

MINUTES

A meeting of the Springfield Public Schools (SPS) District No. 19 Budget Committee was held April 16, 2015 in the Boardroom of the Administration Center.

Attendance

Budget Committee members in attendance were Laurie Adams, Al King, Ken Kohl, Steve Irvin, Nancy Bigley, Sandra Boyst, Emilio Hernandez, and John Svoboda. District staff, students and community members identified included Sue Rieke-Smith, Brett Yancey, Joan Bolls, Brenda Holt, Tom Lindly, Dawn Strong, Devon Ashbridge, Brian Megert, Laura Pavlat, Don Lamb, Judy Bowden, Gary Cole, Sheryl Cramer, Anne Goff, Greg James, David Collins, Josephine Woolington of the Register Guard, and Janis McDonald

Jonathan Light arrived at 7:00 pm.

1. WELCOME AND INTRODUCTIONS

Chair Nancy Bigley called the meeting to order at 6:02 p.m.

2. ENROLLMENT PROJECTIONS FOR 2015-16

Mr. Yancey introduced Brenda Holt, who has focused on development of projections over the last two years. He commended Ms. Holt on her projection work. The open enrollment environment made projections more difficult, but overall projections indicated that funding would remain stable. He referenced documents from the *Springfield Public Schools (SPS) Budget Committee Work Session, April 16, 2015* packet: *Enrollment Update, 2015-2016 General Fund Revenue and 2015-16 Budget Assumptions*. He reviewed the Enrollment Update. As of September 30, 2014, elementary school enrollment projections had increased by 17 kids; most notable increases were in first grade and fourth grades. Not typical, Thurston High School enrollment was down while Springfield High School enrollment was up. Of interest, the SPS freshman class was down 54 students. Willamette Leadership Academy enrollment overall was up 32 students over projections. Excluding charter schools, SPS enrollment was down 49 students in September; including charter schools, SPS enrollment was down 27. The differences in projections illustrate the level of possible anomalies. For that reason, initial projections submitted to the State were purposely more conservative to create a buffer. In anticipation, instructional funding was planned at a slightly higher level and was balanced with State revenue.

As of April 15, 2015, decreased enrollment projections were not a surprise and were attributed to families leaving the Eugene-Springfield area due economic conditions over the past few years. That trend was starting to lessen at elementary levels, which indicated families were starting to return. He noted that kindergarten figures were not based on

Average Daily Membership (ADM), but were the actual number of kids, or 834 students funded at a .5 ADM rate. For 2015-16, kindergarten funding will be at a full ADM rate.

From September 30, 2014 to September 30, 2015, projections showed SPS with an increase of 64 elementary school kids. Projections show an 84-student decline in middle school and a 70-student increase in high school. Overall, without including charter schools, SPS enrollment remains flat; with charter schools, SPS enrollment was projected to increase by 57 students.

In response to Ms. Adams, Mr. Yancey said SPS projections were more accurate because, rather than relying on Portland State University data, SPS worked with Lane Council of Governments through which students were tracked by household and age, and live births rates were tracked over a 20-year period.

In response to Mr. King's concern that the 2015-16 enrollment projection of a 100 student increase at the 12th grade seemed high, Ms. Holt said the projection was based on three-year trends, construction trends, and the addition of some kids previously not engaged in high school who were expected to return for their senior year.

Mr. Yancey noted that projected-to-projected figures were 709 to 743 or a difference of 34 students. He cautioned against making a comparison between April 15 Actual to 2015-16 Projected figures because kids finish high school early or opt to finish elsewhere, causing a drop in attendance after January 1.

In response to Mr. Kohl, Mr. Yancey said a 10-year history chart would be available to the Budget Committee. The chart would also include breakouts by both regular and alternative education.

3. PROJECTED REVENUE 2015-16

Mr. Yancey referred to *2015-2016 General Fund Revenue* projections of \$23.2 million based on current and prior year property tax collection, based on a 3.0% growth in assessed value and a 95% collection rate.

Lane Educational Service District (ESD) flow-through funds of \$1.5 million in 2015-16 represented the third year in which SPS opted to retain 50 percent of ESD funding and operate the Life Skills program in-house. The program structure also allowed other smaller school districts to pay for a student's inclusion in the program.

Dr. Brian Megert, Special Programs Director at SPS, said the flow-through ESD funding provided four elementary classrooms with 10 students per classroom. Middle and High school programs were still operated by ESD. No General funds were allocated to the program.

In response to Mr. Kohl, Dr. Megert said, although measuring outcomes with Life Skills students was difficult because of the intensity of medical, cognitive, social and emotional needs, supervision of staff was more effective with SPS operating the program, and the

relationship with student's families had been enriched. Although no formal parental survey had been taken, feedback from parents with kids in the elementary school program had been very positive, and some parents expressed concerns about their kids proceeding into the program operated by ESD. Dr. Megert noted that there were between 28 and 34 students in the program each of the last five years; this year there were 40 students, so maintenance of current programming was a concern.

In response to Mr. King, Dr. Megert said by agreement, students that came from other school districts were charged a flat rate of \$34,500 per student per year, consistent with what was received in ESD flow-through funding, not using a cost-basis, cap-rate or competitive model.

Ms. Adams requested a breakdown of Life Skills program costs. The \$1.5 million program also included specialized costs for nursing, physical and occupational therapy, and speech and language support.

Mr. Yancey added that some reimbursement of SPS Life Skills costs above \$30,000 per student was available through the statewide risk pool. That amount allocated was dependent on all requests submitted and varied greatly from year to year. These funds were General Fund dollars intended to offset some of the specialized costs.

Mr. Yancey reviewed the sequence of legislative events that had required a change in assumptions since the last Budget Committee meeting.

- State School Funding was based on a \$7.255 billion state-wide K-12 education budget, or a SPS allocation of \$69.7 million for 2015-16
- Funding structure was changed from a 49-51 to a 50-50 split between biennial years, which did not recognize inflationary factors in the second year.
- Previously 40 percent of additional revenue identified in the May 2015 forecast was allocated to education; the legislature has indicated that if revenue increased by more than two percent, two "kickers" would be triggered prior to education funding.

Mr. Yancey noted that Federal Forest Fees ended in 2013-14, which represented approximately \$500,000 for SPS annually and was offset as local revenue. Discussion on these fees continued at the Federal level. The current budget estimates included a Beginning Fund Balance in Reserves of \$3.5 million, or approximately 3.8 percent of SPS operating expense, closer to the 4 percent Board policy.

4. BUDGET ASSUMPTIONS FOR 2015-17 BIENNIUM

a. 2015-16

Mr. Yancey reviewed *2015-16 Budget Assumptions*, which included a State School Fund allocation of \$69.7 million, full calendar year, step advancements per current collective bargaining agreements, implementation of full-day kindergarten district-wide, and "rollover" of 2014-15 staffing with minor adjustments for enrollment and program needs. A full 3 percent PERS rate reduction was proposed. An adverse Supreme Court decision

on PERS might present a \$1.3 million negative impact on SPS, which would be implemented in the 2017-19 biennium, after an evaluation of PERS investment returns.

Mr. King commented that in the case of an adverse decision and, for example, if SPS carried the improved rate forward for another year, and if the court settlement was under \$2 million with over \$4 million in reserves, and if the judgment period was longer, the settlement could be equal to all or a large portion of SPS's state managed PERS side reserve account. He said there needed to be more discussion of the side reserve account's value; if the side account was over funded based on side bar values, slow-pay of the obligation was legal and SPS could be making adjustments.

Mr. Yancey added that the State would have to make a decision whether the side reserve account, which was set up pending the court decision, could be used to pay the judgment. SPS had debt pay schedules that were also legally binding.

Mr. King said he had just checked on the status of Rural School Funding. It had passed, so there would be additional school funding from that source. Oregon's education share was approximately \$33 million.

Mr. Yancey continued his review of *2015-16 Budget Assumptions*. Voluntary early retirement assessment was decreased by \$500,000. The SPS budget proposal included reserves at four percent to meet the Board policy. Because of increased enrollment and increased school funding, charter school flow-through funds were increased. Liability insurance was increased by three percent and the equivalent of eight positions funded by expiring grants would be eliminated.

b. 2016-17

Mr. Yancey reviewed *2016-17 Budget Assumptions*, which included a K-12 State Biennial Budget of \$7.255 billion, was based on Oregon Department of Education allocation estimates, a full day calendar, step advancements per bargaining agreements, continuation of full day kindergarten, "rollover" 2015-16 staffing with minor adjustments, a continued three percent PERS rate, continued voluntary early retirement assessment, reserves at four percent, charter school and flow-through as per enrollment and funding, and continued elimination of positions funded by expiring grants. Also included was a five percent increase in discretionary budgets and a 10 percent increase in liability insurance due to the recovery of fire losses in the Albany School District.

c. Biennial Budget Projections

Mr. Yancey reviewed *Biennial Budget Projection of Revenue and Expenditures (Adopted 2014-15, Projected 2015-16 and Estimated 2016-17)*. He noted that although the chart showed \$2.2 million in Unallocated funds in 2015-16 Projected, no additional collective bargaining assumptions beyond step increases had been included. He emphasized that the Unallocated funds are assumed to be spent in 2015-16 or to be carried over purposively, with \$569,613 Unallocated in 2016-17. Only to illustrate how quickly \$1.3 million in Unallocated funds might be spent, he reviewed *Unallocated 2015-17 Biennium (all employees)*. Hypothetically, if allocated to a \$25 per month insurance cap and a 1.0

percent cost-of-living adjustment, the cumulative impact was minus \$485,363 by the end of 2016-17. He emphasized that the example was to illustrate how tight budgeting was based on a Biennial Budget of \$7.255 billion. For SPS, current funding represented a non-investment budget, with the exception of full day kindergarten.

In response to Mr. Kohl, Mr. Yancey said bargaining conversations were underway, but financial issues had been delayed until after the mid-May forecast. The current Budget Committee calendar remains as scheduled for now.

5. FULL DAY KINDERGARTEN IMPLEMENTATION

Mr. Yancey reviewed *Full Day Kindergarten*, which included 10.0 full time equivalent certified staff and 10 six-hour educational Assistants, curriculum and materials, furniture additions, professional development and miscellaneous/contingency (specific to Kindergarten) for a total budget of \$1.9 million.

Ms. Price provided background on the formation of a Full Day Kindergarten Task Force in April 2014. The Task Force membership represented all elementary schools, building leadership and individual building task forces, and other stakeholders, and met monthly to discuss curriculum, instruction and logistics. The approach was based on fundamental beliefs that support enrichment of the kindergartener's academic experience and were intended to meet State and Board goals related to 2nd and 3rd grade achievement benchmarks.

Task Force members visited full day kindergarten programs at Salem-Kaiser and Pleasant Hill school districts, attended a full-day Confederation of Oregon School Administrators (COSA) conference, and continued to gather information on what was working well in other school districts across the state. The Task Force continued to serve as a communication conduit between individual building task forces, and stakeholder groups that included parents. Task Force meetings coincide with elementary principal meetings to ensure communication flow. The Task Force has used SPS welcome and registration events as an opportunity to create and share a common message framework, a video, an updated parent guide to kindergarten and a robust community and SPS resource guide. Feedback has also been solicited from parents during registration and results will be shared at the next principals meeting. Professional development is important in preparing teachers and classified staff to deliver the best program possible. The Task Force created a survey to identify professional development needs. Needs identified were support in the areas of literacy, math, social skills, writing and the integration of reading and writing in an expanded schedule. The survey also revealed that only 35 percent of teachers feel they are adequately or well prepared for next year. The Task Force has conducted an audit that determined the level of need for additional curriculum in math and literacy, and for furnishings and classroom setup. Development of a plan for the physical moves during construction is underway. Also in progress is the planning of an event to celebrate the start of full day kindergarten, which would rally the teachers' excitement and establish a theme that supported momentum throughout the year, with the ultimate goal of achieving benchmarks by the end of third grade.

In response to Ms. Adams, there was discussion of whether the proposed funding was adequate to achieve an “excellent full day kindergarten experience”. Ms. Price said a thorough process and analysis was used to identify all the needs and gaps. She said the budget and contingency proposed would be adequate.

In response to Mr. Svoboda, Ms. Price said that technology was included in the teaching and learning experience, both in the classroom and through full access to learning labs and other technology tools. SPS has included kindergarten in its bond-related work plans for individual buildings.

In response to Mr. Irvin’s concern for the difference between the \$4.5 million needed and the \$1.9 available to fund full day kindergarten, Mr. Yancey clarified that resources needed to address space costs was not included with State funding (shown in Unallocated funds). Fortunately, SPS had a bond measure that would fill in that funding gap, whereas, other districts without bonds or adequate space might be woefully underfunded by the State.

Ms. Adams said she was not convinced that the State had allocated enough money to fund the cost of full day kindergarten. Mr. Yancey expressed agreement and indicated that the State allocation represented approximately two-thirds of the actual funding needed when straight costs were compared to the allocation.

In response to Mr. Kohl, Mr. Yancey clarified that only when constructing new classroom space could bond funds be used to furnish the space, not when existing space was being remodeled. The State has historically had facility grants available and SPS has submitted information confirming the importance of those funds in the coming projects, particularly related to Hamlin Elementary.

Mr. Light expressed concern for kindergarten class sizes. Estimates were not available at this time.

Ms. Price provided a brief description of a typical day of a new kindergarten student. Each building had developed a tentative schedule that included 90 minutes of literacy (reading, individual and group time), 60 minutes of math, additional time needed for individuals, writing, structured exploration (integration of content into arts movement, music, science, social studies), library time, lunch time, and circle time at the beginning and end of the day. With the expansion of time, there would be opportunity for deeper instruction in all areas, including handwriting and composition in literacy. She emphasized the need for those minutes to be broken out in small chunks to fit the short attention span of a kindergartener.

Mr. Light expressed support for art, music and the value of play.

In response to Ms. Adams, Mr. Yancey said staffing considerations included impacts on food service, library services, and other details. Ms. Strong said six elementary teachers had been hired after reviewing 120 applications, interviewing 43 people and inviting 18

back for second interviews. Three of those hired were currently working in full day kindergarten and have given very positive comments about their experience.

In response to Ms. Bigley, Mr. Yancey said the 2016-17 proposed budget reflects the the continued roll-through of full day kindergarten impacts in terms of changes in curriculum and support in other grades.

In response to Mr. Hernandez, Ms. Strong said that of those 43 people interviewed, two were fluent in Spanish, one was fluent in another language, and one was semi-fluent in sign language. The original 120 applicants were specifically screened for strengths in cultural experience, language, disabilities or other unique talents, in addition to being fully qualified. One candidate with experience with disabilities was referred to Dr. Megert. Of the candidates hired, one was teaching Talented And Gifted (TAG) children, another had a reading endorsement, and one was fluent in Spanish. A fourth candidate was fluent in Spanish but hiring was pending FTE approval. Two of the kindergarten teachers were from outside the state of Oregon.

6. BOND UPDATE

- **Hamlin Middle School and Classroom Additions**

Mr. Yancey reviewed *Bond Update*, a brief progress update on Hamlin Middle School and Classrooms Additions.

On March 9, 2015, the SPS Board accepted the Middle School Educational Specification Document, which was developed through a process involving 70 staff and various stakeholders, and defined how a middle school facility in SPS supported education. Following review of architect proposals, interviews and site visitations, the Board approved negotiations with BBT Architects of Bend, Oregon.

Ms. Boyst said BBT was constructing an impressive, 120,000 square foot middle school in Bend with quality finishes, on a budget less than SPS has allocated, and had the most recent, applicable experience.

Mr. King commented that now that the economy is picking up, bidding was less competitive.

Mr. Yancey noted that all of the architectural firms that reviewed the Specification Document commented that it was a “pinnacle project” on an adequate budget. The location of the school is visible to thousands of people and all architects expressed the desire to take on the STEAM based, technology-rich project. SPS chose to use the Contract Management General Contractor (CMGC) process. A qualification-based process was used to select the architect. SPS will begin negotiation with BBT and, assuming success, SPS will then release an RFP for the general contractor. Halfway through the design phase, the general contractor would join the process to ensure a buildable design and eliminate the need for change orders during construction. A guaranteed maximum price was also negotiated at that time. BBT continued to work with the team throughout the entire process as designated contract administrator, along

with the SPS project manager and the construction superintendent designated by the general contractor.

Related to Bond work, Mr. Yancey indicated that the Board would be selecting and appointing the Bond Oversight Committee members, who would meet quarterly, audit expenditures and report to the Board and the community.

- **Other Bond Projects**

Mr. Yancey reviewed *Bond Update*, a listing of eight projects either completed or underway:

- Door lock replacement at all facilities was nearing completion;
- ADA doors were installed at Douglas Gardens and Yolanda elementary schools;
- New carpet was installed in the library at Springfield High School;
- Hallway lights were replaced at Guy Lee Elementary;
- Concrete and fencing was completed at Thurston High School
- A contract for new gymnasium siding at Thurston High School was awarded and work was scheduled to begin;
- A contract for bleacher expansion and covering at Thurston High School was awarded and work was scheduled to begin;
- A contract for new parking and circulation work at Page Elementary was being finalized;
- Thurston Elementary parking was moved to the third year and discussion of the project scope continued.

- **Next Steps**

Mr. Yancey reviewed *Bond, Next Steps*, a listing of year one projects requiring future Board action:

- ADA Restroom projects at Briggs and Page Elementary
- Asphalt upgrades at Silke Field, Walterville Elementary, Two Rivers Dos Rios Elementary and other schools;
- Classroom addition contractor awards;
- School security gates and perimeter fencing;
- Guy Lee Elementary electrical service upgrade;
- Board appointment of and direction for Bond Oversight Committee;
- Prioritization of uses for \$6 million in proceeds from premium bonds.

- **Technology**

Mr. Lindley provided an update on progress on Bond technology-related work. A six-year technology plan identified twelve major projects areas. Work was occurring in these areas:

- Infrastructure, network and wireless access installations were designed with the assistance of vendors and the University of Oregon to meet long-term needs. At this time, equipment for two schools was ordered through eRate at an 80 percent discount, with equipment for six more schools to follow soon.

- Smarter Balance testing equipment was in place and included added labs and device carts.
- Machine upgrades in library sites had begun at Thurston High School and Agnes Stewart Middle School.
- Classroom equipment upgrade needs were identified; a contract would allow installations to start during the summer months and to be completed within two years.
- Staff computers were being evaluated; the oldest ones would be replaced first to ensure compatibility with new software.
- A process for identifying student computer needs through an internal grant program was being developed to ensure high-use replacement.
- A network upgrade to increase bandwidth to the schools was underway in the central offices. Bandwidth for SPS was expected to increase by 2.5 times this summer.

7. KEY DATES AND FUTURE MEETINGS/Brett Yancey

- **May 7, 2015 - Proposed Budget Presentation**
- **May 14, 2015**
- **May 21, 2015 (if necessary)**
- **June 8, 2015 – Budget Public Hearing and Adoption**

8. ADJOURN MEETING

The meeting was adjourned at 7:59 p.m.

(Minutes recorded by Janis McDonald)