Cost Containment/Funding Initiatives

March 26, 2012
On Monday, March 12, 2012, the Board approved the first two phases of its three-phase action plan to move the District toward further budget stability; this part of the plan targeted over $3 million in operating expenditure reductions.

Tonight, the administration would like to present to the Board and to the public Phase Three of the action plan that will generate approximately $700,000 in cost containment/funding initiatives.
Prior to making recommendations to the Board, the administration would like to share with the public various measures that the District has already implemented to contain costs.
During the past three years, the Board of Education has reduced its operating budget by over $9 million. Every area of the District’s operation has been reduced, including employees, programs, athletics, performing arts, and supplies. In addition, all third-party contracts have been reviewed, modified, or terminated if they did not meet the District’s goal of cost containment and efficiency.

Despite these reductions, the Board has maintained reasonable class size, preserved core educational programs, and minimized employee layoffs.
In the fall of 2011, the Board reaffirmed its commitment to operate the District with the funds available, not to enter into deficit spending, nor ask the public for additional funds. The Board then directed the administration to go back to the drawing board and develop another action plan that included additional operating expenditure reductions and cost containment/funding initiatives to offset a projected $4 million budget shortfall for the 2012-13 school year.
Why cost containment?
It is critical to the operational and financial future of any school district or business that expenditures are controlled in order to be viable and productive. The organization must be in a position to:

– Not have annual expenditures exceed annual revenues
– Have the most accurate financial data to assist in managing current and future expenditures
– Be in a position to plan where future additional revenues will be derived
– Develop additional funding sources to operate effectively and allow for the replenishment of reserves
The Board has been diligent in implementing cost containment initiatives. The District rarely contracts work to outside vendors and, in fact, performs most contractual services in-house, including:

– Construction and maintenance of buildings and grounds
– Installation, maintenance, and support of all data, technology, and security systems
– Analysis and development of District data reports
– Employee training for student and financial information systems and student assessment systems
– Implementation of professional development for staff and board members within the District; rarely are employees or board members sent to out-of-district conferences
– Renegotiation of all service contracts, including maintenance, copier, printing, bus, food service, and telecommunications/technology/security
– Restructuring of the District’s transportation system
– Partnership with Southern Illinois University Edwardsville and Lewis & Clark Community College to share costs:
  • NO Nelson Campus (LCCC)
  • Dual credit courses (LCCC & SIUE)
  • Curriculum development (LCCC & SIUE)
  • Professional development (LCCC & SIUE)
  • SIUE Department of Geography – develops and updates bus routes and school boundaries
Phase Three - Cost Containment/Funding Initiatives
Student Cost Containment Initiatives

*Specialized Programming*

• The District makes every effort to provide for the educational needs of students within the District and to minimize the number of students who are educated at out-of-district facilities.
In recent years, school districts across the state have had to move the educational programming for some of their special needs students to out-of-district facilities. However, in District 7, the priority continues to be to educate all students within the District whenever possible. The District currently provides highly specialized programming in the following areas:

- Functional Life Skills
- Communication Disorders
- Early Childhood Special Education
- Alternative High School Education
- Hearing Impairment
There’s a growing concern for Illinois school districts and organizations regarding sustained State funding for special education.

This concern was highlighted in an article in the Sunday edition of the Belleville News Democrat (March 25, 2012) entitled “Will state’s budget crisis imperil autism programs?” The article focused on the worries of parents and educators that the State’s budget problems will not dissipate any time soon, causing a greater strain on school districts to provide the necessary resources to address the needs of our students with disabilities.
Public school districts and organizations such as the Illinois Center for Autism are all being pressured to find funding sources to continue:

– Providing for the care and educational needs of students with disabilities
– Addressing the operational costs for housing specialized programming
District 7 has spent the past two years analyzing how it can address the critical needs of students with specialized disabilities and do so with care, efficiency, and program quality, as well as plan for future growth and cost containment.
Beginning with the 2012-13 school year, District 7 will offer specialized programming for some of its students with Autism Spectrum Disorders (ASD) and emotional disabilities, thereby alleviating the need for most out-of-district placements. It is anticipated that twenty (20) students will return to District 7 from out-of-district placements.
Our staff, in partnership with the Clinical Child and School Psychology graduate program at Southern Illinois University Edwardsville, has designed a comprehensive research-based program, which will allow educators to:

- Address individual student needs
- Address academic needs
- Address therapeutic needs, and
- Provide a pathway for social and emotional growth
The primary program will be housed at Goshen, the intermediate program at Cassens, and the middle school program at Liberty. The program will be staffed by teachers and instructional assistants, with support from administrators, psychologists, social workers, speech and language therapists, and occupational and physical therapists.
Currently, the District pays approximately $600,000 annually in tuition costs to educate these 20 students at out-of-district placements. The partnership with SIUE allows the District to offer a more comprehensive in-district program for approximately $400,000 annually. Because the new program allows for student enrollment growth, the District will be able to contain future out-of-district tuition and transportation costs.
This initiative will further address late payments and pro-rated reimbursements from the State of Illinois, allowing the District to better plan its budget.
Recommendation

It is recommended that the Board of Education approve the establishment of new specialized programming in partnership with SIUE that will allow for the return of 20 students to District 7 from out-of-district facilities beginning with the 2012-13 school year.
**District Partnership with the YMCA**

In 1998, District 7 developed a before and after school child care program in order to serve the needs of working parents. District 7 entered into partnership with the Edwardsville YMCA to operate the day-to-day program, which served elementary students across District 7.
District 7 has been responsible for all facility costs, including custodial, utilities, telephone, and insurance since the program’s inception in January 1999.
Since the collapse of the national, state, and local economy almost five years ago, the District has experienced:

- A $7.2 million decline in state funding
- Over $2.8 million decline in property tax revenue growth
– It has used over $6 million in reserves during the past three years, leaving only $3.5 million that is currently being used as an internal bank to offset the impact of late payments from the State.
During this same time, the District has continually attempted to find solutions to address funding shortfalls that plague school districts.

As a result of these and future financial challenges outlined at the March 12, 2012, Board meeting, it becomes clear that the District can no longer continue to absorb the costs incurred as a result of the current YMCA partnership.
Before and After School child care Program

Beginning on August 15, 2012, District 7 will operate the before and after school child care program (District 7 Kid Zone) for District 7 K-5 students.
The program will continue to:

• Operate at the nine existing elementary sites
• Utilize the same daily schedule currently offered
• Offer full-day child care on most school holidays, school institute days, and days school is not in session due to inclement weather
• Operate concurrently with the District 7 school calendar
Beginning in May 2013, the District will offer a full-time child care program *District 7 Summer Zone* during the summer.
Communication

The District will notify elementary parents beginning on Tuesday, March 27, 2012, and registration will begin immediately.

Parents may call 655-6083 or visit www.ecusd7.org/kidzone for further information.
Recommendation

It is recommended that the Board of Education terminate its contract with the YMCA for the operation of the before and after school program at the conclusion of 2011-12 and assume all operating responsibilities for the before and after school program, independent of the YMCA, beginning with the 2012-13 school year.
It is anticipated that the program will help offset current expenditures and generate additional revenue for the District of between $450,000 and $500,000.