



Financial Oversight Committee Meeting

Education Center, 4th Floor Seminar
Room
1829 Denver West Dr., Building 27
Golden, CO 80401

Meeting Minutes **October 25, 2022 – 9:30 a.m.**

Financial Oversight Committee (FOC)

Members Present:

Christine Havlin
Brian Ballard
Theresa Shelton
Amy Alvarez
Jessica Keene
Gordon Calahan

Staff Present:

Tracy Dorland, Superintendent
Brenna Copeland, Chief Financial Officer
Steve Bell, Chief Operating Officer
Brian Sammons, Budget Director
Christie Moss, Controller
Charley Falkenburg, EA to CFO

Committee Members and Staff Absent:

Melissa Jamieson

Welcome & Approval of Minutes

Ms. Copeland called the meeting to order at 9:30am. Committee member Shelton made a motion to approve the revised minutes from the August 23 FOC meeting. The motion was seconded by committee member Alvarez and carried without dissent.

The minutes from the September 27 FOC meeting were presented to the committee both as the original version as well as a version containing edits provided by committee member Shelton. Committee member Shelton gave a brief overview of the edits. There was a question as to whether to use the word “primary” or “overarching” in the fourth paragraph under the “Discussion: Cost Saving in Consolidation” section. Chairperson Keene suggested using “primary” which was met with no dissent. Committee member Alvarez moved to approve the minutes as amended and committee member Havlin seconded. The motion carried without dissent.

Review: Student Based Budgeting Project

Ms. Copeland provided an update on the Student Based Budgeting (SBB) redesign project, which aims to revise the current SBB funding formula so that funding is more equitably distributed across schools. The District is currently partnering with third party consultant Education Resource Strategies (ERS) to help the District evaluate and analyze the current SBB model and identify areas of opportunity for improvements to made to best serve the District’s needs and strategic plan.

The project’s timeline includes another Design Team session with ERS in mid-November, the finalization of SBB changes by December, and dissemination of school budgets by January 5, 2023.

The presentation included an overview of the SBB project, the criteria ERS used to evaluate the District’s funding system, and key findings and data that emerged from the project’s initial review and analysis phase. It was noted that the District is funding 12% more per pupil after accounting for inflation, compared to the 2016-17 school year when the SBB formula was first rolled out in Jeffco.

Ms. Copeland also discussed the size equity factor, that aims to help schools purchase the resources they need regardless of school size. The preliminary data suggests that there is an uneven amount of funding leftover (on a percentage basis) after schools purchase the minimum recommended staffing and materials. This data indicates that the size equity factor is not yet ensuring fair and equitable purchasing power. In particular, largest middle and high schools have less purchasing power (on a percentage basis) than the smallest middle and high schools.

Ms. Copeland also presented analysis showing that schools are not always able to spend their at risk funding (general fund dollars that follow every low income student in the district) on dedicated services or supplemental supports for these students because the base and size equity factor funding is not covering minimum staffing in all cases.

Data provided by ERS revealed insight into where money is being spent in the district: leadership and management or true district overhead (7%); shared services such as warehouse or food service workers that support students and schools (14%); and school-based expenses (79%). The district spends less on leadership and management and more on school-based expenses compared to the median values for other districts in ERS database.

Discussion: Committee Conclusions and Recommendations

The committee discussed that budget cuts will be necessary over the next couple years to address a forecasted growing deficit that reaches above \$60 million annually by FY25. The committee had previously reviewed the estimated recurring cost savings that will potentially result from school consolidations (see notes to September meeting).

Superintendent Dorland relayed that the Board is interested in hearing the FOC's recommendation on appropriate reserve levels and what is appropriate for Jeffco in terms of fund balance. Board policy DAB indicates that the district should maintain 4% in unassigned reserves for the general fund, in addition to the 3% restricted reserves set aside for TABOR.

The committee engaged in discussion on forming three main conclusions and recommendations regarding school consolidations, a multi-year approach to mitigating the deficit spend, and reserve targets. The committee reiterated its view that the primary goal for school consolidations is to ensure that the district is offering high caliber programs and learning experiences across all schools in the district. Committee members indicated strong support for the proposed school consolidations. Further the committee wants the district to push towards the upper end of the estimated recurring cost savings (\$12 million).

It was noted that existing Board policy stipulates that any money raised through sale or lease of a facility building goes into the capital reserve fund. The committee discussed the idea that money generated from selling or leasing vacant district buildings could go into the reserve fund and potentially replace future year transfers into the capital reserve fund as part of the 2018 capital improvement program. These one-time (or potentially recurring through leases) dollars could alleviate some portion of the current burden on the general fund.

Committee members discussed that there are several unknowns in regards to the potential use of future facilities and that this will take time to settle. The committee also discussed unknowns in the revenue picture for the district. Committee members started to narrow in on a recommendation to reduce approximately \$50 million in spending over two years, including consideration of capital funds raised through the sale or lease of property.

Committee member Shelton voiced feeling more urgency toward a plan that set higher targets to address the deficit more quickly.

It was mentioned that the district is considering employing a financial advisor to assist with planning for potential adjustments to the multi-year capital strategy, given potential school consolidations. Advisory services could help

ensure that potential proceeds are spent in consideration of both law and policy. Further, advisory services could help the district adjust its capital planning in light of a potentially smaller footprint. The committee expressed willingness to explore this option, which was addressed in the subsequent conclusions and recommendations.

Ms. Copeland will gather all the suggestions and ideas for consideration generated from the discussion and draft a recommendation document. She will send the document out to the committee to gather their feedback and further suggestions before finalizing the recommendations and conclusions. The FOC will present its final conclusions and recommendations at the November 2 Board of Education Study Session.

Committee Member Updates

Committee member Calahan has been the only individual who occupies a seat on two different advisory committees: the Financial Oversight Committee (FOC) and the Capital Asset Advisory Committee (CAAC). Member Calahan discussed the idea of leaving one or the other committee. After discussion, member Calahan stated he would resign from the FOC while remaining on the CAAC. The October 25 FOC meeting is thus his last meeting as a committee member. Attendees thanked committee member Calahan for his time and service.

Superintendent Dorland noted that work would soon begin to develop more formal advisory committee by-laws that will work towards balancing continuity of service and diversity of participation.

Fourth Quarter Report

Due to time, the review and discussion of the 2021-22 Fourth Quarter Financial Report was tabled. Committee members had received copies of the report prior to the meeting and were encouraged to reach out to Ms. Copeland or Ms. Moss with any questions or comments.

Next Meeting Preview

Next meeting will be Tuesday, November 29.

Adjournment

The meeting adjourned at 11:31am.