

**REDMOND SCHOOL DISTRICT 2J**  
**BUDGET COMMITTEE**  
**April 30, 2014**

School Board Chair AJ Losoya called the meeting of the Redmond School District Budget Committee to order and established a quorum of nine at 5:30 pm on April 30, 2014. Board Director, Shane Nelson was absent.

The following were present:

<u>Appointed Budget Committee Members</u>	Melissa McVay Don Fields David Imig Sharon Rosen Thomas Kemper
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<u>Elected School Board Members</u>	AJ Losoya Ron Munkres Rick Bailey Bob Perry	Chair Vice-Chair Director Director
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<u>R2J Administration</u>	Mike McIntosh Linda Seeberg Martha Hinman	Superintendent Executive Director of Academic Programs Executive Director of Student Services
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<u>R2J Personnel</u>	Kathy Steinert Lynn Evans David Burke JB Demaris Chris Morton Lee Loving Kelly Richard Trish Huspek Tracie Renwick Marc Horner Stephanie Wilcox	Director of Fiscal Services Director of Human Resources Director of Secondary Education Director of Support Services Assistant Director of School Improvement Principal, Ridgeview High School Communications Coordinator Executive Assistant to the School Board of Directors Principal, Elton Gregory Middle School Vice-Principal, Elton Gregory Middle School Grade 3 Teacher, John Tuck Elementary
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<u>Media</u>	None Present
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## ACTION ITEMS

### **Election of Officers**

Last year Rick Bailey, as a Budget Committee member, served as the chairperson of the Budget Committee and AJ Losoya was the vice-chair. Historically the chairmanship position rotates each year between a Redmond School District Board member and a Budget Committee member. This year a Board member will serve as chairman and a Budget Committee member will be selected as vice-chairman. AJ Losoya invited nominations for chairmanship of the committee.

### **Chair**

AJ Losoya nominated Board Director, Rick Bailey to serve as the chair of the Budget Committee. Bob Perry seconded the motion.

*Board Chair AJ Losoya called for a vote on the nomination. Nomination carried 9-0.*

Budget Committee Chair Elect Rick Bailey called for nominations for the vice-chairman.

### **Vice-Chair Nominations**

Rick Bailey nominated David Imig as vice-chairman of the Budget Committee. Tom Kemper seconded the motion.

*Budget Committee Chair Rick Bailey called for a vote on the nomination. Nomination carried 9-0.*

## AGENDA ITEMS

Kelly Richard reported that this year's cover for the budget document comes from the poster that was created for Redmond's first Youth Walk. Every piece of artwork that is on the cover of the budget document is made by a Redmond School District student.

### **Budget Message**

Superintendent McIntosh stated that our district has weathered some significant fiscal storms in the last few years. "This budget represents the district being on the edge of the forest. We aren't out of the woods but we are close."

"This current year marked the return of student days. We are still short three days in the teacher contract and no COLA has been offered in a long time. In a biennial process, in the first year the state distributes 49% of the budget and the second year they distribute 51%. We have \$4.5 million more for next year than we have had in the past but to qualify it, that amount is diminished by almost half because of what we are planning to spend from our ending fund balance."

We will open the Hugh Hartman Elementary School to help alleviate class sizes across the district. In addition, we will be initiating a full-day kindergarten program district wide in 2015. That is contingent on the state fully funding the program. We must take steps in 2014-2015 to make those two things happen.

The Redmond School District is the largest employer in Redmond employing more than 750 people. As a result of the last five budget cycles, our team members have given up some part of their compensation. Since 2008-09, all team members have eliminated days from their contract and have foregone cost of living adjustments. Since 2011-12, they have either deferred or foregone contractual experiential pay increases. These conditions have been a hindrance on our ability to competitively recruit and retain the best and brightest teachers or our students.

With this proposed budget it is our hope to deliver the following goals:

- Maintain a full student calendar school year with complete funding of all existing academic programs.
- Continued implementation of the 2013-2015 District Strategic Plan.
- An increase in instructional time and academic support for at-risk populations through federally funded Title IA programs such as extended-day kindergarten.
- A major commitment to instructional technology as the district brings technological services in-house to better meet its needs and strategic objectives.
- Investment in professional development to retain and recruit high-quality teachers.
- An investment in district-wide behavioral intervention for all students.
- Honoring contractual salary commitments to district team members.

The Redmond School District receives 87% of its operational funding from the Oregon State School Fund Formula. While the District collects local property tax revenue at a rate of \$5.0251 per thousand of assessed valuation, it is included in the funding formula. In addition to the State School Fund, the District receives Federal grant funds to provide services for our diverse student population.

### **Strategic Plan Priorities**

Redmond School District has aligned strategic priorities, objectives and strategies with our budget to ensure that resources are positioned where they benefit students most. The 2013-2015 District Strategic Plan serves as the overall roadmap that integrates the biggest priorities that we support in the Redmond School District.

The priorities listed below are identified in the District's 2013-2015 Strategic Plan:

- Elevate Student Achievement
- Support and Develop our Human Resources
- Sustain Safe and Vibrant School Communities
- Balance Resources to Maximize Student Achievement

A detailed list of the correlating budget items that support each of the individual priorities listed above are included in the full 2014-2015 Budget Message. That document can be reviewed on our district website at <http://www.redmond.k12.or.us/departments/fiscal-services/budget-information/>.

### **Budget Challenges**

- Full-day Kindergarten in 2015-2016 – In 2011, the Oregon Legislature passed Senate Bill 248 which funds full-day kindergarten beginning with the 2015-16 school year. A Confederation of Oregon School Administrators (COSA) Full-Day Kindergarten and Early Learning Work Group estimated that the additional staffing costs statewide to implement full-day kindergarten are \$218.5 million. Consequently, the Work Group recommended that the legislators appropriate that amount in the 2015-17 State School Fund in addition to the 2013-15 roll-up costs. Redmond School District is proceeding with preparations to offer full-day kindergarten; however, we are dependent upon uncommitted and un-promised revenues to financially support the incremental costs of this program.
- Public Employees Retirement System (PERS) – The PERS system will continue to be a fiscal challenge for all districts across the state for the foreseeable future. The Legislature enacted reform measures in the 2013 regular session (SB 822) and the October 2013 special session (SB 861 & SB 862). These reforms, if upheld by the Oregon Supreme Court, will have reduced 2013-

2015 PERS expenses by 4.4% of salaries. Redmond's 2013-2015 rates approach 25% of our total salaries, an increase of 1.1% of salaries over the prior biennium. Despite reforms and improved returns on PERS investments, we anticipate that future rates will continue to increase due to the impact of the "rate collars" which have been systematically imposed to moderate the growth in required employer contribution rates.

- Bargaining Agreements and Employee Concessions – Over the past six years, we have worked collaboratively with the Redmond Education Association and the Redmond OSEA to maintain and grow educational priorities with diminishing resources. We are grateful for our employees' support and sacrifices during the economic downturn. This proposed budget fully restores contractual experiential pay increases, funds a 1.0% COLA, and adds a day to the teachers calendar. However, we acknowledge that our teachers' contract continues to be two workdays short of "full" in 2014-15.
- Potential "One-Time" Revenue in 2014-15 – The October 2013 "Grand Bargain" included, in addition to incremental PERS reforms, an appropriation bill that added \$100 million in additional revenue for K-12 in 2014-15, the second year of the current biennium. While the legislators' intent was to raise the base funding so that the incremental funds are rolled up into the 2015-17 K-12 allocation, there is no guarantee; and, the state's ability to sustain the \$100 million increase will depend on continued economic recovery and growth.

Superintendent McIntosh stated, "I am impressed with the "stick-to-it-ness" of our staff. Thick and thin, feast and famine, they have stuck with us and we are emerging as a strong group with great passion."

In Superintendent McIntosh's Budget Message Summary he stated, "Although our district has seen many difficult years during the economic recession, this budget year marks a significant win for our students and staff. By honoring our commitments to our team we reinvest in our most valuable resource, those who raise our children to be inspired, successful members of our community."

Ron Munkres expressed his appreciation to Kathy Steinert for her management of the District's funds and the work that she goes to in presenting the proposed budget.

### **Presentation of Budget Document**

Kathy Steinert, Director of Fiscal Services reviewed the various elements in the budget document and highlighted areas that will help everyone understand the document. In addition, she reviewed some unique aspects of a school district budget. Lastly she reviewed the role of the Budget Committee and the process in adopting a final budget. At the next meeting the committee will talk in more depth regarding the actual proposed budget.

### **Next Steps**

- Second Budget Committee Meeting & Public Input – **May 7**
- Last Budget Committee Meeting & Public Input – **May 21**
- Budget Hearing – School Board Adoption – **June 25**

### **Questions and Answers**

Questions can be addressed to Kathy Steinert via email. Answers will be sent to all Budget Committee members so that everyone has the same information.

### **Requests for Information**

None

Don Fields stated that in the 12 years that he has been serving on the Budget Committee this is the best administration that he has seen in respect to financial planning.

**Adjourn**

*Tom Kemper moved and Sharon Rosen seconded a motion to adjourn at 6:58pm. Motion carried 9-0.*

**Next Budget Committee Meeting**

The next meeting will be on May 7, 2014, 5:30pm at the District Office

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Rick Bailey, Budget Committee Chair

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Trish Huspek, Executive Assistant