

Battle Ground Public Schools

Board Work Session

July 24, 2023

2023-24 Budget Update

Executive Summary

Battle Ground Public Schools Budget for 2023-24

Four types of Funds make up the Budget:

- General Fund
 - Teaching activities and support
 - Building support
 - District wide support
- Associated Student Body Fund
 - Student lead clubs and activities
- Capital Projects Fund
 - Major repairs, purchases or acquisitions of facilities, such as classroom modulars, and property
- Debt Service Fund
 - Bond debt issued for facilities, such as new schools, or capital projects

State funding and enrollment has increased significantly from the 2022-23 budget. All increases in funding is allocated in this budget.

Developing the 2023-24 General Fund Budget has two major challenges:

- Enrollment has not fully returned from pre-pandemic levels
 - State funding reduction for decline of student enrollment from pre-pandemic levels of 549 full-time equivalent.
- Cost for salaries, benefits, supplies, and purchased service are outpacing revenue.
The state increased funding formula for special education and physical, social, and emotional support, however the District must still use \$9.4m of one-time funds to support ongoing operations.

These challenges require the District to:

- Use Fund Balance reserves of \$5.45m for ongoing operations, primarily salaries and benefits
- Use ESSER funds of \$3.95m for ongoing operations, primarily salaries and benefits
- Prepare for program reduction in 2024-25

Highlighted program information:

- Increased enrollment and staffing
- Increased funding and spending in special programs
- Curriculum adoptions for Science grades 6-12 and Social Studies grades 9-12
- Additional funding for safety and improvements for facilities
- Use of an additional \$3.1m ESSER funding responding to student learning recovery and support

The information in this budget update follows the state provided F195 budget document the district is required to use which compares the 2023-24 budget to the 2022-23 budget and 2021-22 actual amounts.

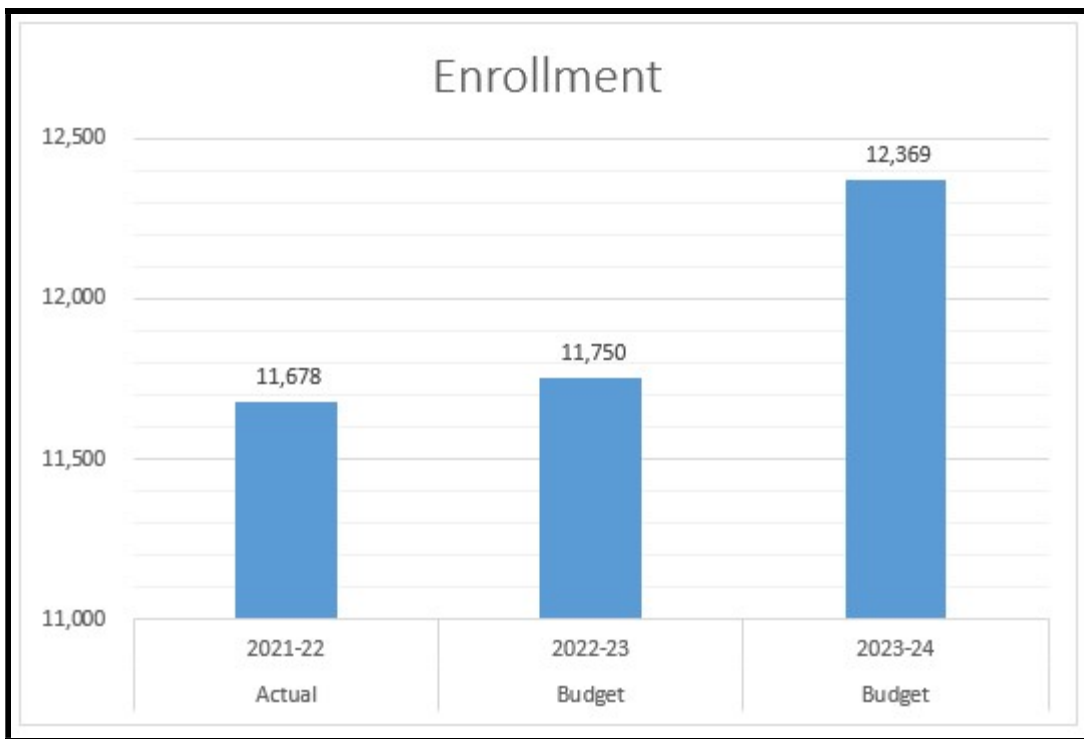
General Fund Budget

Enrollment is very important because it drives school funding for staffing and maintenance, supplies and operating costs (MSOC's). Funding is based on student's actual time in school (full time equivalent), not on number of student enrolled.

Enrollment Assumptions

1. All enrolled students return from the 2022-23 school year and growth is projected.
 - a. Demography reports show many residential and multi-family developments in process
 - b. FTE (full time equivalent) of 619 FTE increase includes
 - i. 2022-23 enrollment is 376 FTE (full time equivalent) over budget
 - ii. 2023-24 enrollment includes additional 243 FTE over 2022-23 actual
 - iii. Added a Transition To Kindergarten Class at Captain Strong Primary

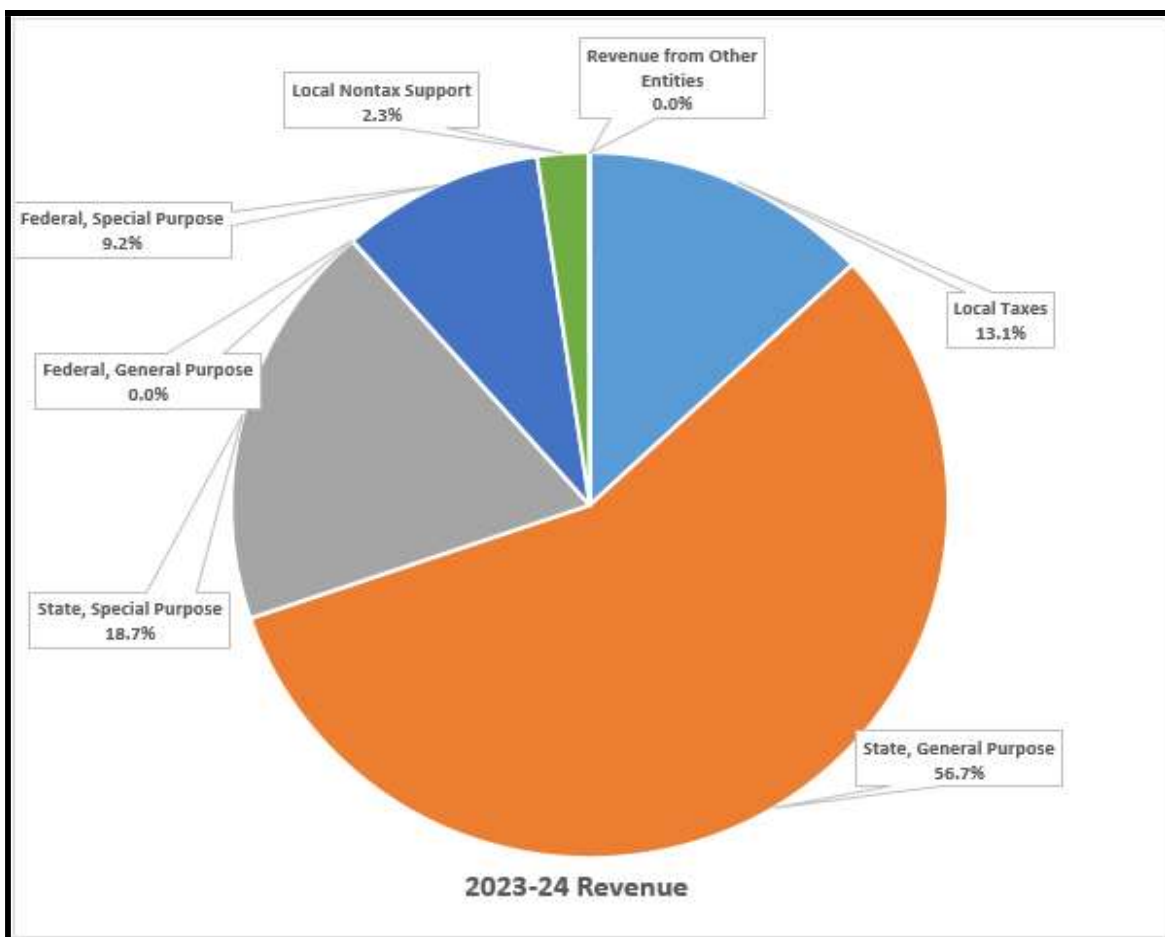
Enrollment



	Actual 2021-22	Budget 2022-23	Budget 2023-24	Increase from 2022-23
Comprehensive Schools	9,745	9,839	10,288	449
Alternative Learning Experience (ALE)	1,627	1,585	1,747	162
Running Start	290	310	310	-
Dropout Reengagement	16	16	24	8
Total FTE	11,678	11,750	12,369	619

- Enrollment has not returned from pre-pandemic levels.
 - 2023-24 enrollment is down 549 FTE from 2019-20 12,918 FTE
 - Enrollment funding also includes non-discretionary expenditures such as utilities and insurance. These costs have increased and the enrollment decreased from pre-pandemic levels is a loss of funding to cover these expenditures.

Sources of Revenue Funding



	Actual 2021-22	Budget 2022-23	Budget 2023-24	Increase from 2022-23
Local Taxes	\$ 27,513,826	\$ 27,563,450	\$ 29,004,555	\$ 1,441,105
State, General Purpose	\$ 106,778,001	\$ 114,631,126	\$ 125,907,805	\$ 11,276,679
State, Special Purpose	\$ 31,328,991	\$ 36,731,522	\$ 41,474,967	\$ 4,743,445
Subtotal	\$ 165,620,818	\$ 178,926,098	\$ 196,387,327	\$ 17,461,229
Federal, General Purpose	\$ 253	\$ 500	\$ 500	\$ -
Federal, Special Purpose (includes ESSER)	\$ 23,298,428	\$ 15,836,265	\$ 20,329,162	\$ 4,492,897
Local Nontax Support	\$ 1,492,297	\$ 5,843,336	\$ 5,139,469	\$ (703,867)
Revenue from Other School Districts	\$ 33,120	\$ 38,850	\$ 35,000	\$ (3,850)
Revenue from Other Entities	\$ 49,807	\$ -	\$ 55,000	\$ 55,000
Other Financing Sources	\$ 467,551	\$ 1,010,000	\$ -	\$ (1,010,000)
Subtotal	\$ 25,341,456	\$ 22,728,951	\$ 25,559,131	\$ 2,830,180
Total Revenue	190,962,274	201,655,049	221,946,458	20,291,409

State funding increases for 2023-24 includes a 3.7% inflationary increase for basic education state-funded salaries, *4% rebase increase for state-funded certificated instructional salaries (CIS) based on experience factor, 2.3% increase in all ALE's (Alternative Learning Program) and 3.1% increase for MSOC's.

*BGSD has a higher experience rate for CIS and the actual increase is 3.2% smoothed across CIS salaries. The state funding for average CIS base salary (with IPD and rebase) is \$82,961. Budgeted average CIS Base salary is \$90,403.

1. Local Taxes includes an increase in levy collections.
2. State, General Purpose includes revenue increases for additional staffing for physical, social, and emotional support and funding for additional enrollment,
3. State, Special Purpose includes revenue increases for bilingual student enrollment increase, special education enrollment increase, and special education funding formula increase.
4. Federal, Special Purpose includes \$7.9m of one-time ESSER funding that will expire 2023-24.
5. Local Nontax Support includes a decrease in pass-through budget capacity for donations and fees that are fund balance neutral.
6. Other Financing Sources - new Governmental Accounting Standards Board (GASB) #87 & #96 requirement to capitalize was implemented in 2021-22/2022-23 and not projected for 2023-24.

- Local taxes
 - Property tax collections from local enrichment levy
- State, General Purpose
 - Apportionment - Basic Education enrollment funding, CTE, ALE, special education
- State, Special Purpose
 - Special education, Learning Assistance Program, Bilingual Program, Highly Capable Program, Transportation.
- Federal
 - Special Education, USDA School Meals, Grants – Title programs and potential Federal Grants

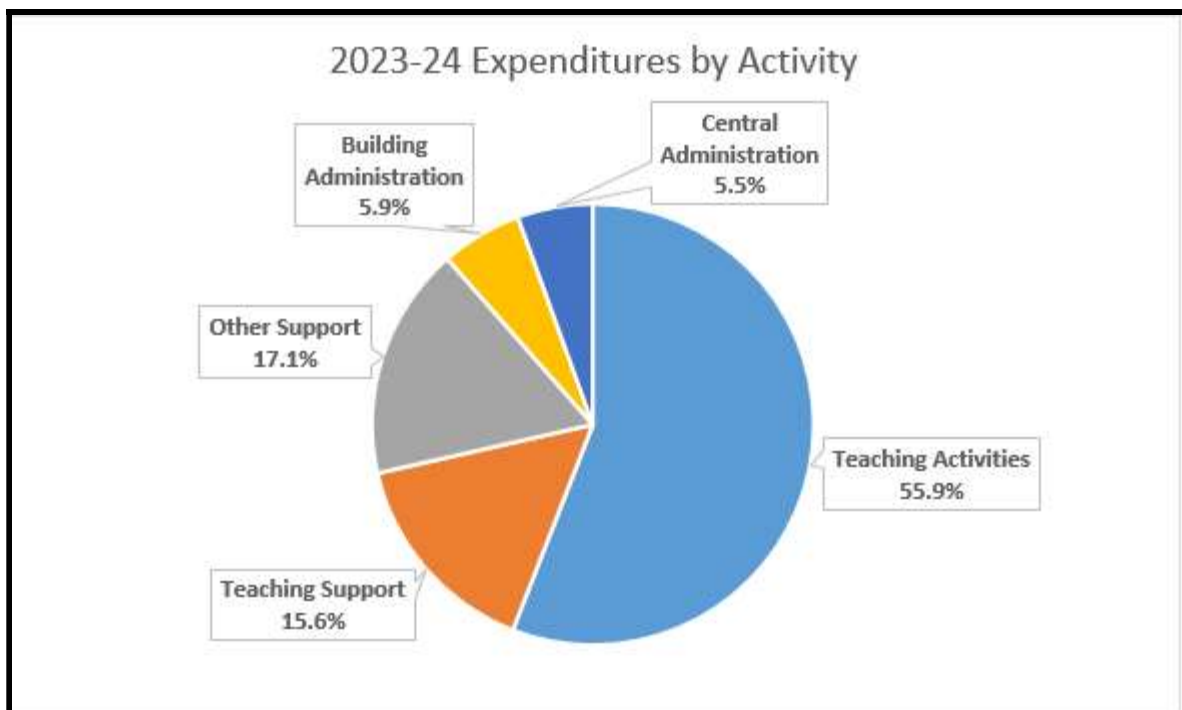
- ESSER - The District has been awarded one-time Federal funds, for special purpose known as Elementary and Secondary School Emergency Relief (ESSER). These federal funds require that expenditures are necessary, reasonable, and allocable. These funds are meant to provide a unique opportunity not only to help students overcome the loss of instruction time, but also to make investments in student achievement and success.
- Local Nontax Support
 - Donations, fees, fines, interest, paid school meals and Community Education program
- Revenue from Other Entities
 - Cooperative Agreements, Non-High serving Green Mountain SD students

Staffing

	Actual 2021-22	Budget 2022-23	Budget 2023-24	Increase from 2022-23
FTE Certificated Employees	831	856	883	27
FTE Classified Employees	440	505	527	22

- Certificated increases include classroom teachers, special education teachers, bilingual teachers and reduction of a director of instructional leadership.
- Classified increases include basic education (pupil mgmt. support, office support, and aides), special education assistants, and bilingual assistants. Classified decreases include isolation room attendants and roaming paraeducator program.

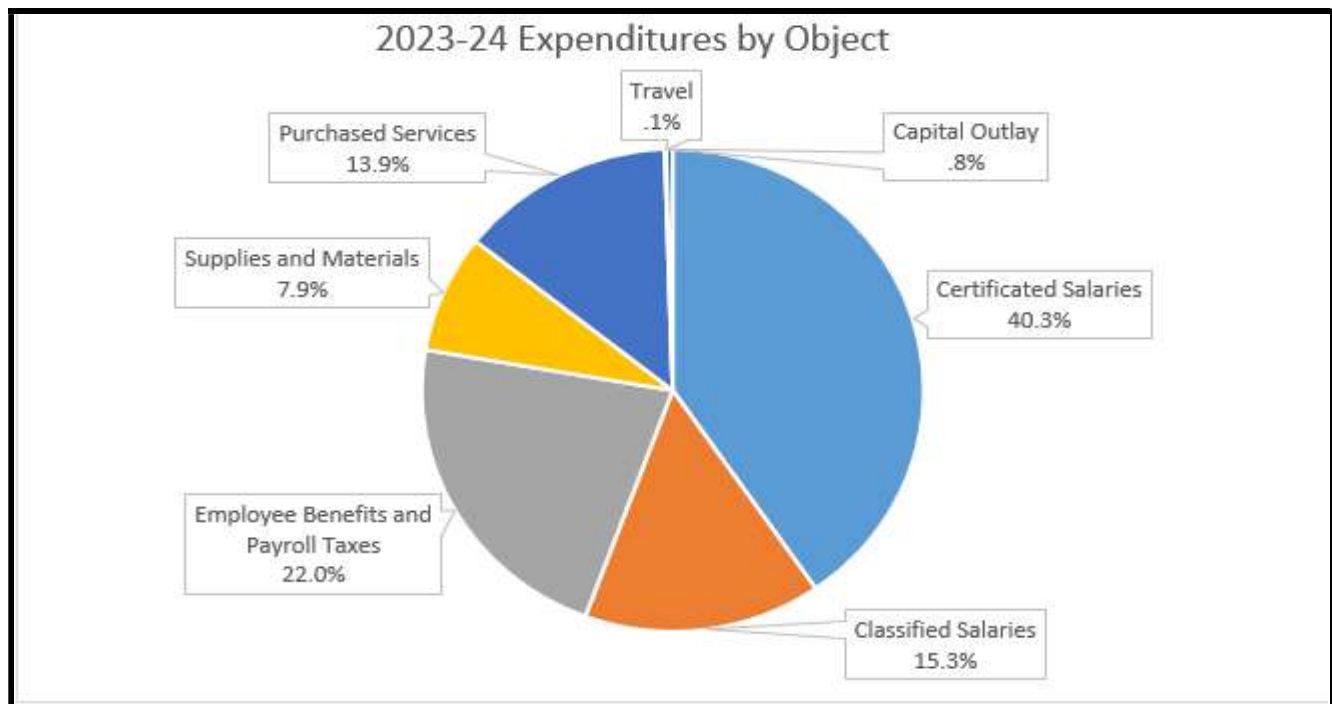
Expenditures by Activity



Activity	Budget 2023-24	Percentage of Budget 2023-24
Teaching Activities	\$ 129,798,232	55.9%
Teaching Support	\$ 36,101,603	15.6%
Other Support	\$ 39,659,387	17.1%
Building Administration	\$ 13,799,263	5.9%
Central Administration	\$ 12,805,350	5.5%
Total	\$ 232,163,835	100.0%

- Teaching Activities
 - Classroom teachers, classroom supplies and extracurricular
- Teaching Support
 - Library, Counselors, Pupil Safety (Security) , Health Services (Nursing, Psychologists, OT, PT's), Instructional Professional Development & Learning, Instruction Technology, and Curriculum
- Other Support
 - Transportation, Maintenance, Grounds, Custodians, Utilities, Insurance, Information Systems, and Warehouse
- Building Administrations
 - Principals and Building Office Staff
- Central Administration
 - Board of Directors, Superintendent's Office, Directors/Supervisors, Business Office, Human Resources, Public Relations, Instructional Supervisors, Operations Supervisors

Expenditures by Object



	Actual 2021-22	Budget 2022-23	Budget 2023-24	Increase from 2022-23	% of change from 2022-23
Certificated Salaries	\$ 78,970,602	\$ 85,913,095	\$ 93,667,876	\$ 7,754,781	9.03%
Classified Salaries	\$ 26,846,001	\$ 32,040,905	\$ 35,586,649	\$ 3,545,744	11.07%
Employee Benefits and Payroll Taxes	\$ 40,612,462	\$ 45,415,169	\$ 51,124,533	\$ 5,709,364	12.57%
*Supplies and Materials	\$ 9,246,251	\$ 19,219,701	\$ 18,376,497	\$ (843,204)	-4.39%
Purchased Services	\$ 27,997,012	\$ 29,955,038	\$ 32,207,427	\$ 2,252,389	7.52%
Travel	\$ 227,143	\$ 130,707	\$ 278,263	\$ 147,556	112.89%
Capital Outlay	\$ 939,991	\$ 1,729,504	\$ 922,590	\$ (806,914)	-46.66%
Total Expenditures	\$ 184,839,462	\$ 214,404,119	\$ 232,163,835	\$ 17,759,716	8.28%

- Salaries and benefits make up 77.7% (rounded) of the budgeted expenditures.
- If the district did not contract for transportation and nutrition services, the percentage would be approximately 84%, which exceeds the 2021-22 state average of 82.8% and similar sized districts of 82.4% for salaries and benefits.

*Includes significant capacity for donations, enrollment increases, fees collected, which are all fund balance neutral. It also includes \$4.77m for curriculum adoptions from assigned and prepaid fund balance.

Expenditures by Program

	Budget 2023-24	Percent of budget
Basic/ALE Ed	\$ 120,960,286	52.1%
Federal Special Purpose	\$ 7,202,862	3.1%
Special Education	\$ 31,861,179	13.7%
CTE	\$ 10,435,441	4.5%
Compensatory Ed	\$ 12,631,374	5.4%
Other Instructional Programs	\$ 1,342,973	0.6%
Community Education	\$ 746,474	0.3%
District Wide Support	\$ 29,747,005	12.8%
School Meals	\$ 3,768,034	1.6%
Pupil Transportation	\$ 13,468,207	5.8%
Total	\$ 232,163,835	100.0%

- Basic/ALE Education
 - Basic Education and Alternative Learning Experiences
- Federal Special Purpose
 - ESSER
- Special Education
- CTE
 - Vocational Career and Technical Education
- Compensatory Ed
 - Federal Title programs, Learning Assistance Program, and Bilingual Program
 - Capacity for potential state grants
- Other Instructional Programs

- Highly Capable
- Capacity for donations, fees, fines
 - Expenditures are offset by revenue
- Community Education
 - Expenditures are offset by revenue
- District Wide Support
 - Building Maintenance, Grounds, Custodians, Board of Directors, Superintendent's Office, Directors/Supervisors, Human Resources, Public Relations, Security, Utilities, Insurance, IT, Warehouse, and Business office
- School Meals
 - Expenditures are offset by revenue
- Pupil Transportation
 - To/From School Buses and Crossing Guards

Use of ESSER Federal Funds

The ESSER grant budget of \$7m is primarily for salaries and benefits including extra staff as a response to the pandemic and continuity of ongoing services as allowed by the grant.

ESSER expenditures are fund balance neutral. Claims for reimbursement of budgeted expenditures are also budgeted as revenue and these grant funds must be expended by 2023-24.

Use of 2023-24 Levy Funds and Assigned Fund Balance

	Budget 2023-24	% of Levy 2023-24
Building Level	\$ 14,915,870	41.7%
Building Level Other	\$ 9,950,045	27.8%
District Wide Support	\$ 10,934,631	30.5%
	\$ 35,800,545	100.0%

- Building Level
 - Staffing, salaries, substitutes and MSOC's above the state funding formula, and extracurricular.
- Building Level Other such as
 - Library, Counseling, Security, Nursing, Professional development
 - Instructional technology, Curriculum (including adoptions)
 - Staffing, salaries, substitutes, and MSOC's above the state funding formula
- District Wide Support such as
 - Transportation, maintenance, utilities, facilities, safety, security, communications
 - Staffing, salaries, substitutes and MSOC's above the state funding formula

Budget Summary

	Budget 2023-24
Total Revenues	\$ 221,946,458
Total Expenditures	\$ (232,163,835)
Transfer out to Debt Service Fund	\$ (326,600)
Expenditures Exceed Revenue	\$ (10,543,977)
Beginning Fund Balance	\$ 37,100,000
Ending Fund Balance	\$ 26,556,023

Fund Balance Reserves

	Projected Beginning Fund Balance 2023-24	Use of Fund Balance 2023-24	Projected Ending Fund Balance 2023-24	Fund Balance as a Percentage of Expenditures 2023-24
Restricted for Carrover of Restricted Revenues	\$ 1,535,000	\$ (450,000)	\$ 1,085,000	0.5%
Nonspendable Fund Balance - Inventory & Prepaid Items	\$ 4,700,000	\$ (433,450)	\$ 4,266,550	1.8%
Restricted for Self-Insured	\$ 65,000	\$ -	\$ 65,000	0.0%
Restricted for Uninsured Risks	\$ 100,000	\$ -	\$ 100,000	0.0%
Assigned to Other Purpose	\$ 14,264,797	\$ (7,155,154)	\$ 7,109,643	3.1%
Unassigned Fund Balance	\$ 4,082,251	\$ (4,082,251)	\$ -	0.0%
Unassigned to Minimum Fund Balance Policy	\$ 12,352,952	\$ 1,576,878	\$ 13,929,830	6.0%
Total	\$ 37,100,000	\$ (10,543,977)	\$ 26,556,023	11.4%
Expenditures	\$ 232,163,835			

- Restricted for Carry Over of Restricted Revenues
 - Cannot be used to balance the budget.
- Non-Spendable Fund Balance
 - Cannot be used to balance the budget.
- Restricted for Uninsured Risks
 - Cannot be used to balance the budget.
- Assigned to Other Purpose

- Support for ongoing programs such as social emotional learning, curriculum adoptions through 2024-25, public relations, facilities improvement set-asides, and building and donation carry-over funds available for expending in the future.
- Unassigned Fund Balance
 - “Rainy day” fund.
- Unassigned to Minimum Fund Balance Policy
 - Board Policy 6022 requires a 6% reserve of total budgeted expenditures for uncertainties.

Use of Assigned to Other Purpose and Unassigned Fund Balance

	Assigned for Other Purpose Fund Balance 2023-24
Curriculum adoptions catch up	\$ 4,336,907
K-4 Classroom Supplies	\$ 150,000
Public Relations/Communication	\$ 100,000
Operations/Capital Improvements	\$ 600,000
Social Emotional Learning	\$ 500,000
Technology	\$ 100,000
Ongoing Operations	\$ 1,368,247
Total	\$ 7,155,154

	Use of Unassigned Fund Balance 2023-24
Ongoing Operations	\$ 4,082,251

Total use of 5.45m for ongoing operations.

Summary

- The state provides \$10,170 per student under the basic education funding formula.
- Enrollment has increased significantly since 2021-22 but has not returned to pre-pandemic levels.
- Staffing has increased 27 FTE in certificated staffing to a total of 882.6 FTE, and increased 22.2 FTE in classified staffing to a total of 527 FTE. From 2021-22 certificated staffing has increased 52.1 FTE and classified staff has increased 86.5 FTE.
- Curriculum adoptions were postponed due to the pandemic and are years behind. This budget includes \$4.77m for adoptions.

- State funded inflationary increases from the state are not keeping up with inflationary increases for supplies, utilities, fuel, purchased services and labor. Inflation has been trending at historical record highs but is showing signs of slowing down.
- ESSER funding expires in 2023-24, which will require reductions in programs.
- Use of \$5.45m in fund balance for ongoing operations cannot be sustained.

Associated Student Body Fund

Summary of Activity and Fund Balance

	Budget Revenue 2023-24
General Student Body	\$ 488,877
Athletics	\$ 792,030
Classes	\$ 448,950
Clubs	\$ 225,100
Private Moneys	\$ 39,000
Total Revenue	\$ 1,993,957
General Student Body	\$ 500,078
Athletics	\$ 826,080
Classes	\$ 471,475
Clubs	\$ 244,951
Private Moneys	\$ 40,250
Total Expenditures	\$ 2,082,834
Beginning Fund Balance	\$ 976,400
Ending Fund Balance	\$ 887,523

- Student extracurricular activities (cultural, athletic, recreational, and social).
- Funded by fees and fundraisers.
- Budgets prepared by all school ASB student councils.

Debt Service Fund

Summary of Debt Service Fund

	Budget 2023-24
Revenues	\$ 3,529,350
Expenditures	\$ 7,543,828
Excess Revenue over Expenditures	\$ (4,014,478)
Beginning Fund Balance	\$ 4,856,000
Ending Fund Balance	\$ 841,522

- Funded by collection of local taxes and transfer from general fund to make bond principal and interest payments.
- Voted Debt balance 9/1/23 \$7,030,000.
 - Voted debt expires 12/2023
- Non-voted debt balance 9/1/23 \$735,000
 - Non-voted debt expires 12/2024
- Fund balance is required due to timing of levy collections and payment due dates.

Capital Project Fund

Summary of Capital Projects Fund

	Budget 2023-24
Revenues	\$ 8,100,000
Expenditures	\$ 16,020,000
Excess Revenue over Expenditures	\$ (7,920,000)
Beginning Fund Balance	\$ 16,776,000
Ending Fund Balance	\$ 8,856,000

- Revenue
 - Impact Fees from new residential development.
- Expenditures from impact fees collected
 - Modular portable classrooms are budgeted for *CAM and Yacolt Primary.
 - CAM #3 Modular will not arrive until 2023-24
 - District support warehouse.
 - Extra budget capacity, if needed, paid for by impact fees.

Four-Year Forecast

A presentation including the four-year forecast will be presented prior to the budget adoption.

General Fund Assumptions

- Enrollment projections will include some growth
- Certificated instructional staffing projected to grow as enrollment grows
- State funds for staffing increase for physical, social, and emotional support through 2024-25
- State funded inflationary increases:
 - 3.9% 2024-25 (projected by the state)
 - 2.1% 2025-26 (Estimated)
 - 2.1% 2026-27 (Estimated)
- ESSER funding expires 2023-24
- Without additional sources of revenue, reductions are required.

Next Steps

A public budget hearing and the adoption of the budget will be held during the August 28, 2023 Board meeting.

Budget Information

www.battlegroundps.org/budget/

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