



**BOARD OF DIRECTORS MEETING
SPECIAL MEETING MINUTES
Tuesday, February 26, 2008
3:30 PM
Library**

I. PRELIMINARY:

A. CALL TO ORDER – Ms. Rene Rodman – 3:40 PM

B. ROLL CALL – Ms. Rene Rodman

Members Present:

Steve Klima	John Riley (4:00 – 6:00)
Darcy Stamler	Amy Dresser Held
Rene Rodman	James Paleno
Dave Suarez	Michael Rogers (absent)
Victoria Francis	Torino Johnson
Eileen Savage	

Ex-officio Members:

Marcia Haskin
Greg Wood
James Bourne (absent)

C. MOMENT OF SILENCE IN MEMORY OF DOUG BEAMISH – FORMER PALI PRINCIPAL
Ms. Vicky Francis said a few words about Mr. Beamish and his time at PCHS.

II. PUBLIC COMMENTS:

Non-agenda items: No individual presentation shall be for more than two (2) minutes and the total time for this purpose shall not exceed sixteen (16) minutes. Board members will not respond to presentations and no action can be taken. However, the Board may give direction to staff following a presentation. Use of names of individuals should be avoided when referring to accusations or wrongdoing (names should be presented to the Executive Director for follow-up action). Speakers may choose to speak during the public comment segment and/or at the time an agenda item is presented.

III. ACTION ITEMS:

A. BOARD DISCUSSION AND ACTION ON 2008-2009 BUDGET PROCESS AND ZERO-BASED BUDGETING OVERVIEW (1-1/2 hours)

- Estimated total 2008-2009 budget and expected financial situation – **Greg Wood**
 - Mr. Wood shared the projected \$14 billion budget deficit at the state level and the projection that Pali’s budget will be reduced by a total of \$1 million for next year. This will consist of revenue going down by \$504k with an additional cost of about \$533k to cover the costs related to health benefits and facilities use charges from LAUSD.
- Proposal to fund expected 2008-2009 budget reductions – **Budget and Finance Subcommittee**

- Revenue

After reviewing the Governor's 2008-2009 Funding Levels for Education (reported in January 2008 State Of California Budget Proposal), PCHS will have an estimated 2008-2009 Revenue shortfall of \$504k. A task force of the Budget/Finance Committee concluded that this shortfall needs to be recovered by a combination of strategies to increase ADA in 2008-2009

These strategies include, but are not limited to:

- Increase ADA % by reviewing current attendance policies and enforcing/communicating policies to teachers/parents/students.
- Increase enrollment closer to the Charter level of 2,760; enrollment in the prior two years has been at slightly less than 2,700 students. It was proposed that enrollment be targeted at the 2,746 level achieved at the start of the 2005-06 school year. Mrs. Evans would be asked to over-admit students for the next school year, recognizing the historical drop-off.
- Continue to expand distance learning on campus to increase ADA while reducing the impact of increased enrollment and lowering class size.

- Expenses

The estimated uncontrollable increase in expenses for 2008-2009 is currently estimated to be \$533k higher than the 2007-2008 Budget due to increases in Health Benefit Costs (including the assumption of \$75k in additional costs for PCHS self-funding as of January 1, 2009) and estimated additional charges from LAUSD for Deferred Maintenance and Facilities Use Fees. The Zero Based Budget Process will assist PCHS in ensuring that proposed expenditures are reviewed in detail, with supporting rationale, and aligned to school wide goals. We will also need to identify methods for assessing the effectiveness of the proposed resource allocations.

Strategies recommended to reduce expenses include, but are not limited to:

- Target Controllable costs which have the least immediate impact on student learning. Reduce level of spending for Capital Outlay (Building Improvement / Technology / Equipment Replacement).
- Provide Program/Department Heads with Historical (prior three years) budget information in the area of Textbooks and Instructional Materials (IMA). Budgets need to consider previous funding levels and amounts actually spent. At a minimum, 2008-2009 requests in these two areas should consider the 6.5% overall funding reductions proposed by the State. Additional reductions will be considered for Departments/Programs which either have not spent their budgets in the past or do not support their budget requests with a clear rationale.
- While NO reduction in personnel is proposed, an assessment of the additional compensation paid (i.e. auxiliaries, teachers of record, overtime paid, etc.) should be reviewed by the Administration (in conjunction with Education Programs Committee and Program/Department Heads) for effectiveness and continued necessity.
- School-Wide Expenses for Continuing Operations need to be reviewed, especially those for work requested of LAUSD, to identify potentially lower cost solutions for similar levels of service.
- Once the Right of Return deadline has passed, PCHS will evaluate the potential personnel savings of replacing those employees that have chosen to return to the District with newly hired employees to fill these vacant positions. This information will not become known until April 15th and the Budget planning should proceed as if no change in personnel will occur.

The Board of Directors should provide the 2008-2009 Budget planning process with the appropriate guidelines or parameters to direct PCHS in its Budget plan for 2008-2009.

➤ Overview of Zero-Based Budgeting Process – **Greg Wood**

▪ Overview

Pali is implementing a *zero based approach* to developing budgets for the 2008-2009 school year. This simply means that instead of automatically rolling over budgets for departments, offices or programs from this year, next year's requests will be developed from the ground (or zero) up. Specifically, Department Chairs, Program Coordinators and administrators will be responsible for creating a detailed line item budget that projects expenses that are necessary to reach identified goals. It is anticipated that many budgets will look similar to past year's, but this is an opportunity to really evaluate the needs and goals of your office, department or program, and refine your budget to accurately reflect truly necessary items. As you do so, the information below is meant to serve as a guide. It includes a snapshot of the big picture of the budget projections at the State and local level, a review of the school-wide goals derived from WASC and a historical view of each program/department/office's budget. Attached is also a flowchart that outlines the anticipated process for reviewing and approving budgets this year.

▪ Budget Picture

The Governor's Budget was released in early January and acknowledged a deficit of more than \$13 billion. It proposed across the board cuts of 10% to all state funded programs and also calls for a suspension of Proposition 98, which is the law that requires that 40% of the state's general fund go to public education K-16. Additionally, it is projected that the State may take back up to 1% of this current year's (2007-2008) budget and provide no cost of living adjustment (COLA) for next year. It may cut the revenue limit to schools by 4%+ and the block grant and categoricals by 6%+. Thus, the budget picture from the revenue side shows substantial cuts will likely be needed. On the expenditure side, Pali is anticipating increased facilities costs of up to 1% of average daily attendance (ADA) as LAUSD has indicated it will move to charge us .5% ADA for deferred maintenance and shift from charging us a flat rate of 2% of our ADA for use of the campus to a pro rata share of all of the district's general fund facilities expenditure per square foot. We are also anticipating that health benefits costs will continue to increase at double digit percentages as they have over the last several years. The net result of all of this is that Pali will likely need to reduce its overall budget by approximately \$1 million. Departments, programs and offices should take this into consideration when building their budgets. Please also know that one plan under consideration to minimize the impact to our educational program is to implement an aggressive plan to increase ADA (both through enrolling more students within our cap and improving students' attendance rate) to raise \$504k or half of the projected shortfall. Nonetheless, reductions in funding of at least \$500k may still be necessary.

▪ School-Wide Goals

- Close the Achievement Gap (by at least five API pts).
- Expand GATE programming (by instituting targeted enrichment for identified GATE students and by diversifying honors and AP courses by 10% or more).
- Expand and institutionalize distance learning and community college enrollment by ensuring these are part of the Master Program for Fall 2008.
- Reduce Class Size (to a maximum course average of 37 students/class).
- Improve quality of life for employees (by improving communication, trust, and morale and by ensuring clear, comprehensive information about right of return, lifetime benefits, and procedures and policies for human resources).
- Improve service to students and families (by improving responsiveness, courtesy and professional communication and support to students and families).
- Increase resources and refine their allocation (specifically fundraise for the pool and aim to increase human, fiscal and capital resources across the board and analyze and optimize their allocation).

- A Historical View Of Program/Department Budgets
Attached is a complete list of the detailed budget for the last two school years. Please refer to it simply as a guidepost for the level of funding your program/department/office has received historically and as a general parameter for developing your budget this year.
- Audience Q&A (limited to 30 minutes)
 - Shouldn't new programs go through the Educational Programs Committee first before looking at each component of the program? It makes more sense to look at the entire program.
 - Won't the "right of return" have a big impact on the school?
 - As students drop, shouldn't we add others right away from the waiting list?
 - Building a line item budget and access, do we really need this? Smaller programs or departments may stay relatively the same.
 - If the monies allocated are not spent, will the department / program / office lose it? (No, but the new budget must be justified).
 - Must departments go back to their budget sheets provided by Mrs. Haskin and categorize the numbers by IMA, textbook or other? (Yes).
 - Estimate goals, rationalize and assess each line item.
 - Will there be an issue with the traveling teachers?
 - Are there classes that 9th graders can take on-line?
 - We should over enroll and use a combination of strategies.
 - There are a lot of issues with the on-line and off campus classes.
- Dr. John Riley moved that the Board adopt and enforce the enrollment policy to the maximum capacity of the school. Mrs. Eileen Savage seconded the motion.

**BOARD ACTION: The Board voted to over-admit students now so that next school year's enrollment will reach the maximum capacity of the school, mirroring the 2005-06 school year: 10 – yes (Ms. Amy Dresser Held, Ms. Darcy Stamler, Ms. Eileen Savage, Mr. James Paleno, Dr. John Riley, Ms. Rene Rodman, Mr. Steve Klima, Ms. Vicky Francis, Mr. Dave Suarez and Mr. Torino Johnson)
1 – absent (Mr. Michael Rogers)**

- B. BOARD DISCUSSION AND ACTION ON RETIREMENT HEALTH BENEFITS (1-1/2 hours)
- Process to set up a trust fund for the approximately \$1.5 million reserve for retirement health benefits – **Amy Dresser-Held**
 - A brief synopsis of the issue was provided basically noting that PCHS has committed to providing lifetime benefits to all current benefited employees and that we presently purchase these benefits through LAUSD. LAUSD has sent mixed messages about whether they will provide these benefits in retirement for any or all of our eligible employees in the future. We are collaborating with other conversion charters to get clarity from the District, citing UTLA language that appears to guarantee this benefit for unit members and stressing that it should be equitably provided to all employees (including classified, unrepresented and administrators). However, given the mixed messages and the possibility of being negotiated out of any collective bargaining agreement in the future, PCHS is looking at purchasing benefits independently of LAUSD to ensure security in retirement for all our currently benefited employees. To that end, Pali commissioned an actuarial study to determine our unfunded liability, set aside \$1.5m to fund these benefits, and have researched how to create a trust which would be a legally separate entity to oversee and administer the funds. The trust would protect these funds from ever being used for another purpose by the school or from being sought in a major lawsuit. Pali has also solicited bids from brokers so we can compare benefits packages with the district versus outside providers. This issue is a negotiable item with each bargaining unit.
 - Can different schools share the same trust?

- Do all changes have to be negotiated with the union for both the amount and lifetime?
 - Does it have to go to the union every year?
 - How will this affect a new employee?
 - With the issue of future employees, can we put more up front?
 - What happens to those already retired from LAUSD?
 - Of the \$600,000 Pali currently pays LAUSD, are we supporting current and future retirees?
 - We should decide if we want to purchase our own benefits before we set up a trust.
- Presentation on options for PCHS to purchase health benefits directly versus continuing to purchase through LAUSD – **Colleen McCarthy and Greg Wood**
Presenters from TWIW Insurance Brokers provided side by side comparison sheets detailing benefits packages PCHS could purchase independently of LAUSD. As anticipated, the cost would be greater to the school – approximately \$180k/yr additional cost and while competitive, the plans are not identical.
- Discussion of go-forward issues and scenarios
- C. BOARD ACTION ON BUDGET COMMITTEE’S RECOMMENDATION TO ALLOCATE \$5,160 FOR REMAINDER OF THIS YEAR FROM 2007-2008 BUDGET CONTINGENT UPON BOARD APPROVAL TO FUND \$15,550 FOR 2008-2009 FOR REMAINING COST OF LIBRARY DATABASE LICENSES
- Mrs. Andrea King presented additional information to the Board on the library databases, detailing how many teachers have already used the databases, the value they provide at a relatively low cost (\$7 per student for access to multiple databases on every subject matter) and the vision for expanding the use of databases for research across the school.
 - Mrs. King stated that there are three different companies she is working with and they offer 12 different databases. The companies control the databases and keep them maintained and updated with current material.
 - Board members inquired about how to measure usage and ensure high utilization and value for the expenditure. It was agreed that the Principal and Director of Instruction will work with Mrs. King and all teachers to encourage and monitor usage.
 - Mr. Steve Klima moved that the Board approve the allocation of \$5,160 for the remainder of this year from the 2007-2008 budget and the approval to fund \$15,550 for the 2008-2009 remaining cost of the library database license. Mrs. Eileen Savage seconded the motion.

BOARD ACTION: The Board voted to approve the allocation of \$5,160 for the remainder of this year from the 2007-2008 budget and the approval to fund \$15,550 for the 2008-2009 remaining cost of the library database license:

9 – yes (Ms. Amy Dresser Held, Ms. Darcy Stamler, Ms. Eileen Savage, Mr. James Paleno, Ms. Rene Rodman, Mr. Steve Klima, Ms. Vicky Francis, Mr. Dave Suarez and Mr. Torino Johnson)

2 – absent (Mr. Michael Rogers and Dr. John Riley)

- D. BOARD ACTION ON TIMELINE AND PROCESS FOR PERFORMANCE REVIEW OF THE EXECUTIVE DIRECTOR
- This item was tabled by the Board to be revisited. The item was discussed at some length but no decision could be made at this time. Much of the discussion centered around how best to solicit input from all staff on the performance of the ED.
 - An Executive Review Committee will consist of Mrs. Haskin, Ms. Francis and Mrs. Savage as well as Department Chairs and other staff members. They will determine if the goals set forth have been met as outlined in the Executive Director’s contract. This will be finalized at the next Board meeting.

E. BOARD ACTION ON A SCHOOL WIDE DISABILITY/MATERNITY LEAVE POLICY (FOR UNREPRESENTED EMPLOYEES)

➤ This item was tabled by the Board to be revisited once more data is gathered.

IV. DISCUSSION/INFORMATION ITEMS:

A. CONFIRMATION OF NEXT MEETING FOR MARCH 25, 2008 FROM 5:00-8:00PM

VIII. ADJOURNMENT: