



SMMUSD Financial Oversight Committee – Minutes - Amended

Date: Tuesday, January 5, 2010

Time: 7:00 pm to 9:00 pm

Location: Testing Room, SMMUSD Admin. Offices

1651 16th Street/Santa Monica, CA 90404

Attendance: (Committee Members) Joan Chu Reese [Vice Chair], Craig Hamilton, Nimish Patel, Paul Silvern, Cynthia Torres [Chair], Carrie Wagner. (Staff) Jan Maez, Dawn Smithfield, Ben Allen. Absent: Patricia Hoffman, Gordon Lee, Manel Sweetmore; (Board Liaisons) Barry Snell and Ralph Mechur.

I. Call to Order

The meeting was called to order at 7:08 p.m. by Ms. Torres.

II. Approval of Minutes 12/1/09

A motion was made by Mr. Silvern and seconded by Mr. Hamilton to approve the Minutes, as amended. Motion passed unanimously.

III. Staff Report:

A. Budget Update: Ms. Maez stated that although there is not much to report regarding the State Budget, the Superintendent and Senior Cabinet are continuing to work on expenditure reduction suggestions previously brought to the Board. She further stated that the Superintendent has scheduled eight meetings in January for outreach efforts to inform both staff and community members about the current District budget situation, and to explain how we got there. These meetings will begin the week of January 20th. The schedule of meetings can be sent to FOC members, who may want to attend to gauge the reaction of the community. The Board will have discussions about every item, and additional ideas are needed. In response to a question about potential layoffs, she clarified that notification must take place by 3/15/10. Members showed support for the positive things that are happening in the District, and noted that this information needs to be shared with the public.

B. Follow-Up on First Interim Report: Ms. Maez said that we have not heard anything negative from LACOE, but the usual letter is expected from them. She noted that in the District audit, there was a significant finding related to **improper attendance reporting using a new Internet-based system.** The District is at **financial** risk for the attendance reported at JAMS last year. The LACOE letter may also mention that audit finding. New procedures are **now** being followed correctly at all school sites, ~~except one. The -after~~ Fiscal staff has ~~undertaken~~ **conducted** internal audits **reviews and provided additional training.** ~~to ensure that procedures are being followed.~~ Ms. Christy White, District auditor, will be at our next FOC meeting, and both audit reports **i.e., 2008-09 District budget and Measure R** will be forwarded to the Board and to the FOC on 1/8/10. Members will send their comments to Cynthia, who will report comments at the 1/14/10 Board Meeting.

C. Status of Negotiations: Management has met two times with SEIU, and will meet again on 1/8/10 to finish the final details. Ms. Maez explained that they've been negotiating for the 2008-09 year with both SEIU and SMMCTA, and are now settling 2009-10 and 2010-11 (SMMCTA). A session is scheduled with SMMCTA on Monday with the mediator, and Senior Cabinet has also been meeting with Mr. Keiley to get closer to agreement. They've been talking about salary rollbacks, furlough days, etc. Most other districts are talking furlough days because the State gave us the ability to reduce the school year by five days. For SMMUSD, this would be a savings of approximately

\$2,000,000 (all employees). Everyone feels positive that a deal will be reached. If mid-year cuts happen, actual layoffs of positions may be required.

IV. Update from Subcommittees:

A. District Revenue Enhancement (*G. Lee, J. Chu Reese, C. Torres, C. Wagner*): Ms. Torres said the subcommittee will discuss the suggestions given so far with Senior Cabinet, which has its own list of revenue-generating ideas. The subcommittee will meet with an advertising agency to hear a pitch about digital advertising at schools. Since there is no facility space available for the idea of the *Special Education Center of Excellence*, that priority may have to be re-evaluated. The FOC will undertake more analysis, especially after that meeting.

B. Review of Special Education Budget (*C. Hamilton, P. Silvern*): Ms. Maez and the subcommittee will meet with SEDAC on 1/11/10.

C. District Financial Strategy (*P. Hoffman, N. Patel, M. Sweetmore*): They plan to meet soon.

V. **Measure BB Update:** Mr. Hamilton stated they **the Measure BB Committee** will meet on 1/11/10 to discuss budget changes, contracting of work and realignment of monies. He noted that market changes have brought some advantages to the District now, such as bidding because there's more competition in the market, and construction costs have decreased and stabilized. They will also review open issues with the **Division of State Architect (DSA)** on old **previous bond measure** projects that have not yet been closed out. There will be an increase in contract authority to Parsons, which was always planned as we move from the design to the construction phase. ~~They are also~~ **Parsons is** working on **coordinating preparation of** bid documents and the procurement process, ~~and~~ **The District is** getting closer to contracting with a public relations company ~~for~~ **to assist with** outreach **about the construction process** to the community **around each school site with a BB project**.

VI. Discussion/Action Items:

A. 01/14/10 Board Item: A copy of *Reappointment of Terms to the Financial Oversight Committee for Craig Hamilton, Gordon Lee and Carrie Wagner* was distributed. Mr. Hamilton, Mr. Lee and Ms. Wagner were thanked for their past service and for agreeing to continue on the FOC. It was requested to add the following sentence to the item: *The Financial Oversight Committee has reviewed this item and recommends approval.*

B. District Cost Reduction Strategies: Ms. Wagner, on behalf of ExEd, submitted a proposal to Ms. Torres to review the District's budget from a different angle, which might give the Board more leverage for reductions and new ideas. ExEd works with 40 charter schools and they have a large bank of data. They would compare size and demographics on a school by school basis for more transparency in budgets, breaking down expenditures by object code to show which schools get more resources and what is driving costs. The work would be completed by 3/15/10. Ms. Torres will forward the proposal to Ms. Maez, who suggested that the work be done on an ADA or enrollment basis.

C. Strategic Plan Process: Ms. Chu Reese is on the Strategic Plan team as the FOC representative. She met with Jim Oswald and Superintendent Cuneo to review the process and meeting graphics. There will be offsite meetings with the community, City officials and anyone with an interest in SMMUSD. Over the next 5 to 6 months, a Strategic Plan would be created to allow the District to

make choices. The first meeting is 1/7/10 and Superintendent Cuneo is reaching out for teacher involvement.

D. List of School Districts – Contact Information from Peer School Districts: Two documents were distributed: selected reports from SSC's *Comparative Analysis of District Income and Expenditures (CADIE)* and information from the CDE's website. This information may be helpful in obtaining a list of comparable districts, which are also dealing with budget problems, to review their websites to see what they're doing for budget reduction strategies. A list of questions could be generated so that the same questions could be asked at each district.

Members each chose a school district, as follows: Ms. Torres – Palo Alto, Mr. Silvern - Irvine, Ms. Chu Reese – San Marino, Mr. Patel–Manhattan Beach and ABC, Mr. Hamilton – Piedmont, and Ms. Wagner – LaCanada Unified.

Ms. Torres will contact the other FOC members to get their choices. Ms. Maez requested that the questions include collective bargaining furloughs, salary schedule adjustments and what's being done with health benefits. Ms. Maez and Ms. Torres will finalize the format. Members will research and create pdf's of the information and email to FOC. It was requested to agendize this for the next FOC meeting.

E. Meeting between Senior Staff and Revenue Enhancement Subcommittee: They'll meet on 1/7/10.

F. Direction RE: Parcel Tax: Mr. Silvern spoke about the parcel tax committee meeting on 1/6/10, which will focus on a discussion of the dollar amount. **The committee previously voted to recommend that the Board authorize an all-mail ballot election for May 25, for a parcel tax to be collected over five years, with a seniors homeowner exemption, but no annual inflation factor.** If the tax was, **for example,** \$198 per parcel, it would yield \$5.8 million, ~~including senior exemptions per year, which which would restore many of the cuts that would otherwise be needed to balance the budget next year.~~ **The committee's recommendation about the amount of the tax will be based on its interpretation of the polling data, but the Board will also consider the types** ~~They also need to focus on what kind of programs **that** could be saved. or which cuts could be modified. The Board has approved class size reduction increasing to 30 to 1. Parcel tax revenue could be used to change that ratio to 27 to 1.~~

VII. Receive and File

- EdSource: *School Finance 2009-10 - Budget Cataclysm and its Aftermath*
- School Services of California, Inc.: *Fiscal Report-Special session on the Budget (1/15/10)*
- School Services of California, Inc.: *Fiscal Reports (11/25/09, 12/11/09 & 12/23/09)*

VIII. Public Comments

None

IX Agenda Planning for Next Meeting:

- February 9, 2010 Regular FOC Meeting
- February 18, 2010 Board Budget Workshop w/Supt. Budget Advisory Committee

X. **Adjournment** - Meeting adjourned at 9:01 p.m.