

Superintendent's Open Letter March 31, 2009

To the Dundee Community School Community:

At its March 16th meeting, the Board of Education voted on a number of related items. Among those actions was approval of my contract and other actions linked to the district and its budget. I am writing this letter to address Board actions and intent in a public format.

The Board recognized that we have a potential budget shortfall for next year and has directed its administrators to propose the means to reduce the shortfall by approximately \$800,000. The Board modeled fiscal restraint by negotiating my contract at a rate substantially below my predecessor's salary. Additionally, the Board took action to begin the reduction process by reducing the police liaison officer position.

As a school community, we are going to need to address our part in cost controls. As superintendent, I appreciate all efforts in turning off lights and other measures to reduce energy consumption. We all need to guard against waste. Some matters are small savings: direct deposit of our pay checks, we would save time and therefore money in the payroll office. Some are large issues like a delay in the use of air conditioning this spring. Every time we use our fine facilities, there are hidden costs. We will need to look at ways to reduce them.

As we go forward into some difficult decision making, we all need to keep one eye on accomplishments and the other on our finances. Our district is healthy and vibrant. We need to take measures to retain that health. As a district we reflect our community, it is facing hard times, too.

As your superintendent, I am committed to making every effort to preserve and protect programs and to reduce our deficit spending. I know that a great community is an informed community, hence this open letter.

As a school district, we recognize a hard reality as it relates to our budgets. The situation will get worse.

1. Despite the talk of a stimulus package from Washington, our revenue for next year will be static.
2. Even IF the stimulus comes through, most of the money will be restricted.
3. Without any new revenue, we face the following known cost increases:
 - a. If all employees took a zero pay increase, we are still contractually obligated to pay out over \$200,000 in new money, mainly in teacher step increases.
 - b. The costs of utilities are largely unknown and the only control we have is in usage. On a chilly fall morning, the decision to light the boilers has a deep impact. Turning on air conditioning in the spring has the same effect.
 - c. Health insurance costs will increase each year as they have in the past. We have about 140 employees drawing health insurance at a rate of about \$1,400 per month. An increase of 1% adds nearly \$23,500 in total added costs. We might guess that the increase will be only 5% but if it were, we would need to pay an additional \$117,500

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Bruce Nelson
Superintendent

4. Each year, we face new maintenance items. Each one costs money.
5. Even though we have a reserve fund, we will have borrowed it all to cover operational costs by the end of August. In addition, we will need to borrow from commercial sources.
6. Over the last several years, our student population has been declining; we have lost approximately 100 students over the past four years. Many families are moving out of state which means that our revenue declines as well. We are projecting 36 students less for next year at \$7,316 each. The revenue decline will be about \$263,000.
7. While we have lost students, we have not lost them at any one grade. Nevertheless, bus routes remain about the same, the buildings still need to be cleaned, the snow cleared, the grass cut. Because all 100+ students have been spread across the district, it has been difficult to reduce teachers.

I am writing this open letter as a means to set a back drop. We **must** make expenditure reductions. Those reductions **will** have an impact on students and programs. As we make the necessary decisions, there will be groups calling for the reductions to be aborted. That leaves the questions: If not this area, which area? If not now, when? We are facing difficulties that every other district in Michigan is facing.

I hope that this letter serves the purpose of information and not alarm. We are not bankrupt; but we will have to borrow money commercially next year. We are at the point where we face some hard decisions. In spite of all this gloom, we are still doing great things with and for our students. Our doom is not just around the corner. Our student success reflects the dedicated work of staff members. We experience success academically, in extracurricular areas, and athletic areas. As a community, we are proud of our schools and want the best for our students. We have reason to be proud but that pride will also cause pain as we address the need to spend less. Your thoughtful support is needed as the district addresses the current economic situation facing our state and nation.