What do the numbers mean? Our core mission is about educating our students and preparing them for their futures. Our core values of equity, excellence and community drive our district culture, and ensures we act, consistent with our mission, on our path towards achieving our vision: *The Kent School District produces graduates who are globally competitive learners. Through equitable access to high quality academic, social, and applied learning, students are ready to excel in college, careers, and in life.*

As Team KSD, we need to ensure we are adhering to these core values to inform our decisions in time of celebration and challenges.

Today I am sharing with you information that is important to the success of our school and the district.
**THE NUMBERS – WHAT DO THEY MEAN?**

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<td>30</td>
<td>3.2</td>
<td>23.7</td>
<td>4.6</td>
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<td>14</td>
<td>8.6</td>
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<td>3.8</td>
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So...... Here are the numbers....
Thirty.....
Twenty-three point seven....
Fourteen....
Three point eight .....  
Three minus two.....
Four point six .....  
Eight point six .....  

Any idea what these numbers mean?......
Take a look at this slide. This is a line graph and with line graphs we know that when the line is up that is normally a good indicator and when it is down that is normally showing a decrease.
Here is another line graph with an upward trend.....
When we combine this two line graphs.........
When we combine the two line graphs this begins to tell the story of our numbers. The blue line is the district’s ending fund balance, shown from 2009 to present. The red line is the board policy on having a 5% fund balance for a reserve.

The first number was 30…. Thirty million dollars was the fund balance in 2013.

Kent School District has a long history of exemplary budget practices, prioritizing school based staffing and ensuring schools have the day-to-day funding available to address their needs in materials, supplies and operating costs (MSOCS). And, just like your savings account at home, KSD has maintained a school board policy and public commitment to keep our ending fund balance aligned to recommended budgeting practices (5% of total budget).

Over the past four fiscal years, there was an intentional spend down of our ending fund balance to staff our schools with smaller class sizes, renew our investment in libraries and increase our support for students and families through counseling and social workers. These investments, along with our investments in software, web based curriculum resources and other technology solutions to support teaching and learning, are critical to support our students and staff in the schools.
The second number was 23.7 in 2014.
The third number is 14..... Fourteen million was our ending fund balance in 2015..... Right at the 5% desired fund balance.
The fourth number in our list was 3.8..... Three point eight million dollars is where the fund balance ended at the close of the last fiscal year.

A close review of spending patterns has revealed that the ending fund balance that was $30 million in 2013, is down to $3.8 million (slightly more than 1% of our total budget). There are many reasons why this spend down occurred so quickly, including increases in salary and benefits for all employees, expansions of programs, shortfalls in student enrollment, and increased MSOC allocations in all areas. In addition, Race to the Top grant funds that were allocated to KSD in the past, to employ strategies to close the opportunity gap, sunset this year.
8.6 ....... This number reflects the budgeted fund balance for the current year.
This graph shows the fund balance at the end of each month during the 2013-14 school year. Those high points of $45 million in October and April are when the local property taxes for the Educational Programs levy is deposited into the district’s General Fund Account by the King County Treasurer. This graph shows we started the 2013-14 school year with $30 million and ended the year with $23.7 million.
This blue line is the same monthly fund balances..... For the 2014-15 school year. Angles of the lines are nearly parallel.... As you can see, the spending patterns are nearly the same....... We started with less and we end with less..... Now $14 million.......
The purple line is showing last year. Starting where the previous year ended at $14 million and ending at $3.8 million. Again you see the increases in October and April where we collect the local property taxes for our Educational Programs Levy. This shows you how important the levies are to the school district.
The red line is showing where we are through December.......
What does this mean to the Kent School District?

How many of you like baseball...... know a little bit about baseball....... 3-2...... Three dash two......... Three and two.......is a pitch count....

The coach or manager rarely goes and talks to the pitcher when the count is one and one, or two and two....but three and two with runners on base and the game on the line...... That is when the coach or manager go out to talk with the pitcher and catcher and the infielders. The coach or manager intervene only when necessary......

As a district we are looking at a three two count....... The district leadership is intervening.........

To put the district in a more solid fiscal position........
All departments and schools will be making mid-year reductions to the materials, supplies and operating costs... MSOCs.

These 2016-17 mid-year reductions are focused on the MSOCs only.

The top priority is to have the least impact to our classrooms, students and teachers.

The MSOC reductions will be 20% of the original MSOC budget for 2016-17.

The targeted reductions will build our ending fund balance back to 2.4% by saving approximately 4.6 million dollars.

Because our schools and classrooms are the top priority.....90% of the reductions will be achieved through targeted MSOC (materials, supplies and operating costs) reductions in Central Office and Support Services areas.
The remaining 10% of the goal will come through school based reductions. These reductions are focused on MSOC dollars which were allocated in the original budget. Each building and department will return 20% of their MSOC dollars to the ending fund balance.

Categorical allocations, for all Federal Title programs and State LAP (Learning Assistance Program), will not be subject to these MSOC reductions.

All of our decisions as we move forward will align to the district’s Strategic Plan.
If you’re like me,..... You are already asking the question what does this mean for next school year.

As the district moves into the budget planning for 2017-18 the need will continue to build the fund balance.

The targeted ending fund balance is 5% of our total budget. This will be accomplished over the next two fiscal years and is necessary to place the district at a level that assures fiscal stability into the future.

• The MSOC allocations for all departmental and school site budgets will be 20% less than the 2016-17 original allocation.
  • For schools in the past few years our base allocation for MSOC is $60 per student. For 2017-18 the number is projected to be $48 per student.
  • To assist in the management of resources, schools will be allowed to carry forward their unspent 2016-17 basic education funds into 2017-18 school year.
  • Staffing will continue to align with all collective bargaining agreement and comply with state allocations.
  • Priorities will be placed on the alignment to the Strategic Plan.

Business services will provide regular updates on progress towards the targeted Ending Fund Balance until goal is met.
There are unknowns exist with the legislature continuing to wrestle with the McCleary Decision, the Levy Cliff and how to fund education. The district is hopeful the legislators will follow their timeline and live up to the commitment to students in the State of Washington.
QUESTIONS?