



The Helena Public Schools educate, engage, and empower each student to maximize his or her individual potential with the knowledge, skills and character essential to being a responsible citizen and life-long learner.

Board of Trustees – Budget and Program Committee

May Butler Center | 55 S. Rodney Ave

Friday, June 7, 2019 – 12:00pm

MINUTES

ATTENDEES

Committee: Others:

Jeff Hindoin, Committee Chair
Terry Beaver, Committee Member
John McEwen, Committee Member

Luke Muszkiewicz, Board of Trustees Chair
Sarah Sullivan, Board of Trustees
Tyler Ream, Superintendent
Josh McKay, Assistant Superintendent
Barb Ridgway, Chief of Staff
Stacy Collette, HR Director
Janelle Mickelson, Business Services Administrator
Tim McMahon, Activities Director
Margaret Bentwood, community member
Pad McCracken, community member

I. CALL TO ORDER

Committee Chairperson, Jeff Hindoin called the meeting to order at 12:04pm.

II. GENERAL PUBLIC COMMENT

No comments were offered.

III. REVIEW OF AGENDA

No changes were requested.

IV. REVIEW OF MINUTES

No changes were requested.

V. DISCUSSION

1. FY2020 Budget Update and Overview

Ms. Mickelson began by stating that teachers have settled, and the board has approved the Collective Bargaining Agreement. She has updated those numbers in system. She continued by

stating she anticipates the secretary and paraeducator agreements will be approved by the board on June 11, 2019. Carpenters have settled and have been updated in the system. She stated that the district is still waiting for the reclassification of some independents, the other crafts, custodians, and the superintendent's contract to finalize the budget.

Ms. Mickelson said the district budget split will be 65%/35% based on enrollment next year, instead of a 60%/40% split, which is anticipated to help the high schools. Right now, they are verifying locations of employees to address district movement, to make sure they are in the right locations.

Ms. Mickelson stated the elementary schools' budget is about 75% complete, and the high schools' budget is about 70% complete. She is estimating a 4-5% increase in utilities.

Mr. Hindoin asked how the budget is shaping up on the high school side, and Ms. Mickelson answered that she feels the 65%/35% split was well received and continued that she has made some adjustments in terms of employees being paid out of Medicaid and the addition of the Trailhead program. She stated it's a great program, but they have to make it work [financially].

Mr. Hindoin asked when Ms. Mickelson might have the budget 90% complete, and she answered that once the reclassification of independents is complete, she anticipates being basically done next month. Mr. Hindoin inquired into any programmatic adjustments to this budget cycle, and Ms. Mickelson answered that there will not be any – except for the addition of the day treatment facility.

Mr. Hindoin asked if there were any other questions or comments and received none.

2. Athletics and Activities Budget and Fee Structure

Mr. McMahon began by explaining the first document of his presentation – which explains current activities fee structure from AA districts across the state: what they use the fees for and who pays them. He explained that some charge a one-time activities fee, and some do not. Some have caps on their fees for individuals or families, and some do not. He continued by asking the committee members to examine the bottom of the sheet, where it explains for what other districts use the fees – specifically the 284 budget or pay-to-play budget. All districts use it for operations and to offset the general fund, some districts use it for travel, and most use it to restock supplies. Mr. McMahon asked all the AA districts in the state to provide this information and noted that the results are inconsistent. He added that all but one district has a procedure for exempting the activity fee or a scholarship program.

Mr. McMahon then addressed the second page, which summarizes the Helena district activities budget in two columns:

- The 201 budget comes from the general fund to the activities department. It only pays for coaches' stipends, travel, officials. This fund continually runs in the red simply because there are not enough dollars in it.

- The 284 budget is the activities fee piece and has no general fund support. It includes activity fees, any tournament reimbursements, advertising sales in gyms and stadiums, and a portion of facilities use fees. This fund pays part of Mr. McMahon's salary and some of his assistant's salary, along with MHSA fees for every activity in which they participate, supplies – cones for soccer, cheerleading uniforms, footballs – and all workers.

He noted that the sheet referenced shows every activity receiving funds either from the 201 budget or the 284 budget through the year – student council, drama, orchestra, band, dance, cheer, and all of the competitive sports. He noted that drama and student council are not MHSA sanctioned activities. The final column lists which activities pay into the 284, which shows that drama, student council, and the music activities do not contribute to this fund. Mr. McMahon added that the only support his department offers activities like DECA or BPOA is writing the contracts; no financial support is given.

Mr. McMahon addressed his intent for presenting before the committee by proposing a raise to the participation fee – not the activities fee – from \$40 to \$50. He suggested the \$30 activities fee remain the same and added that he did not want to raise the ticket fee or anything at the middle school level. He reiterated that this increase would just apply to the participation fee at the high school level.

Mr. McMahon's second recommendation was to include band/orchestra/chorus participants in the activity fee – not the participation fee piece. They currently receive support from this budget but do not pay anything. He added that while these groups don't require nearly the amount of supplies as other groups, they still receive administrative support from the department and fiscal support for any events in Helena they host. Mr. McMahon stated that he feels if groups receive support from these funds, they should pay something into these funds.

Ms. Sullivan asked what has been done in the past when budgets have run in the red. Ms. Mickelson answered that usually the funds are paid for out of a budget that has been underspent, such as the business office or assistant superintendent's office. Ms. Sullivan asked if that has been a problem and if people typically have money left over. Mr. McMahon affirmed that it is a problem for him, and Dr. Ream added that it's a problem when any program runs in the red.

Mr. McMahon said what he is trying to do is to somehow balance the 284 account and: a. somehow balance the budget and b. begin to build a positive balance. He added that it is a carryover account and if he somehow ends up with money in it, he could buy a pole-vault pit for instance. This year, he spent money on the main basketball rims at Capital High, which to everyone's knowledge, were the original rims.

Ms. Sullivan asked how Mr. McMahon would use those extra funds for music and band, and Mr. McMahon answered that the main reason he was asking for those groups to pay an activities fee was because the activities department is already paying into MHSA for those activities and is

paying for district music festivals held locally. He added that he wants to see a balance between who pays for it and who receives a benefit from it. Ms. Sullivan requested to see a breakdown of where money is distributed by activity. Mr. McMahon answered that last year, from the 201 fund, drama received \$22,000, and music – each program spent over \$8,000 on travel. He added that the highest stipend in the district is the drama stipend. Mr. McMahon said that travel was comparable across all activities – the reason being that while some teams travel more, it's as expensive to send 50 band kids to a several-day district festival as to send a basketball team on day trips.

Mr. McEwen asked if each member of the student body paid an activities fee. Mr. McMahon clarified that only students participating in an activity pay the one-time activity fee, and some pay an additional participation fee per activity. Mr. McEwen requested clarification on how an activity – i.e. cross country – is paid by from each fund. Mr. McMahon answered the only things paid out of the 201 – the general funded budget – are coaches, officials, and travel. Anything else – uniforms, any supplies they need – comes from the 284 account.

Mr. McEwen addressed the issue that some activities are more expensive than others and asked why some activities don't pay more than others. Mr. McMahon added a historical background to the activities fee, stating that prior to the 284 fund, all activity costs were paid out of the general fund. The 284 fund was originally formed to pay for things that wear out or if a travel budget runs out. Mr. McMahon added that it has now become a main funding stream even though that was not the original intent. Dr. Ream said that in his career, he has never seen a district whose activities paid different fees based on the activity/sport. Ms. Sullivan added that some activities do bring in revenue through ticket sales.

Mr. McEwen asked if the activities budgets running in the red was because of unexpected costs or not being rigorous in setting a budget in the first place. Mr. McMahon answered that if he starts looking at cutting what is spent out of the 201 fund, he can cut coaches – which means cutting programs, cut travel – which isn't fair to other AA districts, or officials – and if he cuts officials, it's a scrimmage. He reiterated that the 201 fund is for what must be paid for – lights, officials, travel. There is nothing to cut.

Mr. McEwen questioned Mr. McMahon's quote, "I always overspend my budget." Dr. Ream said it's because his budget is too small, and Mr. McEwen said that's because there was no rigor in setting the budget. Mr. McMahon added an example of softball this spring and said the budget for travel was \$3,500; that amount was spent at just at the state tournament, and he can't say, "You can't go to state." He added that some increased costs are out of his control, like the MHSA and MOA mandated increase in what officials must be paid.

Ms. Sullivan asked the requirements for the scholarship program or how an activity/participant fees are waived. Mr. McMahon answered the district procedure is if a kid qualifies for free/reduced lunch, the fees are waived.

Mr. Beaver brought up how, in the past, every high school student purchased activities tickets that got them admission into events – sports, dances, plays, and asked why it was eliminated. Mr. McMahon added that with payment of the one-time activity fee, students do receive an activity ticket.

Mr. Hindoin reiterated that the point is to bolster the 284 fund to reduce the reliance on the general fund aspect of the activities budget. He doesn't have any issues with making the recommended changes. Mr. McMahon added that even at \$50, the participant fee would still be below the state average for AA districts. He mentioned it will help offset the general fund and begin to have some money to replace some items.

Mr. Hindoin echoed Ms. Sullivan's request in asking for more data on what activities cost because it will help the board make a more informed decision. Mr. McEwen asked if there was a cost per child for each activity and a cost per activity for each school.

Mr. McEwen suggested the district charge differently for different activities. Ms. Sullivan said it would be hard to do once any free/reduced lunch qualifications are factored.

Mr. McMahon said he believes the teams who cost more money are generating more money. He has given teams budgets and told them that if they need something else, they need to fundraise for it. Ms. Mickelson raised an issue that if the district charged differently by activity, there may be a Title IV issue. Mr. McMahon concurred that if the participant fee is the same across the board, there will never be that issue.

Mr. McEwen asked who gets revenue for state events. Mr. McMahon answered that if anything is left after paying expenses, it is spread amongst the conferences. The exception is state track, in which case the extra revenue is given to MHSA.

VI. BOARD COMMENT

Mr. Hindoin asked if there were additional comments. Mr. Beaver recommended it be sent to the board for approval. Ms. Sullivan added that she would still like to see additional data. Mr. McEwen asked for a cost per activity, and Ms. Mickelson concurred that it would be important to look at revenue.

Mr. Hindoin asked Mr. McMahon if he intended to bring the fee increase as well as the breath before the board. Mr. McMahon clarified that he will ask the board's approval to 1. Increase the participant fee from \$40 to \$50 and 2. To allow the activity fee to include anyone who is receiving support from the activities department.

Mr. McKay expressed concern that he doesn't want to pit activities against each other by presenting all the numbers. Mr. Hindoin confirmed that he wants to clarify that this is just about budget structure.

Mr. McEwen inquiring into some of the activities that are part of a class. Mr. McMahon clarified that there is a separation between classwork and what happens after school hours.

The activities department pays music directors a stipend and an hourly fee for after school events. Mr. McMahon clarified that he would only charge participants who took part in an MHSA sanctioned event. No one who does not travel to an event with a band/orchestra/choir would be required to pay the fee.

Ms. Sullivan asked if the activities department paid for the choir trip to Spokane, and Mr. McMahon answered that they did not but helped arrange for a bus.

Mr. Hindoin suggested bringing the meeting to a close and asked for any more comments.

Mr. McEwen asked if Mr. McMahon considered asking for additional money. Mr. McMahon said he thought about it, but he was afraid of pricing kids out of opportunities, especially with pre-high school activities. He didn't consider raising ticket prices since he has trouble getting people into the door now.

Mr. McMahon said he believes it's a combination of raising money and cutting costs in both 201 and 284.

The full board will look at this issue and other budget issues in July, and the budget will be presented in August.

VII. ADJOURNMENT

There being no further business, the meeting was adjourned at 1:04pm. The next meeting will be August 2, 2019.