

MINUTES

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

March 9, 2009
7 p.m.

PRESENT: Mary Walston, Chair; Wendy Laing, Vice Chair; Betsy Boyd, Shirley Clark, Eric Forrest, Beth Gerot, Pete Gribskov, Alicia Hays, Tom Lininger, Charles Martinez, Jr., Debra Smith, Craig Smith, Jim Torrey, Yvette Webber-Davis, members; George Russell, Superintendent; Susan Fahey, Tom Henry, Caroline Passerotti, Barbara Bellamy, Carl Hermanns, Laurie Moses, Jon Lauch, School District 4J staff.

I. Roll Call

Ms. Walston called the meeting of the Eugene School District 4J Budget Committee to order and welcomed the audience.

Ms. Walston called the roll.

II. Items Raised by Audience

Gary Rayor, 2373 Washington Street, discussed the expected State budget shortfall and its impact on school funding. He said that K-12 education represented 41 percent of the State General Fund but the reductions made to education represented only 16 percent of the shortfall. He said that the State expected a larger shortfall in the next biennium. If the State held K-12 education similarly harmless next year, he anticipated that cuts to education would be about \$200 million. However, he believed that figure was optimistic even with the Rainy Day funding available. Mr. Rayor also anticipated rising health and retirement costs.

Mr. Rayor suggested that the Board of Directors provide the district with the adequate supervision required by its charge and ensure the mission of the schools was fulfilled, which required strategic planning. He suggested the committee had two choices for the budget cycle. The first was to keep the school system as whole as possible using one-time dollars, which meant those dollars would not be available next year and larger reductions would be necessary. The second option was to preserve the district's discretionary and one-time funding to the degree possible and make those funds available for next year. Mr. Rayor urged the committee to average out the budget and refrain from spending all available funding this year. He anticipated several more years of decreased revenues and thought it would be a mistake to spend money that could be used to equalize the budget over the next few years.

Ms. Laing arrived during Mr. Rayor's remarks.

Jill Simmons, 2381 Dale Avenue, reported that the budget picture at the State legislature continued to be bad. She noted her upcoming 30th anniversary with the district in the ranks of the classified employees and said she was proud to have worked in those ranks with other great staff of all types. She acknowledged the

committee's work was not easy and said it would hear some unsettling strategies. She asked the committee to be mindful of its options and decline to take the easy way out. Ms. Simons said that all parties, including the district unions, were in the situation together and all were working toward a constructive and proactive solution because they had a vested interest in the organization, the community, and their families.

Merri Steele and **Paul Duchin**, Eugene Education Association (EEA) Co-Presidents, noted the many e-mails they received from EEA members since the article about the district's budgetary situation was published in the Sunday edition of *The Register-Guard*. Members were concerned about the information provided in the article regarding the level of compensation provided through the last contract. Mr. Duchin believed that including the 4.5 days received by teachers as compensation was misleading and further noted that those days sunset when the current contract expired. He noted the compensation adjustments received by administrators, although he did not suggest they were undeserved or should be eliminated. He wanted to redirect the conversation toward reasonable and fair solutions. Ms. Steele provided the committee with data that indicated the cost of living increases received by district employee groups over the past ten years had not kept up with the Consumer Price Index (CPI). She believed a cost savings similar to a pay freeze could be achieved by cutting days and not disrupting the salary schedule or academic year.

Ms. Steele spoke to the implication in *The Register-Guard* article that the Eugene Education Association (EEA) was not working with the district to address the funding crisis. She reported that since the last committee meeting, the EEA and district agreed to consider modifying the length of the work year.

Ms. Steele recalled the EEA had recommended that the committee use reserve funds to offset a staffing ratio increase, and had cautioned the district there would be scrutiny by the legislature of reserves. She said that the form necessary to secure stability funding included a document that was very detailed about reserves. Mr. Duchin acknowledged the reserves were one-time money but said the EEA continued to believe they should be used now. If the budget situation deteriorated further after the May 2009 forecast and the reserves were no longer available, he acknowledged that further discussion would be needed.

Ms. Walston thanked those who spoke. She said "we're all in this together" and acknowledged that the district was in uncharted waters. She did not believe think the committee wanted to make the reductions that she believed would be needed.

Ms. Walston asked the committee to keep in mind what the superintendent and board needed from the committee by way of policy guidance.

III. Items for Action at this Meeting

A. Financial Update

Superintendent Russell reviewed an e-mail he sent to all staff members earlier that day updating them on the budget situation and outlining the three budget scenarios he would be presenting to the committee. All involved the expenditure of \$6.22 million in reserves to support operations, central office and administrative budget reductions of \$4.15, and proposed school-based budget reductions of \$5.6 million. Each scenario involved a different approach to the school-based budget reduction. Superintendent Russell indicated that strategies included increasing the staffing ratio, reducing athletics, reducing physical

education at elementary and middle schools, reducing school stability staffing, closing schools, reducing school and/or work days and forgoing cost-of-living increases (which required the consent of employee groups) and contracting out nutritional services. Central office reduction strategies included reducing administrative positions and making cuts in every department's budget. Superintendent Russell reported that administrative and professional staff had agreed to forego a cost-of-living increase.

Superintendent Russell said that the district planned to give schools their 2009-10 staffing allocations on March 11. He said he needed to leave the meeting with a clear sense of what that needed to look like. He acknowledged the short timeline for schools to process their staffing plans but said the usual timelines did not fit the unusual budget situation and meant that the usual decision-making process related to staffing and programming must be modified to meet the compressed schedule.

Superintendent Russell said that the economic outlook was uncertain and the district was fortunate to have reserves. However, the committee and board would have to decide how much of those reserves to draw down with the knowledge things could get worse. He said that once staffing plans were in place for 2009-10, it would very difficult to make staffing reductions and mid-year cuts in mid-year 2010 should tax revenues be lower than anticipated. Discussions with the employee groups were continuing and he expressed appreciation for the collaborative nature of the discussions and the sincerity of those groups in approaching the financial situation as partners. He said that all were intent on making the best decisions for students.

Ms. Fahey provided a PowerPoint presentation on the financial update. She reported that the size of the shortfall was unclear at this time and the numbers continued to change. Local economic indicators continued to worsen, and the 2008-09 enrollment numbers had dropped. The district continued to await word of the amount of stimulus funding it would receive.

Ms. Fahey provided the committee with a brief review of the 2009-12 forecast it saw the previous week, which included information about the budget reductions mentioned by Superintendent Russell. She confirmed, in response to a question from Mr. Smith, that the reductions were ongoing into the future.

Responding to a question from Mr. Smith about the district's level of certainty that it would receive stimulus funding, Ms. Fahey said that the district believed that it would receive the funding; the unresolved question was when the money must be spent.

Responding to a question from Ms. Boyd, Ms. Fahey said that in the past, the district used stabilization funding to provide "gap staffing" to replace half the staffing lost through enrollment declines at the schools. This year, the district was discussing reducing stabilization staffing as part of the budget strategies.

Ms. Walston recalled that the committee agreed at its last meeting that the budget shortfall in the current year would be covered by reserves and the committee's focus was on next year. The committee reconfirmed that agreement.

Ms. Fahey reviewed the elements common to all three budget reduction scenarios.

Superintendent Russell reviewed the proposed reorganization of the Central Office Administration.

Mr. Henry reviewed a document entitled *Instructional Programs/Services Proposed Budget Reductions* =

\$2,460,250.

Dr. Martinez suggested it would be helpful to place the reductions in the context of the current budget as a percentage to inform the budget of the degree of the reduction contemplated. Mr. Henry agreed.

Ms. Smith clarified with Mr. Henry that the \$1 million for Math Adoption was included in the proposed reductions in reserves rather than the department budgets.

Mr. Forrest referred to the staff recommendation to defer Math Adoption and asked if district educators were happy with the current curriculum. Mr. Henry said that opinions varied by school. The district was trying to be more systemic with one program rather than several programs and satisfaction levels varied. The district surveyed administrators and teachers, who largely recommended that the Math Adoption be postponed. Mr. Henry anticipated that the district would focus much of its professional development spending on improving math programs. Mr. Forrest said as a parent of elementary school students, he was disturbed that the district would not be able to move forward. He was not pleased with the current program and had looked forward to an improved curriculum. Mr. Henry concurred. Superintendent Russell agreed that the district had much work to do on math.

Ms. Gerot asked for the total amounts being spent in the instructional programs and services identified.

Mr. Torrey referred to a possible budget reduction for Reading Assessment and recalled a board discussion of the importance of identifying children with reading difficulties in K-3 as predictors of how children would succeed in school. He asked what a higher staffing ratio level would do to small schools and those schools' ability to reach out to the children in the lowest 20 percent. Mr. Henry said that if the district raised the staffing ratio it would be more of a struggle for smaller schools, as many only had one teacher at grade levels and classes had to be blended with students of different grade levels to ensure sufficient class size. He reviewed the grade level configuration for two smaller elementary schools and contrasted those to the numbers at two larger elementary schools. He said that two teachers at grade level could divide the number of high needs students and meet their needs better.

Mr. Henry reviewed *Proposed Instructional Programs and Services Continuing in 2009-10*.

Ms. Fahey discussed the elements specific to each of the three budget reduction scenarios, first noting that a deficit of approximately \$6 million remained after the reserve and central office/administration strategies and that compensation strategies required discussion and negotiation with employee groups.

IV. Items for Action at this Meeting

A. Provide Feedback on Budget Reduction Scenarios

Members asked questions clarifying the details of the three scenarios.

Ms. Gerot asked Superintendent Russell to speak to the costs associated with closing schools. Superintendent Russell said staff assumed that the district would use dollars from the capital reserve to accomplish the transition. That could cover the costs of facilities modification and moving staff. Some dollars would be actual savings for next year, although he anticipated any school closures would not occur

until 2010-11.

Mr. Lininger clarified the reductions being proposed in computing services with Mr. Moore, who indicated that one staff position was involved. The staff position was the data warehouse management position. He clarified that the district would still have access to the data but it would slow staff's response to some of the data requests it received.

Responding to a question from Dr. Martinez about the proposal to eliminate the district's Diversity and Equity Coordinator, Superintendent Russell acknowledged the reduction was made possible by a staff retirement. He reminded the committee that a number of positions had been added over time to close the diversity gap, address equity and diversity issues, and improve instruction. One of the positions that made a significant impact both in terms of parent and community involvement was the Parent Family Community Coordinator, Carmen Urbina. She also staffed the Equity Committee. He anticipated that some of the responsibilities of the lost position would be transferred to Ms. Urbina. He reminded the committee it also had added a position in the human resources that was focused on recruitment and retention. That individual also worked with IDAK. He anticipated that individual would pick up other work tasks formerly done by the person working in the lost position. Superintendent Russell said that the district would struggle with any reductions in this area, adding that reductions in the superintendent's office would also have an impact on special projects related to equity and diversity.

Superintendent Russell emphasized that the reality was that all reductions were painful and he thought the central office and superintendent's office had to show leadership in making reductions if it was to ask the schools to absorb some painful cuts. He acknowledged the loss was a step backward but had to be balanced against other reductions.

Ms. Boyd asked Superintendent Russell to reflect on the creation of the Stabilization Fund, established during an earlier recessionary period. She added that she believed the fund gave the district a tool to deal with staffing vagaries across schools and help better address equity, and was concerned to see a budget without such funding because of the importance she attached to the tool as a way to ensure equity. She suggested that whether the district made cuts to the staffing allocation or cuts through stabilization, they still end up being teacher cuts. She called for some additional allocations in central administration to "round out" areas where some schools may need some additional help and, she posited, might even recover enrollment because of high mobility once the recession ended. Superintendent Russell deferred the question to Mr. Henry, adding that staff had considerable conversation about the topic and attempted to retain as much of the stability staffing as possible. However, the further one went into the scenarios, the more challenging it became. Did the district close schools and keep stability funding? Did the district increase the staffing ratio and keep stability funding? Did the district cut into the equity areas? He said those were all hard choices.

Superintendent Russell recognized the need to provide stability to both schools losing enrollment and schools requiring more academic support. He thought the district had done great work with the funding and the Instruction Department was fighting to retain the funding. His question was, retain the funding at what expense to the staffing ratio? Mr. Henry concurred that the stability funding had worked well. If the district was able to retain it this year he hoped to plug some "holes and gaps" and provide more staffing to schools.

Responding to a question from Mr. Forrest, Mr. Henry said the stability funding was significant to schools

losing both staff and students. He thought in general, it was more helpful to small schools.

Mr. Lininger found Scenario 3 the most attractive of the three scenarios. He was anxious about changing the staffing ratio due to the district's concerns about closing the equity gap. He noted that he believed the most important element to student success, particularly for children requiring intervention, was the teacher-student ratio. He also noted community and staff consensus that the teacher-student was the last place to turn. He was interested in the other adjustments included in that scenario. He was somewhat concerned that a major component of the scenario was compensation strategies, but he thought that more or less attractive depending on what form it took. He did not want it to take the form of instructional days. He asked for assurance that the committee's selection of that scenario meant the compensation strategy would consist of trying to reduce non-instructional days. Superintendent Russell did not think he could offer such an assurance, but he thought there was a chance the district could do something to minimize the impact. He said the district was in discussions with the union about the calendar.

Mr. Lininger observed that teachers he had spoken to had suggested that if the district had changed the staffing ratio, every single day of school would be inadequate, whereas if the district reduced the number of days, there would only be a finite number of inadequate days.

Ms. Gerot said a primary board and staff goal was to increase achievement for all students and close the achievement gap. She wondered how the district would maintain that focus if it eliminated the position of Director of Achievement. She said the district was also seeing greater articulation between elementary, middle, and high school in terms of curriculum, and wondered how that would be handled without someone specifically in charge. She asked where those responsibilities would lie. Superintendent Russell reiterated that any reduction had an impact. The thinking behind the proposal was that some of the responsibilities would be borne by the chief academic officer in terms of coordinating the three divisions. He concurred that the position was created for the reasons mentioned by Ms. Gerot, but the district had more resources at the time the position was created. He said the district had come a long way and he believed it had made a difference, but he questioned if the district could afford four directors and an assistant superintendent. He did not think so, particularly in light of the reductions contemplated to the schools and instruction. Superintendent Russell said in an ideal world, he would keep everything. He emphasized his belief that \$15.9 million was the floor, not the ceiling, of what would be cut.

Responding to a question from Ms. Webber-Davis about the reduction in athletics, physical education, and wellness in the three scenarios, Ms. Moses spoke to the impact on high schools. She said staff believed the reductions in scenarios 1 and 2 could be realized through reductions in transportation costs, more local competition, reduced activity days, and fewer days requiring substitute teachers when coaches are gone. Scenario 3 would require more analysis but she thought it would require eliminating some athletic programs. The district was looking at the cost of each sport. She expressed concern that there were at-risk students who were drawn to attend schools because of their participation in sports, and suggested that when staff looked at the data, it would have to look at what drew students to certain sports through an equity lens. She also expressed concern about what happened to students who had participated in sports that were eliminated after years of participation, suggesting they might chose to leave the district for another district that retained their sport.

Mr. Henry added that Scenario 3 would eliminate the physical education staff added over the last two years to support the Wellness Policy.

Sara Cramer of Cal Young Middle School spoke to the impact of the reductions on middle schools, saying

that the impact was all over the board given the different requirements the schools had for physical education prior to the adoption of the Wellness Policy. Scenario 3 eliminated the requirement altogether, which did not mean that schools would not offer physical education, they just would not offer a 3,600 minute-per-year requirement. Scenario 2 took the district back to the first year of the policy. However, the impact of that scenario also depended on individual schools, where they landed on the staffing ratio, and if they experienced declining enrollment.

Jane Carter of Spring Creek Elementary discussed the impact of the scenarios at the elementary school level. She said the physical education and wellness requirement for students was 90 minutes per week, which was more time than students spent in health, science, and social studies combined. Previously, children spent 60 minutes per week on physical education and wellness requirements, which she believed represented a better balance in the schedule. She believed that the district's Wellness Policy provided neither flexibility nor balance. She said that her school, like many others, subsidized its physical education FTE with classroom FTE, which may become more difficult to do. She believed there was good intention behind the policy, but reiterated it was difficult to implement and may become more so.

Ms. Gerot said the district's physical education requirements were higher than the State's and she questioned if the scenarios allowed the district to maintain the State minimum, or if it would have to seek a waiver. Ms. Bellamy said the 2007 legislature passed physical education requirements that did not go into effect until 2017.

Responding to a question from Ms. Smith, Mr. Henry indicated that from an instructional perspective, he preferred Scenario 2.

Dr. Martinez questioned whether Scenario 3 was tenable. What did the compensation strategies mean in practice? What about the potential loss of instructional days? He questioned the tenability of doing nothing as it related to the staffing ratio. Superintendent Russell said if the committee directed him to produce a budget that did not increase the staffing ratio, there were only certain other areas of the budget he could look to. The committee would have to assume that it could realize close to \$3.6 million in compensation adjustments, be willing to close a couple of elementary schools or a middle school, be willing to spend more reserves to meet the gap, and be prepared to direct the superintendent to find more reductions in central administration and central support services.

Dr. Martinez acknowledged the issues came down to tradeoffs and recommended the committee consider other challenges the district was likely to face if the reduction contemplated at this time was indeed a floor. He said the committee needed to come to grips with such questions.

Responding to a question from Mr. Forrest, Ms. Moses said the total budget for athletic programs was about \$2.4 million. Ms. Fahey said there were some revenues to offset that amount.

Mr. Forrest thought that the physical education requirements established were not too much to ask of elementary and middle school students, particularly in light of the obesity epidemic and to meet the needs of those who could not afford to participate in organized team sports. He thought that physical education was an important element of education because physical stimulus contributed to a child's ability to learn.

Mr. Torrey suggested there were alternative ways to provide ninth grade sports using scholarships and volunteers and asked the cost of that. He was also concerned about cutting young teachers, saying the district had changed its hiring practices to ensure diversity among staff as a way to ensure the community's

future diverse students had diverse teachers. He was supportive of Scenario 3 and said there must be a way to budget for the future without giving up the young teachers.

Superintendent Russell said that the district anticipated that a change in the ratio would impel it to offer a retirement incentive to get senior teachers who were considering retirement to do so in order to hold on to newer and younger teachers. Ms. Feres-Johnson said that staff was working on an early retirement package with incentives to hold onto some of the recently hired teachers. The package was almost complete, and she anticipated that the district would be able to offer the package to approximately 40 teachers eligible for retirement, allowing the district to retain 39 other teachers.

Ms. Boyd pointed out that the money the district received from the State was “weighted” to recognize the needs of a variety of students, including low-income students and students in foster care, and she believed that contributed \$17 to \$19 million to the district’s budget. She believed the district put very little of that money toward interventions. Ms. Boyd was troubled by a budget that took away from the values the district attempted to put forward in the form of interventions. She believed that all the proposed instructional cuts had that impact. Ms. Boyd was persuaded by Mr. Forrest’s comments about physical education and wanted to maintain the stability fund because she thought it important the district carry forward its values and not do across-the-board cuts. She preferred a combination of the three scenarios. She supported the athletics and staffing ratios identified in Scenario 2; the physical education requirements in Scenario 1; and the stability staffing in Scenario 2. She recommended the district hold off on closing schools until the May forecast because of the potential the district would have to cut more than one or two and would be looking at a “wholesale realignment” of the district and how it delivered services. She hoped that the compensation strategies in Scenario 3 could be non-instructional days for compensation. Ms. Boyd did not want to subcontract nutritional services because there was not much money involved and she thought such employees provided students with a form of stability.

Ms. Hays shared many of Ms. Boyd’s sentiments, although she supported Scenario 2 as it regarded wellness and physical education. She hoped that the economic situation improved and the country got back to a more stable situation within 18 months. She wanted to preserve, rather than eliminate, the good work the board had done to maintain community values. Ms. Hays advocated for a Scenario 4 that contained elements of all three scenarios.

Mr. Gribskov believed the key decision before the committee was the staffing ratio and recommended the committee focus its direction to the superintendent on that issue.

Ms. Smith agreed with the comments of Ms. Boyd and Ms. Hays. She hoped that Superintendent Russell approached discussions with the teachers with a sense of flexibility given what was being asked of them.

Mr. Smith disagreed with Ms. Hays about the nature of the economic situation. He thought the committee could assume the dim financial picture was a long-term one. He was particularly concerned about what will happen to school funding when the federal stimulus funding has come and gone. He believed that the district would have to alter the staffing ratio and agreed with Mr. Gribskov that the key decision was related to staffing ratios. He preferred Scenario 2 over the other scenarios in that regard.

Superintendent Russell agreed that a decision on staffing ratios was key. He said that other decisions, such as the closure of schools could be made later.

Responding to a question from Mr. Lininger about their thoughts on the scenarios, Mr. Duchin and Ms.

Steele indicated that members wished to keep the staffing ratio intact. Mr. Duchin said the EEA had entered into discussions with the district regarding potential ways to address the shortfall and the EEA believed there were ways to make up the shortfall with more judicious use of the reserves. The EEA was concerned that there would still be positions lost, which would have an impact on class size. Mr. Duchin said the union was intrigued by the district's willingness to consider an early retirement incentive. If used correctly, it would save the district money or at least be cost-neutral. It would also help ensure that newer teachers could be retained. He advocated for more research of the financial impact of the proposal. Ms. Steele spoke to the large caseload for specialists and noted that they fell into the same staffing ratio, which was a concern for the EEA.

Ms. Simmons spoke to the impact of the scenarios on classified employees, saying when staffing ratios were cut the classified employees, such as instructional assistants, were impacted. The potential for a catastrophic event was raised by such cuts. She expressed concern that there had been no discussion about early retirements for classified staff in favor of newer staff that could "maybe stretch themselves a little further." She agreed with Superintendent Russell that the budget situation was likely to worsen. She said that it was the worst budget outlook she had seen in 30 years.

Dr. Martinez agreed that the staffing ratio was a key decision for that evening's meeting. He wanted to have flexibility as the committee moved forward. He acknowledged Ms. Boyd's concerns about equity and the need to target resources at the families that needed them the most, and said he believed that the district's strategies must be flexible to achieve that. He suggested that the committee's direction was preliminary at this point given the many unknowns about the budget situation, but said there needed to be some certainty in the direction given to Superintendent Russell so he could begin to plan staffing properly. He preferred to address the staffing ratio as opposed to making sweeping cuts that were not aligned to board goals.

Ms. Clark believed the committee needed to make a recommendation regarding staffing ratios tonight. She determined from Mr. Henry that resources provided through the ratio were allocated at the school level, and that the allocation depended on how students were bundled, the number of students, what decisions the schools make, and the staffing available for school specialists. He said staffing decisions were made by school principals, who sought input from parents, site councils, and their staffs. The ratio came in what he termed "a lump of staffing" based on the number of students in the school and the grade level. He said that if stability staffing and intervention staffing was not available to schools, it had the impact of raising the staffing ratio.

Ms. Walston took a straw poll on increasing the staffing ratio as stated in Scenario 2. The straw poll indicated that ten members were in support, and four members, Mr. Forrest, Mr. Lininger, Ms. Laing, and Mr. Torrey, were not in support.

Ms. Walston tested committee support for funding physical education and wellness at the levels that they were funded in 2007-08. Eleven members were in support and three members, Mr. Lininger, Mr. Torrey, and Mr. Smith, were not in support.

Mr. Smith suggested that the committee vote to indicate who supported Scenario 3.

Ms. Walston tested committee support for the wellness and physical education levels identified in Scenario 3. Three members, Mr. Lininger, Mr. Smith, and Mr. Torrey indicated support.

Ms. Walston tested support for Scenario 2 as it related to physical education and wellness. Nine members were in support and five members, Ms. Boyd, Mr. Forrest, Mr. Lininger, Mr. Smith, and Mr. Torrey were in opposition.

Ms. Walston tested support for Scenario 1 as it related to physical education and wellness. Ms. Boyd and Mr. Forrest were in support.

Ms. Walston tested support for a stabilization scenario with no reductions and found no support. She then tested support for the stabilization reduction identified in Scenario 2 and found unanimous support for that approach.

B. Set Date for Next Budget Committee Meeting

The committee discussed its next meeting date and a suggestion from Dr. Martinez to wait for further information about the compensation strategy before meeting again. After discussion, the committee agreed to schedule a meeting in April. Staff would poll members for the meeting date.

V. Items Raised by Members of the Budget Committee

Ms. Walston solicited items from the committee. There were none.

VI. Adjournment

Ms. Walston adjourned the meeting at 10:05 p.m.

(Recorded by Kimberly Young)