



LAKE WASHINGTON SCHOOL DISTRICT

Budget Advisory Committee (BAC)

January 9, 2025

January Check-In: Your New Year's Resolutions

Share any New
Year's Resolutions
you've made or
are considering for
2025



AGENDA

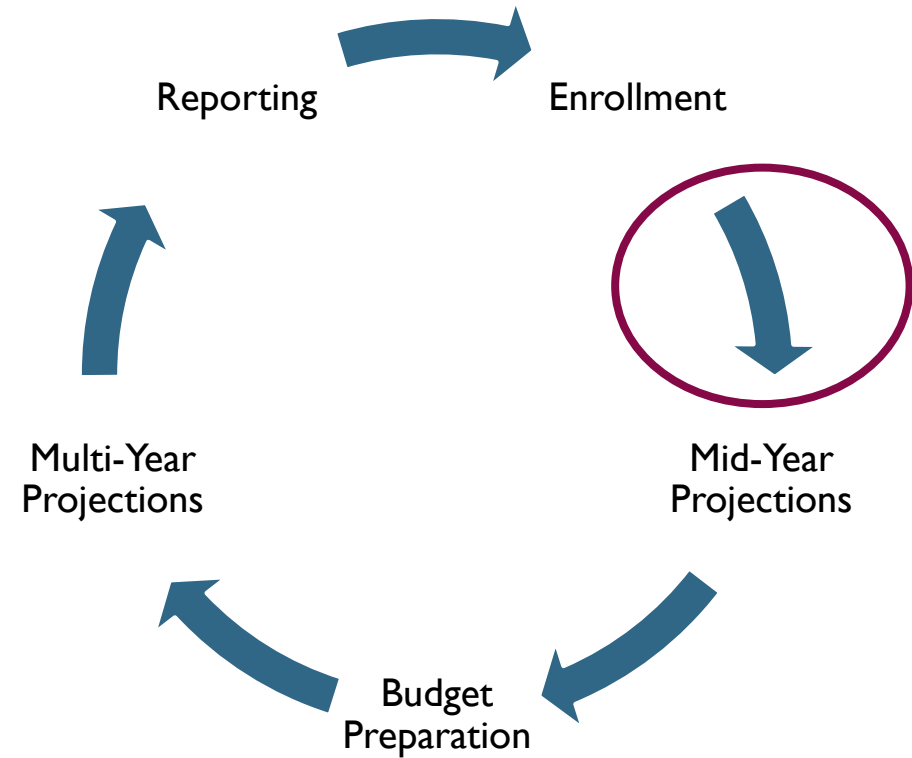
**Budget and
Enrollment
Update**

**Legislative
Update**

**Capital
Projects
Fund 101**

BUDGET CYCLE

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

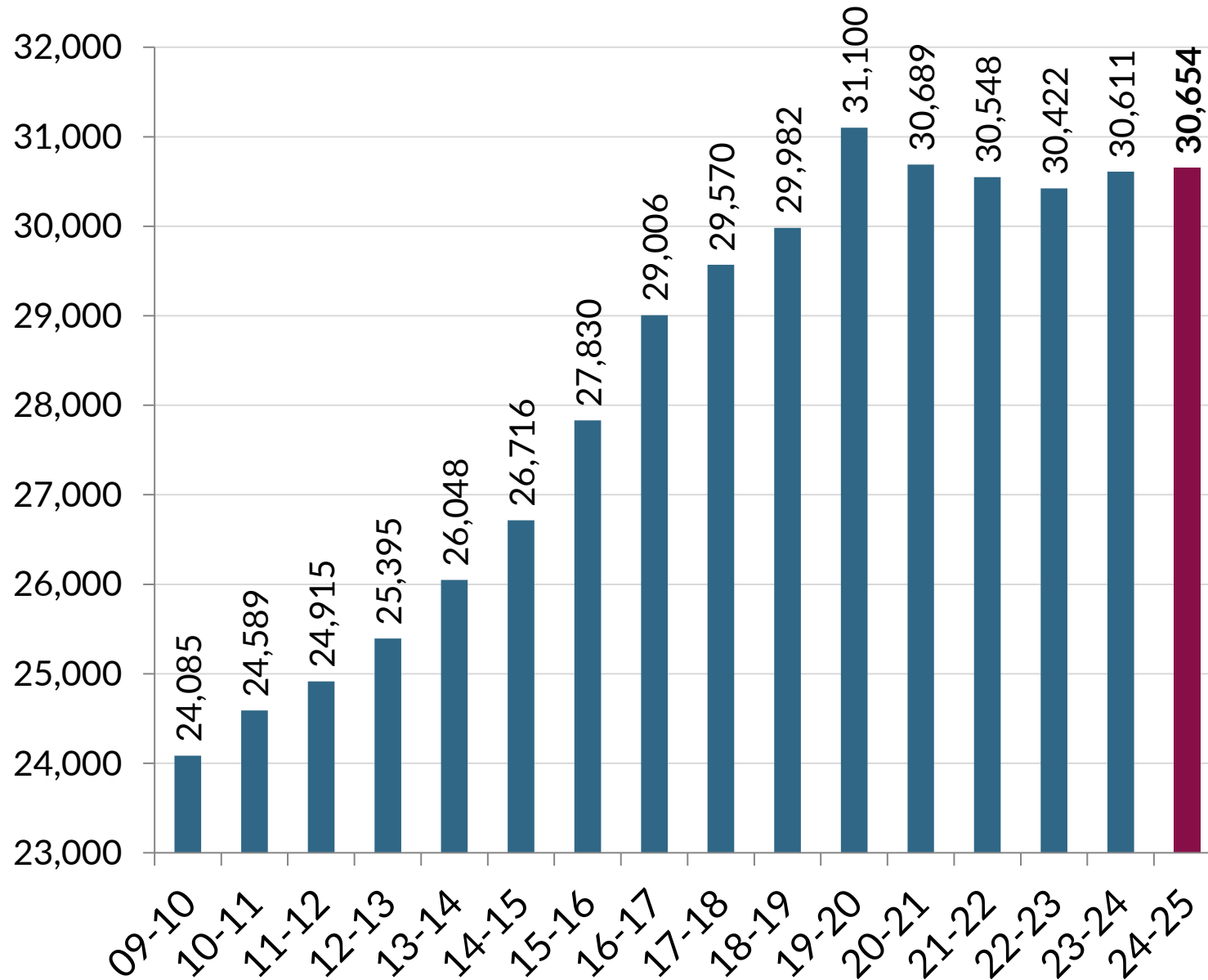




BUDGET AND ENROLLMENT UPDATE



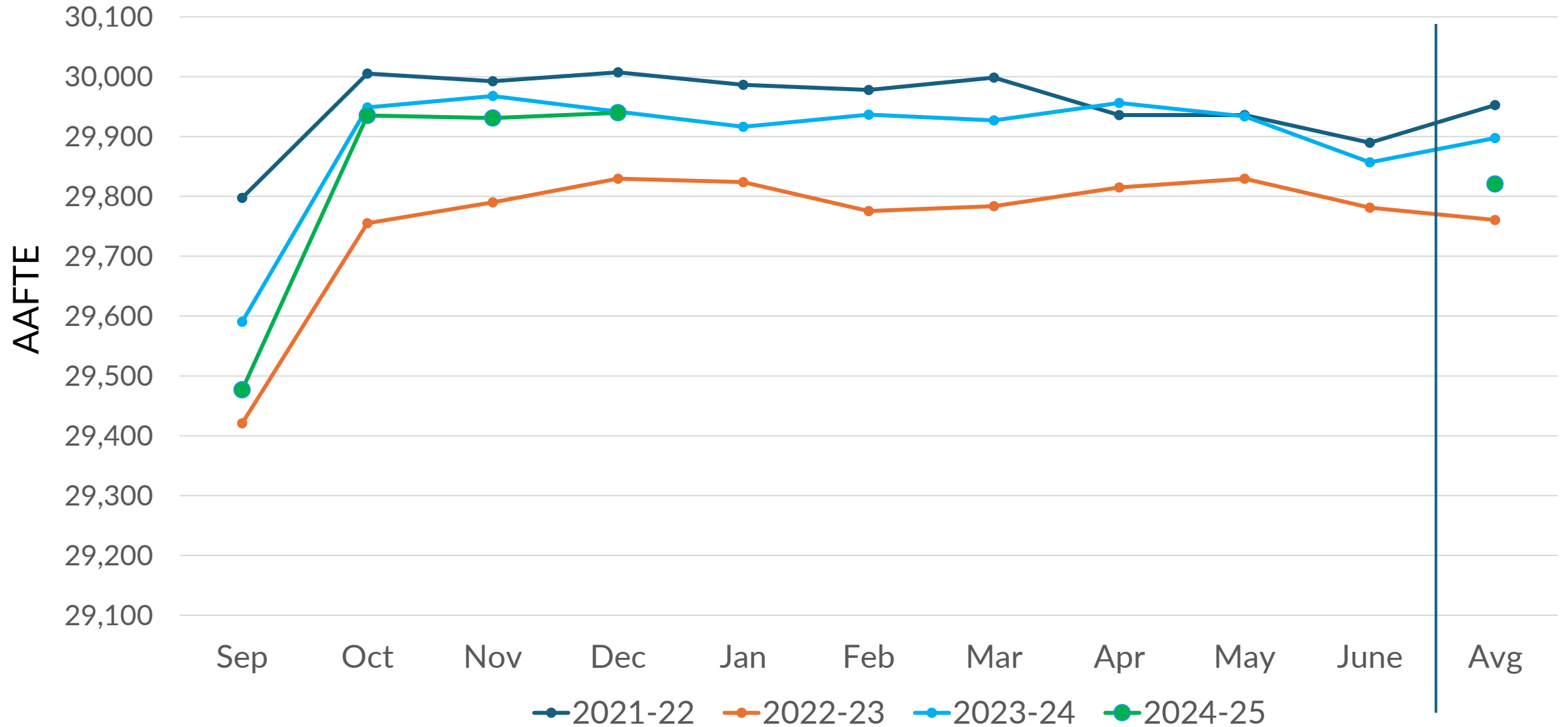
Historical Enrollment



- **LWSD Enrollment History**
- October 1, 2024 Headcount Enrollment **30,654**
- Increase of 43 students from last year

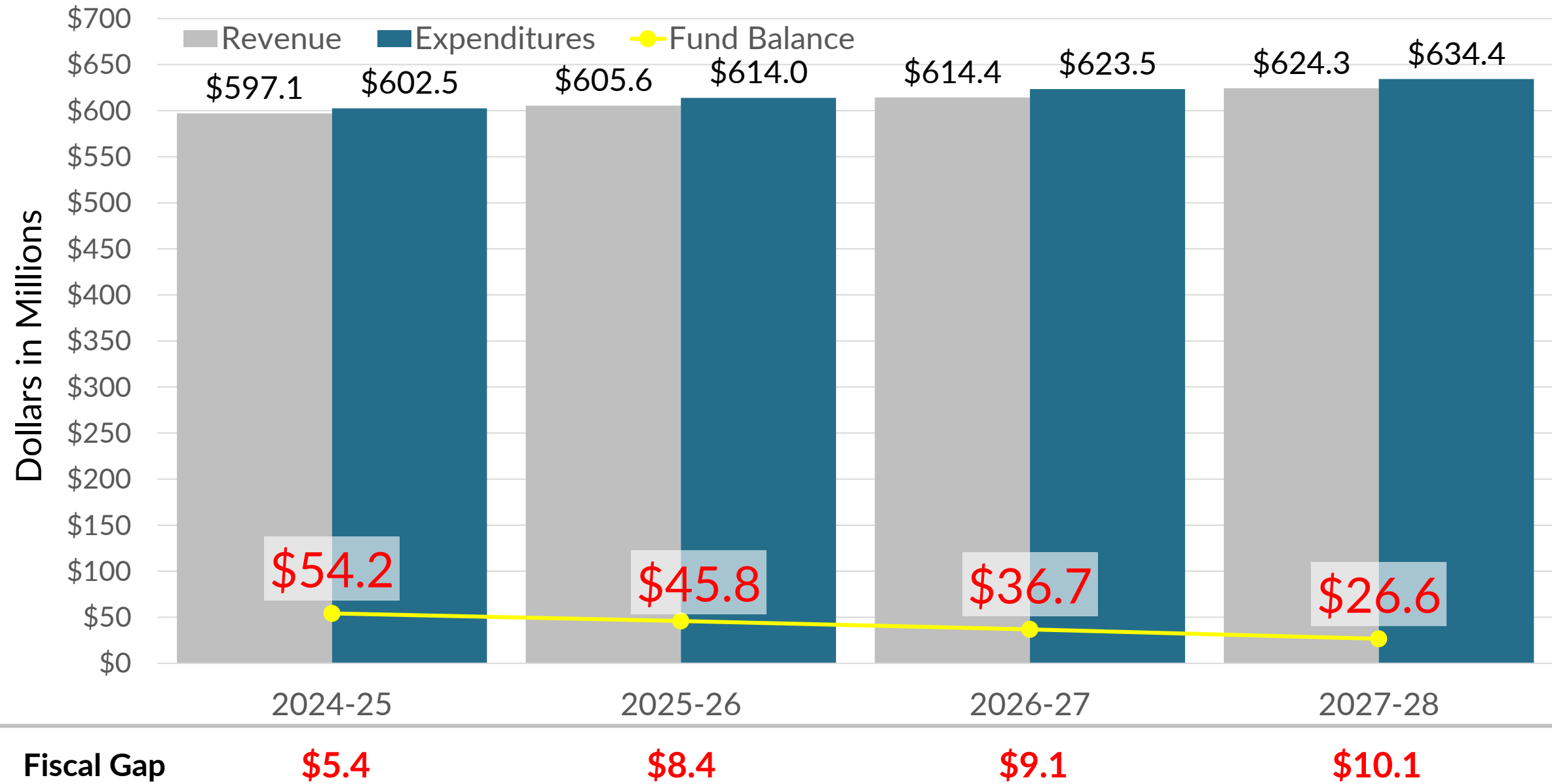


Average Annual FTE Enrollment



Excludes ALE

Revenue & Expenditure Projections





LEGISLATIVE UPDATE



2025 LEGISLATIVE SESSION

- Lake Washington is represented by four different legislative districts.
- In the new session we will have a new state senator and two new state representatives
 - Newly-appointed Senator Vandana Slatter
 - Newly-appointed Representative Osman Salahuddin of the Redmond City Council
 - TBD appointment to fill Representative Tana Senn's seat
- Session begins January 13, ends April 27
 - A “long” session of 105 days
 - Legislators will be largely focused on developing a new biennial budget that addresses the projected budget deficit

LAKE WASHINGTON LEGISLATIVE PRIORITIES



- Urgent Priorities shared by districts, education associations across the state
 - Fully fund special education
 - Since 2020, Lake Washington has been underfunded by \$87.8 million
 - Update transportation formula and fully fund
 - Currently unpredictable and impossible to budget
 - Adjust Materials, Supplies, Operating Costs (MSOC)
 - Funding does not keep up with inflation
 - Insurance costs have increased \$4.2 million since 2017
 - Over the last five years LW has been underfunded for substitute teachers by \$29 million

STATUTE CORRECTION FOR LGO BOND USAGE FRONT FUNDING BILL

- Limited General Obligation (LGO) bonds (non-voted bonds) are a tool that can be used to utilize funds more quickly.
- Use of LGO funds is limited to improvements and additions—not allowing new construction
- SB 5090, introduced by Senator Dhingra will allow districts to use LGO funds for all capital construction projects
 - The House companion bill by Representative Callan will be introduced shortly
- Including new construction as an acceptable use would:
 - Create consistency across funding types
 - Allow districts to front-fund capital levy funds more quickly
 - Help keep construction costs down and save taxpayer money
 - NO COST to the state
- Supported by other districts (notably Central Valley, Vancouver, Issaquah)

LIMITED GENERAL OBLIGATION BOND LANGUAGE CORRECTION

RCW 28A.530.080 Additional authority to contract indebtedness— Notice.

(1) In addition to the authority granted under RCW 28A.530.010, a school district may contract indebtedness for any purpose specified in RCW 28A.530.010 (2), ~~(4), and through (5)~~ or for the purpose of purchasing any real or personal property, or property rights, in connection with the exercise of any powers or duties which it is now or hereafter authorized to exercise, and issue bonds, notes, or other evidences of indebtedness therefor without a vote of the qualified electors of the district, subject to the limitations on indebtedness set forth in RCW 39.36.020(3).

RCW 28A.530.010 Directors may borrow money, issue bonds.

The board of directors of any school district may borrow money and issue negotiable bonds therefor for the purpose of:

- (1) Funding outstanding indebtedness or bonds theretofore issued; or
- (2) For the purchase of sites for all buildings, playgrounds, physical education and athletic facilities and structures authorized by law or necessary or proper to carry out the functions of a school district; or
- (3) For erecting all buildings authorized by law, including but not limited to those mentioned in subsection (2) of this section immediately above or necessary or proper to carry out the functions of a school district, and providing the necessary furniture, apparatus, or equipment therefor; or**
- (4) For improving the energy efficiency of school district buildings and/or installing systems and components to utilize renewable and/or inexhaustible energy resources; or
- (5) For major and minor structural changes and structural additions to buildings, structures, facilities and sites necessary or proper to carrying out the functions of the school district;

WHAT YOU CAN DO

1

Participate in hearings

- Testify in person or virtually
- Submit written testimony
- “Sign in” for or against

2

Write to your legislators

- Keep messages short
- Explain direct impacts/concerns
- Make a specific ask

3

Reach out to LW staff if you have questions about our priorities or positions



CAPITAL PROJECTS FUND 101



Capital Projects Fund Budget

\$120.4 Million



- Expenditure Authority for \$120.4 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

OVERVIEW - SOURCES OF FUNDING SUMMARY

General Fund Operations

- State Funding
- EP&O Levy
- Federal Funding
- Local Fees
- Other grants, etc.

Capital Fund

- Bonds
- Capital Projects Levy
 - Facilities
 - Technology
 - Construction
- State Construction Assistance
- Impact Fees
- Grants

TECHNOLOGY AND CAPITAL PROJECTS



The state provides limited money in the operating budget for technology and maintenance.



Basic education formulas were developed before technology became an integral part of the workforce and education system. Funding has not kept up with 21st century needs.



Provides no funding for major facility life cycle upgrades such as roofs, HVAC systems, playgrounds, athletic fields improvements, etc.



Local levies are used to fund technology and major infrastructure needs of districts

CONSTRUCTION



The state does not provide funding for construction of new schools to accommodate student growth and provides limited funding for rebuilding aging facilities.



Local districts are responsible for raising their own money and must use two primary sources for funding construction: Bonds and/or Capital Projects Levies.



Other Sources of Funding:

- School Construction Assistance Program (state paid)

- School Impact Fees (developer paid)

BONDS

District issues Unlimited General Obligation Bonds (voted)

Must garner 60% voter approval to pass. Requires turnout of 40% of most recent state general election to validate

Provides financing at lower interest rates

- Bonds are backed by the pledge of the issuer to raise taxes to fully repay the bonds
- Interest earned is tax exempt

Total outstanding bonds may not exceed and overall debt limit of 5% of assessed valuation

CAPITAL LEVY

Can run Capital Levy on an ongoing basis – up to six years

Can be used to pay for Technology Upgrades, Facilities Upgrades and/or Construction

- Technology - pays for enhanced technology infrastructure, equipment and training, replacement of student computers, teacher professional development, instructional software and programs
- Facilities - upgrades to major facility systems on a life cycle basis, accessibility projects, safety and security upgrades, site improvements, athletic facility upgrades
- Construction – additions, new buildings, remodels

STATE CONSTRUCTION ASSISTANCE FUNDS (SCAP)

State Funding assistance for projects that meet eligibility requirements based on age and condition or need for space.

If eligible, SCAP provides partial funding based on formulas, allowances and costs related to certain aspects of construction

Must secure local funding first

Even with rapid growth, Lake Washington school district only receives SCAP on rebuild and enlarging aging school projects, not new construction.

SCHOOL IMPACT FEES

Fees assessed by local governments against new development projects

Impact fees are not intended to pay for 100% of costs of new facilities. Intended to provide a portion of the cost incurred in providing public facilities to serve new development

May only be used to fund facilities directly associated with new development. Cannot be used to correct existing deficiencies.

School impact fees collected through local jurisdictions (cities and counties)

Fees collected are based on expected impact of each new type of housing unit.

Must be spent within 10 years of collection

Local Taxes

- 2019 Six-year Construction Levy
- 2022 Six-year Construction Levy
- 2022 Four-year Technology and Capital Projects Levy

Local Non-Tax

- Investment Earnings
- Impact Fees

Governmental Entities

- Grants (Energy, Aquatic)

LWSD 2024-25 Revenue



2022 Six-year Construction Levy Projects

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

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

LWSD 2024-25 Expenditures



WHAT ARE LGO BONDS?

- Limited General Obligation (LGO) Bonds is short-term non-voted debt paid back within the six-year levy timeframe
 - Principal paid back with levy proceeds
 - Interest paid back using other sources (typically state construction assistance program funds from prior construction projects)
- RCW 28A.520.080 requires the board to hold a public hearing when issuing non-voted debt

2022 CAPITAL LEVY CASH FLOW PROJECTION EXAMPLE

Year	Revenues Cumulative (\$millions)	Example Expenditures Cumulative (\$millions)	Difference (Shortfall) (\$millions)
2022-23	\$18.6	\$16.0	\$2.6
2023-24	\$59.0	\$63.1	(\$4.1)
2024-25	\$104.0	\$157.1	(\$53.2)
2025-26	\$155.9	\$182.3	(\$26.5)
2026-27	\$212.8	\$233.9	(\$21.1)
2027-28	\$268.8	\$286.6	(\$17.8)
2028-29	\$295.0	\$295.0	\$0.0

2022 Construction Levy collection begins 2023 calendar year



HOW DO WE KEEP TRACK OF PROJECTS?

2024-25 Work Plan

- Quarterly, 2rd Thursday 5:00-7:00 or more often as needed
- Will begin planning for future EP&O Levy and Technology & Capital Projects Levy in the spring
- Tentative shared meeting with Facility Advisory Committee

Date	Topic
November 14, 2024	Enrollment, Budget Town Hall, Year End Financial Report, Work Plan
January 9, 2025	Budget Update, Capital Budget information
March 13, 2025	Enrollment Forecast Presentation, District Comparison Data
April 10, 2025	Budget Update, Review Financial Reports
May 8, 2025	EP&O Levy/Technology and Capital Levy Planning, Legislative Update
June 12, 2025	EP&O Levy/Technology and Capital Levy Planning, Budget Update

