

**Evergreen School District
Budget Advisory Committee (BAC)
Minutes of January 19, 2017 Meeting**

I. Call to order

- a. 5:35 pm; Welcome and introductions
Present: Kathy Gomez, Nelly Yang, Kim McNiven, Jim Zito, Sylvia Alvarez, Brian Wheatley, Kristi Frankina, Suzy Woodley, Jim Sherman, Pauline Benton, Diane Hobbs, Delma Juarez, Dixie Lopes, Conrad Taylor and Sanobar Mehta.

II. Approval of minutes from October 27, 2016 meeting

- a. Approved as presented

III. Budget Update: Governor's January Proposals for the 2017-18 State Budget

- a. Nelly Yang reviewed the most recent funding projection received from the state and compared it to the prior projection she had provided to the committee. The District's revenue in the most recent projection is declining for 2017-18 and 2018-19, due to reductions in the funding gap (in 17-18) lower projected student enrollment in each of the next two years, and lower "unduplicated student count" percentage.
- b. Questions were asked and answered. Specifics related to ESDD's "market share" of eligible Evergreen kids from demographer's report were requested, if available.
- c. Question: How much Federal funding does ESDD receive? Per Nelly, \$4.5M, mostly for special ed.
- d. Question: Update on expense projections? Update will be done in light of new revenue projections, and will be provided by the next meeting.

IV. Supplemental Employee Retirement Plan

- a. An early retirement plan adopted by Board has been offered to certificated staff, classified staff and management. Given the response rate, savings over 5 years will be \$1.4M.

V. Governmental Accounting Standards Board Statement No. 45 (GASB 45): Report of valuation as of July 1, 2016

- a. "Actuarial Accrued Liability" is currently \$33.2M. When current year "earnings" and future year "earnings" are added in, the total liability is \$51M. The District is currently using the "pay as you go" method – the current year's requirements are budgeted and paid out each year.
- b. Question: how will the change in the age mix of employees going forward (due to the retirement incentives, noted above) affect this analysis? Unknown.

VI. 2016-17 Work Focus Align with District Strategic Objectives: Achieve financial stability and sustainability

- a. Question to the committee: The District is required to have a 3% reserve at the end of the three years for which it budgets. However, is deficit spending in the interim acceptable, if the reserve can be restored at the end of three years? Or should the District react with spending cuts as soon as it forecasts a deficit?
- b. Comments from the committee favored restraint/no knee-jerk reaction. Morale decline, training investment, larger class sizes were cited as critical issues. Using the District's reserves to "weather" the budget cycle if possible was advocated.
- c. Discussion ensued related to current parcel tax and property rates.

VII. Joint Meeting with Facility Advisory Committee: FAC recommendations on facilities consolidation

- a. FAC's mission: How should the District best utilize its facilities in order to serve students and possibly generate/maximize revenue?
- b. FAC presented their findings, based on an outside consultant's demographic work. Maps were shown of current school boundaries, as well as maps of several alternatives with proposed boundary changes, which compressed students into 13 elementary schools. leaving 2 elementary school sites to be repurposed. Optimal school size for the analysis was assumed to be 625 children.
- c. FAC is also looking at options for generating revenue from District property.
- d. Discussion: When would a decision need to be made? Need public forums to allow public to ask questions and provide input; then recommendation needs to be presented to the Board; District will need a year to implement the changes once a decision is made.
- e. Question: Would kids who are almost finished at a school be allowed to graduate, even if the boundary changes would dictate that they should change schools? Not determined yet.
- f. All FAC meeting minutes and maps are posed on the EESD site.
- g. Note: if enrollment continues to decline, more schools may need to be repurposed and boundaries would need to be adjusted again.

VIII. Public Comment

- a. None

IX. Meeting was adjourned approx. 7:15 pm.

Respectfully submitted,

Dixie Lopes
Secretary