

TO: District 145 Staff

From: Bill Heimann

Re: Supt Comments concerning Staff Reduction Recommendation at the December 7, 2009 Board of Education meeting

*The following comments reflect statements that were made by me prior to the Board of Education's vote to approve a reduction in classified staff:*

In my first six months in District 145, my observations have pointed to a clear and consistent strength of staff and communities.....people. We have great people who really care about students, and who care about each other. In all of my interactions with people, that has been apparent to me.

Education is a people business. The staff of District 145 is very dedicated, they work hard and they are committed to the students. Concern for people is underscored by the number of people in attendance at this board meeting. Each member of this Board of Education is also a tremendous supporter of the education provided by District 145. They each have, or have had, children and grandchildren in our schools. Everyone appreciates the work of our staff.

Education is also a business that has financial constraints. I have spent the past six months asking questions and studying information. What I have concluded is that District 145 does not have the financial strength to withstand a substantial reduction in revenues without making difficult choices.

This is **NOT** caused by any past wrong-doing by the Board, no wrong-doing on the part of past superintendents, nothing wrong was done by the district Business office....this is a current condition of our economic environment. When property valuations stop rising at a rapid rate and state funding drops at the same time, changes need to be made to avoid potentially more significant reductions in the future.

1. District 145 2009-10 State Aid decreased \$455,000 + all ARRA funding = (-\$164,000)
2. Projected State Aid in 2010-11 will very likely decrease for our district
3. In 2011-12, the state of Nebraska will need to add \$140 million to the state aid formula to replace federal stimulus funds just to keep state aid funding at 2009-10 levels
4. We will not know the official State Aid certification until March 1, 2010; however NDE says that date is "soft," meaning certification could take place after the legislative session is complete.
5. District 145 utilizes a line of credit for monthly cash flow; we have accessed \$1.4 million already this fiscal year
6. Fixed costs, specifically personnel, utilities, materials, supplies continues to increase

Steps we have taken to improve our financial condition

1. Tightening our belts has helped. Independent Financial Audit shows an increase in the General fund starting balance from September 2008-September 2009.
2. Borrow money from our bond funds to delay accessing the line of credit from Horizon Bank, thus reducing interest paid for the year. Bond fund loan is interest free, must be repaid in August 2010.
3. Reducing paper consumption and district mailings
4. Converting to a communication system that is more paperless.
5. Most Teacher Assistant Position resignations since August have not been replaced.
6. Expend ARRA funds this year, so general fund dollars are saved. This will further reduce use of line of credit and improve General Fund cash position.
7. Title I ARRA dollars are being used to pay the salaries of four teacher assistants in 2009-10
8. Closer scrutiny of all expenditures, reduce travel/professional development costs

With these efforts, after the first quarter (Sept-Nov), we are 1% under budget. We need to continue to reduce our overall expenditures.

I have studied our expenditures, and it is my recommendation that we need to reduce personnel to become leaner for the long term, which will cause some short term pain.

I recognize that this decision will affect lives. This is a decision that I have agonized over. Our employees are not just a dollar amount in the budget. Our employees are the glue that holds our system together. This is an emotional issue, and one that has been thoroughly considered. It is not easy, it is not popular, it is not something I am happy about. As a district, if we are to be prepared for the future, this is necessary.

**Targeted dollar amount to reduce personnel costs is \$350,000-400,000 over next two years:**

That number is generated from:

\$164,000 shortfall in revenue this year for 2009-10 (including ARRA);

\$164,000 next year plus \$64,615 in Title I ARRA no longer available = \$228,654;

Assuming our state aid stays even, add these numbers together and \$392,654 is the amount needed to be reduced in expenditures just to keep even with reductions in state aid. This number doesn't take into account any future cost increases (i.e. personnel, facilities) – or any additional state aid reductions.

If we want to improve our budget long-term we must increase revenues and reduce expenditures at same time. By taking action now, we will face the challenges and emerge much stronger – enabling us to continue the strong tradition of excellence in District 145.

Proposed Reductions are:

1. Reduce 6.0 FTE Teacher Assistant positions in January 2010
  - a. K-5 = 28 hrs/day
  - b. 6-12 = 14 hrs/day
2. Reduce 2.25 FTE Custodial Positions (night) in January 2010

Estimated Savings – will vary dependent upon specific persons identified for positions reduced

	2009 Budget	Projected expenditure	Difference	2010-11 Savings	2-year Total
Teacher Asst	667,950.92	599,470.25	68,480.67	196,432.36	\$264,913
Maint/Custodians	781,332.18	764,176.26	17,155.92	43,943.72	\$61,100

1,449,283.11    1,363,646.52    85,636.59

**PROCESS utilized for reductions:**

**FIRST** determine the essential positions that are needed in each building.

**SECOND** identify the strengths of staff

**THIRD** Discuss at Board of Education work session (public meeting) December 1, 2009

**FOURTH** Collect information from employees regarding their willingness/flexibility to continue employment in District (Intent survey – principals held meetings on Dec. 2)

**FIFTH** Board of Education approve resolution regarding reductions at December 7, 2009 meeting

**SIXTH** Determine employees who are best qualified to fill identified positions. This is based on the best person for each position, regardless of their age, length of service, or rate of pay.

**SEVENTH** Identify positions to be reduced

**EIGHTH** Notify employees who will have reduction in hours or who have been selected for reduction in force by December 14, effective on January 1

\*Special Needs students and programs will be given highest priority for staffing needs