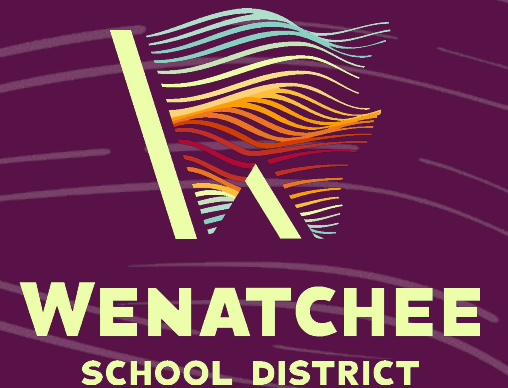


# Restructuring Committee Budget Update

September 25, 2024



# Who is in the Room?

Please share the following information with the group:

- Name
- Role(s)
- Something unique/fun about this school year.
- What emotion are you bringing in to our time together today?

**MEET**  
**and**  
**GREET**

# Norms

- Create safe environments for all.
- Encourage and support all opinions.
- Ensure all voices are heard.
- Promote healthy discourse.
- Be part of the solution.



# Restructuring Committee

## Purpose & Goals

- To assess, plan, and propose potential strategic plans for restructuring within the school district to address declining enrollment and ensure the efficient utilization of resources.
- By analyzing current enrollment data, facility capacities, and educational programs, the Restructuring Committee aims to make informed proposals that support student success, fiscal responsibility, and community engagement.

# Transparency and Accountability

- School Board Budget Committee
- Associations Leadership Team
- Leadership Team
- Restructuring Committee for community/district awareness - feedback channel
- Meeting with ESD
- Board Meeting Updates
- Budget Website Updates

- Monthly meeting updates
- Access to minutes
- Website development
- Feedback channels for stakeholders
- Media relationships

Both the Facilities Committee and the Restructuring Committee will be looking at the WSD for the long-term. 24/25 reductions are complete and the 25/26 reductions need more milestones before specific planning occurs.

# Budget Presentations to Reference

**August 13** - 2024-25 Budget Presentation

**June 25** - Preliminary Budget Presentation - General Fund & Budget Update Presentation

**June 4** - Preliminary Budget Presentation - Other Funds  
(Capital Projects, Debt Service, Associated Student Body, Transportation Vehicle)

**April 23** - District 2024-25 preliminary enrollment projections

**April 9** - Davis Demographics presentation

**February 13** - 2023-24 year-end enrollment projections



# Budget Information

# How our budget is divided

*School funding may seem hard to understand in a district with a \$147.6M million budget, but our budget is similar in many ways to yours at home, with a few important differences.*

## OUR BUDGET HAS FIVE PARTS

### General Fund

Operating budget which guides our day-to-day operations

### Capital Projects Fund

Covers our long-term school construction and repair needs and cannot be spent on school operations.

### Debt Service Fund

Pay the principal and interest on bonds issued to finance school construction and renovation

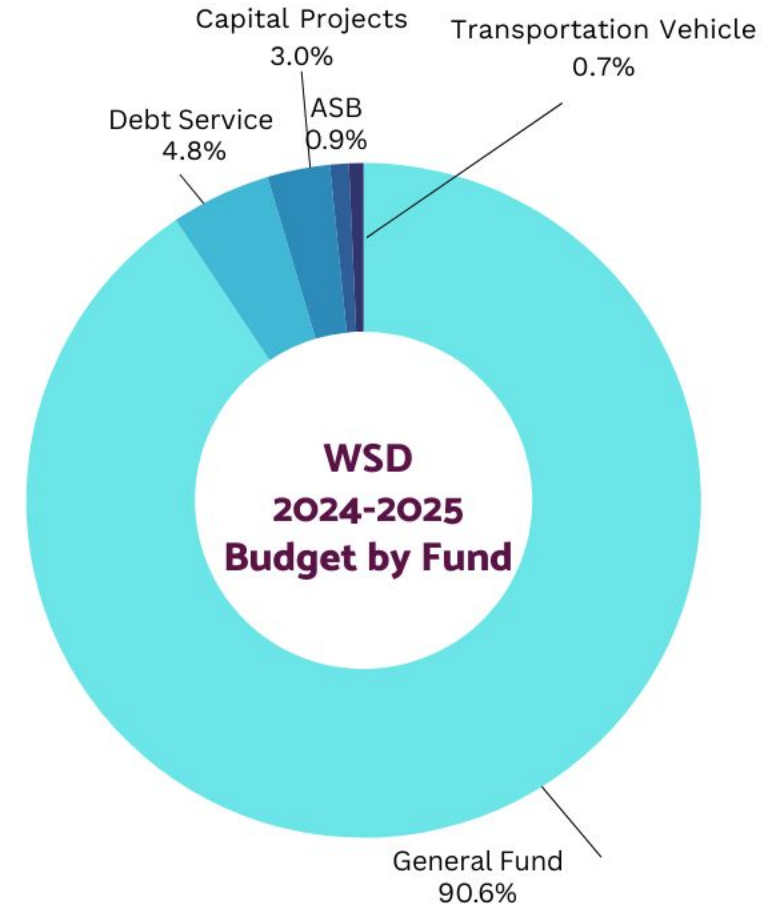
### Transportation Vehicle Fund

Used to buy school buses

### Associated Student Body Fund (ASB)

Accounts for each middle and high school's extracurricular activities

- General - \$133.8M (90.6%)
- Debt Service - \$7.1M (4.8%)
- Capital Projects \$4.5M (3.0%)
- Associated Student Body \$1.3M (0.9%)
- Transportation \$965K (0.7%)





# Where our funding comes from

State



Local

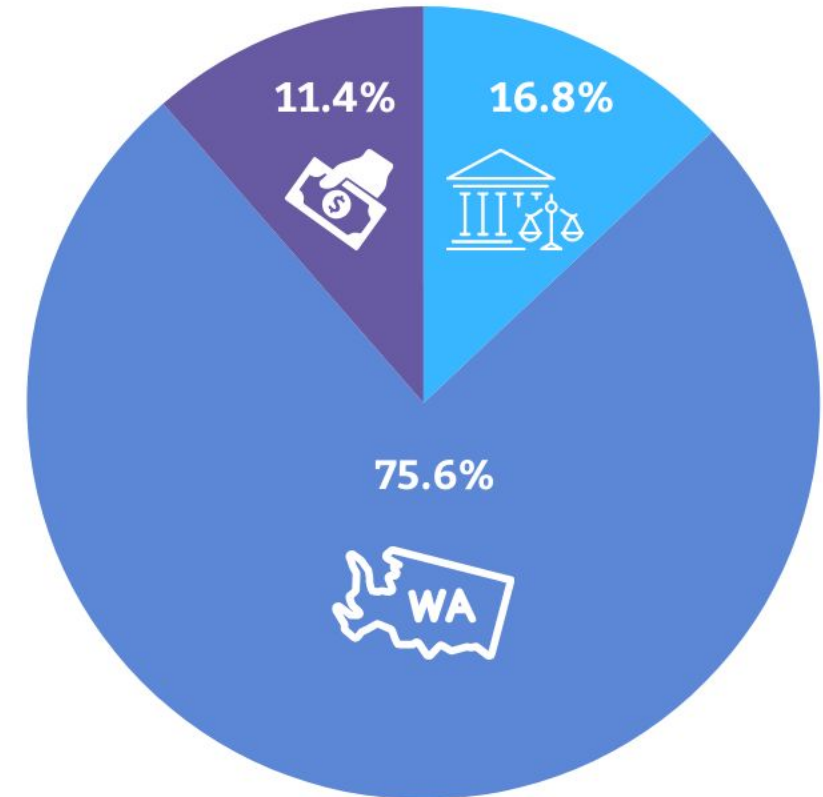


Federal



## WSD Funding by Revenue Source

- State - \$97.6 (75.6%)
- Federal - \$16.8M (13.0%)
- local - \$14.7M (11.4%)



# General fund: How money is distributed

Two basic factors determine how resources are allocated to schools:

1. *The number of students at the school, and*
2. *The special needs of students, such as poverty, disabilities, and limited English language skills*

## Student enrollment and staffing

What is Headcount and FTE?

- Headcount is the number of students enrolled.
- FTE stands for Full Time Equivalency.
- A student who goes to school all day would be considered a 1.0 FTE.
- Districts are funded less for students with less than 1.0 FTE.
- The number of students projected to enroll in the fall determines the number of teachers and support staff that each school receives. That is, enrollment translates into staff positions, salaries, and benefits.





# General fund: How money is distributed



## Factors impacting enrollment declines

### Declining enrollment

Enrollment in Wenatchee schools has been declining since 2015, when the Alcoa plant idled operations, and has continued to decrease, with the sharpest drop during the COVID-19 pandemic (2020-2021). However, there are several other variables impacting enrollment.

### Birth rates are down

Birth rates in Chelan County and the city of Wenatchee have also been declining, resulting in smaller kindergarten class sizes.

### Charter and private school offerings have increased

Charter and private schools have expanded grade-level offerings in our Valley. In 2023, several new private schools have announced they will open in fall of 2024 with the goal of offering K-12 education. In addition to brick-and-mortar schools, since the COVID-19 pandemic, online public and provided schools have also seen a surge in enrollments.

### Housing prices continue to be high

Housing costs in Wenatchee have continued to increase. The median house price is \$500K, and rents continue to rise. The high price of housing has forced some families to move out of the area.

State basic education funding is driven by full-time equivalent enrollment (FTE) and is our primary revenue driver. As enrollment decreases, so do revenues.

# General Fund: Staffing Costs

## The general fund is used for staffing in four areas

### Teaching and teaching support

Includes teachers, para educators, librarians, counselors, psychologists, speech and health services, security officers, coaches, and activity advisors.

### School administration

Includes principals, assistant principals, and office staff.

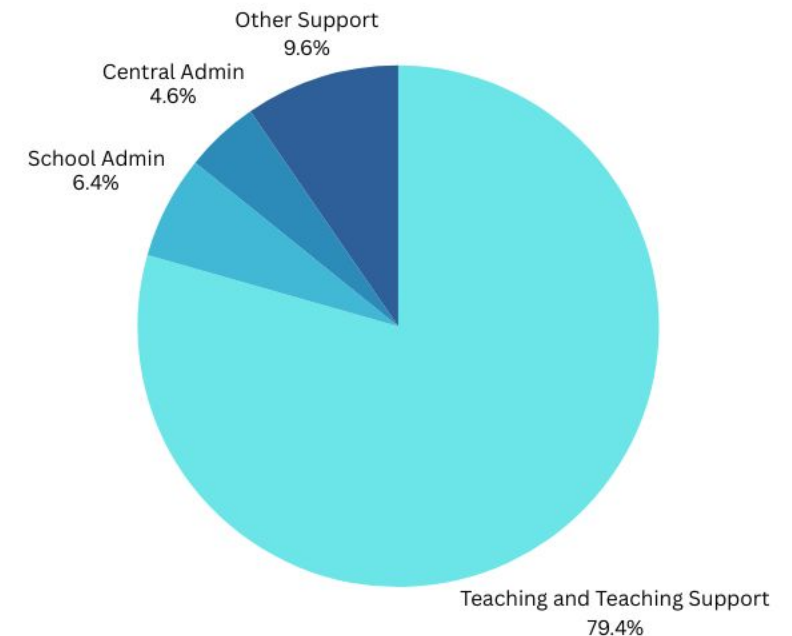
### Central administration

Includes the superintendent, executive directors, human resources, financial services, and other support services supervision; and

### Other support activities

The costs to keep school buildings running, including building maintenance, grounds-keeping, custodial services, food services, technology support, and data processing.

### Staffing Percentages: General Fund



- Teaching and teaching support - 79.4%
- School administration - 6.4%
- Central administration - 4.6%
- Other support activities - 9.6%





# General Fund: What we spend money on

We spend the majority of our funds on employing 900+ caring staff who work hard to deliver high-quality education to students - teachers, para educators, principals, and the operational staff who support them.

## Salaries and Benefits

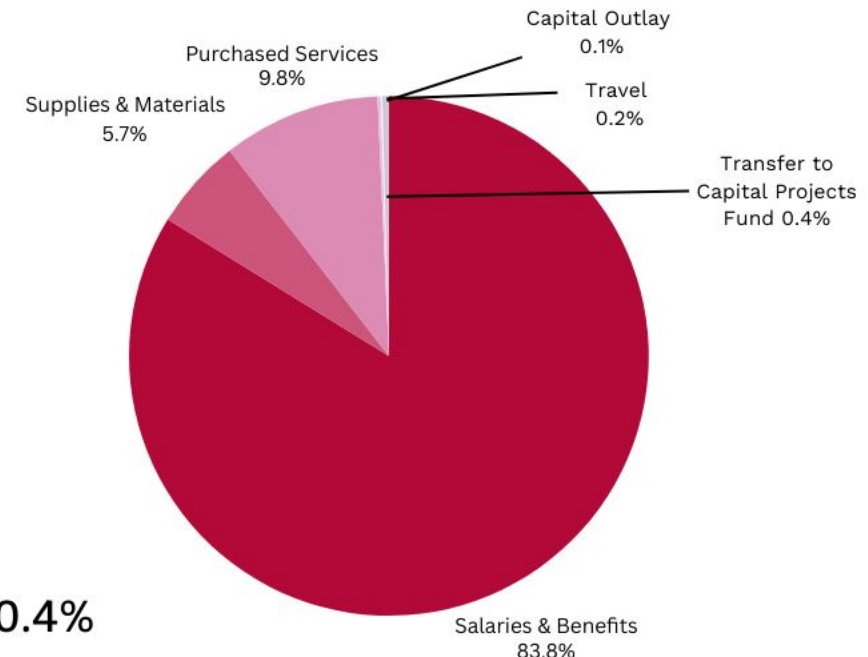
- Typically, about 84% of our budget pays for salaries and benefits for our employees.
- The state legislature and the Wenatchee Education Association (WenEA) contract determines teacher salaries.
- Teachers earn more as they gain experience. They also earn more if they obtain advanced degrees and certificates such as master's degrees, doctorates, or National Board Certification (NBC).
- District pays benefits such as Medicare and Social Security, pension, health care, and unemployment compensation.

## Other Expenses

Non-personnel costs make up the remaining 16 percent of the budget and include costs required to keep our school buildings running.

■	Salaries & Benefits - 83.8%
■	Supplies & Materials - 5.7%
■	Purchased Services - 9.8%
■	Travel - 0.2%
■	Capital Outlay - 0.1%
■	Transfer to Capital Projects Fund- 0.4%

## Typical General Fund Expenditures



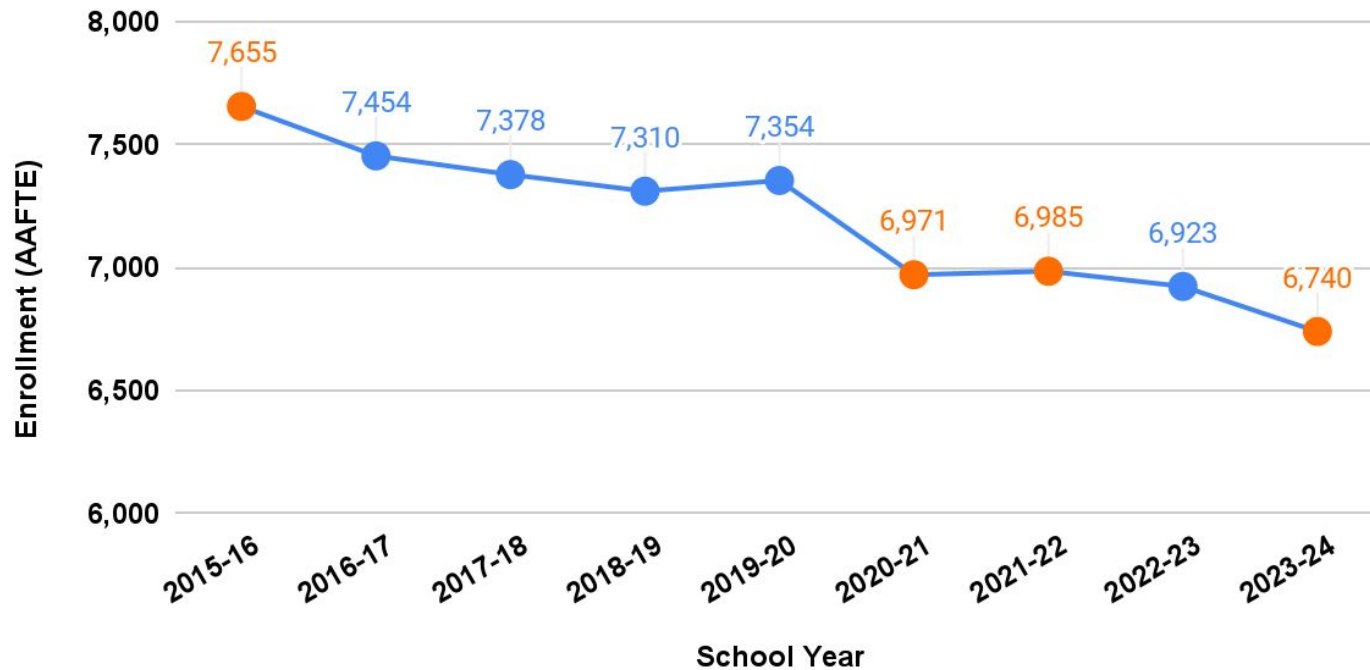


# Enrollment

# Enrollment Trend 2015-16 through 2023-24

## Actual Enrollment (AAFTE)

Excludes Running Start & Open Doors



**2015-16:** Enrollment Peak

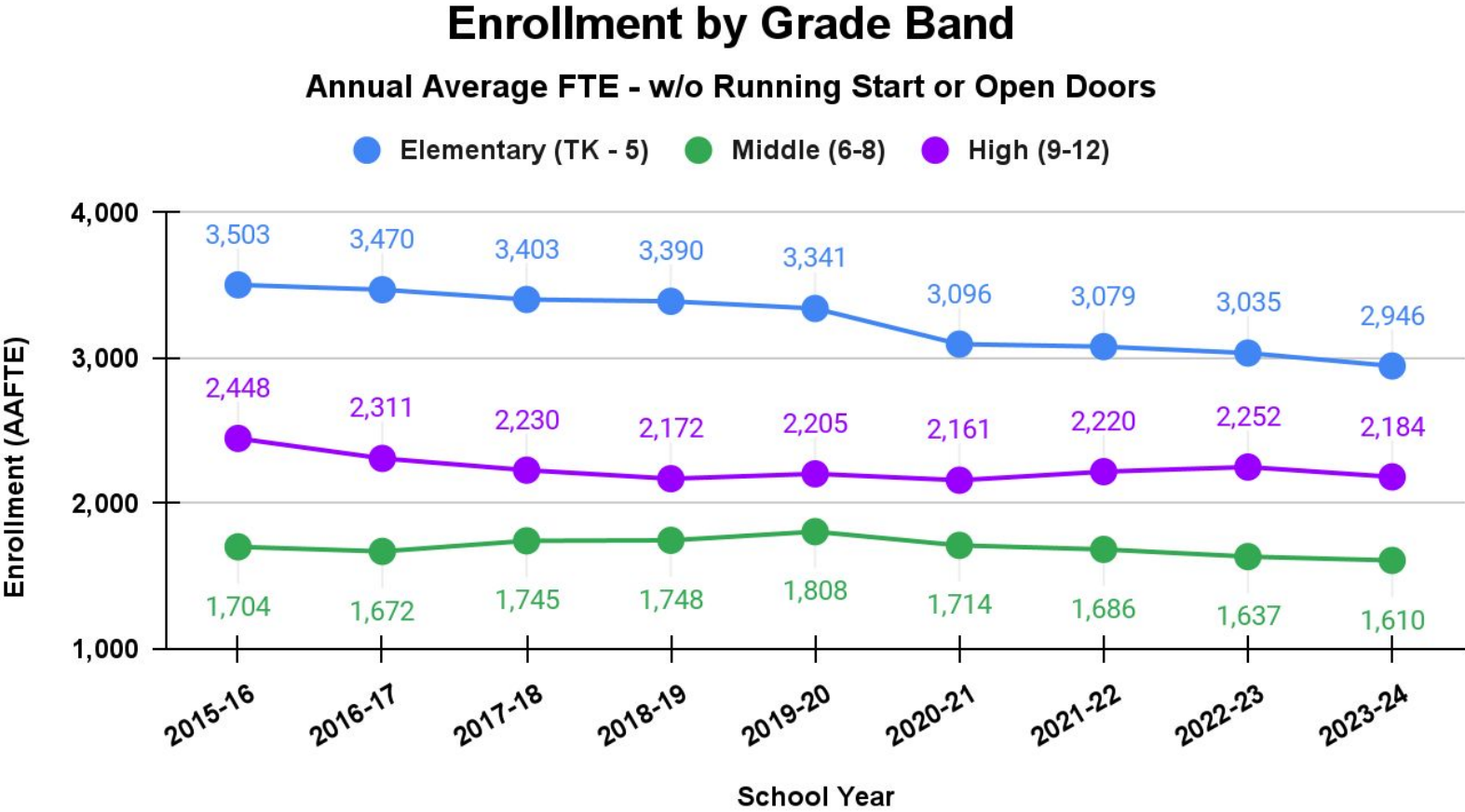
**2020-21:** COVID Pandemic Lockdown

**2021-22:** Lockdowns lifted

**2021-22:** Charter Schools/Private Schools openings and expansions begin

**2023-24:** June Enrollment

# Enrollment by Grade Level



\*September 2024 enrollment only

# 2024-25 Enrollment Projection

## Actual Enrollment & Forecast

Grades & Programs	2023-24 Actual	2024-25 Budget	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast
<b>Total Enrollment w/o RS &amp; OD</b>	<b>6,740</b>	<b>6,498</b>	<b>6,366</b>	<b>6,182</b>	<b>6,029</b>
Running Start	248	270	270	270	270
Open Doors	85	80	80	80	80
<b>Total Enrollment</b>	<b>7,073</b>	<b>6,848</b>	<b>6,716</b>	<b>6,532</b>	<b>6,379</b>

<b>Total Enrollment w/o RS &amp; OD</b>	<b>Change/Year</b>	<b>-242</b>	<b>-132</b>	<b>-184</b>	<b>-152</b>
<b>Total Enrollment</b>	<b>Change/Year</b>	<b>-225</b>	<b>-132</b>	<b>-184</b>	<b>-152</b>

# 2024-25 Enrollment Analysis\*

**District-wide:** Overall projection is that enrollment will continue to decline

**Transition to Kindergarten:** Expansion from three classes to four, seeing increased enrollment for 2024-25

**Elementary:**

- Graduating class sizes are larger than our projected Kindergarten classes.
- 2024-25 kindergarten enrollment at this time lower than anticipated
- Smaller birth rates in 2025-26 and beyond

**Middle Schools:** Impact of charter school affecting our Middle School Enrollment

**High Schools:** Increasing demand for Running Start reduced Basic Ed enrollment at High School

**ALE:** Increasing demand for alternative education learning, increases our enrollment

**Special Education:** Increasing demand and enrollment, receive state funding up to a point

**Private Schools:** Impact of additional private school openings and expansions

**Funding:** Funded on budgeted amount from September through December, then OSPI adjusts funding based on actual enrollment beginning in January

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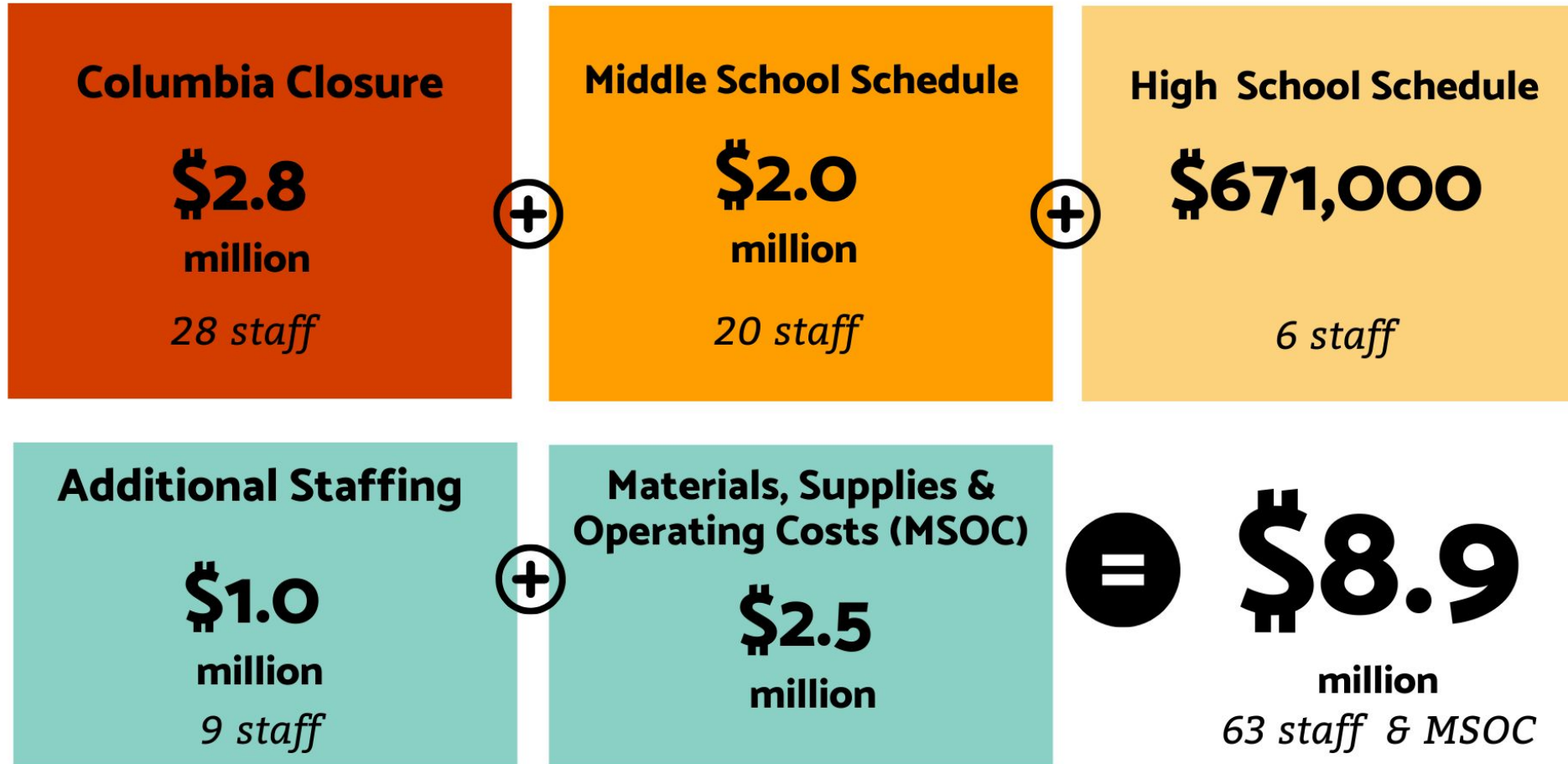
\*See also Elementary School Consolidation: Possible Closure of Columbia Elementary Written Analysis – Page 15



# 23/24 Budget Reduction Realization

Area of Reduction	Amount Saved
Materials, Supplies and Operating Costs (MSOC)	\$235,000
Contracts	\$500,000
Reductions in Timesheeting	\$20,000
Staffing	\$3,890,000
Total	\$4,645,000

# 24/25 Budget Reduction Realization



**The 2024/25 Budget  
Reduction magnitude was  
needed and will get the  
WSD closer to aligning our  
revenues and expenditures.**

# Long-Term Impacts

- Enrollment and inflationary factors are annual issues the district must contend with beyond the current school year.
- Delaying reductions only increases gap between enrollment decline and inflationary costs.
- Larger reductions in the current year (24/25) will lessen reductions in future years.
- **Reductions will be needed until enrollment stabilizes.**

# Scenario #1: Close Columbia 24/25

<b>Scenario 1 - Reductions - Closing Columbia 24/25</b>				
<b>Description</b>	<b>24/25 Reductions</b>		<b>25/26 Reduction Estimate</b>	
Columbia Elementary	28.0	\$2,800,000		
Middle School Schedules	20.0	\$2,000,000		
High School Schedule	6.0	\$660,000		
Additional Staffing	9.0	\$1,000,000		
Reduction in MSOCs		\$2,500,000		
<b>Total FTE / Savings</b>	<b>63.0</b>	<b>\$8,960,000</b>		<b>\$3-\$4 Million*</b>
Fund Balance Loss (Financial Stability)		\$3-\$4 Million*		

Fund Balance losses have to be made up to align staffing with enrollment. The Fund Balance is our savings account and the measure of financial stability. Includes board allocated \$2.9 mil. plus projected enrollment decline and inflation





# 2025-26 Preliminary Reduction Amount

## 2025-26 Preliminary Reduction Amount: \$3M to \$4M

- Enrollment: Decrease of 225+ student FTE during 2024-25
- Inflationary Factors - IPD, insurance, etc.
- Levy: We pass our EP&O levy in February
- Fund balance reserves (2023-24 fiscal year close out at the end of October)
- State legislature - long session (January through end of April)
- Budget for 100% staffing
- K-3 Class Size compliance

The bottom line is that it is **very early** in the budgeting process for us to say exactly what our budget reduction number will be. Our forecast will be adjusted throughout the school year as we got more data. **As a starting point, this is our best forecast.**

**Questions,  
Clarifications, or  
Concerns.**

# Considerations for Budget Reduction

- Alignment of staff to declining enrollment (annually)
- Restructuring at the DO/Cabinet
- Retirements and resignations
- Outside contract review
- Not Recommended List
- Materials, Supplies and Operating Costs
- Fund Balance - close of the 23/24 budget
- Salary bargaining will play a role - IPD
- Meeting the milestones

# Milestones for Decision Making and Gathering Input

- **August** - Preliminary budget reduction dollar amount for 2025-26 is \$3-4 million based on 225 less students, levy outcomes, 3.7% IPD, and no significant legislative funding changes
- **October**
  - Enrollment projections updated based on October 2024 count
  - 2023-24 year-end close out (fund balance)
  - Update preliminary budget reduction amount
  - Initial Feedback from Leadership Team
- **November/December**
  - Additional Stakeholder Feedback Opportunity
  - Developing preliminary budget reduction plan
- **January** - State legislative budget session begins
- **February** - Replacement EP&O on ballot
- **April** - State legislative budget sessions ends
- **May** - Budget reductions finalized
- **June** - 2025-26 preliminary budget presented to the board
- **August** - 2025-26 budget approved by the board

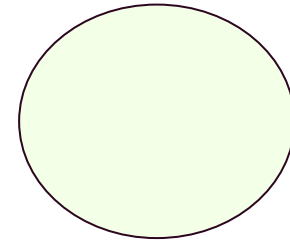
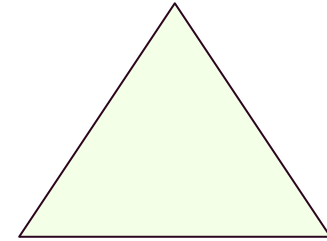
# Opportunities for Growth

- Competition - optimizing our district to respond
- TK - one classroom 24/25 (3 to 4)
- 25/26 - Additional TK classrooms
- Valley Academy Growth - additional 50 students registered
- Restructuring Team will engage in growth centered conversations
- Where can the WSD capitalize on the needs of students throughout the valley to increase enrollment?



# Think Time and Share Thoughts

- What are three points I took away from today's presentation?
- What questions are still circling my mind?
- How does this square up with my thinking?



# Next Meeting

We meet monthly  
and our next time  
together will be  
on October 23rd -  
4:00 - 5:30



# 2024-25 Enrollment

## Budgeted Enrollment & Forecast

Grades & Programs	2023-24 AAFTE	2024-25 Budget	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast
Transition to Kindergarten	42	56	56	56	56
Kindergarten	435	441	410	414	407
First	479	434	450	417	431
Second	523	483	439	454	422
Third	478	523	483	439	454
Fourth	492	468	523	483	439
Fifth	497	488	469	523	478
Sixth	512	473	468	450	502
Seventh	542	527	477	468	450
Eighth	556	542	527	473	468
Ninth	555	556	548	532	477
Tenth	612	566	556	548	532
Eleventh	461	488	467	453	457
Twelfth	556	452	493	472	457
<b>Total Enrollment w/o RS &amp; OD</b>	<b>6,740</b>	<b>6,498</b>	<b>6,366</b>	<b>6,182</b>	<b>6,029</b>
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**Questions,  
Clarifications, or  
Concerns.**

**More information.**

**Más Información.**

**[wenatcheeschools.org/budget](https://wenatcheeschools.org/budget)**



**WENATCHEE**  
SCHOOL DISTRICT