

Is It Possible to Have a Good School District With Less Money?

Presented at Florence, WI by Steve Loehrke
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Good evening. My name is Steve Loehrke. I'm from Weyauwega, a rural community located in central Wisconsin about 180 miles south-southwest of here. My family lives in a log house on a hobby farm at the end of a dead end road that is mostly native prairie, trees, wetlands, and prime hunting land. I have been happily married for over 30 years. My wife works as a bank teller. We have a son in high school and another son at UW-Madison. Both have summer jobs. I own a small realty and appraisal company. I am co-owner of an antique tractor pulling business that helps non-profit organizations earn money. I drive an old two cylinder John Deere G at tractor pulls. Last Saturday I ran our eliminator at a truck and tractor pull for the Wisconsin Upper Michigan Truck Pullers Association (WUMPA) in Pound. Next Thursday we will be in Wausaukee for a tractor pull. Some friends and I have gone deer hunting outside of Crystal Falls for many years. This seems like is a nice area to live.

Even though I was probably invited here because I have been President of the Weyauwega-Fremont School Board for the last four years, please note that I am not here as a representative of the school board or the school district and I do not speak for the board or the district today. By law, school board members have no power outside official board meetings.

Any statistics I may quote were researched by me personally and any opinions I may express are my personal beliefs based on my personal experience. I am not running for anything and I was not paid to be here. I just want to help preserve the future for our children.

Right after I got on the board – when the teachers were still talking to me – I was invited to say a few words at the 8th grade graduation. I told the 8th graders a little about what to expect in high school classes. For example, one day while I was doing a walk-about in our high school, I walked past the door of the biology classroom. The biology teacher was just starting out his lesson, so I stood in the doorway to listen and watch. The teacher was saying “Today’s class is on Observation.” The teacher had a glass bottle in his hand. He said that on his way into school that morning, he had stopped at the dairy farm closest to our school. He had gathered some fresh cow urine. He held the glass bottle up to the light and said everyone should see the yellowish color. He unscrewed the top and sniffed inside the bottle which made his face scrunch up. He dipped his finger inside the glass bottle into the liquid and said “Observation involves using as many of the five senses as possible.” He then licked his finger. The class was shocked. Then the teacher said that for today’s assignment everyone must do the same thing that he did. He

handed the glass bottle with the fresh cow urine to the girl in the first row. Now, you know how top students often sit in the front of the classroom and will do anything for an “A”. So the girl reluctantly took the bottle, dipped her finger inside, pulled it out, and licked it. You should have seen the expression on her face. The rest of the class was laughing. Then the teacher said “pass the bottle to the person sitting next to you.” The class immediately quit laughing and turned serious. The second student dipped his finger in the glass bottle, pulled it out, and licked it. He passed it on the next student who did likewise. Eventually everyone had tasted the fresh cow urine. The boy in the back of the room brought the glass bottle back to the teacher in the front of the room. The biology teacher then said “Today’s class was on Observation. If you had been really Observant, you would have noticed that I stuck my longest finger into the bottle but I actually licked my ring finger. I hope to teach you to be better Observers.”

Let’s begin. I am not a professional speaker and don’t want to be one. I will never be mistaken for one. I’m just an average person with a wife and two kids. I’m so nervous I may forget what I want to say. However, I do like to read, so to prevent my adlibbing the wrong thing and to help prevent being misquoted, I will read my main message. Nobody told me what to say tonight so I have free range to talk about whatever I want. I looked through some of my old President’s Reports, condensed them, and sorted them into eight main categories that I hope will have sections that will interest each of you.

1. First I will tell you a little about myself so you can determine if I have the credentials to be worth listening to.
2. Secondly, I will give you my original list of school board goals and priorities that I created when I got on our school board so you can compare them to your goals for your school district.
3. Thirdly, I will list the problems we had at our school district and see if they are similar to your school district.
4. Next will be a list of what we did to balance our budget and keep it that way. Some of these things may apply to your school district.
5. I will add some other things we did to show how we are doing with less money. You can see how the education of our students was affected.
6. Part six I call “life as a board member”. Do you think you could you do a better job than a current board member?
7. Things board members need to know and other concerned people should know. You need to understand these things to understand school problems.

8. Finally, how does this relate to the Florence School District? How would I resolve the financial problems at Florence? Or any school district in the state?

It's up to you to determine if my solutions are worth the price of admission. Please hold all your questions and comments until the end. I will stay and answer them until they kick me out of here.

My late father always told me to keep my nose out of other people's business. When my mother found out I was running for the school board, she politely asked me to withdraw. My small business depends on local people for clients and my employees met with me to ask me not to run. My wife begged me to reconsider. She was worried that I might say the wrong thing. My children in school did not want me to be on the school board because they were worried about repercussions from teachers and other students. However, I was encouraged to get on the school board by some school board members, parents, and teachers. I naively thought that I could just attend a monthly board meeting, vote aye or nay on a few motions, and go home until the next meeting. I also felt that everyone in the community should take their turn on the local school board someday. You can't criticize what the board is doing unless you have taken your turn.

Tonight I can offer you a summary of more than four years of school board knowledge and experience in the next hour. First of all, I was not paid to be here. I was simply invited and here I am. Some may not like my message, but I'm going to give it anyway. I was asked to state what I thought, so these are my thoughts and observations.

Attendance. In order to make sure that I address the mix of people in attendance tonight, I must ask - How many teachers do we have here tonight? How many administrators? Board members? Parents? Students? Taxpayers? Thank you.

Why was an average person like me made President of a school board? I won an uncontested election because no one wanted the job of school board member. At my first official board meeting, I asked the school board President, who had held the job for more than 12 years, where I should sit. I didn't have a nameplate like the rest. The President told me to sit way down on the end. When the meeting started, I was sworn in with one other new school board member. The first item of business was the election of officers for the year. Surprisingly, I was nominated as President and it was immediately seconded. Then the current President was nominated and seconded. When the written votes were counted, I won. The ex-President had to pick up his papers and walk way down to my end and ask me to trade with him. I was elected President within the first five minutes of my first official school board meeting and now I had to move to the center to sit in the President's chair. I was glad that I remembered Robert's Rules of Order. I had not been indoctrinated into the old ways of the school board. I had an opportunity for a fresh start.

I have met many other school board members at meetings throughout the state. School board members initially come in two basic flavors:

Flavor One: **Teacher advocates** who feel that teachers are overworked and underpaid.

Flavor Two: **Taxpayer advocates** who feel that taxes are too high and they won't vote for any more taxes for schools.

When blended properly, they make an effective and interesting combination. When too much of either flavor is present, the result can be devastating. Theoretically, there is another flavor – plain vanilla. These board members come to their first meeting with no agenda – no axe to grind – no preconceived ideas. I have never met a plain vanilla board member. They don't ever run for the school board.

The good news is that most board members, whether initially teacher advocates or taxpayer advocates, eventually learn to become **student advocates**. They learn to make decisions based on *“What is best for the education of our children?”* I hope I am always remembered as a student advocate.

Before my first board meeting, before I learned the full extent of our district's financial problems, before I talked to any administrators, before I talked to any current students, and before I was indoctrinated into the ways of school board members, I sat down on my computer and made a list of my school board goals. These goals have never changed. I still refer to my list whenever we get sidetracked at board meetings. Word for word, these are my original goals:

Goals and Priorities

1. **Keep our school in our community.** Make the school a focal point in our community. Create opportunities for community involvement in our school. Maintain and increase school pride.

2. **Balance the budget.** Keep looking for costs savings that do not negatively affect the education of our students. Continue plans to balance the budget after the referendum money ends.

3. **Provide the best education possible** within the budget. Educate the most students possible for the dollars allocated by the revenue cap.

4. **Improve test scores.** Results must improve in every area tested. Hold the administration and teachers accountable for the test scores. Find ways to obtain test scores that make our students, parents, teachers, administrators, and members of our community proud.

5. **Improve teachers.** Reward the good teachers. Retrain, eliminate, or replace any ineffective teachers. Increase morale. Require accountability.

6. **Improve administration.** Reward the good administrators. Retrain, eliminate, or replace any ineffective administrators. Review and recommend updates to school procedures. Require accountability.

7. **Improve the school board.** Seek responsible board members. Hold the school board accountable for reaching the goals of the board.

8. **Work with the parents of home-schooled and parochial school students** to see if our school can find ways to help the students achieve a well-rounded education.

9. **Listen & Learn.** Listen to the concerned members of our community, students, parents, teachers, administrators, and staff. Implement the constructive suggestions of the Steering Committee and Action Teams for Long Range Planning that relate to board goals.

10. **Pay attention to details.** Review and update board policies and school procedures. Update union contracts. Require a day's work for a day's pay. Monitor expenses. Protect the assets of the school district.

Problems at our School District

Just before my second monthly board meeting four years ago, the *Appleton Post-Crescent* published yet another editorial calling our school district “**financially troubled**”. This had been a common theme in recent news articles. The newspaper was dead accurate. Our school district had major problems.

Your Board President, Dan Brereton, spent five hours in my office talking to me Tuesday. He provided me with some of the financial problems of the School District of Florence County. It was interesting to compare ideas and opinions.

Let me list a few of the problems we had at Weyauwega-Fremont:

Expenses exceeded revenues.

The next year's budget was projected to be a deficit budget. Again.

The school's reserve account was bleeding dry.

High property tax rate for our region.

Projected declining enrollment.

Poor employee moral.

High administrative staff turnover.

Threats of closing down one of our schools.

A long range planning committee that couldn't agree on any financial solutions.

High short term borrowing costs to meet annual cash flow needs.

Deferred building maintenance.

Unpaid construction loans.

Unpaid WRS prior service loan.

No one with the expertise to cull the deadwood.

Employees paid for seniority, not paid for performance.

Employees received average wages, but way above average benefits.

Employees received the highest post retirement benefits in our conference.

Employees expected their pay and benefits to automatically get better with each two year master contract.

No money was saved for the promised future retirement benefits.

Below average test scores.

Lazy, lackadaisical, and complacent board members.

Some board members came and left like a revolving door.

Our district's Head Negotiator was married to a member of one of the school's unions while negotiating the contract with the union.

A previous District Administrator was paid for two years after being left go.

Our school district had tried three times to get a referendum passed. On the third try, the organizers said voters absolutely must pass the \$450,000 referendum just to keep our school in our community. The two largest adjacent school districts had each built a new high school and were expecting to divide the spoils of our school district. As a multiple generation graduate of our school district who returned to his roots after college, I knew that without a centrally located school system in our neighborhood, we would cease to have our own identity. The school system should be the focal point of a thriving community. So for the sake of my own children, the children of my 42 first cousins, and all of the other children in our area, I was determined to fix the problem.

I firmly believe that without someone like me, the Weyauwega-Fremont School District would no longer exist.

What We Did to Balance our Budget and Keep It That Way

Now I will give you a list of a few of the many things we did to balance our budget and keep it balanced. I will stay here later and expand on any item on this list. This list is not complete. I have forgotten some of the individual skirmishes and battles we fought as we moved forward. Each year we have to continue to tighten the screws a little more. Even though the item might be only one short line on my list, it may have taken a half a year and a dozen meetings to accomplish the item. If you have any questions, please write them down and ask me after I am finished.

First, I compared our administrative overhead with comparable districts. Arbitrators for the Wisconsin Employment Relations Council (WERC) have determined that we should use the other school districts in our athletic conference when comparing school districts. I also researched the other contiguous school districts because near our common borders we have students that open enroll back and forth and employees that live in one district and commute to the adjacent district to work for the other district.

Our administrative overhead was one of the highest among our comparables and among all schools in our county. To gain credibility with our employees and taxpayers, we first had to reduce our administrative overhead. We wrote new job descriptions, combined jobs, accepted early retirements from administrators, terminated an administrator for cause, and froze administrator's wages.

When examining our budget, it didn't take long to determine that about 80 percent of our budget was tied up in union contracts. So another one of the first things I did was appoint myself to be on the Negotiations Committee. I also appointed myself Chairperson of the Negotiations Team. We started over by writing new proposals for each union. I became a hated man.

Then, in random order, these are a few of the things we did to keep our budget balanced:

I researched all comparable school districts. I read the master union contract of every comparable district.

I published articles in local newspaper – topics included pay scales and comparisons to other school districts, benefits, total package, contract language – details of union contract terms such as hours, pay per hour, extra pay, days off, retirement, and benefits – comparison and status of negotiations, union demands, district proposal. It was important to thoroughly research all facts and figures. The union members tried to discredit me in letters to the editor until they found out I was always accurate. Then they could only attack me based on their emotions, not facts.

Prepared, read, and provided to the local newspaper a President's Report at each board meeting. This contained interesting information that wouldn't normally come out based on the meeting agenda items. An example would be a summary of a detailed study of health insurance premiums comparing our district to other comparable districts.

I formally thanked the editor of our local weekly newspaper for previous fair and impartial coverage. This worked. I was never significantly misquoted again.

We promoted our Business Manager to be District Administrator until DPI told us we couldn't. However, they told us we weren't required to have an official District Administrator, so we just went without one. Our district was actually run by a three headed monster of a Business Manager, a high school Principal, and a grade school Principal. The school board signed any papers required by DPI. We saved over \$100,000 per year.

What else did we do?

We changed budget procedures.

We increased registration fees.

We switched auditing firms. We needed more accurate accounting and recommendations for improving our internal controls.

We only purchased one new bus per year (we had been budgeting for two each year).

We combined bus routes.

Unhooked Administrators' contract ties from Teacher's Union contract. The administrators no longer automatically get every benefit negotiated by the Teacher's Union.

Asked for offsetting savings from another budget account whenever an unbudgeted request came in.

Combined jobs. For example, our Director of Pupil Services is also our Curriculum Coordinator.

Reduced some staff.

Eliminated positions through attrition. For example, the middle school librarian retired and was replaced by an aide under the supervision of the high school librarian.

Eliminated unfunded Police Liaison Officer. This was one of those things that started with 75 percent government funding, then reduced to 50 percent, then 25 percent, then nothing. We felt we should get out of the police business. Now we dial 9-1-1 when we need help like everyone else.

Paid a stipend for an overload to one teacher to avoid hiring another teacher with specialized skills.

Updated all job descriptions.

Gave raises to key employees.

Paid for professional development of some key employees.

Employees received wages near the top of our comparables. Cost of benefits was reduced.

Trained backup employees for critical employees, like the person in charge of the payroll.

Job sharing with adjacent school districts. Example – school nurse.

Sought volunteers for non-instructional work that formerly required paid employees.

Prepaid Wisconsin Retirement System (WRS) prior service 8% loan. The amount was about \$720,000. We did this from operating cash without taking out another loan. The problem is that, under current accounting rules, when you pay off a loan it looks like you spent more money per student than surrounding school districts. So what. We paid it off anyway.

Our district had a previously approved \$450,000 referendum to pay expenses. When it expired after three years, it was not renewed or extended. Each year of the three years, we put more back into the Reserve Fund than \$450,000.

Purchased used van for employees. Helped eliminate many employee mileage reimbursements for short trips. Also used to take small groups of students to things like state competitions that used to require a bus and driver with a CDL license.

Shifted expenses to lunch program (clerical, computer).

Reduced our promises in IEP's.

Used retirees from other schools for some professional jobs as consultants (part time, no benefits. Examples: Curriculum Director, Director of Pupil Services).

Raised student registration fees.

Charged to use student parking lot (a privilege, not a right, application form includes permission to search vehicle at any time).

Turned off lights when leaving classroom.

Reduced lighting in hallways after school hours.

Stopped paying for snow days for hourly workers that didn't come in to work, such as support staff, bus drivers, lunch workers, and teacher aides.

Scheduled some teachers to come in early to supervise school areas and some teachers to stay late.

Ordered an actuarial study of Other Post Employment Benefits (OPEB). Preplanning has been done to determine how best to set aside current funds for these future benefits.

Reduced legal fees – use Wisconsin Association of School Boards (WASB) attorneys whenever possible.

Reduced our unfunded liabilities.

Reduced our Other Post Employment Benefits.

Reviewed and updated all board policies.

Reviewed, updated, and corrected language in Teacher's Union and Support Staff Union master contracts.

Eliminated Long Range Planning Committee because it was ineffective to say the least. The committee members worked too slowly. We needed answers now. Not next year. This committee didn't work. It never came up with anything constructive and timely to help balance the budget. Its only accomplishment was to take two long nights of meetings with about 25 people at each meeting to develop a Vision and a Mission Statement.

Identified and removed many "slush" items from the budget.

Prepaid most school construction loans. Refinanced final remaining loan at under 2%.

Eliminated short term borrowing.

Reviewed expense accounts.

Created an insurance committee. Did you know that Wisconsin is the only state in which the teacher's union owns the insurance company that covers most of the teachers? The WEA Insurance Trust is hardwired into the language of most school's teacher's union master contract as the only allowable insurance company. If the insurance company knows there can be no shopping for competitive rates, do you think they voluntarily hold the line on insurance premium rates? Why do you think they raised our insurance rates by over 25% one year and another 33% the next year? This is why we creating an insurance committee. Just creating the committee and asking for our experience rating from WEA Insurance Trust caused our premiums to rise less than comparable school districts. I could talk a lot more about insurance if necessary.

Increased the deductible and co-pay with a different insurance plan.

Co-sponsored some projects with the Booster Club. For example, new Press Box, bathrooms, concession stand, and bleachers for the football field. Storage shelter for outside athletic equipment. Scorer's table and player's chairs for the main gym.

Band. Required the music department to charge students for renting school's equipment.

Increased our use of KSCADE. By sending courses like Vet Science to multiple other schools, we were able to obtain courses we can't teach like French.

Lots of little things. Example: Replaced 2 ticket sellers and 2 ticket takers with one person at sporting events.

Negotiated a direct deposit system for all employees. Previously one union was paid semi monthly and one union was paid bi-weekly. Bus drivers were paid a salary converted to two 2 hours periods per day even though none of the morning or afternoon bus routes took two hours to complete plus they were paid overtime for extracurricular trips. We finally got everyone on the same ETF system to save bookkeeping costs. You wouldn't believe how hard it was to negotiate this with the unions.

Short term borrowing was eliminated. School's revenue comes in bursts, but school's district's expenses continue year round. Many school district's have to borrow to meet their cash flow needs. Our increasing fund balance allowed us to operate with our own cash. We saved the interest.

Our only outstanding loan, which was for the construction of our new middle school about 10 years ago, was reduced to \$2,775,000. This loan was refinanced at an annual interest rate of less than 2 percent because of our improved financial ratings.

We could have done more, but this list of cuts was sufficient to meet our needs.

So what does this all mean? We have balanced our budget every year since I was on the board. It hadn't been balanced in years. As of June 30, 2004, our fund balance (sometimes called Reserve Account) was \$3,042,726. The only reason we don't pay off our only remaining loan is because it has a prepayment penalty. **We are effectively a debt free school district.** I don't know of another one in our area.

Our mill rate was reduced from the highest in our area to the lowest. Four years ago the mill rate was \$12.02 which was 43 percent higher than the current rate of \$8.38. In the last four years, the equalized valuation of the taxable properties in our school district have gone up 31 percent from \$356,005,948 to \$466,437,380 while the actual amount of local property taxes collected for our school district went down 9 percent from \$4,279,429 to \$3,906,178.

How Are We Doing With Less Money?

Didn't the emphasis on the budget negatively affect the school? No. Here are some other things we have done.

Raised the wages of our teachers, administrators, and every employee in the district.

Hired a combination District Administrator and Business Manager with a PhD, school experience, and real business world experience. My job got considerably easier.

Emphasized standardized tests. We actually increased student test scores.

The high school was changed from a seven period day to an eight period day to offer more class opportunities with our limited staff. This was done without increasing our payroll.

Increased high school graduation requirements. The eight period day was designed to require more classes, not an extra study hall. Our district now requires 25 credits to graduate from high school.

All high school courses were kept except for Driver's Ed, which was available locally. Less than half of the eligible students had been taking Driver's Ed in our school anyway.

Some new courses were created in the high school. We are providing more educational opportunities for all students.

Class sizes remain small. The SAGE program remains in effect with the number of students at 15 or less in all early grades.

We now require 15 minutes of reading for everyone each day at a set time. This has already helped our reading scores and should eventually help all standardized test scores.

Curriculum and text books have been upgraded on a rotating schedule. This is an ongoing process.

Purchased about \$60,000 of specialized curriculum and software to help high school students to read better.

We still have a state and national award winning FFA program thanks to our excellent teachers in this area.

A school district web site was created and maintained. This is being expanded.

Created new Student/Parent handbooks.

Moved preliminary student registration to earlier in the year so we had more time to plan classes and teacher workload for the next year.

New band equipment was purchased. The band students still get to go to national competition in Florida every four years.

Created a new policy to encourage senior class trips to an educational destination.

The outdoor running track was resurfaced and repainted.

New athletic equipment was purchased.

Our students are still conference champs in various sports.

No reductions or cutbacks of any athletic programs were implemented. All athletic and extra-curricular opportunities were maintained. This is an important point. We have to provide an education for everyone. Some students have special needs, some students are average, and some students are academically gifted. Some students need sports and some need extra-curricular activities to give them the motivation to achieve more in the classroom to remain academically eligible. Some boards tell taxpayers to give them more money or they will have to shut down the football program. We've proven that statement to be false.

The number of half days of school was reduced because they were not effective use of student's time and they were not cost effective for the district. Turning the heat and lights on and running the busses for a half day of school was a waste of tax dollars. The seven half days provided only 3 ½ days of education for our students, but counted as 14 days of work for the teachers because they stayed into the afternoon and it was counted as another work day. Students now receive the legal number of hours of education as required by DPI.

The school district's facilities and equipment have been maintained.

Replaced the whiteboards in 23 elementary classrooms. Replaced carpeting in the elementary library.

The length of closed sessions was greatly reduced. Many items that were previously discussed in closed sessions were moved to open sessions. However, due to state laws concerning items such as evaluation and discipline of employees, closed sessions cannot be completely eliminated.

Meetings are now held earlier so the attendees have an opportunity to get home before their children need to be tucked into bed. Meetings that last until midnight or later are no longer common.

Hearings were held to determine whether there were grounds for terminations or non-renewal of a few professional employees.

Hearings were held to determine whether there were grounds for expulsion of a few students.

Created a new board policy – no discussion of politics, union negotiations, or board matters in classrooms unless part of pre-approved class curriculum.

New board policy – teachers are to be accountable to students and parents for standardized Advanced Placement (AP) test scores. Student results compared to state and national averages are to be a factor in teacher's annual evaluation.

New board policy – limit of 30 minutes maximum for public input at board meetings – combine similar views – no need to have similar comments repeated many times – five minutes per speaker. By the time we implemented this policy, our budget was balanced and we never had to use this policy. Most of the public quit coming to board meetings once they could see we were doing our job.

Updated board policies – dress code, field trips, Internet use, student discipline, employee discipline, use of fund balance, etc.

Just this Summer, our administration created a new personnel evaluation system that met board approval. Slipshod evaluations had previously prevented our board from culling some of the deadwood. Our union contract now allows video taped classroom evaluations.

Converted the high school auditorium to a multiple use tiered classroom / study hall / meeting room while still being able to use it as an auditorium. This made better use of existing space and allowed us to stop another building program.

Computerized the lunch program. Now students slide by with their tray of food and state their 4 digit ID to the lunch worker. The computer brings up their name with a picture. The lunch worker checks the student's balance in their lunch account and using a bar code reader enters either the normal hot lunch or any ala carte items. The student hardly stops. Money is not handled in the lunch room. Students don't lose their tickets. Parents can log on at home and see their child's lunch account balance and exactly what items were bought each day. Our school's personnel needs were reduced.

Technology upgrade. **This year we authorized over \$500,000 to be used from our growing fund balance to replace our whole computer network.** We actually threw out everything we had accumulated over the years since the Apple II and started over. We ran Category 6 cables to almost 1000 nodes in our schools. Every teacher and almost every staff member received a new computer. We can play audio and video in any classroom. We have ceiling mounted computer projectors that play on screens in front of many classrooms. Our Internet and intranet security systems are state of the art. We can obtain every key stroke and mouse click done previously on any computer.

Did less money help our school? Yes. Having less money forced our district to get healthy. When we started at the top by cutting administrative overhead, we eventually got more people on board and they pitched in to help balance the budget. The first Support Staff Union contract I was involved in went took many late night meetings and finally went to mediation and arbitration where the union actually received less money than we had offered. The first Teacher's Union contract I was involved in wasn't settled until after 19 hard fought meetings and a vote to implement the QEO. Once people knew we were determined to keep a balanced budget, the attitude changed. Just last night we reached tentative agreement on our next two year contract with our Support Staff Union after only four meetings. The Teacher's Union contract for the next two years was settled a while ago before the expiration of their last contract in only five meetings.

It has taken four years and 100 percent turnover in administration plus a big turnover in Teacher's Union Negotiation Team, but the employees of our district finally realize that we are serious about a balanced budget. We can't just tax and spend. They know they need to justify any increases in spending by showing us how it will directly help the education of our students.

Currently, our auditor's preliminary projections are for about \$440,000 to be added to our fund balance as of the end of our last fiscal year, June 30, 2005. Once a school district makes a commitment to balance their budget, it becomes easier each year. Combined with our \$500,000 technology upgrade which came from our previous fund balance, **our total fund balance is projected to be about \$3,000,000.**

Life as a Board Member

Could you do a better job than a current board member? People often ask me what it takes to be a board member. My reply is that a board member needs to have a lot of common sense. A background in accounting and business would be nice and a lot of connections inside the school really help. Strong roots in the district and your own children in school give you credibility so that you are not making decisions that you will not have to live with in the future. The last thing is time. A one meeting a month board member may as well stay home. **A good board member needs to become a student advocate.**

How tough do you have to be to be a board member? Did you ever make your District Administrator cry during a Closed Session? If not, you are probably not tough enough.

A board member, just like most people, wants everyone to like them. No one becomes a board member expecting to make enemies. Once I became the head negotiator for the district in negotiations with the teacher's union, my life changed. Now when I attend an athletic event, teachers will ignore me and walk right by without saying hi. When I push a shopping cart down the aisle in the local grocery store and if a teacher is approaching me they will turn around and go into the next aisle to avoid me. The good part is that non-teachers, for example other shoppers that are parents or taxpayers, will go out of their way to stop me in the aisle to talk to me about our school. They always say what a great job the school board is doing. They seem to always talk loud enough so the teacher in the next aisle can hear them. These words of praise and thanks are enough to keep us board members on task.

A board member must understand the differences between needs and wants. Schools have enough money for all their **needs**. There is not enough money printed in the U.S. to handle everyone's **wants**. When people no longer come to the board meetings to ask to have their needs and wants filled, their basic needs have been satisfied and apparently their wants aren't important enough to make a good case to the board for more money.

How do you know if your school board is successful? When no one shows up to your regular board meetings. When everyone is content with the status quo. When no one appears with his hand out asking for money. When no one stands up at a meeting and asks a question you cannot answer. When the public at the annual school budget hearing makes a motion to give the board members a salary raise and it passes unanimously.

The *Appleton Post-Crescent* had a reporter that previously attended most board meetings. Her articles always called our school district "the financially troubled Weyauwega-Fremont School District". However, once we balanced our budget, we were no longer

newsworthy and they never ran even one article saying we balanced our budget. In fact, the newspaper never even sends a reporter to attend our meetings anymore.

I'm not a good committee member. **I have no patience with people making random comments without a basis in facts. I also have little patience for meetings that accomplish nothing.** For example, I appointed some board members to an Insurance Committee. When no results were forthcoming after a few meetings, I removed them. No one said I could remove committee members, but since a Board President can appoint board members, I figured I could un-appoint them. When I appointed different board members to the Insurance Committee, they finally realized I was serious about insurance reform.

Why would anyone want to be on a school board? It is a fact that the extraordinary amount of time necessary to research and do a thorough job on the board may negatively affect a member's family, business, income, health, and number of enemies. It did mine. I know that I voluntarily put in more than 1000 hours in my first year. As a board member, if you really care, it gets in your blood and you want to fix all the problems before getting off the board. **You want to be part of the solution, not part of the problem.**

Things Board Members Need to Know

and other concerned people should know

QEO. This is a discussion item that could take a whole meeting. If you have any questions on the Qualified Economic Offer, please ask me later.

Arbitration. This is what happens when an employee or union doesn't like a decision made by a board. It pertains to employee discipline and also to unsettled union contracts. Ask me later why arbitration doesn't work.

Revenue Cap. This is why school districts must learn to live with the money available.

Unfunded liabilities. Promises were made by previous school boards for future benefits without setting aside any money to pay for them. They expected that the old practice of raising taxes to meet any future needs would continue. Now we are left to fund these benefits that go to people no longer employed by the district. This is the downfall of professional football teams that have to abide by a revenue cap even if the player is not active on the team. Per our recent actuarial study, our accrued liability for district-provided post employment health care benefits as of 9/01/04 is \$3,002,606. It would take a 30 year amortization of \$161,177 to eliminate the accrued unfunded liability. On top of this, it will take an annual required contribution of another \$257,496 each year to continue the benefits. None of this money was set aside previously.

OPEB - Other Post Employment Benefits. Previous boards made many mistakes that probably seemed right at the time. For example – early retirement benefits. Years ago, it probably seemed like a no-brainer to replace teachers at the upper end of the pay scale with new teachers at the lower end of the scale by offering health insurance benefits in order to get older teachers to retire early. But now with the tremendous increase in premiums, it was a mistake. I'm sure that we're making some mistakes now that won't be apparent until some day in the future.

WRS Prior Service Loan. Years ago, when districts granted their teachers and administrators a pension with the Wisconsin Retirement System, the WRS gave each district a loan for the unpaid prior service. This loan is at eight percent and severely affects annual cash flow.

Enrollment. Expanding enrollment and the corresponding increase in revenue hides the sins of school districts. Declining enrollment exposes the sins. Why do we have declining enrollment? Mostly due to demographics. My grandfather had 9 children, my father had 5 children, and I have 2 children. Every house in our neighborhood is occupied, but the number of school aged children is down. A school district needs some

growth in the number of households in order to keep the enrollment stable. It takes substantial growth to have an increase in enrollment.

Teacher's wage schedule. Who feels that teachers are overworked and underpaid? Did you know that teachers get up to three raises in a year? (*Describe a typical Step and Lane wage schedule.*) A teacher with less than 14 years of seniority automatically get a step increase vertically each year. That's one raise. A teacher that earns enough extra credits moves horizontally to another lane. That's the second raise. Finally, a teacher gets a negotiated raise through the master union contract. That's the third raise. This is the only one they talk about. They don't like people to know that some teachers received two or three raises a year. When they tell people how much of a wage increase they received, they never mention the annual step increase or any lane increase.

How much do teacher's make? For 2005-2006, most of our teachers will make \$49,470 per year. Their social security, health insurance, dental insurance, and life insurance benefits cost the district \$20,072 per year. The Wisconsin Retirement System (WRS) rate is 10.2 percent of the teacher's wages through December and raises to 10.4 percent starting in January, 2006 which adds another \$5,095 to our district's cost per teacher. Teachers work a contracted workday of 7.5 hours Monday through Thursday and 7 hours on Friday for 188 days a year which totals 1392 contracted hours per year. With total wages and benefits of \$74,638, the teacher actually makes \$53.62 per hour. Other post employment benefits (OPEB) add greatly to the cost to the district. Teachers also receive extra pay for jobs like coaching, curriculum work, forensics, chaperoning, year book, music director, ticket taking, crowd control, and scorekeeper. Teachers are not contracted to work second or third shift, weekends, or holidays. What other job gives employees three months off in the summertime with year round benefits?

Yesterday I made some rough calculations for Florence. Your wage schedule shows that B+36 Step 18 is \$42,059. Social security and insurance benefits are estimated at \$20,000. WRS is another \$4,206 for a total cost to your district of about \$66,265. If I assume the same number of contracted work hours as our school district, then the total wages and benefits are about \$47.60 per hour. Other post employment benefits are not included and also add greatly to the cost to your district. Teachers with Master's Degrees make more. Beginning teachers make significantly less.

Just Cause and Due Process. These terms control how school boards can non-renew or discipline an employee. You must know these before trying to cull the deadwood.

Extra money spent does not directly factor into a quality education. I went to a one room country school with a boy's and a girl's outhouse. Our one teacher taught all eight grades each day. There was no Kindergarten. Each year we had a new teacher, probably because the pay was so low. Was this a good education? Ultimately I graduated 1st in my class from Milwaukee School of Engineering. I know all of my classmates from my last

few years in the one room country school and they all lead successful lives. Many graduated from college.

We would all like more money, but more money doesn't automatically create better education. If we doubled the wages and benefits of all of our school staff, we wouldn't get anything for our money. The same teachers would be teaching the same curriculum to the same students. If you want an example of how to get the most education for the least dollars, look to the parochial schools in our area. Their teachers are truly overworked and underpaid, but they seem to enjoy their jobs. They teach because they want to help students, not just for the paycheck and benefits. Look at their student's results, it shows. Everyone should sit in on a negotiation session versus the teacher's union. What is best for the education of our students is not mentioned by the union. It's always – what is best for the union member. **Teachers that teach because they love to help children make the best teachers. You can't buy that with more money.**

Florence School District

Now let's get to the School District of Florence County. *(Remove suit and tie and expose T-shirt underneath.)* This is a T-shirt that I recently received. It may become a collector's item some day.

Florence – your financial problems are not unique. Wisconsin Public Radio asked me to address the same issues statewide yesterday. **All 426 school districts in Wisconsin say they need more money.** Our school district was almost in the same pickle as you. Projected expenses exceeded projected revenues. Financial problems overwhelmed every conversation about our school district. **The answer to the financial problem is simple:**

“Tax more or spend less”

Earn more revenue or cut expenses. Simple. **Don't spend more than you make.** Simple. The hard part is that it is virtually impossible to significantly increase revenue. Taxpayers are saying “enough is enough”. So don't spend too much time trying to raise taxes. Instead, **spend time cutting expenses.**

What is your motivation to cut expenses? Answer - to extend the life expectancy of your school. Extra expenses are like extra fat. Most of us can cut a little fat. In April of this year, I weighed 234 pounds. I knew I should lose weight and exercise more, but I really like to eat. It's one of my favorite things to do. Also, it's hard to change clothes after work and go outside in the dark of Winter to exercise or do physical labor. So every Summer I would lose a little weight and every Winter I would gain it back plus a few extra pounds. April 13th of this year I had a heart attack at work while preparing for the opening round of teacher's union negotiations that was scheduled for later that same day. God allowed me to live. Every day I thank God for giving me the motivation to lose weight and exercise more. I have lost 68 pounds since April. That is 29% of my original weight. I walk at least 5 miles every day and I feel much better. My total cholesterol is now 89. My heart rate is less than 90 over 50. I am proof that with proper motivation, we can do anything. The changes I was forced to implement made me a healthier person and increased my life expectancy. A school district is the same way. **We extended the life expectancy of our school district by cutting the fat. I firmly believe that our school district is a better school district after we made the hard decision to cut back our expenses and balance our budget.**

What is best for the education of your children? This is **priority one** and is the main factor in all major school board decisions. If keeping a local school district in your community is what is best for the education of your children, then do it. **You must provide your children the best education possible with the money available.** Be a student advocate. That means **priority two** is to balance your budget for this year and for future years. Without a balanced budget, eventually your school district will continue its

spiral into the ground. It starts with the school board. You balance your budget by making the hard decisions necessary to give your children the best education possible with the money available. **If the goal of school board members is to have everyone like them by making sure that all school district employees are happy with their pay and benefits, then the school board members will eventually end up with no one happy because they will have to vote to shut down the school district.** Someone on the board has to be the “bad guy”. The majority of the rest of the board has to support the “bad guy”. Make the “bad guy” your head union negotiator. Authorize your “bad guy” to research every union contract of every one of your comparable school districts. Take out the out-of-line benefits from your union contract. Your “bad guy” should be an active part of the community and preferably have children of his/her own in the school system. It’s best if your “bad guy” is poor and knows how to squeeze a nickel into a dime. Have your “bad guy” write articles for the local newspapers. Have your “bad guy” give an honest, informative, fact filled report at every school board meeting. Maybe you should call your designated “**bad guy**” your “**numbers guy**” or your “**communications guy**”. You also balance your budget by asking your District Administrator for a balanced budget recommendation. This is an absolutely critical component of the job of a District Administrator. **If your District Administrator cannot do this, then the school board must get one that can do the job.**

Instead of taking a bus load of people to Madison to lobby the politicians, **simply take a few people with good business common sense into your school business office and balance your budget.** I have never found a school budget without some built-in slush. I have never read one union contract that didn’t have some out-of-line benefits. I would be happy if you would pay me 10% of your school district’s actual savings in the next few years by asking ask me to identify the slush in your last year’s budget and asking me to make recommendations for your next year’s budget. **You don’t need more money, you need a boss. To save your school district, do what is best for the education of your children. Your children need a school. You need to balance your budget.**

The best thing about having a balanced budget is that the school board members and the District Administrator can then concentrate on other non-monetary matters. Things like test scores, curriculum, Advanced Placement classes, SAGE program, and extracurricular activities.

No one on our board wanted to be the “bad guy”. It fell on my shoulders. It’s not fun to be the “bad guy”. After my second year on the board and after making decisions that benefited our students and our taxpayers while exposing the terms of our teacher’s union contract to the public during negotiations, our teacher’s union members decided to take an active role in getting me removed from office. They wanted a teacher advocate to run for the school board from my township in the next election. Now, I had only expected to be a school board member for one term. Financially, we had fixed most of the significant financial problems. However, the other board members begged me to run for reelection

because they were afraid they couldn't sustain the financial integrity of our school district if a teacher advocate got on the board. The teacher's union had the same head negotiator on their negotiations team for the preceding 12 years. He had been very effective in obtaining terms in their contract that benefited the union members. He retired from our school district at the earliest age possible, age 55, with full benefits because he could see that we were going to try hard to reduce the out-of-line post retirement benefits during the next round of negotiations. Since the teachers felt he was well known in the community, he ran against me. Most of the teachers supported his campaign. They ran a community calling tree, they visited many people in the area, they printed buttons and wore them everywhere, including school, they wrote letters to the editor, they painted up the windows of their vehicles, and they told the students to tell their parents to vote for their candidate. Questions were raised during a board meeting about the conflict of interest of an ex-employee of the district being elected to the board and making decisions about union contracts in which he was a beneficiary. I researched the matter, got a legal opinion, and wrote an article for the local newspaper on conflict of interest. As for my re-election campaign, my record spoke for itself, so I ran only one ad in the local newspaper listing our board's accomplishments in the three years since I elected. I won overwhelmingly.

Back to Florence. **Looking at the DPI published database, your test scores indicate that you have a good school.** For the last three years, the Florence School District met Adequate Yearly Progress (AYP). Your average ACT result is 21.2 compared to the state average of 22.2. You had no Advanced Placement results. Your 2005 Grade 3 Reading scores are good. Your most recent WKCE results are good and improving. Your long term debt jumped up in 2001-2002 and ranks 243 of 426. Your latest published student – teacher ratio is 13.6 compared to a state average of 14.5 while your student – total staff ratio is 8.5 compared to a state average of 8.4. Comparing the school districts in the Northern Lakes Athletic Conference, for 2003-2004 your district received 48.5% of its revenue from local property taxes, which is less than Beecher-Dunbar-Pembine's 65.2%, Crandon's 50.0%, Elcho's 76.8%, Goodman-Armstrong's 50.6%, Phelps' 83.9%, Wabeno Area's 62.2%, and White Lake's 59.3% but more than Laona's 39.0%. This indicates that state taxpayers helped your district more than they helped most comparable school districts. **You have declining enrollment**, 926 students in 1996, 901 students in 1998, 889 in 1999, 872 in 2000, 827 in 2001, 779 in 2002, 770 in 2003, and about 692 in the most recent school year.

Are you familiar with Texas Hold-em Poker? **When they voted to dissolve, your school board just went all-in.** I think it is a bluff. They want taxpayers somewhere, either Florence County or throughout the whole State of Wisconsin, to rescue your district by giving them more money. The day that the politicians in Madison give Florence School District more money will be followed by the next day in which the other 425 school districts in Wisconsin will descend on Madison with their hand out. To expect all taxpayers throughout Wisconsin to bail you out by paying for your mistakes and/or the

mistakes of predecessor boards is unrealistic. Your school board has been trying to compare the financial statistics of your district with neighboring school districts. It makes no difference. Regardless of your wages and benefits compared to employees of neighboring districts, regardless of your mill rate and equalized valuation, regardless of your assessed value per student, regardless of how unfair the school funding formula is, regardless of your previous diligence in expense reductions, regardless of mistakes made by previous boards, and regardless of who is to blame, you must still make more cuts. **If your school board members cannot do their job by balancing your budget with the money you have, you need new school board members.**

After talking to your Board President about your problems and after hearing about the financial problems many other school districts are having, I came up with another possible solution. **If your District Administrator can't do her job and your school board can't do its job, then the school board must hire a gunslinger. The gunslinger will ride into town to do the job no one wants.** He will need absolute power to balance your budget. The gunslinger will probably surround himself with a team consisting of a CPA with school accounting experience, an attorney familiar with school and union laws, and a retired school business manager. The gunslinger may ask DPI for waivers of some school regulations. The gunslinger needs to be the head negotiator with union officials. After he's done being the bad guy the gunslinger will get back on his horse and ride out of town. **You may not like all of the gunslinger's decisions and he will cost your district more money, but a gunslinger is the only way to do it if you can't make the hard decisions yourself.**

Whatever your intentions were when you voted to dissolve your school district, you have given your gunslinger one really big bullet to put in his gun. Use it wisely. Your days of trimming your budget are over. You must now make major cuts.

The financial problems of your district aren't going to be fixed tonight in this room. **My advice to you is to take a couple sharp people into your business office tomorrow and balance your budget.** This is what is best for the education of your children. *You can't get local or statewide taxpayers to give you more revenue tomorrow. You can cut your expenses tomorrow.* **The only way to prove to people that you really believe that your school district will survive successfully for many years into the future is to make it happen. You need to be student advocates.**

Finally. You have heard a lot of facts and information about schools. Before I came here I was also asked to provide my opinion on one topic:

What is my opinion of your school board's vote to shut down your district because they can't balance the budget?

The lesson you are teaching your children is that it is okay to quit if the task is too hard.

Is this the message you want to send?

The text of my speech is available online at:

www.whatisbestforourchildren.homestead.com

You have my permission to copy the whole speech in its entirety. You also have my permission to excerpt quotes as long as you provide my original context to my quote.

Thank you.