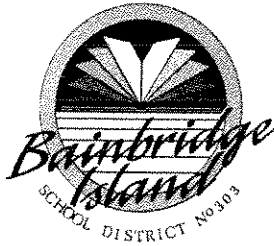


BOARD OF DIRECTORS

Mary Curtis
Michael Foley
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SUPERINTENDENT
Faith Chapel

**ASSOCIATE
SUPERINTENDENT**
Julie Goldsmith

8489 Madison Avenue NE * Bainbridge Island, Washington 98110-2999 * (206) 842-4714 * Fax: (206) 842-2928

January 14, 2009

TO: District Budget Advisory Committee
FR: Faith Chapel
RE: Governor's Budget and Budget Planning for 2009-2010

As you know, Governor Gregoire released her proposed budget for the 2009-2011 biennium. In essence, the proposed budget closes the projected \$6 billion biennial budget deficit by making deep reductions in state services and programs, suspending cost-of-living increases for public employees, and anticipating receipt of federal funding assistance for states. Overall, K-12 educational programs would sustain a 5.6% reduction in funding, if this proposed budget were adopted in its current form. Public safety programs (including prisons) would face a 6.3% reduction; early learning a 6.4% reduction; higher education, 7.6%; social and healthy services, 12.2%; and natural resources, 12.2%.

The attached documents provide an overview of the education portion of the Governor's budget accompanied by a spreadsheet delineating how the proposed reductions would affect the Bainbridge Island School District. In general, the reductions to public schools are not as deep as originally anticipated, but they will still have a significant impact on our district. The two areas that would have the greatest impact on our district are the I-728 Student Achievement funds, which are reduced by 21% in 2009-10 and 23% in 2010-11, and the I-732 cost-of-living provisions which are suspended for both years. In addition, professional development for math and science education has been eliminated, with the stipulation that the two Learning Improvement Days currently funded by the state are to be targeted for implementation of the new math and science standards. The library collections allocations, school safety planning grants, OSPI summer institutes, and principal internship grants have also been eliminated, and the Teacher Assistance Program (TAP) is suspended. An item that will not impact our district but have a devastating effect on many other districts throughout the state is a 33% reduction in Local Effort Assistance (also known as "Levy Equalization" assistance). **The proposed budget would result in a \$466,411 reduction for our district.**

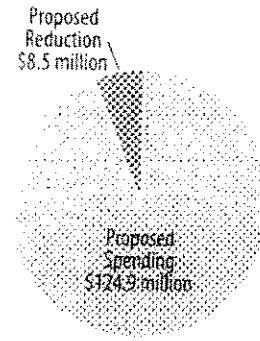
It should be noted that in addition to reductions in state allocations, we are anticipating an additional reduction in student enrollment. We project that our student enrollment for next year will be 3,770 – 55 students less than we budgeted for the current year. We also ended the 2008-09 year with a 2.5% fund balance – 0.5% less than the 3% target set by the Board.

I will be attending a meeting tomorrow morning of the Puget Sound Educational Service District superintendents (31 superintendents from the Seattle area). The focus of the meeting will be the Governor's budget, so I hope to have additional information to share our meeting next Tuesday. We will also discuss plans for addressing the projected budget shortfalls and developing the district budget for the 2009-10 fiscal year.

Education

EARLY LEARNING

Believing in the primacy of early learning opportunities as a means to build a foundation for our children and our state's future, Governor Gregoire established the Department of Early Learning three years ago. This agency leads in the development of education for our youngest citizens and provides support for parents as their children's first and most important teachers. In the intervening years, the state has taken important steps to ready children for success in school and in life. The agency is also improving the safety and quality of early learning and child care programs in the state through more oversight and by strengthening child care licensing rules. This proposed budget continues progress in offering services for our youngest learners and supporting those who provide for their care and education.



Goals

- » Preserve high-quality early learning programs for young children.
- » Maintain safe and healthy environments for children in child care settings.

What We Invest In

Early Childhood Education and Assistance Program

Funding covers 8,226 slots for 3-year-olds and 4-year-olds at an average rate of \$6,674 for high-quality pre-kindergarten programs through the state's Early Childhood Education and Assistance Program. (\$112.9 million General Fund-State)

Quality Rating and Improvement System

The Department of Early Learning and the private-public partnership Thrive by Five, Washington continue work to pilot a Quality Rating and Improvement System. This system improves the quality of early care and education programs and provides parents with information they need to choose high-quality child care. (\$1 million GF-S)

Quality improvement specialists

Five quality improvement specialists are funded to help maintain safety and health standards in 7,534 state-licensed early learning homes and centers. The specialists will work with 90 federally funded licensors. (\$870,000 GF-S)

How We Achieve Savings

Suspension of the Career and Wage Ladder, which creates incentives for child care teachers to advance their education and professional development. (\$3.0 million GF-S)

Suspension of funding for the Family, Friends and Neighbors program that provides interactive learning opportunities to young children and their families. (\$2.0 million GF-S)

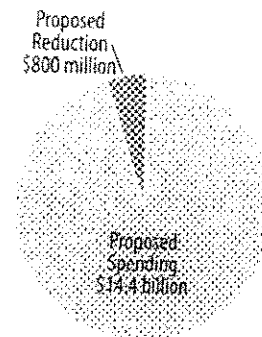
Elimination of state funds for the Child Care Resource and Referral Network. The network will continue to receive \$5.5 million in federal funding to operate local referral hot lines and provide training, and \$700,000 in federal funding for the Washington Scholars Program. *(\$1.7 million GF-S)*

Other reductions including pension changes. *(\$1.8 million GF-S and other funds)*

K-12 EDUCATION

Among all the functions of state government, providing funding for basic education is paramount. Individually and collectively, our more than 1 million students embody the promise of a brighter, more prosperous future for families and communities across the state. Despite declining state revenues, it is imperative that we continue to invest in the education of our children. Economic revitalization truly starts in the classroom.

Under Governor Gregoire's leadership, significant progress has been made in classroom instruction, teacher preparation and learning assistance. Despite areas of reduction or suspension, her proposed budget continues in that direction.



Goals

- » Maintain basic education funding for schools.
- » Prioritize programs that demonstrate links to research-based best practices.
- » Maintain programs focused on improving student achievement and closing the achievement gap.
- » Retain focus on the quality of instruction.
- » Provide state and regional infrastructure to effectively manage the K-12 system.

What We Invest in

K-12 basic education services *(\$12.2 billion General Fund-State), including:*

- Special education services. *(\$1.3 billion GF-S)*
- Pupil transportation. *(\$628.0 million GF-S)*
- Learning Assistance Program. *(\$207.2 million GF-S)*

Several programs outside the K-12 basic education area, including:

- Initiative 728 for class size reductions, early learning, professional development and extended learning opportunities. *(\$732.9 million Student Achievement Fund)*
- Levy equalization. *(\$360.8 million GF-S)*
- K-4 class size enhancements. *(\$260.0 million GF-S)*
- All-day kindergarten for lowest income schools. *(\$81.0 million Education Legacy Trust Account)*
- Professional development days targeted at implementing new math and science standards. *(\$69.9 million GF-S)*

In addition, a number of targeted grant and technical assistance programs will continue through the 2009–11 biennium, including those that:

- Improve student achievement and close the achievement gap, which includes the focused assistance program for schools with large percentages of struggling students, as well as diagnostic assessments. *(\$20.4 million GF-S, \$4.4 million Education Legacy Trust Account)*
- Support the quality of instruction, including alternative routes to teacher certification, National Board bonuses and the Leadership Academy. *(\$66.6 million GF-S, \$2.1 million Education Legacy Trust Account)*
- Support the foundational math and science effort, including school district math and science coaches, Educational Service District math and science experts, math and science standards and curriculum development, after-school math assistance and the LASER science program. *(\$10.2 million GF-S, \$7.3 million Education Legacy Trust Account)*
- Support student health and safety through school breakfast and lunch programs, nurse corps and training for school safety personnel. *(\$13.2 million GF-S)*
- Provide school district financial technical assistance. The Office of the Superintendent of Public Instruction predicts that more school districts with declining fund balances could become subject to state oversight. A group of experts is created through the Educational Service Districts to help school districts with financial planning and monitoring. The OSPI will coordinate this technical assistance. *(\$3.0 million GF-S)*

Services at School for the Deaf and School for the Blind

Specialized instruction is provided for approximately 200 students at the School for the Deaf and School for the Blind. *(\$30.9 million GF-S)*

How We Achieve Savings

Elimination of lower-priority programs, including multi-year pilot programs and specialized programs that do not have wide impacts across the state, such as the civics curriculum pilot project, LEAP bilingual pilot, accountability institutes, math helping corps and reading corps. *(\$22.5 million GF-S)*

Suspension of 24 percent of Initiative 728 funds. *(\$178.0 million Student Achievement Fund)*

Reduction in levy equalization, which provides a state match to local school districts with higher-than-average tax rates to raise a local levy (those districts are more “property poor” than average). For calendar years 2010 and 2011, allocations for levy equalization are reduced by 33 percent. This timing allows school districts to phase in the reductions over two school years. *(\$125.4 million GF-S)*

Refocus two state-funded professional development days on implementing new math and science standards. Separate grant funding for math and science professional development is eliminated. *(\$39.7 million Education Legacy Trust Account)*

Suspension of Initiative 732 funds for teacher and other K-12 employee salary increases. *(\$349.2 million GF-S)*

Elimination, reduction or suspension of grant programs that provide support services such as readiness to learn, building bridges grants, after-school grants and school safety plan grants. *(\$48.3 million GF-S)*

Other reductions including pension changes. *(\$36.9 million GF-S and other funds)*

Prepared by: Office of Superintendent of Public Instruction

Based Upon School Districts' Budgeted 2008-09 Data Except Where Noted Below

Governor's Budget v. 1.0

54 The Information At The Bottom Is An Integral Part Of This Analysis.

BAMBRIDGE		Select District or ESD						
Sum of Charge		Do NOT refresh the pivot table						
Name	Group	Description	Current 2008-09 Funding	2009-10 Projected Funding Level	Governor's Budget Difference from 2009-10 Projected	House Budget Difference from 2009-10 Projected	Senate Budget Difference from 2009-10 Projected	Final Budget Difference from 2009-10 Projected
	Basic Programs	Basic Education Entitlement	20,708,534	21,005,488	(428,124)			
		Special Education	2,621,652	2,690,449	(56,191)			
		Transportation Operations	662,903	664,823	(19,551)			
		Learning Assistance Program	69,541	70,443	(3,600)			
		Transitional Bilingual	22,609	23,176	(554)			
	Extended Basic Programs	Highly Capable	24,274,940	24,644,379	(498,530)			
		Inflation Costs of Health Insurance	36,693	36,862	(1,893)			
	Extended Basic Programs Total	I-732 EQIA	0	164,043	0			
	Selected Grants and Allocations	Local Effort Assistance	36,693	756,388	(736,077)			
		Vocational-Skills Center Equipment Replacement	0	959,313	(737,920)			
		Full Day Kindergarten	9,750	0	0			
		Middle School Vocational	0	0	0			
		Math & Science Professional Development	84,344	0	0			
		I-728- Student Achievement	1,805,377	88,601	(1,890,901)			
	Selected Grants and Allocations Total		1,889,471	1,812,599	(377,510)			
				1,901,490	(460,411)			

If you have questions, please call School Apportionment and Financial Services at 360-725-6302.

a. This model projects state funding to school districts based upon the enrollment and staff mix factors used in the November 2008 reappointment reports based on school district budget information. All proposed budgets project the school district's enrollment and staff mix factors used in the November 2008 reappointment reports.

This model's projections are based upon the school district fiscal year which runs September 1 through June 30th.

2 These figures are projections of future funding allocations based upon information available. It is the school district's responsibility to know what is in the budget and develop their own estimates for their use. OSPI provides the pivot table to assist but does not guarantee that all district impacts are included in the analysis. RCW 28A.505 requires that all school districts shall prepare their budgets for the following school year by July 10th. OSPI has authority to delay this due date if the Legislature has not passed the operating budget by June 1st.

3. The "Current 2008-09 Funding" column represents the estimated school year allocations and grants based upon the school districts' budgeted 2008-09 data and the current available grant information for 2008-09, except where noted.

This column reflects the required increases of Initiative 732 for COLA at 4.1%, the Governor's estimated insurance costs at 5.7%.

The "Governor's Budget Difference from 2009-10 Projected", column represent the projected impacts of these budgets versus the "2008-09 Projected Funding Levels" column. See note 1 above.

Funding amounts provided to the Educational Services District.

review the projected funding change to their local ESD to determine whether services they benefit from may be affected.

See Additional Information on the "Notes" Sheet of This Workbook

2009 BUDGET RATE SHEET

LEG SESSION 2009

- A. 1. K-4 CERTIFICATED INSTR STAFF RATIO
2. VOC/SKILLS EQUIPMENT \$/FTE
3. CLASSIFIED STAFF RATIO
LEARNING IMPROVEMENT DAYS IN EXCESS OF 180
- C. NERC
1. BASIC
2. VOCATIONAL
3. VOCATIONAL SKILL CENTER
- D. SUBSTITUTE TEACHER
1. SALARY INCREASE
2. TOTAL
- E. INCR BEA PER PUPIL 08/09 TO 09/10
- F. TRANSPORTATION
1. SALARY INCREASE
2. INSURANCE INCREASE
3. TOTAL
- G. HIGHLY CAPABLE
1. SALARY INCREASE
2. INSURANCE INCREASE
3. TOTAL
4. FUNDED PERCENT
- H. TRANS BILINGUAL
DEDUCT SPI TESTING 1.5%
1. SALARY INCREASE
2. INSURANCE INCREASE
3. TOTAL
- I. AP
1. SALARY INCREASE
2. INSURANCE INCREASE
3. TOTAL
4. HOLD HARMLESS, NOT LESS THAN 2004-05
- J. SPEC ED FED FUNDS INTEG (Rpt 1220 Line 1.2)
- K. LEA FUNDING REDUCTION
- L. FRINGE BENEFITS IN PERCENT
1. CERTIFICATED MAINTENANCE
2. CLASSIFIED MAINTENANCE
3. CERTIFICATED INCREASE
4. CLASSIFIED INCREASE
- M. EMPLOYER RATES
1. TRS
2. PERS
3. SERS
- N. INSURANCE BENEFIT ALLOCATION
- O. RETIREE SUBSIDY
- P. SAL INCR PERCENT FORMULA STAFF
CERT INSTR STAFF MINIMUM BASE SALARY
CLASSIFIED MINIMUM SALARY
ADMINISTRATIVE MINIMUM SALARY
- Q. STUDENT ACHIEVEMENT (PRIOR YR FTE ENROLL)
- R. FULL DAY KINDERGARTEN % OF ENROLL FUNDED

2008-09		2009-10			
ESHB 2687 FINAL BUDGET		GOVERNOR PROPOSED BUDGET	SENATE BUDGET	HOUSE BUDGET	FINAL BUDGET
53.2/1000		53.2/1000			
\$75/\$125		0			
1/58.75		1/58.75			
2		2			
10,178		10,179			
24,999		24,999			
19,395		19,395			
555.2		607.44			
52.24		0.00			
607.44		607.44			
6.00		4.00			
45.68		48.27			
2.46		0			
0.45		0.38			
48.59		48.65			
378.13		404.81			
25.51		0			
3.05		2.58			
406.69		407.39			
2.314%		2.314%			
840.64		911.45			
-12.61		-13.67			
68.33		0			
8.01		6.80			
904.37		904.58			
265.08		284.47			
18.86		0.00			
2.05		1.75			
285.99		286.22			
SEE ITEM 4					
AT LEFT					
Yes		Yes			
-24.00		-24.00			
		33%			
16.75		15.89			
18.72		17.08			
16.11		15.89			
15.22		17.08			
8.46		7.60			
8.31		5.76			
7.54		5.94			
732.00		774.00			
60.4		63.72			
4.40%		0.00%			
34,426		34,426			
31,865		31,865			
57,986		57,986			
458.10		364.14			
20%		20%			