Budget Committee Meeting
May 9, 2011
Lane County School District 4J

2010-11 – 2014-15
Financial Forecast

General Fund
Update: 2010-11 Financial Projection

- Revenues expected to be up $922,000 over March projection
  - Primarily from net positive adjustment to 2009-10 State School Fund grants
- No significant change in expenditure projections
- Ending fund balance projected to be $6.0 million
  - 4.4% of operating revenues
  - $966,000 higher than projected in March and $606,000 below projected EFB in adopted budget

Comparison between January 2011 and May 2011 Forecasts
General Fund Financial Forecast

Key Messages
► May 2011 Forecast and Proposed 2011-12 Budget developed as nation and state struggle to emerge from Great Recession
  ▪ Recovery expected to be slower than hoped
► Operating losses projected in every year
► $21.7 million projected deficit in 2011-12
  ▪ Addressed with ongoing and short-term strategies
► $8.3 million in on-going reductions required in 2012-13 and 2013-14
► Small surplus 2014-15
  ▪ Assuming economic recovery stimulates revenues and expenditure growth limited to the rate of inflation

General Fund Financial Forecast

Revenue Assumptions
► Revenues in 2011-13 biennium based on $5.7 billion K-12 budget
► Student enrollment to stabilize after years of significant declines
► Federal stimulus funding not renewed
General Fund Financial Forecast
Expenditure Assumptions

- Salaries and benefits
  - 2011-12
    - Staff reductions
    - Restoration of 2010-11 furlough days
    - 1.6% inflationary increase
    - $4.5 million offset for compensation adjustments or further reductions in staffing
  - Future years
    - Inflationary increases
    - Staff reductions to track declining enrollment
    - Assumes 192 day licensed contract
    - PERS rates up from low PERS investment returns
      - 6.3 percentage points in 2011-13
      - Additional 3.0 percentage points projected in 2013-15

General Fund Financial Forecast
Expenditures and Reserves

- Transfers to capital and equipment funds eliminated in 2011-12 and restored beginning 2012-13 (4th consecutive year)

- Contingency at 2% in all years
  - Plus $900,000 special ed. contingency

- Reserves drawn down $1.3 million in 2011-12 to 4.0% of operating revenues.
  - Restored to 5% board target in future years
## General Fund Forecast

**Forecast Summary**

after 2011-12 Proposed Budget Reductions

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Operating Deficit</strong></td>
<td>($2,033)</td>
<td>($5,699)</td>
<td>($8,336)</td>
<td>($6,980)</td>
</tr>
<tr>
<td><strong>Annual Deficit assuming on-going corrective actions and 5% reserves restored 2012-13</strong></td>
<td>-0-</td>
<td>($5,892)</td>
<td>($2,447)</td>
<td>$1,250</td>
</tr>
<tr>
<td><strong>Ending Fund Balance</strong></td>
<td>$5,363</td>
<td>$6,932</td>
<td>$7,053</td>
<td>$7,280</td>
</tr>
</tbody>
</table>

## PROPOSED BUDGET 2011-12

Overview of General Fund Reductions / Budgets for All Funds
2011-12 Budget, Setting the Stage

- **District has sustained considerable resource reductions in recent years**
  - Decrease in state funding
    - $6,662 state per pupil funding in 2007-08 adjusted for inflation
    - $6,042 projected for 2011-12
  - Decrease in other revenues
    - Local option levy income down $3.5 million since 2008-09
    - Interest income down $2.7 million since 2007-08
  - Declining enrollment
    - 1,130 fewer students since 2006-07, resulting in 53 teacher reductions solely due to declining enrollment
  - Use of short term strategies to support on-going operations
    - Good strategy for short term resource decline
    - Economists believe that economic recovery will take much longer than anticipated, up to a decade
    - General fund ending fund balance reduced by over $15 million since 2006-07

2011-12 Budget, Setting the Stage

- **$21.7 million projected general fund shortfall from current service level**
  - 15% of district’s operating budget
  - 2010-11 deficit - $15 million
  - 2009-10 deficit - $21 million
  - 2008-09 reduced planned expenditures by $4.3 million to bolster 2009-10 beginning fund balance

- **Reasons**
  - Declining resources
  - Fewer students
  - Use of one-time funds in previous years
  - Rising costs
Sustainable Budget Process

- Outcome – Develop a strategy that by 2014-15:
  - 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
  - Increases operational efficiency while reducing long-term capital needs

- 7 month process
  - Included variety of options for stakeholder feedback

Sustainable Budget Strategies
(approved by Board February 2011)

- Enhance Revenues – $200,000
- Reduce Reserves/Transfers – $5 million
- Reduce Discretionary Budgets – 15%, $1.1 million
- Reduce Athletics/Extracurricular Activities – $500,000
- School Consolidations – $900,000
- Shared Services with Other Agencies – $500,000
- Reduce Staffing – $8.6 - $11 million
  - Student/teacher ratio increase of 2.5 - 4.0
  - Non-licensed staff decrease of 10%
  - Reduce specialists – $500,000
- Reduce Employee Compensation/Benefits – $5.8 - $10 million
Proposed Budget

General Fund

2011-12 Budget

- Priorities for balancing the budget
  - Maintain manageable class size
  - Provide a full school year for students
  - Increase student achievement
  - Provide equitable opportunities for all students to succeed
General Fund - Resources

- Beginning Working Capital – 4.2% of Resources, $6 million
- $120 million State School Formula revenue based on $6,042 per pupil
  - $5.7 billion K-12 funding level
- Local Option Levy Revenue – $10.4 million
  - Reduced for increasing compression losses
- Property Tax Collection Rate
  - Down slightly from 2010-11
  - Assessed value growth projected to increase slightly
  - Increasing compression losses
- $1.3 million PERS reserve transfer to the general fund to partially offset PERS rate increases

General Fund - Expenditures

- Total operating expenditures – $135 million

- Wages and Benefits
  - Information provided in forecast overview
  - Specific reduction information reviewed later
  - 2.9 ESS licensed FTE reduced in error
    - Added back for 5/23 budget approval

- Materials and Services
  - $860,000 baseline increase to purchased service budget to reflect $780,000 expenditures associated with Education Options, alternative education retrieval program and $80,000 related to the district’s Safer schools
  - Specific reduction information reviewed later
**General Fund Expenditures**

**Other/Transfers/Contingencies**

- **Other Category** – $768,000
  - District property and liability insurance – $650,000
  - Charter-school flow through – $35,000
  - Dues and Fees – $80,000
    - International Baccalaureate, Oregon School Activities, OSBA, NSBA, Oregon Cooperative Purchasing, etc.

- **Transfers** – $900,000
  - Nutrition Services – $321,000
  - Insurance Reserve Funds – $599,000

- **General Contingency** – $2.7 million
  - 2% of operating expenditures (Board policy)
  - Additional special education contingency of $900,000

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**General Fund Expenditures**

**Proposed Service Changes/Budget Reductions**

**Attachment B, page 18**

- **Staffing reductions to track enrollment decline** – 8.5 licensed FTE
**Proposed Budget Reductions**

**Short-term Reserve Strategies**

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eliminate transfer to equipment fund (4th year)</td>
<td>$1.9 million</td>
</tr>
<tr>
<td>Eliminate transfer to capital fund (4th year)</td>
<td>$520,000</td>
</tr>
<tr>
<td>Use PERS reserve funds to partially offset PERS rate increase of 6.3 percentage points</td>
<td>$1.3 million</td>
</tr>
<tr>
<td>Draw down ending fund balance to 4% (board policy level, 5%)</td>
<td>$1.3 million</td>
</tr>
<tr>
<td><strong>Total Reserve Strategies</strong></td>
<td><strong>$5 million</strong>*</td>
</tr>
</tbody>
</table>

* Does not include projected drawdown of $600,000 district retirement reserves which was part of 2008-09 budget reduction strategies

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**Projected Reserves Available in 2011-12 – All Funds not legally or contractually restricted (in millions)**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>$ 5.40</td>
<td>Represents 4% of district revenues. Board Policy is 5%. 2011-12 budgeted ending fund balance is 2.4% of operating revenues due to reliance on underspending to attain 4% balance</td>
</tr>
<tr>
<td>Fleet/Equipment</td>
<td>$ 4.00</td>
<td>Estimated, excludes funds held for bus leases</td>
</tr>
<tr>
<td>District Retirement</td>
<td>$ 3.50</td>
<td>$1.8 million to be used to offset 2012-13 deficit</td>
</tr>
<tr>
<td>Capital</td>
<td>$ 0.2</td>
<td>Projected to be spent on critical repairs and remodels, preventive maintenance</td>
</tr>
<tr>
<td>General Risk Fund</td>
<td>$ 1.00</td>
<td>Anticipate draw down of $600,000 between April 2011 and June 2012*</td>
</tr>
<tr>
<td>Nutrition Services</td>
<td>$ 0.08</td>
<td>Minimal balance</td>
</tr>
<tr>
<td></td>
<td>$ 14.18</td>
<td>Total projected unrestricted reserves available in 2011-12</td>
</tr>
</tbody>
</table>

* Insurance reserves jointly managed by employee groups and district currently total $7.3 million
Government Finance Officers Association (GFOA)
General Fund Reserve Recommendation

- GFOA Recommended General Fund Reserve Balance
  - 2 months operating expenditures
    - Very large organizations (specifically, states) with stable resources
      could have reserves as low as 5%
- 2011-12 Proposed Budget operating expenditures – $135 million
  - $22.5 million general fund reserve level deemed
    prudent by governmental oversight agency
  - General fund ending fund balance in proposed 2011-12
    budget – $3.3 million, $5.4 including underspending
  - Total projected all funds unrestricted reserves – 62% of
    recommendation for general fund only

Proposed Budget Reductions –
School Consolidations/Discretionary Reductions

- School Consolidation Reductions
  - Eliminate 2.6 FTE Principal positions
  - Eliminate 8.2 FTE Custodial/Secretary positions
  - Reduce utility budgets by $120,000
  - Total budget reductions - $940,000
- Material and Services Reductions - $1.6 million
  - 20% reduction department/school services and supplies
    budgets
  - 15% reduction in school based targeted funding
    reallocated to school staffing
### General Fund Enrollment/Staffing History

#### (In FTE)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Total Enrollment</td>
<td>17,175</td>
<td>16,069</td>
<td>15,467&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>(10%)</td>
<td>(4%)</td>
</tr>
<tr>
<td>Special Ed</td>
<td>1,415</td>
<td>2,541</td>
<td>2,461</td>
<td>74%</td>
<td>(3%)</td>
</tr>
<tr>
<td><strong>Staffing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Ed.</td>
<td>1,209</td>
<td>1,120</td>
<td>940&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>(22%)</td>
<td>(16%)</td>
</tr>
<tr>
<td>ESS (incl. central support)</td>
<td>183</td>
<td>215</td>
<td>208</td>
<td>14%</td>
<td>(3%)</td>
</tr>
<tr>
<td>Central Support</td>
<td>224</td>
<td>160</td>
<td>133</td>
<td>(41%)</td>
<td>(17%)</td>
</tr>
</tbody>
</table>

1) Does not include charter school or Education Option students for whom staffing is not allocated

2) Includes estimated targeted funding conversions of 8 licensed and 15 classified staff

### General Fund Staffing History by Employee Group

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>General Ed/ Sped Licensed</td>
<td>991</td>
<td>883</td>
<td>756&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>(24%)</td>
<td>(14%)</td>
</tr>
<tr>
<td>General Ed/ Sped Classified</td>
<td>242</td>
<td>300</td>
<td>260&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>7%</td>
<td>(13%)</td>
</tr>
<tr>
<td>Classified -Custodial</td>
<td>103</td>
<td>94</td>
<td>80</td>
<td>(22%)</td>
<td>(15%)</td>
</tr>
<tr>
<td>School Administrators</td>
<td>57.3</td>
<td>49.6</td>
<td>44.0</td>
<td>(23%)</td>
<td>(11%)</td>
</tr>
<tr>
<td>Central Admin/ Supervisor</td>
<td>37.6</td>
<td>32.4</td>
<td>28.75</td>
<td>(24%)</td>
<td>(11%)</td>
</tr>
</tbody>
</table>

1) Includes estimated targeted funding conversions of 8 licensed and 15 classified staff
### General Fund Central Support Staffing History (in FTE)

<table>
<thead>
<tr>
<th>Central Support</th>
<th>2011-12 Proposed Budget</th>
<th>Percent Change From 1990-91</th>
<th>Percent Change From 2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction Operations</td>
<td>17.3</td>
<td>(22%)</td>
<td>(17%)</td>
</tr>
<tr>
<td>Executive Administration</td>
<td>4.0</td>
<td>(20%)</td>
<td>(39%)</td>
</tr>
<tr>
<td>Finance/Support Services</td>
<td>18.6</td>
<td>(57%)</td>
<td>(11%)</td>
</tr>
<tr>
<td>Facilities Mgmt. (excl. CIP)</td>
<td>46.0</td>
<td>(39%)</td>
<td>(23%)</td>
</tr>
<tr>
<td>Transportation (excl. drivers)</td>
<td>12.7</td>
<td>(27%)</td>
<td>2.2%</td>
</tr>
<tr>
<td>Community Schools (rental)</td>
<td>1.5</td>
<td>(91%)</td>
<td>(25%)</td>
</tr>
<tr>
<td>Community Relations</td>
<td>2.5</td>
<td>(42%)</td>
<td>(19%)</td>
</tr>
<tr>
<td>Human Resources</td>
<td>9.7</td>
<td>(35%)</td>
<td>(12%)</td>
</tr>
<tr>
<td>CIS/Media Services</td>
<td>20.4</td>
<td>(22%)</td>
<td>(9%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>132.7</strong></td>
<td><strong>(41%)</strong></td>
<td><strong>(17%)</strong></td>
</tr>
</tbody>
</table>

### 2011-12 Budget Reductions

► Reduce school staffing, services and programs
  - Increase student-to-teacher ratio by 3 – 64 FTE
  - Reduce school classified staff – 14 FTE
  - Reduce principal positions at schools – 1.5 FTE

► School Consolidations
  - 8.2 FTE classified staff
  - 2.6 FTE principal positions
2011-12 Budget Reductions –
Staffing, Elementary Schools

► Larger class sizes at every grade, often over 30 students in grades 1-5
► Eliminating or reducing music and PE specialists
► Blending two grades in a classroom
► Fewer instructional assistants in classrooms
► Fewer staff in school office to help students and parents
► Library reductions, such as less student library time
► Less playground and lunch supervision
► Reduction of .5 FTE principal position at Twin Oaks will result in reduced staff support and guidance and involvement at after school/community events

2011-12 Budget Reductions –
Staffing, Middle and High Schools

► Scheduling fewer math, science, language arts and social studies course selections, so class sizes will be larger in remaining sections
► Eliminating or reducing foreign language offerings
► Offering fewer elective courses and eliminating some programs entirely
► Reducing library staff, school office staff, and more
► Reduction of .5 FTE Principal positions at Spencer Butte and NEHS will result in reduced staff support and guidance, involvement in evening activities/community events, and ability to support at-risk students and student initiatives
2011-12 Proposed Budget
Instruction Discretionary & School Targeted Funds
Converted to Staffing

► Secondary Math Intervention Funds
  ▪ Converted to 3.6 FTE math intervention teachers

► Elementary/Middle Leadership Combined with Instruction Discretionary Funds
  ▪ Converted to 2.5 FTE counselors at largest elementary schools

► Instruction Discretionary Funds Converted to:
  ▪ .5 FTE middle school counselor
  ▪ .5 licensed FTE for graduation requirements/essential skills coordination
  ▪ .2 licensed FTE to support professional development/seminar series
  ▪ 1.35 classified FTE to support progress monitoring, after school programs

2011-12 Budget Reductions - Athletics and Activities

► Revenue increases (1/3 of savings)
  ▪ Increased participation fees for middle school and high school clubs, athletics and activities

► Expenditure reductions (2/3 of savings)
  ▪ Reduced pay for walk-on coaches
  ▪ Number of coaches potentially reduced based on student participation
  ▪ Speech and debate eliminated
  ▪ 9th grade and JV baseball/softball eliminated
  ▪ Minimum 12 participants to form team in OSAA sport

► Total savings = $439,000
2011-12 Budget Reductions
Athletics and Activities

► Effects of budget changes
  ▪ Increased financial burden to families
  ▪ Potential reduction in student participation
  ▪ Potentially less interest from walk-on coaches
  ▪ Eliminated activities and athletic teams become or join clubs.

2011-12 Budget Reductions – Instruction Department

► Administrator/professional (1.1 FTE reduction)
  ▪ 1.0 Administrative assistant
  ▪ 0.1 Charter school liaison

► Licensed (2.8 FTE reduction)
  ▪ 1.5 ELL program
  ▪ 1.0 Freshman specialists (reallocated to schools)
  ▪ 0.3 Credit recovery (reallocated to schools)

► Classified (2.1 FTE reduction)
  ▪ 0.7 ELL program
  ▪ 0.6 Credit recovery (reallocated to schools)
  ▪ 0.6 Alternative Education (reallocated to Ed Options)
  ▪ 0.2 Natives program

► Supplies and Services - $125,000
2011-12 Budget Reductions - Communications

► Reduce staff by 1 FTE
  ► Management assistant (reduced from 1 to .5 FTE)
  ► School building scheduling & rental staff reduced from 2 to 1.5 FTE)
  ► Slower or reduced response to community and schools

► Reduce Eugene Education Fund contract by 40%
  ► Decreases support for EEF outreach and fundraising activities that directly support schools

2011-12 Budget Reductions Computing and Information Services

► $231,000 including 2.0 FTE
  ▪ 1.0 Classified FTE, Ed Center technology support
    ► 0 FTE dedicated to support central technology
    ▪ Technology Support Services Supervisor will cover emergencies
  ▪ 1.0 Professional FTE, Senior Network Engineer
    ► 0 FTE dedicated for network engineering
    ▪ Network Services manager with network engineering skills will cover emergencies
  ▪ Elimination of phone manager contract position
    ► Phone management responsibilities will move to Network Services with primary responsibility residing with the Network Infrastructure Specialist.
  ▪ Reduced materials and services budgets – $25,000
2011-12 Budget Reductions
 Computing and Information Services

► Effects of reductions
  ▪ Decreased technical support to TSSs, Ed Center Departments and schools; specific areas of lost expertise are Mac OSX, Parallels and imaging.
  ▪ Monitoring and daily management of the network and network servers; management of new ticketing system; network equipment diagnosis and operation; problem resolution; backup on network issues – all of these items are still high priority but may take longer to resolve. Implementation of new services will be delayed.
  ▪ Response to phone system problems and response to phone system change requests will be delayed.

2011-12 Budget Reductions – Educational Support Services

► $702,000 General Fund, including 9 FTE
  ▪ .4 FTE Administrator, special education
  ▪ 2.8 FTE Licensed staff
    ▪ FTE reductions in special education teachers and consultants, mental health therapists, occupational/physical therapists, nurses, speech/language pathologists
  ▪ 5.8 FTE Classified staff
    ▪ FTE reductions in instructional assistants, records management and social skills specialists
  ▪ Supplies and services - $44,000
2011-12 Budget Reductions – Educational Support Services

► $440,000 ESD Resolution Services, incl. 2.0 FTE
  ▪ 1.0 FTE Licensed, school psychologist
  ▪ 1.0 FTE Licensed, behavior classroom teacher
  ▪ 8 Life Skills slots ($35K each)

► $740,000 ARRA Fund, including 11.76 FTE
  ▪ 6.8 FTE Licensed staff
    ► Reductions in behavior/intervention funding, staff development specialists, speech/language pathologists and school psychologists
  ▪ 5.0 FTE Classified, behavior/intervention instructional assistants

2011-12 Budget Reductions – Educational Support Services

► Effects of reductions
  ▪ Reduction in teaching staff limits capacity to provide comprehensive services because of increased student/teacher ratio
  ▪ Reduction in itinerant staff limits capacity to complete evaluations in a timely manner, consultation with staff, and to provide related services
  ▪ Reduction to nurses and mental health limits ability to serve students with medical and emotional/social needs
  ▪ Reduction in classified staff affects ability to provide reports and support our students in the classroom
  ▪ Overall, the reductions limit capacity to integrate and support students with disabilities in the general education environment (ATGE)
2011-12 Budget Reductions
Building Custodians

► Reduction in evening custodial hours at almost every building
  ▪ 9 FTE
► Day custodial allocations held harmless
► $44,000 reduction in custodial supplies
► Status after reductions
  ▪ 80 custodians (29 day, 51 night)
  ▪ 2.85 million sq ft; 35,000 sq ft per custodian average
  (56,000 sq ft per night custodian)

2011-12 Budget Reductions – Building Custodians

► Effects of reductions/work plan:
  ▪ Degradation of cleanliness standards & building condition
  ▪ Day custodians pick up more (day time) cleaning
  ▪ Gap in custodial staff presence between day and night shift (building security issues)
  ▪ Split assignments between sites results in inefficiencies
2011-12 Budget Reductions – Facilities Management

➤ $622,000, including 5 FTE
➤ Eliminate 5 maintenance positions
  ▪ Senior Groundskeeper
  ▪ HVAC/Refrigeration Tech. IV
  ▪ Electrician
  ▪ 2 Maintenance Worker II
➤ $263,000 supplies and services reductions

2011-12 Budget Reductions – Facilities Management

➤ Status after reductions
  ▪ 9 Groundskeepers for over 540 acres
    ➤ 60 acres each
  ▪ 21 trades workers for over 3 million square feet
    ➤ over 144,000 sq ft each
  ▪ 1 roofer, 1 painter, 1 flooring, etc.
    ➤ equivalent area to one thousand 3,000 sq ft buildings per trade
2011-12 Budget Reductions – Facilities Management

► Effects of reductions/work plan:
  ▪ Reduced level of Preventive Maintenance (PM team to help with repair work orders)
  ▪ Safety Specialists reassigned as needed
  ▪ Predictable increase in work order backlog
    ► Current backlog – 600 work orders
  ▪ Gradual decline in building condition

2011-12 Budget Reductions – Finance and Support Services

► $209,000 including 2.2 FTE
  ▪ .75 Classified FTE, payroll
    ► 2.0 FTE remaining payroll staff, plus some supervisory time
  ▪ .25 Professional FTE, accounting
    ► 2.25 FTE remaining accounting staff, plus some manager time
  ▪ 1.1 Classified FTE, warehouse
    ► Remaining warehouse staff (general fund) – 3.1 FTE
  ▪ .1 Administrator FTE, financial analysis/budget
    ► 1.25 FTE remaining financial analysis/budget staff, plus some manager time
2011-12 Budget Reductions – Finance and Support Services

► Effects of reductions
  ▪ Most Accounting, Budget, Purchasing customer service will be reduced to once or twice/week
    ▶ Email distribution lists and call controller used to reduce customer service impact
    ▶ Attempt to maintain higher level of payroll customer service
  ▪ Parent groups (9) using district’s tax identification number and student body software will no longer have individual accounts
    ▶ Supervisory staff currently overseeing will shift focus to payroll
  ▪ Warehouse service reduced to four days/week during the school year, two days/week over school break periods
  ▪ Individualized financial training will be significantly reduced/eliminated
    ▶ Inconsistent with Chalkboard recommendations to adopt site-based training as a priority

2011-12 Budget Reductions – Human Resources

► Reduce staff by 1.3 FTE
  ▪ Recruitment, Classification, Compensation Manager
    ▶ reduced from 1.0 FTE to .55 FTE
  ▪ HR Information System Analyst
    ▶ reduced from 1.0 FTE to .67 FTE
  ▪ HR Assistant/Front Desk
    ▶ reduced from 1 FTE to .45 FTE
2011-12 Budget Reductions –
Human Resources

- Effects of reductions:
  - Transfer some recruitment processes to buildings and departments
  - Scaled down oversight by administrative staff of the District-wide Recruitment and Diversity Plans
  - Delayed response to requests for information from public and staff
  - Delayed development of HR processes and procedures contrary to recommendations from the Chalkboard Audit
  - Scaled down face-to-face support to public and staff
  - Slower response to customer service
  - HR Web page has been enhanced to support users
  - Recorded telephone answering/messaging system will be installed to manage high volume of calls

2011-12 Budget Reductions -
Superintendent’s Office & Board

- Materials and services reduced $24,000
- Effects of reductions
  - .16 FTE Minority Community Liaison services eliminated
  - Dues and fees reduced
  - Materials and supplies reduced
  - Conference and travel expenses reduced
- Additional FTE reductions pending review by Dr. Berman
Unanticipated Revenue Strategies

► May 17, 2011
  ▪ Outcome of the City of Eugene Temporary Income Tax and District General Obligation Bond Measure will be decided
  ▪ City Income Tax
    ▪ If passed:
      ▪ Use restricted to reducing class size or adding back instructional days
      ▪ Estimated to provide $12 million per year for 4 years
      ▪ First receipts in May 2012
      ▪ Approximately $6 million
        ▪ Uncertainty of amount and timing
        ▪ Recommendation:
          ▪ Used cautiously to first add back some level of targeted staffing to reduce class size and more specifically to increase student achievement
          ▪ Secondly, restore instructional furlough days that may result from current conversations with employee groups

2011-12 Budget Reductions - Transportation

► $88,000 including .5 FTE
  ▪ .5 classified FTE
    ▪ Reduce one bus route due to reduced ridership
  ▪ $39,000 materials and services
  ▪ Need for additional bus routes due to school consolidations will be assessed in late summer
Unanticipated Revenue Strategies

► District General Obligation Bond
  - If passed, will shift approximately $1 million in currently budgeted building repair/improvement costs out of the general fund annually for six years.
  - Recommendation:
    - Targeted for staffing that will increase student achievement
► Additional State Funding above current K-12 $5.7 billion funding level
  - Restrictions on use likely to be similar to $100 million Ed Stability Funds
  - Enhance learning opportunities, reduce class sizes, and increase instructional days

Proposed Budget
Other Funds
Capital Equipment Fund
Page 128

► Resources:
  ▪ State School Fund Bus Reimbursement – $400,000
  ▪ Beginning Working Capital – $6.4 million
► Requirements excluding contingency – $5.2 million
  ▪ Textbooks
  ▪ Equipment
  ▪ Technology (Hardware/Software)
  ▪ Bus and Other Fleet
    ► Bus lease payments included in “Other category” - $939,000

Federal, State and Local Programs
Fund Page 130

► Resources from federal, state, local and private grants
► Major grants
  ▪ Individuals with Disabilities (IDEA)
  ▪ No Child Left Behind
  ▪ Regional Special Education Programs
  ▪ Eugene Education Fund
► Resources/requirements total $16.2 million
  ▪ Down from $19.2 million in 2010-11, primarily due to expiration of federal stimulus funding
  ▪ Grant indirect charges included in “Other category” - $508,000
Student Body Fund – Page 133

- Accounts for money schools receive from students and parents for purposes such as special student projects, field trips and student activities
- Fund raising is major source of revenue
- Funds are used for various student activities and special school projects
- Requirements excluding contingency and ending fund balance – $7.1 million
  - Uses limited to reasons funds were raised
  - "Other" category includes:
    - Dues and fees - $1.25 million
    - Transportation costs - $100,000

Debt Service Fund – Page 134

- Accounts for principal and interest payments on general obligation and pension bond debt
- Resources: property taxes and interest earnings
- Six bond issues with outstanding principal
  - 2011-12 requirements total $19.8 million
  - Classified as "Other" in budget document
- Reserves of $8.8 million held to pay July/August 2012 debt service payments
Nutrition Services – Page 139

- Resources primarily from sales and federal funding
- Requirements excluding contingency and fund balance
  - $5.1 million

Program goals
- Increase participation
- Make progress toward a financially self-sufficient program
- Continue to improve nutrition of meals served
- Explore using more sustainable products and offering more local produce
- Improve communication with stakeholders

Nutrition Services (continued)

- Goal: Make Progress Towards Financially Self-Sufficient Program
  - Proposed General Fund Transfer – $321,000

Nutrition Services Fund Operating Performance
Nutrition Services Fund (continued)

Goal: Make progress toward a financially self-sufficient program

► Challenges:
  ▪ Increasing food and employee compensation/benefit costs
  ▪ Open campus at high schools
  ▪ Small schools
  ▪ Declining enrollment
  ▪ Changes in a la carte program
    ▪ Wellness Policy
    ▪ State legislation
  ▪ Federal reimbursement rate increases that do not meet program cost increases

Insurance Reserve Fund – Page 141

► Accounts for majority of district insurance functions
► Revenues: mainly interfund charges and interest earnings
► Five subfunds
  ▪ Three employee group reserve funds, Wellness Clinic Subfund and Risk Subfund
► Requirements for all subfunds excluding contingency and ending fund balance – $41.2 million
Insurance Reserve Fund (continued)

- Employee Group Subfunds
  - Licensed, Classified and Administrator reserves operationally stable
  - Future will be determined by Oregon Employee Benefit Board rate increases
    - Depending on plan 5.5% to 8.5% for 2011-12
- Wellness Clinic Subfund
  - Reserves increasing due to Third Party Billing payments

Insurance Reserve Fund (continued)

- Risk Subfund
  - General fund support proposed as a transfer for 2011-12 – $375,000
  - At this level of support, reserves will be depleted in a few years requiring increased transfer from the general fund
  - Includes $152,000 for potential liability claims classified as “Other”
District Retirement Fund – Page 145

- Accounts for district's supplemental retirement payments and PERS Reserve
- Supplemental Retirement Payments
  - Program: started in 1978; ended for new administrators in 1996 and new teachers in 1998
  - Early retirement reserves being drawn down annually as part of 2008-09 budget reduction strategies
  - Retirees currently receiving benefits: 371
  - Active employees on plan: Licensed - 256, Administrators - 20
- PERS Reserve Balance at end of 2010-11 – $2.5 million
  - $1.26 million budgeted for transfer to the general fund in 2011-12 to partially offset PERS rate increases
  - Remaining balance forecast to be transferred in 2012-13
- Requirements excluding contingency and ending fund balance – $4.6 million

Capital Projects Budget – Page 149

- Bond proceeds spent in 2010-11
  - Proceeds from May 17 bond measure not included
- Non-bond funded projects
  - $6.8 million in projects (detail on page 156),
    - $2 million allowance for projects to support sustainable budget strategies
    - $1 million for synthetic field replacement at two high schools
    - $1 million for roofing replacement
  - Preventive maintenance – $400,000
- Ending Fund Balance – $199,000