

Goddard USD 265 Budget Hearing Fiscal Year 2023-2024 (FY2024)

BOARD OF EDUCATION MEETING – SEPTEMBER 11, 2023



Key Differences in the 2023-2024 budget

- For FY2024 the funding formula includes a BASE increase. The new BASE is **\$5,088** which equals a **5%** increase over the prior year.
- Goddard's in-person enrollment grew by **85.1 FTE** as of the 9/20/2022 count day. The district's FY2024 budget is based off of last year's actual enrollment plus this year's estimated weighted FTE.
- Virtual student count – last year the district received funding for **31** full time and **7** part time (equivalent of 4.7 FTE) virtual students. Budgeting 40 full time and 10 part-time, but anticipate our actual count will continue to fall.
- Sedgwick County has estimated assessed property valuation growth within our district of **13.3%** this year, the highest level we've seen since FY2004.

Changes to BASE funding vs inflation

- Initially as provided in the Gannon lawsuit the BASE funding per pupil was increased by 3% annually.
- FY2024 is the first fiscal year after the scheduled 3% annual increases, going forward the BASE is to increase by an amount equal a three year average of the consumer price index (CPI). This is subject to annual approval by the legislature and Governor.
- The next table lists the actual BASE used for this year and the prior two years, plus the estimated BASE for FY2025.

BASE Change cont.

This table lists 3 year's actual BASE figures plus the estimated BASE for FY2025. The state bases increases off of their own 3 year calculation for CPI to smooth out funding changes.

Year	BASE Change	Base % Change	CPI Annual Change
FY2022	\$4,706	3%	5.0%
FY2023	\$4,846	3%	8.7%
FY2024	\$5,088	5%	5.0%
FY2025 est.	\$5,388	5.9%	

Underfunding of Special Education

Meanwhile the legislature continues to underfund special education. Per statute the state is to fund special education at 92% of district's excess costs. The following was shared regarding state-wide funding of special education at the KSDE Budget Workshop held in Valley Center this past June:

Fiscal Year	State Aid	Federal Aid	Total Aid	Excess Cost
FY2011	\$388,982,076	\$54,453,996	\$443,436,072	92.0%
FY2016	\$434,754,409	\$0	\$434,754,409	80.0%
FY2021	\$505,413,348	\$8,030,261	\$513,446,609	74.3%
FY2022	\$513,030,935	\$27,614,188	\$540,645,123	76.4%
FY2023 (aprvd)	\$520,380,818	\$25,923,592	\$546,304,410	70.8%
FY2024 (est)	\$528,000,000	\$0	\$528,000,000	69.0%

FY2024 Budget – cont.

The good news is between the scheduled BASE increase and the modest enrollment growth from last year the district is anticipating a budget increase for the upcoming year.

- general fund increase of **\$3.5 million**,
- supplemental general fund increase of **\$1.2 million**.

An increased budget results in the need for higher tax revenue to fund it. As noted during the RNR hearing we are proposing an estimated mill levy of 54.900, which is a decrease of 0.049 versus the prior year.

While the mill rate is dropping, local tax revenues in total will increase by 11.9%. As noted on a previous slide, the rate of increase is less than the overall assessed valuation increase of 13.3%.

Estimated Mill Levy

<i>Year</i>	<i>General</i>	<i>Supp General</i>	<i>Capital Outlay</i>	<i>Bond & Interest</i>	<i>Special Asmts & COL</i>	<i>Total</i>	<i>vs P/Y</i>
FY2014	20.000	20.031	8.000	21.595	0.190	69.816	-0.593
FY2015	20.000	13.159	8.000	24.804	0.556	66.519	-3.297
FY2016	20.000	15.423	8.000	21.131	0.451	65.005	-1.514
FY2017	20.000	13.308	8.000	18.512	0.090	59.910	-5.095
FY2018	20.000	15.995	8.000	16.399	0.001	60.395	0.485
FY2019	20.000	11.821	7.997	18.957	0.159	58.934	-1.461
FY2020	20.000	14.025	8.000	14.860	0.114	56.999	-1.935
FY2021	20.000	12.741	7.999	15.333	0.127	56.200	-0.799
FY2022	20.000	11.844	8.000	14.524	0.180	54.548	-1.652
FY2023	20.000	13.067	8.000	13.275	0.607	54.949	0.401
FY2024 Est	20.000	13.057	8.000	12.873	0.970	54.900	-0.049
Change vs Prior Year		-0.010	0.000	-0.402	0.363	-0.049	
			<u>FY2017</u>	<u>FY2024</u>	<u>Incr.</u>		
Bond & Interest Mill Comparison			18.512	12.873	-5.639	<<< cannot exceed +1.9	

FY2024 Budget

Notice of Hearing 2023-2024 Budget

The governing body of Unified School District 265 will meet on the 11th day of September 2023 at 7:30 PM at 201 S Main Street, Goddard, KS 67052 for the purpose of hearing and answering objections of taxpayers relating to the proposed use of all funds and the amount of tax to be levied. Detailed budget information, including budget profile, building needs assessment and Board state assessments review is available at the district office on the district website and will be available at this hearing.

The Amount of 2023 Tax to be Levied and Expenditures (published below) establish the maximum limits of the 2023-2024 Budget. The 'Est. Tax Rate' (column 7), shown for comparative purposes, is subject to slight change depending on final assessed valuation.

	Code 99 Line	2021-2022 Actual		2022-2023 Actual		2023-2024 Proposed Budget		
		Actual Expenditures (1)	Actual Tax Rate* (2)	Actual Expenditures (3)	Actual Tax Rate* (4)	Budgeted Expenditures (5)	Amount of 2023 Tax to be Levied (6)	Est. Tax Rate* (7)
OPERATING								
General	06	40,621,914	20.000	43,579,190	20.000	47,125,676	7,310,750	20.000
Supplemental General (LOB)	08	13,258,443	11.844	14,387,116	13.067	15,642,923	5,466,108	13.057
SPECIAL REVENUE								
Federal Funds	07	1,910,233		1,798,717		1,858,531		
Adult Education	10	0	0.000	0	0.000	0	0	0.000
Preschool-Aged At-Risk	11	258,206		300,000		350,000		
Adult Supplemental Education	12	0		0		0		
At Risk (K-12)	13	2,499,882		4,413,940		5,150,000		
Bilingual Education	14	238,808		260,000		325,000		
Virtual Education	15	349,418		215,668		250,000		
Capital Outlay	16	5,174,655	8.000	5,338,454	8.000	7,500,000	3,388,436	8.000

Driver Training	18	136,208		107,189		200,000		
Declining Enrollment	19	0	0.000	0	0.000	0	0	0.000
Extraordinary School Program	22	0		0		0		
Food Service	24	3,567,840		3,648,806		4,100,000		
Professional Development	26	45,874		200,000		250,000		
Parent Education Program	28	119,438		120,838		130,000		
Summer School	29	0		0		150,000		
Special Education	30	11,600,970		13,427,127		16,000,000		
Cost of Living	33	0	0.000	151,995	0.430	408,469	405,917	0.970
Career and Postsecondary Education	34	1,335,000		1,394,258		1,500,000		
Gifts and Grants	35	208,762		55,772		250,000		
Special Liability Expense Fund	42	0	0.000	0	0.000	0	0	0.000
School Retirement	44	0	0.000	0	0.000	0	0	0.000
Extraordinary Growth Facilities	45	0	0.000	0	0.000	0	0	0.000
Special Reserve Fund	47	0		0				
KPERS Special Retirement Contribution	51	6,418,766		7,169,833		8,030,213		
Contingency Reserve	53	0		0				
Textbook & Student Material Revolving	55	476,882		507,742				
Activity Fund	56	592,551		683,030				
DEBT SERVICE								
Bond and Interest #1	62	11,302,025	14.524	11,356,475	13.275	11,508,100	5,388,740	12.873
Bond and Interest #2	63	0	0.000	0	0.000	0	0	0.000
No-Fund Warrant	66	0	0.000	0	0.000	0	0	0.000
Special Assessment	67	72,565	0.180	57,418	0.177	53,500	0	0.000
Temporary Note	68	0	0.000	0	0.000	0	0	0.000
COOPERATIVES¹								
Special Education	78	17,124,514		18,770,344		20,500,000		
TOTAL USD EXPENDITURES	100	117,312,954	54.548	127,943,912	54.949	141,282,412	21,959,951	54.900
Less: Transfers	105	15,560,532		19,887,938		21,738,469		
NET USD EXPENDITURES	110	101,752,422		108,055,974		119,543,943		
TOTAL USD TAXES LEVIED	115	17,911,839		19,349,452		21,959,951		

1. Sponsoring District Only

*Tax Rates are expressed in Mills

	Code 99 Line	2021-2022 Actual		2022-2023 Actual		2023-2024 Proposed Budget		
		Actual	Actual	Actual	Actual	Budgeted	Amount of	Est.
		Expenditures (1)	Tax Rate* (2)	Expenditures (3)	Tax Rate* (4)			
OTHER								
Historical Museum	80	0	0.000	0	0.000	0	0	0.000
Public Library Board	82	0	0.000	0	0.000	0	0	0.000
Public Library Board Employee Benefits	83	0	0.000	0	0.000	0	0	0.000
Recreation Commission	84	0	0.000	0	0.000	0	0	0.000
Rec Comm Emp Benefits & Spec Liab	86	0	0.000	0	0.000	0	0	0.000
TOTAL OTHER	120	0	0.000	0	0.000	0	0	0.000
TOTAL TAXES LEVIED	125	\$17,911,839		\$19,349,452		\$21,959,951		
Assessed Valuation - General Fund	128	\$312,816,466		\$320,580,824		\$365,537,524		
Assessed Valuation - All Other Funds	130	\$336,938,410		\$369,558,853		\$418,622,772		
Assessed Valuation - Capital Outlay	129	\$338,808,639		\$370,449,194		\$423,554,480		
Outstanding Indebtedness, July 1		2021		2022		2023		
General Obligation Bonds	135	117,730,000		110,815,000		103,585,000		
Capital Outlay Bonds	140	4,195,000		3,180,000		2,145,000		
Temporary Note	145	0		0		0		
No-Fund Warrant	150	0		0		0		
Lease Purchase Principal	153	1,514,670		2,941,386		1,879,599		
TOTAL USD DEBT	155	123,439,670		116,936,386		107,609,599		
<i>*Tax Rates are expressed in Mills</i>								

Building Needs Assessment, State Assessment Review & the Budget Process

Included in the bill (Senate sub for HB 2567) which provided funding for public schools for the 2022-23 school year were several provisions relates to building needs assessments (BNA), state assessment review (SAR), and how the board should document their use during the budget process. These continue to be applicable this year.

The BNA provides a framework for the ongoing review of student performance on an individual building level. Principals and their staff will work on these throughout the year, and present summary information as well as identify any barriers to improved student achievement.

The Goddard USD 265 board reviewed the BNA and SAR information for each of our schools at a special board work session held at 5:30pm on August 21.

Building Needs Assessments – cont.

Requirements of the board noted in Section 12 of HB 2567:

- The USD board of education shall publish the conducted needs assessment and state assessment review to the USD website; a copy of both should be kept on file...
- The required notice to be published per K.S.A. 79-2929 (the Code 99 reviewed in previous slides), and amendments thereto, shall not also include a statement that the needs assessment and assessment review is on file at the USD administrative office.
- Further, the minutes of this meeting where the annual budget is approved should include:
 - That the needs assessment was provided to the board of education,
 - That the needs assessment was evaluated by the USD board of education, and
 - How the USD board of education used the needs assessment in the approval of the USD budget.

Using BNA & SAR to approve the Budget

While the board along with district administration and staff have reviewed the building needs assessment and state assessment information it is difficult to draw a straight line between any recommendations included in the BNA process and this budget.

The budget we are asking the board to approve tonight does not include any breakdown of costs or resources needed by building or grade level.

As noted during the RNR hearing – based on the district accountability report as a district Goddard spends **\$2,484 less** per pupil than the state average. This is due to both the size of the district and demographics of our students.

This lower level of funding per pupil effects average class sizes, teacher pay, along with the district's ability to fund new programs or student support staff.

Approval of the proposed budget

Given that our per pupil spend is 18% below the state average; it is clear there are not significant untapped resources within the existing budget to dedicate to a particular program or grade level.

Ultimately, I believe the assessments provide support for the district to pursue a budget that maximizes every available dollar available within the funding formula.

Further; it is important for all district leaders, staff and parents to continue to ask our legislature to fund the required 92% level of excess costs related to special education services.

I estimate the district is using nearly **\$5 million** in general and supplemental general funds to cover the deficiency in special education funding. Those dollars could be utilized to address BNA concerns.


Questions or comments?

Pause for a moment for questions from the board.

Pause for patron comments/questions.

- Please state your name and relationship to the district (i.e. parent, business owner, etc.).
- Please limit comments to subjects related to the district's budget.

Vote to approve the district budget as presented, with a reference to the BNA and SAR review process and that those reviews were considered during the budget approval process.



Next Steps - 2023-2024 Budget

With the boards approval of the RNR resolution and FY2024 budget we have nearly completed the budget process.

CFO Maxwell will send the budget documents along with the signed budget certificate (Code 01), signed RNR resolution and affidavits of publication for the RNR and Budget Hearing notices to the Sedgwick County Clerk and to the Kansas Department of Education.

As a reminder – the district can republish portions of the budget late into the school year, but the mill levy is set and cannot be raised at a later date.

One Final Action

One final item – the board needs to reaffirm its intent to have the supplemental general fund (SGF, aka local option budget or LOB) remain at 33%. The board has already taken the steps to approve this originally, which included publishing a notice and having no petition from voters to bring the issue to a public vote.

Going forward the district just needs to approve on an annual basis a resolution to continue with the 33% SGF budget. That resolution is attached the board documents; noted as Resolution LOB 9-11-2023.

No roll call vote is required, just a simple vote with 4 affirmative votes needed to pass the resolution.

The original LOB resolution was approved by the board on January 14, 2019.