

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

January 6, 2009

**MINUTES**

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

**A. CALL TO ORDER – 6:00 P.M.**

**B. CLOSED SESSION**

President El-Hajj announced the Board would meet in closed session to discuss the following:

**1. Public Employment Matters (Govt. Code § 54957)**

*Public Employee Discipline/Dismissal/Release*

**C. RECONVENE TO OPEN SESSION (Approximately 7:00 P.M.)**

President El-Hajj reconvened the meeting in open session at 7:00 p.m. No action was reported. President El-Hajj read the District Mission Statement, and led the Pledge of Allegiance.

Members present:

Dianne El-Hajj, President  
Dustin Burns, Vice President  
Barbara Ryan, Clerk  
Allen Carlisle, Member  
Dan Bartholomew, Member

Staff present:

Dr. Lisbeth Johnson, Superintendent and Secretary to the Board  
Bill Clark, Assistant Superintendent, Business Services  
Emily Andrade, Assistant Superintendent, Educational Services  
Minnie Malin, Director, Human Resources  
Linda Vail, Executive Assistant and Recording Secretary]

**Member Ryan moved to approved the meeting agenda.**

**Moved: Ryan**

**Second Burns**

**Vote: 5-0**

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**D. PUBLIC COMMUNICATION**

President El-Hajj invited members of the audience to address the Board about any item not on the agenda. There were no public comments.

**E. MID-YEAR BUDGET WORKSHOP**

Dr. Johnson shared Executive Council has worked hard over the last few months planning for the budget shortfalls due to the State budget crisis. The Governor has not signed a State budget yet but there will be a need to make mid-year budget reductions and further reductions for 2009-10 because the State allocations will be late or not received. Modernization will also be impacted because State approved modernization funding will not be available. Dr. Johnson said Administration requested to make their presentation, invite public comments, and then discuss the recommendations.

**1. OVERVIEW OF STATE BUDGET CRISIS**

Bill Clark, Assistant Superintendent of Business Services presented an overview of the status of the State budget, including the State's projected deficit of \$41M, creating mid-year cuts at the State level, and the impact to the Santee School District Budget.

**2. IMPACT TO SANTEE SCHOOL DISTRICT OPERATIONS**

**A. Expenditure Reductions Based on State Shortfall**

Mr. Clark reported projected reductions needed by the school district in the amount of \$2M for 2008-09 and \$2.5 M in 2009-10 as a result of the State's funding cuts. Mr. Clark shared an asset summary totaling \$3,575,000. The expenditure reductions totaling \$1,480,898, based on the State shortfall, could include reorganization of Educational Services, a custodial efficiency study, adjustments in Business Services positions, position adjustment in Technology, and outcomes from a FCMAT study of Transportation.

### **B. Cash Flow Issues Based on Late State Apportionments**

Mr. Clark reported that cash flow issues will occur because of late apportionments and deferrals of payments by the State. In the worst case, Santee School District will need \$15M in additional cash to operate for 90 days through the end of the school year.

Bill Clark presented several options for Board consideration to mitigate cash flow. He recommended moving forward with a TRANS. The County Treasurer is supporting a TRANS and a County Treasury loan. Today, the County approved a line of credit up to \$10M which would maintain cash through June. Mr. Clark projects a deferral of cash from the State toward the end of the school year and in the beginning of the new fiscal year. He would like to pursue a TRANS to bridge that. He is also talking to vendors about deferral of payments and hoping a combination of options will bring \$10M in cash if needed.

### **C. Modernization Reimbursement**

Mr. Clark reported the District is well underway with Phase I of Modernization/Construction. The District anticipated receiving \$20M in State matching funds for work that is completed. Without the receipt of these funds there will be an approximate shortfall of \$5M in Phase 1 and \$15M for Phase II. The State matching funds would have been the cash source to begin the Phase II projects.

President El-Hajj asked for clarification about the pooled funds; if they were frozen or taken away. Mr. Clark said the funds had been shifted to be used for other expenses. He anticipates the need of borrowing the \$5M in an effort to restore the cash source for Phase I.

Stacy Lomedico, a member of the ICOC, commented to the Board that her understanding is the State money has only been frozen and they have an obligation to pay for the bonds approved by the voters. In the State park bonds, if you have a reimbursement they are prioritizing expenditures. She also cautioned the Board about using reserves even though she knows it is not good to cut programs.

Jennifer Johnson, a junior high teacher at Prospect Avenue School, said teachers are seeing the decline in enrollment at Prospect Avenue. The staff has discussed closing the junior high sooner rather than later if there is financial benefit to the district. She said the Board has the support of the Prospect Avenue staff if it would help save money.

## **3. RECOMMENDATIONS AND APPROVALS**

### **A. Expenditure Reduction Plan**

Dr. Johnson shared Administration's recommendations to mitigate the State budget cuts. She shared there is a required mandated reserve fund of 3% (\$1,460,000). Over the last few years the Board has worked to build the District's reserve to 6%, saving for a "rainy day".

Administration recommends that if the Board decides to use any of the additional 3% reserve fund, those dollars should be paid back as soon as they become available.

Emily Andrade presented the recommended reorganization of Educational Services to reduce expenditures. The Educational Services Department has made a tremendous difference in student achievement and it is difficult to discuss reduction in staff and services. She shared the department has already reduced expenditures of \$150,000 in 2008-09. This included reducing .5 FTE of a clerk typist (\$22,500), reducing 1.5 FTE social workers as of March 11<sup>th</sup> (\$55,000), and ongoing reduction of professional development expenses of \$72,500.

Additional reductions for 2009-10 were presented totaling \$500,000, which included:

- Reduction of 1 Director position-\$131,000
- Reduction of the District Library Media Clerk position and restructuring District Library services -\$68,500
- Reduction of 1 assessment personnel-\$80,000
- Reduction of .5 FTE clerk typist position-\$22,500
- Shift of Funding for 1 bilingual assistant -\$8,000
- Reduction of professional development expenses -\$190,000

Bill Clark shared the recommendations for budget reductions in the Business Services Department, which included not filling vacant positions of Director of Maintenance (\$127,009), a grounds worker (\$35,000), nutrition services positions (\$43,250), Warehouse Worker (.5FTE for \$29,175), for a total of \$234,434. He also asked for Board consideration to not fill newly vacated positions at this time.

Mr. Clark also reported the reduction of expenses planned for the Technology Department included reducing one IT administrative position (\$90,000) and not filling one vacant technology assistant position (\$56,464) for a total savings of \$146,464.

Board members discussed the use of the additional reserve funds and confirmed with Mr. Clark that only \$904,102 would be used with the presented plan. All Board members agreed this fund was established for just such a need as this.

Member Burns believes there will need to be a plan to rebuild to a 6% reserve if any of those funds are used. Member Carlisle asked how many classes would become combination classes if staffing was tightened to save \$500,000. Mr. Clark said it would mean possibly 4 to 6 combination classes in junior high. Member Carlisle asked how hard it will be for the BAC to find \$400,000 in savings. Mr. Clark said every year the BAC has met the goal of \$400,000 and they have already begun looking at realistic savings options.

Member Carlisle asked if the District would still be in compliance with GASB 45 and how it may impact the District's audit. Mr. Clark said the District would be out of compliance but would adjust the speed of meeting compliance with the standard. This could potentially impact our audit.

Member Bartholomew asked what the P-2 savings was. Mr. Clark said staff identified certain specific flags had to be set to improve the capture and reporting of attendance information required by the State. This correction to the attendance reporting will provide unanticipated revenue of \$345,000.

Member Ryan believes Educational Services is the heart of the District and most directly impacts the classrooms. She is concerned about Educational Services reductions, especially those positions recently put into place. There may be a need to prioritize what would be restored when funding becomes available once again. She said even with budget reductions, the Board should not reduce the expectations for student achievement.

Member Burns said these decisions are difficult because people are behind every reduction. It is hard to determine the best road between creating combination classes and maintaining director positions. He asked Dr. Johnson her opinion. Dr. Johnson said her core belief is against having combo classes in junior high whenever possible and that would be her first priority. She also believes it is very important to have support systems from Educational Services to provide training and instructional support.

Member Carlisle said he struggles with these decisions also and worries about reducing a director position in Educational Services. He would like to protect Educational Services as much as possible.

Member Bartholomew is concerned about reducing a director, social workers, assessment personnel, and professional development. He asked about the timeline for these decisions since there is not a signed State budget at this time. He senses things may change as the State gets closer to a decision. Minnie Malin said any certificated staffing decisions would need to be made to meet the March 15<sup>th</sup> deadline for notification. Decisions would need to be made by the February 17<sup>th</sup> meeting because Human Resource would need 2 weeks to prepare and deliver the paperwork. Dr. Johnson said waiting until the Governor signs a budget may provide additional flexibility for making these decisions.

Member Burns asked the Superintendent to insure that supervisors have a conversation with employees that may be impacted by possible reductions. Dr. Johnson said those conversations have already taken place.

President El-Hajj asked if there would be an unlimited amount of dollars if some of the categorical funds were made flexible and if the shortfall could be covered through flexibility. Mr. Clark said if the pool of categorical dollars and carryover dollars were expanded, and if staffing costs could be shifted, it would provide more money but not unlimited.

Member Carlisle suggested the Board create a prioritization list to be used as the State budget continues to be undecided. Then administration can use this list as reductions are required without having to return to the Board for each decision.



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Barbara Ryan, Clerk

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Lisbeth A. Johnson, Ed.D, Secretary