

2019-2020 Budget Planning

School Board Regular

April 24, 2019



Spokane Public Schools
excellence for everyone

Budget Planning Assumptions

Revenue Assumptions

- Student enrollment is the primary driver of State funding
 - Enrollment forecast is stable
 - 29,500 budgeted full-time students
- Enrichment Levy
 - Calculated at \$1.50/\$1,000 assessed valuation up to \$1,500 per student
 - Local effort assistance (LEA) contributes funding difference between Levy and \$1,500 per student
- Indirect cost recovery rates for grants and contracts
 - 12.26% for unrestricted programs
 - 3.21% for restricted programs
- Maintain 5% minimum fund balance per policy
- Total Maintenance Level Revenue Estimate
 - All funds - \$446 million

Budget Planning Assumptions

Maintenance Level Expenditure Assumptions

- Staffing
 - Equal to 2018-19 adopted budgeted positions
 - Salaries based on existing employees adjusted for step movement
- Mandatory benefits
 - Retirement - TRS: 15.41% SRS/PERS: 13.58%
 - Medicare/FICA - 7.65% up to IRS designated limits
 - Workers compensation - \$600-\$1863/year, position dependent
 - Family paid leave – 0.146666% up to IRS designated limits
 - School Employee Benefit implementation – Jan 1, 2020
- Materials & Supplies
 - MSOC budgets equal to 2018-19 adopted budget
- Total Maintenance Level Expenditure Budget
 - \$477 million

Budget Planning Assumptions

Maintenance Level Budget Reduction Considerations

- 10% target reductions in central office, administrative departments and support service operations
 - 10% plans achieved in most departments
- Optimize staffing allocations
 - Focus on progress toward K-3 class size compliance
 - Grades 4 – 6 consistently staff to contract ratio with limited cases of class size above contract limits
 - Secondary
 - Increase staffing allocation divisor from 22.1 to 24.5
 - Average class size increase from 26.5 to 29.4
 - Grades K-12
 - Suspend Special Education Weighting
- Restructure Elementary school day
 - Reduces elementary specialists
 - More consistent specialist offers across schools
 - Common prep time for elementary teachers

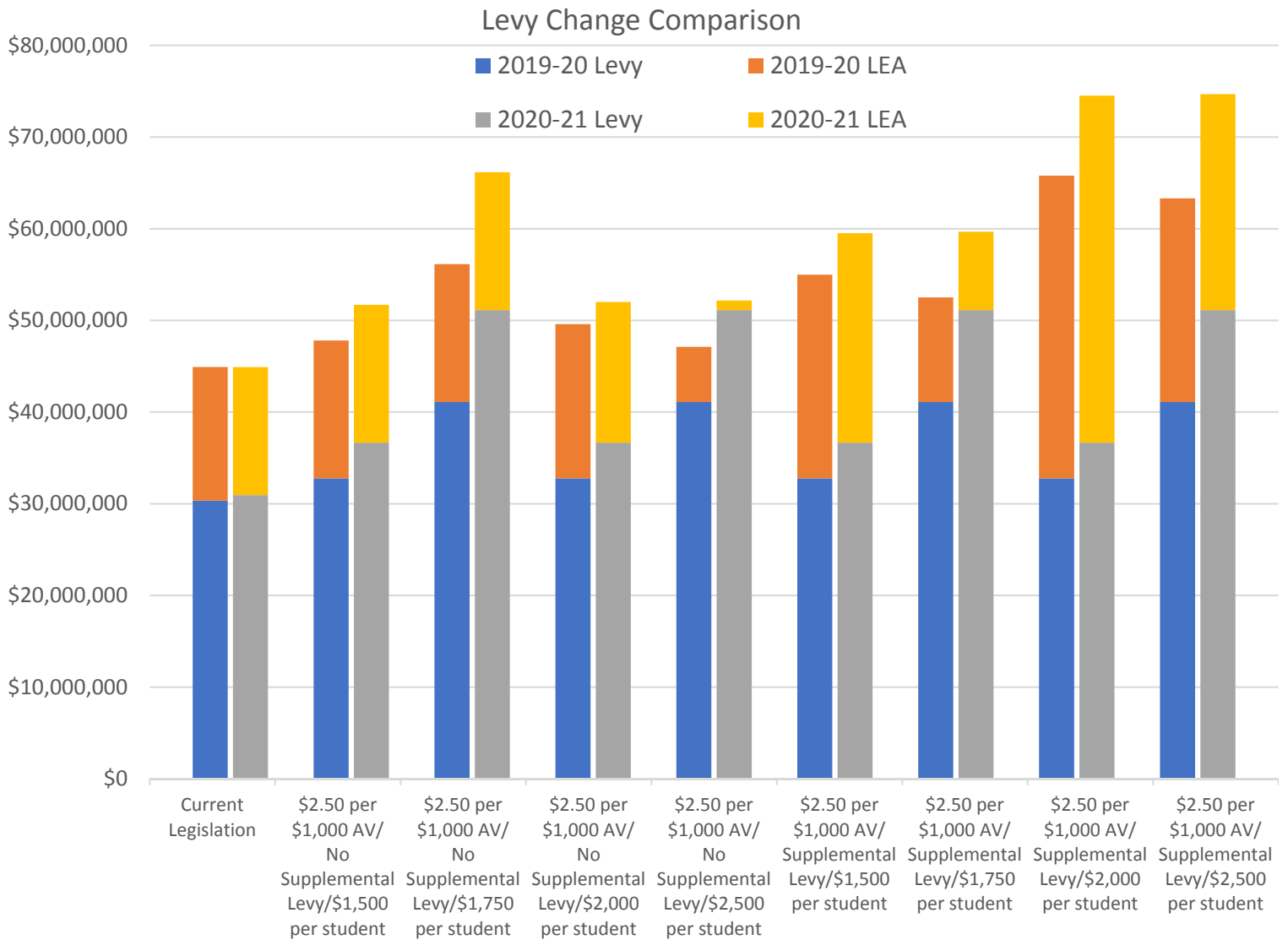
Legislative Impacts

Legislative Planning Assumptions

Legislative impacts will be incorporated into budget planning assumptions when the State Budget is adopted by the Legislature

- Levy policy
 - Potential additional revenue in calendar year 2020
 - Consideration of supplemental ballot measure
- Special Education Multiplier
- K-3 class size compliance delay
- School Employee Benefits (SEBB)
 - Implementation of program January 1, 2020
 - Final employer rates, funding and employee eligibility threshold

Levy Lid Increase



	Current Legislation	No Supplemental Levy/\$1,500 per student	No Supplemental Levy/\$1,750 per student	No Supplemental Levy/\$2,000 per student	No Supplemental Levy/\$2,500 per student	Supplemental Levy/\$1,500 per student	Supplemental Levy/\$1,750 per student	Supplemental Levy/\$2,000 per student	Supplemental Levy/\$2,500 per student
2019-20 Levy	30,332,141	32,774,622	32,774,622	32,774,622	32,774,622	41,098,836	41,098,836	41,098,836	41,098,836
2019-20 LEA	14,576,741	15,028,990	16,808,117	22,208,117	33,008,117	15,028,990	6,009,137	11,409,137	22,209,137
2019-20 Total	44,908,882	47,803,612	49,582,739	54,982,739	65,782,739	56,127,826	47,107,973	52,507,973	63,307,973
2020-21 Levy	30,938,784	36,665,000	36,665,000	36,665,000	36,665,000	51,119,652	51,119,652	51,119,652	51,119,652
2020-21 LEA	13,960,239	15,028,990	15,340,000	22,840,000	37,840,000	15,028,990	1,047,058	8,547,058	23,547,058
2020-21 Total	44,899,023	51,693,990	52,005,000	59,505,000	74,505,000	66,148,642	52,166,709	59,666,709	74,666,709

Special Ed Funding

Annual average headcount of kindergarten – age 21, special ed enrollment

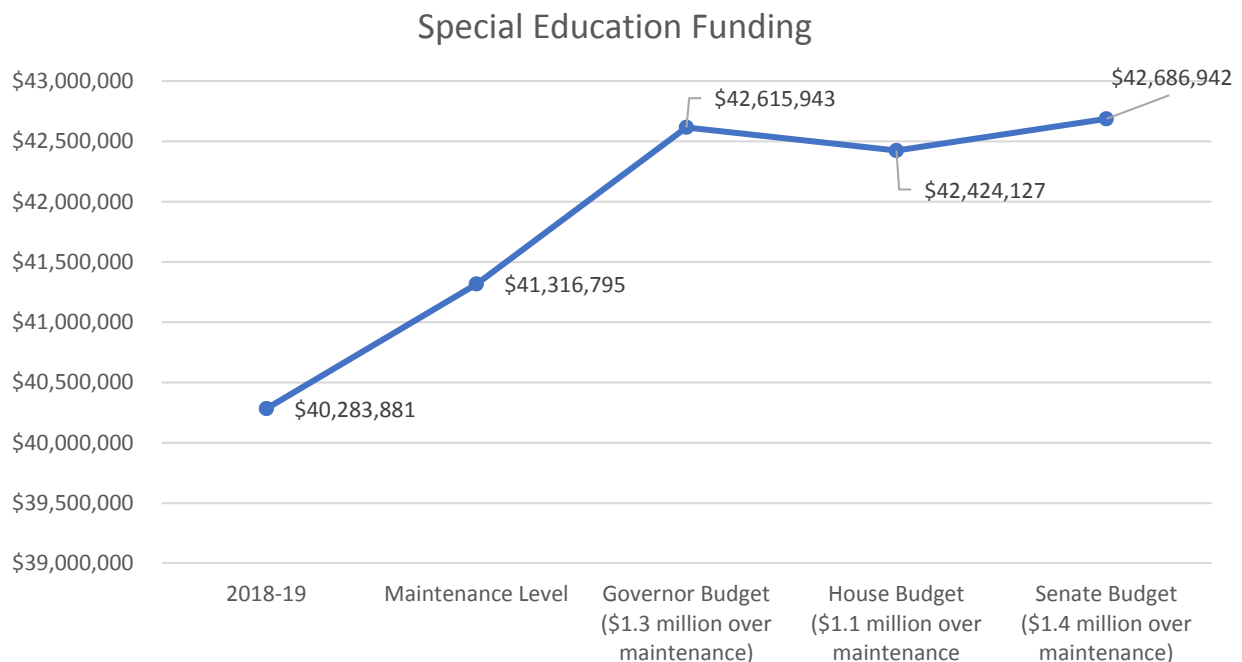


District's Basic Education Allocation (BEA) rate



Special education excess cost multiplier

- SPS asked for an additional \$7.2 million to cover special ed expenditures
- Funding for special ed students age 3-21, excludes basic ed allocation for these students
- Recommended special education excess cost multiplier:
 - Current Law: 0.9609
 - Governor's Budget: tiered rate (0.5450 – 2.0)
 - House Budget: 0.9925
 - Senate Budget: 1.000



K-3 Class Size Compliance

- SPS has requested an implementation delay
- Proposed SPS staffing allocations do not meet K-3 class size compliance
 - Additional 26.1 FTE to become compliant
 - Cost of \$2.25 million
- Impact of non-compliance, if mandated
 - Revenue decrease of \$3.65 million
- If the compliance requirement is not delayed, it will be more cost effective for SPS to become compliant than to lose the associated State funding

Planning Assumptions

- Revenue
 - Weighted average monthly revenue of \$994/for 11 months
 - State funded positions (CL * 1.34/CE * 1.00)
 - Budgeted revenue increase: \$6.1 million
- Expenditures
 - 3 months @ \$915 – current benefits eligible employees
 - 1 month @ \$71 – current benefits eligible employees
 - 8 months @ \$1,174 – all employees > 630 hours
 - Regardless of whether or not they elect to take insurance
 - Budgeted expenditure increase: \$6.8 million

Pending Legislation

- Proposed rate range: \$994 - \$1,170
- Employee eligibility
- Incorporation into PEBB instead of SEBB

Next Steps

- Review budget reduction plans
 - School Board Work Session, May 1
 - Update budget assumptions based on School Board feedback and final Legislative action
- Conduct additional planning Work Sessions (May)
- Schedule Community Budget Forums (June)
- Present Superintendent's Recommended Budget (June 26)
 - Superintendent recommends "modified education program and services" to address and resolve budget uncertainty
- School Board Budget Adoption (August 28)