

Budget Committee Minutes

Tigard-Tualatin School District, 23J

Budget Committee Members Present:

Jill Zurschmeide, School Board Chair
Terri Burnette, School Board Vice Chair
Karen Emerson
Maureen Wolf
Sharon Fox

Julie Cody
Kim Kelleher
Meagan Madlem
Jerry Larsen
Cory Morgan

Administration Present:

Ernie Brown
David Moore

Others Present:

Elizabeth Michels, Controller
Susan Stark Haydon, Communications Director
Amber Summers, Executive Assistant

Call to Order, 6:30 PM

Board Chair Jill Zurschmeide called the Tigard-Tualatin School District Budget Committee Meeting to order at 6:30 PM at the Hibbard Administration Building, 6960 SW Sandburg Street, Tigard OR 97223.

Approval of Agenda, 6:31 PM

There were no changes to the agenda. There was a motion to approve the agenda as presented. The motion passed unanimously, 10-0.

Election of Budget Committee Presiding Officer and Vice-Presiding Officer, 6:32 PM

Board Chair Jill Zurschmeide asked for a nomination for Budget Committee Presiding Officer. Board Member Maureen Wolf nominated Budget Committee Member Kim Kelleher to serve as Presiding Officer and Budget Committee Member Jerry Larsen to serve as Vice Presiding Officer. Board Vice Chair Terri Burnette seconded, the motion passed unanimously, 10-0.

Budget Message, 6:33 PM

CFO David C. Moore delivered the 2018-19 budget message and shared detailed information on the proposed budget via a PowerPoint presentation (attached). The objective of the message was to provide comprehensive overview of the proposed FY 2018-19 budget and the major influences impacting the financial condition of TTSD.

CFO Moore discussed:

Budget Message Overview

- State Funding
- Other Resources and Savings
- Future Challenges
- Other Funds
- Strategic Financial Plan
- Investments
- Reserves

Proposed Budget

- Current service level
- One-time resources and savings
- Community engagement
- Strategic Financial Plan
- Some new investments
- Fully funded reserves

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State Funding

- SSF - \$8.2 Billion; 50/50 split
- \$121.3 Million SSF based on 2017-18 ADMw of 14,960
 - 2018-19 ADMw of 14,937
- High School Success; \$400 per high school ADMw

Graphs –

One-time resources

TTSD use of one-time resources

Future Challenges

- PERS increase
- Art Rutkin Elementary opening

Other Funds

- Capital Projects Fund
 - 2017 Bond expenditures of \$156 Million
- State, County and Private Grants Fund
 - \$1.9 million for High School Success
 - \$2.75 million for seismic rehabilitation grants

Community Engagement

- Community workgroup reconvened and met over three meetings
- Updates on Investments supporting Strategic Plan
 - Early learning
 - College and career readiness
 - Academic transitions/on-track toward graduation
- Intro to 1:1 technology redefining learning
- Enhancements to Strategic Financial Plan
- Feedback on strategic investments

Strategic Investments \$310,000

- Early learning classroom in Tualatin; 1 FTE, \$120,000
- Instructional coach for 1:1 Technology; 1 FTE, \$110,000
- Technology support; 1 FTE, \$80,000

One-time investments \$100,000

- Diverse educator pathway, \$10,000
- Early college, \$20,000
- Transitional administrator support, \$70,000

Recurring Investments \$710,000

- Business Office software licensure, \$25,000
- AVID support at Fowler Middle School, \$45,000
- Community relations, \$120,000
- Licensed reserve at elementary; 2 FTE, \$220,000
- Lease for WISE special education classroom, \$20,000
- Operations discretionary, \$200,000
- Durham Ed Center custodian; 1 FTE, \$80,000

Reserves

- Fully fund Board Policy DBDB based on operating revenue of \$136.2 million
 - Contingency 2%
 - Unappropriated ending fund balance 5%
 - Sustainability reserve 5%
- Add \$380,000 for Art Rutkin Elementary

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Strategic Financial Plan – Supplement

- Letter from Superintendent
- The Process
- Tracking Progress
 - Monitoring and Tracking
 - Long-term Investment Reports
- Strategic Investments
- Five-year forecast

Next Steps

- Committee takes public comment
- Committee deliberates on budget
- If there is enough information to make a decision the Committee could approve the budget tonight.
 - If not next meeting will be May 22.
- School Board will hold a public hearing and take comment on the Approved Budget on June 11, 2018.
- Budget adopted on June 11, 2018.

A Director asked about the construction excise tax and what, if anything, does the District financially gain from it. CFO Moore responded that we do have resources from that tax. They are part of the State, County & Grant Fund and were used to pay for the costs of bond planning and development; the work that was needed prior to receiving the bond money.

An audience member asked about Oregon Lottery funds and if the District receives money from it. CFO Moore explained that the funds are part of the State School Fund and how the process works with Lottery sales. Superintendent Brown reminded the room that public questions please be held until the designated time.

The Presiding Officer asked for more information about the PERS Reserve. CFO Moore explained that early last year they became aware that there would be a significant cost increase in PERS effective July 1, 2017, estimated at \$3.5M dollars. To prepare, we set aside as part of 16-17 budget \$2.4M to help offset the increase. In 2017-18 we will use half of it to help offset the cost. This is a specific reserve created to go towards the PERS increase, and is not part of any other reserve.

Allocation of Nonrecurring One-Time Funds

- Allocation of Nonrecurring one-time funds
 - \$3,704,588 budget shortfall
 - \$2,412,184 additions needed for current service level
 - \$1,187,201 investments
 - \$1,200,000 PERS reserve 2nd year
 - \$500,00 additional reserve to offset start-up costs for Art Rutkin Elementary School

The Presiding Officer asked, with the \$3.7M budget shortfall, did you notice there were particular areas that were huge contributors or was it really just sprinkled all across the different categories? CFO Moore answered that it's mainly around payroll costs.

Other Factors

- Bargaining unit contracts
- PERS increase and legislation
- Reset budget for health insurance
 - In recent years we have seen a trend of \$2.8M savings from the plans that employees select. This year we are trying to be more proactive and put the savings to work sooner by matching closer in how we budget for insurance in how we think employees are going to choose.

Public Comment, 7:49 PM

The Presiding Office thanked CFO Moore and announced time for public comment. There was no public comment to be made.

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Public comment closed at 7:50 PM

Budget Deliberations 7:50 PM

A Member stated that they are really happy to see the strategic financial plan being cranked into the budget, even more so than he could have dreamed. Since leadership is changing, in order to keep as proposed there is a strong need for top-down emphasis where every decision is held against it. Board Chair Zurschmeide stated the Board is committed to it.

A Director thanked the District and stated that she always likes the document and how accessible it is.

A Member commented about the letter in the Strategic Financial Plan from Ernie on sustainability. She looks forward to hearing about the upcoming plans in future years.

Motion to Approve the Budget 7:50 PM

Budget Committee Presiding Officer Kim Kelleher asked for a motion to approve the budget. Board Chair Jill Zurschmeide MOTIONED that the Budget Committee of the Tigard-Tualatin School District 23J, Washington and Clackamas Counties, Oregon, hereby approve as proposed the Budget for the 2018-19 fiscal year in the sum of \$453,487,818 for all funds now on file at the at the Hibbard Administration Office.

She further moved that the Budget Committee of the Tigard-Tualatin School District 23J, Washington and Clackamas Counties, Oregon, approve the taxes provided for in the proposed budget at the rate of \$4.9892 per \$1,000 of assessed value for operations; in the amount of \$1.0000 per \$1,000 of assessed value for local option tax for general school operations and in the amount of \$20,518,400 for general obligation bonds.

MOTION APPROVED 10-0.

Approval of the Proposed Budget 7:51 PM

The Budget Committee Presiding Officer Kim Kelleher asked for a motion to approve the proposed budget. The motion to approve the budget passed unanimously at 7:51 PM.

Adjourn, 7:51 PM

The meeting was adjourned by Presiding Officer Kelleher at 7:51 PM