



2019-2020 Budget, Staffing & Enrollment Update

May 23, 2019

Included in this Management Report:

- ▶ Statement of Problem Update - Shortfall Amount
- ▶ Staffing Information - Updated Numbers
- ▶ Identified Reductions to Date
- ▶ Additional Revenue Potential
- ▶ Challenge in the Out-Years - SEBB
- ▶ Next Steps / Timeline

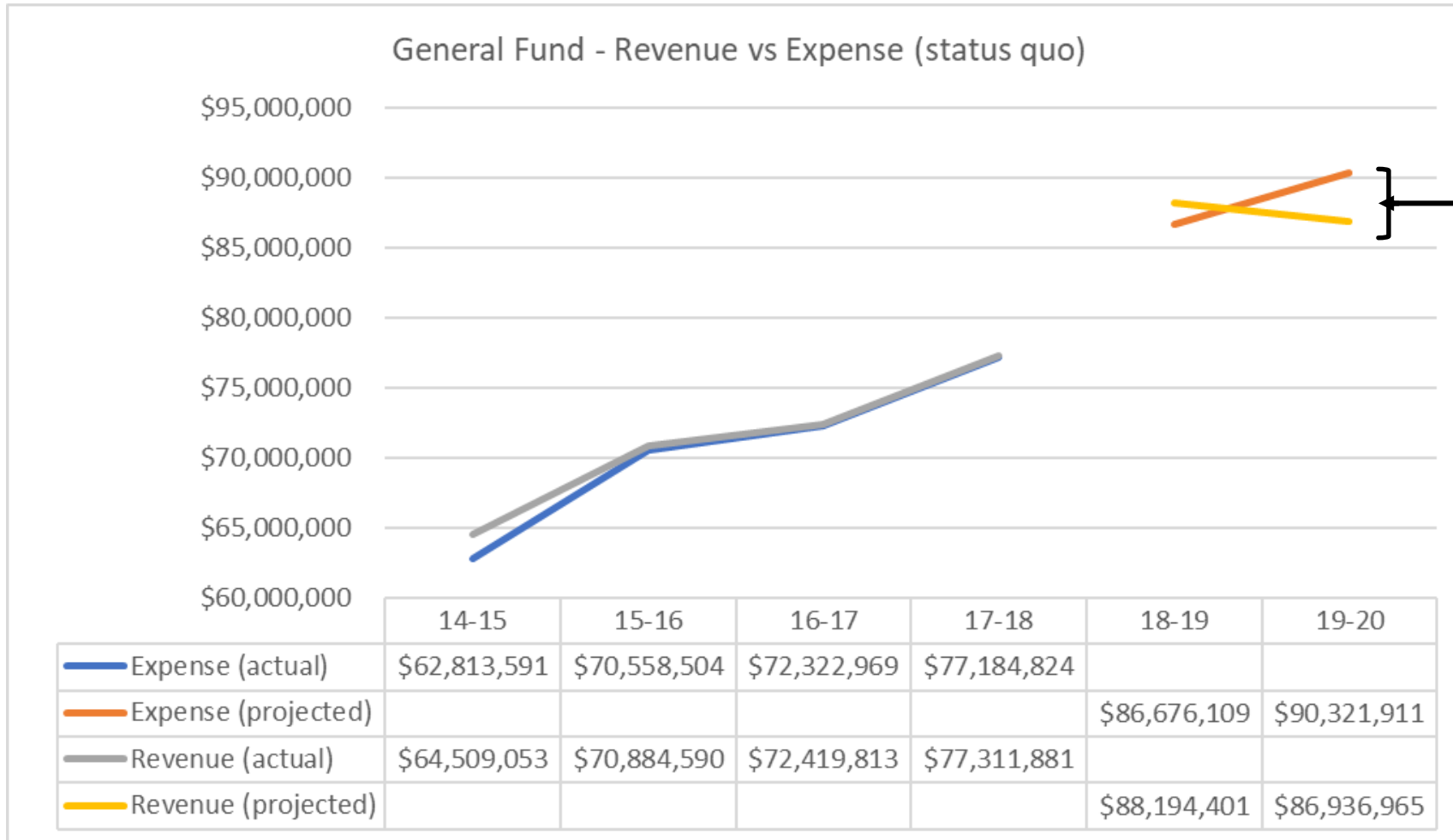
Reality for the 2019-2020 School Year

- ▶ Projected Revenue in 19-20 School year less than the 18-19 School year due to continued reduction in local levy authority
- ▶ Enrollment decline in 2019-2020
- ▶ 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
- ▶ 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 - with SEBB

"Statement of Problem"

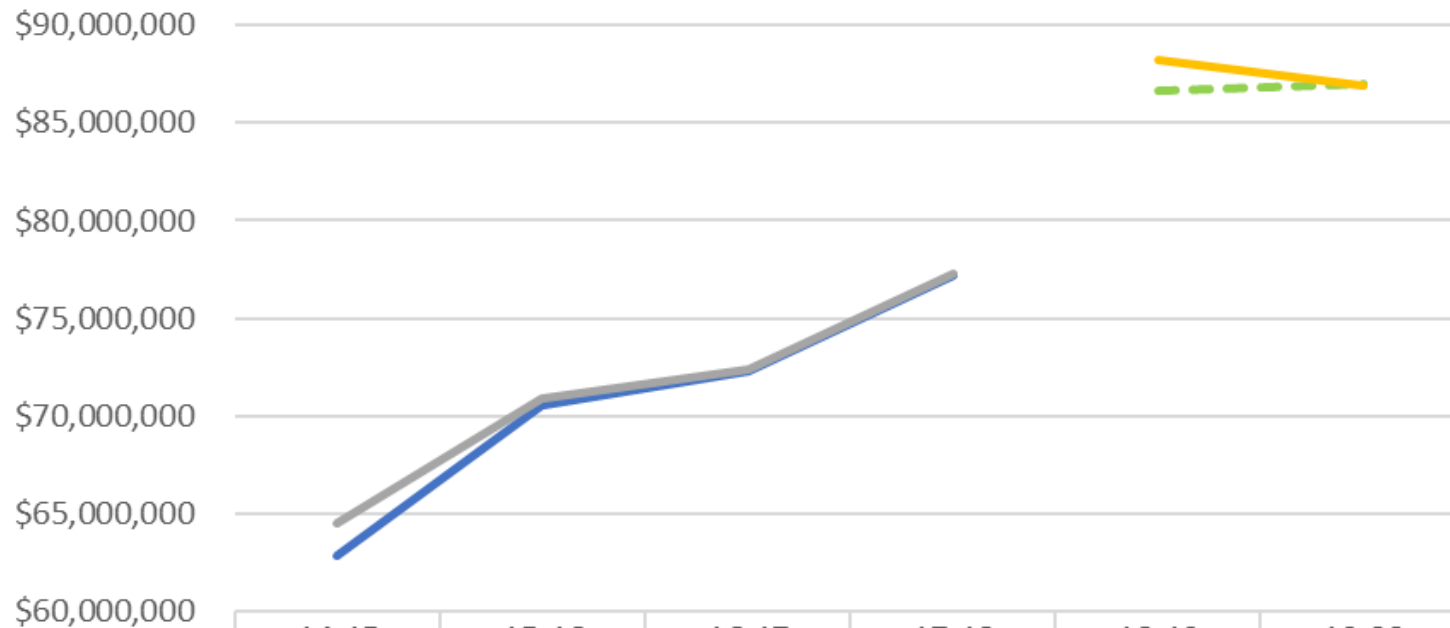
- ▶ 18-19 GF Authorization: \$87,621,701 (Budget Extension request +\$2M)



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

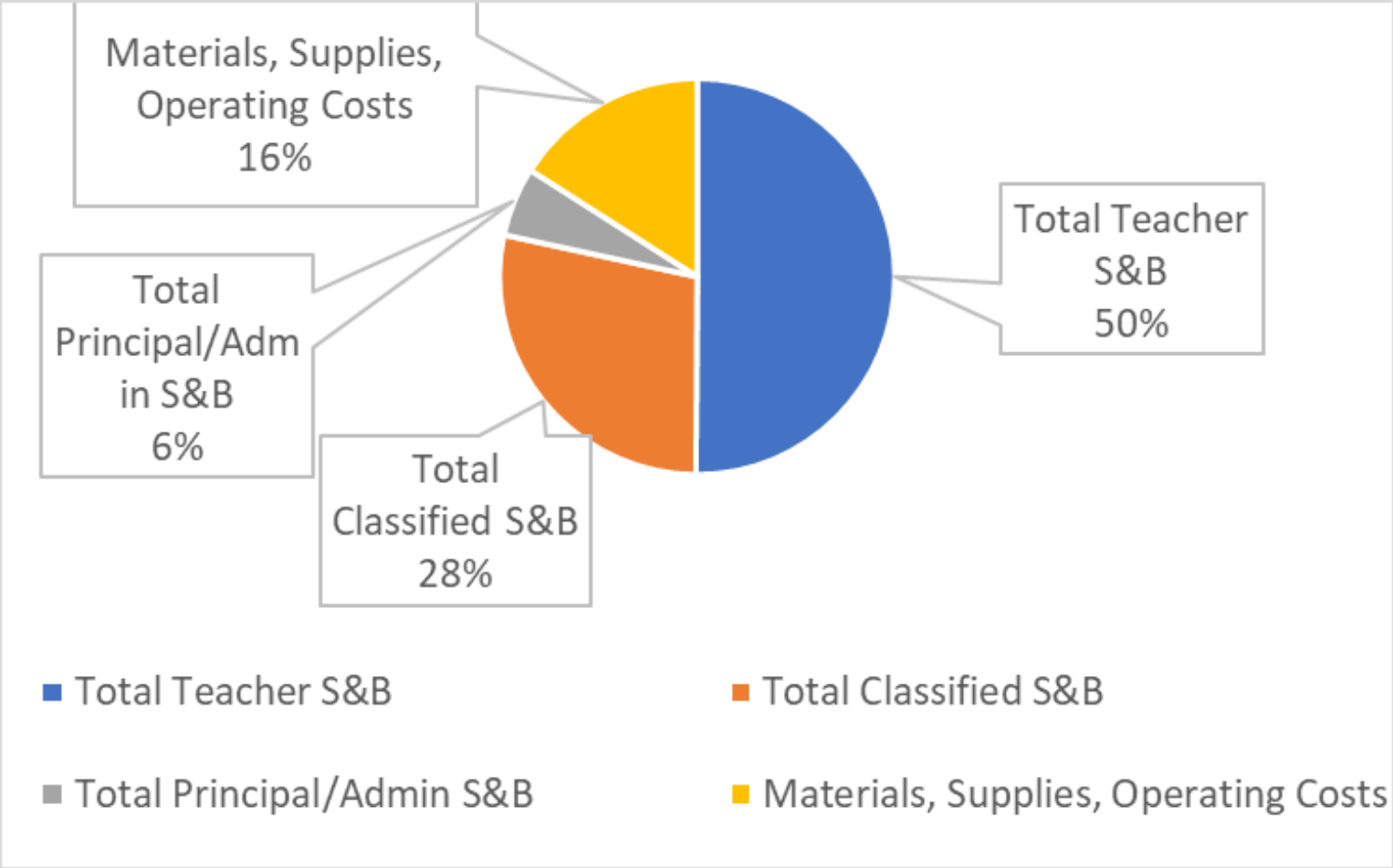
Revenue vs Expenditures - with adjustments

General Fund - Revenue vs Expense



	14-15	15-16	16-17	17-18	18-19	19-20
Expense (actual)	\$62,813,591	\$70,558,504	\$72,322,969	\$77,184,824		
Expense (projected)					\$86,676,109	\$87,000,000
Revenue (actual)	\$64,509,053	\$70,884,590	\$72,419,813	\$77,311,881		
Revenue (projected)					\$88,194,401	\$86,936,965

Expenditures by Category: 85% on people



Staffing Information: Student Enrollment (non-Running Start)

Enrollment Projections



	14-15	15-16	16-17	17-18	18-19	19-20
Enrollment Projections	5599	5497	5839	5574	5737	⁷ 5601

Staffing Update

- ▶ No certificated RIF - attrition and reassignment accomplished the necessary reductions
- ▶ Total of 29.6 certificated faculty attrition to date
 - ▶ Some attrition is "usable" - meaning it counts towards the staffing reduction that we need to meet budget
 - ▶ Some attrition is "not usable" - meaning it is a position we must hire to meet student/program requirements (SPED, Spanish, Science, etc)
- ▶ The RIF resolution stated 361 FTE to meet student/program needs
- ▶ At the May 9 board meeting 338.3 FTE certificated staff were renewed, which reflects total attrition and is below the target for 2019-2020 staffing due to not non-usable attrition being factored into the number
- ▶ We anticipate additional hiring but we are awaiting enrollment verification prior to posting positions to ensure we do not over-budget for staffing
- ▶ **Classified Staff** - this is an ongoing process. We are working with PSE and leadership to implement necessary reductions for classified personnel

Identified/Proposed Reductions

- ▶ Administration - 2.0 FTE
- ▶ Student Support Center staffing - 2.0 FTE
- ▶ Spending slowdown across NKSD in current year
- ▶ Copy Center closure - personnel and MSOCs
- ▶ Curriculum budget - reduction of \$200,000
- ▶ Position control and staffing to need/ratio (certificated and classified)
- ▶ Transportation efficiencies and staffing to need
- ▶ Fee increase for facility rental, food services and athletics participation

- ▶ **TOTAL: \$3 MILLION**

Legislative Results

- ▶ Minor SPED multiplier increase
- ▶ SEBB passage with lower rates
- ▶ No changes to funding allocation models
- ▶ Of the increases to K-12 funding
 - ▶ Half - SEBB
 - ▶ Other - Inflation, SPED, other minor increases

Impact of SEBB district wide in NKSD

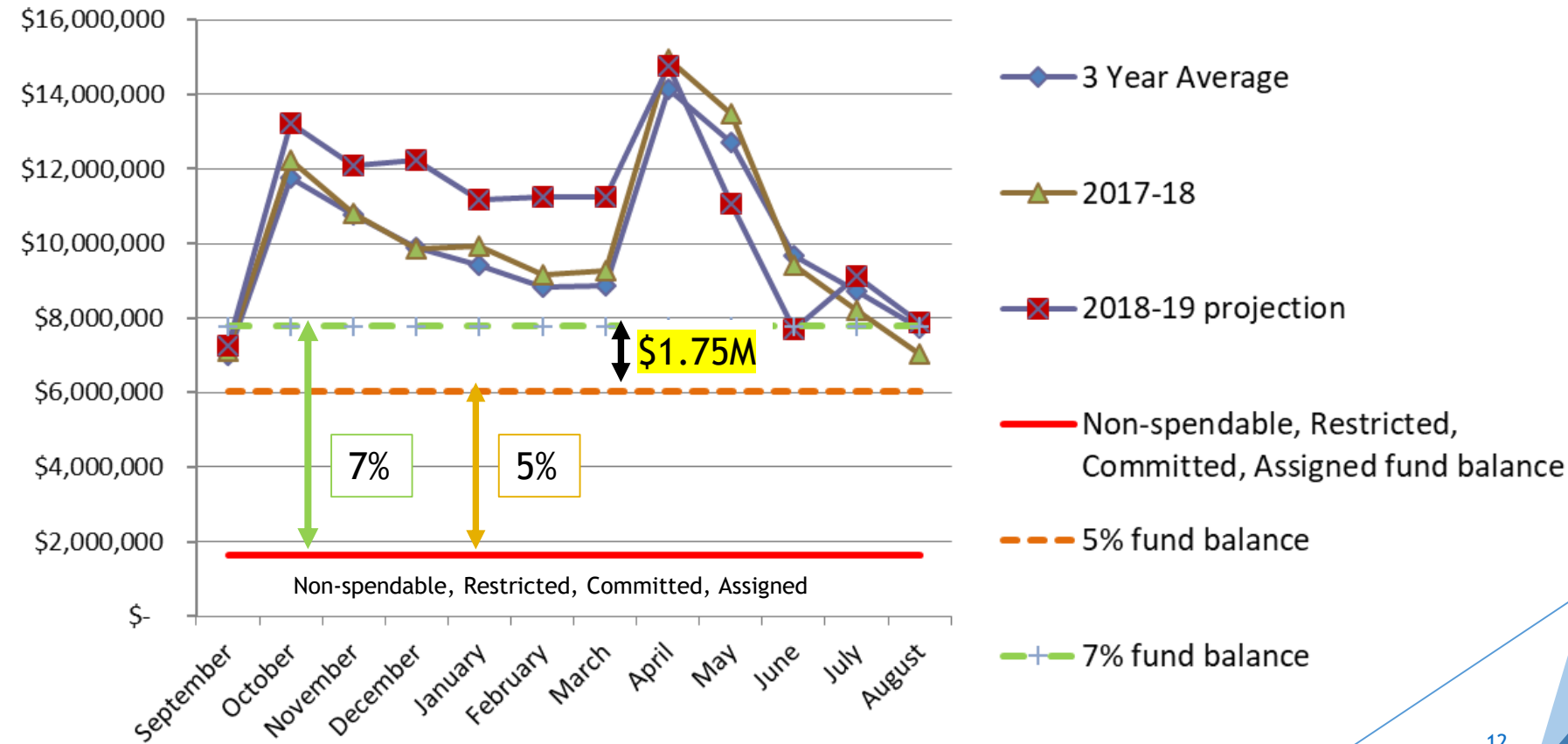
- ▶ 19-20 SEBB allocation - Stepped rates \$973, \$994, \$1056 per month per eligible employee that works over 630 hours per year
 - ▶ (HCA estimates on costs- \$1114/month, \$13,368/year)
- ▶ Additional burden to local levy and food service revenue sources
- ▶ Now all employees working over 630 hrs/year will receive full-time insurance benefits
- ▶ Because the state will only partially fund the people covered in the prototypical model, NKSD must cover all employees as per SEBB, even those we pay for with local levy dollars. There is no differentiator for state funded employees vs local funded employees.

	Per month per prototypical model FTE	Annual Benefit Revenue	Annual Benefit Costs to district	Annual employee out of pocket	Annual Benefits funded by local levy
18-19 before SEBB	\$ 843.97	\$ 5,180,571.52	\$7,558,509.91	\$919,298.88	\$ 2,377,938.39
After SEBB (19-20)	Blended \$973, \$994, \$1056	\$ 6,327,291.23	\$9,470,484.51	\$940,912.00	\$ 3,143,193.28
Difference (+/increase) (18-19 to 19-20)		\$ 1,146,719.71	\$ 1,911,974.60	\$ 21,613.12	\$ 765,254.89

2018-2019 Fund Balance projection

- ▶ Assuming year end Enrollment forecast from October enrollment actual
- ▶ Known and Projected Salary & Benefit changes

Between 7% and 5% = \$1.75M
 7% ~ one month of Salaries and Benefits



Path forward - Holding at current reductions

- ▶ Results of Safety net should be known in mid June (in 2018, it was \$500K)
- ▶ Budgeting and revenue forecasting tools from OSPI not yet available
 - ▶ May 27, 2019 scheduled release date
- ▶ SEBB underfunded at passage
 - ▶ Expect increases in SEBB rates in second half of biennium
 - ▶ Legislative answer to SEBB costs was to increase local levy authority
 - ▶ Need to analyze longer term impacts increasing SEBB costs on non-funded employees
- ▶ Budget adoption during August 22 meeting
 - ▶ Must be adopted by August 31

Questions / Discussion