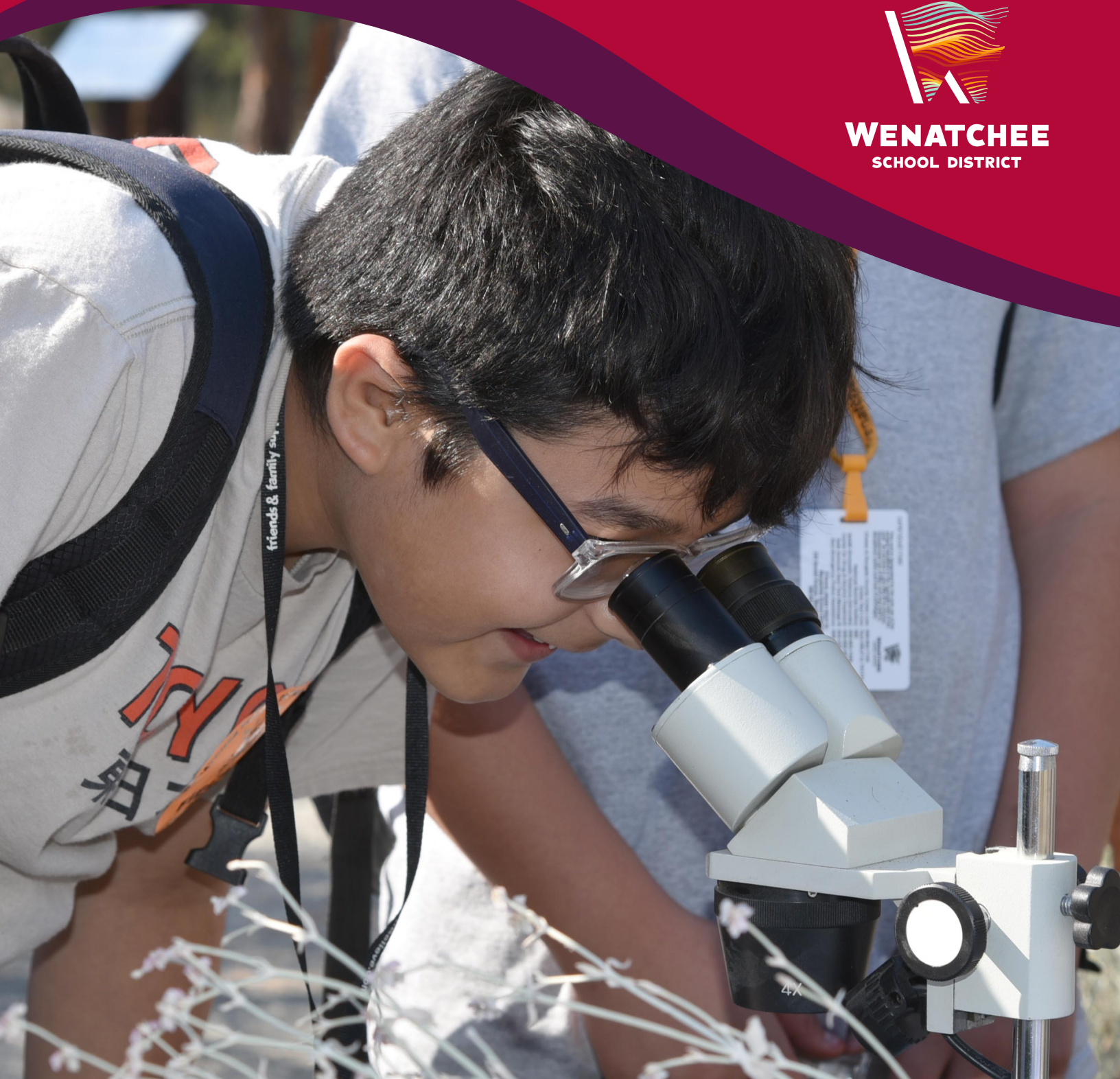




WENATCHEE
SCHOOL DISTRICT



UNDERSTANDING SCHOOL

Funding



School budgets are complex and not always easy to understand.

To help our stakeholders better understand how school budgets work and to clearly show how the Wenatchee School District utilizes tax payer funds to deliver a high-quality education experience for students we've created this school funding 101 guide.

Building our district's budget starts with our promise, values, and priorities.

OUR PROMISE

*We promise to
build a
foundation of
diversity, equity
and inclusion
from which each
student emerges
future-ready*

OUR VALUES

Excellence in Learning
Equity
Accountability

OUR PRIORITIES

Thriving environment - Welcoming spaces where all individuals flourish, are seen, valued, feel safe and know they belong.

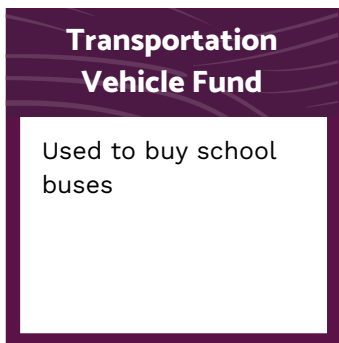
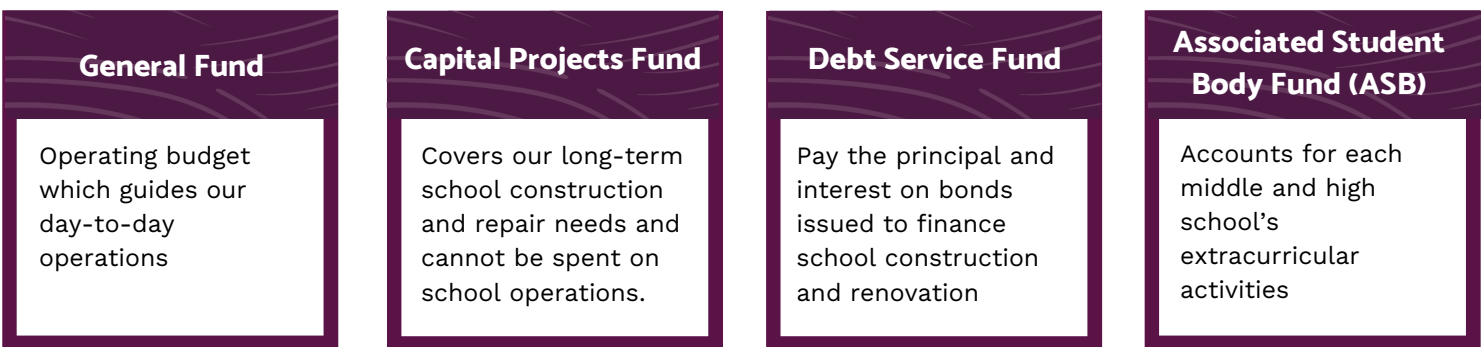
Opportunities - Equitable access to high-quality academic, extracurricular and real-world experiences.

Partnerships- Relationships between students, staff, families, schools and community that enhance student well-being and success.

How our budget is divided

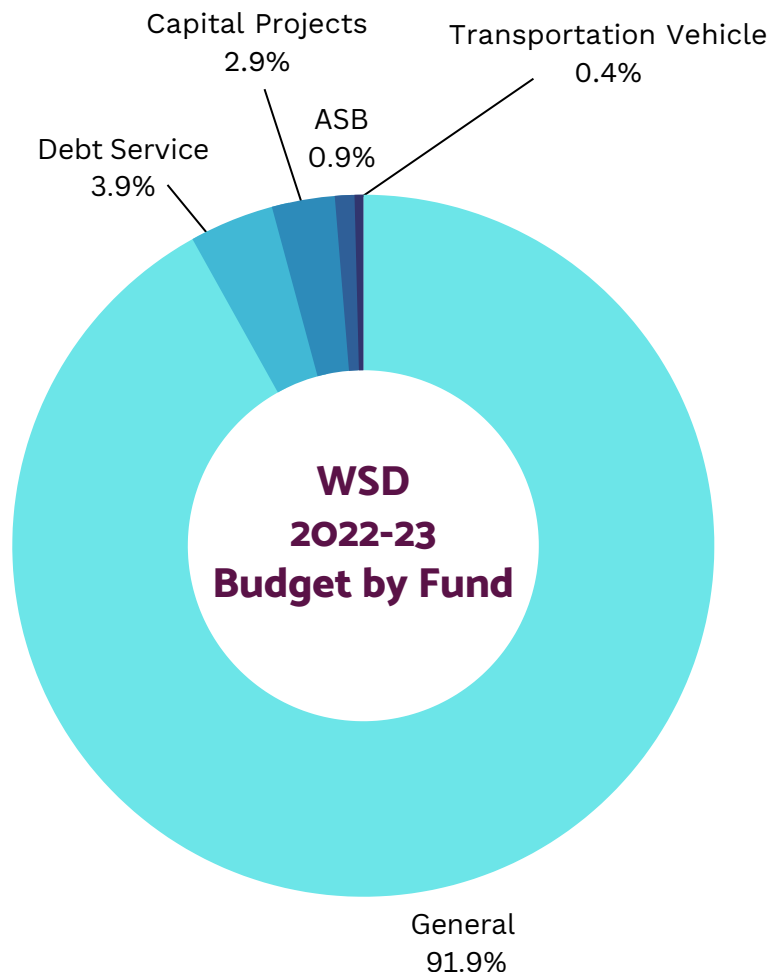
School funding may seem hard to understand in a district with a \$153.8 million budget, but our budget is similar in many ways to yours at home, with a few important differences. We use it for multiple purposes: To track income and spending; help manage priorities, plan for the future; and measure financial performance.

OUR BUDGET HAS FIVE PARTS



- General - \$141.5M (92.0%)
- Debt Service - \$6.0M (3.9%)
- Capital Projects \$4.4M (2.9%)
- Associated Student Body \$1.3M (0.9%)
- Transportation \$605K (0.4%)

The Washington State Auditor's Office conducts an annual review of the District's budget to provide accountability and transparency in the stewardship of district dollars.





There are many ways to look at spending. In this guide, we'll look at:

- *Where our funding comes from (taxes and grants)*
- *How the money is distributed (Schools, districtwide support, and central office); and*
- *What we spend money on (salaries and expenses)*

Where our funding comes from

State



The largest source of revenue for the district, 69.2 percent, comes from the state in two areas: state general purpose funds, called “state apportionment,” and state special purpose funds, called “categorical program funding.” Most of this money is designated for specific programs and cannot be used for other purposes. The amount each district receives is based upon the annual average number of students enrolled in the district and a series of formulas that consider base salaries, employee benefits, supplies, materials, and operating cost allocations. These formulas are set by the state legislature. State special purpose funds support programs such as special education, student transportation, transitional bilingual, and learning assistance.

Local



Local revenues account for 9.9 percent of income for the general fund and are essential to funding a well-rounded education. The majority of these dollars are from local property taxes. Other local resources include non-taxes that come from various sources, including fees, fines, rental income, interest earnings, and donations. Local levy funds are the least restrictive of all our funding sources.

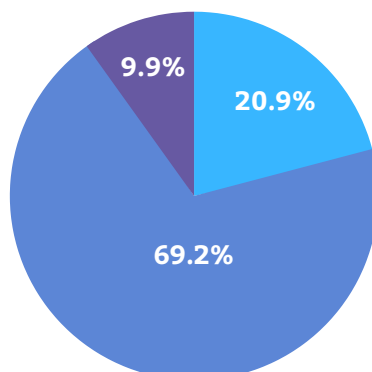
Federal*



Federal funds are very restrictive and can only be used for specifically designated programs. Federal funds provide dollars for specialized programs that support school improvement (Title II), disadvantaged students (Title I), and students with limited English proficiency (Title III). In addition, federal funds provide free and reduced-price lunch programs as well as supplemental funds for special education.

WSD Funding by Revenue Source

- State - \$95.6M (69.2%)
- Federal - \$28.7M (20.9%)
- local - \$13.8M (9.9%)



**The District's 22-23 budget includes federal ESSER (COVID) dollars that will be spent out at the end of the school year.*

Two basic factors determine how resources are allocated to schools:

1. *The number of students at the school, and*
2. *The special needs of students, such as poverty, disabilities, and limited English language skills*

General fund: How money is distributed

Student enrollment and staffing

What is Headcount and FTE?

Headcount is the number of students enrolled. FTE stands for Full Time Equivalency. A student who goes to school all day would be considered a 1.0 FTE. Districts are funded less for students with less than 1.0 FTE.

Student headcount has been decreasing. Our enrollment has been declining since 2015. Birth rates in Chelan County and the city of Wenatchee have also been declining, resulting in smaller kindergarten class sizes. State basic education funding is driven by FTE. As our enrollment decreases, so do our revenues.

At traditional schools, the number of students projected to enroll in the fall determines the number of teachers and support staff that each school receives. That is, enrollment translates into staff positions, which translates into salaries and benefits.

School operating budgets and equipment are allocated on a per-pupil FTE.



General Fund: Staffing Costs

The general fund is used for staffing in four areas

Teaching and teaching support

Includes teachers, para educators, librarians, counselors, psychologists, speech and health services, security officers, coaches, and activity advisors, as well as the things that support learning, like teaching supplies, textbooks, curriculum implementation, and professional development;

School administration

Includes principals, assistant principals, and office staff, as well as school office supplies;

Central administration

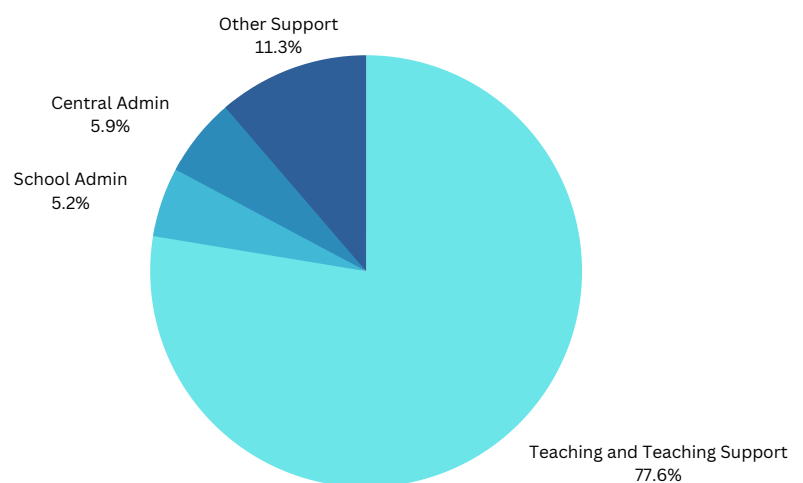
Includes the superintendent, executive directors, human resources, financial services, and other support services supervision; and

Other support activities

The costs to keep school buildings running, including building maintenance, grounds-keeping, custodial services, food services, technology support, and data processing, as well as property and casualty insurance, utilities, transportation, and cleaning supplies



Staffing Percentages: General Fund



- Teaching and teaching support - \$109.8M (77.6%)
- School administration - \$7.4M (5.2%)
- Central administration - \$8.4M (5.9%)
- Other support activities - \$15.9M (11.3%)

General Fund - What we spend money on

We spend the majority of our funds on employing 1,100 caring staff who work hard to deliver high-quality education to students - teachers, para educators, principals, and the operational staff who support them.

Salaries and Benefits

Typically, about 83% of our budget pays for salaries and benefits for our employees who serve over 6,800 students. That includes certificated teachers and principals, as well as school support personnel such as para educators, counselors, and office staff. Certificated staff are those who hold a teaching certificate. All other staff are Classified.

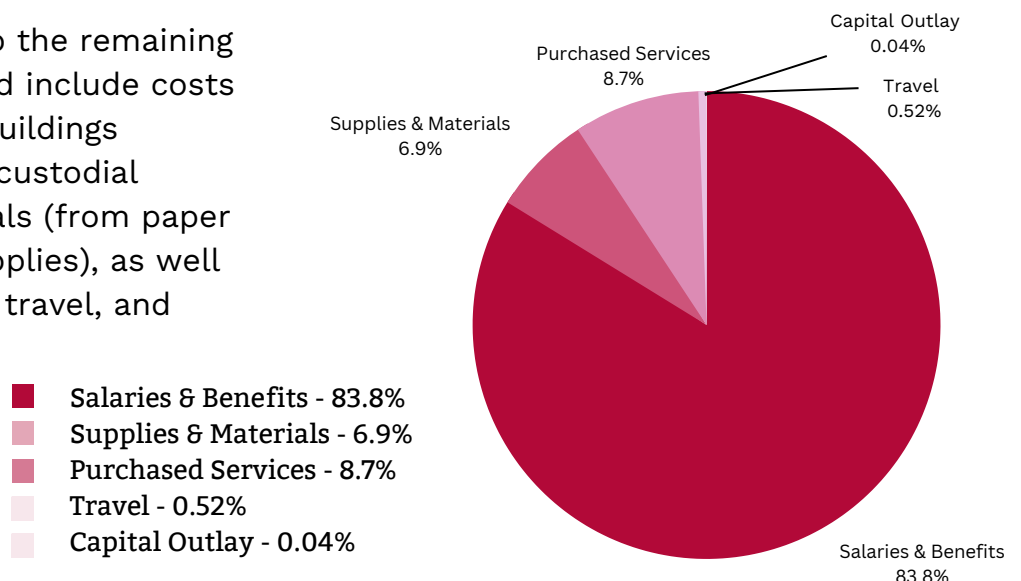
The state legislature and the Wenatchee Education Association (WenEA) contract determines teacher salaries. Teachers earn more as they gain experience. They also earn more if they obtain advanced degrees and certificates such as master's degrees, doctorates, or National Board Certification (NBC). Wenatchee School District employs over 120 NBC teachers; more than ten percent of the district's teaching staff.

Wenatchee School District also pays benefits such as Medicare and Social Security, pension, health care, and unemployment compensation. As you might expect, the cost of providing these benefits to our employees increase each year, just as it does in every other business.

Other Expenses

Non-personnel costs make up the remaining 16.2 percent of the budget and include costs required to keep our school buildings running, such as utilities and custodial services, supplies and materials (from paper and textbooks to cleaning supplies), as well as the cost of transportation, travel, and equipment.

Typical General Fund Expenditures



Capital Projects Fund: How we plan for capital improvements

Money received for capital projects cannot be used for the general fund. Meaning, money allocated for new buildings, modernizations, or capital projects cannot be set aside or used to pay for more teachers, staff, or school operating costs.

Capital projects fund

While day-to-day expenses come out of the general fund, capital funds pay to build new schools and facilities and to renovate and expand existing schools.

The most significant means to generate capital funds is to issue voter-approved bonds, which is similar to taking out a home loan today and repaying it over time. A great way to remember the difference between bonds and local levies is that bonds are for building, and levies are for learning. Because we raise bond proceeds specifically to make capital improvements, by law, we cannot use capital funds on operating expenses. When WSD issues a bond, it receives money now that it must pay back over fifteen to twenty years. The District seeks to structure a stable tax rate by issuing new bonds as prior bonds are paid off.

Capital funds are allocated in two main areas.

New Facility Construction, Modernizations, and Renovations

The Capital Projects Fund is used to build new buildings, add space to existing buildings, or renovate existing buildings. Proceeds from the 2016 bond measure were used to rebuild Washington Elementary and Castlerock Early Learning Center.

Major Projects

Capital funds are also spent on extending Wenatchee School District's buildings' useful life. Most recently, state match dollars from the 2016 bond were used to repair the Wenatchee High School HVAC system.



Local Levy Funds

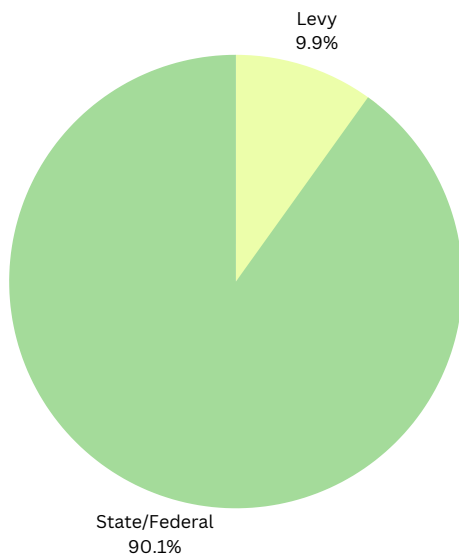
Every four years the district must ask voters to renew an Educational Programs and Operations (EP&O) levy.

Levy dollars are the community's investment in schools

Levies are for learning and make up the difference between funding from the state and federal government and the actual cost of operating a school district to provide students with a well-rounded education. Local levy funds are the least restrictive of all our funding sources.

What levy funds pay for

The levy allows the district to provide services and support for students, such as counselors, custodians, nurses, support staff, technology, and supplies that the state only partially funds. Levies also fund arts, enrichment, athletics, and extracurricular programs



The district's current EP&O levy was renewed by voters in 2021.

It represents only 9.9% (\$13.8M) of the district's total revenues (State/Federal 90.1%, \$124.3M).



Debt Service, ASB, and Transportation Vehicle Fund

Combined, the ASB Fund and the Transportation Vehicle Fund make up slightly more than one percent (1.3%) of the district's total budget.

Debt Service Fund

Debt service funds are set aside for paying back voter-approved bond loans, including principal and interest. The funds in this account come from interest income from various investments.

ASB Fund

Making up less than one percent (0.9%) of the district's total budget, the ASB fund pays for student extracurricular activities in middle and high schools. The revenues come primarily from fees, fundraising activities and donations. Each school's student body prepares and submits, for school board approval, an ASB revenue and expenditure plan each year.

Transportation Vehicle Fund

This makes up less than four-tenths of one percent (0.4%) of the district's total budget to buy and repair school buses. Revenues for this fund include investment income and state monies for the depreciation of buses





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November 2022