

**School District No. 1J, Multnomah County, Oregon
Work Session of September 16, 2014**

INFORMAL MINUTES

A Work Session of the Board of Directors came to order at 6:06pm at the call of Co-Chair Ruth Adkins in the Board Auditorium at the Blanchard Education Service Center, 501 N. Dixon Street, Portland, OR, 97227

There were present:

Board of Directors:

Pam Knowles, Co-Chair - absent
Ruth Adkins, Co-Chair
Bobbie Regan
Matt Morton - absent
Tom Koehler
Greg Belisle
Steve Buel - absent

Student Representative:

Minna Jayaswal

Staff:

Carole Smith, Superintendent
Caren Huson-Quiniones, Board Office

ENDING FUND BALANCE / BEGINNING FUND BALANCE, AND BUDGET CALENDAR

Ryan Dutcher, Interim Chief Financial Officer, provided a PowerPoint presentation and stated that the District was expecting \$16.8 million more in its ending fund balance. The District books would be closed at the end of August in preparation of the audit.

Director Koehler questioned if there was a way to better estimate the ending fund balance before we adopt the next year's budget. David Wynde, Deputy Chief Financial Officer, responded that the earlier staff does it, the more variability there is and the least comfort we have. Director Belisle reminded families that full-day kindergarten was mandated for 2015-16, but the funding was not. Mr. Wynde added that the District must find \$11 million in the general fund to pay for full-day kindergarten.

Co-Chair Adkins questioned PERS and the judgment that was rendered. Mr. Wynde responded that the most significant long-term risk with PERS are the reforms that the legislature passed a year or so ago which resulted in lower increases that the District would have received; those changes are now being challenged in court. If the changes are thrown out, that would put significant pressure on PERS rates. Mitigating that risk was what was happening in investment returns.

Director Koehler mentioned that in terms of the recommendations of going from 3.9% to 5% contingency, those were risk factors the Board was well aware of when they adopted the budget with 3.9% contingency. Now that we have more money and the same risk factors, staff was suggesting we place more in reserves. Mr. Wynde responded that he was clear at the time of the budget adoption that there was a risk in spending down reserves. It was not the same now as staff was also recommending spending another \$5.8 million.

Director Regan stated that she was concerned that the recommendation does not have any urgency on the student achievement and the graduation rate. She wants to see more urgency; she was not inclined to look at putting 5% in reserves. She would like the money to go into the schools for student achievement. She was also concerned about whether or not we were giving the principals the support they need to be instructional leaders. She would also like more information on how we would invest in the Superintendent's three priorities. Director Belisle commented that he was comfortable with 5% in reserves or 4.5%. Student Representative Jayaswal stated that she would like to see more money being spent; the buildings need more support staff. Director Koehler mentioned that he was comfortable with 3.9% contingency, and that even going down to 3% was appropriate. Co-Chair Adkins comments that she felt it would be prudent to increase reserves to 4.5% as there are always uncertainties; she remains cautious and concerned.

Superintendent Smith stated that staff could go back and build some options based on Board input. Director Regan mentioned that she would like to determine how we can start building a band program.

ADJOURN

Co-Chair Adkins adjourned the meeting at 7:54pm

Submitted by:

Caren Huson-Quiniones, Senior Specialist
PPS Board of Education