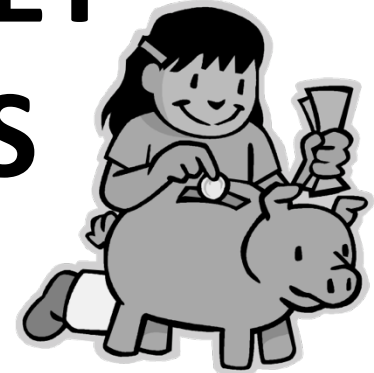




*Investing in students, creating the future*  
**Eugene School District 4J**

# **SUSTAINABLE BUDGET STRATEGY OPTIONS**



## **Superintendent's FINAL Recommendations**

Board MEETING  
February 2, 2011

# BOARD GOAL: SUSTAINABLE BUDGET STRATEGY

By **2014-15**, 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.*

# 4J's Financial Forecast

- **Preliminary: Operating shortfall of 19-27% for 2011-12.**
- **Revised: Operating shortfall of 15-20% for 2011-12.**
  - Based on a state funding level ranging from the same as this biennium to status quo without federal stimulus funding (Gov. Kitzhaber's proposed budget).
- Continuing shortfalls through 2014 assuming one-time strategies are used for half of the reduction strategies 2011-12 through 2013-14.

<b>2011-12</b>	<b>2012-13</b>
<b>-\$21.2 million</b>	<b>-\$17 million</b>
<b>-\$28 million</b>	<b>-\$6.5 million</b>

## 4J's Financial Forecast

- Legislative Revenue Office
  - **GF/Lottery Estimates:**
    - 2011-13: < **\$267M**
    - 2013-15: < **\$715M**
    - 2015-17: < **\$1.152B**
  - BM 66 revenue for 2009-11 reduced to **\$333M** vs. **\$504M** projected
- *“be cautious about assuming any additional dollars for the second year of the biennium”*
  - Paul Warner, LRO

# **2011-12**

## **Revised Strategy Goal**

**\$24 million:**

- a) Ongoing reductions: 50% = \$12.0 M;  
60% = \$14.4 M**
- b) Reserves/one-time funds: 25% = \$6.0 M;  
20% = \$4.8 M**
- c) Compensation-related: 25% = \$6.0 M;  
20% = \$4.8 M**

# **Sustainable Budget Strategy Options**



## **Final Recommendations**



# Reduce Staffing/Services & Programs

## FINAL RECOMMENDATION

### 2011-12

- Reduce admin and classified staff by **10% (62 fte) – \$3.5M**
- Including restructure and consolidate Central Office departments, reduce administration
- Change staffing ratio by **2.5 = 55 fte @ \$4.6M** or **4 = 84 fte @ \$7M**
- Eliminate or reduce TOSA's and SDS's - **\$0.5M**
- **Cost/Savings Target: \$8.6 - \$11 M**
- *Alternate Option(s):*
  - Reduce admin and classified staff by 12.5% (77 fte) – \$4.2M
  - *Change staffing ratio by 2.0 = 42 fte @ \$3.5M;*  
*3.0 = 65fte for \$5.4 million*
  - Eliminate or reduce TOSA's and SDS's - *\$0.25M*  
*(half of the originally proposed fte & amount)*
  - **Cost/Savings Target: \$7.9 - \$9.8 M**
- **2012-13 & 2013-14: TBD**

## ALTERNATE(S)

### 2011-12

- Reduce admin and classified staff by 7% (43 fte) – \$2.6 M
  - Including restructure and consolidate Central Office departments, reduce administration
- Change staffing ratio by 2 or 5 across the board (depending on other factors)
- Eliminate or reduce TOSA's and SDS's - **\$0.5M**
- **Cost/Savings Target: \$7.7M**
- **2012-13 & 2014-15**
  - TBD

# Fewer School/Work Days

## FINAL RECOMMENDATION

### 2011-12

- 9-12 Furlough days (6 less school days) – one day/month based on work year, school-based staff reduced 9/10
- **Cost/Savings Target: \$4M**
- 2012-13 & 2014-15
  - Continue 9-12 Furlough days (6 less school days)
  - Consider 4-day work week (32 hrs) and school weeks if necessary
  - **Cost/Savings Target: \$4M**

## ALTERNATE(S)

### 2011-12

- 10-13 Furlough days (6 less school days) –based on work year, school-based staff reduced 10/11 days
- **Cost/Savings Target: \$4.5 M**
- 2012-13 & 2014-15
  - Consider 4-day work week (32 hrs) and school weeks if necessary
  - **Cost/Savings Target: \$4.5M**



# School Closures/Consolidations

## FINAL RECOMMENDATION

### 2011-12

- Close Coburg, Crest Drive and Parker in 2011
- Consolidate Meadowlark at Willagillespie
- Move Charlemagne K-5 to Parker
- Review alternative schools – Corridor & Family
- **Cost/Savings Target: \$1M**
  - *Alternate Option(s):*
    - *Leave Charlemagne at Fox Hollow*
    - *Consider relocating OC and other tenants at Dunn into the Parker site.*
- **2012-13**
  - Close Twin Oaks - consolidate with McCornack
  - **Cost/Savings Target: \$0.3M**
- **2013-14**
  - TBD

## ALTERNATE(S)

### 2011-12

- Close Coburg and Adams in 2011
- Consolidate Meadowlark at Willagillespie
- Move Charlemagne K-5 to Adams
- Review policy & status of alternative schools
- **Cost/Savings Target: \$0.5M**
  - Requires additional \$0.5 million in other ongoing reductions
- **2012-13**
  - Close Twin Oaks - consolidate with McCornack
  - **Cost/Savings Target: \$0.3M**
- Possible closure/consolidation of alternative schools
- Consider closure/consolidation of language alternative schools

# Shared Services/Contracting Out

## FINAL RECOMMENDATION

### 2011-12

- Identify additional services that can be provided by Lane ESD
- Determine what current services can be transferred to Lane ESD
  - **Cost/Savings Target: \$0.5M**

### • 2012-13

- Explore service sharing options with other districts that could reduce costs
- Look at contracting out some services
- **Cost/Savings Target: TBD**

### • 2013-14

- Contract out or consolidate some services with other school districts or provide through private sector
- **Cost/Savings Target: TBD**

# Materials & Supplies/Services

## FINAL RECOMMENDATION

### 2011-12

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

### • 2012-13

- TBD

### • 2013-14

- TBD

## ALTERNATE(S)

### 2011-12

- 20% reduction in materials & supplies, contracted services budget
- Centralize purchasing of materials & supplies, equipment
- **Cost/Savings Target: \$1.5M**

### • 2012-13

- TBD

### • 2013-14

- TBD

# School/Instruction Redesign

## FINAL RECOMMENDATION

- 2011-12

- Stakeholder Task Force to recommend reconfiguration to Supt and Board for implementation 2012-13
- Redesign instructional delivery model for secondary schools to accommodate fewer students & less resources
- **Cost/Savings Target: TBD**

- 2012-13

- Revise school calendar
  - Shorter summer breaks
  - Consider 4-day school weeks
- Implementation of reconfiguration recommendations, if any
- **Cost/Savings Target: TBD**

- 2013-14

- **TBD**

# Non-Instructional/Student Support Programs

## FINAL RECOMMENDATION

- 2011-12

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

- 2012-13

- TBD

- 2013-14

- TBD

# Reserves/One-time Funds

## FINAL RECOMMENDATION

### 2011-12

- Use up to \$5M reserves/one-time funds to maintain and bridge to 2012-13
- **Cost/Savings Target: \$5M**
- 2012-13
  - Use up to \$3M from sales of surplus property or lease revenue
  - **Cost/Savings Target: \$3 M**
- 2013-14
  - GF Reserve and Contingency = 90% of Board Targets
  - **Cost/Savings Target: TBD**
- 2014-15
  - GF Reserve and Contingency = Board Targets

## ALTERNATE(S)

### 2011-12

- Use up to \$6.5M reserves/one-time funds to maintain and bridge to 2012-13
- **Cost/Savings Target: \$6.5M**
- 2012-13
  - Use up to \$3M from sales of surplus property or lease revenue
  - **Cost/Savings Target: \$3 M**
- 2013-14
  - GF Reserve and Contingency = 90% of Board Targets
  - **Cost/Savings Target: TBD**
- 2014-15
  - GF Reserve and Contingency = Board Targets

# Compensation/Benefits

## FINAL RECOMMENDATION

### 2011-12

- Negotiate pay freeze, including no step increase
- Negotiate no increased benefits costs
- **GF Costs/Savings Target: \$1.5M**

### • 2012-13

- Negotiate contract adjustments that minimize and contain ongoing costs to district

- **GF Costs/Savings Target: TBD**

### • 2013-14

- TBD

## ALTERNATE(S)

### 2011-12

- Negotiate pay freeze, including no step
- Negotiate \$200,000 decrease in benefits costs or use insurance reserves
- **GF Costs/Savings Target: \$1.7 M**
  - *Alternate Option B:*
    - *Negotiate salary reduction of 5%*
    - *Negotiate reduction in PERS employer pick-up*
    - *GF Costs/Savings: \$4M-\$6M*

### • 2012-13

- Negotiate contract adjustments that minimize and contain ongoing costs to district

- **GF Costs/Savings Target: TBD**

### • 2013-14

- TBD

# Revenue Enhancement

## FINAL RECOMMENDATION

### 2011-12

- Bond Measure \$130M in May 2011 for critical needs, technology & new school (offload of GF = \$1M)
- Increase community use fees by 20% (\$20K)
  - Lease closed schools to charters/others (\$200K)
- **Revenue Target: \$1.2M GF with bond**
- 2012-13
  - Sell or lease Civic, Willard, or other vacant facilities w/50% proceeds to GF Reserve (\$3 -5M)
  - Local tax to support local schools in 2012-13 (\$10-12 M for 6 yrs) – May 2011
  - **Revenue Target: \$12M ongoing; \$3M one-time**
- 2013-14
  - Implementation of any new revenue sources to mitigate reductions
  - **Revenue Target: \$12M if City measure passes**

## ALTERNATE(S)

### 2011-12

- City Income Tax Levy in May 2011 to mitigate staff reductions, class size increases, and reduced school year
- 2012-13
  - Sell or lease Civic, Willard, or other vacant facilities w/50% proceeds to GF Reserve (\$3 -5M)
  - Implement local tax to support schools in 2012-13 (\$10-12 M for 6 yrs)
  - **Revenue Target: \$12M ongoing; \$3M one-time**
- 2013-14
  - Continuation of any new revenue sources to mitigate reductions
  - **Revenue Target: \$12M if City measure passes**



# Other Options

## Final Recommendations

- Consider early retirement incentives
- Adopt single-platform technology systems for centralized purchasing & technical support
- Minimize site-based decision making and increase centralized direction for staffing; e.g., program staffing for student support services
- **GF Costs/Savings Target: TBD**

# Scenario for 2011-12

## \$24 Million

