

RESOURCE CONSERVATION RECOMMENDATION FOR IMMEDIATE IMPLEMENTATION

Cost Control Recommendations.

Because the district is once again anticipating heading into a very challenging set of economic conditions and is expecting the possibility of reduced state funding for this year as well as next year, the administration is requesting immediate Board approval of spending controls for the remainder of the 2009-10 school year.

Assumptions

1. In our current budget some unexpended funds are designated for needs which are less important than future needs that may not be possible to meet due to the anticipated reduction in resources.
2. Conserving such funds now will allow the district to use them when resources are in shorter supply in the future.

During the remainder of the 2009-10 school year, the administration is recommending to the School Board that the district be able to apply the following guidelines in an effort to conserve resources.

1. All central service budgets will be monitored such that only essential spending will be permitted. Central services are those budgets which are controlled through the Central Office, and include areas like maintenance and operations, CNS, business services, human resources, curriculum and instruction, etc. The district will develop resource conservation criteria to be applied to central service budget expenditures.
2. Individual school building budgets will not be frozen, but will be limited to essential purchases which support the instructional program. The district is trying to conserve resources, but not at the expense of the instructional program for which the budget was previously approved by the Board of Directors. The district will develop resource conservation guidelines to be applied to individual school spending decisions.
3. As the Board approved in the November 2 meeting, any non-instructional position which becomes vacant will be reviewed to determine if the position can go unfilled during the remainder of the school year. It is understood that any position that goes unfilled will require existing employees to re-prioritize work expectations in an effort to help the district conserve resources.

PROPOSED LONG-TERM COST CONTROL ASSUMPTIONS FOR FURTHER SCHOOL BOARD CONSIDERATION

Administrative Proposal.

The district continues to be operating in what is likely to be a long-term financial problem for which there will likely be no significantly favorable resolution in the near future. Even in the best of times over the past two decades, the district has not received the funding it needs from the state to operate the programs and services our community expects. As in the past, it will be up to us to be thoughtful, resourceful, and assertive in our efforts to preserve the quality of education we expect to provide in Lake Oswego.

Initial Assumptions Heading Into the Next Biennium.

1. **Resource Uncertainty.** The passage of the local option has provided the district with a large measure of financial commitment from the Lake Oswego community. What is uncertain at this time is how successful the Foundation will be this year in its fundraising efforts and the extent and duration of the negative impact the recession will have on state funding for Lake Oswego schools. Additionally, the outcome of the January vote on Measures 66 and 67 could result in a \$3M loss to the district in state school funding resources.
2. **The Challenge.** As in the past, the district will plan for what it considers to be the most reasonable worst-case scenario at the same time it works to make sure that the worst case is, to the extent

possible, mitigated by proactive planning and insightful decision making. We do know, however, that our spending on programs and services must be aligned with our level of resources. It will be up to us to make sure that we provide the most value for the available resources.

3. **Mission.** The district must stay committed to its mission of providing each student with a strong educational program and must focus on the efforts required to guarantee the quality and viability of our academic, visual and performing arts, and athletic programs.
4. **Student-teacher Ratios.** If the district must reduce programs and services, the district will need to re-establish program and service ratios at all levels of the instructional program. Teacher-student ratios and specialist-student ratios for 2010-11 must be viable in the context of the emerging economic environment.
5. **Essential Service Levels.** The district engaged in a comprehensive strategic planning and decision-making process last year and will benefit from its previous planning efforts. In keeping with what was determined last year, it is again recommended that all non-teacher positions (e.g., secretaries, custodians, educational assistants, administrators) should be staffed at essential service levels. All central services and building level non-teacher staffing should be reviewed and organized to reduce costs while accomplishing essential functions.
6. **Participation.** Cost reduction decision making will once again include participation by staff, students, parents, and community leaders. Better decisions occur when the creativity, expertise, and ideas of people within the organization and the community are included in the decision making process.
7. **Partnerships.** The district must continue to build strong strategic alliances with our parent partners who provide strong support to the district (e.g., the Foundation, parent-teacher organizations, youth sports clubs) and with community partners like the City of Lake Oswego, the Chamber of Commerce, the Lake Oswego Corporation, local businesses, the Lakewood Center, the Oswego Heritage Council, and neighborhood associations.
8. **Multiple Strategies.** No single strategy or strategic alliance will allow the district to overcome the economic challenges it is expecting to be facing. Coping effectively with the financial problem we are anticipating will require the district to use many strategies and partner with many organizations.
9. **Revenue Sources.** The district must actively pursue avenues to increase revenue on both local and state levels. Active and assertive support of the Foundation will be critical to the district's vitality over the next several years.
10. **Cash Reserves.** The district must make every possible effort to conserve and effectively manage existing resources. As we continue to operate in these challenging economic conditions, the district's cash reserves are very limited and must be spent wisely.