

SPECIAL BOARD MEETING
APRIL 13, 2010
DISTRICT ADMINISTRATION OFFICE

TRUSTEES PRESENT: Trustee Alexander, Trustee House, Trustee Rodney, Trustee Murray

OTHERS PRESENT: Tim McMurtrey, James Gilbert, Connie Donahue, Cliff Ogborn, Sharon Whitman, Mike Curtis

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 7:31 p.m., for the budget work session on April 13, 2010, 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 13, 2010, at 7:30 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 9th day of April 2010.

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

At 7:31 p.m., Chairman Alexander convened the special meeting of the Board of Trustees to discuss the proposed budget for the 2010-2011 school year.

- I. **BUDGET WORK SESSION** – Mr. Ogborn started the budget workshop by reviewing the JFAC report regarding all the education cuts and reductions. The JFAC report is about what the state reimburses school districts, it is not what we actually spend on salaries, benefits, etc.

Mr. Ogborn stated salary reduction amount to -4% for certificated staff, the minimum corner has dropped from \$31,750 to \$29,655, -4% for classified staff, -6.5% for administrators, and they froze both steps and lanes on the grid for reimbursement to us.

Mr. Ogborn discussed the Program distributions and how the state adjusted (reduced) the funding. Transportation was reduced by \$6,400,000. Salary-based apportionment was reduced by \$34,213,900. State paid employee benefits are reduced by \$4,991,600. The Teacher incentive awards are not being funded. The Early retirement program was reduced by \$1,000,00,00. Idaho Safe and Drug Free funds are reduced by \$6,681,400. Technology and Idaho reading initiative have been eliminated and the funds combined with the math, reading, and remediation was funded for \$11,700,000 this year but will only be funded for \$9,400,000 next year. LEP was reduced by \$2,040,000. The Gifted and talented program, classroom supplies funding (Luna Cards - \$250), textbooks funding, ISAT remediation, and math initiative funding has all been eliminated.

The total program distributions have been reduced by \$80,258,500. State discretionary funds have been reduced by \$48,267,300. Estimated support units have increased by 140. State discretionary funding per support units has been reduced by \$3,664.

The State Discretionary fund will be \$308,286,000 from \$356,553,300. The estimated Support Units dropped from 14,145 to 14,005. The State Discretionary dollar amount per Support Unit dropped from \$25,459 to \$21,795.

The state is saying that it isn't eliminating programs, but rather taking the funding from each identified category and adding it to discretionary funds so school districts can spend the money as the district sees fit, but then the state reduced discretionary funding as well. Our total net discretionary has been reduced by 14%.

Mr. Ogborn then reviewed how the state funds MHSD and how the cuts affect MHSD. The state has reduced our entitlement funding by \$3,664. The state has reduced our transportation funding by \$200,000. The SDE base reimbursement for administrative has been reduced by \$2,264. The SDE base reimbursement for certified has been reduced by \$1,002. The SDE base reimbursement for classified has been reduced by \$800.

We are projecting a continued decline in our support units from 190 to 188; this doesn't include the anticipated loss of 200 military families this summer. The SDE reduced our state distribution factor from \$25,459 to \$21,795. Our Entitlement will go from \$4,837,210 to \$4,097,460. We budgeted \$10,403,698 for FY09-10; we are budgeting \$9,966,779 for FY10-11. Our support subtotal went from \$15,240,908 to \$14,064,239. The state pays FICA and some benefits but it doesn't cover what we actually pay, which is in excess to what we are reimbursed. Our total estimated SDE state support went from \$18,217,735 to \$16,762,246; a \$1.4 million loss.

Mr. Ogborn reiterated this is not what we pay out this only what the state pays us.

Mr. Ogborn reviewed what the MHSD receives in revenue. The anticipated Impacted Aid will be greatly reduced by \$1.2 million because for the last few years, we have been paid Impact Aid based on phantom students because of the new housing projects going on base.

Impact Aid was calculated using what was an assumed student occupation rate living on base had the housing project been completed. The housing projects are very close to being completed but not yet funded and we will no longer be able to use phantom student numbers for Impact Aid. We will only be reimbursed if the project is funded. 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. We had 430 phantom "A" students in 2009; we currently have 30 phantom "A" students and we are projecting to have 15 phantom "A" students next year. This is a major reduction in Impact Aid. We are one of the five or six districts in the nation that is affected by this. We are looking at a \$1.2 million reduction of Federal funding in addition to State

funding. Chairman Alexander wanted to state the importance or rather the impact of losing the 200 military families. He said unless we are impacted by 10%, meaning 10% of our students are military related, we could lose Impact Aid altogether. He said we probably only have a couple of years in which we will receive Impact Aid. Discussion continued regarding Impact Aid, base housing projects, loss of a squadron at the base, and how that affects the amount of Impact Aid, and also how it affects the school district and the local community.

Mr. Ogborn continued to explain our budget calculations and the loss of revenue from the federal and state level as well as loss of revenue from the county and city level. He discussed transferring money from Federal Forest, which was used for such things as technology, and to bring what we can into the district to offset the reduction in funding to cover the salaries and appropriations. Mr. Ogborn's proposed budget for MHSD is \$2,785,075 less than this current school year's budget. He said districts have been warned of another potential 5% holdback.

Mr. Ogborn reworked the budget in two different drafts. The first budget draft left everything the same as the previous disclosed budget but with frozen steps and lanes thus reducing the district's expenses but leaving the salaries at \$13,848,023. The second budget draft was the same as the first budget draft except in addition to frozen steps and lanes, there would be a 4% (8-days) cut from the certified and classified positions, and 6.5% (14-days) from administration. The difference being a \$3,383,277 deficit as reflected in the first budget draft versus a \$2,678,770 deficit as reflected in the second budget draft. We save about \$590,000 in salaries alone and about \$100,000 in benefits if we freeze steps and lanes and have furlough days.

Mr. Ogborn explained he just input 8-days, but in actuality, he would have to tweak each individual's assignment because a paraprofessional being paid for 172 student contact days then 4% equals 7 furlough days, a full-time custodian will have 10.4 furlough days, a certified teacher would have 8 furlough days on a 190-day contract, etc.

Mr. Ogborn discussed possibly moving one of the Federal Programs Directors' salaries into that federal program. He feels we will be under the state allowance for administration, but over by ten classified positions. We're at the allowable number of teachers.

Mr. Ogborn discussed some other changes that have been discussed and could reduce the district's expenses such as buildings will have a 15% decrease in their building budgets, we could start charging more for facilities use, lower the building energy consumption at 4:00 p.m., consolidated activities to just a couple of buildings versus all of the buildings, more pay-to-play for athletics and activities, the junior high and high school will have to pay for referees and not have those salaries come from the district's general funds, we won't replace any computers or purchase textbooks, reduce coaches and coaches salaries, freeze or reduce healthcare benefits, etc. Discussion ensued regarding other cuts and how much should be cut without compromising student instruction and productivity, and without losing teachers.

A thorough and complete discussion continued regarding the budget and possibly running a supplemental levy. The discussion included how much should teachers be expected to sacrifice for their career; parents will have more daycare expenses with the furlough days; the possibility of staff leaving Mountain Home altogether therefore not only affecting the school district, but all the businesses in town, which would result in a reduction of taxes collected by the city and county, and so on and so forth – the trickle down affect. Mr. Ogborn reviewed the cuts already made such as the elimination of administrative professional training, maintenance reductions including allowing the grasses and fields to brown, etc. The district has already notified principals that all field trips for next year have been eliminated. Mr. Ogborn stated that with all the cuts and reductions, the district would still have a \$2.7 million dollar deficit.

The discussion led to suggestions of running a supplemental levy. Mr. Ogborn asked if the Board thought the public would be willing to pass a \$2.5 million dollar levy. He felt if we asked for a \$2.5 million dollar levy then those with a \$200,000 house, could expect about their property tax to increase another \$20 per month.

Chairman Alexander asked if it would be financially beneficial for the district to sell Atlanta and Pine properties. The Board discussed the pros and cons of selling property during this economy. They all concurred if the district could not sell the properties for what they are worth during a regular economy; it wasn't worth taking a loss on the properties. Trustee Murray asked what it would do to our tax base. It wouldn't affect us because the community is still in a school district. Chairman Alexander asked Mr. Ogborn to have the properties appraised and research what the properties were worth for the last six years.

The Board continued to discuss holding a possible levy. The Board discussed if the levy doesn't pass, having additional salary and benefits cuts could possibly cause foreclosures and other hardships to teachers. Hopefully, the community would understand the programs such as music, PE, foreign languages, sports, and other activities would be seriously considered for elimination and hope. After additional discussion, Trustee Murray felt it would be better to ask for a \$2.7 million dollar levy because asking for \$2.5 million dollar levy would still leave the district with a high deficit for the next year. Trustee House and the other trustees agreed and said patrons need information that is easily understandable and not accounting terms or legal words. Chairman Alexander said the community needed to know that not everyone pays property taxes. They also need to know that we don't have control the insurance increases, gas increases, electrical increases, and such handed us by companies. Further discussion continued. The levy would be a two-year levy.

Chairman Alexander asked Mr. Mike Curtis if he had anything he would like to say. Mr. Curtis asked the Board not to underestimate the MHEA. The Association members know and understand they have a much-invested interest in the budget and possibly holding a supplemental levy election.

- II. **ADJOURN** – All business of the Board having been completed, Chairman Alexander called for a motion to adjourn. A motion from Trustee Rodney to adjourn was seconded by Trustee Murray. Motion passed. Meeting adjourned at 8:44 p.m.

Chairman Alexander

Clerk Whitman