

**SANTEE SCHOOL DISTRICT
SPECIAL MEETING
OF THE BOARD OF EDUCATION**

January 26, 2010
MINUTES

Douglas E. Giles
Educational Resource Center
9619 Cuyamaca Street
Santee, California

A. OPENING PROCEDURES

1. Call to Order and Welcome
President Burns called the meeting to order at 6:06 p.m.

Members present:

Dustin Burns, President
Barbara Ryan, Vice President
Allen Carlisle, Clerk
Dan Bartholomew, Member
Dianne ElHajj, Member

Administration present:

Dr. Patrick Shaw, Superintendent and Secretary to the Board
Karl Christensen, Assistant Superintendent, Business Services
Minnie Malin, Assistant Superintendent, Human Resources
Kristin Baranski, Director, Educational Services
Linda Vail, Executive Assistant and Recording Secretary

B. CLOSED SESSION

President Burns said the Board would meet in closed session to discuss the following:

1. **Conference with Labor Negotiator (Govt. Code § 54956.8)**

Agency Negotiator: Minnie Malin, Assistant Superintendent, Human Resources

Employee Organizations: Santee Teachers Association

Classified Schools Employee Association

Purpose: Negotiations

C. RECONVENE TO OPEN SESSION

The Board reconvened to public session at 6:35 p.m.

Member El-Hajj moved to approve the agenda.

Motion: El-Hajj Second Bartholomew Vote: 5-0
:

D. PUBLIC COMMUNICATION

President Burns invited members of the public to speak about any item on the agenda. There were no comments. Additional opportunities were for the public to address the Board after each section.

E. MID-YEAR BUDGET WORKSHOP

1. Overview of State Budget

Dr. Shaw opened the workshop sharing that education is facing very challenging times as a result of the State's fiscal crisis. The District must enact reductions in the amount of \$6M by the end of 2010-11. The major focus is on the shrinking operating budget, cash flow, debt, and expenditure reductions. Administration will return the second board meeting in February to bring budget reduction recommendations and the Board will also have the opportunity to hear the recommendations from ACI and BAC.

Karl Christensen shared the budget dynamics include proposals that are targeted which are creating a "divide and conquer" attitude among stakeholders. There are funding "cliffs" that will develop over the next four years which include: no longer receiving federal stimulus funds beginning in 2010-11, expiration of the temporary 1% sales tax in 2011-12, the depletion of our reserves, K-3 CSR flexibility expires in 2010-13, and, in 2012-13 the categorical flexibility will expire.

Mr. Christensen reported the State has a \$19.9 Billion shortfall for the next 2 years. The Governor says education is protected because there are no mid-year reductions but no one is feeling that. Although the 2008-09 Prop 98 is being fully funded, it has been reduced because it is based on

State revenues. Some gimmicks and creative accounting have been applied to the funding because the State anticipates \$6.9 B in federal funds which may not materialize.

2. Impact to Santee School District Operations

a. Second Interim Report and Multi-Year Plan

b. Enrollment Projection

Mr. Christensen reported on the impact of the State reductions on Santee School District's budget. Dr. Shaw shared a chart demonstrating the reduction in unrestricted revenue limit funding per student of \$1,400 less than projected, which is returning to the level of 2004-05.

The multi-year projection for 2010-11 shows a deficit of \$5M and reserves would drop to under the 3% required. In September, it was assumed we would receive a .5% COLA and the realization is a negative 3.8% COLA. The second interim report needs to show a positive certification, stating we can meet our obligations for the next 2-3 years. This will require \$3.4M in reductions, with \$2.9M needing to be ongoing reductions, and would have to be enacted for 2010-11, leaving a deficit of \$2.3M. Mr. Christensen also recommended a contingency of reductions of \$575,000 in the event the COLA is not funded in 2011-12.

Minnie Malin reported a slight decrease projected in enrolment for 2010-11, a very small increase in 2011-12, and another decline in 2012-13. Dr. Shaw shared the projections are based on levels of primary grades over the past several years. He said without the reductions, the District would not meet the 3% reserve level for 2010-11.

c. Cash Flow

Karl Christensen provided a cash flow chart, both with and without proposed budget reductions. Without reductions there would be \$11.1M cash deficit by June 2011. The cash flow must be looked at carefully to protect paying employees and vendors. Temporary borrowing from other funds could occur but we would still need \$6.3M in additional cash. The District could borrow from the County Treasury a maximum amount of \$5M. With proposed reductions the cash shortage could be mitigated by interfund borrowing and a County Treasury loan. There is a need to try to preserve the reserves as long as possible for cash flow.

d. Debt

- **General Fund**
- **Capital Improvement Program**

Karl Christensen presented a summary for long term debt. Ending in 2008-09 the District had a total of long term debt of \$84M, with net assets of \$31M. Adding the BAN in the amount of \$12.2, Clean Renewable Energy Bonds (CREBS) totaling \$1.5M, if issued, and \$1.6M for certificated retirement incentives for 2009-10, will bring the long term debt to \$98M at the end of 2009-10 and reducing net assets to \$18.3M. The CREBs will only be issued if an analysis demonstrates a positive cash flow.

Mr. Christensen also shared an analysis on refinancing the BAN for 1 year, 2 years, and 3 years.

3. Expenditure Analysis

a. Transportation

b. Staffing Formulas

c. Review of Previous Reductions

Mr. Christensen reported the goal for the publications department to cover the cost of the department, which is currently only covering 50%. Administration proposed increasing the cost of publication services by 100%, charging 2 cents per copy, which is still below other districts and far below the private sector. Administration will be proposing the reduction of work year for position in the department from 12 to 10 months and generating additional revenue with outside work.

Member Bartholomew said it is important to know there is dialog with the school sites about a price increase. President Burns said seeking outside work has been presented previously but the Board has never seen a plan. He would like to see a marketing plan to increase the outside work. Member El-Hajj said generating too much outside work may impact staff. She asked if there are

any restrictions for a school district to seek and market for outside work. Mr. Christensen said it needs to be investigated but other districts are doing it. Dr. Shaw said other superintendents have shared they have investigated and it is allowable.

Minnie Malin reported on the staffing formulas. She said enrollments have decreased in some schools but staff has not been reduced to meet the formulas. There are several schools staffed over the formula ratios for health clerks, attendance clerks, library media clerks, and campus supervisors. It was suggested to administration that the Board may wish to consider reducing each campus supervisors by 1/2 hour per day instead of decreasing the number of employees. The District would realize a saving of \$40,000 if staffing was changed to align with the formulas. President Burns would like to see the schools be able to fund additional time for their campus aides if the Board decided to staff at the formula levels.

Karl Christensen provided an analysis of the transportation department. Administration has a target of \$137,000 in reductions for transportation. He shared some possible areas for reducing the unrestricted contributions including creating a uniform bell schedule and uniform modified day schedules for a savings of approximately \$98,000, eliminating transportation for selected exceptions to the two mile radius saving \$45,000, and increasing field trip rates to cover costs producing an additional \$33,000. Field trips are currently being subsidized. There are also extra curricular costs of \$29,000 including transportation for the adult ESL students, Spanish students and Swim for third graders.

Mr. Christensen reviewed the budget reductions that have already been enacted by the Board during 2008-09 totaling \$2.5 M, of which \$1.4M is ongoing.

4. Expenditure Reductions

a. Expenditure Reduction Proposals

b. Salary Concessions Proposals

Dr. Shaw shared that Administration had prepared a number of proposals with a goal of working to reduce one time and ongoing costs. He shared a chart showing the proposals (the chart will be part of the permanent record). The recommendations included a reorganization proposal for Educational Services and the Human Resources departments, personnel reductions in hours or positions in technology, publications, maintenance, and business services. Class size increase to 26:1 could be realized by not replacing retiring teacher and without having to lay off teachers. Special Education extended year could be reduced to students who need the program and consider using IDEA stimulus funding.

Kristin Baranski proposed capturing a portion of the instructional materials and SLIB funds while they are flexible. ACI and BAC will consider Spanish, swim, and AVID and bring their outcomes to the Board for consideration. Mrs. Baranski said Spanish could possibly be funded through expanded ASES funding at another school site. Transportation may need to be eliminated and there would need to be an earlier start, as early as 6:45 a.m. Administration will see if the high school teachers would be available to provide a Spanish class afterschool.

All of the listed recommendations total \$3.4 M in savings, with the majority being ongoing savings.

Mr. Christensen reported that even with all of the proposed reductions there would still be a \$1.3M structural budget gap. Member Carlisle asked if the flexibility was ongoing. Mr. Christensen said there is an expiration date of 2012-13 but it is being anticipated that the legislature will extend the flexibility. It is also possible that CSR flexibility could be extended and the District would be able to return to 20:1 in a few years.

Mr. Christensen shared a chart showing how salary concessions could assist in closing the gap. It is difficult to compare because salary concessions are considered one time savings. He also shared a chart showing what it would take to move back to 20:1 in K-3 if we increased class size to 26:1 next year. If we increased class size to 30:1 it would be cost prohibitive to return to 20:1 in a few years.

President Burns invited audience members to speak on this item.

Brad Hunt, CSEA job steward, asked why the dollar amount presented tonight was different than what was provided to CSEA. Mr. Christensen said he is not aware of differing numbers, will check on this and provide the information to Mr. Hunt.

Chris Swanson, CSEA labor representative, asked if the savings achieved from adhering to the staffing formula and other classified staffing reductions would be part of the proposed CSEA salary concessions. President Burns said that would be a discussion for negotiations. Ms. Swanson was concerned why some individuals were notified last week that their positions "were on the chopping block," including an employee who was out on bereavement leave. Administration said the employees were informed there was a proposal going to the Board. Out of consideration for the employees, Administration wished to give them advanced notice from District staff that these jobs may be listed as proposed reductions but no action would be taken.

Member Carlisle asked for clarification on the \$1.6M for ongoing reductions. Mr. Christensen said if we had \$1.3M in one time reductions it would create the need to use the 3% reserve, but for the 2nd interim report it would produce a positive certification. Member Bartholomew asked if the County is willing to relax some of the requirements for the second interim with regard to positive certification. Mr. Christensen believes the County will look at 2011-12 and if the 3% reserves are not met, we would receive a qualified certification.

Member El-Hajj said the State is proposing a 25% reduction in administration costs and asked what has already been reduced in administration. Mr. Christensen said the chart shows what has been reduced and the proposed reductions in administration, but the State has not yet provided the account codes to identify what would be included under administration cuts.

President Burns asked Administration if they would be bringing the recommendations for action on February 16th. Dr. Shaw said Administration would be continuing to review any areas where possible reductions can be made and bring their recommendations to the Board on February 16th for Board consideration.

Member Ryan said she would like both ACI and BAC to review the recommendation list and provide input to the Board for consideration.

F. ADJOURNMENT

The January 26, 2010 special meeting was adjourned.

