



# Operating Budget Fiscal Year 2023-24 First Reading

Board of Directors Meeting





# Overview

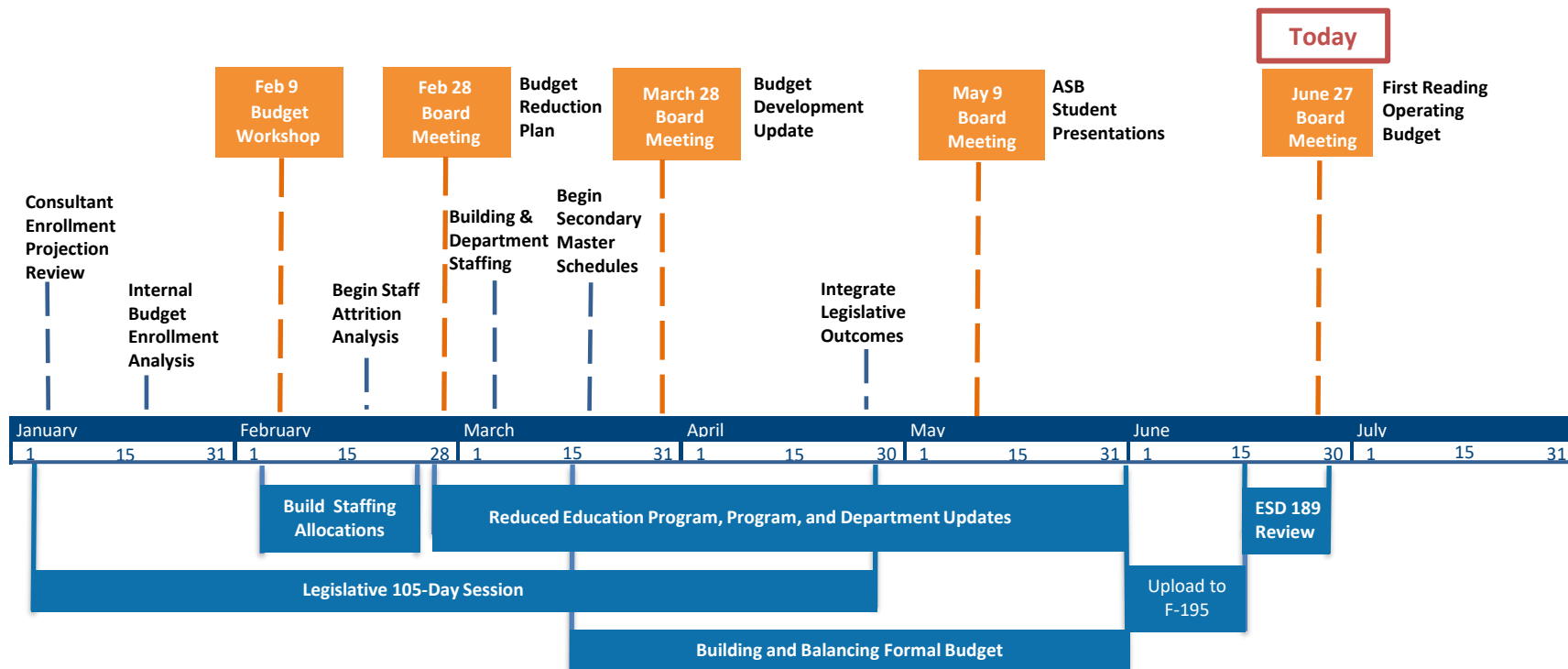
- Budget Development Process
- Fiscal Outlook Review
- General Fund Review
- Other Funds



# BUDGET DEVELOPMENT TIMELINE



Budget cycle culminates in formal adoption on August 22, 2023





## State law prescribes budget adoption process

- RCW 28A.505.040 Make budget available to public by July 10
- RCW 28A.505.060 Hold hearing and adoption on same day
- RCW 28A.505.060 Adopt budget by August 31
- RCW 28A.505.090 Prepare budget in OSPI state form F-195

## 2023-24 Budget adoption schedule

- June 27, 2023 Board meeting – first reading
- August 8, 2023 First public notice of hearing and adoption
- August 15, 2023 Second public notice of hearing and adoption
- August 22, 2023 Board meeting – budget hearing and adoption
- August 23, 2023 Budget filed with ESD 189 and OSPI





# Fiscal Outlook Review





## Cost impacts on projections

- Labor costs have increased (decline in labor expenditures due to lower enrollment, reductions in staffing)
- Inflationary costs have increased (fuel, supplies, materials, fixed costs)

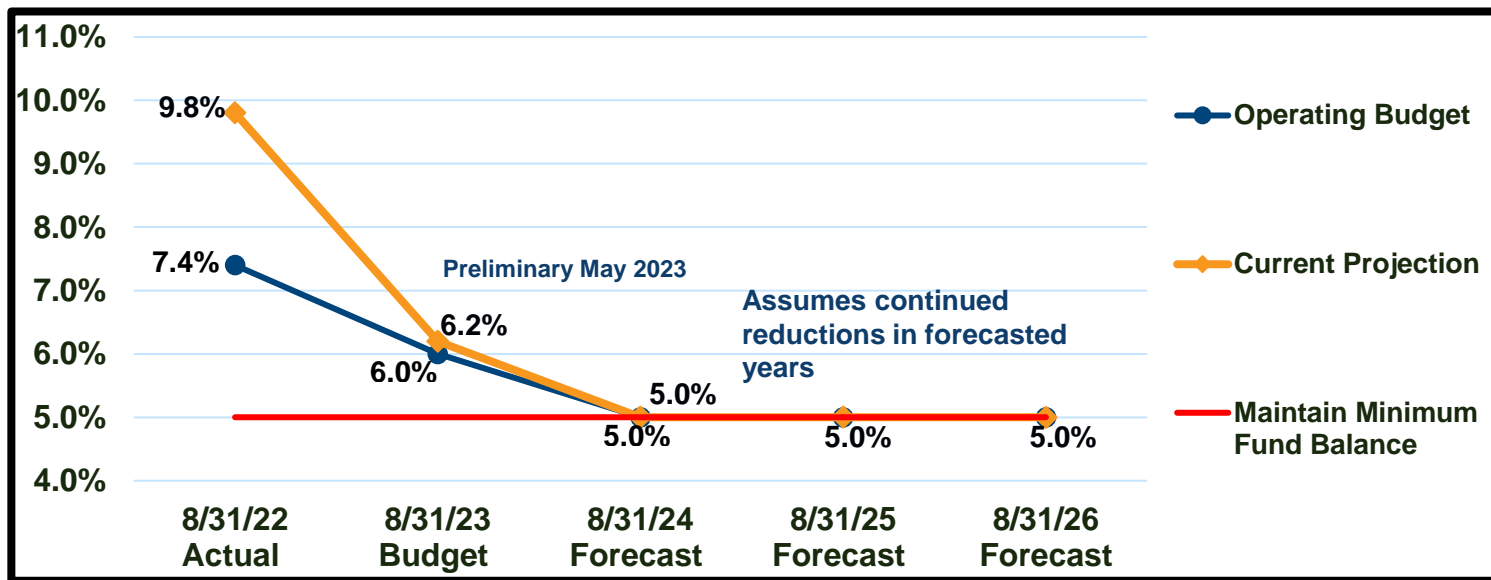
## Legislative outcomes

- 3.7% IPD helped employees, but requires local levy contribution of nearly \$4.7 million, with levy anticipated to increase by \$4.1 million
- 3.7% IPD (Cost of Living Adjustment) also required for federally funded programs, including food services
- Increase in special education funding factors
- 2023-24 transportation funding allocated safety net funding – no anticipated benefit
- No change to levy formula sets 2024 cap at \$5.0 million below voter approved level



## 4-year budget outlook continues to call for reductions for future years

- Anticipated flat enrollment or slightly declining enrollment
- Assumes inflations slows down in forecasted years





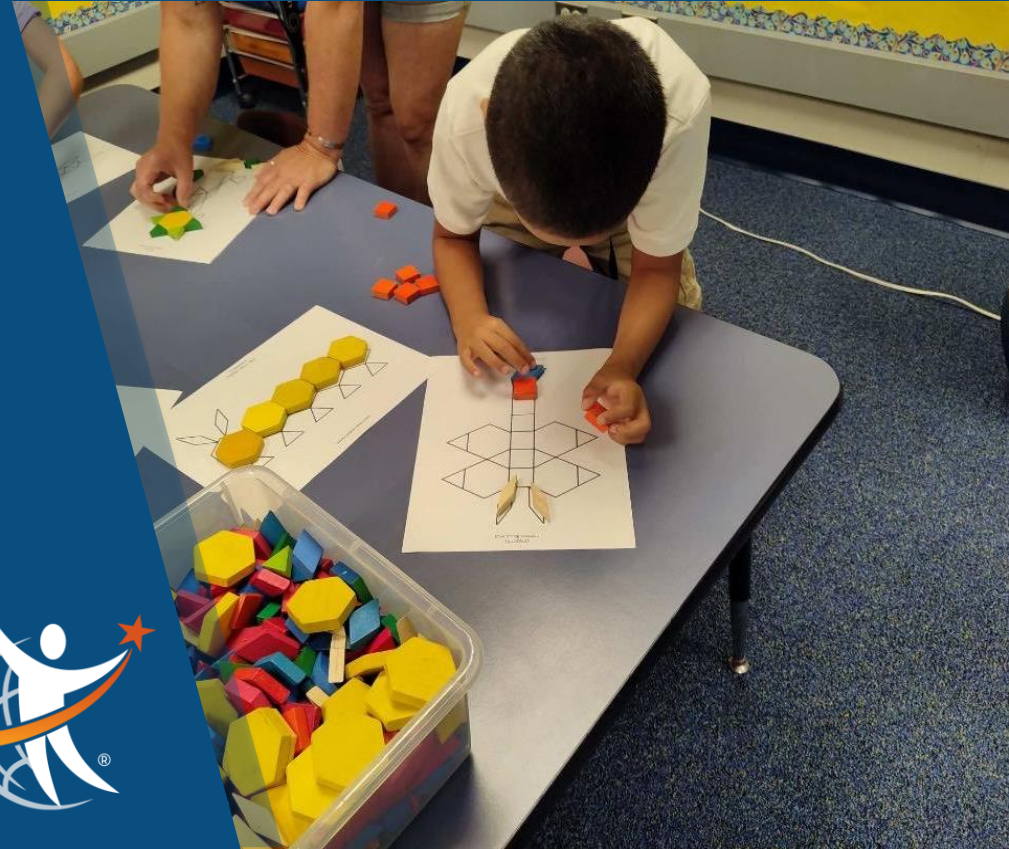
## Budget plan assumptions

- Student enrollment follows consultant's "medium to low" projections, projected decline from current year
- Local levy funding will increase for 2024 because CPI (6.9% for April)
- Decrease in anticipated staffing vacancies
- Anticipated increases in rising food and nutrition program costs
- Transportation expenditures projected to increase
- Utility cost increase of 5% above current year expenditures
- Insurance premium increase of 13% above current expenditures
- Reduced staffing for anticipated enrollment decline and the board approved reduced educational program
- Adjustments have been made in budget to respond to cost impacts
  - Reduced current year spending to maintain fund balance
  - Reduced school building and department budgets
  - Ongoing adjustments will continue as we proactively prepare for continued reductions





# General Fund



# General Fund - Summary



**2022-23 actual beginning balance was \$35,519,942**

General Fund	Budget 2022-23	Budget 2023-24	Difference	% Change
Beginning Fund Balance	35,600,000	23,850,000	(11,750,000)	(33.0)
Restricted Grant/Categorical	1,550,000	3,220,000	1,670,000	107.7
Nonspendable and Committed	2,352,000	2,352,000	-	-
Assigned to Other Purposes	375,000	580,000	205,000	54.7
Unassigned	19,498,940	17,698,000	(1,800,940)	(9.2)
Revenues	384,410,388	385,234,866	824,478	0.2
Expenditures	396,234,448	389,525,105	(6,709,343)	(1.7)
<b>Ending Fund Balance</b>	<b>23,775,940</b>	<b>19,559,761</b>	<b>(4,216,179)</b>	<b>(17.7)</b>
Restricted and Committed	1,550,000	3,604,999	2,054,999	132.6
Assigned to Other Purposes	2,727,000	2,352,000	(375,000)	(13.8)
Unassigned	19,498,940	13,602,762	(5,896,178)	(30.2)

# General Fund - Enrollment



## Actual to 2023 – 24 budget 125 less

October 1 Headcount	Budget 2022-23	Actual 2022-23	Budget 2023-24	Difference Budget to Actual	% Change Budget to Actual
Elementary (K-5)	9,498	9,526	9,470	(56)	(0.6)
Middle (6-8)	4,521	4,523	4,476	(47)	(1.0)
High (9-12)	5,571	5,556	5,534	(22)	(0.4)
<b>Total</b>	<b>19,590</b>	<b>19,605</b>	<b>19,480</b>	<b>(125)</b>	<b>(0.6)</b>

Annual Average FTE	Budget 2022-23	Est. Actual 2022-23	Budget 2023-24	Difference Budget to Actual	% Change Budget to Actual
Elementary (K-5)	9,545	9,638	9,473	(165)	(1.7)
Middle (6-8)	4,477	4,505	4,444	(61)	(1.4)
High (9-12)	5,252	5,185	5,212	27	0.5
Running Start/Other	475	422	415	(7)	(1.7)
<b>Total</b>	<b>19,749</b>	<b>19,750</b>	<b>19,544</b>	<b>(206)</b>	<b>(1.0)</b>



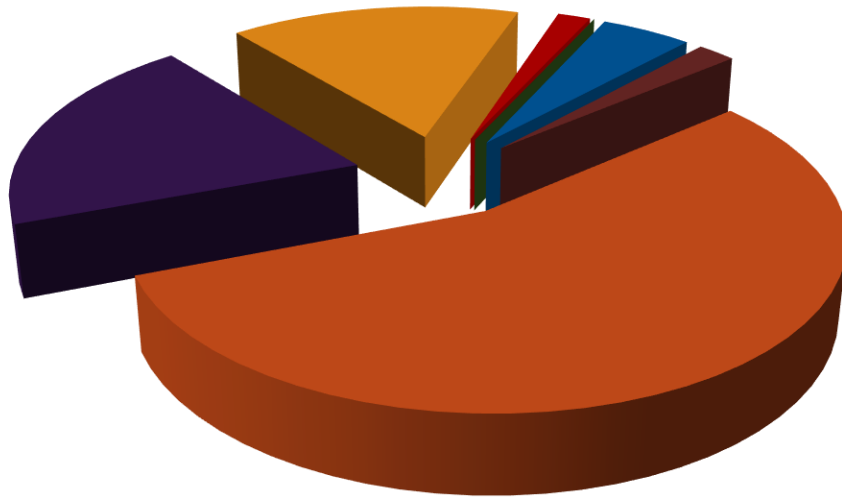
## Budgeted revenues

Revenues	Budget 2022-23	Budget 2023-24	Difference	% Change
Local Taxes	57,264,354	61,369,849	4,105,495	7.2
Local Non-Tax	9,246,353	6,929,704	(2,316,649)	(25.1)
State General	210,581,215	213,032,131	2,450,916	1.2
State Special Purpose	69,889,964	76,679,519	6,789,555	9.7
Federal General Purpose	55,000	55,000	-	-
Federal Special Purpose	29,847,111	19,099,351	(10,747,760)	(36.0)
Revenues from Other Entities	3,476,391	3,549,312	72,921	2.1
Transfers and Other Sources	4,050,000	4,500,000	450,000	11.1



## Budgeted revenues

- State dollars fund 75.6 percent of district programs
- Federal dollars fund 5.0 percent of district programs
- Local levy funds 15.8 percent of district programs



- **State general purpose (55.3%)**
- **State special purpose (19.9%)**
- **Local taxes (15.9%)**
- **Local non-tax (1.8%)**
- **Federal general purpose (<.1%)**
- **Federal special purpose (5.0%)**
- **Other revenues/sources (2.1%)**





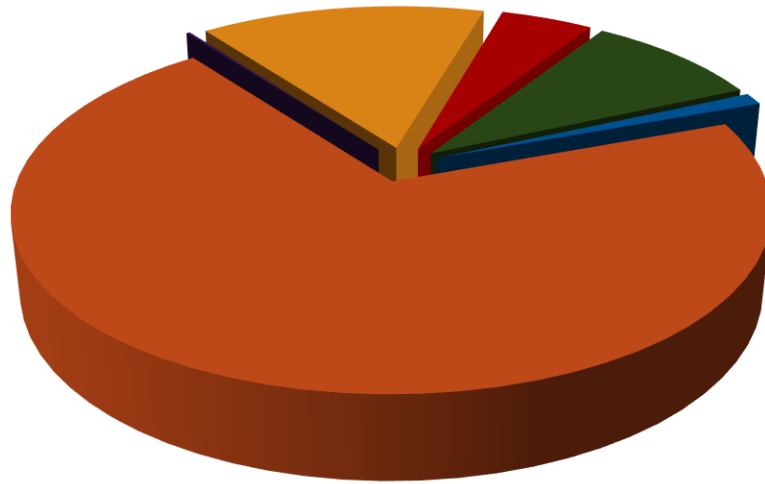
## Budgeted expenditures

Expenditures by Program	Budget 2022-23	Budget 2023-24	Difference	% Change
Basic Education	275,323,835	273,348,191	(1,975,644)	(0.7)
Federal Special Purpose (ESSER/CARES)	9,085,314	724,727	(8,360,587)	(92.0)
State Special Education	50,885,360	52,496,411	1,611,051	3.2
Federal Special Education	4,859,232	4,621,802	(237,430)	(4.9)
Career & Technical Education	17,602,951	18,429,364	826,413	4.7
Categorical	34,121,354	35,635,639	1,514,285	4.4
Early Learning/Community Services	4,356,402	4,268,971	(87,431)	(2.0)



## Budgeted expenditures by program

- Basic education and CTE total 74.9 percent
- Special education total 14.7 percent
- Federal special purpose and categorical total 9.3 percent



- Basic Ed (70.2%)
- Federal Special Purpose (0.2%)
- Special Ed (14.7%)
- Career & Technical Ed (4.7%)
- Categorical Programs (9.1%)
- Early Learning/ Community Services (1.1%)



## Budgeted expenditures by object summary

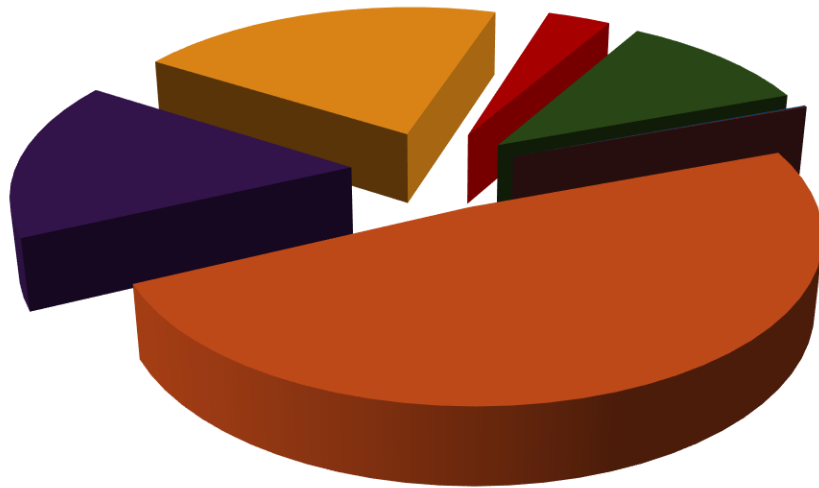
- Decreased salary and benefits due reduction plan and decreased retirement expenditures
- Fewer supplies and materials due to reductions
- Increased purchased services for utilities, insurance and service contracts

Expenditures by Object	Budget 2022-23	Budget 2023-24	Difference	% Change
Certificated Salaries	190,638,553	189,123,687	(1,514,866)	(0.8)
Classified Salaries	60,933,643	62,437,520	1,503,877	2.5
Employee Benefits/Payroll Taxes	89,356,830	80,958,151	(8,398,679)	(9.4)
Supplies and Materials	15,029,058	13,900,637	(1,128,421)	(7.5)
Purchased Services	39,226,621	42,469,432	3,242,811	8.3
Travel	227,727	251,151	23,424	10.3
Capital Outlay	822,016	384,527	(437,489)	(53.2)



## Budgeted expenditures by object

- 85.2 percent of budgeted expenditures are salaries and benefits
- Remainder are Materials Supplies and Operating Costs (MSOC)



- **Certificated salaries (48.5%)**
- **Classified salaries (16.0%)**
- **Employee benefits/payroll taxes (20.8%)**
- **Supplies and materials (3.6%)**
- **Purchased services (10.9%)**
- **Travel (0.1%)**
- **Capital outlay (0.1%)**



# Other Funds





# Capital Projects Fund



**2022-23 actual beginning balance was \$35,671,244**

Capital Projects	Budget 2022-23	Budget 2023-24	Difference	% Change
Beginning Fund Balance	31,576,928	27,997,298	(3,579,630)	(11.3)
Restricted	5,823,834	4,798,779	(1,025,055)	(17.6)
Committed	9,837,593	12,548,456	2,710,863	27.6
Assigned to fund purposes	15,915,501	10,650,063	(5,265,438)	(33.1)
Revenues	33,678,132	46,612,477	12,934,345	38.4
Expenditures	51,147,286	41,298,353	(9,848,933)	(19.3)
Operating transfers out/in	4,050,000	4,500,000	450,000	11.1
<b>Ending Fund Balance</b>	<b>10,057,774</b>	<b>28,811,422</b>	<b>18,753,648</b>	<b>186.5</b>
Restricted	1,018,592	190,009	(828,583)	(81)
Committed	4,717,589	28,331,266	23,613,677	501
Assigned to Fund Purposes	4,321,593	290,147	(4,031,446)	(93)



## Technology initiatives

- \$ 5,213,000 1:1 mobile devices
- \$ 2,841,000 Device life-cycle management and upgrades

## Other

- \$ 6,375,000 Clean Building Act upgrades
- \$ 3,145,000 Electrical and mechanical projects
- \$ 863,000 HVAC upgrades
- \$ 2,200,000 Portable classroom relocations and purchase
- \$ 9,908,000 Property purchase and other sitework
- \$ 7,477,000 Roof and flooring replacements
- \$ 3,276,000 Other building projects and finishes



## 2022-23 actual beginning balance was \$18,005,685

- Expenditures for principal and interest payments are consistent with bond repayment schedules

Debt Service	Budget 2022-23	Budget 2023-24	Difference	% Change
Beginning Fund Balance	17,700,000	17,480,625	(219,375)	(1.2)
Total Revenues	22,144,832	12,499,168	(9,645,664)	(43.6)
Total Expenditures	23,073,661	20,987,749	(2,085,912)	(9.0)
Ending Fund Balance	16,771,171	8,992,044	(7,779,127)	(46.4)

# Associated Student Body Fund



## 2022-23 actual beginning balance was \$1,197,775

- ASB budget proposals were provided to the board on May 9
- No changes to the budget have occurred since that time

Associated Student Body	Budget 2022-23	Budget 2023-24	Difference	% Change
Beginning Fund Balance	965,032	940,790	(24,242)	(2.5)
Total Revenues	2,253,826	2,491,607	237,781	10.6
Total Expenditures	2,398,100	2,555,132	157,032	6.5
Ending Fund Balance	820,758	877,265	56,507	6.9

# Transportation Vehicle Fund



## 2022-23 actual beginning balance was \$200,254

- Provides budget capacity for the purchase of up to three buses
- State depreciation revenues are paid in August

Transportation Vehicle	Budget 2022-23	Budget 2023-24	Difference	% Change
Beginning Fund Balance	200,210	280,515	80,305	40.1
Total Revenues	890,500	327,475	(563,025)	(63.2)
Total Expenditures	1,090,000	390,000	(700,000)	(64.2)
Ending Fund Balance	710	217,990	217,280	30,602.8





# Thank You!

