

2. STATE NEW BUDGET				-534 per pupil	Target	\$1,284,502
*	A. WRS projected savings			532620		\$751,882
	B. Fund Balance - reduce allocation of \$250,000 to \$100,000			150000		\$601,882
	C. Retirements, replaced			165475		\$436,407
*	D. Package increase of CPI - 1.68%			100759		\$335,648
	E. Health ins at 4.2% from orig proj			68150		\$267,498
*	F. Credit Reimbursement			45000		\$222,498
*	G. Overload reduction			52250		\$170,248
*	H. Change health carriers or redesign the plan or inc to 12%			160000		\$10,248
	I. Open enrollment / rev limit change			-37754		\$48,002
*	J. Extra pay reduction			22679		\$25,323
	K. B and G reductions			20524		\$4,799
* Subtotal based on bill			913308			

## OPTION A Line items to address \$1.2 million

Line A – WRS projected savings – currently the district contributions towards the Wisconsin Retirement System involve an employer and employee share. Under the proposal from Gov Walker, the employee would be required to contribute 5.8%.

Line B – Fund balance (show slide) – simply put, fund balance is a snapshot on June 30<sup>th</sup> each year of assets – liabilities. Fund balance serves a district in two main ways – for cash flow and for emergencies. The regular use, cash flow, refers to the fact that schools do not receive revenues regularly, but yet must pay bills and payroll regularly. For example, by October the school's fund balance is literally zero, and we must short-term borrow until January when taxes are first paid to the district. The more fund balance a school has, the less short-term borrowing that is necessary, therefore less interest costs, and the more fiscally secure a district is considered to be. In recent years, you can see the fund balance decrease of the district. Essentially this means the district's budget was not balanced in the years the fund balance decreased – more cuts should have been made. The Board has passed a policy now to increase fund balance. This current year there is a line item for a \$250,000 increase in the fund balance. Due to the severity of the budget reduction proposal at the state level, this proposal includes reducing the increase of fund balance for the future to \$100,000 in order to save \$150,000 of reductions.

Line C – Retirements, Replaced – Currently 8 staff are retiring this year. All are currently scheduled under this plan to be replaced. The savings shown are calculations primarily from the teacher's current cost of salaries and benefits, less retirement benefits, less the expected cost of a new hire. In some cases, 2 part-time employees may be brought in instead of one full-time rehire, increasing the savings.

Line D – Package increase of CPI – 1.68% currently a part of one proposal again at the state, would be a prohibition to pay anything greater than the CPI increase on base wages. When calculated versus old package costing originally entered into budget projections, we would have savings.

Line E – In original budget projections, a 7% health insurance benefit increase was costed. Our current health insurance company states the increase for next year will be 4.2%, again showing savings.

Line F – Credit reimbursement – currently 12 credits per year are reimbursed to teachers. Noting the importance of continuing education, this proposal includes credit reimbursement for the future of only 3 credits per year. When looking back at full year's worth of credit reimbursements, we expect \$45,000 in savings.

Line G – Overloads – currently in collective bargaining arrangements, the number of classes a teacher teaches is defined. When needing to exceed that amount, a teacher is paid \$1200 per semester. This provision could be changed, yielding the savings noted.

Line H – last fall, the District began studying alternative costs to health plans. One option is to change carriers, maintaining plan design and network, which would save 6% or approximately \$160,000. Similar savings can be achieved by staying with the same carrier yet increasing deductibles, office and prescription co-pays, or by increasing the premium contributing that employees pay from 6% to 12%. We propose make one of the choices to save for the 11-12 school year.

Line I – February is the annual open enrollment window for all Wisconsin school districts. After that moment a very preliminary estimate is done for open enrollment projections for next fall. This is very preliminary because until September a district does not really know which students have come and which have left. For example, a student in February may be able to open enroll to 3 different schools. Based on the numbers we received, and past trends however, we are calculating an additional budget loss over open enrollment budget figures at this time.

Line J – Extra pay reduction – several smaller pay items exist in the collective bargaining agreement that when added together equal this amount. Mentoring pay, lunch duty pays, sick day end of year payouts, and this proposal would eliminate those pays.

Line K – Building and Grounds reduction – at this time, one custodial retirement means a rehire of the position would occur without benefits and/or potential other solutions for part-time configurations.