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DPS budget plan cuts worker pay 10%, reduces class sizes

Jennifer Chambers/ The Detroit News

Detroit — Spending and staffing are being cut under Detroit Public Schools' proposed 2011-12 budget to create a leaner school district that can live within its means.

DPS plans to institute a 10 percent wage cut for all DPS employees, a staff reduction of 853 positions and the sale of $200 million in bonds to trim the district's deficit from $327 million to $127 million.

The three measures were outlined Thursday in the district's new school year budget, which takes effect July 1.

Overall, the plan aims to cut $231 million in expenses at the district, which under the control of state-installed Emergency Manager Roy Roberts is faced with balancing the books by 2016.

The budget, which will be presented at a public hearing Monday and must be finalized by June 30 per state law, reduces class sizes at most grade levels, expands pre-kindergarten programs and directs 90 percent of resources to school and related programming and operating costs, DPS officials said.

It's based on a reduced student population of 66,360 students — 60,568 general education and 5,792 special education students. Enrollment at DPS was 73,000 students last year. It was 162,000 a decade ago.

With the state foundation grant of $7,390 per student, revenues are projected at $1.237 billion, while proposed operating expenses are expected to be $1.037 billion.

The proposed budget reduces the district's debt service, giving it more cash for operations. Debt service payments will go from $55.7 million last year to $41.7 million in 2012.

In a statement, Roberts said the budget drives more resources directly to classrooms to support the district's rigorous five-year academic plan.

"This budget will require us to live within our means while supporting the educational plan that's been put in place," he said.

"We must elevate the schools in terms of academics, performance and providing a safe environment for children," he added. "We have to build a first-rate system of schools."

But one national turnaround expert said the budget shows DPS is trying to maintain a system that doesn't work anymore.

"They are kicking the can down the road with these bonds," said James McTevia of McTevia and Associates, based in Bingham Farms.

"It's a classic example of not facing a serious financial problem and being willing to go through the pain of solving it."

McTevia said DPS is borrowing money to raise revenues so the district can continue to cover the expense "they should not have."

Teachers union to fight cuts

More cash for daily operations and a significantly reduced deficit and debt service are in store for DPS if its plan to sell $200 million in bonds this September is successful.

The budget calls for a wage reduction of 10 percent from the current agreement levels for all employees, DPS officials said. It includes revised negotiated health, dental, life and vision plans with an 80-20 employer-employee payment structure.

Keith Johnson, president of the Detroit Federation of Teachers, said it was not a surprise to see the district make the assumption it could cut 10 percent from union members' pay. Johnson said he will fight the cut.

As emergency manager, Roberts has the power to nullify union contracts in the district.

Johnson said: "We have a collective bargaining agreement that was negotiated in good faith during the financial emergency. I expect it to be honored.

"That means I will do whatever is necessary to enforce the agreement."

In 2009, the union gave $93 million in concessions for its contract that expires in June 2012. A 10 percent wage reduction would mean $7,300 per teacher for the 4,400 teachers expected to return this fall.

The reduction, if approved, would show up in a second paycheck in September. It would result in a savings to the district of $59.1 million in salary, pension and taxes.

The DPS work force will shrink to 9,269 from 10,122, said DPS spokesman Steve Wasko. The number includes 4,400 teachers across 127 buildings.

The plan calls for class sizes to be reduced from 33 to 30 students in grades 4-5 and from 38 to 35 in grades 6-12, consistent with the Detroit Federation of Teachers collective bargaining agreement. Budgeted class sizes for kindergarten through third grade remain at 25 and for pre-K remain at 18.

Detroit Board of Education president Anthony Adams said he's "excited about any budget which places resources at the classroom level."

Feedback on plan sought

Earlier this week, Roberts and Gov. Rick Snyder announced the formation of a statewide school district for the bottom 5 percent of schools in Michigan.

The Education Achievement System will start with 34 low-performing DPS schools in the fall of 2012, with Roberts at the helm, and will phase in other failing schools across the state over time. It has no bearing on the proposed DPS budget.

Roberts, who is putting a financial team in place, spoke to officials in the state Treasury and Education departments by phone at 2 p.m. Thursday to get feedback on his financial plan before making changes and posting the draft on the district's website.

A public hearing about the budget will be at 6 p.m. Monday at Renaissance High School.

Russ Bellant, the parent of a DPS graduate, said details in the budget suggest Roberts is taking steps to control spending.

"That's a necessary first step," Bellant said. "The budget hearings will give people the chance to ask questions. It has a process to go through."

As part of its draft budget filed with the state, DPS officials said they are considering cost-sharing initiatives with Detroit, Wayne County, Wayne County Community College, Wayne RESA, and the state. Some areas under review are information technology, human resources, finance, student transportation, special education and adult education.

The Roberts budget is a departure from the deficit-elimination plan filed by his predecessor, Robert Bobb, who proposed a restructuring plan to lawmakers in 2010 that split up DPS. The plan — similar to what General Motors did during its financial restructuring — was not considered by lawmakers, who let it die in a lame duck session.

Snyder, who hired Roberts on May 16, issued a statement Thursday about the budget through his spokeswoman, Sara Wurfel. "It's definitely a step in the right direction," his statement said.

"Balancing the budget and reducing the deficit are not easy but key to getting DPS finances and operations in line so we can rightly focus on ensuring the students of Detroit Public Schools can get the quality education they need and deserve."

http://detnews.com/article/20110624/SCHOOLS/106240384/DPS-budget-plan-cuts-worker-pay-10---reduces-class-sizes#ixzz1QD95fKY5