

# FISCAL ADVISORY COUNCIL



## 2020-21 YEAR-END REPORT

A Summary of Committee Activities  
Informing District Fiscal Operations

# OVERVIEW

## **District's commitment to community engagement and transparency**

For more than a decade, the Fiscal Advisory Council has convened each year to provide feedback and advice on a wide range of fiscal topics. In some years the focus has been primarily on program reductions, while in other years they have considered additions and enhancements. The topics discussed ultimately guide development of the operating budget for the ensuing fiscal year. The council is comprised of nine community members, three students, three bargaining groups, five principals, and two cabinet members.

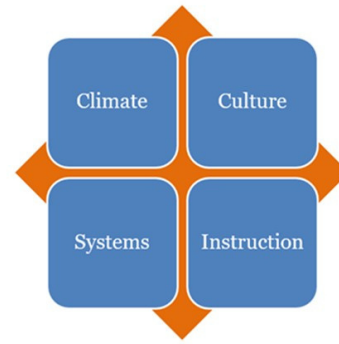
The role of each council member is to develop a deeper understanding of issues and topics affecting both district instructional programs and other areas of operation. Members are encouraged to challenge the status quo and share their own unique perspective to guide decision-making.

Members are also asked to engage others including family, friends, and coworkers, to help support the feedback they provide at each council meeting. Finally, members play an important role in the district's efforts to engage our community, communicate key issues facing public education, and honor the district's commitment of transparency.





# ROLE OF THE FISCAL ADVISORY COUNCEL



**Focus on the operational fund** - School districts are comprised of five different fiscal funds however, the success of students is primarily supported by the operational (general) fund.

**Emphasize achievement for all students** - Balance district programs to support each student's unique achievement needs. Student achievement depends on academic programs tailored to extracurricular activities, adequate supervision and student safety, and learning in clean and supportive schools.

**Utilize the the Strategic Plan** -The Strategic Plan guides the district's academic and operational goals. Currently, the Strategic Plan is being updated. This process is being facilitated by the Greenway Strategy Group and includes extensive engagement with key stakeholders including community members, staff, students, and school board.

**Align FAC work with the annual budget development cycle** - Align critical conversations with key milestones during the five phases of the annual budget development process .

## MEET THE 2020-21 FAC

### Community

**Chris Adams**, Adams and Duncan Lawyers  
**Julio Cortes**, City of Everett  
**Tony Edwards**, Edwards Insurance and Financial Services, Inc  
**Mary Fosse**, Community Member  
**Meggan Jacks**, Community Member  
**Rachel Mathison**, Cocoon House  
**Jamyang Dorjee Nhangkar**, Community Transit  
**Mason Rutledge**, C3 Leaders  
**Angie Sievers**, Economic Alliance of Snohomish County

### Students

**Maritza Rodriguez**, Cascade High School  
**Jessica Gonzalez**, Everett High School  
**Puneet Birk**, H.M. Jackson High School

### Associations

**Jodie Moyer**, Special Services Office Assistant and EAEOP Representative  
**Laura Rogers**, Paraeducator and EAP Representative  
**PattyAnn Toomey**, Technology Technician and SEIU Representative

### Principals

**Jessica Corneille**, Principal Madison Elementary School  
**Heather Paddock**, Principal Monroe Elementary School  
**Jacob Ellsworth**, Assistant Principal Evergreen Middle School  
**Kelly Shepherd**, Principal Sequoia High School  
**Laura Wellington**, Principal Heatherwood Middle School

### Administrators

**Dr. Peter Scott**, Deputy Superintendent  
**Dr. Shelley Boten**, Chief Academic Officer  
**Jeff Moore**, Chair Chief Financial Officer  
**Ruth Floyd**, Vice Chair Budget Director

# PROCESS

## Annual budget cycle

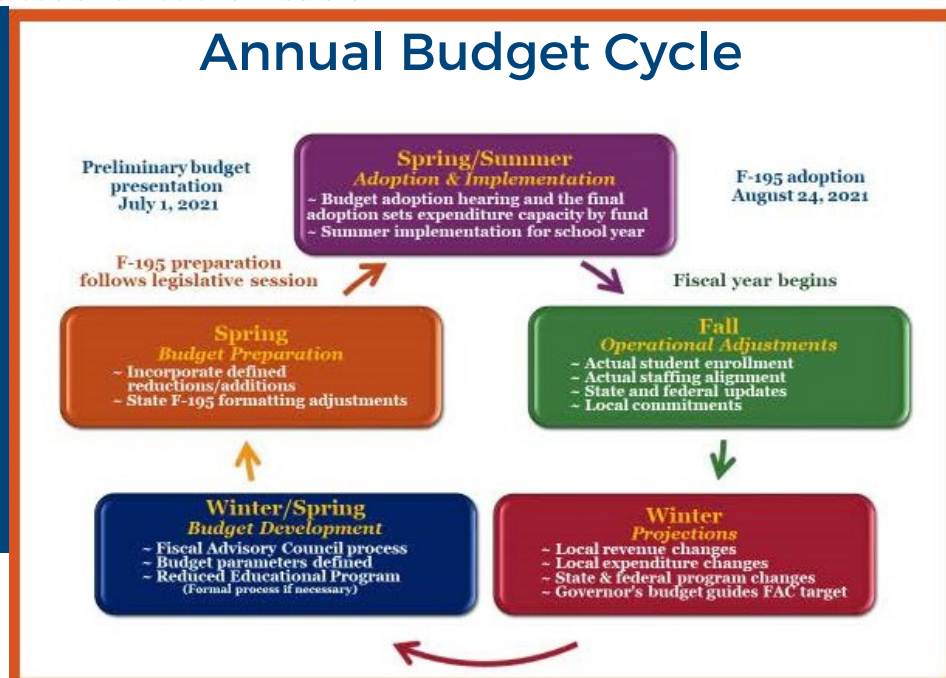
In each fiscal year, the annual budget development cycle occurs in five distinct phases. The first phase occurs in November-December, when a four-year projection is developed based upon prior year fiscal analysis, November state revenue forecast, December issuance of the governor's budget, and enrollment projections for the following year. These four components help determine to what extent programs can be enhanced or must be reduced.

The second phase re-engages the FAC to assess and provide feedback on key issues facing the district. This year the FAC work centered on four key areas including fiscal impacts of COVID-19, required legislative actions to mitigate impacts, improving fiscal outlook resulting from federal investments, and federal investments on learning recovery and social-emotional health.

The third phase is the formal development of the operating budget for all funds within the state required form F-195. The culmination of this process is a public hearing and adoption by the board in July or August.

The fourth phase of the annual budget process typically occurs in August and focuses on making all operational adjustments necessary to align with the formal budget adoption. The finance and human resource departments work actively with all budget authorities to establish the operational structures necessary to start the school year.

The fifth and final stage of the budget development process occurs in September with the start of school. The vast majority of budget assumptions are based on student enrollment during budget development. When the doors open, the district begins a complex eight-day assessment of the number of students that have enrolled in each grade level, and a school-by-school assessment of necessary staffing adjustments.





# KEY TOPICS

## COVID-19 impacts



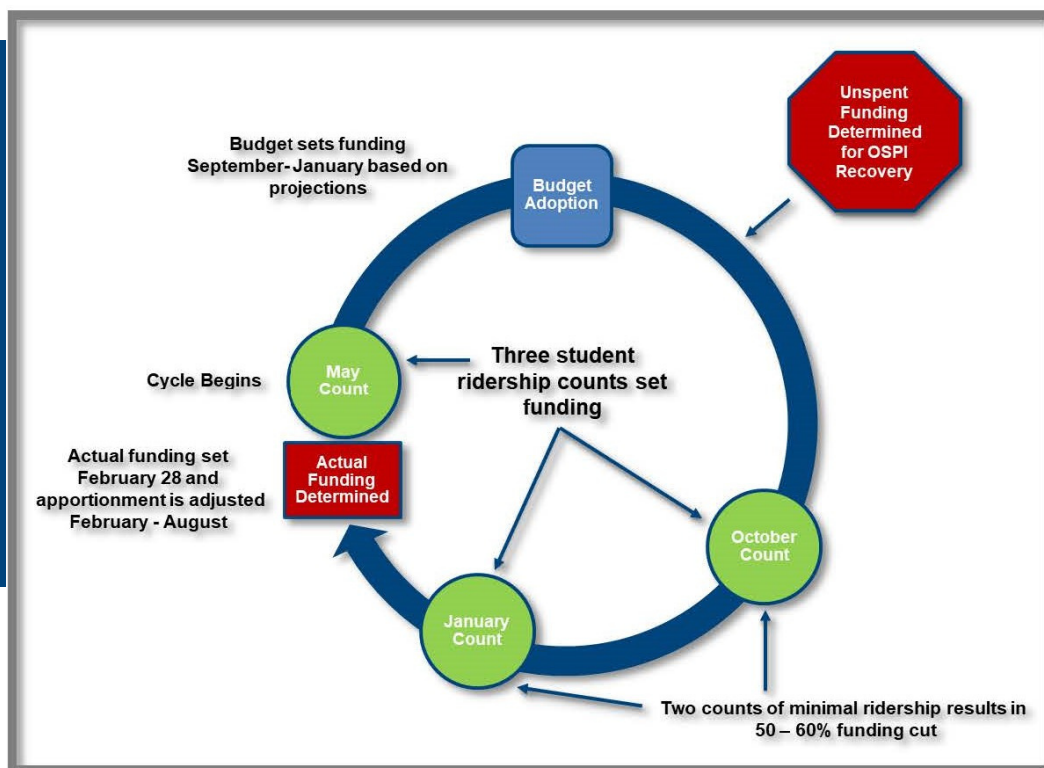
**Unprecedented enrollment drop** - Most funding formulas are driven by student enrollment counts.

- Operational (Apportionment) based upon annual average student FTE
- Federal (Title) and state (Learning Assistance) based upon Free and Reduced Price Lunch (F&RPL) rates
- Local Levy based on prior year student FTE (Everett) or \$2.50 per \$1,000 assessed valuation

As a result of the state mandate to start schools in 100 percent remote learning, fall enrollment was 805 students below budget. OSPI estimated the drop in state apportionment to be \$8.2 million. The state levy cap would also be reduced by over \$1.5 million for 2022 collections. Districts feared that with remote learning F&RPL rates would drop, cutting Title and LAP funding for the 2021-22 school year.

**Transportation funding based upon ridership** - School districts are funded by three annual ridership counts in spring of prior year, fall and winter. With little or no ridership, current year funding would be cut dramatically.

**District actions** - In anticipation of fall 2020 enrollment drop, the district held on 17 vacant teaching positions to mitigate apportionment loss. Furloughs for bus drivers, food service workers, and health room assistants were enacted. A hiring freeze was put in place and operating budgets were reduced. In addition, over \$6 million in cuts were identified for 2021-22 in case the legislature failed to respond to this state-wide fiscal crisis. Finally, family outreach averted a drop in F&RPL rates.



# KEY TOPICS

## Legislative Advocacy

### 2021 Legislative Priorities

**Act early in legislative session to maintain K-12 investments** - Protect us from funding decreases solely due to the pandemic as our budget and staffing were built on full enrollment. Districts face cuts to general apportionment, transportation, and a lower levy cap for 2022.

**Address the adverse impacts of the pandemic on physical health and social emotional needs of students** - Provide stable funding for the staffing and material costs necessary to support a safe learning environment. Invest in the ongoing social emotional needs of students that have been worsened by the pandemic.

**Send voters a constitutional amendment on simple majority for bonds** - Change the 60 percent super-majority requirement for school district bond approvals to a simple majority. Washington is one of only 11 states requiring super majority.

**Legislative response** - The 2021 legislature recognized the funding impacts related to current year apportionment funding loss due to decreased enrollment and transportation ridership. They further recognized that lower enrollment this year impacts the 2022 levy cap and associated funding loss for 2021-22.

- State determined the district will need to cover the current year apportionment loss of \$8.2 million with federal relief funding.
- State provided funds to cover the current year transportation funding shortfall at a reduced rate.
- State adjusted local levy formula for 2022 to be based upon 2019-20 annual average student enrollment.



## 2021 Legislative Priorities

*Our mission is to inspire, educate, and prepare each student to achieve to high standards, contribute to our community, and thrive in a global society.*

**BOARD OF DIRECTORS**

- Caroline Mason, President
- Pam LeSanto, Vice President
- Andrew Nicholls, Legislative Representative
- Traci Mitchell, Superintendent
- April Berg, Board Member

**SUPERINTENDENT**

- Dr. Ian D. Saltzman

**Act early in legislative session to maintain K-12 investments**

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**Address the adverse impacts of the pandemic on physical health and social emotional needs of students**

Provide stable funding for the staffing and material costs necessary to support a safe learning environment. Invest in the ongoing social emotional needs of students that have been worsened by the pandemic.

**Send voters a constitutional amendment on simple majority for bonds**

Change the 60 percent super-majority requirement for school district bond approvals to a simple majority. Washington is one of only 11 states requiring super majority.

**We recognize the challenges of the significant state revenue shortfall and the difficult decisions ahead in the 2021 session. We urge the legislature to keep in mind the long-term K-12 needs that should be addressed as the economy recovers from this pandemic (e.g., special education, prototypical school model, and SEBB).**



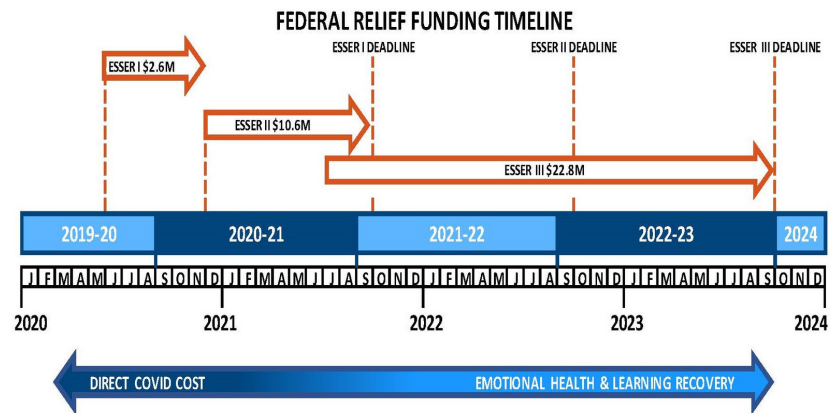
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# KEY TOPICS

## Improving fiscal outlook

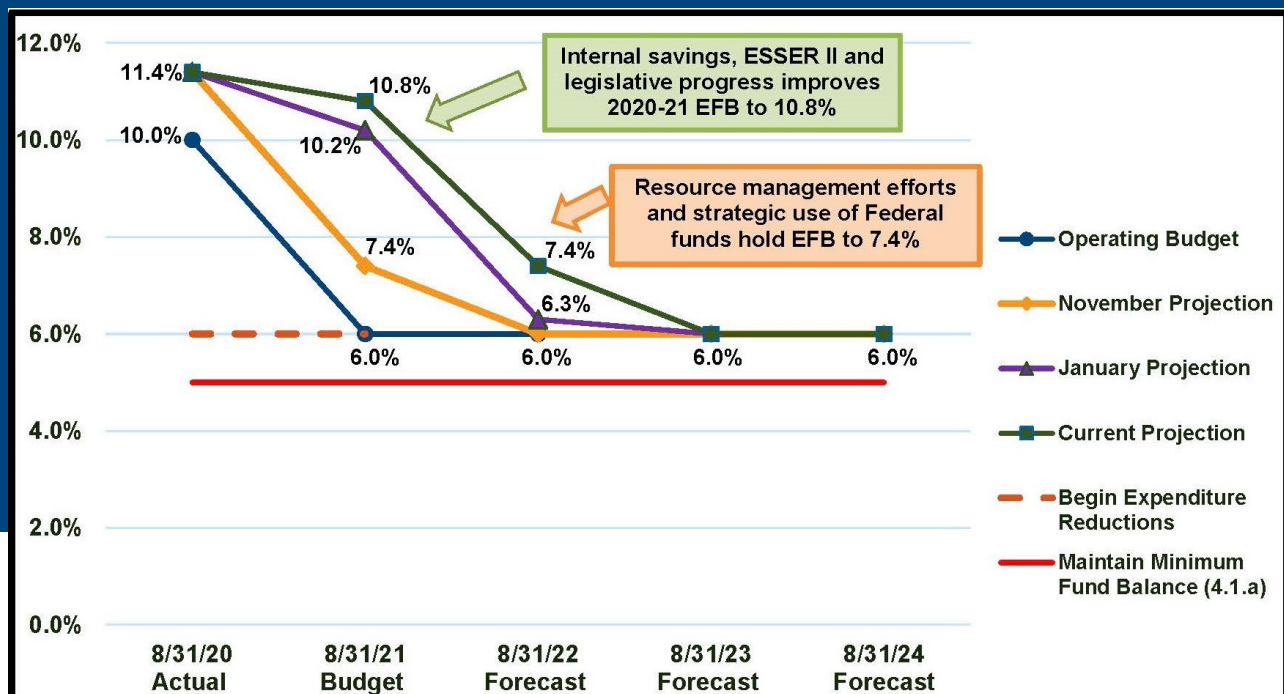
**In June 2020 state projected \$8.8 billion budget shortfall** - By September the estimated shortfall dropped to \$4.4 billion, and by spring the economic outlook had greatly improved mitigating state funding cuts. 2020-21 cost-saving measures totaled over \$10.2 million, mitigating the need to implement reductions in the budget for the 2021-22 fiscal year. In addition, the first two rounds of federal funding reimbursed the district for the multitude of costs associated with COVID-19 ranging from PPEs, additional staffing, added technology for remote learning, and costs associated with the reopening of schools under the hybrid model, allowing students to return to school in two cohorts for two days per week.



**Federal relief funding** - Congress has approved three distributions of relief funding called Elementary and Secondary School Emergency Relief (ESSEER).

- **ESSEER I** - Coronavirus Aid, Relief, and Economic Security (CARES) Act, March 27, 2020
- **ESSEER II** - Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, December 27, 2020
- **ESSEER III** - American Rescue Plan (ARP) Act of 2021, March 11, 2021

ESSEER I and ESSEER II greatly mitigated the fiscal impacts of COVID-19, including the reliance on the legislature to offset the state apportionment funding loss. The strategic utilization of these funds, including funding the 2021 summer school program, has freed up ESSEER III dollars to be focused on students.



# KEY TOPICS

## ESSER III student investments

### ESSER III provides significant opportunities over the next 2 to 3 years -

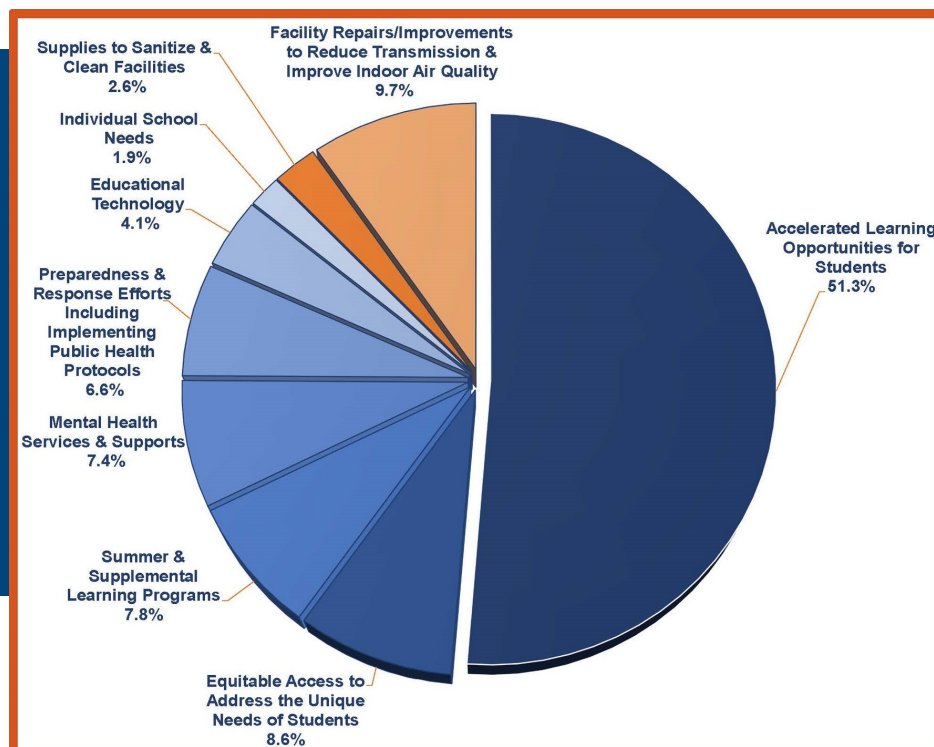
The strong fiscal stewardship during 2020-21 has well positioned the district to invest funds in the following prescribed areas:

- Accelerated Learning Opportunities
- Summer & Supplemental Learning Programs
- Mental Health Services & Supports
- Equitable Access Activities
- ESSA and IDEA Activities
- Carl D. Perkins CTE Activities
- Title VII McKinney-Vento Homeless Activities
- Individual School Needs

The district must continue to brace for operational costs related to Department of Health requirements and other ESSER III categories including:

- Public Health Coordination (external)
- Preparedness & Response Efforts (internal)
- Sanitize & Clean Facilities
- Planning for Long-Term Closures
- Educational Technology
- Facility Repairs to Reduce Transmission
- Projects to Improve Indoor Air Quality
- Continuity of District Services

In accordance with state requirements, the district has submitted and OSPI has approved an "Academic and Student Well-being Recovery Plan (ASWRP). Further, a 2-year baseline spending plan has been developed to properly pace expenditures and maximize the sustainability of investments. The baseline plan invests more than 75 percent in direct support of students. Planned sustainability requires overt awareness that when ESSER funds are exhausted, either other revenue sources need be identified or added supports must sunset.



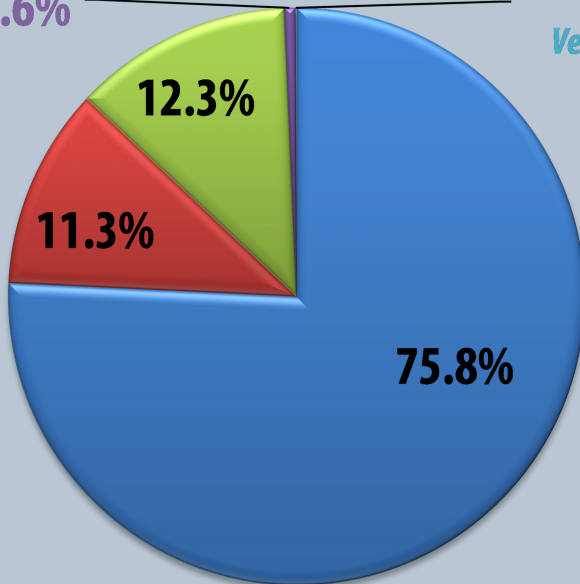


# Five funds of the budget

2020-21

*Associated  
Student  
Body Fund*  
0.6%

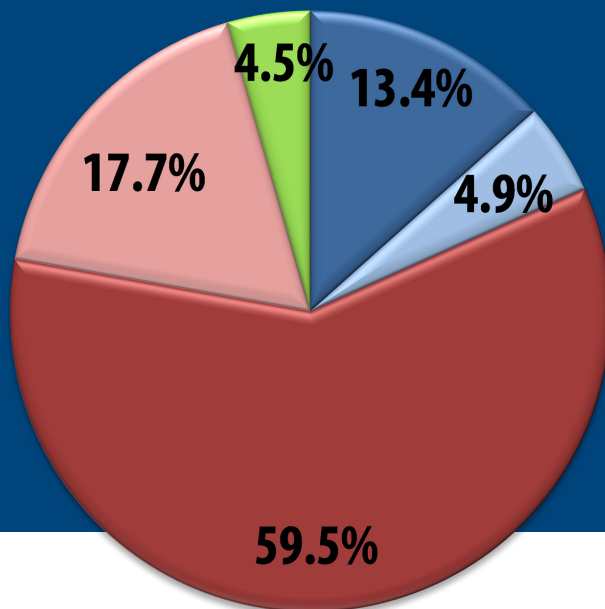
*Transportation  
Vehicle Fund*  
0.1%



- General Fund
- Capital Projects Fund
- Debt Service Fund
- Associated Student Body Fund
- Transportation Vehicle Fund

## Sources of revenue - General Fund

2020-21



- Local Tax
- Local Other
- State General Purpose
- State Special Purpose
- Federal

# DID YOU KNOW?

## Everett Public Schools budget

### School district's budget revenues and expenditures in five separate funds:

- **General Fund** - the operating budget which guides our day-to-day activities
- **Capital Projects Fund** - which covers our long-term school construction and repair needs and cannot be spent on school operations
- **Debt Service Fund** - which is used to pay the principal and interest on bonds issued to finance school construction and renovation
- **Associated Student Body Fund (ASB)** - which accounts for each middle and high school's extracurricular activities
- **Transportation Vehicle Fund** - which provides for the purchase of school buses.

### School district operations (general fund) have three sources of revenue

- **Local** - Local revenues equal approximately seventeen percent of the general fund income. The majority of this is from local property taxes. Other non-tax local resources include lunch fees, fines, summer school, rental income, and donations.
- **State** - The largest source of general fund revenue, 78 percent, comes from the state in two areas: state general purpose funds, called "state apportionment," and state special purpose funds, called "categorical program funding." State special purpose funds support programs such as special education, student transportation, transitional bilingual, highly capable, and learning assistance programs.
- **Federal** - Federal funds are the smallest source of revenue for the district at about five percent of the district's budget. They support specialized programs including school improvement (Title II), disadvantaged students (Title I), and students with limited English proficiency (Title III). Federal funds also provide free and reduced price lunches and special education supplemental funds.

### Comprehensive Annual Financial Report

For the fiscal year ended  
August 31, 2020



Photo Features Cascade High School

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### Comprehensive Annual Financial Report -

Everett is one of three school districts in the state that produces a CAFR and is committed to this higher level of fiscal reporting to insure transparency to our community and investors. The CAFR has been submitted to the Government Finance Officers Association (GFOA), and to the Association of School Business Officials (ASBO) for review. The district received ASBO's Certificate of Excellence in Financial Reporting for 33 consecutive years and GFOA's Certificate of Achievement for Excellence in Financial Reporting for 14 consecutive years.



# DID YOU KNOW?

## How EPS compares to other similar districts

OSPI compiles financial information about every school district in the state and publishes this financial data on their website. Using this information, it is possible to compare how districts spend money in various categories. The chart below shows that Everett Public Schools compares favorably to the state's other similarly-sized districts.

2019-20 OSPI Analytics of Financial Data				
Spending Category	What is included in this category	% of general fund spent in Everett	Avg % spent by similarly sized districts	What this says about Everett Public Schools spending
<b>Total teaching</b> <i>(includes teaching support)</i>	Teachers, paraeducators, supplies, coaches, activity advisors, librarians, counseling, student security, recess supervision, psychologists, speech, and health services	75.0%	73.7%	Everett Public Schools spends more on teaching and teaching support than 16 of the state's 20 school districts of comparable size
<b>Teaching support</b>	Librarians, counseling, student security, recess supervision, psychologists, speech and health services	14.8%	14.5%	Everett spends more on teaching support than 12 of the state's 20 comparably sized school districts
<b>Special education</b>	Staffing including teachers, para educators, psychologists, nurses, speech and language pathologists, occupational and physical therapists, administrative staff, services, equipment, and materials	14.9%	14.5%	Everett spends more on special education than 11 of the state's 20 comparably sized school districts
<b>Total administration</b>	School and district administrators, technical and clerical staff, their supplies and materials	11.6%	11.7%	Everett spends less on total administration than 13 of the 20 comparably sized districts
<b>Districtwide support</b>	School board, superintendent, human resources, finance, information systems, communications, maintenance	10.4%	11.7%	Everett spends less on districtwide support than 15 of the 20 comparably sized districts

## A WORD OF APPRECIATION

The FAC commends the superintendent and board for engaging representatives of our community, employee groups, students, and administrators in this highly collaborative process. We appreciate the commitment of time, energy, and talent to develop an open and transparent process to support informed decision making.

Respectfully,  
The Fiscal Advisory Council

### BOARD OF DIRECTORS

Caroline Mason, President  
Pam LeSesne, Vice President  
Andrew Nicholls, Legislative Representative  
Traci Mitchell, Parliamentarian  
April Berg, Board Member

### SUPERINTENDENT

Dr. Ian B. Saltzman

### **Designated to handle inquiries about nondiscrimination policies are:**

#### **Title IX/Civil Rights Officer**

Mary O'Brien  
P.O. Box 2098  
Everett, WA 98213  
[mo'brien@everettsd.org](mailto:mo'brien@everettsd.org)

#### **Section 504 Coordinator**

Dave Peters  
P.O. Box 2098  
Everett, WA 98213  
[dpeters@everettsd.org](mailto:dpeters@everettsd.org)

#### **ADA Coordinator**

Randi Seaberg  
P.O. Box 2098  
Everett, WA 98213  
[rseaberg@everettsd.org](mailto:rseaberg@everettsd.org)

Everett Public Schools does not discriminate in any programs or activities on the basis of sex, race, creed, religion, color, national origin, age, veteran or military status, sexual orientation, gender expression or identity, disability, or the use of a trained dog guide or service animal, and provides equal access to the Boy Scouts and other designated youth groups.