

UNIFICATION COMMITTEE PRESENTATION

LYNN LEONARD AND DAVID SNYDER



PURPOSE

The Business Managers and the Superintendents of Cottonwood-Oak Creek and Mingus Union were directed by their respective Board Presidents to prepare a presentation for the Unification Committee that would:

- Create an Organizational Chart of a Unified District
- Identify the positions that would be eliminated or added with unification
- Assign reasonable costs/savings
- Investigate the potential legal costs of unification
- Analyze any impact of tuition costs for Clarkdale students attending high school
- Analyze any impact on property tax rates due to unification

RESPECTFULLY

We ask that if you have questions during the presentation that you write down the question on the materials that have been provided to you. Depending on time constraints we may be able to answer a few questions at the end of the presentation. If your question did not get answered please e-mail the question to Mrs. Leonard and Mr. Snyder. We will then categorize all the questions by similar subject matter and send the answers out to the Committee.

Thank you.

lleonard@muhs.com

dsnyder@cocsd.k12.az.us

Methodology/Sources

All salary amounts represent current FY18 salaries

Salary amounts for the Unified District are averages taken from the information we have received from similar sized districts in Arizona

If certain positions were not included in the survey a reasonable salary estimate was agreed to by Mrs. Leonard and Mr. Snyder

All other costs are reported as actual or reasonable estimates

As the student counts will remain the same at the two Districts, no analysis was done on the teaching staff or classroom support staff as they would follow the students.

The Organization Chart was developed to answer the question of, “If unification took place tomorrow, what would the structure look like by integrating existing personnel and eliminating duplicate positions?”

Methodology/Sources, Cont.

The organizational chart was structured using current staffing as a “baseline”, with the reductions coming from duplicate positions and no additional staff added for future anticipated needs

We examined the organizational charts from twelve similar sized districts, and while there were numerous differences in the supervision structure we found that most all had one supervisor for the following areas:

- Business
- Principals
- IT
- Curriculum/Instruction
- Special Education
- Human Resources
- Maintenance
- Food Service
- Transportation

Methodology/Sources, Cont.

The position of Assistant Superintendent was not included in the unified organizational chart because neither District has that position currently, although it has been filled in the past. Of the organizational charts we used for reference the following included an Assistant Superintendent:

Catalina Foothills, Cave Creek, Saddle Mountain and Coolidge and Valley Center, Ks

The districts without an Assistant Superintendent:

Casa Grande, Douglas, Santa Cruz Valley, Wickenburg, Fort Scott Ks, and Leavenworth Ks

DEPARTMENT ORGANIZATION

Superintendents Office

Currently the Districts pay a total of \$296,930 for two superintendents and two executive assistants. In a unified district one superintendent positions and one executive assistant position would be eliminated.

Unified Superintendent Salary-\$125,000

Unified Executive Assistant Salary-\$41,500

Potential Savings-\$130,430

Site Level Administration

Currently the two Districts are served by six site principals, and assistant principals at the high school and middle school. An additional Assistant Principal would be needed at the high school to take on the current additional duties being performed by the on site Superintendent at an estimated cost of \$70,000.

Business Office

Currently COCSD has seven FTE working in the Business Office, and Mingus has four FTE. In the unified district model a duplicate Business Manager and Purchasing positions would be eliminated and a duplicate Payroll position would be moved from 1 FTE to .5 FTE.

Both Districts have one FTE to report data to AZEDS, in a unified district we saw the need at least initially for the continuation of both positions, with the position at the high school acting also as a registrar. We added an additional position responsible for student activities and accounts receivable to track the cash and receivables for the six campuses. Those duties are currently spread throughout personnel in both Districts.

The net effect would be the elimination of 1.5 FTE and savings of \$117,603.00.

Special Education

COCSD currently has a .8 FTE Special Education Director, and the Mingus Director also is responsible for Psychology services.

In the unified district model the SPED Director would be a full time position, we used an average salary of \$81,000.

The need would remain for Psychology services and administrative support for the SPED students at the high school, so no positions would be eliminated.

All other Therapists, Teachers, Classroom Aides and SPED Support staff would remain the same.

The net increase for the SPED Department would be \$12,230 for the additional cost of the full time SPED Director.

Curriculum/Instruction Administration

The structure of the administration of curriculum and instruction have varied greatly over the last few years in both Districts. COCSD currently has one FTE that oversees curriculum and instruction along with other duties, and at MUHS the responsibilities are shared in several positions.

As we discussed the unified district it was agreed that it would be necessary for a least one person to act as a curriculum administrator. We increased the amount to fund the position to \$22,000 in the event it was necessary to add additional supports.

Human Resources

The Human Resource staff at COCSD consists of a full time Manager, and a .5 FTE Technician. Human Resource responsibilities at Mingus are divided between several staff members. In the analysis of the needs of a unified district it was agreed that to effectively address compliance requirements it would be necessary to staff with a HR manager and a full time Technician.

The cost to add the additional .5 Technician and a salary increase for the Manager would be \$30,735.

Technology

COCSD has a Director whose duties include classroom teaching for the IB requirements at MVP, managing the IT Staff, and supporting the teaching technology in the classroom. Other positions are 1.5 FTE that work with the network, and 2 FTE IT Technicians. The Mingus structure is 1 FTE Network Administrator/Manager and 1 FTE Technician.

In our discussions about a unified IT department it was agreed that at least initially no positions could realistically be eliminated due to the work involved in combining two networks into one. It was agreed however that the personnel in this department would probably be reduced over time through attrition once the single network was in place.

Transportation

At Mingus the Lead Mechanic also performs supervisory duties, and COCSD has a Transportation Director.

In our discussions it was agreed that the unified district would require a Director and the same number of mechanics. Both District have a Transportation Secretary, of which one could be eliminated, but it was agreed that an additional FTE, possibly a Transportation Routing or Dispatcher position would be needed.

The net would be a cost increase of \$9,080, representing a salary increase for the Director for the increased responsibilities, and the difference between the salary of a secretary and the dispatcher position.

No analysis was done on combining bus routes, but if that could be done efficiently there would be benefits from sharing the limited pool of bus drivers in the community.

Support Services (Food Service)

The only other position identified as a possible duplicate was the District representative for the National School Lunch Program. At COCSD this is a full time position. At Mingus the F/S Manager performs the duties. \$10,000 was recognized in savings from the elimination of duplicate duties.

With the number of free and reduced students we are currently serving, a well managed Food Service Department should be able to return \$100,000 to the unified district. Cottonwood owns all food service equipment and would not have any additional costs from eliminating contract services with Sodexo.

Facilities

Maintenance & Op							
		COCSD		MUHS		Unified	
Maintenance Dir.	1	\$70,785.00	1	\$0.00	1	\$60,000.00	\$10,785.00
Custodial Staff	12	\$485,000.00	6	\$143,422.00	18	\$574,570.00	\$53,852.00
Maintenance Staff	4	\$235,000.00	2	\$74,914.00	6	\$265,902.00	\$44,012.00
Operations Secretary	0.5	\$15,000.00	0	\$0.00	0.5	\$15,000.00	\$0.00
Sodexo Supplies		\$50,000.00				\$50,000.00	\$0.00
Sodexo Contract		\$855,785.00					
Grounds Staff	2	\$63,679.00	3	\$69,450.00	5	\$133,129.00	\$0.00
							\$108,649.00

Maintenance Costs

The savings represented are not from consolidation, but from the elimination of Sodexo as a contractor and managing the operations for all the school sites from a central location with a single Maintenance Director.

The only cost that COCSD would incur from the non-renewal of the Sodexo Facilities contract would be the purchase of several pieces of equipment used by the grounds department.

The equipment was included in the contract due to the volume pricing Sodexo receives from John Deere. This is equipment COCSD would have purchased on a lease if the pricing through Sodexo was not available. The balance owing by the end of FY19 should be less than \$20,000.

Plant Costs-Auditor General FY2010 District Spending Report, Page 8:
[https://www.azauditor.gov/sites/default/files/Classroom Dollars FY10.pdf](https://www.azauditor.gov/sites/default/files/Classroom_Dollars_FY10.pdf)

Tuition from Clarkdale-Jerome ESD

If Clarkdale does not consolidate or create their own High School District, they will become a “Common School District NOT within a High School District (Type 03)”. As a Type 03 District, Clarkdale would be required to pay tuition to the Consolidated District for all high school students attending Mingus.

Arizona Revised Statute 15-824 determines how tuition is calculated. For the purpose of this study, we used the current year enrollment of 149 students.

Based on 149 students, tuition charges to Clarkdale would be \$1,020,605.

The amount is a pass through to the taxpayers in Clarkdale. Mingus is required to provide an estimate by May 1st so the paying district can increase budget capacity by the same amount.

Clarkdale-Jerome ESD Division of Assets

Arizona Revised Statute 15-458 (D) “The governing boards of the original school district and the new school district or districts shall set aside sufficient assets or provide other means to satisfy the liabilities of the former existing district except for bonded indebtedness and approve the final division of all assets by September 15 of the year in which the new school district or districts become operative.

As stated in a recent e-mail by Superintendent Tim Carter:

“The County Superintendent would work with the new “Consolidated / Unified Board” and the Clarkdale-Jerome Board,to determine the amount of assets to be transferred. The negotiation would be in how that “amount” would be transferred. *It might be cash, or capital items (buses, computers, etc.) or a combination thereof.*”

Division of assets for CJESD – Amount undetermined

Tax Implications/Bonding Capacity

Through State Equalization the elimination of the assessed value of the Clarkdale District would have a minimum effect on the property taxes of the unified district.

By not including CJESD in the unified district the loss of Bonding capacity would be about \$5,000,000

Total Capacity of the Unified District would be \$43,000,000

FY17 Bond Debt Outstanding: COCSD \$13,540,000; Mingus \$13,875,000

Legal Fees

No analysis of the possible cost of legal fees to unify were researched.

Current Common Systems

There are some systems that the Districts are currently using that they have in common. These include:

- Visions Accounting System
- SchoolMaster Student Data System
- Aesop
- The Trust-Liability Insurance

A unified district would be able to realize some savings by not duplicating the cost of these type of services.

Also, using one bank for all accounts would result in a reduction in service charges.

Other Financial Considerations

The unified governing board will be faced with numerous decisions that may have impact on the budget. Some of those identified are:

- Transportation Support Level (TSL) funding-A unified district would not be able to use prior year Transportation Revenue Control Limit (TRCL) (if prior year is higher a district is able to use that amount). **Loss of \$170,000 with current Route Miles/Eligible Students-Transportation Revenue Control Limit.** This information was provided by Darrel Hugli, School Finance Budget Analyst and Lyle Friesen, Associate Superintendent of School Finance, ADE
- Teacher Experience Index-Mingus does not receive any additional funding for Teacher Experience. For the FY19 budget COCSD anticipates a reduction of approximately \$100,000. The unified district TEI would probably not exceed the State average so there would not be any additional budget capacity from the TEI for FY20. An actual cost calculation would have to be determined at the time of unification using the most current TEI.

Other Financial Considerations

- Health Insurance-Currently the Districts use different providers for health insurance. The rapid changes in coverage and available plans make it difficult to identify and savings or additional costs. For FY18 Mingus pays \$6,536.00 per employee and COCSD pays \$7,368.00.
- Consolidation Assistance A.R.S. 15-912 “the amount of any transitional costs that are directly associated with routine formalities that are necessary as a result of consolidation such as changing of signs, letterhead, stationary and similar issues.”
- Revenues-Along with the Food Service operation, there are several other sources of sustainable revenue the unified district could use to offset Maintenance and Operation costs. Those include the rental of district buildings and facilities, Medicaid funding, and Indirect Costs.

Other Financial Considerations

Equalization of Salaries:

- Estimate to equalize salaries all at once, as provided by Dr. Keegan, is from \$600,000 to \$700,000.
- It should be noted that these are not one time funds. This would be a permanent annual budgetary expense.
- No calculation has been made to determine the cost of equalizing classified salaries.
- Salary equalization – Decisions to be made by the Board, not addressed in this presentation
- By statute, salaries and benefits cannot be reduced due to unification in the first year
- Classroom Site Fund-Mingus is funded at \$489 per student, COCSD at \$447 per student.
- Prop 301 up for reauthorization 2020

In Conclusion:

■ Estimated savings by from Organizational Chart	\$157,785	Annual Savings
■ Potential Reduction of Maintenance costs	\$108,649	Annual Savings
■ Food Service Revenue/Other Revenues	\$100,000+	Annual Revenue
■ Potential Loss of Transportation RCL	(\$170,000)	Annual Loss
■ Capital Assets split with CJESD	(\$????????)	10-15 Year Impact
■ Estimate to equalize Teacher Salaries	(\$650,000)	Annual Cost
■ Equalization of Classified Salaries	(\$????????)	Annual Cost
■ Legal Fees	(\$????????)	One Time Cost
■ Infrastructure change to merge Districts	(\$????????)	One Time Cost

Questions

lleonard@muhs.com

dsnyder@cocsd.k12.az.us