

Orcas Island School District
Report of the Budget Work Group
to the School Superintendent and School Board
April 11, 2007

Introduction and methodology:

This report is the result of a series of meetings that commenced with a community meeting held in the school cafeteria March 14, 2007. Following the community meeting, a working group (see Appendix A for participants) met three times to flush out issues and recommendations. Subsequently a smaller sub-set of the work group crafted a draft written document, circulated that draft to working group participants, and then integrated feedback into this final report.

1) Problem/goal statement

To balance the Orcas Island School District's 2007-08 budget, including reserve fund while adhering to the school's mission and vision.

Mission: Orcas Island School District is committed to partner with families and community to provide each student with a well-rounded education in a nurturing environment. We will foster academic excellence and creative expression, while inspiring successful future endeavors and productive community involvement.

Vision: Inspiring academic excellence and cultivating caring, active citizens.

2) Assumptions:

- A) The Orcas Island community, board members and school staff are committed to the school's vision and mission;
- B) Orcas Schools have a track record of providing a personal and excellent education for students;
- C) Enrollment projection is based on a conservative cohort analysis provided by ESD (459.7 FTE students);
- D) Basic Education Act (BEA) Allotment and Federal funds, based on the above conservative enrollment projections, fully support current teacher FTE at the elementary, middle and high school, with the exception of special education.
- E) Budget constraints are established by legal obligations and on past performance in some areas, such as utilities;
- F) On April 18 School Board considers program budget;
- G) May 8 is the deadline for final decision on which RIF notices may be sent;

- H) OISD is at risk of having the ESD impose a Fiscal Recovery Plan, which would involve them managing aspects of the school district;
- I) The proposed solution for closing the budget gap with significant teacher/principal cuts has instigated problems including fears of long-term damage to quality education;
- J) There has been a history of poor financial record keeping and it is therefore difficult to determine budget-to-actuals;
- K) We're attached as a community to maintaining a superior public school, which may not fit the common pattern or average ratios of other districts our size;
- L) There is a history in this community of unflagging financial support for the public school, including a willingness to raise funds above and beyond taxes.
- M) There was a sharp decline in enrollment during the two year period following the historic high in 1998-99, after which overall enrollment has been relatively flat, due in large part to the growth of the ALE/OASIS programs;
- N) The reserves have been depleted and need to be replenished to a responsible level;
- O) This problem is not new. Staff reductions have occurred over multiple years in response to declining revenues.
- P) It has taken a projected \$193,000 budget gap combined with a depleted reserve to bring attention to the years of problems;

3) Short term recommendations for immediate implementation by the school board (April 2007)

- A) Be willing to minimize the number of RIF notices, recognizing that although RIFs may address a significant part of the projected budget deficit, they may compromise the standard of excellence and diversity this community highly values in the OISD schools. RIFs may result in lower enrollment from parents who consequently choose another school.
- B) Be willing to accept donations up until May 8, 2007 that would reduce or eliminate the need to send out RIF notices.
- C) When additional funds are donated after May 8, be willing to re-hire RIFed staff within 30 days of the date of receipt of donations.
- D) Establish a citizen Finance and Budget Committee by the May board meeting to commence work immediately to provide support to finalize the budget for 2007-2008. This committee to become a standing committee with access to all financial details and authority to prepare budget recommendations for the board:
 - 1) Develop transparent financial review process that is sustained year-round, including tracking sources of revenue to expenditures.

- 2) Establish a budget preparation calendar.
 - E) Launch a collaborative effort between the school board, PTSA and OIEF to initiate and sustain an outreach and information program, enticing prospective parents to enroll, and encouraging current parents to keep their children enrolled in OISD. An informative, engaging website that clearly describes the school's strengths is an important aspect of this activity.
 - F) Expand the ALE program to increase enrollment for 2007-08.
 - G) Commence austerity measures immediately to establish patterns for next year and improve year-end fund balance (as per Jerry Jenkins: "reduce non-employee related costs wherever practical. The only exceptions would be health/safety and to protect community investment in facilities through reasonable maintenance." Specifically:
 - 1) Reduce utilities:
 - (a) Half-lights in each classroom.
 - (b) Shut off or lower to 60 degrees the heat in all buildings all the time.
 - (c) Shut off heat to all school buildings on weekends.
 - 2) Enact an effective freeze that identifies specific line items frozen for the remainder of the year. While a freeze was put in place earlier this year, it appears not to have been effective (per Ben Thomas at budget meeting). Identify continuing expenditures since freeze was initially enacted and evaluate effectiveness of the freeze.
 - 3) Include in the current freeze travel, release time and professional development for all staff, including superintendent, principals and teachers.
- 4) **Recommendations for the 2007-2008 fiscal budget and school year**
- A) Reduce NERCS in 2007-2008 budget, and replace through fundraising and/or increased actual enrollment when school year commences:
 - 1) Cut programs with higher fundraising potential and with longer timelines before funds are necessary for implementation
 - (a) \$60,000 - 100,000 - options include:
 - (1) Co-curricular coaches and advisers.
 - (2) Co-curricular transportation (determine the exact cost of ferry fares and other expenditures).
 - (3) Watering and fertilizing all fields (costs need to be determined).
 - 2) Austerity Measures:
 - (a) Hold in-service (all training) costs to only legally required spending or for restricted grant awards.
 - (b) Freeze travel and release time for all staff, including superintendent, principals and teachers, unless funded by restricted grant awards.

- (c) Reduce \$30,000 - \$40,000 in supplies and textbooks for elementary, middle and high schools, and for Career and Technical Education (CTE) programs.
 - (d) Continue pattern of heat management started in spring 2007 (turn off heat on weekends = 28% savings in heating costs).
- B) Adopt a revised goal for reaching the 7% reserve fund goal. Proposed schedule to be:
 - 1) 1.5% 2007-08 = \$75,000 more available for program compared to 3% level
 - 2) 3.0% 2008-09
 - 3) 5.0% 2009-10
 - 4) 7.0% 2010-11
- C) Utilize the already approved reduction of \$25,000 from business manager's 2007-08 contract to fund superintendent's existing salary, and have superintendent assume responsibilities for state reporting and other duties that were previously the responsibility of the business manager (rather than hiring new staff).
- D) Use I-728, Title I, Title II and other entitlement and grant dollars as much as legally possible for certificated staff.
- E) Reconsider Administrative Structure in accordance with ASR Report dated November 30, 2005.
- F) Establish a long range planning committee that works together with the finance and budget committee to stay informed and lobby the state legislature.
- G) Conduct a market analysis to develop a strong understanding of changing demographics and projected future enrollments.

5) APPENDIX:

- A) Budget Work Group Participants
- B) Fundraising Messages
- C) Roles and Responsibilities for Finance and Budget Committee
- D) Questions for further clarity
- E) Other ideas to evaluate

APPENDIX A

Budget Work Group Participants

Mimi Anderson, Noelle, Benepe, Lea Bossler, Bonnie Bossler, Marta Branch, Phil Branch, Janet Brownell, Lisa Byers, Kathy Collister, Bob Connell, Steve Diepenbrock, Mary Gropp, Glenn Harris, Phil Heikkinen, Barbara Kline, Carla Jo Larmore, Chris Ledgerwood, Melissa Lowry, Susan McCaull, Suzanne McClure, Anne Ford McGrath, Sharron Mierau, David Mierau, Roann Mietzner, Alison Monico, Sara Morgan, Trish Myers, Coleen O'Brien, Morgan Paige, Morgan Paige, Lyn Perry, Julie Pinardi, Mandy Randolph, Michelle Reed, Kari Schuh, Barb Skotte, Susan Stolmeier, Linda Sullivan, Laura Tidwell, Doug Tidwell, Keith Whitaker

APPENDIX B

Fundraising Messages

- OISD is a high-ranking public school (see www.greatschools.net)
- We are extremely proud of our schools and their hardworking, highly skilled, and thoughtful staff.
- Federal and State revenue allocations are based on enrollment, and enrollment in the OISD has declined, as it has in many places across the country.
- There have been a lot of personnel changes in administration and some errors have been discovered in financial record keeping from that time. Those errors delayed knowledge about the decrease in revenues.
- The finances are now in good hands, but the district business manager is predicting a budgetary shortfall for the 2007-2008 school year.
- To balance the budget, the superintendent and school board are proposing cuts that will not only affect the quality of education, but also impact the diverse, positive educational experience we have come to value in our public school.
- Time is of the essence! On May 1st notices will go out to several teachers to cut their positions.
- We want to weather the current financial storm with as little consequence to students as possible.
- Maintaining the quality of education is critical to a longer-term solution, which is increasing enrollment.

Fundraising Activities coordinated by OIEF:

- Prospective Donor Events and one-one-one visits
- "SPONSOR A CHILD" campaign. Asking parents, community and business members to donate \$750 per child (the number equal to the total estimated budget shortfall divided by the estimated enrollment of K-12 students).
- May 20: Thing-a-thon – students will seek sponsors for running, biking, anything...

APPENDIX C

Roles and Responsibilities for the Finance and Budget Committee

The primary role of this 3-5 person citizen committee is to support the school board by assisting in the review of revenue and expenditure data, and by developing recommendations regarding the allocation of funds in the district budget, in keeping with the OISD mission statement. As a citizen committee, these individuals will be independent and without direct financial interest in the school district.

In addition, the committee will serve as a liaison between the board and the community as a whole, enhancing information sharing and community involvement, so that board decisions will best reflect the unique goals and priorities of the residents of Orcas Island.

APPENDIX D

Questions:

1. Ben's estimate for the next 5 months of district non-employee related expenses is \$20k more per month than the last 7 months of actual expenses. Find out if any portion of the increase can be backed out, resulting in an increase of the projected ending fund balance for 06/07. This will require a detailed list of what those expenses are and which are absolutely required.
2. Find out what other measures the district could take to increase the ending fund balance for 06/07. For example, are there areas of spending that could be immediately frozen or reduced? Every dollar not spent will be one less dollar to fundraise.
3. For the longer term, exploring the possibility of energy saving capital projects could serve to shift the burden of certain expenses from the general fund to the capital budget. This could include anything from heating system control equipment to building bus barns at the far end of bus routes to installing water catchment or solar panel systems.

APPENDIX E

Additional ideas that came up during the budget work group process

- 1) Evaluate bus routes and bus storage locations for maximum efficiency. Is there any advantage to selling land where buses are stored?
- 2) Close a building
- 3) Consolidate school offices
- 4) Use a different schedule for the high school
- 5) Conservation – use capital budget to improve energy efficiency
- 6) Kids clean the schools

- 7) Follow priorities in the strategic plan when making decisions about budget cuts