

Board Work Session #2

2025-26 Budget Development

March 5, 2025

Jackie Bryan, Chief Financial Officer

Andrew Burgess, Controller

Lauren McAlister, Director of Budget

Sarah Semroc, Director of Budget Strategy



Our Promise

Every student in
Highline Public
Schools is known by
name, strength and
need, and graduates
prepared for the
future they choose.



LAND ACKNOWLEDGEMENT

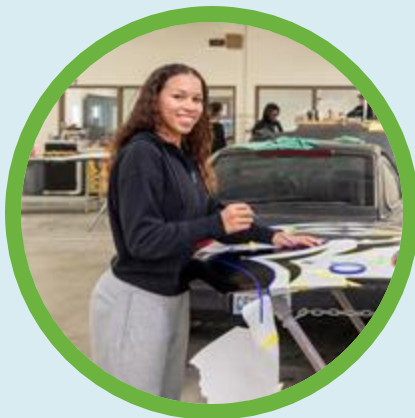
“We begin by acknowledging that we are on the ancestral land stewarded since time immemorial by the Salish people of the Duwamish, Green, White, Cedar, and Upper Puyallup Rivers, many of these giving birth to the contemporary citizens of the Muckleshoot Indian Tribe. We honor and give thanks that we are able to collectively engage in this conversation on their sacred homelands about the future of teaching and caring for our sacred children and youth.”





CULTURE OF BELONGING

A culture where all are welcome, valued, and safe.



INNOVATIVE LEARNING

Academic experiences that engage, empower, and challenge every student.



BILINGUAL & BILITERATE

Multicultural skills that enable students to live, work, and communicate across cultures.



FUTURE READY

Students explore possibilities and develop mindsets that prepare them for a changing future.

*Our Promise: Every student is known by **name**, **strength** and **need**, and graduates prepared for the **future they choose**.*

Objectives

- Review 2025-26 and beyond enrollment projections
- Understand the initial 2024-25 year-end projections
- Understand initial 2025-26 projections and long-term fiscal plan for Highline Public Schools
- Understand the potential 2025-26 Legislative impacts

Policy 6000 - Financial Management for Equity

"As trustee of local, state, and federal funds allocated for use in public education, the board shall be vigilant in fulfilling its responsibility to see that these funds are used in alignment with the District's Strategic Plan goals. The Board is committed to using the District's Equity Lens, as found in Policy and Procedure 0010, when determining the equitable fiscal practices for the district."



Policy 6000 - Financial Management for Equity

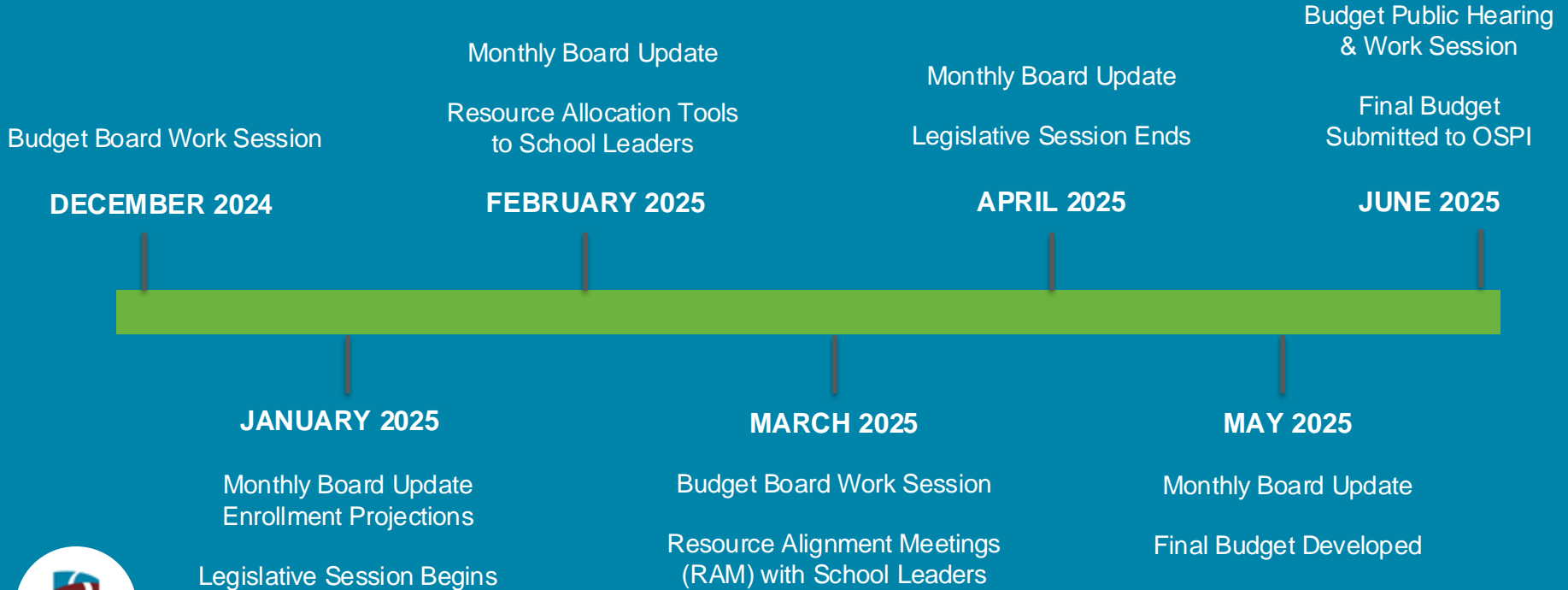
"The board's goals for district fiscal management, including budget development, are:

- To distribute Highline resources in a way that considers equity in a student-centered mindset to eliminate or significantly reduce systemic, measurable inequities in opportunity.
- To ensure open communication with staff, families and community as to how the district strategies are guiding resource allocation decisions.
- To keep in mind the long-term fiscal and academic impacts of any budget decision.
- To recognize the importance of and maintain adequate resources for operational support for schools, staffs, and students.
- To provide timely and appropriate information to staff who have fiscal management responsibilities.
- To establish maximum efficiency procedures for accounting, reporting, business, purchasing and delivery, payroll, payment of vendors and contractors, and all other areas of fiscal management.
- To establish a strong system of internal control to safeguard district assets, to assure management that financial transactions occur as intended, and to protect employees."



2025-26 Budget Development Timeline

Board & School Leader Engagement



Staff, Student, Family, & Community Engagement

Staff

Superintendent
Advisory Leadership
Team- SALT

Resource Alignment
Meetings

Central Budget
Development Meetings

ThoughtExchange (3)

Students

Student Superintendent
Leadership Team-
SSLT

ThoughtExchange (3)

Associated Student
Budget (ASB) Fund
development

Families

Family Action
Committee- FAC

Capital Facilities
Advisory Committee-
CFAC

ThoughtExchange (3)

Public Hearing

Community

Capital Facilities
Advisory Committee-
CFAC

Capital Oversight
Committee

ThoughtExchange (3)

Public Hearing

Community ThoughtExchange

WE ASKED:

"As we plan for the next school year's budget, what are the most important things Highline needs to think about in order to support all students?"

- 330 ideas
- 12,995 ratings
- 360 participants

69%

*of participants reported they know **at least a little bit** about the budget development process.*

The ThoughtExchange ran January 17 - February 2, 2025.



Key Themes

- **Staffing & Support:** Retain qualified staff and offer competitive wages.
- **Class Size:** Maintain smaller class sizes.
- **Inclusion & Special Education:** Prioritize special education and inclusion resources.
- **Mental Health & Well-being:** Prioritize student mental health support.
- **Funding Resources:** Secure adequate funding for essential services including free meal programs, and classroom resources.

2025-26 Enrollment Projections



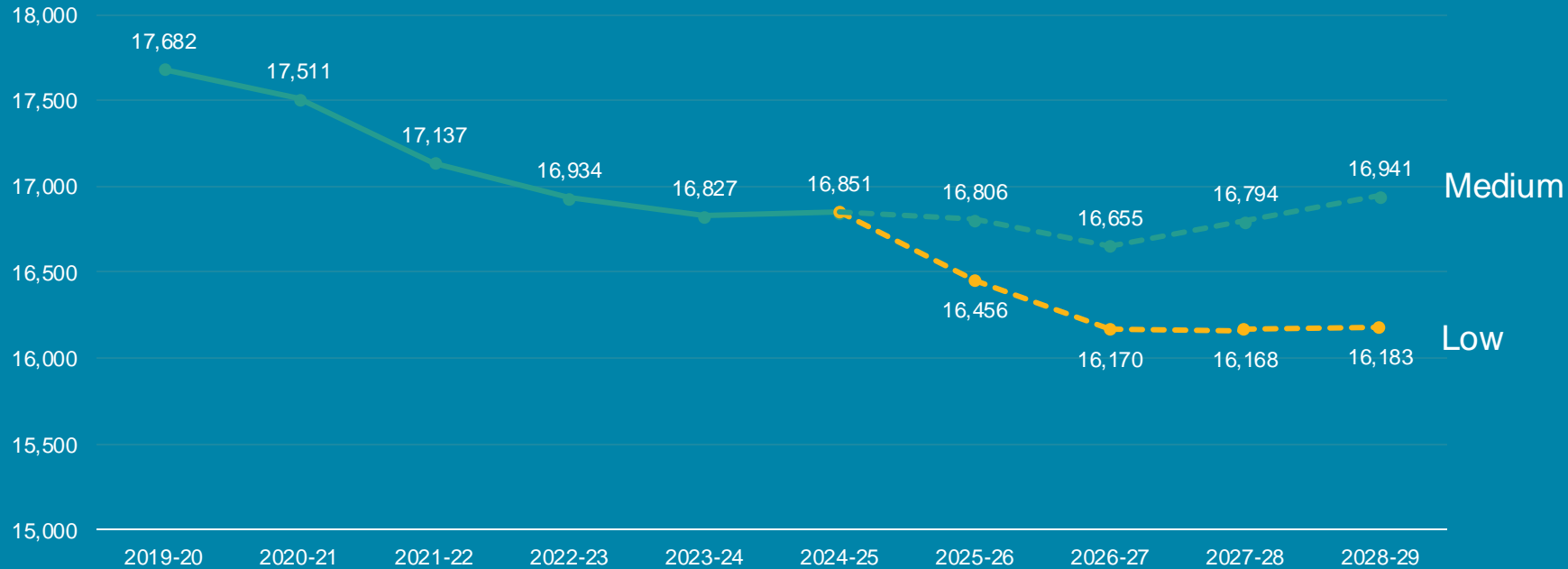
2025-26 Enrollment Projections

- Enrollment in the Puget Sound area grew over 2,900 students over the past year.
- Enrollment in 2024-25 is higher than projected due to fewer students leaving the district and the completion of two new apartment complexes with affordable units for families.
- Private school enrollment is no longer increasing, and home-based instruction is decreasing to pre-pandemic levels.
- Highline's enrollment is projected to decrease slightly over the next two years before it grows with the addition of more new housing.



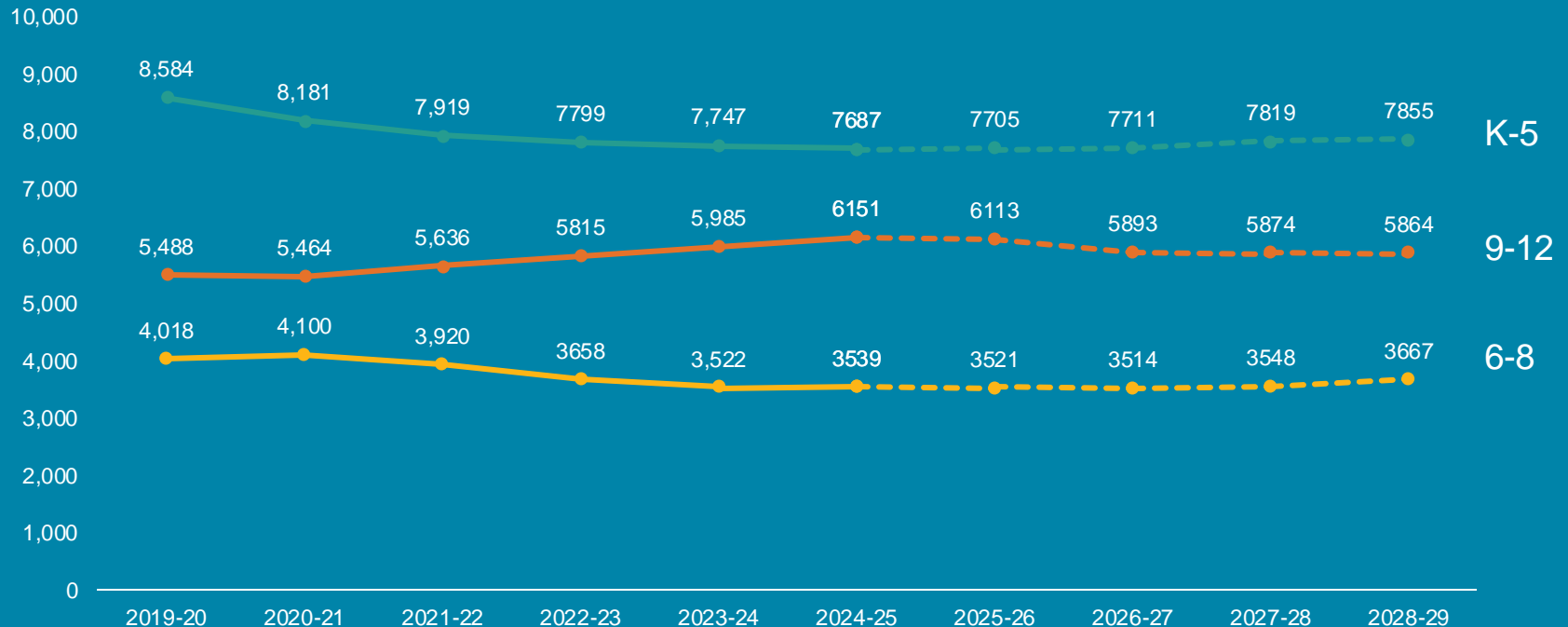
2025-26 Student Enrollment

Annual Average FTE



2025-26 Student Enrollment

Annual Average Headcount



2024-25 Budget Updates

2024-25 Enrollment Update

2024-25 Initial Projections

2024-25 Budget Extension

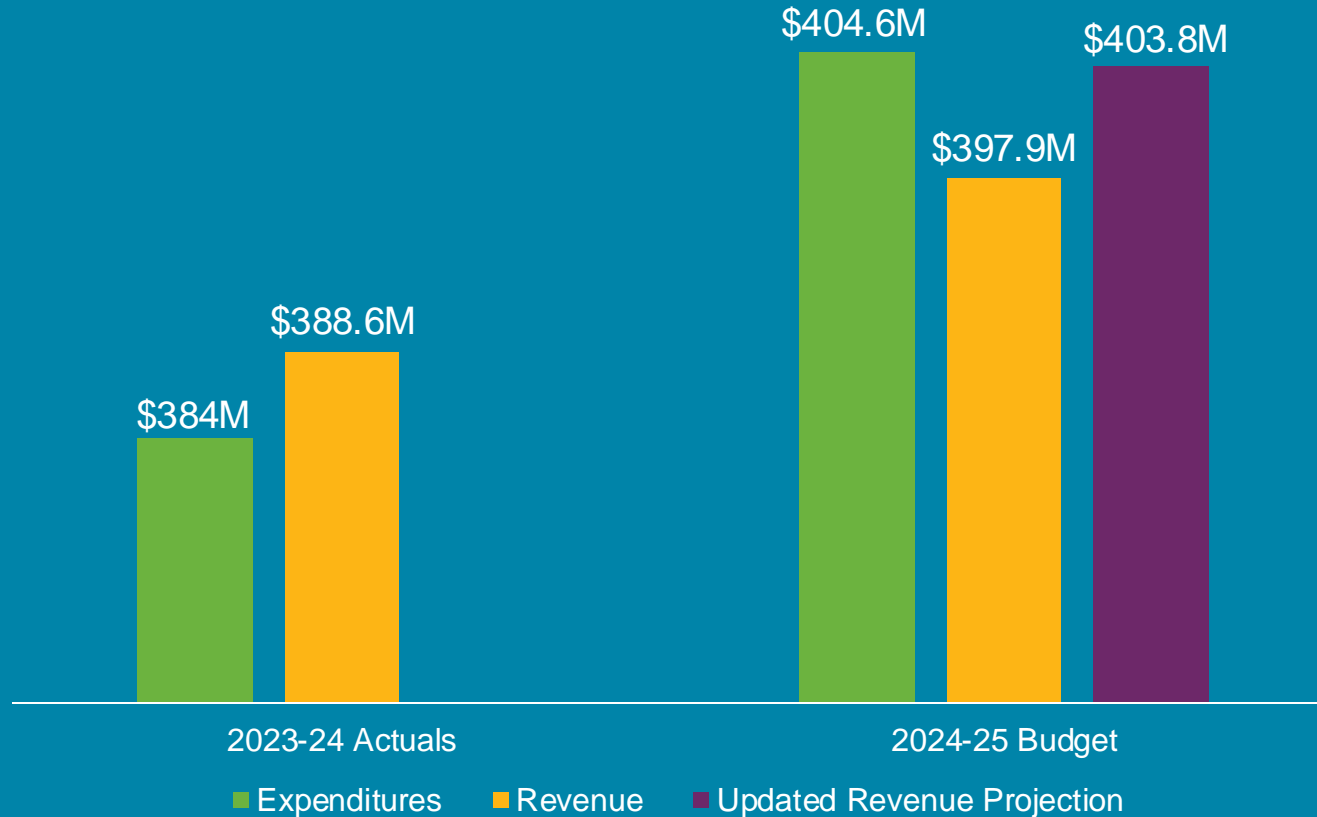


2024-25 February Enrollment

	2024-25 Projection (Budget)	February Enrollment	Delta (+/-)
Elementary Schools	7,481	7,811	330
Middle Schools	3,212	3,319	107
Comprehensive High Schools	4,034	4,000	-34
Choice Schools	1,671	1,802	131
<i>Total</i>	<i>16,398</i>	<i>16,932</i>	<i>534</i>

2024-25 Initial Projections

(based on January apportionment, subject to change)



2024-25 Budget Extension

- If enrollment maintains throughout the 2024-25 school year, the ending fund balance should remain at 7% unassigned balance.
- If enrollment increases and additional revenue is received beyond current projections, we may have to increase expenditures in order to serve additional students.
- As required by RCW 28A.505.150, a district must complete a budget extension prior to incurring expenditures in excess of the total of such appropriations.
- This means that a budget extension must be adopted and filed prior to incurring expenditures that exceed the budgeted amount in each fund.



2025-26 Budget Development

Budget Development Context & Long-Term Plan

2025-26 Budget Development Assumptions

2025-26 Initial Projections

Legislative Update



Budget Development Context



2023-24

\$8M in reductions for
2024-25

Loss of ESSER funds
for 2024-25

Unassigned ending
fund balance at 7%



2024-25

Enrollment higher than
demographer's projection

Increased revenue due to
higher enrollment

Long legislative session

No reductions for 2025-26



2025-26

Steady enrollment
projected

Potential increased
revenue from legislation

Adjustment year:
Investments or reductions
for 2026-27

Long-Term Planning

- Continue to work with Legislators to fully fund basic education
- Long-term plan may include reductions in 2026-27 and beyond
- Minimum unassigned fund balance remains at or above 3% board minimum
- Enrichment (previously EP&O) levy renewal on November 2025 ballot
- Continue to solicit feedback from students, staff, families, and community



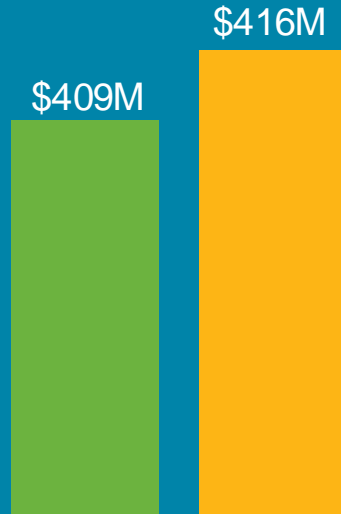
2025-26 Budget Development Assumptions *as of February 2025*

- If enrollment maintains throughout the 2024-25 school year, the unassigned ending fund balance should remain unchanged.
- Many unknowns remain as a long legislative session continues, but there is potential additional revenue in special education, transportation, and materials, supplies, and operating costs (MSOCs).
- Implicit Price Deflator (IPD) projected at 2.4%.
- Continue to be guided by Policy No. 6000.



2025-26 Initial Projections (February)

- Initial projections contain no new revenue, except the state funded IPD of 2.4% (estimated)



■ Projected Revenue ■ Projected Expenditures

Examples of Increased Expenditures*

- Contract increases
- Transportation
- Special Education
- Insurance
- Utilities
- Athletics
- Security



*increases in addition to IPD

2025 Highline Legislative Priorities

- Priority 1: Fully Fund the Cost of Special Education Services
- Priority 2: Comprehensively Fix the Pupil Transportation Formula to Ensure it is More Transparent, Predictable, and Adequately Funded
- Priority 3: Address the Significant Underfunding of Allocations for Materials, Supplies, and Operating Costs (MSOC)
- Priority 4: Support Capital Facilities
- Priority 5: Fully Fund All Mastery-Based Learning Programs in the State



2025-26 Legislative Priority 1

Special Education

SENATE BILL 5263

- Increases multiplier for K-12 students from 1.12 or 1.06 to 1.32
- Increases multiplier for Pre-K students from 1.2 to 1.6381
- Decreases the safety net threshold from 2.3 times the average per pupil expenditure to 1.5
- Removes funding cap percentage

*Potential Increase: \$8.4M**



2025-26 Legislative Priority 1

Special Education

HOUSE BILL 1310 - DID NOT MOVE FORWARD

- Increases multiplier for K-12 students from 1.12 to 1.5289 and 1.06 to 1.447
- Increases multiplier for Pre-K students from 1.2 to 1.6381
- Decreases the safety net threshold from 2.3 times the average per pupil expenditure to 1.5
- Removes the funding cap percentage

*Potential Increase: \$14M**



2025-26 Legislative Priority 1

Special Education

HOUSE BILL 1357

- Increases multiplier for K-12 students from 1.12 to 1.18 and 1.06 to 1.09

*Potential Increase: \$1.6M**



2025-26 Legislative Priority 2

Transportation

SENATE BILL 5187 - DID NOT MOVE FORWARD

- Requires OSPI to provide an analysis of school district transportation costs and allocations to the Legislature by June 1, 2028
- Requires OSPI to develop a new student transportation funding model that addresses the diverse needs of students
- Provides an additional \$400 per student for students that require transportation due to McKinney Vento status

*Potential Increase: less than \$1M**



2025-26 Legislative Priority 3 MSOC

SENATE BILL 5192 - *PROPOSED SUBSTITUTE BILL*

- Increases allocations for MSOC in the prototypical model
- Increased allocations may only be expended on MSOC
- MSOC calculations must use a three-year rolling average and adjusted annually for inflation using the implicit price deflator (IPD)
- Eliminates MSOC categories but requires an annual spending report of MSOC categories by school districts

*Potential Increase: \$2.9M**

*Potential Increase: \$2M**



2025-26 Legislative Priority 3 MSOC

HOUSE BILL 1338 - *AMENDMENT INTRODUCED*

- Increases per pupil amounts for several categories in the prototypical model
- Requires a rebase of MSOC every four years beginning in 2029-30

*Potential Increase: \$5.6M**

Potential Increase: less than \$1M



2025-26 Legislative Priority 4

Bond Simple Majority

SENATE BILL 5186

- Lowers the voter approval threshold from 60% to a simple majority
- School districts may no longer collect impact fees



2025-26 Legislative Update

Local Levy

SENATE BILL 5593

- Allows districts to collect a maximum of 30% of its levy base, which is the total of the district's basic education allocation, categorical programs, and food service allocations
- Provides new formulas to calculate local effort assistance (LEA) eligibility and amounts

2025-26 Legislative Update

Local Levy

HOUSE BILL 1356

- Increases the per-pupil limit and LEA threshold
- Requires OSPI to convene a K-12 funding equity workgroup to analyze options for revising K-12 funding formulas

Budget Development Next Steps

- Continue to advocate for the full funding of basic education, the paramount duty of the state of Washington
- Monitor and analyze all Legislative bills and adjust projections accordingly
- Provide monthly updates to the Board during regularly scheduled Board Meetings
- Present the 2025-26 budget and all related documents to the Board in June





What questions do you have about Highline's fiscal long-term plan?

Is there any additional information that would be helpful as the Board approves the 2025-26 budget?

