

BATTLE CREEK PUBLIC SCHOOLS BOARD OF EDUCATION
Special Meeting
June 27, 2016
Administration Building, 3 West Van Buren, Battle Creek, MI
6:00 p.m.

PRESENT - BOARD OF EDUCATION

Todd Stagner
Kellie Thomas
Karen Evans
Catherine LaValley
Nathan Grajek
Rose Miller
Art McClenney

Present – Administration

Kim Parker-DeVauld – Superintendent
Stephen Sestina – Executive Director, Human Resources
Monique Cheeks – Director, Student Services

MINUTES

The meeting was called to order by President Stagner at 6:00 p.m. All board members were present. Approximately 6 citizens and staff were in attendance.

APPROVAL OF AGENDA

Catherine LaValley made a motion to accept the agenda with an addition of items E. Consideration to Approve Contract for the Remodel of Ann J. Kellogg Cafeteria, and F. Authorization for Superintendent to Negotiate Service Contract for Review of ORS Reporting and Interim Payroll Processing to New Business.

The motion was supported by Kellie Thomas.

Motion passed 7 – 0

Dr. Stagner asked for a moment of silence in honor of the BCCHS student who was killed in a car accident over the last week.

PUBLIC COMMENTS

None.

REPORTS

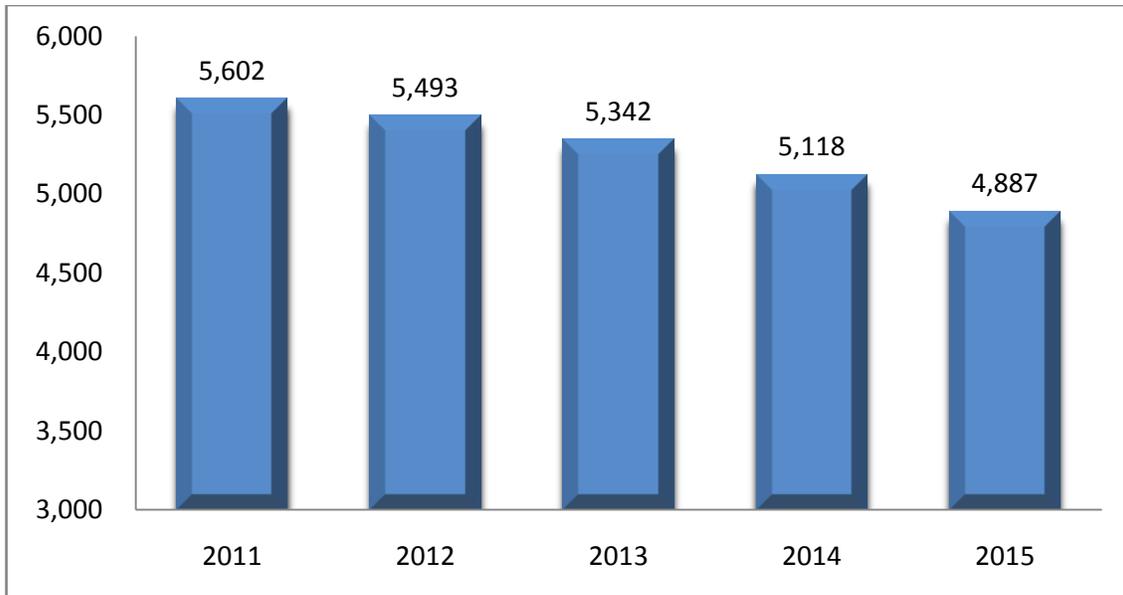
- 2015-2016 Appropriations Act Amendment – Kim Parker DeVauld presented a slide show outlining information that has been presented in the past.

BCPS- Hard Fiscal Facts

- Declining Enrollment
- Expenses exceeding revenue
- A 40.53% decline in the fund balance over the past 5 years

- Staff ratios out of balance and not in line with comparable districts- 80% of the GF is used to pay employee salaries and benefits

Student Enrollment – Blended FTE State Aid Membership

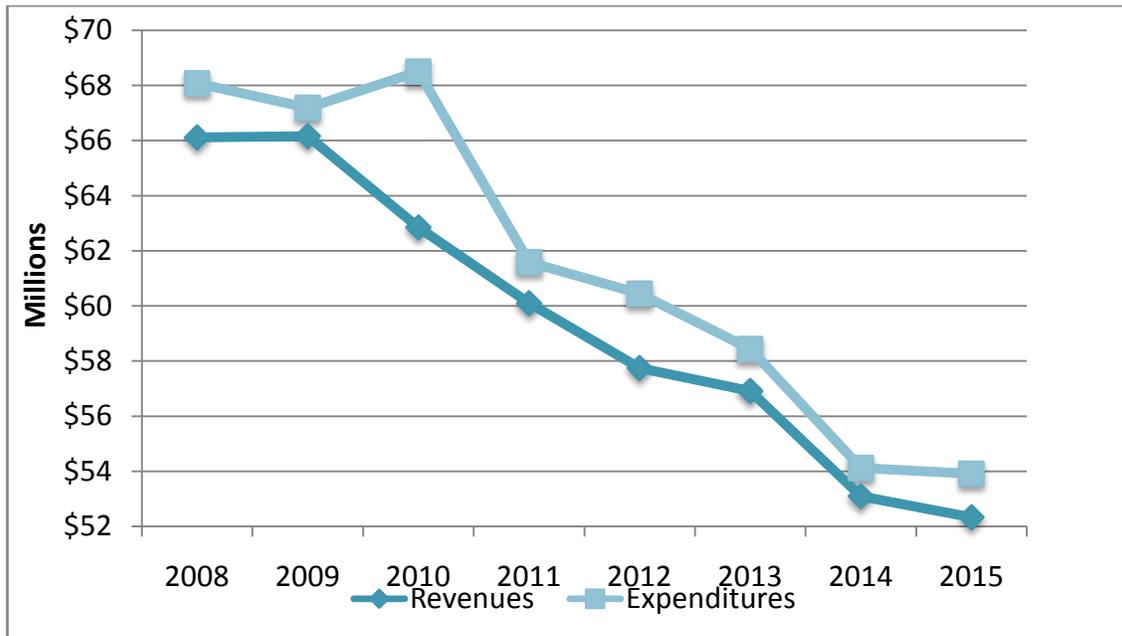


Decrease over the prior year shown of 231 students equates to approximately \$1,650,000 of funding based on 2015 foundation allowance of \$7,168.

General Fund - Fund Balance as of June 30



General Fund Revenues & Expenditures, Year Ended June 30



Fiscal Stress

- At the end of FY 15- Fund Balance of \$5.3 million
- At the end of FY 16- Fund Balance of \$4 to \$3.8 million
- If nothing is done, BCPS is insolvent by FY 18

The budget tonight is a scenario based on our current understanding of the finances of BCPS. Although we've made significant adjustments to explain the impact of rising expenses and declining revenue, an analysis of our district finances reveals our long standing challenges are going to require some additional cost controls.

This evening, we have Mr. Don Sovey to present the Appropriations Act Amendment for 15-16 and the 16-17 Budget Projections.

Mr. Sovey:

Beginning in July of 2016, the District will begin using a zero base budgeting system to retool the 2016-17 budget while developing a 2017-18 budget at the same time. The process steps will include:

1. Development of "cost centers" for responsibility, budgeting, and reporting purposes;
2. Start with a "clean slate";
3. Require that budget amounts be annually justified;
4. Examine cost / benefits for all activities and programs;
5. Explicitly examine new operating approaches;
6. Produce a choice of several levels of service and cost for decision making.

The zero-base budget process is collaborative and involves school stakeholders. What needs to be done?

- A. Adjusting expenditures downward to stay ahead of reduced student enrollment;
- B. Correct any structural budget shortfall, so that it does not reoccur in the future;
- C. Study operational square footage for possible space consolidation to save; operating costs;
- D. Install a zero base collaborative budget process district-wide;

- E. Strive to increase revenue while reducing expenditures through our new budget process;
- F. Immediately begin to retool the 2016-17 budget presented tonight and concurrently prepare the 2017-18 budget to assure fiscal stability;
- G. Review all contractual agreements to assure the District is using research-driven best practices;
- H. Right-size the district;
- I. Engage school community for feedback. We are submitting a budget to you prior to July 1 as required by law for the 2016-17 fiscal year.

The budget under examination is not reflective of where the district should head financially for the next year. This is being presented tonight as a means of starting a process to eliminate 10 years of ongoing structural shortfalls and turning the corner on district sustainability for the district.

The District will need to review all business practices and get ahead of any projected student loss so that expenditures will not exceed revenues. To that end, the District will contract, at minimal cost, a professional enrollment projection entity to provide enrollment projection data for planning purposes going out 5 years.

Once the enrollment projection is completed, all budget lines will be examined in detail for accuracy and appropriateness of expenditure while moving forward with zero base budgeting. The budget presented tonight is based upon the proposed draft budget and the work of outside CPA's. (Mr. Sovey and T2 Accounting Firm)

The budget figures presented tonight have not been formally audited. Details of the budget tonight include:

1. Implementation of the district 2016-21 Strategic Plan including 6 Goals for Greatness;
2. Restructuring of District facility usage and programs;
3. Strengthening of Alternative Education Program delivery anticipating serving 25 additional students minimally;
4. A net student enrollment loss projected to be a net loss of 225 students @ \$7,511, or \$1,689,975 in state aid revenue reduction;
5. State and federal grants continuing at levels similar to current year;
6. Continuation of contractual requirements for payout of unused employee sick time at retirement;
7. Employee reductions totaling 9 positions as approved at a recent board meeting;
8. Revenues for 2016-17 general fund are initially budgeted at \$52,011,105 while initial budget expenditures are budgeted at \$55,567,805, resulting in a projected shortfall of \$3,556,700. If this budget holds true, the June 30, 2017, fund balance would equate to \$1,489,853;
9. Revenues for the Math and Science Center for 2016-17 are initially budgeted at \$3,756,619 while initial budget expenditures are budgeted at \$4,104,537, resulting in a projected shortfall of \$347,618.

If this budget holds true, the June 30, 2017, fund balance would equate to \$1,998,640. The time is now to work collaboratively toward sustainability.

Your new Strategic Plan is timely and provides a great roadmap for the district as it moves forward.

The board and Mr. Sovey discussed his budget presentation.

Karen Evans made a motion to adjourn the Truth and Budget Hearing.
Catherine LaValley supported that motion.

Dr. Stagner asked for a roll call vote to adjourn the Truth and Budget Hearing.

Karen Evans – Yes
Kellie Thomas – Yes
Art McClenney – Yes
Catherine LaValley – Yes
Nathan Grajek – Yes
Rose Miller – Yes
Dr. Todd Stagner – Yes

At this time the hearing is over and we are ready to receive questions from the public.
Seeing none, consideration to adjourn public hearing. Unanimously supported.
Public hearing adjourned at 6:52 p.m.

Motion passed 7 – 0

NEW BUSINESS

- A. Consideration to Approve the 2015-16 Appropriations Act Amendments
Rose Miller made a motion to approve the 2015-16 appropriations amendments.
This motion was supported by Karen Evans.

Motion passed 7 – 0

- B. Consideration to Approve 2016-2017 Budget Projection Appropriation Resolution
Kellie Thomas made a motion to approve the 2016-2017 budget projection appropriation resolution.
This motion was supported by Rose Miller.

Questions/Comments: Catherine LaValley – is it possible to have an updated report on how many kids we think we are going to have at our next board meeting? (Director of Student Services said an updated listing will be available.)

Art McClenney – It would be interesting to note, what has been the decline in the student numbers since the position of student retention position had been eliminated.

Dr. Stagner – In the past, teachers made phone calls to parents over the summer and in some cases, it did make a difference.

Kellie Thomas – We need to stress to staff members that they need to not talk badly about the district. This will sway potential families to leave the district.

Catherine LaValley called for the question.

Dr. Stagner asked for a vote in calling the questions. *Motion passed 7-0 to call for the question.*

Motion passed 7 - 0

C. Consideration to Approve Contract for Audit Services

Kim Parker-DeVauld presented to the board the recommendation to approve the contract to prepare for the audit that is coming up at the end of June and July.

Karen Evans made a motion to approve the contract for audit services.
Art McClenney supported that motion.

Question: Catherine LaValley – Who is the company that we are looking at to do this audit? (Answered by Superintendent – Rehmann Robson).

Karen Evans – Do we have an amount? (Answered by the Superintendent –The cost is the hourly rate of \$150 plus reimbursement for out of pocket expenses (limited to mileage reimbursement at the IRS allowable rate and lunch up to \$12.)

Rose Miller – This will continue from July 11 – 29? (Answered by the Superintendent –Whatever time is needed to ensure that we are adequately prepared to go through the audit process.)

Motion passed 7 – 0

D. Consideration to approve the 2015-2016 Superintendent evaluation.

The process was gone through at the previous meeting. Any questions?

Catherine LaValley – Did Superintendent DeVauld have any questions of us? (No.)

Karen Evans made a motion to approve the 2015-16 superintendent evaluation.
Rose Miller supported that motion.

Motion passed 7 – 0

E. Consideration to approve Contract for the Remodel of Ann J. Kellogg Cafeteria.

Kim Parker-DeVauld noted that this is not money that will be coming from the general fund. We have a fund balance that must be spent down by June 30. The MDE has requested a written plan of action that says that we have this excess and that we have a plan to spend it by June 30. Part of that plan is to use these funds at Ann J. Kellogg in the amount of \$23,485.85.

Karen Evans made a motion that we approve the contract to remodel Ann J. Kellogg Cafeteria in the amount \$23,485.85 to come from the food services budget.
Catherine LaValley supported that motion.

Motion passed 7 – 0

F. Authorization for Superintendent to Negotiate Service Contract for Review of ORS Reporting and Interim Payroll Processing

Kim Parker-DeVauld explained the need for a service contract for ORS reporting and payroll processing.

Nathan Grajek made a motion to authorize the superintendent to negotiate a service contract for review of ORS reporting and interim payroll processing. Karen Evans supported that motion.

Questions: Rose Miller – What is the cost of this? (Answered by Mr. Sovey – we are going to find out tomorrow. This is why it was stated for the Superintendent to negotiate the contract. It depends on the extent of what they find with ORS reporting. The other piece is making that payroll is staffed. We don't know yet, that is why it was dated as such.) Dr. Stagner, since we don't know the amount, is there a way we could put a cap of this?

Art McClenney – I was thinking what you were thinking Ms. Miller, but I think we are just asked to authorize the superintendent to negotiate that contract.

Kim Parker-DeVauld – Our concern is that we need to move this work forward, and our next board meeting isn't until July 18. If we wait upon approval, then we will not have anyone in place until July 15. I wish I could come to you with the full cost of this service, but the request right now is to negotiate the contract understanding that we have a budget deficient.

Dr. Stagner – When we built the high school, we allowed F&P to authorize the spending to keep the project, so it did not have to go before the board to keep from slowing things down. I might suggest to the board that they would step forward and allow the Superintendent to do this.

Nathan Grajek – I think we should put a cap on the spending. Whatever that may be.

Dr. Sovey – I suggest you put a cap of \$10,000 on these services.

Nathan Grajek amended his motion to state that he moved to authorize the superintendent to negotiate a service contract for review of ORS reporting and interim payroll processing, not to exceed \$10,000.

Art McClenney supported that motion.

Motion passed 7 - 0

SUPERINTENDENT COMMENTS

Kim Parker-DeVauld gave her condolences to the young man's family who was killed in the car accident.

Also, she told the board of the collaboration between the staff and the community where they came up with a reorganization plan that will help move BCPS closer to its goal. It is going to take all of us to work together to right the ship for the district and she is willing to work collaboratively to create change.

BOARD MEMBER COMMENTS

Rose Miller liked the idea that the board comes together for the best possible solution.

Nathan Grajek attended his class reunion and was proud that the Math and Science Center was known by some of his classmate. Glad to be a part of the district.

Catherine LaValley commended the staff at Dudley STEM elementary. She attended their field day on Friday for two hours. It was nice to see the kids enjoying their last days, with the weather cooperating. All students and staff are to be commended.

Dr. Stagner – In attending the services for the young man, he noticed he was a Carson's Scholar. He wanted to know if we could pass that scholarship on to another deserving student. Maranda in the Park is coming up. This will be a great place to introduce the new principals.

Meeting adjourned by Dr. Todd Stagner at 7:15 p.m.

Submitted by

Gloria O. Wilkerson