

May 06, 2020 Budget Committee Meeting

Meeting Minutes

FY 2020-2021 PROPOSED BUDGET

ROGUE RIVER SCHOOL DISTRICT #35

Teleconference via Zoom

Wednesday, May 06, 2020 at 5:30 p.m.

To support the Governor's recommendations for social distancing, Rogue River School District conducted its initial meeting of the 2020-2021 Budget Committee on May 6, 2020 meeting by video conference only. The purpose of this meeting was to discuss the 2020/2021 District Budget.

Members Present: Bruce Sund, Mysti Jacob, Erin Poston, Rob Hileman, Addie Dabrowski, Blyth Naef, Brett Fehrenbacher and Allan Rogers

Position(s) Vacant: Position(s) 4 & 5

Administrators Present: Patrick Lee - Superintendent; Don Sweeney - Business Manager; Tom Bigboy - IT Director

Audience Present: Lucerne Mottaz - RREA President; Amy McColpin - Payroll Specialist; Brian Mortenson - Rogue River Press

1. Call to Order and Pledge of Allegiance

Chairman Sund called the Budget Committee meeting to order at 5:34 p.m. and led the audience in the national anthem via video.

2. Elect Budget Committee Chairman

Chairman Sund opened the floor for nominations for the Budget Committee Chairman. Allan Rogers nominated Rob Hileman for Budget Chair. Erin Poston seconded the nomination. No other nominations were made.

Rob Hileman is Budget Chair

3. Elect Budget Committee Vice-Chairman

Budget Chair Hileman opened nominations for the Budget Committee Vice-Chair. Allan Rogers nominated Bruce Sund for Budget Vice-Chair. Erin Poston seconded the nomination. No other nominations were made.

Bruce Sund is Budget Vice Chair

4. Receive Budget Message and Proposed Budget

Mr. Lee presented the Budget Message to the committee for the committee to read.

Mr. Lee turned the meeting over to Mr. Sweeney. The committee has received and reviewed it per Budget Chair Hileman.

Brett Fehrenbacher had a question about the motive and foundation for Mr. Sweeney. Mr. Sweeney stated that we have always planned for long term, keeping our reserves high. Brett Fehrenbacher will hold his questions until after the presentation by Mr. Sweeney.

5. Budget Highlights

Mr. Sweeney presented his PowerPoint on the proposed budget. He reviewed the budget strategy he has used the past several years in developing a budget.

- Keep things simple,
- Stay focused on the big picture,
- Ask questions if you have them.
- This budget document is our best guess, noting that things will and do change over the course of a year.

Focus on Sustainability

- Do our reoccurring expenditures match our reoccurring revenue?
- This budget is 1 year and we are a 100 year organization. We have been doing this for years now, this will help us through the difficult times.
- This is looking like a year when we will use some of our reserves. We have planned for this.

The presented budget will serve as a set spending authority. We need to recognize that this budget forecast may change substantially.

6. Discussion of Budget Process

We started with the February 25, 2020 funding estimate. It is the only estimate that exists. This is a starting point for building our budget.

The SSF Estimate

We need to budget at REACH's cap. They haven't hit their cap in a couple years but we are prepared for that. Brett Fehrenbacher asked about the enrollment history. Mr. Sweeney stated that it was from the March 5th or 6th enrollment numbers. The 2020-21 is a best guess because we don't know how many kindergartners we will get. Predicting enrollment can be tricky due to the swing in kindergarten enrollment each year. We made a lot of strategic changes in 2014-2015. The big increase in the past year is with South Valley Academy. Logos was getting a lot of our students. A few years ago they had 70 of our students. Allan Rogers asked how many kids we are losing on transfers. Mr. Sweeney reported that we are breaking even on how many leave vs how many we receive. Mr. Lee let the board know he is signing for many students coming into our district. Mr. Sweeney noted that South Valley Academy grew so fast that we had to put the breaks on that. They were getting over crowded. They just got the extra space from Tarascos then we had to close the building due to COVID-19. We haven't fully realized the potential of South Valley Academy. Mr. Sweeney asked if there were any questions on enrollment. There were none.

Ending Fund Balance

The budget documents list \$1,077,328 as our ending fund balance. The beginning fund balance is \$1,600,000. There are contingencies built in for emergencies. We need the spending authority to pay for emergencies or extra teachers should the need arise. This will save time in having to convene the board to manage an emergency. We will most likely be \$100k's in the negative this year.

Construction Projects

Construction projects have been included in the budget but we may not pursue these projects, they are in a holding pattern.

- \$65,000 for the softball stand
- \$125,000 for a resurfaced track
- \$100,000 other projects High School Science rooms - grass at elementary East

Ms. Bambino and Mr. Orndoff's rooms are not in good shape. Last year we did many projects but we may not do that this year. These will be board decisions. Mr. Sweeney asked if there were any questions on construction projects. There were none. Mr. Lee stated that COSA and OSBA are two acronyms that will be heard often during this meeting, they represent the two lead political supports which are our eyes and ears in Portland. When we reference them it indicates that we have looked to them for guidance on many things. They have people in the room during the governor's meetings and are a gauge of what is going on.

Transfers

Mr. Sweeney discussed the costs of curriculum adoptions as well as a \$20,000 increase over FY 2019-2020. When Mr. Sweeney

first started with the Rogue River School District the Science books were pre-internet. Mr. Sweeney asked if there were any questions on transfers. There were none.

Staffing Changes - General Fund

There are two new teachers proposed for South Valley Academy.

Staffing Changes - Special Revenues Fund

- 3 New Teaching Positions
- 1 Campus Liaison
- 1 New Behavior Specialist
- 2.5 new I.A. positions
- 2 I.A. positions to see increased hours
- All of this is Student Investment Act and the status of this program is in flux.

Mr. Sweeney spoke of the reductions in the Student Investment Account, we currently don't know what they are.

Allan Rogers asked Mr. Sweeney how he came to the enrollment number for South Valley Academy and are we gutting the brick and mortar. Mr. Sweeney reported that there was a problem with eighth grade class transferring out. Currently, there are not a lot of kids transferring. Addie Dabrowski stated that she saw the transfer of the 7 kids as a trend. Mr. Lee told Allan Rogers that there has been a belief that many students might transfer into a virtual school. Because we already have a semi-virtual school up and running we likely won't lose students due to being able to serve our student's needs. We may even gain students from other districts. Mr. Sweeney added that once the students make the decision to leave brick and mortar, we do have South Valley Academy as an option, there are choices for those students.

We are not saving any money during the closure, everything still has to be maintained. Brett Fehrenbacher asked about a gross budget analysis. What is our planning number for that? Mr. Sweeney has done these calculations. The average student funding is about \$11,000.00. Mr. Sweeney asked if there were any questions on staffing changes. There were none.

600 Fund Unemployment

- Why did we start this practice in 2016
- How does self-funded unemployment work vs unemployment insurance
- During Economic downturn the previous system unfairly shifted the cost to the general fund
- We have worked with our auditors the whole way through
- Every public entity in Oregon is self-funded they just don't all know it. The entity has a year to bring their account to positive.

We are completely self-funded in the front end. The money must be spent on unemployment claims. We pay these every year and can arise from employees who left us and were laid off somewhere else, referencing the 5 quarter look back rule. Unemployment payouts have ranged from \$2500.00 to \$131,000.00 each year. Mr. Sweeney asked if there were any questions on the unemployment fund. Addie Dabrowski asked Mr. Sweeney what his view on furloughed workers in districts is. Mr. Sweeney stated that is not sustainable and would not be well received by the community. There were no other questions.

How Bad is the Funding Situation

There is not a definitive answer on this yet. We have heard we should prepare for a \$655 million reduction at the state funding level, (14.2%). It is a worse case scenario prediction only. Mr. Sweeney reviewed how this number was calculated. May 8th we are scheduled for a state level meeting to hopefully get updated numbers. Mr. Sweeney reviewed the current predicted CARES grant.

Property Taxes

Mr. Sweeney has not seen estimates around property tax collection rates yet but they will have an effect.

CARES ACT

90% of the \$121,000,000.00 will go to districts via Title 1 distribution. We do expect some push back as we are estimated to

receive \$340,000. Last Friday Mr. Lee asked Colt Gill about the distribution formula. At that time Mr. Gill said he did not have the answer to the distribution formula. Mr. Sweeney doesn't see Rogue River School District receiving any more than \$340,000.

Where is the District with Planning

Plans are currently being made around the negative \$655 million and 4% reduced property taxes. The district is currently working with the employee groups to implement a plan for next year. Mr. Sweeney asked if there were any questions on district planning. Addie Dabrowski asked what are our rainy day reserves. Mr. Sweeney reported that we have \$1.6 million in our reserve, our reserves are substantial. We have well over a million more than when Mr. Sweeney started. The reserves have been built from growing enrollment and strategic planning. Addie Dabrowski thanked Mr. Sweeney. There were no other questions.

7. Public Comment on the Proposed Budget

Budget Chair Hileman asked the audience if they had any questions or comments regarding the proposed FY 2020-2021 budget.

Lucerne Mottaz commented that the Rogue River Education Association is looking forward to working with Mr. Sweeney on equitable solutions and working together. Ms. Mottaz thanked Mr. Sweeney.

Mr. Lee commented that Mr. Sweeney's wisdom, levelheadedness and foresight is amazing. He is a great business manager. Mr. Lee thanked Mr. Sweeney for his invaluable insight and intelligence.

Mysti Jacob thanked Mr. Sweeney while stating her wish for him to stay with the district long term.

No other questions, moving on to approval if committee wishes it.

Brett Fehrenbacher told Mr. Sweeney that he has done a great job. Mr. Fehrenbacher does have concerns about discretionary funds and would like to know what are our options if we don't vote today. Mr. Sweeney explained to the committee that they can schedule a second meeting. We have to adopt a budget by the 30th of June. We also have posting requirements and build around our May adjustment forecasts. Amy McColpin fully agrees with Mr. Sweeney

Mr. Rogers asked Mr. Fehrenbacher if there is red flag that he would like to address that worries him. Mr. Fehrenbacher stated that there is not, he is just asking for educational purposes, laying the foundation.

Mr. Sweeney discussed our robust technology infrastructure, we have technology to distribute to our students. Mr. Lee reported that we have a very forward thinking IT Director, Tom Bigboy. When we thought this would only be a two week event Mr. Bigboy and the administrative team moved forward with purchasing jump drives. We were prepared in a timely manner due to the great work of our IT Director and administrative team.

Budget Chair Hileman talked about the history of budget committee meetings being a multi meeting process. To the credit of Mr. Sweeney, the budget process for the Rogue River School District has been completely streamlined.

Budget Chair Hileman asked if more clarity is needed to pass the budget. Mr. Sweeney stated that until the stay at home order is lifted we are not going to see an answer or data by June 30, 2020. Budget Vice Chair Sund reported that PERS accounts have lost 24% since January 2020. He reported that when he worked for the state the agencies didn't know what they would get, they received various cuts not straight across the board.

Mr. Sweeney reported that we can't go to the unions with numbers until they are confirmed. Amy McColpin stated that the Student Success Act is an agenda item for this Friday, she anticipates getting their current best guess. We won't fill positions until we have confirmed numbers.

Budget Chair Hileman thanked everybody and asked if there were any further questions or comments. Addie Dabrowski asked if we just need to move forward with the unknowns. Mr. Sweeney stated that we do, unless there is something the committee wants to change around. Mr. Sweeney informed the committee that this won't serve as a hard and fast roadmap.

Budget Chair Hileman added to Addie Dabrowski's concern that there is a timeline to work with but we don't have to vote on it tonight. The Budget Committee does have the option to explore other information. Mr. Sweeney says he is always available to answer questions at any time. Budget Chair Hileman asked the committee and Mr. Fehrenbacher if there are any concerns, would they like to wait to vote. Mr. Fehrenbacher feels the time is not available to wait for stronger facts to support the uncertainties, no benefit would be gained in delaying voting. Mr. Fehrenbacher thanked Budget Chair Hileman for asking, he appreciates it.

Blyth Naef feels we can move forward and let the school board make those decisions as they come up. We need to move on and let the school board and Mr. Sweeney do their thing. Hopefully this year Rogue River School District will receive more consideration from the state. Ms. Naef would like to do a motion and vote.

8. Approval - Fiscal Year 2020 - 2021 Budget

A motion by Brett Fehrenbacher, seconded by Bruce Sund to approve the 2020-2021 fiscal year budget in the amount of \$20,911,676 as presented. The motion carried by unanimous roll call vote.

9. Approval - Permanent Tax Rate

A motion by Brett Fehrenbacher, seconded by Mysti Jacob that the RRSB Budget Committee approve property taxes for the 2020-2021 fiscal year at the rate of \$4.0787 per \$1000 of assessed value for the permanent rate tax levy and in the amount of \$606,000 for the general obligation bond levy. The motion carried by unanimous roll call vote.

10. Adjournment

Budget Chairman Hileman adjourned the Budget Committee meeting at 7:35 p.m.

Approved: _____
Board Chairman

Submitted: _____
Budget Secretary