



**ROCK HILL**  
*Schools*  
YORK COUNTY DISTRICT THREE

# **Financial Crisis Plan 2011-2012 Update**

**Submitted  
by  
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The administration successfully implemented the second year of this financial plan which significantly reduced expenditures. This edition of the plan provides an update to address a subsequent budget shortfall projected for the 2011-2012 fiscal year. Budget development efforts have been constrained by the lack of timely and clear guidance from the state. This plan has been developed with the assumption that our state EFA revenue will stabilize and that there will be no substantial impacts from state mandated teacher salary or benefits changes or state funding of the new Charter School District. A preliminary estimate of the projected general fund budget shortfall for 2011-2012 is \$6,754,112. Table 1 shows the contribution of the stimulus funds to this shortfall:

\$3.8 M	<i>Stabilization – Stimulus</i>
\$1.5 M	<i>IDEA Stimulus</i>
\$1.1 M	<i>Title I Stimulus</i>

**TABLE 1. Shortfall Due to Loss of Stimulus for 2011-2012.**

The focus of this plan is to reduce expenditures. It is important to note, however, that increasing revenue is the best solution. Therefore, the board and the superintendent need to continue working with our legislative delegation to get the revenue funding changed for public education. We need more stable and reliable resources from the State. We need to encourage voters to elect politicians who stand firm on the importance of public education.

*Our progress as a nation can be no swifter than our progress in education.  
The human mind is our fundamental resource.*

*-President John F. Kennedy*

The Board of Trustees does have the authority to increase our local revenue by up to 6 mills each year. Under Act 388 this authority is further limited by the growth plus the Consumer Price Index (CPI) formula. Following this formula, the Board increased revenue by 3 mills for the 2010-2011 fiscal year. This generated approximately \$0.75M.

The state has determined our limit for the 2011-2012 fiscal year to be 4 mills. Currently the value of a mill is approximately \$250,000. The 2011-2012 fiscal year is a re-assessment year, however, and the value of a mill is not known but may likely decrease due to the impact of the recession.

The Board of Trustees can also choose to use the General Fund Balance. There was approximately \$17.5M in the fund balance at the end of the 2010 school year. Driven by the economy last year, the Board re-examined and temporarily suspended its policy

setting a minimum fund balance at 12% of the General Fund. At the beginning of the 2010-2011 fiscal year the balance remained above this target. While the Board may choose to use a portion of the fund balance as part of this plan, it has been advised that maintaining a positive amount above the target is sound financial management because:

- It prevents interruption of the instructional process due to unforeseen state budget cuts or default of a tax payment by a major industry,
- It reduces the need for short term borrowing by the district in the later months of the fiscal year, and
- It provides a positive bond rating, ensuring capital and technology plans can be executed with the most efficient use of taxpayer dollars.

As a reminder, over the past two years we have taken actions which have:

- Reduced 54 school-level positions
- Reduced 13 district office staff positions
- Froze salaries for all employees
- Delayed hiring for critical positions
- Furloughed teachers 5 days and administrators 10 days
- Eliminated overtime
- Eliminated sick leave payouts for balances over 90 days
- Eliminated attendance incentives for bus drivers
- Reduced mileage, professional development, and dues by 50%
- Implemented new guidelines on restricted travel for employees
- Revised field trip guidelines for students
- Cut school and department budgets by 5%
- Eliminated some student academic interventions
- Discontinued membership in the Olde English Consortium
- Discontinued the National Board local supplement
- Eliminated foreign language paraprofessionals at elementary schools
- Reduced the P.E. teacher positions at elementary schools
- Eliminated elective positions and media assistants at middle schools
- Reduced days for guidance counselors at middle schools
- Increased the teaching load at high schools
- Reduced administrative security funds at high schools
- Reduced daily substitutes

The ultimate goal of this plan is to cut expenditures in areas that have less effect on classroom instruction. In assessing the impact of potential budget reductions, we were guided by the critical elements of our "Rock Hill Climb."

- **Shared Vision and Beliefs** are stated in the professional code and the staff is guided by the code. The district has a strong community ownership.
- **Future Focus** with the 21<sup>st</sup> Century needs of the learner and effective, ethical use of technology in mind
- **Nurturing environment** for emotional, physical, and intellectual safety
- **Quality Work Design and Delivery** through collaboration, analyzing data, and providing interventions to address student needs

*Vision without resources is a hallucination.*  
- Thomas Friedman

This year the administration has pursued several process improvement initiatives which will maintain or improve administrative services while reducing the budget in the coming year. Major improvement initiatives with estimated savings are listed in Table 2. These initiatives are already being implemented, and the estimated savings of \$1,257,000 may be applied directly to our projected budget shortfall.

PROCESS IMPROVEMENT INITIATIVE	COST SAVINGS ESTIMATED
Charge indirect costs to Food Service Program Enterprise Fund to level permitted by state and local guidance.	\$250,000
Revise projection of unemployment liability from planned level.	\$250,000
Adjust Brattonsville / Carroll School Budget line over-projections	\$50,000
Implement Advanced Energy Conservation Management Program.	\$417,000
<b>Facilities Services Department Re-structuring.</b> Includes: - Team-based productivity increases, - Preventive Maintenance process refinement, - Maintenance Management process improvement.	\$250,000
Establish Recycling Program: includes re-design and re-solicit solid waste collection contract.	\$40,000
<b>SUBTOTAL: PROCESS IMPROVEMENT INITIATIVES</b>	<b>\$1,257,000</b>

**TABLE 2. Process Improvement Initiatives**

Although selected to minimize the impact to the classroom, each of the budget reduction measures listed in Table 3 will affect instruction and hamper our ability to achieve our “Rock Hill Climb.” Teachers and administrators provided input to the superintendent on these measures both corporately and individually. This plan

synthesizes and summarizes many of those suggestions. It also assumes the flexibility options currently in place will be extended past this school year.

As superintendent, I evaluated the cuts based on what I believe to be practical, fair, and realistic. Many hours of research have been put into this plan. I will present my recommendation for the ranking of these items at the April School Board Work Session. The ranking will be critically important. As we develop the budget, the actual difference in revenue and expenditures will be the cut-off number used for actual reductions.

	<b>2011-2012 RECOMMENDED BUDGET REDUCTIONS</b>	<b>ESTIMATED COST SAVINGS</b>
1	Transfer Teacher Supply Funds to General Fund	\$300,000
2	Re-negotiate Edgewood Building Lease or Close & Dispose Edgewood Property	\$45,000
3	Custodial Services Re-Structuring	\$450,000
4	Transfer Athletic Field Recurring Maintenance to HS/MS Athletic Program	\$50,000
5	General Services Reductions: -- 10% reduction in level of service.	\$50,000
6	Convert Student Accident Insurance to student pay basis	\$150,000
7	Eliminate Driver's Education Program	\$99,966
8	Administrative Staff Reductions at District Office	\$200,000
9	Staff to Formulae: School Administration	\$309,523
10	Staff to Formulae: Certified Positions	\$2,444,000
11	Reduce Parent Services	\$100,000
12	Furlough Instructional Staff Two Days and Administrative Staff Four Days	\$800,000
	<b>SUBTOTAL: RECOMMENDED BUDGET REDUCTIONS</b>	<b>\$4,998,489</b>

*NOTE: See individual explanations of each item in the Appendix.*

**TABLE 3. Recommended Budget Reduction Measures**

The combination of process improvement initiatives under way and recommended budget reduction measures totals to \$6,255,489. The difference between this total and the projected shortfall may be resolved through other measures discussed above, such as an increase in millage or use of the general fund balance. To generate the \$500,000 needed to resolve the projected shortfall, I recommend an increase of two to three mills

be approved. This would bring the total of the budget measures to \$6,755,489, meeting our projected shortfall for 2011-2012.

A number of revenue enhancement measures are now being implemented which could also help meet the projected shortfall. These measures include:

- Advertising on our service vehicles
- Using an online surplus sales service (GovDeals.com)
- A Recycling Program with proceeds from contract collection returned to the schools.
- Downsizing our mobile classroom inventory by 25% (10 units total)
- Downsizing our activity bus fleet by 10% (4 units total)
- Sales of Driver’s Education vehicles and other equipment
- Optimizing rental income through the Facilities Use Policy.

Finally, several measures were considered but were not recommended due to the degree of impact to instruction or the ability to implement them by the start of the fiscal year. These measures are listed in Table 4.

	<b>2011-2012 BUDGET REDUCTIONS CONSIDERED BUT WILL NOT BE RECOMMENDED</b>	<b>ESTIMATED COST SAVINGS</b>
1	Consolidate and Re-align Facilities: 1. Relocate Special Education Staff to D.O. 2. Relocate Renaissance to FLC C-2 hall. 3. Reduce operations at FLC D/E building.	\$48,000
2	Increase Athletics Participation Fees at MS and HS to \$100.00 per athlete or \$50.00 per sport.	\$130,000
3	Transfer responsibility to attend and clean up stadiums to the athletic program of each High School	\$30,000
4	Custodial Services Reductions: -- 10% reduction in level of service	\$459,395
5	Consolidate and Re-align Facilities: 1. Disestablish CCDC and relocate PK classes to ES's 2. Lease CCDC building to HeadStart Program or local business(es)	\$272,000
6	Combine 7th and 8th grade sports	\$80,000
7	Reduce Contract for SRO's to 1 each HS, 1 @ FLC, 0.5 each MS.	\$58,000
8	Eliminate Brattonsville & Carroll School Programs	\$50,000
9	IB Program consolidation @ High Schools	\$23,000
10	Reduce Assistant Principal positions at Middle and High Schools to 230 days	\$248,706
11	Reduce Nurse positions at Elementary Schools to 185 days	\$40,329
12	Further increases in class size and reduction in special area teachers	\$2,000,000
13	Furlough Faculty Additional 3 days and Administrative staff 6 days	\$1,200,000
	<b>TOTAL MEASURES NOT RECOMMENDED:</b>	<b>\$ 4,639,430</b>

**TABLE 4. Budget Reduction Measures Not Recommended.**

The intent of this financial plan is to give us a guide for developing the budget and making staffing decisions. I would like to give staff as much notice as possible so that they can begin to plan and prepare personally and professionally. If the plan is approved by the Board, I plan to move forward with reductions before the budget is adopted. Staff affected by budgeting decisions will be given written notification of employment status and/or assignment change. Reduction(s) in staff will be handled through attrition or transfers, where possible.

This information is subject to change based on legislative actions, attrition, and program changes. Lastly, it goes without saying, but at some point the State of South Carolina must address the lack of adequate funding for public education.

*Too often we are content to live off the investments previous generations made, and...we are failing to live up to our obligation to make the investments needed to make sure the U.S. remains competitive in the future.*

*-Bill Gates*