

WILLOW RUN COMMUNITY SCHOOLS
Ypsilanti, Michigan

WORK/STUDY SESSION

May 25, 2006

The work/study session opened at 5:30 p.m. at the Willow Run Administration Building, 2171 E. Michigan Avenue.

Those present were:

Claudette Braxton, President
Andreas Blakita, Trustee
Brenda Clay, Secretary
Clifford Smith, Trustee
Kristine Thomas, Trustee
Mark Wilde, Vice President
Scott Wilson, Treasurer

Members of the Administrative Council Present Included:

Ron Ciranna, J.D., Interim Superintendent
Joe Ann Allen, Principal, Ford Elementary School
David Houle, J.D., Director Business Services
Brian Marcel, Interim Director Business Services
Katie Smith, Director, Technology and Community Services
Lana Tatom, Director, Elementary Education, State and Federal Programs
Kelly Webb, Principal, Cheney Academy
Regina Williams, Director, Secondary Education
Teresa Wilson, Principal, Holmes/Ford Elementary Schools

Dr. Ciranna began the meeting by explaining this session was called for the board to get together to discuss the state requirement for the District to adopt a balanced budget. He said we are not able to do so at this time, so we are required to file a Debt Elimination Plan (DEP) with the state. He explained information will be shared, including the ideas the Task Force developed and the District's goals. He said the board's input will be asked for in the development of the DEP.

Mr. Marcel explained the DEP requirements and two laws school districts are required to comply with; the Uniform Budgeting and Accounting Act and the State School Aid Act. Some of the requirements of these laws are included in the attached memo from Mr. Marcel, dated May 22, 2006. Mr. Marcel stressed the District will not be allowed to adopt a budget which shows a deficit without a DEP being on file with the state.

Mr. Smith said the District's budget will show a \$2.2 million deficit by the end of June, but added that we don't have to have the DEP approved by June 30th. Mr. Smith said he spoke with Mr. Boone at the state, who told him any DEP would have to be approved by outside auditors.

Mr. Marcel said the District has to adopt an amended budget for this year and next year's budget by June 30th. Mr. Marcel added the DEP does need to be on file with the state before the budget is adopted, but as things come up the DEP can be amended. He said we need to show a good faith effort to reduce our debt by June 30th.

Dr. Ciranna read the attached memo to the Board of Education, dated May 25, 2006, which outlines the District's goals, the State School Funds' impact, how surrounding districts have responded to deficit spending, our expenditures, fund balance and the steps already taken to address budget concerns without a major disruption to the students. He also reviewed further considerations and the next steps the District needs to take to reduce the deficit.

Mr. Smith mentioned the need to include a marketing plan to recruit students as part of our DEP.

Mr. Marcel presented long-term budget projections based on the 2005-2006 budget. He said the 2006-2007 budget, as presented, includes the Task Force recommendations.

Mr. Smith said the District has a structural problem. He added the District needs to eliminate overtime and not bring in other people when some employees are laid-off, unless the Superintendent gives approval. Mr. Marcel agreed there is a structural problem. Mr. Smith said he did an analysis of the budget expenditures and employee pay shows some people were given a lot of money the board did not know about. He said the District has also subsidized programs, without the board's knowledge. He asked if this is being looked into.

Mr. Marcel said the largest portion of the District's spending is on salaries and benefits, which equals 80% of the District's costs. He said this, along with the retention of our students has to be looked at. Mr. Marcel said it is expected the state will increase per pupil monies by \$200-250, but when you factor in step-costs, retirement benefits, and insurance costs, the increased money will be gone. He said losing students compounds the issue.

Dr. Ciranna described the philosophy of how to create a DEP, he said you start with the factors that have the least affect on the students and proceed in the following order:

- 1.) Other programs
- 2.) District-level operations
- 3.) District-level instruction
- 4.) School-based operations
- 5.) Instructional supplies
- 6.) Students and teachers

Mr. Smith asked the business manager to look at other possible uses for grant and title monies. He said all categories, including the bringing in of speakers, need to be looked at. Mr. Marcel said \$110,000 of in-direct costs were charged to the general fund budget and have been changed to being charged to grants. He said the Department of Education says grant monies are to be used to supplement, not supplant, the costs of doing business. Dr. Houle said he will look at grant and title dollar use.

Dr. Ciranna reviewed the Task Force recommendations and their resulting savings, including the possibility the state may force us to close an elementary school, as part of the DEP. He explained how some of the actions already taken fit into these recommendations. Dr. Ciranna said even after taking these actions, the District is still \$800,000-\$1 million in the hole and that adjustments will have to be made. He said the two-year plan would mean putting on paper what has already been done and what the District plans to do.

Dr. Ciranna asked the board to make further considerations for budget cuts and discussed the next steps to be taken. The board discussed various options and the pros and cons of each. The following items will be considered:

- Correcting inaccuracies with student scheduling at the high school
- Selling more real estate
- Softball/baseball field
- Utility study
- Overtime
- Child care collection
- Vendor use
- Contracted employee use
- Recruitment/marketing/communication
- Duplicate employees
- PR committee - marketing plan
- Transportation – more stops/outside district pick-ups
- Nextel service
- ADT services
- Secretarial positions
- Substitute costs
- Employee attendance
- Evening programs and building rentals (O.T. costs)
- Computerized sub-finder system
- Special school
- Home school support
- Elimination of extra-curricular and/or elective classes

Dr. Ciranna asked for a commitment from the board to build five percent fund equity. He said the next step is to put together the State form for the DEP for feedback from the board and then the state. This information will be held open for public comment at a future meeting prior to being adopted by the board.

The meeting adjourned at 7:38 p.m.