

Budget Committee Meeting
Lane County School District 4J
Education Center
200 North Monroe Street
Monday, May 20, 2013
7:00 p.m.

AGENDA

- | | | | |
|-------|----------------------------------------------------------------------------------------------------|----------------------------------------|-----------|
| I. | Welcome | Tim Gleason | 7:00 p.m. |
| II. | Roll Call | Tim Gleason | 7:00 p.m. |
| III. | Opening Remarks | Shelley Berman | 7:05 p.m. |
| IV. | Items Raised by the Audience | Tim Gleason | 7:10 p.m. |
| V. | Items for Information and Discussion | | 7:45 p.m. |
| | A. Updated 2012-13 General Fund Projection and 2013-14 General Fund Budget – Summary and Scenarios | Simone Sangster
Caroline Passerotti | |
| | B. 2013-14 Proposed Budgets for Other Funds | Simone Sangster
Caroline Passerotti | |
| | C. Budget Committee Comments on the Proposed Budget | Committee Members | 8:15 p.m. |
| VI. | Items for Action at This Meeting | Tim Gleason | 8:50 p.m. |
| | A. Action on the Budget | | |
| | B. Approve Minutes | | |
| VII. | Items Raised by Budget Committee Members | Tim Gleason | |
| VIII. | Closing Remarks | Shelley Berman,
Tim Gleason | 8:55 p.m. |
| IX. | Adjournment | | 9:00 p.m. |

THIS MEETING WILL BE BROADCAST OVER KRVM-AM (1280)

INTERPRETERS FOR THE DEAF AND HARD OF HEARING:

To request interpreter services for this meeting, please call (541)790-7850 or TDD (541)790-7712 or the TDD Relay Number 1-800-735-2900

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

MEMORANDUM

To: Budget Committee Members

From: Shelley Berman, Superintendent

Date: May 17, 2013

Re: May 20, 2013 Budget Committee Meeting

This memo is intended to give you an overview of the upcoming meeting and describe the materials in your packet. The package includes the Adjustments to the Proposed Budget Document, an updated Debt Service Fund, an agenda for this meeting, the Sustainable Budget document, and minutes from the Budget Committee meeting on May 13, 2013.

I. Welcome and Opening Remarks

II. Roll Call

III. Opening Remarks

I will provide an update on the proposed budget.

IV. Items Raised by the Audience

Public testimony is welcomed at Budget Committee meetings and time is set aside at each meeting to hear comments from the audience.

V. Items for Information and Discussion

A. Updated 2012-13 General Fund Projection and 2013-14 General Fund Budget – Summary and Scenarios

Finance staff will provide an update on the 2012-13 financial projection and then review the 2013-14 General Fund budget scenarios.

B. Proposed Budgets for Other Funds

Finance staff will present the budgets for the District's other funds.

C. Budget Committee Comments on the General Fund Proposed Budget

I welcome Budget Committee questions and comments as we review the above items and have set aside some time at the end of the presentation for any items that are not addressed. In particular, I am recommending that the Budget Committee provide feedback on the budget balancing strategies presented. I will consider your input depending on the resolution of compensation matters.

VI. Items for Action at This Meeting

A. Next Steps for Action on the Budget

I recommend that the Budget Committee consider a motion to approve the budget and declare tax rates, if the budget review is complete.

According to Oregon Local Budget Law, the Budget Committee approves the budget, sets the tax rate and debt service levy and forwards this recommendation to the governing body for public hearing and action. The appropriate motions are described below and a complete motion will be available at the meeting:

- I. Approve the Budget Total for All Funds.
- II. Declare the Tax Rates and Debt Service Levy:
 - a. General Fund tax rate of \$4.7485 per \$1,000 of assessed valuation of the district.
 - b. Local Option Levy tax rate of \$1.50 per \$1,000 of assessed valuation of the district.
 - c. Debt Service Fund tax rate, subject to passage of measure 20-210, of \$1.60 per \$1,000 of assessed value.

B. Approve Minutes

Approve minutes from the May 13, 2013 meeting.

C. Set Date for Next Budget Committee Meeting

I recommend that the committee set the official public hearing to be conducted by the Board of Directors for June 5, 2013.

VII. Items Raised by Members of the Budget Committee

Budget Committee members will have an opportunity to raise issues that are not included on the agenda. This time also provides Committee members with time to pose questions that may require further staff research.

VIII. Adjournment

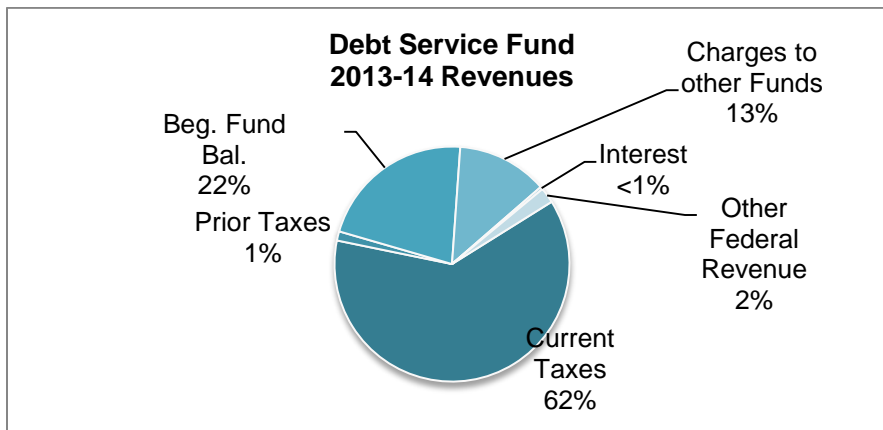
Lane County School District 4J
Adjustments to the 2013-14 Proposed Budget Document
Monday, May 20, 2013

General Fund	Proposed Budget	Adjustment	Recommended Approved Budget
Instruction	\$ 80,841,799	\$ 683,411	\$ 81,525,210
Support Services	57,716,400	805,589	58,521,989
Enterprise & Community Services	400,836		400,836
Facilities Acquisition	1,000		1,000
Transfers	1,146,000		1,146,000
Contingency	3,679,221		3,679,221
Total	\$ 143,785,256	\$ 1,489,000	\$ 145,274,256
Debt Services Fund			
Debt Service	\$ 20,081,438	\$ 2,535,455	\$ 22,616,893
Total	\$ 20,081,438	\$ 2,535,455	\$ 22,616,893
Federal, State, & Local Programs Fund			
Instruction	\$ 9,790,935	\$ -	\$ 9,790,935
Support Services	4,792,434		4,792,434
Enterprise & Community Services	581,782		581,782
Facilities Acquisition	1,000		1,000
Transfers	0		0
Contingency	0		0
Total	\$ 15,166,151	\$ -	\$ 15,166,151
Student Body Fund			
Instruction	\$ 7,969,000	\$ -	\$ 7,969,000
Support Services	1,725,000		1,725,000
Enterprise & Community Services	1,000		1,000
Facilities Acquisition	1,000		1,000
Transfers	1,000		1,000
Contingency	506,000		506,000
Total	\$ 10,203,000	\$ -	\$ 10,203,000
Capital Projects Fund			
Instruction	\$ 1,000	\$ 2,000,000	\$ 2,001,000
Support Services	9,736,961	9,168,176	18,905,137
Enterprise & Community Services	1,000		1,000
Facilities Acquisition	7,614,002	15,158,519	22,772,521
Transfers	1,934,600		1,934,600
Contingency	0		0
Total	\$ 19,287,563	\$ 26,326,695	\$ 45,614,258
Nutrition Services Fund			
Instruction	\$ -	\$ -	\$ -
Support Services	74,327		74,327
Enterprise & Community Services	5,163,169		5,163,169
Facilities Acquisition	0		0
Transfers	0		0
Contingency	100,000		100,000
Total	\$ 5,337,496	\$ -	\$ 5,337,496
Insurance Reserve Fund			
Instruction	\$ 1,000	\$ -	\$ 1,000
Support Services	35,079,675		35,079,675
Enterprise & Community Services	1,000		1,000
Facilities Acquisition	1,000		1,000
Transfers	298,000		298,000
Contingency	500,000		500,000
Total	\$ 35,880,675	\$ -	\$ 35,880,675
Postemployment Benefits Fund			
Instruction	\$ -	\$ -	\$ -
Support Services	3,624,600		3,624,600
Enterprise & Community Services	0		0
Facilities Acquisition	0		0
Transfers	0		0
Contingency	475,400		475,400
Total	\$ 4,100,000	\$ -	\$ 4,100,000
TOTAL PROPOSED BUDGET			
Total Appropriations, All Funds	\$ 253,841,579	\$ 30,351,150	\$ 284,192,729
Total Unappropriated and Reserve Amounts, All Funds	20,678,947	68,923,305	89,602,252
TOTAL PROPOSED BUDGET	\$ 274,520,526	\$ 99,274,455	\$ 373,794,981

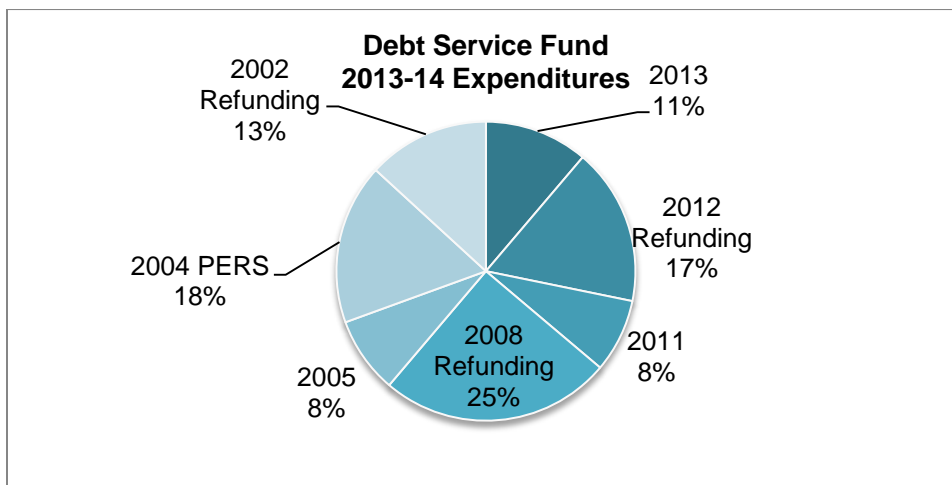
Debt Service Fund

	10-11	11-12	12-13	13-14
Revenue	Actual	Actual	Budget	Proposed
Current Taxes	14,626,400	14,825,609	13,345,066	19,509,257
Prior Taxes	417,846	227,749	476,000	398,000
Interest	122,781	120,978	79,000	114,000
Changes to Other Funds	3,221,900	3,653,270	3,761,940	3,923,494
Other Federal Revenue	0	595,333	0	669,045 ¹
Beginning Fund Balance	<u>11,324,725</u>	<u>10,524,726</u>	<u>9,729,962</u>	<u>6,797,172</u>
Total	29,713,653	29,947,665	27,391,968	31,410,968

¹ Represents federal interest subsidy associated with the Qualified School Construction Bonds issued as part of the Series 2011 general obligation bonds. The subsidy was not budgeted in 2012-13.



	10-11	11-12	12-13	13-14
Expenditures	Actual	Actual	Budget	Proposed
Debt Service	19,188,927	21,031,196	19,233,534	22,616,893
UEFB	<u>10,524,726</u>	<u>8,916,470</u>	<u>8,158,434</u>	<u>8,794,075</u>
Total	29,713,653	29,947,665	27,391,968	31,410,968





Sustainable Budget Strategy Direction: School Board Decisions *February 2, 2011*

The Eugene School District has been working to develop a sustainable budget strategy with a target of \$24 million in reduced costs and increased revenues. The school board's goal is to put 4J on a sustainable financial path and continue to provide all our students with a sound education.

After a long process involving much discussion and community input, the board has set a sustainable budget strategy direction for next year and beyond. The next step is to develop a detailed budget for 2011–12. To learn more, see www.4j.lane.edu/sustainablebudget.

Reduce Staffing, Services and Programs

- Reduce administrative and classified staff by 10% (62 FTE, \$3.5M)
- Increase student-to-teacher ratio by 2.5 (55 FTE, \$4.6M) to 4 (84 FTE, \$7M)
- Eliminate or reduce teachers on special assignment and staff development specialists (6 FTE, \$0.5M)
- **Total Cost/Savings Target: \$8.6M–\$11M**

Compensation and Benefits, Including Fewer School/Work Days

- Negotiate \$5.5M–\$10M in compensation reductions, potentially including some of the following elements:
 - 9–12 unpaid furlough days — one per month based on work year, e.g. 9 or 10 days for most school-based staff (Cost/Savings Target: \$4M)
 - Negotiate a \$1.5M–\$6M reduction in salary and benefits costs. Possible elements include: pay freeze (including no step/column increase), freeze in benefits costs, 5% salary reduction, reduction in PERS employer pick-up (GF Cost/Savings Target: \$1.5M–\$6M)
- **Total Cost/Savings Target: \$5.5M–\$10M (must be negotiated with employee groups)**
- *Direction for future years: Continue furlough days, consider a 4-day work week if necessary, and negotiate other contract adjustments to minimize/contain ongoing costs to district, as needed.*

School Closures and Consolidations

- Close Coburg Elementary in 2011, merge neighborhood with Gilham
- Close Crest Drive in 2011, merge neighborhood with Adams
- Close Parker in 2011, merge neighborhood with Edgewood and Camas Ridge
- Close Meadowlark program in 2011, merge neighborhood with Willagillespie
- Leave Charlemagne at Fox Hollow for now
- Review non-language alternative schools (Corridor and Family School)
- The board did not act on a recommendation to close Twin Oaks in 2012
- *Note: This school consolidation plan will require some boundary changes*
- **Cost/Savings Target: \$1M**

Shared Services and Contracting Out

- Identify current services that could be provided by the education service district and transfer these services to Lane ESD
- **Cost/Savings Target: \$0.5M**
- *Direction for future years: Explore service-sharing options with other districts that could reduce costs. Look at consolidating some services with other school districts and/or contracting out some services to the private sector.*

Materials, Supplies and Services

- 15% reduction in materials & supplies, contracted services budget
- Centralize purchasing of materials & supplies, equipment
- **Cost/Savings Target: \$1.1M**

School and Instruction Redesign

- Stakeholder Task Force to consider grade reconfiguration and make a recommendation to the Superintendent and Board
- Redesign instructional delivery model for secondary schools to accommodate fewer students & less resources
- **Cost/Savings Target: TBD**
- *Direction for future years: Potential reconfiguration, if recommended. Consider revising school calendar to have shorter summer breaks and/or 4-day school weeks.*

Non-Instructional and Student Support Programs

- Reduce General Fund support for athletics programs and other extracurricular offerings by 25%
- **Cost/Savings Target: \$0.5M**

Reserves and One-Time Funds

- Use up to \$5M reserves/one-time funds to maintain and bridge to 2012–13
- **Cost/Savings Target: \$5M one-time**
- *Direction for future years: Use up to \$3M from sales of surplus property or lease revenue in 2012–13. Return General Fund Reserve and Contingency Fund to 90% of board targets in 2013–14, and to board targets in 2014–15.*

Revenue Enhancement

- Increase community use fees by 20% (\$20K)
- Lease some closed schools to charter schools or others (\$200K)
- **Revenue Target: \$0.22M GF**
- *Decision to come: Bond measure. The board will consider at a future meeting whether to place a bond measure on the May 2011 ballot to address critical needs, upgrade some aging school facilities, and shift some repairs, improvements and technology costs out of the operating budget (General Fund offload = \$1M)*
- *Direction for future years: Sell or lease Civic, Willard, or other vacant facilities, with 50% of proceeds to the General Fund Reserve. Implement any new revenue sources (e.g. a local tax to support schools) to mitigate reductions.*

Other Options

Direction for 2011–12 and future years:

Consider these options if they would result in actual cost-savings or more efficient operations:

- Offering early retirement incentives
- Adopting single-platform technology systems for centralized purchasing & technical support
- Minimizing site-based decision making, increasing centralized direction for staffing (e.g., program staffing for student support services)
- **GF Costs/Savings Target: TBD**

**MINUTES OF THE BUDGET COMMITTEE
SCHOOL DISTRICT 4J, LANE COUNTY, OREGON
4J EDUCATION CENTER – AUDITORIUM
200 NORTH MONROE STREET – EUGENE, OREGON**

May 13, 2013

PRESENT: Tim Gleason, Chair; Betsy Boyd, Shirley Clark, Jennifer Geller (after 7:22 p.m.), Beth Gerot (after 7:15 p.m.), Alicia Hays, Anne Marie Levis, Joan Obie, Craig Smith, Debra Smith, Jim Torrey, Mary Walston, Jennifer Winters, members; Sheldon Berman, Superintendent of Schools; Simone Sangster, Barbara Bellamy, Sara Cramer, Laurie Moses, Cheryl Linder, Celia Feres-Johnson, Christine Nesbit, Jon Lauch, Oscar Loureiro, Peter Tromba, Kerry Delf, Caroline Passerotti, Sharon Myrand, John Gogol, Trena McMahon, staff.

MEDIA: KRVM

OTHERS: Tad Shannon and Tom di Liberto, Eugene Education Association; Kathy Wiebke, and Mary Kay Brant, Oregon School Employee Association (OSEA).

I. WELCOME

Mr. Gleason called the meeting to order at 7:05 p.m.

II. ROLL CALL

Chair Gleason called the roll. Sabrina Parsons was unable to attend the meeting, Jennifer Geller and Beth Gerot would arrive later, and all other members were present.

Mr. Gleason reviewed the agenda, saying that the goal of the evening was to provide feedback to the superintendent and the board, with formal recommendations to be made at the next meeting.

Due to the large number of people requesting to speak, the committee agreed that public testimony would be limited to two minutes per speaker. Additional comments could be sent to the committee via e-mail.

III. OPENING REMARKS AND SUPERINTENDENT'S BUDGET MESSAGE

Superintendent Berman provided background on the budget and reviewed the committee's role. At the next meeting, the committee would receive information on funds other than the General Fund before finalizing its recommendation.

Dr. Berman described the goals of his proposed 2013-14 budget as being to provide stability, to meet minimum operating needs, to provide an instructional core that supported the best interests of students, and to meet the board's goals with the limited resources available in an ambiguous revenue environment. The budget considered the principles supported by the Budget Committee to allow a temporary reduction to four percent of operating revenues in the ending fund balance, to retain contingency spending at two percent of operating expenditures, and to transfer available reserves from other funds to the General Fund.

The full text of Dr. Berman's budget message was contained in the Budget Document and Superintendent's Message, Proposed 2013-14 that was part of the packet of materials for this meeting.

Dr. Berman described factors impacting the budget and producing a \$14.7 million deficit. He outlined sustainable budget actions previously taken, showed the use of reserves over the past few years, and provided a graph showing that classroom and support staff had dropped by 11 percent more than the enrollment decline since 2008-09.

Ms. Gerot arrived at 7:15 p.m.

Initiatives required by the state included adopting common core standards, implementing a new teacher and principal effectiveness system, requiring standard-based grading, and employing a kindergarten readiness assessment in all kindergarten classrooms which all impacted the budget as did the district's commitment to equity initiatives. Dr. Berman noted that efficiency reviews included examining purchases, reorganizations, and energy savings work in facilities that could help produce long-term savings. In fact, he said that the current bond measure would promote efficiencies and savings. Next he outlined service adjustments that could help balance the budget. These included increasing the staffing ratio (which also increased class sizes), eliminating Elementary Music and PE program staff, eliminating Essential Skills Coordinators, changing the Athletic program by reducing coaching positions and verifying scholarships, reorganizing Nursing services, eliminating or reducing school-based health clinics, and changing the school technology support model. Each of these adjustments was discussed in greater detail later in the meeting.

Ms. Geller arrived at 7:22 p.m.

IV. ITEMS RAISED BY THE AUDIENCE

Tad Shannon, EEA President, recognized the district's difficult financial situation and believed that everyone needed to share the burden proportionately. He noted that employee groups had borne most of the financial and workload burdens resulting from budget reductions over the past few years. After meeting with the Legislative delegation recently, he was confident that the district should be developing its budget based on a \$6.75 billion State education budget.

Hope Crandall, a retired librarian from a Woodburn dual immersion school, spoke in support of continuing Library Services to provide equity among schools in access to materials.

Kate Angelos-Mather was a district Mental Health Specialist in the South region. She spoke about her experience addressing the diverse and crucial needs of students and families and advocated for the integration of Mental Health as a central service of the district.

Joy Lum, a licensed psychologist and district therapist, said that therapy helped keep kids in school and changed their lives. She urged the district to continue helping vulnerable students.

Amy McCormick worked as a licensed clinical social worker in the Churchill region. Her work with acute suicidal students convinced her that having an on-site therapist response was essential. She commented that mental health was not expendable.

Brandt Stuart was a mental health therapist for 4J who said that the district's commitment to mental health had been unique and that funding must be found for it to continue.

John Masson identified himself as a mortgage broker, retired car dealership manager, and active church and nonprofit volunteer who could read financial plans. He maintained that the district's contracted food management company was preparing too many meals, had too large an inventory, and was being wasteful.

Lisa Yu was a River Road/El Camino del Rio parent and library volunteer. She pointed out that River Road residents were unable to use the Eugene Public Library without paying a fee which many in the North region could not afford so it was important to retain access to school libraries and their collections.

Honore Pazdral, a North Eugene librarian, depended on Library Services and would not have the time to continue her academic skills teaching without the cataloging and other services provided by Library Services.

Diane Masson had been a 4J Food Services Coordinator for 28 years. She said that food service workers were among the hardest working, least paid and least respected employees in the district and she wanted them to have a voice in decisions that affected them.

Nancy Ehler had previously proposed keeping two school health centers open. Her research showed that with State funding and billing, and grant funding, it would be possible to operate two health clinics at no cost to the district.

Cathy Tagwerker, a Food Service employee for 25 years, concurred with Ms. Masson's comments. She alleged that the service was being mismanaged and that contracted companies were performing poorly.

Kathy Wiebke, President of the Oregon School Employee Association (OSEA), pointed out that classified employees ensured the smooth operation of the district. She asked the committee to be aware that reduced hours, reduced staff, increased out-of-pocket payments for insurance, and no cost-of-living increases were harming those employees.

Mary Kay Brant was the OSEA field representative. She opposed the increasing use of temporary employees and proposed adding back hours for regular employees instead. She cautioned that employees could not continue doing more for less.

Amy Page, a parent and library volunteer at Camas Ridge, spoke about research showing that school libraries improved reading performance. She commented that many students did not have access to a public library and it was important to demonstrate to children that books were valued.

Louis Nozer submitted a written comment opposing elimination of library positions for the board's consideration.

V. ITEMS FOR INFORMATION AND DISCUSSION

A. Superintendent's Budget – General Fund Detail and Budget Reduction Strategies

Dr. Berman commented that public testimony made clear that reconciling the budget deficit was truly painful and that changes to library and mental health services produced numerous challenging issues. He was hopeful that the Legislature would agree to a minimum \$6.75 billion education budget but painful reductions still would be required.

Dr. Sangster thanked those who had presented testimony and acknowledged the difficulty of the task ahead. She noted that using the \$6.55 billion level of State funding and after reducing the general fund ending fund balance to four percent, the real deficit before any budget balancing strategies were implemented was \$14.743 million. She said that strategies the board could use for balancing the budget included raising class size, eliminating or reducing programs and reducing support services. Strategies that had to be negotiated included salary adjustments, furlough days, and changing benefit packages.

With the implementation of the proposed budget balancing strategies, State education funding at \$6.55 billion would result in a district shortfall of \$2.2 million while a \$6.75 billion education allocation would add between \$1.7 and 2.5 million to the district's revenue and cover this shortfall.

Sara Cramer said that an increased staffing ratio of 1.9 at the Elementary levels meant that the average class size would increase from 26 to 28.6 with 40 percent of classes being over 30. Depending on the needs index of a particular school, actual classes could be larger or smaller and principals would face difficult choices in how they staffed their schools.

Laurie Moses described impacts of an increased staffing ratio of 2.0 at middle schools. Average size in core classes would be around 33.5 if smaller elective and support classes were maintained. Principals would need to consider eliminating several types of classes. A 2.1 increase in the ratio at the high school level would produce average core class sizes of around 38 instead of the current average of 36.3. High school principals would have to look at the elimination of AP Chemistry, language classes, some accelerated classes, and not fully scheduling all students.

Dr. Berman commented that an increase of the staffing ratio by one or two increased class sizes by three or four because the ratio included the entire staff and not just classroom teachers. The ratio increase produced a geometric not linear increase in class sizes.

Ms. Boyd said that the ratio was important in terms of benchmarking and metrics and helped the committee know how the district compared to other districts. Dr. Sangster responded that the elementary ratio was 28.39, middle school was 29.66, and 30.95 at the high school level. After applying the needs index to a school, the ratio would be lower at a high needs school.

Ms. Cramer reported that in the past buildings were expected to provide PE and Music for elementary students and did so by taking some of their staffing allocation to fund PE and Music. As the ratio increased it became more difficult to add one of these specialists to the existing staff because it drove class sizes up. As a result there were great disparities in the offerings among the schools, with some elementary schools having no PE or music, some having one or the other, and only a few having both. This year a rotation model had been adopted to address that disparity so all elementary students had the opportunity for PE and Music for 9 or 12 week periods of time. This model retained some program staff in the district, provided teachers with some planning time, and it was currently evolving and still a work in progress.

Regarding Essential Skills Coordinators, Ms. Cramer said that at the Elementary level they were staffed based on the needs of the building so some schools had more than others. Nine FTE covered 20 schools. She described their function as being to facilitate data team meetings, progress monitor struggling students, and deliver Tier III interventions and provide small group instruction for struggling learners.

Ms. Moses said that the coordinators performed much the same functions in the middle schools but at the high school level they also monitored progress to ensure that high school students met the essential skill graduation requirements. She emphasized that some of this work had to continue regardless of whether the coordinators were there to lead it.

Dr. Berman agreed that in the absence of the coordinators, some kind of system had to be created to provide their important functions.

Cheryl Linder informed the committee that the recommendation had been changed to status quo in Nursing Services. In addition, after providers had looked at the district's school-based health clinics, the recommendation was to operate two clinics by using one-time grant funds, with each clinic having one nurse practitioner and one health clerk. Billing was estimated to provide about \$8,000 in revenue but Nancy Ehler's work suggested the potential to significantly increase this amount. A 0.5 FTE mental health therapist was also recommended. Ms. Linder said that health services would be re-evaluated after one year as staff continued to explore the potential of electronic billing.

Peter Tromba said that he agreed with much of the public testimony about the value of Library Services. He compared options for eliminating all staff to continuing to provide the service with 50 and 25 percent staff reductions.

Unlike the centralized model of Library Services, Technology Support was a distributed model with staff in all buildings. By reducing staff by 4.4 FTE, a centralized service could be created that included a Call Center and highly skilled technicians to serve all needs at all schools.

Mr. Smith questioned the absence of dollar amounts associated with the options for Library Services. Dr. Sangster responded that those options could be considered if State education funding was higher but the status quo budget being considered assumed that the total reductions as proposed were the only viable balancing strategies.

Ms. Levis concurred that it was difficult to understand the options Mr. Tromba had listed without knowing their costs and she commented that Legislators had communicated a more optimistic education funding outlook at a meeting earlier in the day. Dr. Sangster clarified that the budget before the committee was based on the State \$6.55 billion number and it still left a \$2.2 million deficit even with all the reduction strategies that were being discussed. Even if State funding was at the \$6.75 billion level, it would only provide the district with sufficient funds to close that gap after the reductions were made. Mr. Tromba also responded that the proposed reduction to Library Services totaled approximately \$150,000. A 50% reduction would save \$75,000.

Mr. Torrey said that all the public comments and e-mails were legitimate requests for services. The board would provide these services if it could, but adding anything back given the current budget reality would require increasing the staffing ratio, reducing the number of days, cutting another service, or placing an additional burden on staff.

Dr. Berman said that staff could provide a table of equivalents which would show, for example, that every ratio change of one represented about \$1.85 million, every furlough day represented about \$475,000 and every certified staff FTE represented about \$100,000. He called the committee's attention back to health services.

Ms. Linder said that the recommendation for nurses represented a savings of approximately \$375,000. The 0.5 FTE mental health therapist being recommended would be supported through the one-time grant funds mentioned earlier.

Ms. Smith brought up the committee's previous discussion in which many members indicated a preference for shortening the school year instead of increasing class size while acknowledging that neither choice was desirable.

Dr. Berman responded that negotiations with employee groups were underway and it was unclear what compromises might be possible but that the budget had to be built based on what was known. He anticipated that the \$2.2 million gap would be covered by a \$6.75 billion State education budget. There had been some indication that funding could be higher but the 6.75 number was the most optimistic the district could be at this point. He hoped the Education budget would be finalized during the first week in June but the district had to make its decisions before then.

Ms. Smith clarified that if that were the case, any reduction add-backs would have to be funded through additional cost savings that might be produced through negotiations. She maintained that it was difficult to reconcile the committee's conversations two months previously with the discussion now.

Answering questions from Ms. Obie and Ms. Geller, Ms. Linder said that anticipated revenue generated by the health clinic electronic billing process could be significantly higher than anticipated but it was uncertain so could not be assumed at this point. The proposal was to keep two clinics open part time by using one-time grant funding.

Dr. Berman clarified that the district was required to have an approved budget prior to the time the Legislature was expected to approve the final education budget or the point at which the district anticipated reaching agreement with its employee associations, so the budget now before the committee could only include what was known at this time.

B. Budget Assumptions and the 2013/14 – 2016/17 General Fund Forecast

Ms. Passerotti reviewed the key revenue assumptions underlying the General Fund Budget, pointing out that they differed from the December assumptions and now included the impacts of Sequestration, revised enrollment projections, a reduction in the Local Option tax revenues, and ESD flow-through dollars. She said that the budget gap of \$14.7 million was addressed but still not resolved by the budget reduction strategies and that the ending fund balance had been reduced to four percent as had been discussed at the committee's March meeting. Ms. Passerotti called attention to the assumption that early retirements would result in a drop in the average teacher experience level which would be reflected in the district's allocation under the State School Fund Formula.

Dr. Berman clarified that the district was absorbing some of the cuts caused by Sequestration but the General Fund was picking up the costs of some services that the district was required to maintain.

Mr. Loureiro reviewed enrollment projections. Dr. Berman noted that enrollment would be tracked throughout the summer and principals would submit registrations and adjustments prior to the beginning of the school year. In the absence of additional resources, adjustments may not be possible once allocations had been made.

Answering Ms. Geller's question about open enrollment contingency funds, Ms. Passerotti said that the budget was built in stages and that the open enrollment process added an additional

variable. If enrollment exceeded the level anticipated in revenue projections, additional State revenue would accompany each student and staffing could then be adjusted.

Dr. Sangster recapped the major operating fund changes. She explained that revenue assumptions could change as the State budget became more certain after the June revenue estimates were released on May 16. Spending assumptions would be affected by PERS reform, passage of the bond measure, and compensation agreements with the district's employee groups.

C. Questions and comments on the General Fund Proposed Budget

Ms. Clark wondered about differences between the staffing ratio in the Budget document and the numbers used during the meeting. Dr. Sangster responded that because the budget was prepared in stages and the document was completed earlier, the higher ratios discussed during the meeting were the most accurate.

Replying to Ms. Smith's inquiry, Dr. Sangster noted that the budget document listed this year's furlough days as a potential cost savings to be resolved through negotiated employee strategies but the status quo budget being discussed assumed the full complement of school days.

VI. ITEMS FOR ACTION AT THIS MEETING

A. Next Steps for Action on the Budget

Ms. Geller wondered what the final budget proposal would include for Library Services. Out of concern for the preservation of existing assets, she hoped to see a strategy that avoided complete elimination of these services. She said that the committee needed to think about a process for adding back those services slated for reduction or elimination.

Dr. Berman remarked that staff could provide an administrative perspective on priorities for adding back over time. He noted that earlier feedback indicated that music and PE needed to continue. Though inadequate, the district had found some middle ground that would retain some school health center functions. At this point no adequate solutions had been found for Library or Mental Health Services.

Mr. Torrey asked that committee members receive a list of district-recommended add-backs in advance of the next meeting so they could weigh in on them at that time.

Ms. Winters observed that committee members had identified their priorities prior to hearing from the public about impacts on the community and many may have changed their minds as a result of the process. She wanted to see prioritized lists of what could be added back if more money became available and what would be cut if no additional funds were available.

Mr. Smith said that it would be useful to begin the next meeting with a presentation of budget reductions and adjustments that could result from each of the potential State education budgets of \$6.55 billion or \$6.75 billion.

Dr. Berman responded that if all the proposed reductions were implemented, the \$6.75 million budget would result in a balanced district budget and the \$6.55 million budget would mean that in addition to all the reductions already identified, the district would have to cut an additional \$2.2 million.

Ms. Obie observed that services that are discontinued rarely are resurrected and she asked to see add-back options for all the proposed cuts.

B. Approve Minutes from the March 4, 2013 Meeting

MOTION: Ms. Walston moved, seconded by Ms. Obie to approve the March 4 meeting minutes.

VOTE: The motion carried unanimously, 13:0.

C. Set Date of Next Meeting

Several members were unable to attend the meeting scheduled for May 23. The group discussed other possible dates for meeting.

MOTION: Ms. Levis moved, seconded by Ms. Walston, to set the next meeting date as May 20, 2013.

VOTE: The motion carried unanimously, 13:0.

VII. ITEMS RAISED BY BUDGET COMMITTEE MEMBERS

Committee members raised no additional items for discussion.

IX. ADJOURNMENT

Mr. Gleason adjourned the meeting at 9:22 p.m.

(Recorded by Mary Feldman)