

**El Paso Independent School District
Budget Review Committee
Minutes February 17, 2011 – Regular Meeting**

Dr. Rene Rosas, Chairman, called the meeting to order at 07:30 a. m.

Committee members present

Delia Camacho, Rick Chumsae, Lucy Clarke, Pete Euzarraga, Al Patino, and Jamey Wiggs

EPISD personnel present

Walt Byers, Isabel Fernandez, Esther Jacobo, Jose Lopez, Kenneth Parker, Elizabeth Perez, Martha Piekarski and Maria Pineda

Welcome

Dr. Rosas welcomed BRC members.

Approval of January 2011 Minutes

Approval of the January 2011 minutes was unanimous.

Presentation of Financial Statements for January 2011

Maria Pineda presented Financial Statements for January 2011. She provided handouts to BRC members.

Presentation of First Quarter Investment Report

Walt Byers, with accompanying input from Ken Parker, provided a summarized presentation of the First Quarter Investment Report via PowerPoint. He informed BRC members that he updated the graphs to reflect data through January 31, 2011. The actual first quarter ended November 2010.

- Because of increased long-term rates, we may not be able to refinance some bond issues. We hoped to restructure our debt and reduce the next two years of debt payment low enough that we would not have to go up on the tax rate. We may need to increase tax rate to service our Interest & Sinking (I & S) debt which is still three cents (\$0.03) below what we promised bond holders.
- Capital projects - because of yields interest revenue is down
- Internal Service funds yields are down
- Investment balances, compared to last year – General Fund investment balance is up \$42 million. Financial Services is doing a very good job of retrieving the federal monies; less money being spent in Payroll and Accounts Payable this year
- Debt Service – EPISD received state money, but down about \$3 million due to a spend down of fund balance
- Security yields have also fallen

Discussion of Fiscal Year Change from August 31 to June 30

Ken Parker presented the Discussion of the Fiscal Year Change from August 31 to June 30. The Board of Trustees has approved this action, but we are waiting for the Board to approve the minutes before Finance Services submits the District's decision to TEA. There are advantages to making the fiscal year change.

1. Funds will be available to campuses July 1.
2. This will be in alignment with most of our federal grants fiscal year.
3. This will generate \$30 million for the District, which this is a paper transaction only.

Update of State Budget Woes and Possible Reductions to EPISD – Ken Parker

Firstly, Ken Parker summarized the Moak & Casey "Texas School Finance & Accountability Experts" Report on the state's situation. Jose Lopez attended a meeting on Wednesday, February 16. The 30 largest districts in

Texas usually attend this meeting. Districts are planning on help from the Rainy Day Fund, are anticipating the delayed payment, and will continue to face shortfalls. EPISD appears to be in better shape than other school districts that attended meeting. Public education alone makes up about 40% of the state shortfall. An \$11 million reduction is expected be the educational part of the shortfall.

Discussion of Current Budget Modules

Ken Parker provided a PowerPoint presentation on the Current Budget Modules. Options were presented to the Board on January 18. We will not know what final decisions will be until late May or early June 2011.

Option #1 – not really an option, but shows where EPISD would stand without budget cuts

Option #2 – a three percent (3%) state reduction (but since Jan 18 increased up to 8% - 9%)

Option #3 – a three percent (3%) reduction with Jobs Education Bill

Option #4 – a five percent (5%) reduction without Jobs Education Bill

Option #5 – a five percent (5%) reduction with Jobs Education Bill

Storm of February 2 - 7, 2011 Update (item not on Agenda)

Ken Parker presented an update of the recent Storm of February 2 – 7, 2011.

Ken feels the District's staff should be commended on the job done to minimize damage during this difficult situation.

Closing Comments

Ken Parker thanked BRC members for attending this session.

Dr. Rosas thanked Ken Parker and staff for their presentations.

The next BRC meeting will convene on Thursday, March 24, 2011.

Meeting adjourned at 8:55 a. m.