



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

**Minutes**

**May 1, 2007**

**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*) Cheryl Stecher [*Co-Chair*], Patricia Hoffman, Denny Kernochan, Gordon Lee, Cynthia Torres, Carrie Wagner. (*Board Liaisons*) Maria Leon-Vazquez, Kelly Pye. (*Staff*) Dianne Talarico, Virginia Hyatt, Dawn Smithfield. (*Public*) Shari Davis, Paula Goldman, Rebecca Kennerly, Dan Kreinbring (*SGI*). *Absent: Paul Silvern [Chair], Benjamin Allen, Craig Hamilton.*

**I. Call to Order**

The meeting was Called to Order at 7:07 p.m. by Co-Chair Cheryl Stecher.

**II. Approval of the Minutes:**

The Minutes from the April 10 meeting were not available but will be presented at the next meeting.

**III. FOC Priority Policy Issues (*Primary Discussion Items*)  
(*Held for Future FOC Meeting*)**

**IV. Discussion with Superintendent Dianne Talarico**

A. Welcome New FOC Members Benjamin Allen and Carrie Wagner: Introductions were made and Carrie Wagner was welcomed by FOC members. Benjamin Allen was unable to attend, but will attend future meetings. A copy of the approved Board action was distributed - *Replace Two Members on the Financial Oversight Committee (Item A.24 at the 4/19/07 Board Meeting)*. An updated FOC Roster was distributed to members.

B. Discussion and Follow-Up to 4/25/07 Special Board Meeting: Superintendent Talarico gave a status report on the CFO search, explaining that many other school districts are also recruiting for CFOs so there is a lot of competition. The search firm School Services of California, Inc. (*SSC*) presented ten applicants, but after paper screening, one candidate withdrawing, another unable to interview, only three candidates were interviewed by the selection advisory committees and only two applicants were interviewed by the Superintendent, and neither was approved. School Services will extend the search for additional applicants. The Superintendent would like to extend Dr. Hodgson's contract and members expressed confidence in him, stating that he is an asset to the District. Members also suggested FCMAT as a resource, even if the search needs to be dropped one level from the CFO position. Members were also concerned about the amount of financial work that needs to be done, especially with the first issuance of the BB bond and associated ratings.

1. Budget Solution Strategies (Item D.01): Superintendent Talarico congratulated Mr. Silvern and Ms. Torres on the fantastic job reporting to the Board on the *Budget Solution Strategies* and thanked them for their suggestions. She said that no proposed increase is reflected for

classified or administrative employees. She's found a discrepancy in staffing support at school sites and must create a formula to fairly allocate resources at each site by comparison with other districts. Attrition would be the best solution, but it cannot be predicted. Any new position must be justified to the Superintendent before it can be opened. She further stated that she believes some District office employee positions are duplicated, that she's taking note of who is not busy, and that the District office has as many classified staff as some school sites have teachers. However, there have been severe reductions to classified employees, especially custodial and facilities staff, and the student surveys indicate the need for those types of services. Members cautioned about further reductions to those services. Members also said that management staff has been reduced and to carefully consider further reductions, unless management is able to restructure work, giving more of it to school sites. The Superintendent has already told the Senior Cabinet that no positions are sacred, except categorically funded ones and has plans to reduce each site's/department's supply budget, however, no programs will be eliminated. Members pointed out that the number of classified and management staff has increased due to innovative, unique programs which are supported by the community. Employee sharing with another district was suggested, especially for half-time (.50 FTE) employees who do not receive health benefits. Superintendent Talarico responded that there are approximately 18 employees who get full benefits and have been offered full-time jobs, which may cause them to be moved to other sites. She is also looking at health savings accounts and self-insured dental care, items which affect negotiations. Members were concerned about the decrease in staffing from <31> to <26> as indicated on the *Budget Solution Strategies* document, and whether teachers' workloads will significantly increase, and the Superintendent answered that there will be some increase in Grades 4 and 5. Members suggested it might be helpful to have a chart with contracted staffing ratios, i.e., 30 to 1 ratio and whether adding another student makes a grievable offense, such as the 20 to 1 limit for Class Size Reduction. Superintendent Talarico stated she believed the solution lies in adjusting the Master Schedule. Ms. Hoffman, who has past experience in coordinating the Master Schedule, volunteered her services.

Members also mentioned the need to significantly increase the reserve as a financial cushion, especially to improve our bond rating with Standard & Poor's and Moody's Investor Services for the upcoming bond sale. They pointed out that this must be kept in mind when planning cost reductions and revenue increase strategies. They also mentioned that the *Multi-Year Projection (MYFP)* included Measure "S" funding, even though there is no guarantee of renewal. They were in support of the proposed new electronic equipment "connection fee" which pays for information services support and prevents schools from not following District protocols.

Members again brought up the need for a deficit reduction plan in Special Education, which they told Tim Walker when he attended an FOC meeting last year. Superintendent Talarico responded that the District is opening a primary Special Day Class (*SDC*) in-house for autistic students, and that this should be added to the *Budget Solution Strategies* list. Members were apprehensive about bringing this service in-house until we have qualified teachers to handle the in-house program. Members believe Special Education costs have skyrocketed, that the State of California should pay more than 10% and districts should ask for more funding. Superintendent Talarico asserted that she believes there has been over-identification of Special Education students.

Members reiterated that the Board needs to be mindful of staff increases and complying with staffing ratios. In addition, they felt that scenarios should be included, especially as a negotiation tool, explaining that each increase must have a corresponding decrease. It was mentioned that SEIU has worked well with the District in the past, agreeing to a 0% increase in exchange for a promise not to cut classified positions.

1. FOC Comments for the Board Meeting on 5/3/07:

As most FOC members could not attend the 5/3/07 Board Meeting, a motion was made by Mr. Kernochan and seconded by Ms. Hoffman for the following information to be read by Board Liaisons Leon-Vazquez and Pye on 5/3/07. Motion passed unanimously.

- # Increase the District's reserves to more than the 3% minimum, primarily for Bond Rating Agencies and Insurer to encourage the highest rating and better pricing.
- # Flesh out the TBDs on the *Strategies* list, with dollar amounts listed. Develop more options, including:
  - originate a Deficit Reduction Plan for Special Education
  - include and cost out the three page list from October 2006 previously distributed to FOC members
  - institute a campaign to increase Average Daily Attendance
  - institute a campaign to increase local resident attendance
  - craft scenarios for Board information prior to negotiations, i.e., impact of a 1% increase, 2% increase, etc.
  - specifying the impact of expenditures/increases on the reserves and fund balances
  - integrate options for negotiations and include items from the October 2006 list
  - clarify the financial targets for each of the three years in the MYFP
  - add scenarios with and without Measure "S" dollars
  - plan now for parcel tax renewal in the February 2008 Election
  - increase revenues in the long-term by increasing funding from private sources
  - put in place a solvent plan for the next three years. The members support the Board taking all action necessary in order to achieve that.
  - avert future similar budgetary situations by having planning and processes in place

**V. New Business (for Discussion)**

Measure "S" Update

**VI. Receive and File (*Limited Discussion*)**

School Services of California, Inc: *Fiscal Report: (3/16/07)*

EdSource Report: *Keeping California School Districts Fiscally Healthy (April 2007)*

**VII. Public Comments:**

Paula Goldman, Rebecca Kennerly.

**VIII. Agenda Planning for the Next Meeting:**

June 5, 2007

June 7, 2007 (*Joint Meeting with the Board of Education*)

**IX. Adjournment.** Meeting adjourned at 8:57 p.m.