



Board of Education

Racine Unified School District
3109 Mt. Pleasant Street, Racine, Wisconsin 53404

WORK SESSION MINUTES

Robert Wittke, Jr., President

Dennis Wisner, Vice President

Racine, Wisconsin

September 18, 2017

Dennis Wisner, Vice President of the Board of Education of the Racine Unified School District of Racine County, Wisconsin, called to order a Board Work Session at 6:08 p.m. on Monday, September 18, 2017.

The following Board members were present: Michelle Duchow, Michael Frontier, Matthew Hanser, John Heckenlively, Steven Hooper, Julie L. McKenna, Brian O'Connell, Dennis Wisner, and Robert Wittke, Jr.

Also present: Lolli Haws, Superintendent; Marc Duff, Chief Financial Officer; Dave Hazen, Chief of Operations; Rosalie Daca, Chief Academic Officer; Eric Gallien, Deputy Superintendent; Julie Landry, Chief of Human Resources; Brian Arnold, Director of Building and Grounds; and Elizabeth Tobias, Executive Assistant.

1. Final Review of 2017-18 Budget Draft

Mr. Duff presented on the final review of the 2017-18 budget draft. Today marked the third Friday count of students, which had been moved since last Friday was an early release day. The budget is within \$10,000 of being balanced. Highlights from the presentation included the following:

- District Recurring Savings
 - \$700K savings from employee benefits budget
 - Part of monies will go towards funding teachers eligible for a Level increase on the salary schedule (\$500K). This includes those teachers who have acquired National Board certification or obtained their master's degree. The handbook requires this be done twice per year, but we cannot guarantee that we will be able to fund more in January. This will be an action item at the September 25 business meeting.
 - We will also add 2-3 elementary teacher positions to maintain all class sizes at or below the minimum (\$200K).
- Dedicated Carryover (One-time Expenditures)
 - These are funds that can be dedicated for spending in the next budget year for specific one-time purposes. They are also funds utilized for expenditures in the new fiscal year that were budgeted for in the prior fiscal year; and unspent funds with a specific purpose that were not spent in one budget year that are then dedicated for expenses in the next budget year.
 - There is an estimated \$2,860,712 in dedicated carryover
 - \$1 million will fund specific plans to improve State Report Card results in fall, 2018. More details will be presented at the September 25 business meeting.
 - \$93K for additional needs for improving student achievement

- \$900K for other priorities previously unfunded or upcoming (phone handsets for all schools and staff computer refresh)
 - \$1.6 million for school furniture
 - Higher Expectations REI pilot program where 30 first grade teachers from Julian Thomas, Wadewitz and North Park will receive 10 days of training throughout the year on teaching high level skills in working with struggling readers. We will have a lot of data collection to review from the pilot.
- Overview of Budget Tracking Document
 - Enrollment
 - We will be very close to projections
 - Friday we will know more about open enrollment numbers
 - Expenses
 - Additional positions were included in the staffing cost (teachers, educational assistants)
 - Mental health clinics were little less expensive as there was another funding mechanism that was used to pay for the clinics
 - Teacher level changes were added. Human Resources is collecting applications for the level changes; \$500K is only an estimate from prior years
 - Dedicated Carryover and Funding Considerations (Unfunded)
 - Digitizing district records and archives
 - Revenues
 - No changes to state revenue limit; will know more in October
 - Categorical aid of \$200 per pupil was passed as part of the state budget
 - Staffing
 - Instead of 54 staff, it may be closer to 45 due to the addition of positions
 - Tax Impact
 - Property tax rate is projected to be \$10.00; this will not be definite for another couple of weeks

Discussion and questions

- Where did the savings come from exactly? (Retirees eligible for benefits went down this year. We can assume similar savings through the upcoming year as well as a lower health insurance cost.)
- Have we hired the elementary teacher positions already? (We are currently working on this. In some cases we are moving people around due to enrollment. We still believe we may need to hire 2-3 more teachers.)
- Are we seeing savings from coordinated benefits? (Yes. The savings are coming in stronger than anticipated. We originally thought 400 employees would participate, but there are nearly 600 employees participating in the plan.)
- Is the Circle of Support a research-based program? (Yes it is. We are the only district that has had the level of success we've had.) Is there is no 10th grade testing reflected in the state report card? (That grade takes the Aspire exam, which is a predictor of ACT success. But in regards to the state report card, there is not any scores from this grade included.)
- What are we seeing in terms of results with Circles of Support? (We have spent a good portion of August training advocates. We will be able to support the children who need a little more support.)
- Is any of the funding related to the RITE Grants? (Those were individual classroom projects. Case High School did have a RITE Grant for their math department. This summer our 9th

grade algebra math teachers took four days of professional development on improving math instruction.)

- Why can't we use referendum money for staff computer refresh? (Referendum money is only for student technology?)
- Will need to have a long-term furniture replacement plan as the furniture at many of the schools need to be replaced.
- Does the District receive any Medicaid reimbursement? (Yes, it is documented within the main budget under general fund. It is approximately \$1.8 million.)

2. Future Financing for Facility Project Needs

Mr. Hazen and Mr. Arnold presented on the future financing for facility project needs. Highlights from the presentation included the following:

- Overview of debt capacity and debt limit
- How to acquire authority to issue debt
 - Referendum
 - Petition process
 - Petition process with hearing
 - Under \$1 million, no authority is needed
- Proposing to use petition process with hearing
 - Hearing would take place on Oct. 16; vote would be to approve \$33.5 million in borrowing authority
- Proposed use for \$33.5 million in debt authority
 - Demolish vacant schools in 2017 (\$3 million)
 - Performance contract/HVAC in 2017 (\$14.5 million)
 - Mitchell
 - Northwestern Avenue
 - Fratt
 - Other major maintenance and educational support in 2017-2019 (\$16 million)
 - Case and Park science labs
 - Case, Park and Horlick culinary arts classroom redesign/upgrade
 - Park electrical system
 - Horlick Field House
 - Gifford, Park and SC Johnson roofs
 - Gilmore refurbish/redesign for fine arts program
- Repayment of debt
 - Repayment sources
 - Revenue from sale of land (Olympia Brown and Wind Point)
 - Operational savings (Olympia Brown and Wind Point)
 - Referendum funding
 - Debt service levy (energy efficiency levy authority – performance contract)
 - Term of debt
 - 10 year State Trust Fund (demolition projects)
 - 5 year State Trust Fund (major maintenance and education needs)
 - 20 year bond (performance contract HVAC work)
- Action required from Board of Education
 - Approve demolition projects
 - Approve loan for demolition projects
 - Approve major maintenance and educational projects
 - Approve loan(s) for major maintenance and educational projects
 - Approve HVAC performance contracts

- Approve loan for HVAC projects

Questions and discussion:

- Why would we have to knock the schools down instead of just selling them? (The schools are in poor shape and we do not want the competition. Municipalities would also like to rebuild their tax base with these properties.)
- Why were Mitchell, Fratt and the Northwestern building selected for HVAC work? (With performance contracts you need to have an element of energy savings in order to qualify. And these are projects that will have an energy savings. These are also higher priority buildings. We will get quite a bit of operational savings from these projects as well.)
- Are we looking to make upgrades to athletics in general? (As we move forward, earmarked monies could possibly be used for the Case baseball field and other athletics.)
- Will some of the debt be paid for by savings and other not? (Yes, it depends on the project. Demolition will be the proceeds; the performance contracts will be the savings and a higher levy.)
- Would it be prudent to find out if there will be any exceptions to the moratorium to performance contracts, especially since our district has not abused performance contracts? (It would be worth asking. We try to only use it when we have a natural reduction in our tax levy.)

3. Work Session Recap

Mr. Wittke recapped the major points of the meeting:

- The Board has seen where we are with the budget and what we are going to do with savings that will be able to be built into the budget moving forward. We also received a breakdown of the dedicated carryover; money focused on student achievement for the fall 2018 state report card.
- Information on borrowing to accelerate our construction needs with the attempt to save some of our operational costs.
- Recommend to the Board to please ask any additional follow-up questions or voice concerns sooner rather than later.

The session ended at 7:33 p.m.