

MINUTES

SPECIAL MEETING OF THE OAKDALE JOINT UNIFIED SCHOOL DISTRICT BOARD OF TRUSTEES

MONDAY, JANUARY 26, 2009, 6:00 P.M.

Oakdale Joint Unified School District
168 South Third Avenue, Oakdale, CA

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| CALL TO ORDER | 1.1 | The meeting was called to order at 6:00 p.m. by President Mike Tozzi. |
| TRUSTEES PRESENT | 1.2 | Pam Antinetti, William Dyer, Rick W. Jones, and Mike Tozzi. |
| LATE ARRIVALS | 1.3 | Trustee House arrived at 6:34 p.m. |
| TRUSTEES ABSENT | 1.4 | None |
| OTHERS PRESENT | 1.5 | Tim Hern, Linda Kraus, Annette & Mark Mutoza, Fred Rich, Barbara Shook, and a number of district teachers and staff members were also in the audience. |
| CLOSED SESSION | 2.0 | President Tozzi adjourned the meeting into Closed Session at 6:00 p.m. Open Session reconvened at 6:22 p.m. |
| ACTION FROM
CLOSED SESSION | 2.1 | The board heard information on labor negotiations in Closed Session. |
| BUDGET
WORKSHOP | 3.0 | President Tozzi reviewed the format for the meeting, explaining that Assistant Superintendent Hern would provide an overview of the budget situation, the board would have an opportunity to ask questions, the Superintendent would review a list (of possible budget reductions), the board would have an opportunity to ask questions for clarification, and then open the meeting up to comments or questions from the audience. |

Mr. Hern commented on the “perfect storm” that has led to the current state budget crisis, and with 45% of the state’s total budget in education, the state education budget is in trouble. Mr. Hern noted that for the first time the Governor has presented a budget that includes mid-year cuts in addition to cuts for next year, and proposes making cuts in revenue limits and programs. Mr. Hern also noted that the state deficit was \$27.8 Million in November 2008, and is now \$41.7 Billion in January 2009. Mr. Hern further stated this is a long-term problem, and there is nothing in the foreseeable future that will bring state revenues back up.

Mr. Hern reported that our February apportionment from the state will be deferred until April, so we will be hit with a \$3 Million cash problem to make payroll on February 1. Mr. Hern also reported that, fortunately, the district has the ability cover payroll for this fiscal year. It was noted that the district has frozen all non essential expenditures and has frozen vacant positions. Superintendent Rich stated that if it does not tie directly to our mission statement and core values, we should consider it non essential. Mr. Hern reviewed:

Governor's Budget Projections

Governor's Approach to 2008-09 Mid-Year Cuts

Legislature's Approach to 2008-09 Mid-Year Cuts

2008-09 Proposed Cuts - Governor's & Legislature's Proposals

2008-09 Proposed Flexibility – Governor's & Legislature's Proposals

2008-09 Possible Flexibility

2009 SSC School District & COE Financial Projection Dartboard

General Fund Balances Mandated Designated for Economic Uncertainty

OJUSD Impact to Budget – Governor's Proposal

General Fund Balances – Governor's Proposal

Actions to Take Now: Update Budget; Prepare for Staffing

Reductions; Implement Budget Savings; Bolster Reserves & Cash; Prepare for Flexibility

Superintendent Rich noted Net Revenue Limit Change of -4.57% (2008-09) and -2.52% (2009-10) are minimums, are best case scenarios, and it will not get better this year or next. With the Governor's Budget proposal, the deficit will cost the district \$1,618,546 this year, an \$816,301 deficit next year, and is also proposing reducing funding of five days for \$848,000, for a total reduction of \$3,212,848 in 2009-10. It was noted that over 80% of the \$43 Million district budget goes toward people, leaving only 19% of non-personnel budget items, making it very difficult to make mid-year cuts. Mr. Hern commented on several fallacies in the Governor's proposal in that he intends to borrow money and pay back in 2010-11, and he hopes that lottery revenue will double.

Superintendent Rich read several statements from his recently published article in the Oakdale Leader, noting we are in one of the best cases of any district in the county because the board has been very prudent with money, and we have ample reserves to make cuts and payroll this fiscal year. Mr. Hern hopes to use revenues saved or reserves to take the district down to 3% to take care of this year's cuts, and we would be looking at cutting \$2.4 - \$3.2 million out of next year's budget.

Mr. Hern stated that last year the district reduced the 5% reserve (2007-08) to a 4% reserve, and that a mandated 3% reserve for economic uncertainty would be about \$1.3 Million. Mr. Hern also explained that if we reduce expenditures we can reduce our reserve; if the district drops below the mandated 3% we would go into “negative” status, and a court appointed trustee could be brought in to take charge of the district. Mr. Hern explained that the district cannot borrow from federal funds, but we can borrow from within our district, such as Fund 40 (capital improvements) or developer fees through a board resolution, but would be mandated to pay about 2% interest, and it would have to be on a short term basis. The district can also borrow from the County treasury, but would have to pay interest. If we take a loan from the state, you can have a trustee appointed for 20 years while repaying the loan. Superintendent Rich stated that he would never make a recommendation to lead this district down that path, and that if we came close to going below 3%, we would cut the budget where necessary.

Based on the Governor’s proposed budget for 2009-10, the district is looking at reducing its budget by 4.5%, and will need to identify \$3.2 million in budget reductions if the Governor’s proposal of 5 days reduced funding goes through. To achieve this end, district administration has developed a list of possible cuts and their potential savings for consideration. The non-prioritized two tier list of possible budget reductions would be for the 2009-10 fiscal year, and while there may be some program elimination, the district’s desire is to keep the cuts as far from students and classrooms as possible. Superintendent Rich explained he will ask for individual board member’s priority input; some cuts may be permanent, until such time as the economy recovers significantly, while others may be temporary, and would be restored as soon as fiscally possible. Cabinet members proceeded to review the list of possible budget reductions.

PUBLIC
COMMENTS

- 4.0 President Tozzi opened the meeting to Public Comments, encouraging any input. In response to a question from the audience, it was stated that the district calendar cannot be finalized until we have more information on the budget. There were also questions about the amount of money that goes into and is generated by student activities and sports, and comments about other districts eliminating freshman sports. Cabinet members clarified that major general fund costs of sports are for transportation and coaching stipends, both of which are on the budget reduction list (to require a fee for student athletic transportation and to reduce coaching stipends), and some sports do generate revenue. Superintendent Rich also explained the Athletic Boosters, Quarterback Club, Dugout Club and others have contributed toward team uniform and equipment expenses.

Superintendent Rich announced he has offered to have open forums for certificated and classified staff, and explained there were some items listed that would require negotiations or letter of understanding to implement. There were additional questions from the audience about the role of Health Clerks, clarification of the difference between Computer Techs and Technology Support Stipends (on the list), and Technology Technician (not on the list). Mr. Hern clarified that the amount listed for 50% reduction in grounds would equate to about 2.5 positions, while the 50% reduction in custodial would equate to 10 positions, resulting in every other day cleaning. There was also some discussion of staff bumping rights. Mr. Hern stated the \$43 Million district budget includes step and column estimates.

Superintendent Rich stated that if we have class size reduction flexibility, we could go to a class size of 22, which could be a teacher savings, and that the district would work with the union to make sure there is no abuse. OTA President Linda Kraus spoke about the potential negative impact of eliminating Class Size Reduction, and urged all attending to contact state legislators to resolve the budget situation.

There was discussion of the role of counselors and counselor/student ratios (currently four at OHS and 2 at OJHS); and clarification about science instruction in the classrooms. In response to questions about GATE funding, it was explained that funding is currently used to offset the cost of an individual teacher, and if the reduction is approved, funding would now go to classroom teachers. In response to a suggestion to eliminate testing from the budget, Superintendent Rich clarified that the state has emphatically said we cannot. Superintendent Rich also noted limitations on expenditure of categorical funds. There was a suggestion from the audience to eliminate afternoon Kindergarten bussing; and a suggestion to eliminate the high school 7th period, but we would lose the extra funding we get for the extended day.

Superintendent Rich reviewed items for further study, including a 1% across the board salary reduction (\$298,371) which is being discussed with bargaining units; and stated that if we reduce classified and certificated salaries, we would also reduce management. Trustee Tozzi requested cost projections for other items listed under further study. Mr. Hern stated that we are waiting for the legislature to take action on the Governor's budget proposal, but there are some deadlines he will have to consider soon. The next step will be to prioritize potential cuts, and depending on the state legislature, may have budget reduction recommendations at the March board meeting.

ADJOURNMENT 5.0 The meeting adjourned at 8:30 p.m.