

Superintendent's Budget Message

Our Vision: All students graduate and are prepared for a successful life.



May 4, 2021

Dear SKPS Community, Parents, Students and Staff,

As I am writing this message, students and staff across the district are returning to in-person learning after nearly a year of distance learning. It has been incredibly exciting to watch students reunite with friends, teachers and school staff, and to watch our kindergarten students see their classrooms for the very first time. While there have been numerous challenges in the last year, we have learned a lot about ourselves and our organization. Our students, their families, and our staff are incredibly resilient and flexible. The school district is the primary social service provider in our community, providing essential food, clothing, technology, and other essential resources. The need for authentic relationships with students and their families continues to be at the heart of our work and was made possible with digital technology in the hands of a committed workforce.

The COVID-19 pandemic has taken a massive human and economic toll on the greater SKPS community, and the impacts of the pandemic will be felt for many years to come. The pandemic heightened access and learning inequities amongst our historically underserved populations. We worked with urgency to provide access and support to our students through internet access, Chromebooks, and care and connection. Our home coaches, community resource specialists, social workers, McKinney Vento advocates, migrant specialists, cultural language facilitators, and translators/interpreters worked tirelessly to complement the supports provided in our schools in order to reach our students even more at risk of disengagement in comprehensive distance learning. The constant changes and the need to quickly pivot have fatigued our organization and kept us focused on managing each crisis day to day. As an organization we have led through a pandemic, wildfires, and an ice storm. It feels good to pick up our heads, reflect on what we have learned as a community, and prepare for the 2021-22 school year.

This 2021-22 Proposed Budget is built on the following principles related to teaching and learning:

- The 2021-22 school year will be in person five days a week
- The social-emotional health of our students and their safety and well-being is always critical, now more than ever
- Academic acceleration will be critical when students return in person five days a week
- EDGE, our online academy, will remain. EDGE has proven to be a successful school experience for many students and their families. Our plan is to have 2,300 students K-12 at EDGE in the 2021-22 school year
- Some middle school students need access to an alternative education program
- Multiple funding sources will need to be braided with our core services in the General Fund in order to meet our equity goals, get students back to five days of in-person instruction and carry out our financial recovery plan

General Fund

The 2021-22 General Fund proposed budget is built on the revenue assumption of **\$9.4 billion**, but current proposals from the legislature are only at \$9.1 billion. Page 55 in the budget book shows the assumed revenue at the funding level of \$9.4 billion. Even at \$9.4 billion, the increase in the State School Fund (SSF) would be the lowest level since climbing out of the Great Recession over eight years ago. At \$9.4 billion SSF, SKPS will still receive approximately \$4.0 million less in SSF revenue compared to 2020-21 funding levels. The reductions at \$9.1 billion are even more impactful. If we are forced to reduce based on the proposed \$9.1 billion SSF, SKPS would lower the contingency by 1.65 percent or approximately \$10.0 million.

Beginning in the 2018-19 school year, the district's total enrollment began to flatten. While the ten-year trend still shows a slight increase in the total number of students, the current enrollment is relatively flat. During the 2020-21 school year, enrollment declined significantly due to COVID-19, but we expect about 500 students who left the school district to return in the fall of 2021-22. Revenues are tied to enrollment, so declining enrollment can make it difficult to maintain programs.

The 2021-22 General Fund proposed budget is built on the following assumptions:

- \$9.4 billion SSF allocation
- Beginning fund balance of \$102.4 million, which includes \$32.4 million restricted for transportation facility
- Contingency of 6.18 percent
- PERS rates have dropped for this new biennium but are expected to increase for the next biennium due to a pending PERS board decision to lower the assumed earnings, which will increase our unfunded actuarial liability (UAL)
- Bargaining has not commenced at the time of this budget message, and collective bargaining agreements are not in place for 2021-22
- ADMw with a slight increase with the assumption that 50 percent of students who withdrew due to COVID-19 return to SKPS
- Enrollment is down at the elementary and middle school level, but up slightly in grades 9-12

	Actual Annual Average Enrollment					Projected Enrollment	
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Elementary	19,743	19,886	19,797	19,474	18,915	17,509	17,770
Middle	9,317	9,541	9,759	9,907	10,246	9,845	9,857
High	11,803	11,922	11,889	11,869	12,041	12,559	12,803
Other	263	289	310	348	368	408	391
TOTAL	41,126	41,638	41,755	41,598	41,570	40,321	40,821

- Declining number of students at the elementary level qualifying for English language services, but keeping the overall district FTE of bilingual classified supports at a consistent level in order to support students learning English in their return to in-person learning

	Actual English Language Learners (ELL)						Projected ELL
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Elementary	6,242	6,708	5,411	4,978	4,539	4,191	3,917
Middle	1,042	1,347	1,417	1,597	1,676	1,693	1,741
High	590	767	803	961	1,178	1,445	1,597
TOTAL	7,874	8,822	7,631	7,536	7,393	7,329	7,255

- Additional assumptions are listed on page 25 of the 2021-22 Proposed Budget

Budget Adjustments

Major Technical Adjustments Related to COVID-19 Rolled Into 2021-22 General Fund

- 10.0 FTE classified for office support, community school outreach coordinator (CSOC), student data specialist for EDGE
- 2.0 FTE principals for EDGE
- 1.0 FTE licensed for curriculum program associate
- 1.4 FTE licensed for district instructional mentors
- 1.0 FTE communications project manager and operations supervisor
- 3.0 FTE classified for technology support
- 1.0 FTE security manager

Additions

- Middle School Alternative Education:
 - 1.0 FTE licensed for behavior specialist
 - 2.0 FTE classified for special programs instructional assistants
 - 1.0 FTE licensed for guidance counselor
 - 1.0 FTE classified for school office specialist
 - 2.0 FTE licensed staff realigned to alternative education from middle school instruction
 - 0.5 FTE assistant principal realigned to alternative education from middle school
 - Additional positions funded in Grants Fund 240
- 12.8 FTE licensed for speech language pathologists to increase speech pathology and audiology services to students by decreasing caseloads
- 1.0 FTE licensed staff for elementary instruction - literacy
- 3.0 FTE licensed staff for bilingual education at the secondary level
- 4.0 FTE licensed for instructional mentors (2.0 elementary, 1.0 middle, 1.0 high) for EDGE
- 6.37 FTE classified staff for custodians and 2.0 FTE classified staff for maintenance workers for bond square-footage increase
- 2.0 FTE classified for instructional technology supports
- 0.5 FTE classified for communications support

Reductions/Major Budget Realignment

- 11.5 FTE licensed staff moved from elementary instruction to high school instruction for enrollment shifts
- 10.0 FTE licensed staff in elementary instruction reduced because of declining enrollment at the elementary level
- 5.0 FTE licensed staff in middle school instruction reduced because of declining enrollment at the middle level

Additional Transfers Out of the General Fund

- \$200,000 to food services fund for meal write-offs
- \$750,000 to preventative and deferred maintenance for turf field replacements
- \$500,000 to asset replacement for white fleet replacement for aging vehicles

Transportation

The transportation facility and bus purchases approved by the school board in April of 2020 are included in this budget, including \$32.4 million in the beginning fund balance restricted for the transportation facility.

Sources of Revenue Outside the General Fund

Student Investment Account

SKPS expects to receive approximately **\$30 million** from the Student Investment Account (SIA) grant. The current SKPS SIA plan reflects the universal and targeted priorities identified by the SIA Task Force and our SKPS community in 2019-20. These priorities were generated after several months of feedback from parents, students, community members, and district staff. Due to reduced funding in 2020-21, the original plan was only partially implemented last year. In 2021-22, with increased SIA funding, the district and the SIA Advisory Team is committed to deeper implementation of the following strategies:

- Language and literacy development at targeted elementary schools
- 9th grade on-track (algebra I focus)
- Secondary English language development and newcomer center redesign
- Dual language expansion
- Middle school math
- Social-emotional and behavioral supports
- Community engagement
- Extra-curricular activities
- Equity, diversity, and inclusion
- Continuum of student supports

An important component of the SKPS SIA plan is to provide additional social-emotional and behavioral supports to students. The SIA plan devotes 25 percent of the overall plan to these resources. Supports include additional social workers, school psychologists, counselors, access to mental health supports, and social-emotional curriculum. This social-emotional focus will enable the placement of a full-time social worker at each high school and every Title I middle school. These social workers will provide support for some of the student needs where resource officers previously assisted. In addition, 2.0 counseling FTE has been added to the high schools with the largest counselor-to-student caseload to further support the well-being of our high school students.

High School Success

High School Success provides resources for career and technical education (CTE), drop-out prevention, and accelerated credit. High School Success revenue is expected to be fully funded at **\$11.0 million** and is budgeted in Grants Fund 240.



Federal Funds through Elementary & Secondary School Emergency Relief Fund (ESSER)

The district is receiving substantial grants through ESSER I, ESSER II, ESSER III, and the Comprehensive Distance Learning (CDL) Grant Program. These funds are budgeted in Grants Fund 240 on page 133 and are expected to be approximately **\$140.0 million** to be used between now and September 2023. Careful allocation of these resources is needed to span the following fiscal years: 2021-22, 2022-23, 2023-24 (grant close-out September 2024). Central to our planning is the need to accelerate student learning and support the ongoing social and emotional health of our community. To provide these critical functions, operational continuity and financial stability are also essential.

Our ultimate priority is to safely reopen schools in the fall of 2021 for a five-day-a-week in-person instructional model or access to a vibrant learning experience in EDGE for all students. We realize that impacts of the pandemic and additional safety precautions will most likely be necessary, and the ESSER grants will be used in the following categories to support students:

- Learning acceleration (unfinished learning)
- Social-emotional and behavioral health supports
- Responses to COVID-19, including safety protocols needed to implement a five-day-a-week instructional model and could include district health authority, increased cleaning/sanitation protocols, and additional FTE required to meet Ready Schools Safe Learning (RSSL) guidelines
- Technology resources to support digital teaching and learning
- Support for the operations and management of large grants and COVID-19 response requirements
- Capital improvements such as improved ventilation
- Support to the General Fund if state school fund not fully funded



Financial Policy Update

As part of our long-term financial planning process, we believe it is necessary to update the existing financial management policy regarding the targeted General Fund ending fund balance and the targeted General Fund minimum contingency amount. Both targets would be increased to reflect current trends in the public sector related to financial management and are intended to create a sustainable operating budget as we move past the global pandemic. The proposed changes are as follows:

- The targeted General Fund ending fund balance would be increased from the existing five to seven percent of operating revenues to the proposed seven to twelve percent of operating revenue.
- The targeted General Fund contingency amount would be increased from the existing one percent of operating revenue to the proposed three percent of operating revenue.

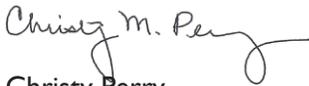


Summary

The pandemic has provided unique challenges and opportunities for our students, families, and educators. Part of the challenge remains in presenting a budget that braids a below current service level revenue package in our general operating budget (based on the SSF) with multiple grants. While the general operating budget and the related revenue package are by far the largest and most long-term consideration, the ESSER grant funds provide targeted support for students and are designed to help offset the impacts of COVID-19. While these funds are definitely needed at this unique point in time, they are primarily one-time funding sources and not sustainable past September of 2023.

I remain fully committed to our students and our community. I am proud of the accomplishments of our students, staff, and families during a pandemic and believe that with the resources outlined in this proposed budget we can successfully reopen our schools, attend to the social-emotional health of our students, and accelerate learning as students return to the classrooms in the fall.

Respectfully,



Christy Perry
Superintendent



