

ST. HELENS SCHOOL DISTRICT

2012-2013

COMMUNITY BUDGET GUIDE

Building
Strong
Schools for a
Strong
Community



Mark A. Davalos
Superintendent
St. Helens School District

BUDGET MESSAGE FOR 2012-2013: REVENUE SHORTFALL APPROACHING CRISIS FOR SCHOOLS

The St. Helens School District budget for 2012-2013 is constructed with all fiscal realities and best intentions blended together to propose an equitable educational experience for our students. During my first year as superintendent, I have invested many hours into understanding our budget and its ability to support both a solid educational foundation and to increase student achievement. This exploration has been both meaningful and alarming.

We are very competitive with our compensation and benefits to staff and I believe a great place to work. The overall allocation of resources has been well planned and schools have the necessary organizational depth to provide meaningful learning programs at all levels. Programs that enhance learning, a robust activities program and full high school athletics still exist at a time when other districts across the nation have removed them. We maintain a strong arts program, career-technical options at the high school, numerous college-credit bearing high school courses and an overall great academic program K-12.

My list of concerns is long. We have suffered through huge budget reductions for several years and student numbers have been declining. The results of those cuts have produced larger class sizes which place a huge burden on existing staff to do more with less. Classroom supports, often offered by classified employees, have all but disappeared and denies us the ability to implement best practices in reading and instruction across this anemic system. Materials are aging but new adoptions

come at costs the budgets haven't included. Essential technology is being purchased and replaced but not the newer innovative and modern technologies our students should be using each and every day. The staff cuts have included all employee groups leaving behind concerns over student safety, school improvement, professional development of staff, and needed learning supports our students require.

Blueprint for Success in the Red

The SHSD "Blueprint for Success" strategic plan outlines a five-year commitment to four focus areas: Student Achievement, Communications, Technology and Facilities.

Our student achievement goals are very broad. Assessment evidence, however, reflects progress and growth. Our students are developing the skills needed to compete in this challenging economy. For many years *No Child Left Behind (NCLB)* has dictated an investment in monitoring achievement data and in providing systems needed to prepare, train and assess expected progress, but with no additional funds to do so. The newly legislated *Educational Achievement Compact* regulations will replace NCLB and introduce new initiatives that will ask us to "*Budget the Plan*" instead of "*Plan the Budget*". This too will offer no additional support funds but nevertheless the work is already underway.

We are striving to meet Communication goals but staff reductions and publication costs will restrict our ability to maintain the expected level of outreach. The internet is

helpful in reducing cost so we are moving more of our messaging to the websites across the district. Unfortunately, not all families can utilize the internet because of the related costs and investments needed to do so.

Technology improves daily which creates shifts in access methods and tools that require constant investments in technology acquisition and training. Teachers have not received the new and necessary training they deserve and our modern classrooms require. We are also not providing all of the tools and skills in technology that current students will need to know when they enter the workforce. We are doing our best and maximizing technology learning accordingly.

Finally, our facilities goals are nearly frozen in time. We have three great buildings and one of them will be shuttered next year. Delayed maintenance to older buildings and necessary repairs require an investment from a budget that doesn't possess the depth to do so.

What is the Focus of this Recommendation?

I believe the focus of this budget is what our students, at this moment, need to prepare for their future. Next years' students will not get a redo year, ever. Their opportunity to learn is now and we must do our best to give every student a chance to advance their knowledge and skills. As a result, this budget looks to manage classroom size, maintain motivating and necessary programs, provide the educational opportunities and tools students deserve while caring for and providing respectful career satisfaction and employment to as many as the budget and focus allows. The approach will seem simple to many and I hope you will easily see the focus on next year as you review and consider all contents.

State Reductions: A History of Negative Impact

The impact of state education revenue reductions is alarming. The following information illustrates the cuts SHSD has made since the 2009-2010 budget year. Our enrollment has declined 6.5% but our general fund revenue decreased by 8.8%. Your handouts will include state funding summaries that will illustrate how education has not been the priority during the last ten years. This must change immediately and we need guaranteed and sustainable funding now.

Balancing This Budget

The general fund forecast for next year projects a shortfall of \$1.58 million due to decreased state school fund revenue and increased expenses.

To cover this shortfall and achieve the Board's educational goals, I recommend the following steps:

- Use of Reserves
- Furlough Days
- Savings from Closure of Columbia City
- Staff Reductions

Use of Reserves

Our ending reserve for 2011-2012 was set at \$2.1 million dollars with a \$300,000 contingency. Together, these total \$2.4 million. For 2012-13, I propose a \$1.3 million reserve with a \$500,000 contingency, for a total of \$1.8 million. This will free \$600,000 for 2012-13 expenses.

The planned unappropriated reserve is 5% of the total general fund. Barring unforeseen events that force us to draw on contingency funds, the reserve plus unused contingency will give us a 2012-13 ending fund balance of

\$1.8 million. This is only \$300,000 less than the 2011-12 budgeted reserve of \$2.1 million.

Furlough Days

Until this year, SHSD has never cut school days. While we are proud to have kept a full student year, the reality is that in not cutting days the budget reductions zeroed in on programs and staff reductions. We now have agreements in place that allow us to reduce up to eight days from the 2012-2013 school year. Within the general fund payroll, each day saves \$75,000. Eight days will reduce our general fund deficit by \$600,000.

Last year our local levy failed. This year and next, staff is being taxed to help with the deficit. Our community must realize that we cannot just look to shrinking paychecks as the method needed to provide a solid education for the students of this district. Our state government and all elected representatives must take on the school funding issue and the growing PERS costs that add to our deficit at an alarming rate.

Columbia City Closure

This year, and as a result of prior projected savings recommendations, the district looked to re-configure schools. This process is underway and Columbia City will be shuttered. The first year savings after moving costs are estimated at \$130,000. Continuous savings of \$160,000 will be realized each year it is closed.

Staffing Changes Across the System

I have labored over our staffing documents to identify exactly how our allocations affect class size and equitable distributions across schools and grade levels. This analysis enables us to compare program and staffing trends across the district.

The staffing analysis begins with enrollment. Shifts in enrollment should equate to adjusted staff allocations. Building staffing decisions should include grade-level variances with smaller class size at the lower levels.

For 2012-13, the staffing allocations will be formulaic with staff assigned to buildings based on estimated class-size averages.

First, schools will be assigned core staff which includes administration and counseling.

Secondly, teacher staff allocations will be given based on a determined class-size average that takes into account preparation periods for middle and high school.

Thirdly, classified allocations are made by a staff to student ratio taken from current distributions with adjustments made to equalize grade levels and a focus on instructional support.

Finally, Title programs are allocated according to cost factors and state and federal reductions and budget adjustments. Those include Special Education, Title 1 and Nutrition as the main program funds.

The actual breakdown of class sizes are illustrated on the following table.

<u>School</u>	<u>Average</u>	<u>Range</u>
K - 6	28 : 1	22 - 34.5
Middle	32.5 : 1	Varies based on course
High	33.5 : 1	Varies based on course

As of May 16, 2012, we have received retirement notices totaling 8.0 FTE. Below is a summary of our proposed net staffing changes for 2012-13.

-6.0	licensed
1.3	classified
<u>0.6</u>	confidential
-4.1	

Of this net reduction, 2.5 FTE is due to the closure of Columbia City, and those savings are included. The maintenance department reorganization moved 1.0 classified to 1.0 confidential.

In addition to the eight (8) day pay reduction, the District negotiated zero COLA and no step for all employees for the 2012-13 school year. However, the District also negotiated caps on its share of the health insurance contribution. The net effect of these caps for the 2012-13 year is an increased annual expense of \$250,000. The savings from the staffing reduction offsets this expense.

Where Will Our Investment Go?

Teachers make up the “Lions” share of our budget. Breaking down and analyzing the current allocation has allowed me to determine equitable and balanced teacher allocations to our schools. The formulas that equate to managed class sizes should allow building administrators

the staff to provide a sound educational program with managed student numbers. Needless to say, the numbers will still be larger than desirable.

Administrative support needs at both new K-6 schools require that I bring back the second administrator to Lewis & Clark. We promised that the two schools would have equitable supports and this is part of that promise. To offset this addition, I have planned for a Teacher On Special Assignment (TOSA) to manage disciplinary issues at the middle school. This will keep administrative support status quo. Administrative staff shares leadership work in moving forward the new learning standards, changing graduation requirements, the new Achievement Compact, student safety, and managing the behaviors that larger class sizes stimulate.

Previously, McBride had a classified media assistant in its library. In our drive to maintain equity between the two new K-6 schools, there will be a full-time licensed media specialist for both libraries. Our hope and plan is for all four schools to have the same within the next two years.

The budget also includes a shift within classified assignments and adds eight highly qualified K-1 reading assistants to the classified ranks. These positions will complement a best-practice approach in providing instructional support during the critical reading block time so that teachers can better focus on direct reading instruction of our students. The content of their work will be highly defined and connected to measuring academic success.

In Conclusion

Our fiscal outlook is fragile. I have lost many nights’ sleep struggling where to make this set of reductions. Thirty-six years in education does not allow me to deny

the crisis we are facing. This budget is people and substance poor. It may be the best this district may recommend but it is not what our students and community deserve. Classes are too large, programs are disappearing, staff is exhausted and our ability to give our students their educational right is challenged. We must loudly demand governmental action that will immediately reverse the fall of public education. This district and our children deserve better.

This budget is what I believe the best recommendation for next year. This plan provides and preserves exceptional services to our students. The services and protections include:

- Managed class sizes
- Library centers of learning
- Arts programs
- Strong academic programs, K-12
- Career-technical course options
- College credit courses
- Physical education
- Counseling
- Leadership
- Technology support
- Early learners reading support

The list is not inclusive of all elements in the budget. It does exemplify our resolve to take great care of the educational needs and rights of next year's students. In these times, I am proud of what we can still do.

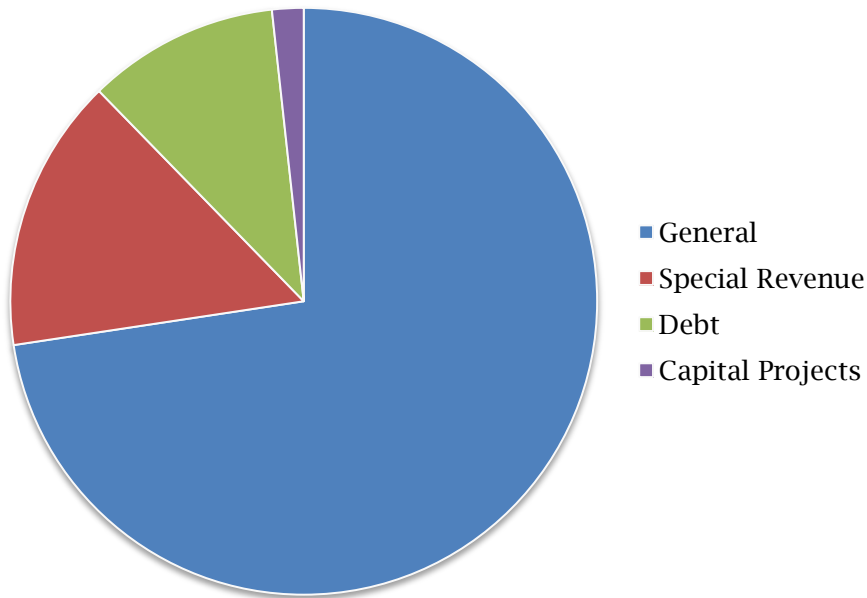
A handwritten signature in black ink that reads "Mark A. Davalos". The signature is written in a cursive, flowing style.

Mark Davalos, Superintendent

Total Budget **\$36,310,332**

Each year our School Board adopts a financial plan (budget) for the upcoming school year. This plan guides our staff in how funds are spent toward instructional programs for students. The budget is initially put together by the superintendent and district staff based on feedback from staff, parents and community members. The Budget Committee, composed of five local citizens and the five board members, then reviews the plan and gathers feedback from our local community. After review and possible revisions, the Budget Committee approves the financial plan. The School Board then adopts the financial plan as our Adopted Budget for the coming school year.

Total Budget by Fund Type



Fund Accounts

General Fund: \$26,366,000 **73%**

Our main operating budget. This fund pays for the instructional programs, daily operations of our schools, and general functions of our school district.

RESTRICTED – Special Revenue Funds: \$5,482,008 **15%**

Special Revenue includes accounts that are for self-supporting programs, grant funds we have received for specific projects, or fee-based programs. Included under these accounts are funds received from the federal government for Title programs, such as those targeted at low-income students. Money in Special Revenue accounts may only be used for targeted programs and services as specified by the source of funds. Because the District cannot know all the grants that it will receive during the upcoming year, the special revenue budget has been increased by \$800,000 so the District has enough expenditure appropriations to spend unexpected grants which are approved by the School Board.

RESTRICTED – Debt Service Funds **10%**

General Obligation Bonds: \$1,990,500

When our district sells bonds to finance voter-approved construction, an account is set up to repay the debt. We are currently repaying debt approved by voters in 1999 to remodel Columbia City Elementary.

PERS Bonds: \$1,841,824

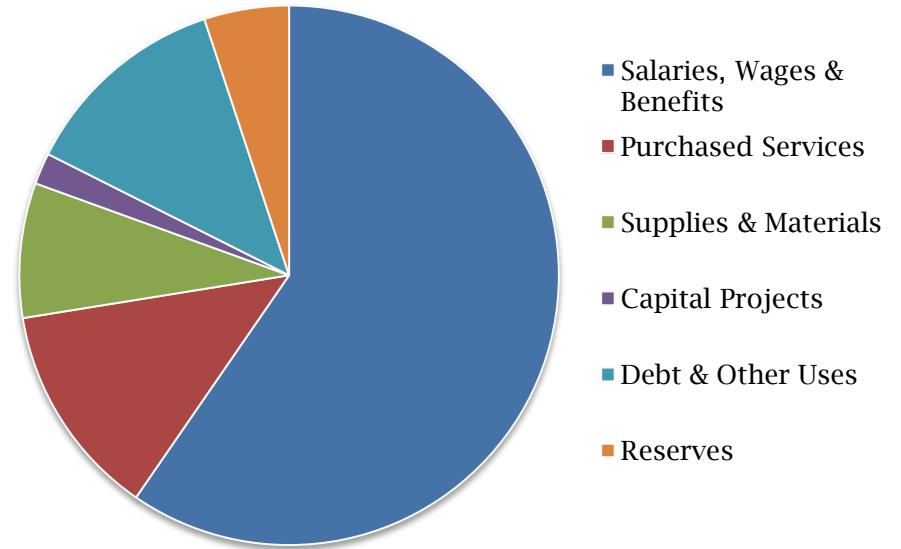
This fund tracks our district's refinancing of the accrued Public Employee Retirement System (PERS) liability. We refinanced the debt through the issuance of pension bonds in 2002, 2003 and 2011. When compared to the rates paid by those who stayed in the PERS pool account, this debt generated savings of \$493,000 in 2011-12. We project similar savings for 2012-13. The money for the repayment of the bonds is tracked in this fund account.

RESTRICTED - Capital Projects Fund: \$630,000

In 2008, the Board authorized a construction excise tax on all new construction and entered into an Intergovernmental Agreement with Columbia County to collect it. The proceeds from this tax are deposited directly into the Capital Projects Fund and are used for school construction and repairs.

This year the Public Health Foundation is using about \$300,000 in grant funds to remodel the District's Sacajawea Health Clinic. The District pays the construction bills and invoices Public Health Foundation, which then reimburses the District with grant funds. This special project will cause a substantial increase in the Capital Projects Fund for 2012-13.

Total Budget by Category



General Fund

\$26,366,000

The majority of the General Fund goes toward instruction and support services for students. The General Fund is our main operating budget, and is the area that our School Board has the most discretion over. Allocation of General Fund resources flows from Board direction and the district's strategic plan.

Instruction of Students: \$14,085,266 (54%)

All costs associated with classroom instruction; for example, teacher salaries, supplies and activities are budgeted in this portion. It also includes services for alternative education, guidance/counseling, special education, English language learner and other compensatory instructional programs.

Direct Support to Students: \$8,313,477 (32%)

This piece includes all costs that go toward running a school, including student safety, school offices, maintenance, phone service, custodial, and student transportation. It also contains costs for assessment and testing, library media services and school improvement/ curriculum services.

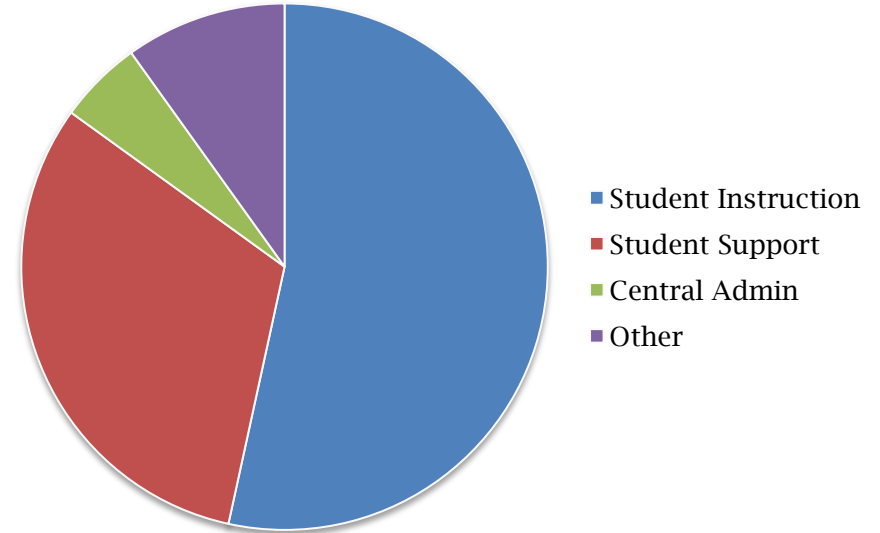
Central Administration: \$1,357,062 (5%)

Expenses for services provided centrally by our district include the Superintendent's office, Human Resources/ Personnel, Business Services, Communications, and Purchasing/Mail. Each school depends on these services to run its educational programs.

Other : \$2,610,195 (10%)

The categories above exclude debt service, fund transfers, contingency, and the unappropriated ending reserve.

General Fund Allocation



General Fund by Category

The following graph shows how the General Fund is budgeted by specific categories, such as salaries, wages and benefits, supplies and materials, etc. As the graph shows, 70 percent of the General Fund (\$18.5 million) pays for people (salaries and benefits), and the majority of those people are school staff such as teachers.

Purchased Services accounts for 15 percent of the budget (\$4.0 million). This includes utilities, legal services, contracted work, and other services we do not provide for ourselves and must purchase from outside agencies.

Supplies and Equipment are only allocated 4 percent (almost \$1.0 million) of the General Fund.

Other Uses comprises about 11 percent (almost \$3.0 million) of the General Fund. This category includes contingency funds, which are used to pay for unexpected expenses, and the Transfer of Funds account, which are funds that must be transferred to restricted accounts. In addition, this category includes funds used to pay for the retirement of debt from lease/purchase agreements, dues and fees, and operational licenses and permits.

General Fund

