

**Budget Development**  
**11/13/2018**  
**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 checked="" type="checkbox"/> Larry Sommerfeld
<input checked="" type="checkbox"/> Tami Rowe				

TOPIC	DISCUSSION	ACTION
1. Public Comment	<ul style="list-style-type: none"> <li>• Mark Goings</li> <li>• Urges Board to make a decision so that the uncertainty will be clearer</li> </ul>	
2. 5-year Capital Plan	<ul style="list-style-type: none"> <li>• PowerPoint - Handouts</li> <li>• Culinary Projects for North &amp; Memorial – Not total costs – Remainder coming out of 19-20 budget</li> <li>• Mechanical contractor that was low bid indicated that his bid was not accurate</li> <li>• Tariffs that have been put in place that we will have to deal with - \$50K contingency, but has concerns with rate of inflation</li> <li>• Oil prices have been dropping and when we bid again in January not sure what we will see</li> <li>• Deferred for 2020 – high value projects = \$1.6M includes deferring projects past 2020</li> <li>• Safety Grant - \$80K – South Secure Entry</li> <li>• Will be bidding in larger numbers to hopefully get better bids back</li> <li>• Numbers will be higher on referendum projects based upon inflation</li> <li>• Will be revisiting each building and projects to update the numbers</li> <li>• Focusing on closing up referendum projects and implementing culinary project</li> <li>• \$8M will be under construction this coming summer – did about \$12-\$14M last summer</li> <li>• What is left then at the end of next summer?</li> <li>• Everything will be bid and roofing projects</li> <li>• Big unknown next year – tariffs and inflation – 8-10% range in construction seen this year</li> </ul>	

<p>3. Middle School Review</p>	<ul style="list-style-type: none"> <li>• PowerPoint - Jim</li> <li>• Started 1 year ago with Middle School Principals and how they schedule their days</li> <li>• APs did a needs assessment with staff, students, and parents at the Middle School level</li> <li>• Will finish up end of November with more collaboration</li> <li>• Intervention time has been different in all buildings, so we are aligning them</li> <li>• Similar to Elementary Target Time – Middle school has been a challenge – data gets collected and how it gets used</li> <li>• Lack of growth in ELA at Middle School level</li> <li>• Model across US is double block with Reading and ELA</li> <li>• There is resistance to changing the Middle School format – review is to work through this</li> <li>• Secondary all level planning is nonexistent because of MAPE in elementary</li> <li>• Middle School has team planning time – needs for team time and content time – this is more of the challenge - How does this correlate to the Budget?</li> <li>• Could be an impact on staffing</li> <li>• We have a number of staff who travel – giving them a home will give more time for collaboration</li> <li>• In staffing study – we have more travel time across the district – staff were reassigned</li> <li>• In Elementary a 1.0 could be serving more depending on the size of the elementary building – tried to level this out based on a 3 section being a 1.0</li> <li>• Northstar is smaller so more staff are coming and going</li> <li>• Makes it a challenge in core areas if there is a split</li> <li>• Curriculum work needs to be done at the Middle School level as well in terms how active the students are and if the instructional strategies are age appropriate</li> <li>• May come to Budget Development about staffing for feedback</li> </ul>	<p>✓</p>
<p>4. Budget Planning</p>	<ul style="list-style-type: none"> <li>• PowerPoint</li> <li>• Day budget was adopted, the next day Exec Team started to review the 2019-20 budget</li> <li>• We don't know what is going to happen with the \$204 categorical aid received in 2018-19</li> </ul>	<p>✓ Would like to see that our basic structure is sound – would like to have in</p>



- 2019-20 Per Pupil could see a reduction of \$200,000
- More funding for special ed will certainly have favorable impact on our budget
- Had to take \$2M more out in our regular budget for special education
- 2016-17 had a jump due to referendum, passing other increases were because of the per pupil aid increase
- Aid is in addition to our cap – is not included in the cap – has impact on state aid and property taxes
- Historical perspective on Salary, CPI, Additional Time, Increments
- Looking at an increase of \$1.3M for next couple of years
- We cannot change WRS and Social Security
- Will be going to bid for Health Insurance – not sure what this will look like
- Have these things on our radar for future discussions
- 78% in our budget in salary and benefits
- Is this supportable or do we have to watch out – what's ahead?
- OPEB and Health Insurance is all unknown
- 2% each year is another rolling piece we have to be conscious about
- When you look at the flat 2% across the board – is it time to look at the salary schedule – can we compare to state average
- 2% is different from the top to the bottom – part of the thought is that it would be predictable in addition to the CPI increase
- When you add CPI on top of that – it doesn't become sustainable
- First year was 3.26% included level movement – this time is 2.25%
- Hard to compare our salary schedules to the others – would like to look into how we pay our admin and people who support those people
- Board needs a protocol for what we mean for cost of business – what is that point, and can we anticipate it
- We knew that passing the salary schedule would put us further into debt
- 2% is our cost of doing business – do we need to look at that

context for the CPI discussion



	<ul style="list-style-type: none"> <li>• How do we handle CPI – cost of business 1<sup>st</sup> if we can – and CPI only if we are sure that it is supportable – per a protocol</li> <li>• We had fallen behind in the market and now we lead – at what point do we want to level off?</li> <li>• Hard to fill positions tend to have a higher starting due to hard to fill</li> <li>• Debt Schedule We have debt dropping off in 2020-21 – has an impact on tax levy – want to keep level – when it drops it is smart time to levy to keep it flat</li> <li>• If we go to referendum – is there an operational piece in it?</li> <li>• Budget Development Committee needs to start planning soon for that conversation of referendum</li> <li>• If state comes in at 2/3 funding – will not change our revenue limit – only if they change formula - need to show what we have done to prove we have done everything we can</li> <li>• If they choose 2/3 can we take advantage for tax payers to help us?</li> <li>• How much will the tax payers support us – would you match what it was, or would you let them see a little decrease?</li> <li>• Good Idea to structure debt payments</li> <li>• For a big district we don't have a lot of debt</li> <li>• How does baby boomers retiring in the next 5 years affect what we have?</li> <li>• CBIZ – replication to 8 schools to compare – what does it look like 4-5 years later?</li> <li>• Salary schedules in other schools are compared to benefits and PD, and funding – ECASD is not like that</li> <li>• Do we need to look in the schedule – do we need to freeze – are we in line with everyone else – if we freeze – difficult to unfreeze – 6-7 years of freeze – created the gap/glitch groups</li> </ul>	
5. OPEB	<ul style="list-style-type: none"> <li>• Continuing conversation</li> <li>• Picked December strategically because of retirements in January and March</li> <li>• What are the consequences – if we don't make decision – put a cap in place for what we have today</li> <li>• We do have almost 500 people in the age range of 45 and over</li> </ul>	



- Did see a decrease in history, but this last year we saw an increase
- Target to save \$1.5M would impact our budget
- If we don't make a decision, we keep pushing them down the road and delaying the savings
- Doesn't have a huge impact in the next 5 years, but in 7+ years it does impact
- Costs will keep growing and health insurance will continue to grow
- Capping – can cap and make it predictable
- Can we look at no change or less structural change – by adding in the cap we don't see a budget impact
- Why wouldn't we cap – want to put this to bed
- Can we see the Cap scenario?
- Want to lay out the broadest scope of options
- Do we cap and salary freeze?
- What is the timeline?
- What are the levers – can we cap and have 3 options?
- REVENUE
- What is budget impact of enrollees out?
- Looking at MS curriculum will this help kids out
- Health Insurance – being proactive in knowing that we have 1400 employees that need health care
- We have some ideas about health insurance – we met with providers
- Shared accountability – population health initiative
- Public employers partnering together to have a voice with provider networks
- \$100M annual spend for public employers
- Had eye-opening conversations with providers
- Have only been getting higher increase and less of a plan
- 100 subs the day before a break in October
- 7.5 days combined sick and personal annually – 189-day contract for teachers and have 3-5 personal days
- OPEB – Pass It On!
- Seems from Mark's perspective – that it is slowing down, and Board is taking a look at things more
- OPEB yes or no? - Cost of savings cap?
- Do nothing and move on
- Board needs to make a decision
- The longer we hesitate the more uncertainty there is



	<ul style="list-style-type: none"> <li>• Does have an effect on engagement and moral on staff</li> <li>• Other Boards took action shortly after act 10 and they are now seeing the savings</li> <li>• We will NOT see instant change – we knew that, but we will later</li> <li>• What will you do if this comes off the table?</li> <li>• Get tradeoffs in front of the Board</li> <li>• What about the employee’s perspective and opinions?</li> <li>• Staff will leave, morale is low, already made cuts</li> <li>• Seems like we are having a conversation without taking into account employee ideas</li> <li>• The amount of revenue we would have to make up would take a lot of work in a small time</li> <li>• What attrition rates do other groups have around us?</li> <li>• Need to include staff story</li> <li>• VERY difficult decisions for the Board to make</li> <li>• All of the things on the table will always have an impact on staff</li> <li>• Do we present that OPEB is just the beginning – are we prepared to do that in December or do we want to do the full band aid/packet?</li> <li>• What happens to our budget in October and November next year – we are well into the Fund balance – don’t know if we will see relief and support in this first term</li> <li>• What is this summer going to look like – could be very devastating</li> <li>• Important to get back our students</li> <li>• Getting a virtual school will help some</li> <li>• MARK - There is a weight on the staff end that we have been in purgatory</li> <li>• Staff appreciated the conversation in October – December may not be a decision time, but it would be good to hear where we are at</li> <li>• Is the goal of OPEB to hinge on save money or not and/or minimizing risk?</li> <li>• A,B,C half the people would be eligible to go – could have negative aspects</li> </ul>	
6. Next Meeting	<ul style="list-style-type: none"> <li>• Map out course of what they would like to see</li> </ul>	✓

**Next Meeting: 11/27/2018**