Hood River County School District

Budget Committee Meeting

May 28, 2013

6:30 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.

BUDGET MEETING CALLED TO ORDER AT 6:35 P.M.


Absent: James Sims.

Administration: Superintendent Charlie Beck, Finance Director Nick Hogan, Director of Special Education Anne Carloss, Human Resources Director Kevin Noreen, Director of Instruction Penny Grotting and Facilities Manager Randall Johnston.

Principals: Mid Valley Elementary School Principal Dennis McCauley and Cascade Locks/Parkdale Elementary School Principal Kim Vogel.

Staff and Community Members: Rob Varga, Diane Varga, John Rust, Jane Osborne, Tod Hilstad, John Vann, Kirby Neumann-Rea, Fred Duckwall, Angela Klein, Ldee Lorengel, Socci Galvez, Janis Ferrell, Pat Evenson-Brady, Becky Franks, Ellen Trichter, Wynn Winfield, Rich Truax, Paul Blackburn, Andy Zuck, Jessica Vincenzo, Christopher Vincenzo, Anne Cole, Greg Shepherd and Robin Henson.

WELCOME/CALL TO ORDER:

Budget Committee Presiding Officer Liz Whitmore called the meeting to order.

PROVIDE ANSWERS TO SUBMITTED QUESTIONS:

Q: What is the PERS pickup Object 212?

A: This is also called the 6% pickup. Our PERS payments are in three parts. We have District PERS, PERS pickup which pays the 6% for employees, and the PERS bond. Ten years ago we refunded part of our PERS unfunded liability. So the PERS pickup is the 6% employee contribution that our school district and most districts pick up on behalf of their employees.
Q: What is Contractual Insurance Object 240? Can this be reduced?

A: Contractual insurance is health insurance. That is the district contribution towards employee health insurance. The district contribution is negotiated by the unions with the district.

Q: What exactly is the $80,000 proposed reduction for Community Education?

A: We will talk more on this specific item later on the agenda. For now, the $80,000 is a normal budget transfer from the General Fund to whatever fund needs it of $70,000. That can go to Food Service, Community Education, or any fund that is over-spent in a given year. In recent years, the only transfer out that we have done is to Community Education in the years that they have had a deficit. We removed the $70,000 general transfer out from the General Fund, plus the General Fund normally covers 20% of the Director’s salary. We eliminated that also so now Community Education would have to pick up 100% of the Director’s salary.

Q: What is the current business model for Community Education? What is the margin on classes?

A: Director John Rust will address that during our Community Education piece on the agenda.

Q: How many of our comp 12 districts have a maintenance supervisor position? Can you give any specific examples of how having a maintenance supervisor position saves us money on projects?

A: The Comp 12 is the six districts that are just larger than us and the six districts that are just smaller than us. All 12 of these districts have a maintenance supervisor or facilities director. A specific example is roofing. During the first couple of years that I was here, we spent $200,000 to $400,000 per year to have sections of roof replaced. I would tell you that based on what I now know, most of those replacements were probably pre-mature. What we have done by having a skilled maintenance supervisor is eliminate much of this cost. One of the first things he did was bring in an outside roofing company to do a complete analysis of all of our roofs. Not a salesman, but an impartial roofing expert. Doing this, he was able to squeeze several extra years of life out of our roofs, making sure that no roof is replaced prematurely. In the last bond that we did, in the first round of planning, we included $1 million dollars for roofing replacements. It was our plan at the time to replace a lot of roofing at the high school. It was our belief from talking to several consultants that some of the roofs were installed before certain codes were established. Having a facilities director with more expertise, he
worked with the building consultant and codes department and got a ruling from the building inspector that we did not need to replace a roof prematurely due to not meeting codes that were not in effect when the roofs were installed. We then didn’t have to replace the roof prematurely, and we reallocated that million dollars to many of the other great projects we were able to do.

Q: Why did you include the projected PERS savings from SB822 in the proposed budget?

A: SB822 was signed into law on May 25th by the Governor. It was passed by the house and the senate. It is current law to take effect on July 1st. Part of that law says that the PERS Board is supposed to recalculate all the rates and get us the new rates by July 1st. They already gave us an estimate of what the cost was going to be. OSBA recommends that we use this. It is clearly a judgment call, but the State is using those savings in their budget and many school districts that we contacted are using those savings. I contacted Hood River County and asked their finance director why they didn’t use it and she said there were several reasons, but one was they started their budget a couple months ago before it was passed into law, and they have contingency and reserves set aside to cover the expected cost right now.

Superintendent Charlie Beck: “I will add that it was the recommendation of COSA and OSBA that we include those in our budget. It was a very direct instruction to us to do that”.

Finance Director Nick Hogan: “I was asked to bring a history on the Local Option (see below).
Hood River County School District
Summary of Local Option Votes, Amounts Imposed, & Yields
Updated 5-21-13

<table>
<thead>
<tr>
<th>Year</th>
<th>Limit</th>
<th>Imposed</th>
<th>Collected</th>
<th>&quot;Match&quot;</th>
<th>Match</th>
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<td>05-06</td>
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<td>$ 1.00</td>
<td>956,840</td>
<td>384,069</td>
<td>40.1%</td>
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<tr>
<td>06-07</td>
<td>$ 1.50</td>
<td>$ 0.75</td>
<td>867,516</td>
<td>348,517</td>
<td>39.9%</td>
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<tr>
<td>07-08</td>
<td>$ 1.50</td>
<td>$ 1.25</td>
<td>1,552,486</td>
<td>558,472</td>
<td>36.0%</td>
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Approved by the voters in November 2004 for three years at a rate of up to $1.50 per 1000.

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<th>Year</th>
<th>Limit</th>
<th>Imposed</th>
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<td>08-09</td>
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<td>$ 0.57</td>
<td>795,135</td>
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<tr>
<td>09-10</td>
<td>$ 1.25</td>
<td>$ 1.25</td>
<td>1,707,509</td>
<td>621,314</td>
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<tr>
<td>10-11</td>
<td>$ 1.25</td>
<td>$ 1.25</td>
<td>1,751,647</td>
<td>642,042</td>
<td>36.7%</td>
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<tr>
<td>11-12</td>
<td>$ 1.25</td>
<td>$ 1.25</td>
<td>1,767,139</td>
<td>634,463</td>
<td>35.9%</td>
</tr>
<tr>
<td>12-13</td>
<td>$ 1.25</td>
<td>$ 1.25</td>
<td><strong>1,800,000</strong></td>
<td><strong>572,945</strong></td>
<td>31.8%</td>
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Approved by the voters in May 2008 for five years at up to $1.25 per 1000. (57.6% Yes votes)

<table>
<thead>
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<th>Year</th>
<th>Limit</th>
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</thead>
<tbody>
<tr>
<td>13-14</td>
<td>$ 1.25</td>
</tr>
</tbody>
</table>

Approved by the voters in November 2012 for five years at up to $1.25 per 1000.

Local Option Historical Recap XLS
Mark Johnson: “I just wanted to add a follow up comment on Nick’s PERS explanation. It is true that agencies are being encouraged to use the savings that are available in this biennium. It is also true that if you are going to use the short-term benefits you also have to keep in mind the long-term additional impact of those as well. Our rate would go from approximately 34% down to the 28% range. But, it goes back up in the 15-17 biennium so if you are going to take advantage of the short-term benefit we need to prepare ourselves for the long-term fiscal implications as well. It’s a little bit good now, but it’s not very good long-term”.

Heather Staten: “I think that is why the City and the County took that approach. There is a pretty good thing from the PERS actuary on the effects of SB822, and it says that it reduces near term contributions while increasing long term contributions. So it is a deferral rather than a savings in this biennium by the higher rates going forward. Other entities are banking their savings rather than spending them and saving them to cushion the blow two years from now”.

Chip Dickinson: “Mark, do you expect that the legislature will revisit the issue and go down the road again like they did this year and try to get this reduced back down to 29% for the next biennium?”

Mark Johnson: “There are a lot of conversations and interest in that”.

Q: Please describe the Construction Excise Tax.

A: The Construction Excise Tax is similar to a System Development charge. This is 50 cents per square foot of new construction for commercial and $1.00 for residential. It can be used for facilities upgrades. It can’t be used for day to day maintenance. They define capital construction a little less stringent than they do for bond levies. There is a specific set of rules. In the budget when we include the $150,000 of using the Construction Excise Tax, we do many projects every year that we would go through project by project and show which meet the definition for expenditure under the construction excise tax. If we repair a roof, that does not count. If we replace a roof, that is a capital construction and it counts.

Q: Where has this typically been in our budget?

A: It is not because it is not part of the General Fund. It is in the 400 level Construction funds. This is the first time we have proposed covering part of what might have been General Fund expenditures. The 400 funds are Capital Construction. This includes the small amount of remaining Bond Levy funds, the energy projects funds, and the construction excise tax funds. The $1.4 million includes the Construction Excise Tax.
Q: With that Construction Excise Tax, how confident are you in that number?

   A: We typically see $100,000 to $200,000 per year. There is roughly $90,000 in the fund right now. Assuming minimal increases, we will easily get to $150,000. Our original intent was to save this for large expenditures but in this economy the administrators have reconsidered that.

Q: When you figure salaries, you stated that included steps. Does it also include retirements?

   A: It does include steps but it does not yet include retirements. That line item in a normal year ends up with a small amount remaining in it.

Q: A small amount remaining, meaning that there is not much change in the decrease or increase each year?

   A: It varies a lot. A couple hundred thousand remaining in the salaries account is normal.

Q: So the 1.3% isn’t really accurate?

   A: It does not include retirements. The new person usually starts at less than the former person made and it saves us money.

Q: Isn’t it true that there are few retirements this year?

   A: Yes.

Q: Please provide more detail in what is proposed in the budget reductions for staffing.

   A: Exact detail in reductions will not be made public until June 6th.

Q: Regarding Special Education, are you cutting an entire program or just cutting people around the district?

   A: We are not making that public until June 6th. We are not cutting an entire program, but we are taking significant cuts.
**PUBLIC COMMENTS:**

Rich Truax: “I have a son in the 7th grade at Hood River Middle School and really the core of my comment is just that I am a big supporter of Community Education. I know it is difficult to figure out where you are going to make cuts. I wanted to speak in support of Community Education as I think this is an unacceptable place to make a cut. If you follow this, there may be more than $80,000 in this salary line item that was just talked about and following that it makes sense to me in regards to folks retiring, new folks coming in and just that alone may be an item to make up for Community Education. I am sure I am just one example out of hundreds in the community as far as my son who got to run track this year and the drama class. It is just a huge opportunity for many across the entire community and it’s an inappropriate area to make cuts. We need to find another way to find that savings”.

Janis Ferrell: “I run the after-school program at May Street Elementary School. My little piece of Community Education is very successful. For the second time this year, I actually closed registration before school even started. I couldn’t even accommodate all of the children that were signing up. I currently have 110 students on my roster and several days a week, I still have over 60 kids after school. Sometimes the count goes down right now because of Community Education lacrosse and soccer. In the winter it goes down a bit because of Community Education basketball. I just would like you to consider what would happen to these children if they didn’t have a place to go after school. My students are K through 5th grade. A lot of them are too small to be latch-key children. It has been awhile I think since this community has seen a lot of latch-key children. I ask you to think about that and where they might go”.

Pat Evenson-Brady: “I have been a most of the time resident of Hood River County since 1988. For all of the time that I have lived here, my family and I have enjoyed the benefits of Community Education. My kids were in Prime Time after school day care which was critical for me as an employee of the school district that I knew my children were in reliable day care. They participated in soccer, summer camps and classes. Personally, I have been both a patron of Community Education and an instructor. My favorite classes by the way were Polly’s Cakes. I have taught classes in wine tasting and computer technology. I believe strongly that it is important for Hood River County School District to continue to support Community Education. The basis of all this is the buildings that our community pays for with our taxes. Unless those buildings are used, the 75% of our community members who do not have kids in our schools, do not have a stake in those buildings as beautiful and functional as they are. These are really good buildings. You don’t need to go to many other school districts to understand the value that this community places on our schools. The after school day care is really a critical piece of this. We have several suggestions that I have heard of to work with other community agencies primarily those that don’t pay PERS which is an excellent idea.”
The suggestion to have a Community Education Advisory Board which might involve people with experience in running programs and working with other agencies is really an excellent idea. I would encourage Community Education to move in that direction. This is going to require a commitment from administrators, the Board and this Budget Committee. If you leave the budget as it is now, Community Education might close. If you make the choice that you don’t want to fund Community Education anymore, you need to do that early on so that we can close things down for all the people who need and use the services that are available. I would say to you that middle school sports are a tremendously important activity in this community. It was handed to Community Education and this year with no funding to support that. That is a reasonable thing to support. The job of the Board and the administration is to figure out where that money will come from. I am not going to stand here and tell you to cut things so that you can do this thing. But I am going to stand here and tell you that I believe this is a key ingredient to having an outstanding K-21 school program in Hood River. All of the pieces fit together. There is no other single agency who could work effectively with the buildings and the resources of this community to provide this program. It works. It costs money. Nothing we do is free in school districts. I encourage the Budget Committee not to adopt a budget that would leave Community Education in the lurch without any plan to continue to do the things that are really important to the school district. I appreciate your time very much as volunteers on the Budget Committee and super volunteers of the Board members and to the administrators who put in the time. I hope you recognize the depth of the passion that this community has for Community Education. It is really important. I volunteered to be a part of an advisory team and I am willing to do whatever is necessary to keep Community Education working because I think it is really important.

Paul Blackburn: “Thank you all so much for your service. This is incredibly important and incredibly hard. I want you to hear at least one person say that when you cut, you are not the bad guy. You are the good guy because you are saving for the future. You all adopted a policy last year about trying to achieve the 5% to 10% buffer fund so that we are not quite so whip-sawed each year. When I came on the City Council, we worked like dogs to try to get out this so we could have a little bit of management buffer. When we started up the library, we made sure we didn’t open up the library really big so then the next year we wouldn’t have enough to be judicious and I really encourage you to try to reach that 5% to 10% number. It is incredibly painful to do these cuts because we all know faces. I have a 7th grader and an 11th grader. Eating the seed corn this year isn’t the best stewardship of the district so thank you all for your consideration and something we have kind of used is that the decisions are not necessarily so difficult,
they are just incredibly painful. What is the right thing to do and it becomes clearer sooner than realizing that means cutting. But, pain is part of the job”.

Andy Zuck: “I would like to reiterate what Paul said about thank you for serving. I am here to talk about advanced math placement for incoming students. The program that is being approached right now at the high school level, they are saying is budget related and they are not going to do a double math class for incoming freshman. We have an amazing math program and we have great programs here that are STEM programs for engineering robotics. We are allowing the kids that are excelling in math to have a place to come into. Typically 8th graders can come into a double math program, geometry and algebra and advance on to calculus so they are over prepared or well prepared going into college. We are talking about cutting that program. There is no double placement for advanced students and what happens is they stagnate. The last thing we really want or at least I don’t want is for my kids to stagnate. We are a STEM program. We have been beating the drum for some STEM funding. How can we as a Board have the community not support the kids that are willing to do the extra effort. These are kids that are willing to give up an elective to double math and we are saying that’s not an option. I am confused as a community what we are going to do. I would ask you to consider that and I agree with Paul. We need to make some tough cuts but I find it hard to make those cuts with the best and the brightest ones that are putting in the extra effort to make our test scores good and make our community look good and really grow future leaders”.

Becky Franks: “Thank you for this opportunity to let me share my thoughts. I want to thank you for your service to our community. None of the decisions that you face are decisions that not everyone is going to be pleased with you. I commend your dedication to our students. I was here at your last meeting and had the opportunity to listen to the Open Book report and I went home and thought it over and thought about basically what a distraction it presented. The essential issue before us now is not how we compare to other districts but the essential issue before us right now is what decisions do we make during this difficult financial time that reflect commitment to honor valuable public education. To that end, I ask you to do something really revolutionary. And don’t look for the cuts at the ground level. Don’t look for your cuts where we are delivering services in the buildings and Community Education. I ask you to do something revolutionary and look at middle and upper management. I ask you to consider the TOSA positions and I love Jane and hate mentioning anything that shows anybody’s job that is very uncomfortable. They do great work, they are helpful positions, but they are not essential positions. To that end, I ask you to continue considering your
reconfiguration. The maintenance program because we can’t afford more cuts at the level of people trying to keep our buildings clean and keeping them running. I see how hard those people are working. I wonder about things I have heard of like the half time position in Human Resources. I know that doesn’t balance all of the cuts that you need to make, but I ask that you try to look for them there. Class size is one of the most important factors in the learning of students and as we see that grow, the opportunity for our students to learn is going to fall. I ask you to try and protect that. I want to thank you for holding this meeting in a space that is large enough for all of us. I want to thank all of you for using your microphones. Those are things that keep these meetings truly public. I ask one more thing that you might consider – establishing emails when you take positions like this in the Board system so that people that get really nervous in talking in front of groups can have other ways of communicating with you”.

Robin Henson: “Most people have pretty much voiced my same opinions and concerns. I am about the dual math. I happen to have one of those children who is gifted in math and would have been bored to death having geometry and not have the opportunity to have algebra II. He is very thrilled to be able to go as far as he thinks he is going to make it during high school. His goal in high school was to get as far in math as he possibly could. I know other students and parents and their children have worked super hard in the 8th grade to get there and to have that taken away from them would be tragic. I also for Community Education – I have taught several classes for Community Education for adults in various areas having to do with medicine. My son also was an avid student in Community Education. We have friend who come visit us every summer and plan their trips on what camps their kids can get in to and our kids can go to together. I think a lot of people use it that might be invisible. I think the one thing is that we have cut music, we have cut sports, we have cut PE, we have cut all kinds of programs and the only thing that a lot of kids haven’t been to is Community Education. Some children can’t afford to go to camps. Some parents can afford to and others only option is to take advantage of these great resources through Community Education because it is very affordable for a lot of people. I would like to see that continue as well. I also agree with the comments that let’s not always look at the teachers and that main delivery of services, let’s look broader. Let’s look at administration, let’s look at management, let’s look across the board and try not to cut services to our children”.

Chris Vincenzo: “I have a son in Kindergarten right now who is involved in all kinds of Community Education. I work in Portland. I commute four days a week back and forth to Portland. I am not going to move to Portland. I like Hood River because there is a sense of community in the schools. Community Education is a big part of that. I would
urge you not to cut Community Education and also, I wanted to know what the Board is doing with the windfall, $1.2 million that you are getting from the State. Some of that money can be diverted towards Community Education”.

**BUDGET COMMITTEE DELIBERATIONS:**

Budget Committee Presiding Officer Liz Whitmore read the following statement:

“Generally, the budget committee’s role is not to directly establish or eliminate specific programs or services. Standards and budget parameters established by the governing body (School Board) give the budget officer and administrative staff general guidelines for budget development. The budget officer then prepares a budget which reflects the governing body’s parameters. This proposed budget is what the budget committee considers during its meetings. Budget committee influence on programs and services is most often exerted at a higher level, when it approves the overall budget and establishes the tax levy. Having said all that, if a majority of the budget committee agrees, it can add or delete funding for specific services. Public participation at budget committee meetings may influence budget committee decisions. However, final authority for administration rests with the governing body. The governing body can make changes after the budget committee has approved the budget, although they may have to re-publish the budget and hold another public hearing to do so”.

Finance Director Nick Hogan presented the Budget Committee with the following information for a five year Community Education history and the recommended fiscal year 2013-2014 motion along with a statement provided by Community Education Director John Rust:
# Hood River County School District Community Education Program

Revenue & Expenditure Analysis, Fiscal Year 2011-12
Revised 5-28-13

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<th>08-09</th>
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<th>10-11</th>
<th>11-12</th>
<th>Change</th>
<th>% Chng</th>
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<td>541,679</td>
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<td>606,149</td>
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<td>311 Minus Tuition Refunds</td>
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<td>N/A - credits now held in system</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>16,685</td>
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<td>R1920 Donations</td>
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<td>48,292</td>
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<td>7,772</td>
<td>15,453</td>
<td>21,196</td>
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<td>R1960 Driver's Ed F100 Reimb</td>
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<td>-</td>
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<td>-</td>
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<td>R3204 Driver's Ed State Reimb</td>
<td>21,210</td>
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<td>14,700</td>
<td>4,620</td>
<td>7,980</td>
<td>3,350</td>
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<td><strong>Total Revenues</strong></td>
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<td>598,877</td>
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<td>89,990</td>
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<table>
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<td>72,783</td>
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<td>47%</td>
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<td>114 Mgmt Salaries</td>
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<td>72,938</td>
<td>43,776</td>
<td>45,091</td>
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<td>121/122 Substitute Salaries</td>
<td>639</td>
<td>2,606</td>
<td>3,816</td>
<td>7,611</td>
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<td>318,108</td>
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<td>33,655</td>
<td>20,802</td>
<td>27,630</td>
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<td>103%</td>
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<td>220 FICA</td>
<td>23,751</td>
<td>24,502</td>
<td>17,765</td>
<td>17,553</td>
<td>21,210</td>
<td>3,657</td>
<td>21%</td>
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<td>231 Worker's Comp</td>
<td>3,209</td>
<td>2,302</td>
<td>1,830</td>
<td>2,138</td>
<td>2,838</td>
<td>700</td>
<td>33%</td>
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<td>240 Health Insurance</td>
<td>47,688</td>
<td>46,498</td>
<td>48,630</td>
<td>57,660</td>
<td>62,484</td>
<td>4,834</td>
<td>8%</td>
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<td>1,016</td>
<td>887</td>
<td>2,318</td>
<td>1,809</td>
<td>(509)</td>
<td>-22%</td>
</tr>
<tr>
<td>3XX Water, Sewer, &amp; Phone</td>
<td>365</td>
<td>361</td>
<td>609</td>
<td>502</td>
<td>426</td>
<td>(136)</td>
<td>-24%</td>
</tr>
<tr>
<td>342 Travel, Out-of-district</td>
<td>-</td>
<td>-</td>
<td>849</td>
<td>1,292</td>
<td>1,815</td>
<td>523</td>
<td>40%</td>
</tr>
<tr>
<td>353 Postage</td>
<td>5,745</td>
<td>5,043</td>
<td>5,244</td>
<td>4,626</td>
<td>4,573</td>
<td>(53)</td>
<td>-1%</td>
</tr>
<tr>
<td>355 Printing &amp; Binding</td>
<td>15,441</td>
<td>15,182</td>
<td>10,504</td>
<td>11,422</td>
<td>11,892</td>
<td>470</td>
<td>4%</td>
</tr>
<tr>
<td>410 Supplies &amp; Misc</td>
<td>167,848</td>
<td>119,180</td>
<td>101,200</td>
<td>51,611</td>
<td>74,789</td>
<td>23,178</td>
<td>45%</td>
</tr>
<tr>
<td>470 Computer Software &amp; Fees</td>
<td>-</td>
<td>-</td>
<td>7,675</td>
<td>2,902</td>
<td>-</td>
<td>(2,902)</td>
<td>-100%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>688,829</td>
<td>714,234</td>
<td>596,462</td>
<td>604,793</td>
<td>761,388</td>
<td>156,595</td>
<td>26%</td>
</tr>
</tbody>
</table>

| Net Income (Loss)           | (131,118) | (115,357) | (21,252) | 25,688 | (40,917) | (68,605) |

Minus funds held for Youth Sailing Program future equipment purchases | (1,500) |
Minus funds held for May Street Spanish Program (previous donations) | (8,314) |
Final Net Income (Loss) | (131,118) | (115,357) | (21,252) | 25,688 | (40,917) | (68,605) |

Note 1: Revenue and Expenditures are shown on the accrual basis (i.e. - shown in the year they were for rather than when cash was paid or received).
Recommended Budget Committee Motion:
Fiscal Year 2013-14
EXHIBIT "A" (with Local Option Tax Rate of $1.25 per $1,000 AV)

I move to approve the Hood River County School District budget for the 2013-14 school year for the total amount of $53,861,695 and the amounts per fund as shown below:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 General Fund</td>
<td>$39,080,070</td>
</tr>
<tr>
<td>200 Food Service</td>
<td>1,800,000</td>
</tr>
<tr>
<td>204 Student Body Funds</td>
<td>1,200,000</td>
</tr>
<tr>
<td>205 Community Education</td>
<td>1,210,000</td>
</tr>
<tr>
<td>210 Unemployment Reserve</td>
<td>100,000</td>
</tr>
<tr>
<td>212 Bus Replacement Reserve</td>
<td>260,000</td>
</tr>
<tr>
<td>2XX Grants Funds</td>
<td>5,200,000</td>
</tr>
<tr>
<td>300 Debt Service Fund</td>
<td>3,611,625</td>
</tr>
<tr>
<td>4xx Capital Construction Funds</td>
<td>1,400,000</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$53,861,695</strong></td>
</tr>
</tbody>
</table>

I also move to approve:
1) A tax rate of $4.8119 per $1,000 of assessed value in support of the General Fund, and
2) A tax amount of $3,696,447 in support of the Debt Service Fund, and
3) A tax rate of $1.25 per $1,000 of assessed value for the Local Option Levy.

Budget Committee Chair       Date

Budget Officer       Date

EXHIBIT A Budget 13-14 Budget Committee Motion Exhibit A.xls
Hood River County School District

Community Education Office - www.hrcommunityed.org
John Rust - Director  john.rust@hoodriver.k12.or.us
1009 Eugene Street • Hood River, Oregon 97031
(541) 386-2055 • Fax (541) 387-5098

2013-14 Business Focuses for Community Education

Primary Statement: To increase revenues and decrease expenses while efficiently managing programs.

Plan for Decreasing Expenses:

- Reduce PERS expenditures where possible (less than 600 hours)
- 5% decrease to instructors/teachers (We keep 5% more or 15% minimum for all programs)
- Director will opt out of health insurance ($12,000)
- Parent driven fundraisers for equipment and uniforms ($6,000)

Plan for Increasing Revenue:

- Build Successful Programs
  - Recruit, train and grow great employees, staff, and volunteers
  - Increase total registrations in sports and classes (5% classes and 10% in sports)
    - Field competitive teams while keeping the core sport values (sport participation, educational connection and accountability for student athletes)
    - Dynamic time slot scheduling for classes and programs
  - Listen, adapt and change while keeping institutional memory and simplicity
  - Run at capacity in all Pre-school and Primetime Programs
  - Convey stability for the next 12 months
  - Success at all levels (large and small programs)
- Increase Tuition Received
  - Pre-schools and Primetime
  - Youth Sports and Middle School Sports
  - Increase facilities revenue and collections
  - Late Registration Fees for Sports (increases efficiency and effectiveness)
  - Out of district fees (need to figure this out)
- More Sponsors, Advertisers and supporters through Movies in the Park, Families in the Park, Catalog Advertising
- Stronger collaboration between school administration and PE Departments for new programs, full classes and increased youth sports registrations
- "Save CE" Capital Funds Campaign (Accept donations)
- Fall Fundraisers

Successes we need to attain:

- Increase staff efficiency in program management (do more with less)
- Catalog management – decrease labor hours by 20%
- Collaboration between schools and Community Education to increase registrations
- Getting people to realize the three year to three year comparison looks good. Three previous years to my tenure HRCE cost the district approx. $340K In my three years the total cost is $35K plus we absorbed a $120K (per year) middle school sports budget.
**Community Education Discussion:**

Q: Are you looking for a particular amount of money?

   A: Enough to get a little bit ahead – it’s a little hard to predict, but $100,000 would be great.

Q: What would seem reasonable to you if this committee believed in the value of Community Education?

   A: It is really hard to predict the future.

Q: Do you have an idea of how many employees you could realistically identify to keep under the 600 hours?

   A: Yes. We know which employees we could keep under 600.

Q: On the health insurance cost and benefit costs, are those specific employee costs to that program or are they just pro-rated across the district?

   A: They are specific employees.

**Maintenance Department Discussion:**

Clarification was provided on the difference between a Facilities Director and the Maintenance Supervisor.

Q: Is there a job description for each title or is it all intermingled?

   A: It is intermingled. Don’t believe there is a job description. Will have to check and get back to the committee.

Q: What person is responsible in each building for programming the lights, the HVAC systems? Are we possibly cutting a position that in the end will cost us money?

   A: One person oversees the HVAC system. One person can dial in and run the systems for each school. The Facilities Director oversees that position. Each building custodian runs their own building. One staff member believes costs are going up because we don’t have enough staff.

Q: Did we identify why our electricity keeps going up?

   A: Rates are going up.
Q: What does “reconfiguring” this position mean? Would that mean changing it to a half time person?

A: There are several options being evaluated. Right now the position is paid half from the energy projects fund and half from the General Fund. The $58,000 is the half that is paid from the General Fund. There are several options but one was to eliminate the half paid from the General Fund.

Q: Does the $58,000 represent just salary?

A: No, it includes one half of salary and benefits.

DELIBERATION POINTS:

COMMUNITY EDUCATION:

- Regarding the State Revenue, there seems to be a question on how much we will receive. $6.55 billion or $6.75 billion. When do we get that answer? There is no set date at this time.
- Can we rely on the $6.55 billion? The $6.55 is a solid number. Don’t believe it will go lower but could be higher.
- Don’t believe the proposed budget meets the Board’s expressed goal for sustainability. It shows a declining ending fund balance. We have a $2.1 million windfall and without that, we would be over a million dollars in the hole. This came from basically poorly written legislation. This gives us an opportunity to have a reserve fund and instead this budget spends that reserve. It takes this one-time money and spends it down to nothing in the next three years. The basic component of a sustainable budget is the outgoing and incoming need to match. This budget won’t balance without drawing money out of the reserve fund. If we spend every penny we have now, what are we going to do in two years? We have to think about kids five years from now and what we can afford to give them.
- Suggestion would be to re-tool the proposed budget to the Board goal of sustainability as a guide.
- Need to deal with specifics on Community Education. Every year there is support of the program while voicing goal of self-sustainability. Don’t believe the Board or Committee wants to eliminate Community Education. Funds need to be set aside and used if Community Education or Food Service or somebody else comes up a little short. The program needs to be self-sustaining but the money already be set aside to pay for any shortage. If there is a shortage, Community Education would come to the Board and the Board would have to make a specific
action to approve any funding. Make it something that rather than happening automatically, make it a specific Board action of approving fund transfers to Community Education. This would make it a restriction on the General Fund instead of showing it as an elimination of Community Education.

- Could this number be reduced since Community Education isn’t expecting to cost $80,000? Make it a “cap restriction” instead of an elimination.
- If any other department would require a transfer like this, it goes to the Board for action.
- The above model works great from a financing perspective.
- One topic touched on tonight was moving Community Education from a District sponsored entity to some other tax exempt agency. Is that difficult? It is doable. Lots of details would need to be worked out. When we get to the middle of next year and what we are doing isn’t working, then try that route.
- Changes could be implemented now to reach goals and start 5013C early.
- There are significant advantages to keeping Community Education as part of the District.
- An Advisory Committee for Community Education would be very beneficial.
- Community Education is an incredible return for the investment.
- $40,000 to $80,000 is a very small amount compared to the entire budget and not worth worrying about.
- Community members have responded to not discontinuing Community Education in high numbers.
- The goal as laid out by John Rust is a very attainable goal.
- Need to go back and re-tool budget so it is not mutually exclusive.
- Reductions should come from other places than Community Education.
- Fundraiser should be looked at for Community Education with matching community funds.
- Community Education does need to be sustainable.

MAINTENANCE:

- Feels it is short-sided of the committee to take resources out of the maintenance program. It could end up costing the district much more in the long run. Could be a huge potential for higher costs.
- Wouldn’t the vote be to only eliminate the general fund contribution to the maintenance department, and not eliminating the position?
- Retain the benefits of the position but no funding out of the General Fund.
• There is currently enough money in the Energy Projects fund to fund the position fully for the next two years. The money would otherwise be used for future energy related projects.
• Need to re-define the position for efficiencies.
• All 12 comparable districts have a similar position.
• Do we take the $58,000 away from the General Fund and use out of the Energy Efficiency Fund in the short term?

VARIOUS:

• Another proposed cut is the 4 day reduction of Cabinet members for a $12,000 savings. That is a one-time cut and doesn’t help at all in achieving a sustainable budget. This is not an appropriate cut.

RECAP:

✓ Budget needs to be long-term and sustainable
✓ Recommend going back to the original budget cuts proposed on 4/24/13 prior to receiving the $2.1 million windfall. This would accomplish more in what Committee is looking for in terms of sustainable budget and more reserves
✓ Recommend Goal of Board is 5% to 10% in reserves
✓ Maintain ending fund balance in reserves rather than see it decrease over the next three years
✓ Recommend incorporating changes discussed regarding Community Education, Maintenance and 4 day Cabinet reductions
✓ Leave $800,000 difference between the $6.55 and $6.75 in reserves for action at a later date if it materializes
✓ Local Option will be discussed at the next meeting
✓ Build budget on $6.55 and School Board can make decisions at that time to evaluate
✓ Budget Committee needs to provide target for each year for how much they want to see in reserves
✓ Recognize if higher revenue comes in, designate as reserve and Board and new Superintendent can decide how funds are used at that time
BUDGET MEETING RECESSED UNTIL JUNE 3, 2013 AT 6:30 P.M.

HOOD RIVER VALLEY HIGH SCHOOL LIBRARY

_________________________     _____________________
13/14 Budget Officer       13/14 Budget Chairperson
Nick Hogan        Liz Whitmore

_________________________     _____________________
Date         Date