

Jefferson County School System

Reducing the Cost of Operating the Jefferson County School System: Options and Analysis

August 13, 2009

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A Proposal to Reduce the Cost of Operating the School System

Introduction

I know this is not news to any of you, but we are now in a period of financial crisis in Jefferson County, in our State, across our nation, and around the world. Many people have lost their jobs or have had their working hours reduced. People have lost their homes or can't pay the rent. A lot of families are not able to buy the bare necessities they need like groceries and clothes. Many have lost their health insurance and cannot afford the medicine or medical services they need.

State Educational Funding Issues

Your school system is facing the same kind of financial dilemma, as we see the revenue available to educate our children declining steadily and rapidly.

On July 21, 21 days after we started incurring financial obligations for this year, Governor Perdue notified us that he is withholding another 3% of our QBE formula funding for this year, 5% of our categorical grants, 3% of our equalization grant, and state earnings for 3 days pay for state-earned personnel. This reduction in funding comes on top of state funding reductions every year since 2003. We are now operating on temporary money from the federal government under the American Recovery and Reinvestment Act (the stimulus funds).

Our state educational fund earnings have been reduced by nearly \$6 million (\$5,999,859) since 2003, when we include the amount withheld by the Governor on July 21. We have also used nearly \$1.2 million (\$1,191,284) in stimulus funds to maintain the fund balance we need. In addition to the above, we are cutting needed programs and services in our school system. Among these are professional learning, extended-day employment contracts, 20-day extended instruction, travel, field trips, after-school programs, technology upgrades, and textbooks. To restore funding for these areas will likely cost \$300,000 to \$400,000. The stimulus funds will dry up shortly. The state austerity reductions are likely to continue because the state is not collecting income and sales tax at the rate experienced in the past several years. The outlook for additional funding in the near term is not good.

Local Funding Issues

For those of us in public education our most important obligation and duty are to do everything in our power to ensure that every student, in every classroom, in every school, receives a high quality educational experience. We have devoted hundreds of hours to

ensuring that we focus our dwindling resources on our “core business,” the education of our students.

If we do nothing differently, we will soon be levying taxes on property at the maximum rate of 20 mills. In fiscal year 2009 we were at 14 mills for maintenance and operation of schools. Our roll-back rate for the current fiscal year is 13.764 mills. This past year we received approximately \$394,000 for each mill of tax levied. If we maintain the status quo, it will require 3 additional mills to make up for the stimulus money when it runs out and an additional mill to restore the programs and services we are cutting. We have no alternative but to economize in every way we can without dramatically affecting the quality of education for our children and youth.

Student Enrollment History

Our K-12 enrollment has declined each year for the past 10 years, and the enrollment in each of our schools has declined. The enrollment in the 1999-2000 school year was 3,516. The enrollment this past year (2008-09) was 2, 936; a decline of 580 students or a 17 percent reduction over the 10-year period.

| School | 1999-2000 | 2008-2009 |
|------------------------------|-----------|-----------|
| • Carver K-5 | 345 | 258 |
| • Louisville Academy K-5 | 633 | 531 |
| • Wrens Elementary K-5 | 689 | 550 |
| • Louisville Middle 6-8 | 501 | 352 |
| • Wrens Middle 6-8 | 345 | 297 |
| • Jefferson County High 9-12 | 1,003 | 948 |

Again, we have experienced a declining enrollment every year for the past 10 years. This is another serious problem which our county needs to come to grips with. When our students leave school, they often leave the county.

During this entire period we have operated 3 elementary schools, 2 middle schools, and one high school. We are convinced that we can no longer support low enrollment schools that are declining in enrollment each year.

Our second and third smallest schools are the two middle schools, Louisville Middle and Wrens Middle. Together they enrolled 649 students in grades 6 through 8 this past year. We have space at our three elementary schools to house the 6th grade students without adding any classroom space and can construct an addition to Jefferson High to house grades 7 and 8 while maintaining a separate identity for them on the high school campus.

Expenditure Reduction Options

We have determined that the best way to reduce overall annual operating costs is to reduce the number of schools.

Our preferred option (Option 1) is to reduce the number of schools to four. We can achieve a considerable saving without sacrificing the quality of the educational program by reducing the number of schools from 6 to 4 with the three elementary schools housing pre-kindergarten through grade six students and Jefferson County High School housing grades 7 through 12 students.

We want to be clear that grades 7 and 8 would be separate from grades 9 through 12 and would be treated as a middle school.

If this arrangement had been in place this past school year, the savings would have been approximately \$1,012,709 to the General Fund and \$103,670 to the School Nutrition Fund for the year: a total savings of \$1,116,379.

The savings will come primarily from reduction in staff. This past year we employed 375 people who were paid from the general fund or the school nutrition fund. We would have needed to employ 345 people, or 30 fewer, if we had operated only four schools. The positions that would be reduced are:

- 3 classroom teachers
- 1 music or physical education teacher
- 1 In-school suspension teacher
- 1 counselor
- 1 graduation coach
- 2 principals
- 1 media specialist
- 3 secretaries
- 8.5 custodians
- 3 bus drivers
- 2 school nutrition managers
- 3.5 nutrition assistants

30 Total

Other costs would be reduced by the closing of the two middle schools. Energy, water and sewer, and communications costs would be reduced by closing the two schools. The savings this past year would have been \$115,122. This amount is included in the amount I shared earlier.

In the next section of this report the proposal I have just outlined is compared with an option (Option 2) that would call for the closing of one middle school and the assignment of all 6th, 7th, and 8th grade students to the other middle school.

The latter option would eliminate 13 ½ positions and would have saved some \$636,000 this past year if we had reduced the number of schools to five.

Implementation Timeline

The timeline for implementing this proposal would be:

December 2009 – Board of Education considers proposal

November 2010 – Referendum on special purpose local option sales tax

August 2012 – 7th and 8th grade students occupy new wing at Jefferson County High
5th grade students in 2011-2012 school year will remain at their elementary
schools for 6th grade in 2012-2013