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# BIG WALNUT

## LOCAL SCHOOL DISTRICT

MINUTES  
BIG WALNUT LOCAL SCHOOLS  
BOARD OF EDUCATION SPECIAL MEETING  
October 4, 2011  
Big Walnut Administration Building, 7:30 A.M.

**OUR MISSION:**

*The mission of the Big Walnut Local Schools is to inspire and guide each student to his or her maximum potential*

**OUR VISION:**

- *In order to realize our mission, we will strive to achieve and maintain our vision of:*
- *Student-focused, professional, collaborative staff*
- *Student-focused, challenging and current curriculum*
- *Supportive, involved and informed community*
- *Safe, respectful and welcoming environment*

President

- A. Call to Order
- B. Pledge of Allegiance

Roll Call: Ms. Butts, Mrs. Hines, Dr. Fagan, Mrs. Lillie, Mr. Hildreth

Treasurer's Items

Discuss Key Forecast Assumptions

A. Property Valuation

*Mrs. Drummey presented the 2011 reappraisal data obtained from the county auditor. This data revealed that property values in Delaware County have declined by an average of 5.36% for residential property and 5.21% for commercial/industrial properties. Mrs. Drummey explained that the decline in property values will also result in a reduction of tax collections by \$161,937 annually. Future growth in new construction and inflation adjustments are projected to be modestly increasing at no more than 1.5% over the next five years. Mrs. Drummey also explained that within this five year forecast the recent 2010 Emergency Levy will expire in 2014 resulting in declining real estate tax revenues and propelling the district back to voters for renewed financial support. Consequently, a replacement levy in 2014 is being modeled at 9.9 mils.*

B. Income Tax

*Mrs. Drummey presented an income tax summary comparing 2007 through 2011 tax collections noting that income tax collections are nearly at prerecession levels. Recent collections have been more than 20% higher than the prior year; however, future growth is projected conservatively at 10% in the current year and no more than 3.50% annually over the next five years. As the economy is still quite volatile more optimistic projections would be irresponsible at this time.*

C. State Funding

*Mrs. Drummey explained that state funding is projected using the temporary "Bridge Formula" which is simply an allocation of resources methodology. The Bridge Formula is to be replaced by 2012 with the Governor's new school funding method. Future years are projected with reductions to the guarantee by 1% annually beginning in 2014 so that by 2016 the guarantee amount is 95% of fiscal 2009 state funding level to Big Walnut Schools.*

D. Salary Increases

*Mrs. Drummey illustrated staff salary increases since July 2007 compared to the Cost of Living Index that demonstrated staff salaries have grown more rapidly than the Cost of Living Index. The average Cost of Living Index from 2007 to 2011 was 10.7 and the average staff increases range from 18.14% to 26.17% with the administrative average at 10.1%. Mrs. Drummey stated that the district could not sustain the traditional base salary increases and annual step increases of 3.50% with the objective of making the levy last five years. Using this objective, an affordable alternative modeled in the forecast is a freeze on the base and step for 2013 and 2014 for all staff. Since the administration has sustained three years of pay freezes resulting in increases below the cost of living the forecast reflects an increase of 2% in 2013 and 1.5% in 2014 for allocation of increase based on merit. Beginning in 2015 a placeholder of 2% salary increases is modeled for all employees. Mrs. Drummey explained the close relationship between dollars available for distribution between salary*

*and benefits documenting the dollars spent on benefits are no longer available for salary increases during negotiations.*

**E.Group Health Plans/Rates**

*Mrs. Drummey shared that Group Health Plan rate increases are expected to top 20% due to the current average loss ratios of 101% between April 2011 and August 2011. Therefore, a 20% annual increase is currently reflected in the forecast. This 20% increase will cost \$377,000 in 2012 and \$925,253 in 2013. Clearly, the district cannot sustain the escalation of insurance premiums at a 20% annual increase. Mrs. Drummey explained that employees currently share 15% of the premium which makes Big Walnut consistent with Senate Bill 5 recommendations. The insurance committee has explored moving all staff to the classified plan that will result in annual savings of \$174,415 which doesn't close the financial gap in stretching levy dollars. Therefore, to minimize the escalation of the insurance costs it may become necessary to evaluate the plan design changes or increase deductibles to reduce premium renewal increases.*

*Much discussion by board members followed the presentation to strategize about how to make the levy last through 2014. Mr. Hildreth suggested exploration of a partial self funding plan in order to realize premium savings. Dr. Fagan suggested that rather than obtaining health care at all cost that the board decide what the district can afford in the budget then design a plan within those parameters. Mrs. Hines expressed interest in presenting staff with a total compensation summary so that staff recognize the value of benefits provide by the employer its employees. Mrs. Lillie inquired about the feasibility of shared services to reduce cost to the district. Mr. Barber explained that school districts and Educational Service Centers are assessing every opportunity to streamline service delivery to reduce operating costs. The current efforts are directed toward payroll processing, transportation, superintendents and treasurers. Ms. Butts summed up the position of the board by stating that the board objective was 1) To make the 2010 Emergency Levy last through 2014, 2) To hold salary flat as opposed to a reduction in the work force, 3) To monitor benefits and keep them affordable for the district so some revenue will be available to provide for future salary increases. The treasurer is to modify the forecast projections to include the boards' current position on these driving assumptions and objections before the regular board meeting.*

- 11-127 Motion by Mrs. Lillie, Seconded by Dr. Fagan recommending the Board enter Executive Session to consider the employment of a public employee or official.

VOTE: YEAS Mr. Hildreth, Ms. Butt, Mrs. Hines, Dr. Fagan, Mrs. Lillie

**Scheduling of Next Board Meeting**

Regular Board Meeting: Monday, October 10, 2011  
7:00 P.M.  
Big Walnut Middle School, Library

- 11-128 Motion by Mrs. Lillie, Seconded by Dr. Fagan recommending the meeting adjourn.

VOTE YEAS Mr. Hildreth, Ms. Butts, Mrs. Hines, Dr. Fagan, Mrs. Lillie