

# From the Board.....

This past October you received a report from the school board that focused on the district's increased enrollment and the background for the board's decision to place a general fund operating levy before voters in May, 2016. Also included in that mailing was a survey asking respondents to prioritize the needs the levy will address. With the results of the survey in, we would like to let you know what we heard from you and address some of the questions and comments that we received. Many of you told us you would like to have more information. We are also including a Levy Information sheet with specific information about the ballot issue that will be decided on May 3.

## SURVEY RESULTS

### LEVY PRIORITIES – WHAT WE HEARD

Respondents were asked to rate their priorities for addressing the following district needs: preventing and restoring program and staffing cuts; addressing deferred maintenance; maintaining and upgrading technological infrastructure, relieving frozen supply budgets; and providing adequate compensation for district employees.

- The top priority was restoring programs and staffing cuts, which was ranked first or second by more than 77% of respondents.
- Providing adequate compensation was second, receiving a first or second ranking from 69% of respondents.
- Addressing deferred maintenance and maintaining and upgrading technological infrastructure had an equal number of first or second ratings (approximately 45%) and were also essentially tied in the number of third or fourth rankings.
- Relieving frozen supply budgets was ranked first or second by fewer than 20% of respondents, but was far and away the favorite fourth or fifth priority.

Survey respondents were also asked to list any additional priorities or thoughts they wanted to share. While most respondents did not list additional priorities, for those that did, the most commonly mentioned was expansion or upgrades of facilities. A few comments suggested further reducing personnel or eliminating programs rather than requesting a tax levy.

### LEVY RESPONDENTS – WHO THEY WERE

Approximately 200 people responded to the survey, which could be completed either on paper or on-line. The survey did not ask respondents to identify themselves, but did ask for some demographic information, as well as responses to a few other questions.

- Almost 40% of respondents identified themselves as parents of current or past Corvallis students. A third identified themselves as community members with no current or past

Corvallis students. Slightly less than 30% of respondents identified themselves as district employees.

- 84% of those responding said they were registered to vote in Corvallis.
- Almost 86% of respondents said they thought the district communicated pertinent information to allow them to cast an informed vote.
- When asked to identify the preferred means of receiving information from the district, mailings were the top vote getter (89%), the district website was second (25%), public meetings were third (17%), and social media was fourth (11%).
- Slightly more than half of respondents said they were familiar with the district's strategic plan.

## **COMMONLY REQUESTED ADDITIONAL INFORMATION**

Respondents to the survey were given an opportunity to request additional information. Because the survey responses were anonymous, it is not possible for us to send answers to specific individuals. However, many of the issues raised fall into broad categories, which we will attempt to address here. The most common request for additional information was, of course, about the amount of the levy, the tax impact, and specifics about what the levy would pay for. Information about that is provided on the enclosed Levy Fact Sheet. Here we would like to address some of the more general questions about school budget and levy history, employee compensation comparisons, maintenance, and taxes. We hope that, if your question is not answered here, you will provide a way for us to respond to you individually.

### **WHY A LEVY RATHER THAN A BOND?**

State law sets strict rules for how school districts can budget and raise funds. When voters are asked to approve a bond issue they are being asked to authorize the district to borrow money (issue bonds), almost exclusively to expand facilities. Taxpayers agree to be taxed for the bond payments over a specific period of time until the debt is retired. This is similar to an individual taking on debt to finance the purchase of a house. Corvallis voters last authorized the issue of bonds in 1996 to construct additions at all three schools. Those bonds were paid off in 2012 and the Corvallis School District currently has no bonded indebtedness. The district is engaged in a long-term facility planning process, but that process is far from complete at this time.

A general fund levy, on the other hand, is a voter authorized tax to support the operations of the district – salaries, supplies, equipment, maintenance, utilities, insurance, etc. State statute sets upper and lower limits for each school district's general fund budget. Through a formula based largely on enrollment, the state ensures that all districts receive funds (from a combination of local and state taxes) to budget at a minimum level. Districts can only budget above the minimum when there has been a voter approved general fund levy, such as Corvallis is requesting this year. A general fund levy does not expire and becomes a permanent part of the district's funding and budget. The amount of the levy stays constant and additional funds only become available to a district through the passage of a subsequent general fund levy.

### **HOW DOES CORVALLIS GENERAL FUND SPENDING COMPARE TO OTHER DISTRICTS?**

The Montana state funding formula for schools assumes that districts will rely on voted general fund levies for a significant portion of their operations. The minimum budget authorized by the state is 80% of the 100% maximum authorized. The minimum and maximum for each district is individual and is calculated based on enrollment. Most districts in the state operate with budgets well above their 80% level, and a significant number are above the 100% level due to special exceptions allowed by the state. Corvallis' general fund budget is at 86.65% of its maximum. To compare this with similarly sized schools: Hamilton is at 92.89%; Dillon at 102.95%; Lewistown at 103.07%; Columbia Falls at 99.81%; Whitefish at 107.99%; Belgrade at 98.69%; Havre at 104.50%; Polson at 93.74%; and Frenchtown at 93.94%.

This, of course, is not a matter of keeping up with the Joneses. However, a lower budget does impact the level of resources available to educate students, providing less to spend on supplies, books, computers, compensation for teachers and other staff, etc. The Corvallis general fund budget per student is the lowest of all K-12 school districts in the valley. Calculated on a per student basis, Corvallis has \$591 less available in its general fund budget compared, for example, to Hamilton. Another way to look at it, is that Corvallis taxpayers, through previously approved levies, have authorized spending \$469 per student above the state minimum. For Hamilton that figure is \$952 per student. If the proposed levy is approved, the Corvallis amount would rise to \$819 per student.

### **HOW DOES CORVALLIS STAFF COMPENSATION COMPARE TO THAT OF OTHER DISTRICTS?**

Meaningful comparisons of compensation between school districts are difficult to make. Salary schedules for teaching staff and for many non-certified employees of school districts are negotiated individually by each district and its employees and can vary substantially in their terms and structure. Similarly, job duties for non-teaching positions may vary considerably between districts. And, because salaries and wages rise with seniority, average salary or wage figures can be skewed if a district happens to have many senior employees or if it has a very junior staff. Insurance benefits, which are part of the compensation package, also vary considerably. Information about how much each district pays toward employee insurance premiums can be determined, but it is much more difficult to compare total premiums and the benefits and costs of one insurance plan with those of another.

In general, however, based on the information we have been able to gather, it appears that Corvallis teaching salaries are close to average for Bitterroot Valley schools, but are definitely low compared to other districts of a similar size statewide. For non-teaching positions (custodians, maintenance workers, secretaries, non-certified instructional staff, etc.) the picture is mixed. Corvallis wages appear to be comparable to other local districts for some positions and quite a bit lower for others. Salaries for Corvallis administrators, in general, are lower than those in peer districts. Corvallis offers a good health insurance plan, but increased premiums over the years have resulted in many employees choosing options with higher deductibles, which can increase the actual cost of the coverage to the employees. What we can say for certain is that in recent years Corvallis wage and salary increases have been very small – in some cases non-existent -- due to the tight budget, which raises concerns about our ability to retain valued employees and hire high quality staff when necessary. If approved, the levy will help the district fairly compensate the people who teach and work with our students, staff the buildings, and care for the infrastructure the community has invested in.

### **WHY HAS THE DISTRICT FALLEN BEHIND IN MAINTENANCE?**

The Corvallis School District operates on 66 acres of land and in 200,000 sq. ft. of building space, distributed among 14 buildings. An excellent custodial and maintenance staff keeps up with it all, and the district has not fallen behind on basic daily maintenance of buildings and grounds. However, as the budget has tightened, it has been necessary to delay bigger ticket items, such as periodic flooring replacement, energy saving upgrades to lighting and mechanical systems, roof replacements, labor saving irrigation upgrades, asphalt maintenance, and playground and athletic facility maintenance. Most of these items, if delayed indefinitely, will result in deterioration of infrastructure and higher costs down the road. Many of them, when carried out, will reduce annual labor or energy costs.

A 2008 study of school facilities statewide identified \$360 million in deferred school maintenance needs across the state. There is no ongoing dedicated funding from the state for school maintenance, which is considered a local responsibility. Schools use whatever they can spare in their general fund budgets to meet maintenance needs. When the general fund budget is tight, like most schools, Corvallis has reluctantly made the decision to defer some maintenance needs rather than reducing instructional services for students.

It is also difficult to fund major maintenance items because school districts are not permitted to carry over general fund money from year to year. This means that even in good years, there is rarely enough money to pay for something costly, such as a new roof. In 2007, the Legislature created a one-time appropriation for maintenance, which schools could spend over a multi-year period. Corvallis received \$152,000, which it cautiously used over the next 7 years for maintenance projects. That single shot of dedicated money is now gone, but maintenance needs, of course, are ongoing. If the operating levy is approved, the district plans to dedicate approximately \$90,000 annually to boosting maintenance line items in its general fund budget.

### **WHAT ARE THE DISTRICT'S TECHNOLOGY NEEDS?**

As with maintenance, the state does not provide a separate stream of funding for technology. Technology competes with all other areas of need in the general fund. Over the past 20 years, technology in various forms has become an integral part of school operations in all business and record keeping aspects of the district, as well as for instructional purposes. Computers are part of instruction in virtually every subject: industrial arts, science, writing, research, music, photography, business, as well as direct computer skills and computer science instruction. On-line instruction is available to students in subjects that the school does not offer, or for credit recovery for students who are struggling. Standardized tests are now computer-based.

Today, as in the rest of the world, there is a complex technological infrastructure that needs to be maintained and periodically upgraded or replaced. In addition, there are now expenses for cloud-based services. In 2001, Corvallis voters were the first in the state to pass a dedicated technology depreciation levy in the amount of \$50,000. For a number of years this annual amount enabled the district to update technological equipment on a rotation basis. After 15 years, \$50,000 a year is no longer adequate to maintain the much larger technological infrastructure of the district and more and more of those costs must be paid for out of the general fund.

Related to technology expenses are the costs of curriculum materials, some of which are now delivered through technology. And, of course, textbooks and supplemental materials need to be periodically replaced as they become outdated or physically worn out. It has been challenging in recent years to find money in the budget for curriculum upgrades in whatever form they are needed. The proposed levy will allow the district to increase its annual technology and curriculum general fund line-items by approximately \$50,000.

### **WON'T INCREASING ENROLLMENT SOLVE THE BUDGET PROBLEMS?**

Growing enrollment does ultimately translate into increased state funding, although that increase is not immediate. Funding in a given year is based on the previous year's enrollment. In addition, enrollment totals for the purposes of funding are averaged over several years. The two years of enrollment increases Corvallis has experienced will be averaged next year with a much lower enrollment three years ago during the economic downturn. Also, having more students creates more costs. For instance, this year the district needed to hire two additional teachers because of the large increase in student numbers at the Primary School. And, finally, there are budget cuts that were made during the economic downturn and extended period of belt-tightening which we believe must be restored if the district is to continue to provide a quality education for students and maintain its physical infrastructure.

### **WON'T AN INCREASING TAXABLE VALUATION SOLVE THE BUDGET PROBLEMS?**

The revenue available to a school district does not increase when the taxable value of the district increases. A school district's revenue is entirely determined by state funding (based on enrollment), federal funding (based on changing Congressional appropriations and priorities), and the amount of any voter approved local levies. Voter approved levies are tied to specific dollar amounts, not to a specific number of mills. A growing taxable valuation simply means that fewer mills will be required to generate the dollar amount authorized. While a higher taxable valuation will not mean more revenue for the district, it may mean a lower tax bill for many taxpayers, as mills decline.

The taxable valuation of the Corvallis School District has generally risen steadily over the years. However, that growth slowed during the economic recession and even declined slightly the last two years. This will almost certainly turn around as business and housing begin to pick up. The value of a mill will increase and the number of mills needed to raise a given amount of money will decrease. The language on the May ballot will estimate the number of mills required to raise \$440,000. That estimate, which will be based on the current year's district mill value, will almost certainly be a little high. If the levy is approved, the number of mills required to fund it will decline over time as the district taxable valuation increases, but the amount of money the district receives will remain the same.

### **WHY DO WE GET SO MANY REQUESTS FOR MONEY?**

Actually, requests for operating funds by the Corvallis School District have been comparatively infrequent. Many, if not most, districts in Montana ask for operating levies every year. In the past 25 years this is only the fourth time Corvallis voters have been asked to vote on a general fund operating levy. The previous three requests (in 2003, 2007, and 2012) were all approved. In 1996, voters approved a construction bond, which was fully paid off in 2012. In 2001, voters

approved a 5-year building reserve levy (now expired) for facility upgrades and the ongoing \$50,000 technology levy.

It has been the philosophy of Corvallis school boards over the years to ask for support only when we believe all other avenues have been exhausted. During the recent economic downturn the district tightened its belt, made staffing and program cuts, and aggressively sought alternative funding for some of its needs. In 2012, the district obtained grant funding to construct an industrial arts building and in 2013 received grant funding to replace the aging steam boiler that heated the 1930 high school building and the 1949 lunchroom building. For a number of year the Corvallis school nurse, who serves 1,300 students, has been funded by a private grantor. The highly effective Corvallis Bridges After-School Program has provided support to students in need of extra academic help in grades 5 and up and has been funded through federal grant funds. Both of these sources of funding are being phased out and the after-school program only has funding for 7<sup>th</sup> and 8<sup>th</sup> grade students this year. The need to cover the costs of these two essential programs is one of the compelling reasons for this year's levy request.

#### **COULDN'T THE PROBLEM BE SOLVED BY ELIMINATING ADMINISTRATION?**

Actually reductions in administration have been part of the recent belt-tightening. The Middle School now operates without an assistant principal. A part-time assistant principal position at the Primary School has been eliminated. The position of Technology Director was combined with that of Curriculum Director. Corvallis School District operates with pretty much the minimal number of administrators required by state accreditation standards and certainly fewer than are working in most districts our size. By any measure, the Corvallis administrative staff does more with less each year.

Although it contradicts what many people believe, Montana schools, in general, operate with far fewer administrators per employee than other Montana industries. Health care averages one administrator for each 11.7 employees; in construction there are 6.5 employees per manager; and in manufacturing there are 5.6 employees per manager. In Montana public schools each administrator supervises an average of 20.4 employees. Statewide there are on average 1,051 students per superintendent. In Corvallis, there are 1,301. Statewide there are on average 327 students per principal. In Corvallis, there are 433. Further reduction of administrative positions in Corvallis would only mean that the important work of educating the community's children would not receive the supervision or leadership it requires and deserves.

#### **CAN YOU BE MORE SPECIFIC ABOUT HOW THE DISTRICT HAS "TIGHTENED ITS BELT"?**

The district employs 8 fewer certified teaching staff today than it did in the 2009-2010 school year; several fewer instructional aides; 2 fewer library aides; 2.5 fewer administrative positions. The Bridges After-School Program no longer has funding to serve 5<sup>th</sup> and 6<sup>th</sup> graders or high school students. A number of large ticket maintenance and equipment items have been deferred and will certainly need to be addressed in the next few years. These include: technology upgrades; energy efficiency, cooling and heating upgrades; roof replacements; athletic facility maintenance; replacement of flooring, playground equipment, worn out desks. Wages and salaries for many employees have fallen behind those in surrounding districts.

The proposed levy will not enable the district to restore all lost positions, instantly rectify all compensation issues, or take care of all deferred maintenance immediately. To do that would require a levy amount at least twice as large as what is being requested. What a \$440,000 boost to the general fund budget will do is allow the district to take care of some of its needs right away and gradually work toward addressing others, instead of continuing on a steep path of reduction and deferral. Careful, thoughtful and difficult choices will still have to be made. The district will still need to work diligently to obtain outside grant funding for as many of its needs as possible. The levy will, however, prevent additional cuts to programs and personnel, help the district begin to catch up on the maintenance backlog, enable fairer compensation of employees, and ensure that the education of Corvallis students is supported by an adequate level of resources.

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**With this report we have tried to address the main issues that were raised by respondents to the survey. We hope this information is helpful to you. We hope you will let us know about additional information you need or questions you would like to have answered so that you can cast an informed vote.**

**We would also like to thank those of you who took the time to respond to the survey and especially those of you who provided thoughtful comments and questions for us to grapple with. The exercise in prioritization that we asked you to engage in is one that we engage in every year at budget time. As most of you probably realized – and as many of you pointed out – the choices are not easy, since all the areas considered are important in their own way. We are gratified to see how closely your stated priorities correspond to our own. While, the reality is that all the priorities are important and none can be ignored, those that most directly impact students and their education will always be the highest in our minds, as they were in yours.**

**Thank you and we look forward to visiting with you further as we get closer to the date of the election on May 3. We invite you to join us for an informational meeting about the levy, Tuesday, March 8 from 5-7 pm in the Corvallis High School Library.**

**Corvallis School Trustees**

*Wilbur Nisly   Tonia Bloom   Dan Wolsky   Jennifer Channer  
Ginny Hoffman   Kathi Harder-Brouwer   Adam Sangster*

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## UPCOMING INFORMATIONAL MEETINGS

- ❖ Tuesday, March 8, 5:00 pm, in the Corvallis High School Library prior to the regular 7:00 pm school board meeting.
- ❖ Monday, March 21, 7:00 pm, in the Corvallis High School Library. This meeting is hosted by the Corvallis Civic Club.

*Both meetings will be informal and will focus on giving the public an opportunity to ask questions about the proposed levy. If you bring your tax statement with you, assistance will be available to help you calculate the tax impact.*

To the Corvallis Community:

On February 9, the Corvallis School Board voted unanimously to ask the community to approve a General Fund Operating Levy in the amount of \$440,000 at the May 3 school board election. Discussions about the need for a levy have been going on since at least last summer, when the budget for the 2015-16 school year was finalized. The urgency was increased this fall when, after school began, the anticipated increase in enrollment proved to be larger than expected. Funds had to be found in an already over-stretched budget to hire an additional second grade teacher.

It has been clear to us for some time that the Corvallis School District cannot maintain the programming and opportunities for students for which it is known without turning to you for support. Throughout the recent economic downturn, however, we had been reluctant to ask for additional support when we knew things were difficult for so many. Instead, the district made cuts to staff and programs and deferred major maintenance. However, these cuts are not sustainable and they impact and will continue to impact the education of our students and the long-term condition of the physical infrastructure in which the community has invested over the years.

We are proud, as we know the community is proud, of the quality of the Corvallis Schools and of the education offered to our students. Our schools are staffed by dedicated and creative educators, who constantly work to reach and help every student learn and improve. They are assisted by an equally caring support staff – instructional aides, secretaries, bus drivers, kitchen workers. The buildings and grounds are maintained for school and community use year round by hard-working maintenance and custodial employees. The district strives to create and maintain programs that enhance the education of children in all areas. Students who need extra assistance are provided with help to overcome their challenges and complete their schooling. Students who excel are provided with challenges to ensure they achieve their potential. The Corvallis graduation rate of 95.7% is well above the state average. The support of the Corvallis community has been essential to making all of these things possible.

The levy we are asking you to consider and approve will not meet all needs or solve all budgetary challenges. Difficult choices will still need to be made every year at budget time. But your support will put the district on a path that will help sustain a quality education for Corvallis students.

Specific details about the levy can be found on the flip side of this sheet. Additional information is available at district offices, on the district website, and in previous reports we have sent to you. We hope you will attend upcoming informational meetings, invite us to attend meetings of interested groups with which you are affiliated, and contact us with any questions we can answer that will help you cast an informed vote on May 3.

**The first informational meeting will take place on Tuesday, March 8, from 5-7 pm in the Corvallis High School Library. A second meeting, hosted by the Corvallis Civic Club, is scheduled for Monday, March 21, at 7 pm, also in the Corvallis High School Library.**

# Corvallis School Levy Fact Sheet

## February, 2016

### **What is a General Fund levy?**

It is a voter approved tax levy to support the fund which pays for most operating expenses, including salaries, maintenance needs, supplies and equipment, utilities, and insurance.

### **How much is the levy request?**

The amount of the levy request is \$440,000.

### **What would the tax impact of the levy be?**

Based on this year's school district taxable valuation, 34.28 mills would be required for a \$440,000 levy. It is estimated that the dollar increase per \$100,000 of taxable value for a property would be \$46.28. A formula to calculate the impact based on an individual tax bill is available on the district website. We encourage you to bring a copy of your tax bill to informational meetings for assistance in calculating the impact.

### **What would the levy money be used for?**

The restoration of necessary teaching and instructional aide positions and the prevention of further staff cuts. Restoration and the prevention of losses to key programs, such as the after-school program to assist at-risk students and school nurse services. Beginning to address a backlog of major maintenance projects. More competitive compensation for staff.

### **What happens if the levy fails? Would there be a second request?**

The belt-tightening would continue and critical needs of the district would go unmet. There would not be a second request. Only a single funding request may be made in a given year.

### **What is the levy history of the district?**

This is only the fourth time in the past 25 years that the Corvallis School District has asked for approval of a general fund operating levy. Levies were approved in 2003, 2007, and 2012. Because of the expiration in 2012 of the district's bonded indebtedness, the levy approved that year did not actually result in a net mill increase for taxpayers. Approved general fund levies are ongoing. Corvallis levy requests have been infrequent and, as a result, the district's spending per student is near the bottom for Class A districts in the state.

### **When and where will the election take place?**

The school election is Tuesday, May 3. Polls will be open from 7:00 a.m. to 8:00 p.m. in the Corvallis High School Gym. Forms to request that an absentee ballot be sent to you are available at all school offices or at the Ravalli County Election Office. Voters have the option to vote absentee ballots in person at the county election office beginning April 13.

### **What if I am not registered to vote?**

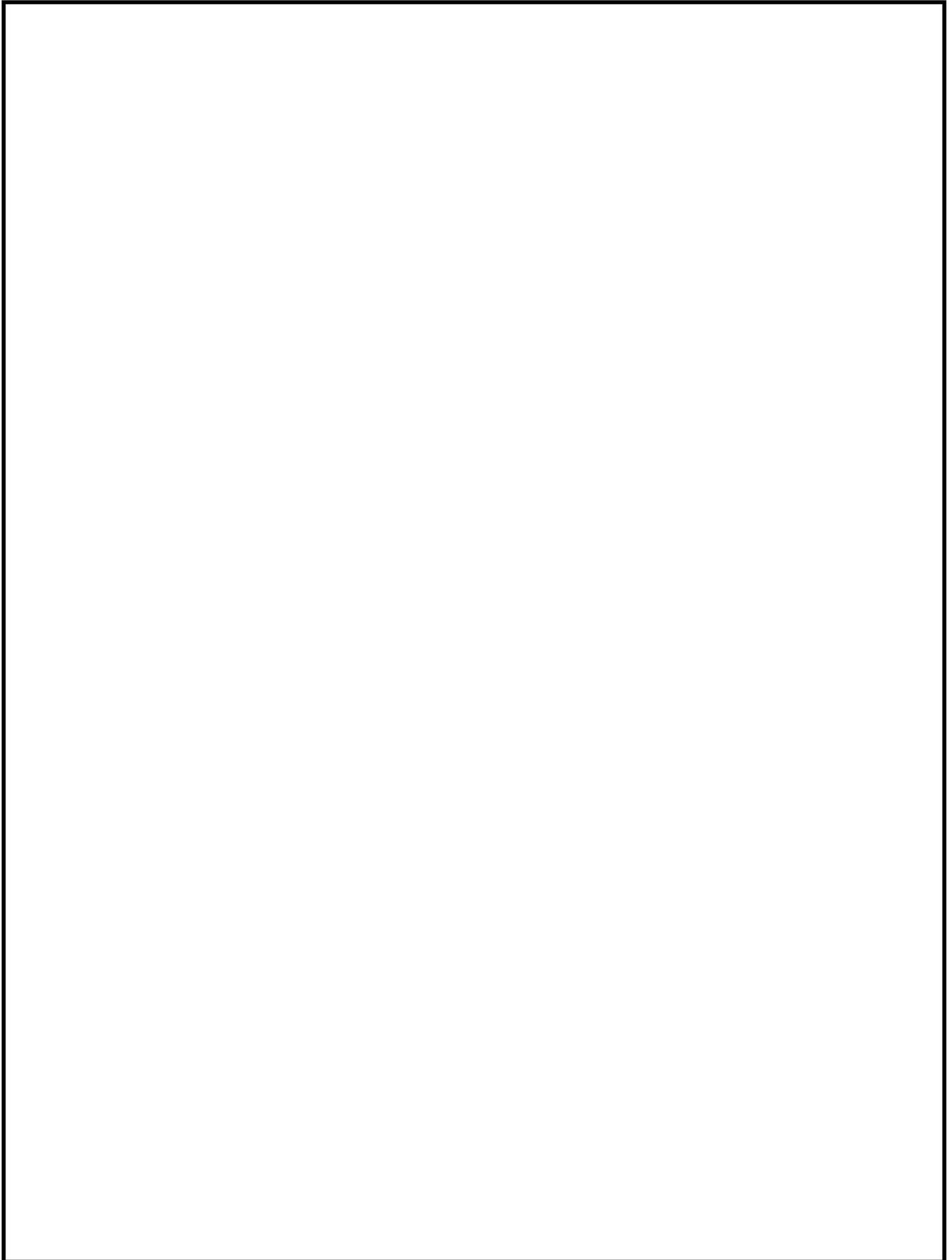
Mail-in registration cards are available at all school offices, but must be postmarked by April 4 for this election. You may also register in person at the Ravalli County Election Office during business hours up through May 3, although the office will be closed on the afternoon of May 2.

**Where can I find more information?**

Go to the Levy Information link on the district website at [www.corvallis.k12.mt.us](http://www.corvallis.k12.mt.us). Attend one of the scheduled informational meetings in the Corvallis High School Library: **Tuesday, March 8, 5-7 pm**, or **Monday, March 21, at 7:00 pm**.

Corvallis School Trustees

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District Office: 961-4211

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