

# MINUTES

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

February 8, 2010  
7 p.m.

**PRESENT:** Jennifer Geller, Chair; Carla Gary, Vice Chair; Betsy Boyd, Shirley Clark, Beth Gerot, Tim Gleason, Pete Gribskov, Alicia Hays, Wendy Laing, Ann Marie Levis, Craig Smith, Debra Smith, Jim Torrey, Mary Walston, members; George Russell, Superintendent of Schools; Carl Hermanns, Barb Bellamy, Susan Fahey, Caroline Passerotti, Celia Feres-Johnson, Christine Nesbit, Laurie Moses, Jeralynn Beghetto, Sara Cramer, Denisa Taylor, Bob Bolden, Larry Sullivan, Les Moore, Rick Gaultney, School District 4J staff.

## I. Roll Call

Ms. Gary called the roll, noting that Ms. Geller and Ms. Hays would be joining the meeting soon.

## II. Items Raised by the Audience

Ms. Hays arrived.

**Peter Tromba**, representing Eugene 4JA, the Eugene administrators association, expressed concern about the instructional calendar, which left less time for teacher professional development opportunities. He tied the board goals to increased achievement to better technology, better use of technology in classrooms, common student assessments, and new ways to monitor school progress. He said those initiatives required professional development time. His organization felt the committee needed to consider the increased effectiveness of such training.

**Dayna Mitchell**, EEA vice president, read a prepared statement from co-presidents, Merri Steele and Paul Duchin suggesting that since the passage of ballot measures 66 and 67 meant that the State would have more funding for education than expected when the budget was prepared, the district should restore the lost school day, some if not all professional development and planning days, provide teachers with a cost of living increase, increases in health benefits, reconsider the purchase of a new math curriculum in favor of a “math curriculum light,” reduce class sizes, and to roll the staffing ratio back to 2008-2009 levels. She suggested that prudent funding and the employment of what she characterized as “ample reserves” were sufficient to meet those demands.

**Joy Marshall**, Stand for Children, thanked the committee for its volunteer efforts. She also thanked voters for passing ballot measures 66 and 67. She regretted the lack of a State Rainy Day Fund and said Oregon was the only state with a tax kicker that made it difficult to establish such a fund. She advocated for changes to the kicker law and suggested that some of the money be put aside for a Rainy Day Fund. She believed there was voter support for such changes. She spoke of the instability of school funding and the large amount of time the superintendent, staff, and committee put into addressing that issue. She asked the committee to demonstrate support for kicker reform and to communicate that message to the State legislature and ask their legislator within the next 24 hours to refer a measure to the voters.

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

#### **A. Forecast Update**

Ms. Fahey provided a PowerPoint presentation on the State Economic Update.

#### **B. Respond to Budget Committee Information Requests**

Ms. Fahey said that staff had prepared responses to a number of the information requests submitted at the November 16, 2009 meeting and via e-mail afterwards to Ms. Geller.

Ms. Geller arrived.

In response to a question asked earlier by the committee regarding the impact of staffing ratios, Sara Cramer provided a PowerPoint presentation regarding the impact using two different examples based on two different schools. She emphasized there was no set configuration for the use of specialists, and noted other types of staffing added to staffing plans, such as small school staffing, gap staffing, and physical education staffing. Those were not included in the scenarios she presented. Principal Denisa Taylor of Cesar Chavez Elementary School was also present to share her experience as it regarded the larger school example. Committee members asked questions clarifying the information presented.

Laurie Moses and Rick Gaultney, Madison Middle School principal, responded to the question regarding staffing ratios by discussing the impact in middle schools. Mr. Gaultney distributed a document that provided information on staffing at Madison Middle School. Committee members asked questions clarifying the information presented.

Dr. Bob Bolden, Sheldon High School principal, distributed and reviewed information on the impact of staffing ratios on Sheldon High School and answered committee questions clarifying the information presented.

Ms. Smith found the information presented a compelling argument against making further changes to the staffing ratio, and asked if that was the message Superintendent Russell was sending the committee. Superintendent Russell said, based on the figures for next year, he would not ask the committee to change the staffing ratio. He acknowledged there were variables affecting next year, and they were changing all the time. He reminded the committee that the district was in the midst of collective bargaining and noted the testimony offered by Ms. Mitchell calling for the restoration of days and more money for teachers' salaries and benefits. All those variables would have impact on the funding, as would the committee's decision regarding reserves.

Superintendent Russell said if the district did not affect the ratio this year, he would not know where else to go next year because so many options would be gone, leaving the district with some hard choices. He cautioned the committee that the more one-time money the district spent next year, the larger the budget gap would be the following year. Superintendent Russell said that given what he knew now, he would prefer to give principals at least one more year of stability. He wanted to give schools the information they needed to start staffing as early as possible, which meant leaving the ratio alone and making hard choices later. He said that changing the ratio was very disruptive for schools.

Ms. Boyd was interested in the relationship between the staffing ratio and what it would cost to make an incremental change, such as a two-tenths staffing change, versus cutting school days.

In response to an earlier committee question submitted in regard to the district's General Fund Reserve Policy, Ms. Passerotti reviewed the current policy, copies of which were provided at members' places. The policy established a five percent target of operating revenues as a reserve. Ms. Passerotti and Ms. Fahey provided a PowerPoint presentation on the policy that included historic context for the policy and information about industry standards in relationship to such reserves, including new guidance from the Government Financial Officers Association that called for two months' reserves to be based on operating revenues or expenditures, whichever was more predictable, which would require the district to come up with an additional \$13.1 million in reserves.

Mr. Torrey did not think the district could reduce the percentage dedicated to reserves given the potential of another bad economic year. He said the district wanted to use its money to provide as many services as possible for its students, but questioned whether committee members would spend their families' savings to an unsustainable degree. The committee could hope certain things happened, but he did not think costs such as PERS would go down rather than up, meaning the district needed to put aside money to avoid a rollercoaster budget effect. He opposed reducing the current level below five percent. Ms. Levis concurred that she did not support going below five percent.

Mr. Smith noted that board policy called for replenishment of the reserves, but he did not think that could happen.

Ms. Walston asked if the sale of surplus property could help build reserves. Mr. Smith reminded the committee that the district's policy was to use that money to fund capital needs, given that capital was an underfunded area.

Superintendent Russell agreed that the reserves should be kept at five percent but noted pressure from the union groups and State for the district to spend its reserves. He said the reserve level affected the scenarios that staff would present. He said if the committee decided not to go below five percent, the district will need to find the equivalent of those dollars somewhere else. The same was true if the district did not change the ratio.

Responding to a question from Mr. Smith, Ms. Fahey said that the information she presented envisioned a 1.4 percent total cost of contract for those groups whose contracts expired in June 2010. Mr. Smith observed that the union had proposed a cost of living adjustment.

Mr. Torrey suggested that increased use of technology might realize more efficiencies and make teachers more effective. He asked where cuts could be made if the committee did not increase classroom size. He said there were many areas he did not want to touch because he wanted to ensure the district's students were supported. However, he continued to support the five percent level as a prudent approach.

Ms. Hays agreed that the district should not go below five percent. She did not want to raise the ratio, but she did not want to make the cuts on the backs of those students who were not already achieving at grade level. She thought the district had some incredible initiatives in place to close the achievement gap. When Superintendent Russell presented the budget, she would look at it carefully to ensure the choices did not affect a certain segment of the population. She would rather change the ratio. She believed that certain people would make it no matter what, but others needed extra support.

Ms. Smith asked Ms. Hays how the district could ensure that those most in need got the resources they needed given how the staffing was spread across the district. Ms. Hays noted that the school board asked the Equity Committee what programs it would recommend against cutting, and what programs it thought were doing a good job. For example, she was concerned about reductions in outreach and recruitment, which she thought was working well and where reductions would have a significant effect. She thought

the district needed to be very careful about making cuts in those areas. There might be differential funding for certain schools that could be at risk. She recommended to Superintendent Russell that he not make any proposals to reduce budget in that area, because she was “not okay with that” because of their importance to the board.

Mr. Torrey encouraged comment from the lay members of the committee. He hoped the committee might be able to describe a series of “buckets” that it found touchable and untouchable. He cited Ms. Walston’s question about surplus property and said the district could decide to change its policy related to surplus property, but thought the committee should understand the implications of that.

Ms. Laing encouraged the committee to make its decisions with an eye toward the next year. Otherwise, she feared that the committee would be put in the position of making drastic cuts no one would like.

Ms. Geller said that the reserve issue was enhanced by the fact the State did not have much of a reserve, and the State had a highly volatile revenue system. For those reasons, the reserves were needed even more.

Mr. Gribskov termed the reserves an insurance policy the district must have. He suggested the committee was making decisions without all the needed information, which included employee costs. He did not think the committee could do much more without that information. Mr. Smith acknowledged that the committee must complete the budget so it could be approved in May. He questioned whether the district would have reached agreement with the Eugene Education Association by then. Mr. Gribskov acknowledged the point.

Ms. Clark agreed as to the importance of a five percent reserve. She believed it was early to take any big ticket items off the table, such as an increase in the ratio. She hoped that whatever the committee did its foremost goal should be to retain the core academic experience for students. She did not want to diminish that in any way. She recalled committee discussion that the district wanted to be results-oriented and suggested that the committee ask hard questions about those things it might like to keep but were not part of the instructional core. She wanted to know about the effectiveness of the district endeavors that took away from the resources that could go to the endeavors that actually reduced the ratios.

Ms. Walston was reluctant to go below five percent for reserves but even more reluctant to change the staffing ratio. She characterized such decisions as a “Sophie’s Choice” that was gut wrenching for staff and impactful on students. She agreed with Ms. Hays that the district was helping to close the achievement gap with some of its programming and recognized that the district was facing some “big ticket” items in the form of increased graduation requirements, which will cost money. She indicated she would be more willing to revisit the amount in reserves than the staffing ratio.

Ms. Geller believed that the district had lost sight of how far from the norm it was in terms of class sizes and regularly was ranked at the bottom in that area. She agreed it was a difficult balance.

Mr. Smith agreed with Ms. Laing, and observed that dipping into the reserves this year made next year really perilous.

In response to a committee question submitted earlier, Ms. Fahey provided a PowerPoint presentation on the district’s average salary and benefit information. There were no questions.

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

##### **A. Approve Public Input Process**

Ms. Bellamy reported that the State legislature was interested in ensuring that the schools received at least \$6 million as previously allocated, but the State revenue gap was larger than anticipated even with passage of ballot measures 66 and 67. She acknowledged that the committee was interested in the two-year budget picture, but cautioned that discussions of year 2 would be challenging and did not think it could occur in the next 30 days.

Ms. Bellamy briefly reviewed some of the results of the 2009 budget survey, noting that the issues facing the district were very similar. She noted the reductions adopted by the committee that had the most and least support as well as those with moderate support.

Ms. Bellamy reviewed a recommendation for gathering public input, suggesting that surveying be postponed and that the district instead hold a series of public forums.

Ms. Levis, seconded by Ms. Walston, moved to adopt the staff recommendation.

Ms. Smith determined from Ms. Bellamy that she proposed to focus the public on how the district dealt with the potential reductions in 2010-11. Ms. Smith suggested that the district needed to deal with the next budget year sooner. Ms. Bellamy agreed, noting the board's goal for a sustainable budget and the target date for reaching that. She acknowledged that the district would probably not know the full impact of the employee compensation agreements until next fall.

Ms. Boyd liked the proposal to involve the site councils and anything that could be done to regularize central administration with site councils was good.

The motion passed unanimously.

##### **B. Approve Minutes from November 16, 2009, Budget Committee Meeting**

Ms. Geller called for corrections or additions to the minutes.

Ms. Gerot corrected the spelling of Dayna Mitchell's name.

Ms. Levis, seconded by Ms. Gerot, moved to approve the minutes as amended. The motion passed unanimously.

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

Mr. Gribskov, seconded by Ms. Walston, moved to schedule the next committee meeting for February 22, 2010. The motion passed unanimously.

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

Mr. Torrey asked about the impact of the early retirement program and how much was saved. He wondered if the district might want to do that again.

## **VI. Adjournment**

Ms. Geller adjourned the meeting at 9:20 p.m.

*(Recorded by Kimberly Young)*