

Shoreline School District

Guide to Understanding School Finance



Spring 2024

School Budgets Are Complex and Can Be Hard to Understand

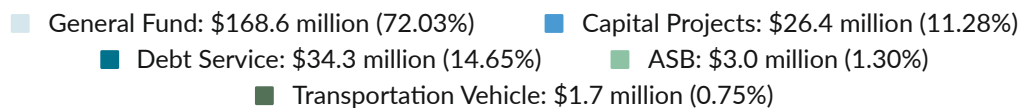
To help our community better understand how school district finances work and show how Shoreline School District uses taxpayer funds to continue to offer high-quality education in Shoreline and Lake Forest Park, we've created this school funding guide.

School funding may seem hard to understand in a district with a \$234.1 million budget, but our budget is similar in many ways to one's home finances, 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.

How Our Budget is Divided

General Fund	Capital Projects Fund	Debt Service Fund	Associated Student Body Fund (ASB)	Transportation Vehicle Fund
Operating budget that guides our day-to-day operations (salaries, benefits, insurance, utilities, etc.)	Covers our long-term school construction and repair needs and cannot be spent on school operations	Pays the principal and interest on bonds issued to finance school construction and renovation	Accounts for middle and high schools' extracurricular activities	Used to buy or make major repairs to school buses

2023-24 Shoreline School District Fund Budgets:



General Fund: Where Our Funding Comes From

State

The largest source of revenue for the district, 74%, 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.

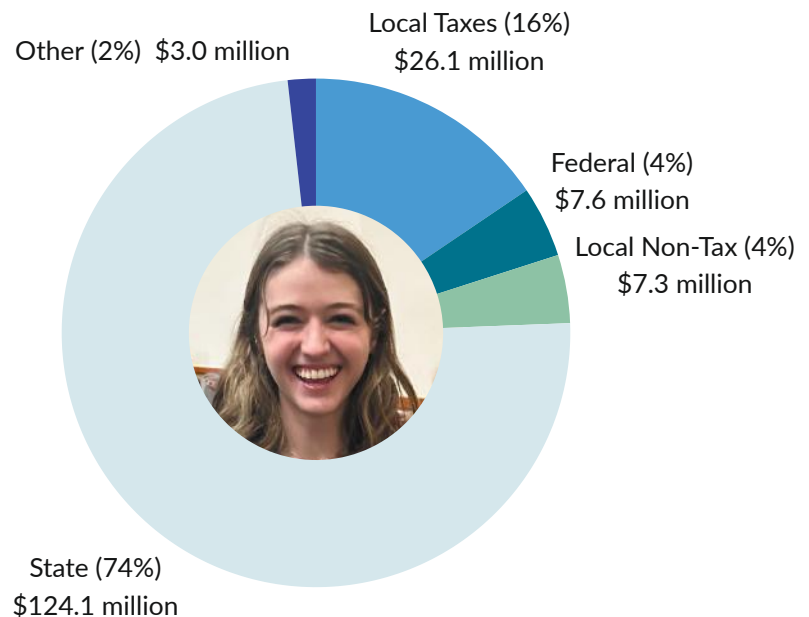
Local

Local revenues account for 20% 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. Making up 4% of the district revenues, 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 a portion of free and reduced price lunch programs as well as supplemental funds for special education.

2023-24 Shoreline School District General Fund Revenue by Source:



General Fund: How Money is Allocated

Two basic factors determine how state resources are allocated to schools in Washington:

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

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 attends school all day in a Shoreline school would be considered a 1.0 FTE.

Student headcount has been decreasing in Shoreline School District in recent years. Birth rates in Shoreline and King County have also been declining, resulting in smaller kindergarten class sizes entering the school district. High housing and rental prices have forced some families to move out of the area to more affordable locations, and while many apartment buildings are being built within Shoreline School District, demographic data indicates that they will not likely bring enough school-aged children in the next decade to significantly increase district enrollment numbers.

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. State basic education funding is driven by FTE enrollment and is our primary revenue driver. As enrollment decreases, so do revenues.

Why is there such a focus on General Fund balance, and unreserved fund balance in particular?

Part of the State accounting process each year is to project our beginning and ending fund balance, much like an individual might estimate their savings account goals. If the district spends less than our revenue in a given year, the remainder is fund balance.

The ending fund balance has two parts to it: reserved fund balance and unreserved fund balance:

- The *reserved* fund balance exists for assets we have for a specific purpose. This includes carryover – or unspent funds – from programs with inflexible expenditures. It also includes things such as our inventory of food items that have not yet been made into a meal and served/sold to students.
- The *unreserved* fund balance is liquid cash – available to use on any district expenditure and saved for other eventualities, such as lower enrollment than expected or an unexpected expense.

Did you know?

Student enrollment drives revenue

100 students
=
~\$1 million



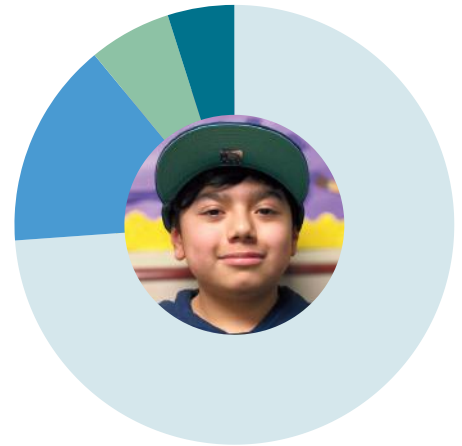
General Fund: Expenditures by Category

The general fund is used for staffing and costs in four areas:

- **Teaching activities and support:** Includes teachers, paraeducators, librarians, counselors, psychologists, speech and health services, coaches, and activity advisors, as well as the things that support learning, such as 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, district administrators, human resources, financial services, and other district support services
- **Other support activities:** The costs to keep school buildings running, including building maintenance, groundskeeping, custodial services, food services, technology support, and data processing, as well as property and casualty insurance, utilities, transportation, and cleaning supplies

2023-24 Expenditures:

- Teaching & Support:\$124.5 million (74%)
- Other Support:\$25.6 million (15%)
- Central Admin:\$10.2 million (6%)
- School Admin:\$8.3 million (5%)



General Fund: Staffing Costs

We spend the majority of our funds on employing approximately 1,250 caring, dedicated teachers, support professionals, and administrators who serve our students.

Salaries and Benefits

- Approximately 88% of the district's budget consists of salaries and benefits for our employees. This includes teachers and principals, as well as school support personnel such as paraeducators, counselors, office staff, and central office leadership and support staff.
- The state legislature and the outcome of collective bargaining work in partnership with employee groups determines certificated and classified staff salaries.
- The district also pays required benefits for staff 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 increases each year, just as it does in every other business.

Did you know?

Non-personnel costs make up the remaining 12% of the budget (other than salaries and benefits) and includes costs required to keep our school buildings running.

These costs are referred to as Materials, Supplies, and Operating Costs (MSOC):

- Utilities and fuel
- Insurance
- Supplies and materials (from paper and textbooks to cleaning supplies)
- Travel
- Equipment

Budget Background and Summary of Recent Work

Background

- Over the last several years, district expenditures have exceeded revenues due to multiple factors, including inflation, decreased enrollment, increased costs, reduced state resources, and COVID-19 impacts; as a result, the district has dipped into the **unreserved fund balance**.
- Over the next two years, we will need to ensure that the district **budget reflects revenues aligned with expenditures**, which is essential for the long-term financial health of our district.
- Chris Reykdal, our State Superintendent of Public Instruction has called the current budget situation for Washington school districts a "*perfect storm*." Many districts are facing **financial distress**, which is a result of the following factors:
 - Continued lack of "full funding" from the state
 - Declining enrollment
 - Rising costs (inflation) over the last six years as per OSPI
 - Limited local levy capacity (due to enrollment loss and not collecting maximum amount)
- We are **partnering with our community** as we work toward fiscal stability and development of a strategic plan over the next year with the goal of engaging with our staff, students, families and community in support of transparency and accountability regarding the district's financial picture and budgeting process.

Recent Budget-Balancing Work

- Reduction of 33 non-classroom positions
- Reduction of 11 central office staff and administrators
- Furlough days and contract suspensions for administrators and other central office staff
- Pause on instructional licenses and curriculum costs
- Reduction to school budgets
- Hold on curriculum adoptions and professional development
- Reallocated some technology costs to Tech Levy
- No vehicle replacement purchases
- Employee Collective Bargaining Agreement contract pauses and reductions

What You Can Do

The success of our schools depends on all of us, and there is a part for everyone to play in helping the district come through this challenge.

Here are some things you can do to help:

- **Learn:** Stay informed about the process and what's going on.
- **Participate:** Share your voice and your thoughts with the Budget Advisory Team and the School Board.
- **Support:** Schools and educators need community support now, through volunteering, financial support, and appreciation. Connect with your teachers and schools to learn more about what they need and ways to support them.
- **Continue to support your children:** Help them understand what is happening as appropriate and to be ready for possible changes.

Student Success! Superstar Staff!
Opportunities for Involvement!

So many reasons to...



@ShorelineSchools



District Planning Initiatives

Shoreline School District has launched three initiatives that focus on creating a clear vision for our school district to guide us in the near term and the future, which will help us maximize our investment in our students.

Our **strategic plan** will provide the long-term visioning work, the direction to achieve our mission, and the indicators to let us know if we're on track. This clarity and the priorities that emerge from our strategic plan will help guide our **budgeting process**. And as part of the budgeting process, we are **reviewing school capacity and potentially considering a school closure**.



Envision Shoreline: Strategic Planning

A strategic plan is an important tool for school districts, especially given the current complex educational landscape, and locally as we work through our significant budget challenges in Shoreline Schools.

We have launched Envision Shoreline because we need a smart plan to help our district face the future while keeping our mission and vision alive.

Learn more at: ssd412.org/envision

Budget Advisory Team

The Budget Advisory Team (BAT) is a diverse group of parents/guardians, staff, students, and community members who represent a wide range of perspectives.

The team reviews the district's current and projected budget challenges and the factors that influence school funding and spending, and they monitor the progress of our annual budget.

Learn more at: ssd412.org/BAT

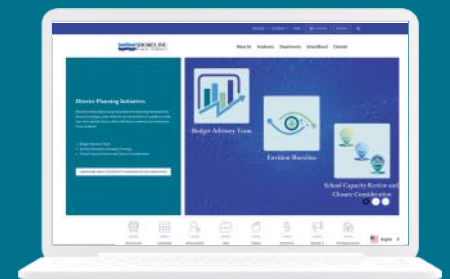
School Capacity Review and Closure Consideration

As Shoreline School District examines the most effective and efficient ways to deliver the best educational service, we must examine many factors, including declining enrollment, school funding limitations, and the resources and supports required. We have convened a task force that is working toward making a recommendation in fall 2024 of the most viable elementary school for possible closure for the 2025-26 school year.

Learn more at: ssd412.org/SCRCC

Visit ssd412.org

The school district's website hosts a wealth of information that is regularly updated about budget, our planning initiatives, School Board proceedings, district events, and more.



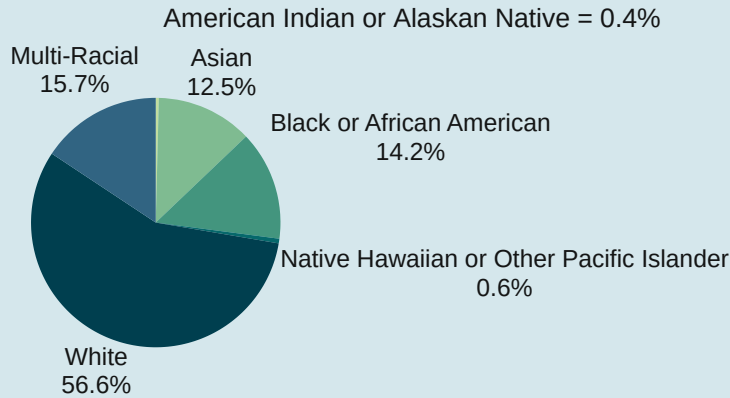
MISSION

Provide a collaborative learning community that engages all students in learning the academic and work-life skills needed to achieve their individual potential and become responsible citizens.



OVER 9,000 WONDERFULLY DIVERSE STUDENTS

- 12% Multi-Language Learners
- 29% Low Income
- 13% Special Education
- 9% Section 504



15.7% Hispanic/Latino Ethnicity

78 Languages Spoken
(from Albanian to Wolof)

OUR SCHOOLS AT A GLANCE

- ONE Early Learning Center
- NINE K-5 Elementary Schools
- TWO 6-8 Middle Schools
- TWO 9-12 High Schools
- ONE K-8 Community School
- ONE K-8 Home Education Exchange

16
SCHOOLS



Syre to Briarcrest? 5.6 miles!

Edwin Pratt to Meridian Park? 0.3 miles!

SHORE TO SHORE AND LINE TO LINE

- 2 Cities (Shoreline and Lake Forest Park)
- 16 Square Miles

In the spring of 1944, when the Shoreline School District was officially formed, a contest was held to give the new district a proper name. Fifth grader Marilyn Buckner submitted the winning suggestion.

She said that since the district would stretch from Puget Sound to Lake Washington, and from the Seattle city limits to the King-Snohomish County line, that is “shore to shore and line to line,” the new district should be called “Shoreline.”

OUR 1,250 STAFF

- ~ 700 Certificated and Administrative
- ~ 550 Classified

Equity and inclusion make our school community stronger!

Actively working to recruit and retain BIPOC staff and those who speak languages other than English.

