

# COST CONTAINMENT

At the workshop on 4/13/10 we talked about the following:

- **¼ mil assessment** (generates approximately \$466,830)
- Requires super majority vote by Board.
- **Eliminate retiree health insurance subsidy.** (approx. \$866,850 per year). Board asked us to put together some phase out proposals.
- **Reduced staffing District level administration and support positions.** (Superintendent is looking further into this along with potential reorganization. )
- **Reduced instructional staffing.** (Staffing will be done based on anticipated enrollment .)

- **Furlough Days** ( Approximately \$140,000 per day) General feeling was this should be one of the last items considered. Would require negotiations with the Unions.
- **Repurpose LYDA & CYDA** ( Could be done but questionable cost savings)

NO DECISIONS WERE MADE. THE BOARD ASKED TO LOOK AT SOME OF THE OTHER SUGGESTIONS THAT HAD BEEN MADE AT THE NEXT WORK SHOP.

**OTHER ITEMS ON THE LIST  
NOT IN PRIORITY ORDER  
FOR DISCUSSION ONLY**

- **Eliminate computer lab tech positions (\$120,000)**
- There are four of these positions. The intent was to not replace these positions as they retire or leave the district for other reasons. They are located at LMS, Upthegrove, West Side and one at LES.
- **Reduce the number of paid holidays. (\$140,000 per day)** This is basically the same as furlough days, except instead of not showing up for a work day, you do not get paid for holiday pay. It is still an overall reduction in pay. Again with a workforce that has not had any salary increases in three years it is difficult to ask them to give up additional salary by asking them to forfeit pay for holidays. It is our recommendation that if necessary furlough days be used before eliminating holiday pay.

- **Six percent (6%) across the board compensation cut.** Salaries and Supplements. (\$2,074,445) Each percentage cut is worth about \$345,000. Salaries in Hendry County are barely competitive now, a reduction in salary would put us at a disadvantage in trying to attract certified, highly qualified teachers in the future. Again if required furlough days would be better than this.
- **Eliminate benefits for employees working less than 30 hours.** (\$349,000) Hendry County is one of a very few Districts that provides benefits for employees who work less than 30 hours per week. This would have to be negotiated, however we should proceed with negotiating implementation of to be effective July 1, 2010. This would only affect new employees hired after July 1, 2010.

- We also need to pursue the utilization of employees who work less than 30 hours per week in multiple jobs i.e.. Bus driver and custodian, lunch room worker and custodian. The District currently pays up to \$9,000 per employee for health care. By using folks in multiple jobs it increases their weekly pay while at the same time saving on health care cost. This can be done with proper planning.

- **Reduce School Board Compensation.** This is determined by a rate established by the School Board Association in accordance with Florida Statutes. It is calculated based on population. The established rate for Hendry County is \$26,537. The Board is currently getting \$26,403 which is \$134 less than they could receive. Florida Statute 1001.395 (2) gives the Board the ability to reduce their salary on a voluntary basis.
- This would be minimal savings.

- **Reduce/Eliminate all Service and Professional Services Agreements.** Virtually all of these are paid out of grants or federal funds. They are required or are necessary for the successful completion of the programs. These actually save us money because we contract on an as needed basis. If we had to hire people on our payroll our cost would be greater because we would have to hire full time people to do part time as needed work. On contract work we do not pay any benefits.
- **Reduce/Eliminate/Restructure Services for Teen Age Parents.** These programs are **mandated** by the State. We receive FTE for the girls and for the babies. We do contract with local day care facilities who provide this service for less than it would cost for us to provide the service with District employees.

- **Reduce District Office Staff and Facilities: Shut down all facilities during the month of July, make all 12 month employees 11 month employees.**
- The last day for teachers is 6/9/10, teachers return to work 8/16/10.
- We have summer school that goes on into July. Voluntary Pre Kindergarten is voluntary for the parents however we are required to offer it. It runs all summer.
- Finance has statutory requirements to complete an annual financial report and to have a budget hearing that must be advertized no later than July 29th. DOE has until July 19<sup>th</sup> to provide the District with the necessary data that is used to develop the final budget. Finance must work during the month of July.
- Maintenance does a significant amount of work during the summer to get the schools ready to open. There is currently 40 days to get this done. If they do not work during July it cuts the number down to 19 days. With the current work force the work could not be done in that amount of time.

- DOE has other reports that are due during the month of July that require certain 12 month personnel to be on the job.
- Historically all the vacant teaching positions in the County are not filled when school it out. Principal's do a significant amount of interviewing during July.
- Bottom line there are numerous statutory requirements and other needs that have to be met during the month of July that make it extremely difficult to shut the operations down for the month of July.
- An option that would be viable is to go to a District wide four day work week beginning on the last week of June and extending through the end of July. This would give us a five (5) week long period of four (4) day work weeks thus reducing utility cost. **Based on last years utility bills we could reduce our electricity cost by approximately \$24,000 by going to a four (4) day work week.**

## RETIREE INSURANCE

- The Board asked for options on reducing the retiree insurance subsidy.
- There are numerous options:
- Cut the subsidy out completely in January 2011. Reduces cost approximately \$866,000 per year. 2010/2011 would only be \$466,000 as it would only cover ½ of the year.
- Reduce the subsidy over a period of time. This could be a phase out over however many years you want.

YEARS	YR 1	YR2	YR3	YR4	YR5	TOTAL
5	\$86,600	\$259,800	\$433,000	\$606,200	\$779,400	\$2,165,005
4	\$108,250	\$324,750	\$541,250	\$757,750	\$866,000	\$2,598,004
3	\$144,333	\$433,000	\$721,667	\$866,000	\$866,000	\$3,031,003
2	\$216,500	\$649,500	\$866,000	\$866,000	\$866,000	\$3,464,002
1	\$216,500	\$866,000	\$866,000	\$866,000	\$866,000	\$3,680,501

Eliminate Subsidy for Retirees 65 and older.  
Eliminate or phase out subsidy for retirees under 65.

- There are currently 52 retirees 65 and older. District pays \$165,000.
- District pays up to \$3,225 per year/retiree.
- There are currently 96 retirees under 65. District pays \$691,200.

## RETIREE INSURANCE

- Reducing the subsidy will increase the cost to the retiree. The District currently pays \$7200 per year for retirees under 65. The chart below shows the increased cost to the retiree per year. This assumes there are no overall increases in the health insurance premiums. Unless something changes we can expect further increases in premium cost.

YEARS	YR 1	YR2	YR3	YR4	YR5
5	\$1,440	\$2,880	\$4,320	\$5,760	\$7,200
4	\$1,800	\$3,600	\$5,400	\$7,200	\$7,200
3	\$2,400	\$4,800	\$7,200	\$7,200	\$7,200
2	\$3,600	\$7,200	\$7,200	\$7,200	\$7,200
1	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200

## RETIREE INSURANCE

- Reducing the subsidy will increase the cost to the retiree. The District currently pays up to \$3,225 per year for retirees 65 and over. The chart below shows the increased cost to the retiree per year. This assumes there are no overall increases in the health insurance premiums. Unless something changes we can expect further increases in premium cost.

YEARS	YR 1	YR2	YR3	YR4	YR5
5	\$645	\$1,290	\$1,935	\$2,580	\$3,225
4	\$806	\$1,613	\$2,419	\$3,225	\$3,225
3	\$1,075	\$2,150	\$3,225	\$3,225	\$3,225
2	\$1,613	\$3,225	\$3,225	\$3,225	\$3,225
1	\$3,225	\$3,225	\$3,225	\$3,225	\$3,225