

Board agrees to explore consolidation with neighbor to address budget woes

Cost-cutting searches in the face of a looming budget deficit have prompted Grafton school officials to consider consolidating their district with others in the area.

The Grafton School Board on Monday agreed to explore the feasibility of merging or sharing services with Cedarburg, Port Washington-Saukville and other districts.

Although the board took no formal action, members responded favorably to Supt. Mel Lightner's proposal, which he said could be mutually beneficial.

"I know in other states they have countywide districts," Lightner told the board.

"In five or six years, when you looking at tough budget times, you have to look at efficiencies, and that's efficiency."

In recent weeks, Grafton officials have sharpened their focus on cost cutting in response to a projected deficit of \$850,000 in the 2014-15 budget.

Among the cost reductions being considered by the board are staff reductions and pared employee benefits. Lightner said trimming the deficit will probably require eliminating eight to 11 teaching positions.

In the latest in a series of cost-saving options, Lightner suggested what he called "two out-of-the-box things" — a pay-for-play plan that would help the district trim the cost of co-curricular activities by raising participation fees for student athletes and a suggestion to explore consolidating with one or more school districts.

The consolidation proposal, Lightner said, would provide "an economy of scale that can be reached when school districts have larger enrollments."

If there was a Grafton-Cedarburg district or a Grafton-Port Washington-Saukville district, cost savings could be realized by cutting administrative staff and service contracts, Lightner said.

"There would only be one superintendent, one business manager, one special education director, etc.," he said in a report to the board.

Lightner's suggestion drew an enthusiastic response from board member Mike Holloway.

Grafton schools broach idea of merging with another district

Written by STEVE OSTERMANN

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"I seriously applaud you for putting this out there," Holloway told Lightner.

"When you have declining enrollment, you can't support the kind of structure we have. We're in a very tough situation.

"I think this is something we absolutely have to look at."

Holloway said he has spoken to Cedarburg school officials who agreed the proposal is worth discussing.

"I would endorse putting together an informal task force to approach other districts about holding talks on this," Holloway said.

Board members Clayton Riddle and Paul Lorge said consolidating districts, or at least having districts share services, should be discussed.

"It may be the time to look at it, to get the discussion going," Riddle said.

However, Lightner's suggestion drew a cool response from Port Washington-Saukville school officials, including Supt. Michael Weber.

"There is absolutely no discussion in the district about a merger," Weber said.

"I haven't heard a board member mention the word merger for nine or 10 years."

Weber said the benefit of consolidating districts would favor the one with the toughest budget constraints.

"The challenging part about mergers is that you inherit the debt and the buildings of the district you are merging with," he said.

"The Port Washington-Saukville School District is in pretty strong financial shape, so to assume the debt of another district doesn't make a lot of sense."

Weber said mergers between small school districts, primarily in northern Wisconsin, have been successful because they produce a broader tax base and provide more educational opportunities for students.

If Port-Saukville officials were interested in discussing possible consolidation, the Northern Ozaukee School District would be a more suitable option, according to Weber. Decades ago, the districts were the same, he noted.

"If we were even remotely entertaining the idea of a merger, we'd most likely look to recombine those two districts," he said.

The pay-for-play proposal also caught board's attention.

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Director of Business Services Kristin Kollath said the district spends about \$500,000 annually on co-curricular activities, including coaches' salaries and benefits, event works, transportation, equipment and other costs. Revenue generated from student fees, ticket sales and other sources is only \$28,000, she said.

Lightner said pay-to-play would require students who participate in an extracurricular activity to pay fees based on individual shares of the program cost.

For example, he said, if 36 girls participated in basketball, which cost \$19,910 to run in 2013-14, the cost would be \$553 per player. At 50% of the cost, each player would have to pay \$276.50.

"I'm not in favor of this, but in tough times, you have to put all options on the table," Lightner said.

Grafton High School students currently pay an athletic fee of \$50 per sport, with limits of \$100 per student and \$250 per family. The fee was adjusted for the 2013-14 school year from the previous \$30 per sport with no limits.

Holloway said pay-for-play merits consideration, especially when the district is confronted by budget challenges that could require laying off teachers.

In proposing other cost-cutting steps, Lightner and Kollath focused on employees' health and dental insurance. They proposed three changes:

- Reducing annual cash payments in lieu of health insurance from \$7,500 to \$5,000. With the district currently spending \$370,000 annually on the benefit, a 33% reduction would save \$122,100.
- Increasing the employee share for a PPO insurance plan from 12.6% to 15%. Based on 2014 rates, employees would have annual increases of \$211 for single coverage and \$479 for family coverage.

Combined with reducing the district's contribution for a high-deductible coverage, the plan would result in a \$99,000 saving.

- Requiring employees to pay 25% of their premiums for dental insurance, which the district currently provides at no cost. The savings would be \$67,000.

"In this scenario, there are a lot of people sharing the burden (of the insurance costs)," Lightner said.

Most board members said they favor reducing cash payments and requiring employee contributions for dental insurance but are reluctant to increase the employee share for health coverage.

Board member Carrie Walls said the district raised employees' share of insurance premiums

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last year and established a wellness program to help them manage costs, “but now we’re asking them to contribute more.”

But Lorge said the wellness program is designed to reduce insurance claims, not premiums.

“We need to look at providing reasonable benefits at reasonable costs, and we’ve got to look at it on a long-term basis,” Lorge said.

Lightner said he, Kollath and other members of an administrative budget committee will use the board’s input as a guideline in preparing cost-cutting recommendations.

The board’s next meeting will be Monday, April 28, when it is expected to take action on staff reductions.

Ozaukee Press reporter Bill Schanen IV contributed to this story.