



## **SMMUSD Financial Oversight Committee Minutes**

**Date: Tuesday, October 15, 2013**

**Time: 7:00 pm to 9:00 pm**

**Location: Testing Room, SMMUSD Administrative Offices  
1651 16th Street, Santa Monica, CA 90404**

### **I. Call to Order**

Mr. Larmore called the meeting to order at 7:00 p.m.

Committee Members: Craig Foster arrived @7:11pm  
Tom Larmore  
Joan Krenik arrived @7:03pm  
Paul Silvern  
David Vukadinovich

Patricia Hoffman arrived @7:07pm  
Gordon Lee  
Shelly Slaugh Nahass  
Cynthia Torres

Board Liaisons: Laurie Lieberman arrived @7:09pm Nimish Patel arrived @7:02pm

Staff: Jan Maez Kim Nguyen

Absent: DeAndre Parks Jose Escarce

Public: Gerardo Cruz

### **II. Approval of Minutes September 12, 2013**

Mr. Silvern suggested adding the words “on a temporary basis” after the words “basic aid district” in the Budget Update Section because this status is not expected to continue. A motion was made by Mr. Lee and seconded by Ms. Torres to approve the September 12, 2013 as amended. The motion passed unanimously. Mr. Foster, Ms. Hoffman, Ms. Krenik, and Mr. Parks were absent.

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

- A. Budget Update: Ms. Maez explained the Local Control Funding Formula (LCFF) using projections from both School Services of California (SSC) and the State Department of Finance (DOF) as to the levels of State funding for 2013-14, 2014-15 and 2015-16. For 2013-14, both use the actual funding level of 11.78% of the difference between the full LCFF entitlement (\$91.4MM) and the “hold harmless” amount (\$67.2MM) - a difference of \$24.2MM. 11.78% of this difference is \$2.8MM. When added back to the “hold harmless” amount of \$67.2MM, this percentage yields total funding of \$70MM. After subtracting amounts projected to be received from local property taxes (\$56.2), the Education Protection Account (\$2.2MM), TIIG (\$0.4MM) and Transportation (\$0.8MM), the amount of State aid projected to be received by the District is \$10.5MM. For future years, the total funding projections differ depending upon the assumptions used as to the level of State funding of the percentage of the LCFF entitlement. SSC uses

16.18% for 2014-15 and 21.68% for 2015-16 (resulting in total funding of \$71.4MM and \$73.2MM, respectively) while DOF uses 28.27% for 2014-15 and 46.99% for 2015-16 (resulting in total funding of \$74.5MM and \$80.3MM, respectively). The actual funding levels will be made by the State in future years depending upon the growth of the economy.

Ms. Maez also pointed out that the amount which the District would be required to spend under its LCAP plan would vary depending upon the same projections. In 2013-14, that number is \$0.6MM, increasing in each year to \$0.9 and \$1.2MM using the SSC projected levels of State funding or \$1.5MM and \$2.6MM using DOF projections.

- B. LCFF Multi-year Projections: Ms. Maez also presented interactive spreadsheets looking at the impacts on the District's Fund Balance over the next three years depending upon whether the projections are based on SSC, DOF or somewhere in between. The district ended the 2012-13 year with \$24MM Fund Balance. While the ending Fund Balance is projected to decline each year due to deficit spending, it is projected to end at \$14.8MM after 2015-16 using the SSC assumption, an amount that is still in excess of 10% of the budgeted expenditures. If the higher DOF assumption is used, the ending Fund Balance after 2015-16 would be \$22.9MM. The District is looking at projections based upon assumptions between SSC and DOF which would yield an ending Fund Balance after 2015-16 of \$18.9MM. All of these projections include a reserve for LCFF growth increment, as recommended by SSC.

Ms. Maez' handouts can be found at the end of these minutes.

#### **IV. Discussion/Action Items**

- A. Conflict of Interest Pledge: The annual conflict of interest pledge was signed by members who were present at the meeting.

#### **V. Update from Ad Hoc Committees**

- A. Malibu Unification (*C. Foster, T. Larmore, P. Silvern, S. Slaugh Nahass*): Mr. Foster reported that he expects to receive the draft WestEd report in the next week. The Golden Valley-Madera unification occurred around 1997-1998 and its experience was shared with the committee. They had leeway in what they were able to include in the petition. It was an unopposed petition to the State Board of Education. The discussion of who gets to vote was interesting because it was limited to voters in the area that would be the new district. In the 1998 split, the vote that took place was equivalent of Malibu only and would not have included Santa Monica voters. The ethnicity of the districts was dramatically different. The district grew from 1,000 to 2,000 students and the ethnic makeup of the district changed.
- B. Detailed Budget Review (*T. Larmore, G. Lee, C. Torres*): Ms. Torres reported that the ad hoc committee will meet soon.

- C. Retiree Benefit Obligations (*J. Krenik, P. Hoffman, D. Parks*): Ms. Hoffman reported that the ad hoc committee has not met because no one has agreed to be the facilitator. She suggested that the committee talk to both SMMCTA and SEIU.

**VI. Update regarding Santa Monica-Malibu Education Foundation (SMMEF)**

Mr. Vukadinovich informed the committee that SMMEF secured a \$500,000 gift from the Scott Family Charitable Fund and \$150,000 matching from Dunn and Bradstreet to implementation of Vision for Student Success placing total amounts raised at just over \$2.08M to reach \$4M target. Site participation levels are varied and working. There are two new members and a few resignations on SMMEF Board. The SMMEF Board continues to focus on major gift cultivation with a focus on multi-year pledges of \$5,000 and greater as well as working with each of the school sites on their annual appeals, assisting with printed materials, and coordinating presentations at each Back to School Night.

**VII. Receive and File (Limited Discussion):**

- A. 2013-14 Senior Exemptions from Measure R Parcel Tax

**VIII. Public Comments:** None

**IX. Next Meeting:** Thursday, November 14, 2013

**X. Adjournment:** The meeting adjourned at 7:57 p.m.