

School Budget 101

Mukilteo School District Business Services



Mukilteo
School District

Purpose and Introductions

- Review and make recommendations regarding:
 - Board and district initiatives
 - Preliminary district budget recommendations
- Committee composition:
 - Parents (3)
 - Community citizen (1)
 - Certificated – Mukilteo Education Association (3)
 - Classified- Mukilteo Association of Classified Personnel (2)
 - Classified – Mukilteo Educational Services Personnel (2)
 - Unrepresented (2)
 - Principals (2)
 - Central Administration (2)
 - Facilitators (2)



District Funds

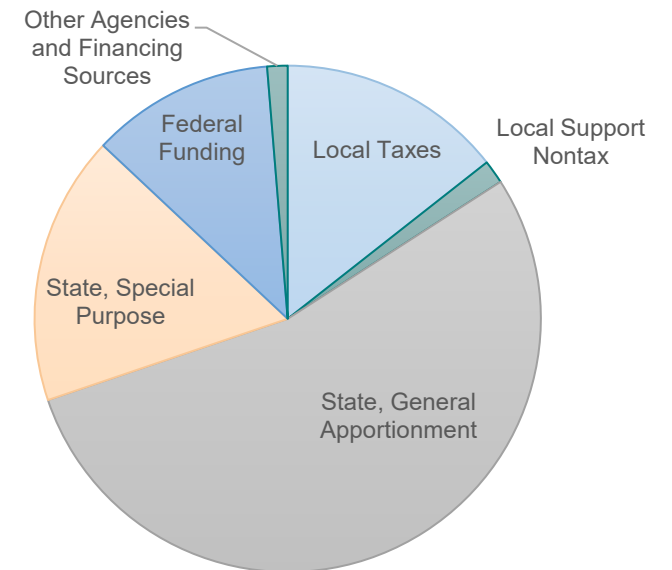
- **General Fund** – The fund used to run district operations
- **Capital Projects Funds** – Building additions and replacements, major building renovations, capital levy technology implementations
- **Debt Service Fund** – Only used to pay for long-term debt associated with authorized bonds (2014/2020)
- **Associated Student Body (ASB) Fund** – Revenues and expenditures for optional noncredit extracurricular activities run and led by students.
- **Transportation Vehicle Fund** – Only used to purchase yellow school buses



General Fund Revenues

- **Local** - levies, facility rentals, damages, fines, county grants
- **State** - general apportionment and specific state program funding
- **Federal** - federal programs with specific purposes

Revenue source (2022-23 Budget)	Dollar amount	Percentage
Local Taxes	\$43,388,048	14.4%
Local Support Nontax	\$4,467,013	1.5%
State, General Apportionment	\$162,605,118	53.9%
State, Special Purpose	\$51,938,649	17.2%
Federal Funding	\$35,400,384	11.7%
Other Agencies and Financing	\$3,775,055	1.3%
	\$301,574,267	100.0%





Local Taxes (\$43.3m)

- Maximum General Fund Levy Amount, lesser of:
 - \$2.50/ 1,000 of Assessed Value (AV)
 - \$2,988 per student full-time equivalent (FTE)
- Voter Approved Educational Programs Levy (February 2022)
 - 2023 Local Tax Amount - \$43,338,048
 - \$1.47/ 1,000 of Assessed Value
 - Capped by per student ceiling



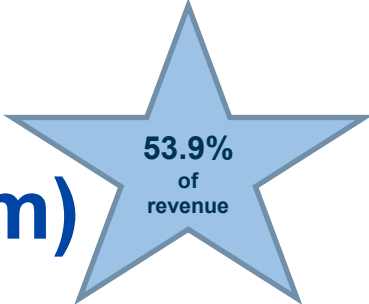
Local Support NonTax (\$4.4m)



- Grants and donations
 - ECEAP (Early Childhood Education and Assistance Program)
- Fees and fines
 - Local sales
 - Facility use
- Food service purchases
 - Paid meals
 - Ala carte



State, General Apportionment (\$162.6m)



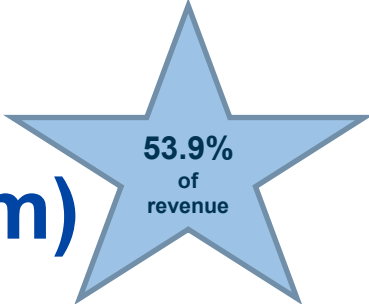
- Funds allocated using the Prototypical School Funding Model
 - Main driver is enrollment
 - For allocation purposes only – not staffing model
 - Required benchmarks for K-3 class size compliance and Social Emotional Learning and Safety positions

Apportionment Schedule:

September	October	November	December	January	February
9.0%	8.0%	5.0%	9.0%	8.5%	9.0%
March	April	May	June	July	August
9.0%	9.0%	5.0%	6.0%	12.5%	10.0%



State, General Apportionment (\$162.6m)



- **General Apportionment** **\$162,605,118**
 - Basic Ed Allowance (BEA): \$140,087,577
 - BEA Special Education: \$5,758,319
 - Running Start: \$2,826,141
 - Dropout Reengagement: \$326,968
 - Career & Technical Education: \$7,420,560
 - Skill Center: \$6,185,553



State, Special Purpose (\$51.9m)



- Special Education
- Learning Assistance Program (LAP)
- State small grants
 - TPEP, BEST, Inclusionary Practices, OSSI, etc
- Transitional Bilingual (TBIP)
- Highly Capable
- Food Service free/reduced priced meal reimbursement
- Transportation



Federal Funding (\$35.4m)



- **Special Education** – *Excess cost of providing special education*
- **Title I** – *Improving academic achievement of the disadvantaged*
- **Title II** – *Supporting effective instruction*
- **Title III** – *Help English learners attain language proficiency*
- **Title IV** – *Provide all students with access to well-rounded education*
- **Food Service free/reduced priced meal reimbursement**
- **ESSER** *one-time funding*
- **Learn to Return – Department of Health** *one-time funding*
- **Various smaller grants and capacity**



Other Agencies and Financing (\$3.7m)



- Capital Projects transfers
 - Capital project management costs
 - Ongoing fees for online applications, subscriptions, or software licenses
 - Ongoing training related to the installation and integration of technology applications
 - Major equipment repair and other major preventative maintenance

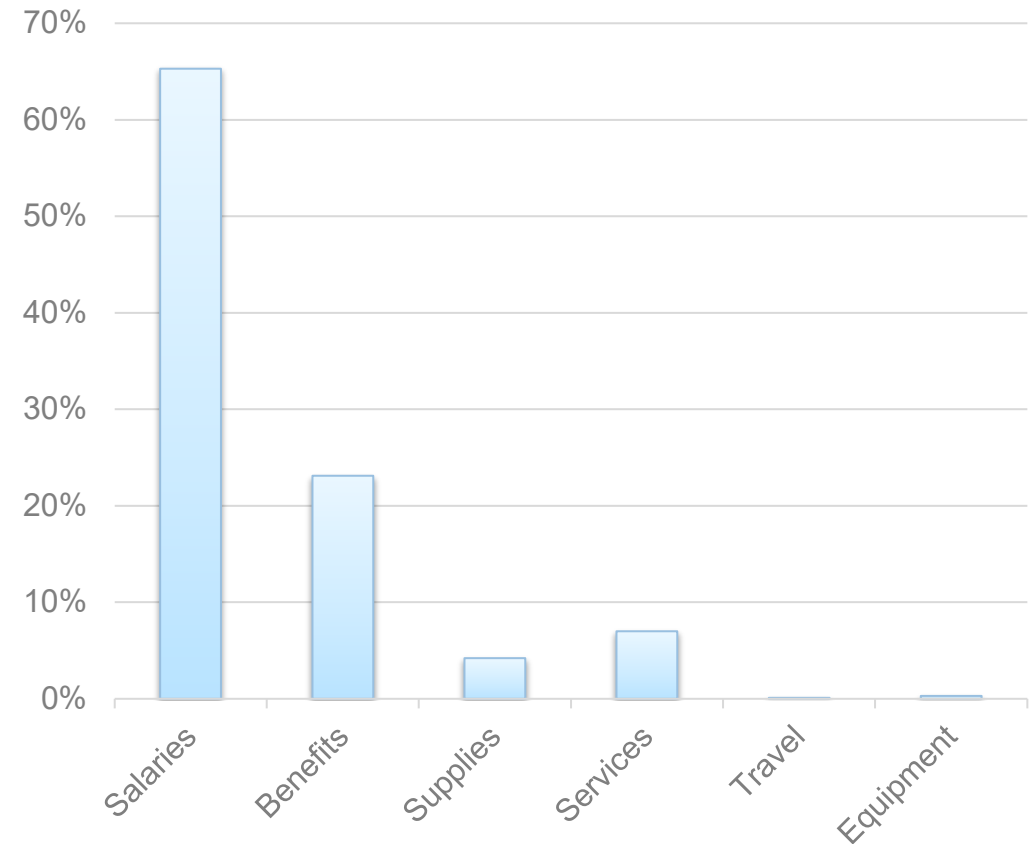


General Fund Expenditures

- **General Fund spending by category**

- Salaries: \$197.9m
- Benefits: \$72.2m
- Supplies: \$15.8m
- Services: \$23.2m
- Travel: \$187k
- Equipment: \$798k

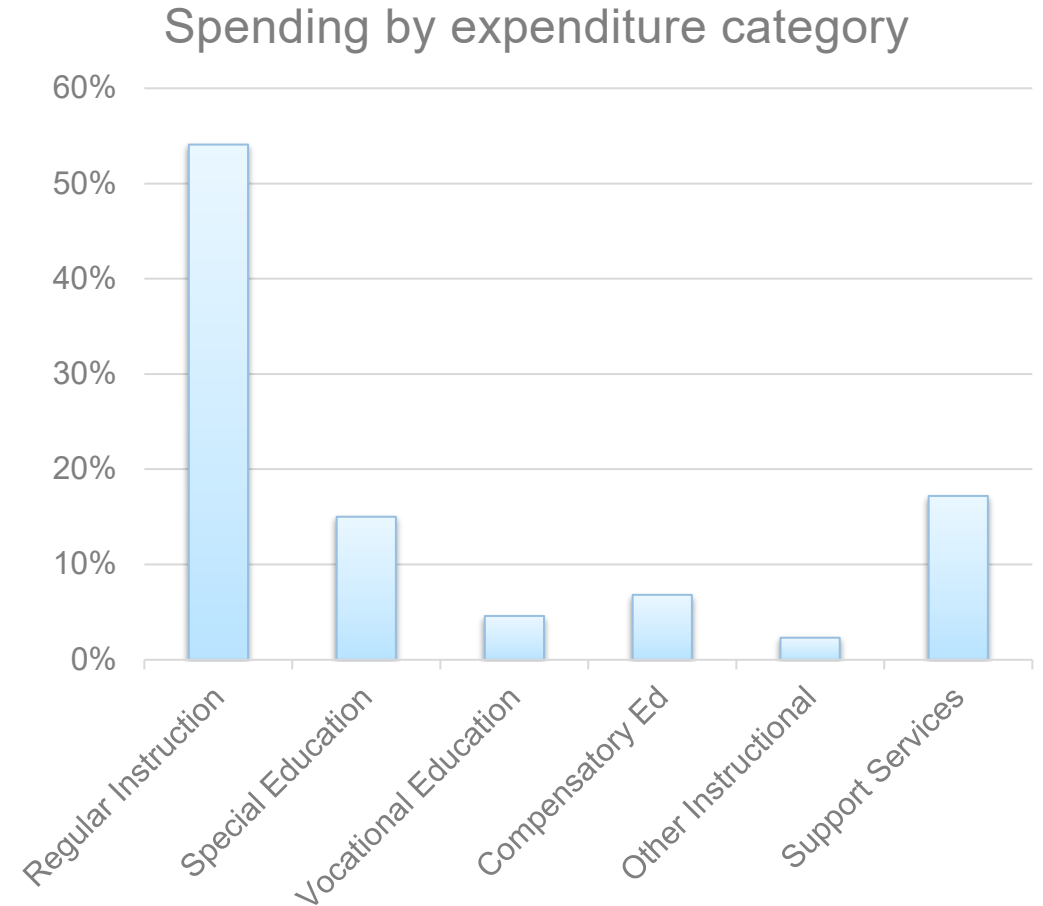
Spending by expenditure category



General Fund Expenditures

- **General Fund spending by program**

- Regular Instruction: 54.1%
- Special Education: 15.0%
- Vocational Education: 4.6%
- Compensatory Ed: 6.8%
- Other Instructional: 2.3%
- Support Services: 17.2%



General Fund Expenditures

Programs with restricted funding (*funds must be spent in the program*):

- Special Education
- Career and Technical Education (CTE)
- Nutrition Services
- Transportation
- Learning Assistance Program (LAP)
- Transitional Bilingual Program (TBIP)
- Highly Capable (HiCap)
- Federal Title programs (Title I, Title II, Title III, Title IV)
- Grants



Current financial challenges

The perfect storm

- All elements of the perfect storm are:
 - External revenue factors imposed on the district
 - Individually difficult, yet manageable
- Combined elements present major challenge
- Result when combined is a significant revenue shortfall



The perfect storm factors

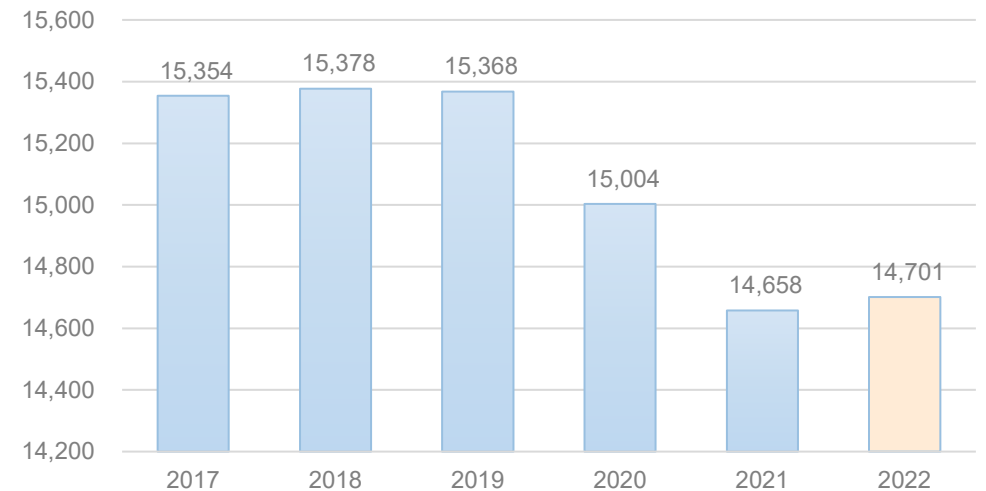
1. Reduced enrollment
2. Impact of McCleary case decision
3. Inadequate state funding for basic education, special education and initiatives approved by Legislature without funding attached
4. End of one-time federal funding



Reduced enrollment

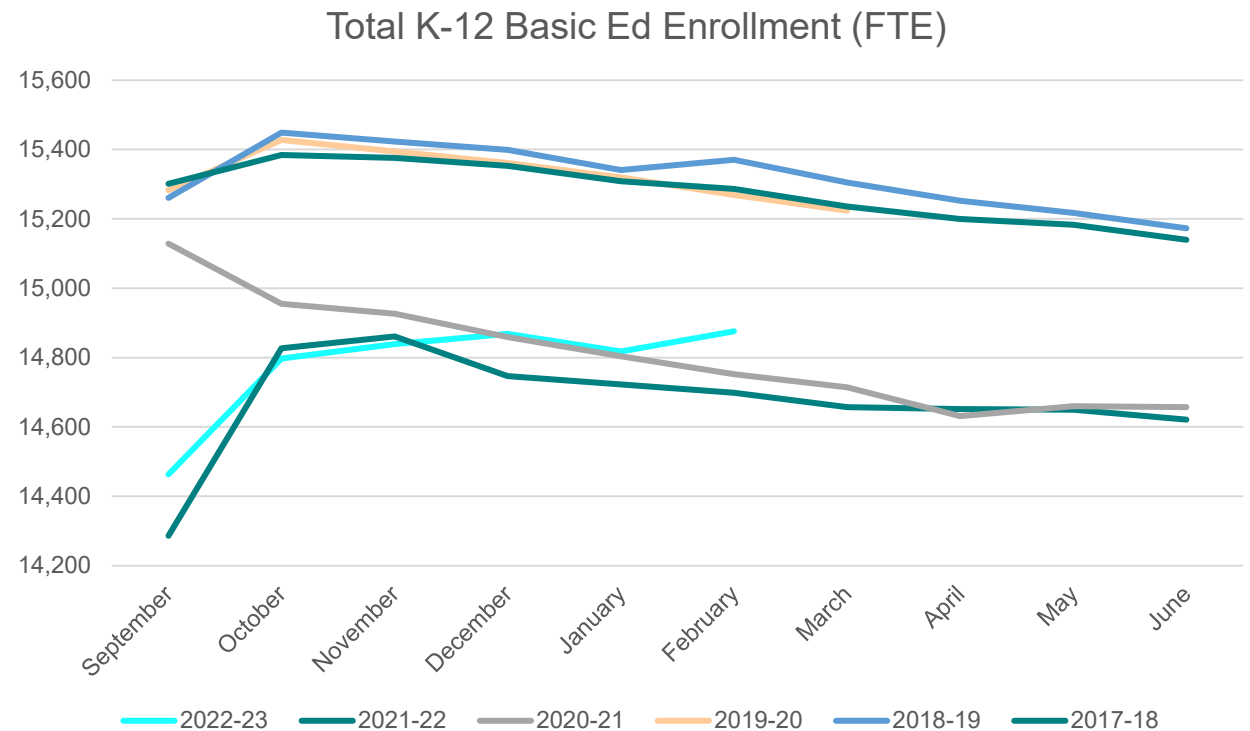
- Over **600 students fewer** in 2022 than 2019- annual revenue loss of \$6.3m
- Mandated social distancing requirements
- Obligated to meet student needs
- Reduction in staff starting in 2022-23 school year
- Little to no enrollment growth predicted for 2023-24 school year

K-12 Annual Average FTE (AAFTE)
[November]



Enrollment trends

- Pandemic disruption more than just a loss during remote learning
- Enrollment isn't recovering overnight
- Resuming trends closer to historical but with a reduced starting point



Impact of McCleary Case decision

- 2018 – Legislature changed how schools are funded
- One size fits all model
- Regionalization
 - Diminishing percentage of 2% per year
 - 24% in 2018-19
 - 18% in 2022-23
 - “Review and rebase” in 2023
- Restriction on district’s ability to collect local funds



Inadequate state funding

Funding model gaps remain

- Increased reliance on local funding for special education
 - **2018-19: \$2.0M or 8% of Special Education costs**
 - 2019-20: \$4.0M
 - 2020-21: \$6.0M
 - 2021-22: \$9.0M
 - **2022-23: \$13.0M or 28% of Special Education costs**
- Counselors, nurses and other critical areas
- Lack of funding for the Implicit Price Deflator (IPD)
- Marginal increases have not addressed the need



End of one-time federal funding

- Funds must be spent on mandated timeline
- **\$14.0M** revenue reduction in one-time funds for the 2023-24 school year
- Learning recovery is a long-term need

