

**Gresham-Barlow School District
Budget Committee 101 Workshop
March 22, 2018 – 7 p.m.
Center for Advanced Learning
Partnership Room
1484 NW Civic Drive
Gresham, OR**

A G E N D A

1. Welcome and Introductions.....Kris Howatt, Board Chair
2. Understanding Components of the Budget.....Mike Schofield, CFO
 - A. Where the Money Comes From.
 - State School Fund (SSF)
 - B. Where the Money Goes (Our Approach)
 - C. How Do We Compare?
3. Roles and Responsibilities.....Mike Schofield
4. Updated Numbers.....Mike Schofield
 - A. How Did We Do In 2016-2017?
 - B. How Does 2017-2018 and 2018-2019 Look?
 - C. Brief Look at 2019-2021
5. Budget Calendar.....Mike Schofield
6. Closing Remarks.....Kris Howatt
7. Adjourn

3/16/18 MS:mkh





GRESHAM-BARLOW SCHOOL DISTRICT 2018-2019 DISTRICT BUDGET DEVELOPMENT CALENDAR

All Budget Committee Meetings will begin at 7:00 p.m., at the Partnership Room/CAL unless otherwise noted.

June 8, 2017	<i>School Board Meeting</i> Discuss Selection of Budget Committee Members to fill vacancies
August – October, 2017	School Board interviews applicants for Budget Committee vacancies
December 4, 2017	<i>District Leadership Team (DLT) Meeting</i> Review budget development process, formula allocations to buildings, funding review and expectations
January – March, 2018	<i>Administration Budget Development</i> Develop preliminary budget assumptions, review state school fund forecast and revenue update from March Economic & Revenue Forecast and Legislative Session
March 16, 2018	<i>Administrative Budget Submittal</i> District Office and Building Administrators submit budget proposals to Business Services
March 22, 2018 (Thursday)	<i>Budget 101 Workshop (Budget Committee)</i> An introduction to State K-12 Funding, the GBSD General Fund Budget and especially for new members, an orientation to the GBSD budget process. Legislative update.
April 21 & 28, 2018	<i>Required Publications</i> Publish Notice of Budget Committee Meeting (5-30 days prior) – April 21 Publish 2 nd notice (at least 5 days after 1 st notice) – April 28
May 10, 2018 (Thursday)	<i>Budget Committee Meeting</i> Elect Budget Committee Officers, Delivery of Proposed Budget Document and Budget Message
May 17, 2018 (Thursday)	<i>Budget Committee Meeting</i> Continued review of proposed budget, opportunity for public input, target date to approve budget
May 26, 2018	<i>Required Publication</i> Publish Notice of Budget Hearing and Financial Summary (not less than 5 or more than 30 days before hearing)
June 7, 2018	<i>Budget Hearing (Regular Board Meeting)</i> Budget Hearing – 6:45 pm at Council Chambers Conference Room, Board adopts budget, make appropriations, and levy taxes
July 15, 2018	<i>Certify Budget</i> Submit to Multnomah/Clackamas County Tax Assessors no later than July 15

BUDGET WORKSHOP

BUDGET COMMITTEE
MARCH 22, 2018

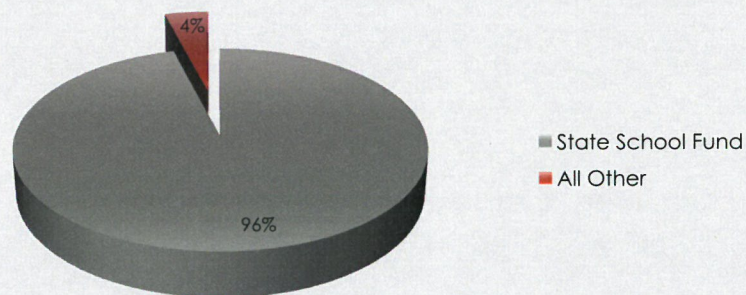
TOPICS FOR TONIGHT

- Understanding components of the budget
 - Where the money comes from
 - Where the money goes
 - Our approach to budgeting
 - How we compare
- Roles & Responsibilities
- Updated numbers
- Next steps/budget calendar

REVENUE

- More than 90% of our general fund budget comes from the State School Fund.
- Property taxes are collected locally, but included in the State School Fund.
- State School Fund is distributed based primarily on students and student demographics.
 - Number of students
 - ELL/IEP/Poverty
 - Teacher experience
 - Transportation

2016-2017 AUDITED GENERAL FUND REVENUE



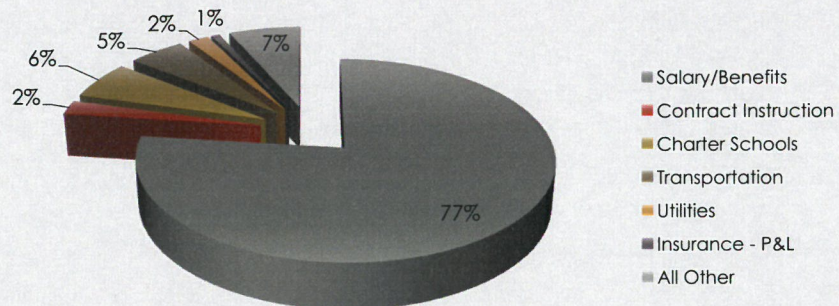
EXPENDITURES – HOW WE BUDGET

- Bargained Amounts
 - Step/Column
 - Cost of Living
 - Professional Development
 - Working Conditions (preparation time, etc.)
 - Benefits (health and other)
 - Leaves (sick, personal, other)
- Cabinet (very defined, justify all)
- Schools
 - Staffing (allocated per student & demographics)
 - Discretionary (allocated per student & demographics)

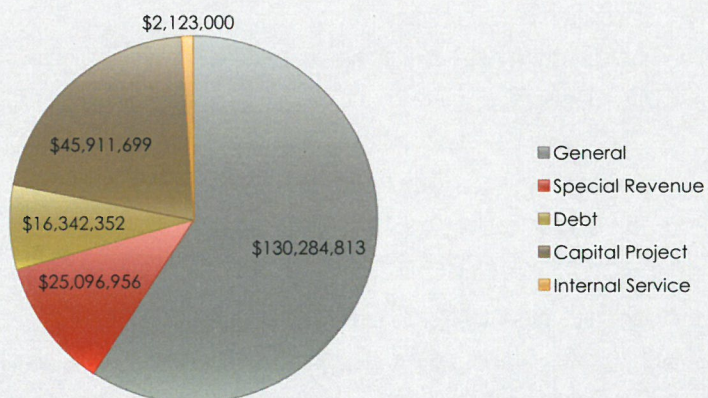
SCHOOLS – A CLOSER LOOK

- Classroom Teachers
 - Currently (K-12) 28-32:1 (lower at K-1)
- Counselors
 - .5 FTE per building (K-5) – with some adjustment
- Music/Physical Education
 - .5 FTE per building (K-5) – with some adjustment
- Special Education (varies)
- English Language Development (65:1)
- Educational Assistants (K-5) – Continued review
- School Administration (secretaries and principals)

2016-2017 AUDITED GENERAL FUND EXPENDITURES



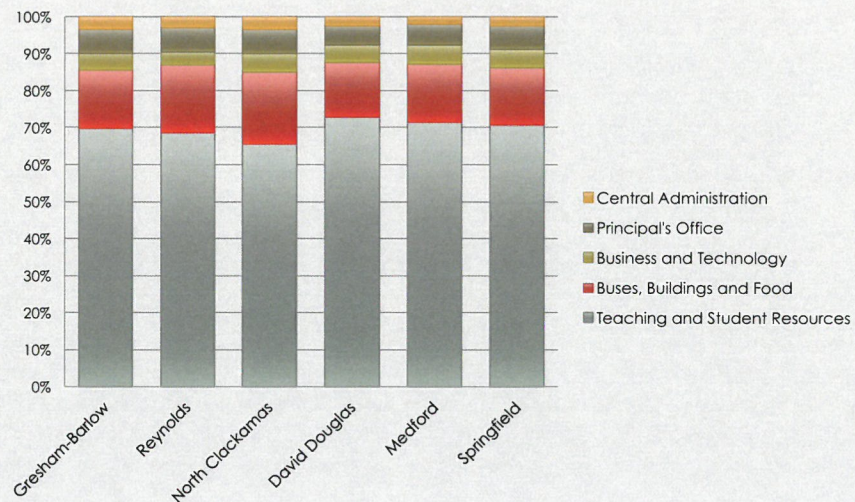
2017-2018 BUDGETED EXPENDITURES \$219.8 MILLION



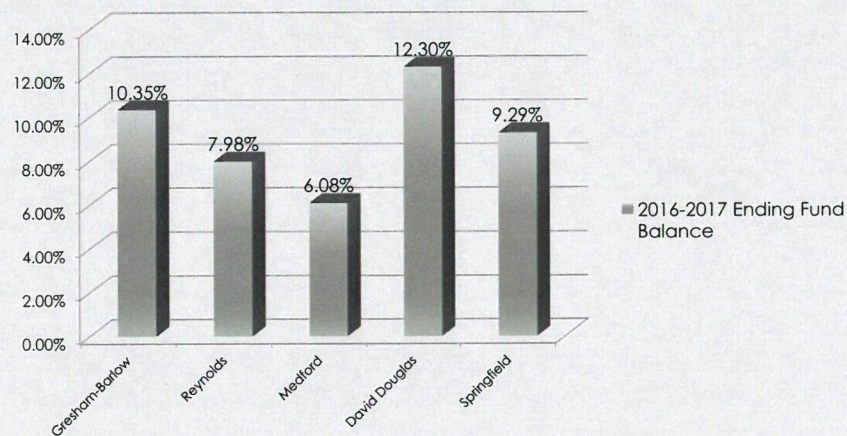
HOW WE COMPARE

- Based on location and/or demographics
 - Reynolds
 - Medford
 - David Douglas
 - Springfield

HOW WE COMPARE 2014-2015 OPENBOOKS DATA



RESERVES COMPARISON 2016-2017 AUDITED DATA



ROLES AND RESPONSIBILITIES

- Administration
 - Charged with presenting the proposed budget to the budget committee. After the budget message, the administration serves in an advisory capacity.
- Budget Committee
 - Approves appropriations, tax rates and amounts.
 - Appropriation approval is by fund/Function. (fund/function/object/center/area/sub-area)
 - Subject to public meeting laws, simple majority.

OPTIONS FOR APPROVAL

- Approve the budget as proposed.
- Increase the appropriation (we think we'll get more \$\$).
- Decrease the appropriation (we think we'll get less \$\$):
- Move amounts between functions – Programs??

FINANCIAL UPDATE

- 2016-2017 How did we do?
- 2017-2018 On track to increase reserves to about \$15 million
 - Why?
 - \$8.2 billion vs. \$8.1 billion budgeted SSF
 - 50%/50% split (we like 49%/51%)
- 2018-2019 stable, but declining revenue. Reserves declining to maintain current service level

2016-2017 PROJECTED VS. ACTUAL

	<u>Spring Projection</u>	<u>Final</u>	<u>Variance</u>
2016-2017			
Resources:			
Beginning Fund Balance	\$10,278,093	\$10,278,093	0.00%
State Controlled	110,016,953	110,065,454	0.04%
Locally Controlled	4,421,836	4,547,966	2.85%
Total	124,716,882	124,891,513	0.14%
Expenditures:			
Salaries	56,728,601	56,623,543	-0.19%
Benefits	30,139,771	30,427,528	0.95%
All Other	25,732,697	25,984,811	0.98%
Total	112,601,069	113,035,882	0.39%

THE NUMBERS

Financial Update - March 18, 2018

Resources	2016-2017 Actual	2017-2018 Budget	2017-2018 Projected	2018-2019 1st Shot	2019-2021 8% Rev. Inc.	2019-2021 10% Rev. Inc.	2019-2021 12% Rev. Inc.
Beginning Fund Balance	\$ 10,278,093	\$ 12,115,813	\$ 11,855,631	\$ 14,621,477	\$ 12,565,063	\$ 12,565,063	\$ 12,565,063
State Controlled	110,065,454	113,929,000	116,971,588	116,087,271	248,630,000	252,965,484	257,396,615
Locally Controlled	4,547,966	4,240,000	4,072,347	4,420,000	8,640,000	8,640,000	8,640,000
Total	\$ 124,891,513	\$ 130,284,813	\$ 132,899,566	\$ 135,128,748	\$ 269,835,063	\$ 274,170,547	\$ 278,601,678
Expenditures	2016-2017 Actual	2017-2018 Budget	2017-2018 Projected	2018-2019 1st Shot	2019-2021 CSL	2019-2021 CSL	2019-2021 CSL
Salaries	\$ 56,623,543	\$ 58,611,831	\$ 57,746,075	\$ 59,947,623	\$ 126,467,052	\$ 126,467,052	\$ 126,467,052
Benefits	30,427,528	34,811,307	34,042,215	35,541,978	81,766,794	81,766,794	81,766,794
All Other	25,984,811	26,518,956	26,489,799	27,074,084	57,119,056	57,119,056	57,119,056
Contingency/Reserve	-	10,342,719	-	-	-	-	-
Total	\$ 113,035,882	\$ 130,284,813	\$ 118,278,089	\$ 122,563,685	\$ 265,352,902	\$ 265,352,902	\$ 265,352,902
Ending Fund Balance	\$ 11,855,631	\$ -	\$ 14,621,477	\$ 12,565,063	\$ 4,482,161	\$ 8,817,645	\$ 13,248,776

Assumptions:

- Based on most recent ODE State School Fund updates for 2016-2017, 2017-2018 and 2018-2019, various biennium increases in 2019-2021
- Includes most recent enrollment adjustments for 2017-2018, flat enrollment 2019-2021
- Includes Bargained agreements, reasonable estimates for 2020-2021
- Staffing roll-up assumed in 2018-2019 current service level - same in 2019-2021
- Includes increase in PERS rates for 2017-2019 and new PERS reserve, estimate of 2019-2021 PERS increase included - PERS reserve NOT used
- Based on the best information available at this time

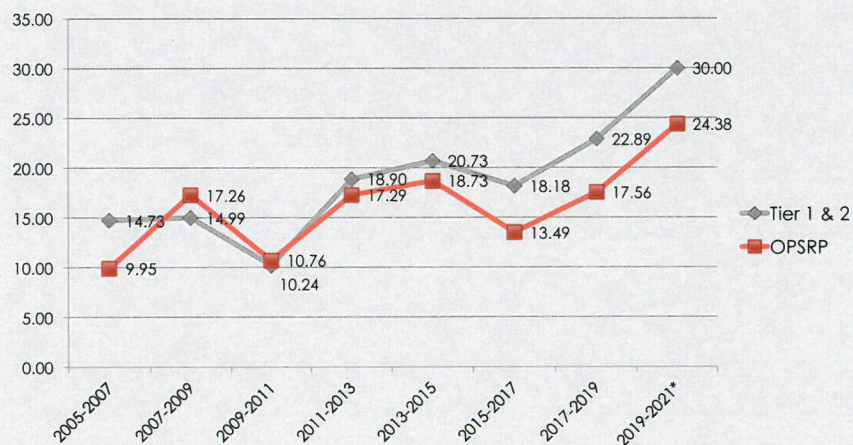
NEXT STEPS

- Budget development underway
 - Mid-biennium, not much mystery in revenue
 - School and district priorities have been identified
- Changes between now and mid-May
 - Budget prioritization process
 - Refine 2017-2018 revenue and expenditures
 - Better budget numbers for 2018-19 (actual staffing rolled up & adjusted)
 - Enrollment updated
 - Revised revenue numbers for:
 - Final 2016-2017 FY State School Fund (state reconciliation)
 - High Cost Disability amount
 - Revised 2017-2018 State School Fund

WHAT I'M WORRYING ABOUT

- PERS, PERS, PERS
 - Rates – historical and projected
 - Legislation – Will it help?
- Capital Construction Bond
 - Exciting and busy!
 - Projects underway
 - GHS, SBHS, NGES, EGES weeks away from start of construction
 - Furniture at select elementary schools complete, middle schools ordered for delivery in the Fall
 - Interior door locks, vestibules, technology improvements, HVAC controls, communications/radios underway
 - Improvements at Kelly Creek and Powell Valley this Summer

GBSD PERS RATES - HISTORICAL/ PROJECTED (INCLUDES PENSION DEBT)



PERS BOARD PRESENTATION 12/1/17

Introduction

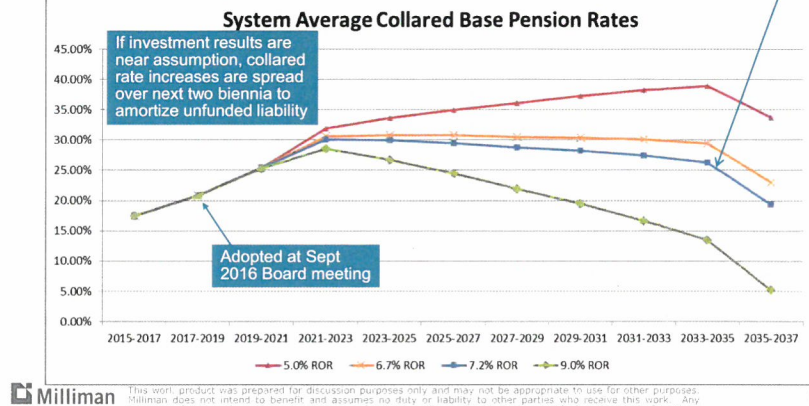
- July: Board adopted updated valuation methods and assumptions, including 7.20% rate of return
- September: Milliman presented system-average results from the advisory December 31, 2016 valuation
 - December 31, 2017 actuarial valuation will develop rates for July 2019 – June 2021
- Today: Long-term financial modeling projections reflecting published investment results through September 30
 - System average contribution rates
 - System funded status
 - System unfunded actuarial liability (UAL)



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Collared Base Pension Rates Current Rate Setting Structure

The steady return model illustrates impact of consistently achieving the assumed 7.20% return (blue line) and three alternative returns



WRAP UP

- Bargaining agreements in place thru 6/30/2020
- As mentioned in prior years, we'll be talking about PERS for a long time
- Lots of excitement and opportunity for our students and community as a result of the bond passed in November 2016