

MINUTES

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

June 2, 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 Nesbitt, Laurie Moses, Rick Gaultney, Carmen Urbina, Jeralynn Beghetto, Sara Cramer, Denisa Taylor, Bob Bolden, Larry Sullivan, Les Moore, John Ewing, School District 4J staff.

I. Roll Call

Ms. Geller called the roll.

II. Items Raised by the Audience

Paul Duchin, co-president of the Eugene Education Association (EEA) determined from 4J Board of Directors Chair Smith that the board would hold a hearing on the recommendation of the Budget Committee, and the committee would discuss possible adjustments to that budget in light of the most recent State revenue forecast. Mr. Duchin acknowledged he did not know the current status of the new math curriculum but recommended it be postponed and instead be piloted with the assistance of the publisher, perhaps at no or low cost to the district. He agreed the new books were needed but suggested that at cost of \$2 million, they would come at the expense of teachers or student days.

EEA co-president **Merri Steele** asked that the district consider closing schools, saying there were many small schools that were aware of the potential of consolidation and having those schools remain open was “agonizing” for some. Such small schools also had a problem providing a robust curriculum for students and many were struggling with low teacher and student numbers. Ms. Steele believed that such closures could realize near-term savings for the district.

Mr. Duchin believed that there were open administrator positions that could be used creatively to ensure that no one lost their job and that it would realize true savings now rather than projected savings. Speaking to the issue of federal funding, Mr. Duchin did not know when the money would arrive but said the National Education Association believed it would and suggested it was a question of “when” rather than “if” the money was allocated to the states. He urged patience. He said that Congress would expect the money to be used to retain teachers and that was what it should be used for. He also urged the committee to spend the district’s reserves to avoid layoffs.

Ms. Hays arrived.

Peter Tromba, representing 4J Administrators, said his members were concerned that some of the

compensation strategies the committee would discuss would not apply equally to all employee groups. The administrators were not organized and had less leverage and members often felt they were an easy target. He advocated for equal cuts, and said that cut days should affect all employees, not just administrators. Central Office administrators were as essential to the functioning of schools as the staff in schools.

III. Items for Action at This Meeting

A. Provide Feedback on 2010-11 Budget Rebalancing Steps

Superintendent George Russell thanked the committee for its willingness to meet on short notice. He noted the recent announcement by Governor Ted Kulongoski regarding the State revenue shortfall and the impact that would have on schools and indicated that Oregon would likely have a lower level of funding in 2011-13 than it would in the current biennium.

Ms. Boyd arrived.

Superintendent Russell recalled that when the committee last met, the district had “closed the book” on the 2010-2011 budget and was discussing a sustainable budget for 2011-2013. Unfortunately, the revenue outlook had changed. He now anticipated an additional \$7 million shortfall for next year.

Speaking to the issue of federal funding, Superintendent Russell indicated that for the time being, he understood that the legislation to send \$28 billion to the states to mitigate teacher layoffs did not appear to be moving forward at this time. Superintendent Russell deferred to Assistant Superintendent Carl Hermanns for comment on the math curriculum.

Mr. Hermanns expressed appreciation for the remarks of Mr. Duchin and Ms. Steele and acknowledged their concerns. He clarified that the amount adopted and allocated for the math curriculum was actually \$1.5 million, not \$2 million as suggested by Mr. Duchin. He said the district had contracted for about \$1.3 million of that amount; there was \$800,000 out in purchase orders and \$500,000 was contractually obligated for middle school curriculum. The other \$200,000 would be used for professional development. Mr. Hermanns said the curriculum in question was being developed for the district to meet the needs of its students.

In regard to the district’s decision to fund the math curriculum, Mr. Hermanns noted that Oregon graduation requirements called for three credits of math in algebra 1 and above. He provided statistical information on student groups not meeting or exceeding benchmarks to demonstrate that 4J students were struggling with math. Teachers were also struggling because the current math curriculum did not address standards. He believed the curriculum needed to be in the hands of the teachers. He said if the district did not go ahead with math adoption, it would lack the needed materials to assist students and teachers and in 2011-12 would be losing staffing anyway without having the curriculum.

In regard to the potential of other funding that might be available in the future, Mr. Smith reported to the committee that the school board met with several legislators earlier that day and one had indicated that the State was in a reset mode that created the need for long-term thinking.

Speaking to the potential of additional federal funding, Mr. Torrey said he understood that the district could not budget on expectations. He did not think the district would know whether that money was forthcoming until later in the year.

Responding to a question from Ms. Levis, Mr. Hermanns believed the district would have to pay a substantial penalty to get out of its commitment to the math curriculum because the curriculum was being created for the district.

Ms. Fahey discussed the revenue shortfall, which she attributed to poor income tax collections. She reported that Governor Ted Kulongoski planned to make across-the-board cuts to the State budget, and the district received information that indicated 4J's share of the revenue reduction was \$6.8 million.

The committee was provided with a document entitled *Comparison between May 2010 and June 2010 Forecasts*, which Ms. Fahey reviewed. She called attention to 2010-11 Budget Costing Information printed on the back of the comparison, which provided cost estimates for various potential budget reductions that had been discussed by the committee in the past. Ms. Fahey reviewed the costs related to each item.

Responding to a question from Ms. Levis, Ms. Fahey said there were scenarios involving small school consolidations that could be accomplished quickly. Ms. Levis suggested there were also public involvement issues involved and a cost to that. Responding to a question from Ms. Geller, Ms. Fahey said the cost to close a small school was about \$40,000, and there were still net savings in the first year.

Ms. Boyd asked about the savings that might be realized from adjusting the student-teacher ratio at different levels, e.g., protect high school but reduce the elementary ratio. Ms. Fahey said the district could do that but she did not know what that would save without further investigation.

Superintendent Russell called attention to his recommendations to reduce the shortfall, which were provided to committee members. He acknowledged he was recommending the use of one-time dollars. He suggested that the committee could also consider use of the Unappropriated Ending Fund Balance (UEFB), and while it would be difficult from a political and operational standpoint to close schools, that could be done. He recalled that the board had wanted to see a more comprehensive plan before it closed schools, but he said the district was in a fiscal crisis that might force it into approaches the board had not previously supported. He believed that either wage reductions were in order or people had to be laid off to make substantial inroads into the shortfall. He acknowledged the board could reduce reserves. Superintendent Russell asked for direction about the recommendation and about what reductions the committee could not support. He was also willing to reconsider the staffing ratio.

Mr. Smith said that Representative Phil Barnhart indicated to the board there was no certainty about the State funding available to the district next year, and there could be further adjustments that would not be fully known until September 2010. He believed the figures the committee was discussing now were also uncertain.

Responding to a question from Ms. Smith, Superintendent Russell indicated that the district had to bargain the number of school days with the EEA. The only real unilateral action he could take was to change the staffing ratio and effect layoffs. Superintendent Russell noted that some districts were cutting days this year to improve their position for next year.

Mr. Gleason saw no other place to find money outside the ratios. Superintendent Russell acknowledged that was true if funding was to be sustainable.

Responding to a question from Ms. Laing, Ms. Fahey indicated that the district reduced the net athletic budget the previous year by \$100,000. Responding to a follow-up question from Ms. Laing, Ms. Moses indicated that there would be little savings from the OSAA realignment and she believed it was premature

to anticipate any revenue gain.

Responding to a question from Ms. Boyd, Ms. Fahey confirmed the reductions that affected teachers the previous year.

Ms. Levis asked Superintendent Russell to think through an elementary school closure. She asked if closing two to three elementary schools now could leave the district with flexibility in the future. Superintendent Russell said that it depended on the timing, and pointed out if the committee recommended the closure of schools now, it limited some of the board's options for later discussion in 2011-2013.

Ms. Levis indicated that because there would be no time for public input or appropriate restructuring, she would take elementary school closures off the table at this time. She believed staffing ratios were the only choice left to the district.

Ms. Geller was also concerned that a decision now to close an elementary school would preclude the board from taking a comprehensive approach to the issue of school closures later. She wondered if there other approaches, such as not filling vacant administrative positions, that could be used to realize savings. Speaking to the reserves, she expressed concern about going below the levels mentioned. She acknowledged the difficult work done by teachers and thought the existing staffing ratio was untenable in some circumstances. She said that class sizes needed to be workable for teachers.

Speaking to the issue of school days versus staffing ratios, Mr. Smith said the district was near to providing the minimum number of school days, which had its own legal implications. He also did not see an option outside of the staffing ratio.

Superintendent Russell surmised from the discussion that the use of reserves was off the table, as was the topic of school closures. He believed that the staffing ratio might be the only remaining option.

Ms. Walston did not see the committee had any option other than the staffing ratio. She agreed with Ms. Levis about school closures. She would also take reducing the reserves off the table.

Ms. Smith agreed with remarks about the reserves given there was no money to replenish them, but wondered if there was an opportunity to bundle a reserve strategy with a school closure strategy. The district could use the reserves to buy it the time needed to look comprehensively at the school closure issue.

Ms. Gerot agreed with Ms. Levis. She wanted to see the district close schools thoughtfully and did not want to make decisions now that precluded future board decisions. She agreed that ratios were the remaining option. She was ambivalent about a one percent UEFB but liked Ms. Smith's remarks about a strategy that combined that with some savings from school closures in the future. She thought the fact there was no money to replenish the reserves was a significant fact the committee needed to consider.

Ms. Hays was not interested in making decisions about school closures without a more strategic approach. She expressed appreciation for Ms. Smith's suggestion about a bundled approach. In regard to the reserves, she said the district had already spent down much of its reserves. Speaking to teacher-student ratios, she spoke to the issue of "seat time" and the children in the large classes most effected by a reduced ratio. She said that large classes increased the achievement gap. She expressed appreciation to the bargaining units for stepping up last year and hoped that the district was able to work out some compromises with the EEA again this year.

Mr. Smith spoke to Ms. Smith's suggestion, saying it was a bridge strategy but there was no place to bridge to given the size of the anticipated deficits.

Ms. Clark agreed there was not sufficient time for the public to weigh in on school closures this year. She suggested it might not be unreasonable to use a modest amount of the reserves as a band aid for next year while the district worked toward a longer term solution. She did not think the district had much of an option but to consider some combination of an increased ratio and some reduction in school days. She advocated for the new math curriculum, anticipating it would improve the performance of district children and help bridge the achievement gap. She acknowledged none of the options were good.

Mr. Gleason believed the magnitude of the problem was such that the superintendent needed all the tools he listed and more. He called on committee members to consider additional solutions to help bridge the gap and called for a more comprehensive and holistic review. He agreed about the subject of retaining the reserves.

Ms. Gary agreed with much of what had been said and believed the discussion had far-reaching implications for minority students in the district as well as their families and quality of life. She suggested that the district was facing the "rainy day" that required it to spend its reserves.

Ms. Gary expressed appreciation for Ms. Smith's remarks and agreed with Mr. Gleason that the district needed to consider all options. She called for a community conversation regarding the school closure issue.

Ms. Gary believed that now was the time for the community to "buck up" and make hard choices because it was in the midst of a mess with profound implications for a changing community. She believed it was the shape of things to come.

Mr. Gribskov believed the committee had more work to do. He suggested that the district could borrow from the reserves with a firm plan to pay the reserves back.

V. Items Raised by Members of the Budget Committee

Ms. Walston hoped the community would join the committee when it had further discussion. She expressed appreciation for Ms. Gary's comments.

Ms. Geller hoped the community understood the nature of the conversation the committee was having. She said the State had experienced a couple of decades of underinvestment in education that was now creating the need for a very difficult conversation that was new territory for the district.

VI. Adjournment

Ms. Geller adjourned the meeting at 7:24 p.m.

(Recorded by Kimberly Young)