

Questions from Connie Prado

Based on discussions from the Budget Workshops, I have concluded that the Board would like to see two objectives realized. First, that the budget deficit for this school year, 2018-2019, be minimized as much as possible. Second, that the Board adopt a balanced budget for school year, 2019-2020.

Therefore, I am submitting questions or commentary on both of these objectives. First, BY 2018-2019. The last Quarterly Budget Update, for the period ending May 31, 2019, as prepared by the CFO, indicated Actual Revenues of approx. \$62.5M and Actual Appropriations of approx. \$52.2M. Thereby, leaving an Actual Balance of approx. \$10.3M. I have been informed that Actual Revenues, Actual Appropriations and Actual Balances should be available for June 2019 and quite possibly available for July 2019. Should this be the case, I request that you make this information available in the same format as the 3rd Qtr Budget Report (Sept 1-May 31, 2019) It would be most helpful if this information could be posted on Board Book (Budget Workshop #5) before August 14th. [See attached PDF named "August 14, 2019 Q&A Support-Budget Report 08-14-2019"](#)

Next, BY 2019-2020. The last 2019-2020 Budget Forecast as of August 7, 2019, as prepared by the CFO, indicates that we would be on a trajectory of adopting a deficit budget after the approval of a Pay and Compensation Plan. For example, if the Board would approve Pay Plan Model E, the deficit budget would be approx. \$2.4M. I am certain the Board would be pleased to hear your recommendations on how the 2019-2020 budget could be balanced. If you do have recommendations, I am requesting that you forward this information to the Board before August 14th. Should the Administration have no recommendations on how to balance the budget, then any Board Member through their own initiative, may have some recommendations and/or directives. I would encourage the Board Members on August 14th, to first allow you to make any recommendation you may have. It is extremely important that we complete our work on August 14th, in order for the staff to present a final proposed annual budget for 2019-2020 on August 20th without having to make any last minute amendments.

The district staff is diligently working and will provide a recommendation to balance the budget as requested at the workshop.

Pay and Compensation Plan. At the last Board Meeting, some members requested clarification on some elements of Pay Plan Model E. Since that meeting, I was able to locate last year's draft proposal of the Pay and Compensation Plan. The administration had recommended an across the board pay increase of 2% with appropriate adjustments for all employees. In the Administrative/Professional category there were a total of 146 staff members. The cost increase for that category was \$268,899. Trustee Rodriguez estimated the cost increase for that category at approx. \$258,000. Trustee Rodriguez indicated that he estimated the cost increase based on Model B which was a 4% pay increase. Staff's estimate of approx. \$370,000 seems to be a stretch. The previous administration's 2% pay increase plan for that category would suggest that Trustee Rodriguez' estimate was "on target". It does not seem to be "that complicated" to be able to estimate that pay increase cost given all of the available tools. As I recall, some Board members had requests for clarification at the August 7th Board meeting on various Pay Plan categories. I hope the staff will be able to address these inquiries before August 14th.

TASB built the pay plan model E that was requested by the board members. See response below;

TASB Response: The difference between costs from last year's 2 percent pay increase models has to do with teacher pay equity adjustments necessary to ensure counselors, assistant principals, instructional coordinators and facilitators are not paid less than as a teacher based on their total years given the higher percent increases for teachers this time.

Teacher pay equity adjustments for admin/professional last year were approximately \$15,000 and the teacher pay increase was 2% whereas this year they average \$134,000 on Model E due to the 4.7% and 5.7% teacher pay increase.

Tax Bond Subsidy Fund. I have been informed that the following payments were received by the school district in February and August of 2016 for a total of \$958,727; in February and August 2017 for a total of \$957,698; in February and August 2018 for a total of \$960,784 and in February and August of 2019 for a total of \$964,899. These totals represent a total of approx. \$3.842M. Although, these totals were deposited into the general fund balance because they are not restricted funds (I concede) they will be codified appropriately in the next AFR. An entry could also be included indicating the amount of expenditures from the Tax Bond Subsidy Fund in any annual budget proposal/forecast, however, the revenues and appropriations would not change. Therefore, the entry, if allowed, would be simply for optics. Needless to say, the approx. \$518,000 which was overstated/reduced and had a profound effect on our fund balance is questionable given the above confirmed data. This issue needs to be resolved, hopefully, before or on August 14th. I am requesting that the CFO take another look at this \$518,000 issue.

Correct, the subsidy payments are not an individual fund nor a restricted fund. The \$518,000 did not impact fund balance as the Tax Bond Subsidy is just a locally tracked account within the General Fund. By our estimated calculations at the end of year August 31, 2019 would have had approximately \$3.842MM in the Subsidy tracking account minus any expenses/encumbrances that have been realized.

I am requesting, as before, that these questions and commentary be placed on the August 14th Board Board in its entirety.