

Port Angeles School District
Fiscal Advisory Committee 2008-09 Report
April 13, 2009

BACKGROUND

In the summer of 2002, it became clear that the financial stability of the Port Angeles School District would continue to be significantly affected by a number of issues. Foremost among these issues was a continuing decline in student enrollment since the 1997-98 school year, and reductions in state funding made by the legislature responding to a declining state economy.

The Port Angeles School Board recognized that difficult decisions would need to be made to ensure that the district would maintain an appropriate fiscal balance for the 2003-04 school year and beyond. Community input was considered essential by the board before arriving at decisions to cut highly desirable programs, student services, and support operations.

To facilitate difficult decision-making, the board established a Fiscal Advisory Committee. Its membership includes a wide array of staff and community representation. Membership was renewed during 2003-04, in 2004-05, and again in 2005-06. As a result of the continued decline in enrollment, decline in levy equalization funding, and increase in unfunded mandates, the 16-member committee was renewed again in 2007-08 and an 18-member committee in 2008-09. Members confirmed by the board of directors for 2008-09 included board member Lonnie Linn; central services administrators Gary Cohn and Mark Jacobson; secondary students Sonja Elofson and Mick Munden; teacher association representative Barry Burnett; classified association representatives Barbara Gapper and Diana Tschimperle; secondary school certificated staff Lora Brabant; high school administrator Scott Harker; middle school administrator Bryan O'Donnell, elementary school principal Nancy Pack; parents Michele Haworth, Roger Kelso, and Sarah Methner; and community representatives Charlie McClain and Andy Geiger. Mark Jacobson chaired the committee and served as a non-voting member. Business Operations Supervisor Annette Dotlich served as staff to the committee.

The superintendent reconvened the Fiscal Advisory Committee and renewed the committee's charge to analyze the district's financial position and the likelihood of continued enrollment declines, assess the additional uncertainty of state funding, and make educational program reduction recommendations to the school board for the 2009-10 school year. The committee's focus was finding programs, activities, and operations to be reduced, and/or revenue that could be increased to balance the school district's budget for 2009-10. The committee was also charged to accomplish its work with careful consideration of all possible, reasonable options, by using their creative talent. The committee was asked to use a consensus process and agreed to maintain a commitment to promote full and free discussions during its deliberations.

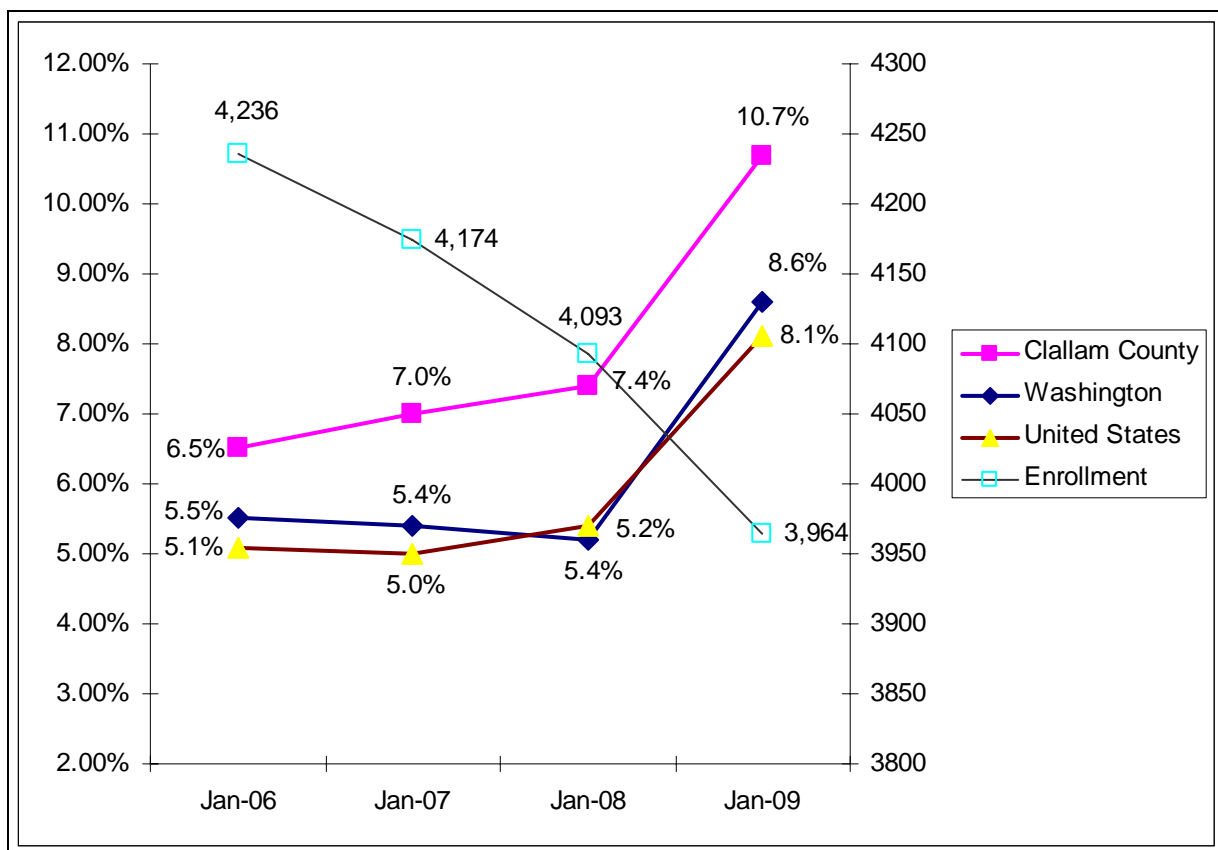
The Fiscal Advisory Committee held the first of its meetings on December 11, 2008. On behalf of the superintendent, Mark Jacobson reminded members that committee recommendations would be *advisory* in nature, and should be presented as a *priority set* of potential actions that could be considered by district leadership and the board of directors for possible implementation. Finally, the committee was reminded that the board is *not obligated* to accept in whole or in part

the committee recommendations, although the history has been that the board has accepted the vast majority of committee recommendations.

ECONOMY

In 2008-09, the state and national economies experienced significant downturns. The banking and automobile industries sought and received federal bailout funds. Washington Mutual failed and was taken over by Chase. The state of Washington was not exempt from the financial downturn. The housing market was flat and home values declined in several areas across the state. Weyerhaeuser closed its mill in Aberdeen and other mills in Port Townsend and Port Angeles were closed for several weeks at a time due to the slow down in housing construction. For the first time in history, Microsoft and Westport Shipyard reduced their workforces. Boeing announced that over the next several months the company would reduce its workforce by some 10,000 employees. Retail stores throughout the state reported significant reductions in sales; Starbucks closed several stores, and Gottschalks announced closure and liquidation of its stores, including the store in Port Angeles.

According to the Washington Employment Security Department, unemployment rates have risen over the past four years. The national unemployment rate was over eight percent in January 2009 and is predicted to reach ten percent by summer. Washington State's unemployment rate was slightly higher than the national average while Clallam County's rate was nearly eleven percent, higher than both the state and national averages.



The economic downturn has had a significant impact on the state's revenue. Governor Greig's proposed budget assumed a \$5.5 billion revenue shortfall for the 2009-11 biennium when it was released in December. However, the economy worsened over the next few months and the shortfall increased to nearly \$9 billion in March. The March forecast revealed that revenues were \$15 million less than expected for the current 2007-09 biennium, and it was announced that there would be an additional reduction to the current biennial budget which has already been reduced by \$630 million.

In an effort to kick start the economy, Congress passed the American Recovery and Reinvestment Act of 2009 (ARRA) in February 2009. Reportedly, the Act appropriates significant new funding for programs under Parts B and C of the Individuals with Disabilities Education Act (IDEA), Title I, and for competitive grants for technology, food services equipment, school modernization, and replacing pre-1994 school buses. Staff members from the Office of the Superintendent of Public Instruction are currently working with the Governor's Office and the Department of Education to determine funding allocations to school districts for Special Education and Title I. They are developing rules, establishing reporting requirements, and designing application procedures for the competitive grants. Unfortunately, this important work has not been completed. The state has been unable to provide information concerning the amount of funding, if any, that the Port Angeles School District may receive or guidelines on how the funds can be used. The district will need to reconsider the list of recommendations presented by the Fiscal Advisory Committee after this information is released.

Several appendices are attached to this report to provide background information used by the committee in its analysis of potential expense reductions. Appendix A shows the revenue reduction worksheet used by the committee to estimate the \$1,387,773 expense reduction target for 2009-10, excluding I-728¹. Appendix B provides a school enrollment history and projection table. Appendix C shows the extra curricular activities analysis for the 2007-08 school year and yearly revenue analysis. Appendix D shows the number of students on buses for which the district receives no state funding. Appendix E shows the items reviewed by the committee not included on the recommended list. Appendix F shows the committee membership appointed by the superintendent and confirmed by the school board.

ENROLLMENT

The most significant factor in projecting school district revenue from year-to-year is the number of full-time equivalent students expected to enroll and attend district schools. Since 1997-98 enrollment has declined 1,009 students or roughly 100 students per year. The decline is attributed to demographic changes (the number of retirees moving into the community exceeds the number of new families) producing dramatic increases in the average age of county residents, lack of availability of family wage jobs with the closure of the mills and the decline of fishing, and the

¹ Exclusive of formula driven certificated position reductions. This formula has been adjusted several times during the course of the committee deliberation and will continue to change as assumptions and state funding estimates are revised.

lack of affordable housing resulting from purchase of homes by retirees locating here from other states and other parts of Washington State.

In 2008-09, the average basic education revenue earned for each student's enrollment is \$5,354.37. In addition, some federal revenue is also generated for each student. The 142 student loss projected for 2009-10 is estimated to result in lost state revenue of approximately \$760,321. Based on state funding formulas for certificated staff, prior Fiscal Advisory Committee recommendations, and board directions, the district automatically reduces certificated staff based on the formula. After those reductions, other expense increases or revenue decreases are estimated to arrive at an estimate of additional revenue for programs, or inadequate revenues to support projected expenditures. The latter is the case in 2009-10, resulting in the need to cut expenses.

Appendix B shows the enrollment history and projections for each school from 2001-02 through 2010-11. When reviewing the data, it is important to note that Roosevelt Middle School was closed August 31, 2007 and opened as Roosevelt Elementary School September 1, 2007. In addition, grade configurations were changed beginning with the 2007-08 school year from K-5 elementary schools to K-6, and Stevens Middle School changed from a 6-8 to a 7-8 school. The 2009-10 enrollment is a projection based on 2008-09 actual enrollment through March 2009. The 2010-11 enrollment is based on the cohort projection and will be revised in April 2010.

STATE FUNDING

As with every fiscal year, the legislature adopts numerous changes in the way funds are allocated to schools, which are implemented by the Office of the Superintendent of Public Instruction. Major changes in state and local funding are driving the district's need to reduce expenditures more dramatically than originally projected for 2009-10. Those with the greatest impact include:

1. Projected enrollment decline for 2009-10 of 142 full-time equivalent students results in an estimated revenue reduction of \$760,321.
2. Projected elimination of levy equalization funds results in a revenue reduction of \$115,323.
3. Decrease in levy funding in 2009-10 of \$22,210.
4. Reduction in state funding for substitute teachers of \$4,274 due to enrollment decline.
5. State adjustment in benefit rates schools must pay, resulting in a savings of \$5,835.
6. Projected costs of increments and benefits of \$75,810 not funded by the state.
7. Insurance allocations in excess of basic education allocation of \$8,013.
8. Extra curricular increments of \$2,969.
9. Retiree subsidy of \$8,539.
10. Increase in data processing costs of \$15,687.

SPECIAL PROGRAM FUNDING

The Fiscal Advisory Committee reviewed the special programs listed below. It was determined that due to the detailed and often complicated grant requirements, reductions in special programs should be left up to the superintendent and administrative team to recommend to the board. It was noted by the committee that Title I and Special Education may receive funding from the American Recovery and Reinvestment Act of 2009, but details concerning the amount of funding

and rules for expending any of the funds are currently not available. Reductions of staff funded by a program would be added to the “formula driven” component of a Reduced Educational Program Plan. The programs specifically identified and projected reductions in funding or increase in expenditures are listed below and are included in Appendix A:

Program Name	Program Number	Projected Reduction
Special Education	21 and 24	\$110,007
Vocation Education	31	\$88,218
Skills Center	45	\$36,139
Title I	51	\$7,671
School Improvement	52	\$375
Learning Assistance	55	\$33,130
Pilot and Library Grant	58	\$15,911
Bilingual Education	65	\$1,755
Indian Education	68	\$130
Gifted Education	74	\$3,021
Math and Science	75	\$78,529
Other programs	79	\$2,997
District	97	\$1,774
Transportation	99	\$803
Total		\$380,459

The sum of all of the projected state and special program negative impacts on the district’s budget is estimated to be \$1,387,773 including special programs, but excluding student achievement funding cuts (Initiative 728) and potential changes to the K-4 certificated staff ratio². After automatic reductions driven by certificated staffing formula due to the projected enrollment decline and the superintendent initiated administrative assignment adjustments are taken into consideration, the actual cost increases and projected legislature reductions for 2009-10 result in a projected net loss of \$699,251. The Fiscal Advisory Committee agreed that the superintendent should direct reductions in special programs as needed to balance revenues and expenditures. It is estimated that reductions in special programs total \$380,463. However, reductions in special programs must be balanced against any new funding received through the American Recovery and Reinvestment Act of 2009. This leaves a net negative balance of \$318,788 to be addressed by the board using the recommendations from the committee’s rank-ordered reduction list.

² Initiative 728 (I-728) was approved by Washington voters in a statewide November 2000 election, receiving an overwhelming “yes” vote of 72 percent. The purpose of I-728 is to reduce class size and provide extended learning opportunities for students in grades K-12, such as extended school year, extended school days, before- or after school programs, special tutoring programs, weekend school programs, summer school, or all-day kindergarten; provide additional professional development for educators to ensure that instruction is aligned with state standards and student needs; provide early assistance for children who need pre-kindergarten support in order to be successful in school; and, improve or add to school facilities to directly support class size reductions and extended learning opportunities.

If the legislature fully eliminates I-728 funding, the revenue reduction will increase by \$1,901,115 raising the total negative impact to an estimated \$3,288,888. I-728 funds fully support 17.06 certificated teachers assigned throughout the district, including full day kindergarten and curriculum adoption specialists, and partially supports teacher professional development and class size reduction.

PARAMETERS

Committee members acknowledged that there were forces beyond their control which had to be taken into consideration in making recommendations for balancing the budget. To provide context for these recommendations, the committee reviewed the work from all the previous Fiscal Advisory Committees, as well as the set of parameters used by those prior committees to shape its recommendations:

1. The processes used to balance the budget will involve community and staff representation and encourage open thinking.
2. The General Fund budget for 2009-10 and beyond will be balanced. An adequate ending fund balance, in line with Board Policy 6020, will be maintained.
3. The budget will provide for compliance with applicable state and federal laws.
4. The budget will meet state and federal audit requirements.
5. The budget will be responsive to Port Angeles School District policy and procedures, together with the Strategic Plan and Board Value and Belief statements.
6. The budget will respect current collective bargaining agreements.

The committee was charged with developing recommendations for the 2009-10 budget. The committee acknowledged the fact that enrollment projections indicate that further reductions will be necessary to balance the 2010-11 budget. Judgments were made within the frameworks of several financial parameters. Expense cuts anticipated for the 2009-10 budget estimated a small decrease in the levy, possible elimination of I-728, the formula-driven reductions in certificated staff resulting from a 15-year trend of enrollment decline, the elimination of levy equalization funding, a reduction in fuel costs, expected state and federal funding reductions, and unfunded cost increases coupled with collective bargaining anticipated in spring and summer that could increase district-wide employee-related expenses. These parameters helped to place all of the work into a context that acknowledged there were long-term considerations, study, and actions which would have to be taken in order to accomplish some of the proposed recommendations.

The Fiscal Advisory Committee agreed to submit a reduced educational program recommendation totaling a minimum of \$2,500,000 to the board in order to provide the directors with some flexibility when making decisions. Further, some of the estimates could prove to be inaccurate and a margin of error needed to be provided. In addition, the uncertainty of the state budget cuts prompted the committee to provide an extensive list. The final list of recommendations submitted to the board for consideration totaled \$2,449,855, excluding I-728. The only choices not available for committee deliberation were closing the Skills Center (due to interlocal agreement) and closing or relocating Lincoln High School (due to board resolution).

PROCESS

In addressing the need to make recommendations, the committee decided its report to the board would focus upon identifying which specific 2009-10 educational programs and expenditures would have to be cut or reduced in order to balance the budget. The committee reviewed ideas that would increase revenues, enhance operational efficiencies, and reduce current program/staff expenditures. The process employed to review each of these areas was identical. The committee examined detailed financial information about the district, reviewed the district budget, and enrollment and staffing reports. Background data and information was requested and provided to assist the committee in examining potential recommendations. Lengthy discussions of the pros and cons around each potential recommendation were held and information provided by building principals, department supervisors, directors, and staff were also reviewed.

The committee reviewed each of the previous committees' brainstorming lists, added more ideas from current members, discussed each of the brainstormed ideas and made modifications where needed to prevent duplications and to avoid unintended consequences where they could be anticipated. Between February and March, the committee held eleven informational meetings in schools throughout the district and asked for cost saving suggestions in preparing for the impact from enrollment decline and the state and federal budgets on the Port Angeles School District. Numerous suggestions were received and the committee started each weekly meeting by reviewing the latest recommendations. The committee's draft unranked list was released to the public in early March. Members voted on each suggestion during their deliberations, adjusting priorities each time based upon new information or extended discussion. On March 18, 2009, the committee developed a final draft of their budget reduction recommendations and reviewed and revised the full draft of the committee report on March 25, 2009.

Music Program

On March 25, the committee decided by consensus to change its recommendation concerning reductions to the music program. Instead of a 50 percent reduction in levy support, eliminating elementary band, and reducing elementary strings, the committee recommends that the music budget be reduced by ten percent. The committee revised the recommended list of reductions accordingly. The committee believes that the music staff and administrators can work cooperatively to identify the specific reductions.

Initiative 728

Governor Gregoire's budget recommended reductions to I-728. It has also been reported that legislators may eliminate I-728 funding. As a result, the committee opted to list all I-728 items separately. If I-728 funding is reduced, the list has been rank ordered by the committee. The committee recommends eliminating all items funded by I-728 if legislators eliminate funding.

Some members expressed concern that continuing a full-day kindergarten program with I-728 funding and without state support isn't financially responsible and that the committee should recommend eliminating it. Other committee members argued that it is a successful program that should be highly valued and continued. The committee decided to leave all I-728 funded items under a separate list. In addition, the committee expressed concern that if enrollment continues to decline that full-day kindergarten may have to be eliminated later.

Athletics and Activities

The proposed ten percent reduction in the district's athletics and activity budget was prepared with input from coaches represented by the Port Angeles Activities Advisors' Association. The proposal would save the district an estimated \$73,567. Stevens Middle School athletic programs would lose five coaching positions from a total of 22 paid coaches. One coach each would be reduced from track, cross country, boys' basketball, girls' basketball, and volleyball. Football coaching positions would not be reduced because the program lost one coach position in 2008-09. No teams would be eliminated, but seventh grade basketball and volleyball teams might have one coach for two teams, and each team would practice every other day.

At Port Angeles High School, the proposal would reduce the number of football coaches from nine to eight. The "C" teams in volleyball, boys' and girls' basketball, baseball, and fast pitch would be suspended, and one each coaching position reduced for each of those sports. Wrestling coaching positions would be reduced from three to two. The lacrosse program would be suspended. The debate program, which had zero participants this year, would be suspended and the advisor position left unfilled. In order to offset travel costs, a recommendation will be made to the school board that participants traveling to NJROTC drill and marksmanship competitions be required to pay the activity participation fee.

It should be noted that these cuts will result in a reduction in the amount of revenue collected from participation fees, which will somewhat offset the expected savings.

Transportation

The Port Angeles School District currently transports 1,410 students by bus in the mornings, 250 who live within a one mile radius of the school they attend. The school district receives transportation funding for 1,150 of these students. In 2008-09, 924 students in kindergarten through 5th grades lived within the one mile range of their school of attendance. The state does not track the number of students in 6th through 12th grades living within a mile of their school of attendance.

When the ridership is converted to weighted units by the state, the largest number of weighted units is in the 2-3 mile range. As a result, if the district extended the walk zone for older students, the revenue received from the state could be reduced significantly.

Lincoln High School

As in previous years, the fiscal advisory committee examined the potential savings of closing or moving the alternative school program, now Lincoln High School, back to the main high school campus. The committee understands that closing a school is a year-long process and one that can not be included in the committee's current list of recommended reductions. However, this committee recommends that the school board consider the long range viability of Lincoln High School from programmatic, facility, and fiscal perspectives. The committee chose to offer this recommendation regardless of the parameter excluding Lincoln High School from consideration.

REVENUE INCREASE AND EXPENDITURE DECREASE RECOMMENDATIONS

This committee came to the same realization as previous committees: there are very few places where any significant revenue gains can be realized without intruding into areas expected to be supported by our levy. The recommendations include a few revenue enhancing ideas that gained support from the committee. The revenue enhancing ideas are included in the same spreadsheet as the expense cutting ideas for relative ranking purposes together with an estimate of the impact if implemented by the board. The recommendations are listed in rank order, based on the values assigned and listed below. The final recommendations will be based on the percentage assigned each recommendation indicating the proportion of the total possible points the item received based on the number of members voting.

The committee fully understands that there will be a significant educational, political, and economic impact and consequence for each and every recommendation. The majority of the committee members believe that these suggestions give the district the best chance to balance the budget with the least impact on its ability to provide high quality teaching and learning.

Revenue Increase Recommendations

With exception of the recommendation from the athletics and activities director to charge students the participation fee for NJROTC drill and competition, the committee did not recommend increasing any fees in the 2009-10 school year. Its recommendation assumes that facilities use fees will remain at fifteen percent above the actual costs after adjusting for annual salary and benefits. The committee recommended charging Head Start for the actual costs of transporting its students, minus any state ridership allocation funding for Head Start students. It is estimated that this will generate \$32,000 in 2009-10.

Expenditure Decrease Recommendations

The final result of the committee consensus process is expected to provide sufficient reductions to balance the 2009-10 operating budget. If greater than the estimated total amount of cuts is needed to balance the 2009-10 budget, the committee may be called together to consider reductions to be announced in a second report. The committee designed into its recommendations some flexibility for the board in its deliberations. It is anticipated that the committee’s recommendations will produce adequate expense reductions to accommodate the projected enrollment decline for 2009-10.

The list of expense reduction recommendations sorted by priority and listed below. I-728 appears as a separate rank ordered list.

No.	Description of Proposed Operating Budget Reduction Item 2009-10 Budget	Estimated Reduction	Total Points	High Priority Votes	Medium Priority Votes	Low Priority Votes	Estimated Cumulative Reduction
1	Suspend transfer of funds from Federal Forest Fund to Capital Projects fund.	\$150,000	33	11	0	0	\$150,000
2	Reduce transportation fuel budget. Fuel prices have declined.	\$70,000	33	11	0	0	\$220,000
3	Suspend Cultural Exchange program. \$10,700 budget.	\$10,700	31	9	2	0	\$230,700
4	Reduce extra-curricular programs by 10%. CBA	\$74,938	31	9	2	0	\$305,638

No.	Description of Proposed Operating Budget Reduction Item 2009-10 Budget	Estimated Reduction	Total Points	High Priority Votes	Medium Priority Votes	Low Priority Votes	Estimated Cumulative Reduction
5	Eliminate transportation for Head Start or bill for transportation services.	\$22,000	31	9	2	0	\$327,638
6	Eliminate Title I expenditures on Parenting Matters newsletter to parents. Title I funded.	\$20,058	29	7	4	0	\$347,696
7	Cut meeting food budgets. Grant funded in some cases.	\$8,000	29	8	2	1	\$355,696
8	Eliminate Visions. Published 4 times annually.	\$12,880	28	6	4	2	\$368,576
9	Reduce Paraeducator hours. 30 hours daily, 6,210 hours annually. 2.986 FTE K-12 @ \$38,100.	\$113,767	28	7	3	1	\$482,343
10	Reduce Special Education certificated staff 2.0 FTE. 2.0 FTE @ \$71,415.	\$142,830	28	8	1	2	\$625,173
11	Reduce Special Education non-employee related costs by 30%. Exclusive of contracted specialist therapeutic services identified separately.	\$18,609	28	7	3	1	\$643,782
12	Eliminate late start and early dismissal to reduce transportation costs or establish common K-12 late start or early dismissal. Late start 252 hrs @ \$27.95 for \$7,043; Early release 468 hrs @ \$27.95 for \$13,081. CBA	\$20,124	28	8	1	2	\$663,906
13	Reduce equipment replacement budget. Includes such items as vacuums, carpet machines, floor machines, and vehicle replacement.	\$31,000	27	5	6	0	\$694,906
14	Reduce contracted services in Special Education. 30 hour therapeutic interventionist.	\$65,183	27	6	4	1	\$760,089
15	Reduce communications specialist budget by \$10,000.	\$10,000	26	7	1	3	\$770,089
16	Eliminate case management for Special Education instructors 1.2 FTE. From 6.0 FTE to 4.8, non-bargained period.	\$73,334	25	6	2	3	\$843,423
17	Reduce CSB office professional staff 4 hours per day. Reduces support to curriculum and assessment, human resources, and business and operations services. Reduction of positions or hours to be determined by district administration. .5 FTE @ \$45,000. CBA	\$22,500	24	5	3	3	\$865,923
18	Review, eliminate and or reduce contracts for additional days. Items reviewed include department chairs, counselors, librarians, CTE staff, and Special Education, exclusive of extra-curricular programs which are identified separately. CBA	\$112,452	24	4	5	2	\$978,375
19	Suspend funding for administrator professional development and conferences. CBA	\$37,875	24	7	1	1	\$1,016,250
20	Reduce maintenance and grounds supplies budget.	\$12,700	23	4	4	3	\$1,028,950
21	Reduce building supply budgets by 5%.	\$12,610	22	2	7	2	\$1,041,561
22	Reduce physical education specialist K-6 time by .75 FTE.	\$72,802	22	5	1	5	\$1,114,362
23	Restructure bus routes. Adds 15 to 20 minutes to some routes impacting 30 to 40 students. Bus rides would be up to 75 minutes.	\$40,000	22	4	3	4	\$1,154,362
24	Reduce music budget by 10%.	\$104,570	19	4	0	7	\$1,258,933
25	Eliminate all personal devices such as portable heaters, refrigerators, microwaves, coffee makers, and other devices or charge a \$25 fee per device. Reduces electrical costs.	\$9,000	19	2	4	5	\$1,267,933
26	Reduce Level 2 office professional staff by 8 hours per day. 1 FTE @ \$50,855. CBA	\$50,855	18	2	3	6	\$1,318,788
27	Reduce CSB staff by 8 hrs per day by combining accounts payable and purchasing at CSB. 1.0 FTE at \$49,948. Assign staff to assist with WESPaC conversion. Savings occurs in 2010-11. CBA	\$49,948	18	2	3	6	\$1,368,736

No.	Description of Proposed Operating Budget Reduction Item 2009-10 Budget	Estimated Reduction	Total Points	High Priority Votes	Medium Priority Votes	Low Priority Votes	Estimated Cumulative Reduction
28	Reduce unrepresented classified staffing by 15%. Estimate 2 positions @ \$69,258. Unrepresented staff includes nurses, Native American Interventionists, attendance officer, study hall at PAHS, campus security, and certified occupational therapy assistant. Excludes tech support, communications specialist (identified separately), executive assistant to the superintendent, and unrepresented supervisors.	\$137,706	17	1	4	6	\$1,506,441
29	Reduce Student Assistance Program. Would reduce ESD specialists time at Stevens, PAHS and Lincoln.	\$22,312	17	1	4	6	\$1,528,753
30	Eliminate School Resource Officer partnership with Port Angeles Police Department at 7-12.	\$23,000	17	1	5	4	\$1,551,753
31	Eliminate Level 1 office professional staff. 2.85 FTE @ 45,023.	\$128,316	16	0	5	6	\$1,680,069
32	Reduce custodian staff by 14 hours per day. 1.75 FTE @ \$50,048. CBA	\$87,584	14	1	1	9	\$1,767,653
33	Administrative, director, and maintenance/grounds assignment adjustments for 2009-10.	\$52,848	Superintendent initiated and not formula driven (net impact)				\$1,820,501
34	Reduce elementary school certificated positions. Reduces 5.247 FTE certificated instructional positions grades K-6 @ 73,334 per FTE. Formula reductions based on state funding formula as well as local formula and special education adjustments.	\$384,784	Formula adjustment based on enrollment decline				\$2,205,285
35	Middle school certificated positions - enrollment neutral.	\$0	Formula adjustment based on enrollment decline				\$2,205,285
36	Reduce high school certificated positions. Reduces 3.335 FTE certificated instructional positions grades 9-12 @ 73,334 per FTE. Formula reductions based on state funding formula as well as local formula, special education adjustments, and board acceptance of proportional reductions within PAHS five-year plan.	\$244,570	Formula adjustment based on enrollment decline				\$2,449,855
TOTAL PROJECTED EXPENDITURE SAVINGS RECOMMENDED		\$2,449,855					
Projected revenue reduction necessary due to enrollment decline and projected state cuts. Assumes no adjustments to I-728 funding in 2009-10 in this subtotal:		\$1,387,773					
Balance		\$1,062,082					

I-728 ITEMS							
37	Reduce the number of certificated optional days from 1 to 0. 1 day @ \$87,246. <i>CBA</i>	\$87,246	30	8	3	0	\$87,246
38	Eliminate certificated professional development coaches. 2.0 FTE @ \$82,063	\$164,125	29	7	4	0	\$251,371
39	Reduce the number of certificated responsibility days from 3 days to 0. 1 day @ \$82,063. <i>CBA</i>	\$261,738	28	7	3	1	\$513,109
40	Reduce the number of certificated collaboration days from 5 to 0. 1 day @ \$87,246. <i>CBA</i>	\$436,230	27	6	4	1	\$949,339
41	Reduce full day-kindergarten to half days with extended day as done previously. Savings adjusted for increase costs for mid-day transportation of \$99,434. 3.5 FTE @ \$63,619.	\$123,232	25	8	0	1	\$1,072,571
42	Reduce certificated instructional staff provided for class size reduction by I728 if legislation reduces or eliminates funding. From 8.9 to 0.0 FTE @ 60,343. <i>CBA</i>	\$537,053	25	6	2	3	\$1,609,624
43	Reduce certificated instructional staff positions provided by I-728 for extended learning if legislation reduces or eliminates funding. .220 FTE @ \$43,332. <i>CBA</i>	\$9,533	22	5	1	5	\$1,619,157
44	Time sheets, indirect, and carryover.	\$182,520					\$1,801,677
	I-728 reduction list sub total. Includes projected cost of adding mid-day transportation.	\$1,801,677					
	Projected elimination of I-728 funding. Adjusted for enrollment decline.	\$1,901,115					
	TOTAL PROJECTED EXPENDITURE SAVINGS RECOMMENDED	\$4,251,532					
	Projected revenue reduction necessary due to enrollment decline and loss of all of I-728 funding in 2009-10:	\$3,288,888					
	Balance	\$962,644					

Questions about budget items or suggestions may be sent to: budget@portangelesschools.org.

Acronyms

CBA	Collective bargaining agreement
CSB	Central Services Building
CTE	Career and Technical Education
DNC	Do not consider recommendation by FAC
ESD	Educational Service District
FAC	Fiscal Advisory Committee
FTE	Full time equivalent
LAP	Learning Assistance Program
LHS	Lincoln High School
LPC	Learning processing center
NERC	Non employee related costs including supplies and materials, contract services, travel, and capital outlay.
NCLB	No Child Left Behind
NJROTC	Naval Junior Reserve Officers Training Corps
PAHS	Port Angeles High School
TBD	To be determined
TOSA	Teacher on special assignment

Appendix A

Revenue Reduction Worksheet

Estimate of significant revenue adjustments and associated expenses impacting basic education and levy (from 2008-09) for 2009-10 school year excluding I-728, potential changes to the K-4 certificated staff ratio, and American Recovery and Reinvestment Act of 2009.

			Revenue	Associated Expense	Additional Budget Adjustments Needed
Enrollment reduction (K-12)	-142.0	\$ 5,354.37	\$ (760,321)		
Automatic reduction in cert staffing formula due to enrollment decline	8.582	\$ 73,334		\$ 629,354	
Adjustment in supplemental days for cert staff formula reduction				\$ 6,320	
Superintendent initiated administrative changes				\$ 52,848	
Decrease in Levy Equalization Allocation			\$ (115,323)		\$ (187,121)
Levy Decrease			\$ (22,210)		
Substitute funding decrease			\$ (4,274)		
Transportation					
Unfunded COLA increase and salary increments					
Unfunded benefits for certs and classified staff (decrease in rates)			\$ 5,835		\$ (20,649)
Other Adjustments					
Special program funding adjustments (to be made by superintendent)			\$ (380,463)	\$ 380,463	
Increments and benefits excluded from BEA				\$ (75,810)	
Extra Curricular Increments				\$ (2,969)	
Insurance benefit allocation in excess of BEA				\$ (8,013)	
Special Education					
Retiree subsidy (certificated and classified)				\$ (8,539)	
Increase in Data Processing Cooperative costs (student records and fiscal)				\$ (15,687)	\$ (111,018)
Net change in significant revenue categories			\$ (1,276,755)		
Net change in associated expenses				\$ 957,968	
Additional budget adjustments needed					\$ (318,788)
Total Net Change excluding I-728			\$ (1,387,773)		
Automatic Reductions, including related supplemental days, and superintendent initiated changes			\$ 688,522		
Net loss after automatic reductions			\$ (699,251)		
I-728 Revenue (100 percent loss)	\$ 1,901,115				
Total Net Change including I-728			\$ (3,288,888)		

Note:

Revenue items in parenthesis are decreases in revenues.

Associated Expense items in parenthesis are increases in expenditures.

Worksheet amounts are present estimates based on information available at the time of deliberations. Estimates will vary with state budget and school enrollment adjustments.

List excludes reductions that may be necessary in Initiative 728 revenues.

Appendix B School Enrollment History & Projections Table

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Dry Creek	350.5	347.0	323.8	358.4	347.9	335.1	419.2	404.1	413.0	404.0
Fairview	228.9	220.0	217.3	296.5	297.6	279.9	0.0	0.0	0.0	0.0
Franklin	405.9	364.0	352.3	457.4	433.5	434.6	420.9	410.6	388.0	374.0
Hamilton	339.9	353.0	350.1	378.2	396.5	397.0	323.4	329.2	314.0	306.0
Jefferson	196.9	210.9	247.2	265.7	237.2	240.4	306.7	292.3	287.0	284.0
Monroe	273.5	241.4	219.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Roosevelt	539.2	531.6	545.5	536.9	493.4	442.2	495.9	473.6	445.0	415.0
Stevens	576.7	597.0	616.6	541.6	528.1	493.9	614.7	583.0	606.0	607.0
Choice (LHS)	115.4	113.6	100.1	79.4	89.8	93.0	89.9	78.8	82.0	87.2
High School	1,391.0	1,329.4	1,274.8	1,280.0	1,275.3	1,305.3	1,247.9	1,234.4	1,107.7	1,042.4
P.A.P	37.7	36.0	39.9	53.9	14.9	12.1	11.4	10.9	9.0	9.0
TOTALS	4,455.8	4,343.8	4,287.4	4,248.1	4,114.1	4,033.4	3,930.0	3,816.8	3,651.7	3,528.6
Skills Center	0.0	**66.1	140.4	148.1	127.8	117.1	146.3	136.8	150.0	150.0
	*86.5	*77.9								
Running Start	99.6	95.0	108.9	127.8	123.3	90.7	85.2	99.5	85.0	84.0
TOTALS	4,555.4	4,343.8	4,536.7	4,524.0	4,365.2	4,241.2	4,161.5	4,053.1	3,886.7	3,762.6

*Columns may not total due to rounding; prior years totals may reflect minor internal audit adjustments.
Roosevelt Middle School was closed and opened as Roosevelt Elementary School in 2007-08.
Fairview Elementary was closed Aug 31, 2007.
Grade configurations were changed from K-5 and 6-8 to K-6 and 7-8 in 2007-08.
2009-10 enrollment is a projection based on 2008-09 actual enrollment through April 2009.
2010-11 enrollment is based on the cohort projection and will be revised in April 2010.
*Consortium
**SKC reporting from January to May*

Appendix C

Activities Analysis

Ten Percent Reductions (\$73,567 from \$735,678)

SMS			
Reduce assistant track coaches from 2 to 1		Stipend - \$2,899 Benefits - \$531	\$3,430
Reduce cross country coaches from 2 to 1		Stipend - \$2,754 Benefits - \$504	\$3,258
Reduce boys' basketball coaches from 4 to 3	Seventh grade teams could practice every other day...	Stipend - \$3,443 Benefits - \$640	\$4,083
Reduce girls' basketball coaches from 4 to 3	Seventh grade teams could practice every other day...	Stipend - \$3,443 Benefits - \$640	\$4,083
Reduce volleyball coaches from 4 to 3	Seventh grade teams could practice every other day...	Stipend - \$2,754 Benefits - \$504	\$3,258
Total			\$18,112
PAHS Athletics			
Reduce Football coaches from 9 to 8		Stipend - \$4,820 Benefits - \$882	\$5,702
Suspend C Volleyball Team	13 participants in 2008-09	Stipend - \$3,856 Benefits - \$386	\$4,242
Suspend Boys' Basketball C Team	13 participants 2008-09	Stipend - \$4,820 Benefits - \$482	\$5,302
Suspend Girls' Basketball C Team	12 participants 2008-09	Stipend - \$4,820 Benefits - \$882	\$5,702
Reduce Wrestling coaches from 3 to 2	Limit number of participants to less than 41	Stipend - \$3,856 Benefits - \$706	\$4,562
Suspend Lacrosse		Stipend - \$4,820 Benefits - \$482 Travel - \$6689	\$11,991
Suspend C Baseball Team		Stipend - \$4,458 Benefits - \$446 Travel - \$1,500	\$6,404
Suspend C Fast pitch Team		Stipend - \$4,458 Benefits - \$446 Travel - \$1,300	\$6,204
Athletics Total			\$50,109
Require NJROTC competitors to pay Participation Fee	Navy funds \$700 per year...2007 travel costs = \$7,983	31 x \$75 = \$2,325	\$2,325
Suspend Debate	2008-09 participation dropped to zero	Stipend - \$2,783 Benefits - \$509 Travel - \$1,100	\$4,392
Activities Total			\$6,717
PAHS TOTAL			\$56,826
Grand Total			\$74,938

*For the purpose of estimating benefits savings, a multiplier of 10 percent is used for coaches from outside of the district, and 18.3 percent for coaches who are also employed by the district in a teaching role.

Appendix D

Number of Non-Funded Students Riding Buses

MORNING TRANSPORTATION RIDERSHIP TO SCHOOLS

Total number of students transported each morning	1,410
Minus the number of students who ride but live within one mile range	-250
STATE RIDERSHIP REIMBURSEMENT TOTAL	1,160

RIDERSHIP BREAKDOWN	
MILES	STUDENT TOTAL
1	250
2	375
3	210
4	262
5	124
6	71
7	66
8	27
9	11
10	5
11	1
12	1
13	1

In 2008-09, the Port Angeles School District transported approximately 1,410 students by bus to school each morning. Approximately 250 of the 1,410 students live within a one mile radius of the school they attend. No funding is provided by the state for the 250 students living within the one mile radius. The school district receives transportation funding for 1,150 of these students

In 2008-09, *hazardous walkway reimbursement* funds were provided by the state for approximately 924 K-5 students living within the one-mile range of their school of attendance. The state does not track the number of students in 6th through 12th grades living within the mile of their school of attendance. No funding is available for hazardous walkways for older students.

When the ridership is converted to weighted units by the State, our district’s largest number of weighted units is in the 2-3 mile range (see table at left). As a result, extending the walk zone or eliminating transportation services for older students would significantly reduce the revenue generated by transporting students.

Appendix E Items Analyzed but Not Included in Final Recommendation

Items Analyzed but Not Included in Final Recommendation			
45	Reduce maintenance staff by 16 hours per day. 2 FTE @ \$65,833. <i>DNC</i>	\$ 131,666	\$ 131,666
46	Eliminate CTE Director and use vocational teacher as CTE Director. <i>DNC</i>	\$ 17,503	\$ 149,169
47	Reduce CTE equipment levy support. Reduces levy support to purchase equipment at LHS and PAHS by 50%, from \$50,000 to 25,000. <i>DNC</i>	\$ 25,000	\$ 174,169
48	Reduce the Native American interventionist by 25% Impact aid revenue @ \$70,000. <i>DNC</i>	\$ 17,500	\$ 191,669
49	Reduce Library Processing Center budget by 20%. Funds are used to purchase, process and repair library books at the LPC. Current budget \$20,000. <i>DNC</i>	\$ 4,000	\$ 195,669
50	Reduce technology support staff by 8 hours per day. 1.0 FTE at \$72,664. Necessary for classroom and administrative support. <i>DNC</i>	\$ 72,664	\$ 268,333
51	Reduce technology department NERCs by \$50,000. <i>DNC</i>	\$ 50,000	\$ 318,333
52	Reduce new textbook purchases by 60% Current budget \$145,000. <i>DNC</i>	\$ 87,000	\$ 405,333
53	Reduce Special Education TOSA. 1.0 FTE to .5 @ \$91,864. <i>DNC</i>	\$ 45,932	\$ 451,265
54	Eliminate remaining Assessment TOSA position. .5 FTE @ 82,696. Title II and LAP funded. <i>DNC</i>	\$ 41,348	\$ 492,613
55	Reduce communications specialist position by 2 hours per day. <i>DNC</i>	\$ 11,919	\$ 504,532
56	Eliminate 1.0 FTE assistant superintendent and 1.0 personnel supervisor. Administrative and director assignment adjustments for 2009-10 included in formula adjustments initiated by the superintendent identified separately.	\$ 110,800	\$ 615,332
57	Adopt a four-day work week. Current state laws do not allow a four-day work week.	TBD	\$ 615,332
58	Eliminate Middle School Assistant Principal. 1.0 FTEs @ \$108,352. Student safety issue.	\$ 108,352	\$ 723,684
59	Eliminate high school assistant principal. 1.0 FTEs @ 113,487. Student safety issue.	\$ 113,487	\$ 837,171
60	Eliminate or reduce professional development. Included in I-728.	\$ -	\$ 837,171

Appendix E, cont. Items Analyzed but Not Included in Final Recommendation

Items Analyzed but Not Included in Final Recommendation		
61	No out of town training involving expenses. Grant funded in most cases or needed for CEDARS, Skyward, and student, fiscal, and safety software training.	\$ 837,171
62	Have a surplus sale. Minimal revenue. Sale will be scheduled but did not anticipate revenue from sale to offset revenue shortfall.	\$ 837,171
63	Surplus old vehicles. Little to no value.	\$ 837,171
64	Eliminate busing of football players from PAHS to Civic Field. Student safety - risk management issue.	TBD \$ 837,171
65	Allow clubs/teams to use commercial bus lines as PASD charges are too high. Examine fees currently charged by transportation. Liability and CBA .	TBD \$ 837,171
66	Close Lincoln High School. Projection is based on enrollment remaining at 90 FTE. If enrollment declines as a result, projected savings will be less.	\$ 184,324 \$ 1,021,495
67	No overtime for classified staff. Time used for snow removal, broken pipes, building office professionals, and payroll.	\$ 30,075 \$ 1,051,570
68	Review all classified positions. Evaluate whether 10 1/2 month schedule preferred or possible. CBA	TBD \$ 1,051,570
69	Reduce NJROTC by 10%. Budget of \$136,000. U.S. Navy provides program support of approximately 33%	\$ 13,600 \$ 1,065,170
70	Do not hire outside speakers for learning improvement days. Grant funded.	\$ 3,200 \$ 1,068,370
71	Eliminate a world language class @ 1.0 FTE Avg. Formula driven staffing. Efficiency recommendation.	\$ 86,300 \$ 1,154,670
72	Drop all initiatives at the high school. Pods complicate scheduling. Formula driven staffing. Efficiency recommendation.	\$ - \$ 1,154,670
73	Reduce Curriculum Adoption Specialists. From 2.0 TO 1.0 FTE, @ \$76,584. Included in I-728.	\$ 76,584 \$ 1,231,254
74	Drop 1 half time specialist in math and reading. Included in I-728 total.	\$ 36,250 \$ 1,267,504
75	Eliminate classes with low enrollment. Formula driven staffing. Efficiency recommendation.	\$ - \$ 1,267,504
76	Reduce grade level team meetings to one per year. Grant funded.	\$ 25,000 \$ 1,292,504
77	Include minimum participation language to all extra curricular contracts so contract may be canceled if and when participation level drops. CBA	TBD \$ 1,292,504
78	Reduce central administration NERCs by 10% The cost of doing business is increasing as evidenced by the annual state audit fees and the election fees charged by Clallam County. Proposed reduction in this category will not result in a savings to the actual costs to the school district.	\$ - \$ 1,292,504
79	Teachers have to give something up to show they are doing their part. Perhaps we could give up 2 of our extra, tech, or collaborative days. Included in I-728	\$ - \$ 1,292,504
80	The master schedule at PAHS needs to be done extremely well. No more classes of 8 kids. Formula driven staffing. Efficiency recommendation.	\$ - \$ 1,292,504
81	Sports is going to have to take a hit. Identified separately in reduction list.	\$ - \$ 1,292,504
82	Go through all extra stipend contracts carefully. Included in extra pay on reduction list.	\$ - \$ 1,292,504

Appendix E, cont. **Items Analyzed but Not Included in Final Recommendation**

Items Analyzed but Not Included in Final Recommendation			
83	Cut administrative staff or consider temporary salary reduction - particularly from high salary earning staff. Administrative and director assignment adjustments for 2009-10 included in formula adjustments initiated by the superintendent identified separately.	\$ -	\$ 1,292,504
84	There are major changes which need to take place with the transportation department. Efficiency recommendation.	\$ -	\$ 1,292,504
85	Consolidate or centralize all mail at CSB and remove postage machine from PAHS. Analyzed - no savings.	\$ -	\$ 1,292,504
86	Change all sports to intramural sports. Extra curricular reductions are identified separately.	\$ -	\$ 1,292,504
87	Eliminate retire-rehire. Schools must comply with discrimination laws and fair hiring practices.	\$ -	\$ 1,292,504
88	Deal with drop out prevention. NCLB requirement. District is addressing this matter.	TBD	\$ 1,292,504
89	Remove Marriott Corporation from food contract and adopt single family style lunch program using federal commodities and local foods. Liability issue; quantities and variety of local foods available; labor and food costs.	\$ -	\$ 1,292,504
90	Freeze administrative pay and compensation packages. Administrative and director assignment adjustments for 2009-10 included in formula adjustments initiated by the superintendent identified separately. Leadership team gave up 2008-09 increment.	\$ -	\$ 1,292,504
91	Sell unused buildings and land beginning with Fairview. Proceeds from any land sale must be deposited in Capital Projects Fund. Long Range Facilities and Capital Bonds Committee will be making a recommendation to the board in June.	\$ -	\$ 1,292,504
92	Travel - stay 2 to a room where practical and at alternative/cheaper sites. Required by existing board policy.	\$ -	\$ 1,292,504

Appendix F Fiscal Advisory Committee Membership

	Committee Composition	Volunteers	✓
1.	Board of Directors (1)	Lonnie Linn	✓
2.	Certificated Association Representative or Staff	Barry Burnett	✓
3.	Classified Association Representative or Staff (2)	Diana Tschimperle	✓
4.		Barbara Gapper	✓
5.	Secondary School Certificated Staff	Lora Brabant	✓
6.	Community Representative (2)	Charlie McClain	✓
7.		Andy Geiger	✓
8.	Elementary School Principal	Nancy Pack	✓
9.	High School Administrator	Scott Harker	✓
10.	Middle School Administrator	Bryan ODonnell	✓
11.	Parents (5)	Michelle Haworth	✓
12.		Sarah Methner	✓
13.		Roger Kelso	✓
14.			
15.			
16.	Secondary Students (2)	Sonja Elofson	✓
17.		Mick Munden	
18.	Superintendent	Dr. Gary Cohn	✓
19.	Chairperson – non-voting	Dr. Mark Jacobson	✓

✓ Board-approved: October 13, 2008
 Revised: December 8, 2008, January 12, 2009, January 26, 2009