

Citizens for Accountability

Recommendations for Addressing the 2012-13 Budget Deficit

1. Trim Salaries of Administrators

While we respect and appreciate the hard work and dedication of these professionals, we must recommend the following modest salary reductions to assist in this crisis:

Superintendent: 3.0%

Assistant Superintendents: 1.5%

Principals: 1.0%

Directors, Managers, Coordinators: 1.0%

See the attachment, **Administrative State Compensation Report**, for the salary details.

Estimated Annual Savings: \$ 50,000

2. Implement a Compensation Freeze for All Other Employees

We recommend a "hard" freeze for all other employees of the district: salaried, hourly, union, non-union, and all those whose negotiated agreement/contract expires during the 2012-13 school year. As a school district, employee salaries are logically the single largest item in the budget. We have to look here to find any significant savings in order to maintain the current teaching staff level, educational programs and classroom sizes currently in place.

Please be sure to note that Citizens for Accountability in D15 greatly appreciates the hard-working, dedicated teaching staff of our district as well as all the other employees who keep our district running. We just cannot ignore that this is the one area of the budget than can make the most impact being that it is our largest expense. We sincerely hope each employee understands a salary freeze for one year can make a big difference in the crisis we are facing and in maintaining the current quality educational experience for our students.

As outlined in the Classroom Teachers' Council Negotiated Agreement for 2009-12, the three parts of teacher compensation are: 1) base, 2) step (number of years), and 3) lane (level of education). We have to recommend a hard freeze in all three areas for the 2012-13 school year in order to avoid directly impacting the classroom environment.

See the attachment, **District 15 Financial Facts**, for the details.

Estimated Annual Savings: \$ 2, 000, 000

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3. Reduce Health Care Costs

This is another area where significant savings could be realized. Health care is a very large expense for the district. We recommend the following in this area:

- All employees should be put on the same health care plan. Currently, Administrators are on a different, more generous, plan than the rest of the employees. Administrators currently contribute *zero dollars* to their health care plan costs, whether single or married.
- All employees should share in the financial burden of their health care. We recommend either all employees contribute at least 50% of their health care premiums or deductibles could be adjusted upward and combined with employee contributions to reach the same level of savings.

Those covered under a negotiated agreement contribute *zero dollars* to their health care plan if they are single. For those with family coverage, they are responsible for only 50% of the added cost. The annual deductible for the plan is also very modest, \$500 for a single person and \$1,000 for a family.

In contrast, a study released by the highly respected Henry J. Kaiser Family Foundation, shows average premiums for a single person in 2011 were \$921 per year and \$4,129 per year for a family.

To illustrate further, a private sector retired couple on Medicare with Supplement Plan F receive lesser coverage and pay premiums that exceed \$8,000 per year, a cost that does not include the 1.45% of gross salary paid into the Medicare Trust fund during their working years. These plans also do not cover vision or prescriptions.

See the attachments for more details.

Estimated Annual Savings: \$ 2, 500, 000

4. Scrutinize Substitute Teacher Expense

We were very surprised to see this expense budgeted at \$1,725,000 for the 2012-13 school year. Even with our large district, we find it difficult to understand such a huge expense in this area.

Our cost for a substitute teacher is about \$105 per day. With our budget of \$1.7 million, that would equate to as many as 16,190 teacher days or about 19 days per certified staff member.

We realize long-term substitute teachers receive a higher level of compensation, but even if half of our substitute budget was for full-time substitute certified staff, it would still mean there are over 12,000 substitute days per year.

We feel this expense should be analyzed and better controlled and savings realized in this area.

Estimated Annual Savings: \$ 340, 000

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5. Conduct a District Office Audit

Find efficiencies by conducting a rigorous internal audit of the staffing levels of each department at the District Office (ESC). Reduce number of work hours and/or work days for employees who do not have a direct impact on the education of our students. Implement above changes so as to realize annual savings of \$250,000.

Estimated Annual Savings: \$ 250, 000

6. Decrease TRS Payments

Require that TRS payments made on behalf of employees by District 15 and currently listed on the Administrative Compensation Report be reduced by 50%.

Estimated Annual Savings: \$ 100, 000

Total Estimated Savings from 2012-13 Recommendations: \$ 5, 240, 000

Recommendations for Addressing the Long-Term Structural Budget Deficit

1. Eliminate the Retirement Incentive Option Plan (R.I.O.P.)

Currently, according to the Classroom Teachers' Council Negotiated Agreement for 2009-12: "Teachers who wish to retire under this provision will be placed on an alternative salary schedule and receive an increase of six percent (6%) over the prior year's creditable earnings for a maximum of four (4) years."

This program does not positively impact the education of our students, is unnecessary and is antithetical to sound management of our school district. We recommend its elimination.

2. Tie All Future Compensation Increases to the Consumer Price Index (CPI)

Since the district's revenue is directly tied to CPI, it makes logical sense to tie our largest expense to it as well to bring spending in line with revenue. For employees where there is more than one piece to the compensation formula, we recommend the total (e.g. base plus step) be equal to CPI.

3. Restructure the Salary Schedule in Future Classroom Teachers' Council Negotiated Agreements

In the 2009-12 agreement, there are six lanes and 20 steps. We believe this is a more complex compensation formula than is needed and we recommend simplifying it.

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4. Re-Examine Compensation for Advanced Degrees

In the CTC Negotiated Agreement for 2009-12, the pay differential for advanced degrees is as much as \$10,000. We were unable to uncover any research that showed a teacher having attained a Master degree translated into improved learning for his/her students in the K-8 classroom. We ask that additional scrutiny be applied when compensating for advanced coursework to improve accountability in our district.

5. Move the Expiration Dates of Employee Contracts/Negotiated Agreements

We recommend moving the end dates of contracts and negotiated agreement to coincide logically with the budgeting timeframe of the district. This would allow for more accurate budget forecasting, added control, and improved accountability in our school district.