



Levy Development Committee

December 2, 2021

SCHOOL FINANCE OVERVIEW

Operating Fund

- Where does the money come from?
- Where does the money go?

Levies and Bonds

OPERATING REVENUE

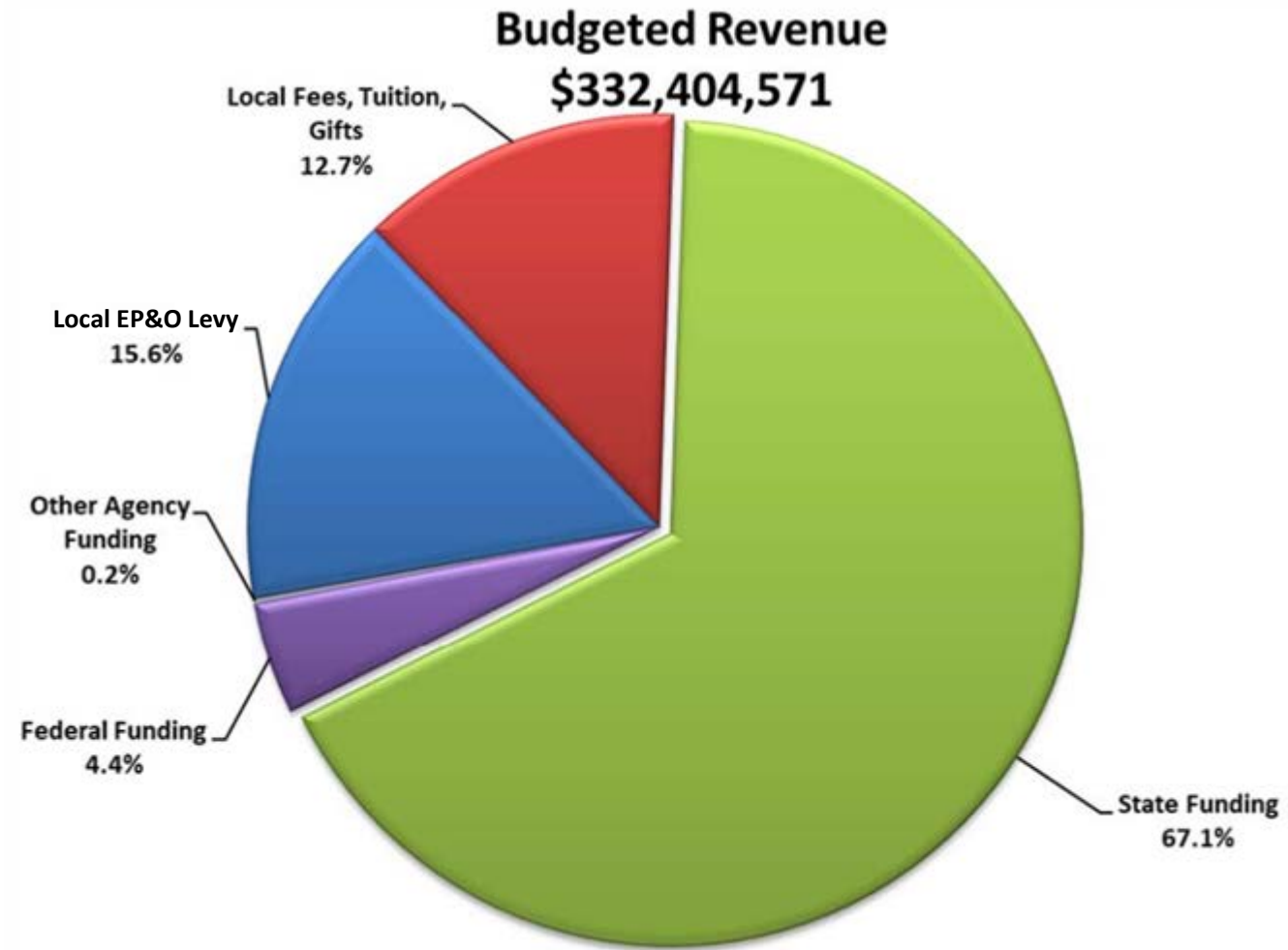
State Apportionment – The largest portion (67.1%) of the Issaquah School District’s general fund revenue comes directly from the state in the form of “state apportionment”. The amount received is determined by enrollment and a series of formula factors including legislatively set base salaries, employee benefits, and non-labor allocations. The state also provides categorical funding for programs such as special education, pupil transportation, English as a second language, learning assistance, and Echo Glen. These revenues are received for specific programs and are not available for other purposes.

Local Levy – The local operations levy provides 15.6% of the district’s general fund revenues. The levy amount is capped by the legislature and must be approved by district voters in a special election every two to four years. The District’s levy authority has been reduced significantly as state revenue has grown. Local levy is now capped at \$2,500 per student or \$2.50/1000 of assessed value whichever is less adjusted by CPI annually.

Federal Funds – Federal categorical funds comprise 4.4% of district revenues. These monies fund supplemental special education programs, Head Start, Title I, and support free and reduced lunches in the food service program. These revenues may only be used for their specific program purpose.

Tuition and Fees – This 12.7% in local non-tax funds is generated by fee-based programs such as school lunches and before and after school care. Also included are investment interest earnings

Other School District & Agency Funds – Payments from other districts for participation in joint programs and grants from non-state agencies account for 0.20% of budgeted revenues.



OPERATING EXPENDITURES

Classroom – 63.3% of the district budget is spent directly on the classroom (this excludes special education which is 11% of the budget). This includes expenditures for teachers, counselors, librarians, principals, educational assistants, teaching supplies, materials, textbooks, extracurricular programs, staff development, curriculum development, and technology support.

Classroom Support – Classroom support represents 12.0% of the district budget. It includes district administration, maintenance, custodial services, utilities, security, insurance, etc.

Special Education – 11% of the district budget is spent to assist children with special needs. 18.7% of this program (\$7.25 million) is funded from the local “Educational Programs and Operations levy”, and 31% is funded by the Federal government.

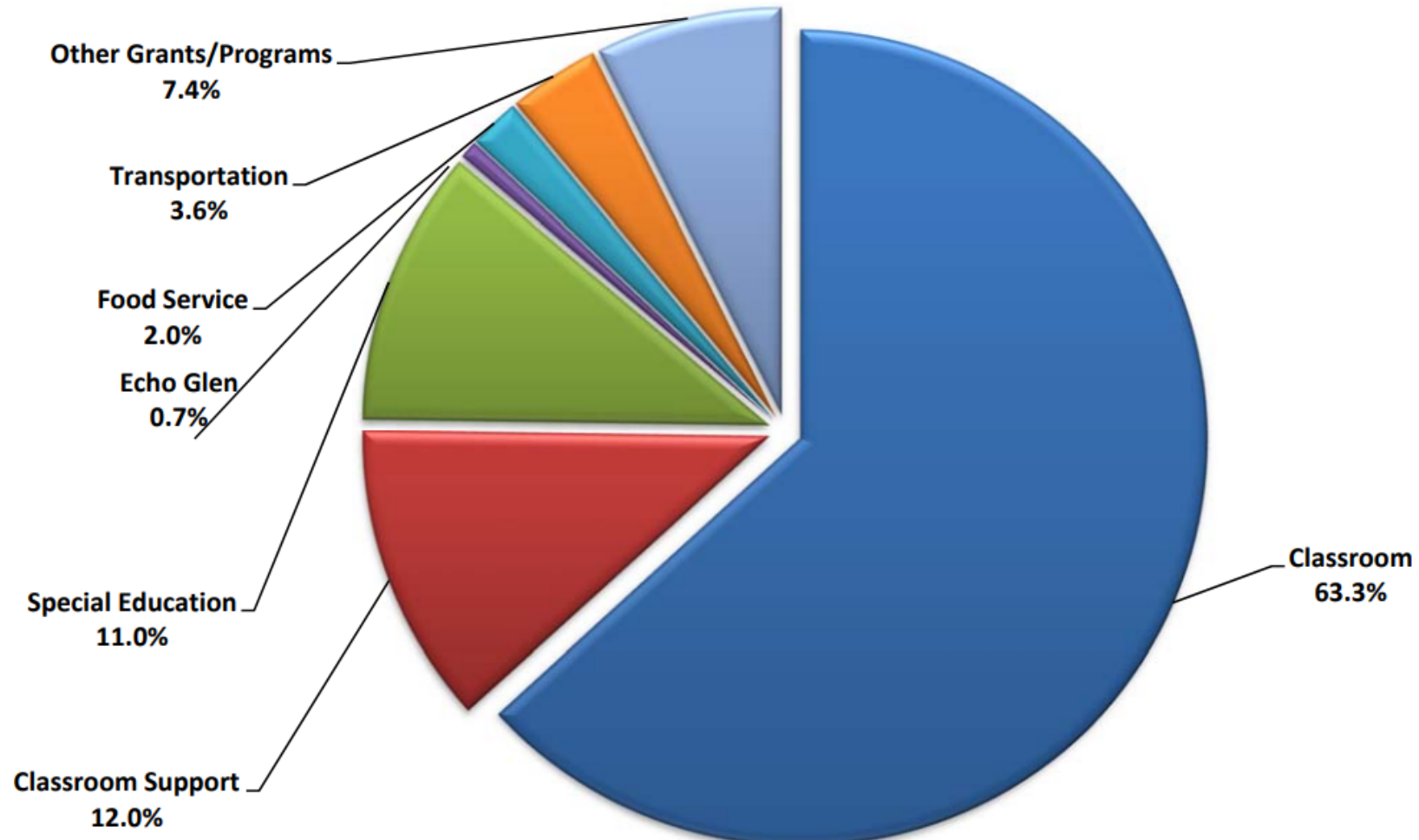
Echo Glen – The district runs the educational program for the state detention facility at Echo Glen. This program represents 0.70% of the district budget and is required to be 100% funded by state or federal funds.

Food Service – This program represents 2.0% of the district budget and provides lunches for students at mid-day. The goal is for this program to be totally self-supporting.

Transportation – 3.6% of the district budget is used for the costs of transporting students between home and school for the regular school day. 72.5% of this program is now state funded.

Other Grants/Programs – 7.4% of the district budget goes to support special programs such as LAP (remediation) and before and after school childcare. These programs are fully paid for from state and federal grants or fees paid by parents for services.

Budgeted Expenditures \$353,240,620



LEVIES AND BONDS

The District is allowed under statute to run several types of supplemental taxing measures:

- **Educational Programs and Operations Levy (EP&O)**
 - Enrichment only
- **Transportation Levy (Single Year Measure)**
 - Purchase of Buses only, not the operation of them
- **Capital Levy (Technology, Critical Repairs, Construction Shortfall)**
- **Bond Measure (Super Majority 60% +1) passed in 2016**
 - Major construction, renovation or modernization

EDUCATIONAL PROGRAMS AND OPERATIONS LEVY (EP&O)

Springboard is four year renewal levy

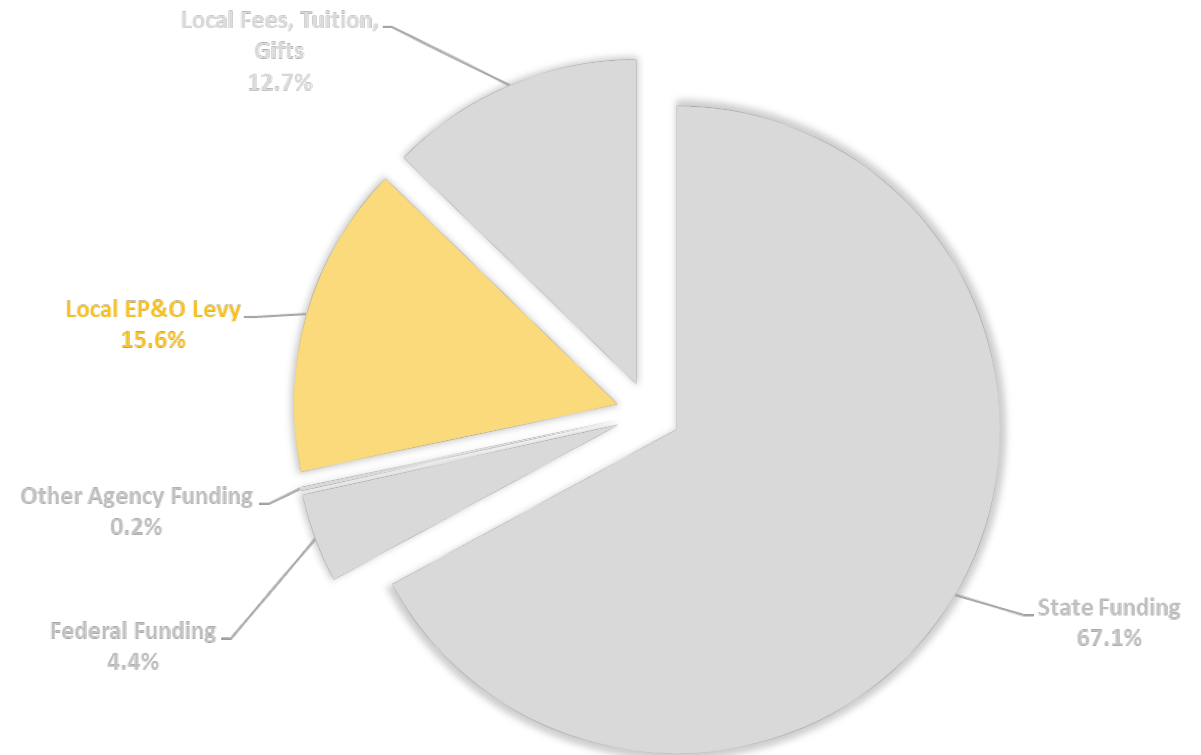
- Years 2023, 2024, 2025, 2026

Replaces 2018 and 2020 levies

- Passed February 2018
 - 2019 (\$36.3 million)
 - 2020 (\$44.9 million)
- Passed February 2020
 - 2021 (\$49.85 million)
 - 2022 (\$54 million)

NEED FOR LOCAL LEVY

- In 2021-22: 15.6% of the District's operating revenue is local levy (\$51.9 million)
- Continues funding for locally valued enhancements ("enrichments") beyond basic education



What's an "Enrichment" under State law?

RCW 28A.150.276

Local revenues—Enrichment of program of basic education—"Local revenues" defined.

(1)(a) Beginning September 1, 2018, school districts may use local revenues only for documented and demonstrated enrichment of the state's statutory program of basic education as authorized in subsection (2) of this section.

(b) Nothing in this section revises the definition or the state funding of the program of basic education under RCW 28A.150.220 and 28A.150.260.

(c) For purposes of this section, "local revenues" means enrichment levies collected under RCW 84.52.053, local effort assistance funding received under chapter 28A.500 RCW, and other school district local revenues including, but not limited to, grants, donations, and state and federal payments in lieu of taxes, except that "local revenues" does not include other federal revenues, or local revenues that operate as an offset to the district's basic education allocation under RCW 28A.150.250.

(2)(a) Enrichment activities are permitted under this section if they provide supplementation beyond the state:

(i) Minimum instructional offerings of RCW 28A.150.220 or 28A.150.260;

(ii) Staffing ratios or program components of RCW 28A.150.260, including providing additional staff for class size reduction beyond class sizes allocated in the prototypical school model and additional staff beyond the staffing ratios allocated in the prototypical school formula;

(iii) Program components of RCW 28A.150.200, 28A.150.220, or 28A.150.260; or

(iv) Program of professional learning as defined by RCW 28A.415.430 beyond that allocated pursuant to RCW 28A.150.415.

(b) Permitted enrichment activities consist of:

(i) Extracurricular activities, extended school days, or an extended school year;

(ii) Additional course offerings beyond the minimum instructional program established in the state's statutory program of basic education;

(iii) Activities associated with early learning programs;

(iv) Any additional salary costs attributable to the provision or administration of the enrichment activities allowed under this subsection; and

(v) Additional activities or enhancements that the office of the superintendent of public instruction determines to be a documented and demonstrated enrichment of the state's statutory program of basic education under (a) of this subsection and for which the superintendent approves proposed expenditures during the preballot approval process required by RCW 84.52.053 and 28A.505.240.

(3) In addition to the limitations of subsections (1) and (2) of this section and of RCW 28A.400.200, permitted enrichment activities are subject to the following conditions and limitations:

(a) If a school district spends local revenues for salary costs attributable to the administration of enrichment programs, the portion of administrator salaries attributable to that purpose may not exceed twenty-five percent of the total district expenditures for administrator salaries; and

(b) Supplemental contracts under RCW 28A.400.200 are subject to the limitations of this section.

(4) The superintendent of public instruction must adopt rules to implement this section.

[2018 c 266 § 301; 2017 3rd sp.s. c 13 § 501.]

NOTES:

Intent—2017 3rd sp.s. c 13: See note following RCW 28A.150.410.

What's an “Enrichment” under State law?

- Supplemental to basic education (minimum instructional offerings, staffing ratios, program components)
- Permitted enrichment activities:
 - Extracurricular activities, extended school days/year
 - Additional course offerings
 - Early learning programs
 - Additional salary costs attributable to the provision or administration of the allowed enrichment activities
 - Other approved by OSPI

Current Issaquah SD “Enrichments”

| Programs/Activities Requiring Significant Local Enrichment Funding | Amount Backfilled or Fully Funded by Enrichment Levy | Description/Detail |
|--|--|--|
| Delivering Legally Required Special Education Services | \$ 7,200,000 | (IDEA) |
| Mental Health Counseling Services | \$ 1,460,000 | (Swedish) |
| LHS 7 period implementation | \$ 1,050,000 | Implement LHS 7th period |
| Secondary Summer School | \$ 232,000 | (Free Summer School for Credit Retrieval) |
| Additional Guidance Counseling Services | \$ 1,625,000 | Grad Specialists, Counselor Extended Days, FTE, ETC |
| Positive Behavior Coaches | \$ 3,068,000 | Behavior Intervention (K-8) |
| Gibson EK (Competency Based High School) | \$ 775,000 | Cost for lower class sizes and competency based work |
| Instructional Coaches | \$ 1,300,000 | Provide Professional Development for Teachers |
| Pre-K Summer School and Early Learning | \$ 1,008,000 | State Funds \$0 |
| SRO/SSO and Director of Safety/Security | \$ 885,000 | |
| School Nurses and Nursing Support | \$ 2,000,000 | State Funds 3.3 Nurse FTE District Wide |
| Elementary Dual Language | \$ 780,000 | Additional Certs, Contract Services and Curriculum Creation |
| Family Partnership/Equity | \$ 1,380,000 | |
| 7th Period High School Day (at Issaquah and Skyline) | \$ 3,260,000 | Additional Staff for 7 period High School Day |
| Clubs, Sports and Activities | \$ 4,821,000 | State Funds \$0 |
| Substitute Teachers | \$ 2,400,000 | State funds only \$615,000 in Cert Sub Costs |
| Substitute Classified Employees | \$ 1,250,000 | State Funds \$0 |
| Sick Leave Buy Back | \$ 840,000 | State Funds \$0 |
| Additional Teacher Work Days | \$ 3,800,000 | 4 days beyond state funded (plus) Cert FTE locally fund days |
| Additional Teacher Responsibility outside of Basic Education | \$ 11,264,000 | Responsibilities outside of Basic Education |
| Custodial and Maintenance Staff Costs | \$ 5,282,000 | Additional Staff Costs above State Allocation |
| Cost of Additional State Mandated Health Benefits | \$ 4,000,000 | SEBB Implementation Cost |
| Transportation | \$ 3,060,000 | unfunded transportation costs |
| TOTAL | \$ 62,740,000 | |

LEVY AUTHORITY

Limited by statute to lesser of:

- Tax Rate – \$2.50/1000 of assessed value
- Per Student – \$2,742 per student for 2022
 - *Increased annually by CPI*

LEVY AUTHORITY

ISD is an amount per student district

For example:

- \$2.50/1000 of estimated assessed value in 2022 would be **\$93 million**
- \$2,742 per student for 2022, using student FTE of 20,872 is **\$57.2 million** ✓ *(lesser of)*

SPRINGBOARD LEVY REQUEST

4 YEAR RENEWAL OF EP&O

Modeling Assumptions

- Elevated CPI for the four year period as compared to historical average
- 2019-20 FTE enrollment baseline
- Modest assessed value increase during the period

SPRINGBOARD LEVY REQUEST

4 YEAR RENEWAL OF EP&O

2023

- $\$2,742 * 1.065 = \$2,920$
- $\$2,920 * 20,872 = \$60,946,240$
- Final amount for 2023 proposed at **\$61,000,000**

2024

- $\$2,920 * 1.05 = \$3,066$
- $\$3,066 * 20,872 = \$63,993,552$
- Final amount for 2024 proposed at **\$64,000,000**

SPRINGBOARD LEVY REQUEST

4 YEAR RENEWAL OF EP&O

2025

- $\$3,066 * 1.045 = \$3,204$
- $\$3,204 * 20,872 = \$66,873,888$
- Final amount for 2025 proposed at **\$67,000,000**

2026

- $\$3,204 * 1.045 = \$3,348$
- $\$3,348 * 20,872 = \$69,879,456$
- Final amount for 2026 proposed at **\$70,000,000**

SPRINGBOARD LEVY REQUEST

4 YEAR RENEWAL OF EP&O

2023 - \$61,000,000 (\$1.43/1000)
2024 - \$64,000,000 (\$1.43/1000)
2025 - \$67,000,000 (\$1.42/1000)
2026 - \$70,000,000 (\$1.42/1000)

SCHOOL BUS LEVY

Springboard Proposal



BACKGROUND

- The Issaquah School District services 110 square miles and transports students over 1.4 million miles a year
- Approximately 10,000 students are transported each morning and afternoon
- The District has 175 small and large buses in its fleet in order to provide this service

TRANSPORTATION FUNDING

Transportation Operations: (General Fund)

- 72.5% of the cost of drivers, fuel, tires, etc. is funded by the State
- The remainder is funded out of Local EP&O Levy Funds
- In 2021-22 the District will expend \$12.8 million for Transportation Operations

TRANSPORTATION FUNDING

Bus Purchase (Transportation Levy)

- State funded depreciation monies reimbursed on a 13 year replacement cycle (Historically funds 40% to 60% of purchase cost)
- A single year local bus levy approved by voters

2023-2026 PURCHASE PLAN

| | | |
|-------|----------|----------|
| 2023: | 10 Large | 9 Small |
| 2024: | 13 Large | 12 Small |
| 2025: | 4 Large | 5 Small |
| 2026: | 6 Large | 5 Small |

Total Cost for the purchase plan of 64 Buses over four years is estimated to be \$9.25M

The estimated state monies over that time period will be \$6.25M.

In order to execute the long term purchase plan we need to combine State, Local Bus Levy support and use of transportation reserve funds

BUS LEVY AMOUNT FOR 2023

The amount requested for a single year Bus Levy for 2023 will be:

- \$3,000,000

This request generates an estimated tax rate of \$0.07 per thousand of assessed value in calendar year 2023

QUESTIONS?