

**MADISON BOARD OF EDUCATION
SPECIAL BOARD OF EDUCATION MEETING
May 9, 2008**

120-08 The Madison Local Board of Education met this day in special session at the Administration Building. President Cappel called the meeting to order at 6:00 p.m.

Pledge of Allegiance

Roll Call – Mr. Zimov

Present: Mr. Todd Farler Mr. Mark Zimov
Mr. David French Dr. Chris Cline
Mr. Brian McGuire
Mr. Tim Young
Mr. Glenn Cappel

Presentation of prospective five-year forecast and major assumptions.

121-08 MOTION BY MR. FARLER, SECONDED BY MR. MCGUIRE RESOLVED, to enter into executive session for the purpose of one of the following as underlined, at 6:17 p.m. Ohio Revised Code 121.22G –

- Section 1: To consider the appointment, employment, dismissal, discipline, promotion, demotion or compensation of a public employee or official, or the investigation of charges or complaints against a public employee, official, licensee, or regulated individual.
- Section 2: To consider the purchase of property for public purposes or for the sale of property at competitive bidding.
- Section 3: Conferences with an attorney for the public body concerning disputes involving the public body that are the subject of pending or imminent court action.
- Section 4: Preparing for, conducting, or reviewing negotiations or bargaining session with public employees concerning their compensation or other terms and conditions of their employment.
- Section 5: Matters required to be kept confidential by federal law or regulations or state statutes.
- Section 6: Details relative to the security arrangements and emergency response protocols for a public body or a public office.

NOTE: Underline denotes precise reason for Executive Session.

VOTE:

AYES: Mr. Farler, Mr. French, Mr. McGuire, Mr. Young, Mr. Cappel

NO: None

President Cappel declared the motion carried.

122-08 MOTION BY MR. FARLER, SECONDED BY MR. MCGUIRE, RESOLVED, that the meeting be reconvened to regular session at 6:53 p.m.

VOTE:

AYES: Mr. Farler, Mr. French, Mr. McGuire, Mr. Young, Mr. Cappel

NO: None

President Cappel declared the motion carried.

Presentation and discussion of alternative five-year forecast - Summary:

Residential property values, the primary source for funding growth for Madison Schools, have grown at only 1/3 the historical average reappraisal rate. Some mitigation may be provided by agricultural values, but not enough to replace the lost projected funding to the schools. Because the district is on a state guarantee because of declining residential enrollment, no growth of state funding can be counted-on to offset rising costs

Due to the projected slow growth in operating revenues over the next three years, caused primarily by a much lower-than normal property reappraisal, the board must decide on a strategy to avoid a future deficit. At the current pace, the district will be spending more than it receives by 2010, a condition very similar to the situation in 2003. In 2004 and 2005, instead of taking action to resolve the imbalance, additional staff were hired and a deficit was ultimately avoided through a new levy and fund transfers in 2005, as well as significant cuts in 2006

Several cuts in personnel have already occurred, and strategies for saving money in other important areas have been implemented. Options for additional staff cuts have been presented to the board, as well as the option of planning for a new operating levy. In the opinion of the superintendent of schools, some of these cuts would have a profound impact on the ability of the district to improve instructional programs. With the Intermediate school in the 2nd year of School Improvement status, improving student achievement is imperative if state intervention is to be avoided. The high school must also improve achievement if all students are to successfully compete in college and find good jobs in a skill-based job market.

Another option, involving the institution of open enrollment as a long-term element of the finances of the district, thereby incorporating it into all years of the 5-year forecast and promoting it in an attempt to retain its current level, was also presented as a possible alternative to cuts and a levy. Current board policy requires open enrollment to be “considered” on an annual basis. Whether that means a vote is necessary to continue the practice is not clear. The annual vote on open enrollment, as well as its passage by a narrow margin for 2008-09, makes open enrollment a dubious element of the district’s long-term finances. This tenuous nature inhibits the inclusion of open enrollment revenue in the five-year forecast beyond the next year, and also makes that revenue unavailable for the certification of contracts that extend beyond one year.

The revenue derived from open enrollment, if projected through the forecast, would impact the need for other immediate board action. At the 2008 level of nearly 80 FTE, the district’s annual revenue from open enrollment (\$442,000 in 2008) would significantly affect the forecast. While projected revenues would still not be growing enough to offset inflating expenditures, reserves would be drawn-down at a much slower pace, affording program stability through at least 2010. However, there is a risk with projecting open enrollment at any level, and cuts would still be required if substantial open enrollment losses occur, since those funds would essentially be substituting for lost local tax revenue in the forecast. Local tax funding, while not guaranteed to grow, does not generally decline. In that sense, open enrollment is a poor substitute for lost tax revenue growth.

Madison has always operated on a thin margin. The district's over-reliance on local tax revenue, due to the state system of funding schools, causes financial volatility that makes program stability and program improvement very challenging, particularly in a declining economic environment. In the chief financial officer's opinion, operating efficiencies and filling empty chairs are going to be important ingredients in any management plan aimed at maintaining stable programs during uncertain economic times.

The board will be asked to provide affirmative policy direction on additional cuts, a new operating levy, and/or open enrollment at the May 19th board meeting.

123-08 MOTION BY MR FARLER, SECONDED BY MR. MCGUIRE, RESOLVED, that the meeting be adjourned at 7:20 p.m.

VOTE:

AYES: Mr. Farler, Mr. French, Mr. McGuire, Mr. Young, Mr. Cappel

NO: None

President Cappel declared the motion carried and the meeting adjourned.

SIGNED: _____, President, Madison Board of Education

SIGNED: _____, Treasurer/CFO