

# FISCAL ADVISORY COUNCIL



## 2021-22 YEAR-END REPORT

A Summary of Committee Activities  
Informing District Fiscal Operations

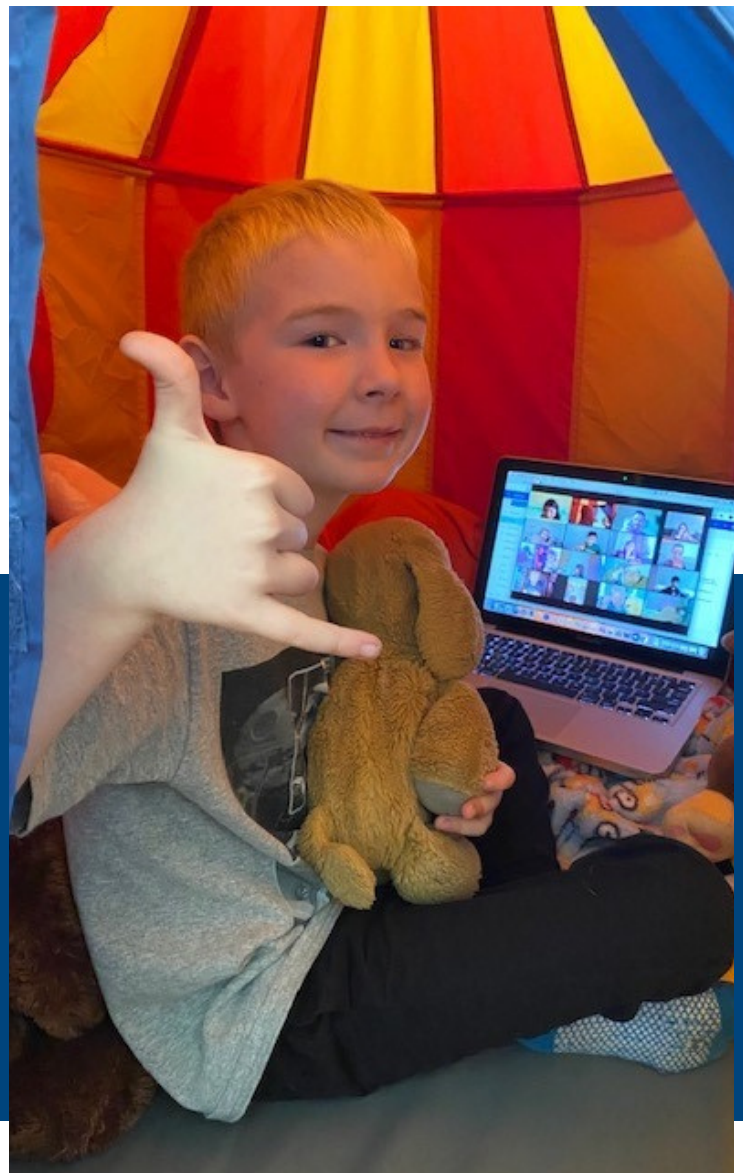
# OVERVIEW

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

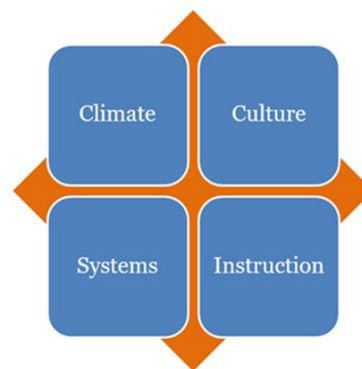
For more than a decade, the Fiscal Advisory Council has convened each year to provide feedback and advice on a wide range of fiscal topics. In some years the focus has been primarily on program reductions, while in other years they have considered additions and enhancements. The topics discussed ultimately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



**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 focused on instruction, social-emotional health, 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. It prioritizes resources for the actions defined in the refreshed strategic plan which is designed to guide our work for the next five years. This "student first" plan holds student achievement as its highest priority.

**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 2021-22 FISCAL ADVISORY COUNCIL

### Community

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

### Students

**Jessica Gonzalez**, Everett High School  
**Puneet Birk**, H.M. Jackson High School  
**Melody Hatch**, Sequoia High School

### Associations

**Jodie Moyer**, Special Services Office Assistant and EAEOP Representative  
**Laura Rogers**, Paraeducator and EAP Representative

### Principals

**Jessica Corneille**, Principal Madison Elementary School  
**Heather Paddock**, Principal North 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**, Co-Chair, Chief Financial Officer  
**Ruth Floyd**, Co-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.

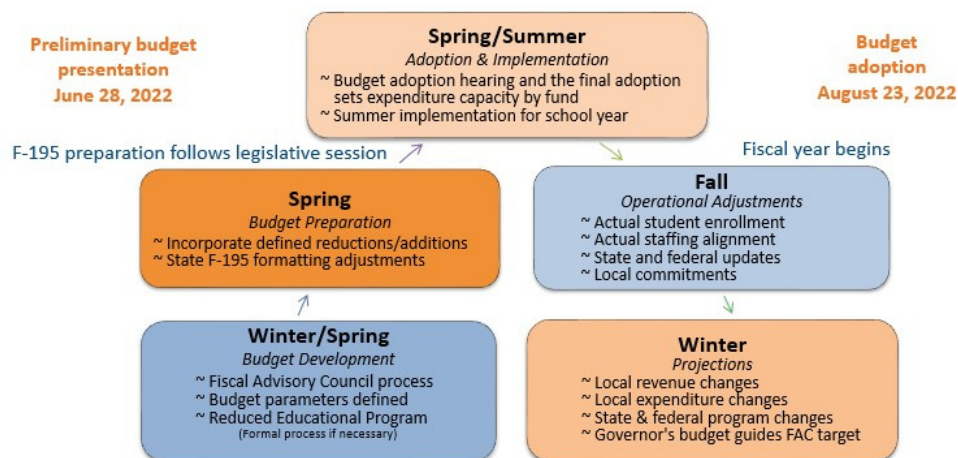
The second phase re-engages the FAC to assess and provide feedback on key issues facing the district. This year the FAC work centered on four key areas including fiscal impacts of COVID-19, required legislative actions to mitigate impacts, improving fiscal outlook resulting from federal investments,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

## Annual Budget Cycle



# KEY TOPICS

## Legislative Advocacy

### 2022 Legislative Priorities

**Provide consistent, equitable, and ample educational resources** - Fully fund basic education including the statewide shortfall in special education. Cover shortfalls from the COVID impact on funding formulas driven by enrollment and transportation ridership, including local levy caps. Fulfill the legislative commitment to increase unrealistic staffing ratios contained in the prototypical school funding model.

### Invest in learning opportunities and the social-emotional needs of students and families

Provide additional resources to sustain and enhance extended learning options and social-emotional supports for students. One-time federal investments will end, but needs such as early childhood education, extended day and summer school will continue. There is continued need for behavior specialists, social workers, and online support services.

### Advance equity in public education

Adequately fund public education so districts can provide each student with the resources they need to be successful. Fund diversity, equity, and inclusion training for all staff. Provide resources for remote learning connectivity, choice programs, and pay student fees for dual credit programs, PSAT/SAT, advanced placement testing, and college in the high school.



### 2022 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**

- Pam LeSauter, President
- Traci Mitchell, Vice President
- Andrew Nichols, Legislative Representative
- Caroline Mason, Representative
- April Berg, Board Member

**SUPERINTENDENT**

- Dr. Ian B. Saltzman

**Provide consistent, equitable, and ample educational resources**

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Provide additional resources to sustain and enhance extended learning options and social-emotional support for students. One-time federal investments will end, but needs such as early childhood education, extended day and summer school will continue. There is a continued need for behavior specialists, social workers, and online support services.

**Advance equity in public education**

Adequately fund public education so districts can provide each student with the resources they need to be successful. Fund diversity, equity, and inclusion training for all staff, not just teachers. Provide resources for remote learning connectivity, choice programs, as well as pay student fees for dual credit programs, PSAT/SAT, advanced placement testing, and college in the high school.

We recognize the 2021 legislature faced significant revenue shortfalls that were offset by a recovering economy and influx of federal funding. Federal relief funding will soon end, and State revenue projections are dramatically up. Now is the time to make significant investments to fully fund basic education and vital student supports established with federal relief dollars.



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# KEY TOPICS

## 2022 Replacement Capital and Educational Programs & Operation Levies

### Replacement Educational Programs and Operations Levy (EP&O) discussion topics

- Requires voter renewal every 4-years, proposed levy for 2023-2026
- Essential for day-to-day functioning of schools
- 2018 Supreme Court McCleary decision cut levies too low
- Without correction, districts continue to spend down reserves
- Voter approval sets maximum levy collections for 4 years
- 2022 levy proposal set levy above current cap assuming legislative action will fix levy authority within next 2 years

### Replacement Capital Levy discussion topics

- Replaces existing capital levy with new 6-year levy for safety, building, and instructional technology improvements for 2023-2028
- Capital Bond Planning Committee considered 4 potential models
- School Board reviewed making some adjustments to recommendation
- Major safety and building improvement needs including compliance with the "Clean Buildings Act" total \$229.5 million plus \$96 million for technology systems, equipment, and services over 6-years

### Historical and projected local tax rates

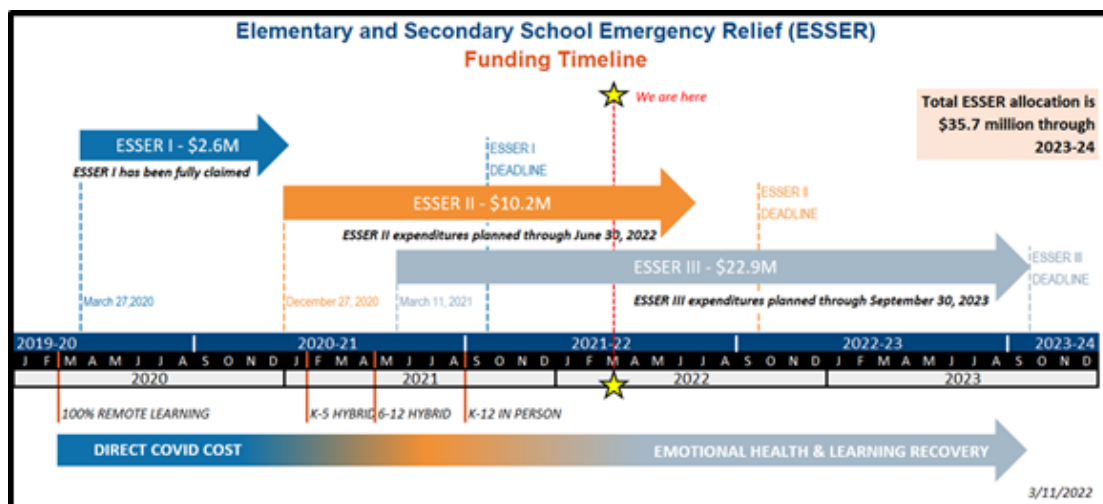
Calendar Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
EP&O Levy	\$3.31	\$3.11	\$3.07	\$2.62	\$1.50	\$1.92	\$1.97	\$1.93	\$2.20	\$2.15	\$2.14	\$2.14
Capital Levy	.55	.51	1.10	.97	.59	.55	.52	.47	1.18	1.75	1.75	1.73
Bond Debt	1.62	1.56	1.71	1.84	2.78	2.41	1.26	.84	.70	.18	.19	.21
Total Tax Rate	5.48	5.18	5.88	5.43	4.87	4.88	3.75	3.24	4.08	4.08	4.08	4.08

# KEY TOPICS

## Federal Funding Update

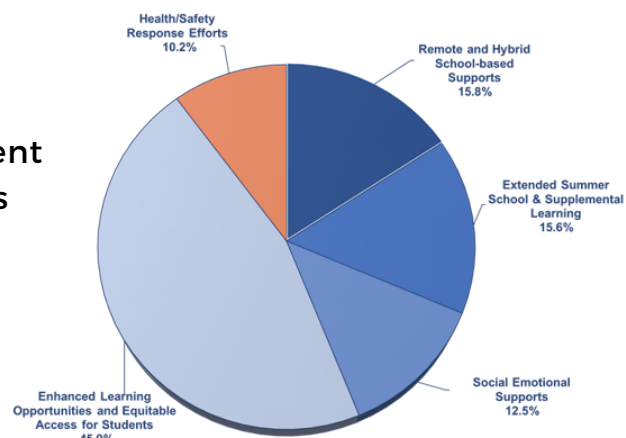
### Elementary and Secondary School Emergency Relief (ESSER)

- Allocated in three different federal actions:
  - ESSER I - Coronavirus Aid, Relief, and Economic Security (CARES) Act
  - ESSER II - Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act
  - ESSER III - American Rescue Plan (ARP) Act of 2021
- ESSER I and II covered direct covid costs ranging from building and system improvements to student technology for remote learning
- ESSER III funding has primarily been focused on Social Emotional Health and Learning recovery to help students get back on track



### 2022-23 ESSER III of the final \$7.7 million focus on students

89.8 percent directly supports student social emotional and learning needs

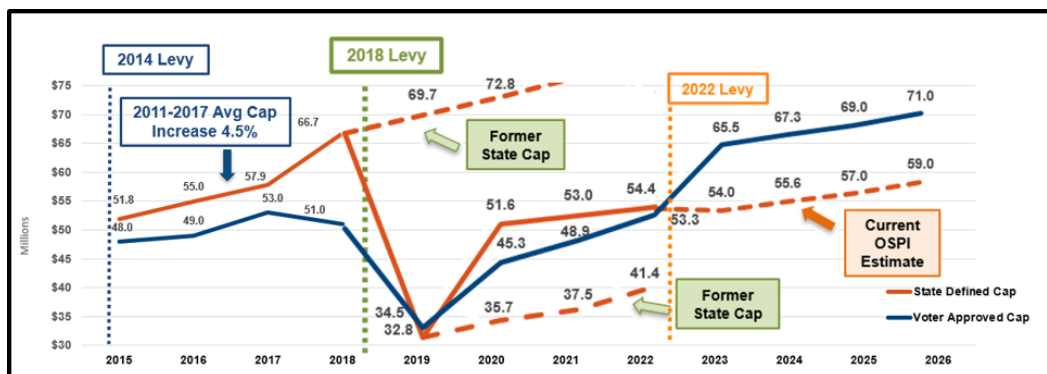


# KEY TOPICS

## Fiscal Outlook

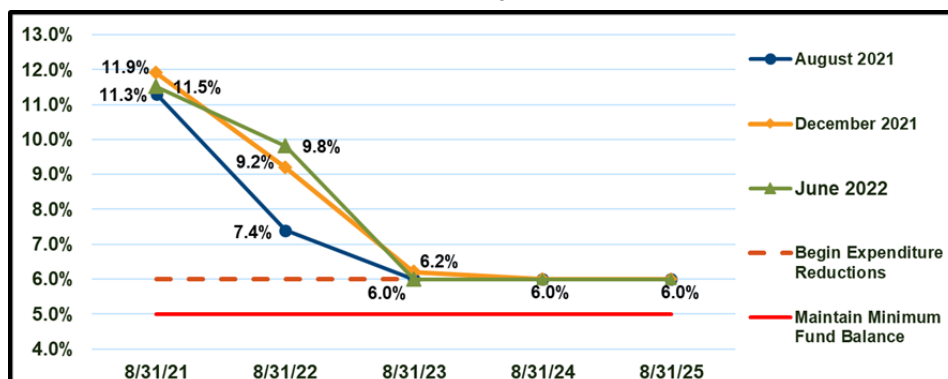
### School districts face cuts from 2018 McCleary structural deficit

- Supreme Court ruling increased funding but failed to cover all basic education (BE) costs as required in the state constitution
- State significantly increased funding for salaries and added local "regionalization" (more funding in higher cost of living areas)
- Accordingly, negotiations across the state resulted in major pay increases
- Legislature raised state school tax and lowered local levies ("Levy swap")
- For urban districts, the local levy cut was excessive and still required to cover BE shortfalls such as special education and bus transportation



### Major reductions planned for 2022-23 held off until 2023-24

- Continued COVID savings pushed out cuts for one more year
- District continues investments in social emotional and recovery needs
  - Planned use of fund balance down to 6 percent
  - Use of remaining federal funds (ESSER)
- Legislative action is needed to fully fund basic education to mitigate cuts





# KEY TOPICS

## Social Emotional Learning & Student Transportation Updates

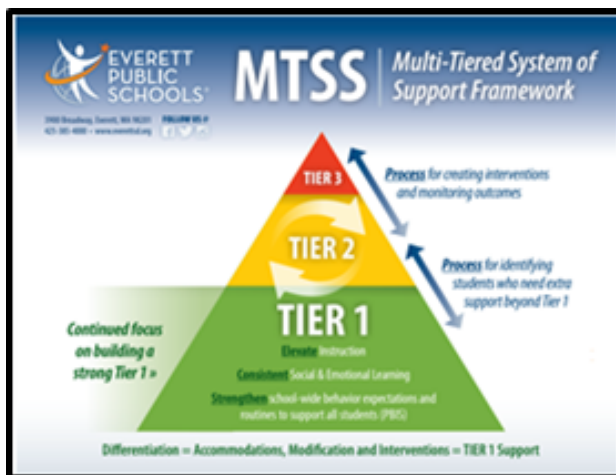
### Social emotional learning (SEL) supports

#### Student Support Services

coordinates prevention and intervention programs and services to support schools, students, and parents by addressing the cognitive, behavioral, social, emotional, health, safety, and alternative education needs of all students to maximize student achievement.

### Multi-Tiered System of Supports

Integrates three key components to success: Academics, Behavior, and Social-Emotional Learning to ensure access to equitable and culturally responsive learning opportunities.



### Award of 5-year student transportation contract

15 School districts contract busing including Seattle, Tacoma, and Spokane. Contracts must be rebid every 5 years.

- 3 major contractors participated in the request for proposal process
- Home to school pricing for Durham Transportation at \$9.7 million was lower than nearest competitor by \$900,000
- Agreement adds 5 routes to add busing for students who live more than 1/2 mile from school to help improve attendance
- Agreement add 10 electric buses in the 2023-24 school year

# DID YOU KNOW?

## Everett Public Schools budget

### School districts budget revenues and expenditures in five separate funds:

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

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

- **Local** - Local revenues equal approximately nineteen 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, 71 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 ten percent of the district's budget. They support specialized programs including increased academic achievement (Title II), closing educational achievement gaps (Title I), and multilingual learners (Title III). Federal funds also provide free and reduced price lunches and special education supplemental funds.

### Annual Comprehensive Financial Report

For the fiscal year ended  
August 31, 2021



Photo Features North Middle School

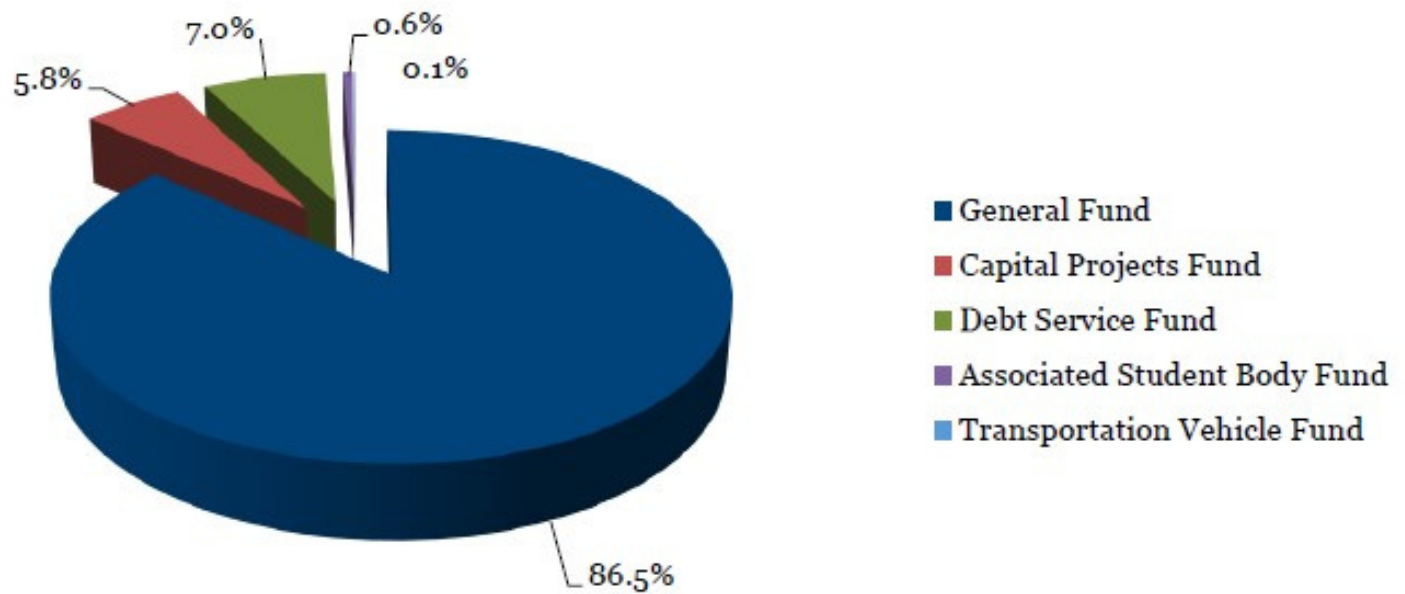
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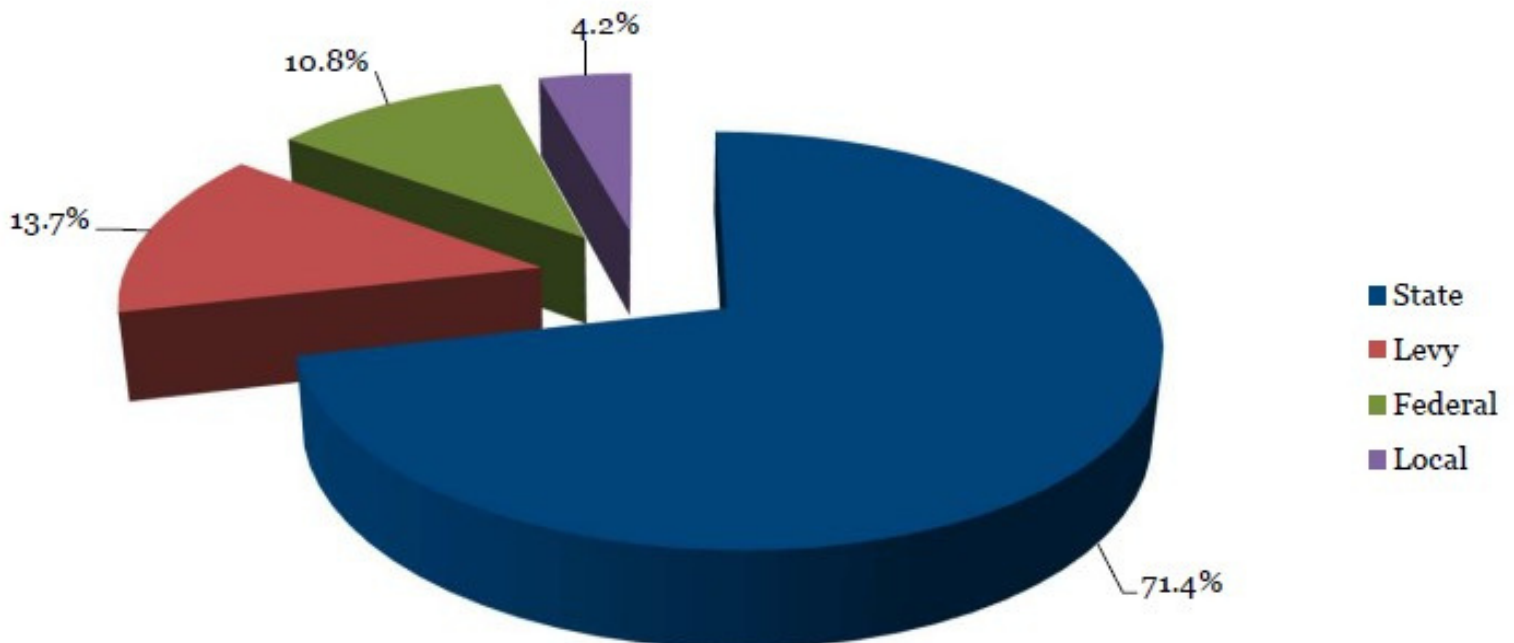
### Annual Comprehensive Financial Report (ACFR) -

Everett is one of three school districts in the state that produces a ACFR and is committed to this higher level of fiscal reporting to insure transparency to our community and investors. The ACFR 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 34 consecutive years and GFOA's Certificate of Achievement for Excellence in Financial Reporting for 15 consecutive years.

## Five funds of the budget 2021-22



## 2021-22 General Fund Revenues



# DID YOU KNOW?

## How Everett Public Schools 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.

2020-21 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	76.3%	74.7%	Everett Public Schools spends more on teaching and teaching support than 17 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	15.3%	15.1%	Everett spends more on teaching support than 11 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	14.6%	14.3%	Everett spends more on special education than 12 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	12.3%	11.9%	Everett spends less on total administration than 5 of the 20 comparably sized districts
<b>Districtwide support</b>	School board, superintendent, human resources, finance, information systems, communications, maintenance	10.5%	11.6%	Everett spends less on districtwide support than 17 of the 20 comparably sized districts
<b>Maintenance and operations</b>	Maintenance of schools and other district facilities and grounds, custodians, utilities and school security	5.1%	6.8%	Everett spends less in this category than 18 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

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

### SUPERINTENDENT

Dr. Ian B. Saltzman

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

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

Kevin Allen  
P.O. Box 2098  
Everett, WA 98213  
kallen@everettsd.org

#### **Section 504 Coordinator**

Dave Peters  
P.O. Box 2098  
Everett, WA 98213  
dpeters@everettsd.org

#### **ADA Coordinator**

Randi Seaberg  
P.O. Box 2098  
Everett, WA 98213  
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.