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Washington Office of Superintendent of
PUBLIC INSTRUCTION
Chris Reykdal, Superintendent

k12.wa.us

August 28, 2024

Marysville School Board of Directors
Zachary Robbins, Marysville School District Superintendent
Marysville School District
4220 80th Street NE
Marysville, WA 98270

Re: Financial Oversight Committee

Dear Marysville School Board and Superintendent Robbins:

This letter is to notify you that pursuant to the recommendation of the Financial Oversight Committee (FOC), I am placing the Marysville School District (MSD) under enhanced financial monitoring in accordance with RCW 28A.315.221. The Committee's findings and recommendations, the State Auditor's report, and comments from the community, show that additional assistance is necessary to prevent dissolution in the future.

Over the past year, OSPI and Northwest Educational Service District (NWESD) 189 have provided or offered to provide MSD with assistance to help the district on a path toward financial solvency. This included the June 18, 2024, decision to convene the FOC to conduct a comprehensive review of the district's finances and make recommendations on additional steps to take. The FOC completed their intensive review of the school district's finances and made numerous requests for data, analyses, and supporting documentation. Despite those efforts, the district has yet to produce a viable budget for the 2024–25 school year. Additionally, you, and the team operating at your direction, have not provided clear information on multiple budget issues presented by the FOC to determine if the district is in compliance with the binding conditions placed on it in August 2023 and updated in May 2024, making projections for the 2024–25 and 2025–26 school year unreliable. In addition to the concerns we have about the district's fiscal management, the State Auditor has raised serious concerns about the district's financial health and oversight.

After reviewing, and carefully considering, the messages sent to the FOC, and the public comments at school board meetings, it is clear that the community lacks trust and confidence in school district leadership. The majority of the community feedback provided to the FOC has

requested that OSPI move the district to enhanced financial oversight and become more involved in the district's day-to-day decision-making as soon as possible. In order for the district to fully resolve its financial situation, trust must exist between all of the parties involved. It is the responsibility of district leadership to not only build trust but ensure that it remains. This can only be accomplished through transparent and open conversations to best serve the school district.

I have lost confidence that the district has the decision-making tools or current personnel necessary to fix its financial situation on their own. District leadership is responsible for organizing, reorganizing, and arranging the staff in a way that best serves the needs of the district. Despite being faced with significant financial challenges, the district has shown it is unwilling and unable to take appropriate steps or accept responsibility for the current situation. After more than a year of OSPI and NWESD partnering with the district's executive leadership, financial clarity and progress toward long-term stability has not been achieved by MSD leadership. As a result, I am transitioning decision-making through enhanced financial oversight.

As such, I will be taking the following initial steps under enhanced financial oversight:

1. I will be appointing a special administrator to oversee and carry out the financial conditions imposed on the district.
2. No later than September 10, the district must provide a list of all unrepresented employees under contract for the 2024–25 school year with their total budgeted salaries and benefits, including supplemental and deferred compensation. Further, the district must identify each employee separately that received a pay increase from the 2023–24 school year to the 2024–25 school year equal to or greater than 7.4%, which is two times the legislatively passed inflationary adjustment of 3.7%.
3. The FOC will continue to meet and be permitted to work with the special administrator and the school district to answer outstanding questions regarding the current MSD budget.
4. By October 15, 2024, MSD must submit a revised budget to OSPI. The budget should fully address all the questions from the FOC and establish a common understanding of the district's current financial position.
5. The FOC shall develop an alternative financial plan that returns the district to financial sustainability by the end of the 2025–26 school year. If proposed for adoption, the alternate plan would be subject to a public hearing.

In addition to these requirements, the following restrictions are placed upon the district, effective immediately:

1. A district-wide hiring freeze of all non-certificated staff, with business-critical exemptions needing approval by the special administrator.

2. A freeze on all employee awards and incentives not currently outlined in collective bargaining agreements.
3. A freeze on all discretionary school building budgets (non-personnel costs).
4. Postponement of any planned curriculum adoption until the district exits binding conditions.
5. No new or renewal of contractual agreements with vendors more than \$25,000 without prior approval of the FOC or special administrator.
6. No new technology purchases.
7. No new stipends for administrative staff until the district exits binding conditions.
8. No state or local funded travel for administrative staff.
9. No state or local funded travel for school board members.
10. Class size overage expenditures for 2024–25 must not exceed the amount spent on this purpose for the 2023–24 school year.
11. Consultation with the Tulalip Tribes Board of Directors about the impacts of budget reductions, including the requirements listed in this letter.
12. Complete, accurate, and prompt responses to requests made by the special administrator.

If any of the above restrictions are already implemented and in practice by the district, the FOC and special administrator require evidence of the business processes behind the implementation of the specific restriction. The FOC and special administrator are authorized to direct changes to such business processes if, upon their review, they determine greater accuracy can be achieved. Similarly, if these requirements pose insurmountable conflicts with existing contract terms and obligations, the FOC and special administrator will require evidence of the conflict or specific restriction.

Please anticipate hearing from my office soon with specific information and requirements about your work with the assigned special administrator.

Should you have any questions, please contact T.J. Kelly, OSPI Chief Financial Officer, at thomas.kelly@k12.wa.us.

Sincerely,



Chris Reykdal
Superintendent of
Public Instruction

Marysville School Board of Directors and Superintendent Robbins

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cc: Ismael Vivanco, Superintendent, Northwest ESD 189
T.J. Kelly, Chief Financial Officer, OSPI
Ramon Alvarez, Executive Director, Human Resources, OSPI
Kassidy Probert, Assistant Superintendent, ESD 101
Lisa Matthews, Assistant Superintendent, NWESD 189