

SPECIAL BOARD MEETING
 APRIL 22, 2014
 SCHOOL ADMINISTRATION OFFICE

TRUSTEES PRESENT: Chairman Alexander, Trustee House, Trustee Reynolds, Trustee Checketts, Trustee Donahue

OTHERS PRESENT: Tim McMurtrey, James Gilbert, Cliff Ogborn, Sharon Whitman, Denise Weis, Rosemary Ash, Marilyn Kellerman, Rich Urquidi, Karen Kohring, Chris Alzola

A special meeting of the Board of Trustees of Mountain Home School District No. 193 was convened at 7:16 p.m., April 22, 2014, at the District Administration Office, 470 North 3rd East, Mountain Home, Idaho, in said district, pursuant to authority provided by Title 33 Chapter 5, Section 33-506(2), 33-510, 33-512, 33-701, and Title 67-2342 through Title 67-2345, Idaho Code, and pursuant to affirmation by the Clerk that notice of the special meeting had been given to each trustee and had been announced via electronic mail and posted public notice as required by law. A copy of the Notice of a Special Meeting of School Trustees so posted follows:

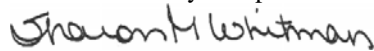
**NOTICE OF SPECIAL MEETING
 BUDGET WORKSHOP MEETING OF THE BOARD OF TRUSTEES
 MOUNTAIN HOME SCHOOL DISTRICT NO. 193
 Mountain Home, Elmore County, Idaho**

NOTICE IS HEREBY GIVEN that a special meeting – Budget Workshop, of the Board of Trustees of Mountain Home School District No. 193, will be held on Tuesday, April 22, 2014, at 7:15 p.m., at the District Administration Office located at 470 North 3rd East, Mountain Home, Idaho, in said District, during which the following business will be conducted:

- I. Budget Workshop
- II. Adjourn

This Special Meeting of the Board of Trustees of Mountain Home School District No. 193 is called pursuant to Title 33 Chapter 5, Section 33-506(2), 33-510, 33-512, 33-701, and Title 67-2342 through Title 67-2345, Idaho Code.

Dated the 19th day of April 2013.



Sharon M. Whitman
 Clerk, School District No. 193
 Mountain Home, Elmore, Idaho

At 7:15 p.m., Chairman Alexander convened the special meeting of the Board of Trustees to discuss the proposed FY15 budget.

- I. **BUDGET WORK SESSION** – Mr. Ogborn started the workshop by reviewing the preliminary budget report.

Mr. Ogborn stated that this is just a preliminary report, but he felt that it would be very close to what the actual numbers will be after the final estimates and clarifications are made.

Mr. Ogborn said he was assuming a zero-fund balance at the end of this year due to the emergency levy we had to evoke that should offset the \$285,000 deficit from the carryover of FY13. He began by explaining the revenue the district is expecting to receive: \$69,500 in local revenue; \$2,760,000 in county revenue due to our patrons support of the supplemental levy and \$60,000 in torte; \$16,486,666 in state, which includes the salary-base apportionment piece, entitlement, benefits, and transportation; \$742,500 in other state revenue is detailed in later pages; \$1,550,000 in federal revenue, which is impact aid. He added that is always the wild card in budgeting and we still have a backlog of a number of years that have yet to be released. Trustee Donahue asked how many years is the district backlogged in receiving impact aid and Mr. Ogborn replied 2010, 2011, 2012, and 2013, but we don't have any idea of what they [federal government] plan to give us. He also informed the Board the federal government is auditing our FY15 application regarding categorizing of students regarding impact aid.

Mr. Ogborn reviewed some of the expenses: \$13,183,047 in salaries; \$4,521,566 in benefits; \$3,222,000 in purchased services; \$494,000 in supplies, \$14,000 in capital; \$130,000 in other expenses, which is the same as this year; \$44,000 in transfers, which is also the same as this year.

Mr. Ogborn said we have a total expense of \$21,608,614, which includes about \$3 million in salaries, benefits, and purchase services that pertain to the special education needs that we provide our students that are federally mandated and not reimbursed by any state or federal agency; this is above the IDEA funds and expenses. Chairman Alexander clarified that the \$3 million is money that comes out of the funds for the mainstream students.

Mr. Ogborn continued to explain the preliminary revenue estimate of \$21,651,166, in more detail and informed the Board that local revenue is from such things as facilities rental (\$5,000); miscellaneous revenue (\$22,000); donations (\$500); prior FY credits (\$14,000); Jury Duty (\$500); miscellaneous sales/rentals/sale of assets/penalties/school charges (\$27,500); equaling \$69,500. He added that the state revenue included the base support (SBA & Entitlement) of \$15,636,666, and Transportation reimbursement of \$850,000, equaling \$16,486,666, in total state foundation payment. He mentioned that the county revenue included the supplemental levy and torte equal to \$2,760,000.

Mr. Ogborn explained the breakdown of some of the other state revenue in detail and added that these funds are dedicated funds that can only be used in accordance with the legislative wording and of the language of the new House Bills. He said that high school math/science redesign, according to Idaho Code 33-1021, came to \$55,000; the new legislative HB639, which addresses classroom technology, came to \$110,000; Medicare, which can only be used for special education is estimated to be \$208,000. Mr. Ogborn said the state lottery money is estimated to be about \$75,000, which has been as high as \$260,000, and added that the legislators keep carving chunks of the lottery fund that should be going to education into other areas such as permanent building funds and into bond equalization funds; school districts are getting smaller portions of the total lottery proceeds.

Mr. Ogborn then broke down the preliminary expenses estimate of \$21,608,614. He said that certificated staff salaries are \$9,171,315; classified staff salaries are \$2,183,013; administration salaries are \$1,107,087; substitute salaries are about \$371,633, thus equaling \$13,183,048 in total salaries expenses. Mr. Ogborn then reviewed the preliminary benefits estimates of \$4,521,566, which included workman's compensation expenses, FICA, PERSI, and sick leave. He added that PERSI rates increased from 10.65% to 11.32%. Mr. Ogborn reviewed the purchased services expense of \$3,222,000, which included special education therapy services of \$646,900; utilities of \$750,000; bussing of \$1,050,000; basic building repairs and maintenance of \$382,400; and other expenses of \$392,700. He added that special education therapy services increased \$30,000, and utilities increased because of the utilities rate increases, so all the money we saved in energy costs went into the rate increases. Mr. Ogborn added that supplies are an estimated \$494,000, which includes textbooks, building supplies, bus fuel, etc. He then mentioned that capital expenses are \$14,000; other insurance expenses are \$130,000, and transfers-out expenses are \$44,000, which is the district paying the food service FICA as required by law; equaling \$188,000.

Mr. Ogborn informed the Board that the district's preliminary budget shows revenues over expenses of \$42,553.

Mr. Ogborn reviewed the worksheet that the SDE uses to determine their salary-based apportionment. He said the administrative base went from \$31,833 to \$32,151; certified base went from \$23,123 to \$23,354; classified base went from \$19,058 to \$19,249. He said we have 184.4 support units. Mr. Ogborn then explained the breakdown of the calculations used by the SDE to determine the Calculated FTEs and the Staff Allowance. He added that the SDE allows 13.8268 for administration, and the district's actual FTE is 14.6500; the SDE allows 202.7931 for instructional, and the district's FTE is 196.4039; the SDE allows 69.1340 for noncertified (classified), and the district's FTE is 90.6969. Mr. Ogborn continued to explain the SDE formula and how the salary based apportionment is calculated. He informed the Board that the Salary-based Apportionment from the SDE for administration salary is \$794,647.21, for instructional salary \$7,546,674.52, and for noncertified salary is \$1,330,760.37, the SDE reimburses us in total \$9,672,082.10 and our actual cost is \$12,461,415, which means we pay 28.8% above what the SDE reimburses us. Mr. Ogborn continued to explain that the additional salaries that we pay from the state allotment is \$2,789,333, we have to pay the full federal requirement of PERSI and FICA of \$529,136, with no reimbursement from the state. He summarized by stating that the district's total salary-based apportionment is \$9,672,082.10 for FY15 based upon an estimation of staff and administration and 184.4 support units. Mr. Ogborn explained the SDE's phony corner. He said that the minimum salary for a beginning teacher is \$31,750.

Mr. Ogborn then presented the proposed changes for the FY15 budget worksheet. He said that on the certificated side, we propose to increase the contract days from 185-days to 187-days, this adds two professional development days, one-day for technology and one-day for curriculum. Mr. Ogborn explained that adding the two days is a 1.0108% increase in salary, this would be paid from the increase in the base from the state and from the legislative intent language of a base of \$15,000 + \$350 per certificated FTE in each department. He added that when staffing were cut in 2008, the Board and district administration's priority was to reinstate days as soon as funding allowed with professional development being the priority. Mr. Gilbert clarified that what Mr. Ogborn was speaking of was the language in HB638, in which the money must be used for professional development only. Mr. Ogborn informed the Board that we are currently budgeting 196.5 General Fund FTEs, but the state said that we could go down to 9.5% below the allowance and still get paid for the allowance; we're 6.34 FTEs under the allowance. He added that the certified base salary increased from \$31,000 to \$31,750.

Mr. Ogborn informed the Board of the proposed changes to the classified staff for FY15. He stated that for the majority of the classified positions, their current days would remain the same. He continued to explain that the GenEd & SpEd paraeducators, and cooks would maintain the current employment days, no additional days, but for the fulltime, year-round employees, we would reinstate the two furlough days that were instituted in 2008; we would like to increase the pay grade for Cook Managers and Cook I & II positions for market equity and retention. Chairman Alexander asked if having a new food services company affects the pay of the staff of food services. Mr. Ogborn replied no, and that the district would still pay their salaries, benefits, and PERSI. Mr. Ogborn then notified the Board that we would add a technology database person to facilitate program data management; this would be a 256-day per year position, at the classified pay grade of 15, which would partially be funded by the SDE from the technology staff intent language.

Mr. Ogborn then discussed the administration proposed changes. He said the administrative contract days would increase from 201 days to 203 days for elementary, and from 211 days to 213 days for secondary and District Office. He added that Mr. Goodman would go from a certified position into a Director position and Mr. Tesar would be ½ certified and ½ administration. Mr. Ogborn informed the Board that moving these two people is why we are above the state allowance administrative piece, but felt that these two individuals needed to be moved to the administrative salary scale for the job they are doing.

Mr. Ogborn explained the addendas of \$461,585, which basically pays for coaching, stipends, etc. He said the \$279,880 is paid from General funds. Mr. Ogborn also explained that substitute pay is about \$392,000, of which \$350,000 is from General Funds. He added that these weren't covered in the salaries apportionment as these aren't reimbursed. Chairman Alexander asked how the substitute numbers were calculated and Mr. Ogborn replied by historical data.

Mr. Ogborn reviewed some additional changes such as the PERSI rate the district pays changed from 10.65 to 11.32 in FY15, and we are paying unreimbursed Federal benefits of \$528,283. He continued to explain that Healthcare is not specifically funded by the SDE, but are paid for by school district discretionary funds; Healthcare premiums to the district increased about 12%; Dental and Vision premiums to the district increased 5%, so the overall increase in premiums to the district is \$219,250. He added that sick leave and workers comp isn't paid for by the SDE, therefore a cost to the district. He included that the Utilities increase for FY15 is \$30,000.

Chairman Alexander asked if Mr. Ogborn looked at the Healthcare Exchange. Mr. Ogborn replied that if we start looking at that then we are basically cutting off healthcare benefits and just paying employees to go look for healthcare on the exchange would make it difficult to recruit employees. Chairman Alexander said that maybe we could find a plan that we could sign up a few hundred people. Discussion started regarding the Healthcare Exchange and the different options employees could have, the Affordable Care Act and the benefits to employees, how claims are paid using the Healthcare Exchange, and etc.

Chairman Alexander said that everything is straight forward and the only uncertainty is the +portion regarding Impact Aid; not many people understand Impact Aid and maybe one day we might get that big check from years ago. He added that with the political environment the way it is might mean we can only estimate how much we expect to receive. Mr. Ogborn said that we had a fund balance of \$700,000 and we came in with Impact Aid \$1 million dollars under budget; should we receive a check from Impact Aid of maybe \$1 million, he would like to see the district reinstate our fund balance and get it up to a level that could survive a hit like we took on Impact Aid without going in the negative. Trustee House added that the auditors tell us that every year.

Chairman Alexander felt that we need to address maintenance first, we have no money for maintenance; we need roofs for HMS and West. He said that the district could barely patch the roofs anymore and we used most of what was left of the Plant Facility to do that. Mr. Ogborn stated that we also need to address student safety. Chairman Alexander stated that the problem with that is in order to do the maintenance, we would have to try to pass a bond and that puts the fear of God in everyone. He continued to say that a few years ago we put a couple of overbuilds back when we had Plant Facility and that saved East and North elementary schools. Chairman Alexander said that to put an overbuild roof on HMS would cost upwards of \$10 million; when that roof goes then HMS goes as well. Discussion continued on the upkeep and maintenance of the school buildings and facilities, textbooks, technology, etc.

Mr. Richard Urquidi asked about utilities and that it would increase \$30,000 this year, but didn't we save quite a bit by having the high school cold and really hard to teach in. Chairman Alexander said that he could only compare is the volume of kilowatts and gas units because the rates have changed so much. Mr. Urquidi then asked if the energy program was really working or not. Chairman Alexander replied that he believes the program is working because we can prove that we consume less electricity. He added that it's frustrating because Idaho Power had a 13% rate increase, which offset our savings; Idaho Power has increased rates almost 30% in the last five years. Mr. Urquidi asked if we budgeted less than what we normally budget. Mr. Ogborn replied that it is lower than what is normally budgeted because according to the reports received by him, the numbers reflect that there are still situations that the district can reduce energy costs. Discussion on energy reduction and costs began. Mr. Urquidi informed the Board that with everything coming down [Common Core] he can't be in his room at all after 4:00 p.m.; it's hard for teachers to get anything done. Mr. Gilbert explained to Mr. Urquidi that he was in the most

(energy) inefficient building, because he's been in some of the rooms at the high school that are 75°F-80°F in the middle of winter, but to answer his (Mr. Urquidi) question, yes, the district's energy consumption is drastically down, but rate increases are way up. Mr. Gilbert added that we can do anything we want to do regarding energy consumption but where do you want us to pay for it from. Mr. Urquidi said he understood but just wanted you (Board) to understand that's very hard to get their jobs done. Chairman Alexander stated that the reason we're here is to educated students, but if that's not working than we need to find something that does work. Trustee Donahue suggested the Board revisit the energy program and see how well it is really working, maybe get quarterly reports. Mr. Urquidi said the reports look really good, but it's no fun. Trustee Donahue said that the Board could look a pockets and see if there are vast differences. Discussion continued regarding energy, energy savings, the energy inefficiency of MHHS, etc. The Board will revisit the effectiveness of the energy program.

Mr. Ogborn concluded by asking the Board's guidance of the preliminary budget, the personnel changes, the other changes planned for the FY15, and if the Board is accepting of the preliminary budget, a notice will be posted about two-weeks (not less than 10-days prior to budget hearing) prior to the budget hearing. Chairman Alexander stated that due to the financial problems for the last eight years because of the legislators, balancing school district budgets means having to balance them on the backs of teachers. He said that teachers had to take a big pay cut years ago and we haven't recovered from that, and we wanted to get you back some of the days, they're baby steps and we wish we could do more. Chairman Alexander continued to state there is a lack of leadership, there is no leadership in the state capital, and there is no direction even though the Idaho Constitution and the United States Constitution clearly states that government is supposed to pay for education, but they choose to ignore it.

- II. **ADJOURN** – All business of the Board having been completed, Chairman Alexander called for a motion to adjourn. A motion from Trustee House to adjourn was seconded by Trustee Donahue. Motion passed. Meeting adjourned at 8:15 p.m.

Chairman Alexander

Clerk Whitman