



Memorandum

*From the office of the Assistant Superintendent
for Human Resources*

TO: Dr. Tom Leonard, Superintendent
FROM: Lester Wolff, Assistant Superintendent
RE: Budget Development Strategies
DATE: May 6, 2015

Introduction

For the past few months, district administrators have taken on a very challenging task that involves finding ways to reduce our operating expenditures. It becomes even more difficult when you feel as strongly as we do about our people and programs. At this time, we are planning for a reduction of 32.0 FTE positions for the 2015-16 school year. Included in this memo are the positions of employees that are under consideration to be reduced at the end of this year.

Overview

Since your arrival as our Superintendent, you have painted a picture of our district that portrays us in the same light as a Hollywood star. As beautiful as he may be, it is very difficult not to notice that bandaged hand in the photos you've shared. Like George, Eanes ISD is a beautiful place to work and educate children. However, if a photo could be captured of Eanes ISD, our budget would be wrapped as tightly as George's hand. I'm guessing at some point George got that hand fixed. It is time to fix our "hand" too. Unfortunately, fixing the "hand" (budget) will require reductions that will impact other parts of the district.

In your state of the district presentations, it was clearly stated that we are committed to:

- Making sure we can attract and retain highly effective teachers
- Maintaining reasonable class sizes
- Providing teachers with the support (including support personnel) they need to meet the needs of students
- Maintaining our facilities
- Supporting programs that meet the needs of students and staff
- Balancing our budget, while maintaining a reasonable fund balance

The difficulty we face is balancing all of those at the moment as we face a \$4.1 million dollar deficit this year.

As administrators, it is our responsibility to make recommendations to reduce positions. This is an unpleasant task, as it is in our nature to be nurturing and supportive of the employees who work very hard to make this a student-centered environment. In making our recommendations, we are guided by the Board's direction to use no more than \$3.0M from our fund balance for the 2015-16 school year. With a projected deficit of \$5.7M, this will require a \$2.7M budget reduction.

It is important for all stakeholders to have an understanding of how these reductions will impact the campuses and departments. It is very clear that every employee in this district either works directly with students or works in a position to support those who work directly with students. Careful consideration is being used to make our recommendations to ensure that we maintain equity in terms of the impact on staffing, programmatic experiences for students, and delivery of instruction. As approximately 85% of our budget is tied to personnel, it is inevitable that people will be impacted by these recommendations.

As we work to reduce and eventually balance our budget, it is important to know that difficult decisions are necessary. One might ask the question, "Are positions being reduced due to the budget?" The answer is "yes". To the question, "Are certain individual staff members being released due to the budget?" The answer is "possibly". At this point, most of the reductions have been accomplished through attrition.

Other reduction strategies were also considered that are not part of the 85% of our operating budget tied to personnel. Consideration was given to reduce our expenditures in areas such as: district/campus supplies, printing costs, and utilities. Because of reductions in these areas in previous years (2010, 2011), it is not feasible to reduce in these areas for 2015-16.

At the time of this writing, we are also unsure of what our state legislature will do and are unsure about our property values (TAV) for 2015-16. Position reductions now may be mitigated by the use of contingency positions over the summer, if our revenue projections increase. That may very well mean lower class sizes, fewer waivers, and employees being rehired. What is clear is that what is in play now may be very different than what is ultimately decided by August. ***To say it in another way, it is critical to understand that the increased class sizes being contemplated currently (early May) may look more favorable as we make additional staffing/budget decisions in August.***

Philosophies and Beliefs:

When approaching the difficult task of reducing a budget, the administration first re-examined our core beliefs. Those beliefs flow from our mission statement, that originated from the community and is overseen by their elected representatives, the Eanes ISD Board of Trustees. That mission states:

The Eanes community is vitally committed to educational excellence that prepares and inspires all students for life-long success by engaging each student in rigorous academic experiences and enriching opportunities.

Keeping our mission at the forefront, in evaluating budget reduction options for 2015-16, the administration maintained a holistic perspective including in-depth analyses of each level and department's program needs, enrollment trends, and a desire to equitably apply reductions while ***minimizing the impact to student learning opportunities.*** Additionally, collaboration occurred with building principals and department heads who added specific expertise regarding the implications of the contemplated budget reductions to provide the most broadly informed basis for decision-making prior to making recommendations.

As we have stated, staffing costs (salary and benefits) consume 85% of our operating budget (M & O). From the remaining 15 percent, many budget items are fixed and somewhat untouchable in terms of making reductions. Utilities, fuel, transportation, repairs, etc. have to occur and we have limited influence over these expenditures. Some programs, in this era of unfunded or underfunded mandates, are required by state and federal law and become very difficult to reduce. The pool for reductions shrinks in this reality and eventually to make significant reductions, human capital has to be part of the reduction picture. We looked for other places more distant from the classroom and student services to reduce first, but as we move deeper into the incremental reductions, it just becomes mathematically very difficult to avoid the 85% of overall district expenditures. ***All that said, our goal has been and remains to keep the reductions as far from the classroom as possible, while retaining some of the critical supports that are necessary for our classroom teachers.*** In addition, while uncertainty in state funding and the current court litigation may lead to a lessening of the recapture rate and/or additional general funding, we did not want, at this point, to eliminate complete programs that would be difficult (both in dollars and human capital) to restore at a later date.

In summary, our decisions were guided by the realities of the current fiscal state of the district and our committed beliefs that are rooted to our mission.

Some core beliefs and strategies utilized in the budget reductions are as follows:

Class Size:

Our goal remains to keep class sizes as reasonable as possible, even though the research shows that class size has less of an impact on student outcomes than an effective teacher. *An effective teacher with a reasonable class size should still be our objective.* Schools are an enterprise fueled by the professionalism and creativity of their teachers and staff to create literate student-citizens. When teachers have to interact with more students in a day or have fewer administrative or support people to assist them with either student or non-student related activities (all of which take time), it has the net effect of reducing the ability to individualize services to students. At the most basic level, it is a matter of math. The variables are *time available, number of students, and the diversity of tasks* to be accomplished. Budget reductions slowly erode those opportunities for individualization – both inside and outside the classroom.

Staffing Equity (horizontally and vertical)

We believe that our schools should have a certain degree of equity among grade levels and subject areas; however, equity and equality are not always easy to determine. It is not an exact science because equity and equality are not always identical. How does one compare a fourth grade class of 24, to an AP Calculus class of 32? Are two classes of 1st grade at 22, where one class has more students with significant needs, exactly the same in how they should be approached? If certain middle and high school classes require more time-consuming grading or feedback than others, should they be staffed at identical levels? An English class with significant writing expectations will require substantial teacher time to provide that feedback. All of these factors and many more must be considered for both staffing reductions and additions.

In our reduction process, those factors were addressed with input from the building level. Our new method of examining class averages throughout the district will better allow us to be equitable and consider multiple factors as we adjust staffing levels over the next few years.

Preserve Programing and Opportunities for Students:

Several programs and supports that our community and students have come to expect as a standard may need to be revisited in the future if we are unable to increase revenue or find additional ways to reduce expenditures. Programs/services and differentiation cost time and money, but they are also the elements that make the educational experience in Eanes ISD so special. At this time, we did not want to dismantle those programs until absolutely necessary. It is also to our advantage to provide an opportunity for staff and community input prior to making final decisions on any significant changes to our programming.

Impact to Employees:

We believe that teachers make the biggest difference in the lives of students and it is our responsibility to support those efforts. We also believe the teachers need support from other employee groups, to ensure teachers can focus on students. A teacher with a reasonable average class size will have their effectiveness compromised if there are fewer social emotional supports for their students, less technology support, fewer custodians, and/or less administrative support.

Facilities Management:

We believe that clean, well-maintained facilities are conducive to a positive environment for students. In addition, facilities should operate efficiently within industry standards.

Transfer Students:

We appreciate the Board’s direction on our transfer student policy. They bring great value to our district financially and from a parental involvement perspective. The Southwest Airlines “fill up the empty seats” model is still the philosophy of our district administration and is how we will monitor transfers as we prepare for 2015-16.

Process:

For the past few months, our district staff has engaged in a budget planning process in an effort to reduce our expenditures for the 2015-16 school year. We have presented options for the Board to consider, talked to district administrators, met with principals, and it is now time to share our progress toward reducing our operating expenditures.

Full-Time Equivalent Key

In our Transportation Department, there is a banner that states, “Education Begins with Transportation”. This is an important point as many of our students begin their day interacting with bus drivers and monitors before they step onto their campus. It is a philosophical belief in our district that each employee brings great value to their assignment as they work with students or work to support those working with students. Although we have a wide range of salaries in our district schedule, no employee group is valued over another. In the next section, you will see weighted FTE counts that tie to the average compensation in each group and nothing more. It is strictly a budgetary connection and not tied to the value or importance of each group.

As we’ve discussed with the Board, our average teacher salary is approximately \$52,000, including benefits. If a teacher position is calculated at a 1.0 FTE, it is important that we provide a weighted FTE for other district positions.

With 1.0 FTE costing approximately \$52,000, 32.0 FTE will equate to approximately \$1.7 million. This weighted list is as follows:

Administrators	1.5 FTE
Teachers	1.0 FTE
Teaching Assistants	.5 FTE

Some positions may be “tweeners”, which means the salary for a particular position may fall between categories. As an example, a full-time administrative assistant is compensated less than a teacher, but more than a teaching assistant. In this example, they would be weighted as a .75 FTE. The goal for the 2015-16 school year is to achieve a reduction of 32.0 FTE as we work to ultimately balance the budget.

Budget Reduction Strategies

Each year, campus positions change based on enrollment and district needs. One elementary level may reduce by a section while another grade level adds a section. Changes to positions at the secondary level depend on enrollment, student choice of electives, and needs. Please be aware that enrollment will guide our staffing and may look very different in August than what is currently projected now.

For our purposes here, this reduction will be outlined into four different categories:

1. Non-Campus Reductions
2. Elementary School Reductions
3. Middle School Reductions
4. High School Reductions

The following information may be helpful to see an overview of where the reductions are occurring.

	Total Employees	Number of Reductions	Percentage
Category A Instructional/Admin Support <i>(Central Administration Staff, Campus Administrators, M&O, Technology Staff)</i>	214.9	10.8	5.0%
Category B Staff Working with Students <i>(Teachers, Librarians, Counselors, Nurses, Social Workers, Bus Drivers, Child Nutrition Staff, CDC)</i>	903.6	26.0	2.8%

Non-Campus/Administration Reductions

Business Services Department	
Positions Reduced	
Administrative-A	.75
Administrative Support-A	.5
Curriculum Department	
Positions Reduced	
Administrative-A	.75
Administrative-A	.75
Instructional Support-A	1.0
Instructional Tech Support-A	1.0
Intervention Support-B	2.0
Special Education Support-B	1.0
Advanced Math (TBD)-B	1.0
Positions Added	
Central Office Administration Restructure-A	1.5
Elementary Support Counselors/Social Workers -B	3.5

Human Resources Department		
Positions Reduced		
<i>Administrative Support-A</i>		.75
Technology Department		
Positions Reduced		
<i>Tech Support-A</i>		.75
<i>Tech Support-A</i>		.75
Transportation Department		
Positions Reduced		
<i>Administrative Support-A</i>		1.0
<i>Administrative Support-A</i>		.5
Net FTE Non-Campus Reduction		7.5
<u>Elementary Reductions</u>		
Barton Creek Elementary		
Positions Reduced (due to staffing and enrollment projections)		
<i>First Grade-B</i>		1.0
<i>Second Grade-B</i>		1.0
<i>Fourth Grade-B</i>		1.0
Positions Added (due to staffing and enrollment projections)		
<i>Third Grade-B</i>		1.0
Projected 2015-16 FTE Reduction for Barton Creek		2.0
Bridge Point Elementary		
Positions Reduced (due to staffing and enrollment projections)		
<i>First Grade-B</i>		1.0
<i>Fourth Grade-B</i>		1.0
<i>Instructional Tech Support-A</i>		.5
Positions Added (due to staffing and enrollment projections)		
<i>None</i>		
Projected 2015-16 FTE Reduction for Bridge Point		2.5
Cedar Creek Elementary		
Positions Reduced (due to staffing and enrollment projections)		
<i>Second Grade-B</i>		1.0
<i>Fifth Grade-B</i>		1.0
<i>Teaching Assistant-B</i>		.5
<i>Teaching Assistant-B</i>		.5
Positions Added (due to staffing and enrollment projections)		
<i>Fourth Grade-B</i>		1.0
Projected 2015-16 FTE Reduction for Cedar Creek		2.0

Eanes Elementary	
Positions Reduced (due to staffing and enrollment projections)	
<i>Fourth Grade-B</i>	1.0
<i>Library Aide-B</i>	.5
Positions Added (due to staffing and enrollment projections)	
<i>None</i>	
Projected 2015-16 FTE Reduction for Eanes	1.5
Forest Trail Elementary	
Positions Reduced (due to staffing and enrollment projections)	
<i>First Grade-B</i>	1.0
<i>Fourth Grade-B</i>	1.0
<i>Specials (PE/Music/Art)-B</i>	1.0
<i>Administration-A</i>	1.25
Positions Added (due to staffing and enrollment projections)	
<i>Third Grade-B</i>	1.0
Projected 2015-16 FTE Reduction for Forest Trail	3.25
Valley View Elementary	
Positions Reduced (due to staffing and enrollment projections)	
<i>Kindergarten-B</i>	1.0
<i>First Grade-B</i>	1.0
<i>Teaching Assistant-B</i>	.5
Positions Added (due to staffing and enrollment projections)	
<i>Second Grade-B</i>	1.0
Projected 2015-16 FTE Reduction for Valley View	1.5
Net FTE Elementary Reduction	12.75

Middle School Reductions

Hill Country Middle School	
Positions Reduced (due to staffing and enrollment projections)	
<i>Social Studies-B</i>	1.0
<i>English-B</i>	1.0
<i>Teaching Assistant-B</i>	.5
<i>Teaching Assistant-B</i>	.5
<i>Library Aide-B</i>	.5
<i>Administrative Assistant-A</i>	.75
Positions Added (due to staffing and enrollment projections)	
<i>None</i>	
Projected 2015-16 FTE Reduction for Hill Country	4.25

West Ridge Middle School	
Positions Reduced (due to staffing and enrollment projections)	
<i>Speech/Computer Tech/Yearbook-B</i>	1.0
<i>English-B</i>	.5
<i>Subject Area-B</i>	1.0
<i>Math-B</i>	.5
<i>Library Aide-B</i>	.5
Positions Added (due to staffing and enrollment projections)	
<i>Choir-B</i>	.5
 Projected 2015-16 FTE Reduction for West Ridge	3.0
Net FTE Middle School Reduction	7.25

High School Reductions

Westlake High School	
Positions Reduced (due to staffing and enrollment projections)	
<i>Social Studies/Coach-B</i>	1.0
<i>Counselor-A</i>	1.25
<i>Math-B</i>	1.0
<i>Science -B</i>	1.0
<i>Science-B</i>	1.0
<i>Social Studies-B</i>	1.0
<i>Art-B</i>	.5
<i>Choir-B</i>	.5
<i>Journalism-B</i>	1.0
<i>Library-B</i>	1.0
Positions Added (due to staffing and enrollment projections)	
<i>None</i>	
Net FTE High School Reduction	9.25

TOTAL FTE REDUCTIONS (Admin/Elem/MS/HS)	36.8
<i>Total Reduced FTE</i>	32.0
<i>Contingency Positions</i>	4.8

Conclusion

During our discussions, we have tried very hard to keep the recommended reductions as far away from the classroom as we can. It is important to note however, that while the vast majority of our employees work directly with students, the remainder work in positions that support those working with students. Absolutely nothing about this process has been easy. While we acknowledge the difficult situation we're in, this is an unpleasant task to take on.

While reductions are necessary, there are varying aspects of the impact each will have. Reducing classroom teachers, will mean larger class sizes. Reducing other professional positions will mean less support for classroom teachers, reducing administrative positions, will require others to assume the duties and responsibilities to ensure compliance with rules and laws. These reductions will require all district employees to rally and support one another as we move toward 2015-16.

Most of the reductions will be through attrition, but it is likely we will be agonizing over releasing employees who we may not be able to afford to keep. In a profession that emphasizes a caring, nurturing, supportive environment, this will be difficult. However, we also understand the necessity and will do what is necessary as we work to balance the budget over the next few years.

Please let me know if you need any additional information.

Attachments:

- *2014-15 Elementary Staffing Model*
- *2015-16 Elementary Staffing Model*
- *2015-16 Middle School Staffing Model*
- *2015-16 High School Staffing Model*

Note: The positions listed in the Budget Reduction Strategies section are as of May 6, 2015. Changes to this list may occur based on staffing needs, enrollment, and student course selections.