

Budget, Enrollment, and HR Road Show 2024

Mercer Island School District



Outcomes

- Belong and Matter
- Recognize the direct impact our District finances have on staff and our collective success
- Convey the positive position we are in, though more work to do
- Build understanding of the District's capabilities and constraints
- Strengthen the connection between central office and schools
- Build Trust
- We are in this together



Outcomes

- Share positive financial news but temper with more work to do
- Strengthen the connection between MISD and MI Community
- Transparency
- Build Trust
- Remind us all we are in this together



Financial and HR Goals and Commitments

1. Stabilize Enrollment
2. Fiscal Predictability
3. HR Transparency



Budget and Human Resource Variables and Drivers

State Apportionment

MIEA Contracts

Levies

Leaves, Retirements, Resignations

Legislative Action

Enrollment

Legislative Advocacy

- 41st District
 - Senator Wellman
 - Representative Senn
 - Representative Thai
- School Board and Administrative Advocacy
- PTA Advocacy
- MIEA Advocacy



Our Students

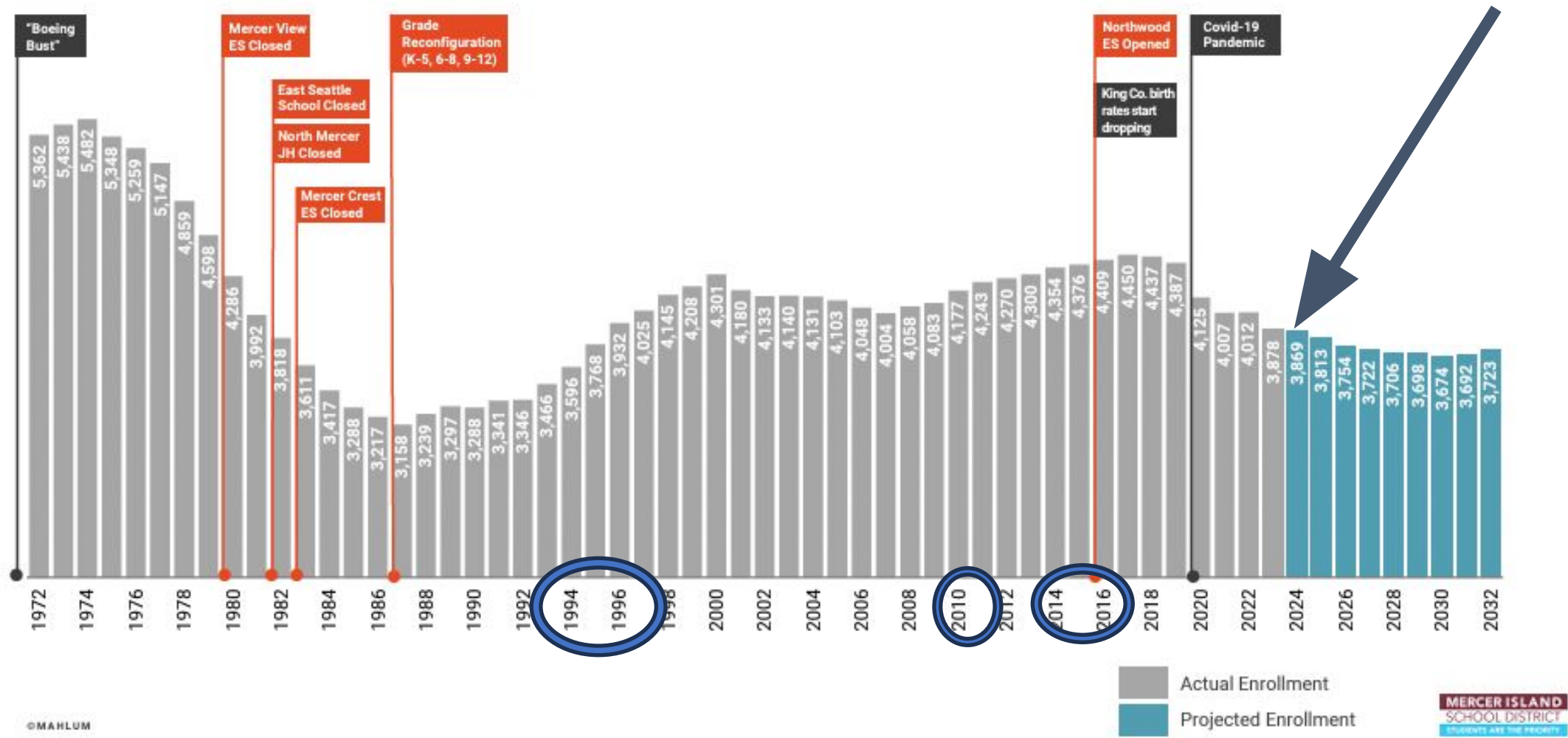
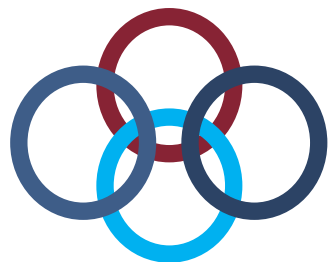


MISD Demographic Trends and Changes

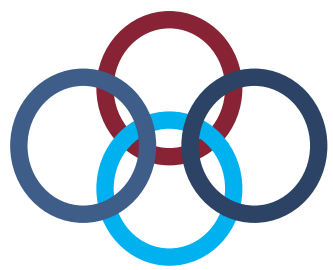
Race and Ethnicity	2012-2013	2023-2024
American Indian/Alaska Native	0.3%	0.1%
Asian	18.6%	27.4%
Black/African American	1.2%	1.1%
Hispanic	3.6%	7.3%
Multiracial	4.6%	14.4%
Native Hawaiian/Other Pac Islander	0.2%	0.2%
White/Caucasian	71.5%	49.5%
Grand Total	100%	100%



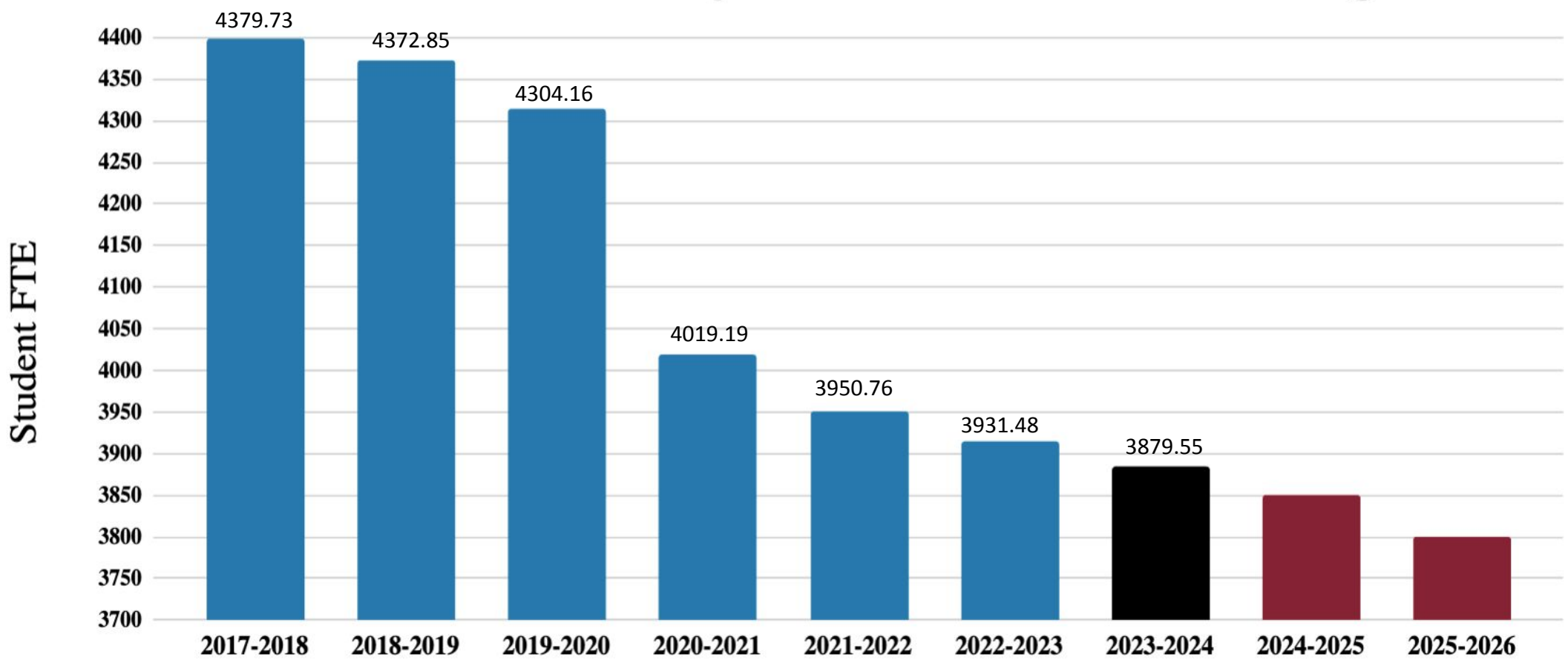
MERCER ISLAND SCHOOL DISTRICT

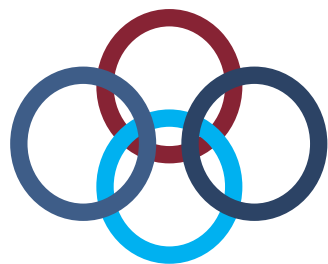


MERCER ISLAND SCHOOL DISTRICT



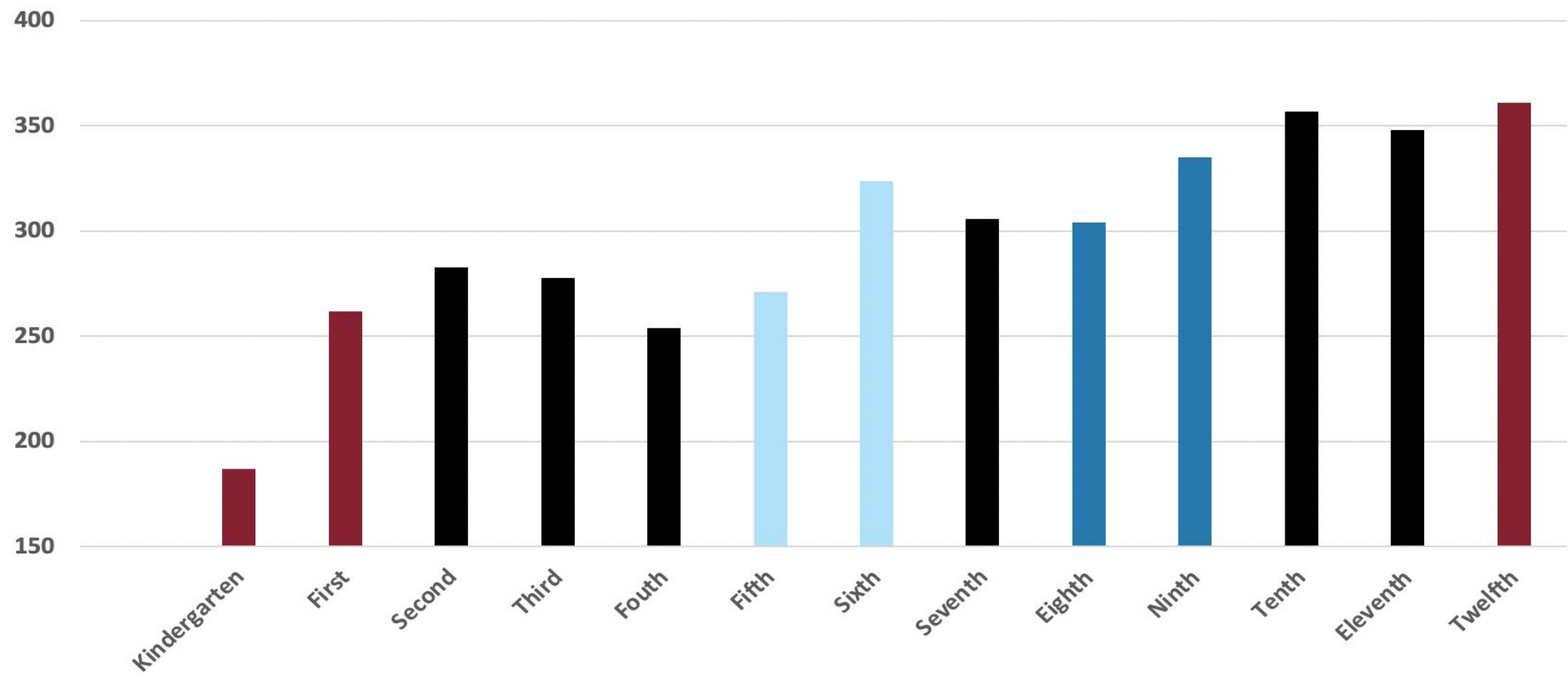
Enrollment Trends by FTE: Year-End Average





Current Enrollment By Grade

2023-2024





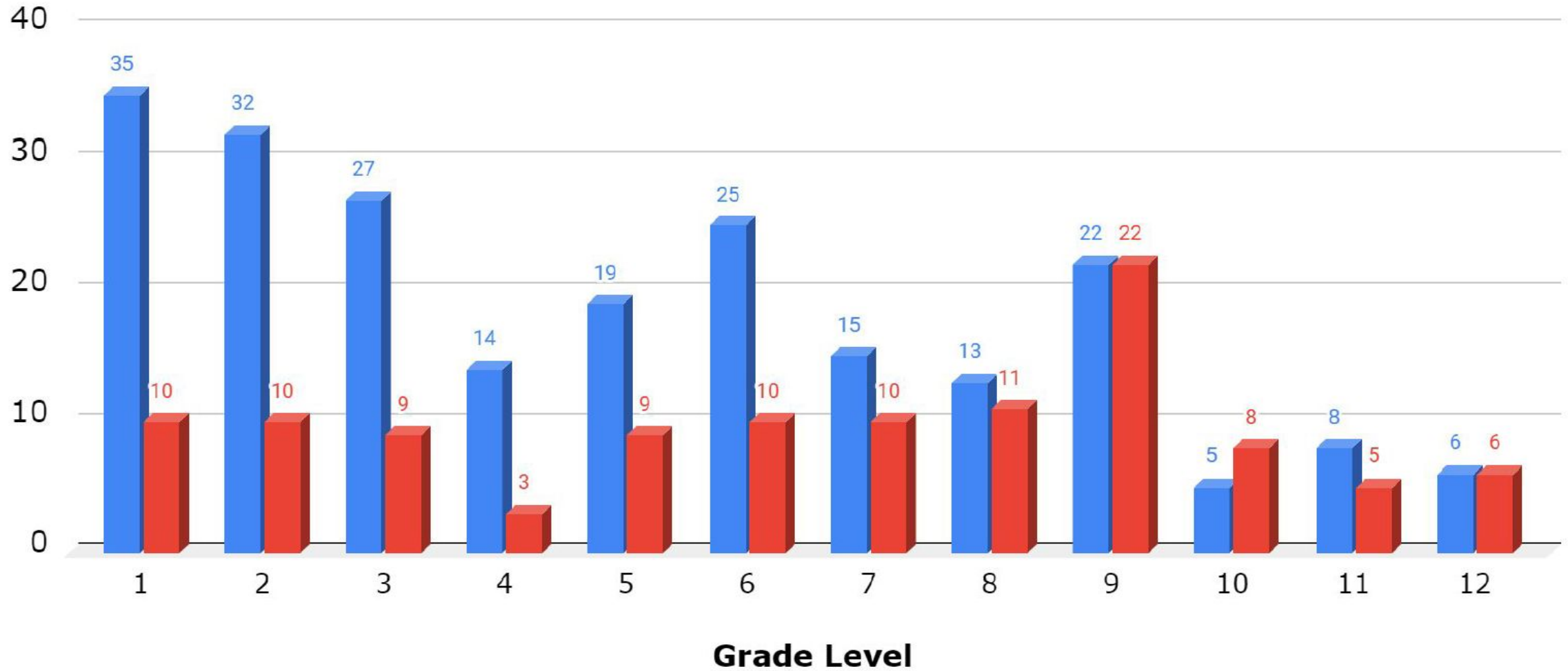
Withdrawal Trends

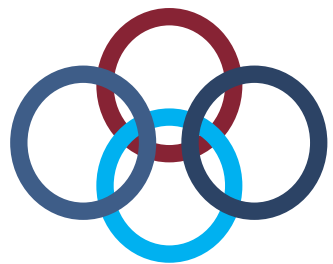
- February 2019 to September 2019 4.5%
- February 2020 to September 2020 7%
- February 2021 to September 2021 7.7%
- February 2022 to September 2022 5.3%
- February 2023 to September 2023 3.2%

MISD New Enrollment vs Withdrawals

February to September 2023

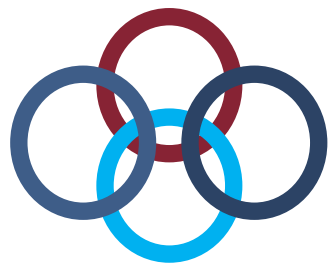
■ Total New Enrollment ■ Total Withdrawals





Open Enrollment

- MISD last open for choice transfers in 2008-2009
- Superintendent notifies the Board on or before April 15
- Factors that influence the decision:
 - Enrollment
 - Space
 - Availability of Resources
 - Community (school board) Input
- 2023-2024- Added City Staff

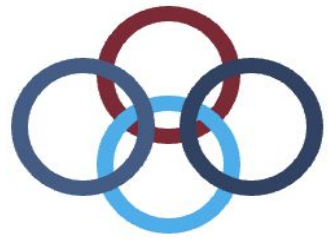


Open Enrollment

- 2024-2025- Proposed for Consideration
 - 8th-12th grade
 - Maintain programs, services, opportunities for students
 - Contains growth to five grade levels
- Variables
 - WIAA pending changes
 - All surrounding districts have opened to enrollment
 - MISD is a desired district

Public School Funding and MISD's Current Position





Public Schools Accounting



General Fund



Transportation Fund



Debt Service Fund



Capital Projects and Technology



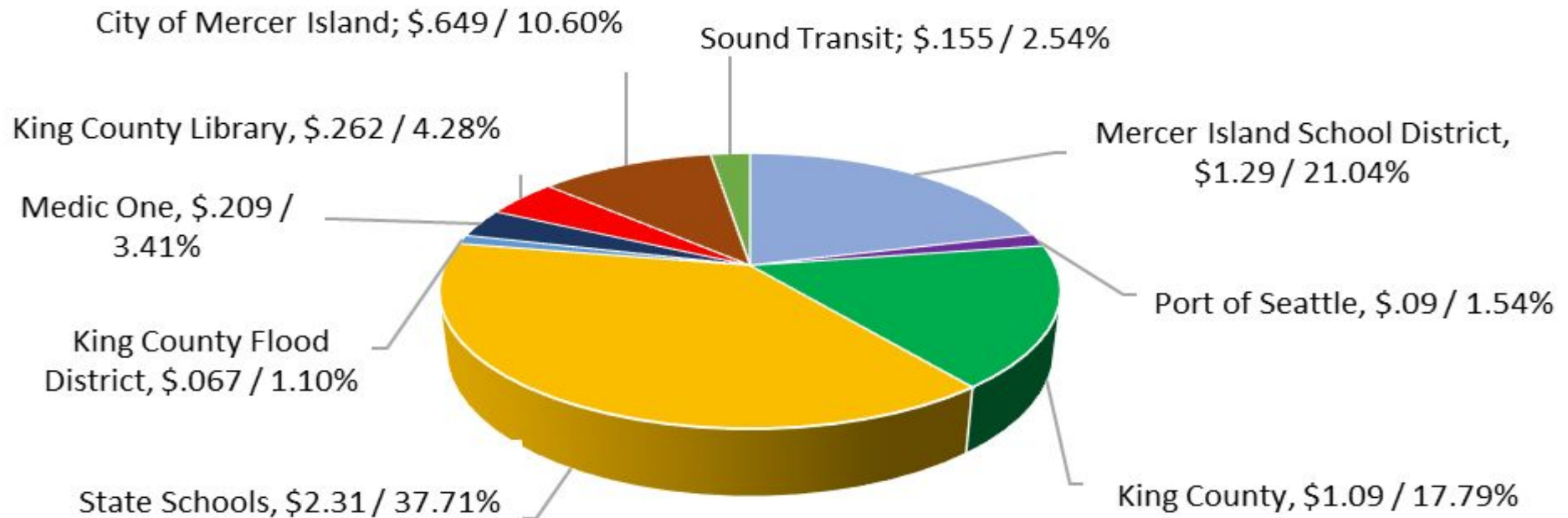
ASB Fund - Associated Student Body

Restricted Funding

Mercer Island Property Tax Rates 2023



2023 Property Taxes - Total Rate = \$6.12

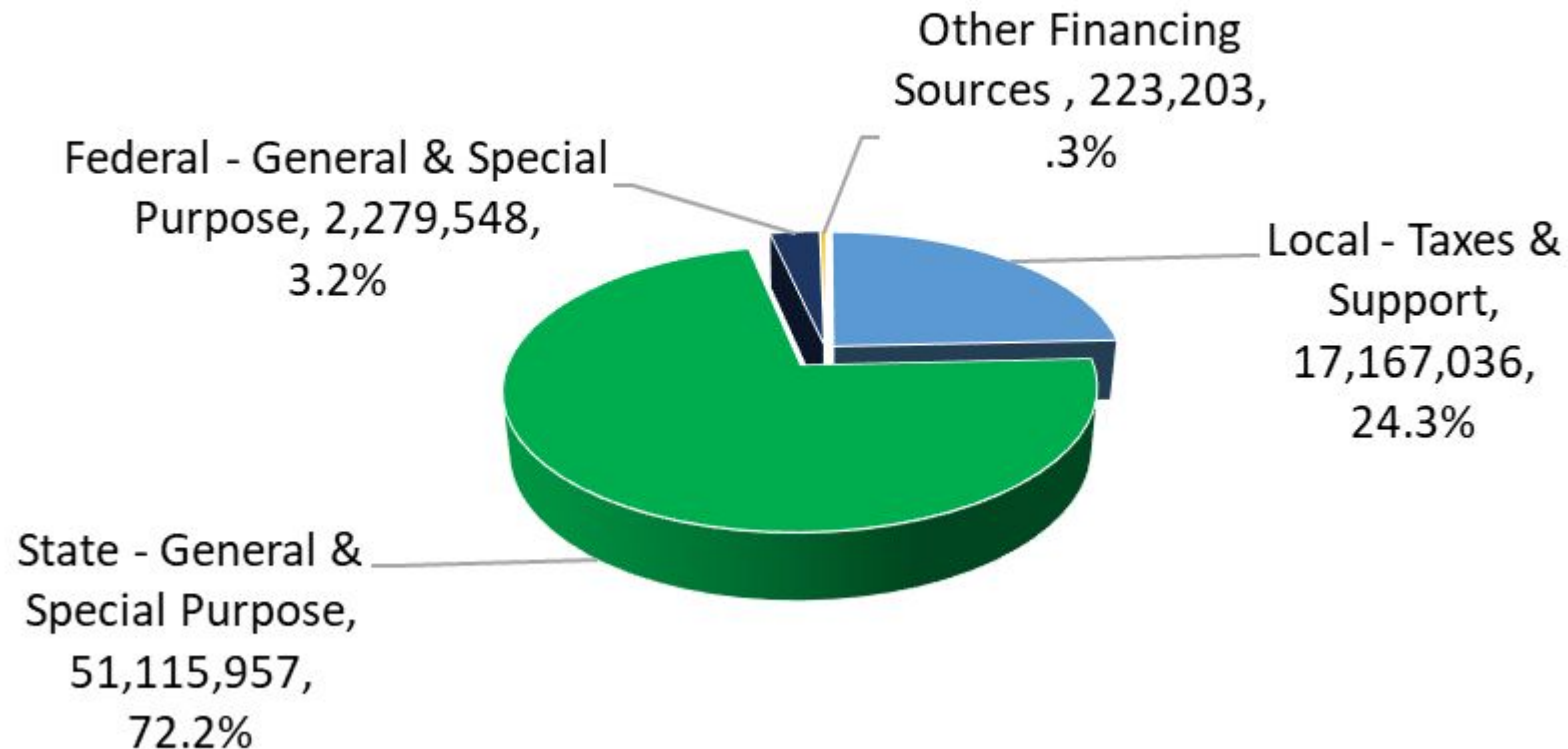


(Pre-McCleary Decision (2017), State Schools = 24% or \$2.03 // Post McCleary (2023) = 37% or \$2.31)

General Fund Revenue - 2022-2023



2022-2023 Total Actual Revenue by Source

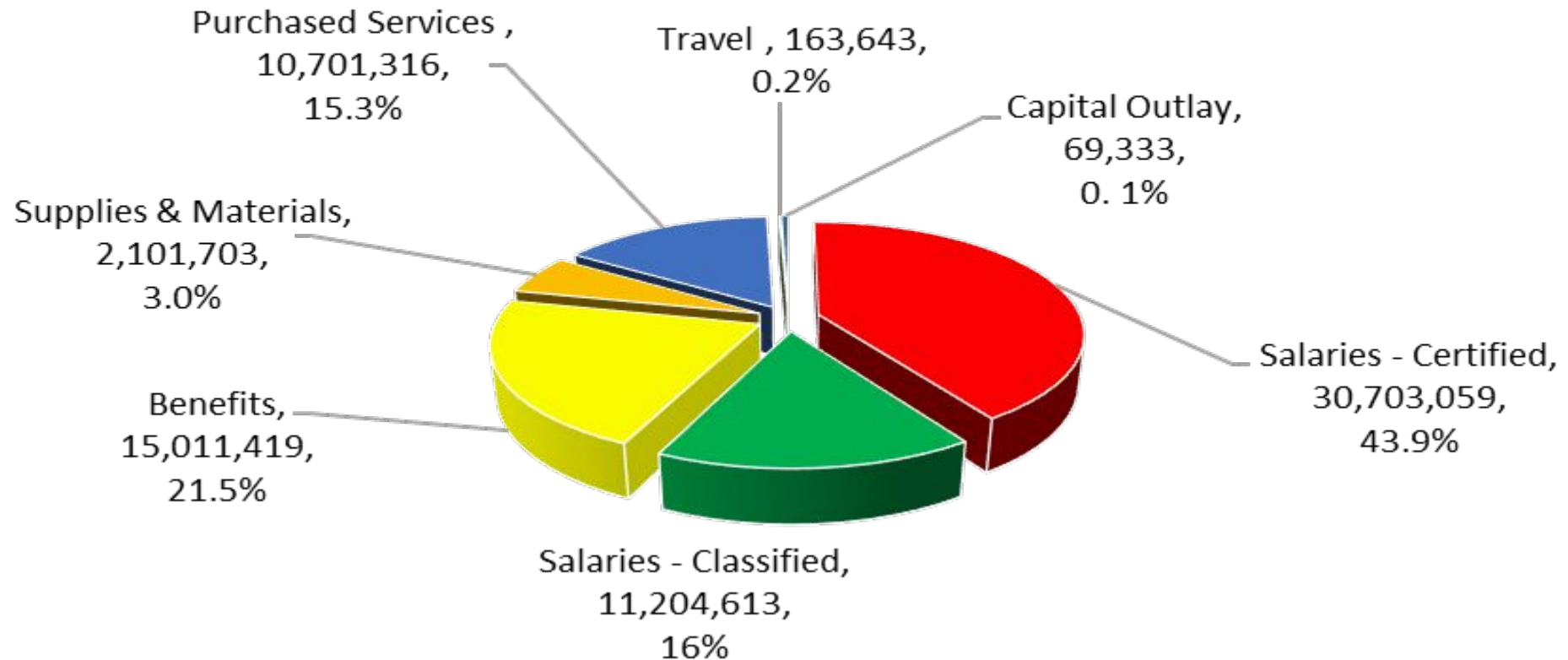


Critical Local Support

General Fund Expenditures 2022-23



2022-2023 Actual Expenditures by General Fund



87% of MISD's Budget is Spent on People (General+Cap/Tech)

Enrichment Programs and Operations Levy



- **Levy Authority - “The Lesser of: \$2.5k Per Student FTE vs. AV”**
 - MISD - \$3,150 (started at \$2,500 per student)
 - Seattle - \$3,780 (started at \$3,000)
- **Levy Collection**
 - Based on Per Pupil - MISD is a “Property Rich” district
 - Most Districts’ Assessed Property Value is from the \$2.50 per \$1,000
- **Historical Perspective**
 - 2017-18 - MISD collected \$15,831,900
 - 2022-23 - MISD collected \$11,681,604 // (Loss of \$4,150,296)

Thank you MISD Voters!



Fiscal Constraints and Challenges

- Federal and state COVID dollars did not match student need
- Lowered fund balance to compensate for underfunding recovery
- Missed enrollment projections (2021-22)
- EP&O levy collection authority reduced by state law
- Staffing does not equal enrollment
- Inflation
- Rising staff costs
- \$2 million loan from the Capital Projects Fund (2021-22) was repaid in April of 2022-23

Factors that created the fiscal challenges

State vs. Local Funding

The True Costs to MISD to Deliver What Our Students Deserve



State Contribution Salary vs. Actual Cost 2023-24



Staff Type	State Contribution	Regional Enhancement
Certificated	\$75,419	18%
Classified	\$54,103	18%
Administrator	\$111,950	18%

What does this mean for MISD?

$\$75,419 * 1.18 = \$88,994 + \$29,171 \text{ (Benefits)} + 1,483 \text{ (PD)} = \$119,648$

$\text{State } \$119,648 - \text{MISD } \$147,200 = \$-27,552 \text{ per teacher}$

2022-23 Actual Sub Pay: State = \$108,225 vs. Actual Expenditure \$1,454,310 (-\$1,346,055)

Average MISD Teacher Encumbered Cost - \$147,200

Cost for Benefits - 2023-24



- **Health Benefits**

- State Revenue - \$4.5 million
- Actual Cost - \$6 million
- District Expenditure - \$1.5 million

- **Since 2016-2017**

- \$1,200,000 million increase

The real costs of what MISD staff deserve

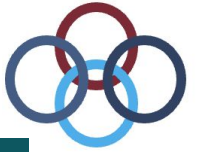
Prototypical School Model



School Level Staffing	Elementary (K-5)	Middle School (6-8)	High School (9-12)
Base Enrollment	333	469	600
Principal	1.253	1.353	1.880
Librarians	0.663	0.519	0.523
Counselors	0.493	1.216	2.539
Nurses	0.06	.336	.612
Psychologists	0.017	0.002	0.007
Social Worker	0.042	0.006	0.015
Para	0.936	0.700	0.652
Custodians	1.657	1.942	2.965

Full-Time Equivalent Per Base Student Enrollment

State Apportionment Gap



School Level Staffing	Elementary (K–6)	Middle (7–8)	High (9–12)	Staff Type
Base Enrollment	400	432	600	Students
Principals	1.253	1.353	1.880	CAS
Teacher Librarians	0.663	0.519	0.523	CIS
Guidance Counselors	0.493	1.216	2.539	CIS
School Nurses	0.076	0.060	0.096	CIS
Social Workers	0.042	0.006	0.015	CIS
Psychologists	0.017	0.002	0.007	CIS
Teaching Assistance	0.936	0.700	0.652	CLS
Office Support	2.012	2.325	3.269	CLS
Custodians	1.657	1.942	2.965	CLS
Student and Staff Safety	0.079	0.092	0.141	CLS
Family Involvement Coordinators	0.0825	0.000	0.000	CLS

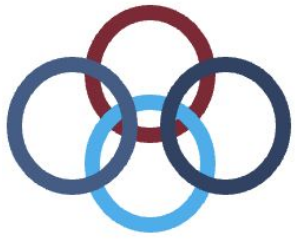
What the State Funds? (Org. and Finance of Schools)

State Apportionment Gap



School Level Staffing	Elementary (K–6)	Middle (7–8)	High (9–12)	Staff Type
Principals	319	319	319	CAS
Teacher Librarians	603	832	1,147	CIS
Guidance Counselors	811	355	236	CIS
School Nurses	5,263	7,200	6,250	CIS
Social Workers	9,524	72,000	40,000	CIS
Psychologists	23,529	216,000	85,714	CIS
Teaching Assistance	427	617	920	CLS
Office Support	199	186	184	CLS
Custodians	241	222	202	CLS
Student and Staff Safety	5,063	4,696	4,255	CLS
Family Involvement Coordinators	4,848	0	0	CLS

of Students to Generate 1.0 Position



Fund Balance

The “Fund Balance” is cash-in-the-bank or district savings. The goal of the District is to maintain a minimum of 8% General Fund fund balance per District policy, with a target of 10%.

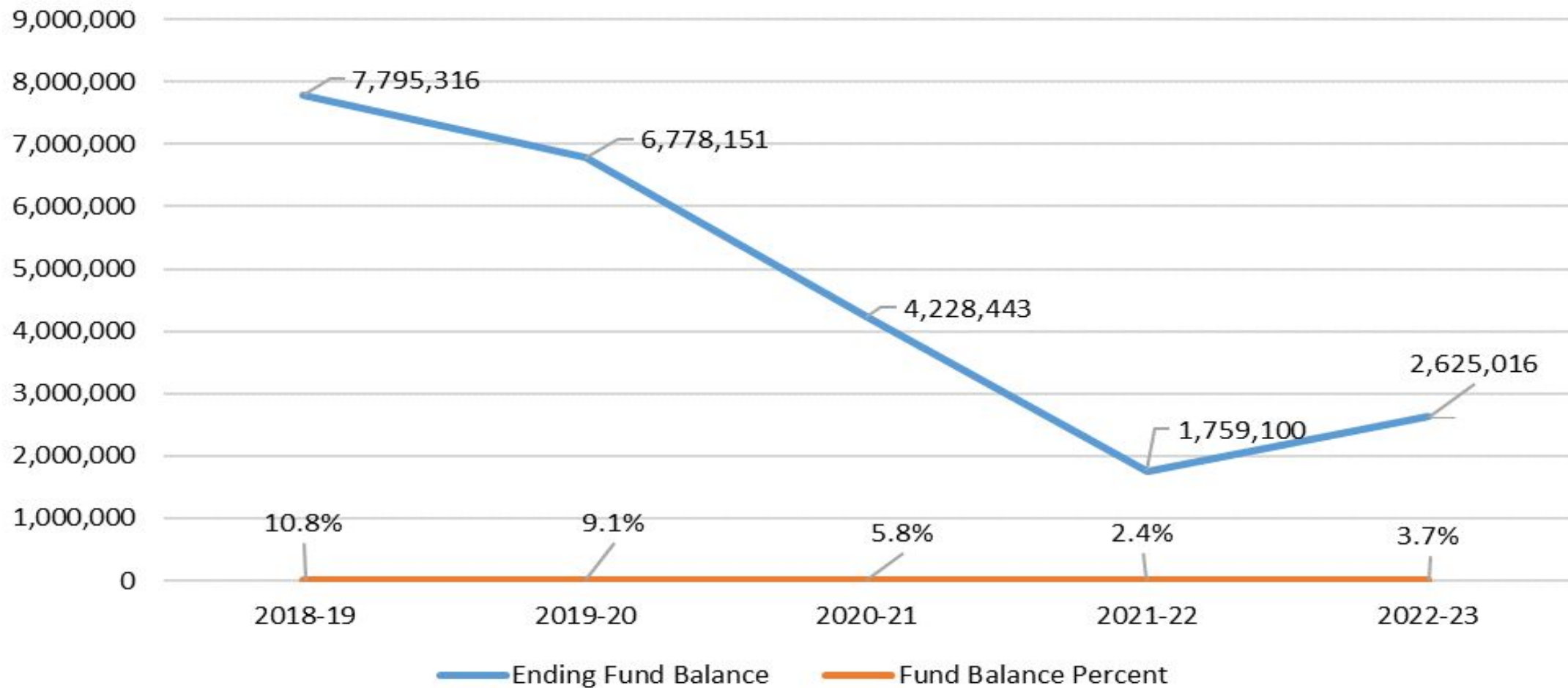
Per OE-7, “Maintain annual budget reserves of at least 8%, with a target of 10%, for the prior fiscal year ended as of August 31st, that are adequate to be consistent with best financial practices for public school districts...”

The Savings Account

Historical Fund Balance



Historical Fund Balance Percent



Human Resources



State Allocation vs. Real Costs - 2023-24



- **Critical Gap**

- \$42 Million = 2023-24 State Salary & Benefits Apportionment to MISD
- \$60 Million = 2023-24 MISD Salary & Benefits Expenditures

- **Number of Positions Funded By State vs. Local Levy - 2023-24**

- State Funded = 299 full-time employees (FTE)
- Local Levy = 133 full-time employees (FTE)
- Actual = 432 full-time employees (FTE)

- **State Salary Inflation - 2023-24**

- 3.7% IPD
- State only pays for 299 state-funded positions, but all 432 get an increase.
- 3.7% = 2.55% when spread across all positions

The real costs of what MISD believes our students deserve

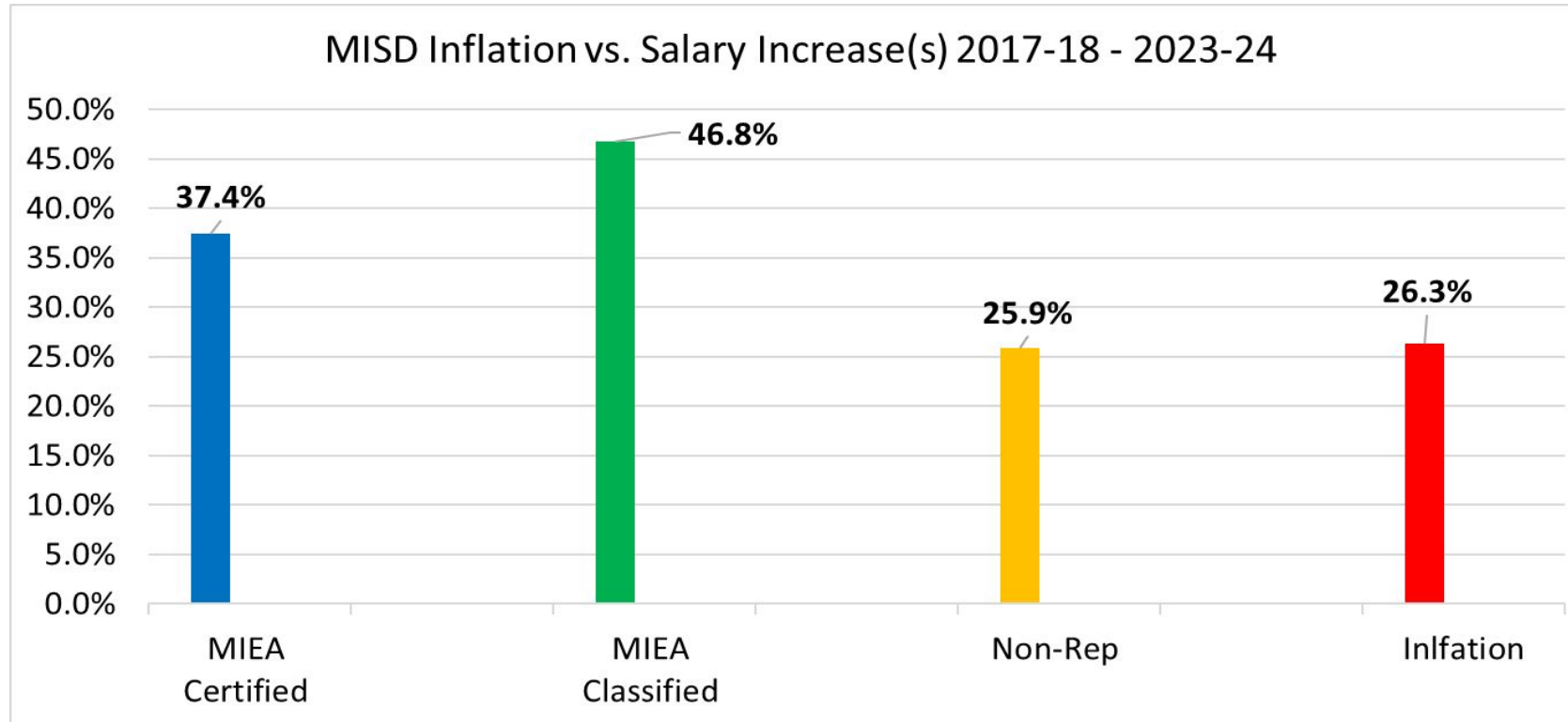
Actual Staff Mix vs State Allocation



	MISD Staff Mix	State Allocation
Administrators (Superintendent, Directors, Principals, Asst. Directors)	24 FTE	16 FTE
Certificated (Teachers, Nurses, Counselors, Librarians, Psychologist, etc.)	267 FTE	222 FTE
Classified (Paraeducator, Office support, Custodian, Registrar, Tech, etc.) **Some position funded with other source FTE not calculated by State	141 FTE	67 FTE

Significant Disparity

Attracting and Retaining Staff

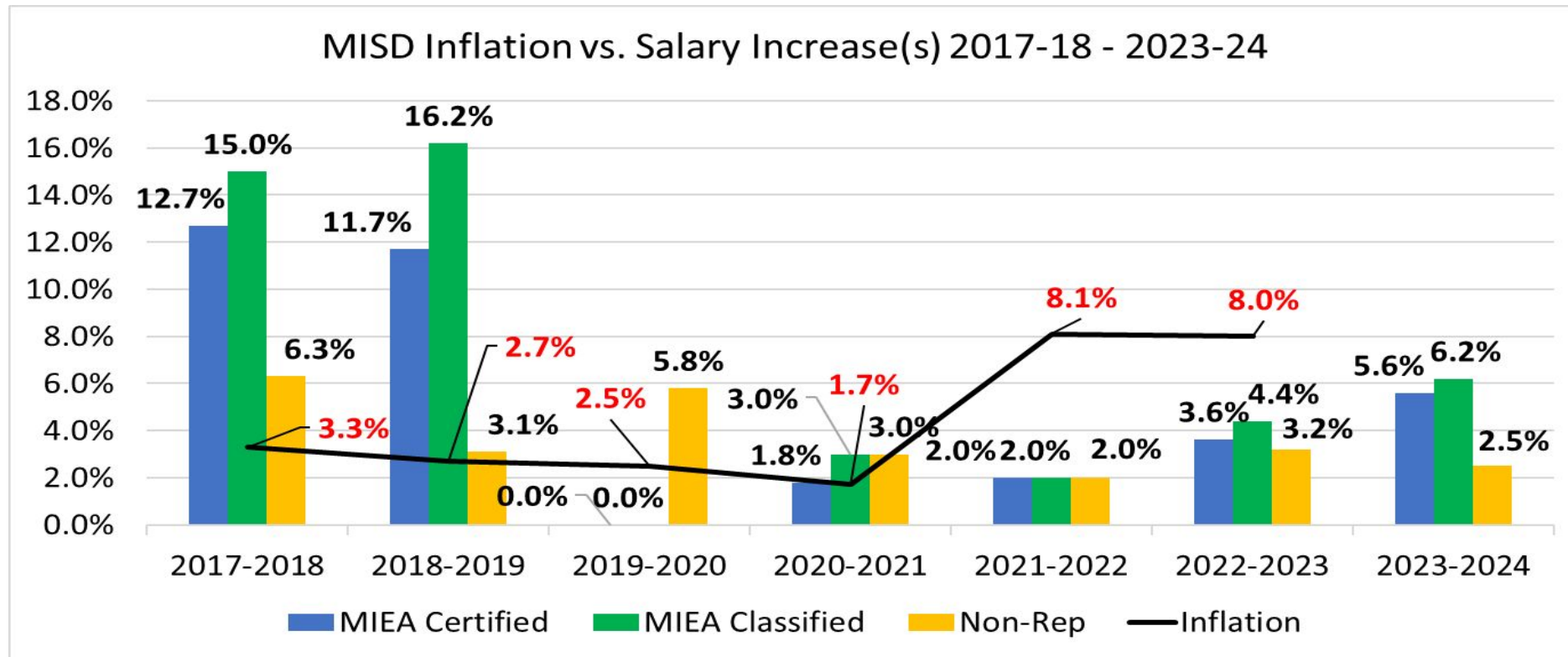


Total Salary Increase 2017-18 to 2022-24– MIEA Certified = 37.4% / MIEA Classified = 46.8% / Non-Rep = 25.9%

Total Inflation = 26.3%

Rising Staff Costs

Attracting and Retaining Staff



Total Salary Increase 2017-18 to 2022-24– MIEA Certified = 37.4% / MIEA Classified = 46.8% / Non-Rep = 25.9%

Total Inflation = 26.3%

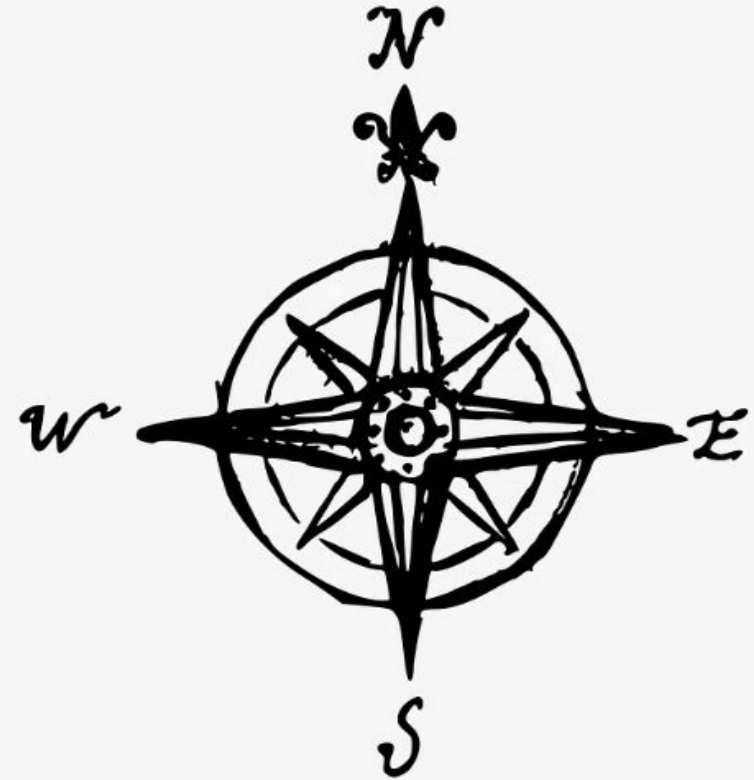
Stages of Bargaining

- ❑ Preparing for Bargaining
- ❑ Negotiations
- ❑ Ratification
- ❑ Contract Finalization
- ❑ Monitoring

Guiding Principles

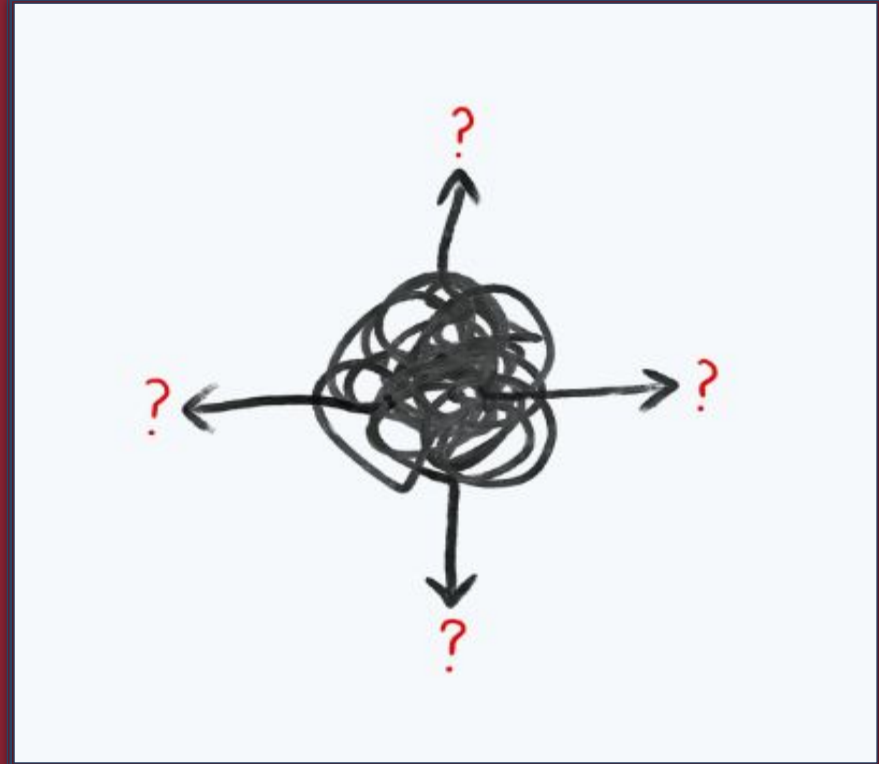
Students are the Priority
(Value, Vision, & Mission)

Reward employees with
competitive wages that fit
within available resources
(OE-4)



Impacts on Staffing

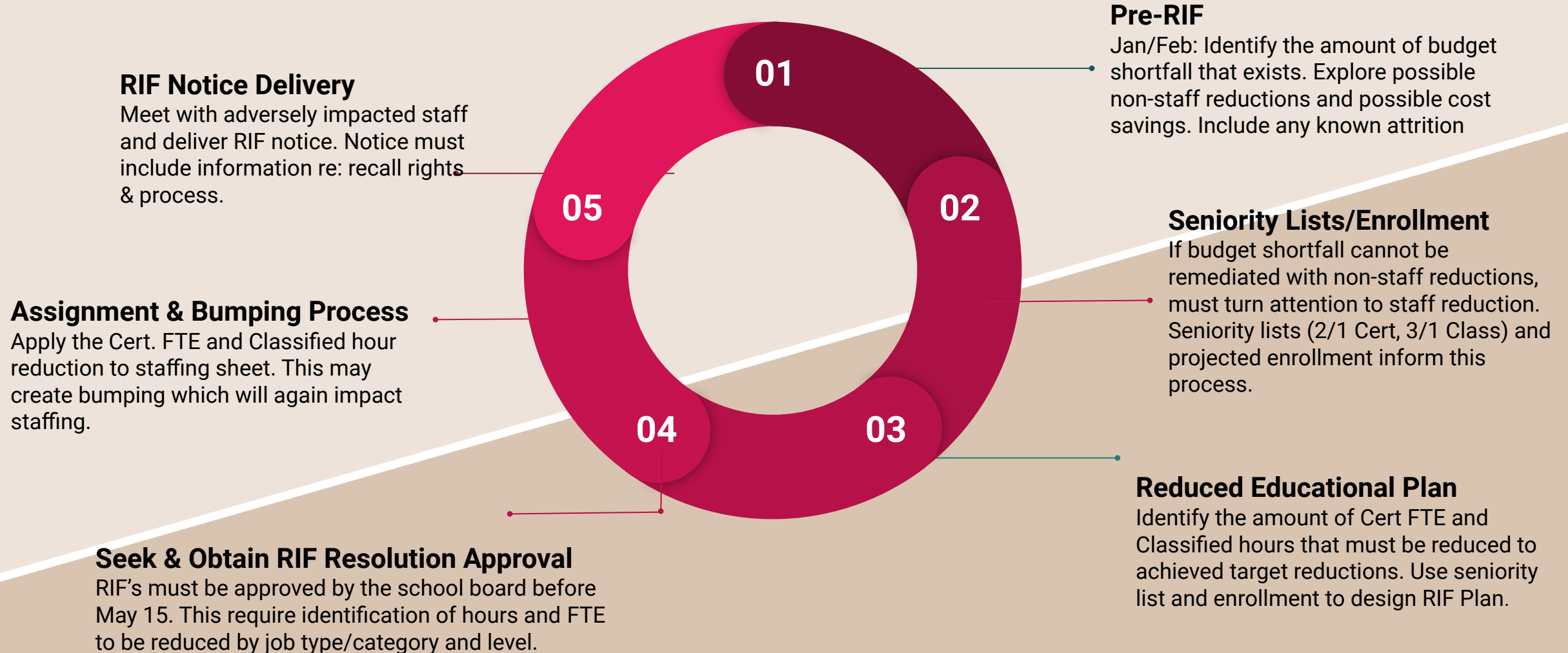
- Enrollment
- Implicit Price Deflator (IPD)
- Legislative Changes
- Unsettled Employment Agreements
- Statutory Requirements
- Increasing/Unforeseen
 - Materials Costs
 - Liabilities



Collective Bargaining and Staffing

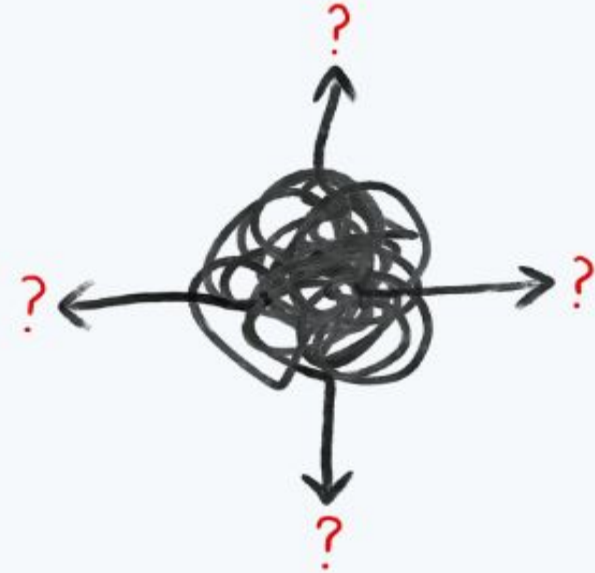


RIF Process Overview



Impacts on Staffing

- Unknown and variable inflation
- Enrollment
- IPD
- Unsettled Employment Agreements
- Increased
 - Materials Costs
 - Liabilities
- Unforeseen Costs



Pre-Reduction Considerations

- Non-employee costs
- Limited/non-continuing contracts & letters as well as resignations
- Provisional contracts
- Reduced Education Programs
 - Program Choices
 - Staffing

Reductions

We Must Follow Process

- Seniority lists inform reductions
- Assignment/Bumping
- Board Approval (April)
- Delivery Notices
- Recall Process

Critical Dates Re: Possible RIF

Feb. 1

•The District must publish & distribute to all **certificated** MIEA members a seniority list. (CBA)

Feb. 20

•The District must publish and distribute to all **classified** MIEA members a list ranking each employee by District experience (from greatest to least) in their appropriate categories of seniority. (CBA)

March 1

•Any **certificated** MIEA employee objecting to their identified seniority ranking must file a written objection. (CBA)

March 20

•Any **classified** MIEA employee objecting to their experience ranking must report their dispute to the District and Association. (CBA)

April 15

•District must publish final **certificated** seniority list reflecting any amendments. (CBA)

May 15

•The District must determine and recommend to the Board the number of employees in the categories that will be required to implement reduction in programs/services. (CBA)

May 15

•District must notice **certificated** employees of probable cause for nonrenewal (continuing), nonrenewal (provisional), or transfer of administrator to subordinate position (admin certs). See RCW 28A.405.210, 220, & 230. Importantly, the notice must be received by the impacted staff members by this date.

June 10

• The District shall issue notification of "Reasonable Assurance" for those **classified** MIEA employees who are expected to be offered Letters of Assignment for the coming school year. (CBA)

June 15

•The May 15 **certificated** deadline is extended to June IF the legislature has not passed the state omnibus appropriations act by the end of the regular legislative session. See RCW 28A.405-210, 220, & 230.
•Notification of "layoff and/or adverse effect" must be given to **classified** employees who are going to be terminated or adversely affected at the end of their Letter of Assignment. (CBA)

April 18

Possible Board
meeting date for
Board RIF
Resolution

Clarification on RIF'ing & Bumping

Reductions In Force:

- Before RIF'ing, all non-continuing staffing assignments will be eliminated if in a position/area identified for reduction. Leaves, resignations, and performance based separations offset RIF needs.
- Only those on continuing contracts or, if classified, Letters of Assignment that are not limited are subject to a RIF.
- If a RIF occurs, employees are displaced by inverse seniority. That is, the least senior in a category or position with a continuing contract/letter of assignment is displaced first. Probationary staff are RIF'ed first.

Bumping:

- Bumping occurs when a more senior-level employee whose position is eliminated/ selected for layoff, is able to accept an alternative position that is currently occupied by a less-senior employee, resulting in the employee with less seniority being RIF'd or laid off.
- Bumping can occur between job categories (classified) or endorsement (certificated).
- Seniority is District-wide: Bumping rights can result in a more senior employee displacing a less senior employee in another school building and/or program. Serial bumping can occur.

Solutions, Successes, and Commitments



Takeaways



Successes

- Increasing the Fund Balance
- Repaid \$2.25MM Loan in 2023
- Multi-Million Turnaround in 2022-23
 - \$1.75MM Beginning Fund Balance
 - \$2.27MM Loan
 - \$2.6MM Ending Fund Balance
 - Avoid Binding Condition with OSPI
 - Living Within our Means and Avoiding Reopening Contracts
 - Maintaining Programs and Services

Shortcomings

- Cash Flow Deficit
 - Monthly Personnel Costs- \$5MM
 - Fund Balance Less Than \$3MM
- Downgraded Moody's Rating Aaa to Aa1
- Financial Exposure
- Staffing Flexibility

Steady Progress

District Fiscal Commitments

- Funding and Accounting Audits
- Strategic Budgeting and Spending
- Hiring and Position Reviews
- Adhering to Timelines and Real-Time Accounting
- Build Understanding of Budgets and Funding
- System Coherence



District Core Commitments

- Students
- Staff
- Families
- Excellence
- Leadership



Timelines to 2024-2025

- Board Updates and Monitoring
- MIEA/MISD Budget Meeting and Ongoing Discussions
 - January and March 2024
- School Visits
- Community Webinar
 - February 6th
- PTA Updates
- Business Services Website Data
- Building & Staff Updates
 - Winter 2024
- Legislative Session
 - Ends in March
- MISF Breakfast
- Collective Bargaining Process- Spring



MERCER ISLAND

SCHOOL DISTRICT

STUDENTS ARE THE PRIORITY