

Kingman Unified School District #20
Governing Board Workshop Minutes
3033 MacDonalD Avenue, Kingman, AZ
February 20, 2018

- 1) Called to Order at 11:00 am Action
- 2) Roll Call – Board Members Action
Dr. Charles Lucero – Present Mr. Bruce Ricca - Absent
Dr. Jeri Brock – Present Mrs. Beth Weisser, Present (arrived 11:42 am)
Mrs. Carole Young – Present (arrived 11:13 am)
- 3) Review Cambridge expansion and other academic programs Discussion
- Mr. Jacks discussed the Cambridge program expanding to Kingman Middle and Kingman High Schools. Administration on hand were Tonia Cobanovich, James Jones, Rusty Moomey, and Gretchen Dörner.
- Board would like Mr. Jacks to form a committee to look into creating our own “Gear Up” program and a School Safety Program.
- 4) Approve budget revision for fiscal year 2018 as per discussion at February 13, 2018, Board Meeting; Action/
Passed
- Mr. Jacks – This item was on last month’s agenda as information only. That was an error. We are asking for the Board to approve the budget revision discussed at the last Board meeting.
- Motion to approve budget revision for fiscal year 2018 as per discussion at February 13, 2018, Board Meeting was made by Dr. Lucero
The motion was seconded by Mrs. Young
The motion to approve budget revision for fiscal year 2018 as per discussion at February 13, 2018, Board Meeting passed 5-0
- 5) Review of the proposed fiscal year 2019 Financials Discussion
- Power Point shared with the Board:

FY19 Budget Workshop

M&O and Capital Feb. 2018

Before we get really get into it

• Last Year

- Our district carried over \$3.037 million from the previous year into our current year in M&O funding. This exceeded expectations, and also played into our decision to start building a compensation package for FY19.
- Our district carried over \$6.019 million from the previous year into Capital. This amount was targeted, as we use it for our cash reserves.
 - We see this \$6 million as a minimum when it comes to our cash reserves. We do not want to go back to the situation we saw in 2014 and 2015.

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Before we get really get into it

• Next Year

- We will project for you today a \$40 million operating budget for FY19. This amount includes nearly all of the carryover we hope to take into next year.
- In reality, we could see a budget that reaches – and hopefully exceeds – \$41 million.
- You will see that a large portion of the \$3 million we hope to carryover into next year is set to be spent in FY19 on our recommended across-the-board compensation increases.
- You will also see that we expect to increase our capital budget by \$500,000. Depending on funding, this could be a small dip into our roughly \$6 million in cash reserves.
- With that, let's get into it.

Master M&O Budget		
Description	Budget	Note:
Compensation (Salaries and Benefits)		
Schools - Teachers	\$ 15,600,000.00	Teachers Only
Schools - Admin	\$ 2,200,000.00	Principals, Coordinators, Assistant Principals, Deans, etc.
Schools - Support	\$ 6,000,000.00	Counselors, TOAs, Para-Educators, Office Staff and Other Admin.
Schools - Custodial/grounds	\$ 1,800,000.00	Custodial and Grounds.
Schools - Cumulative	\$25,600,000.00	
District Level - IT	\$ 550,000.00	Techs, Network Admin, Directors
District Level - Maintenance	\$ 600,000.00	Maintenance, grounds, HVAC, etc.
District Level - Transportation and Warehouse	\$ 2,700,000.00	Drivers, Mechanics, Supervisors
District Level - Curriculum and Instruction	\$ 1,300,000.00	District Level SPED services, Attendance, Secretaries and Assistants, Assessment, etc.
District Level - Admin.	\$ 950,000.00	Superintendent, Directors, Finance, Human Resources
District Level - Cumulative	\$ 6,100,000.00	
Combined Salaries and Benefits - Entire district	\$31,700,000.00	
Tiered Loyalty Stipend - Comp and Benefits	\$ 600,000.00	

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Salaries and Benefits

- The district projects a salary and benefits M&O budget of \$31.7 million plus an additional \$600,000 to pay for tiered loyalty stipends in the Fall of FY19.
- Total compensation planned, including all compensation and benefits along with all stipends (loyalty, 1.06 percent, athletics, activities, Cambridge, misc.) is \$33 million. Same numbers, current year: \$30.1 million.
- This package includes:
 - Minimum wage at \$11 per hour
 - Classified Schedule Incremental Increase
 - \$1,000 base pay increase/raise for all classroom teachers earning \$50,000 or less (2 percent increase for those making more than \$50,000).
 - \$2,000 base pay increase/raise for Principals, Assistant Principals and school Coordinators fulfilling Principal and Assistant Principal functions.
 - 2 percent base pay increase to all employees who do not fit in the aforementioned categories.

Instructional Improvement Fund

- Before we move on to other aspects of our budget, let's speak about the instructional improvement fund.
- Currently, the fund is not tied to many actual costs, and we are in a position to make a decision about how that money is spent.
- The fund currently sits at \$1.9 million and we can expect roughly \$250,000 in payments this year – none yet received. Our district receives between \$250,000 and \$300,000 in revenue from this fund annually.
 - A maximum of 50 percent of this money can be spent on teacher compensation.
 - The rest can be used to improve curriculum and instruction throughout the district. It cannot supplant things the district already pays for.

Salaries and Benefits

- Some *potential* options:
 - Keep the fund healthy for next couple years and use it to weather the potential 301 storm. Funds could be used to supplement teacher pay for a couple of years should the revenue stream dry up.
 - Use portion of funds to help pay for the teacher piece of tiered loyalty stipends – could help ensure we're able to offer the compensation annually.
 - Working with the state to see if the fund – using the 50 percent that cannot be spent on teacher compensation – can be used to help pay for Cambridge expansion over the next few years.

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Salaries and Benefits

- This projected salary and benefits represents a roughly 9.5 percent increase in compensation when compared to current year.
- Heading into FY20, we expect a 10-12 percent increase when compared to the FY19 projection you have before you today.
- Budget includes a health insurance expense of \$7,500 per eligible employee.
 - Actual rate could come in lower, and the district is faced with the option of changing providers as well. Getting a quote from another provider while waiting for final rates from our current provider. Current year is \$7,128 per employee.
 - ASBAIT is changing to AETNA and a new company through the Trust, Kairos, has Blue Cross/Blue Shield. Both are selling pretty hard to keep or get us, and we have had meetings with both. Discussions continue.

Utilities - Districtwide		
District Level - Gas and Electric	\$ 1,750,000.00	Electricity, Natural Gas, Propane, etc.
District Level - Water	\$ 780,000.00	Water and Sewage
District Level - Telephone and Internet	\$ 300,000.00	Telephone and Internet
District Level - Cumulative	\$ 2,830,000.00	
Facilities (Supplies and Repairs)		
District Level - Facilities Upkeep Supplies	\$ 150,000.00	Custodial, grounds, maintenance
District Level - Repair and Maint. Services	\$ 200,000.00	Paid services; not employees
District Level - Roof Repair	\$ 200,000.00	
School Level - Supplies	\$ 150,000.00	Custodial /Grounds supplies and maint.
Facilities - Cumulative	\$ 700,000.00	
Liability Insurance - Total Only	\$ 650,000.00	
Transportation (Supplies, Repairs, Misc.)		
Yellow Fleet - Repairs and Maint.	\$ 100,000.00	Paid services; not employees
Yellow Fleet - Fuel	\$ 350,000.00	Diesel
Yellow Fleet - General Supplies	\$ 375,000.00	Mechanic Supplies
Yellow Fleet - Purchased Services	\$ 50,000.00	Drug Tests, Physicals, etc.
Yellow Fleet - Cumulative	\$ 875,000.00	
White Fleet - Repairs and Maint.	\$ 25,000.00	Paid services; not employees
White Fleet - Fuel	\$ 55,000.00	Gas and Diesel
White Fleet - General Supplies	\$ 45,000.00	Mechanic Supplies
White Fleet - Cumulative	\$ 125,000.00	
Combined Transportation Support Costs (Yellow Fleet and White Fleet)	\$ 1,000,000.00	

Basic Support Costs

- The budget for all utilities includes a 3-5 percent increase when compared to current year.
 - Looking at the potential of savings through an Energy Management Company that will audit all of our systems for free, identify potential savings, provide financing through the savings for all the upgrades needed to lower our energy consumption. Potential for discussion here.
- You will see within facilities \$200,000 set aside for roof repair. We are exploring the possibility of getting some of our roofs fixed or replaced through the School Facilities Board. Nevertheless, we have set aside this money – as discussed in our fall workshop – to start making a dent in some of our needed fixes. PAC and IT would be a good target here since the location would be less likely to get funding through SFB as one of our other schools.

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Other District Services (IT, HR, Finance, Food Service Match)		
District Level - Xerox Maint.	\$ 13,000.00	Xerox Maint.
IT - supplies	\$ 165,000.00	Basic tech related supplies
IT - Conica Minolta Contract	\$ 25,000.00	Covers cost of printing on networked printers throughout district.
HR - professional development and Advertising	\$ 30,000.00	Mostly advertising
Finance - professional development	\$ 2,000.00	Most paid out of a different fund
Food Service Match	\$ 65,000.00	Can pay down bad debt, or simply cover some food service costs
Other District Services - Cumulative	\$ 300,000.00	

Basic Support Costs

- Notice the Conica Minolta contract. This will reduce our toner costs by nearly \$20,000. All of our networked printers will have their toner provided through the agreement at a price per page that's a fraction of what we've been paying.
 - IT is in the process of working to connect all printers throughout the district to the network to help ensure costs go through the agreement.
- On the food service match, these funds could be used to help pay down any bad debt deemed uncollectable related to students no longer with the district.
- While we're on the subject, we project a \$2.21 million operating budget for food service. It's up \$80,000 because of compensation increases.

Cambridge Program with Expansion

- In the upcoming year, the entire program will cost the district roughly \$380,000. Of that, \$150,000 will be associated with the expansion of the program to KMS and KHS.
 - As mentioned earlier, could maybe pay for some of these costs out of the Instructional Improvement Fund.
 - The \$253,000 in supplies and services is made up of textbooks, instructional aids, Chromebooks and Carts, Tests, the Cambridge Fees and field trips.

Cambridge (Includes Expansion)		
Cambridge - Training	\$ 65,500	Training registration and training stipends.
Cambridge - Stipends and Benefits	\$ 62,500	Section and Coordinator Stipends/
Cambridge - Supplies and services	\$ 253,000	Supplies, tech, assessment, Cambridge Fee.
Cambridge - Cumulative	\$ 381,000	

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Athletics (Districtwide)		
Sites - Stipends and Benefits	\$ 295,500	Coaches, Workers, MS Refs
Sites - Transportation	\$ 113,000	\$1.75 per mile
Sites - Athletics Supplies	\$ 28,000	
Sites - Dues and Fees	\$ 77,500	HS refs, other dues
District Level - New Uniforms	\$ 5,000	Uniform Upgrades
Athletics - cumulative	\$ 519,000	
Activities (Districtwide)		
Sites - Stipends and Benefits	\$ 31,000	Club Sponsors
Sites - Transportation	\$ 15,000	\$1.75 per mile
Sites - Basic Supplies	\$ 5,000	As needed supplies
Activities - cumulative	\$ 51,000	
School Based Costs		
Sites - Supplies by student pop.	\$ 70,000	Basic Classroom Supplies
Sites - Dues and Fees	\$ 10,000	Accreditation, Permit and License renewal, movie licensing
Sites - Substitute Costs	\$ 310,000	Short term only.
School Based - cumulative	\$ 390,000	

Athletics, Activities and Schools

- Highlights with athletics and activities includes lowered travel costs. The rate for all field trip bus travel will be \$1.75 per mile as opposed to the current \$2.50 per mile.
- Stipends associated with athletics up \$10,000 across board; Activities stipends up \$500.
- We have also increased the activities travel budget by \$3,000.
- Also, the \$5,000 for uniforms in athletics is a new item to help the teams fix their uniform situation over the next several years, and the \$5,000 for basic activities supplies are new as well.
- Within our school based budgets, the \$70,000 in school based supplies constitutes a \$6,000 increase in budget district wide. This is allocated by student population.
 - Make note that this is M&O only.
 - Additional funds set aside in Capital.

Budget Notes

- We see this \$40 million model as two things.
 - One, an effort to use money saved over the last few years to offer raises. Consider this: Our employees with the most time in our district will receive increased compensation that represents a 5 percent increase to their pay (2 percent in base; 3 percent in longevity stipend).
 - Two, a budget with built in stability that gives us the opportunity to start gathering funds for FY20 and another substantial increase in compensation (minimum wage, raises, etc.)
- It also should not be understated that this budget is a few steps out on a limb for the district. It leaves us with minimal carryover within M&O going into FY20 (depending on funding), and there could be scenarios where we dip a little further into our cash reserves to cover raises and capital needs in FY20 and beyond.
- However, we feel confident in this direction and believe our budget is conservative enough to help us weather any storm while also putting us in a great position should state funding truly improve.

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Position Discussion

- Human Resources and Curriculum would like to propose two positions for the coming year. We have already included them within budget calculations.
- HR: The department would like to add an HR coordinator to relieve some of the pressure inherent to the department in order to free up the director for other work. The position would have a salary of \$34,320, with a position cost (salary and benefits combined) of about \$50,000.
- Curriculum: The department would like to add a Federal Programs Director. This position would work hand-in-hand with our schools and finance to manage the program side of all of our federal grants. The position would be director level and carry a salary of \$75,000, with a program cost (salaries and benefits) of about \$100,000. Could pay for some of this position (at least 10 percent) out of the grants.
 - Curriculum is also cutting two positions – the 21st CCLC Coordinator and the Special Programs Coordinator. These two positions currently cost the district \$140,000 in compensation.

Other Topics before Capital

- Important to remember how much federal and state grant money this district receives and spends annually on student support services, including instruction, tutoring, and other services. It fluctuates between \$5 million and \$8 million annually, and brings in programs and opportunities for our students.
 - With that in mind, our seven year GEAR UP grant ends at the end of the school year. This grant followed a cohort of seventh graders all the way through to their graduation at the end of this year, and provided academic and college based/themed services to them throughout.
 - We spent roughly \$180,000 to \$220,000 a year through this grant while it's been here.

Other Topics before Capital

- If the district were to consider using district funds to implement a similar program, it would cost a minimum of \$150,000 per year.
 - That would pay for two school based coordinators - \$100,000
 - It would also pay for travel, motivational speakers/conferences, events, and other operating costs - \$50,000
 - If we were to pay for something like this, it would be interesting to again consider the Instructional Improvement Fund for some of the operational costs.
 - A lot of discussion would need to go into what the program would actually look like.
 - One other thing to consider is that it could potentially make it difficult for KUSD to be awarded GEAR UP grants in the future. Could be seen as supplanting.
 - Now on to Capital.

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Master Capital Budget Projection FY19		
Item	Budget	Note
Xerox	\$ 250,000	Annual Lease
Classroom Tech	\$ 150,000	
Textbooks, Instructional Aids	\$ 175,000	
Textbook Updates	\$ 350,000	Lowered to help pay for Cambridge
Basic Classroom Furniture	\$ 12,000	\$1,000 per site
District Level Tech	\$ 125,000	
Tech Infrastructure	\$ 150,000	
Non-Instructional Software	\$ 400,000	
New Buses	\$ 375,000	
Bell/Intercom Systems	\$ 90,000	
Camera Upgrades	\$ 30,000	
Infrastructure Replacement	\$ 250,000	Address track conditions at least one of our high schools.
Grounds/Custodial Needs	\$ 80,000	
Equipment Upgrades/Replacement	\$ 63,000	Half for athletics/half for activities (music!)
School Safety Focused Upgrades	\$ 100,000	
Total:	\$2,600,000	

Capital

- Much of the projected capital budget is exactly as it was presented at our fall workshop. But there have been some changes since then.
- They are:
 - The amount set aside for textbook upgrades has been lowered to \$350,000 to help pay for the expansion of Cambridge. This amount could be increased as we move through the year depending on actual expenditures.
 - At the request of principals, the amount set aside for basic classroom furniture was increased to \$1,000 per site – or \$12,000 total. It was at \$5,000.
 - Buses are \$5,000 more per year than originally projected.
 - Infrastructure set aside increased to \$250,000 to help with track conditions at one of our high schools – maybe both.
 - Equipment for athletics and activities (music mostly) set at \$31,500 each; this is a substantial increase.
 - We have set aside \$100,000 for school safety focused upgrades throughout the district.

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Capital

- Few more items of note:
 - Budget represents a \$500,000 increase when compared to current year.
 - Could end up with some savings on bell and intercom systems if we're able to convince SFB to pay for some of it.
 - Could maybe apply that money to what is set aside for camera systems in order to upgrade our schools sooner than later.
 - Classroom tech is growing faster than expected with the help of some new grants. We may need to look at adding help in that area in the future. Only so many hands.
- Lastly, this increase in capital budget will dip a tiny bit into our cash reserves, but we are comfortable where we are – right at \$6 million – and do not see it as an issue. This is done under the premise that no changes will be made by the state to its capital funding formulas.

Final Words

- It feels good not to be talking about cuts, though our district's quest for savings in all areas continues.
- This budget represents increased spending in M&O and Capital. It is a testament to the hard work and patience of this entire district over the last few years. Heck, over the last decade.
- We have an attainable capital plan that addresses needs with or without proper state funding.
- And we have raises that exceed what this district has done in years.
- In short, we have a projected budget and a multiyear strategic-based plan to be proud of.

6) Adjourned at 3:57 pm

Action

Dr. Jeri Brock, President

Dr. Charles Lucero, Vice President