



## USD 497 News Release

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### **School Board Approves Budget Maximums for Publication, Schedules Public Hearings**

After hearing an overview of the 2020-2021 year-end budget and the components of the 2021-2022 budget, the Lawrence Board of Education on Monday set its maximum spending authority by approving for publication a budget of \$201,473,338. In keeping with what the Kansas State Department of Education identifies as a financial best practice, the board publishes a budget that is higher than anticipated needs to allow for flexibility and program changes. Budget maximums do not reflect what the district expects to spend. Statutory formulas and available resources limit actual spending.

To support the budget, the board approved a proposed estimated tax rate of 52.880 mills. One mill is \$1 for every \$1,000 in assessed valuation. This tax rate would reflect a .242 decrease from last year's mill levy. In addition, the board approved exceeding the Revenue Neutral Rate, a new requirement of school districts this year, and scheduled a Revenue Neutral Rate public hearing and a budget hearing at 6:00 p.m. and 6:05 p.m., respectively, on September 13.

More than 20 members of PAL-CWA, the union representing the district's classified staff, attended Monday's meeting. Two members shared public comment with the board asking for better pay and a living wage for classified or non-certified, non-licensed support staff, such as paraeducators, custodians, and food service employees.

"One of the things you noted is that line items are not what we are approving, so there is still capacity within a budget as we go through negotiations?" asked board member Kelly Jones of Johnson, referring to the budget process moving forward and the upcoming work of the Budget and Program Evaluation Committee.

"If you elect to spend more in an area, just as we happened to have insurance that went up 20%, something else has to give," said Kathy Johnson, executive director of finance. "We will cut back budgets. We will freeze spending, but those decisions will be ones that you will make, redirecting something that was previously approved."

"On the negotiation team for both the LEA and for PAL, we have talked about utilizing that committee to look at how we increase wages as we can," said Jones, noting that the board should direct the committee to start there in 2021-2022.

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Johnson shared several financial concerns with the board during the evening. The district will experience multiyear financial impacts of declining enrollment and its loss last fall of approximately 651.8 in student enrollment Full-Time Equivalency (FTE). On the plus side, Johnson noted that by using the state's declining enrollment provision, the district would realize a loss of 167 FTE in 2021-2022 instead of the actual, and more significant, enrollment drop.

Because of the enrollment decrease, the district came up \$4.5 million short in 2020-2021. Demands on the budget exceeded available and allowable spending. Some of the actions taken as a result included freezing building and department spending in the spring and leaving some employee positions unfilled.

“Building budgets have all been hit. Vacancies are being held. We will reevaluate all of this as we see how the 2021-2022 school year unfolds. Some of that information we won't know until March or our audit in June,” Johnson said.

She added that another ongoing concern is the need for the district to build up its reserves. “The Contingency Reserve Fund should be much higher for a district our size. This fund is what we rely on for emergencies,” Johnson said.

While the district cannot use the money to shore up its general operating fund, Johnson said that a bright spot is the district's receipt of more than \$19 million in federal Elementary and Secondary School Emergency Relief Funds (ESSER II and III). These funds are restricted to pandemic-related needs, such as bridging learning gaps with summer enrichment programming.

Budget weightings are an area of the district's financial picture that remains unresolved. Federal Child Nutrition funds will support the school district in providing free meals to all students this year. Historically, the government has based budget weightings on the number of students qualifying for free or reduced-price lunches, but it is no longer using that application.

This year the district will encourage one parent/guardian from each household to complete a new Household Economic Survey by September 15. Only through survey submissions will the district ensure it receives full federal and state funding. It also will use this survey to determine families' eligibility for waivers of student fees.

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