

MINUTES

A meeting of the Springfield Public Schools (SPS) District No. 19 Budget Committee was held May 7, 2015 in the Boardroom of the Administration Center.

Attendance

Budget Committee members in attendance were Laurie Adams, Nancy Bigley, Sandra Boyst, Emilio Hernandez, Al King, Ken Kohl, Jonathan Light, Steve Irvin, John Svoboda, included District staff, students and community members identified included Acting Superintendent Sue Rieke-Smith, Brett Yancey, Yvonne Attebury, Anne Goff, Laurel Ross, Joan Bolls, Brenda Holt, Laura Pavlat, David Collins, Don Lamb, Sheryl Cramer, Janis McDonald and Josephine from the Register Guard.

1. CALL MEETING TO ORDER

Ms. Bigley called the meeting to order at 6:25 and let the flag salute.

Ms. Bigley announced that the Board had just met in Executive Session to discuss information provided at a hearing and had not come to a conclusion. The matter was tabled so a special Board meeting would not be held as planned.

2. ELECTION OF OFFICERS

- Mr. Kohl nominated Mr. Hernandez for Budget Committee Chair. The nomination was seconded by Ms. Adams and passed unanimously. Mr. Hernandez assumed the role of Chair for the rest of the Budget Committee meeting.
- Ms. Adams nominated Mr. Svoboda for Budget Committee Vice Chair. The nomination was seconded by Mr. Light and passed unanimously.
- Ms. Adams nominated Mr. Kohl for Budget Committee Secretary. The nomination was seconded by Ms. Bigley and passed unanimously.

3. 2015-2016 BUDGET MESSAGE

Sue Rieke-Smith, Acting Superintendent of Springfield Public Schools, described the proposed budget as “status-quo”, rather than a “reinvestment” budget. She expressed disappointment in the recent legislative funding decision, and said SPS continued to advocate to the legislation for reinvestment level funding. SPS would continue to live within its’ means, provide the best possible opportunities for students to grow, learn and succeed. The proposed budget provided an education that reflected SPS values: maintaining a full-calendar for students, “roll forward” staffing levels to maintain class sizes, equity outcome for all students through educator professional development and skill building, and provision of necessary materials and supplies for schools. Due to budget constraints, an investment in new textbooks was not included. Significant new or continuing programs included in the budget were: full-day kindergarten and dual immersion. Although the State was providing funding for full- rather than half-day kindergarten, the start-up costs were approximately \$150,000, and anticipated the continued impacts of full kindergarten into other elementary school levels.

Due to the “sweeping up” of grant funds from the third year of a three-year Oregon Department of Education grant prior to the end of the biennium, the dual immersion program required additional funding. Bond projects underway during 2015-2016 included the design and beginning construction of the new Hamlin Middle School, classroom additions at five elementary schools, continued safety improvements and technology upgrades throughout the District. SPS was committed to working on behalf of its’ 11,000 students to ensure a continued vision of: “Every Student a Graduate Prepared for a Bright and Successful Future”.

4. BUDGET DOCUMENT OVERVIEW & PRESENTATION

The *Proposed 2015-2016 SPS Operating Budget* document and a Budget Committee handout entitled *Springfield School District #19, 2015-16 Proposed Document, May 7, 2015*, were distributed.

- **Budget Overview**

Mr. Yancey referred to the budget document as he reviewed *Budget Overview* of the handout. He noted that the All Funds Summary amount was \$226 million, which reflected the largest General Fund budget for SPS, an operating budget of \$100 million and the infusion of bond funds. Enrollment projections showed an increased percentage of students in charter schools and a slight overall enrollment increase. *Department Executive Summaries* was a new section in the budget. Kindergarten enrollment had historically been reported as the number of students, rather than as Average Daily Membership (ADM) with the implementation of full-day kindergarten. He emphasized that overall the proposed budget was a “status quo” budget with the exception of bond-related projects.

In response to Ms. Adams, Mr. Yancey said that from the Budget Committee’s “add-back” list, the proposed budget included a 20 percent addition (\$115,129) in school supply accounts, an addition for full-day kindergarten implementation (\$2 million), and increased reserves.

- **2015-16 General Fund Revenue Assumptions**

Mr. Yancey reviewed *2015-16 General Fund Revenue Assumptions: \$99,545,911* of the handout, which included a 95 percent property tax collection rate, State School Fund revenue of \$69,798,807 (based on a \$7.255 billion State allocation to K-12 education split evenly over the biennial), and represented an increase of 2.4 million for SPS with the implementation of kindergarten. The statewide estimate for full-day kindergarten implementation was \$500 million and did not include inflationary increases in the second year. Included was \$1.516 million in Lane Education Service District (ESD) flow-through funding for the Life Skills program, Common School Funds of \$997,484 and County School funds of \$190,000. Federal Forest Fees in the amount of \$400,000 were included although no official estimate had been received. Miscellaneous Review in the amount of \$911,100 included tuition, transportation fees, and interest and rental income. He noted that a \$3.5 million Beginning Fund Balance was projected, which was an increase from \$462,000 two years ago.

- **2015-16 General Fund Revenue Comparison**

Mr. Yancey reviewed *2015-16 General Fund Revenue Comparison* of the handout, noting over five percent growth from the current year to the proposed budget year due to increased property tax revenue, State School funding, and an increased Beginning Fund Balance.

- **2015-16 General Fund Expenditure Assumptions**

Mr. Yancey reviewed *2015-16 General Fund Expenditure Assumptions: \$99,545,911* of the handout. He noted that expenditures related to current collective bargaining agreements, a 3.5 percent reduction in PERS rates, and 23.2 additional certified staff and full-day kindergarten non-staff costs of \$201,366. Assumptions reflected the cost of program changes in all primary grade levels due to the roll-up of the kindergarten cohort. Not included were costs for new furniture, fixtures and equipment in new kindergarten classrooms, which would be bought with bond funds.

In response to Ms. Boyst, Mr. Yancey said music room costs were primarily for secure equipment and instrument storage, risers, stands, and other equipment needed specifically for that program.

In response to Mr. Hernandez, Superintendent Rieke-Smith said that Easy CBM data was used to track the performance of kindergarten cohorts as they progressed to elementary school. Other schools that have instituted full-day kindergarten and use Easy CBM data have reported that the aptitude of kids entering grade one are more uniform, particularly for second language learners, and third grade reading levels were higher. State assessment data was also used in evaluating progress.

Mr. Yancey noted that 11 Full Time Equivalent (FTE) classified positions were added, of which eight were in kindergarten and 2.16 FTE in Thurston High School's Child Development Center (CDC). CDC costs were offset by tuition revenue and SPS had successfully moved the program into the high school building. Also noted were .72 FTE increase in Life Skills and .23 FTE in Transportation. Administration General Fund costs were reduced by .05 FTE due to adjustments in other funds, but overall there was an increase in Administrative FTE. He noted that both the Superintendent and Assistant Superintendent position salaries were included in the proposed budget. He noted that an Unappropriated Fund Balance of \$2.8 million and General Fund contingency allocation of \$1 million were included in the 2015-16 expenditure assumptions, with a projected balance equal to between four and five percent of General fund appropriation in reserves.

In response to Mr. Kohl, Mr. Yancey clarified that the Board reserve policy represented a floor of reserves carried over from one year to the next year. Unappropriated Ending Fund Balance guarantees at least \$2.8 million carryover because those funds cannot be reallocated; whereas, Contingency funds of \$1 million were available to the Board through resolution should there be a catastrophic event that required resources. Contingency funds were used to fill an unexpected deficit in the budget, such as a catastrophic loss related deductible. The budget also included a medical insurance benefit fund for negotiated benefits.

Mr. Yancey continued review of General Fund Expenditures, which included a 20 percent increase in school based supply budgets, but no increase in other supply budgets. To reflect increased enrollment and the State School Fund allocation, charter school payments were increased by \$491,000. Reductions included \$79,000 that was previously budgeted for bond election activities and \$500,000 from the Voluntary Early Retirement Fund obligation. Co-

curricular funding was increased by \$40,000 due to collective bargaining agreement increases and replacement of sports programs safety-related equipment required for certification. Mr. Yancey added that the addition of two athletic trainers has been a good investment and The Slocum Center continued to be a great partner in SPS sports programs.

In response to Mr. Svoboda's concerns about textbooks, Mr. Yancey said SPS was unable to support students adequately in this area. SPS was in a transition period related to the use and purchase of textbooks given the level of mass technology upgrades underway and an increased demand for on-line curriculum support. The purchase of textbooks was not included in the budget, except where access was woefully inadequate.

Superintendent Rieke-Smith said SPS also had other options; for example, new K-5 literacy consumables were priced at \$88,000 and SPS was able to use other materials within the district to bring the cost down to \$9,000 and very adequately support the teachers.

In response to Mr. Svoboda, Superintendent Rieke-Smith said because of current Common Core Standards, the area that needed textbooks most was mathematics, followed by science and social studies. Technology allowed the addition of materials through public domain, but the time and effort and required to gather and vet materials to supplement existing textbooks was a challenge. Next year teams of teachers would be making a collective effort to review and collect digital materials to fill gaps.

Superintendent Rieke-Smith confirmed that although textbooks may be nine years behind, a good effort has been made to align with textbooks using technology and course guides. He emphasized the need to ensure that both high schools had consistent levels of content and were aligned with Common Core Standards. He said use of online materials for science courses was not successful because not all students had access to home computers, so online materials were exchanged for textbooks.

- **2015-16 General Fund Expenditure Comparison**

Mr. Yancey reviewed *2015-16 General Fund Expenditure Comparison* in the handout, which compared major Object Codes (salaries, payroll costs, purchased services, supplies & materials, capital outlay, other objects, transfers and other uses) for 2014-15 Adopted Budget and the 2015-16 Proposed Budget. Other Objects included insurance premiums for all SPS vehicles, properties and general liability policies, with a five percent increase for inflation.

In response to Ms. Bigley's question about Object Codes, Mr. Yancey referred her to page 44 of the budget document, which provided General Fund Object Detail.

Mr. Yancey took the opportunity to thank Joan Bolls, Brenda Holt and Melissa Stalder for their efforts in preparing the 2015-2016 Proposed Budget.

- **Public Employees Retirement System (PERS) Decision**

Mr. Yancey reviewed outcomes of a recent decision on Senate Bill (SB) 822 by the Oregon Supreme Court. SB 822 was intended to achieve \$5.3 billion in saving through PERS reform. The court decision upheld the ability of the legislature to modify or eliminate out-of-state tax

benefits for non-residents, but disallowed modification of the cost-of-living adjustment (COLA) earned prior to SB 822. PERS employers were given two years to prepare for the impacts of repaying COLA adjustments. The impact on SPS was not yet determined. PERS rate increases were expected to begin on July 1, 2017.

Mr. Yancey indicated that while SB 822 was being processed through the court system, PERS set up “side accounts” to capture employer contributions pending a decision. SPS liability was estimated at \$60 million. The side accounts have accrued investment interest, but it was not clear at this time how the interest income would be used. Actuarial information on the value of the side accounts was expected in December and PERS would most likely retain funds in the account until the outstanding debt was paid off. Beginning in 2017, PERS rates for SPS were expected to increase approximately five percent, or between \$1.5 and \$2.0 million. Discussions of the budgetary impact would be part of next year’s budget process.

Mr. King added that investment returns had fluctuated and PERS had the ability to control how the investment returns were equalized among those who invested in side accounts at different times. SPS might also have its’ debt obligation satisfied through payment from the side account, for up to five years. However, PERS was not likely to risk the potential for over distribution. SPS might also consider paying the debt in full. SPS was the owner of the surplus and PERS was the steward. He recommended that next year, the Budget Committee look for long-term sustainable reductions; SPS’s PERS obligation was permanent and no further reforms were expected.

- **Beginning Fund Balances**

Mr. Yancey briefly reviewed Beginning Fund Balances in the handout and noted that General Fund reserves were over \$10 million in 2007-08 and were reduced by 2013-14 to \$461,796 to fend off staffing reductions. Discretionary Funds have dwindled over the same time period from over \$3 million to \$502,750. Dedicated Funds reflect the continued spending of the previous bond funds in 2007-08 and 2008-09, and then the influx of \$70.5 million in bond funds in 2015-16.

- **Staffing: Certified, Classified, Administrators/Confidentials (SAAC)**

Mr. Yancey reviewed staffing charts in the handout. He noted the level of fluctuation in certified staffing related to grant funding and the increase due to kindergarten. The level of classified staffing reflected the reduction in grant funding and minimal shifts to the General Fund. SAAC staffing reflected four bond-related positions: a project manager for Hamlin Middle School construction, a project manager and technical assistant for technology upgrades and installations, and a bond fund accountant. These temporary positions would be eliminated before the end of the three-year bond period. Also included in SAAC was an Administrator on Special Assignment in Indirect Funds, which reflected the transition of an Administrator from one of the school buildings to either a different location or elimination of the position.

In response to Ms. Boyst, Superintendent Rieke-Smith said that grant funding for the Spanish immersion program was available through June 30, 2015. The \$23,000 balance was used to purchase instructional materials.

4. BUDGET QUESTIONS AND CLARIFICATIONS

In response to Ms. Adams, Mr. Yancey confirmed that the Assistant Superintendent position was still budgeted in the General Fund (reference page 171).

Superintendent Rieke-Smith noted that related to Co-Curriculum, a thorough examination of the status and gaps in elective class offerings was underway. This included such areas as art, music and career and technical classes that have historically not received adequate resources since 2008.

Mr. Svoboda questioned the need to prioritize elective offerings if textbooks for core programs were not adequately funded. Superintendent Rieke-Smith said SPS was committed to a 360-degree review of the SPS system and a STEAM (Science, Technology, Engineering, Arts and Mathematics) integrated educational model.

Mr. Light commented that it was important not to limit the subjects offered to those currently included in Common Core testing. Further additions, such as computer science and technology, were also being considered among the 14 new additions proposed for testing. He supported a holistic view of testing and curriculum design.

In response to Mr. Svoboda, Mr. Yancey said if he were required to find funds within the proposed budget for the purchase of textbooks, he would need a firm cost estimate because it could easily be well over \$1 million.

There was general discussion about buying textbooks. Mr. Light said that financial constraints were imposed by the State, and that SPS was deficit in many areas. Mr. King said knowledge of the levels and costs associated with those deficits was needed should State funding suddenly change. Mr. Yancey agreed that SPS had deficits in many other areas, including consumables, manipulatives, science equipment, consumer studies and music instruments. Mr. Light added that SPS was also unable to adequately fund foreign languages when moving into a global economy. Ms. Adams supported the need to provide updated materials, but SPS also needed to balance the risk of buying textbooks that became outdated quickly when better materials were available online. Mr. Light commended teachers for stepping up to teach current political information, for example, under less than the best circumstances.

Mr. Yancey commented that SPS was compiling a catalog of digital materials that were available without copyright fees, which can be ordered, stored and shared. Superintendent Rieke-Smith added that providing teacher teams the time and resources to build and maintain a digital license-free resource library created a repository for everyone's use for many years. The purchase of digital content with license fees created a barrier when there were budget reductions.

Mr. King said that school districts were forced toward license-free digital formats and other free curriculum related materials. He noted that full-day kindergarten was not paid for by the

State, and that level of funding trend continued. He supported a transition to digital resources as soon as possible.

Mr. Kohl commented that the proposed budget included \$15,000 for elective co-curricular activities, which was a difficult choice when compared to the dire need for textbooks.

In response to Mr. Kohl, Mr. Yancey clarified that a proposed doubling of the Contingency Fund amount from \$1.25 million to \$2.473 million as shown on page 47 of the budget document, rather than putting that increase in reserves, was to provide the Board with flexibility. Contract bargaining was in process and there was no inflationary factor in the second year of the biennium. Mr. King added that when PERS reforms were made, the savings were retained because of the risk of an adverse decision. Mr. Yancey clarified that Contingency funds may be spent by the Board only for an “unforeseen” emergency. Mr. Kohl said he preferred to see the funds moved to the Unappropriated Reserve Fund and noted a typographical error; the handout (Expenditure Assumptions) showed the Contingency allocation as \$1 million, rather than \$2.473 million.

5. PUBLIC INPUT

No one wished to provide public input.

6. APPROVAL OF BUDGET DOCUMENT

Motion: Mr. King moved, seconded by Ms. Bigley to recommend the Proposed 2015-2016 Proposed Budget Document to the Board for approval.

In response to Mr. Svoboda, Mr. Yancey said no other public meetings related to the proposed budget were scheduled.

Action: Mr. King wished to rescind his motion. He said although the budget was not likely to change dramatically, he wanted to provide additional time for the public to see the document and make comments. Ms. Bigley, as seconder, agreed to rescind the motion.

7. BUDGET COMMITTEE MEETINGS

Mr. Hernandez noted that he will not be available on May 14, and asked Vice Chair Svoboda to chair the meeting.

- May 14, 2015, 6:00 p.m.
- May 21, 2015, 6:00 p.m. (if needed)

8. ADJOURN MEETING

The meeting was adjourned at 8:02 p.m.

(Minutes recorded by Janis McDonald)