

DOUGLAS UNIFIED SCHOOL DISTRICT #27
DOUGLAS, ARIZONA

Board Room
Central Administration Building

10:00 AM
April 16, 2020

Work Study Session
Minutes of the Board

I. PRELIMINARY MATTERS:

CALL TO ORDER: Mr. Ray Borane, President

PRESENT: Mr. Mario Ramos, Member (Telephonically)
Mr. Natalio Sabal, Member (Telephonically)
Dr. Edward Gomez, Member (Telephonically)
Mr. Mitch Lindemann, Member

Others Present: Ana C. Samaniego, Superintendent
Fernando Nuñez, Assistant Superintendent (Telephonically)
Cesar Soto, Chief Financial & Operations Officer
Alma Valenzuela, Superintendent's Secretary

II. DISCUSSION ONLY:

A. Budget and Salaries for Fiscal Year 2020-2021.

Mr. Borane stated that during this meeting the budget and salaries will be discussed. He read correspondence from the State: The Joint Legislative Budget Committee has released the estimated classroom site fund amounts for next year. The estimated amount for fiscal year (FY) 2021 is \$425.00 per weighted student. This is down slightly from the amount of \$434.00 per weighted student that was available this year, 2020. However, it is important to recognize that the FY 2021 amount includes a new component that has not been in the prior year classroom site fund calculation. The \$425.00 amount includes a one-time payment of \$50 million or \$40.00 per weighted student count, which is the funding to help finance the 5% final year funding of the 20% teacher increase. This is a one-time funding in the classroom site fund which in future years will be in the regular funding formula. Therefore, to get a fair comparison of how the classroom site fund for FY 2021 compares to what was available in FY 2020. The amount of FY 2021 should be adjusted downward by \$40.00, which would make the number \$385.00, which makes the funding level \$40.00 less per weighted student, a count of 11% less. In the over 20 years that this number has been calculated, the FY 2021 number is by far not even close to being the most difficult one to calculate. What is the Arizona economy going to be like next month, the remainder of FY 2020 and FY 2021 all impact the classroom site fund number.

¹A unanimous (5/0) vote will show the members voting in this manner throughout the minutes:

Name	Aye	Nay	Abstain
Mr. Mario Ramos	√		
Mr. Mitch Lindemann	√		
Mr. Natalio Sabal	√		
Dr. Edward Gomez	√		
Mr. Ray Borane	√		

This is important because whatever we do today in the preliminaries to the adoption of the budget and what is included in the budget, we also note that 80% of that budget is teacher salary. With the economy the way it is in the state now, which will have a direct impact on next year's budget, we know that people are being laid off, they're being furloughed, they're being terminated, and they're freezing at all governmental agencies at all levels. So it looks pretty dismal for the following year, that's why I think what we do here this morning is of utmost importance because keep in mind that when we sit here next year, at this time, it's going to be a completely different story and scenario because the prognosis is very bad for next year. When we get into the budget and discuss what the Board requested to look at 6% for teacher salaries but to take a hard look at 7% and we want to see if we can do 7% and we also want to see if we can do 4% for administration (directors, principals, etc.). The reason that DUSD is so far behind on salaries is that over the last few years or maybe a decade or so, that what has happened is that the administration has built a budget without any guidance or priorities set by the Board. The Board is ultimately responsible for the monies. When you have boards that don't take a concerted interest in salaries and they don't give any instruction to administrations on what to do, this is a result of that. This Board, for the last four (4) years, has tried to catch up and are doing a good job and we are going to do better today in light of the fact that we know what's going to happen next year. Boards set the tone and tell administrations, we want you to build a budget around salaries. This Board has done that. We also keep in mind and have to be considerate of the other needs and responsibilities of the operation of the District.

Mr. Soto commented that they are very uncertain about what's going to happen next year and that is why he is looking into all the resources at this point to do the best we can for the employees in regards to salaries and benefits. More than 80% of the M&O budget is salaries and benefits for the whole district. That doesn't leave a lot of leeway or room for other monies to be spent but like we did last Board meeting, we froze all expenditures for the school sites since they're not doing anything. We are hoping to have a good carryover to accomplish that. We looked at 7% and that is the recommendation we are going to go with and the numbers we are working on. The 7% for all teachers, counselors, nurses, etc. The 4% for administration which is principals, directors, and supervisors. The classified is different but we are fixing the salary schedule once and for all and for the future determine an amount for all. Depending on how the economy of the state is, the first impact is going to be 301 monies and possible reduction. The good thing about DUSD is that teachers get 100% of this fund. We are also looking at updating the placement salary schedules we have to make it more attractive and reflect the increase that employees are getting. We have to take advantage of what we have at this point, with all the resources we have, because we don't know what next year is going to look like. The collection of taxes is going to be a huge impact since some of our funding comes from property taxes and the inability of the county to collect those property taxes is going to impact us big time. I cannot give you a scenario or a forecast for what the next school year is going to look like in regards to funding because it also depends on the number of students we have. Fortunately, we are steady at this point. We lost some kids during the school year. What is concerning is whenever the state gets into some economic issues, we start to lose kids; parents move to different cities/states, so we don't know if that is going to impact us. Being conservative and being confident that we are going to have some carryover that we can utilize for this. That is why the administration has decided to propose those increases: 7% for teachers, 4% for administration, and fixing of the classified salary schedule. Overall, salaries alone in the M&O side is close to \$800 thousand increase from this current year. We do have a lot of

employees being funded from grants, and we don't know yet how those grants are going to be impacted in regards to funding, as most of those are federal and this is a nationwide issue that we are facing. Health insurance benefits went up 6% and the administration is recommending that the Board contribution continue paying to ease the impact on employees. Some of the employees have a different plan that requires that they pay. The Board contribution last year was \$605.00 a month per employee and this year the recommendation is \$640.00 a month per employee. By doing this, the employee will only have to pay \$3.00 more to continue on the gold plan. We are one of the few districts that still pays 100% for the employee insurance and we want to keep it that way for now. We don't know how it is going to look like next year and we are trying to do everything we can now to benefit the employees. Dental and vision will also be renewed with reduced premiums. We will now be with Delta Dental. Mrs. Samaniego commented that by the Board contributing \$640.00 a month per employee, that is an added amount of \$7,680.00 for the year that is not seen in the employee contracts. If the employee decides to have a different district plan or family plan, that annual amount still counts in their favor and they just have to pay the difference. This is an increase of \$200 thousand from last year that the District is covering.

Mr. Soto commented that historically this District has been good at having enough carryover. This year he will be transferring from capital. It is not a perfect scenario as that money is used to buy computers, desk, etc. but it is something that has been done in the past and feels pretty confident doing. It always depends on the enrollment and for whatever reason we have a decrease in enrollment, then we can adjust. Also, looking at transferring \$275 thousand from capital to M&O. In previous years, there has been about \$700-\$750 thousand carryover. It is always good to have a safety net at the end of every year.

Mr. Soto commented that they have not received anything in regards to what the impact is going to be for federal grants. Mrs. Cox is going to start working on the grants for next year and will budget for the same amount as this year. Title I is the biggest grant and we get about \$3-4 million a year.

Mr. Lindemann commented that he is very pleased to hear that we have the capability of the 7% and 4% and wants to ensure classified employees are taken care as well.

Dr. Gomez asked if they do the 7%, will the health insurance still be able to be covered? Mrs. Samaniego replied yes, it is already budgeted in.

Mr. Borane commented in length on the 5% and 20% state funded raise for teachers. The first year they received 9%, second year they received 5%, and now we are getting 5% from the state and we will give 2% for a total of 21%.

Mr. Sabal commented that everyone has done a great job and is in favor of the 7% and 4%.

Mr. Ramos asked if these raises will be able to be maintained in the following years? Mr. Soto replied yes, we will be able to sustain them.

Mr. Soto commented that he is fixing the classified salary schedule. The employees that are making minimum wage will get at least a 0.25¢ increase and the other categories will get an

increase depending on their category. It is not a flat amount. After this year, we will be able to give an increase across the board. It is going to cost the district money to fix the salary schedule but it will be better for future years. Mrs. Samaniego commented that the classified salary schedule is based on levels or categories. Certain low-level entry positions are in the first category and then you have higher-level positions with more responsibility at the lower end of the category, meaning that they typically earn more money. Each position and category placement on the schedule was reviewed by Mrs. Samaniego, Mr. Soto, and Mr. Nuñez. Mr. Nuñez commented that one of the goals this year was doing more internal desk audits, where job descriptions were evaluated also. Wanted to make sure there was consistency and equity within the categories.

Mr. Borane asked if the administration has looked at hiring freezes or reductions in staff? Mrs. Samaniego replied that they have not specifically looked at it but will probably have to put a hiring freeze. In the last couple of weeks have placed a budget freeze due to schools being closed.

Mr. Borane asked if any internal construction projects that are not state-funded are going to have to be placed on hold? Mr. Soto replied no, most of the projects are funded by the Arizona School Facilities Board, which is the DHS addition. In regards to internal projects, they are not major nor that many, and there are funds that can be used on them if needed. Mrs. Samaniego commented that they had been planning the remodeling of the front part of the DHS building, which is the administration area. Also, there were talks about remodeling the board room. Both projects will need to be reviewed.

Mrs. Samaniego commented that the purpose of this work study session is to inform the Board, community, and staff of what the District's budget capacity is in terms of salaries and sustainability. As Superintendent, one of her biggest concerns is whether we would be able to sustain the salaries that will be given this year for years to come. This is going to depend on the number of students we have next year. Our budget is built on actual enrollment numbers. We are hoping that enrollment will stay the same but we are aware that some of our families may need to move especially with employment situations. The sustainability part is concerning if we can't sustain it then we will have to discuss what will need to be done with next year's budget, which right now we don't know what it's going to do for the 2020-2021 school year. After carefully reviewing the budget and looking at all the expenses, we do feel that providing our teachers or our certified staff the 7% is the right thing to do under the circumstances. About 85% of our entire budget goes to salaries and benefits. In doing the benefits review and proposal, we are always concerned that the increase for us is going to be so extreme that we are not going to be able to keep providing that full benefit insurance on behalf of the Governing Board. Luckily enough the increase was not that high and we propose that the benefits plan be accepted and pay the \$640.00 to our employees so that they can continue having that. We don't know what that will do for the 2021-2022 and if the Board will be able to keep providing 100% of the insurance to our staff depending on the increases and budget; this will be addressed when it is time. Revising the classified salary schedule eliminates the collapsing of the positions that had been discussed and had to be done due to the minimum wage increases. This will allow for us to distinctly put the categories where they are needed and allow a little bit of a raise depending on what position that person is in. Mr. Nuñez will be relaying this information to all the classified staff. All classified employees will get some type of increase depending on where they are at. There were desk audits done but also had to do calendar audits. Payroll has about 20 different employee payroll calendars

depending on the number of days that employees work. Will be looking at the calendars and hopefully diminish the number of calendars there is. We are also excited to propose the starting new teacher salary to be \$33,500.00 and make it more attractive. Have also been meeting with the Douglas Education Association (DEA) and received input from them. There will be a hiring freeze and strict oversight on all travel for next year.

Mr. Borane asked how will the principals be affected if their calendar was revised? Mrs. Samaniego replied that if they were placed on the 261-day calendar, they would not get fall break or spring break off but they could take them off by using their leave. To be consistent, fair, and equitable all 12-month employees should have to work 261 days with the benefit of vacation, sick, and personal leave. Unfortunately, we cannot monetarily compensate for the additional 27 days.

Mr. Borane commented that the District has done everything possible to alleviate and to make the situation a lot better for everybody concerned. The Board has been extremely cooperative and sympathetic towards the situation and everything they've done and the administration as well. These are hard times. In the past, school boards sat and listened to what the administration fed them and they didn't need to be adversarial because boards normally do what the administration recommends and they have the information because the administration knows much more than a board member. This Board has chosen not to do that. The Board is doing everything possible they can to make this a better situation, not only for the community but for the students and staff, and commends the Central Office staff for all of the hard work they are doing in trying to make all of this happen. These are not easy times. Thank you to our teachers, who are working almost 24-hours. We thank everyone!

Mrs. Samaniego also thanked all of the staff, students, and parents for everything.

III. ADJOURNMENT:

There being no further business, Dr. Gomez motioned to adjourn the session. Mr. Lindemann seconded the motion. Motion carried 5/0. ¹ The meeting was adjourned at 10:59 a.m.

Minutes prepared by Alma Valenzuela, Superintendent's Secretary.

The Board at their meeting on November 4, 2020, approved these minutes.

Public Comments:

Effective immediately and until further notice, the DUSD Governing Board will be enforcing the Center for Disease Control's health precautionary recommendation limiting all public gatherings to 10 people. There will be no call to the public. All Governing Board meetings will be live-streamed and available to view via DUSD's YouTube channel.

Details regarding presentations and discussions are available on the audio and video recordings posted on the Governing Board page on the DUSD website at www.dusd.us (For exact statements made during the board meeting, you may request a copy of the audio).