



2019-20

BUDGET

Mission Statement: The Oregon School Boards Association is dedicated to improving student success and education equity through advocacy, leadership and service to Oregon public school boards.



June 27, 2019

To: Members of OSBA
From: Jim Green, Executive Director
Subject: 2019-20 Approved Budget

OFFICERS

President
Tass Morrison
North Santiam SD
President-elect
Kevin Cassidy
Baker SD

Vice President
Scott Rogers
Athena-Weston SD

Secretary-Treasurer
Maureen Wolf
Tigard-Tualatin SD

Past President
LeeAnn Larsen
Beaverton SD

DIRECTORS

Paul Anthony
Portland PS

Jackie Crook
South Coast ESD

Terry Deacon
Linn Benton Lincoln ESD

Sherry Duerst-Higgins
Lane ESD/South Lane SD

Bill Graupp
*Oregon School Board
Members of Color Caucus*

Liz Hartman
Lake Oswego SD

Kris Howatt
Gresham-Barlow SD

Greg Kintz
Vernonia SD

Melissa LaCrosse
Jefferson SD

Erika Lopez
Hillsboro SD

Patti Norris
Crook County SD

Brandy Penner
Newberg SD

Craig Prewitt
Phoenix-Talent SD

Betty Reynolds
West Linn-Wilsonville SD

Lori Theros
Klamath Falls City Schools

Michelle Vo
Corbett SD

EX-OFFICIO DIRECTORS

COSA/OASE
Craig Hawkins

OAESD
Bob Moore

State Board of Education
Anthony Veliz

EXECUTIVE DIRECTOR

Jim Green

DEPUTY EXECUTIVE

DIRECTOR

Mary Paulson

I am pleased to provide the adopted budget for fiscal year 2019-20, which was approved by the OSBA Board of Directors at their June 23, 2019 meeting.

This budget utilizes our revenue to provide services to members and lays the foundation for a strong future for the association and our members. As always, our goal is to develop a budget that is both operationally effective and sustainable over the long term.

The 2019-20 proposed budget at \$9.8 million is a 7 percent decrease from the 2018-19 adopted budget. The funding for legislative advocacy, \$1.5 million, was allocated for 2018-19 only, and has not been included in the 2019-20 budget.

The approved budget includes a current service level budget, with no increase in dues and minimal increases to fees, as well as the following:

- An additional 1.0 FTE to enhance services in the Legal/Litigation Department. The Board of Directors approved the additional FTE and the costs position were already within in the \$9.8 million budget.
- Funding for an office remodel to accommodate growth of OSBA staff.
- Funding to repair elevators, and new siding and roofing for the rental apartments owned jointly by OSBA, Association of Oregon Counties and League of Oregon Cities. OSBA is responsible for only a portion of the costs as we share these costs with the other two agencies.

The costs for the remodel, elevator and rental repairs will be allocated from the unrestricted reserves.

The approved 2019-20 budget is a thoughtful, balanced approach to utilizing our revenues to best meet the needs of members, and, I believe supports OSBA's mission and vision and provides staff the resources necessary to continue their focus on improving student success and educational equity through advocacy, leadership and service to Oregon public school boards.

OREGON SCHOOL BOARDS ASSOCIATION
2019-20 Budget Revenues

2016-17 ACTUAL	2017-18 ACTUAL	2018-19 ADOPTED	DESCRIPTION	2019-20 PROPOSED
722,560	734,209	670,800	Dues	675,000
0	0	1,500,000	Legislative Advocacy	0
0	0	40,000	Board Members of Color Caucus	0
0	0	500,000	Forecast 5 Analytics	0
11,749	16,418	11,000	Interest - Pool & Bank	15,000
1,929,923	1,811,394	4,412,034	Endowment Earnings - Bond Interest	1,800,000
0	172,320	0	Endowment Earnings - Bond 2 Interest	170,000
(39,396)	(47,157)	0	Interest Purchased - Bonds	0
(326,314)	(293,678)	0	Bond Amortization or Accretion	0
(188)	2,959	0	Realized Gain or Loss - Bonds	0
849,309	864,810	0	Endowment Earnings - Prime Income	770,000
460,938	403,888	0	Endowment Earnings Dividend Growth	365,000
1,510,121	1,969,392	0	Realized Gain or Loss - Prime Income	1,203,275
<u>1,370,422</u>	<u>1,617,857</u>	<u>0</u>	Realized Gain or Loss - Dividend Growth	<u>1,203,275</u>
5,754,814	6,501,785	4,412,034	TOTAL INVESTMENTS	5,511,550
0	0	0	LGC Reimbursement	55,000
556,743	657,900	696,686	Insurance - PACE	685,000
(652,333)	(3,417,176)	0	Unrealized Gain or Loss	0
10,545	(165)	10,000	Publication - School Law Reporter	10,000
189,148	195,998	195,760	Publication - Policy Subscription	195,000
54,030	56,650	62,040	Policy Plus	57,500
6,600	3,600	3,000	Publication - Policy Web Hosting	3,000
374	54	0	Mailing Lists	0
14,175	13,575	8,000	Publication - Handbooks and Calendar	12,500
5,310	5,015	11,000	Publication - PR In Action	5,000
25,317	24,200	25,000	Publication - SPOT Subscription	25,000
<u>95,000</u>	<u>107,500</u>	<u>107,500</u>	Publication - BoardBook	<u>107,500</u>
400,499	406,427	422,300	TOTAL PUBLICATIONS	415,500
25,029	0	0	Sale of Auto	15,000
5,500	5,500	2,000	Contract Analysis	5,000
25,063	65,494	56,000	Superintendent Search	100,000
105,138	108,761	125,000	Labor Services	135,000
1,022,522	899,808	1,276,253	Legal Services	1,316,500
6,749	7,800	0	Policy Analysis	7,000
132,378	120,416	95,000	Policy Revisions	110,000
57,018	114,744	55,000	Board Development	100,000
6,664	0	0	Lighthouse	0
0	17,625	8,000	Communications Contracts	8,000
0	0	40,000	Misc Contract Services - Board Dev	0
0	106,485	150,000	Contract Services	160,000
<u>496</u>	<u>0</u>	<u>0</u>	Misc Contract Services - Print Room	<u>0</u>
1,361,528	1,446,633	1,807,253	TOTAL CONTRACTED SERVICES	1,941,500

**OREGON SCHOOL BOARDS ASSOCIATION
2019-20 Budget Revenues**

2016-17 ACTUAL	2017-18 ACTUAL	2018-19 ADOPTED	DESCRIPTION	2019-20 PROPOSED
208,495	199,010	200,000	Convention Registration	200,000
3,315	704	0	Convention Miscellaneous	0
12,060	26,760	25,000	Convention Exhibitors	25,000
18,500	15,000	15,000	Convention Sponsor	15,000
41,915	68,380	70,000	Summer Conference	70,000
0	2,000	3,000	Summer Conference - Partnership	3,000
15,899	(270)	5,000	Labor and Employment	5,000
0	7,460	0	School Law Conference - Legislative	0
0	0	7,000	School Law Conference - Legal	7,000
0	29,350	0	Bonds, Ballots, and Buildings	25,000
0	14,500	0	Bonds, Ballots, and Buildings - Sponsors	10,000
0	11,585	0	Bonds, Ballots, and Buildings - Exhibitors	10,000
1,615	0	0	Legislative Conference	0
0	0	1,000	One Day/Online Workshops - Labor	1,000
0	98,750	0	One Day/Online Workshops - Legislative	0
630	969	1,000	One Day/Online Workshops	1,000
<u>142</u>	<u>0</u>	<u>0</u>	Leadership Oregon	<u>0</u>
302,571	474,198	327,000	TOTAL CONFERENCES	372,000
62,336	52,629	60,000	Rental Income	60,000
33	98	0	Staff Reimbursement - Executive	0
2,104	0	1,000	Miscellaneous	1,000
115	431	0	Staff Reimbursement - Labor	0
0	0	500	Miscellaneous - Grant Revenue	0
1,364	42	0	Staff Reimbursement - Communications	0
20	0	0	Staff Reimbursement - Legislative	0
205	335	0	Staff Reimbursement - Board Development	0
72	541	0	Staff Reimbursement - Policy	0
983	512	0	Board Reimbursement	0
97	0	0	Miscellaneous - Litigation	0
0	594	0	Staff Reimbursement - Litigation	0
25,873	9,259	60,500	Miscellaneous - Administration	20,000
<u>98</u>	<u>418</u>	<u>0</u>	Staff Reimbursement - OSS	<u>0</u>
30,964	12,229	62,000	TOTAL MISCELLANEOUS	21,000
80,000	50,000	60,000	Sponsorships - Board Development	60,000
(32,566)	(32,937)	(25,000)	Change in FMV - LGCT	(25,000)
<u>8,623,895</u>	<u>6,902,316</u>	<u>10,544,073</u>	TOTAL BUDGET RESOURCES	<u>9,801,550</u>

**OREGON SCHOOL BOARDS ASSOCIATION
2019-20 Budget Requirements**

2016-17 ACTUAL	2017-18 ACTUAL	FTE	2018-19 BUDGET	DESCRIPTION	FTE	2019-20 PROPOSED
				PAYROLL REQUIREMENTS		
3,311,002	3,411,755		4,048,747	Salaries	46.25	4,142,658
259,790	265,746		322,385	Payroll Taxes		316,914
<u>1,387,520</u>	<u>1,455,021</u>		<u>1,859,749</u>	Benefits		<u>2,010,843</u>
4,958,312	5,132,521		6,230,881	TOTAL PERSONNEL COSTS		6,470,415
352,815	352,395		301,000	SUB CONTRACTS		311,000
				DEPARTMENTAL REQUIREMENTS		
3,038	9,701		25,000	Legislative Committee		25,000
<u>0</u>	<u>0</u>		<u>1,500</u>	Legislative Reports and Policies		<u>1,500</u>
3,038	9,701		26,500.00	TOTAL LEGISLATIVE		26,500
69,627	76,707		60,000	Travel - Board (In)		60,000
55,005	67,123		84,000	Travel - Board (Out)		85,500
18,341	17,069		27,369	Billable Travel		19,000
<u>80,027</u>	<u>103,730</u>		<u>98,200</u>	Non-Billable Travel		<u>111,500</u>
223,000	264,630		269,569	TOTAL TRAVEL		276,000
72,352	69,786		140,300	PROFESSIONAL DEVELOPMENT		130,400
30,096	27,903		28,600	AUTO EXPENSE		32,500
3,059	1,755		3,600	PR In Action		3,000
2,820	14,930		13,000	Superintendent Search		30,000
0	1,250		2,000	Miscellaneous Publications		2,000
<u>57,000</u>	<u>57,000</u>		<u>64,500</u>	BoardBook		<u>64,500</u>
62,879	74,935		83,100	TOTAL PUBLICATIONS		99,500
229,875	231,245		245,000	Annual Convention		268,500
41,012	61,691		62,000	Summer Conference		60,000
4,859	0		5,000	Labor and Employment Miscellaneous		5,000
(5,285)	170		4,000	School Law Conference		4,000
3,230	0		1,000	Legislative Conference		1,000
0	28,302		0	Bond, Ballots and Buildings		31,000
0	45,150		850	One Day and Online Workshops		3,500
<u>19,503</u>	<u>696</u>		<u>0</u>	Leadership Oregon		<u>0</u>
293,195	367,254		317,850	TOTAL CONVENTION, CONFERENCES AND WORKSHOPS		373,000
108,042	102,233		122,700	TOTAL DUES		117,500
33,442	42,449		43,450	TOTAL SUBSCRIPTION AND BOOKS		43,050
				ORGANIZATION WIDE REQUIREMENTS		
18,050	18,900		21,000	Audit Expense		21,000
98,058	79,001		90,000	Insurance		90,000
7,675	7,693		8,000	Telephone		8,000
8,126	10,114		15,000	Outside Printing		15,000
13,352	11,946		15,000	Postage		15,000
23,360	24,204		31,000	Supplies		46,000
8,824	7,948		24,500	Non-Consumables		27,500
4,758	5,376		0	Paper, Letterhead and Envelopes		5,000

**OREGON SCHOOL BOARDS ASSOCIATION
2019-20 Budget Requirements**

2016-17 ACTUAL	2017-18 ACTUAL	FTE	2018-19 BUDGET	DESCRIPTION	FTE	2019-20 PROPOSED
495	0		0	Impressions		0
34,923	26,519		34,000	Copier		34,000
4,170	1,938		5,000	Equipment Purchase		75,000
1,260	270		1,000	Equipment Maintenance		1,000
7,016	12,480		20,000	Computer Software		20,000
24,743	42,191		34,000	Computer Hardware		34,000
45,491	59,709		16,850	Computer Maintenance and Licensing		16,850
57,585	33,575		32,938	Computer Subscription Services		60,000
0	28,448		43,000	Computer - Subcontracts		35,000
14,514	21,063		24,000	Miscellaneous Office Expense		24,000
3,517	1,042		0	PACE Non-Billable Expense		18,000
4,207	4,796		0	Miscellaneous Expense - Bank Charges		5,000
69,843	12,059		10,000	Staff Recruitment		10,000
<u>83,846</u>	<u>136,422</u>		<u>80,000</u>	<u>Depreciation</u>		<u>125,000</u>
533,811	545,694		505,288	TOTAL ORGANIZATIONAL WIDE REQUIREMENTS		685,350
30,550	36,572		50,000	Promise Scholarship - Board Dev		45,000
109,833	106,860		100,000	Special Projects - Board of Directors		100,000
0	0		1,500,000	Legislative Advocacy		0
0	0		40,000	Board Members of Color Caucus		40,000
0	0		500,000	Forecast 5 Analytics		500,000
30,050	27,000		30,000	Continuing Partnerships		30,000
12,000	12,000		12,000	Building Reserve		12,000
121,013	108,536		115,000	Building Expense		335,000
98,854	72,449		3,500	Legal Fees		80,000
12,299	9,705		10,500	Internet		12,000
0	0		82,335	Contingency		82,335
<u>7,085,580</u>	<u>7,362,623</u>		<u>10,544,073</u>	TOTAL BUDGET REQUIREMENTS	<u>46.25</u>	<u>9,801,550</u>



2019-20 Approved Budget: Executive Summary

Presented to the Board of Directors on June 23, 2019

INTRODUCTION

OSBA staff proposes a balanced budget for fiscal year 2019-20. The proposed budgeted revenues for 2019-20 are \$9,801,550 decreasing by \$742,523 (7%) from 2018-19 revenues. The proposed expenditures for 2019-20 are \$9,801,550, which also represents a decrease of \$742,523 (7%) from 2018-19 revenues. Since staff presented a balanced budget last year, the change in revenues and expenses between 2017-18 and 2018-19 are the same amount.

Previously, OSBA budgeted separately capital assets or projects (individual items costing \$5,000 or more, lasting longer than a year), which is standard practice for similar organizations. This year, staff recommends that capital assets or projects be budgeted and expensed in the same manner as daily operations. With that in mind, line items within the proposed revenue and expenditure documents have been adjusted accordingly. Staff believes this change provides a more transparent method of tracking OSBA resources and expenditures. These changes will be explained in greater detail elsewhere in the budget document.

REVENUE

Dues: The dues estimate includes all districts, ESDs and community colleges as members with the exception of K-12 district McDermitt. Dues rates have not increased since 1998-99.

Interest/investment earnings: Staff proposes budgeting \$4,816,550 from OSBA investment portfolio mainly from earnings of dividends, interest, and realized gains. This amount is equal to 5.86% of the three-year average of the market value of OSBA investments and was approved by the Finance Committee at their February 2019 meeting in keeping with the OSBA spending policy.

Unrestricted reserves: Staff proposes using \$695,000 from unrestricted reserves to fund the continuing partnership with OASBO to offset the cost of Forecast5 software to Oregon school districts (\$500,000), a remodel to OSBA offices (\$110,000) and repairs to the LGC elevator and rental apartments (\$85,000).

LGC Reimbursement: Staff is budgeting \$55,000 in reimbursement from Oregon Association of Counties and League of Oregon Cities for their costs related to the building manager.

Property/PACE: Staff is projecting a service agreement fee of \$685,000, which is a slight decrease of \$27,100 (4%) from 2018-19. After a full year with the PACE administrator being full time, staff now has a better sense of actual costs for the day-to-day operations. In addition, personnel changes in support staff affected the amount of the fee for 2019-20.

Sales of publications: Revenue for the sale of publications and subscriptions is budgeted at a slight decrease of \$4,540 from last year. This category includes Policy Subscriptions, Policy Plus, Boardbook, PR in Action, Handbooks and Calendars, and SPOT. The decrease reflects actual revenue in 2016-17 and 2017-18.

Vehicle Sale: Staff is budgeting the sale of one auto at \$15,000.

Contract services: Budgeted revenues for contract services are proposed to increase by \$134,247 (7%) from 2018-19. This increase comes primarily from a projected increase in billable services from Legal Services, Policy Services, Labor Services and Board Development. The increase reflects the addition of field staff who are providing services to OSBA members.

Convention/Conferences/Workshops: Convention and conference revenue projections for 2019-20 reflect an increase of \$45,000 (17%) from 2018-19. This is due primarily to holding our Bonds, Ballots and Building Conference in 2020, which is held every other fiscal year.

Rental income: Revenue is proposed to stay the same as 2018-19 at \$60,000.

Miscellaneous: This category includes a variety of one-time fees that come to OSBA during the fiscal year and don't fit in other revenue categories. Staff is budgeting a decrease of \$41,000 (66%) to reflect actual revenue in 2016-17 and 2017-18.

Board Development Sponsorships: Revenue is proposed to stay the same as 2018-19 at \$60,000.

Change in Fair Market Value (FMV): This is an adjustment to the revenue for the reduction in equity (depreciation) for the OSBA share of the Local Government Center. This entry is made on an annualized basis. Please see the audited columns for 2016-17 and 2017-18. Staff proposes budgeting the same amount as the 2018-19 budget.

EXPENDITURES

The following information reflects changes from the 2018-19 adopted budget. Staff is proposing:

Salaries, APC and Benefits: An increase of \$239,534 (3.9%) for fiscal year 2019-20. This increase includes a new position for a Member Services attorney, COLA and market adjustments for employee compensation and a set-aside to address a potential increase in health insurance costs in 2020.

Contract Services: An increase of \$10,000 (3%) for contracted services related to labor services.

Travel - Board: An increase of \$7,500 (12%) to adjust based on data from the last two audited budgets.

NSBA Scholarships: A decrease of \$6,000 (25%). This would allow the Board \$18,000 for scholarships for OSBA board members and LPC members to attend NSBA events.

Travel – Staff Billable: A decrease of \$8,369 (31%) to adjust costs based on data from the last two audited budgets.

Travel – Staff Non-Billable: An increase of \$13,300 (14%) to address: 1) An increase in travel costs for PACE, and 2) Travel costs for on-the-job training of staff who are traveling to school districts with an experienced staff member. These costs are not billed to the client and are paid by OSBA.

Professional Development: A decrease of \$9,900 (7%) in professional development funding.

Auto Expenses: An increase of \$3,900 (14%) for PACE expenses.

Publications: An increase of \$16,400 (47%), which reflects additional funding for advertising costs associated with superintendent searches.

Convention/Conferences/Workshops: An increase of \$55,150 (17%) which includes costs the Bonds, Ballots and Building Conference and an increase in costs for the Annual Convention of \$23,500 (9%). The Bonds, Ballots and Building Conference is an every other year event and was not held or budgeted for last year.

Dues and Subscriptions: A decrease of \$5,600 (3.5%) to adjust costs based on data from the last two audited budgets.

Promise Scholarship: A decrease of \$5,000. OSBA will still budget \$45,000 for up to nine districts whose boards complete specified training during the fiscal year to provide \$5,000 student scholarships. Last year, the Board approved adding an additional \$5,000 scholarship to allow a specific district time to complete the requirements in 2017-18 and receive the scholarship in 2018-19.

Legislative Advocacy: A decrease of \$1.5 million dollars. This allocation was for the 18-19 fiscal year only.

OASBO and Forecast5 Partnership: Fiscal year 2019-20 represents the second year of a three-year commitment by the Board to offset the costs of this software for districts in Oregon. Staff proposes the funds be taken from the unrestricted reserve.

Building Expenses: An increase of \$220,000 to fund a remodel to OSBA offices (\$110,000) and repairs to the LGC elevators and rental apartments (\$85,000). These funds are for fiscal year 2019-20. Staff requests funds be taken from the unrestricted reserve.

Legal fees: An increase of \$45,000 (128%) to fund the use of outside legal counsel.

Computer Subscriptions, Subcontracts and Internet: An increase of \$20,562 (24%) due in large part to the annual subscription costs of the new organizational software, Envisi.

Supplies and Non-Consumable Supplies: An increase of \$18,000 (4%) to address supply needs for PACE.

Paper: A line item budget of \$5,000. No funds were budgeted in this line item last year.

Equipment Purchase: An increase of \$70,000 for the purchase of two new vehicles to replace those vehicles that have over 100,000 miles. This is a change in OSBA's budgeting practice as explained on the first page of this document.

Non-Billable Expenses for PACE: A line item budget of \$18,000. This amount was arrived at based on actual experience since the PACE Administrator has been a full-time position.

Bank Fees: A line item budget of \$5,000. No funds were budgeted in this line item last year.

Depreciation: An increase of \$45,000 (56%) to adjust the budget based on actual costs from 2017-18.

Conclusion:

The 2019-20 proposed budget provides OSBA a funding level that provides staff the resources necessary to continue their focus on improving student success and educational equity through advocacy, leadership and service to Oregon public school boards.

FIVE YEAR FORECAST ASSUMPTIONS FOR 2019-20 BUDGET

The charts prepared this year are slightly different than those prepared in prior years. They reflect the proposed changes to the policy on reserves. Restricted Reserve has been added to the chart and Restricted and Unrestricted Reserves have been adjusted to reflect the proposed policy changes. Also, the projected investment earning amounts were adjusted to 3.25%, 4.5%, and 6% (previously 3.25%, 5.25%, and 6.25%) to give a more even scale between amounts and provide scenarios that may be a bit more realistic.

As was done before, the charts contain actual audited figures starting in 2012-13 and going through 2017-18, the 2018-19 budgeted figures, the 2019-2020 proposed budget figures, and estimated figures for 2020-21 through 2023-24. The future estimates are based on the following assumptions:

Revenues

- Dues are anticipated to remain flat as membership remains stable and the organization continues to not increase dues to the members.
- The investment income reflects 3.25%, 4.5%, and 6% estimates. Currently we receive about 3.65% in guaranteed investment income from interest and dividends.
- PACE income is projected to increase by 5% per year based on contract terms.
- Convention and conferences are projected to increase by 1% per year.
- Sales of publications and contracted services are projected to increase by 2% per year.
- All other revenue sources were projected out with no changes up or down.

Expenditures

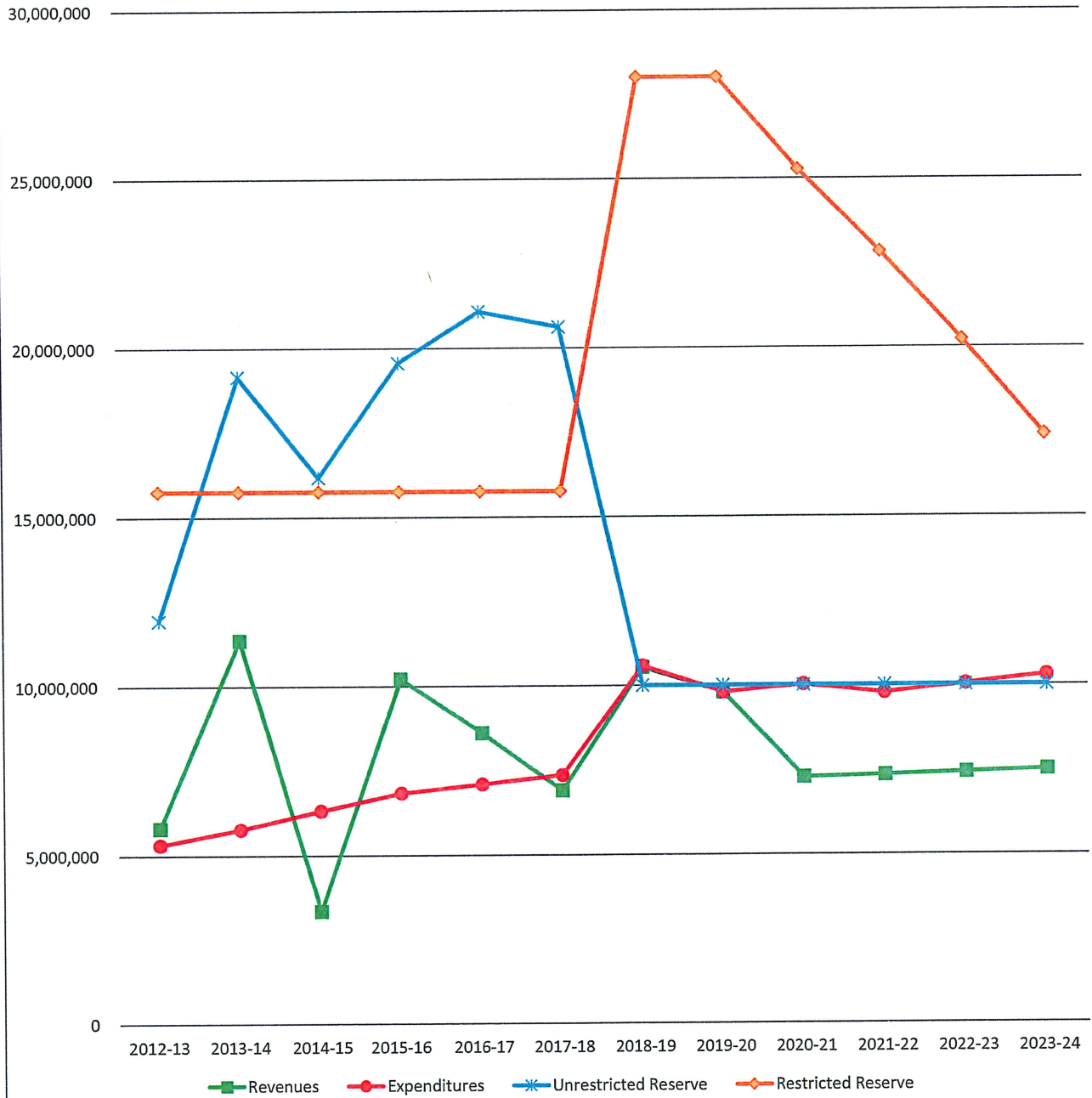
- Salaries were projected out with an annual 3% increase to cover salary adjustments and cost of living increases.
- Taxes and benefits were projected out at 57.5% of salaries each year. Current level is 56.2%.
- Travel was projected to increase 5% per year.
- Convention and conference expenses were projected to increase by 3% per year.
- Office expenses were projected to increase by 3% per year.
- Dues, subscriptions, and publications were projected to increase by 1% per year.
- Building expenses were projected to increase 1% per year.
- All other expenditures were projected out with no changes up or down.

Reserves

- The Permanent Reserve, not shown on the chart, remains at \$50,000,000.
- The Restricted Reserve, which had previously been stationary at \$15,762,867, now fluctuates based on the value of the investment portfolio and the amount designated Unrestricted by the proposed policy changes.
- The Unrestricted Reserve, which had previously fluctuated based on the value of the investment portfolio, is now capped at \$10 million as per the proposed policy changes but could fluctuate lower in the future based on the value of the investment portfolio.

Based on these assumptions, investment returns would need to be around the 6% mark to avoid reducing the amount in the investment portfolio. At 3.25% the portfolio would lose roughly \$2 million per year. At 4.5% the portfolio would lose just over \$1 million per year. These assumptions do nothing to take into account potential gains and losses that may occur over time and would not be recognized until the time an investment comes due or is sold.

**OSBA OPERATIONS
2019-20 BUDGET PROJECTIONS
INVESTMENT RETURNS 3.25%**



**OSBA OPERATIONS
2019-20 BUDGET PROJECTIONS
INVESTMENT RETURNS 4.5%**



**OSBA OPERATIONS
2019-20 BUDGET PROJECTIONS
INVESTMENT RETURNS 6%**

