

**Multnomah ESD Board of Directors
TSCC Hearing Meeting Minutes
Tuesday, May 18, 2010**

Board/Superintendent Goals & Responsibilities

- #1 - Reconnecting Youth**
- #2 – District Service Plan**
- #3 – Professional Development**
- #4 – Facilities**
- #5 – Fiscal Stability**
- #6 – Board Policy**
- #7 – Legislative Advocacy**

1. CALL TO ORDER

Terry McCall, Executive Director of the Tax Supervising and Conservation Commission called the public hearing to order at 6:00 p.m. on Tuesday, May 18, 2010 called under ORS 292.430(2) and in accordance with the agenda and public notice of the meeting.

TSCC Members Present: Tom Linhares, Executive Director
Terry McCall, Chair
Javier Fernandez, Commissioner
Dr. Roslyn Elm Sutherland, Commissioner
Tuni Betschart, Budget Analyst
Shannon Turk, Budget Analyst

Board Members Present: Harry Ainsworth (Arrived at 6:30 pm)
Bernie Giusto
Jean Haliski
Sean Schafer (Arrived at 6:15pm)
Kevin Spellman, Chair
Geri Washington, Vice Chair

Board Members Absent: Mike Delman

Administrative Staff Present: Ron Hitchcock, Superintendent
Barbara Jorgensen, Chief Program Officer
Leslie D. Nelson, Board Secretary
Nancy Anderson, Director Special Education Services
Beth Baynes, Director Health and Social Services
Jim Rose, Director Technology Services
Kelly Schwartz, Director Human Resource Services
Robert Sesnon, Director Business Services
Mark Skolnick, Director Communication Services
David Turner, General Counsel
Kelvin Webster, Director Instructional Services

The Tax Supervising and Conservation Commission held a public hearing on the Multnomah Education Service District 2010-2011 Annual Budget approved by the Budget Committee for the Multnomah Education Service District, Multnomah County, State of Oregon for the fiscal year July 1, 2010 to June 30, 2011 in accordance with ORS 294.403(2). The purpose of the meeting was to discuss the budget for the 2010-2011 fiscal year with interested persons.

A copy of the budget was made available for inspection at the business office at 11611 NE Ainsworth Circle, Portland, Oregon 97220 between the hours of 8:00 a.m. and 5:00 p.m. or on the Multnomah Education Service District website at:

<http://mesdonline.mesd.k12.or.us/bus/budget/>.

Superintendent Hitchcock welcomed the TSCC Board and acknowledged our partnership over the years.

TSCC prepared a set of questions requiring responses. The Superintendent and Cabinet Directors responded both in writing and orally as follows.

LEGISLATION

- 1. A recent article in the Statesman Journal suggests that several efforts are underway to prepare for ESD reform next legislative session and the Superintendent's Budget Message recognizes that "MESD and the ESD structure in Oregon will look very different after our next legislative session." Are you participating in these efforts? What do you envision the outcome for ESD's coming out of the 2011 Legislative Session?**

MESD is working with other ESDs in Zone A (Columbia Gorge, Clackamas, and Northwest) to develop an alternative to the legislative proposals.

If our efforts are successful, an outcome from the Legislative Session would be a "hands off" approach to Zone A. If our efforts are unsuccessful, worst case scenarios range from elimination of ESDs entirely, dramatic reductions to the funds flowing to ESDs, or using ESDs to simply distribute cash to local districts.

OPERATIONS

- 2. The district and AFSCME have reached a tentative agreement that is scheduled to be ratified May 18 by the Board. The contract terms are from July 1, 2009 to June 30, 2011. Does this budget reflect the terms of the contract? Are there any retroactive impacts that are not reflected in this budget?**

The main financial terms of the AFSCME contract for 2009-10 and 2010-11 are step for those eligible (5%) and a 6% increase in the employer's health insurance premium contributions each year of the contract. The 2009-10 health insurance premium increase is retroactive to October 1, 2009. There was a legal "status quo" requirement for longevity pay (approximately \$60,000) for 2009-10.

The wage and benefit increases for 2010-11 are listed by employee group:

- AFSCME step for those eligible 5%
health insurance premium contribution increase 6%
- Supervisors step for those eligible 3.45% to 4%
health insurance premium contribution increase 6%
- Confidential step for those eligible 4.8% to 5.1%
health insurance premium contribution increase 6%
- MESDEA currently being negotiated

- 4. The MESD Idol fund raiser, noted on the district's website and in the Superintendent's report, sounds like a unique fundraising opportunity. Can you tell us about the event, how it went and who benefited from the fundraising?**

MESD Idol was a fundraiser for E² Foundation Scholarships which go to students enrolled or involved with MESD programs and schools. E² Foundation Scholarships replaced the Academic All-Stars program and is in its second year. This year we had about 61 applicants from MESD's Alpha and Helensview schools, and from the other 11 schools served by MESD's Alternative Pathways Program. In addition, the awards are given to students in MESD's Functional Living Skills Transition program who may use the funds for a range of activities as they transition into the adult system.

The Idol event featured 22 staff members (and their children) and a student from Pathways Community School. Over \$4,000 was contributed from ticket sales, buying “votes” and sponsorships. The E² Foundation awarded 13 scholarships this year, ranging from \$500 to \$1,000. This is up from 7 awards in its first year.

5. There is a total of \$1,533,000 in revenue from Sales of Goods and Services from the District's printing and co-op purchasing operations. There are certainly expenses associated with those activities. But do you "make money" on those operations or provide the services to components school districts at cost to simply break-even?

Printing and Graphic Services does not “make money” for MESD. Of its proposed operating budget of \$675,543, approximately 54% will be covered by revenue from internal or external customers.

- 6. The district recently received a Facilities Report and the Budget Message references the district is moving out of leases at three buildings. Can you summarize what actions are being completed to reduce costs and how much the district anticipates it will save both in 2010-11 and when the plan is fully implemented?**

Cost reductions and revenue enhancements are both anticipated in the 2010-11 budget. Reductions will be through staff attrition and eliminating the use of some software, licenses and other tools. Total reductions are estimated to be just under \$200,000. Revenue, from lease and rental agreements is expected to be about \$100,000. When the plan is fully implemented, and we've reduced our space requirements, we should be saving an additional \$250,000 annually.

- 7. The budget includes funding for a data coordinator position in 2010-11 to facilitate requests among community partners and school districts for student data. The April Superintendent's Report notes that budget for the position has been approved and that interviews and selection will be completed the first two weeks in May. Where is the district in the recruitment process and when do you anticipate the candidate will start?**

Budget includes funding for a data coordinator position in 2010-11 to facilitate requests among community partners and school districts for student data. The April Agency Report notes that the budget for the position has been approved and that interviews and selection will be completed the first two weeks in May.

The position closed on April 27th with a limited number of qualified applicants. The selection committee wished to expand the applicant pool and reopened the position. Staff actively advertised the posting of the position with groups across the Northwest. The position closed on Friday the May 14th, screening took place on Monday May 17th, and interviews are scheduled for next Monday the May 24th. Our goal is to have the successful applicant start as soon as possible or July 1 at the latest.

- 8. This budget again does not include any budget for contingency - except in Facilities Acquisition and Improvement - and instead places all unused funding into unappropriated where it is generally not available for use. Can you tell us about your experience using this contingency model last year? Were there any events where you wished contingency had been available, or has it made you manage more effectively knowing that option is limited?**

As is the case this year, when the 2009-10 budget was originally proposed MESD had not received all the district's service plan requests. While we know the amount of funding we will receive from ODE, we don't yet know how the districts will wish to spend their allocation. As a result, our budget is constructed using current services as a base assumption. Once we have received all the service plans staff will prepare budget revisions for Board review and action during the August meeting. We anticipate substantial changes to our budget at that time.

- 9. The Risk Management Reserve Fund will also be used to set aside funding for future PERS increases. A total of \$450,000 is transferred from the Operating Fund to this newly created fund in this budget. How much of the transfer is set aside for PERS and how much for risk management liabilities?**

The entire \$450,000 is being set aside to reduce the impact of PERS expenditure increases to the Operating Fund. The amount is estimated to cover the follow PERS costs over the next five years as follows:

2011-12	\$155,770.99
2012-13	\$121,501.37
2013-14	\$ 84,240.95
2014-15	\$ 65,707.94
2015-16	\$ 22,778.75

10. This fund was “seeded” in the current fiscal year by a \$145,493 transfer from the Operating Fund that had not been budgeted. Where did this money come from, savings or did you reduce spending on something else?

The projected “seeding” came from unexpended account balances, including restricted work reimbursement, SAIF claim adjustments and unanticipated dividends.

11. In 2008-09 the district established an in-house legal department to assist with contract and labor negotiations, as well as other legal issues.

- **What has been your experience having the services in-house over the past two years?**

The in house counsel model allows for a single “point of contact” or full service center for:

- All things related to labor relations (bargaining, grievances, etc.)
- All things related to MESD contracts and leases
- All things related to public records, requests and management
- All things related to labor and employment law
- All things related to general legal advice;

- **Are you seeing benefits?**

- Immediate availability of on site legal assistance keeping small problems from becoming large problems;
- Established rapport with department directors, supervisors and union representatives which supports smoother and quicker dispute resolution and collaboration; and
- Personal visits with various parties to solve problems rather than protracted and distanced disagreements or litigation (e.g. warehouse landlord, Pathways landlord, Portland Public Schools legal counsel).

- **Has it resulted in a net savings versus what had previously been spent on contracted legal services?**

Elimination of 1.0 FTE	85,000
Determined advocacy to prevent loss of Donald E. Long Program funds	170,000
No arbitrations since August 2007 (at least five small settlements/ resignations/lack of interest)	50,000+
Brought labor negotiations “in house” (two bargaining units)	50,000+
On site training	15,000+
Resolution of Portland Public Schools bill for services	60,000

12. The Superintendent’s Report notes that the MESD has started providing GED services at Donald E Long and Inverness Jail.

- **What prompted this partnership?**

Multnomah County Sheriff Office had a need to provide GED services to inmates due to the fact that Mount Hood Community College did not want to continue the contract. MESD already had a partnership with MCSO to provide High School completion services to youth

in jail at MCDC and Inverness. MESD and MCSO agreed that they would be able then to provide a more complete opportunity for educational services at the jails. MESD then decided that since we needed to go through the process necessary to provide GED services to MCSO that we should also provide the same educational opportunities to the juveniles at Donald E. Long.

- **Can you tell us how the program is funded?**

The jail funding is through a contract between MCSO and MESD. The juvenile funding is a fee for service. The student fee covers the cost of the testing charged by Oregon Department of Education.

- **We understand that the program is in its first couple months, but are you seeing promising results?**

So far our stats are:

- Jail – 63 class sessions, 55 computer lab sessions, administered 38 tests (takes 5 to complete) 36 of those test takers passed and 4 have completed their GED.
- Juvenile – administered 34 tests, 31 of those tests passed and 5 have completed their GED.
- Based on the above statistics, the program which is two (2) months old, is showing very promising results. We have a 93% pass rate on tests and have had 9 “students” complete their GED.

13. Can you tell us more about the Project DEgree program and your partnership with PCC in this endeavor? What benefits will students see from participating in this program?

Degree Program

Portland Community College has partnered with Gateway to College National Network to create Project DEgree located at PCC Southeast Center. This program is meant to put eligible students on a quicker path toward earning a college degree. Students placed into reading 90, writing 90, and developmental math become part of a cohort of 20-25 students. This cohort is given additional tutoring, mentoring and advising as they earn an Associates Degree from PCC.

Alternative Pathways College Transition Advocates assist Project DEgree staff by identifying eligible students and assisting with program enrollment. Our advocates also ensure that students enrolled in Project DEgree have on-going financial aid support.

What are the benefits to enrolling in Project DEgree?

Research shows that students enrolled in learning community programs like Project DEgree are significantly more engaged in their education and much more likely to stick with college so that they can finish their degree. The bottom line is that it makes class time more interesting and students feel more connected to classmates and instructors so they'll feel more supported when they need it. Some of the other benefits are:

- * A resource specialist who will serve as an adviser, coach, and mentor
- * The study skills class is FREE of charge
- * \$100 textbook voucher for each of the first three terms you are enrolled

OUTDOOR SCHOOL

14. What is the status of those districts planning for Outdoor School in the upcoming year? How many districts will be participating and for how many days?

We are anticipating 5 districts to participate for the full week program (6 days, 5 nights): Corbett, David Douglas, Gresham-Barlow, Portland Public, and Riverdale. In addition, Parkrose and Reynolds have indicated they have or will apply for grant funds to help them attend for 3 days and 2 nights. Centennial has requested pricing information for full week and 3 day/2 night options.

15. The Metro Council will reimburse school districts \$54/student for one day of waste reduction instruction at Outdoor School. Is that enough of a financial incentive to allow districts to participate when they would not otherwise be able to afford it?

This year the reimbursement increases to \$57 per student. District representatives have indicated that this funding was instrumental in allowing them to continue to participate. For some schools outside of Multnomah County who participate on a contract basis, it has allowed them to increase the length of their participation from 3 days/2 nights to 4 days/3 nights.

TSCC Recommendations:

- One over expenditure in Resolution Service Funds was noted in 2008-2009. Local Budget Law does not allow for the expenditure of funds above approved appropriation levels. Care needs to be taken to ensure that spending is within approved limits or that budget adjustments are authorized prior to the expenditure of funds.
- For 2010-11, estimates were judged to be reasonable for the purpose shown and the document was found to be in substantial compliance with Local Budget Law.

Action: It was moved and seconded by the TSCC Board to approve the 2010-2011 MESD Budget as presented. Motion passed 6-0.

Upon approval of the motion, the TSCC Board of Commissioners presented their letter of May 18, 2010 to the Board approving the 2010-2011 as follows;



**Tax Supervising
& Conservation
Commission**

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May 18, 2010

Board of Directors
Multnomah Education Service District
PO Box 301039
Portland, Oregon 97230

Dear Board Members:

The Tax Supervising and Conservation Commission met on May 18, 2010 to review, discuss and conduct a public hearing on the Multnomah Education Service District's 2010-11 Approved Budget. This hearing was conducted pursuant to ORS 294.605 to 294.705 to confirm compliance with applicable laws and to determine the adequacy of estimates necessary to support efficient and economical administration of the district.

The 2010-11 Budget, filed April 2, 2010, is hereby certified by a majority vote of the Commission with the following recommendation. Estimates were judged to be reasonable for the purpose shown and the document was found to be in substantial compliance.

Recommendation

The audit report notes the following over-expenditures in 2008-09.

Expenditures of the various funds were within authorized appropriations except as noted:

Resolution Services Fund – Instruction, \$302,712

Local Budget Law does not allow for the expenditure of funds above approved appropriation levels. Care needs to be taken to ensure that spending is within approved limits or that budget adjustments are authorized prior to the expenditure of funds.

For 2010-11, estimates were judged to be reasonable for the purpose shown and the document was found to be in substantial compliance with Local Budget Law. The budget estimates and levy amounts, as shown in the approved budget, are shown on the attached page.

Please file a complete copy of the adopted budget with the Commission no later than July 15, 2010. If extra time is needed for filing the adopted budget, please request an extension in writing.

We appreciate having the opportunity to discuss this budget with you.

Commissioners

Terry McCall, Chair
Javier Fernandez
Steven B. Nance
Susan Schneider
Dr. Roslyn Elms Sutherland

	<u>Budget Estimates</u>	<u>Unappropriated Portion</u>
Resolution Services Fund	34,233,120	1,246,398
Contracted Services Fund	37,908,468	7,471,845
Debt Service Fund	547,830	0
Facilities Acquisition & Impro Fund	1,441,647	426,647
Agency Pass-Through Fund	18,000	0
Operating Fund	16,642,565	6,317,211
Risk Management Reserve Fund	855,494	527,803
Total Budget Estimate	91,647,124	15,989,904

Tax Levy: Permanent Rate \$0.4576

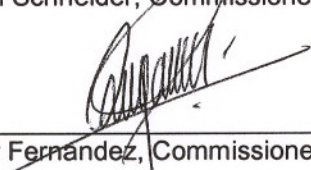
Yours very truly,


TAX SUPERVISING & CONSERVATION COMMISSION




Terry McCall, Chair



Susan Schneider, Commissioner

Javier Fernandez, Commissioner

Roslyn Elms Sutherland, Commissioner

Steven B. Nance, Commissioner

2. PUBLIC COMMENT

There were no comments from the public.

3. ADJOURNMENT

There being no further business the meeting was adjourned at 6:57 p.m.

Ron Hitchcock, Superintendent

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