

## MINUTES

School District 4J Budget Committee  
Education Center — 200 North Monroe Street

March 2, 2009  
7 p.m.

PRESENT: Mary Walston, Chair; Wendy Laing, Vice Chair; Betsy Boyd, Shirley Clark, Eric Forrest, Pete Gribskov, Alicia Hays, Tom Lininger, Craig Smith, Jim Torrey, Yvette Webber-Davis, Beth Gerot, members; George Russell, Superintendent; Susan Fahey, Tom Henry, Caroline Passerotti, Barbara Bellamy, Carl Hermanns, Laurie Moses, Jon Lauch, Kay Mehas, Yvonne Curtis, Larry Sullivan, Les Moore, Jeralynn Beghetto, Sara Cramer, Celia Feres-Johnson, Christine Nesbit, Phil Scrima, John Ewing, School District 4J staff.

ABSENT: Charles Martinez, Jr., member.

### I. Roll Call

Ms. Walston called the meeting of the Eugene School District 4J Budget Committee to order at 7:03 p.m. and called the roll.

### II. Items Raised by Audience

**Paul Duchin** and **Merri Steele** of the Eugene Education Association (EEA) acknowledged the cooperation provided by 4J School District regarding the current budget crisis. They commented that the EEA was philosophically opposed to any wage freezes or staff reductions and further noted that the EEA had been told that their members' salaries would not be frozen ever again after the most recent wage freeze. Mr. Duchin noted that a wage freeze would cause significant morale problems as well as inequities in compensation. Ms. Steele noted that the EEA was interested in keeping the 4J School District's staffing ratios static and that the necessary cost savings could be achieved through means other than wage freezes or changes in staffing ratios.

Ms. Steele noted that the EEA believed there were sufficient 4J school district reserve funds other than the general fund reserve to consider one or more of the following options: 1) reduce the general fund reserve to 3% for 2009-10 and transfer the equivalent back into the general reserve fund from other reserves in 2010-11 to reestablish the 5% ending fund balance; 2) the transfer of additional funds from the sale of 4J surplus properties; 3) offset additional capital repairs funds from the capital improvement fund; 4) utilize fleet and equipment funds to offset general fund costs; and 5) a transfer of equipment funds back to the general budget.

Mr. Duchin maintained that the EEA's calculations had revealed that the total costs for licensed employees' salaries and benefits might have been significantly overestimated in the district's 2009-10 forecast and further noted that recalculation of that budget item would result in a savings to the district of approximately \$3 million.

**Stephanie Cannon** of 4JA recognized that no program was exempt from the current budget

crisis and hoped that the 4J School District would work with 4JA to determine budget cuts and arrive at a solution that was acceptable to all parties.

Ms. Walston thanked the audience for its interest.

### **III. Items for Information and Discussion**

#### **A. 2008-09 Financial Projection and Budget Balancing Strategy**

Ms. Passerotti and Ms. Fahey provided a PowerPoint presentation on the State economic and revenue forecast, the American Recovery and Reinvestment Act, and an updated projection for 2008-09. Their presentation also included detailed information on 4J's general fund revenues/expenditures, as well as information regarding potential budget reduction strategies.

Superintendent Russell commented that the national and local economies continued to deteriorate and reminded those present at the meeting that Monaco Coach had officially closed that day.

Ms. Fahey, responding to a question from Ms. Hays, noted that the intent for the current fiscal year's budget shortfall was to draw down the existing reserve funds.

#### **B. Forecast Update**

Superintendent Russell noted that it might be necessary to have a lengthy meeting and also potentially meet on Monday, March 9 for continued discussion regarding School District 4J's budget strategies. He further noted that regardless of the outcome of the meetings he was scheduled to meet with district school principals on Friday, March 6 to provide them with staffing information they would need for 2009-2010.

Ms. Fahey provided a PowerPoint presentation entitled *Financial Forecast Update* which demonstrated the current assumptions used to determine School District 4J's 2009-10 budget shortfall.

Ms. Fahey, responding to a question from Ms. Hays, noted that it was uncertain if the state school fund grants would indeed reflect Governor Kulongoski's December 1, 2008 recommended budget for 2009-11 and that those grant amounts would likely be negatively affected by rising unemployment rates.

Ms. Fahey, responding to a question from Mr. Smith, noted that her financial forecast materials had been based on a three year forecast because of the PERS rates that were expected to change within that time period.

Mr. Torrey suggested it might be prudent to split the meeting up to address the budget shortfalls for the current fiscal year before addressing any future budget shortfalls. Superintendent Russell replied that the 4J board and administration had essentially been operating under the assumption that a balanced budget for the current fiscal year using current strategies was a feasible goal.

Ms. Fahey noted that the projections for the 2009-12 Financial Forecast would likely be affected by one time expenditure strategies over the next three years and that a discussion of revised forecasts would be forthcoming.

Mr. Torrey noted that any strategies to address budget shortfalls over the next three years would affect current 4J funding reserves and worried that any short term funding strategies might affect the long term viability of the School District 4J system.

### **C. Instructional Impact Scenarios**

Ms. Fahey presented information from her PowerPoint presentation regarding certain Instructional Impact Scenarios that had been researched in response to the budget crisis faced by School District 4J.

Ms. Mehas shared information about 4J's physical education (PE) requirements with respect to the district's wellness policy and the instructional impacts those requirements had at the elementary and middle levels. She shared that a request to reduce the requirements had originated with various principals from 4J schools. She further noted that the request essentially recommended a return to the less stringent PE requirements and reduced PE staffing from before the wellness policy was adopted two years ago.

Mr. Torrey, in the interest of providing clear and efficient direction to Superintendent Russell, asked the committee if the PE recommendation described by Ms. Mehas should be put on a short list of recommended potential budget strategies.

Mr. Lininger, recognizing the exemplary work of the board in the creation, adoption and implementation of the 4J wellness policy, noted that he would strongly support the PE recommendation described by Ms. Mehas.

Superintendent Russell noted that the 4J administration was reviewing the PE recommendation as a strategy to address the budget crisis partially because it was unknown how the board, which had focused strongly on providing additional physical education time for 4J students, would feel about such a strategy.

Mr. Forrest noted his opposition to the recommendation and felt that maintaining the PE requirements at their current levels was important to promote the health and physical well-being of 4J students.

Mr. Lininger complimented the 4J board on their creation of the wellness policy but respectfully disagreed with Mr. Forrest's position regarding the recommendation described by Ms. Mehas. He noted that 4J parents were better able to replace physical education opportunities on their own than they were to replace other areas of the curriculum that might be in jeopardy because of the current budget crisis.

Mr. Torrey preferred that the budget committee deliberate upon the merits of the recommendation to revise 4J's PE requirements so that Superintendent Russell might be better able to discern the validity of the recommendation.

Superintendent Russell reiterated that he would need to have some sort of direction from the

budget committee regarding the revision of PE requirements or staffing ratios before he met with the School District 4J principals on March 6.

Ms. Hays suggested that staff be allowed to present further information regarding staffing ratios and other recommendations before further discussing the PE requirements.

Ms. Walston asked the budget committee members to commit to providing direction on the PE requirements and staff ratio recommendations.

Ms. Fahey, responding to a question from Ms. Laing, noted that the costs to add the 8.4 FTE positions as part of the wellness policy's increased PE requirement were approximately \$750,000.

Ms. Clark wanted to get a brief overview of all the staff options to address the budget crisis before discussing the PE requirements and staffing ratio recommendations more thoroughly.

Superintendent Russell understood that the combined savings of the PE requirement and staffing ratio recommendations amounted to between \$3 million and \$5 million, which would still leave approximately an \$11 million budget shortfall over the coming years.

Ms. Boyd and Mr. Forrest requested clarification regarding the PE requirement revisions and current requirements under the adopted wellness policy which Superintendent Russell then provided.

Ms. Curtis provided detailed information regarding the instructional impacts of staff's potential recommendation to increase staffing ratios within 4J schools. Ms. Curtis noted that such impacts might include 1) elementary school utilizing less than one teacher per grade level necessitating blended classrooms; 2) limited flexibility to provide instructional interventions; 3) reduced opportunities for ELL and TAG programs; and 4) reduced opportunities for electives at higher grade levels.

Superintendent Russell and Ms. Curtis briefly explained the presentation slide detailing the increased FTE staffing ratio scenarios for the benefit of the committee.

Ms. Fahey, responding to request from clarification from Ms. Boyd, noted that the staffing ratios being presented were a less detailed version of the same model that had been traditionally been applied to determine staffing ratios for elementary, middle and high schools.

Superintendent Russell, responding to a question from Mr. Lininger, noted that the recommendations he would be presenting to the budget committee on March 16 would likely include recommendations regarding possible school closures, particularly since the staffing recommendations being presented to the budget committee would not in and of themselves fill the budget gaps faced by the district.

Mr. Torrey believed that approximately three smaller 4J schools would need to be closed to offset the negative impacts of increased staffing ratios. Superintendent Russell maintained that increasing the staffing ratios was unavoidable without additional budget strategies being implemented.

Ms. Boyd felt that it would eventually be necessary to change the staffing ratios but further noted that distinctions would need to be made in those staffing ratio adjustments between changes across the board and staffing ratio changes that were directed at schools with populations that justified a slightly higher staffing ratio than other schools. Superintendent Russell responded that the staffing ratio recommendations would incorporate those distinctions in some fashion although to date there had been no formal weighted funding formula established for such purposes.

Superintendent Russell, responding to a question from Mr. Forrest, noted that Title I and IDEA funding mechanisms would help offset some portion of the current budget gaps.

Mr. Gribskov asked for some indication as to the parameters for suggestions to address the budget deficit. Superintendent Russell answered that he was trying to establish a context from the staff presentations that would indicate the type of suggestions from the committee that might have some inherent validity.

Superintendent Russell, responding to a question from Mr. Torrey, noted that he could return to the committee with potential school closure options that would positively impact the staffing ratios if that was their direction. Superintendent Russell further noted that it might be difficult to implement any school closures in a manner timely enough to manifest a legitimate savings to the district in the next year, and also noted that closing certain schools might actually cost more money in the short term than it would save.

Mr. Lininger felt that closing 4J schools should be considered only as a last resort and that central administrative cuts should be made before any school closures.

Superintendent Russell noted that he had already delayed notifying the district principals of their staffing allocations and that timing was critical for the implementation of any budget strategies being considered by the committee.

#### **D. Respond to Budget Committee Questions**

Ms. Fahey led the committee members through the responses to the previously submitted questions from the budget committee.

Mr. Lauch provided information in response to the budget committee's question regarding the amount of money that might be generated by a sale of the district's large bus fleet.

Committee members asked clarifying questions.

#### **IV. Items for Action at This Meeting**

Ms. Walston indicated that the agenda would be changed and the committee would address item B., Provide Feedback on Proposed Reserve Reduction Strategies, as the first action item.

##### **B. Provide Feedback on Proposed Reserve Reduction Strategies**

Ms. Fahey provided detailed information from her presentation regarding the Proposed Reserve

Reduction Strategies researched by staff.

Ms. Walston summarized Ms. Fahey's presentation by noting that the School District 4J budget gap for the current year would be brought down to \$9.7 million dollars using the strategies described by Ms. Fahey.

Ms. Fahey, responding to a question from Ms. Walston, noted that the classified group insurance reserve funds were higher than the licensed group reserve funds because the classified group had tiered their insurance benefits to provide cost savings. She noted that the classified group also had a significant number of coverage waivers and since the district practice is to provide insurance contributions to insurance reserve funds even if an employee waives insurance, reserves increase in those circumstances.

Superintendent Russell asked the committee if there was any acceptable strategy or combination of strategies that would address the 4J budget gap without affecting current staffing ratios. He maintained that such an approach would only be possible through more extensive use of the reserve funds although such a solution would not be sustainable in the long term.

Mr. Lininger expressed that his primary concern was to protect the integrity of the 4J classrooms and while he was not expressly opposed to drawing down the reserves he would prefer to hold off on such strategies until they were absolutely necessary.

Ms. Curtis, responding to a question from Ms. Boyd, noted that the established planning, development and grading days included the preparation days for teachers at the beginning of each school year.

Ms. Fahey, responding to a question from Mr. Torrey, noted that the elimination of one day for all district staff would result in a savings of approximately \$450,000 to the district.

Mr. Torrey appreciated Mr. Lininger's position regarding the budget strategy prioritizations and agreed that any strategies that would directly affect 4J classrooms should be employed last.

Superintendent Russell reiterated that while none of the budget options were particularly desirable he was unwilling to delay staffing allocation notifications to the 4J school principals any longer.

Superintendent Russell expressed that even the federal stimulus funding assistance was a singular occurrence and that as such it might not provide sufficient budget remedies to the district.

Ms. Hays felt that the district should not draw down its reserve funds below 5% to address the budget crisis and that an increase of the current staffing ratios was the only viable option. She further expressed that cuts to central administration would have a significant negative impact on 4J students. Mr. Smith agreed with Ms. Hays' comments.

Ms. Fahey, responding to a request from Mr. Forrest, clarified the 2009-2012 financial forecast figures from her presentation materials.

Ms. Boyd concurred with Ms. Hays opposition to any cuts to central administration and

suggested that consolidation of certain middle and high schools might serve the district's budgetary needs better than consolidation of elementary schools.

Mr. Torrey, seconded by Mr. Gribskov, moved to direct staff to not draw down the general fund reserves below the 5% of operating revenues as outlined in the board policy.

Mr. Gribskov noted that the reserve funds should be saved as much as possible to provide for unanticipated budget concerns.

Mr. Torrey, with the consent of the second, withdrew his previously stated motion in favor of conducting an informal straw poll in order to gauge the committee's intentions regarding the reserve fund strategies.

Mr. Torrey called for an informal straw poll vote regarding the reserve fund strategies. A member majority of the budget committee agreed with Mr. Torrey's assessment that the reserve funds should not be drawn down to below 5% of operating revenues. No formal tally of the aforementioned straw poll vote was taken or recorded.

Mr. Torrey called for an additional straw poll vote regarding the PE requirement strategies recommended by staff as described during their presentation.

Mr. Torrey, referring to earlier comments from Mr. Forrest on the matter, expressed that members of the community might be more willing to assist the district with regard to revised PE requirements than with other strategies.

Mr. Forrest expressed concern regarding incomplete information regarding the 2009-10 Budget Reduction Strategies and the committee's ability to make decisions without complete information and further maintained that staff's presentation had not provided an a thorough assessment of the district's PE and wellness policies.

Dr. Webber-Davis reminded her colleagues from the board that there would be a presentation regarding increases in homelessness and free and reduced lunch requests within the district. She further maintained that such information might affect any strategies adopted by the budget committee.

Ms. Gerot appreciated Mr. Forrest's position regarding the PE requirement and noted that while she had served on the committee responsible for developing the wellness policy she was now inclined to support the PE requirement reduction strategy described by staff.

Ms. Mehas, responding to a comment from Mr. Forrest, noted that the reduction of PE requirements as recommended by staff would decrease the overall amount of staffing in the district.

Ms. Laing commented that reductions in PE staffing might also reduce the availability of instructors for health and nutrition classes that were often taught by PE teachers.

A majority of the budget committee disagreed with staff's recommendation to cut the 8.4 FTE positions dedicated to satisfying the district's PE requirements. No formal tally of the

aforementioned straw poll vote was taken or recorded.

Mr. Torrey explained his position regarding the PE requirements by saying he wanted to see the budget committee make all possible non-staff cuts before considering any staff cuts.

Mr. Lininger commented that recent public polls had indicated support for cuts to the district's central administration and that it would be necessary to investigate specific potential administration cuts in much greater detail.

Superintendent Russell anticipated that major cuts in central administration would be proposed and that such cuts would far outstrip the proportional cuts in teaching numbers and classrooms in School District 4J.

Ms. Walston briefly reviewed the recommendations that had been brought forth by staff. Superintendent Russell presumed that that the district would most likely need to employ a scenario that made use of several if not all of the recommended strategies.

Superintendent Russell, responding to a question from Mr. Torrey, noted that any school closures implemented could not occur in time to produce any savings for the current year's budget.

Superintendent Russell, responding to a question from Mr. Gribskov, noted that his deadline to present staffing allocation criteria to district principals on March 6 was self-imposed and not part of any established 4J policy.

Mr. Henry noted that it was very important for district principals to have the staffing allocations from Superintendent Russell with as much lead time as possible so that they could draft their master schedules with as much information as possible.

Mr. Henry noted that many of the central administration cuts being considered applied to programs and services instead of staff.

Ms. Hays asked that Superintendent Russell consider delaying the staffing allocation notifications of the 4J principals another two weeks so that the budget committee might have time to consider its options more thoroughly.

Mr. Torrey asked Superintendent Russell if staff could provide a complete list of potential non-staff cuts within the two week time frame that Ms. Hays had suggested. Superintendent Russell replied that it was possible but unlikely that staff would be able to accommodate such a time frame in drafting any detailed list of potential non-staff cuts.

Ms. Hays saw no way to implement administrative cuts without negatively impacting the district staff in some way. She further noted that her suggestion to delay Superintendent Russell's notification of the 4J principals was intended to allow the budget committee to reach a consensus regarding budget strategies and not to stall the budget process.

Ms. Gerot stated that with staff comprising approximately 85% of the School District 4J budget, it was inconceivable that any cuts made to address a \$16 million budget gap would not adversely affect district staff numbers.



Superintendent Russell hoped that any changes made to staffing ratios would only have to be made once and that more drastic staff ratio increases would not have to be made later.

Ms. Clark maintained that it would probably not be possible to address the budget gaps without increasing the staff ratios as part of any budget strategy.

Ms. Walston, responding to a question from Mr. Torrey, noted that wage freezes had not been eliminated as a potential budget strategy.

Ms. Gerot was confident in the guiding principles and the creative abilities of School District 4J and stated that it was important for the budget committee to reach a decision at the meeting so that Superintendent Russell would be able to take the staffing allocations before the 4J principals.

Mr. Forrest disagreed with Ms. Gerot and advocated for more time to thoroughly investigate and discuss all of staff's recommendations regarding the potential budget strategies.

Ms. Boyd strongly agreed with Mr. Forrest's statement and further noted that she did not have a great deal of confidence in the ability of site based management to adequately assess and address the budget crisis faced by School District 4J.

Mr. Lininger agreed with Ms. Boyd and Mr. Forrest that more time was needed to discuss the staff's budget recommendations. He reminded the budget committee that a recent poll of 4J parents had indicated that the least favored option was increased student/teacher ratios.

Mr. Torrey called for an informal straw poll vote regarding additional time to be granted to allow the budget committee further time to discuss potential budget strategies.

Superintendent Russell noted that he would be willing to postpone his staff allocation notification meeting to Tuesday, March 10, if the budget committee would be willing to meet again on Monday, March 9 to further discuss the staff's recommended options.

Ms. Cramer appreciated the severity of the budget crisis faced by the district and the budget committee but noted that the meetings to determine the staffing allocations had already been rescheduled once. She averred that prolonging the staffing allocation process much further might create tremendous anxiety among the 4J staff.

Mr. Smith was convinced that staff ratio increases were inevitable in addition to several cuts in other 4J areas.

Superintendent Russell, responding to a question from Mr. Torrey, noted that once the budget committee reached a consensus regarding increased staffing ratios that was then communicated to the 4J principals as part of the staffing allocations the matter would not be revisited by the budget committee.

Superintendent Russell, responding to a question from Mr. Torrey, briefly described the savings associated with the potential increases to the staffing ratios.

Ms. Beghetto, speaking in her capacity as the former principal of a 4J school, noted that changes

to any school staffing plan presented significant instructional impacts on the 4J schools. She further noted that any changes to the timelines involved in the implementation of school staffing plans presented significant challenges with respect to such issues as declining enrollment and collective bargaining agreements with licensed staff members.

Superintendent Russell, responding to questions from Ms. Boyd, noted that any staff reductions of union-represented employees would come in the form of layoffs rather than furloughs and that staff was currently meeting with bargaining units to discuss other cost saving options.

Ms. Hays worried that the public would perceive an increase in staffing ratios as the district's first choice for confronting the budget crisis. Superintendent Russell agreed that staffing ratio increases could be taken out of context and that it would be better if the public could view such a strategy in the full context of all the measures that would need to be taken to close the budget gaps.

Superintendent Russell, responding to a question from Mr. Lininger, noted that he would not have any new information for the committee if their intention was to meet earlier than Monday, March 9.

Mr. Forrest was unwilling to vote on any issues regarding budget strategies without more information regarding all of the measures that would need to be taken to close the budget gaps.

Superintendent Russell, responding to a question from Ms. Laing, noted that staff would probably not have any opportunities for further formal negotiations with the unions or collective bargaining units before the staffing allocations would be presented to the 4J principals on March 10 if the distribution of staffing allocations was delayed until that date.

Ms. Nesbit noted that staff would be communicating with the unions over the next several days regarding potential budget strategies and that staff would probably have a better lay of the land after March 10.

### **C. Set Date for Next Budget Committee Meeting**

Ms. Hays asked for a brief description of the information that would need to be provided on Monday, March 9 which would ideally allow the committee to settle on a course of action.

Mr. Torrey asked if the budget committee had the legal authority to demand an opening of the collective bargaining contract and if such a strategy might be necessary to help close the budget gap. Ms. Nesbit responded that contract renegotiations for fewer days or reduced cost of living adjustments might be possible.

Mr. Torrey asked if, should the committee direct staff to increase the staffing ratios as recommended, it would be possible to reduce the ratios in the event that additional funding sources became available. Superintendent Russell responded that such actions might be possible, but that to do so would be very difficult in the middle of the school year.

Dr. Webber-Davis, seconded by Mr. Lininger, moved to have the School District 4J budget committee meet on Monday, March 9, 2009, for further discussion and action regarding the 2009-10 budget reduction strategies.

Ms. Walston did not know what new information, if any, would be presented at the next budget committee meeting.

Superintendent Russell, responding to a question from Mr. Gribskov, noted that detailed budget strategy scenarios would be presented at the meeting on March 9.

Ms. Walston called for a vote on Dr. Webber-Davis' previously stated motion. The motion passed unanimously, 12:0.

**V. Items Raised by Members of the Budget Committee**

There were none.

**V. Adjournment**

The meeting adjourned at 9:53 p.m.

(Recorded by Wade Hicks)