

WHERE DID THE \$ GO?

In FY17 RLSD had a cash balance of \$10.312 million.

By FY20 that cash balance had depleted to \$4.581 million

The natural question is; How did the District spend down over \$5 million in 4 Years?

- 3 Primary Factors:**
- 1 - An HVAC Emergency
 - 2 - Staff Increases in Both # of People & the Pay of the People
 - 3 - Rising Costs of Special Services

1

An HVAC Emergency

In FY19 the HVAC units at Elda and RMS needed to be replaced due to faulty equipment and installation. This project cost \$1.6 million and had to be paid from general fund dollars due to not having enough money in Permanent Improvement funds for this replacement. We have since moved millage to ensure our PI fund is healthy as to NOT be in this position again.

2

Staff Increases & Pay Increases

In this same period of time base wages for our staff also increased at a rate of 10.5% from FY17-FY20. Keep in mind the average increase over that time in Butler County was slightly above the 10.5 % we negotiated. So, we're depleting our cash even though our staff wasn't receiving pay raises out of the range for Butler County at the time.

Compound this with the fact that on an annual basis our wages increase 2.1% just in step increases which are increases our staff receive automatically for years of experience. Add those two together and you get a 19% increase over 4 years.

For reference, a 1% increase in salary costs RLSD approximately \$175,000. 19% over 4 years = \$3 million +

2

Staff Increases & Pay Increases

We also had an increase in the total # of employees in the district from FY17-FY20. Some of these positions were additional teaching, counseling, and administrative positions along with positions that were promised with the passage of the income tax such as the four SSO positions to ensure safe schools. Much of this has since been reduced or eliminated as a cost-saving measure over the last 2 years.

3

Special Services - Cost & Staff Increases

We've experienced a tremendous increase in the amount and needs of our special education services in the past 6-7 years. Many of the added positions were to accommodate these increased needs.

The number of students on IEPs and 504's has increased by 25% in the last 6 years. Nearly 20% of our total student population is on an IEP or 504 plan. 15 new positions have been added since 2016-17 to accommodate these needs. Each year, this number and the needs of the students increase and we expect that trend to continue.

In addition to these staff increases our special services contracted expenses have also more than doubled. These are things like speech therapy, nursing, audiology, and services for the visually impaired as examples. Our primary contract for these services was \$365,043 in FY17. It jumped to \$764,037 in FY22. As we mentioned above, these expenses are increasing and we do not anticipate this trend changing anytime soon.

FY17-FY20
\$10.312 million - \$4.581 million

A major facility issue, paying fair market value wage increases to the best staff in Butler County and increasing Special Services costs. These items were a primary factor that led to the depletion of our cash balance.

These 3 issues are above and beyond the impact of inflationary increases on general goods and services such as healthcare costs which are rising exponentially. As an example, our healthcare costs are increasing 17.9% effective Jan. 1, 2023 - that alone will cost RLSD approximately \$600,000 annually.

Expenses are rising faster than revenue. A new revenue stream is needed to continue offering current programs and services.

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