

EAST TROY COMMUNITY SCHOOL DISTRICT
PROPOSED STATE REPAIR BILL AND STATE BUDGET
FREQUENTLY ASKED QUESTIONS AND ANSWERS FOR OUR COMMUNITY
Updated March 18, 2011

Questions updated on March 18, 2011:

Did the East Troy School District extend or prolong contracts with their unions?

The East Troy School District has NOT extended a contract with the teacher's union beyond June 30, 2011. Currently, some districts across the state are negotiating or considering extending one year and two year extensions. The decision whether to extend or not has different ramifications in each district, and the decision to extend or not is not necessarily right or wrong. The East Troy School District would like to keep all options open for contract modifications for the future, so therefore are not extending at this time.

The District did settle the remainder of the current contract as of February 26, 2011, with the East Troy Education Association (ETEA) for the 2009 – 2011 years. This contract is in effect through June 30, 2011.

The contract with the support staff's union was settled in June of 2010, for the period of July 1, 2010 – June 30, 2012. Therefore modifications based on state government law changes will not impact this union until July 1, 2012.

Governor Walker released a document showing the management tools that he has provided to school districts will generate a savings in excess of the school aid cuts he proposes in his state budget – why isn't the school district using that savings?

There are two parts to this answer: the district is using the savings, however, the amount of the savings and the amount of reductions determining spending cuts were not accurate in the report.

First, the amount of health insurance savings are inflated. The report calculated 12% of savings based on payroll figures, yet neglects to take into account that employers already have deductions occurring. For example, East Troy employees contribute between 6% and 50% already, depending on hours worked. Some employees receive no health benefits.

Second, the district is facing an overall \$2 million reduction for 11-12. \$1.2 million of that reduction is due to the new budget proposed by Governor Walker. The \$1.2 million reduction is based on the 10-11 REVENUE LIMIT compared to the 11-12 REVENUE LIMIT. Revenue limits are the amounts that drive the budgets in the school district. The report should have compared the estimated savings to these revenue cap reductions NOT the state aid reductions.

Therefore again, the district will see a new \$1.2 million dollar reduction, with approximately \$530,000 in retirement employee savings from Governor Walker's bill, and the remaining monies will be determined through possible spending cuts. Those spending cuts could include attrition, lay-offs, and salary/benefit changes for employees.

What is currently happening at the State?

As of Friday morning, March 18, 2011, Dane County Judge Maryann Sumi granted a temporary restraining order blocking publication of the collective bargaining bill.

Questions prior to March 17, 2011:

What is happening that could impact East Troy Community School District?

There are two key parts:

1: The proposed Budget Repair Bill includes a requirement that some public workers, including public school district employees, pay more for their pensions and health insurance. A section of the bill also impacts the collective bargaining rights of teachers and other public sector employees.

2: The proposed budget for 2011-13 reduces all school aids by \$843 million and general equalization aid by \$749.4 million over the biennium. It also requires each school district to reduce its revenue limit by 5.5 percent in 2011-12 compared to its 2010-11 revenue limit. Revenue limits would remain at the 2011-12 level in 2012-13.

What if the Budget Repair Bill is passed?

Under the proposed Budget Repair Bill, the district estimates savings from the employee share of retirement contributions to be approximately \$530,000 in fiscal year 2011-12. Should the bill pass, the employee share which locally is 5%, would become a deduction for each employee from his/her salary.

The health care deduction is only effective for state health care plans, which the district does not carry.

What if the Budget for 2011-13 is passed?

Preliminary projections show a \$1,280,000 additional shortfall for the 11-12 school year. In addition to already expected shortfalls of \$689,000 for the upcoming year, the District's total budget reduction impact would therefore near \$2,000,000. Financially, the worst case scenario is if the *proposed budget* passes, and the *Budget Repair Bill* does not. This would mean the district would realize the additional shortfall of \$1,280,000 for the 11-12 school year, without any offsetting savings. This would likely require the greatest numbers of the lay-offs and reductions.

What is the District doing about this anticipated shortfall?

The district has taken or is taking the following steps:

- The district approved a motion to issue 18 preliminary teacher lay-off notices on February 24, 2011 as a precautionary step to address the projected worst-case scenario at that time.
- The administration and school board are meeting in an ongoing manner to plan for possible additional cuts from all areas of school personnel and budgetary line items.
- Upon reaching a 09-11 settlement with the ETEA (East Troy Education Association), teacher retirement changes were made reducing future costs and increasing the probability of a decreased number of final lay-offs due to retirements that may be announced prior to a March 15th deadline.
- Also due to the ratification of the 09-11 collective bargaining agreement with the ETEA, the District accepted on March 3, 2011 an understanding that the layoff language within the 2009-11 bargain would be utilized. Therefore the dates to be used in the future will be April 15th for preliminary lay-off notification and May 1st for final lay-off notification, allowing for additional time to reach the most accurate possible budget reduction scenarios.

What does all of this mean for our students? The East Troy Community School District continues to work to bring quality education to all students. However, with the uncertainties to the Budget Repair Bill and State Budget, the school district may need to reduce staff, thus possibly reducing or eliminating some programs. This impact could range from increased class sizes to reduced numbers of course offerings. With all decisions we make, we will continue to strive for balance. It will be our goal to continue to focus on our mission statement even through these financial challenges. Any changes could begin as early as the start of the 2011-12 school year.

What can I do as a community member?

We encourage all community members to become and stay informed. Contact your legislator if you wish to express an opinion. Continue to check our webpage. We will continue to update this page as information changes.

How do I get more information?

If you need further information, please contact our district office at 262-642-6710 x 221 to be directed to the individual best able to answer your question(s). Please understand that we always strive to respond in a timely manner, however we ask for your patience due to the volume of inquiries as well as the continual information being received. We will continue to keep our public informed.