



Olympia School District

2020-21 School Year Final Budget Recommendations, and Following 3 School Year Projections

2nd Reading, June 22, 2020

Highlights

2020-21 SCHOOL YEAR



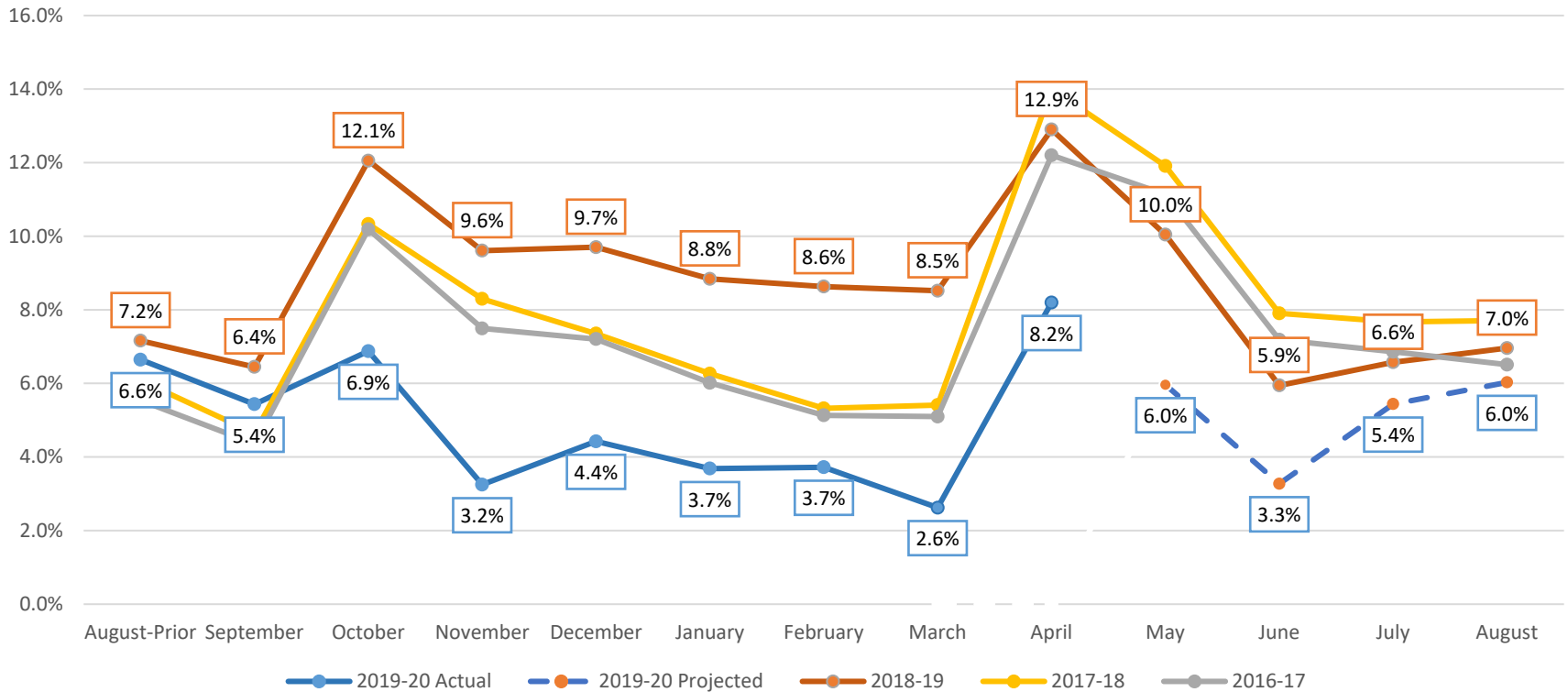
Mid-Year 2019-20 SY Outlook was Unfavorable

- In November, final 2019-20 beginning balance was not as high as had estimated for summer 2019 decision making regarding spending.
- Given lower beginning balance, and higher expenditures, estimated a 2.04% Ending Fund Balance.
- Other factors aligned with this estimate:
 - November – February, monthly cash balance as % of total projected expenditures, was half of prior year.
 - March was projected to end with a negative cash balance. (Actual = 1 week of daily negative cash balance, but on 31st = 2.6%)



Monthly Ending Fund Balance, Projected May 2020 - August 2020

Monthly Cash Ending Fund Balance, Projected May 2020 - August 2020



School Year	August-Prior	September	October	November	December	January	February	March	April	May	June	July	August
2018-19	7.2%	6.4%	12.1%	9.6%	9.7%	8.8%	8.6%	8.5%	12.9%	10.0%	5.9%	6.6%	7.0%
2019-20 Actual	6.6%	5.4%	6.9%	3.2%	4.4%	3.7%	3.7%	2.6%	8.2%				
2019-20 Projected										6.0%	3.3%	5.4%	6.0%



2019-20 SY Outlook is Improved

- Now estimating a **6.0%** 2019-20 SY Ending Fund Balance.
 - By April it was apparent that we would meet our under-spending goal of \$3.2 million.
 - March Safety Net grant request at \$1.2 million.
 - \$480,000 budgeted; actual grant known in August.
 - Savings have accumulated since closure.
 - Substitute teachers and substitute paraeducators not deployed, overload is static, few opportunities for travel, little overtime, low-cost fuel, reduction in utilities and sewer.



Projection of 2020-21 SY Budget

- Highly dependent on beginning balance for continuity.
- For this reason, December and February projections of our 2020-21 outlook were also bleak.
- Now, at 6% Beginning Fund Balance, about \$3 million more in resources for 2020-21; and \$3 million less reductions needed to balance.
- Still face a sizeable reduction.
- By early May we knew beginning balance was high enough, and that teacher attrition was high enough, that we could absorb reductions without a Reduction in Force.



Reductions Implemented

- **\$4,364,000**
 - \$255,000 in central administration reductions.
 - \$366,000 in custodial, maintenance, and transportation reductions.
 - \$560,000 in districtwide finance reductions.
 - \$2,102,000 in teacher position reductions.
 - \$545,000 in paraeducator position reductions.
 - \$536,000 in school administration and support reductions.
 - See written detail.



Other Major Assumptions

- No Hold Harmless from state (19-20 \$3.4 million).
- Contingency for fall start-up of \$328,000 in general education.
 - Plus about \$360,000 in Special Education staffing contingency.
 - Plus 1.9 FTE for K-3 staffing new hires if needed to reach K-3 1:17 ratio.
 - All contingencies a) protect against enrollment/revenue drop; b) higher than projected expenses; c) state revenue reductions.
- Insurance cost increase is 20%.
- Utilities cost increase is 3% going forward.



Operating Budget Balance Sheet

Row	Balance of Revenue and Expenditures	Before Reductions	After Reductions	Difference
1	Beginning Balance (6% Carryforward)	8,412,713	\$8,412,713	\$0
2	Change in Assumed Under-expenditure	No, same as 2018-19 SY	No, same as 2018-19 SY	
3	Revenue	\$155,325,459	\$155,325,459	\$0
4	Total Resources	\$163,738,172	\$163,738,172	\$0
5	Planned Reserve	\$4,781,154	\$4,781,154	\$0
6	Resources After Reserve Funded	158,957,018	\$158,957,018	\$0
7	Expenditures as Described Above	\$163,321,018	\$158,957,018	(\$4,364,000)
8	Difference	(\$4,364,000)	\$0	

2.7% reduction



CARES Act

- Revenue is not budgeted.
- Nor are expenses associated with different models of instruction, more frequent deep cleaning, health aides, or transportation costs in 20-21 SY.
- CARES can be used for costs that exceed normal operating costs: nurses and health aides, greater cleaning frequency, distance learning costs, professional development, technology purchase, teachers, paraeducators, social and emotional health, and transportation.
- CARES Act resources are similar to a debit card—we make appropriate expenditures and then seek reimbursement from OSPI.
- Multiple times June-August, we will “bill” for expenditures.
- Funds will carry forward. However, highly likely that resource use will be determined by state at some point.



Elementary K-3 Ratio

School	Anticipated General Education K-3 Ratio
Boston Harbor	16.78
Garfield	17.33
LP Brown	17.64
Roosevelt	17.68
McLane	17.70
Madison	17.72
Hansen	18.46
Lincoln	18.62
Centennial	18.64
Pioneer	18.98
<u>McKenny</u>	<u>19.07</u>
District Average	18.12



Secondary Staffing Allocations

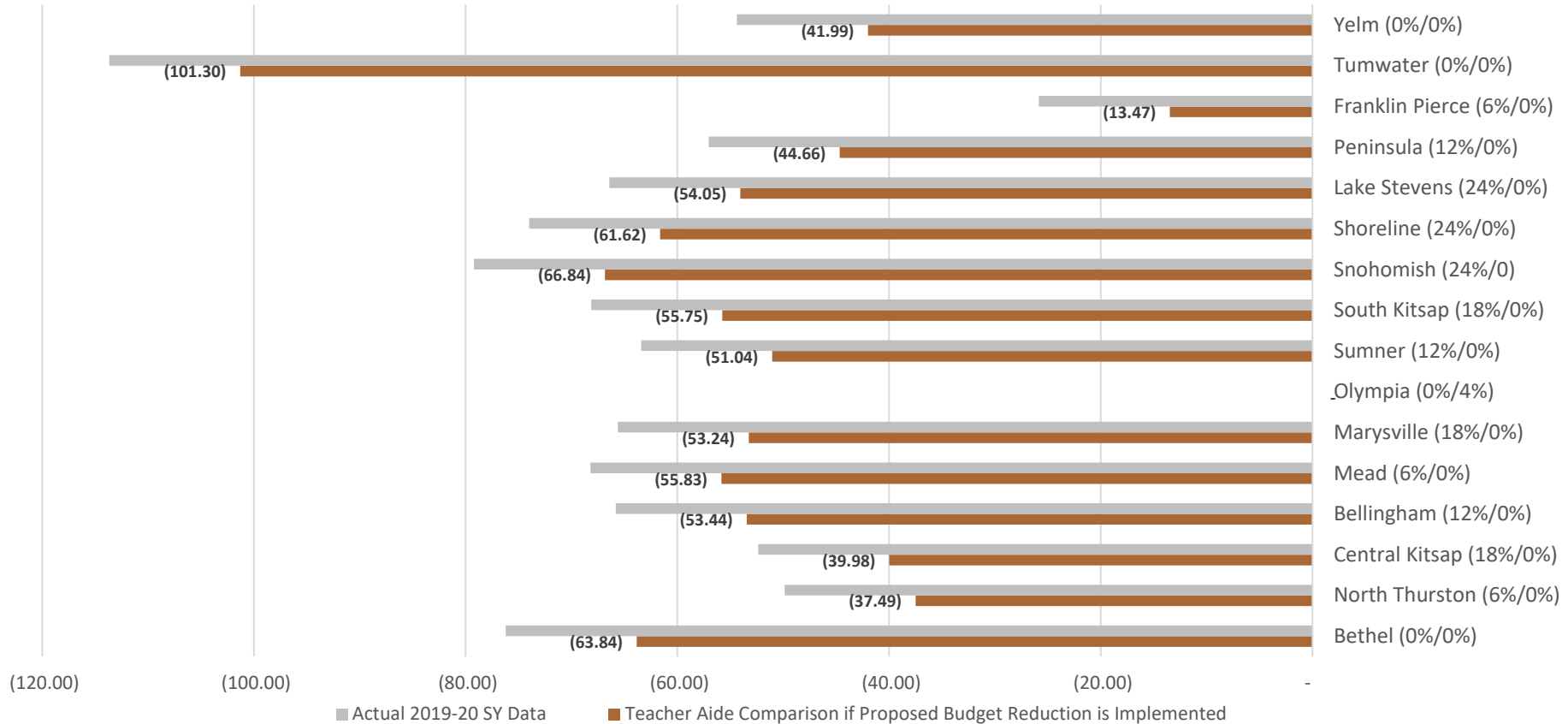
Secondary Schools	19-20 Class Size Allocation Basis	20-21 Class Size Allocation Basis	Change in Staffing if Adjust for Enrollment Only	Change Due to Class Size Increase	Net Reduction In Staffing
Capital	1 to 28.0	1 to 30.4	1.20	-4.20	-3.00*
Olympia	28.0	30.4	2.70	-5.60	-2.90*
Avanti	25.0	27.4	-0.30	-0.60	-0.90
Jefferson	27.6	29.4	-1.10	-1.20	-2.30
Marshall	27.6	29.4	1.90	-1.20	0.70
Reeves	27.6	29.4	0.20	-1.10	-0.90
Washington	27.6	29.4	<u>0.40</u>	<u>-2.20</u>	<u>-1.80</u>
Total	---	---	5.00	-16.10	-11.10

*Schools were authorized to hire additional staff in 19-20 due to high enrollment growth. Therefore, reductions are slightly higher than these amounts; 0.6 FTE total.



Comparison of Deployment of Teacher Aides

Change in Olympia Deployment of Teacher Aides if Matched per Student Rate of Peer District, 2019-20 School Year



After a reduction in staffing allocations, OSD per student rates of allocation will still exceed peer districts'. For example, OSD would need to reduce the number of allocated paraeducator hours by an additional 108 hours (or about 14 paraeducator full-time positions) in order to equate to the Students per Aide rate that Franklin Pierce School District deploys.



Questions Still to be Answered

- What are the options for Avanti students to obtain language credits? On-line courses, attendance at neighborhood school, Running Start.
- Where will class sizes be largest? Master schedules being finalized; student placement will follow.
- Nurse deployment schedule? Design will be based on even distribution of reduction; no school loses a nurse entirely.



Goal Ending Fund Balance

- Within this 3.00% goal, want to control fluctuations, and give Board as much as possible to “spend”:
 - Assuming a higher safety net grant: increase of \$300,000.
 - Assume underspending in 2020-21 SY of \$3,200,000.
 - Mechanism is to build this into Revenue and thus provide more expenditure capacity.
 - About 6th year continuation of this assumption at some level.
 - If underspending is greater than \$3.2 M will know by spring and will build higher amount into May 2021 budget planning for 2021-22 SY.



Risks to Budget

- Beginning fund balance.
 - Too high or too low.
 - Restricted or unrestricted.
- Enrollment difference is always a risk; more risk this year.
- State budget cuts are a serious risk.
- Assumed under-expenditure too high.
- Safety net budgeted at \$700,000.



Projected Surplus or Deficit

FUTURE YEARS PROJECTION



Years in Projection Window

School Year	Note regarding Projections
2019-20 SY	Current year, finishing August 31.
2020-21 SY	Full budget is voted on by Board, budget by program, activity, and type of expenditure for all funds*.
2021-22 SY	High-level revenue and expenditure estimate w/ deficit and surplus outcome are approved by the Board for all funds*.
2022-23 SY	Same.
2023-24 SY	Same.

*General, Capital, Debt Services, Transportation Vehicle and Associated Student Body funds.

- This presentation will focus on General Fund only. All other funds are controllable and have healthy fund balances.



Major Assumptions

- Enrollment for 3-projection years includes zero growth.
 - With additional students we will hire staff...more or less depending on the grade(s) where we have growth. K-3 growth will “cost” the district; where grades 4-12 growth the district has control over whether or not to deploy more staff.
 - Identifying more students “masks” the surplus/deficit of our current obligations, when we do not know the outcome of staffing deployment.
- Also, same poverty, ELL population, Hi-cap population, Title I and LAP population.



Other Assumptions

- No growth in special education services as a percentage of other services.
- 4% “staff mix” enhancement continues through projection period.
- Hold Harmless is \$0 after 2019-20 SY.
- No regionalization within this time-frame.



Compensation Assumptions

- 2% salary increases each year.
- 3% cost increase in health benefits.
 - Recent annual inflation is 6% nationwide.
 - 3% value assumes that the Legislature will not fully-fund inflation.
- Pension costs do not grow.



Overview of Four-Year Budget: June 2020

Row	Balance Sheet Item	2020-21 SY	2021-22 SY	2022-23 SY	2023-24 SY
1	Beginning Balance				
2	Restricted for Carryover of Restricted Rev (821)	\$ 679,429	\$ -	\$ -	\$ -
3	Inventory (840)(Restricted)	\$ 170,000	\$ -	\$ -	\$ -
4	Restricted to Other (870)(Restricted)	\$ 450,000	\$ -	\$ -	\$ -
5	Assigned to Other (888)(Restricted)	\$ 1,800,000	\$ -	\$ -	\$ -
6	Unassigned (890) Unrestricted)	\$ 715,692	\$ 12,444	\$ -	\$ -
7	Assigned to EFB Policy (891)(Unrestricted)	\$ 4,597,592	\$ 4,768,711	\$ 4,878,264	\$ 4,841,442
8	Total Beginning	\$ 8,412,713	\$ 4,781,155	\$ 4,878,264	\$ 4,841,442
9	Simple Revenue vs. Expenditures				
10	Total Revenue	\$ 155,325,459	\$ 157,357,080	\$ 159,799,050	\$ 162,505,525
11	Total Expenditures	\$ 158,957,018	\$ 162,608,790	\$ 161,381,400	\$ 165,619,232
12	Difference	\$ (3,631,559)	\$ (5,251,710)	\$ (1,582,350)	\$ (3,113,707)
13	Net of Beginning/Difference	\$ 4,781,154	\$ (470,555)	\$ 3,295,914	\$ 1,727,735
14	Ending Balance				
15	Reduction in Expenditures for 3% EFB		\$ (5,348,819)	\$ (1,545,528)	\$ (3,240,842)
16	Inventory (840)(Restricted)	\$ -	\$ -	\$ -	\$ -
17	Restricted to Other (870)(Restricted)	\$ -	\$ -	\$ -	\$ -
18	Assigned to Other (888)(Restricted)	\$ -	\$ -	\$ -	\$ -
19	Unassigned (890) Unrestricted)	\$ 12,444	\$ -	\$ -	\$ -
20	Assigned to EFB Policy (891)(Unrestricted)	\$ 4,768,711	\$ 4,878,264	\$ 4,841,442	\$ 4,968,577
21	Total Ending	\$ 4,781,155	\$ 4,878,264	\$ 4,841,442	\$ 4,968,577
22	Total as % of Expenditures	3.01%	3.00%	3.00%	3.00%
23	Unassigned (890) Unrestricted)	0.01%	0.00%	0.00%	0.00%
24	Assigned to Fund Policy (891) (Unrestricted)	3.00%	3.00%	3.00%	3.00%
25	Reduction in Expenditures to Balance		-3.29%	-0.96%	-1.96%



CAPITAL BUDGET AND ADOPTION



Capital Budget Revenue Sources

Type of Capital Revenue Source	<u>2018-19 SY</u>	<u>2019-20 SY</u>	<u>2020-21 SY</u>
Local Property Tax	5,559,707	8,324,719	8,527,785
Timber Excise Tax	10,900	16,931	27,072
Rebates	---	---	---
Investment Earnings	37,000	37,000	37,000
Interest Earnings	150,000	150,000	150,000
SEPA/Impact/Mitigation Fees	352,000	352,000	352,000
Griffin Reimbursements	250,000	250,000	250,000
Sale of Bonds	72,000,000	35,000,000	45,915,000
Grants or State Match	---	7,000,000	7,000,000
Total	\$78,359,607	\$51,130,650	\$62,258,857



Capital Budget Expenditures

Type of Expenditure	<u>2020-21 SY</u>	Notes
Secondary Schools	\$16,000,000	Expenditures for CHS and OHS
Elementary Schools	\$6,390,000	Tail of expenditures for 3 elementary remodels
Emerging Projects	\$34,129,403	Progress on Bond Small Projects List across district
Technology	\$ 8,552,676	Expenditures per Technology Levy Plan
Misc project & HVAC	\$ 1,935,000	---
Total	\$67,007,079	---



Amendments

- Amendments may be discussed, offered, and/or voted upon.



Resolution 613

Fund	Appropriation Amount
General Fund Appropriation (prior to amendments)	\$158,957,018
Capital Projects Fund Appropriation	\$67,007,079
Transportation Vehicle Fund Appropriation	\$2,500,000
Debt Service Fund Appropriation (including interest)	\$20,420,138
Associated Student Body Appropriation	\$1,476,401
Total Budget	\$250,360,636

