

Willoughby-Eastlake City Schools  
3707 Ridge Road  
Willoughby, Ohio

**Financial Recovery Plan**

1/25/12



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## Executive Summary

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The Willoughby-Eastlake City Schools sets the standard for public learning, and has been an “Excellent” rated school district since the inception of Ohio’s State Report Card. The district serves nearly than 9,000 young people in grades K-12 in a 36 square mile section of Western Lake County, Ohio. Since 1985, Grant, Jefferson, Longfellow, McKinley and Royalview Schools have been inducted into Ohio's Elementary School Hall of Fame; South High School and Royalview Elementary Schools have been selected as Blue Ribbon Schools of Excellence by the United States Department of Education; and both North and South High Schools have won the Ohio Academic Decathlon. The district offers a full complement of extra-curricular activities for boys and girls, as well as latchkey programs in all elementary schools.

### District Overview:

	District	State Average
Graduation Rate	97.4%	79.0%
Per Pupil Spending	\$9,597	\$10,660
Student Per Administrator	317	175.3
Students Per Teacher	16.7	16.1
Number of Schools	13	-
Number of Students	8,855	-
Number of (FTE) Teachers	531	-

The district has enjoyed levy support from the taxpayers for the past 25 years, and has not failed a levy in that time until the November 8, 2011. The district was already in fiscal distress due to a nearly five million dollar reduction in state funding. The district lost 9% of its state foundation funding, 21% of its state reimbursements, and 3% on local property tax collections. Now the district stands on the precipice of “Fiscal Emergency”.

Historically the district has run very lean in terms of personnel (*see “Appendix A” – Ohio Department of Education Staffing Analysis*). The district has been reducing staffing levels for the

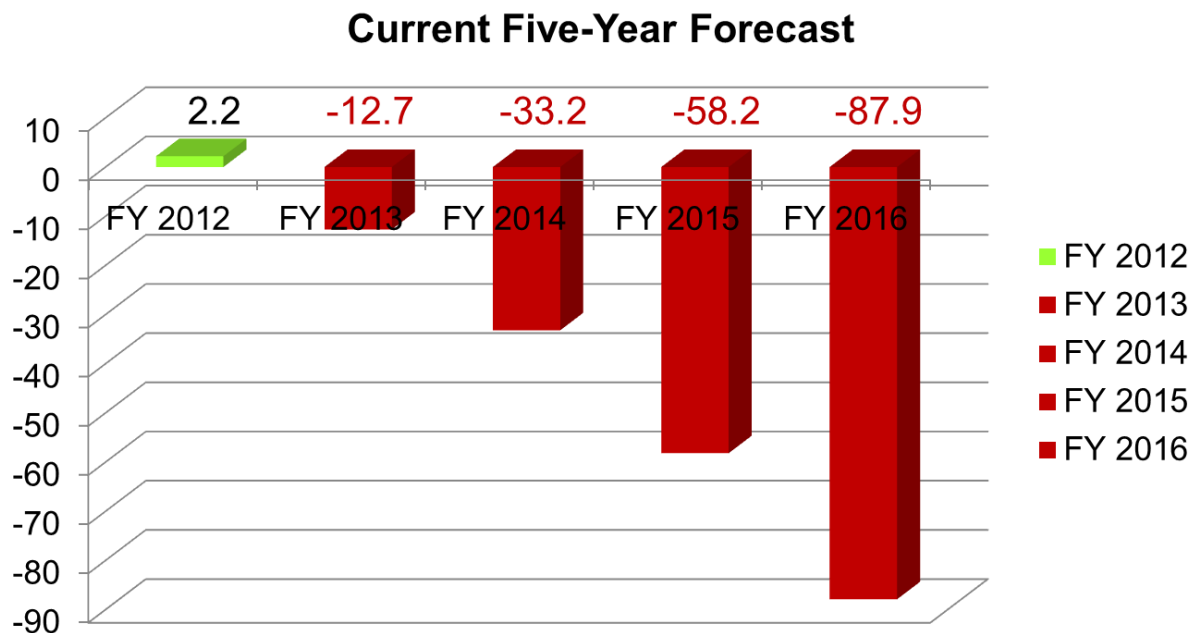


past five years. In addition to reducing staffing levels in nearly every employee category, the district has taken the following steps in order to further control costs:

- Zero percent salary increases in 2010/11
- Joined with other government entities to purchase gas, electricity, diesel fuel, supplies, and trash removal services
- Transportation and education of ALL of our students
- Conservation of energy program
- Arranged for gas wells to be drilled on school property to reduce expenditures for natural gas
- Rented out unoccupied school buildings
- Eliminated administrative positions

### Budget Gap FY2012-2016

While these projected deficits are indeed daunting, they are by no means insurmountable. See Five-Year Forecast below:



Despite significant reductions in state funding, the district cannot only regain budgetary stability, but also improve academic achievement through long-term financial stability. After the failure of



our November 8, 2011 levy failure, the district successfully reached agreements with all five public employee unions saving local taxpayers **15 million dollars** the next five years.

- ✚ Insurance contributions increased from 2.5% to 15%
- ✚ Insurance plan design changes to include deductibles, co-pays and increases in drug costs
- ✚ Spousal language changes – removal of spouses from the W-E insurance plan to their own insurance providers when available
- ✚ 0% pay increases for the next two years for all five unions
- ✚ Step freeze in 2012-2013
- ✚ Two unpaid furlough days for all certified staff members
- ✚ Increase in teacher contact minutes with students in grades 6-12 from 225 to 270 minutes per day. As a result, we are able to reduce our teacher work force by 50 teachers.
- ✚ Reduction in force of 19 support personnel
- ✚ Reduction in force of 7 administrators and supervisors

Our unions ratified the above contract provisions with overwhelming support. Due to *O.R.C.* requirements, levy passage in March, 2012 is necessary in order to certify the contracts. Without the additional funds generated by the levy, the agreements with the union are no longer in effect.

## Objectives of the Financial Plan

In accordance with Section 118.06, Ohio Revised Code, the Superintendent must submit to the Financial Planning and Supervision Commission (“Commission”) a Financial Recovery Plan as approved by a resolution of the Willoughby-Eastlake Board of Education within 120 days after the first meeting of the Commission. The main objective of the Financial Recovery Plan is to eliminate all fiscal emergency conditions which were determined by the Auditor of State pursuant to Sections 118.04, Ohio Revised Code. The Plan identifies the actions to be taken by the District to restore the fiscal integrity of the Willoughby-Eastlake City Schools. It also serves as a master plan by which all future appropriation measures must comply and directs the correction of issues essential to financial recovery. The Financial Recovery Plan may be amended in the same manner as its initial passage. The matters that need to be addressed by the



District's Financial Recovery Plan in order to eliminate its fiscal emergency conditions are set forth below in the remainder of this document.

## The Budget Process – Appropriations

By virtue of Ohio law, the District is required to balance its annual operating budget. Accordingly, the District's administration is committed to address each of the projected deficits through a series of demanding actions designed to increase operating revenues and/or decrease operating expenditures/expenses. The annual appropriations process shall be accomplished for the general fund and any deficit funds through the District's rolling five-year forecast attached hereto and incorporated herein as "Appendix B" and will match the District's Budget.

On or before *June 30th* of each year the School Board shall adopt budget appropriations for the upcoming year that begins July 1st. Failure to do so is in violation of the financial plan and the District shall be subject to remedies and penalties as prescribed in Chapter 118 of the Ohio Revised Code. In order to accomplish this, the following procedures shall be followed while the District remains in fiscal emergency:

## Format for Appropriations

All fund appropriations will be reviewed by the Administrative Cabinet on or before *April 30<sup>th</sup>* of each year. The District shall follow the budget process as follows:

- On or before *April 1<sup>st</sup>* of each year all department heads and building principals shall submit their departmental/building budgets to the Superintendent. The departmental/building budgets shall provide a detailed narrative explaining the need for the monies requested. If any department/building budget includes appropriations from grant dollars specific to their department, the grant requirements, dollar amount, and grant period shall be included with the documentation.



- On or before *May 15th* the Administrative Council shall complete its budget review. The District Treasurer shall forward to each member of the Commission the proposed appropriations resulting from the Administrative Cabinet.
- After the Commission's review of the proposed appropriations and no later than *June 15th*, the Board of Education shall adopt the appropriations for the upcoming fiscal year that is consistent with all modifications set forth by the Commission. Failure to do so is in violation of the Financial Recovery Plan and the District shall be subject to remedies and penalties as prescribed in Chapter 118 of the Ohio Revised Code.

## Financial Reports

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A copy of the Appropriations and the Five-Year Forecast shall be sent to the Superintendent. The District Treasurer will summarize the information and present the summary to each member of the Commission at the Commission meeting.



## Financial Recovery Plan

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The following plan which is based on the actions that are to be taken by the District, legal authority and the *approximate* dates to be enacted as indicated:

BUILDING/ DEPARTMENT	EXPENDITURE REDUCTION ACTION	EST. SAVINGS	ENACTED DATE	PERSON ASSIGNED
	Request a Staffing Analysis		Received 10/1/11	Superintendent
Building Administrators	Consult district administrative staff		11/10/11	Superintendent
Central Office Administration	Consult legal counsel		11/11/11	Asst. Superintendent
	Request State Auditor's Office to conduct a "Performance Audit"		11/11/11	Treasurer
	Consult staff members		Week of 11/14/11	Superintendent
Union Leadership	Terms and conditions of the Financial Recovery Plan (FRP)	\$25,489,000 Over 2 years	Effective 4/1/12	Superintendent
Board of Education	Seek Board approval of FRP	\$12,744,500 per year	1/18/12	Superintendent
All Staff	Hold staff meetings at North and South High Schools detailing FRP		1/18/12	Superintendent
All Staff	Form Levy Committee	Seeking 4.9 mills	12/1/11	Superintendent
All Staff	Launch Levy Campaign	Seeking 4.9 mills	1/3/12	Superintendent / Levy Chairs
All Buildings & Departments	Issue Reduction in Force (RIF) notices		7/1/12	Asst. Superintendent





All Staff	Pass Emergency Operating Levy	Seeking 4.9 mills	3/6/12	Community
All Buildings / Departments	Potential recall of RIF employees should the levy pass and budget permit		5/1/12	Superintendent / Treasurer

## Financial Recovery Plan – Reduction in Force (RIF)

The following plan which is based on the actions that are to be taken by the District, legal authority and the *approximate* dates to be enacted as indicated (*see appendix “A”, the Ohio Department of Education Staffing Analysis*):

BUILDING/ DEPARTMENT	EXPENDITURE REDUCTION ACTION	EST. SAVINGS	ENACTED DATE	PERSON ASSIGNED
Administration/ Supervisors	RIF – (7) Administrators	\$600,000	8/1/12	Superintendent
Food Service	RIF (7)– self-sustaining – increase lunch prices by .25 cents	\$140,000	8/1/12	Superintendent
Transportation	Outsource transportation	\$1,200,000	8/1/12	Director of Pupil Services
McKinley Elementary	Close the building and place students in the new addition at Grant Elementary	\$350,000 ( <i>other savings reflected above</i> )	6/10/12	Superintendent
Kennedy Elementary	Renovate facility with existing P.I. funds and return 55 special needs students currently being educated outside the district	\$600,000	8/25/12	Superintendent / Pupil Services Director
North H.S.	RIF – (12.5) teachers & (1.5) secretary	\$959,500	8/1/12	Superintendent
South H.S.	RIF – (12.5) teachers & (1) secretary	\$991,000	8/1/12	Superintendent
Middle Schools	RIF – (17) teachers & (2) secretaries	\$1,204,000	8/1/12	Superintendent
Elementary Schools	RIF – (14) teachers & (3) clerical assistants	\$1,018,000	8/1/12	Superintendent



Plant Operations	RIF – (5) Custodians	\$280,000	8/1/12	Superintendent
Contractual Changes	Increase in employee contributions to 15% Plan design changes Step Freeze Unpaid furlough days	\$3,820,000	6/1 /12	Superintendent
Transportation of SPED	Stop using van services	\$550,000	1/1/12	Director of Special Education
Centralize Warehouse Purchases	18.5% reduction of purchase of all supplies through EASi	\$1,047,000	3/1/12	Superintendent
H.B. 264	Energy conservation project	\$455,000	3/1/12	Superintendent
Athletics	Increase Pay-to-Participate	\$120,000	8/31/12	Superintendent

- **FRP Total Reductions = \$12,744,500**

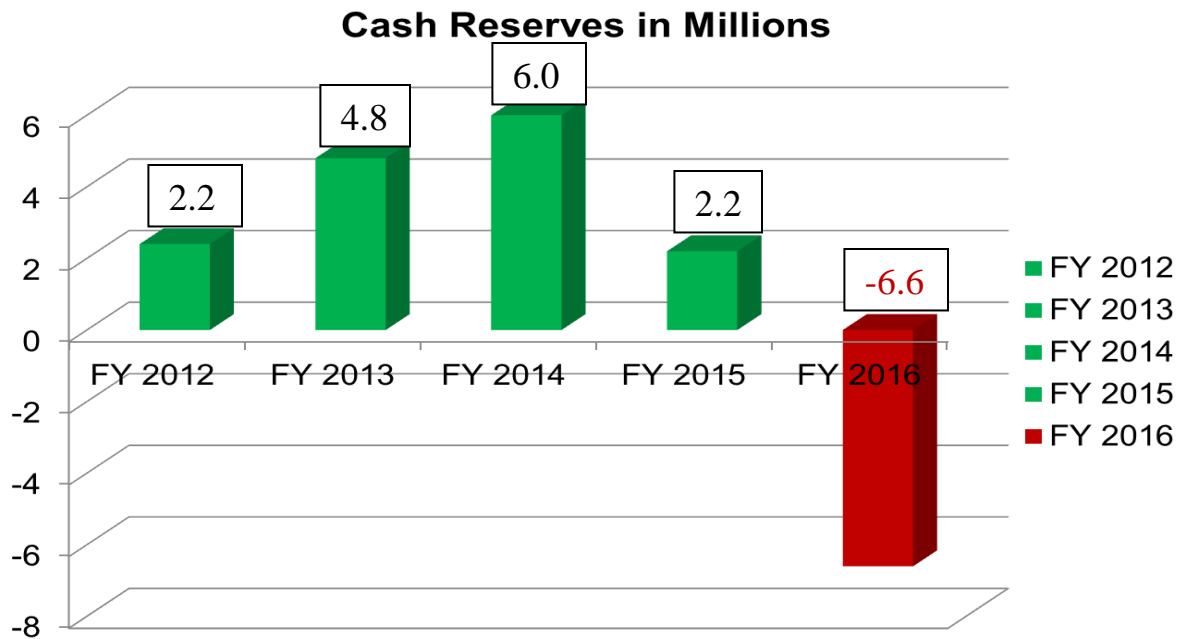
## Total RIF

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ADMINISTRATORS/ SUPERVISORS	TEACHERS	SEC./CLERICAL	CUSTODIANS	FOOD SERVICE
(7) – FTE	(50) – FTE	(7.5) – FTE	(5) – FTE	(7) – FTE



## Impacts of FRP on 5-Year Forecast (LEVY PASSAGE, RIF, COST SAVINGS MEASURES IN PLACE)



## Ramifications of a Failed Levy in March, 2012

The following ramifications of failed levy are not an all-inclusive list. The administration and Board of Education may add or delete items:

- Increased class sizes
- Reduction in course offerings and programs
- Additional staffing reductions
- Reduction in busing to state minimums (two mile radius and no high school busing)
- Increase in Pay-to-Participate:
  - High School Sports - \$600.00 per sport / Football - \$725.00
  - Middle School Sports - \$500.00 per sport / Football - \$625.00
- No field trips
- Elimination of daily flexible busing
- Restructuring of the Zenith program
- Elimination of All-Day Kindergarten programming
- Additional staffing reductions



## Assurances of the Financial Plan

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1. The District will conform to statutes with respect to tax budgets and appropriation measures.
2. The District will establish monthly levels of expenditures and encumbrances pursuant to division (B)(2) of Section 118-07 of the Ohio Revised Code.
3. The amount and purpose of any issue of debt obligations will not exceed debt limits supported by the appropriate certification by the County Auditor.
4. The District will prepare a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State.

Based on the implementation of the items in this plan, the District could request termination in March, 2012,

Respectfully submitted,

Stephen L. Thompson  
Superintendent

*Financial Recovery Plan Approved:*  
By the Willoughby-Eastlake City School Board on: January 18, 2012

