

**RECORD OF BOARD PROCEEDINGS**  
**Special Board Meeting**  
**(MINUTES)**  
**October 8, 2015**

**07708**

The Fayette County Board of Education met at 701 East Main Street, Lexington, KY at 11:30 a.m. on October 8, 2015, with the following members present:

**(1) John Price; (2) Melissa Bacon; (3) Doug Barnett; (4) Daryl Love and (5) Amanda Ferguson**

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**PURPOSE OF MEETING**

Pursuant to KRS Chapter 61, notice was given that on October 6, 2015 the Chair of the Fayette County Board of Education called a special meeting of the Board of Education for Thursday, October 8, 2015 at 11:30 am, 701 East Main Street, Conference Room A, for a lunch and learn session with the Budget and Finance Committee to review the District Budgeting Process and to approve Requests from Principals for Extended Field Trips.

John Price, Chair, called the meeting to order at 11:35 a.m.

**The following members of the Budget and Finance Committee were present:** Manny Caulk, Stephanie Hong, Amy McVey, Jessica Hiler, Vicki Ritchie, Rodney Jackson, Betsy Raines, Myron Thompson, Julane Mullins, Piper Lewis, Tiffany Davis, Becky Riley, Marlene Helm and Kyna Koch.

Staff members and visitors included: Lisa Deffendall, Danette Land, Garry Hoover, Randy Pepper and Jimmy Meadows.

Julane began her presentation on the Budget Process, which outlined the timelines for submissions to the Kentucky Department of Education that drive the Board approval process. During the presentation the following questions and conversations took place:

**Daryl Love** – When do we know we have funds in Section 7?

**Julane Mullins** – There is a calculation that is done during the tentative budget process and we notify the Board then that there are Section 7 funds available. That usually occurs in late in April or early May when we go to the board with the tentative budget.

**Daryl** – When do we know there is a bucket of money that may be available? When do we identify priorities for these funds?

**Julane** – we're moving to move the budget cycle back so that the board can have those funds in place by the time they approve the tentative budget.

**Daryl** – As we start to talk about strategy if there are projects or programs to address the achievement gap we have never been involved in discussing what our priorities are. We are going to see what the timeline is, who is responsible, what is going to be required on our part to determine what projects.

**Kyna Koch** – we need to work on getting the school's CSIPs more detailed to see what they need to meet their goals. Some are better than others. We will be working with the schools as they do their plans to make their budgets to be more specific and what the costs are.

**Amy McVey** – the CSIP process has evolved a number of ways, right now there is really no direction from the District about what needs to be in the plan. That's due January 1 and we don't put anything in that we cannot fund ourselves because we are responsible for implementation.

**Julane** – obviously there are some process changes we have to tie to the CSIP so that the Board can understand the needs in the schools.

**John Price** – the schools never felt they had the opportunity to make those requests.

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**Melissa Bacon** – the CSIPs have been around for a while.

**Julane** – they have never been tied to the budget.

**Daryl** – we need to put this issue in the parking lot.

Julane continued her presentation:

**Julane** – I am responsible for working to get the budget ready, I compile a list of current requests and staff reviews once the revenue streams are known. The Senior Director reviewed and made recommendations.

**Daryl Love** – when you talk to departments regarding budget and staffing is HR part of that process?

**Julane** – they are part of the exit interviews of the school budget/staffing meetings. We work closely with HR and she explained to the group the exit interview process.

**Daryl** – Is everyone at the table?

**Julane** – Yes, all stakeholders have been invited. Special Education, Gifted and Talented, Title I, etc.

**Betsy Rains** – We have been given our staffing numbers and we can't go over this number. We do meetings to talk about the budget – sometimes 2 or 3 times before doing the exit. We get our councils involved so they approve.

**Daryl** – With new principals coming in how do they learn about this process?

**Julane** – we meet with them, as well as HR and we try to hold their hand for the first couple of years. Seasoned principals may or may not come in for work sessions, but the new principals have several work sessions with us and with HR

**Amy McVey** – Other principals help the new principals as well. When Kentucky did away with the internship program we lost the person at the state level that would work with principals. We don't have that piece now.

**Betsy Rains** – Debbie Tronzo worked with me and help me. She worked with me through the “wish list” – the things we would ask for if we had unlimited resources and helped us narrow our priorities.

**Amy** – What we are doing at the school level is essentially the same thing. We have scenarios we can take to councils showing the resources we will need to use and what we can do with it.

**Daryl** – Do you get buy-in before you take it to the District?

**Betsy** – Yes. We also use our Tell survey or student behavior numbers. Any data that will support the scenario.

**Lisa Deffendall** – How do you work out the projection versus the full 100%? How does that impact the scenarios you create?

**Betsy** – at the high school level we have never had any teachers taken away.

**Amy** – you cut to the bare bones, it is significant to cut to 95%. We have our afterschool program and I use that afterschool budget so we have that money and I can guarantee it. My population is not very transient, so I can project – then on day 4 you may get more than what is projected. I totally get it from a budgeting perspective...

**Betsy** – it is very hard to put in a teacher once schedules are done.

**Amanda** – is what you are experiencing pretty consistent across the District? What resources are available for principals to train them in this process?

**Julane** – we start the process in January with principals, but as far as I'm concerned we start preliminary work on the next budget (enrollment projections) as soon as the working budget is approved. We work through a lot of issues before we provide the numbers to the schools, normally at the January leadership meeting. We give them an opportunity for feedback. We used to do staff additions on Day 4 and that put a lot of burden on the schools. Under Stu, we began staffing at 95% and 98% to try and leave as many teachers in place as possible.

**Amy** – I definitely agree with that, but we also need to look at schools that are going to be overcrowded or have wait lists and perhaps increase the percentages so we can have teachers in place on day 1.

**John** – Historically we could look at schools and determine the percentage that would create the least disruption, refine our projection numbers so that we could minimize the loss of teachers. Should we be using a different factor based on the history of those schools?

**Julane** – we're looking at a lot of new staffing numbers. We are looking to Davis Demographics since they were so helpful during redistricting.

**John** – what if school starts and Bob was wrong and the principal was right? At some point we might want to take into account the principal's instincts instead of Bob.

**Julane** – Bob does use trend data and occasionally that does not pan out.

**Amy** – I think it is difficult.

**John** – historically we have been growing 400 students each year, so why are we staffing at 95%?

**Amy/Julane** – it is difficult to know where to put them. Where the students are going to be when the doors open.

**Lisa** – there has been a lot of conversation about that in the redistricting subgroup. Trying to come up with closer projections.

**Amy** – this year is going to be extremely difficult.

Julane continued with her presentation – in the fall after the working budget is approved she meets with the Superintendent. She and Rodney are looking at revenue projections and impacts, trends they may see. Items they know will be in the next budget such as the step-up, energy cost increases, increases in the retirement match. They begin those conversations for the upcoming school year as soon as the working budget is approved.

Salary projections – she wanted to discuss those and opened the floor to any changes or improvements that might need to happen moving forward. Currently they use a database of all current employees and they use a district average cost for all vacancies. If personnel are added the cost for those are added and by the time the working budget is presented, there have been refinements done to account for retirements, movements, etc. This year during the Day 4 process the District added 51 new teachers, 16 assistants and 15 new clerks. All adjustments were final on September 15. Once the final adjustments were made the District added an additional 10 teachers, 1 para-educator and 1 clerical position. Garry Hoover was introduced should the group have any questions about employee data. Garry is the MUNIS manager and works with the Budget Department extensively on employee data. After the working budget is approved we are still adding staff and making changes in MUNIS. This year we had over 371 changes in rank. There is a September 15 deadline in HR to get rank changes made.

**Daryl** – this says that rank changes have a deadline of September 15, but this shows changes occurring after that deadline.

**Debbie Boian** – In policy all certified changes are due to HR by September 15, but classified personnel who may complete a degree in December or late summer can apply for a rank change at any time. Those changes made after September 15 are generally classified personnel.

**Daryl** – If I look at 2014 and 2015 salaries comparing projections with actuals, where is that?

**Julane** – We will look at that later in the presentation, we came in extremely under budget last year. We had an extreme amount of retirements last year, you can see by our sick leave payout we had 278 people who left after the deadline. After January we only hire

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subs to fill those positions. Our policy is to leave them by a certain date, but we give them out throughout the year.

Julane explained the policy regarding retirements and replacements. She reviewed the staffing workbooks that are used with schools to determine the staffing patterns. It is a working document that is updated throughout the year.

In March The budget office looks at grant funded positions to see if they need to be moved from grant to general fund and helps keep up with those changes. They look at workbooks in August to make sure changes were made appropriately and are being charged appropriately to grants. Also making sure that everyone listed on rosters are showing up in MUNIS and they have actually shown up in the building. There are movements made with itinerate staff until September.

**John** – Aren't salaries for Title I in Fund 2?

**Julane** – we move people to the general fund until we get the grant funds, or we do allow them to stay on general fund (such as “read to achieve”) until the grant funds can be loaded into the system. During the summer we are playing a “shell game” to get people on board. Those workbooks help us maintain integrity and keep up with all the staffing changes during the summer.

## New Implementations

Julane reviewed new implementations

**Amanda** – can someone else talk about the staffing allocation software?

**Julane** – we had a staffing allocation program that I used, but we had changes in leadership and they wanted a different process. We used excel and mail merge for a year and we tried to incorporate everything good in the old format and everything good in the new and incorporate into one template. We were still having to do a lot of manual calculations. The software that our technology department developed is much more user friendly and more accurate to use.

**Amanda** – so it literally came from in house?

**Julane** – Pete Koutoulas wrote it, he also developed the workbook. We have talked about getting a web based staffing work book. We have been working on it for a while, we got really close and Pete wanted to implement the new staffing allocation model into the new program. He is currently working on that. We are very excited about it.

**John** – Are there no MUNIS modules that would do that?

**Amanda** – I was going to ask that.

**Julane** – 85% of the state's school districts have 8500 or less kids. 95% of those have less than 1000 students. We have discussed with finance officers around the state and have spoken with Jefferson County and their processes are similar to ours.

**Amy** – we worked with a company to automate the entire process. We have worked with an outside company to do that and the money dried up and the project went away. It would be great for all involved, but there isn't anything out there. We just need to have Pete to complete it for us. Making the whole process paperless would be awesome for the schools.

**Julane** – We have spoken with Bob Moore about an electronic PAF, he talked about a forms platform that the technology department would maintain with routing features embedded. It is another tool we need to look at purchasing to improve our process.

We also met with a MUNIS consultant to look at all of our processes in Finance, Budget and HR and they came in and made recommendations on items we might use to increase our efficiency. One of the items we have implemented in our office are roll up codes. The budget is broken down in line items – if expenses go over you have to move funds to cover those line items. Roll up codes look at the bottom line and if there is money available in the

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overall budget the item can be paid. It helps get vendors paid quicker, it helps schools get done faster, but it makes budgets look messy. In a couple of weeks we will begin training school bookkeepers to do budget transfers to clean up reports and help things go further.

Bookkeepers seemed really excited about it at their meetings last week.

There are new tools in MUNIS that we are beginning to utilize, Garry would have to do a lot of manual data clean up, but when the consultant came in, they showed us how we could do that ourselves. There are some other items we are working to implement like pulling budget projections into a spreadsheet, but we have had trouble reloading the data into MUNIS – they are working with us on those issues.

Other ongoing process improvements – we have an ongoing committee that meets and talks to folks about the budget calendar. There is a desperate need to get information to the Board faster so they can begin making those decisions that support the priorities of the Board.

Schools are frustrated getting staffing on March 1, because they don't have the Gifted and Talented numbers since testing is not yet complete. It is also frustrating for us because we don't know where those projections are coming from.

**Daryl** – Is that within our control?

**Julane** – It takes tweaks to our process, do we have the ability to work with our testing windows? We are working as a committee to determine if we have any flexibility in those windows. We have that data, we have a way of knowing.

**Amy** – I have kids that were being identified on the last day of school. For families, if their child is not identified until after they have done school tours and made decisions it is frustrating. It would be wonderful if we could get an assessment that would allow us to qualify students for Gifted and Talented earlier and the current FAST test does not do that.

**Amanda** – I get that from parents all the time, and students are registered in two schools. It is frustrating.

**Julane** – we need to move to a process that does not impact our personnel. We need to have those data and decisions so that we can give schools staffing numbers as soon as possible. Foreign language is another area where we need to move quickly to let principals know.

**Daryl** – Can you describe how this committee works?

**Julane** – I already had a framework of a timeline with process and stakeholders, we are trying to evolve it. We are trying to engage stakeholders and help people understand how we impact each other. Processes that have impact in one area have impact on another, and if we are not working together to resolve the issues we are not going to be able to move the calendar up.

**Daryl** – So we have a Budget and Finance Committee that is independent of this committee?

**Julane** – We are trying to get a framework to bring to the Budget and Finance Committee. We can get to the point where we are bringing things to you all very early – prior to approval by KDE.

We have begun the conversations and we are meeting again next week. We are working with Michael Dailey to tweak the process for G&T and incorporating all the feedback to hash out and see if we have left anything out. If positions are not in the budget packet, HR needs to review.

**Daryl** – Everyone has different concerns not only as to numbers, but as to timing as well. People are coming into the room with different views, do we see levels of conversations that evolve to discussing issues, not simply numbers.

**Julane** – We are trying to iron out the process, we are trying to have the conversation where we can all come together on the same time frame, that way we can have bigger conversations on things that may impact kids in the schools in terms of resources and

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models. Such as a GT model embedded in the staffing policy. Trying that will help prioritize before we bring the budget to you.

Julane then began the discussion about savings in the 2014-15 school year and the impact it had on the 2015-16 school year.

The carry-over from Section 6 is \$1.3 million – some of those items included Risk Management insurance premiums that were budgeted across fiscal years, Physical Support holding money in anticipation of property purchases, also the decrease in fuel prices this year has led to savings in the fuel budget. Those items including the contingency give us \$20 million remaining in the District Budget.

**John** – I am not sure what you are trying to tell us here?

**Julane** – I am showing you the reasons why the fund balance came in at a higher rate.

**Amanda** – are you saying that would have been zero?

**Julane** – each year we have departments and schools that do not spend all of their dollars.

**Amanda** – so it's the contingency minus the rest?

**Julane** – Yes. We had approximately \$10 million left in our salary line items and I am showing you the original allocation and the balance remaining in those areas. Some of those dollars are not budgeted in our department, they are funded at the school level.

**Daryl** – the original shows we had \$6.8 million left. Those are dollars spent at Central Office? The reason those dollars were not spent from our perspective?

**Julane** – I apologize for not being clearer - I wanted to reconcile those salary line items for you and show where the money came from.

**Amanda** – is this because so many people left?

**Julane** – One of the reasons is the \$4 million set aside for anticipated growth, potential litigation and for construction. The construction account had taken a 5-10% hit for the last two years. We were trying to be proactive and make sure we had the funds to meet some catastrophic issue if necessary. I had set up a fund, a holding account, that was earmarked for instructional salaries and I put those funds in that account. We had so many retirements last year that we did not need the funds for growth. The litigation is pending and we did not need the funds for that.

**John** – I don't understand why we didn't put that in the litigation account.

**Julane** – I realize that we should have and I am trying to share that with you now in an effort to be transparent. What we have done in the past is going to change, I will change that procedure in the future.

Part of our process – like with our KETS match, we have to provide some of our general fund allocation as part of our allocation for our KETS funds. We tag positions in our general fund as part of those allocations.

If we have grants that are expiring and we still have a balance, we go out and try to find appropriate general fund expenses that would fit in that grant to spend those funds prior to their expiration.

Her presentation over, Julane opened the floor to questions. There being none the group was asked what information they would like for the next Lunch and Learn.

John – remarked that the Board needed to take action on the action items first. Then they could adjourn the budget part of the lunch and learn and the Board could meet with Julane with questions.

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Marlene – presented an action item for the Board to review. The Dunbar Girls Golf team is eligible to play in the state golf tournament in Bowling Green, KY over the weekend. The board needs to approve their trip.

*A motion was made by Melissa Bacon and seconded by Daryl Love, to approve the field trip as presented. Motion carried with a vote of 5 to 0.*

John continued that when he added the numbers up for the change in salaries the working budget document total in code 0100, the change in salary is \$14.3 million and the actual is \$9.7 million. He requested that at the next Lunch and Learn that be explained to the Board. Additionally he requested the following questions be addressed at the next Lunch and Learn:

- Total instruction – there is a change of roughly \$30.8 million which would say that without the contingency the budget would not balance. The District would be spending \$3 million over revenue, explanation of the gap between \$3 million to \$30 million
- A total spend of \$416 million which compares to last year's \$385 million, which says again that the District is spending \$31 million over the previous year.

He requested that these questions be thoughtfully explained at the next meeting. His understanding was that the District wanted to build their fund balance to keep their bond ratings strong. It is important for the Board to understand how the District is spending more than the budget plan. Why do these numbers reflect \$30 million more? He requested a section by section explanation.

Referencing the document that was shared he added that on Page 4 salaries were shown going up \$8.8 million and student support service is \$1.6 million more than last year. The Board does not understand based on a verbal explanation why the District is spending \$30 million more than last year. That was not their intention.

**Marlene** – we approved the budget at the last Board meeting with the understanding that we would discuss it further at the Lunch and Learn. We need to determine what we need to get answers for.

**John** – I understand that the Budget is a living document, I think if there are changes they need to be brought back to the Board with a detailed explanation and a rationale that accompanies an explanation of where the funds are coming from. I think in the past there have been changes made in line items without the Board understanding what is going on. In the past we have been part of that process and we need to be again. The Budget and Finance Committee can meet once a month if we need to.

**Daryl** – there are lots of details that are not as transparent when you pick up the document, even if you have to make revisions and not those and make them available (to us). The average Joe should be able to look at our budget and understand where the money is going. We need to make sure that the budget reflects realistically where we spend our resources.

**Melissa** – one of the recommendations of the Audit of Public Accounts was that the Budget and Finance Departments work better together, but I am not hearing that. I need to see how everyone is working together.

**John** – How can you all give us good information if you do not work together?

**Julane** – I agree.

**John** – we cannot let adult issues get in the way of doing what is best for our kids. It is up to you all, we are not to be involved in personnel matters, but we are involved in the budgeting process. I would like to amend the policy to have the Budget and Finance Committee approve the budget a couple of months before the Board.

**Daryl** – I did not realize you didn't get the budget until just before the Board. Everyone needs to be on the same page, there should not be questions or surprises. There should

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be issues, everyone should be on the same page and that sharing has to take place. You can't have just one set of eyes. Because we are not like other districts in the state, we are one of the largest and we have to start thinking about how we start behaving with processes and procedures that match our size and complexity.

**Amy** – It goes bigger than the Budget and Finance Committee, when I sit here and see this list of proposals that are to be added, we have to back up and start with our schools. Everything that is in this budget should come from the schools.

**Marlene** – One of the goals is to back everything up. Most organizations of this nature start their preparation almost immediately. It really should be a rolling process. I think as we begin to back the process up, hopefully next year as we move into actually putting the budget together you will see a different process and a more efficient process.

**Manny** – the first part of your budget process starts with your strategic plan, so you align resources with outcomes for schools. What you invest in – part of the work, is to take a look at our processes, but we also need to come up with a strategic plan. What we are doing, how we are doing it, and most important to link it to student outcomes.

John and Manny thanked the Budget and Finance Committee for coming.

*A motion was made by Melissa Bacon and seconded by Daryl Love, to adjourn the meeting at 1:13 p.m. The motion carried with a vote of 5 to 0.*

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John Price, Chair

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Manny Caulk, Superintendent and  
Secretary to the Board