

**SANTA CRUZ CITY SCHOOLS
BUDGET ADVISORY COMMITTEE MEETING**

Via Zoom

Wednesday, May 14, 2020

Minutes

Attendance at Meeting

BAC Members:

Casey Carlson, GSCFT
Casey O'Brien, Middle Schools
Clyde Curley, Elementary Schools
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
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:

Crystal Williams McNish, Small Schools parent
Gail Atlansky, Student Services
Matt Farrell, Santa Cruz Education Foundation
Octavio Jimenez Garcia, Middle School parent

I. Call to Order

Superintendent Kris Munro called the meeting to order at 4:05 pm and thanked Members for attending via the Zoom platform. Roll was taken.

II. State of the State

Assistant Superintendent Jim Monreal informed Members of the most current information regarding the 20-21 State budget. Governor Newsom released his May Revision earlier today. A deficit of -2% to -10%, is projected by FCMAT. The State Department of Finance has projected a deficit up to -22%. Before the COVID pandemic, a COLA of +2.39% was expected. Next week, staff will attend webinars presented by School Services of California on 5/19, and Capitol Advisors on 5/22, for the analysis of the Governor's May Revised 20-21 Budget.

III. Third Interim Report

School districts are required to report the status of their budgets two times during the year, for the 1st Interim Report and the 2nd Interim Report. If their budget is deemed negative or qualified, they are required to do a 3rd Interim Report. At, 2nd Interim, Santa Cruz City Schools had a positive budget, but staff felt it prudent to create a 3rd Interim Report to study the District's budget progress. The 3rd Interim Report reflects the budget as of 4/30/20, and compares to the budget at 2nd Interim, as of 1/31/20.

Assistant Superintendent Monreal discussed changes in Revenue, in Expenditures and in Fund Balance.

Revenue increases resulted from an increase in property taxes, P2 ADA, and attendance changes at Delta Charter School. Funds for COVID cleaning and distance learning were received from the State. Parcel taxes are budgeted and will be updated at closing. Funds are projected to be transferred from Redevelopment Agency to Routine Restricted Maintenance, increasing the latter from \$2M to \$2.5M.

Expenditure changes resulted from lower substitute budgets, negotiated increases for classified staff, including benefits increases, and changes to Extra Work Agreements. Hotspot purchases increased services expenses by just under \$100K.

Fund Balance reflected new assumptions of -2% COLA in 2020-21 and 0% in out years.

Multi-Year Projections were created for two scenarios, with a -2% COLA and with a -10% COLA, both in 20-21, and 0% COLA in the out years. 21-22 and 22-23 will probably be negative, as well. The District must make determine what reductions can be made to meet the State mandatory 3% reserve requirements. Without reductions, negative unrestricted reserves are predicted.

Looking forward, Assistant Superintendent Monreal predicted that the District would maintain a positive certification with a zero Cost of Living Adjustment (COLA), but does not with a negative 2% COLA. He also shared that the Federal Cares Act funds of \$879k will probably not be received until 20/21.

Staff will attend the May 19, 2020 School Services webinar on the Governor's May Revision, which will reflect incomplete information on state revenues. They will also attend the May 22, 2020 Capital Advisors Budget Perspectives Workshop. On June 17, the District's Board will have a Public Hearing and be asked to adopt of District's 2020-21 Budget. In August, districts will need to revise budgets in August with State budget revisions.

The Initial outlook was -2% to -10% COLA, but the State Department of Finance is now projecting a -22% reduction as a possibility. During the last great recession, a -22% reduction happened over five years. We are experiencing a comparable reduction over three to four months. Districts will be required to make changes quickly, as more information is known. The District will have to meet their June expenses without funding from the State.

It was commented that although the Governor has created his May Revise proposal, the legislature will be the body to approve its final form. Members asked if the elementary district being basic aid would protect it. Asst. Supt. Monreal explained that the "fair share" approach would result in comparable reductions in the elementary district. Parcel taxes revenue is expected to remain constant. Usually the District predicts a 3% increase in property tax revenue. This year it came in a little over 4%. The County has not provided any new information on revenue. No funding increases per student or waiving of requirements are expected for Special Ed programs. It is likely that compensatory learning will be needed in the fall. Mid-year budget cuts are anticipated.

IV. Budget Flow Chart & Timeline

A flow chart was presented which detailed how budget decisions would be made. Unions, the Budget Advisory Committee, Site leadership and School Site Councils will contribute ideas to the Superintendent, who will develop recommendations and present them to the Board. The Board will discuss and approve the 20-21 budget, which will then be implemented by District staff.

On 5/20/20, the Board will hold a Budget study session to consider the ideas contributed by stakeholders. The Budget Advisory Committee will meet again on 5/27/20 to discuss any new information and to develop ideas. On 6/10/20, the Board will discuss the budget at their regular meeting, after which staff will develop the proposed budget. On 6/17/20, a Public Hearing on the Budget will be held at the regular Board Meeting, after which the Board will take action to approve the budget. It is expected that further budget revisions will be made in August, after State revenue is known.

V. Small Group Work on Budget Reduction Ideas

Members broke into four small groups to consider materials provided, including the results of a GSCFT survey and proposed ideas for reductions from District leadership. They reported their top ideas as follows:

- Central Office: Bus drivers are currently paid for a full day every day - reduce hours or reassign with other duties
- Relieve encroachment expenses
- Look to less affluent regions to see how to do more with less revenue.
- Furlough days are a better option than rolling back salary schedules
- Repurpose and consolidate positions with a focus of maintaining student services/support
- Can't have both maintenance of salary and no layoffs
- August layoffs: usually overwritten by legislation
- Significant Classified reductions across all sites and departments
- Freeze step and column: Approximately \$1 million in savings
- Monitor enrollment carefully and leave unfilled positions vacant if enrollment does not support it
- New job descriptions with flexibility to meet current needs with distance learning
- Increase revenue through grant writing, fundraising, lobbying
- Depending on distance learning, or social distance requirements, increase TK-3 class size -- What positions are not needed during distance learning?
- Reduce expenses for travel and conferences
- Postpone curriculum adoptions
- Return Teachers on Special Assignments to classrooms
- Look for ways to expand independent study options
- Increase class size for distance learning
- Create retirement incentives and avoid lay-offs

Idea Brainstorm

Members were asked to express their own top ideas, which included:

- Flexibility in teacher assignments -- Inventory certificated staff and credentials they hold
- Support as many cut backs away from classrooms and people; Pause curriculum adoption – costly, especially with hybrid distance learning
- Do things thoughtfully and slowly
- Don't jump into things that would be hard to undo later
- The silver lining is that a group of teachers will emerge who are distance learning/independent learning experts - This will help create a distance learning program
- Contract with County mental health services, instead of providing in-house to save money
- At what point do we make a call and say that this is our plan. If we use county services, do we have control?
- Early retirement proposal?
- Consider multiple scenarios - What do we want schools to look like when we come back, and distance learning
- Create flexibility in classified positions; create new job descriptions to meet needs of students; retain more staff

- Teachers on Special Assignment back in classroom
- Need more janitors, more money
- With so many unknowns, (distance learning in fall, instructional days) maintain flexibility
- Freeze step and column increases
- Implement furlough days
- Revamp job descriptions
- Reduce committee work and stipends.
- For the long term, keep using the zoom platform -- Don't pay for travel or meals
- To support our teachers, draw on the expertise of our teachers to provide professional development and support; use webinars
- Over the next two years, examine our technology -- consider efficiencies of process, evaluate time investment, best bang for buck -- Old technologies may cost more to run.
- Do anything we can do to keep cuts away from employees and benefits; look at programs -- Remember the human factor - there are no jobs out there, if laid off or hours are cut.
- 1-1 aides don't need to be there all day
- Lobby legislators to change funding formula from ADA base

VI. Next Steps

District staff will attend the two upcoming webinars, to get a sense of what to expect on the budget, both from the Governor and from the Legislature. They will bring any new information to the Board on 6/10. On 6/17, the Board will receive the recommended budget from staff.

VII. Next Meeting/Adjournment

Superintendent Munro thanked those present for their participation at the meeting. Assistant Superintendent. Monreal also expressed his thanks.

The next BAC meeting will be held on May 27, 2020 via Zoom.

The meeting was adjourned at 6:45 pm.

Respectfully Submitted,

Catherine Meyer-Johnson
Executive Assistant
Business Services

Jim Monreal
Assistant Superintendent
Business Services