

Board of Education Finance Committee
Minutes
April 3, 2013

Present for the meeting were Mr. Whitt, Mr. Sessions, Mr. Preis, Mr. Richards, Ms. Quinley, Dr. Clippard and Dr. Belcher.

Mr. Whitt called the meeting to order and asked for a motion to approve the minutes of the February 6, 2012 meeting. The minutes were approved as presented.

The committee discussed the draft bond rating from Moody's as it relates to the upcoming May 2013 bond issue. The preliminary rate is a continuance of the current Aa1 rating. Ms. Quinley read the rater's rationale and noted financial strengths of the District which highlighted the forward looking financial forecasting, the multi-year buildup of reserve balances and multi-year capital and debt plan.

Mrs. Quinley shared with the committee that the sports marketing program had generated enough revenues to pay the capital projects fund back fully for the advanced cost of the football scoreboards. The committee discussed that this means MSHSAA programs will receive distributions from the program by and during next fiscal year. Administration will meet with the athletic directors and building principals to discuss how those funds will be distributed.

A review of the draws on the federal program funds year to date was shared. This is a direct result of an audit concern last year regarding untimely draws of funds. Mrs. Quinley reported that each program has requested draws per the plan for quarterly draws. She also reported that the Title I draw requested in December failed due to a misunderstanding of how to use the DESE epegs system.

Dr. Clippard presented several salary proposals for next year including the following

- Establishment of flat standard substitute cook rate of \$8.75 per hour at a net annual cost of \$100 or less
- Establish a substitute rate for playground monitors of \$9.78 per hour at an estimated annual cost of \$1,575
- Elimination of grade 25 on the hourly salary schedule and creation of grade 30 for highly technical and responsible hourly support staff positions. This would have a net cost of an estimated \$24,000.
- A change in the number of days for elementary principal secretaries that would allow them to work all days as the elementary principal. The net cost of this change is estimated at \$8,500
- Eliminate the Home School Communicator salary schedule going back to previous practice of placing them on the teacher salary schedule at an estimated cost of \$11,600
- Consolidate middle school and junior high principal schedules due to secondary reorganization at an estimated cost of \$23,837

- Operate all salary schedules with the exception of the teacher schedules for those in the bargaining unit and authorize increases of 1.77% for non-scheduled salaried personnel at an estimated cost of \$594,963

The committee discussed the minor changes made as compared to a year earlier and the cleanup work done to make the schedules more appropriate and consistent.

Mrs. Quinley shared information relating to requirements of Healthcare Reform including new fees (the Comparative Effectiveness Research Fee and the Exchange Reinsurance Fee) that would create unanticipated increases to the medical plan costs next year. Additionally the state requirement for the addition of up to \$40,000 per year in services to families with a child with an autism diagnosis will increase costs at an unexpected rate. The benefits committee would like to move forward with partner benefit planning for January 2014 but will delay consideration of a wellness program in order to help reduce cost increases next year.

The committee discussed revenue and expenditure assumptions for next year including positive moves in assessed valuation and local property tax collection rates as well as increases in Proposition C revenues. State funding is still being carefully considered as the state approaches the final weeks of budget conversations.

Expenditure assumptions include an increase in fixed cost for transportation and utilities that allow for rate increases as well as expected increases in use due to the opening of Battle High School and secondary reorganization. The committee discussed the transportation contract renewal and whether or not incentives for efficiencies can be built into future agreements that could result in overall savings.

Finally the committee discussed the implications of current assumptions on the five year planning model and the board's commitment to assuring operating fund balances stay above 16% in the forecasted time. Committee members asked what happens if the economy and revenues improve at a better pace than projected. Dr. Belcher replied that a list of needed items would be assembled for prioritization and consideration by the Board.

Mr. Sessions moved to adjourn; Mr. Pries second and motion carried.

Mr. Whitt adjourned the meeting.

Respectfully submitted:
Linda D. Quinley, CFO