

GRAND COUNTY SCHOOL DISTRICT

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January 11, 2010

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To: State Superintendent Larry K. Shumway and Utah State School Board
From: Grand County School District Board and Superintendent
Re: Proposed Grand County School District Financial Recovery Plan for 2010-2011

The purpose of this report is twofold. First, Grand County School Board presents to the Utah State Office of Education and to the Utah State School Board an account of actions taken to address the District deficit uncovered on September 17, 2009. The report also includes delineation of substantial cutbacks to the District's Maintenance and Operation budget for the upcoming 2010 – 2011 school year. As you recall, our original budgetary planning for FY10 was based on what is now determined to be erroneous figures. As we move forward into planning for FY11, the problem was exacerbated by anticipated shortfalls in both state revenue and lack of continued federal stimulus funding. Second, the Grand County School Board requests authorization from the Utah State Office of Education and State Board of Education to implement three specific strategies critically needed to balance its FY11 budget.

The format of this report is arranged for ease of review. Part 1: Executive Summary Statement provides a broad overview. Part 2: Grand County School Board Requests USOE/State Board Approval requests authorization to implement three strategies that will enable the District to meet targeted budget cuts. Part 3: Details Regarding Grand County's Financial Recovery Plan for 2010 – 2011 is provided for the reader if more in-depth information regarding the Plan is desired.

The Grand County School District Board and Administration wish to thank the USOE and State Board members for their support of our local efforts to meet the challenges presented to us in these trying times. The designation of Financially Distressed District has enabled us to partially address our budgetary issues this year. However, due to the magnitude of this task, complete resolution of the problem is extremely difficult if not impossible to reach in one year. We look forward to hearing from you regarding the authorization of requests presented herein.

Sincerely,

Margaret L. Hopkin, Superintendent

Kaaron Jorgen, Board President

Part 1: Executive Summary Statement

The Grand County School District has created a Financial Recovery Plan for 2010-2011 to balance the budget by making \$1.915 million dollars of cuts. These substantial cuts, property sales and revenue enhancements include:

- Reduction of total District staff by 21%;
- Reduction of specific employee positions to a 36-hour work week;
- Reduction of contract days for non-classroom employees – four days reduction for 11-month employees and five days reduction for 12-month employees;
- Consolidation of buildings -- declaring the Student Services/Preschool building and the District Office building surplus property with proceeds from sales applied toward the FY09 deficit;
- Declaration of surplus property for up to five land parcels – proceeds from sales applied toward the FY09 deficit;
- Promotion of a June 2010 Voted Leeway (details still in discussion); and,
- Adjustments of the existing local property tax structure, including use of Truth in Taxation authority if needed.
- No available funds for employee Step and Lane or COLA for the second consecutive year.

Part 2: Grand County School Board Requests USOE/State Board Approval

In order to prevent further staff cuts beyond 21% of the total District workforce, the Grand County School Board asks USOE/State School Board for

- a. authority to institute a four-day school week beginning with the 2010-2011 school year and lasting until increased revenue enables the District to restore a five-day week;
- b. *one-year* authority to schedule up to five instructional furlough days for the 2010-2011 school year
- c. permission, as part of our Financially Distressed School District status, to use the transfer of funds as a *planning strategy* to balance the 2010 – 2011 budget. To explain: this year the Board is using its fund transfer authority to avoid immediate, substantial lay-offs. If given the authority to transfer restricted funds (December 2009 property taxes) this year, the Board can completely eliminate the \$922,000 deficit to Maintenance and Operations.

As the reader will note in Part 3, without these authorities, the Board will have garnered only \$1.35 million of the \$1.89 million funds required to balance its 2010 - 2011 budget. The Board petitions for these authorities due to existing dire and extenuating circumstances. It is important to note that the Board realizes the importance of retaining flexibility to adjust Grand District's Financial Plan as projected figures become solid. For instance, the Board intends to institute furlough days *only if needed*. However, the current need is clearly evident as can be seen in details of the Financial Recovery Plan.

Part 3: Details Regarding Grand County's Financial Recovery Plan for 2010 – 2011

Contents of Part 3 include the following sections -

- I. Background
- II. 2009-2010 Cuts – Board Actions Taken Under Financially Distressed School District Status
- III. Grand County School District's 2010 – 2011 Financial Recovery Plan
- IV. Cutback Totals – Finances of the Recovery Plan
- V. Staffing, Programs and Practices to Be Restored With the Advent of New Revenue
- VI. Summary

I. Background: On September 17, 2009, the Grand County School District (the “District”) learned that its past and current years’ budgets had been based on erroneous fund balances, and that the District had, in reality, past and current fund deficits of up to \$1.6 million dollars as of that date. The Grand County School Board (the “Board”) petitioned the State Board of Education for Financially Distressed School District status, per Utah Code R277-420. That status was granted on October 2, 2009 by the State Board of Education.

II. 2009-2010 Cuts – Board Actions Taken Under Financially Distressed School District Status: Since October 2nd, the District Board and administration have made the following cuts in order to balance the current year’s (2009-2010) budget:

- Conducted a one-time transfer of at least \$940,000 (and more if available) from Capital Outlay and other restricted funds –
- Enacted 3 additional instructional furlough days for a total of 5 instructional furlough days in 2009-2010, as granted by the State Board of Education for this year only <\$225,000>
- Instituted an immediate 25% premium-share for the family insurance option on employees’ health insurance premiums, which the District had been funding at 100% <\$346,000>
- Instituted \$100,000 in student co- and extra-curricular cuts for the current year
- Withheld Step and Lane increases and COLA for all District employees for 2009 – 2010 (0% salary increase)

In addition, the District:

- Reinstated 3 of 9 Quality Teaching Days at Step 1 Lane 1 at \$57,000
- Funded a 4.3% insurance premium increase for 2009 – 2010 at \$72,000
- Instituted a hiring freeze on vacated positions
- Instituted a freeze on purchases, except those deemed essential or related to health and safety
- Instituted a freeze on travel unless deemed essential by the Superintendent

III. Grand County School District’s 2010 - 2011 Financial Recovery Plan: The District must cut \$1.89 million dollars in order to create a balanced budget for 2010-2011. This total figure includes an anticipated 3% funding cut by the Legislature for 2010-2011 and the expectation of no federal stimulus revenue. The District must non-renew/RIF 21% or 45 of its 215 employees, including 19 FTE certificated positions and 18.5 FTE support staff positions. In addition, the Board will make other numerous and substantial cuts. Total cuts include:

1. Non-renewal of most provisional employees (45 staff: 19 teachers and 18.5 classified).
2. RIF of 4.5 certified tenured staff and 2 tenured classified staff.
3. Elimination of the following programs/practices due to personnel/position cutbacks:
 - K-6 Tiered Model of Instruction
 - K-12 Wrap-around Services (interagency teaming on students requiring academic and behavioral interventions)
 - K-8 Skill Building, Tracker/Mentoring for struggling students
 - Full day kindergarten -- the District will shift from full-day kindergarten for all students to one, full-day session for some students (determined by pre-assessment of readiness skills combined with ‘lottery’ selection) and half-day for others
 - Middle School comprehensive guidance program (RIF counselor)
 - Middle School certified media specialist (replace with classified staff)
 - A dramatic drop in courses offerings at the High School level – planned cutbacks threaten accreditation at Grand County High School and the administration is working to retain this expected status
 - A cut of \$100,000 to student activities
 - Class size increase from approximately 24 to 36 students (K-6) and up to 45 students in secondary classes
4. Institute, with USOE/State Board permission, a 4-day school week
5. Move to a 36-hour work week for T.A.s and custodial staff
6. Further reduce or eliminate any remaining deficit from 2008 – 2009 by declaring District properties surplus and using the proceeds of the sales or seeking donations to GCSD.
7. Restructure local District-collected property tax rates to generate new revenue for M&O, through Truth In Taxation hearings (if needed) and by conducting a June 2010 Voted Leeway Election.
8. Impose a second consecutive year of no Step and Lane increase or COLA for all employees.

IV. Cutback Totals – Finances of the Recovery Plan: The above measures, which *include moving to a State-approved four-day week*, bring the Board to within approximately \$166,000 of the \$1.89 million cuts needed to balance the 2010-2011 budget. The Board anticipates that tax rate adjustments, employee retirement, attrition, *and the use of State-approved furlough days - only if needed* - will make up the \$166,000 still lacking; if not, the Board will institute further cuts.

Summary of proposed cuts:

\$1,349,265	non-renewed provisional/RIF tenured staff
30,000	one teacher prep day at the beginning of school
100,000	Student co- and extra-curricular activities
115,000	Four-day school week (*on next page)

68,800	36 hour week for custodians and T.A.s
16,688	Cut 5 contract days for 12 month employees
9,384	Cut 4 contract days for 11 month employees
<u>2,250+</u>	15% +cut on Board's \$3,000 stipend
\$1,733,250	Total

*Four Day School Week projected savings:

25,000	Utilities, minimum
30,000	Eight bus drivers (Mon.-Thur.; 20% salary cut)
<u>60,000</u>	Fifteen cooks (Mon. - Thur; 20% salary cut)
\$115,000	Total savings

V. Staffing, Programs and Practices to Be Restored With the Advent of New Revenue (not prioritized):

- Five day school week
- 40-hour week for custodians and T.A.s
- Step and Lane for teachers and comparable classified salary increases
- Full contracts for 11 and 12 month employees
- Full day kindergarten for all students
- Adequate High School course offerings
- Class size reduction
- Quality Teacher days
- K-6 Tiered Model of Instruction
- Counseling at the Middle School
- Certified media specialist at the Middle School
- Skill Building /'Wrap-around' Coordinated Interagency Services for Struggling Students
- Fully funded student activities program

VI. Summary: Cutting 21% of the District's employees essentially eviscerates the academic excellence we have fought so hard to build over the last fifteen years. With the approaching substantial cuts, Grand County School District is no longer able to implement the Board's academic goals. As of the 2010 – 2011 school year, the District can no longer provide intervention for struggling students delivered through the Tiered Reading Program; comprehensive and coordinated academic and behavioral support; and fully funded academic and extra-curricular activities to educate the whole child. Due to the labor-intensity of maintaining *data-driven* planning, implementation and instruction, we anticipate difficulty in maintaining our current test scores that currently meet AYP/UPASS standards. Regardless of the odds against us, District staff will continue to work diligently to provide a viable program for all students.

The Board has attempted to make equitable cuts for certified and support staff, as well as ongoing cuts (vs. one-time cuts) that can be maintained and carried forth into future years as needed. The Board recognizes that, without new revenue streams, rebuilding the District to its former level of services will be difficult if not impossible.