

2023-24 School Year Budget

June 22, 2023 Budget and
Resolution 649, 2nd Reading and
Adoption



Budget Adoption

- Adoption of the Budget authorizes the Superintendent (Administration) to expend resources – and sets the limit.
- Budget identifies a spending plan, associated revenue assumptions, and compliance with Policy 6022 (Ending Fund Balance 3% to 7%).
- Fee schedule is re-introduced since pandemic.
- Breakfast and Lunch minimum costs are updated according to USDA cost tool.
- Assess/approve that revenue assumptions will support the spending authorization.

Adoption Timeline

- June 8 – Regular Board Meeting – 1st Reading
- Wednesday June 14, 5 – 5:30 pm – Public Hearing
- Wednesday June 14, 6 – 7 pm – Community Forum
(Link and QR code available)
- Thursday June 22 – Regular Board Meeting – 2nd Reading
- July 10 – Education Service District begins review/
sign-off of Budget
- August 31 – Due date for Superintendent to submit
budget to OSPI

Enrollment and Revenue Summary



Enrollment is Updated Slightly

Schools	1 Proposed 2023-24 Budgeted FTE Students (May 2023)	2 Change from 2022-23 (Projected AAVG to 2023-24)	3 Change from 2019-20 (Actual AAVG to 2023-24)	4 % Change from 2019-20 SY	6
Boston Harbor	165.8	(10.4)	(20.3)	-12.3%	
LP Brown	288.9	(25.0)	(76.0)	-26.3%	
Centennial	470.0	(13.2)	(60.5)	-12.9%	
Garfield	285.0	(14.8)	(81.1)	-28.4%	
Hansen	440.9	(13.6)	(53.9)	-12.2%	
Lincoln	282.5	12.1	1.1	0.4%	
Madison	194.3	(11.8)	(84.3)	-43.4%	
McKenny	260.3	(14.1)	(75.3)	-28.9%	
McLane	412.1	(3.6)	44.5	10.8%	
Pioneer	345.9	(37.6)	(106.8)	-30.9%	
Roosevelt	371.0	(17.3)	(24.3)	-6.5%	
Subtotal	3,516.8	(149.4)	(537.0)	-15.3%	
Jefferson	454.3	7.3	(23.3)	-5.1%	
Thurgood Marshall	465.6	15.8	45.8	9.8%	
Reeves	401.3	10.0	6.4	1.6%	
Washington	728.1	(17.4)	(70.4)	-9.7%	
Subtotal	2,049.3	15.7	(41.4)	-2.0%	
Avanti	185.2	14.0	35.9	19.4%	
Capital	1,163.2	(1.4)	(42.3)	-3.6%	
Olympia	1,639.4	12.9	(40.8)	-2.5%	
Subtotal	2,987.8	25.6	(47.2)	-1.6%	
ORLA	477.6	63.2	(28.8)	-6.0%	
TOTAL	9,031.5	(44.9)	(654.4)	-7.2%	

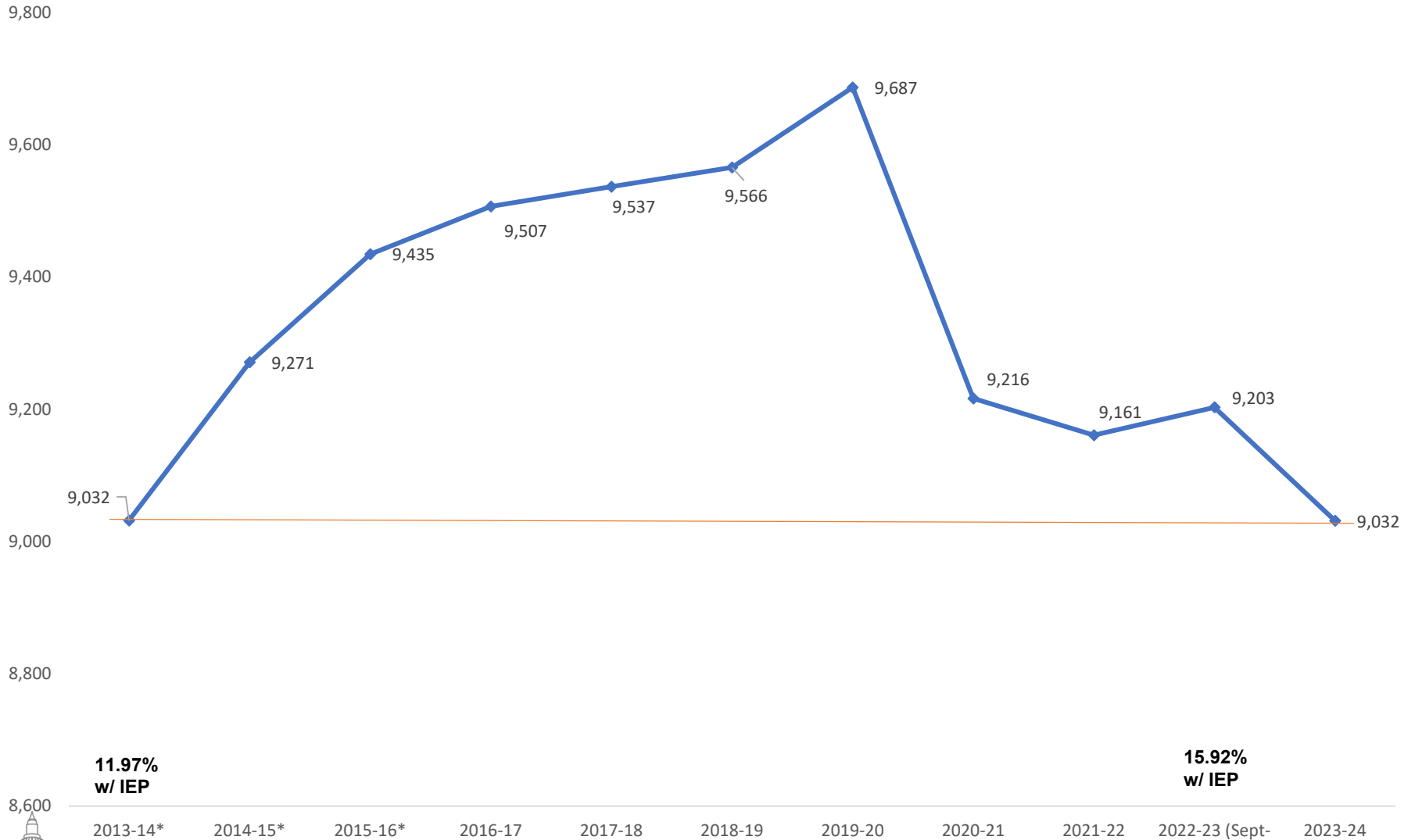
Enrollment on this slide includes General Ed, CTE, and ALE student FTE. It excludes Running Start and Open Doors (Gravity) student FTE.



Olympia SD Full Time Equivalent Enrollment

(BEA & ALE; No Gravity, No Running Start)

(*for comparison purposes, Half-Day Kindergarten is Converted to Full-Day)



11.97%
w/ IEP

15.92%
w/ IEP

8,600



ESSER Resources Total 4.1%

Row	Source	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 (May '23)**
1	Beginning Fund	\$ 8,692,966	\$ 11,585,222	\$ 13,004,050	\$ 11,579,308
2	State (includes Indirect Pandemic Subsidy)	<i>\$ 114,181,341</i>	<i>\$ 105,124,591</i>	\$ 104,348,705	\$ 115,155,227
3	Federal General	\$ 6,702,992	\$ 7,961,110	\$ 11,264,621	\$ 10,646,679
4	State Enrollment Stabilization	<i>\$ -</i>	<i>\$ 1,271,788</i>	\$ 2,825,120	\$ 49,144
5	CARES / ESSER / Misc. Pandemic	\$ -	\$ 1,233,113	\$ 6,833,103	\$ 7,154,220
6	Levy	\$ 22,596,574	\$ 26,151,733	\$ 27,270,570	\$ 27,945,293
7	Levy Enrollment Stabilization	\$ -	\$ -	\$ 616,013	\$ 307,565
8	All Other*	\$ 552,291	\$ 1,270,827	\$ 1,196,587	\$ 1,318,384
9	Total	\$ 152,726,164	\$ 154,598,383	\$ 167,358,769	\$ 174,155,820
10	Direct Pandemic Total	\$ -	\$ 2,504,901	\$ 10,274,236	\$ 7,510,929
11	Pandemic Related as % of Total	0.0%	1.6%	5.8%	4.1%

Amounts in red/italics, row 4: in these years, the state stabilized districts by holding districts harmless from enrollment decline within general apportionment. Therefore, stabilization funds are embedded in the "State" funding row.

*In 2022-23, revenue from other entities & local non-tax support are not included as these net out based on expenditures.

**2022-23 represents current estimated revenue.



Special Education Funding Drivers

- ESHB 1436 enacted to increase funding cap; improve funding multipliers. \$2.7 Million increase in funding.

	2022-23	2023-24	Change for Olympia
Funding Cap – Unfunded Special Education Svcs.	13.5% of BEA Enrollment (\$2.170 M unfunded)	15% of BEA Enrollment (\$878 K unfunded)	\$1.3 M Increase
K-21 Students w/ >80% of Day in General Setting	1.0075 times BEA Rate	1.12 times BEA Rate	\$920 K Increase
K-21 Students w/ <80% of Day in General Setting	0.995 times BEA Rate	1.06 times BEA Rate	\$400 K Increase
Change in High-Need Threshold from 2.3 to 2.2	2.3 times Threshold	2.2 times Threshold	Under Review
Pre-Kindergarten	1.15 times BEA Rate	1.2 times BEA Rate	\$73 K Increase

Revenue Summary

Impacts	Basic Education and CTE	ESSER	Levy	Special Education	All Other Grants
Enrollment	Declining Enrollment	---	Declining Enrollment	Increasing Enrollment – Cap Limits Number Funded	Mixed Enrollment – Some Increases
Inflation	Inflation Gap 3.3% for most staff, utilities	---	Inflation Gap 1.8%	Inflation Gap 3.3%	Inflation Gap 3.3% (Varies)
Other	---	Depleted - \$6.2 M unavailable in 23-24	---	Increased Funding Multipliers	Slight Poverty Increase
Total	Reduced Purchasing Power	Eliminated Purchasing Power	Reduced Purchasing Power	Mixed	Reduced Purchasing Power

Key Components of Proposed Budget



OLYMPIA SCHOOL DISTRICT

Reduced Classroom Teachers for Enrollment, ESSER and REP

Level	Enrollment-Based Teacher Reduction	ESSER Reduction of 1-Time Teacher Positions	Increase in Class Size (Reduced Education Plan) (1% Increase)
Elementary Schools	- 14.8	0.0	0.0
Middle Schools	+ 3.7	- 3.2	- 0.9
High Schools	+ 2.8	- 4.3	- 1.3
ORLA	- 3.0	- 3.0	- 0.1
Total	- 11.3	- 10.5	- 2.3

- Classroom teacher allocations are reduced by 24.1.
- ESSER funding reduction was absorbed in two steps:
 - Immediate reductions of 1-time positions (largely those listed above);
 - Some ESSER positions embedded in the Reduced Education Plan.

Quantitative Impacts of Fewer Classroom Teachers

Elementary Schools	Secondary Schools
Higher class sizes at K-3 level (but district will still meet requirement of 1-to-17 ratio)	Middle School class size ratio increases from 28.5 to 28.8. (With ESSER, ratio was 27.5)
4 th and 5 th grade class sizes are larger	High School ratio increases from 29.0 to 29.3. (With ESSER, ratio was 28.0)
Additional combination-grade classrooms (8 in 22-23; 9 in 23-24)	Avanti and ORLA HS ratio increases from 26.4 to 26.7. (With ESSER, ratio was 25.4)
More classrooms in overload (K-5, 38 in 22-23; 47 in 23-24)	
Little margin for additional students without additional costs	

Levy-Funded Concentrated Poverty Funding – 3rd Year of Implementation

- Resource: Improve teacher staffing allocations to reduce class size (teacher/student ratio) by 1 student. Can be used to enhance any aspect of the school: administration, counseling, library, and other staff.
- Eligibility: Schools with poverty rate at 1 standard deviation higher than average rate, are eligible.
 - Added step-down allocation if school no longer qualifies; improve by 0.5 students.
- LP Brown, Garfield, Hansen, Jefferson, Thurgood Marshall, and Capital qualify in 23-24. (No school is receiving the step-down factor.)
- Total staff: elementary 3.30; secondary 2.7 FTE; \$860,000 total.

Ending Fund Balance

- Implement district policy minimum (policy 6022).
- Ending Fund Balance on August 31, 2024 is 3.00% or \$5.3 million.
 - EFB also includes an additional \$150,000 in non-spendable inventory and \$300,000 other commitments.
 - If Contingency of \$144,000 is not expended, then 3.08%.
- This is about 1/3 of a months' operating costs, or about 1/2 of a months' payroll.
 - 1 month is a low standard; a partial month is extreme.
- Revenue in-flow is not even; state under-funds March and June and over-funds July and August.
 - Inter-fund loan may be required in March 2024 (enact resolution in February 2024).

Balance Sheets

And Reductions to Balance



Simplified: Change to Deficit

Step in Budget Process	Dollar Impact to Deficit	
1 Beginning Estimated Deficit - August 2022	\$ 17,916,898	<i>Preliminary Estimate</i>
3 Implement Reduction of Temporary ESSER Positions	\$ (1,928,000)	13.2 Staff FTE
4 Reduce Staffing for Enrollment Reduction (net of Revenue/Expenditures)	\$ (24,179)	Net of 138 Students; and 8.7 Staff FTE
5 Reduction in Projected Expenditures for 23-24	\$ (1,822,411)	Governor's Budget Rate Reductions and Misc
6 Re-Base Ending Fund Balance	\$ (142,662)	Minimum 3% Reserve is Cheaper
7 March 9, 2023 Updated Deficit Estimate	\$ 13,999,646	
8 Increase in Assumed Beginning Fund Balance	\$ (1,412,917)	Increase in BFB Reduces Deficit
9 Assumed New Revenue / 2023 Legislative Session	\$ (1,972,500)	Mid-point of House/Senate Proposals
10 Impact of State COLA / 2023 Legislative Session	\$ (482,075)	Net of Revenue/Costs
11 Reduction to Required Pension Contributions / 2023 Legislative Session	\$ (504,000)	Reduced Contributions for Levy-paid Staff
12 Convert Skyward to Qmlativ	\$ (767,870)	Some Staff paid via Tech Levy
13 Assumed Contingency for 23-24	\$ 540,848	Effectively a Reserve of 3.3% (not 3%)
14 Re-Base Ending Fund Balance	\$ 4,541	
15 April 13, 2023 Updated Deficit Estimate	\$ 9,405,673	<i>Reduced Education Plan Adopted April 13, 2023</i>
16 Reduce Assumed Contingency for 23-24	\$ (51,725)	Effectively a Reserve 3.27% (not 3%)
17 Increase Reliance on Technology Levy for Software	\$ (350,000)	
18 Final Estimate New Revenue SpEd / 2023 Legislative Session	\$ (983,361)	April 23 Sine Die
19 New Funding for High Increase in Assessed Value	\$ (377,000)	April 23 Sine Die
20 Re-Base Ending Fund Balance	\$ (12,051)	
21 April 27, 2023 Preliminary Estimate of Legislative Outcome	\$ 7,631,536	
22 Increase in Assumed Beginning Fund Balance	\$ (450,000)	Increase in BFB Reduces Deficit
23 Reduced Assumed Contingency for 23-24	\$ (345,123)	Effectively a Reserve of 3.08% (not 3%)
24 Update Choice Program Enrollment Assumptions; Shifts FTE & Adds FTE	\$ (708,400)	Higher April Lottery/Enrollment in Choice Programs
25 Added Certificated Staffing	\$ 666,600	
26 Re-Base Ending Fund Balance	\$ 9,644	
27 Current Estimate of Deficit	\$ 6,804,257	
28 Increased Beginning Fund Balance Estimate (higher Transportation SN Award)	\$ (180,000)	
29 Reduced Education Plan, Tech Levy Revenue	\$ (6,534,176)	
30 Balance	\$ 90,081	



Summary of Improvements Since April 17 Adoption of REP

Amount	Item
\$1,360,361	Legislative resources in excess of mid-point assumption
\$396,848	Reduced contingency/reserve from 3.27% to 3.08%
\$450,000	Improved Beginning Fund Balance projection
\$180,000	Improved BFB – Additional funds for new Transportation Safety Net award
\$41,800	Improved Choice Program revenue (net of expenditures)
\$350,000	Additional expenditures to Technology Levy
\$2,779,009	Total improvements to April 13 deficit estimate

Excerpt: See Attachment

>>Work in Progress<< Savings are Estimates Based on Avg. Salary; Actual Implementation is More or Less based on Specific Staff Member Salary Placement

		Add-Back Tracking			
		Position FTE Associated with Proposed Reductions and Enrollment Alignment			
		\$6,945,721	39.50	51.98	4.00
		Amended by Board	CIS FTE	CLS FTE	CAS FTE
1					
2					
3	Reductions for Enrollment and 1-time ESSER		17.20	1.50	3.00
4	Central Office Reductions	\$3,275,200	15.60	9.60	1.00
5	Eliminate Printed 12 Month Wall Calendar	\$12,000	0.00	0.00	0.00
6	Reduce Facilities Rental position	\$26,000	0.00	0.30	0.00
7	Reduce Grounds positions	\$35,000	0.00	0.40	0.00
8	Reduce Transportation Office positions	\$40,000	0.00	0.40	0.00
9	Eliminate Accessibility Assurance Specialist position	\$65,000	0.00	1.00	0.00
10	Reduce Human Resources Office position	\$90,000	0.00	1.00	0.00
11	Eliminate Central Office travel; Only online Professional Development	\$95,000	0.00	0.00	0.00
12	Reduce T&L Dept, Reduce 3.0 & Reconfigure/Restore 2.0 positions	\$106,000	0.00	0.00	1.00
13	Reduce Maintenance Department positions	\$145,000	0.00	1.60	0.00
14	Reduce Business & Payroll Office positions	\$150,000	0.00	1.50	0.00
15	Reduce Custodial positions (3.4 of 5.4)	\$265,200	0.00	3.40	0.00
16	Reduce historical Instructional Coach positions (3.6 of 5.6)	\$518,000	3.60	0.00	0.00
17	Eliminate ESSER Instructional Coach positions (12 of 12)	\$1,728,000	12.00	0.00	0.00
18	Physical, Social, Emotional, Safety Staffing Reductions	\$600,000	4.20	4.13	0.00
19	Eliminate Graduation Specialist positions	\$144,000	2.00	0.00	0.00
20	Reduce Hall Monitor positions at Middle Schools	\$70,200	0.00	1.56	0.00
21	Health Room Assistants to Pre-Pandemic Level	\$113,000	0.00	2.57	0.00
22	Replace 2 Nurse positions w/ 2 Hlth Room Assistants	\$100,000	1.00	0.00	0.00
23	Reduce Counselor Allocations to Small Elementary Schools	\$172,800	1.20	0.00	0.00

Certificated Staffing Restorations

Staff	Item
1.7 FTE	Added back K-3 Support for small schools Teacher Librarian contracts
7.9 FTE	Restored secondary Classroom Teachers (1% class size increase; not 5% increase)
2.0 FTE	Restored Nurse position (+ 1.0 Health Room Assistant)
0.5 FTE	Added Secondary Music staffing for CBA provision
0.9 FTE	Kept contracts for Special Education Teachers at 1.0 FTE
5.5 FTE	Choice Programs out-of-district enrollment generating more revenue
2.0 FTE	Multiple small adjustments
20.5 FTE	Total Increases to Allocations/Restorations Since April 13

Central Administration Reductions

- Reductions total 26 positions
 - 10 non-coach positions
 - 16 Instructional Coach positions
- 22% of reductions are in Central Office
 - 47% if include Instructional Coach positions

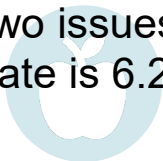
Central Administration Percentage Comparisons

2021-22 SY: OSD compared to Peers

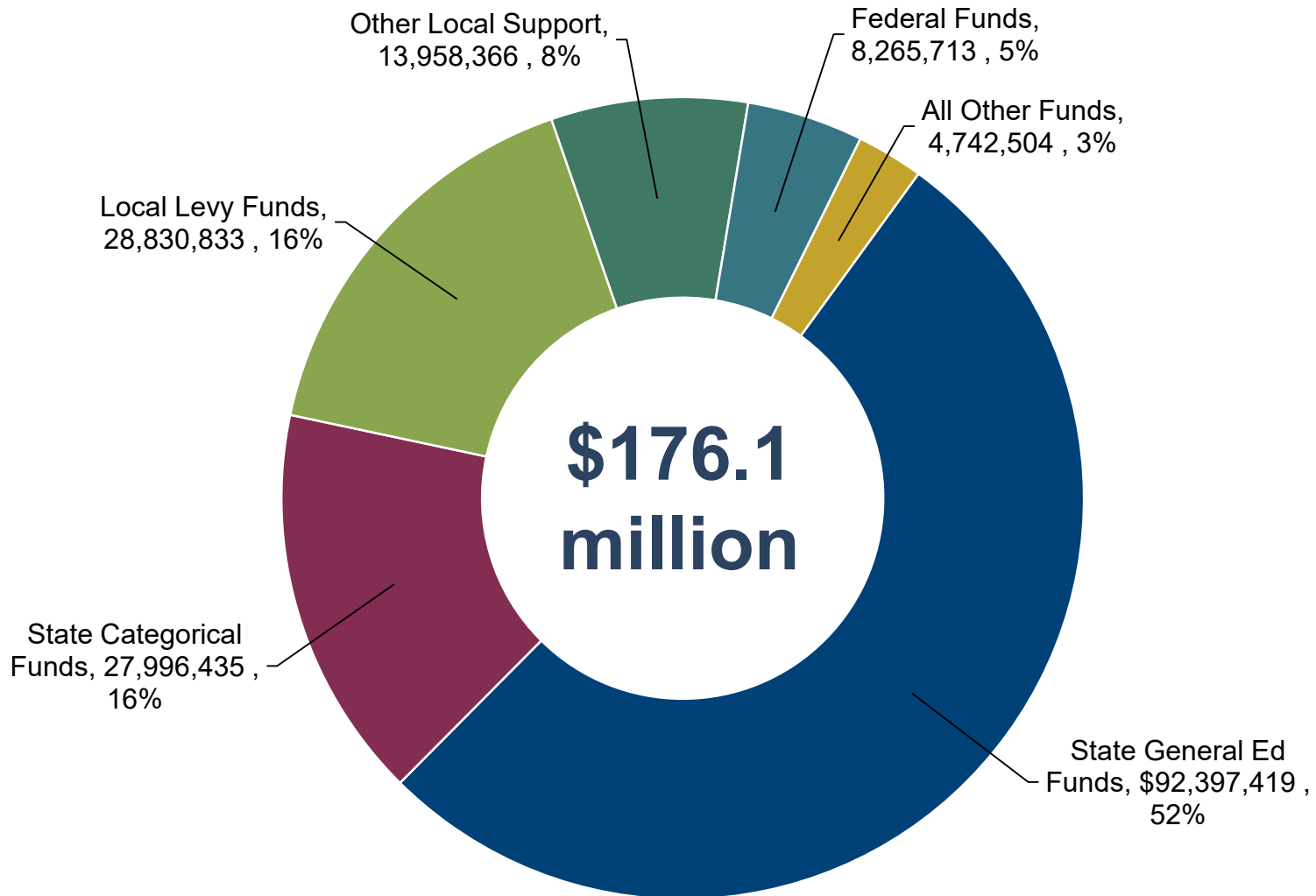
- Average administration of Peers was 6.38%
- OSD was 6.45%

2023-24 SY: OSD

- F-195 report shows 7.1%
- This is artificially inflated by one account coding issue, and one cyclical incurred cost.
- Account coding: state system denies our coding \$1 million in costs to Activity 23 – so we are budgeting it to Activity 21. This inflates Admin by 0.56%. Many districts and OSPI discussing how to correct this reporting issue.
- Cyclical: In 2023-24 the district will pay election costs in November for Board positions and in February for the levy election. We must build these costs in to our budget. The costs raise our administrative rate by 0.28%.
- Without these two issues, the district central administration rate is 6.26%.



2023-24 SY Projected Revenue



2023-24 SY Projected Expenditures

Expenditure Type	Amount	Percent of Budget
Salary and Benefits	\$150,541,629	84.6%
Materials, Supplies, Professional Services	\$27,498,216	15.4%
General Fund Expenditures Total	\$178,039,845	100%

2023-24 SY Materials & Supplies

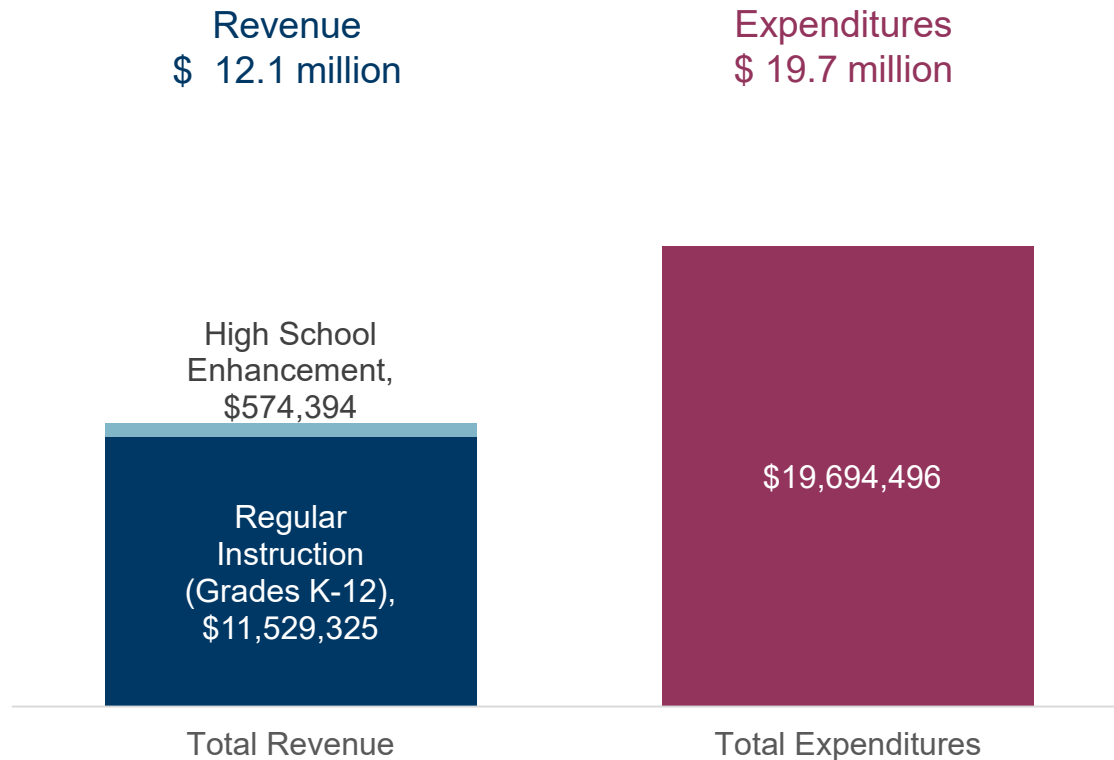
State General BEA Funded Material Supplies Revenue vs Expenditure Budget

Utilities & Insurance

↑ \$901,802

Food Services

↑ \$225,376



Revenue and Expenditure Balances

Special Education (State & Federal)	\$ (5,068,333)
Career & Technical Education (State & Federal)	\$ (677,088)
Learning Assistance / Title I	\$ (307,176)
Multi-Lingual Programs	\$ (1,083,186)
School Food Services	\$ (311,112)
Pupil Transportation	\$ (402,862)

These negative balances are off-set by use of enrichment levy funds, totaling \$7.8 million.

Operating Budget Balance Sheet

For School Year 2023-24

For School Year 2023-24 School Year	Amount	Row
Beginning Balance	\$ 7,741,550	1*
Revenue	\$ 176,191,270	2
Total Resources	\$ 183,932,820	3
Expenditures	\$ (178,039,846)	4
Remaining Balance	\$ 5,892,974	5
Mandatory Ending Fund Balance (Minimum/3%)	\$ 5,341,195	6
Variance from mandatory fund balance	\$ 551,779	7**
Available Beyond Minimum EFB and Non-Spendable	\$ 101,779	8

*4.64% of Prior Year Expected Expenditures

**\$150,000 in Non-Spendable Inventory; \$300,000 in Other Commitments



Risks to Budget

	Overall Resources	Revenue	Expenditures
Risk	<ul style="list-style-type: none"> Beginning FB: Aggressive or Conservative assumptions? Ending FB: Budgeting high (conservative) or low (aggressive)? 	<ul style="list-style-type: none"> Revenue is assumed too high – Resources are overstated and cannot support expenditures. Revenue is assumed too low – System is starved for resources. 	<ul style="list-style-type: none"> Expenditures assumed too low – and we spend at a higher rate. Expenditures assumed to high – and we spend a lower rate
Conservative – Assumptions that constrict expenditure capacity.		<ul style="list-style-type: none"> 2nd Most Conservative enrollment projection (2nd of 5. However, we increased budgeted enrollment for choice programs in May –therefore, final total enrollment is closer to Mid-Point of 5. 	
Mixed	<ul style="list-style-type: none"> BFB: 3 months remain for expenditures and revenue. BFB assumes aggressive/high 22-23 revenue but mid-point expenditures. (Example: \$1.5 M for Safety Net revenue.) BFB is assumed a 4.64%. 	<ul style="list-style-type: none"> Carry Over of unspent grants is not aggressive – may be conservative. 	<ul style="list-style-type: none"> Cost of sick leave and vacation cash-out, substitute utilization, cost of stipends and staff development are closely aligned with current year expenditures. These have been growing rapidly – budget assumes stabilization.
Aggressive – Assumptions that “give” more expenditure capacity.	<ul style="list-style-type: none"> EFB: Budget is based on a 3% EFB. By budgeting a low amount – this provides the most resources available to spend. 	<ul style="list-style-type: none"> Vacancy Savings (\$3.8 M) Use of Technology Levy 1-time savings (\$1.4 M) Safety Net (\$1.5 M) 	<ul style="list-style-type: none"> Vacancy Savings will accumulate and suppress expenditures. Budget accounts for this, but as an add to Revenue to give more expenditure capacity. – see Revenue column, left.

4-year Operating Budget

	2023-24	2024-25	2025-26	2026-27
Beginning Balance	\$7,741,550	\$5,892,975	\$5,873,306	\$5,955,905
+ Revenue	176,191,270	180,497,754	183,258,920	185,389,636
- Expenditure	178,039,845	184,611,704	183,276,321	185,304,520
- Expenditure Cuts		(4,094,281)	(100,000)	
Ending Balance	5,892,975	5,873,306	5,955,905	6,041,021
Minimum Fund Balance	5,341,195	5,415,523	5,495,290	5,559,136
Non-Spendable & Assigned to Other Purposes	551,780	457,783	460,615	481,885

Revenues and Expenditures in out years are expected to grow by IPD as specified in RCW 28A.400.205 (revised 2023) and adjusted for a simple annual aging of each grade level.



Capital Budget

And Resolution 649



Capital Budget Expenditures

Type of Expenditure	<u>2023-24 SY</u>	Notes
Secondary Schools	\$1,140,000	Expenditures for Avanti HS
Elementary Schools	0	
Emerging Projects	\$13,150,000	Progress on Bond Projects List across District
Multiple Small Works & HVAC	\$307,918	---
Safety Vestibules	\$2,130,000	---
Other Technology and Safety Levy Plan	\$15,342,015	Expenditures per Technology and Safety Levy Plan
Total	\$32,069,933	---

Resolution 649

Fund	Appropriation Amount
General Fund Appropriation (Operating)	\$178,039,846
Capital Projects Fund Appropriation	\$32,069,933
Transportation Vehicle Fund Appropriation	\$1,500,000
Debt Service Fund Appropriation (including interest)	\$18,546,573
Associated Student Body Appropriation	\$1,657,958
Total Budget	\$231,814,310