

Community Thought Leaders Group

Recommendations to 4J District Leadership

August 2010

The Community Leaders Thought Group was convened at the request of the Superintendent and the Board Chair to provide advice on strategies and opportunities that the district should explore as it strives to provide an excellent education for every student while bringing future district expenses into balance with revenues.

Governor Kulongoski warns that the national recession will have a deep and long-lasting impact on the state-funded services, including Oregon schools. The Governor's recently released Reset Cabinet report predicts that "as a result of the Great Recession, state government will face persistent deficits over the next decade if we don't fundamentally change the way we do business as a state."

The Eugene School District is also on an unsustainable course. Over the last few years, the district has used reserves, federal stimulus funds and other one-time revenue to help pay for school and district operations. Reductions in staff, programs and school and work days have also been made. Still the district is forecasting an operating deficit in the range of \$27-\$38 million for 2011-12, which is 19-27% of the district's operating budget.

The Community Thought Leaders (CTL) group was asked to review the problems associated with the Eugene School District's continuing financial deterioration and the challenges posed by declining student enrollment and to contribute their ideas about how the district might respond.

The charge from the Superintendent to the CTL group was to:

- Help lay the foundation for a sustainable budget that balances our service system with our revenue stream.
- Think through the "big ticket" choices for the district, including the core functions and priority initiatives needed to improve or maintain educational outcomes while controlling costs and maximizing efficiencies.
- Provide input to 4J decision-makers that enables the district to align instructional priorities and investment strategies for maximum impact with available resources.

The group convened for one day on Monday, July 19 to identify strategies that offer a promising path toward educational excellence, while recognizing that resources will be much more constrained. The group had a wide-ranging discussion. While this report summarizes advice offered by the group as a whole, there was no attempt to reach consensus on each item. The thinking conveyed in this report, therefore, does not necessarily represent the opinion of each participant, however, all participants agreed that the ideas presented merited further discussion and should be "on the table" for consideration. The group met briefly for a second time on Monday, July 26 to review a draft report and suggest revisions.

Participants:

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THEMES TO GUIDE OUR THINKING

Key themes and messages emerged during the conversation are:

- *The district must embrace a new and very different future. There is a “new normal” that we must adapt to, as individuals and as a school system. This is not a financial crisis that we can address with short-term solutions, while we wait for the financial storm to pass. The storm has passed, leaving us with a new landscape.*
- *The ways in which we currently educate students must change. We will need to deliver quality instruction and engaging learning experiences with fewer teachers and staff. This will require changes in the way we deliver services, staff our schools and central services, and use our resources.*
- *We have the opportunity to take advantage of new technology and recent research on effective educational practices as we redesign our school system with a keen focus on increasing achievement for all students.*
- *Quality learning time is more important than quantity of school days. We should focus on providing a quality educational experience for students while they are at school, rather than in meeting state standards for instructional minutes.*
- *The district must reach out to stakeholders and engage them in thinking about and talking about possibilities for the future. Staff, employee unions, parents, students, and community all will be affected by the changes.*

4J'S CURRENT ENVIRONMENT

The group identified the following observations as context for their conversation.

Financial context

- Personnel costs make up 85% of district operating expenses. Labor contracts will continue to be bargained locally.

Service delivery context

- The federal government will influence, but not control, what we do.
- School choice is currently a given, but could look different.
- The district is moving toward a common curriculum as a strategy to improve student achievement.
- The state will continue to require a minimum amount of instructional time.
- Business, industry and community partnerships could expand in-school learning experiences for students in the future.

Student demographics

- Student demographics are changing. Declining enrollment has required program reductions across schools. A growing number of our students are English language learners or need special education services and this trend is expected to continue.
- Cost-saving actions may cause more people to choose a different school option such as private school, home school or charter school.
- Social service needs will grow and impact school services that need to be provided in schools.
- An achievement gap exists.

School funding/revenue

- Our taxing options for operations are already maximized.
- There is now greater flexibility in bond financing; we can now finance technology investments and other equipment.
- Oregon's constitution limits our ability to raise more operating revenue due property tax limits for education.

4J's current characteristics

- The district has four high schools and regions.
- School size guidelines give a mixed message. Many schools are smaller than what we say is the desired school size.
- Each school has great flexibility in deciding how to use staff and resources to provide programs, staff classrooms, and serve students.
- School district consolidation is not currently an active discussion among local districts.
- The district balances school enrollment to some extent, primarily at the middle and high school level, but about one-third of 4J families exercise school choice and attend a school other than their neighborhood school.

STRATEGIES TO CONSIDER

Strategies 1-3 were identified as the most important and promising strategies for the district to pursue.

1. Work with 4J management, employees, and employee groups to reduce overall personnel costs for the long-term, with a particular focus on adjusting benefits.

- a. Engage our employees in talking about compensation expectations and developing ways to achieve cost-savings, recognizing that we will need to reduce and restructure our workforce as well as adjust how we compensate employees.
 - Compensation represents 85% of the district's operating budget, so reductions in staff positions and changes to compensation cannot be avoided.
 - Benefits account for about 45% of a teacher's compensation. Overall Oregon public education employee benefits are higher compared to other states.
 - Our employee groups are critical partners in exploring and discussing options for reducing personnel costs. Layoffs, reductions in benefits, and expectations regarding pay increases are all issues that must be discussed and will ultimately be decided through contract negotiations with our employee groups.
 - Nationally, both private and public employers are adjusting benefits in order to achieve cost-savings. District compensation practices should align with these changes in the broader labor market and the private sector.
 - Salary scales may also need to be different in the future and more focused on performance-based factors than on years of service or educational attainment.
 - Compensation adjustments and staffing reductions should fall hardest and deepest on management and administration, recognizing that school staff are most directly connected to student learning.
- b. Engage employee group leaders and employees in a discussion of our new fiscal environment and the policy choices and alternatives involved with changing our service delivery system and restructuring our workforce.
 - Schools will have fewer staff in the future and will need to deploy staff differently in order to deliver high quality learning experiences.
 - We will need staff that are highly skilled and possibly staff with different skills.
- c. Recognize that 4J's employees and employee groups have already been partners in sharing the burden of budget reductions by adjusting compensation agreements and negotiating furlough days.

2. Redesign instruction to optimize student achievement while reducing costs.

- a. Expand and invest in new ways of delivering instruction at a lower cost, especially for high school students. Some opportunities are:
 - Virtual or distance learning,

- Independent learning,
 - Greater use of technology for instruction,
 - Large lecture learning experiences that help prepare students for similar college-level experiences,
 - Expanded opportunities to earn credit by demonstrating proficiency, and
 - 4-day school week with a 5th, non-school day used for community service learning or internship experiences
- b. Expand our partnership with Lane Community College for early college and dual credit options.
- c. Use instructional time in a more flexible way, based on the learning needs of individual students, while offering high quality instruction and learning experiences.
- d. Re-design classroom learning, recognizing that there will be fewer licensed teachers but more highly-skilled teacher assistants to support student learning.
- Provide training for teachers to support this transition.
 - Create an effective volunteer development and training program. Train teachers in how to use volunteers effectively.
- 3. Consider new school and grade level configurations and explore a South/Churchill region consolidation.**
- a. Close and consolidate schools and programs, including possible reconfiguration of middle and high schools.
- b. Clarify and strive to meet our guidelines for school size and when there is an exception, explain how that addresses district goals.
- c. Explore different grade configuration models that make better use of buildings such as:
- Kindergarten-grade 6 for elementary schools (or pre-kindergarten-grade 6)
 - Grade 7 & 8 for middle school
 - 9th grade academy that all 9th graders attend; with high schools configured as grades 10, 11 and 12.
- d. Consider consolidating the South and Churchill regions into one, with one high school and two middle schools.
- e. Assess the full cost of maintaining buildings and property when evaluating consolidation options. These costs go far beyond the annual operating costs associated with providing a principal, secretary and custodian at the site.
- f. Link closures and consolidations to our long-range facilities plan.
- 4. Expand partnerships and collaborate with other school districts, and local businesses and organizations to reduce operating costs and support student learning.**

- a. Explore regional service sharing with surrounding districts to achieve cost-efficiencies. Business services such as finance, human resources, technology, training and professional development may be more cost-effective if shared with Lane Education Service District, Springfield, Bethel or other surrounding districts.
- b. Talk with Bethel School District about “leasing” some capacity at North Eugene High School for Bethel students. Bethel’s Willamette High School is at capacity, while 4J’s nearby North Eugene High School has the capacity to serve more students.
- c. Expand business and community partnerships to enrich student learning through internships, service learning and classroom opportunities that link learning to the real world.
- d. Partner with community organizations to ensure that children are in a safe and caring environment after-school and on non-school days.

5. Invest in principal and teacher quality.

- a. Masterful teachers and principals are the key to excellence. Teacher quality will be increasingly important as our workforce grows smaller. Teachers, principals and other school staff may need to develop new skills and competencies as the educational delivery system changes.
- b. Develop thorough principal and teacher evaluation systems that support the growth and development and retention of excellent teachers. Strengthen teacher competencies in the area of English language learner (ELL) instruction and special education, where we have a growing need.

6. Sell surplus property and place the proceeds in operating reserves or dedicate to capital expenses.

The district owns some surplus properties that no longer needed including Civic Stadium and former school sites. The current board policy dedicates funds from sale of surplus property to capital improvements.

7. Establish a policy to maintains and replenish reserves.

Reserves should only be used if there is a specific plan to replace them. For example, if reserves are used to support operations, then identify ongoing reductions and a strategy to replenish the reserves in subsequent years.

8. Pursue new revenue, grants and philanthropy as ways to fund new strategic investments or ongoing programs.

Actively advocate at the state, local and national level for school funding.

9. Engage all stakeholders in this process and reach out with information and opportunities to talk about our new reality and the choices ahead.