Presentation Overview

- **Budget Parameters**
  - What are these parameters that you speak of?
  - Why adopt parameters for upcoming Budget?

- **Examples of Budget Parameters to Bring to your Board and Share with Stakeholders**

- **The “Four Year Outlook” Requirement**
  - Strategy
  - What are your numbers saying?

- **Questions and Answers**
What are Budget Parameters?
(At least as one district sees it)

- The budget parameters should be created/publicized as part of your annual budget process
  - In Issaquah we target January/February (this timing can change dependent upon the legislature)
  - The elements of the parameters can work for or against you so they must be crafted thoughtfully.
    - An example, would be the amount of reserve required by the Board adopted parameters or if the document calls out goals for compensation related items.
      - These items may complicate collective bargaining
Examples of Budget Parameters (Element 1)  
Mission Focused High Level Goals

The budget should direct resources toward the support of:

- The District Mission, Executive Limitations, and Ends learning goals for students.

- A comprehensive educational program which reflects overall community values and interests and provides an equitable and balanced educational experience for all students.

- Overall growth in student learning toward state and federal learning targets, as well as growth for each of the disaggregated groups. This includes students working above standard.

- A comprehensive educational program balanced to reflect overall community values including the course capacity and opportunity for all students to take four years of mathematics, three years of lab-based science, take at least two years of world languages, and engage in social emotional learning.
In directing District resources toward the accomplishment of the (Prior Slide), the following guidelines will be observed:

- Financial planning for any fiscal year, or the remaining part of any fiscal year, shall not deviate materially from the Board’s Ends priorities, risk fiscal jeopardy, or fail to be derived from a multi-year plan, including the following specific requirements:
  - Maintain an unrestricted reserve fund of 3-7% of the general fund budget.
  - Maintain sufficient reserves for start-up operating costs associated with new schools.
  - Limit use of the Board-designated emergency reserve fund: ($1,000,000) to emergency capital equipment and/or facility repair/replacement needs, and/or other unforeseen liabilities or expenses while maintaining the fund at an adequate level.
  - Annually, provide sufficient program detail that will allow for Board of Directors to determine the amount of revenue that must be collected or rolled-back from the local Educational Programs and Operations Levy.
Element 3 Of Budget Parameters (Accountability & Sustainability)

In directing District resources toward the accomplishment of the (Prior Slide), the following guidelines will be observed:

– The Superintendent/District shall not cause or allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.

– With respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the Superintendent shall not cause or allow jeopardy to fiscal integrity or to public image. Further, the Superintendent shall:
   not change the Superintendent’s own compensation and benefits, except as his/her benefits are consistent with a package for all other employees.
   not allow current compensation and benefits to deviate materially from the geographic and/or professional market for the skills employed, insofar as District resources allow.
   not create obligations over a longer term than revenues can be safely projected or fail to establish provisions for modifying obligations in the event of revenue loss.
The Finished Product

Budget Parameters
“The Four Year Budget Plan”

- **28A.505.040**
  Budget—Four-year budget plan—Notice of completion—Copies—Review by educational service districts.

  (1) On or before the tenth day of July in each year, all school districts shall prepare their budget for the ensuing fiscal year. The annual budget development process shall include the development or update of a four-year budget plan that includes a four-year enrollment projection. The four-year budget plan must include an estimate of funding necessary to maintain the continuing costs of program and service levels and any existing supplemental contract obligations.

  (2) The completed budget must include a summary of the four-year budget plan and set forth the complete financial plan of the district for the ensuing fiscal year.

  (3)(a) Upon completion of their budgets, every school district shall electronically publish a notice stating that the district has completed the budget, posted it electronically, placed it on file in the school district administration office, and that a copy of the budget and a summary of the four-year budget plan will be furnished to any person who calls upon the district for it.

  (b) School districts shall submit one copy of their budget and the four-year budget plan summary to their educational service districts and the office of the superintendent of public instruction for review and comment by July 10th. The superintendent of public instruction may delay the date in this section if the state’s operating budget is not finally approved by the legislature until after June 1st.

  (c) The office of the superintendent of public instruction shall consider the information provided under (b) of this subsection when ranking each school district by the financial health of the school district in order to provide information for districts to avoid potential financial difficulty, insolvency, or binding conditions.
“The Four Year Budget Plan”
(What’s the point?)

- Compliance is essential as noted in the prior slide (in order to avoid an audit finding)
- Opportunity to project forward the carrying costs of your labor agreements
- A tool to communicate the District’s financial position (declining, strengthening, stable, etc.)
- Transparency (albeit ambiguous transparency) to stakeholders
“The Four Year Budget Plan”
(Strategy & Suggestions)

- Keep the “out year” projections simple....we all know that finances can change rapidly from year to year...(especially revenue)

- If you are projecting a deteriorating fund balance, please recall that it may effect your bond rating or “Financial Indicator Score from OSPI”

- Do you show budget reductions in future years?
  - Potentially, it depends...

- Conservative Revenue and Enrollment projections
Conclusion

- This session has been about building in communication vehicles for your various stakeholder groups, before, during and after the creation of the budget.

- The goal is for all of us to walk away and be strategic about the financial signals we are giving to our constituencies.

- Be open about priorities and limitations and when possible work to align Board and Administration.