

MINUTES

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

May 9, 2011

PRESENT: Jennifer Geller, Chair; Betsy Boyd, Shirley Clark, Beth Gerot, Tim Gleason, Alicia Hays, Wendy Laing, Ann Marie Levis, Debra Smith, Jim Torrey, Mary Walston, members; George Russell, Superintendent; Barbara Bellamy, Carl Hermanns, Susan Fahey, Celia Feres-Johnson, Jon Lauch, Les Moore, Laurie Moses, Larry Sullivan, Christine Nesbitt, Jeralynn Beghetto, Randy Bernstein, Rick Gaultney, Mary Nickelson-Hill, Caroline Passerotti, Larry Williams, Kerry Delf, John Ewing, staff; Paul Duchin, Dayna Mitchell, Merri Steele, Eugene Education Association.

ABSENT: Carla Geary, Pete Gribskov, Craig Smith, members.

Ms. Geller convened the meeting of the Eugene School District 4J Budget Committee.

I. ROLL CALL

Ms. Geller read a statement explaining speakers could offer objective comments or criticisms about the District operations and programs. However, the Budget Committee would not hear complaints concerning individual district personnel. She explained the policy for filing formal complaints.

II. ITEMS RAISED BY THE AUDIENCE

Ms. Geller stated one comment card had been received from an audience member who was concerned about securing the front entrance and playground at Willagillespie to ensure safety of all children and faculty.

Scott Luiz felt money could be cut from the landscape maintenance budget for personnel costs by freeing up full time people to do other work. He said work currently done by part time people could be outsourced for less money through a local landscape company. In addition to personnel costs, outsourcing would reduce maintenance, vehicle, fuel, equipment and supplies costs. He suggested the District could get bids from contractors for the work. He stated he was not in the landscape business.

Mr. Gleason arrived at 7:05 p.m.

Mike Stasack stated he taught French at Churchill High School and was the Speech and Debate coach. He distributed a handout which provided information on *Extracurricular Salary Comparison*, *Extracurricular Opportunities* and a *Proposal to Keep Speech and Debate in 2011-12*. He said Speech and Debate was scheduled to be eliminated in the District next year. He understood this was a difficult cut for the District. He explained a debate event was a structured activity that provided opportunities for individuals and pairs to engage in competitive speaking events for various skill levels. It was a low cost activity compared to sports, and was a competitive activity kids could participate in which was team oriented and something for the non-athlete. It provided students an opportunity to develop essential communication skills and work towards expressing themselves with clarity, confidence and conviction. Contrary to athletics, all students participated in debate and no one sat on the bench. He reviewed salary

information for athletics and academic activities. He asserted once the program was cut, it would be gone and would not come back. He directed Budget Committee members to the *Proposal to Keep Speech and Debate in 2011-12* included on the handout.

III. ITEMS FOR INFORMATION AND DISCUSSION

Ms. Geller said the purpose of tonight's meeting was to have an overview and background information for the District's budget approval process.

A. Review Update of the 2010-11 through 2014-15 General Fund Financial Forecast

Ms. Passerotti offered a PowerPoint presentation entitled *Budget Committee Meeting—May 9, 2011—Lane County School District 4J*. She provided an update on the 2010-11 financial projection and a comparison between January 2011 and May 2011 forecasts. While the long term financial outcome had improved, operating shortfalls were still anticipated in each year of the forecast. Increased revenue from improved financial forecasts by the State of Oregon, or as a result of the May 2011 election, had not been included in the District's financial forecast. The District had benefitted from federal stimulus funding during the last few years, but it was not projecting that would continue. She reviewed expenditure assumptions as outlined in the PowerPoint presentation.

In response to a question from Ms. Walston, Ms. Passerotti explained in 2011/13, the District's employer's Public Employees Retirement System (PERS) contribution was projected to be 19 percent, which included a 6.3 percent increase to compensate for PERS investment losses. It was expected to be a long time before the investment losses would be restored.

B. Receive the Superintendent's Budget Message

Mr. Russell thanked Mr. Luiz and Mr. Stasack for offering their comments. He had hoped for and expected a much larger audience than was present, and was disappointed there were no more people present. He hoped people were listening on the radio or found another way to express their frustrations.

Mr. Russell shared the District's 2011-12 budget message, copies of which were distributed to Budget Committee members and made available on the District's website. Staff would review the major elements of the proposed budget and discuss the specifics and impacts of the proposed budget. The message would show how a sustainable budget, potential reductions and their consequences would impact the classroom. He opined the community did not understand what the impacts meant in terms of an educational program and opportunities for the children in the future. He reviewed highlights of the message.

Mr. Russell stated the proposed budget had been developed in the midst of a national and state recession. While there may be some evidence the recession was turning around, the reality was that for Oregon, there was a long way to go to get out of the hole it was in. The Governor's budget was 9 percent lower than for the 07-09 biennium for kindergarten through grade 12 (K-12) education, which meant a loss of \$21.7 million in the District's general fund from the current service level. He stated there were two ballot measures on the May 17, 2011 ballot that could impact the District's financial picture. The City of Eugene had placed a temporary income tax measure that would provide approximately \$12 million annually on the ballot to support schools. In addition, the District had a \$70 million general obligation bond measure on the ballot that would be used to provide better instructional facilities for students and allow the District to shift \$1 million of building repair costs out of the general fund and use it to support classrooms. If both measures passed the District would still be faced with significant reductions. He reviewed the work done by the Board and Budget Committee. The following staff reductions were

proposed: Central Services—30 FTE; School Support Staff and Administrators—35 FTE; Teaching positions—72 FTE. The District had relied in recent years on the State of Oregon general fund and lottery proceeds, as well as federal money from the American Recovery and Reinvestment Act (ARRA), which would no longer be available. The Governor's April 2011 budget allocated approximately \$1 billion dollars less than that need to maintain the current service level.

Mr. Russell said the District's forecast anticipated deficits in all years which would require further reductions. The proposed budget for 2011-12 included a 7 percent reduction from 2010-11. The general fund budget was reduced by 5 percent. The budget reduction strategies included reducing central office and administration budgets, closing and consolidating schools, and reduced staffing. Property tax collection rates and interest earning rates were projected to decline. Compensation and additional program and staffing reductions would be used to reduce expenditures. The proposed budget contained a net reduction of almost 100 school based FTE positions in instruction and instructional support services. He said the District had been financially challenged during the last four years, with budget reductions of recent years dwarfing previous reductions.

Mr. Russell said the Budget Committee had work to do and could not be complacent. They would have to ask the hard questions and determine if there was a better way to manage the budget. He thanked staff, students, parents, Budget Committee, Board and community members for their input on the sustainable budget process.

Mr. Torrey noted the City of Eugene through the Envision Eugene process had anticipated a continued decline in student population due to an aging population, while the District anticipated it would flatten or go up.

Ms. Fahey stated the District was starting to see an increase kindergarten and first grade enrollment. Additionally, the Education Options school was retaining high school kids.

Ms. Passerotti added enrollment projections for kindergarten were based on live birth data for the county.

Ms. Fahey offered a PowerPoint presentation on the Proposed Budget 2011-12. She noted the District had sustained considerable resource reductions in recent years, including decreases in State and other funding sources and declining enrollment. The projected general fund shortfall for FY2011-12 was \$21.7 million. She directed committee members to Attachment B of the budget document that detailed budget reductions which she reviewed for the committee.

Ms. Boyd understood there had been times during negotiations when the insurance reserves were allowed to be tapped. She inquired about the level of the reserves and whether there would be a change.

Ms. Fahey explained the insurance reserve funds, which were discussed during tight budget times in the past, were managed by both the District and the employee groups. They had been used for lump sum payments instead of planned salary schedule increases.

Ms. Fahey explained the Board approved consolidating four schools which resulted in a reduction of 2.6 FTE principal positions and 8.2 FTE custodial and secretarial positions. Savings consisted of the principal, custodial and secretarial positions, because the kids would go to other buildings and it was assumed the teachers and assistants would follow the students. The total savings for school closures was \$1 million. Material and service reductions accounted for a 20 percent cut to schools and departments, which included a 15 percent reduction in school based targeted funding, including literary, leadership, student retention funds among others, totaling \$1.6 million in reductions. She reviewed staffing history and the long term impacts of Ballot Measure (BM) 5 passed in 1990, the impact of current economic conditions that resulted in staffing reductions of 22 percent and central support reductions of 41 percent

from BM 5, as well as staffing reductions of 16 percent and central support reductions of 17 percent during the past few years. She reviewed staffing reductions by employee group.

Ms. Fahey directed committee members to a document entitled *Service Additions/Enrollment Adjustments*. She reviewed the Budget Reductions. She said she had asked department directors to share the ramifications of budget reductions resulting from BM 5 and the current economic conditions.

Larry Williams, Principal, Edgewood Elementary School, reviewed the elementary school ramifications, illustrated in the PowerPoint presentation. This would mean 3 significant class size increases at Edgewood. There would be 97 fifth graders, or 33 kids per classroom; 2 classrooms of 33 first grade students; 31.5 kids for 2 sections of kindergarten; and, 25-26 kids per classroom in second and third grade. The school was looking at blending fourth and fifth graders, with 35.2 kids per classroom. The school had not had a librarian for quite some time, but an instructional aide served students in the library. There would be no district funded music or physical education, but there were dedicated parents who did a lot of fund raising to help support the students with some extra activities. He acknowledged not all of his colleagues had access to that type of fund raising. Many of these programs were the great equalizers, providing activities for kids who struggled in class but could be successful in music or physical education, and provided a reason for those kids to come to school each day. Clerical support had been reduced significantly.

In response to a question from Mr. Torrey, Mr. Williams said parents turned funds they raised over to the District; funds were used primarily in the school that raised them.

Ms. Geller added a percentage of the funds were directed to the Eugene Education Foundation (EEF), which would be directed to other schools.

Mr. Bernstein explained parents could choose to designate funds for a particular school or program within a school or not through the EEF.

Noting 5 percent of donated funds were directed to EEF, Mr. Torrey expressed concern that a number of schools and kids were not able to benefit equally from funding raised by parents.

Ms. Levis commented EEF funds were currently distributed through grants.

In response to a question from Ms. Levis, Mr. Williams said the consolidation was going great from his perspective. There had been opportunities to meet with families; he had spent time observing at Parker Elementary School, which had a great group of teachers; the first consolidation transition team meeting occurred earlier today. Three teachers at each grade level would be beneficial.

Ms. Levis noted the emotional cost of the budget cuts was significant. The Board had received quite a bit of feedback and she appreciated the hearing how the consolidation was progressing.

Ms. Boyd asked how the absence of program staffing for library, music and other programs affected decision making.

Mr. Williams said as an Assistant Principal in the Bethel School District, he had an opportunity to learn what needed to happen in a building and how to build a budget around those needs. He was concerned that it was more difficult to get to promising techniques that helped administrators oversee the progress of all kids in the school.

Rick Gaultney, Principal, Madison Middle School, said the staffing ratio going from four to three had made a big difference, but the impacts on the classroom would be large. The average class size would be

32 kids in sixth grade, 36 kids in seventh grade, and 34 kids in eighth grade. Other changes included twelve fewer classes due to a reduction in the number of teachers. A retiring librarian would not be replaced; the music program would be reduced, including going from two to one beginning band classes; and, jazz band would be reduced to a two day before school program. How to pay for the before-school Strings program that cost \$7,000 had not yet been resolved; and, eight hours of classified staff had been cut. Madison had been a recipient of EEF funds, but all funds were down, for a total of an 18 percent reduction for next year. He said one student from Madison participated in an online course this year.

Ms. Laing commented on the discrepancy in the number of kids in various classes.

Mr. Gaultney opined this might be the time to implement more online learning.

Ms. Moses noted a Cal Young Middle School mathematics teacher was participating in an on-line pilot math class.

Mr. Bernstein said more online programs were becoming available. Next year a pilot program offering one section of a hybrid online/classroom biology class for 40 students would prepare kids for some learning environments they would use as they moved on in their education.

Mr. Torrey asked what was available with classroom assistance to help kids who are behind in middle school, and would be challenged when they got to high school.

Mr. Gaultney said there were several intervention classes in math and literacy for kids who were not at grade level in middle school.

Mr. Bernstein stated similar programs were offered at the high school level. He said 35 classroom sections had been eliminated at South Eugene High School and other sections had been overfilled. Foreign language opportunities at the middle and high school levels were reduced. At South Eugene, the regular French and German tracks were being phased out, leaving the French immersion, Spanish and Japanese programs. There was barely adequate funding for staffing to enable students to take the one year requirement in physical education. The high schools would offer kids the minimum graduation requirements but next year, the number of sections of science offered would not be enough to meet all of the requests. Some schools would not offer music and choir. It was not fair that all options would not be available to all students. Office staff and campus supervision, at risk grant coordinators, library staffing, and career center staffing had been cut to where it would be difficult to offer programs. The teachers, office staff and custodians were all great at the high school level and would do the best job they could with the resources available to them. There would be difficult choices.

Ms. Boyd asked if all District high schools had a path where students would be able to meet college entrance requirements.

Mr. Bernstein said college entrance requirements were similar to high school graduation requirements for science and foreign language. He added some parents may be troubled if the District could not find the resources to offer more sections to prepare kids to compete for upper tier colleges or to meet the needs of those kids who were excited about a specific area of study and wanted to do more than the minimum requirements.

Ms. Boyd observed she had been a high school debater in the 4J School District. She was concerned about cuts to extracurricular activities and whether girls were being hurt more than the boys. She asked for assurance that gender equity was taken into consideration in high school offerings.

Ms. Fahey directed committee members to the slide entitled *2011-12 Proposed Budget—Instruction Discretionary & School Targeted Funds Converted to Staffing*.

Mr. Hermanns explained the instruction department had carried a discretionary budget to help support schools directly by putting services and staffing in schools. This was cut drastically two years ago which had resulted in a return to zero based budgeting by looking at discretionary funds, pulling in fleet funds, taking 15 percent cuts from targeted funding, and determining how to best fund priorities.

Ms. Moses commended Mike Stasack for his comments regarding the value of speech and debate for the students. She found trimming \$500,000 from athletics and activities an unsavory task. She had worked with principals, athletic directors and staff for many months. School districts around the state were facing similar challenges. The plan developed for the District was strategic and painful but was a sensible approach and put the needs of students first. One third of the funding would come from increased participation fees and two thirds would come from expenditure reductions. She knew that there were many students who could not afford to participate now and was troubled by increased costs. The District would use a sliding scale to prevent students from being turned away from athletics and activities because they could not afford them. Ms. Moses said the District was aware of Title IX requirements. The decision to eliminate speech and debate was based in part on the number of students participating in the activity, which at most schools were under ten students. She suggested there may be interest in developing clubs for some activities at school sites. Ninth grade and junior varsity baseball and softball would be eliminated. There was also a belief that a sport should not be offered unless there were 12 students who wished to participate. There was a possibility that walk on coaches may not wish to participate if they received less money than in previous years. Some activities and teams may become club activities.

In response to a question from Ms. Hayes, Ms. Moses said there was a reduction in the number of coaches for all sports.

Mr. Torrey, noting he had been involved with students' activities a long time, said it was difficult to get access to school facilities. He asked if KIDSPORTS or other organizations could use District fields if the number of District teams was reduced.

Ms. Moses said the District would partner with the City and with the organizations.

Ms. Geller said funding extracurricular activities kept a lot of kids in school. The data supported the theory that participation improved completion and engagement in high school.

Mr. Lauch reviewed directed committee members to the slides entitled *Building Custodians*. To meet the 10 percent reduction target and preserve the daytime custodians at all of the schools, reductions were taken from the evening positions at almost every school. The impacts would be degradation of cleanliness standards and building conditions, more day time cleaning, a gap between day and night shift which would impact building security issues, and split assignments between sites that would result in inefficiencies. Services and supplies would also be reduced. He said the buildings were in reasonably good shape. The cutbacks would not be evident immediately, but would become evident over time and there would be a gradual decline in building conditions. He showed committee members several examples of maintenance issues facilities staff had encountered throughout the district.

Ms. Geller noted there had been a conversation about contracting work out. She noted there was a State law that restricted school districts in their ability to contract work out.

Ms. Lauch said districts could not contract out simply to save the cost of salary and benefits.

Mr. Torrey said a complaint heard when trying to get support for bond measures was why was reserve money intended for facilities maintenance spent on other things when the District knew it would have to maintain the facilities. It was important to remember that facilities deteriorated over time and money needed to be set aside to take care of them.

Mr. Lauch said the District had transferred money from the general fund to capital reserves. The money had been reduced to \$500,000 per year when the 2002 bond measure passed, which had been adequate. The annual transfer was stopped because it was needed to offset the operating reserves.

Ms. Hayes asked if facilities staff were subject to criminal background checks. She said if people were in the schools and on the playgrounds with the kids, she wanted to know who they were and she wanted them to have criminal background checks. There would be a loss of control and consistency if these functions were contracted out.

Mr. Lauch acknowledged facilities staff were screened.

Ms. Fahey added a State law that addressed contractors who had the potential for direct, unsupervised contact with children, must also go through the same criminal background check as District employees, which was extensive and expensive.

Ms. Geller said the Budget Committee would schedule another meeting to complete the budget review.

Ms. Bellamy directed committee members to a handout entitled *Eugene School District 4J: Overview of Proposed 2011-12 Budget* which highlighted issues related to the District's budget shortfall and what the District was doing to balance its budget.

ITEMS FOR ACTION AT THIS MEETING

- A. Approve Minutes from the October 18 and November 22, 2010 and January 24, 2011 Budget Committee meetings.

Ms. Walston, seconded by Ms. Laing, moved that the October 18 and November 22, 2010 and January 24, 2011 minutes be approved as submitted. The motion passed unanimously.

- B. Set Date of Next Meeting

Ms. Walston, seconded by Ms. Levis, moved that Budget Committee meet on May 23, 2011. The motion passed unanimously.

Ms. Fahey asked committee members to send questions for the May 23, 2011 meeting to her via email.

There was consensus to start the meeting at 6:00 p.m.

ITEMS RAISED BY BUDGET COMMITTEE MEMBERS

Ms. Walston appreciated the level of detail provided by staff which had been helpful to committee members.

Ms. Geller stated she appreciated the work by staff and the historical overview. The current recession had been deep and long, but the history was longer in Oregon where we had been disinvesting. We did not reinvest during the good times which was impacting the current budget situation. She explained the district did not use the all funds number when talking about cost per pupil because it was not consistent with accounting standards for government. When talking about all funds, reserve funds, restricted grant funds and other funds made the all funds number inaccurate when determining the cost per pupil.

ADJOURN

Ms. Geller thanked everyone for their time. She adjourned the meeting at 9:30 p.m.

Sheldon Berman
District Clerk

Alicia Hays
Board Chair

(Recorded by Linda Henry)