



2019-2020 School Year Budget Planning

Recommended Budget for Adoption

July 17, 2019

Agenda

- **Present 2019-2020 Recommended Budgets and 4-Year Forecasts**
- **Recess for Public Hearing**
- **Adopt Resolution 2019-24**
 - Expenditures by Fund

2019-2020 General Fund Budget Priorities

- The new state funding model significantly changed the context for financial planning for the 2019-2020 school year
- Based on the current financial context and constituent feedback, the guiding Principles for 2019-2020 Budget Development 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.

Budget Development Process

- **Established maintenance level budget**
 - Equal to 2018-19 adopted budgeted positions
 - Salaries based on existing employees adjusted for step movement
 - Implementation of SEBB
 - Resulted in initial projected deficit of \$31 million
- **Adopted the 2019-2020 Budget Priorities**
- **Reduced maintenance level budget based on adopted Budget Priorities**
 - Declared a financial emergency and suspended workload provisions of collective bargaining agreements
 - Directed 10% target reduction plans in central office, administrative departments and support service operations
 - Optimized staffing allocations
 - Restructured elementary schedule and specialist model
 - Accomplished reductions of approximately \$18.3 million
- **Adjusted for Legislative actions and impact**
 - Special Education multiplier increased from 0.9609 to 0.9950, tiered
 - Hold Harmless funding provides per student operating revenue comparable to the 2017-2018 funding level
 - Implemented School Employees Benefit Board (SEBB) policy effective January 2020 (revenue and expenditures)
 - Increased K-3 staffing to maintain compliance funding
 - Considered revised Levy authority of up to \$2.50/\$1,000 assessed valuation or \$2,500 per student. Budget assumes collection of calendar year 2020 voter authorization \$35 million
 - LEA support continues for \$1.50/\$1,000 Levy and \$1,550 per student
 - Net budget impact of approximately \$11.8 million

Budget Development Process (continued)

- **Proposed General Fund Budget for Adoption**

- Incorporates recommended reductions to include workload suspension
- The recommended budget is balanced budget for 2019-2020
- Budgeted operating surplus of \$0.9 million
- Complies with 5% Fund Balance Policy

- **Four-Year Forecast**

- School districts are required to adopt a four-year budget forecast
- The 4-year forecast as presented estimates net operating losses beyond fiscal year 2019-2020
 - The school district must continue steps toward long-term financial sustainability and to provide programs and services within available revenue/resources
- Fund balance (deficit) at August 31, 2023 estimated at (\$35.2 million)
- Adopted forecasts will change and most likely improve as additional information becomes available
 - Significant improvement has been made compared to last year's adopted 4-year forecast

Summary of Budget Actions

Communications

Reduction: \$108,000, 1.0 FTE (1.0 unfilled)

Impact:

- Limit enhancements to website compliance monitoring
- Reduction in the number of "School Talk" publications
- Reduce kindergarten bag contents

Human Resources

Reduction: \$769,000, 7.9 FTE (1.4 unfilled)

Administrative restructure – reduction of director position

Reduce mentor teacher program (3 positions) and itinerant secretary positions (3 positions)

Impact:

- Increased response time to employee needs

Technology Services & Support

Reduction: \$964,000, 3.5 FTE (1.5 unfilled)

Impact:

- Increased response time to student and employee technology needs
- Increased time to deploy new technology to classrooms and staff
- Limited opportunities for professional development and implementation of new technology

Summary of Budget Actions

School Support Services

Reduction: \$4.8 million, 53.0 FTE (17.0 unfilled)

Departments include: Associate Superintendent – School Support Services, Budget & Accounting, Payroll, Campus Security, Facility Services, Health Services, Long-Range Planning, Print Shop, Purchasing, Safety, Science Kit Center

Impact:

- Reduced service levels and response time
- Prioritization of critical daily services for custodial and grounds
- Reduced service hours for events
- Reduced support for extended warehouse delivery schedules during peak times
- Reduction in school mail delivery

Special Education

Reduction: \$2.0 million, 33.0 FTE (12.7 unfilled)

Reductions designed to minimize the impacts on services for students with disabilities. Students will not see a decrease in services on their IEP as a result of these budget reductions.

Impact:

- Slight increase in caseloads to K-12 Designed Instruction (+2:K-6, +5:7-12), K-12 Resource (+2), 7-12 Behavior Intervention (+2). All other special education program caseloads will continue at current levels.

Summary of Budget Actions

Student Services

Reduction: \$1.0 million, 8.9 FTE (4.0 unfilled)

Reductions are designed to maintain direct support and educational supports for students

Impact:

- Reduced ability to provide intervention and support services to students and families

Superintendent's Office/Board

Reduction: \$210,000, 0 FTE

Impact:

- 10% reduction to goods and services budget

Teaching & Learning Services

Reduction: \$1.0 million, 5.55 FTE (5.25 unfilled)

Impact:

- Restructure roles and responsibilities
- Staffing resources shifted to Title II
- Reduction of professional development and curriculum adoptions

Summary of Budget Actions

Contract workload provisions suspended due to financial emergency

Reduction: \$10.7 million, 130.3 FTE

School level Impacts:

Elementary

- To meet K-3 compliance for funding, staffing adjusted to a projected average class size of 19.4
- Intermediate (4-6) classes are staffed to contract limits to the extent possible
- Significant increase in the number of combination classrooms districtwide – projection of 60 classrooms
- The revised schedule reflects early release for elementary students every Friday at 1:45 pm (excludes Libby)
 - Standardizes specialist and Friday schedule for students and staff

Secondary

- Middle and high school staffing divisors adjusted from 22.1 to 24.5 for a projected average class size of 29.4
- No change to school schedule (includes Libby)

Special Education

- Suspension of Special Education weighting
- Maximization of caseloads

Summary of Budget Actions

Option Schools/Programs

Reduction: N/A, \$1.2 million increase*, 5.0 FTE reduction

Programs include: Eagle Peak, Innovative Programs, Libby, On-Track Academy, Spokane Public Montessori, Spokane Virtual and Blended Learning, The Community School, and The Enrichment Cooperative

Impact:

- The Eagle Peak program is revised to include offerings at Pratt Academy, other district locations and Excelsior
- Libby includes the addition of two dual language immersion classrooms (K-2)
- Staffing ratios in all programs were adjusted to the extent possible
- Supply and material budgets were reduced similar to the location building budget reductions

Location Budget Allocations

Reduction: \$404,000, Supplies and Materials

Impact:

- Per student base building allocations reduced from \$89/\$92/\$102 to \$69.50/\$71.80/\$79.70 for comprehensive elementary/middle/high schools respectively
- Maintain location budget line items for PBIS, elementary library, high school CCR task force and supervision

*Due to the restructure of Eagle Peak, increase is offset with decreases in Special Education and Basic Education staffing

Summary of Budget Actions

The following programs are expected to be self-supporting through fees and/or grant funding:

Express Childcare

Reduction: \$282,000, 3.7 FTE (unfilled)

Impact:

- Preschool program eliminated Fall 2019
- Balboa site combined with Westview for after school program
- Reassignment of personnel to align staffing to program needs
- Five percent (5%) tuition and fee increase for 2019-20

Nutrition Services

Reduction: \$428,000, 18.2 FTE

Impact:

- Reconfiguration of service delivery model
- Increased wait times in serving lines
- Reduced menu choices
- Reduced service/hours of operation at the District Administration Building
- Elimination of catering services

Summary of Budget Actions

Transportation

Reduction: N/A

Impact:

- Increased funding for 2019-20 will be offset by increased costs for contracted services for transportation

Categorical Programs/Grants

Reduction: N/A, \$1.9 million increase , 15.9 FTE

Programs include: Career & Technical Education, Early Learning, English Language Development, Mental Health, Special Programs (Title I, LAP, etc.), and Misc. Grants

Impact:

- Funding for these programs is restricted for allowable use; program reductions do not provide a positive impact to the general fund budget
- Unused funds either carryforward within the program or revert back to the grantor
- Adjustments were made to rebalance the programs after maintenance level staffing impacts and updated revenue assumptions

NEWTECH Skill Center (Skill Center)

Reduction: N/A, \$160,000, .22 FTE increase

Impact:

- Skill Center is technical education program serving a consortium of area school districts under the guidance of the Skill Center Advisory Council
- Program is self-supporting, excess revenue generated by the program is maintained as fund balance restricted for the Skill Center

2019-2020 Staffing Summary

Full-Time Equivalent (FTE) Staffing Adjustments

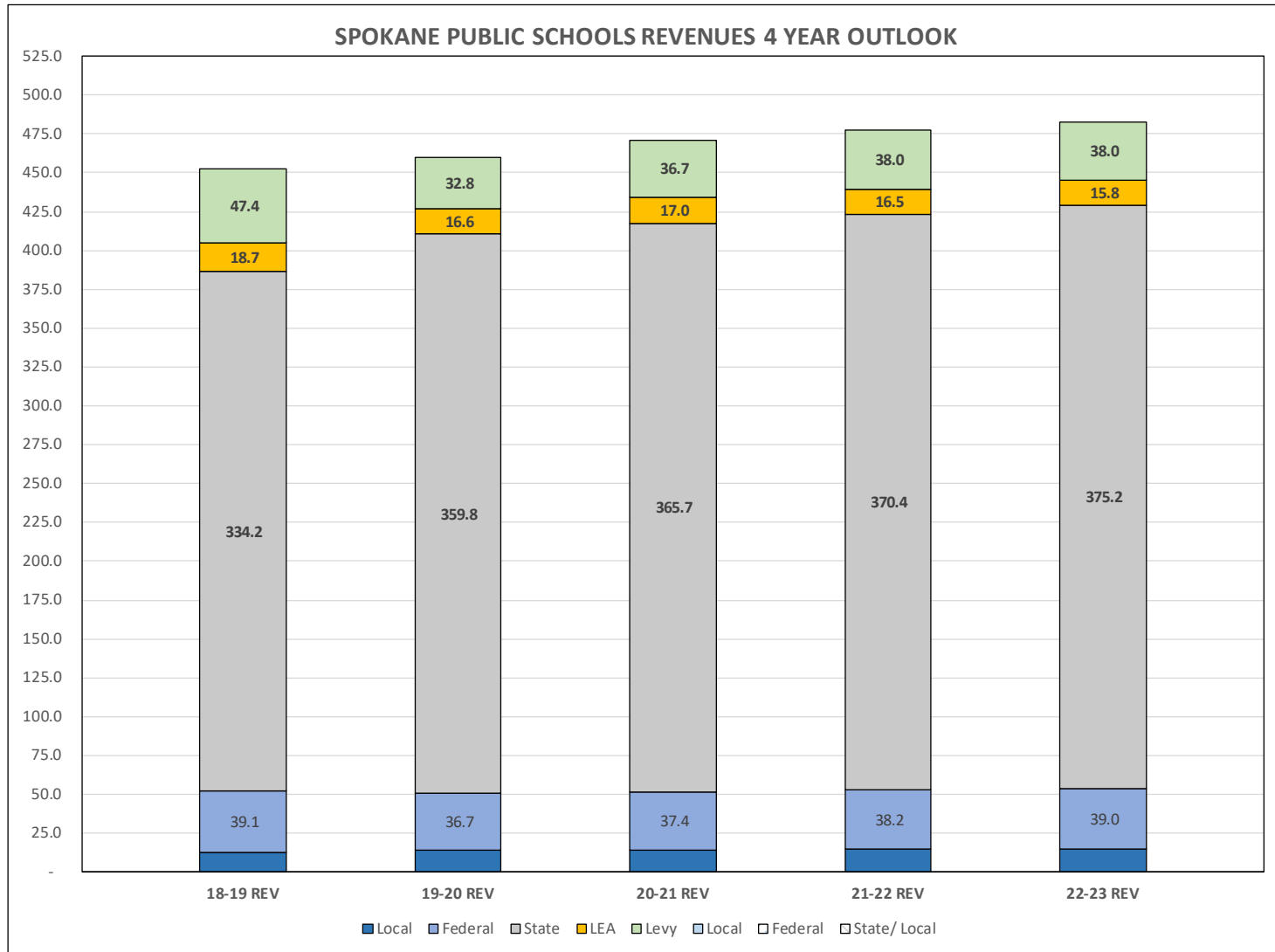
Program/Department	Maintenance	Reduction	Proposed
Communications	8.15	(1.00)	7.15
Human Resources	43.20	(7.90)	35.30
Technology Services & Support	55.80	(3.50)	52.30
Support Services	348.29	(53.04)	295.25
Special Education	611.97	(33.03)	578.94
Student Services	31.94	(8.88)	23.06
Superintendent's Office/School Board	2.00	(0.00)	2.00
Teaching & Learning	28.72	(5.55)	23.17
Formula Driven Staffing Allocation	1,770.89	(130.33)	1640.56
Option Programs	155.30	(5.08)	150.22
Express	31.59	(3.70)	27.89
Nutrition Services	109.96	(18.22)	91.74
Transportation	15.04	(0.00)	15.04
Categorical & Grants	428.62	(15.93)	412.69
Skill Center	23.50	0.22	23.72
Total Staffing	3,664.97	(285.94)	3,379.03

General Fund Revenue Summary

(\$ In Millions)

Revenue Source	Actual 2017-2018	Budget 2018-2019	Budget 2019-2020	Change
State	\$ 279.2	\$ 334.5	\$ 359.8	\$ 25.3
Local Levy	68.1	47.4	32.8	(14.6)
Local Effort Assistance (LEA)	21.0	18.7	16.6	(2.1)
Federal	37.3	38.8	36.7	(2.1)
Other Local Revenues	9.9	13.0	14.0	1.0
Total Revenue	\$ 415.5	\$ 452.4	\$ 459.9	\$ 7.5

General Fund Revenue – 4-Year Outlook by Source



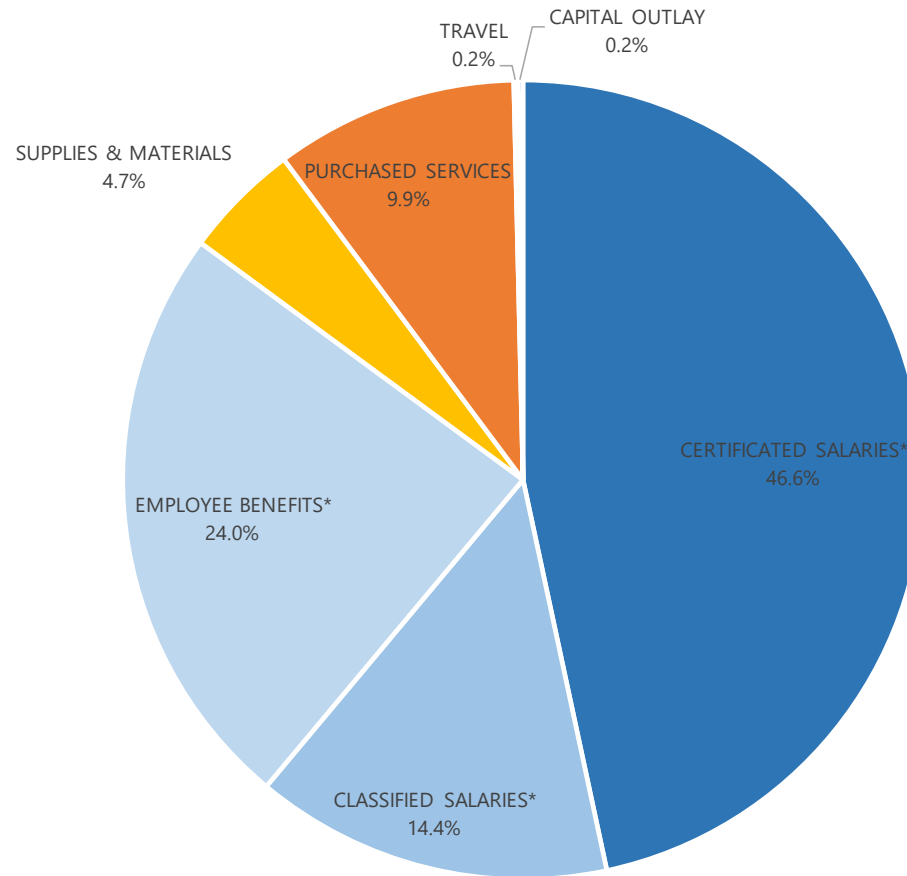
General Fund Expenditure Summary – by Program

(\$ In Millions)

Expenditure Program	Actual	Budget	Budget	Change
	2017-2018	2018-2019	2019-2020	
Basic & Vocational Education	\$ 235.4	\$ 266.1	\$ 264.3	\$ (1.8)
Special Education	56.9	63.3	64.5	1.2
Title I & LAP (5X)	28.0	35.9	35.0	(0.9)
Federal & State Special Programs (6X)	5.8	6.4	6.2	(0.2)
Other Instructional Programs (7X)	3.8	5.3	5.0	(0.3)
Community Services (8X)	7.7	9.3	9.4	0.1
Support Service Operations (9X)	75.2	78.7	74.6	(4.1)
Total Expenditures	\$ 412.8	\$ 465.0	\$ 459.0	\$ (6.0)

General Fund Expenditure Summary – by Object

Total recommended expenditure budget - \$458,976,442



*Total salaries & benefits - 85%

Recommended Budget Summary

2019-2020 General Fund Budget Summary

Budget Summary	Amount (in Millions)
Revenues	\$ 459.9
Expenditures	459.0
Estimated Revenues Over Expenditures	0.9
Fund Balance Summary	
Beginning Fund Balance – Forecast, September 1	\$ 36.2
Revenue Over Expenditures	0.9
Ending Fund Balance, August 31	37.1
Less: Restricted Balances	(12.8)
Committed, Assigned, Unassigned (CAU)	\$ 24.3
CAU as a percent of Expenditures*	5.89%

* CAU as a percent of August 31, 2018 expenditures

Types of School District Funds

- **General Fund**
 - Funds to operate schools each year provided by state, federal and local sources
- **Associated Student Body Fund**
 - Funds for student government activities provided from school-based fundraisers
- **Debt Service Fund**
 - For the payment of principal and interest and related expenditures for bonds outstanding
- **Capital Projects Fund**
 - Funds restricted to improvement of facilities and technology provided by voter approved local bonds
- **Transportation Vehicle Fund**
 - Inactive due to contracted pupil transportation services

Recommended Expenditures by Fund

2019-2020 Recommended Expenditures by Fund

Proposed Resolution No. 2019-24

Description	Actual	Budget	Budget
	2017-2018	2018-2019	2019-2020
General Fund	\$ 412,815,662	\$ 464,996,298	\$458,976,442
Associated Student Body	2,171,473	2,179,000	2,607,000
Debt Service	34,897,164	31,626,588	56,180,000
Capital Projects	38,517,003	58,940,000	88,800,000
Transportation Vehicle	-0-	-0-	-0-

General Fund 4-Year Forecast

(\$ In Millions)

Description	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
	Projected May 2019	Recommended Budget	Preliminary Forecast	Preliminary Forecast	Preliminary Forecast
Beginning Fund Balance, September 1	\$ 40.1	\$ 36.2	\$ 37.1	\$ 22.0	\$ 0.9
Revenue	453.4	459.9	471.1	477.7	482.9
Expenditures	457.3	459.0	486.2	498.8	509.9
Net Operations	(3.9)	0.9	(15.1)	(21.1)	(27.0)
Ending Fund Balance, August 31	36.2	37.1	22.0	0.9	(26.1)
Less: Restricted balances	(12.9)	(12.8)	(13.0)	(13.1)	(12.9)
Unrestricted Fund Balance	\$ 23.3	\$ 24.3	\$ 9.0	\$ (12.2)	\$ (39.0)
Subject to Policy 6022 (CAU)					
CAU as a percent of Expenditures	5.67%	5.89%	2.18%	(2.96)%	(9.45)%
	*	*	*	*	*

* CAU as a percent of August 31, 2018 expenditures

Associated Student Body 4-Year Forecast

(\$ In Millions)

Description	2019-2020	2020-2021	2021-2022	2022-2023
	Recommended Budget	Preliminary Forecast	Preliminary Forecast	Preliminary Forecast
Beginning Fund Balance, September 1	\$ 1.3	\$ 1.4	\$ 1.4	\$ 1.5
Revenue	2.7	2.7	2.8	2.9
Expenditures	2.6	2.7	2.7	2.8
Net Operations	0.1	0.0	0.1	0.1
Ending Fund Balance, August 31	1.4	1.4	1.5	1.6
Less: Restricted balances	(1.4)	(1.4)	(1.5)	(1.6)
Unrestricted Fund Balance	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0

Debt Service 4-Year Forecast

(\$ In Millions)

Description	2019-2020	2020-2021	2021-2022	2022-2023
	Recommended Budget	Preliminary Forecast	Preliminary Forecast	Preliminary Forecast
Beginning Fund Balance, September 1	\$ 25.1	\$ 24.2	\$ 24.4	\$ 24.1
Revenue	55.3	54.5	58.0	63.0
Expenditures	56.2	54.3	58.2	62.9
Net Operations	(0.9)	0.2	(0.3)	0.1
Ending Fund Balance, August 31	24.2	24.4	24.1	24.2
Less: Restricted balances	(24.2)	(24.4)	(24.1)	(24.2)
Unrestricted Fund Balance	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0

Capital Projects 4-Year Forecast

(\$ In Millions)

Description	2019-2020	2020-2021	2021-2022	2022-2023
	Recommended Budget	Preliminary Forecast	Preliminary Forecast	Preliminary Forecast
Beginning Fund Balance, September 1	\$ 158.9	\$ 75.4	\$ 22.3	\$ 23.0
Revenue	5.4	112.6	127.7	103.9
Expenditures	88.9	165.7	127.0	117.3
Net Operations	(83.5)	(53.1)	0.7	(13.4)
Ending Fund Balance, August 31	75.4	22.3	23.0	9.6
Less: Restricted balances	(61.8)	(8.5)	(8.9)	(0.1)
Unrestricted Fund Balance	\$ 13.6	\$ 13.8	\$ 14.1	\$ 9.5

4-Year Enrollment Forecast

Description	2019-2020	2020-2021	2021-2022	2022-2023
Kindergarten	2,405	2,500	2,380	2,445
1 st Grade	2,440	2,405	2,480	2,360
2 nd Grade	2,375	2,470	2,390	2,465
3 rd Grade	2,325	2,360	2,480	2,400
4 th Grade	2,365	2,335	2,350	2,470
5 th Grade	2,365	2,335	2,310	2,325
6 th Grade	2,290	2,225	2,225	2,200
7 th Grade	2,205	2,225	2,150	2,150
8 th Grade	2,175	2,215	2,230	2,155
9 th Grade	2,020	2,205	2,235	2,250
10 th Grade	2,005	1,995	2,145	2,175
11 th Grade	1,755	1,775	1,775	1,920
12 th Grade	1,765	1,615	1,620	1,620
Subtotal	28,490	28,660	28,770	28,935
Running Start	425	430	425	425
Drop Out Re-Engagement	140	135	140	135
ALE	1,010	1,010	1,010	1,010
Total	30,065	30,235	30,435	30,505

Recommended Budget 2019-2020

- **Public Hearing for Recommended Budgets**
- **Reconvene for School Board consideration to adopt Recommended Budgets**
- **Roll Call Vote on Resolution 2019-24**