Hood River County School District

Budget Committee Meetings

First Meeting May 6, 2015

Second Meeting Reconvened May 13, 2015

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.

MAY 6, 2015 WELCOME AND CALL TO ORDER AT 6:02 P.M.

Board Chair Jan Veldhuisen Virk called the first budget committee meeting to order.

PRESENT:


Absent: Liz Whitmore and Craig Bowder.

Administration: Superintendent Dan Goldman, Chief Financial Officer Saundra Buchanan, Human Resources Director Kevin Noreen, Director of Curriculum and Instruction Neely Kirwan, Westside Elementary School Principal Bill Newton, Hood River Valley High School Vice Principal Kyle Rosselle, Technology Director Tod Hilstad, Nutrition Director Christi Hogan, Facilities Director Danny Garcia, Wy’east Middle School Principal Catherine Dalbey, Mid Valley Elementary School Principal Dennis McCauley, and Wy’east Middle School Vice Principal Patricia Cooper,

Staff and Community Members: Rob Varga, Chris Reitz, Kelvin Calkins, John Vann, Will Murray, Cary Jackson, and Board Administrative Assistant Terri Martz.

ELECT BUDGET COMMITTEE CHAIR:

It was moved by Tom Scully and seconded by Heather Staten to elect David Russo as 2015/2016 Budget Committee Chair. Motion approved unanimously and accepted by David Russo.
ELECT BUDGET COMMITTEE VICE CHAIR:

It was moved by Bob Danko and seconded by Jan Veldhuisen Virk to elect Tom Scully as 2015/2016 Budget Committee Vice Chair. Motion approved unanimously and accepted by Tom Scully.

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

Budget Committee Chair David Russo appointed Board Administrative Assistant Terri Martz to keep official minutes for the 2015/2016 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 2015/2016 Budget Message and outlined the following information providing details to committee members.

The Budget Message is followed by a detailed PowerPoint breakdown of the message along with discussion.

Hood River County School District
2015-2016 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.

An historical view over the past two decades paints a picture of rapid decline in state level per-pupil resources in Oregon compared to other states. Over the last 20 years, Oregon has fallen from the top
From 1991 to 2011, per-pupil resources declined from the top 10 to the bottom 15 (U.S. Census Bureau, Public Elementary–Secondary Education Finance Data, 2013). While the state-adopted 2015-17 biennial budget brings an increase of raw dollars to public schools in Oregon, the SSF does not keep pace with the typical increases in operating costs for Oregon public schools, including the Hood River County School District.

The adopted Oregon State School Fund of $7.255 billion for the 2015-17 biennium takes a step backwards in regards to the prioritization of resources in Oregon for K-12 Education. Unmistakably, 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% of the state budget as adopted SSF in HB 5017 - a 6% 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%).

**K-12 Education's Share of the State Budget**

2003-05 to 2015-17

In terms of real dollars, during this period of disinvestment in Oregon schooling, there has been a 52.7% increase in government spending; however, K-12 has received a much lower percentage increase than any other government program area at 35.3%. Conversely, Human Services and Public Safety have received 84.4% and 68.8% increases, respectively. Even smaller areas of the overall state budget, such as Natural Resources, have received a 70.6% increase in funding over this timeframe. 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 decimated programs, lost 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.

Effect on the Hood River County School District

This year will be the 10th in a row that Hood River County School District will be forced into some level of budget cuts. At the time of writing this budget message, the necessary reductions for our school district for 2015-16 will equate to $321,405. The impact to specific programs will be discussed below.

In reviewing prior years’ budget messages and related budget documents, one gets a sense of the magnitude of program reductions for our students. From 2008-09 to 2013-14, the Hood River
County School District reduced 15% of its certified workforce resulting in visible and painful program reductions and increases in class sizes at all levels of the school system. For 2014-15, the school district was forced to further reduce $1.02 million with cuts to teachers, specialists, classified staff, and administrative FTE in addition to reductions in discretionary items at all levels of the organization (i.e., textbooks, workbooks, technology, field trips, etc.).

On the positive side, because of our community-supported local option levy and capital bond, reductions have been mitigated compared to many other Oregon school districts. Neighboring school districts that do not have the additional fiscal support of their local communities have class sizes in the mid-thirties (elementary) to mid-forties (secondary), have lost all “specials” at the elementary level, and many elective offerings - such as Career Technical Ed. and the arts - were cut at the secondary levels.

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.
The State of Oregon continues its slow climb from the depths of the “Great Recession.” In Oregon, the economy has experienced accelerated job growth with low levels of unemployment. Despite the relative good news across the state in regards to a gradual, yet unmistakable economic recovery, a number of factors felt across the state will require another year of program reductions for our students and staff unless the legislature appropriates more than $7.255 billion to the SSF by the end of the legislative session. Major contributing factors to our school district’s shortfall for 2015-16 include:

**Factor 1: Inadequate State School Fund (SSF)**

In the 2014-15 Budget Message, I wrote, “Importantly, even after implementing this budget plan for 2014-15, if the State of Oregon does not substantially increase revenues for schools in the 2015-2017 biennium, budget reductions will undoubtedly continue in future years.” In the last year of this biennium (2014-15), the SSF was $3.44 billion. Using the 50%-50% split passed in HB 5017 (see Factor 2 below), the SSF will be $3.627 billion for 2015-16, a year-over-year increase of 5%. This sounds reasonable, but Oregon State law now mandates Full Day Kindergarten programs be funded throughout the state. Originally, The Oregon Department of Education (ODE) estimated an additional 18,000 student weights (or ADM) would enter into the state system. The legislature,
in passing HB 5017, stated that $220 million had been appropriated to K-12 to cover the new ADM for Full Day Kindergarten. However, ODE revised this estimate from 18,000 new ADM to between 25,000 and 27,000 new ADM, but the legislature did not increase the SSF commensurately.

Consequently, the $220 million for Full Day Kindergarten now equates to $3,993 per ADM. To get a sense of how insufficient this level of funding is, the 2014-15 SSF amount per ADM was $6,958. Thus, the addition of Full Day Kindergarten in every Oregon school district - while likely the right thing to do - is being funded at less than 60%. By adding approximately 27,000 new student weights to the SSF and not fully funding it, the per pupil increase (again using the 50-50 split) from 2014-15 to 2015-16 equals .9%, not the 5% increase we see in the general numbers.

**Factor 2: The “50-50 Split”**

Oregon K-12 has traditionally been funded for the biennium using the “49-51 split;” or 49% of the biennial SSF amount in Year 1, and 51% in Year 2. This accounts for basic year-over-year cost escalations that any business encounters such as increases in utilities, insurances, employee costs, etc. Distributing funds at 49%-51% for the two years in the biennium equates to a planned 3.92% increase in maintaining current levels of service.

However, for the 2015-17 biennium, the Oregon legislature decided to allocate the funds to schools in equal distributions of 50% of the total budget in year 1 and 50% in year 2. This poses a number of serious problems for this biennium and for the future of Oregon K-12 Education SSF funding as well. In April 2015, I testified before the Oregon Legislature’s Joint Ways and Means Committee. In that testimony I outlined the following reasons to be concerned about changing the distribution formula to the 50-50 split by stating the following:

1. **The 50-50 split inflates the percentage increase in Year 1 of the biennium. This has the effect of creating headlines for the Oregonian about K-12’s “huge” budget increases - but this is false and lacks transparency. If a district spends its entire allocation for 2015-16, and they get the same amount in 2016-17, they will face even more severe budget cuts in Year 2 of the biennium due to regular and predictable cost increases. Any business owner knows that you must account for regular and predictable cost increases every year - or your business fails.**

2. **It understates the level of funding required in Year 2 of the biennium, setting the floor lower for sufficient funding for the next biennium. Instead of using 51% of the SSF as the base for future increases for Oregon’s children, we’ll now use 50% of the distribution. This is bad for news for kids now and in the future.**

3. **It opens the door for statistical shenanigans in the future. Why not allocate the next biennium’s State School Fund at a 52-48 split (or whatever)? The headlines would read (as they do now), “Schools Receive Billions,” though locally elected school boards will have to hold back funds in the first year to...**
cover costs in the second year. The headlines will read “increase,” but locally elected school boards, teachers, parents and kids will get caught in the cross hairs.

As shown in the graphs below, in using the 50-50 Split, the per pupil funding in the SSF appears to increase by just less than 1% (0.9%) - from $6,958 to $7,023. However, using the traditional (and more realistic) 49-51 Split confirms a decline in per pupil funding of $75 per student, or -1%.
Regardless of the SSF distribution from the State, the administration cannot recommend spending 50% of the biennial SSF amount in 2015-16, only to create a funding cliff for 2016-17. Hence, this proposed budget for 2015-16 was created by applying the “49-51 Split” methodology.

In order to create a sustainable budget for the biennium, the administration has proposed a “Biennial Reserve Fund” in the budget. The Biennial Reserve Fund will be used to reserve the portion of the SSF distribution in 2015-16 for 2016-17. The new Biennial Reserve Fund is necessary to create a transparent and comprehensible fund that is separate from the general fund Ending Fund Balance and Contingency line items that are typically used for unexpected emergencies and significant enrollment changes. The resources in the new Biennial Reserve Fund will serve neither of these purposes; rather, the resources reserved in the Biennial Reserve Fund are for expected cost increases that are no longer accounted for at the state level, and are now the sole responsibility of local school boards.

**Factor 3: Increased Costs**

Increased operational costs are expected such as salary and associated payroll costs, utilities, insurance and other costs. Negotiations are in process with our licensed personnel, which will determine licensed salary and associated payroll costs.

Every year, the cost for utilities increases. For example, on page C-42 in the proposed budget, you will see we project an increase of 2.6% for object code 326 fuel for heating from $316,449 to $324,659, an increase of 10.2% for object code 327 for water and sewer from $241,548 to $266,210, and an increase of 14.7% for object code 328 garbage from $61,757 to $70,823, based on information from our service providers and an analysis of prior and current year usage.

Insurance costs also regularly increase. On page C-10 in the proposed budget, embedded in the workers compensation rates is an increase of 11.4% to our District’s modification rate from 1.14 to 1.27 due to some large claims in prior years that affect current years’ premium rates.

This spring, the School Board is in negotiations and contract talks with every employee group in the district. As a result, employee costs are likely to increase.

Positively, PERS rates have declined 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. The PERS rates for 2015-17 have already been set by the PERS Board so it is not expected to impact this biennium. The PERS contribution rates for Tier 1 & 2 decreased from 13.79% in 2013-15 to 11.26% in 2015-17. The PERS contribution rates for OPSRP decreased from 11.79% in 2013-15 to 6.57% in 2015-17. We
will be analyzing the impacts of estimates of future PERS rate changes as soon as they become available.

**Factor 4: Efficiencies and Mitigating Factors**

The Oregon Department of Education (ODE) is close to “closing the books” on 2013-14. Estimates received throughout this school year had indicated local revenues were expected to be less than originally budgeted for throughout the state. The shortfall for 2013-14 was estimated at $276,000 for our school district. On Friday April 17, 2015 at 10:55pm we received notice that local revenues are now estimated to exceed the initial projections, resulting in a positive variance for the school district of $354,000. All of these funds will be budgeted to mitigate the impact of the 2015-17 SSF shortfall.

The adopted HRCSD 2014-15 budget projected a 3.1% Ending Fund Balance (Operating Revenues and Contingency, or “reserves”). The Board had set a goal of 5%, which was not achievable at that time. In the 2014-15 school year, the school district has employed a set of financial controls that, along with excellent work of all HRCSD administrators and staff, have resulted in a better-than-expected ending fund balance of 5.8%. New controls include: 1) implementing new electronic financial system software for budget planning, reporting and monitoring year-to-date expenditures; 2) establishing a more sensitive and accurate chart of accounts for organizing and monitoring budget activity; 3) continuation of the relatively new Financial Advisory Committee (members include community members, board members, administrators, teachers, and classified staff) to monitor financial activity; 4) utilizing funds recovered from efficiencies won with the Columbia Gorge Educational Services District to hire a Financial Analyst in the business department whose role is develop financial controls; and 5) training for administrators, managers and front office staff at every facility on the new software and monitoring expectations. The recommended 2015-16 budget uses the .8% estimated Ending Fund Balance above the board goal to mitigate the impact of the 2015-17 SSF shortfall.

The district has been more aggressive in accepting applications for out of district students to attend our schools by paying tuition. Tuition rates for 2015-16 have been set at $9,300 per student. This rate takes into account the SSF allocation plus the taxes paid by local residents in support of our local option levy and capital bond. To date, five tuition payers have been accepted. The $46,500 in tuition received will be used to prevent a .5 Teacher FTE reduction at Hood River Middle School, where the majority of tuition paying students will attend school.

Like many school districts across the state, the Hood River County School District has spent reserves throughout most of the Great Recession to preserve programs and staff members. In nine of the past eleven years, Hood River County School District has spent more in General Fund operations than it
has received in operating revenues. This difference was covered by spending down the beginning fund balance, transfers in from other funds, and PERS bond proceeds - all one-time funding sources. In 2012-13, the Operational Reserve Fund was completely spent down.

The Government Finance Officers Association recommends a fund balance of no less than two months (16.67%) of regular general fund operating revenues or general fund operating expenditures. The District General Fund balance went from a high of 10% in 2005-06 to a low of 2% in 2011-12. The 2014-15 budget proposed a General Fund ending fund balance and contingency of approximately 3%. This 2015-16 budget achieves an Operating Reserve of 5% - sustainable through the biennium - which will 1) serve as a buffer for the school district in case of emergencies, 2) protect the school district in case of unexpected changes to the SSF, and 3) maintain or increase our credit rating to improve our bond sale capacity - maximizing any future investment from our community in our school district facilities and infrastructure.

Prioritizing the Budget

Throughout 2013, 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.” After interviewing over 350 individuals, holding five community-wide listening sessions, convening staff feedback meetings at every school in the district, and receiving hundreds of responses via electronic survey, the school board adopted the 20/20 Vision in May 2014.

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 served as the basis for our budgeting decisions and will function as our roadmap for the future. It is printed in the supplementary section of this budget.

In 2013-14, the Hood River County School District had been very aggressive and competitive in seeking additional funds to support these collective commitments. The successful acquisition of over $3 million in grant funds (some grants spread over the course of the next few years) through the Oregon Department of Education (ODE), Oregon Children’s Fund (OCF), and other sources enabled the school district to innovate in 2014-15 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 our ability to provide full time music, PE or counseling in elementary schools, or increased AP offerings at the high school, etc., they do provide resources to support our staff with professional development funds and new program development (such as the new AVID college readiness programs at HRVHS, HRMS, and Wy’east, the dual language program at Mid Valley, an infusion of funds to revitalize our career-technical programs at HRV, music equipment at both middle schools, and others). The administration intends to continue our successes in obtaining grant funding in the next biennium. While all the legislature has not yet adopted the total 2015-17 state budget, it appears there will be innovative, competitive funding for Pre-k through 3rd grade literacy, increased STEM and CTE programming, and initiatives focused on improving early learning (pre-k) outcomes. With more state and federal funding tied to these “strategic initiatives,” the district must continue to join with other community partners for continued grant-writing activities into the future.

Impact of State Funding Shortfall on 2015-16 Program

The recommended budget for the 2015-16 school year includes a reduction in our general program. Because of the elements discussed in “Factor 4: Efficiencies and Mitigating Factors” section of this budget message, what had recently been calculated as an $827,000 shortfall, has been minimized to a necessary reduction of $321,405. Significant effort has been made to keep reductions away from the classroom, yet after so many years of painful cuts it is impossible to keep reductions completely away from teaching staff.
Program reductions for 2015-16 include the following:

1. Elementary:
   - $5,700 “Discretionary” Funding (e.g., school supplies, technology purchases, field trips, professional development, etc.)

2. Middle:
   - 1.0 Teacher FTE: Due to significant enrollment drop at Wy’east Middle School. Achieved through attrition.

3. High:
   - 1.0 Teacher FTE: Achieved through attrition.

4. District-wide:
   - $2,505 - Technology Dept. Discretionary
   - $1,000 - Business Dept. Discretionary
   - $160,000 - K-12 Curriculum Materials
   - $8,200 - Administrator Life & Disability Insurance Benefits

A number of enhancements were also achieved in the budget for next year by shifting existing resources to address strategies in our strategic plan. Specifically:

- Maintaining 3.0 Elementary Teacher FTE increase from this fall (from Contingency) to maintain current class size levels
- Maintaining .5 Teacher FTE at Hood River Middle School that would have been reduced through increases in the number of tuition payers
- An off-site high school alternative program is being planned for 2015-16 with existing staff from Hood River Valley High School
- Maintaining AVID programming at all three secondary schools
- Shifting existing special education resources to fund .5 FTE Positive Behavior Support (PBIS) Coach

Continued Advocacy

The fight for adequate state school funding is not over. The administration has worked hard to advocate for increased funds through multiple testimonies at Ways and Means and successful attempts to rally our caring Hood River County community. The administration will work through the legislative session to bring more resources to bear for our community’s children. If the legislature allocates additional funds after the adoption of our school district budget, the administration will prioritize the following strategies in the Board’s Strategic Plan:
1. Planning effectively for PERS liability increases for 2017-19
2. Increase FTE at the elementary school level to provide reading interventions
3. Increase FTE across K-12 to support PBIS Programming
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

Organization of Budget

This proposed budget serves as the Hood River County School District’s financial operating plan for the 2015-16 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 $44,115,391 comprised of revenues of $41,382,435 and an estimated beginning fund balance of $2,732,956. 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 $7.255 billion legislatively approved budget with a 50/50 percent split per the 2015-16 state school fund estimate released April 24, 2015. 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 remote elementary school correction (1.0).

The following table shows the current estimate of 2014-15 student enrollment, projections for 2015-16 enrollment and near final enrollment for 2013-14. While actual student enrollment (ADMr) in the District has been relatively stable and is projected to increase based on the current year’s trend of increased enrollment, 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 will be counted as a full enrollment rather than half so that accounts for some of the projected increase.

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<tr>
<th>Hood River County School District Extended ADMw</th>
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<tr>
<td><strong>ADMw</strong></td>
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<tr>
<td>ADMr (Average Daily Student Enrollment)</td>
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<tr>
<td>Students in ESL programs</td>
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<tr>
<td>Students in Pregnant and Parenting programs</td>
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<tr>
<td>575 IEP Students capped at 11% of District ADMr</td>
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<tr>
<td>Students on IEP above 11% of ADMr</td>
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<tr>
<td>Students in Poverty</td>
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<tr>
<td>Students in Foster Care and Neglected/Delinquent</td>
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<tr>
<td>Remote Elementary School Correction</td>
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<tr>
<td>Total ADMw</td>
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<td>Extended ADMw</td>
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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 2015-16 District’s average teacher experience factor is estimated to be 14.64, which is 1.74 greater than the State teacher experience of 12.90, 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 $9,647,000 for 2015-16. Payments received in lieu of property taxes are estimated to be $35,655. These local resources count as an offset to funds received from the State.

Revenue from the Common School Fund managed by the Oregon Department of State Lands is estimated to be $373,627. 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. These local revenues are included as state school fund formula resources and offset funds received from the State.

Revenue from federal forest fees is also included as state school fund revenue. An extension of the federal appropriation for federal forest fees was recently enacted; however, the state school fund estimate does not include this revenue for 2015-16. 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 $1,447,618 for 2015-16 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 2015-16 state school fund estimate provided by the Oregon Department of Education, as shown on pages B-6 and B-7.

**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 2014-15, the District estimates $1,840,000 in local option property tax revenues. Taxable assessed values (TAV) are expected to increase by the allowable 3 percent; however, the Measure 5 limits have increased property tax compression of the local option levy and is expected to reduce the amount received in future years. For 2015-16, the District estimates that increases in TAV will be offset by additional Measure 5 property tax compression; therefore, the proposed local option levy budget is less than in 2014-15. 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 2015-16, the proposed budget estimates the same revenue for 2014-15 of $559,733. The amount received from the state varies, ranging from 40.1% of the local option collections in 2005-06 to 31.7% in 2012-13. The amount of the grant is targeted to Districts below a targeted assessed value per student and is proportional to the amount appropriated and 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 2015-16 performance grant and reimbursement is estimated to be $1,406,865, which is $101,961 greater than the amount estimated for 2014-15. The efficiencies gained from the CGESD agreements in the 2014-15 allowed the District to address fiscal services needs and in 2015-16, the District will 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 2015-16 is $52,673. 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 are dependent 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 $522,000 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 $365,711 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 first year of the 2015-17 biennium is based on the April estimates of state school fund revenue and enrollment estimates for the 2015-16 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 $40,949,259 of expenditures for instruction, support services, debt service and contingency and other financing uses in the form of transfers out of $1,097,011 to other funds as shown on page C-2. Total proposed expenditures are $42,046,270 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 $34,983,506 are 83% of total budgeted expenditures, contingency and transfers out.

Expenditures are summarized by function on pages C-7 through C-9 and total $24,956,796 for instruction, $15,226,860 for support services, $265,603 for General Fund debt service, $1,097,011 for inter-fund transfers, and $500,000 for contingency. More detail about salary and associated payroll cost objects are shown on page 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. The collective bargaining agreements for classified and licensed staff are currently being negotiated and any changes to the salary schedules or workdays are subject to negotiation with our various employee groups and cannot be made unilaterally by the District. 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-65. The largest transfer of $852,011 is to the Biennial Reserve Fund to account for smoothing of the 50/50 state school fund distribution and to set aside some funds for expected PERS increases due to the recent court decisions on PERS reforms.

The proposed contingency budget of $500,000 is 1.2% of operating revenues and was increased from the previous year’s contingency budget of $250,000 which was 0.6% of estimated operating revenues. This proposed contingency budget of $500,000 or 1.2% provides a very narrow margin for dealing with unexpected revenue shortfalls, enrollment increases or other unplanned expenditures. The District has a history of drawing on contingency funds to support District programs with little remaining at year-end, therefore, an increase is proposed in this budget.

The budget document includes General Fund expenditures by function and object for the proposed budget, the current budget for 14-15 and two prior years’ actuals, as shown on page C-12 through C-50. Full time equivalent staff (FTE) is shown for the 2015-16 proposed budget.

Two significant challenges for future budgets include the level of PERS rates and the effect of Federal health care reform. As discussed earlier, PERS rates have 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. The PERS contribution rates for the District, for the 2015-17 biennium are 11.26% for Tier 1 & Tier 2 and 6.57% for OPSRP payroll. In comparison to the current rates of 13.79% for Tier 1 & Tier 2 and 11.79% for OPSRP payroll, a decrease of 2.53% in the rate for Tier 1 & Tier 2 payroll, and for OPSRP payroll is a decrease of 5.22% in the rate. These PERS rate reductions are assumed in the proposed budget.

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.

**Other Funds**

This section presents information about the other funds included in the 2015-16 proposed budget.

**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 $18,500 from the state school fund. The proposed budget has resources of $2,418,500 including a beginning fund balance of $500,000 which is estimated to be lower due to equipment purchases in 2014-15. Requirements include $2,418,500 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 $1,750,000 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 $829,000.

Biennial Reserve Fund – This former operational reserve fund became inactive at the close of 2012-13 after a transfer of $500,000 to support General Fund. The Biennial Reserve Fund will be used to reserve the portion of the SSF distribution in 2015-16 for 2016-17.

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 and an estimated trust account beginning fund balance of $6,169 and proposed requirements of $101,169. The amount of the recommended transfer increased from the prior year as the beginning fund balance declined.

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 $37,562 and proposed expenditures of $135,000 to purchase either two smaller school busses or one regular school bus as needed, leaving an un-appropriated balance of $52,562 to carry forward to future years. The implementation of staggered school start times for 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 14-15 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.

### Grant Awards

<table>
<thead>
<tr>
<th>Fund</th>
<th>Description</th>
<th>Grant Period</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>225</td>
<td>Youth and Innovation</td>
<td>7/1/14-6/30/15</td>
<td>$99,960</td>
</tr>
<tr>
<td>231</td>
<td>Special Ed/IDEA Part B Section 611</td>
<td>7/14/14-9/30/16</td>
<td>679,494</td>
</tr>
<tr>
<td>234</td>
<td>IDEA Part B Section 619</td>
<td>7/01/14-9/30/16</td>
<td>4,963</td>
</tr>
<tr>
<td>241</td>
<td>SPED System Performance R&amp;I</td>
<td>8/01/14-6/30/15</td>
<td>3,252</td>
</tr>
<tr>
<td>244</td>
<td>Dual Language/Two-Way Bilingual</td>
<td>11/01/13-6/30/15</td>
<td>105,924</td>
</tr>
<tr>
<td>250</td>
<td>Title IC Migrant Regular School Program</td>
<td>7/01/14-9/30/15</td>
<td>266,556</td>
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<tr>
<td>251</td>
<td>Title 1A</td>
<td>7/01/14-9/30/15</td>
<td>743,447</td>
</tr>
<tr>
<td>255</td>
<td>Title IC Migrant Preschool Program</td>
<td>7/01/14-9/30/15</td>
<td>16,433</td>
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<tr>
<td>257</td>
<td>Title IIA Teacher Quality Grant (HQ)</td>
<td>7/01/14-9/30/15</td>
<td>152,709</td>
</tr>
<tr>
<td>258</td>
<td>Title III English Language Acquisition</td>
<td>7/01/14-9/30/15</td>
<td>104,477</td>
</tr>
<tr>
<td>263</td>
<td>21st Century Community Learning Centers (Excel)</td>
<td>7/01/14-6/30/16</td>
<td>571,884</td>
</tr>
<tr>
<td>281</td>
<td>Carl Perkins Basic</td>
<td>7/01/14-9/30/15</td>
<td>33,632</td>
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<tr>
<td>282</td>
<td>CTE Revitalization</td>
<td>1/01/14-6/30/15</td>
<td>300,687</td>
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<tr>
<td>285</td>
<td>School District Collaboration</td>
<td>7/1/14-6/30/15</td>
<td>411,901</td>
</tr>
<tr>
<td>296-601</td>
<td>Extended Assessment 14-15</td>
<td>7/01/14-6/30/15</td>
<td>900</td>
</tr>
<tr>
<td>296-606</td>
<td>IDEA Enhancement</td>
<td>10/1/14-9/30/15</td>
<td>5,305</td>
</tr>
<tr>
<td>296-620</td>
<td>LTCT 14-15 Title ID Formula</td>
<td>7/01/14-6/30/15</td>
<td>21,179</td>
</tr>
<tr>
<td>296-621</td>
<td>Fresh Fruit &amp; Vegetable Program</td>
<td>10/01/14-6/30/15</td>
<td>25,042</td>
</tr>
<tr>
<td>296-626</td>
<td>Oregon First Robotics</td>
<td>8/01/14-6/30/15</td>
<td>27,000</td>
</tr>
</tbody>
</table>
Debt Service Fund – This fund accounts for the District’s repayment of general obligation bonds. The scheduled principal and interest payments total $3,822,325 for general obligation bonds for 2015-16. An estimated beginning fund balance of $201,791 will reduce the amount of the 2015-16 levy for bonds. The amount of the levy for the Series 2010 refunding of the Series 2000 bonds is $1,018,050. The amount of the levy for the Series 2008 bonds is $2,804,275. Both levies assume an uncollectible rate of 5 percent. The schedule of general obligation bond and interest requirements is shown on page C-59.

Capital Construction Fund – This fund group consists of the Capital Construction Bond Fund 401, Construction Excise Tax Fund 401, Energy Projects Fund 402 and Property Fund 403. The proposed budget includes resources of estimated interest of $500 to the Capital Construction Bond Fund; estimated construction excise tax revenue of $228,000 to the Construction Excise Tax Fund; estimated grant revenue of $300,000 to the Energy Projects Fund. Beginning fund balances totaling $1,599,509 are estimated to be $118,763 for the Capital Construction Bond Fund, $487,730 for the Construction Excise Tax Fund, $257,449 for the Energy Projects Fund and $735,568 for the Property Fund. The proposed requirements total of $1,760,226 include $1119,263 for the Capital Construction Bond Fund for remaining projects, $715,730 for the Construction Excise Tax Fund for long range facilities assessment and planning, and for future development needs, $103,469 for the Energy Projects Fund for the facilities management and energy projects oversight and $453,980

<table>
<thead>
<tr>
<th>Project Code</th>
<th>Project Name</th>
<th>Start Date</th>
<th>End Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>296-630</td>
<td>Student Mentoring &amp; Monitoring Accelerated</td>
<td>12/01/13</td>
<td>6/30/15</td>
<td>143,309</td>
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<tr>
<td>296-631</td>
<td>LTCT 14-15 IDEA Funds</td>
<td>7/01/14</td>
<td>6/30/15</td>
<td>7,672</td>
</tr>
<tr>
<td>296-632</td>
<td>District PLT Winter</td>
<td>7/1/14</td>
<td>3/31/15</td>
<td>10,520</td>
</tr>
<tr>
<td>296-633</td>
<td>ELP Standards professional Learning Grant</td>
<td>4/01/14</td>
<td>6/30/15</td>
<td>12,458</td>
</tr>
<tr>
<td>296-636</td>
<td>Restorative Justice Practices PBIS</td>
<td>4/1/14</td>
<td>6/30/15</td>
<td>1,675</td>
</tr>
<tr>
<td>296-637</td>
<td>LTCT Emergency Funds</td>
<td>4/4/15</td>
<td>6/30/15</td>
<td>136</td>
</tr>
<tr>
<td>296-638</td>
<td>LTCT-CCSS SBAC Grants</td>
<td>9/1/14</td>
<td>6/30/15</td>
<td>9,079</td>
</tr>
<tr>
<td></td>
<td>Subtotal ODE grants</td>
<td></td>
<td></td>
<td>3,759,594</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>232</td>
<td>Early Intervention/Early Childhood Spec Ed (not ODE)</td>
<td>7/01/14</td>
<td>6/30/15</td>
<td>719,167</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td>$4,478,761</td>
</tr>
</tbody>
</table>

Total

$4,478,761
for future grant-funded projects, if available, and $367,784 for the Property Fund to pay for engineering and construction costs of the Sherman Avenue street extension to provide access to the District’s undeveloped property.

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

<table>
<thead>
<tr>
<th>Fund</th>
<th>2015-16 Total Budget Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>200 Food Service Fund</td>
<td>$2,418,500</td>
</tr>
<tr>
<td>204 Student Body Funds</td>
<td>1,750,000</td>
</tr>
<tr>
<td>205 Community Education Fund</td>
<td>829,000</td>
</tr>
<tr>
<td>210 Unemployment Fund</td>
<td>101,169</td>
</tr>
<tr>
<td>212 Bus Replacement Fund</td>
<td>135,000</td>
</tr>
<tr>
<td>2XX Grant Funds</td>
<td>6,000,000</td>
</tr>
<tr>
<td>300 Debt Service Fund</td>
<td>3,822,325</td>
</tr>
<tr>
<td>4XX Capital Construction &amp; Improvement Funds</td>
<td>1,760,226</td>
</tr>
<tr>
<td>Total Other Funds</td>
<td>$16,816,220</td>
</tr>
</tbody>
</table>

After ten consecutive years of budget reductions, it has become increasingly challenging to make program reductions decisions that do not have a direct impact on the classroom or school support staff. Principals and other administrators deserve recognition for their careful consideration of the wellbeing and success of all students and our dedicated staff as they struggled with these budget recommendations and decisions; and the School Board and the Financial Advisory Committee should be commended for their diligent monitoring of the district’s finances.

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 erected with conservative estimates and a focus on protecting the district and its children from emergencies and mid-course state funding shortfalls. Our commitment to fiscal prudence and sound financial stewardship has earned the trust of our community during challenging economic times - and this administration is dead-set on maintaining the public trust.

We are 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, technicians, coaches, bus drivers, mentors, volunteers, food service employees, specialists, managers and administrators who 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.

As we submit this proposed budget, we thank each member of the Board and Budget Committee for their commitment to the children of the Hood River County School District. We also want to thank all of those community members participating in the many Listening Sessions designed to engage the Hood River County community in finding solutions to the economic challenges we currently encounter. We are fortunate to have a community that cares deeply about all students and our school district’s success. I spent many days in Salem during the legislative session to meet with individual legislators and testify in a number of committees. Many conversations started with legislators commenting on the number of emails and phone calls they were getting from Hood River advocating for adequate school funding. 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 labors in putting this proposed budget together is a team effort. First, I would like to commend members of the Finance Advisory Committee who have met regularly for the last two years and ensured the district is managing the public’s resources responsibly: Community members: Mike Oates, Heather Staten, Jake Bolland; Board Members: David Russo and Bob Danko; HREA Leadership: Mikka Irusta; OSEA Leadership: Sheri Holloway; Administrators: Rich Polkinghorn, Catherine Dalbey, Gus Hedberg, and Saundra Buchanan. 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 the finance system in addition to her efforts to ensure every detail in this budget is accurate and clearly communicated; Mark McGowan, Carol Metcalfe and Mayra Valle for their assistance with researching revenue and expense data; Gretchen Winans and Maria Lopez for their important contributions as payroll specialists; Neely Kirwan and Anne Carloss for their program expertise and assistance with the budget development process; and Kevin Noreen for his assistance in preparing staffing information.
POWERPOINT PRESENTATIONS:

Objectives and 20/20 Vision/Student Progress:

Objectives

1. Review 20/20 Vision & Student Progress
2. Discuss Oregon Statewide Funding
3. Examine Factors for 2015-17 State School Fund
4. Review Local Funding
5. Examine Proposed Budget
6. Discussion/Questions
7. Motion/Approval
Superintendent Goldman presented information on a “Roadmap for Success” using the following data showing Hood River County School District success:

2013-14 OAKS Results - 3rd Grade Reading
Superintendent Goldman stated he wanted to start with student outcome information in this budget meeting because while this is a budget meeting, what the district is really about is the students. “It is about student outcomes and getting kids across the stage and into life set up for success”. He noted he is very proud of our district and is continually impressed with all students and staff.
Oregon Statewide Funding:

State Funding for Public Education in the U.S.

OREGON

1992: top 10
Present: bottom 15

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

% Change in Oregon General Fund & Lottery Spending since 2003-05

Source: Oregon School Administrators Association, 2018
Factors for 2015/2017 State School Fund:

Oregon Education Now Defined
By Following Facts…

- Our 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 is ranked in the bottom 10% in 4-year graduation rates.

2015-17 Biennium

Oregon Adopted SSF = $7.255 Billion

Why is the 2015-17 SSF Insufficient?

Major Factors Contributing to a “Cut Budget”

- Inadequate State School Fund level to maintain current programs and the addition of Full Day Kindergarten across the state;
- The “50-50 Split”;
- Increased Costs
Factor 1: Inadequate State School Fund level to maintain current programs

Why is $7.255 Billion Not Enough?

2013-15 SSF: $6.55 Billion
* 49% in Year 1 ($3.21 Billion)
* 51% in Year 2 ($3.34 Billion)

* Received additional $100 million in Year 2 from special legislative session

*$ = $3.44 Billion for 2014-15

Factor 1: Inadequate State School Fund level to maintain current programs

- $7.255 Billion for the 2015-17 biennium
  * @ 50-50 Split =

  $3.63 Billion for 2015-16

Factor 1: Inadequate State School Fund level to maintain current programs

$3.44 Billion for 2014-15

$3.63 Billion for 2015-16

A 5% increase…
however…
Factor 2: Mandated the addition of Full Day Kindergarten (FDK) throughout the State

- ODE originally planned for 18,000 new student "weights" in the funding formula.
- Increased SSTE by $220 million for FDK for biennium.
  - $220m x .49 = $107.8 million next year / 18,000 new weights
    = $5,989 per pupil
- New ODE estimate: 25,000 to 27,000 new student weights.
  - $107.8m / 27,000 new weights
    = $3,935 per pupil
- Base Per Pupil funding for 2014-15 = $6,958
  - FDK funded at 57%

Factor 2: Mandated the addition of Full Day Kindergarten (FDK) throughout the State

- By adding approx. 27,000 new student weights to the SSTE, the cost to educate the state's public school children increases by 4.2%.
- This equates to a per pupil increase from 2014-15 to 2015-16 of less than 1% (0.9%).
- The per pupil funding is further impacted by...

Factor 3: The 50-50 Split

- K-12 traditionally funded on the "49-51 split"
  - Accounts for basic year-over-year cost increases that any business encounters (nearly 4%)
  - Utilities, insurance, employee costs, etc.
Factor 3: The 50-50 Split

2015-17 State-Adopted SSF Distributed on a “50-50 split”

- First time in history – 49.5:1 split since early 90’s
- Inflates SSF level by 1% in Year 1 of the biennium
- or $72,550,000 statewide
- Shifts responsibility to local school boards to hold back adequate funds to cover Year 2 cost increases
- Deflates the Year 2 distribution by 1%
- Sets the floor lower for the 2017-19 biennium

Oregon State School Fund
Per Pupil Funding
50-50 Split

Oregon State School Fund
Per Pupil Funding
49-31 Split
Factor 3: The 50-50 Split

What Does This Mean For HRCSD?
- Our Proposed Budget Uses the 49-51 Split
- Created a "Biennial Reserve Fund" in our budget
  - Holds back funds to account for traditional and real increased costs in 2016-17

Factor 4: Increased costs

- Utilities
- Employee costs
- Insurance rates

PERS Ruling:

PERS Ruling

- Oregon’s Supreme Court ruling on April 30.
  - Invalidated many of the “reforms” set by the 2013 legislature

- Projected impact for 2017-18 and beyond is a 5.1% increase on payroll — OSBA estimate

- Equals to a projected $1.1 million dollar increase in employee costs in the general fund
Local Finances:

Local Finances

- Local option levy = $1.8 million/year
  - Adds the equivalent of about 20 teachers!

- Bond is nearly fully expended
  - Can be renewed by voters in May 2016
  - Beginning Long-Term facilities planning process this spring

- Without this continued community support:
  - Class size would increase
  - Likely loss of programs like Community Education, many extra-curricular
  - Increased fees for participation in sports
  - Increased fees for community use of facilities and fields

Local Finances

Because of these special community supports, HRCSD spends more per pupil than the state average.

But, what is the impact of local revenue support on outcomes?

Class Size Comparisons

<table>
<thead>
<tr>
<th>Grade</th>
<th>No Levy</th>
<th>Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary</td>
<td>25</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>22</td>
<td>30</td>
</tr>
<tr>
<td>Secondary</td>
<td>26</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>34</td>
<td>33</td>
</tr>
</tbody>
</table>
**School Board Goals for the Proposed Budget:**

---

### School Board Goals

- Adopt a **reasonable** budget for the 2015-16 school year that supports the priorities and goals in the HRCSD 20/20 Vision.

- Adopt a budget for the 2015-16 school year that has a minimum of 5 percent of general fund expenditures in contingency and ending fund balance to address bond ratings, emergencies and potential decreases in federal, state, or local revenues.
  - **Proposed Budget achieves this goal**

---

### Identifying Program Reductions/Enhancements

1. Prioritizing 20/20 Vision
2. Collecting Feedback from Staff & Community Members
   - Listening Sessions
   - Online Survey
3. Using all available information
   - Student outcomes
   - Best practice rounds (Hattie, 2009)
   - Current staffing levels
   - Historical spending patterns
   - Fiscal Data from the State
4. With all District Administrators, Principals, Vice-Principals, and Program Managers (e.g., Food Service, Transportation, etc.)

---

### Mitigating Factors

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15 SSF Projected Shortfall</td>
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<tr>
<td>2013-14 SSF Projected Surplus $605,190 Use half in each year of the biennium</td>
<td>$302,595</td>
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<tr>
<td>2014-15 Projected Reserve Above Board Goal of 5%</td>
<td>$156,500</td>
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<tr>
<td>Tuition payer: to date</td>
<td>$46,500</td>
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Ramifications For Program: Elementary School

Enhancements:
* Maintaining 3.0 Teacher FTE increase from this fall to maintain current class size levels

Reductions:
* $5,700 "Discretionary"
  * Examples: School supplies, technology purchases, field trips, etc.

Ramifications For Program: Middle School

Enhancements:
* Increase in tuition pays - able to maintain .5 Teacher FTE that would have needed to be reduced

Reductions:
* 1.0 Teacher FTE
  * Due to significant enrollment drop
  * Through attrition

Ramifications For Program: High School

Enhancements:
* Able to initiate new Alternative Program with existing staff
  * Funds to lease space at CCC Indian Creek Campus

Reductions:
* 1.0 Teacher FTE
  * Through attrition
Clarification was provided on the K-12 curriculum materials need and if there was really a need for $160,000 after the previous reading curriculum adoption. It was noted that there was $360,000 in curriculum materials in the budget from the special session. That allowed all new reading curriculum which the district had “skipped over” for the past 14 years. There are now smaller but very important curriculum purchases to be done over the next two years. It is believed that $200,000 would be sufficient. ELD – English Language Development materials have not been purchased in many years. There is also a K-12 Math adoption coming up. This budget has been normally “zero” dollars for curriculum budgets. We would not normally carry a budget of $360,000. Elementary curriculum is normally one of the most costly purchases. This would be a cut of $160,000 because it is in our budget now. We are reducing that amount to place it in other parts of the budget where needed. The two year plan for those funds is year one, the ELD curriculum to cost about $70,000 to $80,000. The plan would be to bring the balance forward to the following year to do a K-12 Math adoption which is a far more expensive adoption. We would not be able to do a math for K-12 adoption for $200,000. This money could be moved forward and if a bond is passed and the Board choses to use some of the bond money towards the math adoption it could. The administration recommendation is to not count on passing a bond to take care of curriculum needs. If we passed a bond to take care of curriculum needs, then that funding could be moved to some other need. We are currently getting into long range planning and when you listen to the long list of issues at each school, the amount that would have to be in the bond, plus curriculum and technology, it would not stretch that far. It is not recommended to take the curriculum budget down to a lower level again. The district has to cut $320,000m and half of it will come from curriculum.

If State School Fund Increases:

Superintendent Goldman noted the new State School Funding update will come out on May 14th. He is very hopeful there will be more money for schools that may help with the following administrator recommendations:
If SSF Increases

Priorities identified by the administration:

- Plan effectively for major PEIS liability increases for 2017-19
- Increase FTE at the elementary school level to provide reading interventions
- Increase FTE K-12 to support behavior support programming
- Increase FTE in Maintenance
- Increase FTE for:
  - elementary PE, Music, Counseling
  - secondary in world languages, arts, AVID and special education programming
  - at McVale & Weyerhaeuser specifically to support dual language program
  - high school alternative education

Q: If there was a state school fund increase, what the estimated ballpark figure would be for the priorities needs addressed above. A: Costing has been done on the elementary level position at about $125,000. The K-12 Behavior Support position programming would be in the $65,000 range. The Maintenance position would be roughly $60,000 to $70,000. When you look at the licensed estimations, they would be an average teacher salary with benefits is about $98,000.

Q: How do early graduation rates differ from district to district and state-wide. A: There are state graduation requirements and they don’t vary. The way in which schools get students “across the stage” does vary. There are lots of different options to graduation. The primary way that students meet graduation requirements is through the Oregon State Assessment. Most students will pass the state testing to meet the requirement. There is also a work sample methodology that students can use. If a student meets all the work sample requirements, then they don’t have to pass the state test.

Q: If a higher revenue State School Fund comes in after this committee has concluded its meetings, how does it fit into the scenario? A: On May 14th there will be a revenue forecast and in the state school fund bill, there is a part of the bill that guarantees 40% of any increase to the state budget goes to K-12. We would not recommend changing the budget but would be working with the Board at that point to work on where and how those resources would be spent. If it were more than 10% of the state school fund, then the budget committee would have to reconvene.

Q: Please clarify the two full time licensed positions that were added back due to increased enrollment and having a 5% contingency fund. A: There are multiple parts of the ending fund balance/reserve. There is an ending fund balance and there is money appropriated to contingency. Last year $250,000 was appropriated to contingency specifically for this. The entire fund was spent in the fall because the district was confident it had increased enrollment and would be able to cover it. It was a calculated risk but a very confident one. The history of spending in our district is that we spend contingency as a part of general operations. If you have contingency, that is for emergencies but if you spend it every year, it no longer becomes emergency funding, it is part of the operating budget. You will see in our budget a recommendation of increasing the contingency from $250,000
to $500,000 because what will happen is we will have to address enrollment bubbles in the fall in our schools. This type of instance is a reality of a school district budget.

Q: Is the Board part of the decision making on this contingency? A: The administration must go to the Board and provide details on what the funding is needed for. The Board then must deliberate and vote.

**Organization of the Budget:**

Chief Financial Officer Saundra Buchanan presented the 2015/2016 Proposed Budget portion of the Budget Message with the following PowerPoint explanation:

It was noted there is no relationship in the ending fund balance and the 5% contingency. The District talks about the 5% contingency as it relates to the operating revenue not as a total requirement. In total requirements, there are other things such as transfers out and contingency. This will be explained further in this conversation.
**Budget Assumptions:**

Q: What is the 5,042.53 weighted enrollment this year compared to last years? A: It is slightly higher. This year is 4,930.00. There are a variety of factors depending on additional weighting.

On the Local Option Levy revenue estimate, it is assumed that the district will receive $1.25/$1,000 of assessed value as the Budget Committee approved rate. This also assumes a 3% increase in the taxable assessed value and continued compression of the tax rates. It is very difficult to project compression because it is calculated on an individual property level.

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**Financial Information B-1 to B-7**

- **Budget Assumptions B-2 – B-4**
  - Salaries and Benefits
  - All labor agreements are open for negotiations or are pending
  - Overall PEIS rates for 2015-17 have declined from 2013-15
  - Tier 1 - Employer rate 14.26% (decline of .25%)
  - PEIS OPEBP employer rate 6.97% (decline of .22%)
  - PEIS bond rate 5.5% (increase of .5% per semi-annual bond debt)
  - Workers' Compensation premium rate factors increase in modification factor from 1.14 to 1.27 (11.4% increase)
  - Other expense increases
    - Property & liability insurance projected increase of 5%
    - Some salary increases in budget
    - No general increases for non-payroll expenses

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Q: What percentage of our employees are Tier 1 and Tier 2. A: Ms. Buchanan will provide that information at the next meeting. The budget was built this year on a person by person and position by position basis so the district was able to be tighter on budgeting than in the past. The budgeting will be more accurate with this system.

On Workers Compensation, our modification is increasing from 1.14 to 1.27 which is an 11.4% increase due to older/higher claims. It might take up to two years for this to taper off.

Enrollment projections are based on current 2014/2015 enrollment figures at the second reporting period. That amount is compared with prior years as to where the district was and then compare to the end of the year and project forward grade by grade. This report is showing that enrollment has dropped in Hood River. The answer would be yes based on that projection. In the back of the document in the supplementary section, our 2014/2015 enrollment right now is much higher than the year before but is projected to come back down.

Q: The 5,042.53 ADM is showing on the document but shows a student base rate of 4,951. A: We are talking about actual enrollment so the numbers are reflecting end of year numbers of weighted enrollment and that is what the school fund is based on.
Q: Where in the budget is the $46,500 for tuition paying students located? A: This is located in the other revenue portion of the budget.

If you wanted to determine the percentage of our budget on personnel costs, you would add the 100 and 200 codes and compare it to the expenditures.

Some items have gone up or down because the district is reallocating different categories and calculating in expenses related to employees. Most changes are reallocations between lines.

Q: An increase is seen in the athletic director function – is this due to next year having a district athletic director? A: This primarily is an increase due the existing athletic director retiring mid-year and not having PERS taken out of his pay for a portion of this year. We have to include this when we go back to replacing this position. There is a program question here also and the answer would be yes the high school athletic director position is going to have district athletic director responsibilities. The district is looking at what this will look like in terms of middle school athletics and clubs. Community Education at this time is taxed to support middle school sports in terms of
scheduling, field scheduling, and volunteer training. That was added to Community Education’s plate without any added resources, and it is fairly disjointed from the high school program. It is not an increase in program money, rather a shift from Community Education to the Athletic Director function.

Q: Why is there a $130,000 decrease in K-5. A: In the earlier presentation, there were no substantial changes in staffing. In the detail pages it will show one of the largest areas is in the PERS decline and also in the area of textbooks related to elementary reading the curriculum adoption that are being reduced for next year.

Q: In high needs, there is a $43,000 decrease. Is this due to a lower number of students with high needs? A: This is again the issue of making sure we have people budgeted where they are really working. This is FTE realignment not a program reduction.

Q: In the care and upkeep of grounds, there is $5,000. What is that? A: There is no personnel budgeted there. This is a simple services allocation such as supplies and materials.

Q: Is it fair to say we don’t really know how much it costs to take care of the grounds? A: No. It is all together within the care and upkeep of buildings and grounds total. If you took the two lines together, that is what it takes.

Q: Why is there a decrease in classified salaries when there is an increase in others? A: This would be primarily position by position as it rolls up. We are projecting classified salaries to rise individually based on the fact that we are in bargaining, so there are positions shifting.

Q: What is extra-duty contracts listed? A: That is extra-duty contracts all related to coaching and supervision of those activities. Discretionary budgets make up things like field trips that happen in the school district.

Q: Why was there such a big jump in electricity from 13/14 to the 14/15 budget? A: The jump was related to large rate increases in electricity that happened. We need to make efforts in energy conservation, but the level of energy conservation that we need to make would still not be sufficient to keep up with rate increases.

Q: On the bus replacement fund, there is surprise that it stayed so steady with the changes in start and stop times. I thought that would eliminate this. A: The amount we need to transfer in is equal to the amount of depreciation the state is paying us. So we will not spend the same amount every year and the fund will build money up so we can replace busses. The transfer in will stay the same. It is the expenditure side where you see the savings.
Q: So if you look under food service salary and benefits, the benefits are almost as much as the salary. Q: Our food service workers are some of our lowest paid workers. Many of them work for the benefits. There is a lot of part time staff there so the benefits are high relative to the salary.

Q: Does the student body fund reflect fees they pay? A: Yes, that would reflect any fees they would pay to participate in different activities that are managed at the school level.

Q: There are different amounts on different pages for what is in the biennial reserve fund. A: This looks like an error, and we will fix that to show the correct amount. The biennial reserve fund shows $30,000 too much. It really should be $852,011 which ties to the general fund side which is correct.

Q: Can you describe the basis for the $852,011? A: This is the difference between when you take a 50/50 split instead of the 49/51 split. We need to create a specific reserve fund to ensure we have enough resources to sustain our program over the biennium.

Q: Maintenance services and consulting had no budget and now there is something. What is the difference? A: This is specifically a couple of contract. One would be the actuarial study to achieve our clean audit. The other would be the EAP (employee assistance program) expenses. The superintendent contact is for contracting for help in moving to an RTI program.

Q: Please describe what the rental portion is. A: Our rentals line is really our copiers and our printers. We are working on a new contract at this time. This is a big expense in the district budget that needs to be watched.

Q: When you get to the school level and say 73% of the students are poverty and half are ELL, do the weights follow the students? A: The weights do not follow the students in that way. The money comes into the general fund and then the district does staffing. At the elementary level the main additional support that we have is through our grants, Title I. The district has its own internal
staffing formula that differentiates staffing levels at the middle schools based on two factors – free and reduced, and the small schools correction. Support goes where the student goes, but not tied directly to the state funding model.

**Debt Service Fund C-58 to C-59**

- Provides for debt repayment of the general obligation bonds approved by the voters
- Bond Levy of $3,811,088 (based on 95% collection rate) and estimated fund balance of $201,791
- Appropriation of $3,822,325
  - Refs Series 2010 bonds originally issued Dec 2009
  - Series 2008 bonds mature in 2024

**Capital Construction Funds C-60 to C-64**

- Fund group:
  - Capital Construction Bond Fund
  - Construction Excess Tax Fund
  - Energy Projects Fund
  - Property Fund
- Total appropriation of $1,740,226
- $1,192,246 for Capital Construction Bond Fund
- $718,792 for Construction Excess Tax Fund; K-12 development
- $507,449 for Energy Projects Fund and for facilities mgmt for future grant funded projects if funding is available
- $367,791 for Property Fund to appropriate half of fund balance for Sherman Ave meet extension for access to District's future school site

**Summary of Interfund Transfers C-65**

- Transfers from General Fund
  - To Retention Reserve Fund $852,011 for SSF reserve
  - To Unemployment Fund $85,000 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:

Kelvin Calkins asked the Budget Committee members to take a week to digest the information provided tonight and is in hopes that the budget would not be approved tonight, but rather let it ride for a week and come back with any further questions.

BUDGET COMMITTEE DELIBERATIONS AND QUESTIONS:

It was noted it is very important make sure the discussions and comments heard tonight were heard by absent committee members and also hopes that more public would be able to hear message and come to the next meeting. There was a lot of information presented tonight and it is a public service to make sure the community is able to come and understand the entire budget.

A full audio copy of this meeting may be obtained by contacting Administrative Assistant Terri Martz at terri.martz@hoodriver.k12.or.us.

It was moved by Kateri Osborne Lohr to recess this first Budget Committee meeting and reconvene at 6:00 p.m. on May 13, 2015. Motion approved unanimously.

MEETING RECESSED AT 8:52 P.M. UNTIL MAY 13, 2015 AT 6:00 P.M.
MAY 13, 2015 MEETING RECONVENED WITH WELCOME AND CALL TO ORDER AT 6:03 P.M.

Budget Committee Chair David Russo reconvened the second budget committee meeting and called to order.

PRESENT:


Absent: John Stehlik, Mark Johnson, Julia Garcia Ramirez, and Mikka Irusta.

Administration: Superintendent Dan Goldman, Chief Financial Officer Saundra Buchanan, Human Resources Director Kevin Noreen, Director of Curriculum and Instruction Neely Kirwan, Special Education Director Anne Carloss, Technology Director Tod Hilstad, Westside Elementary School Principal Bill Newton, Hood River Valley High School Vice Principal Kyle Rosselle, Parkdale Elementary School Principal Gus Hedberg, Facilities Director Danny Garcia, Hood River Middle School Vice Principal Ocean Kuykendall, Hood River Valley High School Vice Principal Nate Parson, Hood River Middle School Principal Brent Emmons, Hood River Valley High School Principal Rich Polkinghorn, Mid Valley Elementary School Principal Dennis McCauley, Community Education Director John Rust, Wy’east Middle School Principal Catherine Dalbey, and Wy’east Middle School Vice Principal Patricia Cooper.

Staff and Community Members: John Vann, Cary Jackson, L’dee Lorengel, Rob Varga, Adam Howell, Stacy Claus, Kelvin Calkins, Chris Reitz, and Board Administrative Assistant Terri Martz.

UPDATES AND NEW INFORMATION:

Superintendent Dan Goldman presented updates and new information to the Budget Committee:

- The rationale of the tight budget was discussed at the May 6th meeting. This budget would reduce over $320,000 from the budget. There are a number of factors contributing to this budget. There are currently estimated 27,000 new kindergarten students (weights ADMw) into the state-wide system. When you add more students to the system, it means less money per student unless you increase the entire State School Fund commensurately. This is a major contributing factor to the budget. Another factor is the 50/50 split. The state has always distributed the money on a 49/51 split. With this new 50/50 split, it inflates the first
year of the budget and deflates the second year. We have recommended in our budget to hold back money in the Biennial Reserve Fund to make up for the increased costs the following year. There are also general increased costs coming in 2017/2018 as we will have increased PERS expenses adding $1.1 million projected liability per year, as a result of the recent Oregon Supreme Court ruling.

- We previously talked about local finances and the Local Option. This is a huge component of the district budget. We have talked about what our schools would look like with the Local Option community support. It was asked at the May 6th meeting what we actually get for this Local Option money. Class sizes were talked about and our significantly different and better outcomes compared to other districts.

- We talked about the School Board Goals. One of the goals is having at least 5% of our operating revenue in contingency and ending fund balance. This budget achieves that. The board goal and direction is to produce a sustainable budget and this budget is sustainable over the course of the biennium.

- We talked about ramifications for our schools and district-wide programs and the reductions that we are going to need to take along with enhancements that we were able to make through moving resources around to address things that are in the Board’s Strategic Plan. We talked about enhancements and reductions at school levels and the district level.

- We are all waiting on pins and needles for May 14th for the state’s May Revenue Forecast. There is already part of the house bill for the State School Fund that dedicates 40% additional funding from that forecast to the schools. We are hoping that is a really big number and we can do lots of positive things in our budget then what we are asking you to adopt.

PROVIDE ANSWERS TO PREVIOUS QUESTIONS:

Superintendent Dan Goldman and Chief Financial Officer Saundra Buchanan presented the following PowerPoint presentation with answers to questions from the May 6th Budget Committee meeting:
Budget Committee Meeting
May 13, 2015
Excellence. Every student. Every day.

HOOD RIVER COUNTY
SCHOOL DISTRICT

Question 1

Is the district estimating the ADM correctly for 2015-16? It appears that we should be getting more ADM with the addition of .5 weight for every kindergarten.

• Answer: yes, estimates have been rechecked and confirmed.
• 112 additional ADMw projected
• Senior class is larger than current and projected kindergarten class
• For projections we use enrollment data from mid-year (around December) and adjust to end of year trend.
  • Each year we decline between mid and end of year.
  • ADM is “average,” so this decline must be factored in
Question 2

- What is the source of information regarding Oregon’s children having the equivalent of one year less of instructional time than the national average during the 1st through 12th grades?

- Education Commission of the States, “Number of Instructional Days/Hours in the School Year,” 2013

State Instructional Minute Minimums

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<th>Grades</th>
<th>Oregon</th>
<th>Washington</th>
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State Instructional Minute Minimums

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Question 3

• Can you describe the basis for the $852,011 transfer to the Biennial Reserve Fund?
• $733,733 is the difference between 49% and 50% distributed in the first year
• $118,278 is an amount set aside to begin to address the impact of the Supreme Court decision to roll back PERS reforms
  • Current Estimate from OSBA equates to $1.1m annual liability in general fund starting in 2017

Question 4

• What percentage of our employees are Tier 1 & Tier 2 compared to OPSRF membership?

• Of 2013-14 PERS subject salary
  • 71% Tier 1 & Tier 2 membership
  • 29% OPSRF membership

• Subject salary represents 94% of total salary in 2013-14

Question 5

Why is there a decrease in classified salaries when there is an increase in others?

• Refilling vacant positions in a lower step on the salary schedule due to retirements or resignations will result in a lower budget ($28,372 of $38,690 General Fund decrease)
  • Technology decrease of $14,070
  • Transportation decrease of $14,302
PUBLIC COMMENTS:

Stacey Claus: “I teach PE and Health at Hood River Middle School. I live in White Salmon but I hope to be back over here by the time my kids are ready to go to school. I understand and appreciate that the district’s top priorities are reading interventions and PBIS. I am here to advocate for what research says is one of the best positive behavior strategies and enhancers that I know of. Exercise, specifically elementary and middle school PE. Research shows that PE increases memory, concentration and behavioral outcomes. Schools that are offered daily PE experience a decrease in truancy and schools that creatively schedule their PE next to reading and literacy blocks, have demonstrated increasing, what they call learning regimens in those students. As you consider funding PBIS support, I would also just ask you to equally consider the funding for more PE teachers. Perhaps that would be some kind of a hybrid role, a PBIS teacher or PE/PBIS coordinator. A PE teacher can be your best PBIS support. We know every kid in the building and develop relationships with them beyond the classroom setting. Those of you that workout, you know what comes out when you are working hard with each other. It is kind of a different side of you. Most importantly, every kid that I have ever known that needs behavior intervention, needs more activity. Physical activity is one of the best solutions. This district often speaks about closing the achievement gap between white and Latino students both academically and in the area of sport. I believe the lack of Hispanic participation sport and the low achievement in reading starts with the lack of elementary physical education. Kids that can afford it participate in sports. They have club teams, they go to dance class, they go to gymnastics. Finally, I would just like to ask that we stop always grouping the funding for Music and PE together. PE is gaining ground nationally as a core subject. It is time to decouple these. It seems like in this district, we feel like if we can’t fund PE or music, we will fund neither. Please think about viewing them as two different subjects when thinking of your funding and priorities. It is my hope that the district will look forward in preparing for House Bill 3141that some of you have heard about that will require more minutes of physical activity. I look forward to a time when physical education is totally valued and funded in this district for all of its positives - its positive academic outcomes, behavioral outcomes and physical outcomes. We know healthy kids learn better. No one would dispute that. It takes a lot of courage to make sure no child is left on their behind”.

Adam Howell: “I was recently at the Parkdale Board meeting and said I would be back to talk about solutions. I would like to propose a few that I hope the committee considers moving forward. Stacy mentioned House Bill 3141which goes into effect in the 17/18 school year. It requires 150 minutes of instructional time per week for K-5 and 225 minutes per week 6-8 grades. Almost no one in the state is at that level now including us. However, along with that passage of House Bill 3141, every
public school student in Kindergarten through grade 8 shall participate in physical education for the entire school year. Students in Kindergarten through grade 5 shall participate in physical education for at least 150 minutes during the school week. Students in 6-8 shall participate in physical education for at least 225 minutes during the school week. But, with that, a small little piece – the Department of Education shall award grants to school districts and public charter schools for the purpose of meeting this physical education requirement. I wanted to make you aware of the PEEK Grant which has existed since 2007. Our district is very good at getting grants. The Oregon PEEK Grant – 67 schools in Oregon were award these last year. The grants are used to hire PE teachers and pay the salary up to $50,000. Any school district can apply for them but each school has to submit their own application. It must include the district’s superintendent signature. These grant funds are out there. This is just a local one in the State of Oregon. There are several federal grants that are available as well that can fund PE teachers. I know we are in tough budget times and there are creative solutions out there that can if you want to make a commitment to, can allow us to hire physical education staff”.

**BUDGET COMMITTEE DELIVERATIONS AND QUESTIONS:**

Q: Regarding county forestry payments how do we estimate this and where do you list this?  A:  If you go back in history to 2013 we received zero and in 2014, we received $120.00. It was decided in looking at this, to not project any dollars in that category because it is so low. If we do happen to get that locally, then that reduces the number we get from the state.

Q: On the ending balance and the biennial fund, is it true that money can’t be touched until the following year?  A:  In the proposed budget, we did not appropriate any of those dollars in the biennial reserve fund so that would mean they would sit in an unappropriated ending fund balance. We could not touch those until the following year unless the Board took action to provide those funds.

Q: Is this a typical way of dealing with this new 50/50 split?  A:  One other district has budgeted the full 50% and they are crossing their fingers because they would have to cut in upwards of 100 teachers if they were not to scrape every dollar to mitigate that. Another created a “biennial smoothing fund”. Some large districts have enough contingency, such as Portland Public School’s where contingency is very large and we are assuming they are putting that in their ending fund balance. We could do that, but to us, it sends the message that we have this huge ending fund balance and at the same time we can’t support programs. That would not be the case as that money is actual operations money for the next year.
Q: There was a question about the workers compensation and maintenance department that didn’t get answered. Did you see anything unusual with that? A: This was checked and it looked like we had used a lower rate than what really applied, so we will have to deal with that in the upcoming year. The overall impact was about $30,000.

Q: Were there other departments that could have had a lower rate? A: No. There was an error in our mathematical calculation on that so the $30,000 was overall for all worker compensation.

Q: What is the rationale for having the high school extra-curricular budget be as large as it is? This large amount is something that needs to be considered as we move forward in the budget process. A: The philosophy in our high school is that this goes along the same lines as what we just heard in public comment. These types of activities engage students and keep students focused. They connect extra-curricular with grade performance. It connects behavior with real outcomes if you slip up and can’t participate. There is a relationship that happens like an instructional relationship happens between a coach and an athlete that doesn’t happen elsewhere.

**DETERMINING THE LOCAL OPTION LEVY RATE:**

This is the seventh year in a row that the committee has felt we need to assess the full rate. If there were a different revenue forecast on May 14th, the Board can impose a different rate when they adopt the final budget.

It was moved by Jan Veldhuisen Virk and seconded by Bob Danko 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 $3,811,088 for the Debt Service Fund.

Motion approved unanimously. A full copy of this motion is filed in the official minutes book as well as on the district website.
APPROVAL OF 2015/2016 BUDGET:

It was moved by Liz Whitmore and seconded by Kateri Osborne Lohr to approve the Hood River County School District budget for the 2015-16 fiscal year ending June 30, 2016 in the total amount of $58,862,490 and the amounts per fund as shown below with total unappropriated ending fund balances of $3,341,478.

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<th>2015-16 Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 General Fund</td>
<td>$42,046,270</td>
</tr>
<tr>
<td>200 Food Service Fund</td>
<td>2,418,500</td>
</tr>
<tr>
<td>204 Student Body Funds</td>
<td>1,750,000</td>
</tr>
<tr>
<td>205 Community Education Fund</td>
<td>829,000</td>
</tr>
<tr>
<td>210 Unemployment Fund</td>
<td>101,169</td>
</tr>
<tr>
<td>212 Bus Replacement Fund</td>
<td>135,000</td>
</tr>
<tr>
<td>2XX Grant Funds</td>
<td>6,000,000</td>
</tr>
<tr>
<td>300 Debt Service Fund</td>
<td>3,822,325</td>
</tr>
<tr>
<td>4XX Capital Construction &amp; Improvements Funds</td>
<td>1,760,226</td>
</tr>
<tr>
<td>Total</td>
<td>$58,862,490</td>
</tr>
</tbody>
</table>

Motion approved unanimously. A full copy of this motion is filed in the official minutes book as well as on the district website.

A full audio copy of this meeting may be obtained by contacting Administrative Assistant Terri Martz at terri.martz@hoodriver.k12.or.us.
MEETING ADJOURNED AT 6:56 PM.

_____________________________________

Saundra Buchanan – Chief Financial Officer

_____________________________________

Budget Committee Chair – David Russo

_____________________________________

Superintendent – Dan Goldman

_____________________________________

Date