



New and Evolving Conditions

The May 25 release of the state quarterly revenue forecast brought another round of bad economic news. The forecast for the second year (2010-11) of the current biennium is significantly less than what had been included in the current state budget. The state is facing a \$563 million revenue shortfall in budgeted funding for 2010-11 programs and services, including K-12 education.

Governor Kulongoski has indicated that he intends to cut spending across the board to balance next year's budget, resulting in a budget shortfall of \$240 million for K-12 education statewide. This would mean a loss of approximately \$2.4 million for LOSD for the 2010-11 school year.

This is in addition to the anticipated economic challenges for the 2011-13 biennium that have been driving district strategic planning efforts.

Strategic Planning Context

The district has been engaged in a strategic planning process prompted by the need to keep expenditures for programs and services in line with budgeted funding for the 2010-11 school year, as well as to prepare for significant projected funding shortfalls for the next biennium. To date, recommendations approved by the School Board for program and staffing changes have been based on the following economic perspectives:

2009-10	2010-11
CURRENT BIENNIUM	
Current Employee Contracts	—————▶
Discussions with all Employee Associations	Negotiations with all Employee Associations

2011-12	2012-13
NEXT BIENNIUM	
State economists project a \$2.5 billion shortfall for the 2011-13 biennium. The district's share of this shortfall is projected to be over \$8 million for the biennium.	

Key Financial Factors for 2010-11

1. Measures 66 and 67 (Retain \$3.1M)
2. Federal Stimulus Funds (Plus approx. \$4M)
3. Foundation Fundraising (Currently at \$1.3M)
4. Student Enrollment (Unknown for 2010-11)

Key Financial Factors for Start of Next Biennium

1. Federal Stimulus Funds to End (Minus approx. \$4M)
2. Anticipated PERS Cost Increase (Minus \$2M)
3. Foundation Fundraising (Unknown for 2011-13)
4. Student Enrollment (Unknown for 2011-13)

New Factor as of 5/25/10

Additional State Budget Shortfall for 2010-11 (Minus approx. \$2.4M)

Key Budget References for Next Year

1. The district currently has 267 FTE in classroom teaching positions district-wide.
2. The district currently has 262 FTE in classified support staff district-wide.
3. For the 2010-11 school year, the district has previously committed to cost reductions of \$2,365,000.
4. With an additional state shortfall of \$2.4M, the district will have to make further reductions for 2010-11.

Phase IV Recommendations

The additional budget shortages announced by the State on May 25 for next year prompted the district to immediately begin developing Phase IV strategic recommendations for implementation in 2010-11. The district is committed to avoiding additional reductions in classroom teacher staffing positions for next year, and will continue to add back positions as funded by Foundation contributions. All previously planned spending for 2010-11 is in the process of being re-examined for cost and service reductions and reorganization. It is anticipated, given the magnitude of the economic challenges the district will be facing, that changes in addition to the following Phase IV recommendations may be needed.

Phase IV, Part I Recommendations

ADMINISTRATION

Staffing: Reduce one administrative position at the secondary level and reorganize roles and responsibilities in combination with the first stage of a redesign of the district's administrative staffing model. The development of the redesigned model should include the reduction of contract days for some administrative positions and the implementation of a teacher on special assignment position for assuming some current administrative role responsibilities.

Timeline: The new model should be developed with phased implementation in concert with the district's cost reduction timelines. The initial stages of implementation should be in place for the beginning of the 2010-2011 school year.

TOTAL REDUCTION **\$30,000**

COMPUTER NETWORK SERVICES

Staffing: Reduce one technology technician position, which would return district technology support staffing to an essential service level that the district has experienced in the past.

Timeline: This recommended change should be undertaken and in place for the beginning of the 2010-11 school year.

TOTAL REDUCTION **\$75,000**

COMMUNITY SCHOOL

Staffing: Reduce two Community School assistant director positions: program enrichment assistant director and district swimming pool assistant director. Reorganize roles and responsibilities such that the Community School director assumes responsibility for the enrichment program and the youth sports assistant director assumes responsibility for swimming pool management.

Timeline: These recommended changes in staffing and role responsibilities should be undertaken and be in place for the beginning of the 2010-2011 school year.

TOTAL REDUCTION **\$125,000**

EXTENDED CARE

Staffing: Relocate the district's extended care administrative operations to the Central Office Community School and begin a collaborative partnership between Extended Care and Community School. The development of pre-school and elementary school enrichment and second language program offerings should be a high priority. These program offerings should include second language summer camps.

This collaborative reorganization will be combined with a 4-hour reduction in support staff FTE.

Timeline: These recommended changes in staffing and role responsibilities should be undertaken and be in place for the beginning of the 2010-11 school year.

TOTAL REDUCTION **\$28,000**

CENTRAL OFFICE AND BUILDING OFFICE STAFFING

Secretarial: With the relocation of Extended Care to Community School, the Central Office support staffing will undergo a total reduction of six hours per day of secretarial time for 2010-11.

A review of secretarial support staffing in all buildings and at all district operational sites should also be undertaken to determine if positions can be eliminated or reductions in hours should take place for the coming school year.

Timeline: These recommended changes in secretarial support staff should be undertaken and be in place for the beginning of the 2010-2011 school year. The recommendation to review secretarial support staff positions and hours may not be analyzed and brought to the Board until mid-summer.

TOTAL REDUCTION **\$TBD**

SCHOOL CLASSIFIED SUPPORT STAFF

Nonstudent Days: At this time, June 14, 2010, the administration is recommending the reduction of five days from all Secretary I positions. In general, these reductions in days would be situated at times when students were not in school. Because the secretary I positions span elementary through high school, specific determinations for reduction in days will need to be done on a situational basis given individual level and building needs.

Timeline: These recommended changes in secretarial support staff should be undertaken and in place for the beginning of the 2010-2011 school year. The recommendation to review secretarial support staff positions and hours may not be analyzed and brought to the Board until mid-summer.

TOTAL REDUCTION **\$6,000**

EMPLOYEE CONTRACT DISCUSSIONS

Contract: The district is participating in contract discussions with employee associations, seeking a reduction of three school days in the 2010-11 school year. This potential reduction in days would result in the equivalent of three furlough days for all employees, saving the district approximately \$500K. The following furlough days are being considered:

- November 22, 23, 24: Thanksgiving Week
- November 24, March 18 and March 28: Wednesday of Thanksgiving Week and Friday and Monday surrounding Spring Break
- November 24, March 18 and May 16: Wednesday of Thanksgiving Week, Friday before Spring Break, and Monday in mid-May to make a 3-day weekend.
- November 24, February 18, and March 18: Wednesday of Thanksgiving Week, and Friday before Presidents' Day (makes 4-day weekend), and Friday before Spring Break.

Timeline: This contract change would require a vote of approval by LOEA members. The association's vote is scheduled for June 17. If approved, this recommended reduction in school days would be effective for the 2010-11 school year.

TOTAL REDUCTION **SEE PART II**

Phase IV, Part II Recommendations

The School Board has previously approved the *Phase IV, Part I Strategic Perspectives Recommendations* listed above. Unfortunately, as the district has been working through several cost reduction recommendation phases, the economic conditions have continued to worsen. The following Phase IV, Part II recommendations conclude what is being recommended prior to the beginning of the 2010-11 school year.

REDUCTION OF DAYS FOR 2010-11

Furlough Days: The Lake Oswego Education Association has voted to support the reduction of three school days in 2010-11. This will change existing contracts and terms of employment for all district employees, and marks the second consecutive year that staff will make sacrifices in compensation to assist the district. All employees, including the Lake Oswego School Employees Association, will have furlough days on November 24, March 18, and May 16. Because the district will be in transition mode and adjusting to the impact of downsizing decisions, in-service time will be needed and will not be used for furlough days. In an effort to minimize the impact on student instruction, two of the three dates selected by the Lake Oswego Education Association (the day before Thanksgiving and the day before spring break) historically have a high rate of student absences. With this reduction of days, the district will still be in compliance with state requirements for instructional hours for the 2010-11 school year.

In addition, district administrators will take a fourth furlough day during the year.

Timeline: This recommended reduction would be effective for the 2010-11 school year.

TOTAL REDUCTION **\$512,000**

DISTRICT CALENDAR

Calendar: The district would forgo printing the 2010-11 District Calendar publication. The district would continue efforts to coordinate events district-wide and to maintain an online version of the calendar

Timeline: This recommended reduction would be effective for the 2010-11 school year.

TOTAL REDUCTION \$2,500

EMPLOYEE ASSISTANCE PROGRAM

Program Change: The district provides an employee assistance program for all district employees. This assistance has included up to five counseling sessions per year, per employee in addition to crisis counseling and immediate telephone assistance.

An audit of service use from 2004-2010 indicates that no employees have participated in five sessions. The average number of sessions participated in has been 2.26 sessions.

As a result of employee usage, it is recommended that when contracting with OEB-approved providers, that the district contract for three counseling visits per year.

Timeline: If approved, this recommended reduction would be effective for the 2010-11 school year.

TOTAL REDUCTION \$2,500

DIRECT DEPOSIT EMPLOYEE SELF-SERVICE SYSTEM

Change: The district plans to implement an Employee Self Service (ESS) system with the Lawson Financial Software to make standard paycheck information available electronically. When implemented, regular employees will be able to lookup paycheck information via a secure web connection using confidential passwords and unique user codes.

This ESS system will reduce the amount of paper that is used and handled each month as part of the payroll process, providing an opportunity to slightly reduce payroll processing overtime, as well as reducing postage costs. It will also save distribution time at the school sites, allowing site-based staff to focus on more significant issues.

Timeline: If approved, this recommendation would be effective for the 2010-11 school year.

TOTAL REDUCTION \$2,500

REIMBURSING RESOLUTION

Resolution: Ballot Measure 68, approved in the May 2010 statewide election, allows General Obligation Bonds to again fund equipment and other assets that have a useful life of more than one year. The district issued such a bond in 1996 to fund the purchase of textbooks, computers and similar items, but new strict standards were implemented shortly thereafter that prevented the district from issuing GO Bonds for such purposes. While the District has not made a decision to seek voter approval to issue such a GO Bond, the opportunity or conditions may present themselves within the next year could prompt consideration.

With that prospect, the Board may wish to adopt a Reimbursing Resolution that would allow eligible expenditures incurred this summer and through the 2010-11 school year to be eligible for funding from such a GO Bond, if the Board did ultimately decide to refer the question to voters and voters ultimately approved such a measure. With our science textbook purchases and regular technology purchases, it is estimated that over \$750,000 in eligible expenditures will be incurred during the 2010-11 school year that, if a GO bond were approved, would be offset from the General Fund to a special Capital Projects Bond Fund.

Timeline: If approved, and if a future General Obligation bond measure was referred by the Board and approved by voters, this recommendation would save over \$750,000 in the General Fund.

TOTAL REDUCTIONS OF ALL FOUR STRATEGIC PLANNING PHASES **\$3,745,000**

After further development of the four phases of the School Board-approved cost reduction measures, a total cost savings to the district is estimated above. This monetary estimate reflects a more refined view of the economic impact of the approved recommendations.

FUTURE STRATEGIC CHALLENGES

The district expects several years of significant limitations in state funding even if additional help comes from the federal government for the 2010-11 school year. Therefore, our strategic leadership must continue to focus on making substantial changes, reshaping our district in conjunction with developing an insightful, promising, yet realistic vision of what will be possible. The strategic visioning and reshaping process is well underway and will continue into next school year.