

2023-24 Budget Update

Board Meeting – March 9, 2023

Purpose

- Review updated budget inputs and financial conditions
- Share next level detail on 2023-24 budget
- Discuss key questions to inform next level work on budget proposal

Input and Engagement

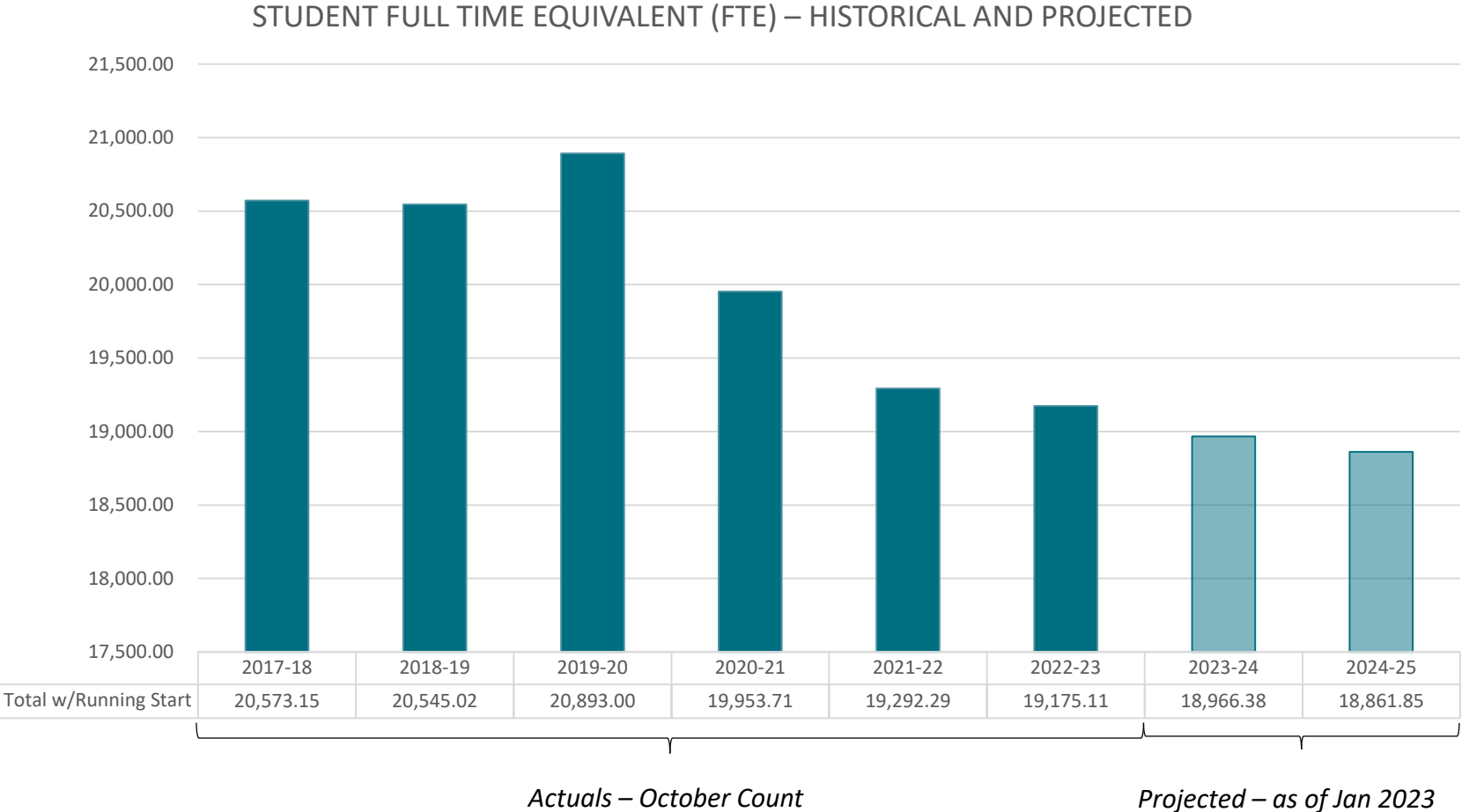
- Board Meetings and Work Sessions
- Enrollment Projection Update from Western Demographics
- Meetings with Administrators and Principals at Sectionals
- Cabinet Meetings
- Departmental Budget Meetings
- Community Listening Session
- Financial Analysis Core Team (FACT) Meetings
- Union Conversations

Projected Enrollment Summary

- Declining enrollment due to housing costs, falling birth rates, increase in private school attendance
- Long term variance in enrollment projections
- Class cohorts will continue to be smaller than historically
- Enrollment expected to decline for the next two to five years

Source: Western Demographics board presentation 1/26/23; District enrollment projections

Enrollment Drives Revenue



Updated Financial Inputs

Sustained Average Enrollment Above Budgeted

- Average enrollment up through March 2023
- Additional \$2,500,000 in Apportionment for 2022-23

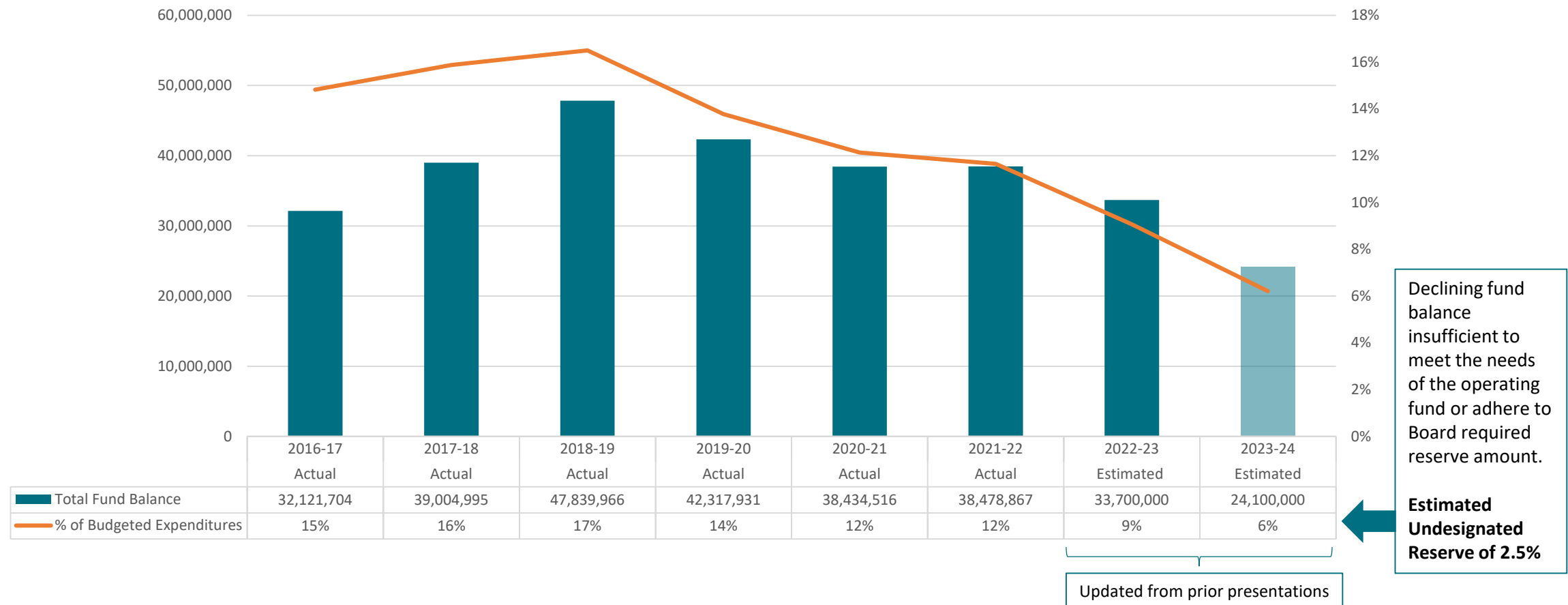
Increased State Funding for Transportation

- Additional \$3,200,000 from originally allocated amount

Results in 1.53% Increase in Projected 2022-23 Ending Fund Balance

- From \$28M to \$33.7M

Estimated Fund Balance – No Reductions



Updated 3/9/23

Key Updates for 2023-24 Budget

- Anticipated amount of needed reduction for 2023-24 budget ~\$10M
- Do not anticipate needing to take action on a Reduction in Force (RIF) for certificated staff
- There will be no school closures or boundary changes
- Some roles/work will be reduced, rescoped, or restructured
- Additional investments will be added to meet the needs of the system and support strategic plan priority areas

Current Unknowns

- Final Safety Net Reimbursement Amount
 - August Revenue
- Legislative Outcomes – Impact to 2023-24 Budget Assumptions
 - Inflationary Salary Increase and Local Portion of Cost
 - Funding Model Adjustments
- Actual 2023-24 Enrollment
- Increased Cost of Materials, Supplies, and Operating in 2023-24 Due to Inflation
 - Fuel, Utilities, Insurance, etc.

Reduction Philosophy and Process

Utilizing all available mechanisms for reductions

- Managing reductions through staff attrition
- Consolidation/restructuring of work
- Consultant and service-provider reductions
- Using other funding sources as feasible and allowable
- Suspension of costs such as travel
- Contractual management rights for staff reduction

Estimated reductions at every level of the District will result in team members having to stop or reduce some work.

Certificated Staff Update

As of the end of February, 61 confirmed retirements/resignations or leave replacement contracts.

- This represents 4.5% of total certificated staff
- Amount anticipated to increase towards the end of the school year
- Level of attrition expected to be adequate for necessary reduction

Estimated Reductions

Central Administration and Operations

Staff

• Unrepresented	~\$2,300,000	~15 FTE
• Represented	~\$1,500,000	~10 FTE

Note: The District has historically been on the lowest end of administrative costs in King County (5.04% compared to King County average of 6.21%). These reductions will continue that trend.

Estimated Reductions

Central Administration and Operations

Materials, Supplies, and Operating Costs (MSOC)

• Software/Technology	~\$1,900,000
• Contractual Services	~\$1,450,000
• Supplies/Equipment	~\$615,000
• Travel	~\$75,000
• Subscriptions	~\$56,000

Estimated Reductions

School Budgets and Staff

Reduction to school budgets

- 5%-10% reduction to annual discretionary allocation
- No reduction to carryover

~\$225,000

Enrollment related staffing adjustments

- ~10 FTE expected through attrition
- Right sizing; maintains existing classroom staffing ratios

~\$1,500,000

Adjust Administration Staffing at High Schools

~\$162,000

Estimated Reductions - Summary

Total Reductions

- Total District Budget \$371,610,355
- Total Identified Reductions \$9,783,000 (2.63%)

Central Administration and Operations - *81% of Total Reductions*

- Central Administration and Operations Budget \$96,250,130
- Identified Reductions \$7,896,000 (8.2%)

School Budgets and Staff - *19% of Total Reductions*

- School Budgets and Staff \$275,360,225
- Identified Reductions \$1,887,000 (0.7%)

Strategic Areas of Focus To Support Strategic Plan

Areas of Focus	Description
Support for Mental & Behavioral Health (P1, P2)	Additional capacity and support for mental and behavioral health.
Equity and Cross-Cultural Training (All)	Additional professional learning opportunities for staff, students and families.
Curriculum (P1, P2)	Updated curriculum and resources for multi-tiered system of supports (MTSS)
Schools with Greatest Need (All)	Additional and differentiated supports to schools.
Financial Capacity and Controls (P5)	Additional capacity and support for financial accounting and controls.
Data Assessment and Analytics (All)	Additional capacity to do data analytics and progress monitoring systems.
Engagement and Partnership (All)	Develop tools and training, and allocate time, to engage and follow up.
Innovation and continuous learning (All)	Support for shorter cycles of learning, co-design and efficiency.
Special Services (P1, P2, P4, P5)	Organize work to be more effective in supporting students and families.
Recruitment and Staff Growth (P4)	Support new recruitment efforts and training.
Meeting Basic Needs for Students (P1, P2)	Provide supports to meet students' basic needs.

Support for Mental & Behavioral Health

Student Support Additions

- Additional positions to directly work with students and staff across all tiers aligned to Multi-Tiered Systems of Support (MTSS)
- Estimated additional staff: ~16 FTE

Restructuring of Contracted Mental Health Services

Strategic Plan Priority Areas

Support for Mental and Behavioral Health

• Staff	~16 FTE	\$1,800,000
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Other Priority Areas Investments

• Staff	~7 FTE	\$800,000
• Materials & Supplies		\$1,400,000

Total Projection for Strategic Plan Priority Areas **\$4M**

- 1% of anticipated 2023-24 budget

Amounts rounded

Budget Management

1. Enact Plan for Reductions of \$9.75M in 2023-24 Budget

- Addresses need for reduction to maintain adequate fund balance

2. Create Budget Capacity of \$4M for Areas of Strategic Focus

- Utilize capacity dependent on financial conditions

3. Decrease Spending Dependent on Financial Conditions

- Manage expenditures during the year to maintain required fund balance