

MINUTES

A meeting of the Springfield Public Schools (SPS) District No. 19 Budget Committee was held May 10, 2018 in the Boardroom of the Administration Center.

Attendance

Budget Committee members in attendance were Laurie Adams, Zach Besset, Emilio Hernandez, Nancy Cameron, Ken Kohl, Steve Irvin, John Svoboda, Keina Wolf; District staff, students and community members identified included Superintendent Dr. Sue Rieke-Smith, Brett Yancey, David Collins, Tom Lindly, Jenna McCulley, Brian Megert, Suzy Price, Sheryl Cramer, Bruce Smolnisky, Melissa Stalder, Gary Cole, Don Lamb, Kim Donaghe, Laura Pavlat, Alyssa Nestler, Joan Bolls, Brenda Holt, Judy Bowden, Whitney McKinley and Linda Henry.

Keina Wolf arrived 6:06 p.m.

Emilio Hernandez arrived at 6:16 PM

Zach Bessett arrived at 7:15 PM

1. CALL MEETING TO ORDER/FLAG SALUTE

Ms. Adams called the Budget Committee meeting to order in the Board Room of the District Administration Center at 6:04 p.m. and led the Pledge of Allegiance.

2. ELECTION OF OFFICERS – Laurie Adams

Ms. Adams opened the floor for Election of Officers.

- Steve Irvin nominated John Svoboda for Budget Committee Chair. The nomination of John Svoboda to serve as Budget Committee Chair passed unanimously. Mr. Svoboda assumed the role of Chair for the rest of the Budget Committee meeting.
- Ken Kohl nominated Steve Irvin for Budget Committee Vice Chair. The nomination of Steve Irvin to serve as Budget Committee Vice Chair passed unanimously.
- Laurie Adams nominated Nancy Cameron for Budget Committee Secretary. The nomination of Nancy Cameron to serve as Budget Committee Secretary passed unanimously.

3. 2018-2019 Budget Message – Dr. Rieke Smith

Dr. Rieke-Smith delivered her Budget Message and offered a PowerPoint entitled Springfield PUBLIC SCHOOLS—2018-2019—PROPOSED BUDGET; Susan Rieke-Smith, Ed.D., Superintendent of Schools, May 10, 2018.

Springfield staff, families, and community partners,

I present the 2018-2019 proposed budget. Although the State of Oregon continues to sustain a healthy economy, the State's expenditures are out pacing its ability to increase revenues enough to support them. Increases in PERS costs and costs associated with Federal health care reform have limited the State's ability to allocate additional resources to programs such as K-12 education.

Additionally, last year the Springfield School District experienced an anomaly with regards to our student enrollment as we recorded a dip in enrollment of approximately 200 students. That decrease in students placed us in a position this year, pending an unexpected enrollment spike, to make strategic reductions, while we are reducing targeted areas of our budget, maintaining many of the instructional core reinvestments that were added in recent years.

As in years past, we approached the budgeting process seeking input from across the district, continuing to ask the question: 'Of the investments made, which have had the biggest impact on teaching and learning?' These conversations always provide great insight into the needs of our organization. While in the 2017-2018 year we were able to provide targeted resources to building needs such as furniture and enhancements to STEM and Career Technical Education spaces, this year our stakeholder discussions highlighted a renewed need to further increase the security measures in our schools.

This year we will hold onto the critical investments the Board has been able to provide and will turn our resources towards ensuring our locations are safe and secure learning environments. This balance between welcoming and our concern for the safety of our students and staff is a tenuous one. Funds directed towards safety enhancements will be vetted throughout our community.

Each year brings renewed excitement for the students served by Springfield Public Schools. We will continue to offer outstanding educational opportunities despite ongoing funding challenges in the State of Oregon. Our staff and community remain committed to working on behalf of all students and ensuring they are equipped for the future. We appreciate the support of the Budget Committee, School Board and community. As Superintendent, I respectfully offer this 2018-2019 Proposed Budget for your consideration.

4. BUDGET DOCUMENT OVERVIEW & PRESENTATION—Brett Yancey

Mr. Yancey recognized Brenda Holt and Joan Bolls for their work in preparing the budget. He directed Committee members to the *2018-2019—Operating Budget—Proposed* document that had been distributed to Committee members. He offered an overview of the following:

- A. Document Overview & Highlights**
- B. Information and Assumptions**
- C. 2018-2019 Revenue Assumption**
- D. 2018-2019 Expenditure Assumption**
- E. Summary of proposed increases/decreases**
- F. Staffing review**

In response to Ms. Adams, Dr. Rieke-Smith said the District would seek policy recommendations related to the Academy of Arts and Academics (A3) being identified as a magnet or alternate school.

Dr. Hernandez arrived at 6:15 p.m.

5. BUDGET QUESTIONS AND/OR CLARIFICATIONS – Dr. Rieke-Smith and Brett Yancey

Mr. Yancey opened the floor to questions from Committee members.

Mr. Yancey said the State Legislature decided to allow school districts to forward pay the PERS obligations. SPS had a \$6.5 million in additional resources. Staff recommended to the Board that \$1 million be set aside and forward pay in anticipation of future growth in PERS. Unfortunately, when the rules were written, the mechanism was not out in place that would allow SPS to make that payment. As a result the Ending Fund Balance was increased by \$1 million. SPS carried the \$1 million into next year's proposed budget in anticipation of allocating that to the PERS obligation.

Mr. Kohl asked if an additional \$1 million would be available next year. Mr. Yancey said he had not included another million dollars for the coming year.

Ms. Adams asked how this would impact the money SPS had borrowed.

Mr. Yancey said in 2005 SPS had an unfunded liability which PERS was managing at 8 percent. SPS borrowed over \$60 million to pay that debt off at 4 percent.

Mr. Yancey said SPS had set aside \$500,000 to transfer into the technology fund which would enable SPS to replenish the technology fund.

Mr. Yancey said SPS had set aside \$500,000 for building renovation. As the work was completed at Hamlin Middle School (HMS) SPS observed what modern technology and modern classrooms needed to support education, SPS determined it should replicate those improvements across the district. SPS decided to allocate \$100,000 to each high school and middle school for those improvements. SPS had not been able to do all of the work because while the State had allocated additional revenue, SPS learned the the proposed allocation would be put before the voters in January 2018. SPS intentionally deferred some of the improvements until the the vote passed. This enabled SPS to complete some of the projects on the list of improvements.

Mr. Yancey said SPS spent \$400,000 on replacement furniture in all of the district's buildings with the exception of HMS. The district made an increased contribution of \$275,000 to the VER fund, and \$250,000 to mental health supports in addition to \$400,000 added the previous year.

Mr. Kohl asked what SPS did with the old furniture. Mr. Yancey said some was repaired, some was auctioned as surplus, and some donated to BRING.

Mr. Yancey said SPS was able to add back 5 percent to supplies and materials, to add back two certified reserve positions, to allocate \$150,000 in equity training in professional development. Translation services were being added through professional development. During the budget process last year, \$150,000 was transferred into the instructional materials fund. These dollars were returned to professional development in the proposed budget.

In response to Dr. Hernandez, Mr. Collins estimated it would take 5 years for SPS to get back to the former cycle of material adoptions with the State cycle.

Mr. Yancey said \$70,000 was allocated this year to support the dual language program at Guy Lee Elementary School. Over \$40,000 was to design and build additional instruction space at the school. There was \$30,000 in the budget for curriculum, training, and additional costs for adding 4th grade.

Mr. Yancey said SPS moved a Human Resources (HR) technician back into the General Fund and was able to support an additional certified reserve position through grant funding.

Mr. Yancey said Yolanda and Douglas Gardens had flat breezeways that had water problems. When roof repair was done at the schools, a major water problem was discovered. SPS entered into a \$40,000 contract with an architect to design a truss system. SPS was developing a cost estimate for the anticipated repairs. There was not an allocation in the proposed budget for that work but capital project funds were available. Depending on the final cost of the project, staff may have to request contingency funds from the Board.

In response to Dr. Hernandez, Mr. Yancey explained Yolanda and Douglas Gardens and been inspected and were safe, but they needed to be repaired. The Board will need to take action on it.

Mr. Yancey reviewed budget process and assumptions used to build the budget. He explained he and Dr. Rieke-Smith visited every school site and had conversations with staff. He and Dr. Rieke-Smith explained what work had been done on the budget and asked staff the question: Of the investments we have made, what has the most positive impact on your work life and daily life with students. The information would be used to inform decisions on developing the budget. He noted 85% of the budget was staff costs. Budget assumptions began with rolling over the current year budget primarily driven by staff, and SPS wanted to keep all of the current staff. At same time, SPS made forecasts on enrollment and revenue. Staff had determined SPS would need to cut approximately \$2.4 million from the budget due to declining enrollment. The budget document included all of requirements in the collective bargaining agreements, maintained an ending fund balance combined with contingency of 4.45 percent in compliance with Board policy that addressed the floor of not falling below 4 percent. This year, SPS faced a 200 student enrollment drop. Combining A3 enrollment with the SPS enrollment, the district would have a decline in enrollment of 138 students. Staff anticipated there would be a drop in enrollment of A3 students also. Increases in utilities,

property and auto insurance were estimated to be 5 percent. The PERS rate would remain the same, at 28.2 percent of payroll. Co-curricular transfer increased by \$133,000.

In response to Mr. Svoboda, Mr. Yancey agreed to bring information to the next meeting related to funds for student safety.

Mr. Yancey said \$2.77 million had been added to the General Fund for collective bargaining agreements. Money was included for an operational budget for A3 in addition to an allocation for staffing.

Mr. Yancey reviewed proposed budget reductions, including \$2.3 million passthrough funding reduction as a result of the A3 charter elimination. He agreed to bring additional information to the Committee at the next meeting.

Dr. Hernandez said it would be helpful for committee to see how A3 staffing would change.

In response to Dr. Hernandez, Mr. Yancey clarified Education Service District (ESD) costs. Several additional slots were being added, primarily in the life skills program. SPS received income from other districts that sent their students to SPS to attend the district's life skills program.

In response to Ms. Wolf, Mr. Yancey said the biggest source of "other local revenue" was investment income.

Mr. Yancey reviewed the General Fund reserves graph. In response to Mr. Svoboda, Mr. Yancey said the district had been able to rebuild its financial strength which contributed to an upgrade in the district's financial rating with Moody's and Standard & Poor's.

Mr. Yancey briefly reviewed proposed expenditures. Mr. Yancey then reviewed PERS investments and expenditures. He said he had been on a telephone call today with 12 other school districts about PERS. The school districts would be asking the Legislature for over \$1 billion in additional funding, primarily because of PERS for K-12 education. He anticipated this would be a difficult conversation next year.

In response to Dr. Hernandez, Mr. Yancey said the district needed to have conversations on how to continue to address capital needs, reducing electricity use, safety and security, and adding staff. The Board and Budget Committee needed to determine if adding or expanding programs was sustainable.

In response to Dr. Hernandez, Mr. Yancey it would be important to plan carefully for A3 enrollment next year. He was reviewing the rental contracts A3 had for its programs.

Mr. Bessett arrived at 7:11 p.m.

Mr. Yancey reviewed certified staffing. He noted there had been an increase of over 20 percent growth in certified staff since 2012-2013, which represented a return to the number of certified staff prior to the economic 2008 recession.

In response to Dr. Hernandez, Mr. Lindly said school bus drivers received training for transporting special education students. Mr. Lindly added there were new laws related to transportation for foster and homeless students.

In response to Mr. Svoboda, Mr. Lindly said drivers attended ALICE trainings to help protect students on the busses. There were panic buttons on all school busses that rang at the 9-1-1 call center. He added that SPS had the busses licence plate numbers on top of it busses.

Mr. Yancey reviewed staffing changes in transportation, facilities and A3.

Mr. Collins noted adjustments in staffing were based on the needs of the individual sites, and there would be no layoffs.

Mr. Svoboda opened the floor for questions from committee members.

In response to Ms. Adams, Dr. Rieke-Smith said the district was being responsive to feedback about safety and security concerns in the field. The district may need to reallocate some funds to support additional safety and security measures at the schools. A camera/push button entry system would be installed at all district schools. The district was working with the fire marshall on safety and security pilot projects.

Mr. Kohl asked if the Ballot Measure (BM) 98 funds had been expended.

Mr. Collins said the district was on pace with BM98 expenditures. Funds were used to increase in staff and drop out prevention. SPS had underspent the BM98 budget by approximately \$400,000. The funds would roll roll over and included in a 4 year plan that would be submitted to the State.

In response to Mr. Kohl, Mr. Yancey said he would bring information back to the committee on BM98 expenditures.

In response to Ms. Wolf, Mr. Yancey said the employer incentive fund was capped at \$250,000.

In response to Ms. Wolf, Mr. Yancey said Dr. Megert was the Director of Special Programs. Dr. Hernandez commended Dr. Megert for his leadership in Special Programs.

Mr. Svoboda inquired about what the district was doing with the old administration building.

In response to Mr. Svoboda, Mr. Yancey said the district was considering what it will do with the former district administration building.

6. PUBLIC INPUT – Mr. Svoboda

There was no one who wished to offer public input.

7. APPROVAL OF DOCUMENT – Mr. Svoboda

Mr. Svoboda noted the committee was not ready to vote on the proposed budget.

8. BUDGET COMMITTEE MEETINGS – Mr. Svoboda

a) May 17, 2018, 6:00 – 8:00pm

b) May 24, 2018 6:00 – 8:00pm (if needed)

9. ADJOURN MEETING – Mr. Svoboda

The meeting was adjourned at 7:48 p.m.

(Minutes recorded by Linda Henry)