

San Dieguito

Union High School
District

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Board of Trustees:

Joyce Dalessandro
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SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
**MINUTES OF THE BOARD OF TRUSTEES
BUDGET BOARD WORKSHOP MEETING**

THURSDAY, MARCH 15, 2007

4:30 PM

DISTRICT OFFICE BOARD ROOM 101

The Board of Trustees of the San Dieguito Union High School District met in a Budget Board Workshop on Thursday, March 15, 2007, at 4:30PM in the San Dieguito District Office Board Room, 710 Encinitas Boulevard, Encinitas, California.

Board Members Present

Board of Trustees:

Joyce Dalessandro
Linda Friedman
Barbara Groth
Beth Hergesheimer
Deanna Rich

Student Advisory Board:

There were no Student Advisory Board Members present at this meeting.

Administrators Present

Peggy Lynch, Ed.D., Superintendent
Terry King, Associate Superintendent/Human Resources
Steve Ma, Associate Superintendent/Business
Rick Schmitt, Assoc. Superintendent/Educational Services
David Bevilaqua, Executive Director, Finance
Sue Koehnen, Director, Human Resources
Michael Taylor, Director, Finance
Becky Banning, Recording Secretary

PRELIMINARY FUNCTIONS

1. Call to Order

President Deanna Rich called the meeting to order at 4:30 PM.

INFORMATION ITEMS

2. Review State Budget Picture

Associate Superintendent Steve Ma began the meeting by presenting a general overview of the State budget and how the Governor's proposed education budget is directly tied to the state's economy. He explained the Governor's education proposal for the 07/08 school year; a proposal that excludes a number of provisions important to the district, such as how to assist districts with declining enrollment and no cost reimbursement to districts for expenses due to state-mandated processes. Mr. Ma also addressed the LAO's critique of the Governor's proposed budget, which projects a deficit rather than a surplus and lean years for education between 07/08 and 08/09.

Multi-Year Projection

An overview of the District's budget was presented, beginning with the history of the unrestricted budget from 2001 through 2006 and ending with budget assumptions for the current year and the next two years. Some key assumptions for the multi-year projection (MYP) include flat enrollment, no salary increase for all groups in 07/08, only a contractual salary increase for CSEA in 08/09, and revenue limit COLAs as projected by the Department of Finance for 07/08 and 08/09.

Mr. Ma then introduced Executive Finance Director, David Bevilaqua, who explained projections of the unrestricted general fund ending balances from 2007 through 2009. Based on the assumptions used to develop the MYP, it suggests a continued pattern of deficit spending and declining fund balance. The financial projections further suggest that the ending balance for 07/08 and 08/09 would not meet the board recommended 4.5% reserve.

Potential Cost Saving Measures

Associate Superintendent Terry King (Human Resources) presented some examples of potential personnel cost savings measures such as restructuring the student/teacher ratio, which could potentially save the district about \$1,340,000.

Associate Superintendent Rick Schmitt (Educational Services) explained how a flexible high school schedule could potentially save the district up to \$400,000 depending on how many students take fewer classes than the maximum amount allowed per student. Mr. Schmitt explained the difference between staffing at demand versus supply.

Another cost savings measure discussed was the option of restructuring certain support positions by either reducing the number of positions or reconsidering if and when to fill vacant positions.

Other cost factors were also discussed such as CCA's staffing growth and a savings plan to comply with GASB 45.

3. Actuarial Study for GASB 45, Review

Mr. Ma opened this topic by defining the Government Accounting Standard Board Statement 45 (GASB 45) Actuarial Study and explaining some of its requirements. This study requires for example, an estimate and disclosure of unfunded liability for the district's "other post-employment benefits" (OPEB). The District will have to report this liability starting in 2008/09.

Finance Director Michael Taylor then spoke about fundamental changes of reporting "other post employment benefits" by comparing the current reporting practice against those of the GASB 45. The District's recently completed actuarial study shows an "unfunded actuarial accrued liability" of \$14.2 million. This amount represents the liability for past service. The report also calculates an "annual required contribution" of \$1.8 million. This is the amount necessary to amortize past service and pay for current year service. If the District continues with the "pay as you go" plan, the net OPEB obligation will grow rapidly and potentially have an adverse affect on its financial statement.

Mr. Taylor briefly explained some pre-funding options for addressing the GASB 45 liability. Mr. Ma concluded by recommending the District hire a financial consultant to look at possible savings plans that would meet the District's future obligation in this area.

Upon conclusion, the Board and Superintendent thanked and commended Mr. Ma, Mr. Taylor and Mr. Bevilaqua for their detailed presentation.

4. Public Comments

There were no comments from the public.

There being no further business, the Budget Board Workshop Meeting was dismissed by President Deanna Rich at 6:05 PM.

Joyce Dalessandro, Clerk

____/____/____
Date

Peggy Lynch, Ed.D., Superintendent / Secretary

____/____/____
Date