

## BUDGET COMMUNITY FORUM



March 28, 2023

Dr. Chrys Sweeting, Superintendent

Gina Zeutenhorst, Executive Director of Financial Services


## Welcome & Introductions





## Agenda

- Welcome, Introduction & Overview
- Current Budget Challenges
- DRAFT Reduction Plan
- Feedback Activity & Share Out
- Next Steps/Wrap Up/Closing




3

3



## Overview of Timeline

 <p>Jan 2023 – Board approval of enrollment for 2023-24</p>	 <p>April Board Resolution for Reduced Educational Programs</p>
 <p>Feb/Mar 2023 – Staff plans, prioritization of resources</p>	 <p>Non-renewal notifications on or before May 15</p>
 <p>April 23, 2023 Legislative Session Ends</p>	 <p>July 2023 – Draft Budget August 2023 – Board Budget Hearing and Approval</p>

4

4



## Budget Advisory Task Force & Community Engagement

- **Task Force Meetings**
  - Monthly: Nov 2022 - April 2023
- **Budget Community Forums**
  - Jan 24 (BPAC), Mar 8 (Post MS), Mar 28 (Eagle Creek)
- **Staff Meetings at each building & Department**
  - Key Messages About the Budget



5

5



## Budget Advisory Task Force

- Rafael Carranza – Community Parent
- Erika Coghill – Community Parent
- Mike Cross – Community Parent
- Darlene Fulfs – APS Classified Staff – Bus Driver
- Angie Hansen – APS Principal Representative
- Mikaela Harrington – Student Haller MS
- Crystal Henderson – Community Parent
- Scott Hodgson - Community Parent
- Nanci Johnson – APS PSE President/Nurse Staff
- Matt Jurick – APS Director of Technology
- Michael Kingman – School Board Director
- Michelle Kinney – APS Classified Staff - Fiscal Secretary
- Jason Klein – APS AEA President/Teacher
- Alyson Kleinman – Student Haller MS
- Britt Kleinman – Community/ACE Chair, Parent
- Mariska Lebahn – Student Arlington High School
- Lamar Lindsay – Community Parent
- Mark McDougall – APS Classified Staff – Security
- Verlaine Meyers – APS Certificated Staff - Teacher
- Debbie Montgomery – APS District Office Support
- Virginia Muniz – APS Classified Staff - Librarian
- Courtney Normand – Community Parent
- Trent Olson – Community Parent
- Mike Ray – APS School Board Director
- Erica Rose – Community Parent
- Marc Rosson – Community Former School Board Member
- Rebecca Sahlin Lyons – Community Parent
- Chad Schmidt – Community Parent
- Kyle Schroeder – Student Arlington High School
- Chrys Sweeting – APS Superintendent
- Maegan Voorhies-Oestreich – Community Parent
- Jamie Wilson – APS AEA Representative/Teacher
- Gina Zeutenhorst – APS Executive Director of Financial Services

6

6



## 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?

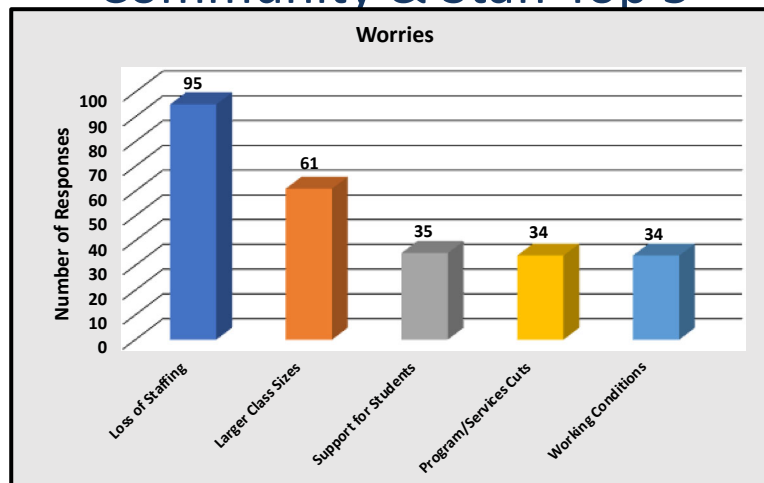


7

7



## Community & Staff Top 5

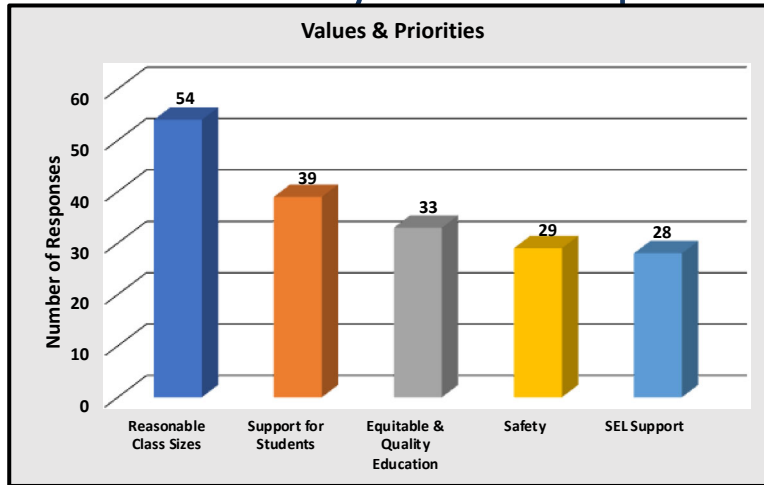


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## Community & Staff Top 5

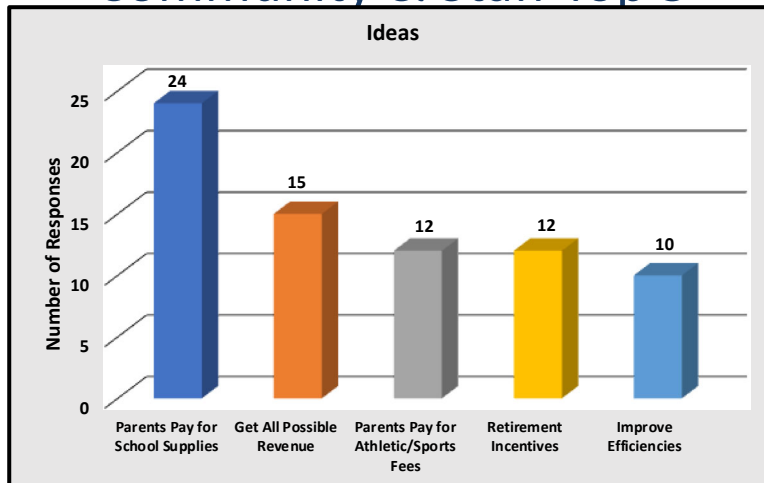


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## Community & Staff Top 5



10

10

**ARLINGTON PUBLIC SCHOOLS**  
EDUCATE · PREPARE · INSPIRE

**Staffing (Cert, class, admin) Costs**

**Services, Subscriptions, utilities**

**Materials, supplies, curriculum**

**Travel & Equipment**

**More Revenue? state funds? levy funds? tuition/fees**

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## SOLVING THE \$5 MILLION +? PUZZLE

11

11

**ARLINGTON PUBLIC SCHOOLS**  
EDUCATE · PREPARE · INSPIRE

## 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

12

12



## 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



13

13



## Current Budget Challenges

- Pandemic induced federal and state aid are ceasing



14

14



## Current Budget Challenges

- **Pandemic federal and state aid are ceasing**
  - ESSER II & III – instructional staff (teachers, paras), technology (chromebooks, tech staff), social emotional support (staff, curriculum), summer school (tuition free)
  - Federal funds for school meal programs – meals served free of charge for all students
  - Emergency Connectivity funds – chrome books, teacher laptops
  - State Enrollment Stabilization funds
  - State & Local Fiscal Recovery Funds (SLFRF)



15



## Enrollment Recovery



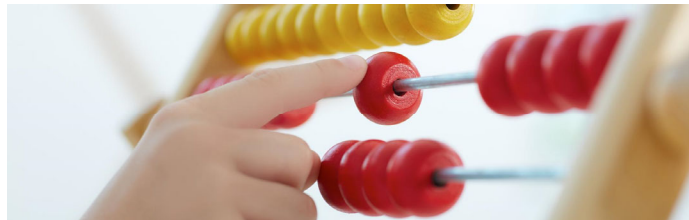
- **Enrollment is recovering more slowly than hoped**

### 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
<b>Total Student FTE</b>	5290	5402	5506	5585	5154	5263	5373	
<b>Increase or decrease in FTE</b>	1	112	104	79	-431	109	110	84

[a] 2020-21 school closures, hybrid, enrollment decreased by 8%

\*22-23 Average FTE as of January 2023, not including running start FTE



16





## Current Budget Challenges



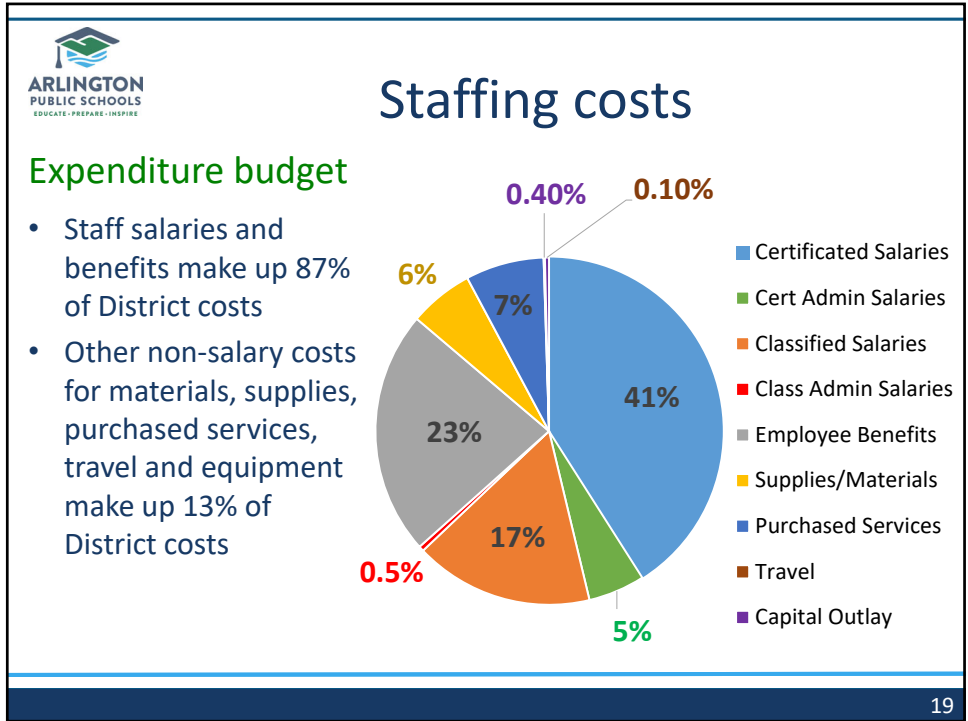
- Schools were directly tasked with mitigating impacts of the pandemic and taking measures to accelerate student learning
- Accordingly, the district has continued to provide high levels of services/staffing, many of which were previously bolstered by federal/state aid which are non-recurring funds



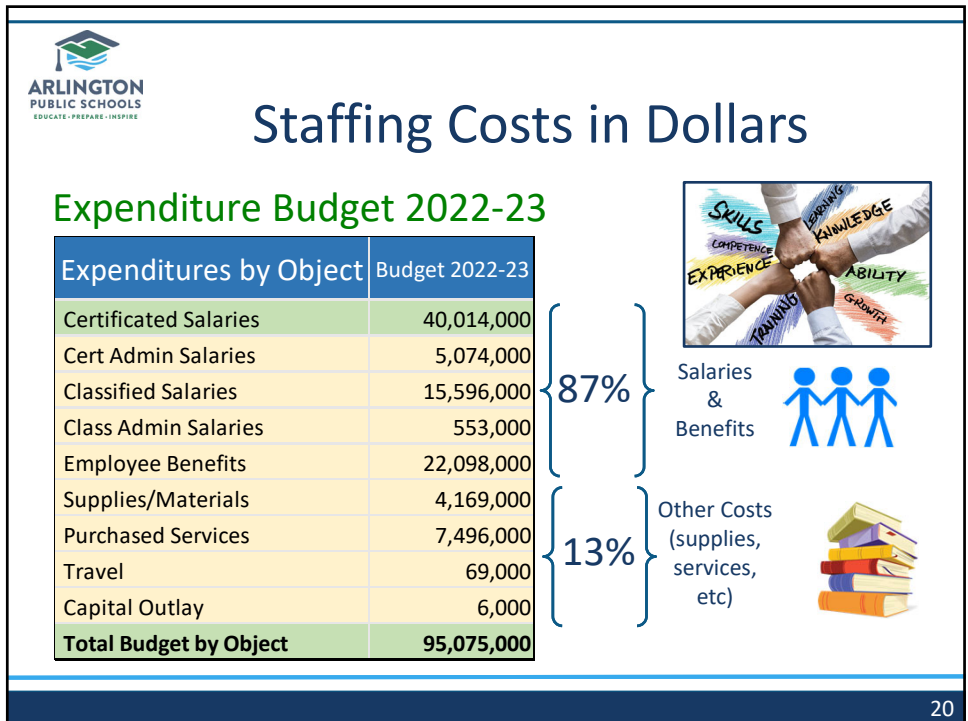
## Higher levels of services/staffing

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>	21.835	5.313	24.479	23.358	-24.236	42.657	4.574	97.980

<sup>[a]</sup> 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



19



20



## Current Budget Challenges

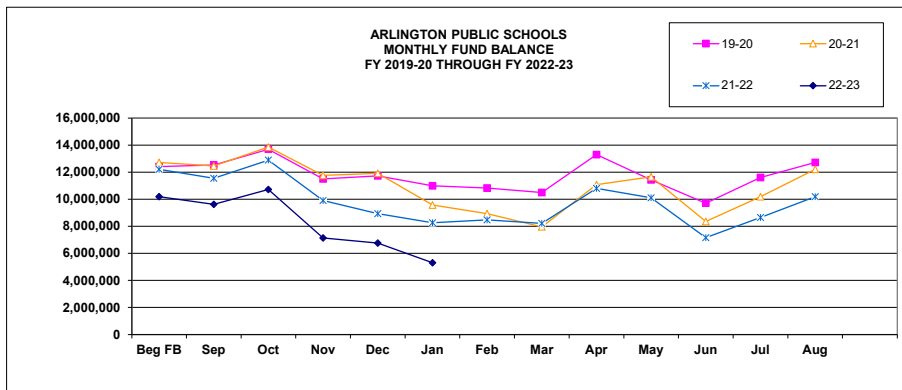


- On the heels of this pandemic, the Board directed fund balance be used as a 'rainy-day-one-time-funds' in order to continue to mitigate the impacts and accelerate learning, even as costs are rising, rather than a formal reduction in staff for 2022-23
- We estimate dipping into minimum reserves by roughly half, by the end of 2022-23



## 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





## Current Budget Challenges

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



23

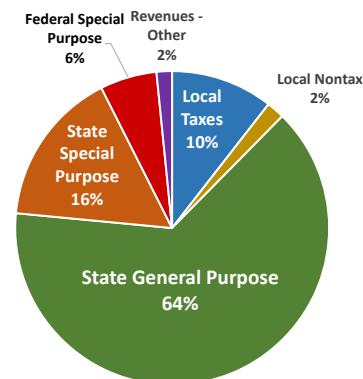
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## Where does our funding come from?

### 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%



24

24



## 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)

25

25



## 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 also impacted by inflation
- 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

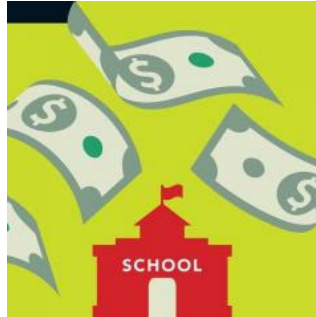
26

26



## Current Budget Challenges

- All combined reductions are necessary for 2023-24



## Reductions Target

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
<small>*(includes RunStart &amp; Open Doors)</small>		<small>Enrollment levels increasing at less than by 2 to 4%</small>		
Regionalization Factor	15%	14%	13%	12%
<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>		

- Reduction target is even greater, estimated at \$5.9 million



## DRAFT – Budget Reductions & Cost Savings 2023-24



Reso 23 01 Reduced Educational Program Plan Attachment

DRAFT - Prelim Budget Reductions & Cost Savings for 2023-24				
Admin/District Office & Operational Supports - Employee Costs	Days	Hours	FTE	Total Est Cost
<b>TOTAL</b>	<b>235</b>	<b>1,880</b>	<b>4.80</b>	<b>723,015</b>
Admin/District Office & Operational Supports - Non Employee Costs				Total Est Cost
Admin - Superintendent Dept				24,000
Communications Dept				5,000
Finance Dept				2,500
Human Resources Dept				2,500
Health Services Department				1,600
Support Services Department (TBD 5% reduction)				50,000
SS - Grounds and Maintenance Efficiencies				80,000
Teaching and Learning Department				5,000
Transportation Dept/SS Dept				75,000
Range of potential additional adjustments TBD				100,000
<b>TOTAL</b>				<b>345,600</b>
School Building - Certificated Staff - Employee Costs				Total Est Cost
<b>TOTAL</b>			<b>25.8</b>	<b>3,341,484</b>
School Building - Classified Staff - Employee Costs	Days	hrs/Day	FTE	Total Est Cost
<b>TOTAL</b>			<b>13.7</b>	<b>704,946</b>
COVID 19 Grant Funded Support Staff - Employee Costs			FTE	Total Est Cost
<b>TOTAL</b>			<b>4.0</b>	<b>373,100</b>
Materials/Supplies/Equip/Services/Travel - Non Employee Costs				Total Est Cost
Freeze - Band Uniforms Replacement-set-aside				10,000
Freeze - Music Instrument Replacement & Repairs-set-aside				20,000
Discontinue - School supply budget allocation				87,000
Reduce Building Budgets 10%				90,000
Reduce Athletic Budgets 5%				50,000
Range of potential additional adjustments TBD				25,000
<b>TOTAL</b>				<b>282,000</b>
Increased Revenues				Total Est Revenue
Re-instate - Summer school tuition				30,000
Re-instate - Athletic participation fees				100,000
<b>TOTAL</b>				<b>130,000</b>
<b>TOTAL EST</b>			<b>48.3</b>	<b>5,900,145</b>



## 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



31

31



## Feedback Activity



32

32





## 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*

33

33



## 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

34

34

# Share Out



# QUESTIONS?

## Thank you!

Dr. Chrys Sweeting,  
Superintendent

Gina Zeutenhorst, CPA  
Executive Director of Financial  
Services

### Next Budget Community Forum:

March 29, 2023 (Wed)

On-line remote zoom

### Next Special Board Meeting:

April 10, 2023 (Mon)

5pm

District Office – Board Room



37