

**UNIFIED SCHOOL DISTRICT NO. 113**

**1619 S. Old Highway 75**

**Sabetha, KS 66534**

**Sabetha Middle School**

**MINUTES SPECIAL BOE MEETING, Monday, January 30, 2012.**

President Roger Brockhoff called the meeting to order at 7:00 PM in the Sabetha Middle School auditorium. Roger Brockhoff, Brent Lortscher, Tim Aberle, Cheryl Wenger, Julia Alfors, Mary Jane Ronnebaum, and Ed Reznicek were present; also present were Superintendent, Dennis Stones, Board Clerk, Dr. Volora Hanzlicek and others who are listed on the attached sheet that becomes a part of these minutes.

Mr. Brockhoff thanked patrons for coming and stated that the board had asked Mr. Stones to provide them with a cost analysis and facility study for the district. He then turned the meeting over to Mr. Stones.

Mr. Stones began by welcoming the patrons and thanking them for coming. He explained that the goal of this meeting was to provide the board with information to determine a future direction for the district. The powerpoint that was used to guide Mr. Stones's information will become part of these minutes. He transitioned into the cost analysis part of the meeting by introducing Ken Kickhaefer of Kickhaefer and Associates to share information pertaining to the breakeven points for each building based on guaranteed state aid and without guaranteed state aid for the 2010-11 and 2011-12 school years. Mr. Stones explained that Mr. Kickhaefer was the district auditor and he had audited both the old 441 and 488 districts also.

Mr. Kickhaefer started by presenting a graph that represented the excess or deficit per weighted full-time equivalency based on actual 2010-11 expenditures if we had not had a guaranteed state aid. This graph was followed by expenses vs. revenues by building based on actual 2010-2011 expenditures without guaranteed state aid. Then the 2010-11 school year was also represented with guaranteed state aid followed by expenses vs. revenues by building for 2010-11 with guaranteed state aid. This was followed by the 2011-12 graphs. The four graphs representing the excess and deficit all showed that Sabetha was in the excess as Axtell/Summerfield, Bern, and Wetmore were all in the deficit. This was also indicative on the graphs showing that expenditures were less than revenue for Sabetha and expenditures greater than revenue in Axtell/Summerfield, Bern, and Wetmore.

Mr. Stones then presented a summary report from the facility appraisals. The appraisals were completed by Hansen Design Architects. Mr. Stones emphasized that the summary statements were directly from the study provided by the architects and each building's report was approximately 20-22 pages.

The facility study conclusions included a summary that the original Bern, Axtell, and Summerfield buildings are well into Phase V (50 plus years) of their life. They are all in need of extensive and expensive maintenance. The design is more of a retardant than a facilitator of instruction, teaching and learning. There is low enrollment due to community changes. The Summerfield building is located off-center from the population it serves making it a challenge. There was a breakdown of needs according to code and current standards for schools for the Bern, Axtell and Summerfield buildings. These items are listed in the powerpoint. The Sabetha and Wetmore facilities have all been recently renovated to meet all building codes and provide adequate space for quality instruction for students and staff at this time. There will be some maintenance for the buildings in the near future such as roof repairs. He

shared that there were no plans for a bond issue as the facility study recommended, these were just cost figures associated with replacing the building.

The facility study was followed by an explanation of the locked in budget vs. where we would be if the district had not consolidated and the general fund budget was not locked-in. As of July 1, 2010 the locked-in base state aid per pupil (BSAPP) was \$4012. The current BSAPP is \$3780. This is a difference since consolidation of \$232. On July 1, 2010 the locked in weighted full-time equivalency (WFTE) was 1,960. Due to the loss of students and other weightings such as low enrollment weighting, at-risk, vocational, special education, non-proficient, transportation, and bilingual our current WFTE is 1738.3. This is a difference of 221.7 WFTE.

The next few slides were slides showing the FTE History of the buildings. Mr. Stones explained that Summerfield and Bern had at-risk preschools and Sabetha had a special education preschool. Stones stated that Wetmore did not have a preschool and that those special education preschool students were bussed to Sabetha for school. Mr. Stones acknowledged that two buildings had grown in FTE and two buildings had declined in enrollment. As a district overall the FTE has declined in the past two years.

The budget facts, Mr. Stones explained are that the General Fund budget was locked in from 2010 – 2015 at \$7,638,511. If we were not locked in at this time the General Fund budget would be today \$6,555,276. This is a difference of \$1,083,235. These figures do not include special education as part of the General Fund Mr. Stones shared.

The Local Option Budget (LOB) is the same as the Supplemental General Fund Stones stated. He then shared with patrons on how to figure the LOB. He stated that due to the state legislation not funding 100% of the state aid as promised for the past two years the district had to raise \$1,404,855 in local taxes this year to meet the budget authority for the FY12 school year. He stated that in FY11 the legislators prorated funds for state aid at 92% and in FY12 they prorated at 83%. This means that 116,306 dollars were lost in state aid over the past two years that our district had to make up in taxes. For FY12, the district was able to lessen the mill levy for the bond and raise the LOB offsetting the impact to taxpayers.

Mr. Stones then shared that the LOB state factor will change from 55.91% to 35.79% in FY14 and will no longer be locked-in. This amounts to 437,739 dollars for USD #113. This brings the total of LOB deficit to \$554,045. This can be made up in taxes. At this time it is estimated that would be a minimum of 6.5 mills. Stones then walked patrons through figuring what that would cost on a \$100,000 house. The total amount of taxes would be approximately \$59.80 per year.

If everything were to remain the same Stones stated, which we know the LOB percent is going down and our enrollment continues to decline, but simply saying that if everything stayed the same, our projected General Fund budget in FY15 would be \$6,555,276. The General Fund deficit would be \$1,083,235 and the LOB deficit would be \$554,045 with a total deficit of \$1,637,280.

In years 4 and 5 the LOB state aid is no longer locked in. It is important, Mr. Stones stated, to make necessary operational adjustments or raise the mill levy or a combination of both to meet the revenue shortfalls that are coming soon.

As we come out of the lock-in period, the following things will affect the budget, Mr. Stones shared with patrons: BSAPP, reduced state aid in the LOB, FTE numbers, reduction/increase in weighted factors (i.e.

low enrollment weighting, vocational, at-risk, bilingual, transportation, non-proficient, and special education)

He continued by sharing with patrons that the district has fixed costs that amount to approximately 87.4% of the district budget. This would include salaries and ongoing costs such as insurance, maintenance, and utilities. Mr. Stones said that most of the schools across the state are around the 85-87% percent range for fixed costs.

He shared some proposed ideas for a district wide approach to addressing the deficit. Those ideas included: reducing general expenditures, reorganizing district programs and/or grade levels, reduce staff, freeze salaries, eliminate programs, revisit costs associated with scheduling, and reorganize or close facilities.

Presented then was a list of costs associated with non-required programs from the 2010-11 school year. These were listed in random order and did not include any transportation costs. Each program costs were listed with revenue and a net cost. Mr. Stones said that there was not anything we wanted to lose on this list, but we needed to start thinking about how we are going to address the deficit. Another slide was provided to show costs associated with the idea of going to one district librarian and new library software with another proposal to bring the 5<sup>th</sup> grade to Sabetha Middle School with a traditional schedule instead of a block schedule at Sabetha Middle.

The next two slides provided costs associated with closing the Summerfield and Bern facilities. It is estimated that the Summerfield closure could save approximately \$56,644 and the Bern closure to save \$796,364.

Mr. Stones stated that he still believes that the consolidation was a good thing. The benefits include a fixed 5 year General Fund budget, results based staff development, multi-tiered system of support, textbook and resource support, elimination of duplicate services, enhanced programs, and additional technology resources.

Mr. Stones concluded the powerpoint by commenting that we are one unified district and we do not want to destroy the strengths that we have built. He asked what the next steps in remaining a district that operates with financial responsibility, integrity, and efficiency while meeting the educational needs of ALL students will be?

The floor was then opened for patron questions.

The first patron to ask a question was Scott Krebs who asked about Mr. Stones's reference to the district being a 30% district. Mr. Stones shared that the statement was in reference to the local option budget. The district can take up to 30% of the general fund budget in revenues. This can only be increased to 31%, but that takes a vote of patrons.

Tony Smith, an Axtell patron, wanted to know if consideration had been taken for the costs of the modular units against the savings figure. Mr. Stones explained that monies were put in capital outlay by both 441 and 488 to plan for these capital expenses. It would be a one shot expense and it could be covered by capital outlay. Mr. Smith then asked if the ongoing expenses associated with modulars had been figured into the savings. Mr. Stones replied no.

Linda Boyd of Wetmore asked why the music program costs were so high? Mr. Stones explained because it was a K-12 program and it takes a lot of staff.

Bob Carson of Wetmore then asked about transportation savings if the buildings were closed. Mr. Stones said they anticipated saving two routes. Mr. Carson also asked if consideration had been given to the fact that not all students would continue to attend USD #113. Mr. Stones said that it had been considered but there was no way to predict how many until it was done.

Bern patron, Diana Platt, asked about the salary savings for Bern. She wondered if the number was indicative of the amount of all staff? Mr. Stones said that the district would reduce staff but that did not mean that those staff would necessarily be ones from Bern. He stated that the board would work to keep the best staff and if we were lucky some could be done through attrition. She also wanted to know what expenses the district might incur if they kept the building. Mr. Stones said the board would have some options, such as tear down the old part and leave the new for a community center or sell the building.

Carol Meyer of Bern asked if the gym was not paid for then could the district sell the facility. The answer was yes, but the bond would still have to be paid. Any amount that was revenue from the sale would have to go towards that bond debt.

Jerry Leuthold, Bern patron, wanted to know how many students each facility would need to add to avoid cuts. Stones turned the question over to Ken Kickhaefer, district auditor. Mr. Kickhaefer stated that it would take 59 additional for Bern, 60.7 for Axtell/Summerfield, and 46.9 for Wetmore based on the current state aid.

How does the LOB apply to the state aid asked Mr. Carson of Wetmore? Mr. Stones stated that the FTEs and revenue presented included General and LOB funds.

Sonja Stoll asked if the estimates for the modulares in Axtell included a playground, land, or a library. Mr. Stones said that it included a library, land should not be an issue, and the playground was not.

This concluded the question and answer section of the board meeting. The board then transitioned into discussion.

Brent Lortscher began by telling the audience that it was difficult to talk about this information. He told patrons that this was a no win situation. He also stated that the state and declining enrollment was not helping it either. He stated that he didn't agree with the architect. Layout and design seems to work and the classrooms don't seem to be too small. Bern had a handicapped student who functioned in the building and the fire marshal did not find problem with the exits. We are a year and half into the locked in budget and we still have three and a half years to go. Brent said that he did not see the benchmarks discussed in the presentation and Bern was given a benchmark and the bare minimum was 116. The official count came out as 115.7. He said that if he remembered correctly .5 was taken from the official FTE because of a cap on the at-risk preschools for Bern and Summerfield. So if the cap had not been there, Bern made the minimum FTE set by the board last Spring. He felt that the official count did not reflect the true picture of the number of students Bern gained. Bern lost 15-17 students but gained 24 – 25 students. This is not reflected in the net of 9 students.

Dennis Stones stated that the building is not handicapped accessible according to code and this is what the architect was referring to in the facility report. He realized that there were a set of ramps that were available for someone to get into and out of the building, however, they were not currently in place and the ramps themselves did not meet code.

Mr. Lortscher stated that he appreciated the time and effort put into the facts. He said he didn't like what the facts were showing, but Bern feels they met the benchmark.

Julia Alferts asked Mr. Stones to clarify if the costs of administration were not included last spring when the financial numbers were presented. Mr. Stones said they had not been included last Spring. She said that Bern's increase in FTE was amazing. She remembered however, that the discussion was also focused on sustainable students. She wondered how many of the FTEs were sustainable. Brent said that was hard to say with students moving in and out.

Foreign Exchange students make up 12% of the Bern High School, was Mary Jane Ronnebaum's comment. These are not sustainable. If you just took three of the students which is what Bern has averaged in the past and deducted the other two from the FTE Bern would not have made the benchmark. She said that this was her concern pertaining to sustainability. Brent Lortscher said that there was not a number set in the past. Julia stated that they discussed two to three because that is what was discussed in the past, but never official.

Ed Reznicek said, "When we talk about closing buildings his gut tells him to resist. The staff and community have worked hard to do well by the students." Students have worked hard and no building deserves to be closed. He felt the way the district is headed currently though is not sustainable. We are fortunate to have a locked in budget, "but time is ticking away." We are looking at possible loss of programs and the extra costs dig into monies that we could use to sustain the district. To stay where we are will come at a loss. We need to preserve our resources so we can face issues down the road. We do have the means to continue to offer a broad based good education to all students in the district.

Mr. Brockhoff asked if Mr. Stones had a recommendation based on the facts that he has presented.

Mr. Stones said that he felt it was his responsibility to make sure the board had the facts to make a decision. He said the district team did the best job they could to put together accurate facts that helped them make a decision for the district. He said that he didn't disagree that there was a huge effort put forth by Bern to meet the benchmark. However, it is much bigger than just FTE. He recommended that the board take the closing of Bern and Summerfield to a hearing, gather information, and come back at a later time to make a decision. He said the board and administration took a pledge to administer a good education to all students in the district, not to close buildings. We need to keep this in mind. We want to continue and maintain the best education for all of your students he stated.

Julia Alferts asked Mr. Bartkoski if 488 still existed, where the district would have been financially today without consolidation. Bob Bartkoski predicted that the old district would have had to cut \$160,000 and this would have probably been the last year for 488 if they still existed today. He didn't think they could have continued to operate.

Cheryl Wenger told the patrons that the board had put together a strategic plan with the help of the administrators and KASB after meeting to discuss the direction of the consolidated district. The end result was four goals: facilities, staff, communication, and budget. This is not just based on the numbers at Bern. We are looking at all the facts to determine what is best for the students of our district because the numbers do not look good, and we don't want to make a decision just based on FTE is what she wanted patrons to know.

Ed Reznicek said that we need to consider and go with Supt. Stones recommendation to go to a hearing. He said we could wait but that may come at a cost. "If we wait, will the conflict be any less?" he asked.

“If we wait, what might be the chances that FTE was met in Bern next year? The odds are probably not very great. These benchmarks are difficult to meet he shared. The reasons we are at this point is really out of our control. If we wait a year we will be less prepared to deal with things down the road. I am not sure we have all the information, but I think taking the next step for a hearing will allow us to gather that additional information. “

Ed Reznicek made a motion to move that the USD #113, Nemaha County, Kansas hold a public hearing on the 20<sup>th</sup> day of February, 2012 at 7:00 PM at the Bern Attendance Center as requested by Kansas Statutes on the proposal to close PreK-12 grade facility at the Bern Attendance Center for the purpose of improving school system in USD#113 and that the notice be published at least once each week for two consecutive weeks in a newspaper of general circulation in the school district. Cheryl Wenger 2<sup>nd</sup> the motion. Motion carried 6-1.

Ed Reznicek made a motion to move that the USD #113, Nemaha County, Kansas hold a public hearing on the 23<sup>rd</sup> day of February, 2012 at 7:00 PM at the Summerfield Attendance Center as requested by Kansas Statutes on the proposal to close PreK-5 grade facility at the Summerfield Attendance Center for the purpose of improving the school system in USD #113 and that the notice be published at least once each week for two consecutive weeks in a newspaper of general circulation in the school district. Tim Aberle 2<sup>nd</sup> the motion. Motion carried 7-0.

At 8:46 PM a motion was made by Brent Lortscher and 2<sup>nd</sup> by Tim Aberle to adjourn. Motion carried 7-0.

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Board President

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Board Clerk