

June 22, 2018

Dear Klein ISD Employees and Community:

As you know, the tax ratification election (TRE) held on June 16 did not pass. While we are disappointed, we want you to know that this moment in Klein ISD will not define us. We will not waiver in our shared vision of every student entering with a promise and exiting with a purpose. We will, however, move forward with fewer resources and a slimmer budget.

Priorities: Students and Current Employees in the Klein ISD Family

We must now approach the more than \$30+ million deficit using a framework that prioritizes two critical areas: ensuring that these reductions have as little impact on students as possible and minimizing current employees from losing jobs.

While every measure is being taken to maximize our budget and minimize the impact on students, this does not mean that we won't feel an impact. Employee benefits will be reduced and positions will go unfilled, which means everyone will be asked to do more with less. As a first step, we will forego more than \$1.3 million of central office positions and reduce cabinet-level administrative pay.

The Framework for Reducing the Budget

The framework to reach the budget shortfall is the same plan we shared prior to the election: first finding additional revenue and then cuts in non-payroll areas such as department and campus budgets, benefits, non-campus personnel, including central office administration reductions and lastly, campus personnel.

During the past week, teams around the district have worked to cut budgets to meet our goal of a \$30+ million reduction while keeping students and employees at the forefront of those budget recommendations. Non-campus reductions total approximately 8.27%, while campus reductions total approximately 3.5%.

Board of Trustees Review First Draft of Plan

Today, the Board of Trustees met to review initial plans for balancing the budget. During this meeting, the following recommendations were made:

- **New Revenue Generation** of approximately \$10.8 million including:
 - Hurricane Harvey Tax Rate Provision (approximately \$9.2 million for 2018-2019 only as a result of the federally declared natural disaster)
 - Community Eligibility Provision through our child nutrition program (approximately \$1.1 million)
 - Additional interest earnings due to rising interest rates (approximately \$500,000)
- **Non-Campus Reductions** of approximately 8.27% (\$6.22 million) including:
 - Reducing compensation for cabinet-level administrative pay and reducing district administrator and other district-level positions (approximately \$1.36 million)
 - Restructuring Technology and Teaching & Learning budget (approximately \$1.7 million)
 - Department budget cuts via reduction in services (approximately \$3.16 million)

- **Benefits and Compensation Reductions** of approximately 1.94% (\$8.15 million in 2018-2019) and 2.45% (\$10.3 million in 2019-2020) including:
 - Eliminate raises and freeze compensation (approximately \$3.4 million)
 - Eliminate Flexible Spending Account contribution (approximately \$1.4 million)
 - Standardize district-provided health insurance contribution to \$311 (approximately \$1.8 million in 2018-2019 and approximately \$3.6 million in 2019-2020)
 - Eliminate longevity pay (approximately \$900,000 in 2018-2019)
 - Eliminate cell phone allowances except for district first responders (approximately \$77,000)
 - Eliminate new leave reimbursement plan (approximately \$350,000 in 2018-2019 and approximately \$700,000 in 2019-2020)
 - Eliminate staff attendance incentive (approximately \$225,000)

- **Campus Reductions** of approximately 3.5% (\$11.7 million) in 2018-2019 including:
 - Discontinue permanent campus substitute program (approximately \$3.5 million)
 - Increase student-to-teacher ratio staffing formula by one student and restructure programming (approximately \$7.8 million)
 - Suspend implementation of elementary behavior program (approximately \$430,000)

- **Other Considerations** of approximately \$1.7 million (2019-2020) including:
 - Delay the opening of Elementary #33

These preliminary recommendations total nearly \$37 million in new revenue generation and budget reduction in order to allow for some variances in the final budget adoption.

What's Next?

Next week, we will canvass election results, which is the last step of the tax ratification election. On July 9, we will hold our regularly scheduled Board of Trustees meeting. We will hold a Board of Trustees budget workshop meeting on July 30 at which we will present the draft of the final budget. At the regularly scheduled August 13 Board of Trustees meeting, administration will present the final proposed budget to the Board. The 2018-2019 budget will be finalized and adopted by August 27 at a special Board of Trustees meeting as originally planned.

Questions have also arisen regarding holding another vote. We cannot hold another election on the tax rate until estimated property values are released by Harris County for the 2019-2020 school year, and we meet the requirements for having an election (approximately June 15, 2019). During that time, we will continue to reduce our expenses throughout the 2018-2019 school year.

I know this information is overwhelming, but I have faith in who we are and what we stand for in Klein ISD. We will always keep our students at the center of every decision because every student matters in Klein ISD. Family also matters in Klein ISD, and we do this work joyfully because we remain committed to our students, to our family of employees, and to our community.

Sincerely,



Bret Champion
Superintendent