Budget Committee Meeting

May 3, 2017

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

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

WELCOME AND CALL TO ORDER AT 6:05 P.M.

Board Member David Russo called the first budget committee meeting to order.

PRESENT:

Board and Budget Committee Members Present: Mark Johnson, Julia Garcia Ramirez; Chrissy Reitz, David Russo, Corinda Hanks Elliott, Tom Scully, Rich Truax; Angel Reyes, J.R., Craig Bowder, Tim Counihan, James Sims, Dale Hill, Sara Duckwall Snyder, Heather Staten, and Mikka Irusta.

Absent: Ex-Officio Members Sheri Holloway.

Administration: Superintendent Dan Goldman, Chief Financial Officer Saundra Buchanan, Human Resources Director Catherine Dalbey, Curriculum and Instruction Director Neely Kirwan, Director of Special Education Anne Carloss, and Technology Director Tod Hilstad.

Staff and Community Members: Rob Vargas, Kirby Neumann Rea, Ulises Trejo, Kelvin Calkins, and Board Administrative Assistant Terri Martz.

ELECT BUDGET COMMITTEE CHAIR:

It was moved by Tom Scully and seconded by David Russo to elect Dale Hill as Budget Committee Chair. Motion approved unanimously and accepted by Dale Hill.
ELECT BUDGET COMMITTEE VICE CHAIR:

It was moved by Mark Johnson and seconded by Rich Truax to elect Tom Scully as 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 Dale Hill appointed Board Administrative Assistant Terri Martz to keep official minutes for the Budget Committee meetings.

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

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

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

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

Role of the Budget Committee

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

Budget Committee Guidelines

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

BUDGET MESSAGE AND PRESENTATION OF THE PROPOSED BUDGET:

Superintendent Dan Goldman presented the 2017/2018 Budget Message and outlined the following information providing details to committee members.

2017-18 Budget Message

“I submit for your consideration this Proposed Budget for fiscal year 2017-18. This proposed budget of $145,452,540 is the result of the financial and educational goals set by the School Board, input from various stakeholders, staff members and community listening sessions, and the work of the 22-member internal budget team consisting of the executive cabinet, principals, vice-principals, department managers and coordinators, and the superintendent.

On January 19, 2017 the Legislative Co-Chairs of the Oregon Joint Ways and Means Committee announced a $1.6 billion shortfall from being able to maintain current levels of state funded services. The Co-Chairs described the state budget picture as “…moving backward on investments in K-12 and higher education, health care and critical human services.” Adding that the State is facing a “…structural budget deficit… caused by M5 & 50, extended coverage under OR Health Plan as part of ACA, M11 & 57 mandate minimum prison sentences, costs of pension system despite reforms, and three new ballot measures add $357m in 17-19.”
This announcement preceded the release of their Legislative Budget Framework, which provides $7.8 billion to the State School Fund (SSF) over the course of the upcoming biennium, or a reduction of over $200 million from Governor Brown’s funding proposal released only six weeks prior. In order for the HRCSD to remain whole - maintaining our current program levels and not spending one-time funds (reserves) - the legislature would have to appropriate $8.4 billion in the SSF. As of the writing of this budget message, we are $600 million short of that funding level. For some perspective, the Oregon School Board’s Association, the Confederation of Oregon School Administrators, and the Oregon Education Association have communicated a SSF funding level of $9.97 billion to achieve the national average in K-12 education funding.

There is wide speculation that more resources will become available in the coming months of legislative maneuvering as various stakeholder groups work towards revenue and/or spending reforms. The possibility of a special summer session was articulated by the legislative leadership early on in the current session; therefore, it is quite possible that the school district will not fully understand its financial position until after our School Board must adopt our budget based on Oregon statute. Consequently, school districts across Oregon are using different SSF funding levels for budget planning. Few are using the $7.8 billion that is currently proposed from the legislature; others (such as a number of districts in the Portland Metro Area) are planning on $8.1 billion; while we know of another district to our east that is planning on $8.2 billion. It is important to note here that we are legally bound to stay within the budget appropriation adopted by the school board. This 2017-18 Proposed Budget has been prepared with an assumption of $8.0159 billion in the SSF - the Governor’s original budget proposal. While this is above the current proposal of $7.8 billion, we are cautiously optimistic that with more advocacy - and more work on behalf of the Legislature - schools will receive additional funds by the end of the session. Using the lessor number ($7.8b), the District would be forced to reduce additional staff with the very real possibility of receiving additional funds afterward.

Moreover, this proposed budget is recommended to the Budget Committee in large part because of the positive variances in our Ending Fund Balance (discussed below), which provide us a cushion if the SSF is funded below $8.0159 billion.

Using those assumptions, this budget proposal includes a program reduction of $0.8 million in addition to spending $2.1 million of one-time funds currently in reserves. It is our hope, of course, that the Oregon Legislature provides the $8.4 billion necessary to roll back these planned reductions and proposed one-time deficit spending.

Ironically, the $1.6 billion shortfall comes at a time of economic growth for the State of Oregon. Tax revenue estimates include nearly $1.3 billion more in tax and Lottery revenue for 2017-19 compared with the current two-year budget. But, as the Oregonian reports, “that’s not enough to cover rising costs, particularly from the state’s Medicaid program and personnel costs such as raises and public pensions” (January 19, 2017). To compound these issues, the state budget writers have provided a smaller share of the overall state general fund/Lottery resources since 2003, when K-12 Education received nearly 45% of the state budget. Based on the Legislative Co-Chairs plan to provide $7.8 billion to the SSF for the 2017-19 biennium, Oregon K-12 Public Schools will subsequently constitute less than 38% of the state general fund/Lottery resources - despite increases in raw dollars spent.
Over this time period, school children across Oregon have lost full programs, an enormous number of instructional days, and experienced higher than acceptable class sizes. After years of disinvestment, the State of Oregon’s K-12 system is now commonly defined by the following stats:

- Oregon is 46th in state expenditures for education as a percent of taxable resources (2015 data);
- Oregon’s 4-year Cohort Graduation Rate places us in the bottom five states in the nation;
- Oregon ranks 49th in student to teacher ratio (2015 data); and,
- Oregon students go to school the equivalent of one year less than the national average during the 1st through 12th grades.
Thankfully, because of the support and engagement of our local community, the hard work and expertise of our team of professional educators, the focus of the administration on prioritization of available resources on students and classrooms, and the conservative budget planning of our school board, the Hood River County School District (HRCSD) bucks these statewide trends:

- We have below average class sizes for Oregon - though still higher than optimal - thanks to the our voter-approved Local Option Levy in combination with a prioritization of teaching FTE and below average spending on administrative functions;

- We spend more per student than average thanks in large part to our voter-approved Capital Projects Bond and the Local Option Levy, in addition to the large number of competitive grants obtained over the last few years;

- We graduate a far greater proportion of our students on time than the Oregon state average and than schools with similar demographics (see figure 1).
And because of the work of our staff and the diversity of our programs, our students are absent less than the state average and engaged more in our schools.

<table>
<thead>
<tr>
<th></th>
<th>HRCSD Performance</th>
<th>Oregon Performance</th>
<th>Like School Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economically Disadvantaged</td>
<td>78.4%</td>
<td>66.4%</td>
<td>74.4%</td>
</tr>
<tr>
<td>English Learners</td>
<td>78.4%</td>
<td>66.9%</td>
<td>71.3%</td>
</tr>
<tr>
<td>Students w/Disabilities</td>
<td>72.3%</td>
<td>52.7%</td>
<td>57.8%</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>79.3%</td>
<td>67.4%</td>
<td>71.5%</td>
</tr>
<tr>
<td>White</td>
<td>87.5%</td>
<td>76%</td>
<td>80.1%</td>
</tr>
</tbody>
</table>

**HRCSD - Percent of Students Not Chronically Absent**

- 2015-16: 81.3%
- 2016-17: 88.0%
- 2017-18: 91.0%

[Graph showing HRCSD performance compared to Oregon State Average and Targets.]
Factors Increasing Budget Liability

As a result of the factors laid out above, this 2017-18 Proposed Budget will include both the spending of one-time reserve funds and decreased programming levels for students. At a time of economic growth in the State of Oregon, the primary drivers of the budget shortfall for schools are severely escalating associated payroll costs in addition to a highly unpredictable, and insufficient, tax structure. Like all Oregon school districts, the Hood River County Schools are facing extremely large increases to its PERS rates, large increases forecasted in health care costs in connection to the Affordable Care Act and our legislatively required participation on the Oregon Employees Benefit Board (OEBB), and increases to the minimum wage on the horizon with the recent signing of SB 1532.

Oregon Public Employees Retirement System (PERS) rates have increased dramatically for the 2017-19 biennium. PERS rates were decreased for the 2015-17 biennium due to the legislative reforms to PERS; however, the Oregon Supreme Court overturned a key piece of the PERS reforms that eliminated a portion of the contribution savings that were anticipated in future years. For the 2017-19 biennium, the District’s PERS employer contribution rates are 16.03% for Tier 1 & Tier 2 payroll and 10.7% for OPSRP payroll, increasing by 42.4% and 62.9%, respectively! The District’s employer contribution rates and estimated annual cost of the increases are shown in the following table.

<table>
<thead>
<tr>
<th>PERS Member Tier</th>
<th>2015-17 Employer Rates</th>
<th>2017-19 Employer Rates</th>
<th>Amount of Rate Increase</th>
<th>Percentage Increase</th>
<th>2017-19 Estimated annual cost based on current subject salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERS Tier 1/Tier 2</td>
<td>11.26%</td>
<td>16.03%</td>
<td>4.77%</td>
<td>42.4%</td>
<td>$602,266</td>
</tr>
<tr>
<td>PERS OPSRP</td>
<td>6.57%</td>
<td>10.7%</td>
<td>4.13%</td>
<td>62.9%</td>
<td>$441,835</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$1,044,101</td>
</tr>
</tbody>
</table>

The estimated total cost of the increases to the District’s PERS employer contribution rates in the 2017-19 biennium is $2.09 million based on the current subject salary for each tier. Districts have been advised to expect similar increases in future biennia. Planning for these increases will take significant resources. For the 2019-21 biennium, the expected increase would cost $4.18 million based on the current subject salary for each tier.
The District’s total PERS retirement rates are shown by member tier in the following table. The proposed budget accounts for these new rates in payroll cost estimates.

<table>
<thead>
<tr>
<th>PERS Member Tier</th>
<th>PERS Tier 1/Tier 2</th>
<th>PERS OPSRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERS contribution rate</td>
<td>16.03%</td>
<td>10.7%</td>
</tr>
<tr>
<td>PERS Pickup</td>
<td>6.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>PERS Pension repayment rate</td>
<td>9.5%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Total rate as a % of subject salary</td>
<td>31.53%</td>
<td>26.2%</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Region 2 Statewide Minimum Wage</td>
<td>$9.75</td>
<td>$10.25</td>
<td>$10.75</td>
<td>$11.25</td>
<td>$12.00</td>
<td>$12.75</td>
<td>$13.50</td>
<td>Rate adjusted for inflation</td>
</tr>
</tbody>
</table>
Positive Local Budget Factors

Importantly, the Board of Directors and Administration have enacted a number of large-scale and small-scale reforms since 2013 enabling the District to maintain (and in some cases expand) program offerings while rebuilding a once decimated budgetary reserve. This was made possible due to:

- Considerable savings from the overhaul of the transportation schedule that staggered school start and end times, which reduced the number of routes required to transport children to school while increasing rider membership and reduced the number of yearly bus replacement purchases required to maintain the fleet by 50%.
- Considerable savings from an internet systems overhaul whereby the District assumed the sole responsibility (away from the CGESD) for internet connectivity/redundancy and network administration.
- Savings in energy costs, primarily with lower fuel prices and slowly modernizing our facilities.
- Savings in substitute costs in the general fund as a result of the attainment of significant grant funds, which offset planned expenditures in trainings, fees, and curricula.
- Sustained savings in purchased services and materials.
- Converting to a new, more powerful financial systems software program allowing for increased monitoring and controls at every level.
  - Importantly, the school district has earned its third consecutive “unmodified opinion” from external financial auditors with zero findings - the highest commendation possible.

In May 2016, the committed community members of Hood River County voted to approve a $57.2 million capital bond levy to support new construction, maintenance and refurbishing of existing facilities, and additional technology. Moreover, the Administration pursued additional capital funding opportunities at the state level bringing in another $4.49 million from the competitive Oregon School Capital Improvement Matching Program (OS CIM Program), $898,400 in Seismic Rehabilitation funding aimed at the Hood River Middle School gyms (with a recent announcement that HRCSD was awarded another $1,335,500 for the Wy’east Middle School gyms), and brought in an additional $8,601,732 in “Bond Premium” as a result of shrewd timing of bond sales - and an excellent bond rating - garnering elevated sale prices from investors. All of these efforts - along with the faith and support of our community - will result in better learning environments, safer facilities, and increased community access to facilities.

Relatedly, our community supports the school district with a Local Option Operating Levy that is estimated to bring an additional $2,223,486 in 2016-17; or the equivalent of 22 teachers. This Local Option Levy expires in June 2018. The HRCSD Board of Directors will decide in the upcoming fiscal year whether to ask voters to approve another 5-year levy for the May 2018 election - and at what level. This proposed budget is based on an assumption that the Budget Committee will approve a Local Option Levy tax rate of $1.25/$1,000 assessed property value. The sustainability of our long-term financial health as a school district hinges, in a large part, on the continued support from our Hood River County neighbors.
In the current year 2016-17, the District was able to sustain and add to following set of priorities outlined in the 2015-16 budget:

1. Planning effectively for PERS liability increases for the 2017-19 biennium (see below)
2. Maintaining lower K-3 class sizes
3. Increase FTE at the elementary school level to provide reading interventions
4. Increase FTE across K-12 to implement Positive Behavior Support Programming (PBIS)
5. Increase FTE in Maintenance
6. Increase FTE for:
   - Elementary in PE, Music, Counseling
   - World Languages and AVID programming
7. Increased funding to support the Mid Valley & Wy’east Dual Language programs.

Also positive in the current operating year (2016-17), we are projecting increased savings from licensed and classified positions that went unfilled despite recruitment efforts; lower than expected substitute and training costs; sustained savings from the transportation system overhaul; and continued revenue gains beyond what was forecasted from the Local Option Levy (due primarily to growth in home values). These unanticipated savings - in addition to a more-favorable-than-projected State School Fund revenue allocation in both 2015-16 and 2016-17 - have resulted in a positive variance in the projected Ending Fund Balance of $1.59 million.

Finally, the School Board established the “Biennial Reserve Fund” in 2015. The Biennial Reserve Fund was established for two reasons: to effectively budget for the legislature’s decision to provide the State School Fund using a 50%-50% split methodology (see the budget message for the 2015-16 Budget for a full explanation), and to establish a fund specific to the substantial PERS rate increases that were forecasted to escalate significantly in the years ahead as PERS reforms were largely thrown out by the Courts (as discussed above). This fund is pivotal to the District’s long-term financial health. The $1.75 million saved in the Biennial Reserve Fund in 2016-17 will be utilized in full to mitigate the program reductions required at both the Legislative Co-Chairs’ and Governor’s proposed budget levels in the 2017-19 biennium.

Prioritizing the Budget

The school district is moving into its fourth year of implementation of “20/20 Vision” strategic plan. The plan was constructed from with hundreds of responses from community members, HRCSD staff, students, and other stakeholders across our county. 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 would focus our actions and intentions as an organization. The plan was developed with equity at its core with a theory of action designed to ensure all students, regardless of their backgrounds, achieve at the highest levels. Our theory of action posits:
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 seven commitments is accompanied by specific strategies that form the basis for our budgeting decisions and will continue to function as our roadmap into the future. The Administration has taken great care in prioritizing the 20/20 Vision in budget planning for 2017-18. The 20/20 Vision is printed in the supplementary section of this budget.

Program Changes for 2017-18

Despite our long-range financial planning efforts, sustained savings in operations, the infusion of significant grants, and reserves built to withstand the most immediate increases in PERS rates, health care costs and the minimum wage, the District will be forced to reduce program offerings and spend considerable reserves over the course of the next biennium. With the decisive defeat of Measure 97, the addition of required spending on the voter-approved measures 98 and 99, enormous increases in cost drivers discussed above, an estimated decline in student enrollment, and a SSF estimate from the Oregon Legislature that further reduces the proportion of general fund/Lottery spending on K-12 Education to wholly inadequate levels - this Proposed Budget decreases the annual program level by $802,410 in addition to spending $2,083,118 of reserves. It is critical that the District maintain adequate reserves in the Biennial Reserve Fund to address the significant PERS rate increases forecasted to balloon in the following two biennia and beyond. Therefore, the 2017-18 Proposed Budget includes a reduction of:

- 5.0 FTE distributed across all school levels and collective bargaining groups
- $476,000 in program spending on a combination of maintenance/repairs, high school athletics, textbooks, technology hardware and software, field trips and other school-based co-curricular activities, and teacher/staff training.

Because of the widespread agreement that the Legislature’s appropriation to the SSF is likely to change, the District remains hopeful that we will be able to roll back at least the planned staff position cuts; if more funds become available, we are primarily concerned with preserving our workforce and will reinstate positions before (for instance) textbook purchasing.
Organization of Budget

This proposed budget serves as the Hood River County School District’s financial operating plan for the 2017-18 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 $51,424,028 comprised of revenues of $44,359,691 and an estimated beginning fund balance of $7,064,337. 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

Within the District’s proposed budget, State School funding for the 2017-19 biennium is assumed to be $8.0159 billion based on the Governor’s proposed budget as shown on page 2-6. Along with the assumed 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, if any. 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), students receiving special education services (1.0 limited to 11% of District ADMr plus a separate factor of 1.0 for limited enrollment for those above 11%), students living in poverty (0.25), students in foster care and neglected or delinquent (0.25), and the remote elementary school correction (1.0).

The following table shows the current estimate of 2016-17 student enrollment, projections for 2017-18 enrollment, and final enrollment for 2015-16. While actual student enrollment (ADMr) in the District has been relatively stable and in slight decline, it is projected to decrease slightly based on advancing current enrollment by grades. The District’s weighted enrollment (ADMw) varies due to a number of specific factors. Specifically, a change in the poverty formula that was adopted by the Oregon State Board of Education in the middle of the 2013-14 school year will continue to affect the District as it reduced the number of students considered to be in poverty. The student enrollment of English language learners and the student enrollment in special education programs provide additional weights and can fluctuate from year to year depending on the numbers of students in those programs. Since 2015-16, full day kindergarten is counted as a full enrollment rather than half so that accounts for some of the projected increase in that year.
### Hood River County School District Extended ADMw

<table>
<thead>
<tr>
<th>Components of ADMw</th>
<th>Factor</th>
<th>2014-15 ADMw</th>
<th>2015-16 Estimated ADMw</th>
<th>2016-17 Estimated ADMw</th>
<th>2017-18 Estimated ADMw</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADMr (Average Daily Student Enrollment)</td>
<td>1.00</td>
<td>3,911.72</td>
<td>4,055.30</td>
<td>4,028.19</td>
<td>4,003.60</td>
</tr>
<tr>
<td>Students in ESL programs</td>
<td>0.50</td>
<td>346.24</td>
<td>346.06</td>
<td>351.29</td>
<td>353.00</td>
</tr>
<tr>
<td>Students in Pregnant and Parenting programs</td>
<td>1.00</td>
<td>9.38</td>
<td>10.93</td>
<td>6.05</td>
<td>8.00</td>
</tr>
<tr>
<td>575 IEP Students capped at 11% of District ADMr</td>
<td>1.00</td>
<td>430.29</td>
<td>446.08</td>
<td>443.10</td>
<td>440.40</td>
</tr>
<tr>
<td>Students on IEP above 11% of ADMr</td>
<td>1.00</td>
<td>9.50</td>
<td>9.50</td>
<td>9.50</td>
<td>9.50</td>
</tr>
<tr>
<td>Students in Poverty</td>
<td>0.25</td>
<td>177.60</td>
<td>174.87</td>
<td>154.79</td>
<td>153.84</td>
</tr>
<tr>
<td>Students in Foster Care and Neglected/Delinquent</td>
<td>0.25</td>
<td>2.25</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
</tr>
<tr>
<td>Remote Elementary School Correction</td>
<td>1.00</td>
<td>32.80</td>
<td>44.41</td>
<td>44.41</td>
<td>32.48</td>
</tr>
<tr>
<td>Total ADMw</td>
<td></td>
<td>4,919.78</td>
<td>5,089.90</td>
<td>5,040.08</td>
<td>5,003.57</td>
</tr>
<tr>
<td>Extended ADMw</td>
<td></td>
<td>4,919.78</td>
<td>5,089.90</td>
<td>5,089.89</td>
<td>5,040.08</td>
</tr>
</tbody>
</table>

(*The State will reconcile the 2015-16 State School Fund distributions with final adjustments to districts in May 2017.*)

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 2017-18 District’s average teacher experience factor is estimated to be 13.89 which is 1.79 greater than the State teacher experience of 12.10, however, the teacher experience factor may change in future estimates relative to other districts.

The proposed budget includes revenue from local property taxes collected by the District through its permanent rate of $4.8119 per $1,000 of assessed value. The amount of property tax revenue collected for current and prior year taxes is estimated to be $10,539,250 for 2017-18. Payments received in lieu of property taxes are estimated to be $56,000. These local resources count as an offset to State school fund formula revenue.
Revenue from the Common School Fund managed by the Oregon Department of State Lands is estimated to be $490,956. The State manages the Common School Fund’s real estate portfolio to increase land values and revenues and distributes about 4 percent of the fund to school districts annually. This revenue counts as an offset to State school fund formula revenue.

Revenue from federal forest fees is also included as state school fund revenue. The last extension of the federal appropriation for federal forest fees was enacted for fiscal years 2014-15 and 2015-16, however, a small amount of revenue was received in 2016-17. The 2017-18 state school fund estimate, therefore, does not include this revenue. Any federal forest fee revenue received by the District is redistributed to districts throughout the State on a per student basis.

The State will reimburse 70% to 90% of the cost of approved transportation costs, including bus purchases over a ten year period. The transportation grant is estimated to be $1,527,139 for 2017-18 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 2017-18 and of the current biennium are shown on page 2-6.

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 22 teaching positions. To provide some context, that is about the same number of general education classroom teachers at May Street – the district’s largest elementary school. Clearly, without the ongoing support of the local option levy from our community, class sizes across the school district would skyrocket and special programs within specific program areas such as athletics, extracurricular programs, electives, maintenance, and community education would be reduced or eliminated. Our students and entire staff thank the voters for supporting our future citizens of our community - our students - through the continued support of the local option levy, which has provided critical additional resources since 2005-06.

For 2016-17, the District estimates $2,223,486 in local option property tax revenues. Taxable assessed values (TAV) are expected to increase by the allowable 3 percent; however, the Measure 5 limits result in property tax compression of the local option levy therefore reducing the amount received. Local option taxes are compressed first, even if they are compressed to zero, before permanent taxes are compressed. A summary of local option votes, amounts imposed, and yields are shown on page 5-1.

The District also qualifies for and receives a local option equalization grant from the state. For 2017-18, the proposed budget estimates $559,816 based on the amount received in 2016-17. The proportion received from the state varies, ranging from 40.1% of the local option collections in 2005-06 to an estimated 26.5% in 2016-17. The amount of the grant is targeted to Districts below a targeted assessed value per student; and is proportional to the amount appropriated and the amount of local option revenues.
Columbia Gorge Educational Service District Revenue

The District’s revenue from the Columbia Gorge Educational Service District is comprised of the District’s performance grant and an amount for reimbursement for services provided by the District. The total amount of the 2017-18 performance grant and reimbursement is estimated to be $1,673,601, which includes $120,000 from funds to be carried forward from the 2016-17 year. The efficiencies gained from the CGESD agreements allow the District to support curriculum adoption expenses, to address fiscal service needs, provide school improvement services and provide equity training, 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 2017-18 is $55,131. Resolution services include regional media services, Native American services, home school and attendance services. The value of these services is shown in the CGESD budget and not the District budget.

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

Other Revenues

Other revenues are summarized on page 3-1, as other local revenues, other state revenues and other federal revenues. Other local revenues of $527,800 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 $568,385 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 program revenue estimate of $16,000.

General Fund Requirements

The District’s proposed expenditure budget for the first year of the 2017-19 biennium is based on the Governor’s proposed budget estimates of state school fund revenue and enrollment estimates for the 2017-18 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 $46,172,073 of expenditures for instruction, support services, debt service and contingency plus other financing uses in the form of transfers out of $273,736 to other funds, and a transfer of $2,763,235 to the Biennial Reserve Fund as summarized on page 3-2. Total proposed expenditures and transfers are $49,206,044 and are shown by function on pages 3-6 to 3-8.
Proposed expenditures by object classification are summarized on page 3-3. Total General Fund salaries and associated payroll costs of $39,705,136 are 80.7% of total budgeted expenditures, contingency and transfers out.

Expenditures are summarized by function on pages 3-6 through 3-8 and total $28,437,172 for instruction, $17,015,781 for support services, $262,120 for General Fund debt service, $3,033,971 for interfund transfers, and $457,000 for contingency. More detail about salary and associated payroll cost objects are shown on page 3-9. The proposed budget includes estimates of salaries and associated payroll costs for each employee group based on available information. Collective bargaining agreements for classified and licensed staff expire June 30, 2017. More information about budget assumptions is shown on pages 2-2 to 2-5, and current salary schedules are shown in the supplemental information section of the budget document.

Proposed transfers from the General Fund to other funds are summarized on page C-8 and include: a transfer of $150,000 to the Bus Replacement Fund for bus depreciation; a transfer of $95,000 to the Unemployment Reserve Fund for unemployment expenses; a transfer of $25,736 to the Grants Fund; and a transfer of $2,763,235 to the Biennial Reserve Fund.

The proposed contingency budget of $457,000 is 1.0% of operating revenues. This proposed contingency budget of $457,000 or 1.0% provides a narrow margin for dealing with unexpected revenue shortfalls, enrollment increases or other unplanned expenditures. Board policy directs that the contingency reserve be a minimum of one-half of one percent of the General Fund operating revenue.

The budget document includes General Fund expenditures by function and object for the 2017-18 proposed budget, the current budget for 2016-17 and two prior years’ actuals, as shown on pages 3-11 through 3-32. Full time equivalent staff (FTE) is shown for the 2017-18 proposed budget, actual FTE is shown for 2016-17 and budgeted FTE is shown for 2015-16.

Other Funds

This section presents information about the other funds included in the 2017-18 proposed budget beginning on page 4-1.

Food Service Fund – This fund accounts for the activities of the District’s food service program. Services include breakfast and lunch programs at schools across the district, supper programs at schools serving EXCEL program students and summer food programs. 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 $21,385 from the state school fund based on the amount received in 2016-17. The proposed budget has resources of $2,131,385 including an estimated beginning fund balance of $400,000. Requirements include $2,131,385 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 $1,779,166 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 $915,000.

Biennial Reserve Fund – The Biennial Reserve Fund was established to smooth effects of the state school fund distribution and for reserving funds to address the future PERS rate increases. For 2017-18, anticipated resources of $4,515,246 include the beginning fund balance of $1,752,011 and a transfer of $2,763,235 from the General Fund to reserve funds for the anticipated PERS rate increases for the 2017-19 biennium and the following biennia.

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 pay the District’s quarterly unemployment tax liability. The proposed budget includes resources from the proposed General Fund transfer of $95,000, an estimated beginning fund balance of $193,284 and proposed requirements of $95,000.

Bus Replacement Fund – This fund supports replacement of school buses. The main resource is a transfer from the General Fund based on the allowable depreciation on district-owned transportation equipment through the state transportation grant. The proposed budget includes resources from a $150,000 transfer from the General Fund and beginning fund balance of $96,978 and proposed expenditures of $246,978 to replace two school buses. The implementation of staggered school start times in 2014-15 reduced the number of buses needed for routes and lowered the number of required replacement buses. In 2016-17, eight buses were retrofitted to meet diesel emission standards by the January 1, 2017 deadline, therefore, reducing the number of buses requiring replacement by 2025 to 16 buses.

Grants Fund – This fund accounts for federal, state and local grants and contracts, donations and reimbursement accounts of the District. The overall appropriation is proposed to be $6,000,000. The following list of 2016-17 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. For 2017-18, the District has received notice that some of the federal Title grants will be reduced 15% and will result in reduced program support. As final awards are known, individual grant budgets will be adjusted to reflect the revised funding levels.
### Grant Awards

<table>
<thead>
<tr>
<th>Fund</th>
<th>Description</th>
<th>Grant Period</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>231</td>
<td>Special Ed/IDEA Part B Section 611</td>
<td>7/1/16-9/30/18</td>
<td>$661,231</td>
</tr>
<tr>
<td>234</td>
<td>IDEA Part B Section 619</td>
<td>7/01/16-9/30/18</td>
<td>1,626</td>
</tr>
<tr>
<td>241</td>
<td>SPED System Performance R&amp;I</td>
<td>7/01/16-6/30/17</td>
<td>3,461</td>
</tr>
<tr>
<td>250</td>
<td>Title IC Migrant Regular School Program</td>
<td>7/01/16-9/30/17</td>
<td>215,160</td>
</tr>
<tr>
<td>251</td>
<td>Title 1A</td>
<td>7/01/16-9/30/17</td>
<td>750,941</td>
</tr>
<tr>
<td>255</td>
<td>Title IC Migrant Preschool Program</td>
<td>7/01/16-9/30/17</td>
<td>12,172</td>
</tr>
<tr>
<td>257</td>
<td>Title IIA Teacher Quality Grant (HQ)</td>
<td>7/01/16-9/30/17</td>
<td>149,385</td>
</tr>
<tr>
<td>258</td>
<td>Title III English Language Acquisition</td>
<td>7/01/16-9/30/17</td>
<td>92,600</td>
</tr>
<tr>
<td>263</td>
<td>21\textsuperscript{st} Century Community Learning Centers (Excel)</td>
<td>7/01/16-9/30/17</td>
<td>450,678</td>
</tr>
<tr>
<td>281</td>
<td>Carl Perkins Basic</td>
<td>7/01/16-9/30/17</td>
<td>33,390</td>
</tr>
<tr>
<td>285</td>
<td>School District Collaboration</td>
<td>7/1/16-6/30/17</td>
<td>352,940</td>
</tr>
<tr>
<td>296-601</td>
<td>Extended Assessment</td>
<td>7/01/16-6/30/17</td>
<td>900</td>
</tr>
<tr>
<td>296-606</td>
<td>IDEA Enhancement</td>
<td>10/1/16-9/30/17</td>
<td>5,305</td>
</tr>
<tr>
<td>296-620</td>
<td>Long Term Care and Treatment</td>
<td>7/01/16-6/30/17</td>
<td>22,897</td>
</tr>
<tr>
<td></td>
<td>Title ID Formula</td>
<td></td>
<td></td>
</tr>
<tr>
<td>296-621</td>
<td>Fresh Fruit &amp; Vegetable Program</td>
<td>10/01/16-6/30/17</td>
<td>23,411</td>
</tr>
<tr>
<td>296-626</td>
<td>Oregon First Robotics</td>
<td>8/07/16-6/30/17</td>
<td>8,500</td>
</tr>
<tr>
<td>296-631</td>
<td>Long Term Care and Treatment IDEA Funds</td>
<td>7/01/16-6/30/17</td>
<td>689</td>
</tr>
<tr>
<td>296-643</td>
<td>Farm to School Base</td>
<td>7/1/16-6/30/17</td>
<td>16,414</td>
</tr>
<tr>
<td>296-644</td>
<td>Program Grant</td>
<td>10/25/16-6/30/17</td>
<td>14,422</td>
</tr>
<tr>
<td>296-645</td>
<td>Program Grant</td>
<td>10/25/16-6/30/17</td>
<td>45,000</td>
</tr>
</tbody>
</table>
Debt Service Fund – This fund accounts for the District’s repayment of general obligation bonds. The total of scheduled principal and interest payments total $4,171,950 for general obligation bonds for 2017-18. The estimated beginning fund balance is $100,000. The estimated amount of the levy for the Series 2008 bonds and the Series 2016 bonds total $4,021,675. Both levies assume an uncollectible rate of 4.8 percent. The final debt service payments of the Series 2008 bonds will be made in June 2017. The schedule of general obligation bond and interest requirements is shown on page 4-10.

Capital Construction Fund – This fund group consists of the Capital Construction Bond Fund 400, Construction Excise Tax Fund 401, Energy Projects Fund 402, Property Fund 403, Seismic Projects Fund 404 and State Match Grant Fund 405, as shown beginning on page 4-11. Each of these capital projects programs are accounted for separately, and budgeted together for legal appropriation requirements.

- Capital Construction Bond Fund - The proposed budget includes resources and appropriations of the current balance of the general obligation bond series 2016 bond proceeds and premium in the amount of $64,285,976 and estimated interest income of $500,000 totaling $64,785,976 in appropriations.
- Construction Excise Tax Fund - The proposed budget includes resources of $1,393,088 from estimated construction excise tax revenue of $340,000 and beginning fund balance of $1,053,088 to be appropriated for future development, facilities construction and improvements, as needed. Resources from the amount of school construction excise tax received by the District vary with the level and type of county construction activity.
- Energy Projects Fund - The proposed budget includes the District’s SB 1149 resources of $611,440 from a beginning fund balance of $341,440 and estimated revenue and incentives of $270,000. Schools eligible for energy projects funding include May Street Elementary School, Westside Elementary School, Hood River Middle School, and Hood River Valley High School which are
serviced by Pacificorp. Appropriations are proposed but may only be spent on Department of Energy approved projects.

- **Property Fund** – The proposed budget provides resources from the current beginning fund balance of $735,568 to pay for engineering and construction costs, estimated to be $367,784, of the Sherman Avenue street extension to provide access to the District’s undeveloped property with the balance of $367,784 appropriated for other future development.

- **Seismic Projects Fund** – The proposed budget includes resources and appropriations of the seismic rehabilitation grant program awards of $898,400 for the Hood River Middle School gym and $1,335,500 for the Wy'east Middle School gym from Business Oregon Infrastructure Finance Authority. Since expenditures started during 2016-17 on the Hood River Middle School seismic project, the total grant revenue and appropriations are estimated to be $2,233,900 for 2017-18.

- **State Match Grant** – The proposed budget of $4,220,531 is for resources and appropriations of the Oregon School Capital Improvement Matching Program grant. The original grant amount of $4,499,478 is designated for capital improvements to Hood River Middle School. Projects include replacing the steam pipe boiler system with a water pipe boiler system installing new water pipe, replacing the domestic water system and pipe, painting, flooring, safety improvements and other improvements to protect the District’s capital investment at Hood River Middle School.

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

<table>
<thead>
<tr>
<th>Fund</th>
<th>2017-18 Proposed Appropriations</th>
</tr>
</thead>
<tbody>
<tr>
<td>200 Food Service Fund</td>
<td>$2,131,385</td>
</tr>
<tr>
<td>204 Student Body Funds</td>
<td>1,779,166</td>
</tr>
<tr>
<td>205 Community Education Fund</td>
<td>915,000</td>
</tr>
<tr>
<td>207 Biennial Reserve Fund</td>
<td>1</td>
</tr>
<tr>
<td>210 Unemployment Fund</td>
<td>95,000</td>
</tr>
<tr>
<td>212 Bus Replacement Fund</td>
<td>246,978</td>
</tr>
<tr>
<td>2XX Grant Funds</td>
<td>6,000,000</td>
</tr>
<tr>
<td>300 Debt Service Fund</td>
<td>4,171,950</td>
</tr>
<tr>
<td>4XX Capital Construction &amp; Improvement Funds</td>
<td>73,850,503</td>
</tr>
<tr>
<td>Total Other Funds</td>
<td>$89,319,983</td>
</tr>
</tbody>
</table>
In Closing

Over the last few years, the administration under the direction of our elected school board has worked hard to create the conditions to improve our financial footing and improve our academic program by exercising a series of financial controls, reducing our operational footprint, prioritizing resources and supports to the 20/20 Vision, and enacting a conservative approach to budgetary decisions. Principals and other administrators deserve recognition for their careful consideration of the wellbeing and success of all students, but it is our dedicated frontline staff that maximizes every available resource for the betterment of our community’s children. The ultimate credit and praise must be given to our amazing personnel.

The volatility of the state, national, and global economies, major increases in cost drivers such as PERS and health care costs, Oregon’s overreliance on income tax revenue, and a lack of urgency to fund Oregon public schools adequately has manifested in this proposed budget - a budget that includes spending considerable reserves in addition to program reductions that will adversely impact our students. The Administration has spent the last few years planning for an impending budget crisis based on known liabilities such as PERS rate forecasts and skyrocketing health care costs. We have done our best to mitigate the impacts of the current statewide funding shortfall by doggedly building viable reserves, applying for grants that would support the 20/20 Vision, and reducing our operational footprint in transportation, I.T., and maintenance. This budget has been constructed with an eye toward the 2019-21 and 2021-23 biennia when PERS rate increases are projected to compound and increase to astronomical levels. Maintaining adequate reserves while delivering an excellent education must be a top goal for many years to come. Our commitment to fiscal prudence and sound financial stewardship has earned the trust of our community during challenging economic times and, in keeping with that tradition, this proposed budget ensures contingencies for both unexpected and foreseeable emergencies.

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

I want thank each member of the Board and Budget Committee for their commitment to the children of the Hood River County School District and for their close attention to this Proposed Budget for 2017-18. We are fortunate to have a community that cares deeply about all students and our school district’s success. Our community is engaged, they care about schools and children, and they are looking for a way to be part of the solution on education funding.

The efforts in putting this proposed budget together can only be accomplished with a high degree of precision, commitment, and teamwork. First, I would like to commend members of the Finance Advisory Committee who have met regularly for the last four years and ensured the district is managing the public’s resources responsibly. This year’s advisory committee members included community members Heather
Lastly, I would like to recognize the following individuals for their hard work in developing the proposed budget: Saundra Buchanan for her dedication and management of our finance systems in addition to her efforts to ensure every detail in this budget is accurate and clearly communicated; Ulises Trejo, Carol Metcalfe, and Mayra Valle for their assistance with researching revenue and expense data; Gretchen Winans and Diane Trubachik for their important contributions as payroll specialists; Neely Kirwan and Anne Carloss for their program expertise and assistance with the budget development process; and Catherine Dalbey for her labors in preparing staffing information for the final document.

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

**Chief Financial Officer Saundra Buchanan walked the Budget Committee through the financial summary providing highlights of each section.**

**BUDGET COMMITTEE DELIBERATIONS TOPICS:**

- Bond funds are specific and can’t be used in the general fund for staffing or programming.
- There are lots of moving pieces to the state budget. This year is the least amount of clarity seen and it has never been noted that the Legislature has come back with a budget lower than the Governor’s budget recommendation. It was noted that committee members feel it is a wise decision on our administration to use the governor’s budget recommendation.
- The Co-Chairs are simply showing the Legislature and Governor what the budget would look like across the state, barring any cost containment.
- An explanation was provided on student funding formulas.
- Financials concerning negotiations with employee groups have only been done with the certified staff, but not yet classified. There are three major components of the salary package. The general increase proposed is a .25% increase. Also step increases are included and a big cost driver in the budget.
- If more funding was received from the state, the budget committee does not have to reconvene. The Board has authority to change the budget either up or down by 10%. If the amount is more than 10%, our district would have to re-publish the budget and have a hearing and decisions be made at that time.
- The expectation at the Legislature is that there will be an increase to the current revenue forecast.
- The Local Option and compression rate of 24% to 26% was discussed. This is driven by the relationship between market value and what the tax roll assessed value is. The first Local
Option was incorporated into our budget in 2005. The highest imposed rate has been $1.50 per $1,000 and the lowest rate at $.57 per $1,000.

- Discussion on cutting staff versus attrition. Cutting 5 FTE is comprised of several parts and pieces of different positions, not just teacher cuts. It is the hope that the cuts can be done through attrition and not a reduction in force.
- Two years ago the Legislature proposed a 50/50 split on funding for the biennium. HRCSD budgeted 49% the first year and 51% in the second year - to account for typical roll-up costs - so a reserve fund called the Biennial Reserve Fund was formed.
- If the current Legislative funding level proves to be the final budget, more cuts will be expected for 2018-19 as our budget is based on the higher funding number from the Governor. 85% of District resources come from the state level.
- Title program reductions are already included in the budget. We are already expecting a 15% reduction at the federal level in our budget.
- Ramifications of cuts to athletics was discussed. The District pays for coaching stipends, referees and traveling expenses. This reduction would mean less competition for freshman and JV sports.
- Our general fund ending fund balance at the end of the upcoming biennium is estimated to be 5% in the general fund. We are going to keep trying to prepare for insurance and PERS rate increases that are projected for at least the next three biennia.
- The District has no control over the PERS rates. Health care rates are set by the Oregon Educators Benefits Board and the District is unable to change premiums at the local level. The OEBB Board mandates that districts are included in their programs. There is no legislation at this time to opt out of the insurance program. The District is driven by what the benefit board offers for plans. The only component the District has for costs is in negotiations on caps to district contributions with employee groups.
- Clarification was provided on the difference between the Co-Chairs budget and Governor’s budget and why the administration chose to use the Governor’s budget.
- Estimated ending fund balance versus actual ending fund balance was discussed.
- The Other Pay line item is used for items such as teachers working during non-contract hours such as parent/teacher conferences and other beyond-contract-time activities.
- The federal nutrition grant money has no impact on the general fund budget.
- Capitol construction estimates come from prior estimates and interest revenue.
- There is an overall reduction in staff development due to the Title program grant reductions, but more ESD funds will be targeted to professional development with a focus on equitable instructional practices.
- Public school districts are dependent on the state budgets.

PUBLIC COMMENTS:

There was no noted public comment.
MOTION:

Motion #1

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

1) a permanent tax rate of $4.8119 per $1,000 of assessed value for General Fund operations;
2) a local option levy operating tax rate of $1.25 per $1,000 of assessed value for General Fund operations; and
3) a tax for bonded indebtedness in the amount of $4,259,362 for the Debt Service Fund.

Motion approved unanimously.

It was noted that it is always great to acknowledge this committee always discusses the need for levying the full $1.25 and noted there have been years when it wasn’t fully levied. This year there is great need for the full amount.

Motion #2

It was moved by David Russo and seconded by Mark Johnson to approve the Hood River County School District budget for the 2017-18 fiscal year ending June 30, 2018 in the total appropriations amount of $138,526,027 and the appropriations total per fund as shown below and total unappropriated ending fund balances of $6,926,513.

Motion approved unanimously.

<table>
<thead>
<tr>
<th>2017-18 Budget Appropriations by Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 General Fund</td>
<td>$49,206,044</td>
</tr>
<tr>
<td>200 Food Service Fund</td>
<td>2,131,385</td>
</tr>
<tr>
<td>204 Student Body Funds</td>
<td>1,779,166</td>
</tr>
<tr>
<td>205 Community Education Fund</td>
<td>915,000</td>
</tr>
<tr>
<td>207 Biennial Reserve Fund</td>
<td>1</td>
</tr>
<tr>
<td>210 Unemployment Fund</td>
<td>95,000</td>
</tr>
<tr>
<td>212 Bus Replacement Fund</td>
<td>246,978</td>
</tr>
<tr>
<td>Fund Type</td>
<td>Amount</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>2XX Grant Funds</td>
<td>6,000,000</td>
</tr>
<tr>
<td>300 Debt Service Fund</td>
<td>4,171,950</td>
</tr>
<tr>
<td>4XX Capital Construction &amp; Improvements Funds</td>
<td>73,980,503</td>
</tr>
<tr>
<td><strong>Total Appropriations, All Funds</strong></td>
<td><strong>$138,526,027</strong></td>
</tr>
<tr>
<td>Total Unappropriated Ending Fund Balances, All Funds</td>
<td>6,926,513</td>
</tr>
<tr>
<td>Total Budget</td>
<td><strong>$145,452,540</strong></td>
</tr>
</tbody>
</table>

**MEETING ADJOURNED AT 8:25 PM.**

Saundra Buchanan – Chief Financial Officer

Board Chair – Mark Johnson

Superintendent – Dan Goldman

Date