



Marysville School District Comprehensive Financial Plan

2024-2025 and 2025-2026 School Years

Revised May 2024 (Revision areas are identified in *italicized* text)

Background

On August 7, 2023, the Marysville School District Board of Directors adopted [Resolution No. 2023-11](#) for the District to enter into binding conditions with the State. Binding conditions occur when a District must adopt a deficit budget, meaning its expenditures exceed revenues. Click [HERE](#) to view the Situation Report for additional details. The State approved the binding conditions on August 18, 2023.

The proposed budget was adopted on August 28, 2023, with a \$17.5M deficit.

Since that time, the Superintendent and District leaders have met regularly with representatives from the Office of Superintendent of Public Instruction (OSPI) and the Northwest Educational Service District (ESD) to discuss the binding conditions and carry out the requirements set forth by OSPI, including the development of this Comprehensive Financial Plan.

OSPI Requirements

Per the agreement, the comprehensive financial plan must include projected revenues and expenditures, enrollment trends, staffing levels, and a multi-year cash flow projection for the entire time frame that the District projects to be in Binding Conditions, currently through the 2025-2026 school year. The plan must also meet all the fund balance requirements outlined in the Binding Conditions [letter](#), along with reasonable assumptions that are shared with the school board.

EXECUTIVE SUMMARY

This report summarizes the Marysville School District's projected financial performance for the current and next three fiscal years (2023-2024, 2024-2025, and 2025-2026). It highlights key findings, funding trends, and spending projections while addressing binding condition requirements.

Revenues

The projected revenues estimated for school years 2023-2024, 2024-2025, and 2025-2026 from local, state, and federal sources show increases or decreases in each category year to year. This is based on changes in enrollment, state apportionment, categorical program funding, and grant funding.

Expenditures

The 2024-2025 expenditure estimates include increases of 3.7% in the cost of living/Implicit Price Deflator (IPD), benefits, and retirement, 5% for MSOC (Materials, Supplies, and Operating Costs), and 30% for District insurance costs. The 2025-2026 estimates include increases of 1.9% in the cost of living/Implicit Price Deflator (IPD), benefits, and retirement, and 5% for MSOC (Materials, Supplies, and Operating Costs).

Ending Fund Balance

The 2023-2024 projected ending fund balance of \$1,260,845 is where the District projects it will end the school year. That ending fund balance becomes the beginning fund balance for the 2024-2025 school year.

Based on the District's current estimates, it would meet the ending fund balance requirement of 5% in the binding conditions letter (item 7) by the end of the 2025-2026 school year. The estimated ending fund balance for 2024-2025, based on updated reductions in the 2024-2025 school year, would be \$3,231,418. Finally, the estimated ending fund balance for 2025-2026, based on additional reductions including closing two schools and right-sizing staff based on the demographer's research on enrollment projections for 2025-2026, would meet the requirements of binding conditions, coming in at approximately \$10,030,913.

Projected Enrollment

The Marysville School District hired a demographer to review prior years' enrollment data, pre- and post-COVID, and trends since then. Through their work with birth rates, building/growth in the community, and community dynamics related to the District. A decline in enrollment is projected. The District will reduce staffing commensurate with enrollment declines.

Using the current demographer projections, enrollment has declined over the last two years, and staffing is closer to the prototypical model. The District will eliminate approximately 33.3 certificated positions, 11.5 classified positions, and 1.0 certificated administrative positions for the 2024-2025 school year, for a net reduction of 45.8 certificated and classified positions. For the 2025-2026 school year, the continued enrollment decline and other programmatic reductions will result in a loss of approximately 16.3 certificated positions, 6.0 classified positions, and 5.0 certificated administrative positions, for a net reduction of 27.3 positions.

Cash Flow

The District's cash flow for the required three-year period (2023-2024, 2024-2025, 2025-2026) is reported. *Currently, the estimated ending fund balance for August 2026 is \$10M. The legislative change in payback of the apportionment advance to be spread over June, July, and August in 2023-2024 and July and August 2024-2025 would benefit the District.*

K - 3 Class Size Compliance

The District will not meet K-3 class size compliance for the 2023-2024 school year and has reduced the revenue in acknowledgment of the penalty. The District will also need to meet the K-3 class size compliance in the 2024-2025 or 2025-2026 school years. Through extensive internal estimates, the decreased revenue is notably lower than the cost of adding additional personnel to meet the compliance threshold. At last estimate, to meet the K-3 class size compliance for 2024-2025 would require more than \$400K in additional staffing costs that the District does not have available. The overall cost will be \$2.3M to meet compliance requirements. Offset by \$1.8M in revenue. In order to meet the K-3 class size compliance requirement, the District would need to hire approximately 14 additional FTE at a cost of approximately \$2.3M. If we do not hire the 14 FTE, the penalty will be approximately \$1.85M. In order to meet the K-3 enhancement and forgo the penalty, the District would need to make an additional \$500,000 in reductions in other district programs, which is the difference between the expense and the penalty.

The Marysville School District appreciates the support and guidance from OSPI and the NW ESD 189 as we work to stabilize the budget and lead the District out of binding conditions.

Respectfully submitted,

Dr. Zachary Robbins
Superintendent

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Financial Plan Documents and Supporting Data

Conditions Outlined in the Binding Conditions Letter
from OSPI, August 18, 2023

A. Expenditures and Revenues

Below are the projected revenue estimates for school years 2023-2024, 2024-2025, and 2025-2026. Revenues are the funds the District receives from local, state, and federal sources. You will note that there are increases or decreases in each category from year to year. This is typical and can occur when enrollment, state apportionment, categorical programs (Title programs, LAP, LAP High Poverty, Multilingual Learners, Transitional Bilingual Instructional Program, Highly Capable) grants increase or decline.

Note: The increase in 1000 Local Taxes from 2023-2024 to 2024-2025 is a result of the passage of the February 2023 Educational Programs and Operations Levy. The first collection of funds was in April 2024.

Revenue Estimates for 2024 - 2025 and 2025 - 2026

Revenue and Other Financing Sources	<u>2023-24 Projected</u>	<u>2024-25</u>	<u>2025-26</u>
1000 Local Taxes	13,573,357.00	25,666,126.00	26,949,160.00
2000 Local Non Tax	2,412,505.27	2,412,505.27	2,412,505.27
3000 State Apportionment	103,231,900.00	105,460,506.35	103,907,445.08
4000 State Grants (Categorical ect)	42,694,313.12	43,099,416.42	45,645,775.79
5000 Federal (Impact Aid, Fed. Forest, ect)	1,507,220.72	1,105,445.00	1,105,445.00
6000 Federal Grants (Title ect)	13,933,030.39	13,282,131.00	13,282,131.00
7000 Other Districts	3,200.00	3,200.00	3,200.00
8000 Other Entitites	2,676,700.50	2,536,501.36	2,736,501.36
Total Revenue	180,032,227.00	193,565,831.40	196,042,163.50

Expenditure Estimates for 2024 - 2025 and 2025 - 2026

Below are the projected expenditure estimates for 2023-2024, 2024-2025 and 2025-2026.

The 2024-2025 estimates include increases of 3.7% in the cost of living/Implicit Price Deflator (IPD), benefits, and retirement, 5% for MSOC (Materials, Supplies, and Operating Costs), and 30% for District insurance costs. The 2025-2026 estimates include increases of 1.9% in the cost of living/Implicit Price Deflator (IPD), benefits, retirement, and 1.9% for MSOC (Materials, Supplies, and Operating Costs).

Expenditures in areas 50 and 60, Compensatory Education, are the categorical programs and are assumed to increase in the 2024-2025 and 2025-2026 school years commensurate with annual IPD increases to staff salaries (including step/column), benefits, retirement, and inflation increases applied to MSOCs. The same can be seen with area 90, Support Services.

Expenditures	<u>2023-24 Projected</u>	<u>2024-25</u>	<u>2025-26</u>
00 Regular Instruction	89,214,223.18	97,615,299.88	99,469,990.58
10 Federal Special Purpose	438,241.00	-	-
20 Special Education	32,983,669.41	31,872,240.52	32,474,605.66
30 Vocational	8,345,345.43	8,096,433.32	8,248,437.27
40 Skill Center	-	-	-
50 & 60 Compensatory	11,983,287.59	14,047,494.53	14,064,158.43
70 Other Instructional	5,353,037.17	5,475,536.85	5,522,136.07
80 Community Serv	3,018,336.62	2,363,701.99	2,594,591.94
90 Support Serv	37,143,292.60	38,077,401.96	38,682,685.61
Total Expenditures	188,479,433.00	197,548,109.05	201,056,605.56
Other Transfers Out	-	-	-
Other Financing Uses (reductions 2024-25)	-	(5,952,850.00)	(6,071,907.00)
Other Financing Uses (reductions 2025-26)			(5,742,030.00)
Total Expenditures after Reductions	188,479,433.00	191,595,259.05	189,242,668.56
Revenues less Expend	(8,447,206.00)	1,970,572.35	6,799,494.94

Estimated Beginning Fund Balance for 2024-2025 and 2025-2026

Below is the estimated beginning fund balance for 2023-2024, 2024-2025 and 2025-2026. The 2023-2024 projected ending fund balance of (\$1,260,845.77) is where the District projects it will end the school year. That ending fund balance becomes the beginning fund balance for the 2024-2025 school year.

Beginning Fund Balance	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
GL810 Restricted Other			
GL815 Restricted Unequalized Deductible Rev			
GL821 Restrict Carryover	852,078.83	800,000.00	800,000.00
GL823 Restrict Carryover Transit K			
GL825 Restrict Skill Ctr			
GL828 Restrict Carryover Food S			
GL840 NonSpendable Inventory & Prepaid	1,057,711.33	1,000,000.00	1,000,000.00
GL870 Other Purposes	28,000.00	45,000.00	45,000.00
GL875 Assigned Contingencies			
GL888 Assigned Other Purposes			
GL890 Unassigned Fund Balance	7,863,051.77	(584,154.23)	1,386,418.12
GL891 Unassigned Minimum Fund B			
Total Beginning Fund Balance	9,800,841.93	1,260,845.77	3,231,418.12

Estimated Ending Fund Balance for 2023-2024, 2024-2025 and 2025-2026

The District’s ending fund balance for the required three-year period (2023-2024, 2024-2025, 2025-2026) is reported. *Currently, the estimated ending fund balance for August 2026 of approximately \$10,030,913. The legislative change in payback of the apportionment advance to be spread over June, July, and August in 2023-2024 and in July and August 2024-2025 would benefit the District.*

Ending Fund Balance	2023-24	2024-25	2025-26
GL810 Restricted Other			
GL815 Restricted Unequalized Deductible Rev			
GL821 Restrict Carryover	800,000.00	800,000.00	800,000.00
GL823 Restrict Carryover Transit K			
GL825 Restrict Skill Ctr			
GL828 Restrict Carryover Food S			
GL840 NonSpendable Inventory & Prepaid	1,000,000.00	1,000,000.00	1,000,000.00
GL870 Other Purposes	45,000.00	45,000.00	45,000.00
GL875 Assigned Contingencies			
GL888 Assigned Other Purposes			
GL890 Unassigned Fund Balance	(584,154.23)	1,386,418.12	8,185,913.06
GL891 Unassigned Minimum Fund B			
Total Ending Fund Balance	1,260,845.77	3,231,418.12	10,030,913.06

- **2024-2025 Program Level Detail**

Click [HERE](#) to view the Revenue and Expenditure Detail reports for 2024-2025. This level of detail demonstrates that the District is using restricted funds appropriately. Examples of restricted funds are grants, capital funds, and transportation.

- **2025-2026 Program Summary Information**

The 2025-2026 program summary information is included in the revenue and expenditure reports data.

B. Enrollment Trends

The District hired *demographer Flo Analytics* to review prior years' enrollment data, pre and post-COVID, and trends since then. Through their work with birth rates, building/growth within *district boundaries*, and community dynamics related to the District, the following FTE* enrollment projections were arrived at for the next two fiscal years: 2024-2025 and 2025-2026. *A decline in enrollment is projected, and the Marysville School District adjusted staffing commensurate with enrollment projections.*

Enrollment	2023-24	2024-2025	2025-2026
K	664.77	663.50	700.38
1st	759.17	659.40	657.39
2nd	750.24	760.00	656.31
3rd	742.75	747.60	748.60
4th	705.04	733.90	730.89
5th	719.76	692.70	714.62
6th	743.49	688.70	665.70
7th	701.54	725.50	660.54
8th	713.98	693.20	708.21
9th	691.25	706.80	679.88
10th	779.55	684.70	695.67
11th	626.75	646.70	550.92
12th	544.07	588.40	599.11
SubTotal	9,142.36	8,991.10	8,768.22
Running Start	176.57	177.00	177.00
Dropout Reengagement	154.02	155.00	155.00
ALE Enrollment	26.83	18.50	18.50
Total K-12	9,499.78	9,341.60	9,118.72
	Avg FTE as of March		

*FTE: Full Time Equivalent

C. Staffing Levels

The District will adjust staffing levels to be commensurate with student enrollment, positions based on the prototypical model, collective bargaining agreements, and program reductions. To that end, staffing levels will be reduced for the 2024-2025 and 2025-2026 school years. Using the current demographer projections, enrollment has declined over the last two years, and staffing ratios are closer to the prototypical model.

The revised chart below includes certificated FTE (teachers, counselors, deans, educational specialists, and special education-related certificated positions), certificated administrators (principals, assistant principals, assistant directors, coordinators, instructional-based executive directors, and directors), and classified staff (not including non-represented/exempt).

Staff Counts*	2023-2024	2024-2025	2025-2026
Cert FTE	626.4	593.1	576.8
Cert Admin FTE	37.0	36.0	31
Classified FTE	561	549.5	543.5

**Not represented in the chart above include non-represented employees, exempt employees, and classified administrators.*

Evidence of a reduction plan presented to the Board of Directors on April 15, 2024, including the resolution and a sign-off by Wade Rinehardt, President, Board of Directors, is linked [HERE](#).

- Board of Directors Meeting Agenda: April 15, 2024 - click [HERE](#) to view.
- Situation Report for Resolution 2024-07; Reduced Educational Program/Reduction in Force - click [HERE](#) to view.
- Resolution 2024-07; Reduced Educational Program/Reduction in Force - click [HERE](#) to view.

D. Multi-Year Cash Flow through August 2026

Below are the cash flow documents for a three-year period (2023-2024, 2024-2025, 2025-2026). *The District is able to reach the board-required 5% ending fund balance of \$10M. The legislative change in payback of the apportionment advance to be spread over June, July, and August in 2023-2024 and in July and August 2024-2025 would benefit the District.*

Cash Flow: September 2023 - August 2024

Marysville School District												
	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Beginning Net Cash	\$8,770,018	6,823,954	\$4,696,303	\$4,669,206	\$5,328,506	\$861,351	\$2,120,287	\$2,227,883	\$11,178,058	\$6,013,074	\$1,246,557	\$4,356,998
Cash coming in:												
Apportionment	13,829,658	11,963,092	9,090,787	14,814,287	10,835,702	14,137,749	13,778,562	14,084,157	8,255,921	9,693,772	19,039,803	16,895,175
Borrowing resources	-	-	5,000,000	-	-	600,000	-	-	-	-	(300,000)	(300,000)
Levy	7,008	21,462	23,497	(8,222)	4,096	389,695	895,343	10,722,275	1,700,000	(139,383)	-	-
District Deposits	445,896	1,055,803	1,202,676	384,903	532,443	1,777,478	984,984	550,000	650,000	1,450,000	400,000	400,000
Interest Revenue	43,233	41,700	42,285	13,553	14,105	2,947	5,786	-	-	-	-	-
Total cash coming in	14,325,795	13,082,057	15,359,245	15,204,522	11,386,346	16,907,869	15,664,675	25,356,432	10,605,921	11,004,389	19,139,803	16,995,175
Cash going out:												
Accounts Payable	3,372,310	1,676,613	1,844,794	1,170,548	2,539,703	2,022,719	2,005,811	2,761,430	2,129,362	2,129,362	2,129,362	2,129,362
Payroll	12,899,549	13,533,094	13,541,547	13,374,674	13,313,798	13,626,214	13,551,268	13,644,827	13,641,543	13,641,543	13,900,000	13,900,000
Repay Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Total cash going out	16,271,859	15,209,707	15,386,342	14,545,222	15,853,501	15,648,933	15,557,078	16,406,257	15,770,905	15,770,905	16,029,362	16,029,362
Ending Cash Balance	\$6,823,954	\$4,696,303	\$4,669,206	\$5,328,506	\$861,351	\$2,120,287	\$2,227,883	\$11,178,058	\$6,013,074	\$1,246,557	\$4,356,998	\$5,322,811
Diff Revenues- Expe	Sept (1,946,064)	Oct (2,127,650)	Nov (27,097)	Dec 659,300	Jan (4,467,155)	Feb 1,258,936	Mar	Apr	May	June	July	Aug
Ending less CPF Loan	\$6,823,954	\$4,696,303	\$4,669,206	\$5,328,506	\$861,351	\$2,120,287	\$2,227,883	\$11,178,058	\$6,013,074	\$1,246,557	\$4,356,998	\$5,322,811
less CPF Loan			(\$330,794)	\$328,506	(\$4,138,649)	(\$2,879,713)	(\$2,772,117)	\$6,178,058	\$1,013,074	(\$3,753,443)	(\$643,002)	\$322,811
End Fund Balance	6,897,221	\$4,417,073	(\$934,413)	(\$68,252)	(\$3,108,042)	(\$3,347,405)	(\$3,385,716)					

Cash Flow: September 2024 - August 2025

	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
Beginning Net Cash	\$5,322,811	\$5,654,007	\$12,575,429	\$4,011,873	\$3,266,088	\$1,324,198	\$605,995	\$866,486	\$10,537,128	\$4,757,563	(\$613,038)	\$3,079,761
Cash coming in:												
Apportionment	14,216,072	12,782,221	7,940,670	14,396,072	13,589,147	14,396,072	14,396,072	14,396,072	7,940,670	9,554,520	20,044,549	17,509,922
Borrowing resources			2,500,000		-							
Levy	866,400	8,555,700	1,299,600	108,300			1,300,000	11,258,389	1,810,135	400,000		
District Deposits	400,000	1,400,000	800,000	400,000	400,000	800,000	400,000	400,000	400,000	605,248	400,000	400,000
Interest Revenue												
Total cash coming in	15,482,472	22,737,921	12,540,270	14,904,372	13,989,147	15,196,072	16,096,072	26,054,461	10,150,805	10,559,768	20,444,549	17,909,922
Cash going out:												
Accounts Payable	2,150,000	2,150,000	2,150,000	2,150,000	2,494,799	2,150,000	2,150,000	2,600,000	2,150,000	2,150,000	2,700,000	2,423,000
Payroll	\$ 13,001,276	\$ 13,666,499	\$ 13,675,375	\$ 13,500,157	\$ 13,436,238	\$ 13,764,275	\$ 13,685,581	\$ 13,783,818	\$ 13,780,370	\$ 13,780,370	\$ 14,051,750	\$ 14,051,750
Repay Borrowing			5,278,451									
Total cash going out	15,151,276	15,816,499	21,103,826	15,650,157	15,931,037	15,914,275	15,835,581	16,383,818	15,930,370	15,930,370	16,751,750	16,474,750
Ending Cash Balance	\$5,654,007	\$12,575,429	\$4,011,873	\$3,266,088	\$1,324,198	\$605,995	\$866,486	\$10,537,128	\$4,757,563	(\$613,038)	\$3,079,761	\$4,514,933
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Diff Revenues- Expe												
Ending less CPF Loan	\$5,654,007	\$12,575,429	\$4,011,873	\$3,266,088	\$1,324,198	\$605,995	\$866,486	\$10,537,128	\$4,757,563	(\$613,038)	\$3,079,761	\$4,514,933
less CPF Loan	\$654,007	\$7,575,429	\$1,511,873	\$766,088	(\$1,175,802)	(\$1,894,005)	(\$1,633,514)	\$8,037,128	\$2,257,563	(\$3,113,038)	\$579,761	\$2,014,933

Cash Flow: September 2025 - August 2026

	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
Beginning Net Cash	\$4,514,933	\$4,800,097	\$12,723,244	\$5,220,431	\$5,146,539	\$3,682,099	\$3,094,602	\$4,386,805	\$15,642,349	\$10,356,866	\$5,471,591	\$10,365,802
Cash coming in:												
Apportionment	14,375,835	12,923,874	8,021,171	14,558,108	13,740,991	14,558,108	14,558,108	14,558,108	8,021,171	9,655,406	20,277,928	16,342,343
Borrowing resources												
Levy	909,720	8,983,485	1,364,580	113,715			1,797,095	11,821,308	1,795,642	163,615		
District Deposits	400,000	1,400,000	1,213,853	400,000	400,000	800,000	400,000	400,000	400,000	800,000	400,000	400,000
Interest Revenue	3,000	12,000	3,000	3,000	2,000	2,000	3,000	14,000	12,000	10,000	12,000	12,000
Total cash coming in	15,688,555	23,319,359	10,602,604	15,074,823	14,142,991	15,360,108	16,758,203	26,793,416	10,228,813	10,629,021	20,689,928	16,754,343
Cash going out:												
Accounts Payable	2,347,015	1,650,000	1,700,000	1,575,000	2,100,000	2,100,000	1,700,000	1,670,000	1,650,000	1,650,000	1,650,000	1,660,000
Payroll	\$ 13,056,376	\$ 13,746,212	\$ 13,755,416	\$ 13,573,716	\$ 13,507,431	\$ 13,847,605	\$ 13,766,000	\$ 13,867,872	\$ 13,864,296	\$ 13,864,296	\$ 14,145,717	\$ 14,145,717
Repay Borrowing			2,650,000									
Total cash going out	15,403,391	15,396,212	18,105,416	15,148,716	15,607,431	15,947,605	15,466,000	15,537,872	15,514,296	15,514,296	15,795,717	15,805,717
Ending Cash Balance	\$4,800,097	\$12,723,244	\$5,220,431	\$5,146,539	\$3,682,099	\$3,094,602	\$4,386,805	\$15,642,349	\$10,356,866	\$5,471,591	\$10,365,802	\$11,314,428
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Ap	May	June	July	Aug
Diff Revenues- Exp												
Ending less CPF Loan	\$4,800,097	\$12,723,244										
less CPF Loan	\$2,300,097	\$10,223,244										

E. Other requirements from OSPI:

- *Details on Reductions*

	2024/2025 FTE	2024/2025 Fiscal Impact	2025/2026 FTE	2025/2026 Fiscal Impact
Certificated FTE*	33.3	\$ 5,118,100	16.3	\$ 1,886,000
Classified FTE*	11.5	\$ 614,750	6.0	\$ 588,000
Certificated Admin FTE	1.0	\$140,000	5.0	\$ 1,050,000
MSOC		\$ 120,000		\$120,000
School & Program Realignment				\$2,098,030
Total		\$ 5,992,850		\$ 5,742,030

(*Note: some of these positions would be reduced below 1.0 but above .5 FTE, which would not net additional savings in medical benefits.)

These reductions, approved by the Board of Directors’ resolution on April 15, 2024, include:

- Adjust staffing in response to declining enrollment in 2024-2025
- Service Center leadership and support staff
- Adjust staffing based on the prototypical model and the Collective Bargaining Agreements
- Adjust staffing based on grant funding (live within our means - teachers, paraprofessionals, summer school staffing, liaisons)
- Under-enrolled programs
- MSOCs at school sites and departments
- Adjust staffing in response to declining enrollment in 2025-2026

- **Evidence of K - 3 Class Size Compliance.**

The District will not have the financial capacity to meet K - 3 class size compliance for the 2023-2024 through the 2025-2026 school years. Through extensive internal estimates, including with Shawn Lewis, OSPI Special Administrator, the decreased revenue is notably lower than the cost of adding additional personnel to meet the compliance threshold. The District will carefully monitor student enrollment and teacher-to-student ratios over the summer and actual fall enrollment at the start of the 2024-2025 school year. The District will continue to build classes in accordance with the collective bargaining agreement language.

- **Evidence of Increase in Insurance Costs**

The Superintendent was informed in March that the Washington Schools Risk Management Pool (WSRMP) would no longer represent the District, effective September 1, 2024. Due to the District's higher risk levels, the District is exploring other options with an insurance broker's assistance. Insurance rates, in general, are on the rise, and the District can expect higher rates based on its risk level and higher rates due to increases in the marketplace.

Consultations with Shawn Lewis, OSPI, and preliminary conversations with brokers have led the District to expect a 30% increase in insurance rates. As a result, an additional \$600,000 has been budgeted *in MSOCs to cover* the anticipated increase. Preliminary data was provided to three insurance providers for review the week of April 15, 2024.

District representatives met with the insurance brokers on May 9, 2024, and the District has a date set for June 5, 2024, to review the results of our analysis, risk management strategy, claims advocacy, and technical resources. The District is making progress but does not anticipate estimates for several more weeks.

- **Outstanding Legal Claims**

Two outstanding cases have unknown outcomes and/or estimates at this point. We are covered under the Washington State Risk Management Pool for these items, and our current coverage carries through August 31, 2024; we have \$30M of coverage available and are not close to that cap.

- One E&O claim (errors & omissions)
- One EPL claim (employment practice liability)

- **Update to Food Service**

Based on the profits earned last year and anticipated for this year, the District does not have enough expenditures to offset the revenue generated. Steamers and other cooking apparatus have been purchased and installed this year, so those expenses (approximately \$25K) will be moved from the Capital Project budget to the Food Service budget. The additional revenue from the 2022-2023 and 2023-2024 school years will offset the losses in prior years, and the department will be diligent in using spending down revenue to improve operations in the 2024-2025 school year and beyond with updated equipment and staff training. The District not utilizing additional revenue from Food Service to balance the budget, and we will increase our expenses in 2024-2025 by approximately \$500K and use the lowest federal restricted rate for indirects.

- **Reductions Over the Last Two Years**

Over the last two years, the District has made reductions totaling approximately \$23.4M (\$11.5M for 2022-2023 and \$11.9M for 2023-2024) as outlined below. These reductions have significantly impacted the District's overall instructional program, affecting school and District operations and, ultimately, educational services for students. The reductions have been so severe that schools are staffed barely above the prototypical model, levels widely known to be insufficient to operate schools.

The reductions have resulted in nearly 75 classes in overload, leaving the District with fewer opportunities to reduce staff above the \$23.4M reduced in the last two school years. To illustrate the severity of staffing reductions to teaching positions, the District reduced 66 FTE over the last two years. These reductions have left schools in the challenging situation of creating suitable master schedules at the secondary level; furthermore, overload payments tripled from the 2021-2022 school year, reaching over \$1.4M last year. The District is on the same trajectory this year, further impacting the District's budget.

Reductions have also impacted the District's ability to provide students with paraprofessional academic and supervisory support. Over the last two years, the District has reduced and restructured its paraprofessional workforce, including laying off more than 225 employees and rehiring them in restructured positions with fewer hours or reassigning jobs in accordance with collective bargaining agreement language for the 2023-2024 school year, causing strife. In particular, for the 2023-2024 school year, the District laid off more than 225 paraprofessional staff members through a reduction in force due to budgetary constraints. The restructuring was done to align and reduce the hours of each position in a cost-cutting measure. This action was disruptive to the workforce and the District, and the unintended consequences of this action are: difficulty hiring positions, an inordinate number of vacancies that have remained unfilled, and the reliance on agency staff to fill essential positions in the paraprofessional ranks. The current paraprofessional positions are funded through Special Education, LAP, LAP High Poverty, Title I, and supervision. Basic education-funded positions were previously eliminated. Because the reduction of paraprofessional staff has been so severe over the last two years, there are far fewer opportunities to reduce paraprofessional staff. The District currently has 30 paraprofessional openings, making further reductions of paraprofessional staff unnecessary. The open paraprofessional positions are accounted for in the current budget but were left unfilled this school year. As the year progressed, the District contracted out some of those positions for Special Education support. Yet, staffing reductions continue to meet the Binding Conditions requirement that the District has a \$10M fund balance by the end of the 2025-2026 school year.

In addition to the budget reductions, the district increased revenue by increasing fees for facility and field rentals, seeking grants, renting parcels of land for lumber storage, and partnering with the City of Marysville for school resource officers, for example.

Areas of Reductions/Eliminations (2022-2023 and 2023-2024):

- *Classified Staff*
 - *Paraprofessionals*
 - *Security staff*
 - *Reduced hours for health room assistants in schools District-wide*
 - *School office assistants reduced from 8 hours to 6 hours/day*
 - *Finance Analyst*
 - *District office clerical support staff*

- *Certificated Staff*
 - *Classroom teachers*
 - *Teacher mentor program teachers*
 - *Special Education Ed Specialist*

- *District-Level Leadership*
 - *Teaching and Learning Director*
 - *Categorical Programs Director (reassigned duties to other directors)*
 - *Technology Director*
 - *Technology Assistant Director*
 - *Facilities, Purchasing, and Risk Management Director (reassigned duties to other directors)*

- *Instruction*
 - *District-wide AVID program*
 - *Marysville Online (online learning) program*
 - *Curriculum Materials*
 - *Middle School sports (subsequently brought back for Fall 2024-2025)*
 - *Professional development training and resources*
 - *Promise Kindergarten Program*
 - *Marysville Cooperative Education Program*

- *Finance and Operations*
 - *Changed the purchasing process to require purchase orders and eliminated the use of procurement cards*
 - *Adjusted school bell schedules to increase transportation efficiency*
 - *Restricted travel (conference and professional development is allowed with travel costs if grant funded; conference and professional development only is allowed if a component of a collective bargaining agreement)*

As the District plans for the 2024-2025 school year, it recognizes the need to make additional reductions to meet the requirements of binding conditions. These reductions will further impact educational and operational services. The District also recognizes the seriousness of meeting the requirements and is planning thoughtfully and creatively for the future. To that end, several additional areas are proposed for reduction for the 2024-2025 school year, including furlough days, additional District office leadership, support, and operations staff reductions, transportation routing, eliminating open-ended spending for supplies and materials, reduced paper usage, reduce departmental budgets including the elimination or consolidation of platforms or electronic applications used for engagement with families and staff, further

restrict travel, under-enrolled programs, and schools and planning for school consolidation based on enrollment (2025-2026), and look for additional revenue streams through grants and other potential sources of revenue.

Key Points (in summary) from the Binding Conditions Requirements in Addition to the Comprehensive Financial Plan due to OSPI and ESD 189 on April 15, 2024

- The ending general fund balance in the F-196 in **November 2024** must not be less than the current amount budgeted. **Note:** A budget reinstatement was completed on February 5, 2024, and the ending fund balance was adjusted to \$9,800,842, increasing the beginning fund balance of \$1,465,327 by \$8,335,515. Click [HERE](#) to view the Situation Report and [HERE](#) to view Resolution No. 2024-06 for this action. Additional information from the presentation can be viewed [HERE](#).
- **Monthly** budget status reports presented to the school board will be shared with ESD 189 and OSPI within one week of the meeting.
- **Quarterly** meetings will be held to review the current financial status of ESD 189 and OSPI.
- The budgeted ending general fund balance in the F-195 adopted by **August 31, 2024**, for the 2024 - 2025 school year is equal to or greater than \$0.
- The actual general fund balance in the F-196 submitted in **November 2025** is equal to or greater than \$0.
- The budgeted ending general fund balance in the F-195 adopted by **August 31, 2025**, for the 2025-2026 school year is greater than or equal to an amount in accordance with the District's general fund balance policy of 5% of general fund expenditures.
- The actual general fund balance in the F-196 submitted in **November 2026** is greater than or equal to an amount in accordance with the District's general fund balance policy of 5% of general fund expenditures.

Additional Resources and Information

- **Steps and Actions Taken to Communicate with Families, Staff, and the Community**
 - Development of a Comprehensive Budget Communication Plan
 - Regular Budget Updates
 - Informational Videos
 - Informational Newsletters
 - Development of a Designated Budget Status [Website](#)
 - [Development of Board of Director Budget Standards](#): Values to Frame and Guide Budget Deliberations
 - Budget Reports posted on the District's Finance [Website](#)
 - Regular Budget Reports/Updates at School Board Meetings
 - Meetings with OSPI and ESD Representatives
 - Meetings with Labor Groups
 - Development of a District Budget Committee
 - Meetings with District and School Administrators
 - Individual Meetings or Conversations with Community Members
 - 2 x 2 Meetings with Board Members
 - Development of a District Budget Communications Committee
 - Expanded explanation of the Budget Status Reports (Executive Summary)
 - Development of a User-Friendly Budget Website using MS Power BI (in process)

<p>Marysville School District No. 25 4220 80th Street NE Marysville, WA 98270 (360) 965-0000 www.ms25.org</p> <p><u>Superintendent</u> Dr. Zachary Robbins</p>	<p><u>Board of Directors</u> Wade Rinehardt, President Connor Krebbs, Vice President Kristen Michal, Director, and Legislative Representative Eliza Davis, Director Beth Hoiby, Director</p>
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NON-DISCRIMINATION STATEMENT

Marysville School District 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. The following Marysville School District employees/departments are designated to address questions and complaints of discrimination:

- **Civil Rights:** Dr. Courtney Hill, Executive Director of Equity and Family Engagement; courtney_hill@msd25.org; 360-965-0008
- Gender Inclusivity: Dr. Courtney Hill, Executive Director of Equity and Family Engagement; courtney_hill@msd25.org; 360-965-0008
- **Harassment, Intimidation, & Bullying**
 - Employees: Alvin Cooper, Executive Director of Human Resources; alvin_cooper@msd25.org; 360-965-0071
 - Students: Claudette Rushing, General Counsel/Executive Director of Legal and Risk Management; claudette_rushing@msd25.org; 360-965-0020
- **Title IX:** Claudette Rushing, General Counsel/Executive Director of Legal and Risk Management; claudette_rushing@msd25.org; 360-965-0020
- **Section 504 and ADA:** Dr. Michelle Roper, Executive Director of Special Education and Student Services; michelle_roper@msd25.org; 360-965-0174

Discrimination and discriminatory harassment may be reported to any school staff member or the District employee/department listed above by phone at (360) 965-0000. You also have the right to file a written complaint. Address: 4220 80th Street NE, Marysville, WA 98270. Policies that address these issues are 3210 “Non-Discrimination,” 5010 “Non-Discrimination and Affirmative Action,” 3205 “Sexual Harassment of Students Prohibited,” 3207 “Prohibition of Harassment Intimidation and Bullying,” 3211 “Gender-Inclusive Schools” and 2162 “Education of Students with Disabilities Under Section 504 of the Rehabilitation Act of 1973”. These Policies are available online at www.msd25.org at your school or the District’s Educational Service Center at 4220 80th Street NE, Marysville, WA, 98270.