MINUTES OF THE EXECUTIVE SESSION AND REGULAR MEETING
OF THE BOARD OF DIRECTORS
SCHOOL DISTRICT 4J, LANE COUNTY, OREGON

February 2, 2011

The Board of Directors of School District No. 4J, Lane County, Eugene, Oregon, held an executive session followed by a regular board meeting at 6 p.m. on February 2, 2011, at the Education Center, 200 North Monroe Street, Eugene, Oregon. Notice of the meeting was mailed to the media and posted in the Education Center on January 28, 2011, and published in The Register-Guard on January 31, 2011.

ROLL CALL

BOARD MEMBERS:
Craig Smith, Chair
Alicia Hays, Vice Chair
Jennifer Geller
Beth Gerot
Ann Marie Levis
Jim Torrey
Mary Walston

STAFF:
George Russell, Superintendent of Schools
Barbara Bellamy, Chief of Staff and Communications Director
Carl Hermanns, Assistant Superintendent/Chief Operating Officer
Susan Fahey, Chief Financial Officer
Celia Feres-Johnson, Director of Human Resources
Larry Sullivan, Director of Educational Support Services
Randy Bernstein, Principal South Eugene High School & Bargaining Team Member
Christine Nesbit, Associate Director of Human Resources
Jeralynn Beghetto, Human Resources Administrator

MEDIA:
Mark Baker, The Register-Guard

EXECUTIVE SESSION

Under Provisions of ORS 192.610 - 192.690, Open Meeting Laws, the Board of Directors conducted an Executive Session for the following purpose:

To conduct deliberations with persons designated by the governing body to carry on labor negotiations pursuant to ORS 192.660 (2)(d).

REGULAR MEETING

The executive session closed and the regular meeting was called to order with the above present along with the following:
STAFF:
Sara Cramer, Director of Elementary Education
Laurie Moses, Director of Secondary Education
Caroline Passerotti, Financial Analysis and Budget Manager
Kerry Delf, Communications Coordinator

STUDENT ADVISORY PANEL MEMBERS:
Karen McGhehey, IHS, All Campuses
Lydia Tam, Churchill High School
Jenny Koh, South Eugene High School
Tobiah Meinzen, North Eugene High School
Liz Gray, Sheldon High School

MEDIA:
KRVM

CALL TO ORDER, ROLL CALL, AND FLAG SALUTE

Board Chair Craig Smith called the regular meeting of the School District 4J Board of Directors to order and led everyone present in the Pledge of Allegiance.

AGENDA REVIEW

The Consent Group was moved ahead of the Items for Action at This Meeting.

INTRODUCTION OF GUESTS AND SUPERINTENDENT'S REPORT

Superintendent Russell congratulated the Future First Citizen Truman Cranor, a North Eugene High School senior. He said he had been recognized at the Celebration of Business during the previous week. He stated that the other students who were candidates included several students from the District 4J, Kayley Luna from Churchill High, Su Lin Dong from Sheldon High, and Halley Sherk from South Eugene High Schools.

Superintendent Russell stated that Emily Brixey, from Churchill High, had been selected to participate in the United States Senate Youth Program, held from March 5 through March 12, in Washington, D.C. He said she would be working with some of the senators and would have the opportunity to learn the ins and outs of Washington.

Continuing, Superintendent Russell said February 21 would be Legislative Day in Salem for the school district and would provide an opportunity to talk with legislators and, hopefully, the Governor. He said they planned to bring some of the student representatives as well as some of the students from the Superintendent's Advisory Committee. He stated that they intended to put together talking points for the students. He noted that he had shown about 20 students on the committee the power point presentation on the sustainable budget the preceding evening. He related that they were feeling the impacts in the classrooms and schools of current cuts and they expressed concern about losing teachers and that programs in their schools would be severely diminished as would the elective classes and courses to take to help get into college. He had asked the students to, by a show of hands, indicate that raising the staffing ratio should be the last place to make cuts and all of them had raised their hands. He noted one other point they had made regarding how the seniority system worked and the impact on teachers they felt most connected to. They also were concerned about furlough days, the way they were placed
in the calendar, and the impact on instructional continuity. He said the students had a vigorous
debate among themselves about choice, language immersion, and alternative schools; some
had felt that language immersion schools were being unfairly attacked and other felt that the
whole issue of choice was not part of the conversation. Some students also expressed concern
about school closures and some had been through school closures and had reflected back on
how it had been.

COMMENTS FROM STUDENT REPRESENTATIVES

Tobiah Meinzen, North Eugene High School, reported that for the next couple of weeks the
International High School (IHS) student leadership was putting on a school-wide talent show
with proceeds to go to Food for Lane County. He said the school also planned to host visiting
students from China in two weeks.

Liz Gray, Sheldon High School, said the school had held a couple of Mr. Irish events, the most
recent of which had been a Mr. Axemen/Mr. Irish basketball game that had raised over $1,300.

Lydia Tam, Churchill High School, related that second semester had started smoothly. She said
leadership was planning a Glowing Galaxy Dance, the proceeds of which would go to an
organization that worked to eradicate polio in the countries in which it still existed. She added
that a Career Fair was planned for the school.

Jenny Koh, South Eugene High School, reported that the school had held a Day of Respect a
couple of weeks earlier which had included workshops and a school-wide march. She said they
had heard a lot of positive feedback about the event, and student leadership intended to send
out a survey to see what they did well and what they could improve upon. She stated that
students from the Superintendent’s Student Advisory Committee had come from other schools
for the event and had indicated that they enjoyed it. She related that the Mr. Axeman pageant
was coming up and the recent formal dance at the Hilton had raised $5,000.

Karen McGhehey, International High School, did not provide a report.

ITEMS RAISED BY THE AUDIENCE

Mr. Smith reviewed the guidelines for public testimony.

Lisa Namyet, parent of a student at Roosevelt Middle School, commended the board members
and staff for the many hours that had gone into the budget. She felt there was still the bigger
strategic picture to consider. She stated that in the last few months, the board and
superintendent had received hundreds of ideas. She felt that as a community, from a strategic
point of view, they needed to hear what they could do to help. They needed to hear what the
district saw as the greatest challenges and needs, given the budget decisions. She wanted to
know what priorities would not be funded that were critically needed. She wanted to know, from
a revenue perspective, what suggestions the board had in creating a "fund raising arm" for the
district and how the Eugene Education Fund (EEF) could "step up and expand." She asked
what businesses could do to help. She thought it would be "great" to have a centralized vision
and agreed-upon priorities. She said the community was looking to the board for leadership
and asked that they show that leadership by showing a list of recommendations at the district,
city, and state levels to help the coordinated effort to rebuild a quality education system that
would attract families and businesses to Eugene. She added that the new superintendent
would be key, but it "takes a village" and the board had the "wisdom now" to guide the district.
Tasha Hennings thanked the board and staff for the time at the present and previous meetings for members of the public to come and share ideas. She urged the board to wait before making any irreversible decisions. She averred that waiting a year to develop any long-term plan would lie to rest the misgivings that parents had. She said parents would be "just as sad" to see schools close in the next year, but they would be more optimistic about the success of the district, especially if they had the opportunity to work with the board and new superintendent to develop a long-term plan. She felt they owed it to the kids and teachers to set them up for success. She thought putting school closures on the list of recommendations in the present year had been detrimental; instead of spending time working on ideas that would generate savings and funds, they had spent time on school closures. She asserted that school closures would not generate any savings in the year they were closed and said they should focus on things that would generate funds in the 2011/12 year, such as the bond and tax measures.

Lou Favreau spoke in support of the charter application for the International School of Modern Technology. He said the school would be set up for kids who were at risk, underachieving, and/or students of color. He underscored that the school would be set up to try to erase some of the achievement gap. He had heard at a previous meeting how many kids would be taken out of the district if the charter school applications were approved. He asked that they consider it somewhat differently. He averred that the group of at-risk kids the school would be set up to serve would be educated for 20 percent less than it would cost the district and the district would retain that 20 percent of the funding.

Mark Callahan, father of two district students, acknowledged that the board faced a tough decision in voting on the budget. He averred that he was a passionate father who wanted to know how his family's lives would be affected by the budget cuts. He surmised that the district was facing a $30 million shortfall. He recalled that in the early 2000s the State Legislature had voted to redirect some of the lottery money to economic and transportation projects. He had thought when he bought Powerball tickets he was supporting schools but now he guessed that was not the case. He wished the board the best of luck and hoped they would make the right decision.

Cindy Land understood that the School District 4J paid its cafeteria workers about $17,000 annually and its custodial staff made $27,000 annually and the office worker made about $24,000 annually. She said the average salary for a classroom support services administrator was $94,500. She suggested that cuts be made from the administration down and not from the classroom up. She felt that the recommendation to close neighborhood schools would lead to a policy of fundamentally changing the 4J structure by cutting classrooms and creating "big box institutional learning factories." She believed that this would also bring about excessive busing, overcrowded classrooms, ineffective teachers, and difficult security. She said they needed neighborhood schools because they were more secure, flexible, and in touch with families. She urged the board to reject the superintendent's budget recommendation and to "vote for neighborhood schools."

COMMENTS BY EMPLOYEE GROUPS

There were no comments offered at this time.
ITEMS FOR INFORMATION

Provide an Update on the Superintendent Search Process

Celia Feres-Johnson, Director of Human Resources, said there had been a good process with the Superintendent Search Committee, composed of parents, community members, and members of labor groups. She felt it had been a cohesive collaborative group. She reported that they had developed a superintendent profile and a recruitment timeline. She stated that the search opened in the last week of October and had closed in the first week in January and had yielded a rich pool of candidates. She related that the consultants had received the recommendation from the committee and were meeting with the board to continue with the process. She said they hoped to identify the new superintendent by March 16.

Receive the District's Annual Report on Compliance with Oregon Minimum Standards

Annually, superintendents are required to report the district's status with respect to the Standards for Public Elementary and Secondary Schools from OAR Chapter 581, Division 22. Assistant Superintendent Carl Hermanns has prepared the Annual Report on Compliance with Oregon Standards and the district is in compliance. Carl Hermanns, Assistant Superintendent and Chief Operating Officer, presented a brief overview of the report and was present to respond to board questions. A copy of the report was included in the board packet.

Mr. Hermanns stated that every year the district prepared and submitted a status report on its compliance with Oregon Standards for public elementary and secondary schools. He said there were three new areas of compliance: safety of school sports dealing specifically with concussions, translation of OAKS assessments, and child development specialist programs. He stated that the district was in compliance with all of the standards, including the new standards, with the exception of one. He explained that the district was not in compliance with the standard on instructional time due to the furlough days. He said this was true in a few schools and, as stipulated by the standard, the district would let the Oregon Department of Education (ODE) know how they planned to address this in the next year. The report would be submitted prior to the deadline of February 15.

The board had no questions.

CONSENT GROUP

MOTION: Ms. Hays, seconded by Ms. Levis, moved to approve the Consent Group.

VOTE: The motion passed unanimously, 7:0.

Approve Corporate Resolution for Commerce Bank VISA Program

Action Proposed:
Approve a line of credit with Commerce Bank that will allow the District to utilize VISA credit card services to make invoice payments to participating vendors.

Background:
Commerce Bank offers an electronic remittance program which utilizes VISA credit card services to initiate vendor payments on behalf of their clients. The program is facilitated by a
credit limit extended to the client by Commerce Bank. This credit limit works exactly the same as it would for any ordinary credit card.

It is the sole responsibility of Commerce Bank to solicit vendors for participation in the program. Enrollment is voluntary, and vendors who agree to participate are charged a 2.5% fee on payments made through the program. Clients earn between .9% and 1.09% of total payments, depending on the volume of dollars running through the program.

Based on an analysis of the District’s active vendors, Commerce Bank has estimated that the District can earn up to $90,000 annually.

**Discussion:**

1. **Rationale:**
   The program will provide an opportunity to earn revenue through a modification of the accounts payable payment process. In addition to the incoming revenue, the District will also realize savings through the reduction of paper checks that are printed and mailed each month.

   The program is attractive to vendors because they receive payments electronically. This allows them to process payments more quickly, and eliminates much of the manual entry process.

2. **Options and Alternatives:**
   The District could maintain the status quo, and continue to print and mail all vendor payments. However, this is an opportunity to participate in a revenue sharing program that requires no financial commitment from the District.

3. **Budget/Resource Implication:**
   The initial setup and testing will require Financial Services staff time, though it is estimated that this will be minimal. There is no direct financial outlay required by the District.

4. **Board and Superintendent Goals:**
   The proposal supports the Board Goal to provide prudent stewardship of district resources to best support student success, educational equity and choice.

**Recommendation:**
The superintendent recommends that the board approve a corporate resolution with Commerce Bank.

**Approve Personnel Items**

The superintendent recommends approval of the personnel items included in the board packet. These cover employment, resignations, and other routine personnel matters. The board may adjourn to executive session for matters dealing with employment it if desired to do so. ORS 192.660(2)(a).
ITEMS FOR ACTION

Consider Approval of Public Charter School Application from Coburg Community Charter School

BACKGROUND
The 1999 Oregon Legislature passed legislation requiring local school boards to accept applications from private non-profit corporations who wish to establish charter schools. The legislation, which has been incorporated into statute in ORS 338.005 through ORS 339.185, establishes the criteria school boards must use to evaluate the applications and the conditions under which they are to be funded.

In accordance with the law and school board policy, Coburg Community Charter School (CCCS) submitted a charter school application to the district on November 15, 2010. Within 15 business days of receipt of the application, on December 7, 2010, staff notified the applicant that the proposal was considered to be complete.

On January 19, 2011, a public hearing on the provisions of the proposal was held, as required under ORS 338.055(1) and the School Board Policy LBE, Public Charter Schools.

Staff has reviewed the application in detail and received clarifications from the applicant, as required. The superintendent and chief academic officer have also reviewed the application against the criteria and requirements in School Board Policy LBE, Public Charter Schools.

DISCUSSION

1. Rationale: Findings have been developed in response to Criteria for the Consideration of a Charter School Application (School Board Policy LBE):

   (1) The demonstrated sustainable support for the public charter school by teachers, parents, students, and other community members, including comments received at the required public hearing.

Finding 1: CCCS has met this requirement.

Discussion: Oregon's charter school statute requires that the applicant demonstrate that the proposed charter school has sustainable support by teacher, parents, students and other community members. While the law does not establish specific benchmarks for demonstrating sustainable support, it does specifically include, but is not limited to, comments received at the public hearing.

The CCCS applicants have included in their application evidence of support from parents/students, community member, and current and former educators, including references to the following items:

- A board of directors consisting of 7 community members/parents.
- 150 people, who have participated in a survey, attended town hall meetings and participated in activities of the charter development committee.
- Charter development committee consisting of 10 parents, 3 community members, 4 city officials and 5 current/former educators.
• Future parent, community and educator support will be developed and maintained by means of a community advisory committee, financial oversight committee, site council and teacher's council.

The application demonstrates that the developers have established broad-based and ongoing support that includes the required component constituencies and indicates a level of current and ongoing support for the development and operation of a charter school within the Coburg community. The application contains reference to direct interest from families of children seeking to enroll students in the school as well as direct involvement of parents and community members in the development of the proposed instructional program.

The discussion of closing the existing Coburg Elementary School has created a sense of need and a level of urgency and support within the families attending the school. In addition, community leaders, including the Mayor and members of the Coburg City Council have stated that having a community school is critical to their viability as a city and that absence of a community school would jeopardize their ability to grow and thrive.

The CCCS development team, accompanied by representatives from the police department, fire department, local grange Rotary Club, City Council and government, attended the public hearing held on January 19, 2011. A CCCS representative provided testimony describing the Coburg Elementary School as a hub of the community with a 150 year tradition. The community members attending the hearing were clearly there in support of the proposed charter school.

In conclusion, CCCS application demonstrates that the proposed charter school has the level of sustainable support necessary to recommend approval.

(2) The demonstrated financial stability of the public charter school, including the demonstrated ability of the charter school to have a sound financial management system in place at the time the school begins operating.

Finding 2: Contingent upon the award of a federal Charter School Planning Grant and the successful negotiation of a facility lease, CCCS has demonstrated that it would be able to operate with financial stability based on the financial projections it has submitted and the funding level required in the district board policy. It has demonstrated its ability to have a sound financial management system in place at the time the school begins operations.

Discussion:
Funding Level: District Board Policy LBE requires that the district provide minimum level of funding established by statute for all students without a disability. This represents 80% of the State General Purpose Grant per student for students enrolled in Kindergarten through 8th Grade.

In addition to the financial projections developed as part of their charter proposals, charter organizers were asked to submit additional projections to reflect the lower level of state funding the district anticipates as a result of Governor Kitzhaber's draft budget for K through 12 education in the 2011-13 biennium. Because financial projections included in the CCCS proposal were based on a lower funding level than this, it was not necessary for them to develop additional projections.

Assuming General Purpose Grant amounts per ADMw of $5,742 in 2011-12 and $5,910 in 2012-13, charter school payments would be as follows:
CCCS organizers assumed $4,488 per ADMw in each year of their projections.

CCCS has applied for but not yet been awarded a federal charter school planning grant. Should organizers be awarded this grant, they will receive $55,000 to support pre-opening activities. The district will serve as fiscal agent for the planning grant. Should the district approve their charter application, charter organizers would be eligible to receive a federal implementation grant of up to $225,000, for which they would serve as their own fiscal agent. Proceeds can be used for curriculum and professional development, accounting fees, attorney fees for start-up expenses, minor building renovations, and administrative fees. Construction or purchase of facilities is not permitted with these funds. Grant funding is a critical element in the proposed charter school’s ability to achieve financial stability. Should the grant not be awarded, charter applicants would need to resubmit financial projections which demonstrate how it would be a financially stable organization without that funding.

Financial Stability. CCCS provided three-year financial projections based on three different enrollment scenarios in combination with the state funding assumptions described above. Under the “conservative” projection, the proposed charter school would enroll 100 students in Year 1, 125 in Year 2, and 160 in Year 3. Their most optimistic or “full enrollment” projection would enroll 150 students in Year 1, 175 in Year 2, and 200 in Year 3. In each scenario, charter school organizers demonstrated the ability to achieve a positive net income from operations, positive cash balance and positive unreserved ending fund balance. With Coburg Elementary School’s current year enrollment at 110 students, it is reasonable to assume the charter school could attract enough students to fulfill its “conservative” enrollment scenario.

Organizers were responsive to requests for additional information and clarification by district staff and demonstrated a solid understanding of what would be required to manage a financially stable charter school.

In addition to conservative state funding estimates, revenue projections assumed that the charter school would receive financial donations ranging from $20,000 in its first year of operation to $32,000 in the third year, in its most conservative enrollment scenario. Projected donations are increased in higher enrollment scenarios. The Coburg community has donated on behalf of their elementary school in the past, and these amounts are comparable to those agreed to in the Intergovernmental Agreement between the City of Coburg and the district for the years 2009-10 through 2011-12. A payment for $10,000 was made to the district as agreed for the 2009-10 school year.

Expenditure projections appeared to be reasonable with teacher salaries roughly equivalent to what the district pays beginning teachers. Similar to other charter applicants, grant funding is expected to fund a substantial amount of start-up costs, including staff development, furniture and fixtures, instructional supplies and curriculum, and computers. Facilities budgets were sufficient to cover known operating costs at the Coburg site and also afford lease payment of $2,400 in Year 1 and $12,000 in subsequent years to the district. It is uncertain whether the charter school could afford a greater lease payment that would provide a profit to the district in its first two years of operation, under its most conservative enrollment projection (e.g., 90 ADM in Year 1, 112.5 ADM in Year 2). Depending upon actual enrollment, organizers have expressed interest in pursuing a lease agreement that permits the district to break even in the beginning years and grows toward a mutually beneficial lease payment in the long run.
Update: Upon notification that they did not receive the charter school grant award, charter organizers resubmitted three-year financial projections for their low (90 ADM) and medium (107.5 ADM) enrollment scenarios. Under both scenarios, first year revenues were increased to reflect the state funding amounts described above and include the following one-time resources: $25,000 balance of funds in a parent group account, $20,000 in proceeds from an auction planned for the spring of 2011, and $10,000 contribution from the City of Coburg. A January 24, 2011 letter affirming City support for the proposed charter school was included in the board packet. Expenditures for costs such as staff curriculum training, curriculum and instructional supplies, and legal fees were added. Support from the Cascade Heights Charter School has been pledged to offset curriculum training costs. Projected lease amounts were doubled to $4,800 in Year 1 and $24,000 in Years 2 and 3 to reflect possible inclusion of some furnishings and equipment; remaining facilities budgets remained the same.

It is difficult to identify a market rate for the rental of the current Coburg Elementary School site, as there are few if any comparable properties not owned and in use by the school district. Facilities staff is in the process of developing a calculation for rent that could be used for any district property. Assuming that facility, custodial and maintenance costs are responsibility of the lessee, annual avoided costs of approximately $30,000 are anticipated. Lease calculations will include a reasonable rate of return plus annualized costs for roofing and exterior painting. Staff believes the final calculation will result in a lease payment in the range of $20,000 to $35,000 per year.

Assuming 90 ADM in the first year and the charter school's revised expenditure assumptions, the charter school would be able to cover start-up and operating costs and produce an ending fund balance of $15,441 in Year 1, $19,638 in Year 2 and $53,312 in Year 3. If the charter school paid the district an annual facility lease amount of $25,000, they would experience an operating deficit of $4,759 in the first year and slightly lower ending fund balances of $18,638 and $52,312 in the next two years.

With 107.5 ADM in the first year, both revenues and expenditures were increased to reflect the higher student count. Ending fund balances grew to $29,344 in Year 1, $49,357 in Year 2, and $118,609 in Year 3. Using the lease assumptions above, the charter school would be able to pay a market rent and also achieve financial stability in each year of the projection.


CCCS has addressed each of these areas satisfactorily and demonstrated they would be able to implement a sound financial system by the time the school begins operations.

(3) The capability of the applicant, in terms of support and planning, to specifically provide the comprehensive instructional programs to students, as outlined in its proposal.

Finding 3: CCCS has met this requirement.

Discussion: The proposal is sufficient in presenting a program that will provide comprehensive instructional programming.
(4) The capability of the applicant, in terms of support and planning, to specifically provide the comprehensive instructional programs to students identified by the applicant as academically low achieving.

**Finding 4:** CCCS has met this requirement.

**Discussion:** The proposal demonstrates the ability to provide comprehensive instructional programming to students identified as academically low achieving.

(5) The extent to which the proposal adequately addresses the requirements of the proposal process.

**Finding 5:** Coburg Community Charter School has adequately addressed the requirements of the proposal process as outlined in District Board Policy LBE, Public Charter Schools.

**Discussion:** While CCCS has adequately addressed the requirements of District Board Policy LBE, a couple of items merit comment:

In response #31, the charter proposal states that the district shall be responsible for the transportation of CCCS students. It also states that CCCS transportation requirements will be the same as for students who attend district alternative schools and who transfer between neighborhood schools.

The district maintains that it is not responsible for providing transportation by bus or otherwise of any students to district-sponsored charter schools. Charter school students are allowed to ride on district buses to and from the charter school on existing district routes, to the extent seats are available for such students.

Response #32 applies only to proposed charter schools which represent the conversion of existing public schools and asks what arrangements are being made for students, teachers and other school employees who choose not to attend or be employed by the charter school. CCCS organizers responded to this question, indicating the district’s plans for transferring students to other district schools and directing any interested Coburg Elementary staff to apply for available positions at CCCS.

The district does not consider CCCS to be a conversion of a district school to a charter school, as the Superintendent has recommended closure of Coburg Elementary and consolidation of its student population with Gilham Elementary to achieve savings to offset general fund budget deficits and an enhanced instructional program for students.

(6) Whether the value of the public charter school is outweighed by any directly identifiable, significant, and adverse impact on the quality of the public education of students residing within District 4J. A “directly identifiable, significant and adverse impact” is defined as the impact of adverse loss or reduction in staff, student, program, or funds that may reduce the quality of existing district educational programs. This may include, but not be limited to, the following current data as compared to similar data from preceding years:

- (a) Student enrollment;
- (b) Student teacher ratio;
- (c) Staffing with appropriately licensed or endorsed personnel;
- (d) Student learning and performance;
(e) Specialty programs or activities such as music, physical education, foreign language, talented and gifted and English Language Learners;
(f) Revenue;
g) Expenditures for maintenance and upkeep of district facilities.

Finding 6: It is unclear whether the unique benefits of the charter school to the Coburg community are outweighed by directly identifiable, significant and adverse impacts on the quality of public education of students residing within District 4J.

Discussion:
Value: It is not possible to calculate the “value” of the proposed charter school with accuracy since such a value must at this point in the process be based primarily on assumptions and predictions. However, the statutory language establishes a balancing test, weighing the “value” of a proposed charter school with its adverse impact to the district’s other students. With that in mind, the value of the proposed Coburg Community Charter School may be considered both from the perspective of the value to the defined Coburg community as well as to the entire district.

The value of the CCCS to the Coburg community has been shown throughout the application and in the testimony provided at the hearing: the applicants have stated that a community school is critical to the continued viability of Coburg as a city. City officials are concerned that current and future city development efforts may be jeopardized if the school is closed. From the perspective of the Coburg community, the CCCS adds significant value.

From the perspective of the school district, the value of the CCCS is less clear. The value to the district of maintaining an elementary school in the Coburg community is much diluted when viewed across the school district and is less significant to the district than to the Coburg community.

Impact: In response to the impact of the Great Recession on state and local revenues and continued declines in district enrollment, Lane County School District 4J has increased school staffing ratios, cut school days, reduced central support services, negotiated pay freezes and furlough days for employees, and used millions of dollars of reserves to achieve a balanced operating budget. Because further declines in revenues and increases in expenditures are projected, additional general fund budget reductions ranging from $22 million for $28 million are anticipated for the 2011-12 school year. To address the Board’s goal of achieving a sustainable budget, the Superintendent is recommending a broad range of budget reductions for 2011-12 which include eliminating 56 to 84 teaching positions, cutting 43 to 62 FTE classified and administrative staff, negotiating 9 to 13 furlough days (including six school days) and pay freezes for employees, closing four elementary schools, and using additional reserves.

Further declines in student enrollment from the approval of a new charter school would only serve to magnify the negative impact of these reductions on the quality of instruction for remaining district students. Savings from the reduction of teacher and supply budgets allocated on a per student basis combined with state funding retained by the district (20% for students in kindergarten through grade 8) are not sufficient to offset the loss of state funding to the district.

Assuming that the charter school enrolls 90 to 110 ADM in its first year, Coburg Elementary School’s October 1, 2010 enrollment of 110 is the ceiling for negative impact to district enrollment and 85% of charter school students are district residents (similar to Ridgeline Montessori Public Charter School and The Village School), staff estimates that approving this
charter school could result in the loss of 77 to 94 ADM(with kindergarten students counted at 0.5) to the district in 2011-12. Under that assumption the negative monetary impact would be $100,000 to $120,000 annually, at a time that the district is seeking $210,000 in on-going savings from the closure of this elementary school.

Under the Superintendent’s recommendation to close Coburg Elementary School, current students would be relocated to Gilham Elementary School. The district’s rationale for closing and consolidating schools has been based on the combined benefits of savings to the district operating budget and an enhanced instructional program for students. In the current economic environment, a larger school can provide more educational offerings and benefit from economies of scale that a smaller school cannot. Approval of a charter school that would retain students instead of relocating them to Gilham prevents students attending Gilham from realizing the benefits intended by the proposed closure and consolidation. Under the Superintendent’s recommendations to increase the student to teacher ratio, Gilham would lose approximately 1.4 to 2.6 FTE teaching staff. Moving 77 Coburg students to Gilham would support the retention of an estimated 2.7 to 2.9 FTE teaching staff, offsetting the negative impact of possible budget reductions to the students in the school.

The district incurs additional costs to address the needs of special education students who attend charter schools. The district receives no extra state revenue for special education students residing within district boundaries, yet additional staff must be assigned to the charter school site. Students who previously attended district schools would already be included in the district’s student count for “second weight” funding purposes. Students newly enrolled in the charter school would not bring more state resources since the district special education population already exceeds the statutory cap of 11% of resident average daily membership (ADM). Should the charter school organize its school year differently than the district school calendar included in the contract with the Eugene Education Association, licensed staff serving special education students at the charter school must also be paid on an extended contract to work the additional days that the charter school offers classes.

In the current climate of budget reductions, these higher costs require reductions to budgets for other student services. The extent of the negative impact to the district general fund budget would depend on the size of the special education population. Presently, the district assigns 0.5 FTE licensed staff to provide special education services at Coburg Elementary School. If the proportion of special education students in the proposed charter school remained the same, providing staffing to CCCS would cost approximately $30,000, not including travel time. No additional extended contract days are anticipated.

The approval of Coburg Community Charter School would increase the requirements for oversight and administration by central staff. This would result in the dilution of support provided to existing district schools and possibly greater workload for school staff, potentially negatively impacting students in those schools.

**Conclusion:** Sponsoring a new public charter school at this time would further erode the district’s funding base for existing district programs, negatively impacting the quality of instruction for students in those programs. The net negative impact of reductions in state funding relative to lower teacher and supply budgets and higher costs associated with providing special education services would directly result in additional general fund budget reductions for the district and diminishing of instructional offerings to students. The benefit of retaining a community school in the City of Coburg is of unique and significant value to Coburg, but of less value to the Eugene 4J district as a whole. It is unclear whether this benefit is outweighed by the
negative impact to the education of remaining district students in a time of severe budget reductions.

(7) Whether there are arrangements for any necessary special education and related services for children with disabilities.

Finding 7: CCCS has met this requirement.

Discussion: Adequate understanding of responsibilities for special education services has been demonstrated.

2. Options and Alternatives:

Should the Board disapprove an application, written notice of this action will be provided to the applicant within 30 days of the public hearing, stating the reasons for disapproval and suggesting remedial measures, as required in Board Policy LBE.

The applicant may submit an amended proposal to the superintendent within 30 days of the disapproval. The Board is required by statute and board policy to act on the amended proposal within 20 days of receiving it.

If the amended proposal is not approved by the Board, the applicant may appeal the decision of the School District Board to the State Board of Education, pursuant to ORS 338.055(4). As provided in ORS 338.075, the State Board will attempt to mediate a resolution between the district and the applicant. If a mediated resolution is not achieved, the State Board may either reject the proposal, upholding the District Board decision, or sponsor the public charter school. The opening of the charter school under State Board sponsorship would be expected to be delayed by one year.

3. Budget/Resource Implications

District Sponsorship
See the Discussion under (6) above for the impact of Board approval of a charter school.

State Board of Education Sponsorship
Should the Board disapprove a charter application and it is successful in its appeal to the State Board of Education, the district must pay State School Fund grant amounts to the charter school at a higher rate than if the district were sponsoring the charter school. For students in kindergarten through grade 8, a minimum of 90% of the General Purpose Grant per ADMw (average daily membership, weighted) would be paid to the charter school, as opposed to the 80% minimum that applies to school districts. For students in grades 9 through 12, the 95% minimum remains the same.

In addition, one half of the General Purpose Grant per ADMw retained by the district must be paid to the Department of Education for all charter school students. Under district sponsorship, one half of the General Purpose Grant per ADMw retained by the district must only be paid to the home district of charter school students whose parents reside within the boundaries of another district.

4. Board and Superintendent Goals
The charter school recommendation addresses board goals of increasing achievement for all students and closing the achievement gap and also providing prudent stewardship of district resources to best support student success, educational equity and choice. In addition, it reflects the engagement of district stakeholders in supporting our students and schools.

**RECOMMENDATION**

Based on the findings above and subject to the award of a federal Charter School Planning Grant, the Superintendent recommends that the Board approve the charter proposal for Coburg Community Charter School for a three-year term.

Approval is contingent on meeting the following conditions by July 15, 2011:

1. Successfully negotiate a charter contract with the district;
2. Successfully negotiate a facility lease with the district (including furnishings and equipment as required);
3. Provide the district with a report of actual enrollment and revised operating budget demonstrating financial stability;
4. Adopt board policies and provide copies to the district;
5. Hire licensed staff and provide the district with evidence of compliance with staff qualifications requirements;
6. Acquire curriculum, as proposed in the application;
7. Provide the district with evidence of qualification as an exempt organization under 501(c)(3) of the Internal Revenue Code;
8. Provide evidence to the district that all employees have been enrolled in PERS;
9. Provide the district with proof of required insurance coverage; and
10. Adopt a school calendar indicating instructional days and provide a copy to the district.

Upon Board action, this report will constitute formal written notice to the applicant of the Board's decision.

Copies of the major section of the charter proposal and financial projections were provided at the January 19, 2011 meeting.

Copies of letters of support which were provided as part of the charter school proposal were included in the January 25, 2011 board packet. An additional letter of support was included in the present packet.

Caroline Passerotti, Financial Analysis and Budget Manager, noted that the application had been presented at the previous meeting. She said the recommendation was based on meeting the conditions by July 15 and that staff believed the charter application met the requirements set forth in the statute.

Ms. Walston noted that criterion number five talked about the transportation issue and asked if it had been resolved. Ms. Passerotti responded that it would be resolved through the process of developing a contract.

Ms. Walston asked if the current teachers at Coburg Elementary would have to reapply for their jobs. Ms. Passerotti replied that the charter school would be a new school and the existing teachers were 4J employees. She said they would be subject to whatever the Human Resources Department was working with in regard to employees of closed schools.
**MOTION:** Mr. Torrey, seconded by Ms. Walston, moved to approve the superintendent's recommendation to grant the application for a Coburg Community Charter School.

Mr. Smith commented that all of the applications were problematic because of the conversations the board had with the community over the past several months and the decisions regarding the budget that the board would have to make in the present meeting. He said nevertheless it had been the wisdom of the legislature to enact a charter school law that specified the process for analysis of applications. He observed that the value in the application that was moved for approval was that Coburg was a community that was separated from Eugene and that the school had a high value for the community. For him it was a close call to decide whether to approve or not as it did not seem fair to propose to close other schools while opening a charter school, but he had decided to support the application.

Ms. Levis indicated her support for the motion. She had watched the Coburg parents testify over the past few years. She felt the community valued education very highly.

Ms. Geller believed the physical separation of Coburg was a key consideration for her in this "close call." She asked staff to clarify if it was accurate to state that there was an 80/20 split in the funding. Mr. Hermanns responded that essentially it was true at the Kindergarten through 8th grade level that if a charter school opened, they received 80 percent of the funding per student and the district received 20 percent.

Ms. Passerotti added that the district did not tend to think of the funding it retained as going to support charter oversight; it went to support the continuing infrastructure of the school district. She explained that if 25 students left a school for a charter school, there would still be a need for the administrative infrastructure for that school. She said another perspective to consider it from was when the district lost a student, about half of the cost of the student went with him or her but the other half still existed.

Ms. Walston asked if the infrastructure costs included special education costs. Ms. Passerotti replied that they would receive separate funding, allegedly. She noted that given that the district had already hit its 11 percent cap, they did not receive additional funds. Ms. Walston ascertained that the district still had to provide those services because it was a district-sponsored school.

Ms. Hays observed that the cost for special education could actually increase given that a teacher would have to travel to the school in Coburg. She noted that a special education teacher in Gilham Elementary School, as an example, did not have to travel and did not incur those costs.

**VOTE:** The motion passed unanimously, 7:0.

**Disapprove the Public Charter School Application from College of Knowledge**

**BACKGROUND**
The 1999 Oregon Legislature passed legislation requiring local school boards to accept applications from private non-profit corporations who wish to establish charter schools. The legislation, which has been incorporated into statute in ORS 338.005 through ORS 338.185, establishes the criteria school boards must use to evaluate the applications and the conditions under which they are to be funded.
In accordance with the law and school board policy, College of Knowledge (CK) submitted a charter school application to the district on November 15, 2010. Within 15 business days of receipt of the application, on December 7, 2010, staff notified the applicant that the proposal was considered to be complete.

Staff has reviewed the application in detail and received clarifications from the applicant, as required. The superintendent and chief academic officer have also reviewed the application against the criteria and requirements in School Board Policy LBE, Public Charter Schools.

DISCUSSION

Rationale: Findings have been developed in response to Criteria for the Consideration of a Charter School Application (School Board Policy LBE):

(1) The demonstrated sustainable support for the public charter school by teachers, parents, students, and other community members, including comments received at the required public hearing.

Finding 1: The College of Knowledge has not met this criterion.

Discussion: Oregon’s charter school statute requires that the applicant demonstrate that the proposed charter school has sustainable support by teachers, parents, students and other community members. While the law does not establish specific benchmarks for demonstrating sustainable support, it does specifically include, but is not limited to, comments received at the public hearing.

The College of Knowledge applicants have included in their application evidence of support from parents/students, community members, and current and former educators, including references to the following items:

- A three member board of directors, all of whom are Eugene residents.
- Two founders are Eugene residents.
- The application includes reference to potential cooperative ventures with two community organizations, Centro Latino Americano and Next Step Recycling.

The application does not demonstrate a level of “sustainable support” beyond a general interest in investigating possible future joint ventures. The application does not appear to contain or refer to direct interest from families of children seeking to enroll students in the school or involvement of parents and community members in the development of the instructional program or in the creation of a sense of need, calling for a program like the College of Knowledge. We believe that the application does not meet the statutory requirement of “demonstrated, sustainable support,” and does not at this time represent the personal, student-focused parental or other involved adult support critical to the success of a new charter school.

Members of the College of Knowledge development team attended the public hearing held on January 19, 2011. A CK representative and two individuals, including members of the CK development team and board, provided testimony to the school board on the proposed charter school. Speakers highlighted their desire to see a proficiency-based program to meet the needs of at-risk students.
While establishing the support from those actively involved with the development of the College of Knowledge, the application and the testimony at the public hearing provides limited evidence of support from those students and parents the program would serve. We would conclude that at this time the application does not demonstrate the sustainable support necessary to recommend approval.

(2) The demonstrated financial stability of the public charter school, including the demonstrated ability of the charter school to have a sound financial management system in place at the time the school begins operating.

Finding 2: College of Knowledge has not met this criterion.

Discussion:
Funding Level. District Board Policy LBE requires that the district provide the minimum level of funding established by statute for all students without a disability. This represents 95% of the State General Purpose Grant per student for students enrolled in grades 9 through 12.

In addition to the financial projections developed as part of their charter proposals, charter organizers were asked to submit additional projections that reflect the lower level of state funding the district anticipates as a result of Governor Kitzhaber’s draft budget for K-12 education in the 2011-13 biennium. Assuming General Purpose Grant amounts per ADMw of $5,742 in 2011-12 and $5,910 in 2012-13, charter school payments would be as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Grades 9-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$5,742 x 95% = $5,455</td>
<td>$5,910 x 95% = $5,615</td>
</tr>
</tbody>
</table>

CK has received a federal charter school planning grant in the amount of $55,000 to support pre-opening activities. The district is serving as fiscal agent for the planning grant. Should the district approve their charter application, charter organizers would be eligible to receive a federal implementation grant of up to $225,000, for which they would serve as their own fiscal agent. Proceeds can be used for curriculum and professional development, accounting fees, attorney fees for start-up expenses, minor building renovations, and administrative fees. Construction or purchase of facilities is not permitted with these funds.

Financial Stability. College of Knowledge provided three-year financial projections reflecting the state funding assumptions described above and showing positive net income from operations, positive cash balance and positive unreserved ending fund balance. While organizers were responsive to requests by district staff, at this time they demonstrated only a superficial understanding of what would be required to operate a financially stable charter school.

Revenue assumptions assumed first year enrollment of 100, growing to 125 in the second year, and included $10,000 to $30,000 in income from fundraising over the first three years. It is unclear whether the charter school would be able to attract enrollment at this level, given Network Charter School’s recent downward adjustment of its projected enrollment to 102 students in grades 7 through 12. Expenditure assumptions did not adequately address required employee compensation costs. Because a facility site has not yet been identified, it is difficult to determine the adequacy of proposed facilities costs.

Sound Financial Management System. Under Board Policy LBE, “financial management systems” consist of accounting and financial record keeping procedures, including financial
reporting, cash management and investment practices, incorporating appropriate segregation of duties.

College of Knowledge addressed each of these areas in its proposed policies; however, the ability to achieve the required segregation of duties depended on positions that were not included in the proposed financial projections.

(3) The capability of the applicant, in terms of support and planning, to specifically provide the comprehensive instructional programs to students, as outlined in its proposal.

**Finding 3**: The proposal is not sufficient in presenting a program that will provide comprehensive instructional programming.

**Discussion**: The proposal does not sufficiently demonstrate how its program design translates into a comprehensive program upon implementation. Further, adequate consideration has not been given to the complexity and challenge of creating a comprehensive school program for smaller numbers of students, especially relating to the high school curriculum and current high school graduation requirements. In regard to expanding school choices to 4J students, the district already provides Alternative Education services to over 500 hundred students through district-sponsored alternative schools and contracts with private alternative schools. Among these options are the Early College High School programs which offer at-risk students the opportunity to prepare for and enter college. This is a national model that has a research-based track record of success. This system of alternatives is supported by a network of service providers at the schools and in the community, as well as a comprehensive assessment and referral process that ensures that students are given opportunities at schools that meet their needs and interests.

(4) The capability of the applicant, in terms of support and planning, to specifically provide the comprehensive instructional programs to students identified by the applicant as academically low achieving.

**Finding 4**: The proposal does not demonstrate the ability to provide comprehensive instructional programming to students identified as academically low achieving.

**Discussion**: The proposal does not demonstrate the ability of the school to respond to the needs of students who enter the school at various achievement levels. The proposal does not demonstrate a systematic approach to identification and intervention with students who have chronic low academic achievement.

(5) The extent to which the proposal adequately addresses the requirements of the proposal process.

**Finding 5**: College of Knowledge has adequately addressed these requirements.

**Discussion**: It should be noted that Response #11 states that the College of Knowledge is still pursuing sites for facilities.

(6) Whether the value of the public charter school is outweighed by any directly identifiable, significant, and adverse impact on the quality of the public education of students residing within District 4J. A “directly identifiable, significant and adverse impact” is defined as the impact of
adverse loss or reduction in staff, student, program, or funds that may reduce the quality of existing district educational programs. This may include, but not be limited to, the following current data as compared to similar data from preceding years:
(a) Student enrollment;
(b) Student teacher ratio;
(c) Staffing with appropriately licensed or endorsed personnel;
(d) Student learning and performance;
(e) Specialty programs or activities such as music, physical education, foreign language, talented and gifted and English Language Learners;
(f) Revenue;
(g) Expenditures for maintenance and upkeep of district facilities.

Finding 6: The value of the public charter school is outweighed by adverse impacts on the quality of public education of students residing within District 4J.

Discussion:
Value: It is not possible to calculate the “value” of the proposed charter school with accuracy since such a value must at this point in the process be based primarily on assumptions and predictions. However, the statutory language establishes a balancing test, weighing the “value” of a proposed charter school with its adverse impact to the district’s other students. With that in mind, the value of the proposed College of Knowledge may be considered both from the perspective of the value to the CK developers and potential students and parents, as well as to the entire district.

The value to the CK developers was shown through the materials submitted in the application and in the testimony provided at the public hearing. However, neither the application nor the public hearing demonstrated or defined an identifiable group of students and parents whose needs or desires this program would meet. That is not to say that there are not students or parents who are interested in seeing such a program, but potential students and parents were not identified in the application or at the hearing.

From the perspective of the school district, the value of the College of Knowledge is also unclear. Without a clearly defined group of interested and involved students and parents actively supporting the development of a charter school, the value to the district must be evaluated over the entire district. From that perspective, the value of the College of Knowledge to the school district is much diluted when viewed across the school district and is less significant to the district.

Also, because the proposal does not demonstrate that the school would have the ability to respond to the needs of students entering the school at various achievement levels, it is unclear how the school would contribute to the district’s ability to serve students in need of additional assistance.

As stated above in the discussion under Finding (3), the district already provides Alternative Education services to over 500 hundred students through district-sponsored alternative schools and contracts with private alternative schools.

Impact: In response to the impact of the Great Recession on state and local revenues and continued declines in district enrollment, Lane County School District 4J has increased school staffing ratios, cut school days, reduced central support services, negotiated pay freezes and furlough days for employees, and used millions of dollars of reserves to achieve a balanced
operating budget. Because further declines in revenues and increases in expenditures are projected, additional general fund budget reductions ranging from $22 million for $28 million are anticipated for the 2011-12 school year. To address the Board’s goal of achieving a sustainable budget, the Superintendent is recommending a broad range of budget reductions for 2011-12 which include eliminating 56 to 84 teaching positions, cutting 43 to 62 FTE classified and administrative staff, negotiating 9 to 13 furlough days (including six school days) and pay freezes for employees, closing four elementary schools, and using additional reserves.

Further declines in student enrollment from the approval of a new charter school would only serve to magnify the negative impact of these reductions on the quality of instruction for remaining district students. Savings from the reduction of teacher and supply budgets allocated on a per student basis combined with state funding retained by the district (95% for students in grades 9 through 12) are not sufficient to offset the loss of state funding to the district.

Assuming that the charter school enrolls 100 ADM in its first year and that 75% of charter school students are district residents (similar to Network Charter School), staff estimates that approving this charter school could result in the loss of 75 ADM to the district in 2011-12. The net negative monetary impact would be approximately $180,000.

Because charter school organizers have not yet identified a location for the College of Knowledge, it is difficult to anticipate the direct impact of the proposed charter school on the education of district students. However, because the district’s alternative high schools (Churchill Alternative, North Alternative and Opportunity Center) serve the same student base described as the target population for College of Knowledge, it could be assumed that enrollment might shift from the alternative high schools to the proposed charter school. Collectively, district alternative high schools reported enrollment of 372 students as of December 1, 2010 and were allocated a total of 12.7 FTE licensed staff for 2010-11. Assuming the same percentage of district residents as Network Charter School, 100 first year students would equate to 75 ADM district residents. If 75 ADM transferred from district alternative high schools to College of Knowledge, the alternative schools would experience a 2.8 FTE decline in teaching staff, representing 22% of total staff and exceeding staffing allocated to North Alternative High School. A decline in enrollment of this magnitude could have a damaging effect on the district’s ability to serve some of its at-risk students.

The district incurs additional costs to address the needs of special education students who attend charter schools. The district receives no extra state revenue for special education students residing within district boundaries, yet additional staff must be assigned to the charter school site. Students who previously attended district schools would already be included in the district’s student count for “second weight” funding purposes. Students newly enrolled in the charter school would not bring more state resources since the district special education population already exceeds the statutory cap of 11% of resident average daily membership (ADMr). Should the charter school organize its school year differently than the district school calendar included in the contract with the Eugene Education Association, licensed staff serving special education students at the charter school must also be paid on an extended contract to work the additional days that the charter school offers classes.

In the current climate of budget reductions, these higher costs require reductions to budgets for other student services. The extent of the negative impact to the district general fund budget would depend on the size of the special education population. It is expected that a population of at-risk students would include a higher than average percentage of special education students.
Assuming that one third of the 4J resident population requires special education services (similar to Network Charter School) and that staffing is provided according to the 45 to 1 student to teacher ratio used to staff district learning centers, it would cost the district an additional $45,000 to provide special education services to 4J students attending the proposed charter school. This does not include travel time and assumes no additional extended contract days would be required.

The approval of College of Knowledge would increase the requirements for oversight and administration by central staff. This would result in the dilution of support provided to existing district schools and possibly greater workload for school staff, potentially negatively impacting students in those schools.

**Conclusion:** Sponsoring a new public charter school at this time would further erode the district's funding base for existing district programs, negatively impacting the quality of instruction for students in those programs. The net negative impact of reductions in state funding relative to lower teacher and supply budgets and higher costs associated with providing special education services would directly result in additional general fund budget reductions for the district and diminishing of instructional offerings to students. Based on the fact that the district already operates three alternative high school programs, sponsors a charter school which serves primarily at-risk high school students, and manages alternative education placements for students, the value The College of Knowledge would bring to the district in this time of severe budget reductions is outweighed by the negative impact to the education of remaining district students.

(7) Whether there are arrangements for any necessary special education and related services for children with disabilities.

**Finding 7:** CK has met this requirement.

**Discussion:** Adequate understanding of responsibilities for special education services has been demonstrated.

**Options and Alternatives:**

Should the Board disapprove an application, written notice of this action will be provided to the applicant within 30 days of the public hearing, stating the reasons for disapproval and suggesting remedial measures, as required in Board Policy LBE.

The applicant may submit an amended proposal to the superintendent within 30 days of the disapproval. The Board is required by statute and board policy to act on the amended proposal within 20 days of receiving it.

If the amended proposal is not approved by the Board, the applicant may appeal the decision of the School District Board to the State Board of Education, pursuant to ORS 338.055(4). As provided in ORS 338.075, the State Board will attempt to mediate a resolution between the district and the applicant. If a mediated resolution is not achieved, the State Board may either reject the proposal, upholding the District Board decision, or sponsor the public charter school. The opening of the charter school under State Board sponsorship would be expected to be delayed by one year.
Budget/Resource Implications

District Sponsorship
See the Discussion under (6) above for the impact of Board approval of a charter school.

State Board of Education Sponsorship
Should the Board disapprove a charter application and it is successful in its appeal to the State Board of Education, the district must pay State School Fund grant amounts to the charter school at a higher rate than if the district were sponsoring the charter school. For students in kindergarten through grade 8, a minimum of 90% of the General Purpose Grant per ADMw (average daily membership, weighted) would be paid to the charter school, as opposed to the 80% minimum that applies to school districts. For students in grades 9 through 12, the 95% minimum remains the same.

In addition, one half of the General Purpose Grant per ADMw retained by the district must be paid to the Department of Education for all charter school students. Under district sponsorship, one half of the General Purpose Grant per ADMw retained by the district must only be paid to the home district of charter school students whose parents reside within the boundaries of another district.

Board and Superintendent Goals

The charter school recommendation addresses board goals of increasing achievement for all students and closing the achievement gap and also providing prudent stewardship of district resources to best support student success, educational equity and choice. In addition, it reflects the engagement of district stakeholders in supporting our students and schools.

RECOMMENDATION
Based on findings that the proposed charter school 1) did not demonstrate sustainable support, 2) did not demonstrate financial stability or the ability to establish sound financial management systems by the time the school began operations, 3) was not sufficient in presenting a program that would provide comprehensive instructional programming, and 4) negative impacts to the education of district students outweigh the value of the charter school, the Superintendent recommends that the Board disapprove the charter proposal for the College of Knowledge.

Copies of the major section of the charter proposal and financial projections were provided at the January 19, 2011 meeting.

No letters of support were provided as part of the charter school proposal.

Ms. Passerotti explained that the recommendation to disapprove the application was based on findings that the charter school did not demonstrate sustainable support or financial stability. She stated that the negative impacts to the district were considered to outweigh the value of the school.

MOTION: Ms. Walston, seconded by Ms. Gerot, moved to support the superintendent's recommendation to disapprove the College of Knowledge charter school application.

VOTE: The motion passed unanimously, 7:0.
Disapprove the Public Charter School Application from International School of Modern Technology

BACKGROUND
The 1999 Oregon Legislature passed legislation requiring local school boards to accept applications from private non-profit corporations who wish to establish charter schools. The legislation, which has been incorporated into statute in ORS 338.005 through ORS 338.185, establishes the criteria school boards must use to evaluate the applications and the conditions under which they are to be funded.

In accordance with the law and school board policy, International School of Modern Technology (ISMT) submitted a charter school application to the district on November 15, 2010. Within 15 business days of receipt of the application, on December 7, 2010, staff notified the applicant that the proposal was considered to be complete.

Staff has reviewed the application in detail and received clarifications from the applicant, as required. The superintendent and chief academic officer have also reviewed the application against the criteria and requirements in School Board Policy LBE, Public Charter Schools.

DISCUSSION
Rationale: Findings have been developed in response to Criteria for the Consideration of a Charter School Application (School Board Policy LBE):

(1) The demonstrated sustainable support for the public charter school by teachers, parents, students, and other community members, including comments received at the required public hearing.

Finding 1: The ISMT has not met this criterion.

Discussion: Oregon’s charter school statute requires that the applicant demonstrate that the proposed charter school has sustainable support by teachers, parents, students and other community members. While the law does not establish specific benchmarks for demonstrating sustainable support, it does specifically include, but is not limited to, comments received at the public hearing.

The ISMT applicants have included in their application evidence of support from parents/students, community members, and current and former educators, including references to the following items:

- Nine member board of directors including five Eugene area residents and four from outside the Eugene area.
- The application listed two parents, not also in the board of directors as “supporting the mission and vision” of the school.
- The application includes one letter supporting the concept of the proposed charter school from the Director of Administrator Licensure Programs at the University of Oregon, College of Education.
- The application includes eight “Statement(s) of Community Support and Partnerships” from community partners supporting the “educational vision” of the proposed charter school.
• Results from a survey completed by approximately 135 people, indicating conceptual support for a school like the ISMT; results reported included 18.5% of 135 responses indicated a “non-binding intent to enroll student.”

While the referenced materials demonstrate a level of conceptual support of the program, it does not appear to include direct interest from families of children seeking to enroll students in the school or involvement of parents and community members in the development of the instructional program or in the creation of a sense of need, calling for a program like the ISMT. We question whether such conceptual support, while important, would meet the statutory requirement of “demonstrated, sustainable support” and more importantly, would result in the personal, student-focused parental or other involved adult support critical to the success of a new charter school.

Members of the ISMT development team attended the public hearing held on January 19, 2011. An ISMT representative and seven individuals, including members of the ISMT development team and board, provided testimony to the school board on the proposed charter school. Speakers highlighted their desire to see a culturally competent, science and technology focused program to attract and instruct disenfranchised youth. Two speakers described themselves as parents of school aged children.

While clearly establishing the support from those actively involved with the development of the ISMT, the application and the testimony at the public hearing provides limited evidence of support from those students and parents the program would serve. We would conclude that at this time the application does not demonstrate the sustainable support necessary to recommend approval.

Finding 2: There is some evidence that ISMT would be able to operate with financial stability, based on the financial projections it has submitted and the funding level required in district board policy. It is unclear whether ISMT would be able to have a sound financial management system in place at the time the school begins operating.

Discussion:
Funding Level. District Board Policy LBE requires that the district provide the minimum level of funding established by statute for all students without a disability. This represents 80% of the State General Purpose Grant per student for students enrolled in kindergarten through grade 8 and 95% of the State General Purpose Grant per student for students enrolled in grades 9 through 12.

In addition to the financial projections developed as part of their charter proposals, charter organizers were asked to submit additional projections to reflect the lower level of state funding the district anticipates as a result of Governor Kitzhaber’s draft budget for K-12 education in the 2011-13 biennium. Assuming General Purpose Grant amounts per ADMw of $5,742 in 2011-12 and $5,910 in 2012-13, charter school payments would be as follows:

<table>
<thead>
<tr>
<th>Grade Level</th>
<th>2011-12 Calculation</th>
<th>2012-13 Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grades K-8</td>
<td>$5,742 x 80% = $4,594</td>
<td>$5,910 x 80% = $4,728</td>
</tr>
<tr>
<td>Grades 9-12</td>
<td>$5,742 x 95% = $5,455</td>
<td>$5,910 x 95% = $5,615</td>
</tr>
</tbody>
</table>
ISMT has received a federal charter school planning grant in the amount of $55,000 to support pre-opening activities. The district is serving as fiscal agent for the planning grant. Should the district approve their charter application, charter organizers would be eligible to receive a federal implementation grant of up to $225,000, for which they would serve as their own fiscal agent. Proceeds can be used for curriculum and professional development, accounting fees, attorney fees for start-up expenses, minor building renovations, and administrative fees. Construction or purchase of facilities is not permitted with these funds.

**Financial Stability.** ISMT provided three-year financial projections based on the state funding assumptions described above, in which they showed positive net income from operations, positive cash balance and positive unreserved ending fund balance.

Organizers were responsive to requests for additional information and clarification by district staff. Follow-up questions were asked by a consultant, and it appears the consultant prepared the responses to requests for financial projections that reflected revised state funding assumptions. The financial projections do not include costs for a consultant after start-up; however, the implementation grant could be used for that purpose on a short-term basis in the event that the charter proposal is approved.

Revenue projections were based on state funding and did not rely on additional fundraising dollars. State funding depended upon projections of relatively high enrollment for a start-up charter school: 220 K-9 students in Year 1, 260 K-12 students in Year 2, and 290 K-12 students in Year 3. Whether the proposed charter school could achieve this level of enrollment is uncertain, as two district-sponsored charter schools which have been in operation for over ten years have been unable to achieve enrollment of 220 students.

Organizers presented financial projections based on an alternate enrollment scenario of 140 students (130 ADM) in the first year of operation. They showed how staffing would be realigned to establish financial stability at the lower enrollment. Financial projections based on 140 students and the requested alternate state funding amounts were not provided.

Expenditure projections appeared to be reasonable with teacher salaries slightly lower than the amount that the district pays beginning teachers.

**Sound Financial Management System.** Under Board Policy LBE, “financial management systems” consist of accounting and financial record keeping procedures, including financial reporting, cash management and investment practices, incorporating appropriate segregation of duties.

ISMT addressed each of these areas; however, it was unclear how the segregation of duties was adequate for cash management, financial reporting and payroll given proposed staffing levels. Responses to follow-up questions did not provide sufficient assurance that organizers could independently implement sound financial management systems in time for the proposed charter school to begin operations.

(3) The capability of the applicant, in terms of support and planning, to specifically provide the comprehensive instructional programs to students, as outlined in its proposal.
Finding 3: The proposal is not sufficient in presenting a program that will provide comprehensive instructional programming.

Discussion: The proposal does not sufficiently demonstrate how its program design translates into a comprehensive program upon implementation. Further, adequate consideration has not been given to the complexity and challenge of creating a comprehensive school program for smaller numbers of students, especially relating to the high school curriculum and current high school graduation requirements. In regard to expanding school choices to 4J students, the district already provides an Arts and Technology Academy (K-8) and a School of IDEAS at North Eugene High School that provide excellent programming for students who are seeking project-based instruction that leads to strong post-secondary options in Science, Technology, Engineering and Mathematics. Likewise, each high school in 4J offers a robust science, math and technology program that is integrated into the comprehensive high school program.

(4) The capability of the applicant, in terms of support and planning, to specifically provide the comprehensive instructional programs to students identified by the applicant as academically low achieving.

Finding 4: The proposal does not demonstrate the ability to provide comprehensive instructional programming to students identified as academically low achieving.

Discussion: The proposal does not demonstrate the ability of the school to respond to the needs of students who enter the school at various achievement levels. Inconsistencies in program design and proposed practice do not respond adequately to the needs of a broad range of students.

(5) The extent to which the proposal adequately addresses the requirements of the proposal process.

Finding 5: ISMT has met this requirement.

Discussion: While the charter proposal adequately addresses this requirement, a couple of items merit attention.

Response #11 states that the International School of Modern Technology is evaluating potential sites. Organizers plan to select a site and negotiate a lease by March 2011.

Response #31 states that the proposed charter school will abide by district board policy and quotes the policy for transporting students attending regular district schools.

District Board Policy LBE (Public Charter Schools) states that public charter schools shall comply with the transportation requirements for students who participate in district-sponsored alternative programs and who transfer between neighborhood schools.

The district maintains that it is not responsible for providing transportation by bus or otherwise of any students to district-sponsored charter schools. However, charter school students are allowed to ride on district buses to and from the charter school on existing district routes, to the extent seats are available for such students.

(6) Whether the value of the public charter school is outweighed by any directly identifiable, significant, and adverse impact on the quality of the public education of students residing within
District 4J. A “directly identifiable, significant and adverse impact” is defined as the impact of adverse loss or reduction in staff, student, program, or funds that may reduce the quality of existing district educational programs. This may include, but not be limited to, the following current data as compared to similar data from preceding years:

(a) Student enrollment;
(b) Student teacher ratio;
(c) Staffing with appropriately licensed or endorsed personnel;
(d) Student learning and performance;
(e) Specialty programs or activities such as music, physical education, foreign language, talented and gifted and English Language Learners;
(f) Revenue;
(g) Expenditures for maintenance and upkeep of district facilities.

Finding 6: The value of the charter school is outweighed by adverse impacts on the quality of public education of 4J students.

Discussion:

Value: It is not possible to calculate the “value” of the proposed charter school with accuracy since such a value must at this point in the process be based primarily on assumptions and predictions. However, the statutory language establishes a balancing test, weighing the “value” of a proposed charter school with its adverse impact to the district’s other students. With that in mind, the value of the proposed International School of Modern Technology may be considered both from the perspective of the value to the ISMT developers and potential students and parents, as well as to the entire district.

The value to the ISMT developers was clearly shown through the materials submitted in the application and in the testimony provided at the public hearing.

From the perspective of the school district, the value of the ISMT is unclear. Without a clearly defined group of interested and involved students and parents actively supporting the development of a charter school, the value to the district must be evaluated over the entire district. As stated above, the district already has two schools collectively addressing students in kindergarten through grade 12 that provide excellent programming for students who are seeking project-based instruction that leads to strong post-secondary options in Science, Technology, Engineering and Mathematics. From that perspective, the value of the ISMT to the school district is much diluted when viewed across the school district and is less significant to the district.

The district shares the applicant’s interest in better serving students in the achievement gap. However, because the proposal does not clearly demonstrate how the school would respond to the needs of students entering the school at various achievement levels, it is unclear how they would contribute to the district’s ability to serve students in need of additional support.

Impact: In response to the impact of the Great Recession on state and local revenues and continued declines in district enrollment, Lane County School District 4J has increased school staffing ratios, cut school days, reduced central support services, negotiated pay freezes and furlough days for employees, and used millions of dollars of reserves to achieve a balanced operating budget. Because further declines in revenues and increases in expenditures are projected, additional general fund budget reductions ranging from $22 million for $28 million are anticipated for the 2011-12 school year. To address the Board’s goal of achieving a sustainable budget, the Superintendent is recommending a broad range of budget reductions for 2011-12
which include eliminating 56 to 84 teaching positions, cutting 43 to 62 FTE classified and administrative staff, negotiating 9 to 13 furlough days (including six school days) and pay freezes for employees, closing four elementary schools, and using additional reserves.

Further declines in student enrollment from the approval of a new charter school would only serve to magnify the negative impact of these reductions on the quality of instruction for remaining district students. Savings from the reduction of teacher and supply budgets allocated on a per student basis combined with state funding retained by the district (20% for students in kindergarten through grade 8 and 95% for students in grades 9 through 12) are not sufficient to offset the loss of state funding to the district.

Assuming that the charter school enrolls 220 ADM in its first year and that 85% of charter school students are district residents (similar to Ridgeline Montessori Public Charter School and The Village School), staff estimates that approving this charter school could result in the loss of 179 ADM to the district in 2011-12. The net negative monetary impact would be approximately $250,000.

Because charter school organizers have not yet identified a location for the International School of Modern Technology and a breakdown of enrollment by grade is not available, it is difficult to anticipate the direct impact of the proposed charter school on the education of district students. The district incurs additional costs to address the needs of special education students who attend charter schools. The district receives no extra state revenue for special education students residing within district boundaries, yet additional staff must be assigned to the charter school site. Students who previously attended district schools would already be included in the district’s student count for “second weight” funding purposes. Students newly enrolled in the charter school would not bring more state resources since the district special education population already exceeds the statutory cap of 11% of resident average daily membership (ADMr). Should the charter school organize its school year differently than the district school calendar included in the contract with the Eugene Education Association, licensed staff serving special education students at the charter school must also be paid on an extended contract to work the additional days that the charter school offers classes.

In the current climate of budget reductions, these higher costs require reductions to budgets for other student services. The extent of the negative impact to the district general fund budget would depend on the size of the special education population. The average percentage of special education students currently ranges from 10% to 13%. If it is expected that ISMT’s target population is “achievement gap” students, then the higher percentage or 13% of the projected enrollment could be expected to require special education services. Under this assumption, it would cost the district an additional $45,000 to provide special education services to 4J students attending the proposed charter school, not including travel time. Because ISMT is proposing a year-round school calendar, the cost of additional extended contract days would be required. At this time, it is difficult to estimate that cost.

The approval of International School of Modern Technology would increase the requirements for oversight and administration by central staff. This would result in the dilution of support provided to existing district schools and possibly greater workload for school staff, potentially negatively impacting students in those schools.

**Conclusion:*** Sponsoring a new public charter school at this time would further erode the district’s funding base for existing district programs, negatively impacting the quality of instruction for students in those programs. The net negative impact of reductions in state
funding relative to lower teacher and supply budgets and higher costs associated with providing 
special education services would directly result in additional general fund budget reductions for 
the district and diminishing of instructional offerings to students. Negative impacts to the 
education of remaining district students in this time of severe budget reductions outweigh the 
unclear value that ISMT would contribute to the district.

(7) Whether there are arrangements for any necessary special education and related services 
for children with disabilities.

Finding 7: ISMT has met this requirement.

Discussion: Adequate understanding of responsibilities for special education services has been 
demonstrated.

Options and Alternatives: Should the Board disapprove an application, written notice of this 
action will be provided to the applicant within 30 days of the public hearing, stating the reasons 
for disapproval and suggesting remedial measures, as required in Board Policy LBE.

The applicant may submit an amended proposal to the superintendent within 30 days of the 
disapproval. The Board is required by statute and board policy to act on the amended proposal 
within 20 days of receiving it.

If the amended proposal is not approved by the Board, the applicant may appeal the decision of 
the School District Board to the State Board of Education, pursuant to ORS 338.055(4). As 
provided in ORS 338.075, the State Board will attempt to mediate a resolution between the 
district and the applicant. If a mediated resolution is not achieved, the State Board may either 
reject the proposal, upholding the District Board decision, or sponsor the public charter school. 
The opening of the charter school under State Board sponsorship would be expected to be 
delayed by one year.

Budget/Resource Implications:

District Sponsorship
See the Discussion under (6) above for the impact of Board approval of a charter school.

State Board of Education Sponsorship
Should the Board disapprove a charter application and it is successful in its appeal to the State 
Board of Education, the district must pay State School Fund grant amounts to the charter school 
at a higher rate than if the district were sponsoring the charter school. For students in 
kindergarten through grade 8, a minimum of 90% of the General Purpose Grant per ADMw 
(average daily membership, weighted) would be paid to the charter school, as opposed to the 
80% minimum that applies to school districts. For students in grades 9 through 12, the 95% 
minimum remains the same.

In addition, one half of the General Purpose Grant per ADMw retained by the district must be 
paid to the Department of Education for all charter school students. Under district sponsorship, 
one half of the General Purpose Grant per ADMw retained by the district must only be paid to 
the home district of charter school students whose parents reside within the boundaries of 
another district.
Board and Superintendent Goals

The charter school recommendation addresses board goals of increasing achievement for all students and closing the achievement gap and also providing prudent stewardship of district resources to best support student success, educational equity and choice. In addition, it reflects the engagement of district stakeholders in supporting our students and schools.

RECOMMENDATION

Based on findings that 1) the proposed charter school did not demonstrate sustainable support, 2) the proposal was not sufficient in presenting a program that would provide comprehensive instructional programming for a K-12 school, 3) negative impacts to the education of district students outweigh the unclear value of the charter school and 4) evidence is incomplete that the charter school would be able to operate with financial stability and it remains unclear whether the proposed charter school would be able to have a sound financial management system in place by the time the school would begin operating, the Superintendent recommends that the Board disapprove the charter proposal for the International School of Modern Technology.

Upon Board action, this report will constitute formal written notice to the applicant of the Board's decision and the reasons for denial.

Copies of the major section of the charter proposal and financial projections were provided at the January 19, 2011 meeting.

Copies of letters of support which were provided as part of the charter school proposal were included in the board packet.

Ms. Passerotti said the basis of the recommendation to disapprove the application was that the proposed charter school did not demonstrate sustainable support, that it did not sufficiently present a program that would provide comprehensive instructional programming for a Kindergarten through 12th grade school for both regular and special education students, and the unclear value of the charter school was outweighed by adverse impacts to the quality of education for the remaining 4J students.

Ms. Walston asked what evidence would be needed to show that the curriculum in such a school met requirements. Mr. Hermanns responded that when applications came to them they had to look through and present information to inform the superintendent's recommendation based on what was in the application. He said in this case, it was what was not included in the proposal. He cited the graduation requirements as an example of something that had not been clearly articulated when explaining how the school would address them.

Ms. Hays asked for elaboration on the appeal process. Mr. Hermanns stated that the applicant had 30 days to appeal the process and then, if denied again, they could go to the Department of Education (DOE).

MOTION: Ms. Hays, seconded by Ms. Geller, moved to support the superintendent's recommendation to disapprove the International School of Modern Technology Charter School application.

Ms. Hays considered this decision to be "a tough one." She had heard from the community that supported the application and she felt it really did call out what they already knew, which was
that the schools were not doing a great job of closing the achievement gap. She said her responsibility was not toward one student, it was toward the district as a whole. To her, moving forward with an application like this one took the responsibility out of the district and board's hands to address the achievement gap and to fix it. She was not ready to do so.

Mr. Torrey said it would be important to receive specifics of what it was that did not meet the standard and what it was that the applicants should improve on. He intended to vote for the motion but he wanted to ensure that they explained to the applicant why staff did not feel they met the standard.

Mr. Smith understood that staff worked with the applicant to have a report that was as closely satisfactory as possible and then the report was provided to the board.

Ms. Passerotti said staff would not work with the applicant on a re-submittal.

**VOTE:** The motion passed unanimously, 7:0.

Approve the Superintendent's Sustainable Budget Final Recommendations and/or Alternate Options, Including School Closure/Consolidation Proposals

**Summary of Final Recommendations from January 12, 2011 Board Meeting**

**BACKGROUND**

The board has a goal to “provide prudent stewardship of district resources to best support student success, educational equity and choice.” The goal states that “the board will direct district resources to support the instructional core and to provide educational equity and choice while maximizing administrative and operational efficiency with a sustainable budget. The district must also respond to declining enrollment, regional enrollment patterns, a student population with more diverse needs, uncertain revenue streams and escalating costs.”

The board’s revised sustainable budget goal provides that ....

*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.

The superintendent’s goal for achieving the board’s goal provides that I will “develop strategy options for achieving the board’s sustainable budget goal and present a proposal to the board and Budget Committee by February 2011.”

At the November 3, 2010 board meeting, the superintendent presented his preliminary recommendations for achieving a sustainable budget, including school closure and/or consolidation proposals. At the December 8, 2010 board meeting, he presented his revised recommendations based on board discussion, public comments and discussions with the superintendent’s staff. The revised recommendations offered a modified strategy for achieving a sustainable budget that balances operating costs with projected revenues for the long-term. The district's five-year financial forecast shows a 15-20% operating deficit for 2011-12 and smaller but ongoing deficits in future years due to increasing costs and decreasing resources. The revised recommendations were based upon some modified assumptions that included:
1. Revised financial assumptions. The target for decreasing expenses and increasing revenues was changed from $30 million to $22 million based on an assumption that state funding will not decrease.

2. Adjusted target date and a three-year plan setting a course for change. The board adjusted its target date for achieving a sustainable budget from 2012-13 to 2014-15.

3. More study on grade reconfiguration. Establishing a task force to study the issue of grade reconfiguration and recommend whether changes should be implemented for 2012-13 or 2013-14.

4. Retaining more teachers and preserving more jobs. With a lower financial target, the superintendent was able to propose a smaller decrease in staffing for 2011-12. This is also the expressed intent of the governor in his budget proposal for K-12 funding where he frontloads the first year of the biennium.

5. School closures and consolidations are necessary. The superintendent proposed closing four schools in 2011-12 and one more in 2012-13. He also proposed taking another look at language immersion and alternative schools in 2011-12.

6. Seeking out new sources of revenue. The superintendent proposed a $130 million bond measure for the May ballot and working with others, including the City of Eugene, to explore additional options for new revenue sources. The City Council is currently considering whether to refer a City income tax to the voters in May to help schools avoid some of the proposed cuts in staff and school days.

The superintendent proposed as part of his revised recommendations that the 2011-12 budget balancing scenario be shaped as:

- 50% ongoing reductions: $11 million.
- 25% reserves/one-time funds: $5.5 million.
- 25% compensation-related adjustments: $5.5 million.

DISCUSSION
The stakeholder input process has played out over the past several months as staff, parents and the community have had the opportunity to weigh in with their opinions and viewpoints regarding the various scenarios presented in the sustainable budget process. Through the course of board work sessions and public hearings, meetings, emails and other correspondence and communication received by the board, hundreds of people have expressed their concerns and objections to the recommendations as initially presented or revised. While many do not agree with the recommendations, the public discourse has demonstrated the process is working as intended. And while in the end not everyone will be happy with the outcome, the superintendent said he believed that the process has provided opportunity for many voices and differing opinions to be heard.

Decision Making
It’s important to remember that many of these recommendations are not entirely within the board’s control. As previously discussed, the actions proposed fall into the following decision categories for the board:

a) Decisions That Are Within the Control of the Board. The board can unilaterally make the decisions that fall within this category without having to consult, negotiate or depend on others to make it happen. The board may consider input and feedback from various stakeholders, but it can ultimately make the decision. The decisions that will be most impactful on the overall budget picture will be those that are ongoing and sustainable, such as reducing staff and eliminating programs or services; changing the staffing ratios resulting in more teacher layoffs; closing and consolidating schools. The board could also elect to spend down reserves or use other one-time
sources of money to buy more time. As mentioned earlier, since these would be unsustainable sources of funds it would require deeper cuts in subsequent years.

b) Decisions That Require Engagement or Negotiations With Others. These are decisions that typically cannot be made unilaterally by the board and would require the negotiation, engagement or consultation with others in order for a decision to be made and implemented. Primarily, these recommendations would require negotiations and agreement with the labor organizations to implement. These include both ongoing strategies such as salary freezes or reductions in compensation or benefits, or more temporary measures such as furlough days and reducing the school year with an expectation that some or all could be restored in better times.

c) Decisions That the Board Can Influence But Not Control the Outcome. The board can try to achieve a certain outcome but must rely on decisions of others for it to happen. While the board can make decisions about when and what to put on the ballot as a bond measure, for example, they would have to work with stakeholders and rely on voters to ensure a successful election. In the case of other revenue matters, such as a City local income tax, the board would have to convince the City Council and voters to take such a step to benefit the school district.

At the work session on the revised recommendations on January 5, 2011 the board provided some additional guidance. The additional feedback from staff, parents and community, has helped shape these final recommendations. When then Governor-elect Kitzhaber released his draft budget proposal for K-12 for the 2011-13 biennium, he indicated that $5.357 billion would be the starting point for the State School Fund allocation. In his draft budget message, Dr. Kitzhaber said: “The question is not ‘what are we going to cut’ but rather ‘how do we take the revenue we know we have and invest it differently going forward to create a solid foundation on which to build our future?’” The challenge for us is that we will have no truly accurate picture of what the final budget number will be for the State until later in the spring after final action by the legislature.

At the January 12 presentation, the superintendent presented a comparison of the final recommended strategy options with the revised recommendations. Also included were any alternate scenarios requested by the board that could be considered in lieu of those recommended by the superintendent. In some cases there were no changes from the preliminary recommendations, but in others there were some fairly significant revisions from what was recommended in the preliminary recommendations. As a result of some of the changes in assumptions, the major areas in which substantial revisions occurred were staff and program reductions; staffing ratios; closure and consolidation (reconfiguration); school/workday reductions (furloughs); and other compensation-related adjustments. Finally, as a result of the public hearing on January 19, the work session and board meeting on January 25, and the governor’s recently released proposed budget, the superintendent made some modifications to the final recommendations. He said that as he and the board walked through each of the 10 strategy options he would present either a final recommendation or a revised final recommendation that reflects his updated information, as well as any alternate options that the board has asked to be considered.

Financial Assumptions.
In these final recommended scenarios, the superintendent said he tried to identify the disinvestment strategies that would provide for ongoing and sustainable savings, but still as best we can preserve and maintain a strong instructional program. Still underlying these strategies is the assumption that we will have to transform the system by doing some things dramatically different in the future. He said he will identify some one-time or shorter-term strategies that can
be used to help us bridge some of our educational programs and services into the future, while seeking to find longer-term solutions that may require a little more time to develop and implement.

The Final Recommendations include the revised financial assumption of a $22 million target, and an alternate option with a $26 million target, for 2011-12 that provides for a combination of a) ongoing and sustainable reductions; and, b) one-time and short-term “bridging” strategies. These final scenarios look at each of the strategy option areas previously identified and propose reduction scenarios within each, where appropriate.

The preliminary recommendations were based on a target of $30 million. The revised recommendations assumed “status quo” funding from the State for 2011-12 and 2012-13, or about $5.7 billion for the biennium. For the district, this translated into a shortfall of about $22 million at status quo, or 15% rather than 20%. We then received information that the governor would be proposing a K-12 budget of about $5.4 billion, which would have meant a shortfall of around $28 million. In response, the superintendent then developed an alternate final proposal for a $26 million shortfall scenario. We now know what the governor’s proposed K-12 budget will be for the next biennium, which he characterizes as establishing “a stable funding floor for Oregon’s K-12 public school system.” It provides $5.56 billion for the biennium. However, 52% ($2.89 billion) will be distributed during the first school year of the biennium, equivalent to a $5.78 billion budget for school funding. The effect, he says is to provide an increase in state funding for the 2011-12 school year. Front-loading is intended to provide a year to “find cost-savings through consolidation and other efficiencies to maintain the level of classroom support during the 2012-13 school year” (emphasis superintendents).

Since the governor’s budget proposal was released, additional information has been provided by Paul Warner of the Legislative Revenue Office at the COSA School Funding Coalition meeting on January 27. Mr. Warner reviewed the current economic conditions affecting the state. Some of the key points he made regarding economic conditions were the following:

- Oregon is experiencing a very slow recovery from the depths of the 2007-09 recession.
- In December, payroll employment declined by 1,800 from the previous month on a seasonally adjusted basis.
- The state’s unemployment rate stands at 10.5% to 10.7% for 14 months.
- Local education employment in December was down 2,900 from December 2009.
- Oregon’s overall employment is 16,300 less than it was 10 years ago.

In terms of the economic outlook for Oregon, Mr. Warner provided the following observations:

- Despite the very low level of economic activity, cyclical indicators point to modest recovery with some possibility of mild acceleration.
- Employment is expected to grow 1.4% nationally in 2011, with a similar proportional gain for Oregon. This is insufficient to make significant headway against the high unemployment rate in the U.S. and Oregon.
- Passage of the federal tax package in December is expected to add short-term stimulus to the economy and stimulate overall demand and job growth. However, it will add to the long-term deficit problems and will eventually force greater fiscal tightening in the long run.

Mr. Warner used this background information to outline his review of the General Fund/Lottery Revenue situation for the state. He shared the following related to the state’s budget situation:
• The December forecast was relatively unchanged for 2009-11, but it reduced the GF/Lottery estimate by $267 million in 2011-13, $715 million in 2013-15, and $1.152 billion in 2015-17.
• Overall personal income taxes were slightly above projections. Corporate revenue was lower than projected, increasing the possibility that the corporate kicker will be removed from the upcoming forecast.
• Based on nearly complete 2009 tax returns, the Measure 66 revenue estimate for 2009-11 was reduced to $333 million, compared to the estimate of $504 million used for the close of the 2009 regular session. The estimate for Measure 67 remains unchanged at $261 million.

Key revenue and school finance issues that Mr. Warner believes will get some major discussion as part of the 2011 legislative session include:
• Rebuilding state reserves and kicker reform
• Tax credit sunsets, including the Business Energy Tax Credit. He shared that the cost of extending the tax credit in 2011-13 is $38.4 million, but for 2015-17 would be $324.6 million.
• Local Option property tax modifications to address issues of compression
• PERS reforms
• Overall budget and budget reforms

With regard to the governor’s budget, Mr. Warner noted there are still two additional forecasts to be released that will affect the legislature’s final budget decision. The March forecast will be released on February 15, and the May forecast, which is the final one for the legislature to base its state budget decision upon, will be presented on May 15. Mr. Warner and Kent Hunsaker of COSA recommended that school districts use at least a 50/50 split for building their budgets, reminding districts that for the past few years, the second year of the biennium has resulted in fewer dollars than the first year of the biennium. Mr. Warner warned that he would be “cautious about assuming any additional dollars for the second year of the biennium.” Mr. Hunsaker reminded superintendents that the governor’s budget is the starting point for the legislature, but that they have little in reserves to fall back on.

As a result of this most recent information, the superintendent modified some of his final recommendations to reflect, to the extent he believed possible, the governor’s numbers and his intent, as well as the observation from Mr. Warner in the Legislative Revenue Office. We still will need to make significant reductions for 2011-12 and in each of the subsequent years make further reductions, find additional revenue or some combination of the two. That is, the more we utilize reserves or one-time strategies for 2011-12 solutions, the more we will have to make up for in 2012-13 through additional cuts or increased revenue.

**Potential City Income Tax**
Currently, the Eugene City Council is considering whether or not to refer to voters an income tax measure that would specifically support the Eugene and Bethel school districts. At this time, the amount such a tax would raise if approved is uncertain. The City Council has asked for the amount the district would need to reduce or eliminate furlough days and keep average class size from increasing to the extent possible. If the tax were to be used only for the purpose of retaining teachers and reducing furlough days, the superintendent’s final recommendations include $8.5 million to $12 million of reductions in those areas. In order to achieve that revenue level, the tax rate would have to be higher to account for income that is not subject to the tax.
and uncollected taxes. The superintendent said he believed that a tax should be structured that would net the district $10-12 million.

If the tax is approved in either May or November 2011, the first tax receipts received by the district would be in May 2012. The agency administering Multnomah County’s income tax has indicated that approximately 50-60% of the taxes are received in May with the remainder received in October when extensions are filed. Depending on the items added back to the 2011-12 budget, if any, the district may have to issue Tax Anticipation Notes due to the timing of the receipt of funds.

RECOMMENDATIONS

These Final Recommendations represent a melding of the initial preliminary recommendations, the revised recommendations, and some alternate options that have been developed since the board’s work session of January 5 and subsequent meetings.

Strategy Options. The following represent the final recommended strategy options. In some cases, there are also alternate scenarios either as requested by the board, or added by staff, that could be considered in lieu of the superintendent’s final recommendations. In most cases there are no significant changes from those proposed on January 12, but in others there are some revisions from what was recommended earlier, and as a result of the previous $26 million assumption some changed strategy options.

The final proposed target for 2011-12 now falls between the $26 million scenario and the previously revised target of $22 million. The superintendent said somewhere near $24 million will need to be where the district ends up. The strategy goal is to achieve a balanced approach that still includes 50% ongoing or sustainable strategies through staff reductions, ratio changes, and service/program reductions of at least $12 million; about 25% through use of one-time dollars from reserves or other short-term sources for around than $6 million; and another 25% through compensation-related savings from a combination of fewer days (furloughs) and less in salary/benefits for around $6 million.

The strategy options the superintendent was recommending, and any alternate options, are presented below for each of the major option areas. He said he would propose the board vote on the recommendation or alternate option/recommendation in each area first and then at the end consider a vote on the entire strategy package as a whole. It is important to note that this is not a decision on the 2011-12 budget, but rather action on a strategy direction that will help drive the budget choices over the next few years. It will drive the budget choices we make as we move forward in the budget development process, and work with staff, associations, and the budget committee and legislature to come up with a final budget for 2011-12.

1. Reduce Staffing/Services & Programs:
One of the major benefits of revising the forecast downward was that it allowed the superintendent to propose a smaller increase in the staffing ratio for next year. He initially suggested two options: a 2 increase at elementary and a 3 for secondary; or a 3 at elementary and 4 at secondary. This “either/or” approach would have required schools to develop two staffing plans. In the final recommendation, he proposed an across-the-board ratio change of 2. However, because that change depends on a number of unknown factors coming together in a timely fashion, which at this point cannot be depended upon, he was also proposing that schools base their initial staffing plan on a ratio change of 4. Which staffing ratio increase is implemented will depend on how the other scenarios play out through the budget and
negotiations processes. In the alternate scenario, the staffing ratio is increased overall by 4 predicated on a $26 million scenario, and could be differentiated by either level or on the basis of student/school need. Long-term, this adjustment still could mean that we have to increase the staffing ratio again for the following year (2012-13), unless something changes. Other recommendations related to administrative and classified reductions would be made at the higher level to compensate for unknowns related to the bond measure, compensation and furlough adjustments, and any potential additional revenue. A second alternate option to the final recommendation could be a staffing ratio change of 2.5 rather than 2 across the board to provide a little more conservative approach for anticipating other kinds of reductions that might not materialize, including the possible additional shortfall in 2012-13 if additional revenue is not realized.

REVISED FINAL RECOMMENDATION

Final Recommendations
2011-12
1. Reduce Staffing/Services & Programs
   • Reduce administrative and classified staff by 10% (62 FTE) - $3.5 million
     - including restructure and consolidate Central Office departments, reduce administration
   • Change staffing ratio by 2 (45 FTE @ $3.8 million) and/or 4 (84 FTE @ $7 million)
   • Eliminate or reduce teachers on special assignment and staff development specialists - $0.5 million
   • Cost/Savings Target: $7.8 to $11 million
2012-13
   • TBD
2013-14
   • TBD
   Alternate Option:
     • Change staffing ratio by 2.5 = 54 fte @ $4.6M
     • Eliminate or reduce teachers on special assignment and staff development specialists - $0.25M (would only cut half of the originally proposed amount).

Alternate Recommendation:
2011-12
• Reduce admin and classified staff by 7% (43 fte) - $2.6M
• Including restructure and consolidate Central Office departments, reduce administration
• Change staffing ratio by range of 2/3, or 3/4* (e.g.; 3@HS; 3@MS; 2@ES) = 56-75 fte @ $4.6 to $6.3M
• Eliminate or reduce teachers on special assignment and staff development specialists - $0.5M
• Cost/Savings Target: $7.7–$9.4M

Impacts/Assumptions:
1. Reduced services and programs to support schools. Determinations regarding service/program elimination or reduction based on district values and priorities, and as part of budget development process.
2. Reorganization and restructuring of central administration
3. Larger class sizes and fewer specialists
4. Ability to negotiate furlough days and other compensation related adjustments.
2. Fewer School/Work Days
For 2009-10, teachers took 7 furlough days, classified staff took 3 furlough days and used insurance reserves, and administrators agreed to no cost of living. These concessions equated to 3-3.25% of employee salary/benefits. For 2010-11, teachers and classified staff agreed to 7 furlough days and administrators agreed to 9 furlough days. Many employees’ salaries were reduced from 2009-10 to 2010-11 due to the furlough days. Under the $26 million alternate scenario option, the superintendent proposed an additional furlough day for another $0.5 million. The final recommendation assumes the furlough days proposed in the revised recommendations can be achieved through negotiations. If they are attained before the staffing cuts are implemented, the lower staffing ratio change of 2 or 2.5 will be implemented for school staffing and the lower level cuts in administration and classified staffing could be implemented.

Final Recommendations
2011-12
• 9-12 Furlough Days (6 fewer days of school) -- one per month based on work year e.g. school-based staff reduced 9/10 days
• Cost/Savings Target: $4.0 million
2012-13
• Continue 9-12 Furlough Days (6 fewer days of school) one per month based on work year
• Consider 4-day work (32 hours) and school weeks if necessary
• Cost/Savings Target: $4.0 million
2013-14
• Continue 9-12 Furlough Days (6 fewer days of school) one per month based on work year
• Continue 4-day work (32 hours) and school weeks if necessary
• Cost/Savings Target: $4.0 million

Alternate Recommendation:
2011-12
• 10-13 Furlough Days (6 fewer school days) – one per month based on work year plus one additional day
• Cost/Savings Target: $4.5M
2012-13
• Continue 10-13 Furlough Days (6 fewer school days) – one per month based on work year plus one additional day
• Consider 4-day work (32 hrs) and school weeks if necessary
• Cost/Savings Target: $4.5M
2013-14
• Continue 10-13 Furlough Days (6 fewer school days) – one per month based on work year plus one additional day
• Continue 4-day work (32 hrs) and school weeks if necessary
• Cost/Savings Target: $4.5M

Impacts/Assumptions:
1. All employees would take furlough days based on their work year: 12 month=12 days; 11 month=11 days; 10 month=10 days; 9 months= 9 days. One additional day would be added under the $26 million assumption. Assumption is these are temporary and the days could be added back to work year when financial picture improves.
2. Shortened school year and fewer paid workdays with reduced pay for all employees.
3. Presumes ability to negotiate reduced workdays or furloughs with labor organizations.

3. School Closures/Consolidations
Closure of Coburg, Crest Drive, Twin Oaks and Parker will result in savings from having four fewer schools with their ongoing operational costs. While consolidation of Meadowlark with Willagillespie will not necessarily save any dollars, even under the staffing ratio increase of 2, Meadowlark would lose close to 1.5 positions (full time equivalent/FTE) or over 17%. Under a scenario with a ratio change of 4, they would lose close to 2 fte teacher positions or 23%. After consolidation with Willagillespie, the combined school would have far more flexibility in both staffing resources and facilities.

The final recommendation anticipates continuation of the language immersion schools for now as K-5 elementary schools. The superintendent also suggested taking another look at non-language alternative schools such as Corridor and Family School in 2011-12, to determine their future in the district and whether they remain distinctive in their approach as provided in the board’s alternative school review criteria. Although the district has closed or merged some alternative schools over the last few years, we need to periodically explore this question as district enrollment grows smaller. The board also needs to reconsider language immersion alternative schools for the longer term and examine whether there is a way to provide a second-language experience in all of our neighborhood elementary schools. These recommendations have generated suggestions that if we are going to reconsider language immersion or other alternative schools in the near future, should we not hold off on moving Charlemagne while we work through those issues for the future. The superintendent said he finds some merit in that argument, as well as understand the perception that moving Charlemagne into Parker appears to be closing Parker to make space for the language immersion. For that reason, he was providing an additional alternate option that involves leaving Charlemagne where it is until further decisions are made about the status of language immersion and other alternative schools.

The other alternate scenario option calls for closure of Adams Elementary School and keeping open both Parker and Crest Drive as neighborhood schools. Under this scenario, Charlemagne would be relocated to the Adams building instead of to Parker.

Final Recommendations
2011-12
- Close Coburg, Crest Drive and Parker Elementary Schools in 2011
- Consolidate Meadowlark at Willagillespie
- Move Charlemagne French Immersion School K through 5th grade to Parker
- Cost/Savings Target: $1 million

2012-13
- Close Twin Oaks Elementary School
- If Bond Measure passes, consolidate Twin Oaks with McCorrnack after addition
- Cost/Savings Target: $0.3 million

2013-14
- Possible closure/merger of non-language alternative schools with neighborhood schools
- Cost/Savings Target: TBD
  Alternate Option:
  - Leave Charlemagne at Fox Hollow for the time being and determine its status as part of a review of alternative/language immersion schools in 2011-12. As part of this option,
staff would consider relocating the Opportunity Center and other tenants at the Dunn site into the Parker building.

Alternate Recommendations

2011-12
• Close Coburg, Adams Elementary Schools in 2011 (leaving Parker and Crest Drive open)
• Consolidate Meadowlark at Willagillespie
• Move Charlemagne French Immersion School K through 5th grade to Adams
• Cost/Savings Target: $0.5 million, requires additional $0.5 million of ongoing reductions to be identified

2012-13
• Close Twin Oaks Elementary School
• If Bond Measure passes, consolidate Twin Oaks with McCornack after addition
• Cost/Savings Target: $0.3 million

2013-14
• Possible closure/merger of non-language alternative schools with neighborhood schools
• Cost/Savings Target: TBD

Impacts/Assumptions:
1. Closure of some smaller neighborhood elementary schools.
2. Moves and transitions for some students and staff and merging of school teams.
3. Consolidated elementary schools will have more students and staff, and therefore, more flexibility in serving students.
4. Fewer school buildings to maintain and support through central services, including special education. 5. Maintains four viable high schools.
6. Some redrawing of boundaries will be required.

4. Shared Services/Contracting Out
We will continue to explore ways to gain efficiencies by sharing work that can be done in partnership with others or by finding different ways to deliver the services we provide. Starting with the local ESD and finding better ways to take advantage of the services they currently provide will be a positive step in that direction.

Final Recommendations

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: $0.5 million

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

Impacts/Assumptions:
1. Shifting of services to ESD that may currently be provided by district
2. Ability to work within current ESD Local Service Plan to find savings 
3. Collective bargaining required in most instances; impact bargaining in others. 
4. Possible cuts to ESD funding or possible ESD consolidations proposed by the governor could make this more difficult to achieve for 2011-12.

5. **Material & Supplies/Services**
   This is an area where we’ve continued to cut away over the years. We still have teachers and other staff who dig into their own pockets to ensure that students have adequate supplies and materials to work with, and parents who are expected to pay more for supplies and to support school activities.

**Final Recommendations**

**2011-12**
- 15% reduction in materials & supplies, contracted services budget
- Centralize purchasing of materials & supplies, equipment
- Cost/Savings Target: $1.1 million

**2012-13**
- TBD

**2013-14**
- TBD

**Alternate Recommendation:**

**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

**Impacts/Assumptions:**
1. Substantial reduction in materials and services budget, including contracted services.
2. Some fixed costs such as utilities and fuel expense reductions will be achieved through efficiencies.

6. **School Instruction/Redesign**
   While the revised recommendations do not propose reconfiguration of schools for 2011-12, the superintendent believes that some kind of reconfiguration will be necessary to maintain strong instructional programs into the future if we are to keep four viable regions and four high schools.

The K-3 and 4-8 model that was initially recommended was based on some assumptions about the benefits to teaching and learning that would allow for greater flexibility in staffing and providing instruction. However, at this point there is no common ground even within the district about reconfiguration and the best model for moving forward into the future. The final recommendation proposes establishing a stakeholder task force to consider grade reconfiguration for the future, and to determine the instructional model most appropriate for meeting the 21st Century skills that will ensure our students graduate college- and career-ready.
Final Recommendations
2011-12
- Stakeholder Task Force to recommend reconfiguration to the Superintendent 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
Consider for future:
- Revise school calendar
- Shorter summer breaks
- Consider 4-day school/work weeks
- Implementation of reconfiguration recommendations, if any
- Cost/Savings Target: TBD

2013-14
- TBD

Impacts/Assumptions:
1. Extends timeline for consideration of reconfiguration of schools and establishes broad stakeholder task group
2. Future review of status and efficacy of alternative schools, including language immersion schools
3. Looks at redesign of instructional delivery models
4. Possible revisions to school calendar

7. Non-instructional/Student Support Programs
This recommendation has not changed since the preliminary recommendations were put forth. It anticipates that the reduction will affect programs in schools that support student activities and athletics. While some schools may be able to offset some of this reduction by expanded fundraising or community support, it will impact some of those things that help connect students to their schools. The superintendent said he worries about the extra burden we place on students and parents as we cut back in this area, and some of the equity issues that can occur with respect to different schools' ability to raise funds in their communities. For that reason, he had not at this time anticipated further reductions into the future.

Final Recommendations
2011-12
- Reduce General Fund support for athletics programs and other extracurricular offerings by 25%
- Cost/Savings Target: $0.5 million

2012-13
- TBD

2013-14
- TBD

8. Reserves/One-time Funds
The superintendent noted several times that there was some risk to spending down reserves and counting on one-time resources. With the uncertainty of the State funding picture, and now the possibility of a local income tax to support schools, it may be even more important that we retain a reasonable and prudent reserve as a hedge for any additional cuts that might occur in
the State budget. Our strategy for future years assumes that we would balance each year’s budget by using some reserves and one-time resources. By doing that we are pushing part of our financial gap forward. Consequently, we will need to make further reductions in each of the subsequent years, find additional revenue, or both. That is, the more we utilize reserves or one-time strategies for 2011-12, the more we will have to make up for in 2012-13 and/or 2013/14.

A bridging strategy will need to be considered as we front-load in 2011-12 based on the governor’s proposed budget level. Other options may become available to us in 2012-13 if other revenue sources materialize, or if the governor or legislature identify a higher base funding for the second year of the biennium. How much risk we are willing to assume related to 2012-13 should drive any final decisions about level of or use of reserves as we proceed through the budget development and negotiations processes. If we do not pass a bond measure in May and/or a City measure does not pass, we will be at least another million dollars short in 2012-13.

**Final Recommendations**

**2011-12**
- Use up to $5.5 million reserves/one-time funds to maintain and bridge to 2012-13
- Cost/Savings Target: $5.5 million

**2012-13**
- Use up to $3 million from sales of surplus property or lease revenue
- Cost/Savings Target: $3 million

**2013-14**
- GF Reserve and Contingency = 90% of Board Targets
- Cost/Savings Target: TBD

**2014-15**
- GF Reserve and Contingency = Board Targets

**Alternate Recommendation:**

**2011-12**
- Use up to $6.5 million in 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: $3M

**2013-14**
- GF Reserve and Contingency = 90% of Board Targets
- Cost/Savings Target: TBD

**2014-15**
- GF Reserve and Contingency = Board Targets

**Impacts/Assumptions:**
2. Presumes passage of bond measure in 2011-12 that carries forward General Fund offload of $1.0 million
3. Uses sale of surplus property to replenish capital reserve accounts
4. Eliminates or reduces transfers to non-General Fund accounts
9. **Compensation/Benefits**  
While the intent is not to build this budget “on the backs of employees,” our continuing reality is that over 85% of our budget is in personnel costs. Which means we will have fewer people working for the district and/or those who do work for us will have to share in the sacrifice to help mitigate some of the impacts so we don’t have to eliminate as many jobs or services. As we increase the ratio substantially, the impact will be both on students and staff, and that’s not a scenario that is consistent with our hierarchy of values, goals and priorities. The superintendent continued to note, this is an area where the goals with regard to compensation and benefits adjustments cannot be counted on in terms of their realization. Since we will have to negotiate with the unions on these matters, it is really not prudent to assume that these goals will be gained in anticipation of making decisions about other potential reductions, including changes to the staffing reductions, ratio changes, or use of reserves.

PERS indicates that school districts make up only 55% of employers who currently pay the “pick-up” and pay the IAP contribution. Employers who pay the “pick-up” will have to change their salary reporting to member-paid status on either a “pre-tax” or “post-tax” basis. This would result in a reduction in take-home pay for the approximately 70% of PERS members whose contributions are now picked up, as the contribution will instead come out on either a “pre-tax” or “post-tax” basis. Since these pick-ups are part of employee contracts, and any changes would have to be negotiated, they typically cause salaries to go up. Most of the districts currently not paying the “pick-up,” according to COSA, are in the Portland Metro area and they pay higher salaries to cover the employees’ costs.

**Final Recommendations**  
**2011-12**
- Negotiate pay freeze, including no step increase  
- Negotiate no increased benefits costs  
- General Fund Costs/Savings Target: $1.5 million

**2012-13**
- Negotiate contract adjustments that minimize and contain ongoing costs to district  
- GF Cost/Savings Target: TBD

**2013-14**
- TBD

**Alternate Recommendation A:**  
**2011-12**
- Negotiate pay freeze, including no step increase  
- Negotiate $200,000 decrease in benefits costs  
- GF Costs/Savings Target: $1.7M

**2012-13**
- Negotiate contract adjustments that minimize and contain ongoing costs to district  
- GF Costs/Savings Target: TBD

**2013-14**
- TBD

**Alternate Option B:**  
- Negotiate salary reduction of 5% across the board.  
- Negotiate reduction in part of PERS employer pick-up.  
- GF Costs/Savings Target: $4-$6 million
Impacts/Assumptions:
1. Dual impact on remaining employees with decreased work years (furloughs) and no compensation increases.
2. Workload impact as fewer people around to do the work.
3. This scenario once again asks employees to sacrifice in order to preserve services into the future. Employees have stepped up as we’ve asked them to do more with less, and now we’ll be asking them to sacrifice even more as we struggle to balance our budget going forward.
4. Negotiating any substantial changes related to compensation or benefits could require considerable time and might not be accomplished in time to avoid some of the other reductions related to staffing and other reductions.

10. Revenue Enhancements
This strategy option calls for the district to find additional sources of revenue to support the General Fund operating budget and maintain capital infrastructure. Because the district is limited in the ways it can raise revenue due to state law and various ballot measures, the options in this area are fairly limited. With the proposed local income tax being considered by the City Council for a possible May ballot measure, the recommendation for a bond measure in May might have to be reconsidered. At this board meeting, or at the latest by March 16, the board will need to make a decision regarding whether to refer a bond measure to voters at the May election. The board will need to consider the prospect of a City Council decision to put the local tax on the May or November ballot. If a local income tax measure were placed on the ballot and it were to pass, we would need to be prepared to respond to how that would mitigate the recommended strategy options for 2011-12, particularly those related to 1) Reduced Staffing/Services and Programs (changes to staffing ratios and teacher layoffs) and 2) Fewer School/Work Days (furlough days and reduced school days).

Final Recommendations
2011-12
- Bond Measure $130 million in May 2011 for critical needs, technology & new school (offload of General Fund = $1 million)
- Increase community use fees by 20% ($20,000)
- Lease closed schools to charters/others ($200,000)
- Revenue Target: $1.2 million General Fund

2012-13
- Sell Civic Stadium, Willard School, or other vacant facilities with 50% proceeds to the General Fund Reserve ($3 to $5 million)
- Local tax to support local schools in 2012-13 ($10 to $12 million for 3 years) - November 2011
- Revenue Target: $10 to $12 million ongoing; $3 million one-time

2013-14
- Implementation of any new revenue sources to mitigate reductions
- Revenue Target: TBD

Impacts/Assumptions:
1. Pass bond measure in May to support purchase of technology, address critical facilities maintenance and repair needs, and construct new school/s. If it doesn’t pass, re-try in November 2011.
2. Increase in user fees to current fee payers and adding fees for User Class 1. (Assumes that community organizations can afford to pay fee increases.)
3. Increases lease fees to provide for a profit margin for the district. Some lessees may look elsewhere.

11. **Other Options**
These are other possible options that may result in savings, primarily over the long term. Some additional analysis would be needed to determine the efficacy of these options.

**FINAL RECOMMENDATION:**
*Continue to pursue and analyze the following potential options for their ability to generate cost savings or affect the efficiency of the overall district operation:*
- Consider early retirement incentives. Preliminary staff analysis indicates that this would be a cost item and staff believes that any retirement incentive program should be connected to decisions regarding changes in the staffing ratio and be directly connected to cost savings and preserving of jobs.
- 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

The superintendent recommends approval of recommendations 1 through 10 as provided above, or as the board may determine to adopt any of the alternate options/recommendations identified above, or as otherwise modified or amended by the board. The final action should set a target for budget development of $24 million in reductions for 2011-12.

Superintendent Russell reviewed the final recommendation with power points.

Mr. Smith thought that as they went through it was worth noting which items the board could really make decisions on and which that they would have to work with others in order to achieve the goal.

Ms. Walston called it a hard sad decision. She said school closures were pitting schools against schools. What had struck her in all of the emails she had read were all the personal stories regarding the good teachers and why they were so important. She considered the real loss to be the loss of staff the district was facing.

Ms. Gerot expressed appreciation for all of the input from people. She understood that whatever the board decided, there would be some people who would not agree with them. She did not think there were any easy decisions; every decision they had to make would impact students. She underscored that in addition to declining resources, the district also faced declining enrolment. She acknowledged that school closures had garnered the greatest attention, but there were other decisions that would have a tremendous impact on students. For her, cutting school days and reducing staff and increasing class size were significant decisions. She said many had recommended that closure decisions be put off until there was more information and a new superintendent on board, but she believed the schools needed stability and certainty and if they did not make the decision now, it would only be pushing further reductions into the future. She related that they had not seen a single candidate for the superintendent that indicated they thought these types of decisions should be delayed. She had served on the board for 12 years and had been part of past decisions to close and consolidate schools. She said they had found they could more effectively use resources in larger schools and this provided better educational outcomes for students.
Ms. Geller commented that it had been interesting to move from being a parent in the audience to being on the board. She had been reading emails from parents and had tried to process the frustration parents felt about how criteria was applied to their child's school versus other schools. She stated that their responsibility was to look at the whole and the criteria considered the issues across the board. She appreciated the level of engagement in the community but she wanted to stress that the board was making decisions in an environment where there were no great answers.

Mr. Torrey observed that a couple of the emails had indicated a feeling that certain board members were making decisions for their own benefit. He wanted to absolutely correct that misperception; he was convinced that not one member of the board would do so. He declared that all of the board members cared very deeply for the children of the district.

Ms. Levis said the change in student/teacher ratio would make the most change for schools. She also pointed out that furlough days for some kids meant they did not get breakfast or lunch. She reiterated that as they looked at "some of the bigger ticket items" it went back to negotiating with the valued teachers and classified employees. She believed they were lucky to have all of the participation in the discourse regarding the budget. She had spent a lot of time considering all of the options and alternatives. She said the board was looking at this from a global perspective and they were trying to figure out a way to keep the district great in the face of the cuts that had to be made.

Ms. Hays thanked staff for all of the hard work they had done through the process. She also thanked the parents. She felt that she had gotten to know them through the many emails, their family situations and how the transitions that some would experience would affect them. She had appreciated hearing about how successful the district was. She had not gotten any emails from people who wanted their school closed because it was not a good school. She said this was a hard decision. When the budget was first proposed, she had hoped that they would not focus on school closures because there were much bigger impacts in the budget such as the staffing ratio. She asked parents to think about the staffing ratio, how it would impact the students, and to take it very seriously. As for people who felt the board was not taking enough time, she felt there was never enough time when facing monumental decisions. She said when looking at the Shaping 4J's Future process, it had been a blueprint for where the district needed to go around the declining enrollment and getting the most benefit out of the money they had.

Mr. Smith stressed that the district's situation was part of a bigger picture, due to state-level decisions largely made by the voters. He pointed out that the voters had decided to spend money on prisons and had decided constitutionally to dedicate some of the lottery money to parks and this meant less money for schools. He thought everyone needed to be a lot more careful about how they voted in the initiative process. He recalled Ballot Measure 5, which had caused the first reduction in funding to school districts. He said the district had undergone significant layoffs in the 1990s. He stated that there had only been one year, 2007, in which more money than had been forecasted had been allocated, but by the end of the biennium there had been a shortfall and the district was "scrambling." He averred that everyone needed to think about the budget in terms of what they did at the ballot box and what it did to the kids in the education system. He underscored that everyone knew the importance of education for the economy and the community's ability to compete.

Mr. Smith stated that the process had really begun 20 years earlier. He said they had talked about school closures then, noting that eight neighborhood schools and three alternative schools had been closed in the time he had served on the board. He reiterated that the reality
was that enrollment was declining and the district had to respond to this. In the past five years, the district had lost approximately 1,300 kids. He related that one piece of information that had been helpful was a memorandum from elementary principals that said they considered the optimal size for the schools to be between 350 and 500. He noted that Gilham, Holt, and Chavez Elementary Schools were of that size. He did not consider them to be "big box" schools; they were "loving, caring educational communities." He added that if the board voted in a way that some disagreed with, it did not mean the board had not listened to all points of view, it merely meant that they disagreed.

**MOTION:** Mr. Torrey, seconded by Ms. Levis, moved to approve the superintendent's final recommendation to reduce staffing, services and programs, listed above the alternative options.

Ms. Geller considered the most troubling part of the recommendation to be the cut in staffing; teachers were the most critical element to education. She said the community needed to understand that there were new high school requirements and they should really be adding staff and not taking it away. She felt there was a significant equity issue because the pathways to college that aligned with expectations in colleges and universities were so critical and public education was the means most students had to achieve their dreams.

Mr. Torrey was very concerned about the Teachers on Special Assignments (TOSA) and Student Development Services (SDS) elements. He said it meant that those kids who were at most risk of falling through the cracks would not have the intervention they needed to keep from falling. He would like to find other places for reductions rather than the $500,000 from the TOSA and SDS elements. He noted that there were a number of items listed in the recommendation that were listed as TBD - to be determined - and asked if it would be possible to move that $500,000 to there. Superintendent Russell responded that he was not certain this was accurate in terms of the TOSA and SDS elements in this proposal; they could keep from cutting it but there were only a couple of places the board "could go" without having to negotiate. He said the reality was that they would have to go back to increasing the staffing ratio and/or reducing administrative staff.

Mr. Hermanns agreed that progress monitoring was essential. He said because of this the SDS/TOSAs that were facing cuts were not those that provided the service, they were the ones in professional development.

Ms. Hays observed that when they cut administrative staff, they were cutting support staff to teachers.

Ms. Walston echoed concerns expressed about cutting services and staff in the face of increased high school requirements. She hoped that the headline for the newspaper would focus on the loss of services and not school closures.

Superintendent Russell noted that the initial recommendation had included a higher staffing ratio for the high schools.

**VOTE:** The motion passed unanimously, 7:0.

Mr. Smith recommended that they consolidate the fewer school and work days element with the compensation and benefits element.
**MOTION:** Mr. Torrey, seconded by Ms. Levis, moved the recommendation of the chair to consolidate the two elements of the budget.

Ms. Hays supported the motion. She agreed that the two were bundled.

Mr. Smith suggested that the motion include all alternatives.

**MOTION:** Mr. Torrey, seconded by Ms. Levis, moved the amend his motion to include all of the strategies and alternatives included in the motion.

Ms. Geller asked what the target would be. Mr. Smith responded that it would be a range.

Mr. Torrey observed that if they could not find a way to work with their partners on this, the cuts would be taken in the student/staff ratio.

**VOTE:** The amendment passed unanimously, 7:0.

**VOTE:** The main motion, as amended, passed unanimously, 7:0.

**MOTION:** Ms. Hays moved the superintendent's final recommendation on school closures and consolidations, with the alternate of moving Charlemagne French Immersion School to Parker Elementary. The motion died for lack of a second.

**MOTION:** Ms. Gerot, seconded by Ms. Geller, moved the superintendent's final recommendation on school closures and consolidations, with the alternate of keeping Charlemagne French Immersion School at the Fox Hollow Elementary School site.

Ms. Gerot explained that the reason she supported leaving Fox Hollow at its current site was because it would cost money to move it to another site and that there would be a discussion regarding language immersion and alternative schools in the coming year. She would hate to make a decision that would cost money and then find that the school was not moved.

**MOTION:** Mr. Torrey, seconded by Ms. Walston, moved to amend the motion by delaying the closures of Parker, and Crest Drive Elementary Schools as well as the moving of Charlemagne French Immersion to Parker until the 2012-13 school year.

Mr. Torrey read the following statement into the record:

"I believe it is prudent to delay the closures of Parker and Crest Drive as well as the relocation of Charlemagne for one year for the following reasons:

1: One year will allow the Board to evaluate and act on the recommendations from the Reconfiguration Task Force, which will report back to the Board in the fall of 2011 with grade reconfiguration proposals for 2012-2013. Moving hundreds of kids into new schools in 2011-2012 would greatly complicate the Board's consideration of grade reconfiguration for these same kids in the following year.

2: Wait to see the results of any 2011 bond measure. The bond election outcome will impact a number of schools in the area."
3: The Superintendent's Revised Recommendations include the possible closure of non-language alternative schools, or merger of those schools with neighborhood schools, in 2013-14. One year will allow the Board to decide whether to make changes with regard to Alternative and Immersion schools and to factor any such changes into the overall plan so that kids are impacted only once.

4: In the next few months, the City of Eugene will have a much better idea of how the current Urban Growth Boundary review, which will include both housing mix and neighborhood livability concerns for both the Southeast and Southwest areas of the city, might impact future housing opportunities in these two areas. The final Urban Growth Boundary (UGB) plan update will allow the community and 4J to make better decisions regarding where families with children might choose to live in the next 20 years.

5: Waiting for one year will allow staff to review the impacts of the loss of Title 1 funds at Adams, Camas Ridge and other schools that would lose these funds as a result of the proposed consolidations so that the Board could make a more informed decision.

6: Once these schools are closed and they are either sold or leased as described in the Revenue Enhancement portion of the proposed Sustainable Budget, they will be lost to 4J as potential options for the foreseeable future.

7: The Sustainable Budget process has been long and arduous for 4J families and our staff members and rather than moving too quickly I urge us to give the proposed "Reconfiguration Task Force" the opportunity to look at all the possible options. We still have time to ensure that we produce the best outcomes for teaching and learning in our district."

Ms. Walston had been persuaded by Ms. Hennings' testimony and Mr. Torrey's motion captured it for her. She believed that schools would have to be closed, but it would be important for the community to be with the board. She felt that slowing down this particular piece would engender more support.

Ms. Gerot commented that there was a lot of research about what happened when students in the higher socio-economic status (SES) group were put together with lower SES students; the achievement of all students increased. She was not concerned about Title 1 funds because she believed it would improve achievement. She also wanted to point out that supporting the amendment would force the district to look at other areas to make greater cuts and it would push decisions and cuts into the future.

Ms. Geller considered this a hard motion to discuss in that it raised legitimate issues. She said the district still had a lot of excess capacity. She was concerned that if they did not make the cuts now, because there were deficits projected in the coming years, they would have to find the money elsewhere. She felt the conversation was "very difficult," but if they would still be having a conversation about school closures if there was no deficit though it would look different and move more slowly without that pressure.

Mr. Smith said it was clear that the district was ahead of the curve in regard to school closures, which had been a direct result of declining enrollment. He wanted to clarify that the district did not lose Title 1 money, it was the schools themselves that would lose it, but it was not good to concentrate lower SES students in a school. Regarding excess property, he pointed out that if the district leased properties the properties would not be gone. He did not see that as necessarily a definitive action.
Ms. Walston noted that Springfield School District had assembled a task force. She thought they would have an easier time bringing people along in the decision process as a result. Her main concern was that they had not been as informative to the community about why the decisions before them had to be made. She supported taking a little more time on this particular motion.

Ms. Hays said if she thought one year would make a difference, she would support the amendment, but she did not.

Ms. Levis wished she could support the amendment. She did not want to close schools, but she believed that with the declining enrollment and the issues the district was facing, this was something they had to do. She echoed Ms. Hays feeling that she did not think one year would make a difference.

Mr. Torrey observed that when they started the process, the question of school closures was not a dollar issue, it was a quality of education issue. He believed that taking a year to improve the quality of education in the district was worth the time.

**VOTE:** The amendment failed, 5:2; Mr. Torrey and Ms. Walston voting in favor.

Ms. Geller observed that the closure of Twin Oaks Elementary was tied to the bond discussion.

Mr. Smith thought one thing they could do would be to pull the bond piece out for discussion.

**MOTION:** Ms. Geller, seconded by Mr. Torrey, moved to amend the motion by taking the piece on Twin Oaks Elementary School out of the present motion and moved into the bond discussion.

Ms. Gerot asked if there were other schools with the capacity to absorb the students from Twin Oaks, should the bond measure not pass. Sara Cramer, Director of Elementary Education, responded that if the bond measure did not pass, the district would have to redraw boundaries for Chavez and McCormack Elementary Schools and the Academy for Technology and the Arts (ATA).

Mr. Smith did not recall much discussion about moving the tenants at the Opportunity Center and the former Dunn Elementary School to the Parker site. Superintendent Russell replied that because the discussion had shifted to moving Charlemagne French Immersion School to the Parker site, the other proposal had been shifted to the background.

**VOTE:** The amendment passed unanimously, 7:0.

Mr. Torrey liked the idea of keeping Charlemagne at the Fox Hollow site for the present.

Ms. Hays disagreed. She felt they needed to make the school more centrally located so that access to it would be increased. She recalled that this was one thing that had come out of the Shaping 4J's Future conversation. She was concerned that if they did not make the move presently, it could be delayed another three or four years.
Ms. Geller hoped that they could retain the positive things about the schools that were being consolidated and that they give families that opted into the neighborhood schools as many options as they could. She read the following statement into the record:

"Some of the hardest conversations have been hearing people say we aren't listening and that we don't understand because we are, and some of us have close connections to the schools that are being discussed. The questions and answers just look a little different when you're thinking about things as a whole system. Conversations around Parker have made this particularly clear for me. In past years I was one of the parents who advocated for this school. I remember being here shortly after I moved here, actually, and I was one of the last speakers right before 11 o’ clock. I don't know if the issue was collocation, I don't know which process we were going through at this point. For me this is, in some ways, a truly heart-breaking decision. I helped restart the parent group at Parker. I ran an after school book club for five years once a month. I spent a lot of time building fundraising there. But we have to balance the budget and we have excess capacity in the South region and we anticipate continued drops in enrollment as we look at birthrates and other data. We need schools to be bigger to serve kids in these tough economic times. I hope that my friends and the teachers I respect so much will understand that I am not voting with my heart but with my head."

Mr. Smith commented that he could say the same thing about Crest Drive Elementary.

Ms. Walston agreed that Charlemagne should remain at Fox Hollow until the task force concluded its process.

Ms. Levis wanted everyone to think about the Camas Ridge conversion. She said there had been a concerted process to combine Harris and Eastside Elementary Schools; everyone had worked together to make it into a new school.

Mr. Smith observed that the criteria for closure was the same for the Springfield task force. He underscored that the School District 4J board had applied the criteria as well.

Superintendent Russell noted that there were some other impacts on the Willamette Gardens kids and the assumption that the district would vacate the Willard site at the end of the school year.

**VOTE:** The main motion, as amended, passed unanimously, 7:0.

**MOTION:** Mr. Torrey, seconded by Ms. Levis, moved the superintendent's final recommendation on shared services and contracting out.

Ms. Gerot pointed out Superintendent Russell's comments regarding Education Service Districts (ESDs) and the possibility that funding for them would be reduced by the State Legislature.

**VOTE:** The motion passed unanimously, 7:0.

**MOTION:** Mr. Torrey, seconded by Ms. Levis, moved the superintendent's final recommendation on materials and supplies and services.

**VOTE:** The motion passed unanimously, 7:0.
**MOTION:** Ms. Geller, seconded by Mr. Torrey, moved the superintendent's final recommendation on school and instruction redesign.

Ms. Gerot wanted to ensure that everyone recognized that redesigning the instructional delivery model for secondary schools to accommodate fewer students and fewer resources was a part of that recommendation. She considered this to be critical regarding the school's ability to provide the education needed to successfully graduate.

**VOTE:** The motion passed unanimously, 7:0.

**MOTION:** Mr. Torrey, seconded by Ms. Levis, moved the superintendent's final recommendation on non-instructional and student support programs.

Ms. Geller noted that some people wondered why the district was not cutting this area more. She said the programs were critical and there was much data to support that this helped students get through high school. She felt that even cutting 25 percent was difficult.

Mr. Torrey concurred. He said people needed to understand this was not just athletics, it encompassed all extracurricular activities. He believed that this was one area the public would have to step up in a meaningful way to fill the gap.

**VOTE:** The motion passed unanimously, 7:0.

**MOTION:** Mr. Torrey, seconded by Ms. Hays moved the superintendent's final recommendation on reserves and the use of one-time funds.

Mr. Torrey was concerned given that they did not know what would happen at the State Legislature. He was worried about the level at which they were drawing down reserves. He recalled that they had drawn down reserves a couple of years earlier with the anticipation that things could get better.

Superintendent Russell said it did involve moving money from places other than reserve funds.

Susan Fahey, Chief Financial Officer, affirmed this. She said there were options, such as using all of the Public Employees Retirement System (PERS) reserve in the first year of the biennium and that transfers to the equipment fund to support schools' critical equipment needs could be eliminated for one year, in addition to reducing the ending fund balance on the General Fund.

Ms. Geller was nervous, but the stakes were high if reserves were not spent. She said it was a strategy, given where they were, that she would consider.

Mr. Torrey reiterated his fear that the district would sell real estate at a "fire sale" rate in order to offload it. He considered the district's property assets to be a long-term reserve.

Mr. Smith observed that any sale would involve another process and another decision.

Ms. Walston was uncomfortable with using $5 million in reserves, but she did not want to go somewhere else for it. She wanted to engage in more board discussion on the surplus properties further down the road.

Ms. Hays felt that the board had hit its "risk tolerance level" with this.
Mr. Smith suggested that they pull the bond discussion and the Twin Oaks Elementary closure discussion and table it to the next meeting. He thought they should consider tabling the discussion on a possible city tax measure.

**MOTION:** Ms. Levis, seconded by Ms. Gerot, moved to table the revenue enhancement items Mr. Smith listed: the capital bond, the closure of Twin Oaks Elementary School, and the potential city tax measure and to approve the superintendent's final recommendation on the remainder of the revenue enhancement measures.

Mr. Torrey asked if the district would have the ability to borrow against a future lease of a large facility. Ms. Fahey replied that legally the district was able to do so, but given the credit markets that financial institutions were currently basing risk on, the riskiness of such a loan would probably be considered kind of high. She felt that the likelihood of someone willing to loan the district money on those grounds and to give the district a favorable rate would be "iffy."

**VOTE:** The motion passed unanimously, 7:0.

**MOTION:** Mr. Torrey, seconded by Ms. Walston, moved the superintendent's final recommendation on the other options listed in the budget proposal.

**VOTE:** The motion passed unanimously, 7:0.

**MOTION:** Mr. Torrey, seconded by Ms. Hays, moved the superintendent's final recommendation as agreed upon by the board.

Superintendent Russell asked how close the final budget was to the $24 million cut. Ms. Fahey replied that two items had been approved that had a range. She said the total budget cut would range from $22.4 million, with 53 percent in ongoing savings, 24.5 percent compensation strategies, and 22.5 percent reserve strategies, to the high end with the compensation and benefits at the $10 million range and the staffing ratio of 4 would cut $29.3 million. She said the breakdown was 48 percent in ongoing savings, 35 percent in compensation strategies and 17 percent in reserve strategies.

Mr. Torrey hoped the public realized that the board had been working on this budget since August. He stressed that there were no positive outcomes to this, but it was the "real world."

**VOTE:** The motion passed unanimously, 7:0.

**ITEMS FOR ACTION AT A FUTURE MEETING**

**Consider the 2011-12 Lane Education Service District Local Service Plan**

Superintendent Russell explained that every year the board was asked to approve the local service plan. He said the superintendent's council looked at the plan and made recommendations. He related that they were struggling, as superintendents, to put together a plan that had a solid number. He indicated that the expectation and forecast was somewhat lower than the $5.66 million that had originally been predicted. There was a lot of uncertainty around ESDs at this point and the Governor had indicated that he would push for some
consolidations. He stated that they were looking at a different model that would allow local school districts more flexibility in how they spend some of the dollars and the types of programs and services that they receive from the school district. He planned to recommend approval, though when they returned with this item there could be additional information based on what the Governor's new budget did.

COMMENTS AND COMMITTEE REPORTS BY INDIVIDUAL BOARD MEMBERS

Ms. Levis reported that the Superintendent Search Committee had wrapped up its job. She wanted to thank everyone that was on the committee. She had added up the time that the volunteers had given to the committee and it came to two and half days away from work and family. She considered it a wonderful process and a wonderful committee. She reiterated that they had a rich pool of applicants.

Mr. Torrey had attended the Camas Ridge community discussion. He had been impressed by how appreciative they were of the support they had been provided in the consolidation of Eastside and Harris Elementary Schools. He urged everyone, if they had a chance, to attend a discussion.

Ms. Walston related that she had met with Ms. Gan and Ms. Tam during the previous week. She said the two had discussed the difficulty of getting the classes that they needed. Ms. Tam attended a calculus class that had 45 students in it. She averred that they were both "great young women." She noted that Ms. Tam planned to go to Salem with the board. She added her congratulations to the Future First Citizen award winners.

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Ms. Geller said there were a lot of positive conversations going on at the state level. She stated that Stand for Children had planned their rally at Salem for February 21 at noon to show support for schools and for broader policies that would serve the state and the schools.

Ms. Gerot echoed Ms. Levis' comments on the search committee. She had attended the Eugene Education Association (EEA) breakfast, which had also been attended by State Senator Floyd Prozanski and State Representatives Val Hoyle and Terry Beyer. She stated that she would be leaving on the following day to attend the National School Board Association (NSBA) federal relations network conference in Washington, D.C. She reported that they would be lobbying their federal delegation on the reauthorization of the Elementary and Secondary Education Act (ESEA) also known as the No Child Left Behind Act.

Ms. Gerot hoped that as they began implementation of the decisions made at the meeting that they could all put aside their disagreements and focus efforts on opportunities to ensure the best possible educational outcome for all of the students in the district. She had been saddened to see the acrimony that had gone on. She appreciated comments made about a coordinated effort in the community. She agreed that they needed to think more strategically around how they partnered with the community in order to be able to bridge some of the gaps for the kids.

Mr. Smith had also attended the EEA breakfast with the state legislators. Superintendent Russell and he and representatives of four other school districts had met with the Governor earlier in the afternoon. He reported that they had talked about local jurisdictions raising tax revenue. He had found the conversation to be interesting and the Governor did not oppose what they were doing, but he also had not encouraged it. He said they were all trying to accomplish the same thing and that was to have an educational system that started at birth through higher education. He noted that Springfield Superintendent Nancy Golden was there as
the education liaison for the state. He said Ms. Golden had characterized Governor Kitzhaber as an education governor.

ADJOURN

Mr. Smith adjourned the meeting of the School District 4J School Board at 9:21 p.m.

________________________     ______________________
George Russell             Craig Smith
District Clerk             Board Chair

(Recorded by Ruth Atcherson)

Attachments to Official Minutes:
1. Annual Report of Compliance with Oregon Minimum Standards
2. Coburg Community Charter School Application (Major Portion) – entire application on file in Instruction Department
3. College of Knowledge Charter School Application (Major Portion) – entire application on file in Instruction Department
4. International School of Modern Technology Charter School Application (Major Portion) – entire application on file in Instruction Department
5. Superintendent’s Sustainable Budget Final Recommendations or Alternate Options, Including School Closure/Consolidation Proposals