

Budget Development
12/4/2018
1:00pm-2:30pm
Administration Office – Room 123B

Attendees:

<input checked="" type="checkbox"/> Dr. Hardebeck	<input checked="" type="checkbox"/> Abby Johnson	<input checked="" type="checkbox"/> Aaron Harder	<input checked="" type="checkbox"/> Lori Bica	<input checked="" type="checkbox"/> Chris Hambuch-Boyle
<input checked="" type="checkbox"/> Kay Marks	<input checked="" type="checkbox"/> Jim Schmitt	<input checked="" type="checkbox"/> Kim Koller	<input checked="" type="checkbox"/> Mark Goings	<input type="checkbox"/>

TOPIC	DISCUSSION	ACTION
1. Public Comment	<ul style="list-style-type: none"> • Mark Goings • Marks Letter – 300 some employees who lose out on something good if benefit changes • Glitch, Gap groups are important issues, we need to make sure we are looking at everything • Time to Vote – would call question if could • Vote to do the 18-19 cap for current • Board also request based on 18-19 rates, not a no choice because it will just continue the anxiety • Could choose a 0% increase annually • Could choose a 2% increase annually • Could choose a 5% increase annually • Vote prior to March 1st because retirement letters need to be turned in and staffing starts • Look at the plan every 5 years to see if we are in line • OPEB is 1 piece of total compensation – we are below average 	
2. Line of Credit Update	<ul style="list-style-type: none"> • Both line of credit items have been paid off; interest will come monthly 	
3. OPEB Discussion	<ul style="list-style-type: none"> • Abby's PowerPoint • Reminder of the goals of Budget Development Committee • Timeline update • This year we did have \$882K increase in OPEB costs • There was not a % increase for retirement because of talk about OPEB • B1 – 5-year grandfather capped at current rates, move to defined contribution factor for earned service benefit range 1.0-2.0 • Need to retire to get benefit 	✓



- B1 projected savings over 30 years is \$42M – Budget Development Committee wanted to have a \$1M savings as a goal – at this time will not see budget impact until 2025
- We need to lock in the rates to be predictable
- How do salary and benefits track with the revenue limit per member
- Other factors – cost of living
- Will the graph comparisons change the perception that people are feeling?
- Menomonie cost per pupil is lower than ours and OPEB was higher
- Don't think that there is a correlation because everyone made different decisions at the time Act 10 changed
- Perception is that the District is underperforming?
- Locally we are at average and cost of living is relative
- Do we want to be a Destination District?
- It is unlikely that neighboring districts will be able to give a 2% increase – their schedules are very different than ours
- There isn't a compensation model in our area that is better than ours – we have this data
- From a Health Insurance plan – we have the free clinic – what our employees have is better than surrounding districts
- It is difficult to model this against other districts because of the unidentifiable things
- When you look at it holistically compared to others, we are doing very well
- There will be consequences based what we decide for OPEB, no matter what
- OPEB research – has been on the Boards docket – there have been 19 different board members since Dr. Hardebeck started – Board has been talking about this for a long time – Board has been asking for the same data over and over again – there have been 3 options and scenarios given
- Read OPEB Minutes from Board Meetings
- In 2012 unfunded liability was \$1.6M is not \$1.12M
- Dr. Hardebeck read minutes and showed that we have been talking about this for a long time



- Momentum crashed when we started compensation committee July 2015
- Feb 2016 gradual transition
- Revenue Committee is now the new compensation committee – could possibly be the reason that it stalls now
- So much information and studies have been done – was talking about no changes through 15-16 and reducing the liability by 25%
- There have been numerous people involved
- There was a cap an option that was presented before and was rejected by the Board (put aside)
- 3% and 5% options with no cap was in Abby's recent information
- Like the idea of cap because it is predictable and favorable with staff to no change
- Lots of employees who have children now, but will have employee + plan when they retire
- Can we get the data of what % go from family to employee +?
- Employees know that if they go out with family, they get more money – incentive for them to go earlier to keep the plan due to age of children
- Looking to cap what type of plan you can go out with – employee + highest
- Move off of the health and dental if you want it to be equitable
- Set out lump sum \$10k would be set for xxx amount of years
- Flexibility to meet Eau Claire needs
- Did we do a fixed amount?
- Seems like staff has an issue with it and that is what is making it difficult
- Any change is going to be an issue
- Would have been a discussion in collective bargaining
- Board has struggled with their fiduciary duties
- Board would love to say we would love to give you what we can, but as a school district we are going down
- It is a hard decision
- Budget Development Committee needs to make a decision
- Board had differing opinions of presentation last night



- Revenue committee has excellent ideas, but most are Fund 80 and don't go into our operational budget
- Will allow us to do more, but don't know if we can make a dent in the right Fund
- And how quickly will those funds be generated?
- There will be funding at some point, but we don't know if we can depend on that
- Haven't considered and still don't consider Revenue Committee being an option for funding
- Taking a cap will not be all we have to do
- Can the cap be phased in?
- Anything we do impacts something else
- Chris' list – more students to come back – will budget over next 5 years help with funding?
- Costs outside of 78% salary and benefits
- You may choose one program over another
- B&G is always deferring projects and equipment
- You cannot trade off on employment costs
- Need to change class size, salary, benefits, there is less flexibility
- We are now going into the 22% to fund the 78%
- Is there a way to increase enrollment?
- Have been looking at preliminary costs of virtual school – costs upfront – we have heard that they will come back, but will they really?
- Spanish Immersion could be something great – don't know until you start it
- Revenue committee things again –cannot pin hopes and dreams on that
- Can we agree that an ambiguous postpone is not an option – we have to do something
- What do we recommend and on what time frame?
- Willing to entertain a cap
- Would you entertain a fixed amount?
- What about option 3 – fixed amount – levers could be dollars and length of time
- Retain as much of old plan as possible and cap
- What is the amount that is acceptable?
- Landed at \$2.2M deficit so \$1.5 was a great starting point
- That's not a lot compared to our budget
- It is half the deficit though – how you frame the conversation?



- 78% goes there and we have to make a change in the 78% - we cannot cut out of the 22% anymore
- How do we weigh the non-choices – staff who are with the kids are just as important as the kids themselves – taking from the 22% to fund the 78% – we will feel a change in the 22% more than in the 78%
- Are there examples of the movement?
- We have a lot of facility needs that are hanging out there – are now focusing on finishing up referendum
- Free up \$1M to not go to the facility
- We have PD activities that we want to continue we could cut those – wouldn't save enough money to make up for the 25 increase in the salary – disproportionate impact on the instruction
- We can say no more Instructional Coaches – \$2M
- Things that will be cut, but also all the things that will not be new in the future
- iPADS – 1/3 – \$1.5 M
- If we don't do it next year, we have a slew of kids that cannot take the tests
- We have shifted the burden onto families
- \$30-\$32M is roughly the 22%
- We are working on improving the literacy coaches' model now
- We have questioned the efficacy of the coaches – audit their time – seeing impact in buildings where they are actually coaching – when they are not coaching – we are not seeing the return on the position like we should
- Feeling we need coaches and PLC in order to make this work?
- Working on making the PLC come to life.
- Want to do new things but aren't working them into SIP
- Structure of PLC is easy and culture is the difficult area
- Is the role of someone like an instructional coach or a TOSA important or do we want to put that into something else?
- PLC vs coach is not an equal comparison
- Effectiveness of a coach will grow exponentially in a PLC environment
- Moving what are we teaching into what are the students learning



- Address the 22% in being strong to see that we have shaken all the money out completely or there isn't much there to talk about
- When you vote for the culinary – we need dollars – we have to change things to get the money
- How does the money help with the connection of the coach?
- Have the teachers learning in the middle of the school day – if you have a great PLC then you can maybe get some money
- Working on PLC at Middle School and High School
- PD was cut from the 22% - scaled back quite a bit
- We can get a PD budget – there really isn't money there?
- 2% across the board for the compensation
 - Show the highest, middle, low – want to be educated on how that works across the District
- Admin and teaching increase – certified and admin
- Are we at a point where we can talk about a dollar amount that is acceptable?
- Where did the \$1.5M come from – when the discussion started, we adopted a deficit and what does half of that look like
- We know that it could solve some problems not all of the problems
- Trying to make up for the short fall – not trying to cover it all, but trying to cover some
- We don't have a biennium budget – we could have a \$10M deficit
- We will get an estimate July 1, but there is a great chance that we don't know what the budget will be
- Back then represented more than half, but now less than half could have been less than a third
- Most comes from squeezing the 22%
- Sub costs – we went to bid and were able to save about \$3 per teacher – could get \$200K
- Sub costs are \$1.8-\$2M – contractual
- We are the only District in our area that are contracting out, lots in southern part of state
- Cap is different than a flat dollar amount
- \$10M over 30 years doesn't seem like a lot – is the bottom of the barrel



- B1 and a cap are the same for first 5 years – then after 3 years, do we need to do the 2nd part of transition to Defined contribution
- Do we cap now and then look at this as the first year of B1?
- Cap and a phased approach – numbers game and perception approach
- Numbers and ethics argument – there is something to be said with trying
- We are the same as other districts
- Hold out small possibility that we can do OPEB that is unlike what everyone else can do like we did the compensation
- Cap and grandfather – need to set ourselves on a course
- Recommendation to be:
 - July 2019 – lock rates for the 19-20 retirees and 0% cap to move forward
- Committed to a cap – do we need to add in information about revisiting
- Internally know that is the start of a 5-year plan
- Commit to cap for predictability
- Can review yearly
- We are shifting the conversation from benefits to a salary increase
- Days of believing in promises may be gone?
- Protocol is CPI when we can
- If we don't do this, health and dental takes a chunk of our budget – stabilizing our health and dental gives more options at a later date – likelihood of giving CPI is higher
- May free up additional dollars that could be used for something else
- Predictability to survive, but makes it sound better to what we can do for employees not what we take away
- Fixed dollar is a pretty big structural change
- Solving equity but where is people's perception
- When will we see dollars?
- Cap makes it similar to something and after 1 year if we can continue or if we need to implement something else
- Cap with 18-19 rates and continue to study to see if cap meets years for 29 years

	<ul style="list-style-type: none"> • Then settle on a number – what is the \$?M at the end of 30 years • Get to a vote on what the number is from the Board • We would present options last night and the savings for each one • What savings are , when they occur, OPEB worth 0 and xxx • Taken first step if implement cap • On the road to 2 things – savings and predictability • Sustainability – is it enough? • Is there a way to educate staff on other health and dental options? • Took the step in 2016 with the money went into an HRA giving the options to choose • People have security in staying with ECASD • Can we ask if they have other insurance? • Is there a cost savings there? • Can charge more for spouses that can get insurance elsewhere • Administration stand point it a huge barrier • Trust in organization – personal situation dictates how you are valued • Is there a way to present board members on committee have asked Abby to present? • There has been a lot of misinformation 	
4. Future Agenda Items	<ul style="list-style-type: none"> • Budget planning (referendum) 	

Next Meeting: 12/18/2018