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| Glendale School District No. 77  Glendale School District |  | Budget Committee Meeting-Via Zoom  May 6, 2020 – 6:00 pm  Glendale School District Office  10598 Azalea-Glen Road |

**Board Meeting Minutes**

1. **Preliminary Business**
   1. Call Meeting to Order at 6:02 pm
   2. Pledge of Allegiance
   3. Roll Call:

**BOARD MEMBERS**

Caroline Lydon-Board Chairman

MacKenzie Perry-Vice Chairman

Kenny Kent-Board Member

Janice Austin-Board Member

Ryan Owens-Board Member

Misty Morningstar-Board Member

Not in attendance- Samantha Cline-Board Member

* 1. **Agenda Review**

1. **New Business**
   1. **Budget Committee Applicants**

* **Nedra Mitchell**
* **Jack Marvin**
* **Quentin Young**
* **Lucille Martin**

**Kenny motions to approve Budget Members, Ryan seconds-6/0**

* **Caroline would also like declare 2 vacancies remaining on the Budget Committee**
* **Sam Joins meeting**

1. **Adjournment @ 6:05pm**

**AGENDA/Budget Hearing**

**Budget Hearing for 2020-2021 Proposed Budget**

1. **Preliminary Business**
   1. **Call Meeting to Order**
   2. **Roll Call**

**BOARD MEMBERS**

Caroline Lydon-Board Chairman

MacKenzie Perry-Vice Chairman

Kenny Kent-Board Member

Janice Austin-Board Member

Ryan Owens-Board Member

Samantha Cline-Board Member

Misty Morningstar-Board Member

**Budget Committee Members**

Nedra Mitchell

Adam Jones

Jack Marvin

Quentin Young

Lucille Martin

* 1. **Agenda Review**
  2. **Nominate Budget Chairman**

**Caroline would like to nominate Nedra Mitchell, Ryan seconds-12/0**

1. **Open Budget Meeting**
   1. **Presentation of Budget Document**

Racheal reads the Budget Message.

Racheal goes over the proposed Budget for 2020/2021 SY.

She would like to make 2 notes from errors that she found on the Budget:

* There was money that is sitting in workman’s comp & insurance under function 2190, this was for a SPED Director as an actual position, we eliminated that actual SPED Director position an encompassed into the SPED function which are 1252 & 1257, so those were outlined and didn’t get removed when that position was eliminated. So the idea is to remove it from the 2190, object 231 & 241 and move it to the function 610 operating contingency, so it’s taking the $21,203 out of the expenditures and putting it into the operating contingencies.
* There was a typo error on interest for the building fund, she put $55,000 instead of $5,000, so we are going to reduce the revenue in object 1510 interest on investments by $50,000 and then we’ll reduce the reserve also by that $50,000.

Racheal lets the Board know where our revenue comes from and we are estimating that property taxes will come in at $995,000, interest on investments around $45,000 and the majority of that comes from interest that we receive on our “pool” account, which is our holding account Local Government Investment Pool and we receive around $2,000 to $3,000 a month in that account, depending on how much money we have sitting in there and misc., which is anything that doesn’t fall into any one of these other categories, intermediate review which comes from the county school fund, which comes from the county and general ESD flow through we receive funds from the ESD funding, state revenue which is going to have the state school fund, common school and state manage timber, she did reduce the state manage timber from $150,000 to $100,000, it is one of those ones that you cannot predict and she really hesitated leaving the $100,000 because to date we have not received any of that funding, it is extremely hard to predict and you never know if or when you will get that money and our beginning fund balance will be $1.2 million which is the ending fund balance from this year.

Racheal goes over the categories of expenditure for the General Fund and the Charter School fund.

Salaries come in at $2 million, associated payroll costs $1.4 million, purchase services $671,000, supplies $227,000, dues and fees $291,000, transfers $353,000 and then contingencies and unappropriated.

Nedra asks Racheal that even though she broke the employee numbers down differently, we are still going to have the same amount of employees…. correct?

Racheal says yes.

Ryan asks about the ending fund balance and from last year to this year it looks as if we will have close to $500,000 less, if it is from how she broke down the employee figures or is it a combination of things?

Racheal says it is a combinations of things, one is increase in wages and an increase in benefits and also money she moved into our reserves.

Dave says it is also some of the improvements that we have to account for on the District side.

Racheal continues to go over the Budget document line by line.

Racheal lets the Board know that she did a 5-year trend and based the Budget projections on this whether it went up or down and adjusted the amounts accordingly.

Misty says that when she went around the Elementary school and said that the teachers had indicated that they had purchased their own hand sanitizer, that’s not happening is it?

Racheal states that no, they should not have to buy their own hand sanitizer and she would have to ask the administration at that building.

Dave states that he has picked up 12 gal of hand sanitizer through the county and we will have that, but he was unaware that they were buying their own.

Racheal says that it could be that they just don’t like that particular brand and in that case they may have bought their own or it could have been when nobody could find it for a while.

Racheal says that what we are looking at post Covid-19 for us as a District, we know that the Governor has issued an 8.5% cut for each year of the biennium, because that is her maximum however, because we are in the second year of the biennium that means it is a 17% cut across the board and it is unfortunate that we are that far in a have to take that full hit. We know that there are some federal funding coming our way, we just don’t know how much that is and what those dollars are going to look like. Part of that is the Cares Act and there are 2 parts to that, one is **GERF** (Governor’s Education Relief Fund) and the other is **ESEA** (Title 1-A Funds).

Dave says in the preliminary look at the Cares Act we are looking at it bringing in around $99,000 to the District, but that hasn’t been decided, it is based on our Title 1 count and they are still looking at some other components to that to see if that number will change, the initial numbers went out last week and it was right around $100,000.

Racheal says that is through the ESEA part of that and said that it had to spend 90% of that money had to go to the Districts and the rest of that could go to the state for administration costs our initial estimate was right around $98,926. The GERF is at the Governments discretion of how to disperse those funds, how much and who will get it and how much they will be awarded. After this Budget season she will be working with FEMA to see if we could recoup any of the expenditures that we have incurred this year for the 2019/2020 SY because of the COVID-19, there has been discussion on what can or cannot be included and she is hoping that we can really look at thinking outside the box and get some of our funding recouped through FEMA.

Dave wants to let the Board know that we are tracking all of our custodial time or any additional staff that is helping the custodians with the cleaning and sterilizing of the buildings. This is not just when the school closed, it is every day after the teachers and staff leave for the day, they have to go back and clean and sterilize those rooms and so we are tracking all of those numbers in hopes that Racheal can get us recouped on that also.

Racheal says correct and also they are looking at the distance learning piece and anything that we had to incur to get things out to our students, anything additionally that we needed for our food service and those types of things, so she will be working with FEMA next week.

Racheal goes on to let the Board know where we stand financially as a District, the state school fund has a $9-billion-dollar fund for the biennium and they currently have that on a 49/51 split, the districts, after all of the additional funds have been dispersed to the appropriated places, it leaves the District at $6.3 billion-dollars, out of that $6.3 billion-dollars Glendale stand at $3 million in this current year 19/20 and $3.2 million for the 20/21 SY, our percentage of that $6 billion dollars is .0993%.

Misty would like to know about the big bill that passed, the CAT tax?

Racheal says that is the **SIA** (Student Investment Act) funding and as of right now we have budgeted for that funding, however we have been told it is likely that we will not receive that funding and/or we will receive a portion of that funding close to what they had originally anticipated.

Dave says they are looking at some of that to backfill any reductions that the Districts get because of the lack of ability to collect taxes, so most likely the SIA fund will not benefit the District unless something drastically changes in the near future.

Misty would like Dave to clarify to “lack of ability to collect taxes”, because she is unfamiliar with that concept.

Racheal states that id corporations around the state don’t pay that corporate tax then that won’t fund the SIA grant that the state is dispersing, so no money coming in equals no money going out.

Misty says she thought it was the law?

Racheal says she agrees, but she is not one to say who will pay and who won’t.

Caroline says that the county received money from timber, apparently from a lawsuit, does she know anything about that and will the schools be getting any of that?

Racheal says she has not heard anything about that, but again any state timber is iffy and is usually doesn’t show up to mid to late June, if we receive any of that.

Racheal goes on to let the Board know what that 17% looks like for us in Glendale, since we don’t know how legislation is going to divvy out those cuts, it is going to be up to them when they go into session in May and June and we won’t hear anything until July maybe even into August, as to how that will affect us and roll out to us. These are some of the scenarios of what it would look like to us, if the state school fund loses 1% that will equal a $39,000 loss to Glendale, if they lose 5% that will equal $168,000, a 10% loss will equal $329,000 and a 20% loss will equal $651,000, so as you can see it just gets bigger and bigger if the state school fund loses, it will be costly and it will affect us. She cannot predict of how much it will be, I wish we could, they have had many discussions and the superintendents have had many discussions of how this will roll out, there is just no concreate evidence right now of how that is going to affect us, other than it is going to affect us.

Dave says a lot of the Districts are looking at the possibility of furlough days next year, if that happens.

Racheal says that going forward we will have to cut back on expensive or just go with the cheaper items and all staff will have to be reserved when it comes to spending. It is her job as the Business Manager to track and to make sure that we are getting the most bag for our buck, so when staff want a particular item, they might just have to settle for the less expensive item instead. Another thing that they can do is move some of their reserve funding, we do have some money and she knows the last business manager had talked about creating a PERS side account and when they discussed that they decided that wasn’t the best way to go because once that money goes to PERS, you don’t see that money any longer and it is probably better effective and to your benefit to leave it in your reserves so you can access it if you need it. Another option is to do salary freezes or furlough days, both of those would have to go through the associations and negotiated. Another option would have to go through the administration level and that would be eliminate some positions if the funding isn’t there and that would obviously be worst case scenario.

Misty wants to know how teachers purchasing Crayola crayons would break the bank and would it more of how many teachers and benefits would break the bank?

Racheal says that yes it would mostly be staffing, but when they did the budget it was before all of this stuff happened, so now looking forward with what they know, yes Crayola verses Rose Art may not break the bank, but when you take $5.00 here and $10.00 there, it adds up and what it costs to run a District and keep them going it is significant and its worth mentioning.

Misty says that the numbers are as accurate as the COVID death estimations, how can they know there will be a 20% loss, she is going to need more explanation on where the numbers come from because it is a significant amount of dread in posting those.

Racheal says her numbers are taking that $9 billion dollars and the Districts $6.3 billion dollars and it says that if the state loses 20% of that $6.3 billion dollars, that what in essence it affects, if the state loses 20% it is $1.2 billion dollars that they will lose.

Dave says some of things they are looking at is people aren’t making their house payments, which includes their tax payments, they have some indicators right now lost wages, lost jobs, lost income, lost CAT taxes coming in and so they are looking at that right now. We won’t have a clear picture until the forecast that is on 5/20/20 and that is what everybody is waiting for to see where that comes in at before they make any determination on what will really be cut. The lottery numbers have been drastically reduced because nobody is buying lottery tickets in this time, at least most people aren’t and then the marijuana tax dollars will be up.

Racheal says these were just scenarios and on that particular slide it was just to say our portion, the 0.0993% amount and what that would look like based on this information as of today what would happen. She does not have the specific dollar amounts and even with the 5/20/20 estimates that come out we probably still won’t have accurate numbers until the legislation goes through and it will up to them on that 17% where they divide it up between the state funds.

Misty asks Racheal if we will have a solid budget, as of now or is it all up in the air and can’t finalize it for a long time?

Racheal says she is asking this today, that is correct. This is constant moving target and it is changing every day and a definite number probably won’t be given until late July or August.

Nedra says she was hearing on the news today that some Districts in Oregon are furloughing their employees, but using some kind of “obscure”, it was the word the guy on KAJO used, federal funds to make up for the furlough days and loss of income for the teachers, it sounds like it was through unemployment…

Racheal says it’s called Work Share and we are exploring that there are discussions around it and it is something that is being explored.

Dave says that was just shared with us on Friday at the State Superintendents meeting and we are supposed to have another Zoom meeting this week sometime to see the particulars, but you don’t buy a weeks’ worth of furlough days, it’s like 20% or 25% of their week. So you would take 1 day each week, which doesn’t then kick in unemployment….

Racheal says they would have to split that over the week so if you have an employee that has an 8 hr. day you would have to take 2 hours away from each one of their days, it can’t be just a day, the way its worded we still have to look into it. You are also, as a District, you are still required to pay then, so say an employee is making $800 and now they are making $600, you are still required to pay PERS on that $800, even though you are only paying them $600 and you are still required, as a District, if they are receiving any type of benefits, medical, dental, vision, you are still required to pay their full benefits.

Racheal goes over questions she received prior to the meeting:

1. What additional funding do we have for maintenance and building projects outside of the Bond?
   1. There is a total of, just shy of $300,000 that is being set aside for capital improvements, those are sitting in funds 290 & 400. The reason for the split is because if we have a project that is under $5,000 we can do that out of fund 290 and not have to go through any bidding process.
2. There were additional funds set aside in function 2120 for guidance services, what is it for?
   1. There were additional funds set aside for a counselor, this is 100% coming out of the General Fund and we feel it is warranted whether we have a grant or not. If we do get a Grant for that we would move that money over and offset those funds. It is a position that is much needed and it’s across the state that we have not yet found one yet, so that money is set aside for when we do get one.

Dave adds that we are not alone in this and about 50%-60% of Districts will not be able to find a qualified counselor.

Misty says she has spoken about this a couple of times and nobody seemed to excited and that the school wasn’t set up to be a Medicaid biller, but if we are paying this counselor $1000’s of dollars she really thinks that it would be beneficial for the school district, unless there is something she doesn’t understand, to look into billing Medicaid and have them bill for the kids that are on OHP and she thinks that would be a great plan.

Racheal says that part of the Medicaid billing is that you can only bill for services that aren’t part of the local service plan or is something that we are purchasing through the ESD, so a lot of those services are currently part of the local service plan that the ESD provides, so we are unable to bill for those and/or they are services that the ESD is providing and the ESD is billing for those students.

Misty wants to know why the school District is paying several $1000 dollars for a counselor if the ESD is supposed to cover it?

Racheal says if we were to go to a counselor, which the odds of that are very low, because everybody in the state is also looking for counselor, there is a possibility that we could look at doing that, yes.

Ryan wants to know from Dave and Dan, back in ‘08/’09 there were some lean tough times and cutting positions, cutting coaches and everything else, given the circumstances and the whole COVID situation and not know what our revenue will be from the state, what plans do we have in place to start cutting costs? His concern is we move forward with the plan we have in place as far as hiring positions and then we get less or like $500,000 less from the state, we’re in a real situation with our district and our funds are not sustainable without making huge adjustments. What can we do now or how can we start making adjustments so that we can get through these tough times… 6 mo., 1 yr., 2 yrs., we don’t know and we need to start now?

Dave says like with the counselor position, if we even found somebody and would love to say we will and getting one in Glendale with all the bigger cities and everybody is looking at them, but we could hire somebody contingent upon our funding level. So say we found someone June 1st, they wouldn’t be starting until the end of August and we would know between now and June 30th and we are going to have a good idea of what reductions would happen, then the maintenance position, which he thinks we put on hold and not even look yet until we can see where we are at with budget. We would then look at spending freezes, pay freezes, furlough days and you want to make staffing the last thing that you are looking at, as far as making cuts of teachers or IAs, you do that if you have to, if it is really gloom and doom and 20% we would be looking at numbers that would support a blended classroom or do we cut some electives, things like that, our minds are already going to where our reductions need to come from. We are bargaining right now with Licensed staff and has met with them once already and got through a lot of the language changes, but he let them know that we weren’t going to discuss the financials until after the 5/20/20 forecast, so we are not putting anything out there, Bob Sconce knows that, some district settled early and they settled for 3%-6%, they came in asking for 3%, but Bob knows that is not likely to happen because the whole picture has changed since they even put in that proposal. Looking at different areas with staffing where you can make reductions, pay freezes they don’t get a step like if they normally would each year, you don’t move people over you freeze them for a year, things like that.

Ryan says that this proposal, if things stay healthy and we can sustain ourselves and hire the positions we want, but given more forecast and time we’ll make those adjustments and we’ll know what those adjustments need to be or can be moving ahead.

Dave says that is correct and at the May and June Board meeting he’ll make those recommendations and if it’s bad enough we can schedule a special board meeting and address it that way, but hopefully we will be able to manipulate it through the May and June Board meetings.

Dan says since he was addressed in that also he would like to add that as a team they would come up with a list that itemized these out and let the Board look at it and say “what do you guys feel is important and where are we going to cut”.

Ryan asks Racheal about the ending fund balance and the transferring of funds, which accounted for $1.5 million and wants her to explain a little more about the transfer of funds because we are drawing down our ending fund balance, which rolls over 20/21, which at the same time we are going to end with a greater overall balance in all of our funds?

Racheal says correct.

Dave says that we had budgeted for the counseling position this year as well and since we couldn’t find anybody that money wasn’t spent. We did post the position and we did receive any applicants, so we never filled it.

Racheal lets Ryan know that we have $100,000 going into Maintenance, $75,000 to Food Service, $7,000 going into the Summer Food Program…which she is not sure how that was funded before without transferring funds, she thinks it was because they weren’t charging the personal there, they were just charging it to regular Food Service, however she charged it to Summer Food…so either way it is the $82,000 to Food Service, $40,100 to debt service and $130,400 going to capital improvements, so that’s $353,000. That comes out of our General fund, so it was sitting at $768,000, so if you add that $353,000 to it, you are right back at the $1 million, maybe a little bit over.

Ryan says that the remaining difference is really mainly comes down to wages and salaries, doesn’t it?

Racheal says yes, it is a very large portion of it.

Ryan asks if it is budgeted into that, those 2 positions?

Racheal says correct, they are.

Ryan wants to know what she has those are estimated at, the yearly cost?

Misty says that hiring a maintenance person, overall would save a lot of money because it would keep us from calling Rotor Rooter or an electrician, if the maintenance guy knew what he was doing it would save money in the long run. We have so much pushed onto their plate with stuff not purchased with Bond money that she can’t see our sweet wonderful custodians building things and fixing things that they have no business fixing and having a maintenance guy is critically important for the school, in her opinion.

Racheal says the counselor position, including salary and benefits (she includes in the benefits the maximum insurance rates) that position would come in at $126,614.

Caroline asks if the maintenance position was just a .5 or ½ time position and we would make it into a full time one?

Dave says yes, currently it is a ½ time position.

Racheal says she did include a full time position along with the ½ time so we would have a 1.5, so that position would come in at a step 1, full time would include full benefits at the maximum projected insurance and that would be $69,117.

Dave says that’s if we can find someone because on our current salary schedule if you’re talking about someone that is a qualified electrician and a qualified plumber, being in Roseburg we couldn’t find them and they pay a lot more than Glendale does. We could not get an electrician or a plumber to come into the District because they can make so much more on their own. Yes, it would be great to have that, but he guarantees that we couldn’t find anybody for $69,000 including benefits.

Ryan asks Racheal minus the costs of those 2 positions what it would an increase in costs for 20/21 for salary and wages?

Racheal says it would be around $196,000.

Ryan asks if that would be an addition from 19/20 to 20/21?

Racheal says that would be part of it, part of it would be the step and the COLA increases to both the Classified and Licensed staff, even though we haven’t negotiated we did include a COLA and a step increase in the budget because at the time that’s what was happening.

Dave says that the Board asked them to budget what we had promised the Classified staff this next year and that is 1.5%, so that’s what she budgeted it at.

Racheal says they can go back, potentially, to the Licensed staff and say “we will give you a step, but not a COLA” or “we can give you a COLA, but not a step”. There are some ways of going around that and still maintain your staff, but maybe find a way to negotiate how we are paying them.

Dave says we could also do that with insurance and maybe not give them the increase we might have.

Racheal says there are ways of keeping your full staff, but it has to be negotiated and depending on what your Union wants, she anticipates that our staff are going to want to keep as many people employed as possible, so how do we go about that.

Caroline want to go over the questions that she went over prior to tonight, is that something that she will go over later when they adopt the budget?

Racheal says the 2 questions she had she answered them and the other one was specifically for 2 different functions, one of them was the Health Services that we gave $300.00 to, it is to provide first-aid, Band-Aids and such.

Caroline says the other one she was thinking of was the one we had only insurance under?

Racheal says that was at the very beginning of her presentation about the SPED Director and the insurance and workman’s comp and she is just going to take those dollars and move them over to contingency.

* 1. **Approve Budget**

**Caroline motions to approve the proposed Budget, Sam seconds-12/0**

1. **Adjournment @ 7:28pm**

**Kenny motions to adjourn, Janice seconds-12/0**