

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

Date: November 18, 2008

Place: Sakai Intermediate School Library

Time: 4:30 – 5:30 p.m. – Washington State School Budget 101
5:30 – 7:30 p.m. – Regular Meeting

Washington State School Budget 101

Superintendent Faith Chapel facilitated a hour-long study session for new DBAC members to assist them in gaining a basic understanding of school finance in the state of Washington. An overview of K-12 funding in Washington, produced by Calvin W. Brodie of the Office of Superintendent of Public Instruction, was provided as background information, along with information regarding how funding is portioned in the state. It was noted that Washington’s Constitution states “It is the paramount duty of the state to make ample provision for the education of all children...” and that “The legislature shall provide a general and uniform system of public schools...” (A lawsuit pending against the State brought by the Network for Excellence in Washington Schools (NEWS), seeks to determine the definition of “paramount duty” and contends the state is not providing adequate funding for education.) The group reviewed previous lawsuits (1977, 1983, 1988) that led to legislative changes expanding and clarifying the state’s responsibility for basic education. It was noted that the current funding formula is not cast in concrete as it is the continuing obligation of the Legislature to review, define, and fund basic education. Local school levies are allowed as long as they enrich programs outside of the legislative definition of basic education and are not used to reduce the state’s obligation to fund basic education. The reality of local levies is that while they were intended to supplement and enhance basic education, because basic education funding is inadequate, local levy monies support basic education needs. The contemporary issues related to basic education including lawsuits on behalf of special education, K-12 adequacy and equity, and the possibility of raising levy lids were discussed.

The group reviewed the sources of revenues for the state’s general fund the greater portion of which is generated by retail sales and use tax (52.8%). The greater portions of state general fund expenditures are in the areas of human services (37%) and public schools (41%). The school district general fund revenue per student for 2006-07 (average percentage) was: state – 70.1%, local tax – 16.9%, federal – 9.2% and other – 3.8%. It was noted that the Bainbridge Island School District’s total revenue was slightly less than the state average. Stimulated by a question regarding the obligation to provide transportation, the group engaged in a brief discussion regarding current practice. The group then reviewed the general apportionment basic funding concepts for apportionment allocation, which is generated by enrollment and includes formulas for staffing, salaries and benefits, and nonemployee related costs (NERC). Superintendent Emeritus Dr. Ken Crawford distributed a basic education allocation overview specific to the district for the 2008/2009 school year that was based on an enrollment of 3825 students. The funding formulas for certificated, administrative and classified staffing, as well as those for

insurance benefits, nonemployee related costs, and substitute employee reimbursements (certificated only), were explained. It was noted that some districts get more state funding because of the differences in base salary amounts, levels of staff experience and education, levels of students participating in bilingual programs, special education, vocational education, transportation, levels of poverty and levy equalization funding. At the conclusion of the study session, Director of Business Services Peggy Paige distributed a spreadsheet of the district's levy lid received from the Office of the Superintendent of Public Instruction in the fall. Voters approve a certain amount for levies but that is not always equal to the levy lid and typically the district's is below what the voters approved. Each fall the Board must re-certify the levy as it is rolled back to the levy lid. The levy lid amount is based on the prior year's state and federal funding.

Proposed Changes in Facility Use Fees

Ms. Chapel shared the draft Policy/Procedure 6113 Community Use of Facilities and related fee schedule. Dr. Crawford provided background for the revision of the policy and fee schedule noting the current user fees do not cover the costs incurred by the district for the use of school facilities by outside groups. It was noted that two new school facilities, the Bainbridge High 200 Building (Commons) and the new Stadium all-weather turf field, would come online in January. The new field is one that local youth athletic groups would like to have access to, and the district would like to provide that access, but there is also the need to generate enough funding to keep the facility maintained. The new Bainbridge High Commons will most likely also be in great demand for community activities and will impact the costs of maintaining that facility. The district felt it was necessary to review facility use rates that are consistent with other local school systems and municipal organizations. Research regarding the current rates charged by other school districts for similar facilities was conducted and the draft for the revision of Bainbridge's fee schedule is consistent with those rates. The group also discussed the possibility of a centralized scheduling system for all district facilities, the need to publish rates for custodian and kitchen staff costs, and that the fee schedule should be reviewed annually. It was also noted that conversations will be scheduled with local user groups such as the Bainbridge Island Parks Department and a variety of youth groups. At the conclusion of the discussion it was noted that the group was generally supportive of the proposed revisions to the policy/procedures and facility use fee schedule.

Budget Update – Fiscal Year End Report – 2007/2008

Director of Business Services Peggy Paige provided the group with a summary of the end of the year report for fiscal year 2007/2008. She noted the district began the year with a deficit due to end of the year impacts from the 2006/2007 fiscal year. The ending fund balance for 2007/2008 is 2.5%, approximately 200K below the target of 3%. Expenditure details by program and revenue details were reviewed, and overall revenues are down about 72K. It had been expected that revenues would be down 200K but the district collected a little more in the areas of local nontax revenues (activity, rental, lunch, and field trips) and other financing sources. On the expenditure side, the district looked for areas to cut costs including some reductions. To help explain the importance of fund balances, a fact sheet entitled Why Fund Balances Are Important was distributed to the group. Reasons listed in the document included fluctuations in enrollment, cash flow, grants, emergencies, unanticipated costs, opening of new schools, starting new programs, maintaining favorable bond ratings, and earned interest on fund balances.

Budget Forecast

Ms. Chapel shared information from the Washington State School Directors' Association (November 13, 2008) regarding the 2009 legislative preview and a preliminary budget forecast. The group review the estimated six year budget outlook and it is anticipated that at the conclusion of the 2008/2009 biennium, the state will have total reserves of \$529 million. However, current estimates indicate that for the 2009/2011 biennium, if all current expenditures remain, the state is facing a budget gap of \$3.2 billion dollars, which could grow to as much as \$5 billion. This scenario will make for a very difficult legislative session as legislators work to build a budget for the 2009/2011 biennium. It was noted that public education and health services comprise a great portion of the state's expenditures. Even though it is the "paramount duty" of the state to provide basic education to children, basic education has not been fully defined. There is concern for such funding areas as I-728, an initiative passed in 2002 related to class size issues and from which Bainbridge receives 1.8 million dollars. Another area of concern is I-732 COLA and other compensation for public school employees. The group reviewed state budget allocations for 2007/2009 basic education programs and for non-basic education programs. The Governor's budget is scheduled to be released mid-December, and then through the legislative session, both the House and Senate make their budget recommendations. The group had a brief discussion regarding levy lids and the possibility of the legislation raising the lid in consideration of current economic conditions. Ms. Chapel also noted the work of the Basic Education Task Force and as information regarding that committee's work becomes available it will be forwarded to DBAC members. Finally, Ms. Chapel acknowledged that with the state budget facing such difficulties, Bainbridge would be faced with budget reductions.

Next Meeting:

Tuesday, January 20, 2009
5:30 – 7:30 p.m.