

MINUTES OF THE 4J BUDGET COMMITTEE
Eugene School District 4J, Lane County, Oregon
Virtual Meeting via Zoom

January 24, 2022

PRESENT: Joshua Burstein, Dakota Boulette, Gary Campbell, Tom Di Liberto, Anne Fifield, Ericka Thessen, Juan Carlos Valle, Appointed Committee members; Alicia Hays, Loral O'Rourke, Judy Newman, Gordon Lafer, Martina Shabram, Maya Rabasa, Mary Walston, Board Committee members; Cydney Vandercar, Andrea Belz, Brooke Wagner, Kerry Delf, staff.

I. Call to Order and Roll Call

Ms. Newman called the 4J Budget Committee to order and called the roll. A quorum was established.

II. Agenda Review

There were no changes to the agenda.

III. Items for Action at this Meeting

1.a. Election of Officers

MOTION: Ms. Shabram moved to elect Joshua Burstein as chair and Juan Carlos Valle as vice chair. Mr. Boulette provided the second. Mr. Burstein and Mr. Valle accepted the nominations and were unanimously elected as chair and vice chair of the 4J Budget Committee, 14:0.

Mr. Burstein welcomed new and returning Budget Committee members and thanked the committee for the honor of serving as chair.

1.b. Approval of Minutes for the April 26 and May 10, 2021, Budget Committee Meetings

MOTION: Mr. Valle moved to approve the minutes of the April 26 and May 10, 2021, Budget Committee meetings as presented. Ms. Shabram provided the second. The motion passed 13:0:1; Ms. O'Rourke abstaining.

1.c. Approval of Proposed Budget Committee Meeting Schedule for March-May of 2022

Ms. Belz reviewed the proposed meeting schedule. She said the District had to have an adopted budget by June 30, 2022, in order to make expenditures.

The committee discussed the schedule and the need to have enough meetings to allow sufficient time for an in depth examination of the proposed budget and opportunities to receive feedback from the community in order to make informed recommendations to the School Board.

Ms. Hays supported adding meeting dates to the schedule. She emphasized the importance of understanding the role of the Budget Committee and the respective responsibilities of the Budget Committee and School Board with respect to the budget process. Ms. Belz said that an orientation for new Budget Committee members had been held on January 20, during which the

statutory role of the committee and its activities during the budget process prior to approving a proposed budget and declaring taxes and levies.

Mr. Valle said while the role of the Budget Committee was very prescribed, the perception of the community was that it should do more in terms of being a conduit from the community to the Board. The schedule should include opportunities for meeting with community groups and obtaining public feedback that could be presented to staff and the Board.

Mr. Lafer said his understanding was that the Board had the authority to approve the budget and the Committee's role was advisory to the Board. He thought it was important that the Committee had the ability to channel community input and make recommendations on major decisions about allocation of resources.

Ms. O'Rourke agreed that the role of the Committee was not always accurately portrayed. She said the Committee was established to help inform how District funds were spent and the Board wanted the Committee's assistance. She wanted to see the District's minimum starting wage be at least \$17/hour and hoped that was a discussion the Committee could have. Discussions about that type of change would require additional meetings.

Mr. Di Liberto concurred with previous speakers about the Committee being a conduit to the Board of information gathered from the community. He suggested engaging various communities such as the Spanish-speaking community in the budget process to obtain feedback on allocation of resources.

Ms. Vandercar recognized that it was frustrating when an expectation of making changes did not happen. Some major changes, such as in a starting minimum wage, would have to be bargained. The Committee was unable to make those types of unilateral decisions without other steps in the process.

The Committee discussed strategies for engaging various groups and populations within the community, such as involving the Equity Committee in that effort. Ms. Vandercar said that the subject of community engagement could be a topic at the next Board meeting.

Mr. Valle said the community included many voices that did not come to District meetings; it was important to go to them to obtain their perspectives and input.

MOTION: Mr. Valle moved to adopt the following meeting schedule: February 28, March 14, March 28, April 25, May 2 and May 16, 2022, from 6:00 - 8:00 p.m. Ms. Thessen provided the second. The motion passed unanimously, 14:0.

IV. Items Raised by the Audience

Mr. Burstein invited comments from the audience.

Sabrina Gordon, Eugene Education Association (EEA) president, thanked committee members for their work on the budget. She stressed that their efforts would have a significant impact on the educational experience of students. Taking time to understand the input from many stakeholders and incorporating that into committee discussions, questions and potential modifications to the draft budget was critical. The challenge was to take a school district that had suffered decades of underfunding and two years of a pandemic and turning it into an opportunity for recovery and resilience. She identified three priority areas that should be reflected in the

budget: increasing special education funding, significantly reducing class size and prioritizing funding for mental health support. She said other goals were important, but none would be achieved until case loads, class size and social and emotional needs were met.

Dana Fleming, Eugene Education Foundation (EEF) executive director, read a letter from Ann Burgess, chair of the EEF Literacy Committee. The letter urged priority for programs that supported literacy in classrooms, specifically staffing for elementary school libraries. Students required knowledgeable librarians trained in readers' advisory and media literacy to provide guidance in choosing reading materials, learn to think critically and evaluate the vast amount of information with which they were presented daily. She noted that the American Library Association reported that students in high poverty rate schools were twice as likely to graduate when a certified school librarian was on staff. Depending on well-meaning volunteers to staff libraries only widened the inequity gap. She urged the committee to prioritize funding to staff every library for six hours per day and if that was not possible, pilot that staffing in the District's lowest performing elementary schools and middle schools for three years.

Amy Page, 4J District librarian, echoed Ms. Fleming's remarks. She asks that the District provide equitable library funding at the District level for teacher librarian and materials. She said some of the most needy student populations were without access to their school library and listed several examples of schools without library staff or a library budget. Student populations with the most need for a literacy rich environment had libraries that were closed to them. She urged that the inequitable situation be addressed by the committee as a priority issue.

V. Items for Information

1. Superintendent's Message

Ms. Vandercar welcomed new and returning Budget Committee members. She said the financial update would include key elements and there would be many competing interests, all of them important, and it would be challenging to choose which to fund. She said there were still a number of unknowns, including the impact of the COVID-19 pandemic on student enrollment, the results of upcoming contract negotiations with unions, levy revenues, the Public Employees Retirement System (PERS) rate and resources from the state that were based on enrollment. She said the District continued its work to invest in supporting all students' needs, providing support for the pandemic's impact and equity work and providing a safe, welcoming and equitable environment for students and staff. She said there would be many decisions to make, none of them easy, and she greatly appreciated the willingness of committee members to volunteer their time for the community's children.

2. Financial Update

Ms. Belz used a slide presentation to review the financial update, noting that some things were still unknown and staff would continue to provide the committee with information as it became available. She said as in past years the District would see the majority of its funding come from the State School Fund, which was a formula that combined property tax collections and funds allocated from the state as part of the budget process. School Fund formula revenue for the coming year was estimated at \$184 million. Another significant source was the local option levy at \$22.4 million. Other revenues of \$5.5 million were primarily pass through funds from the local Education Service District (ESD), interest on investments, grant administration, miscellaneous school fees and activities and reimbursements for services.

Ms. Belz explained that 82 percent of the State School Fund money came from enrollments, one percent for English as a Second Language (ESL) programs, 10 percent for Individual Education

Plan students, two percent for students in poverty and five percent for charter school enrollments. She explained the weighting for certain categories of students and teacher experience.

In response to a question from Mr. Valle, Ms. Belz said that while one percent of the School Fund dollars was for ESL programs, that did not limit the resources the District provided for those programs. It was just one of the funding sources for them. The District budgeted for ESL programs by need. She said the District was required to bargain with the unions on issues such as compensation for teachers with certain skills, such as being bilingual.

Ms. Belz acknowledged the difficulty projecting enrollments, given the current pandemic environment. Because of the uncertainty, staffing projections for next year would remain at current levels in order to provide consistency and security to District staff. Small adjustments would be made based on current student populations and projections for the future. Overall the staffing picture would remain stable for the coming year.

Regarding expenditures for the coming year, General Fund expenditures of \$216.7 million were forecast, with 84 percent budgeted for personnel, three percent for transfers, one percent for equipment/other, three percent for supplies, three percent for charter schools and six percent for purchased services. She explained the elements and key drivers of costs in each category. She compared changes between the May 2021 and January 2022 General Fund forecasts and drivers of those changes. Changes included an increase in School Fund revenue by the Oregon Legislature, smaller increase in enrollments due to the pandemic, PERS rate fluctuations over the biennium, decrease in School Fund grants because of a drop in enrollments and increased local option levy revenue due to rising residential property values.

Mr. Valle expressed surprise that the 2023-24 enrollment projections were not higher when it was assumed the pandemic would be under control by then. Ms. Belz said the District did not expect that all students who had moved to other enrollment options, such as an online charter, would all return at once and therefore projections of returning students were stretched over the two-year period 2022-23 and 2023-24. An increase in School Fund revenue would bring additional funds even though enrollments were lagging.

In response to a question from Mr. Boulette, Ms. Belz said that charter school enrollments had been relatively stable during the pandemic. Because entry to a charter school was by lottery, people were less likely to leave, even temporarily, to avoid losing their place in the lottery and having to reapply.

Ms. Newman asked if the dip in enrollments was consistent statewide. Ms. Belz said 4J had experienced a higher loss than average, but not as high as some districts.

Ms. Rabasa asked how the District's teacher experience average compared to other district. Ms. Belz said 4J had a younger teacher population that was earlier in their careers than the average and that did impact the School Fund grant.

Looking at the General Fund five-year forecast, Ms. Belz noted that in the current year there was an operating deficit of \$2.6 million. That was planned based on spending down reserves to accomplish various goals in 2021-22. She said lack of agreements with teacher and classified unions and MAPS (managers, administrators, professionals, supervisors) made it difficult to

project personnel costs. The numbers in the forecast reflected the status quo and changes would depend on the results of bargaining.

Mr. Lafer asked how the District would end up with an \$8 million operating deficit in the current year, given that funding from the state was higher than projected. Ms. Belz said that the budget contained more expenditures than revenues with the idea that the operating reserve would cover any deficit. She said there were programs, initiatives and staffing that needed to be added to the District, but there were not sufficient projected revenues to cover them. There were enough one-time funds in the form of operating reserves to cover them and staff and the Board felt that was a good use of those one-time funds from the General Fund.

Ms. Newman asked if grant funds were reflected in the General Fund forecast. Ms. Belz said grant funds were not included in the forecast, but would be presented and discussed at the committee's March 28 meeting, along with information about all other activities that were outside of the General Fund.

Ms. O'Rourke asked that details on all of the operating reserves be provided at a future meeting. Those details should include the amount already in a fund and the amount of reserves in order to better understand that aspect of the budget.

Mr. Valle said it appeared that revenues were expected to increase about 15 percent over the next five years. PERS operations and reserves were expected to increase 35 percent over the same period. Ms. Belz agreed that revenues would increase, but expenditures in 2021-23 were likely to increase by more than revenues. A larger revenue increase in 2023-25 would help the District keep up with the rising cost of doing business. However, the expenditure amount would change once personnel costs were known.

In response to a question from Mr. Lafer, Ms. Belz said the closing fund balance of five percent was required to be maintained by Board policy.

Ms. Belz briefly reviewed the 2021-22 and 2022-23 forecasts. Compression was having less effect on the local option levy and the District expected to receive \$1.32 of the \$1.50 level. She said General Fund reserves were at the highest point in recent history and included the five percent minimum fund balance. She noted that some of the large cuts to staffing and programs that had to be made during the recent recession could have been avoided with larger reserves. She said best practice was about 15 percent reserves, plus the five percent minimum fund balance. She said reserves are necessary to maintain a sustainable balanced budget in periods of economic uncertainty.

Ms. Belz noted the future impacts on forecasts included COVID-19, employee compensation agreements, pay equity, actions by the 2022 Oregon Legislature and final 2023-25 biennium PERS rates.

3. Budget Committee Discussion

Mr. Burstein noted there had already been considerable discussion and called for any additional questions and comments from committee members.

Mr. Lafer asked that copies of the slide presentation be sent to committee members. He also asked if there was a rainy day fund at the state or local level. Ms. Belz said there was a state rainy day fund for education that the legislature had the authority to use. Some rainy day funds

were included in the School Fund dollars the District received in the 2021-23 biennium. She would provide slides for the state forecast that included that information.

VI. Budget Committee Wrap-up

a. Items Raised by Committee Members

Mr. Campbell asked what framework would be most useful to receive the committee's input on impacts it would like to have on the budget process and priorities, such as broad concepts or more specific detailed recommendations. This would help shape discussions moving forward.

Ms. Newman liked the suggestion of a framework for discussing how the budget was built.

Ms. Fifield asked when presentations would be made on the District's other funds. Ms. Belz said that presentation would occur at the March 28 meeting. The presentation would describe the parameters of those other funds and what degree of flexibility was permitted in their use.

b. Items for Next Meeting

Mr. Burstein determined that members concurred that the next meeting would be an open discussion of the budget process and a framework for committee input. Based on that discussion the staff would develop agendas for the next several meetings.

VII. Adjourn

Mr. Burstein thanked everyone for their participation in the budget process and adjourned the meeting at 8:12 p.m.

(Recorded by Lynn Taylor)