



2024-2025 Budget Presentation #1

April 23, 2024



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PURPOSE

- Discuss educational funding budget context
- Present preliminary 2024-2025 Pasco School District revenues and expenses
- Review the process, strategies, and timeline for building the 2024-2025 budget
- Provide a high-level overview of the district's strategic planning for managing increasing expenses and decreasing revenue

NATIONAL CONTEXT

EDUCATION

School districts throughout Oregon, Southwest Washington face significant budget cuts this spring



EDUCATION

Missoula schools move forward with massive budget cuts

The budget shortfall could affect as many as 100 positions in the district.

NATIONAL CONTEXT

EDUCATION

School districts throughout Oregon, Southwest Washington face significant budget cuts

EDUCATION



Des Moines Public Schools says it must slash \$14 million from coming budget. What gets cut?



Samantha Hernandez

Des Moines Register

Published 6:33 a.m. CT Feb. 8, 2024 | Updated 12:50 p.m. CT Feb. 8, 2024

budget cuts

The budget shortfall could affect as many as 100 positions in the district.

NATIONAL CONTEXT

EDUCATION

School districts throughout Oregon,

Southwest Washington, and

but **Massive budget cuts and layoffs**



**announced for K-12 will
devastate school districts across
the US**

Renae Cassimeda

© 25 March 2024

The budget shortfall could affect as many as 100 positions in the district.

WASHINGTON STATE CONTEXT

PUYALLUP: NEWS

Puyallup School District to cut budget due to \$14 million deficit. Here's what to expect

BY ANGELICA
MARCH 03, 2024

EDUCATION

Vancouver schools slash \$35M from 2024-25 budget

by: [Jami Seymore](#)

Posted: Mar 12, 2024 / 06:02 PM PDT

Updated: Mar 13, 2024 / 03:54 PM PDT

Yakima School District approves \$14M cut amid budget crisis

by Hunter Phipps | Mon, March 25th 2024 at 10:38 PM

Updated Tue, March 26th 2024 at 11:49 AM

WASHINGTON STATE CONTEXT

PUYALLUP: NEWS

Puyallup School District to cut budget due

News / Clark County News

Evergreen Public Schools final plan for cuts includes 22 elementary teacher librarians

Superintendent to see salary cut, district to retain security staff; total of 124 positions and \$18.7 million to be cut

By Griffin Reilly, Columbian staff writer

Published: March 22, 2024, 3:19pm

Share:



Yakima School District approves \$14M cut amid budget crisis

by Hunter Phipps | Mon, March 25th 2024 at 10:38 PM

Updated Tue, March 26th 2024 at 11:49 AM

WASHINGTON STATE CONTEXT

News / Clark County News

Vancouver Public Schools' board of directors unanimously approved \$35 million in budget reductions at Tuesday night's meeting — despite a strong turnout from community members asking the district to find other solutions. The reductions will see 262 staff positions cut from the district next school year. Mar 13, 2024

By Griffin
Publisher



The Columbian

<https://www.columbian.com/news/mar/vancouver-...>



Vancouver Public Schools approves \$35M in cuts despite ...

Yakima School District approves \$14M cut amid budget crisis

by Hunter Phipps | Mon, March 25th 2024 at 10:38 PM

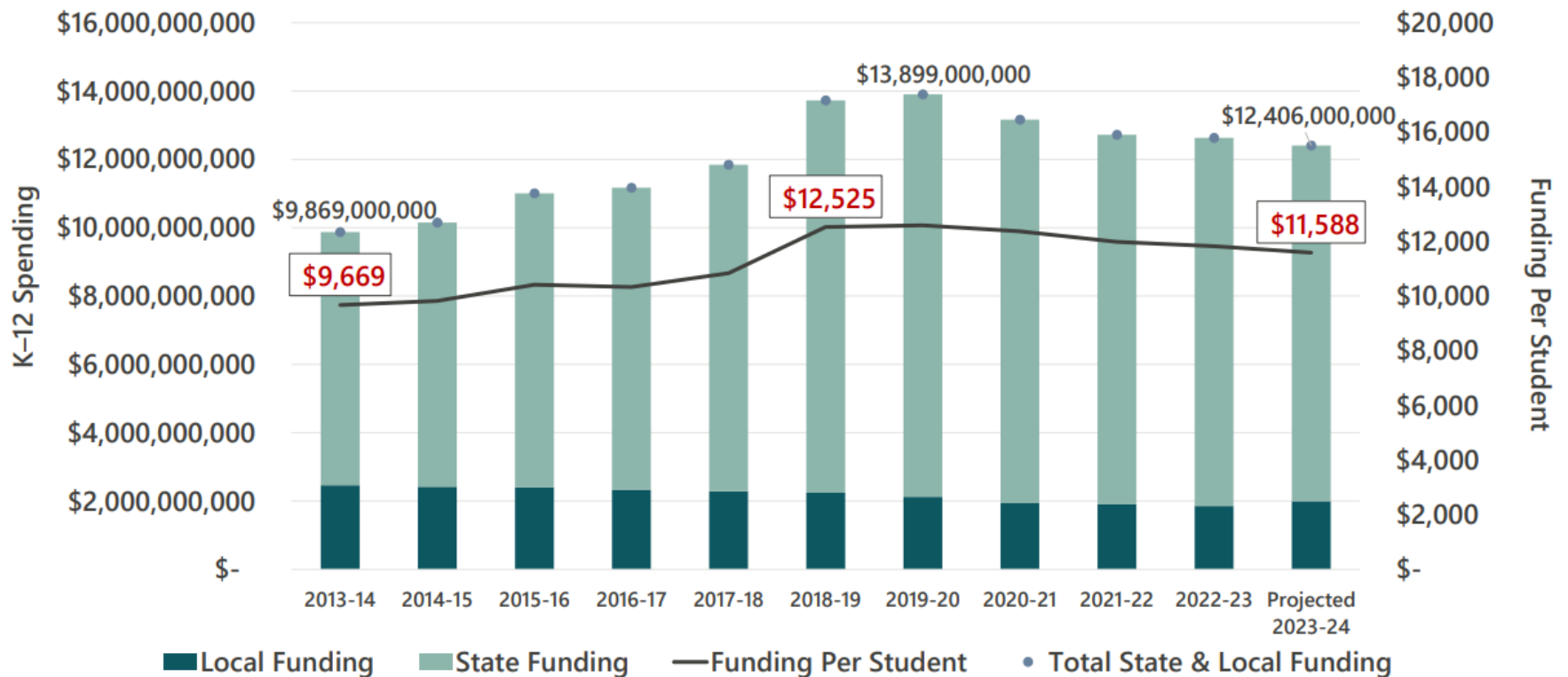
Updated Tue, March 26th 2024 at 11:49 AM

WASHINGTON STATE CONTEXT

- Lower inflation adjusted per pupil investment by the state
- Cost escalations: insurances, utilities, supplies, contract services, curriculum materials, equipment, etc.
- Reduction in enrollment: lower birth rates and slow recovery from pandemic impacted enrollments
- Levy rate caps
- Levy equalization dollars (LEA) reduce when assessed evaluation increases
- Inequitable impacts of state regionalization funding

Washington State Funding Context

Inflation Adjusted K-12 Spending & Funding Per Student



FACTORS IMPACTING PASCO SCHOOL DISTRICT'S BUDGET CONTEXT

- Lower post-pandemic enrollment
 - Fewer kindergartners
- Lower inflation-adjusted per-pupil investment by the state:
 - 2018-2019=\$12,525
 - 2023-2024=\$11,588
- Levy and LEA funding
 - Mindful planning around the tax burden on the community
 - Pending final OSPI notification of LEA
 - Lack of stability around LEA funding

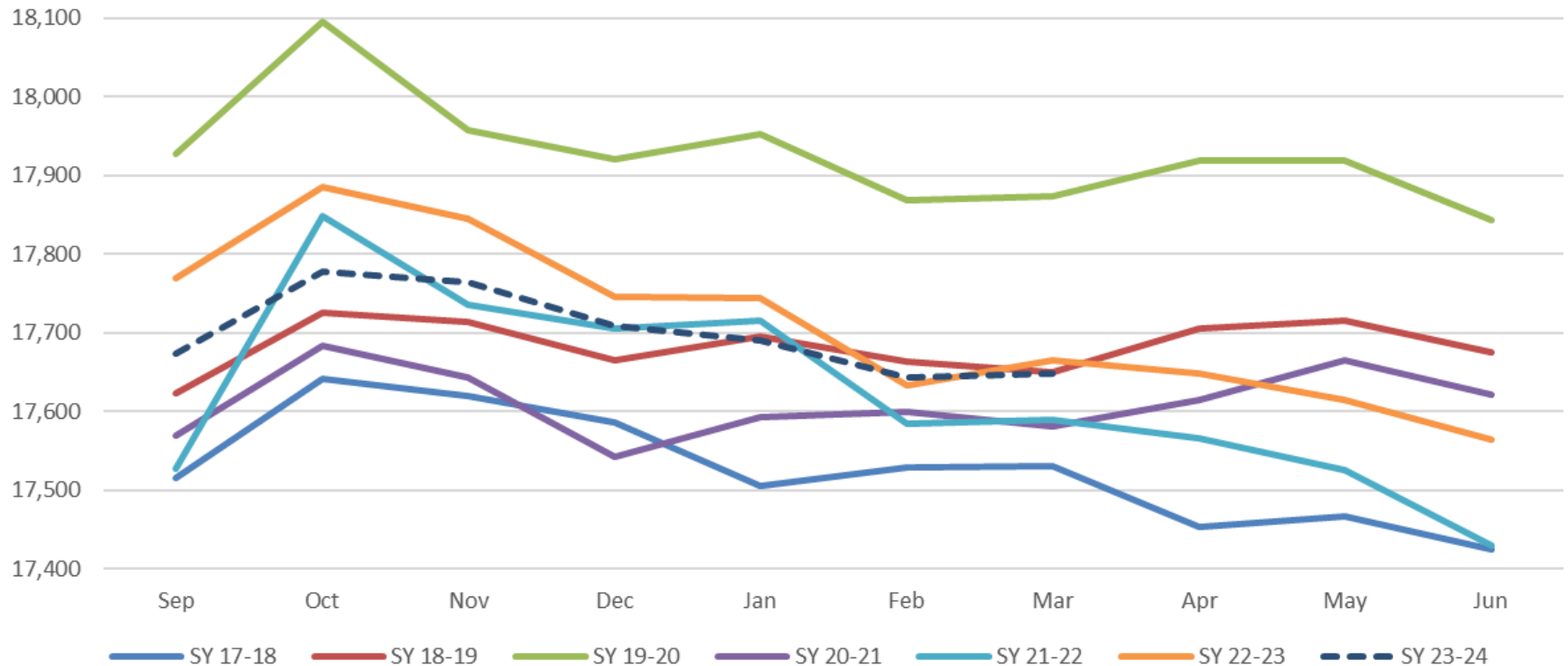
FACTORS IMPACTING PASCO SCHOOL DISTRICT'S BUDGET CONTEXT

- **Cost escalations: this list is not all inclusive, instead it is intended to be illustrative of factor impacting Pasco School District's budget.**
 - Liability Insurance – 73% (\$1.8M) increase from 2018-2019 to 2023-24
 - Medical Insurance – 31% (\$7.8M) increase from 2018-2019 to 2022-23
 - Utilities – 10% (\$350k) increase from last year to this year
 - Fuel – 59% (\$1.93 per gallon) increase from 2018-2019 to 2022-2023

FACTORS IMPACTING PASCO SCHOOL DISTRICT'S BUDGET CONTEXT

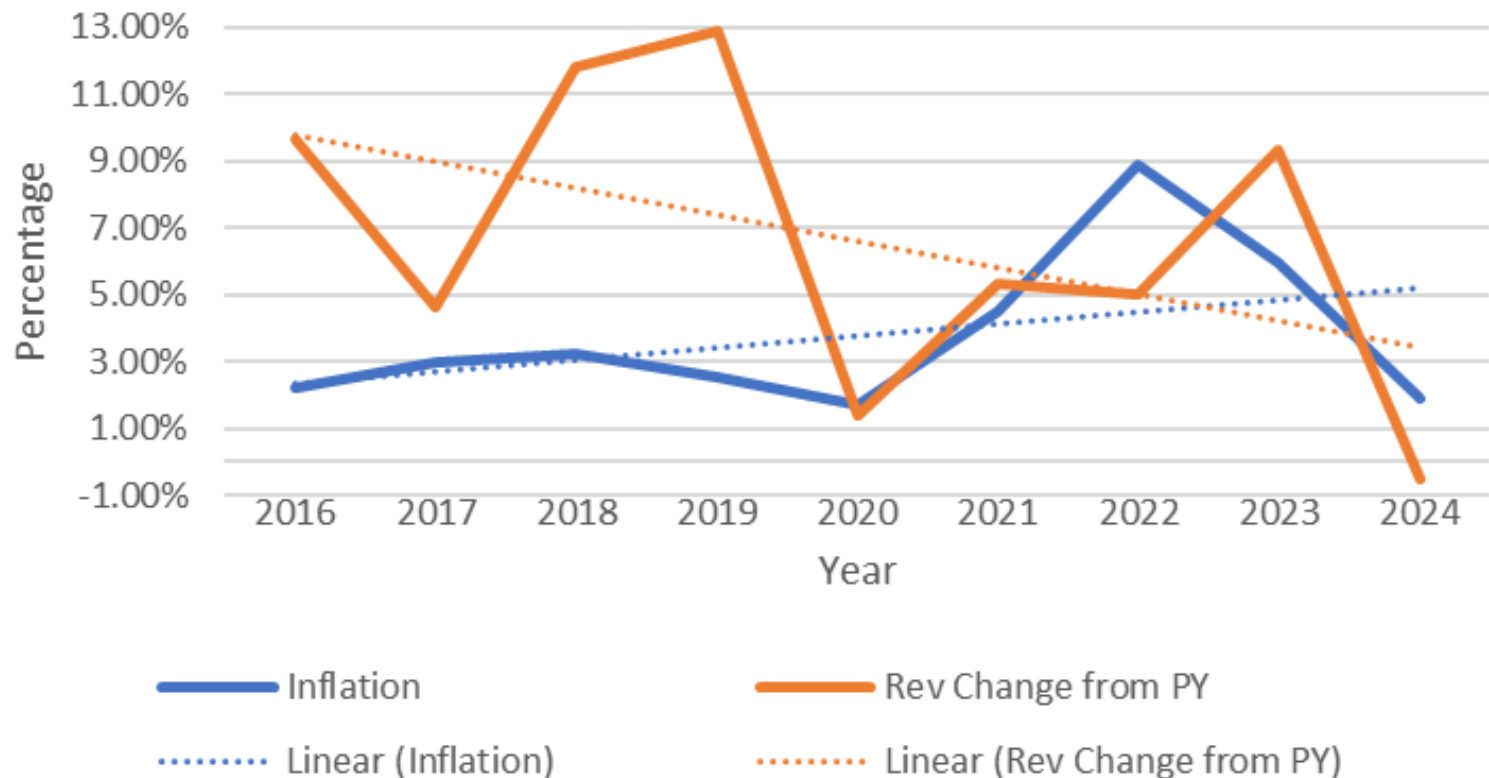
Student enrollment drives the majority of PSD revenue

STUDENT FTE ENROLLMENT



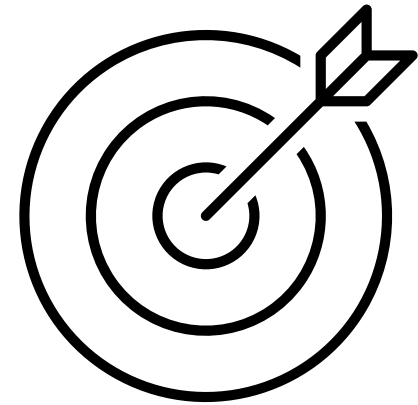
FACTORS IMPACTING PASCO SCHOOL DISTRICT'S BUDGET CONTEXT

% Change in Revenue YoY vs Inflation



Roles of a Budget

- **Legal Compliance**
 - Sets legal spending limits for each fund
 - Sets for expected resources used for those spending limits
- **Internal Control**
 - Framework for continuous monitoring for each program
- **Financial Plan**
 - Reflects district priorities
 - Consistent, principled guide to operations



Roles of the Board

(www.wssda.org)

- **Allocating Resources through the strategic plan**
- **Approving the budget and other financial needs**
- **Providing for school facilities**

Designated Funds-Focus on the General Fund

- **General Fund**

Normal and recurring operations, for all resources not required to be recorded in one of the other funds

- **Capital Projects Fund**

Long-lived, capital improvements

- **Debt Service Fund**

Redemption of outstanding bonds

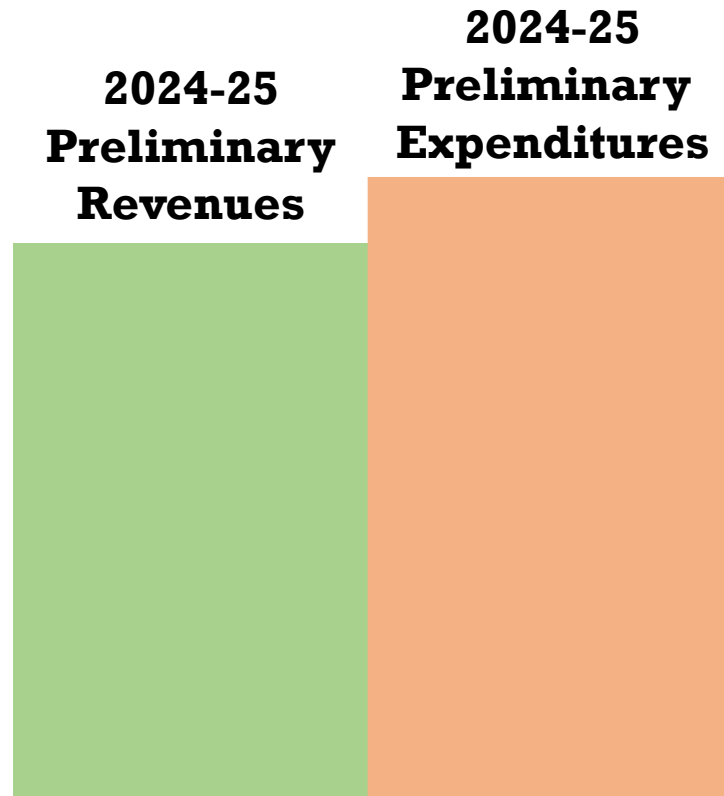
- **Associated Student Body Fund**

Students' interests: for cultural, athletic, recreational and social uses

- **Transportation Vehicle Fund**

Purchase and major repair of pupil transportation equipment

Preliminary General Fund Revenues and Expenses as of April 23, 2024



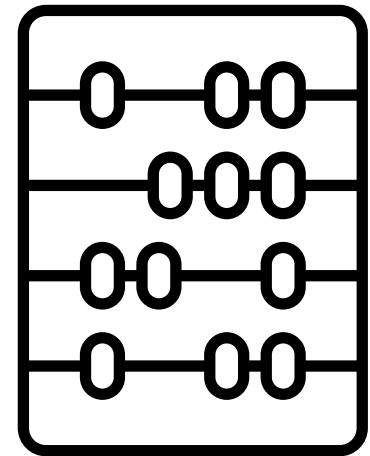
$\$328,280,000 - \$329,150,000 = (\$870,000)$

Legislative Impacts

- While we appreciate the legislatures acknowledgement of the need for additional revenue, it still falls short of the actual need
- Para Educator and Office Support staffing multipliers increased in the Prototypical School Funding Model increasing annual apportionment by about \$300,000
- Physical, Social & Emotional Support staffing multipliers increased as well and are estimated to increase annual apportionment by about \$870,000
- Some multipliers were reduced like payroll taxes, but with the 3.7% increase in salary allocations there is still a net gain of about \$235,000 in this area

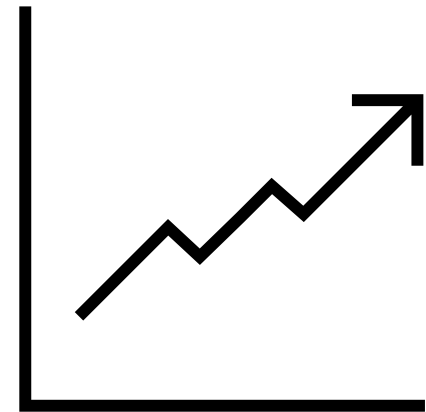
General Fund Assumptions

- Enrollment is flat, meaning we budget for what we have as the annual average now, no anticipated increases
- Interest rates are steady on investments, but will likely decrease in the upcoming school year
- SEBB medical benefits funding will increase in September from \$1,100 per state funded FTE to \$1,178
- PSD's payment to the state for SEBB medical benefits will be \$1,100 per each employee that qualifies (630+ hours/year)



General Fund Assumptions

- Fund balance management (retain board directed 5% reserves and special purpose assignments)
- Inflation for salaries is 3.7%
- IPD for materials, supplies, and other operating costs is 1.9%
- Ongoing revenues cover ongoing expenditures
- Mid-level salary placement for to-be-hired (TBH) positions
- Optimize K-3 class size ratio and funding by staffing at a class size of 17:1



Four-Year Forecast Assumptions

- Required by the state since in 2018-19
- Ongoing revenues cover ongoing expenditures = balanced budget
- No enrollment increases
- MSOCs increase with IPD and new school startup
- Staffing levels adjusted to bring on new schools
- State, Federal, and Special Programs funding levels are relatively flat with increases due to IPD and new legislation
- Use OSPI's Revenue Forecast Model
- Follow the Long-Term Facilities Management Plan when building the Capital Fund budget
- Anticipating increase in Levy that expires on December 31, 2026

Next Steps

- Sharpen the pencil around the revenues and expenditures to present a balanced budget
- Utilize the tools as they become updated from OSPI to sharpen that pencil
- Continued review and analysis of enrollment based on monthly counts to fine tune revenues
- Introduce the budgets for the other funds (ASB, Debt Service, Capital Projects, and Transportation Vehicle Fund (TVF))
- Present the Four-Year Forecast for all funds



Budget Calendar

Date	Status	Type of Interaction
April 23, 2024	<input checked="" type="checkbox"/>	Board Meeting: 2024-25 Budget Presentation #1
May 14, 2024		Board Meeting: 2024-25 Budget Presentation #2
May 28, 2024		Board Meeting: 2024-25 Budget Presentation #3
June 11, 2024		Board Meeting: 2024-25 Budget Presentation #4 Advertise Public Hearing and Board Adoption for 2 weeks
June 25, 2024		Board Meeting: Public Hearing & Final Adoption of the 2024-2025 Budget
July 23, 2024		Board Meeting: Alternative Public Hearing and Adoption if needed
August 13, 2024		Board Meeting: Alternative Public Hearing and Adoption if needed
August 27, 2024		Absolute last opportunity to adopt the budget

LONG-TERM PLANNING

In addition to preparing the SY 2024-25 budget, the district is anticipating and preparing for budget impacts over the next 3-5 years, including:

- Opening and operating Sageview High School
- Opening and operating Orion High School
- Enrollment trends
- Expected cost escalations
- Funding renewal cycles for curriculum and technology
- Facilities and infrastructure needs
- Levy planning
 - Election February 2025

LONG-TERM PLANNING

In light of the reduction of the state investment in education and other factors, the district will proactively engage in stakeholder education and collaboration in planning for the 2026 levy over the next 6-12 months.



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General Fund Expenditure History

Year	Actual Expense (in millions)	% Change from PY
2016-2017	\$205.6	
2017-2018	\$226.7	10.3%
2018-2019	\$250.9	10.7%
2019-2020	\$255.3	1.7%
2020-2021	\$269.5	5.6%
2021-2022	\$299.1	11.0%
2022-2023	\$319.9	5.6%
2023-2024 Budgeted	\$313.5	-0.79%
2024-2025 Preliminary	\$329.1	4.9%