

NEAH-KAH-NIE SCHOOL DISTRICT NO. 56
BUDGET COMMITTEE MEETING
Monday, April 26, 2021
Virtual Meeting via Zoom

OFFICIAL MINUTES

PRESENT

Budget Committee Members:

Terry Kelly (absent)
Landon Myers
Kari Fleisher
Pat Ryan, Vice Chair
Sandra Tyrer
Michele Aeder
Carol Mahoney, Chair

Kristen Coyle
Lisa Hooley (absent)
JoDee Ridderbusch (absent)
Damian Laviolette
Tamara Mautner
Tami Schild
Audry Haines (absent)

District Office

Paul Erlebach, Superintendent
Mark Sybouts, Business Manager
Kathie Sellars, Administrative Assistant

CALL TO ORDER – School Board Chair & Introductions

Ms. Mahoney called to order the Budget Committee Meeting for the 2021-2022 budget at 6:02 p.m. Ms. Mahoney asked everyone to introduce himself or herself.

REVIEW ROLES AND RESPONSIBILITIES OF BUDGET COMMITTEE, Mark Sybouts

Mr. Sybouts reviewed the roles of the budget committee. He also reviewed the responsibilities of the budget committee.

The budget committee;

- Receives the budget document
- Hears the budget message
- Hears & considers public comment
- Discusses and revises the budget as needed
- Approves the budget
- Approves the property taxes

Mr. Sybouts stated that the budget was released to the budget committee and the public last Monday (April 19, 2021). The 2021-22 proposed budget is also available on our website.

ELECTION OF PRESIDING OFFICER

Ms. Mahoney called for nominations for presiding officer. Ms. Fleisher nominated Pat Ryan as the presiding officer, Damian Laviolette provided the second. Ms. Mahoney called for a vote. Ms. Sellars did a roll call vote. Mr. Ryan was unanimously approved as the presiding officer.

DESIGNATION OF SECRETARY

Mr. Ryan designated Ms. Sellars as the secretary.

BUDGET MESSAGE - Superintendent, Paul Erlebach

Mr. Erlebach read his budget message, which is attached to these minutes. Ms. Aeder asked about the assessed value of property taxes to be sure the figures were correct. Mr. Sybouts stated that the amounts were correct. Property taxes are allowed to increase by three percent each year.

BUDGET DOCUMENT OVERVIEW – Business Manager, Mark Sybouts

Mr. Ryan asked Mr. Sybouts how he wanted to proceed? Mr. Sybouts stated that he would hit the high points, but asked budget committee member to ask questions as needed. Mr. Sybouts stated that the county school fund and state timber are based on the estimate that the state forester gives to the treasurer. He stated that the estimate was a new record. As in years past, he is only going to budget 75 percent of the estimated amount, which is what he has done for the last two-three years. He then reviewed the budget by fund.

Garibaldi - We removed licensed and classified substitutes throughout the document due to the contract with ESSWest for substitute services. He also noted that paid family medical leave has also be added throughout the budget. This is new requirement by legislative action and will begin in January 2022. The change in the FTE is due to how staff are allocated between the buildings.

Special Education – reduction of 1 FTE in a classified salary. The Spanish Language Family Resource Coordinator has been removed due to the fact that it will be charged to the Student Investment Account (SIA) grant. You will notice a

small reduction in PERS costs due to not paying substitutes and the rate decrease. There is a slight increase in building maintenance staff from what was in the budget last year. We are down to only two district teachers who are eligible for the District early retirement program.

Mr. Laviolette asked about the reduction of a 1.0 FTE of Special Ed instructional assistant. Ms. Dills explained that Garibaldi Special Ed. staffing would remain the same because they did not fill a position.

Nehalem – Mr. Sybouts stated that the reduction in the staff is based on which fund our instructional assistants are paid out of. Some are charged to Title 1, some to the general fund. We have the equivalent of a 3.5 hr. assistant per teacher. He explained that the same situations apply at Nehalem as at Garibaldi. There were not questions on Nehalem's budget.

Middle School – Mr. Sybouts stated that it looks like there is a reduction in instructional assistant staffing, but there is a slight increase due to how staff are allocated, and an additional fractional FTE provided for exploratory classes. He stated that in Special Ed. the teacher has chosen to work fewer hours so there is a reduction in FTE. Guidance Services will be paid from the SIA grant. Mr. Laviolette asked about shifting salaries to a grant, and wondered if there was a risk in doing that. Mr. Erlebach stated that the SIA grant funding will be relatively stable, if not we would pay for it out of the general fund. He added it is not a onetime grant.

High School – Mr. Sybouts stated that we have the same types of changes going on at the high school as in the other schools. The Athletic Director is spending more time teaching so some of that funding shifted from 1132 to 1131.

Basic Skills – There is an increase in the number of classified staff due to student needs. The teacher funding is reflected under the IDEA grant fund.

Guidance Services – Previously we had one counselor, we increased to two counselors, and the second counselor is being paid out of the SIA grant.

Ms. Mahoney asked about Library Services, she stated that the licensed salary has changed quite a bit. Kathryn Harmon is spending more time teaching. Mr. Erlebach stated that we are going to add a half-time classified media specialist that will be split between the high school and the middle school. Kathryn Harmon teaches one class at the middle and high school, and then spends the rest of her time working with instructional technology. We would like to add an Instructional Technology Coach who will work with teachers on all the new technology we are using.

District Office – Mr. Sybouts stated that the preschool program that has been here at the District Office would probably be moved to one of the schools, for now the proposed budget will remain in the district office budget until more decisions are made. Mr. Erlebach stated that one preschool would be funded through Preschool Promise. We will receive approximately 12 slots, each slot is worth approximately \$10,000. Mr. Sybouts explained that the difference in the salary is due to the experience of the teacher.

Special Education resource room funds have been moved to the building budgets. There were not many changes to the District Office budget.

The grounds maintenance position will be used where there is a need; this position will have full benefits.

Technology services, the district would like to add a licensed position to technology services.

Debt Service is to add solar panels to Garibaldi and Nehalem; there is a financial obligation by District, which will be paid out of the general fund. This will last 8-10 years.

He reviewed the proposed transfers. This will set aside funds for future maintenance. He pointed out the contingency fund, which is where the district would like to fund the technology position.

Mr. Sybouts shared the proposed change for technology services. Mr. Ryan asked what the likelihood of hiring this position. Mr. Erlebach stated that we would have to see. There is a lot of demand for this type of position right now.

Student activities accounts – Mr. Sybouts stated that many of these numbers are placeholders because he does not know what programs the individual schools will want to participate have.

Federal Projects Fund – He stated that the CARES ESSER CDL grant would be mostly expended this year, there may be a small carry-over. He did not include the ESSER III because we do not know how much that grant will be. The Board will have to take action to allocate those funds to where they will be used. Mr. Erlebach stated that the priority for the ESSER grant funds will be the HVAC systems throughout the district. We gave staff an opportunity to have input on how they would like to see the ESSER grant funds used.

State and Local Grants – The increases in this area are due to Measure 98 and SIA – we probably have 60-75 little grants along with Measure 98 and SIA. He mentioned some increases for textbook adoption in the middle and high schools.

Maintenance Fund – The District would like to increase the transfer up to \$750,000, current budget transfer is at \$250,000.

Food Service – In the current year and next year, the Federal government will fund the entire program. He is leaving the transfers in the budget as placeholders in case something changes. Staffing levels have remained the same.

Debt Service is what is left of the 2012 refinance of the 2004-2005 bond issue. This debt service will continue until the 2024-2025 school year when the bond levy will be paid off.

Vehicle Replacement – we have set aside \$30,000 for vehicle replacement. Mr. Erlebach stated that the district does not receive any funds back from the state for transportation costs.

Capital Projects – Building/Facilities Fund – The District would like to transfer in \$200,000. Mr. Laviolette asked why the fund 3299 has no funds. Mr. Sybouts explained that those were for the seismic grants.

Construction Excise Tax Funds – Were approved by the state legislature and are allowed to be used for capital improvement projects. So far this year we have received over \$130,000.

BUDGET COMMITTEE REVIEW AND DISCUSSION – Budget Committee

Mr. Ryan asked the budget committee if they have any additional questions. Mr. Laviolette asked about rental income, there was a field for rent income and there was a small amount in that field. Mr. Laviolette asked if the district receives rental income. Mr. Erlebach stated that the movie studio paid us rental income and if other schools come down and want to use our facilities, they can pay some rental income, unless there is an agreement between the two districts. Mr. Sybouts stated that the rental income went into the maintenance fund in the 20-21 school year. Mr. Laviolette asked if that is a reliable source of income. Mr. Erlebach stated that it is not.

Discussion – Mr. Ryan thanked everyone for all the work that went into preparing the budget. We are a stable district. There are some considerations. He asked Mr. Sybouts if he wanted to present those.

Discussion on the Budget and Transfers

Mr. Sybouts explained the transfers. The first one the increase of \$500,000 to the maintenance fund, setting aside within the maintenance fund \$100,000 for building improvements and \$400,000 would go into reserve for the future. The transfer would be a reduction to the contingency within the general fund.

Ms. Mahoney stated that it sounds like a smart move. Ms. Mautner asked if it would be a total of \$750,000 each year or a one-time transfer. Mr. Sybouts stated that it needs to be evaluated on an year by year basis. It would be for this year, and dependent upon funding in future years. It would be moving from the contingency and moving to the maintenance fund. Mr. Sybouts stated that whatever is in contingency rolls over into the general fund. If it is in maintenance then it will be reserved for maintenance. Ms. Mahoney added that due to the age of our buildings, we need to stay on top of maintenance issues.

Ms. Aeder agreed with Ms. Mahoney that it makes sense to set the funds aside and the other members agreed.

M- Aeder/2nd Laviolette to approve the change to the budget increasing the transfer from the General Fund Transfer to the Maintenance Fund be increased by \$500,000 offset by a reduction of Operating Contingency by the same amount and that in the Maintenance Fund resource Transfers In be increased by \$500,000, and expenditures Building Maintenance - Building Acquisition be increased by \$100,000 and Reserve for next year be increased by \$400,000. Ms. Sellars conducted a roll call vote. The motion carried unanimously.

Increase of the transfer to the Building Facility Fund.

M-Shield/2nd Mahoney that the General Fund Transfer to the Building/Facility Fund be increased by \$600,000 offset by a reduction of Operating Contingency by the same amount and that in the Capital Projects-Building/Facilities Fund resource Transfers In be increased by \$600,000, and expenditures Building Acquisition - Building acquisition be increased by \$100,000 and Reserve for Next year be increased by \$500,000. Ms. Sellars conducted a roll call vote. The motion carried unanimously.

Increase in Technology Services

M-Laviolette/2nd Fleisher move that \$105,573 be transferred from General Fund Operating Contingency to increase Technology Services accounts as follow: Licensed Salaries \$64,364, PERS \$15,268, FICA \$4,924, Worker's Compensation \$194, Paid Family Medical Leave \$174, and Employee Benefits \$20,649. Ms. Sellars conducted a roll call vote. The motion carried unanimously.

PUBLIC HEARING FOR PUBLIC COMMENTS

Mr. Ryan opened a public hearing at 7:51 p.m. for public comment. Mr. Laviolette would like to see if there is an opportunity if additional funding should present itself that the District look at opportunities for a technology program. Either through an academy or an AP program... Perhaps an exploratory activity that would provide value to the students in the future. Technology is not going to go away. It would be a huge opportunity for the schools and the district. He would like to see the board investigate such a programs. Mr. Ryan thanked Mr. Laviolette. Hearing no other public input the hearing was closed at 7:54 p.m.

There was no further comment from the budget committee.

CLOSURE – At this point, we will ask the Budget Committee to approve the proposed budget, establish the maximum tax levy rate/amount at \$4.5002/\$1,000 of assessed valuation for the General Fund, and to establish the maximum Debt Service Fund tax levy amount of \$1,414,048.

M-Mahoney/2nd Aeder Approve the amended proposed budget and approve the proposed budget, establish the maximum tax levy rate/amount at \$4.5002/\$1,000 of assessed valuation for the General Fund, and to establish the maximum Debt Service Fund tax levy amount of \$1,414,048. Ms. Sellars conducted a roll call vote. The motion carried unanimously.

Mr. Erlebach stated that it is important to honor the request from Mr. Laviolette by having Ms. Buckmaster and Ms. Dilbeck report to the public at the May board meeting where we are with our technology offerings for students. Mr. Laviolette stated that he is willing to put together a proposal for the district to consider.

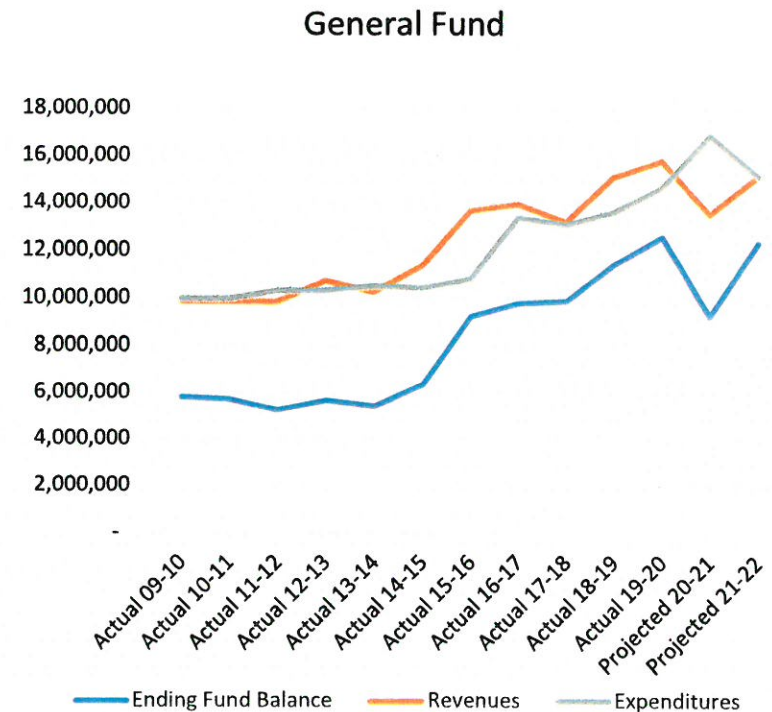
ADJOURN

Hearing nothing more to come before the budget committee the meeting adjourned at 8:02 p.m.

Budget Message

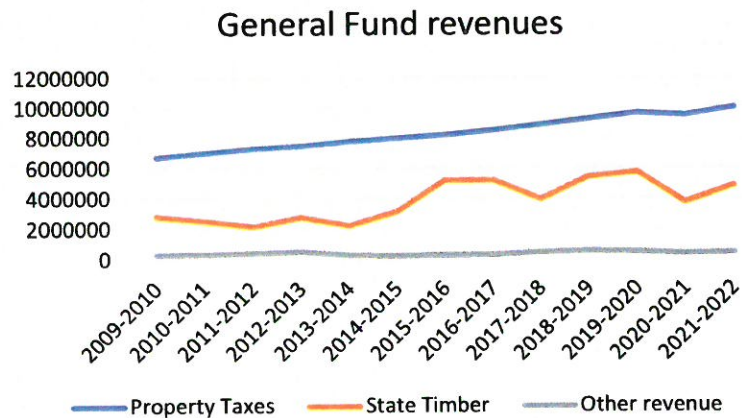
This school year has been severely impacted by the pandemic. Fortunately, the Federal and State governments provided much needed financial assistance for Personal Protective Equipment (PPE), technology for Comprehensive Distance Learning, technology, summer academic and enrichment support, child care, and capital projects including HVAC upgrades for the entire school district. In addition to the state and federal grants, local groups (Mudd Nick Foundation, Methodist Church, Friends Camp, First Student, NKN School District, and many others) provided help with meals for students. School employee benefits and salaries were not impacted by the pandemic. Student transportation has been impacted by the pandemic due to safety protocols restricting the number of bus passengers and a shortage of qualified drivers. First Student has been a collaborative partner during the pandemic. The school district has transitioned from a Comprehensive Distance Learning to Limited In Person, to Hybrid. Hopefully, the school district will be able to transition to more students in school and more students receiving services next fall.

Projected General Fund revenues (property taxes and state timber) for 2020-21 are estimated to be about the same as expenditures. The projected forecast for 2021-22 indicates the ending fund balance trends upward due to increase in state timber revenue, an increase in property taxes, and reduction in major projects.



General Fund Revenues

The chart below shows the trend of General Fund revenues by major categories. Property taxes are increasing; however due to the economic impact of the coronavirus, this estimated amount may not be received in the year the tax is levied. State timber revenue is estimated to increase for 2021-22, but is also subject to the economic impact of the coronavirus pandemic.



General Fund Budget Increases for 2021-22

Cost-of-Living Adjustment (COLA)	130,437
Salary step increases (classified and licensed)	67,895
Payroll benefit costs (FICA, PERS, & workers compensation) based on above increases	64,104
Insurance benefits increases due to contract negotiation completion	76,881
Paid Family Medical Leave Act	14,384
1 FTE media assistant middle/high school	53,297
1 FTE high school Spanish teacher	100,164
1 FTE district grounds/maintenance	81,280
Contracted substitute costs	336,668
Unemployment costs increase	
Total	925,110

General Fund Decreases from 2020-21 Budget

1 FTE district Hispanic Parent Involvement Coordinator instructional assistant (SIA Grant Funded)	49,425
1 FTE high school counselor (SIA Grant Funded)	91,094
1 FTE middle school counselor (SIA Grant Funded)	120,659
1FTE high school temporary assistant secretary	41,829
PERS rate decrease	243,503
Substitute wages and benefits - replaced by contracted substitute services	391,919
.46 FTE media assistant at middle school replaced by full time position	14,670
.36 FTE grounds/maintenance position replaced by full time position	20,310
Total	<u><u>973,409</u></u>

Student Success Act/Student Investment Account

The original estimate for the Student Investment Account Grant was \$713,000. The district received \$225,000 in 2020-2021. the district will receive \$574,000 next year.

These funds will pay for the following employee costs:

MS & HS Counselors, Hispanic Family Resource Coordinator/ELD instructional assistant, Preschool teacher and instructional assistant, Response to Instruction & Intervention coach MS & HS, and MS/HS Family Resource Coordinator

Preschool Promise

The school district is expected to receive twelve Preschool Promise "slots" at approximately \$10,000 per slot.

Measure 98 (Career Technical Education) Grant

This year, Measure 98 provided \$228,000 in grant funding. Next year, the amount will be about \$249,452.

Federal CARES Act

Comprehensive Distance Learning \$131K

ESSER I \$188,000 Technology

ESSER II \$693,000 HVAC TBD

ESSER III \$TBD (Estimate \$1,000,000)

Neah-Kah-Nie School Board Budget Goals

- 1) Preserve small class sizes pre-kindergarten to 5th grade.
- 2) Ending fund balance not to go below \$6,695,000.
- 3) Maintain a high level of professional development.
- 4) Retain current programs.
- 5) Commitment to replacement cycle transfer costs:
 - a. Technology \$150,000
 - b. Maintenance \$250,000
 - c. Vehicle replacement \$ 15,000
 - d. Furniture replacement \$ 9,000
 - e. Textbook adoption \$100,000
 - f. Emergency preparedness supplies \$ 5,000
- 6) Continued commitment to Capital Improvement Plan.
 - a) One time transfer to Capital Projects Fund \$200,000.
- 7) Maintain adequate staffing for district goals.
- 8) Be current with textbook adoption cycle.
- 9) Faithful implementation of the school district's Long Range Plan.

Superintendent's Budget Summary Statement

Neah-Kah-Nie School District is one of a select few school districts in Oregon that does not receive funding from State Basic School Support. Neah-Kah-Nie School District receives approximately 71% of its funding from property taxes and 29% from Tillamook State Forest timber revenue. The school district receives more in

property taxes and State timber revenue than it would from State Basic School Support.

This year, the assessed value for property taxes is anticipated to increase from \$2,266,395,183 to \$2,334,387,038. The property tax collection rate is expected to be 93%. In 2021-2022, the District estimates it will receive \$9,747,855 in current property tax revenue and \$250,000 in prior year property tax revenue.

Budgeted state timber revenue is projected to increase from \$3,737,641 to \$4,821,835 in 2021-22. The overall revenue forecast from property taxes and timber revenue is expected to increase from \$13,207,276 to \$15,205,790, in 2021-22. State timber revenue is estimated to increase in 2021-22. It is important to stress that timber revenue is always uncertain. The District can only forecast projected timber revenue with available information; frequently, this information changes.

As property taxes increase and state timber revenue fluctuates, expenditures continue to increase. We do not anticipate receiving any portion of the Linn County state timber lawsuit settlement in 2021-22 or in the near future.

The ending fund balance has been increasing over the last few years. However; the actual June 30, 2020 fund balance was \$12,570,601 and is projected to be about \$12,300,000 by June 30, 2021. This fund balance indicates projected revenues and expenditures to be about the same amount for 2020-21. This fund balance is what allows for a \$200,000 transfer to the Capital Projects – Building/Facilities Fund. This fund, along with the Capital Projects/Construction Excise Tax Fund,

Federal ESSER Grants and State Small High School Grant provides the resources to fund the Capital Improvement Plan.

The Capital Improvement Plan's projects for 2021-22 include:

- \$1,200,000 estimate of building ventilation projects throughout the District (funded by ESSER Grants).
- \$134,000 Nehalem Elementary classroom wing roofing.
- \$129,100 for School Based Health Center remodel at the high school (funded by various grants).
- \$80,000 parking addition and drainage project at high school.
- Other district-wide prioritized improvements identified in Capital Improvement Plan.

I recommend the Board consider increasing the Maintenance Fund transfer from \$250,000 to \$750,000 and a Capital Projects one time transfer from \$200,000 to \$800,000. These increased transfers would come from the operating contingency.

Student Pre-K-12 enrollment is 717. During the pandemic, many parents enrolled in online programs or homeschooled their children. Hopefully, these students will return to school in the fall.

The licensed and classified contracts expire July 1, 2022.

The 2021-2022 table of maximum district paid insurance contributions is the following:

Tier	Full Family	\$2,424.65
	Employee/Spouse	\$1,720.69
	Employee/Child	\$1,486.08
	Employee only	\$ 782.15

The District must closely monitor insurance costs and review policies and procedures around health insurance in order to meet the requirements of the unpredictable federal health care law. Oregon Legislature limits insurance cost increases each year to 3.4%.

The District's Public Employee Retirement System (PERS) current rate for Tier I & Tier II staff is 32.03% for Tier I & Tier II staff and 26.58% for Oregon Public Service Retirement Plan (OPSRP). For 2021-2022 these rates will reduce to 26.83% for Tier I & Tier II staff and 23.72% for Oregon Public Service Retirement Plan (OPSRP)..

Next year, the school district will receive about \$249,452 in Measure 98 funds. The total amount the district will receive depends on State Legislature funding. M98 funds must be used for teacher collaboration, systems to ensure students graduate on time, chronic absenteeism, community partnerships, equity, and dropout prevention.

A plan was developed to comply with these requirements. Components of the plan include: .5 funding for 1 FTE high school building trades/welding teacher, ASPIRE Program, expansion of high/middle technology & robotics, dual credit, after school tutoring, absentee prevention, etc.

The district received a \$10,500 Kindercamp Grant that will partly fund this preschool to kindergarten transition summer program, summer, 2021.

The recently completed outdoor covered play structures at Nehalem Elementary and Garibaldi Grade School, at a cost of approximately \$1.5M, have provided safe spaces at both schools where students can recreate and eat. Both playgrounds have been essential in having students return to school.

The good news is the district is able to maintain, and in some cases enhance, current staffing levels and programs.

The school district will expand its early learning program with assistance from a Preschool Promise Grant. The current half day preschool at the district office will be moved to Garibaldi Grade School and Nehalem Elementary. Both schools will offer ½ day and full day preschool programs ages 3 and 4. Average class sizes at the elementary level will be fewer than 19 students. All schools have counseling services, physical education, and music. A Spanish language teacher will be hired at the high school. High School class sizes will be at

current levels. High school students continue to have a strong offering of core classes (math, science, English Language Arts, social studies) in addition to art, music, band, choir, Spanish, business, building trades, small engine repair, welding, STEM, Robotics, and physical education. Middle and high school students have a wide variety of after school activities with an activity bus available. A secondary Family Resource Coordinator will be hired for the middle and high schools.

A School Based Health Center, serving all school district students, will be located at the high school. Most, if not all, construction, supplies, and equipment costs, will be grant funded.

School district administrators are creating plans to access the \$130,000 dedicated to K-12 summer academic support programs, enrichment activities, and child care grants. House Bill 5042-A provided these funds for Oregon students.

The school district's bond issue will be paid off June, 2025. In 2015, Standard and Poor's gave the district bonds a AA-/Stable rating. The *Long Term Rating* is AA+/Stable.

Due to the school district being financially responsible with property tax and state timber revenues and being fiscally conservative with expenditures, this budget meets the budget goals set by the Board:

- Preserve small class sizes at the pre-kindergarten through 5th grades.
- Ending fund balance not to go below \$6,695,000.
- Maintain a high level of professional development.
- Keep current programs.
- Commitment to replacement cycle transfer costs:
 - Technology \$150,000
 - Maintenance \$250,000
 - Vehicle replacement \$ 15,000
 - Furniture replacement \$ 9,000
 - Textbook adoption \$100,000
 - Emergency preparedness supplies \$ 5,000
- Continued Commitment to Capital Improvement Plan including \$200,000 funding transfer
- Maintain adequate staffing for district goals
- Be current with textbook adoption cycle
- Faithful implementation of the school district's Long Range Plan

Respectfully submitted,



Paul Erlebach, Superintendent
Neah-Kah-Nie School District

