



# **Budget Committee Meeting Minutes**

## **November 3, 2016; 9:00 a.m.**

### **Central Administration Office – Board Room**

**Present:** Board Vice President Brent Seaks (Chair), Board President Sarah Ricks, Superintendent Douglas Sullivan, and Assistant Superintendent Vince Reep. Also present were Dr. Marcus Lewton, Ms. Ellie Potter from the Dickinson Press, and Mrs. Twila Petersen.

**Called to Order** – The meeting was called to order at 9:00 a.m. by Chair Brent Seaks.

**Additions/Deletions to Agenda Items** – There were no additions or deletions to the agenda.

#### **Old Business**

**Middle School Staffing** – Superintendent Sullivan requested Hagen Junior High Principal Marcus Lewton present information to the committee. Dr. Lewton addressed the committee and stated it has been a long process in preparation for the new middle school, starting back in the summer of 2014. There has been an enormous amount of meetings from very dedicated teachers, staff, and administrators. Dr. Lewton explained the progression of developing a committee to work on a set of belief statements. Those beliefs have been the focal point to drive the decisions for the new middle school for the past two years. A leadership committee was defined and met several times with the DLR Group and Mortenson Construction. Subsequently nine additional committees were formed. The leadership committee oversees decisions made by the nine sub-committees. A brand was defined for the new middle school. Drafting a schedule for the teachers and students was a complicated, ongoing process. Dr. Lewton explained the importance of the stakeholder input. All stakeholders may not be happy with the decisions but their input was taken into consideration. At least 100 staff members have provided input.

Superintendent Sullivan explained previously it was reported to the board members that 8-9 additional positions were suggested by Dr. Lewton to provide service to the students at the new middle school. Due to the slowdown, Dr. Sullivan has instructed Dr. Lewton on three separate occasions to scale back on his request. Dr. Lewton has done an exceptional job in making sure the services necessary for the students are provided and is proposing 4.65 additional positions to prepare for the opening of the new middle school. Assistant Superintendent Reep has budgeted for those 4.65 positions. Dr. Sullivan stated he was requesting from the Budget Committee approval to proceed with those positions. If there is consensus from the Budget Committee, then it will go before the school board for consideration for the 2017-2018 school year. Dr. Lewton explained the net of the 4.65 positions. Chair Seaks said that it is an exceptional and exciting time with the new middle school and change can bring anxiety. He appreciated the work done by Dr. Lewton, the leadership team, the committees, and others in working together. He felt it was important to have enough staffing to serve the students. President Ricks concurred. Chair Seaks inquired if there would be some teachers that may not be comfortable in the new middle school setting and may pursue a different position. Dr. Sullivan responded that the administrators could understand if teachers were uncomfortable in a new environment and the administrators would do their best to find other areas where there may be an opening. He added the faculty at Berg and Hagen have demonstrated their dedication in the designing of the instructional model at Dickinson Middle

School. Consensus was for the administration to move forward with the additional 4.65 faculty at Dickinson Middle School.

### **New Business**

**2017-2018 Classified Staff Salaries** – Assistant Superintendent Reep explained usually this time of year he starts getting input from the Budget Committee about any thoughts or ideas regarding the classified salary for the next school year. Past input has been percentage increase or flat increases. Mr. Reep has done a variety of non-monetary engagement in the organization but it is limited due to the district being a public entity. He noted the past two years the board approved a flat increase. Usually the Budget Committee looks at different proposals and then one proposal is presented to the board in February or March for consideration. Chair Seaks inquired if the district has considered looking at the cost of living index for salary increases. Mr. Reep responded that the district typically has not used that approach. During the boom years that cost would be at a lower rate than the index in this area. DPS has done studies on what other districts are doing. Mr. Reep gave some examples when select staff groups were provided additional increases, such as custodial staff, when there was a shortage. Dr. Sullivan added the outcome of the legislative session will be a reflection and therefore this will be a topic for discussion at a future meeting.

**2017-2018 Enrollment Projections** – Assistant Superintendent Reep provided a handout with projections for enrollment. He noted 80% of the budget is for salary and benefits. Mr. Reep projected 340 kindergarten students in fall 2017 based on St. Joseph's Hospital birth rates. He added a projection of 301 first graders next fall. The handout projected 18 sections of kindergarten for 2017-2018. This school year there are 15 sections of kindergarten. The net projection for new classrooms in grades K-5 would be five. Those five positions cost \$375,000 for a budget line item. Mr. Reep noted the average salary and benefits for teachers is \$75,000 which is the number he is using for budgetary purposes. Vice president Seaks and President Ricks thanked the administrators for the easy-to-understand handouts with the projections.

**2017-2018 Budget** – Assistant Superintendent Reep noted that he starts working on the revenue and expenses for the following school year before the budget is set for the current school year, which is normally October 1. The big revenue items he monitors are the property taxes and the state funding. The past two years DPS has levied the amount allowed by law or 112%. On the state funding side he projected -\$275,000 in revenue due to the offset in hub city oil funds, county, and enrollment decline. If the hub city oil funding should disappear next year that could be detrimental to the district as it would no longer receive the funding and would be offset by 75% of what was received the previous year. He also added that the passing of Measure 2 will be a big impact to the school districts in the next legislative session as well. Mr. Reep gave an example, if there should be a 5% cut of \$1.3 million, it would result in a -\$138,000 in revenue budget. DPS is financially conservative and spends funds wisely so the interim fund could absorb some of the shock. If there would be a 10% cut of \$2.6 million it would result in a net -\$1.4 million in revenue budget. This would require the district to make significant cuts in expenditures. There was discussion regarding work force reduction. Dr. Sullivan stated the school board has been prudent in its financial decisions. Mr. Reep explained some areas where there have been some reductions in the general fund expenditures. He noted \$462,000 that has been set for the possibility of purchasing a site for a future elementary school and added those funds will go away next year. The transportation line item has been increased by \$116,000 in anticipation of the additional cost for the four buses and Harlow's service attached to those buses. The Central Office reorganization is an ongoing discussion and if there are changes, those budget implications will be shared with the Budget Committee at a later date. Vice president Seaks and President Ricks shared their appreciation for the administrative work on the budget and the administrators' ability to work proactively.

Elementary Staffing – Superintendent Sullivan said the district is looking at possibly reassigning students based on attendance areas. There are many options that are being reviewed. There was discussion regarding Berg Elementary and the possibility of not opening it as an elementary school fall 2017. There are a variety of areas Berg could be repurposed.

2017-2018 Transportation Services – Superintendent Sullivan noted the district is considering expanding the shuttle bus service by purchasing four additional buses at a budgetary implication of \$100,000. It is considering four dedicated sites for picking up and transporting students to the new middle school.

Other – There were no other topics for discussion.

Adjournment – At 9:55 a.m. Chair Seaks declared the meeting adjourned.