



# 2019-2020 School Year Budget Planning

Citizen's Advisory Committee  
April 8, 2019



Spokane Public Schools  
*excellence for everyone*

# Context for 2019-2020 Budget Development

## Context

- Adjusting to the new state funding model has significantly changed our financial landscape

## Impact

- Reviewing and renewing priorities, confirming revenue sources and amounts, and re-evaluating expenses to continue our commitment to delivering educational excellence for everyone

## Approach

- Provide the educational experience students and families expect within our available resources

# Thought Exchange Engagement

- In February 2019, SPS engaged the community in a conversation about district resources. Participants were invited to share thoughts, rate the thoughts of others and discover the results of the exchange.
  - 2,567 Participants, 1,932 Thoughts, 106,314 Ratings
    - 40% (934) Parent/Guardian
    - 39% (930) Staff Member
    - 17% (404) Staff Member that is also a Parent/Guardian
    - 4% (102) Community Member
    - 0 (2) Answer not available
  - Participation by Grade Level
    - 49% (1166) Elementary
    - 10% (227) Middle
    - 20% (476) High
    - 21% (489) Multiple Levels or Community Member
    - 0% Answer not available

# Thought Exchange “Themes”

- Thoughts were grouped together by topic to form themes. Our community expects a comprehensive, well-rounded learning environment to include:
  - Low class sizes
  - Competitive, professional level salaries
  - Nurses, counselors, mental health therapists
  - Prioritizing students
  - Careful assessment of central support staffing and spending
  - Transparency
  - Ongoing advocacy with the legislature for full state funding
  - Safe and secure learning environment

# Budget Planning Standards with School Board Priorities

## Historical Standards Previously Adopted

- Focus financial resources on programs that directly support the District's Strategic Plan and student achievement, with an emphasis on maximizing instructional time with certificated staff and:
  - preparing students to successfully complete some form of higher education: technical program, 2-year or 4-year degree (T-2-4)
  - supporting high-achieving students at all grade levels
  - ensuring content-rich offerings for all students of all academic abilities
  - maintaining a strong K-3 foundation (e.g., all-day kindergarten and lower class size)
  - increasing, where possible, new resources toward teaching and direct classroom activities consistent with School Board Resolution 2013-26
- Maintain a safe learning and working environment for students and staff
- Sustain staff, parent and community support
- Maintain the District's:
  - financial integrity
  - investment in human capital, facilities, technology, and other physical assets
  - commitment toward market sensitive employee compensation
- Retain an essential level of support services for District operations
- Assure revenue generating programs break even (e.g. Nutrition Services, Express, Camps, etc.)
- Budget decisions should be:  
Student focused ▪ practical ▪ sustainable (on-going revenue supports on-going expenditures) ▪ timely ▪ cost effective ▪ legal ▪ commensurate with adjustments in student enrollment ▪ evaluated on an ongoing basis, based on the standards

# Proposed 2019-2020 Budget Priorities

- Based on the current financial context and constituent feedback, the guiding Principles for Budget Development this year are to:
  - Protect basic needs for all students
  - Maintain essential support services
  - Meet legal compliance and educational standards
- Budget Priorities and focus will:
  - Explore spending adjustments away from the classroom first; start with central office and support reductions; identify operational inefficiencies
  - Focus on lower class sizes and staff-to-student ratios for K-3 students, while seeing some increase in combination classrooms and staff to student ratios in grades 4-12
  - Provide educational programs and services within available resources
  - Ensure unrestricted fund balance supports sound financial practices and provides for unplanned emergencies such as enrollment fluctuations, legislative mandates, etc.

# Fund Balance Analysis

## Fund Balance Policy - 6022

- Fund balance is a critical component of sound financial practices. A minimum fund balance provides a buffer against unforeseen risk and financial uncertainty.
  - General fund operations include complexities of funding, economic uncertainties and the need for fund balance set asides.
- Definitions
  - Restricted – balances are restricted for a specific purpose. Examples include required for loan/debt reserves, insurance claims, and amounts due to employees for leave balances. This category also includes amounts that are not in a spendable form such as inventory items (stock in the warehouse)
    - Restricted balances are NOT included in the minimum fund balance requirements because they are either required reserves or non-cash assets
  - Committed – balances for a specific purpose as established by the School Board
  - Assigned – balances for specific purpose as established by the Superintendent
  - Unassigned – balances are set-aside to cover unforeseen expenditures or revenue shortfalls. The balance also provides cash flow to meet the cost of operations and is not intended for on-going expenditures.
  - Minimum fund balance policy: 5-6% of prior year expenditures

# Fund Balance Analysis – continued

## Fund Balance Policy - 6022

| Description   | Amount                      | Percent Fund Balance |
|---|-----------------------------|----------------------|
| Total Fund Balance, 8/31/2018                           | \$ 40,107,947               | 9.72%                |
| <b>Less:</b> Restricted balances                        |                             |                      |
| Non-spendable/prepays                                   | 3,932,607                   |                      |
| Debt Service  | 5,800,000                   |                      |
| Self-Insurance  | 2,900,000                   |                      |
| Skill Center  | <u>453,228</u>              |                      |
| Total Restricted Fund Balance                           | - 13,085,835                | - 3.17%              |
| 8/31/2018 - Fund Balance Subject to Policy 6022 (CAU) * | \$ 27,022,112               | 6.55%                |
| * 8/31/2018 Minimum Fund Balance Calculation            | 27,022,112 ÷<br>412,815,662 | 6.55%                |
| 8/31/2019 Minimum Fund Balance <b>Projection</b>        | 23,167,408 ÷<br>456,707,345 | 5.07%                |



## Refine Budget Estimates

- Confirm revenue sources and amounts
  - Enrollment
  - Monitor legislative impacts
    - Special Education
    - Levy
    - School Employee Benefits Board (SEBB)
    - Additional staffing allocations
- Evaluate expenditure levels
  - Calculate estimated budget gap
  - Review spending adjustment plans
  - Determine reduction of educational programs & services