

# *news alert*

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Michigan School Business Officials recent survey reveals districts will still cut despite proposed increase in foundation allowance

**(Lansing, MI – June 1, 2005)** From Monroe to Marquette school districts are using cost-cutting strategies to avoid deficits, balance their budgets, while providing quality education programs for the children they serve.

A May 2005 survey conducted by the Michigan School Business Officials (MSBO) found that districts are involved in many efforts to reduce costs and keep cuts away from students. Districts are collaborating with other districts, modifying their health insurance plans, and transferring more costs to parents all in an effort to reduce costs.

“Lansing doesn’t seem to believe that schools are doing enough to address the state’s budget crisis after three years of no funding increases. This survey shows for the third year in a row schools are cutting back,” says Tom White, Executive Director of MSBO. “They’ve worked with employees to reduce costs, collaborated with other districts for more efficiency and reduced spending in a variety of areas. School districts have moved past the fat and are down to the bone. Now by necessity they are beginning to institute changes that have a direct impact on teaching and learning.”

For the 2004-05 school year at least 2,000 education positions were eliminated. For the 2005-05 school year, districts are anticipating that even with Gov. Jennifer Granholm’s projected \$175 increase to the foundation allowance they will still may have to do the following:

- 51% of districts said they would still have to lay off employees
- 81% of districts said they will reduce staff through attrition
- 63% of districts said their classroom sizes will increase
- 65% of districts said they would reduce spending on supplies and services
- 79% of districts said they would have to spend and reduce their fund balance

The survey also found that parents are now covering costs that used to be covered by the district. In an effort to maintain programs for students, 42 percent of the districts have shifted costs to parents, by initiating pay-to-play athletics, increasing field trip expenses, cutting back on basic transportation. Forty-six percent of these districts have initiated pay-to-play with a majority (51 percent) of them charging between \$50 and \$100 per player.

Collaborative efforts are another cost savings measure districts are involved in. Seventy-eight percent of the districts surveyed are involved in some sort of cost savings collaborative, including group purchasing, shared business services, and shared employees.

Districts have also tried to save money by modifying their health insurance plans. Eighty-four percents of districts have modified their plans. Several different strategies have been used,

- 73% increased their co-pays or deductibles
- 70% shifted to a lower cost plan
- 42% instituted or negotiated premium sharing with employee

“School funding in Michigan has significant problems that are growing and expanding across the state,” says White, “We believe good public policy dictates that we begin addressing these issues in a constructive way. We hope the legislature gets engaged to address our school’s funding needs before it becomes a full-blown statewide crisis.”

MSBO is a statewide association representing the interests of over 1,800 school business officials.

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