



# Financial Recovery Plan

March 20, 2019

# Five-year Forecasts

|                   | FY20    | FY21     | FY22      | FY23      |
|-------------------|---------|----------|-----------|-----------|
| October 17, 2018  | \$2.1M  | (\$4.1M) | (\$12.0M) | (\$22.1M) |
| January 23, 2019  | \$3.3M  | (\$2.4M) | (\$9.8M)  | (\$19.2M) |
| January 31, 2019  | \$4.25M | (\$879K) | (\$8.3M)  | (\$16.2M) |
| February 15, 2019 | \$3.4M  | (\$2.4M) | (\$10.0M) | (\$18.0M) |

January 23 – Cash flow and tax values were updated and a new forecast was presented to the BOE.

January 31 – Reflects our submission to ODE which included savings from the demolition of Sill MS and attrition of six staff members who retired.

February 15 – The first SFPR reflected updated enrollment. Enrollment will continue to be updated on the first payment of each month.

Thus, we are targeting \$10M reduction for FY22

**Caveat, the following recommendations will not produce the 25% cash carryover that is desired. The average cash carryover for all schools in Summit County is 33.12%, ours is 11.03% third lowest in the county.**

# Financial Recovery Plan

Based on recommendations in the Performance Audit

## Reduce Expenditures

- Staffing reductions based on enrollment
- Slowing expenditures identified in Emergency Levy Plan

## Increase Revenue

- Combination Levy – Bond/Operating
- Increased enrollment

# Elementary Reductions

|                 | DeWitt     | Lincoln     | Preston     | Price       | Richardson  | Silver Lake |
|-----------------|------------|-------------|-------------|-------------|-------------|-------------|
| 1 <sup>st</sup> | 71/22 => 3 | 83/22 => 4  | 47/22 => 2  | 49/22 => 2* | 67/22 => 3  | 42/22 => 2  |
| 2 <sup>nd</sup> | 64/25 => 3 | 87/25 => 3* | 52/25 => 2  | 58/25 => 2* | 61/25 => 2* | 43/25 => 2  |
| 3 <sup>rd</sup> | 76/25 => 3 | 79/25 => 3* | 36/25 => 1* | 58/25 => 2* | 65/25 => 3  | 37/25 => 1* |
| 4 <sup>th</sup> | 69/25 => 3 | 95/25 => 4  | 46/25 => 2  | 62/25 => 2  | 72/25 => 3  | 36/25 => 1* |
| 5 <sup>th</sup> | 68/25 => 3 | 80/25 => 3* | 54/25 => 2  | 44/25 => 2* | 63/25 => 3  | 45/25 => 2  |

Class sizes represent recent enrollment rolled up to the next grade level in each building. The methodology represents 22 students in grades K and 1; 25 students in grades 2 thru 5. All rounding is based upon the standard 0.5 students.

- Identifies buildings and grade levels at which the formula above suggests reductions could be made. That said, not all reductions are recommended due to excessively large sections. The recommended reductions are as follows:
  - Lincoln – 3 core staff
  - Preston – 1 core staff (upon the condition of reducing Inter-district OE-In by ten (10) students)
  - Price – 4 core staff and 1 ISGI
  - Richardson – 1 core staff (upon the condition of reducing Inter-district OE-In by eleven (11) students)
  - Silver Lake – 1 ISGI

# Middle School Reductions

|                 | Bolich                 | Roberts                |
|-----------------|------------------------|------------------------|
| 6 <sup>th</sup> | $212/25 \Rightarrow 9$ | $138/25 \Rightarrow 6$ |
| 7 <sup>th</sup> | $183/30 \Rightarrow 6$ | $146/30 \Rightarrow 5$ |
| 8 <sup>th</sup> | $185/30 \Rightarrow 6$ | $131/30 \Rightarrow 4$ |

Class sizes represent recent enrollment rolled up to the next grade level in each building. The methodology represents 25 students in grade 6 and 30 in grades 7 and 8. All rounding is based upon the standard 0.5 students.

- Identifies buildings and grade levels at which the formula above suggests reductions could be made. The recommended reductions are as follows:
  - Bolich – 6 core staff
  - Roberts – add 1 core staff and reducing 1 ISGI

# High School Reductions

|                  | CFHS                      |
|------------------|---------------------------|
| 9 <sup>th</sup>  | 300/30 => 10              |
| 10 <sup>th</sup> | 365/30 => 12              |
| 11 <sup>th</sup> | 324/30 => 11              |
| 12 <sup>th</sup> | 404/30 => 14              |
| Total            | 1393/30 => 46-47 sections |

With current enrollment 46-47 sections are necessary in each core content area. With teachers teaching 6 periods each day, we targeted 8 staff members per core content area and a reduction of 12 FTEs in total.

Based on a study of the previous three years, the following reductions are an example of classes that would be reduced using our 2018-2019 master schedule. Details can be found on the following slides.

### Six-District Educational Compact

- Reduce GRADS (Six-District decision due to retirement)
- Business Academy – reduce 1 FTE
  - We will reduce the Business Entrepreneurship Six-District program due to perpetually low enrollment

### ELA – currently we have 10.5 staff; therefore, reduce 2 FTEs and 12 sections

- 4 student assistance periods Tier 2 (semester) = 2
- No teaming at any level including 9<sup>th</sup> and 10<sup>th</sup> = 6
- Several electives including:
  - Debate = ½
  - Science Fiction = ½
  - Public Speaking = 1
  - Technical Theater = 1
- No Broadcasting Duty = 1

### Math – currently we have 11 staff; therefore, reduce 2 FTEs and 12 sections

- No teaming at any level including 9<sup>th</sup> and 10<sup>th</sup> = 8 (Algebra/Geometry)
- Reduce Computer Programming courses = 3 ½
- 1 student assistance period Tier 2 (semester) = 1/2



Social Studies – currently we have 10 staff; therefore, reduce 2 FTEs and 12 sections

- No teaming at any level including 9<sup>th</sup> and 10<sup>th</sup> = 7 (American History and World History)
- It is important to consider licensure as not all teachers can teach all content
- 5 student assistance sections Tier 2 (semester) = 2 ½
- Electives including:
  - Macroeconomics = ½
  - Cultural Humanities = 1
- Reduce one duty period per semester = 1

Science – currently we have 10 staff; therefore, reduce 1 FTEs and 6 sections

- It is important to note that we hired staff to assist with 3 Biology sections; therefore, we need to reduce 9 total sections
- It is important to consider licensure as not all teachers can teach all content in science
- No teaming at any level including 9<sup>th</sup> and 10<sup>th</sup> = 5 (Biology and Conceptual Chemistry)
- 3 student assistance sections Tier 2 (semester) = 1 ½
- 1 lunch duty = ½
- Co-taught video announcements/duty = 2



Special Education – we currently have 19 staff including MD, AUT, and ED unit teachers; reduce 3 FTEs and 18 sections.

- Result of dissolving 9<sup>th</sup> and 10<sup>th</sup> grade small learning communities = 16 sections of co-taught classes in the core subjects including algebra, geometry, world history, American history, conceptual chemistry, biology, English language arts 9, and English language arts 10
- Reorganization of servicing as outlined in the Behavioral Resource Center (BRC) = 2

#### General Consequences

- Student assistance period – Tier 2 dissolved
- Case manager caseloads – increase
- Study hall numbers – dramatically increased
- Need monitors and/or security for study hall, lunches and campus
- In-school restriction (ISR)

# Staffing Assumptions

The average teacher salary in a district is different depending on the report and the calculation. For example, in a recent report sent to ODE the average is approximately \$62,797. On the 2018 Local Report Card (LRC), the average is \$56,667. And, the average on the most recent Cupp Report (FY18) is \$56,610.

Through examination of the Five-year Forecast, the benefit line item (2.01) is approximately 41% of the salary line item (1.01).

Thus, we have used a preliminary cost of \$79,820 ( $\$56,610 * 1.41$ ) for core staff members and \$54,287 for ISGI positions. When possible, we have used actual cost in the calculations.

# Five-year Forecasts

|                                | FY20   | FY21   | FY22     | FY23     |
|--------------------------------|--------|--------|----------|----------|
| After Staffing Recommendations | \$5.4M | \$1.6M | (\$3.95) | (\$9.9M) |

With reduction of 9 elementary core staff members and 2 ISGI positions, 5 middle school staff members and 1 ISGI, 12 high school staff members (these reductions include 5 staff positions and 1 ISGI position reduced due to attrition), reduction of 5% of supplemental contract costs (\$36,000), and 1 custodial position due to attrition we are still in need of \$4M in reductions.

# Staffing Timeline

Per the CBA, we have to notify CFEA of the intention to implement a Reduction In Force (RIF) at least 45 days prior to the BOE action suspending teaching contracts implementing a RIF. Evaluation ratings must be received prior to any reduction. Evaluation ratings are to be completed by May 10.

Notification of specific individuals at least 7 days prior to BOE action. BOE action will be recommended June 5.

# Five-year Forecasts

|  | FY20   | FY21   | FY22   | FY23   |
|--|--------|--------|--------|--------|
| After Staffing Recommendations and a Combination Levy that includes approximately 6 mills of Bond (which includes 0.5 mills of PI required by OFCC) and 4 mills of Operating | \$6.9M | \$6.1M | \$3.6M | \$661K |

Due to changes in legislation, this is the first year that elections will take place prior to the submission of the fall Five-year Forecast. That said, we have not decided upon a Bond or Combination Levy nor do we know the exact millage rates.

Thus, we need to consider other options. Those options include deeper staff reductions or other reductions in expenditures.

# Emergency Levy

- Capital Outlay
  - Roofs:
    - FY19 – Reduce CFHS Roof and Silver Lake Roof from \$850,000 to \$722,158 by doing partial roofs over newer section only
    - FY20 – Reduce Richardson Roof \$300,000 to \$0
    - FY20 – Reduce CFHS Roof \$650,000 to \$0

# Emergency Levy

- Capital Outlay
  - Parking Lots:
    - FY19 – Increase Preston Parking Lot from \$60,000 to \$110,000
    - FY20 – Increase Richardson Parking Lot from \$60,000 to \$110,000
    - FY20 – Reduce CFHS Parking Lot \$160,000 to \$0
    - FY20 – Reduce Roberts Parking Lot from \$75,000 to \$0
    - FY20 – Add Crack Fill and Pot Hole Repair \$30,000
  - Vehicles
    - FY20 – Remove 3 buses \$270,000 to \$0
    - FY20 – Remove 1 pick-up truck \$90,000 to \$45,000

# Emergency Levy

- Technology
  - FY20 – Reduce Teacher Work Station upgrade from \$200,000 to \$100,000
- Curriculum
  - FY19 – Reduce K-5 Science Material purchases from \$250,000 to \$0
  - FY19 – Reduce Curriculum Equipment from \$50,000 to \$0
  - FY20 – Reduce 7-12 Math from \$300,000 to \$0
  - FY20 – Reduce Math PD from \$25,000 to \$0
  - FY20 – Reduce Maker Space Equipment from \$30,000 to \$0

# Emergency Levy

- Human Resources
  - FY19 – Reduce HR Expenditure from \$385,000 to \$188,646
    - Brought back Credit Recovery ISGI @ CFHS
    - Brought back Tier 3 ISGI @ CFHS
    - Hired Gifted Intervention Specialist through Summit ESC
    - Hired an Intervention Specialist @ CFHS
    - Contracted with NEOnet for additional CTIS days
  - FY20 – Stay current FY19

# Five-year Forecasts

|  | FY20   | FY21    | FY22   | FY23     |
|--|--------|---------|--------|----------|
| After Staffing Recommendations and reductions in Emergency Levy spending | \$7.9M | \$6.45M | \$2.6M | (\$1.7M) |

This option will erase the deficit through FY22, but we will still have to address the FY23 deficit. What we don't know is the outcome of the next two biennium budgets and the school funding formula.

# Five-year Forecasts

|  | FY20   | FY21    | FY22    | FY23   |
|--|--------|---------|---------|--------|
| After Staffing Recommendations, Combination Levy and Reductions in Emergency Levy spending | \$9.4M | \$11.0M | \$10.2M | \$8.9M |

If we were to implement all of the recommendations, not only would we be solvent through the forecast, we will also have an anticipated cash carry-over of 17.2% at the end of FY22.



Thank you for the opportunity to provide you with recommendations. We welcome your input!