

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT BOARD OF EDUCATION
AGENDA STATEMENT

No. 8 d

MEETING OF July 17, 2019

REVIEWED BY:

ITEM TITLE:

CONSENT CALENDAR

Approval of the April 17, 2019 special meeting minutes

Superintendent
 Personnel
 Finance
 Special Services

SUBMITTED BY: Kerry Watson

CONTACT PERSON/TELEPHONE:

APPROVED FOR SUBMITTAL:

Kerry Watson 247-2142

Name

Phone

Superintendent

CONSENT CALENDAR

Matters listed under the "Consent Calendar" are considered to be routine and will be enacted by one motion and one vote. The appropriate motion is to: "I move to approve the Consent Calendar." There will be no separate discussion of the items under the Consent Calendar. If a Board member requests discussion, that item will be removed from the Consent Calendar and will be considered under "Unfinished Business."

A. Motion to approve the special meeting minutes of April 17, 2019.

*** NOTE:**

If amendments or corrections are desired to the minutes, request removal of the minutes. The minutes will then be acted upon under Unfinished Business. Appropriate motions to correct or amend the minutes are in order.

Otherwise, the motion to accept the Consent Calendar is appropriate.

**KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT
BOARD OF EDUCATION
Special Meeting of April 17, 2019
6:00 p.m.
Ketchikan Gateway Borough Assembly Chambers**

CALL TO ORDER; PLEDGE OF ALLEGIANCE; ROLL CALL

The Ketchikan Gateway Borough Board of Education met in special session on the 17th day of April 2019, in the Ketchikan Gateway Borough Assembly Chambers. Board President Matt Eisenhower called the meeting to order at 6:00 p.m.

The following members were present to establish a quorum and due notice had been published: Board President Matt Eisenhower; Board Vice-President Sonya Skan; Board Members Bridget Mattson; Rachel Breithaupt and Thomas Heutte. Clerk-Treasurer Diane Gubatayao participated via teleconference.

Also present were: Superintendent Beth Lougee; Katie Parrott, Business Manager, and W. Trent Headley, Board Secretary.

CITIZEN REMARKS

There were none.

PUBLIC HEARING - BUDGET

Motion to accept the proposed FY20 Operating Budget with a total proposed operating budget of \$40,411,331 and a discretionary contribution from the Borough set at \$5,746,014.

Moved by: BREITHAUPT; Second by: HEUTTE

Public Hearing

No members of the public came forward to speak.

Budget presentation

Business Manager Katie Parrott presented information regarding the proposed budget to aid the School Board in its deliberations. First, she reviewed two revenue projection scenarios with the Board. One scenario reflected an increase that was originally discussed with the Borough Assembly at a joint work session in January, but now with some assumptions built in. The second revenue scenario presented a more conservative approach. It did not include the one-time supplemental funds for FY 20 (\$389,626), which were still an uncertainty, said Ms. Parrott. In addition, in this scenario, the request for the local discretionary contribution was lowered.

Business Manager Parrott commented on the carryover funds as being an area where the district has some discretion. However, she recommended being conservative as well with carryover funds, as they are a buffer for the difficult budget times.

At this point, Board President Matt Eisenhower made some comments about revenues. He noted that the state contribution would be about 75% of this year's and the "ask" of the Borough was 11% over last year. But, the ask was still under the "cap" of what the Borough could legally provide to the district, he said. He also commented on the effect that axing of the state bond debt reimbursement program could have on the Borough and thus funding to the district.

Business Manager Parrott next reviewed in depth the proposed operating budget. It was developed after direction from the Board for a budget between 2.5 & 5 percent below the status quo, i.e. the current year operating budget. Ms. Parrott said that in spreading out the cuts across the board in each area possible, the budget being presented was about a 3% decrease from the status quo. It was built on all that was needed to get through this year, she said; while also accounting for the paras/cooks/custodians negotiated agreement, still pending approval by the Board.

Ms. Parrott then explained the following which were reflected in this budget:

- Changing the Human Resources position from a "director" to a non-certified "manager" position;
- Reducing the teachers' salary line item by \$550,000, through transfers, retirements, and restructuring for a 2 FTE (full-time equivalent) cut;
- A decrease in the instructional support line item representing the loss of 6 FTEs by attrition, and one support staff position not being filled.
- An increase in the custodians/maintenance line item as a result of the new negotiated agreement.
- The "large equipment line item" had been zeroed out of this budget (\$50,000.)
- Activities funds were reduced by \$75,000 to show the amount that has actually been expended in the past couple of years.
- The contribution to the Kanayama exchange program, which supports the Japanese teacher who comes here, was cut by \$3500.
- The additional planned contribution of \$600,000 from this year's budget into the insurance reserve fund was removed. The Borough Assembly indicated it would continue to carry deficit in that fund for now, indicated Ms. Parrott.

She also noted that some budget areas were pretty inflexible, such as utilities, and the employee insurance line items.

Discussion on motion

The motion was restated and the Board began a discussion on the motion lasting about 20 minutes.

Board Vice President Sonya Skan viewed the presented budget as still being a best-case scenario. Although it is a 4% reduction over status quo, she said, a larger budget reduction might need to occur. She said she doesn't want to cut back on what students will need, but added it is hard to agree to a budget when the amount of revenue the district will receive is unknown.

Board Eisenhower commented on giving the Borough an opportunity to participate in funding the district at an amount large enough to keep it whole.

Responding to Ms. Skan's comments, Board Member Bridget Mattson clarified that the presented budget was a 3 percent reduction off the status quo, rather than 4 percent; but added that she also was concerned this might not be enough.

Board Clerk-Treasurer Diane Gubatayao asked about the balance in the local education fund with the Borough, and also mentioned the tobacco excise tax and Secure Rural Schools funds. Ms. Parrott said the local education fund was \$450,000. Following up on that, Mr. Eisenhower commented on property tax being the funding mechanism for the schools, but said there are other ways to fund the schools.

There was some discussion and speculation on whether the Governor would veto \$30 million in supplemental aid to school districts.

Ms. Mattson commented that designing a budget without knowing at all what to expect from the Borough and the state is "nuts." She added that it isn't right to play with people's lives like this. Although she said she is not willing to vote for the full extent of the Governor's cuts, Ms. Mattson felt that 3% wasn't enough of a reduction.

There was more discussion regarding this budgeting being a guessing game. Board Member Rachel Breithaupt queried if it even made sense to try to cut to the extent of the Governor's proposed budget, which would potentially mean closing a school. The nearly impossible is being asked, she said. Ms. Breithaupt advocated for sticking with the proposed budget and fighting for it.

Mr. Eisenhower described what he saw as the crux of the issue: If the Board guesses wrong and the budget is drastically slashed, that means hard decisions in July and August. If the guess is wrong in the other direction, the fix of hiring back teachers seems less painful.

Board member Tom Heutte shared his thoughts. He said that at the previous Board meeting he had advocated for more severe cuts as he was thinking about the least painful path ultimately for the teachers. However, Rachel had pointed out that acting in the students' best interest was key. Mr. Heutte said the less painful scenario is as good as anything.

Ms. Gubatayao expressed optimism that the Legislature would not cut education drastically. Ms. Mattson agreed that it wouldn't be as drastic as what the Governor had broached; but stated there will be some cuts and she didn't believe the Borough could make up the difference.

There was more discussion regarding whether to ask administration to cut more from the presented FY 20 budget. Ms. Breithaupt again expressed anguish with the talk of more cuts. The administration has already been conservative and found creative solutions in presenting this budget to the Board, she said.

Ms. Skan also expressed concern with too deep of cuts, especially in terms of teachers having to leave town for other jobs. She stated that constituents want to make sure students have the best education possible. Ms. Skan said she wants the level to be at a point where the Borough and everyone else sees the district is doing that.

Business Manager Parrot and Superintendent Lougee provided feedback. Ms. Parrott said that not much beyond the 3% can be cut without scaling back programs. Ms. Lougee said contingency plans for the "what ifs" down the road have been considered. Further reductions will mean cutting into programs and determining what those programs would be, she said. If a worst-case scenario emerges down the road, a layoff plan is ready to roll out, she said.

Board Member Heutte said he has no desire with going through line by line and monkeying with the presented budget.

Board Member Mattson said administration had done a fine job in presenting the reduced budget as the Board had asked. She indicated that if the Board had gotten it wrong in predicting the amount that should be cut, it was on them as a body.

Board President Eisenhower said the Board could amend the budget again at its next meeting; but the only thing left to cut now is staff and programs. Programs could mean an entire departmental cut, such as foreign language or personnel such as librarians, for example, he stated.

ROLL CALL

GUBATAYAO, HEUTTE, SKAN, BREITHAUPT, EISENHOWER - ALL AYES

MATTSON - NAY

5-1

MOTION PASSED

Board President Eisenhower stated the FY 20 budget would come back to the Board at its April 24, 2019 meeting for its second reading.

Adjournment

With no objection, the special session was adjourned at 7:29 p.m.

Submitted by Kerry Watson, Clerk to the Board

Attached for reference: The proposed FY 20 budget

FY20 KGBSD Operating Budget PROPOSED

Object	Title	Status Quo Operations	PROPOSED FY20	Difference	% of Budget	4.0% Reduction Total	Target Reduction	NOTES
Personnel Expenses								
311	Certified Administrators 310	1,771,048	1,623,153	(147,895.00)	4%	1,700,206.08	(70,841.92)	Restructures HR Director to HR Manager, non-certified support staff Transfers/retirements/staffing based on student need, removes 1 FTE at Kayhi, 1 FTE at Elementary (to grant), no additional music teacher
312	Teachers Salary 310	14,122,340	13,564,267	(558,073.00)	33%	13,557,446.40	(564,893.60)	
314	Certified Coordinator 310	145,400	139,400	(6,000.00)	0%	139,584.00	(6,816.00)	Provided as outlined in CBA
315	Extra Duty Certified 310	3,000	2,700	(300.00)	0%	2,880.00	(120.00)	
318	Certified Subs/Temps 310	125,000	120,000	(5,000.00)	0%	120,000.00	(5,000.00)	
319	Teachers, Part Year 310	370,906	478,331	107,425.00	1%	356,069.76	(14,836.24)	Adds 1 FTE for HR Manager Less 6 FTE positions by attrition
332	Instructional Support 320	3,640,003	3,405,687	(234,316.00)	8%	3,494,402.88	(145,600.12)	
333	Technical Staff 320	306,080	275,352	(30,728.00)	1%	293,836.80	(12,243.20)	
334	Support Staff 320	1,316,458	1,265,134	(51,324.00)	3%	1,263,799.68	(52,658.32)	Removes 1 FTE position by attrition (tech - unfilled) Includes increases as provided by the TA, partially restricted
335	Custodians & Maintenance 320	1,186,350	1,258,316	71,966.00	3%	1,198,896.00	(47,454.00)	
337	Extra Duty Classified 320	54,000	49,500	(4,500.00)	0%	51,840.00	(2,160.00)	School Board stipends
338	Classified Stipend	18,000	18,000	-	0%	17,280.00	(720.00)	Increase based on utilization
339	Classified Subs/Temps 320	316,551	329,000	12,449.00	1%	303,888.96	(12,662.04)	
369	Other Employee Benefits 360	52,199	32,500	(19,699.00)	0%	50,111.04	(2,087.96)	
371	Insurance-Life & Health 360	4,360,339	4,760,376	400,037.00	11%	4,185,925.84	(174,413.56)	Increase employer contribution by \$600K
373	Unemployment Insurance 360	50,075	44,576	(5,499.00)	0%	48,072.00	(2,003.00)	
374	Workers' Comp Insurance 360	359,351	307,063	(52,288.00)	1%	344,976.96	(14,374.04)	
375	Fica & Medicare 360	793,854	736,917	(56,937.00)	2%	762,099.84	(31,754.16)	
376	Retirement Contribution-TRS 360	4,633,769	4,627,400	(6,369.00)	11%	4,448,418.24	(185,350.76)	
377	Retirement Contribution-PERS 360	1,836,915	1,910,725	73,810.00	5%	1,763,438.40	(73,476.60)	
378	Educational Assistance 360	30,513	29,300	(1,213.00)	0%	29,292.48	(1,220.52)	
379	Physicals 360	14,947	14,250	(697.00)	0%	14,349.12	(597.88)	
	Object Group	35,507,098	34,991,947	(515,151)	86.6%	34,086,814.08	(1,420,283.92)	
Supplies and Services								
410	Professional & Technical Services 410	245,000	289,500	43,500	1%	235,200.00	(9,800.00)	
411	Staff Development Services	-	-	-	0%	-	-	
412	Auditing	42,000	36,000	(6,000.00)	0%	40,320.00	(1,680.00)	
413	Labor Relations Services	15,000	15,000	-	0%	14,400.00	(600.00)	
414	Legal Services	75,000	75,000	-	0%	72,000.00	(3,000.00)	
418	Other Professional Services	-	-	-	0%	-	-	Removes all operating fund student travel
420	Staff Travel 420	71,300	50,000	(21,300.00)	0%	68,448.00	(2,852.00)	Restricted
421	Mileage Reimbursement 420	12,150	7,600	(4,550.00)	0%	11,664.00	(486.00)	Restricted
425	Student Travel	-	-	-	0%	-	-	Restricted
430	Utilities & Telecommunications	212,156	241,789	29,633	1%	203,669.76	(8,466.24)	Restricted
431	Water & Sewage	265,388	252,537	(12,851.00)	1%	254,772.48	(1,615.52)	Restricted
432	Garbage	116,454	118,416	1,962	0%	111,795.84	(4,658.16)	Restricted
433	Postage	18,785	14,400	(4,385.00)	0%	18,033.60	(751.40)	Restricted
436	Electricity	435,938	487,596	51,658	1%	418,500.48	(17,437.52)	Restricted
438	Heating Fuel	559,604	529,673	(29,931.00)	1%	537,219.84	(22,384.16)	Restricted
440	Other Purchased Services	277,571	261,700	(15,871.00)	1%	266,468.16	(11,102.84)	Restricted
441	Rentals and Leases	97,091	80,000	(17,091.00)	0%	93,207.36	(3,683.64)	Restricted
442	Building Repairs & Maintenance	175,000	155,000	(20,000.00)	0%	168,000.00	(7,000.00)	Restricted
443	Equipment Repair & Maintenance	-	-	-	0%	-	-	Restricted
445	Insurance and Bond Premiums	295,638	295,500	(138.00)	1%	283,812.29	(11,825.51)	Restricted
450	Supplies, Materials & Media 450	1,082,562	1,039,750	(42,812.00)	2%	1,039,259.92	(43,302.48)	\$150/student average for school level supplies \$400 per FTE as required by CBA
451	Teacher Supplies	71,200	71,800	600	0%	68,352.00	(2,848.00)	
457	Small Tools & Equipment 450	215,485	207,500	(7,985.00)	0%	206,865.60	(8,619.40)	Kanyama
485	Stipends	18,500	15,000	(3,500.00)	0%	17,760.00	(740.00)	
490	Other Expenses 490	83,000	60,000	(23,000.00)	0%	79,680.00	(3,320.00)	
491	Dues and Fees 490	25,600	23,000	(2,600.00)	0%	24,576.00	(1,024.00)	
493	Interest 490	-	-	-	0%	-	-	
495	Indirect Expense	-	-	-	0%	-	-	
	Object Group	4,410,422	4,325,761	(84,661)	10.7%	4,234,004.93	(176,416.87)	
Other								
	Object Title	PROPOSED FY20	Difference					
510	Equipment 510	50,000	-	(50,000.00)	0%	48,000.00	(2,000.00)	Removes all large equipment funds
544	Transfer to Activities 550	536,162	536,162	-	1%	514,715.52	(21,446.48)	Reduced by \$75K from FY19, adjusted to actual spending trends
552	Transfer to Other Governmental Units	600,000	-	(600,000.00)	0%	576,000.00	(24,000.00)	Removes additional contribution to insurance reserve
599	Unallocated Budget 599	557,461	557,461	-	1%	535,162.56	(22,298.44)	Estimated appropriation for full charter school MOA implementation
	Object Group	1,743,623	1,093,623	(650,000)	2.7%	1,673,878.08	(69,744.92)	
Grand Total		41,661,143	40,411,331	(1,249,812)	-3.00%	39,994,697.09	(1,666,445.71)	Does not include funds for software program and addressing reserve deficit (\$1.2 million)

(416,633.91)