MINUTES
School District 4J Budget Committee
Education Center—200 North Monroe Street—Eugene, Oregon

November 16, 2009
7 p.m.

PRESENT:    Jennifer Geller, Chair; Carla Gary, Vice Chair; Betsy Boyd, Shirley Clark, Beth Gerot, Tim Gleason, Alicia Hays, Wendy Laing, Ann Marie Levis, Craig Smith, Debra Smith, Jim Torrey, Mary Walston, members; George Russell, Superintendent of Schools; Carl Hermanns, Laurie Moses, Barb Bellamy, Susan Fahey, Caroline Passerotti, Jon Lauch, Les Moore, Phil Scrima, School District 4J staff.

ABSENT:     Pete Gribskov, member.

I. Roll Call

Mr. Smith called the roll.

II. Introduction of New Members

Mr. Smith introduced new member Carla Gary.

III. Election of Officers

Ms. Gerot nominated Ms. Geller as chair. Ms. Levis seconded the nomination. The motion passed unanimously, 11:0 (Ms. Boyd and Mr. Gleason not yet having arrived).

Ms. Geller assumed the chair. She called for nominations for the position of vice chair.

Ms. Hays nominated Ms. Gary as vice chair. Ms. Levis seconded the nomination. The motion passed unanimously, 11:0 (Ms. Boyd and Mr. Gleason not yet having arrived).

IV. Items Raised by the Audience

Paul Duchin and Merri Steele, co-presidents representing the Eugene Education Association (EEA), introduced for the benefit of Ms. Gary and welcomed her to the committee. Mr. Duchin expressed appreciation to the members of the Budget Committee for their willingness to serve. He anticipated that the committee faced another challenging budget year. He introduced Tom Di Liberto and David Mitchell of the EEA bargaining team, who were present in the audience. Mr. Duchin observed that the committee’s deliberations would be of particular importance to the EEA because it was a bargaining year.

V. Items for Information and Discussion

A. 2008-09 General Fund Financial Results
Ms. Passerotti reviewed a spreadsheet provided at members’ places entitled General Fund 2008-09 Financial Summary June 2009.

Ms. Boyd arrived during the presentation.

**B. Information on Ballot Measures 66 and 67**

Ms. Bellamy provided a PowerPoint presentation containing background information on the two ballot measures that Oregon voters would consider in January 2010. She reported that the 2009 Oregon Legislature had passed two bills that would increase some corporate and personal income taxes. The bills were designed to prevent further reductions to the State budget. A “yes” vote would confirm the legislature’s actions, and a “no” vote would prevent the bills from becoming law. She briefly described how Oregon taxpayers and corporations would be affected by the bills.

Mr. Gleason arrived during the presentation.

Ms. Bellamy stated that if the measures failed, the district would lose approximately $8.5 million. That was a biennial amount, and the committee might have to revisit this year’s budget for reductions.

Ms. Gerot clarified that both the personal income tax and corporate income tax was a marginal rate so the increase would only apply to individuals earning more than $125,000 and couples earning more than $250,000. It did not apply to income below that. In regard to the corporate minimum tax, the one-tenth of one percent applies only to C corporations and not S corporations or LLCs.

Ms. Walston said that she understood the overall State reduction would be closer to $1 billion because of the loss of federal matching funds. Ms. Fahey indicated staff was trying to determine what effect, if any, that would have on K-12 funding.

**C. Public Employees Retirement System (PERS) Bond Information**

Ms. Fahey provided a PowerPoint presentation with an update on PERS. She called the committee’s attention to an article from the Salem Statesman Journal article entitled “Oregon’s Financial Gamble” with information regarding the performance of side accounts for Oregon school districts. Members asked questions clarifying the information presented.

**D. 2009-10 Budget Process Recap and Debrief**

Ms. Fahey and Ms. Passerotti led the committee through a PowerPoint presentation that included information about the State revenue forecast, the status of State reserves, the impact of ARRA funding on Oregon education and district funding, the status of district reserves, history regarding district enrollment and staffing, budget reductions made in 2008-2009, and budget reductions approved by the committee in 2009-2010. Committee members asked questions clarifying the information presented.

Speaking to the level of the district’s reserves in light of an observation made by Ms. Fahey that the Government Finance Officers Association was now recommending that districts hold two month’s operating costs in reserve, and in the case of large organizations, such as states, that amount could be as low as five percent, Mr. Smith suggested the board might want to revisit its current five percent reserve level.

Ms. Gerot observed that she recently spoke to former student David Kline at the Oregon School Boards
Association (OSBA), who noted the student population at Sheldon High School had increased by 400 students since he graduated while the number of teachers remained unchanged.

Ms. Fahey reminded the committee of the strategies that had guided budget development for 2009-2010. She also reviewed the adjustments made to the 2009-2010 EEA contract, and reiterated Mr. Duchin’s statement that the contract expires in 2010.

Ms. Fahey then reviewed the adjustments made to the Oregon State Education Association (OSEA) contract. She noted the wage concessions made by 4JA and senior management. Ms. Fahey briefly touched on some of the other strategies discussed in preparation for the 2009-2010 budget.

Responding to a question from Mr. Smith, Ms. Fahey spoke about the cost of closing schools and savings realized after expenditure of one-time costs. Ms. Levis asked how long school consolidation could take. Ms. Fahey said the board had made decisions as late as March that were implemented the following school year. She acknowledged that was a particularly tight timeline.

Mr. Russell acknowledged that many of the members were familiar with the information presented but he thought it was important that the committee members started at the same point with the same information. He wanted the committee to consider the strategies that had been discussed the previous year because he felt it would be challenged in a similar manner this year, and with some of the same kinds of decisions and choices made for the current budget year. He invited suggestions for improvements to the process.

Ms. Geller solicited data requests.

Mr. Torrey thought last year’s budget process went well. He suggested that it would be helpful for lay members to have information describing what the ratios mean and identifying and the impact of the ratios. He thought it would be useful to take the same survey questions from last year and give the committee an opportunity to augment them.

Ms. Boyd expressed concern that members were not sufficiently grounded in the State funding formula and the way that it was weighted. She thought that it would be useful to have a shared understanding of that. She also concurred with Mr. Torrey about the issue of ratios, saying that they were not well-understood.

Ms. Hays expressed appreciation for the previous year’s survey, but expressed frustration that the committee did not have many options given the size of the required cuts. She disliked asking people for input when the committee could not use it because the reductions needed were so large. In response to a question from Mr. Russell, Ms. Hayes confirmed her concern about the position the committee would be in if it chose to conduct another public survey.

Ms. Gerot agreed with Ms. Hays. She thought the citizen members could benefit from review of the board goals, which were included in the packet but not discussed. She said that how the district spent its resources needed to reflect the board priorities, and she wanted the committee to keep that in mind. She believed the committee would hear more at the next meeting so that all had a shared understanding of that topic.

Ms. Smith agreed that at the end of the last budget process, there had been no choices. Speaking to the issue of a survey, she said that as a Sheldon parent, she had been aware that parents were asked to fill out different surveys that included nuances about choices that the committee never heard about.

Mr. Smith suggested the committee should be provided with the board’s guiding beliefs and values, board
goals, and the superintendent goals as well. In terms of process, Mr. Smith suggested the committee consider timing and what the contingency plan might be if the measures failed to pass. He asked if the committee would make adjustments to this year’s budget if the measures failed. He noted the additional complications created by the status of PERS and the fact of collective bargaining, which might not be resolved by the time the budget must be adopted.

In regard to the high school situation, Mr. Smith recalled that following the passage of Ballot Measure 5, the board agreed to focus on K-3 and reading. That had an impact on the high schools, which are thinner now.

Ms. Laing believed that the district could have done a better job in preparing respondents for the survey because she did not think they were aware of the survey target. She thought the surveys were a good idea because the community was at a critical point and the district needed community buy-in.

Ms. Boyd recommended that in lieu of the survey, the district could connect with site councils to get qualitative information about people’s priorities and choices. She felt the committee heard from stakeholders in the last process but had no way to factor in their input.

Ms. Clark found the discussion useful. She said the district was in a different place than it was last year, when there was more optimism about the future. The community was facing some hard choices in a jobless recovery, and she believed that the survey results would be more realistic if the community was made aware of the hard choices facing the district. If the district conducted surveys, she thought it should take care to provide abstracts of brief, comprehensible information that people could readily understand and connect to the fiscal realities facing the district. She thought the outcome of the last process was as good as could have been expected. She agreed that it would be good to have more than a label of what was proposed for reduction. She also did not know if the district’s programs were innovative and effective and advocated for discussion of what worked.

Ms. Clark recalled the district’s Schools of the Future effort and suggested that the committee examine those recommendations and decide what to do with them because she believed they were related to what the committee would discuss. She suggested the committee be provided with the executive summary from that report.

Mr. Torrey advocated for some sort of survey. He said the public was interested in what the committee was doing but needed more education. He suggested the committee’s lay members be surveyed for what they thought was important.

Speaking to Ms. Boyd’s suggestion regarding the site councils, Mr. Torrey thought the site councils should be asked to discuss the issues involved and share their thoughts with the committee.

Ms. Walston believed the community was more informed last year than in the past, and she applauded the community outreach that had occurred. She also supported some sort of survey or outreach that engaged the community, given the size of the potential problem. She did not think there were many choices facing the committee that were not unpleasant. She supported Ms. Gerot’s recommendation that the board’s goals be shared with the committee, because as a new board member she found them informative and helpful.

Ms. Levis believed the district needed to conduct surveys, which got more people involved. She agreed the site councils were a great place for community discussion. She did not think that many community members were aware of the implications of the last round of budget reductions.

Ms. Levis asked about the nature of the discussion of school consolidation and why that did not move
forward. Mr. Smith recalled that consolidation did not save money in the short term and the committee agreed that it needed to be working on student achievement in relationship to the question of school size.

Ms. Gerot noted that the district also incurred significant front-end costs when closing schools and thus the board looked to other areas for short-term savings.

Ms. Gary said she needed to understand the board’s goals and values and how they were determined, what drove them, and who they represented as they formed the basis for the decisions made. She wanted to know why past decisions were made and the implications of those decisions for the future. She thought it was important to communicate those decisions to the public in a clear way. She agreed that it was important not to ask questions and then be unable to use the responses. Ms. Gary advocated for better explanation to the public of why the district might not be able to do what it wished. She suggested that if people were told about the possibilities that lay ahead, they would not be surprised, and in the end would feel more respected.

Ms. Smith liked the idea of employing the site councils due to the long-term nature of the issues involved. She said that Survey Monkey was a “blunt instrument,” and the committee needed to have a conversation with the people affected by this and that did not occur through Survey Monkey.

Ms. Hays agreed with sentiments of the two previous speakers.

Mr. Smith reminded the committee that the community included the 75 percent of people without children in school. He said that the broader community as well as the site councils needed to be communicated with.

Responding to an inquiry from Mr. Gleason about the utility of past surveys, committee members were in general agreement that the survey data had affected their decision making.

Superintendent Russell recalled the board’s past strategy in other processes to send a board member and committee member to all the site councils to get feedback. The district could employ that approach again.

Ms. Gary was concerned about how the committee communicated with different communities. She pointed out that many people did not have access to the technology that enabled Survey Monkey. She advocated for engaging the community in a way so that what the committee did meant something to them, which was another means of communicating to the public that the district valued everyone’s opinion.

Ms. Gerot suggested that the district also had a resource in Carmen Urbina, who worked with some of the populations that would be most impacted by any budget reductions.

Ms. Geller indicated she would solicit additional feedback from members via e-mail about issues they would like to see included in a survey. She also stated her interest in discussing other options for soliciting public input at the next committee meeting.

Mr. Smith asked that staff prepare a time frame for the budget process.

Ms. Hays emphasized the fact that because the majority of district costs were in personnel, major budget reductions would force the district to lay off teachers. She believed the district needed to communicate that to the community through the survey.

Ms. Boyd suggested that if the magnitude of the State reduction was $8.5 million the district would be looking at cutting school days this year and next year as well as reductions in the differential staffing ratio.
She said the committee needed a matrix of the range of policy choices ultimately available to the board, and should use the survey to engage people around what was coming and be clear about the reductions being contemplated due to a lack of other choices.

Superintendent Russell reminded the committee that the survey could not address all the uncertainties that lay ahead, citing the fact that the district was not likely to have a contract settlement by the time the budget was adopted, leaving the committee to guess at what might or might not happen with contract negotiations. He suggested that the timing of the survey as it regarded the January 2010 election was also a consideration as a “no” vote left the committee with little time to make a decision on staffing levels. Superintendent Russell said staff would attempt to identify the uncertainties and create different scenarios around them to help the committee and community better understand their implications.

Mr. Smith briefly reviewed the process for information requests from the committee. Ms. Geller solicited information requests.

Mr. Torrey wanted to know the cost of implementing Phase 1 of the Technology Program.

Suggesting that any budget decisions about PERS made this year affected discussion about the district’s reserves, Mr. Torrey said he wanted to know how much was spent this year and how much would be required in the future.

Mr. Torrey recalled that during the previous year the district had been limited by its contract with the EEA and noted that the contract for the next year remained to be negotiated, which potentially left the district with options it did not have before. He asked what the district had the right to do from a budget standpoint in the absence of a negotiated agreement. Superintendent Russell said the committee could not be involved in negotiations but could set priorities in regard to services. The committee could state that it wanted to keep personnel costs flat, but the board had responsibility for setting the direction for what it wanted to see accomplished in negotiations. Responding to a follow-up question from Mr. Torrey, Superintendent Russell indicated that the district would enter into negotiations and would seek clarity around the term “fiscal exigency.” He recalled that the contract language was from a time when the district had local tax levies.

Responding to a question from Ms. Smith about the potential that parents of students who participated in academic programs such as International High School could contribute a fee that included an increment dedicated for students who could not afford to pay, Superintendent Russell did not think that was legally possible but indicated staff would consult legal counsel.

Ms. Gary asked if the staff could determine if past budget reductions affected one group more than another.

Ms. Smith left the meeting.

IV. Items for Action at this Meeting

A. Approve Minutes from the March 9, April 13, and May 18, 2009, Budget Committee Meetings

Ms. Boyd referred to paragraph 4, on page 5 of the minutes of March 9 and asked that the fourth sentence be amended to read (italicized text added; struck text deleted): “She called for some additional allocations in central administration to “round out” areas where some schools may need some additional
help.

Mr. Smith referred to paragraph 2 on page 2 of the March 9 minute and corrected the reference to the “Oregon Education Association” to read the “Eugene Education Association.”

Ms. Walston, seconded by Ms. Levis, moved to approve the minutes of the March 9, 2009, meeting as amended, and the April 13 and May 18, 2009, meetings as presented. The motion passed unanimously, 12:0.

B. Set Date of Next Meeting or Budget Hearing

The next committee meeting was scheduled for December 14, 2009.

Ms. Gerot, seconded by Mr. Torrey, moved to schedule a committee meeting on December 14, 2009. The motion passed unanimously, 12:0.

Mr. Smith indicated that questions would be due to staff by December 1.

Superintendent Russell encouraged the committee to consider holding open more dates for committee meetings.

V. Items Raised by Committee Members

Ms. Geller solicited items from committee members. There was none.

VI. Adjournment

Ms. Geller adjourned the meeting at 9 p.m.

(Recorded by Kimberly Young)