

# DAVENPORT COMMUNITY SCHOOL DISTRICT

## COMMITTEE OF THE WHOLE MARCH 16, 2009

The Board of the Davenport Community School District met for a second Committee of the Whole meeting on Monday, March 16, 2009, pursuant to law. The meeting was in the Jim Hester Board Room at the Administration Service Center, 1606 Brady Street, Davenport, Iowa, in said District. President Zamora called the meeting to order at 5:35 PM.

On roll call the following board members were present for the Committee of the Whole: President Patt Zamora; Directors Nikki De Fauw, Ralph Johanson, Ken Krumwiede, and Larry Roberson. Director Tim Tupper arrived at 6:30 PM and joined the other board members. Absent: Director Rich Clewell. Superintendent Julio Almanza arrived at 5:45 PM. Other administrators present for the meeting were Marsha Tangen, Leslie O'Melia, and Ethel Reynolds.

### BUDGET AMENDMENT 2008-2009 AND PROPOSED BUDGET 2009-2010

CFO, Marsha Tangen presented the Board with copies of the PowerPoint presentation and a handout outlining the latest information about the American Recovery and Reinvestment Act (ARRA). She received the ARRA information from Larry Sigel at IASB and wanted to share notes with board members about the State Fiscal Stabilization Fund. Tonight the presentation would address four items dealing with the district budget as follows: 1) Amendment to the 2008-09 Budget; 2) Proposed Budget 2009-10; 3) Budget Guarantee; and 4) Spending Authority.

The discussion started with background on financial benchmarks for financial solvency, days-net-cash ratio, and unspent balance. The challenges were outlined showing a 1.5% ATB and a 4% allowable growth with 2% funding plus 1.5% 2009 ATB. This will mean a reduction of \$155.29 per pupil with a total effect of a \$2.8 million reduction. Mrs. Tangen talked about making budget amendments for this year in order to avoid overspending the general fund. The projected fund balance in June is expected to be \$11,682,896. The amendment was detailed to help board members understand the reasons for changes being made in the budget for 2008-09.

Next Mrs. Tangen talked about the projected budget for 2009-10 with the changes for the State's ATB reductions. She talked about the impact of the reduction by the state on funding totals, contract renewals, insurance, increases in routine expenses, and salaries and benefits for non-grant funded areas. She presented several examples of what the \$2.8 million would be equivalent to so the Board clearly understood the impact. There are short, medium, and long-term solutions which we have to look at including defining our needs, expenses relative to our mission, changes to consider, and those areas known as "sacred cows" that people don't like to have to alter.

The administration was looking at ways to react to the reduction which may include using \$1 million dollars of our cash reserves and making internal reductions in non-staffing and staffing numbers. It was explained how staff was working on formulas for allocating the budget, eliminating travel to within 400 miles, and asking the secondary leaders to review how they allocate staff. There were 60 plus early retirees this year, additional summer resignations will come in, and certifications have to be considered in this process. The budget was built without stimulus funding for a variety of reasons.

Mrs. Tangen talked about mechanics of the 2009-10 budget for allowable growth at 4%, funding at 2%, and "real new money" .98%. Additions to the funding formula are teacher quality dollars, teacher quality professional development money, and early intervention funds. The Board heard assessed valuation was up 2.85%, preschool funding was in the Aid & Levy, and there were cash reserve levy amounts. The projected fund balance for June 30, 2010 would be \$14,905,905 and the total budget for all funds for 2009-2010 will be \$179,524,469. The tax levy will be \$17.09412 which means no tax increase from 2009.

The management, capital projects, debt service, and other enterprise funds were defined. Challenges to the 2009-10 Budget were shared so the Board would see benchmarks and projections changing. Mrs. Tangen talked about the importance of the Board doing a budget guarantee resolution that would guarantee 101% of the previous year's funding. As it stands, we don't qualify but we were instructed to pass the resolution in case we need it later when we might qualify. If the Board doesn't take action at this time, we can't do anything about this later.

The spending authority is the maximum amount a district can spend in a year and it is illegal in Iowa to overspend the spending authority. The spending authority was like having a cap on a credit card and you can't charge over a certain amount. The challenges are that expenditures are exceeding the annual authority and the unspent balance is decreasing annually by \$4 to 5 million. The State projects 103 districts will exceed spending authority by 2010 and we don't want to be the next district to go over. We need to continue reductions in order to bring spending back to within the spending limit, or we could be in a negative unspent balance by 2011.

After the report board members had time for questions and the administration offered responses. There were questions about middle school staff, staff reductions being phased in, the management fund balance, and how it can be used for early retirements and liability insurance. They talked about the impact of reductions and having 60 people retire this year. There are some areas people won't talk about making any reductions or changes. The superintendent mentioned team time at intermediate schools. There were questions about what impact a 17% jump in insurance would have on the budget and how para-educators would be used with teachers in classrooms. The superintendent talked about computer assisted programs and having certified staff working with others to get the most out of the computer system. Dr. O'Melia was able to provide answers about how we work with other districts in more comprehensive programs and ways to partner with Scott Community College. She talked about challenges of finding certified people to teach classes that would qualify for college credit.

Insurance was a concern for the Board with the huge renewal rate increases. Mrs. Tangen shared they were looking at alternatives and will be reviewing this April 1. They hope to have something in place by July 1 with the start of the new school year. Mr. Almanza said the increases in health care costs for the insurance industry have gone up and that impacts what we can provide. Director Johanson asked about assessed valuations and decreases in property values in the future. President Zamora thought the assessed valuations were increasing but the rate was going down on property. In the budget packet there were charts showing the history of taxes that might help as board members reviewed the materials. The superintendent talked about school districts in other states, such as Florida, that are making huge cuts because of changes in real estate values. There were benefits to the way Iowa does it funding although it was a very complicated system of checks and balances.

There were questions about the stimulus packets and when would we know more about this money. The superintendent reminded the Board it was up to the governor to decide how the packet would be used. Director De Fauw wondered if the administration had looked at any modifications to the block schedule and retaining some of the "skinny" classes. The superintendent said they have started discussions on this topic. Dr. O'Melia talked about creating a hybrid of the block. They have to look at how we schedule classes at the three high schools so they work together since students move from one building to another and need consistency. The hybrid would look differently and could solve some problems with efficient use of staff at the schools. Mrs. Tangen noted if the stimulus comes in, it will affect our fund balance but not our spending authority. President Zamora didn't think it made sense to give us money we can't spend. Mrs. Tangen explained the dollars may go into Title 1 or special education funds and there will be a very tight range of restrictions to spending the money.

Director Tupper arrived at 6:30 PM and joined other board members for the discussion. There were questions about salaries and benefits for non-grant funded areas and what was the percent of the total budget. They talked about the budget process, projection figures, and insurance concerns. Director Tupper said he tried to make a model for the expenditure side of the budget and had questions about some of the estimates in the documents. He made some assumptions as he worked through the budget report and wanted additional information provided. Mrs. Tangen addressed some concerns and again explained our declining spending authority. We have to make reductions in our expenditures to stay on the positive side of the projections. There were comments about reductions or reassignments at the secondary level and how principals were looking at assignments and budgets for next year.

Director Tupper wondered about program impacts and what would be gone with the cuts. Mr. Almanza said the administration was trying to minimize any program cuts and reductions would be phased in over the years. We have to look long-term at the process and how we account for our funding dollars. Director Tupper asked if we could shift expenditures to other funds to free up dollars in the general fund. Mrs. Tangen explained how the funds work and not being able to do this. Textbooks and technology might be a part of the long-range plan and have other funding. President Zamora said she has asked for data on middle school for years showing that the extra period for team time was making improvements in student achievement. This is not a good use of our money in the middle schools. Director Tupper asked if there was an analysis of the impact of the team time. President Zamora said she presumed no studies were done since she asked for reports on this for some time. There was no data to show the extra period for team time help student achievement. Director Tupper talked about collaborative time for teachers and thought team time had an impact on student achievement. Mr. Almanza said the District has had team time for 13 years and we have not been consistent. We are working at becoming more consistent but we have to address this so as to avoid a negative impact on instruction.

Director Tupper asked about the contingency figures in the budget and thought it was too much. Mrs. Tangen explained this was a relative small percentage of the total budget. Mr. Almanza said buildings have been allowed to keep carry over money in order to purchase specific things needed for their schools. They have saved for some time and now want to be able to use the money for larger purchases. Director Krumwiede wanted some clarification about the intermediate schools and what went on during the team time at buildings. The teachers will still have the reduced Wednesday schedules for collaborative work and he wondered what they were giving up with the changes being discussed. Director Tupper wanted some of the middle school teachers to come to the meeting and talk with board members about the benefits of team time. The superintendent said we have an April time frame for our budget and we can't go beyond certain dates set by the state.

Mrs. Reynolds clarified they have to look at staffing and enrollment in this process. When they look at staffing formulas we have middle school teachers teaching five out the seven periods with one period for prep time and one period for team time. They have to show us what this means in their buildings as we look at numbers and staffing ratios. Some of the team time may stay but maybe not all the time. Mrs. Tangen concluded the presentation with a brief summary of the budget and amendments being recommended.

The meeting was adjourned by President Zamora at 7:00 PM.

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Linda Smith Kortemeyer, Board Secretary