The background features abstract, overlapping geometric shapes in various shades of blue, primarily on the right side and bottom, creating a modern, dynamic feel.

# 2019-2020 Community Budget Forum

4/10/2019

# Agenda

- ▶ School District Funding Basics
- ▶ General Fund Revenues & Expenses
- ▶ Prototypical Model: Unfunded Features
- ▶ Challenge for 19-20 School Year
- ▶ Solution Process for 19-20 School Year
- ▶ Fund Balance
- ▶ Questions, Feedback and Input

# Funds for School District Budgets

- ▶ General Fund
  - ▶ Day To Day Operations Of The School District
- ▶ Capital Projects Fund
  - ▶ Capital levy dollars / capital levy projects
- ▶ Debt Service Fund
  - ▶ Account to pay off bonds
- ▶ Associated Student Body Fund
  - ▶ Student controlled, student governed, school based
- ▶ Transportation Vehicle Fund
  - ▶ Bus purchases per depreciation schedule, state formula
- ▶ **Revenues for the funds cannot be inter-mixed**
  - ▶ General Fund also has subcategories that cannot be inter-mixed

# General Fund Revenue

## 18-19 General Fund Budgeted Revenue

■ Local Taxes, \$14,354,187

■ Local Non-Tax, \$2,019,547

■ State, General Purpose, \$53,806,442

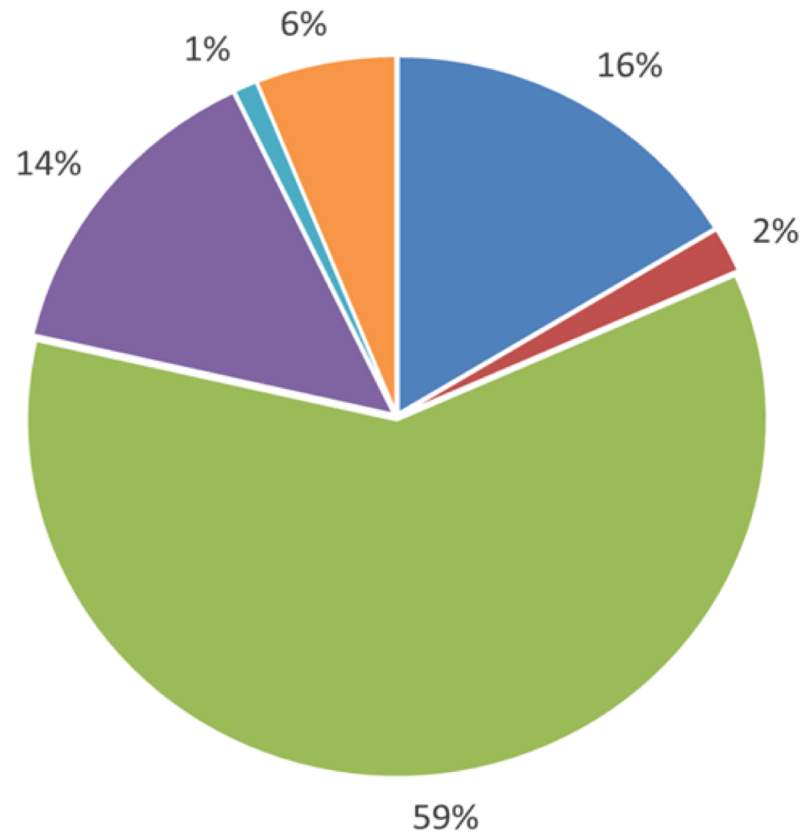
■ State, Special Purpose, \$12,667,237

■ Federal, General Purpose, \$1,232,000

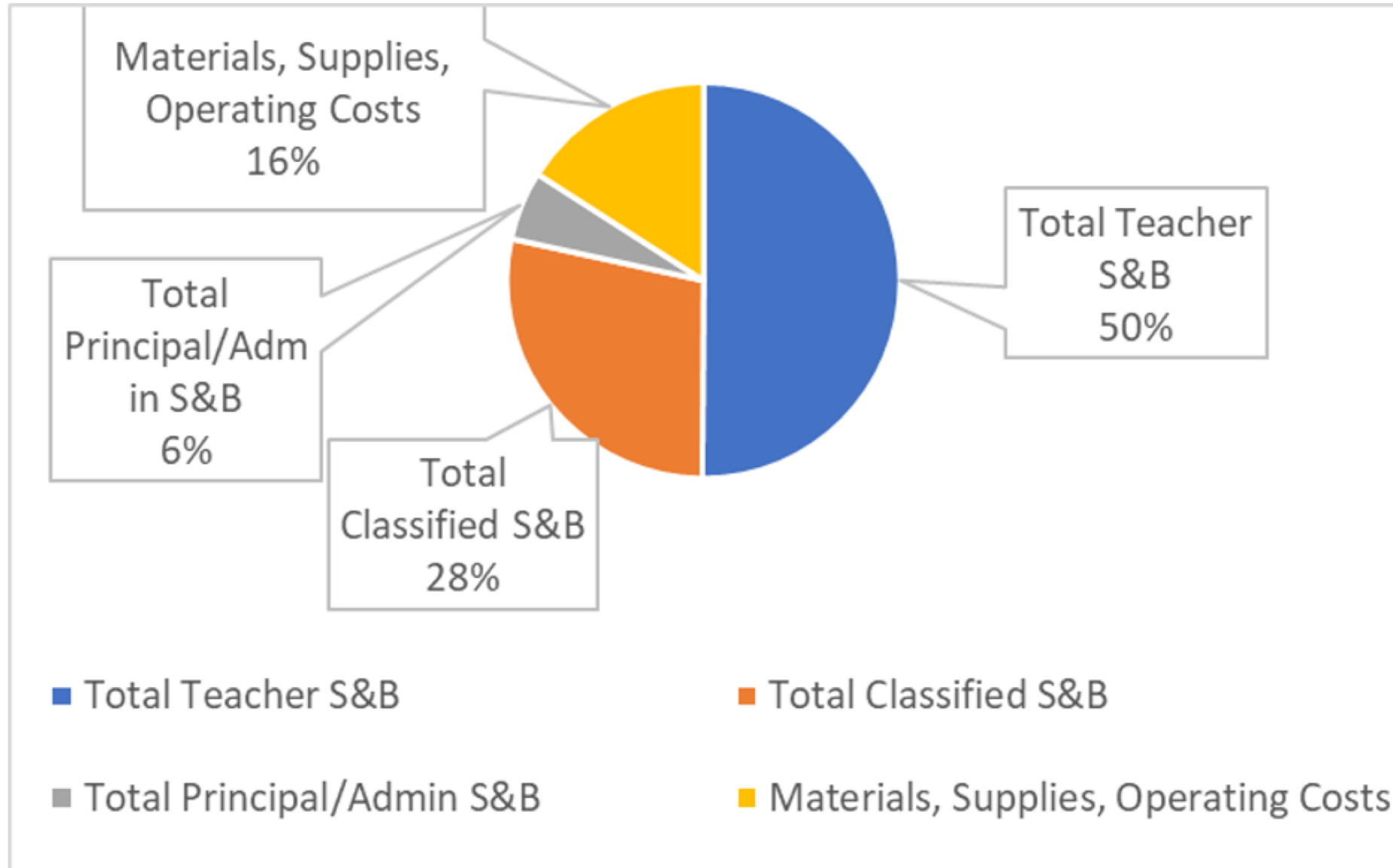
■ Federal, Special Purpose, \$5,465,000

Total Revenue \$89,544,414

Interfund loan repayment: \$2,000,000



# Expense Elements



# But wait...

## Didn't McCleary fix School funding?

- ▶ The "McCleary fix" did allocate additional funding for schools
- ▶ It also reduced local levy authority
- ▶ The prototypical model was not adjusted
- ▶ What is a Prototypical Funding Model?
  - ▶ Allocates funded staffing units based on student enrollment with ratios
  - ▶ Staffing units are funded at prescribed dollar amounts - these amounts may not align with actual cost
  - ▶ Model formula ratios may not match need
- ▶ There are other unfunded mandates - particularly changing healthcare (SEBB)

2018-2019

## Local levy dollars needed to provide "basic education" this year

- ▶ Complicated funding allocation models do not always cover actual costs in several areas. Two prime examples:
  - ▶ Special Education - \$1,490,000 in local levy dollars needed
  - ▶ Transportation - \$796,000 in local levy dollars needed

# Mental Health Support, Graduation Support

	Funded	Actual	Optimal Staffing	notes
Guidance Counselor	12	14.5	1:200 ratio MS/HS, 1:500 Elementary	As they stand now, guidance counselors provide academic counseling but limited or no mental health services
HS intervention specialist	0	2.0	4 FTE, 2 at each HS	Social-emotional support for HS students
HS graduation specialist	0	.8	2 FTE, 1 at each HS	Focused learning support for HS students to help students graduate on time
School Nurses	0.91	4	1:500 ratio is optimal	Contracted service. Prototypical model is woefully under realistic needs.
Psychologists	0.15	6	1:500 ratio Is optimal	Again, this is woefully under realistic needs. Psychs by necessity focus on SPED referrals. No opportunity for mental health work with students.



# Health and Safety

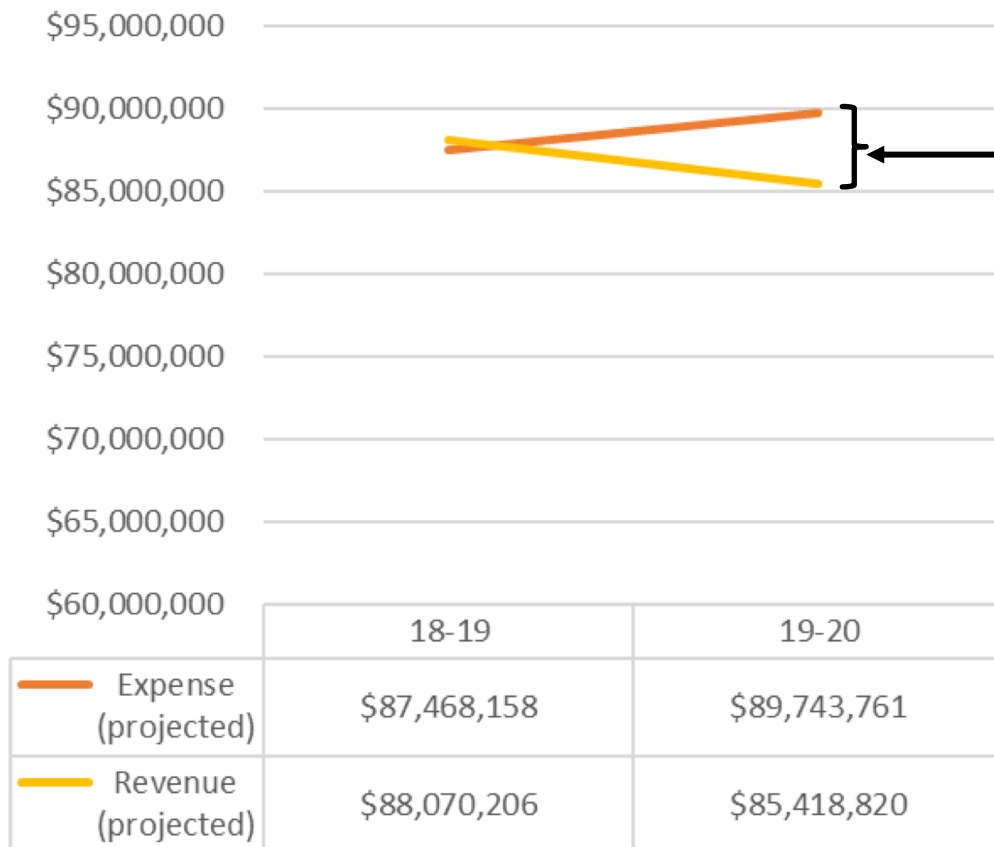
	Funded	Actual	2010 OSPI study	notes
Custodian	23	35	40	We have over 1 million SF of buildings
Maintenance/Grounds	10	16	28	We have over 230 acres of grounds
Computer Technician	3.3	10	10.6	We have 7000 users needing devices and support
Student Safety	1.1	18	3.38	NKSD number includes bus supervision
Para educators	9.95	10	14	Need for supervision in common areas and recesses is increasing every year
School Office Support	27.3	23.6	38	With security measures in place additional staffing would be extremely helpful to man entrances and help w/security
Central Admin	15	19.5	**	See below for the various categories
Business Office Supervision	0	2	**	Ensures financial statements are accurate and complete
Facilities Supervision	0	4	**	Safety/security of facilities
Technology Supervision	0	1	**	Comptroller of inventory and deployment of personnel
Transportation Supervision	0	2	**	Driver safety, maintenance and bus safety
Payroll Supervision	0	1	**	Ensure payroll is legal and accurate
Human Resources Supervision	0	1	**	Ensure compliance with complex HR law matters
Food Service Supervision	0	1	**	Manages complex USDA requirements/mandates
Central Admin	5.15	5.2		cost vs allocated \$ is over \$30k+ benefits per allocated FTE
Principals	16.5	15.5		cost vs allocated \$ is over \$30k+ benefits per allocated FTE

# Reality for the 2019-2020 School Year

- ▶ Projected Revenue in 19-20 School year approximately \$2.6M less than the 18-19 School year due to continued reduction in local levy authority
- ▶ Enrollment decline in 19-20 due to bubble class graduation
- ▶ Salary and Benefit costs rose markedly in the 2018-2019 school year due to market conditions
- ▶ 2018-2019 revenue abnormality due to the overlap of new state funding with old levy rates
- ▶ Unfunded legislative mandates increase problem
- ▶ 2019-2020 school year revenues currently projected to be less than expenses
  - ▶ Position control, Program review, Department review will be needed to align expenditures with future revenues

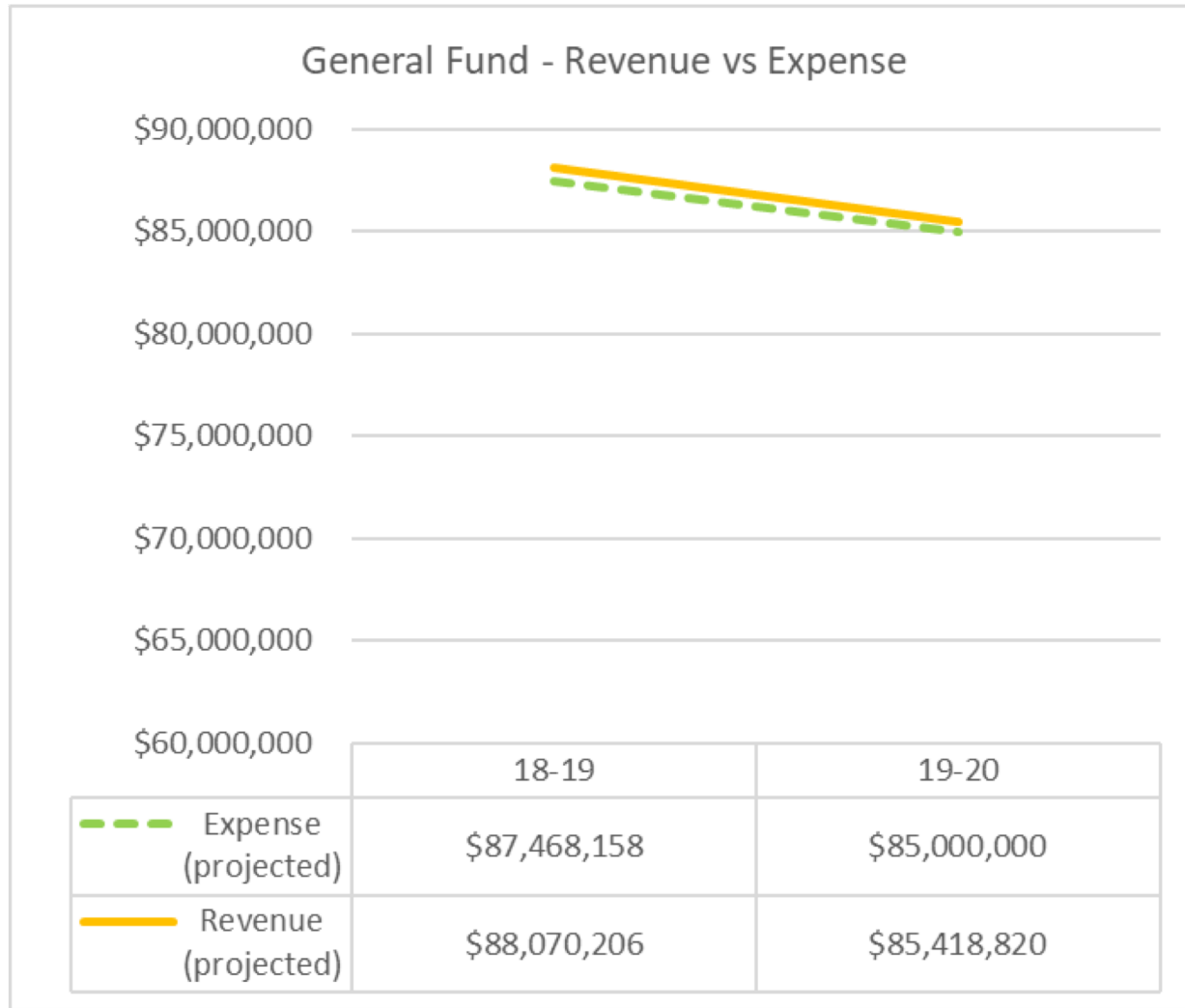
# Revenue vs Expenditures - projected

## "Statement of Problem"



Declining Enrollment,  
Increasing Salary Costs,  
Levy Swap unevenness,  
Increasing Healthcare Costs

# Revenue vs Expenditures - What We Must Do



# Unfortunately, we are not alone...

- ▶ Each week, we read news articles where other districts are disclosing significant budget pressure in 2019-2020. On average, districts are reporting the need to reduce program/budget by approximately 5-10%. Some districts who have publicized their concerns include:
  - ▶ Everett, Vancouver, Olympia, Aberdeen, Seattle, Yakima, Tacoma, Mount Vernon, Spokane, Wenatchee, Naselle-Grays River Valley, Moses Lake, Longview, Edmonds, Kelso, Winona Area, Pleasantville, Richland, Evergreen, Conway, Port Angeles, Peninsula, Battle Ground, Camas, Washougal, Ridgefield, Hockinson, Evergreen, South Kitsap, Bainbridge Island...the list continues to grow.

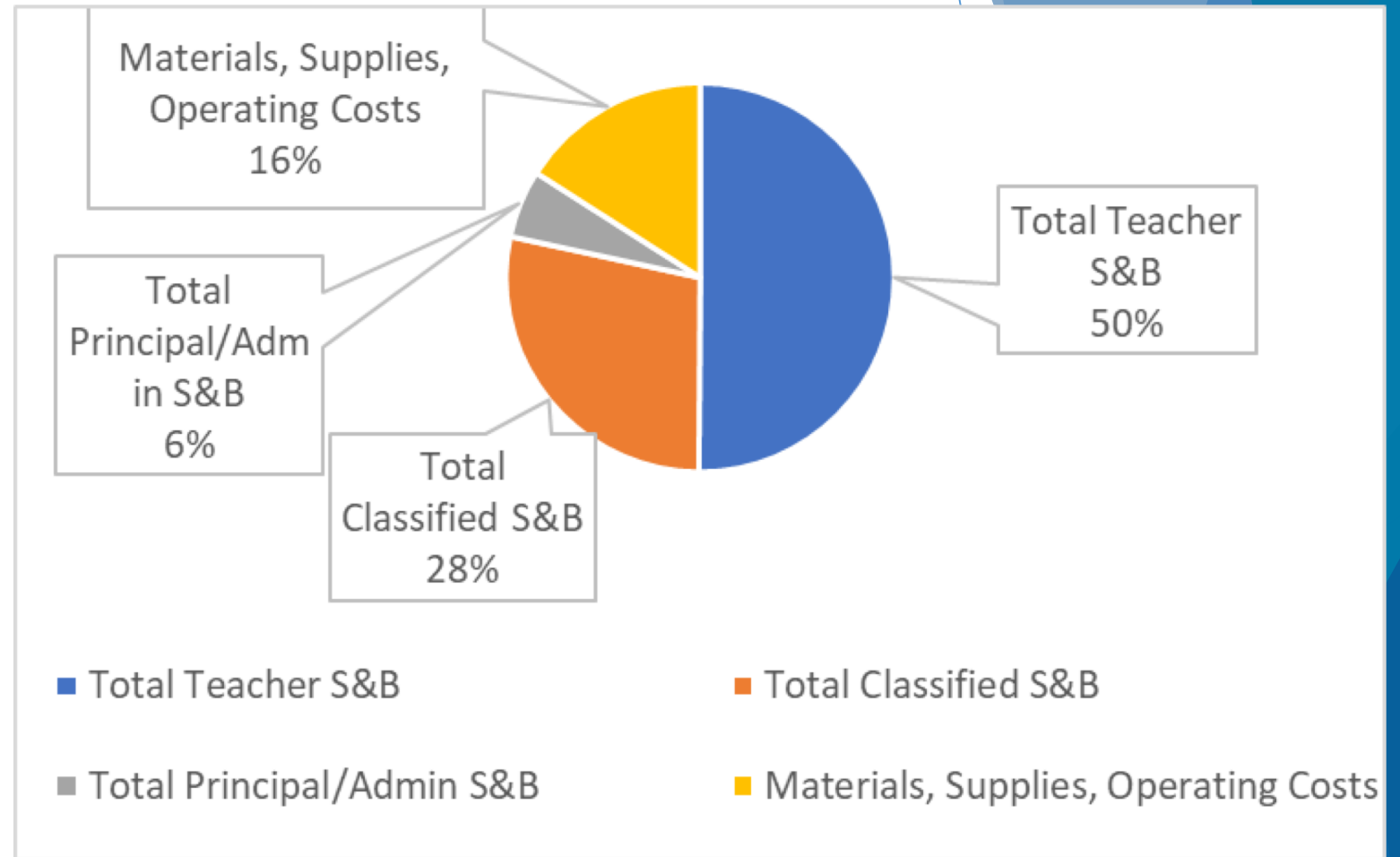




**It's Complicated...**

# Proportional response?

- ▶ Avoid “easy” fix
- ▶ Getting it right instead of getting there fast
- ▶ Defining "proportional"...
- ▶ Using good process
- ▶ Legislative uncertainty
  - ▶ Some increases likely, but unclear how much
- ▶ Steps to date
  - ▶ District Service Council and Leadership team inputs and prioritization
  - ▶ Spending and hiring pause in current school year
- ▶ Impact to staffing and personnel

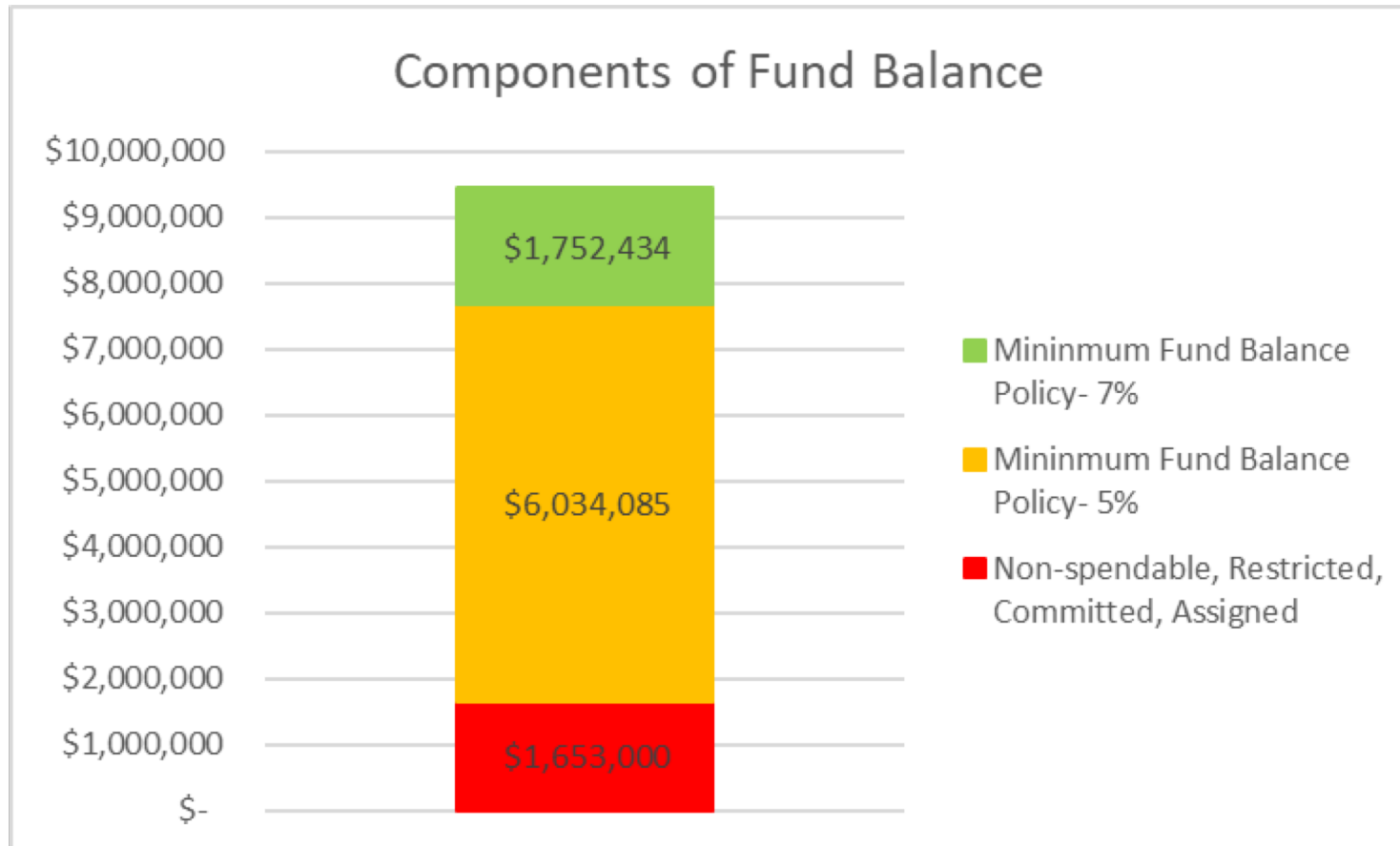


# Fund Balance

- ▶ Comprised of several components. Not all spendable
- ▶ Allows buffer for revenue and expense surprises

Between 7% and 5% = \$1.75M

7% ~ one month of Salaries and Benefits commitments





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# Clarifying Questions?

## Your Turn...

1. What should we consider or keep in mind as we tackle the budget concerns?
2. What do you value most about NKSD and what it provides for students/community?
3. What do you believe we do well as a school district?
4. What questions remain?

you can do  
anything.

but not  
everything.

-david allen

# Your Turn...

- ▶ 1. Ensure we provide ongoing training and professional development for faculty/staff
- ▶ 2. Maintain NKSD traditions and/or ways of doing things
- ▶ 3. All students graduate on time, ready for college/career/life
- ▶ 4. Early interventions for learners in elementary schools
- ▶ 5. Campus safety (physical buildings)
- ▶ 6. Student mental/emotional support services
- ▶ 7. Keep class sizes within contractual limits K-12
- ▶ 8. Maintain all electives options and specials for students
- ▶ 9. Maintain current level of building hygiene and cleanliness
- ▶ 10. Hire and retain experienced, highly qualified faculty/staff
- ▶ 11. Consider the environment ("going green") in decision making
- ▶ 12. Comprehensive sports program grades 6 - 12
- ▶ 13. Infuse/integrate technology in all grades K-12
- ▶ 14. Ensure we have the best, most recently updated curriculum
- ▶ 15. Short bus ride times for all bus routes
- ▶ 16. Robust extracurricular and club programs at all levels K-12
- ▶ 17. Timely maintenance responses for day-to-day concerns
- ▶ 18. Maintain AP classes and other high-rigor programming