NOTES

Jefferson County Board of Education
Finance Advisory Committee Meeting
VanHoose Education Center
July 20, 2017
4:30 p.m.

Present:
Josephine Buckner, John Collopy, Tom Denton, Dena Dossett, Cordelia Hardin, Chris Harmer, Kenneth Johnson, Cathy Mekus, Angie Moorin, Eddie Muns, Bill Perkins, Eddie Weaver, Jr., Lisa Willner, Rob Fulk

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Committee Chair, Steph Horne, welcomed members and provided an update on the July 13 Advisory Audit Risk Subcommittee meeting. Steph asked Eddie to add the meeting notes to the JCPS website which will include a list of current members.

The Lessons Learned document is still in the internal review process. Angie requested to have the final document in two weeks to have sufficient time to review before the August 8 Board meeting.

Monthly Financials

Eddie provided copies of the May financial report, notes of interest from June, and Munis report (compliance to state). A financial report will be provided at each Finance Advisory Committee meeting so members can review what the board reviews and accepts at monthly board meeting.

Revenue Generators Presentation

Cordelia provided a presentation on JCPS revenues including distribution of General Fund budget, revenue trends and history, revenue types, state paid benefits, assessment driven revenues and economy drivers, tax rate history, enrollment and attendance including SEEK, and General Fund revenue forecasting. This presentation can be found on KSBA.org linked to the July 20 Finance Advisory Committee Meeting.

Since 2011, the district has lost approximately $170 million by not levying the maximum tax rate each year which can never be recovered. Every year is an additional $40 million lost.

Some Board members have expressed interest in collecting the Utility (Permissive) tax which Cordelia estimates would provide an additional $30-35 million per year to the district. Jefferson County is the only county to not collect this tax out of the nine districts who also have Occupational tax. Unlike the Nickel tax which is collected from homeowners, the Utility Tax would be collected from renters also.

Steph asked if there is a limit on permissive tax (Occupational, Excise, Utility). Cordelia explained there is no limit; however, the Occupational tax (school portion) is only collected from employees who live and work in Jefferson County. No Kentucky district collects an Excise tax, and the Utility tax is collected from anyone who pays utilities.

Committee Conversation

Chris Harmer: The district definitely needs more revenue.

Angie: Does more revenue mean a better education?

Kenneth: I would be in favor of a tax increase. My children benefited from the public school system and an increase will benefit current and future students and ultimately the entire community.

Kathy: I don't disagree with you, but I think this will meet resistance. Many years ago while living in another state, my father paid double the taxes I paid years later in Kentucky.

Bill: We may be losing on the public relations side. The average person doesn't understand the loss of revenue since 2011. We are undertaxed and people need to understand the situation.

Lisa: The Department of Education and KSBA recommend collecting the Utility tax. The majority of other districts in Kentucky collect this tax and they don't understand why Jefferson County doesn't.

Rob: We need to convince the community we need additional tax revenue to maintain infrastructure and have buildings that are functional.

Cordelia: The district receives $1.2 million each year for debt service which equates to a $13 million bond issue from the state. Some years the legislature allocates $150 million for specific projects. The Nickel tax is subject to recall and $35 million is restricted for construction. There is more flexibility with the Utility tax. In the early 90's the Utility tax was put on without recall. I would like to ask this opportunity from the Board. We need to communicate the needs and where the dollars will be spent to gain support. Beginning in 2013-14, we have done a better job of screening budget requests.

Steph: We will continue conversation about revenue and take a deeper dive into the issues - what is happening across the state and what are the options and pros and cons? This is a board committee, not a management committee. We cannot direct management but can recommend a report or more data. The board will compile a list to give to Dr. Pollio.

Cordelia: By gaining a thorough understanding of revenue, the committee can help the community to understand revenue and needs.

Chris: Do all options have recalls attached?

Cordelia: Yes, all permissive taxes do.

Chris: Is there any flexibility in protecting low-income? The state regressive tax to sales instead of income will put an additional burden on the low-income.

Cordelia: Every 1% increase in Average Daily Attendance (ADA) equals about $3.5 million.

Dena: We are at 94% attendance.

Lisa: How do we rank with other districts?

Dena: ADA in 2016-17 went down across the state. This may be due in part to the law changing to require attendance until age 18.

Angie: Is there a report on how we compare to benchmark districts?

Steph: At the NSBA conference, Cleveland targeted 10 or less absences. They raised awareness that 2 absences means 10% chronically absent.

Chris: There is another value as well. If you are in school, you will learn more.

Dena: In Kentucky, 10% would be 17 days.

Chris: Am I missing something or would a 1% change move 94-95% $2 million?

Cordelia: 1% is $3.5 million.

Bill: One thing to remember is we cannot use our budget to entice kids to come to school.

Dena: For every 5 days missed, there is a 5-7% drop in proficiency.

Steph: Conversation on revenue generators will continue at a work session on August 8.