

WORK SESSION MINUTES
KELSO SCHOOL DISTRICT
MEETING OF THE BOARD OF DIRECTORS
9/25/23

The work session of the Board of Directors of Kelso School District No. 458 was called to order at 5:00 p.m. at the KSD Roy Parsons Board Room as well as on a Zoom online/phone platform.

BOARD OF DIRECTORS

Position 1	Leah Moore
Position 2	Karen Grafton
Position 3	Jeane Conrad - President
Position 4	Mike Haas - Vice President
Position 5	Ron Huntington

CABINET DIRECTORS

Superintendent	Mary Beth Tack (Secretary to the Board)
Chief Financial Officer	Scott Westlund
Director of Human Resources	Holly Budge
Director of Teaching & Learning	Kim Yore
Director of Special Programs	Heather Ogden
Director of Student Services	Gunnar Guttormsen
Assistant Secretary:	Molly Guler

OTHERS PRESENT

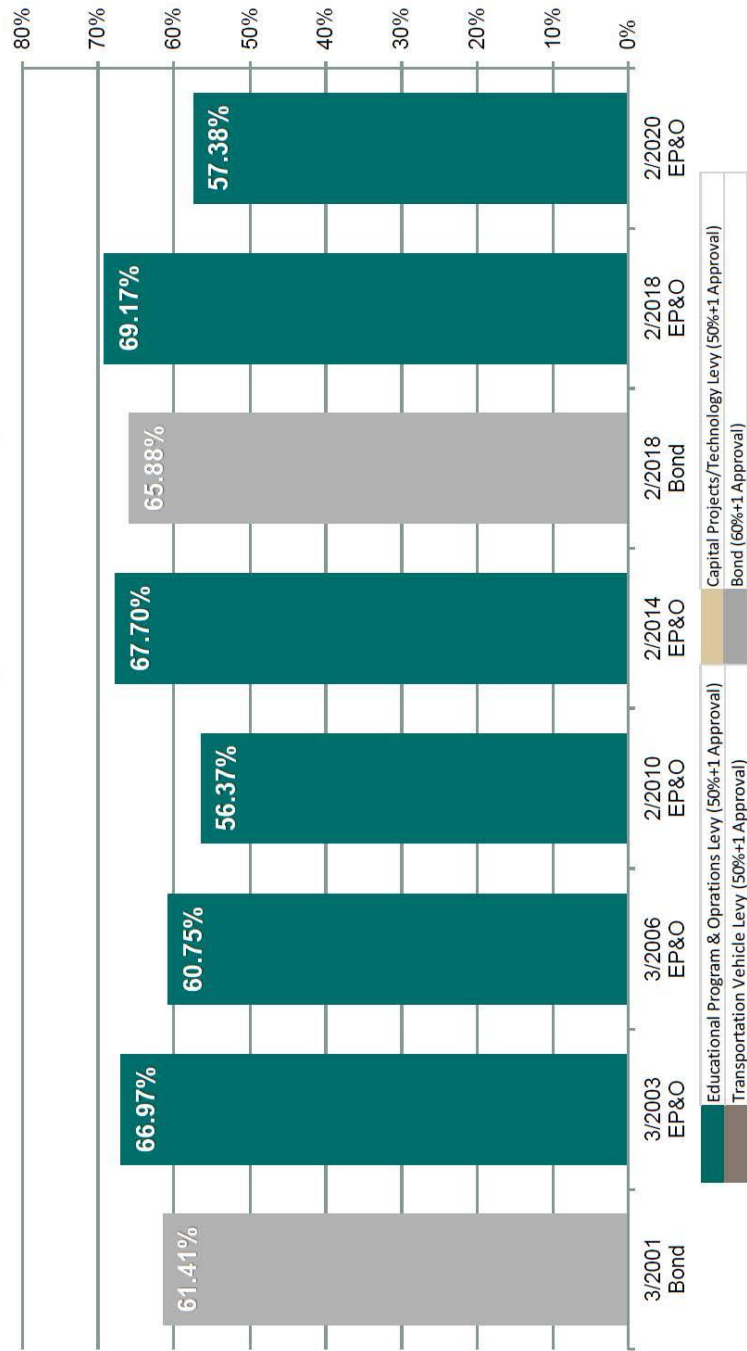
This meeting was held remotely as well as in person. Not all names of people in attendance were available online, or partial names were listed. The names of people in attendance are listed as shown/provided: Rich Fletcher, Dot Joslin

WORK SESSION

Topic: Educational Program & Operations Levy Renewal Work Session
Presenter(s): Mary Beth Tack and Scott Westlund

Levy and Bond Overview

Kelso School District Election Passage Rate History

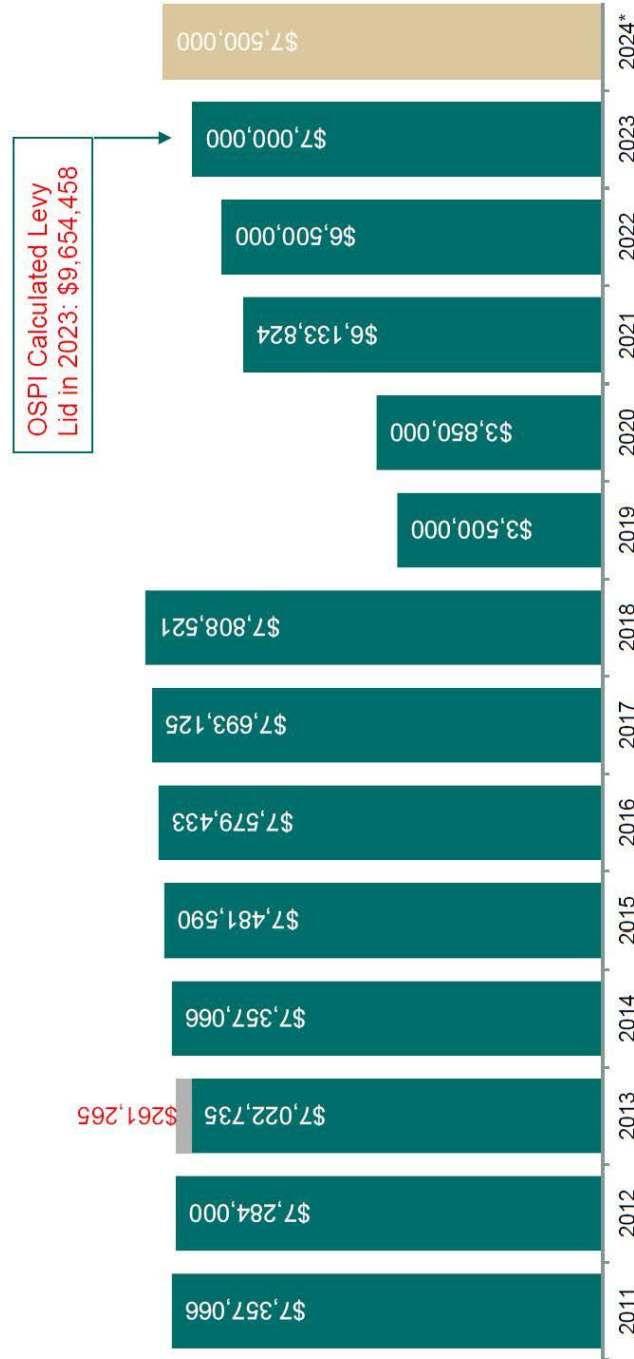


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Property Values and School Taxes

Kelso School District EP&O Ballot Levy History – With Rollback



Source: OSPI 1463-GF, 1463-BI, County Assessor Annual Report and/or Sample Ballot. *2024 voter approved



Local Levy Expenditures

Local Levy + Local Effort Assistance = **12.6% of District Budget or \$1.26 in every \$10**

Passing the Local Levy Provides **\$3.4M** in Additional State Funds through Local Effort Assistance in 2023/24.

LEA was **\$4.2M in 2018/19** Drop due to above average increases in assessed valuation of property.

- Additional Teachers, Counselors and Other Instructional Staff
- Smaller Class Sizes and Instructional Support
- Instructional Materials & Software
- Early Learning & Pre-K Support
- Classroom Computers, Network Technology & Infrastructure, Internet Connectivity & Other Instructional Technology Devices
- Staff Professional Development & Training
- Music, Drama, Art
- Student Health and Safety & Social Emotional Learning
- Excess Food and Nutrition Costs
- Excess Special Program Costs (SPED)
- Sports, Intramurals, Clubs and Co-Curricular Programs
- Facility Maintenance

Property Taxes 101

- School Levy's are collected at a voter approved dollar amount, not a tax rate.
- Collection rates are based upon Assessed Valuation and tax rate used to collect on a per \$1,000 of assessed values.
- Misconceptions surrounding tax rates, assessed value, and collection amounts.
 - Changes in property values will change tax rates, not increase school district tax collections,
 - Local school levy taxes can only be increased by a vote of the people.
- Tax collection scenarios...Property Taxes 101

Changes to McCleary Levy Funding

- Prior to 2018 – Limited to 24% of State Revenue, 2018 Rate was \$3.67 per \$1,000 of Assessed Valuation (AV)
 - 2019 - \$1.50 maximum per \$1,000
 - 2020 - \$1.50 maximum per \$1,000
 - 2021 & Beyond - \$2.50 maximum per \$1,000 of AV
- } Post - McCleary
- Levy rate raised by Legislature to reduce and/or offset reductions at the local school level caused by too low of a levy rate to support current operations.
 - Impact – Larger percentage of local monies to support school districts. Exactly what McCleary lawsuit intended to limit and reduce.

Prior Levy Replacement Levy Ballot

Kelso School District No. 458		
Proposition 1		
Replacement of Expiring Educational Programs and Operations Levy		
The Board of Directors of Kelso School District No. 458 adopted Resolution No. 2017/18-08, concerning a proposition to finance educational programs and operations. This proposition would authorize the District to levy the following excess taxes, in place of an expiring levy, on all taxable property within the District, for educational programs and operations expenses not funded by the State of Washington, including teaching and support staff, smaller class sizes, instructional materials, maintenance, athletics and student activities:		
Collection Year	Estimated Levy Rate/ \$1,000 Assessed Value	Levy Amount
2019	\$1.50	\$3,500,000
2020	\$1.50	\$3,850,000
all as provided in Resolution No. 2017/18-08. Should this proposition be approved?		
<input type="checkbox"/> Levy Yes		
<input type="checkbox"/> Levy No		

Special Election		
Sample Ballot		
Cowlitz County, Washington		
February 11, 2020		
Kelso School District No. 458		
Proposition 1		
Replacement of Expiring Educational Programs and Operations Levy		
The Board of Directors of Kelso School District No. 458 adopted Resolution No. 2019/20-05, concerning a proposition to finance educational programs and operations. This proposition would authorize the District to levy the following excess taxes, replacing an expiring levy, on all taxable property within the District, for educational programs and operations expenses not funded by the State, including teaching and support staff, smaller class sizes, instructional materials, maintenance, athletics and student activities:		
Collection Year	Estimated Levy Rate/\$1,000 Assessed Value	Levy Amount
2021	\$2.07	\$6,000,000
2022	\$2.13	\$6,500,000
2023	\$2.19	\$7,000,000
2024	\$2.23	\$7,500,000
all as provided in Resolution No. 2019/20-05. Should this proposition be approved?		
<input type="radio"/> Levy Yes		
<input type="radio"/> Levy No		
End of ballot		

OSPI Pre-Ballot approval

Current Levy Plan
Approved by OSPI

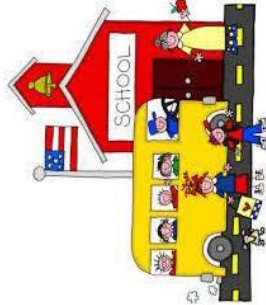
- **The proposed levy will fund expenses not funded by the State's basic education program funding.** Programs that will be funded, but not limited to, include: athletics and activities, class size reduction, classified and certificated staff beyond the State prototypical funding model, salaries and benefits for enrichment activities, after school programs, programs that exceed State and Federal funding (such as Special Education and Food Service), non to/from school transportation, maintenance and operations costs outside of State funding, and Technology expenses not funded by the State. **This list does not preclude any other expenditures that may be considered or approved beyond basic education funding and enrichment now and into the future.**

Part III. Enrichment Levy Revenues and Expenditures					
	Calendar Year				
	2020	2021	2022	2023	2024
Estimated Enrichment Levy Collections	3,850,000	6,000,000	6,500,000	7,000,000	7,500,000
	School Year				
	2020-21	2021-22	2022-23	2023-24	
Estimated School Year Collection	4,981,330	6,263,100	6,763,100	7,263,100	

Property Taxes 101

All properties equal value

$$\begin{array}{l} \$2.00 / \$1,000 \text{ AV} \\ \hline \$1,000 \\ (\$500,000 / \$1000) \\ \hline \$1,000 / 500 = \$2 \\ \hline \$125,000 / 1000 = 125 \\ 125 * \$2 = \$250 \end{array}$$



\$1,000

\$250



\$125,000

\$250



\$125,000

\$250



\$125,000

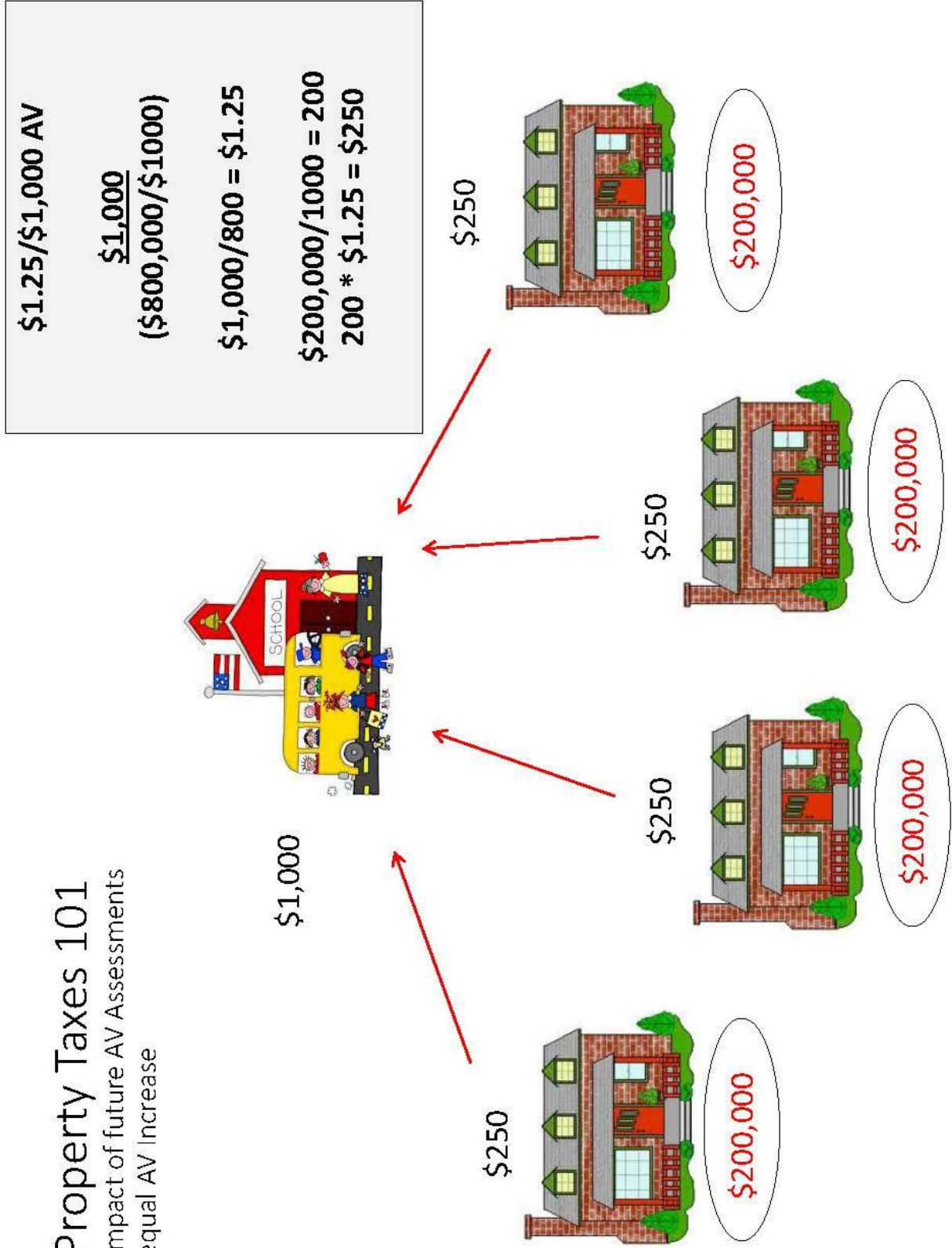
\$250



\$125,000

Property Taxes 101

impact of future AV Assessments
equal AV Increase



PROPERTY TAXES 101

IMPACT OF FUTURE ASSESSMENTS

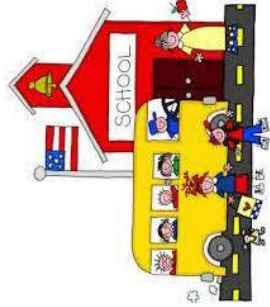
AVERAGE TAX INCREASE IN TAXING
DISTRICT = **11.8%**

\$1.12/\$1,000 AV

\$1,000
(\$895,000/\$1000)

\$1,000/895 = \$1.12

Home AV/1000 = #/\$1000
Home AV * Tax Rate = Tax Due



\$1,000

-\$4.00
\$246



\$220,000

+10% AV

\$235 **-\$15.00**



\$210,000

+5% AV

\$252 **+\$2.00**



\$225,000

+12.5% AV

\$267 **+\$17.00**

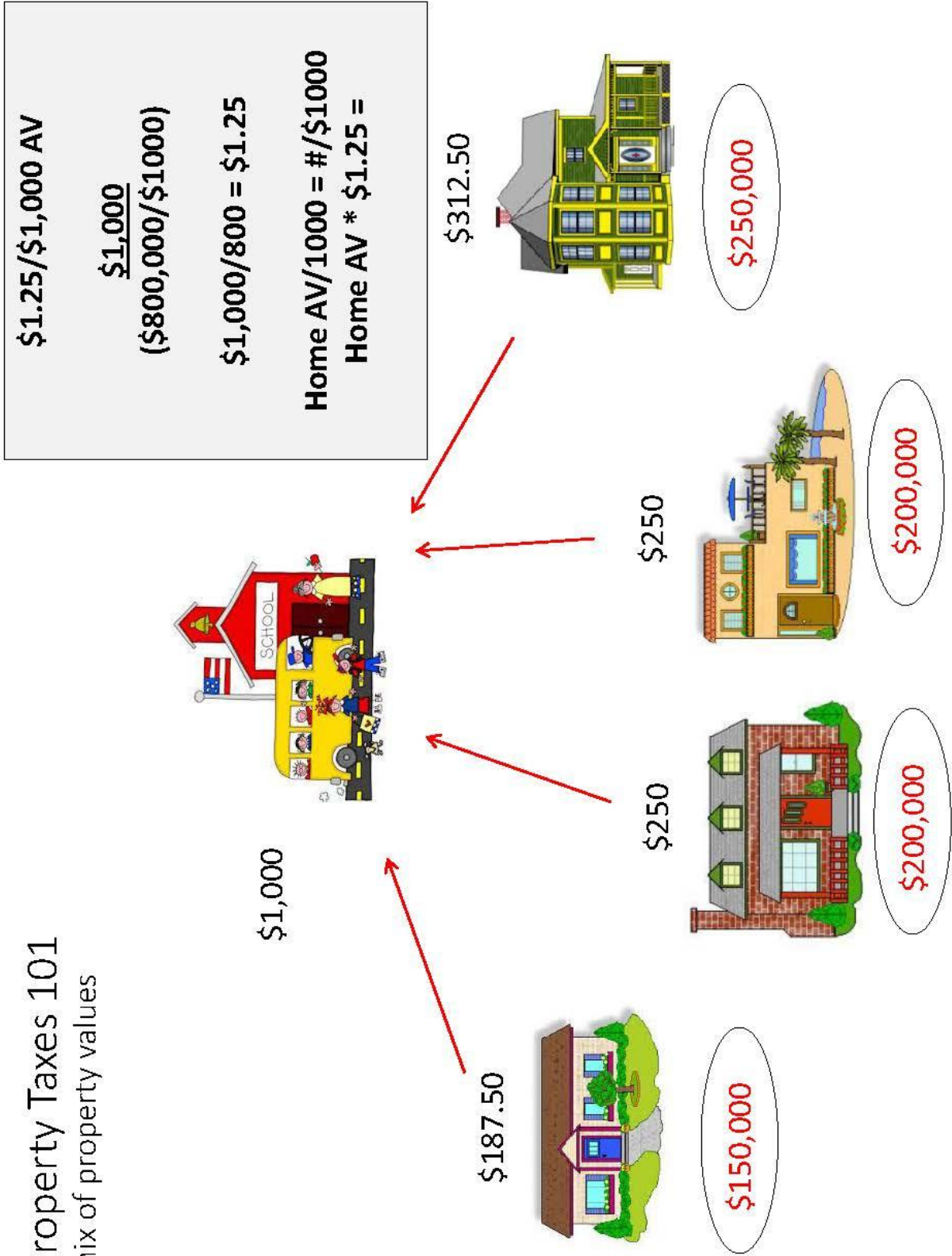


\$240,000

+20% AV

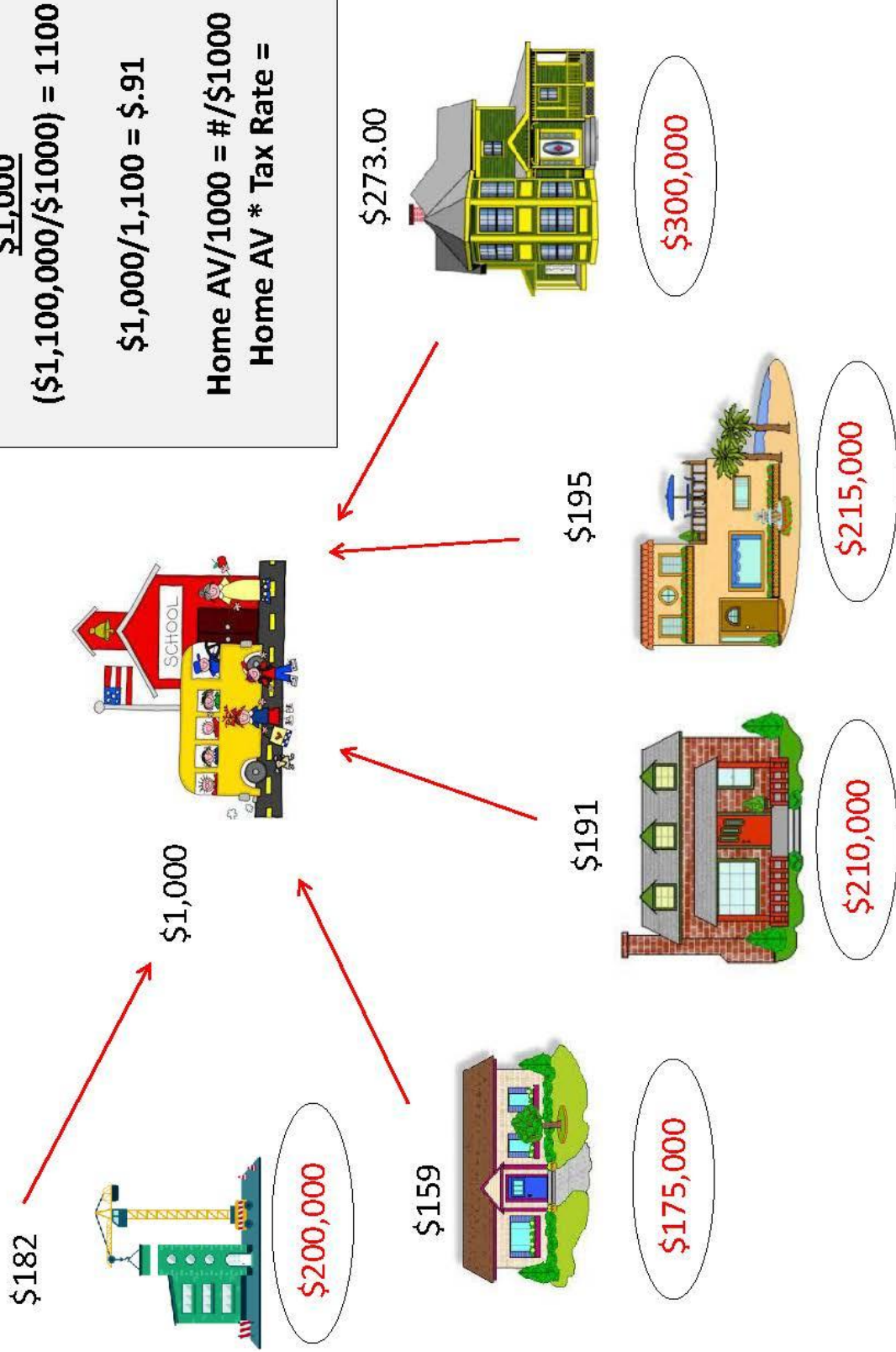
Property Taxes 101

mix of property values



Property Taxes 101

Impact of New Growth/construction



Recent Levy History

Kelso School District Historical M & O Levy Elections

	<u>Assessed Valuation</u>	-	<u>Excess Levy</u>	<u>Levy Rate</u>	<u>District Budget (GF)</u>	<u>Levy % of Budget</u>
2012	\$ 1,869,051,611	97.52%	\$ 7,284,000	\$ 3.90	\$ 45,284,412	16.1%
2013	\$ 1,716,655,065	91.85%	\$ 7,284,000	\$ 4.24	\$ 45,757,849	15.9%
2014	\$ 1,752,779,805	102.10%	\$ 7,357,066	\$ 4.20	\$ 47,898,126	15.4%
2015	\$ 1,803,174,958	102.88%	\$ 7,467,422	\$ 4.14	\$ 50,160,049	14.9%
2016	\$ 1,863,970,258	103.37%	\$ 7,579,433	\$ 4.07	\$ 54,640,683	13.9%
2017	\$ 1,974,374,599	105.92%	\$ 7,693,125	\$ 3.90	\$ 58,025,942	13.3%
2018	\$ 2,127,589,559	107.76%	\$ 7,808,522	\$ 3.67	\$ 62,784,340	12.4%
2019	\$ 2,356,625,234	110.77%	\$ 3,500,000	\$ 1.49	\$ 70,859,493	4.9%
2020	\$ 2,656,299,217	112.72%	\$ 3,850,000	\$ 1.45	\$ 70,742,812	5%
2021	\$ 2,913,636,619	109.69%	\$ 6,000,000	\$ 2.06	\$ 73,625,740	8.1%
2022	\$ 3,331,686,327	114.35%	\$ 6,500,000	\$ 1.95	\$ 76,865,040	8.5%
2023	\$ 3,861,783,334	115.91%	\$ 7,000,000	\$ 1.81	\$ 82,002,326	8.5%
2024	\$ 4,247,961,667	110.00%	\$ 7,500,000	\$ 1.77	\$ 86,451,459	8.7%

*2024 estimate AV Growth

*2024 estimated rate

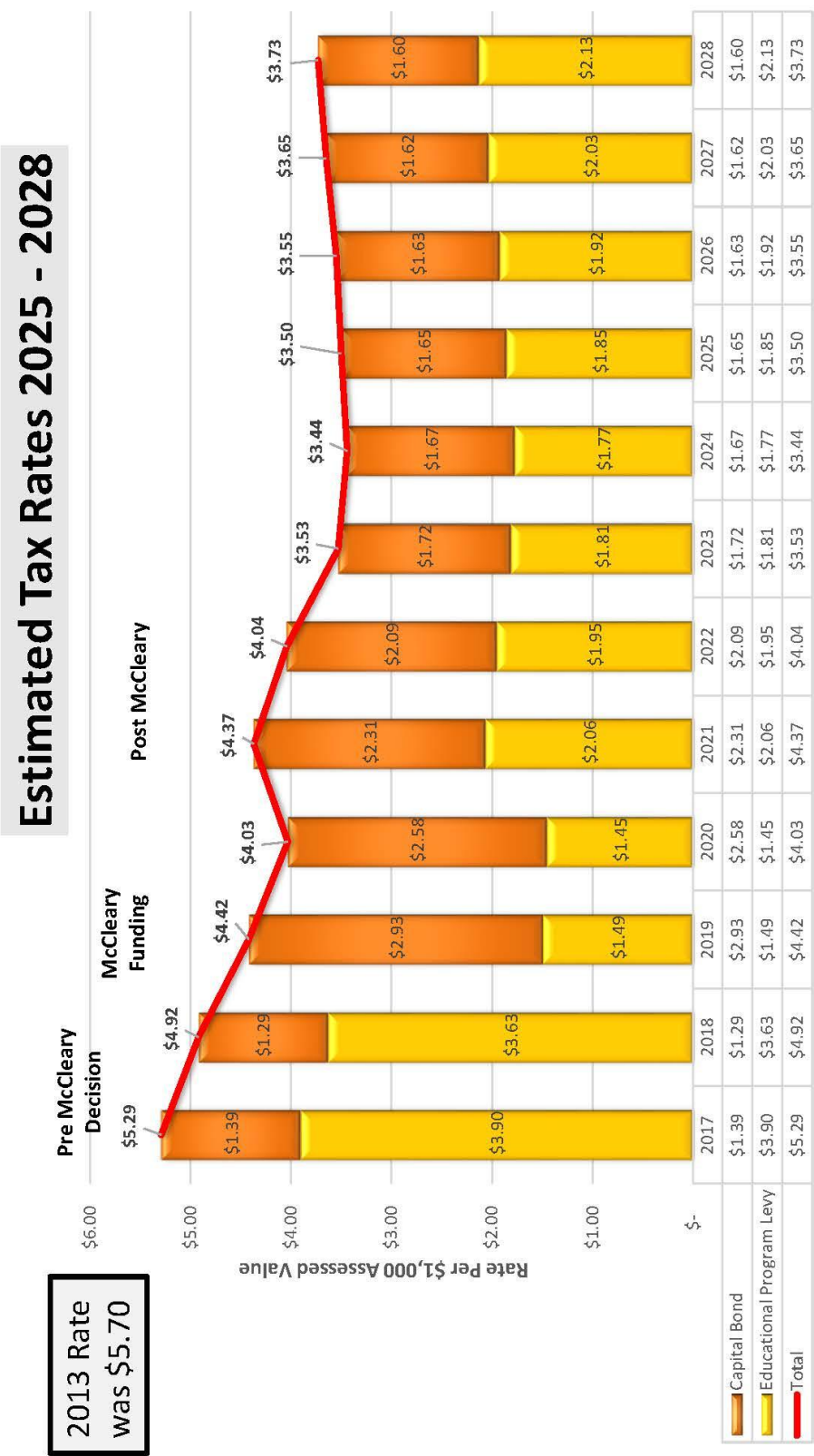
Future Budgetary Challenges

Projected Levy
needs exceed
\$5M

- ESSER “funding cliff” ~ Social/Emotional and Family, Community Resource Center funding goes away after 23/24 **\$900K - \$1M**
- Continued relief for special education programming is still needed. Estimated local levy contribution in 2023/24 is approximately **\$650,000**
- New programming for Inclusionary Pre-School and Transitional Kindergarten
- Loss of Local Effort Assistance funding for passing levy. 2018/19 was \$4.2M and is now budgeted at \$3.4M in 2023/24. This is a now a reduction of \$800K annually in revenue that has occurred over the last 5 years.
- Reduced Enrollment due to falling birth rates. 2023/24 Kinder enrollment at 306. Average 353 K-8
- Maintain capital improvement funds to “maintain and repair” our current facilities post-bond – **Adequate in the near future**
- Resume general fund support of instructional materials adoption schedule **\$700K Annually**
- New instructional technology purchase schedule to support **\$300K Annually**
- Inflationary cost pressures to support current operations – **Non-State Supported Staff and Categorical Programs**
- PSE 1 (2023), KEA (2024), and PSE2 (2024) labor agreements up for negotiations.
- Current Cert/Class Salaries are **\$50.4M ~ 1% above IPD is \$504K with additional \$121K in mandatory payroll taxes/benefits for a total of \$625,000**

Recommended 2025 – 2028 Levy Rates ~ Scenario A

\$750K (Yr1/Yr2)
\$1 Million (Yr3/Yr4)
Scenario A



*2025-2028 Assessed Values use a 5% annual increase for levy rate calculations



\$750K (Yr1/Yr2)
\$1 Million (Yr3/Yr4)

Homeowner Scenario for EP&O Levy - Scenario A

Year	Levy Amount	Assessed Value	Levy Rate	Yearly Amount	Annual Cost Increase	Monthly Cost Increase
2024	\$ 7,500,000	\$ 350,000	\$ 1.77	\$ 619.50		
2025	\$ 8,250,000	\$ 367,500	\$ 1.85	\$ 679.88	\$ 60.38	\$ 5.03
2026	\$ 9,000,000	\$ 385,875	\$ 1.92	\$ 740.88	\$ 61.01	\$ 5.08
2027	\$ 10,000,000	\$ 405,169	\$ 2.03	\$ 822.49	\$ 81.61	\$ 6.80
2028	\$ 11,000,000	\$ 425,427	\$ 2.13	\$ 906.16	\$ 83.67	\$ 6.97

*2024 Voter Approved Levy Amount

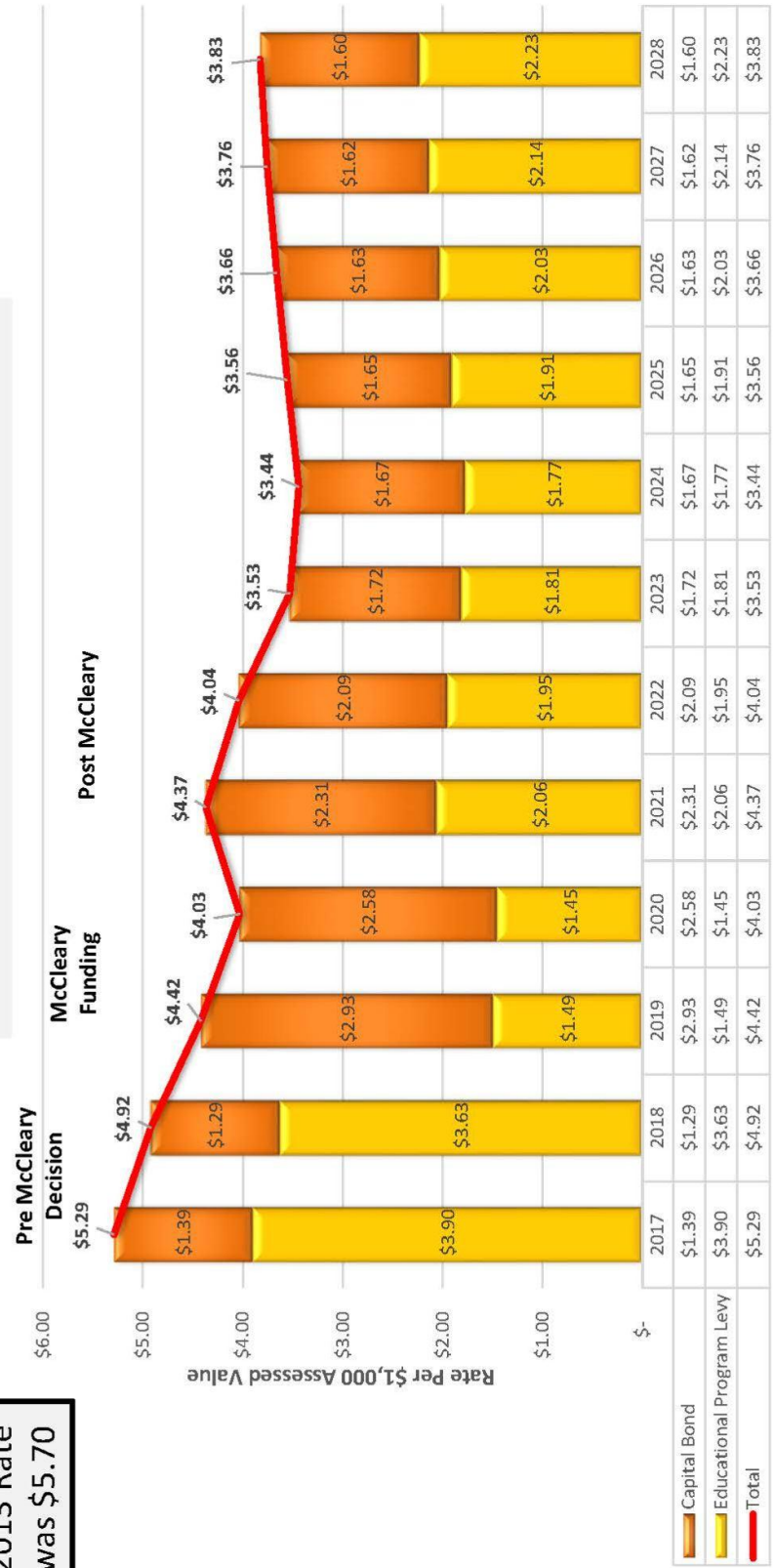
*2025-2028 Assessed Values use a 5% annual increase for levy rate calculations

Recommended 2025 – 2028 Levy Rates ~ Scenario B

\$1 Million Annual
Levy Increase (Yr1-4)
Scenario B

2013 Rate
was \$5.70

Estimated Tax Rates 2025 - 2028



*2025-2028 Assessed Values use a 5% annual increase for levy rate calculations



\$1 Million Annual
Levy Increase
(Yr1-4)

Homeowner Scenario for EP&O Levy - Scenario B

Year	Levy Amount	Assessed Value	Levy Rate	Yearly Amount	Annual Cost Increase	Monthly Cost Increase
2024	\$ 7,500,000	\$ 350,000	\$ 1.77	\$ 619.50		
2025	\$ 8,500,000	\$ 367,500	\$ 1.91	\$ 701.93	\$ 82.43	\$ 6.87
2026	\$ 9,500,000	\$ 385,875	\$ 2.03	\$ 783.33	\$ 81.40	\$ 6.78
2027	\$ 10,500,000	\$ 405,169	\$ 2.14	\$ 867.06	\$ 83.73	\$ 6.98
2028	\$ 11,500,000	\$ 425,427	\$ 2.23	\$ 948.70	\$ 81.64	\$ 6.80

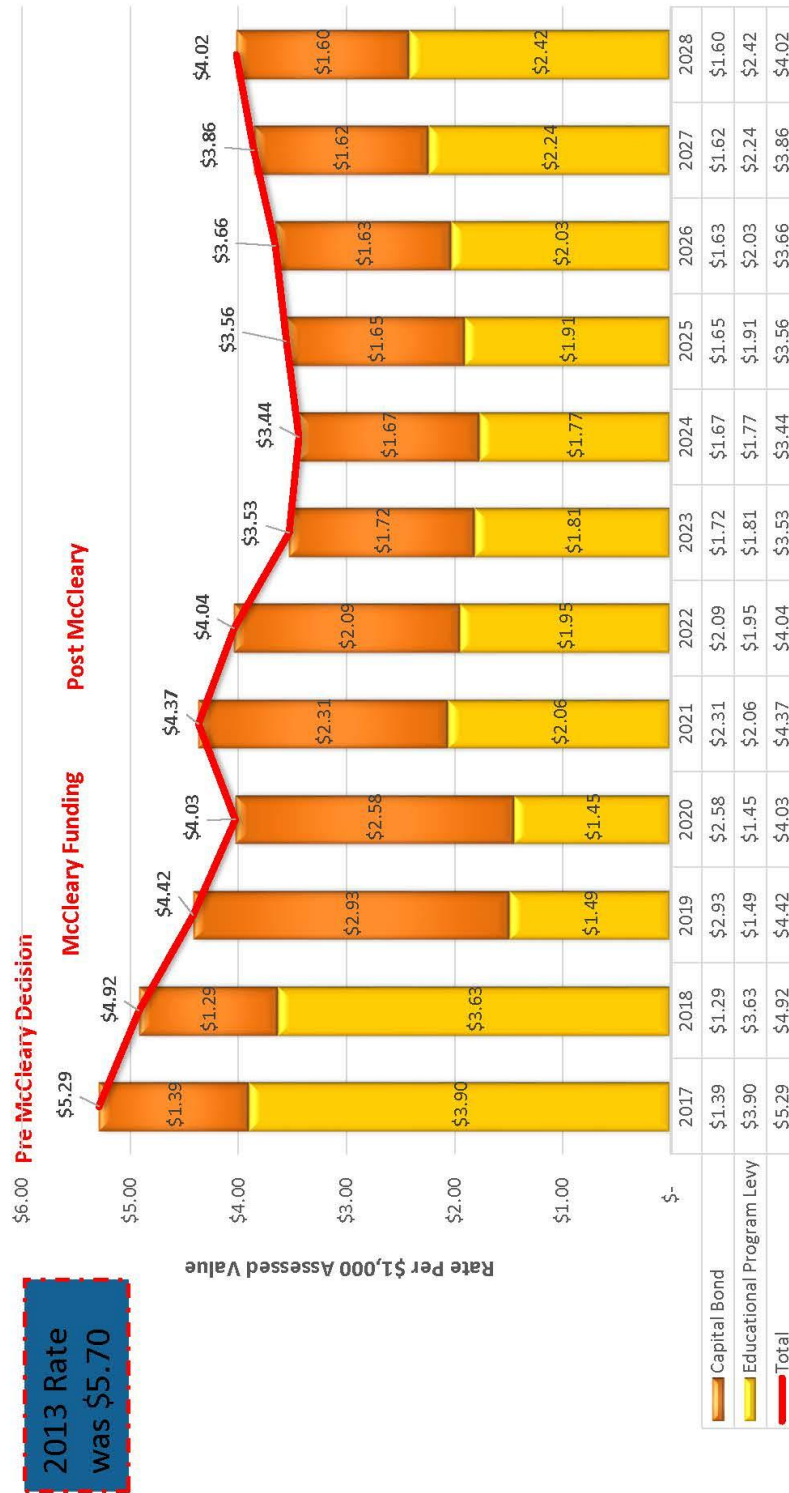
***2024 Voter Approved Levy Amount**

***2025-2028 Assessed Values use a 5% annual increase for levy rate calculations**

Recommended 2025 – 2028 Levy Rates ~ Scenario C

\$1 Million (Yr1/Yr2)
\$1.5 Million (Yr3/Yr4)
Scenario C

Estimated Tax Rates 2025 - 2028





\$1 Million (Yr1/Yr2)
\$1.5 Million
(Yr3/Yr4)

Homeowner Scenario for EP&O Levy – Scenario C

Year	Levy Amount	Assessed Value	Levy Rate	Yearly Amount	Annual Cost Increase	Monthly Cost Increase
2024	\$ 7,500,000	\$ 350,000	\$ 1.77	\$ 619.50		
2025	\$ 8,500,000	\$ 367,500	\$ 1.91	\$ 700.34	\$ 80.84	\$ 6.74
2026	\$ 9,500,000	\$ 385,875	\$ 2.03	\$ 782.73	\$ 82.39	\$ 6.87
2027	\$ 11,000,000	\$ 405,169	\$ 2.24	\$ 907.58	\$ 124.85	\$ 10.40
2028	\$ 12,500,000	\$ 425,427	\$ 2.42	\$ 1,029.53	\$ 121.96	\$ 10.16

***2024 Voter Approved Levy Amount**

***2025-2028 Assessed Values use a 5% annual increase for levy rate calculations**

Work with C4KS

- Multiple discussions with C4KS Board this Fall.
- Discussions have centered around levy rate history and voter approved levy amounts; levy expenditures; and, potential scenarios for consideration.
- C4KS understands it's the Board role to determine and approve levy collection amounts/rates, though their input is highly regarded by the Board.
- Only C4KS can provide advocacy campaign for Levy.

Next Steps

- Board Levy Workshop on September 25th, including C4KS input.
- Anticipated Board approval on October 16th, 2023 of resolution authorizing levy collection amounts and estimated rates.
- OSPI pre-ballot approval, pro/con committee selection, voter pamphlet, November – December 2023
- Submit & Certify Resolution with County Elections by December 15, 2023.
- General District levy information provided to voters, December – February.
- February 13, 2024 Special Election.

The School Board President suggests on behalf of the Kelso School Board, that the district recommend presented scenario B from above.

A D J O U R N

WORK SESSION ADJOURNED at 6:01 p.m.

X

President

X

Secretary