

Redmond School District
School Board Work Session
February 11, 2015

In Attendance: Chair AJ Losoya, Vice-Chair, Rick Bailey, and Directors Bob Perry, Rhonda Etnire, Superintendent Mike McIntosh, RSD Staff: Kathy Steinert, John Gogol, Kelly Richard, Trish Huspek, Desiree Margo, Jeremy Macdonald, Corey Ryder, OSEA President, Tony Brown, REA Representative, Budget Committee Members, Melissa McVay, Don Fields, Tom Kemper, David Imig, Sharon Rosen, Central Oregon Regional Economist with the Oregon Employment Department, Damon Runberg. Board Director Shane Nelson was out of town on business.

AJ Losoya called the meeting to order with a quorum of four at 5:30 p.m.

BUDGET COMMITTEE WORK SESSION

Damon Runberg, Regional Economist from the Oregon Employment Department was in attendance tonight to provide information regarding the local economic factors that may influence the key factors and assumptions in our long-range plan.

Mr. Runberg has been the economist in our region for three years.

Demographic Trends

There has been a rapid population growth in the last three years in Central Oregon. Redmond 2% growth, Bend 4% growth and the rest of Deschutes County has had a 7% increase.

Most of the population growth is from people actually moving to the area as opposed to births. 17% of our population increase are 65 years or older. 41% of the growth that was seen in the last year was those 65 years or older.

Youth population in Deschutes County – steady pace in the youth population (school age)

Redmond's population growth is slower than Bend but that may change soon due to:

- Affordable Housing – Redmond's housing costs are much lower than in Bend
- Rapid economic growth
- Bend changes typically foreshadow Redmond changes occurring

The Recovering Economy

Oregon is now in a period of expansion, but not all sectors have recovered. There has been strong growth in the following areas:

- Health Care
- Professional and Business Services
- Leisure and Hospitality
- Government

Deschutes County is currently at a 7.6% unemployment rate. The high was 15.5%.

It is projected that by the middle of 2015 Deschutes County should recover all of the jobs that were lost during the economic downturn.

The job fields that have contributed to the jobs recovery in 2014:

- Construction – 750 job increase
- Professional Sector (white collar business) - 720 job increase
- Private Education and Health Services – 520 increase
- Manufacturing – 170 job increase

Is there a skills gap in today's workforce?

Projected for 2022 Central Oregon jobs:

- Graduate or Professional – approximately 5%
- Bachelors – approximately 12%
- Associates – approximately 11%
- Postsecondary Training - approximately 30%
- High School or less - approximately 66% (high concentration of tourism jobs)

It is noteworthy to report that the Oregon teen participation rate is at historic lows. The reasons for that are varied including students focusing on preparing for college enrollment.

Oregon Statewide	Vacancies	Difficult to Fill
Portland Tri County	27,025	58%
Northwest Oregon/Willamette Valley	12,212	59%
SW Oregon	4708	58%
Central Oregon	3488	74%
Eastern Oregon	1400	74%

Employers are claiming many vacancies are “difficult to fill.” Reasons given:

- Lack of qualified applicants (due to lack of experience, compensation is too low, soft skills including interview skills lacking, etc.) – 23% of employers surveyed
- Lack of applicants – 24% of employers surveyed
- Unfavorable working conditions – 17% of employers surveyed
- Low wages – 11% of employers surveyed

In review

- Deschutes County is among the fastest growing counties in the west
- The economy is improving rapidly
- Bend's growth foreshadows Redmond's growth
- Many employers are finding it difficult to find quality workers

Superintendent McIntosh stated, “The Redmond School District is turning out students with a reasonable skill set. The business owners who are partners with us complain that it is those soft skills that are lacking. Both of our CTE programs are attempting to address those concerns.”

Kathy Steinert, Director of Fiscal Services provided the Board and Budget Committee members information on the elements involved in creating the 2015-16 District budget.

Redmond School District's Strategic Priorities

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

Tonight's Goals

- Discuss the economic context over planning horizon
- Review the 2016-2020 Long Range Financial Plan with focus on FY 2015-16
- Explain the assumptions that underlie the forecast
- Understand the fiscal challenges and future uncertainties
- Respond to questions and concerns
- Discuss next steps

Long Range Plan Objectives

- Build on 2014-15 investments in Strategic Plan priorities and objectives
- Approximately resource continued implementation of Common Core State Standards
- Launch full day kindergarten in 2015-16 using existing buildings
- Maintain successful programs and equitable class sizes
- Provide competitive compensation to attract, recruit and retain highly effective staff
- Prioritize and resource instructional technology initiatives
- Focus on alternative education and drop-out prevention
- Open Hartman Elementary in 2016-2017

Statewide Education Budget Context

- Oregon's Education Crisis:
 - One year less instructional time (over the course of their educational career) than national average – Oregon has one of the shortest school years.
 - Second highest class sizes in the nation – Redmond's average is 26 students which are below the average.
 - High School graduation rate second worst in the nation – states calculate that statistic very differently.
- Oregon lacks stable and adequate funding
- All day kindergarten implementation statewide
- Co-Chairs Budget Framework:
 - "We are still far short of being able to make game-changing investments in education."

There was an extended conversation regarding the social factors associated with the perception that students are not as focused on the importance of working and work ethic. In addition, there was conversation on what the role of the school system is in instilling those skills in students.

Desiree Margo, Principal at Lynch Elementary School stated, "It is so exciting to see what is happening with Common Core that is establishing perseverance, stamina and grit in the students. I am seeing students doing things that I have never seen them do before. They are doing things that adults do. We will see a different type of student that will be going into middle and high school."

2015-17 Funding Scenarios

- Flat Funding Dilemma – Co-Chairs Budget - \$7.235 billion – Budget Reductions-Includes Full Day KG
- Fragile Stability – Base and roll-up costs - \$7.5 billion – Status Quo Budget – Includes Full Day KG
- Improvement Trajectory - \$7.875 billion – Expand, Invest and improve – Step one of ten year plan to get the national average for education funding

2015-2016 Revenue Assumptions

- Statewide Formula Revenue Changes
 - 25,000 additional ADMw in the formula
 - High Cost Disabilities Grant increases from \$18 to \$25 million statewide

- Growth in property taxes of 3.5% statewide (not Redmond specific projections)
- Modest enrollment growth
 - Non-charter grows 1.5%
 - RPA flat

2015-2016 Expenditure Assumptions – Staffing

- Target Class Sizes

KG	23	4 th grade	30
1 st grade	24	5 th grade	30
2 nd grade	26	6 th – 8 th grade	32
3 rd grade	28	9 th – 12 th grade	34
- FTE Growth in the General Fund – 1.9%
 - Licensed – 18.00 FTE increase (All day KG – 15.00) Anticipating hiring three new kindergarten teachers
 - Classified – No changes at this time
 - Administrative – 2.65 FTE increase (Planning principal for Hartman Elementary, a vice-principal at Redmond High School, a principal who has been on a long term leave will be returning)

Notes: The following assumptions are in no way an attempt to bargain with the licensed or classified associations.

2015-16 Salary Assumptions - Salary

- Salary-Related
 - Licensed and Instructional Classified – two days restored (assumed student contact days)
 - Step movement
 - 2.0% COLA
 - Horizontal salary schedule movement
- Related Payroll Costs
 - PERS rates – flat

Impact of PERS Reserve

The District has been strategic about setting aside money in previous years to build reserves in preparation for projected PERS rate increases. In 2014-15 \$900,000 was used out of the reserve fund to help meet the District’s PERS liability. Because we are not anticipating increases in the PERS rates for the 2015-16 school year, we will not be using the \$1,413,473 remaining in the reserve fund. If the courts overturn PERS reforms, the \$1,413,473 will be used to mitigate the District’s PERS liability.

Due to the lateness of the hour and the need to move on to the executive session, the balance of the presentation was suspended. Board and Budget Committee members were encouraged to forward any questions they have to Kathy Steinert.

The work session was adjourned at 8:25p.m.

REGULAR SESSION.

AJ Losoya called the meeting to order with a quorum of four at 8:32 p.m.

Chairman Losoya recessed the regular session at 8:33 to allow the Board to go into Executive Session

Executive Session is being held under:

ORS 192.660(2)(b) – To consider the dismissal or disciplining of, or to hear complaints or charges against, a public officer, employee, staff member or agent.

ORS 192.660(2)(d) – To conduct deliberations with persons designated by the governing body to carry on labor negotiations.

ORS 192.660(2)(f) – To consider information or records exempt by law from public inspection.

Board Chairman, AJ Losoya reconvened the regular session at 10:03pm.

Rick Bailey moved and Rhonda Etnire seconded the motion to adjourn at 10:03p.m. Motion carried 4-0.

ADJOURN

AJ Losoya, Board Chair

Trish Huspek, Executive Assistant