

**MINUTES OF THE  
CANBY SCHOOL DISTRICT  
WORKSHOP AND EXECUTIVE SESSION  
March 7, 2013**

**WORKSHOP SESSION**

**1.0 CALL TO ORDER**

Chair Kraft called the workshop session to order at 6:30 p.m. in the Canby School District Central Services, Meridian room on March 7, 2013. Board members in attendance were Ty Kraft, Tom Scott, Diane Downs, Brendan Murphy, Kristin Downs and Andrea Weber. Andy Rivinus was absent from the meeting. Also in attendance were Superintendent Steach, Linda Martin, Mary Knigge, Tim Oberg, Ray Hughey, Susie Strangfield, Joe Morelock, Pat Johnson, Andy McKean, Jennifer Vandecoevering, Angie Navarro, Sam Thompson, Maureen Callahan, Cindy Bauer, Jennifer Turner, Wayne Layman and Ryan Oliver.

**2.0 INTRODUCTIONS**

Introductions were made.

**3.0 CHANGES TO AGENDA**

Two items were added to the Executive Session agenda, 192.660 (2) (e) to discuss negotiations on real property transactions and 192.660 (2) (h) concerning legal rights and duties.

**4.0 PUBLIC FORUM/ANNOUNCEMENTS**

Chair Kraft acknowledged March 4-8 is Classified Employee Week and thanked the employees for striving to support student learning each day in no matter what capacity they are employed.

He announced the district is seeking four Board of Director members. Position #2, #3, #4 and #7 are needed to serve four-year terms to begin July 1, 2013. Applications are available at the District Office or online at Clackamas County Elections. Deadline for filing is March 21, 2013.

Ty also announced there is a Budget 101 Workshop on Monday, April 8 at 6:30 p.m. in Room 1 at Canby High School's 4<sup>th</sup> Street Center. Information will be presented regarding how a budget is developed, the role of the budget committee, historical information and projections, where the money comes from, how money is spent, and where the district is headed.

Trost PTA President, Jennifer Vandecoevering apologized for the inappropriate Facebook posts on the PTA Facebook Page regarding comments on the DLI and non-DLI programs. The comments have been removed and she discussed appropriate social media behavior with the parties involved.

## 5.0 INFORMATION/DISCUSSION ITEMS/ACTION ITEMS

### 5.1 2013-2014 Budget Status

In building the Canby School District budget, the ultimate goal is to ensure our expenditures do not exceed the available revenue. The first step in this process is to understand what revenues are available. For the upcoming budget cycle, the following information is needed to adequately estimate available revenue:

#### **State SSF Budget (Current Estimates are \$6.7 billion)**

Each full legislative session, the state appropriates a total amount to be distributed to all K-12 public schools. This amount is distributed according to the State Schools Funding (SSF) formula. In addition to funding for total student enrollment, the formula adds weighting for Poverty, Limited English Proficiency, Teen Parents, Special Education, Foster Care, and small/remote schools. There is also an overall adjustment for teacher experience/longevity. These total weightings are used to identify the overall percentage of the state allocation provided to each district.

Historically, the SSF has provided Canby approximately 1.25% of the total state budget. In this current biennium, the total state allocation was \$5.76 Billion. When divided by two (the amount covers both biennium years) and multiplied by 1.25%, this indicates a current SSF funding level of \$36 million. Canby also received 70% reimbursement for actual reimbursable transportation expenses, which is included in and currently accounts for nearly \$2 million of the SSF fund.

Applying the historical Canby percentage to possible amounts for the next biennium's SSF produces the following amounts.

<b>Total SSF</b>	<b>Canby SSF (1.25%)</b>	<b>Canby Increase</b>
\$6.1 billion	\$38.1 million	\$2.1 million
\$6.4 billion	\$40 million	\$4 million
\$6.6 billion	\$41.3 million	\$5.3 million
\$6.7 billion	\$41.9 million	\$5.9 million
\$6.8 billion	\$42.5 million	\$6.5 million

#### **Enrollment Projections (Estimate 25 ADMr Increase)**

As indicated in the above SSF information, the amount of funds received is directly related to district enrollment. There is a safeguard that allows districts to collect the higher of the current or previous years weighted membership (student attendance). Our current enrollment projections agree with last year's demographer's report and show a 25-student increase.

However, since Canby receives our allocation based upon the percentage of the overall state amount, increases or decreases in total state student membership will also impact our revenue. This current year, overall state membership increased by 0.5%. This will cause our current year revenue to be reduced by this same 0.5% or \$180,000. However, final adjustments for this current year won't be completed until spring of 2014.

**Federal Sequestration Decision (~\$205,000 reduction)**

Canby receives nearly \$3.6 million in revenue from the federal government. This comes in the form of reimbursement for Free & Reduced lunches, Special Education, and a series of Title I, II, & III grants. Current indications are that the Special Education (\$1.2 million) and Title programs (\$1.1 million) will receive a reduction of 8.9% under the current federal sequestration plan. If this occurs, the impact to Canby will be approximately \$205,000.

**Cash Reserves (\$1.6 million reduction)**

For the past several years, Canby has utilized cash reserves to offset more severe program reductions. From an all time high of \$9 million in 2008, Canby started with \$3.86 million in reserves at the start of this school year and we are expect to end with \$2.2 million. This drawdown amount was increased in December when the Board approved (according to contract requirements) the restoration of three school days and half of a reduced holiday. The result is that given the current year's reduction of 8.5 days (2.5 unpaid holidays and 6 reduced Professional Development days), the district is spending \$1.6 million in excess of revenues. An ending cash reserve of \$2.2 million will be just above the policy minimum of 5% and provide little if any revenue support for the upcoming year. This amount was adjusted at the last meeting and will continue to be refined over the remainder of the year. Positive changes to the reserves also reflect a lower level of current spending and improve the district position and reduce the need for additional revenue.

**Expenditures:**

Once revenue is identified, the district will work to ensure the total expenditures are within the available revenue. An outline of the total district budget expenditures is provided below.

**Budget Building Blocks (\$39.8 million)**

- 55.5% - Certificated Staffing Positions (276 positions @ \$22.1 million)
  - a. Classroom Positions (191)
  - b. Pull-Out/Support (50)
  - c. Special Education (35)
- 21.6% - Classified Staffing Positions (214 positions @ \$8.6 million)
  - d. Instructional Assistants (81)

- e. Nutrition Services (41)
- f. Secretaries (30)
- g. Custodial (27)
- h. IT including Building Specialists (15)
- i. Maintenance/Grounds (11)
- j. Security, Translation, Auditorium, Homeless, AP, Bilingual (9)
- 7.9% - Administrative/Confidential Staffing (26 positions @ \$3.1 million)
- k. Principals (9)
- l. Asst. Principals (4)
- m. Confidential (5)
- n. Directors (5)
- o. Managers (2) (Note: Nutrition Services and Transportation Contracted)
- p. Superintendent (1)
- 0.8% - Coaching Positions (70 positions @ \$300,000)
- 14.3% - Non Employee Costs (\$5.7 million)
- q. Building Budgets
- r. Utilities (~\$1.1 million)
- s. Department Budgets (Includes Nutrition Services and Transportation, & copies)
- t. Contracts/ESD
- u. Athletic/Activity Budget

Approximately 85% of the district budget is directly tied to employee costs (salary, benefits, PERS, FICA, Unemployment Insurance, Workers Compensation Insurance, and substitutes). This is controlled either by the amount of total compensation/benefits or the number of employees.

**Employee Contract/Calendar Reductions (\$1.8 million Increase Possible)**

Over the past four years, Canby has frozen and even reduced all employee costs without our control. This has been accomplished through freezing benefits and a series of employee concessions (one year step freeze, reduced paid holidays, reduced school days, and reduced professional development days).

The administration will be meeting with employee leadership to discuss the restoration or continuation of these concessions. To provide a baseline for budget planning, the full restoration of the earlier calendar would require an increase of \$1.8 million. This would restore the full calendar but not include any type of COLA adjustments.

**Employee Payroll Costs (PERS \$2.5 million Increase)**

However, some employee costs are beyond district control. Most notably, PERS has continued to increase over this time of diminishing revenue. While part of this PERS increase has been offset by the PERS bonds purchased in

2001, due to the unprecedented recent rates, the district PERS side account from these bond proceeds is now at the point of depletion. Therefore, the district will now experience the full impact of the rate increase. This has been estimated at \$2.5 million for the 2013-14 school year.

Since the above information was shared in the board packet, Senate Bill 754 has been introduced that would limit the cost of living adjustments (COLA) for PERS retirees to the first \$24,000 of annual PERS benefits paid, eliminate the PERS Oregon tax benefits for out-of state retirees, along with redirecting the six-percent member contribution, reduce the money match annuity and pension spiking. There is a good chance these will be challenged and it will be an 18 month process for a court decision.

**Staffing Levels (\$309,000 Decrease Plus ?)**

Over the past four-year, total employee levels have been reduced by 14%. Throughout the district, staffing levels are not at or below the minimum required for legal compliance with state standards. While it is always possible to further reduce staffing, it is likely that any additional reductions will come at the expense of student safety and/or performance or failure to comply with legal requirements.

One exception to the adverse impact of staff reductions is the movement of the Trost traditional classes. This will allow the district to reduce 3.5 teaching positions going into next year while also greatly reducing the number of combination classes. The expected savings from this (not including enrollment increase at the elementary level) is \$309,000.

**Non Employee Related Costs (NERCs)**

The administration is continuing to scour department and building budgets to identify any possible savings. However, these budgets have been trimmed to bare minimums in past years. With the new financial software system, Mary Knigge is working to ensure that all budget categories are properly identified and adequate capacity is included. We are finding that in the area of utilities, there may be some adjustments required. This information will be brought to the Board when completed.

**Final Summary**

To compare the possible changes in revenue and expenditures, the following table shows the needed SSF funding levels to cover the anticipated/needed cost increases. At this time, the savings in staffing levels are being assumed to cover the NERC adjustments and the possible federal sequestration losses. All other items in the table are cumulative.

<b>Budget Change</b>	<b>Amount (mill.)</b>	<b>District SSF Needed (mill.)</b>	<b>Needed State SSF Level (bill.)</b>
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Supplant Cash Reserve Use	\$1.6	\$37.6	\$6.02
State PERS Rate Increase	\$2.5	\$40.1	\$6.42
Restore Reduced Days & Contracts	\$1.8	\$41.9	\$6.71

## 5.2 All Day Kindergarten

Superintendent Steach reported during the 2011 legislative session, a bill was passed allowing districts to collect full funding for full-day kindergarten attendance during the 2015-16 school year.

Rather than wait until 2015, the administration has discussed creating a pilot tuition based full-day kindergarten program as soon as next year. Principal Sam Thompson has taken the lead on investigating the possible pilot at Carus next year.

Sam's presentation shared information on the philosophy and clarifications, as well as the costs. A survey was sent home with Carus Preschool and kindergarten families showing 60% interested in full day. To be cost effective it would take 14 paying students at \$381 per month for 9 months. Information will also be shared at Trost and Carus Kindergarten registration, with a final decision on May 13 and whether a lottery will be necessary. The Board gave Sam direction to continue to proceed to explore the option.

## 5.3 Transfer Procedure Updates

At the February 7<sup>th</sup> Board meeting, the Board approved the administrative recommendation changing Trost to a DLI magnet school. As a result, the students selection process for the DLI program must be updated. The Board suggested changes on the process for both inter-school transfers and DLI selection on the procedure included in the Board packet. Also, **as a point of clarification, since this procedure is new and in response to the closure of the Trost mainstream program, the term "currently attending" student will only apply to students enrolled at the start of the 2012-13 school year and not to students who have transferred during the current school year.**

The inter-school transfer request application window is scheduled between March 11<sup>th</sup> and April 12<sup>th</sup>. This will allow us to notify families in May of their 2013-14 school of attendance.

Trost Principal Angie Navarro shared information on the updated admission and enrollment process for the Dual Language Immersion classes beginning with the 2013-14 school year. The Board of Directors also made changes to the lottery priority list adding students who live outside the school boundary and have siblings enrolled in the program.

Angie also reported there will be parent information night on Monday, April 22 and Wednesday, May 8<sup>th</sup>. Information will also be distributed at kindergarten registration at each of the buildings.

#### **5.4 Canby School District Property**

Superintendent Steach discussed the listing of the property owned by the Canby School District noting there is an additional lot for another construction house on S.W. 17<sup>th</sup>. He also answered any questions the Board had relative to the properties.

#### **5.5 Capital Project Status**

Over the past year, the Board has had several discussions concerning the spending of Capital Projects funds. This past summer, funds were expended on parking lots and IT infrastructure as identified in the 2003 bond measure. Following the purchase of replacement wireless components and payment of the Carus White building painting, the district expects to have \$480,000 remaining in the Capital Project fund. One item remaining from the initial bond commitment is the boiler at CHS (estimated at \$50,000). Also needed are upgrades to the CHS Softball complex for Title IX equity.

#### **Softball Complex:**

The softball boosters prepared preliminary designs for softball upgrades. These plans included outfield fencing, safety upgrades to backstops, and concrete masonry unit (CMU) construction of dugouts, a team room, concession stand, bathrooms, and an announcer booth. A preliminary estimate for the total project as proposed is \$320,000.

While all of these items are needed to bring the softball complex up to a comparable level as the existing baseball complex, the specific building materials, size, and location may be adjusted to reduce costs. Wayne Layman has been working from this base design to identify areas for possible cost savings.

The primary area of savings could be a change from CMU to wood construction. While this would save in material costs, this may also provide an opportunity for labor savings as well. We are presently discussing the

option of having the CHS construction cluster perform this work next fall/winter. We anticipate completion of the current house project and this would provide a transition year where the current house can be sold and property procured for the next project home.

If the CHS construction cluster performs the work, it will still require some work be contracted. This would include fencing, backstops, utilities, foundation, electrical, and plumbing. We are in the process of collecting estimates for this work to determine an overall revised project cost estimate.

The plan is to meet with the architect and engineer and bring an estimate back to the next meeting if possible. The Board agreed the plan sounds reasonable to move forward on creation of a softball complex that is equitable to that of baseball.

#### **Baseball Booth Upgrade:**

After completion of the CHS baseball complex building, it was identified that the current announcers booth does not meet fire code for emergency egress. Some temporary modifications were made to acquire a temporary use agreement from the fire marshal. Since that time, Cougar Pride has developed designs and performed fundraising to relocate the booth to an acceptable location. The current design is estimated at \$30,000 and the Cougar Pride organization has \$25,000 in funding.

#### **Other Misc. Projects**

Roof replacements, exterior refinishing, and parking lot repairs are also scheduled. These projects are all required to extend the life of our facilities and minimize the excess costs and impact of emergency repairs. As these are larger priced items, many of these were included in the 2003 bond. This has been beneficial to the academic programs, as during decreased funding, these have not taken away from the general fund.

In addition to these large items, there are several smaller projects that have been deferred over the past several years due to funding concerns. Many of these used to be covered in the general fund budget but reductions have precluded this. There are others, such as Archive Storage, which have emerged but have not been prioritized out of existing funds.

### **5.6 Contract Renewals**

#### **5.6.1 Confidential/Supervisory**

#### **5.6.2 Contract Teachers**

#### **5.6.3 Non-renewal Teaching Staff**

#### **5.6.4 Administrator Status**

#### **5.6.5 Probationary Teacher Status**



**MOTION: Diane Downs moved to approve the contract renewals as listed above. Kristin Downs seconded the motion. Motion passed 6-0.**

### **5.7 STEM Partnership**

The Canby School District recently joined the South Metro-Salem STEM Education partnership. This was organized by the Oregon Institute of Technical (OIT) and includes multiple private businesses and school districts. As part of the implementation of the program, the partnership is recommending the hiring of a STEM NET Director who will report to the Evergreen Aviation and Space Museum.

The budget for this position is between \$60-70,000 with \$50,000 coming from industry donations. The partnership is asking districts to contribute to make up the balance. For Canby, they are requesting \$1,000 for the 2012-13 school year. As the state has indicated a desire to invest in STEM initiatives, the administration views this as an investment that may benefit the district in the future.

Andrea Weber noted according to the Oregonian, Evergreen Aviation is under scrutiny regarding money moved among Evergreen Aviation's for-profit, nonprofit operations. The Board agreed to a one-time contribution of \$1,000, however questioned why the oversight of the position was from the museum and not Oregon Institute of Technology (OIT). Superintendent Steach will follow up to get an answer to their question.

### **5.8 Policy First Reading**

*Board Policy GCL, Staff Development-Licensed*

Suggestions were made on the policy to be revised and submitted for final approval at the next meeting.

## **6.0 NEXT MEETING AGENDA**

**6.1 Budget Committee Appointments**

**6.2 IT Hardware**

**6.3 IT Staff Development**

**6.4 Emergency Procedure Updates**

**6.5 Financial Statement and Enrollment Update**

**6.6 2013-2014 Budget Discussion**

Continued discussion will also take place of the softball complex.

## **7.0 ADJOURNMENT**

Chair Kraft adjourned the meeting at 8:45 and will reconvene to Executive Session after a short break.

## **EXECUTIVE SESSION**

Chair Kraft reconvened to Executive Session at 8:53 p.m. in accordance with ORS 192.660 (2) (a), (b), (e) and (h) to consider the employment of a public officer, employee, staff member or individual agent, to consider the dismissal or disciplining of a public officer, employee, staff member or agent, to discuss real property transactions and legal rights and duties.

Board members in attendance were Ty Kraft, Tom Scott, Diane Downs, Brendan Murphy, Kristin Downs and Andrea Weber. Andy Rivinus was absent from the meeting. Also in attendance were Superintendent Steach, Linda Martin, Maureen Callahan and Ray Hughey.

It is requested information discussed in the Executive Session not be disclosed and information discussed in the Executive Session is not to be made public by the news media.

Ray Hughey left the Executive Session at 9:12 p.m. and Maureen Callahan joined the meeting at that time.

The Executive Session adjourned at 10:25 p.m.

Respectfully submitted,

Linda Martin  
Board Secretary

Tyler Kraft  
Board Chair

Approved: