

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

Date: June 1, 2010

Place: Bainbridge High School Library

Time: 5:30 p.m.

Twenty members in attendance.

Superintendent Faith Chapel extended thank yous and congratulations to Director of Business Services Peggy Paige and Director of Human Resources Cami Dombomkowski for their leadership in the recent conversion of the financial and human resources service systems. This has been a year-long process in preparation of the actual system conversion on May 26-27, 2010.

BISD Financial Budget Ending the 2009-2010 Year

Director of Business Services Peggy Paige provided an overview of the district's financial status for 2009-2010 through April. State revenue is consistent with state funding expectations and enrollment. Special Education has increased funding due to a change in the formula used to calculate Safety Net funding. We have had some additional savings from the budget cuts proposed last year, savings in food service, and a few categories appear that they will come in under budget. Our current projection is to realize a 4.5% fund balance.

See the document titled *Monthly Financial Reports – April* for greater detail.

Final Budget Recommendations for 2010-2011

Our expected deficit for 2010-2011 is projected to be \$1,659,170 due to revenue reductions and increased costs. The School Board has committed \$300,000 from our fund reserve to help offset the budget deficit. The 2010-2011 local levy should contribute \$350,000. This leaves a deficit of \$1,009,170 for 2010-2011.

See the document titled *Preliminary Estimate: 2010-11 General Fund Budget Gap, Updated: April 20, 2010*.

Staffing Reductions

Seventeen Reduction in Force (RIF) notices for certificated staff went out in early May, before the May 15 notification deadline. This was the equivalent of approximately 9.0 FTE. These certificated reductions were a result of program changes and enrollment projections. The RIF notices affected staff in every building and at several grade levels. Staff members will be recalled if there are open positions for which they are "highly qualified" for the position. The continuing contract positions will be filled first, followed by the non-continuing contracts.

In June, reduction in forces notices will be given to a few classified positions namely a change in position for two food service staff and a reduction of a three hour secretarial position at BHS due to decreased enrollment. The food service changes will only affect the food service budget. The elimination of the secretarial position will create a savings of approximately \$15,000 for general fund.

Preliminary Budget Information for 2011-2012

The new biennium, changes in the legislature, and changes in legislation are a few of the factors that will have an impact on the 2011-2012 budget year. One specific factor is the pension fund for state employees, including educators. The state legislature chose not to pay into the state pension fund this year and will need to make additional payments beginning in July 2011. The state will pay the costs only for the staff positions they currently fund. The district has to pay for the increases of those positions not funded by the state. This may cost us \$200,000 more in pension costs in 2011-2012 than in 2010-2011. Almost half of our classified staff is not funded by the state. Approximately 20% of our certificated staff is not funded by the state. These increases are ongoing and will increase over the next several years.

We received \$385,000 for special education from the federal government for 2008-2010. This funding ends in 2011. This represents almost \$600,000 in expenditures and lost revenue that could affect the 2011-2012 budget.

Legislative Changes as of May 2010 and Levy Options

The School Board did not place a technology renewal levy on the February 2010 ballot. The state does not fund technology. School districts need to rely on local funding, levies, to support technology. For most school districts, the state funds are really only covering utilities and insurance. All other areas are covered by local funding. The federal government funding was less than \$1,300, which included one-time stimulus funding, for 2009-2010 and is expected to decrease by 2/3 in 2010-2011.

Recent state legislation is allowing for a 4% increase in levy lids in all districts. Supt. Chapel expects this would allow BISD to collect an estimated additional \$625,000 in 2011 and \$225,000 in 2012. In order to collect this additional 4% in 2011, the School Board must authorize a levy in November.

Supt. Chapel presented three options to the School Board at the May 27, 2010 meeting. Option #1 could be to run a technology levy only. This would give us a renewal levy and would keep local school taxes stable but would not increase the capacity of the general fund. Option #2 is to run a levy for the 4% levy lid option combined with a technology levy. This would keep local school taxes stable and allow for an increase in the capacity of the general fund. The third option would be to run just the levy lift in November and then run a technology levy at a later date. These options and budget considerations are explained in the document titled *District Strategic Financial Planning: Options for Board Consideration*.

Conversation ensued about funding approaches and strategies that could promote “great schools” and ongoing financial support from our community. Should we target a few key points that will build great schools and share this message with the BISD community and tell them what it will cost to achieve great schools? Yet, we still must operate under an imposed levy lid for programs and operations. Is there a way to create a stable message to voters about our needs so that we are not re-explaining school funding each time we place a measure on the ballot?

First show of hands revealed support to move forward with requesting a 4% levy lift. Second show of hands revealed support to move forward with a technology levy. The group discussed the merits of maintaining a \$6.1 million technology levy and a 4% levy lift. This would involve a tax increase of approximately \$50/year for 2011 and much less of an increase in 2012. The majority of the group feels we should move forward with a levy lift. The group is in support of a technology levy and would like

the board to consider “Option 4”, that is run the technology levy for the full amount and ask for the 4% levy lift.

Note: This is the final meeting for the 2009-2010 school year.