



association of california
school administrators

BUSINESS SERVICES COUNCIL

Wednesday, October 23, 2019 | 9:30 a.m. – 3:00 p.m.

ACSA Sacramento
1029 J Street, Suite 320
Sacramento, CA 95814

SHELDON SMITH, ED.D., PRESIDENT

MINUTES

I. **Welcome & Introductions** – Sheldon Smith, Ed.D.

Members Present: Sheldon Smith, Alex Alvarez, Tara Clark, Lisa Davis, Paula Ford, Vivian Hamilton, Shannon Hansen, Annette Heldman, Ruben Hernandez, Chris Jew, Rosa Loza, Kraig Magnussen, Tim McClellan, Dawnalyn Murakawa-Leopard, Robert Perez, Aaron Thornsberry, Rick Wiersma

ACSA Staff: Iván Carrillo, Kristy Tinsley, Paloma Elizalde

Questions asked by members included:

- What the landscape looks like, statewide, with regards to budget status and potential budget reductions
- How districts handle enrollment growth with a Board that does not want to pursue a bond
- How are districts dealing with declining enrollment and COLA-only LCFF growth
- How to respond to comments about, “Well, LCAP will pay for that”
- How districts are handling negotiations and pressures to provide increases
- What districts are doing with preschool
- How districts are using their supplemental and concentration grant dollars
- How districts are grappling with increasing special education populations and needs
- What the new state facilities bond (AB 48) will look like in its implementation and timing, if passed
- Strategies that districts use to improve student attendance
- How to address deficit spending when it is no longer possible to push the problem out to the third year of the MYP
- How districts are balancing benefits against salary in negotiations

II. **Approval of Prior Meeting Minutes** – Sheldon Smith, Ed.D.

The minutes were revised to complete an incomplete sentence (“There is a Senate proposal to expand TK to make it accessible to 4 year old students with special needs.

This reduces **funding**.”) Approval of the revised minutes was moved by Tim McClellan and seconded by Alex Alvarez. The Council approved the revised minutes unanimously.

III. **Council Goals & Objectives 2019-20** – Sheldon Smith, Ed.D.

Each council and committee is asked to develop annual goals, with goals that align to the strategic plan. The Council discussed these in May, and a draft document was distributed to the group for review and approval. In addition to the BSC, the Ed Options Council received some funding to support annual visits to meet with staff and legislators. It was pointed out that this means that the BSC needs to be in alignment with any other ACSA groups that meet with legislators in its advocacy efforts. The Ed Options Council’s funding is in its final year; the BSC remains the only council with ongoing advocacy as part of its core mission. The group discussed the possibility of working on outreach related to Legislative Action Day, as some non-business participants have difficulty talking about fiscal matters at this event. The group agreed to incorporate this into the response to item number 2, revising the last sentence of the response to read, “The Council will also work to develop and leverage relationships, and to create opportunities for interaction, **including through involvement with Legislative Action Day**, with local legislators as well as other education organizations such as CCSESA and BASC in order to enhance collaboration and advance the education community’s agenda on a statewide basis.”

Tim McClellan moved to approve the document as amended; Kraig Magnussen seconded. The Council approved unanimously.

IV. **2019 Legislative Wrap Up | Political Landscape** –

Edgar Zazueta, Ed.D., ACSA & Barrett Snider, Capitol Advisors spoke with the group to provide a snapshot of Gavin Newsom’s first year in office and what the implications are for the education community in upcoming years.

There is some confusion regarding the Governor’s position on legislation. There were some instances where groups worked with the Governor to seek and incorporate requested amendments into proposed legislation only to have the legislation ultimately vetoed. The vaccination bill is an example of this; there was some tension around this situation, and finding a resolution was not straightforward. In addition, despite his progressive profile, his legislative record currently presents as more moderate. It seems clear that Governor Newsom will seek the presidency and may be positioning himself accordingly.

Jerry Brown maintained a very lean staff of advisors; Gavin Newsom’s team is much broader.

Legislatively, there is some conversation starting regarding whether Appropriations Committee chairs have too much power.

Without the backstop that Jerry Brown provided related to local control, advocacy efforts may need to be stepped up.

With regards to the late start bill (AB 328), there is some thought to putting together a test claim related to implementation of this state mandate. A question was asked regarding implications for districts that refuse to comply; the suggestion was that any classes offered prior to the legislated start time will not be counted in instructional minutes calculations.

With regards to the split roll initiative (Schools and Communities First), the Governor has not endorsed it. The business community will come out strongly against this initiative. The latest PPIC poll has support in the low 50% range, even before the opposition campaign gets going. ACSA's polling suggests that the most resilient legislation would be for tax changes that would specifically benefit education, and that would focus on increases to personal income tax for the wealthiest Californians. The current thinking is to increase the PIT 1% for those who earn more than \$1M in taxable income, 2% for those who earn more than \$2M in taxable income, with additional increases to the corporate tax rate. The Full and Fair Funding Coalition, of which ACSA is a member, has [introduced an initiative](#) (Schools and Communities First) to support this plan. If passed, the initiative would generate \$15B for education, as opposed to \$4B to \$5B (by some reports \$7B) under the split roll initiative. However, there are many moving parts, including the split roll initiative and the signature gathering process, which remain in play at this point. It is not in anyone's interest to have both initiatives included on the ballot. The political process will play out from now until the end of the year, with regards to how political influencers, as well as donors, weigh in on these issues. The Legislature will not address taxes on their own due to the political climate, including the fallout from the gas tax. If the split roll moves forward and fails, ACSA also wants to position the Schools and Communities First initiative to return in the subsequent election.

It seems that almost the entire campaign will be about education. If the Prop 98 growth can't cover COLA, it will generate additional discussion about education funding as well.

The current focus is almost solely on revenue generation and not on cost control. The problem is seen as a resource problem; no one argues that the costs are not merited. It's likely that there will be an upcoming conversation about special education, and this may be a difficult conversation. Politically, it will be very difficult to pull back the funding that was provided this year – “there will be an effort to keep the special education preschool funding, but it depends on how austere the budget gets” – but there is also a push for reform from the policymakers who've been working on this for years.

Laura Preston shared some issues with the group:

- AB 5, the permanent employee/contractor bill, has implications for schools. The education community did not weigh in on this bill as it was working its way through the process because the bill's authors said that it would not impact schools and the information that it does apply to schools came out only after the bill was passed.
- Rolling Blackouts – ACSA is meeting with senators to understand the implications for schools, including modifications to the J-13 form and process and how to handle food spoilage. ACSA would like input regarding any other needs or impacts to schools so that they can advocate for revisions to the regulations. Some Districts that have been impacted are feeling that it is not safe to hold

school without power due to the lack of sustainable emergency power sources, the potential fire danger, and other circumstances. There is some discussion of asking the energy companies to provide generators for schools in order to protect data and safety systems including radios; however generators cannot run entire schools. There is some confusion related to the J-13 regarding instructional minutes and ADA, and whether the declaration should be implemented at the warning or at the actual event. There is concern regarding the length of time it takes for waivers to be approved. There is also concern regarding moving targets for shutoff times; it is very difficult for Districts to make the call when they know that the outages sometimes get pushed back or called off but that if the power does go off, without advance notice it will be difficult for students to be able to get home. Some districts have electric buses with limited range or do not have fuel storage or access to pumps that are not electric powered. Schools are often emergency evacuation centers; this will create a difficulty if their power is cut off.

- AB 218 on the statute of limitations for childhood sexual assault has significant implications for schools. Senator Allen initially indicated a willingness to help to work on three amendments that ACSA was hoping for; within a few hours there was a YouTube video circulated depicting Senator Allen as working to protect the Larry Nassers of the world. ACSA asks members to collect data on the implications – insurance cost increases, policy cancellations, etc. In addition, ACSA feels it will be very important for Districts to ensure that they have provided proactive training and implemented policies to prevent and protect against grooming. Preliminary estimates are that this bill will cost \$1.7B for schools; projections are that this cost will go up. There is consideration of creating a fund to pay for some costs, similar to what occurred after 9/11. Insurers are leaving California and/or refusing to cover sexual assault cases.

Of the bills that made it to the Governor's desk, he vetoed less than 200 bills and signed over 1100 bills.

V. **Identifying Preliminary Budget Priorities** – Sheldon Smith, Ed.D.

California is in the middle of a 2-year legislative session. Iván shared ACSA's One Voice Legislative Platform and the Education Coalition's letter to the Governor regarding its budget priorities. Budget priorities are set in collaboration with the Legislative Policy Committee, the Superintendent's Council, and the Business Services Council, with final approval by the ACSA Board.

A question was asked regarding whether or not ACSA might be interested in joining with labor in advocating for higher compensation for teachers. There is some concern related to the existing disparities between districts and their salary points – that some districts pay significantly more than the salaries of districts with high-profile low salaries. This is an issue that might be about negotiating pressures and/or about a need to increase the base.

It is helpful if one-time funding is applied to STRS and PERS, as that ensures that everyone in a District, and every District in the state, gets the same benefit.

It was pointed out that, at the core of it, on a statewide basis, the issue is a revenue issue and not a cost containment issue.

It's very important that the state issue its bonds so that districts can get through their construction projects and avoid the steep cost escalation that has been impacting construction work.

There continues to be strong concern about avoiding the creation of additional new categorical funding sources, and a desire to invest in the base. Special Education funding, if provided to offset existing contributions, is also beneficial, as long as Districts are not required to provide additional program using additional funding. Preschool is a need but is also quite complicated based on the number of different structures in place throughout the state.

It does not appear that Mental Health will be prioritized this year in the same way that it was last year. However, addressing mental health issues might assist in reducing high identification rates and high special education costs.

VI. **Fiscal Outlook & Negotiations** – John Gray, CIA, President and CEO, and Robert McEntire, Director, School Services of California Inc.

Economists are having a difficult time modelling the forecast for California. The state shows declining enrollment, with approximately 200,000 students moving out of state to states with less taxes and lower costs of living, with this trend continuing over the next 10 years. However, School Services projects that the State will have sufficient funding to fund COLA (at 3%) with the potential for additional funding as a result of the smaller student population. (FCMAT disagrees with this and thinks that a “negative COLA” scenario may play out.)

CTA may have overreacted to Janus. In other states, unions lost 30% of their membership almost immediately and saw continued declines. That didn't happen in California, but CTA prepared as if it would by bringing in additional organizers who may have brought a more strident and adversarial tone to CTA's work. These representatives may not come to the bargaining tables with historical or contextual knowledge or as problem-solvers. They have worked to isolate the bargaining teams from the administration. Chicago's demands are very similar to those in Oakland and Los Angeles.

Kevin Shenkman from Malibu and MALDEF typically sends out their letters demanding the switch to trustee areas under the California Voting Rights Act at about this time of year. It doesn't matter whether or not there is a discrepancy; if a district shows that there is not, the opposition will find a way to show an alternative pattern – this will create disputed facts which can then be used as the basis for a lawsuit. No district wants to go to court, especially because no one has ever won a CVRA lawsuit, and so they tend to make the transition. Districts are encouraged to bring in stakeholder groups through this process; this can take pressure off of Board members and help to build relationships, which can in turn be helpful after the transition. The cost of a transition can run from \$30,000 to \$200,000 or more for demographers and attorneys' fees. Districts that do this on their own have more flexibility on timeline and potentially lower costs. Redrawings are required, and maps can shift significantly.

Districts will likely not have funding for raises unless the COLA grows above the 4% range.

The LAO has initiated discussions with SSC regarding which measures utilized during the last recession were not helpful (cutting reserves to 1%) and which were helpful. School Services' position is that deferrals are preferable to a true revenue reduction.

The supplemental and concentration grant funding audits in San Diego Unified, Clovis, and Oakland are still ongoing.

Districts that spend time to meet and talk about the budget and have a methodology to look at the numbers and educate each other are the ones that are most successful. Another idea is to show the impact on the budget for each change that's made from budget reporting period to budget reporting period.

VII. Council Members Questions & Comments

Sheldon reminded the Council that part of members' role is to send BSC meeting notes out to ACSA members as well as to CBO's and others who might be interested in the information, regardless of ACSA membership.

The Council discussed that it would be helpful to have three takeaways:

- The Council advocates for continued support of the LCFF with increases to base funding
- If one-time funding is available, it should be used to offset increased costs for STRS/PERS or other needs that benefit all districts and not just some
- Special education funding should be provided without requirements to increase program but should be available to offset districts' existing contributions
- In order to have weight, Districts need to frame their requests for additional resources in a context that explains how those needs relate back to students

Council members are encouraged to attend the Leadership Summit and to attend workshops in the Business Services Council strand if possible.

The group's next meeting will be the January Budget Rapid Reaction Call, which will be facilitated by Iván. BSC members are encouraged to invite other staff members and CBO colleagues to join the call.

VIII. Wrap Up

IX. Adjournment

2019-20 Council Meeting Dates

Date	Meeting Location	Time
January 10, 2020 {Friday}	January Budget Rapid Reaction Call WebEx	12:00 p.m. – 1:00 p.m.
February 27, 2020 {Thursday}	Business Services Council Meeting ACSA Sacramento, 3 rd Floor Conference Room, Suite 320	9:30 a.m. – 3:00 p.m.
May 15, 2020 {Friday}	May Revise Budget Rapid Reaction Call WebEx	4:00 p.m. – 5:00 p.m.
May 27, 2020 {Wednesday}	Business Services Council Meeting ACSA Sacramento, 3 rd Floor Conference Room, Suite 320	9:30 a.m. – 3:00 p.m.