

## SFUSD Prop A QETA Oversight Committee Meeting

08 January 2015

Thurgood Marshall High School

Rm 323 Innovation Lab

### Meeting Minutes

6:45pm Meeting Begins

#### 1. Welcome & Introductions

Attendance: Linda Plack, Peggy Lee Mirpuri, Chris Wright, Han Ngyuen, Susan Soloman, Tajel Shah, Dennis Kelly, Chris Armentrout, Cathy Mulkey Meyer, Thu Cung (newly appointed Program Director) and Reeta Madhavan (newly appointed CFO for SFUSD)

Phil Ginsberg not in attendance.

UESF Members did not receive a copy of the minutes. Peggy resent it to all UESF members.

2. **Membership Transitions** – Two open positions – Sandy Fewer and Jill Wynn appointees. Chris reached out to both board members but have not heard from them directly. Chris is 50% confident that the open positions will have appointee named by the March 2015 meeting.

- **Action Item: Chris A to determine nominees from Sandy Fewer and Jill Wynn.**

#### 3. Specific Application of QTEA Funding

Franco sent emails during the break to address the question regarding the amount of the indirect costs for the administration of the QTEA funds. (See attached letters from UESF and response from SFUSD). A conference call was held with UESF members separately to ensure a clear understanding of what comprises with indirect costs.

Part I: Press release and negotiations with UESF. The exact numbers of what will complete the QTEA as far as UESF contract. So 2014-2017, the funding for salary increases will come from QTEA. It's combination of accumulated growth as well as projected growth. Tajel summarized that the monies for the salaries would not cannibalize any of the other programs that's part of the QTEA – and it was agreed that it would not. Chris W asked if this was sustainable for QTEA to commit these funds – and based on projections and parcel tax growth it is sustainable. Does using QTEA funds in this manner follow the spirit of the funds? Chris A says it follows the law and spirit, which is about competitive salaries and providing a much, needed salary increase to the teachers to ensure retention and competitiveness.

\$3.4 Million is equivalent to 1% of salaries that QTEA will contribute to the General Fund of SFUSD. For future year, it will remain 1% and in 2017 it will be 1.5% of today's total salary – estimated at \$5.6 Million.

How's this different from prior years QTEA transfers? In years previous we were cutting programs in order to fund and the purpose of the funds were not necessarily to use for the salaries. But this time we are not cutting programs – we are using unused funds to fund the salary increase.

QTEA budgets for every program. So what's beyond those line items is considered growth. The monies leftover after funding the existing program is considered growth. Increased revenue.

#### Part II: Indirect Costs – UESF/SFUSD

What's the question around the indirect costs – it's 4.3%, which is CED allowable rate. Linda pointed to \$1.4M for indirect and administrative costs this year; increase from about \$1M in prior years. When the language for Prop A – the money collected to be for the purposes designated. Other Parcel Tax do not allow for indirect costs. Committee needs to know why so much money is needed for indirect costs and would like to see that it's justified.

So a total \$1.4M in total indirect costs – and UESF filed an information request for details regarding the expenditures. They do not feel they received an adequate response. There's another letter from UESF to SFUSD in response.

**ACTION ITEM: Administrative, overhead, indirect costs are used interchangeable so would like to know is it growing at a normal rate and what does it cover? Why? Has it been audited? And they have passed? It's the historic question of the growth rate and why? Where does the 4.3% fee generate from– why and what is the cost predicated on what basis? What are the real costs?**

What role does the oversight committee plays vs the auditor? The roles we play are to bring issues up to the board to bring light and attention to areas that need assistance.

#### **4. 2014-5 Financials Update**

(See attached Financials)

Column H is the unspent money from multiple year – its carryover or revenue – its uncommitted funds. Tajel asks – “Are the uncommitted funds available for any use?” Reeta answers “We can move the uncommitted fund to true up any program that is short – so therefore we are redirecting the carry over to fund the \$3.4M for the teacher salaries”

Line 33 – Column F vs Column H – 2013-4 Carry over was \$1.56M and then 2014-5 Carry over is only \$270K – so the difference was that those funds were moved to the teacher salaries.

Dennis, via public comment, stated that the co-mingling of savings (carryover) and growth that's reflection is not aligned with the contract the union signed. Thu says in the contract says that it was both growth and carryover would fund the 1.5% salary increase so it is aligned with union contract. Susan looked up the letter and it does not specify in the letter how the monies would come from QTEA but that the amounts were agreed to only not the method of funding. However – it would be clearer if the carryover and the growth amounts were separated and it was more transparent on how the monies moved from category to category.

Dennis, as a part of public comments, has a question on Line 11 – what was actually reimbursed regarding “Tuition Reimbursement for Uncertified Teachers” as his impression was this was little used. In regards to the UESF contract that line item money used specifically for autism certification for teachers at \$1500 each – the number feels high when there are not that many teachers with the certification.

**ACTION ITEM: Thu will provide more details on the expenditures for “Tuition Reimbursement for Uncertified Teachers” – Line 11.**

Column I is the revised Carryover/Growth. Retention bonuses are now fully funded at \$325K and were already paid out.

Line 12 – description is incorrect it should be Professional Development Hours not days.

**ACTION ITEM: Thu will correct the description.**

School-wide recognition awards – not all schools have spent all their money – so the new year amount remains at \$600K but the carryover is not meant to be redistributed as its sitting at the awarded school for their use.

Columns J, K, L are to depict a partial expenditure levels on actuals.

Line 40 – Oversight budget funds the meetings and the audit.

Line 45 – Technology – Laptop for Educators – is a new line item so providing \$1.2M – it's a 3-year lease of laptops. It does not include Special Ed teachers. This is because the district would like to move to online attendance and other Core Curriculum requirements. These monies will be used to provide laptops to all educators at SFUSD to help in those efforts.

Line 47 – Deputy Superintendent of Instruction decides on the ISJ – Innovation, Social Injustice – receives the \$1M to use to create new spaces and classroom design for use.

Cathy stated it would be great if we could itemize all the line items in J, K and L so that it's consistent across the report.

**Action Item: Han to itemize column J, K, L for all areas.**

The Teacher Comp vs Non-Teacher Comp will remain the 70/30 split – and QTEA is held those ratios for the next years with the UESF contract.

#### **5. Impact and Innovation Awards Update and Next Steps**

Innovation/Impact Awards. Thu will send an email with dates and times for the readings. The goal is for the group to meet towards end of January to start the readings for the innovation awards.

Readers: Cathy Mulkey Meyer, Peggy Lee Mirpuri, Dennis Kelly and Susan Solomon.

The iLab was for the Innovation Research & Development funded – Thurgood, Denman and Chinese Immersion were selected to have 3 classrooms redesigned as reimagined learning spaces. Deputy Superintendent for ISJ selected the schools.

#### **6. Public Comment and Next Meeting**

Franco says UESF may need meet separately to discuss the details. Regardless the committee would like to understand the details around the indirect costs and what comprises it and how it's determined.

The next meeting is March 12<sup>th</sup>.

Meeting Adjourns

Attachments: Agenda, Letters from UESF and SFUSD, Financials

**QTEA-PROP A-PARCEL TAX  
FINANCIAL REPORT  
FY 2013-14 ACTUALS AND FY 2014-15 BUDGET**

	QTEA Proposition A - Parcel Tax Measure 2008										K	L
	A	B	C	D	E	F	G	H	I	J		
	FY 2013-14 Proposed Budget	FY 2013-14 Revenue Reallocation	FY 2013-14 Carryover Allocation	FY 2013-14 Revised Budget with Carryover	FY 2013-14 Expenditures	FY 2013-14 Carryover	FY 2013-14 Proposed Budget	FY 2013-14 Carryover Allocation	FY 2014-15 Revised Budget with Carryover	FY 2014-15 YTD Expenditures	FY 2014-15 YTD Expenditures	FY 2014-15 Available
1	14,728,513	(325,000)	-	14,403,513	14,356,378	47,135	14,700,330	3,438,143	18,138,473	2,930,593	5,714,580	12,423,893
2	12,859,313			12,859,313	12,907,929	(48,616)	12,859,313	3,438,143	16,297,456			
3	393,261			393,261	350,750	42,511	393,261		393,261			
4	125,000			125,000	77,000	48,000	125,000		125,000			
5	54,000			54,000	45,800	8,200	54,000		54,000			
6	325,000	(162,500)		162,500	171,250	(8,750)	325,000		325,000			
7	325,000	(162,500)		162,500	180,000	(17,500)	325,000		325,000			
8	10,000			10,000	2,803	7,197	10,000		10,000			
9												
10	4,095,839	(15,000)	100,000	4,180,839	2,998,832	1,182,007	4,150,593	193,000	4,343,593	240,100	551,598	3,791,996
11	115,770	(15,000)	25,000	125,770	166,280	(40,510)	115,770	100,000	215,770			
12	2,643,192	-		2,643,192	1,776,080	867,112	2,643,192		2,643,192			
13	351,143	-		351,143	143,183	207,960	351,143		351,143			
14	175,572		75,000	250,572	250,594	(22)	175,572	80,000	255,572			
15	133,036			133,036	135,462	(2,426)	173,036	3,000	176,036			
16	500,000			500,000	527,233	(27,233)	520,000	10,000	530,000			
17	3,184,886	(967,211)	345,257	2,562,932	1,949,121	613,811	3,178,771	613,811	3,792,582	2,170	2,999	3,789,583
18	1,547,000	(773,500)		773,500	345,553	427,947	914,080	427,947	1,342,027			
19	1,500,155	(193,711)	345,257	1,651,701	1,603,568	48,133	2,133,055	48,133	2,181,188			
20	1,089,295	(521,094)	-	568,201	525,299	42,902	1,087,211	42,902	1,130,112	96,972	202,952	927,160
21	1,042,188	(521,094)		521,094	502,582	18,512	1,042,188	18,512	1,060,700			
22	600,000	(375,000)	75,000	300,000	106,517	193,483	600,000	193,483	793,483	8,187	27,741	765,743
23	600,000	(375,000)	75,000	300,000	106,517	193,483	600,000	193,483	793,483			
24	23,698,533	(2,203,305)	520,257	22,015,485	19,936,147	2,079,338	23,716,905	4,481,340	28,198,245	3,278,023	6,499,870	21,698,375
25												
26												
27	362,601	-	739,793	1,102,394	-	1,102,394	-	-	-	-	-	-
28	294,574	-	16,026	310,600	314,734	(4,134)	351,029	(4,134)	346,895	-	-	346,895
29	75,000	-		75,000	63,232	11,768	75,000	11,768	86,768	-	-	86,768
30	732,175	-	774,254	1,506,429	392,265	1,114,164	444,433	7,634	452,068	-	-	452,068
31	968,903	-		968,903	657,662	359,476	975,700		975,700			975,700
32	1,344,381	-	221,723	1,566,104	1,566,104		2,430,975	270,632	2,701,607			2,701,607
33	25,775,089	(2,203,305)	1,576,233	25,098,017	20,328,411	4,759,606	26,592,313	4,759,606	31,351,919	3,278,023	6,499,870	24,852,049
34												
35												

**QTEA-PROP A PARCEL TAX  
FINANCIAL REPORT  
FY 2013-14 ACTUALS AND FY 2014-15 BUDGET**

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	A	B	C	D	E	F	G	H	I	J	K	L
	FY 2013-14 Proposed Budget	FY 2013-14 Revenue Reallocation	FY 12-13 Carryover Allocation	FY 2013-14 Revised Budget with Carryover	FY 2013-14 Expenditures	FY 2013-14 Carryover	FY 14-15 Proposed Budget	FY 2013-14 Carryover Allocation	FY 2014-15 Revised Budget with Carryover	FY 2014-15 YTD Expenditures	FY 2014-15 YTD Expenditures	FY 2014-15 Available
36	Other Items - Non Teacher Compensation											
37	Provide competitive compensation and/or benefits to other school personnel. Conduct the election and provide oversight to make sure proceeds from the parcel tax are only spent in the manner approved by the voters of San Francisco.											
38	Equity Adjustments (includes Adm stipends for HTS)	2,371,959	(1,620,493)	1,659,230	2,610,685	2,005,621	2,376,927	-	2,376,927	207,887	356,481	2,020,446
39	UASF Professional Development Fund	26,979		99,356	126,334	-	27,035	-	27,035	-	-	27,035
40	Oversight	100,053		263,659	363,713	90,240	100,263	-	100,263	21,834	38,033	62,230
41	Additional PD Support	381,920		83,922	465,842	53,650	52,624	-	52,624	-	-	52,624
42	Additional CCSS	218,401		363,057	581,458	851,015	551,330	142,933	694,264	40,747	133,737	560,526
43	Improve academic innovation, technology, and other support resources to support student achievement.											
44	Technology	4,454,829	1,620,493	792,590	6,867,911	5,360,417	4,464,160	2,406,020	6,870,180	1,341,509	2,373,365	4,496,815
45	Technology-Laptops for Educators							1,243,840	1,243,840	-	-	1,243,840
46	Improve academic innovation and technology to assure continuous growth of innovative teaching and learning opportunities; and provide students and parents access to current technological resources.											
47	Innovation, Research & Development	875,469		277,826	1,153,295	955,943	877,303	197,765	1,075,067	113,399	272,608	802,460
48	Allocation a portion of funds to public charter schools											
49	Charter Schools	1,067,975		-	1,067,975	1,067,975	1,091,897	(0)	1,091,897	-	-	1,091,897
50	Allocated Indirect Costs	399,056		177,034	576,089	441,059	381,398	180,176	561,574	-	-	561,574
51	Unallocated Revenue Growth	493,759		804,792	1,303,551	-	802,056	120,210	922,267	-	-	922,267
52	Total Other Items-Non Teacher Compensation	10,395,398	-	4,721,463	15,116,864	10,825,920	10,724,994	4,290,943	15,015,938	1,725,376	3,174,224	11,841,714
53		28,740%					28,740%					
54	Total QTEA	36,170,487	(2,203,305)	6,237,699	40,204,881	31,154,331	37,317,307	9,050,550	46,367,857	5,003,399	9,674,094	36,693,763
	FY 2013-14											
	PROP A REVENUE REALLOCATION (in Resource 90248)											
	RETENTION BONUS - \$2500											
	RETENTION BONUS - \$3000											
	TUITION REIMBURSEMENTS											
	ADDTL PD DAYS											
	ADDTL PARA PD											
	TEACH HARD TO FILL AREA											
	TEACH HARD TO STAFF SCHOOL											
	MASTER TEACHER											
	SCHOOL-WIDE RECOGNITION											
	ADDTL PD SUPPORT											
	RESERVE ACCT - FINAL YEAR											
	TOTAL REALLOCATION											
	UNSPENT PROP A CARRYON											
	TOTAL											
	PROP A REVENUE - USES											
	CLASSROOM TEACHERS											
	LIBRARIANS/COUNSELORS											
	INSTRUCTIONAL AIDES											
	EMPLOYEE BENEFITS											
	TOTAL USES											



**Labor Relations**

Carmelo Sgarlato, Executive Director  
555 Franklin Street, Rm. 306  
San Francisco, CA 94102-5299  
(415) 241-6230 ext. 3036 – Fax (415) 241-6779

January 7, 2014

Dennis Kelly, President  
United Educators of San Francisco  
2310 Mason Street  
San Francisco, CA 94133  
Re: QTEA Request for Information, 12/19/2014

Dear President Kelly,

Thank you for your patience, the following are responses to your request:

#1 & #2: The California School Accounting Manual (CSAM) defines indirect costs as “those costs of general management that are agency wide, (and) consist of expenditures for administrative activities necessary for the general operation of the LEA (e.g. accounting, budgeting, payroll preparation, personnel management, purchasing, centralized data processing). The standardized method to recover indirect costs from federal and state programs without having to time-account for the general administrative support provided to each program is referred to as the indirect cost rate process.”

In other words, indirect charges are a mechanism for LEAs to partially recoup from programs the central management costs that an LEA incurs agency-wide and are more global in nature. In contrast, direct costs can be, and to the extent possible, should be, identified with a particular program or support service necessary to maintain the program. The expenses related to the activities of the oversight committee, the annual audit, and a supervisor to manage the program are all direct costs and are charged as such directly to the program.

#3: Regarding the QTEA ballot, the text of the ballot says that the proceeds from QTEA will be used to “conduct the election and provide oversight to make sure the proceeds from the parcel tax are only spent in the manner approved by the voters.” That speaks to not only the Oversight Committee but also speaks to proper oversight and management of QTEA funds.

#4: Indirect cost for 2014-15 will continue to support the activities listed above to ensure accountability of QTEA funds.

The District staff on the oversight committee will respond to any additional questions you may have.

Sincerely,



# UESF

United Educators of San Francisco  
AFT/CFT, AFL-CIO • NEA/CTA

2310 Mason Street • San Francisco, CA 94133 • 415 956-8373 • Fax 415 956-8374 • www.uesf.org

December 19, 2014

Carmelo Sgarlato, Executive Director  
San Francisco Unified School District  
Labor Relations  
555 Franklin Street, 3<sup>rd</sup> Floor  
San Francisco, CA 94102

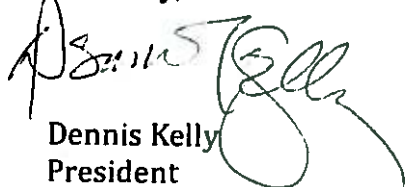
Dear Carmelo Sgarlato,

Upon reviewing the finances of the Proposition A (QTEA) program, UESF has identified certain areas of concern. This information request is intended to provide the union with the necessary information for us to fulfill our legal obligations with regards to QTEA and our membership.

1. Please provide the union with a detailed explanation of the expenditures that constituted "indirect costs" and "other administrative charges" in the 2009-2010, 2010-11, 2011-12, 2012-13 and 2013-14 QTEA budgets.
2. Please provide UESF with a detailed explanation of the expenditures that were charged as "indirect costs" in the 2009-2010, 2010-11, 2011-12, 2012-13 and 2013-14 QTEA budget.
3. Please direct our attention to or provide any wording of the QTEA ballot language that authorized the collection of either "other administrative charges" or "indirect costs".
4. Please provide the union with detailed explanation of any planned expenditures for "indirect costs" or "administrative charges" in the QTEA budget for 2014-15.

We request that this information be delivered to UESF no later than 5 January 2015 in order to fully prepare for the upcoming meeting of the QTEA oversight committee.

Sincerely,



Dennis Kelly  
President

c: **Chris Armentrout**