



# Lincoln County Schools 2017-2018 Proposed Budget

TOM RINEARSON  
SUPERINTENDENT

# LCSD Budget Process

- ▶ The budget process is an on-going activity for the District
- ▶ The business office works in three fiscal years concurrently
  - ▶ Prior year 2015-16
    - ▶ Fiscal year close out, audit prep and final audit report is concluded in December
    - ▶ Final SSF funding reconciliation is not complete until May 2017



# LCSD Budget Process

- ▶ Current year 2016-17
  - ▶ Regular business operations of the District
  - ▶ Funding updates from ODE
  - ▶ General Fund cash flow updated
- ▶ Upcoming year 2017-18
  - ▶ Budget development typically begins in the fall
  - ▶ Superintendent makes decisions about building and department allocations, with support from the LST
  - ▶ State law requires the upcoming budget be adopted no later than June 30th

# LCSD Budget Process

- ▶ June
  - ▶ Board announced Budget Committee vacancies in Zone 4
- ▶ October
  - ▶ Board presented with Budget Process Calendar
- ▶ November
  - ▶ Board appointed Jeff Doyle to Zone 4 Budget Committee
  - ▶ Board approved date for the first Budget Committee meeting



# LCSD Budget Process

- ▶ December - January
  - ▶ Business Services worked on projecting revenues and expenditures, as well as enrollment for 2017-18
- ▶ February
  - ▶ Learning Support Team met throughout the month to discuss
    - ▶ School and department needs
    - ▶ Staffing allocations and impact of suggested changes
    - ▶ Using cash reserves to fund staff and program enhancements

# LCSD Budget Process

- ▶ March
  - ▶ State School Fund estimate for 2017-18 released, based on the Co-Chairs budget of \$7.8 billion.
  - ▶ LST continued to meet to discuss budget priorities
  - ▶ Superintendent made final decisions about allocations to schools and departments, utilizing \$2 million of cash reserves
  - ▶ Business Services finalized 2017-18 budget staffing sheets for schools and departments
  - ▶ Human Resources began recruitment activities



# LCSD Budget Process

- ▶ April
  - ▶ Tom Rinearson appointed Interim Superintendent
  - ▶ Principals assigned Licensed and Classified staffing, discretionary line items and Co-Curricular assignments on the 2017-18 Budget Staffing Sheets
  - ▶ LST met with Principals regionally to review 2017-18 Budget Staffing Sheets
  - ▶ Final 2017-18 Budget Staffing Sheets from schools and central departments were submitted on April 14th
  - ▶ Human Resources
    - ▶ Reviewed staffing sheets
    - ▶ Continued with recruitment
    - ▶ Worked with transfer requests

# LCSD Budget Process

- ▶ April (continued)
  - ▶ Superintendent Rinearson reviewed the District's current financial position
    - ▶ Factors that contributed to the increased cash reserves of \$7.2 million
    - ▶ Proposed plans for a minimum \$2 million dollar use of one-time cash reserves for the 2017-18 budget
    - ▶ Future facility needs of a growing student population and lack of resources to purchase property
  - ▶ Superintendent Rinearson directed central administrators to identify 20% reductions to their department budgets
    - ▶ Learning Support Team met to review impact of department reductions and made recommendations
    - ▶ Superintendent made final decisions about central department allocations
    - ▶ Business Services worked on Proposed Budget document



# LCSD Budget Process

## ▶ May

- ▶ Budget Committee meeting notice reported in the News Times and posted on the District's website
- ▶ Business Services finalized Proposed Budget document and delivered to the Budget Committee
- ▶ Budget Committee deliberates and approves the budget

## ▶ June

- ▶ Public Budget Hearing notice with Financial Summary will be published in the News Times
- ▶ Board conducts Public Hearing on 2017-18 Approved Budget
- ▶ Board Adopts 2017-18 Budget at regular board meeting  
(required prior to June 30, 2017)

# 2016-17 Adopted Budget



- ▶ 2016-17 budget was Approved by the Budget Committee with only a minor \$5 balancing amendment
- ▶ 2016-17 Approved Budget was Adopted by the Board of Directors on June 14, 2016
- ▶ 2016-17 Actual Beginning Fund Balance of \$7,219,125 was \$619,125 higher than budgeted



# 2016-17 SSF Revenue Changes

## 2015-16 State School Fund Reconciliation

- ▶ LCSD teacher experience rate updated
  - ▶ Decreased slightly, .18 from (2.45) to (2.63)
- ▶ Year-end ADMw updated - decreased 25.14 from 5-5-16 estimate, primarily due to change in Poverty factor
- ▶ LCSD is no longer in Stop-Loss (since 2013-14)
- ▶ Transportation Grant reconciled to actual expenditures
- ▶ Funding per ADMw increased \$50
  - ▶ Carve-outs for the year are reconciled from projected to actual
  - ▶ \$37,130,978 more available for formula distribution

# 2016-17

## SSF Revenue Changes

- ▶ Many of these factors are outside the District's control and are unknown prior to final reconciliation details released by the state
- ▶ Property taxes, State Timber Tax, County School Fund and Federal Forest Fees are all part of Local Revenue included in the SSF formula.
- ▶ State resources make up the difference between Local Revenue collected and the District's SSF allocation.



# 2016-17

## SSF Revenue Changes

- ▶ The more Local Revenue collected, the less funding comes from State resources.
  - ▶ LCSD was aware of the additional \$464,700 Local Revenue received in 2015-16 and that the reduction would be reconciled and due to the State in May 2017. As a result, we reduced SSF revenue recorded in 2015-16 and recorded the liability to account for the repayment due in May 2017.
  - ▶ Monthly financial reports to the Board track local revenue collections as compared to the SSF estimate. The possible reconciling adjustment is included in the monthly reports.
- ▶ Total adjustments to 2015-16 SSF revenue \$106,390

# 2016-17

## SSF Revenue Changes

- ▶ 2016-17 State School Fund estimate updated
  - ▶ Funding per ADMw increased \$19
  - ▶ Decrease of ADMw (31.57)
    - ▶ Poverty Factor updated using Dec 2016 SAIPE report
- ▶ Updates generated \$16,203 less revenue than budgeted
- ▶ High Cost Disability estimate \$211,313
  - ▶ State School Funding includes \$35M carve out to reimburse school districts for special education student costs in excess of \$30,000 per student.
  - ▶ LCSD estimated 2016-17 expenditures to be \$389,769
  - ▶ This funding will be reconciled in May 2018 once actual expenditures are known state-wide.
- ▶ Total 2016-17 adjusted SSF Revenue \$343,310



# District Accomplishments



We are excited about our accomplishments:

- ▶ Continued increases in student achievement
- ▶ Continue to ease over-crowded classrooms
- ▶ Construction of two new classrooms at Yaquina View Elementary is in progress
- ▶ Increased emphasis on social, emotional growth at our elementary schools

# District Accomplishments



- ▶ Upgrades to our technology infrastructure is continuing
- ▶ Piloted on-line registration at three schools in Newport last August and will provide on-line registration at ALL schools this August
- ▶ Implemented an on-line payment process for payment of fees, ordering school offered items, and donations



# District Accomplishments

- ▶ Increased Career / Technical programs at the high school level
- ▶ Continued the second year of the Community Eligibility Provision which provides breakfast and lunch to every student, free of charge. CEP will continue through 2017-18 as well.
- ▶ Enrolled all students in the SEBTC (Summer Electronic Benefit Transfer for Children). State provided benefit of \$86 per student to supplement meals.

# 2017-18 Budget Assumptions

## General Fund Revenue

### ▶ SSF Revenue:

- ▶ It is typical for state funding to not be finalized prior to development and adoption of school budgets for the first year of the biennium.
- ▶ ODE has produced only one SSF Estimate. It is based on the Co-Chairs proposed budget of \$7.8 billion for the biennium. The Governor's recommendation is \$8.012 billion.
- ▶ LCSD's Proposed Budget is based on an *estimated* increase of \$150 per ADMw to the \$7.8 SSF estimate of \$7,203 per ADMw, for a total \$7,353 per ADMw



# 2017-18 Budget Assumptions

## General Fund Revenue

- ▶ Projected YTD ADMw for 2017-18 is based on:
  - ▶ December enrollment, promoted one grade
  - ▶ Kindergarten projection based on current year enrollment
- ▶ Updated weighting factors identified in the May reconciliation
  - ▶ Poverty factor change
  - ▶ Remote Elementary School Adjustment for full day Kindergarten

# 2017-18 Budget Assumptions

## General Fund Revenue

- ▶ District revenue assumptions:
  - ▶ \$7,353 general purpose formula rate per ADMw
  - ▶ Projected 7,032.7 ADMw
  - ▶ \$54,247,656 State School Fund formula revenue
    - ▶ SSF revenue includes Local Revenue:
      - ▶ Property Taxes
      - ▶ County School Fund
      - ▶ Common School Fund
      - ▶ State Managed Timber



# 2017-18 Budget Assumptions

## General Fund Revenue

- ▶ Other local/miscellaneous revenue budgeted (not included in SSF formula) is \$29,602 less than 2016-17 budget
  - ▶ Interest income is increased due to rising interest rates and higher fund balance
  - ▶ Transportation services requested by Charter Schools increased due to changes in the Mid Columbia contract and routes requested
  - ▶ Fees charged to grants reduced \$75,000. Fees are only charged against expenditures made during the fiscal year, not total amount of grant award

# 2017-18 Budget Assumptions

## General Fund Revenue

- ▶ Miscellaneous revenue budgeted for 2016-17 includes resources from LBL ESD Tier II funds for the following:
  - ▶ Community Resource Liaison
  - ▶ Student Information Systems Coordinator contract
  - ▶ Early Childhood Education Coordinator
  - ▶ Support for Newport School Resource Officer (SRO) contract



# 2017-18 Budget Assumptions

## General Fund Revenue

- ▶ Beginning Fund Balance is budgeted at \$7,262,000
  - ▶ \$512,000 is for building carryover balances
  - ▶ \$1,000,000 is used to increase staff and programs for students
  - ▶ \$1,000,000 is for creation of Property Purchase Reserve fund
  - ▶ \$750,000 is offset with Contingency
  - ▶ \$3,000,000 is added to UEFB for possible use in the 2018-19 FY as well as a proposed targeted Ending Fund Balance
- ▶ It is not anticipated that the actual July 1, 2017 BFB will be substantially higher than budgeted

# 2017-18 Budget Assumptions

## General Fund Expenditures

- ▶ School allocations are based on December 2016 enrollment data promoted one grade for 2017-18, weighted with ELL only
- ▶ Licensed Allocations
  - ▶ Allocations made with emphasis on meeting the Board's goal of smaller primary (K-2) class sizes
  - ▶ Increases in ELL licensed staff where populations have increased
  - ▶ Average Teacher Cost (salary and benefits) \$93,015. Current year average teacher cost is \$91,265.



# 2017-18 Budget Assumptions

## General Fund Expenditures

### ▶ Classified Allocations

- ▶ Key Positions budgeted at 8 hours per day:
  - ▶ School Secretary
  - ▶ Media Specialist
  - ▶ Health/Records Assistant
  - ▶ Information/Records Clerks at the high schools
  - ▶ Bilingual Tutors (added to the key positions for 2017-18)
- ▶ Current positions of other Classified staff maintained
- ▶ Special Education Assistants budgeted based on case loads

# 2017-18 Budget Assumptions

## General Fund Expenditures

All Funds	Current 2016-17	Proposed 2017-18	Change
Licensed	266.21	287.49	21.28
Classified	192.96	196.27	3.31
Admin	30.00	32.00	2.00
Conf/Exempt	7.80	7.03	(.77)
<b>Total All Funds</b>	<b>496.97</b>	<b>522.79</b>	<b>25.82</b>

General Fund Only	Current 2016-17	Proposed 2017-18	Change
Licensed	243.44	272.75	29.31
Classified	143.67	148.75	5.08
Admin	29.25	31.25	2.00
Conf/Exempt	4.88	4.88	0.00
<b>Total General Fund</b>	<b>421.24</b>	<b>457.63</b>	<b>36.39</b>



# 2017-18 Budget Assumptions

## General Fund Expenditures

- ▶ Discretionary Allocations

- ▶ K-6 \$136.45

- ▶ 7-12 \$156.98

- ▶ Rates were increased 5% from current \$129.95 and \$149.50 respectively

- ▶ Co-Curricular

- ▶ Non-athletic co-curricular allocations

- ▶ K-6 \$10 / ADM

- ▶ 7-12 \$45 / ADM

- ▶ Adjustments based on grade level needs

# 2017-18 Budget Assumptions

## General Fund Expenditures

- ▶ Co-Curricular (continued)
  - ▶ High School athletic coaching salaries budgeted at \$527,711
    - ▶ Increase to account for co-curricular salary ratification in 2016
    - ▶ Staff is reviewing the athletic programs offered and the number of assistant coaches required for safety and adequate coaching for the number of athletes participating
    - ▶ Budget includes \$55,403 anticipated for additional coaches
    - ▶ Pay to play fees, fundraising and Booster Club support will still be necessary to cover unallocated expenses
    - ▶ Pay to play fees will remain at \$125 with \$500 family cap



# 2017-18 Budget Assumptions

## General Fund Expenditures

- ▶ Co-Curricular (continued)
  - ▶ Middle School football and volleyball programs are planned at Taft and Newport
    - ▶ No District funds are allocated for middle school programs
    - ▶ Pay to play fees will remain at \$100

# 2017-18 Budget Assumptions

## General Fund Expenditures

- ▶ Continual effort to allocate as many resources as possible to direct student learning is an ongoing goal of the Board, Superintendent and staff
- ▶ Principals maintained the latitude to adjust spending between Licensed, Classified, Discretionary and non-athletic Co-curricular
- ▶ See the Proposed Budget Document, section 1, page 8 for a listing of all Building Allocations



# 2017-18 Budget Assumptions

## General Fund Expenditures

- ▶ Licensed staff
  - ▶ For 2017-18, the Agreement includes step, plus 2% COLA
- ▶ Classified staff
  - ▶ Current OSEA agreement ends June 30, 2017
  - ▶ This budget includes a modest increase to the salary schedule
- ▶ Confidential/Exempt staff
  - ▶ Current Confidential agreement includes step increase

# 2017-18 Budget Assumptions

## General Fund Expenditures

### ▶ Administrators

- ▶ Proposed budget includes the current central office structure with the addition of a second Curriculum & Instruction Administrator and an Operations Administrator
- ▶ Superintendent Rinearson is currently reviewing the central administration structure, however his recommendations are not finalized at this time
- ▶ Building and central administrative salaries are budgeted with a 2% COLA.
- ▶ See the Proposed Budget Document, section 1, page 10 for a listing of all district funded administration positions



# 2017-18 Budget Assumptions

## General Fund Expenditures

### ▶ Health Insurance

- ▶ The health benefit cap remains at \$1,290 per FTE.
- ▶ In 2015-16 the District established a self-funded group Health Reimbursement Account (HRA) to augment OEGB's high-deductible plan with limited coverages. The HRA will reimburse employees' medical expenses with a \$650 deductible and increased coverages, with no out-of-pocket premium paid by the employee.
- ▶ Employees currently enrolled in Plan Dogwood (a high deductible plan) with an individual HSA will be able to maintain this election. All other employees will be enrolled in the Group HRA plan.

# 2017-18 Budget Assumptions

## General Fund Expenditures

- ▶ Health Insurance (continued)
  - ▶ The District continues to offer waiver incentives for those employees who are already covered by a health plan.
  - ▶ The District continues to offer its self-funded Dental/Vision plan to all employees.
    - ▶ With this plan, the District has been able to maintain the same premium since 2011.
    - ▶ In 2016-17 the District increased benefits for dental and vision coverage.



# 2017-18 Budget Assumptions

## General Fund Expenditures

- ▶ PERS Debt Service Expenditures
  - ▶ Expenditures against all payroll remain at 21.25%
  - ▶ Without bonding our unfunded liability in 2002-03, the District's rate to PERS would be 27.20% whereas now it is .50%
  - ▶ Net savings is 5.45% and approximately \$1.3 million
  - ▶ The 21.25% continues to generate debt service revenue slightly above current year debt service payments
  - ▶ The district continues to build reserves for significant future increases in debt service payments that outgrow salary increases
  - ▶ Current retirement debt and future PERS debt service payments are detailed in the Debt Service budgets found in Section 12

# 2017-18 Budget Assumptions

## General Fund Expenditures

- ▶ Adjustments to Central Support allocations:
  - ▶ With uncertain funding and a desire to decrease the reliance on one-time cash reserves, while maintaining the goal of allocating maximum resources to schools, Central Support budgets were closely reviewed for adjustments in allocations.
  - ▶ Board, Superintendent Services, Business Services and Human Resources budgets were all reduced
  - ▶ Early Retiree Medical Benefits reduced \$151,261
    - ▶ Retirees are selecting lower premium plans
    - ▶ Many with full benefits are reaching the age of 65
    - ▶ This program fully sunsets in 2020-21.



# 2017-18 Budget Assumptions

## General Fund Expenditures

- ▶ Adjustments to Central Support allocations (continued)
  - ▶ Curriculum & Instruction was increased \$65,730 for elementary curriculum program materials used District-wide.
  - ▶ Special Education Administration reviewed allocations of Special Education staff at all schools, making adjustments as needed for current case loads.
  - ▶ Utility budgets were increased 3% overall and \$75,000 of combined electricity, water/sewer and garbage services charged to Food Services

# 2017-18 Budget Assumptions

## General Fund Expenditures

### ▶ Contracted Services

- ▶ Mid Columbia transportation and Sodexo Custodial and Food Services continue to be excellent partners with LCSD.
- ▶ Custodial services includes a 2% COLA to allow for supply and wage increases.
- ▶ Staff is working with Mid Columbia to develop a salary schedule that is more commensurate with other local area transit wages. The SSF transportation grant has been increased proportionately as 70% of allowable transportation expenditures are included in state school funding.



# 2017-18 Budget Assumptions

## General Fund Expenditures

- ▶ Property/Liability Insurance
  - ▶ Increased 8% for anticipated increases in premiums and increases in property values
  - ▶ The District's Agent of Record services will now be paid on a fee-based agreement where previously was commission based

# 2017-18 Budget Assumptions

## Other State Funding

- ▶ State Measure 98 - High School Graduation and College and Career Readiness Act of 2016
  - ▶ Measure 98 required the Legislature to distribute at least \$800 per high school student each year for
    - ▶ establishing or expanding career and technical education programs,
    - ▶ college-level educational opportunities and
    - ▶ dropout-prevention strategies
  - ▶ The State Legislature has not yet identified the funding level for this initiative
  - ▶ Special Revenue Budget includes possible revenue for this initiative, with 50% reserved for the second year of the biennium



# 2017-18 Budget Assumptions

## Other State Funding

- ▶ State Measure 99 – Outdoor School For All
  - ▶ Provide Outdoor School experience for every 5<sup>th</sup> and 6<sup>th</sup> grade student in Oregon
  - ▶ Initiative to be funded with State Lottery Funds, with parameters set to prohibit reductions to lottery funding already dedicated to several current programs
  - ▶ The State Legislature has not yet identified the funding level for this initiative
  - ▶ Special Revenue Budget includes possible revenue for this initiative, based on \$275 per eligible student. Expenditures are restricted for Outdoor School opportunities, which may be specifically identified.

# 2017-18 Proposed Budget Suggested Amendments

- ▶ It appears there is increased legislative support for an \$8.4 billion State School Fund allocation
- ▶ Additional “carve-outs” are included in the increased funding level discussions
- ▶ This funding level has the potential of bringing \$2 - 2.75 million increase in SSF revenue to LCSD
- ▶ Staff suggests consideration of a budget amendment of \$2 million to the 2017-18 proposed budget.



# 2017-18 Proposed Budget Suggested Amendments

- ▶ The School Board can only increase the Approved budget appropriations by the greater of \$5,000 or 10% without:
  - ▶ Republishing the Financial Summary
  - ▶ Holding another Budget Hearing
  - ▶ Holding a special Board meeting to adopt the budget
  - ▶ All completed prior to June 30, 2017

# 2017-18 Proposed Budget Suggested Amendments

- ▶ Staff suggests using Revenue function 3100 and Expenditure function 1100, object 399 – *Possible SSF Additions* to record this amendment
- ▶ Should final approved SSF allocation be in excess of \$8.012 billion, the Superintendent will make recommendations to the Board on how to best utilize the additional resources in the District





*Thank you!*