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# LINCOLN COUNTY SCHOOLS

## 2020-21 PROPOSED BUDGET

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KIM CUSICK, BUSINESS DIRECTOR

# 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 2018-19
    - Fiscal year close out, audit prep, with final audit report in December
    - Final SSF funding reconciliation for 2018-19 is not complete until May 2020
  - Current Year 2019-20
    - Regular business operations, periodic funding updates from ODE, monthly board reports updating cash flow and fund balances
  - Upcoming Year 2020-21
    - Budget development begins in the fall
    - Board goals inform decisions of the Superintendent and Business Director about building and department allocations with support from the LST
    - State law requires the budget be adopted by June 30th

# LCSD BUDGET PROCESS

- November & December
  - Business Services worked on revenue, expenditure & enrollment projections
  - The District Improvement Team (DIT) finalized work on the Continuous Improvement Plan (CIP) which was critical for the Student Investment Account (SIA) application
- January
  - Community & Stakeholder Engagement began for the use of SIA funds
  - LST made preliminary budget allocation decisions
  - Staffing sheets were finalized and distributed to all departments and buildings

# LCSD BUDGET PROCESS

- February
  - Buildings and central departments completed their 2020-21 staffing sheets
  - LST reviewed all school staffing sheets in area group meetings
  - Stakeholder engagement for the SIA plan continued
  - 2020-21 State School Fund estimate released by ODE
- March
  - Superintendent made additional budget decisions with LST input
  - Stakeholder engagement continued
  - March 12<sup>th</sup> Governor Brown ordered schools to be closed due to the COVID-19 pandemic
  - SIA plan/application was finalized, presented to the board and public in a virtual meeting and approved by the board on March 31st

# LCSD BUDGET PROCESS

- April
  - SIA application was submitted April 3, 2020
  - April 15<sup>th</sup> in Executive Order 20-16 Governor Brown changed local budget law to allow:
    - Public board and budget meetings or hearings to be held virtually when possible
    - Public testimony at board and budget meetings via telephone, electronic or virtual means
    - Posting of budget meeting and budget hearing notices on the internet rather than in a newspaper

# LCSD BUDGET PROCESS

- On April 24th Governor Brown instructed all state agencies to prioritize budget cuts of just over 8.5% for the biennium or a 17% reduction to their 2020-21 budgets as this is the second year of the biennium as a “planning exercise”
  - ODE and OSBA stated they “see a path” to a \$9.0 billion SSF, citing additional state “rainy day” funds and federal aid that could possibly backfill the anticipated shortfall
  - OSBA, COSA and OASBO urged remaining districts without adopted budgets to show solidarity and budget at the current budget level of \$9.0 billion for the biennium
  - ODE plans also included reductions to many education grants utilized by LCSD including Chronic Absenteeism, Career Pathways, Farm to School, Kindergarten Readiness and Early Learning Hubs

# LCSD BUDGET PROCESS

- May
  - 2020-21 Proposed Budget document distributed to the Budget Committee and posted on the District website
  - Scheduled Budget Committee meetings - May 14<sup>th</sup>, May 19<sup>th</sup>, May 21<sup>st</sup>
  - May 20<sup>th</sup> - State Revenue Forecast will be released
    - Reveals any shortfall to General Fund, Corporate Activity Tax, Lottery Funds
    - A special session of the Oregon Legislature may be called to address the budget shortfall. Until then the current state budget stands.
    - Budget recommendations may be implemented
    - Governor Brown will call on federal government for additional relief

# LCSD BUDGET PROCESS

- June
  - Public Budget Hearing notice with Financial Summary of the budget approved by the budget committee (Approved Budget) will be published on the District website
    - Budget Committee must approve budget no later than May 30<sup>th</sup> in order to comply with the 5 day notice requirement
  - Board conducts Public Hearing June 9, 2020 on 2020-21 Approved Budget
    - Allows another opportunity for the public to comment on the budget
    - Board may move up to 10% of the general fund discretionary line items
  - Board approves resolution adopting the 2020-21 Budget and approving the tax levy at the regular board meeting June 9, 2020
    - Required prior to June 30, 2020

# LCSD BUDGET COMMITTEE DUTIES

- The Budget Committee deliberates and approves the Proposed Budget in as many meetings as needed
- Meetings are scheduled May 14th, May 19th and May 21<sup>st</sup>
  - All meetings will be virtual per Governor's Executive Order 20-16
  - Public notice has been given on the website
  - Time is allowed for public comment
  - Additional meetings may be scheduled but must be approved by May 30<sup>th</sup>
- Committee consists of the 5 board members and 5 appointed community members by zone
  - 1 community position is currently vacant
  - Majority of committee membership (not attendance) required for quorum
  - 5 yes votes are required to approve the budget with 9 members
  - If a position becomes vacant due to a COVID-19 illness it does not count toward the quorum per Executive Order 20-16

# LCSD BUDGET COMMITTEE DUTIES

- The Budget Committee may adjust General Fund discretionary budget lines by up to 10% of the General Fund budget (\$7,407,828) except for:
  - Bargained Employee Contracts
  - Purchased Services contracts including Transportation, Substitutes, Copiers, Custodial and Food Services
- Funds other than General Fund are restricted use and generally cannot be changed by the budget committee

# BUDGET DEFINITIONS

- Appropriations
  - The amount of spending authority given to a public entity by the governing board
  - Created when the board adopts the budget
  - Must be budgeted by Fund and Major Function for school districts
  - May not be exceeded or overspent
    - Unbudgeted (excess) revenue can only be spent in the current year *after* adopting a Supplemental Budget
    - Budgeted items may be underspent

# PROPOSED BUDGET DOCUMENT CORRECTIONS

- Building Allocations on page 9 for Taft 7-12 and Taft Elementary were switched for all columns except ADM & Title allocations
  - Document posted on website will be corrected
- Budgeted transfers are out of balance by \$10
  - Correction needed:
    - Increase General Fund Misc Revenue \$10
    - Decrease General Fund Transfers In \$10

# 2020-21 BUDGET ASSUMPTIONS

## GENERAL FUND REVENUE

- 2020-21 State School Fund (SSF) Revenue:
  - OSBA & COSA urged budgeting at \$9 billion but there may be severe cuts statewide as mentioned earlier
  - Based on \$9.0 billion statewide K-12 biennial budget per the February 27, 2020 SSF Estimate
    - 7,008.52 ADMw and \$8,547 per ADMw General Purpose Formula Rate
    - Total SSF Formula Revenue of \$59,901,820
    - Increase of \$2,253,853

# 2020-21 BUDGET ASSUMPTIONS

## GENERAL FUND REVENUE

- Anticipated SSF shortfall as of today \$656 million as well as reductions in Federal & State grants.
  - Estimated \$4.3 million reduction to LCSD State School Fund allocation
  - Unknown impact to state and federal grants but there will be reductions
  - SSF is likely to change after the May 20<sup>th</sup> economic forecast is released
    - This is dependent upon any additional federal aid and action by the Legislature and the Governor
    - Likely won't see any update to SSF Estimates until well into June

# 2020-21 BUDGET ASSUMPTIONS

## GENERAL FUND REVENUE

- Beginning Fund Balance:
  - \$800,000 for anticipated building balance carryover
  - \$582,350 cash used to balance the budget
  - \$750,000 is offset with Contingency as part of the Board's targeted 7% Unappropriated Ending Fund Balance (UEFB) requirement
  - \$4,263,255 is the required 7% UEFB from 2019-20

# 2020-21 BUDGET ASSUMPTIONS

## GENERAL FUND REVENUE

- Beginning Fund Balance continued:
  - \$2.4 million budgeted for anticipated SSF shortfall
    - Budgeted as excess revenue rather than reducing the SSF revenue because we have been urged to budget at \$9 billion level.
      - If we do actually receive a \$9 billion SSF, this will be additional revenue and it must be budgeted in this way in order to have adequate appropriations to spend the funds.
      - This scenario is very unlikely given the state of the economy
    - Offset in 1100 & 2100 so it stands out - would be used to backfill actual salaries in those function appropriations if SSF budget is below \$9 billion
    - Requires deviation from Board's UEFB policy requiring excesses over 7% be transferred to a Special Revenue fund.
      - Board has the authority to review and revise UEFB policy annually
      - This option must be approved by Board

# 2020-21 BUDGET ASSUMPTIONS

## GENERAL FUND REVENUE

- Beginning Fund Balance continued:
  - Another option is to move \$2.4 million to transfers into a Special Revenue Fund.
    - The Board would need to create a new fund to be used as reserves for Operating Expenses when SSF reductions occur.
    - The Board should retain the latitude to transfer to other special revenue funds if appropriations are adequate
    - Meets board policy and allows for use in a shortfall or for other purposes if SSF revenue is adequate

# 2020-21 BUDGET ASSUMPTIONS

## GENERAL FUND REVENUE

- Other Revenue Assumptions:
  - ESD Tier II funding has decreased \$126,359
  - Further reductions are possible due to the economy
  - The Community Curriculum Resources Specialist (Ocean Literacy) has been budgeted in the SIA fund (Fund 289)
- Additional positions funded by ESD Tier II Funds;
  - 2 School Resource Officers
  - .90 FTE Early Childhood Coordinator (.10 is budgeted in Preschool Promise grant funds)
  - SIS Data Coordinator

# 2020-21 BUDGET ASSUMPTIONS

## GENERAL FUND EXPENSES

- Licensed FTE
  - Allocated based on projected ADM with an emphasis on maintaining smaller and equitable class sizes (where possible and space allows) for schools of like grade bands and size
  - The 6 Elementary Counselors were moved to the SIA fund as there are not adequate general fund revenues to maintain these positions that had been moved from Title IA in 2019-20
  - 1.0 FTE held in reserve for possible KG ADM increases in fall
  - The Reading TOSA is also budgeted in the SIA fund
  - Special Education staffing adjusted based on established staffing ratios and caseload by Special Ed administrators

# 2020-21 BUDGET ASSUMPTIONS

## GENERAL FUND EXPENSES

- Classified Allocations
  - Based on current staffing including maintaining key positions; School Secretary, Media Specialists, Health/Records Assistants and Bilingual Tutors.
  - Hispanic Families & Community Liaison position has been budgeted in the SIA fund
  - Classified Special Education positions are budgeted based on projected caseloads.

# 2020-21 BUDGET ASSUMPTIONS

## GENERAL FUND EXPENSES

- Administrator FTE changes:
  - Added 1.0 Vice Principal for Crestview Heights paid for by reduction of a highly paid TOSA position which had similar duties. This position will better serve the needs of the principal and students at Crestview.
  - Added .5 Vice Principal for Newport Middle to accommodate the increase of over 100 ADM in the last two years.
  - Decreased Alternative Education administrator to .5 FTE from the current 1.0 FTE.
  - Licensed “Teachnology” TOSA position changed to Educational Technology Administrator position using the TOSA allocation and technology and distance learning discretionary funds (no cost change)
  - The Equitable & Healthy Schools Administrator is budgeted in the SIA fund, not general fund

# 2020-21 BUDGET ASSUMPTIONS

## GENERAL FUND EXPENSES

- Discretionary Allocations - 2% increase \$/ADM
  - K-6 \$144.80 & 7-12 \$166.59
- Non-athletic Allocations - 2% increase \$/ADM
  - K-6 \$10.61 & 7-12 \$44.57
- Athletics - Rolled up at step plus 2% or \$553,753
  - Newport, Lincoln City and Waldport HS are providing Middle School sports programs which are not funded directly by the District.
  - Middle School Athletics and High School Pay-to-Play fees were budgeted in the SIA fund. If funding is not available student fees will remain at \$125 for high school and \$100 for middle school with a \$500 family cap.
  - Substitute budget \$25,731 for staff coaches attending competitions
    - Reduced because contracted subs fees are 26% compared to a 33.71% payroll fixed cost rate

# 2020-21 BUDGET ASSUMPTIONS

## GENERAL FUND EXPENSES

- Utilities increased 3% overall and a total of \$84,500 will be charged to the Food Services budget.
- Property & Liability Insurance increased 17% to cover premium increases from PACE. Cost of reinsurance is up 25% with a nationwide increase in claims.
- Custodial increased 1.9% plus
  - \$15,000 for equipment purchase
  - \$94,068 for addition of 2.5 FTE
  - These additions were not added to the draft contract because they may not be possible given economic conditions
  - \$75,000 has been charged to the Food Services budget

# 2020-21 BUDGET ASSUMPTIONS

## GENERAL FUND EXPENSES

- Early Retiree Medical reduced \$20,693
  - Licensed retiree program sunsets in 2020-21, however, it now includes retirement agreements with administrators so there will continue to be expenditures for the length of those agreements.
- Transportation Contract:
  - Increase of 1.9%
  - Net addition of \$48,000 for 10 leased Type 10 vans to facilitate the more efficient transportation of homeless and foster children and Early Intervention students as their schedules do not always coincide with regular bus routes.

# 2020-21 BUDGET ASSUMPTIONS

## GENERAL FUND EXPENSES

- New Substitute Contract with ESS West
  - Contract was effective December 1<sup>st</sup>
  - Budgeted at 27.5% rate per contract, current is 26% through November 30, 2020.
  - Savings of 6.21% compared to payroll fixed cost rate of 33.71% which includes PERS
  - Budgeted in Purchased Services Objects 3xx rather than the payroll objects 1xx

# 2020-21 BUDGET ASSUMPTIONS

## GENERAL FUND EXPENSES

- PERS rate remains at 19%
  - Maintains sufficient balance to make debt service payments in the future as long as gross payroll does not decline significantly this year
  - We have been building the balance for several years but may need to adjust to the current economic climate within a year
  - The District continues to see the value in bonding its unfunded liability in 2002 and 2003. Rate relief for the 2019-21 biennium provided by these bonds is 41.37%
- Board required 7% Ending Fund Balance:
  - \$750,000 Contingency
  - \$4,435,479 Unappropriated Ending Fund Balance

# FUND 289

## STUDENT INVESTMENT ACCOUNT

- Current general fund positions moved to SIA fund = \$885,682
  - 6.0 Elementary Counselor
  - 1.0 Ocean Literacy TOSA
  - 1.0 Reading TOSA
  - 1.0 Hispanic Family & Community Liaison
- Funding is dependent upon the collection of the Corporate Activity Tax (CAT) which may be significantly reduced due to the recession
- If we receive 25% of our anticipated allocation at \$1,173,381, we will be able to maintain these positions and some other line items

# FUND 291

## SMALL HIGH SCHOOL GRANTS

- This state grant ended in 2019-20 and has not yet been reauthorized by the State Legislature
- A special session may occur in May, giving the opportunity for reauthorization
- Waldport High and Toledo High will receive one additional payment in May 2020 to be used in 2020-21
- Budgeted funds include this payment plus any anticipated carryover from the 2019-20 fiscal year

# FUND 330 DEBT SERVICES

- Due to the pandemic and resulting economic downturn, we expect reduced revenues in local property taxes
  - In the general fund this will be backfilled by the state school fund
  - In the debt services fund this is the sole source of revenue for repayment of district bonds
- In the past 5 years the district collection rate has been 94.3%. Last year was 94.6%.
  - Currently there is no estimate of the amount of reduction we'll actually see in the collection rate
  - In calculating the amount of the tax levy, a reduced collection rate of 92.6% was used which is close to the rate from 2014-15.
  - This resulted in a tax levy considerably higher than in prior years
  - Excess funds collected, if any, would be held for future debt payments

# 2020-21 PROPOSED BUDGET

- The proposed budget reflects appropriations that staff believes may be significantly higher than actual funding
- Once actual revenues are known, the district will prepare an actual spending plan reflecting a lower level of revenues and expenditures

LINCOLN COUNTY SCHOOLS  
2020-21 PROPOSED BUDGET

***Thank you!***