

SPECIAL BOARD MEETING
APRIL 15, 2008
DISTRICT ADMINISTRATION OFFICE

TRUSTEES PRESENT: Trustee House, Trustee Rodney, Toni Reynolds, Trustee Gridley (arrived at 6:07 p.m.)

OTHERS PRESENT: Tim McMurtrey, Connie Donahue, Cliff Ogborn, Sharon Whitman, James Gilbert, Albert Longhurst

A special meeting of the Board of Trustees of Mountain Home School District No. 193, for the purpose of holding a budget work session, was convened at 6:04 p.m., for the budget work session on April 15, 2008, at the District Administration Office, 470 North 3rd East, Mountain Home, Idaho, in said district, pursuant to authority provided by Title 33-510, and Title 67-2340 through 67-2347, 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 by written 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 OF THE BOARD OF TRUSTEES

MOUNTAIN HOME SCHOOL DISTRICT NO. 193
Mountain Home, Elmore County, Idaho

NOTICE IS HEREBY GIVEN, that a special meeting of the Board of Trustees of the Mountain Home School District No. 193, for the purpose of holding a budget work session, will be held on Tuesday, April 15, 2008, at 6:00 p.m., at the District Administration Office, 470 North 3rd East, Mountain Home, Idaho, in said District, during which the following business will be conducted:

- I. Budget Work Session
- II. Adjourn

This Special Meeting of the Board of Trustees of the Mountain Home School District No. 193 is called pursuant to Title 33 and Chapter 23, Title 67-2343(2), Idaho Code.

Dated the 11th day of April 2008.

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

At 6:04 p.m., Trustee House convened the special meeting of the Board of Trustees to discuss the proposed budget for the 2008-2009 school year.

- I. **BUDGET WORK SESSION** – Mr. Ogborn reviewed the proposed budget for FY08-09. He explained that this is a preliminary budget session so the Board could decide the direction to take.

Mr. Ogborn started by explaining that enrollment looks as if it had started a comeback after seven years of decline. We saw an overall increase of 117 students in 2007 and 26 students in 2008. This growth was in the town schools. Enrollment on the base continues to drop. Military “A” students were 1,048 in October 2000 and are at 479 for November 2007. He is forecasting a growth of 96 students for a total of 4,220 students and an overall growth of 2.23%.

Mr. Ogborn explained the support units. The number of support units is generated from the average daily attendance and unit divisors from Idaho Code. The unit divisors are basically an assumption of what an average class size is for the different grade levels. The higher the grade, the lower the divisor and the more the number of support units. The number of support units is influenced by the mix of the students' ages as well as the attendance rate. Support units are driven by ADA and not enrollment, a lower absentee rate yields more support units.

Mr. Ogborn reviewed the state revenue. State Revenue comes from four major sources. The first source of revenue is what is referred to as entitlement, which is based on the total number of support units. In 2009, state revenue has been raised to \$25,696 per support unit for an increase of \$254 dollars or 1% per support unit from last year. The second source of revenue is salary apportionment. The factor for the number and salary of the "staff" assigned to the support units are driven by Idaho Code. This is not what we pay our staff or how many staff we hire; it is a way of equably dividing the entire state education allotment to the districts based on common criteria. The third source of revenue is from the state for transportation costs. Idaho Code states that the district will be reimbursed for 85% of allowable costs subject to a 3% cap for costs above the state average. Allowable costs are only those costs for transporting students from home to school and back. Any athletic or competitive academic trips are non-allowed and must be deducted from total costs before the allowable percentage is applied. We are always over the cap because of the number of routes we need to transport students, the cost of each route, the number of special education buses needed, the number of riders, and we have to subsidize our contracted transportation company for rent of their building. We receive about 75% of total transportation costs as allowable costs. The fourth source of revenue from the state is from other revenue. This is money earmarked for special things such as remediation, textbooks, etc. The state pays a portion of the total costs for these items and we must certify that we have spent this money appropriately and have made at least the required corresponding match.

Mr. Ogborn reviewed the federal revenue. Students are categorized into two groups; "A" students are students whose parents live and work on a military installation, and "B" students are students whose parents work on federal property but live in a civilian location. For each student that moves from the base to town, we suffer a net revenue loss of about \$2,000. We are forecasting a decline of base "A" students.

Mr. Ogborn reviewed the emergency levy. Emergency levy funds are calculated using an average support payment amount for each increase in student attendance over the previous year. We were only able to levy about half of what we anticipated. This is based on the first eight days of attendance.

Mr. Ogborn reviewed other revenue. Other revenue is money we received from all the smaller grants, interest, etc. The SDE gave the district five payments of 20% each of our allotment to invest the front loaded payments and generate interest income from the investment.

Mr. Ogborn reviewed staffing. We try to maintain staff in similar number to those generating the revenue, but our needs have historically outweighed the reimbursement. In FY08, our certified staff was actually at 221.45 while the allowance for state reimbursement was capped at 213.84 based on the 194.4 support units in FY08. We get the lesser of what we actually employee. This level of staffing is difficult to predict because the actual number of staff is reported in October but the number of support units and the corresponding allowance for reimbursement is not determined until the following February and by then, it is too late to correct the situation. While we are only 7.61 above the state allowance for the quantity of staff, we exceed the state reimbursement by a wider gap in total salary expense. Presently, the amount that we pay over what the state reimburses is \$2,197,000. We also give a raise of 4.3% when staff moves from lane 1 to lane 2 on the salary scale for having received 10 additional credit hours; there is not a corresponding increase in reimbursement from the state to the district until the employee has 12 additional credits. Our minimum salary by Idaho Code must be raised to \$31,750 from the current \$31,000. We currently pay 86% more for all of our classified staff than what we are reimbursed by \$1,200,000. Discussion ensued regarding staffing for the FY09 and how to fund staffing.

Mr. Ogborn reviewed benefits. The state reimburses the district for PERSI and FICA on the allowable salary based on support units. Any PERSI or FICA on wages paid above the allowance is not reimbursed. The state does not reimburse the district for any portion of our healthcare premiums. The rate of healthcare inflation is 12-14%. The total insurance costs for FY09 are budgeted at \$2,166,000, an increase of \$176,000.

Mr. Ogborn reviewed some other services that we pay for every year. There are four major areas: utilities, student contract services (special education), transportation, and all other remaining services. The costs for HVAC have increased \$40,000 over FY07 and \$100,000 over the FY08 budget. These are necessities. Utilities will increase by \$725,000, a \$35,500 increase from FY08. Professional student services for our special needs students are high with one contract of \$110 per hour for one contractor. Contract services for student services have increased \$193,000 from FY07 and a 4% special education transportation increase.

Mr. Ogborn reviewed the classroom fund, other supplies, and insurance. The SDE had approved the funding of the \$350 classroom supply monies. Teachers each receive \$350 to purchase authorized supplies for their classroom. Other supply costs have also increased. Mr. Ogborn is considering changing our insurance carrier to provide a better blanket of coverage and cost.

Mr. Ogborn summarized by stating the expenses will be in excess of revenues of \$1,626,077 of the FY09. He believes the district needs to look at ways to insure a practice of surplus revenues until an adequate fund balance is obtained. We have survived several years of declining revenue dipping into the existing fund balance reserves. These reserves, probably by the end of FY08, will be depleted. Total revenue for FY08 was \$22,729,827 and total projected revenue for FY09 is \$22,617,910, a difference of -\$111,917. Federal revenue was \$2,606,038 FY08 and is projected to be \$2,027,938 FY09, a difference of -\$578,100. Transfers were 608,000 for FY08 and are projected to be \$60,000 for FY09, a difference of -\$548,000. Expenses were \$23,759,742 for FY08 and are projected to be \$24,243,987 for FY09, an increase of \$484,245. The projected budget FY09 Fund Balance will be a deficit of -\$2,140,992. He is expecting the general fund, fund balance to be zero at the end of FY08. Further discussion followed regarding the budget.

- II. **ADJOURN** – All business of the Board having been completed the meeting adjourned at 7:07 p.m.

Chairman Alexander

Clerk Whitman