

Cost-Reduction Scenario Budget Analysis Fall 2011

Cleveland Metropolitan School District
Board of Education Business Meeting
October 11, 2011

Implementing Scenario B: Keeping Recalled Teachers all Year

- **Necessitates \$13.2 million in Budget Cuts**

Cleveland Municipal School District

Potential Budget Cuts (Menu of Options)

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Option	Savings	Organizational Impact
Personnel/Compensation & Benefits		
Decrease Student Textbook Budget	\$ 2,000,000	<ul style="list-style-type: none"> •Would require the extended use of current textbook series, some of which are out of date.
Eliminate Preschool for Students	\$ 2,542,000	<ul style="list-style-type: none"> •Loss of preschool would result in loss of social readiness, development of phonological sensitivity and oral language development. •Children have the greatest chance of succeeding in school if they regularly attend a high quality preschool program. In 2000 the National Assessment of Educational Progress (NAEP) test results, showed that 68% of low-income 4th grade students could not read at the proficiency level (National Center for Education Statistics, 2000).
Eliminate Summer School for Students	\$ 2,447,000	<ul style="list-style-type: none"> •Loss of credit make-up towards on-time graduation for students in grades nine through twelve •District will continue development of in-school credit make-up opportunities for students using on-line options. •Loss of literacy and math six week summer enrichment program for emerging grade two and grade three students.
Reduce Sports for Students	\$ 1,341,000	<ul style="list-style-type: none"> •Eliminate some winter and spring activities. •Potential to disrupt scholarship opportunities for scholar athletes •Potential impact on decrease in attendance and academic performance of scholar athletes •Reduction of coaching and advising differentials

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Personnel/Compensation and Benefits

Option	Savings	Organizational Impact
Personnel/Compensation and Benefits		
Reduce Student Safety and Security Personnel by 15%	\$ 1,100,000	<ul style="list-style-type: none"> •Need a greater emphasis on other staff in the building to be more vigilant about security. •Increase risk of incidents occurring.
Reduce Cleaner Personnel by 15%	\$ 483,150	<ul style="list-style-type: none"> •Will add to cost of deferred maintenance. •Less clean buildings could affect student academic performance.
Reduce Food Service Personnel by 11%	\$ 700,000	<ul style="list-style-type: none"> •Would slow preparation & service time. •Would eliminate fresh fruits & vegetables initiative. •Eliminate hot breakfast program and fewer hot lunches served.
Reduce and/or Redeploy Principals / Assistant Principals	\$ 1,000,000	<ul style="list-style-type: none"> •Reduction of administrative support at building level may have a negative impact on climate and academic achievement for the school year.
Reduce Staff Differentials	\$ 1,500,000	<ul style="list-style-type: none"> •Elimination of monthly Department/SAS meetings would severely limit opportunity to build leadership at school level in support academic goals and targets towards district Academic Achievement Plan. •Elimination of other non-academic differentials may affect school climate. (i.e. chess advisor, student government)

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Potential Budget Cuts (Menu of Options)

Option	Savings	Organizational Impact
Operational Savings		
Reduce to State Minimum for Transportation for Students	\$ 1,521,500	<ul style="list-style-type: none"> • Eliminate RTA service for high school students. • Increases minimum mileage requirements for K-8 students. • Has no impact on special education transportation.
Consolidate/Close Schools (1st Year)	\$ 150,000 average per school closed	<ul style="list-style-type: none"> • Closing schools at end of 1st semester will net on average \$300K per school for a K-8 school in 1st yr. • Higher savings for closing high school(s). • Disrupt lives of students & families. • May cause loss of students.
One Office Supply Vendor	\$ 75,000	<ul style="list-style-type: none"> • Save on office supplies. • Decreased business for local businesses.

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Potential Budget Cuts (Menu of Options)

Option	Savings	Organizational Impact
Revenue Growth		
Propose Operating Levy	TBD	
Increase Facility Rentals/Fees	\$24,000 to \$120,000	<ul style="list-style-type: none"> •Amount depends on % of increase (range shown is from a 10% to 50% increase) •Could jeopardize the funding source for summer student internship program.
Charge Students for Breakfast and Lunch	-0-	<ul style="list-style-type: none"> •Could net \$1.5M per year, however ... •Requires start up costs of \$215K to \$250K. •Could risk the loss of \$11.5M in Title 1 funding.

Reduce Student Textbook Budget

– Total textbook allocation (all funds)	\$5,600,000
– Remaining balance as of 9/30/11	\$2,700,000
– Planned expenditure for AP courses	\$ 270,000
– Planned expenditure for writing texts	\$ 38,000
– Planned expenditure for Reading A-Z license	\$ 280,000

Reduce or Eliminate Preschool

- 50 regular education pre-school teachers \$2,542,000 (half year)
- 52 pre-school para-professionals \$1,700,000 (whole year)
(para-professionals cannot be laid off mid-year)

- CEOGC Grant revenue \$1,120,000

- Potential maximum unemployment costs \$ 707,000

- 5 integrated pre-school classrooms (serve special education students)

- Early childhood administrative staff \$ 163,266 (general fund)

Reduce or Eliminate Summer School

- Primary Summer Enrichment (Grade 1, 2) \$ 869,000
- Grade 8 Summer Bridge (Dropout Prevention) \$ 491,320
- Grade 9-12 Summer Credit Recovery/OGT \$1,086,680
- All summer school (Grade 1, 2, 8, 9, 10, 11, 12) \$2,447,000

- Traditionally paid through Title I carry-over dollars; dependent upon availability of carry-over funds

Reduce or Eliminate Sports/Extra-Curricular Programs

- HS Basketball (winter) \$514,751.49
- Swimming (winter) \$ 88,968.77
- Wrestling (winter) \$ 74,670.46
- Bowling (winter) \$112,167.79
(costs more, due to the bowling alley rentals)
- HS Track (winter/spring) \$317,219.26
- K-8 Track (spring) \$197,462.80
- K-8 Basketball (spring) \$236,129.22 (late schools)
- Baseball/Softball (spring) \$210,000.00
(Cleveland Indians pays for \$160,000)

- Athletic Administrative Staff (6) \$200,000.00 (1/2 year)

Reduce Safety and Security

– Average annual full time officer salary/benefits	\$ 38,165
– Full time officers allocated in budget	194
– Total full time officer salary/benefits	\$7,023,000
– Average annual part time officer salary/benefits	\$ 11,400
– Part time officers allocated in budget	83
– Total part time officer salary/benefits	\$ 946,200

Reduce Cleaning Personnel

– Average annual full time cleaner salary/benefits	\$ 30,468
– Full time cleaners allocated in budget	197
– Total full time cleaner salary/benefits	\$6,002,328

Reduce Principals and Assistant Principals

– Average annual principal salary/benefits	\$ 125,025
– Principals allocated in budget	114
– Total principal salary/benefits	\$14,252,851
– Average annual assistant principal salary/benefits	\$ 99,753
– Assistant Principals allocated in budget	65
– Total part time officer salary/benefits	\$ 6,483,992

Reduce Staff Differentials

– Music, Band, Art Directors	\$108,000
– Department Chairs	\$349,000
– Detention Period Supervisor	\$115,000
– Grade level chairs	\$ 4,462
– Newspaper / yearbook	\$ 37,500
– Safety Council	\$ 24,000
– Technology Liaison	\$ 22,225
– Special Education Liaison	\$184,000
– Subject Area Specialists	\$497,000
– Team Leaders	\$413,700
– Test Coordinators	\$142,600
– WAVE Conflict Mediation Coordinators	\$ 88,056
– Class size and special education overage payments	\$797,330
– Many differential payments are built into existing labor contracts	

Reduce or Eliminate Transportation

- RTA full-year cost per high school student (\$3.00/day) \$ 540
- Number of high school students using RTA 5,438
- Average full-year RTA cost \$ 2,936,520
- Will result in reduction of RTA bus routes serving schools

- Number of yellow busses (double routed) 206
- Number of PreK-8 students using yellow bus service 3,855
(less than 100 high school students ride yellow bus)
- Total regular education yellow bus cost \$ 8,215,643

- Special education transportation exempted from any cost savings
- Number of special education students transported 2,260
- Total special education yellow bus cost \$13,740,395

Consolidate / Close Schools

- Net first year cost savings average per K-8 School \$ 300,000
(operations, administration, custodian, security, cleaner, etc.)
- Net first year cost savings average per High School \$1,068,000
(operations, administration, custodian, security, cleaner, etc.)

Contract with a single supply vendor

- Three existing contract options
 - State of Ohio term contract (Staples)
 - Ohio Schools Council group contract (Independent Business Supply)
 - Sourcing Office group contract (Office Max)
- 2008 analysis of 2700 common items \$124,000 annual savings

Increase Facility Rentals & Fees

- Current Facilities Usage Charge \$69.50/hr per custodian
- Estimated annual income \$422,903

- Estimated funds used for custodial overtime \$180,840
- Estimated funds used for student interns \$242,063

- Some district partners currently have reduced fees for in-kind services provided to students

- 10% increase (\$76.45) \$ 24,206 increase
- 15% increase (\$79.93) \$ 36,309 increase
- 20% increase (\$83.40) \$ 48,412 increase
- 25% increase (\$86.88) \$ 60,515 increase
- Concern that higher fees may deter rental of facilities and decrease revenue making anticipated revenue difficult to predict

Food Service Cost Reductions

– Estimated gross revenue raised by charging for meals	\$ 1,500,000
– Required costs to accept cash payments	\$ 250,000
– Title I reduction (loss of Universal Meals Status)	\$11,500,000
– Reduce fresh fruits/vegetables program	\$ 129,000
– Eliminate one food option (from 3 to 2) in high schools	\$ 134,000
– Eliminate high school breakfast (requires ODE waiver)	\$ 604,500
– Average annual full time food service salary/benefits	\$ 28,741
– Full time food service employees allocated in budget	328
– Total full time officer salary/benefits	\$ 9,427,023
– Average annual part time food service salary/benefits	\$ 3,769
– Part time food service employees allocated in budget	134
– Total part time officer salary/benefits	\$ 505,072

Hiring Freeze of Vacant At-Will Positions

- Currently vacant at-will / civil service positions 20

- Current vacancies include:
 - Chief Academic Officer
 - Deputy Chief, Professional Development and Principal Leadership
 - Purchasing Specialists (3)
 - Executive Secretary to the CEO
 - Student Assignment Specialist
 - Communications Managers (2)

- Permanent cuts:
 - Chief of Staff
 - Contract Administrator (legal)
 - Data Management Specialist

- Total one year salary and benefit savings of vacancies \$1,691,383

Reduce or Eliminate Overtime

- Average transportation overtime cost per school \$ 17,021
- Total general fund transportation overtime costs \$ 1,200,000

- Average custodial overtime cost per school \$ 12,125
- Total general fund custodial overtime costs \$ 1,000,000

- Average security overtime costs per school \$ 1,689
- Total general fund security overtime costs \$ 1,183,000

- Overall overtime costs are built into existing labor contracts

Reduce Operational Budgets

- 5% reduction of non-personnel central office budget \$ 580,000
- 10% reduction of non-personnel central office budget \$ 1,160,000
(already reduced these budgets by 5% in 10-11, and 15% this year)

- 5% reduction of non-personnel school building budget \$ 95,000
- 10% reduction of non-personnel school building budget \$ 190,000
(building budgets have not been increased or reduced in several years)

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- Timeline

Timeline

Date	Action
October 11, 2011	Interim CFO Presents Five-Year Forecast to Board of Education
	Analysis of budget reduction options
October 25, 2011	Board vote on budget cuts and Five-Year Forecast
November 1, 2011	Begin implementing budget reduction measures

Additional Board Considerations

March	May	August	November
<p>Board should adopt a resolution of necessity by December 1, 2011</p> <p>Board should adopt a resolution to proceed by December 6, 2011</p> <p>Board would need to file by December 7, 2011</p> <p>If levy is placed on ballot on March 6, 2012 <i>(assuming no change in the current law for the date of the Primary Election)</i></p>	<p>Board should adopt a resolution of necessity by February 2, 2011</p> <p>Board should adopt a resolution to proceed by February 7, 2011</p> <p>Board would need to file by February 8, 2011</p> <p>If levy is placed on ballot on May 8, 2012 <i>(assuming the Primary Election date is moved)</i></p>	<p>Board should adopt a resolution of necessity by May 3, 2012</p> <p>Board should adopt a resolution to proceed by May 8, 2012</p> <p>Board would need to file by May 9, 2012</p> <p>If levy is placed on ballot August 7, 2012 Special Election</p>	<p>Board should adopt a resolution of necessity by August 2, 2012</p> <p>Board should adopt a resolution to proceed by August 7, 2012</p> <p>Board would need to file by August 8, 2012</p> <p>If levy is placed on ballot November 6, 2012 General Election</p>

Questions?

**The future of our students depends on the actions we take
today!**