BLAINE COUNTY SCHOOL DISTRICT

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TO: Blaine County School District Board of Trustees

FROM: GwenCarol Holmes, Ed.D., Superintendent

TOPIC: Future Revenues

The Blaine County School District provides a phenomenal education to the children of Blaine County. We provide our children with a rich education in the core content as well as in robotics, music, art, drama, world languages, computer science and construction trades, which are far over and above the state requirements in Idaho. We provide these wonderful opportunities with class sizes that are the envy of our fellow districts. We are extremely proud of our staff and the work they are engaged in to meet the more rigorous Idaho Content Standards. We have also increased our graduation rate and the number of students participating in advanced opportunity classes. Last year, 89% of our graduates had taken at least one advanced opportunity class.

However, BCSD is at a crossroads. Over the last three years we have worked to stabilize the district's finances while we tightened our belt, all the while attempting to keep the reductions as far away from students and programming as possible. With local revenues frozen for the past 10 years and very little additional state funding, the gap between the services and programs we currently have and those we will be able to provide going forward will continue to grow. For the past two years, we have spoken to the community about the district's flat revenues and the reductions we have made (now over 2.5 million) in order to maintain the robust opportunities we provide to students.

For several months now, the Board of Trustees and more recently the Finance Committee, have examined in depth, the district's financial situation. The one area of agreement is that the gap will continue to grow if we stay the course and that the gap is reaching the point at which band-aid solutions of continued reductions alone will not work if we intend to continue to offer our children a phenomenal education.

We propose that the Board of Trustees ask the community to continue supporting students through a combination of Plant Facilities and Supplemental levies (at the current amount collected) in order to provide fiscal stability. Meanwhile, the district will continue reducing expenses through savings [further reductions] in programs and staff that are over and above the state requirements for public education K-12.

This proposal would continue to generate just under 6 million a year with a new smaller Plant Facilities Levy and a Supplemental Levy. The current Plant Facilities Levy that generates just under 6 million a year would be terminated with the district not collecting on this levy for its last two years. Local revenues to the district would remain the same, however, they would be divided between a Supplemental Levy to support the General Fund and a smaller Plant Facilities Levy to support building maintenance, technology and to finish paying off our debt.

Under this proposal, the new Supplemental Levy would generate $2,990,000 a year and the Plant Facilities Levy $2,990,000 per year for a total of just under 6 million a year. It would require that the district continue to look for savings which would have to come through reductions or reallocations in programs and staff. However, this flexibility in spending would allow the district to:

1. Address pressing financial needs as the gap between revenue and expenditures continues to increase each year despite continued reductions of over $1 million a year,
2. Stabilize reserves so that the district has savings equivalent to 2 to 3 months of operating expenses in case of emergencies such as an economic downturn, and
3. Continue to recognize and value the hard work of staff, through a fair and viable wage, and the contributions they make day in and day out to ensure ongoing vibrancy of our community through a highly educated and engaged youth that become tomorrow's leaders.

This proposal is based on listening to Board discussions, Finance Committee discussions, and the information gleaned from the BCSD Survey conducted by PulsePoint. Findings from these data sources indicate:

1. A growing recognition that after ten years of flat local revenues these revenues can no longer provide the same programming provided in the past due to increasing expenses,
2. A concern that BCSD needs to continue to 'tighten its belt' and reduce or reallocate services and programming to adjust to less robust resources.
3. A community desire for the District to demonstrate fiscal stability and maintain reserves for unforeseen future emergencies.

The new supplemental levy would not cover the loss of approximately 5 million in spending power in local revenues. It would require additional reductions and judicious decision making. Just as we have looked at how local revenues have lost buying power, we have also looked at how staff wages have lost buying power. We recognize that BCSD wages are good wages and some of the best in the community. We also recognize that there are many underpaid individuals in the community, especially in relation to the cost of living.

In conclusion, if the community granted the district the ability to rearrange the just under 6 million a year that is it receiving from local dollars currently in the form of the Plant Facilities Levy, the Board will need to decide how it wants to use the funds from the supplemental levy: reductions in services and programs with some staff salary increases, fewer reductions with no cost of living adjustments, determine the proper amount of reserve and slowly build it, etc. We recognize that we have a portion of our voters that value the district having strong reserves as evidenced by the survey done last summer, while also having voters or staff who think the Board has set too high of a bar for reserves. However, the 5% contingency fund contained in our General Fund Budget is only sufficient for 2.5 weeks of operation, a pretty narrow margin and not sufficient to provide the cash flow coverage needed in December/January and June/July as we wait for the next allocation of state and local revenues to be received.