

Budget Realities

Bainbridge Island School District
February 2009

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The Funding Gap

Washington State does not fully fund K-12 public education.

- **State funding has not kept up with increasing costs:**
 - Washington State's per-pupil funding has fallen from 11th in the nation (1993) to 44th (2005). – *The Quality Counts Report*
 - K-12 education has fallen from 50% of the state budget in the 1980s to 41% of the current budget.
- **Examples of our funding gap:** In 2007-08
 - BISD paid \$7.2 M for positions not funded through the State.
 - Transportation costs exceeded state revenue by \$634 K.
 - Special education costs were \$1 M above the state allocation.

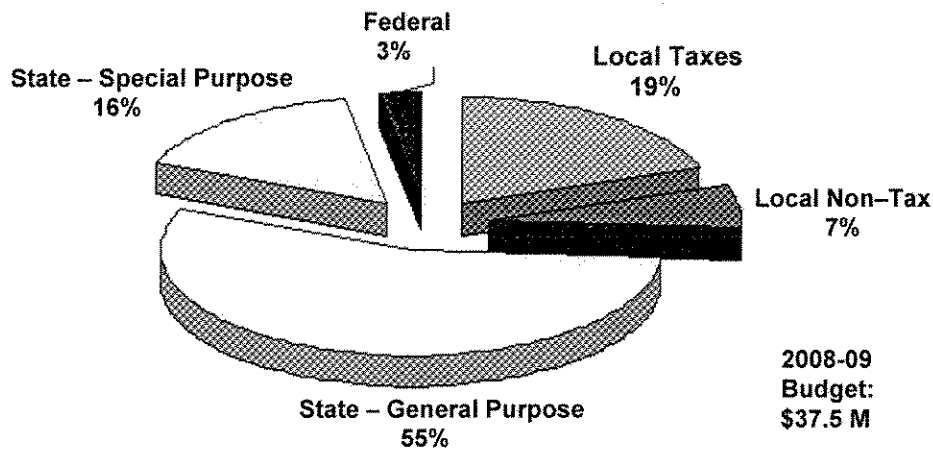
Unfunded Mandates & Underfunded Programs/Services

In addition to special education and transportation, examples include:

- **Non-Employee Related Costs (NERCs)**
(Costs for utilities, textbooks/supplies, insurance, etc.)
- **Student Assessment**
(Costs associated with test preparation, assessment process, data processing, parental communication, Student Learning Plans, etc.)
- **Graduation Requirements**
(Costs associated with culminating project, additional record-keeping, etc.)
- **Student Records Management and Data Processing**
(Costs to meet additional requirements for data entry and records management)
- **Technology Requirements and Expectations**
(Costs associated with updating hardware or software needed by staff and students)

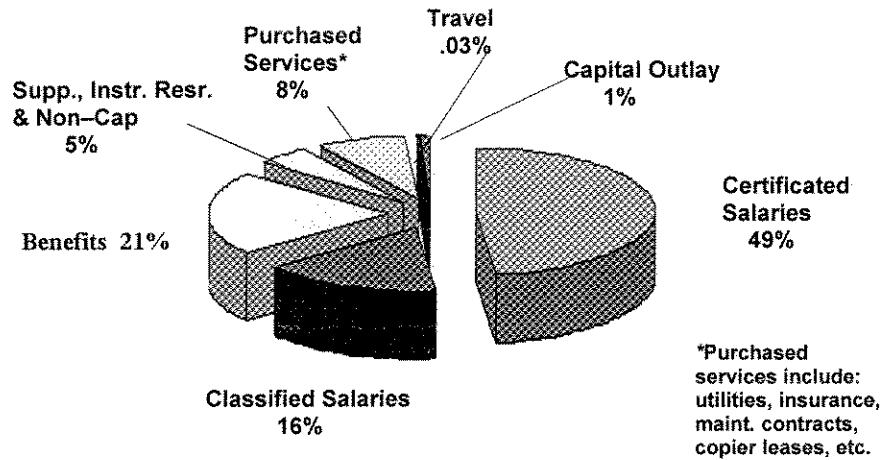
Our General Fund Budget

Where the money comes from:



Our General Fund Budget

How the money is spent:



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General vs. Capital Funds

Both serve vital student needs, but “nary the twain shall meet.”

General Fund

Sources of Funding:

- State and federal allocations
- Local program and operations levies
- Donations (e.g. PTOs, Foundation)
- Grants
- Fees



Capital Fund

Sources of Funding:

- Local bond measures
- Local technology, capital or transportation levies
- Donations (e.g. Sports groups, PTOs)
- Construction related grants & fees



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General vs. Capital Funds

Both serve vital student needs, but “nary the twain shall meet.”

General Fund

Pays for:

- Day-to-day costs of operating schools:
- Salaries & benefits of staff (except Capital Fund positions)
- Curriculum
- Supplies
- Utilities
- Insurance
- Transportation



Capital Fund

Pays for:

- New construction & renovation of existing buildings
- Major capital improvements (roofs, HVAC, infrastructure)
- Tech Levy equipment & software
- Staff FTE directly related to funded projects



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Challenge: Our Financial “Box”

Special Grants & Other Sources	
PTOs	Foundation
Facilities Bond	Tech Levy
Local P & Q Levy	
State & Federal Allocations	

BISD Levy “Lid” = 24.9%
Of State/Federal Allocations

Some other districts have been allowed to have higher “lids” due to “grandfathering”

Our Financial Reality

- **BISD Per Pupil Revenue (2007-08): \$8,949**
 - **State Ranking: BISD ranks in the bottom 21% of WA State school districts in per pupil revenue (232nd out of 295 districts in 2007-08).**
 - **Comparison with other districts (2007-08 data): Total per pupil revenue was lower than...**
 - Seattle = \$11,101 (\$8.2 million)*
 - Bellevue = \$9,790 (\$3.2 million)*
 - Mercer Island = \$9,527 (\$2.2 million)*
 - Shoreline = \$9,523 (\$2.2 million)*
 - Central Kitsap = \$9,427 (\$1.8 million)*
 - North Kitsap = \$9,376 (\$1.6 million)*
 - Northshore = \$9,198 (\$.95 million)*
- *Amounts in () indicate the additional revenue BISD would receive if it received equivalent per pupil funding.
- **Our ending fund balances have dropped from: \$1.7 M (2006) to \$1.5 M (2007) to \$1.1 M (2008).**

2008-09: Our Current Budget

- Enrollment has declined from **4,000+** students in 2006 to **3,815** students in 2009.
- We cut **\$1.5 M** last spring for the 2008-09 budget.
- **The 2008-09 general fund budget: \$37.5 M**

Capital Fund Facilities Bond: Phase II of Master Plan

- Planning is underway for a May 2009 Facilities Bond
- Bonds would be used for:
 - Essential renovations (roofs, HVAC, infrastructure)
 - Enhancement of sustainability & energy conservation and safety & security
 - Replacement of Wilkes Elementary School
- \$42 M bond is not expected to raise taxes since the district will be retiring older bonds
- Bond measure will be on May 19th ballot.

General Fund Financial Forecast: Longer-term

BASIC EDUCATION:

- The Legislature is currently debating important measures that will affect school funding: the Basic Ed Finance Task Force and the Full Funding Coalition bills.
- These bills call for a revised definition of Basic Education and changes to funding for K-12 schools.
- Preliminary estimates are that key components of this legislation could result in higher allocations for K-12 education. Estimates range from 50% increase to 85% increase in funding.
- Implementation could begin in 2011-12 with full implementation by 2016-2017.
- There is controversy and disagreement about portions of these bills, so it is important for all parties to be well informed.

TRANSPORTATION:

- Three different models for transportation funding have been proposed.

General Fund Financial Forecast: Short-term

- WA State is projected to have a \$6 B gap between projected and actual revenue. (Some believe this gap will increase to as much as \$8-10 B.)
- The Governor's Budget reduced K-12 education by 5.6%; public safety by 6.3%; early learning by 6.4%; higher education by 7.6%; social and health services by 12.2%, and natural resources by 12.2%.
- The Governor's Budget reduced I-728 Student Achievement funds by 21% in 2009 and 24% in 2010, suspended the COLA for employees, and cut "levy equalization" dollars by 33% for districts who receive levy assistance.
- The Governor's Budget would result in a reduction of \$500K for BISD, but we believe this is a "best case" scenario.
- Enrollment projections estimate a reduction of 55 students = \$300K.
- As we budget for next year (2009-2010), we are currently working to develop 3 possible scenarios:

Best case	\$500K reduction
Expected case	\$1 M reduction
Worst case	\$1.5 M reduction

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General Fund Budget Actions Taken / Planned

- DBAC - Budget development process will include subcommittees
- Regular communication with staff, parents, legislators, community members
- Surveys for staff and citizen input
- Community meetings regarding budget and bond
- NEWS lawsuit

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General Fund Budget Planning Guidelines

- Focus resources on programs that directly support student learning.
- Maintain a safe learning and working environment for students and staff.
- Maintain the district's financial integrity and investment in facilities, technology, and other physical assets.
- Retain an essential level of support services for district operations.
- Assure revenue generating programs break even.
- Expand and enhance efforts to increase operational efficiency and conservation of resources.
- Consider expansion or enhancement of revenue sources that are reasonable and appropriate.
- Budget decisions must be: legal, practical, sustainable, timely, cost effective, commensurate with adjustments in student enrollment, evaluated on an ongoing basis, and clearly communicated to constituent groups.

General Fund Budget Development: Subcommittees

- **Six (6) district subcommittees have been formed to study key components of the general fund budget:**
 - – Transportation
 - – Custodial and maintenance
 - – Central administration
 - – Special education and instructional support services
 - – School educational programs (2 subcommittees): K-6 and 7-12
- **Subcommittees will analyze the current budget, consider multiple options and identify advantages/disadvantages of scenarios.**
- **Subcommittees will present information to DBAC.**
- **Questions subcommittees will consider:**
 - – Revenue enhancement strategies
 - – Efficiencies and cost reduction strategies
 - – Highest and lowest budget priorities

Budget Development & Bond Timelines

Mid-Jan / Mar '09:	DBAC Committee Meetings; subcommittees meet, report progress to DBAC
Late Feb	Board resolution on bond measure for May
Mid-Mar - Late Apr	DBAC develops recommendations and provides opportunities for staff and citizen input
Late Apr - Early May	DBAC presents recommendations to School Board
May 19	Bond election
May – June	School Board considers recommendations and provides opportunities for staff and citizen input
End of June	Board approves preliminary budget

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Your participation and support are important:

- **Be informed, both about our current situation and about proposals for the future of education and educational funding in WA State**
- **Participate in the survey(s)**
- **Provide information to your BIEA, BIESPA, or administrative representatives**
- **Contact us if you have questions:**
 - Peggy Paige, Business Services (x1061)
 - Cami Dombkowski, Personnel (x1066)
 - Faith Chapel, Superintendent (x1050)

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