



*The Helena Public Schools educate, engage, and empower each student to maximize his or her individual potential with the knowledge, skills and character essential to being a responsible citizen and life-long learner.*

## Board of Trustees – Budget and Program Committee

May Butler Center

55 S. Rodney Ave

Friday September 6, 2019 – 12:00p.m.

### AGENDA

- I. CALL TO ORDER / INTRODUCTIONS
- II. REVIEW OF AGENDA
- III. **GENERAL PUBLIC COMMENT:** *This is the time for comment on public matters that are not on the agenda. Public matters do not include any pending legal matters, private personnel issues or private student issues. Please do not attempt to address such issues at this time or you will be ruled out of order. The Board cannot enter into a discussion during General Public Comment.*
- IV. REVIEW OF MINUTES
  - A. 8.2.2019 Budget and Program Committee Meeting Minutes (see attached)
- V. ITEMS FOR INFORMATION/DISCUSSION
  - A. Committee Deliverables for the 2019/2020 School Year  
Committee members discuss/consider budget and program related deliverables to be accomplished between September, 2019, and July, 2020
  - B. Committee Calendar  
Committee members establish timelines for each deliverable as aligned to monthly Budget/Program Committee meetings
- VI. SUPERINTENDENT'S REPORT / BOARD COMMENTS
- VII. ADJOURNMENT

Next Meeting:

October 4, 2019 | MBC Conference Room



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## Board of Trustees – Budget and Program Committee

May Butler Center | 55 S. Rodney Ave

Friday, August 2, 2019 – 12:00pm

# MINUTES

### ATTENDEES

#### *Committee:*

Jeff Hindoin, Committee Chair  
Terry Beaver, Committee Member  
John McEwen, Committee Member

#### *Others:*

Luke Muszkiewicz, Board of Trustees Chair  
Tyler Ream, Superintendent  
Josh McKay, Assistant Superintendent  
Barb Ridgway, Chief of Staff  
Janelle Mickelson, Business Services Administrator  
Margaret Bentwood, community member

### I. CALL TO ORDER

Committee Chairperson, Jeff Hindoin called the meeting to order at 12:02pm.

### II. GENERAL PUBLIC COMMENT

Ms. Bentwood inquired into why the school budget was still password-protected on the district website. Dr. Ream answered it was because there was nothing on the other end of that link. He said the link temporarily would be removed or the document to be presented at the meeting would be added to the landing page prior to the link being unlocked.

### III. REVIEW OF AGENDA

No changes were requested.

### IV. REVIEW OF MINUTES

No changes were requested.

### V. DISCUSSION

#### A. FY2020 Budget Update and Overview

Ms. Mickelson began the budget update by addressing the fact that she couldn't finalize the budget until the district received taxable values, and the Department of Revenue has

until Monday (August 5, 2019) to send them. She then gave a few highlights of the budget, starting with an estimated \$2 million in salary increases.

Ms. Mickelson noted a change to the pro-rated split for centralized funds from 60%/40% to 65%/35% (elementary schools and high schools respectively). She added that this adjustment is intended to soften the blow when the district begins losing high school students to the new East Helena high school.

Ms. Mickelson budgeted an estimated 100% increase in utilities at Bryant, Central, and Jim Darcy schools, and 4% increase at all other schools. Dr. Ream added that while the schools are being built to be energy efficient, they are also larger, and the district has never had air conditioning in a school.

Ms. Mickelson continued that there was an increase in ANB of 104 in the elementary schools and a decrease of 26 in the high schools. Mr. McEwen requested clarification on "ANB," and Ms. Mickelson answered it is "Average Number Below" the previous year. She added that the district can expect that number to fall even further [at the high school level] in 2021, and that's why the district has made the shift in the pro-rated split.

Ms. Mickelson stated an inflationary increase of .91% on the parade, the entitlement, the basic entitlement, Quality Educator, Indian Education for All payment, American Indian Achievement Gap, and the Data for Achievement. She added that the state has reinstated the Data for Achievement payment.

Ms. Mickelson said special education block grants increased slightly –\$.50 for the instructional and \$.30 for the related service block grant. Mr. Hindoin requested confirmation that these services were part of the general fund, and Ms. Mickelson confirmed that all these figures are part of the general fund.

Ms. Mickelson continued that she doesn't have guaranteed tax pay save yet because she doesn't have taxable values.

Mr. Hindoin said the district has already seen a GTB hit since this is the second year without the East Helena property. Ms. Mickelson confirmed but added that there was also an increase to the percentage on the GTB last year, so it didn't hit as hard last year. Mr. McEwen asked for clarification on "GTB," and Ms. Mickelson answered that it represents Guaranteed Tax Base aid and offered an overview on the system.

According to Ms. Mickelson, operating reserves will increase .32% and .26% in elementary and high school respectively. The major reason for that is from tuition payments in the elementary from tuition payments from Canyon Creek students. Those increases bring reserve totals to 7% in the elementary school and 5.24% in the high schools.

With regards to transportation, Ms. Mickelson said it is the district's intent to renew the agreement with the current transportation provider. Dr. Ream added the agreement includes the Helena school district being able to pick up students in the East Helena district without being limited to just 10-12<sup>th</sup> graders. Ms. Mickelson said there was a 9.75% increase on the First Student contract. She added that the state legislature reinstated funding for state transportation back to 100%, so the district can expect to see full funding.

Ms. Mickelson then addressed the increase in tuition, noting that it was due to the continual effort to provide Special Education programs. Mr. Hindoin asked if the increase was due to an increased number of students in Special Education or due to a better way of identifying existing students. Dr. Ream answered that it was because of a third category – the district has gotten more specialized with programs like the Day Treatment program. He added that in the past, the district identified students as special education but was treating them as general education. Dr. Ream addressed the increase in programs as being good for the kids but more expensive to operate, adding that the only way to expand the day treatment program is to put those students on campus. He said with the on-campus day treatment center at Helena Middle School next year, students will be able to faze back into general education. Ms. Mickelson added that district doesn't receive funding for students in an off-site day treatment program, but once the program is housed in Helena Middle School, the district will. Dr. Ream added the need for an on-site day treatment program for elementary students, but the district first needs to identify a location. Mr. Hindoin mentioned the potential for an off-site day treatment facility that would serve kids from the surrounding communities, specifically mentioning the program in the Flathead. He added there is a growing community of kids who could benefit from such a facility. Ms. Mickelson requested clarification that the facility in a co-op. Mr. Hindoin answered that it is a Title 20-7 cooperative – A special education, unique interlocal cooperative, adding that the employees work for the cooperative; they aren't contracted out. Discussion was had on using the Lincoln campus for this purpose or whether PAL would be relocated to the Lincoln campus. Dr. Ream answered that PAL would not be moving from its current location just for the sake of moving; there current location is ideal for internships and partnerships. He added that the district and PAL administration would have to look at benefits of moving to a different location – or even into one of the high schools – before making any decisions.

Ms. Mickelson then detailed the retirement fund, which is a county-wide levy paying for employer payroll costs associated with the salaries. She added that it's not just TRS, it's also unemployment and FICA that are funded with the retirement fund. Mr. McEwen asked for confirmation that it includes both retirement programs, and Ms. Mickelson confirmed.

Ms. Mickelson stated the reason for the revised retirement fund budget being changes resulting from the meeting on Monday [July 29] regarding the retirement benefit. Dr. Ream discussed the results of that meeting, noting that district administration – in conjunction with HEA – has narrowed down the criteria on who would be eligible for the additional benefit. He detailed that currently, employees who declare their intent to retire before February receive a \$9,000 benefit. He added that with the new incentive, retiring employees will receive an additional and average \$25,000 benefit –with the intent of targeting 40 people. He added that in financial, nonpersonal terms, that number comes from replacing an \$80,000/year teacher with a \$53,000/year teacher. Dr. Ream added that district administrators and HEA are in the middle of negotiations to get the benefit in place by October. Mr. McEwen asked how the current \$9,000 is paid. Ms. Mickelson answered that it is paid as a stipend. Mr. McEwen asked what other incentives were discussed, specifically health insurance. Dr. Ream answered that they tried to stay away from health insurance, but the additional benefit was built to help bridge the gap in insurance between retirement and receiving Medicare. Ms. Mickelson added that part of the issue with health insurance is that the school district’s insurance is so good, that no one wants to pay for another. Dr. Ream said for this benefit to make the most fiscal impact, the district has to target 40 people in future years, adding that not all retirees are at step 24 and beyond. Mr. McEwen asked if HEA couldn’t come up with 40 people, would the deal be off. Dr. Ream answered that he would be surprised if that happened, adding that HEA expressed more concern over whether more than 40 wanted to take advantage of the retirement. He told HEA that if more than 40 retirees wanted to participate, the district would need the option to re-evaluate at that time.

Ms. Mickelson then addressed the adult education fund, which shows a very small amount of increase due to increase in salaries. No additional programs are budgeted.

As for the technology budget, Ms. Mickelson stated there is a perpetual levy in both the elementary and high school funds until the community votes to end it. The elementary levy is \$520,500 and the high school is \$559,500. At the end of the year, the district had a cash balance of about \$561,000 in the elementary and \$767,000 in the high school. The cash balance gets appropriated to fund next year’s balance. With the appropriation, the levy, and the state’s reinstatement of technology aid payment, the elementary technology budget is at a little over \$1,000,000 and the high school technology budget is at \$1,300,000. Mr. McEwen asked if Ms. Mickelson anticipated all the technology budgets would be spent. Ms. Mickelson answered that there was quite a bit of carry over, but the levy is meant to build each year, adding that for a district of this size, the levy is relatively small. Mr. McEwen asked what was permissible to spend [the technology budget] on. Ms. Mickelson answered the district could spend it on anything technology related, adding the biggest costs from the technology budget are licensing, staff, hardware, and software. Mr. McEwen inquired into the potential of tying the budget to the goals from the strategic plan – specifically measuring and accounting. Dr. Ream

answered that most of what the district has for assessment other than standardized tests probably couldn't be taken out of the technology budget.

Ms. Mickelson described the flex fund as an account into which no additional money will be deposited. It was initially set up with funds from block grants that were discontinued by the state. She continued that this fund is exactly as it sounds – flexible. Mr. Hindoin added that the fund was created to allow a district to take money from one area and discreetly spend it where the needs exist.

Ms. Mickelson next addressed debt services. She stated a principle and interest payment on the \$63,000,000 issued. The Kessler bonds are gone. She added an additional payment from the debt services account is the special improvement district assessments. Ms. Mickelson continued that even though the district is debt free in the high school, a budget exists for the SIDs. At the end of the year – June 30, the high school debt services fund had a deficit balance of about \$11,500 because the SIDs were higher than anticipated, so Ms. Mickelson adjusted next year's budget to cover that deficit. Mr. Hindoin clarified that the assessments were special assessments like storm water maintenance, urban forestry, and whatever else was being assessed across the city.

Ms. Mickelson addressed the building reserve fund. The taxpayers approved a ten-year building reserve levy in November of 2013, meaning after this year, only four years remain on the levy. Mr. McEwen asked if the district is spending all the money each year. Ms. Mickelson answered that no, this is a capital fund, so whatever is not spent is rolled over. Mr. Hindoin added that the district hasn't spent all the money in the last three years because of the \$65,000,000 in building construction and safety & security projects have backed up the facilities staff. Mr. Hindoin added that in years prior, in the absence of all the current construction, the district was not underspending each year.

Ms. Mickelson addressed the law passed by the state legislature regarding school maintenance aid, adding that the district doesn't know how much the district's payment will be for this. Ms. Mickelson talked to OPI, who recommended budgeting 100% of what the district is entitled to. To be eligible, the district had to have levied for it last year, which it did. She added that the district will have to levy for it this year, too. Mr. Hindoin asked if this was the fund that was restricted to paying for items on a list. Ms. Mickelson confirmed, adding that the district must create a new inventory list going forward, which Ms. Kalli Kind has done. Mr. Hindoin said that by having the facilities inventory list, it gives the district additional revenue-raising ability, but the district is still tied to spending those funds on the projects the district has listed. Mr. McEwen asked if the money could be used for additions, for instance. Ms. Mickelson clarified that the voted levy funds could be used for this, but with the permissive piece, the district could not; it must be on the facilities inventory list. Ms. Mickelson said there is another sub-fund – the safety and security fund – which is new. Dr. Ream added that the district could levy for SROs and

counselors in this fund since they are considered “safety and security.” He added that the district is looking at this option for May 2020.

Ms. Mickelson addressed the information provided regarding salaries in each position, adding that termination pay at the elementary level will be paid for out of the interlocal. Mr. McEwen inquired into the funding sources for interlocal. Ms. Mickelson answered that it’s from transfers.

Ms. Mickelson addressed the breakout of 92% in the elementary fund and 87% in the high schools for salaries and benefits. She said the breakout was deliberate and in anticipation of declining enrollment in the high school. Dr. Ream added that the district has shifted the weight of the budget onto the elementary schools’ shoulders. He continued that there is projected growth at the elementary level versus a decline at the high school level. Mr. McEwen asked for clarification on the 65%/35% split. Dr. Ream answered that every centralized cost – salaries for individuals who serve both elementary and high school and all expenses – are broken down based on the 65%/35% split.

## **VI. BOARD COMMENT**

Mr. McEwen referenced the board retreat and inquired if there was money involved in achieving the goals. Dr. Ream replied there are no significant expenses for year one, but down the road, there may be some higher dollar items, specifically for curriculum and technology. Dr. Ream addressed the need for a program where educators who attend professional development opportunities can share what they learn with educators across the district, adding that there would be a cost associated with such program.

Mr. McEwen said the budget shows what the district is spending money on, but what is it spending it for, suggesting that it should align with district goals. Dr. Ream said that he often receives questions on what gets squeezed from the budget and answers that curriculum adoption and resources get squeezed, adding that the only adoption this year was middle school science.

Mr. McEwen said, as a board member, he wants to look at what the district can’t do because of a restricted budget. Dr. Ream answered that this budget was built based on what was learned last year and preparing for the future. He added that the entire educational ecosystem must be healthy for the district to be successful; the district’s best investment is its people.

Mr. McEwen asked if all the instructional staff are paid from the same fund or if there is federal funding. Ms. Mickelson answered that this is just the general fund.

Mr. McEwen asked about the health insurance fund. Ms. Mickelson said that is not an officially budgeted fund; the board does not adopt an official budget for that fund. Dr. Ream added that there is a group who oversees the fund. Ms. Mickelson added that a portion of Ms. Stacy Collette’s and Mr. Rich Franco’s salary comes out of that fund. Mr.

McEwen asked for clarification that the board approves the contract but does not approve the actual money. Ms. Mickelson answered that the health insurance committee pays close attention to the health insurance fund.

Mr. Beaver addressed special education tuition and asked whether it reflected payments from East Helena from grades 10-12. Ms. Mickelson said the district will receive payment from East Helena for students served by the district. Mr. Beaver asked if a portion of that goes back into the special education tuition fund. Ms. Mickelson answered that the tuition received from East Helena must go into the general fund regardless of the student.

Mr. Beaver asked, with regards to adult education, why the elementary component was so high. Ms. Mickelson answered that continuing education is higher at the elementary level. She added that when the district pays Helena College for continuing education, the cost is split according to the 65%/35% break.

Mr. Beaver referenced the building reserve fund, adding by not using all of the money, it shows the public the district isn't spending the money it asked for. Dr. Ream answered that the district will do a better job of spending it – noting the upcoming safety and security measures and increases in technology costs. He added that while the district can hire out a project, it still has to monitor that project, which takes significant manpower but not as much money as completing the entire project. Mr. McEwen asked why the district didn't staff up to oversee the building projects, for instance an Assistant Director of Facilities. Mr. Hindoin answered that it doesn't take as much load off as one would think.

Mr. Beaver addressed where the \$100,000 in unpaid lunch money was paid from. Ms. Mickelson answered that \$100,000 wasn't the net amount, adding that other members of the community are covering the deficit because the district has credit balances and deficit balances, and the credit balances outweigh the deficit.

Mr. Beaver asked if an elementary student from East Helena wanted to attend Bryant, the Helena district could send a bus to pick up the student. Ms. Mickelson said that while there was a catch in the law that said if the student has a high school sibling who rides the bus into Helena, a bus could transport that student, it was the district's intent to include 9<sup>th</sup> graders only. Mr. Beaver requested confirmation that an East Helena elementary student paying tuition to attend a Helena school would be dependent on self-transportation. Dr. Ream affirmed, adding that it was the same for Montana City students.

Mr. Beaver asked if the state would have allowed the district to make the shift to a 65%/35% breakout if it has not lost 400 students. Ms. Mickelson answered that the state does not dictate what the split must be – the district just must have a reasonable approach to the split. Mr. Beaver asked if other districts were required to be at a



60%/40% split. Ms. Mickelson answered that they are not all at that split; there is no requirement for what the split needs to be other than a reasonable approach.

## **VII. ADJOURNMENT**

Mr. Hindoin adjourned the meeting at 1:25pm. The next meeting will be September 6, 2019.