

2020-21 DISTRICT BUDGET DEVELOPMENT

Current fiscal year status report and building a foundation for 2020-21

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Topics

Fiscal Year 2019-20

- ✓ Enrollment Trends
- ✓ Budget Status
- ✓ Fund Balance Projection
- ✓ Key Items Affecting Net Position

Fiscal Year 2020-21

- ✓ Financial Context
- ✓ Enrollment Projections
- ✓ Projected Revenues
- ✓ Budget Priorities

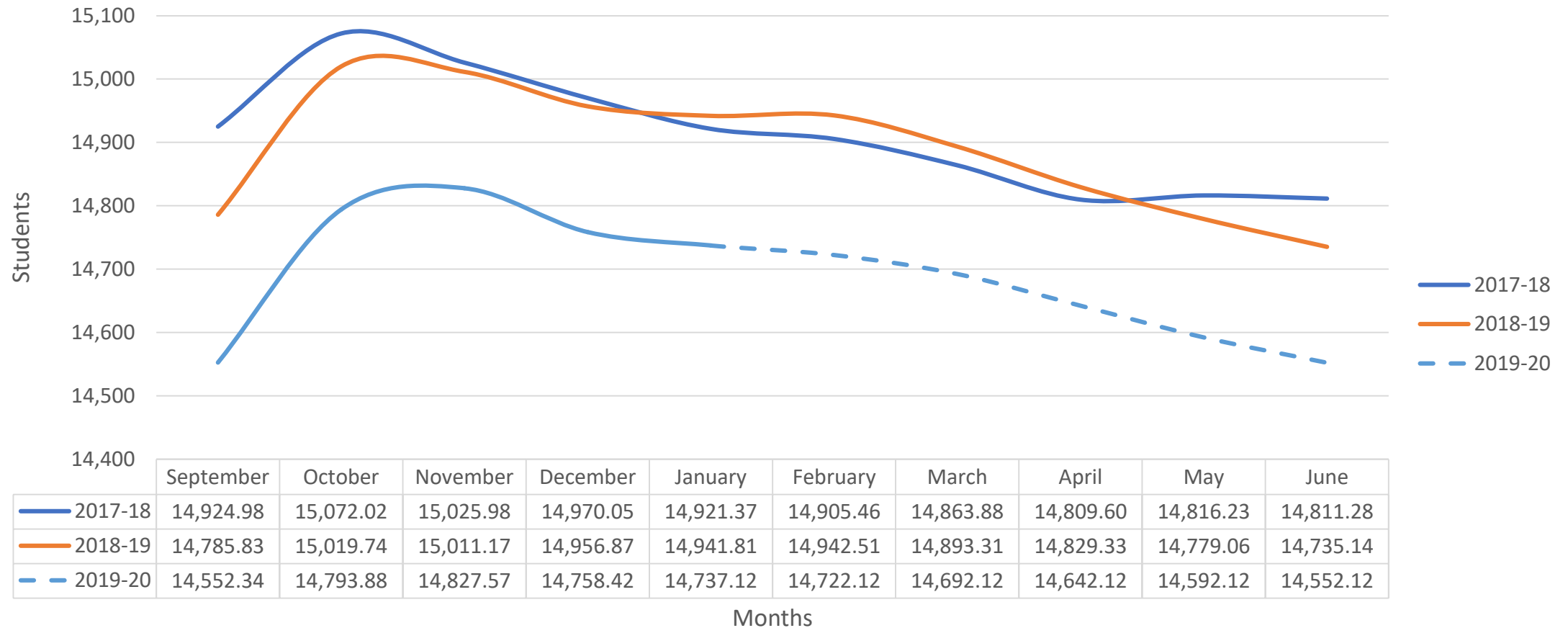
Fiscal Year 2019-20

Current mid-year results and an estimate of year-end expectations.

Enrollment Trends

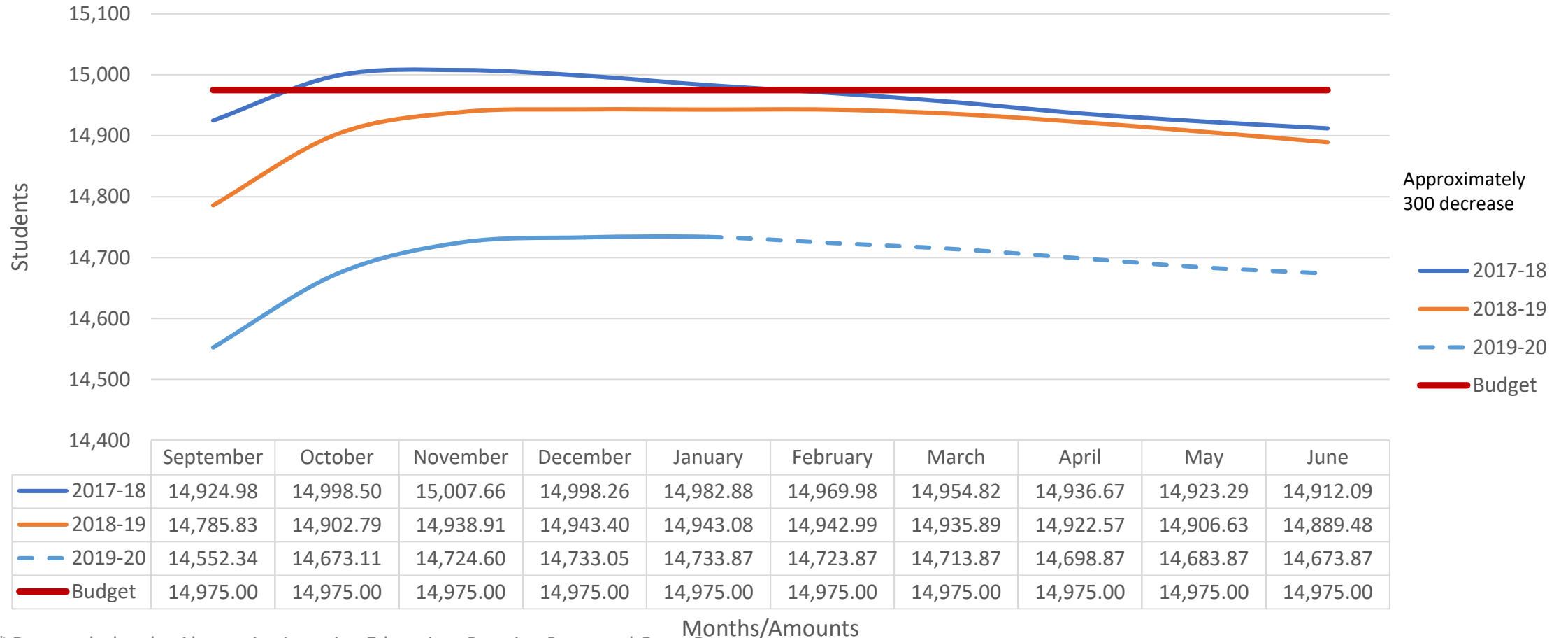
Current student enrollment and its impact on financial outcomes

Full-Time Equivalent (FTE) Enrollment Trend Through Fiscal Year 2019-20



* Data excludes the Alternative Learning Education, Running Start, and Open Doors programs.

Annual Average Full-Time Equivalent Trend (AAFTE) Through Fiscal Year 2019-20



* Data excludes the Alternative Learning Education, Running Start, and Open Doors programs.

Enrollment Take-Aways

- Overall student enrollment decline.
- 2019-20 State revenues must be adjusted for approximately \$3.0 million.
- Affects local levy revenues as well as state apportionment.
- The decline interrupts historical patterns of growth.
- Suggests a conservative approach in future budget modeling is warranted.

An approximate 300 student decrease when statistical models originally projected increases.

Budget Status (General Fund)

An update on the current budget status and a forecast of a performance trajectory

Enrollment Take-Aways

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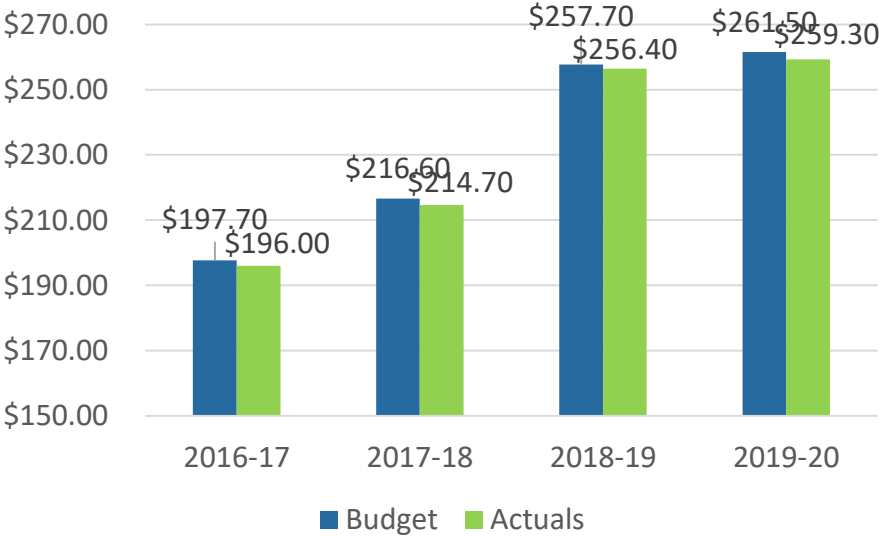
General Fund Revenue Summary

Description	Original Budget	Revised Budget	Projected Activity	Fund Balance Impact
Local Taxes	\$ 39,216,113	\$ 39,216,113	\$ 39,020,032	\$ (196,081)
Local Non-Tax	5,034,929	5,534,929	5,611,675	576,746
State, General Purpose	149,976,616	148,196,659	147,327,091	(2,649,525)
State, Special Purpose	47,845,581	48,762,405	48,664,880	819,299
Federal, General Purpose	3,000	3,000	3,000	-
Federal, Special Purpose	15,981,580	16,465,702	15,965,702	(15,878)
From Other School Districts	702,000	702,000	702,000	-
From Other Entities	1,474,000	1,203,013	1,203,013	(270,987)
Other Financing Sources	1,200,000	1,200,000	800,000	(400,000)
Total Operating Revenues	261,433,819	261,487,589	259,297,393	(2,136,426)
Capacity	8,000,000	7,946,230	7,946,230	53,770
Total Authority	269,433,819	269,433,819	267,243,623	(2,082,656)

Revenue Focal Points

- 1. General Fund Operating Budget
\$261,433,819
- 2. General Fund Projected Revenues
\$259,297,393
- 3. Revenue Shortfall
-\$ 2,136,426

Current Year Revenue Shortfall
From fiscal year 2019-20, the District anticipates an annual revenue collections decrease by \$2.1 million.



General Fund Expenditure Summary

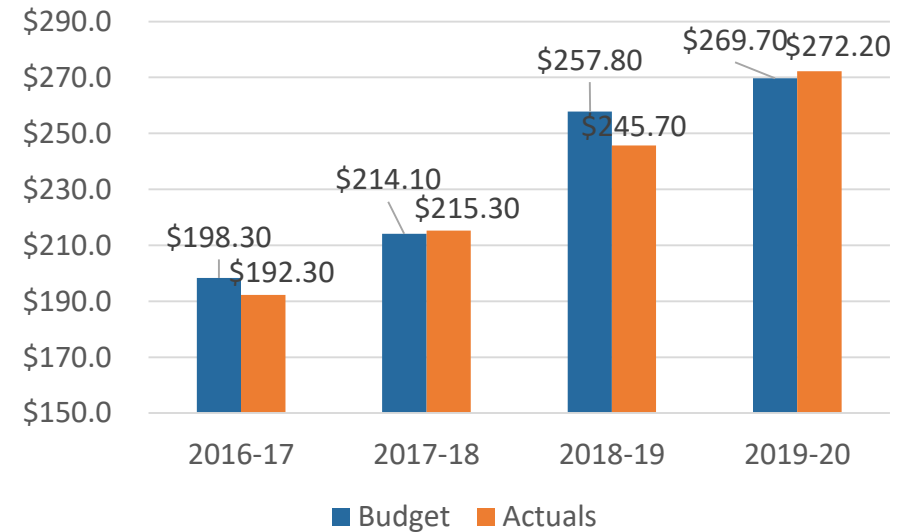
Description	Original Budget	Revised Budget	Projected Activity	Fund Balance Impact
Certificated Salaries	\$ 113,769,710	\$ 116,045,466	\$ 114,545,466	\$ 775,756
Classified Salaries	48,167,961	49,224,922	49,224,922	1,056,961
Employee Benefits and Payroll Taxes	68,082,839	69,249,266	68,749,266	666,427
Supplies and Materials	16,407,245	17,276,585	15,976,585	(430,660)
Purchased Services	22,426,249	22,754,835	22,754,835	328,586
Travel	395,271	520,584	520,584	125,313
Capital Outlay	432,106	445,096	445,096	12,990
Total Operating Expenses	269,681,381	275,516,754	272,216,754	2,535,373
Capacity	8,000,000	2,164,627	5,464,627	(2,535,373)
Total	277,681,381	277,681,381	277,681,381	-

Expenditure Focal Points

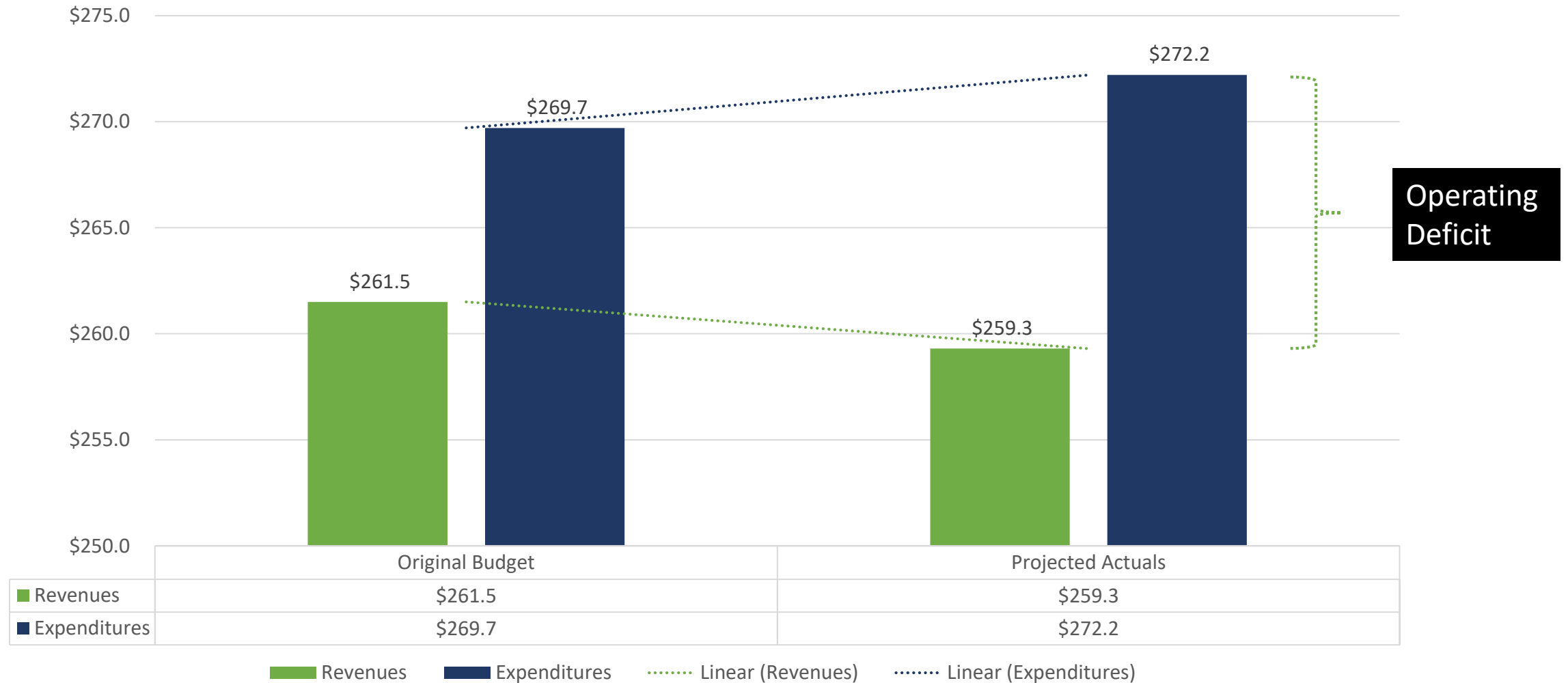
1. General Fund Operating Budget (Net of Capacity)
\$269,681,381
2. General Fund Projected Expenditures (Net of Capacity)
\$272,216,754
3. Fiscal Expenditure Plan Increase
\$2,535,373

Current Year Expenditure Budget Growth

For fiscal year 2019-20, the District anticipates an annual expenditure total to grow by \$2.5 million.



Revenues Vs. Expenditures Recap



Fund Balance Projections

Impacts on fund balance and resources as they transition from year-to-year

Fund Balance Projection

Beginning Balance

\$28.7 Million

+

Net Projected Revenues and (Expenditures)

-\$12.9 Million

=

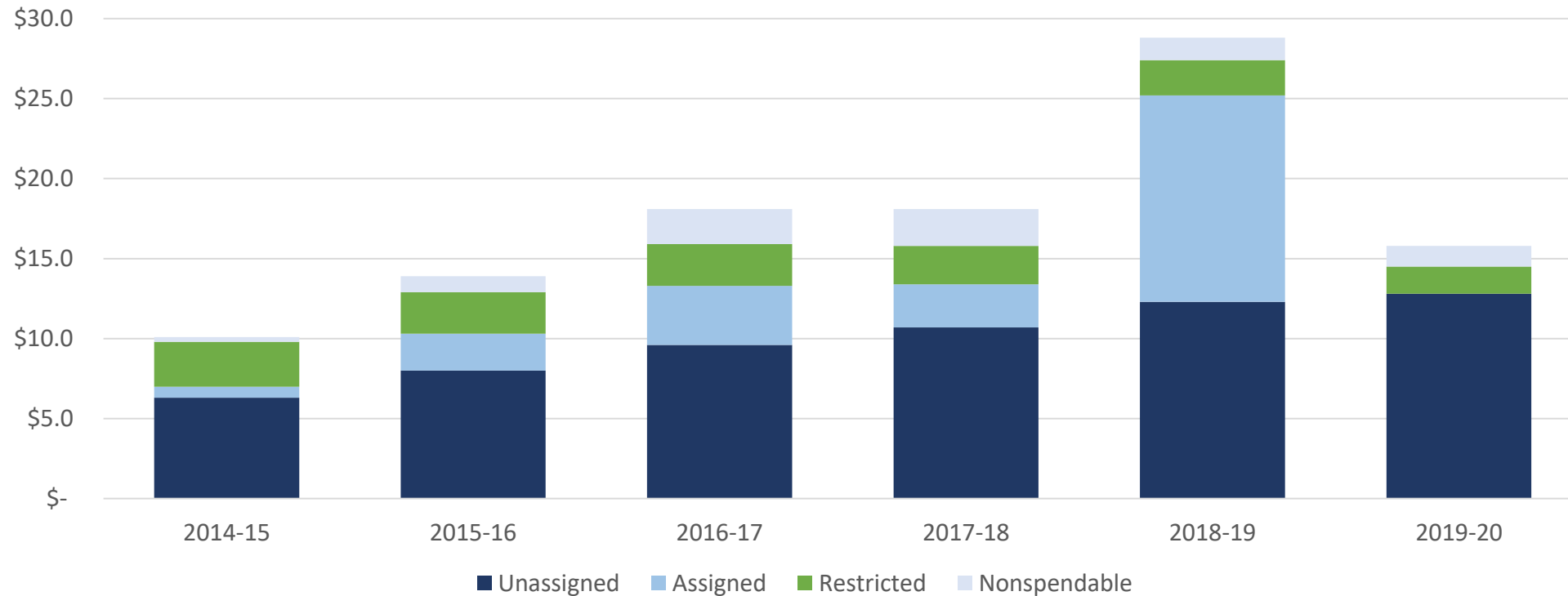
Projected Ending Fund Balance

\$15.8 Million

Results In An Estimated 4.7% Unassigned Reserve

Fund Balance Year-Over-Year

A \$12.9 million deficit results in a significant rebalancing of the fund balance



Key Items Affecting Net Position

An update on the current budget status and a forecast of a performance trajectory

Key Items Affecting Our Net Position

- 2019-20 Budgeted Structural Deficit (8.25 Million)
- Local Levy Collection Limits (\$15 Million)
- Enrollment Shortfall (\$3.0 Million)
- Increased Compensation Cost (\$3.6 Million)
- Implementation of School Employees Benefits Board (SEBB) (\$2.50 Million)

Fiscal Year 2020-21

A look toward next fiscal and the budget challenges.

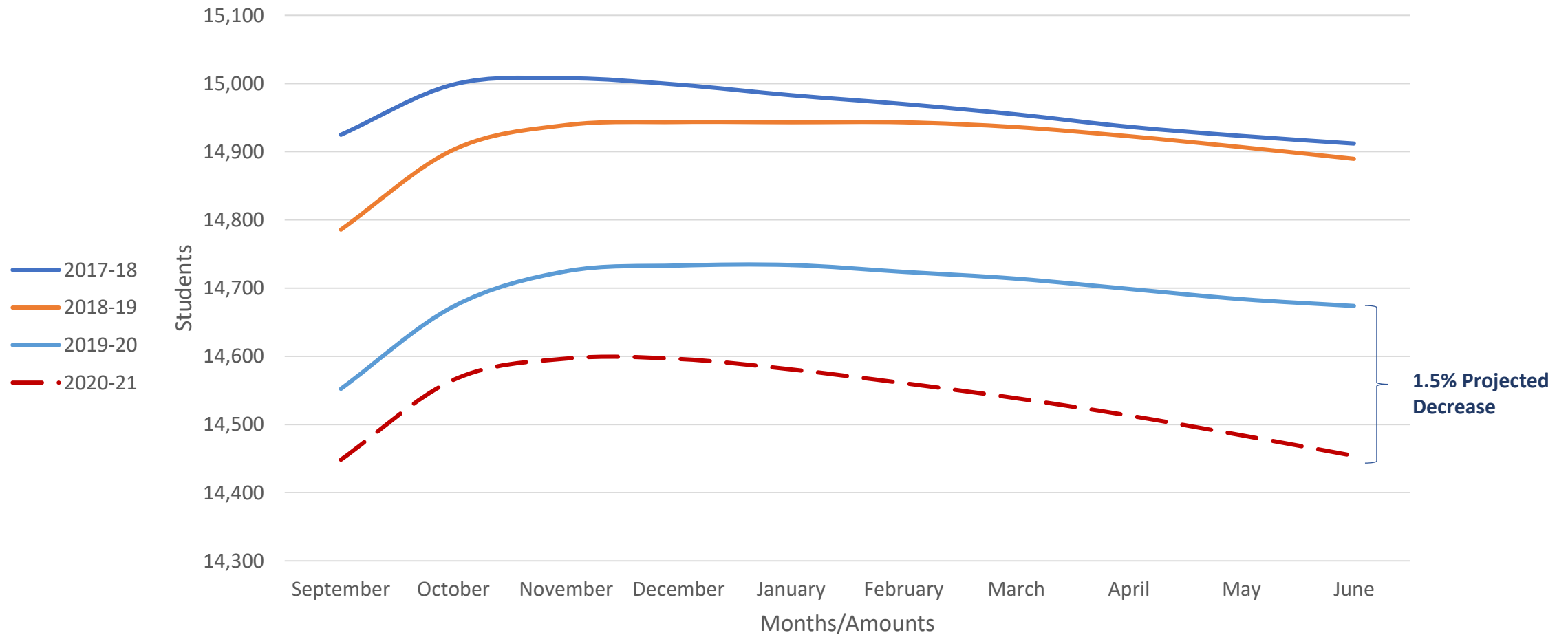
Financial Context

Contextual information that will affect decision making in fiscal year
2020-21

Contextual Information

- Renton School District faces a budget deficit of between \$12 and \$15 million (approximately 4.6 percent of general fund revenues).
- The deficit results primarily from levy reductions enacted by the Legislature (\$15 million) and the enrollment decline of 300 students (\$2.8 million) in 2019-20.
- Recently approved school bond funds are for school construction purposes only and may not be used to offset the deficit.
- The District is in process of identifying specific reductions to personnel and programs.

Annual Average Full-Time Equivalent Trend (AAFTE) Projected For Fiscal Year 2020-21



General Fund Revenue Preliminary Estimates (With Enrollment Adjustments and Without Structural Changes)

Description	2019-20 Budget	Projected Changes	2020-21 Revenue Estimates
Local Taxes	\$ 39,216,113	939,905	\$ 40,156,018
Local Non-Tax	5,534,929	110,699	5,645,628
State, General Purpose	148,196,659	239,423	148,436,082
State, Special Purpose	48,762,405	-598,091	48,164,314
Federal, General Purpose	3,000	-	3,000
Federal, Special Purpose	16,465,702	658,629	17,124,331
From Other School Districts	702,000	-	702,000
From Other Entities	1,203,013	-	1,203,013
Other Financing Sources	1,200,000	-200,000	1,000,000
Total Estimated Operating Revenues	261,487,589	1,150,565	262,434,386
Capacity	7,946,230	53,770	8,000,000
Total Authority	269,433,819	1,404,335	270,434,386

General Fund Expenditures Preliminary Estimates (With Enrollment Adjustments and Without Structural Changes)

Description	2019-20 Revised Budget	Projected Changes	2020-21 Expenditure Estimates
Certificated Salaries	\$ 116,045,466	\$ 630,047	\$ 116,675,513
Classified Salaries	49,224,922	976,748	50,201,670
Employee Benefits and Payroll Taxes	69,249,266	1,874,331	71,123,597
Supplies and Materials	17,276,585	-1,968,676	15,307,909
Purchased Services	22,754,835	-1,312,450	21,442,385
Travel	520,584	0	520,584
Capital Outlay	445,096	0	445,096
Total Operating Expenses	275,516,754	200,000	275,716,754
Capacity	2,164,627	5,835,373	8,000,000
Total	277,681,381	6,035,373	283,716,754

General Fund Expenditures Preliminary Estimates (With Enrollment Adjustments and With Needed Structural Changes)

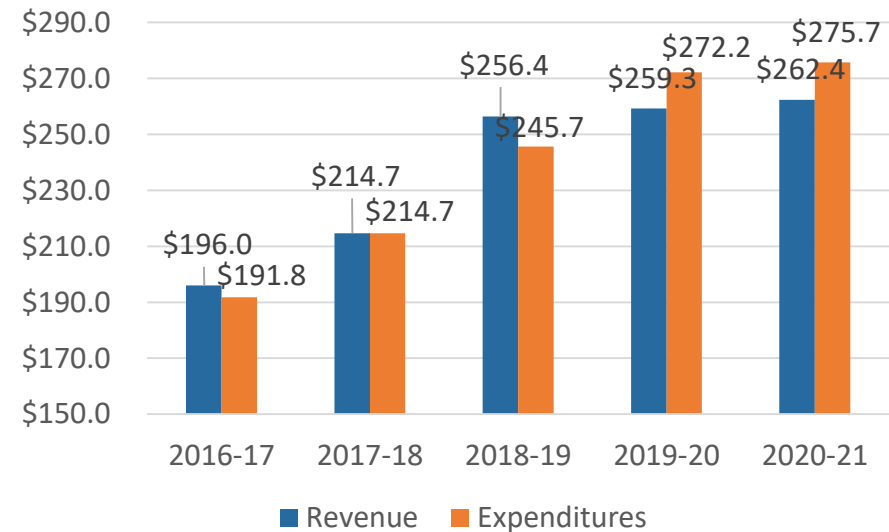
Description	2019-20 Revised Budget	Balancing Changes	2020-21 Expenditure Estimates
Certificated Salaries	\$ 116,045,466	\$ 630,047	\$ 116,675,513
Classified Salaries	49,224,922	976,748	50,201,670
Employee Benefits and Payroll Taxes	69,249,266	1,874,331	71,123,597
Supplies and Materials	17,276,585	-1,968,676	15,307,909
Purchased Services	22,754,835	-1,312,450	21,442,385
Travel	520,584	0	520,584
Capital Outlay	445,096	0	445,096
Balancing Adjustments Needed	-	-13,282,368	-13,282,368
Total Operating Expenses	275,516,754	-13,082,368	262,434,386
Capacity	2,164,627	5,835,373	8,000,000
Total	277,681,381	-7,446,995	270,434,386

Looking Forward Focal Points

1. General Fund Revenue Budget (No Capacity)
\$262,434,386
2. General Fund Projected Expenditures
(Without Structural Changes)
\$275,716,754
3. Projected Budget Deficit
\$13,282,368

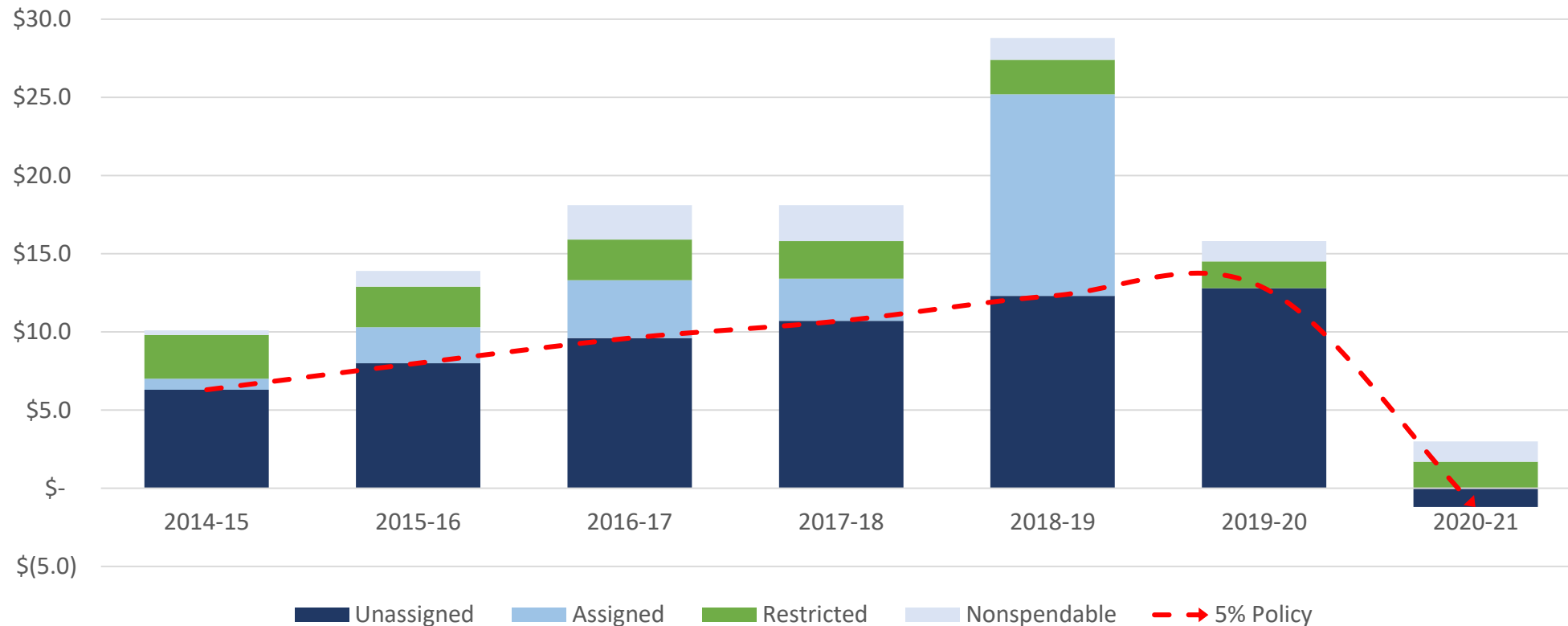
Continued Structural Deficit

For fiscal year 2020-21, the District forecast an annual budget imbalance of \$13.3 million.



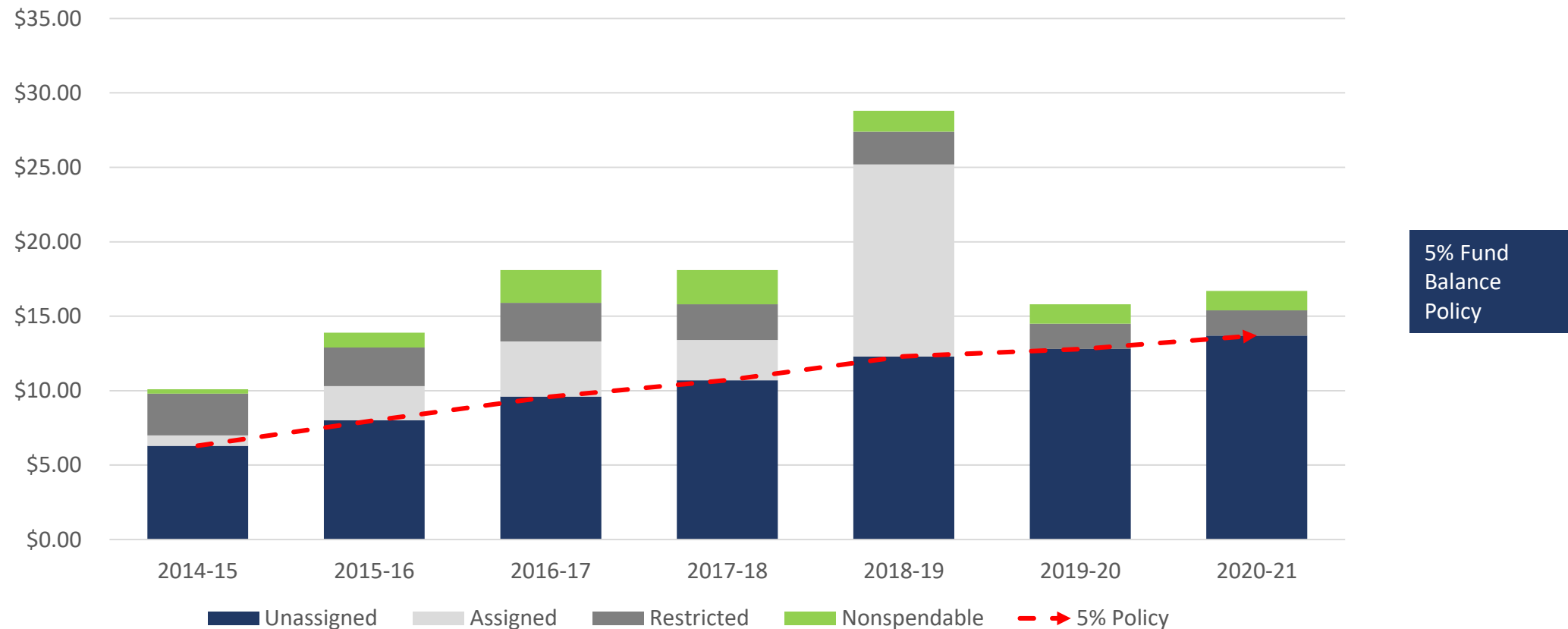
Fund Balance Projection (Without Structural Changes)

A \$13.3 million deficit results in a significant reduction of the fund balance beyond operational capacity.



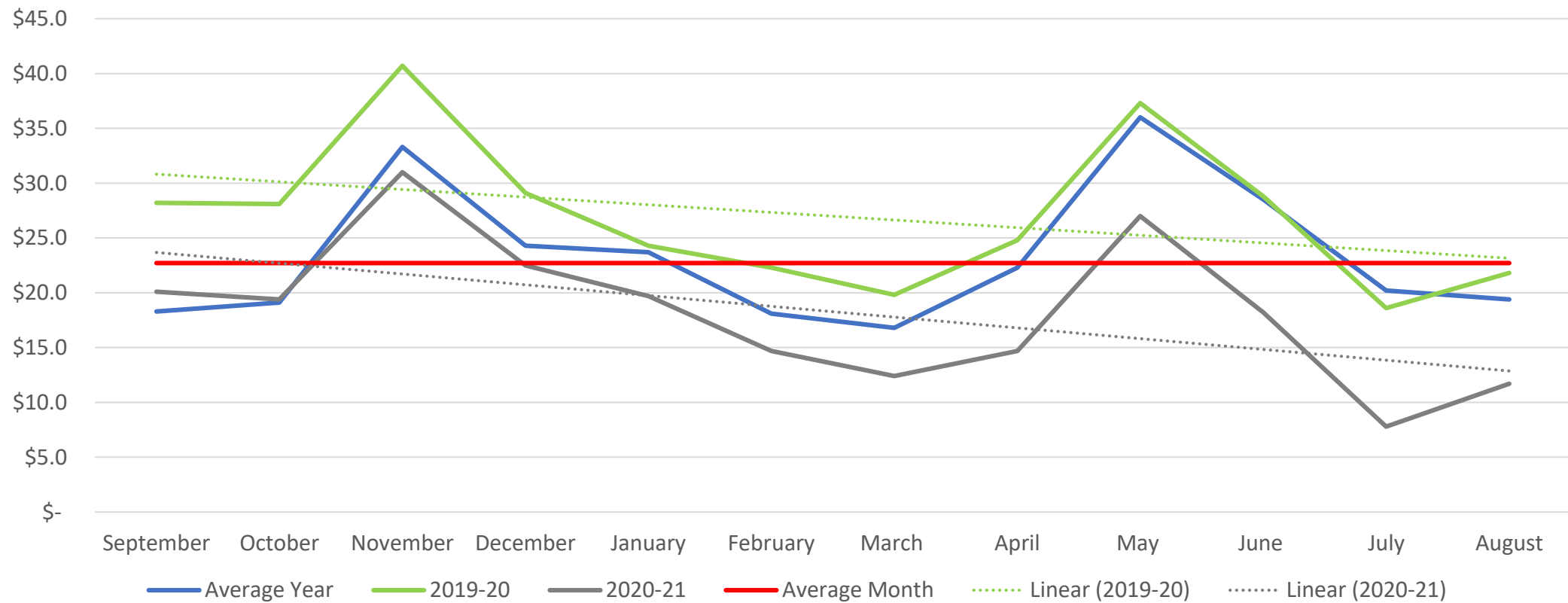
Fund Balance Minimum Goal (With Structural Changes)

Structural modifications will be required to rebalance the budget.



Projected General Fund Cash Flow

Decreases in the fund balance drops the average cash balances in the County Treasury



Proposed Next Steps

- February 13, 2020—Budget Webpage and Survey Go Live
- February 25, 2020—Community Budget Meetings at Hazen, Lindbergh, and Renton (6:30-7:30 p.m.)
- May 13, 2020 – Final recommendations to the Board

Thank you