

BAINBRIDGE ISLAND SCHOOL DISTRICT NO. 303
District Budget Advisory Committee
Meeting Minutes

Date: March 25, 2014

Place: Board Room – Commodore Campus

Time: 5:30 p.m.

Superintendent Faith Chapel opened the meeting by explaining the goals for the evening would be to review the recently adopted state supplemental budget, follow up on some of the discussion points from the last meeting, and look at additional district financial data. She noted before reviewing this information, committee members needed to talk about the role of the District Budget Advisory Committee (DBAC) going forward. Ms. Chapel noted now that the district is not in the middle of drastic budget reductions, and trying to make complex decisions related to staffing, the role of the committee needs to be refined. Currently, the committee functions in an advisory capacity to the school board. During the years when the district was making significant budget reductions, the committee's work was a very detailed and in-depth process that involved subcommittees and intense meetings held several times a month. The collaborative outcomes of the committee's work served the district well during a very difficult time. Now that the district is not facing the intense budget reductions of the past few years, it should be acknowledged there are already established avenues available for various groups to advocate for funding needs for those groups. Related decisions from that advocacy feed into the budget development process, but those decisions take place outside the DBAC process. Even so, Ms. Chapel expressed it was still very important and valuable to have a group of citizens and staff that come together, talk about budget issues, ask questions, raise issues, and share differences of opinion. It is the advising role and having multiple perspectives that is an essential part of the committee's function. That has been true throughout the committee's work, but was much more intense and detailed during the difficult budget years.

One committee member acknowledged understanding the contractual obligations related to the different bargaining groups, and that the committee may not have discretion as those wheels begin turning again. However, if there is some degree of discretion, it never hurts to engage in conversation across all interest groups. Other committee members agreed and stated it fosters transparency and good communication. Perhaps the meeting structure could be changed, but the committee remains the mechanism to be transparent, not only to the employees but to the community. It was also acknowledged the "sense of urgency" about budget development had diminished, and it was suggested the composition of the committee could change or be streamlined. Once again, the importance of communication, both incoming and outgoing from the committee, was underscored. Ms. Chapel noted discussion of the committee's role and goals would be put on the agenda for the May meeting.

District Financial Update

Director of Business Services Peggy Paige presented an overview of the district's financial reports through February. Focusing on the page titled General Fund – Summary of Revenues & Expenses, she noted revenues were close to expected levels. Local taxes were up slightly, but not significantly and not expected to exceed budget. Local nontax revenues appear inflated but this was due to a denotation from the Bainbridge Schools Foundation received at a different time in the prior year. It was noted state revenues related to Basic Ed were beginning to move above the expected average due to the increase in enrollment. Special Ed is still below average but Ms. Paige explained enrollment (and funding) traditionally increased as the year progresses and Safety Net revenues are not received until August. Revenues in the area of Transportation were about where they should be, with adjustments for actual

funding indicating there will be about \$7,000 less than budget estimates. Ms. Paige noted expenditures for the year (to date) were at 51.2% and typically, at this point of the year, district expenditures would be at 49.7%. Ms. Paige explained this difference in expenditure pattern was due in part to the extra professional development days that occurred at the beginning of the year rather than being scheduled throughout the year as was typical. Expenditures in the area of Vocational Ed had an adjustment for salaries that were coded in error to Basic Ed. Central Office expenditures were up from last year due to some atypical levels of expense in substitute costs, overtime and legal fees. Ms. Paige noted she would be doing a reimbursement to the General Fund for Capital Projects salaries, which should bring down the expense rate in this area. It was also noted the district has been paying for additional staff (above the budgeted amount) since the beginning of the school year related to the increase in enrollment. Finally, Ms. Paige noted the cash flow projection for the end of the school year was \$2 million, with the fund balance estimated to be 5%.

State Adopted Supplemental Budget

Ms. Chapel shared the latest pivot table prepared by the Office of the Superintendent of Public Instruction containing the estimated impacts of the state supplemental budget for Bainbridge Island School District. She highlighted final budget funding areas of \$84,096 (High School Guidance Counselors), \$160,837 (Lab Science Class Size), and \$217,635. It was explained that last June, the legislature allocated \$97 million across the state for all secondary students to have an increase in instructional hours and a new 24-credit graduation requirement beginning with the fall of 2014. Literally every school district protested the new requirement as it would impact school schedules, instructional planning, and employee bargaining agreements already in place. After hearing from educators from across the state, the legislature delayed the new requirement until the fall of 2015, and told school districts the allocation of \$97 million would have to be used to help students in grades 9 – 12 prepare for the new 24-credit diploma requirement. The key element of this recent legislation was to push money out in certain categories, but to give districts flexibility to use those dollars to help students move toward the new credit requirements, and to plan for the increase in instructional hours. Ms. Chapel expressed some concern about the total fund amount shown on the pivot table as it was based on this year's enrollment numbers, which were 100+ higher than the budgeted numbers. As a conservative approach, the district is using an enrollment projection of 3650 for next year's budget planning. Calculations based on that enrollment will be used to estimate the supplemental state funding.

Preliminary Draft of 2014/15 General Fund Revenues & Expenditures

Prior to the beginning the discussion of the preliminary draft of the 2014/15 general fund revenues and expenditures, Ms. Chapel wanted to address some of the questions raised about the proposal to reinstate positions. To provide context, it was noted one of the guidelines stated in DBAC documents was that the district values be reflected in budget planning, and the district has always had instruction as a priority. This has been reinforced in all the surveys that were conducted, and in the feedback from the community. Budget reductions over the past few years have been in the support areas rather than classroom. Committee members were reminded of the two big areas of funding applied directly to classrooms that were lost: I-728 (\$1.8 million) and approximately \$500K used to reduce class size at the elementary level. That is a total of \$2.3 million that is gone, and yet the district did not cut \$2.3 million worth of teaching positions. Instead, reductions were made in other areas.

Ms. Chapel led committee members through a review of the 5-year History of Budget Adjustments (2008/2013) distributed at the March 11th meeting. Reviewing the reductions made for 2012/2013, she noted there had been reductions related to a decrease in enrollment (400 student decreases since 2005) and there was a reliance on the Bainbridge Schools Foundation to support staffing as there had been in the previous years. Committee members were encouraged to review the 5-year history regarding where the reductions were taken. Combined with the reductions, the district looked to additional revenue sources such as supplemental levy funds and the Bainbridge Schools Foundation to support classroom instruction,

student learning, and to attempt to prevent further reductions in support areas. When the district received funds from the state last year to back-fill Basic Ed, counseling positions were reinstated to previous levels. Other positions were also reinstated. As the budget crisis eased, and the district was able to fund basic ed positions, the Bainbridge Schools Foundation (BSF) moved to funding areas that support instruction. Ms. Chapel provided copies of the District's 2013/14 funding priorities for BSF funds approved by the school board. These areas of support include professional development, classroom innovations, and Teacher On Special Assignment (TOSA) positions in the areas of literacy, mathematics, differentiation, and STEM. There was a brief discussion about how the budget reductions impacted the curriculum review process and how that process has slowly been reinstated. In addition, the Career-Technical Education Committee review process currently underway was noted.

Ms. Chapel shared a draft of the preliminary estimates of revenues and expenditures for the 2014/15 General Fund budget. The first portion of the estimate involved revenue increases and projected cost reductions. In this area it was noted the Bainbridge Schools Foundation estimated their pledge for \$900K. Enrollment revenue for next year is estimated at \$340K – 65 FTE higher than the 2013/14 budget. Other revenue adjustments included: a) Local levy - \$275K; b) State revenue for McCleary (operations & Gr. 9-12 staffing) - \$882K; c) Add'l revenue from 2012/13 - \$225K; d) Transportation - \$100K. Staffing adjustments to align with enrollment (2.1 FTE) were estimated at \$180,500, and reductions in BSF expenditures to align with revenue were \$100K. Revenue reductions and projected cost increases included the following: Possible non-recurring 2014/15 revenue items – a) BSF (\$1,000,000) b) The offset for intentional deficit spending in 2013/14 (\$1,100,000). Staffing, salary and benefit adjustments – a) Salary/experience steps/benefits/L&I/pension costs (\$150K); b) Staffing adjustments per contract & enrollment (\$110,500); c) Gr. 9-12 staffing to move toward 1080 hours & 240-credit requirement (\$350K); d) Staffing for mandated program changes (Highly Capable, TPEP) (\$102K); e) Staffing changes to address classified workload (\$90K). Other adjustments – a) MSOC (utilities, bldg. repairs, etc.) (\$100K). The next meeting is scheduled for April 15th.

Next Meeting:

April 15

May 20

June 3