



Reynolds School District #7
Office of the Superintendent
1204 NE 210st Avenue
Fairview, Oregon 97024

May 7, 2015

2015-16 BUDGET MESSAGE

The budget presented in this document represents the financial plan for Reynolds School District. It contains estimates of the revenues and expenditures needed to support the program offerings of the district for a single fiscal year. This message provides background information on the budget process, budget development, and the assumptions and estimates used. In total it demonstrates the District's plan to serve the Reynolds School District students during the 2015-16 school year.

Statewide Revenue

Over the past two decades, several citizen initiatives have changed how Oregon funds public education starting with Measure 5 in 1990. The property tax limitations enacted under Measure 5 and the later Measures 47 and 50 shifted the primary burden of paying for K-12 education from local property taxpayers to the state General Fund. This shift led the Legislature in 1991 to establish a school funding equalization formula. That funding formula, largely based on student enrollment numbers and student demographics, determines how much money each school district will get from the State School Fund to fill the gap between the district's local revenue (property taxes) and its equalization target under the formula. This shift affected how funds are provided to public schools, making them more dependent on the overall economy of Oregon. When the economy decreases and there is a high unemployment rate, public programs and services such as schools are directly impacted because the state's primary source of revenue is based on income taxes.

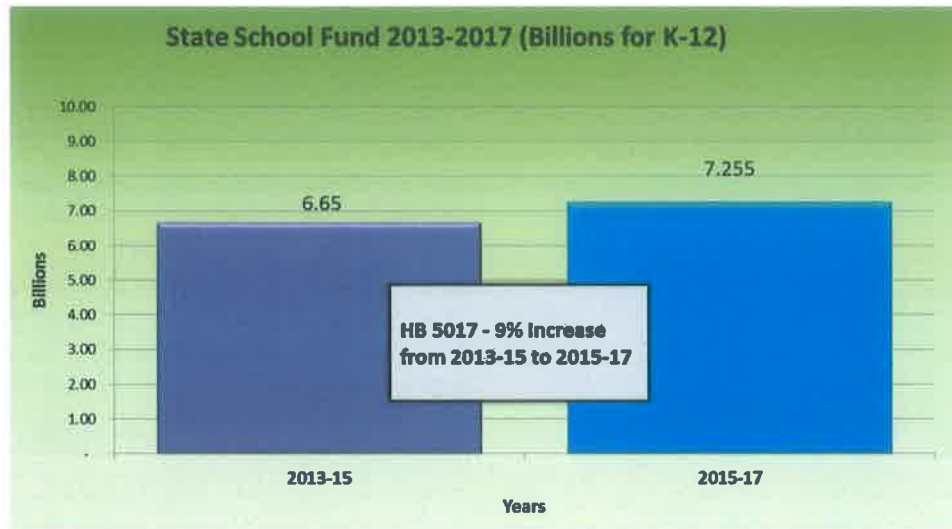
As a result of the economic downturn in 2008 and slow recovery, income tax and property tax collections have decreased and lessened the overall amount of revenue allocated to public programs and is only recently showing signs of improvement.

K-12 Revenue Picture

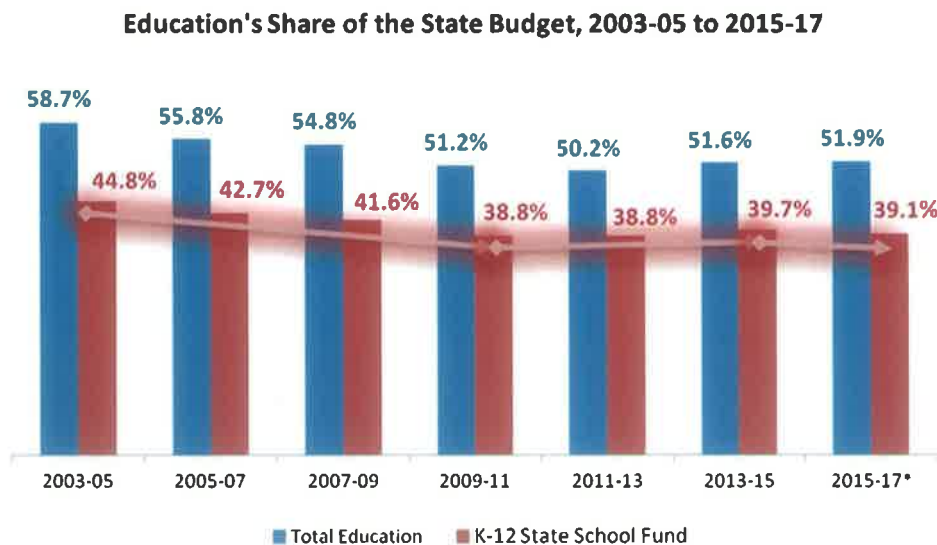
Historically, the K-12 share of state total revenue had been declining steadily over the last 8 years since the 2003-2005 biennium. Between the 2003-05 and 2011-13 biennia, the K-12 allocation dropped from 44.8% of the total state revenue to 38.2% of the total state revenue, a decrease of 6.6%. The State adopted 2013-2015 budget promised increases in spending in education to the \$6.65 billion level, up from \$5.7 billion in 2011-13. With the new budget, came legislation that decreased the employer PERS contributions in an effort to decrease the labor costs to districts. Once the state adopted its budget, however, the budget included a number of carve-outs of the funding to be issued as competitive grants during the biennium and therefore the actual increase in per pupil payments to Districts was lowered.

Beginning with the 2014-15 school year, legislation changed the funding formula for calculating poverty funding that resulted in a positive impact on the Reynolds School District. The 2000 census data is no longer used to allocate funding for students in poverty and the District now receives more accurate funding for serving our students in poverty.

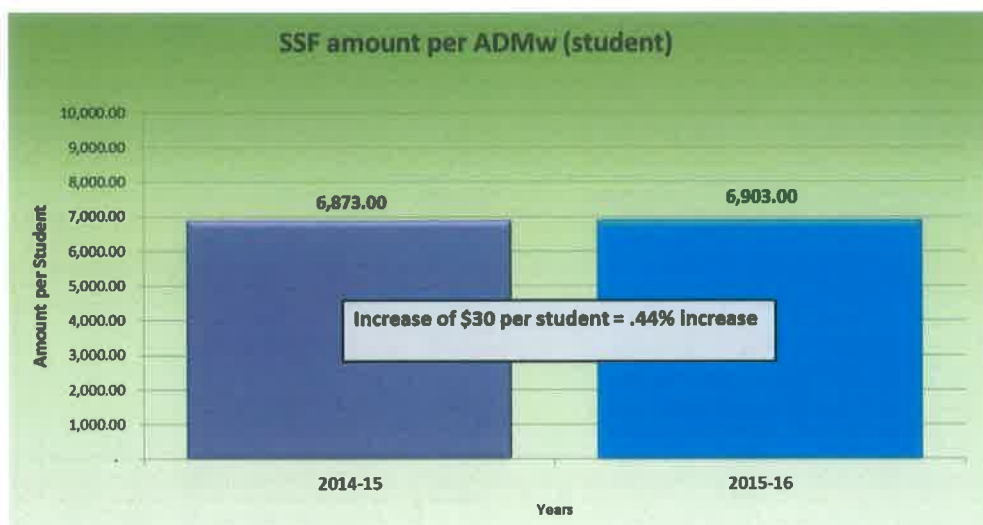
The state's 2015-17 budget, as presently proposed, increases spending on K-12 at the State level by 9% over the 2013-15 Biennium. At first glance, this is great news for K-12 schools.



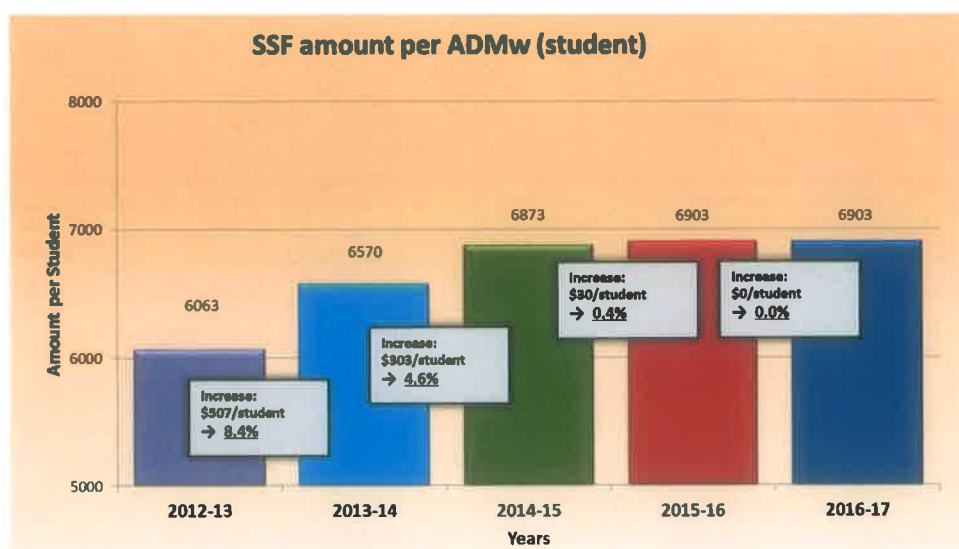
However, the state's overall 2015-17 budget is decreasing the K-12 share of the overall budget. The K-12 share of the budget is actually going down from 39.7% to 39.1%. This means that K-12 education is not receiving a proportionate share of the State's increased resources during the economic upturn.



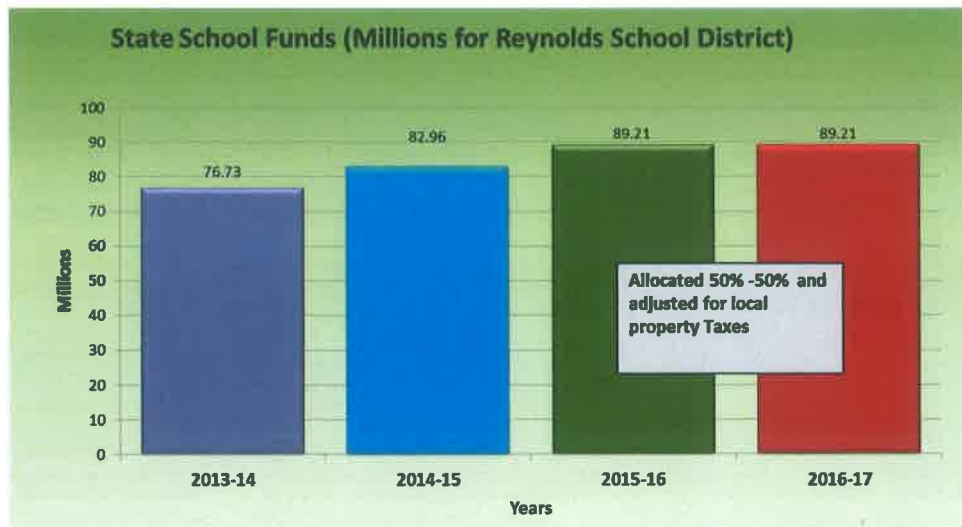
While the State School Fund (SSF) spending level increased by 9% over the 2013-15 Biennium, it includes increases in state carve-outs which result in a minimal 0.44% increase in per student revenue to Reynolds.



Reynolds School District has experienced a steady growth in student average daily membership (ADM) payments since the economy slowly started to improve in 2012-13. The 2015-16 school year will mark the first year of the State paying for 1.0 ADM (full day kindergarten) for kindergarten students, previously paid at 0.50 or half of the rate of any other grade level. This was to be a year of increased revenues for Reynolds as the district had already implemented full-day kindergarten, by using existing resources to work toward improving student achievement. Unfortunately, due to nearly flat funding of the per student rate, the additional resources hoped for to implement additional programs would not be realized.



The state funding issue is compounded by the way the state proposes to disburse funds for the 2015-17 biennium. Typically, the State School Fund allocations are divided over the two years with 49% of the budget being disbursed in the first year and 51% in the second year. This methodology is in place to acknowledge that the second year costs to districts in a biennium are expected to be more than the first year as a result of labor contract cost increases and increased costs for services and supplies. The 2015-17 budget is proposed by the state to be disbursed at a 50%/50% level. While this provides additional revenues for the biennium up front, it creates an immediate revenue freeze for the second year of the biennium, at a time when we know costs will increase.



The February State Revenue Forecast showed that the State will have a reserve account balance of \$336 million, plus a projected General Fund ending balance of \$347.7 million. It further reported that as a result of the growth in state revenues, the biennial revenue growth will hit the 2% kicker threshold, which requires the State to refund collected revenues.

As a district, we are hopeful that the May 2015 economic forecast will be positive and result in additional funding for K-12 education to assist with the second half of the biennium.

BUDGETING A PLAN

Reynolds School Board Adopted Budget Goals

The Reynolds School Board set the following budget goals to guide the 2015-16 program delivery planning work completed by the District's Administrative Team. Once the plan was in place, the budget was prepared in such a way to fund the plan's implementation.

2015-2016 Board Budget Goals

Board Goal #1: Student Achievement

Budget Priorities:

- Support Board/Superintendent Action Plan
- Expect proficient readers by the end of 3rd grade
- Expand athletics and activities opportunities
- Design and actuate caring school communities initiative
- Optimize technology to meet the needs of digital learners
- Broaden extended learning and dropout prevention programs
- Continue investment in current textbook, e-text, and/or instructional materials in compliance with the state adoption cycle

Board Goal #2: Equity

Budget Priorities:

- Support Board/Superintendent Action Plan
- Enhance equity work to support district initiatives
- Align English Language Learner (ELL) Resources with ELL Services

Board Goal #3: Fiscal Responsibility

Budget Priorities:

- Support Board/Superintendent Action Plan
- Maintain a 5% unappropriated ending fund balance per board policy
- Provide safe, smart, and sustainable learning environments
- Design professional development opportunities

Board Goal #4: Communication

Budget Priorities:

- Support Board/Superintendent Action Plan
- Expand district academic partnerships

2014-2015 Superintendent and School Board Goals and Action Plan

The District focus is described in four Target Areas in order to further define goals and action plans for completion of the work and the measurement of outcomes.

Student Achievement

- Academic Achievement
- Academic Growth
- Graduation

Fiscal Responsibility

- Sound Financial Plan
- Safe School Environment
- Long Range Facilities Plan

Communication

- District-wide Communication Plan
- Engagement Strategies

Equity

- Narrow Achievement Gap
- Eliminate Racial Predictability and Disproportionality
- All Students Graduate

Formulation of the Budget Plan

Like the last two years, the theme for the budget process for 2015-16 is to budget a plan, not plan a budget. This change in practice began in 2012-13 and created a tremendous opportunity to commence the budget work through meeting individually with staff and principals to gather feedback on requirements for their school and departments, such as staffing, supplies, technology, and facilities, and taking the budget process down to the student and building level. With a District of this size, the process is a long and detailed one but well worth the investment of time. Quality information continues to be gained about each building and its student population. With this knowledge and feedback, the plan of action for 2015-16 was summarized, and the work began by aligning budget funding for 2015-16 to the plan, specifically, toward attaining the District goals and the adopted Board Budget Goals.

Board Budget Goal:
Student Achievement

Support the Board and Superintendent 2014-15 Action Plan
Expect Proficient Readers by the end of 3rd Grade

To Improve Academic Achievement, Academic Growth and Graduation Rates. The following will continue or has been placed in the proposed budget for consideration:

Curriculum and Instruction Budget:

- Offer full-day kindergarten at all eleven of the District's elementary schools
- K-12 literacy framework and its components: including a comprehensive assessment system, leveled materials, and the professional development to ensure a high quality implementation
- Committees at the elementary and secondary levels to:
 - support the implementation of the literacy framework
 - build framework for math instruction and study potential materials for adoption
 - strengthen and continue systematic implementation of Response to Intervention
- Professional development in instructional techniques and specific program delivery, including ongoing project GLAD, SIOP, and Mathematical Practices trainings
- Professional development in Common Core State Standards, and Scope and Sequence in the four content areas and in English Language Development (ELD)
- Continuation of Language Coaches in the ELD Budget to provide professional development to teachers
- Ongoing materials purchases
- Maintain Talented and Gifted (TAG) funding

Student Services Budget:

- Research-based curriculum in reading and math aligned with the Common Core State Standards in order to target students with difficulty in these areas
- Training on the curriculum and providing additional time for special education teachers to work alongside general education teachers to collaborate on students who struggle in reading and math

Technology Budget:

- Technology Plan implementation, continuing enhancements and redesigning technology and data collection, reporting staffing to improve efficiencies, and meeting the District's technology needs
- 2:1 student devices for K-6 classrooms together with the wireless systems where needed

- Teacher technology grant program to encourage technology enhancements in the classroom
- Teacher on Special Assignments (TOSA) for Technology Instruction to provide additional training opportunities to licensed staff on the use of technology in daily classroom instruction

Expand Athletics and Activities Opportunities

- Continue expanded middle school sports programming
- Provide transportation to off campus practices to expand access to all students
- Continue Challenge Day at all middle schools and Reynolds High School

Design and Actuate Caring School Communities Initiative

- Continue Restorative Justice Staff at Alder and Hartley
- Continue Behavioral Intervention Specialist at Glenfair
- Continue Assistant Principal positions at Alder and Glenfair
- Expand partnerships with Multnomah County for additional Social Worker and Counseling supports
- Provide additional supervision on student buses to promote positive behaviors

Optimize Technology to Meet the Needs of Digital Learners

- Maintain 2:1 student to device ratio K-6
- Continue Instructional Technology TOSAs and technology support staff
- Continue wireless system expansion for student and other devices

Broaden Extended Learning and Dropout Prevention Programs

To improve the graduation rate for each and every student, particularly within subgroups. The following will continue or has been placed in the proposed budget for consideration:

Curriculum and Instruction Budget:

- Opportunities in the Advancement Via Individual Determination (AVID) college readiness program
- Credit recovery and second opportunities to earn credit at the high school level

- 2 Language Coaches for GLAD and SIOP Training
- Outdoor School for all 6th Grade students – full week in 2015-16
- Full Day kindergarten at all elementary schools
- Education Assistants in every kindergarten classrooms for first 30 days of school
- Online high school academy
- Provide 9th Grade Counts program – formerly grant-funded
- Continue 9th Grade Academy implementation
- Expulsion prevention program 6-12

Student Services Budget:

- Positive Behavioral Interventions and Supports (PBIS) Structure for grades K-8, and Challenge Day diversity awareness and anti-bullying program at all middle schools and Reynolds High School

To continue the work of redesigning of high school Special Education offerings, case management, and self-contained classrooms in order to increase the graduation rates for students in Special Education. The Student Services Department has budgeted for the following:

- Continue focus on high school special education course offerings in order to increase the graduation rates, including dual endorsed teaching staff with general education content
- Continue to support class for students with severe behavior needs in order to keep students on-track and in school
- Implementation of restorative practices to reduce suspensions and expulsions

Continue Investment in Current Textbook, E-Text, and/or Instructional Materials in Compliance with State Adoption Cycle

- Elementary literacy and math materials
 - Secondary literacy and math materials
 - Social skills curriculum for all kindergarten classrooms
 - Student electronic devices and apps
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Board Budget Goal:**Equity****Support the Board and Superintendent 2014-15 Action Plan**

- Raising the achievement of all students while narrowing the gap between the lowest and highest performing students
- Eliminating the racial predictability and disproportionality in all aspects of education and its administration
- Ensuring all students, regardless of race or class, graduate from Reynolds School District ready to succeed in a racially and culturally diverse, local, national, and global community

Enhance Equity Work to Support District Initiatives

- Grow Your Own Initiative – Bilingual Pathways Program & ELD Cohort with Partner Universities
- Cultural Responsiveness Training
- Equity Teams – Building Initiatives
- Systems Development for Assessment and Accountability in Equity
- Regional Equity Conference

Align English Language Learner (ELL) Resources with ELL Services

- Offer Full Day kindergarten at all elementary schools
- Expand FTE to support student counts
- Expand FTE to support newcomer programs
- Continue Equity Officer and Conference Budgets
- Expand GLAD / SIOP Trainer of Trainer Capacity
- Continue GLAD implementation K-6 and expand sheltered instruction systems to secondary schools
- Aligned 91.4% of State School Fund ELL Funding to ELL Direct Supports and remaining 8.6% for ELL Indirect Supports
- Continue ELD TOSA for professional development of ELD teachers and School Administrators

Board Budget Goal:
Fiscal Responsibility

Support the Board and Superintendent 2014-15 Action Plan

Much of the work around fiscal responsibility, implementing best practices, and refining the overall process within budget preparation happens during the development of the detail and evaluation of labor placement, revenue, and expenditure estimates and cannot be pointed out in terms of budgeted expenditures. Specific expenditures within the proposed budget that demonstrate the continued work in fiscal responsibility are as follows:

- Enhance the 2012 ODE Chart of Accounts implementation within the proposed budget for compliance and to assist in more accurate reporting of revenue and expenditure data by subject, grade level, and school
- Research and align classroom and licensed support full-time equivalents (FTE) down to the sections taught to increase efficiencies
- Staff FTE to the minimum to operate each building based on projected enrollment, monitoring class sizes, and allow for a contingency budget to be used for FTE wherever required, following the first 10 days of school should student attendance exceed enrollment projections
- Allocate music and physical education (PE) FTE at the elementary level at a minimum fixed 0.50 FTE each to provide principals the opportunity to have their instructional needs drive their school schedule as opposed to days and times that music and PE teachers can spend time in the buildings, with an additional benefit of dealing with the licensed prep-time needs
- Allocate Portland Art Tax estimated funding to the four eligible Elementary Schools, Alder, Glenfair, Margaret Scott and Wilkes, and continue expanded music and art FTE at those sites
- Align classified staff FTE to locations based on measureable criteria, such as enrollment and student mobility rates, where applicable, and square footage of space to be cleaned or mowed
- Continue the work in facility maintenance and operations budgets to budget the plan for improvements and specific projects to be completed based on facility assessments and the facility master plan
- Continue the work of creating building allocation budgets on prioritized, expressed building needs for the year and not strictly on a per student basis
- Continue to fund furniture, fixtures, and equipment budgets to replace broken, dilapidated or non-repairable furniture in use in school classrooms and buildings to continue an annual replacement cycle and improve student ergonomics and learning experiences in classrooms
- Continue technology replacement project with another round of computers proposed to replace student and teacher computers that are older than six years old and add technology to the classrooms for instruction and student use in the middle and high schools for core subjects

- Continue to acquire ERate approvals annually that result in an 86% reduction in the District's telephone and internet costs
- Secure facility energy efficiency audits and qualify planned improvements for SB1149 funding for 2015-16

Maintain a 5% Unappropriated Ending Fund Balance per Board Policy

- Budget includes the required 5% unappropriated ending fund balance

Provide Safe, Smart, and Sustainable Learning Environments

- Continuation of District Safety Officer
- Security camera monitoring budget at Reynolds High School
- Addition of Student Resource Officer at Walt Morey Middle School, bringing the total to 5 Student Resource Officers in the District's secondary schools
- Annual bus replacement cycle
- Annual technology replacement cycle
- Annual student furniture replacement cycle
- Replacement of kitchen equipment at various sites and expanded serving lines at Reynolds High School
- Facility improvements including roof restoration, classroom readiness where repurposing of space for classroom use is required, security upgrades at Sweetbriar Elementary, upgrades to all building panic button hardware, new and replacement security camera systems, and concrete and asphalt maintenance and improvements.
- District voters will decide on May 19, 2015 whether the District should bond for \$125 million for capital construction. In anticipation of that vote, a new Bond fund has been created in the proposed 2015-16 Budget to reflect the bond sale proceeds and appropriate capital expenditures.

Design Professional Development Opportunities

- Technology training
- Mathematical Practices training
- Continue Instructional Coaching at grades K-8
- Expanding Instructional Coaching at non-Title Schools - Walt Morey Middle School and Reynolds High School

- Ongoing professional development: continue GLAD, sheltered, and IRLA implementation
- Adding English for Speakers of other Languages (ESOL) Certification cohort through a partnership with Marylhurst University

Board Budget Goal:

Communication

Support the Board and Superintendent 2014-15 Action Plan

To refine and implement the district-wide communications plan for internal and external communication in order to promote the District as a professional, responsive, and well-managed organization dedicated to student achievement. The proposed budget includes the following:

- Increase innovative delivery of information
- Increase regular communication with patrons
- Positive image campaign
- Media relations

To develop increased capacity and engagement in school and district activities for the purpose of meeting student needs and removing barriers to student success. The proposed budget includes the following:

- Increase capacity for community engagement

Expand District Academic Partnerships

- Continue SUN program at Hartley, Salish Ponds, Wilkes, and Woodland Elementary Schools, and Reynolds Middle and High Schools, and expand to Fairview Elementary School and Walt Morey Middle School
- Continue Boys and Girls Club program at Margaret Scott Elementary School
- Continue SEI services at HB Lee Middle School and Reynolds High School
- Continue College Possible
- Expand Middle College with Mt. Hood Community College
- Expand Raider to Raider Tutoring through partnership with IRCO
- Expand Project Lead the Way to the Middle School Level

BUDGET DEVELOPMENT

Revenue Assumptions

General Fund

The District's 2015-16 service plan is based on a number of revenue assumptions. The largest source of District revenue comes from the State School Fund and is determined using projected student enrollment in the District and projected transportation expenditures. As of the date of this message, the District's estimate of revenue and resources that will be available for District use in 2015-16 is based upon the following revenue assumptions:

- The District Average Daily Membership Weighted (ADMw) for 2015-16 is projected to be 15,698.23, up from the current 2014-15 ADMw of 14,691. This total includes full (1.0) weight for kindergarten students, prior to 2015-16, the state only paid for half (0.50) day for kindergarten students.

The increase in overall ADMw is a result of projections received from the District's charter schools, the exiting 2015 senior class being the smallest class district-wide, and the addition of the full-day kindergarten of 1.0 ADMw. There are projected to be 1,064 kindergarten students in Reynolds schools or charter schools in 2015-16, representing an additional 532 ADMw weights for funding.

The projected increase in overall student enrollment, beyond the 532 kindergarten weights, is 128 students. The increase is comprised primarily of projected increases in students in the District-sponsored charter schools as compared to the 2014-15 April enrollment estimates.

- The estimated State School Fund (SSF) distribution is based upon the Biennial Budget of \$7.255 billion identified to support K-12 education statewide for the 2015-2017 biennium. It is further assumed that the biennial budget will be paid out for the first half at the rate of 50% for the first year of the biennium. Based upon the District's projected enrollment and the State's projected funding level, the Reynolds School District estimates \$90 million in State School Fund revenues for 2015-16.
- The estimated property tax revenue to be collected by the District during 2015-16 is \$23.5 million and is based upon a 3.5% growth factor and a 94.6% collection rate as estimated by the Oregon Department of Revenue.
- The District's beginning fund balance, considered a resource in the budget process, is estimated to be \$9.6 million at July 1, 2015.
- The Multnomah Education Service District (MESD) pass through or "transit" dollars anticipated for 2015-2016 are based upon changes to the service plan selection. Additional revenues have been identified in order to fund the Early Childhood and Functional Living Skills (FLS) services for students with District staff rather than to utilize MESD services.

The weights applied to reach the 15,698.23 overall weighted membership number are noted on the chart below and are based on the weight distribution among the existing Reynolds' student population, the increased number of identified English language learners (ELLs), and the decreased number of special education students

exiting with the Class of 2015 as compared to the projected incoming number of special education students for the 2015-16 school year.

2015-2016 Enrollment Projections							
	Weight	Reynolds Proper	MLA	RAA	ACE	KNOVA	Weighted Totals
ADMr (Students)	1.00	10,750.50	316.00	210.00	12.00	420.00	11,708.50
ESL	0.50	3,012.00	6.00	9.00	-	101.00	1,564.00
Pregnant/Parenting	1.00	12.00					12.00
IEPs Capped 11%	1.00	1,287.94					1,287.94
IEP Over 11% Cap	1.00	229.60					229.60
Unfunded IEP	-	224.46					-
Poverty	0.25	3,211.58	94.40	62.73	3.58	125.47	874.44
Foster Care	0.25	87.00					21.75
Totals							15,698.23

Despite the funding formula enrollment total, of the 15,698.23 the number of students projected to be served in 2015-16 is actually 11,708.5. That number is shown on the chart below as “ADMr” or Regular Average Daily Membership. The increase for 2015-16 of 660.22 as shown includes both the full-day kindergarten adjustment (532) as well as increases in projections from a number of schools and charters.

Recent Enrollment Data Including Charters				
	2013-2014 Weighted Actuals	2014-2015 Weighted Estimates	2015-2016 Weighted Totals	Change in 2015-16
ADMr (Students)	11,028.79	11,048.28	11,708.50	660.22
ESL	1,320.13	1,388.05	1,564.00	175.95
Pregnant/Parenting	6.83	4.82	12.00	7.18
IEPs Capped 11%	1,213.01	1,214.66	1,287.94	73.28
IEP Over 11% Cap	229.60	188.20	229.60	41.40
Unfunded IEP	-	-	-	-
Poverty	573.16	825.66	874.44	48.78
Foster Care	24.50	21.75	21.75	-
Totals	14,396.02	14,691.42	15,698.23	1,006.81

Nutrition Service Fund

Revenues are based on projected enrollment with existing free and reduced lunch rates for the upcoming year. Proposed revenues will include a slight rate increase for paid lunches as required to continue the work of bridging the gap between paid and federally-funded school lunches.

Federal Programs

Revenues are based on a projected increase in Title, IDEA and School Improvement Grant programs at an estimated average of 18% from the current year revenues. The majority of the increase is based on carry-forward amounts to be spent by September 30. Some increases are anticipated for Federal grants over various grant programs utilized for 2015-16.

Bond Funds

Revenues are based on a projected passage of the May 19, 2015 capital improvement bond. Should the bond pass, it is much easier to move forward with budget authority than to reconvene the full Budget Committee to modify the proposed budget after May 19. In the event the bond measure should fail, the approved budget would be modified to remove all reference to a new bond while at the School Board adoption level.

Expenditure Assumptions

General Fund

The District's 2015-2016 plan is based on a number of expenditure assumptions. As is the case with any educational entity, the largest expense of the District is labor. The proposed staffing framework is based upon a comprehensive evaluation of staffing across all labor groups, departments, and buildings to align to the 2015-2016 plan with emphasis on the Board and Superintendent Goals and overall Board Budget Goals.

The District's anticipated expenditures are proposed to exceed the projected 2015-2016 revenues by \$850,000. This amount represents a decrease in the **budgeted** spend-down of the District's reserves by \$10,537. However, the total one-time expenditures in the proposed 2015-16 budget is \$4 million. This means that \$3.17 million of the current year revenues are being spent on one-time current year expenses, not on ongoing expenses.

It is important to note that the committed contingency amounts identified in the budget are to cover a variety of items, such as:

- FTE for enrollment in excess of projections;
- Summer 2015 facility project contingencies;
- Carry-forward revenues for the second year of the biennium; and
- Uncommitted amounts for unforeseen expenses.

Reynolds School District is fortunate that it has additional resources to support the expenditure budget where the current year's revenues fall short. The focus of any proposed spend-down beyond current year revenues has been on one-time expenditures or projects in curriculum and instruction, facility improvements, technology, and furniture, fixtures and equipment. As was the case the last two years, the 2015-16 Budget does **not** propose spending down reserves for ongoing expenditures such as labor.

As of the date of this message, the estimate of expenditures for 2015-16 is based upon the following assumptions:

- The salary schedules for administrative and confidential employees are based upon an agreement in the process of being negotiated and represents a 2% Cost of Living Allowance (COLA) increase along with a scheduled step increase.
- The salary schedule for classified staff is based upon year two of the negotiated 2014-2017 contract and represents a 2.0% COLA increase along with a scheduled step increase and an average of \$1,075 in monthly insurance caps depending on the length of year worked.
- The salary schedule for licensed staff is based upon year two of the negotiated 2014-2017 contract and represents a 2.0% COLA increase with a scheduled step increase that ranges from 1.04% to 1.91%.
- The Public Employees Retirement System (PERS) Board released contribution rates for the biennium beginning July 1, 2015.
 - Tier 1 and 2 Employer PERS Rate is set at 6.51% - down from 9.71% in 2013-15
 - Oregon Public Service Retirement Plan (OSPRA) Employer PERS Rate is set at 1.82% - down from 7.71% in 2013-15
- The Public Employees Retirement System (PERS) Unfunded Actuarial Liability (UAL) requires a 10.5% rate applied to PERS eligible payroll to cover the annual bond payments.
- Other employer labor costs are based on the assumption of 7.65% FICA, .43% - 4.10% rates for Workers' Compensation, and a self-funded unemployment rate of 0.25%.
- Projected FTE cuts from reductions in federal funding were absorbed into General Fund vacancies created through retirements or resignations wherever possible to avoid reduction-in-force layoffs.
- The expenditure budget includes a full school year with no cut days or furlough days proposed.
- E-Rate savings are taken as a reduction in the District billing for telephone and Internet services. The District took full advantage of the E-Rate qualification process beginning again with the 2012-2013 school year, after sporadically collecting ERate funding for a number of years. In order to receive benefits for the 2015-2016 school year, the application and eligibility process was completed in the spring of 2015. These savings will represent 86% of what the District has historically spent on telephone and Internet services, an estimated \$125,000 in savings for 2015-2016.

Nutrition Service Fund

Expenditures are based on labor-rate changes as noted above, projected contract services, commodity-rate increases, and continuing capital improvements within the District's food service locations. 2015-16 will be the first year in a new five-year contract with a contracted management and commodity vendor.

Federal Programs

Expenditures are based on labor-rate changes as noted above, together with the projected increases in Federal Title and IDEA and School Improvement Grant programs at an estimated 18% for 2015-16

Bond Funds

Expenditures are based on a projected passage of the May 19, 2015 capital improvement bond. Should the bond pass, it is much easier to move forward with budget authority than to reconvene the full Budget Committee to modify the proposed budget after May 19. In the event the bond measure should fail, the approved budget would be modified to remove all reference to a new bond while at the School Board adoption level.

Proposed Changes to Previously Contracted Services

In 2012-13, the Functional Living Skills Program (FLS) served 23 high-needs Reynolds students. This program was operated by the Multnomah Education Service District and supported by resolution funds. Beginning in 2013-14 and again in 2014-15, the Reynolds School District expanded its FLS program utilizing MESD resolution dollars in the form of transit dollars to serve 8 additional students each year. These dollars are transferred from the MESD to the District's general fund. The 2015-16 budget includes serving the same 16 students directly using MESD pass-through dollars. The total transit dollars that will be received by the District from the MESD specifically for the 8 FLS students are estimated at \$541,822.

OTHER BUDGET CONSIDERATIONS

Spending Down District General Fund Reserves

The District has been utilizing reserves to balance the annual budget for several years. The proposed 2015-2016 budget utilizes \$0.85 million in reserves to offset the expenditures proposed that exceed the current year's revenues. This represents a reduction in budgeted spend-down when compared to the \$0.86 million budgeted in 2014-2015 as noted on the following table:

GENERAL FUND BUDGETED SPEND-DOWN OF RESERVES					
2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
3,065,032	3,926,000	6,654,722	1,941,539	860,537	850,000

The reduction in proposed budgeted spend-down is a result of increased State School Fund Revenues, anticipated PERS savings, changes to expenditure practices, and budgeting contingencies and unappropriated ending fund balance to roll forward to the second year of the biennium where no revenue increases are anticipated. The District continues to meet the goal of using current year revenues for current year and ongoing expenses, including \$3.17 million in one-time expenses from the current year's budget. The goal of the District continues to be the practice of only spending down fund balances on one-time expenditures such as capital and other non-labor costs.

Student-Teacher Ratio Information

During the fall of 2012-2013 some class sizes were inordinately large, particularly at some elementary schools, where FTE had been cut based on a projected decrease in enrollment. The 2013-14 AND 2014-15 budgets reflected additional staff to meet the demand of increased enrollment and allowed for the District to respond with additional FTE where enrollment numbers exceed the projections.

The proposed 2015-16 budget reflects an overall increase of 12.18 FTE when compared to the current 2014-2015 working budget. The additional FTE consists primarily of increases in the licensed teacher labor group and additional hours in the classified labor group and has been distributed throughout the District in a strategic manner in response to projected increases in student enrollment and to support the District's goals of improving student achievement. There are no proposed increases in Administrative or Supervisory FTE in the proposed budget. Proposed increases in FTE are represented in the General (6.76), Federal (3.86), State and Other (0.50), and Nutrition Services (1.06) Funds.

As previously stated, the proposed 2015-2016 budget includes staffing based on projected enrollment with an emphasis on smaller class sizes in grades K through 3. However, principals have the authority in how FTE is actually used in order to support each building's particular needs. The following table outlines the projected student-to-teacher ratio by location:

2015-2016 PROPOSED GENERAL EDUCATION - GENERAL FUND LICENSED TEACHER FTE			
SCHOOL	PROJECTED ENROLLMENT	PROPOSED TEACHER FTE (+ ELECTIVE @ SECONDARY)	CLASSROOM TEACHER:STUDENT RATIO
ALDER	542	21.00	25.81
DAVIS	498	19.00	26.21
FAIRVIEW	398	15.00	26.53
GLENFAIR	530	20.00	26.50
HARTLEY	565	21.00	26.90
M SCOTT	512	19.00	26.95
SALISH	441	19.00	23.21
SWEETBRIAR	389	14.00	27.79
TROUTDALE	407	16.00	25.44
WILKES	432	18.00	24.00
WOODLAND	536	20.00	26.80
HB LEE	841	31.67	26.56
RMS	958	33.67	28.45
WMMS	661	26.66	24.79
RHS / ROA	2707	98.99	27.35
RLA WEST	223	12.67	17.60
RLA EAST/CORI	59	5.00	11.80
4 CORNERS	51	-	
	10,750.00	410.66	26.18
All Day Kindergarten Fully Implemented at all Elementary Schools			

CONCLUSION

This budget document reflects the conscientious effort to continue the practice of maintaining the beginning fund balance over the course of the last year for use on one-time purchases while adjusting staffing levels to match the projected increasing enrollment. The 2015-16 budget document benefits from the reserve balance and it is essential to continue to utilize current year revenues for current year expenses and access the fund balance or reserve only for those one-time needs or to offset increased fixed costs in the short term.

The 2015-16 budget uses \$850,000 of the District's cash reserves, including \$3.17 million in one-time costs for curriculum, technology, facility needs, and site improvements. The projected unappropriated ending fund balance of \$6.41 million represents 5.0% of the total 2015-2016 General Fund resources, which meets Board policy. Additionally, the proposed budget includes a contingency balance of \$2.35 million.

Even in a time of minimal state funding increases, this document supports the District's mission and goals for a quality educational program, a safe and secure learning environment for our students, and resources to continue to attract and maintain a quality workforce.

I would like to acknowledge the work of the entire Reynolds Leadership Team and the District's Finance staff in particular for their hours of work in planning, projecting, and compiling the 2015-16 budget document.

Respectfully submitted,



Linda L. Florence, Ed.D.

Superintendent

Reynolds School District