

FAQ's for 12-8-09

- 1. So far the Board communication has come directly from the administrative team. Why hasn't the Board spoken on the issue of opening the contract?** First, everything that the administration has communicated with the MTA has been approved by the Board; and, at Monday's Board Meeting, the Board of Education unanimously approved a resolution specifically confirming support of Ken Wallace's November 5 letter to the MTA that outlined that only items mutually agreed upon by the Board and MTA would be discussed in any salary reduction negotiations, and that in the event that the two sides failed to reach an agreement that the terms of the current contract would stand. The board absolutely will not discuss any item that is not mutually agreed to up front. The board can not and will not, for example, raise teacher contributions to health insurance, TRS, or any other currently bargained amounts. The scope will be on salary only as it relates to saving jobs.
- 2. The Board and Administration has asked the MTA to take up to a two-year cost of living freeze, yet the administration has only announced a one-year freeze for administrators. How can the administration ask more of teachers than it is willing to do itself?** The Administration has asked the MTA to reopen the contract to discuss a change in the salary schedule to save MTA jobs. While the number of positions saved by a two year pay freeze was calculated, any reduction to save positions would be accepted. The teachers are on a five-year contract with two years left after this school year, so the frame of reference was the final two years of the contract. Administrative increases are determined on an annual basis. The administration is willing to commit to matching any multi-year cost-of-living freezes that the MTA agrees to up front.
- 3. The District Administrative cuts are not commensurate with the teaching cuts. How come?** The adopted administrative cuts represent a 13.83% expenditure reduction in administrative spending. The proposed teaching cuts (even if all of them happen) represent a 9.43 % expenditure reduction in teaching costs. While the increase in the teaching load for Department Chairs does not reduce bodies, it does reduce the administrative costs.
- 4. Why can't the District wait until 2012-13 to not rehire the 27 teachers retiring in 2011-12?** Even with a reduction of \$15 million in expenditures for the 2010-11 fiscal year, the District is projected to run a deficit of over \$8 million in 2012-13. It is likely that many of the 27 retirees will not be replaced, but we will not know that until program reviews are conducted and the financial landscape becomes clearer. The longer that the District waits to reduce expenditures, the greater the amount that they need to reduce because of the compounding nature of the deficit.
- 5. Now that the District has raised class sizes in English and for the Work Program, won't they be cutting teachers anyway even if we open the contract?** The District has only proposed language that would change the class size **policies** in those areas, and no action has been taken yet on these policies. If teacher jobs are saved through salary reductions, then class sizes will stay lower. Most of our courses have class size policies that are much higher than our actual class size averages.

6. **If we agree to salary concessions now, those will impact our lifetime earnings.** If the District doesn't find a way to balance its budget in order to have money to spend on future raises, that may do more to impact lifetime earnings in the long run than whatever happens in the next two years. The Board's intent is to do everything possible to balance the budget without going to a referendum, but in the event that one becomes necessary, the public will be watching very closely to see what happens now. We firmly believe that public support will be much easier to gain if we all make sacrifices. The overwhelming feedback that we have gotten from our communities is that times are tough, people are losing their jobs and homes, and that coming to the taxpayers to make sacrifices to help balance our budget is not something we should be doing, particularly if we haven't all been willing to sacrifice first. That may seem a simplistic explanation to some, but it is the reality and perception among our community members.

7. **What are the real numbers in terms of saving jobs? What money is the Board asking for and how will it translate into guaranteed job savings?**
The administrative team asked the board to set a single specific number of teacher cuts (75) instead of a range, precisely so that all of us could clearly comprehend the math involved with teacher reductions. Step and cost-of-living increases due in the 2011 and 2012 contract total 11.5%. The cost of step is 2.4 % for each of those years (4.8 % total), and the cost-of-living raises is 3.2 % for 2011 and 3.5 % for 2012. Every one percent savings = approximately 8.5 jobs saved for both years. Any agreement made regarding the 11.5 % will be specifically translated into keeping teachers' jobs. We have provided (at the MTA's request) a sample agreement document that the IEA is reviewing which provides language for how an agreement could be structured, subject to MTA approval.

8. **Even if we save jobs for the next two years there is no guarantee that those jobs will be saved in the long term.** Please understand that none of us went into this new year expecting that this process would become our focal point. None of us ever wants to have to take anyone's job. Our hope all along has been to get through 2012 making reductions in every area that we can, while keeping as many teaching staff as we can. At the end of 2012, at least 27 teachers will be retiring, and the longer that we can keep our current staff the better chance that each of them has of staying long term. We can not guarantee that every single teaching job that we save for the next two years will be saved for the long term because there are simply too many unknowns, but our goal will be to save as many of them as possible and use natural attrition to reduce as much as possible in the future. We asked from day one that the MTA partner with us in the best long-term interest of the District. The District's fiscal health is important to each of us. We can do multiple scenarios about what we might or might not earn over our careers if we give up salary now, but that doesn't take into account the impact of people who lose jobs.

9. **The District has nearly 100 million in cash balance that it has saved for a rainy day and now the rainy day has arrived. Instead of cutting teacher's jobs why not use that money to get us through the difficult financial times? We are using that money right now.** By the end of the 2010 school year, District 207 will have **lost** over 22 million dollars in two years because of deficit spending, and even in the "best case" scenario, we will be spending that cash balance down in the next few years in order to meet expenses. What we must do very quickly is limit the amount that we spend out of that cash balance. There is a "tipping point" financially that we do not want to cross where we become a District that is borrowing money on an annual basis to meet expenses, because once we cross the 50% fund balance threshold, the likelihood of annual borrowing increases because of how Cook County disperses property taxes in six month intervals. Imagine living off of two paychecks a year, each of which was six months apart. That's what the District does, so we need at least 50 % of our operating expense on hand (cash balance) to get us from one property tax draw to the next. Having this cash on hand has saved the District millions of dollars over the years on loan interest that it hasn't had to pay due to borrowing. Once we become a District that starts borrowing to pay expenses, it's very hard to recover, and the landscape of the District will be significantly changed, which has a much greater potential to limit future earnings. Making sacrifices now helps us all avoid that scenario. This is why we are trying to do so much now. Simply spending down the cash balance is irresponsible, and it's bad in the long run for all of us. We start borrowing, the problem grows, and the pain of fixing the problem later will make this look easy.
10. **How can the salary schedule be revised so everyone takes a smaller increase, but nobody gets a total freeze or reduction compared to 2009-10 salaries?** That can be done. We could reduce the value of steps, reduce the cost-of-living increase, or any other scenario with which the MTA is comfortable. Again, the teachers' contract calls for 11.5 % in total salary raises over the next two years. Those dollars can be shaped in many ways in order to save jobs. A one percent savings = approximately 8.5 jobs.
11. **I'm worried about the negative impact a cost of living freeze will have on my future total earnings. Over many years, this will add up to a significant amount of money. Has the future impact on earnings been taken into consideration?** Many things impact people's future earnings and pensions in the future, including, but not limited to, decisions that people make to not save 170 sick days, not to do regular supervisions, not to coach, not to obtain National Teaching Certification, etc. In addition, if the District does not stay fiscally solvent, that has the potential to negatively impact future earnings well beyond what may or may not happen in the next two years.
12. **If the contract is opened and teachers' jobs are saved, will the district return class sizes to their lower levels?** Class sizes will be directly related to the number of jobs saved. The more saved, the lower class sizes will be.

Full Cost Reduction Plan Targets December 7, 2009

	Category	Implications: These items represent points for consideration and do not represent the total number of items or concepts for discussion.	Targets for Cost Savings	% of Budget Reduced
1	Administrative Cuts	Previously Outlined	\$1,100,000	13.83%
2	Non-Certified Staff Cuts incl O/T	Reduction in all non-cert positions	\$2,500,000	17.36%
3	Decrease Out of District Tuition Costs	Keep more students in house or return some who are out	\$1,000,000	10.00%
4	Supplies/Purchase Services	Non Salary Items, energy, products, and printing services, travel etc.	\$2,600,000	21.01%
5	Capital Outlay	Repairs, Furniture, Equipment, etc.	\$1,000,000	38.46%
6	Technology	Reduce Technology Expenditures	\$1,000,000	58.82%
7	Extra Curricular/Stipends Substitutes & Special Programs	Clubs, athletics, trans, intramurals, co-curricular, national comp, Coach Program, recertification stipends, internal university, lead teachers, instructional coaches	\$750,000	12.18%
8	Legal Fees	Reduction in amount of money spent on all legal fees	\$50,000	15.63%
9	Certified Staff	Classroom FTE	\$5,000,000	9.43%
	Total		\$15,000,000	

- The percentages are estimates based on salary where appropriate, as the budget is not delineated in these categories. Fringe benefits were not allocated among the various categories (Admin, Certified and Non-certified).
- Does not include the two million dollar target for increased revenue