

Budget Committee Meeting
Lane County School District 4J
Education Center
200 North Monroe Street
Monday, May 13, 2013
7:00 p.m.

AGENDA

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|-------|---|--|-----------|
| I. | Welcome | Tim Gleason | 7:00 p.m. |
| II. | Roll Call | Tim Gleason | 7:00 p.m. |
| III. | Opening Remarks and Superintendent's Budget Message | Shelley Berman | 7:05 p.m. |
| IV. | Items Raised by the Audience | Tim Gleason | 7:20 p.m. |
| V. | Items for Information and Discussion | | |
| | A. Superintendent's Budget– General Fund Detail | Simone Sangster | 8:00 p.m. |
| | B. Budget Assumptions and the 2013-14 – 2016-17 General Fund Forecast | Simone Sangster,
Caroline Passerotti,
Oscar Loureiro | |
| | C. Budget Balancing Strategies | Staff | |
| | D. Questions and Comments on the General Fund Proposed Budget | Committee Members | |
| VI. | Items for Action at This Meeting | Tim Gleason | 8:50 p.m. |
| | A. Next Steps for Action on the Budget | | |
| | B. Approve Minutes | | |
| | C. Set Date of the Next Budget Committee Meeting | | |
| 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:

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

MEMORANDUM

To: Budget Committee Members

From: Shelley Berman, Superintendent

Date: May 10, 2013

Re: May 13, 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 Budget Document and Superintendent's Message, Proposed 2013-14, the Sustainable Budget document and an agenda for this meeting.

I. Welcome and Opening Remarks

II. Roll Call

III. Opening Remarks and Superintendent's Budget Message

I will provide some background context on this year's budget. I will then present the Superintendent's proposed 2013-14 budget message. I have worked with staff to develop a budget that meets Board goals with limited resources that we have available and an ambiguous revenue environment. Our ultimate goal is to work to support the best interests of students.

In preparing this budget, I have taken into consideration the principles supported by the Budget Committee to allow a temporary reduction in the ending fund balance to 4% of operating revenues, retain the contingency spending at 2% of operating expenditures, and to transfer available reserves from other funds to the General Fund. The District is in continuing conversations with our valued partners, employee associations, as staffing reductions and compensation changes will significantly affect this budget.

The full text of my message is contained in the Budget Document and Superintendent's Message, Proposed 2013-14. The presentation will contain additional information and proposed revisions to the General Fund section of the budget document to reflect adjustments necessary to fund status quo for our collective bargaining agreements.

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. Superintendent's Budget – General Fund Detail

Staff will present financial information on the General Fund Budget.

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

Finance staff will present the assumptions underlying the General Fund Budget and the General Fund forecast for 2013-14 – 2016-17. The Director of Research and Planning will present the revised enrollment projections.

C. Budget Balancing Strategies

Staff will present information on budget reduction strategies.

D. Questions and Comments on the General Fund Proposed Budget

I welcome Budget Committee questions and comments on the General Fund Proposed Budget 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.

VI. Items for Action at This Meeting

A. Next Steps for Action on the Budget

I recommend that the Budget Committee identify next steps for staff to prepare a revised General Fund budget.

B. Approve Minutes

Approve minutes from the March 4, 2013 meeting.

C. Set Date for Next Budget Committee Meeting

I recommend that the Budget Committee set the next meeting for May 23, 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



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**

NAME OF MEETING: School District 4J Budget Committee Meeting

DATE OF MEETING: March 4, 2013

TO: Simone Sangster, Caroline Passerotti

RECORDED BY: Mary Feldman

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ROUTING INFORMATION

3/7/2013 mhf Draft to Staff
(Date & Initials)

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

March 4, 2013

PRESENT: Tim Gleason, Chair; Betsy Boyd, Shirley Clark, Jennifer Geller, Beth Gerot, Alicia Hays, Anne Marie Levis, Joan Obie, Sabrina Parsons, 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.

I. WELCOME AND OPENING REMARKS

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

Dr. Berman reported that the latest State budget proposal recommended \$6.55 billion for education. He briefly reviewed a hand-out showing how the four different levels of state funding would impact the district. He was still hopeful that the state would increase the education budget to \$6.75 billion.

II. ROLL CALL

Chair Gleason called the roll. All members were present.

III. ITEMS RAISED BY THE AUDIENCE

No members of the audience requested to speak.

IV. ITEMS FOR INFORMATION AND DISCUSSION

Ms. Sangster recapped the agenda for the evening, noting that the committee was to provide input as the proposed budget was developed and that its charge was to advise the board but not make decisions. She reminded the committee of the budget goals and summarized the topics of the December, January, and February meetings. Ms. Sangster said that after open enrollment closed April 1 updated enrollment numbers would be available.

A. Impact of Bond Measure

The bond measure would preserve assets, provide general fund relief, and would result in immediate relief in 2013-14 by permitting suspension of transfers to reserves.

Ms. Bellamy outlined a proposal to create a bond review committee if the bond measure passed. Committee members would be appointed by the superintendent and would meet once or twice yearly to review expenditures of bond funds and report to the board and the community

about whether bond revenues were being spent wisely and appropriately. Ms. Bellamy asked for input on the purpose and membership of the committee.

Suggestions included:

- Members should be informed about the bond and committed to improving the quality of buildings and programs in the district;
- members should be perceived as being impartial which may eliminate people who actively advocated passage of the bond measure;
- membership should be diverse, represent broad points of view, have credibility in the community;
- look beyond the Budget Committee for members, possibly consider applicants who were not appointed;
- members should be willing to serve for the length of time bond revenues were being spent, likely about five years.

B. Update of the General Fund Financial Projection and Financial Forecast for 2013-14 and 2014-15

Ms. Sangster reviewed spending between July and December 2012. She observed that this year's fund ending balance would impact next year and the current balance was slightly less than the four percent goal. Increasing staffing early in the year to deal with class size meant that the deficit was a bit larger.

The committee spent some time discussing issues relating to the newly announced co-chairs' proposed budget and the governor's proposed budget. One significant difference was the governor's \$2 million cut to ESD funding and the co-chairs' retention of that funding. It was still unclear what the state would set aside to dedicate to specific programs like STEM. Dr. Berman observed that until the Legislature voted on the budget there would continue to be many ambiguities. He noted that to accommodate the education budget, changes would need to be made in areas like human services and public safety.

Mr. Smith cautioned that things often changed in the second year of a biennium so it was better to think in terms of one year at a time.

Ms. Sangster drew attention to slides showing that with the \$6.55 billion state budget the district's 2013-14 deficit would be reduced to \$15 million if current service levels were retained. That deficit could be reduced to \$11.3 million after adjustments and use of one-time funds.

How PERS reform would impact the budget for education was another unknown. Dr. Berman indicated that PERS issues would not be resolved quickly and that if additional funding became available as a result of PERS reform the district could prioritize services to be added back. Changes to PERS were likely to focus on capping COLA increases, compensation for PERS retirees living out of state but receiving Oregon tax benefits, and the annuity calculation. Any changes were likely to be challenged in court.

The impact of the federal sequestration was another variable difficult to project at this time. Reduced funding for special education, Title One, Head Start, and other federal programs would all affect the district. Mr. Torrey pointed out that reducing federal funds for special education would not reduce the district's costs for such programs but would mean that alternative sources of funding would have to be found in order for the district to meet its obligations to those students.

C. Discussion of Budget Balancing Packages

Ms. Sangster called attention to a document in the meeting packet titled "Sustainable Budget Strategy Direction: School Board Decisions," dated February 2, 2011. She passed around and described items on a sheet titled "Proposed Budget Reduction Packets - March 4, 2013" and said the committee would undertake an exercise that would allow them to give input on these budget-balancing items. By indicating their willingness to consider each of the strategies for reducing the budget, they would provide staff with some direction.

The items listed included the following:

- Reduce staffing, services and programs by 1) reconfiguring the school instructional support model (\$380,000), 2) reconfiguring support for school technology (\$200,000), and 3) changing the student-to-teacher ratio by 1.0 across all school levels (\$1,850,000).
- Adjust compensation and benefits by negotiating with employee groups on furlough days (each all staff furlough day saves about \$475,000) and other salary and benefit compromises.
- Reduce staffing with closure of ATA elementary (\$100,000--already in progress)
- Achieve cost savings from centralization of copiers.
- Remove inflationary increase for discretionary budgets across the district (\$180,000).
- Redesign school and instruction by 1) reconfiguring media/library services (\$150,000), 2) increasing efforts to monitor substitutes used for leaves and professional development (\$200,000), and 3) eliminating music and PE programs at elementary schools (\$1,000,000).
- Reconfigure health care services to provide more support to elementary and middle schools (\$100,000).
- Enhance revenues by increasing athletic fees and reducing middle school track, high school athletics, transportation, and activities (\$150,000).
- Provide early retirement incentive (\$165,000).

Committee members asked questions and requested clarification on several items:

- There had been five furlough days in 2012-13 but no furlough days had been included in the 2013-14 budget calculations.
- The use of the term "reconfigure" implied reducing the level of support but not eliminating it.
- In 2012-13 ten FTE were allocated for elementary school music and PE programs. This meant that a team of teachers moved from region to region to provide nine weeks of those activities. Some schools had used part of the FTE designation for PE and music or had raised funds to provide those programs while others had stopped offering PE and music.
- Student-to-teacher ratios should be differentiated by grade level.
- The purchase of copiers was considered a capital purchase.
- Athletic directors would be asked to recommend how to achieve \$150,000 in savings. If athletic fees were increased, they likely would double. The 80 percent reduction for students qualified for free and reduced price lunch would be re-evaluated.
- Reconfiguration of media services would impact school libraries that already were minimally maintained and generally were staffed by volunteers.
- No school closures or consolidations except ATA elementary were being considered this year.

For each item in the proposed list committee members held up different colored cards to indicate whether they thought a strategy should be pursued, whether part of it should be given more consideration, or whether it should not be considered.

Committee members considered the choice between reducing the number of school days and increasing the student-to-teacher ratio. Some suggested that a four-day school week would give more scheduling predictability than random furlough days. Others cited research that indicated a four-day week did not provide significant cost savings.

Any salary and benefit savings would be subject to negotiation with employee groups.

Ms. Nesbit explained that state law required a certain number of instructional hours. Other districts had received waivers to that requirement due to their budget situations and the district would seek such a waiver if budget reductions meant it would not meet the required number of hours.

Dr. Berman said that the current student-to-teacher ratio at the elementary level was 26.5:1 and would increase to 27.5:1 since one-time funds had already been used to reduce class size this year. He explained that the ratio included all staff at a school so a change of 1 would actually mean 30 percent of elementary students would be in classes larger than 30. An increase of 1 in the middle school ratio would result in average class sizes in the 36-37 range.

Ms. Boyd felt strongly that when considering the ratios, it was vital to talk about the different impacts across grade levels. She wanted to know how the district's student-to-teacher ratios at the different grade levels compared to those of other districts in order to establish benchmarks.

Ms. Geller opined that class sizes were at the maximum and that teachers were doing everything possible but students were being deprived of the instruction they needed to meet the district's goals. Mr. Torrey added that he was concerned about having staff to help high school seniors who would have to pass the reading, writing, and math exams in order to graduate in 2013-14.

Ms. Obie observed that budget reduction changes were made with the assumption that services would be added back but it was impossible to make up for the loss of education suffered by students during the time that reductions were in effect. She said that when changes were made people learned to accept them as the new norm. If a four-day week was implemented it would be difficult to change back to a five-day week.

Ms. Winters commented that everything had to be on the table for consideration but she was concerned about dismantling the system for one year of cuts when it was possible that the economy would improve. Ms. Parsons concurred that in such a dire situation, even distasteful options had to be considered for reductions.

Dr. Berman commented that a four-day week had not yet been discussed but the district had considered scheduling furlough days in blocks at the beginning and end of the year and during Thanksgiving week. He said that a four-day week included longer school days so did not change teacher compensation. The primary savings would be in transportation and food service.

Superintendent Berman said that the district could provide data on class sizes and ratios across the district. He believed that the district had cut so much that further cuts would undermine the viability of the system. Increasing class size meant a greater workload for staff that was already

stretched very thin and adding furlough days would shorten a school year already the shortest in the industrialized world and put students at a competitive disadvantage with students elsewhere. He expressed concern that students most at risk would be least likely to learn in larger classes.

Ms. Walston pointed out that a four-day week would not produce significant savings but would create child care issues for parents and negatively impact kids who relied on meals provided at school. None of the reduction packages were appealing but for her the last thing to consider would be increasing class sizes.

Dr. Berman summarized that all of the reduction strategies had significant implications that needed to be explored. He commented that changing class sizes and staff ratios were a sensitive topic. The committee's input indicated a preference for a shortened school year and more furlough days and little support for eliminating music and PE.

Mr. Smith said that the district was already looking at different delivery systems for instruction and that the challenge was that it took time and money to make such changes.

Dr. Berman observed that the change to the 3x5 common high school schedule was one change in instructional delivery that would have an impact. At South Eugene it would result in a 20 percent increase in the number of sections. If the staffing ratio changed it would still result in smaller class sizes than South Eugene had this year.

Ms. Sangster thanked the committee for its input and emphasized that none of the options were palatable to anyone. PERS reform could provide the district with an additional \$2.7 million which would change the discussion. She said that in addition to PERS other unresolved budget assumptions that could either help or harm the district included the May bond measure, the state school fund allocation, categorical grants, Title One reductions, federal funding sequestration, district retirements, salary and benefits.

V. ITEMS FOR ACTION AT THIS MEETING

A. Approve Minutes from the February 4, 2013 Meeting

MOTION: Ms. Smith, seconded by Ms. Obie, to approve the February 4 minutes. The motion carried unanimously, 14:0.

B. Set Date of Next Meeting

Staff recommended scheduling the next two meetings for May 6 and May 13, with May 20 held as a back-up date. The board would consider the budget at its first meeting in June. The bond election would be on May 21.

MOTION: Ms. Winters moved, seconded by Ms. Boyd, to set May 6 and 13 as the next meeting dates. The motion carried unanimously, 14:0.

VI. ITEMS RAISED BY BUDGET COMMITTEE MEMBERS

Committee members raised no additional items for discussion.

VII. ADJOURNMENT

Mr. Gleason adjourned the meeting at 9:02 p.m.

(Recorded by Mary Feldman)