

SPECIAL BOARD MEETING  
APRIL 10, 2012  
DISTRICT ADMINISTRATION OFFICE

TRUSTEES PRESENT: Chairman Alexander, Trustee House, Trustee Murray, Trustee Checketts

OTHERS PRESENT: Tim McMurtrey, James Gilbert, Cliff Ogborn, Sharon Whitman, Tara Handy

A special meeting of the Board of Trustees of Mountain Home School District No. 193 was convened at 7:29 p.m., on the 10<sup>th</sup> day of April, 2012, at the District Administration Office, 470 North 3<sup>rd</sup> East, Mountain Home, Idaho, in said district, pursuant to authority provided by Title 33 Chapter 5, Sections 33-506(2), 33-510, 33-512, 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:

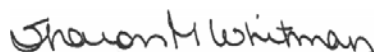
**NOTICE OF SPECIAL MEETING  
BUDGET WORKSHOP MEETING OF THE BOARD OF TRUSTEES  
MOUNTAIN HOME SCHOOL DISTRICT NO. 193  
Mountain Home, Elmore County, Idaho**

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 10, 2012, at 7:30 p.m., at the District Administration Office located at 470 North 3<sup>rd</sup> 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, and Title 67-2342 through Title 67-2345, Idaho Code.

Dated the 6<sup>th</sup> day of April 2012.



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

At 7:29 p.m., Chairman Alexander convened the special meeting of the Board of Trustees to discuss what the proposed FY13 budget. He then called upon Mr. Ogborn to review the proposed budget.

- I. **BUDGET WORK SESSION** – Mr. Ogborn started the budget workshop by stating that the numbers are working numbers based on the information he currently has and that depending on the outcome of the upcoming Supplemental Levy Election, and any decisions by the Board, the numbers might change.

Mr. Ogborn explained that Tom Luna's proposed budget was approved in which there was funding designed to raise the minimum salary for certified from \$30,000 to \$30,500, but we already pay our teachers \$30,914, so there will not be a pay increase for beginning teachers. Another claim was to raise the salary for classified staff 2%, but we already pay more than the SDE allocates for classified, so there will not be a pay increase for classified personnel. The Entitlement Fund increased from \$19,626

to \$19,706 per Support Unit. In aggregate, there isn't much new money coming into the district, not much of a gross increase. Pay for Performance isn't included in the budget as it is not possible to project how much or to whom the Pay for Performance will benefit.

Mr. Ogborn reviewed the Enrollment and Support Units. He informed the Board that enrollment dropped in FY12 as of the Federal Survey Card date of October 18, 2011. Enrollment dropped from 3,911 down to 3,817, which is a decline of 94 students. The February Foundation payment shows that the District was protected this year, but at a 97% level instead of the previous 99% level. Our calculated Support Units were 179.9, but we were protected at 181.4. We are projecting our FY13 Support Units to be 179, as generated by Idaho Code via ADA and not enrollment, but at a protection level of 97%, which is 174.5.

Mr. Ogborn reported that the number of Impact Aid students continues to decline each year. We are budgeting for a decline of "A" students based on the October 2011 Federal Impact Aid Survey Cards. Due to the continual decline of "A" students, those students whose parents work on federal property such as the airbase, our Impact Aid funding decreases every year.

Mr. Ogborn explained that revenue from the state is comprised from four sources, entitlement, salary apportionment, transportation, and other revenue. Entitlement, which is based on the total number of Support Units we generate. In FY9, the state paid us \$25,696 per Support Unit, but in FY12, the state paid us \$19,706 per Support Unit; that is approximately \$6,000 less per Support Unit, and will be about the same in FY13. The reduced rate in Support Units plus the decrease in student enrollment lowers the total Entitlement revenue from \$4,946,480 in FY09 to \$3,527,374 in FY13, which is a reduction of \$1,419,000.

Mr. Ogborn continued to explain that Salary Apportionment uses the number of Support Units, applies an arbitrary factor for the number of "staff" the Support Unit needs, and multiplies an arbitrary salary for each level of "staff," which is driven by Idaho Code.

Mr. Ogborn informed the Board that revenue from Transportation costs is currently under review to change the district reimbursement rate from 85% of allowable costs, subject to a 3% cap for costs above the state average, to a blended rate of about 60% of allowable costs. Allowable mileage no longer includes mileage that had been previously allowed for field trips, bus repairs, or dry bus runs to train the drivers. Allowable transportation 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. The state average is misleading because most district-owned bus operations fail to fully allocate costs into their average by absorbing identifiable overhead costs of owning buildings, real property, etc. while district that contract do fully identify and are charged for these kinds of costs. The total Transportation Reimbursement in FY12 was \$855,382, which is also budgeted for FY13, for the allowable costs of \$1,117,730 incurred in FY11.

Mr. Ogborn concluded by explaining that other revenue sources come from funds earmarked for specific programs or purposes, Federal funds, County funds, and Emergency/Other funds. Several of the funds earmarked for specific programs or purposes to be used within the district have not been funded by the legislature over the past few years. Lottery money is now considered part of the discretionary State funding instead of what the State obligation was for education. Textbooks, classroom supplies, technology grants, Safe and Drug Free funding, and early retirement incentive are all dedicated funds that have been eliminated by the State. The JFAC funded some dedicated funds for FY13 such as Classroom Technology at \$60,000, Ag Replacement at \$17,500, LEP at \$45,000, Extended Reading IRI at \$20,000, and Remediation at \$70,000.

Mr. Ogborn stated that the number of students with military connections drives the Federal Revenue. This can include students whose parents work at the airbase, Gowen Field, the bombing range, or at Anderson Dam. Students are categorized into two groups, "A" students are students whose parents live and work on a military installation, and "B student are student whose parents work on federal property,

but live in a civilian location. The Federal Department of Education is denying our district Impact Aid money for those students whose parents work on the bombing range because the Federal Department of Education considers them civilians; we are currently fighting this. Federal Impact Aid is considering cutting appropriations. The most recent year that the Federal Government closed Impact Aid payments is 2008, which we received \$4,129 for each "A" student and \$825 for each "B" student. For each student that moves from the base to town, we suffer a net revenue loss of about \$3,300 per student. We are projecting a decline of military affiliated students of 882 in FY13 from 1,249 in FY12; decline of non-military federal students of 410 in FY13 from 415 in FY12. This amounts to a decline of Impact Aid students of 1,292 in FY13 from 1,664 in FY12.

Mr. Ogborn explained that the county revenue includes the anticipated passage of a \$2,700,000 Supplemental Levy by the local patrons. This is a continuation of the existing levy but at a reduced amount. If the levy is not successful, there will need to be an amended budget presented to the Board for approval; we'll have to cut \$2.7 million from our budget. The Supplemental Levy constitutes about 13% of the FY13 budgeted revenue.

Mr. Ogborn informed the Board that we are projecting a decline of 51 students for the FY13 enrollment and therefore we wouldn't have to have an Emergency Levy. He continued to say that Other Revenue is money we receive from all other sources such as: small grants, Medicaid, interest, etc., that the district is involved in. Interest rates for FY13 are expected to remain fairly low due to the sluggish economy and interest rates continue to lag behind economic recovery. Some Other Revenues include facility rental, asset sales, tax penalty payments, and credits received from purchases.

Mr. Ogborn reported on expenditures including Staffing, Benefits, Services, etc. He said that we try to maintain Staffing in similar number to those generating the revenue. The state uses 1,380 hours per year as one FTE. Certified Staff who work 1,380 hours per year are counted as fulltime, but Classified staff who work 1,380 are only considered a .6 of an FTE because they are not a professional employee. We get the lesser of what we actually employ or what the state allows for our Certified Staff. The 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 calculated from student attendance until the following February, so by the time we discover we are over or under staffed, it's too late to correct the situation. Actual salary expense exceeds State reimbursement for all categories of employees. Our salary scale is compared to the metropolitan areas surrounding Mountain Home. Reimbursement from Impact Aid allowed us to pay competitive wages and attract potential teachers from the Boise and Twin Falls area.

Mr. Ogborn said that in FY12, we are .6 Administrative FTEs below the State allowance mainly because we combined the Special Education Director and the Base Primary Principal positions, we are at the State allowance for certified FTEs, and we are 1.6 FTEs over on classified staff. Our FY12 actual salaries exceed the State allowance by 30.5% because the State reduced salary allowances and reimbursement was reduced by 1.67% per Legislative mandate. If enrollment stays as projected, we will be two certified FTEs over the State allowance for FY13. Additionally, we pay 4.3% to Certified Staff who receive 10 additional credit hours, whereas the State only pays 3.75% for 12 additional credits received. The minimum salary by Idaho Code is \$30,000 and is being raised to \$30,500; we currently pay \$30,914. We only get entry-level reimbursement from the State for the first three years. The State reduced the amount of the Classified Salary allowance from \$19,840 in FY09 to \$19,058 in FY13. We pay \$1.71 for Classified Staff for every \$1.00 received from the State.

Mr. Ogborn informed the Board on the cuts the District has made. We have restructured the High School in FY12 to a modified block schedule for cost savings and Certified Staff reductions. The number of student contact days is 180 days for FY12 and budgeted for 180 days for FY13. Classified Staff has been reduced in all the buildings to what is a minimum critical operating staffing level. Maintenance and Custodial Staff are working harder than the national norm for the footage they maintain. Office Staff are required to do increase job requirements that ISEE and other State reports demand and to absorb the duties of prior year staffing cuts. All buildings lost their Library Aides, the

Elementary Schools don't have any Counselors and haven't for a number of years; the only reason there are a lot of Special Education Paraprofessionals is because it is required by Federal and State laws.

Mr. Ogborn explained that our District is only partially reimbursed for Benefits. We have to pay \$978,200 in FICA and \$1,328,565 for PERSI, which is a Federal requirement. The State does not reimburse the District for any portion of our healthcare premiums. The General Fund portion of our premiums for FY13 is budgeted at \$1,896,846 compared to \$1,643,455 for FY12. We have shifted costs to employees over the years as premiums have risen by increasing the out of pocket limits, deductible amounts, and premium increases. In FY13, we are looking at a premium increase of 32%, and what the District doesn't absorb will be passed onto employees. Under the Affordable Healthcare Act of 2010, there are limits to how poor or rich a plan can be and we are at the upper end of how poor a plan can be before the District is subject to penalties. Discussion began regarding Healthcare, costs, options, etc. Trustee House asked how much an employee typically pays for healthcare premiums for their family. Mr. Ogborn responded that the average amount of cost to our employees for their healthcare premiums is \$900.00 per month with either a \$1,200 or \$2,500 deductible and an out of pocket expense of \$5,000.

Mr. Ogborn reported that Contracted Services are comprised of services performed by outside agencies to do the services we cannot. There have been several cost increases in Contracted Services over the past several years such as ACCO, HVAC and climate control, mainly due to the age and conditions of the systems. Therapists for special needs students are budgeted at \$475,000 in accordance with IEP requirements, but we are probably going to terminate a couple of companies and go with individual Therapists for a lesser charge. Transportation is budgeted at \$1,139,000 for pupil to school expenses, but we will no longer require First Student to maintain a Performance Bond because all they did was pass that cost onto us. Utilities fees are under the FY12 budget due to a mild winter, but budgeted at \$612,900 for FY13. The District's total Utilities cost would be higher if not for the energy conservation efforts installed by Maintenance. Chairman Alexander stated that we needed to revisit transportation and see where we can make cuts.

Mr. Ogborn informed the Board that Supplies are paid with Entitlement Funds or funds from other sources. Entitlement has increased \$80.00 per Support Unit for FY13, and inflation alone has exceeded the increase in revenue. Money dedicated to Classroom Supplies has been eliminated by the State. Once again, there is little money to spend for necessary upgrades, equipment, and supplies. We look for ways to reduce District Supplies by finding the cheapest vendors, reduce paper printing, and by buying through purchasing groups. Bus fuel constitutes about 39% of the Supply budget and we are expecting an increase due to continuing increase in the cost of bus diesel fuel. To reduce the cost of our Liability Insurance we have dropped coverage on our buildings at Atlanta, Stephensen Middle School, and Base Intermediate (old Primary School building). Transfers are budgeted in FY13 for Food Service benefits, which are required by law.

Mr. Ogborn concluded by stating that with all said and done and with the projected numbers and calculations, we should have Revenues of \$20,868,000 over Expenses of \$20,772,000 leaving \$96,000 remaining at the end of FY13. The State Department of Education (SDE) continues to impose mandates upon Districts yet reduces funding from Salary Apportionment and Entitlement to restrict expenditures to pay for these mandates. The cap on Charter Schools has been removed, so the concern of District consolidation by the Legislature to save administrative costs from the 2009 timeframe has apparently come full circle with the 2012 Legislative approval to proliferate administrative costs. Pay for Performance has yet to take shape in form and structure but Salary-based Apportionment has been reduced to pay for it.

Discussion began regarding the possibility of our district considering converting one or two schools into Charter Schools. We would receive about \$2,000 more per student as a Charter School versus as a public school.

Mr. McMurtrey informed the Board that currently, with West Elementary not making AYP, West's parents have the option of enrolling their student into another elementary school, but with the new SDE reorganization and waiver process is that only parents of those students who did not score as proficient could enroll in another school, so the proficient students would remain at West Elementary, which would help West Elementary and the enrollment numbers at North and East Elementary. Discussion continued regarding Charter Schools and establishing an alternative high school.

Trustee Checketts asked how McKenna gets away with having a Charter School with underperforming students; McKenna hasn't ever made AYP. He said that the Air Force won't even accept their diploma and won't let them enlist. Chairman Alexander said that McKenna has always been allowed to do whatever they want. He said that what he thinks McKenna has done over the years is that they weed out the students they don't want. McKenna doesn't take special needs students, which is in violation of Federal Law, and they have led a charmed life.

- II. **ADJOURN** – All business of the Board having been completed, Chairman Alexander called for a motion to adjourn. A motion from Trustee Murray to adjourn was seconded by Trustee Checketts. Motion passed. Meeting adjourned at 8:34 p.m.

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Chairman Alexander

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Clerk Whitman