

2024-25 Budget Board Update

Martin Turney, Chief of Finance and Operations

Moriah Banasick, Executive Director of Finance and Budget

June 13th, 2024

Purpose

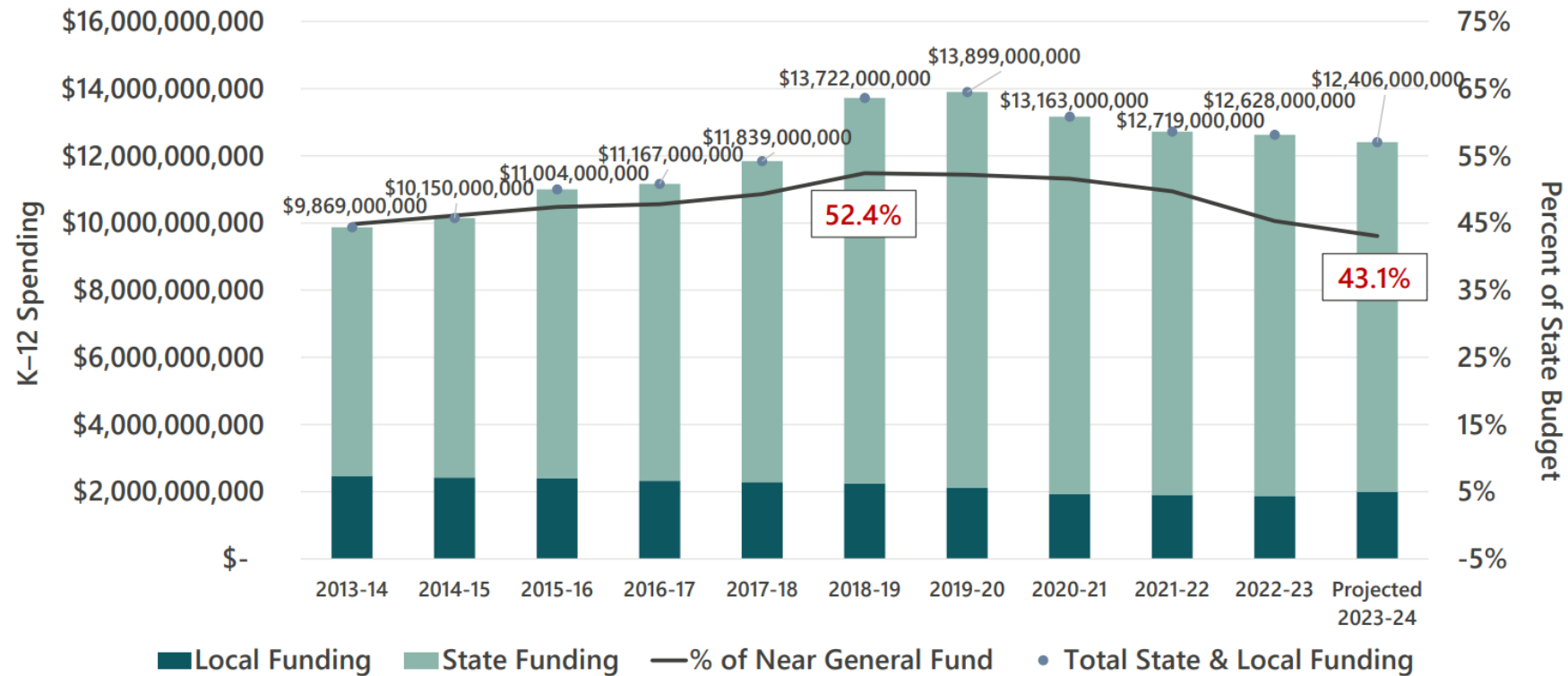
- Recap WA Legislative Session and K-12 funding
- Review Budget Right-Sizing & Expense Management
- Revisit Budget Development Inputs and Board Budget Guidelines
- Evaluate Current Projections:
 - 2024-25 Enrollment Projections
 - 2023-24 Ending Fund Balance Projection
- Provide Overview of 2024-25 Budget Financial Inputs

Legislature - Recap

- Legislative session ended on March 7th
- SB 5852 – Special Education safety net applications cannot be rejected simply for errors in the application
- SHB 2494 – Increases the Materials, Supplies, and Operating Costs (MSOC) per student funding by \$21 per student, estimated increase of \$382K
- 2SSB 5882 – Increasing prototypical school staffing to better meet students needs for paraeducators, office support and non-instructional aides by 0.076, estimated increase of \$650K

Legislature - % of K-12 Funding in Budget

Inflation Adjusted K-12 Spending & Share of State Budget

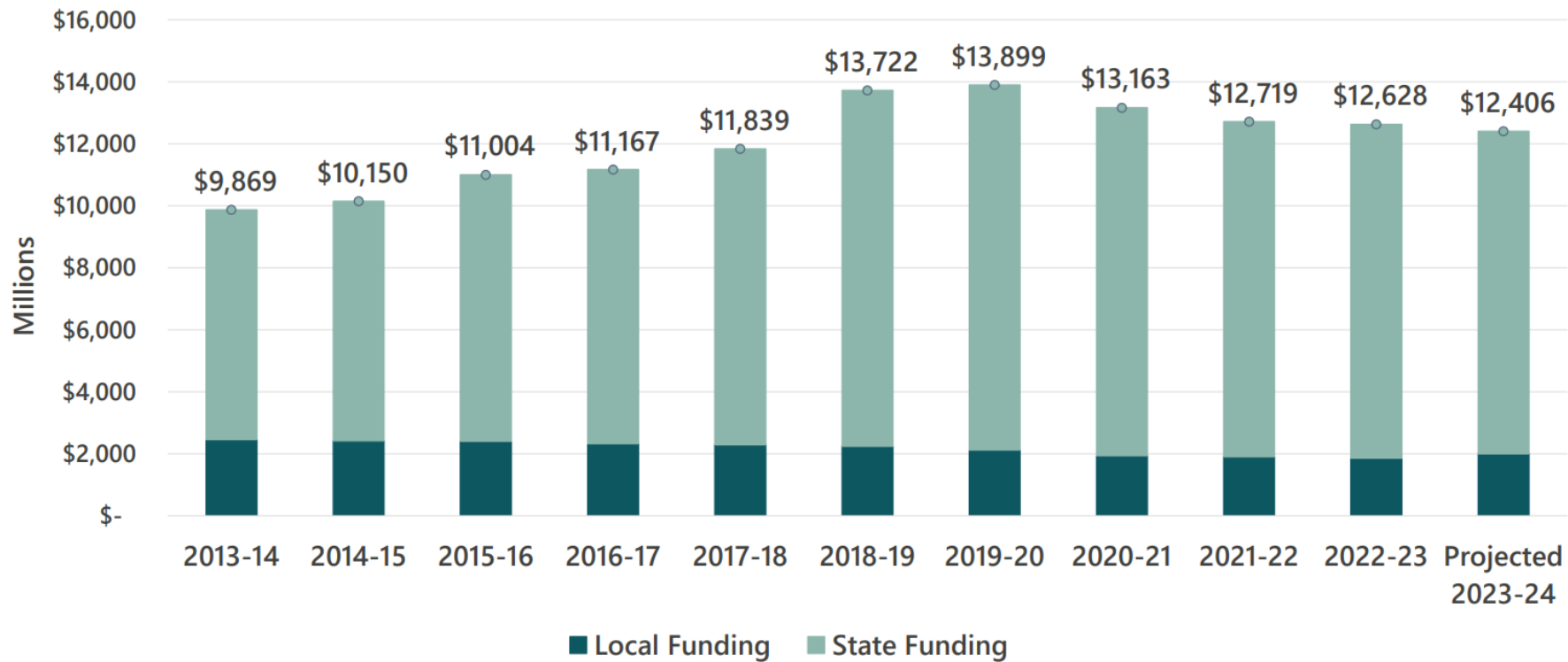


Source: Office of Superintendent of Public Instruction



Legislature – Amount of \$ in K-12 Funding

K-12 Spending Over Time – Inflation Adjusted to 2013 Dollars



Source: Office of Superintendent of Public Instruction



Budget Right-Sizing

Year	Total Expenses	Reductions	% of Budget
2021-22	\$353M	\$17.8M	5%
2022-23	\$371M	\$11.3M	3%
2023-24	\$387M	\$9.7M	2.5%

In preparation for the budget each year, the District adjusted to an enrollment decline with significant reductions over the past three years. The budget reductions decreased from 5% in 2021-22 to 2.5% in 2023-24.

Looking Forward

Expense Management

Key to sustaining financial stability

- **Annual Review:** Identify what must start, stop, and grow
- **Strategic Adjustments:** Make necessary reductions and investments
- **Sunset Schedule:** Plan select expenditures with a timeline
- **Staffing Realignment:** Align staffing levels to student enrollment

Future Budget Framework

- Equity-Based Budget Framework
(Operational Effectiveness - Strategic Plan Priority 5b)



Budget Development Inputs

- Board of Director's Budget Development Guidelines
- Finance Analysis Core Team (FACT) Meetings
- Cabinet Budget Mid-Year Reflection Meetings
- Principals and Department engagement
- Enrollment & Staffing Projection Numbers completed
- Legislative Session impacts determined

Board of Director's Budget Development Guidelines

Updates

A program that allows students to:

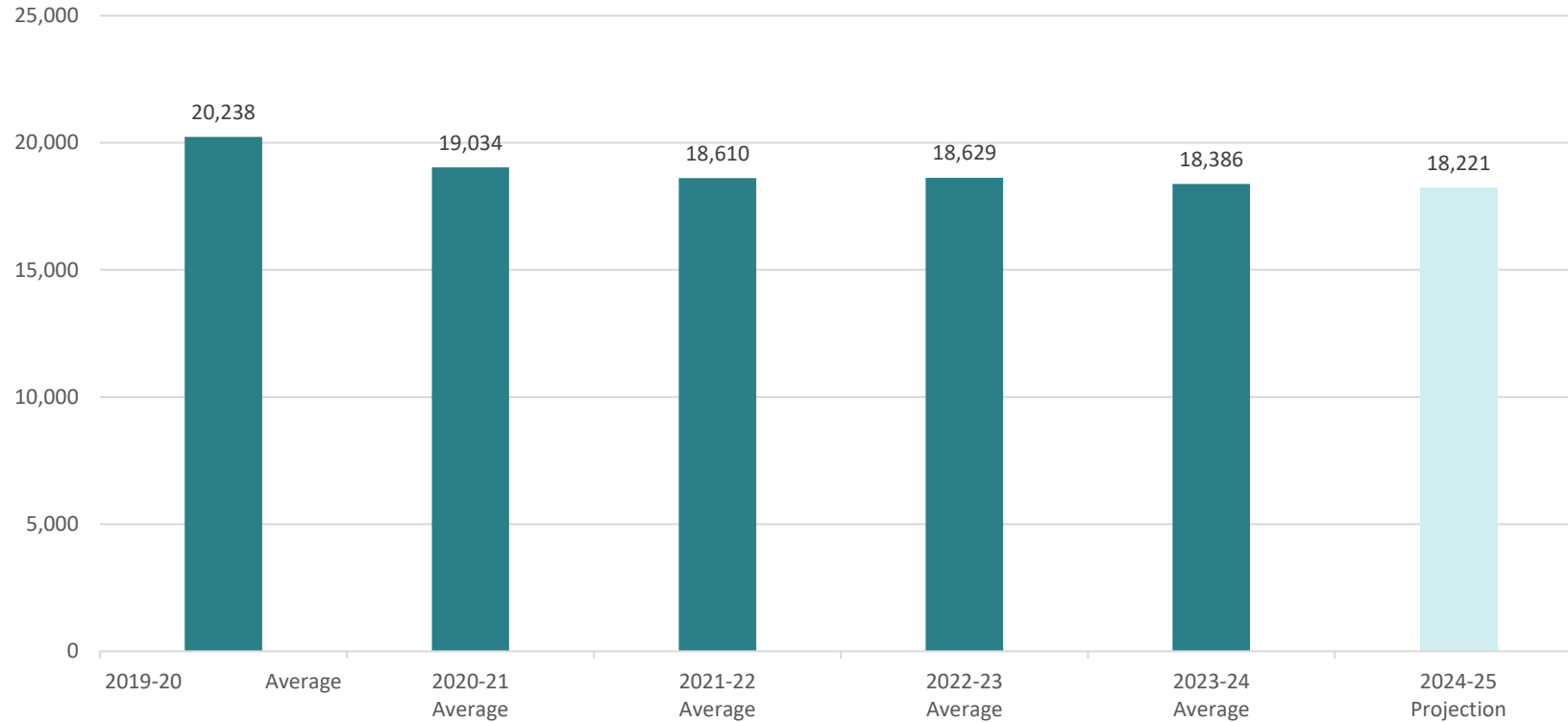
Achieve strategic plan goals for the “Academic Opportunities” and “Student Well-Being” priority areas in support of all students at all levels.

Provides adequate extra-curricular and co-curricular opportunities for a variety of student interests.

Have equitable access to resources and pathways that support individualized post-high school goals.

Maintain a total general fund balance at a level favorable to bond rating agencies, thereby reducing borrowing costs to taxpayers, while continuing to provide for annual educational goals.

2024-25 Enrollment Projection



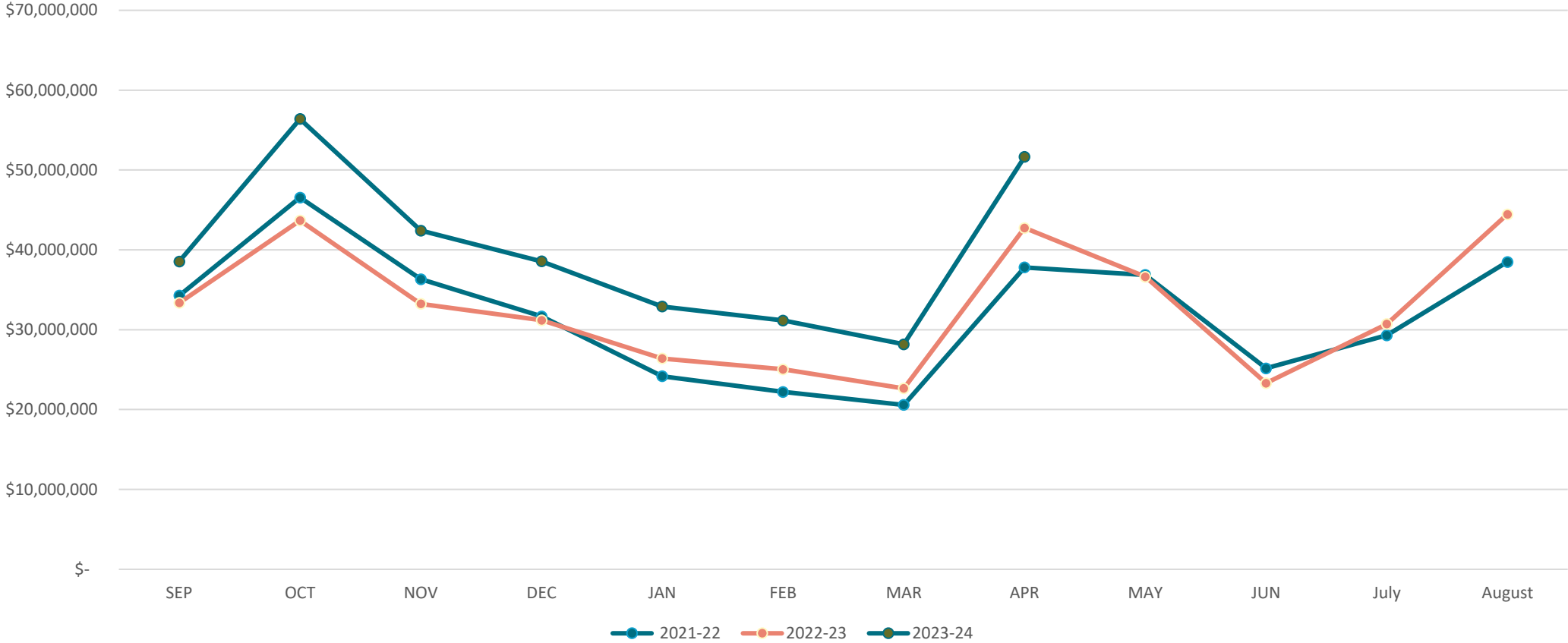
End-of-Year Annual Average FTE per OSPI Report: 1,251 (excludes Running Start)
Enrollment peaked in 2019-20 with 20,238 FTE



2024-25 Projected Enrollment

- Slight enrollment decline projected for 2024-25
 - Current projection is 18,221, a decrease of 165 (1%) based on 2023-24 average enrollment of 18,386 (does not include running start)
- High school cohorts remain stable while elementary continue to be smaller
- Slight enrollment declines in elementary expected for the upcoming three to five years
- Year to date kindergarten enrollment for 2024-25 at similar levels as prior year

General Fund Balance – Three-Year Comparison



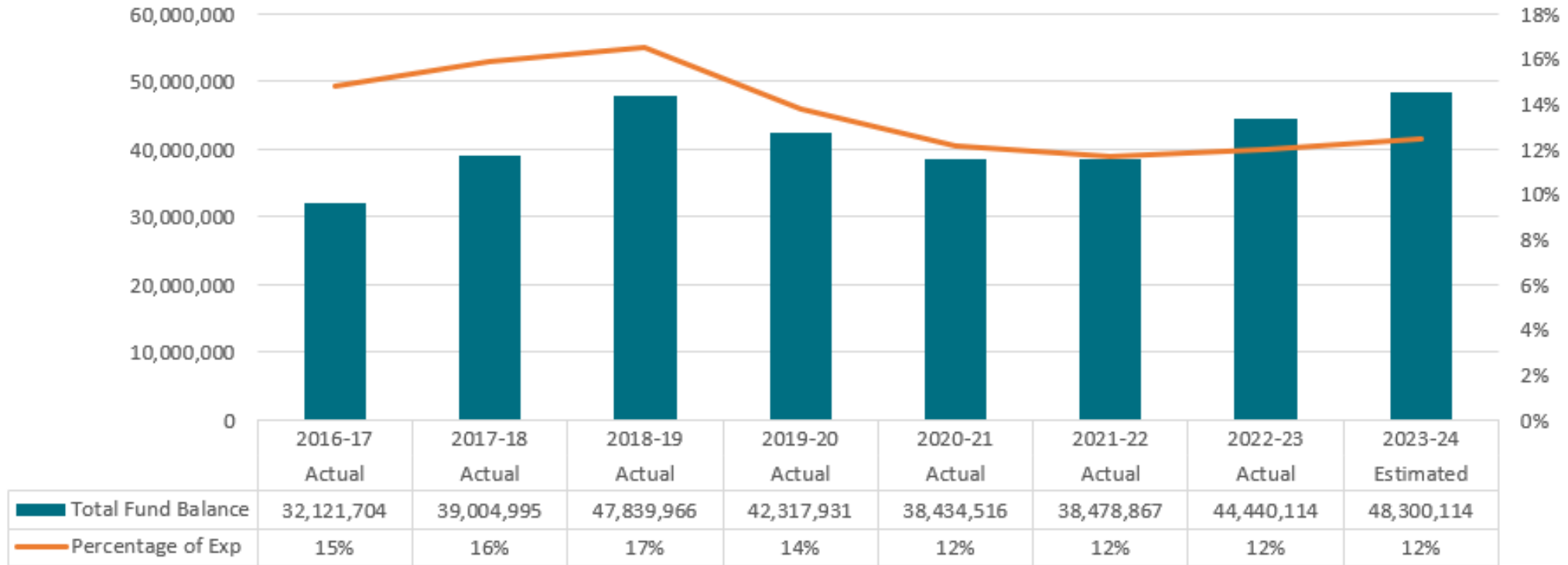
As of 6/13/24, data for 2023-24 includes comparison information as of April 2024



2023-24 Fund Balance Increases

- Additional \$3M in Transportation Funding
- Awarded \$360K in Transportation Safety-net
- Estimating additional \$500K for State Safety Net

2023-24 Fund Balance



2024-25 Preliminary Financial Inputs 1/2

OSPI IPD (Inflationary Adjustment) is 3.7%

- Local cost above IPD - \$2.4M
- Negotiated increases above IPD - \$1.2M

OSPI Annual Change of \$11M in District Apportionment

- IPD - \$6.9M, MSOC \$1M, Prototypical adjustments \$3.1M

2024-25 Preliminary Financial Inputs 2/2

2024-25 Changes

- \$6.2M for Curriculum Adoptions and instructional TOSA/s
- \$1.2M in position restructures or additions
- \$1.0M in reductions

Enrollment Projection

- Projected enrollment decline of 165 students is \$2.4M

Estimated Levy Collections

- \$60.7M in calendar year 2025, increase of \$500K from prior year



2024-25 Budget Updates

Echo Glen Children's Center (ECCC)

- Adjusting staffing per projected number of students as provided by the Department of Children, Youth and Families (DCYF)
- DCYF base student projections on the caseload forecast
- Current 2023-24 student count is 82 and the Projected 2024-25 student count is 145
- The monthly reported enrollment at ECCC drives the state juvenile institution funding while the expenditures are budgeted based on the state forecast letter



Next Steps

Now

- Updating inflationary cost estimates for materials, supplies, and operating costs (MSOC)
- Completing the final budget inputs, F195, and Four-Year Budget
- Finalizing the initial Fund Balance Projection for 2024-25
- Preparing the draft of Guide to Understanding the Budget

July

- Preliminary budget and Guide to Understanding the Budget available
- Hold final Financial Core Analysis Team Meeting

August

- Public budget hearing and board adoption

Thank you

Martin Turney
Chief of Finance & Operations
turneym@issaquah.wednet.edu

Moriah Banasick
Executive Director of Finance & Budget
banasicka@issaquah.wednet.edu



APPENDIX

2024-25 BUDGET TIMELINE	
✓ December	<ul style="list-style-type: none">• Initial Preparation/Internal Review of Current District Budget• Finance Analysis Core Team (FACT) meeting• Governor's budget released
✓ January	<ul style="list-style-type: none">• Cabinet Budget Reflection Meetings• Principals and Department engagement• Budget Projection Numbers Solidified for Planning Purposes• First day of legislative session: January 8, 2024• Budget Development Guidelines to Board for Adoption
✓ February	<ul style="list-style-type: none">• Board Budget Discussions• Cabinet Budget Reflection Meetings• Principals and Department Engagement• Cabinet and Board Retreats
✓ March	<ul style="list-style-type: none">• Board Budget Discussions• Finance Analysis Core Team (FACT) meeting• Last Day of Regular Legislative Session: March 7th, 2024



April	<ul style="list-style-type: none">• Superintendent’s Budget Review and Program Changes Announced – by April 30• If the Board anticipates a lay-off of staff (Reduction in Force), the Board will notify the IEA by the last Board meeting in April of the level of seniority required to guarantee a position for the following year (Article 8, Section 1, Part 5)
May/June	<ul style="list-style-type: none">• District Draft Budget Assembled by Finance Team• Guide to Understanding the Budget drafted
July	<ul style="list-style-type: none">• Finance Analysis Core Team (FACT) meeting• Guide to Understanding the Budget finalized
August	<ul style="list-style-type: none">• Budget Hearing – First Board meeting of month• Budget Adoption – Last Board meeting of month