



# 2019-2020 School Year Budget Planning

School Board Meeting  
April 10, 2019



Spokane Public Schools  
*excellence for everyone*

# Context for 2019-2020 Budget Development

## Context

- Adjusting to the new state funding model has significantly changed our financial landscape

## Impact

- Reviewing and renewing priorities, confirming revenue sources and amounts, and re-evaluating expenses to continue our commitment to delivering educational excellence for everyone

## Approach

- Provide the educational experience students and families expect within our available resources

# Financial Overview

## Current Year Forecast – As of 2/28/2019

- Initial projection reflects a positive budget variance accomplished through:
  - Additional revenue from enrollment and higher transportation allocation and
  - Spending controls and careful review of attrition and position replacements
- If projection holds, positive variance will restore current year budgeted use of fund balance

2018-2019	Budget	Projection as of 2/28/2019	Favorable/ (Unfavorable) Variance
Revenues	\$ 452,421,585	\$ 452,852,641	\$ 431,056
Expenditures	464,966,298	456,707,345	8,258,953
Net Operations	\$ (12,544,713)	\$ (3,854,704)	\$ 8,690,009

# Fund Balance Analysis

## Fund Balance Policy - 6022

- Fund balance is a critical component of sound financial practices. A minimum fund balance provides a buffer against unforeseen risk and financial uncertainty.
  - General fund operations include complexities of funding, economic uncertainties and the need for fund balance set asides.
- Definitions
  - Restricted – balances are restricted for a specific purpose. Examples include required for loan/debt reserves, insurance claims, and amounts due to employees for leave balances. This category also includes amounts that are not in a spendable form such as inventory items (stock in the warehouse)
    - Restricted balances 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 are set-aside to cover unforeseen expenditures or revenue shortfalls. The balance also provides cash flow to meet the cost of operations and is not intended for on-going expenditures.
  - Minimum fund balance policy: 5-6% of prior year expenditures

# Fund Balance Analysis – continued

## Fund Balance Policy - 6022

Description	Amount	Percent Fund Balance
Total Fund Balance, 8/31/2018	\$ 40,107,947	9.72%
<b>Less:</b> Restricted balances		
Non-spendable/prepays	3,932,607	
Debt Service	5,800,000	
Self-Insurance	2,900,000	
Skill Center	<u>453,228</u>	
Total Restricted Fund Balance	- 13,085,835	- 3.17%
8/31/2018 - Fund Balance Subject to Policy 6022 (CAU) *	\$ 27,022,112	6.55%
* 8/31/2018 Minimum Fund Balance Calculation	27,022,112 ÷ 412,815,662	6.55%
8/31/2019 Minimum Fund Balance <b>Projection</b>	23,167,408 ÷ 456,707,345	5.07%

# Thought Exchange “Themes”

- Our community expects a comprehensive, well-rounded learning environment to include
  - Low class sizes
  - Competitive, professional level salaries
  - Nurses, counselors, mental health therapists
  - Prioritizing students
  - Careful assessment of central support staffing and spending
  - Transparency
  - Ongoing advocacy with the legislature for full state funding
  - Safe and secure learning environment

# Budget Planning Standards with School Board Priorities

## Historical Standards Previously Adopted

- Focus financial resources on programs that directly support the District's Strategic Plan and student achievement, with an emphasis on maximizing instructional time with certificated staff and:
  - preparing students to successfully complete some form of higher education: technical program, 2-year or 4-year degree (T-2-4)
  - supporting high-achieving students at all grade levels
  - ensuring content-rich offerings for all students of all academic abilities
  - maintaining a strong K-3 foundation (e.g., all-day kindergarten and lower class size)
  - increasing, where possible, new resources toward teaching and direct classroom activities consistent with School Board Resolution 2013-26
- Maintain a safe learning and working environment for students and staff
- Sustain staff, parent and community support
- Maintain the District's:
  - financial integrity
  - investment in human capital, facilities, technology, and other physical assets
  - commitment toward market sensitive employee compensation
- Retain an essential level of support services for District operations
- Assure revenue generating programs break even (e.g. Nutrition Services, Express, Camps, etc.)
- Budget decisions should be:  
Student focused ▪ practical ▪ sustainable (on-going revenue supports on-going expenditures) ▪ timely ▪ cost effective ▪ legal ▪ commensurate with adjustments in student enrollment ▪ evaluated on an ongoing basis, based on the standards

# Proposed 2019-2020 Budget Priorities

- Based on 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
- Budget Priorities and focus will:
  - 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.

## Refine Budget Estimates

- Confirm revenue sources and amounts
  - Enrollment
  - Monitor legislative impacts
    - Special Education
    - Levy
    - School Employee Benefits Board (SEBB)
    - Additional staffing allocations
- Evaluate expenditure levels
  - Calculate estimated budget gap
  - Review spending adjustment plans
  - Determine reduction of educational programs & services