

Eugene School District 4J – Sustainable Budget Development Process
Superintendent’s Revised Recommendations
Introductory Remarks
December 8, 2010

Overview.

Last month I presented to you my preliminary recommendations for a balanced and sustainable budget, in the face of increasing costs and decreasing revenues. This offered a first-draft strategy for achieving a sustainable budget to implement the board’s goal to balance operating costs with projected revenues for the longer-term.

My revised recommendations include some revised assumptions as well. I have made several significant changes to my recommendations, based on these revised assumptions and the public input we have received so far. Those revised assumptions are the following:

- 1. Our financial shortfall, the most important assumption:** The preliminary recommendations were based on a target of \$30 million. The district's five-year financial forecast, which assumed a reduction in state funding, showed a 19–27% operating deficit for 2011–12 and smaller but ongoing deficits in future years. I am now basing the revised recommendations on an assumption of status quo funding from the State for 2011–12, or about \$5.7 billion for the biennium, for a revised shortfall target of \$22 million. There is some risk to this assumption and therefore retaining a reasonable and prudent reserve is necessary as a hedge for any additional cuts that might occur in the State budget. It will be some time in January before we know what the new governor proposes for K–12 funding. At this point, based on the current governor’s reset report and our recent conversation with local legislators, it appears that anything *more* than status quo should not be anticipated.
- 2. Adjusting our target date for achieving a sustainable budget:** The second assumption is that the board is willing to adjust the board goal for achieving a sustainable budget by 2012–13 to a revised date of 2014–15. Board members’ comments and much of the public commentary regarding the preliminary recommendations focused on whether our district has the capacity for so much change in one year, and on the lack of a clear plan and roadmap for reconfiguration.

- 3. Setting a course for change:** Another assumption is that when you approve final recommendations in January, it will set us on a course for change. You have asked for a three-year sustainable budget plan that shows where we're heading, and we've tried to provide that. Once you settle on a final scenario, there will still be a legislative session and district budget process to go through in terms of particulars, and a negotiations process with labor organizations that may not give us clear answers until well into the spring. The final sustainable budget scenario that you adopt in January will point us in the appropriate direction for both developing the 2011-12 budget and knowing what steps we need to take as a district.
- 4. Grade reconfiguration needs more time and thought:** While staff may understand the necessity for some kind of school reconfiguration to get to a more sustainable future and maintain a viable instructional program in the years ahead, we have just not done a good enough job of articulating our reasons for the proposal — it is clear that the board and our community are not convinced. Yes, we are the professionals and our expertise and knowledge should be given substantial weight when making decisions about teaching and learning — but as I've said before, these are not my schools or the staff's schools, they are the community's schools. If we expect the community to continue supporting and trusting in our public schools, we must give due consideration to their wishes and expectations. Thus, while we cannot realistically meet every community member's expectations, the reason they elect a school board to represent them is to ensure that their voice is heard and considered. I have tried, within reason, to do just that.
- 5. Proposed staffing ratio change is too great:** Much of the conversation about school closure and reconfiguration has been a distraction from the significant implications of changing the staffing ratio. As I've looked at the numbers and the impacts on specific schools, it's become clear to me that a ratio change of 4-5-6 for next year as proposed will be just too devastating for schools and programs. One of the benefits of revising the forecast downward is that it allows me to propose a smaller increase in the staffing ratio for next year. For now, I'm suggesting two options: an increase of 2 at elementary and 3 at the secondary level; or an increase of 3 at elementary and 4 at secondary. This "either/or" approach will require

schools to develop two staffing plans. Included in your red folders are some preliminary projections of staffing impacts under the different ratio scenarios. Which staffing ratio increase is implemented will depend on how the other scenarios (especially those that will involve labor negotiations or voter approval) play out. Long-term, this adjustment may mean that we have to further increase the staffing ratio for the following year (2012-13), unless something changes.

- 6. School closures and consolidations are necessary:** 4J's enrollment has shrunk by more than 1,350 students since the last time we closed a school building. I understand that no community wants to see its neighborhood school closed, but staff in our smallest schools understand that there comes a point when staying open just doesn't make good instructional or financial sense. Closure of Coburg, Crest Drive, Twin Oaks and Parker will result in savings from eliminating the ongoing operational costs of four schools, in addition to the instructional reasons for closure. Closing the Meadowlark program without closing the building will not necessarily save any dollars; the reason for this proposed closure is strictly about the instructional viability of the school. Even under the less drastic staffing ratio increase of 2, Meadowlark would lose close to 1.5 positions (full time equivalent/FTE). After consolidation with Willagillespie, the combined school would have far more flexibility in both staffing resources and facilities.
- 7. Language immersion and alternative schools must be reconsidered for the longer-term:** The revised recommendation is to continue the language immersion schools as K-5 elementary schools for now. I am still recommending moving the Charlemagne French Immersion K-5 program to a more centralized location at the Parker site. I suggest revisiting this topic in 2011-12, taking another look at Corridor and Family School to determine the future of non-language alternative schools in the district and whether they remain sufficiently distinctive in their approach as provided in the board's alternative school review criteria. Although we have closed or merged some alternative schools over the last few years, we need to periodically explore this question as district enrollment grows smaller. We also need to examine whether there is a way to provide a second language experience in all of our neighborhood elementary schools.

8. Anticipated bond measure and additional operating revenue: My revised recommendations incorporate the assumption that the board will place on the ballot and voters will pass a capital bond measure of about \$130 million in May 2011. We also hope that the efforts of many education supporters in our community to explore some kind of new revenue source will prove fruitful.

I have been trying — as much as possible, and within our fiscal realities — to respond to and consider all the varied feedback and input received through the public processes, correspondence and meetings to this point.

Tonight I will be presenting my revised recommendations. My revised recommendations are intended to:

- place highest priority on maintaining programs and services that value learning, excellence and equity;
- increase our system's ability to maintain quality programs as enrollment and resources decline, through larger and consolidated schools;
- support teaching and learning through redesign of the instructional delivery model for the future;
- ask employees to share the pain by sacrificing through compensation-related adjustments; and
- move toward a sustainable budget while using reserves and one-time funds to bridge toward the better times and possible additional sources of revenue we hope we will see in 2013–14 and beyond.

The revised recommendations include:

- Reducing staff, services and programs for \$7.7 million in cost reductions, including reducing 62 teaching positions and 43 administrators and classified staff across the district;
- Reducing the school and work year to achieve \$4.0 million in cost savings;
- Negotiating a freeze on pay and benefits contributions to achieve \$1.5 million in savings;
- Reducing materials, supplies and contract services by 15% for \$1.1 million;

- Revenue enhancements totaling \$1.2 million annually, including a bond measure to fund critical capital projects and allow us to shift some technology and facility costs out of the operating budget;
 - Closing a total of five elementary schools (four buildings) by June 2012 for \$1.2 million in long-term cost reductions;
 - Sharing services or contracting out services for \$500,000 in cost reductions;
 - Reducing athletics and extracurricular activities by 25% for \$500,000 in cost reductions;
- and
- Spending reserves and using some of the proceeds from selling surplus properties to help balance the budget in the short-term.

My revised recommendations do not propose that we reconfigure schools in 2011–12. I still believe some kind of reconfiguration will be necessary in order to maintain strong 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. It also would have allowed for maintaining a school district with the four regions and a four comprehensive high school model. 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.

We've met with the principals from each of the regions and heard their thoughts on the preliminary recommendations. Included in your materials is a position paper from the elementary principals group sharing some of their thoughts on the current situation, as well as information about the potential staffing impacts from the middle and high school resource principals. Starting this week, I will be holding regional meetings with teachers to hear additional thoughts and concerns from staff regarding the revised recommendations, to help me consider the final recommendations to be brought forward in January. While nothing is cast in concrete at this point, it is important for staff to get some sense of what would be acceptable to the board and what would not.

A lot of what we've heard is "don't close our school" and "we don't like the proposed 4-8 configuration." We've also heard that students and some staff don't like the proposed K-8 language immersion schools. Others have suggested eliminating all choice and closing all alternative schools. More recently I've heard concerns about the proposed cuts in the staffing ratio and the impacts that it will have on class sizes and the ability to offer strong instructional programs for students. I am grateful to those who have been willing to offer alternative suggestions, including other kinds of configurations. Many of those suggestions have been very helpful and have been considered as I've developed the revised recommendations, including the feedback from the board we heard the other night.

On December 15th the board will have a joint work session with the budget committee to discuss these revised recommendations and provide additional direction to the superintendent. ~~The board is scheduled to conduct a final public hearing on January 5th and I plan to deliver a final recommendation at the January 12th board meeting. The board is then scheduled to take final action on January 25th.~~*

I'll now walk through my revised recommendations and then staff are available to respond to your questions.

** **Note:** This schedule was revised in late December. The board now is scheduled to hold an additional work session on January 5. The superintendent will present his final recommendations on January 12. A final public hearing will be held at the board meeting on January 19. After discussing the superintendent's final recommendations at the January 25 meeting, the school board is expected to take action on February 2.*