



**Santa Monica-Malibu Unified School District
Board Committee
Financial Oversight Committee**

Minutes - Amended

May 10, 2005

Time: 7:00 to 9:00 p.m.

**Location: Testing Room of the School District's Administrative Offices
1651 16th Street, Santa Monica, CA**

Attendance: (*Committee Members*) Paul Silvern [*Chair*], Carolyn Galantine, Craig Hamilton, Chris Harding, Patricia Hoffman, Denny Kernochan, Mike Phillips, Cynthia Torres. (*Board Liaisons*) Kathy Wisnicki. (*Staff*) Winston Braham, Dawn Smithfield, Tim Walker, Roy J. Blair. (*Public*) Jim Jaffe.
Absent: Cheryl Stecher [*Vice-Chair*], (*Board Liaison*) Julia Brownley.

I. Call to Order

The meeting was Called to Order at 7:10 p.m. by Chair Silvern.

II. Approval of the Minutes

A motion was made by Ms. Torres and seconded by Ms. Hoffman to approve the Minutes from the April 12, 2005 meeting. Motion carried.

III. Staff Report: Chief Financial Officer Winston A. Braham

A. Governmental/Legislative Issues: Mr. Braham informed members that he will be attending the Los Angeles County Office of Education (LACOE) Chief Business Official meeting on May 12 for more information on the Governor's May Revise. Additionally, he stated that there is an unanticipated increase in Capital Gains \$ in to the State Treasury, \$3 billion above projections in March, 2005. As a result, more funds could be given to Education and Transportation.

On the topic of the Local General Fund Contribution (LGFC), the State reported a GFC/encroachment of \$1.6 billion, or an average of \$278 per ADA. SMMUSD is at \$770 per ADA. To reduce the conflict in school district budget management caused by the issue of the LGFC, there is talk about splitting Revenue Limit funding between Elementary and Secondary Education, without a separate budget for Special Education students, thus, no need for GFC. Also, the \$500 million which Governor Davis, prior to his exit, declined to pay to the State Teachers Retirement System (STRS), per a Sacramento Appeals Court judge's decision, must now be paid back. This is separate from the Proposition 98 monies already owed to school districts and the 2% Governor Schwarzenegger proposal. However, this might be a good indication as to how the courts might rule if the latest 2% STRS shift is challenged. LACOE will interpret all the latest State information on May 17th, and we will submit a preliminary budget for 2005-06 at the May 19th Board Meeting.

B. Facilities Master Plan - Request for Proposal: A Request for Proposal (RFP) for the Facilities Master Plan is being developed by Alison Kendall of Kendall Planning & Design in conjunction with the Ad Hoc Facilities Committee. We have a contract with Kendall Planning & Design to develop an RFP and advisory services for \$12,000 which will help us to understand the various tasks, mechanisms and economic analysis, keeping in line with the District's Investment Policy.

- C. Update Regarding SMMCTA Negotiations: Mr. Braham stated both the SMMCTA and District have “sunshined” their respective positions and are now on the District website as part of Board items. Negotiation dates have been tentatively scheduled, but not yet confirmed.

We’re projecting about 6% **[corrected from 10%]** for health care costs, although they could be as high as 11%, but we’ll be getting a complete market analysis from a retained Health-Care consulting firm in order to determine whether or not to stay with Cal-PERS.

- D. 2005-06 Budget Planning Process & Possible Budget Adoption-Special Meeting: The Preliminary Budget will be submitted (in segments) to the Board at the May 19th, June 2nd and June 16, 2005 Board Meetings, with a final 2005-06 Budget Adoption at the June 24, 2005 Special Board Meeting at 4:00 p.m.

- E. Update: 2003-04 LACOE Audit Report for Child Development Services: A former LACOE employee wrote the government and hinted at irregularities in the HeadStart Program at the County level. Our Child Development Services (CDS) has a contract with HeadStart. Mr. Braham emphasized that the audit has nothing to do with our District, but with the federal HeadStart Program. CDS staff have been assisting the auditor, who came up with only two minor findings, one correctable, one reportable.

- F. Rate of Spending Reduction Plan Report from Tim Walker, Assistant Superintendent, Special Education: Mr. Braham introduced Tim Walker, who said that LACOE has required the District, as directed by the Superintendent and Board of Education Members, to identify different areas in which we can reduce costs. The District has compiled a cost containment plan with the following key points:

1. Instead of depending on outside vendors, provide in-house positions, such as Assistive Technology Specialists (ATS), Designated Instructional Services (DIS), Physical Therapists, Occupational Therapists, Occupational Therapy Assistants, Speech & Language Pathologists, Behavioral Support Specialists, etc., to offer support as required by Individual Educational Programs (IEPs). These are legal documents which must be implemented according to the Individuals with Disabilities Education Act (IDEA). Mr. Walker explained that the District also needs in-house multi-tiered assistants, i.e., Assistant to the Physically Disabled for those students with extreme health needs. We need to have these positions internally in order to capture costs from outside agencies. An additional benefit to having our in-house services is that Hearing Officers do not usually side with outside agencies when the District has the means to provide services using our own employees.

2. Program & Staff Development training is very important. Typically, staff “burnout” can occur within five (5) years. We need to build our programs and bring the outside services in, which will create and foster camaraderie as well as expand program options. Bringing back those students from our Non-Public Schools (NPS) will pay off later. Transitional programs are currently being provided and will continue to do so. The California High School Exit Exam (CAHSEE) must be passed by all Special Education students. Future staff development is being planned to improve knowledge and skills of staff. This area has been weak in recent years.

3. Legal Services - Due to the legal requirements in IEPs, parents have the ability to file lawsuits over any issue or service provided by Special Education. The IEP meetings are meant to be non-adversarial. Mr. Walker personally deals with all legal issues, from minor issues to and including the mediation process, which has saved money on our legal costs. If the mediation is not satisfactory, then we need an attorney to represent us. We've now contracted with one attorney and will meet with another attorney as a way to build the list of consultants for best results.

4. Permits - The number of Special Education students on permits was high, and Mr. Walker found students attending who were not on permit. The permit process is being tightened and provides us with the depth of information we need. We are members of a Special Education Local Plan Area (SELPA) with Culver City and Beverly Hills Unified School Districts, in which we can access each other's programs, but must have permits, if not offered at their district. Each permit is to specify needed services and what the Districts will do to provide for those services. Mr. Walker will send out SELPA permits with our portion completed, noting "...cost not to exceed ADA received by District of Attendance." We have included the permit changes to LACOE, which approved our cost reduction plan.

5. Special Education Transportation - We need to maximize the services of Special Education transportation by exploring how we are currently providing this service to students, and analyzing whether there are more cost-efficient options available to the District. Exploration of the use of taxis, internal and external buses, and reimbursement to parents for transporting students should result in a comprehensive plan to maximize the use of revenue in this area. Mr. Walker and Mr. Braham will work with the Director of Transportation to study this issue. The State average for Special Education transportation is 10%, but it is 14% for SMMUSD.

G. Measure "S" Expenditures Audit Report from Roy J. Blair, Auditor: Mr. Blair distributed his Independent Auditors' Report on the Measure "S" expenditures for 2003-04. Members reviewed and discussed the report, and Mr. Blair requested members to let him know what specific kind of format they would prefer in the future. A discussion/drafting of a Measure "S" expenditure report, according to members' comments, will be agendaized for the next FOC meeting. Future reports should show the expenditures plan as well as the actual expenses, and should include a column showing the encroachment on the General Fund.

The FOC asked Mr. Blair about what controls we have in place to prevent the possibility of fraud. Members were very clear that they have seen no evidence of fraud, but merely want to ensure that the proper controls are in place. Mr. Blair stated that the District has met the requirements of Measure "S". He will continue to work with Mr. Braham and to implement the FOC's suggestions. A copy of his report will be forwarded to Superintendent Deasy.

IV. Review and Discussion of Pending Board of Education Agenda Items:

A. Senior Exemption Process - Measure "S" Parcel Tax: A copy of 5/5/05 Board Agenda Item I.1 was handed out, detailing what steps have been taken in the Measure "S" Senior Exemption Process.

B. Hazard Mitigation Presentation: A copy of 5/19/05 Board Agenda Item D.1 was distributed to members.

V. Old Business

A. Process for Capital Programs/Resources:

B. Conflict of Interest Statement: A copy of the signed Conflict of Interest Statement was given to each FOC member.

C. P-2 ADA Summary: Mr. Braham told members that this information was presented as item D.1 at the 4/21/05 Board Meeting. He stated that, given the latest enrollment projections, we're on solid ground with the projected 11,990 ADA.

VI. New Business

A. Joint Meeting with the Board of Education - June 2nd, 2005: It was requested to change the Joint Meeting date from June 2nd to June 16th, 2005; this information will be forwarded to the Superintendent's for approval, and confirmed to FOC members.

B. Identification and Review of Key Projects with Significant Fiscal Impacts:

C. Other Items, as Needed:

1. Facilities Master Plan: A request was made to add this item as standing Agenda item under **Section V. "Old Business"**.

2. Letter from LACOE RE: Positive Certification on the District's 2nd Interim Report: A copy was given to members, stating our District has received a Positive Certification on our 2nd Interim Report.

3. Letter from the California State Controller's Office RE: Certification of 2003-04 Audit Report: A copy was distributed, stating that our 2003-04 Audit Report conforms to the audit guide reporting standards and generally meets the federal requirements of the Office of Management and Budget (OMB).

VII. Public Comments:

Jim Jaffe

VII. Agenda Planning for the Next Meeting:

VII. Adjournment. Meeting adjourned at 9:10 p.m.