

**SANTA CRUZ CITY SCHOOLS
BUDGET ADVISORY COMMITTEE MEETING
Via Zoom
Wednesday, May 27, 2020**

Minutes

Attendance at Meeting

BAC Members:

Amy Hedrick-Farr, Food Services
Casey Carlson, GSCFT
Casey O'Brien, Middle Schools
Clyde Curley, Elementary Schools
Crystal Williams McNish, Small Schools parent
Desiree Dominguez, Human Resources
Dorothy Coito, Educational Services
Greg O'Meara, High Schools
Jeanie Brown, SCCCE
Jeremy Shonick, Board Trustee
Jim Monreal, Business Services
John Owen, Board Trustee
Kris Munro, Superintendent
Matt Farrell, Santa Cruz Education Foundation
Michelle McKinney, Small Schools
Molly Parks, Human Resources
Olwen Skogerson, High School parent
Rebecca Olker, SC COE
Stacy O'Farrell, AMA
Suzanne Trincherro, Finance
Tim Madsen, Elementary School parent

Absent:

Gail Atlansky, Student Services
Octavio Jimenez Garcia, Middle School parent

I. Call to Order

Asst. Supt. Jim Monreal called the meeting to order at 5:05 pm and thanked Members for attending via the Zoom platform. Roll was taken.

Jim explained that the District is challenged to create a budget with many unknown variables. The most current information regarding the 20-21 State budget is being shared at this meeting. At the 5/14/20 BAC meeting, BAC members brainstormed ideas on how to trim the budget, as reflected in the minutes, which are part of the agenda packet.

II. State of the State

Jim presented a slideshow on "The State of the State", with information from the 5/10/20 May Revise workshop presented by School Services. This presentation was shared with the Board at their 5/20/20 budget study session. Highlights were as follows:

A 10% reduction in funding is predicted, including 10% cuts to supplemental funding. Possible reductions could be up to 22%. California is 5th in the world's economies. The impact of the global pandemic shutdown is major to our state. Tax deadlines have been postponed to July 15. A \$41.2 billion loss in expected tax revenue is predicted -\$9.1 billion for 19-20 and -\$32.2 billion for 20-21. The State's rainy day fund could be totally expended in three years. By law, only 50% can be withdrawn in the first year. The District will postpone adoption of their budget to 6/24 in order to base it on the most recent information. State tax revenue will be known in late July or early August.

The mechanics of Prop. 98 funding were discussed. Four months ago, a 2.31% Cost of Living Adjustment (COLA) was put in place, but going forward, it is adjusted to 0%.

Cash deferrals are being used by the State to delay payments to school districts. June revenue will now be received in July. Next year, April, May and June revenue may be disbursed in July or later.

The actual reduction to LCFF funds is 7.92%, after the COLA of 2.31% is applied. Students will lose an estimated \$1000 per student next year. LCFF add-on funding will also be reduced by 10%. District contributions to CalPERS and CalSTRS will be reduced by over 2%. Previously mandated increases to minimum wage are expected to remain in effect. The May Revise predicts a reduction of up to 50% for categorical programs, like the Career Technical Education programs, After School Education programs and Adult Education.

Local relief measures are suggested to help minimize the reductions. Flexibility options were offered during the Great Recession, like being able to transfer funds from categoricals to general fund, but not now. The District is required to build budgets for the next three years, despite unknown variables. COLA predictions vary according to their source. School Services recommends using 0% going forward in the next three years. The School Services Financial Projection Dashboard shows the factors districts use to build their budgets. A 3% reserve is still required for each of the three years in the Multi-Year Projection. Governor Newsom issued an Executive order waiving late penalties on property taxes for homeowners affected by COVID-19.

Information is changing rapidly. Staff will update the District Board and community as more is known.

III. Budget Flow Chart and Timeline

These items, presented at the 5/14 BAC meeting, were reviewed for members. They are tools to help with decision-making. Input is sought from the BAC, Unions, site and department leadership and site councils. Information is updated and shared with all parties. Recommendations from these parties will be considered by the Superintendent, who then will bring a proposed budget to the Board. The next BAC meeting is planned for 6/18.

IV. Small Group Work on Budget Reduction Ideas

Members were provided with LCFF Base Draft Reductions and LCFF Supplemental Draft Reductions, which summarized ideas proposed at the last BAC meeting and by other stakeholder groups. They broke into four small groups to discuss the draft documents and to provide feedback. Their questions and ideas are summarized below:

LCFF Base Reductions

- Will negotiations mitigate cuts, or will cuts be followed by more cuts?
- Classified reduction of hours vs. laying people off. Can employees take a cut in pay instead of cutting positions? If negotiated, would classified and/or certificated furloughs mitigate the described cuts?

- If a freeze in step and column for certificated was negotiated, would it mitigate the described cuts?
- If negotiated, would rolling furloughs during the school day be possible (without reducing the 180 students days)?
- Look at reducing high school assistant principals to have equitable reductions (consider distance learning)
- Food services already encroaches on the general fund. How do we continue to feed kids and get Food Services fiscally solvent? Could we limit High School lunches to only feeding Free and Reduced qualified students? If we closed campuses, would that better support the Food Services program?
- RDA Funds to cover Routine Restricted Maintenance. Transfer happens annually. How does that actually save funds?
- When it says classified retirement at Central Office cuts - not filling open positions. How many, are these at the DO or at sites?

LCFF Supplemental Reductions

- Is anyone talking about closing schools? (Not at this point)
- Are there savings from services that won't happen in the fall, like sports? Shift to parcel tax funding if it's within the language of the parcel tax. Can we roll parcel taxes from year to year? We must think about the possibility of parcel tax revenue not coming in. Minimize General Fund contributions to parcel tax programs
- How can we write job descriptions so as to keep as many people employed as possible? In order to shift employees from Base expenses to Supplemental spending requirements.
- Funding Raising and other sources of funding
- Special Ed funding increase of \$88/ADA has not been eliminated

Other Ideas and Questions

- Focus on other avenues for funding (grants, etc).
- Where are we exactly at as far as overall total reductions? What is our total amount offset? We need more specificity on reductions when appropriate
- Don't just chase money (grants) and other priorities that don't have a good return on our money. Because of overall economic downturn we can't bank on grant money
- "Donate Now" accessible way to allow community to donate - matching from employers
- How does distance learning affect class size? Could we increase class size and flip the classroom for lecture format at secondary schools? How does an increase in class size at TK-3 save funds?
- Freezing step and column saves 1.1M.
- What does a furlough day save across all bargaining units?
- 1.0 FTE at SCHS for Excel schedule may not be necessary under distance learning.
- 1.0 FTE at Harbor High for I.B., might that need to freeze for a year?
- How is distance learning affecting the budget? The purchase of 2300 chromebooks and hotspots are significant expenses that offset traditional expenses. (Per Jim, Federal and State funding is expected to help eventually, but not in 20-21. It is not expected to cover all the costs, like equipment for sanitation and PPE)

V. Next Steps

Jim Monreal said that ideas from the BAC and other groups will be compiled, and costs analyzed for people and positions. On 6/10/20 the Board will discuss the budget and provide direction to staff. On 6/17/20 the Board will review progress on the budget, in light of any new information. On 6/18/20 the BAC will meet. On 6/24/20, the Budget will be brought to the Board for approval.

VI. Adjournment

Jim Monreal thanked those present for their participation at the meeting and acknowledged the difficulty of the task before Members.

The next BAC meeting will be held on June 18, 2020 via Zoom.

The meeting was adjourned at 6:40 pm.

Respectfully Submitted,

Catherine Meyer-Johnson
Executive Assistant
Business Services

Jim Monreal
Assistant Superintendent
Business Services