



SMMUSD Financial Oversight Committee – Minutes

Date: Wednesday, May 13, 2009

Time: 7:00 pm to 9:00 pm

Location: Testing Room, SMMUSD Admin. Offices
1651 16th Street/Santa Monica, CA 90404

Attendance: (*Committee Members*) Cynthia Torres [*Chair*], Joan Chu Reese, Craig Hamilton, Nimish Patel, Paul Silvern, Manel Sweetmore, Carrie Wagner; (*Board Liaison*) Jose Escarce, (*Staff*) Jan Maez, Dawn Smithfield;

Absent: Patricia Hoffman, Gordon Lee [*Vice Chair*], Barry Snell (*Board Liaison*)

I. Call to Order

The meeting was called to order at 7:06 p.m. by Ms. Torres.

Ms. Maez explained the reason for the meeting was that the Board is scheduled to take action on the proposed budget solutions at the 5/21/09 Board Meeting, and she wanted the FOC members to review and discuss them. This would allow Ms. Torres to report those comments at that Board Meeting.

II. Staff Report: Chief Financial Officer Janece L. Maez (*Limited Discussion*)

A. Bond Issuance Update: Ms. Maez spoke about the draft of the bond rating agency presentation which will be presented to the rating agencies and an insurer on May 19th and 20th. A copy of the final presentation, which will be forwarded to FOC members, includes an overview and information about safety and technology, the local economy and demographics, the District's tax base, an organization chart that includes the FOC (and members' backgrounds), District finances and the process for budget reductions. By then, we should know the results of the May 19th Election. District staff will meet with both Moody's Investor Services and Standard & Poor's. Ms. Maez can speak positively about the District and the budget process, including the District overview, which shows the percentage of high school seniors who have taken at least one advanced placement class.

III. New Business (for Discussion)

A. Discussion and Recommendations on the District's Budget Solutions: Two handouts were distributed: *SMMUSD 2009-10 Budget Solutions* and *SMMUSD Multi-Year Projection (1) Unrestricted General Fund*. Ms. Maez estimated that an additional \$6.5 million will need to be cut for 2009-10. The District's Federal Stimulus package includes \$638,000 in Title I funds, \$4 million to the SELPA (half of which is for SMMUSD), approximately \$3 million of Fiscal Stabilization funding. She emphasized that these funds are one-time monies. Members noted that both 1A and 1B must pass, and that the cost of student non-attendance needs to be publicized to parents. Ms. Maez said we're moving forward with a new student info system, which will allow us to better gather data on the student system. In response to a question regarding correct recording of attendance at Samohi, members suggested that Samohi should be audited for attendance every year.

The Budget Solutions document was reviewed, noting that \$700,000 must be realigned within the Special Education budget. Special Education costs have increased while enrollment has decreased. Legal costs were budgeted at \$200,000 but \$800,000 was expended due to some very unique cases which drove up the costs this year. FOC members recommended that the Board make the \$700,000 in cuts, but to also examine more closely the delivery of services as the Special Education budget needs to be more closely aligned with the expenditures. It was also agreed that we need to look at the Special Education working group budget recommendations, and to thoroughly examine how the other funds are spent. The Special Education working group is concerned about losing the hard work they've done this year through the budget realignment. Discussions are needed in communicating and working with the Special Education staff on problem solving, such as the use of support staff to cut costs.

It was agreed that Samohi needs to be realigned to reflect the enrollment decline, and the House system needs to be realigned in keeping with the original design. The original enrollment was 3,600 students and now it is 3,000, the equivalent decline of one House. Although API scores have increased, there is no hard evidence to show that the House system has helped to close the achievement gap. Following a discussion, there was a consensus by the FOC members that a reorganization decision must be made by the Board. The FOC declined to endorse a particular reorganization structure.

Members agree that K-3 class sizes must increase to 23:1 this year, and possibly increase to 25:1 next year. Ms. Maez said that we accomplished class size targets this year through attrition; no permanent tenured teachers were laid off. She also thought that the Superintendent's Budget Advisory Committee could study an analysis of the class size program options.

Tier III Flexibility options were reviewed. It was discussed that this is a three-year solution, at best. It's the budget year and two years out that is available for potential reallocation. Members suggested that the document note the percentage of the total program that reduction targets represent. Revenue enhancement was discussed, including a possible parcel tax in 2010.

Ms. Maez stated that if Propositions 1A and 1B don't pass in the May 19th Election, we may be looking at a \$20 million deficit. She further stated that the District should consider keeping the Reserve for Economic Uncertainties at 5%.

IV. Public Comments

None

V. Agenda Planning for Next Meeting

It was discussed and agreed that the next regular FOC meeting will be held on 6/2/09, and the Board Budget Workshop / Annual Joint Meeting with the Board will be held on 6/10/09.

VI. Adjournment

The meeting adjourned at 10:00 p.m.