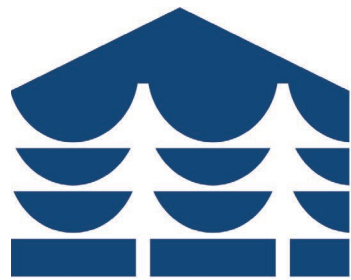

2023-24 Citizen's Guide to the District's Budget



**Edmonds
School District**

Edmonds School District No. 15
20420 68th Avenue West
Lynnwood, Washington 98036-7400
www.edmonds.wednet.edu

BOARD OF DIRECTORS

Dr. Nancy Katims, *President* (District 5)

Dr. Deborah Kilgore, *Vice President* (District 4)

Carin Chase, *Legislative Rep* (District 1)

Keith Smith, *Director* (District 2)

Gary Noble, *Director* (District 3)

Dr. Rebecca Miner, Superintendent and Secretary to the Board

EDMONDS SCHOOL DISTRICT NO. 15

OFFICE OF THE SUPERINTENDENT

Dear Edmonds School District community members,

As we are at the beginning of a new school year, I find myself reflecting on our successes of the past year and the work to come in the new year. Above all, I am grateful for a supportive community which partners with us to support our students! I am thankful for the opportunity to serve and if we haven't met at an event or out and about in the community yet, I hope we will have the opportunity to do so in the coming year.

In the following pages, you will find the Edmonds School District's 2023-24 Citizen's Guide to the budget. I appreciate you taking the time to learn more about how our schools are funded and to understand the financial challenges we are facing.

The Citizen's Guide is based upon information filed each year with the Office of the Superintendent of Public Instruction (OSPI). I hope that the guide is an easier to understand document than the budget document the district is required to send to the state; however, we would be happy to provide you a copy of the full budget if you are interested in further details.

The Edmonds School District is audited annually by the State Auditor's Office.

Thank you again for taking the time to review this information and please let us know if you have any questions about the material or suggestions about how we may improve this communication tool.

We appreciate your continued support for our number one priority, the students in our community.

Respectfully,

Dr. Rebecca Miner
Superintendent

TABLE OF CONTENTS

TABLE OF CONTENTS	III
OVERVIEW.....	1
<i>The District.....</i>	<i>1</i>
<i>The Budget Process.....</i>	<i>1</i>
ENROLLMENT AND STAFFING.....	2
<i>Why is Student Enrollment Important, and How is it Measured?.....</i>	<i>2</i>
<i>Enrollment Trends</i>	<i>2</i>
<i>Staffing.....</i>	<i>3</i>
THE BUDGET.....	4
<i>Five Funds of a School District.....</i>	<i>4</i>
GENERAL FUND RESOURCES	5
<i>Where Does Our Money Come From? – Revenue</i>	<i>5</i>
GENERAL FUND EXPENDITURES.....	8
<i>Where Does the Money Go?.....</i>	<i>8</i>
<i>Basic Education - Classroom Services</i>	<i>8</i>
<i>Special Education Services.....</i>	<i>9</i>
<i>Basic Education - Administration & Support Services</i>	<i>9</i>
<i>Other Programs.....</i>	<i>9</i>
<i>Transportation Services.....</i>	<i>9</i>
<i>Food Services</i>	<i>10</i>
APPENDIX I FUND SUMMARIES.....	11

OVERVIEW

The District

Edmonds School District is the thirteenth largest school district in Washington State, encompassing the cities of Brier, Edmonds, Mountlake Terrace, Lynnwood, Woodway, and parts of unincorporated Snohomish County. We employ more than 3,500 full and part-time staff including teachers, substitutes, support personnel and administrators (certificated and classified staff). Edmonds School District operates one preschool early learning center, 20 elementary schools, two K-8 schools, four middle schools, four high schools, an alternative high school, a homeschool partnership program, and an online learning academy serving approximately 20,000 full- and part-time students with varied needs and abilities.

The Budget Process

Our budget is a financial tool that guides the collection and distribution of resources in accordance with state law, OSPI regulations, the School Board's educational priorities, District policies, as well as sound financial management principles. It is our educational plan expressed in dollars.

Our fiscal year begins September 1st and ends August 31st. The district begins the budget process in January and finalizes it when the Superintendent submits a recommended budget to the School Board, which adopts the budget by August 31st. The budget is a finance plan based on projected enrollment, projected revenues and other resources, program requirements, any state or federal mandated changes. The budget is developed based on several assumptions that are made prior to the beginning of the district's fiscal year. These assumptions may or may not come to pass.

One of the largest variables that factors into the district's budget is enrollment, which drives revenue and staffing. Enrollment is based on viewing historical trends and cohort roll-up of grade groups from year-to-year. The enrollment projections made in January of the current year, which is nine months in advance of the beginning of the budget year. The district bases its anticipated revenue upon, and staffs according to, the forecasted enrollment.

Once the budget is established and adopted by the School Board, we wait until September to see how our actual enrollment comes in compared to our budgeted enrollment. If enrollment comes in above what was budgeted, the district will receive more revenue from the state because of the increased student enrollment. However, if enrollment comes in below budget projections, the state decreases the amount of basic education revenue the district receives.

Certificated staff must be notified by May 15 each year if their contract will not be renewed. When faced with decreased revenue from the state because of lower enrollment, the district cannot lay off certificated employees to compensate for the loss of revenue because our staff is already under contract. Therefore, the District needs to make other expenditure reductions to offset the loss of revenue.

ENROLLMENT AND STAFFING

The following section discusses the importance of enrollment in determining our budget.

Why is Student Enrollment Important, and How is it Measured?

Most of the revenue we receive from the State is determined by student enrollment. Student enrollment is measured using either Annual Average Full-Time Equivalent (AAFTE) or Headcount, as follows:

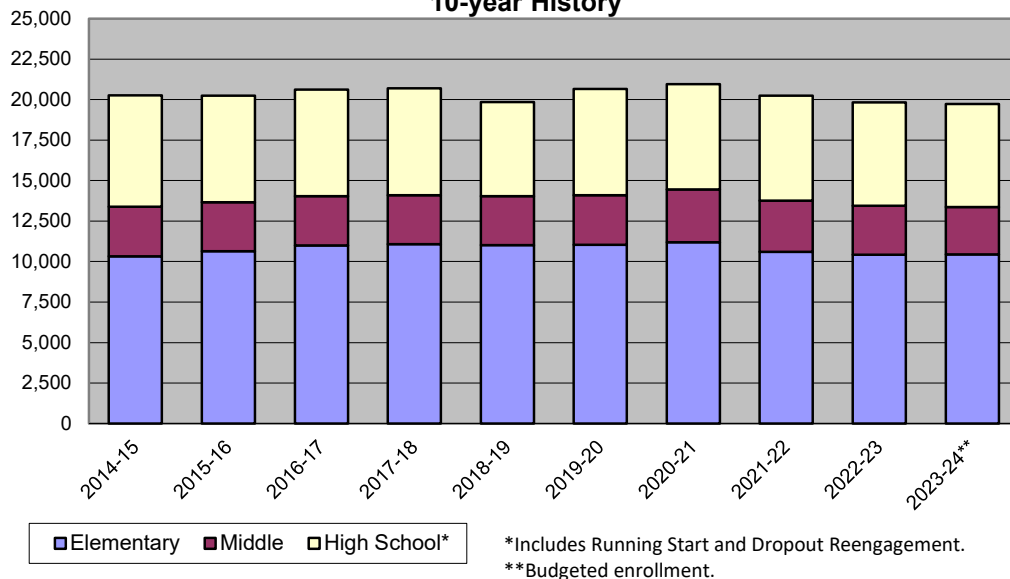
AAFTE measures the average amount of time a student is enrolled during a school year, and is normally used for determining funding. To be counted as full-time, a student must be enrolled for a minimum number of minutes on each prescribed count day for school months running from September through June. Students who attend less than full-time are considered less than 1.0 AAFTE.

STUDENT HEADCOUNT reflects the actual number of students who attend on a given day regardless of how many minutes per day they actually attend, and is normally used when considering physical capacity for facilities planning.

Enrollment Trends

Since the establishment of full-day kindergarten in 2013-14, enrollment has been approximately 20,000 students. Enrollment has been relatively stable except for recent declines due to COVID-19. Basic enrollment is expected to decrease by 250 students from 2022-23 budgeted enrollment, and Running Start and Open Doors Enrollment is also budgeted to decrease slightly. Total enrollment is budgeted at 19,735 students — a reduction from the prior year, and down 1,222 students from 2020-21 enrollment.

Figure 1, Student Enrollment (AAFTE)
10-year History



Staffing

District staffing is also measured by Full-Time Equivalent (FTE), with 1.0 FTE being the equivalent of a full-time employee. The number of days an employee works varies among positions and bargaining groups. For instance, a 1.0 FTE teacher's base contract includes 183 days a year, for 7.33 hours per day. Administrative staff work year-round (up to 260 days).

School-based staffing levels, both certificated (instructional staff) and classified (non-certificated staff), are determined by student AAFTE for each school and are distributed according to our staffing standards.

Appendix I, page 1 shows the average annual FTE enrollment for each grade level in the Edmonds School District, along with full-time equivalent staffing for the current year and previous two years.

Certificated staff FTE is budgeted to decrease 2.9% from last year's budget. Reductions were needed to accommodate reductions in student enrollment from the prior year, as well as in response to decreases in Federal pandemic funding. Classified staff FTE is budgeted to decrease 5.6%.

THE BUDGET

A school district budget consists of five funds, each designated for a particular purpose and administered separately.

Five Funds of a School District

The **GENERAL FUND** accounts for daily operations. Included in this fund are all recurring financial activities, such as teacher salaries, office professionals, food services, custodial and maintenance support, utilities, transportation, and central administration costs. Revenue sources primarily include a state allocation based on student enrollment, local property taxes, state special purpose funding, federal special and general purpose funding, and local non-tax revenue.

The **ASSOCIATED STUDENT BODY (ASB) FUND** accounts for funds raised by students at each school. Each student body organization prepares, approves and submits an annual budget for Board approval. Revenues are derived from fundraisers, ASB cards and student sales. This fund may only be used for cultural, athletic, recreational and social student activities.

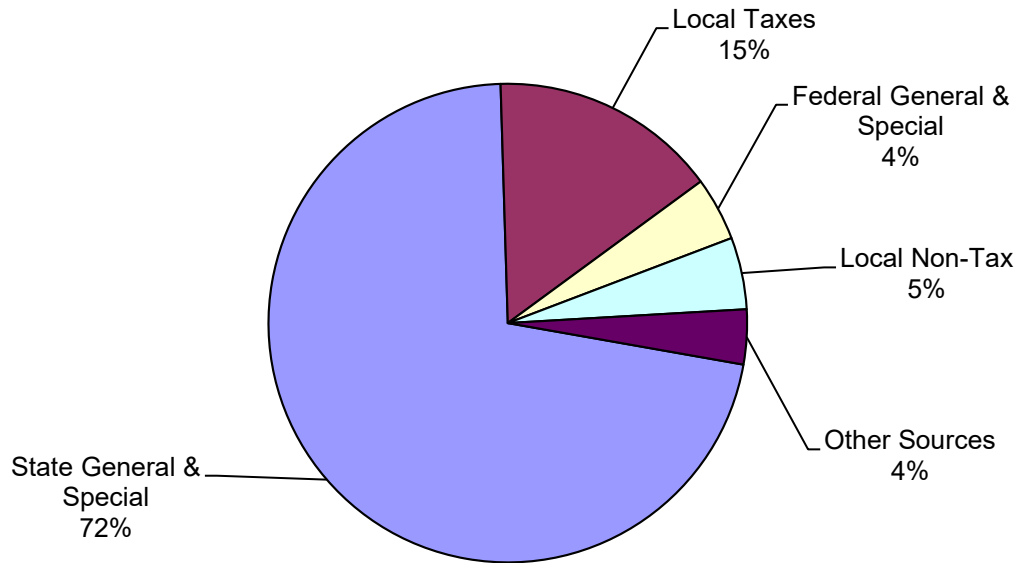
The **CAPITAL PROJECTS FUND** is used to finance and pay for capital improvements. These include land acquisition, construction of new buildings, site improvements, major building renovations, upgrades of major systems such as plumbing, electrical systems, heating systems, lighting systems, carpet and computers, and equipping new facilities. Revenues come primarily from bonds and capital levies, supplemented by state match and sales and lease of District property.

The **DEBT SERVICE FUND** accounts for the redemption of bonds and the payment of interest on bonds that were sold to fund capital improvements (proceeds from bond sales are credited to the Capital Projects Fund). Revenue for this fund comes from local property taxes, Interest on the 2021 limited general obligation bond will be paid for by ground leases.

The **TRANSPORTATION VEHICLE FUND** may only be used for the purchase, major repair, and rebuilding of school buses. Revenue for this fund primarily comes from the state and is based on the depreciation of each of our buses.

GENERAL FUND RESOURCES

2023-24 Budgeted Revenues



Where Does Our Money Come From? – Revenue

The district receives funding from three primary sources. The State of Washington provides more than 72% of the funding for general operating costs, the federal government provides 4%, and 15% is generated through property taxes collected under the voter-approved Educational Programs and Operations Levy. Starting in 2019-20, the District began receiving Federal Elementary and Secondary School Emergency Relief Program funding (ESSER). The majority of ESSER funding has been spent and the remaining balance will be spent by August 31, 2024. Refer to the following table for a summary of the General Fund’s financing sources over the past three years (Table 1, below).

**Table 1. General Fund Financing Sources
3-year Summary**

Source	2021-22 Actual	2022-23 Budget	2023-24 Budget
State General & Special	\$ 257,104,185	\$ 273,400,172	\$ 282,960,375
Local Taxes	\$ 55,641,242	\$ 58,570,472	\$ 60,771,074
Federal General & Special	\$ 35,660,428	\$ 26,495,143	\$ 16,946,570
Local Non-Tax	\$ 2,851,863	\$ 18,035,016	\$ 19,156,538
Other Sources	\$ 10,111,726	\$ 12,264,197	\$ 14,590,443
TOTAL REVENUE	\$ 361,369,444	\$ 388,765,000	\$ 394,425,000

State Funding

State revenue is generally divided into two categories: basic education apportionment and state special purpose categorical funding. Basic education apportionment is based on enrollment and the State's average salary compensation that is then regionally adjusted. This revenue is used for core basic education programs, which include classroom teachers, librarians, counselors, paraeducators, nurses, school and department administration including principals and secretaries, and district-wide support, including the district office, custodial, maintenance, utilities, and basic education supplies. Basic Education funding also includes funding for Career and Technical Education, Alternative Learning Experiences, Dropout Reengagement, and Running Start.

State categorical funds are intended to pay for programs that supplement the Basic Education instructional program, and are provided by the state based on formulas specific to each program, and include restrictions on how they are to be used. Funding for categorical programs includes Special Education, Food Service, Pupil Transportation, Transitional Bilingual Education, Learning Assistance Program, Highly Capable, and other educational enhancements. These funds may not be used for other purposes.

Local School Programs and Operations Levy

For calendar years 2023 and 2024, Educational Programs and Operations Levies are capped at \$2.50 per \$1,000 of assessed valuation or \$2,500 per student plus inflation, whichever is lower. Educational Programs and Operations Levies can only be used for non-basic education expenditures. The state legislature has defined non-basic education expenditures as anything the state doesn't fully fund.

Local levies are approved by the voters within the school district based on a yearly amount over each of the next four years. Once voters approve the levy, the district is not allowed to collect any more money than what was approved, even if property values increase.

Local Revenues

Local revenues include revenues that the district receives from interest earnings, other miscellaneous programs such as summer school, sale of goods and services, facility rentals, meal sales, and grants from community-based organizations such as the PTA. All fees must be approved by the Superintendent annually.

Federal Funding

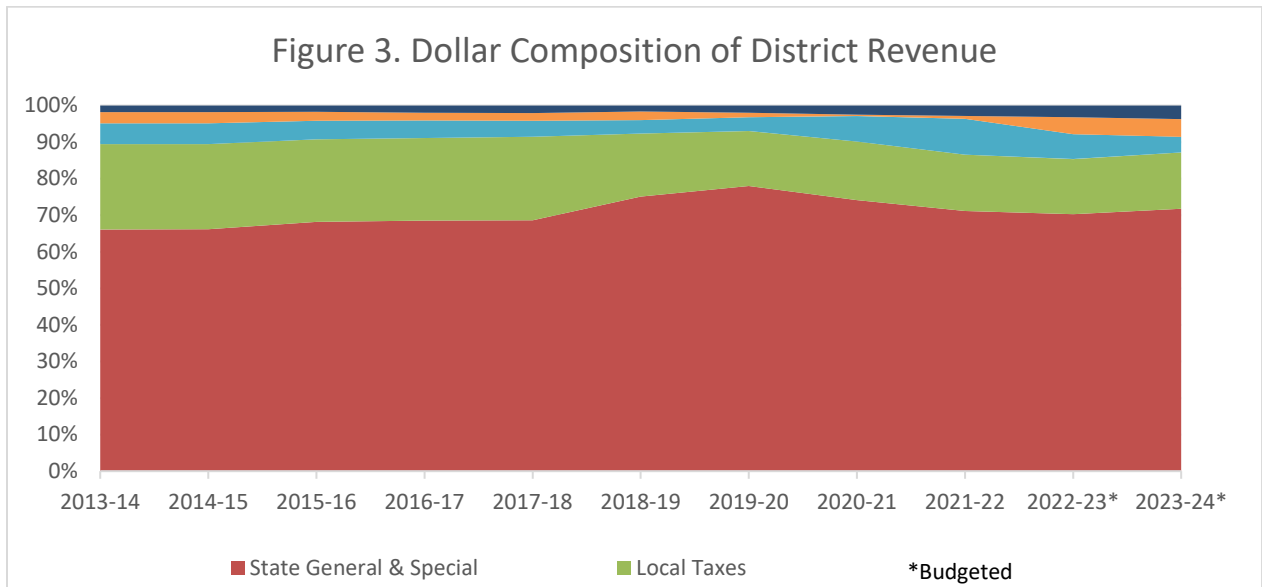
Federal funding is received by the district in the form of restricted grants that reimburse the district after resources have been spent for specific, supplementary programs of instruction. These revenues must be spent within the federal program that the funds are expected to support. Each program has specific restrictions, reporting requirements, and purchasing and cash flow regulations that must be followed. Federal grants include Title I (Closing Educational Achievement Gaps), Title II (Improving Teacher and Principal Quality), Title III (Multilingual Education), IDEA (Individuals with Disabilities Education Act – special education), Title VI (Indian Education), Carl Perkins (Vocational Education), and USDA National School Lunch and Breakfast Program. In addition, the District has received Federal Elementary and Secondary School Emergency Relief Program funding (ESSER) which provides a variety of supports in response to the pandemic, as well as State and Local Fiscal Recovery Funds. Because federal grants do not take into account the wage increase or benefit increases approved by the state, or midpoint increases for locally funded staff, the district either has to pay for these expenses from its local levy or reduce staffing.

Other Financing Sources

Other financing sources include revenue from other school districts for special education services, grants from other government entities such as counties and educational service districts, or private foundations, and other financing sources such as sale of surplus property and transfers from other funds.

Revenue Trends

Actual revenues for the past eight years are pictured below. Prior to 2018-19, state revenue was driven by student enrollment as well as the placement of staff on the statewide salary schedule, as established by the legislature based on staff education and years of experience (referred to as “staff mix”). As staff mix increased (reflecting the higher pay of more experienced staff and/or more education), so did state funding. Since 2018-19, school districts are no longer funded according to the education and experience of staff, even though costs by the district are still paid in this manner.

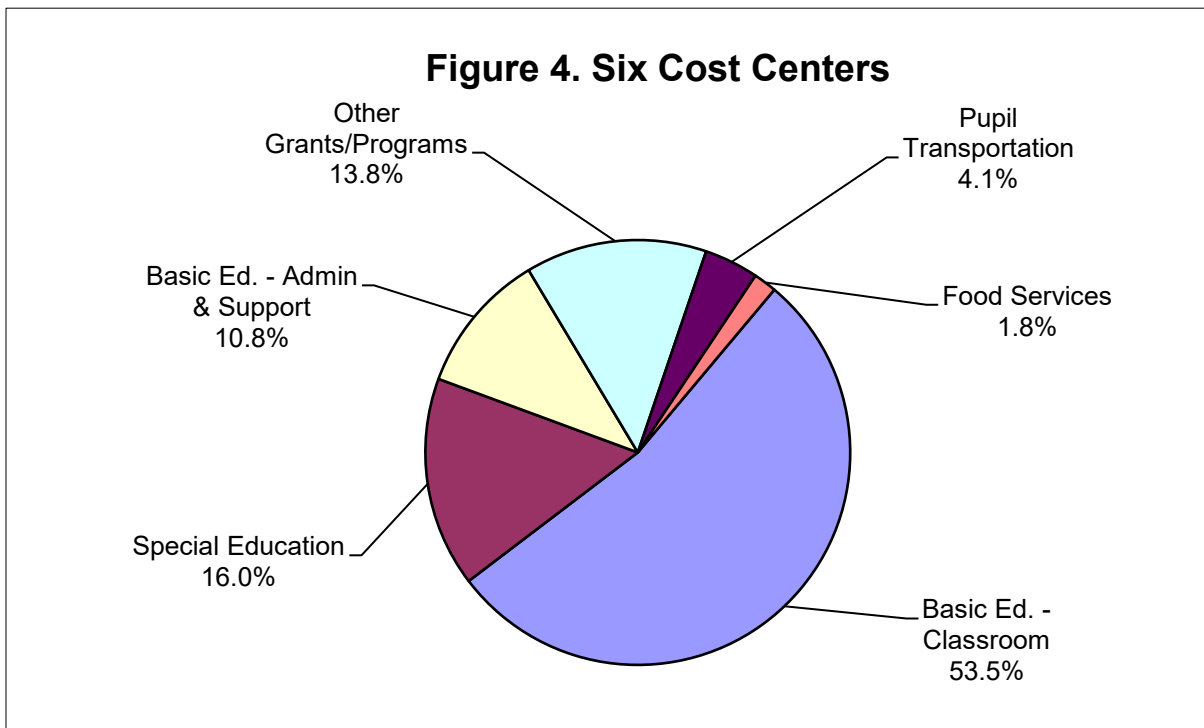


Beginning in 2018-19, increased state funding was offset by reductions to the share funded by local resources when the state of Washington redirected local levies to state revenue. From 2020-21 through 2022-23, federal funding increased due to COVID relief funding, where it peaked in 21-22 at 10%. In 2023-24, state funding is expected to constitute 72% of total resources, local property taxes will constitute 15% of total resources, and Federal funding will constitute 4%, with the ending of COVID relief funding.

GENERAL FUND EXPENDITURES

Where Does the Money Go?

The district budget may be represented by six cost centers: basic education classroom services, special education services, district-wide administration and support services, other grants and programs, transportation services, and food services. These cost centers help to present a visual picture of the district and its many programs and services.



Basic Education - Classroom Services

The district offers a full program of basic education services to students. Each school is equipped with a library, counseling services, and nursing services. Extra-curricular programs are available at the middle and high school level, and parent participation in the educational process is extremely high. PTA and parental support is vital to the success of Edmonds School District.

The district offers the latest technology to support student learning. Teachers are provided opportunities to learn how to use technology in the classroom to best enhance the learning environment. Equipment and software tools are upgraded on a continuous basis.

The district also provides many co-curricular and extracurricular opportunities for students through sports, music, and student clubs. These activities are designed to promote physical, intellectual, and leadership development. In addition, high school students are able to participate in Science Technology Engineering and Math (STEM), International Baccalaureate (IB), Advanced Placement

(AP) courses, Edmonds Career Access Program (EdCAP) (a.k.a. Dropout Reengagement), or Running Start programs that enable students to earn college credit for classes taken in high school while advancing their standing in higher education and in the pursuit of a future career. Support for homeschooled students and online learning classes are also offered as Alternative Learning Experiences (ALE). These programs and services are budgeted at \$213.5 million; 53.5% of the total operating budget.

Special Education Services

The district serves more than 3,000 special education students, ages 3-21. Services are designed to provide an individualized educational program to meet the needs of each student. The district contributes almost \$10 million of levy funds to backfill the shortfall in funding created by the state's funding formula. Program expenditures are budgeted at \$63.7 million including \$4 million in Federal Funding; 16.0% of the total operating budget.

Basic Education - Administration & Support Services

Support services for the district connect our many schools and programs through educational leadership and by providing the materials, equipment, facilities and other support needed for a quality educational environment. The departments in this cost center provide for the governance of the district, the hiring of district staff, fiscal support and payroll, custodial, and maintenance staff members, and maintaining the grounds and buildings to ensure a safe and quality learning environment. Many of the items we all take for granted, such as heat, lights, water, telephones, insurance, warehousing services and data processing services are associated with support services. Administration and Support Services amount to \$43 million; 10.8% of the total operating budget.

Other Programs

The district provides a number of other educational programs including Federal Title I and State Learning Assistance, National Board Certification, Multilingual Education, Indian Education, Highly Capable, Early Childhood Education and Assistance Program (ECEAP), and fee-for-service programs that include facilities rental, integrated preschool, secondary summer school, and levy funded programs. Federal ESSER programs are included in this category as well as basic education expenditures not funded by the state. Total expenditures of these programs amount to nearly \$55 million, or 13.8% of the total operating budget. The cost of these programs is supplemented by the Educational Programs and Operations Levy.

Transportation Services

In our district, about one-third of students ride the school bus to and from school on a daily basis. The district operates about 120 school bus routes which are driven by school bus drivers employed by the District. Buses are owned by the District and maintained by District shop staff. District buses travel about 1.7 million miles each year. The district's transportation program is budgeted at \$16.5 million or about 4.1% of the district's total operating budget. State transportation funding is allocated in part based on student ridership. Most transportation costs are expected to be funded by Washington State as part of its constitutional obligation to fully fund basic education. Any funding shortfall is made up from local funds even though Washington State is constitutionally required to fully fund transportation as part of basic education.

Food Services

Food & Nutrition Services serves over 3,500 breakfasts and 6,500 lunches to students and staff members daily. The Food & Nutrition Services Department is funded by state, federal, and local revenue. Starting in 2023, multiple schools will be providing no-cost student breakfast and student lunch based on the school's poverty data. Some of these schools are qualified for Community Eligibility Provision (CEP) with federal funding. Washington State legislation also agreed to cover meals at elementary schools with over 40% Free and Reduced Rates by application. Annually, the department budget is more than \$7 million and represents about 1.8% of the overall district budget.

APPENDIX I

FUND SUMMARIES

FUND 1 - General Fund Budget Summary

Beginning Fund Balance 9-1-2023

Reserve for Inventory	\$ 2,325,000
Restricted Revenues, Self- Insurance, Uninsured Risks	4,020,000
Unassigned Minimum Fund Balance Policy	11,100,000
Assigned to Other Purposes	3,155,000
Unassigned Fund Balance	4,400,000

Total Beginning Fund Balance \$ 25,000,000

Revenue:

M & O Lew	\$ 60,771,074
Tuition/Fees/Gifts/Fines/Rents/Interest	19,156,538
State Funding	282,960,375
Federal Funding	16,946,570
Other District/Agency Funds	14,590,443

Total Revenue 394,425,000

Total Available Resources \$ 419,425,000

Expenditures:

Basic Education - Classroom	\$ 213,542,053
Basic Education - Support Services	\$ 63,706,400
Special Education	\$ 43,024,282
Food Services	\$ 55,040,580
Transportation	\$ 16,500,000
Other Grants/Programs	\$ 7,011,685

Total Expenditures 398,825,000

Transfers/Adjustments

Ending Fund Balance 8-31-2024

Reserve for Inventory	\$ 2,325,000
Restricted Revenues, Self- Insurance, Uninsured Risks	3,020,000
Assigned to Other Purposes	3,155,000
Unassigned Minimum Fund Balance Policy	11,100,000
Unassigned Fund Balance	-

Total Ending Fund Balance \$ 20,600,000

General Fund - Used for recording day to day operational expenses of the school district.

Fund 2 - Capital Projects Fund Budget Summary

Beginning Fund Balance 9-1-2023		\$ 51,275,000
Revenue:		
Local Property Tax	\$ 54,000,000	
Local Nontax Support	2,675,000	
State Match	-	
Other Entities	100,000	
Other Financing Sources	250,000,000	
Transfer from Debt Service Fund	-	
Total Revenue		<u>306,775,000</u>
Total Available Resources		\$ 358,050,000
Expenditures:		
Sites	\$ 8,931,000	
Buildings	89,333,000	
Equipment	6,636,000	
Energy	-	
Sales and Leases	100,000	
Bond Issuance	-	
Debt Expenditures	-	
Total Expenditures		<u>105,000,000</u>
Transfers/Adjustments		(12,000,000)
Ending Fund Balance 8-31-2024		<u><u>\$ 241,050,000</u></u>

Capital Projects Fund - Used for the acquisition of school sites, the construction of new schools, or the renovation of existing schools.

Fund 3 - Debt Service Fund Budget Summary

Beginning Fund Balance 9-1-2023		\$ 6,100,000
Revenue:		
Local Property Tax	\$ 17,420,850	
State Forest Revenue	-	
Federal Revenue	-	
Other Financing Sources	4,590,000	
Total Revenue		22,010,850
Total Available Resources		\$ 28,110,850
Expenditures:		
Bonds Redeemed	\$ 11,920,000	
Interest on Bonds	8,616,796	
Transfer Fees	1,763,204	
Transfer to Capital Projects Fund	-	
Total Expenditures		22,300,000
Ending Fund Balance 8-31-2024		\$ 5,810,850

Debt Service Fund - Pays the principal and interest payments on outstanding bonds which were sold to pay for building new schools and remodeling existing schools.

Fund 4 - Associated Student Body Fund Budget Summary

Beginning Fund Balance 9-1-2023		\$ 1,472,395
Revenue:		
General ASB	\$ 988,880	
Athletics	1,132,820	
Classes	96,830	
Clubs	1,091,120	
Private Monies	60,350	
Total Revenue	3,370,000	3,370,000
Total Available Resources		\$ 4,842,395
Expenditures:		
General ASB	\$ 808,943	
Athletics	1,520,582	
Classes	82,926	
Clubs	1,166,456	
Private Monies	61,093	
Total Expenditures	3,640,000	3,640,000
Ending Fund Balance 8-31-2024		\$ 1,202,395

Associated Student Body Fund - A special fund used for student activities in student government, athletic programs, classes, and clubs.

Fund 5 - Transportation Vehicle Fund Budget Summary

Beginning Fund Balance 9-1-2023		\$ 4,540,000
Revenue:		
Local Property Tax		
Investment Earnings	10,000	
State Depreciation Reimbursement	1,825,000	
Sale of Equipment	25,000	
Compensated Loss of Fixed Assets	-	
Total Revenue		<u>1,860,000</u>
Total Available Resources		\$ 6,400,000
Expenditures:		
School Bus Purchases		<u>2,200,000</u>
Ending Fund Balance 8-31-2024		<u><u>\$ 4,200,000</u></u>

Transportation Vehicle Fund - Used exclusively for the purchase of school buses for student transportation.