



Tacoma Public Schools Financial Overview

BOARD FINANCIAL UPDATE

MAY 8, 2025

Impact	Senate Budget	House Budget	Conference
Basic Education Revenue			
Implicit Price Deflator (COLA)	\$4,872,000	\$4,917,000	\$4,893,000
Medical Benefits	\$2,974,000	\$3,311,000	\$3,336,000
Materials, Supplies and Operating Costs (MSOC)	\$3,133,000	\$1,154,000	\$2,039,000
Retirement	(\$4,904,000)	(\$3,041,000)	(\$3,920,000)
ALE	\$163,000	\$157,000	\$162,000
Costs Increases			
Implicit Price Deflator (COLA)	\$5,740,000	\$5,940,000	\$5,940,000
Medical Benefits	\$2,893,000	\$3,227,000	\$3,244,000
Retirement	(\$10,600,000)	(\$4,378,000)	(\$8,460,000)
Net Impacts	\$8,205,000	\$1,709,000	\$5,786,000

BASIC EDUCATION LEGISLATIVE IMPACTS

OTHER LEGISLATIVE IMPACTS

- Levy Increases
 - Current \$82M voter approved for 2026
 - Levy lid increase would occur in 2026
 - Timing and risk would not allow the district to increase revenue using levy in 2026
 - Increased authority will be sought from voters during 2026 election
- Special Education Increases
 - Special Education multiplier
 - Safety net threshold
 - Cap of 16% removed

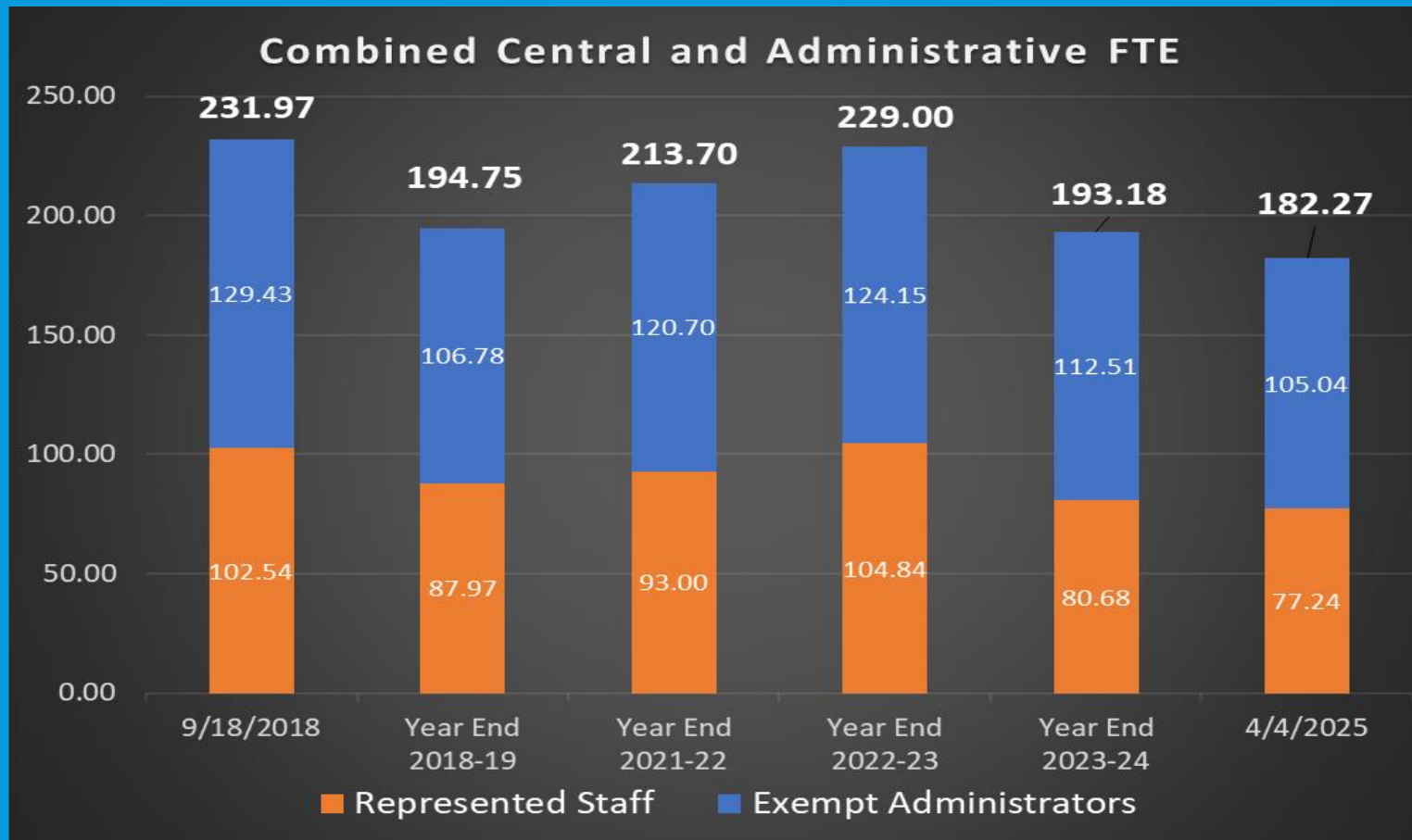
IMPACT	SENATE BUDGET	HOUSE BUDGET	CONFERENCE
Special Education	\$15,243,000	\$5,146,000	\$6,482,000

PREPARING FOR THE 2025-26 BUDGET

- District is facing a \$30M shortfall for 2025-26
 - Utilizing our typical budget process
 - Board approved Guiding Principles for cabinet to follow in making decisions
- Bargaining and Federal Impacts are an unknown
 - Two open bargains currently, one with our largest employee group
 - Notification of three Federal grant eliminations to date
- Cuts in past years were largely kept away from the classroom
 - Additional reductions in staff, costs and services will be coming
 - Any costs added to the budget will require elimination of other funds to make room
- There is no reserve to assist in emergencies and borrowing resources is limited

PROGRESS MONITORING

"ADMINISTRATIVE" GROUP



Includes all central administration* positions and spending in any union group in the following activities:

Activity 11 - Board of Directors
Activity 12 – Superintendent’s Office
Activity 13 – Business Office
Activity 14 – Human Resources
Activity 15 – Public Relations
Activity 21 – Instructional Supervision
Activity 41 – Supervision – Nutrition
Activity 51 – Supervision – Transportation
Activity 61 – Supervision - Maintenance

Includes all non-represented staff (exempt)

"Administrative" positions currently represent 5.2% of all FTE positions

*Central Administration activities are defined in the OSPI F-195 instructions.

POSITION REDUCTION OVERVIEW

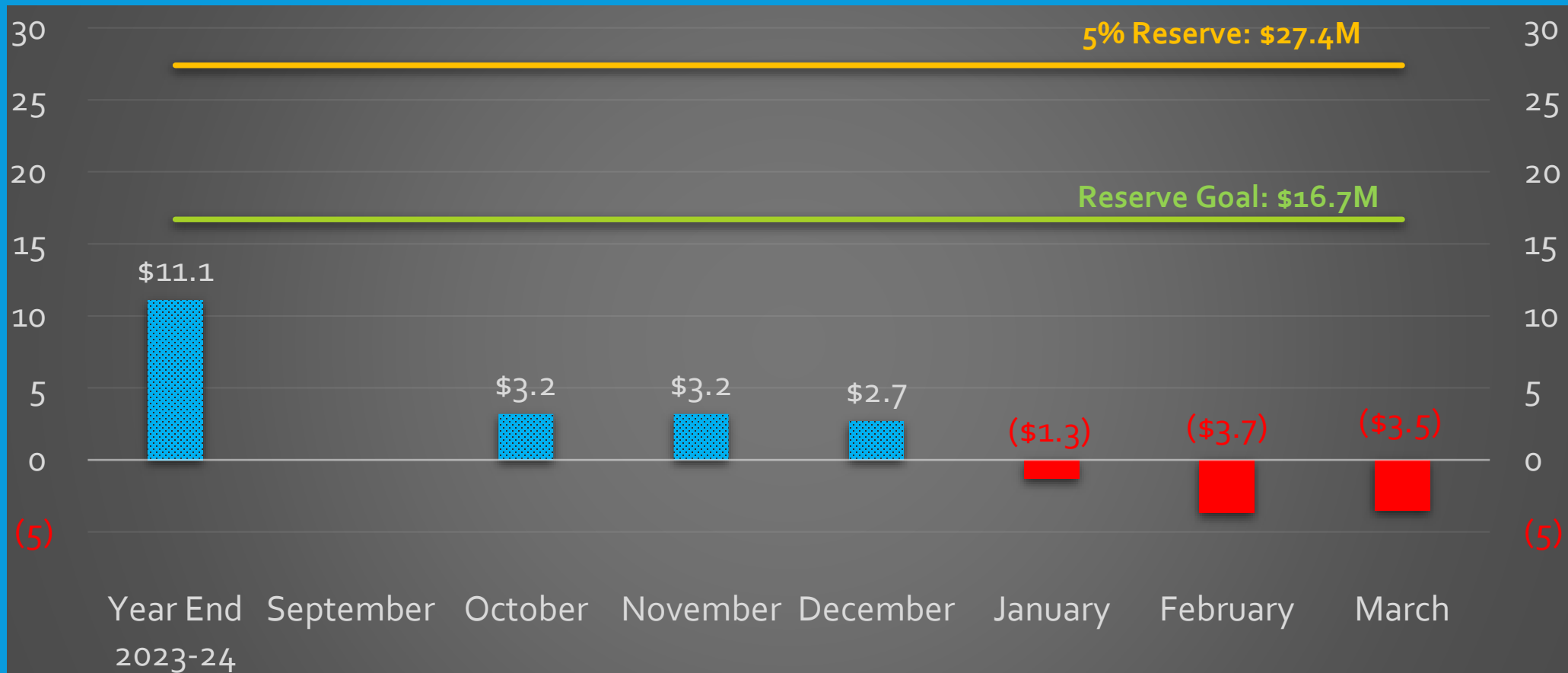
- Exempt Position Eliminations
 - 0.5 FTE Finance Position
 - Nutrition Services Director (1 Exempt manager position backfill)
 - Director of Infrastructure & Cloud Services
 - K-12 Executive Assistant (position moving to Communication Department)
- Exempt Positions Not Filled Due to Attrition or Remaining Vacant
 - IT position (a part-time position will be backfilled)
 - IT Security Director
 - IT BI Architect (a part-time position will be backfilled)
 - Director of Innovative Learning and CTE (position holder backfilling School Director)
 - Senior Financial Analyst 3 (vacant, not filling)
 - Oakland Principal

2024-25 YEAR END FINANCIAL
PROJECTION AS OF MARCH 2025

- Projected Revenues – 97.4% of budget
- Projected Expenditures –
 - 100.9% of budget
 - 3.5% more than revenues
- Fund Balance Reserves – **None**

	2024-25 Budget	2024-25 Projected Year End	Variance
Beginning Fund Balance	\$ 17,500,000	\$ 11,139,188	\$ (6,360,812)
Plus Revenues	\$ 577,888,444	\$ 562,769,459	\$ (15,118,985)
Less Expenditures	\$ 572,408,012	\$ 577,416,934	\$ (5,008,922)
Equals Ending Fund Balance	\$ 22,980,432	\$ (3,508,287)	\$ (26,488,719)
Fund Balance Reserve Target		\$ 27,863,473	\$ (31,371,760)
* Fund Balance Reserve %	5.0%	0%	

YEAR END PROJECTION 2024-25



Projections are estimates of a future data point based on current and historic spending trends and patterns.

CURRENT YEAR MITIGATION STRATEGIES

- Mitigation Strategies
- New
 - P-card freeze
 - Further contract limitations
 - Extra work and overtime freeze
- Continuing
 - Hiring freeze for non-critical positions
 - Reduce discretionary spending
 - Cancel or reduce contracts
 - Identify surplus properties to maximize efficiencies and support student engagement
 - Evaluating programming needs
 - Lean efficiency practices – find ways to work smarter not harder

BINDING CONDITIONS REVIEW

- Financial insolvency (binding conditions) is a situation where a school district is unable to meet its financial obligations, leading to a deficit general fund balance within three years or less.
- Financial Oversight Committee:
 - To address the financial insolvency of school districts, the Financial Oversight Committee has been created. This committee is composed of two representatives from OSPI and two representatives from the ESDs.
- Financial Oversight Committee will help the district evaluate contract reductions both in bargaining and letting of external purchasing contracts in addition to suggesting other programming recommendations.
- **DISTRICTS GOAL IS TO AVOID BINDING CONDITIONS**

BINDING CONDITIONS CONTINUED

- Other districts are struggling
 - Binding conditions are being assessed in:
 - La Conner School District
 - Mount Baker School District
 - Prescott School District
 - Tukwila School District
 - Yelm School District
 - Marysville School District
 - Financial Watch List (not a public list)
 - 19 school districts
 - Does not include Tacoma

APPENDIX

BUDGET DEVELOPMENT GUIDING PRINCIPLES

Principles

1. We will be sensitive to our diverse needs and continue to focus on eliminating disparities among all groups.
2. We will prioritize coursework necessary for on-time graduation.
3. We will focus on maintaining and enhancing social emotional well-being and mental health services for all students.
4. We will focus on maintaining and enhancing the quality of learning and the learning environment for all students.
5. We will protect our institutional or program accreditations or compliance with laws and regulations.
6. We will rely on data and benchmarks, when available, to assess the educational impact of programs and initiatives considered for enhancement, reduction or elimination.
7. We will ensure transparency and communicate adjustments to district staff, partner organizations, parents and the community.
8. If position eliminations are necessary, we will make every effort, to reassign displaced employees to vacant positions for which they qualify.

Criteria

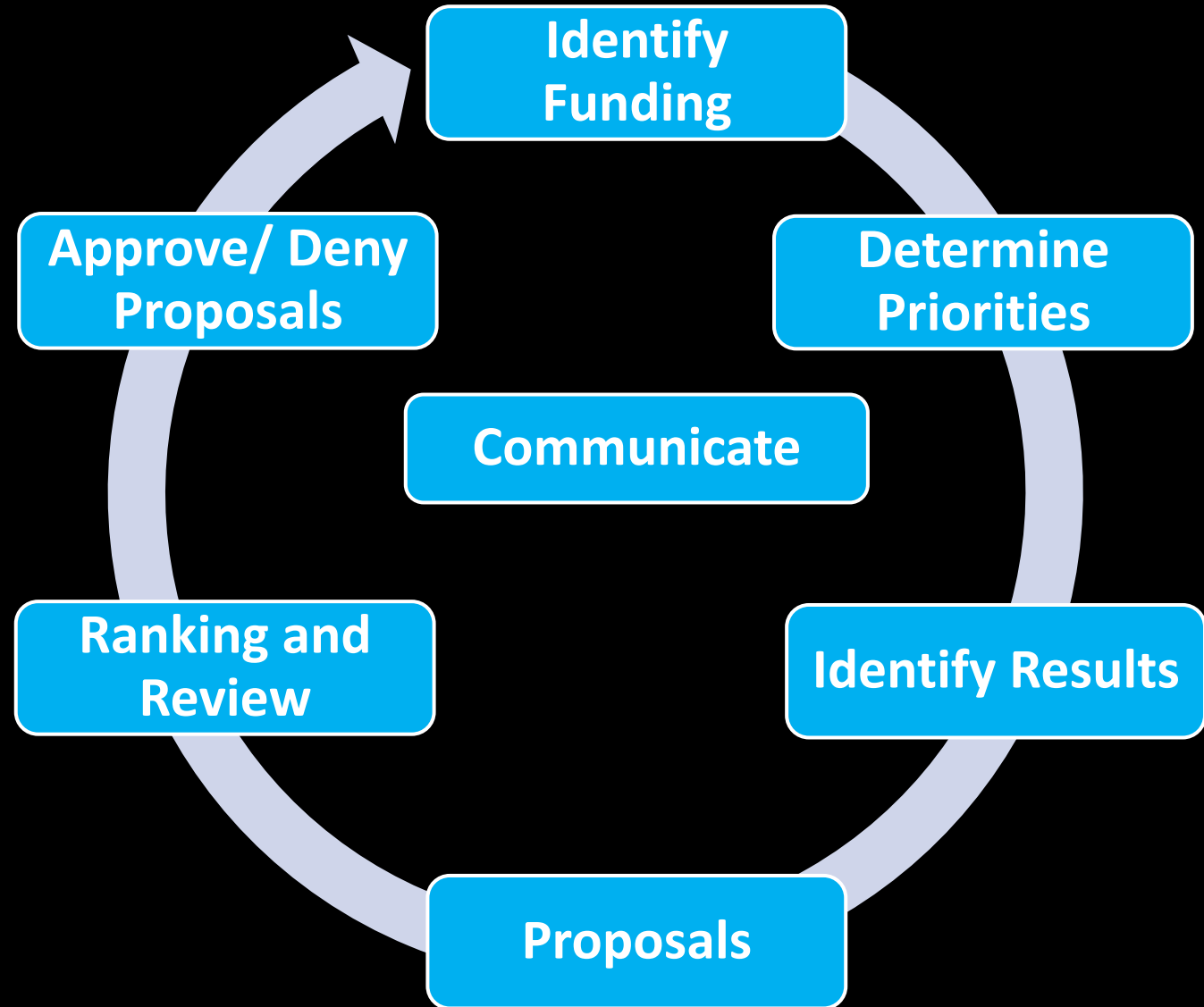
1. We will put the safety of our students, as well as staff, partners, and the community, at the forefront of all decisions.
2. We will consider the essential needs for maintenance of our physical facilities when making decisions.
3. We will be mindful of long-term financial impacts regarding both program enhancements and reductions.
4. We will prioritize the affordability and access to athletics, activities and school meals.



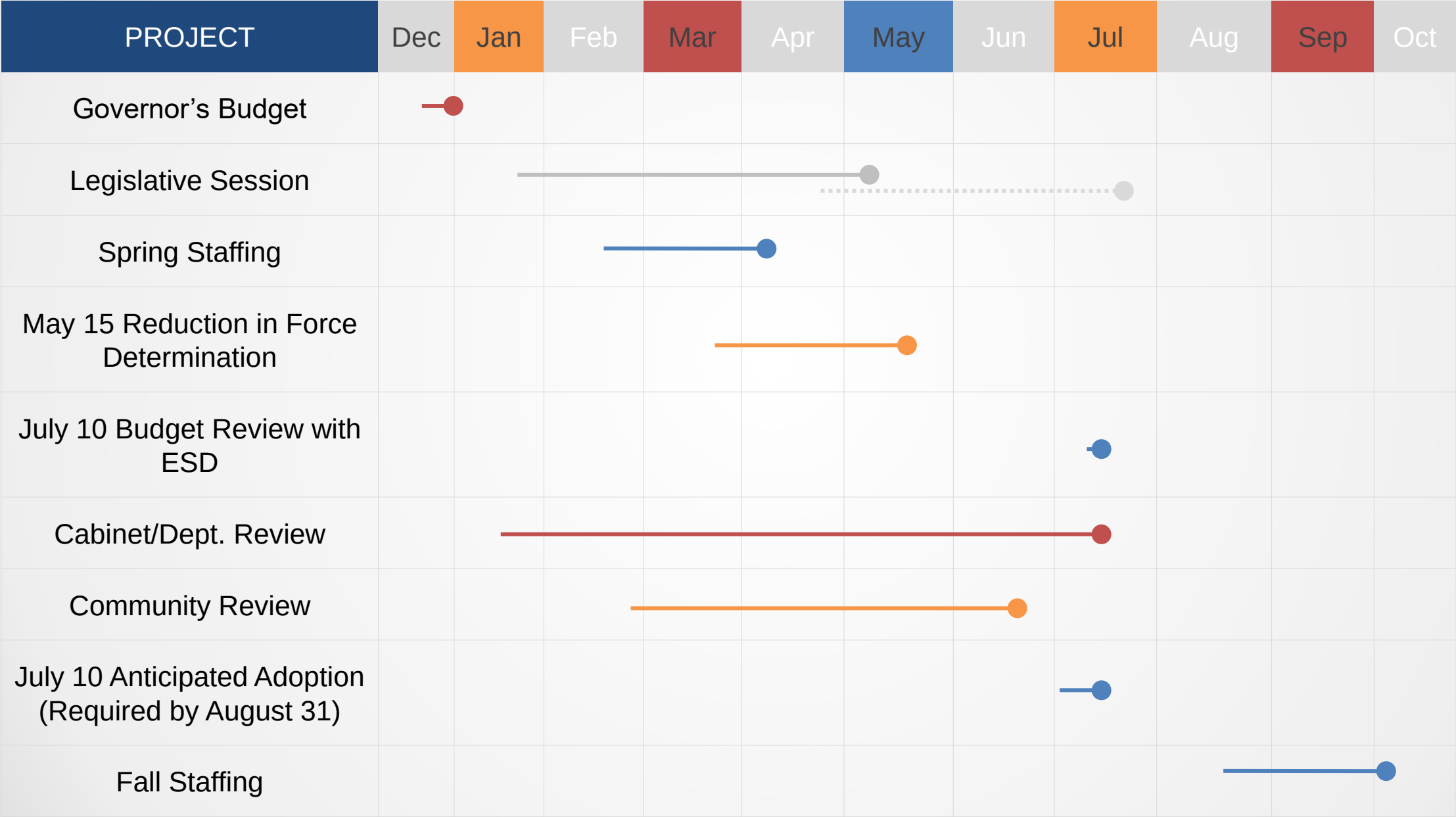
Budget Process

2025-27 Legislative Session	
2025-26 • Full Cycle	2026-27 • Review and Adjust Year

Budgeting by Priorities Annual Process



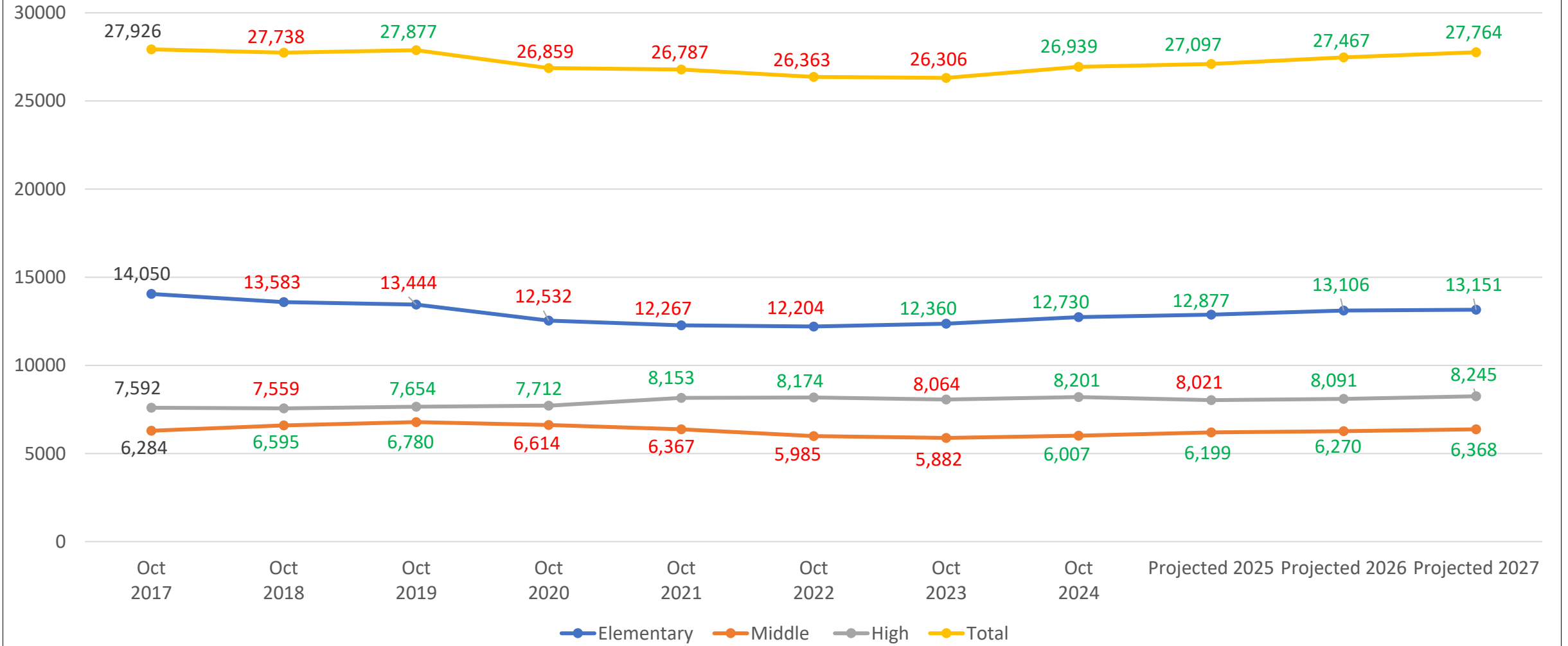
General Budget Timeline and Highlights for a July Adoption



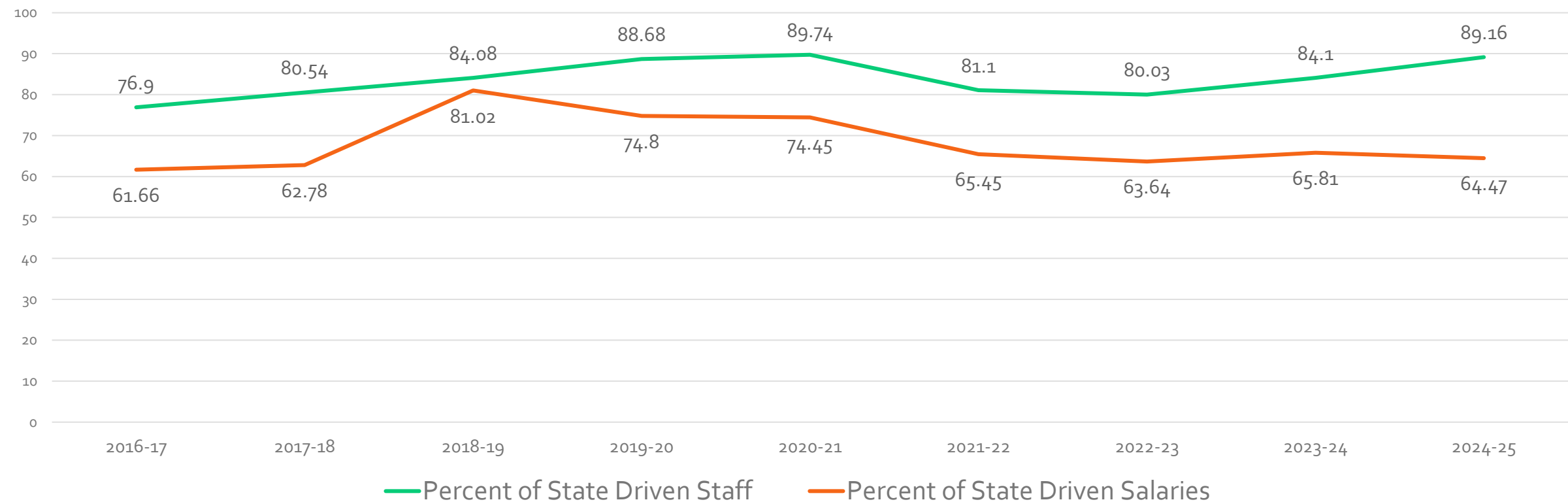
WHAT DRIVES FUNDING ISSUES FOR SCHOOLS

- Enrollment fluctuations
- Inflation and escalated costs continue
 - CPI and inflation have flattened but shifts in Federal administration may be disruptive.
 - Benefits are more costly
 - Competitive market driven salary requirements drive higher wages
 - Lack of adequate funding from the state

Enrollment Trending

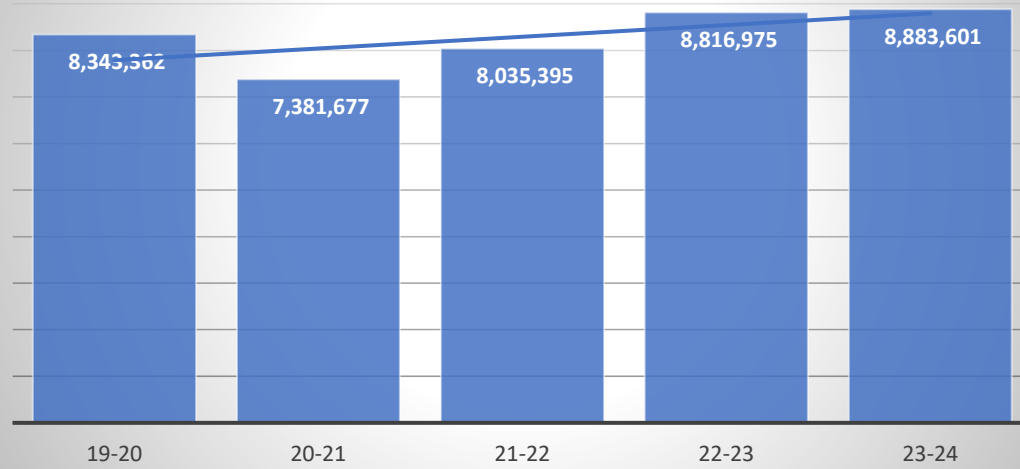


Percent of State Driven Staff and Salaries Compared to Total BE and LEVY Funded Staff

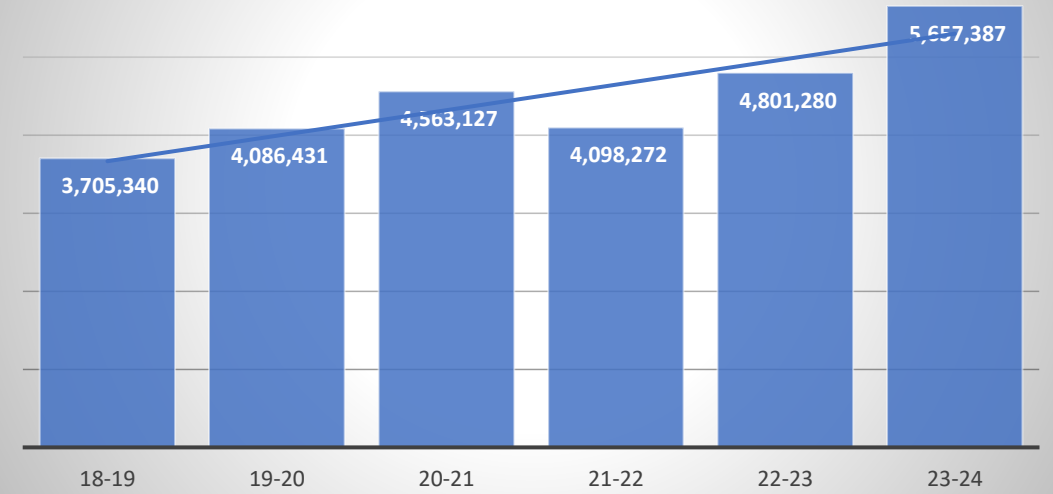


FUNDING GAP FROM THE STATE

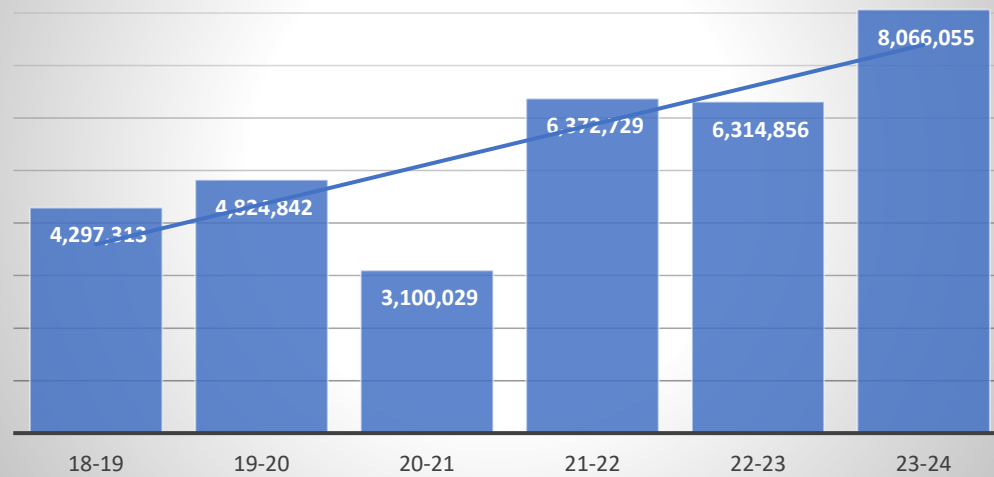
Utilities Cost Comparison



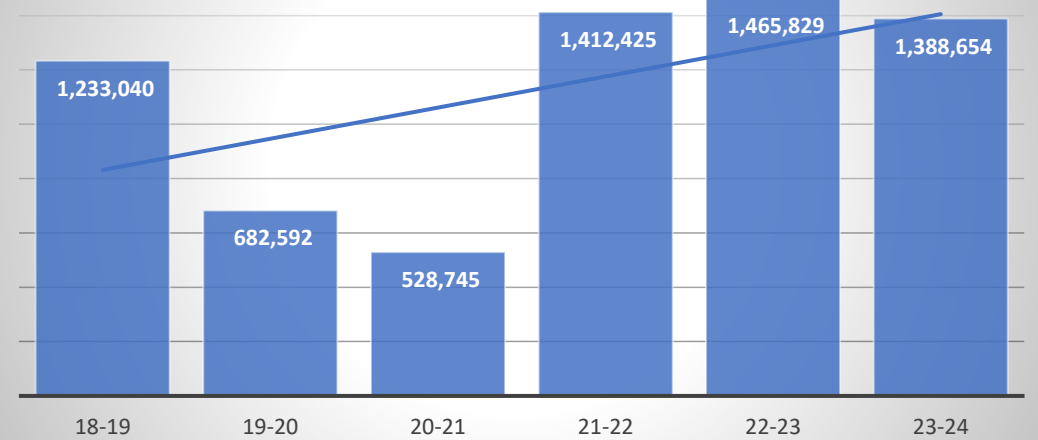
Insurance Cost Comparison



Food Cost Comparison



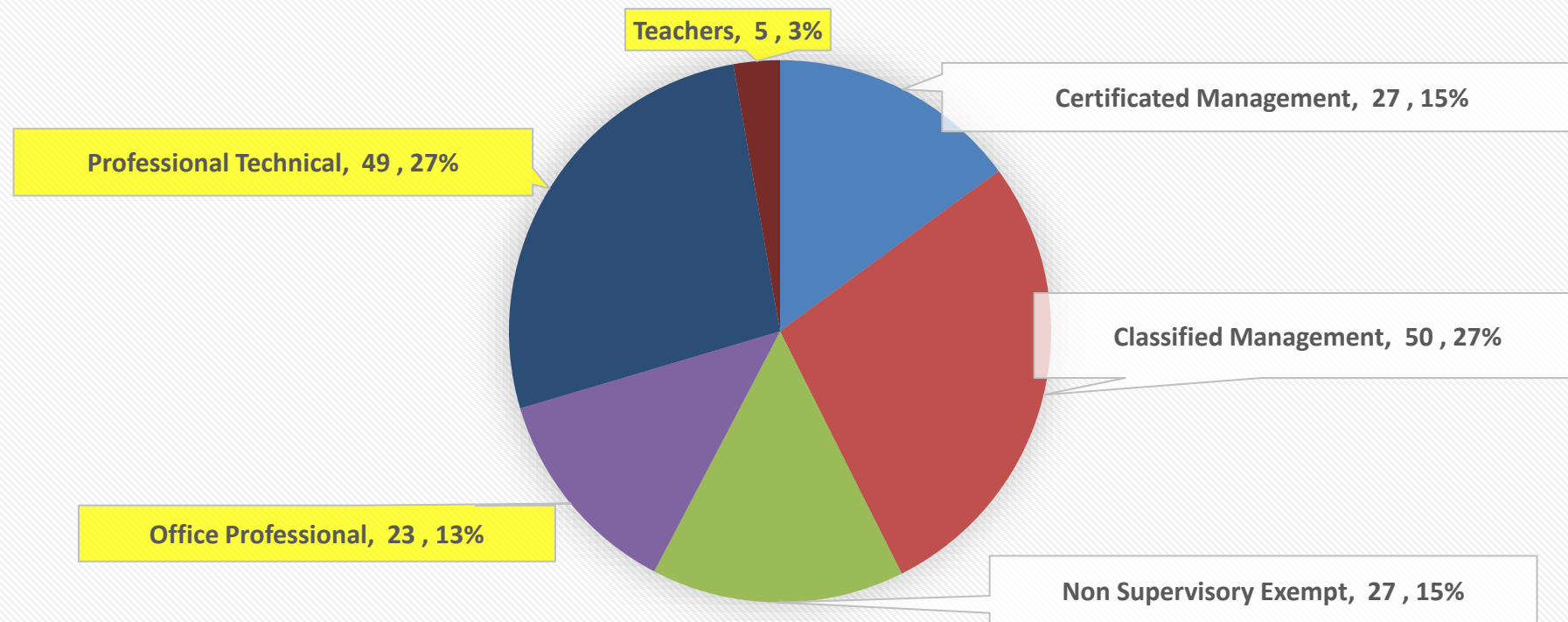
Motor Vehicle Fuel Cost Comparison



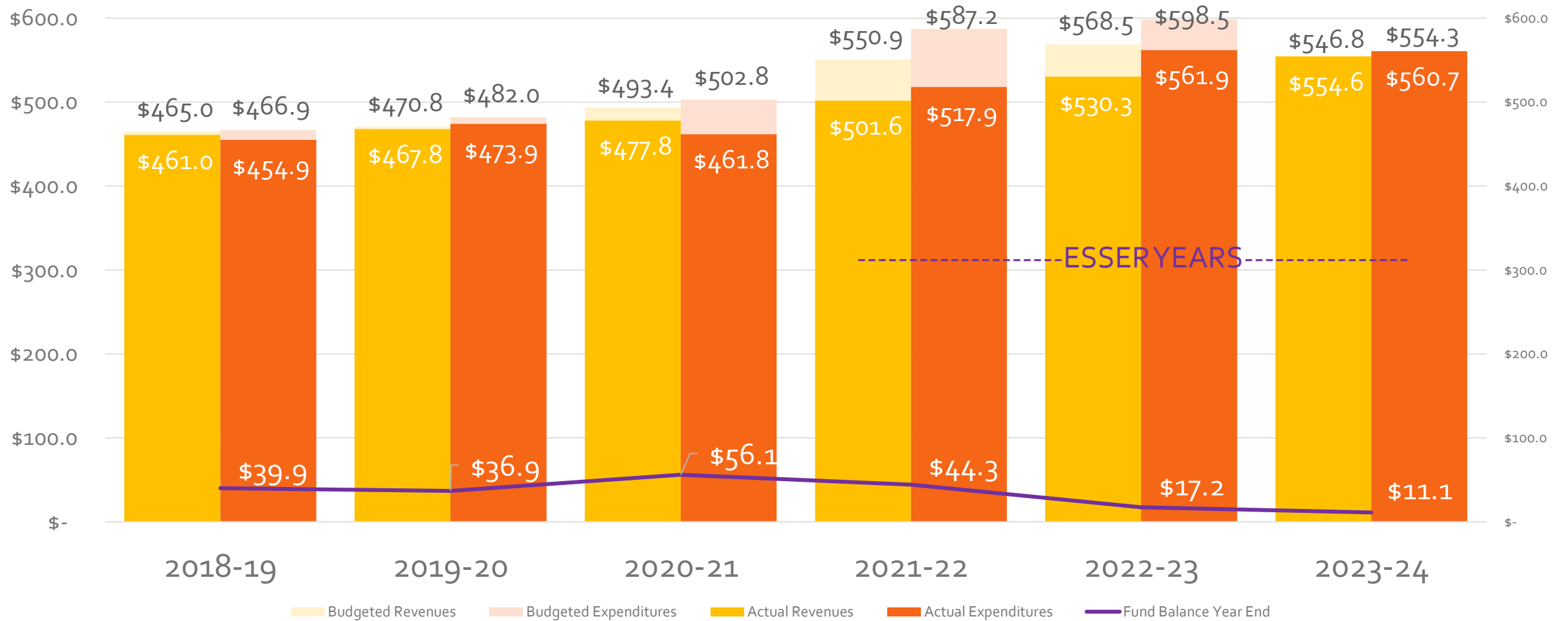
ADMINISTRATIVE GROUP EXEMPT – 57% REPRESENTED 43%

2024-25 Administrative Group

(All Central Administration and All Exempt Staff)



■ Certificated Management ■ Classified Management ■ Non Supervisory Exempt ■ Office Professional ■ Professional Technical ■ Teachers



HISTORICAL FINANCES

2023-24 YEAR END UPDATE GENERAL FUND

- Revenues –100.5% of budget
- Expenditures –101.2% of budget
- Fund Balance Reserves –2%
- Required Reserves – 5% or \$27,445,588
- Reserve Variance –3% or \$16,306,400

	2023-24 Budget	2023-24 Year End Actuals	Variance
Beginning Fund Balance	\$29,298,928	\$ 17,243,053	\$ (12,055,875)
Plus Revenues	\$552,327,748	\$555,093,933	\$ 2,766,185
Less Expenditures ^	\$554,285,289	\$561,197,798	\$ (6,912,509)
Equals Ending Fund Balance	\$27,341,387	\$11,139,188	\$ (16,202,199)
Fund Balance Reserve Target		\$27,445,588	
Fund Balance Reserve % *	5.0%	2.0%	

*Fund Balance Reserve percent calculated from Ending Fund Balance vs. adjusted Revenues (Revenues minus Other Financing Sources).

^Budget Extension was completed to bring total expenditure authority to \$561,720,648 in July 2024.

YEAR END PROJECTION HISTORY 2023-24

