

Minutes in Brief **MEETING OF THE SOUTHERN OREGON ESD BUDGET COMMITTEE,
WEDNESDAY, MAY 9, 2018**

Call to Order/Pledge of Allegiance On Wednesday, May 9, 2018, a meeting of the Southern Oregon ESD Budget Committee was held in the upstairs conference room of the ESD office, located at 101 North Grape Street, Medford, Oregon. Board Chair Doug McKinley called the meeting to order at 6:04 p.m. and led those in attendance in the Pledge of Allegiance.

Attendance Budget Committee members in attendance:

Sam Alvord	Phil Long	Maud Powell
Rosie Converse	Doug McKinley	Annie Valtierra-Sanchez
Jamie Jennings	Mary Middleton	Ray Williams
Dave Jensen	Garry Penning	

Budget Committee members absent:
Jim Horner
Christine Norton-Cotts
Brian Shumate
Toni Webb

SOESD staff members in attendance:
Jessica Bach Mark Moskowitz
Scott Beveridge Susan Peck
Melia Biedscheid Daniel Weaver

Also attending:
Brad Earl, Business Manager, Medford School District

Introductions Doug McKinley, Board Chair, welcomed and thanked the Budget Committee members for their participation. Roundtable introductions of committee members, SOESD staff, and guests were made.

Election of Budget Committee Presiding Officer Chair McKinley requested the budget committee select a presiding officer. **IT WAS MOVED BY MEMBER PENNING AND SECONDED BY MEMBER ALVORD TO: Appoint Phil Long as the presiding officer. MOTION CARRIED: 11-0**

Prior to the Budget Committee meeting, members received the following materials:

- Proposed 2018-2019 Budget Document
- Agenda for the May 9, 2018 meeting
- Memorandum outlining the materials and providing background information.

Budget Message Superintendent Beveridge thanked members for their time in reviewing the budget proposal and materials. Copies of the night's PowerPoint presentation were made available to budget committee and audience members. The two tasks for the meeting were noted: 1) to review and approve the SOESD budget, and 2) to establish the SOESD tax rate. Superintendent Beveridge explained the committee's role as the governing body to approve the anticipated budget and authorize expenditure authority. In presenting the budget message, Superintendent Beveridge reviewed the mission of SOESD and the regional advantage achieved through its partnership

with local school districts to provide valuable opportunities for students and families, and to improve teaching, learning, and student achievement. Mr. Beveridge shared that data is reviewed frequently and input is solicited from the region's districts and communities to determine and hone SOESD's array of service offerings.

**Areas of Change:
Local Service Plan
Process**

Mr. Beveridge described the process of developing the 2018-2019 Local Service Plan. As an outline of the last two years, the 2017-2018 Local Service Plan could be viewed as focused on "what" services the ESD offered; the 2018-2019 Local Service Plan focused on "how" services are offered. Last year, SOESD realigned services based on district priorities, adding and increasing district participation in a variety of service areas. As defined in ORS 334.175, the SOESD Local Service Plan must include the following resolution services:

- Administrative
- Special Education
- School Improvement
- Technology Support

Development of the 2018-2019 Local Service Plan began with an in-depth, extensive process of surveying the superintendents and business managers in the component districts to determine priorities. A cost-structure analysis was completed of all core program areas to determine what per-district participation costs would be for specific areas of the current core programs. From that analysis and feedback, a new service delivery model was developed and agreed upon by the districts. The new model balances flexibility and stability in offering districts choices in service selections, through a shift from the historic core model to a menu-based approach across service areas. Mr. Beveridge noted that the restructured model resulted in restoring local school district membership in SOESD to 100%.

**Areas of Change:
Program Changes**

Superintendent Beveridge reviewed the cost shifts in core service areas. Data-informed decisions were made as service areas were looked at critically to determine needs for increased, decreased, and new support. He explained the budgetary impact of the 2018-2019 Local Service Plan and areas of program changes.

- Internal technology support will shift from a core service within the general fund to line item expenses in individual program accounts.
- Demands have increased in recent years for data center, networking, and data analysis. Declining needs and diminished demand for services have been identified by the districts in Tier One Computer Support and will result in staff reduction.
- A decrease in initial commitments for Electronic Services was noted. However, anticipated demand expressed by multiple school districts from pending capital bonds and other projects were used to forecast future needs. In anticipation, we have budgeted to maintain current service levels and that is reflected in the proposed budget.
- Data Driven Decision Making, Instructional Technology, and the Annual Tech Summit will move out of the General Fund to entrepreneurial or contracted services.
- Increased revenue is anticipated to support the Oregon Department of Education's Statewide Chronic Absenteeism Plan.

- Current demands for Special Education Services and discussions with districts were used to project 2018-2019 anticipated needs. Actual service agreements from districts could materially impact the budget.
- SOESD will continue covering approximately \$250,000 for special education administrative costs outside the 90% State School Fund allocation to districts for resolution services.
- Grants Pass School District (GPSD) has provided notice of its intent to rejoin the SOESD. As a result, the district will participate in SOESD services in the same manner as other districts in the region. However, the budgetary shifts necessitated by the district's 2014 withdrawal will continue to be reflected in the budget document until GPSD formally becomes a member of SOESD on July 1, 2019, under the provisions of ORS 334.019.

**Presentation of
2018-2019
Proposed Budget**

Business Manager Weaver presented the 2018-2019 proposed budget and reviewed the primary revenue sources that make up the major portion of funding.

**2018-2019
Financial Review**

Overview of All Funds

Mr. Weaver explained the major funding sources of the entire budget beyond the general fund requiring the committee's authority to spend.

Federal and State/Other Funds

Federal and state grants and contracts must be tracked separately. All funds were reviewed and explained.

General Fund Program

By state statute, SOESD must spend 90% of revenue received from the State School Fund on resolution services. For fiscal year 2018-2019, 90.26% of the state funding level is allocated into resolution services. Business Manager Weaver reviewed and explained General Fund service changes.

Resolution Programs

Pursuant to ORS 334.175, the 2018-2019 resolution services are:

- Special Education Services
- Technology and Media Services
- School Improvement Services
- Administrative Services/Operations

A breakdown of funding in each resolution service area was provided.

A sample Choice and Equity sheet was provided so budget committee members could see the menu of special education choices from which the districts choose.

Allocation is based on districts' resident average daily membership from the previous June 30 and it can be very challenging to estimate the usage and allocations in the spring. Once the number is determined, it does not change for the year.

Reconciliation of the final usage takes place in June. Districts requesting more in service costs than their allocation receive an invoice for the overage; districts requesting less in service costs than their allocation receive cash in lieu of services.

The cost for district-provided retirement obligation is now budgeted in Administrative Services/Operations and is not included in the resolution percentage. SOESD has

reached the point where the ESD's contribution to the retirement fund is less than what is being disbursed. The early retirement benefits sunset for classified and licensed staff in 2001.

Operational/Changes in Cash Position

Compliance with the 90% annual spending statutory requirement makes it hard to build a contingency balance, and Mr. Weaver explained that there is very little room in the cash position. A chart displaying the historical general fund cash balance from 2006 to present was shown.

**Discussion and
Comments from
the Audience**

Superintendent Beveridge provided a brief summary to close the presentation. Presiding Chair Long opened the floor for discussion and comments.

In response to a question, Superintendent Beveridge and Business Manager Weaver explained the reason why the \$250,000 of special education administrative costs were budgeted in Administration/Operations instead of the 90% budget allocation to districts. Budgeting for special education administration outside of the 90% State School Fund (SSF) spending requirement provides stability for employees, maintains commitment, and keeps costs down for districts. As the ESD implements the new LSP model, SOESD plans to reduce this subsidy in coming years.

Superintendent Beveridge was asked whether funds could be budgeted for teacher recruitment and increasing staff compensation in an effort to fill specialist positions. Mr. Beveridge explained that it is a complex balance between offering competitive wages to employees without increasing costs to districts beyond what they are able to pay. Committee members reviewed historical example regarding ESD cost containment.

Committee members commented on the ESD's low cash reserves, as a result of the 90% State School Fund revenue spending requirement, and suggested that perhaps subsidized costs for districts impacting reserves could be allocated across programs in the future.

In response to a question, Superintendent Beveridge reported that there were no proposed budget changes in the Regional Achievement Collaborative (RAC).

There were no further questions or comments from the committee or the audience.

**Budget
Committee Action**

IT WAS MOVED BY MEMBER WILLIAMS, SECONDED BY MEMBER JENSEN TO:
Approve the proposed 2018-2019 budget in the amount of \$54,857,340.00 and set the rate of .3524 per one thousand dollars of assessed value.
MOTION CARRIED: 11-0

Adjournment

There being no further business to conduct, Presiding Chair Long adjourned the meeting at 7:48 p.m.



Doug McKinley, Chair
Southern Oregon ESD Board of Directors

Scott Beveridge, Superintendent