Hockinson School District
2019–2020
Budget Hearing

July 29, 2019
Budget Hearing Presentation

- 4 main components

1. 2019–2020 Budget
2. Enrichment Activities
3. 4 Year Enrollment Projection
4. 4 Year Budget Plan Summary

- Public comments can be made for or against any part of these 4 components
2019–2020 Budget Overview

- State Budget
- State funding and policy changes
- Enrollment
- Staffing
- General, Capital Projects, ASB and Debt Service Fund
  - Revenues, Expenditures and Fund Balances
Budgeting guidelines

- Can we balance the budget?
  - 2019–2020 we must use fund balance for general operations. Use of fund balance is generally reserved for curriculum adoptions or other non-reoccurring expenses. 2020–2023 budget plan report does not use fund balance.

- Can we sustain it?
  - This will continue to guide future budget decisions.
2019–2021 State Budget Changes

- Session ended April 29th (on time!)
- $52.8B budget
- $8.0B over prior budget
  - $6.1B maintenance level ($4.2B for K–12)
- $1.9B policy funding level increases
- $600M increases dedicated to K–12
  - SEBB (School Employees Benefits Board) $328M
  - Special Education $150.9M
  - LEA (Local Effort Assistance) $61.6M
  - Para educator Training $12M
  - Other $47.5M (long list and HSD does not receive as direct funding)
New for 2019–2020
State Employees Benefits Board (SEBB) – Health care benefits
$379.5K

- SEBB (pass thru) of $379.5K for HSD basic ed. only
  - Helps families who often have large premiums
  - Adds dental care not covered under HSD plans
  - Categorical programs like SPED, LAP, HiCap etc. also received SEBB funding
  - **All** employees over 630 hours receive 12 months of full health care benefits
    - (630 hours = average of 3.5 hrs. a day for 180 days)
New for 2019–2020
Special education program $51K

- 2019–2020 increase in a funding multiplier
- Represents about 1.8% increase in funding
- 2020–2021 changes the funding formula based on student setting
  - Report students by tier
    - Students more than 80% in general education setting receive more funding
    - Students less than 80% in general education setting receive less funding
    - Supports inclusion
New for 2019–2020
Special education program (cont.)

- Budget expenditures of $3,198,069 for 19–20
- Still significantly underfunded
  - 2017–2018 ($607K) actual
  - 2018–2019 ($600K) projected
  - 2019–2020 ($724K) budget
    - $124K increase from 2018–2019 – $80K services and $44K salaries and benefits
  - Underfunding paid for with other funding sources – primarily levy funds.
New for 2019–2020
Professional Learning Day $49K

- State funds 1 more Professional Learning Day for certificated staff and it replaces a levy funded day (pass thru)

- 2 Professional Learning Days are now funded by State and 1 Day funded by levy.
Para Educator Training for 2 days will be funded for about 30 para educators. (pass thru)
New for 2019–2020
Levy increase from $1.50 to $2.50 per $1,000 of AV

- 2020 Levy Collection is limited to $2.50 per $1,000 of assessed value (AV) or up to $2,500 per student (up to $3,000 for more than 40,000 students – Seattle)

- Hockinson voters approved 2020 levy for $2,685,000 at $1.50

- $2,685,000 projected rate is $1.63 due to lower AV than projected
New for 2019–2020
Levy increase from $1.50 to $2.50 per $1,000 of AV (cont.)

- Hockinson will levy approx. 2,495,00 to stay at $1.50 to honor what the voters approved.

- Rollback reduces levy collection ($99,978) from voter approved levy (about half of the total reduction due to school year vs calendar year)

- Levy collection for 2019–2020 will be ($980,862) less than 2018–2019 (due to full phase in of $1.50 tax rate)
New for 2019–2020
Levy Equalization Allocation (LEA) increased $50 per student

- LEA is special funding to assure all districts levying $1.50 receive a minimum of $1,593 per student. Hockinson will only collect $1,275 per student thru the local levy and the balance will be funded by the state ($318 per student)

- LEA funding for 2019–2020 is $37,080 more than 2018–2019
New for 2019–2020

- Must meet K–3 class size of 17:1 for maximized funding
  - 2018–2019 provided maximized funding even if you did not meet the 17:1
  - Actual in classroom placement is about 20:1 because the formula includes PE, music, art, and special education teachers.
  - 2018–2019 Hockinson K–3 avg. is at 17.4:1
  - 2019–2020 Hockinson K–3 avg. is budgeted at 17:3:1
    - Watching K–3 enrollment closely to see if we need to add a teacher
New for 2019–2020
Unfunded state requirements

- Special audit required for special education program
- Required disclosure of certain ASB activities
2019–2020 Enrollment Budget

- K–12 1,919 FTE – (up 48)
- SPED 172 – (up 9)
- Career & Tech HS 38 FTE
- Career & Tech MS 9 FTE
- Running Start 85 FTE

(FTE – full time equivalent)
Staffing changes budgeted for 19–20

- ES – added a teacher
- MS reduced 1.0 Instructional coach and
- MS added .5 Asst. Principal and .5 Student Services
- HS added .2 CTE
- HS added .4 math teacher
- HS reduced classified duty aide position thru attrition
Staffing changes budgeted for 2019–2020

- Categorical staffing shifts based on funding
- District wide: Communication Support hours reduced
- SPED decreased psychologist .2 (leave request) and preschool .5 teacher (enrollment does not support a 2\textsuperscript{nd} session).
Staffing units for Basic Ed, CTE and District wide for 19–20 (not SPED, LAP, Bilingual, HiCap or Federal Programs)

<table>
<thead>
<tr>
<th>Staff FTE</th>
<th>Budgeted</th>
<th>Prototypical funding formula</th>
<th>Above/Below Prototypical funding formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIS – Teachers/Specialist</td>
<td>102.7</td>
<td>103.8</td>
<td>*(1.1)</td>
</tr>
<tr>
<td>CLS – Classified</td>
<td>46.0</td>
<td>33.4</td>
<td>**12.6</td>
</tr>
<tr>
<td>CAS – Principals &amp; Superintendent, Director</td>
<td>7.5</td>
<td>7.9</td>
<td>(0.4)</td>
</tr>
</tbody>
</table>

*Used in SPED program

**12.6 classified is about 21 staff for the school year
The General Fund receives State forest funds. In the past these funds were deducted from Apportionment so we did not budget them. State forest funds are no longer a deductions and we are now budgeting in 2019–2020 $100,000 based on historical data. Also new is that we will transfer in State forest revenues collected in the Debt Service fund of $70,000 to help with ongoing technology subscriptions.
## Revenue Changes for 2019–2020

<table>
<thead>
<tr>
<th>Revenue</th>
<th>18-19 Projections</th>
<th>19-20</th>
<th>Variance</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>$ 3,420,309</td>
<td>$ 2,439,447</td>
<td>$(980,862)</td>
<td>9.4%</td>
</tr>
<tr>
<td>Local</td>
<td>$ 769,695</td>
<td>$ 862,477</td>
<td>$ 92,782</td>
<td>3.3%</td>
</tr>
<tr>
<td>State General</td>
<td>$ 17,057,820</td>
<td>$ 18,228,485</td>
<td>$ 1,170,665</td>
<td>70.3%</td>
</tr>
<tr>
<td>State Special Purpose*</td>
<td>$ 3,353,394</td>
<td>$ 3,636,607</td>
<td>$(283,213)</td>
<td>14.0%</td>
</tr>
<tr>
<td>Federal</td>
<td>$ 681,747</td>
<td>$ 696,251</td>
<td>$ 14,504</td>
<td>2.7%</td>
</tr>
<tr>
<td>Transfer In - State Forest Funds from DSF</td>
<td>$</td>
<td>$ 70,000</td>
<td>$ 70,000</td>
<td>0.3%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$ 25,282,965</td>
<td>$ 25,933,267</td>
<td>$ 650,302</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

% of Increase in Revenue: 2.5%

| FTE/Running Start | 1,952 | 2,004 |
| Per student       | $ 12,952 | $ 12,941 | $(12) |

*Grant contingency revenue removed

Taxes: Levy
Local: Food Service, Community Ed, Athletic Fees, Donations
State General: Apportionment, some SPED, Local Effort Assistance (LEA), CTE
State Special Purpose: SPED, Transportation, Bilingual, HiCap, LAP
Federal: Title 1, Title 2, Food Service, SPED
Expenditure Changes for 2019–2020

- Added staffing
- Salary step increases for all eligible classified and certificated represented staff – 1.5% average
- 2.0% IPD for HEA certificated base salaries per contract
- HESP classified contract for 18–19 salaries included the 2.0% IPD for 19–20
- Budgeted Administrator salary step increases and 2% IPD

IPD - Implicit price deflator
Expenditures per Student

- Average cost per student (FTE) from total budgeted expenditures*
  - $13,052

- Special education program only – Average cost per student
  - $17,312

FTE – Full time equivalent
*Contingency removed
Capital improvements 2019–2020

- 2018–2019 Budget included $183,000 of additional project work for IT and Maintenance

- 2019–2020 Budget does not carry forward this funding
Overall Expenditure Changes for 2019–2020

- 18–19 expenditures are projected at $24,887,000
- 19–20 expenditures budgeted at *$26,155,369
- Overall increase of 5.1%

*Grant contingency for expenditures removed
New to F195 Budget Document

- Salary Exhibits budget reports

  - Information for salaries requires a breakdown of what is paid by state and what is paid by local funds collected by district – Levy and Community Ed

(Example of report breakdown)

<table>
<thead>
<tr>
<th>Total Annual Salary 2/</th>
<th>Annual State Salary</th>
<th>Annual Local Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,643</td>
<td>9,639</td>
<td>2,004</td>
</tr>
<tr>
<td>11,643</td>
<td>9,639</td>
<td>2,004</td>
</tr>
<tr>
<td>99,960</td>
<td>82,756</td>
<td>17,204</td>
</tr>
<tr>
<td>99,960</td>
<td>82,756</td>
<td>17,204</td>
</tr>
</tbody>
</table>
New to F195 Budget Document

- Change of Program identification for ASA
  - After School Adventurers (ASA) is a Community Ed program
  - Starting 2019–2020 all play groups, before and after school care programs operated by the school district will be listed as **Program 88 Child Care**
  - Purpose of change: Play groups and General Ed preschools are commingled with other Community Ed activities and the State legislators want to know what SD’s are receiving and spending on these activities.
Maintenance Supplies and Operations funding – disclosure required

<table>
<thead>
<tr>
<th>MSOC Basic Ed and Lab Science</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total MSOC Allocation</td>
<td>$2,522,228</td>
</tr>
<tr>
<td>Total Budgeted MSOC Expenditures (Non categorical)</td>
<td>$2,245,847</td>
</tr>
<tr>
<td>Difference – Expenditures &lt; Allocation</td>
<td>($276,381)</td>
</tr>
</tbody>
</table>

Using MSOC’s to pay for staffing in areas such as technology and teaching to support instruction for improvement of student achievement.
General Fund Balance 2019–2020 – Categories

- **Minimum Fund Balance Per Policy 5%**: Operational cash flow for expenditure commitments and timing of levy revenues, and protection against unforeseen circumstances.
- **Assigned to other Purpose Per Policy 3%**: Set aside for items such as future textbook adoptions, maintenance and technology as needed.
- **Assigned for Other Purpose**: Roll over of enhancement funds, building budgets, and other departments that have not spent allocations for year.
- **Restricted for Prepaids**: When we pre-pay in current year for next years expense we are required to restrict those funds. Examples are risk insurance policy, assessment licenses and text books for the next year.
### General Fund Balance Categories
% of Expenditures 2019–2020 (cont.)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Fund Balance Per Policy</td>
<td>$1,332,768</td>
<td>5.0%</td>
</tr>
<tr>
<td>Assigned to Other Purpose per Policy</td>
<td>$799,661</td>
<td>3.0%</td>
</tr>
<tr>
<td>Assigned for Other Purpose</td>
<td>$103,754</td>
<td>0.4%</td>
</tr>
<tr>
<td>Restricted for Prepaids</td>
<td>$265,000</td>
<td>1.0%</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$2,501,183</td>
<td>9.4%</td>
</tr>
</tbody>
</table>
## General Fund Balance 2019–2020 (cont.)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>$2,750,000</td>
</tr>
<tr>
<td>Revenues</td>
<td>$26,433,267</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$26,655,369</td>
</tr>
<tr>
<td>Transfer Out to Debt Svc</td>
<td>$26,715</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$2,501,183</td>
</tr>
</tbody>
</table>

Expenses $248,817 greater than revenues.
Capital Projects Fund – Impact Fees

- Restricted for use of new classroom space due to growth
- Beginning balance – $795,000
- Revenue – $520,000
- Expenditures – Classroom portable finish work $50,000 & support services $15,000
- Ending balance – $1,250,000
Capital Projects Fund – Other

- All of these funds are set aside for wetland mitigation commitment
- Beginning balance – $105,000
- Revenue – $0 (contingency $250,000)
- Expenditures – Wetland mitigation $17,000 (contingency $250,000)
- Ending balance – $88,000
## Total Capital Projects Fund 2019–2020

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>$900,000</td>
</tr>
<tr>
<td>Revenues</td>
<td>$770,000</td>
</tr>
<tr>
<td>Transfer In from DSF - State Forest Funds</td>
<td>$70,000</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$332,000</td>
</tr>
<tr>
<td>Transfer Out to GF - State Forest Funds</td>
<td>$70,000</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$1,338,000</td>
</tr>
</tbody>
</table>
Debt Service Fund

- Bond principal and interest payment for New Middle School
  $3,107,975
- Bond principal and interest payment for Elementary School Chiller
  $26,715
# Debt Service Fund 2019–2020

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>$1,305,000</td>
</tr>
<tr>
<td>Revenues</td>
<td>$3,097,304</td>
</tr>
<tr>
<td>Transfer in from GF</td>
<td>$26,715</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$3,139,690</td>
</tr>
<tr>
<td>Transfer out to CPF</td>
<td>$70,000</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$1,219,329</td>
</tr>
</tbody>
</table>
Associated Student Body Fund

- Governed by Student Body with support from an Advisor

- Revenue
  - $43,300 Middle School
  - $272,360 High School

- Expenditures
  - $43,120 Middle School
  - $284,495 High School
Total ASB Fund 2019–2020

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>$91,373</td>
</tr>
<tr>
<td>Revenues</td>
<td>$315,660</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$327,615</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$79,418</td>
</tr>
</tbody>
</table>
Enrichment Activities from Levy Funds
How does Hockinson spend levy funds for enrichment?

- Additional staffing, salaries and benefits above state allocation
  - Extracurricular
    - Athletics & Academic Activities
  - Special education
  - Health, safety & security support
  - Building and district wide support
  - Professional development
  - Personal / Sick Days beyond state allocation

- Special education services and supplies above the state allocation
Four Year Enrollment and Budget Summary
Assumptions

- **Enrollment**
  - Study done by E D Hovee & Company
  - High Growth

<table>
<thead>
<tr>
<th></th>
<th>19-20</th>
<th>20-21</th>
<th>21-22</th>
<th>22-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEA FTE</td>
<td>1,919</td>
<td>1,979</td>
<td>2,054</td>
<td>2,104</td>
</tr>
<tr>
<td>Increase</td>
<td></td>
<td>60</td>
<td>75</td>
<td>50</td>
</tr>
</tbody>
</table>

- **Staffing increases to support additional students.**

<table>
<thead>
<tr>
<th></th>
<th>19-20</th>
<th>20-21</th>
<th>21-22</th>
<th>22-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificated</td>
<td>127</td>
<td>129</td>
<td>131</td>
<td>133</td>
</tr>
<tr>
<td>Classified</td>
<td>63</td>
<td>64</td>
<td>65</td>
<td>66</td>
</tr>
</tbody>
</table>
Assumptions 2020–2023

- General Fund
  - Revenue increase based on enrollment with 2.0–2.1% IPD
  - Expenditures increased based on enrollment and additional staffing with 2.0–2.1% IPD
  - Continued collection of State Forest Funds
  - Fund balance policy 8% will be discussed for 20–23 because of the restricted set asides for prepaid’s about 1% and program carry over funds

<table>
<thead>
<tr>
<th></th>
<th>19-20</th>
<th>20-21</th>
<th>21-22</th>
<th>22-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>26,433,267</td>
<td>27,843,998</td>
<td>29,479,808</td>
<td>30,931,871</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>26,682,084</td>
<td>27,843,998</td>
<td>29,479,808</td>
<td>30,931,871</td>
</tr>
<tr>
<td>Total Excess Rev over(under) Expenditures</td>
<td>(248,817)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$2,501,183</td>
<td>$2,501,183</td>
<td>$2,501,183</td>
<td>$2,501,183</td>
</tr>
<tr>
<td>Ending Fund Balance % of Expenditures</td>
<td>9.4%</td>
<td>9.0%</td>
<td>8.5%</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

IPD (Implicit Price Deflator)
Assumptions 2020–2023

- **ASB**
  - 3% increase in revenue
  - 2.1% increase in expenditures

- **Capital Projects**
  - No new projects for 20–23
  - Impact fees will be banked for future elementary school
  - Capacity of $250,000 Rev/Exp. for potential grants
  - Continued transfer in/out of state forest funds

- **Debt Service Fund**
  - Payment schedules for principle and interest
  - Continued receipt of state forest fund revenue to transfer to general fund
Financial Information available

- [www.hocksd.org](http://www.hocksd.org) – Hockinson School District
- [www.k12.wa.us](http://www.k12.wa.us) – Office of Superintendent of Public Instruction

We will post on [www.hocksd.org](http://www.hocksd.org)
- F195 2019–2020 Budget
- F195F Four Year Budget Summary
- 2019–2020 Budget presentation

Questions: Please contact Michelle Scott at [michelle.scott@hocksd.org](mailto:michelle.scott@hocksd.org) or (360) 448–6413
Public Comments

Thank you for attending!