

*El Camino Real Charter High School Board*  
5440 Valley Circle Blvd. Woodland Hills, CA 93167 (818)595-7500

MEETING MINUTES  
Wednesday, May 20, 2015  
4:00 pm

**CALL TO ORDER:** The meeting was called to order by Jeff Falgien at 4:05pm. Several ECRCHS teachers also attended the meeting.

Absent: Odus Caldwell

**PUBLIC SPEAKER:**

ECRCHS teacher Gary Asarch stated that he has heard that what is happening with teachers versus the administrators in terms of salary increases and substantial bonuses has not been equitable and that the administrators have been given substantial bonuses and increases beyond what the teachers have been given. According to the Charter ECRCHS should be following the LAUSD salary scale. He stated his opinion that ECRCHS should be receiving an estimated \$11MM from LCFF funding implemented by Governor Brown. He also stated his opposition to the removal of the large copier in the Copy Center and that will not work for him. He often decides last minute to give an assignment or quiz and he writes them out, he doesn't type them. He does not have time at 11:00PM or early in the morning to create a typewritten document, scan and email it to an outside company and wait for it to be delivered. He needs his copies immediately. He does not believe this will be practical or workable. This is a school, not a business and teaching is fluid. There are times we should be frugal but having a copy machine for the teachers is essential to teachers and running a school.

**APPROVAL OF MINUTES:**

**MOTION:** A motion was made by Obie Slamon and seconded by Peter Vastenhold to approve the Minutes of the April meeting.

**Vote:** Ayes: Obie Slamon, Jon Wasser, Jackie Keene, and Peter Vastenhold

Nays: none

**MOTION PASSED**

**SECRETARY'S REPORT:** None

**FINANCIALS:**

**LCAP:** Assistant Principal Yvonne Halski presented the LCAP report. There is a new law that each school district is responsible for its own budget. She has been working with a committee of teachers for the past two years on the LCAP which needs to be approved by the Board. The LCAP is a living document and ECRCHS needs to show what we will do in 2015-16, what we did in 2013-14, 2014-15 and project what we will do through 2018, following guidelines set by the State of California. We have to state our eight priorities and define how that will bridge the achievement gap. We have to follow the criteria to spend the LCAP funds, which ECRCHS has already been receiving. The LCAP is 25% of ECRCHS's Charter. The report is 110 pages and should be approved at the June Board meeting. The writing of the Charter Renewal will start in August and the LCAP will be 25% of the Charter. A committee will be implemented to write the Charter Renewal.

**K-8 Charter Petition:** STEM Director Eric Wilson updated the Board on the progress of the writing of the Charter Petition for the Oso and Highlander K-8 campuses. ECRA was granted the right of first refusal for three campuses closed by LAUSD roughly 30 years ago; Platt Ranch Elementary, Highlander Elementary and Oso Elementary schools. The proposal submitted to LAUSD is to open two K-8 schools at the Highlander and Oso sites with involvement and input of the community members surrounding the campuses. The vision is to offer to a diverse student population a comprehensive K-12 educational

experience, who will continue their high school education at ECRCHS and be prepared in K - 8<sup>th</sup> grade for grades 9 – 12. The idea is to have a collaborative, constructivist, Common Core-based education, aligned with the State Standards, with S.T.E.A.M. (science, technology, engineering, arts and mathematics) and literacy included in all facets of education. The RFP for the two new schools was written for 500 students at each campus, with 240 coming into the freshman class each year at ECRCHS.

### **COMMON CORE PROPOSED BUDGET CHANGE:**

CBO Marshall Mayotte reported that last year \$100,000.00 was approved in the Common Core Budget to install projectors in the classrooms. That hasn't turned out to be workable so those funds will be allocated for textbooks. As a result, this year's budget for technology will be reduced by \$100,000.00 and the instructional supplies this year will be increased by the same amount.

### **MATERIAL REVISION CHANGE:**

Marshall stated that several months ago the Board approved a Material Change to approve 500 students to attend the Alternative School to be located at the Platt Ranch site. However, since the community objected, we will do a Material Revision of just 100 students to be enrolled in Independent Study and 200 enrolled at the Alternative School on ECRCHS's campus. Enrollment stays at 3800, with 3500 enrolled at the high school, 200 in the Alternative School and 100 students enrolled in Independent Study (who do not actually attend classes).

**MOTION:** A Motion was made by Obie Slamon and seconded by Jackie Keene to move \$1MM from our Pacific Western bank account to our Charles Schwabb investment account to purchase a diversified pool of \$1MM in CD's with maturity terms of less than 2 years for future construction.

**Vote:** Ayes: Peter Vastenhold, Jackie Keene, Obie Slamon and Jon Wasser.

Nays: none

### **MOTION PASSED**

**MOTION:** A Motion was made by Jackie Keene and seconded by Jon Wasser to approve the March check register, which was reviewed by the Board prior to the meeting.

**Vote:** Ayes: Peter Vastenhold, Jackie Keene, Obie Slamon and Jon Wasser.

Nays: none

### **MOTION PASSED**

**MOTION:** A Motion was made by Peter Vastenhold and seconded by Jackie Keene to approve a Preliminary Budget, requested by LAUSD and prepared by ExED.

Marshall explained ExED's budget calculations. Based on trends and all new revenue, ExED projects an excess net income of \$2MM at the end of the year, a decrease from \$4MM last year. The difference is that ECRCHS no longer receives Common Core funds (a loss of approximately \$600-\$700,000.00), an increase in the cost to ECRCHS of health insurance and benefits (including retiree benefits) of \$3.2MM, to over \$7.112MM for 2015-16, anticipated salary increases to match the LAUSD/UTLA salary increases (5% for legacy teachers and 10.4% for non-legacy teachers), and the investment of \$1MM for retiree benefits. We have been working with Milliman, an actuarial company, on the actuaries to fund retiree benefits. Their estimate came in at \$105MM. Because of our limitations on investments, we can only invest in long-term bonds, which at best would give us a return of 4%. The cost of our health insurance has been increasing anywhere from 10 – 20% per year, so we have to significantly overfund the Trust to keep it soluble. Milliman calculates that we will need to fund the Trust at \$10MM by year 10 and increase it by \$1MM every year thereafter. Their calculations are based on our census, health care cost trends, life expectancy of our employees and the anticipated number of ECRCHS retirees.

According to the CDE website, ECRCHS will be funded 270<sup>th</sup> out of 286 schools from LCFF and ECRCHS does not receive any Title 1 funds because of the low Free and Reduced population. The final budget will be presented to the Board at the June Board meeting.

**Vote:** Ayes: Peter Vastenhold, Jackie Keene, Obie Slamon and Jon Wasser.

Nays: none

### **MOTION PASSED**

**PRINCIPAL'S REPORT:** Mr. Fehte left the meeting to attend the Senior Awards ceremony taking place on the Quad. He yielded his time to Marshall to address salary increases and bonuses.

Marshall conducted a financial comparison using the CDE website and organized the data comparing the LCFF highest funding, median funding, and funding of Locke HS, Palisades CHS and ECRCHS. He also showed Coronado Catholic HS (the lowest funded) and Taft Union High (the highest funded) for the sake of comparison. He reported that ECR is funded at about \$1,155.00 per ADA, which is under the state average funding. For 3500 students that is just under \$4MM ECRCHS doesn't have, so ECRCHS doesn't benefit much from LCFF.

ECRCHS's revenue from 2011 – 2014 increased by about \$6.3MM. About \$3.5MM was due to attendance growth, not from increased funding. ECRCHS's funding increased by only about \$2.5MM. Certificated salaries took the largest part of the revenue followed by classified salaries, then benefits, supplies and other spending. Revenue increased by \$6.3MM while expenditures increased by \$7.6MM. ECRCHS had one pay increase in 2012. ECRCHS spends approximately 44% of the budget on Certificated salaries, 10% on classified salaries, 20% on benefits, and 24% on other operating expenses, which includes outsourcing services like legal services, special services, and back office accounting.

ECRCHS is operating efficiently. Charter schools in general spend \$2600.00 per ADA for salaries; ECRCHS spends about \$1500.00 per ADA. Because ERCHS has fewer employees, ECRCHS is saving approximately \$1000.00 per ADA. ECRCHS is exceeding the benchmark for the certificated salaries and is achieving savings on the classified salaries by keeping the number of employees down to make the financials work.

Marshall explained that salaries shown on the 990's reflect all taxable income, including bonuses, paid time off, health benefits, opt outs and stipends and that the benefits are usually estimated at 20% of the salary. Marshall compared his W-2 to the 990 to show the difference between the two and explained how people are reading the 990's incorrectly. Also, in 2011, teachers received 5 paychecks (August through December) and in 2012 they received 13 paychecks because paydays were moved up from the 5<sup>th</sup> of the following month to the last day of the current month. 2013-14 was the first complete year's salary. Marshall explained that comparable Charter Schools have CBO's and COO's and are paid significantly more. Marshall does both the CBO and COO jobs and his salary is within a reasonable range. He has never asked for a bonus or an increase in salary from ECRCHS.

Marshall stated that ECRCHS does have financial challenges coming up in the future, such as increasing the minimum wage which will impact the classified salaries, ECRCHS will have an increase in the CalSTRS and CalPERS pension obligations, retiree obligations (\$105MM per Milliman), and a possible cost of over \$100MM to modernize the facilities. ECRCHS needs to grow the organization to achieve a more economy of scale, which is why ECRCHS is looking at other campuses and expansion, which would give a much better return than interest earned on a CD. ECRCHS has a high labor cost, high retention, with no layoffs or RIF's.

Marshall has had success converting and expanding charter schools that had very little money. Since converting to a charter in 2011, ECRCHS has amassed a reserve of \$12MM while being one of the lowest funded schools in the State of California.

Regarding the ECRCHS reserve, Jeff Falgien reiterated that the Board is committed to fund retiree benefits as promised and if anything goes awry financially, this Board of volunteers has fiduciary responsibility. There are controls and mechanisms in place and constantly crunching the numbers is essential to the continued financial success of ECRCHS.

**MOTION:** A Motion was made by Peter Vastenhold and seconded by Obie Slamon to go into Closed Session to discuss a personnel matter.

**Vote:** Ayes: Peter Vastenhold, Jackie Keene, Obie Slamon and Jon Wasser.

Nays: none

**MOTION PASSED**

The Board went into Closed Session at 5:30pm.

Jeff Falgien called the Board meeting to order in Open Session at 6:05pm.

**MOTION:** A motion was made by Obie Slamon and seconded by Peter Vastenhold approve to match UTLA/LAUSD's January 1, 2016 salary table for certificated and non-certificated employees, effective July 1, 2015, contingent on UTLA's approval, so that ECRCHS can work out our own UTLA agreement at a later date.

**Vote:** Ayes: Peter Vastenhold, Jackie Keene, Obie Slamon and Jon Wasser.

Nays: none

**MOTION PASSED**

**ADMINISTRATIVE REPORT:** None

**PRINCIPAL'S REPORT:** The Senior Awards was packed, as always. The AP tests are winding down. Over 1300+ tests were administered and Richard Yi has overseen all the testing. Graduation is June 4<sup>th</sup> at 6:00pm and the Board members are invited to attend. The last staff meeting/luncheon will take place on Wednesday, June 3<sup>rd</sup> at 1pm and Board members are invited to attend. Baseball and softball won and are going to the playoffs.

**OLD BUSINESS:** None

**NEW BUSINESS:** Marshall explained that he plans to run a test program this summer to outsource copying for the teachers, who will scan and email their copy orders to an outside vendor and receive their copies delivered the next day. Using an outside vendor will give the teachers more options such as color copies, posters, etc. During the test run this summer, teachers will still have access to the large copy machine in the Copy Center for emergencies and their department copy machines for smaller jobs.

Jackie Keene pointed out that a new LAUSD School Board member won yesterday's election and she will compose a letter of congratulations from the ECRCHS Board welcoming him and inviting him to visit the campus.

**MOTION:** A motion was made by Obie and seconded by Jon Wasser to adjourn the meeting.

**Vote:** Ayes: Peter Vastenhold, Jackie Keene, Obie Slamon and Jon Wasser.

Nays: none

**MOTION PASSED**

The meeting was adjourned at 6:24pm.

Respectfully submitted by Terri Keas.

