

MINUTES

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

January 9, 2012
7:00 p.m.

PRESENT: Jennifer Geller, Chair; Shirley Clark, Beth Gerot, Tim Gleason, Alicia Hays, Wendy Laing, Anne Marie Levis, Joan Obie, Sabrina Parsons, Craig Smith, Debra Smith, Jim Torrey, Mary Walston, Betsy Boyd (via telephone), members; Sheldon Berman, Superintendent of Schools; Simone Sangster, Barbara Bellamy, Sara Cramer, Laurie Moses, Larry Sullivan, Celia Feres-Johnson, Jon Lauch, Les Moore, Kerry Delf, Christine Nesbit, Caroline Passerotti, Mary Nickelson-Hill, John Ewing, John Gogol, Matt Hayes, staff

MEDIA: KRVM-AM Radio

I. Roll Call

Ms. Geller called the roll. All members of the School District 4J Budget Committee were present.

II. Election of Officers

Ms. Walston, seconded by Ms. Levis, moved to nominate Tim Gleason as Chair and Wendy Laing as Vice-Chair. The motion passed unanimously.

Ms. Geller turned the meeting over to newly elected Chair, Tim Gleason.

Ms. Hays thanked Ms. Geller for her work last year shepherding the committee through a busy budget season.

III. Items Raised by the Audience

None.

IV. Items for Information and Discussion

A. Review Enrollment Projections

Ms. Sangster said she had would be giving a lengthy presentation in the form of a PowerPoint entitled "Lane County School District 4J, Budget Committee Meeting, January 9, 2012". She introduced Matt Hayes, Data and Research Analyst, who had compiled enrollment projections.

Ms. Passerotti introduced members of the finance team and other staff in attendance.

Mr. Hayes explained that enrollment had been falling for some time, and he projected that enrollment would continue to fall. He projected the District would lose approximately 1,000 students over the next five years, or a loss of 200 students on average every academic year. He said they had seen a fall in birth rates and research showed there were fewer students in the District. Because of falling birth rates, kindergarten would be smaller every year, and there were fewer children within the 4J District.

Ms. Passerotti had provided a handout entitled “History + Forecast (Based Upon 2012/13 Projections) Eugene School District 4J”. The handout provided statistics going back to 2007/08 and showed projected numbers for 2015/16. The handout showed a significant loss of students in recent years. The current year showed a drop of 570 students that was greater than anticipated.

Superintendent Berman added that the drop for the current year included the loss to Coburg Elementary School, so the drop was approximately 400, and they had anticipated a drop of 300 students. He said it was hard to tell where enrollment statistics would go from this point forward because of open enrollment. The Board would consider open enrollment on January 11 and 18, 2012. If all districts were open it would create a different environment, one in which there would be a capability of enrolling additional students, but so would other districts. He said Springfield was losing enrollment as well, but Bethel had remained stable. For budget purposes, it was important to know what was happening with 4J students, but in the new environment, there was a lot of ambiguity.

B. Receive an Update on Open Enrollment for Out-of-District Students

Ms. Sangster said one of the things that declining enrollment brought was less revenue. Under the State’s formula, the effects of declining enrollment were delayed one year. This was due to a provision in the law that said the District would get the higher of last year’s enrollment or this year’s enrollment.

Ms. Bellamy said the 2011 Legislature passed a bill referred to as Inter-District Open Enrollment. This was a new provision that allowed students to attend another school district. Currently the districts have “exchanges”, which meant that both districts had to consent to a student who wanted to attend a different district. That type of enrollment was normally done on a one-to-one basis. The pattern for the past few years had been to have approximately 200 students enrolled in exchanges, and there were usually more students on a waiting list. Another way a student could attend school in a different district was to pay tuition. There were currently no students attending on tuition.

Ms. Bellamy said the new law did not get a lot of public hearings. It was a bill that came out of the Legislature toward the end of the session as part of a packaged bill. The Oregon Department of Education (ODE) gave the District “frequently asked questions,” but in many cases did not know the answers to questions. The Bill, HB 3681, said the District could enroll students, but there was a specific timeline. She also said that funding would follow a student. By March 1, 2012, each school board must decide if they were going to open enrollment to out-of-district students and how many students would be accepted. The Bill also said the number of students accepted could be limited by school or grade. April 1, 2012 was the last day for acceptance of applications, if the District was going to accept applications from out-of-district students. By

May 1, 2012, the District must notify the out-of-district students if they had been accepted into the District.

Ms. Bellamy said in August 2011, when Lane County superintendents first convened at the ESD, the 16 districts in Lane County felt that they would open enrollment. The Bill said that once a student was accepted, they would be a student for all educational purposes. She said that did not mean they have to be given school choice privileges. The student could decide to leave the District at any time and enroll in their home district, or another district. For special education students that were in the system the District would be responsible for serving them until they were 21 years of age.

Ms. Bellamy pointed to her final slide, which was a timeline for the Board's decision. The recommendations they had made to the Board were to have an enrollment limit of 170 students for kindergarten, an enrollment limit of 580 students for grades 1-5, an enrollment limit of 575 for grades 6-8, and 300 students for grades 9-11, for a total of 1,600 students. They did not expect that many students to apply and take advantage of this option, nor did they know how many students would leave District 4J.

Ms. Bellamy said at the January 18, 2012 meeting the Board could either take action on the recommendations or continue discussion with action at the February 1, 2012 meeting.

Ms. Gerot asked about the financial implications of special education students that transfer into the District, as it was a huge unknown.

Ms. Bellamy said the District received additional funding for special education students, but that funding was capped at a certain level. Data was being compiled to show the average cost for special education students, as this was a factor the Board needed to consider.

Mr. Gleason said on one hand the District had the capacity, but on the other hand, it had classrooms with large numbers of students.

Superintendent Berman said for every student that came to the District the State funds came with them. In the current year it was \$6,200 per student. He said in the next fiscal year, if enrollment declined by 200, the glide path takes care of that 200. If 200 were exceeded, for each student additional funding was added. If 14 students were added, and that was multiplied by the funding, it was equivalent to one teacher. For every 14 students that came into the system, beyond the initial decline, a teacher could be added, so in the long run it would reduce class size, and would be an economic gain rather than an economic loss.

Mr. Smith said to the extent it stabilized the District's enrollment and with the projection that over the next five years 1,000 students would not be in the District, and were replaced by 1,000 students from other districts, those other districts would suffer. One of the consequences to watch was what would be the survivability of surrounding districts.

Mr. Torrey said it came down to an efficient use of the District's facilities and space. He said something Superintendent Berman had suggested was a facilities analysis. Some classes had 55 students and half of them were in the hallway, so it was a facilities problem, not a capacity in the school problem. It related to the number of teachers in the school.

Superintendent Berman said it was hard to predict the numbers. He did not think in the first year of open enrollment there would be a large movement of students from one district to another.

Many parents were unaware of the open enrollment. He thought that over time the District would begin to see parents shopping for schools and districts. There was a question about survivability for the small districts, as well as the impact on larger districts. He said they had moved into a new arena of thinking and that meant each district had to be as attractive, competent and performance and service oriented as it could.

Ms. Bellamy clarified that students apply to the District, not a particular school. A student would be able to specify a school of their choice, but it was up to the District to decide which school. That was the way the exchange program currently worked.

Superintendent Berman said students would know which schools were closed to enrollment before applying. They would be told soon if they did not get the school of their choice. Cal Young, Roosevelt, Edgewood and Camas Ridge were schools that had been designated as closed.

Ms. Laing asked if the alternative schools were closed or were students going to have an opportunity to apply to alternate schools as well.

Ms. Bellamy responded they were assuming, unless the Board directed otherwise, that alternative schools would continue to have the same cap. The question was, with the declining enrollment, would they have spots open. The waiting lists for alternative schools were shrinking just as enrollment was declining in other schools.

Mr. Smith said it appeared there was no period or time limit upon the students to change their minds after applying, which would create a level of uncertainty.

Ms. Bellamy said the Bill assumed that a student would enroll after applying and did not specify that a student had to accept or enroll by a certain date. Students would always have the option of returning to their home districts.

Ms. Clark asked about transportation.

Ms. Bellamy said the District could choose to extend transportation outside its boundaries, but was not required to. If transportation was extended, the District could remit those costs to the State and the State would reimburse 70 percent. The Bill said the District could also provide a stipend to a low-income student in lieu of transportation. No recommendation had been made to the Board on this issue.

C. Receive a Report on the Status of the District's Capital Improvement Program

Mr. Lauch directed the Committee to the PowerPoint being displayed. He referred to the projects completed to date and projects scheduled for completion by the end of June 2012, which totaled \$6 million. There was a requirement to spend 10 percent of qualified school construction bond proceeds within the first six months, which was \$1.5 million. That target was met. The District was required to spend the entire allocation within three years, or by August 2014.

Mr. Lauch pointed out the spending plan for the next construction season through June 2013. Many of the projects were already being designed for bidding next spring.

Ms. Walston asked if any energy efficiency projects were planned.

Mr. Lauch responded that in the summer of 2012 there were major boiler retrofits scheduled at Kennedy, Monroe, and possibly Churchill, depending on how bids came in. The largest project was the re-control of the HVAC system at Kennedy and one project was nearing completion at Transportation. Large savings were expected at Transportation.

Ms. Smith asked about the \$2 million for General Fund relief.

Mr. Lauch responded that the General Fund relief was \$1 million per year. He said most of that supported staff compensation plus approximately \$300,000 in supplies.

Superintendent Berman said one thing being planned was to contract with a firm to conduct an update of the facilities plan and to look at energy savings that could be realized over 10 years and what else could be done for greater efficiency and cost effectiveness across the system.

Mr. Lauch said significant savings were seen from the controls systems at the Education Center, Sheldon, Churchill, and to a lesser degree, North Eugene. With scheduled electrical rate increases this spring, next fall and the following spring, and other increases in garbage and water, those increases represented approximately \$200,000 per year to 4J. They were able to absorb that amount within the existing budget due energy savings, primarily in electricity, as a result of those projects.

Ms. Levis asked if there were any details on the economic multiplier that money invested in the community was helping. She wondered if there were details that could be communicated to the public as they look to the future and what was done to sell the bond. She thought it would be helpful to be able to communicate the cost, savings, and jobs created locally to the people that voted for the bond.

Mr. Lauch responded he did not know how they would measure the multiplier. Some said the money cycled through the community three times, some said six times.

Ms. Levis thought it was important to communicate to the community projects that were being done. She said the District had done a good job putting information on Facebook and its website. She thought it would be good to communicate and build a case for what the community invested in.

Mr. Torrey asked how the District had done with regard to expected costs versus bids received.

Mr. Lauch said they received great bids and it was a good time for building in the community. There were no projects that were close to the cost anticipated. All bids on projects were below anticipated costs and they had excellent contractors.

Ms. Levis said it would be good to communicate that information to the community.

D. Review Updated End of Year 2011-2012 General Fund Financial Projection

Ms. Sangster said the District ended its fiscal year on June 30, 2011. The District had a good, unanticipated, end to the year. The District ended with \$1.6 million more than projected. \$500,000 was money that the District would give back next year, so the actual number was \$1.1 million.

Ms. Sangster said to date this year there had been a drop in Local Option Revenue, which was offset some by increases in State funding. Revenue was relatively flat. Higher compensation expenditures were projected, primarily due to lower than budgeted savings from employee contract negotiations. Corrective actions had been taken by taking transfers from other funds. Contingency funds were also used.

Ms. Passerotti said there had been questions about the impact of the bonds on the General Fund. For the current year, \$1 million General Fund facilities costs were shifted to the bond, leaving \$1 million of spending authority for other purposes. It was decided to program \$200,000 of that money in the current year budget and place the \$800,000 balance in contingency to be determined how the District wanted to spend it. A decision had been made not to spend that remaining \$800,000 but to hold it in reserve to contribute to the ending fund balance. Projected ending fund balance for 2011-12 school year was projected to be 5.1 percent of operating revenue.

V. Items for Action at this Meeting

A. Review Draft of District Five-Year Financial Forecast and Provide Direction for Balancing the 2012-13 Budget

Referring to the PowerPoint, Ms. Sangster pointed out the budget and accounting guidelines the District must work within.

Ms. Sangster said certain designated funds could be spent only on specified things. For example, money held in the bond fund could only be spent on certain things as defined by law and the measure approved by voters. Two significant board policies were that the District must retain a 2 percent contingency and target a minimum ending fund balance in the general fund of 5 percent of operating revenues.

In terms of the economy for 2012-13, Ms. Sangster said Oregon was slow and behind the rest of the United States. Income and property taxes were likely to remain depressed over the coming year, and revenue increases could not be expected.

Ms. Sangster said the forecast revenue for 2012-13 indicated a loss of \$2.5 to \$3 million. Approximately \$2 million in declining revenue in the coming year was due to declining enrollment. It was also partly due to the fact the State gave out one-time public school year grants in the last year that would not be given out again. Another major component of revenue totaling 10 percent was local option tax and other revenue. Revenue from local option taxes dropped from a high of \$14 million four years ago and was now approximately \$9 million. An additional decline of \$600,000 was anticipated for next year. Declines were also expected in other areas of revenue because it was based primarily on interest rates, which were low.

On the expenditure side, Ms. Sangster said expenditures for 2012-13 were forecast to increase at least \$7 million. Approximately 85 percent was compensation, which was employee salaries and payroll and benefits. Part of the increase in compensation was due to built-in increases in cost structure, so increases were always expected. Specifically, the reason for the increase in salaries and benefits was due to automatic step movement and restoration of furlough days. In terms of benefits, Ms. Sangster said it was well known that benefits continued to increase, and this expense projection was tracked by inflation rates.

Mr. Smith pointed out that contract negotiations for licensed staff would be reopened so the assumptions in expenditures were only assumptions until the outcome of contract negotiations was known.

Regarding the other approximately 15 percent of expenditures, Ms. Sangster said they were basically increased by the rate of inflation.

Ms. Sangster said the good news for the 2013-16 outlook was the assumption that there would be a slow, steady increase in property values. The economic recovery was expected to be slow and uneven. Personal incomes were expected to remain low and employment rates were expected to improve slowly. Another consideration was the downside risk of a double dip recession if there were major disruptions to the global banking industry.

Mr. Torrey said last year when the budget ended they discussed many ways of generating additional revenue, such as leasing out facilities or charging more at athletic events, and wondered if there could be an analysis conducted and provided at the next meeting of what the Committee said it would do and what it actually accomplished.

Ms. Passerotti said that could be done. She confirmed that what Mr. Torrey wanted for the next meeting was a record of what was done and what were some of the unintended consequences.

Ms. Smith said she was in favor of Mr. Torrey's suggestion because the budget said it takes into consideration stakeholder feedback including recommendations from the sustainable budget process. She said it would be hard to understand without details, including retaining cost reduction methodologies adopted in prior years and how successful they had been.

Ms. Sangster said the major assumptions used in the 2013-16 financial forecast was that revenue was expected to be slow because of low property values, SSF rates were expected to increase at the rate of the CPI, and student enrollment would be lower.

In terms of operating expenditures, Ms. Sangster said they were assumed to grow at the rate of the CPI and PERS rates were assumed to increase by three percentage points in 2013.

Mr. Smith said he thought the assumption that there would be a 3 percent growth in assessed value was high.

Ms. Passerotti said it was 3 percent tax growth and that included a projected improved tax collection rate over the forecast period. They were assuming increased property values at 2.6 percent and it reached 3 percent in the final year of the forecast. They expected assessed value at 2.5 percent growth in the first year, 2.6 percent in the second year, 2.8 percent in the third year and 3 percent in the final year.

Mr. Smith asked what the assessed value growth had been in the past few years and Ms. Passerotti responded it was 1.6 percent this year, and two years ago it was 4.6 percent. She said they had contacted the City of Eugene's analyst and aligned the District's property value assumptions with the City's.

Mr. Gleason said there was an assumption that there would be a reduction to 29 licensed salary FTEs as enrollment dropped, so it would be status quo in terms of student/teacher ratio.

Ms. Passerotti said the declines in teaching staff were intended to retain the current ratio of faculty to students.

Mr. Torrey asked how the potential for 29 dropped staff would offset against anticipated retirements.

Ms. Passerotti said that analysis had not been done but they could do it for the next meeting.

Superintendent Berman said everyone was discouraged by the economic circumstances and there were only a couple ways the District could pursue additional revenue. The District could aggressively pursue independent, private grants because there were now very few major federal grants. State and federal grants could be pursued as well, but those usually provide for an ancillary program or a particular improvement in a specific area. Those grants do not underwrite class size reduction or additional specialists to support the arts or other areas. The two most substantial revenue sources are the Local Option Levy and the State. Unless the laws changed or the economy changed, the District had very little in the way of flexibility.

Superintendent Berman said they had the second highest class size in the country right now. He said it was a sad statement when a state as attractive as Oregon was decimating its education system and the State needed to reshuffle its priorities in a significant way. Local communities like Eugene needed to have a greater capacity to raise revenues on its own. If the State would not meet its responsibilities to adequately fund schools then Eugene needed to be able to, but right now that was not possible. The Legislators needed to know the importance of school funding. He said what had been heard from the Governor was that significant changes needed to be made in the structure and governance of education to justify increases in inputs. He said a structure needed to be put in place to do more with more. They needed to face that there was something wrong with the way schools were being funded and that needed to be corrected so they could move forward effectively for the students.

Ms. Sangster said if they were facing an \$11 million deficit next year and if there were no on-going and systemic corrections, there would be a \$14 million deficit for the following year. She said the District had made \$15 million in cuts over the past three years.

Ms. Passerotti said the cuts that were covered by utilizing reserves had to be made multiple times, which had been hard on the system.

Mr. Torrey reminded the Committee that last year they made many one-time cuts, so coming into the present those one-time cuts are not there. He wanted to make sure the public would understand this.

Superintendent Berman wanted to make sure everyone understood that in the current year's budget reserves were budgeted at 4 percent, even though they were now projecting 5.1 percent in reserves. The forecast included restoring reserves in future years to 5 percent. The Budget Committee could recommend it be kept at 4 percent to offset, and the offset was approximately \$1 million. The projected \$11 million deficit assumed that a number of one-time savings, in addition to the 5% reserve target, had also been restored. He said the District might need to use some one-time savings to get through the forecast period.

Mr. Smith reminded the Committee that the law said the District would have full day kindergarten and asked if that had been factored into the budget.

Ms. Passerotti responded it had not been included in the forecast.

Ms. Sangster gave a summary of the fund balance/reserve accounts. Historically, every year they transfer money from the General Fund into the other accounts to help pay for things such as fleet and equipment. Over the last couple of years, they had not made those transfers and eaten into the reserves and kept it in the General Fund. She said the General Fund reserve was a safety net for unexpected changes in revenue. She said the GFOA recommended the general reserve be at 17 percent, but historically school districts have held lower.

Ms. Sangster explained that 5 percent of the ending fund balance of the General Fund was restricted from use under the Board Policy. Approximately \$1.9 million of fleet and equipment funds were restricted for application against bus costs. Money in the Student Body fund belonged to the students and was legally restricted from district use. Debt service funds were legally restricted for use against outstanding debt obligations.

Regarding Fleet and Equipment funds, Ms. Sangster said she tried to project where the District would be at the end of the year. The funds for transportation and motor pool were earmarked for leasing buses, and they would be getting new buses this year. She said there was only one fund that was potentially available, and that was \$300,000 in miscellaneous funds.

Ms. Sangster said there were four more funds to be summarized and some were legally restricted. Capital Funds, Nutrition Services fund, which was self-sustaining, Insurance Reserves, which were mostly legally restricted, and Post Employment Benefit funds, which were prudent to maintain.

Ms. Sangster said they were restricted for what Capital Funds could be used, however in the absence of having the bond funds last year, they held balances in the Capital Projects Fund higher. The Sale of Surplus Property fund may or may not change, depending on the District facility review. In terms of insurance reserves, they were generally restricted. The fund was replenished yearly but would go down some this year. The Post Employment Benefits reserve account was restricted as part of prudent financial management. Funds had been drawn down as PERS reserves were transferred to the General Fund to offset the impact of higher PERS rates, and some employees received payments under an early retirement program.

Ms. Sangster said funds potentially available to offset the projected deficit included holding General Fund reserves at a minimum balance of 4 percent, which would yield approximately \$1.35 million in savings. Depending on the facilities review there was money available in the Capital Surplus Fund. The Fleet Unassigned funds were \$450,000.

In terms of General Fund transfers which were made yearly, Ms. Sangster said Capital Funds was \$520,000, Fleet, School Equipment Funds was \$1.9 million, and Insurance Reserve Funds was \$600,000. These transfers had been suspended over the last few years. The funds had been retained in the General Fund, which was why the balances had been going down.

Ms. Sangster said what was being asked for at this meeting was direction and guidance to move forward.

Mr. Gleason asked in terms of direction, were they asking for discussion and feedback or were they asking the Committee to take some action.

Superintendent Berman said they were asking for feedback so the Board could consider what appropriate action should be taken.

Ms. Passerotti said each year at this point they ask for direction from the Budget Committee to the staff to develop a proposed budget based on certain principles. The principles were provided in a memorandum to the Budget Committee entitled "January 9, 2012 Budget Committee Meeting." She said they wanted to make sure as they moved forward to develop a budget that it be responsive to the values of the Committee. The action at the meeting would be direction, not in the form of a vote, but feedback on the principles.

Superintendent Berman said the most critical issue was how the \$11.2 million would be covered. One of the recommendations allowed a temporary reduction of the ending minimum fund balance to 4 percent of operating revenues and retained the contingency spending to 2 percent of operating expenditures. Another principle recommended was to retain cost reduction methodologies adopted in prior years. He said what the District needed was not another \$11 million worth of cuts and staffing reductions. The District needed stability and time to see how well the economy recovered. He said that saving what the District currently had might get it closer to closing the gap.

Ms. Smith said, as a Budget Committee member not part of the regular meetings, understanding the impacts was important to her. She said she liked the idea of full scheduling at the high school level. She saw more value in full scheduling at the high school level than the kindergarten level. She said advocacy was very important.

Superintendent Berman said he had looked at what class reduction methods had been adopted and what could be continued. There were gaps and he looked at how to cover some of the gaps. Part of that would entail negotiations. He said he would do all he could to prevent further reductions in staff.

Ms. Geller said she hoped the public would understand that the hard conversations the Committee had last year did make the budget decision easier this year, even though they were looking at a deficit. She hoped they could move forward in a way that would not further affect staff.

Mr. Torrey said the District was not an island of its own. It was the city, county and other districts that struggle with the same things. He said when looking at the declining enrollment in 4J he thinks they need to look outside the box. They could not nibble their way out of the situation. He wondered if there some way to work with other districts where the same service was provided and they might be able to merge those services. He said the Committee had a responsibility to look at the big issues and find a solution.

Mr. Torrey welcomed two new members of the Budget Committee. He hoped they would not hesitate to ask questions because the budget was complicated.

Superintendent Berman said one issue he had raised was collaboration with Lane ESD and the use of resources at Lane ESD. \$4.9 million went to Lane ESD to provide services for the District: \$3.7 million to support special education and \$1.2 million in the area of general education. His analysis at this point was the value from the \$1.2 million was minimal and he raised that with the other superintendents as a full review being planned for April 2012. He said there were some areas where they could gain a better collaborative advantage from Lane ESD or the dollars could have a better use in another way.

Superintendent Berman further said he wanted to acknowledge the Associations and that the District was in the place it was in because of the collaboration around negotiations. He said he thought the Associations had the best interests of the students in mind.

Ms. Obie said her concern with cuts was at-risk students and graduation rates for minorities. She said they needed to keep a focus on the at-risk kids.

Superintendent Berman said he agreed and that there were a number of things being considered that may have impacts for at-risk students and more generally how to achieve higher graduation rates as well as full scheduling.

Ms. Obie said many at-risk students were not capable of college and they needed to get those students prepared to earn a living.

Regarding full scheduling at the high school, Ms. Laing said she was surprised it was listed as a goal because that was not a goal of the high school her child attended. She said she has a high school student and has never been told they wanted her child fully enrolled. She said the students that get the most classes are the honor students and IHS students. The at-risk students and students in the general population are the ones falling through the cracks, or getting only one or two classes. She said if the goal of full scheduling in the high schools could be accomplished she would be shocked.

Superintendent Berman said they had had extensive meetings with the principals and they were completely behind that goal. Not having full scheduling had been accepted because of the financing and it was not realized there was an alternative. He said they were going to find a way to accomplish the goal. They were looking at freshman for next year, but his goal over time was to fully schedule all high school students.

Ms. Laing said she would like to see equal opportunities of core curriculum at each school.

Lastly, Ms. Laing said many of her friends had left the public schools to attend private or charter schools. She wondered if any of those numbers were tracked, in light of declining enrollment.

Superintendent Berman said they did have that data, but not for the current year. The data was based on a three-year rolling average. He said it was a small number of students.

Ms. Laing said she thought it was important to know why students were going elsewhere and Superintendent Berman agreed.

Ms. Walston said she supported a 4 percent minimum fund balance, as she did not want to go through \$11 million in reductions.

Ms. Obie asked if there was a limit on the number of special education students that would be accepted and was there a concern that if too many were enrolled it would jeopardize the quality of education the special education students already have.

Ms. Bellamy said they would be talking with the Board and would look at what the history was with regard to special education students. She said they did expect an increase in special education students. She said the problem was they did not have anything to analyze because it was new territory. The law did say that the Board each year had to make a decision to open

enrollment and how many students they would take. The decisions the Board makes now apply only to the next school year.

Ms. Hays said she appreciated the budget recommendations and agreed with them.

Superintendent Berman extended his thanks to everyone. He said what he had heard was that the Committee was comfortable with the principles that had been outlined and there was not a desire to see more cuts in the system. He said they would do their best to prevent that. He said there was no surprise in the support for fully scheduled high school students.

B. Approve Minutes from the May 5, and May 23, 2011 Budget Committee Meetings

Mr. Smith, seconded by Ms. Levis, moved to approve the May 5 and May 23, 2011 Budget Committee minutes. The motion passed unanimously.

C. Set Date for Next Budget Committee Meeting

Ms. Hays, seconded by Ms. Gerot, moved to set the next meeting of the School District 4J Budget Committee for May 7, 2012. The motion passed unanimously.

Ms. Hays, seconded by Mr. Smith, moved to set additional School District 4J Budget Committee meetings for May 14 and 21, 2012. The motion passed unanimously.

VI. Items Raised by Members of the Budget Committee

None.

VII. Adjournment

The meeting adjourned at 9:15 p.m.

(Recorded by Ginger Morton)