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?

Pre-Negotiation

Now that 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

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.

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

<table>
<thead>
<tr>
<th>Year</th>
<th>FTE’s</th>
<th>PPF</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2697</td>
<td>$7,162</td>
<td>$19.3 m</td>
</tr>
<tr>
<td>2011</td>
<td>2656</td>
<td>$7,162</td>
<td>$19.0 m</td>
</tr>
<tr>
<td>2012</td>
<td>2599</td>
<td>$7,146</td>
<td>$18.6 m</td>
</tr>
<tr>
<td>2013</td>
<td>2545</td>
<td>$6,966</td>
<td>$17.7 m</td>
</tr>
<tr>
<td>2014</td>
<td>2498</td>
<td>$7,026</td>
<td>$17.5 m</td>
</tr>
</tbody>
</table>

And, of course...

CHART IT!!

District State Aid Reductions
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

Source: Center for Educational Performance and Information
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!)

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 3% pay reduction to the Superintendent position
- A 5% pay reduction to the Financial Director position
- A 6% pay reduction to the High School Principal position
- A 10% pay reduction to the Athletic Director position

...and several other salary cuts and reductions.

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 in 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 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.
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?

<table>
<thead>
<tr>
<th>Unassigned Fund Balance</th>
<th>2015 Initial</th>
<th>2015 amended</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,950,018</td>
<td>$2,459,714</td>
<td>$1,708,423</td>
</tr>
<tr>
<td>$1,568,744</td>
<td>$1,154,788</td>
<td>$1,355,542</td>
</tr>
<tr>
<td>$925,442</td>
<td>$695,878</td>
<td>$754,278</td>
</tr>
</tbody>
</table>

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).
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**.

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**Total Fund Balance, Less**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Non-Spendable</td>
<td>$2,813,205</td>
</tr>
<tr>
<td>Non-Spendable - Inventory</td>
<td>$616,172</td>
</tr>
<tr>
<td>Non-Spendable - Prepaid Expenditures</td>
<td>$36,250</td>
</tr>
<tr>
<td>Non-Spendable - Subsequent Budget Usage</td>
<td>$686,369</td>
</tr>
<tr>
<td>Non-Spendable - Compensated Absences</td>
<td>$166,893</td>
</tr>
<tr>
<td>Unassigned Fund Balance</td>
<td>$1,307,521</td>
</tr>
</tbody>
</table>

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**Emphasize the trend...**
<table>
<thead>
<tr>
<th>Year</th>
<th>Fund Balance (Highlight not just amounts and trends, but reductions per year over time as well)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>$507,300</td>
</tr>
<tr>
<td>2010-11</td>
<td>$198,500 (stimulus year)</td>
</tr>
<tr>
<td>2011-12</td>
<td>$746,300</td>
</tr>
<tr>
<td>2012-13</td>
<td>$93,200 (surplus)</td>
</tr>
<tr>
<td>2013-14</td>
<td>$555,000</td>
</tr>
<tr>
<td>2014-15</td>
<td>$580,900 (estimated)</td>
</tr>
</tbody>
</table>

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

- $415,766/year
Fund Balance

Do the math for them:

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Starting Fund Balance</th>
<th>Change</th>
<th>New Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 - 2016</td>
<td>$1,532,949</td>
<td>-$415,766</td>
<td>$1,117,183</td>
</tr>
<tr>
<td>2016 - 2017</td>
<td>$1,117,183</td>
<td>-$415,766</td>
<td>$701,417</td>
</tr>
<tr>
<td>2017 - 2018</td>
<td>$701,417</td>
<td>$285,651</td>
<td>$987,068</td>
</tr>
<tr>
<td>2018 - 2019</td>
<td>$987,068</td>
<td>-$415,766</td>
<td>$571,302</td>
</tr>
</tbody>
</table>

"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:

- Median Family Income

... and finally

COMPARE!

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

- Median Family Income
... and finally

COMPARE!

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

Comparable Unemployment Rate

<table>
<thead>
<tr>
<th></th>
<th>Alma</th>
<th>Bonding</th>
<th>Centennial Park</th>
<th>Clinton</th>
<th>Eatontown</th>
<th>Longport</th>
<th>Longport TC</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>9.50%</td>
<td>9.50%</td>
<td>6.50%</td>
<td>6.80%</td>
<td>6.70%</td>
<td>6.50%</td>
<td>6.50%</td>
<td>6.50%</td>
</tr>
</tbody>
</table>

Comparable Operating Expenditures 2009 & 2013

<table>
<thead>
<tr>
<th></th>
<th>Alma</th>
<th>Bonding</th>
<th>Centennial Park</th>
<th>Clinton</th>
<th>Eatontown</th>
<th>Longport</th>
<th>Longport TC</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$20,196,306</td>
<td>$17,478,782</td>
<td>$0</td>
<td>$10,000,000</td>
<td>$5,000,000</td>
<td>$20,000,000</td>
<td>$0</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>2013</td>
<td>$0</td>
<td>$5,000,000</td>
<td>$10,000,000</td>
<td>$15,000,000</td>
<td>$20,000,000</td>
<td>$0</td>
<td>$0</td>
<td>$20,000,000</td>
</tr>
</tbody>
</table>

Comparable Free Lunch Eligible 2013

<table>
<thead>
<tr>
<th></th>
<th>Alma</th>
<th>Bonding</th>
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<th>Clinton</th>
<th>Eatontown</th>
<th>Longport</th>
<th>Longport TC</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1825</td>
<td>1476</td>
<td>892</td>
<td>967</td>
<td>1080</td>
<td>1064</td>
<td>1080</td>
<td>1080</td>
</tr>
</tbody>
</table>
... and finally

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

FTE Trend Comparisons 2008-2013

Comparative Enrollment Numbers (2009 & 2014)

Total Revenue Comparison
... and finally

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

**Total Expenditures Comparison**

**Per Pupil Instructional Salary Trend Comparison**

**Per Pupil Instructional Salary Rank Comparison**
... and finally

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

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
517-327-5900
Brad Banasik – bbanasik@masb.org
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