

REVISED 02.19.20

2020 LEVY FAILURE: NEXT STEPS



WHAT IS OUR CURRENT SITUATION

- To maintain most of our current programs going forward, we were anticipating approximately \$13 million per year of levy funding.
- The 2016 levy runs out on December 31, 2020.
- Since the replacement levy failed on February 11, we will need to reduce our expenditures by \$7.2 million for the 2020-2021 school year. (We will have levy dollars for first semester but not second semester. Because of the way we receive tax collections – a greater proportion in the spring than the fall -- the reduction for 2020-2021 will be more than half of the total for a full year.)
- Beginning in 2021-2022, we will need to reduce our expenditures by the full \$13 million annually.

WHAT IS OUR CURRENT SITUATION (CONTINUED)

- According to our most recent budget analysis, approximately 84% of our budget is spent on personnel.
- Some non-employee related costs – like insurance premiums, legal services, and utilities – are fixed. That is, we cannot easily reduce in those areas.
- In some areas, making cuts is legally prohibited. For example, we are required to maintain certain special education services and to provide to-and-from transportation for students living a certain distance from school.
- In some areas, making cuts is cost-prohibitive. For instance, if we increase class sizes in grades K-3, we lose the funding that pays for teachers at those levels.
- It will be impossible to live within a budget that does not include levy dollars without making considerable reductions in our staff.

WHAT DOES NO LEVY LOOK LIKE GOING FORWARD

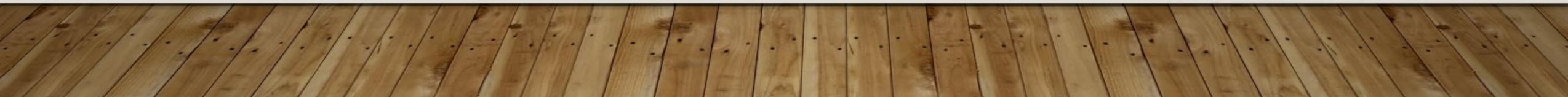
Our first look at personnel cuts includes the following (**all estimates until we can calculate specific position costs**):

- Approximately 6 of 29 FTE administrative positions cut (20.1%) = 1,000,000
- Approximately 24 of 304.11 FTE certificated (FEA) positions cut (8.3%) = 1,900,000
- Approximately 31.4 of 148 FTE para (PSE) positions cut (21.2%) = 1,200,000
- Approximately 2.1 of 30.3 FTE custodial/maintenance (SEIU) positions cut (6.9%) = 140,000
- Approximately 3.625 of 41.0625 FTE admin asst (FAAA) positions cut (8.8%) = 160,000
- Approximately 8.25 of 26.38 FTE prof tech positions (31.3%) = 600,000

WHAT DOES NO LEVY LOOK LIKE GOING FORWARD (CONTINUED)

All of the personnel cuts on the previous page add up to approximately...

\$5,000,000

- That's \$2.2 million short of the \$7.2 million we need to cut for next year.
 - The following year (2021-2022), we will need to nearly double the number of year one cuts.
 - The personnel information is reported in FTE (Full Time Equivalency). In all categories except administrators, some employees work less than a full-time equivalency, so the number of people who will lose their jobs is greater. For instance we have 210 PSE employees, but they represent only 148 FTE.
 - In our business, people equal programs and supports for students. By cutting people, we are cutting programs and services.
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WHAT DOES NO LEVY LOOK LIKE GOING FORWARD (CONTINUED)

Regarding the proposed personnel cuts...

- All job categories except administrators and prof techs are governed by union contracts which spell out protocols for Reductions In Force (RIFs) in terms of seniority.
- That means the dollar figure assigned for each line reflects, for the most part, the lowest paid employees in that category, since they were last hired.
- Under the “old” state funding rules, we received reimbursement for our state-funded certificated/teaching staff based on where they fell on the state salary schedule. Under the “new” state rules, (as of 2018), we receive the same dollar amount for each funded teacher/certificated staff member no matter how experienced they are. The levy failure, which requires us to RIF our newest teachers will drive up the average cost of the remaining teachers.
- Administrative and Prof Tech Reductions in Force are not based on seniority.

WHAT DOES NO LEVY LOOK LIKE GOING FORWARD (CONTINUED)

In addition to cutting staff positions, we anticipate we will need to cut the following to achieve the \$7.2 million reduction for 2020-2021:

- Our School Resource Officer (\$85,000)
- Our safety contract with the Whatcom Sheriff's Department (\$30,000)
- Our energy savings coordinator stipend (\$30,000)
- One-to-one technology at grades 6-12 (TBD)
- A significant portion of our contract with Seitel for tech support (\$340,000)
- The entire Extracurricular Coaches and Advisor (ECA) schedule (except contractual extended days) (\$300,000)
- All district support for field trips and all bus runs except to and from school (\$124,000)
- All staff travel except that which is required by grants or paid for by ASB/CTE (\$58,000)
- School supplies (\$65,000)
- All professional development that requires substitutes or extra pay (TBD)
- 90% of all overtime for hourly employees (\$60,000)
- Subscriptions to online programs and curriculum (at least \$120,000)
- The opening day all-district kick-off breakfast (\$20,000)

WHAT DOES NO LEVY LOOK LIKE GOING FORWARD (CONTINUED)

- We are still costing out this list of cuts, but we know that all the items we have already priced add up to approximately \$1,232,000.
- When we add this amount to the amount represented by our first list of personnel cuts, we are at a total of \$6,232,000.
- We can make up the remainder of the year one cuts (about \$1 million) by taking dollars out of our reserves (savings account). However, we are reluctant at this point to plan to take much more from the reserves because (1) we have been spending them down this year to maintain our current standard of living; and (2) our financial situation may become even worse if families decide to leave our district as a result of the levy failure and the removal of all levy-funded programs and supports. (Fewer students will mean less State revenue.)
- In a second year with no levy, the cuts will be even deeper, including losing our eight-period schedule at the high school.

WHAT DOES \$1.50 LEVY LOOK LIKE

For 2020-2021...

We will need to cut approximately \$2.9 million instead of \$7.2 million.

For 2021-2022 and beyond...

We will need to cut approximately \$5 million per year instead of \$13 million.



WHAT DOES \$1.50 LEVY LOOK LIKE

For 2020-2021...

- **We still need to plan for cutting \$7.2 million in case the second time we run the levy is also unsuccessful.**
- If the \$1.50 levy passed, we will be able to restore about 60% of the planned cuts.
- At this point, it is difficult to identify exactly which 60% will be restored. More input will be needed to make those decisions.

WHAT ARE OUR OTHER OPTIONS

- **We can try one more time during the 2020 calendar year to pass a replacement levy.**
The State Auditors' Office allows three dates when we could put a levy on the ballot: one in April, one in August, or the General Election in November.
- **If we choose to run the levy again, we can do so at the \$2.50 rate**, which, if it passed, would allow us to continue with most of our programs in tact. (As you know, even the \$2.50 rate is less than would be required to do everything we are currently doing in the future.) We could run a levy at **a rate of \$1.50. Or we could pick a number between \$1.50 and \$2.50.**
- If we choose to run the levy again, we can run it for **one, two, three, or four years.**

DECISIONS

- Run the levy again in 2020 – **YES or NO?**
- If YES, run it in **April, August, or November?**
- If YES, run it at **\$2.50, \$1.50, or a number in between?**
- If YES, run it for **1, 2, 3, or 4 years?**

NOTIFICATION OF IMPACTED STAFF

- **Phase One:** Personal contact about administrative positions and a few of the programs to be eliminated (done by February 18)
- **Phase Two:** Personal contact about some specific programs and positions to be eliminated (done by February 21)
- **Phase Three:** Meeting with all certificated staff on either non-continuing and provisional contracts to provide information and supports (no later than February 28)
- **Phase Four:** Personal contact about the remainder of programs to be eliminated and specific PSE, FAAA, and SEIU employees who will be impacted (done by March 13)
- **Phase Five:** Personal contact with specific FEA employees who will be impacted (done by March 27)

THIS IS INCREDIBLY HARD!

And we are so sorry!

Employee Assistance Program (EAP)

Free short-term counseling provided by the District

360-788-6565

800-244-6142