

**BUDGET COMMUNITY FORUM**



March 8, 2023

Dr. Chrys Sweeting, Superintendent

Gina Zeutenhorst, Executive Director of Financial Services

**Agenda**



**Purpose: To share current budget challenges and gather feedback**

- 6:00-6:10      Welcome and Introductions      Superintendent Sweeting
- 6:10-6:25      Overview of Current Budget Challenges      Gina Zeutenhorst, Executive Director of Financial Services
- 6:25-6:55      Feedback Activity      Superintendent Sweeting
- 6:55-7:15      Share Out      Superintendent Sweeting
- 7:15-7:30      Next Steps/Wrap Up/Closing      Superintendent Sweeting



## Welcome & Introductions



## Why are we here?

- Arlington Public Schools is facing the need for making future budget reductions to take effect next year
- Strong financial management has maintained a healthy fund balance, however....
- Several issues combined make budget reductions necessary
- There are many priorities of great magnitude and difficult decisions will need to be made to right-size the budget



Your engagement in the budget community forum is important and helps inform the decision-making process



## Current Budget Challenges

- Pandemic induced federal and state aid are ceasing
- Enrollment is recovering more slowly than hoped
- The district has continued to provide high levels of services/staffing, many of which were previously bolstered by federal/state aid
- On the heels of this pandemic, the Board directed fund balance be used as a 'rainy-day-one-time-funds' in order to continue to mitigate the impacts and accelerate learning, even as costs are rising, rather than a formal reduction in staff for 2022-23
- We estimate dipping into minimum reserves by roughly half, by the end of 2022-23
- State funding models (reformulated by the legislature in 2018) continue to lead to funding gaps
- All combined, budget reductions are necessary for 2023-24



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## Current Budget Challenges

- Pandemic induced federal and state aid are ceasing



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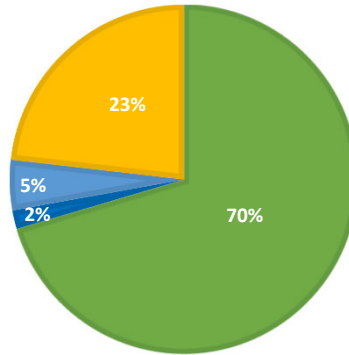
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## Federal ESSER II Spending

ESSER II - ACTUAL SPEND IN 2020-21  
\$1.6M

- School Building Instructional Staff 70%
- Social Emotional Supports 2%
- Summer School 5%
- Technology Equipment 23%



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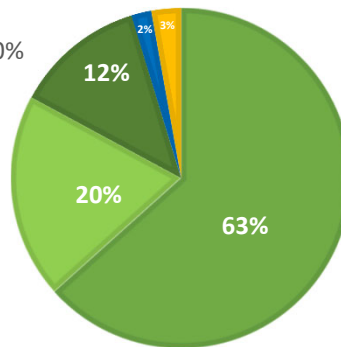
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## Federal ESSER III Spending

ESSER III - ACTUAL SPEND IN 2021-22  
\$3.7M

- School Building Instructional FTE Staff 63%
- School Building Para-Educator FTE Staff 20%
- Counseling Staff FTE & Social Emotional Supports 12%
- Summer School 2%
- Technology Equipment & FTE Staff 3%



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## Other pandemic funds – ceasing

- Pandemic response federal funds for school meal programs – meals served free of charge for all students
- Emergency Connectivity funds – funds for chrome books & teacher laptops
- State relief – enrollment stabilization
- State & Local Fiscal Recovery Funds (SLFRF)



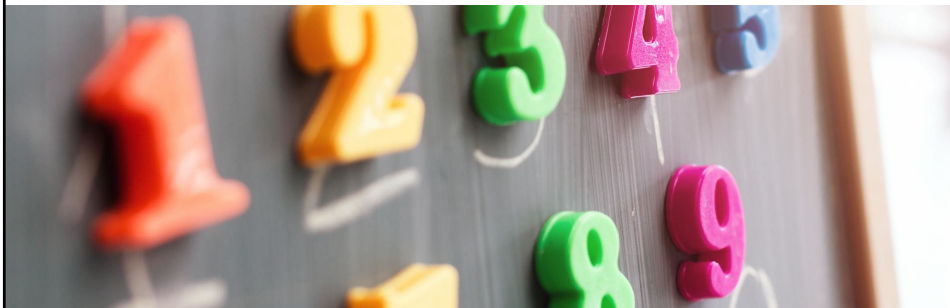
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## Current Budget Challenges

- Enrollment is recovering more slowly than hoped




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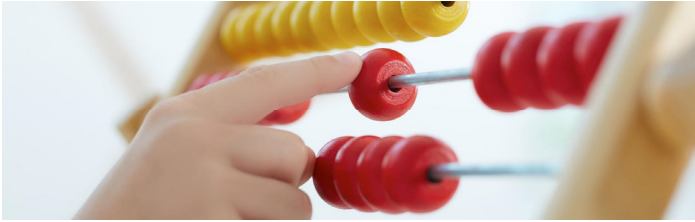
# Enrollment Recovery



- Enrollment is recovering more slowly than hoped


Student Full-Time-Equivalent & Increase or Decrease in Student FTE								
Student Enrollment	2016-17	2017-18	2018-19	2019-20	2020-21 <sup>[a]</sup>	2021-22	*2022-23	Total Chg
Total Student FTE	5290	5402	5506	5585	5154	5263	5373	
Increase or decrease in FTE	1	112	104	79	-431	109	110	84

<sup>[a]</sup> 2020-21 school closures, hybrid, enrollment decreased by 8%  
 \*22-23 Average FTE as of January 2023, not including running start FTE




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# Current Budget Challenges



- The district has continued to provide high levels of services/staffing, many of which were previously bolstered by federal/state aid

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## Higher levels of services/staffing

Staff Full-Time-Equivalent (FTE)								
Staff FTE	2016-17	2017-18	2018-19	2019-20	2020-21 <sup>[a]</sup>	2021-22	2022-23	
<i>Source: OSPI 1801 Reports</i>								
<b>Cert Instructional Staff</b>	310.629	314.403	332.918	341.874	344.402	350.167	349.108	
<b>Classified Staff</b>	178.800	180.623	187.068	203.443	175.891	211.856	215.467	
<b>Administrators</b>	27.938	27.654	27.173	25.200	25.988	26.915	28.937	
<b>Total Staff FTE</b>	517.367	522.680	547.159	570.517	546.281	588.938	593.512	
Staff FTE	2016-17	2017-18	2018-19	2019-20	2020-21 <sup>[a]</sup>	2021-22	2022-23	Total Chg
Certificated change in FTE	6.078	3.774	18.515	8.956	2.528	5.765	-1.059	44.557
Classified change in FTE	15.819	1.823	6.445	16.375	-27.552	35.965	3.611	52.486
Administrator change in FTE	-0.062	-0.284	-0.481	-1.973	0.788	0.927	2.022	0.937
<b>Total Staff FTE</b>	<b>21.835</b>	<b>5.313</b>	<b>24.479</b>	<b>23.358</b>	<b>-24.236</b>	<b>42.657</b>	<b>4.574</b>	<b>97.980</b>

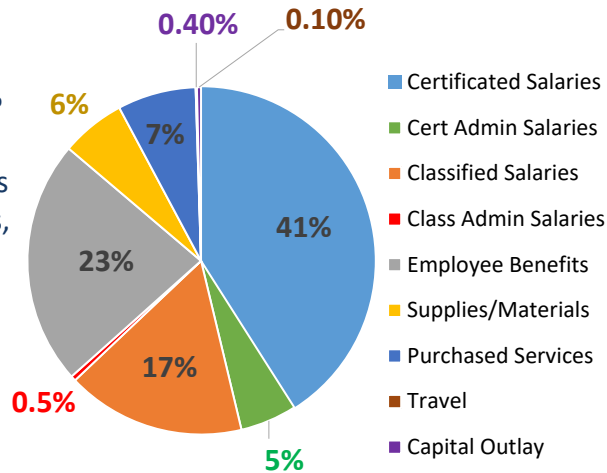
*[a] 2020-21 school closures, hybrid, enrollment decreased by 8%, staff furloughs, decreased FTE but did not reduce jobs 22-23 Actual FTE as of January 2023*



## Staffing costs

### Expenditure budget

- Staff salaries and benefits make up 87% of District costs
- Other non-salary costs for materials, supplies, purchased services, travel and equipment make up 13% of District costs





## Staffing Costs in Dollars

### Expenditure Budget 2022-23

Expenditures by Object	Budget 2022-23
Certificated Salaries	40,014,000
Cert Admin Salaries	5,074,000
Classified Salaries	15,596,000
Class Admin Salaries	553,000
Employee Benefits	22,098,000
Supplies/Materials	4,169,000
Purchased Services	7,496,000
Travel	69,000
Capital Outlay	6,000
<b>Total Budget by Object</b>	<b>95,075,000</b>

87%

13%



Salaries & Benefits



Other Costs (supplies, services, etc)



## Current Budget Challenges



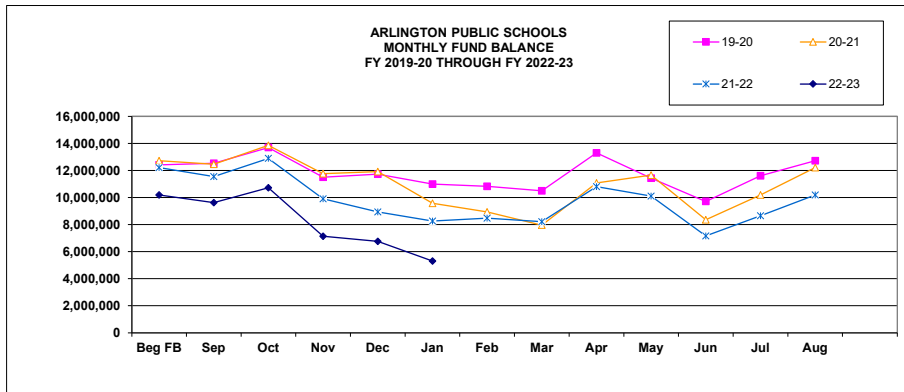
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- We estimate dipping into minimum reserves by roughly half, by the end of 2022-23





## Fund Balance Trend

- Board Policy 6000: “It is recognized that additional flexibility around the use of fund balance may be necessary, especially in times of exceptional circumstances of emergency, such as a pandemic.”
- Board Directed planned spend down of fund balance has supported the district through challenging times, but results in declining fund balance trend



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## Current Budget Challenges

- State funding models (reformulated by the legislature in 2018) continue to lead to funding gaps



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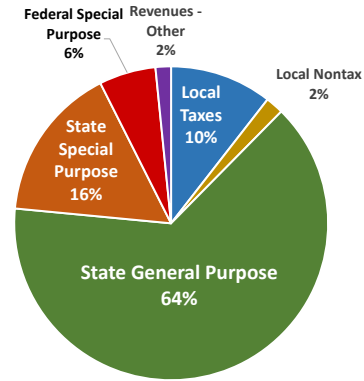
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## Where does our funding come from?

### Revenue budget 2022-23

- State general and state special dollars fund 80% of district programs
- Local taxes support 10%
- Local nontax and other funds 2%
- Federal dollars fund 6%



## Revenue Budget in Dollars

### Revenue Budget 2022-23

Revenue Summary	Revised Budget 2021-22	Budget 2022-23	Difference	% change
Local Taxes	9,086,000	9,358,000	272,000	3.0%
Local Non-Tax	666,000	1,648,000	982,000	147.4%
State General	52,862,000	57,004,000	4,142,000	7.8%
State Special Purpose	13,466,000	14,273,000	807,000	6.0%
Federal General Purpose	14,000	14,000	0	0.0%
Federal Special Purpose	9,852,000	5,177,000	-4,675,000	-47.5%
Other Revenues	1,552,000	1,422,000	-130,000	-8.4%
<b>Total Budget Revenues</b>	<b>87,498,000</b>	<b>88,896,000</b>	<b>1,398,000</b>	<b>1.6%</b>

Note: Other revenues does not include \$5M of GASB 87 lease accounting entries, (as they are book entry only / not actual revenues)



## State Funding Issues & Rising Costs

- Regionalization decreasing CHALLENGE
- McLeary model for funding salaries based on averages which is not aligned with actual salary costs
- Higher levels of services/staffing
- Programs with unique needs greater than the revenues generated by their associated funding models
  - Special education
  - McKinney Vento & Foster Care
  - 504 Plan costs
  - Behavioral and social emotional health needs



## State Funding Issues & Rising Costs

- **Proto-typical School Funding Model** – *Formulas set by the state legislature.* based on annual average number of *students enrolled* which generates a certain level of *staffing units* multiplied by set average salaries for certificated and classified staff, plus a regionalization factor (for Arlington is 15%) and additional *formulas* to add allocations for employee benefits, materials, supplies and operating cost allocations.





## Funding Formula Article

- Crosscut.com News - Breaking down WA's school funding formula by Venice Buhain / November 1, 2022
- <https://crosscut.com/news/2022/11/breaking-down-was-school-funding-formula>
- [Breaking down WA's school funding formula](#)



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## Current Budget Challenges

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- All combined reductions are necessary for 2023-24



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## Dipping into Fund Balance & Future Forecast

Potential forecast for November 28, 2022 Financial Highlights Presentation

General Fund Summary Multi-Year	Adopted Budget 2022-23	Working Forecast 2023-24	Working Forecast 2024-25	Working Forecast 2025-26
Total K-12 FTE Enrollment*	5500	5576	5672	5692
*(Includes RunStart & Open Doors)				
Regionalization Factor	15%	14%	13%	12%
Enrollment levels increasing at less than by 2 to 4%				
<b>Beginning Fund Balance</b>	<b>10,200,000</b>	<b>6,021,000</b>	<b>4,116,000</b>	<b>4,387,000</b>
Revenues	93,896,000	95,727,000	99,938,000	102,480,000
Expenditures	100,075,000	97,632,000	99,667,000	101,752,000
<b>Ending Fund Balance</b>	<b>4,021,000</b>	<b>4,116,000</b>	<b>4,387,000</b>	<b>5,115,000</b>
<b>Assumes a reduction of :</b>		<b>(4,950,000)</b>		

- Assumes 2023-24 beg FB + \$2M, and salary reductions of \$4.95M
- Assumes 2023-24 IPD 2.5% + 3% per CBA, 2024-25 IPD 2%, and 2025-26 IPD 2%
- Reduction target may be even greater, \$5.9 million?



## Overview of Timeline



Jan 2023 – Board approval of enrollment for 2023-24



April Board Resolution for Reduced Educational Programs



Feb/Mar 2023 – Staff plans, prioritization of resources



Non-renewal notifications on or before May 15



April 23, 2023 Legislative Session Ends



July 2023 – Draft Budget  
August 2023 – Board Budget Hearing and Approval



## Budget Advisory Task Force & Community Engagement

- **Task Force Purpose & Goals**
  - Focus on studying and understanding school district finances, and the challenges facing Arlington Public Schools funding
  - Help provide feedback to develop and align priorities for balancing the 2023-24 budget.
- **Level of Authority**
  - Advisory to the Superintendent
- **Task Force Meetings**
  - Monthly: Nov 2022 - April 2023
- **Budget Community Forums**
  - Jan 24 (BPAC), Mar 8 (Post MS), Mar 28 (Eagle Creek Elem)



## Budget Advisory Task Force

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Rafael Carranza – Community Parent</li> <li>• Erika Coghill – Community Parent</li> <li>• Mike Cross – Community Parent</li> <li>• Darlene Fulfs – APS Classified Staff – Bus Driver</li> <li>• Angie Hansen – APS Principal Representative</li> <li>• Mikaela Harrington – Student Haller MS</li> <li>• Crystal Henderson – Community Parent</li> <li>• Scott Hodgson - Community Parent</li> <li>• Nanci Johnson – APS PSE President/Nurse Staff</li> <li>• Matt Jurick – APS Director of Technology</li> <li>• Michael Kingman – School Board Director</li> <li>• Michelle Kinney – APS Classified Staff - Fiscal Secretary</li> <li>• Jason Klein – APS AEA President/Teacher</li> <li>• Alyson Kleinman – Student Haller MS</li> <li>• Britt Kleinman – Community/ACE Chair, Parent</li> <li>• Mariska Lebahn – Student Arlington High School</li> <li>• Lamar Lindsay – Community Parent</li> </ul> | <ul style="list-style-type: none"> <li>• Mark McDougall – APS Classified Staff – Security</li> <li>• Verlaine Meyers – APS Certificated Staff - Teacher</li> <li>• Debbie Montgomery – APS District Office Support</li> <li>• Virginia Muniz – APS Classified Staff - Librarian</li> <li>• Courtney Normand – Community Parent</li> <li>• Trent Olson – Community Parent</li> <li>• Mike Ray – APS School Board Director</li> <li>• Erica Rose – Community Parent</li> <li>• Marc Rosson – Community Former School Board Member</li> <li>• Rebecca Sahlin Lyons – Community Parent</li> <li>• Chad Schmidt – Community Parent</li> <li>• Kyle Schroeder – Student Arlington High School</li> <li>• Chrys Sweeting – APS Superintendent</li> <li>• Maegan Voorhies-Oestreich – Community Parent</li> <li>• Jamie Wilson – APS AEA Representative/Teacher</li> <li>• Gina Zeutenhorst – APS Executive Director of Financial Services</li> </ul> |
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## Feedback Activity



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## Identifying Priorities

- Many priorities of great magnitude, difficult choices will need to be made
- Consider
  - Strategic Plan Goals
  - Vision Aligned Budgeting
  - Impact to student learning, safety, legal compliance, required, essential, discretionary, community expectations



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## Vision Aligned Budgeting

**Primary mission – educate, prepare, and inspire students to graduate and seek their full potential as life long learners**

**Strategic Plan  
Goal 3:  
Resource  
Stewardship**

*We will secure quality resources (people, time, money and property) and align these resources to support equitable learning and achievement for students by making decisions using an equity lens and data*

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## Values that Guide Budget Decisions

- Align resources (people, time, money & property) to support the District's mission
- Remain student focused by using an equity lens and responding to areas of greatest need, using data, research and feedback
- Value smaller class-sizes, especially for our youngest learners, and protect classroom programs as much as possible in times of reductions
- Prioritize a safe learning and working environment for students and staff
- Foster a culture that supports academic, behavioral, social and emotional health
- Invest in appropriate internal controls over financial operations and maintain compliance with board policy for minimum fund balance, while also allowing for flexibility in times of emergency
- Honor taxpayers investment in District infrastructure: facilities, grounds, technology and other assets
- Utilize resources to promote student learning and efficient operations in ways that are timely, practical, and sustainable
- Maintain competitive salaries to attract and retain excellent staff
- Evaluate impacts of decisions over time and consider future year projections

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# Feedback Activity

Feedback and District Listening - Helping the District think about a challenging set of circumstances – Your feedback influences our decision-making process.

- What are your worries?
- What are your values/priorities?
- What are your hopes/ideas?
- What are your questions?



# Feedback Activity

Budget Community Forum  
January 24, 2023  
FEEDBACK ACTIVITY

<b>Worries</b>	<b>Values/Priorities</b>
<b>Hopes/Ideas</b>	<b>Questions</b>

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## Share Out




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## What could change the picture?

- **Revenues:**
  - Enrollment uncertainty (Kindergarten? First grade?)
  - Legislative action (regionalization rebase? Increase for SPED funding? Increase to prototypical school funding model or compensation model?)
- **Expenditures:**
  - Outcomes of future salary negotiations
  - Cost inflator promulgated by the State Legislature
  - Careful spending in 2022-23 will help the District's financial position going into 2023-24



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## Links to helpful articles

- Explaining the District's financial position and how we got to this point
  - [https://www.northcountyoutlook.com/communities/asd-discusses-budget-potential-future-cuts/article\\_3088ac2e-0d02-11ed-9ed2-a762db470208.html?utm\\_campaign=blox&utm\\_source=twitter&utm\\_medium=social](https://www.northcountyoutlook.com/communities/asd-discusses-budget-potential-future-cuts/article_3088ac2e-0d02-11ed-9ed2-a762db470208.html?utm_campaign=blox&utm_source=twitter&utm_medium=social)
  - [https://www.northcountyoutlook.com/communities/asd-discusses-budget-potential-future-cuts/article\\_3088ac2e-0d02-11ed-9ed2-a762db470208.html?utm\\_campaign=blox&utm\\_source=twitter&utm\\_medium=social](https://www.northcountyoutlook.com/communities/asd-discusses-budget-potential-future-cuts/article_3088ac2e-0d02-11ed-9ed2-a762db470208.html?utm_campaign=blox&utm_source=twitter&utm_medium=social)
- [North County Article Arlington SD Financial Position](#)
- We are not alone – One of many examples - Daily Record News 1/12/23
  - [https://www.dailyrecordnews.com/townnews/finance/school-district-facing-1-million-budget-cut/article\\_8308f504-9050-11ed-8c78-ef78a62db8de.html](https://www.dailyrecordnews.com/townnews/finance/school-district-facing-1-million-budget-cut/article_8308f504-9050-11ed-8c78-ef78a62db8de.html)
- [Daily Record SD Facing Budget Cuts](#)

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## QUESTIONS?

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**Thank you!**

Dr. Chrys Sweeting,  
Superintendent

Gina Zeutenhorst,  
Executive Director of Financial  
Services

Next Budget Community Forum:

March 28, 2023 (Tues)  
6-7:30pm  
Eagle Creek Elementary School

