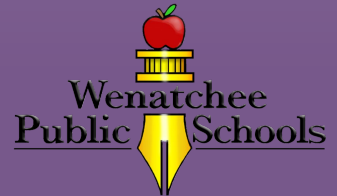


Budget Information Meeting



Data current as of 8/19/19

School District Overview

About our District:

1,000 Staff
6,800 Students
16 School Sites

School Budgeting Process:

The **goal of the budgeting process** is to create a balanced four-year budget



District Budget Basics

The District projects a **budget deficit of 1.6 million for the 19-20 year without a levy increase** due to changes in the state school funding model and subsequent salary and benefit-cost increases, in addition to declining enrollment projections. Approximately 4.5 million in cuts were made by the District for the 19-20 school year.

Budget Challenges

- **Increase in salary costs is exceeding funding**
- **School Employee Benefits Board (SEBB)** - *District cost has increased, number of staff who qualify has increased.*
- **Projected Enrollment Decline**- *Birth rate decreases, charter school*
- **Regionalization** - *State allocation rate decreasing resulting in approximately 3 million loss in revenue over six years.*

McCleary 101

The Legislature increased the state school tax to provide extra funding for school employee compensation but reduced the local operating levy collection amount.

- Public schools are funded by state and federal dollars, grants and local voter-approved levy dollars.
- **Wenatchee voters approved a local levy of \$2.92.**
- **The State capped local school levies at \$1.50** as part of “levy equalization” and increased the state tax.
- **The McCleary decision** contributed to the budget deficit in 19-20 and beyond.



Budget Reductions

District cut 4.5 million in staffing and operational cost in 18-19 and 19-20

- Like many school districts in our state, we were faced with budget challenges that will impact our district in the foreseeable future.
- In February the Board approved a budget reduction scenario that included **4.5 million** in staffing and operational cost reductions to put us in a healthier financial position.
- It has taken several years and many converging factors to get us where we are and it will take time and many cooperating factors to get us back on solid financial footing.



Impact

		Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23
TOTAL REVENUE		\$111,550,926	\$113,709,449	\$114,498,030	\$114,994,958
TOTAL EXPENDITURE		\$112,962,158	\$115,767,352	\$117,548,950	\$119,749,160
Transfer to Transp. Vehicle Fund		250,000			150,000
Net Revenue (Expenditure)		(\$1,661,232)	(\$2,057,903)	(\$3,050,920)	(\$4,904,202)
Beginning Total FB without Levy Increases		\$10,000,000	\$8,338,768	\$6,280,865	\$3,229,945
Ending Total FB without Levy Increases		\$8,338,768	\$6,280,865	\$3,229,945	(\$1,674,257)
Beginning Total FB with Levy Increases		\$10,000,000	\$9,124,739	\$8,609,757	\$7,758,334
Est. Additional \$0.30 2020 Levy	\$1,511,000	785,971	725,029		
Est. Additional \$0.30 2021 Levy	\$1,550,000		817,892	732,108	
Est. Additional \$0.51 2022 Levy	\$2,800,000			1,467,389	1,332,611
Est. Additional \$0.58 2023 Levy	\$3,300,000				1,710,183
Ending Total FB with Levy Increases		\$9,124,739	\$8,609,757	\$7,758,334	\$5,896,926
		CIS Reductions	(\$367,725) (2.950)	(\$532,000) (4.190)	(\$514,815) (3.970)
		CLS Reductions	(\$156,260) (2.180)	(\$312,520) (4.270)	(\$234,390) (3.140)
Staffing Reductions Removed from Expenditure Budgets		(\$523,985)		(\$844,520)	(\$749,205)

Assessed Value Growth Assumption - 4% per Year 2020 thru 2023.

Levy Request

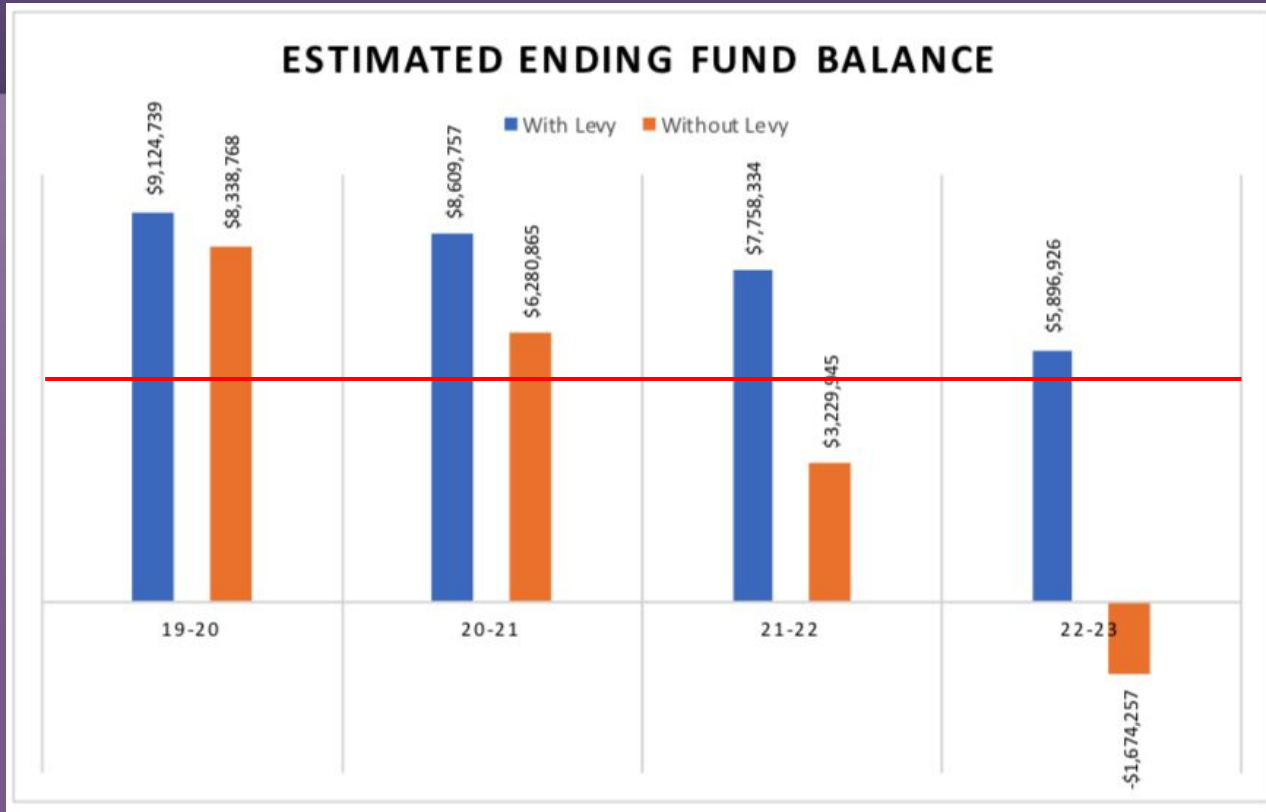
The District is proposing **an increase to the levy estimated at 30-cents per \$1,000 of assessed value. This increase is a necessary measure to avoid deeper staff cuts** and will lessen the impact on the District's budget for the next two years.

- The legislature lifted the levy lid to \$2.50 during the last legislative session, giving school districts authority to restore previously voter-approved levies rates.
- The proposed levy increase would provide about \$806,000 in revenue for the 2019-20 school year and \$1.58 million for the 2020-21 school year.
- The estimated 30-cent levy increase is estimated to increase the levy rate from \$1.50 to \$1.80 for every \$1,000 of assessed value.



Estimated Ending Fund Balance

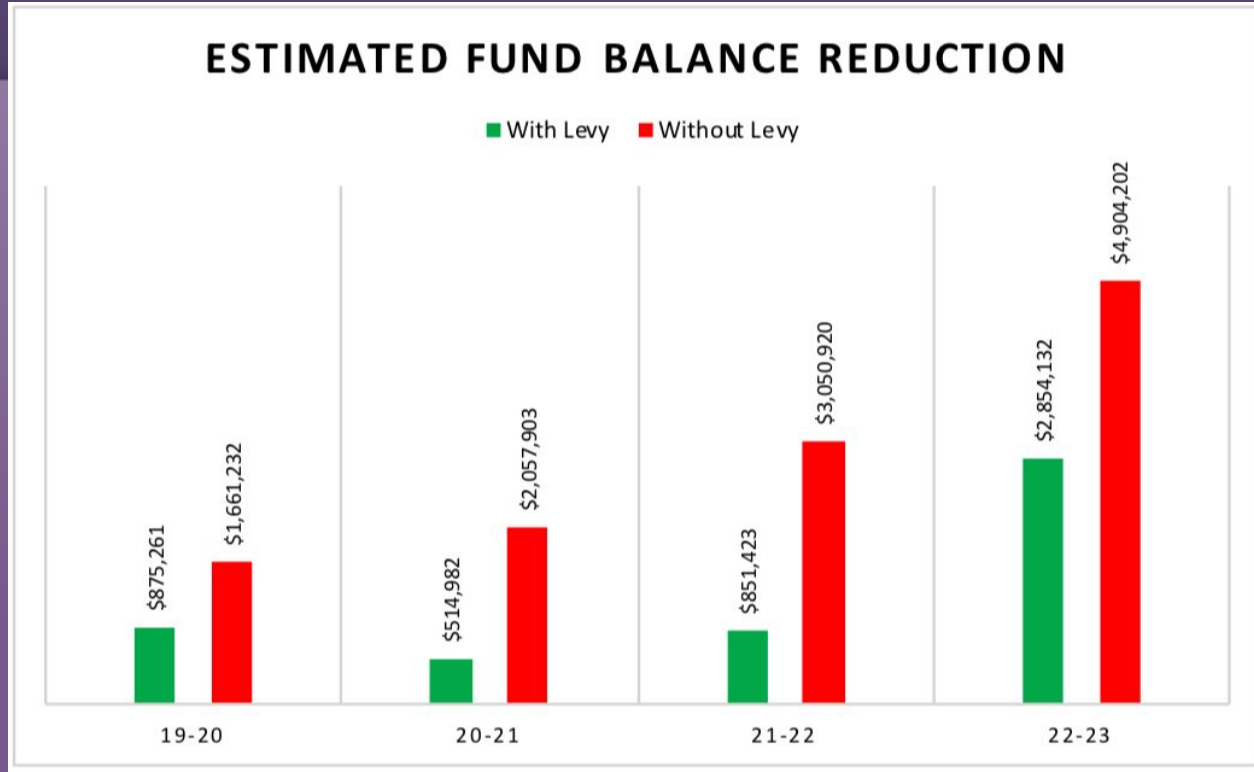
with and Without Levy Increase



5% Fund Balance

Estimated Fund Balance Reduction

With and Without Levy Increase



Effect of No Levy Increase

- The District projects deeper additional staffing cuts will need to be made in 2020 and beyond if the estimated 30-cent levy increase is not approved.
- The District's fund balance will decrease at a faster rate.
- The continued declining fund balance could lead to a bond credit rating downgrade.



Questions

