

MEMORANDUM

To: All APS Employees

From: Dr. Meria Joel Carstarphen, Superintendent

Date: May 8, 2020

Subject: Follow-up from Budget Town Hall

Team, thank you for another strong week in APS. The challenging, daunting, and sometimes overwhelming work continues for all of us. Together, we have overcome herculean tasks in this new age of virtual education. But there's a lot we haven't figured out yet, and one of our biggest challenges will be identifying the financial cuts we need to make in order to balance our FY2021 budget given the steep downturn expected in our economy.

It's important to me that your voice be heard in this process, and I want to thank you for participating in our #APSMeeTUp yesterday on the FY2021 budget. I appreciate the comments, suggestions, and feedback you all provided. If you missed our #APSMeeTUp, you can view it on [APS XChange](#). I want you to know that there may be some financial strategies implemented that you won't be able to weigh in on, but know that we are working in the best interest of the District in any final decisions we make.

Feedback from Staff on Budget Cuts

As you know, we anticipate a 14% reduction to Quality Basic Education allotments for Fiscal Year 2021. This translates into a reduction of \$60 million for APS beginning July 1. Currently, the central office is working to make a 5% overall reduction and schools are working to rebalance with a 1.8% reduction. We need all ideas on the table to make sure we are making those reductions in the areas that make the most sense. We heard lots of staff ideas yesterday on how that can be done. You shared suggestions like cutting staff travel, limiting field trips, giving up sick days, selling properties, and implementing furlough days. You also provided thoughts around offering early retirement, voluntary furloughs, reducing the District's electricity bill, and reducing paper and books.

We heard you, and thank you for all your input! Our CFO, Lisa Bracken, and our Chief Human Resources Officer, Skye Duckett, have been vetting those ideas. Based on what we know, many of those ideas would not generate the substantial amount of savings we need to fill our \$60 million gap, but every bit helps and we continue to work through your feedback and will implement the most effective strategies to balance the FY 2021 budget in light of the reduction.

Furloughs

I am committed to doing everything I can to honor our current employees who worked incredibly hard to get us through the start of this crisis. I want to prevent staff cuts or furloughs, but it's

going to take a lot of work and serious belt-tightening. I can't promise that there will not be furloughs, but I want to be transparent and let you know our current thinking. Furlough strategies could include things like cutting one or two work days for annual duty employees on Thanksgiving break. If more funding is needed to close the gap, there are professional learning days in October, February and March that could be converted to furlough days without impacting the student schedule. There is also an idea that some private sector companies are using where employees can volunteer for a self-furlough if that fits their personal life situation.

Cost-Cutting Strategies for Next School Year

Our hope is to make the heavy cuts now and put APS in a position where we would be able to add revenue back in the future if and when there are better revenue projections (fingers crossed). We are implementing strategies now in the current year to free up funds to carry over to next year, such as freezing current year spending and slowing down hiring.

In planning for next school year, we have made a number of non-personnel reductions:

- pulling back the proposed pay raises and keeping salaries the same as this year
- postponing the grades 6 to 12 English Language Arts textbook adoption
- cutting school-based reserve accounts, which are like their rainy day funds
- reducing the per-pupil allocations (SSF) to schools by 1.8% to account for some assumed savings to non-personnel accounts, like reduced employee travel
- truing-up state health plan benefit assumed costs based on actual usage of insurance
- asking central office divisions to make percentage cuts to non-personnel budgets, like planned purchases and travel
- implementing a freeze on all new hires for central (non-school) positions that are not directly related to the COVID-19 emergency response, and
- reclassifying eligible expenses to the CARES Act funds, like what we are spending on gloves and masks.

Continue to Send Staff Feedback

Clearly, we have challenges ahead, and we will continue to ask you to be engaged, committed, and cost-conscious in the coming weeks and months. We've created a survey to gather your feedback on possible ideas for budget cuts and to help us think creatively of some things we haven't thought of yet! I believe that by working on this together, we will develop the best strategy possible to meet the unique needs of our organization and keep our students our main priority. Please [click here](#) to complete our survey by May 15, 2020.

Expectations for Next Few Months

As we are working through these budget challenges, we also need to be looking ahead and developing a plan for how and when students and staff can return to our schools and buildings. We continue to monitor federal, state, local, and health department guidance in determining decisions around these issues. At this time, we don't foresee school buildings being used as work sites until school reopens in August and we don't foresee allowing students, families or staff to return to school buildings to retrieve items before that time. We will be creating a process to allow for exceptions on a case-by-case basis, and you will be receiving more information and guidance about that process soon.

Employees who are working from home should plan to do so until further notice. Our decision making will be heavily driven by guidance from state and local public health officials, as well as, published recommendations from the CDC regarding school closures. We have a broad, cross-functional task force working internally on these issues and that team's key priority is to keep our students and staff safe.

I also want to mention that our cross-functional task force has begun looking at what a re-entry to school will look like on Day One. Given social distancing guidelines and current direction from health officials, we may only be able to transport 10 students on our buses at a time. We may have to stagger the number of students sitting in a classroom at once. We may have to implement a combination of virtual learning and in-person learning. These are all questions that we and school districts all over this country are grappling with. You'll be hearing more about the task force's recommendations as those details are finalized.

I want to thank you all again for your hard work, your suggestions, and your continued engagement and patience throughout this process. I know it can be stressful and daunting, but I wholeheartedly believe this team will work through all of this successfully.

Please take care of yourselves and your families. Much love and air hugs to you all. Have a great weekend!

Meria