



Budget Committee Meeting

May 27, 2020

7:00 p.m.

MINUTES

CALL MEETING TO ORDER

Budget Committee Chair Chris Norman called the May 27, 2020, Budget Committee Meeting to order at 7:00 p.m.

PLEDGE OF ALLEGIANCE

Mr. Norman led the Pledge of Allegiance.

Mr. Norman took attendance by roll call. Present were:

Chris Norman	Budget Committee Chair
Jennifer Ward	Board Chair
Eric Aguinaga	Budget Committee Member
Kim Butzner	Budget Committee Member
Heather Carmichael	Budget Committee Member
Seth Christensen	Budget Committee Member
Pat Eastman	Budget Committee Member
Jake Gabell	Budget Committee Member
Will Summers	Budget Committee Member
Michael Thomson	Budget Committee Member

Mr. Eastman logged on 7:

Melissa Goff	Superintendent
Lisa Harlan	Assistant Superintendent
Russell Allen	Director of Business
Randy Lary	Director of Human Resources
Ashley Netzel	Controller
Andrew Tomsky	Communications Director

BUDGET COMMITTEE OPERATIONAL TASKS

1. Approval of Budget Committee Minutes from February 19, 2020.

Mr. Norman stated that the minutes from the February 19, 2020 meeting had been sent out in the packet and asked if there any changes. There were none. Committee Member Seth Christensen made a motion to accept the minutes as provided. Committee Member Michael Thomson seconded the motion. **MOTION CARRIED UNANIMOUSLY.** Jake Gabell abstained since this was his first meeting.

SUPERINTENDENT BUDGET MESSAGE

Ms. Goff stated that tonight was an opportunity to talk through the Budget that is quite different from discussions when the Committee last met. She stated that most of the year had been spent on the Strategic Planning process and getting well underway to building the plan itself when COVID hit. She shared that academic services provided to our students around racial and linguistic equity along with the mental health of our students are areas of focus that our entire community agrees upon. She stated that much thought had been put into the budget, most of which was to plan for the resources expected from the Student Investment Account; however, there have been a lot of changes. Ms. Goff explained that the budget included a lot of different information in it that has not been included in the past.

Ms. Goff referred to her Budget Message and from it she shared that when the strategic planning work was done, there was an attempt to make sure that the Strategic Planning team was representative from across the community. This team was to gather data and provide feedback to the Board and Leadership team many times. She shared that data points from the Healthy Teen and

Budget Committee Meeting

May 27, 2020

7:00 p.m.

Page 2

Wellness surveys had shown a decline in needs but with the impact of COVID it is anticipated that those needs are now increasing. She shared that through years of data that there is a desperate need for racial and linguistic equity. Responses from students suggested that it is necessary to find out what makes the student different or behind and focus on those specific needs. Ms. Goff stated that the district has heard over and over from the community, families, and students that treating students the same as everyone else doesn't work for individual students with specific needs; that equal treatment doesn't meet all needs the same.

Ms. Goff stated that the District was building this budget at a \$9 Billion state school fund level; a level that was seen 6 months ago as a basic level to expect with potentially more money coming but because of COVID and its impact, there is a substantial change expected in that fund. As a result, staff has worked with both unions and Administrators to furlough 8 days for staff and 9 days for Administrators through the end of this school year to save approximately \$2 million this year that we are depending on for next year. She stated that to put things into perspective, our district makes up approximately 1.57% of the total state school fund so that for every \$100 million reduction in state level funding, our funding is reduced by \$1.567 million. Therefore if the state funding was reduced by \$500 million our funding would be reduced by \$7.8 million.

Ms. Goff shared that more than 90% of our General Fund budget is made up of labor costs and it costs the district about \$325,000 per day to operate schools; therefore, it would take an additional 15 furlough days or the layoff of 59 full time employees to make up another \$5 million reduction in funding. She stated that this budget needs to rely on funds that the district would prefer not to touch but it is a significant time to consider where funds can be saved in order to ensure that we can provide what students and staff need next year.

Mr. Eastman joined the meeting at 7:15.

BUDGET HIGHLIGHTS

Mr. Allen began by stating that the Superintendent did a great job of outlining the big picture of the budget. He stated that the budget was available online for anyone who would like a copy of it. He shared that he would discuss the General Fund but also would have some comments on some of the other funds. He stated that the Superintendent talked about the State School Fund and emphasized that it is the most important aspect of our revenue stream. Mr. Allen commented that it is anticipated that state controlled revenue will increase by 3.3% for our district next year but this budget also assumes significant volatility in other funding sources as a result of the ongoing CORONA virus. He shared that one of the themes throughout this budget has been "Nothing we have done in the past is preparing for us to project the future.

Mr. Allen went through the rest of his Budget Highlights for the Committee. He then shared that the following pages were District Performance Measures, then the general fund, followed by Grants on page 109 and Special Revenue Funds starting on page 139. He added that in the past all of the Grants has been lumped together and now have been broken out.

BUDGET COMMITTEE DISCUSSION OF BUDGET DOCUMENT

Mr. Norman asked for questions or discussion. Mr. Christensen asked if the 44 positions from the Student Success Act affected the basic budget. Ms. Goff stated that the budget keeps staffing stable, the Student Investment Account was a way to look at counselors at the elementary level. Mr. Eastman asked about a reserve balance. Mr. Allen referred to Page 39 and stated that with resources from this year's furloughs, the ending fund balance would be at \$10.9 million with the budget as presented using \$2.9 million, it would leave \$8 million for the end of next year.

Mr. Aguinaga asked if staff was able to provide a list of unfunded or Division 22 mandates that the district would not be able to meet next year. Assistant Superintendent Lisa Harlan responded that we wouldn't know until we received guidance and information from ODE in conjunction with CDC and OHA since we have no idea as to what next fall will look like would be impossible to do. She stated that in regards to Division 22 it would be approximate 1/2 of them. Heather Carmichael stated that she was part of the Strategic Planning process and stated that there were some goals that were identified that they were hoping that the district would be able to address, cultural training, mental health (additional counselors), etc.; and wanted to know that if the student success act was not funded, would some or any of those things discussed during strategic planning happen through the proposed budget. Ms. Goff responded that the district would continue to work towards those goals with the resources that we have and may use some resources like professional development a bit differently in order to achieve those goals. They will be minimal compared to the investment that the Student Success Act would have provided since that was expected to be funded at around \$7.8 million. She stated that depending on what actually gets funded, staff will be looking at non personnel items because of the instability of financials right now, so they would continue to look at equity training and how we are looking at our curricular materials and how we are investing differently in those curricular materials.

Budget Committee Meeting

May 27, 2020

7:00 p.m.

Page 3

Mr. Summers asked if the proposed budget allows for any new curricular materials to be purchased in this budget cycle. Ms. Harlan responded that last year's funding for textbooks was cut by \$500,000 and this year it is restored to its prior level. She shared that next year is a language arts adoption year; however they are looking into funding curricular materials to allow for a hybrid model for the fall rather than adopting traditional curriculum.

Ms. Carmichael asked how staff anticipates all of this to affect the classroom. Ms. Goff responded that if the funds available fall below the \$9 billion level we will feel it in the classroom. She shared that staff will try to be as protective of instructional days and staff as possible, but when so much of the budget is made up of staff it will be necessary to either cut school days or cut staff. Either have an extremely negative impact. She shared that in the fall there may be some protocols in place that are very different than in the past. There was not enough time to train teachers for the hybrid environment before students were home. She shared that we need to invest more in that area. She also stated that there are a number of increased costs anticipated for next year that cannot be accurately captured as the budget is built because we have never been through this before and don't know what it will look like in the fall. Ms. Goff also stated that in an effort to take better care of our student's mental health needs and equity takes additional funding to be able to do so; therefore, staff is looking how current funds are spent and relocate some to those needs. She did state it is important to note that we are not able to gain the ground that needs to happen for those kids even at the \$9 billion.

Mr. Aguinaga asked if there was anything that the Committee Members could do to help. Ms. Goff thanked him and stated that what people could do is contact their state representatives and senators about how important funding is for schools and about having to make difficult decisions. She stated that each individual has access to the budget message discussing the fiscal impact and can be used for reference with discussions. She also shared that Sara Geisler serves on the Senate Education Committee which meets next week. Mr. Thomson stated that he would like to see the budget built with a \$10 billion framework anticipating the future as best we can. He suggested not only talking to elected officials but also to community members to discuss that any less than the \$9 billion funding, so they understand that there is no way to get around more furlough or missed school days.

Ms. Ward commented that the budget that is approved will probably not be the operating budget for 20/21 because we will not really find out the true amount coming to schools until the end of summer. She stated that the district has faced budgetary crisis before, but not where our finances could change so much after budget approval and asked what that would look like. Mr. Allen responded that the budget establishes spending authority and the district can always spend less than what the budget aligns. If the resources are decreased significantly, the district can go through a process to establish a supplement budget to realign spending to meet those decreased resources. It is not required but a possible decision for the district to make at that time. Mr. Norman emphasized, because of the unknown, to reach out to state and federal levels with our needs. He asked about enrollment perspectives. Mr. Allen responded that enrollment shows a projected decline in the fall and then increasing in following years. He stated that everything that we traditionally base projections on have gone out the window and the big question is what will the enrollment be in the fall, we don't know. Ms. Goff shared that there is a 3% cap on the number of students that can transfer out of our district to other online programs. She stated that we need to have a robust online option for families who make the decision to keep their children home.

Ms. Butzner pointed out that advocacy is crucial because everyone in the state is pushing for more funds and the earlier we can advocate from our kids' perspective can provide the legislators information to consider. She suggested collaborating an effort to provide and send out consistent information gleaned from other districts to have a consistent message and fruitful enough to make a difference. Mr. Christensen commented that there should be a possible discussion on how much more might need to be taken from the ending fund balance to help with the current difficulties. Mr. Allen responded that there was nothing in policy but it has informally been a 5% floor. The Board would need to grapple with how to come up with a policy limiting the amount that could be drawn against the ending fund balance. Ms. Goff commented that it was important to remember that when considering a floor, there is a \$2 billion shortfall that is anticipated in the next biennium and it is important to consider balancing everything out.

Mr. Norman asked Mr. Gabell had any questions. He asked about the 3% cap on students moving to online programs. Mr. Allen responded that ODE set that cap. Ms. Harlan stated that was for students leaving the district for other online programs not our own Albany Online. Mr. Gabell stated that the cost of moving more toward online instruction had to have had some cost and what it would look like if more students stayed learning online. Ms. Goff stated that more thought has to take place regarding a delivery model and what it would look like. She shared that we need to plan for multiple delivery models in the fall depending on comfort levels of parents sending students to school, what that would look like and need to have a hybrid model moving forward after COVID. She stated that this is a changing point in history where we can take the opportunity to look at how we can make teaching and learning better from what we have learned. Mr. Gabell asked if there would be any cost savings in the long term or would human capital remain the same. Ms. Goff responded that it would remain the same but used differently. An example

Budget Committee Meeting

May 27, 2020

7:00 p.m.

Page 4

would be that a teacher will still need to grade papers although they might meet with smaller groups at different times. She stated that the mental health of students and social emotions need interaction so it would not be a full step out of school. Mr. Gabell then asked when the last supplemental budget was prepared. Mr. Allen responded that there has only been one since 2003. He stated that it has been looked at only if something significant occurred. Mr. Gabell suggested looking at a budget with a greater contingency rather than maintain a larger unappropriated balance. Mr. Allen responded that a larger contingency would only help if the budget was smaller. It would be a staffing difficulty to add staffing later in the year where you might not get the highest quality of staff. Discussion ensued regarding the potential discussion for the Board to put a policy in place regarding the amount of reserves the District should keep in place for future needs.

Mr. Allen shared that because of COVID all of the Budget Committee meetings had been pushed back and that the next meeting was scheduled for Wednesday, June 3 and requested that questions be sent to him sooner than later. It was determined that questions from the Committee would need to be provided to Mr. Allen via e-mail by Friday at noon for inclusion in the Budget Committee packet next week.

Mr. Norman commented that he talks with individuals from the community about the budget and asks them to provide their input as to what they feel is important and making an investment in our community.

COMMENTS FROM THE PUBLIC

There were no comments provided to read at the meeting.

NEXT MEETING

Mr. Norman reminded the Committee to please get their questions to Mr. Allen by Noon on Friday, 5/29. He then shared that the next meeting was scheduled for June 3, 2020.

ADJOURN

Mr. Norman adjourned the meeting at 8:23 p.m.

Chris Norman, Budget Committee Chair

Recorded by: Kathie Vosper