

**MINUTES OF THE SPECIAL MEETING/EXECUTIVE SESSION/DUE PROCESS HEARING  
OF THE BOARD OF TRUSTEES OF THE  
POCATELLO/CHUBBUCK SCHOOL DISTRICT NO. 25  
Board Room at the Education Service Center  
3115 Pole Line Road  
Pocatello, ID 83201  
4:30 p.m.**

**Tuesday, May 4, 2010**

**BOARD MEMBERS/SUPERINTENDENT PRESENT:**

Marianne Donnelly, Chair	John Sargent, Member (Excused)
Janie Gebhardt, Vice Chair	Jackie Cranor, Member
Frank Rash, Clerk	Mary M. Vagner, Superintendent

**CALL TO ORDER/EXECUTIVE SESSION**

Chair Donnelly called the Special Meeting to order at 4:00 p.m. A motion was made by Ms. Gebhardt and seconded by Ms. Cranor to adjourn to Executive Session. The roll call vote was unanimous in the affirmative; Mr. Rash, aye; Ms. Cranor, aye; Mr. Sargent, aye (by phone); Ms. Gebhardt, aye; Ms. Donnelly, aye. The Board adjourned to Executive Session at 4:01 p.m.

**Purpose:** *To discuss Negotiations and Meet and Confer in accordance with Idaho Code 67-2345(1) (c) To conduct deliberations concerning labor negotiations;*

**OTHERS PRESENT:**

Bart Reed, Director of Business Operations  
Carl Smart, Director of Employee Services  
Douglas Howell, Director of Human Resources  
Rena Johnson, Board Secretary  
Ken Mallea, Attorney (by phone)

**RETURN TO OPEN SESSION**

The Board returned to Open Session at 4:33 p.m. No action was taken on negotiations and meet and confer.

**Adjourn:**

Chair Donnelly adjourned the Executive Session of the Board at 4:34 p.m.

**Welcome, Call to Order and Statement of Purpose**

Chair Donnelly welcomed everyone and called the special meeting to order at 4:40 p.m. She said the purpose of the meeting was to review budget follow up from the April 27, 2010 Special Meeting and to proceed into the Due Process Hearings per Idaho Code.

**Approval of Agenda**

A motion was made by Ms. Gebhardt and seconded by Mr. Rash to approve the agenda and the addendum to the agenda as presented. The voting was unanimous in the affirmative.

## **Report on Items Raised at the April 27, 2010 Special Meeting Regarding Balancing the Budget**

- **Current Status of Recommendations to Balance Budget Inclusive of Detailed Reduction Information to Expenditures by Object**
- **Fund Balance Reduction**
- **3.5% Pay Reduction**
- **4 Day School Week**
- **30 & 40% Extra-Curricular Activities Reduction**
  - **Family Cap on Participation Fees**
  - **Use of Holt Arena**
  - **Eliminate Middle School Extra-Curricular Activities**
- **Run another election to move 50% (or some) of the School Plant Facilities Levy money into the General Fund to offset 6.91% Salary Reduction**
- **Non-Mandated Program Elimination to Reduce Burden to Staff**
- **Any Further Direction from the Board**

Mr. Smart presented a budget model that showed how the fund balance would be affected by various amounts of salary reduction. Mr. Smart reviewed some of the options and some of the obstacles faced based on degrees of salary reduction. He said some of the challenges included upcoming increases in medical and insurance premiums and PERSI rate increases. He said the increases would take effect in July 2011. He said right now the District anticipated a 5.5% holdback and had to plan for that. He said whatever level of salary reduction that the Board decided on would become the new base due to the reduced level of reimbursement from the state. He said if the fund balance was decreased there were very few resources that could be used as a one-time expense. He said utilizing the fund balance would not change the deficit and would only create a bigger hole. He said there were a number of scenarios to review and if the District did not consider the possibility of additional holdbacks it could be in very big trouble for the 2011-12 school year. He said he did not anticipate receiving an increase in educational funding from the state for FY 2011. Ms. Vagner said if Board members had individual scenarios they would like to look at or consider tonight to let Mr. Smart know. Ms. Cranor asked if he would show a 5% cut across the board and a fund balance at 3%. Mr. Smart said those percentages would create a \$2.2 million shortfall in 2012. He said it was a big unknown and hoped revenues would improve but it was not anticipated in the near future. Ms. Cranor asked to see a holdback at 3.5% instead of 5.5%. Mr. Smart said this would leave a \$1 million shortfall for 2012. He said the only way to come out in the black was if there was no holdback. He said it was an unknown but would be prudent to prepare for a holdback as advised. Mr. Davis asked who had advised the District to plan for a holdback. Mr. Smart said even if the District prepared for a 5.5% holdback it would still have to come up with ¼ million dollars to balance the budget using that scenario. Ms. Vagner asked if the Board members had any other scenarios they would like to review. The Board members said they did not. Mr. Reed said this was a difficult situation for everyone. He said he would review additional considerations requested by the Board. He reviewed the document showing the fixed and variable costs and the cuts that were made for the 2009-10 school year and the proposed cuts for the 2010-11 school year. He said all of the categories had been reduced by almost \$1 million. He said the expenditures went towards the operations of the District. He said from the current year to the upcoming school year the reductions equaled 38.41% purchased supplies, or a 25% overall reduction. He said some of the costs were fixed and therefore could not be reduced. He said the next item he would review was a 4 day school week. He said the departments that would be the most affected were Transportation and Maintenance & Operations and there would be some utilities savings. He said removing one work day from transportation would be a 20% reduction in cost and would equal about \$374,500 per year which would equal a 25.5% reduction in pay for 89 transportation employees. He said it was the same for maintenance and operations affecting custodial and night staff equaling about \$143,000 and would reduce 48 M&O employees by 25.5%. He said reducing Varsity Contractors by 20% would only save \$108,000. Mr. Reed said the food service department was self sufficient and if reduced would be similar to the other two departments reducing 99 food service employee salaries by 25.5%. He

said there would be no general fund savings in the reduction and would in fact take away sales and revenues brought into the District from Food Service Programs. He said the utilities savings would be minimal, only saving about 1% to 5%, or \$65,000. He said there was an overall savings of \$447,000 and would adversely affect over 200 employees in a significant way. Ms. Donnelly noted there would also be a large cost to rescheduling that would be required. Mr. Reed reviewed the Facts, Issues and Considerations fact sheet. He noted there were significant shortfalls even before a 5.5% holdback. He said interest earnings were down over the last couple of years which affected entitlement dollars. He said entitlement money was down over \$8 million due to the loss of interest earnings. He said the state funding level was set back to 2001 level of base salary funding. He said without one time cuts already made the District would be \$4 million short. He said in addition to a reduction in salary funding there was also no funding for textbooks for the coming year. He said cuts would have been even deeper if insurance costs had increased. He said the District was fortunate to not have an increase in insurance costs and said this was largely due to employee participation in the Wellness Program. He said purchased services had already been decreased by 25%. He said the District had been stripped of all operational costs. He said after all of the reductions there was still \$700,000 left to balance the budget for the current year and all of the reductions made to date were one-time reductions that would not be available for the upcoming school year. He said that concluded the statistical information for the state of the 2010-11 District budget. Ms. Vagner said there were two options to consider based on direction from the Board. She said the first dealt with extra-curricular activity reductions. She said some of the options considered were increased participation fees; eliminating middle school sports; reducing the number of assistant coaches by three per high school; and eliminating the use of Holt Arena. She said another option for extra-curricular was a full participation cost. She said a list of participation costs by activity was included in the packet. She said there was also an additional proposal from Highland High School that was similar to the first proposal. She said some of the options in the Highland proposal included creating a joint committee that would put together a plan to get out of Holt Arena; eliminate ACCIPs; eliminate middle school track while providing for meets through SHAPE; and high school students would pay a flat rate participation fee of \$180. She said one downside to the flat rate fee was that some activities were less than \$180. She said both proposals were for Board consideration and could be modified. She said the second item for Board consideration was to run an election to transfer the School Plant Facilities funds to the general fund. She said the administration did not recommend running an election to transfer the funds because the community passed the levy just two months prior. She said the levy was presented to the public in that it would be for building maintenance. She said she did not believe the community would support a transfer of the funds to support salaries. She said that much of the District's expenses were mandated by the federal and state governments and there were budget items that could not be legally eliminated. She said everything that could be eliminated was being looked at and considered. She said that concluded the summary of what the Board had directed to be researched. She asked the Board if there was any further direction. She said the Board would have an opportunity to discuss any further research at the May 11, 2010 Special Board meeting. Ms. Vagner said a current summary of all staff and community input was included in the packet. She said the input was as of May 3, 2010 and would continue to be updated as input was received. Mr. Rash asked what the cost was to the District to run an election. Ms. Vagner said it typically costs about \$3,000 in man-hours and printing costs. Ms. Vagner said there was some flexibility on election dates as the law allowed Districts to set various dates until January, 2011 when they became fixed. Ms. Donnelly noted that a lot of the funds from the School Plant Facilities Levy were already committed for the current year and for the upcoming year. Ms. Vagner noted the Board had approved CIP bids and was obligated to certain projects by contract. Ms. Gebhardt said it was also a part of maintaining a relationship with the community. She said to use the funds in any other way than what the District said it would was moving in the wrong direction with its community relationships. Ms. Vagner said if the Board had further direction or questions the administration would provide greater clarity. The Board said they had no further direction or questions. Ms. Donnelly said the Board would move forward with the Due Process Hearings.

**Others Present:**

Marvin Smith, Hearing Officer, Smith & Banks, PLLC  
Rodney Felshaw, CSR, M&M Court Reporting Service, Inc.  
Chris Hansen, Attorney, Anderson, Julian & Hull  
Mary Vagner, Superintendent  
Bart Reed, Director of Business Operations

**Introduce Hearing Officer**

Chair Donnelly introduced Mr. Marvin Smith as the Hearing Officer. She said the Board would convene an executive session to discuss procedures with the Hearing Officer and would reconvene the Due Process Hearing when they returned.

**Adjourn to Executive Session in the Superintendent’s Office at the Education Service Center – *To consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against a public officer, employee, staff member or agent;***

A motion was made by Ms. Gebhardt and seconded by Ms. Cranor to adjourn to executive session at 5:14 p.m. The roll call vote was unanimous in the affirmative: Ms. Cranor, aye; Ms. Gebhardt, aye; Mr. Rash, aye; Ms. Donnelly, aye.

**Return to Open Session and Convene Due Process Hearing**

The Board returned to Open Session at 5:30 p.m. Chair Donnelly convened the due process hearings for the following Employees and turned the leadership of the meeting over to Mr. Marvin Smith.

**Convene Due Process Hearings – Board Room**

- a. Employee Docket No. 10-01
- b. Employee Docket No. 10-02
- c. Employee Docket No. 10-03
- d. Employee Docket No. 10-04
- e. Employee Docket No. 10-05
- f. Employee Docket No. 10-06
- g. Employee Docket No. 10-07
- h. Employee Docket No. 10-08
- i. Employee Docket No. 10-09
- j. Employee Docket No. 10-10
- k. Employee Docket No. 10-11
- l. Employee Docket No. 10-12
- m. Employee Docket No. 10-13
- n. Employee Docket No. 10-14
- o. Employee Docket No. 10-15
- p. Employee Docket No. 10-16
- q. Employee Docket No. 10-17
- r. Employee Docket No. 10-18
- s. Employee Docket No. 10-19
- t. Employee Docket No. 10-20
- u. Employee Docket No. 10-21
- v. Employee Docket No. 10-22
- w. Employee Docket No. 10-23
- x. Employee Docket No. 10-24
- y. Employee Docket No. 10-25
- z. Employee Docket No. 10-26
- aa. Employee Docket No. 10-27
- bb. Employee Docket No. 10-28

Mr. Smith explained the hearing protocols. He said it was a large meeting and would be fluid and asked that everyone exercise patience and courtesy. He said the court reporter would need the meeting to remain quiet in order to do his job. He said anyone giving testimony should provide only relevant information and outbursts would not be tolerated. He said there were no employees that requested an executive session. Mr. Chris Hansen agreed that to his knowledge no employees had requested an executive session. Mr. Smith said the administration would provide testimony first. He said there were three groups and in order to keep the hearing manageable, groups should choose a spokesperson to represent them. He said the spokesperson would be allowed 5 minutes for cross examination. He said the court reporter would raise his hand if he tired or could not hear. He said repetition was to be avoided. He asked anyone giving testimony to listen to the people before them to avoid repetition or they would be interrupted by the Hearing Officer. He asked if Mr. Hansen was ready to proceed. Mr. Hansen said he was. He said Mr. Reed would testify on the financial information to ensure it was part of the due process hearing record. He said Ms. Vagner would speak to why certain things were being done. He said there were three categories that included counselors, media specialists and administrators. He said the presentation would be done once in the beginning rather than with each individual group to avoid repetition. Mr. Smith said both witnesses could be sworn in at once. Mr. Hansen said the witnesses for the District were Mr. Bart Reed and Ms. Mary Vagner. Mr. Hobbs asked if the information presented would be the same as information presented during past meetings and if it was could it be skipped as everyone was familiar with the content. Mr. Smith said the information needed to be attached to the transcript for the record. Mr. Hansen swore Mr. Reed and Ms. Vagner in. He asked Mr. Reed to state his name, spell his last name and give his title. Mr. Reed stated his name, spelled his last name and said he was the Director of Business Operations. Mr. Hansen asked him how long he had been with the District. Mr. Reed said he had been with the District for 24 years and in his current capacity for 7 years. Mr. Hansen said some of the financial conditions of the District was covered previously in the meeting and asked if Mr. Reed had anything further. Mr. Reed said he did. He said for the past six months the administration had been struggling to balance the budget on the heels of the current revenue conditions. He said revenue conditions had not improved and state funding levels were worse than ever. He said the current financial condition was due to the legislature's decision to not fund education and that this had gutted the District's operational budget. He said the District was working to maintain programs but some would look different. He said there was still a \$2 million shortfall. He said the administration had received input from staff and patrons and each suggestion had been given consideration. He said many of the suggestions were included in the 2010-2011 budget. He said preliminary April revenues came in \$55 million shorter than expectations. He said the state was facing 13.5% deficit in its budget. He said there were some that believed no reductions were necessary. He said the state had made permanent reductions over the last two years. He said discretionary funding had been reduced and \$6.6 million in revenues had been lost. He said the losses equaled 110% of the general fund and was on top of increased attendance. He said the state would not allow the District to use its discretionary funding for enhancing salaries and required Districts to report its expenditures to the state to track how the funds were being used. He said there was no such thing as magic money when it came to available resources and certain things could not be maintained without viable resources. He said the District's reserve balance only held enough funding for 18 days of operations and could not recommend dipping into those funds. He said the community had passed the school plant facilities levy based on the premises that funds would be used for the maintenance of buildings and the community was specifically told the funds would not be used to supplement salaries, benefits or supplies. Mr. Hansen said the District had an exhibit that would be labeled Exhibit 1 for the record. Mr. Hansen asked Mr. Reed to summarize the most critical issues. Mr. Reed said the critical issues were that the District was short \$3.7 million. He said the District was preparing for the probability of a holdback for the 2010-11 school year. He said the District was receiving approximately \$2.4 million less overall from the state and the reduction was permanent. He said another critical and shocking factor was the state had reduced its level of salary funding back to the 2001 salary schedule. He said without the one-time cuts that had been made the District was \$5 million short of balancing its budget and had cut 25% out of the 2010-11 supplies and purchasing budget and was still short of balancing the budget. He said he wished for a more favorable report but those were the facts as the administration knew them. Mr. Hansen asked if Mr. Reed had prepared the distribution factor document. Mr. Reed said it had been prepared by the District's

administration. Mr. Hansen asked Mr. Reed to speak to the 2010-11 State Funding Estimate. Mr. Reed said it outlined that salary funding was down \$1.8 million and the state funding estimate showed that the salary and benefits apportionment would be down by over \$4 million the following year. He said it also showed that if a holdback occurred the District would be short over \$7 million. Mr. Hansen asked if the District had been told to plan for a 5.5% holdback by the State Department of Education. Mr. Reed said it had been told by the state Superintendent's office. Mr. Hansen asked when the District had been given the information. Mr. Reed said it had been told in the last two months. Mr. Hansen asked Mr. Reed to speak to the Revenue Account document. Mr. Reed said it was a revenue projection analysis. He said it showed the District's actual revenue and a revenue estimate for FY 2011. Mr. Hansen asked Mr. Reed to speak to the Expenditures by Object document. Mr. Reed said it was an overview of the District's operational budget that excluded salaries. He said it indicated that the District had reduced its operational budget by over 25% for the following year and equaled over \$2 million. Mr. Hansen asked Mr. Reed to speak to the Expenditure Reductions Necessary to Balance the 2010-11 General Fund Budget document. Mr. Reed said it indicated the depth of reductions that were necessary to balance the upcoming budget from the previous year. Mr. Hansen asked if Mr. Reed had ever seen this level of reduction. Mr. Reed said he had never seen or imagined this type of reduction. Mr. Hansen asked why the administration was recommending salary cuts. Mr. Reed said that due to the level of revenue reduction and a probable Governor's holdback the administration felt that after gutting all of the operational and discretionary budgets that it was able to cut, the only place left to cut was salaries. Mr. Hansen asked if the cuts included the classified, certified, and administrative staff. Mr. Reed said it did. Mr. Hansen asked what the recommended salary reduction was. Mr. Reed said the administration was recommending a 6.91% salary reduction for all employees. Mr. Hansen asked if there was a reduction in days. Mr. Reed said contracts would be rolled back to the 2008-09 school year days and would be an issue to discuss. Mr. Hansen asked Mr. Reed to explain the administration's approach. Mr. Reed said there were some that might think the District was taking a conservative route, but said he personally thought it was still too liberal. He said the administration had looked at every possible way to maintain programs and salaries but was not able to do so with the level of reduction from the state. Mr. Smith asked if there was any cross examination. Mr. Bennett came forward to cross examine Mr. Reed. Mr. Bennett asked Mr. Reed if the Middle School Counselors were also recommended to receive a one day reduction. Mr. Reed said Ms. Vagner was better qualified to answer the question. Mr. Smith said Mr. Bennett could pose his question when Ms. Vagner was on the stand. Mr. Kent Hobbs came forward to cross examine Mr. Reed. Mr. Hobbs asked who made the original announcement for a proposed holdback. Mr. Reed said the information was generated at the state level from the SDE and had flowed to Districts as to what should be considered. Mr. Hobbs asked if the information came specifically from a letter from the House of Representatives. Mr. Reed said there was a letter from the House of Representatives that addressed the possibility of an additional holdback. Mr. Hobbs asked Mr. Reed if he seen Senator Cameron's response to the letter from the House of Representatives. Mr. Reed said he had seen it and it said Senator Cameron did not fully agree with the House of Representatives position. Mr. Hobbs said there was an announcement from the Governor that day that no holdback would be ordered without a special session and no special session was planned for the year. Mr. Reed said the Governor's office may not have a special session this year but was possible that it may have one in 2011. Mr. Hobbs said he knew some of the salary cuts were permanent but plans did not include a holdback. He asked if a holdback occurred if the level of salary reduction the District made would be permanent. Mr. Reed said a holdback only indicated a percentage reduction that the District would receive but the level of state salary funding was what necessitated the permanent salary reduction. He said the state funding level made it permanent and not a Governor's holdback. Mr. Hobbs asked if the salary reductions from the previous year would also be made permanent. Mr. Reed said it would and was included in the reduction in funding for the upcoming year. Mr. Hobbs said the administrators had been told in previous meetings that if a holdback did not occur, the money would be held in an escrow account and returned to employees. He asked why the administration was now recommending that it be paid back in the form of a stipend rather than an addendum to the contracts. Mr. Reed said the money that would be held in escrow could not be made permanent. He said this would not allow the District to balance its budget if it was put back into the base. Mr. Hobbs asked if the base level would remain the same if there was no holdback. Mr. Reed said regardless of a holdback the revenue would flow to the following year at the same level. Mr. Hobbs asked if the

money would be available the following year if no holdback occurred. Mr. Reed said yes. Mr. Hobbs said if employees took a pay cut and no holdback occurred then there was no reason for the money to be held in escrow. Mr. Reed said that was incorrect because a lot of the cuts made by the District the previous year were one-time cuts and would not be available for the upcoming year. Mr. Hobbs said that should be a budgetary decision to be made in 2012 and not now. Mr. Reed said the decision could only be made in 2012 if there were other cuts that would close the gap but there were not. Mr. Hobbs asked if it was the District's intention to roll back to the state salary funding level. Mr. Reed said that was not the intention and the intention was to balance the budget as best it could. Mr. Hobbs asked if the administration intended to gut its supply budget. Mr. Reed said the previously discussed report showed the supply and operational purchases at an overall decrease of 25%. Mr. Hobbs said that Mr. Reed had said there was a savings to the District by adding the two furlough days back into the current year cuts. Mr. Reed said there was no savings by putting days back into the contract and would only mean the administrators would work two more days. He said the change was made because the District needed to roll salaries back to the 2008-09 negotiated agreement which would add those days back in. Mr. Smith asked if the High School Media Center Specialists had any comments. They did not. Mr. Hansen asked Mr. Reed when the fiscal year began. Mr. Reed said the District's fiscal year ran from July 1 – June 30. Mr. Hansen clarified that July 1, 2010 was the start of 2010-11 school year. Mr. Reed said it was. Mr. Hansen asked if teacher contracts were annual. Mr. Reed said they were. Mr. Hansen asked if contracts were created without planning for a holdback and one occurred if the District would be obligated to maintain the agreed salary under contract. Mr. Reed said it would. Mr. Hansen asked if there was any language in the current contract that would allow the District to make changes if there was a holdback. Mr. Reed said no. Mr. Hansen asked if it was the District's intention to give the money back to employees if no holdback occurred. Mr. Reed said it was. Mr. Smith called the next witness, Mary Vagner. Mr. Hansen asked her to state her name, spell her last name and give her title. Ms. Vagner stated her name, spelled her last name and said she was the Superintendent. Mr. Hansen asked if Ms. Vagner was familiar with the contracts for all three employee groups represented. Ms. Vagner said she was. Mr. Hansen asked her to speak to the proposed changes. Ms. Vagner said the proposed change for Counselors was due to discussion with the administration and principals. She said after examining various student instructional needs it was determined that High School Counselors had a greater need to be there in the beginning of the school year compared to the High School Media Specialists. She said the administration had recommended that 10 extra days be eliminated from the High School Media Specialists. She said during discussion with the principals it was proposed that High School Media Center Specialists be reduced by seven days each and High School Counselors be reduced by one day per Counselor. Mr. Hansen asked if the administration had recommended any reduction in days for the Middle School Counselors. Ms. Vagner said no. Ms. Vagner said the difference between the middle school and high school counselors came down to keeping the high school libraries open which necessitated the reduction to High School Counselors. Mr. Hansen asked Ms. Vagner to speak to the reduction for administrators. Ms. Vagner said the recommendation was to roll the status back to the 2008-09 school year. She said the Board must take action on administrator contracts prior to May 15, 2010 and the timeline for such included the due process hearing. She said administrators were offered an opportunity to sign a waiver for a timeline and they chose not to do so. She said once pay levels were set contracts could be improved but could not be reduced. She said this applied to the calendar days as well. She said days could be lessened but not increased. She said those issues would be resolved through the meet and confer process. She said the administration was mindful that these things could change through the meet and confer process but the reality the District was facing was a return to the 2008-09 salary schedule for teachers and the possibility of an additional 5.5% holdback. She said the Board of Trustees always strived to treat employees fairly whenever financially possible. She said after decisions had been made the Board could decide to better employee salaries if it was financially possible. She said it would be up to the Idaho legislature to determine what the following year's budgets would look like. Mr. Hansen asked Ms. Vagner what the recommended calendar looked like. Ms. Vagner said it was adopted for 190 days and some employees worked more than 190 days. Mr. Hansen said the length of the calendar could be reduced during meet and confer but no determination had been made yet. Mr. Hansen asked Ms. Vagner to speak to a pre-recession schedule. Ms. Vagner said a pre-recession schedule affected the daily rate. She said this issue would be discussed and determined by multiple political bodies. Mr. Hansen asked Ms. Vagner if the additional two days were in

addition to the proposed 6.91% salary reduction. Ms. Vagner said they were. Mr. Hansen asked if Ms. Vagner agreed with Mr. Reed's assessment. Ms. Vagner said she did. Mr. Smith asked Ms. Vagner to restate the answer to Mr. Bennett's previous question. Ms. Vagner said High School Counselor's reduction in days was in an effort to maintain libraries through the end of the school year. Ms. Anne Akers came forward to cross examine Ms. Vagner. Ms. Akers said Ms. Vagner had stated that the administration wanted to treat all employees equitably. She said a 7 day reduction for High School Media Specialists was the equivalent of an 11% pay cut and was not equitable to the one day reduction for Counselors. Ms. Vagner said the recommendations were tied to the level of service to students. Mr. Hobbs asked for a break. Mr. Smith said there would be a 5 minute break. The Hearing recessed at 6:25 p.m. Mr. Smith called the hearing back to order at 6:35 p.m. Mr. Hobbs said the administrators requested a continuance. He said some of the statements from the District were prepared and the administrators did not have adequate time to prepare for a cross examination of the information presented. Mr. Hansen said most of the information presented had already been distributed to the administrators at previous meetings. Mr. Smith said there was a provision that would allow the administrators to prepare a brief for the Board of Trustees that would be due by the coming Friday. Mr. Hobbs said the District's documents and responses were prepared and the administrators did not feel adequately prepared for the Due Process Hearing. He said the administrators had prepared a statement but did not address the heart of the issue and they did not have adequate time to prepare it. Mr. Smith said the Due Process Hearing notices went out on April 27, 2010 and said the administrators had adequate time and would continue with the hearing. Mr. Hobbs said he had several comments regarding the salary rollback to the 2008-09 schedule that included the two furlough days. He said the administrators were reduced from 205 days to 203 days during the 2009-10 school year. He said now the District was asking the administrators to work two more days on top of taking a 6.91% pay reduction with no savings to the District. He said another major concern was that classified staff reductions were being applied to the 2009-10 school year instead of the 2008-09 school year like the administrators were and this was not equitable. He said another issue was rolling back to the 2008-09 calendar to add the two days back to the contract but only rolling back to the 2009-10 salary schedule to include the 1% salary reduction which put the total salary reduction for administrators at 7.91% and the classified at 6.91%. He asked if the District was trying to be equitable why didn't it roll the salary schedule back to the 2008-09 level along with the calendar and have an equal salary reduction for all groups. Ms. Vagner said the Board did not negotiate with the other groups and only negotiated with the PEA. She said the teacher contract included language that rolled salary schedules back to the 2008-09 school year. She said the calendar which was adopted by the Board rolled back to 2008-09 on days. She said the Board did not negotiate with administrators who were subject to the calendar that reflected the conditions of the 2008-09 school year. Mr. Hobbs asked if he could have legal counsel assist him. Mr. Smith said he could. Mr. Hobbs said Mr. Kelly Kumm was representing on behalf of the administrators. Mr. Kumm asked Ms. Vagner if the letter mailed on April 28, 2010 was the notice to administrators regarding the hearing. Ms. Vagner said it was. Mr. Kumm asked Ms. Vagner if the administrators were advised of their rights in the notice. Ms. Vagner said they were. Mr. Kumm verified that the hearing was set for seven days after receipt of the notice. Ms. Vagner said that was correct. Mr. Kumm asked Ms. Vagner how much time the administration had spent reviewing the budget. Ms. Vagner said the administration had been working on budgetary issues for four months. Mr. Kumm asked Ms. Vagner if after spending four months working on the budget she felt seven days was adequate for the administrators to prepare a response to recommendations. Ms. Vagner said she did. Mr. Kumm asked if each administrator would be allowed to speak. Mr. Hansen said it was irrelevant. He said the notice was not to inform administrators regarding the Due Process procedures it was to inform them of the timeline and their rights. Mr. Kumm said he was contacted by Mr. Hobbs when the administrators realized they did not have adequate time to prepare for a cross examination and that the notice seven days in advance provided by the District was the bare bones requirement for such a large piece of work that had taken the District's administration four months to prepare. Mr. Hansen said the notice provided to administrators informed them they were entitled to legal counsel, could present evidence and provide written argument. He said the four months of preparation on the budget and the outcome was a different issue all together. Mr. Smith denied the request for a continuance and said the administrators could provide a written brief to the Board to be submitted that Friday. Mr. Kumm asked if he could retain a copy of the evidence presented for a brief. Mr. Smith said the District would provide a copy of the exhibits to Mr. Kumm. Mr. Smith said the next testimony

was from the High School Media Specialists. Ms. Cheryl Spall and Mr. Rasmussen were sworn in. Both Ms. Spall and Mr. Rasmussen stated their names and spelled their last name. Ms. Spall said the reason the High School Media Center Specialists were there was to point out the disproportionate cuts represented in the reduction to Media Center Specialist's salaries. She said the teachers were only taking a 6.91% pay reduction and the High School Media Specialist's reduction in days equaled over 10%. She said the Board needed to reconsider the amount of reduced days. She said a holdback was not an actuality and the Board should not base salary reductions on something that may not happen. Mr. Rasmussen said he concurred with Mr. Hobbs that employees were unprepared for the environment of the hearing. He said he had a short statement. He said days had been cut the year before and he was willing to take one for the team again this year but did not appreciate the way the administration handled the process. He said decisions were made behind closed doors and employees were not asked for ideas and were left out of the decision making process. He said there were employees that could have shared different options for saving money. He said the options could have included reducing days but would have offered other suggestions as well. He said he felt like a part of the problem instead of the solution because of the way things were handled. He said employee skills could have been utilized and were ignored instead as the Board was fed information by the administration. He said there were over 150 people in attendance to express concerns and show support on the administrators' behalf. He quoted "haste makes waste" and said in the Board's haste to get through the process it had wasted the knowledge of hundreds that were in the trenches daily and who could have helped had they been given the chance. He said people supported what they created. He said the Board violated that principle and would not find support should they need it and it would affect them. He said the state would not be issuing any additional holdback. He said there were building leadership teams and PLCs that were there to help and asked the Board to let them. Mr. Hansen had no cross examination. Mr. Smith said he was advised that Ms. Amy Adams would speak on behalf of Employee Docket No. 10-04 through Employee Docket No. 10-14. Ms. Adams was sworn in. She stated her full name and spelled her last name. She said she was the Principal of Greenacres Elementary. Ms. Adams asked if she could submit an exhibit. Mr. Smith said she could submit the exhibit that would be titled Exhibit A for the record. Ms. Adams reviewed Exhibit A. She said the document was a summary of the proposals from the administrators. She said the first proposal was to maintain the two furlough days from 2009-10 or roll back days and salaries to the pre-1% reduction of the 2008-09 schedule. She said the District's administration was proposing that the two days be added back to the calendar in addition to keeping a 1% pay reduction. She said the proposed cuts had been announced months before but the addition of the two days back into the contract had only been announced weeks ago. She noted that Mr. Reed had said there was no cost savings to the District in doing this. She said the proposal was a 16 day pay reduction and instructional hours could not be met with 16 furlough days. She asked why the addition of the two days was not announced when the salary decrease was announced. She said if the District's proposal was accepted by the Board it would equal a 7.91% salary reduction with more work days. She said the second proposal from administrators was to offer an addendum to the contract rather than a one-time non-renewable stipend if a holdback did not occur. She said the stipend option negatively affected retirement, the daily rate and other vital items. She said the 6.91% reduction was based in part on an additional holdback of up to 5.5% from the Governor for the 2010-11 school year. Ms. Adams asked if she could submit a letter from the House of Representatives. Mr. Smith said the letter would be admitted and would be titled Exhibit B for the record. She said in the letter dated April 5, 2010 the House Leadership prematurely called for a holdback. She said Senator Cameron had called the direction from House Leadership premature. She said the Governor said he would not call for special session for 2010. She said in the Spokesman Review on May 3, 2010 the Governor stated there was cause for concern but not for panic and ruled out an additional holdback and would not affect the 2010 budget. She said this meant there would not be a holdback for 2010 and yet the administration was still preparing for one. She said this meant the 6.91% salary reduction could be reduced by 5.91% based on the governor's comments. She said the District was being too conservative and was affecting critical relationships in the process. She said the administration should also consider using a larger portion of the fund balance to offset salary reductions. She said if half of the fund balance was used it would completely eliminate the need for salary reductions. She said it would also have a long lasting impact on relationships and extremely positive impacts throughout the District. She said the administration should also consider going to the voters and letting them decide for themselves if they would

approve converting a portion of the school plant facilities levy to the general fund. She said for the administration to say it was an imposition to voters was inaccurate and asked that the administration let the community speak for itself. She said the administrators agreed with the reduction of program support but felt they could go deeper to preserve salaries. She summarized the administrators' proposals: maintain the two furlough days or roll salary reductions to the pre-1% decrease 2008-09 schedule; offer an addendum to the contract to address the holdback rather than a one-time non-renewable stipend; use the fund balance; redirect school plant facility funds to the general fund and make further program reductions. Mr. Hansen asked if the administrators' proposal was to ignore the possibility of a holdback saying this could possibly double the amount of reduction each employee had to take. Ms. Adams said she was unsure of how to answer his question. Mr. Hansen said it was not a procedural question but a question of mathematics. He said if the District did not consider the possibility of a holdback and one occurred it would mean salary reductions would be doubled. Ms. Adams said the administrators' proposal addressed three options the administration could consider if it did occur. Mr. Hansen said some of the options held a lot of risk such as transferring the school plant facilities levy. He said when the community passed the levy it was under the premises that funds would only be used for buildings and maintenance. He asked Ms. Adams if she agreed that going to the voters to flip the funds could damage the District's credibility. Ms. Adams said she was a taxpayer and a voter and did not feel that way. Mr. Hansen asked if there were others that agreed the District should use the funds for what it said it would. Ms. Adams said she did not know. Mr. Hansen asked if the administrators' proposals balanced the budget for 2010-11. Ms. Adams said they did and that night was the first time any of them had heard projections for the 2011-12 school year. Mr. Hansen said the article from the Spokesman Review only addressed FY 2010 which ended June 30, 2010. Ms. Adams said the Governor had ruled out a holdback and would not make changes to the 2010 budget. Mr. Hansen said the District could not speculate as to whether the Governor would change his mind in September. Ms. Adams said there was ongoing discussion with the IASA to adjust the contract language to address a holdback. Mr. Hansen had no further cross examination. Mr. Stephen Anderson was sworn in. He stated his full name and spelled his first and last. He said he was the Assistant Principal at Century High School. He said he was there to propose an option for the salary decrease. He said he would like to give the Board a little background on himself. He said he had been a teacher at Chubbuck Elementary for four years and an administrator for 11 years. He said he had been the Principal at Tyhee and realized the amount of responsibility that came with the position and that it was a difficult school. He said he was under a lot pressure and stress to ensure the school met AYP which it did with the help of a tremendous staff. He said it required a great number of hours and that he averaged around 50 hours per week. He said later he applied for the Assistant Principal position at Century High School in addition to an Athletic Director position. He said after he had taken the position it became clear that he was taking on about 30% more responsibility and more hours. He said in a typical week he supervised baseball practice three times and had also been in charge of supervising Prom. He said when he was hired he was assured that the disparity regarding salary would be addressed. He said he took a pay decrease in accepting the position and had more hours than before which were between 50-60 hours per week. He said he calculated the extra-curricular hours for the year to be around 210 hours and said he was responsible for 1/3 of the supervision. He said additional salary reductions would have a great impact on himself and his family. He said he had worked hard to move into the salary schedule he was in, and if the reductions occurred he would probably never get back there again. He said his wife was a teacher in the District and if she was required to take the same reduction it would mean a 14% reduction to his family. He said he missed a lot of his children's activities because of his responsibilities and did not take that lightly. He said he was missing his son's baseball game to be at the meeting that night. He said there was a time over the winter that his wife asked if he was ever home. He said he realized that his only time at home was in the evening after his kids were asleep and only part of the weekend. He said he feared the impact the proposed salary reductions would have. He said if the cuts did happen the Supplemental Levy would never pass. He said District employees would never accept having a salary decrease and a tax increase. He said the grassroots effort would begin with employees of the District. He said he could only guess at the impact cuts would have on morale but ultimately the biggest affect would be to the kids. He said he chose his profession to have an impact on the future of his students and to touch the lives of children and asked the Board to give him adequate resources to do that. He said he earned every penny of his salary as all employees did. He said the District could not predict

the future and could only plan for what it did know. He said it was ironic to be at the meeting discussing massive salary reductions on National Teacher Appreciation Day. Mr. Hansen had no cross examination. Mr. Don Cotant was sworn in. He stated his full name and spelled his last. He said he was the Principal at Pocatello High School. He said he had been a District employee for many years. He said as an administrator he had been through salaries being frozen with no compensation coming back and then salary reductions. He said he realized the District was in the position due to the things the legislature had done but said there were still ways to better serve all employees and they needed to be fairly compensated for the hours that they put in. He said principals worked longer hours than they were paid for. He said that classified staff had been promised more money when salary discussions took place two year prior and no money was ever brought back into classified salaries. He said all administrators worked hard to do the right thing and implement plans and had accomplished a lot without being compensated for it. He said the reductions were totally unfair. He said the District was marching down a road to reductions and would not be able to stop the snowball effect. He said the Board needed to stop and look at the overall affect. He said many patrons were there in support of teachers and administrators and hoped the Board realized that. Janice Irene Nelson was sworn in. She stated her full name and spelled the last. She said she agreed with the administration specifically regarding a stipend vs. an addendum to the contract. She said an addendum would address both taking money out or putting money back in. She said putting the two furlough days from 2009-10 back into the contract would have negative ramifications. John Jay Crawford was sworn in. He stated his full name and spelled his last. He thanked the administrators for the representation. He said he was there to address the inequity of his contract that was not stated in his notice. He said in addition to the cut he would receive he would also be placed in a lower salary schedule. He said with a 6.91% reduction and being placed in a lower salary schedule it would equal an 11% reduction for him. He said it was it was not equitable. He said the Board should treat everyone involved fairly. He said no one person should take a larger hit than others. He said the administrators were a good, hard working group and should be treated fairly. Robert Parker was sworn in. He stated his full name and spelled his last. He said he agreed with Mr. Anderson that administrators with extra-curricular duties put in a lot of time that was not compensated. He said if the \$1,000 stipend received for extra-curricular duties was averaged out over the time put in, it equaled around \$4.75 per hour. He said administrators did what they did because they love kids and went above and beyond contract time for them, but with the cuts it became even more unfair. He said there were a lot of responsibilities that administrators had that took place off contract time and wanted the Board to know they did everything they could to make the District run smoothly. Sue Pettit was sworn in. She stated her full name and spelled her last. She said she agreed with all the previous statements and thanked Amy Adams for her comments even though the group was not informed of the parameters of due process and was unprepared. Mr. Hansen asked when her statement was prepared. She said yesterday morning before hours. Lynda Steenrod was sworn in. She stated her full name and spelled her last. She thanked everyone for their time. She said many of her issues had been addressed. She said she worked 65-70 hours a week and dedicated time to her job even with the constant increased responsibility. She said she wanted to point out that some salaries may seem high but when the extended calendar days were considered pay becomes a lot less per day. She said her daily rate was much lower than other administrators. She said there were a lot of principals who made equal or even less than some of the people they supervised. She said the daily rate was critical to retirement and those who were facing retirement were forced to make a decision to retire earlier than planned or continue in the face of reductions. She said if the daily rate was reduced as planned it would significantly affect retirement benefits. She said she knew the Board wanted to do the right thing and this was the most difficult situation they would face. She thanked Superintendent Vagner for her support and said she had worked with six superintendents before her and she was the most competent out of all of them. She said the Board needed to consider maximizing the ability to maintain and recruit staff. She said it was important to look at every resource. She said she hoped the Board would maintain parity as it had in the past. She said the daily rate was the true compensation rate and asked the Board to consider that as it considered salary cuts. She said she had one long term suggestion which was to work on the certified salary schedule. She said she hoped they would one day be financially rewarded. Patricia Tiede was sworn in. She stated her full name and spelled her last. She thanked her colleagues. She said she had been in education for 27 years. She said the turnover rate for administrators was high. She said no one came into this profession because of the money but because they wanted to make a difference for students. She said she was

disturbed by the process and procedures for salary reduction decisions. She said there were many smart people in the District that had the ability to solve problems and come up with solutions but were not included in the process. She said she had a small part in creating the extra-curricular proposal and thought it would work. She said there were people that could do the same thing with the budget. She said it did not work to find solutions in a tunnel; eventually you would wind up in the dark ages. She said the Board needed to utilize the bright people in the District to solve the problem. She said employees understood times were tight and wanted to help. We know times are tight. Have the same responsibility. She said it was important for the Board to keep to a procedure. She said the perception was that Board members had made up their minds two weeks ago and were just going through the motions for legal purposes. She said she knew everyone could work together and come through this together. She asked the Board not to be in such a hurry. She asked them to stop and listen and said the sky was not falling. She said there was a solutions and knew it could be found because the District had been there before. She asked the Board to seek the employees help instead of fighting them. She said no matter what the decision was she would continue to work because she loved kids and loved her job. She asked the Board to trust the employees so they could trust the Board. Caspar VanHaalen was sworn in. He stated his full name and spelled his last. He said he was an assistant principal at Pocatello High School. He said this was his first year in the District. He said he agreed with all the previous statements. He said he moved to the District from Washington. He said he spent \$15,000 on a degree to better his situation and promised his family the world when they moved to Idaho. He said the reduction was substantial. He said there was a \$1.5 billion shortfall in Washington but they had come up with creative solutions so as not to cut salaries. He said the 6.91% reduction was very specific and the notice did not reference how much money employees would get back in the form of a stipend if a holdback did not occur. He said it only referred to an amount to be determined by the Board and asked why a figure could not be guessed at when all other revenues and expenditures were. He said there was no salary schedule for administrators in Idaho like there was in Washington. He said he wanted to publically state his support for administrators and recognized the hours they put in. He said a person could always speak to a principal from 7:00 a.m. to 7:00 p.m. He said he looked up salaries across the state for school Districts and said some of the District employees were paid an hourly rate. He said he wondered what the hourly rate would be for a principal if you considered the hours they worked. He said hourly rates were not talked about enough and needed to be considered. He said he could take on administrative duties to supplement his salary in other locations and could not think of anything he take on to enhance his salary at this point. He said the job was not about the money but there was a breaking point. He said his salary was not at all comparable to an attorney's salary. He said there was just no compensation in this profession. He said after spending all of the money he spent on his certification with no salary increase was like having a bomb dropped on him. He said he was having issues with trying to understand how the District was interpreting doing "Whatever it Takes". He said there were people in the schools that were making less than \$10 per hour with no way to supplement their salaries. He said the people in schools did whatever it takes for kids. He said he hoped he could stay in the District because he loved his job but the breaking point was in sight. He said if reductions were realized morale would go down and along with doing whatever it takes which would hurt students in the end. Patrick Vereecken was sworn in. He stated his full name and spelled his last. He said he was the assistant principal at Franklin Middle School. He said he was also a part of the before hours meeting to develop the proposals for the Board and agreed with all previous administrator statements. He said administrators had to be in buildings for parent meetings and discipline issues on non-contract time regardless of compensation but there was a breaking point. He said he wanted to give the Board an example of how hard administrators worked. He said Howard Peck was receiving cancer treatments and still did everything he could to make it into the school. He said that was just one example of administrators going above and beyond. Charles Wegner was sworn in. He stated his full name and spelled his last. He said the past few months had been difficult. He said it was very emotional for him and he struggled with his decision to exercise his due process rights. He said he felt angered, not at Trustees, but at the Idaho State Legislature for failing to fund the public education system. He said they slashed the budget without considering any other revenue options. He said collecting taxes could have offset the reductions but there were no plans to collect taxes. He said the Governor and leadership in Boise touted the legislative session as a great success and said they were very proud of the outcome saying it was the most successful session yet. He said if no money came into the state then government would not grow. He said Senator Bedke made a

statement saying that regardless of the cuts education would still be okay, kids would still go to school and teachers would still teach. He said he disagreed and said the education budget could not be decimated without affecting the children of Idaho. He said administrators would show up and do their best but children would be impacted. He said there were those that said it was about time that school districts took a financial hit just like the rest of the community but education is the basis of the economy. He said you cannot gut a budget and get business as usual and yet in spite of the reductions the federal government expects 100% proficiency by 2014 and were being required to restructure according to requirements. He said the Idaho Legislature needed to realize that the way children were educated 15 years ago was no longer sufficient. He said the quality of the teacher affected performance. He said having high quality teachers, para-pros and administration was critical. He said student achievement required high quality work on a day to day basis. He said the government expected Districts to do more with less but would be at the cost of losing quality employees at all levels. He said the legislature did not exhibit any courage for students, teachers or administrators and was a shame. He said their actions diminished team work and created conditions for strained relationships for all Idaho districts. He said Trustee Janie Gebhardt said it best, she said the legislature did what it did and school boards were left to deal with the consequence of their actions. He said he supported Superintendent Vagner and respected her leadership and passion and love for the District. He said he was saddened to see the low regard the legislature had for their positions. Tonya Wilkes was sworn in. She stated her full name and spelled her last. She said she was unprepared for the procedure of the hearing and it was intimidating. She said there were a lot of good statements and agreed there were a lot of intelligent people to be utilized in problem solving who were not being utilized and not being allowed to share creativity in saving the budget. She said she and the Irving staff all worked together to find a solutions to the schedule without any additional budgetary support. She said she didn't feel the Board had been given input from enough sources and was only seeing one picture. She said when administrators looked at students they looked at multiple tests, background and history, not just one test. She said administrators would take cuts if it was necessary but felt misled by the fact that a one-time stipend would be given rather than an addendum if no holdback occurred. She said those decisions created bad morale and that relationships were key and was important to work together to do what needs to be done. She said she was also part of the 6:00 a.m. meeting and wanted to summarize the work. She said in summary the administrators propose the District maintain the two furlough days or roll back to the 2008-09 salary schedule. She said Mr. Reed had been asked if adding the two furlough days back in would save money and he said it would not. She said the next proposal was to create an addendum to the contract to address a holdback. She noted that Pat Tiede had given a remarkable solution for the extra-curricular program. She said the last proposal was to use the fund balance, redirect School Plant Facilities money and make necessary program reductions. She said there was a lot of talk about the community not approving the transfer of School Plant Facilities funds but pointed out that a lot of the administrators were key in the success of the levy. She said she believed if the community knew how hard administrators and teachers worked they would want to help. She said the Board and administration needed to maintain trust and relationships. Russell William Sion was sworn in. He stated his full name and spelled his last. He said he was the principal at Wilcox Elementary. He asked the Board to consider the proposals previously addressed and thanked them for their time. Mr. Smith asked if there was any further testimony. There was not. Mr. Smith said briefs were due to the District by 12:00 p.m. on Friday, May 7, 2010. He thanked everyone for their courtesy and said the Board had 15 days after the hearing to declare Findings of Fact and Conclusions of Law and Decision.

### **Close Due Process Hearing**

Chair Donnelly closed the Due Process Hearings at 8:15 p.m.

### **Adjourn to Executive Session in the Superintendent's Office at the Education Service Center -**

***To consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against a public officer, employee, staff member or agent;***

A motion was made by Ms. Gebhardt and seconded by Mr. Rash to adjourn to Executive Session. The roll call vote was unanimous in the affirmative. Ms. Gebhardt, aye; Ms. Cranor, aye; Mr. Rash, aye; and Ms. Donnelly, aye. The Board adjourned to Executive Session at 8:16 p.m.

**Return to Open Session and Summarize Decision Making Process and Time Line**

The Board returned to Open Session at 8:31 p.m. Chair Donnelly said the Board would meet Saturday, May 8, 2010 at 8:00 a.m. to take action on the Findings of Fact and Conclusions of Law and Decision.

**Adjourn**

A motion was made by Ms. Gebhardt and seconded by Ms. Cranor to adjourn. The voting was unanimous in the affirmative. The Board adjourned its Special Meeting at 8:33 p.m.

**APPROVED ON:**

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**MINUTES PREPARED BY:**

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**Secretary, Board of Trustees**

**BY:**

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**Chair**

**ATTESTED BY:**

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**Clerk**