

IRVINE UNIFIED SCHOOL DISTRICT

Finance Committee

June 18, 2012

Call to Order: The meeting of the Finance Committee was called to order by Brian Daucher.

Roll Call: Roll Call was conducted via sign-in sheet.

Members Present: Paul Bokota, Felix Chen, Denise Espinosa, Maria Howard, Sherry Slunka, Annette Symons, Jason Vilorio, Alan Battenfield, Lisa Fox, Carolyn Smith Discoll

Members Absent: None

IUSD Staff: John Fogarty, Asst. Supt., Business Services
Susana Lopez, Director of Fiscal Services
Keith Tuominen, Director, Secondary Education
Barbara Causee, Confidential Secretary

Guests:

Next Meeting Date: Monday, September 24, 2012

Finance Committee Business

1. Call to Order; Roll Call; Recognition

- Chairman, Brian Daucher called the meeting to order at 6:31 p.m.

2. Approval of Minutes

- March 14, 2012 Meeting Minutes—moved to approve by Paul and seconded by Sherry to approve minutes. Motion carried.

3. Support our Schools Petitions Drive (John Fogarty)

- The committee requested background information on the petition to support our schools. The district was not involved in the creation of this initiative; it came to us after it was already out to the community. This created some challenges because use of the money was very prescriptive. The district met with an author of the petition, Larry Agran, and learned that the intent of the money was to have some fungibility. We might have some challenges in utilizing these funds. We'll look at ways to put expenditures into these specific categories. The allocations are as follows:
 1. \$300,000 shall be used in connection with the employment of additional school nurses, with consideration given to those nurses who specialize in school readiness and the developmental progress of students.
 2. \$500,000 shall be used in connection with the employment of instructional aides and classroom staff.
 3. \$200,000 shall be used in connection with the employment of additional classified employees to provide for the hygienic conditions of restrooms and similar facilities.
 4. \$100,000 shall be used in connection with the establishment of no fewer than twenty-five scholarships of \$1,000 to \$2,000 each for students who will be attending Irvine Valley College, and to support participation in the Early College Program at Irvine Valley College.

5. \$100,000 shall be used in connection with public service instructional programs to support service learning opportunities.
 6. \$200,000 shall be used in connection with the acquisition of classroom supplies for teachers and for students in need of essential materials.
 7. \$100,000 shall be used in connection with legal and other professional services for the removal of barriers to securing health, nutritional, housing and other services necessary to provide students with the opportunity to meet appropriate educational objectives.
 8. \$100,000 shall be used in connection with the development of plans and programs to ensure the federal government's faithful compliance with its commitment to the Individuals with Disabilities Education Act.
 9. \$100,000 shall be used in connection with the planning and development of joint use sports facilities at the Orange County Great Park, and the provision of non-permanent "instant stadiums" at any high school or community college in Irvine.
 10. \$200,000 shall be used in connection with the expansion of the School Resource Officers Program.
 11. \$100,000 shall be used in connection with the development and conduct of educational field trips for students.
- Would the current money be bundled with funds we already receive from the City? No, this is in addition to what we now get from the City. These funds would cover the Tustin schools within the Irvine city limits. There is no official action that has been taken by the district; we would gladly accept the funds. No district funds are being utilized to get votes. This is a ballot initiative to get on the ballot. This is coming out of City funds, not taxes.

4. Update on Solar Phase 2 Proposal (John Fogarty)

- John Fogarty shared Phase 2 of the solar plan, initially brought to the Board on May 15, 2012. IUSD added energy-generating solar tiles to the rooftops of 13 schools in 2010 and 2011, and vehicle shade structures topped with the photovoltaic panels were constructed at two district sites. By entering into a mutually beneficial power-purchasing agreement with SunEdison, our district paid no upfront capital costs and is now saving about \$220,000 per year.
- Mark Sontag worked with SunEdison to establish the solar panels for IUSD. Solar Phase 2 is proposing to add 11 sites with solar canopies and 2 sites with small rooftop installations (WHS and NHS). The 11 sites for the vehicle shade structures include the following sites:
 - Alderwood Elementary
 - Canyon View Elementary
 - Irvine High
 - Northwood High
 - Oak Creek Elementary
 - Sierra Vista Middle
 - Stonegate Elementary
 - University High
 - Vista Verde Elementary
 - Woodbridge High
 - Woodbury Elementary
- Community letters were sent out on April 5, 2012. The Board was concerned because we received very little input from the community. The Irvine Company said they were 100% in favor of the Solar Panels. One parent at Canyon View was upset because of the aesthetics at the school. The elementary schools were initially pulled off the listing.
- The new proposed communication plan is as follows:

- Notify all resident addresses and homeowners' associations within a ¼ mile radius of each of the seven proposed sites for Phase 2 via a single page flyer, printed on both sides, to be mailed to all residential addresses within the ¼ mile radius.
 - Add a direct link from the main page of the IUSD website to the detailed information, including renderings, about each of the proposed installations.
 - Send information about the proposed Phase 2 Solar Project to all IUSD Newsflash recipients (over 61,000).
 - Send information about the proposed Phase 2 Solar Project via the District's Facebook and Twitter accounts.
- Resident communications are proposed to go to Irvine High, Northwood High, Sierra Vista Middle, Stonegate Elementary, University High, Vista Verde K-8, and Woodbridge High for a total of 4,863 plus apartments. This revised list of sites did not include Alderwood, Canyon View, Oak Creek, and Woodbury Elementary Schools. These sites were removed from the original Phase 2 proposal based on staff's evaluation of the impact on the surrounding neighborhoods.
 - Board Discussion included the following:
 - Proposed communication plan.
 - Revised list of proposed sites for vehicle shade structures Phase 2 solar. The plan now is to add elementary schools back as well as the new Jeffrey Trail site. The plan now is to have information to the Board on July 10 and they will probably take action on sites individually based on feed-back from community. PA 40 Elementary School is next; we have had discussions with architects regarding the use the roof tops, etc. to make the most use of the solar energy. One of the challenges is that you can only put so many things on roof tops; so hopefully, the new sites will have this built in.

5. May Revise (John Fogarty)

- John reviewed the presentation given to the Board on June 5, 2012. Due to possible cuts, we had to make a 3rd interim report—actuals through April 30. We issued a qualified budget on the 2nd interim report.
- May Revision recognizes that the \$9.2 billion 2012-13 State budget shortfall projected in January has grown to \$15.7 billion in May.
- Two primary causes: State revenues are lower than forecasted by approximately \$4.3 billion; and Federal Government and courts blocked budget cuts by \$1.7 billion.
- Solutions: Governor's 2012-13 proposal remains heavily dependent on the passage of the "temporary" tax initiative in November (all projections included in the Governor's proposal assume passage of the tax initiative); Governor has proposed significant targeted cuts to health and welfare programs, higher education, courts and other state programs.
- For K-12 education, May revision funding is much like the January Proposal.
- Two budget scenarios:
 1. If November tax ballot initiative passes, K-12 education would be flat funded for 2012-13
 2. If November tax ballot initiative is unsuccessful, education would receive a \$5.5 billion reduction in funding, resulting in the loss of approximately \$441 per ADA
- Due to the uncertainty of the election outcome, districts are required to develop initial 2012-13 budget based on the second scenario, assuming the election is unsuccessful.
- We have negotiated 7 furlough days with our bargaining units in the event the initiative fails.
- Voter approval of the Governor's tax initiative is uncertain at best; the latest poll found that about 54% of those surveyed supported the measure—it should be 64% or higher at this point.

- Proposition 98 funding outlook for 2012-13 if tax passes will provide no real growth in funding for schools due to deferrals. Buying down deferrals increases cash available in the budget year, and can reduce borrowing costs, but does not increase spending authority.
- Bottom line—flat funding, no cuts, but no real increases—if the taxes pass.
- If the Governor’s tax initiative is not approved in November, the May Revision proposes that K-14 education take a \$5.5 billion cut. Districts will be provided the flexibility of reducing the school year by up to 15 days over two years.
- Several changes were made to the Governor’s original proposal; however, there remain winners and losers and IUSD will be a significant loser without further modifications.
- The district now has contingency language for 2012-13 which allows for up to 7 furlough days should mid-year cuts be implemented. The plan to mitigate potential 2012-13 shortfall is as follows:
 - Implemented 2011-12 spending freeze
 - Critically reviewed all budgeted expenditures
 - Eliminated deferred maintenance match for 2012-13
 - After utilizing all available reserves, identified a shortfall of approximately \$5-\$5.5 million
 - Up to 7 furlough days will be implemented as needed to mitigate shortfalls in 2012-13
- Questions? How are we financially for the next couple of years? We are good for 2012-13; 2013-14 will be a problem regardless of what happens, if projections come the way we are projecting. We do have a structural deficit that we are concerned about unless we get some more income.

6. ACLU/Student Fees Update presented to the Board of Education on May 20, 2012 (Keith Tuominen)

- Free School Guarantee—changes and implications (AB165), a new bill (AB 1575?) is likely to pass; it won’t have as many signatures required. It may become part of the Williams Settlement. Keith wasn’t sure of the new AB # and will forward it tomorrow.
- Executive Summary:
 - Impact on students has been largely mitigated—redefined basics without significantly altering programs; use of reserve funds to keep programs afloat; and parent donations continue to make a difference. There is approximately a 60% donation rate of parents. IPSF programs are still fee based.
 - District funds cover some costs; helps with uncertainty and promotes equity.
 - Story is unfolding still--\$3.5M set aside/\$1.2M utilized; parent donations continue to be essential; continuing to assess true costs and needs.
- I. Summer programs:
 - I.(A) High Schools—last year full HS summer school; funded through donations and remediation categorical funds; 60% families donated at some amount.
 - I.(B) Middle and Elementary Schools—IPSF Summer Enrichment Academy (fee based); elementary level approximately 1,800 kids; middle school level 1,293 seats were occupied.
 - I.(C) Summer Athletic Camps—Summer 2011 ran with donations; general fund used to ensure that camps could run at all school sites; average cost of running a camp is approximately \$6,000; numbers—2,900 participants; donation rate—73%; total donations \$385,000; total cost to district--\$26,000. Annette asked if there were going to be stricter guidelines for the Boosters. Keith said, yes.
- II. School Year Programs—Athletics--saved about 30% for games after 5:00p and within city.

- II School Year Programs—Extended Period P.E. (zero period PE)—program exists at almost every middle school, funded entirely with donations, currently on track to cover costs of approximately \$137,000 this year.
- III (A) Average Elementary Donations were reviewed--\$51,294 requested and \$40,410 received (difference of \$10,884).
- III (B) Average Middle School Donations were reviewed--\$50,494 requested and \$30,803 received (difference of \$16,112).
- III (C) Average High School Donations were reviewed—\$98,115 requested and \$58,585 received (difference of \$39,530).
- School Donation Summary—donations received \$1,226,000; shortfall--\$510,500 (general fund).
- Overall Tally (School site needs did not touch us....it came from schools—Athletics and textbooks are ongoing issues.
- IV Conclusion—the impact on our students varies and has been mitigated by parent donations, PTA’s work, general fund use, redefining needs, and using reserves. The full picture for many schools is not totally clear but will continue to be monitored.
- Ongoing discussions include:
 - Outdoor education
 - Athletic summer camps
 - Athletic base program
 - Supplementing instructional supplies
 - Instructional materials funds (IMF)

7. Adjournment

- Meeting was adjourned at 8:15 p.m.

Action Items – Follow Up:

- Send Free School Guarantee Power Point to committee members
- Send new AB# to replace AB165