



Northshore  
School District

# Spring Budget Updates

April and May 2024



# Agenda

1. Budget Development timeline
2. Fund Balance and Cash Flow projections
3. Legislative budget impact
4. (\$26m) Budget Package - recommendation
5. Updated 4-year outlook



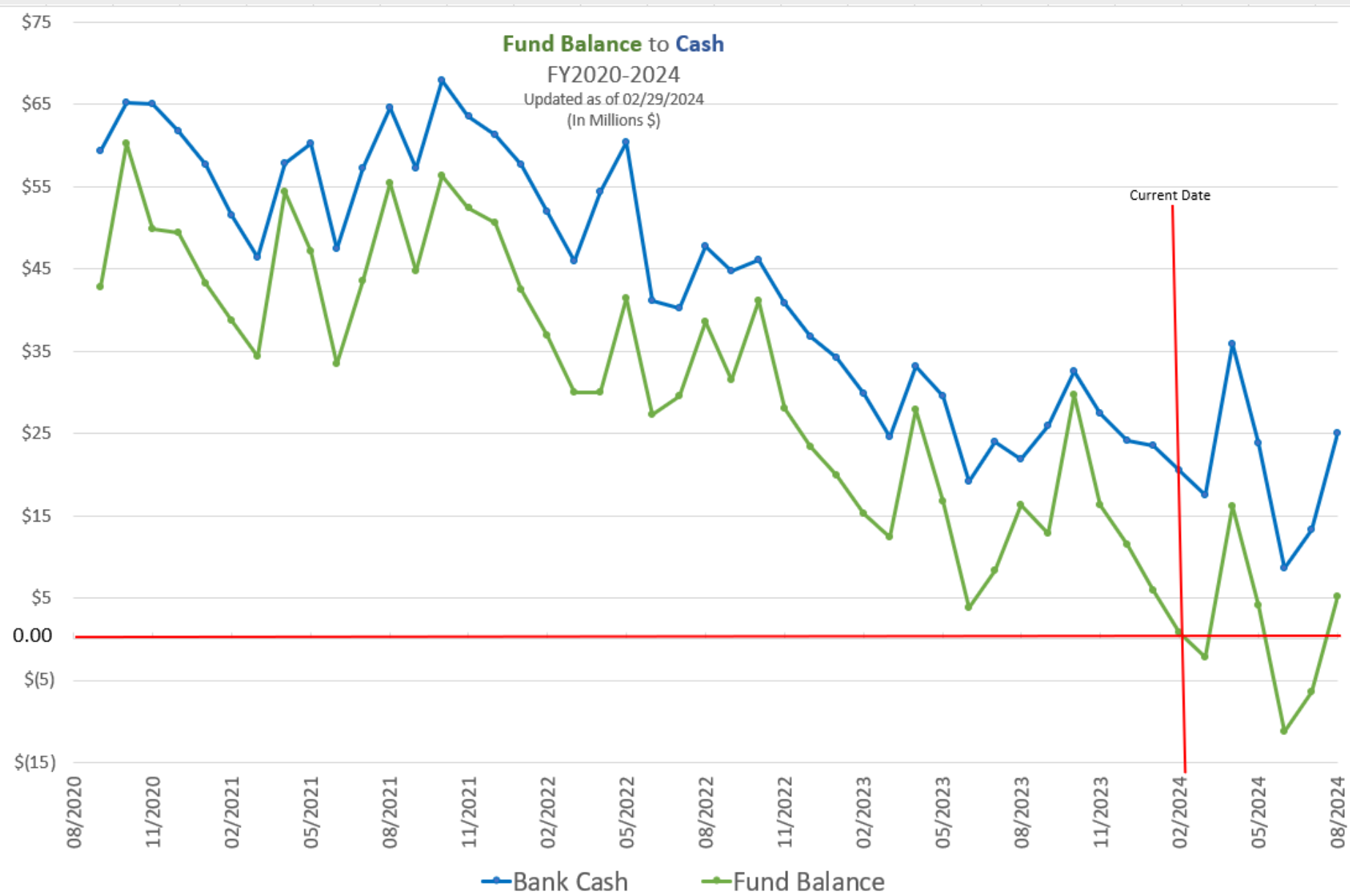
# FY 2024-25 Budget Development Calendar

- **September 26, 2023** - Budget Study Session
- **November 13, 2023** - Budget Study Session
  - Review 2022-23 final numbers
- **December 11, 2023** – Budget Study Session, *recommendations from Superintendent*
- ~~January 16, 2024 – Budget Study Session to review and finalize recommendations~~
  - ~~— Review allocation changes~~
  - ~~— Review overall major budget changes~~
- **January 15 to February 1** - Central budgets developed
- **February 29, 2024** - Budget Allocations to Schools
- **March 11, 2024** - Budget Study Session
- **May 2024** - Final General Fund Balancing
- **May 13, 2024** - Budget Study Session (now scheduled for **June 10**)
- **June 24, 2024** - Introduce Budget to Board and Required Public Hearing
- **July 8, 2024** - Board Action to adopt school year 2024-25 budget

# 2023-24 Fund Balance and Cash Flow Projections

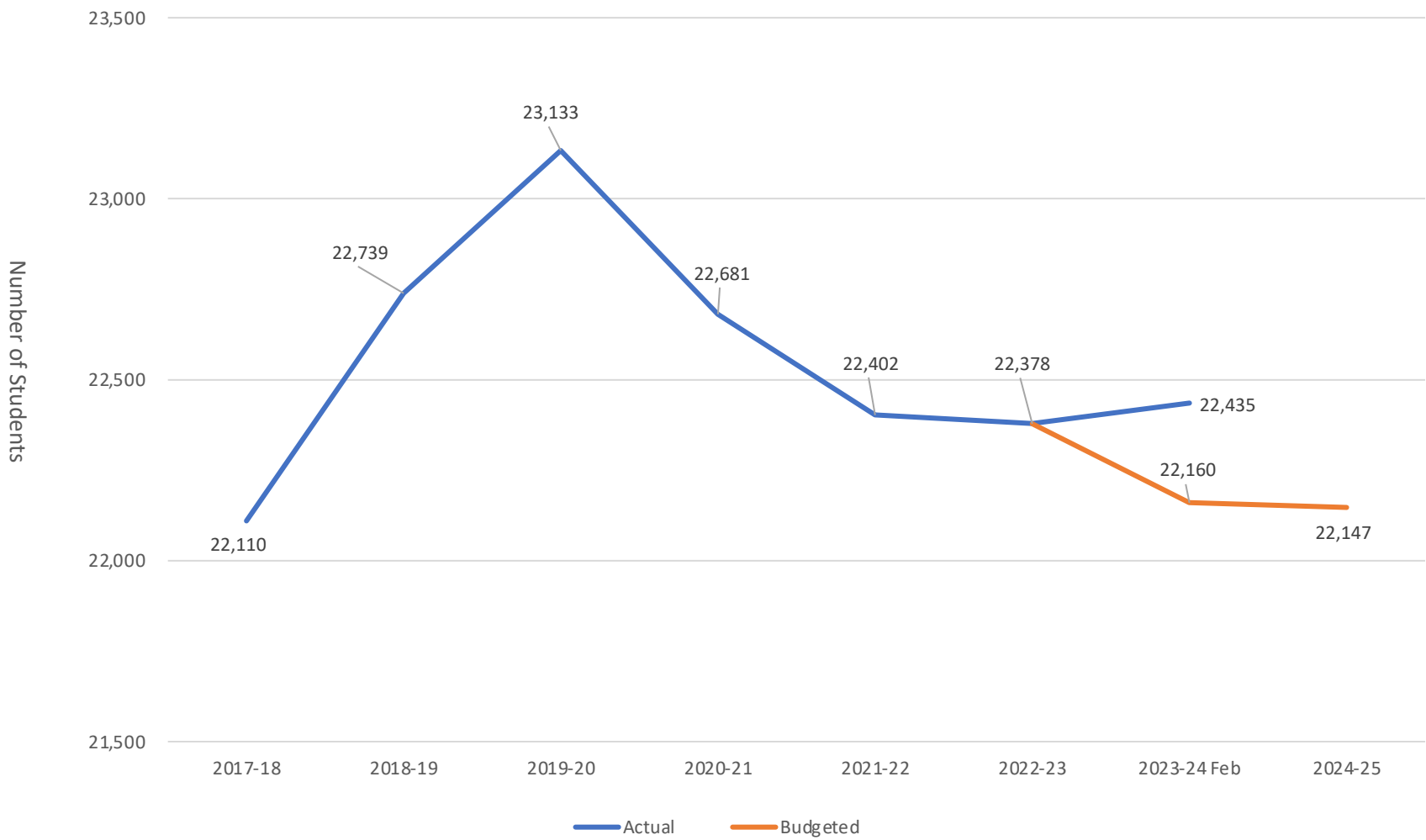


# Fund Balance to Cash





# Enrollment – 2024-25 Annual Average FTE (AAFTE) Projection





# Enrollment by Grade

Grade Level	2019-20	2020-21	2021-22	2022-23	2023-24 Estimate	2024-25 Budget
K	1,724	1,525	1,619	1,531	1,492	1,428
First	1,814	1,725	1,605	1,724	1,586	1,533
Second	1,810	1,786	1,734	1,658	1,747	1,584
Third	1,787	1,761	1,764	1,749	1,656	1,747
Fourth	1,889	1,747	1,717	1,750	1,786	1,662
Fifth	1,812	1,837	1,727	1,710	1,749	1,780
<b>ELEMENTARY</b>	<b>10,836</b>	<b>10,380</b>	<b>10,167</b>	<b>10,121</b>	<b>10,016</b>	<b>9,733</b>
Sixth	1,895	1,757	1,781	1,731	1,728	1,751
Seventh	1,778	1,839	1,731	1,750	1,760	1,728
Eighth	1,833	1,744	1,775	1,709	1,762	1,748
<b>MIDDLE SCHOOL</b>	<b>5,505</b>	<b>5,339</b>	<b>5,287</b>	<b>5,190</b>	<b>5,250</b>	<b>5,227</b>
Ninth	1,789	1,850	1,800	1,858	1,777	1,834
Tenth	1,720	1,753	1,829	1,782	1,875	1,776
Eleventh	1,503	1,449	1,547	1,629	1,570	1,658
Twelfth	1,269	1,384	1,376	1,417	1,464	1,434
<b>HIGH SCHOOL</b>	<b>6,281</b>	<b>6,436</b>	<b>6,550</b>	<b>6,685</b>	<b>6,686</b>	<b>6,702</b>
<b>TOTAL</b>	<b>22,623</b>	<b>22,155</b>	<b>22,004</b>	<b>21,997</b>	<b>21,952</b>	<b>21,662</b>

Running Start  
numbers are  
excluded.

Totals may  
appear slightly  
off due to  
rounding.

# 2024 Legislative Session Impacts





## Additional Revenue (estimated)

- Increase in MSOCs rates of \$21 per student (ESHB 2494)
  - \$423,992 additional revenue
- Increase in prototypical staffing for paraeducators and office support by .076 (2SSB 5882)
  - \$1,230,380 additional revenue
- Total of \$1,654,372, which will begin in this school year 2023-24

# (\$26m) Budget Reduction Package

# 2024-25 Budget Survey Results: Families

Table 1: Support Ratings by Parents and Guardians
<u>Supports with Highest Ratings</u>
Small class sizes; teacher-student ratio
Clean and well-maintained buildings
School safety and support
Additional classroom staff support
Teacher training, development
<u>Supports with Lowest Ratings</u>
Secondary Advisory
GR5 orchestra/band opportunities
Transportation-after school programs
Alternatives to neighborhood schools
Dual Language Program



# 2024-25 Budget Survey Results: Students

Table 2: Support Ratings by Students
<u>Supports with Highest Ratings</u>
Student clubs
Clean and well-maintained buildings
Teacher training, development
Later start time-high school students
CTE courses and opportunities
<u>Supports with Lowest Ratings</u>
GR5 orchestra/band opportunities
Fifth grade camp
Elementary athletics
Alternatives to neighborhood schools
Secondary Advisory





# Summary of \$26m in Reductions

- Honoring our collective bargaining agreements
- Retaining 7 period day and electives for students
- Kept small class sizes for PreK-3, raised all other grades by two
- Student supports— reduce by 2.5 FTE Assistant Principals, maintained counselors, mental health counselors, and Deans
- No changes to safety and security support, cleaning, or building maintenance were made in response to family and student feedback.



# Recommendation

\$26m Budget Reduction Package	
Goal for reductions	\$ 26,000,000
Changes to contracts	\$ (20,169,951)
Non-bargained list	\$ (5,607,257)
Balance	\$ 222,792



# Items from Non-Bargained List

Budget Recommendation - Items from non-bargained list	
Item	As of March 11
Reduce MS sports - includes transportation costs and accounts for revenue	\$ 660,000
Eliminate activity buses at high schools	\$ 40,000
Eliminate elementary sports	\$ 27,000
Field and Facility Fee increase	\$ 450,000
Theatre Fee increase	\$ 50,000
Staff pay for fingerprinting	\$ 20,000
Preschool cost , increase tuition	\$ 150,000
Additional central office reductions	\$ 1,332,882
Innovation Lab costs - enrollment increases reduce cost of staffing	\$ 174,000
Closing the Woodmoor pool	\$ 169,000
Stop printing calendars	\$ 20,000
AP reduction at elementary level, 2.5 AP's	\$ 437,834
Food service hour restructuring	\$ 324,594
No 45 day special ed paras	\$ 425,685
No 45 day gen ed paras	\$ 40,685
10% MSOC reduction to school budgets	\$ 223,877
STS costs being charged to the General Fund moved to Tech levy	\$ 1,061,700
Total	\$ 5,607,257
Goal	\$ (5,830,049)
Balance	\$ (222,792)



# Class Size Ratios

## 2023-24 Ratios

### Elementary Schools

2023-24	Grade	Class Size
	K-2	22
	3-4	23
	5	27

### Middle Schools

- Class size - 31
- Caseload - 155
- Staffing Factor - over 6 periods

### High Schools

- Class size - 31
- Caseload - 155
- Staffing Factor - over 7 periods

## 2024-25 Ratios

### Elementary Schools

2024-25	Grade	Class Size
	K-2	22
	3	23
	4	25
	5	29

### Middle Schools

- Class size - 33
- Caseload - 165
- Staffing Factor - over 6 periods

### High Schools

- Class size - 33
- Caseload - 165
- Staffing Factor - over 7 periods





# Adjust Fund Balance Four Year Outlook – from December Study Session – as updated on November 23, 2023

Four Year Outlook							
General Fund Position over three years		2023-24	2024-25		2025-26		2026-27
Revenues		\$ 431,300,000	\$ 439,900,000		\$ 448,700,000		\$ 457,700,000
Expenditures		\$ 444,530,000	\$ 457,900,000		\$ 471,600,000		\$ 485,700,000
Resource Gap		\$ (13,230,000)	\$ (18,000,000)		\$ (22,900,000)		\$ (28,000,000)
Restore Minimum Fund Balance		\$ -	\$ (4,579,000)		\$ (4,716,000)		\$ (4,857,000)
Updated Projection as of Nov 13							
Ending FB less than budgeted		\$ (700,000)	\$ (300,000)				
Revenue increased by \$2.9m - enrollment		\$ 2,900,000	\$ 3,000,000		\$ 3,000,000		\$ 3,100,000
Expenditure increase - special ed, EL, support services		\$ (6,700,000)	\$ (6,900,000)		\$ (7,100,000)		\$ (7,300,000)
Updated Projection as of Nov 13		\$ (17,730,000)	\$ (26,479,000)		\$ (31,716,000)		\$ (37,057,000)
Current Potential Solutions							
Solutions		Current Plan	Current Plan	Available resources - at end of 24-25	Potential	Available resources - at end of 25-26	Potential
Fund Balance		\$ 17,430,000	\$ -	\$ -	\$ -	\$ -	\$ -
Minimum Fund Balance Reserve		\$ -	\$ -	\$ 4,579,000	\$ -	\$ 9,295,000	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total remaining gap		\$ (300,000)	\$ (26,479,000)		\$ (31,716,000)		\$ (37,057,000)
Reduction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IPD only <i>estimated as of 9/25/23</i>			\$ 5,000,000				
Reductions in prior years	\$ -	\$ -	\$ -	\$ -	\$ 26,479,000	\$ -	\$ 31,716,000
Total remaining gap		\$ (300,000)	\$ (21,479,000)		\$ (5,237,000)		\$ (5,341,000)
Fund balance reserve 3% of budgeted expenditures							
			\$ 13,737,000.00		\$ 14,148,000.00		\$ 14,571,000.00



# Adjusted Fund Balance Four Year Outlook – as updated March 11

Four Year Outlook					
General Fund Position over three years		2023-24	2024-25	2025-26	2026-27
Revenues		\$ 431,300,000	\$ 439,900,000	\$ 448,700,000	\$ 457,700,000
Expenditures		\$ 444,530,000	\$ 457,900,000	\$ 471,600,000	\$ 485,700,000
Resource Gap		\$ (13,230,000)	\$ (18,000,000)	\$ (22,900,000)	\$ (28,000,000)
Restore Minimum Fund Balance		\$ -	\$ (4,579,000)	\$ (5,346,896)	\$ (5,346,896)
Previous Projection as of Nov 13					
Ending FB less than budgeted		\$ (700,000)	\$ (300,000)		
Revenue increased by \$2.9m - enrollment		\$ 2,900,000	\$ 3,000,000	\$ 3,000,000	\$ 3,100,000
Expenditure increase - special ed, EL, support services		\$ (6,700,000)	\$ (6,900,000)	\$ (7,100,000)	\$ (7,300,000)
Updated Projection as of Nov 13		\$ (17,730,000)	\$ (26,479,000)	\$ (32,346,896)	\$ (37,546,896)
Current Potential Solutions					
Solutions as of March 11, 2024		Current Plan	Current Plan	Potential	Potential
Fund Balance		\$ 17,430,000	\$ -	\$ -	\$ -
Minimum Fund Balance Reserve		\$ -	\$ -	\$ -	\$ -
2024 Legislative action	\$ -	\$ -	\$ -	\$ 1,654,372	\$ -
Total remaining gap		\$ (300,000)	\$ (26,479,000)	\$ (30,692,524)	\$ (37,546,896)
\$26m plan - actual amount of reductions	\$ -	\$ -	\$ 25,777,208	\$ -	\$ -
Reductions in prior years	\$ -	\$ -	\$ -	\$ 25,777,208	\$ 30,692,524
Total remaining gap		\$ (300,000)	\$ (701,792)	\$ (4,915,316)	\$ (6,854,372)
Fund balance reserve 3% of budgeted expenditures					
			\$ 13,737,000.00	\$ 14,148,000.00	\$ 14,571,000.00
Estimated to be available at year end			\$ 3,877,208	\$ 9,295,000	\$ 14,571,000



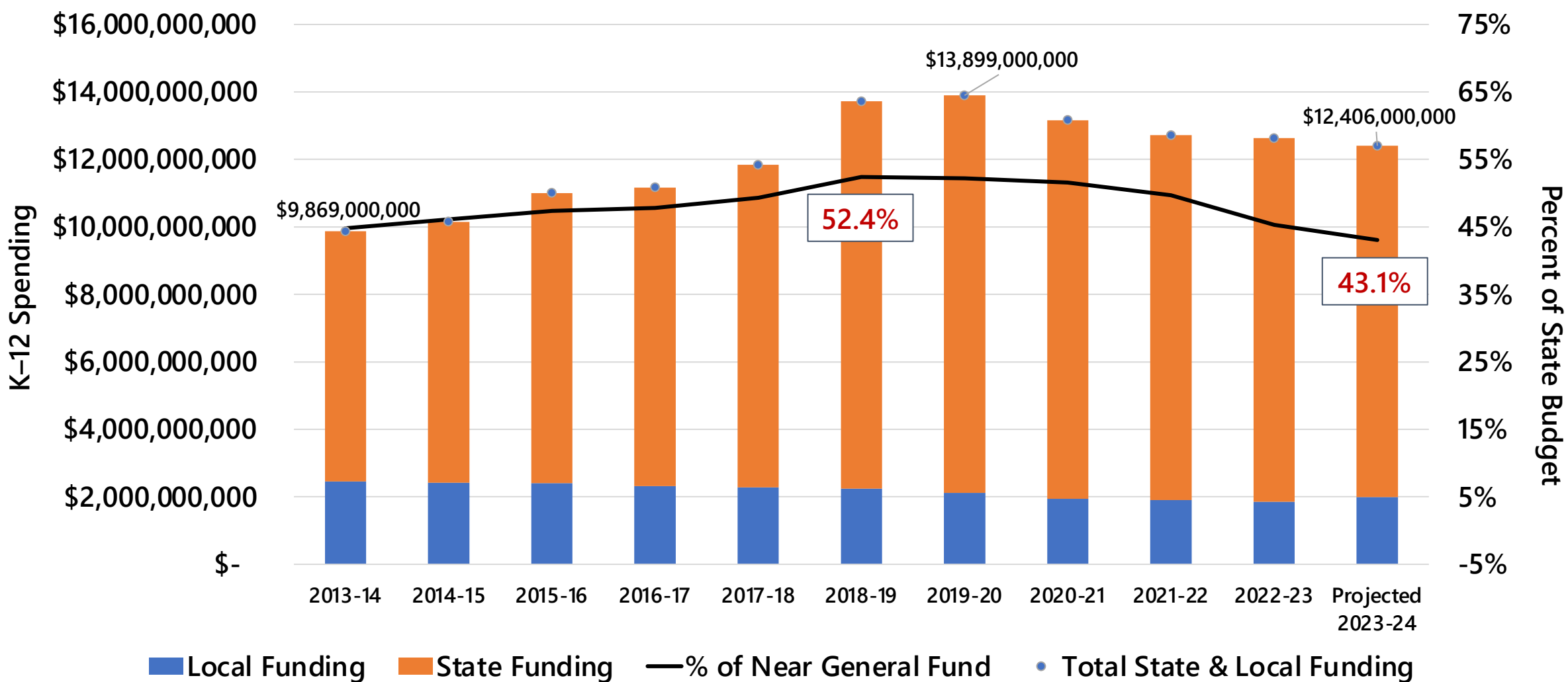
## Next Fund Balance and Projection Update

- 2024-25 Revenues and Expenditures will be updated as part of the June study session. These will be our actual budget numbers after all 2024-25 budget work has been completed.
- A new 4-year projection will be provided as part of this update.

# Northshore: A Broader Context

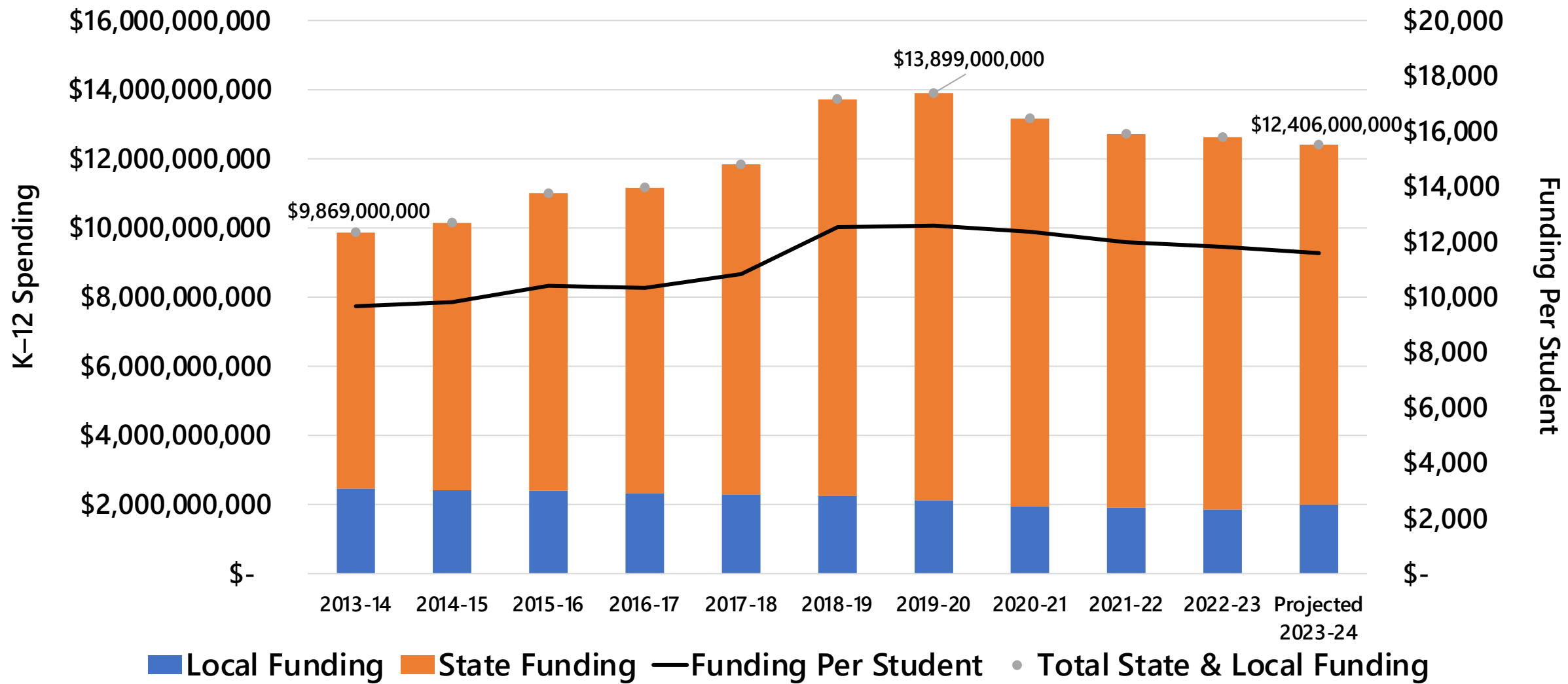


# Inflation Adjusted K-12 Spending & Share of State Budget





# Inflation Adjusted K-12 Spending & Funding Per Student



## K12 Funding Summary

- McCleary significantly changed how funding is received from the state.
- Levy cuts were not ordered by the Supreme Court, they were never regionalized, and there is now a two-tiered system of inequity.
- Under current funding levels, there is no real way to give IPD+ without cuts after fund balance is spent down.
- Washington taxes at a lower rate than the national average (*Tax Foundation*).
- K–12 Spending as a share of state GDP is lower than the national average (*Rutgers Research*).
- K–12 Spending in Washington peaked in 2019, it is now falling adjusted for inflation, adjusted for inflation per pupil (even with a 3.5% enrollment decline), and it is declining as a share of our state NGF budget.
- WA State is ending this year with reserves that could have improved K12 funding.

# Questions and Discussion





# Appendix



# Middle School Sports – estimated savings of \$923,263, net of revenue and including transportation costs of \$229,000

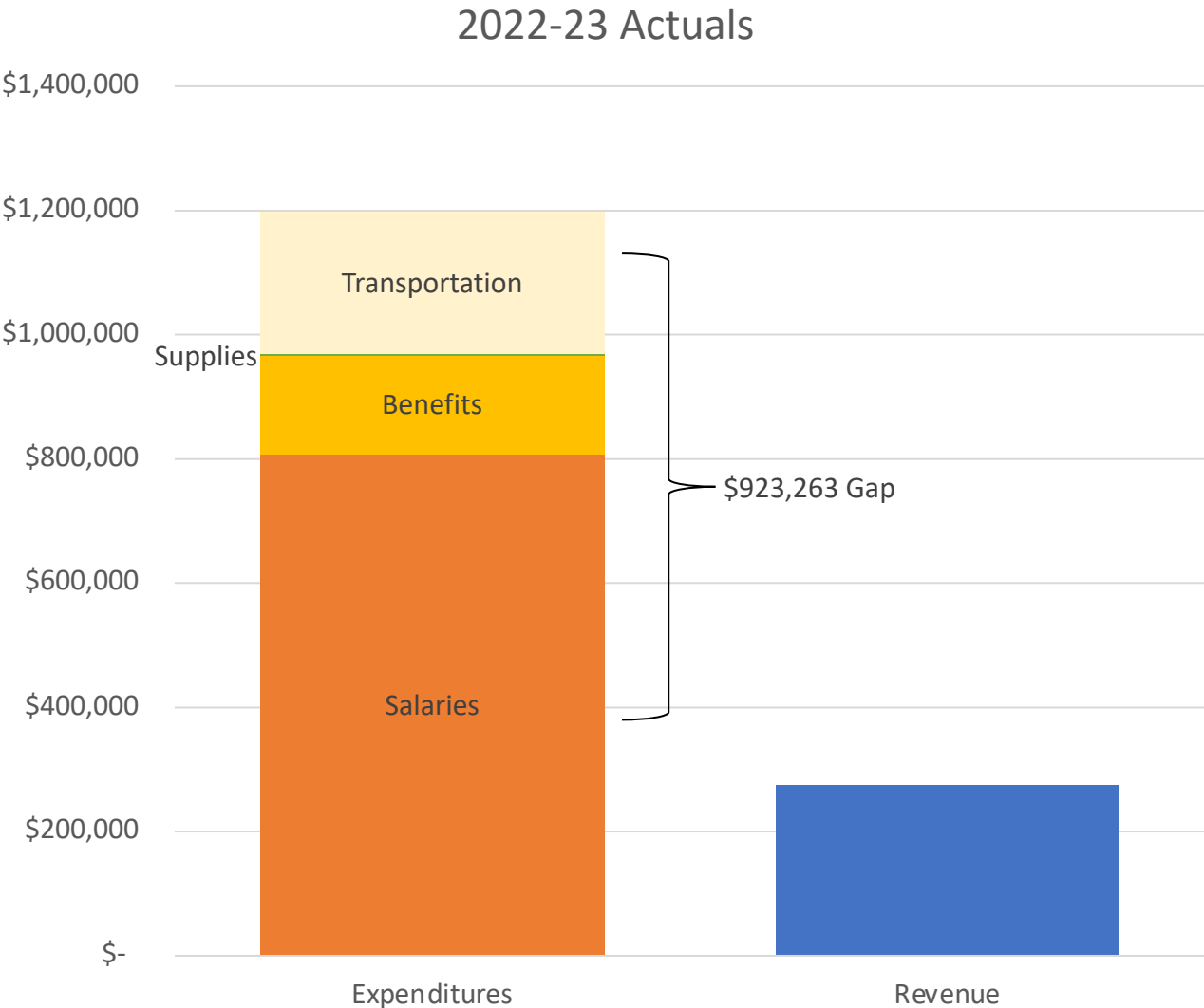
Sport	Number of Participants in 2022-23	Number of HB1660 Students*
Boys Tennis	91	0
Girls Tennis	132	6
Boys Soccer	308	35
Girls Soccer	201	11
Girls Volleyball	409	30
Cross Country	346	6
Boys Basketball	422	18
Girls Basketball	350	26
Wrestling	226	31
Track & Field	487	25

\*HB1660 students are those that qualify for free or reduced meal prices. They have a signed waiver on file and are able to participate for free.



# Middle School Sports

- Non-transportation costs: \$968,766
- Transportation costs: \$229,000
- Revenue (Pay to Play) (\$274,503)
- Total savings: \$923,263





# No High School Activity Bus

- Average 72 Kids - 4 days a week
  - 3 High Schools –
    - Bothell High School – 3 days a week – 3 to 10 kids
    - North Creek High School – 3 days a week– 3 to 10 kids
    - Inglemoor High School – 5 days a week – 3 to 10 kids
  - 3 Buses – 11 Trips per week
  - Annual Miles: 7,162 (\$ 5.60 per mile)
  - Annual Hours: 300 (\$ 133.30 per hour)
  - Cost per Trip: \$101
  - Cost per Pupil: \$1.40 per Trip
- Total Savings: \$40,000



# No Transportation for Middle School Sports

- Average 490 Kids - 4 days a week
  - 6 Middle Schools
  - 14 Buses – 56 Trips per week
  - Annual Miles: 34,559 (\$6.60 per mile)
  - Annual Hours: 1,540 (\$148.70 per hour)
  - Cost per Trip: \$113.59
  - Cost per Pupil: \$0.23 per Trip
- Total MS Kids in Athletics – 2,347
  - MS Free and Reduced – 16.30%
- Total Savings: \$229,000



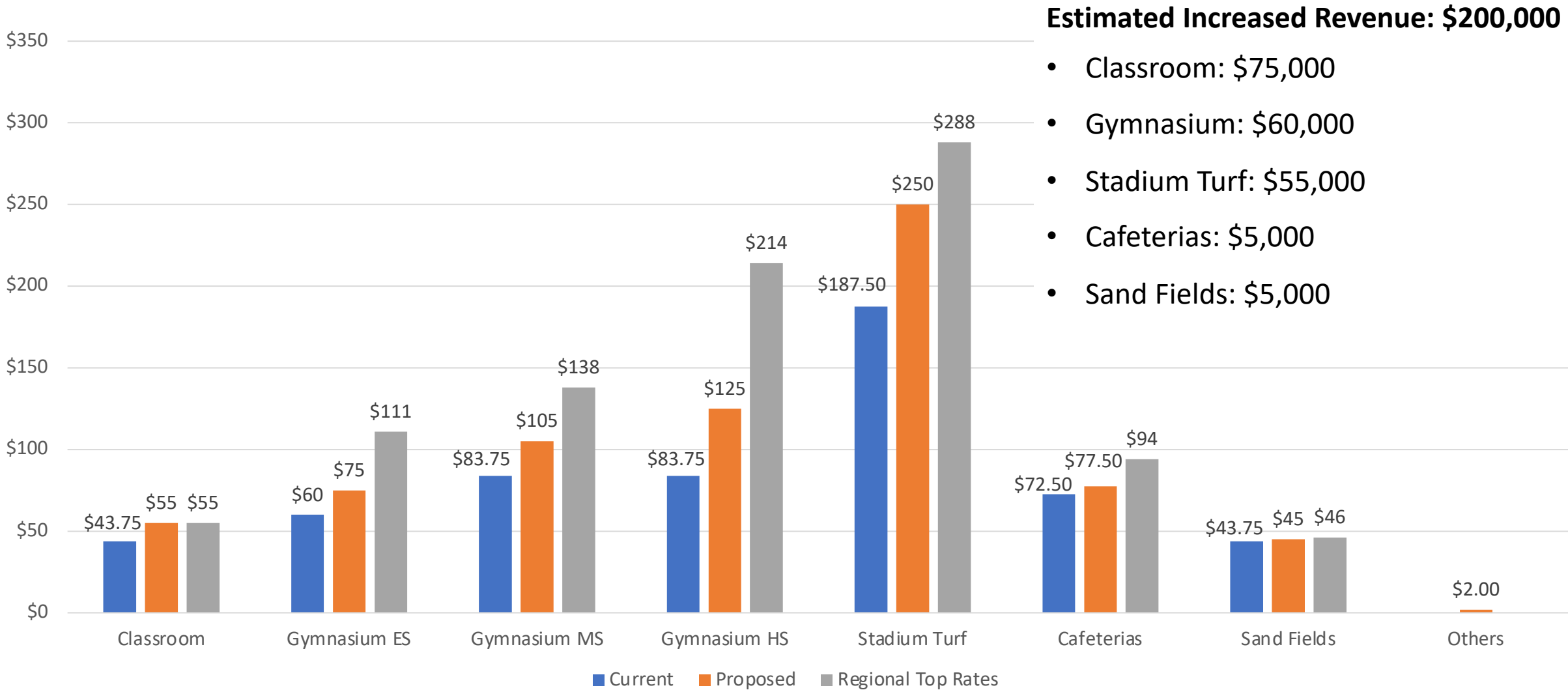
# No Elementary School Sports

Sport	Number of Participants in 2022-23	Number of HB1660 Students*
Cross Country	1,333	35
Track & Field	1,376	74

\*HB1660 students are those that qualify for free or reduced meal prices. They have a signed waiver on file and are able to participate for free.



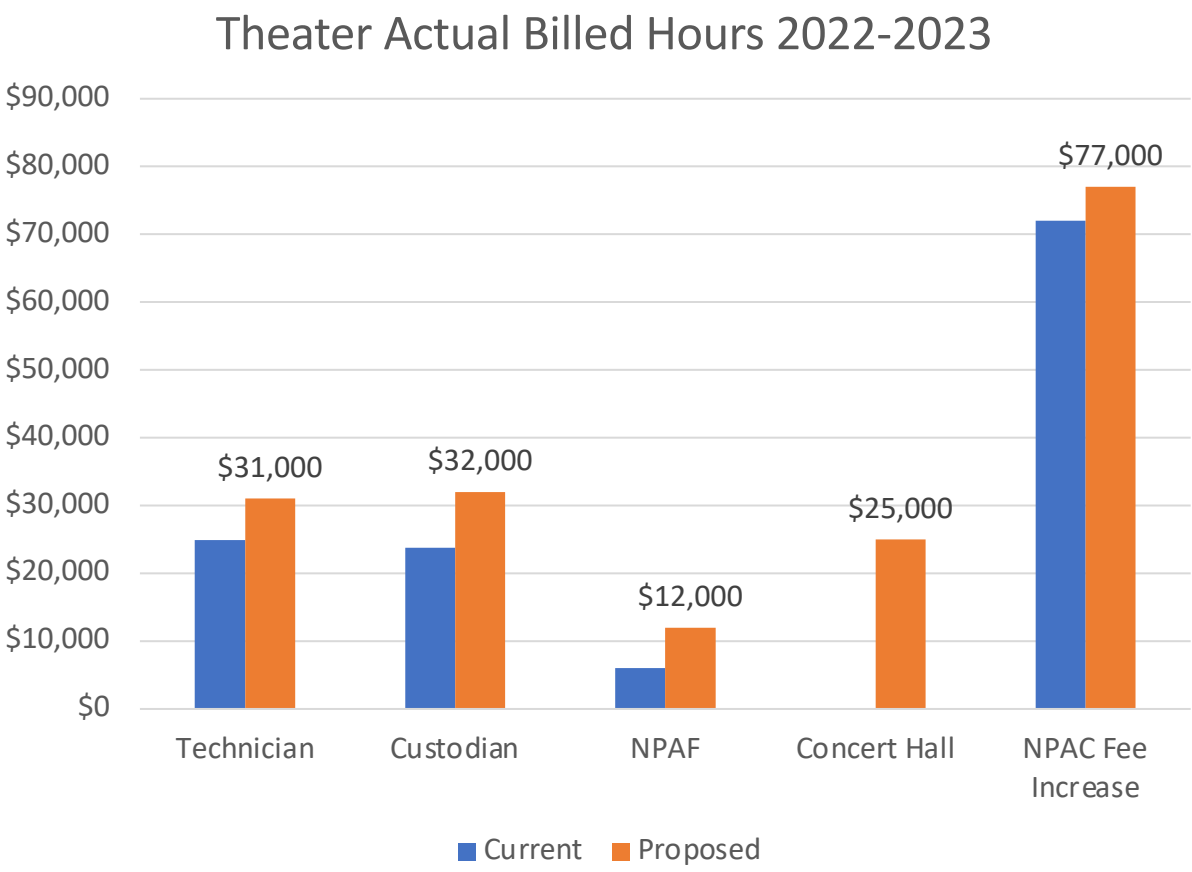
# Increase Facility and Field Rental Rates





# Increase Theater Rental Fees

- Increase in Fees & Revenue
  - Technician fee - \$17,000
  - Custodial fee - \$8,500
  - Northshore Performing Arts Foundation (NPAF) revenue - \$6,000
  - Northshore Performing Arts Center (NPAC) fee - \$5,000
  - Concert Hall - \$25,000
- Total Revenue: \$50,000

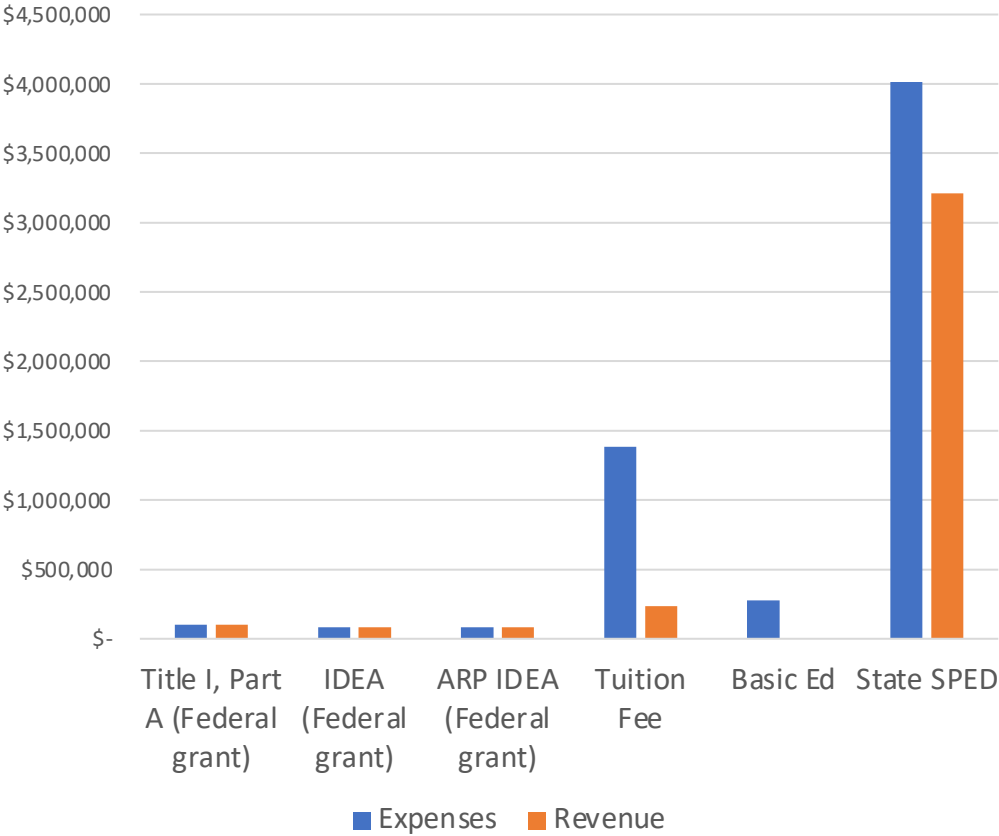






# Increase Preschool Tuition

2022-23 Preschool Expenses vs. Revenues



2022-23 Preschool	Expenses	Revenue	Variance
Title I, Part A (Federal grant)	\$ 99,934	\$ 99,934	\$ -
IDEA (Federal grant)	\$ 81,117	\$ 81,117	\$ -
ARP IDEA (Federal grant)	\$ 82,048	\$ 82,048	\$ -
Tuition Fee	\$ 1,383,673	\$ 235,775	\$ (1,147,898)
Basic Ed	\$ 277,238	\$ -	\$ (277,238)
State SPED	\$ 4,011,232	\$ 3,208,544	\$ (802,688)
Total	\$ 5,935,242	\$ 3,707,418	\$ (2,227,824)



# Increase Preschool Tuition

FY 23-24 Preschool	Current rate	Proposed rate	Increased by
Monthly tuition fee rate	\$ 300	\$ 425	\$ 125
Non-refundable deposit	\$ 175	\$ 225	\$ 50
Total Revenue	\$ 368,000	\$ 518,400	\$ 150,400



# Central Office Reductions

Positions
3 Director positions
3 Assistant Director positions
1 Assistant Superintendent level position
1 Other .5 FTE Central Admin position
(1.5) positions added back with reorg

Total Savings:  
\$1,300,000



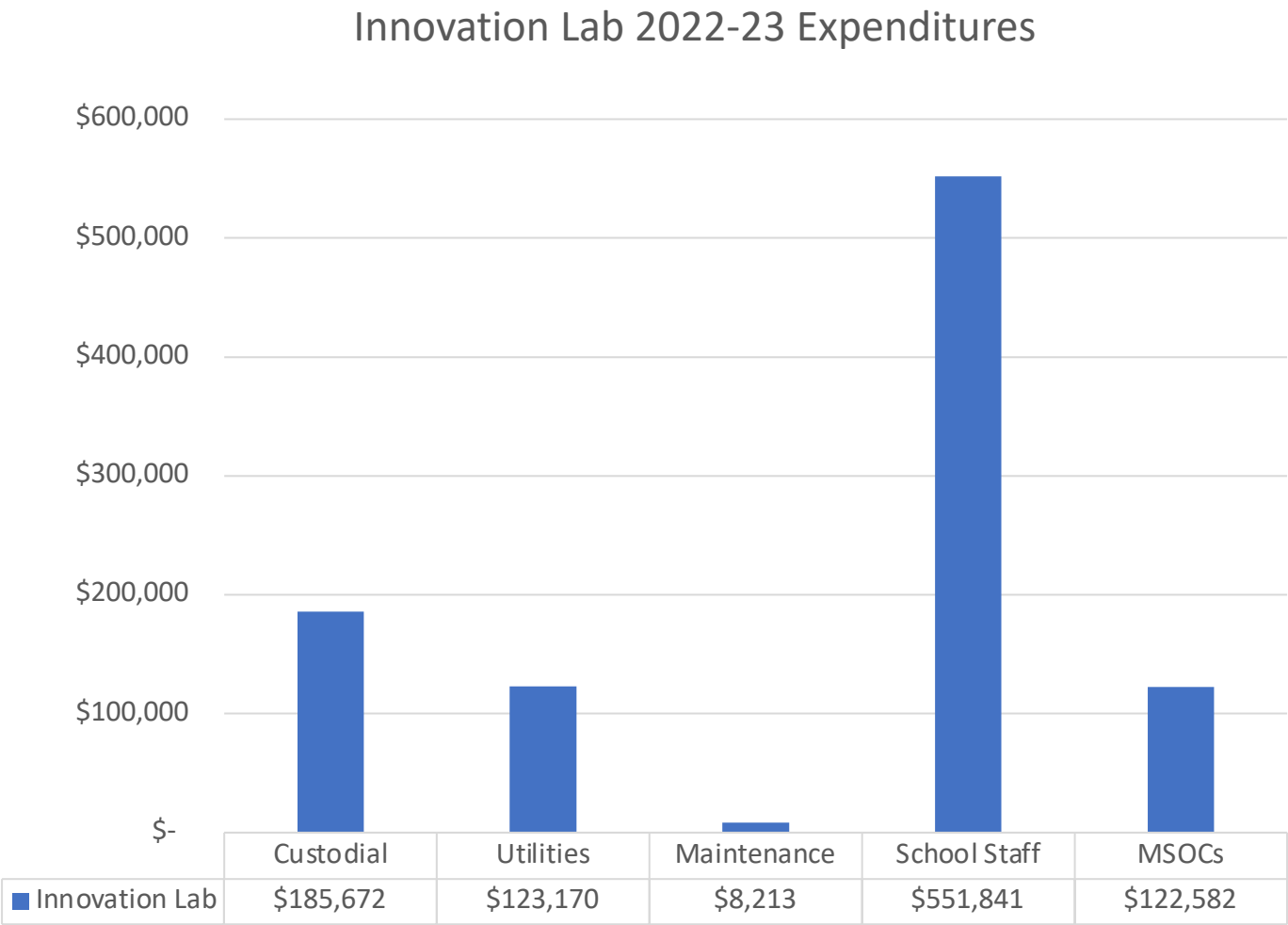
# Innovation Lab High School 2022-23 Expenditures

## Enrollment

- 210 Students - 2022-23 Headcount
- 247 Students - September 2023-24 Headcount
- 55 more Students would bring in funding to cover costs.

## Savings Using 2022-23 Costs

- Custodial (2 staff) \$ 185,672
  - Maintenance \$ 8,213
  - Utilities (increase 8% each year) \$ 123,170
  - School Staff \$ 551,481
  - Supplies, etc \$ 121,582
  - Costs moved to other schools (\$ 469,323)
- 
- Total Savings: \$522,156





# Close Woodmoor Elementary Pool

- Operations \$541,000
  - Utilities Increase 8% each Year
- Current Woodmoor Students
  - 27 Students
- Capital Improvement – Life Safety
  - \$2.7M for Construction
- Revenue: \$24,000
  - 7C’s Swim School
  - 5 Public Pools within 6 miles
- Total Savings: \$169,000

2022 - 2023 Expenditures





# Reduce Materials/Supply Allocation to Schools by 10%

- Reduce Per Pupil allocation by additional 10% for 2024-25

	2022-23 @100%	2023-24 @90%	2024-25 @80%
	Per Pupil		
Elementary	110.60	99.54	88.48
Middle	87.00	78.30	69.60
High	101.55	91.40	81.24

- Based on projected 2023-24 enrollment
  - 2023-24 MSOCs at 90% - \$2,027,837
  - 2023-24 MSOCs at 80% - \$1,803,960
  - Savings of \$223,887



# Eliminate STS Costs Charged to the General Fund

- STS is a School Technology Specialist
- Using 2023-24 Budget Model as basis for cost
- 2023-24 Budget split is 50% paid by Tech Levy and 50% paid by General Fund
- Number of positions – 33
- Moving 100% of costs to Tech Levy would save \$1,023,817 in General Fund salaries and benefits