

**LEBANON COMMUNITY SCHOOL DISTRICT
BUDGET COMMITTEE MEETING
April 26, 2018, 7:00 PM**

Santiam Travel Station

750 S. Third Street, Lebanon, OR 97355

MEETING MINUTES

A meeting of the Lebanon Community School District Budget Committee was held on April 26, 2018. Those present included the following:

Tom Oliver, School Board Chair
Richard Borden, School Board Member
Mike Martin, School Board Member
Nick Brooks, School Board Member
Sandi Cox, Budget Committee Chair
Kris Latimer
William Barish

Dr. Rob Hess, Superintendent
Bo Yates, Assistant Superintendent
Linda Darling, Business Director
Jennifer Meckley, Human Resources
and Community Relations Director
Kim Grousbeck, Director, Classified
and Employee Relations

The meeting minutes were recorded by Executive Secretary Maura Kwiatkowski.

1. Call to Order

Chair Cox called the meeting to order at 7:09 PM.

2. Approval of April 12, 2018 Meeting Minutes

A motion was made and seconded to approve the April 12, 2018 Budget Committee meeting minutes as presented. The motion was unanimously approved.

3. Public Comment

No members of the public requested time to address the Budget Committee.

4. Information and Discussion of the Proposed 2018/19 Budget

Linda Darling presented the information the Committee requested at its April 12, 2018 meeting. At that meeting, there was discussion regarding enrollment and funding and whether we should add additional weights to budget.

Darling reviewed the tables included in her April 18, 2018 memorandum.

Table 1 is the 2017/18 Second Quarter Accumulative ADMr, which shows what the District reported to ODE (Oregon Department of Education) in December 2017.

Table 2 shows the ADMr projections (4,180) used to construct the budget. Darling took the second quarter ADMr and advanced each one grade and dropped the high school seniors. The net increase is 31.58 weights.

Table 3 shows a seven-year history of reported versus actual ADMr. There is a vast difference in some cases. The average difference over this seven-year period is 45 weights.

Table 4 shows the revenue adjustment if the ADMR is increased by 35 weights. The resulting additional revenue would be \$277,970, with \$127,970 being directed to additional direct instruction (including payroll costs) and \$150,000 to the PERS (Public Employees Retirement System) Reserve.

Bill Barish asked how many FTEs (Fulltime Equivalents) were included in the \$127,970. Darling advised this amount would pay for one new teacher and one instructional assistant.

Tom Oliver noted that the second quarter reported versus actual ADMr shows differences, but the trend is similar. Did we analyze projected versus actual over the same time period? Darling indicated we had not.

Oliver said the Committee needed to think about their tolerance level. Although this is not a great deal of money, it is still significant; we would have two additional staff in classrooms. He believes it is reasonable to increase the weights by 35 to allow for the additional staffing. If the students do not enroll, we do not have to have the staffing. He believes this is a safe midpoint on the risk scale.

Mike Martin asked whether choosing a limit affects what can be spent later. Oliver advised that it does. Darling pointed out the Board has the authority to move up to 10 percent of the General Fund into other areas within that fund. Ten percent of the proposed General Fund is \$4.5 million.

Kris Latimer asked whether we are creating a budget that will help resolve issues such as keeping middle range teachers. She believes the budget may be too conservative to address the teacher retention issue. Cox said her impression was that the District would be more aggressive – closer to the \$600,000 suggested by Oliver.

Martin agreed teacher retention is a problem. Our average, with salary and benefits, is \$58,000. Martin wants to support staff above all else, since they have the major impact on academic achievement.

Barish noted that the district's starting salary is a significant issue, and continued teacher turnover is not beneficial to the district or our students. Latimer agreed, noting that consistency in building personnel makes a major difference.

Oliver pointed out the Committee can have this conversation every year. He is not concerned that the amount being discussed would decimate the fund balance. Oliver believes we have some latitude. Martin indicated the \$3 million fund balance is the ODE recommendation. Oliver said he recognizes this, but there is no formal Board policy mandating a specific level for the fund balance.

The current General Fund spending through the end of this fiscal year is projected at \$38 million. Nick Brooks noted that if we remain at the same budget, we would have another substantial increase in the fund balance. He believes the fund balance should be closer to \$3 million. Now is the time to invest in quality recruitment and teacher retention.

Darling projects the next Ending Fund Balance will be \$3 million. Martin expressed concern about going too much below the \$3 million level. The Board would need to borrow if there was an emergency. Oliver noted this is a philosophical conversation about the cost of money. Martin pointed out that money must be spent properly to assure appropriate outcomes. The projected \$3 million Ending Fund Balance includes the budgeted \$1 million contingency.

Oliver indicated the upward adjustment by 35 ADMr means an additional \$400,000 in the PERS Reserve. Darling advised a total of \$1.65 million would then be budgeted for PERS Reserve.

Martin asked what we project the Ending Fund Balance would be with the additional 35 ADMr. Oliver advised this will depend on what the actual ADMr number turns out to be. Hess pointed out the District does make midyear adjustments to the ADMr.

Cox asked how many new students we believe will come into the District. Hess indicated that last year in August, we added 100. Martin said this could happen again. Oliver pointed out the numbers could also decrease. Hess indicated that having an alternative school would double the number of weights, since our alternative school students do not currently count as full weights.

Barish stressed that we need to maintain some flexibility in the budget, but having the authority to spend does not mean we must spend it.

Barish suggested that if the Committee increases the revenue projection by \$550,000, it should still be a 50/50 split between the PERS Reserve and instruction.

5. Motion to Approve the Budget

Upon motion, duly seconded, the Committee unanimously approved the following:

"The budget committee of the Lebanon Community School District has reviewed and hereby approves the budget for the 2018/19 fiscal year in the amount of \$64,364,514. This amount is comprised of the following:

Funds	Amount
General Fund	\$45,618,000
Special Revenue	13,679,744
Debt Service	4,326,770
Enterprise	580,000
Internal Services	160,000
Total	\$64,364,514

6. Motion to Set the Tax Rate

Upon motion, duly seconded, the Committee unanimously approved the following:

"The Budget Committee of Lebanon Community School District #9 approves taxes for the 2018/19 fiscal year at the rate of \$4.9925 per \$1,000 of assessed value for operating purposes in the General Fund and \$3,886,775 for the General Obligation bond levy in the Debt Service Fund for principal and interest."

7. Adjournment

There being no further business before the Committee, Chair Cox adjourned the meeting at 7:53 PM.

Sandi Cox, Chair

Dr. Rob Hess, Superintendent