

NEGAUNEE PUBLIC SCHOOLS

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OFFICE OF THE SUPERINTENDENT

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Negaunee Public Schools is facing a financial crisis if Governor Snyder's educational proposal is passed. His proposal to reduce the school funding by \$470 per pupil and increase the retirement rate (a loss of \$230 per pupil) will put our school district in deficit spending of \$1.2 Million.

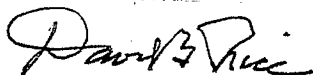
For this reason the Board felt compelled to reconsider a tentative agreement, (TA) it reached on February 14<sup>th</sup> with the Negaunee Education Association. Unfortunately, the TA was made without the benefit of knowing that on February 17<sup>th</sup>, the Governor would propose a budget that would drastically cut funding for schools. After the announcement, it was clear the projections used for the TA were no longer sound and the entire Board needed to review the terms of the TA. The Board reviewed this new information on February 21<sup>st</sup> and concluded that given our present enrollment, the loss of one time EduJobs and ARRA federal funding, and the proposed funding cuts, Negaunee's revenues would decrease by approximately \$1 Million next year. Add an additional expense of \$238,000 for the increase in retirement costs and our budget problems only intensify.

Under the TA, 60% of the teachers would have received an average 5 % step salary increase in the first year. In the second year all teachers would have received a 1% salary increase plus 60% would also receive the step increase. The total cost of the second year salary increase, with steps, would have been approximately \$156,600.

Their fully paid health insurance changes to a 100/200 deductible for the remainder of this year, with no employee premium contributions. The savings to the district this year would have been approximately \$15,000. In the second year health insurance coverage would have changed from a \$5 to a \$10 office co-pay, with the premiums for this insurance continuing to be fully funded by the district. The future cost of the health insurance premiums is unknown at this time.

Based on these uncertainties, the Board concluded that it would be fiscally irresponsible to the residents of our school, to sign an agreement we believe we cannot afford and subsequently having to make significant program and staff cuts to balance the 2011-12 budget by July 1<sup>st</sup>.

The Board cares about students, staff and education, which is why we have exercised our fiscal responsibility by not approving this TA.



Dave Rice, President  
Negaunee Board of Education