

MINUTES

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

May 23, 2011
6:00 p.m.

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

ABSENT: Carla Gary, Pete Gribskov, Shirley Clark, members.

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

I. ROLL CALL

Ms. Geller called the roll. She 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

Dayna Mitchell, representing the Eugene Education Association, asked the Budget Committee to consider the following. With the passage of the School District 4J bond, there would be a \$1 million offset that should be allocated for licensed full time equivalency (FTE) or teachers who worked directly with students. This could help retain 10 to 14 teachers who potentially would be laid off. The Board saw only a sampling of the impacts teachers had on students at the May 9, 2011 Budget Committee meeting. She said it was important to do the right thing and make sure the funding went directly to the classrooms. During the school closure process, the community was assured there would be cost savings even with building modifications and moving costs. It was logical there would be comparable reductions in building administration related to closures just as there had been reductions in other staff, particularly in physical education. She asked that an equitable share of cuts due to closures be reflected in the budget and asked for specific information related to how many reductions occurred for each group. She suggested that creative solutions, including reducing the number of hours the central office was open during the year, assigning building administrators teaching responsibilities part time, and not rehiring so many retired administrators be considered.

Mike Stasack taught speech and debate at South Eugene High School. He had assembled budget information that was available without a public records request. He asked to be given access to the athletics and activities budget. He was sure there was sufficient funding to be able to keep speech and debate. He stated the displacements would impact the choir program at South Eugene High School, where the current teacher would be displaced. He was concerned that it had taken years to build these

successful programs and they were crumbling away. He was confident money could be found if the committee chose to look for it.

Carlos Barrera said as co-chair of the Friendly Area Neighborhood Association, he tried to address issues that affected the welfare of his neighbors. Since the School Board's announcement regarding the Fred Meyer proposal to develop Civic Stadium, he witnessed a clamor of dismay over the threat to the quality of life and to the health of the business community. The request for proposals (RFP) process exposed the inefficiencies of all of the proposals submitted for the Board's consideration. He asked the Board to reject all of the proposals and allow an alternative to come forward that would place the District on stronger financial footing and was in line with the wishes of the Board's constituents.

Rick Wright was a resident in south Eugene, a property owner in the Friendly Street neighborhood, and president and Chief Executive Officer (CEO) of Market of Choice. He stated that the community was shocked to learn neither the YMCA nor the Save Civic proposals were strong enough to earn the Board's support and that the decision would divide and hurt the community. He had hoped the YMCA and Save Civic proposals could be brought together to create a dynamic concept the community could be proud of. He could deliver a proposal that would honor the historic mission of Civic Stadium and make it financially appealing to the District. He was willing to offer a three year, guaranteed lease that would provide the District with a better short term return than the existing proposals with no risk to the District, and with an option to purchase or extend the lease. He intended to develop a sustainable proposal that would include the YMCA and Save Civic. If he was unable to deliver that proposal, he would work toward developing a proposal that would not require significant changes to the Eugene/Springfield Metropolitan General Area Plan (Metro Plan) requiring zone change or be counterproductive to the neighborhood or neighboring schools. His offer was contingent on the Board rejecting the three existing proposals. He hoped the Board would consider his offer.

Alan Zelenka thanked everyone for their service on the Board and Budget Committee. He had spoken with many people about combining the YMCA and Save Civic proposals. With Mr. Wright's leadership and financial backing, the proposals could be combined to make the project work. He was committed to getting the City of Eugene involved in making this happen. Few projects came to the community that combined history, preservation, economic development, community building, and helping the kids, but this proposal included all of those elements.

III. ITEMS FOR INFORMATION AND DISCUSSION

Ms. Geller said the Budget Committee would continue with its budget presentation to meet statutorily mandated timelines.

A. Review State Economic Forecast Update

Ms. Fahey offered a PowerPoint presentation entitled *Budget Committee Meeting—May 23, 2011—Lane County School District 4J*. She said the State released its May Economic Forecast and it was not all bad news. While 2010-11 general fund and lottery revenue was down \$40 million, 2011-13 was up \$129 million. The reserve level was estimated to be \$205 million, \$65 million of which the State was likely to use for maintenance effort shortfalls. Because the State did not meet its maintenance of effort requirements, the federal government was withholding funds for special education grants. It was unlikely additional reserves would be released to fund K-12. The Confederation of School Administrators indicated its talks with the Legislature had not been positive because funding priorities at the State level were human services and public safety; the revenue forecast did not provide much additional revenue; and, use of State reserves, which were quite low, would make budget allocations more unsure in the next biennium.

Ms. Passerotti said State revenue to the district was holding for 2010-11, and it was projected that revenues would be approximately \$447,000 higher than projected in April 2011. The projected Ending Fund Balance was projected to be \$6.4 million or 4.7 percent of operating revenues. The General Fund forecast had been adjusted to reflect a \$9 million deficit in 2012-13.

Mr. Russell reiterated the District was under a statutory timeline for budget adoption, and another meeting could not be held after tonight to meet that statutory requirement. The Board had scheduled a meeting on June 22, 2011 for the purpose of conducting a public hearing and adopting the budget.

B. Continue Review of Proposed 2011-12 Budget

Ms. Fahey stated the District had sustained considerable resource reductions in recent years due to fewer students, the use of one time funds, and rising costs. She directed committee members to the PowerPoint presentation. She reviewed changes to the proposed budget from the May 9, 2011 committee meeting for the General Fund noting increases in the Beginning Fund Balance, less restrictive programs for students with disabilities, regular high school programs, contingency and Ending Fund Balance. She reviewed proposed budget reductions for 2011-12, which included reserves, school based staffing, school consolidations, athletics and extracurricular activities, custodial staff, and central office and administrative support.

In response to a question from Mr. Torrey regarding a recommendation on how the \$1 million from the bonds would be spent, Mr. Russell said the committee would receive a recommendation from the Instruction Department on how the money might be invested.

Mr. Hermanns offered a review of the Instruction Department. He noted 6 FTE in Administrator/ Professional, Licensed and Classified positions and \$211,000 would be cut from the budget.

Ms. Fahey reviewed Communications reductions, including 1.0 FTE reduction and reducing the Eugene Education Fund contract by 40 percent.

Mr. Moore reviewed the budget reductions for Computing and Information Services including eliminating 2.0 FTE and reduced materials and services budgets by \$25,000. He noted several senior staff had left to accept more stable positions in the community. Advances in technology were labor intensive and required greater infrastructure investments. Some projects would be paid for by revenue from the bond measure.

In response to a question from Mr. Torrey, Mr. Moore said the District was in consortium with 55 school districts in the state, including the Springfield School District to purchase technology services and equipment. The State was not willing to nor did it have the funding to require one statewide system. The State was contributing input to the RFP process for a new system that would be used by 4J.

Mr. Sullivan asserted Special Education funding from the federal government was an un-kept promise. Since the national special education law was passed in 1975, districts were promised 40 percent of the funds needed to serve students with special needs. Currently the District received less than 2/3 of the funds promised, which resulted in the District having to cover those costs. During the last seven years, District support for an increasing number of students on the Autism spectrum was increasing every year. The 4J District had kept its promise and been exceptional in providing the needed funds until now. Due to decreased funding from a variety of sources, reductions in Special Education included staff reductions in administrative staff, classified staff, special education teachers and consultants, speech and language pathologists, mental health consultants, occupational and physical therapists, and nurses. He added the District had consistently run a budget deficit of between \$400,000 and \$600,000 in services ordered from the Lane Education Service District (ESD). To reduce this deficit, the following reductions were made:

one licensed school psychologist, a behavior classroom teacher, and eight Life Skills slots. American Reinvestment and Recovery Act (ARRA) funds received for two years would not be renewed which resulted in elimination of services that had increased capacity for the last two years.

Ms. Boyd inquired about the plan to relocate the Life Skills programs at schools slated for closure.

Ms. Sullivan said the District looked at space availability, travel time and other factors when placing students. The Parker Lane ESD program had been moved to McCornack because it was centrally located and could serve more students. Some programs remained at alternative schools. The District wanted to ensure that students had access to and could participate in general education.

Ms. Boyd understood the District was being thoughtful in placing students in special education programs, but she was worried about the concentration of Life Skills kids in some schools and not all kids having access to being in the presence of kids with learning differences.

Mr. Sullivan did not feel any school was being burdened by the number of Special Education programs. The part time learning center programs at Crest and Adams Elementary Schools were being consolidated into one program at Adams Elementary School.

In response to Mr. Smith, Mr. Sullivan said the District had investigated Medicaid reimbursement, but there would be little if any savings due to administrative costs. Additionally, the District was required to provide comparable special education support and services for charter schools comparable to that provided for other District schools. Small charter schools presented staffing challenges.

ITEMS RAISED BY THE AUDIENCE

Ms. Geller noted the start time for the meeting had originally been posted as 7:00 p.m., and members of the public who wished to offer comments had arrived. She said comment cards had been received from several people. She reiterated her statement made earlier on the process for submitting complaints about District personnel.

Jodie Hansen thanked committee members for their service. She said the choir program which her children participated in at South Eugene High School was facing cuts. Basing teaching assignments on seniority and degrees was not enough to make a decision about the choir teacher. She wanted to make sure that whoever was placed in the position was qualified to lead the program. She feared a new person who did not have the necessary skills would be placed in the position and the program would suffer.

Nan Laurence said her children had had amazing teachers in 25 years in the 4J schools. The choir director at South Eugene High School brought something out in the kids that would benefit them for the rest of their lives, regardless of what career they chose. She was committed to working with the parents and students to figure out what needed to be done to keep the current choir director at the school.

Mary Vertulfo was a student at South Eugene High School and very involved in the choir program. She wanted to make sure that whoever replaced the current choir director would be best for the choir. Her brother was involved in sports at the school and it would be ridiculous to not provide the athletes with the best coach

available. She did not understand how an elementary school music teacher could replace a high school music teacher.

Lisa Vertulfo worked for a non-profit agency and understood the budget challenges facing the District. The District needed to look at who its clients were, which were the kids, and make the best decisions for the kids.

B. Review of Proposed 2011-12 Budget (continued)

Ms. Fahey reviewed budget reductions for Finance and Support Services, including a 2.2 FTE staffing reduction, which would result in reduced customer service to schools, discontinuation of the ability of parent groups to use the District's tax identification number and student body accounts, reduction of warehouse services, and reduction or elimination of financial training.

In response to a question from Mr. Torrey, Ms. Fahey was unsure if the District would be able to remain in compliance with State and federal rules and regulations. The District was already on the edge, and the big cuts would have a major impact on operations. Mr. Torrey said it was important for the public to realize the District was at risk of being penalized by taking back substantial sums of money if the District did not correctly account for funds from the federal government or pass through funds from the federal government through the State. He hoped there was sufficient money available to pay any penalties that might be assessed.

Mr. Smith asked if the District was considering charging for public records requests as other local public agencies did.

Ms. Fahey said the District currently charged for public records requests, but the number of staff to do the work was limited, and such requests would be prioritized after other services such as payroll. A bill before the State legislature would limit the amount of time staff had to respond to such requests and the amount the District could charge.

Ms. Geller emphasized this was an area where the Chalkboard project and outside auditors had noted the District did not have adequate staffing. While the District was often criticized for money spent on administration, administration did have a significant role.

Ms. Beghetto said the Human Resources Department was experiencing a 1.3 FTE reduction which would impact the Recruitment, Classification and Compensation function, the HR System Analyst and Customer Service Support function. This may result in some recruitment processes being transferred to buildings and departments, reduced oversight of the District's Recruitment and Diversity Plans, delayed response time for information requests from the public and staff, reduced support to public and staff, and slower response to customer service needs.

Ms. Levis was concerned about the reduced services for the District's diversity plan, just as the District was figuring out how to commit to equity and diversity. This was important if the District was committed to reducing the achievement gap.

Mr. Russell said budget reductions in the Superintendent's Office and Board funding may change when Dr. Berman arrived. Reductions in materials and services included the School Boards Association membership for the Board, as well as conference and travel expenses. He was concerned about the elimination of the .16 FTE Minority Services Community Liaison position which supported the African-American male mentoring project.

Ms. Fahey said if additional bus routes were needed due to school consolidations, the issue would come back to the Board as a contingency request.

Ms. Fahey stated the athletics and extracurricular activities budget reductions would impact speech and debate, ninth grade and junior varsity (JV) baseball and softball.

Ms. Moses directed committee members to a handout distributed by Mike Stasack at the May 9, 2011 meeting related to Extracurricular Activities. She reviewed the Proposal to Keep Speech and Debate in 2011-12. She agreed the District could require participants to pay an activity fee of \$50 and require a minimum of 12 participants to fund a team, as did equivalent OSAA activities such as drama. Ms. Moses said her suggestion to limit assistant coaches for boys' and girls' basketball and volleyball to one per sport would eliminate freshman basketball and freshman volleyball. She said it would likely reduce gate receipts, which for freshman basketball and volleyball were fairly high. Ms. Moses said the District could limit cross country teams to 25 participants, but the activity was virtually self-sufficient due to the high participation rate. The suggestion that the speech and debate teams fund their own transportation and substitute teachers was possible, but there were few times when substitute teachers were needed and most of the transportation was local, thus limiting the cost effectiveness of these proposals.

In response to a question from Ms. Boyd, Ms. Moses said the District would save \$38,000 by not having Speech and debate. She said \$38,000 was gained when the teacher stipend for coaching the team was not funded.

Tim Carmichael, speaking as a member of the 1972 South Eugene High School Speech and Debate Team, said speech and debate, along with freshman and JV baseball and softball, paid a percentage of teachers' salaries who served as coaches. Nineteen coaching positions had been eliminated based on sports that did not have a high turnout. A big part of the budget reduction came from asking kids to pay an additional \$50 to participate in sports. Although no one was happy about cutting speech and debate, he learned from principals and athletic directors that few kids participated in speech and debate. It could be like other activities, such as golf, paid participation fees and raised their own funds. Responding to Ms. Boyd, Mr. Carmichael said speech and debate teams could not participate in OSAA sanctioned activities if they were not sanctioned by the school. Teams from more than one school could be combined, but would require approval of OSAA.

Ms. Moses distributed information about revenue and how much revenue would be generated by the elimination of athletic coaches.

Ms. Hayes said she would not make a decision about speech and debate tonight. She hoped the group would inquire about joining OSAA. She was frustrated as a Board member that schools were often about sports. She asserted certain sports were being protected at the cost of others. The Board needed to figure out how to fund the activity and to get more kids involved in it. She was willing to accept the fees in Mr. Stasack's proposal and to require a minimum of 12 participants. She observed the use of skills learned in speech and debate on a daily basis in the work environment. She did not want to lose an opportunity for kids who did not do sports to participate in activities.

Ms. Walston suggested the District use the University of Oregon (UO) where the football model, as a big money maker, carried the women's sports that were not revenue generators. She suggested charging a \$1 surcharge on the price of a ticket that would be dedicated to other sports.

Ms. Moses said the number of students interested in speech and debate was low and there were not many people who wanted to watch them participate. Some members of the UO faculty had expressed an interest in fundraising to get a robust 4J club established. There were less than five students at two

schools, and less than ten students at another school who were interested in participating in speech and debate.

Mr. Carmichael stated ticket prices were set by the league. The principals and athletic directors would have to change the standard operating procedures to implement a surcharge.

Ms. Levis noted eliminating speech and debate would save the District \$38,000. In response to a question from Ms. Levis, Mr. Russell said the elimination of the Minority Community Liaison position would save \$16,000.

Ms. Boyd would not support continuing speech and debate at schools that were unable to field a team because preparation for the students would not be sufficient to allow them to do well in competition. She was distressed to see the club model offered as an alternative because it showed a lack of understanding of what the competition represented. She felt strongly that speech and debate should be available just as choir and other programs were. She thought the District needed to do more work to better understand speech and debate before putting forth the club option. She did not think every school needed to have a speech and debate team. With a standard of 12, perhaps one school could have a robust program.

Ms. Smith was uncomfortable that the Board was cutting speech and debate while also cutting several athletic programs. All of the choices were awful. She was more concerned about losing ground on the District's diversity efforts, which would make more of an impact on the kids as they grew up. She noted the speech and debate program cost was about \$38,000 for about 30 participants, which was a lot of money per participant.

Ms. Moses said the District considered investment versus interest in developing the proposal. She noted under the current proposal, the number of coaches was based on the number of participants.

Ms. Hayes agreed the number of participants in speech and debate was small, but the Board needed to ask how we got there. If the program funding was eliminated, it would be gone. She opined freshman and JV baseball and softball would be picked up, but speech and debate would not. She supported reconfiguring the program and looking at fees and numbers of participants. More information was needed before a decision was made.

Ms. Boyd said speech and debate had always been a small group activity because it was costly. She was not sure the current level of competition justified the resources to keep the program.

Mr. Torrey asked if qualified freshmen would be eligible to play varsity baseball and softball.

Mr. Carmichael said most coaches wanted to use the players who put the teams in the best positions to win games. Freshman would be eligible to play on varsity. He understood there were people at two of the high schools who would find the money to pay the freshman baseball coaching salaries, while the two other high schools would struggle, and do fundraising to pay the salaries. The bigger issue was facilities at the schools. The varsity coaches and their crews spent hours preparing fields for games because the District did not have the resources to do so.

Mr. Torrey emphasized that under the proposed scenario, juniors and seniors would not be able to participate because their place had been taken by a superstar freshman.

Mr. Gleason noted schools had some discretion in managing activities. He asked if the approved budget did not include \$38,000 for speech and debate, could a decision be made at the building level to allocate resources to support the program.

Ms. Moses said the EEA contract provided for a stipend for every speech and debate coach. If a school did have a team, the stipend would be paid to the teacher as part of the contract with the bargaining unit and would not be a site decision. There would be no overruling of a team if the minimum number of participants was 12.

In response to Mr. Torrey, Ms. Moses said the majority of coaches were not part of the bargaining unit. Positions were always offered to bargaining unit members.

Mr. Torrey asked if the program was not funded, could a teacher who was willing to coach the team do so without compensation. He was concerned that some students would have the resources to fund coaching positions and others would not.

Ms. Moses responded a member of the bargaining unit could not coach an activity on a volunteer basis.

In response to a question from Ms. Laing, Ms. Moses said volunteer assistant coaches were typically walk-on coaches. Ms. Laing questioned funding \$25,000 for the extended season play for teams that went on to district or state competition, since many of the coaches were not in it for the money.

Ms. Geller explained the extended season pay was based on bargaining unit contract language.

Mr. Carmichael explained that walk-on coaches were not teachers. About 75 percent of the coaches were walk-on coaches. Extended season pay would be eliminated for coaches who were not head coaches.

In response to a question from Ms. Levis regarding the South Eugene High School choir director, Ms. Beghetto explained decisions regarding which programs were offered were made at the building level. When a program was eliminated at the building level, a teacher was displaced and did not have an assignment for the next school year. When all of the displaced teachers were identified, the Human Resources staff worked to find the teachers positions which they were qualified for by the next school year.

In response to a question from Ms. Geller, Ms. Beghetto said several buildings cut music during the past couple of years. There had been a 4.96 FTE reduction in music positions across the District for a savings of \$489,000.

In response to Mr. Torrey, Ms. Beghetto said the District attempted to make the best possible match when assigning teachers. Seniority dates and qualifications were taken into consideration when placing teachers. She added the District did not have the authority to invoke merit as a method to place teachers under the current bargaining unit contract.

The Board took at brief recess.

Mr. Hermanns directed Board members to the PowerPoint presentation and reviewed the proposed use of \$1 million budget authority resulting from passage of \$70 million General Obligation Bond. Staff had developed the following proposal:

- School based classroom staffing—\$800,000.
- Operational Support—\$200,000.

Responding to Mr. Smith regarding cash flow from the bond, Ms. Fahey said the General Fund would be relieved of \$1 million in facilities staffing costs, and she anticipated the bond sale would be around July 1, 2011 for the first half of the General Obligation bond.

Ms. Feres-Johnson explained \$50,000 would be earmarked to support the Board goal of implementing the teacher evaluation and principal classification processes for which the District did not currently have funding.

Ms. Levis opposed cutting the .16 FTE Minority Community Liaison services position and wanted to find funding for it.

Mr. Hermanns said the District was working to consolidate equity efforts to make them more coherent. The District added a line item for equity in the budget last year to support those efforts. Staff was working with the Equity Committee to develop an equity plan by June 30, 2011 which would encompass all of the District's equity efforts to ensure the dollars available would be used wisely.

Ms. Levis was concerned about developing a plan that had no budget for implementation.

IV. ITEMS FOR ACTION AT THIS MEETING

A. Motions to Approve Budget and Declare Tax Rates and Debt Service Levy

Mr. Torrey moved to accept the staff recommendation for allocating the \$1 million budget authority resulting from the passage of the \$70 million General Bond measure.

Mr. Torrey withdrew the motion.

Mr. Torrey, seconded by Ms. Smith, moved that the Budget Committee approve the General Fund budget of \$142,262,000 million, including the \$1 million budget authority resulting from the passage of the \$70 million General Bond measure.

Ms. Hayes said the majority culture did not always understand the minority culture, and she questioned decisions by the majority culture on how it allowed programs for the minority culture to erode until they took those programs away. She asked that the committee direct staff to come back with some creative solutions to fund the speech and debate program.

Ms. Levis supported Mr. Russell's assertion that the District always tried to ensure that equity was at the forefront of any budget discussions.

The motion passed unanimously, 11:0.

Mr. Torrey, seconded by Ms. Levis, moved that the Budget Committee approve the budget for other funds totaling \$166,604,178.

There was consensus to review the balance of the PowerPoint presentation which provided information on the following: Capital Equipment Fund; Federal, State and Local Programs Fund; Student Body Fund; Debt Service Fund; Nutrition Services Fund; Insurance Reserve Fund; District Retirement Fund; and, Capital Project Funds.

Ms. Cramer expressed her frustration over Oregon's lack of ability to close the achievement gap. When talking about the District's commitment to excellence, equity and choice, she asked "Excellence for whom?" and who made the decisions about who excelled and who did not. She agreed there would not be real school reform until the community addressed white educators, white politicians and white business leaders making important decisions.

The motion passed unanimously, 11:0.

Mr. Torrey, seconded by Ms. Levis, moved that the General Fund Tax Rate be set at \$4.7485 per \$1,000 of assessed valuation of the District; the Local Option Levy Tax Rate be set at \$1.50 per \$1,000 of assessed valuation of the District; Debt Service Fund Tax Levy be set at \$14,597,778. The motion passed unanimously, 11:0.

B. Set Date of Budget Hearing

Ms. Walston, seconded by Ms. Gerot, moved that the Budget Committee set the official public hearing date by the Board of Directors for June 15, 2011.

The motion passed unanimously, 11:0.

V. ITEMS RAISED BY BUDGET COMMITTEE MEMBERS

Ms. Gerot said North Eugene High School was sponsoring a *Relay for Life* run June 24, 2011 at the school track as a fund raiser for cancer research. She planned to walk the relay and invited committee members to join her.

Ms. Walston thanked the lay members of the Budget Committee for their hard work.

Ms. Geller thanked staff for their efforts in preparing and managing the budget.

Mr. Russell thanked the Budget and Finance staff for their continued, outstanding work. He said this would be the last time he met with the Budget Committee. He expressed his heartfelt appreciation for the committee's hard work. He acknowledged it had been tough times for those who had served for a long period of time. He hoped the committee would be thinking about adding items back into the budget at this time next year.

Ms. Geller acknowledged it had been a tough conversation and said she appreciated everyone's work.

VI. ADJOURN

Ms. Geller thanked everyone for their time. She adjourned the meeting at 9:20 p.m.

Sheldon Berman
District Clerk

Alicia Hays
Board Chair

(Recorded by Linda Henry)