



Fiscal Year 2019-20

Final Budget Work Session

Presented by:

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Mike Schroeder, Budget Director

May 28, 2019



Washoe County School District

Every Child, By Name And Face, To Graduation™



Agenda

1. Review of FY20 Tentative Budget
2. Restoration of budget reductions and other budget changes
3. New potential reductions/shifts of costs
4. Significant Legislation
5. Budget Risks
6. Other District Funds
7. FY20 Budget Timeline



Review of FY20 Tentative Budget



FY20 Budget Preparation

FY19 Deficit Rolling Forward

- a. Ongoing Deficit
- b. Operating Costs for New Schools
- c. Budget Changes – shifts of costs to other funds
- d. March 12, \$1.27 million and April 9, \$.35 million of cost reductions.

February-April

FY20 Amended Final Budget

June

Impact of FY20 State Budget

- a. Revenue Forecast
 - Per-Pupil Funding
 - Local Revenues
- b. Salaries & Benefits (rollups, PERS, health ins, COLA)
- c. Other Cost Changes
- d. Add'l cost reductions or expenditure shifts

April-June

FY20 Final Budget



Actions in March and April

<u>Portion of Deficit Within Our Control</u>	
FY19 Ongoing Structural Deficit	\$7.50
Net Costs of New Schools	<u>\$3.40</u>
Sub-Total	\$10.90
Shift of Fleet Debt Service to GST Fund	(\$2.60)
Increase to Salary & Benefit Contra	<u>(\$2.00)</u>
Deficit Within Our Control	\$6.30
Reductions Approved on March 12	(\$1.27)
Reductions Approved on April 4	(\$0.35)
Revised Deficit Within Our Control	\$4.68



March 12 Budget Reductions

<u>March 12 - Budget Reductions</u>	<u>Amount</u>
Position Control Reorg	\$ 160,094
Project Management .5 FTE	59,871
Gifted & Talented - Whitehead	68,133
Communications FTE	79,291
Ed Alliance Assistant	90,659
Dept of Professional Learning 3.0 FTE	259,704
HR Reorg	62,167
HR Technician	73,023
Teacher Warehouse Offset	50,971
Academic Olympics	23,417
Extended Studies Online	11,458
SpEd Prof Devl	50,000
Head Start Transportation	187,605
Read 180	50,000
Kindergarten Support	6,953
Science Support	16,223
Social Studies Support	16,223
World Language Support	11,588
Total March 12	\$ 1,277,380



April 9 Budget Reductions

Total March 12	\$ 1,277,380
<u>April 9 - Budget Reductions</u>	
Area Sup'ts Budgets	11,368
Custodial Supply Budget	16,026
Custodian Savings	201,234
School Police Overtime	19,590
Athletic Trans Fees	100,000
Total April 9	\$ 348,218
Tentative Budget Total Reductions	\$ 1,625,598



FY20 Tentative Budget Sources and Uses

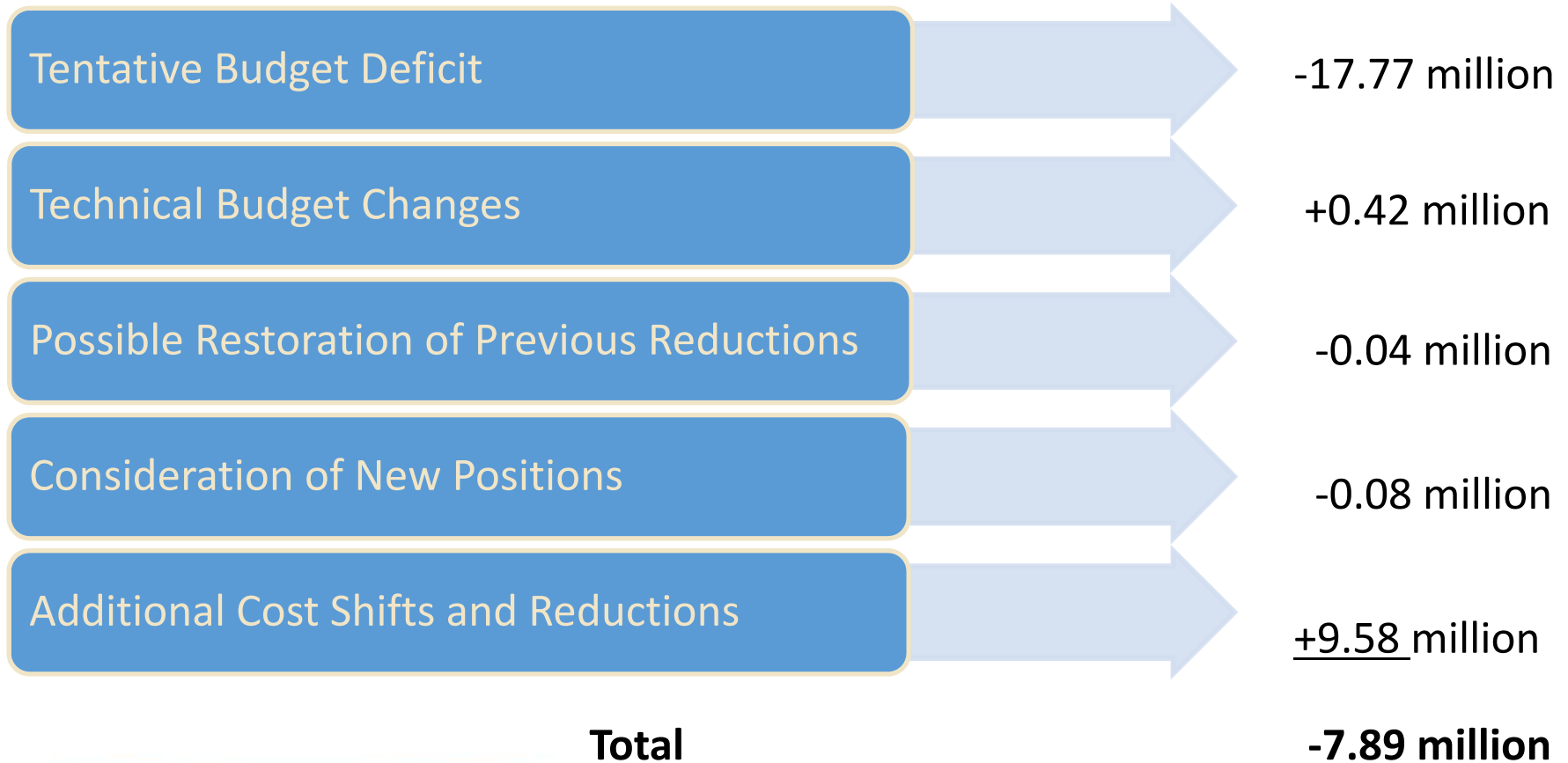
	FY 18/19 Adj. Budget	FY 18/19 Estimated	FY 19/20 Tentative	% Chg.
<u>Revenues and Other Sources:</u>				
Revenues Inside Nevada Plan	364.76	364.76	369.34	1.26%
Revenues Outside Nevada Plan				
Property Taxes (2/3)	73.59	73.59	77.98	5.97%
Government Services Tax	18.70	18.70	20.10	7.49%
Other/Federal	6.37	6.37	7.47	17.19%
Total Sources	463.42	463.42	474.89	2.48%
<u>Expenditures and Other Uses</u>				
Total expenditures	428.15	425.22	446.54	4.30%
Transfers Out	44.57	41.97	45.29	1.62%
Contingency	0.83	0.83	0.83	0.00%
Total Uses	473.55	468.02	492.66	4.04%
Surplus/Deficit	(10.13)	(4.60)	(17.77)	
Available Fund Balance	29.47	35.00	17.23	
	6.2%	7.5%	3.5%	



FY20 Final Budget



Steps in Final Budget Process





Technical Budget Changes since April

OPEB Retiree Subsidy Cost Shift	597,921
Life Insurance Increase	(179,174)
Net Technical Budget Reductions	418,747

Annual costs related to the negotiated health insurance subsidy for retirees will be allocated to all funds resulting in a savings to the General Fund.

Life Insurance rates increased effective January 1 and need to be included in the budget.



Consideration of Budget Restorations

Ed Alliance Add Back clerical support	(23,263)
School Police Overtime Add Back	(19,590)
Total Budget Restorations	(42,853)

An assistant position for the Education Alliance Department was included as part of the March 12 budget reductions. The department has asked for some clerical assistance to sustain operations. The cost above represents 0.25 FTE of a clerical position.

On April 9, the Board approved the use of a roving system for police coverage at freshman and sophomore athletic functions to reduce costs. Several Board members have asked to reconsider this decision.



Consideration of New Positions

Program Services Technician - Compliance	(77,261)
Child Find - IDEA Grant	(400,000)
IDEA Revenue Offset	400,000
Total Consideration of New Positions	(77,261)

A Program Services Technician position is necessary to ensure compliance with Individual Education Plan (IEP) implementation for all our special education students to meet their needs and limit potential due process claims.

Child Find consists of teachers, speech and language pathologists, psychologists, nurses, and related service staff charged with conducting special education evaluations for students within a timeframe required by law to determine if students are eligible for special education services. WCSD recently received a corrective action from the Nevada Department of Education due to WCSD's failure to meet assessment timelines. These additional resources for Child Find staff are needed to ensure timelines are met in accordance with the law.

NOTE: The IDEA revenue offset of approximately \$400,000 is a one-time revenue. The necessary Child Find resources will be an increased cost to the Special Education Fund for FY21.



New Potential Reductions and/or Shifts of Costs

- Staff has identified additional broad, potential reductions to reduce the structural deficit by \$9.6 million.
- Additional revenues
- Savings related to staffing guidelines
- Contingent on many yet-to-be determined factors
 - Possible waiver for the Minimum Expenditure Requirement (MER) for textbooks, instruction supplies/hardware/software ... or shift of these costs to alternative sources
 - Negotiations
 - Legislation



New Reductions/Shifts of Costs

Gov't Services Tax Revenue	1,126,692
Textbook Waiver and/or Alternative Source	5,200,000
Eliminate ESIP (requires negotiations)	1,239,394
Categorical Funding Shift (requires Legislature)	1,000,000
Allocation Adjustments Based on Enrollment Projections	670,402
Medicaid Revenue Increase	350,000
Total Reductions/Shifts of Costs	9,586,488

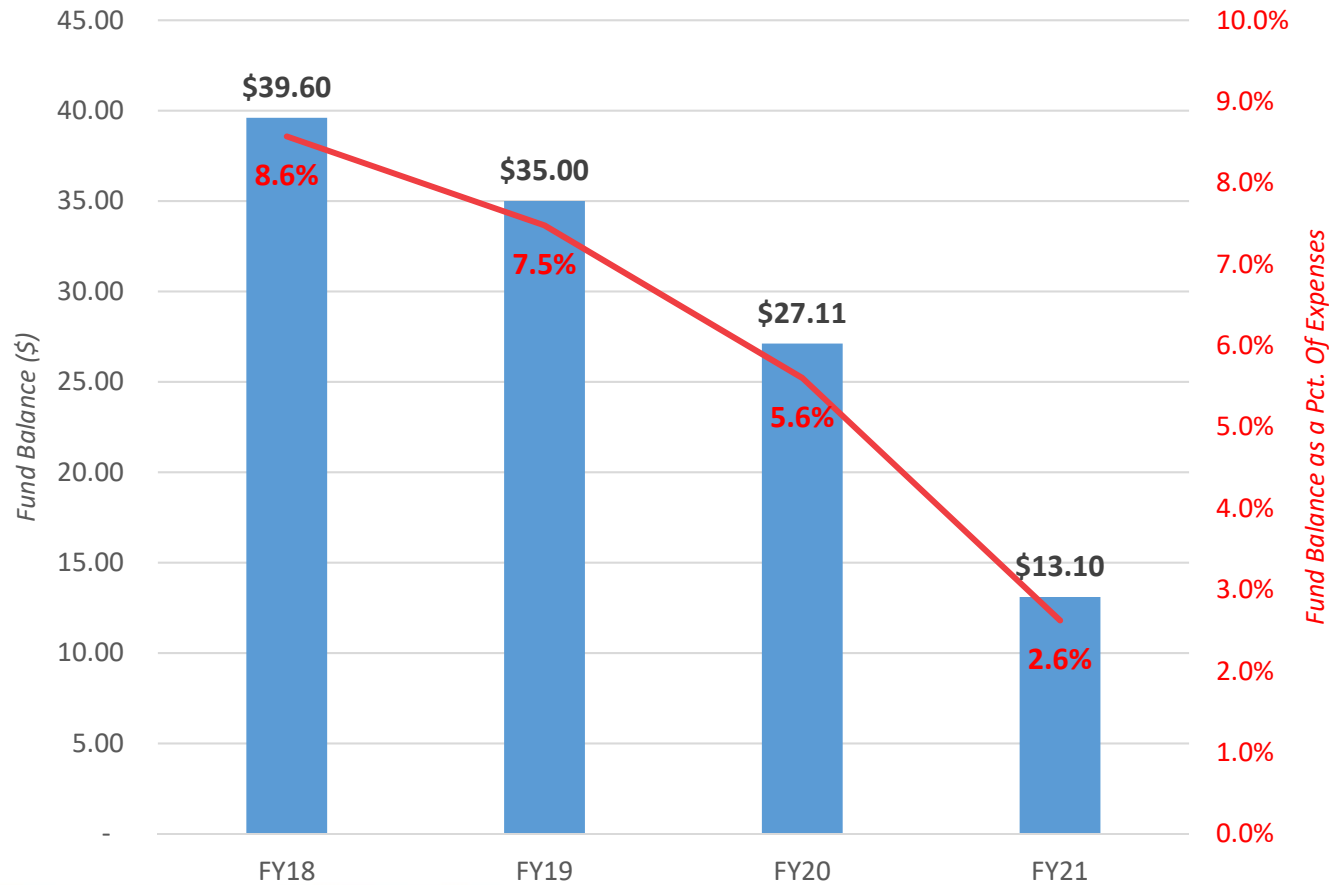


FY20 Final Budget Sources and Uses

	FY 18/19 Adj. Budget	FY 18/19 Estimated	FY 19/20 Final	% Chg.
<u>Revenues and Other Sources:</u>				
Revenues Inside Nevada Plan	364.76	364.76	369.24	1.23%
Revenues Outside Nevada Plan				
Property Taxes (2/3)	73.59	73.59	77.98	5.97%
Government Services Tax	18.70	18.70	21.32	14.01%
Other/Federal	6.37	6.37	7.47	17.19%
Total Sources	463.42	463.42	476.01	2.72%
<u>Expenditures and Other Uses</u>				
Total expenditures	428.15	425.22	437.94	2.29%
Transfers Out	44.57	41.97	45.13	1.26%
Contingency	0.83	0.83	0.83	0.00%
Total Uses	473.55	468.02	483.90	2.19%
Surplus/Deficit	(10.13)	(4.60)	(7.89)	
Available Fund Balance	29.47	35.00	27.11	
	6.2%	7.5%	5.6%	



Projected Fund Balance for General Fund



The estimate for FY21 includes the operating costs for Herz MS and Bohach ES, projected personnel costs and revenue increases based on the Governor's recommended budget in January.



Significant Legislation



Legislation with a Significant Fiscal Impact

- AB 277 – *no action yet*
 - Requires school districts to establish a program to increase the salaries of teachers and other employees
- AB 309
 - Sweeps some categorical funding into districts' general funds
 - Allows for a county-imposed sales tax (0.25%) for certain programs
 - MER waiver for next biennium



Legislation with a Significant Fiscal Impact

- SB 111 – *passed by Senate Gov't. Affairs Committee*
 - Funds set aside by State for salaries and benefits must be considered by arbitrator/fact finder
- SB 467 - *passed by Senate Education Committee*
 - Extension of Zoom and Victory programs
- SB 505 – Special appropriations bill (\$8.6M)
- SB 545
 - Retail tax on marijuana would be deposited into DSA, rather than State Rainy Day Fund



Legislation with a Significant Fiscal Impact

- SB 543
 - New student-centered funding model - 2021-23 biennium
 - Essentially replaces categorical funding with weighted funding for students with special needs, but no specific targets are set in bill
 - All local operating revenues will be deposited to the new State Education Fund and there is no funding guarantee anymore
 - Maintenance of effort for State funding
 - New Commission on State Funding formed to consider various issues including cost of living (CWI) adjustment



Future Steps toward Finalizing WCSD's Budget



Risks and Potential Positive Changes to WCSD's Budget

- Legislation
 - SB 545 and AB 309 would bring increased funding if passed and would significantly reduce our deficit
- State Budget
 - Similarly, increased revenues to K-12 would be significantly positive
 - Do not have final per-pupil amount
- NDE's 2017 Calculation Error (\$8+ million)
 - The amount for FY19 (\$6.6 million) is included in FY19 budget.
 - If this is not received, that decreases our fund balance by \$6.6 mil.
- Charter School Equity Allocation Adjustment
 - Potential Impact of -\$3.69 million if not phased in.
- New K-12 Funding Model (SB543)



Where Do We Go From Here

- Now through End of Session
 - Work with Governor & legislature to increase funding & find solutions
 - Seek MER waiver
- Today
 - Hold hearing on Tentative Budget
 - Direct changes to and adopt the Final Budget
- June
 - Legislature due to close on June 3
 - Statute allows filing an Amended Final Budget within 30 days after close
 - Determine final legislative impact
 - Staff will come back with analysis and an amended budget
 - Board approval of Amended Final Budget (June 25, 2019)



Where Do We Go From Here

- Post June
 - Board Policy is to have a structurally balanced budget by FY 2021
 - If there is still a deficit shown for the Amended Final Budget, staff intends to begin analysis of potential reductions this fall rather than wait for early 2020
 - In June, we will discuss potential budget approaches further to provide guidance for the FY21 budget process.



Other District Funds



Other District Funds

- Changes from Tentative to Final Budget for:
- Special Education Fund
 - Aligns with changes to general fund for OPEB, life insurance and head start transportation
 - Reduction related to increased Medicare revenue
 - New Compliance Program Service Technician position
- Special Revenue Fund
 - Additional Medicare Revenue of \$350,000 (offsets SPED/General fund support)
 - Additional Revenue for Child Find of \$400,000 (provides for additional support for compliance purposes)
- Nutrition Services Fund
 - Budget based on contract with Aramark
 - Guaranteed profit of \$552,104



Special Education Fund

	FY20 Tentative	FY20 Final
Sources		
State	\$ 31,851,397	\$ 31,851,397
Transfers In	44,049,182	45,129,448
Total Sources	\$ 75,900,579	\$ 76,980,845
Applications		
Instruction	\$ 48,218,513	\$ 48,904,891
Student Support Services	14,770,290	14,981,178
Instruction Support Services	2,497,933	2,540,824
General Administration	627,880	638,424
School Administration	894,296	910,371
Central Services	101,128	180,111
Operation and Maintenance	73,646	74,888
Student Transportation	8,716,893	8,750,158
Total Applications	\$ 75,900,579	\$ 76,980,845



Special Revenue Funds (Grants)

	FY20 Tentative	FY20 Final
Sources		
Local	\$ 3,582,273	\$ 3,582,273
State	31,053,893	31,053,893
Federal	46,287,971	47,037,971
Transfers In	-	-
Opening Fund Balance	3,110,402	3,110,402
Total Sources	\$ 84,034,539	\$ 84,784,539
Applications		
Other Instructional Programs	\$ 56,974,009	\$ 56,974,009
Special Programs	16,511,102	17,261,102
Vocational Programs	3,657,997	3,657,997
Adult Education Programs	1,508,529	1,508,529
Community Service Programs	732,424	732,424
Instructional Programs	532,820	532,820
Student Support Services	738,267	738,267
Instruction Support Services	62,595	62,595
General Administration	813,744	813,744
Central Services	668,775	668,775
Operation and Maintenance	25,381	25,381
Other Support	1,798	1,798
Ending Fund Balance	1,807,098	1,807,098
Total Applications	\$ 84,034,539	\$ 84,784,539

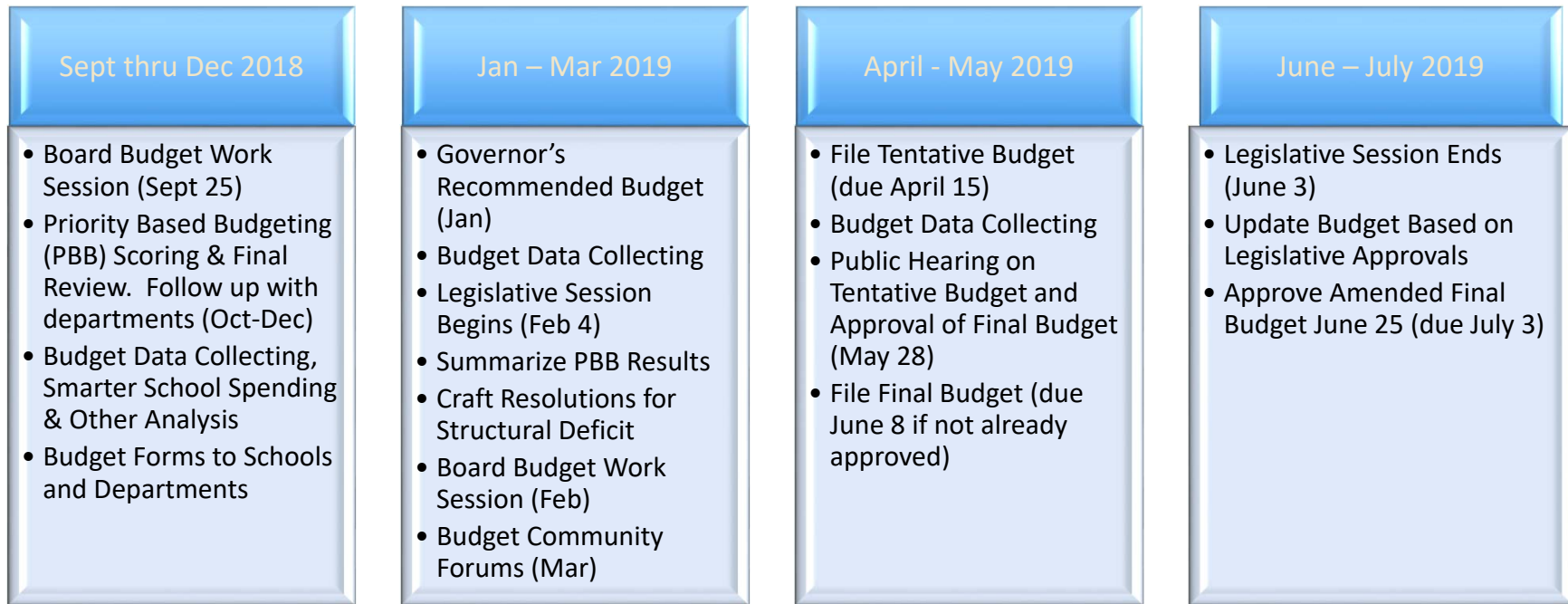


Enterprise (Nutrition Services) Fund

	FY20 Tentative	FY20 Final
Revenues		
Local Charges for Services	\$ 5,891,601	\$ 6,589,566
Federal Subsidies	18,268,626	21,058,860
Commodities	1,527,862	-
Other	76,735	68,500
Total Revenues	\$ 25,764,824	\$ 27,716,926
Expenses		
Food and Supplies	\$ 12,318,958	\$ 12,891,716
Salaries and Benefits	10,897,941	11,938,078
Purchased Services	1,504,862	1,510,028
Depreciation	290,355	315,000
Other	482,381	510,000
Total Expenses	\$ 25,494,497	\$ 27,164,822
Net Income (Loss)	270,327	552,104
Opening Net Position	(5,111,895)	(4,852,122)
Closing Net Position	\$ (4,841,568)	\$ (4,300,018)



FY19-20 Budget Timeline



G F O A Best Practices in School Budgeting

PRIORITY BASED BUDGETING (PBB)

ALIGN BUDGET TO STRATEGIC PLAN

Staff Input, Board Workshops and Community Forums

ADDRESS STRUCTURAL DEFICIT