

Kelso School District FY 2019/2020 Recommended Budget

Board of Director's Budget Workshop
August 12, 2019



Road to

STUDENT SUCCESS

Mission

The mission of Kelso Public Schools is to prepare every student for living, learning and achieving success as a citizen of our changing world.

Vision

Our students begin school ready to learn, transition confidently between grades and schools, and emerge from our district as engaged citizens, both career- and college-ready.

Principles

District communication that is open, effective, and collaborative. Financial stewardship that assures the responsive and productive management of district resources.

Our Goals



SCHOOL CLIMATE

A school climate that emphasizes student safety, a healthy lifestyle, and respect for other students and faculty.



EARLY LEARNING

Every Kelso student will meet or exceed standard by the end of third grade in English/language arts and mathematics.



QUALITY INSTRUCTION

Every Kelso student will experience high-quality standards-based instruction that fosters critical thinking and high levels of academic achievement.



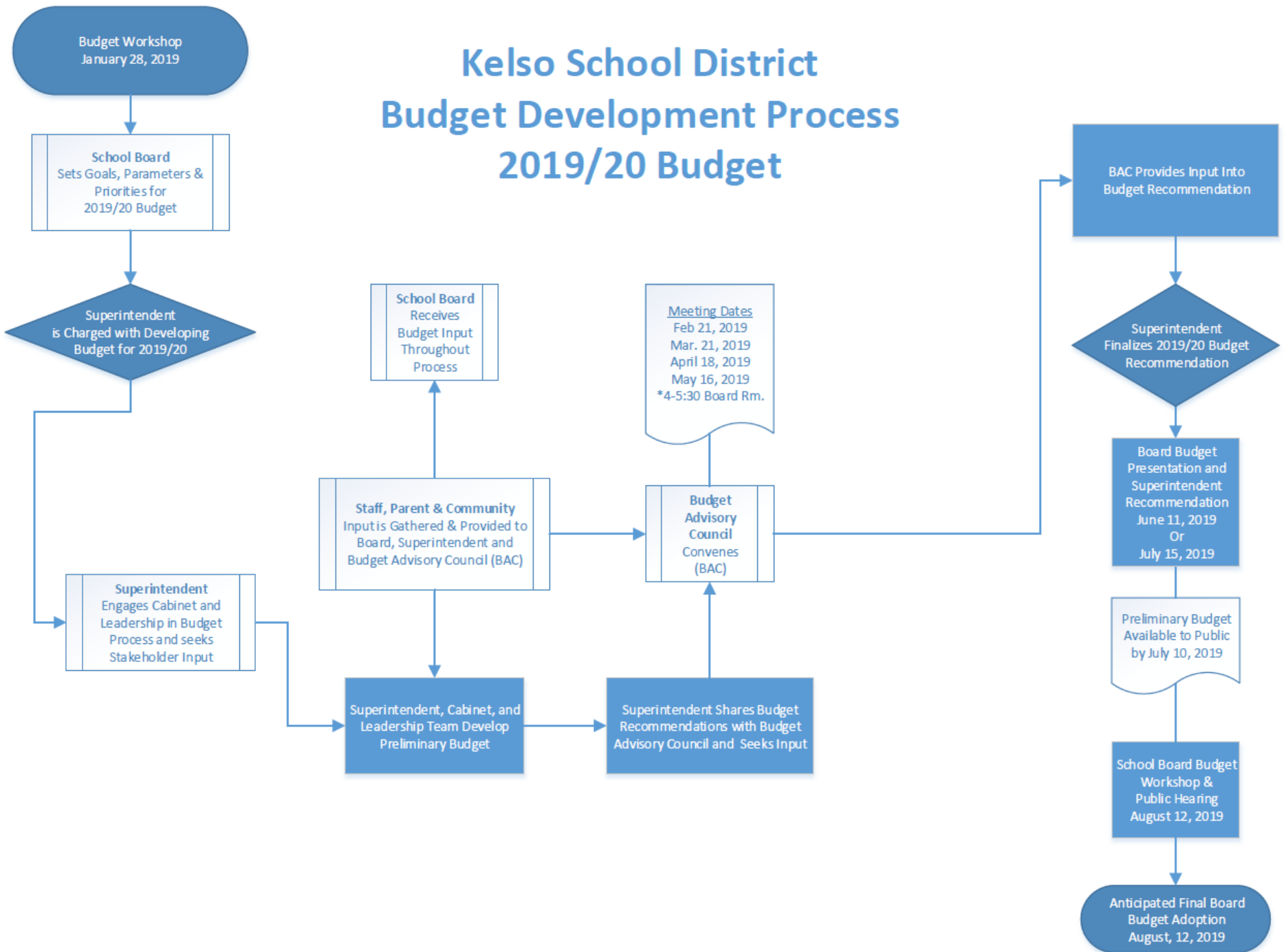
CAREER, COLLEGE & COMMUNITY READY

Every Kelso student will transition successfully between grades and schools and will graduate with the knowledge, skills and attitude to excel in post-high school opportunities. To that end, we will actively engage and partner with parents, families, and our community.



100%
GRADUATING

Kelso School District Budget Development Process 2019/20 Budget



2019/20 Budget Highlights

- Two open contracts – KEA and Principal Association have successfully been bargained
- Inflationary Salary Increases (Inflation Price Deflator, IPD)
 - Administrators – **2.0%**
 - Coaches – **2.0%**
 - Classified Staff – **2.0%**
 - Transportation – **4.0%**
 - Certificated Staff – **2.56%** (includes the one additional paid professional development day). Co-curricular stipends increase at **2.0%**
- New school employees health plan (SEBB)– All employees expected to work **630** hours will receive full coverage medical, dental, vision, and a small long-term disability benefit. Biggest impacted programs related to cost includes transportation, food service, and all categorical program budgets (Title, LAP, ESL, SPED)
- Overall benefits rose **\$913,000**, largely due to SEBB. Without reductions in staff, this increase would have been closer to \$1.9M
- Special Education local cost is still **\$1,000,000** even with new funding and staff reductions. Largely due to the cost of SEBB
- Certificated staffing levels are down **25** FTE, and classified staffing is down **11** FTE

2019/20 Budget Highlights

- Local levy is approved to collect **\$3,850,000** for 2020, with an expected rate in the range of \$1.50 – \$1.55 depending on where assessed values fall for 2020.
- Total Enrollment is budgeted for **4988**.
- 125 students are budgeted for Running Start, 25 for KVA, 25 for Loowit, 15 for Open Doors (GED) program and 50 students to attend the CEO program at LCC. Approximately **\$2.1M** for alternative education programming. This is a net opportunity loss of over **\$1M**.
- Total budgeted GF revenues are less than 2018/19 levels by **\$100,000**
- Total GF expenditures are up by **\$230,000** from previous year, though overall spending and transfers are down **\$117,000** due to a reduction of transfers of **\$350,000** in CPF and TVF.
- Projected use of fund balance: **(\$484,223)**
- Projected ending fund balance is **\$4.52M**, or **6.4%** of expected expenditures and transfers
- Cost reductions from the 2018/19 budget are approximately **\$3.5-\$3.7** Million
- Total Kelso SD budget across all funds is **\$139.8M** (largest historical budget)
- Further cost saving measures and/or revenue enhancements will be necessary moving forward as we develop 2020/21 budget

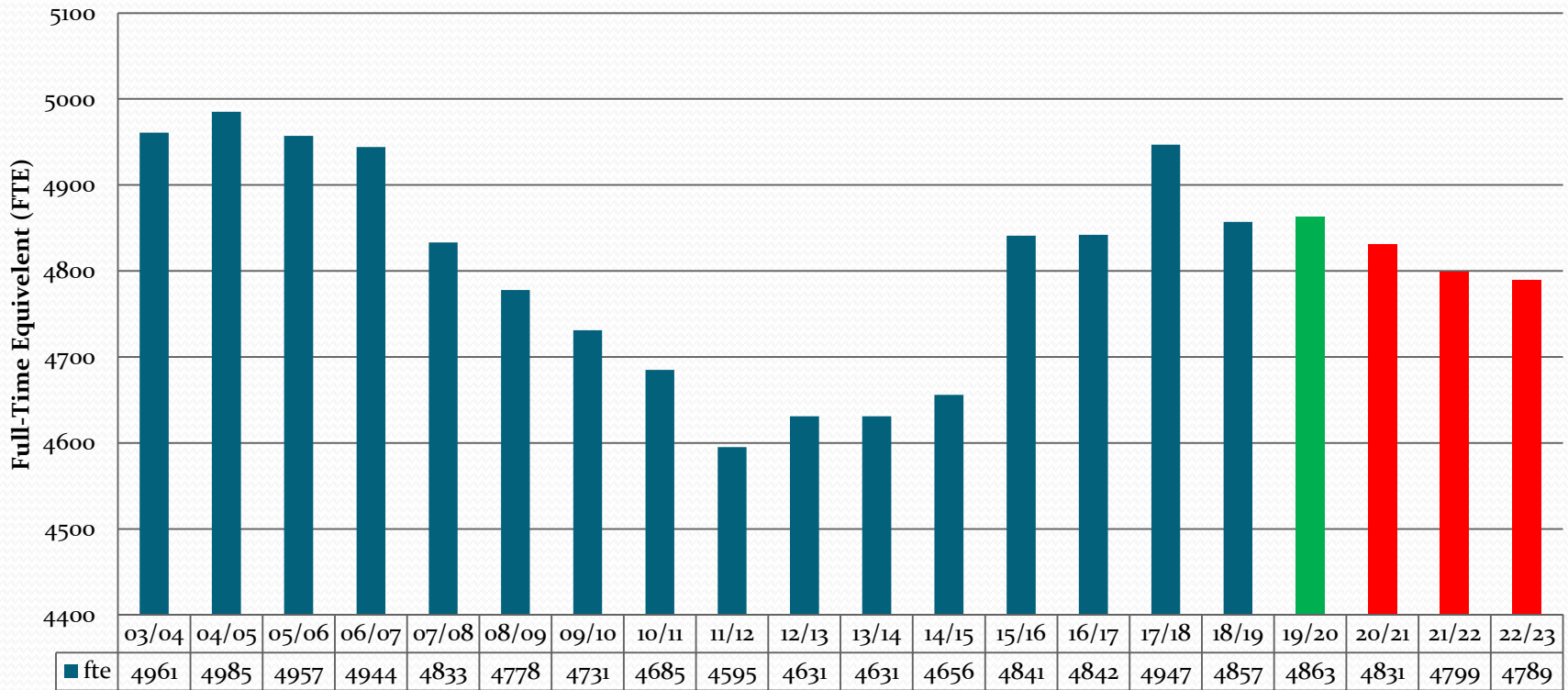
Future Budgetary Challenges

- In spite of additional State SPED support, Local support of Special Education remain unchanged from 2018/19.
Local Contribution of 1,000,000 Million Dollars
- Reduction of local levy (pre-McCleary) and impact to Kelso SD in 2019/20 and beyond remains a reality. State decision to raise levy authority to \$2.50/\$1,000 requires District to fund more locally. Will essentially ensure we go back to where we came from –
 - Pressure to maintain class sizes
 - Pressure on local ratepayers
 - Challenge to meet minimum Board fund balance goal of 8%
 - Pressure on educational programming to be reduced
- Annual capital improvement funds to “maintain” our current and future facilities. Outside of general maintenance funds, no additional funds beyond the bond monies are provided for large capital expenses and repairs

Enrollment Projections

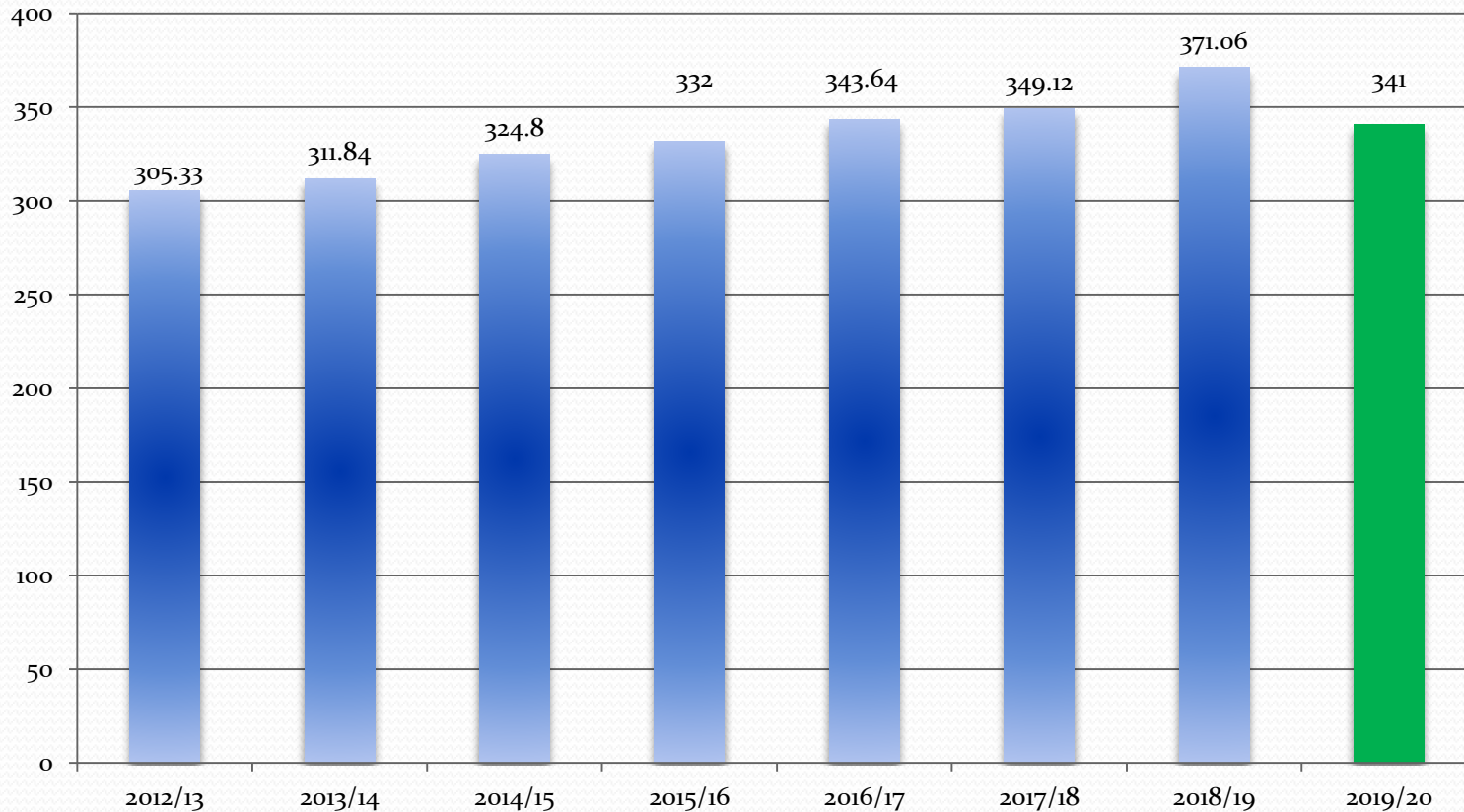
Enrollment Trend 2003 – 2020

Historical FTE Enrollment (Excluding Running Start)



Certificated/Classified Staffing

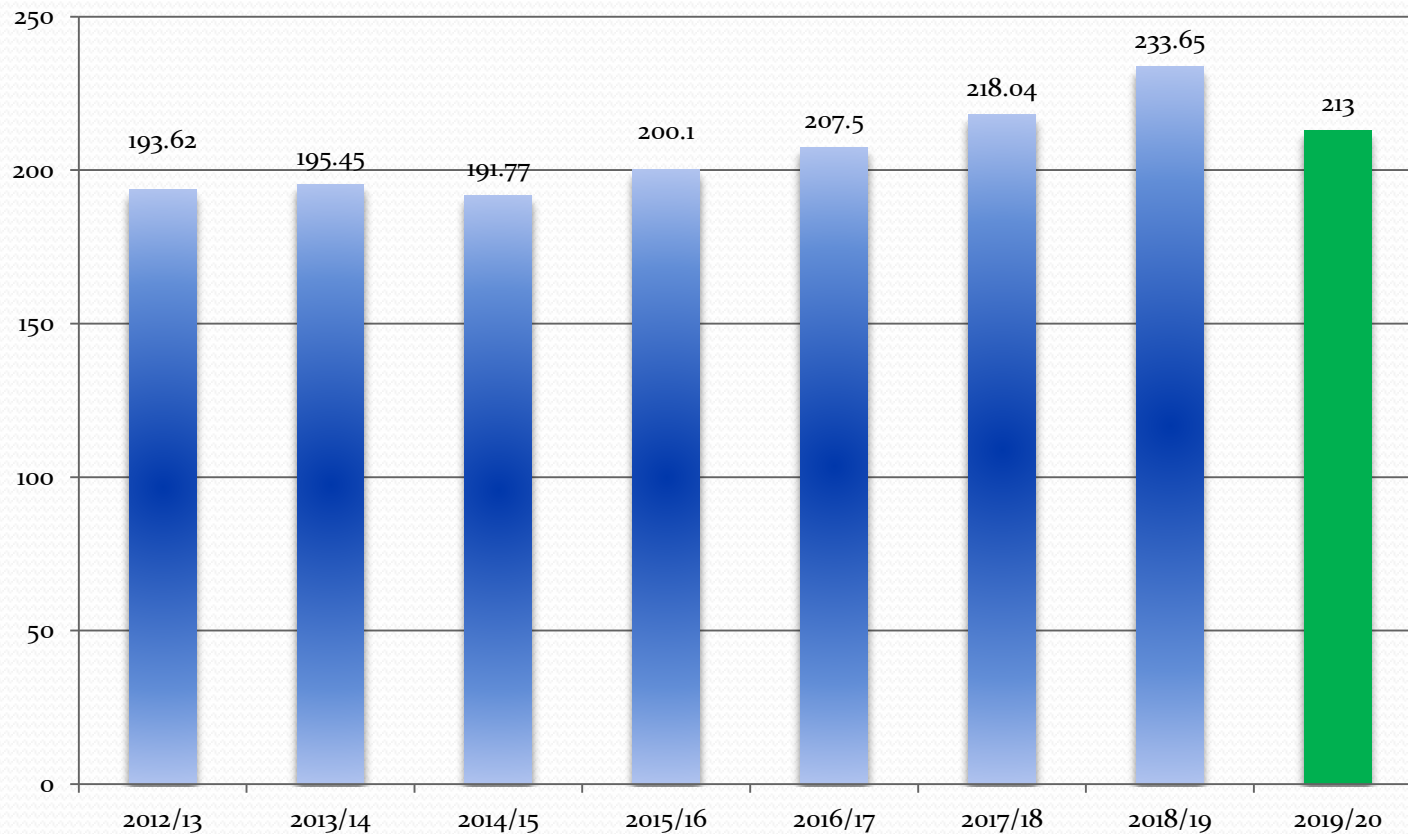
Certificated Staff FTE Comparison



GF - 15

GF - 1

Classified Staff FTE Comparison



GF - 15

GF - 1

General Fund Summary

General Fund Summary

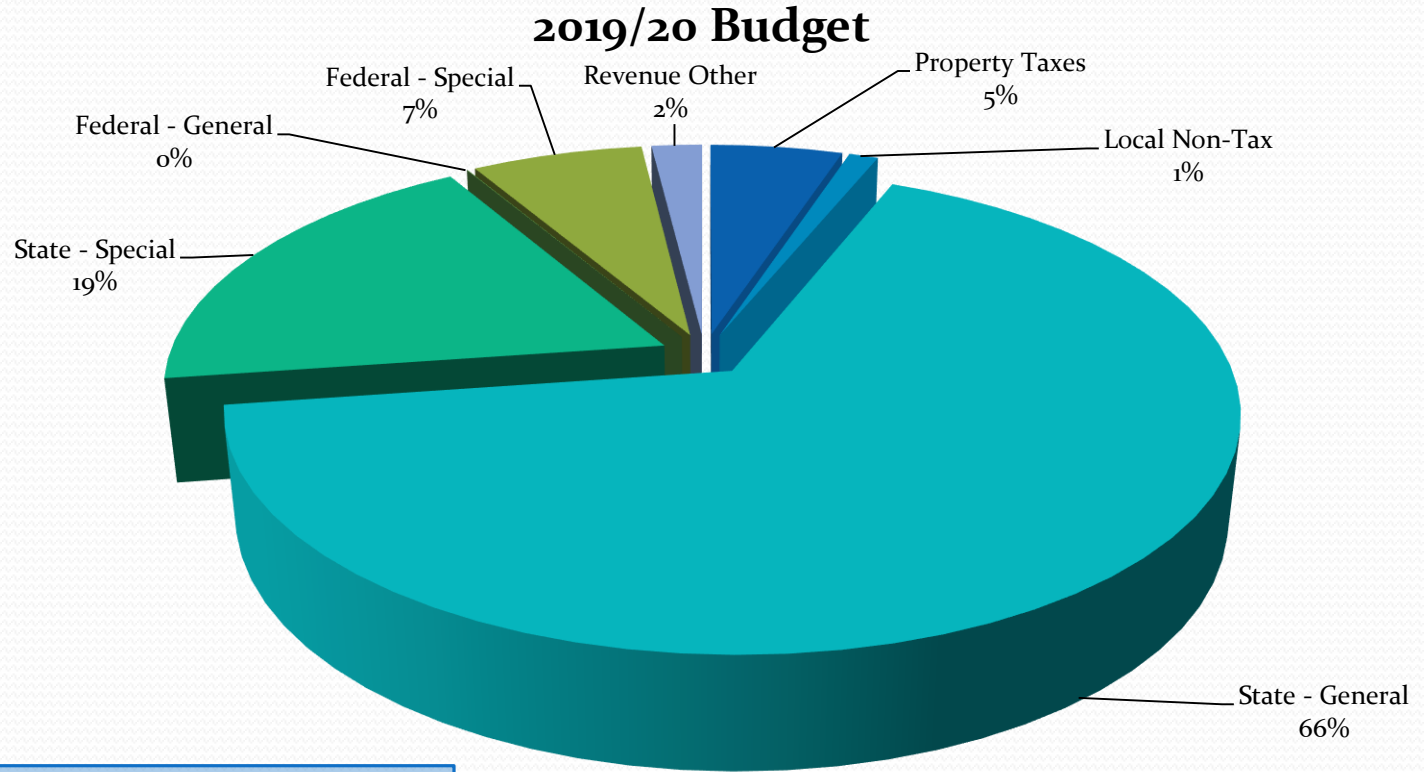
	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Budget	2019/20 Budget
Beginning Fund Balance	\$4,216,227	\$4,780,533	\$5,046,656	\$5,509,528	\$5,000,000
+ Revenue	\$55,204,989	\$57,384,309	\$63,320,245	\$70,362,848	\$70,258,589
- Expenditures	\$53,862,466	\$56,469,621	\$62,357,471	\$70,369,493	\$70,602,812
- Transfers	\$778,217	\$648,565	\$499,903	\$490,000	\$140,000
Total Ending Fund Balance	\$4,780,533	\$5,046,656	\$5,509,528	\$5,003,355	\$4,515,777

Revenue Projections

Revenue by Source

Revenue by Source	2018/19 Budget	2019/20 Budget
Property Taxes	\$5,357,290	\$3,564,314
Local Non-Tax	\$814,881	\$785,500
State - General	\$46,434,399	\$46,623,663
State - Special	\$12,016,538	\$13,112,589
Federal - General	\$16,165	\$16,165
Federal - Special	\$4,363,575	\$4,608,998
Revenue Other	<u>\$1,360,000</u>	<u>\$1,360,000</u>
Total	\$70,362,848	\$70,258,589

Sources of Revenue— % of Share



<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
State - 78%	State - 83%	State - 85%
Local - 12%	Local - 9%	Local - 6%
Federal - 7%	Federal - 6%	Federal - 7%
Other - 3%	Other - 2%	Other - 2%

* Other Revenue = Budget Capacity

Expenditure Projections

Expenditure Projections – by Program

	2016/17 Actual	2017/18 Actual	2018/19 Budget	2019/20 Budget
Regular Instruction (BEA)	\$31,198,526	\$33,579,101	\$37,519,547	\$36,300,032
Special Education	\$7,387,610	\$8,528,349	\$10,076,297	\$10,448,267
Career Tech Education	\$2,188,133	\$2,689,737	\$2,914,390	\$2,919,517
Compensatory Ed	\$3,307,190	\$4,151,771	\$4,464,186	\$5,192,727
Other Instr Prgms	\$333,722	\$323,041	\$1,486,856	\$1,507,435
Community Services	\$96,631	\$124,79	\$47,572	\$49,789
Support Services	\$11,957,810	\$12,961,092	\$13,860,645	\$14,185,045
Total	\$56,469,621	\$62,357,471	\$70,369,493	\$70,602,812

*2018/19 & 2019/20 include \$1.3M budget capacity (assigned in 'Other Instr Prgms')

Expenditure Projections – By Object

	2016/17 Actual	2017/18 Actual	2018/19 Budget	2019/20 Budget
Certificated Salaries	\$24,582,514	\$26,370,371	\$29,326,727	\$28,752,063
Classified Salaries	\$8,922,091	\$9,997,696	\$11,290,166	\$11,131,253
Benefits	\$12,783,254	\$14,496,311	\$16,231,882	\$17,144,725
Supplies/Materials	\$3,711,639	\$4,117,623	\$4,035,308	\$4,588,137
Contractual Services	\$6,171,471	\$6,963,410	\$7,740,725	\$7,369,796
Travel	\$242,178	\$261,058	\$304,685	\$156,838
Capital Outlay	<u>\$56,474</u>	<u>\$151,001</u>	<u>\$1,440,000</u>	<u>\$1,460,000</u>
Total	\$56,469,621	\$62,357,471	\$70,369,493	\$70,602,812

*2018/19 & 2019/20 include \$1.3M budget capacity (assigned to Capital Outlay)

Expenditure Projections – By Activity Group

	2016/17 Actual	2017/18 Actual	2018/19 Budget	2019/20 Budget
Teaching Activities	\$31,947,630	\$35,532,685	\$42,112,303	\$43,077,011
Teaching Support	\$7,768,091	\$8,339,303	\$8,542,976	\$7,440,724
Other Support Act	\$9,383,081	\$9,984,031	\$10,723,717	\$11,127,459
School Admin	\$3,301,613	\$3,799,559	\$3,949,944	\$4,013,514
Central Admin	<u>\$4,069,206</u>	<u>\$4,701,892</u>	<u>\$5,040,553</u>	<u>\$4,944,104</u>
Total	\$56,469,621	\$62,357,471	\$70,369,493	\$70,602,812

*2018/19 & 2019/20 include \$1.3M budget capacity (assigned to Other Support Activities)

Expenditure Projections – By Activity Group

	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Budget	2019/20 Budget
Teaching Activities	54.6%	55.38%	56.57%	56.98%	59.84%	61.01%
Teaching Support	13.26%	13.16%	13.76%	13.37%	12.14%	10.54%
Other Support Act	17.92%	17.64%	16.62	16.01%	15.24%	15.76%
School Admin	6.15%	6.01%	5.85%	6.09%	5.61%	5.68%
Central Admin	8.07%	7.82%	7.21%	7.54%	7.16%	7.00%

Teaching Activities and Support have increased from 67.76% to 71.98% since 2013/14. Slight decrease overall in '19/20. Due largely to reductions and shifts in curriculum, professional development, and reduction of library position at KHS.

Administrative costs continue to decrease, from 14.6% to 12.68% since 2013/14. In past 23 years, lowest, 11.99% in 2000/01.

Other Support Activities (Maint/Trans/Food Svc) have also declined from 17.64% to 15.76% since 2013/14. Increase from '18/19...SEBB Costs

Other Fund Summaries

ASB Fund Summary

	2019/20 Budget
Beginning Fund Balance	\$312,867
Revenue & Other Sources	\$1,007,445
Expenditures	\$1,067,540
Surplus / (Deficit)	\$60,095
Ending Fund Balance	\$252,772



Capital Projects Fund Summary



	2019/20 Budget
Beginning Fund Balance	\$84,600,000
Revenue & Other Sources	\$9,740,000
Expenditures	\$60,000,000
Transfers*	\$140,000
Surplus / (Deficit)	\$(50,400,000)
Ending Fund Balance	\$34,200,000

*Energy Grant Loan Transfers to Debt Service

Debt Service Fund Summary

	2019/20 Budget
Beginning Fund Balance	\$3,503,000
Revenue & Other Sources	\$7,408,750
Expenditures	\$8,168,137
Surplus / (Deficit)	\$(759,387)
Ending Fund Balance	\$2,743,613



Transportation Vehicle Fund Summary

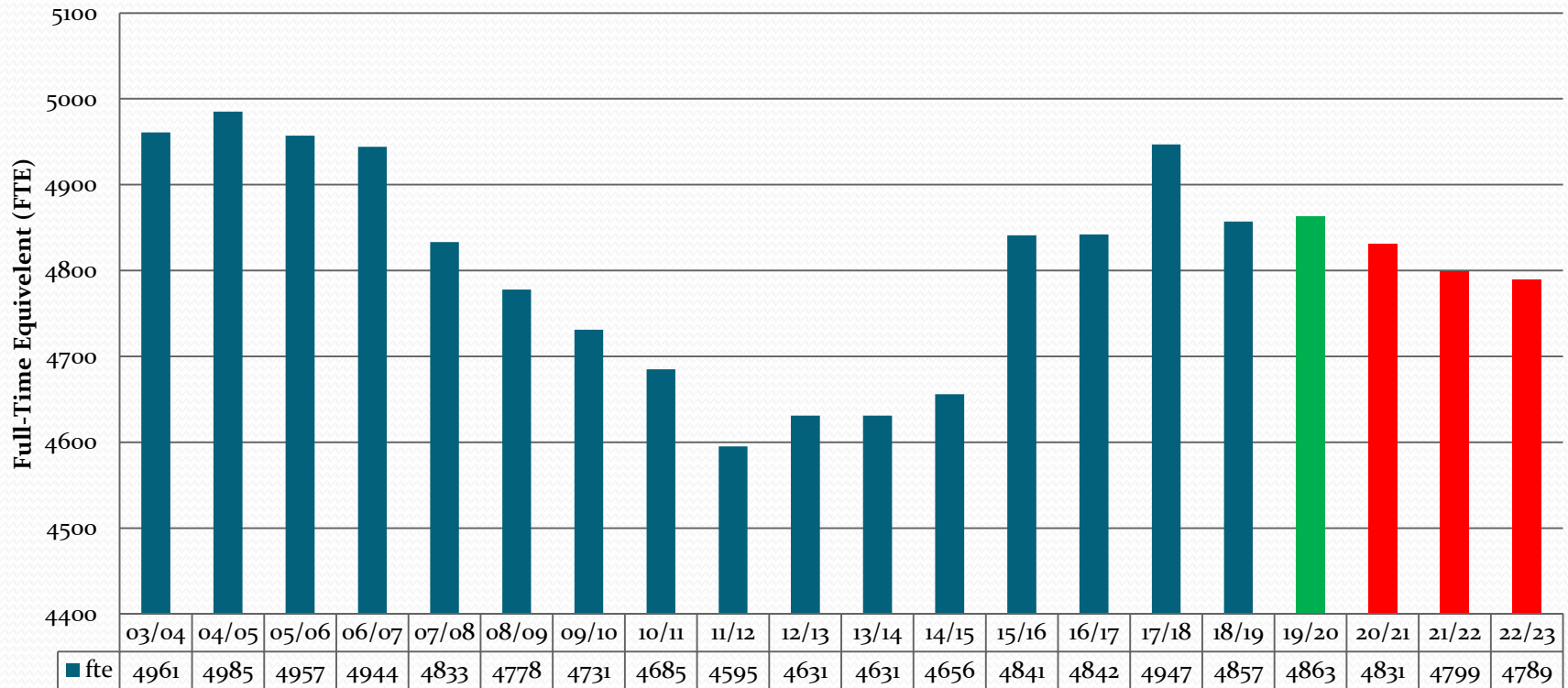
	2019/20 Budget
Beginning Fund Balance	\$295,000
Revenue & Other Sources (Depreciation, Interest Earnings)	\$270,500
Expenditures	\$0.00
Transfers Out (Loan Payment)	\$257,000
Surplus / (Deficit)	\$13,500
Ending Fund Balance	\$308,500



4 Year Budget Outlook

Enrollment Trend 2003 – 2020

Historical FTE Enrollment (Excluding Running Start)



Four Year Budget Projections

(2018/19 – 2021/22) ***Shared During 2018 Budget Workshop**

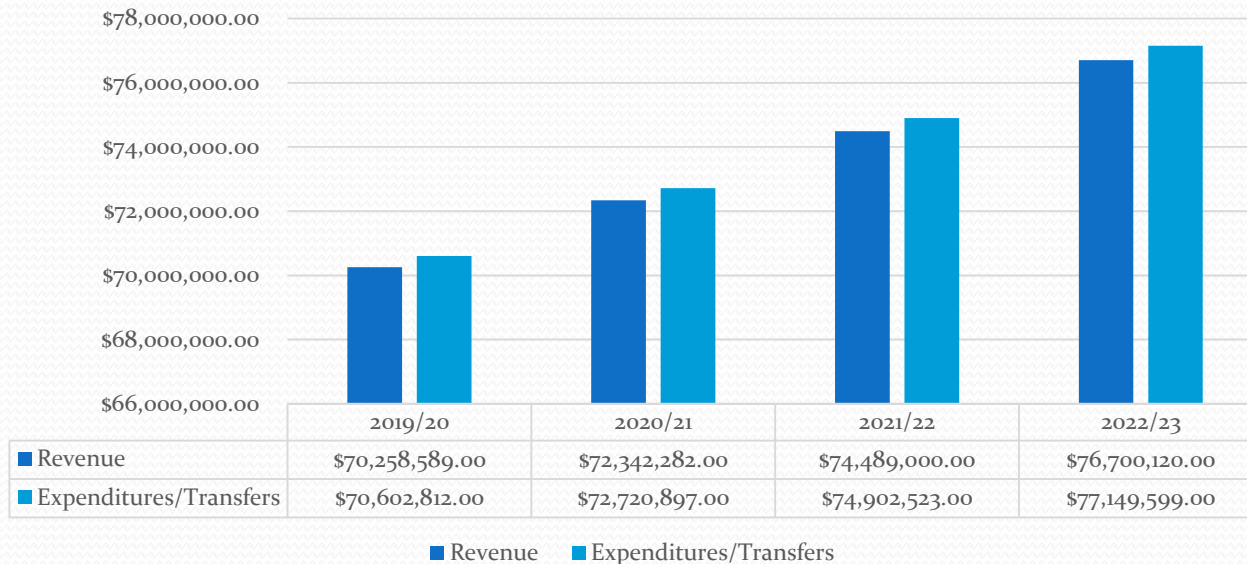
4 Year Forecasted Revenue and Expenditures



The initial difference in projected revenue to expenditures in '19/20 is **-\$3.4 million**. This loss will compound annually moving forward

Current Four Year Budget Projections (2019/20 – 2022/23)

4 Year Forecasted Revenue and Expenditures

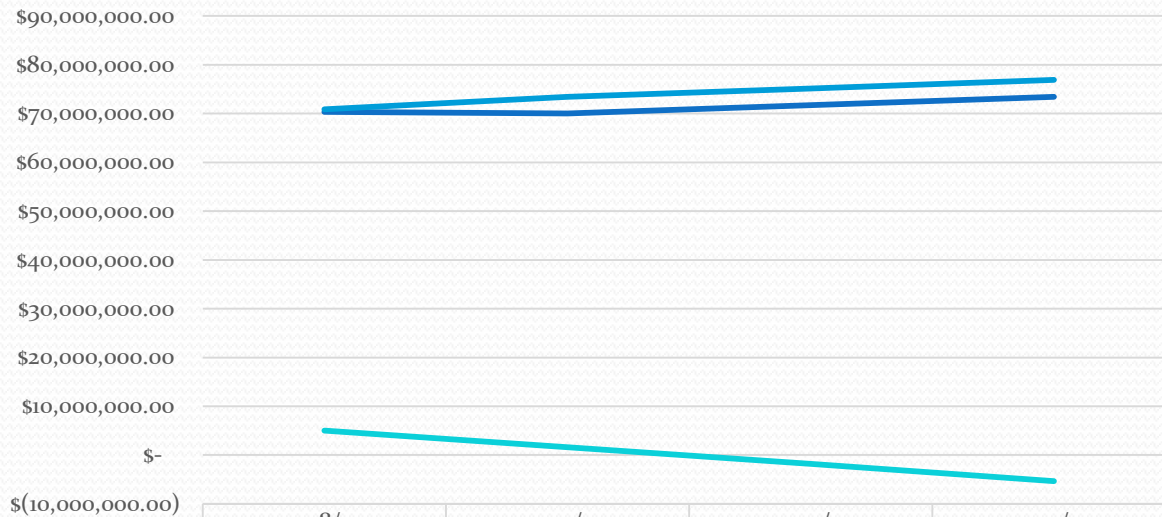


The budgeted difference in projected revenue to expenditures in '19/20 is now **-\$484,223**, after reducing expenditures of **over \$3,500,000M**

Looking Ahead in 2018/19...

***Shared During 2018 Budget Workshop**

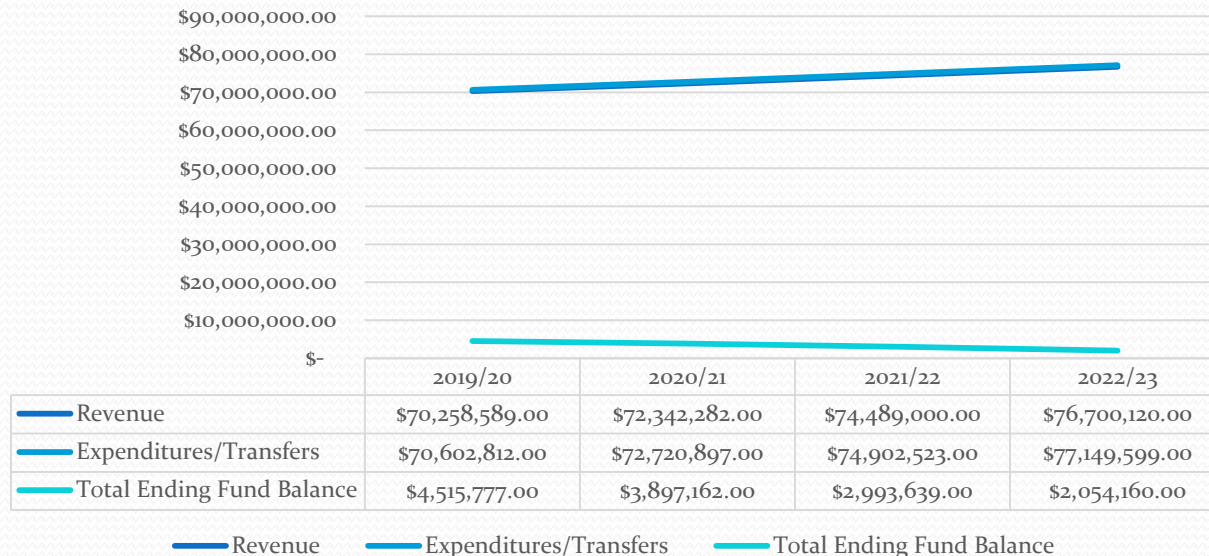
4 Year Forecasted Revenue/Expenditures and Ending Fund Balance



	2018/19	2019/20	2020/21	2021/22
Revenue	\$70,362,848.00	\$70,025,836.00	\$71,702,529.00	\$73,392,675.00
Total Expenditures/Transfers	\$70,859,493.00	\$73,399,287.00	\$75,149,755.00	\$76,917,287.00
Total Ending Fund Balance	\$5,003,355.00	\$1,629,904.00	\$(1,817,322.00)	\$(5,341,934.00)

Looking Ahead in 2019/20...

4 Year Forecasted Revenue/Expenditures and Ending Fund Balance



- Revenue and Expenditures are projected relatively in-sinc moving forward
- Total Fund Balance is in the positive over the next four year compared to projection last year
- Estimated Ending Total Fund Balance for 2019/20 is \$4.5M or 6.4%, declining to 2.7% by 2022/23
- Moving forward with three options – additional State or Local resources, reduce costs, or a combination of the two. We will need to continue to explore ways to get leaner & more efficient

Educational Programs and Operations Levy

February 2020

Changes in School Tax Rates for Kelso SD

(prepared by S. Westlund, October 5th, 2017)



Current 2017 Taxes (per \$1,000 AV)

State School Levy	\$2.13
M&O Levy	\$3.90
KSD Bond	<u>\$1.39</u>
Total	\$7.42

Estimated 2018 Taxes (per \$1,000 AV)

State School Levy	\$3.05
M&O Levy	\$3.67
KSD Bond	<u>\$1.30</u>
Total	\$8.02

Estimated 2019 Taxes (per \$1,000 AV)

State School Levy	\$3.05
Enrichment Levy (replaces M&O)	\$1.50
KSD School Bond	<u>\$3.07</u> (est. proj new \$98.6M Bond)
Total	\$7.62

*This scenario shows an overall net increase in taxes from 2017 to 2019 of \$.20 cents per \$1,000 of Assessed Valuation. This scenario assumes a new bond measure of \$98.6 million being collected in 2019.

UPDATED ACTUALS JANUARY 2019

Actual 2017 Taxes (per \$1,000 AV)

State School Levy	\$2.13
M&O Levy	\$3.90
KSD Bond	<u>\$1.39</u>
Total	\$7.42

Actual 2018 Taxes (per \$1,000 AV)

State School Levy	\$2.90
M&O Levy/Bond	<u>\$4.94</u>
Total	\$7.84

Actual 2019 Taxes (per \$1,000 AV)

State School Levy	\$2.60
Enrichment Levy	\$1.49
KSD School Bond	<u>\$2.93</u>
Total	\$7.02

Questions/Comments