



**Olympia School District**

# Proposed 2013-14 SY Operating Budget

6-10-2013 Recommendations  
Prior to Final Legislative Action

# Overview of Proposed Budget and Presentation

- Add back 1.5 school days (178.5 days).
- Restore salary reductions:
  - Eliminate 1.9%/3% reductions.
  - Eliminate staff furloughs for 260-day employees.
  - Add back 2 of 3 days of work for para-educators, drivers, office employees, and food-services employees.
- Lower class sizes.
- No cuts to schools.
- Some free FDK.
- Selected enhancements, totaling \$800,604.
- Budget Process Thus Far.
- Enrollment Projection.
- Highlights of Selected Revenues and Expenditures.
- Balance Sheet (Revenue and Expenditure, EFB).
- Enhancements.
- Other Considerations.
- Upcoming Process.



# Board Direction

1. Seek input from community and from district staff.
2. Consider their input.
3. Estimate revenue conservatively, based on House and Senate proposed budgets.
4. Superintendent, create a prioritized list of enhancements for the Board of Directors as we wait for a final budget.



# Process

- Budget Survey
  - [http://osd.wednet.edu/about\\_us/budget\\_info](http://osd.wednet.edu/about_us/budget_info)
  - 1,300 respondents
  - Ranks priorities for enhancements to instruction and teaching and to operations
  - 450 narrative comments
- Conversations with school staff
  - Small teams trained on specifics of budget on order to lead these conversations
- Legislature considering funding level for schools
  - Watch carefully, estimate impact, proceed cautiously



# Fiscal Environment

## Opportunities

- Enrollment is increasing.
- Beginning balance next year is up b/c enrollment is higher this year.
- Voter's approved a higher levy next year.
- State funding.

## Challenges

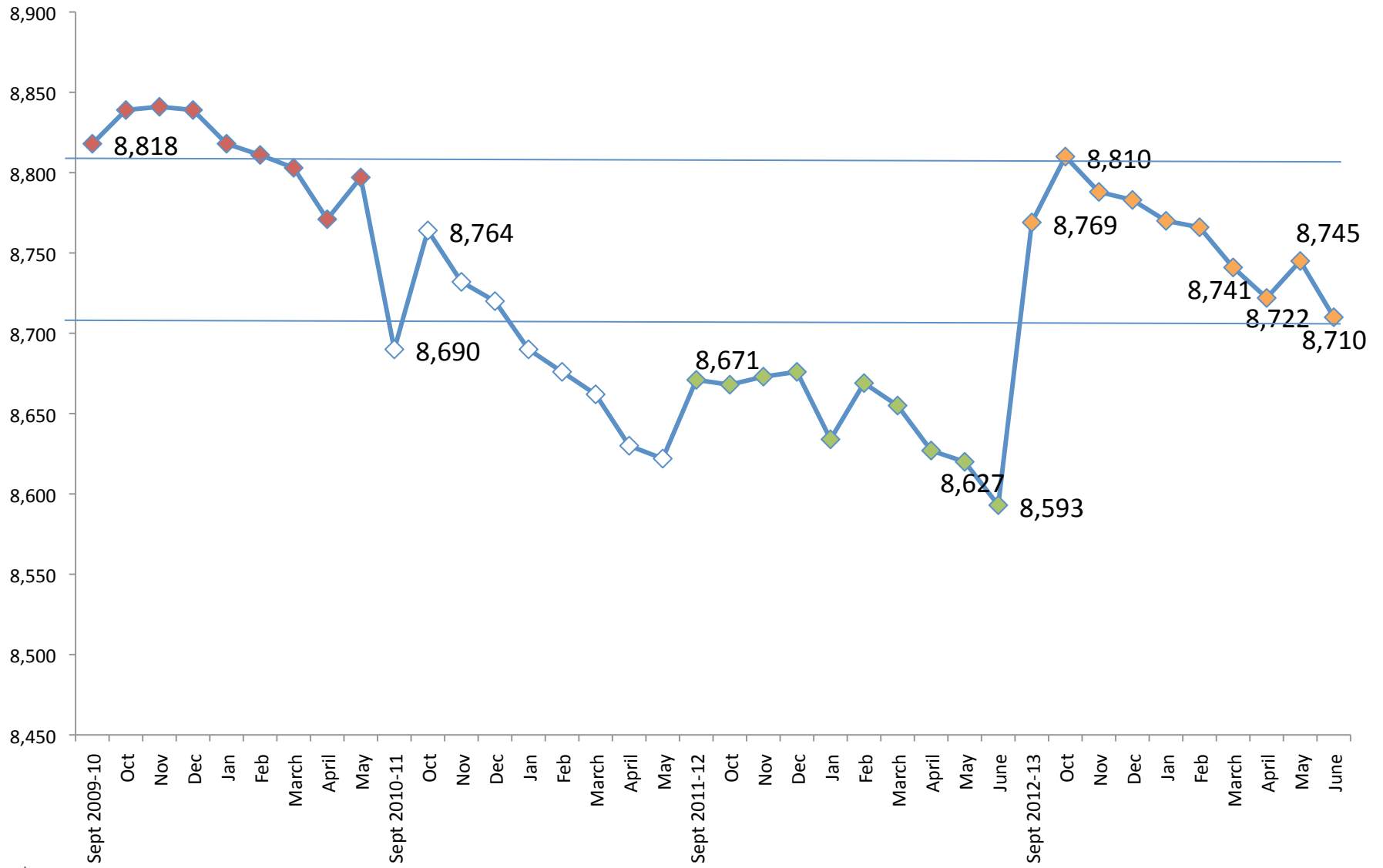
- State pension rates are increasing 30%.
- More employees are eligible for health benefits.
- Insurance costs have increased.



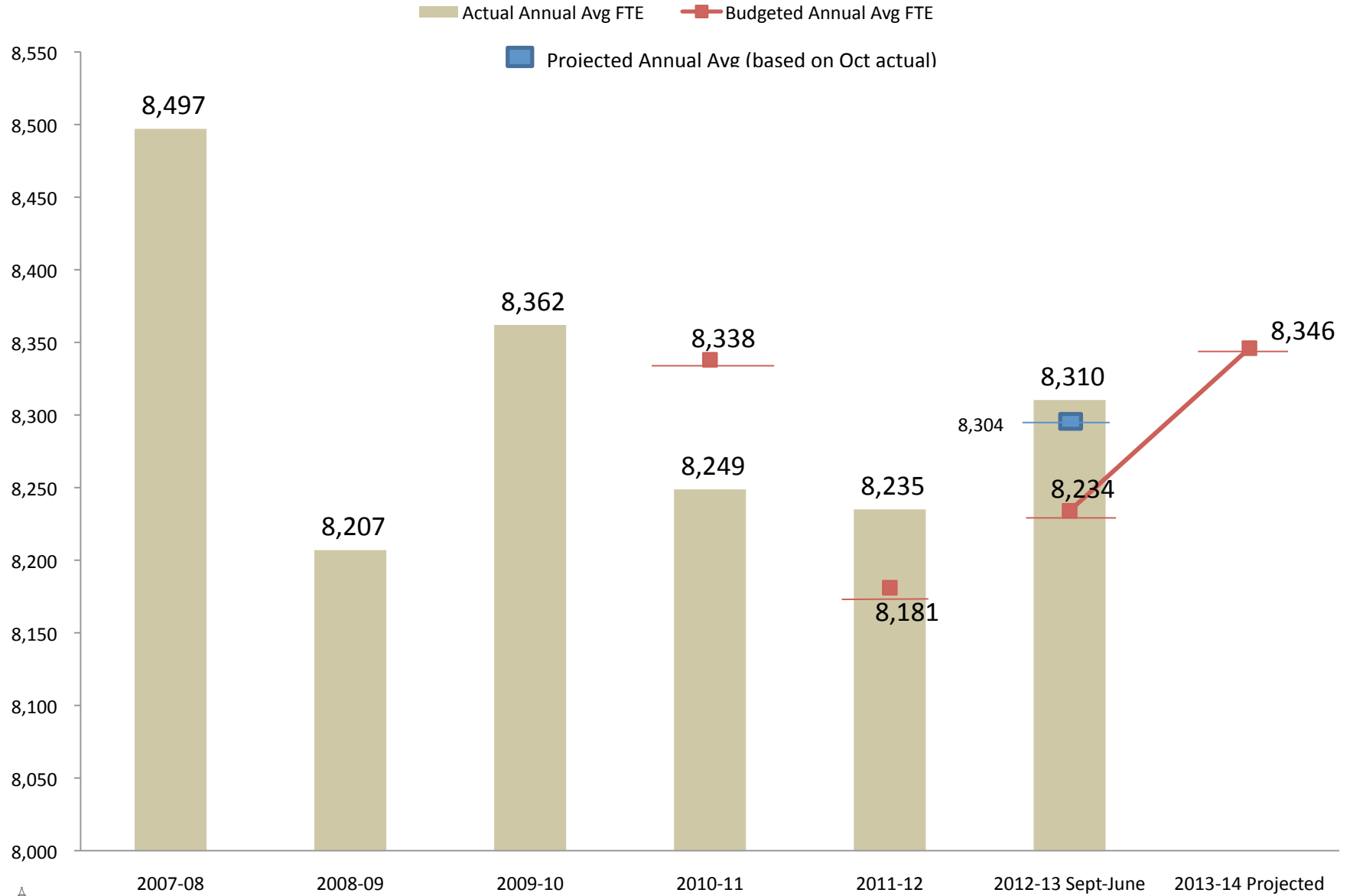
# ENROLLMENT PROJECTIONS



## Headcount by Month, Non-ORLA Schools



# Total Student FTE, Excluding ORLA





# Kindergarten – 3<sup>rd</sup> Grade

	K-3 Class Size Planned		CBA Guideline	Over/ (Under) CBA		House- Proposed Goal	Over /(Under) House Goal
B. Harbor	21.9		23.0	(1.1)		23.6	(1.7)
LP Brown	23.2		23.0	0.2		23.6	(0.4)
Centennial	23.3		23.0	0.3		23.6	(0.2)
Garfield	20.9		23.0	(2.1)		22.7	(1.8)
Hansen	23.2		23.0	0.2		23.6	(0.4)
Lincoln	22.5		23.0	(0.5)		23.6	(1.1)
Madison	21.5		23.0	(1.5)		23.6	(2.1)
McKenny	22.8		23.0	(0.2)		23.6	(0.8)
McLane	21.3		23.0	(1.7)		23.6	(2.3)
Pioneer	23.4		23.0	0.4		23.6	(0.2)
Roosevelt	21.5		23.0	(1.5)		23.6	(2.1)
<b>Average</b>	<b>22.3</b>		<b>23.0</b>	<b>(0.7)</b>		<b>23.5</b>	<b>(1.2)</b>



# Overall Elementary and Secondary

## Elementary

	K-5 Class Size	Historical Goal	Over/ (Under) Goal
B. Harbor	22.8	24.5	(1.7)
LP Brown	23.7	23.5	0.2
Centennial	24.8	24.5	0.3
Garfield	19.3	23.5	(4.2)
Hansen	25.1	23.5	1.6
Lincoln	24.1	24.5	(0.4)
Madison	21.8	22.5	(0.7)
McKenny	24.2	24.5	(0.3)
McLane	22.3	24.5	(2.2)
Pioneer	23.3	24.5	(1.2)
Roosevelt	23.6	23.5	0.1
<b>Average</b>	<b>23.2</b>	<b>24.0</b>	<b>(0.8)</b>

## Secondary

- Class size allocation is being reduced from 1:29 to 1:28.7.
  - This creates 20 new classroom sessions across our middle and high schools.



# REVENUE RECOMMENDATIONS



# Maintenance and Operations Collection Assumptions

- In 2012, voters authorized \$22,460,000 for collection in 2014. At the time, OSD estimated a total 2014 tax rate of \$5.44 per \$1,000 of Assessed Value.
- State cap for OSD anticipated to be \$21,895,721.
  - While House and Senate agree on key calculation rates, the rates could be changed in the final budget.

	5-13-13 Assumptions
State Cap for 2014	\$21,895,721
Rollback	(\$564,279)
Assumed Assessed Value Growth, 2013	2%
<b>Total Tax Rate (M&amp;O, Technology, Bond)</b>	<b>\$5.44</b>
<b>2013-14 SY M&amp;O Collections</b>	<b>\$21,133,707</b>



# Increase in Levy Revenue

- The increase in levy revenue is largely used to cover the pension cost increase and the restoration of salary reductions/furloughs for levy-funded salary costs.

2012-13 SY Levy Revenue	\$20,228,550
2013-14 SY Levy Revenue	<b><u>\$21,133,707</u></b>
Difference	\$905,157
Cost to Levy for Pension Rate Increase	(\$472,264)
Cost to Levy for Salary Restoration	<b><u>(\$216,816)</u></b>
Balance	\$216,077



# Other Major Revenue Assumptions

	Chamber	Revenue Assumed	Notes
Restore Furloughs	Both	\$845,000	
Health Benefits	House	--	No reduction.
Salary Allocation Increase	Senate	--	No increase.
Full-day Kindergarten	House	\$163,299	
Instructional Hours	Senate	--	No increase.
K-3 Class Size	House	\$74,413	Improve in high poverty only.
Materials/Supplies (General)	Senate	\$753,599	
Materials/Supplies (CTE)	Neither	--	No increase; no reduction.
Transportation	House	\$373,845	
TPEP	Neither	--	No increase.
Learning Assistance	House	\$68,740	Self-contained

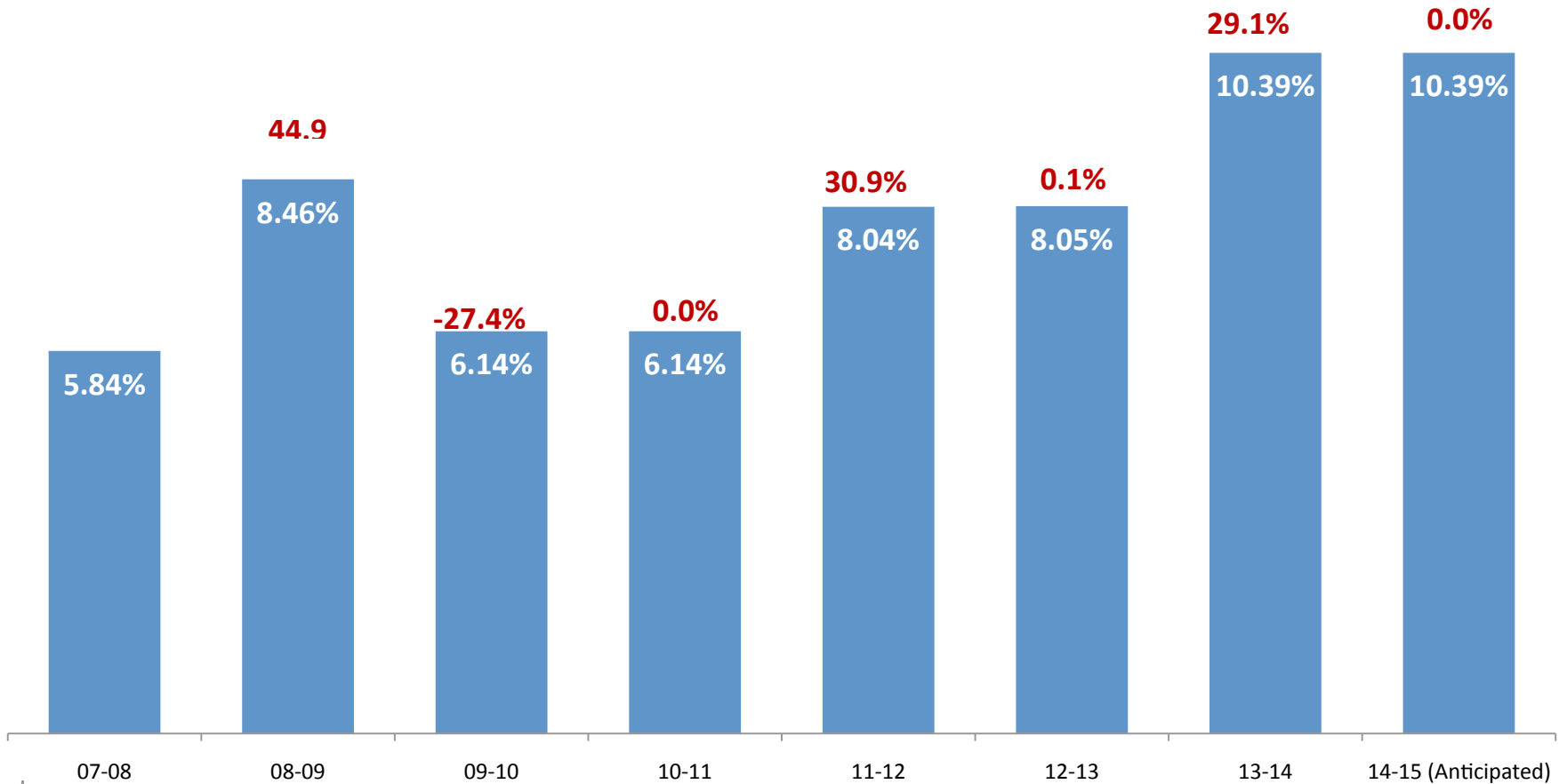


# EXPENDITURE RECOMMENDATIONS



# Employer Pension Costs Increase \$1.4 Million

**Employer Pension Contribution, Certificated Staff**  
(Percent of Salary Contributed for Pensions, with Change Over Prior Year Shown in Red)





# Health Benefit Costs

- Part-time staff are eligible for health benefits when they work 4 hours per day (depending on CBA).
- A para-educator employed for 3.5 hours per day, who is hired for an additional 30 minutes in the day will become benefits-eligible.
  - This 30-minute increment costs the district the hourly salary plus \$4,750 in health benefits for the 4 hours.
- More para-educators have become or will become benefits eligible.
  - Basic education, \$180,880.
  - Special education, \$359,745.



# Special Education Budget

- Carryover budget is increased by \$797,000.
  - 1.0 FTE Social Services Coordinator
  - Additional 1-on-1 Para-educators
  - Para-educator salary increase
  - Pension costs increase 29%

	Budgeted 2012-13	Budgeted 2013-14	Difference
Preschool Enrollment	117	130	13
K-21 Enrollment	1,036	1,050	14
Revenue/Cost of New Enrollment	\$350,000		<b>\$797,000</b>
Cost of Higher Pensions	\$186,000		
Cost of Greater Complexity (Safety Net)	\$261,000		



# Other Enhancements: Process

- Given conversations and proposals in the Legislature, we knew that there was a significant potential for new resources.
- How to determine how to spend new resources:
  - Asked our community for input.
  - Reviewed priorities that have been expressed during budget-cut process.
  - Surveyed administrators and program managers.
  - Considered requests that have been made.
- Board made some early decisions regarding expenditures next year.



# Early Decisions to be Included in Budget

1. Full-day Kindergarten: provide free full-day kindergarten for Garfield and Madison resident-students.
2. Buy a new K-5 math curriculum.
3. Convert 1.5 professional development days to school days.
4. Restore furloughs and salary reductions of the last two years.
5. Heavy emphasis on lower class sizes.



# Kindergarten Summary

## Board Action to Date

- Tuition Set:
  - \$3,000 for families not eligible for FRPL.
  - 2 Scholarships per classroom (\$6,000 per classroom).
- Free full-day Kindergarten at Garfield and Madison.
  - No half-day option at these schools.
  - State will likely fund FDK at Garfield but not Madison.

## Budget Assumptions

- Budgeting 14 of 29 classrooms to be full-day.
  - Increase of 2 FDK over 2012-13.
  - Additional demand is indicated by recent parent requests.
- Half-day kindergarten available in most schools.
  - Depends on parent interest.
  - Likely no HD at LP Brown.
  - District will continue mid-day kindergarten busing.
- District will waive tuition for FRPL-eligible families (\$60,000).



# Curriculum

- \$212,000 budgeted in the 2012-13 SY.
- \$450,000 budgeted in the 2013-14 SY.
  - Sufficient funds to adopt a K-5 math curriculum.
  - Instruction with the new curriculum will begin in the 2014-15 SY. In preparation for the new instruction:
    - 2 opportunities for teacher training will be provided in the summer of 2014 (2013-14 SY).
    - A third opportunity would be offered in fall 2014 (at the beginning of the 2014-15 SY).



# Restoration of 1.5 School Days

- 2013-14 is last year of our 3-day waiver from State Board of Education.
  - Hopeful that the Legislature will fund TPEP staff development, and reduce the need for waiver days.
  - Budget reflects restoration of 1.5 of these 3 days.
  - School days increase to 179.
- Bus drivers, food services workers, office professionals, and para-educators contracted time must increase.
- Teachers will still have 1.5 days to work on implementation of the new evaluation system and other areas of focus.



# Furloughs and Salary Reductions are Restored

- Teachers' 1.9% salary reduction will be restored. Principals' 3% reduction will be restored.
- Some employee furloughs were restored in the 2012-13 SY: maintenance, technology, custodial.
- Furloughs were continued in 2012-13 for unrepresented employees who work 260 days; furloughs are for between 2-6 days.
  - Employee work load was not reduced however.
  - Furloughs reduce salaries by 1.2% to 1.6%.
  - Associated salary reduction and furlough days are restored.





# Cost of School Day and Salary Restorations

Revenue from State for Restorations	\$845,461
Cost of Restorations	<u>\$1,062,273</u>
Balance	(\$216,812)



# Early Decision Enhancements

Full-day Kindergarten	Garfield and Madison	\$139,000
Curriculum	K-5 Math Curriculum Replaced	\$238,000
Add back 1.5 School Days	1.5 days of driver, food services, and para-educator salaries	\$112,600
Restore All Other Salary Cuts	Teachers, principals, central office, custodians, maintenance	\$734,900
Subtotal Early Decisions		\$1,224,500

- After decisions re: FDK, curriculum, school days, class size reduction, and furloughs:
  - \$800,000 remaining for other enhancements.
- Tiers 1 and 2 could be funded at this time, and total \$800,604.
- Set Tier 3 as a high priority for further enhancement, if possible, once Legislature enacts a budget.



# Tier 1 Enhancements

MS and HS Teachers	Restore cuts to staffing allocation	\$148,656
TPEP & Common Core	.5 FTE Staff + \$50,000 staff development	\$96,647
Mental Health Counselor	1.0 FTE districtwide	\$97,016
School Administrative Staffing	Convert MS Deans to Assistant Principals and increase Admin at OHS	\$122,824
Interpreters	Pool of resources for schools to access	\$25,000
Digital Records for PRA	.2 FTE to speed disclosure.	\$11,157
Subtotal Tier 1		\$501,300



# Tier 2 Enhancements

Maintenance/Grounds	Net .75 FTE after reduction of mail delivery time.	\$50,338
Payroll Technician	Address health care reforms.	\$65,463
Redacting Software	Software to speed disclosure requirements	\$20,000
Reading Intervention	1.0 FTE, K-3 focus; schools TBD.	\$86,635
HOPE Staffing	.6 FTE at Reeves	\$55,222
Middle School Counselor	.4 FTE at Washington	\$21,646
Subtotal Tier 2		\$299,304

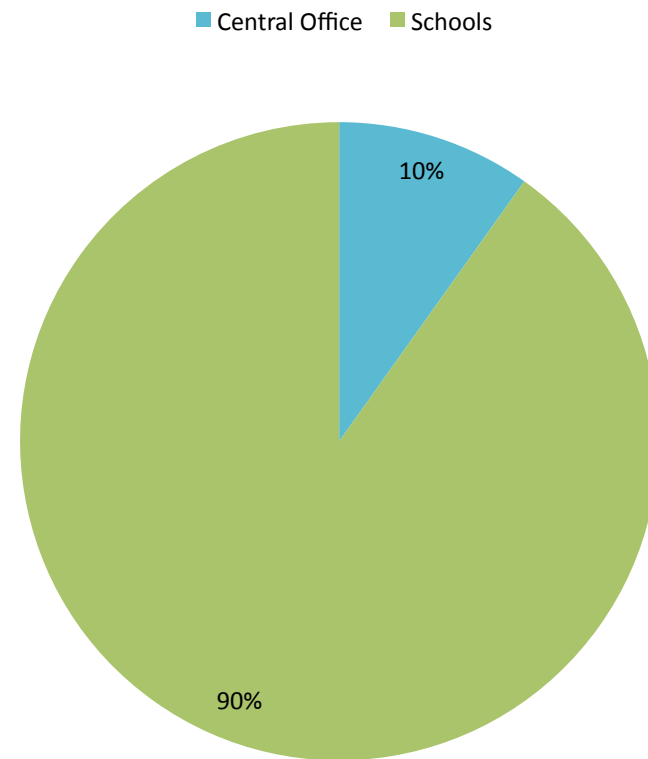


# Decision Summary

	Central Office	Instruction and Schools	Total
Early Decisions	\$52,500	\$1,172,000	\$1,224,500
Tier 1	\$11,157	\$490,143	\$501,300
Tier 2	\$135,801	\$163,503	\$299,304
Total	\$199,458	\$1,825,646	\$2,025,104

- Central Office
- Schools (school principals, teachers, school days, curriculum, salary restoration)

## Distribution of Enhancements

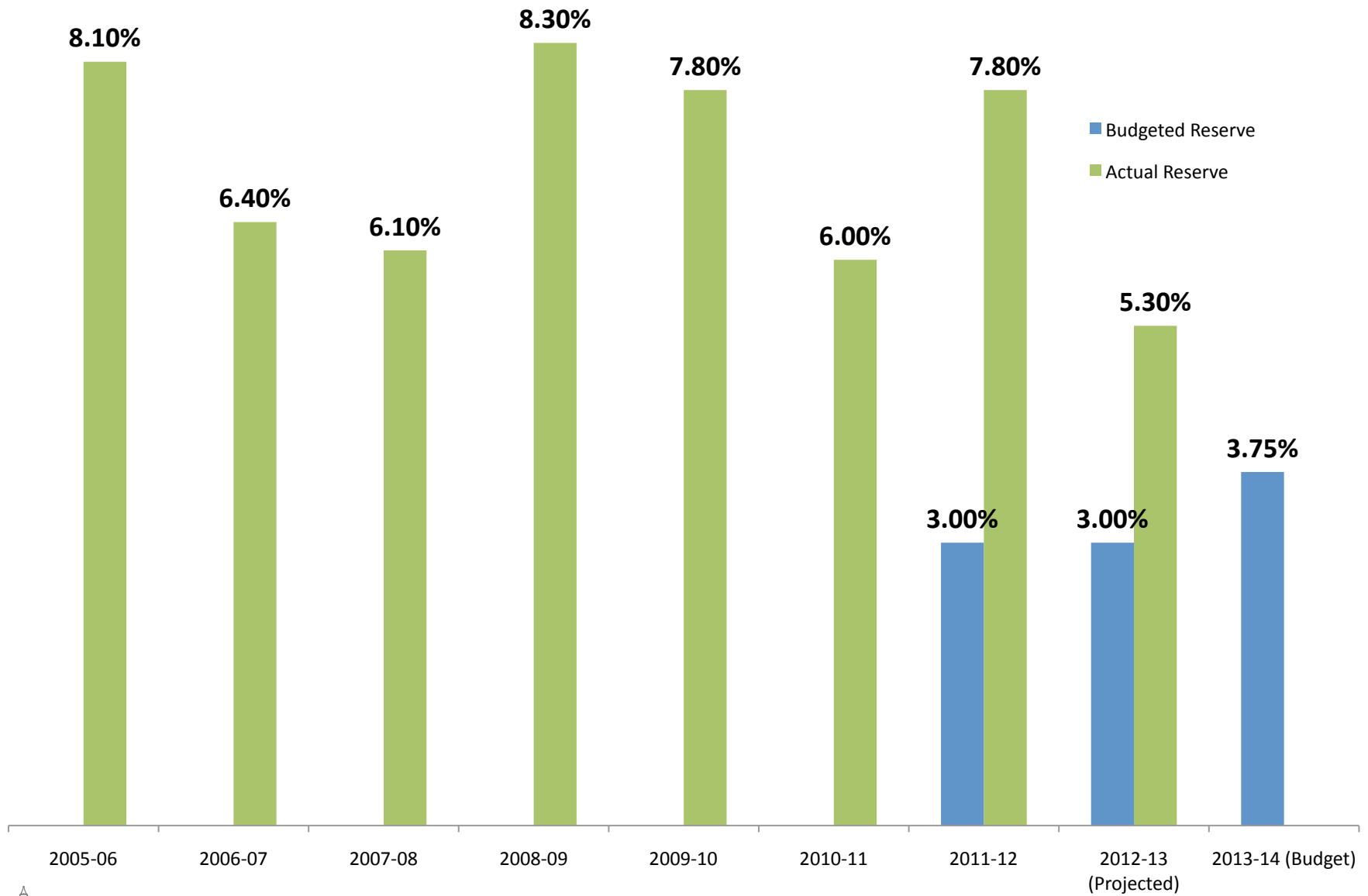


# Tier 3 Potential Enhancement Recommendations

Higher Fall Contingency	Prepare for possible enrollment spike and other emergent issues	\$100,000
RTI Coordinator	Response to Intervention Program to improve behavior and learning	\$75,000
Office Staff, 2 hours/day	Accommodate increased enrollment	\$11,000
Science Fair Stipend	Expand fairs and hours	\$15,000
Staff Development	More training for math curriculum	\$30,000
Social Services Coordinator	.6 FTE	\$45,000
Potentially Leave Recruitment Co-op	Overlap staffing in case leave co-op for 2014-15 SY	\$30,000
<b>Subtotal</b>		<b>\$306,000</b>



## Budgeted and Actual Reserve



# Bell Schedule and Transportation

- Staggering bell schedule provides a more efficient routing system. Anticipated savings of \$130,000-\$150,000.
  - State now rates districts' efficiency. Prior to bell schedule change, OSD is 69% efficient.
- Restoring \$130,000 to the budget at this time was identified as a lower priority than many other pressing needs.





# BALANCE SHEET AND NEXT STEPS



# Revenue Projection

		<u>May Projection</u>
1	Budgeted 2012-13 Revenue	\$85,968,000
2	Levy, CTE and BEA Enrollment Update	488,000
3	Special Education Revenue	200,000
4	Budget Extension, 2012-13 Revenue	\$ 86,656,000
	<u>Changes from 2012-13</u>	
5	Inc. State: Enroll, Transp, MSOC	2,162,752
6	Levy Update	905,156
7	CTE Apportionment	113,421
8	Capital Project Off-set	1,120,830
9	Salary Restorations (all programs)	845,461
10	Sequestration Reduction	-684,721
11	State Special Ed	464,903
12	Safety Net	261,000
13	All Other	
14	Sub-Total	5,188,802
15	Projected 2013-14 Revenue	\$91,844,802



# Expenditure Projection

		<u>May Projection</u>
1	Budgeted 2012-13 Expenditures	\$87,559,000
2	BEA/CTE Certificated/Classified Staffing	275,000
3	Public Disclosure/Legal	29,000
4	Miscellaneous	77,000
5	Food Services	35,000
6	Special Education	400,000
7	Budget Extension, 2012-13 Expenditures	\$ 88,375,000
	<u>Changes from 2012-13</u>	
8	Increased Staffing	754,025
9	Utilities and Transportation MSOC	-63,907
10	Restore School Days/Salaries	1,062,273
11	Pension Costs	1,441,196
12	Insurance Cost Increase	172,260
13	Curriculum Adoption	238,000
14	Miscellaneous, ORLA and Grant Reductions	-383,308
15	Health Benefits Costs	540,625
16	Capital Projects Off-set	1,120,830
17	Sequestration	-475,138
18	Tier I and II Enhancements	800,604
19	Sub-Total	5,207,460
20	Projected 2013-14 Expenditures	\$ 93,582,460



# Key Administration Assumptions

<u>Balance of Revenue and Expenditures</u>		
	\$ in Millions	<u>May Projection</u>
1	Beginning Balance (May Projection)	4,747,000
2	Increase in Assumed Underexpenditure	500,000
3	Revenue	\$91,844,802
4	Total Resources	97,091,802
5	Reserve Proposed (3.75%)	3,509,342
6	Resources After Reserve Funded	93,582,460
7	Total Budget	\$93,582,460
8	Balance	0



# Budget Has Room to Improve

## Conservative Revenue

- Transportation funding
- Materials, Supplies funding
- Learning Assistance Program
- No Teacher/Principal Evaluation Program resources
- Salary allocations

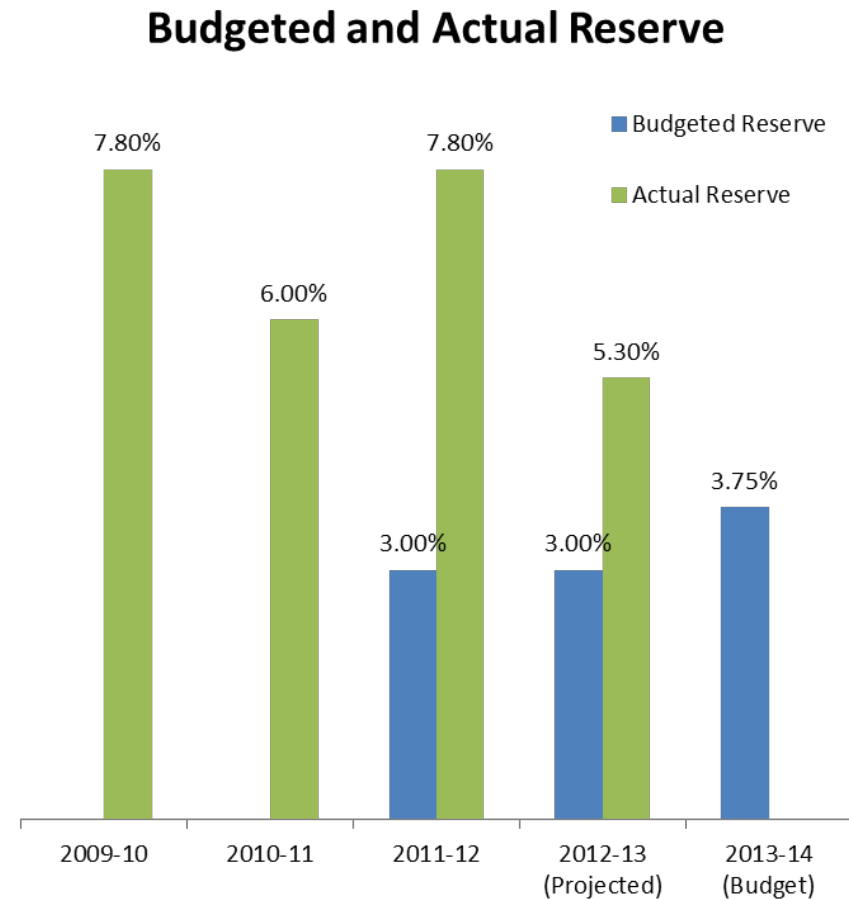
## Increases Already Absorbed

- Pensions
- Health benefits eligibility
- Liability and Property insurance cost increase
- Worker's compensation cost increase
- Salary cut restoration
- School day restoration



# Risks to the Budget: Beginning and Ending Fund Balance

- Projecting the ending balance of the upcoming year is exercise in predicting the expenditure levels of two years of budgets.
  - Expenditure levels of the 2012-13 SY → beginning balance of 2013-14. (67% of the years' expenditures and 6 months early.)
  - Expenditure levels of the 2013-14 SY.
- Predictions are exacerbated by setting our budget early (statutory deadline is August 30).  
→ Conservative assumptions.



## Risks to This Proposal

*What assumptions can change the budget outlook and Ending Fund Balance?*

- Beginning balance.
- Enrollment.
- Levy collections.
  - Key rates are TBD by Legislature for 2014 collection.
- Sequester reductions.
- Health benefits eligibility dependent on hiring.
- Affordable Care Act.
- Bargaining.
- Legislative decisions.



# Budget Documents

- Operating budget detail, by organization, is available at

[http://osd.wednet.edu/about\\_us/budget\\_info](http://osd.wednet.edu/about_us/budget_info)

- Much more information also at this site.





# Summary and Questions

- Additional supports for our students:
  - Increased intervention assistance
  - New resources to address and meet mental health needs
  - Reading intervention help at K-3
  - Language interpreters
- Providing administrative support for a world-class school district:
  - Address building maintenance needs
  - Increased administrative and payroll support to implement new federal and state reporting requirements, digital archiving needs and public record requests
  - Begin building back a healthy reserve/rainy day fund
- Supporting our teachers and other staff:
  - Restoration of teacher and principal salary reductions
  - Reducing furloughs for school year employees and ending furloughs for year-round employees
  - Additional support for implementation of Teacher and Principal Evaluation system and Common Core standards
  - Correction of an administrative imbalance at our largest school
- Helping our students prepare for their future:
  - Reduced class sizes
  - Expanded free Full-day Kindergarten
  - Purchasing and preparing for a new K-5 math curriculum
  - Restoration of 1.5 school days to the school calendar



# 1<sup>st</sup> Reading, Resolution 507

Expenditures	
General Fund Appropriation	\$93,582,460
Capital Projects Fund Appropriation	\$66,939,961
Transportation Vehicle Fund Appropriation	\$600,000
Debt Service Fund Appropriation	\$13,826,301
Associated Student Body Fund Appropriation	\$2,100,000
Total	\$177,048,722



# Next Steps for Budget Process

May 21	6:30 Community Forum, Reeves	Budget Input; Community Comment
May 23	6:30 Community Forum, Jefferson	Budget Input; Community Comment
Tues, May 28	6:30 Board Meeting, Roosevelt	Budget Update and Community Comment
June 3	6:30 Study Session, Knox	Budget Update
June 10	6:30 Board Meeting, Knox	1 <sup>st</sup> Reading on Budget; Community Comment
	<i>Final revenue estimate per Legislature?</i>	
Tues, June 25	6:00 Public Hearing, Knox	Budget Hearing; Community Comment
Tues, June 25	6:30 Board Meeting, Knox	2 <sup>nd</sup> Reading on Budget; Community Comment

