

## March 30, 2007 MEETING - DISTRICT BUDGET

Orcasboard.org – site where notes and other documents are posted

In attendance: Mimi Anderson, Noelle Benepe, Marta Branch, Phil Branch, Janet Brownell, Kathy Collister, Bob Connell, Glenn Harris, Phill Heikinen, Carla Jo Larmore, Chris Ledgerwood, Susan McCaull, Suzanne McClure, Sharron Mierau, Roann Mietzner, Coleen O'Brien, Morgan Paige, Michelle Reed, Kari Schuh, Barb Skotte, Susan Stolmeier, Keith Whitaker

Guests: Dr. Jerry Jenkins, Marilyn 

Facilitator: Lisa Byers

The meeting began with Lisa explaining that the original intent of creating a work group with fixed representation for each constituent group had not evolved. That format would have required more time to establish representatives and groups. Therefore, the process is open to whomever would like to participate, with the expectation that each individual is informed of all the documents posted on the [www.orcasboard.org](http://www.orcasboard.org) website.

Lisa stated further that she has learned there is a history of miss-trust between staff and the superintendent's office. She stated that while that is a serious issue, it can not be repaired in these meetings – only through sustained action over time. She shared a set of ground rules that she would invoke for the remainder of the meetings:

1. Each person will be allowed to speak without interruption
1. No one will blame, attack or engage in put-downs. We will ask questions in order to gain clarity and understanding
2. We will refrain from taking hard positions
3. We will talk about our personal needs and interests and the outcomes we wish to realize
4. We will listen respectfully and sincerely try to understand the other person's needs and interests.
5. We recognize that each of us is entitled to our own perspective
6. We will not dwell on what did not work in the past, but instead focus on the future we would like to create
7. We agree to use our time together to work toward what we perceive to be our fairest and most constructive agreement possible.
8. We will speak up if something is not working for us

Lisa stated that a lot of work had been accomplished since the last meeting. She thanked everyone who worked so diligently to gather information and post it on the website. The documents posted on the website prior to this meeting were:

1. Response to questions about ESD Fiscal Recovery Plan by Jerry Jenkins
2. Response from Dr. Jenkins to questions submitted by Janet Brownell
3. A Presentation on School Budgeting 101 by Glen Harris & Ben Thomas
4. Enrollment Projections for 2007-08 from Ben Thomas
5. Links to websites on articles about schools in this situation provided by Phil Heikinen
6. Report on Declining Enrollment by Susan McCaul and others

Ben Thomas then gave a presentation on two new documents he had prepared. He has completely caught-up on the 2006-07 expenditures and revenues to date and prepared (1) a program-by-program statement of budgeted vs. actual revenues and expenditures, and (2) a projection for the remainder of the year. The projection has many variables that are likely to change. The current projected fund balance for August 31, 2007 is \$26,955. The group thanked Ben for the extra effort he put in to making this information available.

Lisa then stated that she had received a number of emails and calls about the problem statement crafted at the end of the last meeting. It was clear from those communications that there was not agreement about the problem statement. She attempted to craft a statement that took into account the feedback. She passed around the following statement:

**Problem Statement** drafted and revised from Budget meeting 3-19-07:

**Because....**

1. the OISD is at risk of having the ESD take over management of the district;
2. the proposed solution for staff/admin cuts has instigated problems;
3. the budget put forward for 07/08 needs to comply with state requirements for budget presentation that does not include private fund raising assumptions;
4. there has been a history of poor financial record keeping and it is therefore difficult to determine budget-to-actuals;
5. we're attached as a community to the legacy of public school strengths;
6. it is difficult to maintain climate for learning with volatility in the school culture;
7. there is declining enrollment;
8. the reserves have been depleted and need to be replenished to a responsible level;
9. it is necessary under strained financial conditions to project a conservative yet realistic enrollment and costs;
10. this problem is not new -- it has simply taken a crisis to bring attention to the years of problems;

**Therefore....**

There is a need to balance the 2007-08 budget, and build a 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 endeavor and productive community involvement.

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

The group indicated their assent for the revised problem statement. The group then brainstormed ideas for how to address the problem (balance the budget while adhering to the mission and vision). The developed the following list of ideas and then each person voted five times for topics that they thought merited discussion. The number in front of each item represents the number of votes that idea received:

- 21 Fundraise (short-term, long-term, endowment, i.d. programs with more fundraising appeal)**
- 19 Evaluate NERCs (Non-Employee Related Costs)**
- 14 Close a building**
- 12 Enhance enrollment – revisit current projections and long term outreach**
- 11 Consolidate school offices**
  - 8 Use a different schedule for the high school
  - 6 Expand the ALE program to off island and on-island
  - 6 Pay more to play extra-curricular w/ scholarships
  - 4 Cut administration
  - 3 Cut co-curricular programs
  - 2 Conservation
  - 2 Find another organization to maintain the fields
  - 1 Cut teachers
  - 1 Build Bus barns and alter Wednesday bus schedule
  - 1 Examine if savings in delivery of Special Ed
  - 0 Kids clean the schools

The group counted-off and divided into groups to examine the five ideas with the most votes. Each group explored the gains and losses of the idea relative to the school's mission and vision.

**Enhance enrollment – revisit projectionss and long-term outreach**

Gains:

- Positive public image
- A more diverse and powerful student body and parent group

Losses:

- Competitive with private schools that offer full-day Kindergarten

Ideas for how to do it:

- Full-day kindergarten could draw more students
- Market towards new families – partner with Realtor offices
- Develop a brochure – post it on the web
- Improve the website – more dynamic and clear about offerings and more easily updated and responsive – create a page for parents considering the school
- Launch a P.R. campaign

- Exit interviews – why do people leave? Why do they choose other schools?
- Reach out to alumnae
- Reach out to families on the fence (EVERYONE DO IT NOW)

### **Close a building**

#### Alternatives:

- Close Admin building and move office to more central location – back of library?
- Close Middle School and move 7&8 to high school – is there room at the high school?

#### Gains:

- Increase communication/cooperation between admin. Folks – can only work if it reduces other stress and costs
- Stretches learning and perspective for 7&8 upward

#### Losses:

- How much co-habitation is “safe” for psychological and efficiency (concern for over-crowding)
- What if enrollment increases the following year? Have a Plan B ahead of time
- Caution about compromising on curriculum/student issues in over-used space.

#### Questions:

- Is there any savings?
- What are energy costs of running the Admin. Building?
- How much would it cost to move / re-fit new space?

### **Consolidate school offices**

#### Ideas/Questions:

- Centralized ordering/purchasing in District office
- Is there redundancy in staffing?
- Is there any possible savings?

#### Gains:

- Rental of Admin office would be revenue to capital fund, not operating fund
- If redundancy in staffing, then savings

#### Losses:

- Lack of easy access for kids to support staff
- Safety for kids – visitors not seen as easily

- Parking problems

### **Evaluate NERCs (Non-Employee Related Costs)**

#### Ideas:

- Reduce per student Basic Education allocation (\$120/FTE, for example)
- Reduce per student ALE allocation – requirement is for 70%, we're doing 90% -- also law is changing
- Look at our NERCs relative to other schools
- Freeze equipment purchases
- Seek donations for supplies and equipment

#### Gains:

- Keep more staff – staff = contact with kids = most important
- Easier to fundraise for some stuff

#### Losses:

- Possible degradation in quality of facilities, technology
- Fewer supplies per student may have impact on quality of instruction
- Something may fall through the cracks

### **Fundraise (short-term, long-term, endowment, i.d. programs with more fundraising appeal)**

#### Ideas:

- To avoid RIFs need funds in the bank by May 1
- Cut NERCs, co-curricular and programs and then fundraise by fall to re-instate
- Fundraise for co-curricular program
- Fundraise for specific classes
- Is it possible to fundraise for the reserve? (Janet thought it would be difficult to fundraise for this... not appealing)
- Longer-term option is permanent trust fund where you spend the interest (endowment)

#### Gains:

- Partner with families and community
- If successful in avoiding RIFs more likely to maintain staff morale

### **Comments from Dr. Jerry Jenkins of ESD**

Near the end of the meeting, Dr. Jenkins stated that he was impressed with the work of the group, but cautioned that the law required the school district to produce a budget within certain parameters and that notices about Reductions In Force (RIF) had to be sent out by May 1. He said that with current projections for revenue he saw no way to avoid RIF notices being mailed, and that it is likely that more RIF notices would be sent

than the number of FTE staff needed to be reduced, because of the need to have some flexibility for types of staff to re-hire. He said that many schools are able to re-hire many of the same staff, but that the RIF notices must be sent.

Jerry stated that the current enrollment projections are not up for discussion. A school district in such poor financial condition must budget conservatively. Marilyn added that she had used a methodology that would project an even lower enrollment for next year, and so she cautioned that the current projection would not be considered super-conservative by some--just conservative.

Participants raised questions about the assumptions. Dr. Jenkins estimated that \$60,000 would be required to preserve one FTE. He indicated that if the community could raise \$210,000 for 3.5 FTE by May 1, it is possible there would not need to be RIF notices sent. However, there was some question about that, since the current estimated budget deficit is closer to \$340,000.

There were concerns raised about the next steps in the process and when clarity would be achieved. Glenn stated that the school board would meet the 3<sup>rd</sup> week of April, and likely have a special meeting the last week of April. Glenn and Ben will take the work of this group into consideration as they revise their budget recommendation.

Alison wondered what decisions would be made prior to the public meeting being sponsored by the PTA, the school board and OIEF on April 4<sup>th</sup>. Lisa suggested that a few people work together to develop a report from this work group to be presented to the superintendent and the school board by the end of the first week of April. This group will discuss at the next meeting whether or not an additional meeting is warranted.

**Next Steps:**

- Steve Diepenbrock (-2682 ) agreed to head up a study group on NERCs
- Ben Thomas will evaluate what NERCs are fixed costs and which ones are variable
- Mimi Anderson (-2682) will head up a fundraising group (working with OIEF and others)
- Everyone is to consider ideas for short-term cuts in costs that can be part of the budget and for ways to raise donations that can be deposited in the school district's account prior to May 1 in order to reduce or eliminate RIFs