

Budget Development
12/17/2019
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"> • Mark Goings • During OPEB conversations today, please consider, the first of the benefit retirement benefit information is tonight. Understanding is that the presentation will go over the changes that the Board approved already. • Do you want to have the calming message to go out to the staff members as well at the meeting tonight? It would not be Board approved, but it might be nice for those that are on the fence.
2. Budget Document Overview	<ul style="list-style-type: none"> • Shared the budget overview graphs and can go more into detail if needed • Understanding the budget for the purposes of communication with staff and community about our situation is important • Common picture that is as high level for certain Board Members, but also some details for those that feel comfortable to go into detail • How did we come out ahead this year and not in the past? Some of it has been Madison and we have some significant cost savings measures, we did do some work with substitutes as well • Are you wanting more information on 2018-19 surplus or the 2019-20 balanced budget? They are very different • We didn't see it coming, but it was a good change to see • 2019-20 is funding from Madison, 2018-19 is from cost savings measures • What were the main contributing factors from Expenses budget and actual? • We did quantify in a Friday Memo for the Board that used percentages • We have given dollars and percentages, talked about cost saving measures and remember a budget is what you think may happen and we came in about 1.5% under the budget. + or – 1% is great • Projected expenses were not as great as we anticipated, major dollars are in salary and benefits .We did take cost saving measures while purchasing • Budget holders did not spend their whole budget as well • You cannot purchase something at the end of the year for the next year



	<ul style="list-style-type: none"> • If you haven't spent it, it is almost use it or lose it for the budget holder, it goes back into the fund balance, lost to those people who wanted to stock up for the next year • We thought that equipment was going to cost XXX and we didn't need as much or we got better pricing than we thought we would get • We are doing the monthly tracking to hit the bullseye and the unpredictability of when the spending takes place is something to keep an eye on • We are monitoring the accounts and what has been spent. You get a bill, so you know what has been spent, schools are closing down their accounts at the end as well to get all of the information to Accounting • People are frantically working at the end of the year to get things ready for the audit and then auditors are asking questions back • There seemed to be a turning point in the narrative, is it the auditing event that made people look closer? Having the audit is verifying if what we are seeing with the budget is real and accurate • The audit process is normally in depth, but because this year was so different than we anticipated, we spent many many more hours looking through data to see where the swings were, and did it make sense. • We are constantly getting more bills and things are changing, have been through this year more than others with the fine-tooth comb • Understanding the nature of that turn at the end of the year is important • Spending doesn't keep up with the calendar and there are always going to be timing differences that can add up to a large swing • Budget is what you think is going to happen and Actual is what actually happened • \$1M off is going to be a .001% and wouldn't red flag because it is such a small part of the budget, at the end of the year, you can see why things are happening • When we first learned of the change, we started to comb through to make sure we didn't miss anything and had everything else been verified • At the end of July/early August we see a better picture, but there are so many moving parts along the way, it is hard to see the big picture until the end • Aaron wants to look for something that is compelling for the Board to see and use for talking points as we prepare to engage staff and community
<p>3. 2020 Debt Drop</p>	<ul style="list-style-type: none"> • We talked last week about Non-Referendum and Referendum debt • What does this look like for 2021? • Abby put together some projections on what the levy could look like • Based upon nothing changing, it looks like the difference on the levy would be \$10.22/\$100,000 home • The mill rate has gone down over the last few years. It went up because of the referendum, but not as much as we anticipated, because of other



- factors beyond our control, the equalized property value has continued to go up, which impacts also, the mill rate
- Good to see that yes, it went up the first year, but the levy has continued to go down overall for taxpayers
 - Do we with a reason, leave aside the question for trying to fill this gap or do we try to fill that gap?
 - What is the ECASD median/mean property value?
 - It would just be the school district portion that goes down, not the overall picture, the city or county could change and make it go up
 - Want to have a good answer as to why we are going to do it or not
 - Like to be able to say, we appreciate your support and we allowed it to go down when we didn't need it and now, we do need the support for the next step (referendum) - Seems like a message we can get behind
 - Doesn't seem like the average homeowner would notice the small amount it would go up, so we still have the narrative to say that we allowed it to go down
 - Assuming that if everything stays the same it may still go down, but all the moving parts we just really don't know
 - If we don't pursue this, what is next?
 - Thinking that having 2 referendums may be better than having 1 large one - South and Roosevelt have been in the que for a while, something people can get behind, or do we lump them into the full amount?
 - One buys us time and the other has a band-aid effect
 - Have we seen district success rate on referendums that are back to back?
 - We will most likely have to consult with someone to get the data
 - There have been so many that are different in the past years between capital and operational
 - Would like to go to the taxpayer and say when we need something, we go to you and when we don't, we leave you alone... would be better to just do it all in one shot
 - Seems like it will be South, Roosevelt, some sort of south side renovations
 - The 10-year capital vision plan, referendum has been spoken for those types of projects
 - Does the south side seem like it could be ready to ask the question?
Seems like spring 2021 to get all the projects going would be a good idea
 - Should approve the referendum timeline in February 2020
 - How far back on the timeline would someone need to come back with a solution for the south side?
 - The committee can do it, they want to continue the work, there aren't too many options on the list of things to choose, Expand or Build
 - The committee could have 1 year to work on the process
 - By February you need to approve the conversation for a referendum for April 2021 - Set it saying you are going for something



- 70/80 days before the election is when the question needs to be voted on
- During those last days is when you are campaigning, after the question has been set
- Demo would come to the board about October 2020 at the latest
- One challenge would be such a large referendum... starting with \$24/\$30M for South and Roosevelt
- We need to educate the public a few different times to get to know what they need and what they would support
- Fall seems a better time to educate because of back to school and people are involved
- Context in the community is more important than time of the year
- 2016 referendum was about \$87.9M
- Would be worthwhile to update the Board, we need to get to a timeline sooner than later
- We are due to give a budget update to the Board in February and then we can pull out the timelines for full Board discussion
- Would like to give the Full board an update to know that this is coming
- The Board was talking about going to referendum in spring 2016 and didn't set a timeline and weren't ready to go at the time
- The Board thought they had more time and they weren't ready to complete the community input they needed to do
- There is a lot of back and forth to test the waters until you find the sweet spot for what the community will support
- Do you remember if it was time just getting away from them or do you think there were barriers that kept things from moving?
- So much seems to be with the dynamics of the group
- Could have something to do with post Act 10 views including compensation
- Board adopted a compensation plan before they had the funding for it, so they needed to push through to make a decision
- The unknowns in the education process seem to be a large part
- Did many interviews/meetings before the question and then even more after the question was complete
- The timeline would reference a generic timeframe to meet each step of the goals
- Seems that we needed to settle the north side in predictable and equitable, now we need to address the overcrowding in the south side
- And we need to go back to the community to say we talked about this we are going to take care of South and Roosevelt
- Demo may have a concept, but they will need to get the community input on what they think it should look like
- Critical piece of this, need to get internal consensus, people inside the organization are all on the same page



	<ul style="list-style-type: none"> • Meadowview is concerned because of the 2 new apartment buildings, 1 with 90 units and another with 200 units along with the new homes going out Hwy 93 • Staff helped make the last one happen, we need to have the internal consensus • At the next agenda setting, Dr. Hardebeck will put a budget update on the February calendar • Will give a budget committee update to let Board know this is coming forward in February • Public Comment • Mark agrees about Demo & Trends being able to get things ready
<p>4. OPEB Communication and Committee</p>	<ul style="list-style-type: none"> • Reviewed Sample Recommendations for OPEB Communication • Very concerned what a 12-month grace period means • There is a retirement meeting tonight and we will be sharing what was already voted on by the Board • In a calendar year, what month would we want to convey this to the staff of no change vs change • February 1 is the date that certified staff need to submit retirement information • Retirement meetings typically happen in December and January • Once they decide to retire, there is an additional meeting that needs to happen for additional paperwork • We could start the change in the middle of the year if we needed to • If we have February 2021 as a no change before that date? • This would be a recommendation from Budget Development Committee for the full Board to weigh in on • The things that have already changed, do not go into effect until the 2021-22 school year. This would be referencing additional changes • Rather than 12 months, do we want to say one fiscal year, could mean 1- or 2-year grace period • The Board already did something like this with the last changes that were enacted. No change for rest of 2019-20 and one year 2020-21 to make decisions for start of 2021-22 year • If future Boards take this as a future recommendation, they will never have to talk about this statement because people would know there will be one fiscal year leeway • There is a table for tonight's meeting showing the dates for changing things from the Boards decisions • The Board could make changes in January and put them into place, couldn't they? • Abby described the table for the retirement presentation for tonight's meeting

	<ul style="list-style-type: none"> • It is clear that the things that the Board has decided on will not affect them for 2019-20 and 2020-21 • Fact, the Board could change their minds at any moment, staff are aware of that fact, the Board hasn't had OPEB conversations in the last little while makes it seem like it is not something on the table yet • Would like to have a Budget Development recommendation before February 1 • Logistically it will be difficult to have a recommendation before February 1 • Have faith in Abby's communication • Motivated in the same direction, but choosing to have faith that Abby will have effective communication • In January the Board can do whatever, but hopefully the same Board will be here then, and past behavior doesn't show that they would make that type of decision • Public Comment • Mark – hope they peruse the fiscal year idea, by not having it to a specific date would allow it to pertain to future Boards to allow people to know that there will always be a fiscal year grace period will hopefully give a peace of mind • There are people who are what if, do I know they won't change between now and then • Seems like the Board will not make a change that fast, but cannot guarantee anything • No one would expect that the Board would implement something 6 months later, there is that concern among people • Would hope that the recommendation will add to the list of things to help staff know they are okay
5.	<ul style="list-style-type: none"> • OPEB Communication and Committee • January 14 the auditors will be here to talk through the audit • There is a Foundation meeting on January 28 what about the Budget Meeting? • Move forward to January 21, will send calendar updates

Next Meeting: 1/14/2020