



Budget Committee Meeting

November 5, 2014

7:00 p.m.

MINUTES

CALL MEETING TO ORDER

Board Chair Jerry Boehme called the November 5, 2014, Budget Committee Meeting to order at 7:00 p.m.

Present were:

Jerry Boehme	Board Chair
Frank Bricker	Budget Committee Member
Julie Jones	Budget Committee Member
Doug Marteeny	Budget Committee Member
Chris Norman	Budget Committee Member
Will Summers	Budget Committee Member
Lyle Utt	Budget Committee Member
Jennifer Ward	Budget Committee Member
Maria Delapoer	Superintendent
Tonja Everest	Assistant Superintendent
Russell Allen	Director of Business
Randy Lary	Director of Human Resources
Ashley Netzel	Controller

Committee Members Sandi Gordon and Micah Smith were absent from the meeting. A list of others present at the meeting is attached to the original minutes.

PLEDGE OF ALLEGIANCE

Mr. Boehme led those present in the Pledge of Allegiance.

BUDGET COMMITTEE OPERATIONAL TASKS

1. Seat returning Budget Committee Members.

Mr. Boehme began by stating that the Board had reappointed Chris Norman and William Summers to the Budget Committee, for 3-year terms. He welcomed them both back to the Budget Committee.

2. Election of Budget Committee Chair.

Mr. Boehme then asked for nominations for Budget Committee Chair. Budget Committee Member Frank nominated Chris Norman for Budget Committee Chair. Budget Committee Member Jennifer Ward seconded the motion. Mr. Boehme stated that there had been a nomination and a second for Chris Norman to be Budget Committee Chair for the committee. He asked if there were any other nominations. There were none. He then asked for a vote of the Committee. **NOMINATION CARRIED UNANIMOUSLY.** Chris Norman took over as Chair for the remainder of the meeting.

3. Approval of Budget Committee minutes for May 20, 2013.

Mr. Norman stated that he hoped that everyone had an opportunity to review the minutes from the May 20, 2013 Budget Committee Meeting and asked if there were any significant changes that needed to be noted. Ms. Ward stated that on page 4 Mr. Marteeny's name had been spelled incorrectly in a couple of places throughout the document. The corrections were made in red ink on the hard copy of the minutes. Mr. Norman stated that if there were no objections the Budget Committee would approve the minutes under Consent. There were no objections. Mr. Norman asked if there needed to be a formal vote or by consent with changes. Mr. Boehme responded that consent was fine. Mr. Norman then stated that there would be a note that the spelling of Mr. Marteeny's name was corrected and **DECLARED THE MINUTES WERE ACCEPTED BY UNANIMOUS CONSENT.**

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4. Revise Budget Calendar – if necessary.

Mr. Norman stated that next on the agenda was to discuss the budget calendar included in the packet. He asked Mr. Allen if he had any comments. Mr. Allen responded that he had a couple of things to share about the calendar this year. He stated that staff had struggled in working with the Board in trying to come up with a calendar to recommend to the Committee. He shared it was particularly the third meeting that was a concern because there were several members of our Board who also function on the ESD Budget Committee the two meetings conflict. He stated that he hopes that the Budget Committee will be able to complete its work in two meetings in the spring. This has been the norm for the last several years where the third meeting has not been needed; therefore, this calendar was created assuming the Committee will approve the budget on May 4th. May 18th is showing on the calendar only if it is necessary for the Budget Committee to have another meeting to approve the budget; it causes difficulty to meet the newspapers publication timeline for the Budget Hearing to take place at the Board Meeting on June 1.

5. Establish Meeting Beginning and Ending Times if necessary.

Mr. Norman stated that in the past the Budget Committee meetings began at 7:00 p.m. and ended at 9:00 p.m. and there have been a few occasions that it has run over. He stated that the process has been to extend the meeting in 15-minute increments with a vote of the committee. He stated that unless anyone wanted to change the process he was fine with continuing that process. There was no response for a desire to change the process.

FINANCIAL UPDATE

Mr. Norman then asked Mr. Allen to proceed with the Financial Update. While Mr. Allen set up the computer for his presentation he provided the handout of the slides he would be using. He began by stating that there was a lot of diverse information that he felt would be of value to the Committee. Mr. Allen stated that the first section were slides borrowed from COSA (Confederation of Oregon School Administrators) which plays an active role in working with OSBA and the legislature. He stated that COSA is currently working with their partners in coming up with messages for the legislature with regards to Oregon's school needs. He also shared that they are working on a learning time gap which compares the minimum instructional hours in Oregon compared to the national average. Mr. Allen reported that over the course of a student's career, the average minimum hours in Oregon are 919 hours; less than the national average. He added that this district exceeds the minimum hours required by the State of Oregon. Mr. Boehme asked where the District was at. Assistant Superintendent Tonja Everest responded that the State of Oregon requires 810 hours for kindergarteners where we average 815-820 hours. She stated that the state requires 900 hours for intermediate students which we exceed and 990 hours for high school students which we are close to.

Mr. Allen commented that there are other areas within the law for hours that we can count which we typically do not. Ms. Everest added that we could count conference hours and some staff development hours that we typically don't. Mr. Boehme asked Ms. Everest to send the actual numbers to the committee.

Mr. Allen continued through the slides and advised the committee that the information was borrowed from a COSA presentation and was overall historical data. In regards to teacher salary data, he stated that throughout the United States, Oregon was right in the middle salary wise.

In regards to enrollment, Mr. Allen stated that the numbers provided did not include Online and Advanced Degree students. He stated that the numbers had not yet gone to the Board. He stated that the dashed lines would likely go up a little bit because growth has not yet been factored in from the different housing starts. Mr. Summers asked why the Online and Advanced Degree students were not included in the projections. Mr. Allen responded that he probably should be including Online students, however, historical data had been brick and mortar students. He stated that Advanced Degree students are taking classes at LBCC and are not really in the district taking classes and later he will discuss 5th year programs and that they are in danger of being funded the way they have been funded in the past.

Superintendent Maria Delapoer stated that we use enrollment numbers to determine number of staff needed in classrooms, and because Albany Online and Advanced Diploma are not in our classrooms they are counted differently. Mr. Allen added that in the future, he could see including Albany Online students because they are taking the K12 curriculum, just taking it in a different way. Mr. Marteeny asked if the Online students were counted at the state level as full-time students. Mr. Allen responded affirmatively. Ms. Ward asked that with the developments, is there still an expectation of a downward trend in the

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next five years? Mr. Allen responded that the graph emphasizes the trends not exact numbers and that we are not growing as a district and to not expect any additional revenue by virtue of growth. Ms. Ward then asked with so much new housing going in, why are the enrollment numbers going down? Mr. Allen responded that this data was looking at matriculating students and moving them through the process and we haven't decided on what to use for growth. We are not seeing the new dwell yield that we used to see with the new growth. Mr. Summers commented that much of the growth has been 55 and older individuals moving into the state. He added that the number of births per 100 is not what it used to be. Ms. Delapoer asked if the data was taking all day kindergarten into account. Mr. Allen responded that with overall numbers, there will be a slight increase when we go to all day kindergarten but then level out. Mr. Bricker stated that the problem is in the way it is calculated, it is going to go down no matter what. Russ stated that this data is historical looking back not forward.

Mr. Allen went on and stated that he had updated the 85/15 guidelines for the committee. He shared that there was a high spot in 12/13 which dropped to 88.1 in 13/14, and from a budgeted perspective we are now down to 87 in 14/15. He stated that it is understood that finding balance is important in preparing the budget.

Mr. Allen then referred to the superintendent's cover letter and shared that she had discussed what the district has been able to do in regards to budget and staffing specifically. Referring to the next slide, he stated that in the last budget document, as reflected in the highlights, we were able to reduce our licensed staffing ratio to 24.0 which was almost at the pre-recession level. He shared that looking at raw numbers in the general fund there was an 11.5% increase in licensed staff, 11.0% increase in classified staff and a 8.9% increase in administrators. Mr. Allen went onto the next slide and stated that the list of items referred to in the Superintendent's cover memo, were able to happen by dipping into reserves. He stated that when looking at the budget document, comparing current revenues and current expenditures (money coming in versus money going out), there was a \$2.75 million decrease in the budget document, meaning that Ms. Delapoer was planning on drawing on reserves in order to balance the budget. He reported that Controller Ashley Netzel shared an update to the Board last month including current projections showing a decrease to \$2.38 million but believe that over the course of the year that number will go down a bit more.

Mr. Allen went on to the next slide and stated that it was from the Oregon Office of Economic Analysis. He stated that the important part of this slide is the total, the total percent growth projected for the biennial general fund budget. This is the basis of revenue assumptions taking into effect what the state economic forecaster anticipates for general fund growth. Mr. Allen went on to the next slide and reported that this slide was also from the forecaster's report which showed that there were some reserves at the state level.

Mr. Allen went on to discuss the uncertainty of a legislative session this year. He shared that our funding is a political decision which is influenced by economics but not a purely economic decision. He stated that the first uncertainty is PERS reform. He reported that our PERS rate is currently at 20.94% and because of PERS reform it is expected to go down to 17.84% in 15/17. The PERS reform has been argued in front of the Supreme Court and a decision is expected before the end of the calendar year relative to the constitutionality of the reforms. If all of the reforms are thrown out our 17/19 PERS rate would be projected to go up to 23.34% or an increase of \$3.6 million cost to our district. Mr. Boehme asked if the 17.84% was set. Mr. Allen responded that our PERS rate is already set at the 17.84% for July 1, 2015. He stated that the 15/17 was based on returns in calendar year 12/13 so there is always a lag. He added that if the Supreme Court throws out PERS reform, they may let those rates stay although they are inadequate and the debt will grow, or they may step in and say they need to recalculate it now; if that is the case we will see a rate similar to the 23.34% immediately. Mr. Summers asked how much staff would equate to \$3.6 million. Mr. Allen responded that the \$3.6 million could be divided by \$90,000 to get a general number of staff and stated that it was not insignificant.

Mr. Allen went on to 5th Year Programs. He stated that this was a hot topic across the state. He shared that he provided the OSBA Legislative Policies and Procedures for reference. He referred to the second paragraph where it states, "OSBA opposes use of State School Fund dollars for 5-year high school diploma programs that include a 5th year for post-secondary enrollment." He stated that this was a OSBA board perspective and it will play out in the legislative session. There will be a lot of discussion on this and we'll have to see how it turns out. Mr. Utt stated that at the Summer Board Conference, one thing they covered was that, for example, for our program we get paid and LBCC gets paid so there is a significant double payment occurring that is costing the state. Mr. Allen stated that the other big problem is that we are one of the largest districts in the state participating in this program. He shared that none of the top seven districts, who have 35% of the state's students, are currently participating and if they were to get involved the cost to the state would be significant. Ms. Delapoer shared that she has been in touch with Rob Saxton at the Department of Ed who reports that they have been working on solutions for this problem. Ms. Delapoer also stated that the Superintendents will be meeting with Nancy Golden to discuss this as well. She stated that she thinks they believe in the concept but that it is not a fair way to fund it.

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Mr. Allen shared that the Advanced Degree Program netted about \$240,000 for the district in 13/14 so it was a good program for both the district and the students. Ms. Delapoer reported that the program doubled in size this year. Mr. Boehme asked Ms. Delapoer to share the percentages of kids who were successful and went on, those who were first in their family, etc. Ms. Delapoer responded that 33% of students in the program were the first in their families to go to college. She stated that there was 14% participation by Hispanic students which is in line with the Hispanic enrollment of the district. She shared that they looked at income range which showed between \$25,000 and \$75,000 average household income so there were probably some kids taking advantage of the program who belonged to families who probably could afford it but it is a good start for them all. Ms. Delapoer stated that a lot of the information came from surveying the students and not all of them have responded but that staff was in the process of gathering information from LBCC as to how many went on to a second year for which they are paying. She reported many of them received their associate's degree after one year. She suggested that if any of the Committee felt strongly about this program she urged them to contact their legislators. She stated that she felt it was a good transition program for students going on to college from high school. Mr. Bricker commented that it would be a great program if it was funded from somewhere else. He stated with going to all-day kindergarten it's not a fair way of funding.

Mr. Marteeny stated that he had heard rumblings regarding tax reform and wondered what staff had heard. Ms. Delapoer commented that it had been discussed at the last legislative session and Mr. Allen stated that it was a priority of the governor but was not sure if the political capital was available to push it through.

Mr. Allen went on to the next slide and stated that he pulled the information from the COSA full-day kindergarten work group recommendations. He shared that Ms. Delapoer served on this committee. He stated that the group estimated that the cost of full-day kindergarten would cost an additional \$218.5 million above what they believe an adequate rollup for next year. He stated that GAPS share would be about \$1.7 million which would mean an estimated 15 additional kindergarten teachers; staff alone would be just under \$1.4 million in costs along with the other things associated with kindergarten. Therefore if the state figures about \$200 million for all day kindergarten our costs would be covered. Mr. Summers asked if the district had the room. Mr. Allen responded that it is being currently worked on. Mr. Boehme asked if the district would be required to do the full-day kindergarten whether or not the \$218 million was approved. Mr. Allen responded that the answer was yes and no. He stated that no district is going to be required to go to full-day kindergarten, however, a district that continues to do half-day kindergarten will be paid ½ for each of those students, where full-day kindergarten will get full credit for each kindergartner. He stated that they "rigged" the system to provide an incentive for districts to do full-day kindergarten regardless of whether or not there are additional funds in the pot. Therefore, we would not be receiving the amount of money needed for the entire district program but there is no reason not to do full-day kindergarten. Mr. Bricker stated that if you do not do full-day kindergarten and other districts around you do, you will see people leaving for those other districts. Mr. Boehme stated that the GAPS Board has made a commitment to go forward with full-day kindergarten regardless of the funding. Mr. Marteeny asked with 15 new kindergarten teachers, how many students would be in a classroom. Mr. Allen responded that he doubled the current classrooms so the student count would essentially be the same.

Mr. Allen then went on to Forecast Assumptions. He stated that for his budget forecast everything is basically status quo for what we already are doing. He went over the slide for the committee. Mr. Allen stated that everyone starts talking about "the number" in legislative sessions. He stated that "the number" refers to the State School Fund. He stated that in regard to this next biennium, there is disagreement as to what the base was for 13/15. At the end of the session it was \$6.55 billion. Mr. Allen shared that in October at their special session when the legislature had a "grand bargain" it included an additional \$100 million for K12 in HB5101. He shared that there were some in the legislature who felt at the time that it was one-time money where others felt it should be part of the base. Therefore, when different groups are talking about a roll-up amount one must consider what they are assuming for a base; so when COSA says that an essential service level at \$7.3 billion, they are assuming a base of \$6.65 billion. Mr. Allen stated that he has used \$6.55 billion as a base because the house republican leader and the governor have both stated that the base was \$6.55 billion. Mr. Utt asked if the district used it as one-time money; Mr. Allen responded no.

Mr. Allen then moved to Future SSF Revenue Projections. He shared that the 10.7% and 8% shown on the slide was from previous slides as talked about before. He reported that he was using an 80% assumption of the 10.7% for K12. Mr. Allen stated that if he used 100% that would mean that K12 would grow at the same rate as everyone else in state government. He stated that he felt that schools would grow at a slower rate than the overall average growth of the other agencies in state government if for no other reason than they have to pull money out for kindergarten. He shared that the 80% of the yield would be \$7.11 billion in state school funds and in 17/19 assuming a 90% growth for K12 would yield a \$7.62 billion state school fund. He reported that all of these numbers would be updated after the November 13th forecast from the state.

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Mr. Allen referred to the next slide which he stated was actuals from 08/09. He stated that there was a significant increase in the first part of the biennium where school days were added back. He explained that the slope going down then up again was from taking advantage of the one-time PERS rate decrease and explained that finally in 18/19 income and expenditures catch back up.

Ms. Ward stated that she had a question about the COSA slides provided in the beginning of the presentation, and asked if there was any legislation or policy changes to address the discrepancies in Oregon compared to the rest of the country. Ms. Delapoe responded that there has been a lot of discussion about additional seat time for Oregon students, and any time you increase instructional time, there is extra cost because of staff. She stated that there is a lot of talk about looking at increasing seat time, whether it is by increasing the school year or something else, but they are aware there would need to be additional revenue to increase the amount of time in class for students. She shared that one of the things talked about is to have our students take Smarter Balance a year before other students. Ms. Ward then asked who makes that decision. Ms. Delapoe responded that the Department of Education writes the rules but time equals dollars so as groups approach the legislature that will be part of the discussion, if they want Oregon to be more competitive with instruction time then revenue has to follow. Mr. Boehme commented that one of the things recently negotiated was an additional work day as part of the last contract and that it was a continuing education day for staff not a seat day. Mr. Allen responded that about 5 years ago the district negotiated a longer teacher day which included some additional seat time. Mr. Lary responded that in respect to the accordion affect, with respect to cut days and reinstated days, there were added instructional days to our calendar which was the intended effect. He stated that the district has one more seat day now than 5 years ago and that the district was moving in the right direction.

Ms. Ward stated that in her line of work they pay a lot of attention to climate change and impacts for the Pacific Northwest. She stated that their consensus is that as climate patterns changes Oregon will have an influx of climate refugees over the next decade or two and wanted to know if that impact had been considered? Mr. Allen responded no. He stated that while he provides a long-term enrollment projection, he is only looking forward about 4 years relative to budget cycles and only one budget year out for purposes of the Budget Committee. He noted that he understood the concept but it was too far out on the horizon for what is being taken into account for this budget. Mr. Summers stated that OEA does a long-term analysis for population forecasting, and wondered if it had been taken into consideration. Mr. Allen responded no and that the OEA Mr. Summers referenced was not the Oregon Education Association; Mr. Summers stated it was the Oregon Economic Analysis.

Mr. Marteeny asked about the role of online school playing in projections going forward. He stated that he believed it should be a cheaper cost per student. Mr. Allen responded that from a nuts and bolts standpoint, in 13/14 the online program lost money because we didn't have the student counts we had hoped; however this year counts are up to about 50. He explained that about 50 students is the breakeven point. He stated that the district was not looking at the online program as a money maker but as far as costs associated on a per student basis, we just have to figure in the fixed costs associated with program administration. He added that in respect to enrollment growth and currently at 50 students, he stated that he wasn't sure if Ms. Everest and her group have considered opportunities for growing beyond that level. Ms. Everest responded that they have thought about growth but have been focusing on identifying the right student for the program. She explained that a good candidate for the online environment is significantly harder to find than originally anticipated. Mr. Marteeny asked what the right student was. Ms. Everest stated that these students need the ability to be independently organized and track their own learning; they get some support but not all kids are highly independent and organized people. She shared that for elementary students, every online course has online teachers and Emily Valdez provides in-district coaching and support. However, elementary students need additional instructional coaching at home because of the delivery method of the curriculum. Therefore, they need a highly engaged parent willing to do some schooling at home in some fashion, using the online curriculum. She stated it is quite rigorous compared to home school because of the requirements of common core. Mr. Allen asked if it would be correct to say that there is a misconception among students that online learning is easier than traditional bricks and mortar. Ms. Everest stated that it is much harder and part of the program's process is knowing how to help students flow back into public school when they find they can't succeed online. She stated that the district would like to see some aspects of the program expand. She added that there were some aspects and costs that were not anticipated this year, for example, there are more special education students than anticipated which taxes staff because of IEP meetings and other requirements. Ms. Everest added that she hopes to expand the program to provide outside learning that can't be offered online like AP classes or electives. Mr. Summers asked that in regard to proficiency ratings, if the district considers providing online help for those students who are not at grade level. Ms. Everest responded that yes, but not through the online program. She shared that the district has credit recovery software, Odysseyware, and other options available for students to catch up.

Mr. Norman asked if there were any further questions. There were none.

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BUDGET GUIDELINES

Ms. Delapoer referred the Committee to the District Goals which were used to develop the District Accountability Plan both of which were included in the packet. She stated that these have been in effect since 2009 and that they will be looked at to possibly revise some of the matrix. She commented that the Board was ahead of their time in developing this because many items are now captured on the Achievement Compact. She then referred the Committee to page 10 which talks about the fiscal transparency which Russ continues to provide. Ms. Delapoer then referred to A3 Budget Practices, which were pulled from prior Budget Committee guidelines. She then referred the Committee to the Achievement Compact document. She explained that the top line is a 4-year graduation rate which shows a drop from 75.8% to 55.8% which is directly the result of the Advanced Diploma program. She stated that it didn't count this year but the state is fixing it so it won't count against the district in the future. She shared that the district's actual graduation rate was 77% and the state graduation rate is about 67%. Ms. Delapoer pointed out other important areas of the document touching on the college and career readiness matrix including reading at 3rd grade and math at 5th and 8th grades. She explained that Not Chronically Absent means that students are out of school no more than 10% of the school year. She shared that being out of school any more than 10%, significantly affects a student's ability to stay at grade level. The 9th Grade On Track to Graduate line reports that they have earned 6 credits by the end of the freshman year which is also captured on the District Accountability Plan.

Ms. Delapoer stated that these documents are shared with the Budget Committee each year because they serve as guidance for how resources are allocated. She asked if there were any questions. Mr. Norman asked if there would be anything that the committee should anticipate next spring that would address any areas where the district might not be performing. Ms. Delapoer responded that the district has set some goals and wants to continue progress for all students but wants to focus on disadvantaged sub groups (economically disadvantaged, special education, and ELL) to help bring them up to the same level as the rest of our students.

Ms. Delapoer then referred to her cover memo which emphasizes that the district needs to continue to focus on student learning and impacting the quality of instruction in the classroom. She stated that this is where she believes that this is where as many resources are available should be focused. She shared that the bulleted items were accomplished this year by using some reserves, and that it has had a positive impact and will continue to do so over the course of the year. She stated that reducing class sizes is already showing an impact on how teachers are able to work with students and meet their needs. She stated that purchasing textbooks, increasing technology, continuation of interventions and accelerations, expansion of extra-curricular activities and electives, and increases in professional development were areas that were funded out of some of the reserve. Ms. Delapoer commented that she agreed with Mr. Allen that there is a lot of uncertainty around upcoming legislative decisions and we won't know until June what the actual numbers will be for funding. She stated that the budget that will be brought back to the committee will be fairly conservative until we know the final number. She emphasized that we can't live off of reserves for long, but feels we can move forward in some significant areas. Ms. Delapoer then referred to a list containing "Areas of Interest for Future Consideration." She stated this list came from Board discussions and discussions with our different employee groups which are good ideas which have been used in the past. They are helpful as guideposts for moving forward. She shared that they have been broken down into different areas and what the timeline might be. She shared that many of the ideas are already in the process of being explored. She then referred to the reverse side of the page discussing a Bond. Ms. Delapoer explained that the District Facility Advisory Committee (DFAC) is being reconvened to see if the district should go out for a bond in a couple of years and stated that she would appreciate it if some Budget Committee members were to sign up to be part of that committee. She commented that significant upgrades to facilities are expensive and can't come out of the General Fund operating budget. She then asked for questions. There were none. Ms. Delapoer reminded the Budget Committee that any of the items listed would need either new revenue or to shift resources from one area to another to cover them.

Mr. Boehme commented that one item that has been talked about is the need for additional land for new schools, however from Russ' enrollment report, it doesn't look like it is really needed right now. He asked why additional funds should be spent now when it looks like it would be 15 to 20 years to get back to current numbers. Ms. Delapoer responded that it is partially because land is somewhat inexpensive right now and the construction excise tax monies can be used for these types of purchases to have available if enrollment numbers were to surprise us. Mr. Allen commented that the last time that the district experienced rapid growth, it was not anticipated. He added it is known that the Albany area is experiencing growth and our schools are not necessarily well situated for any surprises. He stated that he is not advocating purchasing a bunch of land but if there are opportunities to purchase land at an inexpensive price and at a desirable location, he said that would be the only time he would make a recommendation to the Board to move forward with a purchase. Ms. Delapoer stated that with the addition of full-day kindergarten, we are going to max out our current facilities, including the fact that we may have

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to ask some of our community partners to leave our buildings. She also stated that she had driven around North Albany and stated that there was a lot of building going on. She shared that the North Albany school enrollments are already overprojected so the need may not be so far away.

Mr. Summers asked if the district was working with the city planning departments as they are plotting new developments. Mr. Allen responded that the planning departments are developing spreadsheets from permits requested noting the numbers of bedrooms, etc. He stated that staff is trying to get that information now. Ms. Delapoer stated that it might be a possible task for DFAC to look more in depth into the enrollment issue to see if there is need for future sites.

Mr. Summers asked what percentage of students were being home schooled. Ms. Delapoer stated that the numbers are stable. Ms. Everest agreed that the numbers have been stable historically, but she had not looked at them lately. She stated that there is some movement from home school to online classes. Mr. Boehme stated that one of the things that have been talked about is letting the community know what our district is about and that we are looking for input for what we might envision in the next 5 years; so when the current budget is figured out, we could save up for big ticket items. Mr. Norman commented that one thing last year was about schools being safe and secure. He mentioned that he did not see anything on that in the documents and asked if it had already been addressed. Ms. Delapoer referred him to the facilities bullet and stated that the Board approved \$400,000 from the facilities fund for upgrades. She shared that to do major upgrades; the district will need a new bond. Fencing, cameras, and other items are being completed this year at some schools but it is not enough to do everything.

Mr. Summers stated that he heard that the interest in sports was waning a bit across the state and asked if it was happening here. He also asked what the district was doing to capture kids' imaginations and keep them in school. Ms. Delapoer responded that she hadn't heard or seen that trend in our district. She added that Lacrosse, Water Polo, and other less traditional sports have been added along with growth in other clubs offering a variety of activities which helps.

Ms. Everest commented that for kids, relevance matters. She stated that South Albany Principal Brent Belveal reported that the introduction of the AVID program at South has gotten students excited about school. When they see the relevance of education they get more interested. That is where they can tie education to their future and understand how their education affects it.

Ms. Jones asked if there was an expiration time frame on the construction excise tax funds. Mr. Allen responded no. Ms. Delapoer shared that it is a fund that is tied to growth and should continue to grow.

Mr. Norman stated that in the long-range financial forecast report he noticed that over the long-term the ending fund balance was approaching 5% and asked if Mr. Allen was comfortable with that number. Mr. Allen responded that it would be a decision made by the Board, Budget Committee, and Superintendent because there is no single answer as to what the ending fund balance should be. He shared that the industry states that an ending fund balance should be between 5 and 15 percent so it varies between districts. He stated that this district has no policy in regard to fund balance; however the unofficial rule has been to make sure we keep an eye on it so it doesn't drop below the 5 percent. He reported the bigger the number the more comfortable it feels. Mr. Allen stated that the forecast doesn't give any cause for concern because the numbers move over time. He shared that the important thing for him is that the Budget Committee understands that with existing programs there does not appear to be a lot of revenue out there to do new programs without discontinuing others. Ms. Delapoer added that if the district had a higher ending fund balance in 08/09, the district wouldn't have had to experience so many cuts. Mr. Allen states that it should also be said that the state is in a better position than it has ever been in the case of a down turn.

Mr. Boehme commented that in the past we have targeted on the hiring of staff; he asked if there was an opportunity outside of the box for more electives via online or more college credits rather than AP classes to free up staff for regular classes. He stated that education seems to be moving forward differently and wondered if this type of opportunity was being looked at. Ms. Delapoer responded that the district needs to look at all opportunities and not just traditional forms because they are very expensive. She stated that we haven't really gotten into more detailed discussions at looking at different options but need to do so. Mr. Boehme asked if it would be possible to use some type of distance learning if there were 6 or 8 students interested in a particular class. He commented that he remembered a situation where a Linn Benton instructor came to the district to teach a college class rather than using a teacher for a traditional AP class. He asked about what other options would be available rather than having a traditional teacher for these students. Ms. Everest responded that it would be nice to get to a point with the online program that it would generate enough revenue to offer some small online courses. Ms. Delapoer stated that the district is working with a digital learning coordinator who is working with different ways of how to use technology to provide instruction and this type of learning might be part of that process.

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Mr. Boehme stated that he sees that CTE is great for some kids but stated that others could take online classes while in high school as elective credits to expand what they are taking outside of the traditional process. Ms. Delapoer responded that it was captured under instruction under the last bullet of the Areas of Interest for Future Consideration list. She stated it might not be specific enough but that is what she was thinking about when it was previously discussed. Mr. Summers stated that he had heard from an education futurist who was looking at the traditional model as a turn of last century, industrial-based type of instruction model which will not work for what will be going on 5 to 10 years from now because of the way our economy is changing. He stated that if you look at manufacturing, farms, etc., they are using computers, satellites; all kinds of technology are being incorporated into these businesses to make them more competitive. He stated that it makes it so they don't have to hire so many people; therefore, we have to educate students toward that plan. Ms. Delapoer shared that South Albany High School Assistant Principal Richard Shaw reported that they have a math teacher who does a lot of his lessons by video tape, so students can watch the tape for the instructional piece and use the classroom time to get help on the problems. It is called a flipped-classroom model.

Ms. Everest stated that what is being found is that high tech companies are going to Harvard to ask what to do with higher ed math students who are technically savvy but are not creative thinkers. In other words how do they infuse liberal arts into those programs to bring out the creative thinking aspect? She shared that they have found that it still takes a person to ask questions to cause deep thought for use of technology. She stated that technology, in and of itself, does not fix anything; there will always be a need for a teacher. She stated there are some very interesting models, one of which is called online grandmas where kids skype in and are asked questions that get them thinking to promote research and digging for answers. Mr. Summers stated that the models he had heard about echoes that teachers are still relevant but it is in the delivery or approach that is different. Ms. Everest agreed and stated that the things teachers are spending time on now are different. Mr. Summers stated that right now trades are not considered STEM, however, he believes they are STEM because if, in the trades, you can't do simple math, advanced math, geometry, or think creatively, you can't do the job. He emphasized that students need to be able to come up with a solution to a problem and that is why STEM classes need to be worked into the CET programs and why these students need these types of classes which make learning relevant and thereby making students want to learn.

Mr. Summers asked in regard to Ms. Delapoer's list, if the bulleted items were the major areas being considered while formulating the budget. Ms. Delapoer responded that the bullets are what we were able to fund this current year. She stated that the attached Areas of Interest for Future Consideration are potentials for looking forward. Ms. Ward asked if it would be available online. Mr. Allen stated that when the documents for the next meeting went out he would include them.

Mr. Boehme asked if this committee gives staff enough information or direction in one meeting to prepare the budget. Ms. Delapoer responded that there have been enough discussions with the Board and other employee groups that there are consistent themes that this district values and what they want to see in place going into the future. She stated that while committee members may have some favorites on this list, it gives some good parameters for looking at what has the best return on the investment.

Mr. Norman commented that there is a lot of time between now and April and appreciated all of the information provided. He asked what things the Budget Committee could do in the interim to get ready for the next meeting. Ms. Delapoer suggested that bending the ear of legislators and helping them to understand that, although K12 got a good chunk of money last year, it isn't nearly enough to cover everything. Mr. Summers added that maybe if we could get more students jazzed about learning and what their future is there may be fewer kids taking the wrong path. Ms. Delapoer shared that it has been rewarding to work with the workforce development group put together by the chamber and local industry leaders working together to getting kids in the pipeline through trades and STEM, and getting LBCC to revamp their programs to meet the needs of local industry leaders for employees. That alignment will be very productive. She stated that there will be a marketing plan to try to get parents and students interested in education beyond high school but not necessarily a 4-year degree.

Mr. Summers stated that the last Board Packet included a technology investment plan and stated that he liked that type of information. He stated that it can be taken to the legislators to say this is what we want to invest our money in and these are some of the future interests we have; we just have to find the dollars.

Mr. Boehme stated that the Board had heard from South Albany High School Principal Brent Belveal that one of the goals of AVID is to have every student college ready. He stated that it doesn't mean all students are going to college but every student would be in a position to go to college, prepared to go into a trade or the military. It helps to get students looking

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ahead and engaged in school. Mr. Utt stated that what he got out of AVID was that it attempts to provide students with the ability to learn; if they don't understand something give them the tools to learn about it.

Ms. Delapoer encouraged the Budget Committee or someone they know to consider signing up for the District Facilities Advisory Committee because the district was still recruiting members and the list of interested individuals would be taken to the Board soon. Mr. Norman asked what a good candidate would look like. Ms. Delapoer shared that there will be a couple of meetings each month and a good candidate would be someone who is interested in school facilities, has kids in school, like to look at enrollment projections, and has an interested in safety. Mr. Allen added that they would be good thinkers and communicators. Mr. Bricker stated that someone who is not familiar with the district may wonder why we need this committee. He stated that a good candidate would be someone who can represent the tax payers of our community who will have to decide if this is worthy use of their dollars. Ms. Delapoer stated that the groundwork for our facilities has already been done in regards to facility assessments so the communication part is what is next. Mr. Summers agreed that more information for the public about what is going on is very helpful.

Mr. Allen stated that as the enrollment numbers are nailed down, he could provide that information along with any significant changes in the state forecasts to the Budget Committee. He stated that the state usually likes to wait until the May forecast to make their final decisions but our budget is typically already put together by then which is the problem.

ADJOURN

Mr. Norman asked Ms. Delapoer if there was any other homework for the Committee. She replied that there was a lot of information covered so if there was any information or comments, she was open to having discussions with members of the Committee after the meeting. Mr. Norman thanked those in the room for attending and adjourned the meeting at 8:40 p.m.

Chris Norman, Budget Committee Chair

Recorded by Kathie Caldwell