

I) WELCOME

Vice Chair Kelly Mason called the meeting to order at 6:02 pm.

Superintendent Todd Hamilton welcomed everyone to the Budget Committee work session at 6:02 p.m. on Thursday, March 21, 2024.

Board Members in Attendance:

Board Members attending the meeting included Board Chair Ken Kohl, Board Vice Chair Kelly Mason, Director Nancy Cameron, Director John Svoboda, Director Elaine Doornbus, and Director Hollea Puzio Director Heather Quaas-Annsa's

Attending Virtually: Director Emilio Hernandez, Director Jonathan Light, Director Nicole De Graff.

District staff and community members identified included Representative John Lively, Superintendent Todd Hamilton, David Collins, Dustin Reese, Brett Yancey, Andrea Wallace, Whitney McKinley, Joan Bolls, Mindy LaRoux, Jeff Michna.

II) LEGISLATIVE PRESENTATION WITH Q&A

Representative John Lively, the legislative representative for the area, gave an update on the most recent short session, including the funding passed for the education system, and some recent topics that impact Lane County such as Housing and Homelessness, Measure 110 drug abuse, and Campaign Finance reform.

Total Budget: \$121 billion

- General Fund: \$31 billion
- Lottery Fund: about \$2 billion.
- Federal Funds: \$37 billion.
- Other Funds: \$49 billion.

Summary of Approximate Approved Funding Allocation:

- Human Services: \$55 billion
- Schools: \$11 billion
- Other education: \$11 billion
- Public Safety: \$8 billion
- Economic development: \$9 billion
- Natural Resources: \$3 Billion
- Financial resources: \$16 Billion

He said they changed the cap on the 'rainy day fund' from 7.5% to 12.5% so the Educational Stability Fund has a little over \$1 billion in funds. He added that they tracked population growth, and the population was going down.

Other Items at the Short Session:

- A low interest loan initiative to help builders and cities encourage people to build housing.
- Substantial funding for housing for the homeless and rent subsidies.
- House Bill 4002 recriminalized hard drugs but added measures to help those with drug abuse issues with \$211 million set aside and ready to go out to counties with a working plan in place.
- \$30 million for summer school and \$8.9 million for licensed educators and classified staffing.
- A measure on direct admissions systems so students can automatically enroll in college as they graduate based on their record and standing.

—*Mason* asked if there was an update on the verbiage for School Board members getting a stipend.

Hamilton said it didn't achieve bill status in the short session.

—*Representative Lively* said it would likely be introduced the long session.

III) TECHNOLOGY UPDATE

Jeff Michna presented a brief overview on the technology services and the device rollouts for students. He explained which students get which devices and noted how they decide to refresh the devices. He said they have many lab devices associated with the technical programs. He gave a breakdown of how many devices are checked out to students and explained the maintenance cost of having student devices.

—*Quaas-Annsa's* asked if there was a grade level associated with damaged devices.

Michna said middle school had the most devices damaged. He explained the cost of replacements had increased and they were reserving funds for refreshment. He went over the staff devices. He said they are currently in the process of lab device refreshments and broke down estimated cost per device. He said they are currently doing well, most of the devices meet end of life in 2028, they will be replacing some of them a before that to spread out funding. He said there was enough funding to keep the one-to-one program going through 2029.

—*Quaas-Annsa's* asked if there was buyback program for the old devices.

Michna said they take a lot of the old devices and reuse those parts. He explained they were in the process of refreshing the classified staff devices. He said they are also looking at their network infrastructure and they did this in 2015, and the devices are nearing the end of their lifespan. He said they are also addressing the classroom projection systems and updating them to modern standard. He said their roadmap over the last year has been network security.

—*Quaas-Annsa's* asked if there were any data breaches

Yancey said they have cyber security coverage and purchased an addition million-dollar policy and explained what it covered but noted it that did not include ransomware.

—*Quaas-Annsa's* asked what the security was on student devices.

Michna replied it was based around the central system.

—*Mason* asked what the cost would be to recover.

Michna and *Yancey* explained how the insurance worked and said the average cost was around \$2 million.

—*Quaas-Annsa's* asked if staff was trained in cyber security.

Michna said training was part of their safe schools initiative.

—*Quaas-Annsa's* asked why the lessons weren't for students as well.

Collins said depending on the age of the student, yes there was training, a lot of the security measures were very controlled, and there was monitoring for students.

Michna said they do secure and monitor student accounts.

Mason asked if certain sites, like Facebook, were blocked.

—*Michna* said yes, this keeps them compliant with The Child Online Protection Act (COPA), but if there was an educational need then the sites could be unblocked. He explained there was filtering on the Chromebooks at school and home.

Cameron asked if access to internet was still difficult for some students.

—*Michna* said it could be, and access was part of the affordable care act which they had relied on. He said they partnered with T-Mobile to get hotspots for students. He said the library also had hotspots for students. He said they also worked on student labs/cte labs updates, Classroom technology updates, and student iPad refresh, luckily, they use the same chargers as the Chromebooks.

A discussion on ai followed a question by Vice Chair Svoboda:

- *Mr. Michna* said they have software to detect plagiarism, but there is not a program he knew of that accurately detected ai plagiarism.
- *Director Mason* said the teachers know their student and work.
- *Director Quaas-Annsa's* said they had to be creative with ai to make it work, but it doesn't sound like a child or match their voice.
- *Mr. Yancey* said if you use ai enough and you make it sound like you it does adapt.
- *Director Quaas-Annsa's* said yes, depending on the ai it will have different verbiage and information.

Quaas-Annsa's asked if they had wish list items, devices for accessibility, if the websites were accessible and if ADA was considered with devices, programs and curriculum.

—*Michna* said they want to get their infrastructure updated, they work closely with their special education department, and they purchase devices based on student needs. He explained they made sure their website was accessible.

Collins said there was an intensive process for their decisions, and they took many concerns into account when choosing devices and programs.

IV) 2024-2025 ENROLLEMENT PROJECTIONS

Brett Yancey went over the Committee preparations as they work toward may when they present the proposed budget to the committee. He summarized the last three meetings and how they set the stage for moving forward. He said they are just getting the preliminary results of their study and they hired a firm to look at the long-term projection, but they are looking at a steady decline.

Enrollment Information Sources:

- Partnered with LCOG for demographic information and resident information.
- Looked at live birth rates, quarter one enrollment, five-year median cohort survival rates, building permit activity, housing development, construction.
- Received information from Springfield.
- Looked at US census data, and projections from transfer information.

Quaas-Annsa's asked about the quarter one enrollment and what the percentage of decline was over the other quarters.

—*Yancey* said they find a consistent decline, and they were paying attention to that variable.

Chair Kohl asked if the state did the same projections.

—*Yancey* said the state did projections on the macro level.

Kohl said it would be nice if they also knew the historic state enrollment with a similar scale.

—*Yancey* said they could provide state numbers.

Quaas-Annsa's would like to know about the other schools in the other districts and if they were seeing the same decline.

—*Yancey* said that would take some digging. But generally, as the state declines the school districts also decline. He said smaller districts don't decline at the same rate as larger districts.

Quaas-Annsa's asked about the closure of Clear Lake in Eugene and if closures would occur in Springfield.

—*Yancey* said the long-term projections meant they needed to pay attention to declining enrollment because sometimes it didn't make financial sense to prop up low enrollment schools.

Puzio asked about the number from 10 years ago.

—*Yancey* said they were much higher 10 years ago, and they had closed four schools since then.

Collins said the challenge was a little different and with the small schools, it was really consolidation of the programs and staffing so they could provide more robust resources to students.

—*Yancey* pulled up a slide of the enrollment summary for the school district that had a consistent decline since the pandemic. The projected enrollment is the same as predicted. He said they forecast a 140-student decline.

Quaas-Annsa's asked where the students were going.

—*Yancey* said homeschool numbers had increased, and live birthrates were down, and people were moving out of state.

Hamilton said what they don't know are the students that are enrolled in private schools, but overall, there were less youth in Oregon.

—*Quaas-Annsa's* asked if the private schools were reporting numbers.

Hamilton said there was no requirement for private schools to report enrollment.

—*Yancey* said high school did not fully bounce back after Covid, and enrollment had continued to decline. The decline was not as pronounced in middle school and middle school did bounce back, but the elementary school decline would eventually be reflected in the middle school enrollment numbers. He explained that charter School and alternative education numbers went up over Covid and came back down when the pandemic subsided.

Quaas-Annsa's asked about kindergartener enrollment.

—*Yancey* said if you looked at it over time, kindergarten decline worked its way through the system.

Mason asked when the 10-year projection would be ready.

—*Yancey* said they had it in hand.

Mason asked if they would need to look at Walterville with low enrollment numbers.

—*Yancey* said yes, but it is also the lowest capacity school and Walterville stays consistent at around 200 students, but you couldn't compare it to other districts.

Mason asked about the capacity of Walterville.

—*Collins* said it's about 300 and while it is small, it is consistent with its numbers and explained decisions would be made looking at demographics and losses within the districts vs the smallest school.

V) 2024-25 BUDGET ASSUMPTIONS (25 min) Brett Yancey

Brett Yancey shifted focus to the financial assumptions for the coming fiscal year. He said the tax revenue would increase 2.9%. The state school fund reflected ADMW, and they expected to spend down their from 16% down to 13%, He said they needed to be careful in spending down reserves since it was one time income. He said they are recommending a certified FTE reduction but keeping the student/teacher ratio unchanged and that salary and benefits reflect current levels. He said they were not going into salaries or benefits because they were in negotiations for the collective bargaining agreement. He said they are predicting an increase in utilities by 5%, but they are adding AC to all their schools so it may go up. He said they are approaching 2025 with a 0% increase in discretionary funds, supplies and services and a 15% increase in insurance markets.

Quaas-Annsa's asked about the ice storm and if it had any impacts on the district in terms of insurance claims.

—Yancey said it didn't impact their insurance, but they are looking at FEMA to cover anything necessary. He said they are increasing their transfers to 2.2 million due to increases in. He said they saw a \$250,000 increase in transportation costs, they were looking at \$1 million in construction and material cost, \$1 million in technology and their debt services increased by about \$10,000. He said they were planning a \$1 million contingency fund and set aside 6% of their operating funds.

Kohl said if student enrollment decreased then funding would be impacted.

—Yancey said if the state enrollment is declining on the same level as Lane, then yes. He said they know what their funding is right now and they are seeing a reduction in funding for schools. He talked about their teacher experience factor and if cost for teachers is lower than the state average due to being less experienced teachers, then funding can be reduced. He explained that their teachers were considered less experienced.

Quaas-Annsa's asked about the revenue resiliency grant and if they were looking into that. She said it was available to public schools and was on House Bill 3409, Section 86.

—Yancey presented a financial report for this year, explained their projections for the end of 2024 and the 2024-2025 school year. He said their projected expenditures are greater than their revenue sources. He said they are looking at a 3 million deficit and were working on how to deal with that. Explained where they were going to look as somewhere in the budget, they need to find 3 million dollars. He gave some examples of where they had issues and where they couldn't predict underspending. He said when they have the budget session they would articulate where they could cut spending.

Revenue Projected for Fiscal Year 2024-2025: \$141,753,322

- Property Taxes -\$32,810,782
- SSF -\$88,279,192
- County School Fund - \$190,000
- ESD Apportionment - \$0
- Common School Fund - \$1,238,271
- Miscellaneous/Other - \$800,000
- Federal Forest Fees - \$0

Expenditures Projected for Fiscal Year 2024-2025: \$14,708,846

- Salaries -\$73,108,320
- Payroll costs/benefits - \$40,591,435
- Services - \$10,295,870
- Supplies - \$3,830,915
- Capital Outlay - \$1,601,500
- Other - \$1,550,176
- Transfers - \$4,629,396

Unallocated Funds for Fiscal Year 2024-2025: -\$2,955,525

The last slide was for information on the special revenue funds. These are the grants they manage and how significant this was for their district. He said a year ago they had a decline in 3-4 million dollars, but

they are bouncing back. He explained the numbers and some of the grants are based on student enrollment. All these funds were dictated by how they were staffed.

Special Revenue Funds 3-year Overview:

2022-23 Grant Award - \$34,857,069

2023-24 Grant Award - \$30,958,156

2024-25 Grant Estimate - \$33,541,545

Director Cameron asked if the grants were written and handled by central administration and if some of the faculty could get grants.

—*Yancey* said most of them were handled by the administration, but some were entitlement grants and they had to go through a process. He also explained the three different levels of grants available to the school. He said faculty often worked on grants to help programs and classrooms. He said a number he wanted them to focus on for next steps was the \$340,000 that it would cost them to purchase supplies for all their student. He said this number was requested by a committee member and he wanted to ensure it was noted. He explained the cost was if they purchased in bulk.

Quaas-Annsa's asked if there was a fee to cover materials.

—*Collins* said there were fees at some levels associated with certain courses and supplies and materials. He said post pandemic they were trying to offer families some relief, but there were some that did exist.

Yancey said they do not charge athletic participation fees and they have seen more participants due to this.

VI) COMMITTEE MEMBER INPUT AND DISCUSSION

SVoboda asked about the graduation rates on a statewide basis and about plans for the old admin building.

—*Yancey* replied that the graduation rates would bring back valuable information and explained that the district no longer owns the old admin building, and it is proposed to be developed into housing.

VII) NEXT MEETING

- i) May 2, 2024 (Proposed budget presented)
- ii) May 9, 2024
- iii) May 16, 2024 (if needed)

X) ADJOURNMENT

Vice Chair Mason adjourned the meeting at 7:55 PM

(Minutes recorded & transcribed by Lydia Harvey, (LCOG))