

**KLAMATH COUNTY SCHOOL DISTRICT  
BUDGET COMMITTEE MEETING  
TUESDAY, MAY 13, 2008**

The Klamath County School District held a budget committee meeting on Tuesday, May 13, 2008, at 6:00 PM at the Klamath County School District office, 10501 Washburn Way, Klamath Falls, Oregon.

**QUORUM**

Budget committee members in attendance were Lori Baley, Merle Carpenter, Molly Fitzgerald, Lani Hickey, Steve Lowell, John Rademacher, Chris Volk; and Gary Weldon. Also in attendance were Superintendent, Greg Thede; Personnel Director, Paul Poetsch; Curriculum Director, Doug Smith; Special Services Director, James Huntsman; Director of Business Services, Ken Hadlock; and Secretary, Loretta McCulley.

**CALL TO ORDER**

Gary Weldon called the meeting to order at 6:00 PM and led the Pledge of Allegiance.

**ELECTION OF PRESIDING OFFICER**

Nominations were made for Lani Hickey, Merle Carpenter and Lori Baley for the position of presiding officer of the budget committee. Steve Lowell moved, seconded by Gary Weldon to close nominations. After the vote was taken, Lori Baley was voted as the presiding officer with Baley, Carpenter, Fitzgerald, Hickey, Lowell, Rademacher, Volk and Weldon voting in favor.

**CONSENT AGENDA**

Gary Weldon moved, seconded by Steve Lowell, to approve the minutes of the budget committee meeting held on April 17, 2007. The motion passed by a 7-0 vote with Baley, Carpenter, Fitzgerald, Hickey, Lowell, Volk, and Weldon voting in favor. Rademacher abstained from voting since he was not on the budget committee at the time.

**BUDGET MESSAGE**

Greg Thede read the budget message with minor changes as printed in the proposed 2008-2009 budget book.

For fiscal year 2008-2009, revenues will not keep up with increasing costs. Even so, the proposed budget will maintain all existing programs and even provides for a program addition, although the ending fund balance will be reduced to a relatively low level by June 30, 2009.

Klamath County School District, like all school districts in Oregon, receives the bulk of its annual funding from the Department of Education based on the number of students attending District Schools. Over the past decade, there has been a steady decrease in the number of students enrolled in Klamath County School District, with a corresponding decrease in state funding. The budget for 2008-2009 assumes that this trend will continue.

In addition to declining enrollment, Klamath County School District must deal with the one-tenth reduction in funding for every elementary and middle school student in the overlap area. This funding shortfall has been made worse in recent years by a trend for students from District rural, non-overlap schools, who are fully funded, to relocate to the suburbs of Klamath Falls and attend schools in the overlap where they are only partially funded. While enrollment is declining district-wide, the number of partially funded students in the overlap schools has actually increased over the past several years.

Energy costs have risen sharply in the last year. Because of cold winters and great travel distances in Klamath County, the increases in energy costs will have greater impact on Klamath County School District expenditures than it will on most other Oregon school districts.

Medical insurance costs continue to increase at a rate much greater than other costs. Last year, legislation was passed by the Oregon legislature with the promise that medical insurance premiums would not increase in 2008-2009. That promise has proved to be untenable. Medical insurance premiums now are expected to increase from ten to fifteen percent over 2007-2008.

Food costs for 2008-2009 are expected to be greater by five to ten percent over 2007-2008. However, there will be no corresponding increase in the amount that school districts receive from the federal government to operate their cafeterias.

In spite of the financial pressures mentioned above, the 2008-2009 budget provides for continuation of all existing programs plus the addition of one new one. Below are a few highlights of the 2008-2009 budget.

Projected class sizes at all grade levels in the District will be lower than the state averages.

There will be eight Physical Education specialists serving all District elementary schools. This is a new program in 2008-2009. A grant has been received in the amount of \$800,000 to fund salaries. Benefits will be paid by the district.

The District will continue to provide full day kindergarten for all students. The District will not charge tuition for full day kindergarten as is done in many Oregon school districts. The District will continue to provide full day kindergarten for all students. The District will not charge

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The District will continue to have school resource officers stationed at Henley and Chiloquin High Schools.

The talented and gifted specialist will continue in 2008-2009.

The budget contains \$500,000 to continue the maintenance plan begun in 2007-2008.

The curriculum staff will continue its work with literacy as its number one goal.

Staff development will focus on Language Arts, Math, and Positive Behavior Support, all of which will support the district literacy plan.

The District will expand its alternative programs in partnership with KCC to provide Adult Basic Education (ABE) services. The alternative programs and the addition of ABE will make it possible for the District to continue its low dropout and high graduation rates, both of which are better than Oregon state averages.

The District transportation plan includes replacement of one quarter of the District's school bus fleet once every five years. A replacement is scheduled for 2008-2009. Like the previous purchase of twenty-two buses, the 2008-2009 purchase will be funded by a loan that will be repaid over the next five years. The District will recover 70% of the purchase cost from the state over a ten-year period.

The District is being squeezed financially by sharply increasing costs that are not offset by corresponding increases in revenue. Nevertheless, the 2008-2009 budget manages to provide for continuation of all current programs and for the addition of physical education specialists. It remains to be seen whether the District will be able to continue to provide services at current levels beyond 2009 as the state and the nation appear to be headed into a period of simultaneous economic recession and cost inflation.

Molly Fitzgerald inquired about the age a person must be for the ABE services and also the locations where it would be offered. Doug Smith told her a person must be 18 years or older to participate and it would initially be offered at Chiloquin, Henley, and Merrill Elementary.

## **BUDGET SUMMARY**

Ken Hadlock reviewed the duties of the budget committee. He explained how to make the proposed budget into an approved document.

Mr. Hadlock informed the committee that the proposed permanent education limitation for 2008-2009 is \$4.0519/\$1,000 of assessed value for zone one and \$2.7013/\$1,000 of assessed value for zone two (overlap).

Mr. Hadlock reviewed the budget document with the committee.

There was discussion about the following items.

- Tax Anticipation Note.
- Forest Dollars.
- New Buses/Transportation.
- Disappearance of Medicaid Claiming.
- Mutual Agreement Order (MAO) for Henley Wastewater.
- Geothermal at Henley.
- Cost of Fuel.
- Maintenance Plan.
- Coach/Advisor Stipends.
- Top of Scale Pay for Teachers.
- Medical Insurance.

Prior to this meeting, the Board met in a work session. One of the agenda items was sale of property owned by Klamath County School District. By consensus, the Board gave the Administration approval to sale some property. The money would be used for the Henley Wastewater project and/or the Henley Geothermal project. The market value for this property is not included in this budget. Lori Baley requested that line items be added in this budget to account for the property sales. Gary Weldon voiced that he supported Lori Baley's request.

Lani Hickey told the committee that she appreciated the budget layout but would like to be given a more detailed version. Molly Fitzgerald agreed. Gary Weldon did not feel like he needed more detail but encouraged Lani and Molly to request this of Mr. Hadlock.

Merle Carpenter made comparison to the budget process of Klamath County vs. Klamath County School District. There was discussion about how the two entities are different in this process.

Merle Carpenter inquired about the placement and salaries of the School Resource Officers (SRO). Greg Thede told him the decision was made to put a SRO at Chiloquin due to some problems that had occurred there. Even though the second SRO is placed at Henley, the officer is available to other KCSD schools when needed. The Sheriff's office pays  $\frac{1}{4}$  of the officer salaries and the school district pays the other  $\frac{3}{4}$  portion.

John Rademacher had to leave early.

### **APPROVAL OF PERMANENT TAX RATES**

Steve Lowell moved, seconded by Chris Volk, to approve the permanent tax education limitations for 2008-09 for zone one (non-overlap area) of \$4.0519/\$1,000 of assessed value and zone two (overlap area) of \$2.7013/\$1,000 of assessed value. The motion passed by a 7-0 vote with Baley, Carpenter, Fitzgerald, Hickey, Lowell, Volk, and Weldon voting in favor. Rademacher was absent.

### **APPROVAL OF BUDGET**

Chris Volk moved, seconded by Molly Fitzgerald, to approve the budget as amended per request by Lori Baley (under budget summary) to include the line items for sale of property. The motion passed by a 7-0 vote with Baley, Carpenter, Fitzgerald, Hickey, Lowell, Volk, and Weldon voting in favor. Rademacher was absent.

### **ADJOURNMENT**

The meeting adjourned at 8:04 PM with no further budget committee meeting dates needed.

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Budget Committee Chair

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Deputy Clerk