TO:  Board of Directors

FR:  Board Chair David Russo

RE:  Budget Committee Meeting Minutes

EXPLANATION:  The minutes of May 9, 2016 and May 19, 2016 Hood River County School District Budget Committee Meeting minutes are presented for approval.

PRESENTER(S):  Superintendent Dan Goldman

SUPPLEMENTARY MATERIALS:  Budget Committee Meeting Minutes for May 9, 2016 and May 19, 2016.

RECOMMENDATION:  It is the recommendation of the administration to approve the minutes as presented.

PROPOSED MOTION:  I move to approve the minutes of the May 9, 2016 and May 19, 2016 Hood River County School District Budget Committee meeting as presented.
Budget Committee Meeting

May 4, 2016

6:00 p.m. – Hood River Valley High School Library

These Budget Committee minutes are not official as they have not been approved by the Committee. These minutes are for review and are subject to change and/or approval. Once approved, signed and dated, they are official.

WELCOME AND CALL TO ORDER AT 6:03 P.M.

Budget Committee Chair David Russo called the first budget committee meeting to order.

PRESENT:

Budget Committee Members Present: David Russo, Board Kateri Osborne Lohr; Julia Garcia Ramirez, Mark Johnson, Chrissy Reitz, Tom Scully, Jan Veldhuisen Virk; Tim Counihan, James Sims, Dale Hill, and Heather Staten.

Absent: Rich Truax, Craig Bowder, Sara Duckwall Snyder, Sheri Holloway, and Mikka Irusta.

Administration: Superintendent Dan Goldman, Chief Financial Officer Saundra Buchanan, Human Resources Director Catherine Dalbey, Director of Curriculum and Instruction Neely Kirwan, Special Education Director Anne Carolos, Cascade Locks Elementary School Principal Amy Moreland, May Street Elementary School Principal Kelly Beard, Mid Valley Elementary School Principal Kim Yasui, Westside Elementary School Principal Bill Newton, Hood River Middle School Principal Brent Emmons, Hood River Middle School Vice Principal Ocean Kuykendall, Wy’eest Middle School Principal Sarah Braman Smith, Hood River Valley High School Principal Rich Polkinghorn, Hood River Valley High School Vice Principal Nate Parson, and Technology Director Tod Hilstad.

Staff and Community Members: Board Administrative Assistant Terri Martz.
ELECT BUDGET COMMITTEE CHAIR:

It was moved by Kateri Osborne Lohr and seconded by Mark Johnson to elect James Sims as Budget Committee Chair. Motion approved unanimously and accepted by James Sims.

ELECT BUDGET COMMITTEE VICE CHAIR:

It was moved by Jan Veldhuisen Virk and seconded by Dale Hill to elect Tim Counihan as Budget Committee Vice Chair. Motion approved unanimously and accepted by Tim Counihan.

DESIGNATE THE ADMINISTRATIVE ASSISTANT TO THE BOARD TO KEEP OFFICIAL MINUTES:

Budget Committee Chair James Sims appointed Board Administrative Assistant Terri Martz to keep official minutes for the Budget Committee meetings.

REVIEW OREGON BUDGET LAW, ROLE OF BUDGET COMMITTEE AND MEETING GUIDELINES:

Chief Financial Officer Saundra Buchanan reviewed the following information with the Budget Committee:

Objectives of Oregon’s Local Budget Law (ORS 294.321)

- To establish standard procedures for the preparation, presentation, administration and appraisal of budgets of municipal corporations;
- To provide for a brief description of the programs of a municipal corporation and the fiscal policy which is to accomplish these programs;
- To provide estimates of revenues, expenditures and proposed taxes;
- To provide specific methods for obtaining public views in the preparation of fiscal policy;
- To provide for the control of revenues and expenditures for the promotion of efficiency and economy in the expenditure of public funds; and
- To enable the public, taxpayers and investors to be apprised of the financial policies and administration of the municipal corporation in which they are interested.

Role of the Budget Committee

- In a series of public meetings, the budget committee meets to review, discuss, revise, and approve the proposed budget presented by the budget officer.
- Upon completion of its deliberations, the committee approves the budget and sets the tax rate or amount of ad valorem taxes for each fund receiving tax revenue.
• The Board conducts a public hearing to adopt the budget and levies the taxes. The estimated expenditure for each fund may not be increased by more than ten percent of the amount approved by the budget committee without republishing the budget and conducting another hearing.

Budget Committee Guidelines

1. The budget committee meeting is a meeting subject to Oregon’s Public Meetings Law (Chapter 192). A public meeting takes place in public and is open to the public.
2. A public meeting does not mean that the audience enters into dialog with the budget committee members, staff or others.
3. The Chair of the budget committee will at specified times, ask for public comment. At that time, any person in the audience may make statements about the budget or process.
4. Each person desiring to speak will be recognized and must contain their comments to three minutes or less.
5. Staff will not respond directly to public comments, but will respond to questions from the budget committee.
6. A quorum is required to conduct committee business (8 of 14 voting members).
7. A majority of the budget committee is required to approve any motion (8 of 14 voting members).

BUDGET MESSAGE AND PRESENTATION OF THE PROPOSED BUDGET:

Superintendent Dan Goldman presented the 2016/2017 Budget Message and outlined the following information providing details to committee members.

2016-17 Budget Message

In this 150th year of the Hood River County School District, I submit for your consideration the Proposed Budget for fiscal year 2016-17. This proposed budget of $130,663,640 is the result of the financial and educational goals set by the School Board, input from various committees and community listening sessions, and the work of the 22-member internal budget team consisting of the executive cabinet, principals, vice-principals, various department managers and leaders, and the superintendent.

As I wrote in the 2015-16 Budget Message, “Oregon K-12 Education continues to face severe financial troubles.” Because of statewide constitutional changes in the early 1990’s establishing limits on Oregon’s property taxes on real estate, along with having no statewide sales tax (as well as “the kicker” rebate), Oregon relies on income taxes as a primary source of revenue. Consequently, the state budget is highly sensitive to the ups and downs of the regional, national and even global
economy. These effects trickle down to the Hood River County School District, where revenues from the State School Fund (SSF) make up approximately 90% of our General Fund resources.

A review of Oregon public school funding across the past quarter century paints a picture of rapid decline in state level per-pupil resources. Over this period, Oregon has fallen from the top 10 in per-pupil resources in 1991 to the bottom 15 in 2011 (U.S. Census Bureau, Public Elementary–Secondary Education Finance Data, 2013).

Unquestionably, Oregon public education has realized a smaller share of the state budget since 2003, when K-12 Education received almost 45% of the state budget. In the 2015-17 biennium, Oregon K-12 Education will constitute 39.2% - a 5.8% decrease in the percentage of the Oregon general and lottery fund budget since 2003. Over this period of time, a significantly larger number of dollars have been prioritized toward other state programs such as Public Safety (+5%) and Human Services (+5%). Clearly, the priorities of state lawmakers, and the Oregon public through the Oregon Initiative and Referendum System, has concentrated additional resources, however scarce, into programs other than Oregon K-12 Education.

Over this time period, school districts across Oregon have lost full programs and an enormous number of instructional days, and cut large portions of their workforce. After years of disinvestment, the state of Oregon’s K-12 system is now defined by the following facts:

- Oregon students go to school the equivalent of one year less than the national average during the 1st through 12th grades;
- Oregon ranks 49th in student to teacher ratio (class size);
- Oregon is 46th in state expenditures for education as a percent of taxable resources;
- Oregon’s 4-year Graduation Rate places us in the bottom five states in the nation.

K-12 Education's Share of the State Budget
2003-05 to 2015-17

![Chart showing K-12 Education's Share of the State Budget from 2003-05 to 2015-17]
Positive Local Budget Factors

Importantly, as the HRCSD Budget Committee and School Board were adopting the 2015-16 budget, a groundswell of advocacy and support for Oregon K-12 Education was well underway at the state capital. Local communities, wary from year-after-year reductions in their public schools, successfully lobbied the legislature for increased funds in the biennial budget process. The result was a late-session funding increase from $7.255 billion to $7.38 billion for Oregon K-12 Education. This contributed to a $1.9 million larger Beginning Fund Balance than projected in the adopted 2015-16 Budget. Other factors from 2014-15 contributing to the larger beginning fund balance included:

- Larger than expected savings from the overhaul of the transportation schedule that staggered school start and end times, reduced the number of routes required to transport children to school while increasing rider membership, and reducing by 50% the number of yearly bus replacement purchases required to maintain the fleet.
- Larger than expected savings from an internet systems overhaul with the ESD whereby the District assumed the responsibility for internet connectivity and redundancy, and network administration.
- Savings in energy use due to warmer weather combined with lower fuel prices
- Reduced substitute costs in the general fund as a result of the attainment of significant grant funds, which offset planned expenditures in trainings
- Increases in student enrollment, increasing the ADMw and related State School Fund revenue
- Sustained savings in purchased services and materials
- Large, planned savings in the district textbook purchasing toward maximizing a district-wide, K-12 math curriculum adoption in 2016-17
- Converting to a new, more powerful financial systems software program allowing for increased vigilance and monitoring of spending at every level
  - Importantly, the school district has earned its second consecutive “unmodified opinion” from external financial auditors with zero findings – the highest commendation possible.

In my 2015-16 Budget Message, the following set of priorities was established in the event of additional State School Fund resources at the end of the legislative session:

1. Planning effectively for PERS liability increases for the 2017-19 Biennium
2. Increase FTE at the elementary school level to provide reading interventions
3. Increase FTE across K-12 to implement Positive Behavior Support Programming (PBIS)
4. Increase FTE in Maintenance
5. Increase FTE for:
• Elementary in PE, Music, Counseling
• Secondary in world languages, arts, AVID and special education programming
• Mid Valley specifically to support Dual Language program

I am pleased to report that we accomplished the first 4 items on this list. We increased the Biennial Reserve Fund (see below), increased the number of Instructional Assistant hours for reading interventions and PBIS, and added 1.0 FTE into the maintenance department.

In the current operating year (2015-16) we are projecting increased savings in substitute costs and fuel costs; sustained savings from the transportation system overhaul; savings from positions that went unfilled despite recruitment efforts; improved revenue from increases in student enrollment; and, an upsurge of revenue from our voter-approved local-option levy (resulting from growth in home values). As stated, the School Board approved a transfer of $852,011 to the Biennial Reserve Fund, bringing that fund total to $1,752,011. The Biennial Reserve Fund was established in 2015-16 for two reasons: to effectively budget for the legislature’s decision to provide the State School Fund using a 50%-50% split methodology (see the budget message for the 2015-16 Budget for a full explanation), and to establish a fund specific to preparing for looming PERS rate increases forecasted for the 2017-19 biennium and beyond. The funds in the Biennial Reserve Fund presented in this Proposed 2016-17 Budget will be necessary to sustain our financial standing and programs for students into the next biennium.

Over the last three years, the School District has been very aggressive and competitive in seeking additional funds to support these collective commitments. The successful acquisition of millions of dollars in grant funds (many grants spread over the course of multiple years) from the Oregon Department of Education (ODE), Oregon Children’s Fund (OCF), and other sources has enabled the school district to innovate in ways that would otherwise be impossible with the current state of general education funding. While these grants do not directly impact our class sizes or increased AP offerings (for example), they do provide resources to support our staff with professional development funds and new program development. Through grants we have been able to implement important programs such as the AVID college readiness programs at Hood River Valley High, Hood River Middle, and Wy’east Middle, the dual language program at Mid Valley Elementary and Wy’east Middle, revitalized career-technical programs at Hood River Valley High, music and fine arts programming at both middle schools, increased teacher-directed professional development processes (such as Instructional Rounds and Professional Growth Coaching) across the district, and more.
Factors Increasing Local Budget Liability

As a result of the factors laid out above, this 2016-17 Proposed Budget will include increased contingencies and increased programming for students. Like all Oregon school districts, the Hood River County Schools will be facing very large increases to its PERS rates in 2017-18, increases to health care costs in connection to the Affordable Care Act, and increases to the minimum wage in 2018 with the recent signing of SB 1532. PERS advisory rates as of December 31, 2015 predict rate increases of 34.6% in the PERS Tier 1 & 2 employer rate and 44.1% in the PERS OPSRP employer rate for the 2017-19 biennium, resulting in net rates of 15.16% and 9.47% of payroll respectively. These looming issues are all in addition to typical cost increases related to labor, insurance and the price of goods and services. This proposed budget has been constructed to withstand these factors in the next biennium and with an overarching ethos of “cautious optimism.” While this Proposed Budget is constructed to withstand two years of PERS liability, adjustments will of course need to be made in future budgets if the legislature adopts a statewide budget in the next biennium that does not maintain current service levels.

Prioritizing the Budget

Throughout 2013 and 2014, the administration embarked on a process to collect feedback from the community, our staff, students, and other stakeholders across our county to inform a new strategic plan, or “20/20 Vision.” The 20/20 Vision established a new district mission: (“Excellence. Every Student. Every Day.”), a clear overarching district goal (“Every student graduates with the knowledge and courage to learn, serve, and pursue their dreams”), and a number of “Collective Commitments” that our organization is focused on to ensure all students, regardless of their backgrounds, will achieve at the highest levels. Specifically, our theory of improvement is as follows:

Every Hood River County School District student will demonstrate positive academic and social growth when all staff members work collaboratively to:

- ensure all students are safe, known and accepted;
- establish high expectations for achievement and personal growth for each student;
- identify, teach and assess student learning targets aligned to the Common Core State Standards;
- utilize research-based best practices for designing and delivering instruction;
- identify, intervene, and monitor the progress of struggling students early, with great intensity, and for as long as it takes;
- engage our diverse and committed community as partners in student learning and growth; and,
- explicitly target human and fiscal resources toward achieving these commitments.
Each of these commitments is accompanied by specific strategies that form the basis for our budgeting decisions and will continue to function as our roadmap into the future. The 20/20 Vision is printed in the supplementary section of this budget.

**Program Additions for 2016-17**

As a result of our long-range financial planning efforts, sustained savings in operations, the infusion of significant grants, and reserves built to withstand the impending increases in PERS rates, health care costs and the minimum wage, after 10 consecutive years of budget cuts and 3 years of financial and program reform, the District is now in a position to strategically and sustainably invest in program enhancements that our students deserve. As such, this Proposed Budget increases the program level by $750,000. The Proposed 2016-17 Budget includes the following program additions:

**Elementary**

- 2.0 Teaching FTE for Physical Education
- 2.0 Teaching FTE for Music Education
- 2.0 FTE Elementary School Counseling
- .05 FTE Reading Teacher at Cascade Locks Elementary
- 9.25 Instructional Assistant Hours/Day for Elementary Reading Support

**Middle**

- 1.33 Teaching FTE for Middle School World Languages - Spanish
- .17 Teaching FTE Math @ Hood River Middle
- Increase Funding for Middle School Robotics & AVID Site Coordination
- Increase Funding for Training to Support Dual Language Program at Wy'east Middle

**High**

- 1.0 Teaching FTE for Hood River Valley High Alternative Program
- .5 Teaching FTE for AVID
- Funds to Support High School Summer School
- Increase funding for High School Robotics, Lacrosse, eCar, Media, FFA, & AVID Site Coordination
District-wide

- Funds for Supplemental Math Curriculum
- Shared Interagency Agreement with Hood River County Sheriff for a School Resource Officer (SRO) Contract
- Increase of $4.82/Student for School Discretionary Funds for Student Field Trips, Staff Training, Materials, Supplies, etc.
- .3 Teaching FTE Increase for SPED/PBIS Coaching

Education Service District (ESD) Programs

- “School Improvement” fund increases for training
- .5 Business Services FTE for Accounts Payable
Simply stated, these additions could not be possible without the support of our local voters in the form of capital construction bonds and operating levies. Currently, the communities in Hood River County have elected to support both operating and construction bond levies, allowing for a larger proportion of available State School Fund resources to be focused on classroom instruction, rather than on repairing roofs and the like. 

At the time of the writing of this budget message, Hood River County voters are preparing to vote on a 20-year school construction bond totaling $57,175,000 for critical repairs, safety improvements, energy efficiency, and additional classroom spaces to support increasing enrollment.

When asked by community members, "Are our student outcomes significantly different than other districts because of the extra funding the community provides in the local option and capital bond?" the response is an emphatic, "yes!" These achievements are evident to anyone who looks at our increases in student achievement outcomes and comparatively high graduation & completion rates - even with higher percentages of students with significant barriers to learning such as living in poverty and learning English.

<table>
<thead>
<tr>
<th>Economically Disadvantaged</th>
<th>HRCSID Performance</th>
<th>Oregon Performance</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduation</td>
<td>73.5%</td>
<td>64.2%</td>
<td>+9.3%</td>
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<tr>
<td>Completion</td>
<td>88.8%</td>
<td>77.1%</td>
<td>+11.7%</td>
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<tr>
<td>Drop Out</td>
<td>1.8%</td>
<td>3.8%</td>
<td>-2.0%</td>
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<thead>
<tr>
<th>White</th>
<th>HRCSID Performance</th>
<th>Oregon Performance</th>
<th>Difference</th>
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</thead>
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<tr>
<td>Graduation</td>
<td>86.8%</td>
<td>74.2%</td>
<td>+12.6%</td>
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<tr>
<td>Completion</td>
<td>95.5%</td>
<td>84.5%</td>
<td>+11.0%</td>
</tr>
<tr>
<td>Drop Out</td>
<td>1.9%</td>
<td>3.5%</td>
<td>-1.6%</td>
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<thead>
<tr>
<th>Hispanic</th>
<th>HRCSID Performance</th>
<th>Oregon Performance</th>
<th>Difference</th>
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</thead>
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<tr>
<td>Graduation</td>
<td>74.7%</td>
<td>64.9%</td>
<td>+9.8%</td>
</tr>
<tr>
<td>Completion</td>
<td>85.9%</td>
<td>75.0%</td>
<td>+10.9%</td>
</tr>
<tr>
<td>Drop Out</td>
<td>2.5%</td>
<td>5.3%</td>
<td>-2.8%</td>
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<table>
<thead>
<tr>
<th>English Learners</th>
<th>HRCSID Performance</th>
<th>Oregon Performance</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduation</td>
<td>68.2%</td>
<td>64.2%</td>
<td>+4.0%</td>
</tr>
<tr>
<td>Completion</td>
<td>83.3%</td>
<td>72.3%</td>
<td>+11.0%</td>
</tr>
<tr>
<td>Drop Out</td>
<td>3.0%</td>
<td>4.9%</td>
<td>-1.9%</td>
</tr>
</tbody>
</table>
Through the supportive results of local elections for both Local Option Levies and Capital Construction Bonds, the residents of Hood River County have bestowed enormous faith in our schools to deliver an exceptional education to our youth. The educators in the Hood River County School District are determined to fulfill the promise of a quality public education for our students. While the results displayed in the charts above are worth celebrating, we understand that we can and will improve; that historically predictable achievement gaps between student groups based on race, income level, and English language levels must be eliminated; and that a high school diploma is a minimum expectation that must lead to enrollment in a post-secondary certificate or university program if dreams are to be fulfilled and economic independence realized.

Organization of Budget

This proposed budget serves as the Hood River County School District’s financial operating plan for the 2016-17 year. The proposed budget is organized by funds: General Fund, Food Service Fund, Student Body Funds, Community Education Fund, Biennial Reserve Fund, Unemployment Reserve Fund, Bus Replacement Fund, Grant Fund, Debt Service Fund and Capital Construction Fund. Appropriations for each fund are summarized at the major function levels of instruction, supporting services, enterprise and community services, facilities acquisition and construction, debt service, inter-fund transfers, and contingency. The basic fund structure remains unchanged from the previous year.

General Fund Resources

The proposed General Fund budget includes resources totaling $49,075,912 comprised of revenues of $43,196,281 and an estimated beginning fund balance of $5,879,631 Following is an explanation of the three most significant revenue sources: state school fund formula revenues, local option levy revenue, and Columbia Gorge Education Service District revenue.

State School Fund Formula Revenues

The proposed budget is based on a state-wide K-12 funding level of $7.38 billion legislatively approved budget with a 49.2/50.8 percent split per the 2016-17 state school fund estimate dated March 7, 2016. The State’s estimates of local revenues include the Legislative Revenue Office’s local revenue forecast of increasing local property taxes due to an improving economy and individual estimates from local school districts. Along with the legislative appropriation, the state school fund formula revenues includes local revenues such as property taxes, payments in lieu of property taxes, county school funds, common school fund, and federal forest fees. Any increases in these local revenues will be offset by the amount received from the state.
Weighted student enrollment (ADMw) drives funding from the state. Additional student weight factors are provided for students in ESL programs (.50), students in pregnant and parenting programs (1.0), special education students (1.0 limited to 11% of District ADMr plus a separate factor of 1.0 for limited enrollment for those above 11%), students in poverty (0.25), students in foster care and neglected or delinquent (0.25), and the remote elementary school correction (1.0).

The following table shows the current estimate of 2015-16 student enrollment, projections for 2016-17 enrollment, near final enrollment for 2014-15 and final enrollment for 2013-14. While actual student enrollment (ADMr) in the District has been relatively stable, it is projected to decrease slightly based on advancing current enrollment by grades. The District’s weighted enrollment (ADMw) varies due to a number of specific factors. Specifically, a change in the poverty formula that was adopted by the Oregon State Board of Education in the middle of the 2013-14 school year will continue to affect the District as it reduced the number of students considered to be in poverty. The student enrollment of English language learners and the student enrollment in special education programs provide additional weights and can fluctuate from year to year depending on the numbers of students in those programs. For 2015-16, full day kindergarten is counted as a full enrollment rather than half so that accounts for some of the projected increase in that year.

Hood River County School District Extended ADMw

<table>
<thead>
<tr>
<th>Components of ADMw</th>
<th>Factor</th>
<th>2013-14 Final ADMw</th>
<th>2014-15 Estimated ADMw</th>
<th>2015-16 Estimated ADMw</th>
<th>2016-17 Estimated ADMw</th>
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</thead>
<tbody>
<tr>
<td>ADMr (Average Daily Student Enrollment)</td>
<td>1.00</td>
<td>3,871.08</td>
<td>3,911.72</td>
<td>4,061.83</td>
<td>4,015.00</td>
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<tr>
<td>Students in ESL programs</td>
<td>0.50</td>
<td>368.76</td>
<td>346.24</td>
<td>345.24</td>
<td>348.00</td>
</tr>
<tr>
<td>Students in Pregnant and Parenting programs</td>
<td>1.00</td>
<td>13.18</td>
<td>9.38</td>
<td>11.09</td>
<td>9.00</td>
</tr>
<tr>
<td>575 IEP Students capped at 11% of District ADMr</td>
<td>1.00</td>
<td>425.82</td>
<td>430.29</td>
<td>446.80</td>
<td>441.65</td>
</tr>
<tr>
<td>Students on IEP above 11% of ADMr*</td>
<td>1.00</td>
<td>9.90</td>
<td>9.90</td>
<td>9.90</td>
<td>9.90</td>
</tr>
<tr>
<td>Students in Poverty</td>
<td>0.25</td>
<td>185.02</td>
<td>177.60</td>
<td>176.56</td>
<td>173.13</td>
</tr>
<tr>
<td>Students in Foster Care and Neglected/Delinquent</td>
<td>0.25</td>
<td>2.00</td>
<td>2.25</td>
<td>2.75</td>
<td>2.75</td>
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<tr>
<td>Remote Elementary School Correction</td>
<td>1.00</td>
<td>28.88</td>
<td>32.80</td>
<td>32.80</td>
<td>32.80</td>
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<tr>
<td>Total ADMw</td>
<td></td>
<td>4,905.64</td>
<td>4,920.18</td>
<td>5,086.97</td>
<td>5,032.23</td>
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<tr>
<td>Extended ADMw</td>
<td></td>
<td>4,946.38</td>
<td>4,920.18</td>
<td>5,086.97</td>
<td>5,081.04</td>
</tr>
</tbody>
</table>

(*Data pending for 2014-15 is the number of students on IEP above the 11% of ADMr.*)
Other factors besides ADMw that drive state funding for the District are the teacher experience adjustment factor, the funding ratio (which adjusts depending on the total amount of formula resources across the state), and the amount of the transportation grant. The 2016-17 District’s average teacher experience factor is estimated to be 14.49 which is 2.07 greater than the State teacher experience of 12.42, however, the teacher experience factor may change in future estimates relative to other districts.

The proposed budget includes revenue from local property taxes collected by the District through its permanent rate of $4.8119 per $1,000 of assessed value. The amount of property tax revenue collected for current and prior year taxes is estimated to be $10,096,619 for 2016-17. Payments received in lieu of property taxes are estimated to be $56,000. These local resources count as an offset to State school fund formula revenue.

Revenue from the Common School Fund managed by the Oregon Department of State Lands is estimated to be $395,264. The State manages the Common School Fund’s real estate portfolio to increase land values and revenues and distributes about 4 percent of the fund to school districts annually. This revenue counts as an offset to State school fund formula revenue.

Revenue from federal forest fees is also included as state school fund revenue. The last extension of the federal appropriation for federal forest fees was enacted for fiscal years 2014-15 and 2015-16; therefore, the 2016-17 state school fund estimate does not include this revenue. Any federal forest fee revenue received by the District is redistributed to districts throughout the State on a per student basis.

The State will reimburse 70% to 90% of the cost of approved transportation costs, including bus purchases over a ten year period. The transportation grant is estimated to be $1,470,200 for 2016-17 based on the District’s reimbursement rate of 70%. Approved costs include transportation costs of elementary students more than 1 mile away, secondary students more than 1.5 miles away, between school sites, preschool handicapped students, and students on field trips.

The State School Fund Formula estimates for 13-14 through 16-17 and actual history for the previous five years are shown on page B-5. The proposed budget is based on the 2016-17 state school fund estimate provided by the Oregon Department of Education, as shown on pages B-7 and B-8.
Local Option Levy Revenue

The District’s current local option levy was approved by the voters in November 2012 for five years at a rate of up to $1.25 per thousand. Local option revenues have allowed the District to provide more resources to its schools - the equivalent of approximately 20 teaching positions. To provide some context, we have exactly 19 general education classroom teachers at May Street – the district’s largest elementary school. Clearly, without the ongoing support of the local option levy from our community, class sizes across the school district would skyrocket and special programs within specific program areas such as athletics, extracurricular programs, electives, maintenance, and community education would be reduced or eliminated. Our students and entire staff thank the voters for supporting our future citizens of our community - our students - through the continued support of the local option levy, which has provided critical additional resources since 2005-06.

For 2016-17, the District estimates $2,115,154 in local option property tax revenues. Taxable assessed values (TAV) are expected to increase by the allowable 3 percent; however, the Measure 5 limits result in property tax compression of the local option levy therefore reducing the amount received. Local option taxes are compressed first, even if they are compressed to zero, before permanent taxes are compressed. A summary of local option votes, amounts imposed, and yields are shown on page D-1.

The District also qualifies for and receives a local option equalization grant from the state. For 2016-17, the proposed budget estimates $612,066 based on the amount received in 2015-16. The amount received from the state varies, ranging from 40.1% of the local option collections in 2005-06 to an estimated 30.5% in 2015-16. The amount of the grant is targeted to Districts below a targeted assessed value per student; and is proportional to the amount appropriated and the amount of local option revenues.

Columbia Gorge Educational Service District Revenue

The District’s revenue from the Columbia Gorge Educational Service District is comprised of the District’s performance grant and an amount for reimbursement for services provided by the District. The total amount of the 2016-17 performance grant and reimbursement is estimated to be $1,513,504, which includes $36,101 from funds to be carried forward from the 2015-16 year. The efficiencies gained from the CGESD agreements allow the District to support curriculum adoption expenses, to address fiscal services needs, provide school improvement services through TOSAs, provide technology support services, and provide internet connectivity and network administration services which were previously supplied through the ESD.
The District will receive services from the ESD per the adopted local service plan known as resolution services. The estimated value of these resolution services for 2016-17 is $53,905. Resolution services include regional media services, Native American services, home school and attendance services. The value of these services is shown in the CGESD budget and not the District budget.

The proportion of services and funding depend on student enrollment and the level of state funding, therefore, the amount of resolution services to the District, the performance grant and invoiced services amounts may change.

Other Revenues

Other revenues are summarized on page C-1, as other local revenues, other state revenues and other federal revenues. Other local revenues of $443,250 are estimated in the proposed budget such as E-rate recovery, interest earnings, rent of District facilities, estimated grant indirect charges, Medicaid administrative claiming revenue, expenditure reimbursements and miscellaneous revenue. Other state revenues of $545,985 are estimated for the state long term care and treatment contract with services provided by Next Door Inc. The other federal revenue source is the teen parenting revenue estimate of $20,000.

General Fund Requirements

The District’s proposed expenditure budget for the second year of the 2015-17 biennium is based on the March estimates of state school fund revenue and enrollment estimates for the 2016-17 year, other revenue, and resources from the estimated beginning General Fund balance. Increased operational costs such as salary and associated payroll costs, utilities and other costs such as property and liability insurance increases have been estimated in the proposed budget.

The proposed operating requirements of the General Fund include $43,463,039 of expenditures for instruction, support services, debt service and contingency and other financing uses in the form of transfers out of $245,000 to other funds as shown on page C-2. Total proposed expenditures are $43,708,039 and are shown by function on page C-3.

Proposed expenditures by object classification are shown on page C-4. Total General Fund salaries and associated payroll costs of $36,835,524 are 84% of total budgeted expenditures, contingency and transfers out.
Expenditures are summarized by function on pages C-7 through C-9 and total $26,651,835 for instruction, $16,044,794 for support services, $266,410 for General Fund debt service, $245,000 for interfund transfers, and $500,000 for contingency. More detail about salary and associated payroll cost objects are shown on pages C-10 and C-11. The proposed budget includes estimates of salaries and associated payroll costs for each employee group based on available information and negotiated agreements. Collective bargaining agreements for classified and licensed staff expire June 30, 2017. More information about budget assumptions is shown on page B-2, and current salary schedules are shown in the supplemental information section of the budget document.

Proposed transfers from the General Fund to other funds and other budgeted transfers are shown on page C-62. The largest transfer of $150,000 is to the Bus Replacement Fund and the second transfer is to the Unemployment Reserve Fund for unemployment expenses.

The proposed contingency budget of $500,000 is 1.2% of operating revenues. This proposed contingency budget of $500,000 or 1.2% provides a narrow margin for dealing with unexpected revenue shortfalls, enrollment increases or other unplanned expenditures. Board policy directs that the contingency reserve be a minimum of one-half of one percent of the General Fund operating revenue.

The budget document includes General Fund expenditures by function and object for the proposed budget, the current budget for 2015-16 and two prior years' actuals, as shown on page C-12 through C-45. Full time equivalent staff (FTE) is shown for the 2016-17 proposed budget.

Significant challenges for future budgets include the level of Oregon Public Employees Retirement System (PERS) rates, the effect of Federal health care reform and the impact of an increasing Oregon minimum wage rate authorized by SB 1532. PERS rates were decreased for the 2015-17 biennium due to the legislative reforms to PERS; however, the Oregon Supreme Court overturned a key piece of the PERS reforms that will eliminate a portion of the contribution savings that were anticipated in future years. For the 2015-17 biennium, the District’s PERS contribution rates are 11.26% for Tier 1 & Tier 2 payroll and 6.57% for OPSRP payroll. Advisory rates issued November 2015 are based on the system-wide actuarial valuation of PERS as of December 31, 2014. The valuation is advisory and does not affect current employer contribution rates, however, they do provide districts with specific rates based on a more recent actuarial valuation. Employer contribution rates effective July 1, 2017 through June 30, 2019 will be calculated in the December 31, 2015 actuarial valuation. Advisory rates and their potential increases are shown in the following table.
<table>
<thead>
<tr>
<th>PERS Member Tier</th>
<th>2015-17 Employer Rates</th>
<th>2017-19 Advisory Rates</th>
<th>Amount of Rate Increase</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERS Tier 1/Tier 2</td>
<td>11.26%</td>
<td>15.16%</td>
<td>3.9%</td>
<td>34.6%</td>
</tr>
<tr>
<td>PERS OPSRP</td>
<td>6.57%</td>
<td>9.47%</td>
<td>2.9%</td>
<td>44.1%</td>
</tr>
</tbody>
</table>

The full effect of Federal health care reform on District finances is undetermined at this time and is expected to impact payroll benefit costs as it influences medical plan designs, defines full time employees for purposes of the law as 30 hours per week or 130 hours per month and creates possible penalties related to affordability for employees. Districts manage the effects of the new requirements by checking medical plan affordability as defined by ACA for plans offered by a District and by monthly monitoring of employee average work hours to determine if they must be offered a bronze medical plan for those employees who meet the federal ACA definition of full time and are not eligible for a district contribution toward a health care plan.

The minimum wage law, Oregon SB 1532, passed in 2016, provides an increasing minimum wage rate in three groups of counties. The Region 2 Statewide minimum wage will impact the District in 2019 when the minimum wage rate of $11.25 takes effect and is expected to exceed certain pay rates within the District and is expected to drive up employee payroll costs. Classified sub costs and pay classifications within the classified collective bargaining agreement will be affected. The following table shows the Oregon minimum wages by region for future years.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Region 1 Non-urban Counties</td>
<td>$9.50</td>
<td>$10.00</td>
<td>$10.50</td>
<td>$11.00</td>
<td>$11.50</td>
<td>$12.00</td>
<td>$12.50</td>
<td>Rate adjusted for inflation - $1</td>
</tr>
<tr>
<td>Region 2 Statewide Minimum Wage</td>
<td>$9.75</td>
<td>$10.25</td>
<td>$10.75</td>
<td>$11.25</td>
<td>$12.00</td>
<td>$12.75</td>
<td>$13.50</td>
<td>Rate adjusted for inflation</td>
</tr>
</tbody>
</table>
### Region 3

| Portland (UGB) | $9.75 | $11.25 | $12.00 | $12.50 | $13.25 | $14.00 | $14.75 | Rate adjusted for inflation +$1 |

### Other Funds

This section presents information about the other funds included in the 2016-17 proposed budget beginning on page C-46.

**Food Service Fund** – This fund accounts for the activities of the District’s food service program. Services include breakfast and lunch programs, and supper programs at four schools for excel program students. Resources include federal subsidies from the U.S. Department of Agriculture, which provides partial reimbursement for each meal served, the value of federal commodities, and a matching grant from the state estimated to be $17,025 from the state school fund based on the amount received in 2015-16. The proposed budget has resources of $2,292,025 including an estimated beginning fund balance of $575,000. Requirements include $2,292,025 for staff, food supplies, materials, supplies, services and equipment.

**Student Body Funds** – This fund accounts for the money schools receive from students and parent groups for purposes such as special school projects, field trips and student activities. The resources and requirements of $1,775,000 provide a level of appropriation to account for various student activities.

**Community Education Fund** – This fund accounts for the financial activities of the community education program which provides community education and recreation programs and classes, before school and after school child care programs and sports programs. The proposed budget by the community education director has estimated resources and requirements of $820,911.

**Biennial Reserve Fund** – The Biennial Reserve Fund was established to reserve the portion of the state school fund distribution in 2015-16 for 2016-17 and for reserving funds to address the future PERS rate increases. For 2016-17, the beginning fund balance of $1,752,011 will be unappropriated as we reserve funds for the anticipated PERS rate increases for the 2017-19 biennium.

**Unemployment Reserve Fund** – This fund accounts for the financial activity of the District’s employer trust account with the State of Oregon Employment Department and the transfer from General Fund to fund the payment of the District’s quarterly unemployment tax liability. The
proposed budget includes resources from the proposed General Fund transfer of $95,000, an estimated beginning fund balance of $122,657 and proposed requirements of $95,000.

Bus Replacement Fund – This fund supports replacement of school buses. The main resource is a transfer from the General Fund based on the allowable depreciation on district-owned transportation equipment through the state transportation grant. The proposed budget includes resources from a $150,000 transfer from the General Fund and beginning fund balance of $67,923 and proposed expenditures of $140,000 to replace one school bus, leaving an un-appropriated balance of $77,923 to carry forward to future years. The implementation of staggered school start times in 2014-15 reduced the number of buses needed for routes and lowered the number of required replacement buses.

Grant Funds – This fund accounts for the various federal, state and local grants and various donation and reimbursement accounts of the District. The overall appropriation is proposed to be $6,000,000. The following list of 2015-16 federal and state grant awards through the Oregon Department of Education and other sources demonstrate the District’s success in securing grant funding for special programs and activities.
<table>
<thead>
<tr>
<th>Fund</th>
<th>Description</th>
<th>Grant Period</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>231</td>
<td>Special Ed/IDEA Part B Section 611</td>
<td>7/1/15-9/30/17</td>
<td>$670,207</td>
</tr>
<tr>
<td>234</td>
<td>IDEA Part B Section 619</td>
<td>7/1/15-9/30/17</td>
<td>1,942</td>
</tr>
<tr>
<td>241</td>
<td>SPED System Performance R&amp;I</td>
<td>8/1/15-6/30/16</td>
<td>3,595</td>
</tr>
<tr>
<td>244</td>
<td>Dual Language/Two-Way Bilingual</td>
<td>7/1/15-6/30/16</td>
<td>30,000</td>
</tr>
<tr>
<td>250</td>
<td>Title IC Migrant Regular School Program</td>
<td>7/1/15-9/30/17</td>
<td>243,616</td>
</tr>
<tr>
<td>251</td>
<td>Title 1A</td>
<td>7/1/15-9/30/17</td>
<td>744,310</td>
</tr>
<tr>
<td>255</td>
<td>Title IC Migrant Preschool Program</td>
<td>7/1/15-9/30/17</td>
<td>14,554</td>
</tr>
<tr>
<td>257</td>
<td>Title IIA Teacher Quality Grant (HQ)</td>
<td>7/1/15-9/30/17</td>
<td>152,154</td>
</tr>
<tr>
<td>258</td>
<td>Title III English Language Acquisition</td>
<td>7/1/15-9/30/17</td>
<td>91,978</td>
</tr>
<tr>
<td>263</td>
<td>21st Century Community Learning Centers (Excel)</td>
<td>7/1/15-9/30/17</td>
<td>498,331</td>
</tr>
<tr>
<td>281</td>
<td>Carl Perkins Basic</td>
<td>7/1/15-9/30/17</td>
<td>34,471</td>
</tr>
<tr>
<td>285</td>
<td>School District Collaboration</td>
<td>7/1/15-6/30/17</td>
<td>418,486</td>
</tr>
<tr>
<td>296-001</td>
<td>Extended Assessment 14-15</td>
<td>7/1/15-6/30/17</td>
<td>900</td>
</tr>
<tr>
<td>296-006</td>
<td>IDEA Enhancement 15-16</td>
<td>10/1/15-9/30/16</td>
<td>5,305</td>
</tr>
<tr>
<td>296-620</td>
<td>Long Term Care and Treatment 14-15 Title ID Formula</td>
<td>7/1/15-6/30/16</td>
<td>24,347</td>
</tr>
<tr>
<td>296-621</td>
<td>Fresh Fruit &amp; Vegetable Program</td>
<td>10/1/15-6/30/16</td>
<td>21,333</td>
</tr>
<tr>
<td>296-626</td>
<td>Oregon First Robotics</td>
<td>8/1/15-6/30/16</td>
<td>3,000</td>
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<tr>
<td>296-631</td>
<td>Long Term Care and Treatment 15-16 IDEA Funds</td>
<td>7/1/15-6/30/16</td>
<td>2,110</td>
</tr>
<tr>
<td>296-639</td>
<td>SPDG EBISS Beyond Breadth</td>
<td>8/1/15-7/30/16</td>
<td>18,000</td>
</tr>
<tr>
<td>296-640</td>
<td>SPDG EBISS Breadth 2015-16</td>
<td>8/15/15-7/30/16</td>
<td>4,000</td>
</tr>
<tr>
<td>296-641</td>
<td>IEP Training Bend</td>
<td>8/20/15-8/30/15</td>
<td>598</td>
</tr>
<tr>
<td>296-642</td>
<td>IEP Training Pendleton</td>
<td>8/2/15-8/30-15</td>
<td>1,314</td>
</tr>
<tr>
<td>296-643</td>
<td>Farm to School Base</td>
<td>7/1/15-6/30/17</td>
<td>17,088</td>
</tr>
<tr>
<td>296-644</td>
<td>Program Grant</td>
<td>12/1/15-6/30/16</td>
<td>2,000</td>
</tr>
<tr>
<td>296-645</td>
<td>Program Grant</td>
<td>12/1/15-6/30/16</td>
<td>45,000</td>
</tr>
<tr>
<td>296-646</td>
<td>Student Leadership</td>
<td>2/1/1/16-6/30/17</td>
<td>1,050</td>
</tr>
<tr>
<td>296-647</td>
<td>YDD Community Schools</td>
<td>7/1/15-6/30/17</td>
<td>17,564</td>
</tr>
<tr>
<td>Subtotal ODE grants</td>
<td>$3,067,453</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------</td>
<td>-----------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>232 Early Intervention/Early Childhood Spec Ed (not ODE)</td>
<td>7/31/15-6/30/16</td>
<td>692,271</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$3,759,724</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Debt Service Fund – This fund accounts for the District’s repayment of general obligation bonds. The total of scheduled and estimated principal and interest payments total $4,079,491 for general obligation bonds for 2016-17. An estimated beginning fund balance of $250,856 will reduce the amount of the 2016-17 bond levy. The estimated amount of the levy for the Series 2008 bonds and the proposed new 2016 bonds total $4,021,675. Both levies assume an uncollectible rate of 4.8 percent. The final debt service payments of the Series 2000 bonds will be made in June 2016. The schedule of general obligation bond and interest requirements is shown on page C-55.

Capital Construction Fund – This fund group consists of the Capital Construction Bond Fund 401, Construction Excise Tax Fund 401, Energy Projects Fund 402, Property Fund 403 and Seismic Projects Fund 404 as shown beginning on page C-56. Each of these programs is accounted for separately, and budgeted together for legal appropriation requirements.

- Capital Construction Bond Fund - The proposed budget includes resources and appropriations of $57,175,000 from bond proceeds from District’s bond measure 14-58, if approved on May 17, 2016, and resources of $4,499,478 from a possible state matching grant assuming the District moves up the waiting list as a result of the May 2016 election.
- Construction Excise Tax Fund - The proposed budget includes resources of $778,490 from estimated construction excise tax revenue of $225,000 and beginning fund balance of $553,490 to be appropriated for future development, Hood River Middle School boiler project and facilities construction and improvements, as needed. Resources from the amount of school construction excise tax received by the District vary with the level and type of county construction activity.
- Energy Projects Fund - The proposed budget includes the District’s SB 1149 resources of $345,000 from a beginning fund balance of $273,774 and estimated revenue of $72,000. Schools eligible for energy projects funding include May Street Elementary School, Westside Elementary School, Hood River Middle School, and Hood River Valley High School; and are all serviced by PacifiCorp. Appropriations are proposed but may only be spent on Department of Energy approved projects. A current accounting has been requested from the Department of Energy to determine the actual amount of funds available to the District.
• Property Fund - The proposed budget provides resources from the current beginning fund balance of $735,568 to pay for engineering and construction costs, estimated to be $367,784, of the Sherman Avenue street extension to provide access to the District’s undeveloped property.

The following is a summary of proposed appropriations for the Other Funds listed above.

<table>
<thead>
<tr>
<th>Fund</th>
<th>2016-17 Proposed Appropriations</th>
</tr>
</thead>
<tbody>
<tr>
<td>200 Food Service Fund</td>
<td>$2,292,025</td>
</tr>
<tr>
<td>204 Student Body Funds</td>
<td>1,775,000</td>
</tr>
<tr>
<td>205 Community Education Fund</td>
<td>820,911</td>
</tr>
<tr>
<td>207 Biennial Reserve Fund</td>
<td>0</td>
</tr>
<tr>
<td>210 Unemployment Fund</td>
<td>95,000</td>
</tr>
<tr>
<td>212 Bus Replacement Fund</td>
<td>140,000</td>
</tr>
<tr>
<td>2XX Grant Funds</td>
<td>6,000,000</td>
</tr>
<tr>
<td>300 Debt Service Fund</td>
<td>4,079,491</td>
</tr>
<tr>
<td>4XX Capital Construction &amp; Improvement Funds</td>
<td>64,064,926</td>
</tr>
<tr>
<td>Total Other Funds</td>
<td>$79,267,353</td>
</tr>
</tbody>
</table>

In Closing

After ten consecutive years of budget reductions and multiple years of finance systems reform, this proposed budget should serve as a bellwether moment. Over the last few years, the administration and school board have created the conditions to improve our financial footing by exercising a series of financial controls, reducing our operational footprint, and enacting a conservative approach to budgetary decisions. Principals and other administrators deserve recognition for their careful consideration of the wellbeing and success of all students and our dedicated staff as they have strived to maximize every available resource for the betterment of our district’s children.
The volatility of the state, national, and global economies, and Oregon's reliance on income tax revenue, does not allow for brash or overly confident assumptions and this budget has been constructed with conservative estimates and a focus on protecting the district and its children from emergencies and mid-course state funding shortfalls. Looking ahead to the 2017-19 Biennium, in order to maintain these program additions and hopefully expand programs for our students, our community must continue to advocate for adequate state school funding. As increases to PERS rates and associated payroll take hold in 2017-18, schools across Oregon will continue to struggle to provide the programming necessary to successfully educate our youth.

Our commitment to fiscal prudence and sound financial stewardship has earned the trust of our community during challenging economic times and, in keeping with that tradition, this proposed budget provides increased program levels for students while ensuring adequate contingencies for both unexpected and foreseeable emergencies.

I am proud of the Hood River County School District's accomplishments, and have included a copy of the District's most recent Oregon State Report Card from the Department of Education in the budget document. Through it all, it is the teachers, counselors, custodians, instructional assistants, coaches, bus drivers, mentors, volunteers, food service employees, specialists, managers and administrators who continue to convert scarce resources into high-impact services for students. Each day they live out the District's mission of "Excellence. Every student. Every day." and they deserve positive recognition for their commitments.

I want thank each member of the Board and Budget Committee for their commitment to the children of the Hood River County School District and for their close attention to this Proposed Budget for 2016-17. We are fortunate to have a community that cares deeply about all students and our school district's success. Our community is engaged, they care about schools and children, and they are looking for a way to be part of the solution on education funding.

The efforts in putting this proposed budget together can only be accomplished with a high degree of precision, commitment, and teamwork. First, I would like to commend members of the Finance Advisory Committee who have met regularly for the last three years and ensured the district is managing the public's resources responsibly. This year's advisory committee members included community members Mike Oates, Heather Staten, Jake Bolland; Board Members Dr. David Russo and Julia Garcia-Ramirez; HREA Leadership and Teacher Mikka Irusta; OSEA Leadership and Instructional Assistant Sheri Holloway; and Administrators: Rich Polkinghorn, Patricia Cooper, Kelly Beard, Saundra Buchanan and myself. Lastly, I would like to recognize a few individuals for their hard work in developing the proposed budget: Saundra Buchanan for her dedication and management of our finance systems in addition to her efforts to ensure every detail in this budget is
accurate and clearly communicated; Carol Metcalfe and Mayra Valle for their assistance with researching revenue and expense data; Gretchen Winans and Diane Trubachik for their important contributions as payroll specialists; Neely Kirwan and Anne Carloss for their program expertise and assistance with the budget development process; and Catherine Dalbey for her labors in preparing staffing information for the final document.

This budget proposal continues the important work of aligning available resources to the District’s 20/20 Vision and investing in core and support services that help our students meet the District Goal: “Every student graduates with the knowledge and courage to learn, serve, and pursue their dreams.”

Respectfully submitted,

Dan Goldman | Superintendent

Hood River County School District

Excellence. Every student. Every day.

Objectives

1. Review 20/20 Vision & Student Progress
2. Discuss Oregon Statewide Funding
3. Examine Factors for 2015-17 State School Fund
4. Examine Proposed Budget
5. Discussion/Questions
6. Motion/Approval

2016-17 Budget Message
May 4, 2016
HRCSD 150th Birthday – Sesquicentennial

Oct. 28, 1865:
Notice hereby given that District no 14 has been established...

Legal voters: 18
10 male scholars
7 female scholars

COLLECTIVE COMMITMENTS
Every Hood River County School District student will demonstrate positive academic and social growth when all staff members work collaboratively.

- Ensure all students are safe, known and valued.
- Establish high expectations for achievement and personal growth for each student.
- Identify, track, and close student learning gaps aligned to the Common Core State Standards.
- Iterate research-based best practices for designing and delivering instruction.
- Identify, implement, and monitor the progress of struggling students only, with great intensity, and for as long as it takes.
- Engage our shared and committed community as partners in ensuring equity in student learning and growth.

ROADMAP FOR SUCCESS
- Graduate in 4 Years
- Graduate with 9 College Credits
- Excel in Post-Secondary School/Program

COLLECTIVE COMMITMENTS
Every Hood River County School District student will demonstrate positive academic and social growth when all staff members work collaboratively.
State Funding for Public Education in the U.S.

OREGON

1992: top 10
Present: bottom 15

Source: 'US Dept. of Commerce: May 2013'

Oregon K-12 Education Now Defined
By the Following...

- Oregon ranks 49th in student to teacher ratio (class size);
- Oregon is 46th in state expenditures for education as a percent of taxable resources;
- Oregon is ranked in the bottom 10% in 4-year graduation rates.
What has this meant for HRCSD

- SSF Comprises 88% of HRCSD GF Budget Revenue
- 10 consecutive years of program reductions
- 14% less workforce than in 2003

Factors Impacting 2016-17 Budget Year

Positive Budget Impacts

- $1.2M larger Beginning Fund Balance in 2015-16 than projected
- Legislature increased SSF after 2015-16 Budget was adopted from 57.23% to 57.46%
- Increased transportation savings from 2014 schedule changes
- Warm weather + lower fuel costs (lower heating costs)
- Increased savings from technology systems overhaul
- Significant grant funds offset planned expenditures in training costs
- Large, planned savings in the district textbook budget
- Sustained materials, supplies budget reductions in 2014-15
- Increased vigilance and monitoring on spending at every level

Factors Impacting 2016-17 Budget Year (Continued)

- 2015-16 expenditures trending toward increased savings
- Projected continued savings in licensed sub and fuel costs
- Projecting sustained savings in transportation (staggered start) and ESD (mostly related to L1)
- Did not fill all budgeted positions in 2015-16
- (ex: HS Special Education Teacher and School Psychologist positions)
- Increased revenue from Local Option Levy due to surge in housing values

Factors Impacting 2016-17 Budget Year

Factors Increasing Budget Liability

- Oregon K-12 Education funded $2 billion short of national average
- Major PERS rate increases guaranteed for 2017-18
- Projected increases in health care costs
- Increases to state minimum wage will have future impacts (2018-19)
- Salary increases between 1.5% and 2% for all employee groups
- Begin negotiating with all groups in 2016-17

2016-17 Proposed Budget

- Includes adequate resource in Biennial Reserve Fund to cover
  - at least one year of PERS rate increases in 2015-16
  - legislature funded SSF for the biennium at 49.2% - 50.8%
- HRCSD Board Policy DBDB requires a budget with a minimum of
  - 5% of operating revenue in Unappropriated Ending Fund Balance and 67% in Contingency
- 2016-17 Budget includes
  - 12.4% Unappropriated Ending Fund Balance: $5,367,573
  - 1.2% Contingency: $500,000
- Budget will include approximately $750,000 in program additions to support current students
- Sustainable if Legislature provides funding to maintain current service levels for Oregon K-12 Education in 2017-18 biennium.

Planned Program Additions

<table>
<thead>
<tr>
<th>HRCSD</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0 FTE Elementary Physical Education Teacher</td>
<td></td>
</tr>
<tr>
<td>0.7 FTE Elementary Music Teacher</td>
<td></td>
</tr>
<tr>
<td>0.7 FTE Elementary School Counselor/Psychologist</td>
<td></td>
</tr>
<tr>
<td>0.5 FTE Reading Teacher at Cascade Locks</td>
<td></td>
</tr>
<tr>
<td>1.33 FTE Teaching FTE for Middle School World Language - Spanish</td>
<td></td>
</tr>
<tr>
<td>0.17 FTE Math @ Hood River Middle School</td>
<td></td>
</tr>
<tr>
<td>Increase Funding for Middle School Robotics &amp; AVID Site Coordination</td>
<td></td>
</tr>
<tr>
<td>Increase Funding for Training to Support Dual Language Program at Weast</td>
<td></td>
</tr>
<tr>
<td>0.7 FTE Teaching FTE for ELL Alternative Program</td>
<td></td>
</tr>
<tr>
<td>0.5 FTE Teaching FTE AVID</td>
<td></td>
</tr>
<tr>
<td>Funds to Support High School Summer School</td>
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<tr>
<td>Increase funding for HS Robotics, Internet, eCar, Media, FFA &amp; AVID Site Coordination</td>
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<td>Funds for Supplemental Math Curriculum</td>
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<tr>
<td>District School Resource Officer (SRO) Contract</td>
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<tr>
<td>Increase School Discretionary Funds for Student Field Trips, Staff Training, Materials, Supplies, etc.</td>
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<tr>
<td>0.3 FTE Teaching FTE Increase EPIED/EPEIS Coaching</td>
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<tr>
<td>ESD Funding: Increase Training Budget in &quot;School Improvement&quot;</td>
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<tr>
<td>ESD Funding: 5 FTE Increase to Business Office Staffing (Accounts Payable)</td>
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</tbody>
</table>

28
General Fund Resources $49,075,912

- General Fund Operating Revenue $43,196,281
  - $1,513,504
  - $443,350
  - $47,695
  - $380,000
  - $20,000
  - $27,727,720
  - $37,946,322

- State School Fund 87.2%
- Local Option Revenue 6.3%
- ISD Revenues 3.3%
- Other Local 1.0%
- Other State 1.3%
- Other Federal 0.05%

General Fund Operating Expenditures $43,463,039

- $369,410
- $550,000
- $15,041,794
- $26,669,835

- Innovation 61.3%
- Support Services 36.9%
- Debt Service 0.6%
- Contingency 1.2%

General Fund Expenditures by Object $43,708,039

- Salaries 53.4%
- Associated Payroll Costs 30.8%
- Purchased Services 8%
- Supplies & Materials 4.5%
- Other Goods & Services 1.5%
- Transfer Out 0.6%
- Contingency 1.1%

General Fund FTE Changes by Function

<table>
<thead>
<tr>
<th>Example of FTE Changes Across Functional Areas</th>
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<td>1230 Physical Disabled</td>
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<td>1234 Treatment &amp; Habilitation</td>
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<td>1271 Remediation</td>
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<td>1280 PBIS/RTI</td>
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<td>1281 English/Second Language</td>
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<td>1299 Long Term Care Tx</td>
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<td>1299 Hindi</td>
<td>-0.25</td>
<td>0.75</td>
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<tr>
<td>1299 Speed Admin</td>
<td>-0.25</td>
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<tr>
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</tr>
<tr>
<td>Difference</td>
<td>-0.64</td>
<td>0.25</td>
</tr>
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</table>

FTE Additions After 2015-16 Budget Adoption

- 1.7 Licensed FTE Added
  - 0.2 FTE Teacher ELL, Parasite
  - 0.5 FTE Teacher Causade, Locks
  - 0.5 FTE Teacher, Al., Ed. HR
  - 0.5 FTE Teacher, SPED, HR

- 5.25 FTE Classified Added
  - 8 hours Maintenance
  - 12 Hours PBIS (K-5)
  - 22 Hours Reading Support (K-5)

Corrections

- 1.0 FTE Technology - Clerical Error
- 1.5 FTE Psychological Services - Error when adding "Counselor" positions
### Special Revenue Funds p. C-46 – C53
- Food Service Fund appropriation $2,292,025
- Student Body Funds appropriation $1,775,000
- Community Education appropriation $820,911
- Biennial Reserve Fund
  - 50 appropriation
  - Unappropriated ending fund balance $1,752,011
- Unemployment Reserve Fund appropriation $95,000
- Bus Replacement Fund appropriation $140,000
- Grant Funds appropriation $6,000,000

### Debt Service Fund p. C-54
- Provides for debt repayment of the general obligation bonds approved by the voters
  - Bond Levy of $4,021,675 includes estimate of proposed series 2016 bond levy (based on 95.2% collection rate) and reduced by beginning fund balance of $2,50,856
- Appropriation $4,079,491 for principal and interest
  - Series 2008 bonds (mature in 2024)
  - Includes estimated 16-17 debt service for pending GO Bond Measure 14-58 of the May 17 election

### Capital Construction Fund p. C-56 – C-61
- Total appropriation of $64,064,926
  - $61,674,478 for Capital Construction Bond Fund
  - $778,490 for Construction Excise Tax Fund
  - $345,774 for Energy Projects Fund
  - $367,784 for Property Fund
  - $898,400 for Seismic Projects Fund (New)

### Summary of Interfund Transfers p. C-62
- Transfers from General Fund
  - To Unemployment Fund $95,000 for cost of unemployment premiums
  - To Bus Replacement Fund $150,000 for bus depreciation received from State
- Transfers between Grant Funds of $100,000 budgeted as placeholder
- No General Fund impact

### PUBLIC COMMENTS:
No public comment noted.

### BUDGET COMMITTEE QUESTIONS AND DELIBERATIONS:
- Clarification that reading teacher addition at Cascade Locks is .05 FTE.
- How were increasing classes like FFA chosen? During licensed negotiations, our extra duty contracts had not been reviewed in any negotiations for many years. Administration reviewed with teachers on a committee and noted the need for increased FTE.
- How was School Resource Officer decided upon and how will it be used? The School Resource Officer and positive police presence in schools is believed to be a good thing. The district is not interested in having an officer in schools looking to bus kids. This is for a prevention oriented position and also a level of security on campus that we don't have right
now. School violence is a major thought for this district. Students and staff must be safe. This position is believed to help with improved attendance also. The County is invested in this position and is willing to pay for half of the cost.

- Total costs for all additions is approximately $750,000. Exact positions and figures can be provided.

- Discussion on reading, music and PE specialist time.

- It was noted that the legislative administrative intent over the next biennium and subsequent budget years to set aside resources that are equal to the plan for even further increases in the PERS withholding rates which they know will come unless something is done. This is not just a one biennium plan that is anticipated, it will be multiple years and wants noted the administrative intent to continue paying for increases and pressures. It was noted that applause should be given to this budget. The biennial reserve fund is a really important fund. This is not the only place our district has a reserve. It does tie up our reserve but the Board can always direct to put money in or take it out. It is the district's intent and we are set up for a three year sustainability level. Every year, the District needs to be looking at least three years ahead. Our state is income tax dependent.

- Board policy is a 5% reserve fund – or 5% of the ending operating fund balance.

- What happens if the bond levy does not pass? What are potential effects beyond this budget and contingency plan? If this bond does not pass, there are items that are non-negotiable in this budget. Heating and cooling systems have to be replaced. The boiler at HRMS has to be replaced. The rental on that equipment is unbearable. There are things that have to be done right away. The District has looked into QZAB loans. There are low percent finance loans. The unfortunate item is we would have to increase our debt service fund. The reserves we have battled to be in our budget would have to be looked at. This would put our three year plan in jeopardy and our strategy would be more aggressive in seeking loans.

- Are there any other costs that are not included in this bond levy that would have to transfer over to the next budget such as furniture? No, everything is included in the budget. Everything related to the bond itself are included. The bond does not pay for operating expenses so no utility costs, personnel, maintenance or custodial expenses are included. Furnishings and fixtures are all included in the bond.

- Is there discussion going to be happening on not assessing the full $1.25 on the local option and seeing what would happen to the budget with a lower amount? It is critical that it is our
job to think about whether the full amount is necessary or not. In District estimates these amounts were compared. At the $1.25 rate, this brings in about $2,106,000 after an approximate 25.5% loss in compression. For the $1.25 rate levy per property, the District would lose $719,000 from compression that occurs on a property by property basis. For every five cents less imposed, we expect a levy amount to be forgone to be $84,300. So each nickel, it would be a loss of $84,300. In thinking what that purchase power is, that is approximately the loss of two FTE if you think of a loss of ten cents so approximately the loss of two licensed teachers and the loss of equalization money which is general operating dollars of approximately 30%.

- The budget has been proposed due to a significant battle in the next biennium. The District needs money in reserves for this and this budget provides for that and a sustainable budget. The ramifications of doing less will be not to cut into our reserves. We would not add some of these programs. Superintendent Goldman stated he would not suggest that the District tap into reserves. If the committee decides this is something they want to do, that is their choice, but the administration would then take programs off the budget. This budget is all about sustainability.

- It is noted this is understood but important to remember we are going out for a local option again and we need to be true to the voters and be totally confident in why we need to levy the full amount. This decision is the responsibility of the Budget Committee and all need to be confident and responsible. This is a topic that must be discussed by the committee. This community generously supports the district.

- This presentation is very thorough and thoughtful and thanks were given to the administration for their input.

- It was noted that taking a few weeks to give this budget thoughtful consideration is in the best interest of the budget committee members, rather than adopting it at this meeting. Several committee members felt waiting until after the election to adopt the budget is in order.

- The responsibility of the Board of Directors is to adopt the budget, not the budget committee. Any adjustments needed after the election outcome will be made by the Board of Directors. A 10% adjustment may be made without republishing the budget.

- The process of taking time to review all documentation for the budget committee members is very important. There are two more meetings set on May 11th and May 19th. The second meeting could be waived to give the members time to review until May 19th.
- Time-lines for the budget committee were set so there is time to finalize before the budget hearing during the first board meeting in June.

- The budget resolution is to approve the high level amount of appropriations for each fund. The second area of importance for the budget committee, is to approve the taxes that are being provided for in the budget. There are three categories with the first being the permanent rate limit approved by the budget committee, going through the process of the local option levy and approve an operating level rate, and third approving the tax for the bond indebtedness. If the budget committee approves the higher number, and the board would make adjustments to those numbers if the bond does not pass.

- In summary, there are three choices: 1) Chose to approve the budget as presented tonight, 2) meet for a second meeting on May 11th, 3) Cancel the May 11th meeting and have the final meeting on May 19th.

- It is felt that the administration has come to the committee with this budget in full confidence in the proposal being the best option seen. Given the track record of the past years, HRCSD has done a phenomenal job of being responsible with community funds and showing to the tax payers that they are doing the right things. Confidence was expressed in the district and thoughts are if administration felt this is the best approach and budget, to not wait until the another meeting to adopt. The district knows already that they will have to scramble if the budget does not pass. Confidence was expressed in making a motion to approve the budget at tonight’s meeting.

**MOTION:**

It was moved by Budget Committee Member Dale Hill to approve the Hood River County School District budget for the 2016/2017 fiscal year ending June 30, 2017 in the total amount of $122,975,392 and the amounts per fund as shown in the motion with the total unappropriated ending fund balances of $7,688,248.

- Concern was voiced over the failure of the bond not passing, and is there a chance the district would want to appropriate any of the ending fund balance to deal with maintenance issues? This would not be the recommendation of the district as that fund is necessary for the next biennium and not adding back as much program would be recommended. Back tracking on some of the program additions would be necessary. Loans would need to be sought if the bond does not pass. The biennial reserve fund is thought to be untouchable.
• It is thought at this point, to have as many questions answered as possible with one being the outcome of the election. The expectation is that the bond will pass.

• Requests for dollar amounts were noted for program additions and provided.

• Allowing for more time to review information is in no means noting any disrespect or lack of confidence of administration or the process. It is merely thought having another week to look over materials and allow for time to process is thought to be a responsibility to the public.

**MOTION DIED FOR LACK OF A SECOND AT THIS TIME.**

**MOTION:** It was moved by Kateri Osborne Lohr to recess this meeting on May 4, 2016 and to reconvene the meeting on May 19, 2016 at 6:00 p.m. and seconded by Julia Garcia Ramirez. Motion approved unanimously.

**MEETING RECESSSED AT 8:10 PM.**


Saundra Buchanan – Chief Financial Officer

Board Chair – David Russo

Superintendent – Dan Goldman


Date
Hood River County School District

Budget Committee Meeting

May 19, 2016

6:00 p.m. – Hood River Valley High School Library

These Budget Committee minutes are not official as they have not been approved by the Committee. These minutes are for review and are subject to change and/or approval. Once approved, signed and dated, they are official.

WELCOME AND MEETING RECONVENED AT 6:05 P.M. AFTER MAY 4, 2016

RECESS:

Budget Committee Chair James Sims called the second budget committee meeting to order.

PRESENT:

Budget Committee Members Present: Kateri Osborne Lohr; Julia Garcia Ramirez, Mark Johnson, Chrissy Reitz, Tom Scully, Tim Counihan, James Sims, Dale Hill, Heather Staten, Rich Truax, Craig Bowder, Sara Duckwall Snyder, and Sheri Holloway,

Absent: David Russo, Jan Veldhuisen Virk and Mikka Irusta.

Administration: Superintendent Dan Goldman, Chief Financial Officer Saundra Buchanan, Human Resources Director Catherine Dalbey, Director of Curriculum and Instruction Neely Kirwan, Special Education Director Anne Carloss, Cascade Locks Elementary School Principal Amy Moreland, Mid Valley Elementary School Principal Kim Yasui, Community Education Director John Rust, Wy'east Middle School Vice Principal Patricia Cooper, Wy'east Middle School Principal Sarah Braman Smith, and Hood River Valley High School Vice Principal Kyle Rosselle.

Staff and Community Members: Rich Truax, Cary Jackson, Kelvin Calkins, Kathy Hannen Smith.
PRESENTATION OF SUPPLEMENTAL BUDGET INFORMATION:

Superintendent Dan Goldman and Chief Financial Officer Saundra Buchanan presented information to the Budget Committee on the following topics:

- Supt. Goldman first thanked the committee and community for their continued valuable support of our district. The District and Supt. Goldman are very humbled by the overwhelming support from the community.
- The following information was provided to the committee:

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HRCSD Budget Committee Meeting
May 19, 2016

Objectives

1. Review Statewide Conditions
2. Discuss Local Option Levy Rate
3. Review Revisions in Proposed Budget Since 1st Meeting
4. Q & A
5. Deliberations
6. Motions/Budget Approval

State Funding for Public Education in the U.S.

OREGON

1992: top 10
Present: bottom 15
What has this meant for HRCSD

- SSF Comprises 88% of HRCSD GF Budget Revenue
- 10 consecutive years of program reductions
- 14% less workforce than in 2003

Local Option Levy Information

- Approved Local Option Levy limit is up to $1.25/$1,000 TAV
- HRCSD benefits from the State Equalization Grant which supplements the local option levy (est. to be approx. 30.5% in 15-16)
- For every $.05 less:
  - the loss would be $80,200 in taxes
  - the estimated loss of the State Equalization Grant would be 30.5% equal to $24,600
  - the total revenue reduction is $104,700

3 Year Local Option Levy Approved Nov. 2004

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5 Year Local Option Levy Approved May 2008

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<td>17-18</td>
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Last seven (7) years at $1.25

Program Implications of Lower Local Option Levy Tax Rate for 2016-17 Budget

- Local Option Levy Rate: $1.20/$1,000
  - ($104,700)
  - Not add .50 FTE AVID at HRVHS
  - Not add .10 FTE for Special Area
  - Not add $20,000 to school district reserve accounts
  - Not add $8,000 for school resource officer contract

- Local Option Levy Rate: $1.15/$1,000
  - ($209,400)
  - Not add 2.0 FTE Music teachers
  - Not add $8,000 for school resource officer contract

- Local Option Levy Rate: $1.10/$1,000
  - ($314,100)
  - Everything above, AND...
  - Not add Middle School Robotics and AVID stipends

Budget Proposal Revisions

- Correct Support Services: Licensed FTE. Net reduction of 1.50 FTE Licensed salary & associated payroll costs ($105,266)
- Counseling Services: +0.50 FTE +$66,667
- Psychological Services: +2.0 FTE ($171,933)
- Increase of $105,266 in the General Fund unappropriated ending fund balance
- Technology FTE Correction (-1.0 FTE)

- The current local option levy operating tax rate is up to $1.25 (proposed) per $1,000 of assessed value. Because of this, the District is able to receive the State Equalization Grant. This District has been by far the biggest gainer on that grant. This leverages about 30% more than what we are receiving in terms of the Local Option. The District is very excited about this and wants to make sure the community is aware of this.

- The results of lowering this tax rate of $1.25 per $1,000 by $0.05 of assessed value would be a loss of $80,200 in taxes. The State Equalization Grant loss would be about $24,500 with the total revenue at a minimum would be a loss of revenue minimum would be $104,700 for every nickel this rate is dropped. The difficulty in estimating this loss is because of the compression rate for each individual homeowner. Of the taxes we levy, there is a 26% reduction due to this compression. Overall, in terms of the $1.25 rate, the District already loses about 26% of that. In terms of real dollars, that is approximately $719,000 loss per year.

- In 2004 the first District levy was for three years with a limit of $1.50 per $1,000. The amount was $1.00 per $1,000 the first year, $.75 cents the second year, and $1.25 the third year.

- In 2008 the levy was for five years with a limit of $1.25 per $1,000. The first year was $0.50 per $1,000, and the remaining four years was imposing the full $1.25.
• The current five year levy imposed for the first three years has been the full $1.25 per $1,000. Overall, in the last seven years, the District has levied $1.25 per $1,000. We are current in the fourth year of this local option levy.

• Supt. Goldman stated he would not recommend using reserves due to impending PERS increases, health care increases, staff increases, and provided the program implications.

PUBLIC COMMENTS:

Kathy Hannen Smith:

“I was a music teacher for 35 years, 29 in this district and retired last year. Larry Wyatt and Lydia Peterson and are doing Parkdale’s music program. What I want to do is let you know why we need more elementary teachers in this district. Last year I retired, and wasn’t really ready to retire but the job was pretty demanding so I felt like I had a few good years left in me, but not after last year. I had taught at Parkdale and also at Cascade Locks and Pine Grove in the gym. Last year, Cascade Locks was added to my school list. I had approximately 800 students and Larry Wyatt was at Westside Elementary and May Street Elementary. It is really, really challenging and by the way, that is the current situation. It is really challenging to do lesson plans and assessments, let alone remembering the names of 800 kids. We have gone from two music programs a year to just one. We used to do a K-12 music festival with all of the music staff and kids. The first one at Hood River Middle School in the afternoon. I still did talent shows and it was really difficult to find the time and just to get the kids ready to do that. We have a music curriculum that we barely skim the surface of. In order to have music, some kids would have music for half an hour and some kids have music for 35 minutes every six days. So you teach a concept and by the time you saw that student again, they would have forgotten the concept. Not a lot was accomplished because of the time lapse. When I taught at Pine Grove and Parkdale, the kids always got music twice a week for 30 minutes and every other nine weeks, they had music three times a week for 30 minutes. That was wonderful. Music is so important for a child’s education on so many levels. It is important to them on a person level. I am a packrat, so I am going to share some things with you – shared notes students had written – Music is important to these kids. I just want to say elementary music is so important that we desperately need additional staff. I was kind of a burn out case. I didn’t want to leave but I did. Just think about all of this and consider it please”.

Kelvin Calkins:

“Thank you for your time tonight. I apologize for not attending last week. As I understand it, you are considering levying less than the $1.25 per $1,000. I appreciate your thoughts about the gesture you would be making, but it wouldn’t be much more than a gesture. I went through my tax forms today and for that nickel, if you took that nickel back, it would save me and my wife about $28.00.
That is $28.00 in over $8,000 in property taxes. It is a drop. I appreciate that there are community members that would notice the $28.00 difference, but this is not enough to be a difference that we need. If you were to levy a quarter, for my family it would be $140.00. But it would cost the district $500,000. That is seven or eight teachers which is huge for the district. As a tax payer, as a teacher of 25 years, and as President of the Hood River Education Association, I encourage you to do what you told voters of this county you would do in voting for the local option, and that is to fill all the holes that you possibly can left by a severely inadequate state school fund. We have made a step forward this year from where we have been in recent years, but we have a long way to go. Let’s not trip ourselves up just as we are getting underway. Again, while I appreciate the sentiment, what our schools really need is not sentiment, but the entire local option to provide children with the best program we can”.

BUDGET COMMITTEE QUESTIONS AND DELIBERATIONS:

- It was noted there is 12% in contingency but the Board target is 5%. The district wants to make sure we don’t add anything into the budget that could not be sustained; we will continue to be beholden to the whims of the legislature as we head into 2017-18 biennial budget season. This is a large ending fund balance to carry but wasn’t too long ago that the district had an ending fund balance of less than 3%. The district has made a lot of effort to create a level of security for the school district and community. As we learn more about the biennial budget from the state, including PERS rates health care costs, in addition to our own local contract negotiations likely to take place in the 2016-17 school year, we will know whether we can expand programs further for 2017-18 - or if we will need to retract programming once again.

- Are the PE and Music positions durable and permanent position adds? Are they sustainable? While there is no promise, administration has had this very same discussion and we are committed that we are not going to add any program and then turn around and cut it again. These positions will not be positions that will be at the top of the cut list if we have to make cuts. Administration went into this discussion with eyes wide open and if we add these programs back, we would attempt to cut in other places. The reason why these positions tend to be cut isn’t because of the level of importance, but over time when you make reductions, you get to the point of choosing between general class size and programs that don’t impact class sizes. Our district has a history of prioritizing lower than average class sizes.

- Is there a further breakdown of the information showing 25% of the support service in the budget as care and upkeep of buildings? There isn’t a school by school answer but you will get a general idea what we spend on staffing and what we spend on materials and contracts. More detail for the function 2542, Care and Upkeep of Building Services, is found on pages C-38 through C-40. Staff and sources are allocated per facility. For instance, Westside
Elementary School's custodian takes care of the inside of the building and also takes care of the outside. Fields like at May Street Elementary School are smaller and require less time; we have retained a grounds keeper at HRV.

- Why are some sports listed on their own? These are planned additions to extra duty stipends.
- Function 1210 Talented and Gifted program shows a reduction the budget. This reduction is due to a change in responsibilities from one set of personnel to another with different compensation levels. There is a lesser amount in the PERS contribution. Programmatically, there is no change.
- The Common School Fund revenue of $395,264 is state forest and timber – does this include Hood River County? The Common School Fund is managed by the Department of State Lands. That revenue all goes in the state school fund and is distributed out to districts on a per student basis.
- Further discussion on the local option levy rate.
- The community needs to know the difference between the local option and the bond. Explanation of one being operational and the other for our buildings is important.
- There is complete transparency in this budget and it feels good to know what is showing is what is actually happening in this district. Committee members thanks the administration for an excellent document and presentation.

**BUDGET COMMITTEE MOTION:**

It was moved by Sarah Duckwall Snyder to approve the Hood River County School District budget for the 2016-17 fiscal year ending June 30, 2017 in the total appropriations amount of $122,870,126 and the amounts per fund as shown below with total unappropriated ending fund balances of $7,793,514. This motion was seconded by Tim Counihan. Motion approved unanimously.

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<th>Fund</th>
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<tr>
<td>-----------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>207 Biennial Reserve Fund</td>
<td>0</td>
</tr>
<tr>
<td>210 Unemployment Fund</td>
<td>95,000</td>
</tr>
<tr>
<td>212 Bus Replacement Fund</td>
<td>140,000</td>
</tr>
<tr>
<td>2XX Grant Funds</td>
<td>6,000,000</td>
</tr>
<tr>
<td>300 Debt Service Fund</td>
<td>4,079,491</td>
</tr>
<tr>
<td>4XX Capital Construction &amp; Improvements Funds</td>
<td>64,064,926</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$122,870,126</strong></td>
</tr>
</tbody>
</table>

It was moved by Tom Scully to approve the taxes provided for in the proposed budget of:

1) a permanent tax rate of $4.8119 per $1,000 of assessed value for General Fund operations;
2) a local option levy operating tax rate of $1.25 per $1,000 of assessed value for General Fund operations; and
3) a tax for bonded indebtedness in the amount of $4,021,675 for the Debt Service Fund.

This motion was seconded by Julia Garcia Ramirez. Motion approved unanimously.

MEETING ADJOURNED AT 6:51PM.

Board Chair – David Russo

Saundra Buchanan – Chief Financial Officer

Superintendent – Dan Goldman

Date 5/19/2016