

Redmond School District
School Board Meeting and Budget Work Session
January 8, 2014

In Attendance: Chair AJ Losoya, Vice-Chair, Ron Munkres, and Directors- Rick Bailey, Bob Perry, and Shane Nelson, Superintendent Mike McIntosh, RSD Staff: Linda Seeberg, Kathy Steinert, Trish Huspek, Kelly Richard, Nicole MacTavish, Martha Hinman, Lynn Evans, Sam Platt, David Burke, Chris Morton, Sandra Harris, Desiree Margo, Marc Horner, Jensine Lirette, Tony Brown, Jeremy Dyer, Budget Committee members; Melissa McVay, David Imig, Sharon Rosen, Thomas Kemper,

AJ Losoya called the meeting to order with a quorum of five at 5:35 p.m. Attendees were invited to introduce themselves.

Keeton Breitbach from Redmond High School was asked to lead the group in the flag salute.

OATH OF OFFICE

AJ Losoya administered the Oath of Office to Shane Nelson for the term of January 8, 2014 through June 30, 2015. Mr. Nelson was appointed to serve out the term vacated by Lisa Klemp.

PRESENTATIONS

School Board Appreciation Month

Zack Simmons, Tyler St. Pierre Young, and Keeton Breitbach, students representing the Redmond High leadership team presented each board member with a gift of appreciation in honor of School Board Appreciation Month.

Rick Bailey expressed his appreciation for the gift and commended the students for standing up as they introduced themselves at the beginning of the meeting. “That is a mark of quality.”

Superintendent McIntosh stated, “These five gentlemen who have elected to serve are among the most valuable in our community. I want to thank them for their commitment, perseverance, and attitude. You represent all of us in a very favorable light.”

Ron Munkres recognized Nicole MacTavish for the CTE grant that she and her team applied for and received.

Nicole MacTavish, principal at Redmond High School thanked Kathy Steinert for her assistance in putting the grant application together.

Rick Bailey moved and Ron Munkres seconded a motion to adjourn the regular meeting at 5:44 p.m. Motion carried 5-0.

WORK SESSION – BUDGET 101 AND BEYOND

Superintendent McIntosh stated that the Budget Taskforce, comprised of district staff, met last month to start preliminary work on the budget. “There are 27 of us here tonight because this process is bigger than allowing an internal small group to sit in a room to develop a budget. In creating the next budget we believe there is an opportunity to add back some things that were cut in past years and also to add some cutting edge things. I am energized with the possibilities that are in front of us. Again this year, we want this to be a very collaborative, open process.”

Kathy Steinert and Superintendent McIntosh provided members of the board, budget committee, and budget taskforce an overview of the budget process.

Tonight's Goals

- Explain District funding sources
- Provide overview of State School Fund
- Discuss the budget drivers
- Outline the budget process
- Respond to questions and concerns
- Discuss next steps

RSD Vision

Relentless commitment to academic achievement and personal growth for every student.

Mission Statement

A commitment to rigorous and relevant instruction which leads to mastery and development of productive citizens.

RSD Strategic Priorities

1. Elevate Student Achievement
2. Support and Develop our Human Resources
3. Sustain Safe and Vibrant School Communities
4. Balance Resources to Maximize Student Achievement

Aligning the strategic plan with the resources that we had. We want to say this is what we want to do and how do we fund those things.

Kathy Steinert stated that as a District we manage a \$96.5 million budget. Outside of the general fund we have many groups of funds that we are responsible for managing. Those groups include:

- General Fund (59.4%)
- Asset Replacement Funds (4.8%)
 - Phone Replacement Funds
 - Deferred Maintenance
 - New School Start up Funds (CTE programs at Ridgeview High School)
- Debt Service Funds (10.6%)
- Planned Reserves/Contingencies (8.1%)
 - Money that we are able to spend during the current budget year but need to get approval from the school board before spending those funds.
- Other (17.1%)
 - Fee Supported Funds (2.2%)
 - Capital Project Funds (2.3%)
 - Grant Program Funds (4.6%)
 - Nutrition Service Funds (2.0%)
 - Insurance & PERS Reserve Funds (3.5%)
 - Unappropriated Reserves (2.4%) – cannot legally spend in the current budget cycle unless there is a catastrophic reason.

There is a 5% minimum requirement for the District's ending fund balance.

General Fund Resources 2013-14 Projection

- Beginning Fund Balance - \$5,565,200

- Local Property Taxes - \$17,195,700
- State Formula Revenue - \$36,335,700
- Other Local Sources - \$919,800
- Federal Sources - \$125,900
- Investment Income - \$81,000

History of School Funding

- Measure 5
 - Passed in 1990
 - Capped property tax rate to \$5 per \$1,000 of assessed value for public education
 - Required State to cover any local revenue losses to public education
- Measure 47 and 50
 - Passed in 1996 and 1997 respectively
 - Switched to permanent rates
 - Cut assessed property values
 - Capped growth of assessed property values to 3% a year
- School funding post Measures 5, 47, and 50
 - 30% Local Revenue (property taxes)
 - 60% State Revenue (income taxes)
 - 10% Federal Revenue
- Consequences of Measures 5, 47, and 50
 - Increased volatility of school funding
 - Shifted funding from property to income tax
 - Made state primary source of school funding
 - Equalized funding across districts

Goals of School Funding Formula

- Equalize funding across all districts
- Equalize funding between districts and education service districts (ESDs)
- Define equity according to student and district characteristics (weights)

Distribution Principles

- Equalize district funding:
 - Distribute all state funding
 - Account for all local revenue
- Equalize District and ESD funding:
 - Districts receive 95.5%
 - ESD's receive 4.5%
- District Equity
 - More weights receive more funding
- Local Control:
 - Districts control spending decisions unless Legislature states otherwise

Equalization Formula – General Format

State Revenue + Local Revenue = Students x Base Funding Per Student x Cost Factors

Equalization Formula

State Revenue + Local Revenue = General Purpose Grant + Transportation Grant + Facility Grant

The Formula is Not

- A cost reimbursement model
- A revenue entitlement per student

- An assurance of funding stability or adequacy
- A measure of student outcomes
- An accountability system

Superintendent McIntosh stated, “The formula is a way to distribute the funds available. 15 years ago there was a study done called the Quality Ed Model that spoke about the dollars that it would take to adequately fund education. That number today is approximately \$8 million. We have a long way to go to reach that level. We are still in the position of taking what we get and doing the best we can.”

District and ESD Revenue

- Of the \$6.65 billion in state revenue
 - 95.5% goes to Districts
 - 4.5% goes to ESDs
- All local revenue stays with the school district or ESD where collected

Note: The 2013 PERs reforms were never going to be “hard cash” it was savings the districts would realize based on funds they would not need to spend. PERs rates for the 2013-15 biennium would have increased substantially higher in the absence of the reforms.

State School Fund Components

- Carve-outs
 - Money set aside for specific purposes and grants
- Weights
 - Variables used to determine each district and ESD’s share of state school fund

State School Fund: Specific Programs

- Talented and Gifted Education
 - \$350,000 per biennium
- Speech Pathology Program
 - \$150,000 per biennium
- Long Term Care and Treatment and Oregon School for the Deaf
 - Approximately \$22 million per biennium
- Oregon Virtual School District
 - \$1.6 million per biennium

State School Fund: Sub-Grants

- Small High School Grant
 - Provides additional funds to small high schools
 - \$2.5 million per year (ends June 30, 2015)
- High Cost Disability Grant
 - Reimburses districts for costs over \$30,000 per IEP student
 - \$18 million per year
- Facility Grant
 - Pays up to 8% of construction costs for new classroom furnishings
 - \$20 million per biennium
- Transportation Grant
 - Reimburses eligible transportation costs (does not reimburse for athletic transportation)
 - Reimbursement rate set by costs per ADMr
 - Redmond is Reimbursed at 70%
- Network of Quality Teaching and Learning (non-competitive grant application)
 - Supports implementation of Educator Effectiveness (SB 290)
 - \$45 million has been identified for the 2013-15 biennium

Student Weights

- Average Daily Membership (resident)
 - Up to 1.0 weight
- Students eligible for Special Education
 - 1.0 weight up to 11% ADMr
- Special Education Students above 11%
 - Variable
- ESL Students
 - 0.5 weight
- Pregnant and Parenting Students
 - 1.0 weight
- Students in Poverty
 - 0.25 weight
- Students in Foster care
 - 0.25 weight
- Students in Neglected/Delinquent Programs
 - 0.25 weight
- Remote Small Elementary School correction
 - 8 miles from nearest elementary school in same district
 - No more than 28 students per grade
- Small High School Correction
 - No more than 350 students for 4 grades
 - No more than 267 students for 3 grades

Formula Student Counts

- ADM – Average daily membership
- ADMr – ADM with kindergarten half-weighted
- ADMw – ADMr adjusted by student cost weights
- Extended ADMw – Higher of current or prior year ADMw
- HB 3417 – Extended ADMw calculated separately for charter and non-charter schools

Teacher Experience

- Recognizes that more experienced teachers may have increased costs
- Calculation (District Average – State Average)
- Teacher experience factor may be positive or negative value
- The RSD receives \$3.21 more per student based on our teacher experience

Based on the above information and calculations the Redmond School District receives \$6,782 per Extended ADMw.

Superintendent McIntosh stated that it is important for everyone to understand the background on how the district receives their funding. “There isn’t voodoo or anything magic that drives the revenue the district receives.”

Kathy Steinert stated that we are early in the budget process. The following are factors that will influence our revenue for the 2014-2015 school year.

Budget Drivers - Revenue

- 2014-2015 State K-12 Education Budget
 - \$3.44 Billion
 - 51% of \$6.55 Billion + \$100 million from Special Session

- Enrollment Estimate
 - District-wide flat enrollment
 - Slight decrease in RPA estimate
 - 1.5% growth due to in-migration
 - Offset by declining KG enrollment

Budget Drivers – Expenditures

- Staffing – Related
 - Enrollment
 - Class Size Ratios

Kindergarten	23	Grades 4-5	30
Grade 1	24	Middle School	32
Grade 2	26	High School	32-34
Grade 3	28	Redmond K-12	75

PSU’s Population Research Center will be doing a long-range enrollment forecast this spring for the district that will be able to help the district forecast enrollment for future years.

- Salary – Related
 - Contract Days
 - Horizontal & vertical salary schedule movement
 - COLA
- Related Payroll Costs
 - PERS rates
 - Health Insurance Cap – currently \$1,145
 - Other contractual employee benefits

RSD Average PERS Rates

2007-09 – Base Rate 16.5%, Net Rate without Reform 13.5%
 2009-11 – Base Rate 14.4%, Net Rate without Reform 13.1%
 2011-13 – Base Rate 19.0%, Net Rate without Reform 17.7%
 2013-15 – Base Rate 26.1%, Net Rate without Reform 26.2%, Net Rate with Reform 21.8%,
 Net Rate with Reform and Reserves 18.8%

Excludes 6% member contributions
Includes Tier One/Tier Two and OPSRP

Rates are determined on an asset evaluation that is two years old – it takes the actuaries a year to calculate what our rates will be.

Budget Unknowns

- Poverty weights resolution
- Potential new grants
- Contract negotiations

Next Steps

- Budget Committee Work Session – February 12
- Budget Development
- First Budget Committee Meeting – April 30
- Second Budget Committee Meeting & Public Input – May 7
- Last Budget “Committee Meeting & Public Input – May 21

- Budget Hearing – School Board Adoption – June 25

Also provided were two draft school calendars for 2014-2015. One for elementary and one for the secondary levels.

Lynn Evans expressed her appreciation to Kathy Steinert for the detailed work and presentation that she provided tonight.

ADJOURN

The work session was adjourned at 9:01pm.

AJ Losoya, Board Chair

Trish Huspek, Executive Assistant