

EUGENE PUBLIC SCHOOLS  
Lane County School District No. 4J  
November 18, 2010

MEMORANDUM

To: Budget Committee Members

From: George Russell  
Superintendent

Re: November 22, 2010 Budget Committee Meeting

This memo is intended to give you an overview of the meeting and describe the materials in your packet.

**I. Roll Call**

**II. Items Raised by the Audience**

Public testimony is welcomed at budget committee meetings, and time is set aside to hear comments from the audience.

**III. Items for Information and Discussion**

**A. National and Oregon Economic Update**

Timothy Duy, Director of the Oregon Economic Forum and Adjunct Assistant Professor at the University of Oregon, will present information regarding the national and state economies. Dr. Duy is the author of the University of Oregon *Index of Economic Indicators*. He has worked as an economist in the International Affairs division of the United States Department of Treasury and with the G7 Group, a political and economic consultancy.

**B. 2010-11 Financial Update**

Financial Services staff will review current year projections at the meeting.

**C. Oregon December Economic Forecast Update**

On Friday, November 19<sup>th</sup>, the state is scheduled to release the December revenue forecast. Financial services staff will provide an update of the district's revenue outlook at the meeting.

**D. Review of Fund Balances**

Over the last few years the district has balanced its budget by using reserves, often due to notification of state budget reductions late in the budgeting process. Staff will review the district's funds and fund balances at the meeting.

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

**A. Provide Feedback on Preliminary Sustainable Budget Recommendations**

I shared the preliminary sustainable budget recommendations at the November 3, 2010 board meeting. Subsequently, the board has held a work session and two public input sessions. The preliminary recommendations are included in your packet. On December 15<sup>th</sup> I am scheduled to

present revised recommendations to the board. Your discussion and feedback on the recommendations will help guide me as I prepare the revised recommendations.

**B. Set Date for Next Budget Committee Meeting**

I recommend that the next meeting date be set for Monday, January 24, 2011 to discuss to review enrollment projections and the draft financial forecast and provide direction for balancing the 2011-12 budget.

**V. 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.

**VI. Adjournment**



# Eugene School District 4J Superintendent's Preliminary Recommendations

November 3, 2010

The Eugene School District is working to develop a sustainable budget in the face of a staggering budget shortfall for 2011–12. The projected deficit next year is about \$27–38 million, a stunning 19–27% of the district's operating budget. The Eugene School Board's goal is to develop a multi-year plan that will put 4J on a sustainable financial path and continue to provide all kids with a sound education.

Superintendent George Russell presented the following sustainable budget preliminary recommendations on November 3. These recommendations are a starting point and may change over the next few months. The board plans to adopt a sustainable budget strategy in January 2011.

Our top priority is to do what's best for kids. In November and December, district leaders will gather suggestions about how to adjust these recommendations to best serve our students with the resources available to us.

Next steps, as we work toward a sustainable budget plan:

- Wednesday, Nov. 10, 7 p.m. Board work session: discuss the preliminary recommendations  
4J Education Center auditorium, 200 N. Monroe
- Tuesday, Nov. 16, 6:30 or 7 p.m. Board public input session  
Start time and location to be decided.
- Wednesday, Nov. 17, 7 p.m. Board meeting: public hearing on preliminary recommendations  
Location to be decided

For more information about the process and 4J's financial situation, go to [www.4j.lane.edu/sustainablebudget](http://www.4j.lane.edu/sustainablebudget) or contact the 4J Communications Office at 541-790-7737.

## Superintendent's Sustainable Budget Preliminary Recommendations

1. Revenue Enhancements	\$1.2 million annual revenue
a. Bond measure for \$100-\$150 million – May 2011 Election Ballot Fund critical facility improvements, technology and new schools with funds from a bond measure. This could pay for about \$1 million of annual technology and equipment expenditures (shifting those expenses out of the operating budget) as well as upgrade school facilities. Under Oregon law, bond funds can only be spent on facilities and some equipment.	\$1 million additional revenue
b. Increase community user fees for building use by 20%.	\$20,000 additional revenue
c. Lease closed schools to charter schools and other organizations, and increase lease fees.	\$200,000 additional revenue
d. New tax for school operations – City income tax or other local tax dedicated to schools for 2012-13 and after.	Revenue yet not known
<b>Short-term or one-time funding:</b> Sell Civic Stadium, Willard and other vacant properties, putting 50% into reserves and spending 50% on school operations.	\$3 million <i>one-time revenue</i> for operations

<b>2. Fewer School/Work Days</b>	<b>\$5.7 million cost reduction</b>
<p><u>Option A: Long-term school and work year reductions</u> Reduce the school year and the work year for all staff.</p> <p>For non-school staff:</p> <ul style="list-style-type: none"> <li>• Reduce 12-month employees to 11-month work year.</li> <li>• Reduce 11-month employees to 10-month work year.</li> <li>• Reduce 10-month employees to 9-month work year.</li> </ul> <p>School-based staff:</p> <ul style="list-style-type: none"> <li>• Reduce the work year by 10 days (6 instructional days and 4 non-instructional days).</li> </ul> <p><u>Option B: Temporary furlough days for the short-term -\$4 million</u> Implement school year and work year reductions as temporary furlough days, hoping to restore these days when finances improve:</p> <ul style="list-style-type: none"> <li>• 12-month employees take 12 furlough days.</li> <li>• 11-month employees take 11 furlough days.</li> <li>• 10-month employees take 10 furlough days.</li> <li>• 9-month employees take 9 furlough days.</li> </ul>	
<b>3. Reduce Staffing, Services and Programs</b>	<b>\$12.2 million cost reduction</b>
<p>a. Reduce administrative and classified staff by 10 percent (62 FTE), including restructuring and consolidating central service departments and further reducing administration.</p> <p>b. Change the student-to-teacher staffing ratio by a range of 4-6 (98 FTE):</p> <ul style="list-style-type: none"> <li>• High school – increase student-to-teacher ratio by 6.</li> <li>• Grades 6-8 – increase student-to-teacher ratio by 5.</li> <li>• Kindergarten- grade 5 – increase student-to-teacher ratio by 4.</li> </ul> <p>c. Eliminate or reduce teachers on special assignment and staff development specialists. (6 FTE)</p>	<p>\$3.5 million</p> <p>\$8.2 million</p> <p>\$500,000</p>
<b>4. School Closures and Consolidations</b>	<b>\$1.2 million cost reduction</b>
<p>Close and consolidate schools. Reconfigure Adams, McCornack, Edgewood and Holt to grade K-3 schools. Reconfigure Spencer Butte, Arts and Technology Academy, Kennedy and Monroe to grade 4-8 schools. French immersion would consolidate grades K-8 in a single building, as would Spanish immersion.</p> <p><u>Churchill Region:</u></p> <p>a. Close Twin Oaks, moving K-3 students to McCornack and grade 4-5 students to Kennedy.</p> <ul style="list-style-type: none"> <li>• <b>McCornack becomes a grade K-3 school</b>, serving students who now attend Twin Oaks and McCornack. McCornack grades 4-5 move to Kennedy.</li> <li>• <b>Kennedy becomes a grade 4-8 school</b>, serving students who now attend Twin Oaks, McCornack and Kennedy.</li> </ul> <p>b. Close Crest Drive, moving K-3 students to Adams and grade 4-5 students to Arts and Technology Academy.</p> <ul style="list-style-type: none"> <li>• <b>Adams becomes a grade K-3 school</b>, serving students who now attend Crest Drive, ATA and Adams.</li> <li>• <b>Arts &amp; Technology Academy becomes a grade 4-8 school</b>, serving students who now attend Adams, Chávez, Crest Drive, Family School and ATA. ATA's K-3 students move to Adams.</li> </ul> <p>c. Close Family School. K-3 students move to Chávez and grades 4-8 merge with ATA.</p> <ul style="list-style-type: none"> <li>• <b>Chávez becomes a grade K-3 school</b>, serving students who now attend Chávez and Family School.</li> </ul>	

<p><b>4. School Closures and Consolidations Continued</b></p> <p><u>South Region:</u></p> <p>d. Close Parker, moving students to Edgewood and Spencer Butte.</p> <ul style="list-style-type: none"> <li>▪ <b>Edgewood becomes a grade K-3 school</b>, serving students who now attend Parker and Edgewood. Edgewood grades 4-5 move to Spencer Butte.</li> <li>▪ <b>Spencer Butte becomes a grade 4-8 school</b>, serving students who now attend Parker, Edgewood and Spencer Butte.</li> </ul> <p>e. Move Charlemagne French Immersion K-5 and 6-8 to the Parker building, creating a K-8 immersion school.</p> <p><u>Sheldon Region:</u></p> <p>f. Close Coburg, moving students to Gilham.</p> <p>g. Close Meadowlark moving K-3 students to Holt and grade 4-5 students to Monroe.</p> <ul style="list-style-type: none"> <li>▪ <b>Holt becomes a grade K-3 school</b>, serving K-3 students who now attend Meadowlark and Holt. Holt grades 4-5 move to Monroe.</li> <li>▪ <b>Monroe becomes a grade 4-8 school</b>, serving students who now attend Meadowlark, Holt and Monroe.</li> </ul> <p>h. Buena Vista becomes a K-8 Spanish Immersion, remaining in the Meadowlark building. Grades 6-8 move from Monroe to join K-5 there.</p> <p><u>North Region:</u></p> <p>No school closures and consolidations proposed at this time.</p>	
<p><b>5. Shared Services/Contracting Out</b></p>	<p><b>\$500,000 cost reduction</b></p>
<p>a. Transfer some services to Lane Educational Service District and determine additional services that can be provided.</p> <p>For 2012-13 and beyond:</p> <p>b. Explore service sharing options with other districts that could reduce costs.</p> <p>c. Look at contracting out some services.</p>	
<p><b>6. Materials, Supplies and Services</b></p>	<p><b>\$1.5 million cost reduction</b></p>
<p><b>7. School/Instruction Redesign</b></p>	<p><b>Savings to be determined.</b></p>
<p>a. Develop and expand on-line learning options at high schools.</p> <p>b. Expand credit by proficiency and dual credit options.</p> <p>Consider for 2012-13 and beyond:</p> <p>c. Revise the school calendar to have longer breaks during the year and shorter summer breaks and/or 4-day school weeks.</p> <p>d. Move to a program staffing model with a classroom staffing ratio and a specialist staffing allocation.</p>	

<b>8. Non-Instructional and Student Support Programs</b>	<b>\$500,000 cost reduction</b>
<ul style="list-style-type: none"> <li>a. Reduce athletics programs and other extra-curricular offerings by 25%.</li> <li>b. Specialists and other student support programs will be reduced as part of other staffing and service reductions.</li> </ul>	
<b>9. Reserves and One-Time Funds</b>	<b>\$0 - \$5.7 million revenue</b>
<p><u>Option A:</u> Long-term strategy Use no reserves and maintain board targets.</p> <p><u>Option B:</u> Short-term strategy Use reserves in the short-term to mitigate reductions.</p> <ul style="list-style-type: none"> <li>2011-12: Use up to \$5.7 million from reserve funds</li> <li>2012-13: Use up to \$3 million from sale of surplus property</li> <li>2013-14: Achieve board targets for reserves (assumes new federal, state or local revenue to support operations)</li> </ul>	
<b>10. Compensation and Benefits</b>	<b>\$1.5 million cost reduction</b>
<p><u>Option A:</u> Long-term budget impact</p> <ul style="list-style-type: none"> <li>a. Negotiate pay freeze, including no step or column increase for experience or education level</li> <li>b. No increase for benefits costs</li> </ul> <p><u>Option B:</u> One-time or short-term strategy</p> <ul style="list-style-type: none"> <li>c. Negotiate salary reduction of 5% across the board - \$4.4 million</li> <li>d. Eliminate half of the PERS 6% pick-up for employees - \$1.8 million</li> </ul>	

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