

**Operating and Capital  
Approved Budgets for Fiscal Year  
2020-2021**



**Presented to and Approved by the Tukwila School District**

**Board of Directors**

**August 11, 2020**

**Approved by Board on August 11, 2020**

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## Board Resolution

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TUKWILA SCHOOL DISTRICT NO. 406 KING COUNTY, WASHINGTON

### RESOLUTION NO. 906

**A RESOLUTION of the Board of Directors of the Tukwila School District No. 406, King County, Washington, adopting the 2020-21 Budget, the four-year budget plan summary and the four-year enrollment projection.**

**WHEREAS**, the Board of Directors of the Tukwila School District No. 406 has reviewed the proposed 2020-21 budget, the four-year budget plan summary, and the four-year enrollment projection; and

**WHEREAS**, the budget, summary and enrollment projections as presented, adequately provides for the school district's operations; and

**NOW, THEREFORE BE IT, RESOLVED**, that the Board of Directors of the Tukwila School District No. 406 has determined that the final appropriation level of expenditures for each fund in 2020-21 will be as follows:

	General Fund	55,794,720	
	Capital Projects Fund	19,032,018	
	Associated Student Body Fund	209,317	
	Debt Service Fund	7,487,285	
	Transportation Vehicle Fund	197,285	

**ADOPTED** this 11th day of August, 2020 in Tukwila, Washington.

\_\_\_\_\_  
President

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**ATTEST:**

\_\_\_\_\_  
Dr. Flip Herndon  
Secretary to the Board of Directors

**Approved by Board on August 11, 2020**

## Budget Update Executive Summary

**Preface:** The Board created, reviewed and approved the 2020-21 Board Priorities during five board meetings between January 28, 2020 and May 26, 2020. The District presented preliminary budgets to the Board on June 23<sup>rd</sup>, July 11<sup>th</sup> and July 28<sup>th</sup>. The District has taken Board feedback to include 5<sup>th</sup> Grade Camp and Staff Appreciation funding, breakout enrichment spending and other feedback to create the proposed budget contained in this document. This budget also eliminates SpEd Infants & Toddlers (“Birth to Two”) revenues and expenses that no longer flow through the district and reduces Trans Bilingual revenues and expenses to reflect an updated OSPI calculation. The proposed budget includes carryover and recovery (see page 7). The proposed budget was adopted by the Board at its August 11, 2020 Board Meeting.

**Executive Summary:** While the district had an adequate ending fund balance several years ago it more recently has been faced with stretch budgets to make it through each year. The district knew this year (2019-20) would be difficult given the full year impact of the McCleary funding reductions, back to back 10% and 6% TEA and ESP wage rate increases, a partial year SEBB impact and declining enrollment. The district will continue to address all of these issues next year (2020-21) in addition to any Covid-19 related enrollment reductions and / or unfunded costs. To financially prepare for 2020-21 the district built up its 2018-19 and 2019-20 ending fund balances and it passed a capital levy in 2020 that more than tripled the size of its previous capital levy.

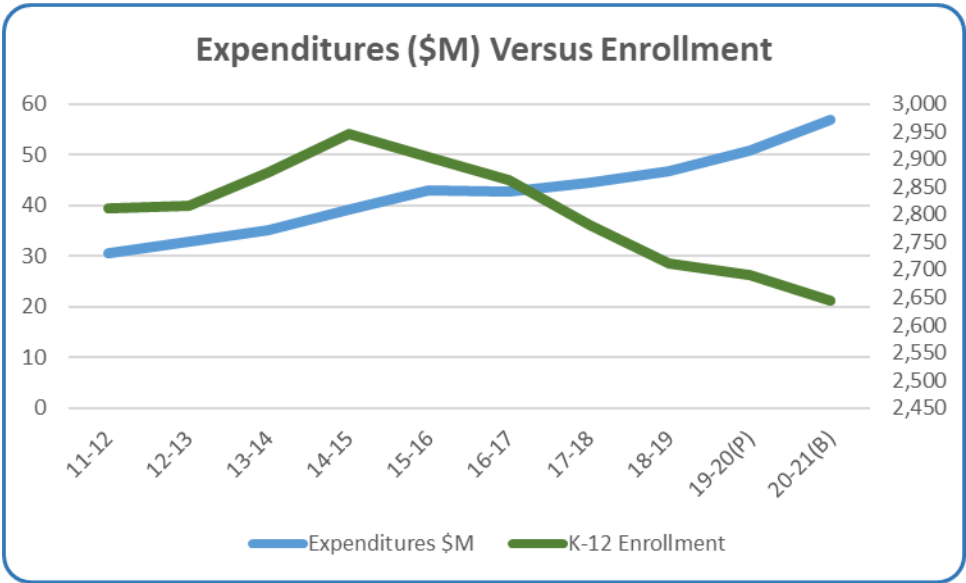
The following table shows historic enrollment, revenue, spending and fund balance trends.

<b>Executive Summary (\$000's)</b>	<b>Act 2016-17</b>	<b>Act 2017-18</b>	<b>Act 2018-19</b>	<b>Proj 2019-20</b>	<b>Bgt Yr 1 2020-21</b>	<b>Bgt Yr 2 2021-22</b>	<b>Bgt Yr 3 2022-23</b>	<b>Bgt Yr 4 2022-23</b>
Enrollment	2,862	2,780	2,711	2,691	2,645	2,662	2,636	2,611
Change	(42)	(81)	(70)	(20)	(46)	17	(26)	(25)
% Change	-1.5%	-2.8%	-2.5%	-0.7%	-1.7%	0.6%	-1.0%	-0.9%
State Funding	11,359	11,994	8,719	6,590	7,226	7,352	7,433	7,502
Other	18,611	19,224	25,160	26,637	26,690	27,374	27,674	27,977
Local Funding	646	451	471	277	197	198	196	194
Sub Total BEA	30,616	31,670	34,350	33,504	34,112	34,924	35,303	35,673
% Change	1.9%	3.4%	8.5%	-2.5%	1.8%	2.4%	1.1%	1.0%
Grants and Other	11,195	12,719	15,126	16,828	18,453	17,553	17,620	17,691
<b>Total Revenue</b>	<b>41,811</b>	<b>44,389</b>	<b>49,476</b>	<b>50,332</b>	<b>52,565</b>	<b>52,477</b>	<b>52,922</b>	<b>53,364</b>
% Change	-0.4%	6.2%	11.5%	1.7%	4.4%	-0.2%	0.8%	0.8%
<b>Expenditures</b>	<b>42,721</b>	<b>44,567</b>	<b>46,709</b>	<b>50,672</b>	<b>55,795</b>	<b>55,649</b>	<b>57,057</b>	<b>58,518</b>
% Change	-2.5%	4.3%	4.8%	8.5%	10.1%	-0.3%	2.5%	2.6%
<b>Begin Fund Balance</b>	<b>2,671</b>	<b>1,761</b>	<b>1,583</b>	<b>4,350</b>	<b>4,010</b>	<b>781</b>	<b>(2,392)</b>	<b>(6,526)</b>
Capacity	(910)	(178)	2,767	(340)	(3,230)	(3,172)	(4,134)	(5,154)
Ending Fund Balance	1,761	1,583	4,350	4,010	781	(2,392)	(6,526)	(11,680)
%	4.2%	3.6%	8.8%	8.0%	1.5%	-4.6%	-12.3%	-21.9%

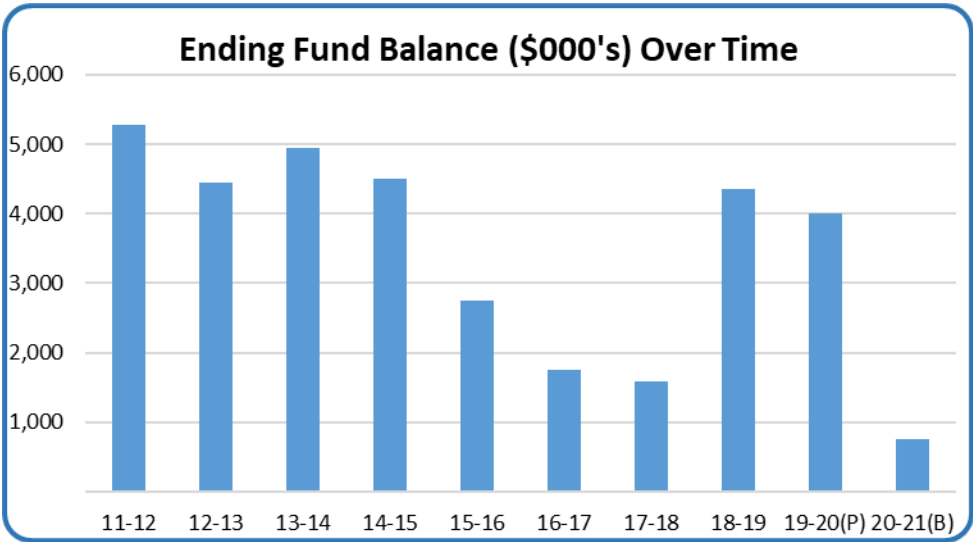
**Approved by Board on August 11, 2020**

**To remain sustainable, the district must align its costs with its revenues.** Excluding capacity, 2020-21 expenditures are \$1.9M higher than revenue. Growing enrollment while reducing costs will be required to achieve a positive ending fund balance going forward.

Earlier last decade the district demonstrated that it could align its expenditures with its enrollment. This trend changed after enrollment peaked in 2014-15 and expenditures continued to climb.



Because a large portion of every school district’s revenue is based on enrollment districts must reduce expenditures when they reduce students to avoid drawing down their ending fund balance. When Tukwila’s enrollment began to decline in 2015-16 and costs continued to increase Tukwila continued to draw down their fund balance. This can work in the short term, but if Tukwila continues to spend more money than they receive they will run out of money. The next table shows the district’s ending fund balance over time.



At the conclusion of the 2017-18 school year Tukwila had an ending fund balance of \$1.6M, which left it ill prepared to absorb further enrollment declines, the 10% TEA / ESP wage increase and the McCleary related net funding reduction. The district responded with cost reduction measures in 2018-19 focusing on attrition, MSOC reductions and other operating controls that were made as far away from the students as possible. In 2019-20 the district eliminated \$1.3 million in positions and made additional MSOC cost reductions.

The district will end 2019-20 with a positive ending fund balance, but this is lower than what is needed to sustain further enrollment declines and Covid-19 impacts. As a result, the 2020-21 budget assumptions are tight and must be exceeded to cover known and unknown risks. The district has material risk in the size of its infrastructure, Covid-19 impacts to enrollment and unfunded expenses, TEA/ESP wage increases that are tied to comparable districts, full-year SEBB, legal costs, upcoming SEIU contract negotiations and other areas. Given Washington State's Covid-19 related budget issues it is unlikely that the State will materially increase school district funding anytime soon and will likely reduce school district funding where it can. These and other risks are outlined on the next several pages.

## Risks and Opportunities

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### Covid-19:

The district has teams that are working on its start school safely plans. Tukwila will start school in the Fall teaching students remotely. The budget assumes that additional Covid-19 related costs will be covered by the Cares and FEMA grants. It is possible that costs will exceed the grants and this is a budget risk. In addition, it is possible that the State may keep a portion of the district's \$1,437,000 Cares funding, Abubakr may be entitled to approximately \$15k of the district's funding and / or that Cares funding may be used to reduce the district's apportionment.

**Cares Act.** The \$2 trillion Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was passed into law on March 27, 2020 to address the economic fallout of the 2020 coronavirus pandemic in the United States. The funding element for the Cares act is Elementary and Secondary School Relief ("ESSER"). The State of Washington will receive roughly \$216M to support K-12 school district. The State will keep a portion and distribute the remainder to school districts that are eligible for Title I funding. The State of Washington is considered the recipient of the funds the school districts will be the sub recipient.

The CARES Act defines allowable expenditures of these funds very broadly and the State has not issued official guidelines on what will be considered for reimbursement. However, the district is expecting the reimbursement list to be fairly flexible and will include sanitation and safety supplies, equipment and incremental labor; costs to provide learning materials to kids when schools are closed; costs to provide internet access and technology to those families without access to allow students to continue to learn; planning to start schools safely; and remediation costs. In addition, the district expects some recovery of lost food service revenue. Cares funding will not cover costs that a district would have incurred without the pandemic.

In addition, the district may have a revenue risk in the way that the State counts remote learning enrollment, in the way they fund school districts when they are teaching students remotely and once the district allows on-ground learning the district may have a reduction in enrollment if some families keep their kids away from physically attending our schools as a Covid-19 precaution.

### Enrollment versus Infrastructure:

District enrollment reached a peak of 2,946 students in 2014-15 and has declined for the last five years. The district is expecting a 1.7% enrollment reduction in 2020-21 and a small enrollment increase in 2021-22 due to the construction of new housing units. See the enrollment section for more information.

Enrollment is trending down faster than the district is reducing its cost structure. Stabilizing long term enrollment is critical to the long-term sustainability of the district. The completion of the Elementary School construction and the Foster and Showalter Modernization projects will help, as will the larger 'Technology Levy' that will provide additional funding to support the student learning environment.

### Wage Increases and Union Activity:

The 2020-21 budget assumes a 1.6% IPD rate increase for TEA and ESP and a 2.5% rate increase for SEIU. The TEA and ESP union agreements include comparable district language that may result in a higher wage increase. The existing SEIU three-year labor agreement expires on August 31, 2020.

**Grants - Special Education:**

The state does not fully fund Special Education. In five of the last six years the district has spent 30% or more than it received in its special education revenue. In other words, for five years for every dollar of funding the district received it has spent \$1.30 or more to support the needs of their special need students. 2018-19 demonstrated that the district can operate with a 15% overspend. The 2020-21 budget a 16% overspend.

<b>Sped (\$000's)</b>	<b>14-15 Act</b>	<b>15-16 Act</b>	<b>16-17 Act</b>	<b>17-18 Act</b>	<b>18-19 Act</b>	<b>19-20 Proj</b>	<b>20-21 Bgt</b>
Revenue	2,679	2,860	2,940	3,451	4,739	5,027	5,404
Expenditures	3,769	4,109	3,996	4,843	5,468	6,350	6,265
Difference \$	-1,090	-1,249	-1,056	-1,391	-729	-1,323	-861
Difference %	41%	44%	36%	40%	15%	26%	16%

Starting in 2020-21 Birth to Two special education revenues and expenses do not flow through the District.

**Carryover and Recovery from 2019-20 Grant and Categorical Underspend:**

2019-20 spending on the Grants and Categoricals listed below will be lower than their corresponding revenue sources. As a result, the 2020-21 budget includes the following recovery and carryover amounts.

<b>Direct Expenditures</b>	<b>Recovery</b>	<b>Carryover</b>	<b>2020-21 Impact</b>
Program 31 Career & Tech	0	46,995	46,995
Program 55 LAP Regular	0	70,402	70,402
Program 55 LAP High Poverty	-23,315	90,911	114,226
Program 74 Highly Capable	-62,239	0	62,239
<b>Totals</b>	<b>-85,554</b>	<b>208,308</b>	<b>293,862</b>

Recovery reduce the following year revenue budgets. For example, the 2020-21 Highly Capable revenue budgeted is \$28,884. This budget would have been \$94,123 without the revenue reduction dictated by recovery ( $\$94,123 - 62,239 = \$28,884$ .)

Carryover increase the following year expenditure budgets. For example, the 2020-21 CTE (Career & Tech) expenditure budget is \$696,733. This budget would have been \$649,738 without the carryover impact ( $\$649,738 + 46,995 = \$696,733$ ).

**Legal Costs:**

The 2020-21 budget includes \$175k in legal costs. It is possible actual costs will be higher than the budget.

**Classified Extra Hours:**

Classified extra hours were reduced to cover the costs of 5<sup>th</sup> grade camp. All extra hours will need to be preapproved by the supervisor and budget owner.

**SEBB:**

**Approved by Board on August 11, 2020**



Effective January 1, 2020 all employee insurance plans were managed by the School Employees Benefit Board ("SEBB"). All of the district's employees that work 630 hours a year are now eligible for health insurance with no proration based on the number of hours worked. 2019-20 included a partial year of additional SEBB related costs and 2020-21 will have a full-year impact of the higher costs.

#### **Construction Delay**

Budget assumes that construction at all five schools is completed on time, with the exception of final check list items, some exterior work and the Foster Commons. The budget assumes there will be no general fund expenses associated with construction.

#### **K-3 Class Size Compliance**

The State requires districts to maintain a K-3 class size of 17 students per teacher. Tukwila met the threshold in 2019-20 and is planning to meet the threshold in 2020-21.

#### **Deferred Maintenance:**

The citizens of Tukwila passed a four-year 'Capital Levy' and increased funding will start in January 2021. Monies will be used to meet technology needs and will begin to address deferred maintenance on a prioritized schedule.

#### **Moody's Bond Rating:**

The district's Moody's bond rating dropped from Aa2 to Aa3 in Nov 2017. The bond rating dropped from Aa3 to A2 with a negative outlook on 9/11/2018. This was a double down grade (the district skipped A1).

#### **Opportunity: Attrition**

It is statistically likely that employees will leave the district in 2020-21. Cost savings will occur if there is a delay in hiring the replacement or if the position is not filled at all.

#### **Budget Year Two Risks and Opportunities**

Any cost overrun associated with the risks listed above will carry into Budget Year Two and beyond. The district needs to reduce the size of its cost structure to achieve a positive year two ending fund balance.

## **Budget Process**

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Funding initiatives were established by the board through a series of board meetings, input from the community and the adoption of the ‘2020-21 Board Budget Priorities’ (see next page). The Budget Advisory Team was created in February 2020 to explore enrollment strategies, find “operating efficiencies to allow the district to meet its Mission with limited financial resources” and get additional community feedback.

Revenue assumptions are based on the F203 Revenue Report and have been reviewed by the ESD. Every expenditure account was reviewed and vetted with each stakeholder(s) and reductions were made to reflect cost cutting efforts, enrollment projections, state and federal funding, categorical spending, inflation, unfunded mandates and input from the Board, the Budget Advisory Committee and the community at large.

The district hosted Community Budget Forums to get more feedback from the community and to discuss the budget in an open and transparent manner and the district will hold a public hearing prior to the board voting to accept or reject the budget.

## Board Budget Priorities

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The Tukwila School District Board of Directors have identified the following items as budget priorities for the 2020-21 school year. Topics are broken into Student Services and Financial Stability categories. Items within each category are listed by Board ranking (alphabetical when items received the same vote count). The blue italicized font indicates how the 2020-21 budget addresses each Board Priority.

### Student Services

1. Design remediation plan to support students when buildings open. *Primary and secondary 'Start School Safely' teams are designing remediation plans to open schools safely. The estimated cost of the teams is \$200k and will be funded by Cares. Implementation costs of the plan will also be funded by Cares.*
2. Track student progress during the building shut down period. *This will be an extension of the work described above and the work involved will be included in current staffing. Any additional funding, if needed, will be provided by Cares.*
3. Social and Emotional Learning support for staff and students. *Social workers at the elementary schools provide one on one support, small group sessions, deliver whole class lessons, set up Big Brothers and Big Sisters, have access and provide mental health resources to those that need it, have led the new social and emotional curriculum strategies, provide resources to families, etc. Counselors at the secondary schools provide many of the same services and connect kids and families to outside health resources. The 2020-21 budget includes social workers and counselors. Additional monies are available for Professional Development (PD). Because Social and Emotional Support ("SES") is built into the cultural fabric of the district additional SES duties and responsibilities and monies are built into other positions and other budget lines to provide additional support, supplies, materials, etc. For example, the school based CARE Teams meet once a week to talk about kids that are struggling academically and / or behaviorally. CARE Teams include all positions and all people that are needed to support the kids. Another example is that the Chief Academic Officer is researching other programs, such as Ruler, by Marc Brackett, Director of Yale Center for Emotional Intelligence.*
4. Communications. *School based and administration stipends will continue in 2020-21 in the same form as 2019-20. The 2020-21 budget includes \$3,000 in stipends.*
5. Race and Equity. *MSOC funding increased from \$10,000 to \$75,000. The 2020-21 budget includes additional Professional Development ("PD") payroll funding for trainings and discussions and includes funding for any supplies and materials that will be needed.*
6. Safety Issues
  - a. Immunizations. *There is no cost for the district to be compliant with WA State law.*
  - b. Lead in water faucets. *Retest all faucets after construction and every three years (all below 5ppb with plan to get all below 1 ppb, see [DOH guidelines](#)). Testing was completed in 2019 and all faucets with 1ppb or higher were replaced in 2019-20.*
  - c. School lunch nutritional standard. *OSPI confirmed Tukwila's nutritional standards met or exceeded nutritional standards during its 2019-20 audit. In addition, the district offers a vegetarian option at every school and at every meal period regardless on whether the students eats at school or picks up a meal to eat remotely.*

7. Creative Learning Labs: Equitable access at each elementary school. *The 2020-21 budget includes \$748k to pay for creative learning lab instructors at each elementary school and Showalter. Funding is provided by the capital levy that was passed in 2020.*
8. Summer School for students that are below grade level expectations, highly capable students from categorical funding source and students that need credit recovery. *Funding will be based on grant awards.*
9. K-3 class sizes to maximize state revenue. *The District achieved a K-3 class size of 17 in 2019-20 and the 2020-21 budget includes a K-3 class size of 17 to maximize state revenue. If the actual class size is higher than 17 the State will reduce funding equivalent to the staff savings. As a result, there is no cost to maintain the K-3 class size of 17.*
10. Outdoor Education (Osprey Camp). *The budget includes \$95k for 5<sup>th</sup> Grade Camp. Funding was achieved by reducing classified extra hours and requiring all 2020-21 extra hours to be pre-approved.*
11. Staff Appreciation Event. *Budget includes \$7k for the 2020-21 staff appreciation event.*
12. Dual Language. *T&L formed a committee and the 2020-21 budget includes \$30k for a dual language kindergarten program at Tukwila Elementary in 2020-21. This program will expand to kindergarten and first grade at Tukwila Elementary in 2021-22 and will progress into other grades thereafter. Funding is provided through an iGrant.*
13. Pre K in all elementary schools. *The district will provide ECEAP, Head Start, and Voices of Tomorrow at Thorndyke and ECEAP and ECSE (Early Childhood Special Education) at Cascade View and the district continues to explore options for Tukwila Elementary.*

#### **Financial Stability**

1. Need quality input from non-staff community members and students. *2020-21 budget initiatives based on "Board Budget Priorities", which were built through five public board meetings from January 28, 2020 through May 28, 2020 and individual board member conversations with community members, students and others. Additional venues to collect community and student input include Budget Advisory Meetings, Community Budget Forums, Principal meetings with students, families and other community members and in the case of the elementary Principals conversations with their PTA, Athletic Director conversations with coaches and students, etc. Also, on an on-going basis the district receives community feedback throughout the year and incorporates guidance into its execution of the budget. For example, the Race and Equity Team will include community and student input to determine how the Race and Equity funding will be spent. In addition, the district will hold a public hearing on August 11, 2020, prior to the board vote to accept or reject the 2020-21 budget.*
2. Maintenance funding to minimize long term maintenance costs. *The 2020-21 budget includes \$400k to address long term maintenance costs. The funding is provided by the capital levy that was passed in 2020.*
3. Performance Audits, every 5 years per policy 6550. *OPSI audits school district food service programs every three to four years with the most recent audit being completed in 2019-20. The State audits all school district financial accounting controls and procedures every year and completed a SPED and Title audit at the Tukwila School District in 2019-20. The district paid a third party, McKinstry, to review its deferred maintenance inventory in 2018-19. The State will audit Transportation in 2020-21.*

4. Ending Fund Balance between 3% to 4% for 2020-21. *The 2020-21 ending fund balance budget is 1.5%, including State mandated 2.5% capacity. Removing capacity would result in a 2020-21 4.0% ending fund balance.*
5. Central Administrative Costs – cap of 8% of overall general fund revenue budget. *Central Administrative costs include payroll and non payroll (MSOC) costs and include costs charged to grants and basic education. The central administrative budget is 7.5% of the general fund revenue, which is less than the Board Budget Priority of an 8% cap.*
  - a. Spend money on communications. *See Student Services item #4.*

## Programs and Positions

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Following are the actual annual spending and budget figures for select programs.

<b>Program</b>	<b>2017-18 Actual</b>	<b>2018-19 Actual</b>	<b>2019-20 Budget</b>	<b>2020-21 Budget</b>	<b>H/(L)</b>
Avid	56,103	26,853	50,628	37,200	(13,428)
5th Grade Camp	78,747	73,578	95,000	95,000	0
Summer School	306,382	362	TBD	TBD	na
Travel	82,672	69,792	74,165	64,275	(9,890)
Legal	123,299	56,772	100,993	175,000	74,007
Before / After School Programs	35,728	81,938	TBD	TBD	na
Curriculum	247,247	287,620	175,550	175,000	(550)
Race & Equity MSOC	0	11,139	10,000	75,000	65,000

Table notes:

- Summer School and Before / After School Program allocations will be determined based on grant awards.
- 5<sup>th</sup> grade camp and is included in the 2020-21 budget.
- The 2020-21 Race and Equity budget will also include training and discussions during Smart Wednesday meetings and one or two professional development days depending on recommendations from the Race and Equity team.

# Enrichment

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In the 2012 McCleary decision, the Washington State Supreme Court ruled that insufficient state funding for basic education unconstitutionally caused districts to rely on local levy funding to support the costs of implementing the state's basic education program. HB 2242 addressed this by limiting the amount of local levy funding for education, and restricting the use of the funds. The HB 2242 limits on local levies began in January 2019 and the monies collected through the local levy were thereafter called, "Educational Programs and Operations Levy," or "EP&O" funding. The EP&O monies are sometimes referred to as "Enrichment" funds, but the term enrichment can be misleading and was excluded from the district's 2020 EP&O ballot measure. The EP&O ballot language is shown below.

**Proposition No. 1**

**Renewal Educational Programs and Operations Levy**

The Board of Directors of Tukwila School District No. 406 adopted Resolution No. 896, authorizing a renewal educational programs and operations levy. This proposition would authorize the District to meet the educational needs of students by levying the following excess taxes, renewing an expiring levy, on all taxable property within the District, for educational programs and operations expenses not funded by the State.

Year	Rate	Amount
2021	\$1.75	\$7,850,000
2022	\$1.75	\$8,250,000
2023	\$1.75	\$8,700,000
2024	\$1.75	\$9,150,000

**Explanatory statement**

Passage of Proposition No. 1 would allow the Tukwila School District to renew an existing educational programs and operations levy that will expire at the end of calendar year 2020. The taxes collected by this levy will be deposited in the District's General Fund and used to meet the educational needs of students and pay expenses of educational programs and operations that are not fully funded by the State of Washington, including, but not limited to, expenses of teaching, student support, special education services, school nurses and counselors, textbooks and classroom supplies, student transportation, security, student activities (such as band, music, art, world languages and extra-curricular activities), professional development and training, and other school operations. Further information is available on the District's website at [www.tukwilaschools.org](http://www.tukwilaschools.org).

All expenditures that are not covered by the State, by grants, by categoricals, etc. must be covered by the local EP&O levy since there are no other remaining funding sources. As a result, the EP&O levy pays for unfunded certified & classified salaries, unfunded library services, unfunded maintenance, and other costs that are not covered by other funding sources such as the unfunded costs of nurses, counselors, family advocates, custodians, textbooks and other instructional materials, Covid-19 related costs not covered by other programs. In addition, the local levy pays for the actual cost of basic utilities such as power, water, sewer, insurance and maintenance that is not covered by the State.

In addition to the EP&O levy, other local funding is considered “enrichment”. These revenues include the Gates Grant and Head Start that have their own limits on how their money is spent and it includes other local revenues like donations, facility rentals, etc. 2020-21 “enrichment” revenues are shown below.

<b>Revenue Description</b>	<b>Revenue</b>
Ed Programs & Operations Levy	7,351,977
Head Start	240,000
Gates Grant	650,000
Other	204,868
<b>Total Revenue</b>	<b>8,446,845</b>

Detailed enrichment expenditures are shown below.

<b>MSOC Description</b>	<b>MSOC</b>
Art	9,100
AVID	37,200
Staff Appreciation	7,000
Camp	95,000
Curriculum Council	25,000
Drama	3,000
Dues and Fees	31,770
Evaluation & Assessment	107,800
Extra Curricular	178,375
Graduation	17,000
Health/Fitness	13,675
Language Arts	8,700
Legal	175,000
Library	81,315
Math	66,800
Music / Band	3,250
Music/Choir	6,450
Other	67,881
Other Professional Services	15,000
Property Tax	86,000
Repairs/ Maintenance	167,552
Science	30,600
Social Studies	8,300
Summer Maintenance Projects	150,000
Utilities	438,300
World Language	850
Sub Total BEA	1,830,918
Gates	650,000
Stadium	20,000
Sub Total Non BEA	670,000
<b>Total MSOC</b>	<b>2,500,918</b>

<b>Payroll Description</b>	<b>Payroll</b>
Billable (TEA President)	65,718
Cert Extra Hours	270,000
Cert Stipend	20,792
Cert Subs	591,652
Certificated Administrative Staff Salaries	766,128
Certificated Instructional Staff Salaries	867,423
CL Extra Hours	192,150
CI Longevity	100,815
Class Overload	39,761
Classified Staff Salaries	980,609
Classified-Sub	216,000
Dept Chair	18,500
Extended Days	80,941
Extra-Curricular	616,289
Head Start	285,296
In-district Interp/Trans	18,000
PR Taxes & Benefits	800,181
Stadium	15,671
<b>Total Payroll</b>	<b>5,945,926</b>



## Student Enrollment

The 2020-21 Full-Time Equivalent (FTE) K-12 enrollment budget is 2,645. An additional 60 students are expected to participate in the ALE program, an additional 100 students are expected to participate in Running Start and an additional 2 students are expected to participate in Open Doors bringing the total 2020-21 enrollment budget 2,807.

The following table shows the changes in actual student enrollment and the changes (increases/decreases) in the budgeted student enrollment over the past several years. 2020-21 enrollment was built by each school principal with input from their staff and reviewed by the Budget Advisory Team. Projected enrollment in budget years two through four reflect Davis Demographics analyses, City of Tukwila new housing construction projects, and other assumptions.

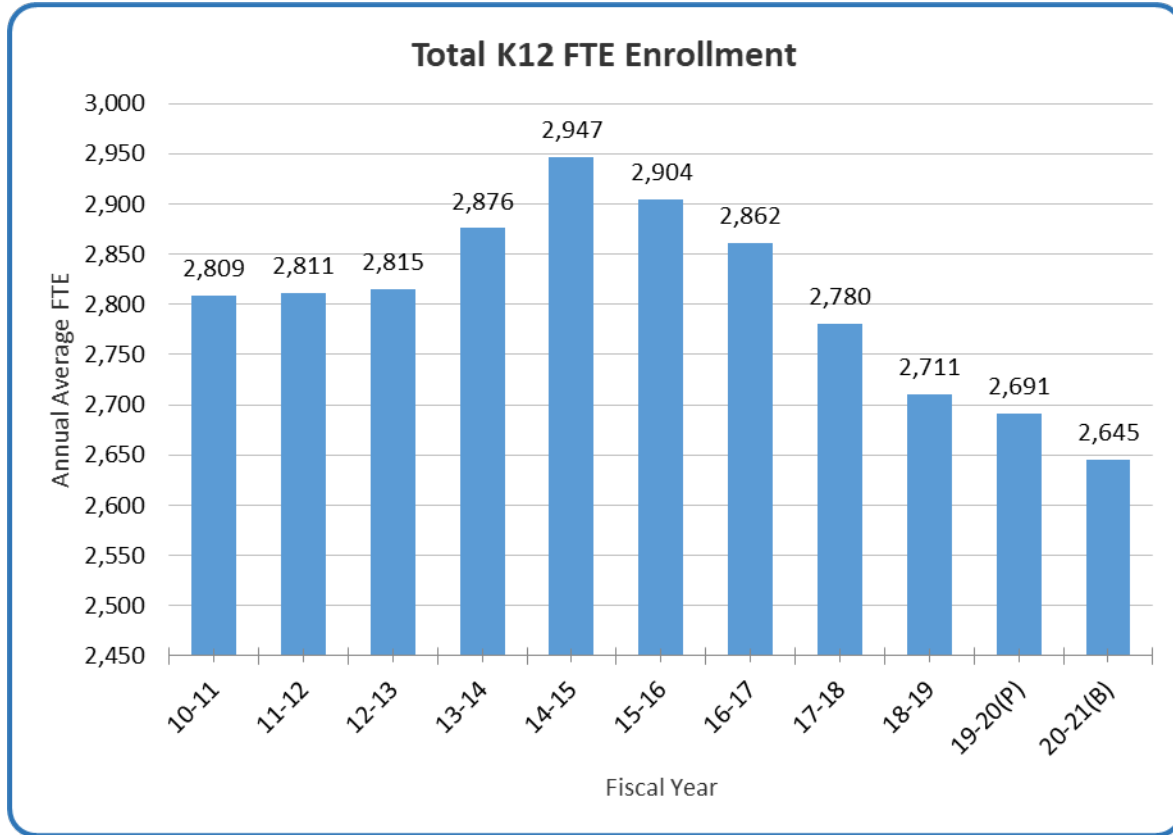
FTE Enrollment By Grade	11-12 Act	12-13 Act	13-14 Act	14-15 Act	15-16 Act	16-17 Act	17-18 Act	18-19 Act	19-20 Fcst	20-21 Bgt
Elementary (K-5)	1,330	1,352	1,404	1,442	1,428	1,404	1,367	1,305	1,302	1,289
Middle (6-8)	633	624	662	678	678	638	615	626	635	636
High (9-12)	848	839	810	827	798	819	798	779	754	720
<b>Total K12 FTE</b>	<b>2,811</b>	<b>2,815</b>	<b>2,876</b>	<b>2,947</b>	<b>2,904</b>	<b>2,862</b>	<b>2,780</b>	<b>2,711</b>	<b>2,691</b>	<b>2,645</b>
FTE Change from PY	2	4	61	71	-42	-43	-81	-70	-20	-46
% Change	0.1%	0.1%	2.2%	2.5%	-1.4%	-1.5%	-2.8%	-2.5%	-0.7%	-1.7%
ALE	0	0	0	0	0	0	3	32	55	60
Running Start	27	41	33	30	33	50	69	80	94	100
Open Doors	0	0	9	12	0	0	0	4	2	2
<b>Grand Total</b>	<b>2,838</b>	<b>2,856</b>	<b>2,917</b>	<b>2,988</b>	<b>2,937</b>	<b>2,911</b>	<b>2,852</b>	<b>2,826</b>	<b>2,842</b>	<b>2,807</b>
FTE Change from PY	10	18	61	71	-51	-26	-59	-26	16	-35
% Change	0.3%	0.6%	2.2%	2.4%	-1.7%	-0.9%	-2.0%	-0.9%	0.6%	-1.2%

FTE Vs Plan	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
Actual K12 FTE	2,811	2,815	2,876	2,947	2,904	2,862	2,780	2,711	2,691	na
Budgeted FTE	2,777	2,834	2,812	2,876	2,981	2,903	2,775	2,760	2,643	2,645
Bgt vs. Act FTE	34	-19	64	71	-77	-41	5	-49	48	na

\* Source Document: Historical data from OSPI Report 1251 full-year average

## Student Enrollment – Chart

As shown below, K-12 enrollment reached a peak in 2014-15 has declined for the last five years. 2020-21 will be the sixth year of reductions. The district expects a small increase in budget year two enrollment due to the completion of three housing developments.



Contributing to the recent decline in enrollment include two competing schools that opened during the summer of 2018. The Impact Public Charter School is adding one grade level per year. In addition, they are adding two new modular buildings to house 5 classrooms, and an administration office. The Abubakr Islamic Center of Washington, formerly known as Makkah Islamic School, has capped its enrollment.

Impact School	18-19	19-20	20-21	21-22	22-23
K	120	95			
1	60	127			
2		63			
3					
4					
5					
<b>Total</b>	<b>180</b>	<b>285</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Abubakr K-8</b>	170	170
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## **General Information**

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Four (4) operating funds and one (1) capital projects fund comprise the total annual budgets for the Tukwila School District. The distinctive funds are identified below with a summary description of each.

### **1. General Fund**

The General Fund is financed from local, county, state, and federal sources. These revenues are used for financing the current operations of the school district such as personnel, student instruction, food service, transportation, and maintenance.

### **2. Capital Projects Fund**

The Capital Projects Fund is used to cover expenditures for technology projects, construction projects, major repairs, and equipment.

### **3. Debt Service Fund**

The Debt Service Fund is established to account for the payment of principal, interest, and expenditures related to the redemption of outstanding bonds.

### **4. Associated Student Body Fund**

The Associated Student Body Fund is financed through the establishment and collection of fees from students and nonstudents as a condition of their attendance at any extracurricular event of the district.

### **5. Transportation Vehicle Fund**

The Transportation Vehicle Fund is provided to account for the state reimbursement to the school district for approved pupil transportation equipment and for the purchase and major repair of such equipment.

## General Fund – Local Excess Levy

In the 2012 McCleary decision, the state Supreme Court ruled that insufficient state funding for basic education unconstitutionally caused districts to rely on local levy funding to support the costs of implementing the state's basic education program. HB 2242 addressed this by limiting the amount of local levy funding for education, and restricting the use of the funds. Limits on Local Levies began on January 1, 2019 and this is reflected in the table below where 2018-19 local levy collections were reduced by 35.8% and 2019-20 local levy collections are expected to decline an additional 32.3%.

<b>Local Levy History</b>	<b>2015-16 Actual</b>	<b>2016-17 Actual</b>	<b>2017-18 Actual</b>	<b>2018-19 Actual</b>	<b>2019-20 Budget</b>	<b>2020-21 Budget</b>
Amount	10,779,578	11,867,362	11,844,582	8,719,105	6,589,943	7,225,758
Change \$	438,282	1,087,784	-22,780	-3,125,477	-2,129,162	635,815
Change %	4.1%	9.2%	-0.2%	-35.8%	-32.3%	8.8%

The State sets its local levy rates on a calendar year (from January 1<sup>st</sup> through December 31<sup>st</sup>), however school districts operate on a fiscal calendar (from September 1<sup>st</sup> through August 31<sup>st</sup>). As a result, the District's 2020-21 levy revenue includes calendar year 2020 and 2021 levy values as calculated above.

<b>Local Levy Revenue*</b>	<b>Annual Levy</b>	<b>Collection Percent</b>	<b>2020-21 Budget</b>
Fall 2020	7,192,938	45%	3,236,822
Spring 2021	7,377,278	55%	4,057,503
<b>Sub Total</b>			<b>7,294,325</b>
Collection percentage			99.06%
<b>Total 2020-21 Local Levy Revenue</b>			<b>7,225,758</b>

The Levy cap imposed by the McCleary Act limits school districts to collect the lower of (1) revenue per FTE, (2) a rate per Assessed Property Value ("AV") or (3) the levy amount approved by the taxpayers, which was \$13,168,576 in 2020 and is \$7,850,000 in 2021.

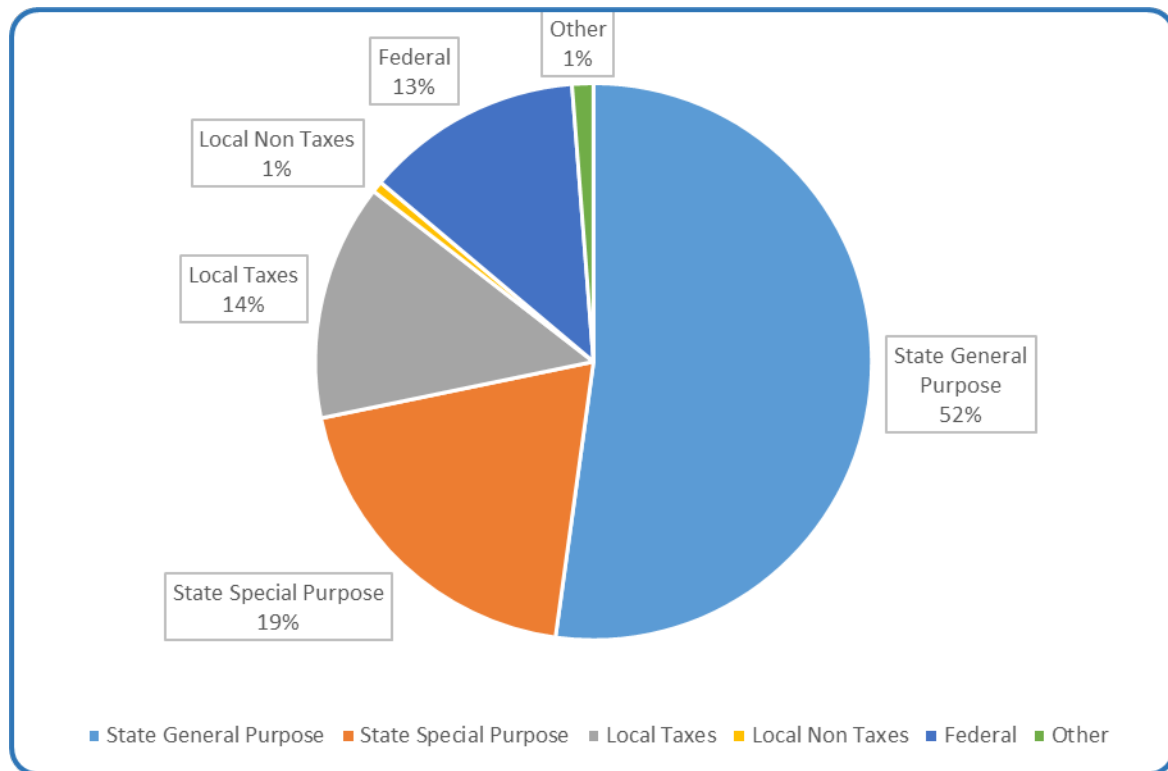
<b>Local Levy Calculation</b>	<b>Calendar Year 2020</b>	<b>Calendar Year 2021</b>
Max Per Pupil	2,563	2,604
Enrollment	2,807	2,834
Revenue Based on FTE	7,192,938	7,377,278
Assessed Value	4,253,737,486	4,338,812,236
Assessed Rate Per \$1,000	2.50	2.50
Revenue Based on Assessment	10,634,344	10,847,031
Lower of Per FTE or Assessment	7,192,938	7,377,278

As shown in the table above, local levy calculations use prior year enrollment and assessed value amounts. The State maximum per pupil is capped at \$2,563 in 2020 and \$2,604 in 2021 and grows with CPI thereafter. In 2019 the State rate per AV was \$1.50 / \$1,000 and the AV rate was increased to \$2.50 / \$1,000 in 2020 and beyond. In order for Tukwila to increase its local levy it will need to increase enrollment and / or lobby the State for relief.

## General Fund – Revenue Sources

2020-21 Revenue comes from the following sources.

Revenue By Category	2020-21 Bgt
State General Purpose	27,430,155
State Special Purpose	10,283,151
Local Taxes	7,225,758
Local Non Taxes	341,626
Federal	6,634,467
Other	650,000
<b>Total Revenue</b>	<b>52,565,157</b>



## General Fund – Revenue by Activity

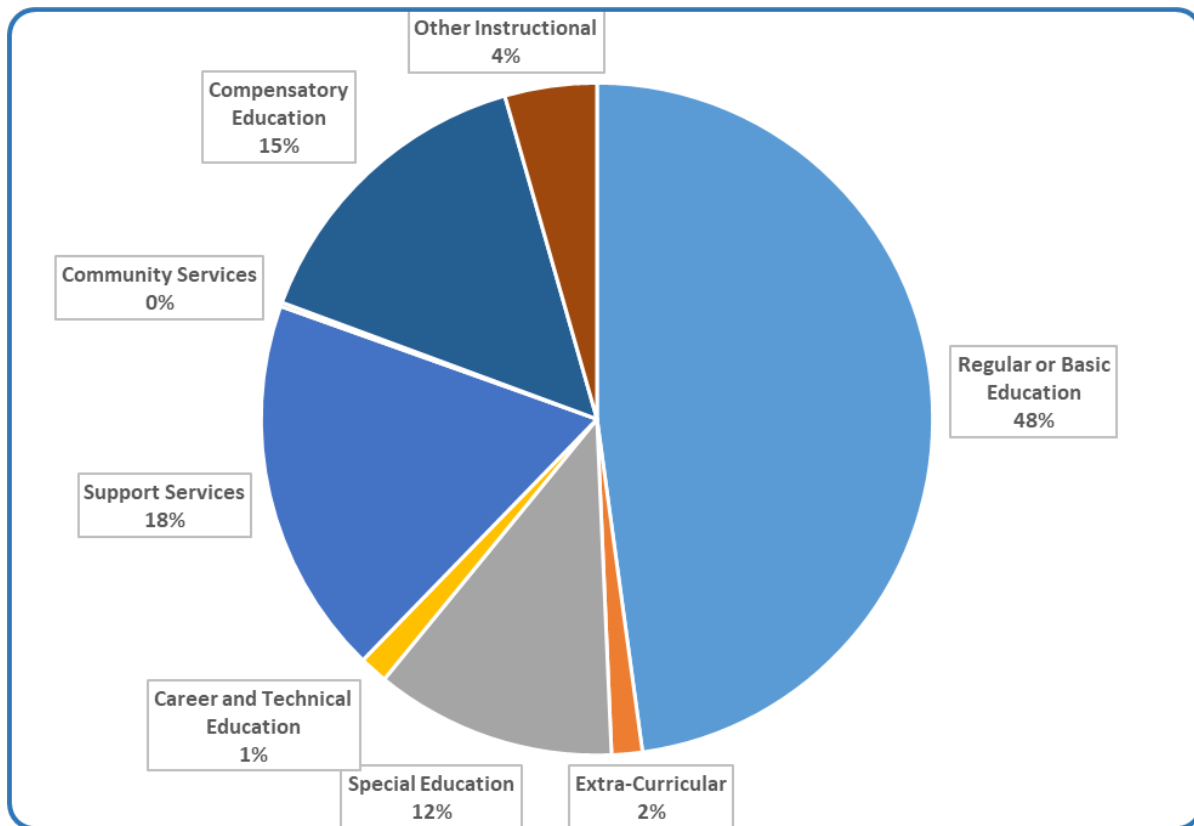
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		2016-17	2017-18	2018-19	2019-20	2020-21
Revenue By Activity		Actual	Actual	Actual	Budget	Budget
11	Local Property Tax	11,358,626	11,994,404	11,358,626	6,589,943	7,225,758
13	Sale of Tax Title Prop	0	1,271	0	0	0
21	Tuitions & Fees	5,093	9,421	5,093	6,000	5,500
22	Sale of Goods, Svc, Supplies	218,465	218,808	218,465	127,331	145,958
23	Investment Earnings	33,948	45,593	33,948	40,000	80,000
25	Gifts & Donations	14,094	32,987	14,094	0	3,000
26	Fines & Damages	4,260	3,088	4,260	1,200	1,450
27	Rentals and Leases	81,134	116,929	81,134	41,000	31,000
28	Insurance Recoveries	7,467	22,337	7,467	0	0
29	Local Support Nontax	181,061	93,448	181,061	160,008	74,718
31	Apportionment	19,016,079	19,698,097	19,016,079	26,465,505	27,430,155
41	State Revenue Program	5,473,490	6,838,597	5,473,490	8,694,788	9,648,651
43	Other State Agency	332,433	448,951	332,433	681,334	634,500
55	Federal Forests	0	1,948	0	0	0
61	Federal Revenues	4,119,162	4,198,207	4,119,162	4,917,897	5,961,843
63	Fed Grant Other Agency	458,892	419,338	458,892	559,808	552,624
69	USDA COMMODITIES	108,248	137,515	108,248	150,000	120,000
71	Program Participation	146,150	99,924	146,150	50,000	0
82	Private Foundation	251,581	931	251,581	0	650,000
93	Sale of Equipment	535	7,103	535	0	0
<b>Total Revenue</b>		<b>41,810,716</b>	<b>44,388,897</b>	<b>41,810,716</b>	<b>48,484,814</b>	<b>52,565,157</b>

## General Fund – Expenditure Budget

The General Fund Expenditure Budget of **\$55,794,720** is the recommended operating budget for the 2020-21 school year. This includes a 2.5% capacity amount of **\$1,314,129** that should only be used when (1) additional revenues are received that require an increase in the District's current operations or (2) when emergencies or unexpected situations occur that have a financial impact (i.e. fire or flood). Capacity is not budget available to fund new initiatives.

The General Fund includes the following: Basic Education programs, Career and Technical Education, Food Services, Pupil Transportation, operational costs for all buildings and grounds and all Categorical Aid Programs (Federal and State). The following chart shows the General Fund Budget broken into categories.





## General Fund – Expenditures by Program

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### Regular or Basic Education

\$25,810,661

Charged to these program codes are the direct expenditures for Basic Ed. These charges are limited to the activities of instruction, related direct supervision of teachers.

### Extra-Curricular

\$794,664

Expenditures for activities that extend beyond the classroom, such as athletics (coaches, uniforms, stipends, transportation, etc.).

### Special Education

\$6,265,033

Charged to these programs are the expenditures for providing special education and related services for all handicapped pupils between birth and twenty-one years of age.

### Compensatory Education

\$8,058,831

Charged here are the direct expenditures to assist student participation in the regular instructional programs. Includes remediation programs like Title I and bilingual education. The programs are mostly cost-neutral due to being funded by outside sources, such as grants and/or donations. Apportionment and/or levy money contributes to these programs if/when the district chooses to expand the programs beyond the ability of their outside funding.

### Other Instructional Programs

\$2,388,297

Charged in these accounts are summer school, highly capable education, local education program enhancement, grants for basic skills development, educational improvement and support, and special projects.

### Career and Technical Education

\$733,874

Direct expenditures for the secondary Vocational/Technical Program.

### Community Services

\$103,533

These accounts are charged for operating programs primarily for the benefit of the community as a whole or some segment of the community. This program includes the Swim Pool, Performing Arts Center and Recreation. These programs are mostly cost-neutral due to being funded by outside sources, such as donations and the fees charged to use district facilities. Apportionment and/or levy money contributes to these programs when the district allows a student-focused organization (i.e. PTA) to use its facilities free of charge

### Support Services

\$9,803,198

Support Services are the activities that support the educational programs of the district. Areas included are maintenance, health services, superintendent's office, Board of Directors, business operations, personnel services, utilities, insurance, data processing, district printing, food service and pupil transportation.

## General Fund – Detail Expenditure by Program

Program		2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Budget	2020-21 Budget
01	Basic Education	21,109,563	21,777,049	22,885,404	25,291,000	25,810,661
04	Extra Curricular	742,540	801,949	721,504	897,757	794,664
18	Race to the Top	259,130	9,129	0		
21	Special Ed, Basic, State	3,283,279	4,075,204	4,657,694	4,774,660	5,650,658
22	SpEd Infants & Toddlers	101,601	146,125	220,983	253,667	0
24	Special Ed Suppl, Federal	610,725	621,346	589,695	577,486	614,375
31	Vocational Basic State	471,538	443,609	378,216	455,350	696,733
34	Mid School, Career Tech,				0	0
38	Vocational, Federal	28,995	23,001	31,601	32,805	37,141
51	Title I	1,647,080	1,576,841	1,514,821	1,731,009	1,794,127
52	School Improvement	71,908	260,374	184,030	272,872	779,789
55	Learning Assistance, State	1,034,267	1,303,132	2,034,450	2,469,202	2,514,168
58	Special & Pilot Programs	889,176	968,570	1,048,733	523,109	669,092
61	Head Start	235,402	268,682	280,320	297,047	294,797
64	Title III LEP & RSIP Refugee School Impact	290,947	174,042	145,379	214,442	192,391
65	Trans Bilingual, State	1,094,993	1,248,654	1,478,026	1,524,679	1,814,467
69	Compensatory	1,614	75		0	0
74	Highly Capable	28,109	35,171	20,213	88,185	91,123
79	Medicaid, ECEAP, SBIRT, Gearup, Cares	73,308	130,816	416,060	1,708,509	2,297,174
89	Other Community Services	168,006	171,011	165,864	169,147	103,533
97	Districtwide Support	7,449,099	7,386,565	6,882,191	6,531,270	6,698,189
98	Food Service	1,816,636	1,933,091	1,935,121	1,954,877	2,006,920
99	Pupil Transportation	1,312,957	1,212,323	1,114,648	1,221,506	1,098,089
	Transfers					
	Capacity				1,212,120	1,314,129
	<b>Total Expenditures</b>	<b>42,720,873</b>	<b>44,566,759</b>	<b>46,709,024</b>	<b>52,200,699</b>	<b>55,794,720</b>

## General Fund – Administrative Cost Comparison

The district's 2020-21 central administration budget costs are 7.5% of total General Fund revenue and meets the Board's budget priority of 8.0% or less. Central administration consists of the following nine departments.

<b>Central Administration</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>Dollars</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
11 Board Of Directors	224,183	675,844	281,738	160,477	234,705	108,063
12 Superintendent's Office	976,080	1,089,628	929,754	590,756	457,200	513,875
13 Business Office	1,021,466	561,258	564,716	742,727	749,287	903,296
14 Human Resources	659,962	558,282	646,313	779,571	552,764	710,538
15 Public Relations	257,833	239,551	146,564	144,229	115,309	16,000
21 Supervision - T&L	1,229,448	1,304,643	931,801	1,011,886	1,228,289	1,144,425
41 Supervision Food Svc	113,726	138,441	145,588	148,169	158,011	138,758
51 Supervision - Transportation	175,932	173,570	152,576	175,809	190,180	226,788
61 Supervision - Plant	139,512	198,455	229,190	189,366	96,861	185,900
<b>Central Administration</b>	<b>4,798,142</b>	<b>4,939,673</b>	<b>4,028,239</b>	<b>3,942,990</b>	<b>3,782,605</b>	<b>3,947,643</b>

<b>Central Administration</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>Percent of Revenue</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
11 Board Of Directors	0.5%	1.6%	0.6%	0.3%	0.5%	0.2%
12 Superintendent's Office	2.3%	2.6%	2.1%	1.2%	0.9%	1.0%
13 Business Office	2.4%	1.3%	1.3%	1.5%	1.5%	1.7%
14 Human Resources	1.6%	1.3%	1.5%	1.6%	1.1%	1.4%
15 Public Relations	0.6%	0.6%	0.3%	0.3%	0.2%	0.0%
21 Supervision - T&L	2.9%	3.1%	2.1%	2.0%	2.5%	2.2%
41 Supervision Food Svc	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
51 Supervision - Transportation	0.4%	0.4%	0.3%	0.4%	0.4%	0.4%
61 Supervision - Plant	0.3%	0.5%	0.5%	0.4%	0.2%	0.4%
<b>Central Administration</b>	<b>11.4%</b>	<b>11.8%</b>	<b>9.1%</b>	<b>8.0%</b>	<b>7.8%</b>	<b>7.5%</b>

## **General Fund – Central Admin Responsibilities**

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**Board of Directors:** Audits, Governance, Legal, Levy Election

**Superintendent's Office:** Supervision, Bond Projects, Enrollment

**Business Office:** Accounts Receivables (Revenues), Accounts Payable (Expenditures), Benefits, Budget, Free & Reduced Lunch Applications, Payroll, Records Retention, Facility Rental

**Human Resources:** Training & Employee Support, Professional Development, Public Records Requests, Risk Management, Safety & Security (Personnel), TEA/TCEA/SEIU

**Communications:** Newsletter, Website

**Instruction, Teaching & Learning, Academics:** AVID, Before & After School, Curriculum, Early Learning (ECEAP / Head Start), English Language Learners (ELL), Family Engagement, GRANT: Title I, II, & III, Learning Assistance Program (LAP), Special Education, Student Services, Summer School, Homeless (McKinney-Vento), Family Engagement, Title IV, Title X

**Food Services:** Breakfast in the Classroom, Lunch Program, USDA Fresh Fruits & Vegetables

**Transportation:** Bus Maintenance, Fleet Management, Student Transportation

**Maintenance & Operations:** Building Maintenance, Grounds Maintenance, Safety & Security (Property), Utilities and oversight of the \$99M construction project that covers all five schools.

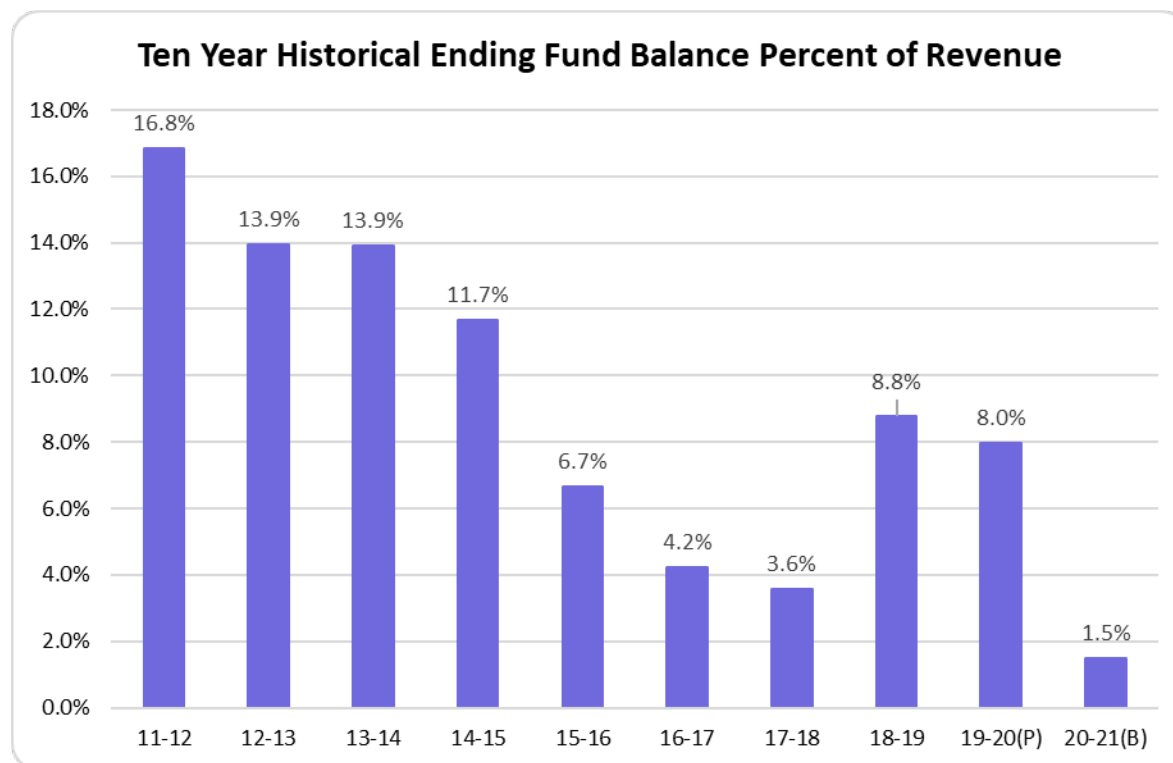
## General Fund – Fund Balance History

The district's expenditures were greater than its revenue from 2013-14 through 2017-18 and resulted in four years of declining ending fund balances. 2018-19 ending fund balance is expected to be 4.6%.

### Ten Year Historical Fund Balance Percentage Table

(\$000's)	11-12 Act	12-13 Act	13-14 Act	14-15 Act	15-16 Act	16-17 Act	17-18 Act	18-19 Act	19-20(P) Proj	20-21(B) Proj
<b>Beginning Fund Balance:</b>	4,390	5,284	4,444	4,937	4,510	2,671	1,761	1,583	4,350	4,010
<b>(Plus) Revenues:</b>	31,369	31,882	35,476	38,635	41,250	41,811	44,389	49,476	50,332	52,565
<b>(Minus) Expenditures:</b>	30,475	32,721	34,983	39,062	43,010	42,721	44,567	46,709	50,672	55,795
<b>Change in Fund Balance:</b>	894	-840	493	-427	-1,760	-910	-178	2,767	-340	-3,230
<b>8/31 Ending Fund Balance</b>	5,284	4,444	4,937	4,510	2,750	1,761	1,583	4,350	4,010	781
<b>Fund Balance Percentage</b>	16.8%	13.9%	13.9%	11.7%	6.7%	4.2%	3.6%	8.8%	8.0%	1.5%
										Capacity: 1,314

### Ten Year Historical Fund Balance Percentage Chart



## General Fund – MSOC Disclosure Requirement

### MSOC Budget Proviso Language – New Requirement on District Reporting Regarding Use of MSOC Funds

- Supplemental Budget, Section 502(8)(a)(ii) states:
- "For the 2016-17SY, as part of the budget development, hearing and review process required under RCW 28A.505, each school district must disclose: (A) the amount of state funding to be received by the district under (a) and (d) of this subsection (8); (B) the amount the district proposes to spend for materials, supplies and operation costs; (C) the difference between these two amounts; and (D) if (A) of this subsection (8)(a)(ii) exceeds (B) of this subsection (8)(a)(ii), any proposed use of this difference and how this use will improve student achievement."
- Note: there was a proposal in the 2016 session to prohibit the use of MSOC funds for employee compensation, but that didn't pass

<b>Combined 1191 MSOC from F-203</b>	<b>Allocation</b>
Regular Instruction (Item F1)	3,389,733
Grades 9-12 Additional (Item F2)	63,733
<b>Total MSOC Allocation</b>	<b>3,453,466</b>

<b>Objects of Expenditure from Budget</b>	<b>Prg 01</b>	<b>Prg 97</b>	<b>Totals</b>
Object 5 – Supplies	447,954	250,602	698,556
Object 7 – Contractual	1,029,585	3,064,362	4,093,947
Object 8 – Travel	9,125	15,500	24,625
Object 9 – Capital Outlay	-	0	0
Total Budgeted 5-9 Expenditures			4,817,128

<b>Difference</b>	<b>-1,363,662</b>
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## Capital Projects Fund

The Tukwila School District passed a Capital Projects Levy on February 9, 2016 that provides the district with \$896,250 per calendar year for four years, from January 1, 2017 through December 31, 2020. The Tukwila School District passed a subsequent Capital Projects Levy on February 11, 2020 that provides the district with \$3,350,000 per calendar year for four years, from January 1, 2021 through December 31, 2024. Collections are used for capital projects, deferred maintenance, technology equipment, software and support staff. The specific language that was presented to the voters on their election ballots is shown below.

### **Tukwila School District No. 406**

#### **Proposition No. 2**

#### **Renewal Technology and Capital Projects Levy**

The Board of Directors of Tukwila School District No. 406 adopted Resolution No. 897 authorizing a renewal levy for technology and capital projects. This proposition would authorize the District to acquire and install technology equipment and infrastructure to better prepare students for careers of tomorrow, improve school facilities, and make safety and energy efficiency upgrades, by levying the following excess taxes, renewing an expiring levy, on all taxable property within the District:

Collection	Est Levy	
Year	Rate/\$1,000	Levy
	Assesed Value	Amount
2021	\$0.75	\$3,350,000
2022	\$0.71	\$3,350,000
2023	\$0.67	\$3,350,000
2024	\$0.64	\$3,350,000

#### **Explanatory statement**

Passage of Proposition No. 2 would allow the Tukwila School District to renew an existing levy that will expire at the end of calendar year 2020. These funds would be deposited in the District's Capital Projects Fund to pay for technology infrastructure, computers and other hardware, software, online subscriptions, applications, licensing and related implementation costs. These technology improvements will allow the District to stay-up to date to better prepare students for the careers of tomorrow and ensure technology systems are safe, secure and reliable. To provide and enhance quality learning environments, the renewal levy will also fund critical school repairs, energy efficiency upgrades, major systems (such as, heat pumps and lighting systems), equipment upgrades and replacements, and site safety and security upgrades. Further information is available on the District's website at [www.tukwilaschools.org](http://www.tukwilaschools.org). The proposed four-year renewal technology and capital projects levy would authorize collection of taxes of \$3,350,000 each year from 2021 through 2024. The tax levy rate required to produce these levy amounts is estimated to be \$0.75 per \$1,000 of assessed value in 2021, \$0.71 in 2022, \$0.67 in 2023 and \$0.64 in 2024.

A small portion of the levy is not collected by King County and is not passed on to the district. This reduces the amount of the 2016 levy from \$896,250 to an estimated \$887,825 and the amount of the 2020 levy from \$3,350,000 to an estimated \$3,318,510 as shown below.

Description	Amount
2020 Calendar Levy Amount	896,250
Estimated collection rate	99.06%
<b>2020 Calendar Year Estimated Levy Revenue</b>	<b>887,825</b>

Description	Amount
2021 Calendar Levy Amount	3,350,000
Estimated collection rate	99.06%
<b>2021 Calendar Year Estimated Levy Revenue</b>	<b>3,318,510</b>

Since the district is on a fiscal year and the County is on a calendar year the district will receive a portion of the 2016 and a portion of the 2020 levy in its 2020-21 fiscal year as shown below.

Calendar Year	2020	2021	2022
	Jan .....Dec	Jan .....Dec	Jan .....Dec
	887,825	3,318,510	3,318,510
Fiscal Year	2020-21	2021-22	
	Sep .....Aug	Sep .....Aug	
	2,224,702	3,318,510	

The 2020-21 capital levy shown above can also be shown mathematically below. Note that the \$2,224,702 figure is the same in both illustrations.

Timing	Annual Levy Collections	Collection Percent	Amount Budgeted
Fall 2020	887,825	45%	399,521
Spring 2021	3,318,510	55%	1,825,181
<b>2020-21 Estimated Levy Revenue</b>			<b>2,224,702</b>

Historically, the district has spent all of its capital levy on technology items and the capital levy has earned the nickname, “Tech Levy”, or “Technology Levy”. This document uses the phrases “Tech Levy” and “Technology Levy” as synonyms for the “Capital Levy”.

Starting in 2020-21 the district will spend its capital levy in facility projects in addition to technology items.

More specifically, facility projects include large critical school repairs, energy efficiency upgrades, major systems, such as heating system pumps and lighting systems, equipment upgrades and replacements, site safety and security upgrades. The individual facility projects that will be completed in 2020-21 will be prioritized based safety, regulatory, operational necessity and payback in conjunction with input from McKinstry. Capital projects that fall outside of these criteria will receive prioritization based on community and other input.



Technology items will continue to be spent on technology equipment, software and other support. Starting in 2020-21 the capital levy will fund Creative Learning Lab positions in each elementary school and Showalter. The annual spending breakdown for each category is shown below.

<b>Year</b>	<b>2016-17 Actual</b>	<b>2017-18 Actual</b>	<b>2018-19 Actual</b>	<b>2019-20 Budget</b>	<b>2020-21 Budget</b>
Beginning Balance	650,326	595,180	559,416	451,179	442,754
Tax Revenue	889,364	900,290	877,409	887,825	2,224,702
Tech Dept Equipment and Software	656,885	611,779	578,810	559,005	881,803
Creative Learning Lab Instruction	0	0	0	0	573,978
Tech Department Support	156,768	204,034	273,237	212,196	195,110
Tech Instructional Coaches	130,857	120,239	133,599	125,049	173,810
Facility Projects	0	0	0	0	400,000
Total Expenditures	944,510	936,053	985,647	896,250	2,224,702
Ending Balance	595,180	559,416	451,179	442,754	442,754

In addition to the Capital Levy, the Tukwila School District passed a Bond Levy on February 9, 2016 that provided the authority to issue \$99.2M in Bond Funding payable over twenty years and to collect bond levies over the same time period to pay for the bonds.

<b>Capital Projects Fund 2020-21 Budget</b>		
<b>2020-21 Estimated Beginning Balance</b>		<b>10,320,011</b>
Estimated Revenues		
Projected 2020-21 Levy Collection	2,224,702	
Other Revenues	6,623,645	
Interest	120,000	8,968,347
Total Estimated Funds Available		19,288,358
Recommended Expenditure Budget		
Bond Projects <sup>1</sup>	16,807,316	
Technology Related	1,824,702	
Facility Related	400,000	19,032,018
<b>2020-21 Estimated Ending Fund Balance</b>		<b>256,340</b>

1 – Bond Projects includes budget for Foster, Showalter Middle School, all three Elementary Schools and Administration Building Modernization. This amount represents a portion of the total cost of the listed bond projects. This amount will be expended over multiple years. The amount included ensures sufficient funding is available to the multitude of projects the District is doing at one time. Unexpended funds will be carried forward to the next year to continue funding the bond projects.

## Debt Service Fund

The Debt Service Fund is used for the payments of long-term debt principal and interest. Tukwila uses long-term debt to pay for its \$99.2M construction project and for the purchase of its buses in 2016 and 2019-20.

Bonds that were issued to finance the \$99.2M construction projects require semi-annual payments. Upcoming bond payments are shown below.

Period Ending	Principal	Interest	Debt Service	Fiscal Year Debt Svc
12/1/2020	3,345,000	1,780,950	5,125,950	
6/1/2021	0	1,714,050	1,714,050	6,840,000
12/1/2021	3,690,000	1,714,050	5,404,050	
6/1/2022	0	1,640,250	1,640,250	7,044,300
12/1/2022	4,055,000	1,640,250	5,695,250	
6/1/2023	0	1,551,550	1,551,550	7,246,800
12/1/2023	4,450,000	1,551,550	6,001,550	
6/1/2024	0	1,440,300	1,440,300	7,441,850

In addition to making debt payments on the \$99.2M construction project the debt service fund is used to make the debt payments for the 2016 bus loan (ten buses) and the 2019 bus loan (four buses, of which two were purchased in 2019 and two were purchased in 2020).

Transportation Vehicle Fund Debt Payments															
	2016 Bus Loan					2019 Bus Loan					2016 & 2019 Bus Loans				
Period Ending	Principal	Interest	Debt Service	Fiscal Year Debt	Annual Debt Svc	Principal	Interest	Debt Service	Fiscal Year	Annual Debt Svc	Principal	Interest	Debt Service	Fiscal Year	Annual Debt
6/1/2019	0	13,524	13,524		na	0	0	0		na	0	13,524	13,524		na
12/1/2019	93,355	13,524	106,879	na	120,403	0	2,850	2,850	na	2,850	93,355	16,374	109,729	na	123,253
6/1/2020	0	12,432	12,432	119,311	na	10,000	6,750	16,750	19,600	na	10,000	19,182	29,182	138,911	na
12/1/2020	95,539	12,432	107,971	na	120,402	0	6,500	6,500	na	23,250	95,539	18,932	114,471	na	143,652
6/1/2021	0	11,314	11,314	119,285	na	15,000	6,500	21,500	28,000	na	15,000	17,814	32,814	147,285	na
12/1/2021	97,775	11,314	109,089	na	120,403	0	6,125	6,125	na	27,625	97,775	17,439	115,214	na	148,028
6/1/2022	0	10,170	10,170	119,259	na	15,000	6,125	21,125	27,250	na	15,000	16,295	31,295	146,509	na
12/1/2022	100,063	10,170	110,233	na	120,403	0	5,750	5,750	na	26,875	100,063	15,920	115,983	na	147,278
6/1/2023	0	8,999	8,999	119,232	na	20,000	5,750	25,750	31,500	na	20,000	14,749	34,749	150,732	na
12/1/2023	102,404	8,999	111,403	na	120,402	0	5,250	5,250	na	31,000	102,404	14,249	116,653	na	151,402
6/1/2024	0	7,801	7,801	119,204	na	20,000	5,250	25,250	30,500	na	20,000	13,051	33,051	149,704	na

The 2020-21 Debt Service Fund budget is shown below.

<b>Debt Service Fund</b>			
2020-21	Estimated Beginning Balance		4,198,081
Estimated Revenues			
	Projected 2020-21 Levy Collection	6,625,000	
	Interest Income	49,688	
	Transfer (from Transportation)	147,285	6,821,973
Total Estimated Funds Available			
			11,020,054
Recommended Expenditure Budget			
	Bond Principal	3,345,000	
	Bond Interest	3,495,000	
	Bus Loan Principal	110,539	
	Bus Loan Interest	36,746	
	Fees (Capacity)	500,000	7,487,285
2020-21 Estimated Ending Fund Balance			
			3,532,769

# Annual Disclosure Statement

**Tukwila School District No. 406**  
**King County, Washington**  
**CUSIP #495116**

**Outstanding Unlimited Tax General Obligation Debt**  
**(As of December 31, 2019)**

<u>Type</u>	<u>Amount Issued</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
UTGO Bonds, 2016	\$56,405,000	06/07/2016	12/01/2035	\$ 54,150,000
UTGO Bonds, 2018	31,190,000	10/11/2018	12/01/2037	27,340,000
				<u>\$ 81,480,000</u>

**Outstanding Limited General Obligation Debt**  
**(As of December 31, 2019)**

<u>Type</u>	<u>Amount Issued</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
LGO Bid, 2016	\$1,334,300	11/08/2016	12/01/2029	\$ 1,062,539
Copier Lease #1	167,992	01/18/2015	01/31/2020	19,348
Copier Lease #2	334,296	04/01/2016	02/28/2021	109,317
Local Program	270,000	10/15/2019	06/01/2032	270,000
				<u>\$ 1,461,204</u>

The 2019 Collection Year Bond Assessed Valuation was \$4,039,636,739<sup>(1)</sup>. The district has no authorized but un-issued bonds outstanding.

**Tax Collections**  
**(As of December 31, 2019)**

<u>Tax Levies</u>	<u>Levy Rates</u> <sup>(2)</sup>	<u>Ad Valorem Levy Amounts</u>
Bonds	\$1.66277	\$6,717,000
M&O	1.50000	6,059,455
Capital Project	0.22186	896,250
Transportation	<u>0.00000</u>	<u>0</u>
Total	<u>\$3.38464</u>	<u>\$13,672,705</u>

As of December 31, 2019, approximately 99.78 percent of taxes levied in 2019 were collected <sup>(3)</sup>.

1 Assessed valuation is based upon 100% of actual valuation, and is adjusted to exclude senior citizens. The District has no Timber Assessed Value.

2 Dollars per \$1,000 of Assessed Valuation

3 Taxes are due and payable on April 30 of each year succeeding the levy. The entire tax or first half must be paid on or before April 30, or else the total amount becomes delinquent on May 1. The second half of the tax is payable on or before October 31, becoming delinquent November 1.

## Associated Student Body Fund

The ASB budget is shown below.

<b>ASB Budget</b>	<b>2020-21 Budget</b>
2020-21 Estimated Beginning Balance	176,256
Estimated Revenues	48,450
Total Estimated Funds Available	224,706
Expenditure Budget	209,317
<b>2020-21 Estimated Ending Fund Balance</b>	<b>15,389</b>

Historic ASB revenue and expenditures by activity are shown below.

<b>ASB Ending Fund Balance</b>	<b>2016-17 Actual</b>	<b>2017-18 Actual</b>	<b>2018-19 Actual</b>	<b>2019-20 Proj</b>	<b>2020-21 Budget</b>
Beginning Balance	120,309	112,097	136,254	164,558	176,256
Revenues	83,795	90,331	99,504	59,240	48,450
Funds Available	204,104	202,428	235,757	223,798	224,706
Expenditure	92,007	66,175	71,199	47,542	209,317
<b>Ending Fund Balance</b>	<b>112,097</b>	<b>136,254</b>	<b>164,558</b>	<b>176,256</b>	<b>15,389</b>

<b>ASB Revenue By Activity</b>	<b>2016-17 Actual</b>	<b>2017-18 Actual</b>	<b>2018-19 Actual</b>	<b>2019-20 Proj</b>	<b>2020-21 Budget</b>
1000 General Student Body	57,400	57,040	65,128	35,000	33,150
2000 Athletics	22,212	29,540	26,861	21,919	11,500
3000 Classes	1,136	0	0	0	0
4000 Clubs	3,046	3,751	7,478	2,320	3,800
6000 Private Moneys	0	0	37	0	0
<b>Total Revenue</b>	<b>83,795</b>	<b>90,331</b>	<b>99,504</b>	<b>59,240</b>	<b>48,450</b>

<b>ASB Expenditures By Activity</b>	<b>2016-17 Actual</b>	<b>2017-18 Actual</b>	<b>2018-19 Actual</b>	<b>2019-20 Proj</b>	<b>2020-21 Budget</b>
1000 General Student Body	62,315	33,565	37,043	29,759	154,131
2000 Athletics	21,950	23,718	23,789	14,032	42,591
3000 Classes	3,510	854	1,571	894	2,100
4000 Clubs	3,792	8,038	8,796	2,857	10,495
6000 Private Moneys	440	0	0	0	0
<b>Total Expenditures</b>	<b>92,007</b>	<b>66,175</b>	<b>71,199</b>	<b>47,542</b>	<b>209,317</b>

## Transportation Vehicle Fund

The Transportation Vehicle Fund is used for the purchase and major repair of pupil transportation equipment.

The district replaced four buses in 2019-20 keeping the total number of buses at 19. The district will not purchase a bus next year, but will need to replace one bus in December 2021 and one other bus in October 2022. The district will not need to take out a loan for the 2021 bus replacement, but it is likely that it will need a loan for the 2022 bus replacement.

Transportation Vehicle Fund		
<b>2020-21 Estimated Beginning Balance</b>		<b>175,269</b>
Estimated Revenues		
State Depreciation Funding	158,248	
Interest Income	3,300	161,548
Total Estimated Funds Available		336,817
Recommended Expenditure Budget		
Capacity	50,000	
Transfer to Debt Services: 2016 Loan	119,285	
Transfer to Debt Services: 2019 Loan	28,000	197,285
<b>2020-21 Estimated Ending Fund Balance</b>		<b>139,532</b>

Since the State funds buses based on depreciation the school district would lose 'revenue from depreciation' if it does not replace buses when they are completely depreciated.

## Four-Year Budget Assumptions

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The following assumptions were used to create the four-year forecast.

- Enrollment based on Davis Demographic assumptions and validated with school principals.
- Inflationary increases (CPI and IPD) based on OSPI rates as follows.

	<b>2020–21</b>	<b>2021–22</b>	<b>2022–23</b>	<b>Notes</b>
CPI	2.50%	1.60%	1.80%	Applied to LEA & Levy per pupil inflators
IPD	1.60%	1.90%	2.00%	Applied to salary allocations and National Board Bonus

- Local Levy (Enrichment) funding based on \$2,563 per FTE in 2020 and grows with OSPI CPI assumptions thereafter.
- State revenue based on enrollment projection plus OSPI CPI assumptions.
- Annual wages increase with union agreements plus a 2% average step increase. When a union agreement expires wage rates increase with OSPI IPD assumptions plus 2% step increases.
- Staffing is based on 2019-2020 staffing levels with school based adjustments based on enrollment changes.

# Appendix: 2020-21 General Fund Four-Year Budget

		REVENUES						
		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2022-24
Program	Description	Actual	Actual	Proj	Budget	Budget	Budget	Budget
--	Local Taxes (M&O Levy)	11,994,404	8,719,105	6,589,943	7,225,758	7,351,977	7,433,227	7,502,347
--	State General Purpose	19,223,760	25,160,113	26,637,356	26,689,651	27,373,651	27,673,625	27,976,887
--	Other, Hold Harmless	451,370	470,562	276,727	196,668	197,902	195,999	194,114
03	Basic Education	31,218,164	33,879,218	33,227,299	33,915,409	34,725,629	35,106,852	35,479,234
04	Extra Curricular							
31	Vocational Basic State							
97	Districtwide Support / Unassigned							
Total Local (BEA):		31,669,534	34,349,780	33,504,026	34,112,077	34,923,531	35,302,851	35,673,348

18	Race to the Top							
21	Special Ed, Basic, State	2,690,120	3,894,671	3,996,425	4,789,906	4,906,766	5,011,329	5,118,120
22	SpEd Infants & Toddlers	139,844	240,254	407,899	-	-	-	-
24	Special Ed Suppl, Federal	621,346	604,311	622,487	614,375	629,364	631,903	634,453
38	Vocational, Federal	23,001	28,614	26,733	26,750	26,750	26,750	26,750
51	Title I	1,684,537	1,559,882	1,915,114	1,794,127	1,805,387	1,788,022	1,770,825
52	School Improve	265,131	194,239	898,668	772,872	772,872	772,872	772,872
55	Learning Assistance, State	1,727,915	2,287,474	2,053,725	2,329,541	2,314,783	2,254,399	2,195,589
58	Special & Pilot Programs	986,603	1,057,179	709,242	550,938	550,938	550,938	550,938
61	Head Start	295,135	274,452	290,000	240,000	240,000	240,000	240,000
64	Title III LEP & RSIP Refugee Sch	197,676	150,405	260,269	192,381	187,221	178,577	170,333
65	Trans Bilingual, State	1,303,283	1,657,502	1,805,552	1,814,467	1,862,372	1,881,348	1,900,518
74	Highly Capable	63,176	65,908	28,618	28,884	91,123	91,123	91,123
88	ECEAP /After School Dinner	5,505	9,976	511,683	522,500	522,500	522,500	522,500
89	Other Community Services	4,814	16,679	2,500	8,700	8,700	8,700	8,700
98	Food Service	1,821,279	1,725,325	1,420,000	1,739,876	1,785,811	1,804,008	1,822,389
99	Pupil Transportation	875,514	1,056,767	1,001,741	796,140	817,159	825,486	833,897
79	Medicaid, SBIRT, Gearup	14,484	302,783	640,036	1,031,624	1,031,624	1,031,624	1,031,624
79	Targeted Covid-19 Relief #6176	-	-	237,000	1,200,000	-	-	-
<b>Total Grants &amp; Categorical:</b>		<b>12,719,363</b>	<b>15,126,421</b>	<b>16,827,693</b>	<b>18,453,081</b>	<b>17,553,370</b>	<b>17,619,579</b>	<b>17,690,630</b>

		-	-	-	-	-	-	-
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<b>Grand Total Revenue:</b>	<b>44,388,897</b>	<b>49,476,201</b>	<b>50,331,718</b>	<b>52,565,157</b>	<b>52,476,901</b>	<b>52,922,429</b>	<b>53,363,978</b>	
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		EXPENDITURES						
		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2022-23
Program	Description	Actual	Actual	Forecast	Budget	Budget	Budget	Budget
01	Basic Education	21,777,049	22,885,404	24,470,363	25,810,661	26,578,512	27,561,917	28,581,708
00	Transfer out to TVF			-	-	-	-	-
04	Extra Curricular	801,949	721,504	654,071	794,664	837,608	868,599	900,737
31	Vocational Basic State	443,609	378,216	494,804	696,733	734,384	761,556	789,734
97	Districtwide Support	7,386,565	6,882,191	6,542,159	6,698,187	7,060,157	7,321,383	7,592,274
	Total BEA:	30,409,172	30,867,314	32,161,397	34,000,245	35,210,661	36,513,455	37,864,453
					6,265,033			
18	Race to the Top	9,129	-					
21	Special Ed, Basic, State	4,075,204	4,657,694	5,319,508	5,650,658	5,788,518	5,911,871	6,037,852
22	SpEd Infants & Toddlers	146,125	220,983	407,899	-	-	-	-
24	Special Ed Suppl, Federal	621,346	589,695	622,487	614,375	629,364	631,903	634,453
38	Vocational, Federal	23,001	31,601	32,805	37,141	26,750	26,750	26,750
51	Title I	1,576,841	1,514,821	1,857,661	1,794,127	1,805,387	1,788,022	1,770,825
52	School Improvement	260,374	184,030	898,668	779,789	772,872	772,872	772,872
55	Learning Assistance, State	1,303,132	2,034,450	2,292,429	2,514,168	2,314,783	2,254,399	2,195,589
58	Special & Pilot Programs	968,570	1,048,733	719,491	669,092	550,938	550,938	550,938
61	Head Start	268,682	280,320	296,346	294,797	250,000	250,000	250,000
64	Title III LEP & RSIP Refugee School	174,042	145,379	260,269	192,391	187,221	178,577	170,333
65	Trans Bilingual, State	1,248,654	1,478,026	1,555,832	1,814,467	1,862,372	1,881,348	1,900,518
74	Highly Capable	35,171	20,213	23,302	91,123	91,123	91,123	91,123
88	ECEAP /After School Dinner		4,070	511,683	522,500	522,500	522,500	522,500
89	Other Community Services	171,011	165,864	169,147	103,533	106,121	108,774	111,494
98	Food Service	1,933,091	1,935,121	1,610,143	2,006,920	2,059,906	2,080,895	2,102,098
99	Pupil Transportation	1,212,323	1,114,648	1,055,791	1,098,089	1,127,080	1,138,564	1,150,166
79	Medicaid, SBIRT, Gearup	130,816	416,060	640,036	1,097,176	1,031,624	1,031,624	1,031,624
79	Covid-19 Relief	-	-	237,000	1,200,000	-	-	-
	Total Categorical:	14,157,587	15,841,710	18,510,498	20,480,346	19,126,559	19,220,161	19,319,134

79	Capacity @ 2.5% in years 2 - 4	-	-	-	1,314,129	1,311,923	1,323,061	1,334,099
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<b>Grand Total Expenditures:</b>	<b>44,566,759</b>	<b>46,709,024</b>	<b>50,671,895</b>	<b>55,794,720</b>	<b>55,649,142</b>	<b>57,056,677</b>	<b>58,517,686</b>	
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Impact to Capacity	-177,862	2,767,177	-340,177	-3,229,562	-3,172,241	-4,134,247	-5,153,708
Ending Fund Balance \$	1,583,211	4,350,388	4,010,211	780,649	-2,391,592	-6,525,839	-11,679,547
Ending Fund Balance % of Rev	3.6%	8.8%	8.0%	1.5%	-4.6%	-12.3%	-21.9%

Approved by Board on August 11, 2020