

EUGENE PUBLIC SCHOOLS  
School District No. 4J Lane County  
April 10, 2009

MEMORANDUM

To: Budget Committee Members

From: George Russell  
Superintendent

Re: April 13, 2009 Budget Committee Work Session

**I. Roll Call**

**II. Items Raised by the Audience**

Public testimony is welcome and time is set aside to hear comments from the audience.

**III. Items for Information and Discussion**

*A. 2009-10 Employee Contract Update*

Representatives from employee groups and the district have reached agreement on budget savings strategies for 2009-10. Both EEA and OSEA members have ratified the changes, and the board is scheduled to take action on April 15<sup>th</sup>. Staff will share the proposed contract amendments and the cost savings generated.

*B. Early Retirement Incentive Plan Update*

In March the district offered an early retirement incentive plan to licensed employees in an effort to reduce 2009-10 layoffs. Information regarding the plan will be provided at the meeting.

**IV. Items for Action at This Meeting**

*A. Approve Minutes from the February 9 and March 2, 2009 Meetings*

The superintendent recommends approval of the minutes.

*B. Review Updated Financial Projections and Provide Feedback on Budget Reduction Strategies*

On April 9<sup>th</sup>, Governor Kulongoski and Superintendent Castillo sent superintendents a letter asking districts to develop budgets that include a range of scenarios from a \$5.4 billion to a \$5.9 billion State School Fund. Based on this and information shared this month by the Governor's education policy advisor, state economists and COSA representatives, I believe that it is prudent to build the district's 2009-10 budget based on a \$5.6 billion state funding level. Financial services staff will provide information on financial projections and share additional strategies that will be implemented this year to bolster the 2008-09 ending fund balance which will increase excess reserves available for 2009-10.

Two budget reduction strategies were shared at your last meeting that were not discussed by the committee. Reducing expenditures for athletics/extracurricular activities was ranked as the first budget reduction strategy by the parents and community, staff and the budget committee in the survey category for savings of \$100,000 to \$500,000. At the meeting we will provide information and ask for feedback regarding athletic budget reduction strategies.

In the survey's budget reduction strategy category to save \$500,000 to \$1 million, closing two to three small schools was ranked as the first or second strategy by the groups. The use of several one-time or two year strategies to cover our 2009-10 deficit, however, does mean that the district is facing significant additional deficits in subsequent years. Consolidating schools will provide on-going, sustainable cost savings and can enhance programs offered to students. In prior school consolidations, the board and district staff have spent significant time ensuring students, staff, parents and the community are well-informed of the process and have the opportunity to provide input. Given the length of time this process takes, it would be helpful for the committee to share their thoughts on future school consolidations.

I will also present additional budget reduction strategies to cover the increased deficit created by the \$5.6 billion lower level of state funding which will be used to prepare the budget. The proposed budget that you will receive in May will include a prioritized list of service changes should the final state budget cause the district's financial outlook to change significantly, either positively or negatively.

*C. Set the Date for Next Budget Committee Meeting*

Given the extreme uncertainty surrounding state revenue projections, financial services staff has requested that the meeting to receive the budget message and review the proposed document be delayed to Monday, May 11, 2009. In order to prepare the budget using the most accurate information, I support that delay and recommend that you set the next meeting for May 11, 2009 and schedule May 18, 2009 for further review and approval of the budget. The board is scheduled to consider your recommendation as a future action item and conduct a public hearing on June 3, 2009 and take action on June 17, 2009.

**V. Items Raised by Budget Committee Members**

**VI. Adjournment**