Linda Cadzow Questions (question 1-4):

Question #1:

1. “Access without support is not opportunity.” In what specific ways does the district provide support for students in imagining futures that are, perhaps, different from what their family and culture imagine for them? What staff, programs or budget line items are particularly focused on this goal?

Response:

A. Funding for half of a Self Enhancement Incorporated for a student mentor and parent outreach person. This $45,000 is for providing specially design culturally specific student mentorship as well as program dollars for kids- a proven strategy for providing kids of color access to education. SEI pays the other half of the needing funding.

B. AVID or Advancement Via Individual Determination funding. We use both Title IIA Federal Funds and limited General Funds to support coaching our district teachers and administrators K-12 in AVID strategies of Writing, Inquiry, Collaboration, organization and reading or WICOR for both kids in the special AVID elective class and school wide, district wide AVID. AVID is an excellent equity strategy. The electives are created to have kids that shown via our district data to need the most help in being successful in school thereby creating greater access and support for success in education. PMS is the only National Demonstration Site in Oregon.

C. Our preschool at Prescott. Early learning support for Prescott's most vulnerable before Kindergarten starts. Inquiry based learning for little littles.

D. A ninth grade support coach/teacher is funded by the GF. This person works directly with kids to make sure they stay earning credits and staying on track for earning all-freshman credits--a clear research based indicator of high school completion.

E. College and Career Coordinator that works with ALL kids to access college.

F. College Possible a program that helps 11th and 12th grade students in poverty and first time college goers get ready for college access.

G. PWA-Portland Workforce Alliance is supported to help kids get internships with businesses in areas they want to further explore post grad.

H. Warner Pacific College Teacher Cadet Program (new)--grow your own teaching pipeline for kids at PHS who wish to become teachers.

I. Schools Uniting Neighborhoods schools at 5 of 6 of our schools (soon to be 6 of 6). This anti-poverty measure has been around for many years and it connects communities with schools and schools with communities for student success.

There may be more but this list of PreK to post grad programs shows you how we support kids to have bold access to educational opportunities with effective supports so they can be successful in our district and beyond. We change the life trajectories of students and families in Parkrose.

Question #2:

2. Can you provide some details about the new staff category "managerial"? How does this differ from "administrative"?

Response:

The administrative category (object code 0113) is used for the following job titles: Superintendent, Directors, Principals, and Assistant Principals. These employees manage, direct or administer programs of the District.

The managerial category (object code 0114) is used for the following job titles: Supervisor of Transportation, Supervisor of Maintenance, Accountant, Digital Media Specialist, Payroll Specialist, and Administrative Assistants. The managerial employees supervise non-licensed staff, and are non-union, confidential employees.

The managerial employees were previously mixed in with the classified staff (object code 0112) which are union employees. The job titles in this category include: Educational Assistants, Bus Drivers, Nutrition staff, Custodians, School Bookkeepers, and Secretaries etc.

The reason to separate the managerial staff and the classified staff is for tracking union payroll related expense vs. non-admin, non-union payroll related expense.

Question #3:

3. I note that associated payroll costs are projected to increase 16.8% next year. It would appear that most of these increases are dictated by factors beyond the control of PSD. Is this correct? Are there areas where you can see routes to controlling costs? What effect would using more (or fewer) full (or part-time) staff have?

Response:

The increase in associated payroll costs of $1,665,690 or 16.8% are due to the following:

The largest increase, $961,943 or 30.4% is the PERS Employer Contribution (object code 0211). Our required payment rates were increased by PERS as follows. The Tier I and II rate increased from 22.33% to 27.20% of salaries, and the ORSRP rate increased from 17.64% to 21.87% of salaries. For budgeting purposes we use a blended rate, which is calculated by the number of Tier I & II employees and their salaries, and the number of ORSRP employees and their salaries, blended together to get a computed rate. The blended rate we use for budgeting increased from 19.61% to 24.11% of salaries.

The Social Security increase of $319,858 or 31.6%,(object code 0221), and the Worker's Comp increase of $46,142 or 57.6% (object code 0231) are a bit misleading due to a clerical or assumption error in the current 2016-17 budget. There are two factors in the Social Security rate, social security at 6.2%, and Medicare at 1.45% for a total of 7.65%. For the 2016-17 working budget this is only calculated at the social security rate of 6.2%. Had we calculated and budgeted this correctly the amount would be 1.45% higher or $1,218,206 instead of $1,013,809.

Response to question #3 continued:

So the actual increase for Social Security is only $115,461 or 9.5%. For the Worker's Comp rate there are a number of rates depending on the type of job the employee does. The higher the risk of injury, the higher the rate we pay for this insurance. For the 2016-17 working budget, all employees are budgeted at the lowest rate of .48%. Food service personnel should have been budgeted at 3.59%, maintenance staff should have been budgeted at 3.67%, and bus drivers should have been budgeted at 4.65%. This error accounts for the majority of the increase.

The Contracted Insurance, (object code 0241) increase of $242,140 or 5.4% is the other large increase. For the 2017-18 budget, we estimated an insurance increase of 3% over the current year. The rest of this increase is partly due to part time employees becoming eligible for Health insurance with an increase in FTE. For example a bus driver at .375 FTE would not be eligible for health insurance. When this bus driver adds a .25 FTE to work as an EA, or tutor, their total FTE becomes .625 which is over the .5 cutoff for health insurance. The same FTE increase for those already eligible for health insurance at a prorated amount increases with increased FTE.

The rest of the increase in associated payroll expense, is due primarily to increased salaries. For those employees who have a contractual step raise, we budgeted for these raises. We also budgeted a 1% COLA for all employees. So when the salaries increase so will the associated payroll.

In answer to increasing or decreasing part-time, and or full-time staff, it all depends on what the resulting FTE per employee becomes and what contract they will work under. There are defined FTE amounts that trigger health insurance at either the full amount, or prorated amounts. For example if an employee is a .25 FTE they would not receive health insurance, but if they are a .50 FTE they would get a prorated amount of health insurance. This is a complicated question, with a complicated answer. Another consideration is that each school handles their FTE differently, so what works at one school would not necessarily work at another.

Question #4:

4. How is the Grant #998 money (High School Dropout Prevention) used? How long has this grant money been available and what assessments have been done to determine the payback being achieved?

Response:

Grant #998 is a new grant proposed for FY 17/18 due to the citizen's approval of Measure 98. Since the election, numerous discussions throughout the state have taken place around how to rollout this measure. However, not all parties agree. With that said, the District has created this grant as a placeholder so when all parties agree upon how and when the funds will be distributed to the districts we will be ready on the fiscal side. In relation to assessment and payback – we do not have anything since this is a new measure. In future years we should be able to provide this information.

Aaron Blew Questions (Question 5-8):

Question #5:

5. What methodology or methodologies are being used to estimate workman's comp rates?

Response:

Worker's Compensation is based on two different calculations:

Workers Compensation Hourly Assessment – Payable to State of Oregon: Workers Benefit Fund at 2.8 cents per hour worked for calendar year 2017.

Workers Compensation – Payable to SAIF the district's third party administrator of worker's compensation claims. This agency is also responsible for building our current rates used in our budget – this rate typically is designed based on our estimated payroll in fiscal year and history of claims that have been filed. Each employee type is assessed a risk rate (% of wages) based on SAIF's calculations. For example, School Bus Drivers had a rate of 4.65% of wages, while Teachers or Office Staff have a rate of 0.48%. Each employee is budgeted with an additional line of workers compensation based on current SAIF rates.

Question #6:

6. Is there data provided in the budget proposal that would allow one to map actual employees back to the FTE counts in the budget? I know there have been situations in other districts where FTEs were budgeted for but those salary dollars weren't actually made use of. It seems really unlikely that this would happen (or even be desirable given the "budget potholes" accumulated over the past 10 years), but I'd like to understand how to map the real employee roster into the budget.

Response:

Yes, we are able to tie FTE to actual employees. However, you cannot see this type of transparency in the budget book. You can see this type of detail in the budget software within our accounting system; the detail for payroll and associated payroll expense is budgeted by employee name. For example employee John Smith will have salary, PERS, health insurance etc. with his name. For the vacant positions we have listed all of this information as TBD or To Be Determined for salary and associated payroll. For the budget book Financial Section these details are rolled up or summarized by account. The detail is available by employee and account, but it is too extensive to share at the Budget Book level. This type of detail is also reconciled by human resources and fiscal services when the budget is developed and during supplemental budget adjustments – our goal is to ensure staff are reported in the proper location/department.

Question #7:

7. What caused the supplemental retiree stipends in 2014-2015? Is this something that could recur?

Supplemental retiree stipend budgets and transactions typically reside in fund 291. In 2014-2015 there was insufficient ending fund balance and no projected revenue sources to support expenses going into 2015-2016. Around December, when starting to build the proposed budget, the Director looks at ALL fund balances to determine if they might be sufficient to handle next year's expenses. If not, what needs to happen? – One option is proposing a year-end journal entry. The $50,340 actual expense in 2015-2016 was a decision by the superintendent and business director to move expenses into the general fund to free up fund 291 fund balance for anticipated future expenses in 2015-16 budget. The adopted budget of 2015-16 was completed prior to the business director arrival July 2015. During the year-end audit and evaluation of 2014-15 actuals and 2015-16 budget it was determined the adopted beginning fund balance for 2015-16 was way higher than the actual ending fund balance for 2014-15. With that said, the business director approached the superintendent and proposed the movement of expenses to increase retirement fund balance because it was insufficient to cover current expenditures and allow a buffer going into the 2015-16 year.

The district budgeted a $30,000 transfer this year and an increased beginning fund balance to support future years.

This is something that could reoccur due to numerous factors. In the event of union contract changes to the retirement benefits, funding shortfalls or increases, or increase in anticipated retirements for the year (expenditures), additional transfers could be necessary. The district is building Fund 291 to support these variables at a rate that has a minimum impact on service to our students while being prudent and responsible with public funds.

So could this happen again? Yes and no – currently the retirement fund does not have a dedicated funding source other than general fund transfers if the funds were available. So since this fund was created to support union agreed upon stipends authorized to staff that have dedicated their career to Parkrose so the employee is offered either a lump sum payment over 3 years or pay for your insurance until balance is spent. Is this a concern of the leadership and board? – Yes. We are committed to working on a dedicated funding stream in the future, but currently have little options in our available funding sources.

Question #8:

8. What was the purpose behind moving substitute costs to EMS?

Response:

During the past several years the Human Resource and Fiscal services of all school districts across the state or nation have been approached about Federal, State and Local law changes that affect how we have to track and support substitute staff. Some of the programs I am talking about are minimum wage, affordable care act, worker's compensation, and enhanced reporting requirements by Federal and State agencies. Some of the other fiscal / human capital reasons for the change – lack of fiscal and human capital staff to continue to report on all the additional reporting and tracking needs and if you fail the ramifications that the federal government – penalty/fine and the fear of future unknown audits.

Mary McArthur Questions (Questions 9-12):

Question #9:

9. What is included in 2660 Technology Services vs. 2222 Media - Library Services?

Response:

Function code 2660 Technology Services is used for District wide Technology, including the IT staff. This is where we budget for computer software, hardware, and the staff who work on these items.

Function code 2222 Media – Library Services is used to budget for library staff, new library books, and periodicals at the school level. There is budget for each school to run their library, and pay the staff members who work there.

Question #10:

10. What is included in the new category Managerial vs. Administrative? Is it simply a splitting out a portion of the category Administrative for better visibility?

Response:

Please see the response under Linda Cadzow, question 2.

Question #11:

11. The State reimburses us for High Cost Special Education Disability Fund. The 17/18 reimbursement is estimated at $530,000. Given that the State is currently reimbursing us at only 54% for 16/17, is it reasonable to assume a similar under-reimbursement? Is this a timing lag; i.e. will the State "catch up"? Or are we likely to receive approximately half of the estimate in the budget? Where is this potential under-reimbursement reflected in the budget?

Response:

The high cost disability reimbursement rate changed 2 years ago when the state changed the allocation from $12 million to $35 million. The percentage of reimbursement is on the rise. We receive our first estimated payment on our May 15 SSF payment. This estimate is based on the number of students throughout the state; we get a weighted amount based on the number of students we report as high cost. As with other portions of SSF, the district continues to receive adjustments for up to 3 years until ODE closes their books. High cost is the best estimate every year based on known or estimated student's services we will pay during the fiscal year. The first $30,000 is removed from estimate, and then we receive a portion of the remaining amount. For example – if we estimate spending $2 million on 35 students – the first thing we must do is take the number of students 35 times $30,000 = $1,050,000 this amount is then is subtracted from the $2 million leaving the district with $950,000 of projected high cost expenses. Based on the last 2 years our estimated rate of return is around 50% - we would need to budget $525,000.

So with this example we budget $525,000 but throughout the year it will be imperative to stay in contact with the special education program to ensure we are funding according. So will / can this change? – Yes. At any time we shift student services on these reported students. High cost is not an exact science, so it is hard to say under or over reimbursement – because the reimbursement is based on all high cost students reported to the state not just our own district. As with multiple areas in school districts we are connected with all districts so it is important to stay abreast of all service changes and state changes.

Question #12:

12. We have the PERS Stabilization fund to address future, expected increase in PERS expenditure. Do we have or do we have plans for a fund to address future, expected decreases in Federal funding e.g., the various Title programs?

Response:

Yes, we have already created a priority list of district wide federal spending to determine what will have to cut out of the federal budget. These priorities begin with our school level staffing that is paid using Title IA and Title IIA dollars. Our current anticipated reduction will likely reduce Title IA district support due to a potential 5-13% reduction.

We have had strategic discussions about how to support some of the aspects we want to maintain long term. However, revenue has decreased significantly over the past 4 years, and

Response to question #12 continued:

our employee costs continue to rise. Ultimately this will impact the district at the school staffing level. That is our most significant concern for our elementary schools.

Sara Kirby Questions (Question 13):

Question #13:

13. My main question centers on or around what are the budget priorities in a cut, or 7.8 billion, SSF situation. Which of the expected budget changes, starting on page four of the superintendents message, would be eliminated if $7.8 billion is the SSF number? In addition to these eliminations what is the potential range of school days that would be cut due to lack of state funds?

Response:

Our solution at this time is the following:

A budget of $7.8 billion would be an $825,000 cut for the district. We would propose at this juncture to do the following:

1. Use $100,000 from the remaining PERS Stabilization account.

2. Use $250,000 from the Beginning Fund Balance taking it from $900K to 650K.

3. Cut 4 school days at $120,000 per day (our costs have gone up in the last 10 years of having this daily cost formula) equals $480,000.

This covers it. It doesn't take away any of the crucially needed FTE we must add to make the district work. The other little adds stay too for the same reason.