

Oakland Unified School District

DRAFT

Board of Education
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AMERICANS WITH DISABILITIES ACT COMPLIANCE

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Minutes (Long)

Wednesday, June 18, 2008

6:00 PM

Special Meeting

Board Room, 1025 2nd Avenue, Oakland, CA 94606

State Administrator and/or Board of Education

Vincent C. Matthews
State Administrator/Trustee
and/or

President David Kakishiba and Vice President Alice Spearman
Directors: Kerry Hamill, Gregory Hodge, Gary Yee, Noel Gallo, Christopher Dobbins
Student Directors: ShaCora Cowart and Markeshia James
Staff: Edgar Rakestraw, Jr., Secretary, Board of Education

A. Call To Order

President Kakishiba called the meeting to order at 6:00 P.M.

B. Roll Call

Roll Call: Present: Gary Yee, Noel Gallo, Christopher Dobbins, Alice Spearman, David Kakishiba and Vincent Matthews

Absent: ShaCora Cowart, Markeshia James, Kerry Hamill and Gregory Hodge

Roll Call (Secretary's Observation)

Director Kerry Hamill present at 6:04 P.M.

Roll Call: Present: Kerry Hamill, Gary Yee, Noel Gallo, Christopher Dobbins, Alice Spearman, David Kakishiba and Vincent Matthews

Absent: ShaCora Cowart, Markeshia James and Gregory Hodge

C. Adoption of the General Consent Report - Board of Education



08-1301

Professional Services Agreement - ACC Environmental Consultants - Peralta Elementary School Modernization Project

Approval by Board of Education of Professional Services Agreement between District and ACC Environmental Consultants, Oakland, CA, for the latter to provide air monitoring and project management services for the removal of asbestos containing materials in conjunction with the Peralta Elementary School Modernization Project for the period commencing June 1, 2008 and concluding no later than September 1, 2008 in an amount not to exceed \$10,630.00.

Funding Source: General Obligation Bond-Measure B

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1302

Professional Services Agreement - Donald Rogers - Havenscourt Middle School Modernization Project

Approval by Board of Education of Professional Services Agreement between District and Donald Rogers, Oakland, CA, for the latter to provide inspection services in accordance with guidelines set forth by the Division of State Architect (DSA) and mandated by the State of California for public school construction and improvement in conjunction with the Havenscourt Middle School Modernization Project for the period commencing June 1, 2008 and concluding upon completion of the project, or permanent abandonment of the Project by the District, or December 31, 2008, whichever occurs first, in an amount not to exceed \$21,280.00.

Funding Source: General Obligation Bond-Measure B**Attachments:** [Document\(s\)](#)**This Matter was Adopted on the Consent Agenda.****08-1303****Professional Services Agreement - Gerald Colbert - Division of Facilities Planning and Management Project**

Approval by Board of Education of Professional Services Agreement between District and Gerald Colbert, Oakland, CA, for the latter to provide energy plan to reduce the District overall energy costs: communication and implementation of its adopted Energy and Water Efficiency Plan; help to achieve the District's goals of reducing overall energy cost by 5% in the first year, as well as the 2nd and 3rd year, by implementing practices, measures and procedures outlined in the Energy Plan; and perform other duties specified in the Scope of Work, in conjunction with the Division of Facilities Planning and Management Project for the period commencing July 1, 2008 and concluding no later than June 30, 2009 in an amount not to exceed \$96,600.00.

Funding Source: General Obligation Bond-Measure A**Attachments:** [Document\(s\)](#)

Director Gary Yee immediately following the vote on the General Consent Report, having been recognized by the Chair, stated that he had wanted to pull this item. Secretary Rakestraw, speaking in his capacity as Parliamentarian, noted that the vote had been taken; that perhaps a moment of discussion on the item could be permitted by the chair. Director Yee stated that as a courtesy for Board member-elect Jody London, who was in the audience and had a question about the item, he had wanted to pull this item. Ms. London stated that her question about the item had been answered by staff. Director Yee then withdrew his request to further discuss the item post-vote.

This Matter was Adopted on the Consent Agenda.**08-1304****Professional Services Agreement - Inspection Services, Inc. - Oakland High School Modernization-Williams Settlement Project**

Approval by Board of Education of Professional Services Agreement between District and Inspection Services, Inc., San Francisco, CA, for the latter to provide special inspection services for field welding, anchor tests and trench soil compaction testing in conjunction with the Oakland High School Modernization-Williams Settlement Project for the period commencing March 20, 2008 and concluding no later than December 31, 2008 in an amount not to exceed \$3,638.00.

Funding Source: General Obligation Bond-Measure B**Attachments:** [Document\(s\)](#)**This Matter was Adopted on the Consent Agenda.****08-1305****Professional Services Agreement - Jason Zalinski - Lincoln Elementary School Classroom Replacement Project**

Approval by Board of Education of Professional Services Agreement between District and Jason Zalinski, Newman, CA, for the latter to provide inspection services in accordance with guidelines set forth by the Division of State Architect (DSA) and mandated by the State of California for public school construction and improvement in conjunction with the Lincoln Elementary School Classroom Replacement Project for the period commencing May 1, 2008 and concluding upon completion of the project, or permanent abandonment of the Project by the District, or December 31, 2009, whichever occurs first in an amount not to exceed \$183,850.00.

Funding Source: General Obligation Bond-Measure B

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1306

Professional Services Agreement - Kleinfelder, Inc. - Crocker Highlands Paving and Landscaping Project

Approval by Board of Education of Professional Services Agreement between District and Kleinfelder, Inc., Pleasanton, CA, for the latter to provide field observation & testing and laboratory testing for trench backfill, sub grade, miscellaneous concrete testing and asphaltic paving and final affidavit for closeout of the project in conjunction with the Crocker Highlands Paving and Landscaping Project for the period commencing June 13, 2008 and concluding no later than December 31, 2008 in an amount not to exceed \$6,800.00.

Funding Source: Deferred Maintenance

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1307

Professional Services Agreement - Martin M. Ron Associates - Castlemont Auditorium Renovations Project

Approval by Board of Education of Professional Services Agreement between District and Martin M. Ron Associates, San Francisco, CA, for the latter to provide topographic survey and mapping of the finished floor inside the auditorium in conjunction with the Castlemont Auditorium Renovations Project for the period commencing March 25, 2008 and concluding no later than March 31, 2008 in an amount not to exceed \$7,500.00.

Funding Source: General Obligation Bond-Measure B

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1308

Professional Services Agreement - RGA Environmental - Bret Harte Middle School Project

Approval by Board of Education of Professional Services Agreement between District and RGA Environmental, Emeryville, CA, for the latter to provide abatement bid scope of work and specifications based on Architect/Engineer and Division of State Architect (DSA) submittal plans and a certified on site surveillance technician to monitor abatement during construction phase and all TEM sampling and related testing in conjunction with the Bret Harte Middle School Project for the period commencing January 1, 2008 and concluding no later than February 29, 2008 in an amount not to exceed \$8,951.00.

Funding Source: General Obligation Bond-Measure B

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1309

Professional Services Agreement - RGA Environmental - Madison Middle School Modernization Project

Approval by Board of Education of Professional Services Agreement between District and RGA Environmental, Emeryville, CA, for the latter to provide abatement bid scope of work and specifications based on Architect/Engineer and Division of State Architect (DSA) submittal plan and a certified on site surveillance technician to monitor abatement during construction phase and all TEM samples in conjunction with the Madison Middle School Modernization Project for the period commencing January 1, 2008 and concluding no later than February 29, 2008 in an amount not to exceed \$9,015.00.

Funding Source: General Obligation Bond-Measure B

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1310

Professional Services Agreement - RGA Environmental - Hoover Elementary School Modernization Project

Approval by Board of Education of Professional Services Agreement between District and RGA Environmental, Emeryville, CA, for the latter to provide abatement bid scope of work and specifications based on Architect/Engineer and Division of State Architect (DSA) submittal plans and a certified onsite surveillance tech to monitor abatement during construction phase and all TEM samples in conjunction with the Hoover Elementary School Modernization Project for the period commencing January 1, 2008 and concluding no later than February 29, 2008 in an amount not to exceed \$8,905.00.

Funding Source: General Obligation Bond-Measure B

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1311

Professional Services Agreement - Simplex Grinnell - Havenscourt Middle School Modernization Project

Approval by Board of Education of Professional Services Agreement between District and Simplex Grinnell, Livermore, CA, for the latter to provide supervision of the electrical contractor and/or low voltage installer of fire alarm system during critical path periods; conduit installation, wire pulling, wire continuity review/testing and termination/trimming devices in conjunction with the Havenscourt Middle School Modernization project for the period commencing June 12, 2008 and concluding no later than August 22, 2008 in an amount not to exceed \$16,640.00.

Funding Source: General Obligation Bond-Measure B

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1312

**Professional Services Agreement - Campus Security Solutions, Inc. -
Modernization Projects - Named Schools**

Approval by Board of Education for Professional Services Agreement between District and Campus Security Solutions, Inc., Campbell, CA, for the latter to provide removal, storage and reinstallation of televisions/VCR and LCD Projectors and Screens in conjunction with the Oakland High School - Williams Settlement, Bret Harte Middle School, Madison Middle School, Peralta Middle School and Westlake Middle School Modernization Projects for the period commencing June 1, 2008 and concluding no later than June 30, 2008 in an amount not to exceed \$37,075.00.

Funding Source: General Obligation Bond-Measure B

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1313

**Award of Bid and Construction Contract - Albay Construction Co. -
Havenscourt Middle School Modernization Project**

Approval by Board of Education of Resolution No. 0708-0196 - Award of Bid and Construction Contract to Albay Construction Co., Martinez, CA, for the latter, as lowest responsive, responsible bidder, to provide modernization of eight (8) buildings including non-structural repairs, mechanical and electrical work and provide removal of architectural barriers in accordance with CBC 1134B.1.1, Exception 3.1 in conjunction with the Havenscourt Middle School Modernization Project for the period commencing June 13, 2008 and ending August 22, 2008 in the amount of \$1,767,000.00; and rejecting all other bids, if any.

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1314

**Award of Bid and Construction Contract - Comtel Systems Technology, Inc. -
Lafayette Elementary School Intercom/PA/Clock/Telephone Project**

Approval by Board of Education of Resolution No. 0708-0194 - Award of Bid and Construction Contract to Comtel Systems Technology, Inc., Sunnyvale, CA, for the latter, as lowest responsive, responsible bidder, to provide service and/or replacement of existing intercom, public address, clocks and telephone systems in conjunction with the Lafayette Elementary School Intercom/PA/Clock/Telephone Project for the period commencing June 2, 2008 and ending August 30, 2008 in the amount of \$41,602.00; and rejecting all other bids, if any.

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1315

Award of Bid and Construction Contract - Comtel Systems Technology, Inc. - Cole Middle School Intercom/PA/Clock/Telephone Project

Approval by Board of Education of Resolution No. 0708-0192 - Award of Bid and Construction Contract to Comtel Systems Technology, Inc., Sunnyvale, CA, for the latter, as lowest responsive, responsible bidder, to provide service and/or replacement of existing intercom, public address, clocks and telephone systems in conjunction with the Cole Middle School Intercom/PA/Clock/Telephone Project for the period commencing June 2, 2008 and ending July 31, 2008 in the amount of \$122,037.00; and rejecting all other bids, if any.

Funding Source: General Obligation Bond-Measure B

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1316

Award of Bid and Construction Contract - Comtel Systems Technology, Inc. - McClymonds High School Intercom/PA/Clock/Telephone Project

Approval by Board of Education of Resolution No. 0708-0195 - Award of Bid and Construction Contract to Comtel Systems Technology, Inc., Sunnyvale, CA, for the latter, as lowest responsive, responsible bidder, to provide service and/or replacement of existing intercom, public address, clocks and telephone systems in conjunction with the McClymonds High School Intercom/PA/Clock/Telephone Project for the period commencing June 2, 2008 and ending September 30, 2008 in the amount of \$210,306.00; and rejecting all other bids, if any.

Funding Source: General Obligation Bond-Measure B

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1317

Award of Bid and Construction Contract - Comtel Systems Technology, Inc. - Far West High School Intercom/PA/Clock/Telephone Project

Approval by Board of Education of Resolution No. 0708-0193 - Award of Bid and Construction Contract to Comtel Systems Technology, Inc., Sunnyvale, CA, for the latter, as lowest responsive, responsible bidder, to provide service and/or replacement of existing intercom, public address, clocks and telephone systems in conjunction with the Far West High School Intercom/PA/Clock/Telephone Project for the period commencing June 2, 2008 and ending August 30, 2008 in the amount of \$102,211.00; and rejecting all other bids, if any

Funding Source: General Obligation Bond-Measure B

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1318

Award of Bid and Construction Contract - El Camino Paving, Inc. - Grass Valley Elementary School Paving Project

Approval by Board of Education of Resolution No. 0708-1097 - Award of Bid and Construction Contract to El Camino Paving, Inc., Sunnyvale, CA, for the latter, as lowest responsive, responsible bidder, to provide asphalt and pavement replacement for the playground in conjunction with the Grass Valley Elementary School Paving Project for the period commencing June 13, 2008 and ending August 22, 2008 in the amount of \$398,400.00; and rejecting all other bids, if any.

Funding Source: Deferred Maintenance

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1319

Award of Bid and Construction Contract - J. A. Gonsalves & Sons, Inc. - Jefferson Elementary School Portable Replacement Project

Approval by Board of Education of Resolution No. 0708-0212 - Award of Bid and Construction Contract to J. A. Gonsalves & Sons, Inc., Napa, CA, for the latter, as lowest responsive, responsible bidder, to provide the removal of existing pavement at lower playground and installation of new pavement in conjunction with the Jefferson Elementary School Portable Replacement Project for the period commencing May 14, 2008 and ending July 25, 2008 in the amount of \$69,690.00; and rejecting all other bids, if any.

Funding Source: General Obligation Bond-Measure B

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1320

Award of Bid and Construction Contract - Western Roofing Service - Elmhurst Small Schools Project

Approval by Board of Education of Resolution No. 0708-0211 - Award of Bid and Construction Contract to Western Roofing Service, San Francisco, CA, for the latter, as lowest responsive, responsible bidder, to provide roofing replacement on the main administration building, gymnasium and roofing repairs on the classroom annex in conjunction with the Elmhurst Small Schools Project for the period commencing June 16, 2008 and ending August 14, 2008 in the amount of \$468,900.00; and rejecting all other bids, if any.

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1321

Award of Bid and Construction Contract - West Coast Contractors, Inc. - Chabot Elementary School Portable Replacement Project

Approval by Board of Education of Resolution No. 0708-0214 - Award of Bid and Construction Contract to West Coast Contractors, Inc., Fairfield, CA, for the latter, as lowest responsive, responsible bidder, to provide relocation of nineteen (19) portables, and demolition for nine (9) portables; and also provide some site improvements prior to the Fall Semester in conjunction with the Chabot Elementary School Portable Replacement Project for the period commencing June 15, 2008 and ending August 14, 2008 in the amount of \$2,561,000.00; and rejecting all other bids, if any.

Funding Source: General Obligation Bond-Measure B

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.



08-1322

Lease Agreement - Clifton and Marion Fong - Lincoln Elementary School Classroom Replacement Project

Approval by Board of Education of Lease Agreement between District and Clifton and Marion Fong, Oakland, CA, for the latter to provide lease of one parking lot at 11th and Madison, Oakland, California with AC paving improvements for approximately 20 months, as need on a month to month basis in conjunction with the Lincoln Elementary School Classroom Replacement Project for the period commencing May 1, 2008 and concluding no later than December 31, 2009 in an amount not to exceed \$44,000.00.

Funding Source: General Obligation Bond-Measure B

Attachments: [Document\(s\)](#)

This Matter was Adopted on the Consent Agenda.

Passed The General Consent Report

A motion was made by Christopher Dobbins, seconded by Gary Yee, including all the preceding items marked as having been adopted on the Consent Agenda. The motion carried by the following vote:

Votes: Adv Aye: 0
Adv Nay: 0
Adv Abstain: 0
Aye: 6 - Kerry Hamill, Gary Yee, Noel Gallo, Christopher Dobbins, Alice Spearman and David Kakishiba
Nay: 0
Recused: 0
Absent: 3 - ShaCora Cowart, Markeshia James and Gregory Hodge
Preferential Aye: 0
Preferential Abstention: 0

Preferential Nay: 0



[08-1323](#)

Lease Agreement - Gary Doupnik Manufacturing - Cox New Classroom Building Project

Approval by Board of Education of Lease Agreement between District and Gary Doupnik Manufacturing, Loomis, CA, for the latter to provide two 24'x40' feet classroom portables in conjunction with the Cox New Classroom Building Project for the period commencing July 1, 2008 and concluding December 30, 2009 in an amount not to exceed \$33,600.00.

Funding Source: General Obligation Bond-Measure B

Attachments: [Document\(s\)](#)

President Kakishiba, at the request of Vice President Alice Spearman, removed this item from the General Consent Report for separate vote. Vice President Spearman, upon being recognized by the Chair, stated that she needed clarification on the placement of the portables on this site: "What are the placements? What are the portables to be used for?" [At Cox] we have a public school and a charter school. For whom are the portables being placed?

Timothy White, Assistant Superintendent, Buildings and Ground, Facilities and Custodian Services, responded that the item before the Board in question, are two portable buildings being placed for the Modernization Project at the former Cox School site. He said that Cox is hosting two separate construction programs: one, Reach Academy, is a District school; the other program is an Education For Change [Charter] Program. He said that there are two construction projects at Cox which has been "wrapped into one." The Reach Program is a removable of portables and the building of a two story classroom building to accommodate Reach, the District school, and some improvement in the actual core facilities: some of those improvements to be done in the Main Building and some to extend into the area where the Charter is currently housed. He said the portables will accommodate some displacement that will occur in the core facility where Education for Change is housed.

Vice President Spearman, seeking further clarification, asked if the \$33,000 was being spent to accommodate the Charter School. Assistant Superintendent White further responded that not entirely; that he could provide the specific split information but that some of the EFC classrooms will be impacted by the project. Vice President Spearman stated that she would like the item pulled [tabled] until the additional clarification is forthcoming because of the problem on the site: a Public School in a building that is not safe and the District owns a building that is safe and she does not see why public school students are being compromised when we have facilities they can use. She stated the Charter School may have to find somewhere else to go. Also Vice President Spearman said there is a question if this public school is growing; then why would we build a building for a public school when we already own the property and we already have a building; that is just a misuse of funds. She asked if Mr. White could come back with the responses to her questions later?

President Kakishiba responding that at this point a motion would be in order to either deny or table the item. Vice President Spearman moved to table the item until staff comes back with further information. The motion died for lack of a second.

State Administrator Vincent Matthews stated that he just received a clarification that the portables are for the core facilities but the specific occupation is for the Child Development Centers on the school site. Vice President Spearman, upon hearing his

statement responded that she had not problem with it.

President Kakishbia called the question with the results as reflected herein.

State Administrator Matthews, following vote, restated the standing invitation to Board members to ask in advance questions about items, particularly on the General Consent Report, after agenda posting but prior to Board meeting and that staff will not hesitate to provide the information in advance of the meeting. President Kakishiba stated "Thank You."

This Matter was Adopted on the Consent Agenda.

D. Old Business

Board of Education - Monitoring District Performance



[08-0918](#)

Interpretation - Policy Type: Operational Expectations (OE) 7 - Financial Planning

Adoption by Board of Education of Superintendent of Schools Interpretation of Monitoring Report Requirements - Policy Type: Operational Expectations (OE) 7 - Financial Planning.

Attachments: [Document\(s\)](#)
[08-0918 - Interpretation - Policy Type - Operational Expectations - OE 7 - Financial Planning.pdf](#)

President Kakishiba having taken up this item, recognized State Administrator Matthews for presentation of the Interpretation of this Operational Expectation: OE -07 - Financial Planning. State Administrator Matthews stated that the Board will hear staff interpretations of both OE-07 - Financial Planning and OE-08 - Financial Administration, delivered by Chief Financial Officer Leon Glaster; that staff will be asking for input and approval of staff interpretations. Matthews recognized CFO Glaster.

Mr. Glaster, stated for OE-07 - Financial Planning, he will have on the [Board Room projection] screen the standards and will be stating the interpretation w/o reading the expectation reflected in the Power Point.

CFO Glaster stated the interpretations for the eight OE-07 standards as published in the report, attached hereto, and are incorporated herein by reference.

President Kakishiba asked for a motion to adopt staff's interpretations as presented. In response, a motion was made by Director Christopher Dobbins, seconded by Director Kerry Hamill. President Kakishiba then called for discussion.

Director Gallo stated that he appreciated the presentation but that he, would like for the record, to be able to present what he believes should be included, at least to be able to articulate it in a different way based on some of the comments that have been going around the table when it comes to budgeting. [Handout]

Gallo stated that the information he is requesting that the CFO include in the annual budget presentation is:

a) *The Organization and Policy Section, which includes what our initiatives are and the policies for the achievement gap, the financial impact to close the gap and the dollars OUSD has committed and that the combined total amounts are: alternative education, collective bargaining, family and community engagement; high school renewals; small schools; instructional materials; textbooks, kindergarten; K-1 expansion; OUSD technology; charter schools; school accountability; school improvement; instructional coaching; budget policy and administration. These are initiatives that you would see around the wall; that on our budget presentations should be right at the front defining what those are and what the financial impact is on each one; and,*

b) *Account Code Budget on the General Fund and pretty much that is the line item expenses budget presentation that we keep asking about which would include salaries; reserves; supplies; property services; police services; transportation; equipment; benefits; purchase services; miscellaneous items per year; percentages and the projected percentages for the coming year; and,*

c) *The Program Code Budget on the General Fund which allows for programmatic presentations on how OUSD spends its money: regular education; career and technology education; special education; bilingual education; adult education; summer session and, again, these are just the instructional side of the request and again, its based on year percentages and what are we actually spending. The second section that goes with the Program Code Budget, said Gallo, is the Student' School Support Services which deals with safety; the physical plant; transportation; general administration; employee benefits; the subtotals and the total amounts; and*

d) *The External Funds and the private funds that are generated - one time or multi-year type funding.*

He said that he would like to see all of the foregoing "demonstrated right up front, so that we all can see that."

Gallo further stated that he would like school budgets - and he can appreciate the school budgets, the school by school presentations that the CFO put together [as part of the proposed FY 2008-2009 budget] so that we can see the General Fund; the External Fund and the number of FTEs; what they cost per school site. He said the other item is"

e) *Enrollment and Staffing by Program - Whether it is regular education; vocational education; special education. He said he would like to see the projected, the actual and the variances for the District and the enrollment figures by grade from the K-12; and*

f) *Performance Indicators whether API; AYP; daily student attendance system wide; elementary; middle high school numbers. A section on dropouts, whether it is in the middle school or high schools. The actuals and the performance levels when it comes to the English Language Arts and Mathematics, the way we have broken them out right now: failing; needs improvement; proficient; advanced and by grade level; and*

g) *Promotions, as a performance indicator, system wide; elementary; middle; high school percentages. How we are doing? And,*

h) *Collective bargaining. He said employees are organized into eleven units, with ten being governed by collective bargaining. He said collective bargaining agreements also serve as a policy statement; that educational reform initiatives have resulted from*

collaborative discussions between OUSD and OEA; the maintenance and support from such initiatives; lower class sizes; expanded time for professional development; improved evaluations for teachers, etc., intervention and support for low performing schools.

Gallo further stated that for 2008-2009, he would like to see a Financial Impact Report: salary and step increases.

He said that his goal is to try to make Budgets as simple as possible, so that any parent, any board member, any public member would be able to read and understand the OUSD budget. He said what's stated is some of the information that he has continuously asked - the Board has continuously been asking for and it is some of the things that he would like to see.

President Kakishiba stated that this request for information is more appropriate for the 20082009 budget presentation and asked that members return to the motion at hand. Director Dobbins said that he viewed Director Gallo's request as his interpretation of the pending item. President Kakishiba suggested then that the appropriate context would be for the member to state a disagreement with the CFO's interpretation and restate it including making an amendment to the pending motion. Director Dobbins then moved, as a friendly amendment to his motion to include in the interpretation all of the points raised by Director Gallo.

State Administrator Matthews asked the members - if changes to the interpretation are to be made or to be inserted regarding the request of Director Gallo- to be specific as to where the staff's interpretation is off. Where staff has missed? Where this [Director Gallo' requests] would go in and how this relates to the interpretation. He stated that he believed the request has more to do with the adoption of the 2008-2009 budget, which is two items down from the present agenda item. He said that he interpreted Director Gallo' request to be how he would like to see the budget "laid out that would make it easier" for Board members to understand as "opposed to our interpretation regarding financial planning."

Director Gallo responded that in listening to the presentation, CFO Glaster included many of the items he brought and that is the reason he decided to raise his request now; that it was advice that he decided to give regarding budget development. Director Dobbins reiterated his support for the request. Vice President Spearman stated the request is in the "wrong place." Director Gallo acquiesced to the comments. Director Dobbins withdrew his "friendly amendment."

Director Yee, upon a request for further comments on the pending motion, stated he did not see in the Operation Expectation (OE-07) that a Budget Development Calendar is included. He said he believes such is appropriate for OE-07 - Financial Planning. Following debate among Director Yee, President Kakishiba, and with the concurrence of State Administrator Matthews, it was agreed that the element of a Budget Development Calendar be added to this interpretation upon revisiting of the Coherent Governance Policies.

President Kakishiba stated that he had a couple of comments on the interpretation elements: on No. 1 and No. 3. He stated that they are interrelated in the interpretation. He asked Mr. Glaster if he was including only narrative or graphs that show the percentage of the budget going to school sites v. non-school sites, etc. Mr. Glaster responded by stating it does and while this is the narrative, the actual report will show graphs, pie charts, and other visual aids to help explain a complex budget and to show the relationship between District and school site services. As to No 4, President Kakishiba, stated while it is mentioned in Director Gallo's request, there is no mention of enrollment as a basic budget

assumption - increase nor decrease. CFO Glaster responded that while the current report shows attendance over time, enrollment should be similarly included. He agreed that enrollment will become one of the assumption categories.

President Kakishiba then asked for the Roll Call vote on the pending question.

A motion was made by Christopher Dobbins, seconded by Kerry Hamill, that this matter be Adopted. The motion carried by the following vote:

Votes: Adv Aye: 0
 Adv Nay: 0
 Adv Abstain: 0
 Aye: 6 - Kerry Hamill, Gary Yee, Noel Gallo, Christopher Dobbins, Alice Spearman and David Kakishiba
 Nay: 0
 Recused: 0
 Absent: 3 - ShaCora Cowart, Markeshia James and Gregory Hodge
 Preferential Aye: 0
 Preferential Abstention: 0
 Preferential Nay: 0

E. New Business

Board of Education - Monitoring District Performance



[08-1333](#)

Interpretation - Policy Type: Operational Expectations (OE) 8 - Financial Administration

Adoption by Board of Education of Superintendent of Schools Interpretation of Monitoring Report Requirements - Policy Type: Operational Expectations (OE) 8 - Financial Administration.

Attachments: [Document\(s\)](#)
[Interpretation - Policy Type: Operational Expectations \(OE\) 8 - Financial Administration.pdf](#)

CFO Leon Glaster stated that his presentation on OE-8 - Financial Administration will be in like manner as OE-7 - Financial Planning, i.e., he will have on the [Board Room projection] screen the standards and will be stating the interpretation w/o reading the expectation reflected in the Power Point.

CFO Glaster stated the interpretations for the thirteen OE-08 standards as published in the report, attached hereto, and are incorporated herein by reference.

President Kakishiba asked for a motion to adopt staff's interpretations as presented. In response, motion, made by Director Gary Yee, seconded by Vice President Alice Spearman. President Kakishiba, then called for discussion.

Vice President Spearman having noted standards 6 and 7, received an affirmative response from Director Gallo that these standards are responsive to some of the information he had requested during presentation of OE-07 standards. She asked, given that staff is going to provide the information, whether Board should direct staff on how the

report should look.

Director Gallo responded by stating that he believes these [standards 6 and 7] are a part of a Budget Exercise, and to not confuse the issue, that he is willing to hold further discussion on the matter until the 2008-2009 budget is discussed.

Vice President Spearman stated that if the Board approves the interpretation of the standard, the staff needs to keep these standards in mind; that the staff should bring to the Board a budget as stated in the interpretation ... She stated that as she interpreted these standards, it addresses the request of Director Gallo. She said that she also wanted to see the information he has requested and wanted to know how Director Gallo's request can be incorporated into standards six and seven; that she needed some direction.

President Kakishiba addressing Mr. Glaster, said as he reads it, Director Gallo for the General Fund, both restricted and unrestricted, wants to see a layout, of a, traditional line item by account code "a little bit more detail than what is in the SAC format." Mr. Glaster, responding, said that some of the information is not keep in the format being requested but that he can work with the reports and to make it easier, some of the information can be placed in pie charts, pictures, so that it will show "the total universe and have it broken down by the specific areas to show the relationship of the whole." He said that he wished to produce the information so that it is useful to the Board.

Mr. Glaster, further responding to additional questions from President Kakishiba, stated that in standard 6, the level of detail requested by Mr. Gallo, would be provided in that standard as would information on controls in standard 13.

President Kakishiba, referencing interpretation of OE-8 standards, systems and procedures, ask Mr. Glaster to confirm that the Board in receiving the results report will be given details of the systems and procedures in place in each of the areas that are relevant. Mr. Glaster, responding, said that the Board will see whether such is robust, weak, the actual evidence of what the procedures and process are.

President Kakishiba, referencing standard 1, asked Mr. Glaster to clarify if the standard not only included Accounts Payable but long term debt services. Mr. Glaster responded that it did; "everything", although the standard had specifically referred to Payroll. All debts and payments; long term and schedules, and payments, further responded Glaster.

Ward Rountree, a public speaker, stated, looking at OE-1, it is his hope that the Board and the Superintendent, and whomever else, would be developing a budget that is understandable not only to the Board but to the public at large and that it answers some of the questions that the public raises when they ask in public settings, "What are these expenditures for?" Right now what we get, as it says here, is summary information, but it does not detail in any kind of way, e.g., what the Office of Community Outreach means to Student Achievement or whatever, said Rountree. He further said, as you look at this document not only are you talking about the Board understanding but that the public at large has an understanding of what these - almost \$500 million dollars worth of expenditures are doing for the community at large. He further said, over the next couple of weeks, as we talk about the budget, he hopes that we talk about how these expenditures are necessary and/or they really. Finally, said Rountree, he is interested in knowing if the Interim Superintendent has been involved at all in these discussions? Board member Yee responded :No." Rountree continued, "No? ... At this point we are having this interpretation being based on the State Administrator's interpretation. Is that the "I" in this document.?"

Mr. Glaster, responding at the request of President Kakishiba, stated that the Interim Superintendent has been given a courtesy copy of every report being produced since she was approved by the Board. Glaster said that "She does have information; that she is in contact; that she does ask questions." State Administrator Matthews, further responding, stated that the "I" is the State Administrator's interpretation of the policy.

Finally, Mr. Rountree asked if these policies [Coherent Governance] are being developed in concert with FCMAT and those other agencies who have been auditing and reviewing the District's budgeting. President Kakishiba responded, "No;" that this is pretty boiler plate financial planing and financial planning stuff and this Board, and this Board, previously never had a way to monitor the implementation and a monitoring of a process. So what this - the Coherent Government set up - has gives us a formal, schedule and concrete thing that can be added and deleted; could be informed by FCMAT and what have you ... a starting point to examine whether staff is adhering to Board policy and guidelines in these areas. If this had existed back in 2002, the Board would have known that we had never paid the TRANS loan back. And that is exactly what this set up helps to prevent - situations like that."

Rountree stated that he really appreciated the explanation; that it is important as we go into the future to understand the nuances of the budgeting process. He stated that he remembered some past discussion about having community meetings around the budget in more open forums. He asked if that was part of the budget - financial planning process? President Kakishiba stated that he would hope so, although it is not articulated in it; that Dr. Yee had made that point, by stating that we need a calendar and benchmarks, What things need to be done when; however, that we should all recognized that we do not [yet] have full authority over finances; so we are going to be limited under the current circumstances.

Director Yee stated that he was really struck by Mr. Rountree's opening comment, which prompted him, to reflect on "What are the questions that would lead use to make better decisions about approving budgets? Yee said there are actually two ways of approaching research: 1) By collecting all possible data and all possible iterations and all possible matrixes or variables; 2) To establish the set of questions that will lead to better informed decision making." Yee said the fundamental question, regarding Director Gallo's questions, which are fairly comprehensive, people are asking is, "How do we [District] spend our money?" He said once you start with that we can then link up the ways we present the data so as to answer those questions. He said that if we ultimately receive every piece of information requested by Director Gallo, and Yee, said that he is very familiar with 500 - 600 page line item budgets that we all went through in the 60', 70' and 80,' - he is not sure we made any better decisions then. So then, said Yee, we tried to go to Program Budgeting which lead to even bigger budget books, if you recall. He recalled that Peggy Stinnett was the leader of Program Budgeting and we hardly got a budget done because it was so complicated to do. So one way to approach budget development, is "What are the fundamental questions we need to know, not out of curiosity, but for decision making?" Yee said, he himself is not sure of what the ten questions should be but expressed an interest in meeting with anyone to help formulate such questions to ask and then produce the information to answer.

President Kakishiba, responding to Director Yee, said that he made a good point; that while it is not stated expressly in Director Gallo request, but that if the Board determines, e.g., a priority is closing the achievement gap, what it would cost, the resources available and what is its priority in the budget. Yee said he would look to see a description in the

budget of the priority and the strategies being used to address closing the achievement gap. Yee citing a specific example, stated that one wants to avoid "chasing data" and in order to do that the question(s) need to be clearly defined. He said stating such a question, such as "What does it take to close the achievement gap?", would be very powerful budget planning strategy.

Director Gallo, responding, stated that the District currently is pursuing a number of initiatives from all year kindergarten, etc, small schools and a host of others and "we really do not know what the cost is. Or where it is being implemented effectively." He said that one of the difficulties he is experiencing is determining the true cost; is an initiative, such as small schools, affordable? He said on the one hand we have the initiatives; on the other hand, we have been told there is need to make serious reductions. He said the overall question is [how] to [close] the achievement gap. What is the investment? [How do we] address three thousand kids out [on the street daily]. Get kids in school? Generate the revenue which would elevate all kids doing well? Those are the numbers and the strategies, said Gallo, that have been missing up front in our budget presentations. He said, continuing, that if you have an initiative, and Expect Success is one of them, What is the cost? What is the outcome? What is the impact? How am I paying for it?

Director Yee, commenting further, stated that if one of the questions is, "How do we close the achievement gap?" One of the strategies the District has proposed is small schools. So then the question, he said, is What is the investment in small schools? What is the return on that investment.? Gallo and Yee both acknowledged they do not know the answer to the questions. Yee said linking such policy with finance is a good way of doing it; that the questions need to be laid out. Director Yee said that he understood Director Gallo request for data but that he would rather start with the questions to staff as our strategic plan.

President Kakishiba acknowledge that the Board has not been explicit about planning assumptions that are tied to results the Board wishes to achieve. He said that the Board should come back in a couple of meetings with two policy statements: one around the Results based planning assumptions and the calendar and include that in OE-7.

President Kakishiba, having restated the maker - Yee - and seconder - Spearman - of the motion for the record, asked for a Roll Call on accepting staff's interpretation of OE-8. The motion was adopted 6-0 as reflected herein.

A motion was made by Gary Yee, seconded by Alice Spearman, that this matter be Adopted. The motion carried by the following vote:

Votes: Adv Aye: 0

Adv Nay: 0

Adv Abstain: 0

Aye: 6 - Kerry Hamill, Gary Yee, Noel Gallo, Christopher Dobbins, Alice Spearman and David Kakishiba

Nay: 0

Recused: 0

Absent: 3 - ShaCora Cowart, Markeshia James and Gregory Hodge

Preferential Aye: 0

Preferential Abstention: 0

Preferential Nay: 0

State Administrator - Financial Management - FCMAT IV

**08-1299****2008-2009 Fiscal Year District Budget (Second and Final Reading)**

Public Hearing and Adoption by the State Administrator of the 2008-2009 Fiscal Year District Budget (all funds) in the amount of \$422,313,045.31.

The draft 2008-2009 Fiscal Year District Budget may be inspected on line by clicking either link below or on line using the "public access" computers in the first floor lobby, the Office of the Board of Education, Room 108, or the Office of Financial Services, Room 320, of the Oakland Unified School District, Paul Robeson Building, 1025 2nd Avenue, Oakland, CA 94606-2212.

Attachments: [Document\(s\)](#)
[2008-2009_Fiscal_Year_District_Budget - First Reading - June 18, 2008.pdf](#)
[08-1299 - 2008-2009_Fiscal_Year_District_Budget_Presentation - First Reading - June 18, 2008.ppt](#)
[08-1299 - 2008-2009_Fiscal_Year_District_Budget_Presentation - First Reading - June 18, 2008.pdf](#)
[08-1299- 2008-2009 Fiscal Year District Budget - Second and Final Reading - June 25, 2008.pdf](#)
[08-1299 - 2008-2009 Fiscal Year District Budget - Presentation - Second and Final Reading - June 25, 2008.ppt](#)
[08-1299 - 2008-2009 Fiscal Year District Budget - Presentation - Second and Final Reading - June 25, 2008.pdf](#)

Leon Glaster, CFO, presented the first reading of the 2008-2009 Adoption Budget. Glaster stated that he will be presenting information, among other items, showing the estimated ending balance for the current fiscal year - 2007-2008. This information will serve as a comparative base. He asked to be allowed to present the information and then take questions.

Mr. Glaster introduced the Financial Team members who contributed to development of the Budget including Jason Willis, the new Budget Director. He said the staff worked long hours, including weekends to complete the task. He said the overview consists of: the Budget Calendar through to the total General Fund budget analysis, the adoption budgets and all other budgeted funds.

Glaster said the overriding strategy has been to align all available resources to the three major District goals: 1) All students being proficient in reading by the end of 3rd grade; 2) All students being proficient in Algebra by end of 9th grade; and 3) All students will graduate prepared for college and the work force.

Glaster said that we have been able to achieve a balanced budget for 2008-9; however, the District is still in fiscal recovery. He said there are things in the budget that we still have to overcome. He said the state budget proposal for 2009 has devastated the District resulting in loss of over \$20 million dollars in revenue for next fiscal year. The state May Revised Budget proposal, said Glaster, has provided some relief but the District 2008-2009 is still bleak. Rather than have a \$23-\$24 million dollar reduction, the District has a \$20 million dollar reduction.

Glaster said that the development of the 2008-2009 will help guide the District through this difficult budgeting process. He said that there will be a focus on the budget calendar that will focus on development workshops so that we can really address the budget process this year.

Glaster said the calendar, leading into this year, has been: In December, we had the detailed budget calendar development with the process and deliverables for the school sites and for the District-wide Projects. The Strategy Team, he said, established budget priorities that aligned with the District's goals, strategic plans and activities. In February, the school and central office administrators received training on the Results Based Budgeting (RBB) process and then began that process. In March-April, the schools and the central office received support from Financial Services to complete the budget for the 2008-9 year. He said that this is just an overview of the activities; in the future, he would like to get down to specific dates, activities which involve the Board and the education community in going through the process.

Glaster, said that the next few [Power Point] slides will show the information necessary for the Financial Services Department and the Strategy Team to make solid financial decisions. In addition, said Glaster, the information is reviewed over time to establish trend analysis data for multi-year projections. Glaster said what he will be showing is what was used day in and day out to check the budget to make sure we were on track and to make decisions which will keep the District fiscally sustainable.

The first is Enrollment and ADA over time. He said this chart shows actual data from 2005-2006 through 2007-2008 including actual enrollment for District, for Charter Schools and changes in enrollment for the Charter Schools and the District and the anticipated ADA [for 2008-2009]. He noted that Districts receive payment based on the first 135 days or through P2. He said one student's attendance for one day, in District, is worth approximately \$44.00. He said 3,000 students [the estimated number of daily truant students in the District] out in one day is a substantial lost.

Another key budget indicator, said Glaster, is Revenue Limit and the COLA [Cost of Living Adjustment]. He cited 2006-2007 Revenue Limits and the COLA being 5.92%; current year 4.53%; in 2008-2009 it is expected to be 5.66%; however 5.36% is being taken back, resulting in a deficit COLA for next year. So basically, said Glaster, we are going from \$5,790.00 a student to 5,793.00 next year, a three dollar increase that has to cover health and welfare increases; step-in-column increases; general inflation for utilities, materials and supplies. Not a lot of money to do this with.

Glaster said, the next key indicator used is: Largest Encroachment which is Special Education. The information [in the slide] shows what the encroachment has been over time beginning with 2006-7 through 2010-11 (projected). The Encroachment is expected to be steady but with a slight increase in health and welfare costs.

Regarding, Class Size Reduction, a major initiative in this District, said Glaster, is monitored at K-3 and at the 9th grade levels. Citing specific figures [in the Power Point], Glaster said the District receives only about 89%-90% of said costs.

Other key budget indicators, said Glaster, loaded in budgets and forecasts, are:

- indirect cost rate - the amount charged - percentage - for special or other programs that use District's core services including federal and state grants, although there are limitations, sometimes lower than our rate; and for specific local grants. The indirect costs rate, said Glaster, allows the District to have revenue that will pay for the cost of going after that Grant;

- earned interest;

- the lottery, which is producing less revenue ;
- repayment of the emergency state loan;

Director Hamill asked and Mr. Glaster confirmed that this loan expenditure taken off the top, is approximately the District's fourth payment and the principal remaining is approximately \$55 million; that the other \$35 million is in effect cost neutral. Hamill stated that what she is hearing in the community is that the District is more in debt now than when the loan was first taken out, which she personally does not believe. Glaster said that is not true. He said that he will provide detailed information on the matter at the June 25th meeting.

- bond fund repayment. Glaster note that this was a \$16 million audit finding stating that the District paid for other things [not permitted] from this fund. He said that we have repaid \$10 million from Fund 25; then beginning immediately \$304,000 will be repaid each year [until repaid], except next year, unless there is a calamity.

Glaster stated that the District is required to use the Governor's May Revision to develop the 2008-2008 adoption budget. He noted that the Assembly and the Senate Education Committees, respectively, have crafted suggested budget proposals. So there could be some changes, he said, in the Governor's proposed budget, to be negotiated with the Legislature. Glaster citing some of the differences with the Governor's proposed May revised, said the Legislature is proposing that District receive more money from 1.6 % to 3.7% including money for categorical programs. Glaster noted that because of Demographics, 50% of the District's overall budget is in categorical funds. He said the Governor's proposal in that area, with higher costs, will result in the District taking a 2.4% rollback which results in a net 9%-10% net reduction in categorical funds for the District.

Glaster noted that \$60,000 is in the Assembly proposed budget for payment of the FCMAT next audit for Oakland.

Glaster citing the Governor's May Revision, which the District must use in preparing its budget, stated the key areas are:

- The State had eliminated the \$2.3 million match for our Deferred Maintenance Fund; however, he believes that the state short fall can be made up from Funds 25 and 35, so that there is a full robust Deferred Maintenance Program. He noted that the State has said that a District may reduce the required deferred maintenance from 3% to 2% of General Fund. However, to do that, he said, would require elimination of custodians, B & G staff, which the Strategy Team has decided not to do, to balance budget.

- Selected conversion of categorical funds. He said that the District will take advantage of the relaxation of the amount of funds permitted to be carried-over, with the Strategy Team determining how such funds will be put back into the program to meet District goals.

- The Reserve for Economic Uncertainty. Glaster said the State has stated that 1% rather than 2% is permissible next two year. He said 2% is approximately \$8.8 million; 1% is \$4.4 million. He said the District will say "No, Thank you to that" because at the end of two years the District would be back under state control again because of being below the required 2% reserve; that it makes no sense.

Director Hamill asked Glaster for clarification on carry-over funds, stating she understood

it was not going to be permitted. Glaster responded by stating that at the last minute, in the May Revise, the State announced that it would permit carry-over of funds under defined conditions. Glaster, further responding to Hamill's request for a precise amount of anticipated carry over, said that he could not provide a more precise figure presently, because it is being calculated as part of the year end closing of the books process, but by June 25 he will provide a number which may change as the process goes forward.

Vice President Spearman speculated that the carry-over money now may be used for anything. Mr. Glaster responded that he believes that the guidelines, permitting flexibility, will require the funds to be student focused.

Director Gary Yee, citing school site plans as the basis for categorical program spending, said the flexibility proposal makes the matter rather complicated. Glaster said that the flexibility is only for certain funds; that the "big funds" have restrictions; that certain funds cannot be converted. He said that he had provided the specifics on the May Revise presentation [to Board] and offered to bring that back. He said, Board members were correct that it could be complicated, but that also it could be good for the District in that it may permit better targeting. He said the reason for the State's flexibility is its concern for cuts in the General Fund; that it wanted to give flexibility or a way for Districts to bail themselves out but that OUSD will be presenting a balanced budget w/o the need to be "bailed out" using categorical funds.

Vice President Spearman noted that if the money is not "put back" into the categorical funds, it will be "a bail out." Glaster said that the issue remains for discussion. He said that there will be full disclosure.

Director Yee stated that he recalls that our annual carry over has been in the range of \$10-\$20 million, with Director Hamill agreeing.

Vice President Spearman attributed such to a lack of training of staff, schools leadership and school site councils in how to appropriately spend the money.

Glaster restated that he would bring back the information in an effort to be totally transparent.

Mr. Glaster, going into a historical summary of the budget, stated the District is adopting a budget, where the explicit goal of the Strategy Team and the Financial Services Department is to establish and maintain a balanced budget w/o a structural deficit. He also said that the bombshell announcement by the Governor of \$12 billion dollars less than anticipated state revenues requiring across the board cuts in education, impacts the District with the lost of well over \$20 million dollars in the upcoming fiscal year. Additionally, the District's enrollment continues to decline resulting in less revenue.

Glaster said in the face of all this adversity, the District is still submitting a balanced budget without a structural deficit. Glaster, however, said the price is sever. Every school site has had to reduce its 2008-09 budget while all expenses have increased including health and welfare benefits; employee step-in-column increases; utilities and supplies. He said the district-wide school site instructional support program, that supports the District's goals, has suffered a drastic revenue reduction. He said the Strategy Team, has been prioritizing and aligning programs to assure that District goals will be achieved. He said, the unrestricted General Fund will show a projected ending fund balance reserves for the current year of about 4.3% and for 2008-09 about 5%. It will also show that the revenues exceed expenditures in each of these years.

Glaster, further stated, however, District must be mindful that it is still faced with some daunting financial challenges. One, the independent audits by the State Controller's Office have been completed through 2005-06, with the 2006-07 audits just being started; that audit findings only have been resolved through 2003-04; that prior year cash accounts are being reconciled as we speak and that the enrollment continues to decline.

Glaster noted that for 2008-09 there is a projected budget surplus shown. He noted that for the 2007-2008 budget it was projected that there would be a deficit of \$1.4 million but now the actual ending fund balance is expected to be \$2 million dollars plus, due to the strategies used by the Strategy Team this year in freezing budgets, reducing expenditures.

Director Gallo, addressing Mr. Glaster, stated that he is having a hard time understanding the statements regarding surplus and no structural deficit considering the long term debt the District has that must be repaid. Secondly, Gallo asked if one time funds are being calculated to state there is a surplus. Thirdly, the need to give our employees increased compensation is factored.

Gallo said that he understood from the manager's prospective that it is good to say one has a surplus but that he does not believe it, based on his sitting on the Audit Committee and other information; not sold on the idea and listen to the county and the state controller as well. He is not certain we should be stating that the District has a surplus.

Glaster stated that he appreciated Director Gallo's comments. He acknowledged that while the District has long term debt. He stated that payments are put on the expenditure side and that payments for the year goes to the bottom line. The present document is a balanced budget. It, however, said Glaster, does not include any compensation raises whatsoever. In terms of the budget with those caveats, the long term debts of the District are figured therein. What is not in the budget, said Glaster, is the on-going negotiations.

Glaster, again, asked to be allowed to go through the presentation and then respond to questions. President Kakishiba reconfirmed with Glaster that it is his desire to conclude the presentation and then entertain questions, knowing that the Board members wanted to get to the questions.

Glaster said that he will give the Board members a context as to what is happening. He stated that at the beginning of this year, the District had a beginning fund balance of \$18,000,000 dollars in the unrestricted General Fund. The District had total revenues of \$260,000,000 in unrestricted General Fund this year. In the adoption budget for 2008-09, the District will start the year with \$20.4 million in the bank; anticipate receiving revenues of \$225,000,000 dollars and total expenditures of \$253,000,000 dollars. He restated that there will not be a structural deficit and revenues will be \$2 million more than expenditures.

Director Gary Yee said he had a question about the definition of structural deficit, noting that on the revenue side that District is taking into account the enrollment revenue advantage, i.e., being paid on the revenue basis of a little more money than the students are generating. Mr. Glaster responded that we are using this year's ADA for next year. Yee asked, "When you are structurally neutral, are you talking about the expenditures equaling the amount of revenue that the students generate or are you talking about the amount of money the students are generating plus the declining enrollment bonus?" Glaster said that "It is baked in over time. It is plus that because the way the Education Code reads. For next year, if your enrollment is higher, if you do not decline, you get the plus." It is a base

for planning and you never go below that base", said Glaster. Glaster further said the definition of the structural deficit "is having all ongoing expenditures match with ongoing revenues." In other words, said Glaster, "You are not using carryover; not using one time funds during the current year." But we are using, acknowledged Glaster, in respond to a further question from Yee, the declining enrollment bonus.

Glaster, resuming the presentation, re-emphasized that for the 2008-09 unrestricted budget the District is projecting \$2 million dollars more as a surplus because revenues are exceeding expenditures. Again, it is only happening because of sever budget cuts that have been made for the next year, said Glaster.

Glaster said these are the assumptions for the adoption budget:

- There is an increase of classified and certificated salaries of 1.5% average due to step-in column changes;*
- a 9% increase in health employee benefits costs;*
- a 6% increase in utility costs;*
- consultant and contracted services decreasing by \$9 million dollars.*

The components of the ending fund balance for 2008-08 adoption budget, said Glaster, are the \$22.5 million with \$8 million reserved for economic uncertainty; a reserve for audit findings given District has only completed audits through 2003-2004; declining enrollment; and unappropriated fund balance, which is subject to discussion by Strategy Team and the Board.

Glaster said the budgetary concerns that we have talked about are the California Economic and Fiscal Status; the Governor's May Revise. Glaster said that projections for the immediate succeeding two years - 2009-11 - are uncertain, given what is happening in the economy. He said that COLAs are back in along with a 5% deficit refund. He said there are a lot of "ifs" out there in the state Education budget.

Glaster, having completed showing the proposed budget by object, i.e., salaries, supplies, then reviewed the budget presentation by function, i.e., instruction, pupil related services, etc. He said that for the next presentation he will strive to present the function information by using a pie chart. He said the current display shows where the money has gone and is going for 2007-8 and 2008-9, respectively.

Glaster, continuing, using PowerPoint slides, presented the proposed adoption budget by categorical funds.

Glaster, going back to the unrestricted general fund to show where some of the differences are, stated:

- In the revenue, because of declining enrollment, District used the P2 ADA as previously indicated. which includes a May Revised deficit and one time state revenue grants have been reduced about \$1.4 million dollars and local grants have been reduced by \$.5 million dollars. In the expenditures, the certificated salaries are reduced by \$2 million dollars and the classified salaries are increased by \$1.7 million, the latter mainly due to the District Police Officers that are coming back. The employee benefits costs are increased by \$2.7 million dollars. Textbooks have decreased by \$1 million dollars between the two years. Materials and supplies have increased by \$5 million dollars, of that \$4 million has been redistributed back to the sites. Equipment has decreased by \$2 million dollars. Conferences and memberships have decreased by \$.5 million dollars. And

consulting services have decreased by \$9 million dollars.

Glaster, presented the adoption budget for the categorical programs, stated:

- For 2007-08, District has \$202 million in revenues; for coming year - 2008-08, the projected revenue is \$166 million dollars; an actual decrease of \$35 million dollars for various reasons, mainly the state revenue decline.

Going back to revenue, Glaster said, the Special Education ADA transfer is being reduced by \$.7 million dollars; Title I is being reduced by \$15 million dollars. He said, however, that amount will increase when carry-over for 2008-09 is closed out. There is a combination of state grants being reduced by \$10 million dollars due to state cutbacks. Local revenues are reduced by about \$8 million because of the Expect Success local program.

In the expenditures of the adoption budget, Glaster said, the certificated salaries are decreased by \$9 million dollars; classified salaries are decreased by \$2.8 million dollars; and employee benefits costs are increased by \$.5 million dollars. Textbooks have been decreased by three-quarters (.75) of a million dollars. Materials and supplies have been decreased by \$5.4 million dollars. Subcontract agreements have been decreased by \$6.8 million dollars. Conferences and memberships have been decreased by \$2.4 million dollars. Consultant agreements have been decreased by \$19 million dollars. Capitol outlay has been decreased by \$800,000 dollars. Again, total expenditures go down from \$224 million dollars to \$164 million dollars.

Glaster said, regarding the categorical program, if you look at the net decrease, the year started with a \$26 million fund balance and the intent this year is that everything possible was loaded in the budget; however, because of the Governor's January Budget Proposal when there was talk of not being allowed to carry-over categorical funds and then the whole situation of using federal funds to support state programs that would be lost, there was a lot of movement, so District is trying to get a handle on what will happen in the categorical budget. In other words, how much categorical money the District will be allowed to carry-over. Glaster said, as of now, the District is projected to carry-over \$3.8 million but it may be as high as \$10 million but will not know that until the closing of the books for current fiscal year.

Glaster, presenting the adoption budget for other funds, stated that, as the Board members can see on the slide, there is the beginning fund balance; the sources of revenue; what the expenditures are. He said there is a work to do in Fund 21 - the Bond Fund - and a couple of funds where work is going to happen this summer. He said the present figures are 95% accurate of other funds. He then named some of the other funds: Special Reserves; General Obligation; Deferred Maintenance; Capitol Facilities; State Facilities; Fund 30 and Fund 35. He also stated that a Worker's Compensation Report will be given on June 25th, too.

President Kakishiba asked, "What is the source of revenue for Capitol Facilities?" Glaster responding, said, for Fund 25 the majority of funds is from Developer Fees - residential and/or commercial. President Kakishiba further asked, "Are we getting a steady stream of City Redevelopment Funds?" Mr. Glaster responded, "We are. And this year we are actually able to use Redevelopment Funds this year, to not pay from the General Funds, the COPs." The accounting for that, in response to a further question from President Kakishiba as to whether that is accounted for in a separate fund, is part of the Facilities Fund, said Glaster.

Glaster said that he will be providing the Board a Report on Fund 25 including the Redevelopment Funds the District received a couple of months ago.

Director Yee, referring to page 24 [of the PowerPoint handout], said the Adult School numbers did not look right to him. Glaster responding, said the state had changed the resource code from zero, zero, zero, zero to 6350, so it changed the way the Adult School accounting occurs. Glaster said that the District has put the money in as a restatement but it really needs to be in as a contribution, which means a line item has to be adjusted; that Director Yee is absolutely right. Director Yee said that the numbers do not seem to add up to \$14 million; its off by \$5 million. Glaster said the number should be an \$18.3 million expenditure. Glaster, continuing, acknowledged that the Adult School numbers have a reporting flaw. Glaster said that the correct numbers will be reported on June 25th. Yee said it was so satisfying. Glaster responding, said he would eat the pie on this one.

Glaster, noting that he has included the cash flow for information, stated that concluded his presentation. He noted the last two months are projected at this point.

President Kakishiba asked his colleagues if there were any questions. He, having received no response, said he had a question. President Kakishiba said, at first glance, he is concerned about the Revenue side of things. He said, if not mistaken, when the District did the Anti-Budget Cut Rally, in Hunter Hall, before the Governor's May Revise, District was talking about a \$23 million dollar budget reduction, of which \$15 million was unrestricted dollars. So in the budget presentation, its only about a \$5 million dollar reduction. He said that we are projecting 700 to 800 students less, or had less students this year. Actually, he continued, it is \$4.8 million less.

Glaster responding said that the District will be using 2007-2008 ADA for the 2008-9 Fiscal Year Budget. Going back to the Power Point by object code, Glaster stated, that the staff has "scrubbed" the numbers over and over, again; that there is effectively an \$11 million dollars in reductions in the General Fund - Unrestricted. He said that we are going to get a little of the money back; the \$4 million dollars came back; that brought it back to about \$11 million. The using of the 2007-08 ADA of about \$5,790.00 per student times the difference between 2007-08 and 2008-09 is about 800 students x \$6,000 dollars; that is about \$5 million; and then there are specific pockets if additional funds are received. To answer your question, Glaster said, we can do a detailed review report; that the revenue is four pages of specific line items including taxes.

President Kakishiba, responding, said he would like to see that detail. He said that he believes it is probably an over projection of revenues; that is our worst enemy at this point than the expenditure side. Glaster said, that is absolutely correct; that District has a policy and process not to over project any revenue. He said that on the 25th he will bring the complete detail of every revenue source that the District has which is about 25 or 30 and he will have for 2007-2008 and 2008-09 that complete shot - adjustments and what everything is made of; changes in the information. President Kakishiba, continuing, said, that the first thing that struck him when reading this earlier, is that despite the Governor's budget that District is coming in \$2 million dollars in the black. Kakishiba, upon reflection, conceded maybe we are; maybe it is all good.

Glaster said because of the District's situation, we did not take any chances. We cut to the bone; held the line; froze all the positions this year; did not spend money. He said, we said a lot of "No, No, No." He said he stands behind the numbers; respects and shares the concern; does not want to present anything that is not solid; that he will bring specifics

back including tax roll information and other specific information as to how District receives money.

President Kakishiba said he had two other points: The Routine Maintenance Fund. He said that in past budgets this item was line itemed out in the SAC form so that it was clear \$8 million dollars is being reserved for the fund, which he is not seeing currently.

Glaster said, its a restricted fund, now at \$12 million and its "baked in" and he will be glad to show it. He said the fund has its own like mini-budget. He said that because District receives Office of Public School Construction Money we are required to "isolate it." He offered to bring that to the Board.

President Kakishiba, continuing, asked if using Funds 25 and 35, is a legal use of the dollars? Glaster said that he has to tie it to the specific projects. He said Fund 25 is an automatic match for deferred maintenance. He said Fund 35, more liberal, is for some of the construction projects that were done in the past and perhaps paid for from the General Fund, like in 2003-2004. Its definitely legal, based upon an analysis.

President Kakishiba, further stated, the last thing is, related to the requests for schedules for the two state loans made by Director Hamill, if that request can be applied to the other long term debt of the District including COPs. Glaster, said, he would do that and also will show use of Redevelopment Fees to address that too and have a schedule for Redevelopment Fees.

Director Hamill thanked Mr. Glaster for the report; said she thought it was very clear, concise and that he answered questions well. She stated it is her belief that the real story for next year's budget is in the school site budgets. She said the story, of school site budgets, is really shocking. She said District has given school sites less money across the board. And in many school sites, they are hiring more staff and have less money to work with next year. She said that she did not know how sites were going to get "14 teaching positions from the 12 they had this year, when they have less certificated dollars to spend." She said the budgets are a cutting into the bone kind of budget and the amount of categorical is down half in many schools; almost all the revenue levels are down in every school, just the basic revenues while health care costs and everything else is increasing.

Hamill said the amount of certificated staff is reduced to almost nothing. She said it is not hard for her to believe that the budget has been balanced. But the pain that is being felt out in school sites, in terms of services and the like, if we are hiring all brand new teachers, they are going to cost less for more and she does not know how you do that unless you move around a lot. She said the reality here is so stark. She stated San Francisco just put six properties on the market. She said the District has to do some thinking here about how District is going to get through the next few years as our revenues go down, down, down. She said we cannot keep doing the same thing and survive this. This is insane the way these dollars are given out. Schools are being asked to do something, said Hamill, that she believes is not logical in terms of managing their budgets. But something else that really stuck out, said Hamill, as she looked through school budgets - a lot of great things is calculated including a per student allocation in every school and it fluctuates from \$5,000 per school up to almost \$10,000 for the Community Day Schools because they get a higher amount; the average being about \$6,000-\$6,300. She noted, the small schools, really small schools, such as Sankofa, BEST, Marshall, Webster Academy, that is going down to 61 kids; Jefferson that is going down to 102 schools, their per student allocation is significantly higher. Hamill said, she thought that the whole point of Results Based Budgeting is that we were going to stop doing this. In other words, we were going to have

some equality in per student allocation across the board. She said, its like schools are almost rewarded for having a lower enrollment. She asked Glaster to explain. That having been at this for four years now, " What's the trajectory? What's the goal?"

Glaster, responding, said its a complex question; that the District has been struggling with that issue; that it is a part of the Multi-Year Fiscal Sustainability Plan. Jason Willis, Budget Director, addressing Director Hamill's query, said he wanted to step back to put some context around the one page school site budgets. In terms of the reductions you are seeing, said Willis, he presumes that you are looking at the change percentage. He said you are seeking a lot of change there; however, the one important thing to remember about the difference between 2007-08 and 2008-09 is that the former reflects the carry-over that is already loaded for schools; that the carry-over for 2008-2009 is not going to be loaded until present year close of the books occurs in September. He said that while Director Hamill's comments are taken very well, there still has been reductions in restricted resources at school sites. However, they are not as drastic as these one pages for the schools show, again because 2007-2008 includes those additional dollars that were loaded back in September where as 2008-2008 is just the basic budget. The other thing, Willis said, that he wants to speak too in terms of the allocation of resources: For the majority of resources, like Title I, SCE, LEP, Slivic, we allocate them on an equal per student basis. He said the District comes up with the total pot of money to be allocated to schools and the number of students that qualify in those schools and then distributes those monies. Some of the reasons for fluctuation, according to Willis, as made by Director Hamill, is very accurate. For example Community Day Schools are provide additional resources above and beyond. But for other schools, they will receive a Quea Allocation that is a total . If you recall, said Willis, that is a lottery pick that resulted in schools getting and some other schools not getting an allocation, so such factors changes the per student allocation. Willis, speaking more to the small schools piece, said if you recall from prior Board meetings, the District uses a large portion of TIG allocation to the District to help supplement small schools under the auspices that they need additional dollars to cover the school administration, basic things like principal, secretary, custodians, etc. And the way those dollars are allocated, said Willis, are on an equal per student basis for those schools that are below the cut off, shared with the Board and used in our development of 2008-2009. So again, said Willis, the overall per student amount you will see differences between school but in terms of the allocation - the revenue allocation - per student for the majority of pots of money, most significantly, are General Purpose monies; all allocated on a per student basis that is equal across schools.

President Kakishiba, citing the example mentioned by Director Hamill of Sankofa and Emerson, which are basically in the same general area, there is about a \$400 per student difference in the General Purpose, not in all the other funds, but in the General Purpose Fund. Willis said within General Purpose, when that is calculated, utilities, are included, so based on the facility and on the campus, there are trends of utility rates that are projected, and if it is a shared campus it is a lot smaller of the utility costs for some schools rather than for another campus that is one large facility. So that is one of the reasons for a difference in General Purpose allocations.

Hamill said that she wanted to make one statement to her colleagues before finishing, and that it on the issue of carry-forward this year to General Fund Accounts. She asked and Glaster reconfirmed that the state will allow Districts to so do at District's option. Hamill, said as a matter of policy, it should be done so that it can be used rather than carrying it forward. She said investing in the core staff that we have is a lot better than carrying it forward to all these sites, whether trained or not, because she has never found it to be effective because it is so restrictive, etc. She said General Fund dollars is what we pay

salaries with and everything else; that we should take advantage of that and apply it to some general fund expenses this year and not carry it forward. She said that she hoped four of us can agree and we do that.

Director Yee said he wanted to follow on with what Director Hamill is saying about the - He said that he thinks they were both reading, the bolded numbers that say 2008 total preliminary allocation per students. Hamill said, "Yes." Yee stated he was not sure if Mr. Willis actually got where we [Board members] were going on this, which is, if we would have had the data in this format when the proposal was to close 15 schools, the data would have been more supportive of the arguments that you are trying to make. Because Director Hamill has persuade him that the allocation of additional cost, for example to Sankofa, is \$2500 per student more. Yee said, because you are using the same formula for allocation in all schools, so the carry forward argument are continued across it. So if he uses x number for a comparative number, we are looking at something in the range of \$2000 more per student in a class. So, continued Director Yee, if there is a class of 30 students @ \$2000 per student, the additional investment would be \$60,000 per classroom in the school. Isn't that fair to say, he asked Willis? Willis responded that it would not necessarily be going to the classroom but for some of the schools cited, like Sankofa and others, those of closing or phasing out schools, so essentially there is a 5th grade, so a lot of those excess dollars again are going to cover the necessary overhead. Yee said that goes without saying if it is per student, the allocation, unless a different set of numbers is given which drops off the administrative overhead and then looks at the cost per classroom. Yee said the second thing that he wants to make sure that he understood correctly is that Willis had said it is on the basis of enrollment and this is on the basis of ADA; most allocations are on the basis of ADA according to RBB. Now if we have changed to enrollment, said Yee, then he is very happy. But he was surprised, continued Yee, because he is doing calculations while Willis is speaking that caused him to throw out other numbers. So which is it enrollment or ADA, Yee asked Willis?

Willis responded by saying "both." Willis explained that the unrestricted resources - General Purpose - a combination of projected enrollment for the school and the prior year ADA for attendance at the school had been used to come up with the allocation for the school. So again, said Willis, to the comment as why there is such a large difference in the General Purpose (GP) for a school - and it is said to schools all the time - there should be concern about attendance at school. He said that if attendance is increased in 2007-2008, it means that a school will get a larger GP allocation in the following year - in 2008-09. For example, if 100 kids times 94% attendance, its a different allocation, if 100 students that might enroll next times 97%-98% attendance.

Yee said that he is only saying that because what he heard stated by Willis is that it was based on enrollment so that the desire of may of his colleagues on the Board had already been made operational and that there had been a switch off of ADA, which he hopes will be a further discussion and move to an enrollment basis - not because he does not feel enrollment is important. But having done a quick scan through the data, continued Yee, we are ranging in attendance around 92% to 99%. So it is roughly a 7% swing. So a 7% swing on \$5,000 dollars is about \$400.00. And so, some of that, said Yee, could actually go to a school with low attendance to improve attendance. He said the "sunk" cost to the school is like the "sunk" cost for the administrator is still the cost of the teacher whether they have 90% or 100% enrollment. You still have that teacher for those number of students. So it stands to reason, Yee, stated that you would not want to penalize a school with low attendance unless one knew the low attendance was because of neglect. The neglect of the Faculty and/or the staff at the school is creating it. However, if the lower attendance is the results of life circumstances in and around the school, said Yee, he would

not want to penalize. He said the Board has had this discussion and he wants to make sure that he understood what was being said correctly

Yee also said that he did some rough calculations on the numbers, especially of the schools have low categorical - the total preliminary allocations per student in the bold, includes unrestricted as well as categorical monies. Yee said, he backed out all of that, and took a school like Chabot and Montclair, because he assumed their categorical funds are relatively low, and as a result, it looks like their per pupil allocation in a school with high attendance is around \$52-\$5300, somewhere in the \$5,000 dollar range. Yee, said so the base allocation in the unrestricted money per school, if the school had 100% enrollment under RBB, would be somewhere in the range of a few dollars over \$5,000 per student. Yee said he then calculated out, the revenue limit money, which is about \$5900 or so per student and it came out to about 89% or 90% of the money going to the school, which is not a bad thing; probably a good thing. He said what he needed is a comment as to whether the right amount of money - as Director Gallo may be asking - is being spent on teacher salaries out of the unrestricted funds for staff at schools. He believed that to be a reasonable question. If it is about 90%, is that the target, Director Yee asked? Or is the target, for example, 92%? Because what that does, said Director Yee, it tells us are we over allocating money to school sites under RBB or if we under allocating money to the schools site by RBB. At the policy level that is the question he would want to ask.

Willis said that it a great question. As a leadership team, Willis, said the target had been set to increase the allocation of unrestricted monies that are being pushed out to schools. To what, asked Director Yee? Willis said it goes into the general pot, it may generate an extra \$1-\$2 million dollars. Yee said he actually likes the way it was done, going back to Director Gallo's questions, it is pretty clear, without knowing the general pot, that x is the general goal per pupil allocation for schools. And that the strategic goal, said Yee, is to increase that by 1 per cent; then he has real numbers that he can help target. Yee said that he, and fellow Board members, are trying to understand or make sense of the data in a way the average person can understand so then one would know - like looking at BEST and EXCEL - the difference in per pupil allocation is \$8800 at BEST and \$5,000 at EXCEL and it looks like a big chunk of that is because they have three times as many students at EXCEL. He does not know if that is the real reason and they have 6% more attendance.

Willis said that 6% makes a big difference in their allocation. Certainly when you are allocating it on 340 kids, said Willis. President Kakishiba said 6% would not add to that; those are per student allocations. So it will increase the overall ticket, said President Kakishiba, but would not necessarily because of more attendance will affect the per student allocations. Willis said it would and the reason being is , for example, if in EXCEL, 338 kids and you took their attendance at 97%, the net effect times the per student allocation going to the high school is going to be greater than the net effect of taking 120 students times 91%. President Kakishiba, responded, "Exactly, but that effects the overall bottom line, the grand total bottom line but does not effect the allocation amount per student. So that is what Director Yee just said that there is \$8000 for Excel. Yee said \$8800 for BEST per student and \$ 5000 per student at EXCEL. So Kakishiba, said that has nothing to do with attendance. Yee said that if you put that number out, and if he is a BEST Faculty member or parent, rather an EXCEL parent, he would say Excel is being under funded. Where is the rest of the money? Because there is a lot less money to run the school, said Yee. Yee continued that the potential is here with the kind of data for the Board to have policy discussions. President Kakishiba, said, "We will."

Yee said that his last question is, "We have a \$2 million increase in ending balance that is projected. He said that if we wanted to pick up more than a 1% increase in salary, it would

require a lot more than just pick up that carry over. Mr. Glaster responded that the issue is "When you look at the bank account money, like the \$20 million dollars, that is truly one time money. Where as your increase for salaries is on-going." Glaster said that decisions have to be made where the District can free up ongoing revenue. Yee said that he is not trying to negotiate anything but he was observing that the \$2 million is approximately 1% of salary costs.

Christopher Dobbins, having thanked the staff for the presentation, said that he has ten (10) rapid bullet questions pertaining to the presentation today. He said we speak a lot about the declining enrollment of the District - the regular schools - and the increase in Charter Schools. Dobbins, responding to the District's estimate that there will be a 353 increase in charter school pupils, ask if it is because Charter Schools are adding grades or increasing in number? How is the number derived?

Glaster, responding, said he believed it is a combination of the two. He said, staff took the number from the demographer for 2008-09. Glaster said this number is flat for next couple of years. Kirsten Vital, further responding at the request of Glaster, said it is growth in grades.

Dobbins asked how was the lost of 706 pupils derived? Glaster, responding, said that was the demographers analysis. Based thereupon, the number is flat for the next two years, explained Glaster. He said, however, further analysis is on-going.

Dobbins asked Glaster to explain "deficit-in-COLA." Glaster, responding, said because of Proposition 98, the state gives the money, then takes it back. He said the 2008-09 take back for the District is 5.36% . He said the only silver lining there is if the state receives increased revenue, the District will eventually will receive the money [at a date uncertain].

Dobbins, observing that 6.2% of the District's budget is on Special Education costs, asked, about Special Education costs for Charter Schools. Glaster responded that Charter Schools pay the costs of an enrolled student. Glaster, further responding, said the District shoulders the costs of all Special Education Program whether at a particular school site or not. The current cost exceeds revenues - from federal and state governments - by about \$15 million dollars.

Dobbins, continuing, asked if it is correct that the District is receiving \$114.75 per student from the lottery. Glaster, confirmed that is correct and it is based on CBEDS from the prior year; that the revenue is times \$114.75 times 36,000 pupils which is approximately \$4 million annually.

Dobbins, continuing, asked about the projected increase in health care costs of 9%. He said there has been some talk of working with OEA to work with Kaiser to contain costs. Glaster mentioned the Health Benefits Committee, composed of union representatives, who have been working together to address the issue of cost containment. Glaster, saying that it is sad to say, but the District is happy with the 7%-8%, given it has been double digits previously. Dobbins said it is a broader issue in our society.

Dobbins asked about the District's projection of lower special education enrollments for next year. Glaster explained, like in general student population, there is an expectation of a lower enrollment for next year. He said classrooms and student projects by the Special Education Department are used to arrive at the projected enrollment number for next year.

Dobbins asked for a summary of where the District is cutting budget - categoricals. Glaster

stated for the expenditures, the major decreases are: consultant agreements, \$19 million; subcontract agreements, \$6.8 million; conferences and membership, \$2.4 million; materials and supplies, \$5.4 million; categorical salaries, certificated, \$9 million; classified, \$2.8 million; increase in employee benefits \$.5 million.

Director Gallo, said, for him, there is a need to be very clear as to what this budget accomplishes; about the performance indicators. He said that the District has all these initiatives circulated through Expect Success to sell the public but is not sure through the budget what it all means. Do we maintain the initiatives and at what levels; Robeson School. He said the way the budget is presented it is not understandable; needs more details; and when this body, whomever is here, when it happens, in assuming any kind of financial responsibility and control, you have to know what you have and be very clear about it. Gallo says what he is asking for is a more simplified explanation of what we have because in one meeting, District talked about closing seventeen schools, alarming the public, because of the lack of funds and then at another meeting District talked about the Charter Schools taking all of its kids, and the Board debating why there are charters, then about not having small schools, then about a surplus, then the bargaining units are making noises because they have not had an increase in a while, then the coaches over at OAL say no increase since 1986 and the Commissioner should be paid a lot more. Gallo said he is trying to understand how it all fits in. Gallo said that the District staff can say there is a surplus but he does not believe we do have a surplus, because he considers long term debt - a debt which has to be paid back. The loan, the \$100 million dollar, is debt the District has to pay back as well as the COPs as well as some other bond expenditures. These are all things, District has to pay back, said Gallo. He said at the Audit Committee, it was made very clear that District has \$675 million that has to be paid back. He said that he does not want to give the public the impression that the District has this abundance of money and at the same time, am willing, and still willing to work with the District to work with the community to be able to go the voter or the business community, in some way, and say that the District needs to compensate teachers at a rate to retain them; to attract others teachers to Oakland. He said that he is after a simplified, clear budget so that people understand "even at the compensation level for employees this is what it translates to at a school site; ... across the District; something that he would understand as a parent. Gallo said that he would send his recommendations and advice as to how it may be accomplished.

President Kakishiba, taking public speakers, recognized Ward Rountree, the only public speaker on the item.

Ward Rountree, Executive Director, OEA, stated that he wanted to ask a couple of questions before remarks. He asked CFO Glaster to clarify if he said 1% is equal to \$2.4 million dollars? Glaster responded the figure is for all employees.

Rountree stated, in the past, with RBB that it might be wise - and he is presently stating it again - for the District to take the salaries and benefits out of the school site budgeting process, so the school sites do not have to choose between a custodian and a music teacher. He said this should be left as a central budgeting issue so the OEA members are not concerned that a veteran teacher will not be accepted at a particular school site because they are too expensive. He said that he does not quite understand why the District still resists this idea. He suggested the Board ask the question to help clarify that at some point.

Rountree, continuing, noted the question asked by Director Hamill about the loan. He said that he understands why people think that the District presently owes as much as was originally borrowed. He said that District first borrowed \$65 million, paying down about

\$10 million of that but then took the other \$35 million and spent about \$8 million of that. And so when you add \$55 and \$8, its about \$63 and that is how people determine that the District owes as much as originally borrowed.

Rountree continuing said that there is a about \$2 million dollars in the Third Interim that is being passed through to Charter Schools. He said he hopes that is a consideration the Board is reviewing.

Rountree speaking of one other thing said that the Board should look at specifics when it begins the conversation on budget reductions. He said the budget document shows that there is approximately \$120,000 in central office budget reductions; that is less than a full time position. How many positions of the top level administration will be reduced? He said that OEA wonders, given positions are being reduced at school sites, when is there going to be specific information about elimination of top level administrative positions? [Someone in audience said "None."] He said "None" is a problem. Finally, Rountree said that in terms of administrative reassignment, one has to notified by June 30th; that when District talks about central office and reductions, it must be specific and give persons notice. Rountree, handing a document for distribution to Board members, noting that there are 34 positions listed, said he wonders if there are going to be any reductions in those areas.

First Reading

F. Adjournment

President Kakishiba adjourned the meeting at 8:45 P.M.

Prepared By: _____

Approved By: _____