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Budget Development
12/10/2019
1:00pm-2:30pm
Administration Office – Room 137

Attendees:

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

TOPIC	DISCUSSION
1. Public Comment	<ul style="list-style-type: none"> • No Public Comment today
2. Overview of Monthly Financial Reports	<ul style="list-style-type: none"> • Provided a copy of the October 2019 Monthly Financial Report • Abby reviewed the monthly report, how to understand what is included in each line item, and where it is located in BoardDocs • If items are at \$0.00 it probably has to do with timing of when funds are received for revenue • These reports are reviewed by multiple departments each month • The reports are for the fiscal year • Expenses will change with the timing they are paid out • Constantly looking at the % to see if it makes sense for the time of the year • Need to look at the financial reports with the context of what has happened or what we know happens in the future months • Purchased Services sees the most influx at the end of the year while we wait for the bills to come in • When looking at the big picture, we have \$190M budget and if you are plus or minus \$1M or \$2M you may not notice until everything is paid • Will see savings in lapse in turnover, can be substitutes or empty positions • If we have open teaching positions, we will find subs, but if we can go without for a small amount of time, we will wait until we find a qualified applicant • Double checking with the revenue vs spending monthly helps to see where we are and if we are on target • Making a habit out of checking in on the documents and asking questions before a vote could be helpful in making decisions • At the end of each year, we ask who underspent or overspent • Looking very closely at the two high school budgets for next year because they over budgeted and underspent • We do look at the 3-year average when starting a budget and asking what has changed and why



	<ul style="list-style-type: none">• If we are in a projected deficit, we tell them to reduce 5%, we don't tell them to reduce specific items, they get the option• After meeting with the buildings, we do another meeting with the Admin Building Departments to see where they are and why things are different• We are always asking while staffing to see if there are other dollars that can be paying for staff instead of the general fund• Difference in Adopted and Revised budget is mainly due to Grants because we don't always know how much the allocation will be• Aaron shared some graphs earlier this year, we did put together some trends based on those graphs• Can BDC get an electronic version of the graphs?• Shared document for Operating 5-year history• Growth in FTE has taken place in Special Education
3. 2020 Debt Drop	<ul style="list-style-type: none">• Showed graph of District debt schedule• Fund 38 is debt issued without a referendum• Fund 39 is debt issued with a referendum• Things to be aware of, Fund 38 impacts Operating Revenue Limit• If we issue more debt and make more payments, it could decrease the amount we can levy against and use in General Fund• Have discussed trying to keep the levy flat, with some investigation, issuing debt without a referendum may have a negative impact• We don't want to have the General Operations \$53.8M tax levy go down• We can't be more than \$57.2M in the levy, the pot won't grow regardless, we may be able to do more projects, but we would get less money in the general fund• Another option, we can prepay debt, we can levy a higher amount and pay off debt sooner• We could keep the levy flat if we prepay, but we would rely on experts to tell us what the best options are• We did issue debt without referendum when we bought Prairie Ridge• It was part of a 2-question referendum that did not pass, but the district decided that it was important to have, no issues were raised, so it was purchased• Our debt schedule was created to avoid large swings in the levy• Prepay would most likely be issued in Fund 39 to keep the levy flat• Would like to know what Budget Development Committee questions are to take to Baird, how much money, what time frame, the question is, does the Board want to look at this as an option?• If we do nothing, what is the drop in the levy?• Depending on how it effects the taxpayer may determine if we move forward



4. Review Budget Timeline

- Provided a Budget/Staffing Calendar
- HR and Finance work very close together as well as B&G and T&L to make sure that all needs are being met
- Right after the budget is adopted, we start with the next budget cycle
- There are multiple people that have a part in the budget process
- Biggest part of budget is staffing, 80% of the budget, we start with a \$0 budget and build from there
- Budget and Aid is based on the 3-year average, so there may be an increase in the kiddos, but we won't necessarily see it for a few years
- In March, when we finalize the staffing calendar, each of the principals get a look to see if their needs are being met, as well as the Special Education department
- Special Education seems to be the trickiest part of the puzzle, kids are in transition, or being identified
- For the last 3 years we have seen significant growth in Special Education
- All of this is important, but 2, 3, 4, 5, years from now, are we okay with where we are going?
- Only know your per pupil aid for two years, we have gone from having no dollars to \$50, to \$400, to \$654 per student you just never know, we plan for \$0
- You cannot depend on that, would think that for the next 3 years we can anticipate support, but after that we cannot guarantee anything
- Need a picture of what has happened and what was different
- There is a combination of things, but what was the biggest impact?
- We looked for the biggest savings measures we could, we received more from the state which increased the revenue limit, took approach of leasing instead of buying
- Policies have been directing us, class size has been able to be met
- In a perfect world you would like to be at the minimum level for class sizes but in order to meet the level movements of staff, you may need to go to the upper limit
- Policies give great guidance of what the parameters are
- Is it worth discussing to change those policies...?
- Middle School is at the higher class size levels, there is a bubble that we are working through, we will have another bubble in about 4 years
- Working with High School to offer electives on opposite years to take advantage of class size
- Are we accounting for best practices for discipline with class size policy?
- Language instruction, good example at High School, English seems to be a little smaller than Social Studies, principals and department chairs work together to meet needs
- Language courses having fairly high enrollments, do the buildings all have the knowledge to be able to make those staffing decisions?



- We hear that they are having those discussions, but we can circle back to make sure they know
- Research shows that if class sizes get too big, it can become a working conditions issue and a student number issue, reductions in math and reading
- More stuff to grade and more kids to get to... working conditions issue
- Have been doing more work with Principals on strategies and things that they want to include in School Improvement Plans
- Do they know the behaviors and strategies to promote good behaviors?
- We have been doing best practice work, some principals have reported back saying they have been working on it
- Do they feel they have the flexibility to do what they need to do; do they feel free to lower the class size if the dynamics come up?
- They do have FTE they manage and manipulate the FTE to meet needs
- As an elementary principal, you may notice an issue and can accommodate to some point
- You can also get aide time into classrooms and the conversations happen that certain students need to be in a specific environment away from each other for some time
- Total FTE is assigned, principals then assign how much for each subject and can accommodate where needed
- Class size dissatisfaction comes up often when talking with staff
 1. There is flexibility, principals and leadership are making the decisions
 2. Are buildings communicating effectively, do people understand why class sizes are what they are?
- The leadership teams do discuss this, not sure if it trickles down to the teacher, maybe the conversations are happening, and people just don't like the communication that is coming out
- Even if people don't like it or agree, but they understand why
- Elementary, 4th & 5th grade understand why
- Secondary, we did see benefit offering things every other year
- Class size is important, we can push and change, it has been clearly stated to staff
- Communicating OPEB timeline to staff
- What does a 12-month timeline look like?
- The first part is holding off for 2019-20, but what about the additional timeframe?
- Do these things have to coincide with a fiscal year?
- Following historical patterns, things may not start until 2022
- Point being, those who may be considering retiring and take benefits, that they can know with some certainty that they have time to make a decision
- Minimum of a year would be helpful for staff
- We can pull the wording from last meeting and send to the group

	<ul style="list-style-type: none"> • We can potentially have a new Board in May, things can change anytime • Possibility of making an OPEB style committee? • We would start looking at membership as an outcome of the work session from the Board, we would need a charge of the committee first then we could solicit members • Would also get a timeline in place so that people know what they are signing up for • Do we know from the previous committee if they wanted to continue or if they thought of a logical next step? • That committee was very focused on the committee charge and had additional ideas • We didn't talk about what the next steps would be • "Grandfather" clause being used, is not appropriate language and we will need to get a new term to describe • Engaging the larger staff to show our work and to understand ideas and perspectives • PUBLIC COMMENT • OPEB Language, very important that this Board can only speak for this Board and can suggest for future Boards to offer a grace period • February 1 is the certified retirement deadline, you want people who come back the next year to not have buyer's remorse, if people feel there is a possibility, they will leave • Class size at the secondary level has helped that we offer every other year • Fund 38, do we prepay for \$1M because we don't have a referendum date yet, could figure out how to continue to keep it level to go up a little bit would be easier to go up a little instead of a lot • Monthly budget reports from a PR standpoint, July 22 we were still projecting a \$3M shortfall, then in October when the unaudited was released \$2.3M extra, the \$5M swing was alarming, seemed unsettling, want to make sure we have the public's confidence in budget matters
<p>5. Future Agenda Items</p>	<ul style="list-style-type: none"> • Discuss budget documents • 2020 Debt Drop and what it looks like • OPEB communication • OPEB committee • OPEB Study has come back and we should go through that at some point • We have received the audit report for 2018-19 and will need to review • Look to January for Audit and Actuary reports (calendar check for January)

Next Meeting: 12/17/2019