



Questions & Answers: Baldwin County Public Schools Funding Crisis and the March 23, 2010 Penny Tax Referendum

For more information, see www.bcbe.org

Q: What is at risk if the penny tax does not pass?

There will be increased risk to student life, health and safety because even more teachers and employees who care for our children will be terminated. More than 400 teachers and employees could lose their jobs if funding does not come, which will lead to even more students in already overcrowded classrooms. The school system will no longer be able to provide adequate transportation services, and the ability to keep buses in working order will be further impaired. Academic programs will also greatly suffer. To be clear, all jobs are at risk as the Alabama Fair Dismissals Act and State Tenure Law clearly indicate that even tenured and non-probationary positions can be eliminated when there are no dollars to fund them. If the penny tax is not passed, there will be no or little dollars to pay teachers to coach or to lead fine arts programs. The Board of Education has adopted a Survival and Recovery Plan, available at www.bcbe.org/crisis.

If the penny tax does not pass the school system will be deeper "in the red", accumulating debt that will take years to overcome: approx. \$5 million at the end of the 2009-10 school year, approx. \$17 million at the end of 2011-12 and approx. \$31 million at the end of 2012-13. It would take years, perhaps an entire generation of students, to dig out of that catastrophic financial hole. Even when the economy turns around, the system would be spending money to repay debt, not on student achievement. It's a predicament we can ill afford.

Q: Is this a permanent tax?

A: By law and per the referendum's language, this tax will expire in three years (36 months). A one cent sales tax equals one penny per dollar. For example, if you spend \$100 dollars at the grocery store, the school tax equates to one dollar. One-hundred percent of the penny tax stays in Baldwin County.

Q. What happened to cause the financial problems for Baldwin schools?

Schools in Alabama are primarily funded by sales and income tax. In a recession people spend less, so retail sales fall. People also lose their jobs, so they pay less income tax. As a result, there is not enough money taken in by the state to meet budget requirements. When this happens, the governor declares that the budget must be reduced – prorated – so that it is in line with available dollars. The state passes these budget cuts along to local school systems. To date, over the past 24 months, Baldwin schools have suffered \$61 million in local and state revenue cuts, an unprecedented amount. The state is predicting even more cuts.

Q. Isn't the school system supposed to have a savings account or fund balance?

Yes. The state requires school systems to have on hand a general fund balance equal to one month's operating costs. A recent report by the Alabama State Department of Education shows about half of the state's school systems, including Baldwin County, have little or no reserve. Our school system had more than \$22 million in its fund balance in October 2008. Since then, the state has reduced funding three times. After these severe cuts, the fund balance was used to help delay large personnel reductions and to sustain vital operations. Teachers who are under contract cannot be terminated mid year. If the dollars to pay state-allocated teachers are cut by the state, teachers then have to be paid out of the general fund. The only way to pay teachers at that point is to use the school system's fund balance.

Q. Couldn't the school system have paid teachers and employees with the money it used to build new school buildings?

No. Capital construction dollars cannot be used for salaries or operational costs of the school system. Baldwin County Public Schools added more than 1.3 million sq. feet of new educational space through two bond issues totaling \$150 million. For several years, our school system has been one of the fastest growing systems in the state. Before the building initiative, students were housed in more than 225 portable classrooms. Today, the number of portables is around 50 and many of those are used for storage and office space. The school system continues to grow significantly. This school year (2009-10) we added more than 700 students.

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Q. Couldn't the "enhancement money" of \$1 million per feeder pattern, totaling \$7 million, included in the 2007 bond issue, have been used for instruction or to pay employees?

No. Enhancement money was part of the capital construction bond issues which are restricted to capital construction and which cannot be used to pay for salaries or normal operating costs. Communities embraced the enhancement money and in many instances, added dollars of their own to partner with the school system. Cities, educational enrichment foundations and other partners contributed to the projects to give students and the community more than \$16 million in new resources, magnifying the school system's \$7 million investment.

Q. Couldn't the Central Office be cut more?

The Alabama State Department of Education ranks the Baldwin County School System in the top five school systems out of 132 with the most efficient administrative costs and this calculation was done before massive cuts to central operations.

The central office is responsible for Transportation, Bus Maintenance and Repair, Building Maintenance, Nursing & Health Services, Business and Finance Operations, Child Nutrition Administration, Instructional and Special Services, Drop-Out Prevention, Student and Teacher Safety, Employee, Parent and Community Communication, Information Technology Services and Human Resources. All central office support employees who had less than three years of service have been terminated, with the exception of a nursing supervisor and a construction supervisor. Some central office employees have been transferred to local schools to fill vital roles left vacant by support workers who were laid off. Since October 2008, the central office staff has been cut 18% and the teacher workforce has been cut 13%. Service budgets based out of the central office have been cut 60% greatly limiting the system's ability to keep buses maintained, school buildings clean and to provide employee benefit services. Some central office departments have lost more than one-third of their staff. (For a list of losses to date, see www.bcbe.org/crisis)

Q. Why should I vote for the penny tax when I don't have a child in the school system?

The quality of life in our county hinges on great schools. First, corporations and industry only locate where there are great schools for their employees. Second, demand for housing drives real estate prices. More money in the economy means people are buying items from merchants. If schools fail, the robust growth economy that Baldwin has enjoyed will quickly turn the other way as families leave for a better education and quality of life elsewhere.

Q. Isn't property tax a better way to fund schools and shouldn't relief be sought for the "10 mil match equity funding" issue?

Yes, property taxes are generally less susceptible to the whims of the economy. But "the schoolhouse is on fire and there's no time to dig a well", meaning a rework of the property tax structure and resolving equity funding issues are long term initiatives that the school system does care about and is working to address. Should the tax pass, an estimated \$25 million will be generated each year for three years. **All of the money raised by the penny tax will stay in Baldwin County!**

Q. What accountability does the school board have with the handling of finances?

The school system is audited annually by the Department of Examiner's of Public Accounts. Audit reports and financial information are readily available for public review at www.bcbe.org. State law requires school systems to submit information to the Alabama State Department of Education on a monthly and annual basis. **The school board has committed to full accountability and transparency in the expenditure of the proceeds from the penny tax.**

Q. Why does Baldwin County Public Schools employ locally-funded teachers and employees?

It's been a well publicized fact for many years that the State of Alabama does not adequately fund public education. **From local revenue, Baldwin County has chosen to hire additional teachers, nurses, computer aids, aides for special needs children, social workers and other support personnel in order to achieve educational excellence.** Even with some locally funded positions still in place in Baldwin County (January 2010), classrooms are overcrowded, some schools are without nurses and there are not enough mechanics to service buses, just to name a few shortfalls. AdvancEd/Southern Association of Colleges and Schools (SACS) praised the school system's commitment to world class education and the investment it had made in people resources to achieve that goal. The school system was awarded district accreditation in May 2009. District accreditation will be at risk if material changes are made to the academic program and/or the school system is not able to achieve the tasks given by the accreditation committee.

**For more information:
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