

Marquette Area Public Schools  
BOARD OF EDUCATION  
1201 W. Fair Avenue  
Marquette, MI 49855  
Telephone 906-225-4200  
WEBSITE: www.mapsnet.org

Special Meeting  
Tuesday, April 14, 2009, 5:00 p.m.  
Marquette Area Public Schools  
Central Office Board Room  
1201 West Fair Avenue

MINUTES

- **Call to Order**

A Special Meeting of the Marquette Area Public Schools Board of Education was held Tuesday, April 14, in the Board Room of the Central Administration Office. The meeting was called to order by Board Vice President / Acting Chairman **Alan Hawker** at 5:00 p.m.

- **Roll Call**

**Members Present**

Alan Hawker	Vice President / Acting Chair
Scott Brogan	Trustee (arrived at 5:02 p.m.)
Mark Smith	Secretary-Treasurer
Norman Gruber	Trustee
Tony Retaskie	Trustee
Laura Songer	Trustee (arrived at 5:10 p.m.)

**Member Absent**

Kellie A. Holmstrom DVM	President
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**Central Administration Present**

Jon Hartwig	Superintendent
Tim Yeadon	Assistant Superintendent
Jackie Winkowski	Administrative Assistant / Recording Secretary

**Others Present**

MAEA Representatives Matt Edgell, Mary Micklow, and Greg Seppanen; NMU students; TV 6 reporter; Mining Journal Reporter Miriam Moeller

- **Approve Agenda**

A motion was made by Tony Retaskie and seconded by Mark Smith to approve the agenda with the following addition as the next item: **Approve Minutes of April 14, 2009, 12:15 p.m., Special Board Meeting. Motion carried, 4-0.**

- **Approve Minutes of April 14, 2009, 12:15 p.m., Special Board Meeting**

**A motion was made by Norm Gruber and seconded by Mark Smith to approve the minutes of the April 14, 12:15 p.m., Special Board Meeting as presented. Motion carried, 4-0.** (Scott Brogan arrived at 5:02 p.m.)

- **MAEA-Proposed Retirement Incentive – Discussion**

**MAEA President Matt Edgell** advised that last fall the MAEA began considering an early retirement incentive plan to address the district's budget shortfall. (Laura Songer arrived during this item, at 5:10 p.m.) On behalf of the MAEA, **Greg Seppanen** presented a Power Point (copy attached) of the MAEA-Proposed Retirement Incentive (MAEA report also attached). He noted payments of \$6,000 annually for five years, for a total of \$30,000, would be provided to retirement-eligible MAEA members taking advantage of the plan.

The presentation was followed by questions / answers / discussion among representatives of the MAEA, Administration, and Board.

Main points on behalf of the MAEA were as follows:

- The MAEA-calculated savings of \$1.2 million is based on 34 teachers retiring in 2009; however, it is expected that perhaps only 15 would take advantage of the incentive plan. Therefore, savings would be more along the lines of about half that amount.
- The MAEA would prefer a two-year window as was offered in the past.
- The report contains an error on the page entitled "1<sup>st</sup> Teacher in 09 Proposal"; with the error corrected, MAPS would save even more.
- The Administration's assumption of five retirements in the summer of 2009 might not hold true if an incentive plan is not offered.
- Fewer teachers would have to be laid off at the end of this school year if a retirement incentive is offered.
- This is a win-win proposal.

On behalf of the Board, concern was expressed regarding:

- Possibly paying individuals for something they would have done anyway.
- Having a large number of experienced teachers retiring at the same time.
- The possibility that offering such a plan might foster expectations that retirement incentives will be offered on a regular basis.

- **Comments from the Public**

None.

- **Board Members' Comments**

None.

- **Board President's Comments**

None.

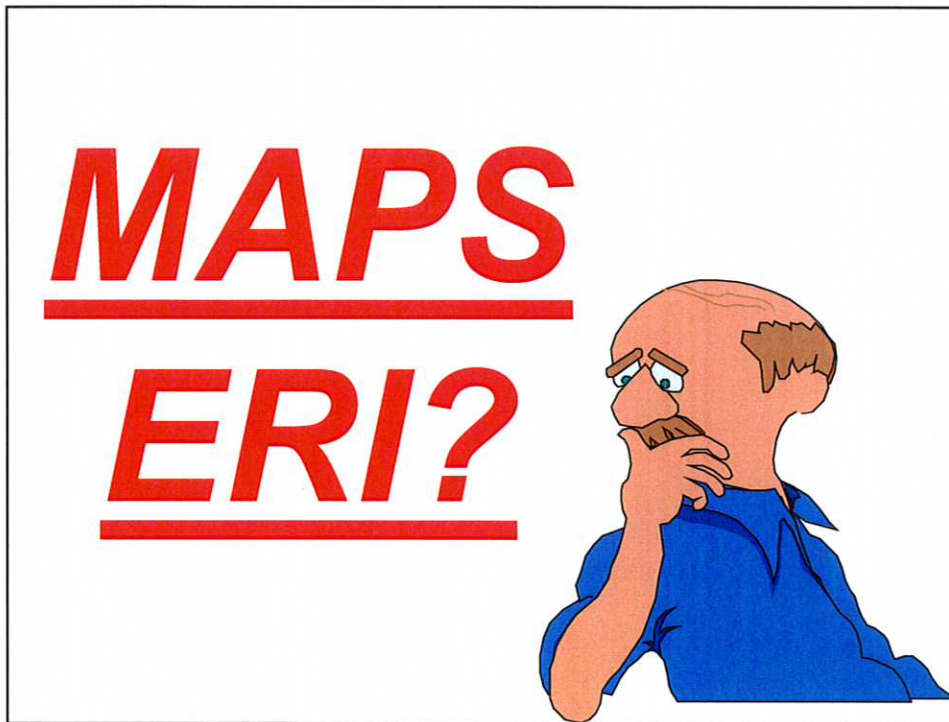
- **Adjourn**

**A motion was made by Mark Smith and seconded by Norm Gruber to adjourn the meeting. Motion carried, 6-0; adjourned at 6:03 p.m.**

Alan Hawker  
Acting Chairman

Mark Smith  
Secretary-Treasurer

Jackie Winkowski  
Admin. Assistant / Recording Secretary



**Districts are doing it because it saves money.**

- **Bark River Harris** (15 Years service)
  - \$49,500 over 5 years
- **Mid Peninsula** (28 years service)
  - \$50,000 over 5 years
- **NICE** (Voluntarily Severing Plan)
  - \$30,000 for members with 15 years service
    - +\$1,000 per years of service beyond 30 years up to 37
  - \$15,000 for those with less than 15 years service
- **Superior Central** (VSP with 15 years or more service in their system)
  - \$20,000\* Plan 2=?
- **Big Bay de Noc** (Must have a salary of \$47,000)
  - \$50,000 over 5 years

## And More

- **Ishpeming Schools** (15 Years service)
  - \$50,000 over 5 years
- **Gwinn Community Schools** (10 years service)
  - \$9,000 and all accumulated sick day pay contributed to the teachers 403b annuity
- **North Central Area Schools** (12 Years service)
  - Paid up to 75 accumulated sick at their current per diem rate (About \$25,000 or so) or \$16,000 - whichever is higher
- **Manistique Area Schools** (10 years service)
  - \$20,000 over 4 years
- **Gladstone Area Schools** (This one is more intricate)
  - First year up to \$69,000 down to \$24,000
  - Second year \$54,000 or less (depends on sick days)

## Last week - Gwinn Schools

### Front Page News

> [News](#) > [Front Page News](#)

#### Teacher buyout backed

Gwinn school board approves move to help balance budget

By MIRIAM MOELLER Journal Staff Writer and The Associated Press

POSTED: April 7, 2009

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GWINN - Teachers interested in leaving the Gwinn school district were offered a \$30,000 to \$40,000 buyout incentive at a meeting Monday.

Superintendent Mike Maino said the Gwinn school board unanimously accepted a buyout proposal put forward by the Gwinn Education Association teachers union.

The plan offers teachers who have been with the district for at least 10 years an incentive to retire or take a job elsewhere.

Maino said if five teachers take advantage of the incentive, the buyout will be worth \$30,000; for six or seven teachers, it will be \$35,000 and for eight teachers, the amount will be \$40,000. The money will be paid out over three years, saving the district as much as \$168,869 in the first year under the first scenario. With the highest payout, the district could save about \$244,000 in the first year.

The plan is to offer teachers who have worked for the district at least 10 years an incentive that the measure will allow the district to hire new teachers at a lower salary.

About 100 teachers work at the Gwinn schools.

"We probably have around 20 teachers who are eligible," Maino said. "We expect at least eight to go."

#### Article Photos



Maino

# Marquette Area Education Association

## 2009 Retirement Incentive Savings Report

### Assumptions

year	2008	contract	projected	projected
previous base \$	33,940	2009	2010	2011
		2.00%	2.00%	2.00%
	projected	2.00%		

For purpose of calculations, projected raise held constant.

ERI \$6,000 per year 5 years \$30,000 total

#### Assumptions:

1. The replacement would be a BA+0. Hiring an advanced degree would reduce savings.
2. The replacement BA+0 would achieve a BA+18 in 5 years and a MA in ten years.
3. I used 7.65% for FICA and 16.54% for MPSRES.
4. I stopped figuring savings when the district stops paying terminal leave pay and/or ERI payments. Hence, it appears savings dramatically drop in later years when in fact, they drop off very slowly.
5. Allowing older teachers to retire with an ERI may allow younger teachers to teach in their area of expertise.
6. The ERI would be \$30,000 paid over 5 years.
7. The ERI would be paid starting with the January after retirement.
8. Birthdate given is of 6/30/2009
9. Invest amount = terminal leave pay + ERI
10. Total savings = (savings from salary, SS, and MPSRES) - (terminal leave pay + ERI)
11. % return = total savings divided by invest amount.

# Total Projected Savings

**\$5,836,762 over the five years of the payout**

		savings per year	savings accumulated
2009	2010	\$1,216,683	\$1,216,683
2010	2011	\$1,203,496	\$2,420,179
2011	2012	\$1,173,211	\$3,593,390
2012	2013	\$1,199,393	\$4,792,684
2013	2014	\$1,044,078	\$5,836,762
2014	2015	\$514,970	\$6,351,731
2015	2016	\$345,409	\$6,697,140
2016	2017	\$230,511	\$6,927,651
2017	2018	\$120,086	\$7,047,737
2018	2019	\$72,331	\$7,120,068
2019	2020	\$64,346	\$7,184,414
2020	2021	\$37,360	\$7,221,774
2021	2022	\$30,475	\$7,252,248
2022	2023	\$15,546	\$7,267,794
2023	2024	\$15,857	\$7,283,651
2024	2025	\$12,124	\$7,295,776

# Conclusions

note: reported until 2024-2025 because that was the year the youngest would terminate payments from MAPS.  
Please note the drop off of savings in later years reflects the decision not to continue reporting savings after terminal leave pay and the ERI payouts are completed for individual teachers!!!

2009
BA +0
base \$34,619
ss \$2,648
mpsres \$5,726
MESSA \$15,255
total \$56,248

2009-2010
lay-off
BA +0
11 teachers
\$640,729

The board can save approximately \$640,729 by laying off 8.7 teachers & 2.3 counselors. (assume all are BA +0)

however, the board could opt to do an ERI and realize savings of: \$1,216,683 the first year of an ERI!!! Also, that guarantees a better ratio of teacher to student!! And, no layoffs are needed!

Note: 11 (11.2) were scheduled to lay off as of this study.

# MAPS Fund Balance History

- Ending School year date:
  - 1996 - \$3,183,969
  - 1997 - \$2,602,657
  - 1998 - \$2,538,606
  - 1999 - \$3,286,694
  - 2000 - \$5,128,258
  - 2001 - \$6,056,204
  - 2002 - \$7,838,715
  - 2003 - \$9,329,275 (GAAP)
  - 2004 - \$10,364,291
  - 2005 - \$8,657,923
  - 2006 - \$8,663,373
  - 2007 - \$6,408,119
  - 2008 - \$5,712,900
  - Projected for 2009
- Marquette Area Public Schools Expenditure Reduction Strategies
  - February 2009
    - It notes that "Without implementation of budget reduction strategies or other means for decreasing expenditures, MAPS' preliminary 2009-2010 expenditure estimate is \$31,040,041. This would exceed projected revenues by \$3,710,447."
    - The Projected Fund Balance for 2010 would then be \$47,000 according to this report.
    - It is also noted that the student count will continue to be reduced by about 30 students per year for the next 10 years.

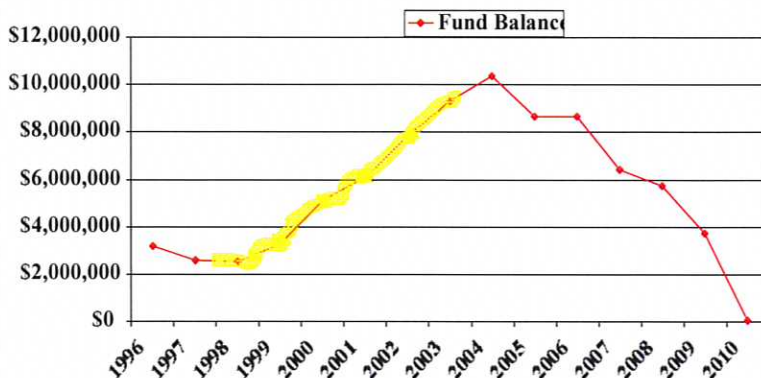
## MAPS 1999 ERI

Total savings from this one individual through the end of this school year is \$227,940.

For the first five (5) years, savings is \$400,500

savings ERI										2000 ERI	
year	1999	terminal leave pay:	per day	days	per day	days					
prev base	\$26,309		\$20.00	100	\$54.00	10					
contract	2.00%	projected 3.00%	\$22.50	9							
For purpose of calculations, contant until candidate turns 62.							\$27.50	0			
assume the BA+0 would become BA+18 in 5 yrs and MA+0 in ten years.											
56 yrs assume the MA (step 28) kept working and would advance on salary schedule(I)											
3.00% projected	MA	BA+0	terminal leave pay	new sick bank	ERI	salary savings	ss savings	mpers savings	total savings		
1999	2000	\$54,905	\$26,835								
2000	2001	\$56,302	\$27,540	\$2,203	\$180	\$9,151	\$28,912	\$2,212	\$3,227	\$22,617	
2001	2002	\$58,248	\$29,893	\$2,203	\$180	\$9,151	\$28,836	\$2,169	\$3,163	\$22,156	
2002	2003	\$59,996	\$32,256	\$2,203	\$180	\$9,151	\$27,740	\$2,122	\$3,090	\$21,425	
2003	2004	\$61,796	\$34,734	\$2,203			\$27,007	\$2,000	\$3,020	\$21,920	
2004	2005	\$63,661	\$38,887	\$2,203			\$26,263	\$1,894	\$2,754	\$22,216	
2005	2006	\$65,559	\$41,655	\$2,203			\$23,904	\$1,829	\$2,668	\$26,198	
2006	2007	\$67,526	\$44,555				\$22,971	\$1,757	\$2,564	\$27,291	
2007	2008	\$69,552	\$47,592				\$21,960	\$1,680	\$2,451	\$26,091	
2008	2009	\$71,638	\$50,770				\$20,868	\$1,596	\$2,329	\$24,794	
2009	2010	\$73,787	\$55,900				\$17,888	\$1,368	\$1,996	\$21,253	
2010	2011	\$76,001	\$59,434				\$16,567	\$1,267	\$1,849	\$19,683	
	<b>totals</b>	<b>\$779,210</b>	<b>\$490,150</b>	<b>\$13,215</b>	<b>\$540</b>	<b>\$27,452</b>	<b>\$260,990</b>	<b>\$19,966</b>	<b>\$29,127</b>	<b>\$268,875</b>	
		<b>\$400,500</b>					<b>\$268,875</b>		<b>\$47,625</b>	<b>\$51,160</b>	

## Tracking MAPS Fund Balance



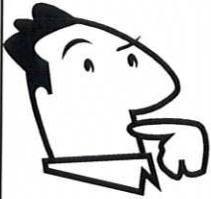
## 1<sup>st</sup> Teacher in 09 Proposal

year	2008	terminal leave pay	2009	2010	2011	per day	days	per day	days
prev base \$	33,940				\$	54.30	86.8	\$	22.96
			2.00%	2.00%	2.00%	\$	67.50	0	\$
projected			2.00%		\$	81.00	0	\$	27.50

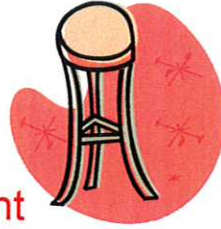
**assume the BA + 0 would advance on steps, teacher plans retiring end of 2008-2009**

63 yrs	assume the MA + 40 (step 26) kept working and would advance on salary schedule(1).	One year old sick days.							
2.00% projected	MA + 40	BA + 0	terminal leave pay	ERI	salary savings	ss savings	mpers savings	total savings	
2008	2009	\$72,632							
2009	2010	\$74,084	\$34,618	\$3,576	\$6,081	\$39,465	\$3,019	\$6,528	
2010	2011	\$78,038	\$37,077	\$1,728	\$6,050	\$40,961	\$3,134	\$6,775	
2011	2012	\$79,598	\$39,619	\$1,728	\$6,066	\$39,979	\$3,058	\$6,613	
2012	2013	\$81,190	\$42,248		\$6,066	\$38,942	\$2,979	\$6,441	
2013	2014	\$82,814	\$47,215		\$6,066	\$35,599	\$2,723	\$5,888	
<b>totals</b>		<b>\$395,725</b>	<b>\$200,778</b>	<b>\$7,032</b>	<b>\$30,000</b>	<b>\$194,947</b>	<b>\$14,913</b>	<b>\$32,244</b>	<b>\$205,972</b>
		<b>EVMSI \$17,032</b>		<b>saves MAPS</b>		<b>\$205,072</b>		<b>% return</b>	<b>553.77%</b>

## Decisions on our end of the equation



### My review:



- **Salary next year vs. Retirement**  
– \$67,509 (survivor)                      - \$27,333 (50%)

**Retirement Savings – Down by over 32%**

**Reduced Social Security in - 5 years!**

Do I really want to do this?

## **Does this make sense for MAPS?**

- **District Assumption:**
  - **Five retirements this year**
- **Question is only a short fix?**
  - **ERI with this economy and declining enrollments is a long term fix**

## **Short/Long View**

- If teacher “A” stays for 3 more years and then is replaced with a new hire vs. having that happen this coming year the “spread” in the pay for that position is \$9,474 for the school year 2012-13 and then carried forward till ...
  - The break even point is in the school year 2024-25 school year.
- If a ERI teacher is not replaced it is all savings
- If the ERI teacher’s replacement is then laid off because of reduced enrollment it is savings
- If the replacement teacher leaves before the 2024-25 school year it is savings
- Reduced student population in 10 years by about 300
- Besides the 11.2 proposed reduction there will follow a further reduction by about 17 more teachers within this period (To 2018)