

MINUTES OF THE 4J BUDGET COMMITTEE

School District 4J, Lane County, Oregon
Virtual Meeting via Zoom

January 30, 2023
6:00 p.m.

PRESENT: Gary Campbell, Chair; Dakota Boulette, Vice Chair; Josh Burstein, Tom Di Liberto, Anne Fifield, Alicia Hays, Michelle Hsu, Judy Newman, Laural O'Rourke, Eric Richardson, Ericka Thessen, members; Superintendent Andy Dey; Matt Brown, Director of Finance; Colina Beard, Chief Administrative Officer; Lisa Fjordbeck, Department Operations Coordinator; Bob Blyth, Associate Director of Financial Services; Jenna McCulley, Director of Communications and Intergovernmental Relations, 4J staff.

I.1 Call to Order and Roll Call

Ms. Hays called the 4J Budget Committee meeting to order and a quorum was established. Committee members introduced themselves and described their background and interest in the budget process.

I.2 Superintendent's Message

Superintendent Day thanks members of the committee for their service to the District, students and their families, and the community as a whole. District staff introduced themselves.

II. Items for Action at this Meeting

II.1 Committee Administration

Ms. Hays said the first order of business was to elect a chair and vice chair. Those elections would be held separately.

a. Election of Officers

MOTION: Mr. Burstein nominated Mr. Campbell as chair of the Budget Committee. Ms. Newman provided the second. There being no other nominations, Mr. Campbell was elected unanimously, 10.0.

MOTION: Mr. Burstein nominated Mr. Boulette as vice chair of the Budget Committee. Ms. Thessen provided the second. There being no other nominations, Mr. Boulette was elected unanimously, 10.0

Ms. O'Rourke joined the meeting at 6:20 p.m.

b. Approval of Proposed Budget Committee Meeting Schedule:

January 30, 2023
February 27, 2023
March 20, 2023
April 17, 2023
May 15, 2023
June 5, 2023

Mr. Brown said the meeting scheduled had been proposed prior to examination of the District's internal calendar. Budgets would be distributed to departments and schools between February 5 and 15; they were due back to Financial Services between February 15 and 25. That would leave little time to prepare budget numbers prior to the February 27 meeting. He was willing to move forward with that date to discuss any other issues with the committee. He anticipated having firm budget numbers later in March and March 13 was a potential date.

Ms. Newman suggested having only one meeting in March and allocating more time for that meeting instead of having two meetings.

Members discussed options for revising the schedule.

MOTION: Ms. Hays moved to accept a revised meeting schedule that eliminated the February 27 date and included the option of adding meeting dates during the March 20, meeting. Mr. Boulette provided the second.

Ms. O'Rourke asked that potential dates for additional meetings be available at the March 20, 2023, meeting.

The motion passed unanimously, 11:0.

III. Items Raised by the Audience

Sabrina Gordon, president of the Eugene Education Association (EEA) representing licensed staff in the 4J and Bethel school districts, thanked the committee for the work it was undertaking. She said the committee's questions and ideas often resulted in positive changes for students. She gave an example from the previous year's committee deliberations, which led to budget changes that placed three teacher librarians in three elementary schools in the current year. She encouraged the committee to continue asking questions and making time for thoughtful discussions. Educators and students appreciated the work the committee was doing.

IV. Financial Update

Mr. Brown used a slide presentation, a copy of which was included in the agenda materials, to provide a brief overview of current economic conditions, noting that Oregon's budgetary reserves reflected unprecedented fund balances over the last couple of years, resulting in potentially more funding for education and other state services. Additionally, the District had received significant one-time funding, such as Elementary and Secondary School Emergency Relief (ESSER) funds; those were expected to end at the end of the 2023-2024 school year. Staff had begun planning for the impact of the loss of that additional funding.

Mr. Brown described the components of the District's budget, the budget process and the composition and role of the Budget Committee. In response to a question from Ms. O'Rourke, Mr. Brown affirmed that meeting agendas would include time for committee members to present and discuss their ideas and concerns regarding the budget.

Ms. Newman said it was important for members of the Budget Committee to have a common understanding of the District's goals as those would be guiding principles during the budget process.

Ms. O'Rourke asked what information the committee would receive on May 15. Mr. Brown replied that the intention was to provide at the March and May meetings the entire budget, but focus on specific aspects of the budget at each meeting.

Ms. O'Rourke expressed concern that if the General Fund was not discussed until the May meeting, there would not be adequate time to address any changes the committee might propose. Mr. Brown indicated he was amenable to any changes to the subject matter at each meeting the committee might wish to propose.

Mr. Campbell concurred with moving a discussion of the General Fund to an earlier meeting. He determined there were no objections to moving that discussion to the April meeting.

Mr. Brown identified the six main categories within the budget and briefly described each:

- 100 - General Fund
- 200 - Special Revenue Fund
- 300 - Debt Services
- 400 - Capital Projects
- 600 - Insurance Reserves
- 780 - Private Purpose Fund

Mr. Brown reviewed enrollment history and projections, noting that overall enrollments were declining.

Mr. Blyth explained that projections and their impact depended on the status of other districts within the state. If other district had similar enrollment trends, 4J would remain at the same percentage for distribution of the Safe School Fund. He said many other districts were also projecting lower enrollments into the future.

In response to a question from Mr. Burstein, Mr. Blyth said charter schools were not included in the chart, but were experiencing similar enrollment results as the birth rate was declining.

Mr. Brown said he would share data on charter schools and home school enrollments and the percentage of allocation for those schools. A lower than anticipated number of home school students had returned to the classroom after the COVID-19 pandemic. He would invite Oscar Loureiro to attend a future committee meeting to provide more information on the topics.

Mr. Di Liberto and Mr. Burstein also asked for information on other populations that might not be captured, such as Eugene Online Academy.

Mr. Brown continued with a review of the financial forecast over the next five years. He noted that reserves would exceed expectations due to several factors, including licensed and classified vacancies and unspent resources from the General Fund because of the availability of other resources like grant funds.

Mr. Campbell asked how revenue was expected to rise in the future when enrollments were declining. Mr. Brown explained that was based on percentage increases of property taxes and local option taxes that would be continuing. Mr. Blyth said that projections further in the future were less certain. Staff was using \$9.7 billion as the current estimate of available state funding, but that was subject to negotiations between the legislature and Governor's Office to determine a final number.

Ms. Newman hoped to see revenue and expenditure lines coming together. She asked if the budget would include plans for future sustainability. Mr. Brown said the forecast and revenues were directly attributed to language in contracts through about 2024-2025.

Mr. Burstein said he had heard recently there was discussion of \$10.7 billion instead of \$9.7 billion and those concerned with public education in the state should let legislators know of their support. He asked when the local option levy was next on the ballot and asked if the current budget reserve of five percent had been higher in the past. Mr. Brown said the local option levy would expire in two years and the District had the opportunity to place it on the ballot a year earlier if the Board approved. He said the levy was about \$22 million and represented a sizable part of General Fund revenue. A budget reserve of five percent was the current Board policy. A reserve of five to 15 percent was considered best practice. He said the Board would discuss financial policies in the next fiscal year.

Mr. Brown reviewed the January 2023 General Fund Financial Forecast, a copy of which was included in the agenda materials. He said 85-87 percent of the budget was personnel. He also reviewed the assumptions on which the projections of revenues and expenditures were based. One of the main considerations that would be under discussion during the current and future budget processes was internal transfers from the General Fund. Those transfers had been reduced by the use of ESSER and other funds during the past two years. The District would need to decide whether to continue nutrition services programs such as free food when those federal funds were no longer available. He noted that the District had transferred nearly \$1 million from the General Fund during the current year to continue the free food program.

Mr. Burstein encouraged his colleagues to consider nutrition services as an equity issue during the budget process. Children could not learn if they were hungry.

Ms. O'Rourke asked for information about the nutrition services free food program. She agreed it was an equity issue and that children could not learn if they were hungry, but the District was feeding all students, even those from wealthy families. She suggested reviewing program eligibility and perhaps expanding guidelines for free and reduced lunch programs to include more students. She felt that free food was an unneeded benefit for some. Mr. Brown said he would gather that information.

Mr. Boulette agreed with Mr. Burstein regarding the need for a universal free meal program. He said poverty was a large problem in Oregon, with one in four children facing food insecurity. He favored retaining the program in future years.

Ms. Thessen concurred with Mr. Burstein and Mr. Boulette, commenting that one of the Budget Committee's most important actions in the previous year was to recommend retaining the free meals program for all students. It was not always apparent which students faced difficulty paying for meals and she continued to support the program.

Ms. Newman reiterated the importance of a shared understanding of the District's goals and priorities when discussing budgetary issues.

Mr. Boulette asked for information on the percentage of students in the District that were below the poverty line.

Mr. Brown indicated that was the end of his presentation and invited any additional questions or comments.

Mr. Campbell requested more in depth details on forecasting such as funding, staffing and programming projections in order to provide student services. Mr. Brown said more information would be available once budget requests from departments were received and an updated forecast could be provided.

Ms. Hsu said it would be helpful to understand how other factors like homelessness, foster care and mobility intersected with the data on students and poverty levels.

Superintendent Dey said the poverty level and the number of students who could benefit from free lunch was illusive. The poverty level was restrictive and low and as students got older they were less inclined to go through the process. It was important to find an appropriate level of eligibility. Like many other districts in the state, 4J was at a higher level of staffing than pre-COVID-19. That was by design in order to put more adults in building with the short-term funding that was received; some of those positions were not intended to be long-term. There were decisions to be made and more information would be provided at future meetings.

Ms. Newman remarked that Lane County produced an Assets Limited Income Constrained (ASLIC) report that presented a more accurate picture of the financial struggles of area residents. It addressed the points raised by committee members that

people were struggling even though on paper their incomes were above the poverty level. She recommended that as a resource for the committee and 4J staff.

Mr. Campbell asked that the committee be given information relevant to the March 20 meeting discussion as soon as possible.

V. Budget Committee Wrap-up

Mr. Campbell asked if there were other issues committee members wished to raise.

Ms. O'Rourke said an area of particular interest for her was revamping special education. Of concern were things such as isolation rooms and restraints. She feared that staff attitudes had still not changed and students were regarded as the problem. She recognized it would be an expensive endeavor for the District to make changes, but it was necessary. Schools were seeing more behavioral problems and the District had an opportunity during the seven hours each day a child was in school to provide a safe space. Career and technical education were also important issues for her.

Mr. Richardson appreciated the big picture overview of the District's budget. He asked at what point the committee would have an opportunity to review innovative options for efforts around issues such as behavioral health and peer-led movements and look at how to support those efforts through greater collaboration and alignment within the community. Superintendent Dey agreed that partnerships with organizations that had slightly different but aligned missions to the District were the key to success in the future.

Mr. Campbell said there were collaborative efforts elsewhere in the state such as the Better Together Network and All Hands Raised that had lessons that could be learned.

Ms. Hsu said two of the high schools had school-based health centers with Lane County behavioral specialist that provided services to students. She would like to see those resources available at all high schools, including charter, alternative and online schools.

Mr. Campbell thanked new and returning committee members for serving on the Budget Committee. He agreed it would be helpful to their discussions to review the Board's mission and goals and align with those during the budget process.

Ms. O'Rourke said the Board was interested in hearing the Budget Committee's values and priorities and their voices were important in the budget process.

Ms. Newman said she would work with Superintendent Day and Board leadership to gather information for the committee on District goals and priorities.

Ms. Thessen said she was the parent of two autistic children and as a committee member she wanted to speak out for neurodivergent and disabled students to assure they were accommodated and well supported in such a way that behaviorist models were not used.

Mr. Richardson commented that families with neurodivergent students look to schools as a safety net. The pandemic had demonstrated how important public schools were in that role. Schools in the 21st century should be a place of safety and nurturing. Many parents struggled and schools should look at ways to help them gain skills to work with their children.

Mr. Campbell said future agenda items would include identifying potential dates and times for additional meetings, reviewing and approving meeting minutes and reviewing the District's vision, values and priorities.

VI. Adjourn

Mr. Campbell adjourned the meeting at 7:41 p.m.

(Recorded by Lynn Taylor)