

Budget Committee Meeting

December 16, 2002

3:30 pm

Valley Library

Members Present:

Jennifer Alvarado, Greg Breen, Carol Caballero, David Carver, Ann Chavez, Duffy Clark, Patti Ellis, Chris Jones, Larry Peha, Sherree Riley, Tracy Robinson, Lance Widman

Guest: Cary Bichlmeier

Purpose:

To discuss the impact of the state budget cuts on Hermosa Beach City School District

Process:

Duffy shared the District's First Interim Budget Report to shed light on the current fiscal state of the district. He also shared the Governor's proposed mid-year budget cuts. Cuts to education could total \$10 billion this year and as much as \$21 billion next year.

Hermosa could lose approximately \$100,000 this year. The budget problems will be multi-year. The Governor should provide an updated budget around January 9, 2003.

The committee reviewed last year's District plan for proposed cost savings.

Items were listed in an order that would have the least impact on the classroom.

In 1994 the District reserve was 33%. It is currently 13%.

The First Interim Budget Report indicates an end of the year deficit of approximately \$70,000 at the end of 2002-2003. Reasons for the deficit include:

- Salary increases
- Significant increases in Worker's Compensation
- Medical Insurance and other benefits have continued to grow over the years, along with the District's Insurance cap
- No retirees and few staff change tradeoffs
- County special education excess costs continue to increase as County program costs exceed County funding received
- Utility costs and the cost of repairing aging equipment increases
- Costs for County services have increased e.g., nurse and psychologist, payroll and accounting systems (SACS)
- The District gave increases based on Statutory COLA increases instead of funded COLA in years of prosperity
- Declining interest rates
- Hermosa View was re-opened in 1993

Lance suggested that the committee establish operating principals or norms to govern the conversation. The group opened with:

- 1) Respect all positions
- 2) Maintain confidentiality
- 3) Start at the ground up ("put everything on the table")
- 4) Suspend assumptions

Several questions were raised:

1. Why has the reserve declined during prosperity?
2. What can we do that will still enable us to have an excellent district?
3. What solutions are "outside the box?"
4. Should we be definitive about the budget reductions and establish long term and short term targets right away?
5. Should we begin cutting programs and people sooner rather than later?
6. How do we explain budget cutting at the same time we are spending with Measure J monies?
7. Why are developer fees low?

Duffy asked the group to try to think of a metaphor that will help the group explain the budget problem to other stakeholders and the media.

Next Meeting:

January 16, 2003 3:30PM Valley Library

Task: Review all programs

- Cost?
- Mandated?
- Financial & legal impact of changing?
- Impact on students
- Funding sources
- How many students/what grade levels served?