

**Bend-La Pine Schools
Bend, OR 97703**

The Board of Directors for Bend-La Pine Schools met in a Budget Committee Meeting on May 9, 2017 in room 314 at the Education Center, 520 NW Wall Street, Bend, OR 97703.

Board Members Present

Peggy Kinkade
Andy High
Cheri Helt
Carrie Douglass
Ron Gallinat
Julie Craig

Board Members Absent

Stuart Young

Budget Committee

Tasha McFarland
Ron Smith
Heidi Slaybaugh
Rick Olegario
Tom Bahrman
Bruce Reynolds
Matt Hillman

Call to Order

The meeting was called to order at 5:17 p.m. by Chair Kinkade. The Pledge of Allegiance followed.

Review of Agenda

Chair Kinkade reviewed the agenda. There were no changes. Chair Kinkade turned the meeting over to Chair McFarland to lead. McFarland entertained a motion to approve the April 25, 2017 Budget Committee Meeting minutes. **Ron Gallinat moved to approve the April 25, 2017 Budget Committee Meeting minutes. Ron Smith seconded the motion. Unanimous approval.**

Public Input

There was no public input.

Budget Update

Chair McFarland invited Superintendent Mikalson to summarize information presented at the last committee meeting and to review the Question & Answer document prepared by Zhai Logan. Mikalson emphasized the Board Ends and Comprehensive Plan are what drive the budget process. The proposed budget has been developed to support safety, options, world class education and system performance. He reviewed the numbers and assumptions the budget has been built upon, which includes the passage of the bond measure in the upcoming election. This is a budget that allows the district to maintain, but not invest in any new priorities.

Mikalson noted several discussions are still taking place at the legislative level around budgets. Should additional dollars become available, the budget document outlines the following investment priorities:

- Hiring more teachers and staff / increasing interventions at secondary level / reducing high school class size / increasing teacher coaching and mentors
- Increase physical and mental health support to students
- Increase of instructional time through days and summer programs
- Provide more offerings to engage students in the community
- Update CTE technology and offerings

Question & Answer

Brad Henry noted at each board and committee member's seat a question and answer document. There were 14 questions received after the last budget committee meeting, all of which are answered in the document. Henry offered to answer any other questions.

Peggy Kinkade commented on the ending fund balance and would like to discuss the idea of repaying the ending fund balance back, for the dollars used to pay for the winter storm costs, over the next two or three years. Kinkade is an advocate for a strong, robust ending fund balance, but feels that the burden to repay the fund to a full 5% could be spread out so as not to become a burden in the upcoming budget year. A change to the ending fund balance percentage as it is rebuilt could allow for some dollars to be invested in the priorities identified by Superintendent Mikalson. There also may be FEMA dollars coming to the district which she would advocate be deposited directly into the ending fund balance. Kinkade asked fellow board members to consider her idea and noted although it would be a decision of the board, she wanted all budget committee members to be aware of her thinking. Board members agreed they would like to see a budget prepared with a staggered repayment option to the ending fund balance. Henry will prepare varying scenarios for the board to consider at their next meeting.

Carrie Douglass felt that Kinkade's proposal was reasonable and asked how long it would take to build the ending fund balance back if the district used the same percentage from prior years. Brad Henry said about two years and shared estimated dollar amounts that would become available should the board decided to use an alternate percentage. Ron Gallinat and Cheri Helt would like to include the impact this could have on bond and interest rates. Andy High likes Kinkade's idea and is supportive of putting dollars toward priorities. Tom Bahram asked about the sustainability of these possible invested dollars. Mikalson said he feels confident in the defined investments having impact. Helt feels the board should hold tight to the vision they have established and invest in those priorities. She would like to see more dollars put toward mental and emotional health, which is an identified priority. She asked for clarity of how dollars, if they become available, will be invested. Mikalson said the dollars will go where most impact can be made; some investments may be tangible while others may be an investment in time and training for staff.

Douglass shared a document with questions she thought would be helpful to consider in future budget planning. She is hopeful these types of questions could help the district identify if dollars are lining up with priorities and suggested analysis of how dollars are being used to meet district goals. Heidi Slaybaugh agreed an analysis of management and investments would be helpful in future budget processes.

Andy High asked what options were available in approving a budget before the legislature finishes their work. Henry said the district has to adopt a budget by June 30, however, the district does have the option to approve a supplemental budget at a later time.

Kinkade said she was intrigued by the questions Douglass shared and that some answers are within the prepared question and answer document. Mikalson added these are great ongoing questions for the board to continue to discuss. Douglass would like to continue the conversations and noted if additional dollars do become available, it would be nice to have some of these questions answered with more clarity. Kinkade

commented that the budget message this year is one of the most detailed and most closely tied to priorities messages she has seen. She thinks the district is moving in the right direction and would continue to advocate in making the budget document more accessible and understandable. Helt agreed and suggested showing some per dollar specifics and Slaybaugh added this would help with check and balances to ensure investments are beneficial.

Superintendent Mikalson noted the earlier request of Rick Olegario for the district to be able to show a more specific return on investment which would tie in nicely with the suggested easy-to-read budget document. Discussion ensued on the benefits of per student return information and possible ways the district could summarize such information. Matt Hillman cautioned spending too much overhead on trying to break down return on investment statistics. He would suggest these types of questions Douglass presented to be part of ongoing board discussions through the year.

Ron Smith complimented the budget presented and feels it is as good as he could have hoped for considering all of the unknowns. Helt agreed, and asked for clarification on the \$500,000 contingency fund. Henry explained that dollar amount could be used for anything during the year with an approved resolution by the board. Mikalson added, as part of the lessons learned through this past winter, it made sense to be proactive and set aside a dollar amount and to have available if needed. Helt asked when an ending fund balance can be accessed. Henry said by law, it is extremely restrictive. Helt appreciated the clarification and Slaybaugh felt the contingency was a good addition to the budget.

Rick Olegario asked what were the deciding factors for a 5% ending fund balance. Henry explained it was a decision made by the board from looking into what other like sized districts had set up. Bahram expressed his support of the 5% ending fund balance and encouraged the board to keep that amount. Slaybaugh shared her support of the gradual build up for the ending fund balance as suggested by Kinkade.

Helt asked if housing permits, etc. were considered in the growth calculations. Henry said yes, it was part of the sites and facilities process and the district also continues to use the projections from Portland State to help create enrollment assumptions. Discussion ensued around enrollment history and growth. McFarland and Olegario suggested adding the question and answer document to the meeting minutes and Mikalson agreed it would be good information to have readily accessible.

Chair McFarland entertained a motion to approve the proposed 2017-18 budget document. **Ron Smith moved to approve the 2017-18 budget document as presented. Tom Bahrman seconded the motion. Unanimous approval.**

Chair McFarland thanked all budget committee members for their time. Brad Henry also thanked budget committee members and shared that Zhai Logan will be retiring. He thanked Logan for her work and said she will be missed.

Budget committee meeting adjourned by Chair McFarland at 6:34 p.m.
Chair Kinkade recessed the regular board meeting at 6:34 p.m., for a 10-minute break.

Respectfully submitted,

Andrea Wilson
5.9.2017

May 9, 2017

Bend-La Pine Schools
2017-18 Budget Process
Questions from Budget Committee, with answers

1. What are the budget assumptions for 2017-18 proposed budget?

As outlined in Superintendent Mikalson's budget workshop (03/14/2017) and budget message (04/25/2017), the 2017-18 proposed budget is based on these major assumptions:

- \$7.8B State School Fund Revenue
- \$300M Measure 98 Revenue
- 18,354 enrollment, an increase of 320 from 2016-17.
- PERS (Public Employees Retirement System) employer rate 15%, an increase of 5 percentage points from 2015-17.
- Staffing: Maintain 2016-17 staffing level.
- Discretionary allocations: Maintain 2016-17 level.
- Ending fund balance: 5% (Contingency + Ending fund balance)

2. Page 12, under Resources, line 1970 is Services Provided Other Funds. This item is down \$170k this year. What accounts for the reduction?

PERS bond payment is intercepted from our State School Fund revenue in general fund. This line item records other non-general funds' portion of PERS bond payment. The reduction reflects the close of TIF (Teacher Incentive Fund) Grant, which decreases PERS bond payment contributions from other funds. This is more in line with the actual 2015-16 amount.

3. General question about object 0310 Instructional Prof Technical Services. In the summary on page 106, the overall 5.32% one year increase is attributed to ALOs and BLP Online. During 2 years, this line item grew significantly in the following categories:

Grades 4-5: +298k (p. 18)

Middle school: +248k (p. 19)

High School: +259k (p. 21)

Alternative Education: +700k (p. 25)

Object 0310 Instructional Prof Technical Services is where we budget substitute costs and alternative education costs.

- Grades K-12: The bulk part of these increases is due to substitute costs. We budget substitute costs at major K-12 instructional level (function 1111, 1112, 1121 and 1131). In actual, they are spent in some other functions as well.

- Alternative Education: The bulk part of these increases is due to increased payments to Alternative educational programs (such as Oregon Youth Challenge Program, COIC [Central Oregon Intergovernmental Council], and JBarJ [Boys Ranch Youth Services]) and increased costs of Bend-La Pine Online.

4. *Page 29, Function 2120 Guidance Services FTE is down 10, and 10 FTE increase reflected on Page 100 in Special Revenue. Is this Measure 98 reallocation?*

Correct. We budgeted counselor FTEs (full time equivalent) in Special Revenue Fund. This is a shift from General Fund based on what we know about Measure 98 rules.

5. *Page 33, Function 2210 Improvement of Instructional Services is up 2.625 FTE which includes +1.375 Administrator FTE. Please explain.*

The FTE increase includes:

- A 1.0 FTE ELL (English Language Learner) Assistant Director position. This reflects our strategy of redesigning ELL. The overall redesign is cost neutral.
- A 0.375 FTE Strive administrator position. This is a combination of shifting from a grant that ended and a slight increase due to Strive program growth needs.
- The rest of increased FTEs are designed to support alternative programs as they grow.

6. *Page 63, Facilities Usage Subfund. I'd like to understand this fund better. The narrative on Page 62 suggests that the fund is about community use of BLS facilities.*

- *\$100,000 increase in local sources. Are these fees charged for community use of facilities? If so, why are we anticipating such a large percentage increase in revenue?*
- *Transfers are, I'm assuming, from the general fund. If so, does this mean BLS essentially subsidizes other uses of BLS facilities?*
- *Can you break down the meaning of all the Requirements? (instruction, support services, enterprise and community services)*
- *The narrative refers to 25% going to the site and 75% being "used to offset the costs of the program." What does this second part mean?*

This fund is to account for community use of our facilities as well as account for our furniture replacement fund and CTE (Career Technical Education) reserve for our schools. We charge fees for the community to use our facilities. The main reason is to help pay for the cost of running our facilities during non-school hours, such as custodian over time and cleaning supplies, as well as the individual that manages the scheduling for the District. As the volume of usage and cost increase over time, we adjust the revenue estimate accordingly. The transfers are from General Fund. They are designed to fund two programs in this fund: Furniture/Equipment Replacement and CTE Reserve. Instruction: CTE related expenditures. Support: Maintenance and repair related expenditures. Community Services: Custodian over time due to community usage of our facilities.

7. *Page 77, Nutrition Services subfund. Total resources are budgeted to be up \$1.34M: a large percentage increase. Please explain.*

We have three big unknowns when putting together the budget for the Child Nutrition Program for 2017-18 school year.

- Federal Resources – this is to account for trends in meal patterns and student growth.
- Changes in the local economy that has led to a reduction in students that qualify for free/reduced priced meals. We budgeted an increase in meal sales (local resource).
- Increased food cost especially in the area of fruits and vegetables

Though we have budgeted to account for these unknowns, we do expect the program to continue to operate in a fiscally solvent manner for the district and nutritionally sound one for our students.

8. *Page 107, 1990 Miscellaneous, up 31%. Please explain what is in this category.*

Miscellaneous revenue is a category that covers a wide range of volatile revenue items, such as transportation charges to outside entities, fingerprint costs for new hires, bank adjustments and insurance rebates.

9. *Can you explain the digital conversion budget and the increase in budget for iPads in 2017-18?*

We have been working to make the budget match the life cycle of the iPads, so that we can replace one-fourth each year (ideally). In the initial four year cycle from 2013-14 through 2016-17, we purchased one-third each of the first three years by using funds from the Tech Reserve Fund to help fund the last one-third purchase. In the fourth year, 2016-17, we paid that back through a transfer from the general fund (reducing the iPad purchase line item). In 2016-17, if you were to add the transfer to the Tech Reserve to the 0480 line item, it would be very similar to the budgeted amount for 2017-18. For 2017-18, this would allow us to begin the next four-year replacement cycle.

10. *Has digital conversion decreased printing and copying usage?*

We have reduced our print shop/copier/printer impressions by almost 10% (2.1 million impressions) in the last three years, at the same time we grew by almost 1,200 students.

11. *How much do we spend in personnel costs at the high school level for college prep like AP (advanced placement) and IB (international baccalaureate), CTE, math, and foreign languages?*

Please see the chart below.

Classification	Section Count	Teachers	Total
Applied Arts	96	16.00	1,068,150
Math	179	29.83	1,979,075
AP	81	13.50	903,525
CTE	144	24.00	1,594,950
Fine Arts	123	20.50	1,364,475
Foreign Language	98	16.33	1,090,100
IB	44	7.33	497,450
		<u>127.50</u>	<u>8,497,725</u>

12. How much do we spend on online courses?

So far this year students have taken 4,588 courses for which we have paid about \$1.2 million. This includes payment for the enterprise license, highly qualified teachers on the “back end”, and any additional course specific fees. The enterprise license also gives us access to other options and tools, such as credit recovery courses, with no additional fee.

13. How much do we spend for remediation?

Each year our students access a variety of different options to help them get back on track. These include our Strive program, our COIC program and credit recovery offered in our schools through Bend-La Pine Online. For example, from July 1st through last week we had 1,228 enrollments in credit recovery offered through Bend-La Pine Online in our schools. Because the cost of these courses is included in the annual cost of the regular online program, there is no additional cost for these enrollments, except for the staff we hire to manage the enrollments and the program.

The Strive Program serves up to 65 students in middle and high school at any one time. The program costs approximately \$750k to operate in 2016-17.

As our contractor, we pay COIC in accordance with State regulations, 80% of our net operating expenditures as defined by State OAR (Oregon Administrative Rules). This translates to \$38.16 per hour of instruction. COIC typically serves 80-130 students at any one time. For 2016-17 we will pay approximately \$750k for these services.

14. How much do we spend for extra and co-curricular activities each year?

We are budgeting \$3.8 million for extra and co-curricular activities for the 2017-18 school year. Of this amount, \$365k will be covered by pay to play fees and \$115k will be covered by gate receipts at athletic events.