

P&O COMMENT TO BUSD BOD: 6/1/22

Good Evening. My name is Terry Pastika and I am here to speak on behalf of the members of the District's Planning and Oversight Committee (P&O), which makes recommendations on expenditures in the BSEP and BERRA Tax Measure budgets. BSEP & BERRA generate an additional \$43 Million dollars in revenue annually, which is about 25% of BUSD's total budget. Our Committee members represent every school in the District, and has a great mix of people with institutional knowledge and fresh perspectives.

Tonight you are going to hear Staff recommendations for cuts, additions, and revisions to General Fund spending; recommendations for how to spend the generous State funding which is \$4M in General Fund revenue; a 6.5% COLA; and an additional \$13M in one time funds to be used over 3 years; and feedback from the Superintendent's Budget Advisory Committee (SBAC) on recommendations.

The P&O has the privilege of sitting on the SBAC and, for the most part, endorsed the budget recommendations. That said, at our last P&O meeting our Committee discussed the SBAC meetings in the context of the healthy State funding news and thought it important to offer two reminders and three recommendations relevant to your budget discussion today:

First reminder: Berkeley voters have been very generous in approving the BSEP and BERRA, which the District relies heavily on. The last few years, BSEP has taken on more General Fund expenses than planned, such as increasing the amount of classroom teachers paid for out of BSEP, to free up General Fund dollars when the General Fund was distressed; this has added more than \$1 Million annually in expenses to BSEP's budget and has contributed to the higher rate of deficit spending than planned, which the Board knows is unsustainable for the last two years of the Measure.

Second reminder: The budget before you does not include the cost of labor negotiations, as those are ongoing, but we would like to offer a friendly reminder that because BSEP pays for approximately 30% of the teacher salaries; negotiation outcomes impact our fiscal analysis.

So, therefore: the P&O strongly recommends the following:

First: In the General Fund, add a line item to take back the expenditures BSEP has paid for from the General Fund and reset the teacher template back to previous classroom targets starting in the 22-23 school year.

Second: With the \$13 Million in One Time funds, fully repay BSEP for all expenditures taken on from General Fund over last 3 years.

Lastly: With the \$4 Million General Fund dollars, set aside a portion for BSEP so that when the P&O reconvenes in Fall we have the capacity assess BSEP's updated fiscal condition, which will then include the impact of labor negotiations and forecasting through the last two years of the Measure, and come back to the Board with recommendations.

The P&O's three recommendations will help ensure the stability of BSEP for the remaining two short years of the Measure, benefit the District when voters are asked to renew the Measure, and provide BSEP with the capacity to continue to be a backstop to the District's General Fund that the District has relied on in the past, especially if in the next two years state support declines due to the District having to deal with declining enrollment, or unforeseen budget impacts, like lower COLAs, or a recession.

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