

Budget Update

07/10/2017

Agenda

- Recap of known federal allocation
- Review of education funding plan
- Impacts for NKSD
- Overview of 17-18 status
- Budget planning calendar

Federal allocations

- Federal allocations – no change from last time
 - **Preliminary Federal allocations (total 1516 federal \$4.9M)**
 - Preliminary 17/18 Title I - \$592,624, (-\$13k)
 - Preliminary 17/18 Title II - \$133,588 (- \$85k)
 - Preliminary 17/18 Title III - \$28,164 (- \$7k)
 - Preliminary 17/18 Title IV- \$17,713

References

- HB 2242
- <http://app.leg.wa.gov/billssummary?BillNumber=2242&Year=2017>
 - Full version
 - <http://lawfilesexternal.leg.wa.gov/biennium/2017-18/Pdf/Bills/House%20Passed%20Legislature/2242.PL.pdf>
 - Analysis
 - <http://lawfilesexternal.leg.wa.gov/biennium/2017-18/Pdf/Bill%20Reports/House/2242%20HBA%20APP%2017%20E3.pdf>
- OSPI Budget wrap up
 - <http://www.k12.wa.us/SAFS/Misc/BudPrep17/2017LegislativeSessionWrapUp.pdf>

OSPI slides

- Slide 3 ,4, 5, 6, 7, 9

Total Net Investment

- The total net investment over the four year budgeting period as expressed by increase in state revenue less loss of local levy collections is shown below (in millions).

State Fiscal Year	2018	2019	2020	2021	Total
State Revenue	\$392	\$1,518	\$2,362	\$2,979	\$7,251
Local Revenue	\$0	(\$378)	(\$651)	(\$590)	(\$1,619)
Net Revenue	\$392	\$1,140	\$1,711	\$2,389	\$5,632

This chart assumes the levy cliff would occur in the 2019 calendar year, which is now current law.



Compensation 2017-18 SY

Staff Type	2017-18
Certificated Instructional	\$36,521
Classified	\$34,180
Certificated Administrative	\$62,199

- These values represent a 2.3% COLA including the continuation of the temporary COLA from the 2015-17 biennium.



Compensation 2018-19 SY

- No staff mix factor starting in 2018-19.
- Equal phase in between the 2018-19 and 2019-20 school years to provide the following statewide average salary allocations, adjusted for inflation from 2017-18, as follows:
 - CIS \$64,000; CAS \$95,000; CLS \$45,912
- Regionalization factor applied to the base salaries above of either 6%, 12%, 18%, or 24%.
- LEAP website has salary schedules and regionalization factors available in PDF and Excel.



Inflation Applied to Salary

- Inflation index changed from consumer price index to implicit price deflator.
- Projections as of March 2017 provided below.

Index	2018	2019	2020	2021
IPD	1.7%	1.6%	1.8%	1.9%
CPI	2.3%	2.7%	2.1%	2.1%
Difference	(0.6%)	(0.9%)	(0.3%)	(0.2%)



Class Size Reduction

- K-3 class size reduced to 17.0 as an allocation only.
- **No K-3 class size compliance for the 2017-18 school year.**
- K-3 class size compliance scheduled to return in 2018-19 school year.



CTE and Skill Centers

	2016-17	2017-18
CTE Class Size	26.57	23.00
CTE Central Admin Enhancement	1.45%	12.29%
Materials, Supplies, and Operating Costs	\$1,447.40	\$1,472.01
Skill Center Class Size	23.76	20.00
Skill Center Central Admin Enhancement	17.31%	17.61%
Materials, Supplies, Operating Costs	\$1,286.99	\$1,472.01

- Allowable usage of CTE funds are defined.
- Indirect rate reduced from 15% to 5.0%.



Learning Assistance Program (LAP)

- Provides an additional hours per week of instruction allocated only by students at qualifying high poverty schools.
- OSPI will provide a list of schools with greater than 50% poverty which qualify for the additional dollars.
- The prior year enrollment of qualifying schools with be put through a separate calculation on the 1191SN.



Other Categorical Programs

- TBIP – differentiates between K-6 (4.7780 hours per week), and 7-12 (6.778 hours per week)
- Highly Capable- increases eligible to student percentage to 5%.



Special Education

- Increases the maximum funded student percent from 12.7% to 13.5%.
- Statewide average special education rates are \$6,995.56 for 2017-18, and \$7,988.17 for 2018-19.
- No changes to sped multipliers of 0.9309 or 1.15, nor the federal funds integration rate.



State funding- 17-18 school year

- K-3 Class size
 - Funded for 17:1 class size with no verification requirements until 18-19 SY
 - Funding for additional 15.1 FTE teachers - \$1.214M additional allocation
- SPED – funded enrollment percentage increase from 12.7% to 13.5%
 - NKSD at 12.48% no additional funding unless additional SPED FTE over 12.7%
 - 16/17 state allocation - \$6.014M
 - 16/17 budget - \$9.116M
- CTE – reduce class size from 26.57 to 23 and increase MSOC by \$162/FTE
 - 16/17 state allocation - \$2.124M
 - 17/18 state allocation - \$2.398M??? -increased funding for more CTE pathways
- Highly Capable - funded enrollment percentage increase from 2.314% to 5%
 - 16/17 state allocation - \$60,492 (allocation is for 2.15 hours/week/student)
 - 16/17 budget - \$120,655
 - 17/18 state allocation - \$130,708???

State funding- 17-18 school year

- Transitional Bilingual - For students in middle and high school, the funded instructional hours are increased by 2 hours to 6.778 hours
 - 16/17 - (61 of 217 students in TBIP in secondary school)
 - 16/17 state allocation - \$257,713
 - 16/17 budget - \$288,335
 - 17/18 state allocation - \$289,614???
- Learning Assistance Program – additional 1.1 hours of instruction per week for students ONLY in high-poverty schools
 - 16/17 state allocation - \$1.009M
 - 17/18 state allocation - \$1.127M???
- 2.3% Inflationary Adjustment (formerly known as COLA) - ~\$276,000 Cost

State funding - Future years

- Increases and revises state allocations for K-12 basic education salaries, beginning in school year 2018-19 and implemented fully in school year 2019-20
- Replaces the K-12 salary allocation model, increases minimum salary allocations, establishes maximum salaries and other salary limitations, and adjusts state allocations for inflation and regional differences in the cost of hiring staff
- Adds a state allocation for professional learning days
- Requires the Superintendent of Public Instruction to publish per-pupil funding rates for each school district for general apportionment and specified categorical programs
- Codifies into the Basic Education Act allocation requirements for services and staffing previously funded in the budget
- Reestablishes certain increases to class size ratios and other school staffing ratios as enrichments that may become part of the basic education program if funded in the future

State funding - Future years

- Establishes a new state property tax for common schools, beginning in calendar year 2018, for a total rate of \$2.70 per \$1,000 [from \$1.88] of assessed value when combined with the existing state property tax
- Establishes a new school district levy lid capped at the lesser of \$2,500 per student or \$1.50 per \$1,000 of assessed property value, effective calendar year 2019
- Limits use of school district levies and local effort assistance to enrichment and defines permitted forms of enrichment, beginning with the 2019-20 school year
- Requires pre-ballot approval of enrichment expenditures from school district levy revenues beginning calendar year 2020
- Revises school district accounting, auditing, and budgeting practices
- Establishes a School Employees Benefits Board to procure health care and other benefits for school district employees statewide, beginning January 1, 2020

Future year conclusions for NKSD

- In the future: school revenue will be based on a stable rate instead of a stable dollar amount
 - Revenue amounts will be dependent on economic health and future assessed values of properties
 - May need to build a bigger fund balance to protect against economic and property value downturns
- CY 2019 local enrichment levies will be limited to approximately \$10M
- State tax increase of \$1.12 per \$1000AV would provide approximately \$7.4M (**assuming all the taxes return to NKSD**)
- Replaces the current CY 2018 \$17.95M levy
- K-3 Class size requirements may require Breidablik reopening in 18-19 SY – **Net financial impact not yet determined**

Rebuttals

- Network for Excellence in Washington Schools (NEWS)
 - “State budget/ed funding plan fail to comply with *McCleary* “
 - <https://waschoolexcellence.org/state-falls-short-kids/>
- **Washington Association of School Administrators**
 - **This Week in Olympia – June 30, 2017**
 - “it should be noted that \$7.3 billion is less than was proposed by the governor, and is less than originally proposed by both the Senate and House”

April EOM projections with Scenario 3 staffing reductions without unknowns

		Current Budget - No Change from Legislature	Governor's Proposed Budget
	16-17 Estimated	2017-18	2017-18
Estimated Beginning Fund Balance	\$ 8,107,339	\$ 5,482,125	\$ 5,482,125
Total Revenue	\$ 71,714,993	\$ 72,251,471	\$ 73,524,036
Total Expenditures	\$ 74,340,207	\$ 72,249,707	\$ 72,773,857
NonSpendable Fund Balance	\$ 241,789	\$ 220,000	\$ 220,000
Restricted Fund Balance	\$ 188,800	\$ 75,000	\$ 75,000
Assigned Fund Balance	\$ 500,000	\$ 400,000	\$ 400,000
Committed Fund Balance	\$ 540,000	\$ 600,000	\$ 600,000
Committed Fund Balance (5%)	\$ 3,739,204	\$ 3,763,354	\$ 3,789,562
Total Fund Balance Needed for Commitments	\$ 5,187,599	\$ 4,907,485	\$ 4,933,693
Estimated Ending Fund Balance	\$ 5,482,125	\$ 5,483,889	\$ 6,232,304
Difference (unassigned FB)			
Negative = Reduction	\$ 294,526	\$ 576,404	\$ 1,298,611

Preliminary 17-18 overview

- TBA

Budget planning

- Advertise Kitsap Sun: July 17th and July 24st
- Advertise North Kitsap Herald: July 14th and July 21th
- Preliminary Budget available: July 17th
- Special Meeting/ Public Forum: July 27th
- Public Hearing and Budget Adoption: August 10th