

2019/2020 Budget Overview

July 16, 2019



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TOPICS

- Key Points
- General Fund
- Capital and Technology and Building Funds
- Local Tax Levies
- Next Steps
- Additional Materials

ORGANIZATIONAL ALIGNMENT AREAS OF FOCUS

We will align school and central office resources to support our strategic priorities.

- Change the budgeting process to focus on strategic goals and include all funding sources to maximize alignment.
- Determine course of action for implementing a data dashboard, develop a multi-year, multi-perspective plan for implementation and complete Year 1 of the multi-year plan.
- Conduct at least two program evaluations.





Strategic Budget Process

Strategic budgeting process characteristics presented July 2018:

- ✓ Focus decisions on strategic goals, not departments
- ✓ Include all funds in process to maximize alignment and transparency of restricted funds
- ✓ Integrating stakeholder perspectives into decision making especially around trade-offs that will be necessary
- Incorporate processes and tools that look at the Academic Return-on-Investments (A-ROI) including the cost and quality of services
- ✓ Investment and reallocation decisions need to be strategically coherent and implementable
- Actively monitor and respond to investment results

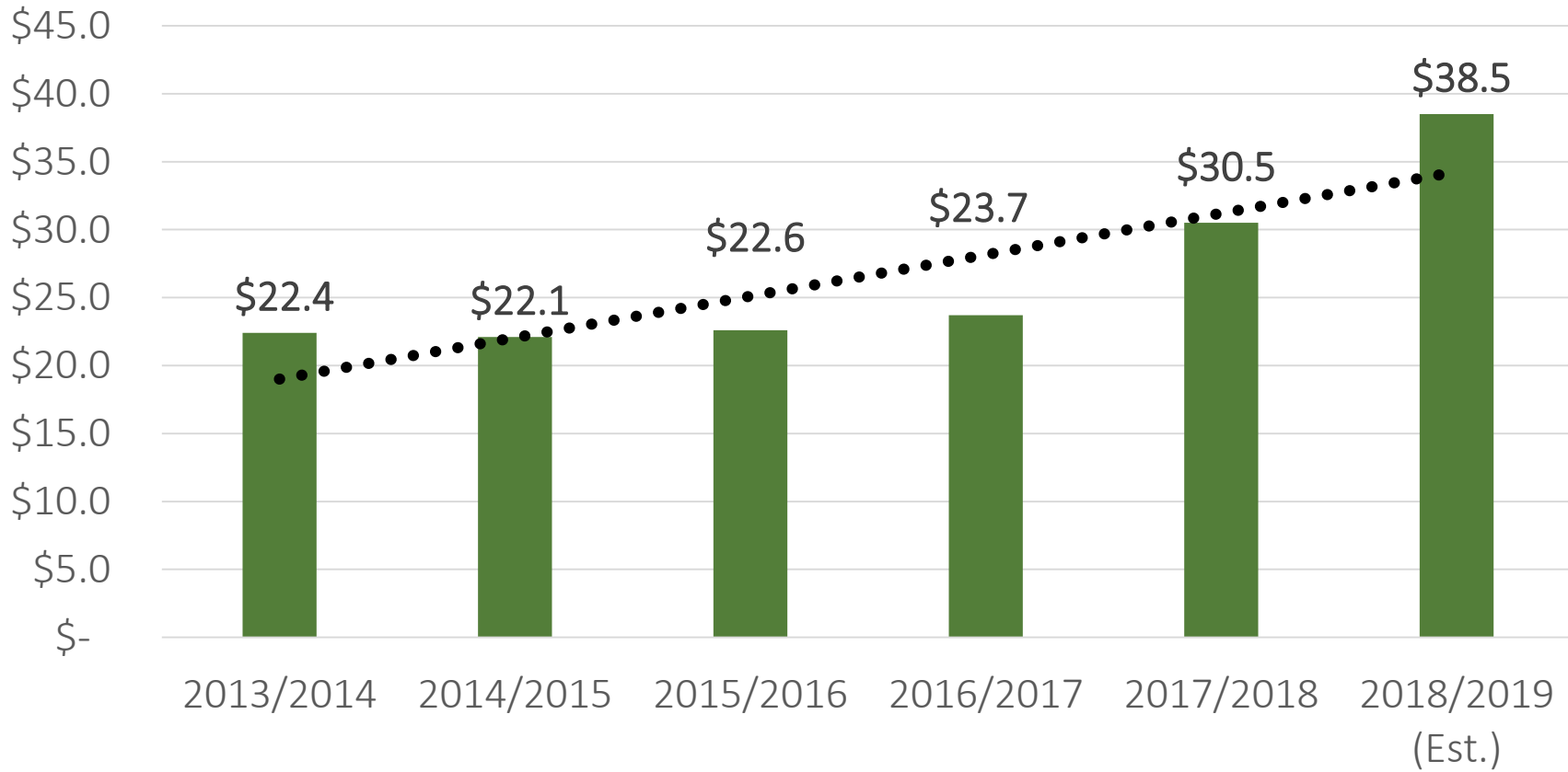


Executive Summary

4-Year Perspective

General Fund Reserves

\$ Millions





Key Points

- Enrollment growth has slowed as home prices have risen. Fall 2018 enrollment was budgeted to be 20,471 full-time equivalent (FTE) students, actual annual average FTE enrollment is 20,491, an increase of 20 students over budget. Budgeted FTE enrollment for 2019/2020 is 20,565, an increase of only 0.3%.
- School Employee Benefit Board (SEBB) will be implemented in January 2020 requiring all school district employees to receive benefits through the state.
 - We anticipate the increase cost for benefits for employees to be \$7.2 million in 2019/2020 and up to an additional \$10 million, conservatively in 2020/2021.
 - Additional revenue for employee benefits from the state are estimated to be \$3.5 million.
 - We will no longer have to make payments to the state for retiree benefits resulting in a savings of \$1.3 million annually.
 - The net impact of SEBB in 2019/2020 is a negative \$2.4 million.
- The local enrichment levy will be reduced by \$6.4 million during 2019/2020 with the reduction in local levy limits imposed by the McCleary solution.



Key Points

- Even with this reduction in funding, we want to invest in our strategic priorities at a level that will move us forward and support students with the greatest needs. To that end, while all schools will continue to implement Multi-Tiered System of Supports (MTSS) and Continuous Cycles of Improvement, we are directing more resources towards our most marginalized or under-served students in our high needs schools.
- We are also directing more services towards meeting social emotional learning and mental health needs of our students at both the elementary and secondary levels.
- We anticipated our financial challenges of increasing costs and falling revenues by building general fund reserves over the past 2 years. This budget plans to spend down these funds by \$9.1 million leaving \$29.4 million in reserves, 7.9% of expenditures, for the start of the 2020/2021 fiscal year.
- Over the next 12 months, we will be analyzing our spending patterns to reduce our overall spending as well as working with legislators regarding local levies.



Additional Strategic Investments

Elementary	Cost
Add'l K-3 Teachers at High Needs Schools – 16 teachers (Source: Cost Neutral)	\$2,240,000
Add'l Professional Learning Community (PLC) time and support at high needs schools (Source: Capital and Tech Levy)	\$560,000
Before School Enrichment and Support at Lake Hills and Sherwood Forest (Source: Title 1 funds)	\$200,000
Spanish speaking GSAs in dual language classrooms (12) (Source: General Fund)	\$450,000
Implemented coordinated support for student well-being at Title I schools (including Highland MS) (Source: Title 1 Funds)	\$1,300,000
Implementing culturally responsible classroom libraries (Source: General Fund and BSF)	\$200,000

Secondary	Cost
Mental Health Action Teams at all secondary schools (Source: General Fund & BSF)	\$440,000
Secondary Math Support <ul style="list-style-type: none"> Algebra/Geometry Block Support (Bellevue, Interlake & Sammamish) Highland MS Math Interventionist (Source: ELL/TBP, General Fund)	\$255,000
Graduation Success <ul style="list-style-type: none"> Interlake HS – re-entry pilot RISE Program (Source: General Fund)	\$405,000
District-wide	Cost
Family Engagement Plan Implementation (Genl Fund)	\$100,000
Translation Support (Source: ELL/TBP)	\$80,000
BSD Leadership Development (Source: Genl Fund)	\$100,000



Additional Increases

Description	Cost
Additional Teaching Staff – General Education, Special Education and English Language Learners	\$2,800,000
Increase to school budgets – Supplies (MSOCs) & classified staffing	\$150,000
Classified classroom staff training	\$250,000
Increase cost of employee benefits	\$7,200,000
Increase in employee compensation including salary-based benefit costs (retirement, social security, Medicaid/Medicare)	\$9,835,000

Description	Cost
Special Education – Vision support, PALS, health support	\$290,000
Athletics, field trips & extracurricular	\$100,000
Miscellaneous Operating Costs	\$390,000



Materials, Supplies, and Operating Costs (MSOCs)

- State law requires the following disclosure during the budget hearing process:

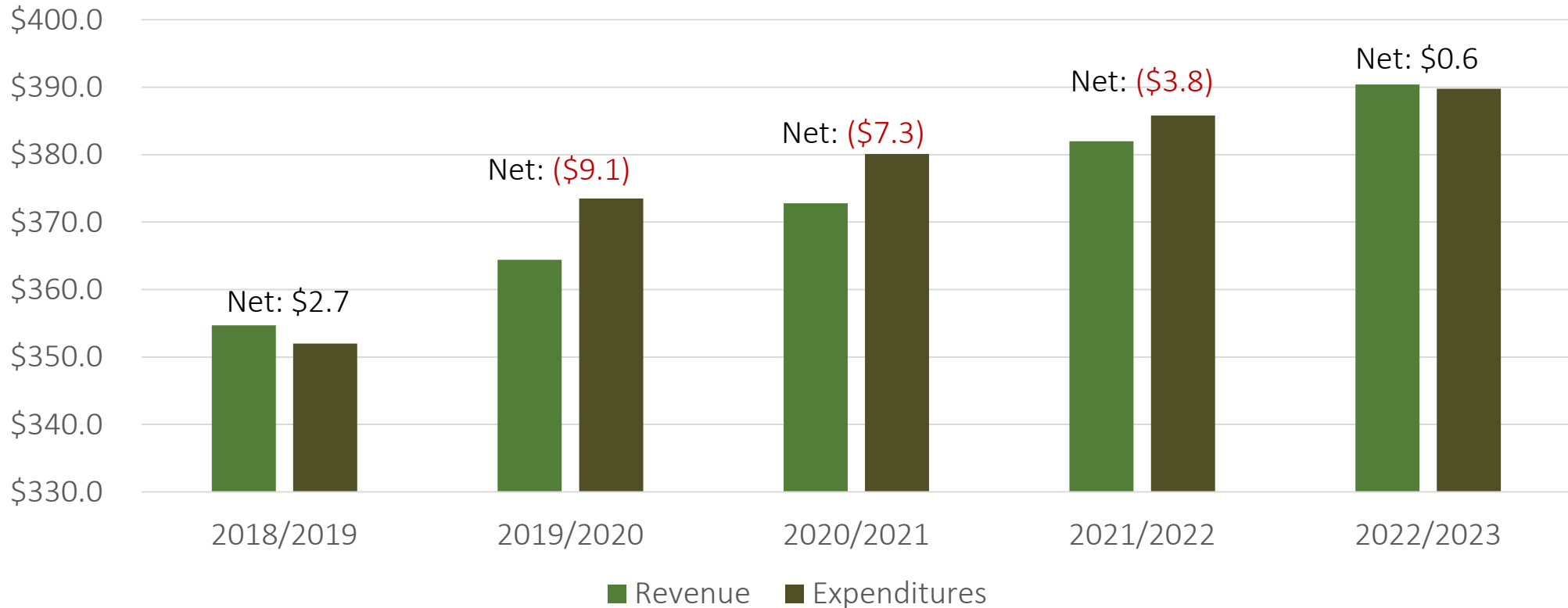
2018/19 Budget	Amount
Total MSOC Allocation	\$27,353,145
Total MSOC Budget	\$37,952,367
Net Difference	(\$10,599,222)



4-Year Outlook

General Fund – Revenue vs. Expenditures

\$ Millions





Capital & Tech Levy Funds (\$000's)

Total Available Funds:
\$46,530

EOY Fund Balance:
\$8,905

\$ 000's

Salaries & Mgt Support	\$13,780
Teacher Tech Stipends	\$3,730
Athletic Fields & Equipment	\$2,600
Facility Modernizations & Renovations	\$2,575
Portables	\$500
Data Center & Projects	\$1,540
Application Licenses	\$3,500
Tech Support Infrastructure	\$1,100
Classroom Technology	\$2,000
Student Laptops	\$3,900
Computer-Based Curriculum	\$1,305
Miscellaneous Programs	\$1,095
Total	\$37,625



Capital Building Fund (000's)

We will be proposing a Phase IV Construction program to the Board of Directors this fall. If the Board decides to move forward with this next phase of construction, a bond election will be held in February 2020. If the election is successful, we need to ensure we have enough spending capacity in the budget for Phase IV to begin. This budget is built with that assumption.

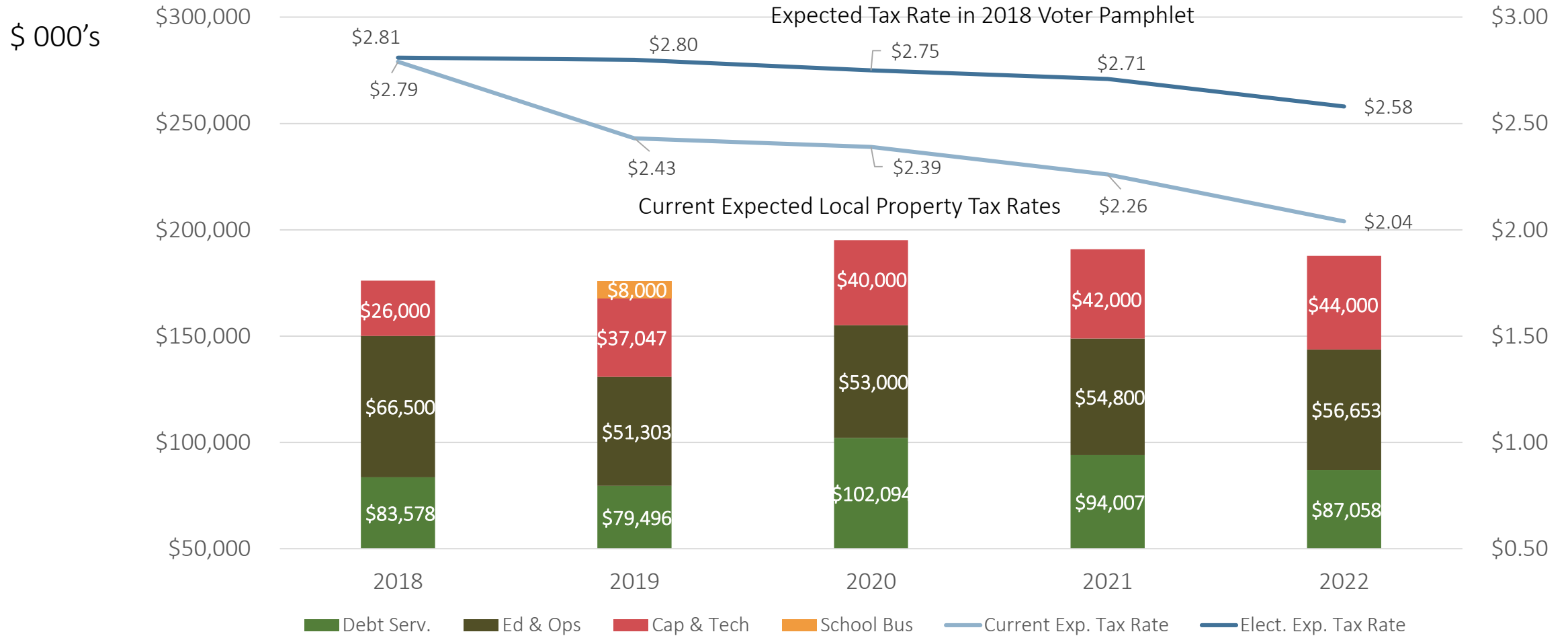
Bond Projects	\$000's
Tillicum MS	\$243
Newport HS	\$250
Stevenson Elem.	\$1,188
Highland MS	\$36,550
Clyde Hill Elem.	\$3,405
Puesta del Sol	\$30,600
Big Picture	\$4,980
International	\$180
New Elem #2	\$7,370
Total Bond Projects	\$84,766
Staff Salary & Benefits	\$913
Bond Services	\$400
Other Misc.	\$100
Total Management	\$1,413
Contingency	\$30,000
TOTAL BOND FUND EXPENDITURES	\$116,179

Total Available Funds:
\$231,630

EOY Fund Balance:
\$115,451

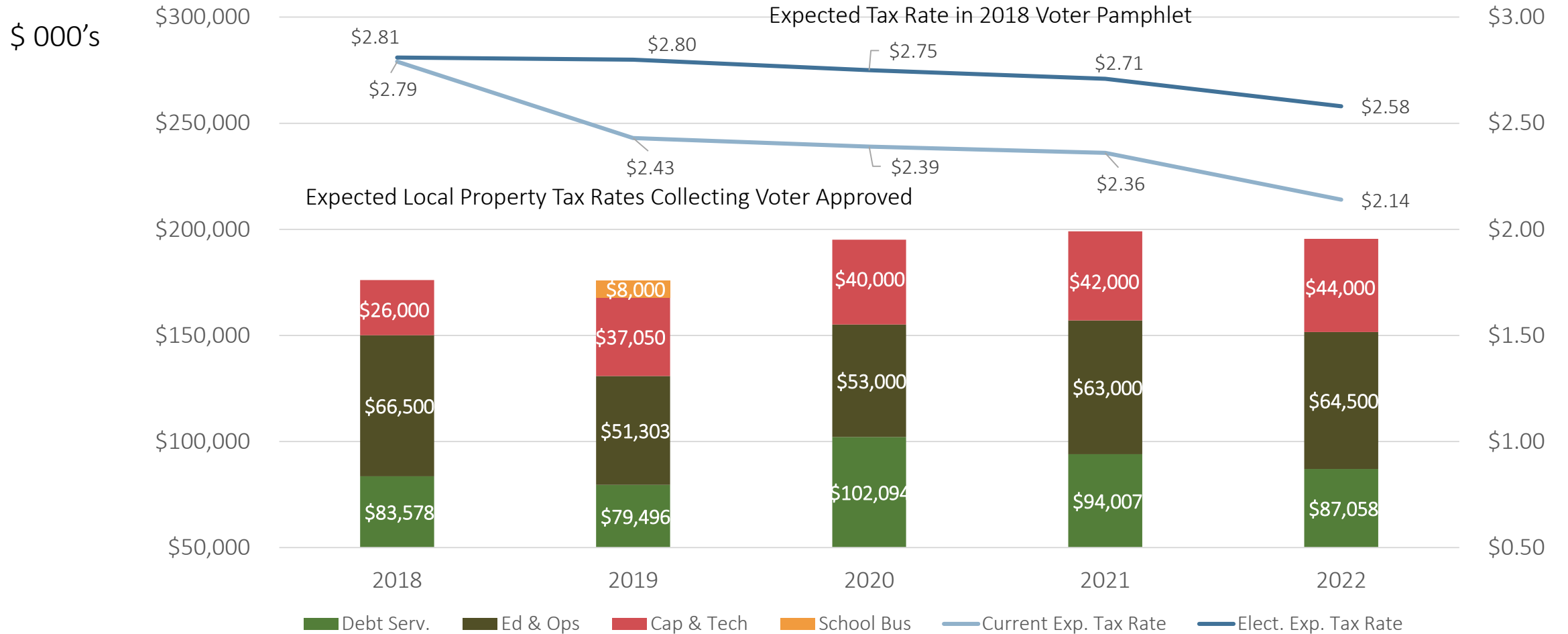


Local Levies Collecting at Levy Limit





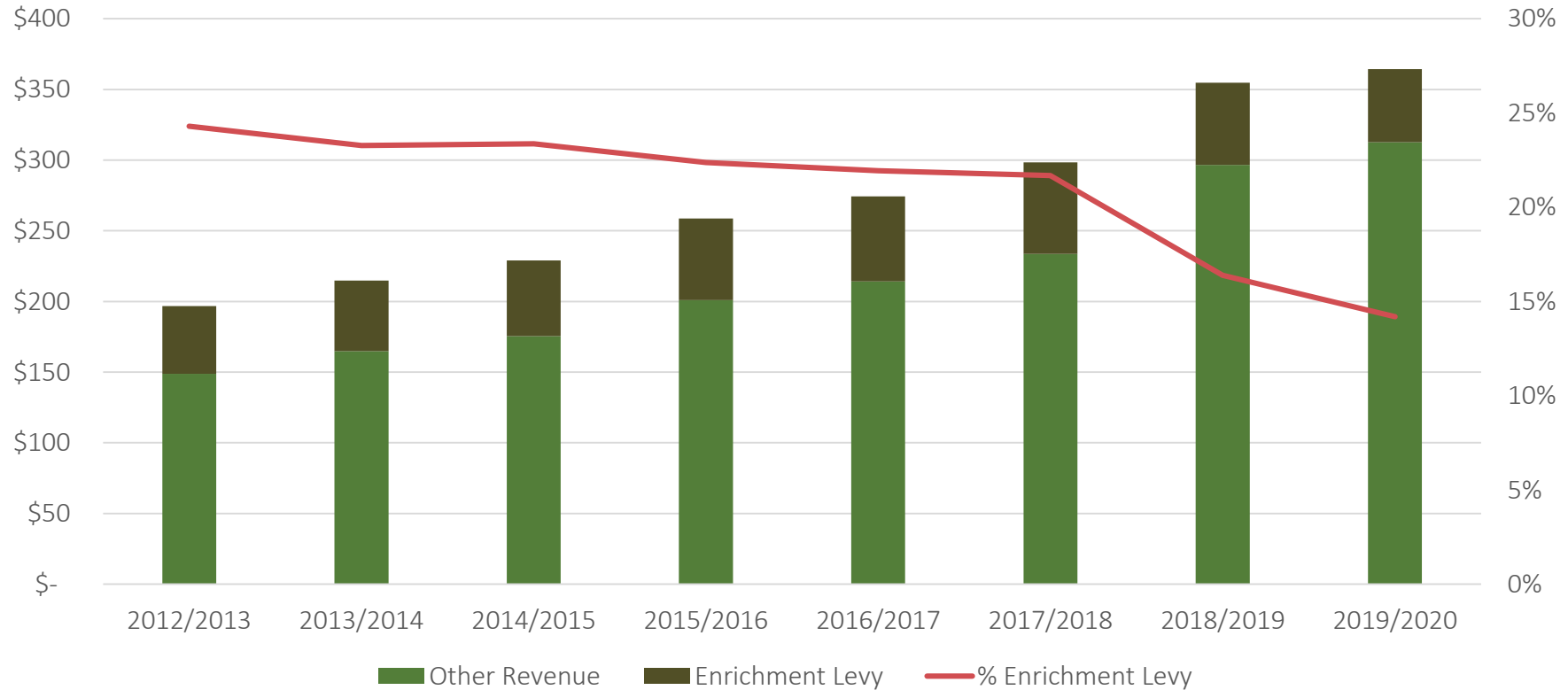
Local Levies Collecting Voter Approved





Local Enrichment Levy

Enrichment Levy vs. Total General Fund Revenue





Next Steps

Short-term:

- Post budget and respond to inquiries
- Advertise budget hearing
- Hold budget hearing and ask for Board approval on August 29th
- Over the next year:
 - Complete program evaluations
 - Finalize monitoring mechanisms and timing for 2019/2020 investments
 - Develop plan for analyzing spending patterns and improving efficiency
 - Work with legislators regarding local levy opportunities



Additional Information



Capital Building Fund with no additional bonding authorization

We will be proposing a Phase IV Construction program to the Board of Directors this fall. If the Board decides not to move forward with this next phase of construction, we anticipate the capital building fund will spend as follows over the 2019/2020 fiscal year.

Bond Projects	\$000's
Tillicum MS	\$243
Newport HS	\$250
Stevenson Elem.	\$1,188
Highland MS	\$36,550
Clyde Hill Elem.	\$3,405
Puesta del Sol	\$30,600
Big Picture	\$4,980
International	\$180
Total Bond Projects	\$77,396
Staff Salary & Benefits	\$913
Bond Services	\$400
Other Misc.	\$100
Total Management	\$1,413
<i>Contingency</i>	<i>\$20,000</i>
TOTAL BOND FUND	\$98,809

Total Available Funds:
\$118,280

EOY Fund Balance:
\$19,471



4-year General Fund Budget - Revenue

\$000's	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Revenues					
Local Taxes	\$58,120	\$51,710	\$52,870	\$54,201	\$55,483
Local Non-Tax	\$27,411	\$29,673	\$30,266	\$30,871	\$31,489
State – General	\$186,826	\$195,332	\$199,238	\$203,224	\$207,287
State – Special	\$47,269	\$50,246	\$51,251	\$52,276	\$53,322
Federal	\$12,315	\$13,187	\$13,187	\$13,187	\$13,187
Other	\$22,738	\$24,277	\$25,942	\$28,241	\$29,641
Total Revenue	\$354,680	\$364,425	\$372,754	\$381,999	\$390,409



4-year General Fund Budget - Expenditures

\$000's	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Expenditures					
Basic Education	\$210,367	\$218,106	\$221,923	\$225,252	\$226,881
Special Ed Instruction	\$43,683	\$47,914	\$48,752	\$49,483	\$50,225
Career & Technical	\$8,510	\$9,562	\$9,729	\$9,875	\$10,023
Categorical Grants	\$19,385	\$19,907	\$20,255	\$20,559	\$20,867
Early Lrng. Community Serv.	\$13,456	\$15,931	\$16,210	\$16,453	\$16,700
Transportation	\$9,448	\$11,392			
Food Services	\$6,474	\$6,993			
District-wide Support	\$40,630	\$43,744	\$63,217*	\$64,165*	\$65,128*
Total Expenditures	\$351,953	\$373,549	\$380,086	\$385,787	\$389,824
Budgeted Revenue over/(under) Expenditures	\$2,726	(\$9,124)	(\$7,322)	(\$3,788)	\$585

*Includes Transportation and Food Service Expenditures