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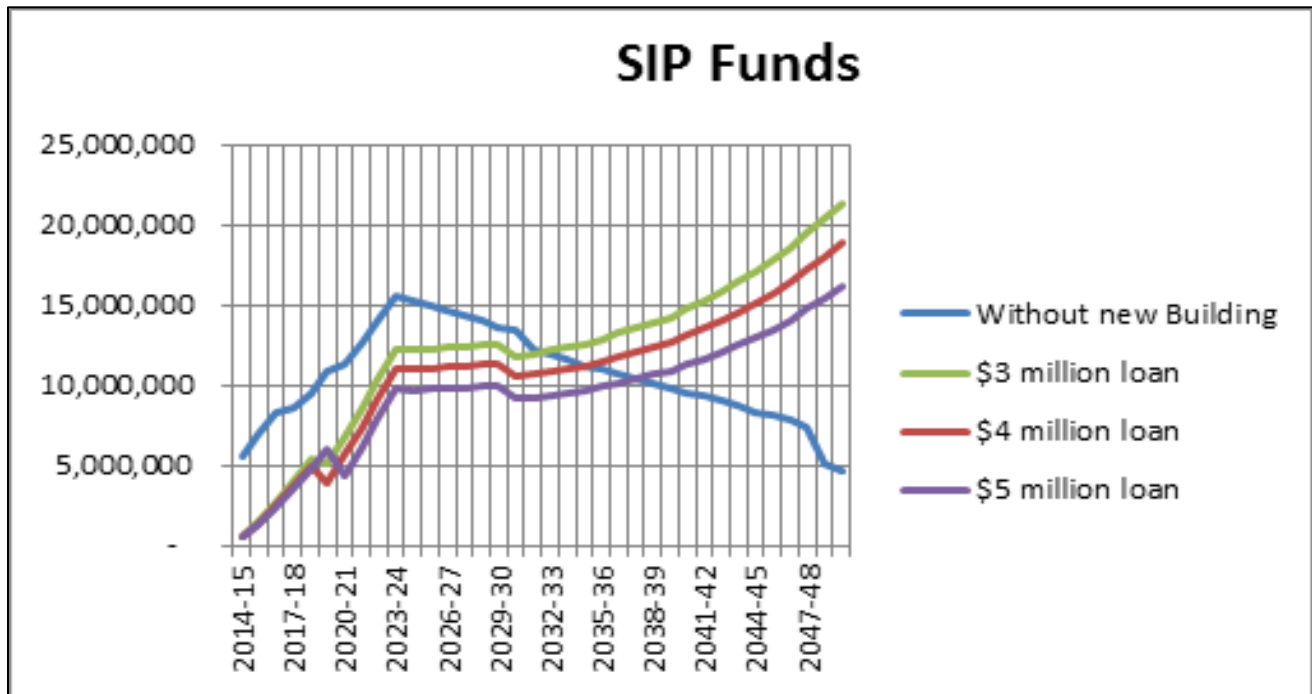
Single Campus K-12 Comprehensive School Program

By Dr. Peter Tarzian, Superintendent



“WIND DOLLARS” INVESTMENT – A School Funding Security Plan for the future

School Funding in Oregon is notoriously unpredictable! Historical proposals for funding confirm this fact (see the report on the back). Below is a graph depicting the relationship between SIP dollars flowing to the school district and how they can be used under different scenarios. The graph shows at which point in time the investment in the “new building scenarios” allows for use of the SIP investment dollars if the district creates a funding endowment opposed to continuing to spend its reserves WITHOUT consolidation and an endowment for funding.



- **Blue line** – If the district remains in a two campus scenario it would use \$365,123 in reserves each year, plus an adjustment upward by 2% for inflationary costs each year. This is based on the current estimate for the needed transfer of SIP dollars for 2015-16.
- **Green line** – This graphic shows the impact on SIP investment dollars when the district borrows \$3 million for the building construction and begins operating in a single K-12 building in 2016-17. The year 2032-33 is where the single building scenario begins to allow for an increase in remaining SIP reserves opposed to the continuing decline of the status quo investment scenario of the two building (blue line) scenario.
- **Red line** – This graphic shows the impact on SIP reserves and the interest they are estimated to produce if the district borrows \$4 million for building construction instead of \$3 million.
- **Purple line** – This graphic shows the impact on SIP reserves and the interest they are estimated to produce if the district borrows \$5 million for building construction instead of \$3 million.



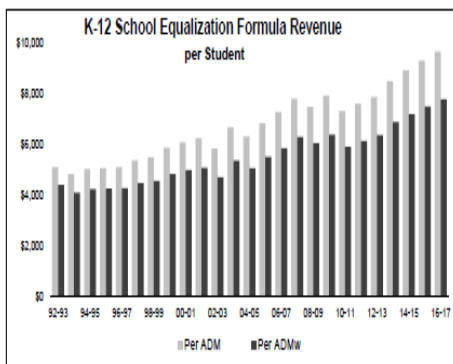
The condition of SCSD programs over time.

Since the beginning of the decline in student enrollment and the resulting and necessary consolidations of schools, the central challenge for Sherman County School District has been the provision of the highest quality education opportunities for its students. To aid in that effort, the district was able to utilize specially allocated

“school consolidation” dollars provided by the state. Education programs were consolidated into two schools, a K-6 elementary in Grass Valley, and a 7-12 junior-senior high school in Moro. The last of those “extra” consolidation dollars were distributed to the school district for the 2013-14 school year.

Rollercoaster State Funding destabilizes school programs.

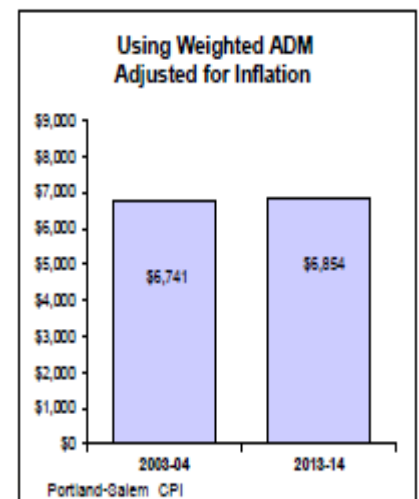
To compound this loss of funding problem, state school revenue (SSF) has been on a “rollercoaster” since the state assumed the lion’s share of school support with the passage of Ballot Measure 5 in 1990. The 2003-04 to 2013-14 per ADM funding graphs below demonstrate these compounding problems.



Note: Excludes revenue outside the school formula



LEFT: varying levels of funding from the state; RIGHT: Funding adjusted for inflation. Both graphs are from the Oregon Legislative Revenue Office.



Revenue per weighted student adjusted for inflation increases about 9%.

Sherman County School District is now in a unique position to ensure that its level of support for education is consistent by investing its wind dollars for new and upgraded quality facilities, reduced transportation times, and centralized support services for students. Using the long term investment approach rather than continually borrowing from “Wind Dollar” reserves, the District can ensure the highest quality of education possible because it places its excess reserves into a revenue stabilization security fund, and then begins drawing some of the interest produced by that fund to mitigate the rollercoaster effects of future State School Fund revenue.

The current focus of the District’s investment in a comprehensive K-12 education program is on the selection of a general contractor to participate with the Board and BBT Architects in the final design stage of the elementary wing and Agriculture Science building. Construction of Phase I (Ag building and Kitchen) is scheduled to begin in mid-June. Planning for the K-12 education program begins in the September, 2015. The project is scheduled for completion in August of 2016.



Sherman County School District
Working Together to Put Student Success First