

## Frequently Asked Questions

### **1. Why is there a funding crisis?**

The downturn of the national economy is tied to a number of factors that are widely publicized in the media, which are significant issues that the new federal administration is trying to address. As these get addressed, it will have a positive impact on consumer confidence, employment and the struggling economy; still, it will take months to recover and nobody can predict how fast or how well it will turn around for the national, state and local economies.

As a school district, we still have to deal with the consequences of the problem. The slowdown of consumer spending is reducing the amount of sales tax revenue going into the state operational fund. This impacts the forecasts for how much money the state will have available in the next two years.

In November 2008, Washington State was predicting a \$3.3 billion shortfall. By December 2008 (when Governor Gregoire built her budget), it had worsened to just under a \$6 billion shortfall and, just recently, when the Senate and House developed their state budgets, the shortfall grew to about \$9.3 billion. Even with the federal stimulus funds coming to states and school districts, the amount of the reductions targeted to K-12 public schools and all areas of state funding are very significant. The projections show Washington State receiving about \$1 billion in fiscal relief monies for 2009.

### **2. How will the three state budgets impact the Auburn School District?**

Last week, the Senate and House released their budgets. Auburn School District has analyzed these to determine the potential fiscal impact to its 2009-10 funding. Here is how the three budgets compare:

- Governor's December 2008 Budget shows a shortfall of about \$6.4 million out of the district's general fund revenue for next year.
- Senate's March 30, 2009 Budget shows a shortfall of about \$8.2 million out of the district's general fund revenue for next year.
- House March 31, 2009 Budget shows a shortfall of about \$7.9 million out of the district's general fund revenue for next year.

### **3. Why does the Auburn School District have to reduce its budget?**

Auburn School District must reduce its operating budget for the 2009-10 school year due to a combination of at least a \$9.3 billion state budget deficit, rising costs and years of inadequate state funding. The extent of the district's reductions for 2009-10 and 2010-11 will change if the state budget deficit continues to grow. The district receives approximately 71 percent of its funding from the state based on student enrollment, 20 percent from local operations levy dollars, 8 percent from the federal government, and 1 percent from other sources such as payments from other districts (Dieringer) and grants from other agencies such as King County. For a number of years, school districts throughout the state, including Auburn, have been using local levy dollars and reserves to fill gaps in the state's funding of basic education.

### **4. What is the current financial situation in the Auburn School District?**

Auburn School District is widely known as a fiscally prudent district. Auburn constantly seeks opportunities to improve the efficiency of operations and maximize revenue opportunities. The 2008-09 operating budget is balanced. The district does not anticipate reductions for the remainder of this school year, other than proactive saving measures the district is taking to anticipate reductions in the 2009-10 school year. About 84 percent of the school district's budget is spent on people and personnel-related costs and 16 percent on non-employee costs such as fuel, utilities, supplies, insurance, etc. The district spends most of its resources on teaching and learning, which equates to 71 percent of the total operating budget, which is above the state average. The district currently spends 18.5 percent on related support services and 10.5 percent on administration, which is below the state average.

**5. How will staff and the Auburn community offer input and be involved in an ongoing way?**

The district is gathering input from community, parents, staff and administration through April 24. Principals and program administrators will meet with all staff to share information and provide an opportunity for individuals to share their opinion on priorities for the district. In addition, community presentations will be held April 14, 15 and 16 to share information with parents and the broader community and gather their input. The input will be compiled for the school board and administration and then posted on the district website. Actions by the state Legislature will have an impact on the district budget. The Auburn School Board will adopt a final budget for the 2009-10 school year in late spring or summer.

**6. How are district decisions impacted by state decisions?**

The district depends on the state for the majority of its revenue. Because the state designates a certain amount of funding for districts to use in specific areas for defined purposes only, the district must align its reductions accordingly.

The state Senate and House draft budgets were released on March 30 and 31, 2009. Both drafts include significant reductions for K-12 education, reductions in Student Achievement Funds (I-728), reduction or elimination of learning improvement days, and no Cost of Living Allowance (COLA) increases for staff, along with other changes to the funding formulas. The Senate version also includes elimination of the funds the district receives for K-4 class-size reduction and a reduction in the classified staffing allocation.

District staff is reviewing these draft budgets, details on the federal stimulus funds, and expenses for the 2009-10 school year to determine the potential impact on the district. Currently, OSPI estimates this to be a \$6.4 to \$8.2 million reduction in revenue for the 2009-10 school year for the Auburn School District. During the next few weeks, both the state House and Senate will be amending their drafts and working together to adopt a budget, reportedly by April 27, 2009. The district will continue to closely monitor these activities and report its findings as they occur.