



SMMUSD Financial Oversight Committee Minutes

Date: Tuesday, February 15, 2011

Time: 7:00 pm to 9:00 pm

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

I. Call to Order

The meeting was called to order at 7:00p.m. by Ms. Wagner.

Committee Members:

Carrie Wagner, Chair

Gordon Lee

Joan Chu Reese, Vice Chair

Paul Silvern

Patricia Hoffman

Cynthia Torres

Board Liaisons:

Jose Escarce left at 7:20pm returned at 8:38pm

Laurie Lieberman arrived at 7:15pm

Staff:

Jan Maez

Kim Nguyen

Public:

Patrick King

Absent:

Oscar de la Torre

Craig Hamilton

II. Approval of Minutes 1/18/11

A motion was made by Mr. Silvern and seconded by Ms. Hoffman to approve the Minutes. The motion passed unanimously.

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

- A. PDMSC Update: The LACOE hearing with County Staff report was held on February 1, 2011. The hearing with County Superintendent recommendation to deny the appeal was held a week later on February 8, 2011. The County Board voted 6-0 to accept the recommendation to deny. The petitioners have an option to appeal to the State.
- B. Budget Update: Ms. Maez discussed SMMUSD Multi-Year Projection Unrestricted General Fund Assumptions 2011-13 under various scenarios to include with and without the tax extensions as well as with and without mental health costs. Scenario 1 displays \$19 ADA cut and Scenario 2 \$350 ADA cut. Governor Schwarzenegger vetoed AB3632 that provided funding for services provided to mental health for children so the costs would fall back to the schools. The District may incur \$1.2M for those mental health costs for the period between February 1st and June 30th. To determine a potential Scenario 3, subtract \$3.3M from 2010-11 year and keep increasing the cost for subsequent years. Various professional organizations are warning school districts that the cuts may be more severe. School Innovations used a \$300 figure because that is the

deferral amount. The Legislative Analyst Office used a figure of \$800 per ADA cut if the tax measure is not approved.

The 2nd Interim report was presented to the Board at the March 3rd Board Meeting. It showed a larger fund balance than projected from 1st Interim Report due to an additional \$500k in Federal SFSF funds and \$500k in mandated cost reimbursements.

Ms. Torres expressed concern on the implications of the scenarios presented and action should be taken. Mr. Lee concurred stating that the figure he heard that would be cut from schools were \$5.2B. Ms. Wagner noted that if no resolution was reached within 30 days, layoffs would not be able to occur until the following year. Ms. Chu Reese advocated that the District look at the return of furlough days for 2011-12 and the FOC have a statement to encourage voters to approve the tax extension.

Ms. Maez reported that the Board is scheduled to take preliminary action on layoff notices at the March 3rd Board Meeting. Mr. Silvern suggested that an FOC member express to the Board that adopting the Position Reduction or Discontinuance of Particular Kinds of Services resolution, as recommended by District staff, would be an explicit choice by the Board to defer budget reduction action, which will greatly reduce options for balancing the budget next year, particularly if the Governor's proposed tax extensions are not approved by the voters. However, Mr. Silvern cautioned against recommending specific budget reduction actions at this time because of the uncertainty with the state budget. Ms. Hoffman expressed a concern that furlough days were a favored strategy over reducing class size. She stated that small increase to class size have less impact on student performance than reducing the number of instruction days. Ms. Wagner and Ms. Chu Reese will draft a statement and email to the committee for input.

IV. Update from Ad Hoc Committees

- A. Researching District Revenue Enhancement (*G. Lee, J. Chu Reese, C. Torres*): Ms. Torres stated that the District should put more emphasis on fundraising and other aspects of revenue enhancement. Mr. King expressed interest in this sub-committee.
- B. Reviewing Special Education Budget (*C. Hamilton, P. Silvern*): No report.
- C. FOC Interviews (*C. Hamilton, G. Lee, P. Silvern, J. Chu Reese*): Mr. Lee thanked the sub-committee for their hard work. He stated that the sub-committee unanimously agreed on all aspects of the process and applicants brought forward for recommendation to the Board, expansion of the FOC committee to eleven (11) members, and outreach for geographic representation of the District. Although different from the past reappointment process, committee members who wished to be reappointed were asked to submit an application and statement of why they would like to continue to serve.

A motion was made by Ms. Torres and seconded by Mr. Silvern to recommend to the Board to expand the FOC committee to eleven (11) members. The motion passed unanimously.

A motion was made by Ms. Wagner and seconded by Ms. Chu Reese to recommend Mr. Paul Silvern and Ms. Patricia Hoffman for reappointment to serve on the FOC. The motion passed 4-0-2. Mr. Silvern and Ms. Hoffman abstained.

A motion was made by Ms. Chu Reese and seconded by Mr. Silvern to recommend three (3) FOC applicants, in no particular preference: Mr. Thomas Larmore, Ms. Shelly Slauch Nahass, and Mr. David Vukadinovich for consideration to serve on the FOC. The motion passed unanimously.

V. Discussion/Action Items

- A. Strategic Plan Update: Ms. Chu Reese stated that the Strategic Plan would be formally presented at the February 17th Board Meeting. The plan will identify core skills needed, the resources needed for personal excellence, and the partnership needed to deliver that strategy in the district. The process continues after the Board presentation with an unveiling to the community for community input.
- B. Recommendation to the Board regarding District Financial Audit: A draft FOC statement was discussed and a motion was made by Mr. Lee and seconded by Mr. Silvern to forward the FOC recommendations to SMMUSD Board of Education and Superintendent. The motion passed unanimously.
- C. Malibu Representation on FOC Committee: The committee agreed that more members are needed to assist with the different facets of the FOC and that a search for representation from Malibu be pursued.
- D. Agenda for next meeting: Ms. Wagner discussed the agenda for the next meeting. Mr. Silvern requested a copy of the DecisionInsite presentation and there were questions on whether projections were accurately reflected on a number of pending projects. The numbers are about to be revised.

VI. Receive and File (Limited Discussion)

- A. School Services of California, Inc. *Fiscal Reports (1/7/11, 1/21/11 and 2/4/11)*
- B. SMMUSD Enrollment Forecast Report 2011 presented by DecisionInsite

VII. Public Comments: None

VIII. Next Meetings: March 3, 2011 – 6:00p.m. *Joint Meeting with the Board*
March 15, 2011 from 7:00 p.m. - 9:00 p.m.

IX. Adjournment: Meeting adjourned at 8:55 p.m.