

MERCER ISLAND

SCHOOL DISTRICT

**STUDENTS
ARE THE
PRIORITY**

VALUES

WE BELIEVE IN:

- Supporting the whole child.
- Creating inclusive and equitable learning settings.
- Ensuring our school communities are safe and supportive.
- Providing rigorous and challenging learning.

MISSION

The District will foster learning by engaging students in thinking critically, solving problems creatively, and working collaboratively.

VISION

Inspiring our students to be lifelong learners as they create their futures.

Agenda and Learning Ahead



- Student Enrollment
- School Accounting- quick reminder
- School Funding in WA State
- Financial Cliffs and Hurdles Ahead
 - Measures we have already taken
 - Problem
 - Cause
 - Solutions
- Next Steps



Together, we will overcome the financial crisis in front of us.

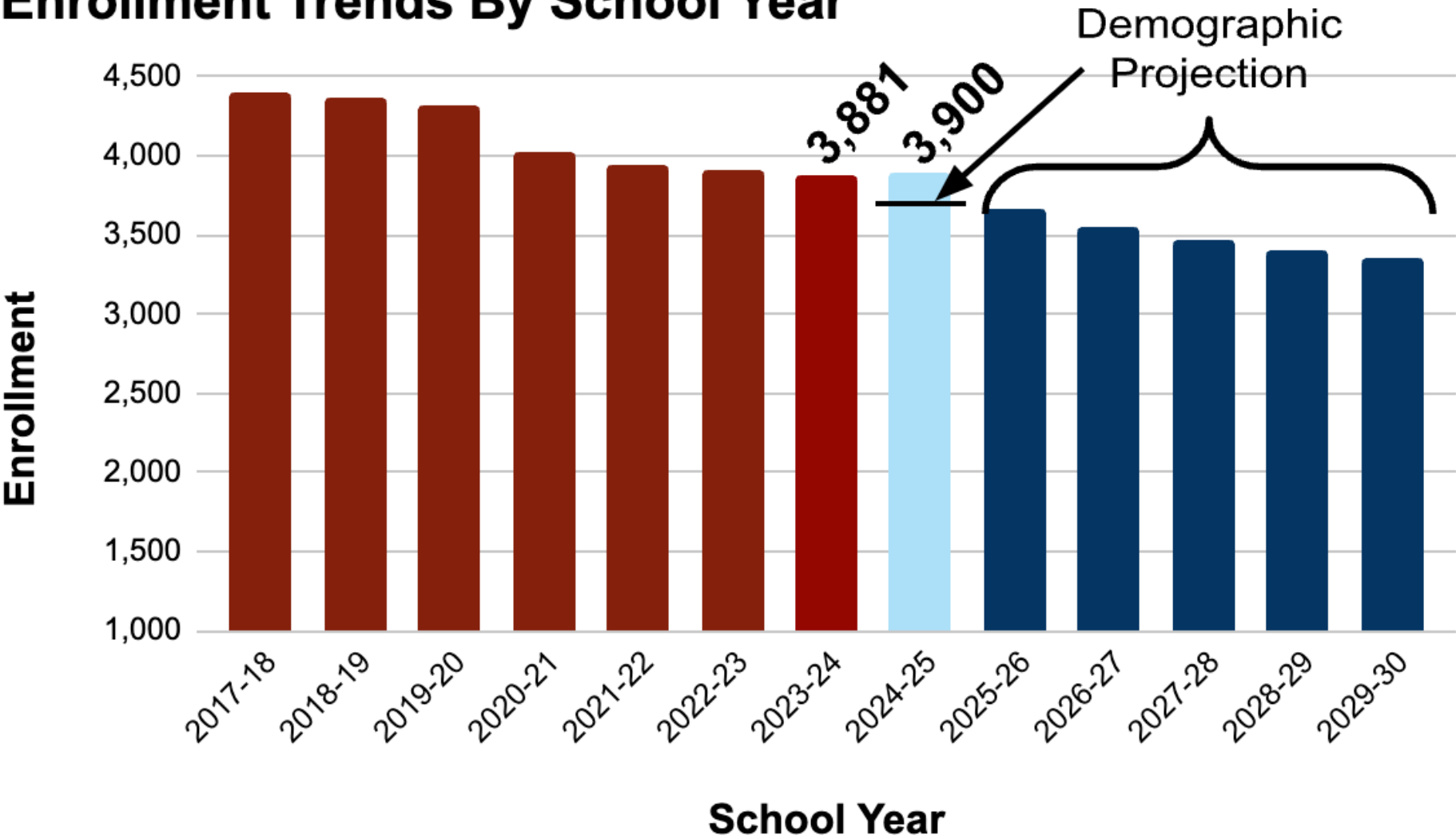
Student Enrollment



MERCER ISLAND SCHOOL DISTRICT



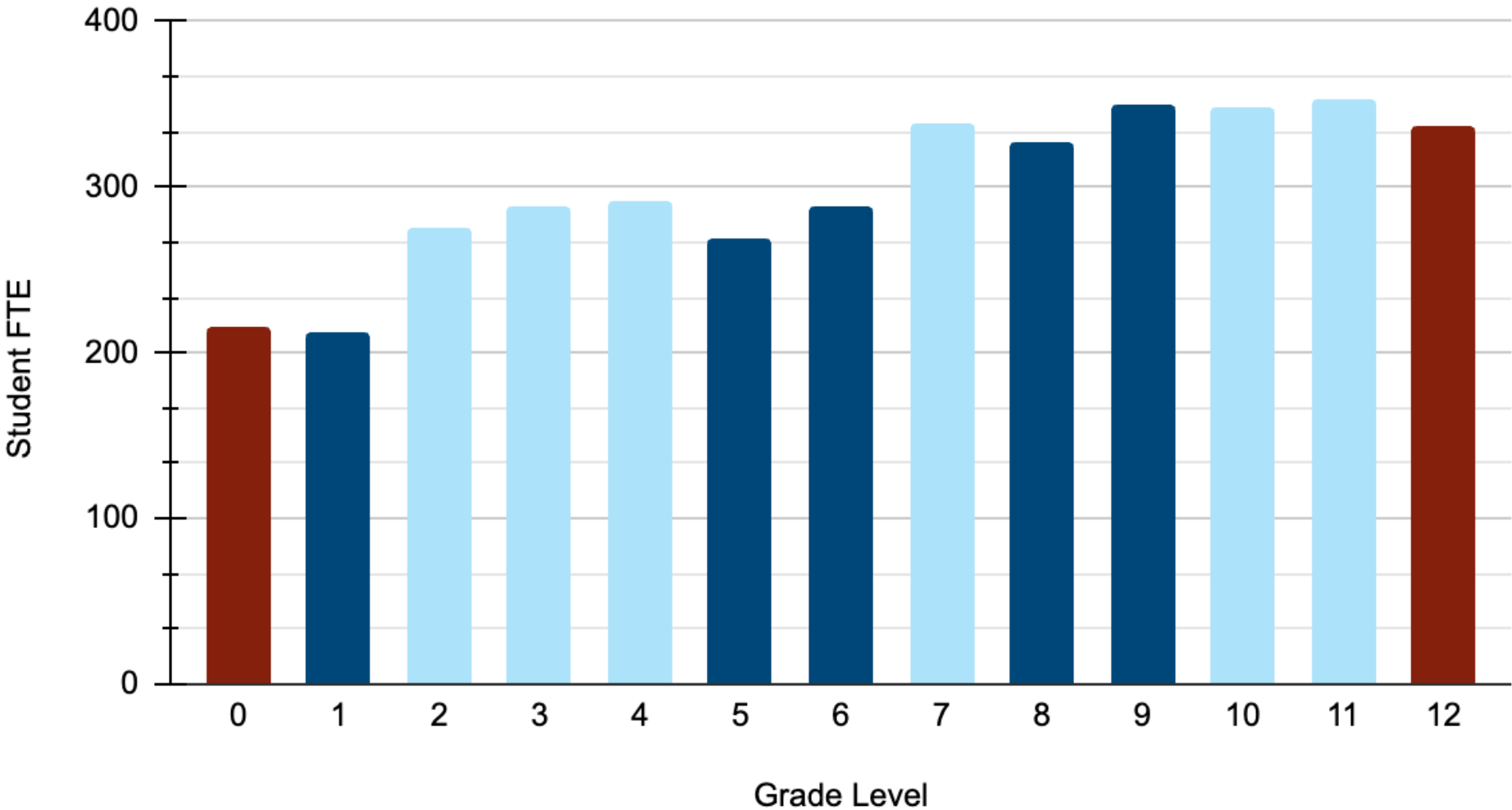
Enrollment Trends By School Year



Slight Growth Despite Projection

MERCER ISLAND SCHOOL DISTRICT

2024-2025 K-12 Student FTE- 3,900



Stabilizing Enrollment- 1,650 K-5+ 950 6-8 + 1,400 9-12 = 4,000

Quick Reminder on School Accounting





Public Schools Accounting



General Fund



Transportation Fund



Debt Service Fund



Capital (Projects) Fund



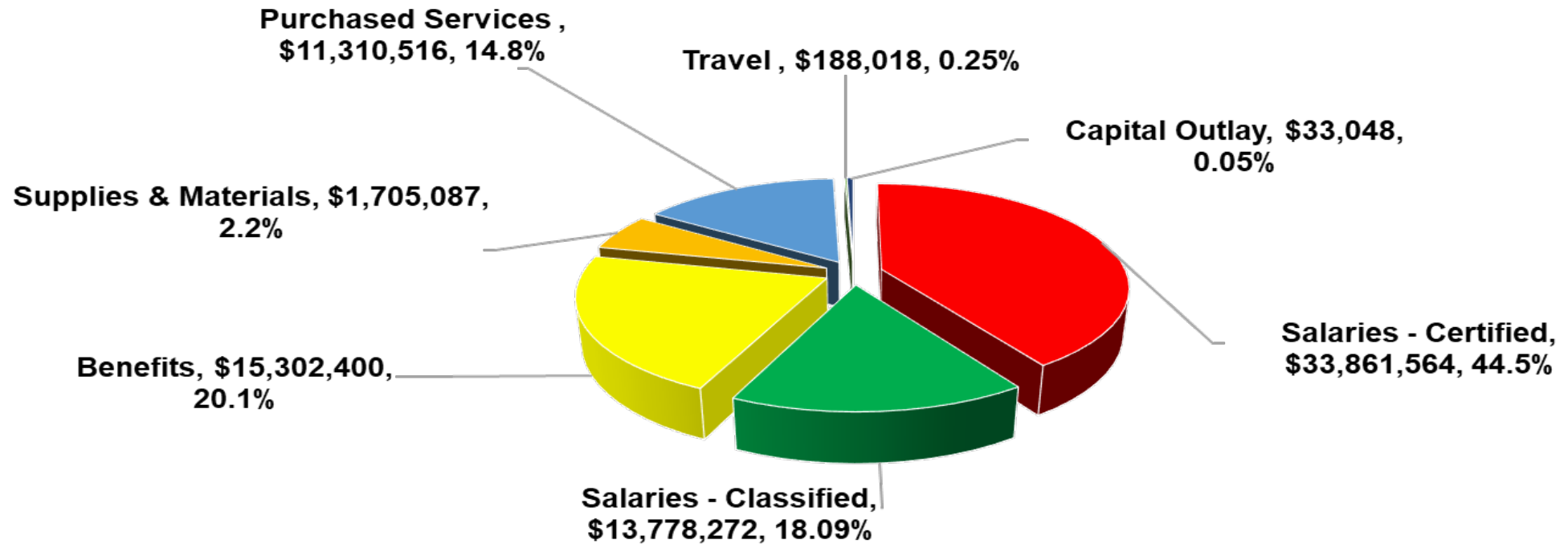
ASB Fund - Associated Student Body

Operate in 5 major funds or accounts

General Fund Expenditures 2023-2024



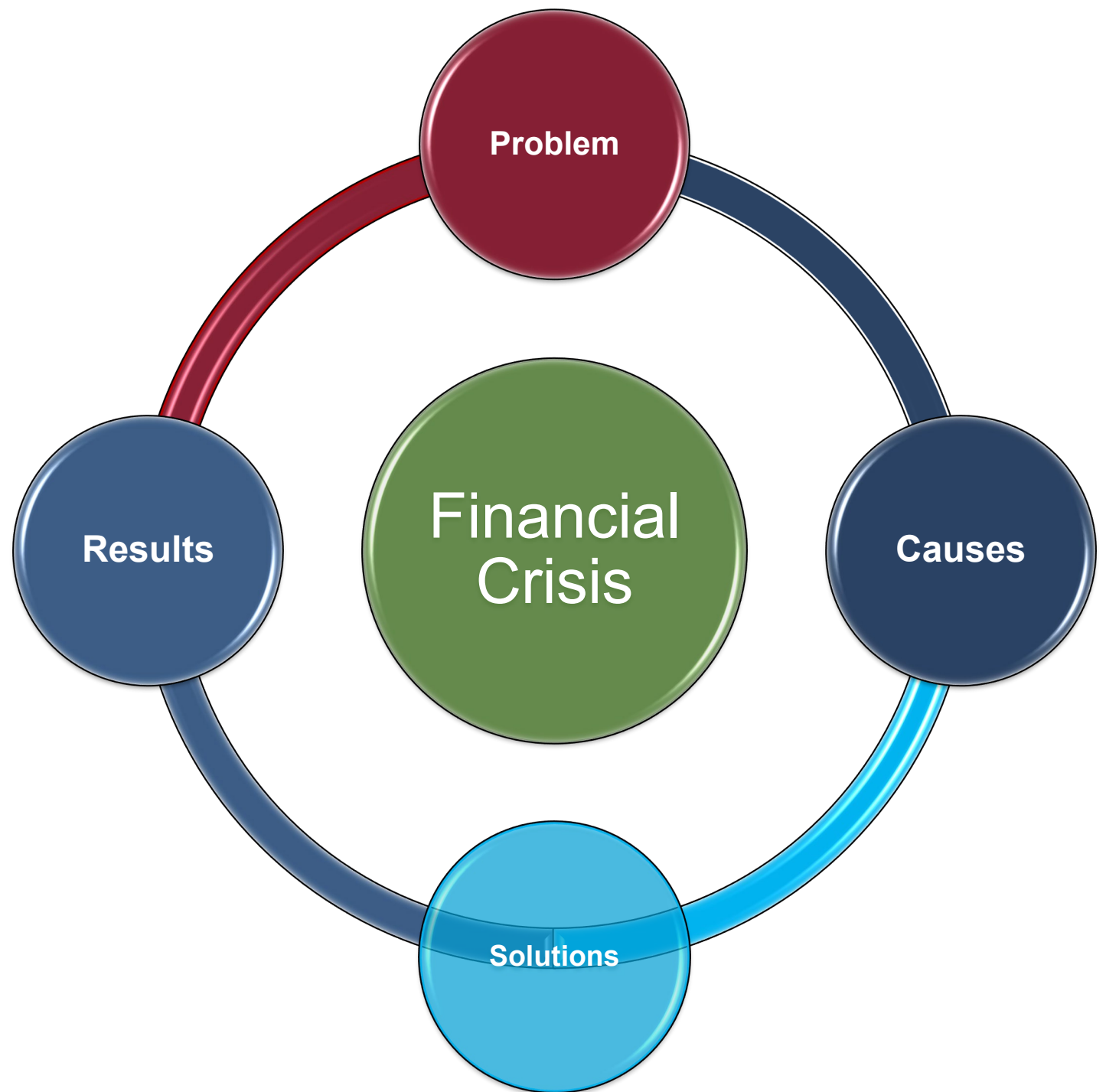
2023-2024 Actual Expenditures by General Fund



83% of MISD's Budget is Spent on People (General & Cap/Tech)



Unpacking
Planning
Sustaining





Financial Cliffs Ahead

School Funding in the State of WA

THE PROBLEM

We (MISD) face a \$3million dollar 2025-2026 budget shortfall.

What have we done to attempt to avoid this shortfall?



- Accurate and conservative student enrollment projections
- Reductions in staffing
- Reductions materials/supplies/operating costs
- Commitment to efficiency
- Limits to travel and spending
- Partnership with MIEA
- Strategic budgeting and accounting practices



We are out of tricks without significant change.

Is this a problem unique to MISD? No.



- Record number of districts in binding condition or being closely monitored in WA
- Apportionment advancement requests
- Interfund loans
- Deficit spending
- ESSER \$ from COVID delayed the fallout
- Student enrollment uncertainty



We are not alone- our forecast could actually be worse.



Financial Cliffs Ahead

School Funding in the State of WA

Causes



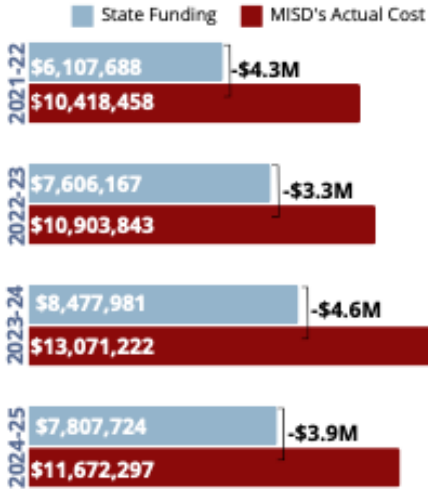
We (MISD) face a \$3million dollar 2025-2026 budget shortfall.

GAPS IN STATE FUNDING



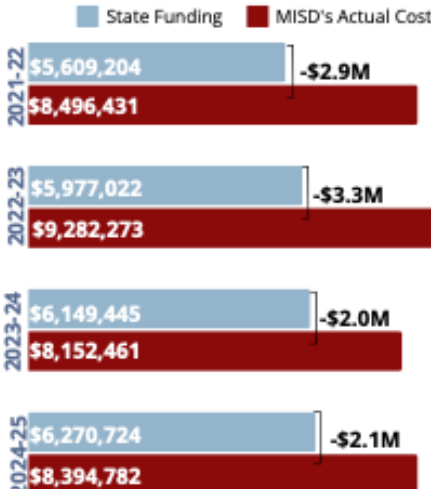
Since 2021, MISD has been underfunded for Special Education by **\$16.06 million**

SPECIAL EDUCATION



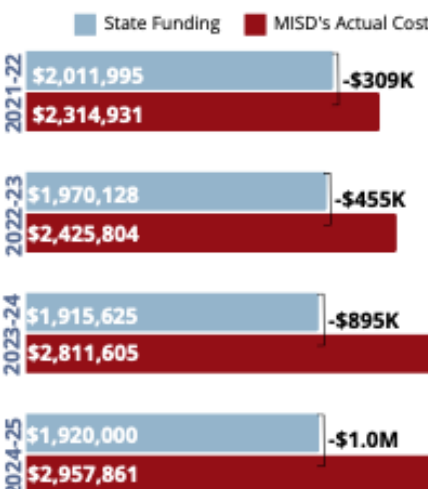
Since 2021, MISD has been underfunded for MSOC by **\$10.31 million**

MATERIALS, SUPPLIES & OPERATING COSTS (MSOC)

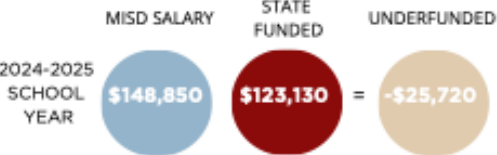


Since 2021, MISD has been underfunded for Transportation by **\$2.69 million**

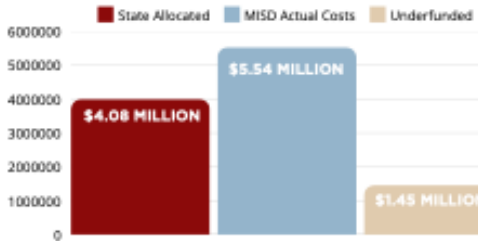
TRANSPORTATION



AVERAGE TEACHER SALARY AND BENEFITS IN MISD VS STATE FUNDED SALARY AND BENEFITS



BENEFITS SHORTAGE SINCE SEBB IN 2020



STATE FUNDED FTE VS MISD FUNDED BASED ON NEED

	STATE FUNDED	MISD FUNDED BASED ON NEED
2024-2025		
CLASSROOM TEACHERS	177.35	218.35
SUPERVISION PARA EDUCATORS	7.1	21.03
CUSTODIANS	15.8	23.23
PSYCHOLOGISTS	0.06	4.5

SINCE 2021, FUNDING GAPS HAVE COST MISD \$29.07 M

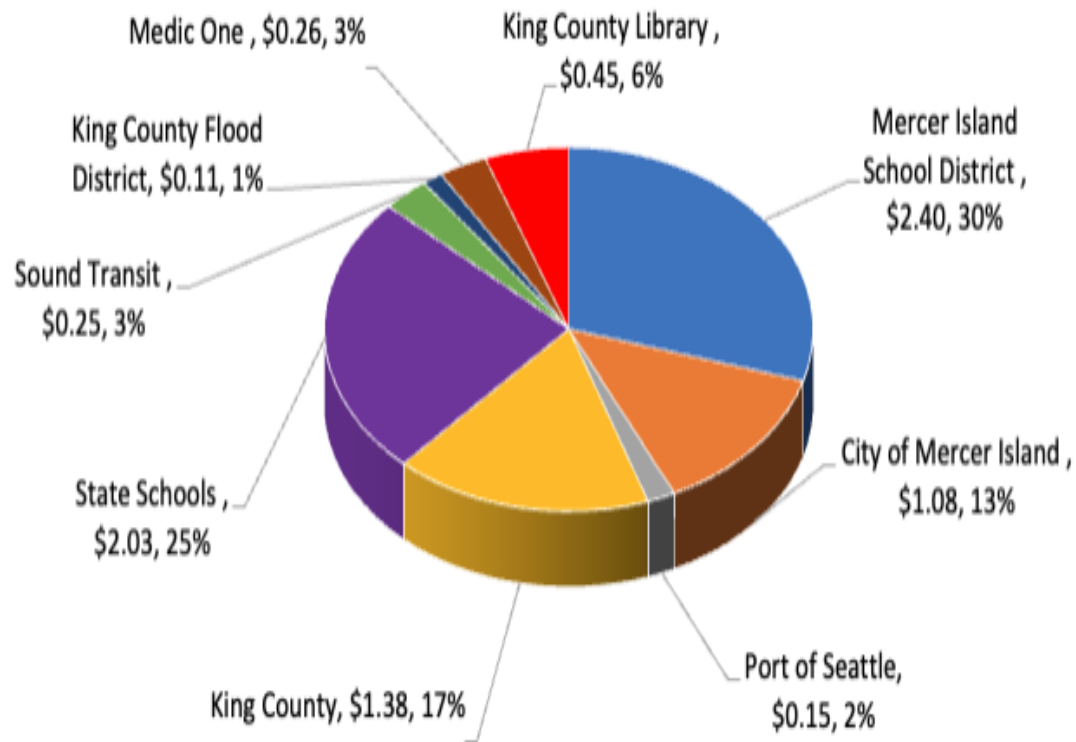
- MISD grew fund balance by nearly 4% in last two years
- State is not fulfilling the paramount duty
- State budget regression in public school funding since 2018

Problem: Despite stable enrollment, we still face a \$3million funding deficit for 2025-2026

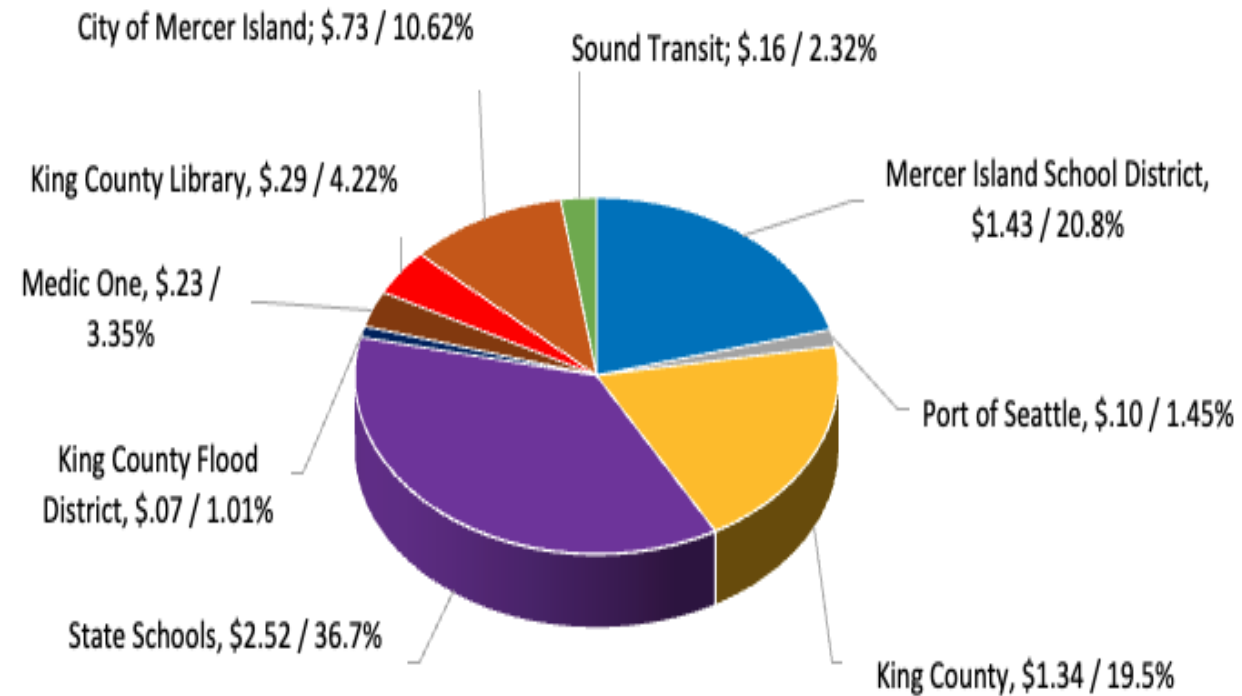


Cause: Post McCleary Taxing Changes

2017 Property Taxes - Total Rate = \$8.13



2024 Property Taxes - Total Rate = \$6.87

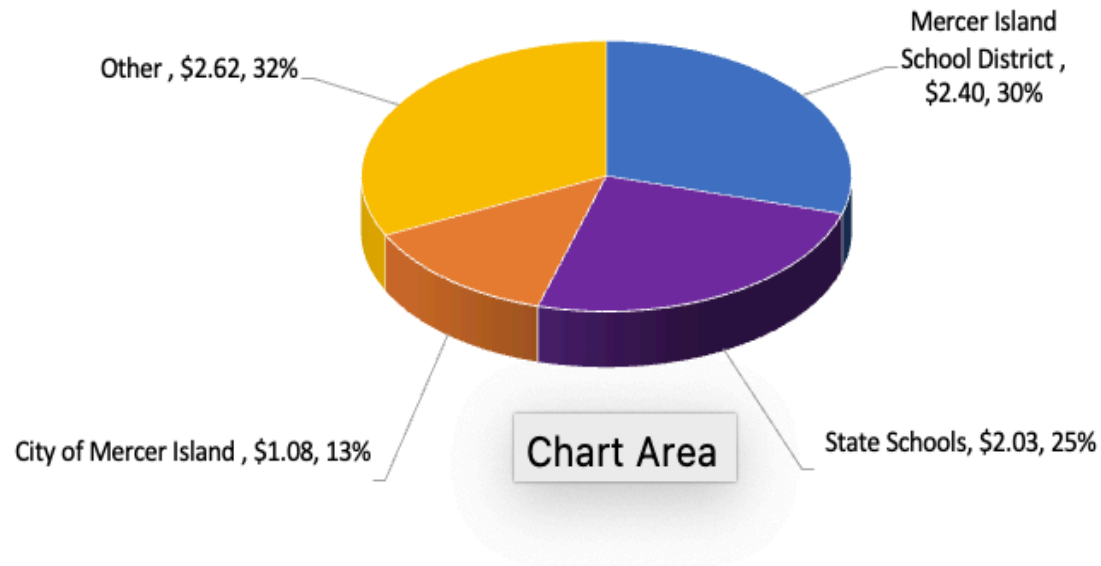


We are considered an affluent district, so why is there a funding problem?

Cause: The McCleary Levy Swap = Less \$\$\$ Stays Local

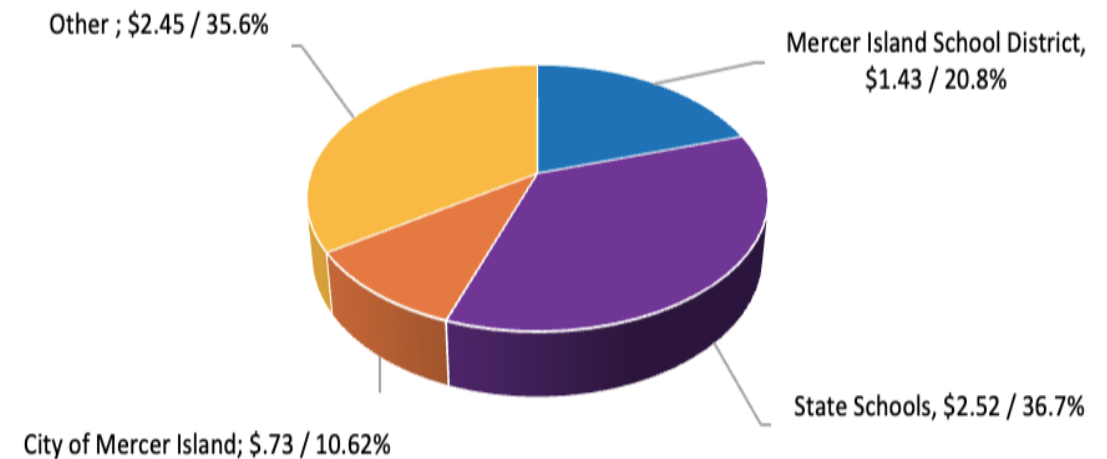


2017 Property Taxes - Total Rate = \$8.13



Of the \$2.40 **locally** assessed levy for schools, \$.60 goes towards the payment of the bond (Debt Service Fund), \$1.22 is for the Educational Programs and Operations (EP&O) Levy, \$.52 is for the Capital and Technology (Cap/Tech) Levy and \$.06 is for the Transportation Levy.

2024 Property Taxes - Total Rate = \$6.87



Of the \$1.43 **locally** assessed levy for schools, \$.45 goes towards the payment of the bond (Debt Service Fund), \$.59 is for the Educational Programs and Operations (EP&O) Levy and \$.39 is for the Capital and Technology (Cap/Tech) Levy.

State school taxes increased but local levy taxes decreased

Cause- Local levy funding capped while state funding declined for MISD



• Historical Perspective

- 2017-18 - MISD collected \$15,831,900
 - Escalated at 2% per year to 2023-24
 - \$17,829,290
- 2023-24 - MISD collected \$12,000,000MM
 - Loss in 2023-24 dollars
 - \$5,828,290

Levy support use to subsidize the education programs MI expects.

Cause- Soaring costs of programs and services formally covered by the levy



- 7 Period day at MIHS = \$1.2 million (Annually)
- 4 neighborhood elementary schools = \$800K (Annually)
- Elementary band, orchestra, choir = \$185K (Annually)
- 6-12 athletic opportunities = \$1.1 million loss (Annually)



We Have High Expectations...And We Should



Financial Cliffs Ahead

School Funding in the State of WA

Solutions

We (MISD) face a \$3million dollar 2025-2026 budget shortfall.

Solutions- School Funding Variables



- Enrollment
 - Attract and Retain
 - Outreach
 - Choice Transfer
- Student Fees
 - Athletics and Clubs
 - Extra-Curriculars
 - Associated Student Body (ASB)
 - Credit Card Transactions



Communication- PTA, MISF, Boosters, Advisory Councils

Solutions- School Funding Variables



- Staffing and Operating Reductions
 - Consolidate or Eliminate Positions
 - Avoid the core classroom as much as possible
 - Energy Consumption to Printers and Copiers
- Legislative Action and Advocacy
 - Long legislative session- biennium budget and new governor
 - Legislative Platform
 - Fully fund special education
 - Increase MSOC allocation
 - Fully fund transportation



Minimize impacts locally...broadcast our voices in Olympia.

A Word from Our PTA Partners



Legislative Advocacy- Get Involved!



1. **Sign this letter** to ask our legislators and governor to prioritize funding for schools →
2. Sign up for **WA PTA Action Alerts**:
<https://actionnetwork.org/forms/subscribe-to-wsptas-action-network-group>
3. **Get involved in Advocacy** through your school's PTA Advocacy Chair.



Your voice can make a difference in Olympia.