



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

**Financial Oversight Committee**

**Minutes**

**April 8, 2008      Time: 7:00 to 9:00 p.m.**

**Location:          School District's Computer Lab**

**Administrative Offices - 1651 16th Street, Santa Monica, CA**

Attendance: (*Committee Members*) Paul Silvern [*Chair*], Ben Allen (*via teleconference*), Craig Hamilton, Denny Kernochan, Gordon Lee, Cheryl Stecher, Cynthia Torres. (*Board Liaison*) Kelly Pye. (*Staff*) Jan Maez, Dawn Smithfield. (*Absent*) *Patricia Hoffman, Carrie Wagner, Board Liaison Maria Leon-Vazquez.*

**I.      Call to Order**

The meeting was Called to Order at 7:14 p.m. by Paul Silvern.

**II.     Approval of the Minutes:**

A motion was made by Ms. Torres and seconded by Mr. Lee to approve the Minutes from the 3/04/08 Meeting. The motion passed unanimously.

**III.   FOC Priority Policy Issues (*Primary Discussion Items*) –**

- A. Facilities Master Plan (*Craig Hamilton*)
- B. Measure “S” Oversight ( *Patricia Hoffman & Paul Silvern*)
- C. Status of District’s Deficit Reduction Plan (*Patricia Hoffman & Cynthia Torres*)
- D. Improving/Creating Consistent Budget Format/Process & Public Presentation of Budget (*Denny Kernochan & Carrie Wagner*)
- E. Enrollment Forecast/Long-Range Trends (*Cheryl Stecher*)
- F. Revenues, Expenditures Summary & Adopted Budget Comparison (*Cynthia Torres*)

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

- A. Classified Staff Tentative Agreement: Ms. Maez explained that a Tentative Agreement has been reached with the classified employees, which will be discussed at the 4/19/08 Board Meeting and submitted for final approval at the 5/1/08 Board Meeting. The entire contract was open for discussion so negotiations were lengthy. The contract was extended through 2010, with salaries and benefits open again next year. There is a 3.31% increase retroactive to 7/1/07 in addition to a 3% off-schedule bonus, for a total first year cost of \$1,481,000. There were no changes in health and welfare benefits. The Board has agreed to pay classified employees the current “living wage” minimum of \$12.50 per hour, which primarily affects employees in Food Service and Child Development Services, and could impact amounts paid by the PTA for salaries and benefits. The primary exclusion is non-merit employees, such as noon aides. The financial increases associated with the Tentative Agreement have been incorporated into the budget planning documents. It was requested that the AB1200 information be forwarded to FOC members once the Board Members have received it.

Mr. Silvern stated that he calculated the salaries and benefits to be equal to 90.9% of the District Unrestricted General Fund budget. He asked if staffing ratios for classified benefits have been analyzed as was done for certificated employees, and Ms. Maez responded that they were done at all sites except for custodial positions. There will be a reduction of 7.0 FTEs. Members were concerned that the raises are unsustainable and all staff should realize that dramatic changes will take place by 2010-11.

- B. LACOE Positive Certification Received on District's 2<sup>nd</sup> Interim Report: The letter from LACOE certifying the 2<sup>nd</sup> Interim Report was distributed. The letter mentions the Special Education review, which was forwarded to LACOE. Some of their concerns included deficit spending, labor negotiations and declining enrollment. Ms. Maez noted that the classified Tentative Agreement financials were not included in the 2<sup>nd</sup> Interim Report. Members expressed concern about the continuing pattern of deficit spending, especially if the economy and enrollment continue to decline. They noted there could be no raises for the next three to four years since deficit spending will be \$2.5 to \$3.0 million in 2008-09 and \$1.5 million in 2009-10, based on current assumptions.

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

- A. 2008-09 Budget Discussion/Follow-Up to 3/7/08 Board Budget Workshop: The workshop materials were distributed. Ms. Maez reviewed her presentation with members, noting that there have been many discussions about staffing ratios, with some changes as a result of the staffing guidelines. When appropriate, Unrestricted General Fund expenses are being shifted to Restricted General Fund expenses, and Dr. Chou is looking at using categorical funds in the most effective manner, and which expenses can be shifted. The 2008-09 budget calendar was reviewed and members noted that they may want to comment at the 5/15/08 and/or 6/5/08 Board Meetings, of which the latter is the FOC/Board joint meeting. The next FOC meeting is scheduled for 5/6/08. It was requested that any new budget information that is provided to the Board between FOC meetings also be mailed or emailed to FOC members.
- B. Continuing Disclosure Reports - MuniFinancial: A copy of these documents was distributed.
- C. Financial Management Issues Raised by the Special Education Program Independent Review: Ms. Torres distributed her summary report, summarizing and commenting on the Special Ed Review performed by Lou Barber & Associates. She made the following observations: Special Ed staffing levels have increased by 25% while pupil counts have decreased by 15%; more money has been spent for fewer students with a higher dissatisfaction level. SMMUSD is spending 98% more than it has received in Special Ed income. The District has a ratio of 41% unfunded costs as a percentage of total Special Ed costs compared to a Statewide average of 25%. Members felt the report was very thorough, gave room for discussion/questions about the District's practices, and agreed with the recommendations. A question was raised about next steps now that the Report has been distributed. Ms. Maez said that the Superintendent committed to having a response to the Report, with the framework for the District's next steps at the 4/17/08 Board Meeting. The Report findings are scheduled to be discussed tonight at the Santa Monica City Council meeting. FOC members would like to remain involved in financial issues associated with the Report and urged Ms. Pye to share that with the Board. Staff was requested to agendize a further discussion of the financial part of the Special Ed budget for the

5/6/08 FOC meeting.

**VI. Receive and File:**

- A. Measure R Press Release
- B. Special Education Program Independent Review -Executive Summary
- C. California School Boards Assn: *California School News*
- D. EdSource: *2008 Resource Cards on California Schools*
- E. School Services of California: *Fiscal Reports (1/9/08 and 1/18/08)*
- F. CASBO Newsbreak: *Budget Update: Local Flexibility Proposals Held Despite Bipartisan Calls for Action (4/7/08)*

**VII. Public Comments:** None

**VIII. Agenda Planning for the Next Meeting:** May 6, 2008

**IX. Adjournment:** Meeting adjourned at 9:32 p.m.