

2018-19 Budget Status Presentation

November 27, 2018

Challenges & Causes

\$5.2M+ Shortfall does not include potential future enrollment decline or K-3 Compliance.

Data included in presentation is preliminary and will change as estimates become more refined over time.

- **Challenges**

- Estimated \$5.2M+ Shortfall in Operating Costs
- K-3 Class Size Compliance
- Continuing Enrollment Decline
- Implementation of Future Legislative Action

- **Causes**

- Reduction in Levy Capacity
- Continuing Enrollment Decline
- Salary & Benefit Increases Above State Allocations
- Staffing Levels Above State Allocations
- McCleary Decision

McCleary Impact & Local Impact

New Local Levy Limited to \$1.50/\$1000 Assessed Valuation.

Combination of Local Levy & LEA funded at \$1,500 per Student.

- **McCleary Impact**

- See Next Slide for Allocation Increases

- Loss of Levy/LEA Funding

- 2018-19

(\$ 3,038,976)

- 2019-20 (from 2016-17)

(\$ 5,920,409)

- **Local Impact**

- Enrollment Decline from 2015-16

(\$ 2,908,155)

- BEA Staffing Costs Over State Allocations

- 2017-18

(\$19,123,552)

- 2018-19

(\$16,065,210)

- 2019-20

(\$16,865,896)

- Other Net Costs Supported Locally

- 2017-18

(\$5,359,951)

- 2018-19

(\$3,493,166)

- 2019-20

(\$4,075,385)

State Funding Increases

MSOCs = Materials, Supplies & Operating Costs.

FTE = Full Time Equivalent.

BEA = Basic Education Allocation

SpEd = Special Education

CIS – Cert Instructional Staff

CLS – Classified Staff

CAS – Cert Admin Staff

		<u>2017-18</u>	<u>2018-19</u>	<u>Increase</u>	<u>% Incr</u>	<u>2019-20</u>	<u>Increase</u>	<u>% Incr</u>
Funding/Staff Unit								
	CIS	\$56,788.33	\$69,128.96	\$12,340.63	21.73%	\$70,442.46	\$1,313.50	1.90%
	CAS	\$62,199.00	\$102,613.30	\$40,414.30	64.98%	\$104,562.95	\$1,949.65	1.90%
	CLS	\$34,180.00	\$49,591.04	\$15,411.04	45.09%	\$50,533.63	\$942.59	1.90%
	MSOCs - Regular	\$1,244.16	\$1,267.80	\$23.64	1.90%	\$1,291.89	\$24.09	1.90%
	MSOCs -Grd 9-12	\$170.91	\$174.16	\$3.25	1.90%	\$177.47	\$3.31	1.90%
	BEA Alloc/FTE	\$7,068.61	\$8,487.47	\$1,418.86	20.07%	\$8,648.73	\$161.26	1.90%
	BEA Rate for SpEd	\$6,966.19	\$8,360.97	\$1,394.78	20.02%	\$8,519.83	\$158.86	1.90%

Total Local Resources

Financial Resources Available Above State Apportionment Allocation.

	17-18 Preliminary	18-19 Estimated	Difference	19-20 Estimated	Difference
Levy	\$ 12,378,227	\$ 9,337,149	\$ (3,041,078)	\$ 6,743,880	\$ (2,593,269)
LEA	\$ 5,168,524	\$ 5,170,626	\$ 2,102	\$ 4,882,462	\$ (288,164)
Other Income	\$ 3,767,171	\$ 3,625,574	\$ (141,597)	\$ 4,105,215	\$ 479,641
Total Local Resources	\$21,313,922	\$18,133,349	\$ (3,180,573)	\$15,731,557	\$ (2,401,792)

Total Levy/LEA Loss from 17-18. \$ (5,920,409)

Actions Taken To Reduce Use of Fund Balance

Have \$1.4M remaining to reduce for 2018-19.

Impacts on Programs 01 & 97 only

TOSA = Teacher on Special Assignment.

- **2018-19 Reductions**

- Not Filling Open Positions

• Assist Supt Leadership & Learning	\$ Not filled
• Director of State & Federal Program	\$ 50,000
<ul style="list-style-type: none"> • Replaced with TOSA 	
• Director of Security	\$ 139,500 (annual)
• New Security Positions (4)	\$ 206,000
• Distr. Office Secretarial Positions (3)	\$ 207,000
• Unspent BEA Certificated Budget Capacity	\$ 860,000
<ul style="list-style-type: none"> • Subtotal 	\$1,462,500
• 10% Building Budget	\$ 130,000
• Operations MSOC Budgets	<u>\$ 200,000</u>
<ul style="list-style-type: none"> • Total 18-19 Reductions 	\$1,795,500*

- **2018-19 & 2019-20 Potential Reductions**

- Reductions in Staffing
 - Open Positions
 - Retirements
 - Reduction of Sub Costs

Total Local Uses & Net Impact on Fund Balance

* Spending in excess of State Apportionment Allocation.

** Total Local Expenditure Over State and Local Resources.

19-20 does not take into consideration Enrollment Decline. K-3 Funding challenges, SEBB Impact.

CPF = Capital Projects Fund

TVF= Transportation Vehicle Fund

	17-18 Preliminary	18-19 Estimated	19-20 Estimated
Total Local Resources	\$ 21,313,922	\$ 18,133,349	\$ 15,731,557
Certificated Instructional Staff	\$ (7,970,507)	\$ (6,874,132)	\$ (7,500,188)
Certificated Administrative Staff	\$ (2,900,387)	\$ (2,028,921)	\$ (2,067,470)
Classified Staff	\$ (8,252,658)	\$ (7,162,157)	\$ (7,298,238)
* Subtotal Prog 01 & 97 BEA	\$ (19,123,552)	\$ (16,065,210)	\$ (16,865,896)
MSOC Prog 01 & 97 BEA	\$ (800,410)	\$ (556,720)	\$ (567,298)
BEA Rev 3121 Shift to SpEd	\$ (1,318,888)	\$ (1,628,202)	\$ (1,659,138)
SpEd Program	\$ (1,139,927)	\$ 306,584	\$ (200,000)
Other Support	\$ (1,236,226)	\$ (1,364,828)	\$ (1,398,949)
Operating Transfers to CPF/TVF	\$ (864,500)	\$ (250,000)	\$ (250,000)
Total Uses of Local Resources	\$ (24,483,503)	\$ (19,558,376)	\$ (20,941,281)
** Net Impact on Fund Balance	\$ (3,169,581)	\$ (1,425,027)	\$ (5,209,724)

Enrollment Decline

* Alcoa plant closure.

School Year	K-12 AAFTE	Annual FTE (Loss)	Cumulative FTE (Loss) from 2015-16
2015-16	7,636.64		
*2016-17	7,431.81	(204.83)	
2017-18	7,362.93	(68.88)	
2018-19 Est.	7,295.00	(68.93)	(342.64)
2018-19 BEA Allocation per FTE			\$8,487.47
Loss of BEA Revenue Due to Enrollment Decline			(\$2,908,155)

School Year	Total Running Start FTE	Annual Regular FTE (Loss)	Cumulative FTE (Loss) from 2015-16
2015-16	155.46		
2016-17	204.25	(48.76)	
2017-18	268.62	(64.37)	
2018-19 Est.	270.03	(1.41)	(114.54)
2018-19 BEA Allocation per FTE			\$8,487.47
Loss of BEA Revenue Due to Running Start Increase			(\$972,155)

Employee Types

State Funded Employee Types

- **CIS – Certificated Instructional Staff**
 - Teachers, Counselors, Librarians, Specialists, Nurses, etc.
 - Prog 01 - Activities 22, 24, 26, 26, 27, 28, 31, 32, 33, 34
 - 1.0 FTE = 180 Day School Year Contract
- **CLS – Classified Staff**
 - Other than CIS and CAS
 - Secretaries, Parapros, Maintenance, Classified Administration
 - Prog 01 - Activities 22 thru 33, Prog 97 – Activities 11 thru 75
 - 1.0 FTE = 260 Days
- **CAS – Certificated Administrative Staff**
 - Administrative positions requiring a certificate
 - Principals, Program Directors, Assistant Supt, Deputy Supt, Superintendent
 - Prog 01 – Activities 21, 23, 28, 33, Prog 97 – Activity 12
 - 1.0 FTE = Positions Defined Full Year, i.e. 210 to 240 Days

Estimated Funded BEA Staffing Units vs Estimated Actual FTE

Prog 01 & 97 Only

CIS – Cert Instructional Staff

CLS – Classified Staff

CAS – Cert Admin Staff

2018-19	Estimated State Allocation Staff Unit	Estimated Staff FTE	Under (Over) State Allocation
CIS	351.464	374.961	(23.497)
CLS	111.311	179.200	(67.886)
CAS	26.206	28.450	(2.244)

Estimated BEA Funding vs Estimated Cost

Based on October 2018 Enrollment
Projection.

Prog 01 & 97 Only

2018-19	Estimated State Allocation	Estimated Salary & Benefit Cost	Over (Under) State Allocation
CIS	\$33,929,290	\$40,803,422	(\$6,874,132)
CLS	\$8,117,505	\$15,279,662	(\$7,162,157)
CAS	\$3,590,751	\$5,619,672	(\$2,028,921)
Totals	\$45,637,546	\$61,702,756	(\$16,065,210)

Future Challenges

To balance revenues and expenditures.

- **Future Challenges**
 - K-3 Class Size Compliance
 - Enrollment Decline
 - School Employees Benefit Board (SEBB) (Jan 2020)
 - Fund Balance
 - Operating with Reduced Levy Capacity (McCleary)
 - Compliance with New Levy Spending Limitations (McCleary)
 - Balancing Programs
 - Valley Academy of Learning
 - Wenatchee Valley Technical Skills Center
 - Loss of 6% Regionalization Over Time (McCleary)
 - 1% reduction/year starting in 2020-21

2019-20 Budget Development Process

Slide #1

MEP = Modified Educational
Program.

1) Agreement on Amount to be Cut

- a. \$5.2 million+
- b. Something Less
- c. 1 Year/2 Year

2) Potential Options

- a. Attrition/other reductions/involuntary transfers
 - Estimated

\$2,600,000

(Difference - taken out of fund balance \$2,600,000)

- b. Full Cuts/Modified Educational Plan (MEP)

Estimated

\$5,200,000

2019-20 Budget Development Process

Slide #2

MEP = Modified Educational
Program.

- 3) **Prioritization Process by Board**
 - a. Time sensitive if involves reduced staffing
 - b. Prototypical School Model
 - c. Board Resolution for Modified Educational Program

- 4) **If a MEP is Selected – a Feedback Process will be Identified**
 - a. Internal Stakeholders
 - * Certificated, Classified, Administration, Student(s)
 - b. External Stakeholders
 - * Parents, Community