# Fiscal Advisory Council

## 2023-24

## Meeting 4

### Review 2024-25 Budget
### Prior to Adoption by School Board

EVERETT PUBLIC SCHOOLS®

## Welcome and overview

- Welcome!
- Role of FAC
  - Develop a shared understanding of the district's fiscal outlook
  - Provide guidance and advice to district staff regarding development of the district's operating budget for next year

# Welcome, introductions, overview

## Members

- Students and staff
- Community members
- District administrative and support staff

## Schedule

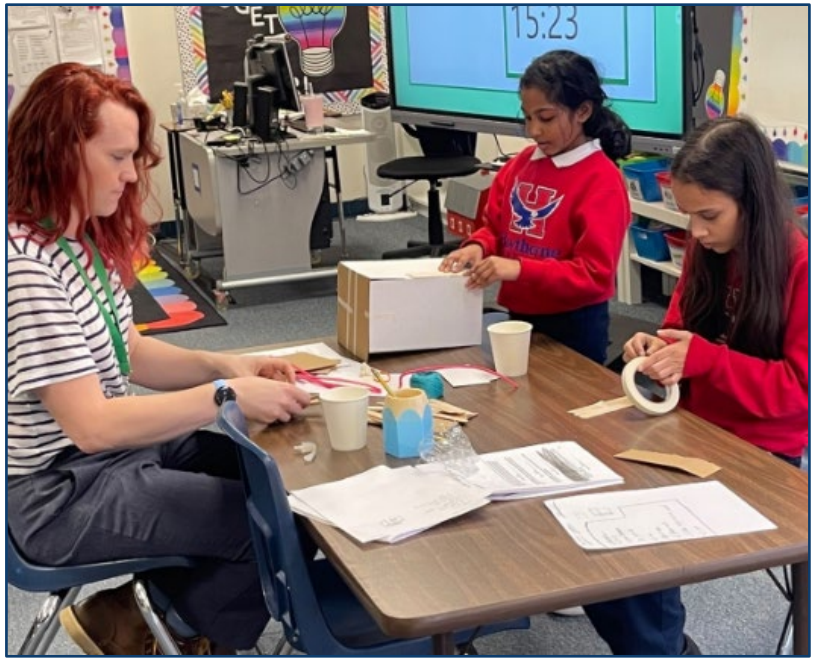
| | | |
|---|---|---|
| • October 12 | Meeting 1 | Introductions, overview, school budget basics |
| • January 11 | Meeting 2 | Enrollment projections, budget assumptions |
| • February 27 | Meeting 3 | Legislative updates and community engagement |
| • ~~April 11~~ | ~~Cancelled~~ | ~~Legislative outcomes, budget development~~ |
| • May 23 | Meeting 4 | Review budget prior to board adoption |

## School board updates throughout the year

# Tonight's Overview

## Agenda

- Review of 2023-24 budget process
- Review of the 2024-25 budget process
  - Budget development timeline
  - Assumptions
  - Four-year forecast
  - Guiding principals
- Draft 2024-25 budget proposal
- Discussion exercise



# Review 2023-24 Budget Process

# Last Year's Perfect Storm

## For the 2023-24 budget, $22.5M in reductions were made

What were the 4 "why's" for the perfect storm:

1. Increased cost of goods and services
2. Increased staffing costs
3. State does not cover all basic ed costs
4. Funding changes

*In short, revenues are not keeping up with expenses.*

# Last Year's Perfect Storm

## 2023-24 budget reduction

- Central office & support operations ($13.4M)
- Leadership (APs) ($3.0M)
- Instructional coaches ($1.1M)
- Classroom certificated ($3.4M)
- Classroom classified staffing ($1.6M)

Order of magnitude of reductions: central supports has **approximately 3x greater** reductions than the classroom

# Last Year's Perfect Storm

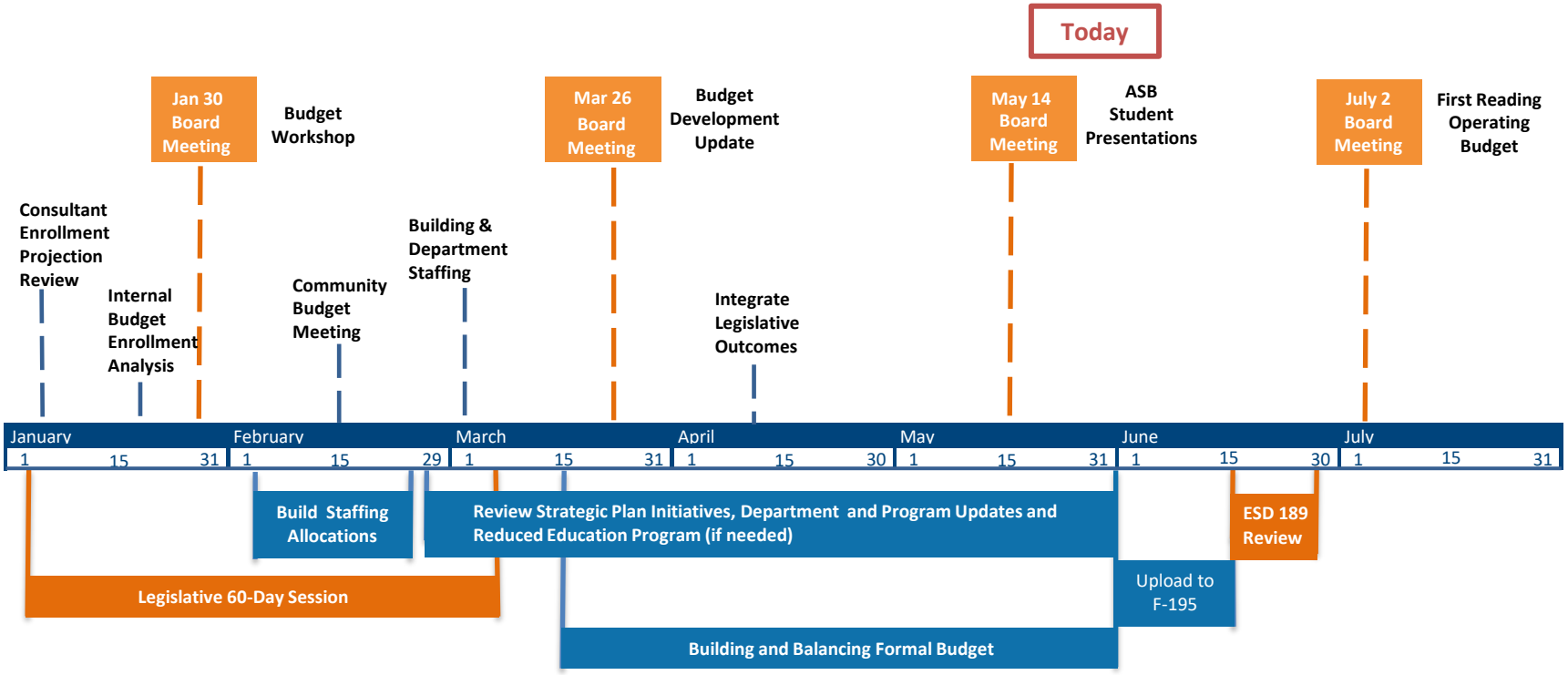
## Staffing decreases

- Primarily done through attrition

| Group | Budget 2022-23 | Budget 2023-24 | Difference | % Change |
|---|---|---|---|---|
| Certificated staff FTE | 1,431.5 | 1,354.2 | (77.3) | (5.4) |
| Classified staff FTE | 828.2 | 800.6 | (27.6) | (3.3) |
| **Total** | **2,259.7** | **2,154.8** | **(104.9)** | **(8.7)** |

# Review 2024-25 Budget Process

# Budget Development Timeline



# 2024-25 Budget Development

## Key focus for the 2024-25 budget

- Fiscal stability
- Transition form the pandemic
- One-time expenditures

## Capital projects

- Large number of projects
  - To be managed simultaneously

## Assumptions

- Increase enrollment
- Little to no increases in legislative outcomes
- Staffing cost increase at the Implicit Price Deflator (IPD)
- One-time spend down of fund balance
- $1.0 - $1.5M in reductions

# Assumptions – Enrollment

## Budget to budget 168 more - Actual to budget 52 more

| October 1 Headcount | Budget 2023-24 | Actual 2023-24 | Budget 2024-25 | Difference Budget to Actual | % Change |
|---|---|---|---|---|---|
| Elementary (K-5) | 9,470 | 9,550 | 9,547 | (3) | (0.0) |
| Middle (6-8) | 4,476 | 4,514 | 4,666 | 152 | 3.4 |
| High (9-12) | 5,534 | 5,532 | 5,435 | (97) | (1.8) |
| **Total** | **19,480** | **19,596** | **19,648** | **52** | **0.3** |

| Annual Average FTE | Budget 2023-24 | Est. Actual 2023-24 | Budget 2024-25 | Difference Budget to Actual | % Change |
|---|---|---|---|---|---|
| Elementary (K-5) | 9,473 | 9,612 | 9,612 | - | (0.0) |
| Middle (6-8) | 4,444 | 4,486 | 4,625 | 139 | 3.1 |
| High (9-12) | 5,212 | 5,099 | 5,060 | (39) | (0.8) |
| Running Start/Other | 415 | 556 | 575 | 19 | 3.5 |
| **Total** | **19,544** | **19,753** | **19,872** | **119** | **0.6** |

# Assumptions - Legislative Outcomes

## ESHB 2494 Materials, Supplies, and Operating Costs (MSOC) adjustments

- Per student funding for MSOCs increased by $21 in the 2023–24 fiscal year
- **District Impact:** approximately $0.5M increase in funding

## 2SSB 5882 Prototypical School Staffing

- Increased staff allocations for paraeducators, office support and noninstructional aides) in 2023-24
- **District Impact:** approximately $0.6M increase in funding

# Assumptions - Legislative Outcomes

## K-12 spending (biennial, dollars in thousands)

- 2013-15 $15,208,877
- 2019-21 $27,304,334
- 2023-25 $31,202,962 (not including vetoes)

K-12 ten-year spending increase: 105.2%

## State spending (biennial, dollars in thousands)

- 2013-15 $33,631,274
- 2019-21 $52,598,622
- 2023-25 $71,947,256 (not including vetoes)

State ten-year spending increase: 113.9%

**Source: Legislative Budget Notes, Legislative Evaluation & Accountability Program (LEAP) Committee**

# Assumptions - Legislative Outcomes

## Percentage of K-12 Funding in State Operating Budget

2015-17 biennium: 47.5%
- 2016 Supplemental, 2015-17 final: 47.3%

2017-19 biennium: 50.3%
- 2018 Supplemental, 2017-19 final: 51.0%

2019-21 biennium: 52.0%
- 2020 Supplemental, 2019-21 final: 51.1%

2021-23 biennium: 47.8%
- 2022 Supplemental, 2021-23 final: 43.3%

2023-25 biennium: 43.7%
- 2024 Supplemental, 2023-25 final: 43.4%

# Assumptions - Legislative Outcomes

## WASA 2025 Legislative Priorities

Special education

- Fully fund the cost of special education services

Pupil transportation

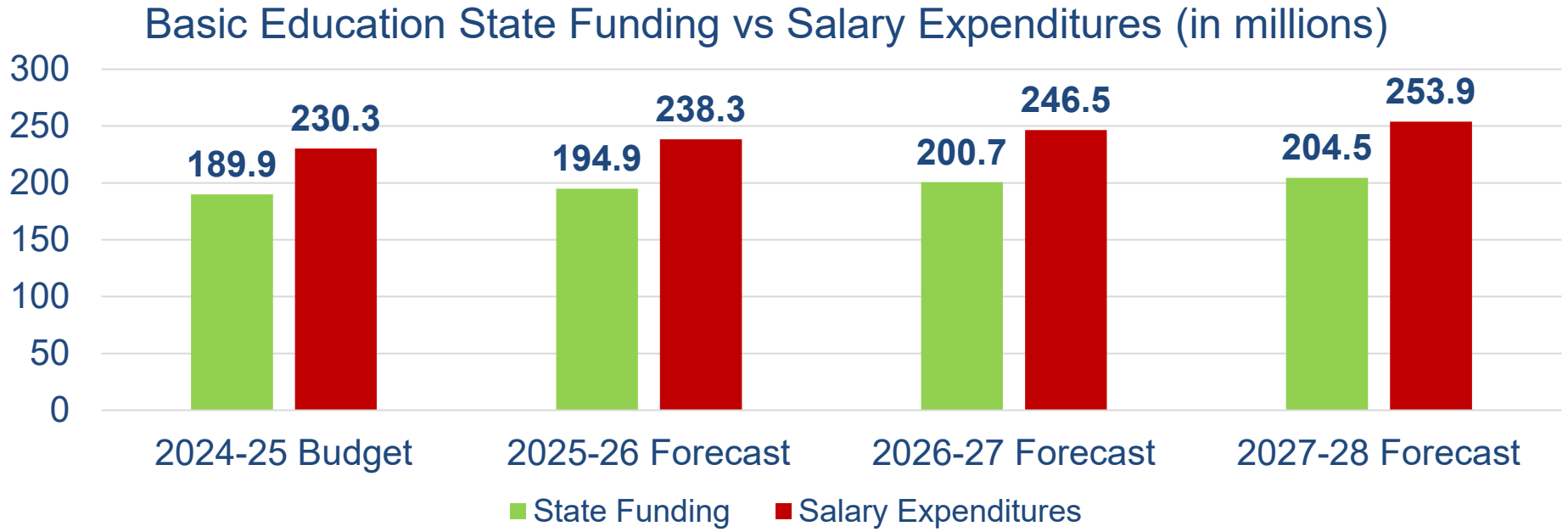
- Fulfill the legislatures obligation to comprehensively fix the pupil transportation formula to ensure it is more transparent, predictable and adequately funded

Materials, Supplies and Operating Costs (MSOC)

- Address the significant underfunding of allocations for Materials, Supplies and Operating Costs (MSOC)

# Assumptions - IPD

## IPD (COLA) increases staffing costs $1.6M - $2.6M above state funding annually



# Assumptions – One-time Spend Down

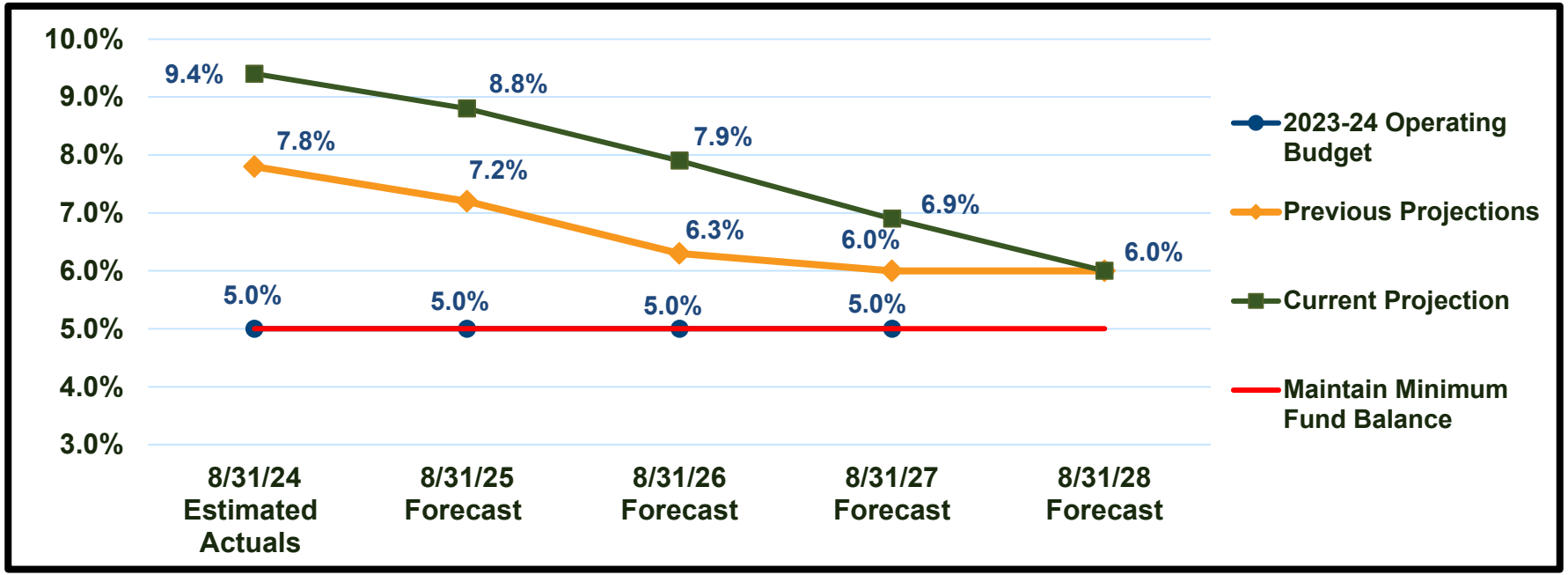
## One-time Spend Down

- Curriculum
- Professional development for curriculum adoptions
- Replace vehicles
- Grounds equipment
- School painting
- Security upgrades
- Stage lighting
- Bus radios
- Kitchen equipment

# Four-year Forecast

## Improved fiscal outlook, however, expense management needed

- Central office reductions made through reorganization



## Guiding Principles

- We will preserve items and services that directly affect student learning to the greatest extent possible
- We will be guided by prioritizing Tier 1 instruction led by the Strategic Plan
- We will consider regulatory, legal and contractual requirements as well as space needs
- We will consider consolidating and reorganizing work to increase efficiencies

# Review Draft 2024-25 Budget Proposal

# Draft 2024-25 Budget Proposal

## General Fund: 2023-24 actual beginning balance was $33,314,215

| General Fund | Budget 2023-24 | Budget 2024-25 | Difference | % Change |
|---|---|---|---|---|
| Beginning Fund Balance | 23,850,000 | 36,620,000 | 12,770,000 | 53.5 |
| Restrict, Commited & Assigned | 6,152,000 | 8,967,500 | 2,815,500 | 45.8 |
| Unassigned | 17,698,000 | 27,652,500 | 9,954,500 | 56.2 |
| Revenues | 385,234,866 | 405,281,968 | 20,047,102 | 5.2 |
| Expenditures | 389,525,105 | 406,299,477 | 16,774,372 | 4.3 |
| **Ending Fund Balance** | **23,775,940** | **35,602,491** | **16,042,730** | **49.7** |
| Restrict, Commited & Assigned | 4,277,000 | 7,970,000 | 3,693,000 | 86.3 |
| Unassigned | 19,498,940 | 27,632,491 | 8,133,551 | 41.7 |

# Draft 2024-25 Budget Proposal

## Capital Fund: 2023-24 actual beginning balance: $32,781,178

- Budget includes phase one of Jackson Elementary School Replacement

| Capital Projects | Budget 2022-23 | Budget 2024-25 | Difference | % Change |
|---|---|---|---|---|
| Beginning Fund Balance | 27,997,298 | 51,552,553 | 23,555,255 | 84.1 |
| Restricted & Committed | 17,347,235 | 31,039,574 | 13,692,339 | 78.9 |
| Assigned to Fund Purposes | 10,650,063 | 20,512,980 | 9,862,917 | 92.6 |
| Revenues and Other Proceeds | 46,612,477 | 48,839,024 | 2,226,547 | 4.8 |
| Expenditures | 41,298,353 | 51,399,204 | 10,100,851 | 24.5 |
| Operating Transfers Out | 4,500,000 | 4,700,000 | 200,000 | 4.4 |
| **Ending Fund Balance** | **28,811,422** | **44,292,373** | **15,480,951** | **53.7** |
| Restricted & Committed | 17,347,235 | 26,668,250 | 9,321,015 | 53.7 |
| Assigned to Fund Purposes | 11,464,187 | 17,624,123 | 6,159,936 | 53.7 |

## Capital Fund

Major projects

- $13,250,000 Jackson Elementary School replacement
- $ 5,150,000 Evergreen Middle School Clean Buildings Act mechanical upgrades
- $ 4,600,000 HM Jackson High School Clean Buildings Act mechanical upgrades
- $ 2,925,000 Heatherwood Middle School Clean Buildings Act mechanical upgrades

Technology initiatives

- $3,520,000 Technology Infrastructure
- $1,400,000 Device life-cycle management and upgrades
- $1,000,000 Student Information System

Other

- $4,380,000 Roofing and flooring replacements
- $1,040,000 Fire alarm upgrades
- $1,000,000 Portable classrooms

## Debt Service Fund 2023-24 actual beginning balance: $17,770,736

- Expenditures for principal and interest payments are consistent with bond repayment schedules

| Debt Service | Budget 2023-24 | Budget 2024-25 | Difference | % Change |
|---|---|---|---|---|
| Beginning Fund Balance | 17,480,625 | 9,606,395 | (7,874,230) | (45.0) |
| Total Revenues | 12,499,168 | 5,525,450 | (6,973,718) | (55.8) |
| Total Expenditures | 20,987,749 | 5,479,706 | (15,508,043) | (73.9) |
| **Ending Fund Balance** | **8,992,044** | **9,652,139** | **660,095** | **7.3** |

## Associated Student Body Fund 2023-24 actual beginning balance: $1,239,548

- High school ASB budgets were presented to the board at the May 14, 2024, regular meeting

| Associated Student Body | Budget 2023-24 | Budget 2024-25 | Difference | % Change |
|---|---|---|---|---|
| Beginning Fund Balance | 940,790 | 839,545 | (101,245) | (10.8) |
| Total Revenues | 2,491,607 | 3,537,049 | 1,045,442 | 42.0 |
| Total Expenditures | 2,555,132 | 3,503,891 | 948,759 | 37.1 |
| **Ending Fund Balance** | **877,265** | **872,703** | **(4,562)** | **(0.5)** |

## Transportation Vehicle Fund 2023-24 actual beginning balance: $216,632

- Provides capacity for the purchase of three buses
- State depreciation revenues are paid in August

| Transportation Vehicle | Budget 2023-24 | Budget 2024-25 | Difference | % Change |
|---|---|---|---|---|
| Beginning Fund Balance | 280,515 | 463,000 | 182,485 | 65.1 |
| Total Revenues | 327,475 | 251,272 | (76,203) | (23.3) |
| Total Expenditures | 390,000 | 460,000 | 70,000 | 17.9 |
| **Ending Fund Balance** | **217,990** | **254,272** | **36,282** | **16.6** |

# Questions and Discussions

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## Discussion

- If you were asked: “What’s going on with the Everett Public Schools’ budget”, how would you respond?

## Guidance and advice

- What guidance or advice would you like to offer?
- How could the budget process and the work of the FAC be improved next year?

## Closing comments and next steps

- July 2: first reading of 2024-25 budget
- August 27: second reading and board adoption of 2024-25 budget

2025-26 budget development process begins with enrollment counts in October 2024

# Thank you!

## Have a great summer!!