



2019-2020 School Year Budget Planning

Community Budget Forum

June 12, 2019



Spokane Public Schools
excellence for everyone

Agenda

- Welcome and introductions
- Budget information presentation
- Budget forum questions & comments
- Next steps

Budget Planning Steps (June – August)

- June

- 12 Community budget forum
 - Review budget estimates
 - Present initial budget recommendations
 - Obtain community feedback
- 19 School Board Work Session on budget development
- 26 Superintendent's initial recommended budget presentation

- July

- 10 Preliminary budget is available to the public
- 17 Budget Presentation, Public Hearing & 2019-2020 School Board Budget Adoption

- August

- 30 Budget submission due to OSPI

2019-2020 Budget Priorities

- The new state funding model significantly changed the context for financial planning for the 2019-2020 school year
- Given the current financial context and constituent feedback, the guiding Principles for Budget Development this year are to:
 - Protect basic needs for all students
 - Maintain essential support services
 - Meet legal compliance and educational standards
- The School Board's Adopted Budget Priorities:
 - Explore spending adjustments away from the classroom first; start with central office and support reductions; identify operational inefficiencies
 - Focus on lower class sizes and staff-to-student ratios for K-3 students, while seeing some increase in combination classrooms and staff to student ratios in grades 4-12
 - Provide educational programs and services within available resources
 - Ensure unrestricted fund balance supports sound financial practices and provides for unplanned emergencies such as enrollment fluctuations, legislative mandates, etc.

Revenue Planning and Legislative Impacts

Description	Revenue Estimates (In Millions)
Maintenance Level	\$ 446.00
Basic Education (LEA/Levy/Hold Harmless)	9.10
Special education and safety net estimate	2.60
State grants and special programs	0.40
Option programs	0.60
Subtotal – Revenue adjustments	12.70
Adjusted General Fund Revenue, 5/29/2019	\$ 458.70

Expenditure Planning – reductions away from classroom

- Explore spending adjustments away from the classroom first; start with central office and support reductions; identify operational inefficiencies
 - Minimum 10% reduction plans were submitted for administrative/support operations

Program/Department	Reductions
Communications	\$ 105,000
Human Resources	1,011,000
Technology Services and Support	1,063,000
School Support Services	4,934,000
Superintendent's Office/Board	225,000
Teaching & Learning	878,000
Total	\$ 8,216,000

Expenditure Planning – class size

- Focus on lower class sizes and staff-to-student ratios for K-3 students, while seeing some increase in combination classrooms and staff to student ratios in grades 4-12
 - Meets K-3 class size compliance
 - Implements a modified elementary school week – consistent early release Friday

Program/Department	Reductions
Special Education	\$ 2,444,000
Student Services	808,000
School Staffing/Option School Program	11,066,000
Location Budget Allocations	404,000
Total	\$ 14,722,000

Expenditure Planning – available resources

- Provide educational programs and services within available resources
 - The Budget standard for revenue generating programs is break-even
 - Express Childcare, Nutrition Services, and NEWTECH Skill Center
 - Grants & state special programs rely on some local levy support (e.g. ELL program)

Programs/Departments	Revenue	Expenditure	Net
Transportation*	\$ 13,124,026	\$ 13,124,026	\$ -
Express Childcare	3,031,500	2,990,930	40,570
Nutrition Services	16,181,670	16,051,960	129,710
Grants and Special Programs	47,624,358	48,501,324	(876,966)
NEWTECH Skill Center (Skill Center)	3,712,746	3,642,255	70,491

*Includes increased expenditures of \$1.4 million
Net increase in expenditures of other programs is \$1.0 million

Fund Balance Policy - 6022

Fund balance is a critical component of sound financial practices

- Definitions
 - Restricted – balances restricted for a specific purpose; they are NOT included in the minimum fund balance requirements because they are either required reserves or non-cash assets
 - Committed – balances for a specific purpose as established by the School Board
 - Assigned – balances for specific purpose as established by the Superintendent
 - Unassigned – balances set-aside to cover unforeseen expenditures or revenue shortfalls. Applicable to the minimum fund balance reserve
- A minimum fund balance provides a buffer against unforeseen risk and financial uncertainty.
 - Unassigned minimum fund balance policy is 5-6% of prior year expenditures
 - General fund operations include complexities of funding, economic uncertainties and the need for fund balance set asides
 - The District must manage cash flow to account for periodic changes in the state payment schedule (e.g. the state changed the schedule beginning July 1, 2019)

Preliminary Financial Analysis

In Millions

Description	2018-2019	2018-2019	2019-2020	2019-2020
	Adopted Budget	Projected (as of 4/30/19)	Initial Maintenance Level Budget	Preliminary Budget
Beginning Fund Balance, September 1	\$ 39.4	\$ 40.1	\$ 40.1	\$ 36.1
Revenue	452.4	452.7	446.0	458.7
Expenditures	465.0	456.7	477.3	456.8
Net Operations	(12.6)	(4.0)	(31.3)	1.9
Ending Fund Balance, August 31	26.8	36.1	8.8	38.0
Less: Restricted balances	(11.7)	(12.5)	(12.4)	(12.4)
Unrestricted Fund Balance Subject to Policy 6022 (CAU)	\$ 15.1	\$ 23.6	\$ (3.6)	\$ 25.6
CAU as a percent of Expenditures	3.95%	5.72%	-0.87%	6.20%
	*	**	**	**

* CAU as a percent of August 31, 2017 expenditures

** CAU as a percent of August 31, 2018 expenditures

Next Steps

Obtain School Board Feedback on Budget Development

Fee Schedule Approvals

- School Board Meeting, June 12, 2019

School Board Work Session on Budget Development

- School Board Work Session, June 19, 2019

Superintendent's Preliminary Recommended Budget

- School Board Meeting, June 26, 2019

Publish Preliminary Recommended Budget

- July 10, 2019 @ Spokaneschools.org

2019-2020 Budget Presentation, Public Hearing & Budget Adoption

- Tentative – School Board Meeting, July 17, 2019 or
- School Board Meeting, not later than August 30, 2019