

Tumwater Education Association

ADVOCATE

TumwaterEA.org

January 2025

Tumwater School District 5 Fund Summary

Revenues, Expenditures, & Fund Balance

| REPORT F-196 SUMMARY | General Fund | ASS Fund | Debt Service Fund | Capital Projects Fund | Transportation Vehicle Fund | Permanent Fund | Total |
|---|----------------|------------|-------------------|-----------------------|-----------------------------|----------------|----------------|
| Total Revenues and Other Financing Sources | 109,976,860.38 | 736,398.62 | 12,292,859.49 | 8,333,538.79 | 813,675.17 | 0.00 | 132,153,332.45 |
| Total Expenditures | 114,500,656.88 | 833,739.41 | 11,252,950.00 | 6,956,392.73 | 767,222.29 | 0.00 | 134,310,961.31 |
| Other Financing Uses | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Excess of Revenues/Other Financing Sources Over/(Under) Expenditures and Other Financing Uses | -4,523,796.50 | -97,340.79 | 1,039,909.49 | 1,377,146.06 | 46,452.88 | 0.00 | -2,157,628.86 |
| Beginning Total Fund Balance | 11,157,523.63 | 914,551.84 | 9,771,902.76 | 8,636,399.02 | 1,269,249.61 | 0.00 | 31,749,626.86 |
| Accounting Changes and Error Corrections | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Ending Total Fund Balance | 6,633,727.13 | 817,211.05 | 10,811,812.25 | 10,013,545.08 | 1,315,702.49 | 0.00 | 29,591,998.00 |

The Tumwater School District budget deficit is a fact. The District generated a \$4,523,796.50 budget deficit during the 2023-2024 school year. The District still met Policy 6022 Minimum Fund Balance requirements, which requires "a commitment of 6 percent of the current year's budgeted expenditures towards a minimum fund balance at year end." SOURCE: TSD Website

TSD Budget Deficit Fact or Fiction?

DEFICIT OF \$4,523,796.50

The Tumwater School District Budget deficit is a fact. However, the deficit is not \$2,500,000, as stated by Superintendent Kevin Bogatin during the Tumwater U opening address last August. Instead, Assistant Superintendent of Finance and Operations Ben Rarick reported to the Board of Directors, at their December meeting, that the deficit is actually \$4,523,796.50, as outlined in the District fund summary report.

[TSD Year End Finance Report \(F-196\) Fiscal Year 2024](#)

Rarick stated the deficit line item is located in the Excess of Revenues/Other Financing Sources Over/(Under) Expenditures and Other Financing Uses category of the General Fund. The deficit resulted from the difference in revenues and expenditures. Total Revenues and Other Financing Sources in the General Fund were \$109,976,860.38. Total Expenditures in the General Fund were \$114,500,656.88. That's the outline of the \$4,523,796.50 budget deficit.

The Ending Total Fund Balance was \$6,633,727.13, despite the budget deficit. The Board of Directors established Policy 6022 Minimum Fund Balance, which requires "a commitment of 6 percent of the current year's budgeted expenditures towards a minimum fund balance at year end". The fiscal year ends on August 31 each year. The 6 percent referenced in Policy 6022 is roughly \$6 million in cash terms. This means the District is required to keep that much funding set aside, in what is essentially a savings account, by the end of each fiscal year.

[TSD Policy 6022 Minimum Fund Balance](#)

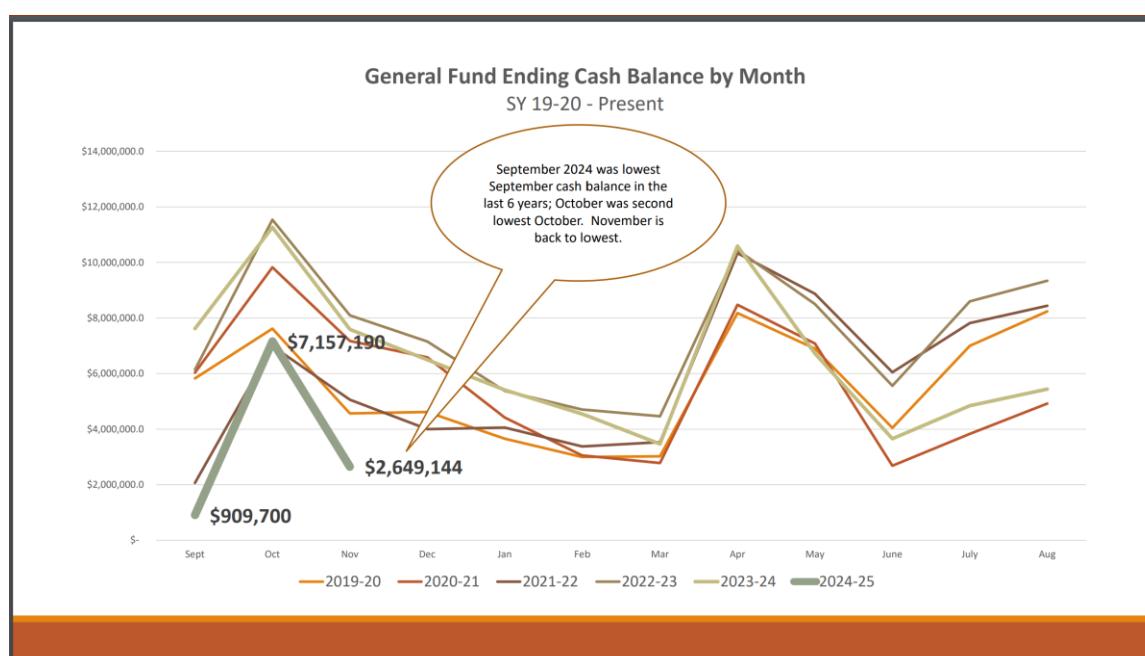
The District met the requirements of Policy 6022 Minimum Fund Balance on August 31, 2024, to close out the 2023-2024 fiscal year. The fund balance then decreased to \$909,700 in September after the monthly payouts, increased to \$7,157,190 in October after OSPI apportionment, and decreased again to \$2,649,144 in November.

President's Corner

Historically, former Tumwater School District leadership team members have sought to divide the Tumwater Education Association, the Tumwater Association of Paraprofessionals, and the Tumwater Office Professionals Association, especially during years when we have entered into contract negotiations. Thankfully, those Tumwater School District leadership team members are no longer with the District, which means they can no longer create division between the three bargaining units. We know that we are stronger in our Unions when we stand united together. That statement does not just apply to Tumwater Education Association members within our own bargaining unit. That statement also applies to every bargaining unit, and their members, within Tumwater School District. That is why Jennifer Monson, Kristina Dilworth, and I have taken steps to establish working relationships with each other built on common respect, reverence, and reciprocity. We work hard to maintain open communication with one another so all three bargaining units will remain Union strong. Jennifer is the Tumwater Association of Paraprofessionals President. Kristina is the Tumwater Office Professionals Association President. Together, we represent the common voice of all three bargaining units, which are also affiliates of the Washington Education Association, in an effort that remains Union strong. We will continue that effort moving forward so that no one can ever divide our bargaining units again.

DJ





The General Fund Balance for 2024-2025 shows the September, October, and November balances by month as compared to previous school years.

SOURCE: TSD Website

What is the AFL-CIO?

The National Education Association is a member of the AFL-CIO, which stands for American Federation of Labor and Congress of Industrial Organizations. The AFL-CIO is the largest federation of trade Unions in the United States, representing over 12 million active and retired workers. The AFL-CIO's goals include: ensuring fair wages and retirement benefits, safe working conditions, equal treatment, dignity for all working people, economic justice, and civil rights. The AFL-CIO is involved in political activism and spending, usually in support of progressive and pro-labor policies. The AFL-CIO also operates the largest training network outside the U.S. military. The AFL-CIO was formed in 1955 when then American Federation of Labor and the Congress of Industrial Organizations merged. The AFL-CIO states that Unions begin with you. When working people come together, they make things better for everyone. Joining together in Unions enables workers to negotiate for higher wages and benefits and improve conditions in the workplace. The AFL-CIO ensures that working people have a voice by speaking up together to build power for workplace improvements, by advocating for a higher quality of life, and by having the freedom to join a Union for collective progress.

SOURCE: AFL-CIO Website

TSD Budget Deficit Fact or Fiction?

CONTINUED FROM PAGE 1

Now that time has elapsed, we have a better concept of the actual District budget. The District does, in fact, have an actual budget deficit based on their ability to meet the Policy 6022 Minimum Fund Balance requirements. Rarick also reported to the Board of Directors, at their December meeting, that "In the last few years, staffing and spending have increased while enrollment to elementary and secondary schools in TSD has declined overall." He presented a Memo to the Board and a Draft Resolution recommending that the Board complete an interfund loan of \$4,000,000 from the District's Capital Projects Fund to the District's General Fund.

Interfund Loan Board Memo Interfund Loan Resolution

He states in the memo that "While the district projects to finish with a positive year-end fund balance at this juncture, it must still address the need in these 'cash poor' months to meet payroll and other obligations. Accordingly, a draft interfund loan resolution is put forth for the Board's consideration and discussion, with adoption proposed for the January meeting." Rarick reported to the Board that the District would "experience cash liquidity issues" during the months of January through March of 2025 if the interfund loan is not approved. In other words, the District's General Fund Ending balance would drop below the 6% policy requirement during those months.

TSD Expenditures by Object Fiscal Year 2023-2024

| Object of Expense | Amount |
|----------------------|-------------------------|
| Cert. Salaries | \$ 48,711,623.71 |
| Class. Salaries | \$ 20,138,654.39 |
| Employee Benefits | \$ 23,339,363.66 |
| Supplies / Materials | \$ 5,413,135.65 |
| Purchased Services | \$ 16,322,972.92 |
| Travel | \$ 296,443.86 |
| Capital Outlay | \$ 278,462.69 |
| | \$114,500,656.88 |

STAFFING OR SERVICES?

Where did the money go? Rarick states "Some combination of cost reduction and/or revenue enhancement will be necessary to ensure long-term sustainability."

The District budget deficit had to originate somewhere in the 2023-2024 budget. The District's total certificated and classified salary and benefits expense was \$92,189,641.76 last year. This amount includes all certificated administrators, teachers, and ESAs. This amount also includes all classified paraeducators and office professionals. The District's total expense for supplies, materials, and purchased services was \$21,736,108.57 last year. Rarick states the District must reduce both staffing and services in order to eliminate the \$4,523,796.50 budget deficit.

Purchased services in a school district

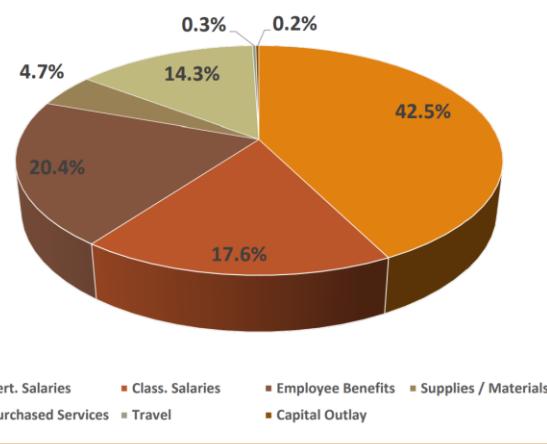
budget are services provided by agencies, businesses, companies, organizations, and other personnel that are not on the District's payroll. The certificated and classified staffing listed in the Expenditures by Object of the District budget includes those employes who are currently on the District payroll. If the District is going to reduce staffing, this means Human Resources will conduct a "Reduction in Force" across every bargaining unit, including Tumwater Education Association, Tumwater Association of Paraeducators, and Tumwater Office Professionals Association.

CONTINUED ON PAGE 3

Tumwater School District Expenditures by Object

Fiscal Year 2024

Expenses by Object



The District budget deficit is defined based on Policy 6022 Minimum Fund Balance because any reduction of the District's General Fund Ending Balance below 6% is considered a deficit. The District expenditures exceeded revenues by \$4,523,796.50 during the 2023-24 school year.

TSD Expenditures by Object

Fiscal Year 2023-2024

That is why the Tumwater Education Association is taking the following actions. The Executive Board discussed the District budget extensively at our regular December meeting. We reviewed the Budget Advisory Committee report and analyzed the information in comparison to previous budget trends in the District. We also mapped out a plan of action in response to the District budget updates provided by Assistant Superintendent of Finance and Operations Ben Rarick. The first step in that plan is to put our Union dues to work and have the Washington Education Association budget analysts conduct an independent review of the District budget. WEA Chinook Uniserv representative Elizabeth Collins has formally begun that process now that we have several months of actual financial data from the District for the current school year.

The second step in that plan is to remain in contact with the District leadership team to receive updates through our contractual communication processes as outlined in the collective bargaining agreement. Meetings will continue with Human Resources Director Wendy Bromley to continue discussing frameworks for keeping that communication open and structured. The third step in that plan is to continue the process of having Executive Board members, including myself, attend the Board of Directors and Budget Advisory Committee meetings to remain current on the District budget update information provided. In addition, the Executive Board will conduct regular meetings with the District leadership team as outlined in Article 40 Reduction in Force of our collective bargaining agreement. We will conduct our first meeting with the District on January 7 to begin preliminary conversations.



The Association takes the position that the District should reduce purchased services expenses and not staffing expenses.

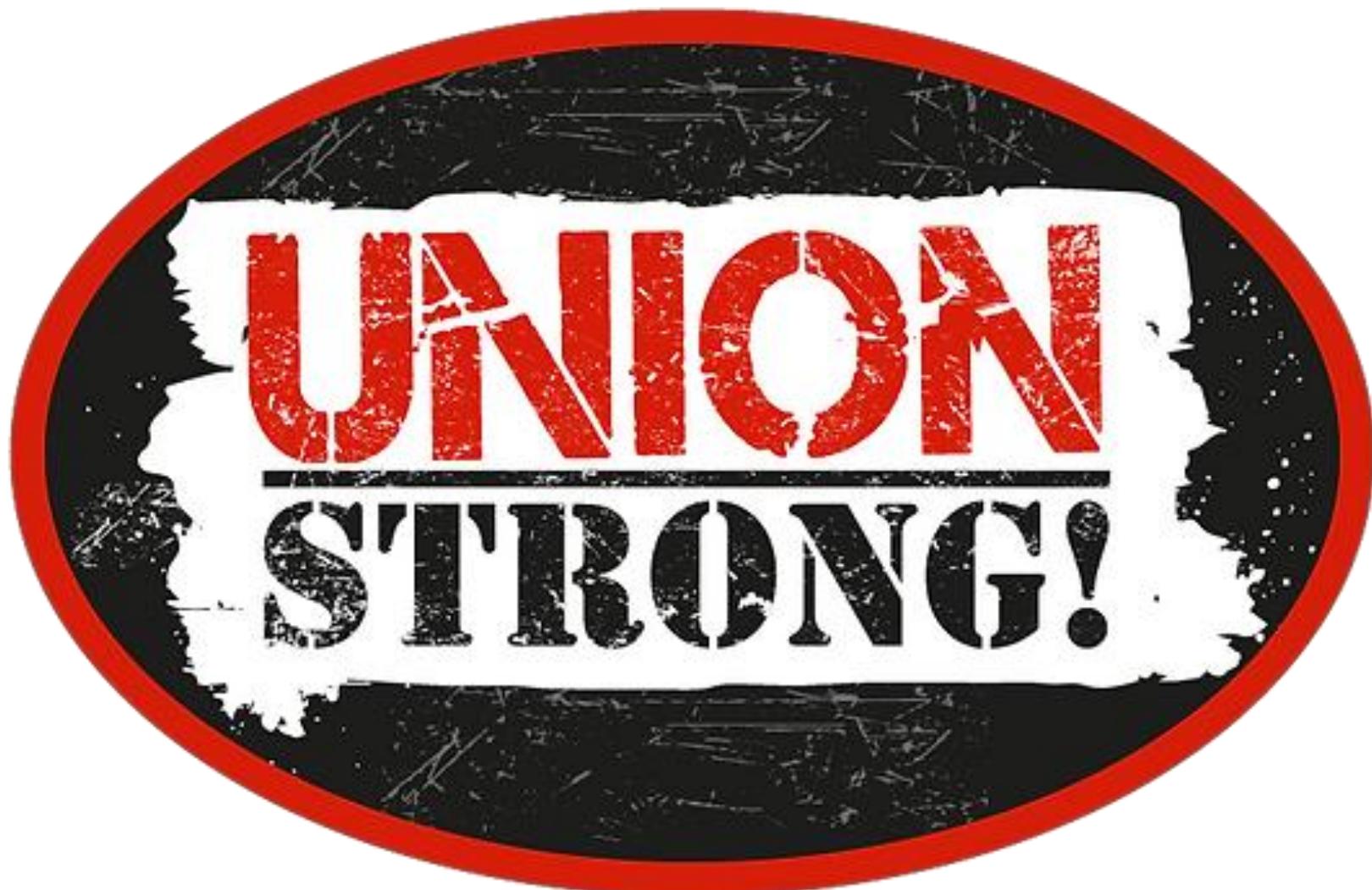
Reduction in Force

We already know the greatest expense for any school district is staffing. School districts cannot operate without staff who provide the necessary educational programs and supports for students. That's the reason we exist on a foundational level in public education. That's also the reason Tumwater Education Association takes the position that the District should reduce materials, supplies, and purchased services expenses before reducing staffing expenses.

What exactly did the District spend \$21,736,108.57 on last year for materials, supplies, and purchased services? The Association believes the District should reduce expenses in these categories before taking certificated and classified staffing away from students.

The District website states "Each day our staff of just over 800 employees carries out our mission to provide 'Continuous Student Learning in a Caring, Engaging Environment.' Our academic focus is to help each child succeed by setting achievement goals and then using data to closely monitor progress and adjust instruction. To do this, we encourage and support staff collaboration and professional development. We strive to create a safe, supportive environment in which all students feel connected and valued while they grow academically."

The District cannot accomplish the Mission and Focus, as stated above, by reducing staffing. It takes dedicated staff to provide "Continuous Student Learning in a Caring, Engaging Environment."



"In the event that the District projects a revenue loss that could result in a Reduction in Force, it shall notify the Association prior to April 15. The District shall provide to the Association what it believes the basis for the projected loss of revenue is to be." SOURCE: TEA Contract

Article 40 – Reduction in Force

What does our contract say?

TumwaterEA Contract 2023-25

"In the event that the District projects a revenue loss that could result in a Reduction in Force, it shall notify the Association prior to April 15. The District shall provide to the Association what it believes the basis for the projected loss of revenue is to be. The District may consider reductions in program, services, and personnel, but it will not reduce the workforce, place any employee on furlough/layoff status or adversely affect any certificated employee in contract status, on the basis of loss of revenue until the provisions of Part 1 hereunder have been complied with and unless such furlough/layoff or adverse action is consistent with Part 2 hereunder."

"Part 1 The District shall implement the following procedure: Before May 1, the Superintendent shall report to the Board and the Association identical facts, figures, and other material in order to determine the amount of projected revenue for the coming fiscal period. The Superintendent, with counsel from the Association, shall seek out, contact, apply for and negotiate for financial assistance from all known reasonable sources, and shall furnish the Board and Association reports of such efforts. The following provisions shall be considered minimum standards to consider in establishing the number of certificated positions available to operate the instructional program: 1) The lowest possible student-teacher ratio will be maintained as a matter of primary importance to the education of students. 2) All cash reserves will be planned for use, excepting only those required by law. 3) When revenues are categorical and

depend upon actual expenditures rather than budgeted amounts, every effort shall be made to maintain these programs to the limit of the categorical support; i.e., vocational education, special education, transportation, etc. Capabilities will be maintained to provide legally required reports and processes, instructional leadership, as well as to provide for health and safety of students and staff."



"Any additional revenue which shall become available to the District at any time during the ensuing school year shall be used in accordance with the standards contained in this subsection. Should the use of said revenue allow the District to employ additional certificated staff, said staff shall be employed from the employment pool established in Part 2 of this section."