

2015-2016

BUDGET



Adopted June 20, 2015



A MESSAGE FROM THE EXECUTIVE DIRECTOR



July 1, 2015

P.O. Box 1068
Salem, OR 97308
1201 Court St. NE
Salem, OR 97301
503-588-2800
800-578-OSBA
www.osba.org

Dear Members of OSBA:

I'm pleased to provide the adopted association budget for fiscal year 2015-16. This budget utilizes our growing revenue to increase services to members and lay the foundation for a strong future.

As always at OSBA, our main concern was to craft a budget that's both operationally effective and sustainable over the long term. For the fiscal year 2015-16 we are happy to report we have prepared a balanced budget that represents substantial growth in services to OSBA members. The \$7.1 million budget represents an increase of \$665,000 or 10.3% with no increase in fees or dues. The capital assets budget includes implementation of the 2015 space needs plan and the information technology strategic plan. The proposed budget for 2015-16 maintains focus on OSBA's priorities: leadership, advocacy and service on behalf of Oregon public school boards, and our continual dedication to improving student achievement.

I want to acknowledge the services of Michael Robison, our Director of Finance, for his help in constructing the budget and the five-year projections. I'm also grateful to Sharon Addison, our bookkeeper, for her stalwart help and advice.

Finally, I must pay tribute to the valiant efforts of our OSBA staff, for maintaining a high level of excellence in serving members' needs. Their dedication to this association is both remarkable and appreciated.

Respectfully,

A handwritten signature in blue ink that reads "Betsy Miller-Jones". The signature is fluid and cursive, with the first name "Betsy" being the most prominent.

Betsy Miller-Jones
Executive Director
Oregon School Boards Association

About OSBA

Created in 1946 in Eugene, the Oregon School Boards Association is a voluntary association of local boards of education. Its main sources of revenue have come from insurance trust management fees, contract income for services rendered and membership dues. With dissolution of the OSBA Health Insurance Trust, state law has required employees of school districts to enter a state-run, state-mandated program. Thus, investment income has replaced insurance trust management fees as OSBA's primary source of income.

Mission Statement

The Oregon School Boards Association is dedicated to improving student achievement through advocacy, leadership and service to locally elected, volunteer Oregon public school boards.

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2015-16 OSBA BOARD OF DIRECTORS

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Region: Clackamas

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Region: Central

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Region: Linn/Benton/Lincoln

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Region: Clackamas

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Region: Southeast

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Region: Marion

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Region: Douglas/South Coast

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Region: Southeast

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Past president: Lori Theros

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Region: Yamhill/Polk

2015-16 OSBA BOARD OF DIRECTORS

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Region: Multnomah

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Ex Officio

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Ex Officio

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Region: Multnomah

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Ex Officio

OSBA PROPOSED 2015-16 BUDGET

2012-13 AUDITED	2013-14 AUDITED		2014-15 Estimated ACTUAL	2014-15 ADOPTED BUDGET	2015-16 ADOPTED BUDGET
703,221	703,512	REVENUES			
2,541,604	3,678,857	Dues	701,138	710,000	705,000
337,248	4,434,418	Interest/Investment Earnings	4,170,515	3,250,291	3,887,955
64,808	0	Unrealized Gains or (Losses)	0	0	0
326,012	342,312	Insurance			
390,820	342,312	Regence BCBSO	0	0	0
		Property - PACE	459,671	459,671	540,652
		TOTAL INSURANCE	459,671	459,671	540,652
244,553	202,433	Convention/Conferences			
0	27,000	Convention Registration	196,820	194,645	196,820
0	34,600	Convention Exhibitors	42,000	25,000	42,000
28,898	40,285	Convention Sponsors	10,000	30,000	10,000
0	3,000	Summer Conference	41,790	28,175	45,000
12,670	16,365	Summer Conference Exhibitors	2,900	6,000	3,000
12,022	13,321	Labor & Employment	16,365	10,000	15,000
0	27,785	School Law Conference	13,000	7,500	12,000
0	0	Bonds & Ballots	0	0	26,200
0	0	Policy Workshops	0	500	0
0	39,428	Conference for Policy/Trainers	39,428	0	0
1,630	1,745	Day/Online Conferences	2,000	4,000	1,000
299,773	405,962	TOTAL CONVENTION/CONFERENCES	364,303	305,820	351,020
14,400	12,915	Sales of Publications/Subscriptions			
138,066	151,786	School Law Reporter	12,015	15,000	13,000
0	19,370	Policy Subscriptions	165,000	150,000	170,000
7,000	7,200	Policy Plus	24,000	21,000	25,000
98	71	Web Hosting	7,200	6,600	4,200
7,140	5,567	Mailing List	71	100	0
8,757	10,112	PR in Action	9,600	7,000	7,000
25,138	21,325	Handbooks/Calendars	8,800	8,000	8,000
60,000	70,000	SPOT	22,500	25,000	25,000
7,651	6,550	Boardbook	80,000	72,500	75,000
268,250	304,896	Printed Publications	2,900	7,500	0
		TOTAL SALES OF PUBLICATIONS	332,086	312,700	327,200
7,500	6,570	Contract Services			
83,837	18,996	Contract Analysis	4,600	5,000	5,000
230,554	237,194	Executive Search	9,000	10,000	9,000
0	150,000	Human Resource Development	80,000	225,000	100,000
590,153	677,665	PERS - Tax Pension Refunding	105,000	0	0
2,200	0	Legal Services	882,724	845,929	931,940
109,732	96,565	Policy Analysis	0	0	0
70,766	70,000	Policy Revisions/Audits	109,000	100,000	95,000
20,000	20,000	Lighthouse	5,000	10,000	0
4,863	8,848	Misc. Contract Services	0	0	0
21,459	40,541	Contract Printing	3,200	4,000	0
500	0	Board Development	35,000	31,500	35,500
3,600	0	Communications Serv/Focus Grps.	0	0	0
3,323	0	TANS	0	0	0
1,148,487	1,326,379	FlexFund	0	0	0
		TOTAL CONTRACT SERVICES	1,233,524	1,231,429	1,176,440
87,543	85,011	Rental Income	88,000	84,500	59,200
57,437	62,313	Sponsorships	60,000	65,000	60,000
10,340	25,422	Miscellaneous	16,510	10,000	14,000
0	17,137	Sale of Auto	6,006	14,000	12,000
(36,223)	(21,773)	Change in FMV-LGC/Sale of Assets	(25,000)	0	(25,000)
5,808,500	11,364,446	TOTAL REVENUES	7,406,753	6,443,411	7,108,467

OSBA PROPOSED 2015-16 BUDGET

2012-13 AUDITED	2013-14 AUDITED		2014-15 ACTUAL	2014-15 ADOPTED BUDGET	2015-16 PROPOSED BUDGET
EXPENDITURES					
Personnel					
2,443,793	2,582,542	Salaries	2,832,602	2,905,458	3,249,659
1,319,452	244,719	Payroll Assessments	226,151	258,618	274,076
0	1,095,342	Benefits	1,273,401	1,323,349	1,485,024
260,037	255,548	Contract Services	279,783	305,392	266,000
4,023,282	4,178,151	TOTAL PERSONNEL COSTS	4,611,937	4,792,817	5,274,759
Legislative					
1,971	20,824	Legislative Committee	5,000	2,500	22,000
594	637	Legislative Highlights/Report	700	700	700
2,565	21,461	TOTAL LEGISLATIVE	5,700	3,200	22,700
Travel					
68,371	53,316	Board/Committee (In)	50,000	40,000	55,000
40,278	39,742	Board/Committee (Out)	40,000	42,000	40,000
15,475	16,085	Billable	27,900	20,500	36,500
49,612	69,438	Non-billable	57,082	69,250	64,750
0	0	Regional Meetings	0	0	10,000
35,770	31,813	Auto Expenses	24,083	33,400	33,400
6,912	5,441	Lighthouse Data Fees	1,600	3,500	3,500
216,418	215,835	TOTAL TRAVEL	200,665	208,650	243,150
58,170	58,487	Professional Development	79,500	97,100	119,300
0	892	NSBA Work-alike	0	0	0
Publications					
3,632	3,425	PR in Action	2,000	3,600	3,600
0	0	Critical Issues	0	0	0
6,611	0	Executive Search	500	1,500	1,500
36,000	39,000	Boardbook	43,000	43,000	45,000
2,188	2,146	Printed Publications	1,500	4,400	1,600
48,431	44,571	TOTAL PUBLICATIONS	47,000	52,500	51,700
Convention/Conferences Expenses					
161,847	182,408	Convention	204,212	185,000	202,500
26,769	40,788	Summer Conference	38,249	34,175	37,500
3,096	5,222	Labor & Employment	1,000	9,000	5,000
2,431	914	School Law Conference	4,000	2,000	5,000
0	21,538	Bonds & Ballots	0	0	23,900
19,390	0	Leadership Oregon	25,000	25,000	0
0	38,126	Conference for Policy/Trainers	0	0	0
4,373	0	Day/Online Conferences	1,100	22,000	1,000
217,906	288,996	TOTAL CONVENTION/CONFERENCES	273,561	277,175	274,900
Office Expense					
16,000	16,475	Audit	17,284	16,200	18,000
78,125	80,541	Insurance	85,540	82,000	87,000
11,540	10,543	Telephone	9,000	11,000	10,000
0	0	Video Conferencing	0	1,000	0
18,752	13,837	Postage	18,000	13,000	19,000
63,907	46,162	Supplies/Other Office Expense	33,000	35,000	35,000
5,730	2,679	Non-consumable Supplies	5,812	10,500	12,200

OSBA PROPOSED 2015-16 BUDGET

2012-13 AUDITED	2013-14 AUDITED		2014-15 PROJECTED ACTUAL	2014-15 ADOPTED BUDGET	2015-16 PROPOSED BUDGET
37,235	51,541	EXPENDITURES (Continued)			
25,474	26,081	Xerox/Impressions	44,000	43,000	44,000
7,626	7,817	Computer Hardware	20,000	24,000	40,000
17,424	27,304	Computer Software	14,468	9,000	25,150
0	35,585	Computer Maintenance/License	17,505	20,700	20,495
0	9,866	Computer Subscription Svcs	25,620	22,700	85,818
8,180	4,460	Computer Sub Contracts	581	0	0
0	2,342	Tech Connections	4,611	4,600	4,600
722	1,147	Equipment Purchase	1,000	2,500	1,200
15,216	17,727	Equipment Maintenance	1,200	1,000	1,000
305,931	354,107	Staff Recruiting	60,000	5,000	5,000
		TOTAL OFFICE EXPENSE	357,621	301,200	408,463
		Dues, Subscriptions, Publications			
76,550	71,426	NSBA	71,241	76,550	79,000
12,105	13,571	Dues	17,347	16,469	21,619
49,041	36,605	Subscriptions, Publications	27,045	37,750	44,731
137,696	121,602	TOTAL DUES, SUBS., PUBLICATIONS	115,633	130,769	145,350
		Building			
100,000	119,198	Operations	110,000	98,000	110,000
12,000	12,000	Reserve	12,000	12,000	12,000
112,000	131,198	TOTAL BUILDING	122,000	110,000	122,000
72,886	204,333	Legal Fees	220,000	150,000	50,000
59,647	41,860	Depreciation Expense	45,000	0	45,000
0	0	Bank Fees & Misc Expense	20,000	0	20,000
0	0	PACE Expense	18,000	0	18,000
0	0	Contingency	0	108,000	126,145
5,711	50,266	Special Projects	164,000	185,000	160,000
25,000	26,217	Board of Directors' Projects	0	0	0
26,350	36,000	Continuing Partnerships	26,300	27,000	27,000
5,311,993	5,773,976	TOTAL EXPENDITURES	6,306,917	6,443,411	7,108,467
		Excess of Revenue Over/(Under) Expenditures	1,099,836	0	(0)
496,507	5,590,470	Beginning Fund Balance	84,919,838	79,329,368	86,019,674
78,832,861	79,329,368	Ending Fund Balance	86,019,674	79,329,368	86,019,674
79,329,368	84,919,838				

	Budget 2015-16	Budget 2016-17	Budget 2017-18
Technology	300,000	175,000	175,000
Autos	70,000	35,000	35,000
Building Improvements	650,000	25,000	25,000
Total Capital Projects	<u>1,020,000</u>	<u>235,000</u>	<u>235,000</u>

Technology and Building Improvements:

- As described by our auditors, capital assets (land and improvements, buildings and improvements, vehicles and equipment) are individual items costing in excess of \$5,000 and having a useful life longer than a year.
- Capital assets show up in the financial statement as fixed assets and the cost of an asset is spread over several years and shows in the income statement as depreciation.

1. Technology:

- Includes \$267,500 for upgrades and improvements to IT infrastructure (hardware & software) and \$32,500 for contingency for 2015-16. This includes \$200,000 for upgrades to SPOT (OSBA’s online salary survey information for use by member districts).
- Includes \$100,000 for implementing recommendations from the IT Strategic Plan for 2016-17 and 2017-18.
- Includes \$75,000 for contingency for unanticipated projects for 2016-17 and 2017-18.

2. Autos:

- Replace autos with mileage at or above 100,000 miles, two in fiscal year 2015-16 and one each in 2016-17 and 2017-18.

3. Building Improvements:

- Includes renovations to the 3rd and 4th floor as identified in the space planning project accepted by the Board at the January 2015 meeting; and paving of the graveled area where the house was torn down.



TO: OSBA Budget Committee
FROM: Betsy Miller-Jones
SUBJ: OSBA 2015-16 Budget Proposal
DATE: April 13, 2015

Fiscal 2014-15 has been a very exciting and successful year for the Oregon School Boards Association. We have successfully rolled out “The Promise of Oregon” campaign and spoken clearly as an association to the Legislature to promote increased funding for education. At the same time we have maintained a wide range of excellent services to our members. Participation in our events is up, and the credibility of OSBA as the “go to” organization for school board members is widely recognized. The OSBA Board of Directors authorized a study of the space needs of the association, an information technology strategic plan, and has begun the discussion of strategic planning for the association. This strong forward-looking leadership provides a great framework for the future.

Financially we have had a very positive year in 2014-15, with revenues expected to exceed expenses by about \$1.1 million. This is before taking into account any unrealized gains or losses from investments, which in 2013-14 added an additional \$4.4 million to the bottom line. In 2013, OSBA’s invested assets were about \$76 million. They have grown to over \$81 million today.

One of the great challenges we face, and it is a very positive challenge, is to make sure we put away funds for the “rainy day” when the financial markets are not charging ahead as positively as they have the past few years. Half of our total operating revenue is dependent upon investments. The OSBA Board and finance committee put together investment guidelines and a plan implementing those guidelines to make sure our income is as independent as possible of market variations in bond values, interest rates and equity market fluctuations.

For 2015-16 we have again prepared a balanced budget that utilizes our growing revenue to increase services to members.

Highlights of the proposed budget for 2015-16 include no increase in fees or dues to members, expected continued high attendance at events, plans for the biennial Bonds, Ballots and Buildings Conference in February 2016, and increased services to PACE, including PACE training and PACE school safety day. We have budgeted for the second phase of The Promise of Oregon public campaign, funds for tax reform research and funding for regional meetings convened by OSBA Board and LPC members. The capital assets budget includes implementation of the 2015 space needs plan and the information technology strategic plan.

This budget represents a substantial growth in services to OSBA members. The \$7.1 million budget represents an increase of \$665,000, or 10.3 percent. This includes increases in a portion of our revenue and expenses related to PACE, as well as growth in event participation and direct services to boards and districts.

The proposed budget for 2015-16 maintains focus on OSBA’s priorities: leadership, advocacy and service on behalf of Oregon public school boards, and our continual dedication to improving student achievement.

INTRODUCTION

OSBA staff is proposing for fiscal year 2015-16 a balanced budget where revenues equal expenditures. In addition, as discussed in the March Board meeting, OSBA staff was able to increase the contingency for 2015-16 from \$108,000 to \$126,145. OSBA proposed budgeted revenues for 2015-16 increased by \$656,794, or 10.2 percent, over 2014-15 budgeted revenues. The proposed expenditures for 2015-16 increased by \$656,794, or 10.2 percent. Since we presented a balanced budget last year, the change in revenues and expenses between 2014-15 and 2015-16 are the same amount.

OSBA continues to benefit from the change in investment policy implemented in 2012-13. This has allowed OSBA to increase staff and improve services to our member districts. OSBA is in the second year of budgeting separately for our capital assets or projects (individual items costing \$5,000 or more lasting longer than a year). OSBA will be remodeling our office space as a result of the 2014-15 Space Plan. In 2015-16, OSBA will be implementing portions of the Information Technology Strategic plan developed in 2014-15. Having separate operating and capital budgets is standard practice for an organization similar to ours.

OSBA continues to increase staffing levels to provide increased service levels to PACE, prepare transition planning for OSBA, and improve our services to our members.

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. We have seen a slowing in new charter school memberships in 2014-15. There have not been any changes made to dues rates since 1998-99.

Interest/investment earnings

For fiscal year 2015-16 we have budgeted an increase of \$620,102, or 19.08 percent, from our earnings of dividends, interest and realized gains over the budgeted amount for 2014-15. Using our current investments, we expect dividends, interest and realized gains of \$3,882,619 for fiscal year 2015-16.

The projection for fiscal year 2015-16 is conservatively below our current projections for 2014-15 with investment earnings of \$4,170,515. This is up almost \$920,000 from our budgeted amount for the year 2014-15. The substantial increase is due to OSBA taking full advantage of the positive equity market during 2014-15 as well as the sale of individual bonds at a nice gain that would have been maturing later in 2015-16. OSBA has earned in excess of \$1,400,000 in realized gains for 2014-15. These gains were reinvested back into either bonds or equities growing our ending fund balance or investment portfolio.

We will continue to look for ways to convert our unrealized gains into realized gains and grow the investment portfolio.

Insurance/Regence BCBSO

We no longer expect to receive funds from our Health Insurance Trust and as such we didn't budget any revenues for this line item.

Property/PACE

OSBA is proposing a service agreement fee increase of \$80,981, or 17.62 percent, from PACE for 2015-16. This includes increased IT services for the Litigation Department and .5 FTE for the OSBA PACE administrator (Lisa Freiley). This FTE was previously budgeted in 2014-15 as part of the direct litigation fee. OSBA has since hired a full-time Litigation Director and Lisa's time for 2015-16 was included as part of the OSBA's operations charges to PACE (overhead). These changes continue to be related to improving the service model of how we provide and account for our services and overhead to PACE.

Convention/conferences

Convention and conference projections for next year reflect an increase of \$35,700, or 11.67 percent, from the 2014-15 budget. We expect an increase in attendance at both Summer Board Conference and our Fall Convention. This follows the pattern of previous years when it is an election year for board members. OSBA plans to sponsor a separate, one-day Bonds, Ballots and Buildings Conference in February 2016. We have had good success in adding exhibitors to our events; however, we have reached capacity for the facilities for both Summer Board and Convention.

Sales of publications

Revenue for publications includes policy subscriptions and Policy Plus service resulting in a proposed increase in revenue of \$14,500, or 4.64 percent. Policy subscriptions are expected to be up \$20,000 and the Policy Plus service, currently included in policy subscriptions, will bring in an additional \$4,000. We have also eliminated the sale of several of our

publications and made them available under the members' only portion of our website, which resulted in a reduction in revenues of \$7,500. These items account for the majority of changes in the projected publications revenue for 2015-16.

Contract services

Budgeted revenues for contract services are proposed to be down a total of \$64,989, or 5.28 percent, from the budgeted revenue for 2014-15. This decrease comes from the lack of staffing in the labor relations department to maintain the ability to take on new contracts resulting in a revenue decrease of \$125,000, or 55.56 percent. The decrease is partially offset by increased charges of \$86,011, or 10.17 percent, for legal services provided by OSBA to PACE. The increased charges to PACE reflect the hiring of a full-time Litigation Director.

Rental income

This income reflects current experience. OSBA is budgeting a slight increase of \$3,500, or 4.14 percent, due to rental rate increases for our leased parking spots.

Sponsorships

OSBA staff reduced the budgeted sponsorship for 2015-16 by \$5,000, or 7.69 percent, to reflect the actual results for 2014-15. Lori Sattenspiel has worked hard to develop these sponsorships for OSBA.

Miscellaneous

This category includes NSBA revenue sharing, PaySchools and Solveras Check Recovery.

Change in Fair Market Value (FMV)

This is an adjustment to the revenue for the reduction in equity for the OSBA share of the Local Government Center.

This entry is made on annualized basis (see audited columns for 2011-12 and 2012-13). OSBA is proposing budgeting for this item for the first time this year, as we are able to predict the change in value of the OSBA share of the Local Government Trust.

EXPENDITURES

Salaries

OSBA staff is proposing that salaries increase by \$343,130, or 11.81 percent. Salaries include a COLA of \$60,700, or 2.0 percent, increase for existing employees and possible merit increases of \$80,700, or 2.77 percent. In addition, staff is proposing new positions totaling \$201,700, or 6.94 percent, increase for 2015-16. The positions are for a new assistant (1 FTE), changes to the Board Development position, changes to the Labor and PACE Services position, and additional specialist position (1 FTE); also included is a full-time director (1 FTE) for PACE.

Payroll assessments/benefits

OSBA staff is proposing an overall increase of \$176,942, or 11.18 percent, in payroll assessments and benefits. This is primarily due to changes in our PERS rates of two percentage points which increased our overall PERS contribution by \$144,905. We are projecting a 12 percent increase in medical insurance rates starting January 1, 2016; however, only half of the increase will be in fiscal year 2015-16.

Contract services

OSBA staff is proposing a decrease in contract services of \$39,392, or 12.90 percent. This is primarily due to hiring a full time Litigation Director and not contracting for those services in 2014-15.

Legislative

OSBA staff is proposing an increase of \$19,500, or 609.4 percent. This increase reflects the cost of Legislative Policy Committee expenses related to planning the legislative initiatives that OSBA will be supporting for the 2017 legislative year. These expenses alternate years and are incurred primarily in the year before the Legislature meets in full session. This budget also reflects the cost of delivering the *Legislative Highlights* publication electronically.

Travel

OSBA staff is proposing an increase of \$34,500, or 15.34 percent, in travel expenses. We are expecting an increase of \$15,000 in Board/Committee travel related to Legislative Policy Committee meetings and an increase of billable travel of \$16,000. The increase in billable travel is from the litigation budget and reflects required travel (depositions, hearings, and trials) for case load covered by PACE.

Professional development

OSBA staff is proposing an increase of \$22,200, or 22.86 percent, in professional development. The increase is related to the increase in OSBA staff and a recommendation from the IT Strategic Plan to strengthen our IT staff through increased training dollars. The professional development allowance is \$2,200 for professional staff and \$800 for assistants. Those who attend NSBA events are allowed an additional \$1,600 for travel.

Publications

OSBA staff is recommending a slight decrease of \$800, or 1.52 percent, for publications.

Convention/conference expenses

OSBA staff is proposing a decrease of \$7,275, or 2.62 percent. While we will hold the Bonds, Ballots and Buildings Conference in 2015-16, we will not be holding Leadership Oregon. Day/online conference expenses were reduced by \$21,000 based on our 2014-15 experience.

Office expense

OSBA staff is proposing an increase of \$107,263, or 35.61 percent. The majority of this increase is related to investments in technology. This increase is broken out by hardware increase of \$16,000 for replacement computers and upgrades to hard drives, software increases of \$16,150 including \$10,000 for unanticipated projects, subscription services of \$63,118 including offsite software back up, new list serve software to replace Lyris, convention mobile app, Prolaw for PACE. Please see the report titled "Technology Budget Proposal 2015-2016" for more detail.

Dues, subscriptions, publications

OSBA staff is proposing \$138,350, or an increase of \$7,581 or 5.80 percent. NSBA dues will remain roughly the same as the 2014-15. The dues, subscriptions and publication expenses reflect an increase in OSBA staffing levels.

Buildings

OSBA staff is proposing \$122,000, an increase of \$12,000, or 10.91 percent, reflecting increased operating costs for 2015-16 as part of the LGC Trust.

Legal fees

OSBA staff is proposing \$50,000 for a decrease of \$100,000, or 66.67 percent. This reflects the anticipated settlement of the PERS litigation in 2014-15, reducing the need to use outside counsel.

Depreciation expense

This is an entry made at the end of the year and reflects the costs of our investment in capital projects. OSBA has not budgeted for this expense in the past years. It is the recommendation of staff that we start budgeting this expense since it is part of our annual expenses and is good business practice.

Contingency

OSBA staff proposes that contingency increase of \$18,145, or 16.80 percent. This change would keep the contingency to just under 2 percent. Staff recommends OSBA continue to move towards having a contingency greater than 5 percent as recommended by the Government Finance Officers Association (GFOA). The need is mitigated by our unreserved fund balance.

Bank fees and miscellaneous

OSBA staff proposes we start budgeting for these expenses as we are incurring the bank fees on a regular monthly basis.

PACE expenses

This is the cost of meals and other related expenses for our members attending the new trainings put on by OSBA on behalf of PACE. OSBA is recovering 100 percent of our cost from the PACE administration fee.

Special projects

OSBA staff proposes that special projects decrease by \$25,000, or 13.51 percent, for fiscal year 2015-16. \$150,000 of these funds are for the third phase of our media campaign. No specific project is currently identified for the remaining \$10,000; however, this will allow the OSBA Board to have flexibility as opportunities arise.

Board of Directors' projects

OSBA staff proposes that Board of Directors' projects and special projects be combined under a single line of Special Projects for 2015-16 and beyond.

Continuing partnerships

OSBA staff proposes that continuing partnerships remain the same as in fiscal year 2014-15. Planned break-out: PTA \$10K; OLN \$11K; OSSA \$5K; Other \$1K.

Conclusion

The OSBA proposed budget for 2015-16 varies significantly from 2014-15 in both revenues and expenditures. However, staff believes these changes will also significantly enhance services to our members.

FIVE-YEAR FORECAST ASSUMPTIONS FOR 2015-16 BUDGET

We have prepared charts reflecting five years of forecasted revenues, expenses and unrestricted fund balances for review by the OSBA Budget Committee. These charts reflect for OSBA five years of audited history (2009-10 through 2013-14), projections for fiscal year 2014-15, proposed budget for 2015-16, and projections for future years through 2019-20. These projections are based on operating revenues and expenses and do not include an estimate for unrealized gains or losses on the market value of our investments.

REVENUES (Green Line):

Dues are based on the fiscal year 2014-15 and forecasted to remain flat as we have reached market penetration with charter schools.

Investment income is based on endowment fund earnings, using an assumed earnings rate of 3.25 percent, 4.25 percent, and 5.25 percent for 2016-17 and all future years depending on the specific chart.

Insurance reorganized and continued in 2015-16 to provide increased services to PACE. Income is forecasted to grow by 5 percent per year starting with 2016-17 based on the terms of the contract with PACE.

Convention and Conferences are forecasted to grow by 1 percent per year for all future years after 2015-16.

Sales of Publications and Contract Services are forecasted to grow by 2 percent each year from 2015-16.

Rental income is at a flat amount of \$59,000 due to renovations on the third floor for Litigation, reducing the amount of space available for rent.

Sponsorship was estimated at a flat rate of \$60,000 per year as a goal for OSBA to achieve.

EXPENDITURES (Red Line):

Salaries: Several new positions were added in 2015-16. The future years include cost of living and merit increases, and are projected to increase at 3 percent per year based on the 2015-16 year.

Benefits and Taxes are calculated at our 2014-15 budget level of 54.4 percent of salaries.

Contract Personnel was estimated using the average of the last five years of usage.

Legislative was estimated using alternate amounts depending on the legislative year, either a flat rate of \$25,000 or \$5,000 per year.

Travel is projected to increase by 5 percent per year starting with 2015-16.

Professional Development was estimated at a flat rate of \$119,300 per year.

Publications was estimated at a flat rate of \$52,500 per year.

Convention and Conference expense was estimated to grow by 3 percent per year based on the 2015-16 budget.

Office expense was estimated to grow by 3 percent per year based on the 2015-16 budget.

Dues, Subscriptions, and Publications were estimated to grow by 1 percent per year based on 2015-16 budget.

Building expenses were estimated to grow by 1 percent per year based on the 2015-16 budget.

Legal fees are difficult to project and were held flat at \$50,000 per year.

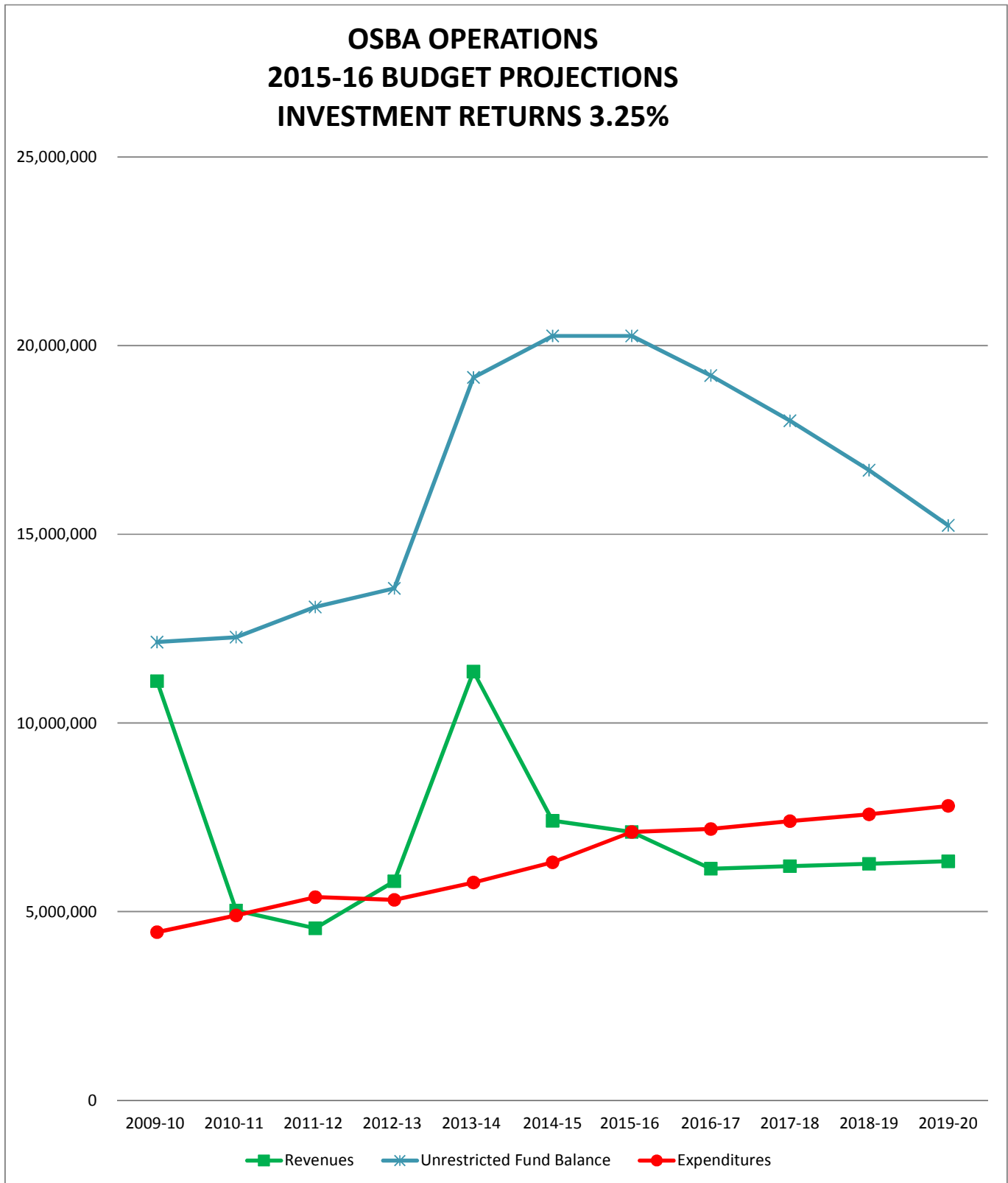
Special Projects and Board Projects were held flat at \$160,000 per year.

Bank Fees, PACE Expenses, and Depreciation were all held at flat amounts for future years.

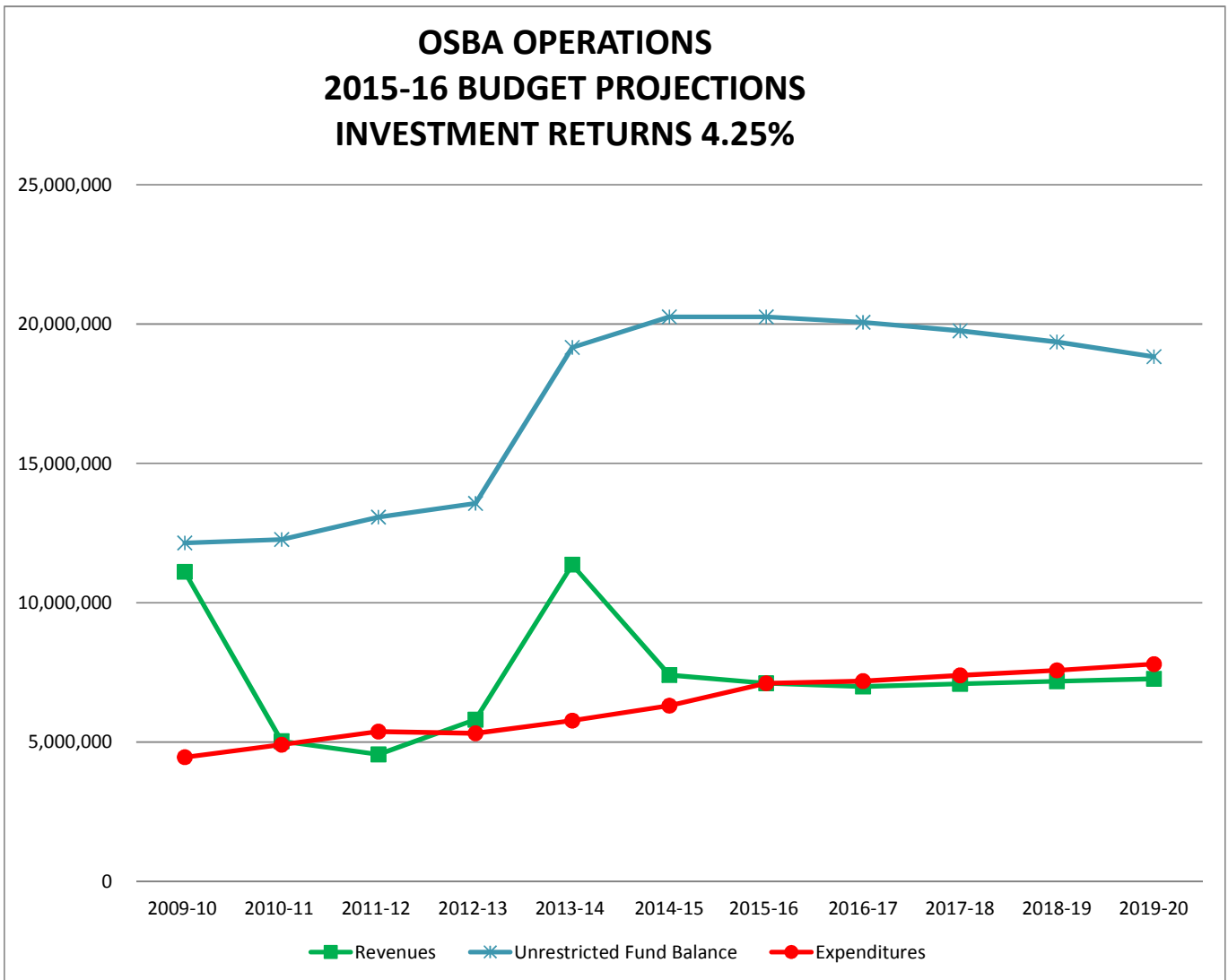
The Contingency was projected at a flat amount of \$126,145,000 per year. However, in the event that OSBA needed to use the contingency during the year, we would reduce contingency and charge the actual line item for the expenditure.

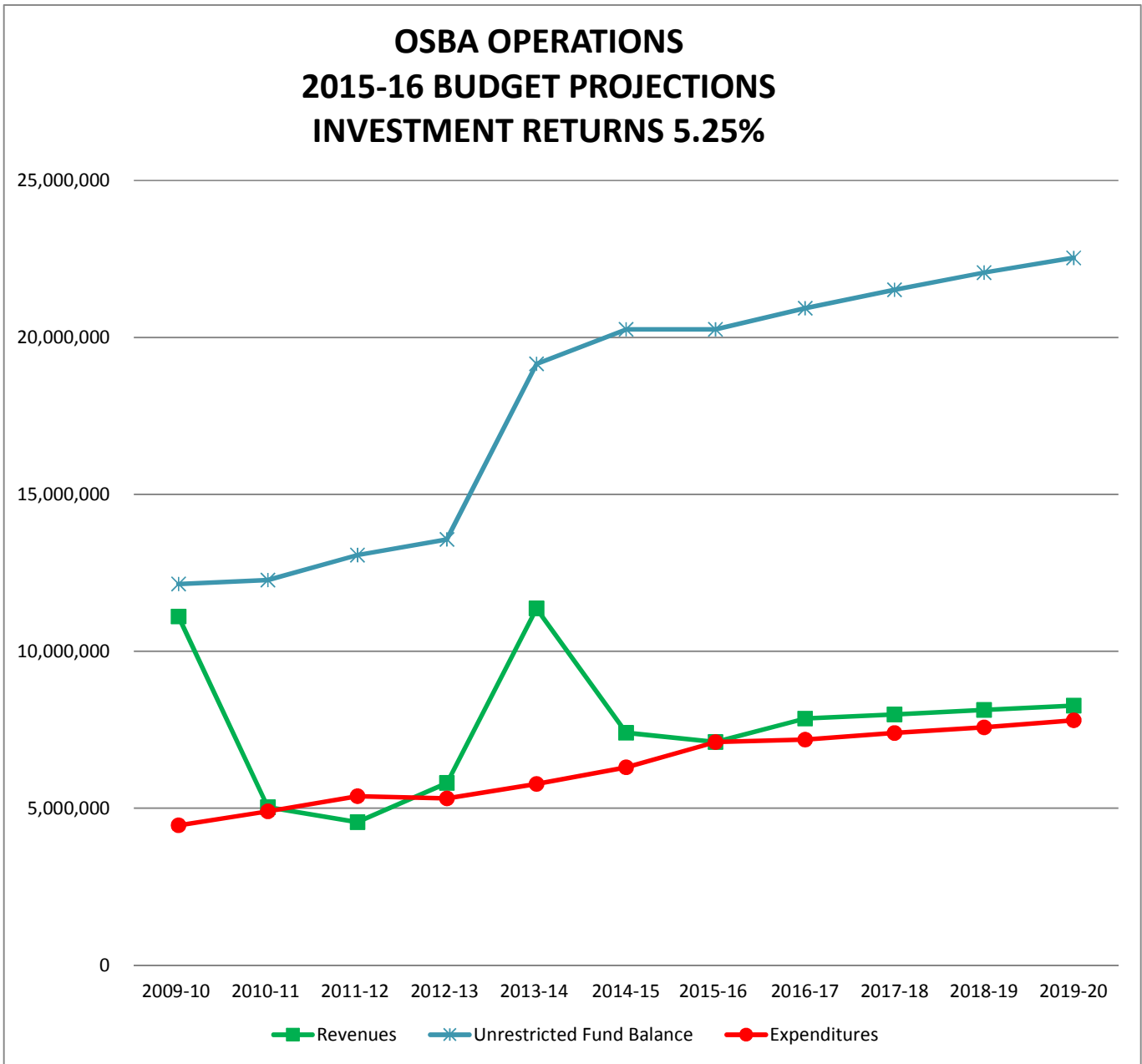
UNRESTRICTED FUND BALANCE (Blue Line):

OSBA currently has three components to our ending fund balance: **restricted** (\$50,000,000), **temporarily restricted** (\$15,762,867), and **unrestricted** for June 30, 2014 (\$19,156,971). We are estimating that OSBA should end the fiscal year 2014-15 with an unrestricted balance of \$20,256,807 and budgeting to end the fiscal year 2015-16 with the same unrestricted balance of \$20,256,807. The endowment and the unrestricted balance remain fixed dollar amounts for future years with the unrestricted fund balance fluctuating by the dollar amounts that revenues exceed expenses or unrealized gain or losses.



FIVE-YEAR BUDGET PROJECTIONS





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