



Investing in students, creating the future

Eugene School District 4J

DEVELOPING A SUSTAINABLE BUDGET STRATEGY

Board Work Session

October 6, 2010

BOARD GOAL: SUSTAINABLE BUDGET STRATEGY

By 2012-13, the district will implement a **sustainable budget** that:

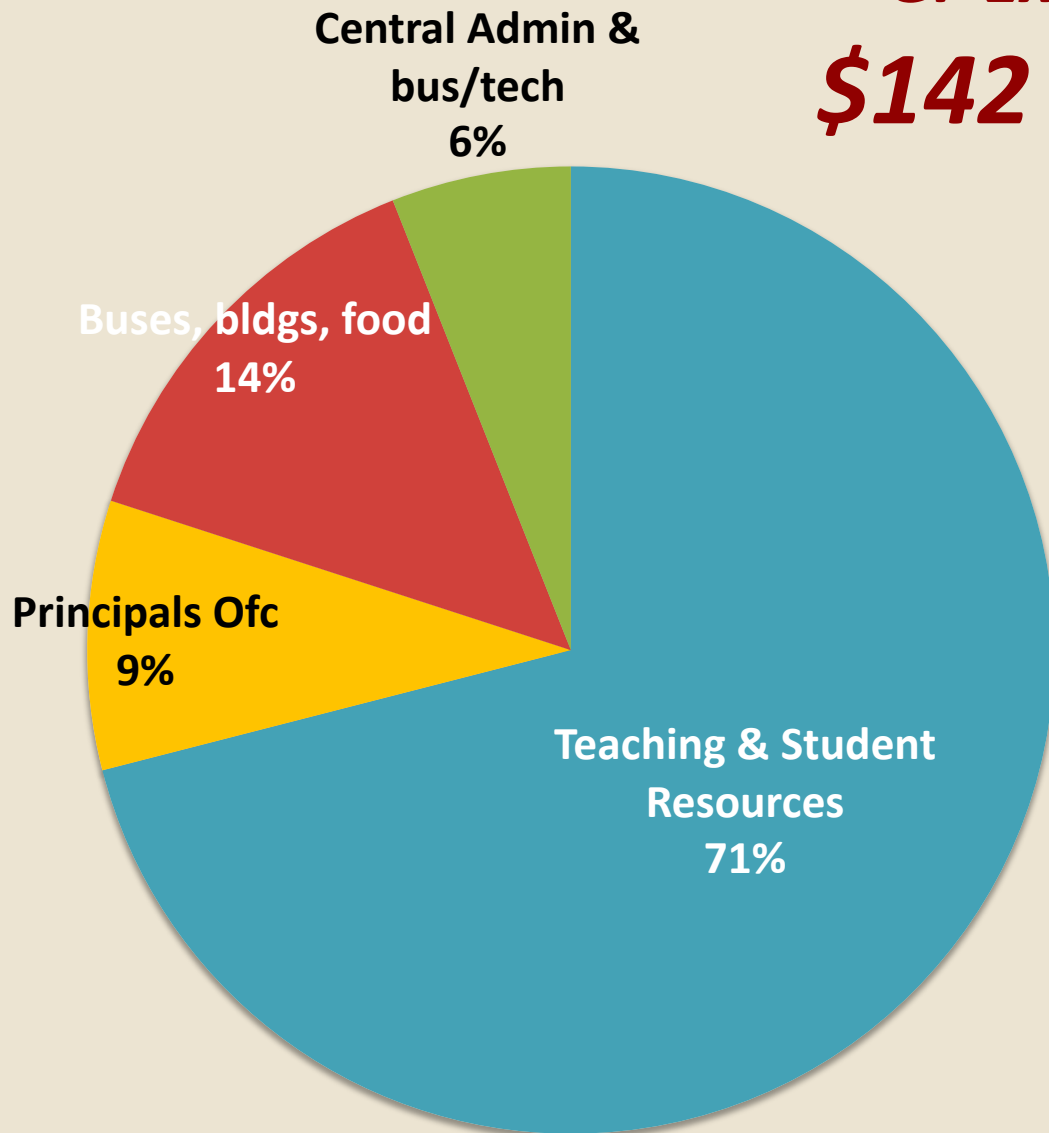
- maintains reserves at or above board targets,
- minimizes the use of one-time funds for ongoing expenses,
- optimizes the use of short-term resources to improve student achievement, and
- increases operational efficiency while reducing long-term capital needs.

Superintendent goal:

Develop strategy options for achieving the board's sustainable budget goal and present a proposal to the board and budget committee by February 2011.

How do we spend our money?

GF Expenses:
\$142 million



Most of our budget is invested in the classroom and schools

Why a Shortfall?

Drop in state and other revenue

- State School Fund, interest earnings, local option property taxes, federal funds

Declining enrollment

- Fewer students = less revenue from the State School Fund
 - Over 1000 fewer students over last 5 years

Use of reserves & short-term \$\$ to support operations

- \$36.7 million since 2007

Increases in compensation, PERS rates & benefits costs

- 85% of budget

4J's Financial Forecast

- Operating shortfall of **19-27%** next year.
- Continuing shortfalls through 2015.

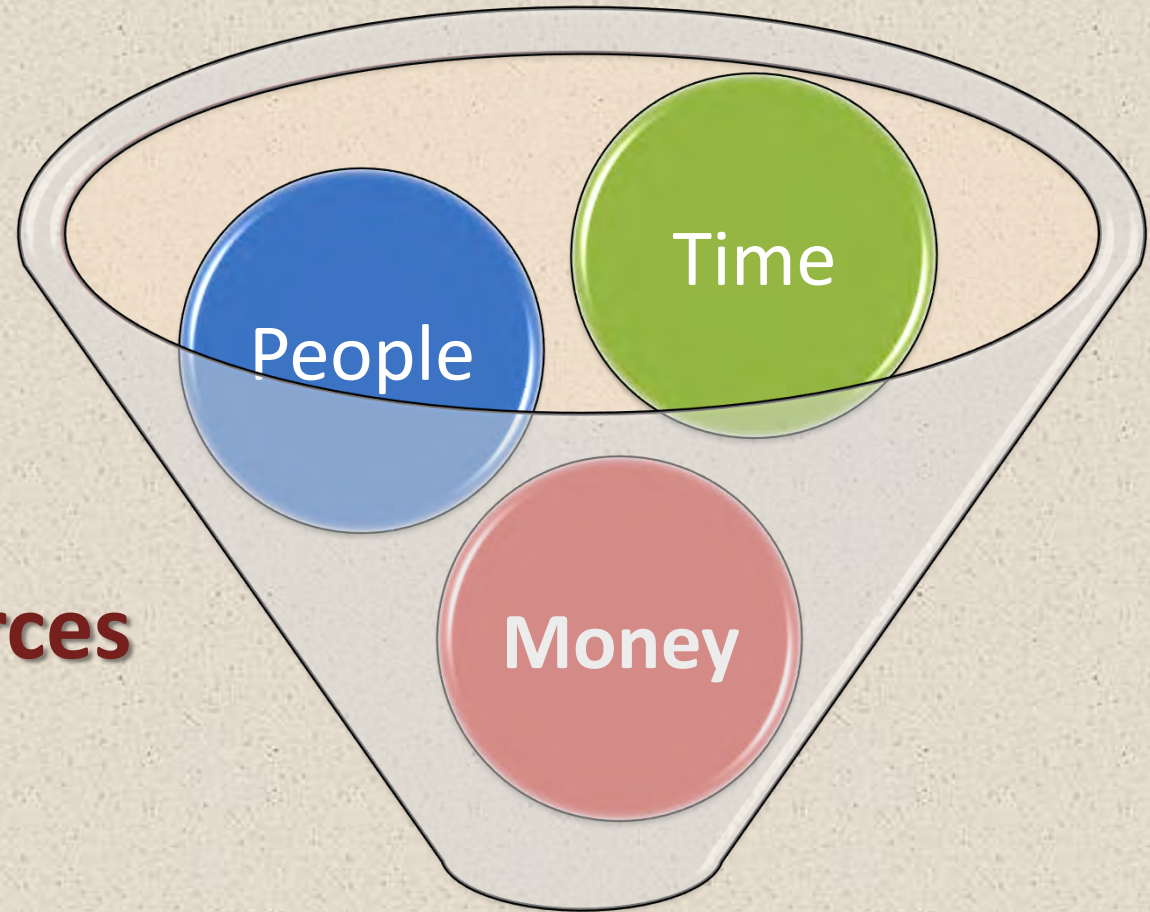
2011-12	2012-13	2013-14	2014-15
-\$27 million to -\$38 million	-\$0.2 million to -\$1.1 million	-\$4.0 million to -\$4.3 million	-\$0.8 million to -\$1.0 million

4J's Financial Forecast Assumptions

How do we get to \$30 million shortfall?

- 5% reduction (**\$7 million**) in state per pupil funding
- Restoring school & work days (**\$3.5M**)
 - 176 school days, 192 teacher work days
- 2% increase for compensation, supplies and services (**\$3.0M**)

**Targeting Our
Limited Resources**

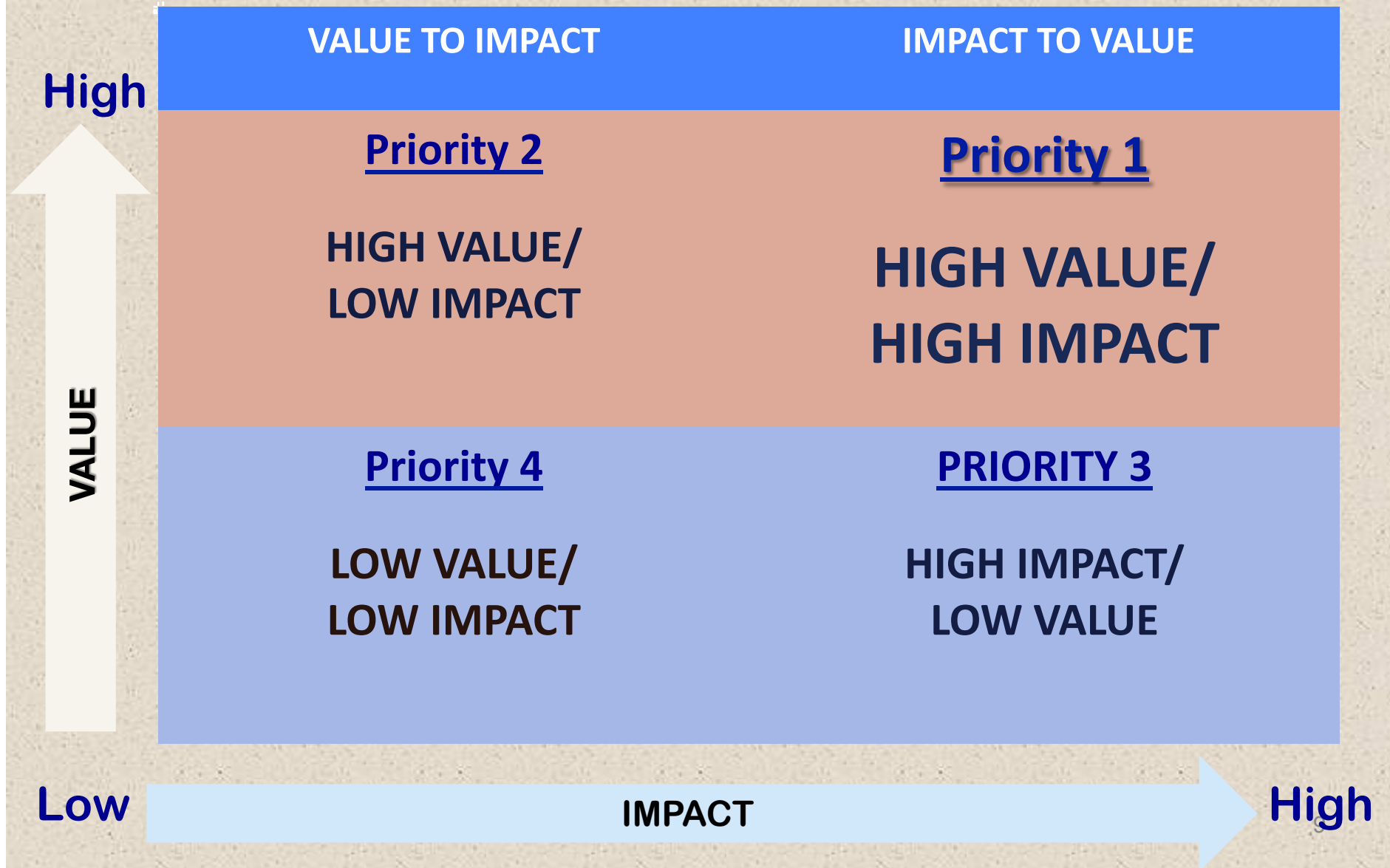


Student Achievement

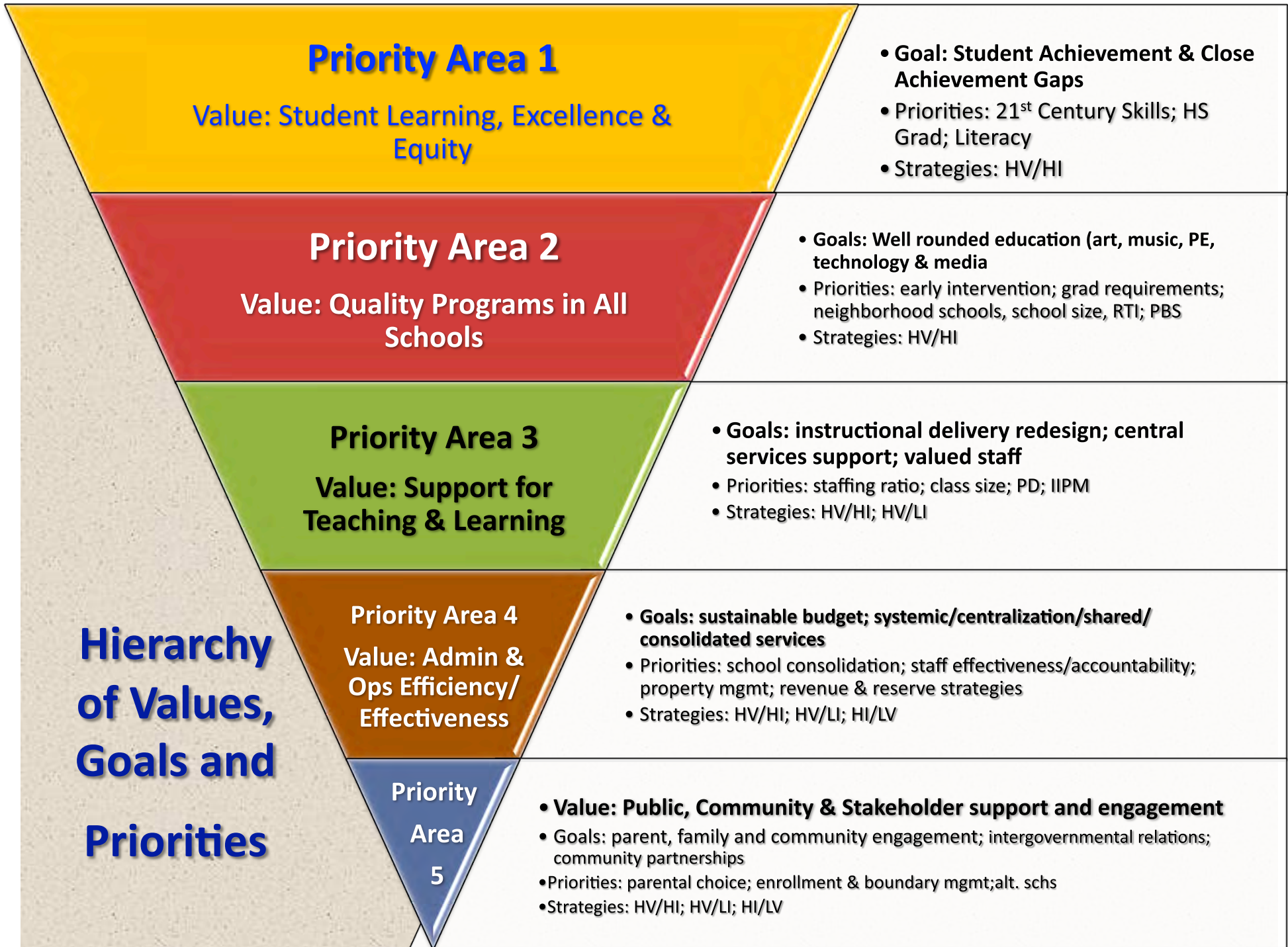
Setting Parameters

- As a district, what must we do?
- What should we be doing that we're not doing?
- What are the things we are doing but don't have to do? What can we no longer do?
- Is there a trump card? If so, what is it and how will it be used? (Equity? Neighborhood Schools? Choice?)

Value to Impact Grid



Hierarchy of Values, Goals and Priorities



Strategic Disinvestment

2011-12 and beyond

Target: \$30 Million

\$10 million
about
7% of GF
Budget

\$20 million
about 15% of GF
Budget

\$30 million
about 20% of
GF Budget

\$40 million
about 30% of
GF Budget

- Assumes ongoing reductions
- Using reserves/ one-time \$ = greater cuts in subsequent years

Strategy Options

1. Revenue Enhancements
2. Fewer School/Work Days *
3. Reduced Staffing
4. School Closure/ Consolidation
5. School/Instructional Redesign
6. Non-Instructional Programs Reduction
7. Discretionary Funds/ Materials/Supplies
8. Compensation/Benefits*
9. Reserves/One-Time Funds
10. Shared Services/ Contracting Out *

* Requires negotiation with labor organizations. Others could involve impact bargaining.

Strategy Options

Revenue Enhancements

- **Potential Strategies:**
 - Add/Increase community user fees
 - Increase fundraising
 - Grant opportunities
 - Bond measure/New tax for schools
 - Sell surplus properties
 - Construction Excise Tax (CET)
- **Potential Impacts:**
 - Reduced community use
 - Inequitable resources
- **Potential Costs/Savings:**

Fewer School/Work Days*

- **Potential Strategies:**
 - Reduce school year (currently 176 days)
 - Reduce non-instructional days
 - Close central office @ spring & winter break (8 -12 days)
- **Potential Impacts**
 - Less instructional time
 - Service reductions
 - Less support to schools
- **Potential Costs/Savings**
 - Each day = \$490,000 all staff
 - Central office staff only day: \$43,000

Strategy Options

Reduce Staffing

- **Potential Strategies:**
 - Reduce central services staff
 - Change staffing ratios/teacher & staff reductions
- **Potential Impacts:**
 - Reduced support to schools & classrooms
 - Larger class sizes, fewer specialists
- **Potential Costs/Savings**
 - Currently Central Services = \$10 million
 - 12 teachers = \$1 million
 - Staffing Ratio by 1 = \$2.0 million
(23 fte)

School Closure/Consolidation

- **Potential Strategies:**
 - Close 3 schools or more
 - Consolidate & build larger schools with bond measure
- **Potential Impacts:**
 - Larger schools/fewer schools
 - Staff reductions
 - Loss of students
- **Potential Costs/Savings:**
 - Elementary = \$330,000
 - Middle = \$550,000
 - High = \$1.4 million

Strategy Options

Shared Services/Contracting Out*

- **Potential Strategies:**
 - Contract with ESD for shared services
 - Consolidate non-instructional functions with Springfield and/or Bethel
 - Contract out/outsource business & operational functions
- **Potential Impacts:**
 - Loss of local control
- **Potential Costs/Savings:**
 - Reduced staffing costs

Discretionary Funds/Materials/ Supplies

- **Potential Strategies:**
 - Spending reductions
 - Cut budgets
- **Potential Impacts:**
 - **Phones, utilities, & equipment**
 - **Fewer supplies, materials**
- **Potential Costs/Savings:**
 - Supplies & Materials, etc = \$17 mil

Strategy Options

School/Instruction Redesign

- **Potential Strategies:**
 - Reconfigure grade levels (K-6, K-8, PK-2, 3-5, 7-12)
 - On-line learning/use of technology
 - Larger lecture classes
 - Flexible credit options
 - Program staffing: music, PE, art, counseling, librarians, etc.
- **Potential Impacts:**
 - Staff reductions
- **Potential Costs/Savings**
 - TBD
 - Construction and remodeling costs

Non-Instructional Programs

- **Potential Strategies:**
 - Athletics/extracurricular/field trips
 - Equity & Diversity initiatives
 - Student support Services (counselor, librarians, nurses)
 - Professional development
- **Potential Impacts:**
 - Staff reductions
 - Student programs & activities
- **Potential Costs/Savings**
 - Salary and benefits per position
 - Athletics & extracurricular = \$2.0 million
 - Student support services = \$4.0 mil
 - PD = \$1.2 million

Strategy Options

Reserves/One-time Funds

- **Potential Strategies:**
 - Use reserves
- **Potential Impacts:**
 - Bigger hole in future
 - Living on borrowed time
- **Potential Costs/Savings**
 - GF Reserve = \$5.4 million , 4% of operating budget
 - Capital Reserve = \$7.4 million
 - Fleet Funds= \$5.3 million
 - Contingency = \$3 million, 2% of operating budget

Compensation/Benefits*

- **Potential Strategies:**
 - Negotiate salary freezes or reductions
 - Negotiate benefits changes (health, PERS, etc.)
 - Negotiate workday/furloughs
- **Potential Impacts:**
 - Employee morale
 - Recruitment & retention
- **Potential Costs/Savings**
 - Salaries = \$77 million
 - Benefits: = \$45 million
 - 1 workday = \$490,000

Strategy Options

Other Option 1

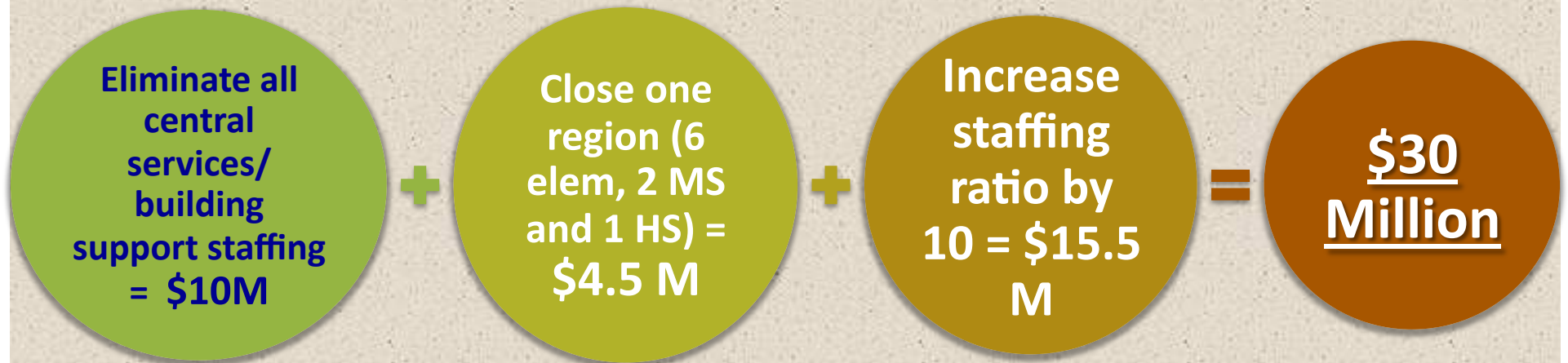
- **Potential Strategies:**
 - TBD
- **Potential Impacts:**
 - TBD
- **Potential Costs/Savings**
 - TBD

Other Option 2*

- **Potential Strategies:**
 - TBD
- **Potential Impacts:**
 - TBD
- **Potential Costs/Savings**
 - TBD

Sample Scenario

(illustration purposes only*)



* Assumes board targets for reserves

SUSTAINABLE BUDGET

Proposed Process & Timeline

Sept

- **4J Board Direction:** process, timeline, core values & priorities

Oct

- Initial Scenarios
- 4 regional meetings, web survey

Nov

- Preliminary Recommendations (may include school closures, bond measure proposals)
- Public hearing, school or regional meetings, web survey

Dec

- Superintendent Revised Recommendations
- Superintendent Final Recommendations

Jan

- Public hearing on Jan. 5
- Board Action on Jan. 12 or 19

Sustainable Budget Strategy
Discussion

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