



Northshore  
School District

# Budget Study Session

November 12, 2024



# Agenda

1. Review 2024-25 Budget guiding principles
2. Proposed Budget Development timeline
3. Fiscal update and review of 4-year outlook
4. First look at potential savings list/restoration
5. Communication plan for 2024-25



# 2024-25 Budget Guiding Principles – as adopted

1. Honor the District Strategic Plan as the foundational policy guidance (including its focus on Racial and Educational Justice as well as student outcomes).
2. Minimize the impact on students both in the classroom and in their educational experiences.
3. Keep schools open.
4. Comply with negotiated agreements.
5. Minimize reduction in force (RIF).
6. Preserve consistent and predictable operations and services to the extent possible while working to avoid any additional burdens on the work within classrooms.
7. Comply with state mandates (whether funded or not).
8. Conform with adopted, existing school board policies.



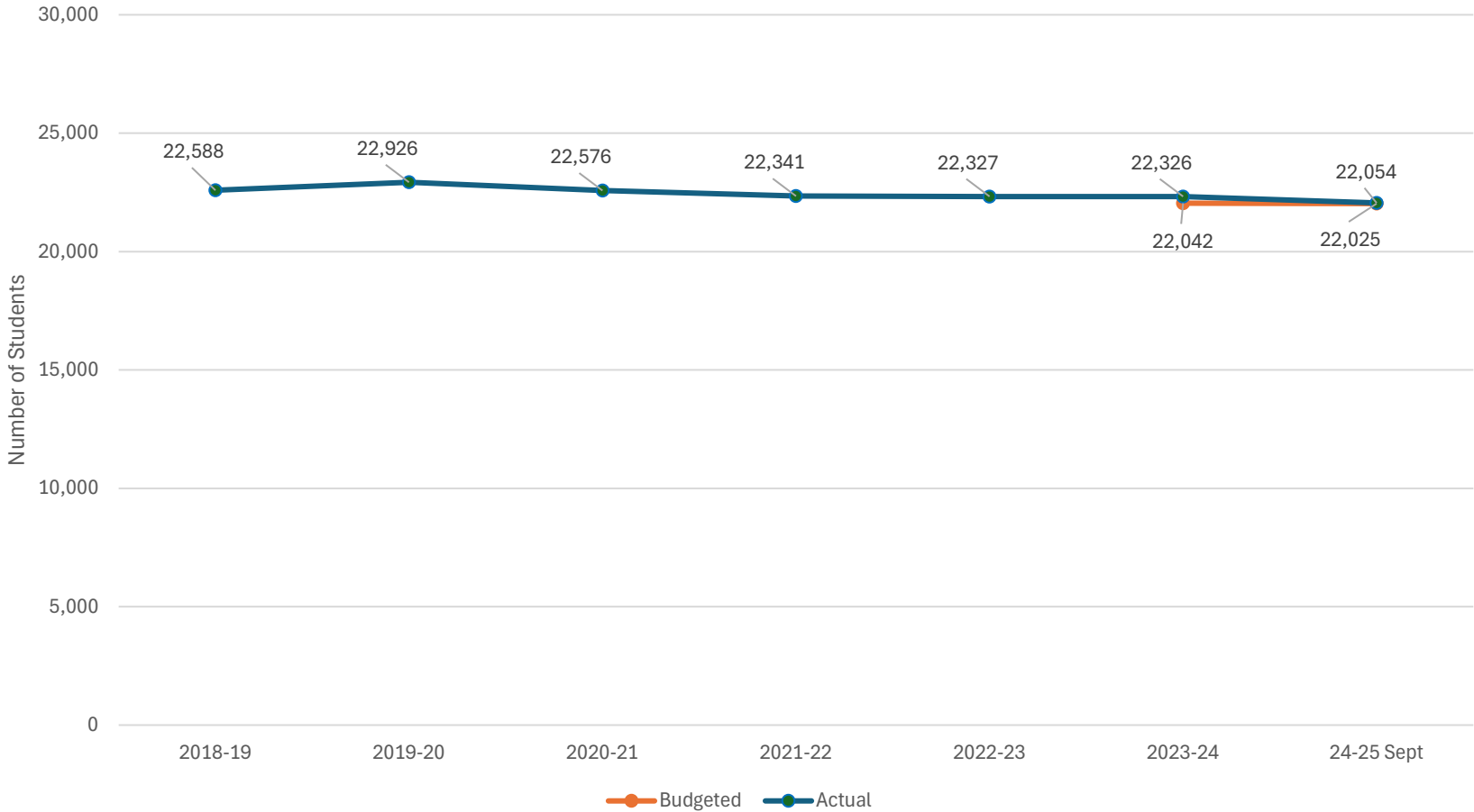
# Current Budget Development Calendar

- **October 14, 2024** - Budget Study Session
- **November 12, 2024** - Budget Study Session
  - Review 2023-24 final numbers
- **January 13, 2025** – Budget Study Session
- **January 15 to February 1, 2025** - Central budgets developed
- **February 28, 2025** - Budget Allocations to Schools
- **May 12, 2025** - Budget Study Session
- **June 23, 2025** - Introduce Budget to Board and Required Public Hearing
- **July 14, 2025** - Board Action to adopt school year 2025-26 budget

# Fiscal update and review of 4-year projections



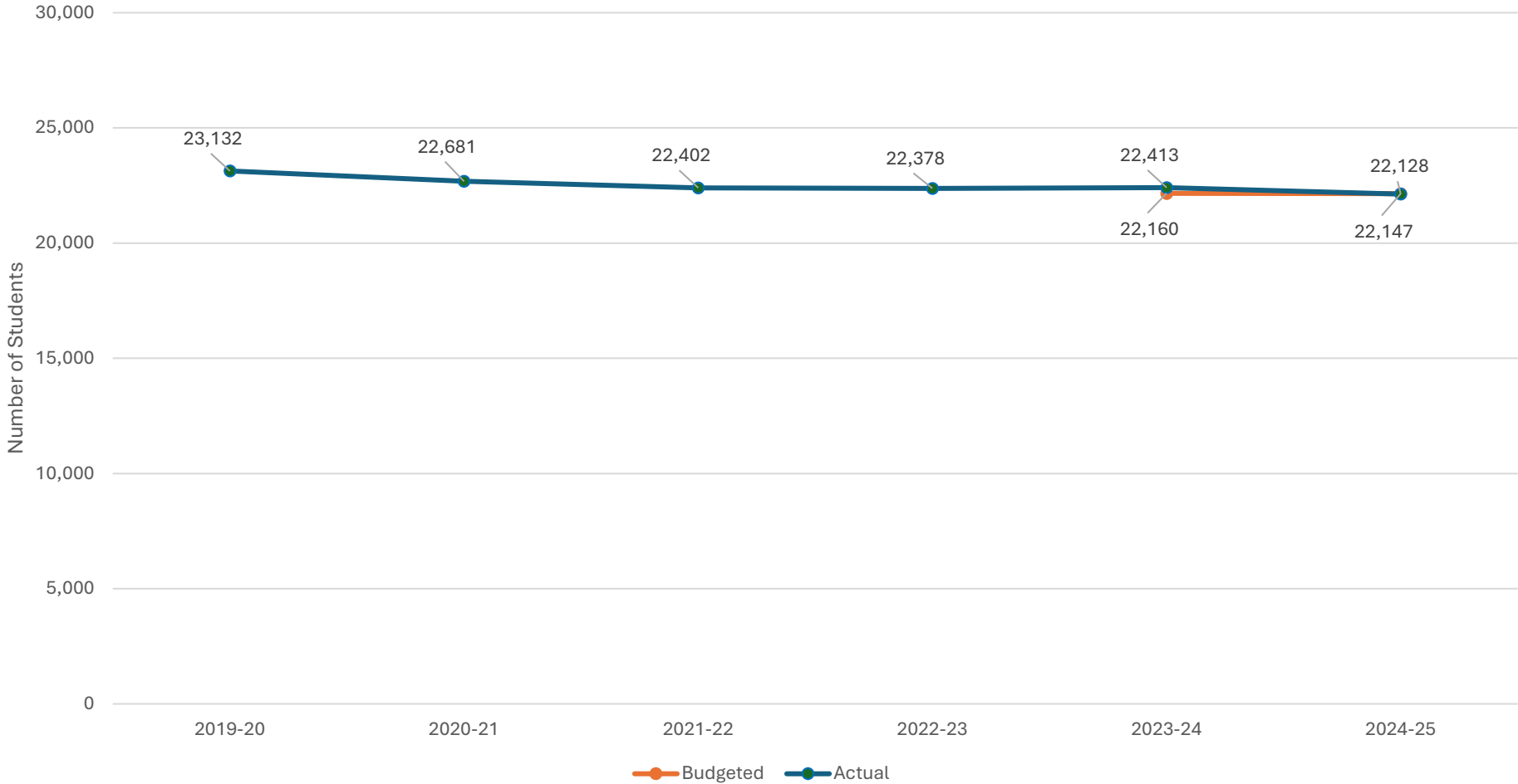
# Enrollment – Headcount as of Oct 1, 2024



Source: Actual October 1 Headcount for 2018-19 thru 2023-24, per OSPI report 1251H.  
2024-25 reflects headcount enrollment as of October 1st, not including Running Start or Open Doors program enrollment.



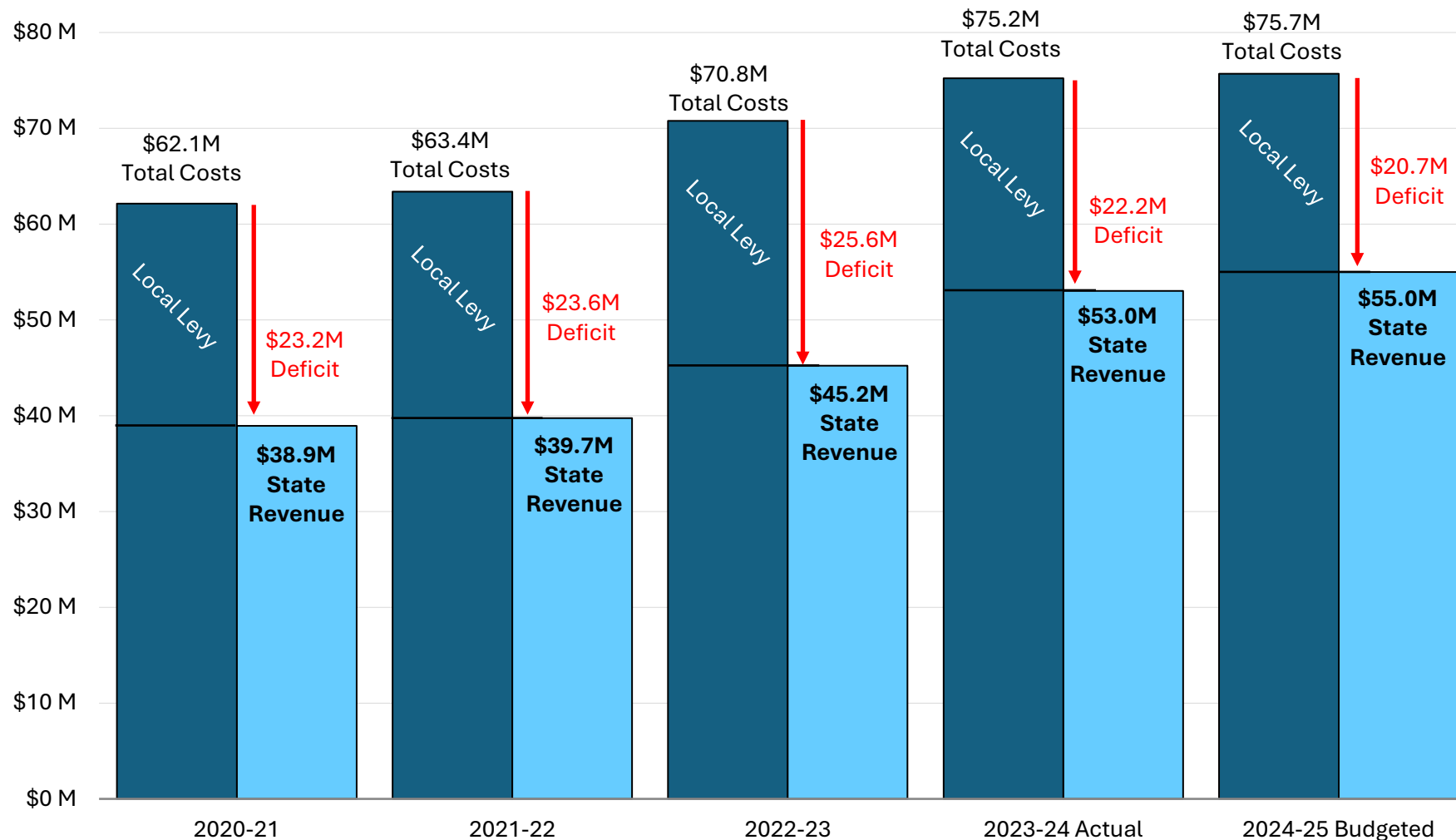
# Enrollment - Annual Average Full Time Equivalent (AAFTE) as of Oct 1, 2024



Including Running Start and Open Doors Enrollment  
2024-25 reflects FTE counts as of October 1<sup>st</sup>, and budgeted Running Start enrollment



# Special Ed – Remaining Gap in State Basic Ed Funding – with year end 23-24

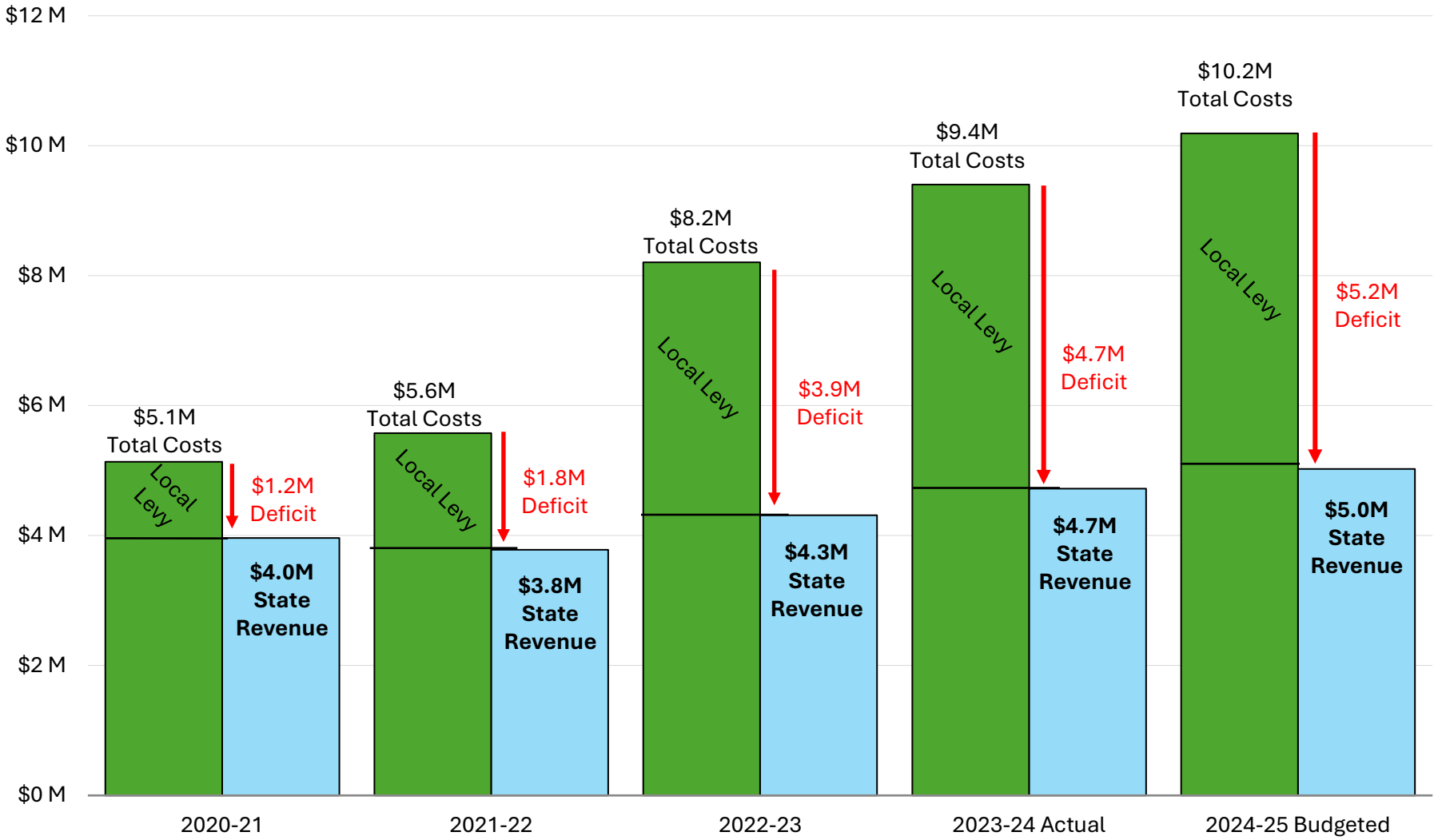


2023-24 budget estimated a \$23.8M deficit





# Transitional Bilingual Instructional Program - Gap in State Basic Ed Funding – with year end 23-24

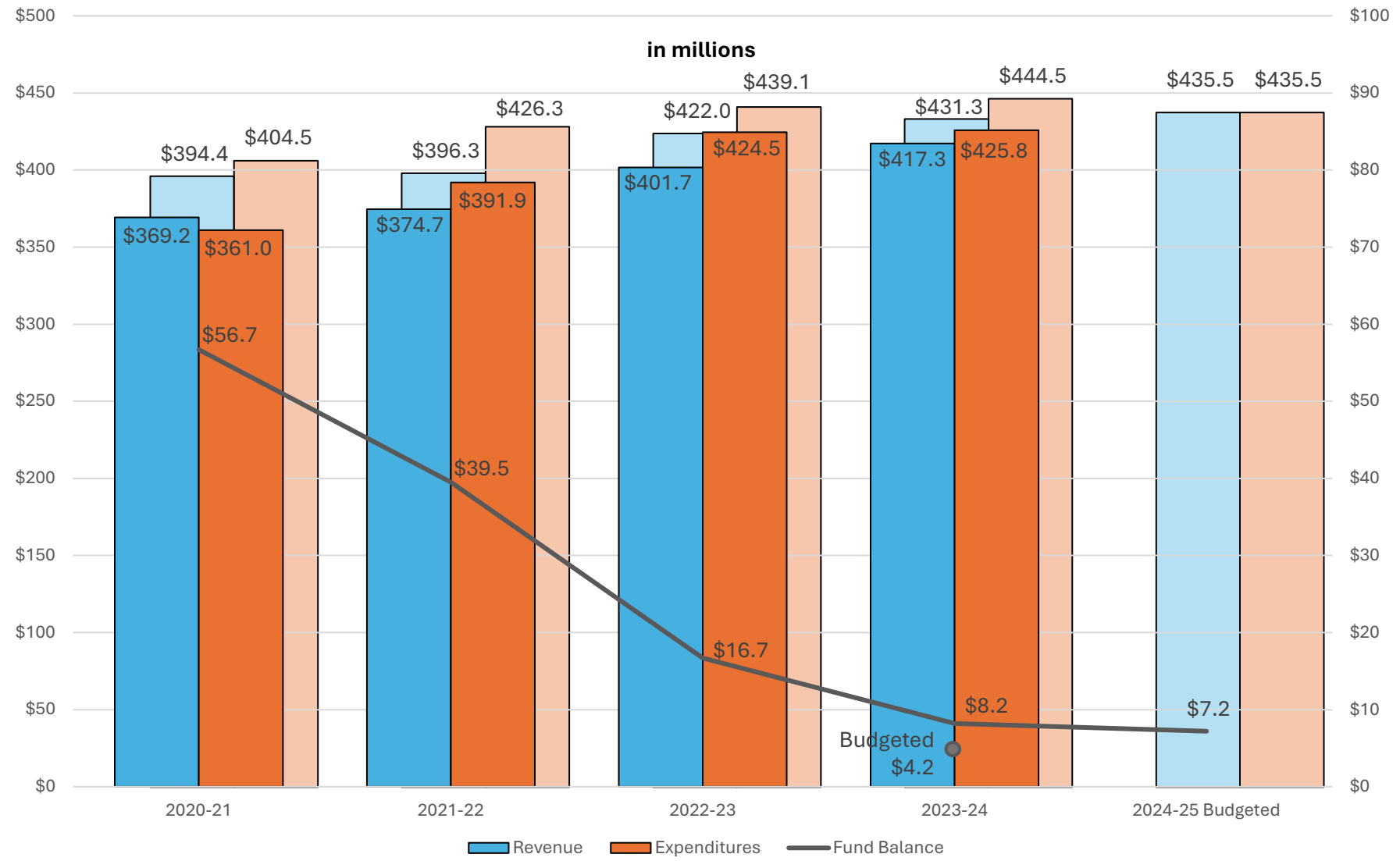


2023-24 budget estimated a \$5.8M deficit



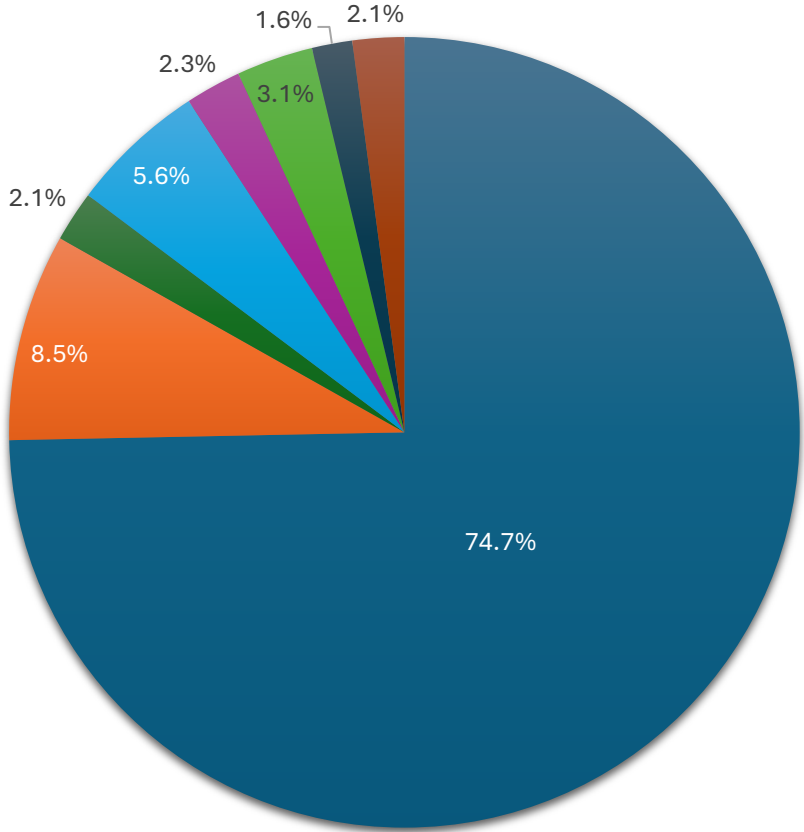
# Financial Context

Transparent bars (in the background) represent budget, which includes \$25M of capacity in both the revenue and expenditure amounts.





# 2023-24 Expenditures by Activity



- Teaching & Teaching Support
- Instructional Administration
- Central Office Administration
- Custodial, Maintenance, Grounds & Operations
- Nutrition Services
- Transportation
- Utilities
- All Other Support Services



# Analysis After 2023-24 Year-End

	2023-24 Budget	2023-24 Actual	Variance
in millions			
Beginning Fund Balance	\$ 17.4	\$ 16.7	\$ (.7)
Revenue	\$ 431.3	\$ 417.3	\$ (14.0)
Expenditures	\$ 444.5	\$ 425.8	\$ (18.7)
Difference Revenues v Expenditures	\$ (13.2)	\$ (8.5)	\$ 4.7
Ending Fund Balance	\$ 4.2	\$ 8.2	\$ 4.0

	2024-25 Budget	2024-25 Updated Projection	Variance
in millions			
Beginning Fund Balance	\$ 7.2	\$ 8.2	\$ 1.0
Revenue	\$ 453.5	\$ 453.5	\$ -
Expenditures	\$ 453.5	\$ 453.5	\$ -
Difference Revenues v Expenditures	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 7.2	\$ 8.2	\$ 1.0



# Four Year Budget

## General Fund

	2024-25	2025-26	2026-27	2027-28
	in millions			
Beginning Fund Balance	\$ 8.2	\$ 8.2	\$ 3.7	\$ (5.6)
Budgeted Revenue	\$ 453.5	\$ 462.6	\$ 471.8	\$ 481.3
Budgeted Expenditures	\$ 453.5	\$ 467.1	\$ 481.1	\$ 495.6
Difference Revenues v Expenditures	\$ -	\$ (4.5)	\$ (9.3)	\$ (14.3)
Ending Fund Balance	\$ 8.2	\$ 3.7	\$ (5.6)	\$ (19.9)

Assumptions:

- Enrollment assumptions held “flat” (no change from year to year in forecast)
- Revenues grow two-percent annually (based on history and expectations)
- Expenditures grow three-percent annually (based on history) with current staff levels



# Ending Fund Balance Categories

## General Fund

Fund Balance Category	2023-24 Actual	2024-25 Budget	
Restricted for Other Items	\$ -	\$ 306,000	PD carryover
Restricted for Carryover of Restricted Revenue	240,453	-	LAP carryover, could also include CTE carryover or State-funded PD carryover
Nonspendable - Inventory & Prepaids	3,175,347	2,400,000	
Restricted for Uninsured Risks	600,000	600,000	Self insurance for worker's compensation
Assigned to Other Purposes	1,205,011	1,300,000	School & department carryover for donations & grants not fully spent
Unassigned to Minimum Fund Balance Policy	2,957,071	2,594,000	
<b>Total Ending Fund Balance</b>	<b>\$ 8,177,882</b>	<b>\$ 7,200,000</b>	



# Four Year Outlook: Fiscal Year End 23-24

<b>Four Year Outlook</b>				
<b>General Fund</b>	<b>23-24 Budget</b>	<b>23-24 Actual</b>	<b>24-25 Budget</b>	<b>24-25 As Revised for 23-24 actuals</b>
Revenue (in 25-26 assume 2% forward)	\$ 431,300,000	\$ 417,279,745	\$ 453,500,000	\$ 453,500,000
Expenditure (in 25-26 assume 3% forward)	\$ 444,530,000	\$ 425,765,156	\$ 453,500,000	\$ 453,500,000
<b>Budget Over/(Short)</b>	\$ (13,230,000)	\$ (8,485,411)	\$ -	\$ -
<b>Board Reserve- Minimum Fund Balance</b>	\$ -	\$ 2,957,071	\$ 2,594,000	\$ 2,957,071
<b>Other variables</b>				
Ending fund balance higher than projected			\$ 363,071	\$ -

## Board Policy for Fund Balance

Fund balance reserve equal to 3% of budgeted expenditures	\$ 13,335,900	\$ 12,772,955	\$ 13,605,000	\$ 13,605,000
Estimated to be available at year end		\$ 2,957,071	\$ 2,594,000	\$ 2,957,071



# Four Year Outlook

<b>Four Year Outlook</b>					
<b>General Fund</b>	<b>24-25 Budget</b>	<b>24-25 As Revised for 23-24 actuals</b>	<b>25-26</b>	<b>26-27</b>	<b>27-28</b>
Revenue (in 25-26 assume 2% forward)	\$ 453,500,000	\$ 453,500,000	\$ 462,570,000	\$ 471,821,400	\$ 481,257,828
Expenditure (in 25-26 assume 3% forward)	\$ 453,500,000	\$ 453,500,000	\$ 467,105,000	\$ 481,118,150	\$ 495,551,695
<b>Budget Over/(Short)</b>	\$ -	\$ -	\$ (4,535,000)	\$ (9,296,750)	\$ (14,293,867)
<b>Restore Minimum Fund Balance</b>			\$ (3,685,000)	\$ (3,895,737)	\$ (4,328,743)
<b>Total to Solve</b>	\$ -	\$ -	\$ (8,220,000)	\$ (13,192,487)	\$ (18,622,610)
<b>Board Fund Balance Reserve</b>	\$ 2,594,000	\$ 2,957,071			
<b>Other variables</b>					
Potential Solutions to 25-26 budget			\$ 5,170,000		
	\$ -	\$ -			
Ending fund balance higher than projected	\$ 363,071	\$ -			
<b>Remaining Deficit</b>			\$ (3,050,000)		
Reduce Board Reserve restoration			\$ 3,050,000		
<b>Balance</b>			\$ -		

## Board Policy for Fund Balance

Fund balance reserve equal to 3% of budgeted expenditures	\$ 13,605,000	\$ 13,605,000	\$ 14,013,150	\$ 14,433,545	\$ 14,866,551
Estimated to be available at year end	\$ 2,957,071	\$ 2,957,071	\$ 6,642,071	\$ 10,537,808	\$ 14,866,551
If \$3m is used to balance 25-26	\$ 2,957,071	\$ 2,957,071	\$ 3,642,071		





# Projected Fund Balance by Month – in Millions

	Sept Actual	Oct Proj	Nov Proj	Dec Proj	Jan Proj	Feb Proj	Mar Proj	Apr Proj	May Proj	June Proj	July Proj	Aug Proj	Total
	in millions												
Projected Ending Fund Balance	\$ 7.0	\$ 19.1	\$ 8.9	\$ 6.5	\$ 1.2	\$ (1.3)	\$ (2.9)	\$ 16.1	\$ 4.5	\$ (8.0)	\$ (1.9)	\$ 8.4	\$ 8.4

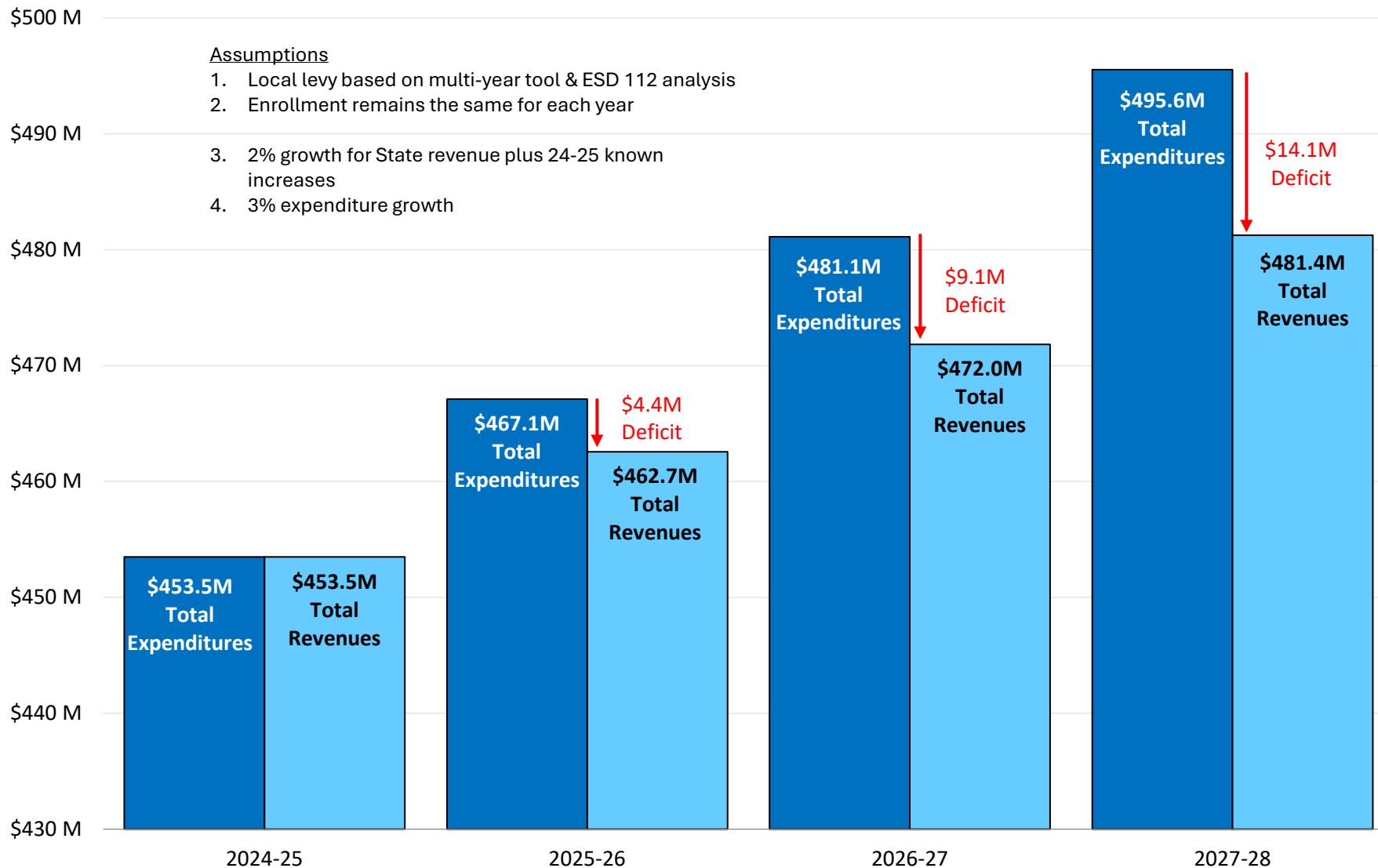
Projection as of Oct 28, 2024



# Budget Outlook

## Budget Outlook Summary For School Years 2024-25 through 2027-28

All numbers are estimates as of November 2024





# Potential Solutions



## Capital Funds – uses and restrictions

- Capital levy and bonds funds, include those for buildings and technology are restricted by law on how they may be used.
- Only staff who are working on qualified capital/levy projects may be charged to those dollars and funds may only be used for what was promised to taxpayers.
- Proceeds from building sales must go into the capital fund, the general fund cannot benefit from that transaction.



# Potential Solutions

<b>Potential Solutions</b>	
Central Office reduction of positions and reclassifications	\$ 730,000
Assistant Principals	\$ 1,000,000
Deans	\$ 1,320,000
General Ed staffing adjustment for secondary - special ed time in general ed	\$ 1,770,000
Add'l FTE for 7 period day	\$ 350,000
<b>Total</b>	<b>\$ 5,170,000</b>



# Potential Restoration

Restorations	\$1m from Leg		\$2m from Leg		\$3m from Leg		\$4m from Leg		\$5m from Leg	
	Amount	Number of Positions	Amount	Number of Positions	Amount	Number of Positions	Amount	Number of Positions	Amount	Number of Positions
Deans 6 of 11 positions @ \$120k each	\$ 360,000	3	\$ 720,000	6	\$ 720,000	6	\$ 720,000	6	\$ 720,000	6
AP's 4 positions @ \$251k each	\$ 251,000	1	\$ 502,000	2	\$ 753,000	3	\$ 1,004,000	4	\$ 1,004,000	4
Class Size, reduce class size back to 23-24	\$ 445,000	5th grade 28:1	\$ 890,000	5th grade 27:1	\$ 1,335,000	5th grade 27:1; 4th 24:1	\$ 2,084,000	6th grade 32:1, 5th grade 27:1; 4th 23:1	\$ 3,159,000	8th 31:1, 7th 31:1, 6th 31:1, 5th 27:1; 4th 23:1
<b>Total</b>	<b>\$ 1,056,000</b>		<b>\$ 2,112,000</b>		<b>\$ 2,808,000</b>		<b>\$ 3,808,000</b>	<b>A</b>	<b>\$ 4,883,000</b>	<b>B</b>
					*		*		*	
Footnotes										
A - \$4m grades 4 and 5 are fully restored, grade 6 partial										
B - \$5m grades 4-8 fully restored										
* - any remaining amount would go to the board's reserve										



# Four Year Outlook – question for board on reserve amount, ok with fewer cuts and a smaller board reserve?

<b>Four Year Outlook</b>					
<b>General Fund</b>	<b>24-25 Budget</b>	<b>24-25 As Revised for 23-24 actuals</b>	<b>25-26</b>	<b>26-27</b>	<b>27-28</b>
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# Communication Plan

- ❖ PTSA meetings
- ❖ Conversations with the board community meetings
- ❖ Monthly Financial Advisory Committee meetings
- ❖ Superintendent's student advisory committee



# Questions and Discussion

