## Projected Unrestricted Reserves Available in 2011-12 (in millions)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Estimated 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 <em>budgeted ending fund balance is 2.4% of operating revenues due to reliance on underspending to attain 4% balance</em></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>$1.8 million to be used to offset 2012-13 deficit</td>
</tr>
<tr>
<td>Capital</td>
<td>$ -</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><strong>Total</strong></td>
<td><strong>$ 13.98</strong></td>
<td>Total projected unrestricted reserves available in 2011-12</td>
</tr>
</tbody>
</table>
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 estimated operating expenditures - $136 million
    - $22.7 million general fund reserve level deemed prudent by governmental oversight agency
    - General fund ending fund balance in proposed 2011-12 budget - $3.3 million
    - Total projected all funds unrestricted reserves – 62% of recommendation for general fund only
Deficit of $21,700,000

- $21.7 M is the shortfall we must close, even after taking into consideration the (anticipated) release of funds from the Legislature.
- In other words, based on the more recent news that State Funding of K-12 will be at the $5.7 Billion level, the District’s previously estimated shortfall was reduced to $21.7 Million.
How has the release of additional funds factored into our thinking?

- We are preparing the proposed budget based on the assumption that we will be increasing the student to teacher ratio by 3 (i.e., laying off 64 classroom FTE). There is a placeholder of $4.5 M for additional staff reductions and/or compensation concessions.
  - While this involves a risk, it makes clear our priority to minimize impact on students.
## Non-classroom Reductions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce Reserves</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Reduce supplies/revenue enhance.</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>School Consolidation</td>
<td>$900,000</td>
</tr>
<tr>
<td>Non-Licensed &amp; non-classroom teacher reductions</td>
<td>$3,900,000</td>
</tr>
</tbody>
</table>

**Deficit:** $21,700,000

**Running deficit:** $10,300,000

*(prior to classroom teacher reductions & compensation strategies)*
Potential Licensed Reductions in Force  
(Based on current budget)

Running deficit: $10,300,000

- Increase student teacher ratio by 3.0 \( \rightarrow \) $5,800,000  
  (ie, cut 64 Classroom Teacher FTE)
- Compensation Cuts (or layoffs) \( \rightarrow \) $4,500,000

\( \rightarrow \) $0.0

(If taken proportional cuts, $4.5 Million in layoffs amounts to: 32 licensed; 23 classified, and 3.5 administrator FTE. That is in addition to the FTE reductions above. The total, then is in the range of 190).
District Offer

- Freeze Step ($1.8 M)
- Reduce Salary Schedules by 1.9% ($1.9 M)
- Cut 6 days from 11-12 work year ($2.9 M)
  ✓ 2 paid holidays; 2 PD/Planning; 2 Hazardous Weather (or if none, then instruction days)
- Eliminate payments to PERS on District TSA contributions ($240k)
- Maintain current contributions to health insurance
  ✓ The licensed insurance reserve has about $1.5 Million that can be used to defray costs for employees if rates increase
Summary of our interests

- We must continue to provide an excellent program. A corollary of this is the provision of a full instructional year.

- Students need reasonable class sizes, ideally no more than 2010-11 levels. Teachers need reasonable working conditions.

- We need to keep, not layoff, staff.

- We need to live within our means. We expect slow economic growth: spending plans made today need to be sustainable.

- With these considerations in mind, we need to minimize harm to compensation of existing employees.
Summary of offer

- Reduces projected increases to the student teacher ratio and mitigates harm to classroom and working conditions
- Prevents layoffs of more than 75 employees
- Balances one-time and ongoing (sustainable) strategies
- Avoids abrupt compensation declines for employees

✓ Flexible on means
Thank you for your consideration in finding the best way forward.
MEMORANDUM OF AGREEMENT
BETWEEN
EUGENE SCHOOL DISTRICT 4J
AND
EUGENE EDUCATION ASSOCIATION

The Eugene School District 4J and the Eugene Education Association agree as follows:

1. The parties agree to the following modifications of Articles 4, 6, and 10 of the 2010-13 Collective Bargaining Agreement:

   ARTICLE 4 – SALARIES AND RELATED COMPENSATION

   4.1.1 The 2010-11 professional salary plan shall be as in Appendix A. The 2009-10 salary schedule shall be increased by one percent (1%) effective July 1, 2010. The 2011-12 professional salary plan shall be as in Appendix A-1, and will reflect a reduction of 1.9%, and a 186 day contract year.

   4.4.4 For 2010-11 the step increase will be funded at 50%. For purposes of status quo, the increase will be as though there had been a full step. For 2011-12, employees will remain on the same step they were on in 2010-11, which step will remain funded at 50%. For purposes of status quo, the employee will remain on the same step they were on in 2011-12, which step will be funded at 100%.

   ARTICLE 6 -- FRINGE BENEFITS AND OTHER ALLOWANCES

   6.1 The District’s monthly insurance contribution for each full time equivalent (FTE) unit member is one thousand one hundred dollars ($1,100) per month for the period October 2010 through September 2011. For 2010-11, the Association will transfer from the licensed insurance reserves $10 per member per month to the District general fund effective October 1, 2010. The District’s monthly insurance contribution for each full time equivalent (FTE) unit member is one thousand one hundred dollars ($1,100) per month for the period October 2011 through September 2012.

   ARTICLE 10 – WORK SCHEDULE

   10.2 WORK YEAR
   The Board shall adopt a school calendar of one hundred and ninety-two (192) one (191) contract days which includes a teacher planning day as the first day of the scheduled year.
10.2.1 Five (5) paid holidays shall be Labor Day, Veteran’s Day, Thanksgiving Day, President’s Day and Memorial Day.

* * *

10.2.5 For 2011-12 school year only, the work year will be reduced by five (5) contract days, from 191 to 186. The parties agree that the days eliminated will be two (2) of the paid holidays provided in Article 10.2.1, a school improvement and planning day at the beginning of the year, and up to two hazardous weather days. If by March 15, 2012, schools have not been closed any day on account of hazardous weather, then the two furlough days will be June 18 and 19, the last student day will be June 14, and the grading day will be on June 15; if schools have been closed only one day on account of hazardous weather, then the remaining furlough day will be June 19, the last student day will be June 15, and grading day will be June 18.

* * *

10.5.5 The first day of the second semester will be a no student day, divided into no more than 3.75 hours of professional development and no fewer than 3.75 hours of uninterrupted planning time. All reasonable efforts will be made to have the professional development time in the morning. The Association and the District will collaborate to determine placement of this day in the trimester calendar.

2. The parties further agree that the District will no longer treat District contributions to a tax-sheltered annuity as subject salary under PERS and OPSRP.

IT IS SO AGREED this ___________ day of April 2011.

For the District

For EEA

________________________   _________________________
Craig Smith Date                  Dayna Mitchell Date
Board Chair EEA President and Bargaining Team Co-Chair

________________________   _________________________
Christine Nesbit Date            Tom DiLiberto Date
Assoc. Director, Human Resources – Labor Relations EEA Bargaining Team Co-Chair