




MASB
MICHIGAN ASSOCIATION
OF SCHOOL BOARDS

Data for Bargaining

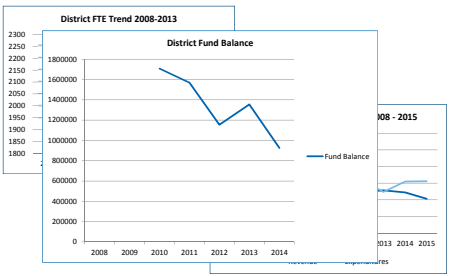
What to use and how to use it

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Assistant Legal Counsel
MASB



Pre-Negotiation

- What is the state of your district financially?
- What are the trends?



District FTE Trend 2008-2013


Year	FTE
2008	2050
2009	2050
2010	2050
2011	2050
2012	2050
2013	2050

District Fund Balance

Year	Fund Balance
2010	1600000
2011	1500000
2012	1200000
2013	1300000
2014	1000000


2013 - 2015

Year	Fund Balance
2013	1000000
2014	1000000
2015	1000000



Pre-Negotiation


Now that you you've seen the numbers,
assess what you can afford.



Current Reality

Traditionally, labor groups were simply out to get the best deal they could for their members while school districts were trying to balance labor costs with staff demands.


Today, the dynamic has shifted. Districts have more bargaining power, but funding drops have made maintaining solvency the top priority.



Current Reality


Avoiding, or delaying, Deficit District Status has become the new focus for many districts as they continue to adjust to the new funding realities.


It is nearly impossible to cut spending at a rate that matches the lost revenue.



Current Reality

Avoiding, or delaying, Deficit District Status has become the new focus for many districts as they continue to adjust to the new funding realities.






Current Reality

Increasing, maintaining or “rescuing” your district’s fund balance may now be the top priority.

Meanwhile, most education groups, naturally, still want steps, raises and top-of-the-line healthcare plans.




Current Reality

Does a WIN-WIN solution exist?

Unfortunately, for many district’s the answer is:

NO




Current Reality

In our current reality it simply may not be possible to provide labor groups with additional compensation.

Indeed, often times salary **cuts** are necessary.


How can we justify this?

TEACHERS ARE IMPORTANT!!
STAFF IS IMPORTANT!!
MORALE IS IMPORTANT!!



Current Reality

You Explain it with DATA.




What data do I use?

That depends on what you need to say...

...but here are the basics:

- Revenue
 - Student Count (FTE's)
 - Per Pupil Funding (PPF)
- Expenses
- Fund Balance
- Comparables



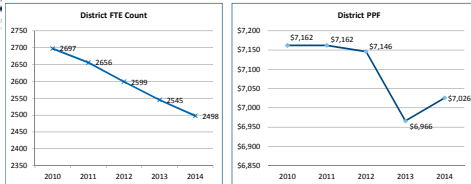
Where do I get this data?

1. Your business officer or finance director.
2. The Center for Educational Performance and Information (CEPI)
3. The Michigan Department of Education
4. Senate Fiscal Agency
5. U.S. Census Bureau



Revenue

Revenue is a combination of many different factors, however the two largest factors leading to the recent decreases in district revenues are declining enrollment and a reduction in per pupil funding.





Revenue

Once you've shown the trends, combine and summarize.

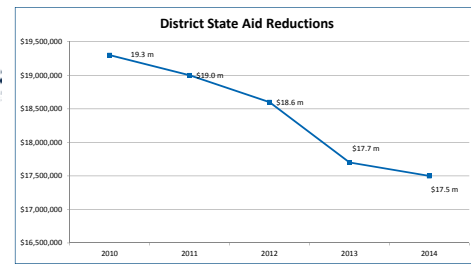
LOST STATE AID			
Year	FTE's	PPF	Total
2010	2697	\$7,162	\$19.3 m
2011	2656	\$7,162	\$19.0 m
2012	2599	\$7,146	\$18.6 m
2013	2545	\$6,966	\$17.7 m
2014	2498	\$7,026	\$17.5 m




Revenue

And, of course...

CHART IT!!






Revenue

And, of course...

CHART IT!!


Charts are the most succinct and understandable way to get these points across quickly and memorably.



Revenue & Expenses

Once you've outlined the major source for declining revenues, you need to provide the overall revenue picture in combination with expenses.

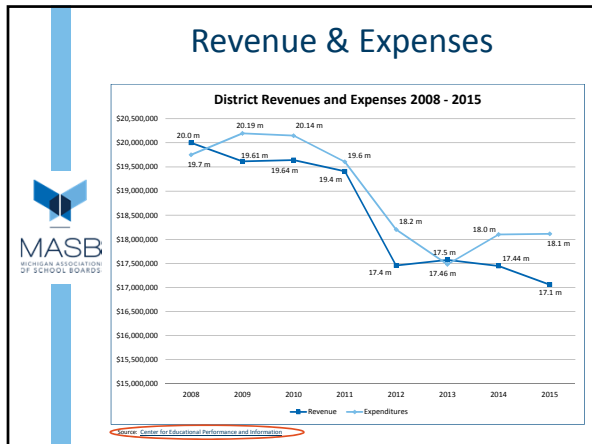
Remember:
Overall revenue is more than just per pupil funding.



Revenue & Expenses

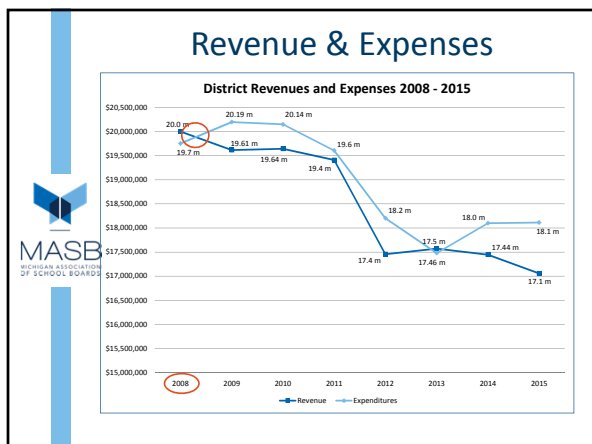
Once you've demonstrated the revenue side of things drive the point home by charting it along side expenses.

REMEMBER:
While the most direct way to obtain these numbers is through your finance officer, using the "official" numbers from the state (FID data) will reduce any doubt about their authenticity and allow you to reference your sources (with a url) right in your presentation.



Revenue & Expenses


Make sure your chart demonstrates when expenses began to outstrip revenue and reiterate that this situation came about due to factors outside of the district's control.



Revenue & Expenses

Likewise, if applicable, highlight that expenses have been cut in response to declining revenues, but emphasize that expense reductions:

- Cannot occur simultaneously with lost revenue (there is always a lag),
- Cannot keep pace with lost revenue, and
- Cannot go on forever. (Eventually a district "runs out" of things to cut!)



Revenue & Expenses

Make additional points regarding Expenses, such as bullet points regarding cuts that have been made and how much they've saved the district.


Highlight any cuts to administrative costs!

There has been a 12% reduction in administrative expenses since the 2009-10 school year.

Such as:

- Replacing the Director of Instructional Services Position with a less expensive Assistant Principal employee
- A 4% pay reduction to the Superintendent position
- A 35% pay reduction to the Financial Director position
- A 19% pay reduction to the Transportation Director position
- A 6% pay reduction to the High School Principal position
- A 35% pay reduction to the Athletic Director position

...and several other salary cuts and reductions.



Revenue & Expenses

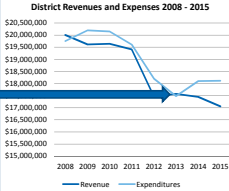
Also, explain any anomalies...

The District's surplus in 2013 occurred as a result of several "one time only" events:


1. A one time, unexpected payout from the ISD regarding Medicaid funds that were held back from previous years. (\$210,000)
2. The retirement rate increased by less than what was predicted - 24.68% actual versus 27.13% predicted. (\$200,000)
3. The District was not projected to receive "Best Practices" funding, but ultimately did. (\$141,000)
4. The budget assumed that the Director of Instructional Services position would be filled that year, it wasn't. (\$150,000)
5. Student enrollment decline was overestimated by 18 students. (\$110,000)
6. A formula error regarding special education funding occurred, which has since been corrected. (\$180,000)

These were one time occurrences which will not be duplicated.

District Revenues and Expenses 2008 - 2015

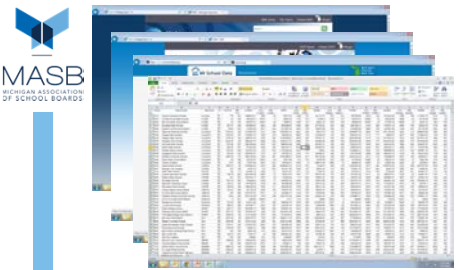


Year	Revenue	Expenditures
2008	\$19,500,000	\$19,500,000
2009	\$19,000,000	\$19,000,000
2010	\$18,500,000	\$18,500,000
2011	\$18,000,000	\$18,000,000
2012	\$17,500,000	\$17,500,000
2013	\$17,000,000	\$17,000,000
2014	\$17,500,000	\$17,500,000
2015	\$18,000,000	\$18,000,000



Transparency

Again, if you can, obtain your data from publicly available sources.
(MDE/CEPI/MiSchoolData/FID)



Fund Balance

Deficit District Status

Per the MDE:

A district is considered to have a deficit fund balance if it has adopted a deficit budget or incurred an operating deficit as evidenced by the following:

- 1) Its Total General Fund balance is negative, or projected to be negative at the end of the current fiscal year, or
- 2) Other funds have negative fund balances or projected negative fund balances that are greater than the General Fund balance.

Fund Balance


Fund balance is a simple and direct way to communicate your district's economic situation. It is a straightforward reflection of revenues and expense trends...

... and when it hits ZERO you're entering into Deficit District status.

Fund Balance


So... what's your district's fund balance?

And... more importantly, what's your district's fund balance TREND?



Unassigned fund balance						2015 initial		2015
2008	2009	2010	2011	2012	2013	2014	projection	amended
\$2,950,018	\$2,459,714	\$1,708,423	\$1,568,744	\$1,154,788	\$1,355,542	\$925,442	\$695,878	\$754,278

Fund Balance




District Fund Balance

Source: Center for Educational Performance and Information * projected

Fund Balance

Labor unions will emphasize the *amount* of your fund balance and argue that this money should be used to increase teacher compensation.

Your district must emphasize the *trend* of your fund balance and must make decisions that keep you out of deficit district status (to the extent possible).



Fund Balance


Be consistent in your language.

There is *assigned* fund balance, which are funds that are non-spendable (assets that can't be readily liquidated, etc.);

Unassigned fund balance, which are funds that are available for use;

and *total* fund balance, which is the total of the two.


We generally refer to either *unassigned* or *total*.



Fund Balance

Illustrate the point...

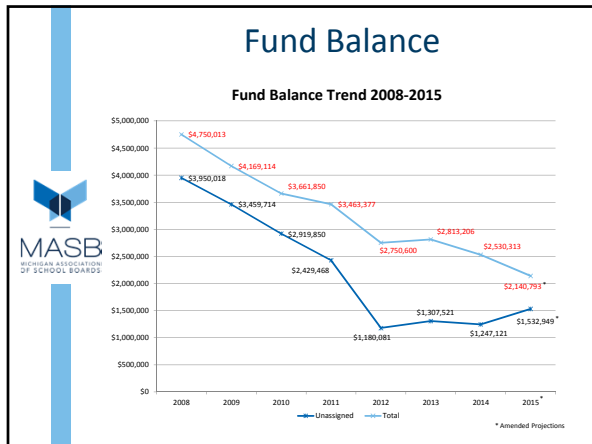
District's Audited Fund Balance as of June 30, 2014 Total = \$2,813,205	
Total Fund Balance, Less:	\$2,813,205
Non-spendable:	
Inventory	\$ 616,172
Prepaid Expenditures	\$ 36,250
Assigned:	
Subsequent Budget Usage	\$ 686,369
Compensated Absences	\$ 166,893
= Unassigned Fund Balance	\$1,307,521



Fund Balance

Emphasize the trend...





Fund Balance

Highlight not just amounts and trends, but reductions per year over time as well:

District fund balance reductions:

- 2009-10 → **\$507,300**
- 2010-11 → **\$198,500** (stimulus year)
- 2011-12 → **\$746,300**
- 2012-13 → \$ 93,200 (surplus)
- 2013-14 → **\$555,000**
- 2014-15 → **\$580,900** (estimated)

Fund Balance

District fund balance reductions:

- 2009-10 → **\$507,300**
- 2010-11 → **\$198,500** (stimulus year)
- 2011-12 → **\$746,300**
- 2012-13 → \$ 93,200 (surplus)
- 2013-14 → **\$555,000**
- 2014-15 → **\$580,900** (estimated)

→ **-\$415,766/year**

Illustrating each year's decrease allows your district to emphasize how long the current fund balance is projected to last.

Fund Balance

Do the math for them:

2015 -2016 starting fund balance -	\$1,532,949
	- \$ 415,766
	= \$ 1,117,183
2016 -2017 starting fund balance -	\$ 1,117,183
	- \$ 415,766
	= \$ 701,417
2017 -2018 starting fund balance -	\$ 701,417
	- \$ 415,766
	= \$ 285,651
2018 -2019 starting fund balance -	\$ 285,651
	- \$ 415,766
	= \$ Deficit
	District

"If current trends continue we are facing deficit district status in four years."

... and finally

COMPARE!
If the data is favorable, show them where you rank against peer districts in key areas, including:

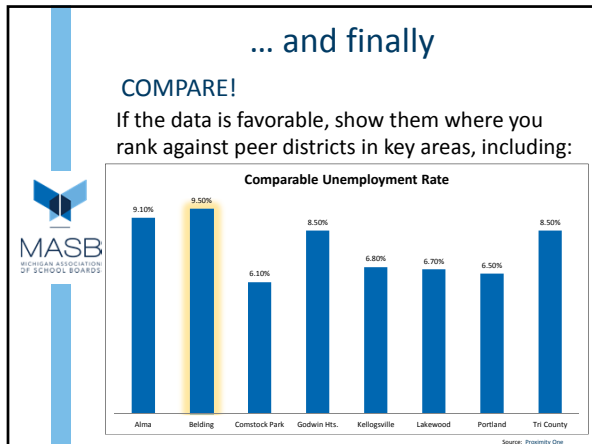
... and finally

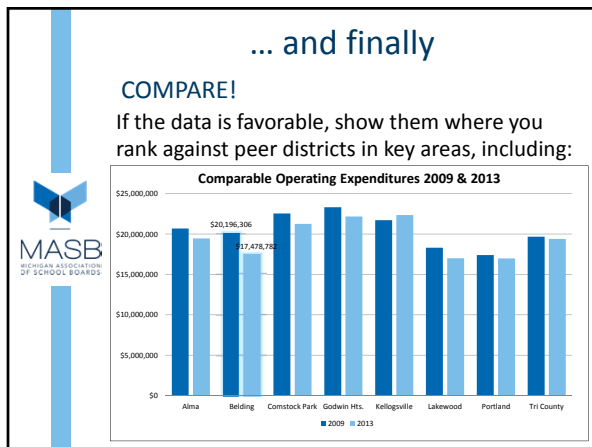
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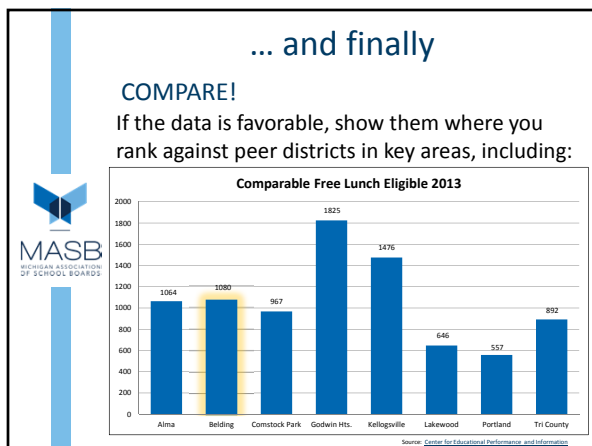
Median Family Income

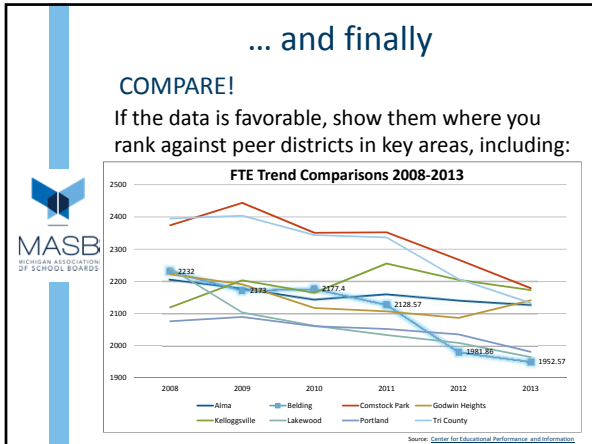
District	Median Family Income
Alma	\$49,113.00
Belding	\$52,296.00
Comstock Park	\$45,992.00
Godwin Hts.	\$39,437.00
Kellogville	\$38,932.00
Lakewood	\$51,350.00
Portland	\$58,508.00
Tri County	\$50,221.00

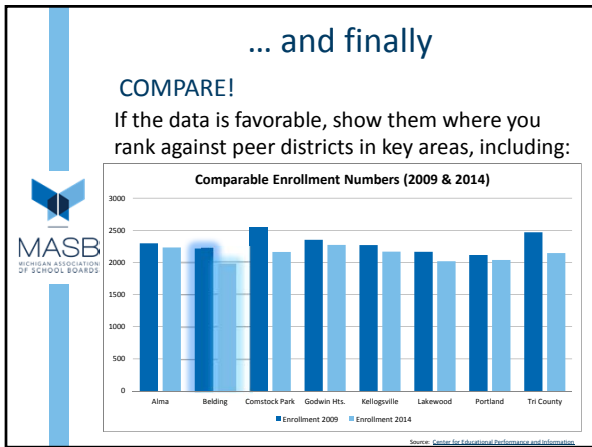
Source: Proximity One

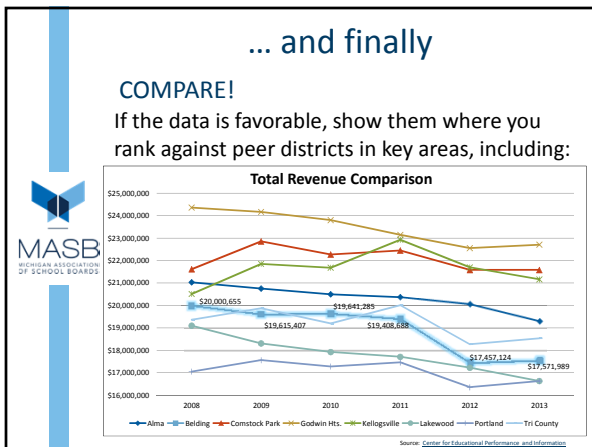


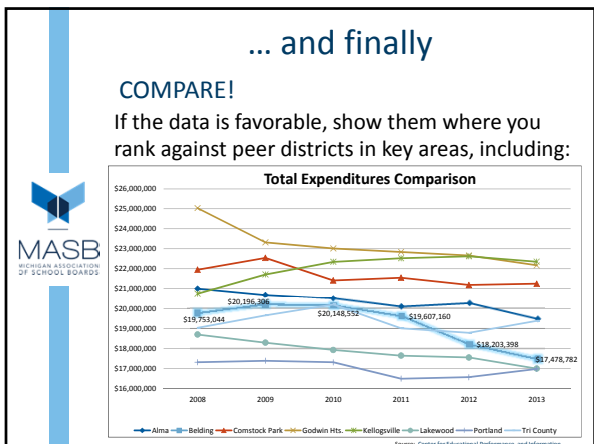


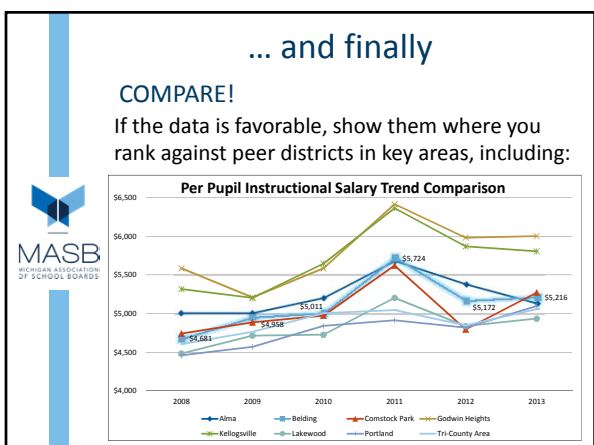


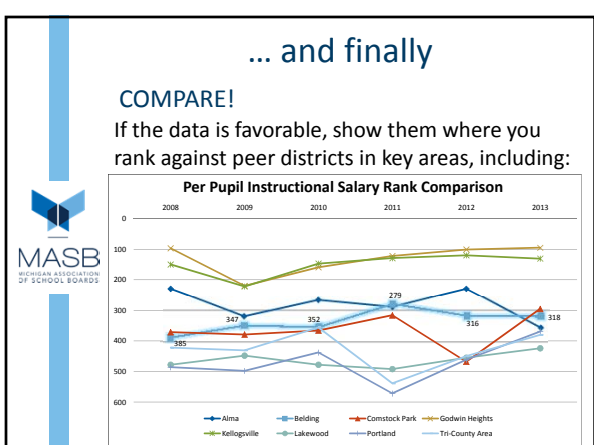









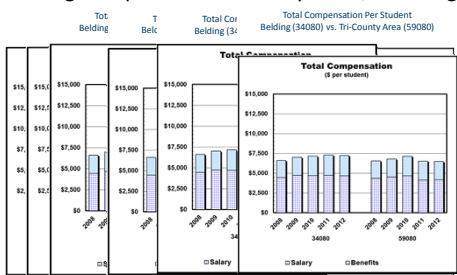




... and finally

COMPARE!


If the data is favorable, show them where you rank against peer districts in key areas, including:

Source: Center for Educational Performance and Information


The Data is Out There

Find it
Use it
Post it



The Data is Out There

It may not “convince” the bargaining unit of your position, but it will help get the message out to your community and you’ll be ahead of the game for Mediation and/or Fact Finding.



Questions?

Contact MASB's labor relations team

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