



**Board Work Session Minutes  
Thursday, March 23, 2023**

The Board of Directors held a Work Session on Thursday, March 23, 2023. The meeting began at 1 pm and was held at District Office. Directors Denholm, Burchard, Olson, Cannon and Gray were present. Also attending were Superintendent Shawn Woodward, Chief Financial Officer Heather Ellingson and Assistant Superintendents Heather Havens and Jared Hoadley.

**I. Approval of Agenda**

Director Olson made a motion to approve the agenda, as presented. Director Cannon seconded the motion. The motion carried unanimously.

**II. Mead School District Finances/Budget Presentation & Discussion**

Chief Financial Officer Heather Ellingson expanded upon budget information presented at the March 2<sup>nd</sup> Board Work Session. A copy of the PowerPoint used in the presentation is attached. Information shared included the following:

- A review of the district's current General Fund financial picture. It is projected, in the 2022/23 fiscal year, there will be a reduction in fund balance of \$5.7 million resulting in an ending fund balance of \$7.8 million. In the 2023/24 fiscal year, even after making targeted reductions of \$5 million, there will once again be a negative change in fund balance of \$5.4 million resulting in a projected ending fund balance of \$2.4 million. At this level the unassigned fund balance would be "zero" dollars. The entire \$2.4 million would fall into assigned categories.
- A line graph showing that in June 2024 cashflow is projected to dip into negative territory. This would require borrowing money to make payroll. Options for securing a 12-18 month loan were reviewed. If the district makes targeted reductions in 23/24 of more than \$5 million the impact to cashflow would be reduced. The projected shortfall assumes flat enrollment and no increases from the State to help mitigate the loss in LEA funding that resulted from the steep increases in Assessed Valuations in the midst of the district's current levy cycle.
- A review of the following "Perfect Storm" factors that explain the "why" for the district's current financial position including, where applicable, the associated financial impact:
  - McCleary "fix"
  - Loss of Regionalization - \$1.9 million/year
  - Increased Assessed Valuation
  - Loss of LEA - \$2.0 million/year
  - Enrollment losses as a result of the Pandemic - \$4.3 million/year
  - New buildings brought online based on projected growth in enrollment by Davis Demographics - \$3.6 million/year
  - Ongoing Capital needs
- A review of the following local voter approved school funding options:
  - **Educational Programs and Operations Levy** - 1 to 4 years. (The most recent levy passed in February 2021 with collection in 2022, 2023 and 2024. The Levy Renewal will be presented to voters in February 2024 for collection in 2025, 2026 and 2027.)
  - **Capital Projects Levy** - 1 to 6 years.
  - **Transportation Vehicle Levy** - 1 to 2 years.
  - **Bonds** - varies, but 20 years most common. (Most recent bond passed in February 2018 for \$114.5 million.)

- Notation that the levy is limited to the lesser of: \$2.50/\$1,000 of assessed value or \$2,500 per pupil (adjusted by inflation; 2023 max is \$2,988). To pass, the levy must receive a simple majority “yes” vote and there are no validation requirements. Passage may be attempted twice in a twelve month period.
- A review of where levy dollars are spent.
- A review of tax rate history for the Mead School District.
- A table comparing Mead School District tax rates to other area school districts.
- A table showing monies generated at various tax rates. A rate of \$1.63 would not keep pace with expenditures and annual reductions would be required. A rate of \$2.00 would likely result in the need for further annual reductions. A rate of \$2.25 would maintain solvency but may result in the need for further annual reductions. A rate of \$2.50 would most likely allow the district to begin rebuilding fund balance and consider program expansion. A line graph illustrating the impact at each levy rate on cashflow was also reviewed.

In conclusion, for the reasons shared during the presentation, and to maintain solvency, Ms. Ellingson made the very strong administrative recommendation that a \$2.50 levy rate be on the upcoming ballot. The district has the ability to roll-back the rate but cannot ask for more once the measure is approved.

Other items discussed and/or of note included:

- Current enrollment is similar to the 2017/18 school year. It was assumed students would return but, now two years removed from the height of the pandemic, that has not happened.
- The need to educate the community on the number of positions the prototypical school funding model covers and does not cover. Extra positions, like nurses, are paid for out of levy dollars and the annual IPD for these positions is also paid from levy dollars.
- The need to reach out to legislators about the funding concerns/issues and the suggestion that WEA help apply pressure/raise awareness.
- The need to begin this spring educating voters and, in particular, focusing communication on value and getting the community excited to vote for what is being offered.
- Producing both long and short videos to educate the public on school district funding and finances.
- The board will be asked to approve a Financial Emergency Resolution on March 27<sup>th</sup>. A list of potential reductions will be shared at the April 24<sup>th</sup> board meeting with final approval taking place on May 8<sup>th</sup>. Superintendent Woodward plans to meet with each board member individually to answer questions on potential reductions before the April 24<sup>th</sup> meeting.

### **III. Policy/Procedure 3211 Discussion**

Note: Following a motion from Director Cannon, and a second from Director Gray, the board unanimously approved having discussion on this topic take place after the *Superintendent Contract Discussion* agenda item.

Superintendent Woodward, who reached out to attorney Paul Clay regarding any potential revisions to this policy/procedure, shared Washington law is clear on the topic of gender-segregated facilities (i.e., restrooms, locker rooms, dressing rooms). Amending board policy to request or require an individual to use a separate or gender-neutral facility is illegal. This action would result in substantial legal expense for the district, as well as personal liability for board members.

Discussion/comments included the following:

- A request from Superintendent Woodward that respect be shown to building administrators who are following the law when it comes to the use of restrooms, locker rooms and dressing rooms.
- Notation that there have been no assaults in restrooms, locker rooms or dressing rooms. There are, however, students who feel uncomfortable.
- The need to provide a separate space (restroom, locker room or dressing room) that can be accessed by students who feel uncomfortable. The availability of this separate space also needs to be communicated.
- Possibility of amending the policy/procedure making them similar to the alternative provided by attorney Paul Clay and the possibility of including a statement that the board doesn't agree with state law.
- Determine what it would cost, and is it possible, to reconfigure/remodel all restrooms so that all are gender neutral.
- Possibility of notifying parents so that they are aware a transgender student is changing in a locker room with their child.

#### **IV. Superintendent Contract Discussion**

President Denholm, referencing the proposed contract with Travis Hanson, drafted by attorney Paul Clay, asked if there were any board revisions to the draft. There being none, President Denholm asked that the contract be forwarded to Travis Hanson for his review. If Mr. Hanson requests no amendments approval of the contract will be an action item at the March 27<sup>th</sup> board meeting.

#### **V. Five Mile Prairie Property Discussion**

Superintendent Woodward shared the district plans to move all ALE classes currently offered at Five Mile Prairie (primarily elementary) to the old Northwood location next year. Benefits of this change are:

- Housing all Mead Learning Options programs at one location will be beneficial from a management and supervision standpoint.
- The Five Mile Prairie building is used by students only two days a week. The other three days the building is vacant.
- Nurses will be better able to care for students.
- Safety and security is much better at the old Northwood location.
- The district is in conversation with an organization interested in leasing the Five Mile Prairie site. This three-year lease would generate \$100,000 in year one, \$110,000 in year two and \$120,000 in year three. Additionally, the district would realize annual savings of approximately \$16,000 in utility costs and \$60,000 in support staff salaries.

Discussion/comments included the following:

- The old Northwood site can be used to house students for six more years.
- A request that the district determine the value of the Five Mile Prairie building and the old M.E.A.D. site.
- Regarding communication with those impacted by the move, the plan to call each family personally was shared.

#### **VI. Adjourn**

The meeting was adjourned at 3:15 pm.

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**President**

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**Secretary**



# Mead School District

Budget Work Session

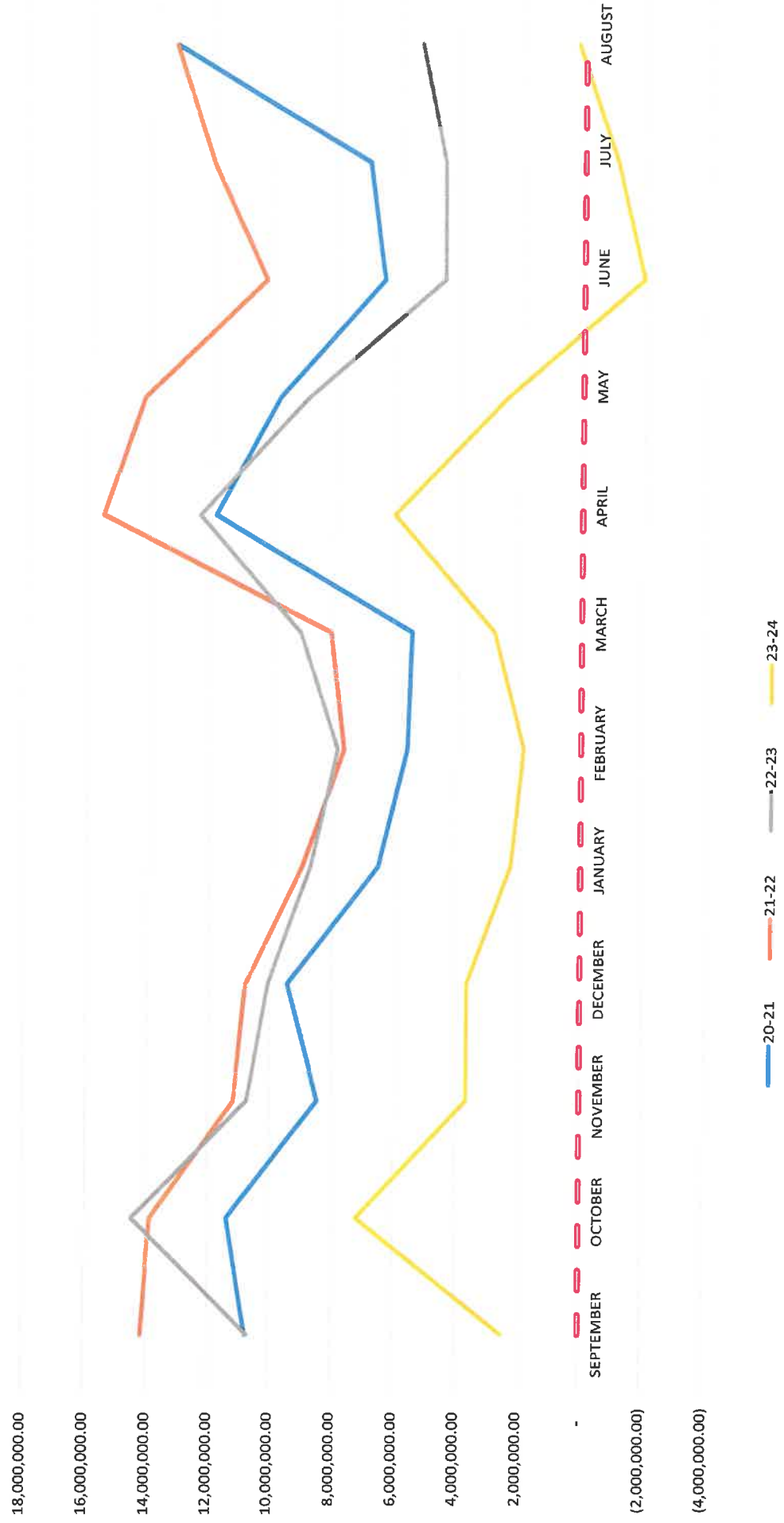
March 23, 2023

# Current Financial Position

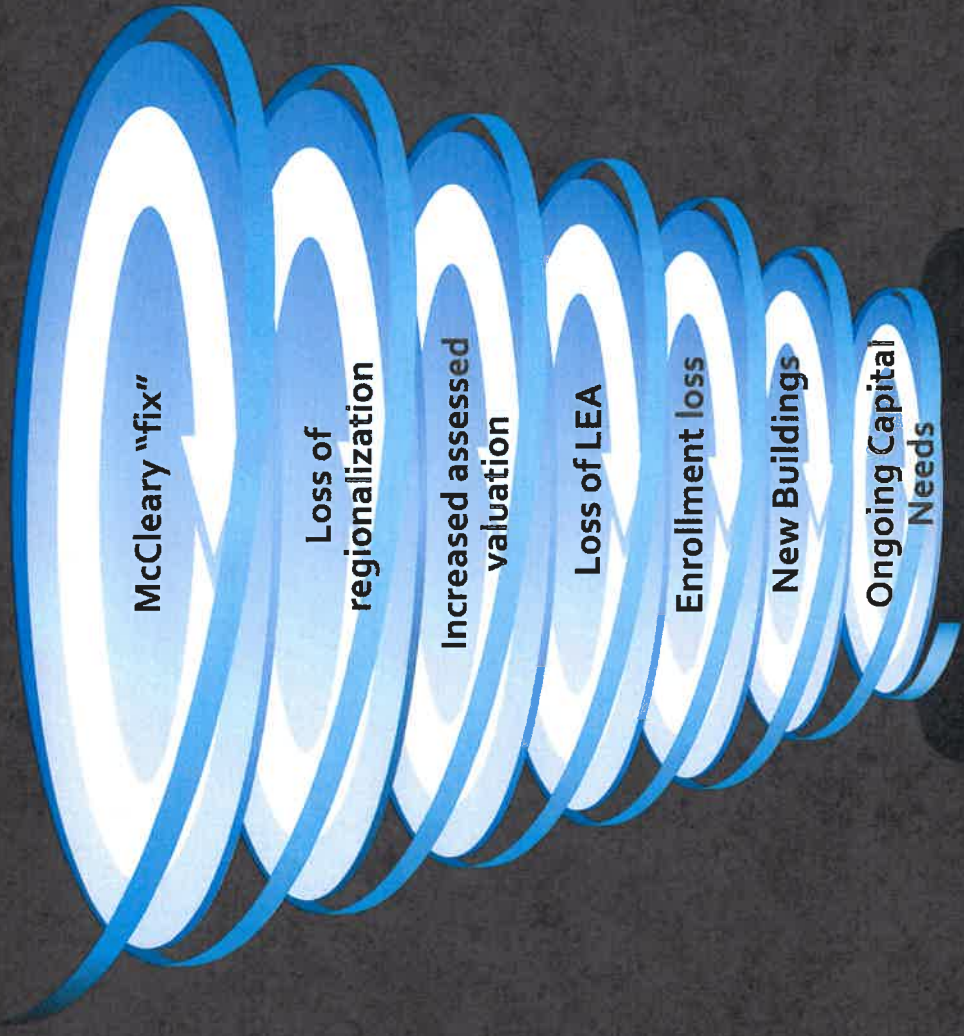
## General Fund

	2022-23 Adopted Budget (in Millions)	2022-23 Forecast (in Millions)	2023-24 Preliminary (in Millions)
Revenue	\$153.4	\$152.0	\$158.1
Expenditures	158.6	157.7	163.5
Net change to fund balance	(5.2)	(5.7)	(5.4)
Beginning Fund Balance	11.1	13.5	7.8
Ending Fund Balance	5.9	7.8	2.4
Nonspendable	0.6	0.4	0.4
Restricted	0.7	1.3	0.8
Assigned	3.4	3.5	1.2
Unassigned	1.2	2.6	-0-
Total	\$5.9	\$7.8	\$2.4

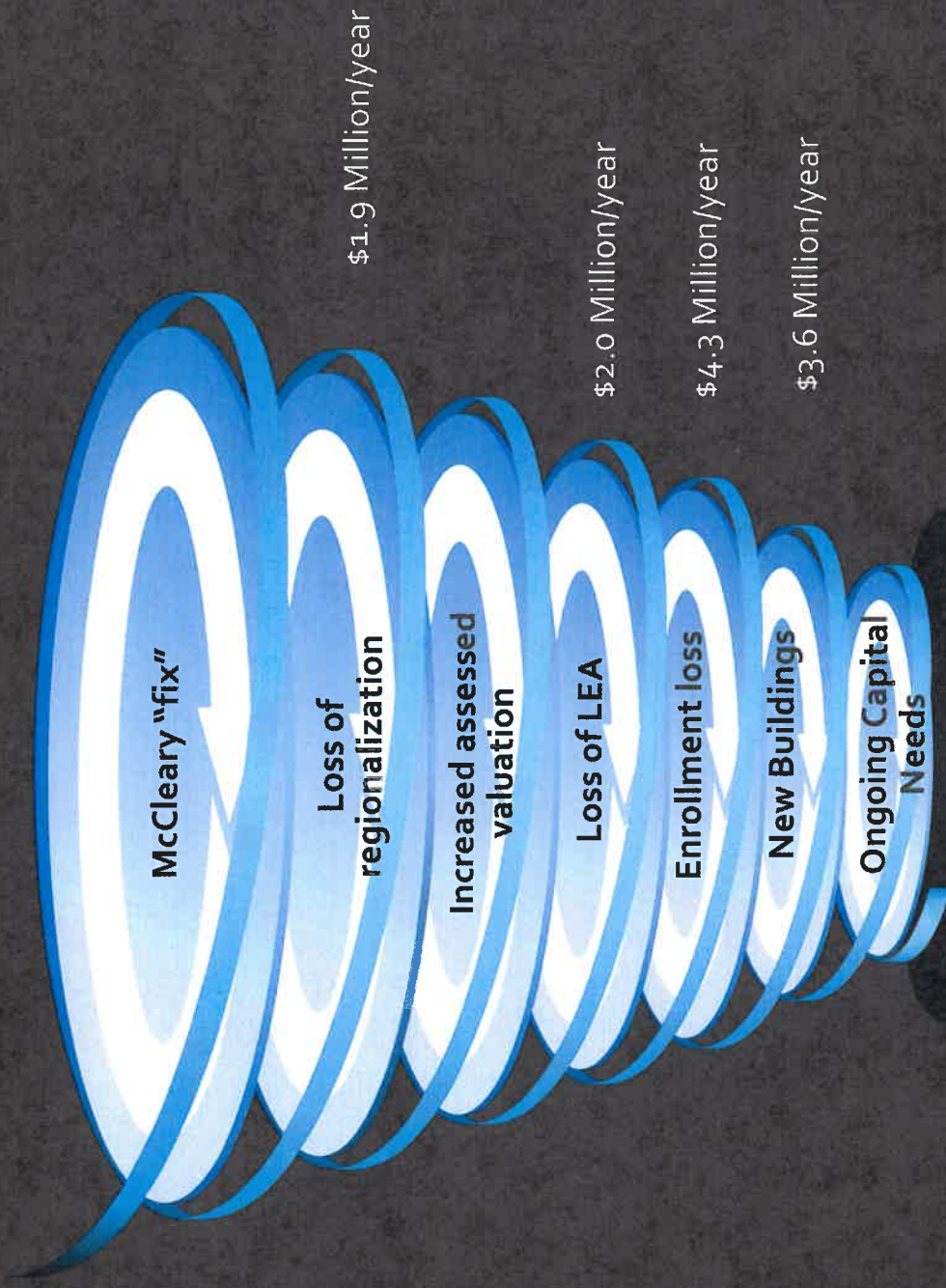
# Cashflow



# Perfect Storm



## Perfect Storm





# Budgetary Assumptions

Controlled Externally

- > Assessed Valuation
- > Legislative Decisions
- > Regionalization
- > LEA Calculation
- > State Levy

- > Contractual Obligations
- > Enrollment
- > Staffing
- > Cashflow

- > Targeted Reductions
- > Local M&O Levy
- > Local Capital Levy

Controlled Internally



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Controlled Internally



## Levy & Bond Overview

- Educational Programs and Operations Levy (1 to 4 years)
  - *Most recent levy passed in February 2021 – renew in 2024*
- Capital Projects Levy (1 to 6 years)
- Transportation Vehicle Levy (1 to 2 years)
- Bonds (varies, but 20 years most common)
  - *Previous bond passed February 2018 (\$114.5MM)*

## Levy & Bond

### Overview

## Education Programs and Operations Levies “EP&O”

- “Enrichment” of programs outside of the legislative definition of basic education
- Formerly known as “Maintenance and Operations Levy”
- Subject to levy lid laws:
  - Lessor of:
    - \$2.50/\$1,000 of assessed value
    - \$2,500 per pupil (adjusted by inflation; 2023 max is \$2,988)
- Simple Majority – 50% +1 (GF, CPF, TVF)
- No validation requirement
- Based on the calendar year, not the school fiscal year
- May be attempted twice in a twelve month period

2021-22 Local Expenditures (in thousands)	
<b>Basic Ed/ALE/Support Services</b>	
Superintendent's Office	67.3
Business Services	62.2
Human Resources	33.8
Communications	1.6
Instructional Supervision (L&T)	160.1
Learning Resources (Library)	130.0
Principal's Office	1,727.2
Counseling/Social Work	351.1
Safety & Security	10.1
Nurses/Health	821.6
Teaching	7,791.2
Extracurricular	3,216.2
Professional Development (not State PD)	143.3
Maintenance Supervision	225.9
Grounds	188.3
Custodial	1,741.1
Maintenance	465.0
Safety & Security	54.1
Technology	376.5
Print Shop	.2
<b>Total Basic Ed/ALE/Support Services</b>	<b>17,566.3</b>

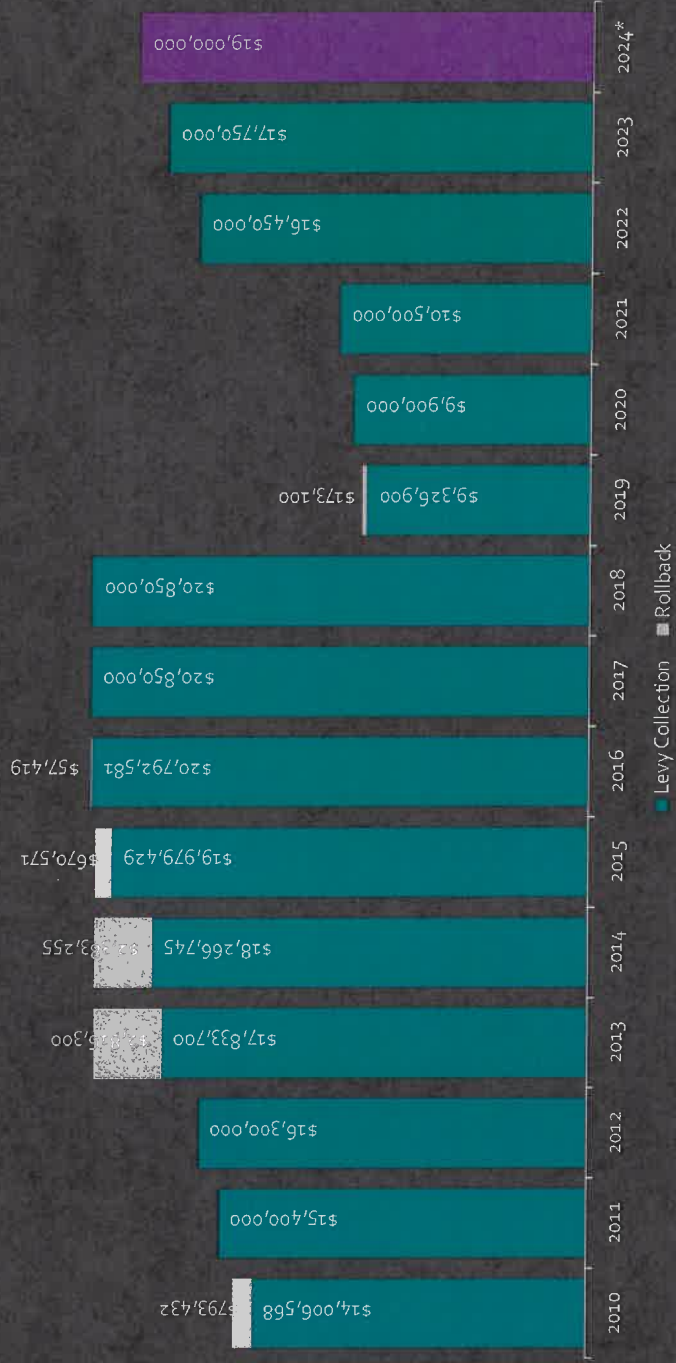
2021-22 Expenditures (in thousands)	
<b>Other Programs</b>	
Multi-Lingual Learners	554.9
Special Ed*	306.2
Transportation	1,274.3
Other Local Funding Sources (Summer School, Etc.)	541.3
<b>Total Other Programs</b>	<b>2,676.7</b>

Grand total expenditures: \$20,243,068

2021-22 Local Revenues (in thousands)	
LEA	4,683.1
Local Levy	13,759.3
Other Local Sources (fines, fees, donations, etc.)	1,981.8
<b>Total Revenues</b>	<b>20,424.2</b>

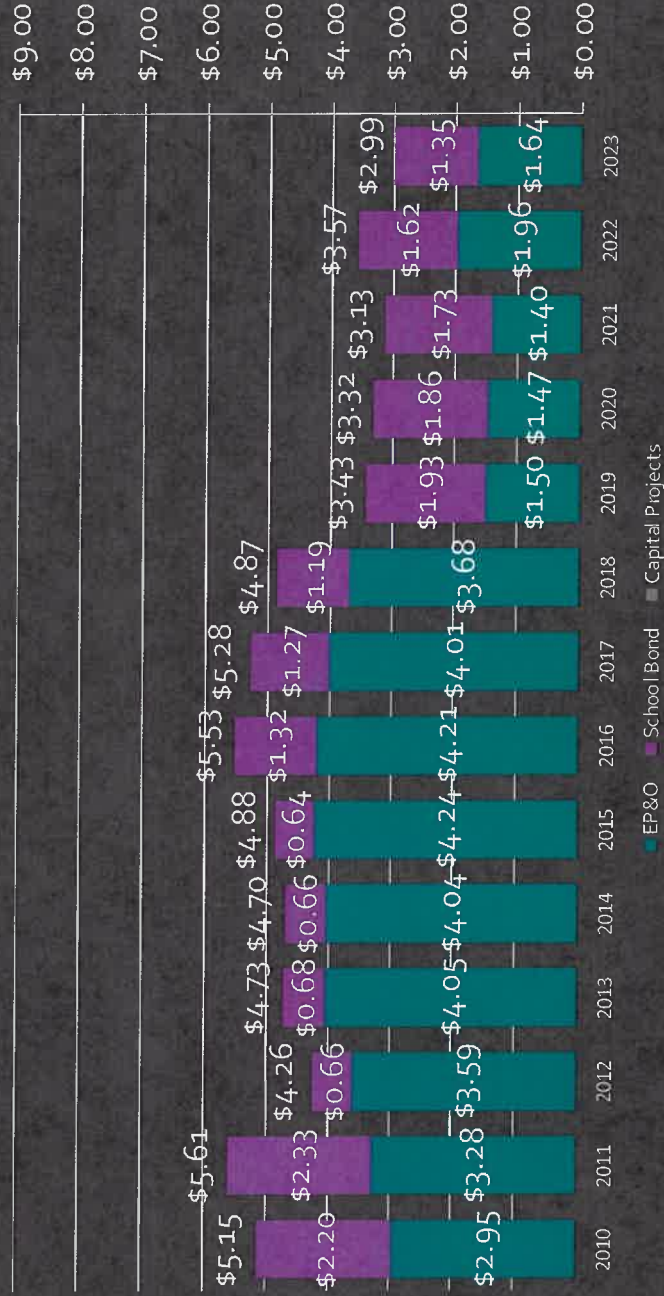
\* Special Education was underfunded by the State by \$1,398,453. Due to MOE concerns, amounts were allocated from other programs to local funding

## Mead School District EP&O Levy Ballot History – With Rollback



# School Tax Rate History

Mead School District  
Tax Rates/\$1,000



# School Tax Rate History

Mead School District  
 Tax Rates/\$1,000  
 (with State Schools Tax)





District	EP&O	Bonds	Capital	Total
Spokane School District	2.0994	1.7011	0.0000	3.8005
Freeman School District	1.2421	1.4836	0.9597	3.6854
West Valley School District	2.2352	0.0000	1.2220	3.4572
Deer Park School District	1.3382	1.6982	0.0000	3.0364
Mead School District	1.6380	1.3533	0.0000	2.9913
Central Valley School District	1.9062	1.0818	0.0000	2.9880
Cheney School District	1.3050	1.4219	0.0751	2.8020
Medical Lake School District	1.2359	1.2259	0.2517	2.7135
East Valley School District	1.9891	0.0000	0.7164	2.7055
Nine Mile School District	2.0860	0.3829	0.0000	2.4689
Reardan Edwell School District	1.5494	0.6897	0.0000	2.2391
Riverside School District	1.2006	0.0000	0.4916	1.6922
Newport School District	1.2315	0.4236	0.0000	1.6551

## Tax Rate Scenarios

### 7%-8%-9% Assessed Valuation

- > 2025 Assessed Valuation: \$12,240,000,000
- > 2026 Assessed Valuation: \$13,220,000,000
- > 2027 Assessed Valuation: \$14,410,000,000

\$1.63

- > 2025 Levy: \$19,950,000
- > 2026 Levy: \$21,550,000
- > 2027 Levy: \$23,490,000

Would not keep pace with expenditure increases. Annual reductions would be required.

\$2.25

- > 2025 Levy: \$27,540,000
- > 2026 Levy: \$29,750,000
- > 2027 Levy: \$32,420,000

Would maintain solvency. May need to evaluate annual need for further reductions.

- > 2024-25 LEA: \$2,555,190
- > 2025-26 LEA: \$2,201,440
- > 2026-27 LEA: \$1,538,817

\$2.00

- > 2025 Levy: \$24,480,000
- > 2026 Levy: \$26,440,000
- > 2027 Levy: \$28,820,000

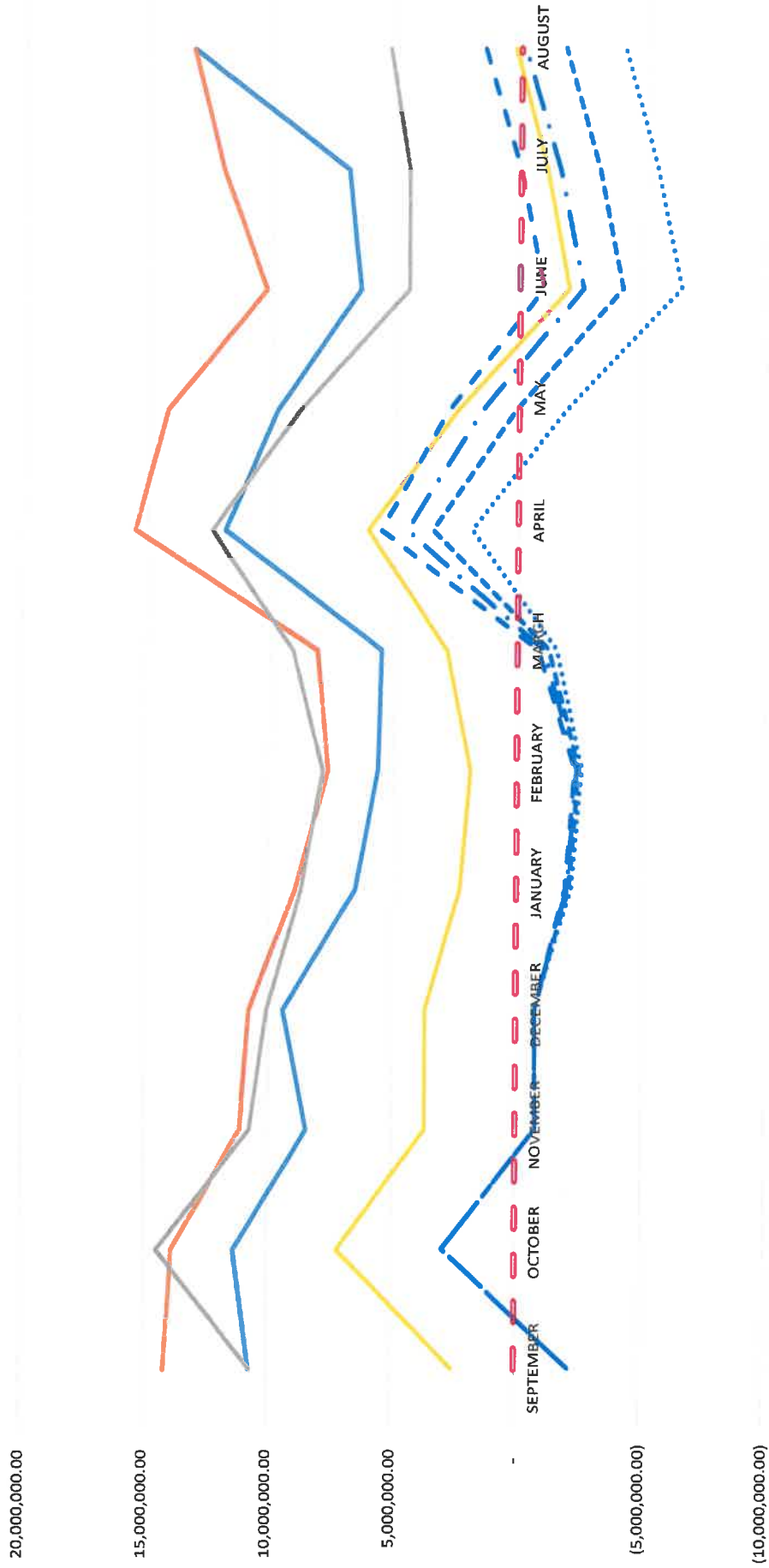
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\$2.50

- > 2025 Levy: \$30,600,000
- > 2026 Levy: \$33,050,000
- > 2027 Levy: \$36,020,000

Would likely be able to begin to rebuild fund balance and evaluate program expansion.

# Cashflow



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# Timeline

**Budget Analysis & Planning**  
Identify targeted fund balance, budget adjustments, staffing impacts, etc.

**Budget Adoption**  
No later than August 31

**Election date**  
Mail in ballots due by this date. Certified by Feb 25<sup>th</sup>.

Spring 2023

Summer 2023

August 2023

December 16

February 14

**Budget Development**  
Input budget details, available for public inspection

**Levy resolution due to county**  
Board action/resolution required prior to this date

Questions?

