



MEETING MINUTES

A. CALL TO ORDER

1. Roll Call

Staff conducted Roll Call to establish a quorum.

Committee Members

- Satheesh Madhathil - present
- Ava Chiao - present
- Kate Lee - present
- Loren Fontinell - absent
- Chris Izor - present
- Nick Prychodko - absent
- Joan Orvick - absent
- Dan Halabe - present
- Stuart Rosenberg - present
- Phyllis Vogel - absent
- Kimya Shariffi - present
- Shompa Bhattacharya - present
- Omar Batres - present
- Maria Fernandez- present

Staff

- Jennifer Hawn - present
- Tina Bernal - present
- Kavitha Lakshmanan - present

2. Approval of the October 1, 2026 Regular Meeting Agenda

Motion: Approve the October 1, 2026 regular Budget Advisory Committee meeting agenda

Motion by Stuart Rosenberg, second by Ava Chiao

Final Resolution: Motion Carries

Voting:

- Satheesh Madhathil - yes
- Ava Chiao - yes
- Kate Lee - yes
- Chris Izor - yes
- Dan Halabe - yes

- Stuart Rosenberg - yes
- Kimya Shariffi - yes
- Shompa Bhattacharya - yes
- Maria Fernandez- yes
- Omar Batres-yes

B. MINUTES APPROVAL

1. Approval of the May 27, 2026 Regular Meeting Minutes

Motion: Approve the May 27, 2026 regular Budget Advisory Committee meeting minutes

Motion by Stuart Rosenberg, second by Dan Halabe

Final Resolution: Motion Carries

Voting:

- Satheesh Madhathil - yes
- Ava Chiao - yes
- Kate Lee - yes
- Chris Izor-yes
- Dan Halabe - yes
- Stuart Rosenberg - yes
- Kimya Shariffi - yes
- Shompa Bhattacharya - yes
- Maria Fernandez- yes
- Omar Batres-yes

C. PUBLIC COMMENT

No Public Comments

D. INFORMATION

1. September 2, 2026 Meeting Notes

Members reviewed the notes.

2. Welcome New Member

Staff introduced Loren Fontinell, a member representing the CEA group. Loren Fontinell was unable to attend this meeting.

3. Deep Dive Into Revenues

Tina Bernal, Director of Fiscal Services presented the slides 3 through 24.

Members comments and clarifying questions (slides 3-24):

- LCFF is what comes from the state in lieu of basic aid. Is there terminology here I'm misunderstanding?

- The LCFF (Local Control Funding Formula) was established by California in 2013 to calculate total district funding. Within that total calculated LCFF amount, revenue comes from different sources, including local property taxes and state aid. Standard school district budgets label this category simply as "LCFF," but adding "/Property Taxes" helps clarify that property taxes reside within this category.
- Does a negative balance in unrestricted "Other Sources" mean there are more restricted funds than we actually have?
 - No. "Other Sources" includes transfers in and transfers out. The negative figure reflects required internal transfers—specifically transferring general fund unrestricted dollars (Fund 1) into Special Education (Fund 7) to cover costs.
- Can you explain what funds can and cannot be moved back and forth between restricted and unrestricted?
 - Large amounts of money are not being shuffled back and forth. The main transfer occurs when revenue enters the general fund (Fund 1, unrestricted) and is transferred to Special Education (Fund 7) to meet program expenses.
- Where does the \$25,000 in Student Body Activity (Fund 03) revenue come from if it is categorized as local revenue?
 - It is self-generated by students through class or club activities (such as selling sweatshirts or hosting fundraisers), not from local government agencies.
- Is the goal for students to spend all the money they fundraise within the same school year?
 - Yes. The policy emphasis over the past few years has been ensuring that funds raised by a specific group of students are spent on those same students during that year, minimizing multi-year fund carryovers.
- Are these revenue figures reported on an ongoing annual basis?
 - Yes, the dollar figures presented represent total projected annual amounts for the fiscal year rather than quarterly or monthly payroll snapshot figures.
- Is there a governing document that restricts how each of these specific funds can be used?
 - Yes, each restricted fund has statutory guidelines and formal documentation outlining its allowed uses.
- Member raised concerns regarding Fund 62, noting that historical balances for self-funded health and welfare plans were previously much higher (around \$4 million to \$8 million) and questioning the status of those funds. Does the district roll these funds over into other accounts?
 - Only self-insured programs (currently limited to vision and dental) remain in Fund 62. When former coverage options stopped being self-insured, the associated reserves were transferred out of Fund 62 and into Fund 01 (General Fund). District staff will research historical account movements to provide further clarity.
 - member shared a previous email regarding the same (document attached to meeting minutes)

- Why are some figures in the budget exact while others are rounded? Does this reflect top-down versus bottom-up calculations?
 - Different methodologies are used depending on the revenue stream. Certain items rely on strict mathematical state/county formulas, whereas others are based on multi-year trends or high-level budget estimates. Rounded figures will refine into exact amounts as actuals are posted during First Interim reporting.
- Why is Lease and Rental revenue placed under Fund 21 (a restricted fund), and how can it be used?
 - Fund 21 (Building Fund) as a whole is classified as restricted because it handles bond-related assets and capital facilities. However, lease and rental income generated within Fund 21 is flexible/unrestricted revenue and can be transferred out into the General Fund or used to cover the district's Routine Restricted Maintenance Account (RRMA) obligation.
- Is the \$250,000 budgeted maintenance expense for leased facilities fixed, or can it fluctuate and return unused money to the General Fund?
 - The maintenance expense budget is not fixed long-term and will likely increase as facility needs change. \$250,000 represents a baseline starting point to handle basic upkeep, but major repairs or preparing vacant units for new tenants require significantly more resources.
- Can bond funds be used to repair closed/surplus school sites (e.g., replacing damaged flooring)?
 - No. Closed or surplus school sites like Serra and Luther generally cannot use bond proceeds, as bond funding is legally restricted to active, non-surplus school facility projects.
- Does the \$8 million RRMA balance sit unused in reserve, and does it change every year?
 - No, the \$8 million is an active operational maintenance budget (covering district maintenance staff, supplies, and repairs) rather than an idle reserve. Expense transfers occur quarterly as actual maintenance costs are incurred. The total amount fluctuates slightly with revenue shifts because the state legally mandates that school districts set aside 3% of their total annual operating budget for routine restricted maintenance.
- Why were revenues budgeted for Meyerholz (\$1.5M) and Finch (\$500K) when contracts were not signed? Won't removing them expand our budget deficit?
 - School budgets are constructed in the spring using forward-looking assumptions. If leasing plans stall or change, projected revenues do not materialize, which widens the budget deficit. Revised numbers excluding non-contracted leases will be presented at First Interim.
 - Member commented that unsigned or unapproved leases, contracts, and agreements should not be included in the budget assumptions.
- What is the status of the Montebello property exchange interest funds?
 - Upfront interest was received and deposited into the General Fund in a prior fiscal year. Ongoing required annual payments must be restricted and set aside in a separate account dedicated exclusively to executing property exchanges.
- Who pays the staff for the Expanded Learning Opportunities Program (ELOP)?

- External contracted vendors (YMCA and Catalyst) hire and pay their own direct service staff. However, the ELOP budget also reimburses district staff (custodians, nurses, SITS) who support students during after-school hours.
- Do parent organizations (PTAs/Foundations) deposit all their fundraising directly into the district?
 - No. Parent-connected organizations are separate financial entities. They manage their own bank accounts and fundraising activities; money only appears in district accounts (under Local Program 9120/9130) when they issue a formal donation check to the school district.
- Are categorical grants in Fund 8 pooled together or individually restricted?
 - Each categorical grant and donation stream within Fund 8 carries its own specific rules and restrictions, requiring the district to track and spend each allocation according to its designated purpose.
- Are the property tax growth numbers adjusted for inflation, or are they nominal dollars?
 - They are actual nominal dollars, not inflation-adjusted figures.
- It would be helpful to overlay student enrollment trends on the property tax growth chart to show per-pupil funding changes over time, especially since the district is experiencing declining enrollment.
- Does parcel tax revenue show up in the LCFF / Property Tax graph?
 - No. Parcel taxes are distinct local taxes and are not included in property tax or LCFF charts.
- Doesn't the property tax chart imply that the district received much less total money in FY 22–23 and 23–24 than in basic aid years?
 - The slide specifically depicts local property tax revenues, not total funding. Prior to 2024–25, the state provided State Aid to top off local property taxes and bring the district to its calculated LCFF funding target. District staff noted that adding a visual bar representing state aid in non-basic aid years would clarify the presentation.
- Is state minimum aid based on ADA or is it a fixed amount?
 - State minimum aid is based on the benchmark revenue and ADA levels established during the 2012–13 baseline year.
- Are state revenues restricted?
 - Yes, state revenues carry specific legislative guidelines and restrictions, though some (like the Mandate Block Grant) offer broad flexibility.
- Are district counselors funded under Special Education mental health services?
 - District staff will check the detailed allocations to confirm whether mental health funding covers counselors or instructional assistants (IAs).
- Inter fund transfer tables can be overwhelming when presenting only raw numbers. The committee requested that future presentations include written text breakdowns explaining where transfer figures originate. District leadership agreed to incorporate narrative descriptions to balance detail with readability.
- How does Cupertino Union School District's Special Education spending ratio compare to neighboring districts?
 - The district's Special Education spending ratio is comparable to nearby districts (such as Sunnyvale) and is slightly below the overall California

state average.

- Members brought to attention that additional ongoing special education funding from the Governor was not budgeted
 - State budget details were finalized at the end of the budget cycle. Unbudgeted state funding (~\$4M–\$4.5M ongoing) will be recognized at First Interim, which will reduce the General Fund contribution required for Special Education.
 - Roughly \$4.6 million in new ongoing revenue will eventually help decrease the general fund contribution, provided expenditures remain stable
- Can Special Education funds be used for classroom physical upgrades or maintenance modifications (e.g., retrofitting locks, cabinets, or specialized furniture)?
 - Special Education funding is primarily intended for direct student instruction, support services, and individualized adaptive equipment (e.g., specialized seating). Facility modifications and structural physical repairs generally fall under General Fund maintenance rather than direct Special Education grants.
- Do families moving into the district specifically for Special Education programs bring external revenue, or does the district absorb the cost?
 - Students residing within district boundaries are funded through standard local mechanisms regardless of special needs; external inter-district transfers or moves do not provide separate supplemental revenue to offset program costs.
- While cost-saving efforts in Special Education are appreciated, committee members cautioned that budget reductions must not increase psychologist/staff workloads or delay student services. Staff noted that a complete breakdown of Special Education expenditure categories will be presented at the next BAC meeting.

Reflection on Revenues

Group Activity on Revenue Brainstorming: Identify and list potential revenue opportunities or creative ideas regarding revenues to be explored further. Staff emphasized that groups are welcome to add any additional relevant ideas, but requested that discussions stay focused specifically on district revenue topics for this session.

A member of each group read out the ideas that their group came up with.

Next Steps and Proposed Committee Schedule:

The committee discussed the timing of upcoming meetings in detail, with members providing input on their preference for morning, afternoon, or evening sessions while also considering the intention to ensure greater accessibility for community members. Staff noted all feedback and will determine the final schedule accordingly.

Thanks

Tina thanked the fiscal services team for their hard work and organization in preparing the presented financial data.

E. FOLLOW-UP ITEMS

F. AGENDA SETTING/FUTURE MEETINGS

G. ADJOURNMENT

Meeting adjourned at 6:03 PM.