



# SKSD facing a revenue loss of \$7 million due to COVID-19

School district has lost 858 students, putting a dent in state funding projections

By Bob Smith

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PORT ORCHARD — South Kitsap School District is facing a revenue loss of approximately \$7 million as a result of the fallout from the coronavirus pandemic, the district reported at its school board meeting Oct. 7.

The loss in revenue stems from a drop in enrollment in March — 9,244 students — a difference of a loss of 858 students from the September 2020 enrollment of 8,386. The district had projected 9,024 students would be attending school in September — a projection made before the pandemic.

Jennifer Farmer, SKSD assistant supervisor for business and operations, said student enrollment determines how much funding the district receives from the state to fund its education program. She said the district is required to estimate its enrollment during the budget cycle, usually by March so that a budget can be devised by July and approved by the school board no later than the end of August.

Farmer said the district hired a professional demographer to analyze community birth rates, home sales and housing starts to give administrators a more accurate enrollment projection. At the time his report was completed, the assistant superintendent said, the COVID-19 pandemic had yet to become a crippling factor to the U.S. economy.

“He was projecting growth for South Kitsap,” she said. “There were some positive indicators of enrollment, including new housing starts.

Unfortunately, when the pandemic ... closed down Washington state in March, he [later] cautioned that it was unprecedented and that we should be conservative in our projections, which we were.”



The largest drop in attendance involved K-5 students, with 509 fewer children attending South Kitsap schools.

“This played out statewide that [parents of] our smallest learners in the lower grades made other choices about where to enroll their kids,” Farmer said.

Middle school enrollment numbers made a more modest drop of 104 students, and high school figures dropped by just 25 students. The difference districtwide was 638 fewer students; when the school closure took effect, the difference from March to September was 858 fewer students.

Farmer said the district had already anticipated a budget impacted by a loss of more than 200 students. Instead, it is facing a drop of 638 students from its September projection and actual count. Of those students who unenrolled from South Kitsap schools, the largest proportion entered into a homeschooling arrangement. The remainder entered private and other public schools in the region, she said.

Those figures do not include the 207 students who participate in the Running Start program or the 1,170 students in Connections Academy. The district does not include those numbers in the funding calculations made by the state since those entities are part of a different funding calculation.

The current 2020-21 budget draft, as required by law, calls for a fund balance equal to or greater than 5 percent of the district’s budgeted revenues of \$165.4 million, which is \$8.2 million. South Kitsap’s estimated beginning fund balance was \$14.5 million and an estimated ending fund balance of \$15.2 million. Budgeted expenditures for the school year are \$164.7 million.

This year only, Farmer said, thanks to the state, the district will be able to include student counts registered at any time during September. While October enrollment figures are usually the highest of the school year, this

year the numbers have remained steady.

She said there is a glimmer of good news coming out of Olympia regarding the state budget. Farmer said the state revenue forecast shows an increase by nearly half since June. The state budget deficit is expected to be \$3 billion this year and \$1.9 billion in the next biennium, significantly less than the earlier estimated \$9 billion deficit.



In the meantime, Farmer said South Kitsap is keeping a close eye on expenditures deemed unnecessary to conduct educational activities.

“This is why we have a fund balance to help us weather unforeseen circumstances,” she told the board. “Right now, we are doing some mitigation measures that will be implemented as the year goes on.”



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