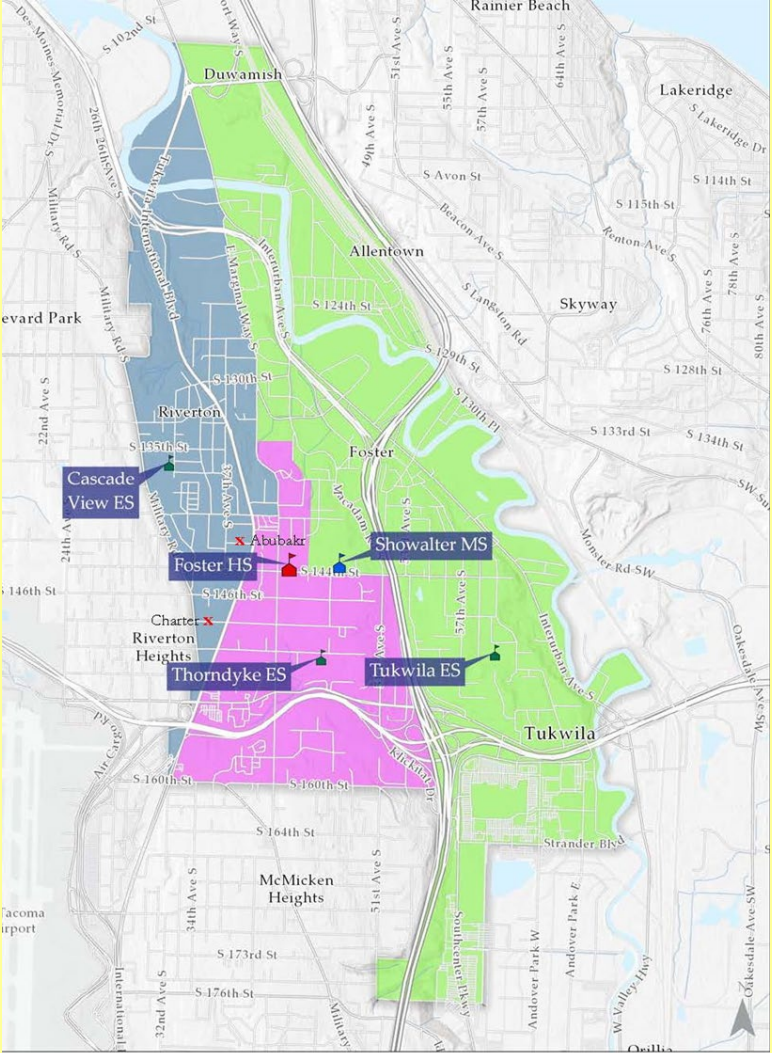


Tukwila School District 2019-20 Budget Advisory Committee



February 20, 2019

Tukwila School District 2019-20 Budget Advisory Committee

Budget Season Agenda

- Introductions and thank you for participating
- Future meetings will be from 5:00 to 7:00 on the 2nd and 4th Thursday of each month until the end of May. The dates are as follows: ~~Feb 20~~, Feb 28, Mar 14, Mar 28, Apr 11, Apr 25, May 9 and May 23.
- Draft Budget Manual. A work in progress.
- Role of the advisory team is to provide recommendations to the Interim Superintendent.
- Set expectations and ground rules
- Current Status of the District: Enrollment, Fund Balance and Levy Lid
- McCleary Impact and Update
- Revenue overview
 - Levy Cap
- Revenue
- Expenses
 - Payroll
 - MSOCs
- Gap Closure
- Legislative updates and other new information
- Gap Closure
- Final Budget Manual and Board Approval

Open Discussion

- Why do we have a Budget Advisory Committee?

Tukwila School District Mission & Goals

The Tukwila School District Mission is to create a learning community that supports and empowers students, staff, and families to reach their greatest potential.

- **GOAL 1:** Create a culture of equity, trust, honesty, respect, and positive relationships.
- **GOAL 2:** Develop a clear focus on engaging students through the design of instruction through curriculum, experiences, work, and supports to ensure student achievement.
- **GOAL 3:** Ensure and communicate structures of sustainability and continuity are in place that result in increased student, staff, and community commitment to and ownership of the direction of the district.
- **GOAL 4:** Design a recruitment and on-boarding system that hires, retains, empowers and provides leadership pathways for high quality staff that believe in the direction of the district.

Budget Advisory Team Purpose & Scope

The Budget Advisory Committee includes Tukwila School District stakeholders and community members with a goal to find operating efficiencies to allow the District to meet its Mission with limited financial resources.

This advisory group will make recommendations that may be accepted, rejected or modified by the Interim Superintendent or his designee.

Budget Advisory Team Responsibilities

- Develop an understanding of the District's 2019-20 budget and financial issues
- Find and recommend fiscal efficiencies
- Contribute to improved communication to enhance the understanding of the District's budget and financial condition
- Contribute to and support a transparent and collaborative budgeting process

Budget Advisory Team Expectations

- Attend meetings (Feb 20, Feb 28, Mar 14, Mar 28, Apr 11, Apr 25, May 9 and May 23.)
- Shared vision
- Listen, refrain from sidebars
- Make sure you understand, ask clarifying questions
- Contribute ideas with a solution orientation
- Assume positive intent
- Trust and respect
- Discretion / say it here
- Anything Else?

School District Budget Basics

Mission

Revenue

- Enrollment
- Basic Education
 - Local
 - State
- Grants and Categoricals

During this meeting we will talk about where the district is today and then we will start talking about revenue and the levy cap.

During our next meeting we will review our first iteration (draft) of the 2019-20 revenue budget.

Expenses

- Staffing salaries and wages
 - Staffing levels
 - Implicit Price Deflator (IPD) - as designated by the State for revenue
 - Step & column
 - Negotiated increases
- Employee benefit and taxes
 - Medical (SEBB)
 - Paid Family Medical Leave Act (PFMLA)
- MSOCs
 - Budget Efficiencies
 - Consumer Price Index (CPI)
- Capacity

How Do We Make Recommendations?



PROGRAM BUDGET CHANGE FORM

Send completed form to the Business Office. Funding decisions will be made jointly by the Superintendent and Deputy Superintendent. Attach additional information, signature pages, etc. as necessary.

Contact Information:

Name: Budget Advisory Team	Date: February 7, 2019
Position:	Bldg/Dept:

What problem(s) are we trying to solve?

Amount:	Duration (One-Year, Multiple Years):
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How did we determine this amount is necessary / sufficient?

The following stakeholders have discussed and fully support this request:

PRINT NAME & SIGNATURE

ACCEPTED MODIFIED REJECTED

Greg Woodard
Chief Financial Officer

ACCEPTED MODIFIED REJECTED

Dr. Flip Herndon
Interim Superintendent

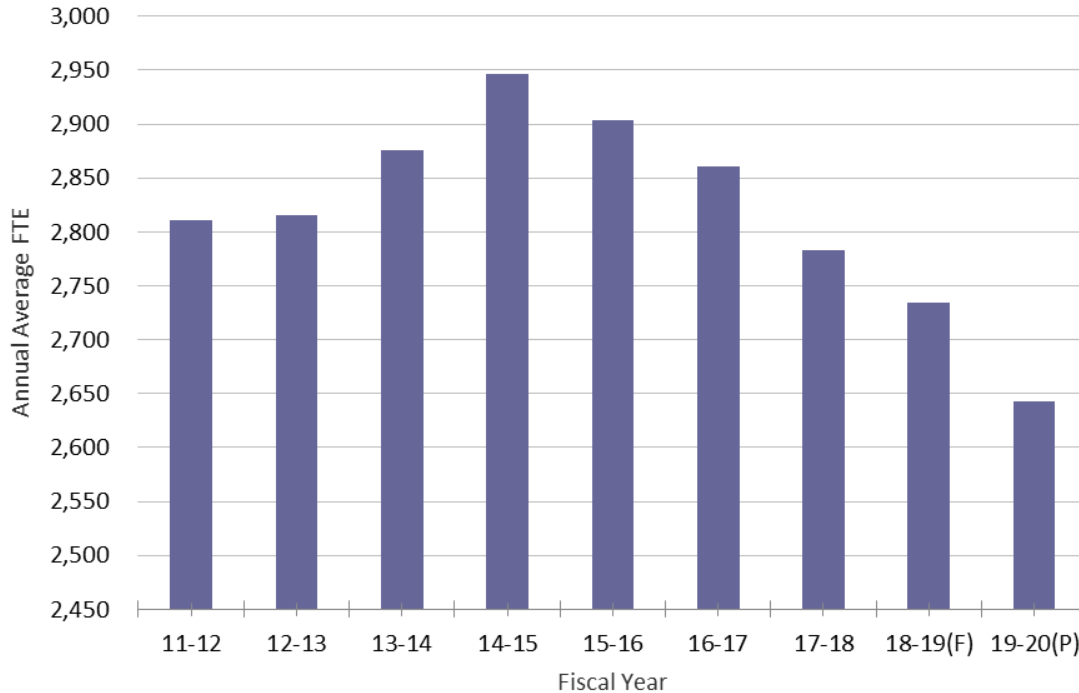
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Open Discussion

- What do you know about our financial condition?
- What do you want to know about our financial condition?
- What data do you think you will need?

Where We Are Today: Enrollment

Total K12 FTE Enrollment



Two competing schools opened during summer 2018:

- **Charter School**, Impact Public School. Their 2018-19 enrollment is 120 kindergarten students and 59 1st graders. They expect to have 500 K-5 students by 2023-24.
- **Abubakr** Islamic Center of Washington, formerly known as Makkah Islamic School had 128 students in 2017-18.

Where We Are Today: Ending Fund Balance

Where we are today (\$000's)	2016-17 Actual	2017-18 Actual	2018-19 Forecast	2019-20 Budget
Enrollment (FTE)	2,861	2,783	2,734	2,643
Basic Education	29,969	31,218	34,051	
Grants & Other	11,841	13,171	15,058	
Total Revenue	41,811	44,389	49,109	
Expenditures	42,721	44,567	50,910	
Surplus / (Deficit)	(910)	(178)	(1,801)	
Ending Fund Balance	1,761	1,583	(218)	
% of Expenditures	4.1%	3.6%	-0.4%	

During the next seven meetings the Budget Advisory Team will:

- Confirm 2018-19 forecasted Revenue.
- Refine the 2018-19 forecasted expenditures and look for 2018-19 efficiencies.
- Review 2019-20 revenue and find and recommend fiscal efficiencies to ensure a balanced 2019-20 budget

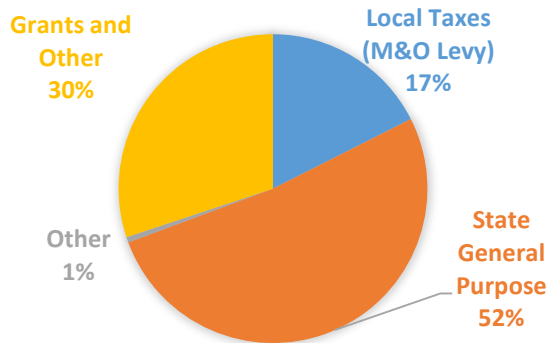
Tukwila School District Revenue

Revenue (\$000's)	2016-17 Actual	2017-18 Actual	2018-19 Budget	2019-20 Budget
Local Taxes (M&O Levy)	11,359	11,994	8,622	
State General Purpose	18,611	19,224	25,429	
Basic Education	29,969	31,218	34,051	-
Other	646	451	279	
Grants and Categorical	11,195	12,719	14,779	
Total Revenue	41,811	44,389	49,109	-

- Basic Education Act (BEA) funding is our largest source of revenue.
- Local money historically has come from levies passed by Tukwila residents.
- State money is based largely on the annual average number of students enrolled (AAFTE). “Prototypical School” Model Defines Basic Education by:

- Assumed levels of staff
- Assumed need for materials, supplies and operating costs (MSOCs)
- Assumed need for facility repairs and maintenance
- Does not include extra-curricular activities

2018-19 REVENUE BY CATEGORY



2012 McCleary Decision

In the 2012 McCleary decision, the state Supreme Court ruled that insufficient state funding for basic education unconstitutionally caused districts to rely on local levy funding to support the costs of implementing the state's basic education program.

HB 2242 addressed this by limiting the amount of local levy funding for education, and restricting the use of the funds.

Limit on Local Levies begins on January 2019.

McCleary Act - Overview

Pre-McCleary (HB 2242)

- Local levy was called “Maintenance & Operations”
- Levy money was used for locally determined purposes
- No state approval required for local levy
- State funded teaching salaries based upon experience level
- One-Year Budget

Post-McCleary (HB 2242)

- Now it is an “Enrichment” levy
- Enrichment levy money must be used for “documented and demonstrated enrichment of basic education” to be defined by the state.
- State approval required for local levy
- Teacher positions based on statewide average experience.
- Four-Year Budget

McCleary Act – Overview Con't

Pre-McCleary (HB 2242)

- Tukwila voters approved \$3.60 per \$1,000 assessed value in 2016 that would have generated \$12,662,093 in calendar year 2019.

Post-McCleary (HB 2242)

- Amount limited to the lower of \$1.50 per \$1,000 assessed value or \$2,500 per FTE student, regardless of amount approved by voters.
- TSD will receive \$6,059,455 in local levy revenue for calendar year 2019. Some, but not all of the \$6,602,638 reduction from what was approved by the Tukwila voters will be made up by the state.
- Approximately one-third (93 out of 295) of the school districts in the state will lose funding under the new structure.

McCleary Act: Help May or May Not Be On Its Way

Help may (or may not) be on its way:

- Governor Inslee's budget proposal includes \$1B in additional education funding.
- WEA legislative priorities include restoring local levy flexibility, fully funding SEBB and increase funding for additional school support staff to meet students' mental health, social, emotional and safety needs.
- WASA (Washington Association of School Administrators) will recommend 'Hold Harmless relief that includes an increase in the teacher's 'experience factor' allocation. TSD would get \$1.2M.
- Superintendent Chris Reykdal's budget proposal includes additional funding for Special Education, Safe & Effective Schools, additional Nurses, Counselors and other items (see next slide).

Superintendent Chris Reykdal's Budget Proposal



2019-2021 Budget Proposal

Transforming education by closing gaps & supporting all students.

Safe & effective school facilities for learning

\$400 M



Multiple pathways to graduation

\$65 M



Increased supports for students with disabilities

\$150 M



More nurses, counselors, & family engagement staff

\$60 M



Dual language programs

\$14 M



Expanded learning opportunities

\$10 M



"Our students deserve an education system that does not allow opportunity gaps to persist. That can only happen if our system provides equitable opportunities and individual learning pathways for each student."

-Superintendent Chris Reykdal

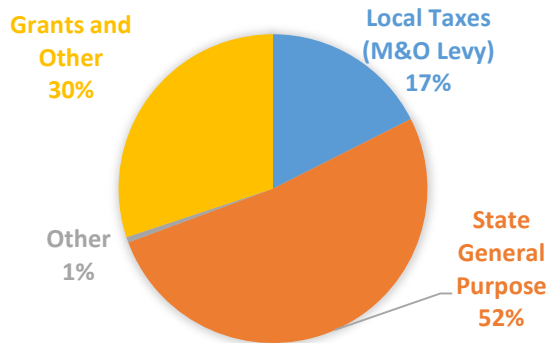
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2018-19 REVENUE BY CATEGORY



Levy Lid Impact on TSD Basic Education Revenue

1.

McCleary Act Levy Swap Impact (\$000's)	Forecast 2018-19	Post McCleary & Lower Enrollment Est. 2019-20	Change \$	Change %
Local Levy	8,622	5,762	(2,860)	-33.2%
State	25,429	26,774	1,345	5.3%
Total	34,051	32,535	(1,515)	-4.5%

The District will likely receive less Basic Education (BEA) revenue next year than it did this year due to the McCleary levy cap and lower enrollment.

2.

Hypothetical Scenario: In a normal year the district would receive an increase in Basic Education revenue based on inflation and other factors. The table below assumes a 2.1% inflation (implicit price deflator) increase.

Hypothetical Scenario Levy Swap Vs Normal Year (\$000's)	Forecast 2018-19	Normal 2.1% Inc. 2019-20	Post McCleary & Lower Enrollment Est. 2019-20	Change \$	Change %
Local Levy	8,622		5,762		
State	25,429		26,774		
Total	34,051	34,766	32,535	(2,231)	-6.4%

2019-20 also includes estimated impact of lower enrollment.

Notes:

- Actual 2019-20 BEA revenue will be influenced by state legislature's budget.
- Since TSD is capped on appraised value the district's 2019-20 local levy will not fluctuate on enrollment. However, the district's state 2019-20 BEA revenue will fluctuate on enrollment and is influenced by other factors.