

PHILOMATH SCHOOL DISTRICT
BUDGET ASSUMPTIONS (revised 5/14/2011)
2011-12

- Payroll – employees awarded Step and Column advances, No cost of living increases (COLAs)
Unless negotiated to the contrary, the Step/Column advances are automatic. Total salary & benefit cost of awarding Step increases is \$181,582.
- Includes a reduction of 9-10 FTE from FY 2010-11. These include known retirements as of today, some reductions in force (RIF). We are limited to the degree that we can absorb retirements without replacing these positions because it increases class size. 49% of the community was against increasing class size (25% favored).
- Planning for a 5-day reduction in the school year. Saving per day = \$37,000 x 5 = \$185,000
60% of community was in favor of more than 2 furlough days to balance budget. The advantage of reducing days is that it saves more jobs and spreads the pain of salary reductions across all employees. The negative is that there are fewer student contact days. Due to contract provisions we are not able to implement this unilaterally; it must be negotiated with the bargaining groups. If we are not able to get this concession, we would need to consider other measures which might include further staff reductions (e.g. it could mean 3 licensed positions @ \$60,000).
- Early Retirement – Transfer of \$260,000 (Anticipated cost \$417,000 - \$157,000 from F705)
There are currently 21 (15 now) Licensed staff and 19 (7now) Classified staff that are eligible or will be eligible to retire within 4 years. We have had more retirements and the cost next year has increased to \$435,000. The district would like to negotiate an end to the early retirement program so that more funds are available for current staff.
- Kings Valley Charter School - \$978,000 based on 160 students (The 2010-11 budget was based on 150 students and \$931,839, but during the year the Board approved an increase to 168.) We are currently renegotiating our agreement with KVCS. After much work over the last two weeks, we are leaning toward an enrollment level of 180 students. The cost would increase to \$1,089,000. However, our fee for administrative costs would increase significantly. This arrangement would result in a net cost increase of \$30,000 over the proposed budget. Another key provision is that KVCS enrollment levels would be flat in years 1-2 and then decrease slightly in years 3-5, thus easing the problem of advancing money for ADM to KVCS prior to us receiving reimbursement the following year. However, this arrangement would produce approximately \$180,000 in administrative fee revenue over the current level (over 5 years). Our current lease has language that ties to the state funding mechanism. This agreement corrects that problem.
- Sale of Kings Valley Property – KVCS would like to purchase the school property. We have discussed this for a couple of years now, but there has been no clear consensus from the Board as to how much or if it should be sold at all. I believe there is consensus that if sold, the funds would be reinvested in income producing property (i.e. forest land) or payment deposited into a capital projects fund. The goal being that we would not use proceeds for any operating activities but it would be dedicated to longer term goals.

- Transportation - \$760,000 (includes \$25K in PHS/PMS athletics & activities) includes increase for fuel hikes. This amount also includes about \$57,000 of KVCS transportation costs that we pay so that they are able to receive the state's 70% reimbursement. We receive this back through the SSF formula over the following year. Going to a 4-day school week would save approximately 9% on our transportation cost. This is the difference between a 148 day vs. a 172 day schedule, net of the state's 70% reimbursement.
- Transfers are up \$13,500 over FY 2010-11, but down from past levels ranging from \$300-\$500K. Summary of reductions - PHS (\$13K), PMS (\$3.5K), Pool (\$10K), Classified F720 (\$10K), Increases – Technology + \$50K
- PERS rate increases (5.45% - 7.48% points) will cost an additional \$400,000. However we are using funds in our PERS reserve fund to offset some of the rate increases.
- In addition to the PERS employer rates, we will see annual increases of debt service payments on our PERS bonds from \$20-\$37K over the next 15 years.
- Athletics – planned \$25 increase in pay-to-play fees. Principal to take on Athletic Director. 51% of community favored (vs 25% against) a modest increase in the pay to play fee. Increases in excess of this level could result in lower participation levels.
- Administrative reductions– Special Director not replaced; Superintendent is managing. Facility Director not replaced; Business Manager overseeing. PHS principal taking on AD. Savings in are approximately \$156K.
- Spend down of Fund Balance – The Proposed Budget presents a balanced budget. Our plan is to spend down approximately \$150,000 in cash to balance the budget. The proposed budget at this time reflects more than that. There is about \$250,000 “of yet to be identified” reductions. We are still evaluating certain positions to determine if we might be able to leave then unfilled due to retirements or other RIFs (Reductions in Force) that could be made without a devastating impact on programs. Other cost saving ideas will be sought to limit the cash spend-down.
- Textbooks – We are behind on textbook adoptions. I have \$60,000 in as a place holder. Susan Halliday is recommending \$245,000 as follows:
 - \$140K Science (\$40K K-5, \$50K 6-8, \$50K 9-12)
 - \$10K HS second language
 - \$95K Social Science (\$40L K-5, \$5K 6-8, \$50K 9-12)
 In addition, we need to purchase HS & MS Math, but implementation of Common Core State Standards may make any purchase now inadequate.
- Dan to provide input on how assumptions relate to changes in educational programs, etc.