

2018-2019 Proposed Budget

Board of Directors
August 13, 2018



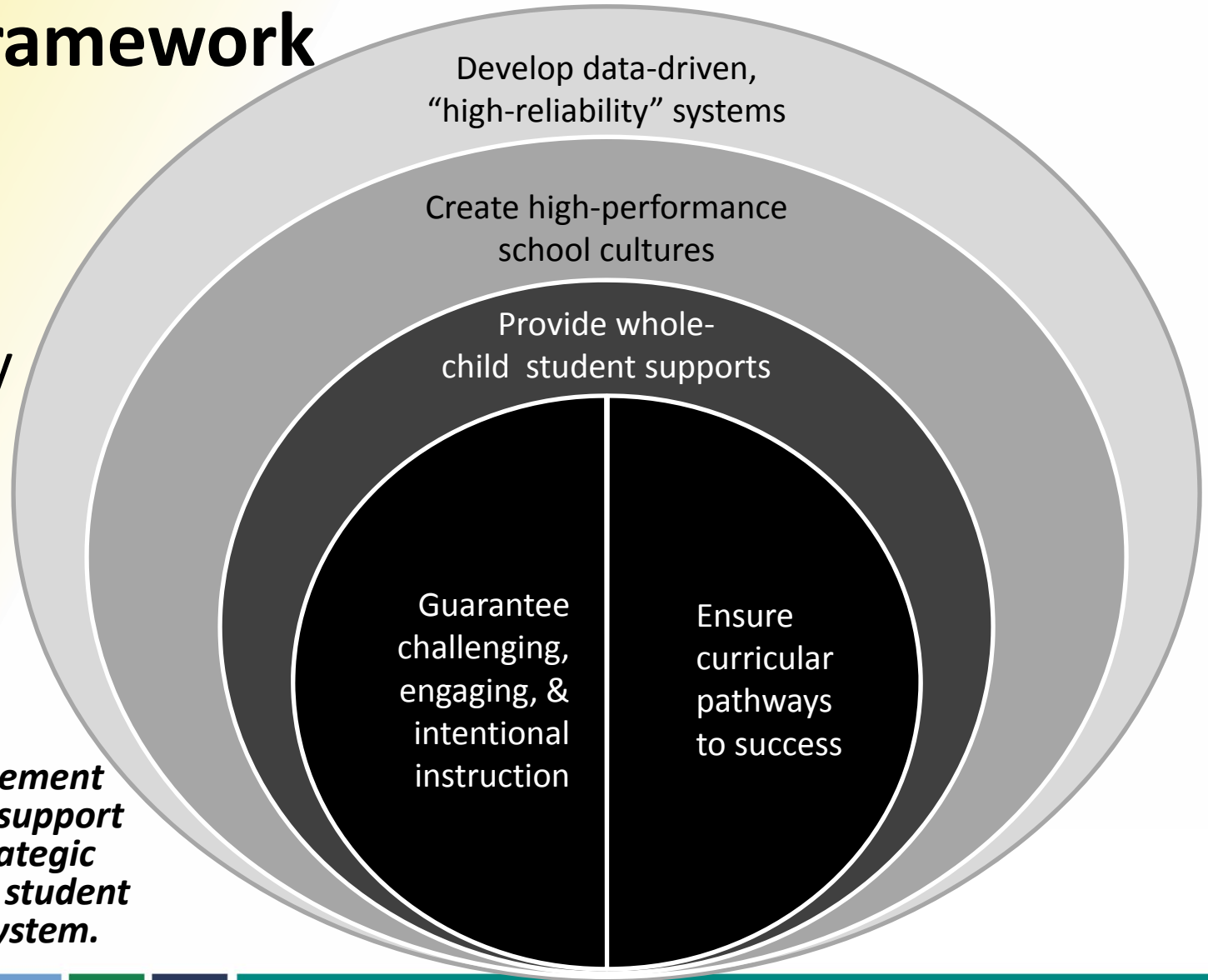
Mission Statement

Inspiring and empowering learners to be contributing citizens in our changing world.



What Matters Most Framework

High
Reliability
District
Systems



Resource management is an underlying support for the entire strategic plan, supporting student learning in our system.



Steps in Budget Process

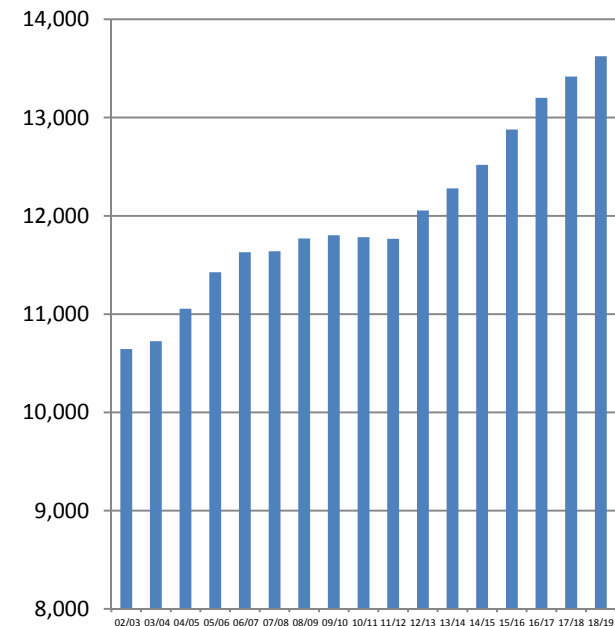
- Enrollment projections – January/February
- **Legislative action**
- Labor contracts
- Board updates / work sessions / decisions
- Budget presentation
- Public Hearing / Board adoption – August



Enrollment

- Growth in enrollment

– 2002/2003	10,644	<i>High schools opened</i>
– 2003/2004	10,725	
– 2004/2005	11,055	
– 2005/2006	11,426	
– 2006/2007	11,629	
– 2007/2008	11,640	
– 2008/2009	11,770	
– 2009/2010	11,803	
– 2010/2011	11,782	
– 2011/2012	11,767	
– 2012/2013	12,054	
– 2013/2014	12,280	←
– 2014/2015	12,518	
– 2015/2016	12,879	
– 2016/2017	13,201	
– 2017/2018	13,418	
– 2018/2019	13,625	Projected Budgeted



Legislature / McCleary Lawsuit

- Law suit against State of Washington
- State not meeting Constitutional requirement to amply and equitably fund K-12 Basic Education
- Over reliance on local levies to pay for Basic Education
 - Disparity between districts
- Court found for the plaintiff
- State filed appeal
- Superior Court upheld original verdict
- State's response to court was 2261 and 2776 in 2009 and 2010



2776 Implementation Schedule

	School Year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1	Full-Day Kindergarten Must be fully funded statewide by 2017-18 Phase-in based on FRPL	219 Schools	More funding can begin	More funding must begin	Continues to ramp up	Continues to ramp up	Continues to ramp up	Continues to ramp up	Fully Funded
2	K-3 Class Size Reduction Must be fully funded statewide by 2017-18 Phase-in based on FRPL	\$0	More funding can begin	More funding must begin	Continues to ramp up	Continues to ramp up	Continues to ramp up	Continues to ramp up	Fully Funded
3	Maintenance, Supplies, Operation Costs (MSOC) Must be fully funded by 2015-16 \$ per student basis		More funding can begin	More funding must begin	Continues to ramp up	Continues to ramp up	Funded at new level	Funded at new level	Funded at new level
4	Basic Transportation Must be fully funded by 2014-15 % of formula funded basis		More funding can begin	More funding must begin	Continues to ramp up	Fully Funded	Fully Funded	Fully Funded	Fully Funded



What Remained

- Compensation
 - 2012 Compensation Technical Work Group report
 - Stated that overall teachers adequately compensated
 - Issue was that significant levy dollars were used to fund the gap between State funding and adequate salaries
 - Local levy dollars were funding Basic Education
- Local Levy
 - With the State's full funding of Basic Education, local levy must be reduced



McCleary Solution – EHB 2242

- Dramatically changed structure of K-12 funding beginning in 2018-19
 - Compensation
 - Levy and Levy Equalization
 - Greater accountability/Audit requirements
 - New accounting structure
 - 4 year budget plan and 4 year enrollment projections
- Phased funding in over four year period
- Maintained the prototypical school funding model for number of staff positions
- Began the shift of funding of Basic Education salaries from local levies to the State



2018 Legislative Session

- Short session – supplemental budget
- K-12 funding – only changes were technical fixes to 2242
- Supreme Court finding – on the right track with 2242, but phased in time frame did not meet the court’s mandate
- Legislature funded salary allocations in 2018-19 rather than phasing in
- ESSB 6362 budget / technical fixes to 2242
- Convened January 8, 2018 – Sine Die March 8, 2018
- Budget approved and signed by Governor Inslee March 8, 2018



2242 as Amended by 6362

- **Compensation – Salary Allocations**
- Benefit Allocations
- MSOCs
- **Inflationary Indexes**
- Special Education
- K-3 Class Size Compliance
- Professional Development
- **Levy and Levy Equalization Calculations**
- Restrictions on Levy and LEA Use
- Accounting, Reporting, and Auditing Requirements



Compensation

- **Eliminated Salary Allocation Model (SAM) – Statewide Salary Schedule**
 - Bargain salary schedule locally, but within parameters and constraints
- **Eliminated Staff Mix – Average Teacher Placement on SAM**
- **All Districts funded at statewide salary of \$65,216 (regardless of experience or education) adjusted for regionalization beginning 2018-19**
- **Regionalization factor based on residential property values, no correlation to experience of staff in district**
 - Regionalization factors are 6%, 12%, 18%
 - Additional hold harmless of 6% added to some districts that phases out over next six years
- **Experience Mix Factor – 2019-20**
 - 4% experience factor
 - Certificated staff median years of experience exceed statewide average AND advanced degrees above the statewide ratio
- **Re-evaluated every six years**



Levy and Levy Equalization

- Currently – levy authority is determined by multiplying the district's levy base (state and federal revenues) by a fixed percentage – 28%
 - Was scheduled to reduce to 24% in 2018
 - Levy equalization reduces the amount collected from the property owners and funds are received from the State in lieu of those taxes
-
- New Calculation - under 2242 levy authority is lesser of \$1.50/\$1,000 of assessed value (AV) in district and \$2,500 per student FTE
 - Levy equalization fills gap for districts whose \$1.50/\$1,000 is less than \$1,500 per student FTE
 - Disparity among districts throughout the state



McCleary Intent

- Basic Education paid by the State
- Increased Salary Allocation / Reduction in Levy
 - Addresses McCleary intent
 - State funding of Basic Education salaries
 - Reduce reliance on levy for Basic Education salaries



Challenges

- Large increase in salary allocation from State
- Expectations for large salary increases
- Offsetting decrease in levy and levy equalization
 - Takes place over two fiscal years
- Sustainability in jeopardy
 - Expenditure increases outpace revenue increases
- Anticipate statewide budget crisis for school districts in next few years unless there are legislative changes

	2017-18	2018-19	2019-20	2020-21
Net Revenue Increase	145,217,061	154,972,402	151,172,474	153,752,436



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	2017-18	2018-19	2019-20	2020-21
Net Revenue Increase	145,217,061	154,972,402	151,172,474	153,752,436
IPD		1.9%	1.9%	2.0%
Adjusted increase	145,217,061	147,976,185	150,787,733	153,803,487



Bargaining

- Budget must incorporate the costs committed to in bargaining with associations
- Contracts in place
 - CVEA – bargaining reopeners 2016/2019
 - PSE – bargaining reopeners 2017/2020
 - CVPA – currently bargaining 2017/2018
 - CVCCAA 2017/2020

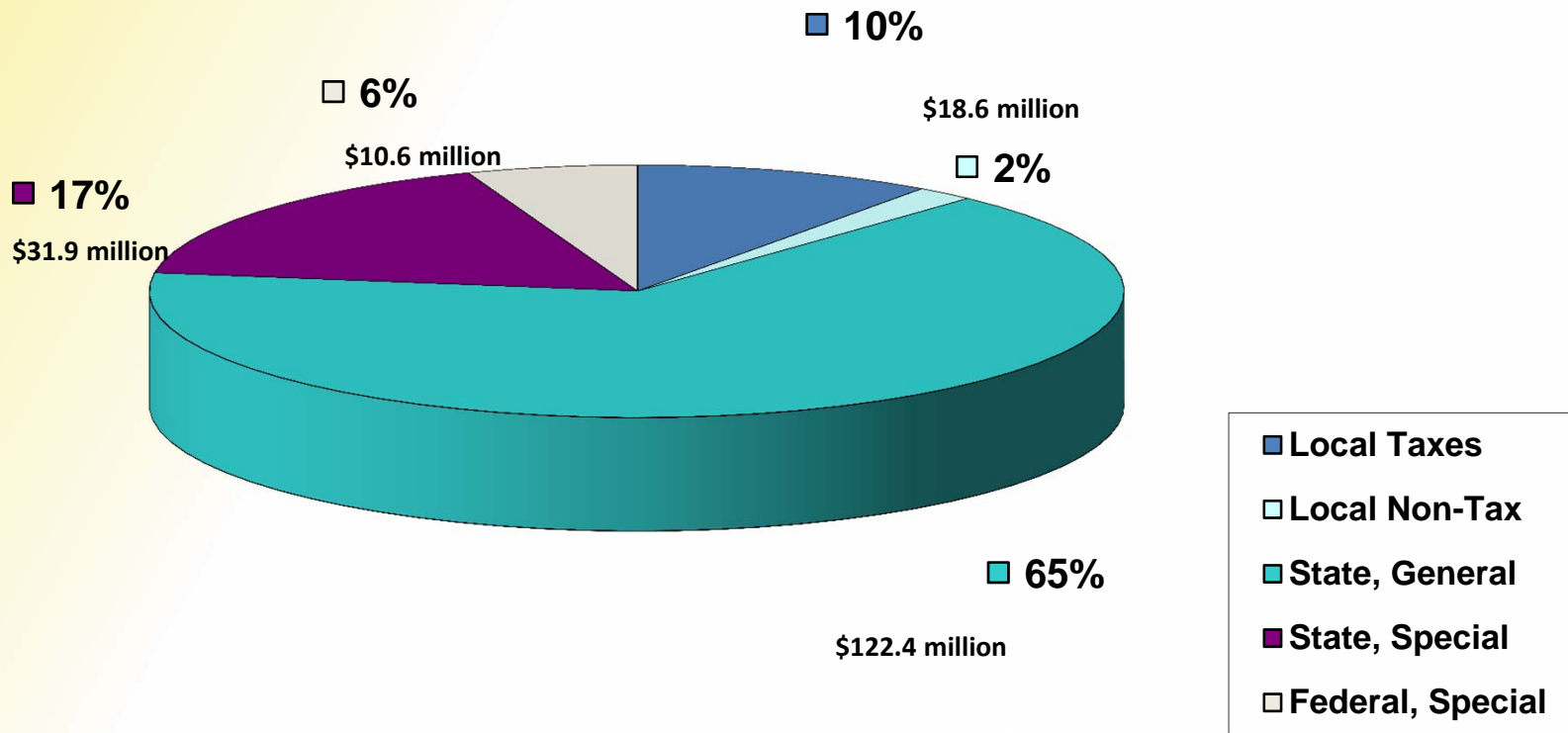


The Budget Story

- Increase in enrollment – 207 FTE
- Increase in budget – revenues and expenditures
 - Enrollment growth
 - State COLA – 1.9%
 - Bargaining commitments
 - Increase in health benefit allocation / Health Care Authority carveout
 - Slight increase in employer pension rates
- Continuation of approved budget recommendations
- Opening of Riverbend Elementary
- Sustaining current program



General Fund Revenues \$187,092,437

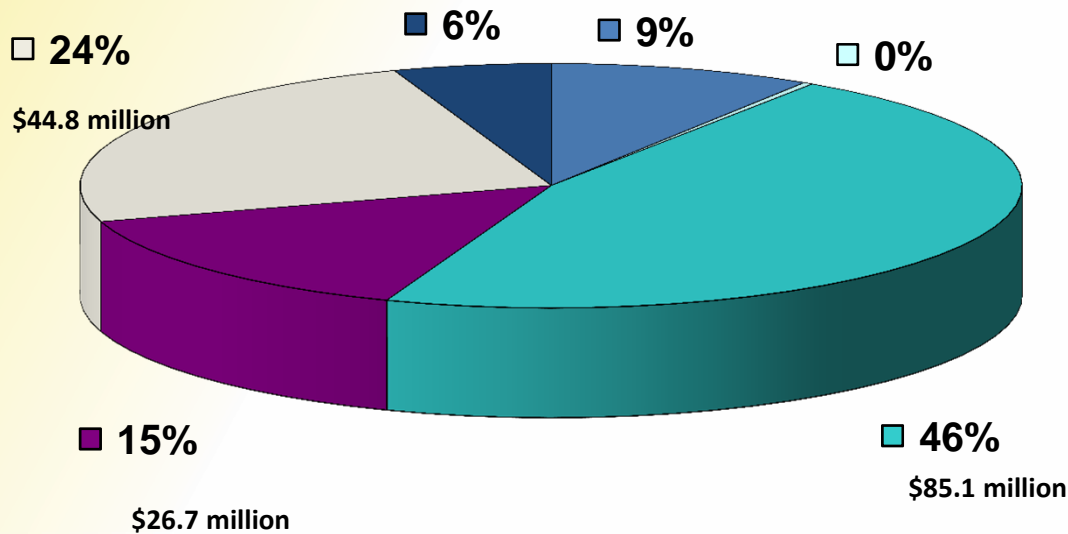


82% State Funds



General Fund Expenditures by Object

\$183,867,087



- Purchased Services/Travel
- Capital Outlay
- Certificated Salary
- Classified Salary
- Benefits
- Supplies/Materials

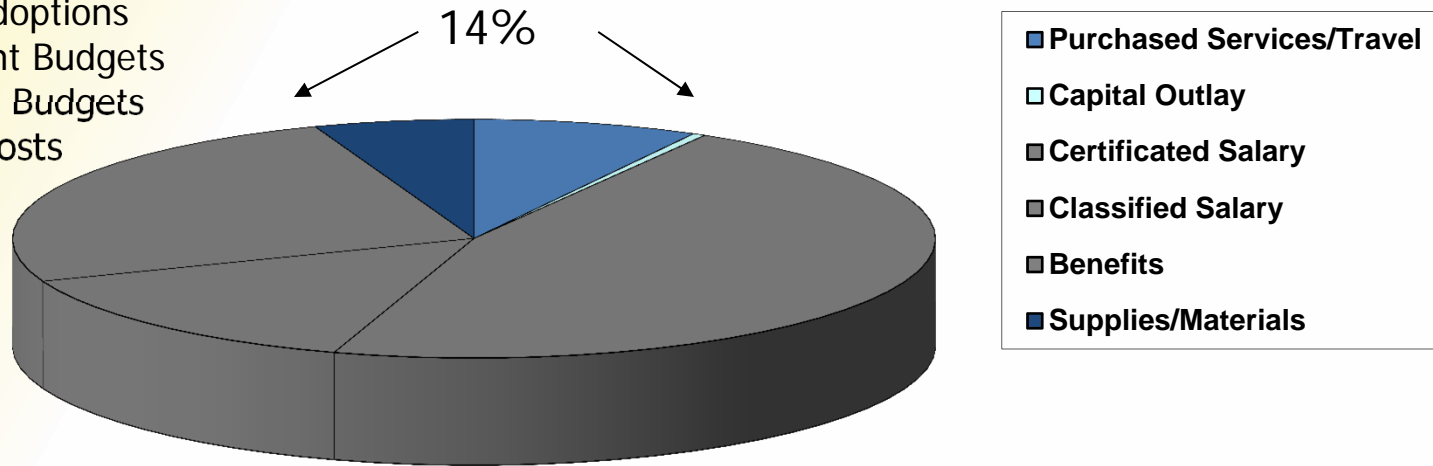
86% Salary/Benefits



General Fund Expenditures by Object

\$183,867,087

Technology DTAC	\$1.1 M
Utilities	\$3.3 M
Insurance	\$1.5 M
Fuel	\$.7 M
Food/Supplies	\$2.5 M
Building Budgets	
Curriculum Adoptions	
Program/Grant Budgets	
Departmental Budgets	
Legal/Audit Costs	



MSOCs Funded vs Budgeted

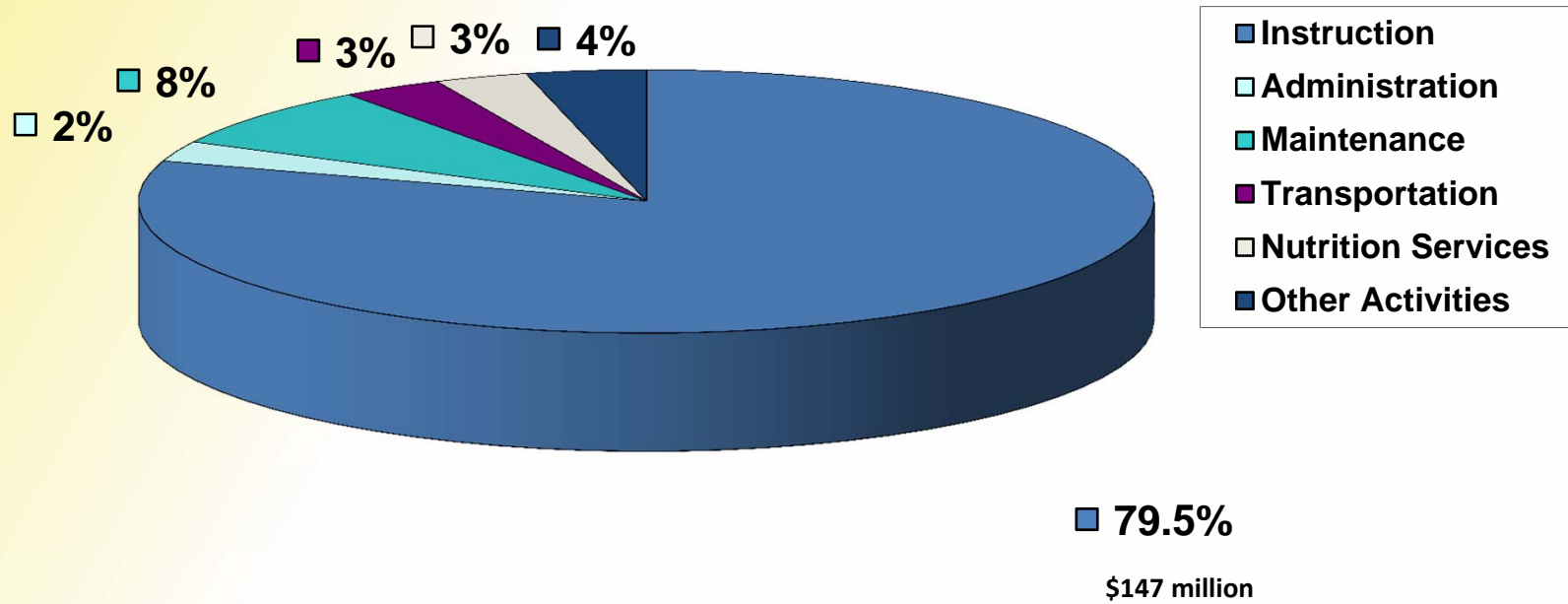
- State requirement
- Budget presentation must disclose State funded Basic Education Maintenance Supplies & Operating Costs (MSOCs) vs budgeted Basic Education MSOCs

State Funded MSOCs	Budgeted MSOCs	Balance
\$17,089,474	\$17,192,520	(\$103,046)



General Fund Expenditures by Activity

\$183,867,087



Fund Balance

What should the District Fund Balance be?

- Balance – financial stability and educational program
- State average (16/17) 11.78%

Board committed to a minimum fund balance of 4%

- Maintain 4% fund balance
 - Financial stability
 - Reserves for emergencies
 - Bond rating
 - Cash flow



Fund Balance

General Fund Ending Fund Balance

- Budgeted - \$18,414,356
- 9.84% of Revenues
 - Four year budget plan



Four Year Budget Plan

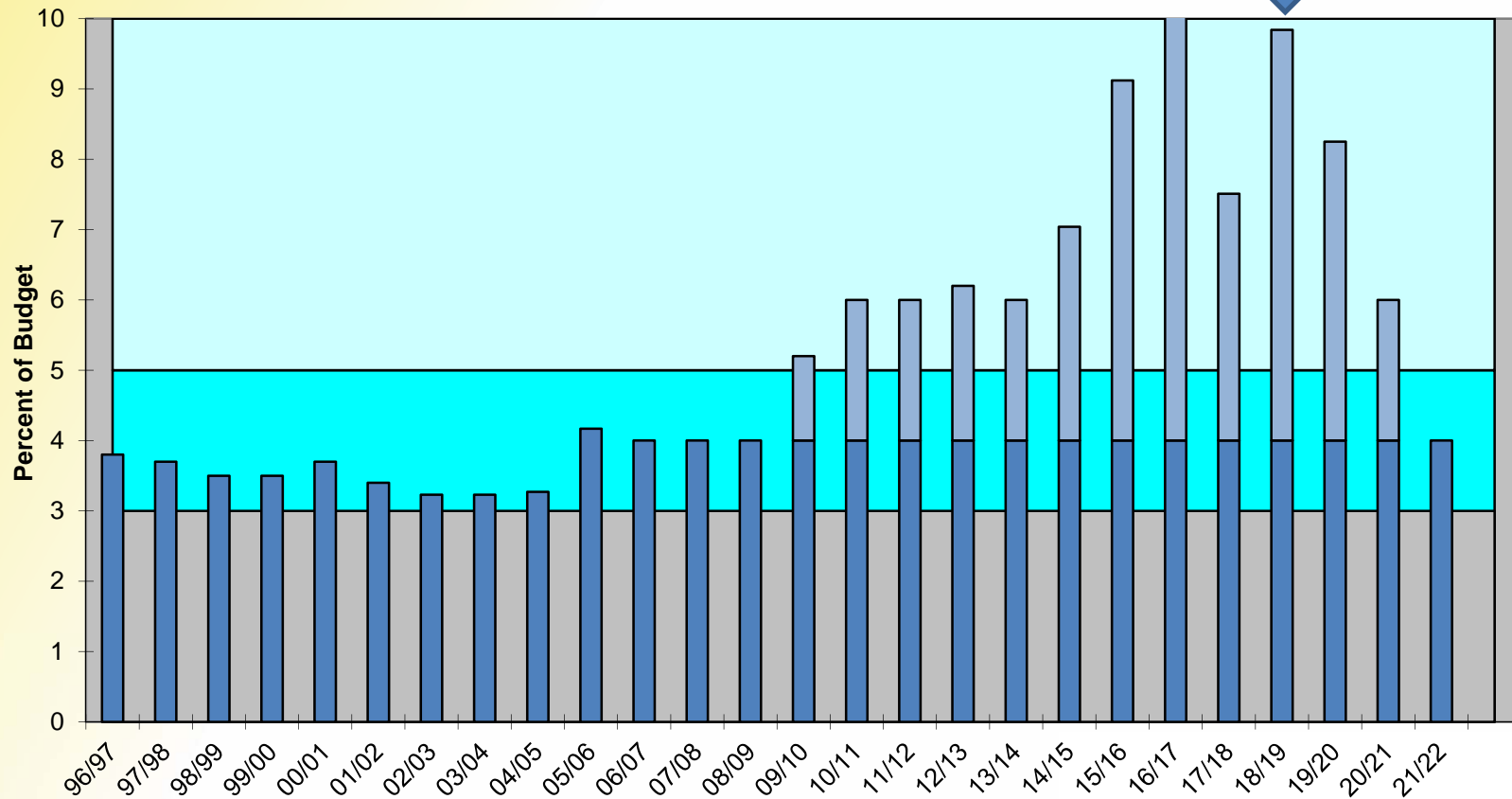


Four Year Budget Plan				
	2018-19	2019-20	2020-21	2021-22
Unassigned Reserves Above 4%	7,000,000	11,351,650	8,306,320	5,041,077
Revenues				
Additional State Funding-2242	9,496,033	5,757,976	8,228,931	11,297,851
FTE Recalculation	(563,282)	(573,984)	(585,464)	(597,173)
Revenue Increase over 2017-18	8,932,751	5,183,992	7,643,467	10,700,678
Expenditures				
District Growth:				
Enrollment Growth Offsetting Following Expenses	(330,000)	(671,314)	(1,024,676)	(1,390,512)
Riverbend Admin/Support	673,655	686,454	700,184	714,187
Central Office Restructure	202,775	206,628	210,760	214,975
Safety/Support			62,000	63,240
Grounds/Custodial	70,000	71,330	109,135	174,135
Selkirk MS Admin/Support		894,676	912,570	930,821
New HS Admin/Support				2,118,854
Nutrition Services Initiative	213,000	350,000	357,000	364,140
SEBB		900,000	1,350,000	1,485,000
Property/Casualty Insurance	300,000	330,000	363,000	399,300
Construction Days	(250,000)	(500,000)	(500,000)	(250,000)
Compensation-6362	5,885,671	8,145,547	10,552,738	13,021,212
Expenditure Increase over 2017-18	6,765,101	10,413,321	13,092,710	17,845,353
Net Operations 2017-18	2,184,000	2,184,000	2,184,000	2,184,000
Reserves Above 4%	11,351,650	8,306,320	5,041,077	80,402

Fund Balance Historical Look

16/17
State Average
11.78%

Overlap of
2242/Levy Reform



Program Highlights

- Curriculum Adoptions
 - Middle School ELA
 - K-8 Math
- Progress STEM Initiative
- Project Lead the Way
 - Central Valley, Mica Peak, University, SVT
 - Bowdish, Greenacres, Horizon, North Pines, Summit
- Multi Tiered System of Supports
 - Continuation of Student Intervention Team
 - Positive Behavior Intervention Supports (PBIS)
 - Truancy Board
- Full Day Kindergarten
 - All elementary schools
- K-3 Class Size - 17



Statistical Highlights

- Enrollment

13,555

70

Dropout Reengagement

415

Running Start

14,040

- General Fund Budget – \$183,867,087

- 6.4% increase in budget

- Compensation/6362/Bargaining
- Health benefit allocation increase
- Increase in enrollment
- Administrative/support – Riverbend Elementary

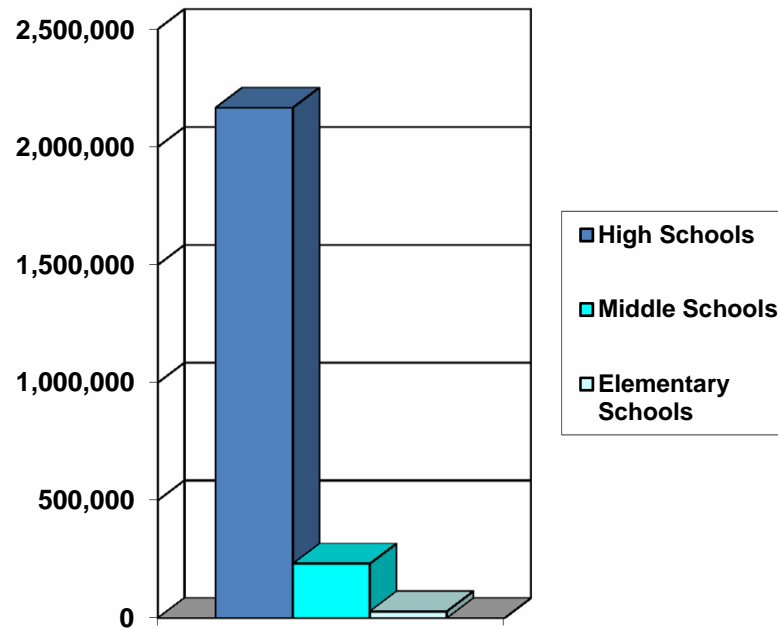


ASB Fund - \$2,425,835

High Schools
\$2,166,365

Middle Schools
\$230,870

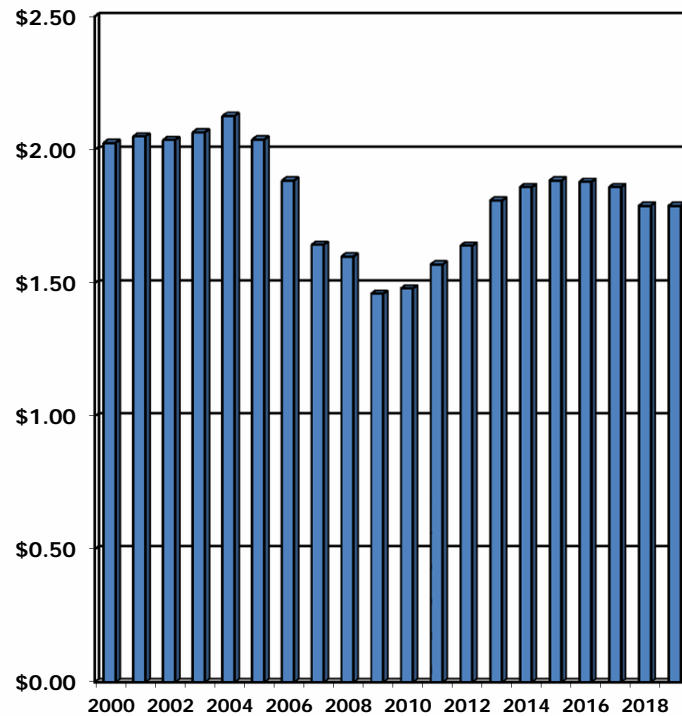
Elementary Schools
\$28,600



Debt Service Fund - \$24,522,753

2019 Tax Rolls
\$15,745,000

Estimated Tax Rate
\$1.79/1,000



Capital Projects Fund - \$70,918,000

- Selkirk Middle School – new construction
 - Opening fall 2019
- Horizon Middle School – complete renovation
 - Opening fall 2020
- New High School – new construction
 - Opening fall 2021



Transportation Vehicle Fund - \$559,435

- Continued updating of fleet
- Purchase of 5-6 school buses
- State payment received in August
 - Buses put into service for 2019-20



2018-2019 Proposed District Budget

General Fund	\$183,867,087
ASB Fund	\$ 2,425,835
Debt Service Fund	\$ 24,522,753
Capital Projects Fund	\$ 70,918,000
Transportation Vehicle Fund	<u>\$ 559,435</u>
Total Budgets	\$282,293,110



Communication and Transparency with our Stakeholders

- [OSPI](#)
- [Central Valley School District](#) website
- Printed budget document



Questions?

