



SOUTH KITSAP SCHOOL DISTRICT



2022-2023 Budget

BUDGET HEARING: AUGUST 3, 2022

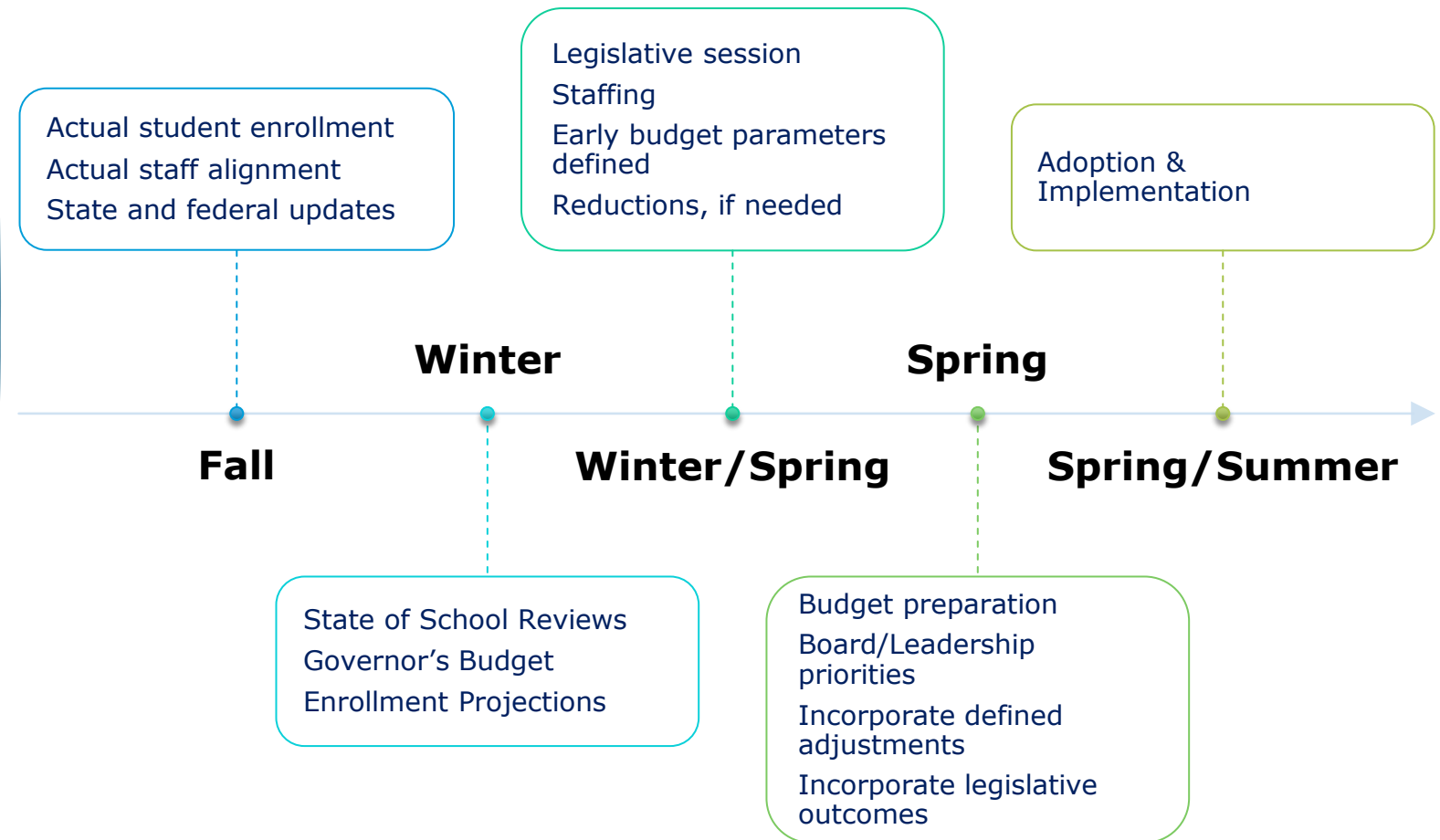
BUDGET ADOPTION: AUGUST 17, 2022

Introduction

- ▶ This presentation summarizes South Kitsap School District's budget for the 2022-23 school year, September 1, 2022 through August 31, 2023.
- ▶ A public hearing on the budget is being held this evening, Wednesday, August 3, 2022. In compliance with WAC 392-123-054, it is necessary for the Board to conduct a public hearing on the 2022-23 budget. The budget will be adopted by the South Kitsap Board of Directors on August 17, 2022.
- ▶ The budget is prepared in compliance with state laws and the instructions of the Office of the Superintendent of Public Instruction.
- ▶ District expenditures for each fund cannot exceed the amount approved in the budget unless amended by the school board after public notice and hearing.



The Budget Cycle – A Continuous Process



Budget Development



Leadership Team

Identify budget priorities aligned with Priority Plan
School Board Input
Identify needs/requirements due to legislation or program
ESSER Funding



Business Office

Identify budget capacity, revenue & expenditure trends
Determine enrollment projection
Review/Implement legislative changes
Review/assess needs, monitor, adjust, report



Departments and Schools

Identify and analyze program needs to develop budget requests
ESSER Funding



Human Resources

Identify/allocate staffing, hire staff based on enrollment projection

Five Funds of School Budgeting

General Fund	State & local revenue and expense fund for school operations, may support other funds as needed
Capital Projects Fund	Capital Levy or bond proceeds, may only be expended on capital projects
Associated Student Body Fund	Student athletics/activities/clubs
Transportation Vehicle Fund	Solely for the purchase of yellow buses
Debt Service Fund	Service/retirement of long-term debt

General Fund

Least Restrictive

- Regular Instruction
- Instructional Support
- Athletics
- Enrichment
- Support Services/Operations

Most Restrictive

- Food & Nutrition Services
- Pupil Transportation
- Special Education
- Career & Technical Education
- Other Categorical Programs

General Fund Budgeted Revenue comparison

Revenues/Other Financial Sources:	2020-21	2021-22	2022-23
Local Taxes	\$25,295,280	\$26,769,480	\$27,795,948
Local Nontax Support	\$3,355,651	\$2,492,000	\$4,413,003
State General Purpose	\$97,074,974	\$101,015,635	\$96,056,080
State Special Purpose	\$25,227,869	\$25,010,713	\$25,378,335
Federal	\$14,478,472	\$28,484,341	\$21,800,196
Total Revenues	\$165,432,246	\$183,772,169	\$175,443,562

General Fund Budgeted Expenditure Comparison

Expenditures	2020-21	2021-22	2022-23
Certificated Salaries	\$67,894,837	\$70,698,602	\$70,757,614
Classified Salaries	\$27,575,635	\$29,372,616	\$30,277,972
Employee Benefits	\$38,972,207	\$38,121,768	\$38,664,298
Supplies & Materials	\$13,568,867	\$22,359,019	\$21,071,273
Purchased Services	\$15,757,981	\$22,150,558	\$13,776,873
Travel	\$588,449	\$358,475	\$250,396
Capital Outlay	\$335,001	\$935,189	\$576,905
Total Expenditures	\$164,692,977	\$183,996,227	\$175,375,331
Transfer to Capital	\$0	\$0	\$0
Transfer to Debt Service	\$0	\$0	\$0
Transfer to Transportation	\$0	\$630,000	\$0
Total Expenditures and Transfers	\$164,692,977	\$184,626,227	\$175,375,331

Side by Side ESSER I, II, and III:

	ESSER I	ESSER II	ESSER III	ESSER III - Learning Loss Activities
Available	3/2020 - 9/2022	3/2020 - 9/2023	3/2020 - 9/2024	3/2020 - 9/2024
Required Spending	None	None	None	Learning Loss Activities
Method of Payment	Reimbursement through iGrants at OSPI of allowable expenditures per federal law	Reimbursement through iGrants at OSPI of allowable expenditures per federal law	Reimbursement through iGrants at OSPI of allowable expenditures per federal law	Reimbursement through iGrants at OSPI of allowable expenditures per federal law
Funding Amount	\$1,517,377	\$5,865,513	\$10,547,340	\$2,636,835
Amount Expended/Encumbered <small>*as of 6/2022</small>	\$1,517,377	\$5,667,698	\$4,031,004	\$2,738,933
Amount Budgeted for 2022-23	\$0	\$197,815	\$3,883,990	\$2,530,248
Projected Total Expenditure	\$1,517,377	\$5,865,513	\$7,914,994	\$5,269,181

ESSER Budgeting Priorities:

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- ▶ Priorities to support student achievement:
 - ▶ Additional staffing level to support students, including learning support teachers, social workers, paraeducators, etc., tying primarily to grant requirement for “learning loss” activities.
 - ▶ Summer Academy in summer 2021 and summer 2022
 - ▶ Learning materials such as additional books or manipulatives
 - ▶ Furniture for distancing, personal protective equipment, and other supplies
 - ▶ Health Services leadership/support
 - ▶ HVAC, Roofing, projects to increase airflow/air quality, remove moisture, etc.

District Priorities for 2022-23

- ▶ Support student achievement
- ▶ Closely monitor enrollment
- ▶ Align budget resources behind the Priority Plan
- ▶ Oversee and monitor ESSER investments
- ▶ Continue Capital Levy work on critical projects
- ▶ Plan for future Capital Facility needs



Priority Plan Connections

Academics

Student Learning
Curriculum Adoptions
Professional Development
Innovative Learning Opportunities

Safety

Security Protocols
Emergency Management
Community Collaboration
Facility Upgrades

Wellness

Social-emotional Learning Support
Equitable Discipline Practices
Professional Development
Community Partnerships

Stewardship

Financial Transparency and Responsibility
Compliance with Laws and Regulations
Operational Efficiency
Caring for our Employees

Community

Strategic Partnerships
Family Engagement
Promote South Kitsap
Strong Role in the Community

Staffing Levels – State vs. Levy

- ▶ Staffing levels and salaries are determined locally
- ▶ OSPI uses the Prototypical School Funding Model to allocate resources to the District
 - ▶ There is no “authorized” number of staff by OSPI
 - ▶ OSPI creates allocated staff numbers for some areas using the PSFM
 - ▶ OSPI provides an enhancement multiplier of funding for special education
 - ▶ OSPI does not allocate staffing for bus drivers, they provide an allocation based on ridership
 - ▶ OSPI does not allocate staffing for food & nutrition services or for any other federal program
 - ▶ The District, with the support of the community, determines the number of staff required for program delivery

Our Community Empowers an Enhanced Staffing Model

Position	OSPI June Apportionment	District Budget Plan as of June
Principals	22.515	24
Classroom Teachers	375.854	621
Counselors	14.89	27
Nurses	1.267	9.80
Social Workers	.541	2
School Psychologists	.220	14
Teaching Assistants/Paraeducators	14.236	122
Custodians	31.307	53
Technology	4.514	16
Facilities Maintenance & Grounds	13.031	29

Fund Balance Management

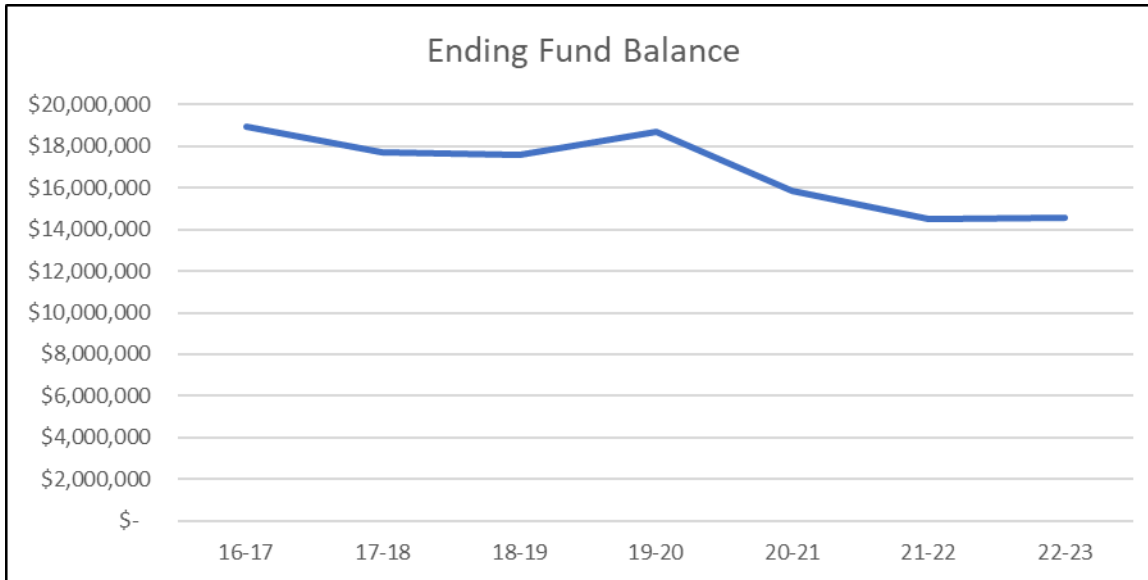
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Why Have a Fund Balance?

- Fund balance is an important indicator of District financial health
 - *FB would be a key factor in a bond rating should the District have a bond passed by voters*
- Fund balance allows flexibility for unforeseen conditions or mitigation of reductions once budget cycle begins
 - *Can help offset unexpected declines in funding or enrollment*
- Ensures continuity of operations in an emergency
 - *Mitigates any delays/changes in state funding*

How does the Fund Balance fluctuate?

- The budget is a plan
- Expenditures in budget are based on a 5-year average
- District may plan for use in the future, building up over years, then using excess fund balance for a planned expense



Fund Balance Trend

Year	Ending Fund Balance	
16-17	\$ 18,911,886	
17-18	\$ 17,687,410	
18-19	\$ 17,573,938	
19-20	\$ 18,710,068	
20-21	\$ 15,827,806	
21-22	\$ 14,500,000	*Projected
22-23	\$ 14,568,231	*Budgeted

Budget Summary

Projected General Fund Balance 2022-23

Budget	Amount
2022-23 Beginning Fund Balance, Estimated:	\$14,500,000
2022-23 Budgeted Revenues:	\$175,443,562
2022-23 Budgeted Expenditures:	\$175,375,331
2022-23 Ending Fund Balance, Estimated:	\$14,568,231
Executive Limitation <i>EL-7 Budget Planning</i> requires a fund balance equal to or greater than 5% of budgeted revenues.	
The current 2022-23 budget draft holds a 5% unassigned general fund balance in the amount of \$8,772,178.	

General Fund – Multi-year Forecast

General Fund	Budget 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26
Beginning Fund Balance	\$14,500,000	\$14,568,231	\$14,637,827	\$16,116,060
Revenues	\$175,443,562	\$172,200,033	\$175,644,034	\$179,156,915
Expenditures (incl transfers)	\$175,375,331	\$172,130,438	\$175,573,046	\$179,084,507
Ending Fund Balance Projected	\$14,568,231	\$14,637,827	\$16,116,060	\$16,188,467

Maintenance Supplies & Operating Cost (MSOC) Funding vs. Expenditures 2022-23

	State Funding	General Fund District Expenses
Total	\$11,104,135	\$15,260,707
Less capacity for Running Start		\$13,460,707
State Underfunding of District MSOC Expenses		(\$2,356,572)

This is a required disclosure per the 2021-23 Biennium Budget Section 504(8)(a)(iii) and chapter 28A.505 RCW. If the MSOC allocations exceed the expenditures, the district must report any proposed use of the difference and how this use will improve student achievement.

Major Funds 3 Year Revenue - Expenditure Comparison

	2020-21	2021-22	2022-23
Major Funds	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
General Fund Revenues	165,432,246	183,054,826	175,443,562
General Fund Expenditures	164,692,977	183,278,885	175,375,331
Other Financing Uses	-	630,000	-
General Fund Revenues over / under Expenditures	739,269	(854,059)	68,231
Associated Student Body Fund Revenues	1,460,330	1,491,104	1,166,266
Associated Student Body Fund Expenditures	1,455,193	1,436,778	1,262,175
Other Financing Uses	-	-	-
Associated Student Body Revenues over / under Expenditures	5,137	54,326	(95,909)
Debt Service Fund Revenues	395,100	390,000	380,000
Debt Service Fund Expenditures	395,000	386,000	380,000
Other Financing Uses	-	-	-
Debt Service Fund Revenues over / under Expenditures	100	4,000	-
Capital Projects Fund Revenues	5,900,958	5,534,191	3,126,416
Capital Projects Fund Expenditures	6,500,340	9,700,340	8,800,340
Other Financing Uses	395,000	540,000	530,000
Capital Projects Fund Revenues over / under Expenditures	(994,382)	(4,706,149)	(6,203,924)
Transportation Vehicle Fund Revenues	702,000	1,230,000	600,000
Transportation Vehicle Fund Expenditures	750,000	1,800,000	620,000
Other Financing Uses	-	-	-
Transportation Vehicle Fund Revenues over / under Expenditures	(48,000)	(570,000)	(20,000)
Grand Total Budgeted Revenues All Funds	173,890,634	191,700,121	180,716,244
Grand Total Budgeted Expenditures All Funds	173,793,510	196,602,003	186,437,846
Grand Total Other Financing Uses	395,000	1,170,000	530,000
Grand Total Revenues over / under Expenditures	(297,876)	(6,071,882)	(6,251,602)

Potential Impacts for 22-23

- ▶ Enrollment
 - ▶ Students returning from online school options, open enrollments, K size
- ▶ Transportation Funding
 - ▶ Program operations exceed current funding model
 - ▶ Unknown ridership levels
- ▶ Legislation
- ▶ COVID-19
 - ▶ Continued impacts

How Do We Spend Our Funds?



Expenditure Summary by Activity Groups

Teaching	71.9%
Other Support Activities	16.4%
Building Administration	4.9%
Central Administration	6.8%



District Funding

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Sources and Types of Use

Funding Sources



- 69%** **State Dollars** **\$126,026,348**
 The largest source of funding for local schools comes from state tax dollars.
- 15%** **Federal Dollars** **\$28,334,341**
 Over 99% of federal dollars are strictly allocated meaning the district can't use federal dollars to make up shortages in other funding. This includes special education targeted assistance and school food programs.
- 15%** **Local Levy Dollars** **\$26,769,480**
 Enrichment levy funds are collected from taxpayers and must be approved by local voters. The funds are used for day-to-day costs and are collected over a set number of years.
- 1%** **Other Dollars** **\$2,642,000**
 All other funding sources include local gifts and donations, which are used to fill very specific needs.

How the Funding is Used



- 84%** **Teaching & Teaching Support, School & Central Office** **\$154,626,067**
 We spent almost 84¢ of every dollar on teaching & teaching support, which includes librarians, counselors, and classroom assistants, and special education support.
- 5%** **Custodial, Maintenance, & Grounds** **\$9,020,432**
 Roughly 5¢ of every dollar spent was on school maintenance, custodians, and ground crews.
- 5%** **Transportation** **\$9,015,498**
 Roughly 5¢ per dollar was spent on buses and drivers, who safely transported students approximately 1.33 million miles.
- 3%** **All Other Support Services** **\$5,188,824**
 Everything else that goes into keeping our schools running, including technology, cost just under 3¢ per dollar spent.
- 2%** **Nutrition Services** **\$4,132,206**
 Just over 2¢ per dollar spent went to provide students with nutritious meals.
- 1%** **Utilities** **\$2,643,200**
 Just over 1¢ per dollar was spent on power, water, and sewer for our 16 schools and seven additional buildings.

*Data pulled from current 21-22 year budget.

2022-23
Fund
Summary

2022-2023 Budget						
	General Fund	ASB	Debt Service	Capital Projects	Transportation	
Beginning Fund Balance	14,500,000	790,375	2,202	6,679,649	22,000	
Revenues	175,293,562	1,166,266	-	3,126,416	600,000	
Transfer In	150,000		380,000			
Expenditures (Appropriation)	175,375,331	1,262,175	380,000	8,800,340	620,000	
Transfer Out				530,000		
Revenues Over (Under) Exp.	68,231	(95,909)	-	(6,203,924)	(20,000)	
Ending Fund Balance	\$ 14,568,231	\$ 694,466	\$ 2,202	\$ 475,725	\$ 2,000	
Ending Fund Balance Detail						
Nonspendable Inventory/Prepaid	1,000,000					
Restricted	1,800,000	694,466	2,202	475,725		
					2,000	
Committed				-		
Assigned	200,000					
Unassigned Fund Balance	2,821,053					
Unassigned Minimum FB Policy	8,747,178					
Total Fund Balance	\$ 14,568,231	\$ 694,466	\$ 2,202	\$ 475,725	\$ 2,000	

Budget Next Steps:

- ▶ Comments on the budget will be accepted until August 10 so that the final budget may be submitted to the Board on August 17.
- ▶ Adoption of the budget will be on the board agenda for August 17 and staff will begin implementing immediately for the new school year.

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DESTINATION
TOP 5



Questions/Comments?