

Puyallup School District

Dr. Tony Apostle, Superintendent

June 8, 2009

Dr. Tony Apostle, Superintendent
Board of Directors

Re: Superintendent's Recommended 2009-2010 Budget

The attached documents are submitted to you and the public for first Public Hearing of the 2009-2010 budget as set forth in RCW 28A.505.040 and RCW 28A.505.050. This is the first of two public hearings. Board action on the budget is scheduled for August 10 following the second public hearing. The attached 2009-2010 budget documents address all five of the budgeted funds of the Puyallup School District:

- General Fund
- Capital Projects Fund
- Debt Service Fund
- Transportation Vehicle Fund
- Associated Student Body Fund

The fund of primary focus and discussion is the General Fund. All other funds are routine with no unusual characteristics.

A brief discussion of each fund's activities and recommended actions is attached for your review and consideration. Other documents related to the General Fund, some of which have been previously distributed, are attached for your reference and itemized at the end of this letter.

Background

2009 Legislative Session:

This year's legislative session was unprecedented as our elected representatives wrestled with a \$9 billion state budget shortfall. Not unexpectedly, significant reductions were made in all areas of the state budget, including in education. The state budget was balanced and adopted at the end of the legislative session in late April. Of the \$9 billion shortfall, the state made spending reductions of \$4 billion and balanced the remaining \$5 billion with one-time money including federal stimulus funds.

Using the state budget to project our available resources, we are projecting a revenue loss of \$8.2 million of state money in Puyallup. In addition to the loss of state revenue, we will not be receiving funding that was projected to be received next year for Initiative 732, the cost of living initiative, that calls for salary and benefit improvement for educational employees. We are also

projecting a loss of some local revenues such as lunch revenues and investment earnings. We anticipate an increase in the amount collected from our schools programs and operations (SP&O) levy, and an increase in unfunded expenditures such as previously committed compensation expenses and unemployment costs. Together these factors create an unprecedented \$13.5 million budget shortfall—the difference between expected expenditures and available revenues. Like all school districts, Puyallup is challenged to create a balanced budget in these difficult economic times.

Budget Development Process:

Three documents were used as the primary “filters” against which to consider budget options: the Districts 2008-2011 Strategic Directions (which has recently been updated to 2009-12, a tan copy of which is attached), Budget Parameters (yellow copy attached), and final legislative decisions and mandates. With such a large budget deficit combined with the magnitude of contractual and legal constraints, the options for making modifications were limited.

In the fall of 2008 a number of study groups were commissioned to examine various programs and services for the purpose of determining whether cost savings could be achieved. Final reports were taken into consideration over the winter and early spring as the district struggled to balance such a huge deficit.

Following deliberation by the superintendent's cabinet, a draft budget was prepared in late March which is prior to the end of the legislative session. This draft budget was presented to stakeholders throughout April over fourteen budget forums presented to citizens, staff, union leaders, district administrators, and students. Feedback was solicited at these forums. We also collected feedback from our constituents via the district's website. A corner of the home page was used to make budget materials available and to provide a link for patrons to submit comments.

To develop the Superintendent's Recommended Budget before you tonight, the superintendent considered the study groups' reports, the cabinet's draft budget, legal constraints, labor contractual constraints, input from the budget forums, community, union leaders, administrators, other stakeholders, and the final legislative action.

**Summary of Changes
Ongoing Budget**

New Revenues:

- State funding for 100 additional English language learner students
- State funding for 10 additional special education students
- Local funding through schools and operations program levy
- American Recovery and Reinvestment Act (ARRA) funding for special education and remediation

Reduced Revenues:

- Loss of revenue due to enrollment decline of 150 students
- 71% reduction in student achievement funds
- 50% reduction in learning improvement days
- Elimination of career and technical education equipment allocation
- Elimination of transportation enrichment funding
- Elimination of library media grant
- Elimination of teacher assistance program grant
- Elimination of science instructional coaching grant
- Elimination of math and science professional development grant
- Loss of investment earnings revenue due to lower interest rates
- Loss of food and nutrition services local revenue due to lower participation
- Loss of funding for retirement contributions; companion reduction in expenditures; creation of unfunded future liability

New Expenditures:

- Add 1.0 FTE English Language Learner teacher
- Increase in cost for utilities, licenses, and other non-negotiable rates
- Increase in cost for unemployment compensation payments
- Add one-time costs for transition support for laid off employees and retraining for reassigned employees
- Compensation pursuant to collective bargaining agreements

Program Expansions:

- Expand Advancement Via Individual Determination (AVID) program to Puyallup and Rogers High Schools
- Expand Puyallup's Accelerated Gifted Education (PAGE) program to 9th grade at Kalles
- Add one-time costs for implementation of on-line education program

Use of Fund Balance:

- Draw down fund balance through use of I-728 carry over money

Reduced Expenditures:

Reductions in Administration:

- Reduce 3.4 FTE central office administrators
- Reduce salary level for 1.0 FTE central management team administrator
- Reduce 2.0 FTE building level administrators
- Close Hilltop Elementary; eliminate overhead expenses including administration, clerical, custodial, and utilities
- Freeze salaries for superintendent, principals, central management administrators, confidential employees, and professional technical employees
- Eliminate selected stipends for supplemental work

- Reduce non-salary allocations district wide for travel, meeting expenses, extra hourly, and consultants

Reductions in Support Services:

- Reduce by 1.0 FTE communications staff
- Reduce by 6.4 FTE custodial staff
- Reduce by 2.0 FTE technology staff
- Reduce by 18.0 FTE transportation staff
- Reduce by .4 FTE laundry staff
- Reduce by 6.0 FTE food and nutrition services staff
- Reduce non-salary allocations by:
 - Expanding energy conservation program and implementing a partial summer shut down
 - Relocating services from leased space to Riverside Elementary
 - Increasing recycling efforts to reduce disposal costs
 - Reducing allocation for recruiting

Reductions in Program Supports:

- Reduce by 7.25 FTE teachers and 1.7 FTE clerical due to enrollment decline
- Reduce professional development including elimination of 28.0 FTE instructional coaches and related administrative and clerical support
- Reduce by 1.5 FTE counselors
- Reduce by 1.0 FTE health assistants
- Reduce one Learning Improvement Day for teachers
- Reduce non-salary allocations by:
 - Reducing allocation for instructional materials

Elimination of Programs and Supports:

- Eliminate career and technical education equipment allocation
- Eliminate library media grant support
- Eliminate teacher assistance grant support
- Eliminate science instructional coaching grant support
- Eliminate math and science professional development grant support
- Eliminate no-tuition summer school
- Eliminate funding for PAGE professional development
- Eliminate supplemental funding from basic education for learning assistance program
- Eliminate all day kindergarten program
- Eliminate outdoor education program
- Eliminate supplemental funding from basic education for athletic transportation; cost to be borne entirely by associated student body fund

Program Restructuring:

- Elementary instrumental music: implement regional before school model
- Elementary Quest highly capable: expand self-contained model; eliminate pull-out model
- 7th and 8th grade athletics: replace interscholastic model with intramural model
- Categorical program expenses: move all categorical program costs from basic education to categorical programs (career and technical education, learning assistance program, special education, remediation)
- JROTC: move to career and technical education
- Library services: librarians to oversee multiple schools; paraeducators to provide supplemental services; all libraries open during school hours
- Job shares: reduce number of job shares to avoid duplicate costs

Attachments

A number of additional documents are attached that provide further detail. Many of these documents have been previously published and used with stakeholder groups.

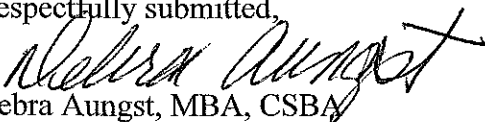
- Selected slides from Public Hearing #1 Power Point Presentation (white)
- District's 2009-2012 Strategic Directions (tan)
- Budget Parameters (yellow)
- Student Enrollment Graphs, 2005/06-2009/10 (white)
- Superintendent's Recommended 2009-2010 Budget for Other Than General Fund (white)

Next Steps

Following Public Hearing #1 on June 8, staff will continue their work to complete data entry and detail processing that is required to produce the comprehensive budget documents such as the Executive Summary which is derived from the F-195 State format budget. This is the time of year when tens of thousands of lines of data are processed comprising the underlying details in a budget of this size. Accordingly, the first public hearing typically is an outline of the proposed changes from one budget year to the next. The attached documents reflect these changes. A complete set of full budget documents will be published in late July. Adoption of the budget is scheduled for August 10 following Public Hearing #2.

Particular thanks to the Cabinet who worked collaboratively to find balanced solutions to tough problems. Also, thanks to the budget staff who developed a myriad of detailed financial analysis. Finally, special thanks to Dr. Apostle, our hardworking Superintendent who works tirelessly for all students. His guidance and persistence in discovering the best overall solution ensured that we examined all alternatives. The result—a strong financial plan that serves all Puyallup School District students and that demonstrates responsible stewardship of our taxpayers' money.

Respectfully submitted,



Debra Aungst, MBA, CSBA

Deputy Superintendent

Attachments