeting.

III. Approval of the Agenda

The agenda was approved as written

Motion made by: Denise Ramon Herrera
Motion seconded by: Fan Steinke

> ***Voting results:*** Unanimously Approved

IV. Public Comment - Items Not on the Agenda

No public comment

V. ACTION: Approval of the Minutes

It was noted that Dan Snyder was present for the majority of the January 28th meeting.

There was a discussion about a comment that Cynthia made and how to reflect it in the minutes. We agreed to update the minutes to reflect that Cynthia had mentioned at the January 28 meeting that the School Services report had referenced a government report recommending a two month (17%) reserve.

The minutes were approved with these corrections noted.

Motion made by: Daniel Snyder
Motion seconded by: Anh Kwa

> ***Voting results:*** Unanimously Approved

VI. Public Comment - Agendized Items

No public comment

VII. Report/Discussion: Sub-committee Report

- Lee walked through the posted slides for the sub-committee report.
- Dan pointed out that many districts have higher guidance and actuals than the required state ed. code minimum.
- There was a short discussion about Prop 98 claw-back of reserves >10% for some districts. The group agreed that this risk is generally not applicable for locally funded districts (except for some minimum risk to limited state funds provided).
- Mike asked if the recommendation is a policy of 16% or a guideline of 16%. Dan clarified that the sub-committee intended the 16% as a policy.
- Mike also asked what was meant by “Superintendent and CBO to recommend options to the Board”. Dan clarified that it would be up to the superintendent and district to propose tactics/strategies to build the reserve.
- Cynthia asked for clarification about the LGUSD 15% guidance and whether it was a guideline or policy. Dan clarified that the LGUSD is in the process of formalizing the 15% as a policy rather than a guideline.
- Cynthia asked Delores to clarify Prop 98 and the ceiling of 10%. Delores clarified that LCFF triggers in Prop 98 can trigger a cap on reserves (likely would be next year and districts would be held to capping reserves). Importantly this does not apply to LGSUHSD as a basic aid district.
- Peter mentioned that an earlier clawback was a clawback of state provided funds. Dan clarified that the clawback was a take-back of money from pre-LCFF funding that had been provided by the state (the state only tried to take back funds that the state had

provided).

- Cynthia asked to show the page that represents School Services recommendations and comments about the average, and Peter asked that the specific recommendation is shown.

- Peter asked that we include in the minutes the statement that the School Services report to the district had advised that “the district should formally adopt the Board's recommendation and increase the Reserve for Economic Uncertainties from 4% of total expenditures to at least 10% of total expenditures with a goal of 15%.

We then moved on to a discussion of the sub-committee response to the Task 2 request

- Lee provided the statement from the sub-committee as pre-submitted for the meeting. The sub-committee stated that the variability in the data available varies widely from year to year and district to district, that categories may be used differently and are often not carefully described, and therefore would not be useful to the BAC. Dan pointed out the types of subtle things that impact budget statements from year to year.

- Peter suggested that construction can be removed from the exercise, and he is interested in instruction spend per student. Peter indicated that what he is suggesting may be aspirational and not practical. Peter would like to assess if we are spending enough. He wants to be able to explain how much funding is needed. Peter would like to have comparisons by reserve, by expense and revenue. Dan stated that the issue for voters is less about how money is spent, but rather if additional funds are needed, and how those funds would be used.

- Fan asked if the expected drop in enrollment would impact the 16% number. Dan's response is that 16% would still hold since it would be 16% of a (potentially) shrinking budget. Fan indicated that she agrees with the approach.

- Dan suggested that saving a little bit more now would allow us to deal with a large shock later, and avoid going into a type of "receivership" or to need to resort to pink slips/letting people go.

- Cynthia indicated we need to strike a balance between current and future students. Saratoga Union SD was able to set aside money during Covid time unlike the LGSUHSD that needed to plan for budget cuts.

- Dave asked what we could do as a proxy for comparing instruction-focused expenses and overall revenue across districts. Lee commented that he had looked at that question and came up with salaries, utilities, benefits (including pension), and that for revenue it was nearly impossible.

- Peter clarified his concern that he wants to be sure that we are being careful not to take too many funds away from current students to fund growth in reserves. Dan pointed out that this is a never-ending challenge as there is always contention for money in, for example, salary negotiations, so it is important to first protect what is needed for critical things like reserves. Dan argued for making small tradeoffs over a number of years so that the district has control in times when large negative budget shocks/surprises arise.

- Peter mentioned that the Board had previously agreed that they will take 50% of surpluses (when available) and will put those funds into reserves, and that the reserves have increased as a result. It was observed that part of the reserve growth was due to good luck (for example, parcel tax revenue has not declined).

- Cynthia pointed out new expenses we have coming in related to Covid and variability, but first we need to document the formal decision that we have documented re: current Board policy. Cynthia asked that we find the board resolution/decision made earlier. Cynthia mentioned that we need to make sure that anything the BAC is asked to work on is going to be used in a meaningful fashion.

- Delores observed that there are many issues with looking at data in silos and years in isolation - all data from this year will be skewed in comparison to other years. If you compare revenue (and we likely have more state and federal revenue) coming in, and if we compare broad categories it is complex. For example, does guidance and administration get included? Also, facilities cuts may not be practical due to maintenance needs beyond some point. If we look at data in isolation it becomes very difficult. She does agree that the three categories play a major role when taken together. School Services looked at specific data from certain tables.

- Dave summarized that we understand why there is an interest in additional data if it were available. Dan argued that it is somewhat irrelevant what other districts are doing since we need to have a larger reserve.

Peter and Cynthia indicated that in fact they do not need additional data at this time beyond the Task 1 recommendation and the stated challenges responding to the Task 2 prompt. Cynthia pointed out that the School Services report means a lot to her in terms of the reserves suggested, and that the School Services report recommendation of 15% and the sub-committee recommendation of 16% are very close and she doesn't need more input.

- Dave summarized that he is hearing that the Board sponsors would have what they need with the combination of the 16% recommendation and a Task 2 response that it is not practical to provide meaningful and reliable Task 2 data. Peter and Cynthia agreed with this statement.

- It was pointed out that we have a BAC member who has not yet attended, and has missed several consecutive meetings. Dave indicated that he plans to follow up.

- The sub-committee asks that it be clear what should be included in the next meeting in writing so there are no last minute surprises, and then if there is follow up after the board presentation, that such requests likewise be provided in writing (similar to the last set of requests), as that has helped to ensure clarity throughout this process. Dave asked that any reservations/concerns be voiced to sub-committee members ahead of time by this coming Wednesday (March 10). Cynthia clarified that she and Peter are fine with what is being presented. It was reiterated that we should include the earlier School Services comments about recommended reserves (15%, 17%) and the Board minutes about reserve policy and using surpluses to reach 10%.

VIII. Report/Discussion: Term Limits Update

The BAC agreed to hold off on the bylaws/term limits discussion until our next meeting. We agreed to try to have a short one-hour meeting by March 18 where we will vote on the sub-committee recommendations and discuss term limits

IX. Report/Discussion: Plan for next meeting dates

A Doodle poll will be sent out to determine a date for the next BAC meeting to be held mid-March.

X. Public Comment - Agendized Items

No public comment

XI. Adjournment

Dave adjourned the meeting at 5:15 pm with his thanks to the sub-committee, to the full BAC, and to Ben and Claire for their support as always. Greg was also thanked for his help in facilitating the webinar.