



2020-2021 Budget Update

MAY 20, 2020



Budget Information: www.spokaneschools.org/page/2190

- Update on state budget outlook
- 2020-2021 budget
 - Revised budget assumptions
 - Additional budget considerations
- Budget communication activities timeline

Updates on State Budget Outlook

- Anticipate significant reduction to state sales tax revenue
 - Next scheduled revenue update in June
 - State agencies directed to implement budget reductions
 - Rumors of a June special session continue
- State estimated loss due to COVID-19 response
 - Most recent information \$7 billion
- Anticipated impact to SPS 2020-2021 budget
 - Basic education is constitutionally protected putting non-basic ed at risk of significant reductions
 - OSPI has defined basic education funding
 - State revenue forecast tool available
 - LEA approved in 2020 regular session
 - Early information on CARES and FEMA funding

Non - Basic Education Funding

Description	2020-2021 Budget (in millions)
Local Effort Assistance (LEA)	\$ 12.8
National Board Certification	3.5
Mentor/Beginning Teachers	0.1
Teacher and Principal Evaluation Training	0.1
Implicit Price Deflator (IPD)	4.0
Running Start – above 1.0 FTE	TBD
State Special Purposes Grants	TBD
Other smaller allocations	TBD

- CARES federal funding
 - Funding allocated based on Title I formula
 - Payments through two processes
 - Phase I -Reimbursement for COVID-19 expenditures meeting OSPI definition
 - Phase II – Application for funding based on a plan in compliance with CARES allowable costs
 - Funding requires allocations to private schools.
- FEMA
 - Reimburses 75% of allowable expenditures
 - Limited to protective measures
 - Personal protective equipment
 - Protective measures such as installation of plexiglass, hand sanitizer stations, etc.

Revised 2020-2021 Budget Assumptions

- Levy and LEA based on current assessed valuation and authorization
 - 2020 Levy = \$35M
 - 2021 Levy = \$38M
 - 2022-23-24 Levy assumes ballot and passage of \$2.50 (~\$65M plus per year)
- State revenue reductions (non-basic education) to be determined
- School staffing at 2019-2020 level
 - Current year elementary schedule and specialist model
 - Carryforward of 2019 – 2020 class size and staffing ratios
- SEBB eligibility planning
- Non-salary expenditure (MSOC) freeze
- Targeted reductions of \$2 million
- Preservation of fund balance

Additional Considerations for 2020-2021 Budget

- Transportation model and funding for fall service
 - Social distancing would increase the number of routes
 - If rotating schedule, potential impact on funding
 - Net operating impact is estimated at \$6M increase in expenditures
- Nutrition Services service model
 - Serve in cafeteria or classroom
 - Impact to be determined
- Cleaning supplies, Personal Protective Equipment (PPE), facility needs for social distancing
 - Assuming an increased expenditures, initial estimate for consumables is double a normal year
- Budget revenue and expenditure capacity for CARES funding
- Identify areas for budget reduction
- Monitor forecast

Budget Planning – Use of Fund Balance (CAU)

	(In Millions)		
	2020-2021	2021-2022	2022-2023
Current EP & O Authorized Levy (Feb 2018)	\$ 36.6	\$ 18.0	\$ -
Estimate of EP & O Replacement Levy (Feb 2021)	-	34.7	68.7
LEA Estimate	13.4	11.9	12.3
Apportionment	272.5	274.2	275.8
Other Revenue	<u>135.3</u>	<u>136.2</u>	<u>137.0</u>
Total Revenue	457.8	475.0	493.8
Maintenance Level Expenditures	471.6	482.8	490.4
Targeted Budget Reductions	(2.0)	(3.0)	(3.0)
Program Restoration	-	8.3	8.7
Opening of New Middle Schools	<u>-</u>	<u>-</u>	<u>4.0</u>
Total Expenditures	<u>469.6</u>	<u>488.1</u>	<u>500.1</u>
Net Operations	\$ (11.8)	\$ (13.1)	\$ (6.3)
Beginning CAU	24.4	12.6	(0.5)
Ending CAU	12.6	(0.5)	(6.8)
Adjusted Fund Balance % (CAU)	2.76%	(0.11)%	(1.49)%

- Direction on levy assumption
- Direction on areas to review for reductions
- Ongoing discussion and planning for the recommended budget

Budget Communication Activities Timeline

May

- School staff presentations – throughout May
- Committee presentations – throughout May
- Thought Exchange with community and staff – late May
- Community forums – late May/early June

June

- Presentations at community group board meetings – throughout June

July

- Draft budget posted for public – July 10

August

- Community forums – early August

Ongoing

- Internal communications with staff
- Communications with SEA
- Media engagement