

Minutes of February 24, 2016 BAC Meeting

BAC Meeting 02-24-16 minutes

1. Call to order at 5:35 pm: Suzy Woodley, Kim McNiven, Brian Wheatley, Pauline Benton, Kathy Gomez, Nelly Yang, Kristi Frankina, Ginny Gomez, Tina Cuneo, Delma Juarez, Dixie Lopes, Jim Sherman, Jim Zito, Sylvia Alvarez.
2. Approval of minutes from 01-20-16 motion passes. All said I.
3. Budget Analysis Conversation
 - a. Delma Juarez presented at February meeting
 - b. First draft will be posted at March meeting for one time funding and reserves. (see 1-20-16)
 - c. Continue the key recommendations from SSC's Budget Analysis related to Postemployment Benefits
 - a.
 - i. A plan to resume funding the growing liability
 - ii. Consider investing the set aside approximately \$1.7 M in an irrevocable trust (liability up to 40 million dollars)
 - iii. Last year 940k, this year 830k. This is not GASB contribution. This is for extended insurance contribution.
 1. Cost contribution changes because it is medical insurance, and the number being insured (insured from time retired to age 65).
 2. Can retire at 58 or 55. (different for classified and certificated)
 3. Certificated hired after 2010 only covered for 60 months.
 4. Question: if money no longer needed and the money is in the irrevocable trust what happens with that money?
 5. What other school district has an irrevocable trust?
 6. Evergreen wonderful for giving the retirement benefit.
 - a. This would attract a teacher and administrator to stay.
 7. When we say irrevocable how irrevocable is it?
 8. Brian: question: Calculations: teacher's more likely to retire at 60 than 55, so the amount of money needed for retiree insurance then it will be less (more likely 5 years instead of 10 years, is there a way to talk about a realistic unfunded liability, a range?)
 9. 1.7million fluctuating between general fund and GASB 45.
 10. Kathy G. question: When do you act on cuts for deficit funding?
- iv. Pros and Cons
 1. Pros
 - a. Earns interest
 - i. 40 million dollars in trust the district would be able make enough interest to pay for the expenditure of the budget.
 - ii. It's like an insurance policy and employees want to make sure we are taken care of when we are returned.
 - iii. Helps with credit. Serious about meeting financial obligations.
 - iv. Kathy G: research a few questions and come back at a later date and make recommendations.
 - v. Make recommendation later in the year
 1. If we set aside 40 million dollars and don't need it can we get it out?

2. What does board need to do if they want to revoke and irreversible fund?
3. Suzy: asked Nelly: to research schools with irrevocable trust do they have the same tk to 8, lower than 55% low socio-economic and not basic aid?
4. Zito: consider teacher demographics
5. Juarez: is this part of our culture, we want it to keep our employees to stay.

2. Cons

- a. Won't be able to bounce back and forth
 - b. District can add to it
 - c. Can not take out for anything else.
 - d. Like a mortgage, if we had to wait until had all money for a home we would be renting. There is always a risk.
- d. How should these recommendations influence ESD Board policy? Table for future meeting after additional research is conducted.
- e. Do our Need to Knows influence the policy recommendation(s)?
- i. Kristi: SERP? can we help?
 - ii. K. Gomez: 35 people to retire to offer 25% bonus to break even.
 - iii. Time to do it may be next year. Because the retirees closer to retirement.
 - iv. Sherman/Kristi: could we get more information on SERP? Put this on April meeting.
 1. Assumptions: what level are the replacements coming in at?
 2. Kathy G. Lose 63 teachers over the next 3 years because of the declining enrollment, 15 next year, and 14 the next year.
 3. Suzy: what if we looked at break even or a little higher as an investment in future teachers?
 - v. Review list of Need to Know questions and findings.
- f. Budget Update
- *Deficit spending in 2017-2018 and 2018-2019. (no one time money added into budget as unknown).
 - *Possible big impact of 2018-2019
 - *Any talk about state to giving money into STERS funding?
 - *Advocate: State pay more of the retirement. Districts coming together 2020 and 2021 paying 20% into the STERS account from district.
 - *Prop 30 ends of 2018, sales tax ends of 2016. Extend it on ballot on November. The children's education and health care prevention act of 2016.
- *Zito: How do we attract and retain students:
- *does this include this bac conversation:
 - *extended activities: music, art, robotics, stem,
 - *ways to generate revenue
- Juarez: by June meeting will we know our attendance report and get an update.
- g. Public Comment:
- *Kevin Larsen:
 - *comments typed and submitted.

VI. Future Meetings

A. All meetings are from 5:30 p.m. – 7:00 p.m. in the Phyllis Lindstrom Technology Learning Center, 3188 Quimby Rd., San Jose, Phone (408) 270-6846
 Future Meeting Dates: April 20, 2016 & June 1, 2016

4. Meeting adjourned at 6:53 pm.