

HILLSBORO SCHOOL DISTRICT 1J BUDGET COMMITTEE—MINUTES
May 8, 2014
District Administration Center, 3083 NE 49th Place, Hillsboro, Oregon

Budget Committee Present:

Wayne Clift, Chair
Monte Akers
Chris Barry
Cathy Clark Thomas
Angie Ellis
Tim Farrell
Rebecca Lantz
Glenn Miller
Jennifer Rychlik
Erik Seligman (on speaker phone)
Kim Strelchun

Staff Present:

Mike Scott, Superintendent
Steve Larson, Assistant Superintendent, School Performance
Adam Stewart, Chief Financial Officer
Matt Smith, Executive Director, Secondary Education
Beth Graser, Director, Communications
Michelle Morrison, Manager of Business Services
Val Bokma, Assistant to the Board

Others Present:

Don Domes
Eric Weyrauch, HCU
Maureen Barnhart, HEA
Andrea Castillo, The Oregonian

Board Chair Strelchun called the meeting of the Budget Committee to order at 7:00 p.m. and led the Pledge of Allegiance. Nina Carlson, Adriana Cañas, and Janeen Sollman were unable to attend the meeting. Erik Seligman participated via speaker phone.

Ms. Strelchun called for a motion to approve the agenda. Glenn Miller MOVED, SECONDED by Monte Akers, to approve the agenda as printed. The MOTION CARRIED (13:0).

Chief Financial Officer Adam Stewart explained that the budget development process consists of four steps:

1. The administration prepares the proposed budget and presents it to the Budget Committee.
2. The Budget Committee approves the budget, setting the aggregate spending limit for the coming school year, the permanent tax rate to support the general fund, and the debt service levy amount to support the debt service fund.
3. The Board adopts the budget in aggregate, makes appropriations by fund and function, and imposes and categorizes the taxes.
4. The county assessor levies the taxes on all eligible properties.

Chief Financial Officer Adam Stewart noted that the Hillsboro School District Budget Committee is involved in details of the budget development process that are not required by law, but result in a more thoughtful process. He also observed that for the first time in several years, the District is able to add money back into the budget.

Ms. Strelchun explained that, per policy DBEA, the Budget Committee annually needs to elect a chair. She called for nominations. Mr. Akers nominated Wayne Clift for chair. Mr. Miller seconded the nomination. Hearing no further nominations, Ms. Strelchun closed the nominations and called for the vote. The vote was 11:0 in favor of Mr. Clift. Mr. Clift took over as chair of the meeting and asked Superintendent Mike Scott to read the budget message.

Superintendent Scott expressed his appreciation for the Budget Committee's input and suggestions during the budgeting process, thanked Chief Financial Officer Adam Stewart and Manager of Business Services Michelle Morrison for their work, and read the following budget message into the record.

Dear Hillsboro School District Budget Committee Members and Patrons:

In accordance with ORS 294.391, I am submitting to you the Hillsboro School District IJ proposed 2014-15 budget.

For the first time since I became Superintendent, I am very pleased to be able to describe a budget that restores dollars to our system rather than removes them.

Over the course of the last six years, we have had to reduce our expenditures by nearly \$70 million from what would have been required to maintain a current service level (roll-up) budget. Even when you consider that we were able to add back four budget reduction days in 2009-10 as a result of Measures 66 and 67, and three budget reduction days in the 2013-14 school year because of Gain Share money, that's still a cumulative reduction of more than \$66.7 million.

As we embarked upon the 2013-14 school year, we thought we knew what was ahead for both 2013-14 and 2014-15: continued reliance on shrinking reserves, five budget reduction days each year, and a staffing ratio of 30:1 across the District, among other reductions.

However, things began to look up shortly after the Budget Committee approved the proposed 2013-14 budget. During a joint press event by Hillsboro Mayor Jerry Willey and Board of Commissioners Chair Andy Duyck on Thursday, June 6, 2013, we learned about the intention of the City of Hillsboro and Washington County to gift a portion of their Gain Share money to school districts. At the event, they indicated their willingness to devote \$10 million to Washington County schools over the course of the 2013-2015 biennium. Hillsboro's portion of that money equated to roughly \$1.2 million per year, which the Board approved on July 23, 2013, for use in restoring three of the five proposed budget reduction days in both 2013-14 and 2014-15.

The next positive news came on October 2, when it was confirmed that the emergency legislative session called by Governor Kitzhaber had resulted in a "grand bargain." For K-12 education, that grand bargain meant \$100 million more for the 2014-15 school year than had previously been anticipated. Hillsboro's portion would account for approximately \$3.4 million of the total.

Then in December, the Oregon Department of Education (ODE) announced they had changed the formula by which they calculate the poverty money allocated to districts. The crux of the change was using data from the most recent U.S. Census in 2010, instead of data from the previous census in 2000. For Hillsboro, that recalculation meant an additional \$850,000 for the 2014-15 school year.

In January, good news continued when the state announced that local property tax collections were higher than anticipated, which increased the amount of funds available for schools through the State School Fund (SSF) distribution.

Finally, in March and early April, we received new SSF estimates for the 2012-13, 2013-14, and 2014-15 school years, which reflected fewer students in Oregon than initially projected, a higher transportation reimbursement than initially projected, and an increase in Hillsboro's average years of teacher experience.

When all these things were factored into our projected revenues, it was determined that we would have \$6,235,335 in additional revenue for the 2014-15 school year.

As the funding picture was becoming brighter, we began the process of consulting with our administrative staff about how the money could best be spent. At that time, our estimate of the funds available was less than \$2 million, but the task was really less about the money itself and more about determining where and how we could have the most impact, knowing that we would not receive enough to undo all of the reductions from the past six years. Administrators were asked to brainstorm, discuss, and create a prioritized list of ideas that reflected the values, goals, and objectives of our Strategic Plan.

A set of values emerged to guide the work, which included adding funds that:

- Further student learning and achievement*
- Provide support for students, especially at vulnerable points in their educational careers*
- Can be sustained from year to year*
- Build staff members' skills*
- Promote college and career readiness*
- Allow for equitable access and outcomes for students*
- Strengthen our infrastructure*

These values, along with the budget numbers we had in late winter, were used to create a presentation that was given to administrators to share with their staff members and communities throughout March and early April. Meanwhile, we were meeting with our Board and Budget Committee members to share information and gather feedback.

Some of the key pieces of input we received were that the District should not attempt to spread the money too thin; should keep in mind that several entities—parents, legislators, and city and county leaders—have fought for additional money for schools to help alleviate some of the effects of the years of reductions and would expect that the money be used accordingly; and, at the same time, we should put some of the money aside for future expenses.

We took all of the feedback into account and used it to create our final proposal, which is what this budget is built upon. Here are the additions:

- **Staffing ratio (class size) reduction.** Reduce Kindergarten staffing ratio by four, from 30:1 to 26:1; reduce grades 1-2 staffing ratio by two, from 30:1 to 28:1; reduce grades 3-12 staffing ratio by 1, from 30:1 to 29:1. **Total cost: \$2,080,000.***
- **Instructional calendar.** Add back one of the two budget reduction days. **Total cost: \$465,000.***
- **Elementary interventions.** Provide support to elementary students in poverty through interventions, tutoring, etc. **Total cost: \$450,000.***
- **Middle school instructional coaches.** Add one half-time (0.5 full-time equivalent) instructional coach at each middle school. **Total cost: \$165,000.***
- **High school parallel supports.** Provide parallel supports for core classes, interventions, AVID tutorials, etc. **Total cost: \$400,000.***
- **College and Career Coordinator.** Hire a coordinator to lead the College and Career Pathways work, Career-Technical Education, and Dual Credit efforts. **Total cost: \$100,000.***

- **Classified hours.** Provide additional classified (support staff) hours to be allocated at the principals' discretion. **Total cost: \$100,000.**
- **STE(A)M investment.** Fund a half-time District coordinator, plus materials, and stipend positions at each school to support after-school science, technology, engineering, arts, and math programs. **Total cost: \$250,000.**
- **Performing arts investment.** Create an ongoing investment plan to provide supplies and materials for our performing arts programs. **Total cost: \$130,000.**
- **Communications.** Hire an additional staff member to assist with District-level communications. **Total cost: \$82,500.**
- **Discretionary budgets.** Restore 5% to building discretionary budgets (30% has been reduced over the past six years). **Total cost: \$155,000.**
- **Technology.** Build \$1 million into the General Fund budget for annual technology purchases; make a one-time technology infrastructure investment of \$500,000. **Total cost: \$1,500,000.**
- **Reserves.** Set aside remaining funds and target them for future needs. **Total cost: \$357,835.**

I strongly believe that these additions will make a meaningful difference for the students, staff, and community of the Hillsboro School District. They represent a strategic direction and focus for the future—not merely a 'reversing of the cut list' from previous years.

As the Legislature gathers in February 2015 to determine the budget for the next biennium, I am confident we will be able to provide them with evidence of the benefits of an increased investment in K-12 education—although we will only be halfway through the school year.

My sincerest thanks are offered to our amazing staff for their willingness to keep giving their best to students each and every day, even as things have gotten increasingly difficult over the past several years; to our parents, community members, business and higher education partners for supporting us through their donations of time, money, and opportunities; and to our students for proving to us time and again that they are the bright stars that guide and inspire us.

*Respectfully submitted,
Mike Scott
Superintendent*

Chief Financial Officer Stewart noted that the amount budgeted for STE(A)M had been corrected. It was also noted that the amount budgeted for reserves had been corrected.

Chief Financial Officer Stewart walked the Budget Committee through the sections of the Proposed Budget document, explained the breakdown of the various funds and accounting codes, and invited Budget Committee members' questions. The discussion included the following questions and comments:

- Reserves are not appropriated and will be invested.
- It is assumed that Gain Share funds will continue in the present form through this biennium and beyond, although if future changes occur, the five-year projection will be impacted.
- It was suggested that the District track the use of funds from different sources for specific projects, including the reasons for deciding to fund these areas, and maintain a history of these decisions for continuity and strategic planning.

- Assistant Superintendent Steve Larson's team is developing an equitable plan for assigning funds for the arts and STE(A)M; principals will have an opportunity to provide input.
- Budgeted elementary interventions and high school parallel supports consist of a combination of classified and licensed time.
- Planned technology investments include investing in wireless hubs, increased bandwidth, and equipment support, including replacing teachers' computers and cascading older machines down into other uses.
- The District tracks student achievement information, including trends; although one-to-one cause-and-effect correlations can be difficult to identify, since so many factors are involved.
- The Board will discuss whether to propose a bond during an upcoming Board meeting; the Board will need to balance current needs with future building needs. Board debriefing after the recent bond measure included the topic of communication with the public and the suggestion that more voters might turn out for larger races.
- Appreciation was expressed for legislators, city and county officials, parents, teachers, and community members who are committed to students.
- The importance of continuing to remind officials of the need to restore school funding was emphasized.

Following the committee discussion, Budget Committee Chair Cliff invited public comment. There were no requests to address the Budget Committee.

Ms. Strelchun MOVED, SECONDED by Mr. Miller, that the Hillsboro School District 1J budget for 2014-15 in the aggregate amount of \$264,486,095 (total of all funds) be approved as proposed, and that the permanent tax rate of \$4.9749 per \$1,000 of assessed value be assessed in support of the General Fund. This permanent rate is expected to raise \$56,647,450. Ms. Strelchun further MOVED that tax levies totaling \$25,996,675 be approved for the debt service fund for the purpose of the retirement of bonded debt owed by the District. The MOTION CARRIED (11:0).

Chief Financial Officer Stewart described next steps, explaining that notices will be published, the Board will hold a budget hearing and adopt the budget on June 10, and documentation will be submitted to the assessors by July 15.

The Budget Committee meeting was adjourned at 7:50 p.m.



Approved July 29, 2014