

Fiscal Advisory Council

Meeting 4

2025-26 Budget Development

May 22, 2025



Schedule

Meeting 1 – January 9

- Introductions, overview, school budget basics

Meeting 2 – February 12

- Enrollment projections, budget assumptions, legislative updates

Meeting 3 – April 16

- Legislative outcomes, budget development

Meeting 4 – May 22

- Review budget prior to board adoption



School board updates throughout the year





Reviewing the 2025-26 Budget Process



State law prescribes budget adoption process

- RCW 28A.505.040 Make budget available to the public by July 10
- RCW 28A.505.060 Hold hearing and adoption on same day
- RCW 28A.505.060 Adopt budget by August 31
- RCW 28A.505.090 Prepare budget in OSPI state form F-195

2025-26 Budget adoption schedule

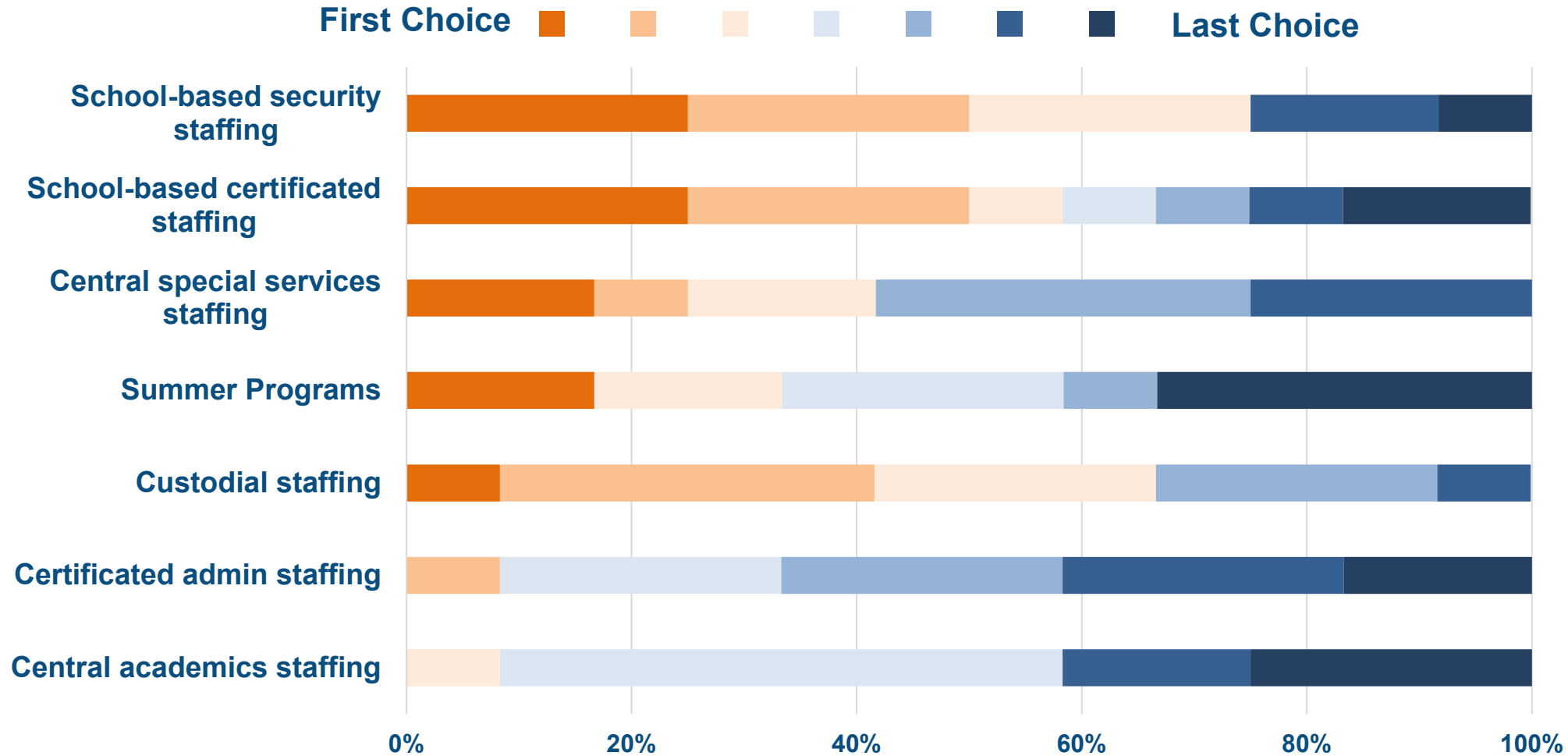
- July 1, 2025 Board meeting – first reading
- August 5, 2025 First public notice of hearing and adoption
- August 12, 2025 Second public notice of hearing and adoption
- August 19, 2025 Board meeting – budget hearing and adoption
- August 20, 2025 Budget filed with ESD 189 and OSPI



Recurring Enhancements

Other feedback:

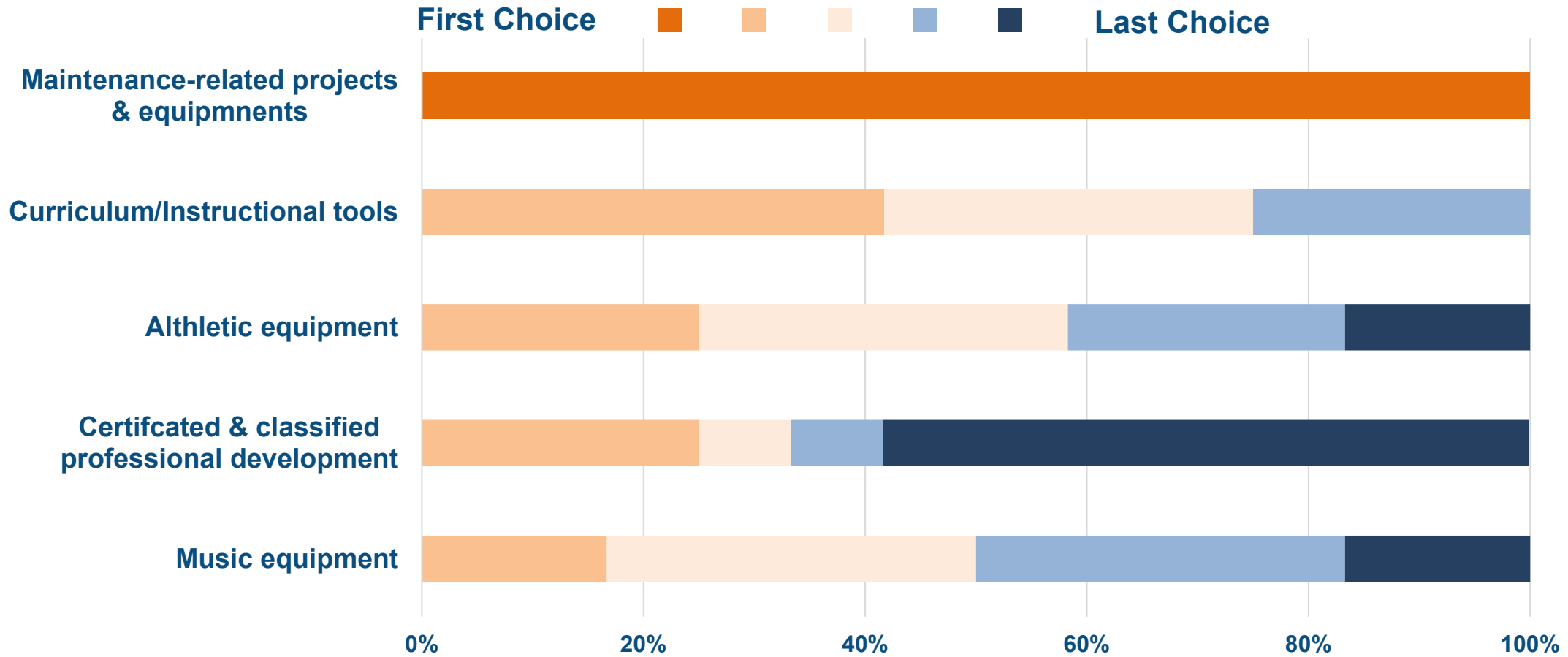
- Consider classified, trades and maintenance staffing



One-Time Enhancements

Other feedback:

- Consider vehicles



Key focus for the 2025-26 budget

- Fiscal stability
- Increase special education staffing based on increased enrollment
- Incorporation of legislative outcomes, which offset future reductions
- Increased materials, supplies and operating costs (MSOCs)

Capital projects

- Large number of projects
 - To be managed simultaneously

Transportation Vehicle Fund

- 3 Electric buses, partially grant funded



Revenues

- Student enrollment follows consultant's "medium" projections, projected increase
- 2026 local levy funding increased to voter approved capacity
- Special Education and Transitional Bilingual Instruction Program (TBIP) enrollment growth
- No growth in federal funding
- Reductions to certain state grants
- Decreasing investment income
- Federal reimbursement rate for Food & Nutrition meals increase (2%)
- Increased funding in special education
- Increase in MSOC funding



Expenditures

- Staffing cost increases by IPD (2.5%) or current contract language
- Staffing allocations increases due to enrollment increases
- Anticipated staffing vacancies - \$3.0M
- Benefits cost increase of 11%
- Retirement cost decrease 2-3%
- Rising food and nutrition program costs
- Transportation expenditures increased by 4.4%
- Utility costs increase of 5-7% above current year expenditures
- Insurance premium increase of 11.8% above current expenditures
- Increase in maintenance and curriculum MSOCs



Enrollment

- Budget to budget = increased by 173
- Actual to budget = 98 more

October 1 Headcount	Budget 2024-25	Actual 2024-25	Budget 2025-26	Difference Budget to Actual	% Change
Elementary (K-5)	9,547	9,566	9,519	(47)	(0.5)
Middle (6-8)	4,666	4,664	4,755	91	2.0
High (9-12)	5,435	5,493	5,547	54	1.0
Total	19,648	19,723	19,821	98	0.5



Staffing

- Budget to budget – Certificated Staff
 - Basic Education – increased 3.8 FTE (full-time equivalent)
 - Special Services – increased 16.0 FTE (5.5 FTE from current staff)
 - Categorical Programs – increased 8.5 FTE

- Budget to budget – Classified Staff
 - Special Services – increased 12.2 FTE, primarily at elementary
 - Transportation – decreased 5.3 FTE

Group	Budget 2024-25	Budget 2025-26	Difference	% Change
Certificated staff FTE	1,379.6	1,409.3	29.8	2.2
Classified staff FTE	806.3	815.2	8.9	1.1
Total	2,185.9	2,224.5	38.7	3.3



Legislative Outcomes

K-12 spending (biennial, dollars in thousands)

- 2023-25 \$31.20 billion
- 2025-27 \$33.66 billion (not including vetoes)

K-12 spending increase: **7.9%**

State spending

- 2023-25 \$71.94 billion
- 2025-27 \$77.87 billion (not including vetoes)

State spending increase: **8.2%**

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



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%

2025-27 biennium: 43.2%

2025 Legislative Funding

SB 5263 – \$3.1M

- Eliminates the 16.0% enrollment cap
- Increases funding multipliers
- Decreases the minimum expenditure threshold for SafetyNet Awards

SB 5192 – \$850K

- Increases per-student allocation by \$35.27 for grades K–12 and by \$4.69 for grades 9–12

HB 2049 – \$3.3M

- Phases in an increased per-student levy lid, reaching \$5,035 per student by 2031 for all districts

Reductions in State grants



Discussion

- What clarifying questions do you have about district assumptions?



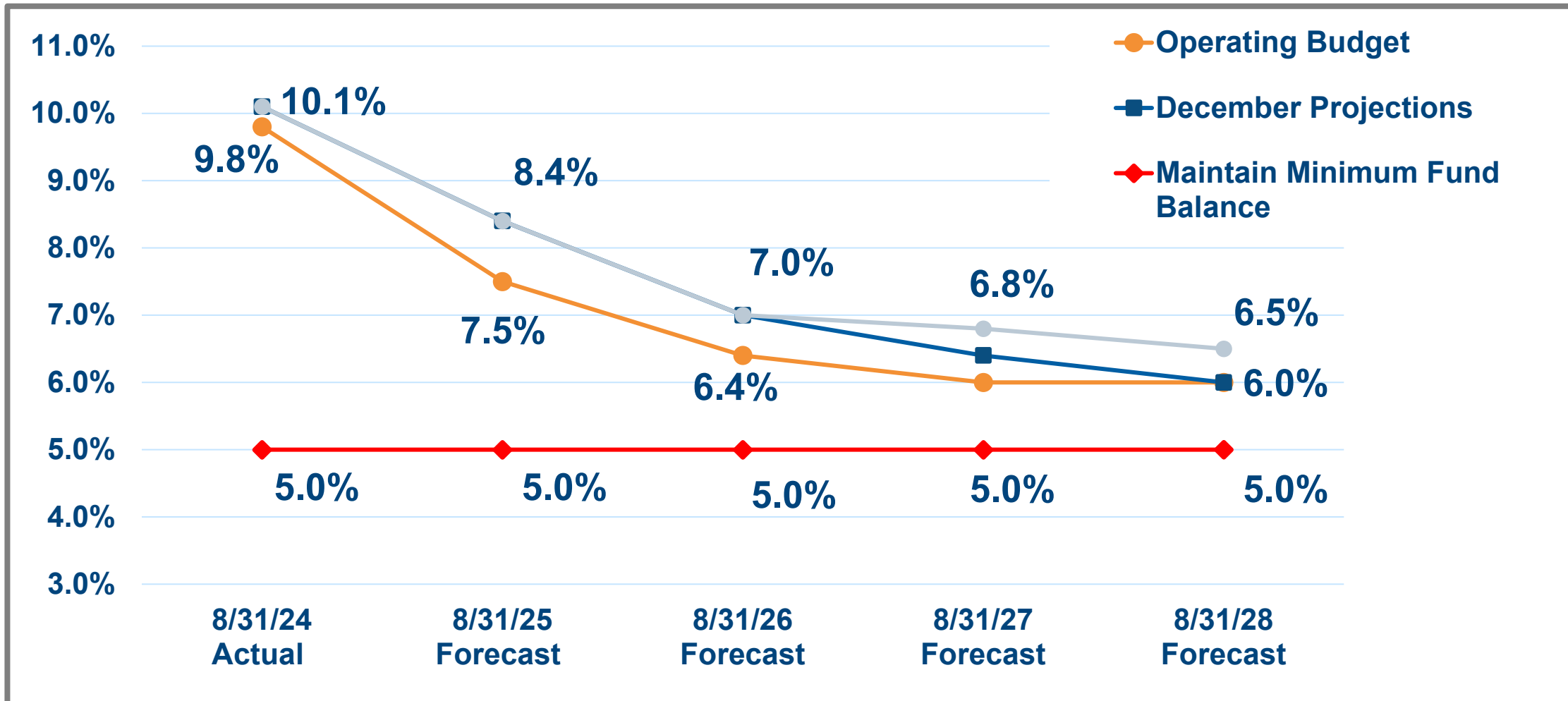


Fiscal Outlook & Budget Development



Fiscal Outlook

- Incorporates 2025 state legislative outcomes
- Medium enrollment projections
- Assumes increased education levy capacity, which mitigates reductions



General Fund: 2024-25 actual beginning balance: \$38,918,523

General Fund	Budget 2024-25	Budget 2025-26	Difference	% Change
Beginning Fund Balance	37,500,000	34,850,000	(2,650,000)	(7.1)
Revenues	414,975,871	439,231,754	24,255,883	5.8
Expenditures	420,841,069	443,012,752	22,171,683	5.3
Ending Fund Balance	31,634,802	31,069,003	(565,799)	(1.8)



Capital Projects Fund

Major projects

- \$25,000,000 Jackson Elementary School replacement
- \$ 5,150,000 Evergreen Middle School mechanical upgrades
- \$ 4,600,000 HM Jackson High School mechanical upgrades
- \$ 2,925,000 Heatherwood Middle School mechanical upgrades

Technology initiatives

- \$8,010,000 Technology Infrastructure
- \$4,682,000 Device life-cycle management and upgrades

Other

- \$1,800,000 Portable classrooms
- \$755,000 Fire alarm upgrades
- \$550,000 Playground upgrades



Capital Fund 2024-25 actual beginning balance: \$51,557,524

Capital Projects	Budget 2024-25	Budget 2025-26	Difference	% Change
Beginning Fund Balance	51,552,553	49,647,533	(1,905,020)	(3.7)
Revenues and Other Proceeds	48,839,024	62,285,728	13,446,704	27.5
Expenditures	51,399,204	69,042,706	17,643,502	34.3
Operating Transfers Out	4,700,000	4,850,000	150,000	3.2
Ending Fund Balance	44,292,373	38,040,555	(6,251,818)	(14.1)



Debt Service Fund 2024-25 actual beginning balance: \$9,750,142

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

Debt Service	Budget 2024-25	Budget 2025-26	Difference	% Change
Beginning Fund Balance	9,606,395	9,956,395	350,000	3.6
Total Revenues	5,525,450	5,916,361	390,911	7.1
Total Expenditures	5,479,706	6,106,100	626,394	11.4
Ending Fund Balance	9,652,139	9,766,656	114,517	1.2



Associated Student Body Fund 2024-25 actual beginning balance: \$1,275,047

- High school ASB budgets were presented to the board at the May 13, 2025, regular meeting

Associated Student Body	Budget 2024-25	Budget 2025-26	Difference	% Change
Beginning Fund Balance	839,545	1,088,458	248,913	29.6
Total Revenues	3,537,049	3,475,005	(62,044)	(1.8)
Total Expenditures	3,503,891	3,665,648	161,757	4.6
Ending Fund Balance	872,703	897,815	25,112	2.9



Transportation Vehicle Fund 2024-25 actual beginning balance: \$265,411

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



Transportation Vehicle	Budget 2024-25	Budget 2025-26	Difference	% Change
Beginning Fund Balance	463,000	608,371	145,371	31.4
Total Revenues	251,272	887,162	635,890	253.1
Total Expenditures	460,000	1,012,210	552,210	120.0
Ending Fund Balance	254,272	483,323	229,051	90.1



Question & Discussion



Discussion

- If you were asked about 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 1:** first reading of the 2025-26 operating budget
- **August 19:** second reading and board adoption of the 2025-26 operating budget

2026-27 budget development process begins with enrollment counts in October 2025





Thank You!

