

LAKE WASHINGTON SCHOOL DISTRICT

Budget Advisory Committee (BAC)

June 13, 2024

AGENDA

Time	Topic
5:00 – 5:05 p.m.	Welcome, Check-In
5:05 – 5:45 p.m.	2023-24 Budget Update 2024-25 Preliminary Budget
5:45 – 6:00 p.m.	2024-25 Workplan

Check-In: School's Out, Summer's Here!

**What is your favorite
memory of summer as a
student or graduate?**

or

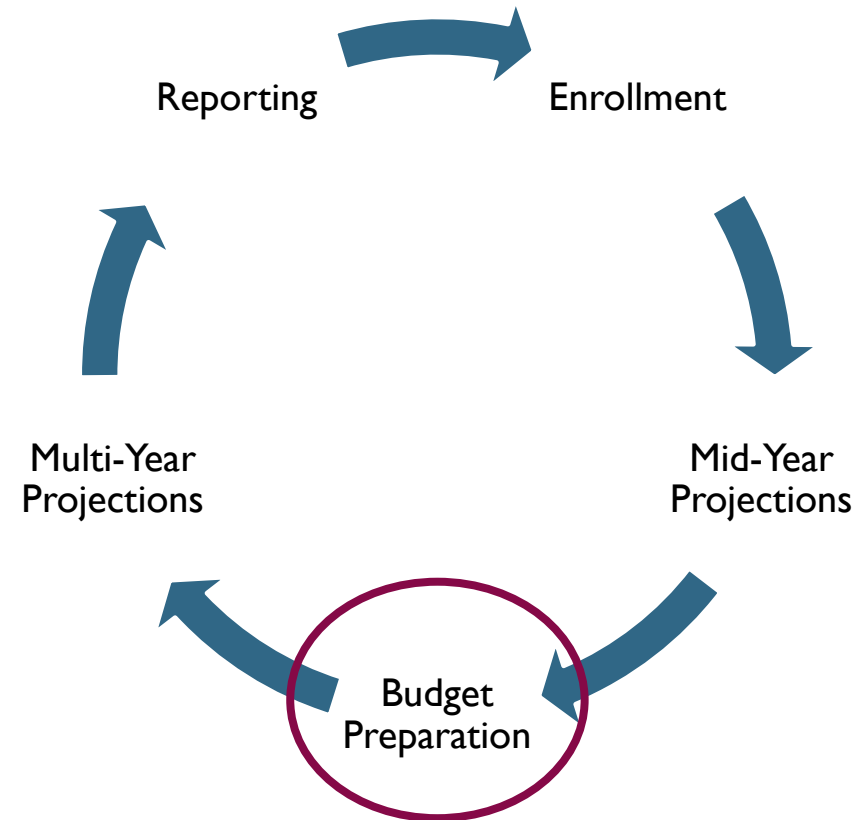
**What are you most looking
forward to this summer?**

*Discuss at your table, select
a member to share with the
whole group*



BUDGET CYCLE

- Enrollment
- Mid-Year Projections (Fund Balance)
- Legislative Impact
- Budget Preparation
- Multi-year Budget Projection
- Monitoring and Reporting



COMMUNITY ENGAGEMENT – ACTIONS TO DATE

Workgroups

Budget Advisory
Committee

Staff and
Community
Budget Update
Teams Live events

Budget Update
with Legislative
Impacts



2023-24 BUDGET UPDATE



2023-24 BUDGET UPDATE

	2023-24 Budget	2023-24 March Estimate	2023-24 Current Estimate
Beginning Fund Balance	\$49.2	\$67.9	\$67.9
Revenues	\$548.5	\$530.8	\$542.9
Expenditures	\$556.1	\$542.9	\$555.0
Ending Fund Balance	\$41.6	\$55.8	\$55.8

Recommend
Budget Extension

- March estimate did not include:
- \$6.0 M in special ed safety net
 - \$1.0-2.0M additional McKinney Vento/Specialized Transportation costs
 - GASB Accounting - Required Year End Adjustments:
 - \$1.5M Copier Lease
 - \$2.0M Self Insurance
 - \$1.5M Software multi-year agreements
 - All have associated revenue

BUDGET EXTENSION

What it is?

- Adopted Budget provides expenditure authority for each fund.
- Budget Extension is required if anticipate exceeding expenditure budget even when additional revenues are available
- Budget Extension must be approved prior to exceeding expenditure authority

Why now?

- Want to process extension prior to Qmlativ conversion in July
- Many year end accounting adjustments are not finalized until September/October which is beyond extension timeline
- Even though current estimates are still slightly below budget, want to be proactive as final adjustments are unknown.

BUDGET EXTENSION

Next Steps

- Budget Extension F-200 prepared
- Public hearing advertised
- June 24 Board Meeting – Public Hearing and Action on Budget Extension



2024-25 PRELIMINARY BUDGET

ENROLLMENT AND PLANNING UPDATES





Associated Student Body Fund \$8.5 Million

- Expenditure Authority for \$8.5 million
- Each school prepares individual budget plan for the year
- Expenditures for student extra curricular activities in each school
- Revenues include fundraisers, sales, and sports



Debt Service Fund \$73.1 Million

- Expenditure Authority for \$73.1 million
- Expenditures are for the redemption of principal and payment of interest on bonds and includes \$4 million contingency
- Revenue is from levies to repay bonds and reflects estimated interest revenue
 - *Can only levy the amount we need for principal and interest payments*



Capital Projects Fund \$81.2 Million

- Expenditure Authority for \$81.2 million
 - Includes 2022 capital technology and facility levy projects
 - 2022 construction levy projects
- Revenues include 2022 Technology and Capital Projects Levy, 2019 and 2022 Six-year Construction Levies, investment earnings, and impact fees

2024-25 Major Capital Projects

2022 Six-year Construction Levy Projects

- Middle School Additions
- Rockwell Elementary Rebuild and Enlarge
- Redmond and Eastlake High School Additions

2022 Four-year Levy Projects – Facilities and Technology

- Building Systems & Improvements
- Code, Compliance, Health & Safety
- School and Program improvements
- Site Improvements, Athletics & Playfield Upgrades
- Technology Infrastructure, Equipment, & Business and Technology Systems



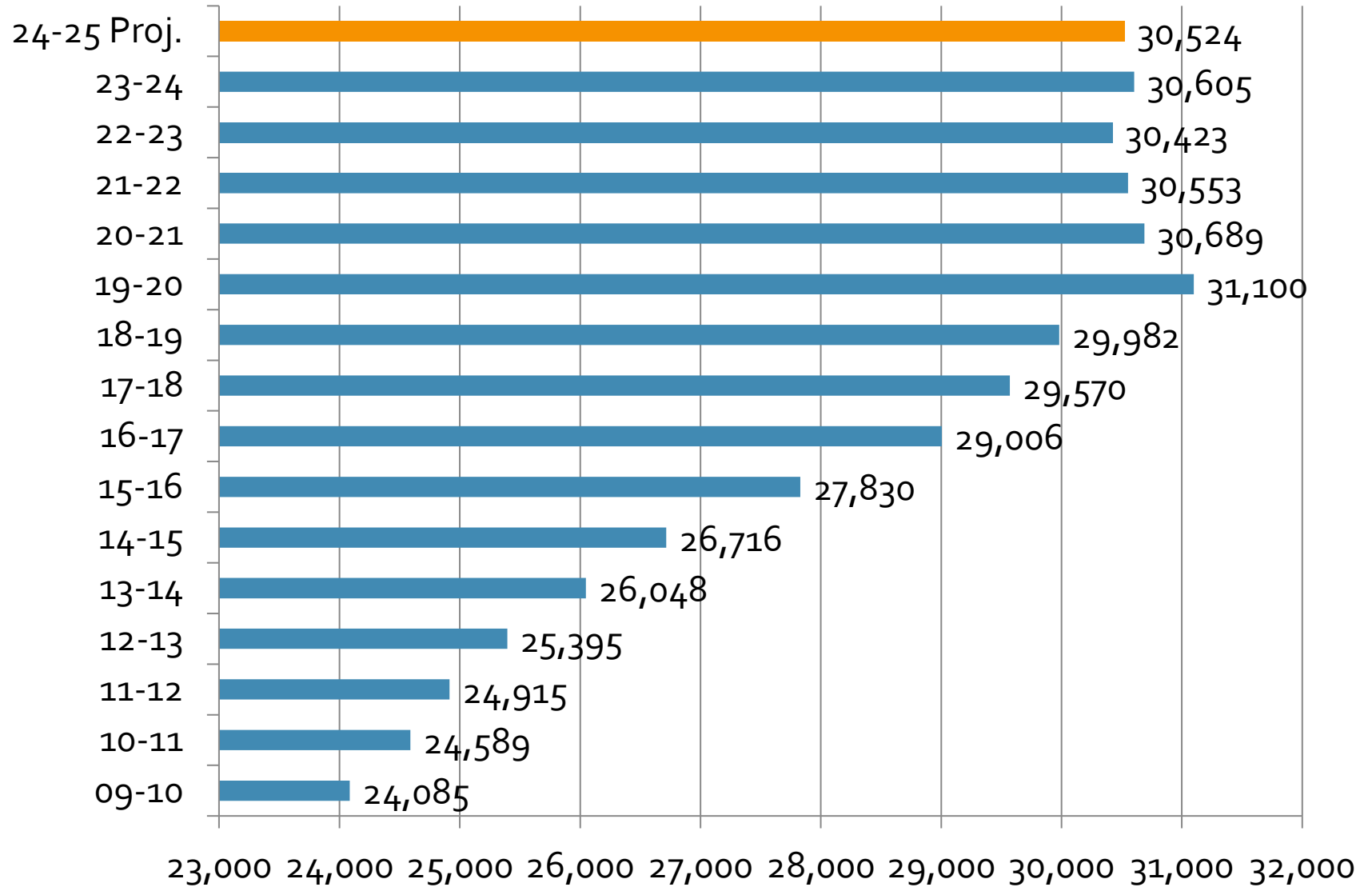
Transportation Vehicle Fund \$3.2 Million

- Expenditure Authority for \$3.2 million
- Expenditure budget to replace 14 buses (include 2 electric buses)
- Revenue includes state depreciation funds for bus replacement, investment earnings and grant for electric buses
- Last Transportation Levy was in 2001. Still using these funds and state depreciation dollars to fund replacement of aging bus fleet.

A photograph of a diverse group of graduates in black caps and gowns, smiling and looking towards the right. The image is overlaid with a dark blue L-shaped graphic element in the top-left and bottom-right corners. The text 'GENERAL FUND' is centered in a bold, dark blue, sans-serif font.

GENERAL FUND

Enrollment History and 2024-25 Projection



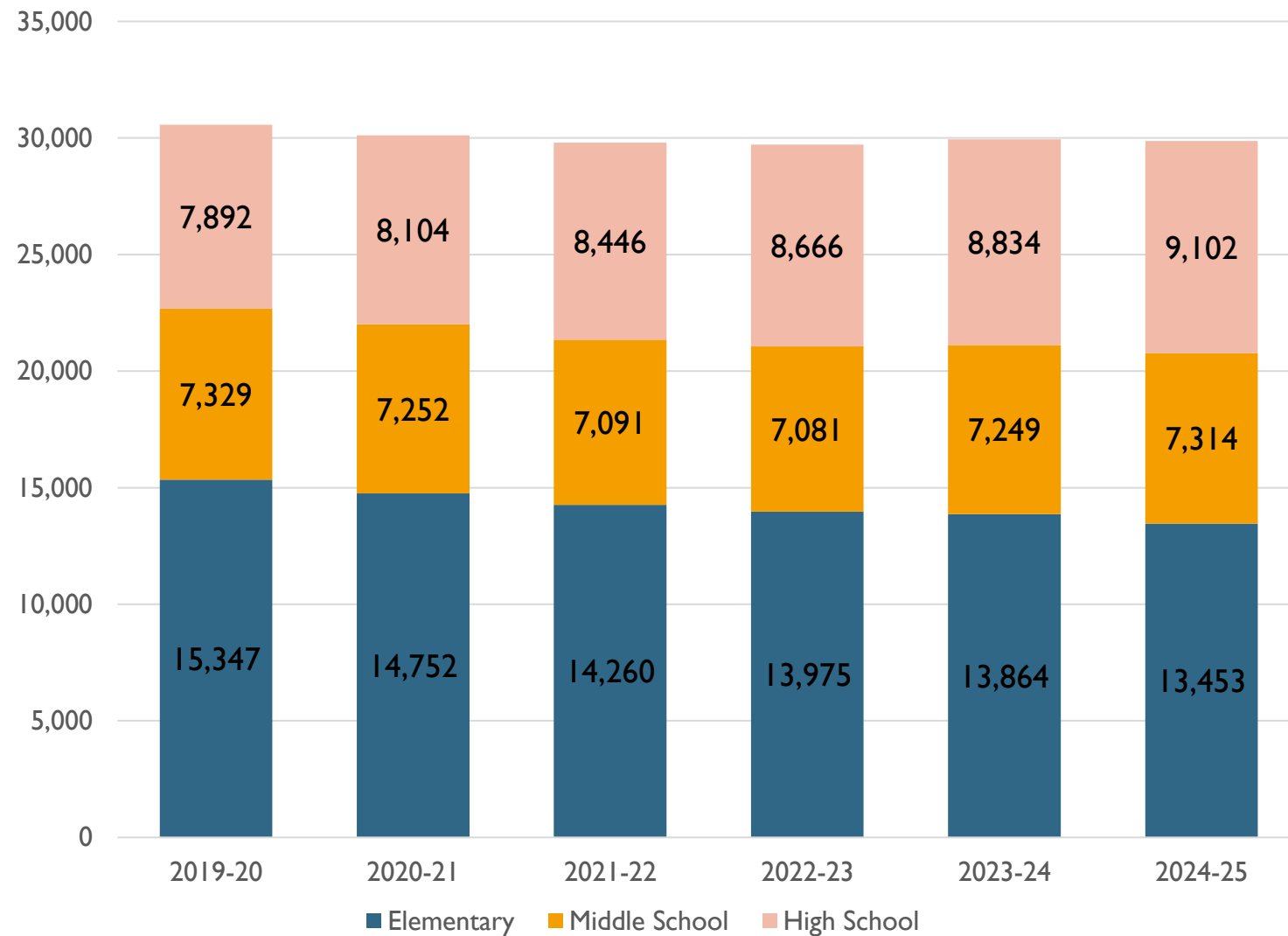
Headcount Enrollment Projected 2024-25 **30,524**

Loss of 81 students from current year

ENROLLMENT HISTORY – OCTOBER I HEADCOUNT

Change since Pandemic:

- High School 15.3%
- Middle School 0.2%
- Elementary (12.3%)



KEY CHANGES – ENROLLMENT AVERAGE ANNUAL FTE (ACTUAL TO BUDGET)

	2023-24 Actual Enrollment	2024-25 Budgeted Enrollment	Change Actual to 24-25 Budget
Elementary	13,851	13,453	-398
Middle	7,239	7,314	75
Sr. High	8,402	8,571	169
Subtotal	29,492	29,338	-154
Skill Center	408	395	-13
ALE (EMK12, Online Grade 6-12)	72	65	-7
Total Enrollment	29,972	29,798	-174

Figures represent Average Annual Full-time Equivalent (FTE) and excludes Running Start

KEY CHANGES – ENROLLMENT

AVERAGE ANNUAL FTE (BUDGET TO BUDGET)

	2023-24 Budgeted Enrollment	2024-25 Budgeted Enrollment	Change in Enrollment from Budget to Budget
Elementary	13,800	13,453	-347
Middle	7,208	7,314	106
Sr. High	8,187	8,571	384
Subtotal	29,195	29,338	143
Skill Center	352	395	43
ALE (EMK12, Online Grade 6-12)	65	65	0
Total Enrollment	29,612	29,798	186

Figures represent Average Annual Full-time Equivalent (FTE) and excludes Running Start

KEY CHANGES – ENROLLMENT

	2023-24 Budgeted Enrollment	2024-25 Budgeted Enrollment	Change in Enrollment from Budget to Budget
CTE			
Middle	320	330	10
Sr. High	1,620	1,730	110
Skills Center	352	395	43
Special Education			
3-5	259	260	1
K-21	2625	2,590	-35
Multilingual			
ML	3,500	3,650	150
ML Exit	1,400	1,650	250
Running Start	610	610	0

ASSUMPTIONS FOR 2024-25 BUDGET

Revenue Assumptions

- Enrollment projections based on current registrations and estimated Fall enrollment
- State IPD of 3.7% for 2024-25, Benefit and Pension rate impacts
- State Prototypical model funding changes
- Levy amount based on voter approval
- Updated Revenue for Safety Net, grants and self-supporting programs, and additional contingency

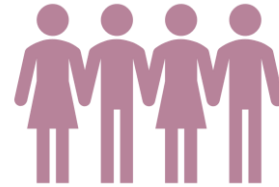
Expenditure Assumptions

- Certificated, classified, and administrative staffing is aligned with enrollment growth/loss and staffing ratios
- Ongoing local costs needs over state funding for salaries/benefits/retirement
- Ongoing fixed cost increases, strategic adds/reductions needed
- Updated expenditure for Safety Net, grants and self-supporting programs, and additional contingency

BUDGET INVESTMENTS – IMPLEMENTED DURING 2023-24



Special education
\$0.6 Million



Risk Management/Other
\$0.5 Million Cost



Transportation
\$1.4 Million cost

2024-25 BUDGET INVESTMENTS - FIXED COSTS



Property and Liability
Insurance
\$0.9 Million



Utilities
\$0.7 Million



Annual Audit
\$0.03 Million

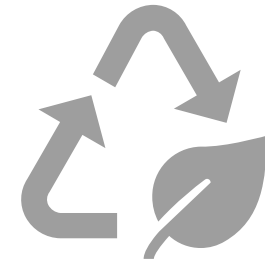
2024-25 BUDGET INVESTMENTS – PROGRAM REQUIREMENTS



Mental Health
\$0.1 Million



Special education
\$0.8 Million

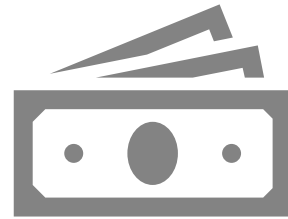


Sustainability
\$0.2 Million

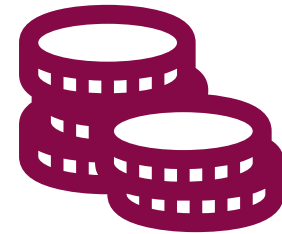
2024-25 BUDGET INVESTMENTS - OTHER ADJUSTMENTS UPDATES TO REFLECT ANTICIPATED REVENUE AND EXPENDITURES



Special Education Safety
Net
\$6.0 Million



Grants/Self-Supporting
Programs \$3.2 Million



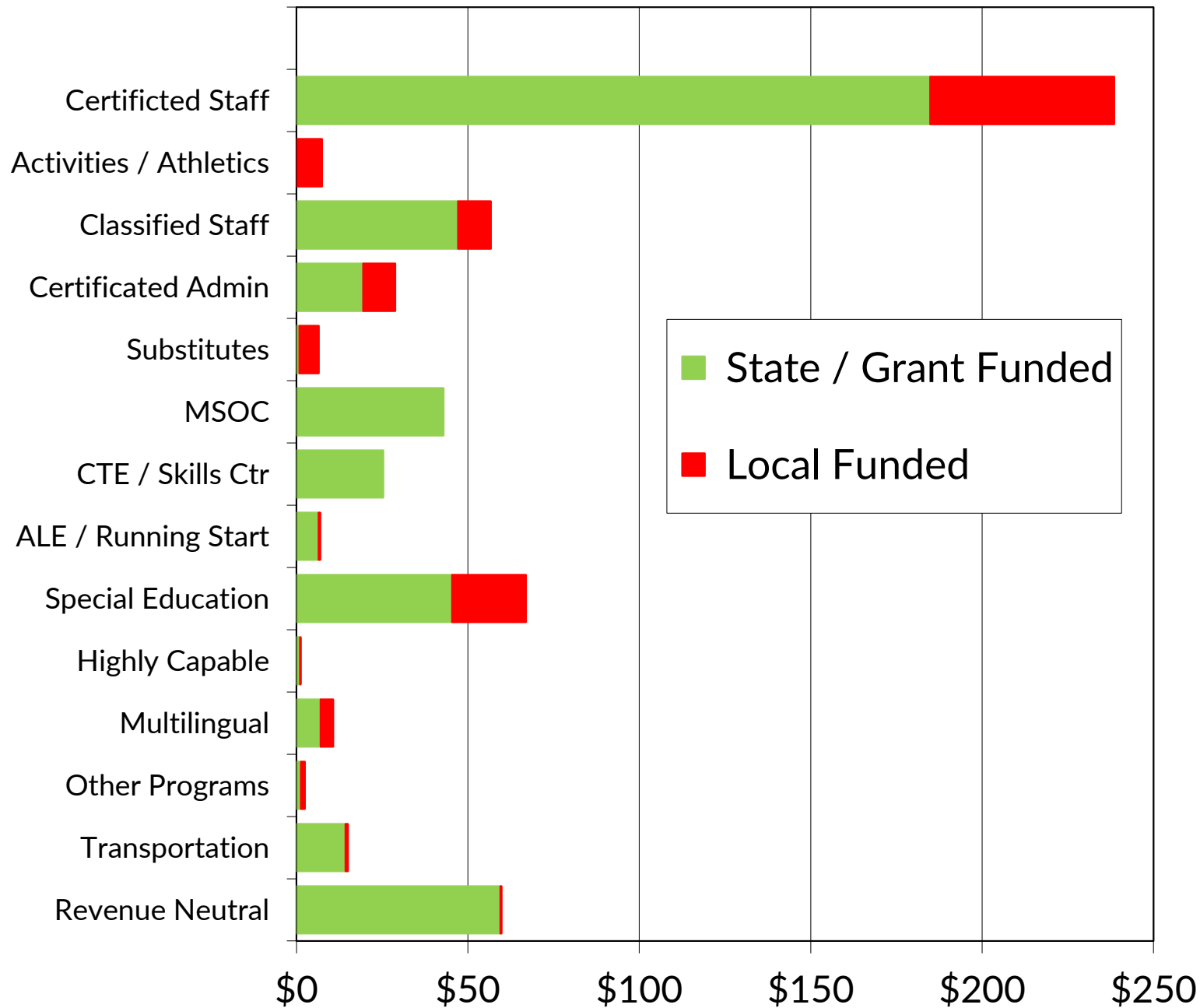
Grant Contingency
\$10.0 Million

2024-25 PRELIMINARY REVENUES AND EXPENDITURES

	Revenue Changes \$ In Millions	Required Expenditures \$ In Millions	Net Gain (Use) of Fund Balance
2023-24 Budget	\$548.5	\$556.2	(\$7.7)
State COLA (IPD), Health and Pension, L&I	\$12.7	\$20.7	(\$8.0)
State Prototypical Model Shortfall	\$5.0		\$5.0
Enrollment	\$1.1	\$1.3	(\$0.2)
Investment Interest	\$1.0		\$1.0
EP&O Levy	\$4.1		\$4.1
State Prototypical Model Shortfall – MSOC Fixed Costs/Budget Investments	\$1.6	\$3.5	(\$1.9)
Transportation (Based on actual 23-24)	\$3.4	\$1.4	\$2.0
State/Federal Grants/Self-Supporting Prog.	\$9.7	\$9.4	\$0.3
Grant Contingency	<u>\$10.0</u>	<u>\$10.0</u>	<u>\$0.0</u>
Total Change	\$48.6	\$46.3	\$2.3
Estimated 2024-25 Budget	\$597.1	\$602.5	(\$5.4)

The Funding Gap

There is a gap between what the state funds and what it costs to provide the programs and services our community rightfully expects.



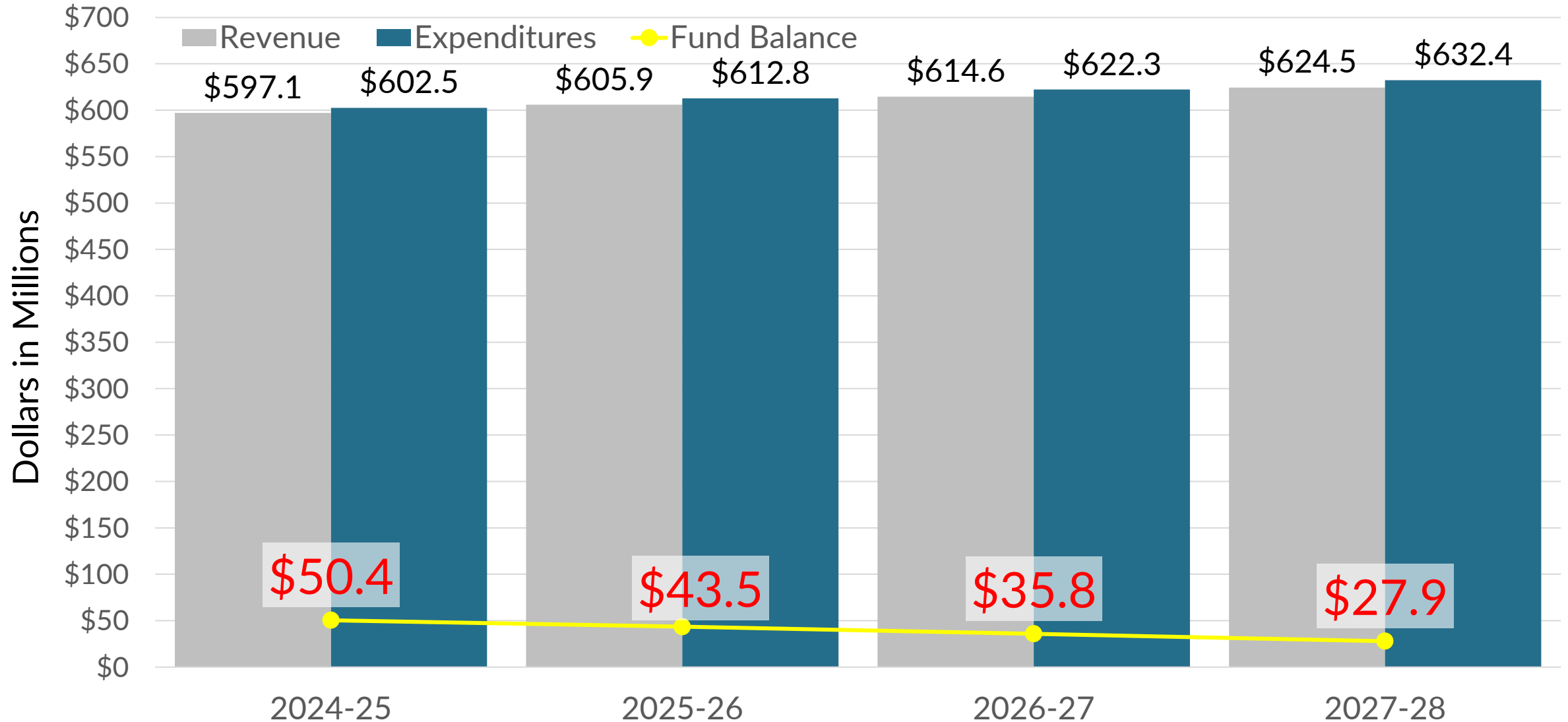


BUDGET OUTLOOK AND ASSUMPTIONS MULTI-YEAR FORECAST

GENERAL FUND



Revenue & Expenditure Projections



Fiscal Gap

\$5.4

\$6.9

\$7.7

\$7.9



FOUR-YEAR REQUIRED OUTLOOK: ASSUMPTIONS

Revenue Assumptions

- Enrollment projections reflect FloAnalytics long-term forecast (Feb 2024) – decline of 0.7% per year or 809 students over 4 years
- Prototypical model PSES change phased in through 2024-25
- Prototypical model MSOC/staffing allocation update in 2024-25
- State IPD of 3.7% for 2024-25, 1.9% for 2025-26, 2.1% for 2026-27, 2.1% for 2027-28
- No other significant changes in state funding
- Levy amount based on voter approval

FOUR-YEAR REQUIRED OUTLOOK: ASSUMPTIONS

Expenditure Assumptions

- Certificated, classified, and administrative staffing is aligned with enrollment growth/loss and staffing ratios
- Right-sizing staffing/program reviews/lease costs
- Ongoing local costs needs over state funding for salaries/benefits/retirement
- Ongoing fixed cost increases - Utilities, insurance costs continue to increase
- Future expenditure reductions needed estimated at \$6-10 million

Impact of State COLA

- Each 1% of COLA, it cost the district \$1.25-\$1.5 million in local dollars
- A 3.7% COLA will cost the district \$5.0 million.

TIMELINE AND NEXT STEPS

June

- June 3 - Board Study Session
- June 24 - Board Meeting - Budget Presentation /Public feedback period begins

August

- August 5 - Board holds Public Hearing
- August 19 - Board Action to adopt 2024-25 Budget



BAC Reflection



Successes, progress, and
take-aways from 2023-24



Preparing for 2024-25

2023-24 Budget Advisory Committee Meeting Recap

Date	Topics
October 12	<ul style="list-style-type: none">• BAC Purpose & Outcomes• Introduction to School District Finances in Washington State• Introduction to Lake Washington School District Budget
November 9	<ul style="list-style-type: none">• Enrollment and Budget Update• Budget Survey
December 14	<ul style="list-style-type: none">• Review Thought Exchange survey and Fall Budget Survey Results in• Discuss community Engagement Process
January 11	<ul style="list-style-type: none">• Review Staff Budget survey Results• Legislative Update• Board Budget Update
February 8	<ul style="list-style-type: none">• Community Budget TEAMS Live Event

Date	Topics
March 14	<ul style="list-style-type: none">• FloAnalytics Enrollment Forecast Presentation• Budget TEAMS live Feedback/Questions• Future Workplan
April 18	<ul style="list-style-type: none">• Legislative Update• Budget Outlook Update• Member Q&A• Review Monthly Financial Reports• Public engagement on Budget Development
May 2	<ul style="list-style-type: none">• Budget Update - Review key budget issues for preliminary budget• Review public engagement on Budget Development
June 3	<ul style="list-style-type: none">• Impact Fees• 2024-25 Work Plan Development• Construction Tour – Modular Addition Process

Reflection & Recommendations

- Respond to each of the following prompts on a separate notecard or sticky note:
 - What worked for you this year that you hope to see continued?
 - What are some improvements we could make for future meetings?
 - What are some core questions or content you would like our committee to cover next year?
- Attach your responses to the corresponding sheets posted in the room
- Take a few minutes to read the responses that other BAC members posted



2024-25 Budget Advisory Committee Meetings

- **BAC Membership**

- Existing members – continued participation
- Solicitation of new members if needed in fall

- **Schedule**

- Quarterly, 2rd Thursday 5:00-7:00 or more often as needed
- November, January, March, May

- **Content**

- Developed using input from tonight
- Will begin planning for future EP&O Levy and Technology & Capital Projects Levy in the spring
- Tentative shared meeting with Facility Advisory Committee

Key Dates:

- Mid-October – Enrollment update
- End of October – Prior Year End Finalized
- February – Updated Forecast
- April/May – Legislative Update
- June – Draft Budget for next year