

Budget Development
7/18/2019
3:30pm-5:00pm
Administration Office – Room 137

Attendees:

<input checked="" type="checkbox"/> Aaron Harder	<input checked="" type="checkbox"/> Lori Bica	<input checked="" type="checkbox"/> Joe Luginbill		
<input type="checkbox"/> Dr. Hardebeck	<input checked="" type="checkbox"/> Abby Johnson	<input type="checkbox"/> Kay Marks	<input checked="" type="checkbox"/> Jim Schmitt	<input type="checkbox"/> Kim Koller

TOPIC	DISCUSSION
1. Public Comment	<ul style="list-style-type: none"> • Mark Goings • Procedural comments with Board Committees – this spring it was possible to go onto the website to click on committee meetings and would show minutes and agendas – currently May was the last agenda and February was the last minutes Not sure that BDC has ever approved the minutes in the past at meetings • OPEB – cost savings BDC will be viewing while getting ready for Board meeting – over the last several years, Board Member committee gave people the option for them to not get the rug pulled out from under them last minute if they decide to go on for another year – could be bigger savings to District, but may pull rug from those for this year that decided to stay
2. Fund Balance Discussion	<ul style="list-style-type: none"> • Aaron, Abby, and Dr. Hardebeck met last week to talk about committee agenda and they decided that the fund balance has been on everyone’s mind and group should spend a little time talking about it • Still a little early to predict where the district will land for 2018-19, but audit starts in August and will have a better idea then • What is the committee goal/parameter for fund balance? • Consider this the fundamental question, if the District doesn’t know the answer to this question the Board doesn’t know what to decide on for ideas and projects • The District is not in a comfortable position now, very alarming trend • Working on that assumption what does the Board want that objective to be? Stay where we are, go down 1%, or go up? • Don’t think that this should be a policy, but should be a stated goal • The District does have a fund balance policy, 662.3, states School Board should strive to maintain a balance that will not need to cash flow borrow • Board refrained from going to a % because the district had been trending down • What does the School Board want this year and then what do they want over the next 5 years? – short- and long-term projection • What is the recommendation -Auditors recommend 25-33% of the operating funds – very different from what we see today • Average across districts may be about 18% • Saying 1 % may be aggressive, 0% is better liked, 1% seems to be a stretch



- Expense ended at \$3.5 and \$1M for salary, looking close to a \$5M deficit – will look different based upon the state budget
- Referendum? What changes are coming, what can we project what do we know...
- Looking at leavers that the board can affect could be helpful
- Essential conversation – what are some big picture things the board can look at
- OPEB will be a big part of the conversation
- The full picture is something BDC owes to the Board to show
- Like to look at all of the tools at our disposal – referendum is something, but also issuing debt for capital projects that the district may not run into public interference with – Roosevelt security, upcoming budget regarding facilities to issue debt – referendum without the vote – what can we pluck under our budget to utilize the debt that is dropping off – may be a big opportunity – easier than a referendum
- Why are we collecting these tools, what are we trying to achieve, quantify it?
- We are most likely not the only district that is grappling with diminishing fund balance – what are other practices that other districts are doing – stop the bleeding but also what do grow the balance
- DPI publishes a lot of information maybe fund balance – we will check
- Does Abby meet with other local districts to see ideas for rebuilding?
- They have looked at health insurance, class size, salary, post-employment benefits, - Abby will reach out
- Joe would be happy to help look at the District's big obligations and to see what the public may support
- Can issue debt any time, makes most sense for when old debt drops
- Debt is outside of operating funds, 5-year capital plans – large B&G options, leasing devices, etc.
- Safety projects will be covered by safety grant – we should keep our eyes open while we are going through budgets
- What number should we be targeting – very quickly morphs into a how...
- 1. What is the number, do we want to define a number 2. How do we get to that target number?
- The OPEB Ad Hoc Committee minutes were in a Friday memo from the end of May
- Did the OPEB Committee look at less staff or reorganizing staff, or is that outside of the committee?
- Everything on the list they proposed is out of the committee purview
- Budget Development previously discussed ideas to affect the 80%
- The committee did not talk about those previously discussed items
- Is this something that the committee can talk about? – seems like a significant savings
- Staffing is done and principals were involved – they had a goal to reduce by 5%
- There are many positions that don't have a direct impact on class size
- Wouldn't mind having a class size discussion as well
- That was one of the early BDC meetings for the reorganization



- Where did we land – in the class size – will be discussed on opening of school report this fall.
- University experiences same issues – comes down to positions – fund balance is centered around that – you can trim anywhere but it is the center
- We have looked in the last years at everything not related to staffing, but we are to the point that we have reduced everything in the 20% now we need to look at the 80%
- People are 80% of your budget you have to look there unfortunately
- Is this a reorganization or cuts? Or a little of both?
- Coaches, SEAs, tough to keep them engaged and they aren't happy with their compensation, but the questions go beyond the budget
- Do we need to take a broader look at how it is structured?
- Big picture are we happy with keeping Fund Balance at 15% and here is the reason why
- SEAs come with legal requirements to meet IEPs number and are driven by IEPs. There is a matrix that DPI has created
- Why do we have so many special cases and why is it growing...?
- SPED population is 13-14% - behaviors have been increasing, but population has been flat
- Each IEP dictates a number of minutes
- New Labor market policy for salaries – looking at positions, before it is posted, what would it look like to have a review, as of right now is this essential or nonessential to the operations of the district?
- Decreases the impact on an individual staff by cutting, but impact would be adjustment to fill the gap when they leave
- Is there a standard process for that? – we could entertain to look at that holistically
- From experience depending on the timing of a vacancy we may opt to fill with long term sub while we think about what to do with that job opening, do we look at every job, cannot speak to that, goal of district and HR is to do things through attrition and not lay people off
- Staffing reductions, can we do this through attrition – always number one question
- Fund balance objective? List of bigger picture ideas? Start working this list
- How many positions need to be changed or eliminated to reach the target? As a process, terrible decision to have top down or competitive, grass roots bottom up, people working together cooperatively – between groups or buildings – understanding – if it's all about personnel, kind of think it is, we do a lot building to building, how much is grass roots?
- Engaging staff is very important – make people aware of the situation that we are in as a district politically still – Evers will change – budget is status quo... we won't be in a different position in the near future, important for people to know, thoughts of things that could happen gives people false hope and those things haven't happened and staff need to know we have impossible horrible decisions to make
- What are the levers Board Members can push – staff involved is important

	<ul style="list-style-type: none"> • Do we agree we should make a list? And make time to work through the list • Time is now! If not us who!? • Board – review of fund balance policy – what does it mean for adequate fund balance? • Can we get a trend of the fund balance updated with projections? • Is there a running list? • August – Abby connect with other district workers and School Board Members connect with other Boards • Who at which districts can we talk to and what is the budget conversation? • Abby will find out some districts to reach out to
<p>3. Continuing OPEB Discussion</p>	<ul style="list-style-type: none"> • Reminder of the things that are budget impact for the 80% and included if it was targeted or equitable. Almost all ideas are targeted toward some group that is benefiting from the budget item • Salary Freeze is really the only thing that is equitable across the board and it is unfavorable between staff and School Board • Reminder of Charge of OPEB Committee • Items that were included in the charge, the committee decided most were no change • The implementation dates are the committee recommendations, School Board could do something different • Rank 1 – Shift HRA Contribution Date – Implement – July 1, 2020 • Rank 2 – Earn HRA like Married Couples – Implement – January 1, 2020 Each employee needs to complete wellness in the calendar year for the following fiscal year • Rank 3 – No HRA contribution for retirees after retirement – July 1, 2021 Right thing to do to give people adequate notice • Rank 4 – Grandfather based upon meeting eligibility instead of fixed date – only if implement changes to OPEB Let employees keep working – do not force out There are obvious positives, but what are the negatives? One challenge is what is the firm date of what you need to retire and tracking multiple people with different dates Costs linger for a longer period of time - unpredictable Could work for 10 more years and the liability of the benefit grows, flip side, we would pay the benefit after retirement for less years because there are less years to Medicare eligibility Can we put an end date on there... you can stay, but only for 5 more years? Would they be frozen at the 5-year time – or is there a cap on the amount you can go out with? Committee didn't talk about that, they just wanted to let people the option to decide when they can go BDC wants to be neutral in pushing people out or making them stay Retirement buyout has been successful at the university – was surprised at the number of people who took advantage at UWEC



	<p>We have the earned service benefit in the Scenarios that is very similar</p> <ul style="list-style-type: none"> • Rank 5 – Lock insurance rate at year of retirement instead of year after – Implementation – July 1, 2021 Difference in 5 years caps have grown between \$15,000 and \$28,000 Are the ones at the end of the list more contentious items – committee was very comparable for these – see minutes for others that committee didn’t want to bring forward • Rank 6 – Modification of cap based on individuals actual need – implementation – January 1, 2021 Sustainable, predictable, doesn’t account for any life changes, marriage or death in family Why was this not higher ranked, seems like a no brainer? Is there a downside? • Rank 7 & 8 – locking insurance rate at 3% or 5% rate – implementation – July 1, 2024 Do we start to see savings immediately? 3% lock was \$2M over 30 years and 5% lock was \$425K over 30 years – Provides predictability but not savings • Rank 9 – Grandfather on years of service instead of age and years of service – implement only if change to OPEB • Other items brought forward – changes to bridge contributions, review OPEB minutes, implementing scenarios that were previously discussed • What about for Monday night’s Board meeting!? • Bring – all recommendations forward to full board – none raise a red flag, what does this mean for OPEB if anything, answer maybe it is independent • Locking in at 5% may buy us a year in the long scheme of things, kicking can down the road, 2 options, cut it or kick down road, we are cutting it, but it is a minimal impact to staff in regards to A, B, C, B1, are we delaying the inevitable? May be the end may not be • We as a board have looked at and discussed the other options, the board hasn’t seen these ideas yet, feeling is to have that presentation as the next step, just having a discussion on these 9 recommendations will be a substantial report, a chance for board to get these recommendations • Good to be prepared for the question... What about OPEB? • Dates of the meetings from the committee • Framing of this in the way of the fund balance question and the bigger picture • Fundamental question – on fund balance – great to start with that • Would the OPEB committee be willing to keep meeting? • What if their charge starts to evolve into more? • Nothing is off the table, but we know we need to make changes to affect the Fund Balance
4. Proposal for	<ul style="list-style-type: none"> • Estimated the costs for the proposal • \$265,080 on products for one year

<p>Feminine Products</p>	<ul style="list-style-type: none"> • \$4,940 for one machine per building – there will be buildings that need more than one machine • Can we see how much we make on the machines? • Grant writing on this subject – this is a popular area could grants help fund this? • Custodial concerns brought forward • Since we already provide them for free, can we use those free products in the office in an accessible way to students, and use those dollars to supply the machines • Is a realistic thing we can do, other districts are able to this across the country • The calculation makes sense, but this is not what the district is currently paying for those free products – need the actual cost – need to do the research for how much we are spending and how much we are making
<p>5. Agenda Items for Next Meeting</p>	<ul style="list-style-type: none"> • Proposal for Feminine Products • 2019-20 budget discussions • MHS/NHS facility issues • Compensation equity – gap group • Engaging staff in budget conversations • Bridge/Suggestion • Can the bridge be changed at this point? Typically, it runs the same time as the insurance year • Increments/longevity • Athletic fees • Referendum • Roosevelt’s need for a secure entrance – can we use safety dollars for that or does the district need to find money for this project It cannot be part of the safety grant, but is being talked about being added to the 5-year capital plan for 2020-21 • Could we issue debt to have it happen sooner than that – plan coming in November/December to the School Board will be for summer 2020 • Fund balance target – work over the next couple weeks – can Abby come up with a fund balance target with why we would like to use that as a target?

Next Meeting: 8/27/2019