

Budget Development
10/23/2018
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 • Nothing today 	
2. Budget review	<ul style="list-style-type: none"> • Abby's PowerPoint • Can we break out dollar into more buckets? • Vouchers only go to private schools and are not our kids • Enrollment is kids that are physically in our buildings • Kids are counted when they go to a Public-School vs Private School • How much do we get for pupil? – \$9K and what goes out for the vouchers, we don't keep the difference – it is a separate line item that matches exactly • Message how to show community they pay for the private school kids • Transparency is being voted on to be able to show community what we are doing • We don't actually receive any SPED vouchers • You have to be denied services and other hoops that we have to jump though more things, we currently don't have students qualify for these • We have a \$2M increase because of SPED and we only receive 24.5% back in categorical aid • Would like an enhanced version of the pie chart from last night's Board meeting • Open Enrollment out is a negative – if they are equal it is neutral • Home school students may come back to Eau Claire if they can do virtual school • Have been fast tracking virtual school idea • Hope to have that up and running very soon 	



- Looked for virtual school contractor that works with schools that meet expectations – this is an actual school
- Higher churn in and out of Virtual School
- Would also impact the District report card
- Worry – do not want to impact quality by trying to get revenue
- LaCrosse has a higher mobility than us
- Will try and see how we do and will help the public understand expenses out and revenue in
- Choice for parents – some parents choose to have virtual school
- Would McKinley be directly involved as the virtual school?
- McKinley Board raised considerable concern – that McKinley be the actual place for virtual school
- Mismatched between what happens at McKinley and what needs to happen at a virtual school
- McKinley Governance Board is very concerned and has issues with virtual school being here
- McKinley is up for Renewal for Charter School
- Can update the current contract or create new one
- McKinley is continuum of services
- Looking to see what a virtual school can and cannot do
- Salary and Fringe – can we pick a better word than Fringe – compensation package? Salary and Benefits?
- Felt underwhelmed by .5 for private school on the dollar visual
- Is there a better way to make it more impactful?
- Maybe make more like what parts of the dollar that doesn't go to our District - Would like to see quantified
- Should we have high quality staff be part of the IMPACTS slide?
- Staffing is the thing that we start with and gets the most attention – staffing is affected by changes, but doesn't make the change
- We receive state aid on membership average
- We have additional revenue due to the 93-kid count increase
- For every student we get \$9800 and we spend \$10,423



- We have always been very close to 50/50 for the equalized aid and this 53/47 is the best we have seen
- Ended 2017-18 year with an \$800K deficit – we are in the 1% - we did a good job throughout the year
- \$3.1M deficit projected this year
- Increase in student membership, per pupil aid
- Would think that the tax and aid would equal out
- How do you equalize the levy out so that tax payers don't see peaks and valleys?
- Referendum is an option? Yes, would impact the Fund 39 bottom line
- Debt will be paid down in 2 years and the tax levy will go down as well
- There is a substantial drop happening now
- Need to start talking about referendum soon
- We have to be ready to be ready to go by 2020-21 – previous discussion was when debt dropped
- Have an opportunity to talk about referendum after elementary boundary listening sessions
- Timing would make a lot of sense from the building projects
- Is it appropriate to go to referendum at this time?
- Is there a way we are communicating out to the public that the taxes are going down? Will have a communication out to staff and Board after the budget is adopted – report to the community that we got more state aid than in the past
- Selling point, even though we passed a referendum your taxes went down - good stewards of the money
- State aid and equalized value – we are a growing community
- We have solved internally and now we have to have the next conversation – look ahead
- Impacts were from vouchers – did make changes in other places so we didn't feel all the \$735K of the iPads
- Changes in capital, insurance, debt – but not significant in overall budget
- 2.8% increase – if we are within 3% we are good, because there are things we cannot control
- Total increase \$4.4M in Salaries and Benefits – \$3.8M of that is in the regular salary



- In order to have an impact to our deficit we have to take a look at these bigger buckets
- We can work on the rest, but it doesn't make as big of a difference as the large %
- There are things that impact the budget that we cannot change, and we have been making changes in other areas the best we can
- Elementary boundaries – equalizing North & Memorial did have an effect on Open Enrollment – have had parents who wanted to Open Enroll and had to go to North, so they decided to go to another district because they wanted Memorial High School
- At the Chamber meeting had 4 parents ask if Memorial is still closed
- Transportation has been a factor as well for sending kids to North
- 250 kids recouped from Open Enrollment that is \$2.5K
- We are at 16.6% for the Fund Balance
- Staffing is challenging, and SPED hires are needed to meet IEPS
- Is the \$2.8M planned as the referendum?
- Did not have salary increases in referendum at the beginning added when was finalized
- We needed the money for recruitment and retention
- Original was for, debt, class size, technology, safety, and security
- Wanted to impress to community that we wanted to attract high quality staff – incorporated as a need
- Needs will vary ever year – in terms of class size and technology
- More and More of the budget is going to salary because technology needs are being met – safety and security grant has helped for unexpected needs as well
- Use Fund 49 for deferred maintenance referendum projects
- Projected revenue \$161M
- Expenses \$176M less \$13.3M for projects
- Food Service is balanced and treated like a business
- We are the only one in the area that contracts out our substitutes
- Will Fund Balance impact our borrowing?
- If we do the normal borrowing in November it would have an effect



	<ul style="list-style-type: none"> • Fund balance is VERY concerning – trend is concerning • Been talking about options for borrowing • Same thing will be seen around the area with schools that are under spending that state average. Difficult decisions ahead - Have been able to keep cuts away from students - Not sure that that is going to continue to be possible if we keep on the same route • Culinary project has go ahead, but didn't go ahead with new vehicles for B&G or replacing plow – electric energy pricing has risen this year as well • We haven't exceeded the mid-range of the class range – may be uncomfortable – we are well within the midpoint – additional action could be to direct to go up to top end of class size – might look at programs and enhancements – tech or science – has impacts on students • May be in a better place after the budget? • \$200 aid was a onetime adjustment in biennium budget – current law has reduction for this • Increases state aid, but doesn't fix the revenue limits • School funding needs to change - We don't know what has been happening • Aid is \$7M dollars in our budget and if it goes away, we could have a much bigger problem • DPI will estimate aid on July 1, but we don't actually know • If we did business as usual, we would have over a \$5M deficit – not sure how much more we can do behind the scenes 	
<p>3. OPEB Next Steps</p>	<ul style="list-style-type: none"> • Abby's PowerPoint • OPEB is a difficult conversation, but it is impacting the budget at this point • What are the tradeoffs? • None of them are easy decisions to make • What are some of the things that are impacts or tradeoffs? • Even if we make changes to OPEB that doesn't solve the whole problem • Timeline shows to make a vote in December • If we don't do a recommendation, what do we do next? Board has lots of feedback • We will do what you want us to do, but until a decision is made, we keep spinning 	



- Put into context of other options that is clearly the next steps
- Homework: What are the other things on the list to make changes to?
- There is a lot of ambiguity out there for the Board to just make a decision
- Bring OPEB questions to the next meeting
- Big question is WHEN? Is this 19-20?
- When is the last minute we can make a decision?
- At some point we need to take some action – if it is no action then we need to make the decision and communicate it out
- Seemed like people were saying that it has to be postponed until after the election
- Historically what have we done? – perception is we have made cuts – we have to look at revenue
- Are we waiting for revenue and election?
- No, how soon and how much? How much are we able to bring in?
- Concerned about sitting in this room in 1 year looking at a \$10M deficit
- OPEB doesn't see less cost for a few years
- List is hard but has immediate impact
- Feels like putting this all on staff in the list
- In the 22% that we have to play with we have reduced to what we can
- Can we add referendum to the list?
- All maintenance deferred – then we got into \$25M of deferred maintenance that needed to catch up
- Can maybe go down that road again – \$1.6M/year
- Extreme step but little amount
- No additional time or training – \$1.5M
- If additional reductions we go into effect on students and now staff
- Running on a shoe string: what about cold winter and equipment breakdowns? How do we frame this?
- OPEB, Increments – evaluating how it works
- Putting this on the backs of staff is the opposite of what we want to do – trying to look objectively but nothing else makes sense
- OPEB needs to be settled one way or another