

To: Board of Education

From: Kathy Johnson, director, finance

Re: Legislative & Budget Update

Date: February 23, 2017

Background:

In the current Block Grant environment, USD 497 continues to deficit spend. The deficit spending is being offset by unencumbered cash balances that are significantly less than they were on July 1, 2014, including the district's contingency reserve fund.

Unencumbered Cash balances are "one time" funds and like a savings account without an ongoing revenue stream, they are not replenished and eventually become depleted.

With school district funding still an unknown for 2017-2018 and the need to close the gap on the district's deficit spending, administration is asking staff to slow down spending second semester and reducing budget allocations in various budget areas in order to minimize the use of cash balances.

As the district begins to plan for 2017-2018, staff is being asked to evaluate budgets and provide budget considerations with impact statements for evaluation.

Current Report:

This report will provide the board with an update on bills circulating the Legislature, specifically those with impacts to K-12 education. In addition, a budget update will be given.