



Aberdeen
School District

*Our Children,
Our Schools,
Our Future*

Budget Advisory Committee

May 15, 2019

Alicia Henderson, Ph.D., Superintendent
Elyssa Louderback, Executive Director of Finance and Operations



*Our Children,
Our Schools,
Our Future*

Agenda

1. Welcome
2. Introductions
3. 2019 Legislative Session
4. 2019-20 Budget Planning
 - a. Timeline
 - b. Budgeting Basics
 - c. Updated Assumptions

Break

5. Update on BAC Ideas (Jan 9)

Adjourn

Introductions



2019 Legislative Session

Impacts on Education Funding:

- Increased coordination for mental health
- Expanded ECEAP eligibility
- Special Education
- Lifting of local Levy Lid
- Hold Harmless
- No delay on K-3 CSR implementation
- No delay on SEBB implementation



SB 5091 - Special Education

Increases the multiplier for K-12 special education funding per student with disabilities (SWD)

Up to 13.5% of district's enrollment (ASD5 SWD: 17%).

2019-20: increase from .9609 to .995

2020-21: tiered multiplier:

- SWD students in Basic Ed >80% = 1.075
- SWD students in Basic Ed <80% = .995

Amount:

Preliminary estimate \$125,000

Note - this has not yet been confirmed by OSPI

(SpEd underfunded for ASD5 = \$1,500,000)

Requirements:

- Professional development (details forthcoming)
- Record-keeping regarding time in Basic Ed
- Additional requirements forthcoming

SB 5313 - Lifting Cap on Local Levy

Removes the \$1.50 levy limit
(or limit of \$2,500 per student for Levy + LEA)

New limit = \$2.50
(or limit of \$2,570 per student for Levy + LEA)


For 2019-20:

- Fall 2019 levy collections: \$1.50
- Spring 2020 levy collection: \$2.50

What is LEA?

Local Effort Assistance - state funding to districts that are unable to raise sufficient levy funding due to low property values.

LEA is a type of state “match”



Note - ASD5 voters approved \$4.31 levy authorization in 2018. This expires at end of 2020. A renewed levy would need voter-approval in Spring 2020 to take effect in 2021.

SB 5313 - Lifting Cap on Local Levy

<i>Per Student</i>	2018 Levy:\$4.31	2019 Levy:\$1.50	2020 Levy:\$2.50
Levy (Local)	\$1,631	\$562	\$910
LEA (State)	\$1,046	\$938	\$1,047
LEA Limit	14% of Levy Base	\$1,500	\$1,593
Levy + LEA Limit	Up to 28% Levy Authority	\$2,500	\$2,570
Levy + LEA Total for ASD5	\$2,677	\$1,500	\$1,957

Requirements: Expenditure schedule that identifies amount expended on supplemental enrichment activities (details forthcoming)

SB 5313 - Lifting Cap on Local Levy

	2017	2018	2019	2020	2021
	Pre-McCleary (\$4.31)		Post-McCleary (\$1.50)	Post SB 5313 (\$2.50)	
2017-18	Levy:\$5,200,000 LEA: \$3,746,375 Total: \$8,946,375				
2018-19		Levy: \$ 3,406,930 LEA: \$ 3,344,938 Total: \$ 6,751,868			
2019-20			Levy: \$ 2,454,501 LEA:\$ 3,282,242 Total: \$ 5,736,742		
2020-21				Levy: \$ 2,929,103 LEA:\$ 3,523,200 Total: \$ 6,452,302	

Hold Harmless



Provision in the Operating Budget to provide additional LEA funding for districts who were most severely impacted by the new state funding model (includes ASD5).

This funding would offset the limit to the LEA contribution to districts under changes to the local levy limit.

Preliminary estimate:

One-time payment of \$900,000 (in 2019-20) to offset limited LEA funding to ASD5 for one year. **Note - this has not yet been confirmed by OSPI**

No Delays!

K-3 Class Size Reduction (CSR)

Required ratio 1:17 for K-3 classes

District average across school year

Includes classroom teacher and specialists
(music, special education and PE teachers)

ASD5 is prepared to implement in 2019-20!



*Yay! - no \$720,000 penalty
to our apportionment*

School Employee Benefits Board (SEBB)

School districts must provide health benefits to
all employees working at least 630 hours / year

Effective January 1, 2020

Cost - still unknown

*Oh no! How can we
budget for this expense
if we don't know how much
it will cost?*



SEBB



- All employees who work > 630 hours in the school year are eligible for medical, dental, vision benefits.
- This equates to working > 3.5 hr/day
- State only pays for the staff in prototypical model
- Employers must pay for each employee who works >630 hours, even if employee waives medical insurance.
- We currently have 84 employees who waive medical coverage (roughly **\$1,004,976**)
- Roughly 50 substitutes are likely to be covered costing approximately **\$598,000**

Monthly insurance allocation per state estimates:

	2018-19	2019-20
Sept - Dec	\$844	\$ 973
Jan - June	\$844	\$ 994
July - August	\$844	\$1,056
Total for year	\$ 10,128	\$11,964
% increase	2.8%	15.35%



Timeline

May, 2019

- Determine staffing based on enrollment

June, 2019

- Estimate revenues
- Maximize “braided funding” for personnel

July, 2019

- Bring budget data to Board for approval

State guidelines

- RCW 28A.505.040-080 define the timeline for budget submission
- WAC 392-123-054

Date	First Class District (>1,000 students)
July 10	<ul style="list-style-type: none">● Final date for “initial” submission to ESD for review and comment● Made available to public
August 31	Final date for adoption of budget by School Board
September 3	Final date to file adopted budget with ESD
September 10	Last day for ESD to file with OSPI

Estimate Revenues

		Pre-McCleary 2017-18	Transition Year 2018-19	Post-McCleary 2019-20	Post-McCleary 2020-21
Local	Levy (and taxes)	\$5,261,861 Rate: \$4.31	\$3,410,155 Fall rate = \$4.31 Spring rate = \$1.50	\$2,474,565 Fall rate = \$1.50 Spring rate = \$2.50	\$2,949,103 Fall rate: \$2.50 Max Spring rate: \$2.50
	Other Local	\$782,807	\$909,074	\$895,592	\$913,504
State		\$37,040,111 (LEA = \$3,586,224)	\$41,538,643 (LEA = \$3,344,938)	\$42,384,027 (LEA = \$ 3,282,242) (HH = \$900,000)	\$43,231,708 (LEA = \$3,523,200)
Federal		\$5,230,844	\$5,059,495 (loss of 21st Century Grant)	\$5,307,451 (does not include 21st Century Grant)	\$5,360,526
Total		\$48,315,623	\$50,917,367	\$51,061,635	\$ 52,454,841

HH = Hold Harmless: anticipated \$900,000 one time in 2019-20

School District Budget Basics

Golden Rules:

- 1. Avoid Deficit Spending**
- 2. Plan for Sustainability**
 - a. Required 4 year projections
- 3. Maintain Adequate Reserves**
 - a. Economic uncertainty
 - b. Cash flow
 - c. 5% (1 month salary)



Budgets are Built Upon Assumptions

- a. Enrollment
- b. Staffing (salaries & benefits)
- c. Inflationary factors
 - i. Implicit Price Deflator (IPD) - as designated by the State for revenue
- d. Salary increases
 - i. Step & Column
 - ii. Consumer Price Index (CPI)
 - iii. Negotiated increases
- e. Benefit increases
 - i. Health (SEBB)
 - ii. Retirement contributions
- f. Debt Service
- g. Anticipated capital expenses

Updated Assumptions for 2019 - 23 Budget Planning

- A. Enrollment: **Flat for 4 years (3290)**
- B. Staffing (salaries & benefits): **Status Quo for 4 years**
- C. Inflationary factors for Revenue
 - i. Implicit Price Deflator (IPD) - from **1.9-2.0% for each of the 4 years (cumulative)**
- D. Salary increases
 - i. Step & Column: **1% of total salaries added year to cover step & column increases**
 - ii. Consumer Price Index (CPI): **OSPI factors used for each year (cumulative)**
 - iii. Negotiated increases: **2019-20: AEA = 3%, AAAA = 1.9%, PSE = 10%**
2020-21: AEA = 3%, PSE = 3%
2021-22: PSE = 3%
2022-23: No employee groups have settled
- E. Benefit increases
 - i. Health (SEBB): **5.1% increase for 2019-20, 3.1% for 2020-21 & 2021-22**
 - ii. Retirement contributions: **3.1% increase for 4 years**
- F. Debt Service: **AHS bond for 4 years, Miller bond for 4 years**

Updated Assumptions for 2019 - 23 Budget Planning

ASD 5 Bargaining Calendar

	8/31/18 Expiration	8/31/19 Expiration	8/31/20 Expiration	8/31/21 Expiration	8/31/22 Expiration	8/1/23 Expiration
AEA	18%	3%	3%	XX		
PSE	10%	10%	3%	3%	XX	
Main & Operation	5%	15%	XX			
Food & Trans	5%	15%	IPD	Salary Re-open	XX	
Principals	3.1%	Salary Re-open	XX			
Athletics	9%	1.9%	Salary Re-open	IPD	Salary Re-open	XX

Preliminary ASD 4-Year Budget



School Year		2019-2020	2020-2021	2021-2022	2022-2023
Enrollment	w/ RS & GRAVITY	3,290	3,290	3,290	3,290
Beginning Fund Balance		2,619,130	2,572,950	2,550,638	2,319,458
Plus Revenue		51,061,635	52,454,840	53,323,459	54,399,525
Transfers	GL 536	(285,000)	(285,000)	(285,000)	(285,000)
Minus Expenditures		(50,822,815)	(52,192,152)	(53,269,640)	(54,371,868)
Ending/Projected Fund Balance (800's)		2,572,950	2,550,638	2,319,458	2,062,114
	Fund Balance Percent	5.06%	4.89%	4.35%	3.79%
	Difference Rev to Ex	(46,180)	(22,312)	(231,181)	(257,343)
	5% Min FB =	2,541,140.73	2,609,607.62	2,663,481.99	2,718,593.42
	Amt needed to 5%=	Goal Met	58,969.20	344,024.16	656,479.09

A misty forest scene with large yellow text '10:00' overlaid. The background shows a dense forest with tall trees and a path leading into the distance, shrouded in a soft, ethereal mist. Sunlight filters through the trees, creating a dappled light effect on the forest floor. The text '10:00' is rendered in a bold, yellow, sans-serif font with a black outline, centered in the middle of the image.

10:00



BAC Ideas: Costs Savings & Increased Revenues

(From Jan 9, 2019)



Next Steps



*Our Children,
Our Schools,
Our Future*

1. July - August: Board Approval of 2019-20 Budget
2. BAC Meeting: Sept 25

