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## Budget Committee Minutes April 18, 2023

- Board Members** Peggy Kinkade, Board Chair; Matt McGowan, Vice-Chair; Directors Seana Barry, Gwen Carr, Anthony Georger, Betsy Julian, Carlos Perez and Elizabeth Sanchez
- Budget Committee** Charan Cline, Redmond School District; Steve Cook, Bend-La Pine Schools; Carrie McPherson Douglass, Bend La-Pine Schools; Brad Henry, Bend-La Pine Schools; Keri Lopez, Redmond School District; Sherry Joseph, Sisters School District; Anna Logan, Crook County School District; Kathy Steinert, Redmond School District
- HDES D Staff** Paul Andrews, Superintendent; Wendy Burkhardt, Assistive Technology Specialist; Rochelle Friend, Chief Financial Officer; Anna Higgins, Assistant Superintendent; Coree Kelley, Regional Information Security Officer; Angella La Fontaine, Business Analyst; Shay Mikalson, Chief Student Success Officer; Brook Rich, Regional Director of CTE and STEM; Rachel Went-Chaney, Chief Information Officer; Tracy Willson-Scott, STEM Hub Coordinator and Shelley Knutz, Executive Assistant
- Call to Order** Peggy Kinkade called the Budget Committee to order with a quorum of 16 at 5:38 pm.

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### Election of Budget Committee Officers

- **Brad Henry made a motion to nominate Kathy Steinert as Chair of the HDES D Budget Committee for 2023-24. Charan Cline seconded the motion. Motion passed 16-0.**
- **Sherry Joseph made a motion to nominate Matt McGowan as Vice-Chair of the HDES D Budget Committee for 2023-24. Gwen Carr seconded the motion. Motion passed 16-0.**

### Budget Message

Superintendent Andrews shared his budget message for 2023-24. After getting through the pandemic crisis we are faced with inflation, a possible recession, legislative shortfalls and a bargaining reopener. As we prepare a new budget year, we await the work of the legislature and the bargaining process to truly understand where we stand financially. We were optimistic that the Governor's budget sets the State School Fund at close to true roll-up costs. However, the co-chairs' budget will make it extremely tight moving forward. We also have a financial cliff looming as federal stimulus funds dry up over the next year.

On a more positive note, resources that HDES D has received under the Student Success Act (SSA) have allowed us to grow our regional School Improvement and Mental Health services significantly over the past 3 years. ESDs are seen as critical in providing technical assistance and effective coaching partners in the SSA work to increase outcomes for all students, but especially those who have been historically not well served by our system. This has also allowed us to strongly support all of our districts as they have navigated ODE's Integrated Guidance processes that came into full effect this year.

HDES D has also been very successful writing grants over the past few years. Our grant writer and many of our program managers have successfully secured over \$10M in grants in the past five years. These funds have helped to support programs such as Culture of Care, STEM, Migrant Education, CTE and many others.

Our general fund budget assumes a \$9.9B State School Fund allocation for the 2023-2025 biennium, which is essentially a reduction in funding for existing programs. We have used a three-year average of Average Daily Membership weighted (ADMw) from our constituent school districts and other programs. Our primary cost drivers are related to employing outstanding staff. We have included salary and insurance increases that are similar to regional districts, which will need to be negotiated this spring. PERS cost drivers are also reflected in this budget. We have worked with each of our four constituent school districts to develop a budget for the Local Service Plan within the general fund that meets their needs to the greatest extent possible.

While the general fund is central to our work, it represents less than 20% of our overall budget – most of our budget consists of state and federal grants and contracts. We have estimated the revenue for our two major “grant-in-aid” contracts including Early Intervention/Early Childhood Special Education (EI/ECSE) and High Desert Ray Regional Inclusive Services (formerly CORP) and they are budgeted accordingly. We are very concerned about the Regional Inclusive Services funding. The Governor’s budget cut the biennial amount by \$195k at a time when ODE submitted a Policy Option Package asking for a \$23.7M increase. We will be spending the rest of this legislative session pushing for adequate funding for this program.

Tonight, we present our budget plan for the upcoming year. In doing so, we present a document that is based on the best knowledge we have at the time, but which also recognizes there are unpredictable influences still at play during this next year. We will keep our focus and priority on improving student outcomes and supporting our districts/ partners as we embark on another year of serving the region.

## **Program Highlights**

### **Assistive Technology**

Superintendent Andrews introduced Wendy Burkhardt, Assistive Technology (AT) Specialist. Wendy used live captioning during her presentation allowing the audience to read as she spoke. Assistive Technology provides a bridge to all other programs. AT is currently serving over 600 students and their teams from Sisters to Arlington to Crane birth-21. Every piece of equipment is tracked, maintained and managed by the AT team. In addition, Bryan Malone is a phenomenal physical therapist with the ability to build or adapt equipment for any student.

There are also over 50 students throughout our Early Intervention/Early Childhood Special Education (EI/ECSE) program that are using devices. The team has been working hard to build capacity with the teachers and SLPs in regard to the use of communication devices. Through coaching and support the AT team is helping families effectively implement them and students are successfully communicating using their devices. Wendy shared several success stories of students who are accomplishing their work by using AT equipment.

### **STEM Hub**

Superintendent Andrews introduced Brook Rich, Regional Director of CTE and STEM for High Desert ESD. Brook informed the Budget Committee that we are one of 13 STEM Hubs in Oregon covering 10 counties. House Bill 3072, which passed in 2015, created the Statewide STEM Network recognizing that a strong educational foundation in STEM and CTE that centers on equity will address some of the challenges in helping Oregonians achieve success in high-wage, high-demand careers. Brook introduced Tracy Willson-Scott, STEM Hub Coordinator. Tracy reviewed the STEM Vision: Through collaboration, Central Oregon STEM Hub partners prepare students to be critical thinkers, career-ready and college-bound students and informed global citizens through integrated STEM opportunities in and out of the classroom.

They rely on state, private and federal funds in addition to grant funding to address our community's STEM needs. Their focus is on creating culturally responsive and sustainable programs when the grant funding ends. They work closely with higher education and industry partners to provide as many opportunities as they can which benefit children from Pre-K through 12. The STEM Hub is a resource for educators providing access to materials through the lending library. They also provide several professional development opportunities during the school year and throughout the summer.

### **AT Makers**

Anna introduced AT Makers which began as an idea through HDESD's innovation process prior to the pandemic. Wendy Burkhardt explained it is a program where middle and high school students work together to design and build products for students with disabilities. This is a combined effort with AT and STEM/CTE programs. The process begins with teaching students empathy for children with disabilities, helping students discover additional career paths and creating person centered designs. The AT Maker movement creates tools for the greater good creating an atmosphere of inclusion and equity.

In 2022-23 they created a sustainable curriculum guide to help serve the state implement AT Makers in other districts. Additional schools have joined in the work. Wendy will be taking 10 middle school students to present their prototypes at the AT Conference in Salem. Students will display and demonstrate their projects at the conference. Wendy shared some of the build-outs the students created and the design process used to come up with their ideas. She also shared several stories where AT Makers has impacted students in the program.

### **Presentation of the Budget Document**

Rochelle thanked the Budget Committee for making the time to participate in this important process. The 2023-24 budget is being viewed through an equity lens; requiring that all systems and processes will allow us to keep educational equity at the forefront of all our financial decisions.

Rochelle provided a snapshot of the 2023-24 proposed budget assumptions

- Total revenue for 2023-24 is \$76,674,815 which is 6% more than the adopted budget for 2022-23. Of this amount, \$61.8 million (81%) is annual revenue received from external sources and excludes fund balance, loan proceeds and internal transfers.
- State School Fund (SSF) revenue is based off the State's biennial budget of \$9.9B. The total estimated State School Fund revenue for the 2023-24 budget is \$15.04M.
- The ESD's largest source of funds are grants and contracts from the State of Oregon which include some of our largest programs that serve children in the region including Early Intervention/Early Childhood Special Education, Ray - Regional Inclusive Services (formerly known as Central Oregon Regional Programs), Healthy Families of the High Desert, Student Success Act funding and Regional Educator Network (COREN). These five programs comprise 77% of funds received from the state.
- The ESD houses fifteen programs that provide services to school districts outside the Local Service plan including Substitute Hire, Student Information Systems, Assistive Technology, Legal Services and Business Services. Substitute Hire is the largest, comprising 83% of the revenue received for this category.
- Over the past couple of years, with the influx of federal dollars provided to support pandemic relief, we've seen the number of federal grants received by the ESD rise dramatically. We anticipate receiving federal resources from 49 different federal programs in the coming year, which is a 33% increase from the prior year. Early Intervention/Early Childhood Special Education, Regional Inclusive Services, Migrant Education, Career and Technical Education and Elementary and Secondary School Emergency Relief Funds (ESSER) remain our largest five federal grants, though we will see the ESSER funds come to an end in this coming year.
- PERS Rates for the 2023-24 budget are increasing to 17.87% for Tier 1 and Tier 2 employees and 15.03% for OPSRP employees.
- Staffing costs include steps and lanes where eligible, 4.0% COLA and \$50 increase to the health insurance cap bringing the monthly contribution to \$1,535.
- The state has not issued the 2023-24 indirect rate. The budgeted rates vary by program funding source.

### Questions Regarding Budget Document

- Kathy Steinert asked how the debt service is paid on ESD facilities. Rochelle explained how that is shared among the programs.
- Steve Cook asked how many of our employees are maxed out on their salary steps and what plans are being made for bargaining. Rochelle does not know the number of employees at the top of their salary schedule. We are following bargaining with the districts and will know more when our bargaining begins in May.
- Why is there a decrease in migrant education FTE? One position is being picked up by Jefferson County and two positions have been reduced due to enrollment.
- What percentage is the ESD using to budget for 23-24? For most programs we budgeted at 49-51, but for Regional Inclusive Services, we have budgeted at 50+% next year, so we are anticipating a cliff in the 2<sup>nd</sup> year.
- Charan asked about the plan for getting through the cliffs we may be facing next year. Legislative advocacy right now is Plan A, but if that doesn't fully come to fruition, we will need to make cuts next year.

### Opportunity for Citizen Participation

There was no citizen participation.

### Approval of the Proposed 2023-24 Budget

Kathy Steinert asked the budget committee members if they would like to move forward with a vote to adopt the budget as presented or schedule a second meeting. The committee did not feel a second meeting was necessary.

### Resolution 83-23 Approving the 2023-2024 Budget

- **Steve Cook moved that the High Desert ESD Budget Committee approve the ad valorem permanent property tax rate of \$0.0964 per \$1,000 of the assessed value of taxable property within the district for operating purposes. Charan Cline seconded the motion. Motion passed 16-0.**

Superintendent Andrews thanked the budget committee members for participating in this process. It is a critical function of High Desert and we appreciate it very much.

### Adjourn

The April 18, 2023 meeting of the High Desert ESD Budget Committee adjourned at 7:00 pm.



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Kathy Steinert, HDESD Budget Committee Chair



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Shelley Knutz, Executive Assistant