Fiscal Advisory Council

2024-2025

Meeting 2

Overview, Enrollment Projections, Budget Assumptions, State Legislative Update

EVERETT PUBLIC SCHOOLS®

Schedule

- January 9 Meeting 1 Introductions, overview, school budget basics
- February 12 Meeting 2 Enrollment projections, budget assumptions, legislative updates
- April 16 Meeting 3 Legislative outcomes, budget development
- May 22 Meeting 4 Review budget prior to board adoption

School board updates throughout the year

Enrollment Projections

Enrollment Implications

Staffing and budgeting

Enrollment drives over 60% of total general fund revenues and directly affects staffing levels

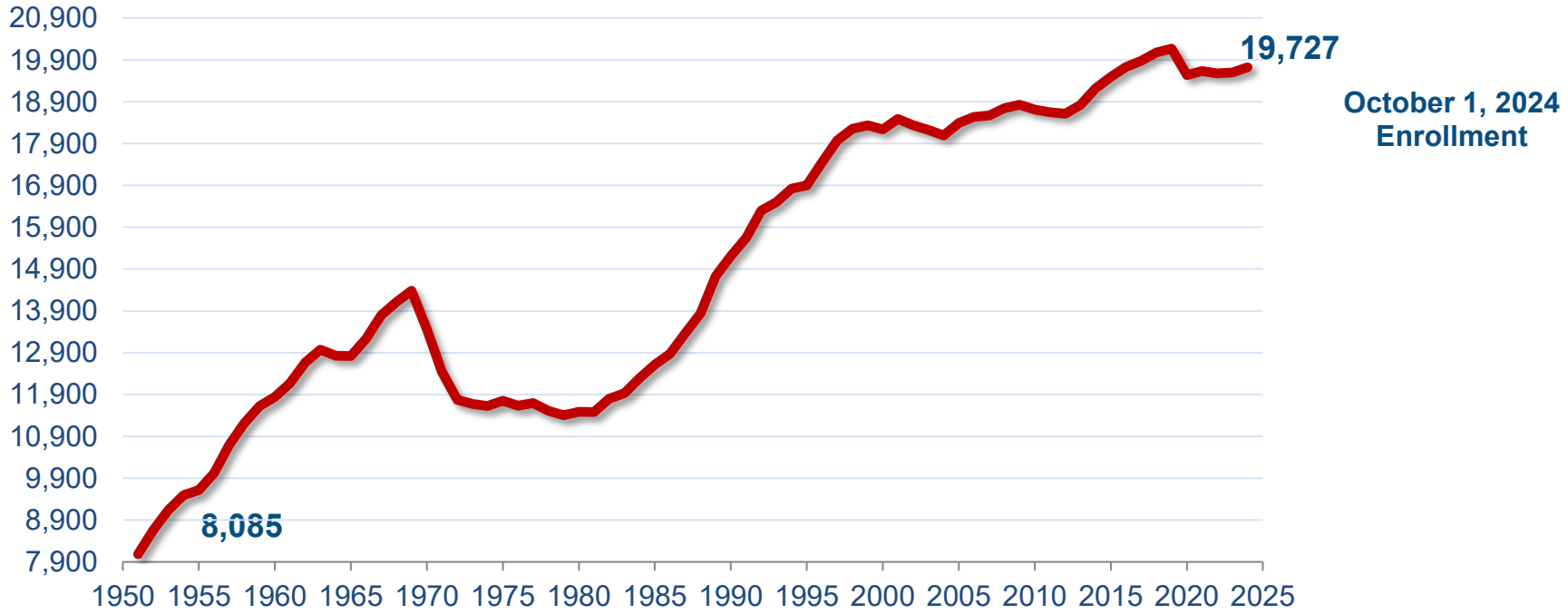
Facilities and planning

- Capital bond and levy planning
- Boundary revisions
- Space utilization and portable classrooms
- Property acquisition
- Capital Facilities Plan (impact & mitigation fees)

Decisions about program locations and school transfers

Enrollment History

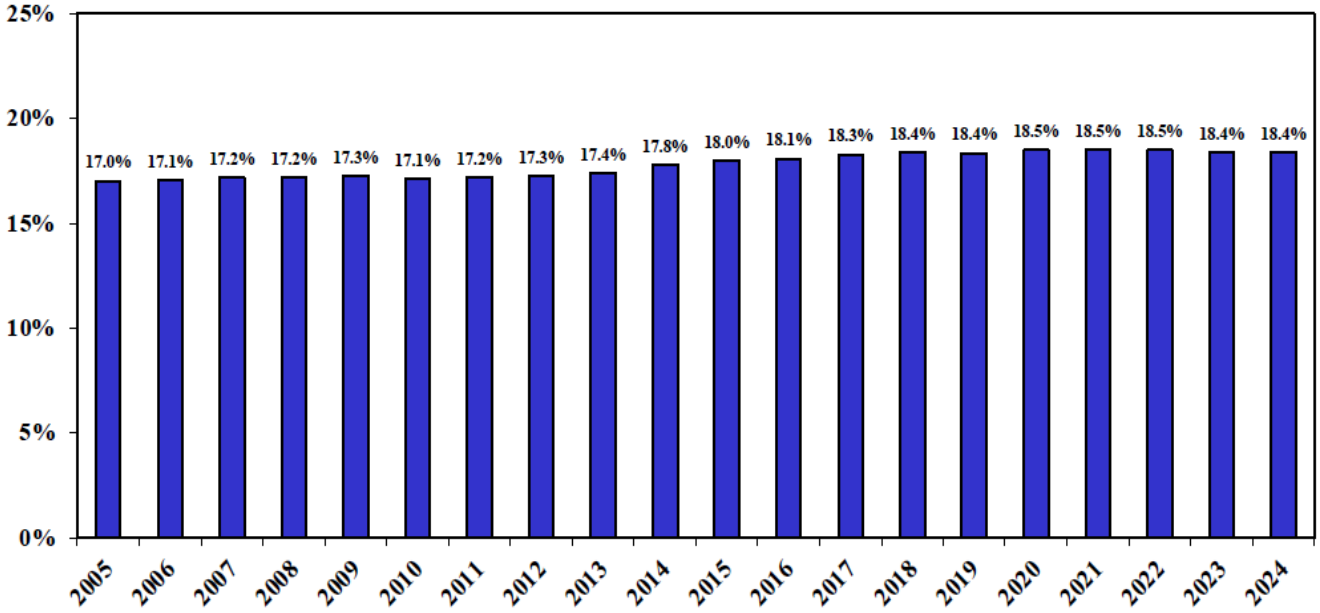
Actual enrollment from 1951-2024



Enrollment

Local share of K-12 enrollments

Everett's share of Snohomish County enrollments 2005-2024



October 1, 2024 Enrollment

Kendrick	High Projection	19,857
Kendrick	Medium Projection	19,645
Kendrick	Low Projection	19,434
OSPI		19,437
Actual October 1, 2024 Enrollment		19,727

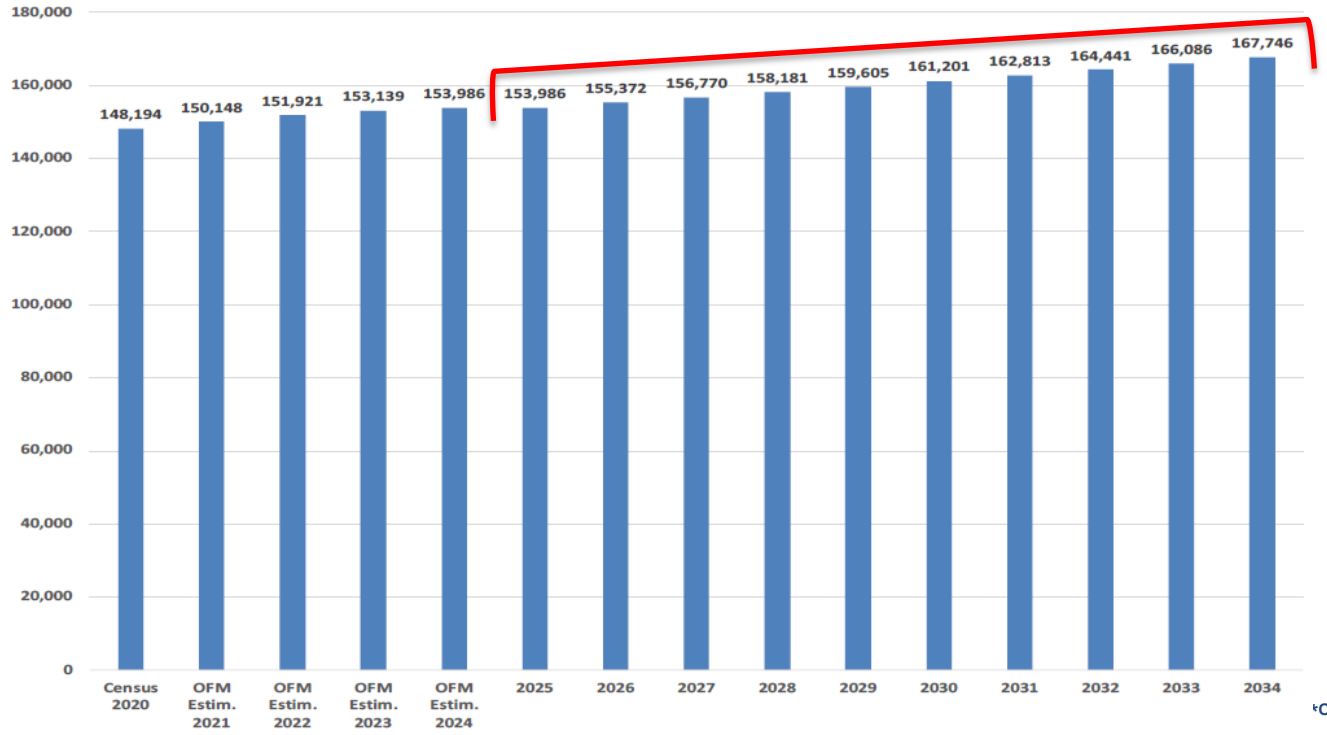
+290

+293

+82

Population Forecast for Everett SD 2025-2034

Based on forecasts by the Puget Sound Regional Council for neighborhoods within the district



Δ in population
+13,760

[k]Office of Financial Management Estimates

Projections

Short range projections - One-year enrollment (preliminary)

		Kendrick - Low		Kendrick - Medium		Kendrick- High	
	Actual 2024	Projected 2025	One-Year Change	Projected 2025	One-Year Change	Projected 2025	One-Year Change
Elementary	9,568	*9,369*	*-199*	*9,519*	*-49*	*9,669*	*101*
Middle	4,666	*4,684*	*18*	*4,755*	*89*	*4,827*	*161*
High	5,493	*5,457*	*-36*	*5,540*	*47*	*5,623*	*130*
Total	19,727	*19,510*	*-217*	*19,814*	*87*	*20,119*	*392*

Projections

Medium range projections - Six-year enrollment (preliminary)

		Kendrick - Low		Kendrick - Medium		Kendrick- High	
	Actual 2024	Projected 2030	Six-Year Change	Projected 2030	Six-Year Change	Projected 2030	Six-Year Change
Elementary	9,568	9,472	-96	9,907	339	10,357	789
Middle	4,666	4,539	-127	4,846	180	5,144	478
High	5,493	5,590	97	5,967	474	6,363	870
Total	19,727	19,601	-126	20,720	993	21,864	2,137

Projections

Long range projections - Ten-year enrollment (preliminary)

		Kendrick - Low		Kendrick - Medium		Kendrick- High	
	Actual 2024	Projected 2034	Ten-Year Change	Projected 2034	Ten-Year Change	Projected 2034	Ten-Year Change
Elementary	9,568	9,980	412	10,443	875	10,917	1,349
Middle	4,666	4,587	-79	5,020	354	5,499	833
High	5,493	5,311	-182	5,910	417	6,533	1,040
Total	19,727	19,878	-151	21,373	+1,646	22,949	3,222

Budget Assumptions

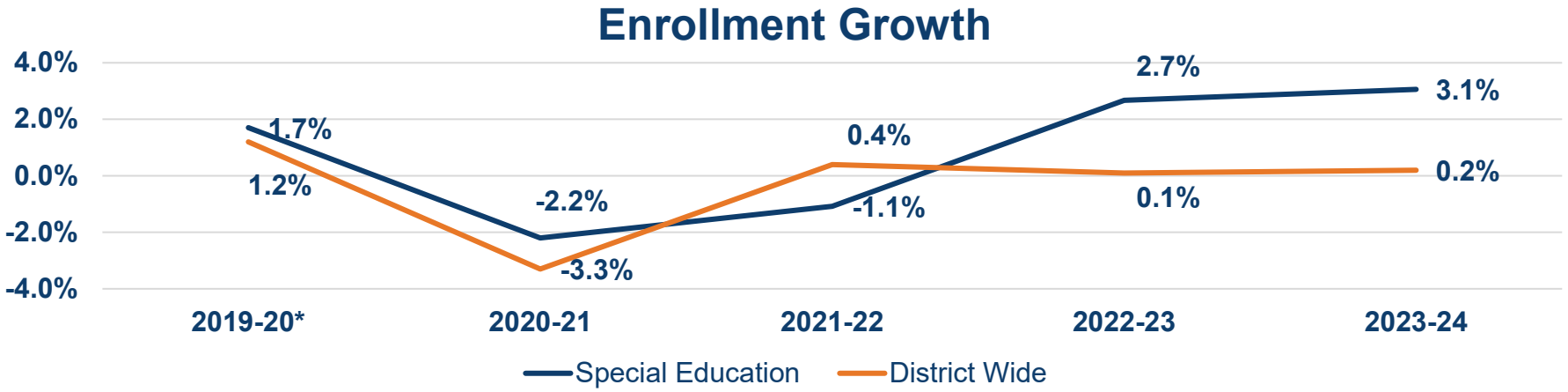
Enrollment

Enrollment Projections

- Current forecast uses medium enrollment projections
- Medium projection assumes small amount of growth

October 1 Headcount	Actual 2023-24	Actual 2024-25	Low Projections 2024-25	Medium Projections 2024-25	High Projections 2024-25
Elementary (K-5)	9,555	9,566	9,369	9,519	9,669
Middle (6-8)	4,518	4,664	4,684	4,755	4,827
High (9-12)	5,536	5,493	5,457	5,540	5,623
Total	**19,609**	**19,723**	**19,510**	**19,814**	**20,119**

Special Education Enrollment



Column1	2019-20 Actual *	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 (YTD Jan)
3 - Pre-Kindergarten	203	238	221	238	244	223
K-22 LRE 1	-	1,136	1,182	1,333	1,457	1,557
K-22 Other	2,547	1,315	1,257	1,160	1,114	1,097

* Excludes enrollment for students ages 0-2

Cost Assumptions

Materials, Supplies, Operating Costs (MSOCs)

- Utilities: 3-5 % of projected cost for the end of the year
- Transportation: Rate negotiated annually
- Insurance: Is determined by the district cooperative (May/June)
- Other costs determined by contracts
- School MSOCs are based on enrollment

Staff Costs

- Assuming 2.4% Implicit Price Deflator
- Aligning with the collective bargaining agreements
- Enrollment drives certificated staffing at the school level

Pending Legislative Outcomes

- Holding on additional needs pending legislative session outcomes

Engagement Activity

Enrollment projections & budget assumptions

- What surprised you?
- What would you like to hear more about?
- What guidance or advice would you like to offer?

State Legislative Update

State Legislative Update

Legislative calendar (day 31 of 105)

- January 13 – First day of session
- March 12 – Last day to adopt bills in house of origin
- April 16 – Last day to adopt bills from opposite house
- April 27 – Last day of session

Legislative activity

- Over 1,600 bills introduced this session so far
- Governor released budget proposals

State Legislative Update

Board Priorities

- Board approved legislative priorities in November
- Meetings with individual legislators in December
- Legislative conference (WASA, WSSDA, WASBO)
- Regular meetings and newsletters to review legislation and discuss advocacy efforts
- Testimony provided on legislation as needed
- Legislative reports at regular board meetings

EVERETT PUBLIC SCHOOLS

Everett Public Schools 2025 Legislative Priorities

Fully Fund Special Education

- **Increase special education allocations and remove the enrollment funding cap.** Even with recent funding enhancements, the gap between school district expenditures for special education and related services substantially exceeds funding—and continues to grow.

Ample, Stable, Equitable Funding

- **Fully fund the implementation of all aspects of basic education requirements.** Funding for components of basic education continues to be underfunded including materials, supplies and operating costs (MSOCs) such as insurance and utilities, and substitute costs.
- **Continue to provide more realistic staffing ratios in the Prototypical School Funding Model (PSFM).** The PSFM was implemented in 2010 and does not address current and evolving needs.
- **Ensure equitable access to essential and critical supports, programs, and services.** This includes funding for transition to kindergarten, multilingual learners, physical, social, and emotional safety supports, and technology resources.

Fund Safe, Healthy, Contemporary School Buildings

- **Support ongoing, sustainable and reliable funding for safe, healthy and contemporary schools.** While the Legislature recently updated the Construction Cost Allowance, there remains a significant gap between actual construction costs and state funding per square foot. The Legislature must continue to enhance the state's investment in K–12 construction by updating the pre-1980 funding formulas to ensure this gap does not continue to widen and state funding more closely matches actual construction costs.
- **Fund components associated with mandated Clean Buildings Act.** Compliance with the Clean Buildings Act requires school districts to rely upon capital levies and bonds to fulfill this unfunded mandate. In addition, basic education funding will also be necessary to hire additional maintenance staff or consultants to administer and complete the mandated annual Energy Management Plan.

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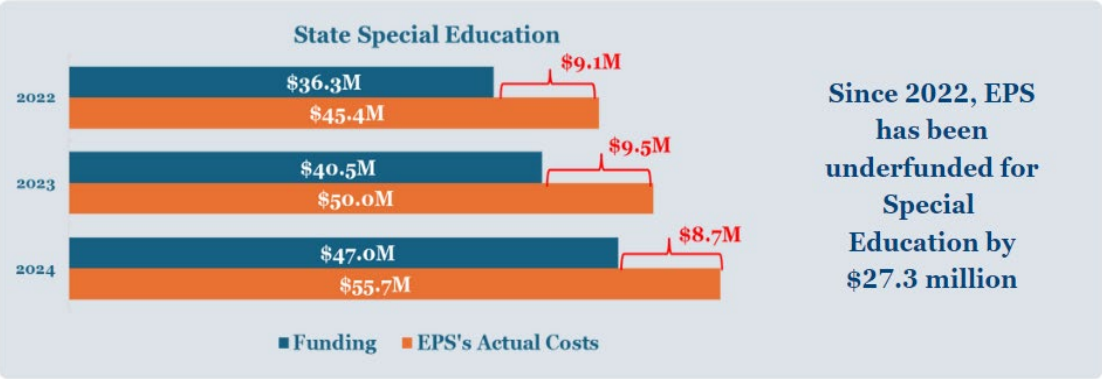
Legislative Priority One

Fully Fund Special Education

Increase special education allocations and remove the enrollment funding cap. Even with recent funding enhancements, the gap between school district expenditures for special education and related services substantially exceeds funding—and continues to grow.



Since 2022, EPS has been underfunded for Special Education by $27.3 million

Legislative Priority Two

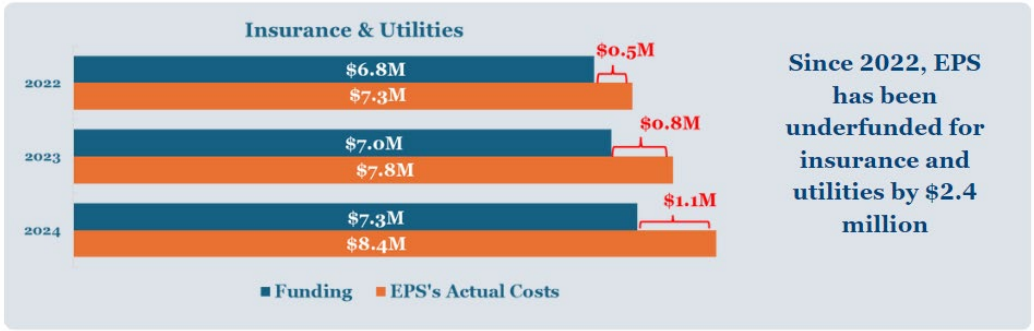
Ample, Equitable and Stable Funding

Funding for full implementation of all aspects of basic education requirements. Funding for components of basic education continues to be underfunded including materials, supplies and operating costs (MSOCs), such as insurance & utilities and substitute costs.

Continue to provide more realistic staffing ratios in the Prototypical School Funding Model (PSFM). The PSFM was implemented in 2010 and does not address current and evolving needs.

Ensure equitable access to essential and critical supports and programs and services. This includes funding for transition to kindergarten, multilingual learners, physical, social, and emotional safety supports, and technology resources.

Legislative Priority Two



Since 2022, EPS has been underfunded for insurance and utilities by $2.4 million

Since 2022, EPS has been underfunded for substitutes by $4.4 million

Legislative Priority Three

Funding Safe, Healthy, Contemporary School Buildings

Support ongoing, sustainable and reliable funding for safe, healthy and contemporary schools. While the Legislature recently updated the Construction Cost Allowance, there remains a significant gap between actual construction costs and state funding per square foot. The Legislature must continue to enhance the state's investment in K–12 construction by updating the pre-1980 funding formulas to ensure this gap does not continue to widen and state funding more closely matches actual construction costs.

Fund components associated with mandated Clean Buildings Act compliance. Compliance with the Clean Buildings Act requires school districts to rely upon capital levies and bonds to fulfill this unfunded mandate. In addition, basic education funding will also be necessary to hire additional maintenance staff or consultants to administer and complete the mandated annual Energy Management Plan.

Governor Inslee 2025–27 Operating Budget Proposal

- Increases spending by $7.5 billion, $5.4 billion is required maintenance level funding
- Proposal for $4.4 billion in added revenue (taxes) due to state budget short fall ($10 – $12 billion)
- K-12 specific funding $2.1 billion (required maintenance levels is $2.4 billion)
- Governor Inslee directed agencies to freeze most non-essential hiring, service contracts, purchasing, and travel for state agencies to begin to address the shortfall
- Agencies directed to propose operating and transportation budget reductions
- Governor Inslee's budget includes $2.0 billion in savings impacting most areas over the government

State Legislative Update

Governor Ferguson released a set of "Budget Priorities"

- Across the board reductions of 6% for most state agencies ($4.0 billion)
- Agencies must identify additional savings over four years
- No reductions to agencies serving K–12 students, Community and Technical Colleges, the Washington State Patrol, Department of Corrections, and Criminal Justice Training Commission

State Legislative Update – The Big Three

Special Education:
SB 5263/ SB 5307/ HB 1267/HB1310/ HB 1357

- Increases funding multipliers
- Provides SafetyNet Funding Quarterly
- Reduces the SafetyNet threshold

Materials, Supplies and Operating Costs:
SB 5192/HB1338

- Provides for an increase in per student allocations

Pupil Transportation:
SB 5187/HB 1579

- Requires OSPI to perform an analysis of school district transportation costs and allocations following the 2026–27 school year

State Legislative Update

Other Live bills with potential budget impacts

- Levy Capacity – SB5593/ HB1746 / HB 1767/ HB 1356
- Substitute Costs – HB 1356
- Increase Access to Free Meals – HB 1404/SB 5352
- Classified Staff Salaries – SB5517
- Simple Majority for School Bonds – SB5352/HB1032/HJR 4201
- Transition to Transitional Kindergarten – HB 1450
- Insurance Premium Costs – SB 5114
- Expanding state paid family leaves – HB1213
- Paid family and medical leave rates – SB 5292
- Unemployment and rights to individuals unemployed due to a labor strike – SB 5041

Next Steps

- At the April 16th FAC meeting we will discuss final legislative outcomes and evaluate (if needed) district priorities

Questions and Discussions

Legislative update

- What surprised you?
- What would you like to hear more about?

LOOKING AHEAD

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Thank you!