

**December 7, 2009**

The Johnson City Board of Education met in special session on Monday, December 7, 2009, at 5:00 p.m., in the Maple Room at the Columbus Powell Center. The following members were in attendance:

Mrs. Kathy B. Hall, Chair  
Mrs. Jenny L. Brock, Vice-Chair  
Dr. Richard A. Manahan, Board Member  
Dr. Ralph Van Brocklin, Board Member  
Dr. Richard Bales, Director of Schools

**I. CALL TO ORDER AND PURPOSE OF MEETING**

Hall called the meeting to order and welcomed those in attendance. The purpose of the meeting was to hear recommendations from the Finance Committee for the power point presentation to the City Commission. .

**II. RECOMMENDATIONS FROM THE FINANCE COMMITTEE**

- What the present budget looks like
  - Cuts that were made in the current budget that will need to be replaced
  - 2008-2009 Washington County Property Taxes did not meet budget estimates by \$34,195
  - 2008-2009 Local Option Sales Tax collections were under the previous year's collections by \$6,466
  - Capital Outlay in the General Purpose School operating budget – Over the past four years we have spent \$1,883,000 out of our GPS operating budget on capital items which have helped maintain our city school buildings. This does not include the regular maintenance budget or maintenance salaries. As fund balance, capital reserves, and recurring tax dollars dwindle, these dollars will be needed for our operating budget.
- What future budgets look like (2010-2011 and 2011-2012)
  - We will have a minimum salary and benefit need of ~\$1,851,000 (does not include a raise and each 1% raise costs ~\$400,000)
  - Special Education positions picked up with IDEA ARRA stimulus dollars in 2009-2010 that must be funded with local dollars in 2010-2011 (\$416,671)
  - State has funded programs (\$1,753,000) with ARRA stimulus dollars that are normally funded with recurring dollars (with State sales tax being 14-17% behind we have a fear that some, if not all, of this funding will not continue for 2010-2011)
  - We will have additional salary and benefits needs – of particular concern is the rising cost of medical insurance (9.5% annually just to keep up with medical inflation)
  - \$481,776 of Instructional Specialists Positions will need new recurring funding in 2011-2012 when Title I ARRA stimulus dollars end (3 Reading Specialists, 1 Lindamood-Bell Reading Specialist, 1 Parent Involvement Coordinator, and 1 Even Start Director)
  - Additional recurring costs for the New Fairmont School may be as high as \$385,000

- State has funded programs with ARRA stimulus dollars that are normally funded with recurring dollars
- Potential shortfall in 2011-2012 is \$6,018,547
- The Board of Education, in an effort to be fiscally responsible and prepare for the hole that will be left when ARRA stimulus funds are gone, has re-designated various fund balances to stimulus recovery. This designation of \$4,112,322 is one-time money and would leave us with no fund balance if it has to be used:
  - Formerly Designated for 3% Fund Balance \$1,552,443.33
  - Formerly Designated for Capital Outlay \$ 556,736.00
  - Formerly Undesignated Fund Balance \$2,003,142.70
  - Total Designated for Stimulus Recovery \$4,112,322.03
- Long Term Potential Solutions
  - Johnson City still has a quarter cent option on the local sales tax
  - Fear that if we do not take the option the State might
  - Potential earnings of \$2,800,000 will be needed along with an increase in city contributions to **maintain** the current level of excellence in the Johnson City School System

### III. DISCUSSION

Suggestions were offered to enhance the presentation:

- brackets to area that shows negative balance
- changing “instructional coaches” to “instructional specialists” to denote these are not athletic positions
- note that ARRA are stimulus funds
- on slide for “Stimulus Recovery Funds (Fund Balance), add “formerly” in front of the three items to show these are being re-designated
- make the tables more reader-friendly by putting the details on the left and the numbers on the right of the page so it is as clear as possible
- add a slide before the “Long Term Potential Solutions” slide to show that, as we enter the budget planning cycle, we’ll scrutinize this budget and do anything we can to do our due diligence in preparing the budget. If we have to incur a four million dollar loss, it would have a very broad impact on the school system, economic development, and unemployment in our community.
- add more long-term potential solutions
- reinforce how much the City has done for education and express appreciation for how much they have supported education in years past
- reinforce the recent status achieved by the school system for being one of top in the state for student success

It was pointed out that we are mandated by law to offer education and there are some city departments/things that are nice to have but are not mandated by law.

Bales stated he and Pam Cox are willing to make themselves available again this year to meet with individual Commissioners to give them an in-depth review of the school system's budget before the formal presentation to the commission as a whole.

**IV. ADJOURNMENT**

This item will be placed on the agenda for the 6:00 p.m. meeting for formal Board approval.

The meeting was adjourned at 5:45 p.m.

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Chairman

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Secretary

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