



Budget Committee Meeting

MINUTES

April 16, 2008 7:00 p.m.

CALL MEETING TO ORDER

Budget Committee Chair John Ewing called the April 16, 2008, Budget Committee Meeting to order at 7:00 p.m.

Present were:

Liisa Reid	Board Chair
John Ewing	Budget Committee Chair
Don Bacher	Budget Committee Member
Frank Bricker	Budget Committee Member
Sandi Gordon	Budget Committee Member
Aaron Howell	Budget Committee Member
Ron Nugent	Budget Committee Member
Tom Sramek	Budget Committee Member
Will Summers	Budget Committee Member
Lyle Utt	Budget Committee Member
Pat Bedore	Superintendent
Steve Kunke	Assistant Superintendent
Russell Allen	Director of Business
Maria Delapoer	Human Resources Director

Copies of the Attendance Sheet and General Concerns of Patrons Sign Up Sheet are attached to the original minutes. Mr. Ewing called the meeting to order at 7:03 p.m. He commented that everyone was present except Liisa Reid..

PLEDGE OF ALLEGIANCE

Mr. Ewing led those present in the Pledge of Allegiance.

BUDGET COMMITTEE OPERATIONAL TASKS

Mr. Ewing stated that the first order of business was to approve the minutes from the November 28, 2007, meeting and stated that he had a correction for the minutes. He stated that he believed that he ended the meeting at 8:45 rather than 9:45 and there were no mention of any extensions of the meeting. Liisa Reid joined the meeting at 7:05 p.m. Mr. Ewing asked if everyone had an opportunity to review the minutes, and asked for a motion. Committee Member Tom Sramek made a motion to approve the minutes as corrected. Mr. Ewing asked for discussion. There was none. MOTION CARRIED UNANIMOUSLY.

CONCERNS OF PATRONS:

Mr. Ewing stated that there was no one signed up to speak and asked if anyone in the audience was interested. There were none.

SUPERINTENDENT'S BUDGET MESSAGE

Superintendent Pat Bedore began by thanking the committee and that she was pleased to present her final budget message. She adorned a safety vest and a hard hat and exclaimed that construction in the district was exciting and there are not many places you can go in construction without safety equipment. Ms. Bedore then presented her Budget Message as it appears in the proposed budget.

PRESENTATION OF BUDGET DETAIL

Director of Business Russ Allen passed out the budget document to those in attendance. He began by stating that the documents in the packet was some background information for the Committee on what the budget committee is and what it does along with information on how funding for districts works. He stated that he would be happy to answer any question on that material if the Committee had any. There were none.

Mr. Allen reported that the revenue portion of this budget had been in a state of flux through last week and he anticipates more changes as time goes on. He explained that for the second year of the biennium, the amount budgeted for the state school fund is known but there are always assumptions built into it. The amount of federal funds, property taxes, and the number of students enrolled state wide have an effect on the amount of money available throughout the state. Mr. Allen reported that it is anticipated that there will be no federal forest revenues for 2008-09. He shared that local property tax receipts are lower than what was anticipated when the legislature met months ago all of which contribute to a reduction of money for the second year of the biennium. He stated that the saving grace is that state enrollment has been down too so the actual total amount is less but it is being divided by a fewer number of students.

Mr. Allen then reviewed the Budget Highlights for the committee beginning with the revenue portion. He commented that through each successive budget staff has been able to get better at budgeting at what will be actually spent so the ending fund balance from the previous year is shrinking which is actually a reflection of better budgeting not a reflection of anything else. He went on to review the General Fund Expenditures for the Committee. Mr. Allen then reviewed the School Improvement Fund and stated that Diane Smith was present to cover some of the details in that fund. He stated that this fund is our "Crown Jewel" because while the General Fund provides for some neat stuff in our classrooms, the innovative things we are able to do come out of the School Improvement Fund. He then turned the floor over to Ms. Smith.

Ms. Smith reported that what has been learned from the short time the district has had the k-12 literacy initiative, which started as a result of the elementary school principals work, has been that if one is not a solid reader by 3rd grade they are behind. The older a child is and the farther behind they are past 3rd grade, the more it takes to catch them up. Ms. Smith stated that of the nine possible funding areas in the School Improvement Fund, the district has targeted its funds toward helping students become solid readers and improving in math with the support of good teaching. The money comes to us as a result of the legislature in the amount of approximately \$1.86 million this year. The bulk of that money is spent to support our literacy initiative. In the classrooms you will find not only additional certified staff but primarily classified staff that at the elementary level. This allows ability group reading and flooding model which means a student not only get a primary dose of reading during the day but get a second dose, and for some students who may be particularly low, they may get a third dose of reading. She stated that this starts at the kindergarten level and goes through fifth grade. Ms. Smith continued that in those years, that to move these students into the right material progress monitoring needs to occur. Progress is checked regularly, and we see success in this model. These specifically are designed to help students meet benchmarks.

Ms. Smith reported that at the secondary level there are intervention classes, staffing the Read 180 program, pulling students out and giving them their language arts class as well as instead of an elective, focusing their work in reading and or math to make sure they are making the catch-up growth that is necessary if they are not within two years of grade level. She shared that the district is also spending money to help support our new teachers by providing a mentoring program through the guidance of the Human Resources Director. Master teachers have been identified and put with new teachers and provide them with funding to attend meetings, to learn about the initiatives going on in the district, and to help support them through additional professional development and material that

they need. It is critical to have this in place for the first three to five years of a teacher's career in order to invest in them for the success of our students.

Ms. Smith stated that funding also goes to support at-risk youth. She shared that there is a positive behavior system in place in our elementary schools, it is being used more and more in our middle schools, and in one of our high schools. It creates a positive behavior management and support system for students to know what behavior is correct and appropriate in the school setting. The funds go to support a behavior management support person, a behavior management specialist who oversees our PBS system and to fund a school-business liaison person who connects with businesses and industries in the community and our two comprehensive high schools to provide opportunities for students to pursue career internships, work studies, outreach, field trips, to make sure that they have some generated interest in career areas that might be of interest to them. Ms. Smith stated that the district believes that in all of these areas targets can be found that can measure successful efforts by looking at test scores, attendance, and the number of career placements, and how much the students have improved through benchmark testing which will be reported at the end of the year School Improvement Fund report. Committee Member Sandi Gordon asked how much training classified helpers receive before sitting with students to read. Ms. Smith responded that the majority of training in the classroom comes from the teacher guiding the activities. She added that there is a team of people who work with the teacher and classified helpers during the first six weeks of school who go into the classroom and help them in how to use the materials. Ms. Gordon then asked who the direct supervisor of the classified staff in the school. Ms. Smith responded that their direct supervisor would be the principal of the building. Ms. Gordon asked who monitors the classified who are in this type of position. Ms. Smith explained that even though the classified are helping with the instruction, the teacher is within sight and sound of what the classified person is doing and the issues that arise are training that comes from a request from the principal. Mr. Allen added that there is a literacy coach at each school. Ms. Smith agreed and stated that they are responsible for working with certified on interventions in the reading, and collecting student data. She shared that they meet once a month. Mr. Nugent asked clarification on whether the classified person is always within sight and sound of the certified person or not. Director of Human Resources Maria Delapoer responded that classified are not allowed to do initial instruction, lesson plans, or make determinations about grades. Therefore, the teacher is responsible for that. Classified will take students to corners of the room or out into the hall to do small reading groups but it is under the direct supervision of the teacher.

Mr. Allen finished reviewing the Bond Highlights for the Committee covering the Capital Projects Bond Fund and other Fund Highlights. Mr. Nugent asked if the SB1149 projects were already completed or will they be completed at the end of the year. Mr. Allen answered that they have already been completed. The final projects for that fund were the replacement of the boilers at the middle schools.

BUDGET COMMITTEE DISCUSSION OF BUDGET DOCUMENT

Mr. Allen then asked for any questions.

Mr. Sramek asked how many old boilers there were left in the district. Mr. Allen responded that the bond replaced the worst of the worst, SB1149 covered the second tier which were the middle schools, and the General Fund paid for a boiler replacement at Fir Grove. Ms. Reid stated that the 70's boilers haven't been touched at the elementary schools. Mr. Allen stated that it would leave Tadena, South Shore, and Sunrise boilers. They are getting old but we are not worried about them yet.

Mr. Utt asked if at the end of the biennium, will the School Improvement Fund be completely used up or will there be an ending fund balance. Mr. Allen stated that the intent is to have it completely expended by the end of June 30, 2009, because any money left in the fund at that time will go back to the state.

Mr. Summers stated that General Fund Staffing and School Improvement Fund both talk about additions for ELL populations. He asked what the difference in the funding and the amounts that are being discussed. Mr. Allen explained that the addition in the General Fund is not additional staffing; it was how that staffing was distributed. The additional classified staff that was included in the budget was purely as a result of increased enrollment. In other words the size of the pie was increased based on student enrollment increases, and then it was decided what the best way was to divide the pie. Mr. Allen then explained that when staff became aware of the large beginning

fund balance the district determined that it would be in a position to provide a supplemental allocation (actual new people to the Literacy/Mathematics Intervention). This was a supplemental on top of the General Fund “pie” and this allocation took ELL and poverty into account. This amount was 240 CSU’s (Classified Service Units). The buildings had a choice as to how to use the CSU’s whether it is classified or certified time. It had to be for the literacy/mathematics program. Mr. Summers asked if more of these types of funds are going to be coming out of the legislature next year. Mr. Allen commented that no one knows what is going to occur in the next legislative cycle. What is known is that the School Improvement Fund was funded for this biennium. If the legislature is going to do a School Improvement Fund again, it will have to enact it again. You start at ground zero every time you start a new legislative session. Ms. Bedore added that there was a stated expectation for achievement gains and part of the request for funding included what those measures would be. Whether the legislature decides to do that again, there will be a piece where we report on how those funds have created student achievement which is different than the general fund allocation each year.

Mr. Nugent stated that he was missing the “add/take away” sheet that normally comes with the budget. Mr. Allen responded that there were no adds other than to keep the certified and classified student ratios constant. He stated because there were more students, there were six to seven teachers added. He added that since it was the second year of the biennium there were no new dollars available and there were no significant reductions, that is why you are not seeing any additions or reductions in this. Mr. Nugent stated that per student funding is going up right? Mr. Allen responded that the per student funding went up but it really went up by an inflationary factor. He stated that the reason we were at 5-1/2% was because we had more students. If we hadn’t had more students then our increase would have been in the 3% range which would deal with cost of living and other labor increases. Mr. Nugent then asked where the district stood on the 85/15 rule. Mr. Allen referred to page 30 and shared that it is at 85.4 using the “pure” method. He stated that in the past the 85/15 has taken into account the contingency as part of the 15 which makes it much easier to meet the rule. He emphasized that he does not count the contingency in his figures. He stated that it is close and it is difficult because there are labor pressures on the budget but he believes he is meeting the intent of the Budget Committee with the 85/15 rule.

Ms. Gordon asked who makes the determination as to how the additional SIF funding is spent on the supplemental allocation. Ms. Delapoe stated that it is the principal in conjunction with Human Resources who determines how those funds will be used. It can’t be used for custodial time for example, it must be ear marked for literacy or math. Mr. Allen added that the individuals working through the School Improvement Fund are actually coded that way.

Mr. Sramek asked about increased food costs and how that would impact the district. Mr. Allen explained that in the School Lunch Fund was difficult to balance this year. Food costs are going up. The food costs that are going up the most are the types of food the District is trying to implement in our schools. The junk foods are not going up in cost as fast as the healthy foods are increasing. In trying to make school lunch healthier, it is coming head on against a huge increase in food costs. Mr. Allen stated that this budget was difficult to balance and the only reason it was balanced was because it has been carrying a fund balance. He anticipates that Sodexo will be asking for a measured increase in lunch prices. He shared that there are insurance pressures in this fund through the classified labor agreement so there are rising labor costs, and rising food costs. The district can ride it out this year because Sodexo has spent an incredible amount of time analyzing food costs and reducing waste by going through every school with a fine toothed comb to try to root out any waste that we have in our food budget and using the fund balance, anticipating a small increase in prices. He hopes that this will level out so there won’t be any problems in 09-10. Mr. Sramek asked if this budget includes funds for items the new school will need to open in the fall of 2009. Mr. Allen stated that most of the capital items needed for food service comes out of the general fund. Our Bond Attorney has stated that the bond can cover virtually everything needed to open the new school so there won’t be much pressure on the general or other funds. If it did, it would be budgeted for in next year’s (2009-10) budget because we won’t have access to the school before June 30, 2009.

Mr. Summers asked how the budget was dealing with the increased prices of diesel. Mr. Allen commented that on page 76 there was a 25% increase over the actual prices in 2006-07 although he stated he realizes that may not be enough. He referred to page 78 which is school transportation where there is an increase of 33% higher than actual 2006-2007. He stated that gas prices were higher in 2006-07 but the 33% increase may not be enough if we do in fact hit \$4.50 per gallon. He commented that he does want a good number and is concerned, but from the ability to pay it is not a huge concern because the state pays 70 percent of our transportation costs, therefore the lion share is

borne by the state.

Mr. Nugent asked if the new school with new bus routes would require more new buses. Mr. Allen stated that there may be no new buses needed and if there is an increase in time, those expenses will be in the 2009-10 budget as needed. He explained that currently the district is moving students from the east side to the west side that are not regular bus routes. He stated that right now we don't know for sure how the school is opening and there are many questions at this point but we do know it will alleviate the need for elementary routes across town. Ms. Gordon commented to remember that there would be a lot of students walking who currently have to ride a bus. Discussion ensued.

Mr. Summers asked about the trade position being added, he knows we added an electrician position and what was being added now. Mr. Allen responded that the district is considering another electrician and contemplating doing it through an in-house apprentice program. He stated that it is vague in the budget because the physical plant is still trying to figure out how best to do it. Now that we have a foreman who can perform the supervision, there is plenty of work to be done and they are looking at areas that they contract out, and know that now is a good time to get trades people. In the past we haven't been able to compete with what the private sector has been paying along with overtime. Now there are a lot of hungry plumbers, electricians, tradesmen. We have been fortunate in our recent hires. We have gotten people who are willing to make less money but like the set hours. Mr. Allen added that there is enough work to also keep a plumber busy, but he feels adding one position like this at a time is the wise way to go. Ms. Reid stated that it looks like a good deal. She commented that looking at the budget there may be more opportunities to do this type of hiring.

Mr. Ewing asked for an average teacher cost for 1 FTE for next year. Mr. Allen stated that he would have to get it for him.

Mr. Sramek asked how staff estimated how much money was going to come in from the Excise Tax. Mr. Allen stated that when the City has estimated in the past we were getting estimates of \$1.1 million to \$1.2 million but construction is down. He shared that he took the estimates in the past and factored it down to reflect what is happening now in construction. He stated that even though an appropriation authority is being created, the money will not be spent without talking to the Board. If the amount budgeted is a bit low, that is not a problem because at the present time there are no plans to spend this money in this budget year. It is considered a placeholder if there ends up being a need next spring.

Mr. Utt asked if the excise tax would pertain to the Gatorade/Propel plant when it is put in. Mr. Allen commented that since they have not pulled permits yet, yes it would be exposed to the excise tax. However, there is a cap of \$25,000 for commercial properties. For each permit we would get \$25,000. It is not exempt from the tax. Discussion ensued.

Ms. Reid asked why there is a charter school tuition listed in the budget. Mr. Allen explained that a couple of years ago the state has changed the way that we handle special education. When a special education student that is a resident of our district goes to another district, the other district gets the weight for that student for being a student but the special education weight comes to our district. We are required to have an agreement for every special education student that attends another district that spells out how the special education services will be provided and how much we will pay that other district to provide those services. Sometimes those students attend another district's charter school. This is where it shows up in the budget under object code 360. Ms. Gordon asked how many students this represents. Mr. Allen responded approximately 20. Ms. Gordon was also interested in seeing how much the district was receiving in revenue from other districts for this.

Mr. Ewing asked if there was an underspending figure calculated for the budget. He stated that the required 5% shows in the contingency and unappropriated funds but wanted to know if that was a district requirement. Mr. Allen responded that \$3.5 million is roughly 5% of the general fund. He stated that he has shared that he would be uncomfortable dropping below 5%. He stated that personally he feels that 5% is not sufficient but the district in the past has run lower than that. Mr. Allen commented that they are trying to tighten up in areas of the budget like PERS. He stated that we know what the PERS rate is and is calculated against all of the staff costs, allowances have been made for substitutes, but there has never been an allowance made for the fact that new staff doesn't pay

PERS for the first 6 months. He shared that he had never accounted for that but noticed that we have always underspent in the PERS account and in this budget it is being accounted for. Mr. Ewing then asked that with the economic outlook for the next biennium will you still dial down or start building up in expectation of lower revenues or potentially slower growing revenues. Mr. Allen stated he would answer the question in two parts. One, it is still healthy to continue to get the budget as accurate as possible. Secondly, he stated that he doesn't view it as a cushion. If the District wants to have a cushion for future economic downturns, it should consciously budget more either in the unappropriated fund balance or in the contingency. Mr. Ewing stated that he shared that same concern and voiced it last year about the 5% being a very low balance. Mr. Allen stated that the acceptable range was 5% to 15%. We are in the acceptable range but at the bottom of the acceptable range.

Mr. Summers asked if we were still paying tuition for a special education student out of state. Mr. Allen responded yes, there was nothing budgeted in 2007-08 because the student was expected to return to Albany, but that has not happened yet. Therefore, there is enough uncertainty to include it in this budget.

Ms. Reid asked where she would find the revenue that offsets the LBCC/OSU credit options. Mr. Allen responded that Senate Bill 300 did not come with any additional funding, it was the State deciding how they wanted us to spend our own money.

Ms. Gordon stated that with all of the new boilers is there any type of savings figured in from that. Mr. Allen responded that there is money saved but there is also increased usage with more students and more square footage that comes online. This has been difficult to identify so he stated that for 325 and 326, he took the actual number from 2006-07 and increased it by 10%. He added that there have been savings in usage but increases in rates. Discussion ensued.

Mr. Nugent asked if the district receives federal reimbursements for the student who is placed out of state. Mr. Allen responded that no, we do not get any federal dollars. He shared that we do get some state money. It used to be that we would get almost 100% for that student, but the state has revised how they allocate the funds. Now this student is lumped in with all the other students (across the state) that cost more than \$30,000 per year. That amount is then divided by an amount set aside by the legislation to get a percentage. Because of this we are getting 60 to 70 percent of the cost back. Mr. Nugent then clarified that it is not costing the district the whole \$295,000 then. Mr. Allen responded affirmatively. He stated that the amount will change each year depending upon the number of students involved. Discussion ensued.

Mr. Sramek asked why sewer and water dropped by \$12,000. Mr. Allen responded that in 2007-08 there was an anticipated healthy increase in rates and as he looked at what was actually being paid so far this year, he felt that number was too high.

BUDGET INPUT FORUM/BUDGET COMMITTEE MEETING

Mr. Ewing announced that the Budget Input forum meeting would take place next week on April 23 at 7:00 p.m. He asked if staff had anything particular in mind for the format of the meeting. Mr. Allen responded that in the past the meeting had been divided in half, the first half has been dedicated for public input and the second half is then back into Budget Committee response to questions and new questions from the committee. Mr. Ewing stated that it sounded good to him.

QUESTIONS FROM PATRONS

Mr. Ewing asked for questions from the audience. Mr. O'Bryan stated that he would like information on the school improvement fund goals and what it is targeted for. He wanted to know how much was covering staff development since that was one of the Committee's goals. Ms. Smith said she would provide that information for him. Mr. Allen commented that the numbers put into the 2007-08 budget were put in before we received information from the state on how the money could be spent. The money was allocated to have appropriation authority but the group basically guessed as to where those funds would go. The final determination on how the money was going to be spent was made after budget adoption and staff will be going to the Board soon to make some changes within that appropriation authority. It is difficult to see because of what was budgeted in 2007-08 compared to 2008-09. What

we are doing in 2007-08 doesn't actually match what was budgeted in that year.

Mr. O'Bryan asked how the visioning process looking forward would be discussed in regards to the committee's goals. Mr. Allen commented that it would be a good discussion to have in the fall when the next Budget Committee goals will be discussed. He stated that he understood that there was still a Phase 2 that needs to occur. Ms. Bedore commented that there was a need to develop a budget before the committee would be done with the process. Mr. O'Bryan stated that he just wanted to be sure it was on the record that it needs to be considered in the process. Mr. Sramek stated that he believed it would be part of the discussion that the Budget Committee has in the fall after having had several months of discussion of what it is going to look like. Ms. Bedore added that there will be ways to focus the budget for 2008-09 once Phase 2 gets started.

BUDGET COMMITTEE REQUESTS FOR INFORMATION

1. What is the average total teacher compensation?
2. Provide information regarding the School Improvement Fund.
3. Provide information regarding anticipated classroom technology acquisitions.
4. Provide additional information regarding special education students from other districts being served in our district and vice-versa.

Ms. Reid asked if the information could be sent to the Committee electronically prior to the next meeting. Mr. Allen responded that he would send whatever he could electronically.

Ms. Gordon asked if there was any money allocated for the purchase of smart boards or document cameras. Mr. Allen stated that there was no separate allocation for that purpose, but the schools are using their non-staff allocations for document cameras, projectors, smart boards, and even additional pole vault systems and audio enhancement systems. He emphasized that there was a lot of technology going into the buildings this next year.

ADJOURN

Mr. Ewing adjourned the meeting at 8:55 p.m.

John Ewing, Budget Committee Chair

Recorded by Kathie Caldwell-Sullivan

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