

MINUTES

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

May 12, 2008
7 p.m.

PRESENT: Pete Gribskov, Chair; Shirley Clark, Eric Forrest, Beth Gerot, Alicia Hays, Wendy Laing, Craig Smith, Debra Smith, Jim Torrey, Mary Walston, Yvette Webber-Davis, members; George Russell, Superintendent; Susan Fahey, Tom Henry, Caroline Passerotti, Helen Towle, Les Moore, John Ewing, District 4J staff.

ABSENT: Betsy Boyd, Tom Lininger, Charles Martinez, Jr., members.

I. Roll Call

Mr. Gribskov convened the meeting and called the roll.

II. Items Raised by the Audience

There was no one wishing to speak.

III. Items for Action at This Meeting

A. Consider Approval of the Budget

Superintendent Russell reviewed details of the following proposed amendments:

General Fund:

- a. Educational Support Services High Cost Disability Grant – appropriation of an additional \$261,000 to the Educational Support Services budget, which was inadvertently omitted from the proposed budget
- b. Minority Student Achievement Network (MSAN) High School Team Leader – addition of \$90,000 to the Classroom Support Services general fund appropriation to add .25 FTE at each high school to support minority student multicultural programs
- c. Executive Administration Reorganization – addition of \$74,658, 1.0 FTE to the Central Support Services general fund appropriation for support staff for the recently hired Assistant Superintendent/Chief Operating Officer
- d. Internet Filter – addition of \$48,180 to the Building Support Services general fund appropriation for Internet filter annual license costs to improve security and block access to inappropriate websites
- e. Talented and Gifted (TAG) Program Staff – amend the proposed budget to increase Direct Classroom Services and reduce Classroom Support Services by .75 FTE to correct an error in the proposed budget – no financial impact

Federal, State and Local Program Fund:

- a. Track Construction – increase local revenues and the facilities construction appropriation by \$70,000 in Federal, State, and Local Programs Fund to add NIKE grant

Superintendent Russell explained that General Fund proposed amendments a through d would result in a decrease of the budgeted unappropriated ending fund balance by \$473,838 to \$9,579,121, which was 6.4 percent of revenue. The projected unappropriated ending fund balance, which also anticipated underspending, would be \$12.7 million or 8.1 percent of revenue.

Ms. Fahey explained that the General Fund portion of the TAG FTE had been incorrectly allocated to a different part of the budget and General Fund amendment e would correct that error. She said the district had been successful in securing a \$70,000 NIKE grant to support track installation at the Jefferson site and the initial proposed budget did not include any authority in the site upgrade appropriation category. That would be corrected with proposed amendment to the Federal, State and Local Programs Fund.

Superintendent Russell pointed out that while NIKE was contributing \$70,000 to the track, the majority of the \$400,000 cost was being paid by the district.

Mr. Torrey asked if the district would be able to demonstrate efficiencies realized as a result of the executive administration reorganization. Superintendent Russell said the Chalkboard Project operational review could help identify that. He intended, if the committee approved the amendments and budget and established a hearing date, to proceed with the hiring process for the MSAN, Human Resource department and other positions that had been added.

Ms. Hays commented that she was pleased with the addition of MSAN team leaders. Regarding the Internet filter, she said at a recent conference youth participants discussed lack of sophistication in the current filters and the need to upgrade them to be less discriminating.

Mr. Moore said the best Internet filters were 90 to 95 percent effective. He said the new filter would be the same as that used by Lane ESD and the Springfield School District. He said the district would be able to filter at different levels depending on grade level with the next system, but it would require log in by students and staff. He said the filter could also be managed at the school level. Review teams would be established at the various levels.

Ms. Hays asked if youth would participate in the review teams where appropriate. Mr. Moore said students could be included in the process.

Ms. Walston referred to a presentation at the last committee meeting by South Eugene High School and asked if that request would be included in next year's budget or be the subject of a grant application. Superintendent Russell replied that the district was exploring outside funding and options were to consider it as part of a future bond measure or redirect other resources.

Ms. Webber-Davis asked if academy school funding was only for the coming year. Ms. Fahey said the original academy school funding was part of the Access and Options strategies begun in FY05-06 and at that time it was a three-year strategy at the elementary school level. She said

the success of the program resulted in another allocation for the current fiscal year and the addition of Kelly and Madison middle schools and North Eugene High School. She said the elementary school funding was reduced for FY08-09, middle school and North Eugene funding remained the same and Arts and Technology was added. She said the intent was to pilot the strategy for two years and extend funding if it was successful.

Ms. Webber-Davis asked if the School Board would be revisiting the issue in the coming year. Mr. Henry explained the reduced allocation for elementary schools in the third year was for professional development as their other structures were in place. The allocation for middle and high schools was the same as they were in their second year of implementing the strategy.

Ms. Clark, seconded by Mr. Torrey, moved to approve the budget total for all funds, including the General Fund total of \$168,681,634, which included General Fund amendments a through e as proposed by the Superintendent and other funds totaling \$151,066,959, which included the amendment to the Federal, State and Local Programs Fund as proposed by the Superintendent. The motion passed unanimously.

Ms. Clark, seconded by Mr. Torrey, moved to declare the General Fund tax rate of \$4.7485 per \$1,000 of assessed valuation of the district, the Local Option Levy tax rate of \$1.50 per \$1,000 of assessed valuation of the district and the Debt Service Fund tax levy of \$15,516,203. The motion passed unanimously.

B. Set Date of Next Meeting or Set the Budget Hearing

Mr. Gribskov declared that a May 19 Budget Committee meeting was not required and called for a motion to set the budget hearing.

Ms. Smith, seconded by Mr. Smith, moved to set the date of the budget hearing and public hearing for June 4, 2008. The motion passed unanimously.

IV. Items Raised by Budget Committee Members

Mr. Gribskov stated that reserves were projected to be exhausted in two years and it would be prudent to begin the process of living on a budget that was based only on revenue and did not draw on reserves. He asked staff to develop scenarios for the next budget cycle.

Mr. Torrey liked the idea and asked how staff would develop those scenarios. Ms. Fahey said Finance staff would work with the Superintendent's office to develop a variety of scenarios and approaches to present to the Budget Committee in its next budget cycle.

Ms. Smith asked if that was already being done to some extent. Ms. Fahey said it was, but it was challenging because State School Fund support was such a variable and the process was further complicated by contract negotiations. It was difficult to take a hard line on revenues equaling expenditures as the State usually provided some additional funding.

Mr. Torrey asked if the Oregon School Board Association (OSBA) was involved in resisting unfunded mandates from the legislature and whether it was informed of the impact on specific districts.

Ms. Gerot said that the OSBA adopted legislative policy, including one related to no unfunded mandates. She said OSBA lobbied against unfunded mandates with legislators and the local legislative delegation was informed by area board members about issues and impacts at the beginning of a session. She agreed with Ms. Fahey that the major variable was uncertainty about State funding until May or June. Staff could spend a significant amount of time budgeting based on one projection, only to be confronted by a very different scenario next spring. She would prefer to see staff work on scenarios when there was more certainty about revenues.

Mr. Smith said it was necessary to have a large reserve because of the uncertainties surrounding the budgeting process.

Ms. Hays asked how the district would be affected if there was a special session to reduce State funding. Superintendent Russell said the expectation was that the State would rely on the "rainy day" fund to protect school districts. He noted the district had raised its reserve target from 5.0 to 8.5 percent in order to provide for a month's operating expenses. He said the district would drop below 8.5 percent unless there was a change in revenue from the State. He said the difficulty in budgeting at a point where revenue was sufficient to cover expenses was the uncertainty with State funding. It sometimes appeared to the public as though the district was not budgeting properly when it appeared to have a windfall if funding exceeded projections. He said the district did not want to be in the position of having to make cuts and then having a higher ending fund balance than anticipated. He agreed that the district could not continue to assume it would have enough reserves.

Mr. Torrey asked if the ending fund balance was part of the reserve. Ms. Fahey said it was part of the reserve.

Mr. Torrey did not think that two months of operating expenses was too much to have in reserve and felt that should be considered by the Board. Superintendent Russell said two months of reserve would equate to approximately \$17 million and that was too high. He said the district would need to identify reductions in order to stay at 8.5 percent in coming years.

Mr. Smith remarked that another factor was the legislature's view of reserves; if they were perceived as too high it could have an adverse affect on State funding.

In response to a question from Mr. Torrey, Superintendent Russell said the district's current policy required a five percent ending fund balance and a two percent contingency; the 8.5 percent level was a decision by the Budget Committee for the biennium.

Mr. Forrest pointed out the large percentage of the budget that was spent on salaries and benefits. He said allowing reserves to be too high could present problems when negotiating with the three collective bargaining groups.

Mr. Gribskov said his concern was based on a projected lack of reserves by FY2010-11. He did not want to wait until then to start the process of budgeting within revenues.

V. Adjournment

The meeting adjourned at 7:39 p.m.

(Recorded by Lynn Taylor)