

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
BOARD OF EDUCATION
FAIRBANKS, ALASKA

Work Session

MINUTES

March 10, 2015

President Haas called the work session to order at 6:14 p.m. in the board room of the FNSBSD Administrative Center at 520 Fifth Avenue to discuss the district's 2015-2016 Proposed Budget, including the presentation of the Citizen Budget Review Committee's (CBRC) report.

President Haas read the district's mission statement: *"Our mission is to provide an excellent and equitable education in a safe, supportive environment so all students can become productive members of a diverse and changing society."*

Present:

Heidi Haas, President
Wendy Dominique, Vice President
Allyson Lambert, Treasurer
Lisa Gentry, Clerk
Sue Hull, Member
Michael O'Brien, Member
Sean Rice, Member

Absent:

None

Staff Present:

Dr. Karen Gaborik, Superintendent
Lisa Pearce, Chief Financial Officer
Shaun Kraska, Interim Assistant Superintendent of Secondary Education
Sandra Kowalski, Assistant Superintendent of Elementary Education
Kathie Wassmann, Executive Director of Special Education
Dave Norum, Executive Director of Facilities Management
Peggy Carlson, Executive Director of Curriculum & Instruction
Janet Cobb, Executive Director of Technology
Johanna Carson, Director of Public Relations
Melanie Hadaway, Director of Alternative Instruction & Accountability
Jennifer Glorioso, Director of Nursing
Heather Rauenhorst, Director of Grants & Special Projects
Helen Clark, Director of Federal Programs
Daniel Domke, Director of Career Technical Education
Katherine Sanders, Director of Library Media
Sandy Weaver, Budget Specialist
Sharon Tuttle, Executive Assistant to the Board

Others Present:

Becky Williams, Citizen Budget Review Committee Member & Spokesperson
Tammy Dauma, Citizen Budget Review Committee Member

Citizen Budget Review Committee's Report on the Proposed 2015-2016 Budget [0:00:33]

The Citizen Budget Review Committee (CBRC) marked the thirty-first year of citizen participation in the Fairbanks North Star Borough School District budget review process. The committee consisted of two school board members, Allyson Lambert, chair, and Michael O'Brien, member, and the following representatives:

Citizen Budget Review Committee's Report on the Proposed 2015-2016 Budget (continued)

<u>Citizen Members:</u>	<u>Appointed by:</u>
Michelle Williams	Heidi Haas
Anisha Adams	Wendy Dominique
Christopher Dean	Lisa Gentry
Becky Williams	Sue Hull
Michelle Rizk	Michael O'Brien
Larry Ehnert	Sean Rice
Tammy Dauma	Colonel Sidney Zemp
Noelle Hohnecker	Colonel Larry Rice
Elcee Evershed	Regional Student Council Student Representative

Becky Williams and Tammy Dauma represented the committee and provided an overview of the committee's report for the board's consideration.

The committee was tasked with evaluating the administration's proposed budget for 2015-2016, including assessing the reasonableness of revenue level assumptions, and examining the level of expenditures planned for the upcoming school year across all operating fund program areas. Additionally this year, the committee was tasked with providing budget recommendations under two distinct funding levels.

The administration's 2015-16 proposed operating fund revenues anticipated no additional revenue from the state. It did, however, include \$3.4 million in supplemental aid as per HB278 (a reduction of \$1.2 million from 2014-15). Governor Walker's proposed budget eliminated the supplemental aid completely. If the Governor's budget came to fruition, the district would experience the need to reduce an additional \$3.4 million from the 2015-16 proposed budgeted expenditures.

The administration's projected operating fund revenues initially indicated a decrease of about \$2.6 million for 2015-16. This was based on a base student allocation (BSA) of \$5880, a small decline in enrollment, reduction of \$1.2 million in supplemental aid based on HB278, and a static mil rate from the borough assembly. It also included \$1.9 million in fund balance designation, which was almost double the 2014-15 use of fund balance.

There was much uncertainty regarding the continuation of the \$3.4 million in supplemental aid, known as "one-time" energy funding. The supplemental funding had been provided for four years in a row and had become an integrated and necessary part of education funding. The committee recognized the political uncertainty at the state level regarding continuation of supplemental aid.

Sustaining educational programs was of serious concern, as was maintaining current class size targets. A maintenance level budget would require approximately \$7.5-\$11 million in additional revenues, depending on whether the state budget included HB278's supplemental funding. The committee believed the administration's presentation of revenue assumptions was reasonable and defensible.

CBRC budgeted revenue suggestions:

The Fairbanks North Star School District was facing its worst budget crisis since the late 1990's. Most years when the district faced a significant deficit, other major districts around the state were in the same situation. That was not the case this year. Other major districts around the state were not facing the extreme budget shortfall that Fairbanks faced, whether due to increasing enrollments (Mat-Su) or significant fund balance (Anchorage). Other districts were not facing the prospects of teacher cuts and increased class sizes.

Citizen Budget Review Committee's Report on the Proposed 2015-2016 Budget (continued)

Because Fairbanks was "going it alone" in the current year, there was small chance the state would feel enough political pressure to help alleviate the district's funding shortfall. It was incumbent upon Fairbanks to do what was necessary to help minimize the budgetary pressure on the local community. Therefore, the committee believed the following recommendations were prudent and advisable.

District's Anticipation of \$3.4 Million Decrease in Supplemental Aid (Energy Funding)

Based upon the state's budget crisis and the current political environment, and indications from Senate and House leadership, the committee felt the supplemental funding enacted in HB 278 would not likely materialize. The committee believed it was important to energize the community to ensure interior legislators heard the call to "Keep the Promise" and forward fund education in accordance with HB278.

Request additional local contributions

The administration's proposed budget anticipated the borough assembly would "hold the district harmless" and provide an offset for the \$847,000 reduction in state foundation revenue. The \$847,000 was deducted by the state due to increasing FNSB property assessment valuations. The total local contributions were approximately 78 percent of what was allowable under state law.

Administration pointed out the \$847,000 local contribution increase, based on assessed valuation, would offset the loss in state funding due to increasing property values and did not really give the district any additional operating funds. Rather, it shifted the burden of the funding amount from the state to the local borough.

Additionally, the committee supported the borough assembly's upcoming Ordinance No. 2015-14: An Ordinance Waiving FNSBC 3.02.060e Relating to the School District Annual Lapsing of Funds to the School District Facilities Maintenance Reserve Fund for Fiscal Year 2014-15 Only. The ordinance had been referred to the borough assembly finance committee and would advance to public hearing on March 26, 2015. It was imperative there was support for the ordinance. If passed, the ordinance could provide up to \$800,000 in additional revenue.

President Haas suggested Lisa Pearce, chief financial officer, send a reminder to the Citizen's Budget Review Committee about the March 26 Assembly Meeting when the lapse fund ordinance would be before the assembly and public testimony would be accepted.

The committee recommended the administration continue to work with the borough to amend code language that would permanently address the lapse of school district funds. The committee was hopeful a compromise could be reached that met the needs of both the district and borough. While the committee appreciated the borough assembly's commitment to maintain school facilities, current ordinance language could reduce critical operational dollars in the classroom and did not take into account unique situations regarding categorical funding and foundation funding offsets. The committee believed current language discouraged prudent savings of year-end funds and the re-allocation of those funds in support of classrooms in the next budget year.

With the decrease in education spending due to the state budget crisis, the committee believed the community would support an increase in the mill rate to ensure students continued to receive the funding necessary for high quality education from motivated, skilled, supportive teachers, administrators, and support staff.

CBRC Proposed Budget Changes Regardless of Funding:

The CBRC strongly supported the ongoing efforts of the board and administration to keep class sizes at the current levels as it impacted the majority of students and lent itself to greater achievement. The committee had long discussions on how to maintain current class sizes.

Citizen Budget Review Committee's Report on the Proposed 2015-2016 Budget (continued)

In reference to the *Superintendent Amendment Plus Full Cut of Supplemental Aid in FY15-16 Proposed Budget (~\$11 million)*: the amended budget proposed by the administration was a budget that balanced the full ~\$11 million in cuts by proposing a variety of cuts to materials, programs, and personnel. The administration proposed increasing the PTR in the different grade levels by:

K: +0.5
Gr 1-3: +1.0
Gr 4-6: +1.0
Gr 7-8: +1.5
Gr 9-12: +2.0

1. The CBRC recommended additional program and personnel cuts worth 12.4 FTE teacher positions in an attempt to reduce the PTR increases to:

K: +0.0
Gr 1-3: +0.0
Gr 4-6: +0.5
Gr 7-8: +1.0
Gr 9-12: +1.0

To reach the reduced class sizes, the committee recommended the following:

- Freeze staff travel at current funding level ~1FTE \$103,600
- Increase supply cuts from 5% to 15% ~1FTE \$125,901
- Cut an additional 6 elementary counselors ~6 FTE \$668,100
- Cut 4 elementary secretary positions ~2 FTE \$218,690
- Restructure the curriculum department to save 2 ITT positions (4 ITT cuts proposed)
- Cut \$260,000 from HR department proposed budget ~2 FTE \$260,000
- Eliminate department head stipend ~2 FTE \$240,000

In relation to the recommendations, the committee suggested bringing back the department head prep period with a focus of a department curriculum specialist. The position could be paid with the grant that currently paid the curriculum content coaches. Since the grant funding was not in the Operating Budget, the money savings from the stipend would create ~2 FTE for teacher allocations. The committee felt that, although it would take effort to restructure the current system, the benefit of having the content area curriculum specialist in the building was worth the effort. The department curriculum specialist would work directly with members of their specific department on a daily basis and directly influence what and how the specific curriculum was being taught. Currently, there was only sporadic contact with the content coaches. The committee felt the new proposed model would not only retain teachers but improve overall curriculum implementation.

2. Other considerations:

- Assign each assistant principal in high schools and middle schools one class (of their choice) to teach (if highly qualified). It would create ~2.8 FTE. The committee felt the recommendation had numerous benefits. It would keep administrators connected to the teaching side of education and benefit them with the new teacher evaluations. It would reduce the number of days out of the buildings because they would have classroom responsibilities, and it would allow some additional electives in secondary schedules.
- Restructure the special education department to provide one full-time extended learning program (ELP) teacher to each elementary school. The ELP had not been increased in years.

Citizen Budget Review Committee's Report on the Proposed 2015-2016 Budget (continued)

- Consider implementing Pay for Play (with exceptions).
- Discuss increasing cost of school lunches to potentially offset nutrition services subsidy.

CBRC Prioritized "add-backs" in the event of increased funding:

The CBRC discussed "add-backs" in the event of increased funding, which could include the HB278 Supplemental Aid and/or \$800,000 in additional funding if the borough waived the lapse fund for the current year. The committee's recommendations, in priority order, should additional funding become available:

- Nurses (3 FTE). The committee felt nurses were essential to ensure the health and safety of students. The committee noted too many instances where children had experienced medical emergencies at school, and had the school nurse not been available to assess the student's needs and provide the correct care, could have resulted in serious issues.
- Activities Coordinators. The committee recommended reinstating the activities coordinators positions. Student activities were vital to the educational experience provided to district students. The committee felt assistant principals would not be able to effectively manage extra-curricular activities, especially in light of the implementation of new student assessments and teacher evaluations.
- OPTIONS Program. The committee recommended reinstating the program if funding was available. The district's mission was to provide an excellent and equitable education in a safe, supportive environment so all students could become productive members of a diverse and changing society. The committee felt eliminating the program risked losing a segment of the student population, thereby affecting not just one generation of students, but potentially two generations. However, the committee also realized the program would not support itself. Therefore, the committee recommended the administration consider restructuring the program, possibly partnering with UAF, using interns for child-care providers, and considering fee based child care for available positions.
- Class Size. The committee recommended reinstating class size targets in grades K-12 to the current level.
- Technology. The committee recommended restoration of VOIP, Chromebook Carts for on-line assessment, and ITT positions not otherwise restored. Technology was an integral part of the district's strategic planning process; its importance in society could not be overstated.
- Intervention Aides. The committee recommended restoration of the positions.
- Senior Accountant (payroll). The committee understood the need for an additional payroll specialist in the accounting department. However, the committee believed the position did not require a senior accountant, but rather could be filled by hiring a payroll specialist at a lower level.

Additional Comments to the School Board:

The CBRC held many conversations important to the overall operations of the district. Although, as a committee they believed the administration had done a good job at utilizing staff, programs, and funds, the committee believed continual evaluations of each program or department were crucial to the student and financial success of the district.

The committee strongly agreed class size was the priority; however, due to the significant deficit facing the district, the committee understood keeping class size PTR at its current level might not be an option. The committee encouraged the administration and board to protect the PTR in grades K-3, where students received the foundation of their education that would carry them throughout their lives.

Citizen Budget Review Committee's Report on the Proposed 2015-2016 Budget (continued)

The committee understood funding for districtwide teacher computer refresh and subject textbooks had only been postponed one year. The administration would need to address the issues next year. It was important teachers, staff, and students had current materials and resources necessary to ensure student success, and best prepare students to be competitive in the workplace, in applying for colleges, scholarships, and other career and educational opportunities.

The committee supported the administration's recommendation to add a BEST director/principal. Revitalizing the program and ensuring it was competitive with the two other major homeschool programs in Fairbanks had the potential to significantly increase revenue. There were at least 1000 children homeschooled in Fairbanks who were attending other homeschool programs, creating revenue for those districts. The committee believed a revitalized BEST homeschool program had the potential to attract more students from Fairbanks and statewide, thereby creating additional revenue for the district. The committee recommended the administration set a goal of recruiting 250 new students to BEST in the coming year.

The committee understood additional areas may not be addressed prior to the completion of the current budget cycle, but encouraged additional evaluations be made before the next budget cycle. An additional area of evaluation should include a 4-day or 4 ½-day school week.

Committee Comments

The CBRC received comment regarding various areas of proposed cuts, areas for improvement and concerns from citizens. All committee members were provided these comments and additional discussions took place because of the feedback from our community.

The committee heard public testimony in support of the OPTIONS teen parenting program, library assistants, art specialists, nurses, counselors, technology, and instructional technology teachers (ITTs). Public testimony provided committee members the unique opportunity to learn more about positions and programs.

The CBRC operated on an on-going basis. It would continue to perform a thorough review of district efforts to achieve student success, as well as management and operational efficiencies. The committee's goal was to provide more specific recommendations for the board's consideration during future budget cycles and validate the effective use of taxpayer resources needed to maintain the high level of service and dedication to students. With the upcoming strategic 5-year plan, the committee was eager to assist the administration and board in laying the framework for the long-term plan that would lessen the burden/impact moving forward.

The CBRC was hopeful that with community support and advocacy, the supplemental aid would be restored within the state budget and the lapse ordinance waiver would prevail, thereby increasing the current budget, and allow the committee's recommendations to be evaluated and implemented by the board as the budget was finalized.

Board Comments

President Haas, Mrs. Lambert, and Mr. O'Brien thanked Ms. Williams and Ms. Dauma for the report and the entire Citizen Budget Review Committee for their work.

2015-16 Budget [0:10:00]

Superintendent Dr. Gaborik reported on her recent visit to Juneau. The outlook was grim; there had been no talk of added revenue. The outlook for next year looked even worse for the district. The board would have some difficult decisions to make.

2015-16 Budget (continued)

Dr. Gaborik reviewed her budget amendments, including additional reductions to meet the potential budget shortfall of approximately \$11 million dollars, should the Governor's budget stand. Board members had questions about electives and schedules, special education, content coaches, instructional technology teachers (ITTs), human resources, principals and assistant principals, sports and activities, counselors, nurses, music and art teachers, and elementary secretary positions.

Due to a prior commitment, Mrs. Hull left the meeting at 6:49 p.m.

There was extensive discussion on the need to provide the board enough flexibility regarding possible personnel reductions. Board members did not want to notice staff needlessly, but needed enough leeway to work through the budget process. The board recognized staff notices would impact morale and staff. Not all staff receiving notices would be without a position next year; but the notice was needed to provide the board the flexibility in order to make the difficult budget decisions needed to balance the budget. The board asked the administration to request an extension from the Fairbanks Education Association (FEA) on the notice date. The board also suggested communication be provided to staff explaining the reason for the broad net of notices; which was due to the tight timeline, the process, and the uncertainty of exactly where the cuts would be made. The notices affected FEA members only, as classified support and exempt staffs had different notification guidelines.

Additional board questions and discussion topics included the possibility of fundraising to fund positions and/or programs, receiving future CBRC reports earlier and prior to meetings, and the borough's upcoming ordinance to waive the lapse fund for the current year.

President Haas summarized the board's consensus to have the administration seek an extension on the notice date from FEA. If a notice extension was not granted, the board agreed to have the administration cast the greatest net to counselors, art teachers, and music teachers. President Haas noted it was the board's consensus to notify counselors, art teachers, and music teachers if an extension date was not agreed to by FEA. The board would like to have language and/or perhaps face-to-face meetings and some communication push-outs to help the community and staff understand the board's process and why the board was moving in the direction it was. The board also requested the administration review the CBRC recommendations and the impact they might have on programs and staff. Additionally, the board requested information on noticing for the Fairbanks Principals' Association (FPA).

Dr. Gaborik supplied board members with information regarding questions asked during the administration's presentation of the proposed budget.

President Haas stated the budget meeting, scheduled for the following evening, would be dedicated to public comment. Board members were instructed to contact Dr. Gaborik or Ms. Pearce with any requests for additional information before Thursday's work session, when the board would resume their work on the budget.

Comments/Announcements

Board members encouraged everyone to contact their legislators and assembly members. Advocacy was needed by everyone in an effort to secure additional revenue.

The meeting adjourned at 7:41 p.m.

Submitted by Sharon Tuttle, executive assistant to the Board of Education.