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To: Board of Education  
 From: Kim Davis  
 Date: September 15, 2022  
 Subject: ESIP – Early Separation Incentive Plan

The Early Separation Incentive Plan was introduced to staff during the 2018-2019 school year. The District embarked on an effort to reduce expenditures in a variety of ways to work its way back into compliance with Board Policy DIAA. Policy DIAA requires the District reserve to stay within a window of 21-26%. Below is an illustration of the District’s reserve balance over the last few years.

**District Reserve Balance**

2016-2017	21.87%
2017-2018	20.35%
2018-2019	17.02%
2019-2020	15.49%
2020-2021	18.78%
2021-2022	22.32%

As illustrated above, our reserves dropped below 21% with the 2017-2018 school year. The following year, we opened Eagle Heights Elementary School and the District naturally had an increase in expenditures just as a general means of “doing business”. And, unfortunately, student enrollment did not keep pace to cover the additional cost to the District.

School Year	Total Number of Students	Student Add/Drop
2017-2018	2598	4 +
2018-2019	2598	0
2019-2020	2647	49 +
2020-2021	2626	21 -
2021-2022	2559	67 -
2022-2023	2571	12 +

The last few years definitely presented many challenges for Smithville School District, but with the utilization of a variety of strategies, strict fiscal management, and team work among all buildings and departments, we are in compliance with Board Policy DIAA at 22.32% Reserve and have even seen an uptick in student enrollment for the first time in two years.

ESIP is not a retirement plan and was utilized by the District solely to reduce our staffing expenditures. For this reason, it is the recommendation of the Administration to cease the utilization of ESIP at this time. Should the District encounter another time of financial crisis and our reserve dips below the threshold of 21%, we will revisit the ESIP strategy.