

Potential Amendment to the FY18 Adopted Budget

Sponsor:	Director Michael Bonds & President Mark Sain
Date:	October 24, 2017

Intent:

- To reallocate resources designated for the OPEB trust equal to \$1,238,000 to be reallocated to the schools on a per pupil basis at roughly \$16.25 per student and
- To freeze the hiring of all new-to-budget central office positions and to all non-critical/non-cabinet level positions for the FY18 fiscal year.

Administration Response:

Per-Pupil

There were no payments to the retiree health care trust (OPEB) made in 2016-17 that would allow MPS to reduce required payments in 2017-18. Failure to pay required contributions would reduce state aid in 2018-19 and erode the district's financial position going forward. The June payment of \$1,238,000 was the amount needed at the time of the contribution to pass the test for the additional categorical aid for FY18 (based on FY17 OPEB contributions). It was not additional contribution.

The administration opposes any plan to reduce OPEB payments.

While all schools could use additional resources, there are approximately 17 schools where the resulting per-pupil and central allocations are not sufficient to sustain the school's operation. To shore-up those schools, the administration has allocated additional funds to the school supplemental account as noted on page 1-3 of Attachment 1.

The administration supports the spirit of the amendment – distributing funds to schools. Funding sources to add an additional \$20.00 per-pupil by reducing contract services and the Board's contingent fund were identified in the administration's response to Fall Budget Amendment 1.

Budget Line to be Changed (To /From)	FTE Increase	Amount Increase	FTE Decrease	Amount Decrease
School Operations – Varies by account	0.00	\$1,322,500	0.00	0.00
At-Risk School Seats for 2nd Semester – ARC-00-AGN-1S-ECTV	0.00		0.00	\$500,000
Board's Contingent Fund – SCF-0A-CTG-DW-ECTG	0.00		0.00	\$250,000
ERP Contract – TSV-00-PSU-FN-ECTS	0.00		0.00	\$133,500
Careworks Contracted Budget Amount – DWC-00-EMB-DW-ECTS	0.00		0.00	\$264,000
Office of Accountability of Efficiency Contract Budget – ADT-00-OAE-ECTS	0.00		0.00	\$25,000
Unemployment Reserve – DWC-00-EMB-DW-EUNR	0.00		0.00	\$150,000
Total		\$1,322,500		\$1,322,500

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Fund:

- School Operations Fund
 - Extension Fund
 - Construction Fund
-

Required Vote:

- | |
|--|
| <input checked="" type="checkbox"/> Simple Majority |
| <input type="checkbox"/> Super Majority (2/3) |

Hiring Freeze

There are three new-to-budget positions identified in the Position Authority section of Attachment 1. Offices have identified specific needs to support schools within their scope of responsibility in support of the district's strategic plan. The district has not identified "non-critical" positions outside of the context of severe weather or other shut-down emergencies.

A hiring freeze that would be implemented at this point in the school year may not result in cost savings. The budget includes a \$20 million vacancy adjustment (in the Special and Contingent Fund). With a limited number of positions held vacant under this proposal, it would be difficult to estimate that the annual vacancy would exceed the budgeted amount. Since the school year is underway, the responsible supervisors would need to execute contracts or hire limited-term employees to execute the work that is related to these positions. The alternative: spreading that work across current employees can be counter-productive to current goals and diminish morale.

The administration opposes the proposed hiring freeze.