



Rightsizing Spending. Strengthening Systems. Uplifting Students.

2025-26 Budget Presented to Board for Approval August 21, 2025



AGENDA

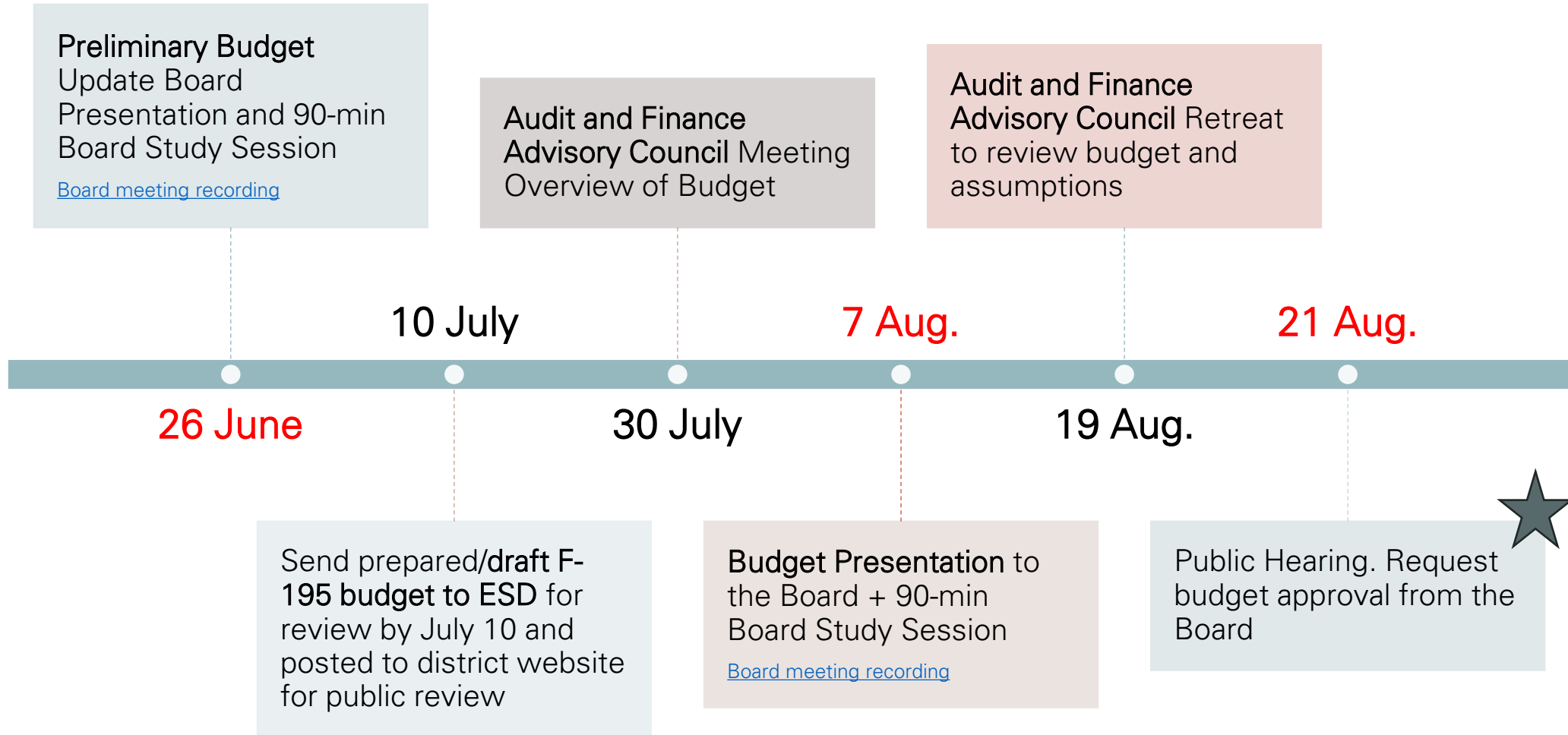
- Budget Overview & Timeline
- Presentation of the 2025-26 Budget
- Other Key Points
- Questions & Comments
- Resolutions

A Review of Our Financial Situation in BSD

- We are ending 2024-25 with a **negative fund balance** due to numerous factors that include insufficient state funding, cost inflation exceeding revenue increases, increased student needs post pandemic, inadequate internal budget/spending assumptions and controls
- Our board passed a resolution in June 2025 requesting to be placed in **binding conditions** with OSPI which comes with a jointly developed plan to restore the fund balance, support, guidance, increased data sharing, **PLUS** the ability to take interfund loans without interest and use funds from a one-time sale of property to rebuild the fund balance
- We corrected critical **internal processes** including analyzing accurately projecting budget assumptions line-by-line **PLUS** adding contingencies
- Our Board approved **selling property** for \$30 million (closing by spring 2027) which will help accelerate the restoring of our fund balance (a result of SB 5412)
- We have **increased levy authority** as a result of HB 2049 starting in 2026 assuming voters approve the levy in February which helps (but doesn't solve) the structural funding issues from the state
- Our budgets over the next four years must ensure **expenditures not exceed revenues**, which is particularly true while our fund balance is below 5% of our budget



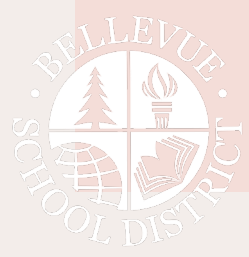
Budget Timeline





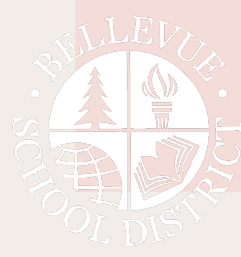
Presentation of the 2025-26 Budget for Board Approval

Loren Tillman, Interim Chief Financial Officer



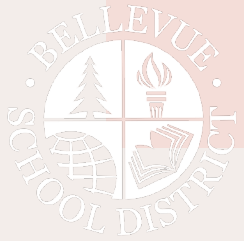
Budget Adoption Requirements

- The Form F-195 is the official school district annual budget document
- A 4-year budget summary plan with 4-year enrollment projections is included (Form F-195F)
- The expenditure estimates (appropriations) for the budgeted fiscal year 2025-26 represent the school district's plan to use available resources and include the appropriations adopted by the school district
- The budget resolution shall be adopted by majority vote of the School Board members no later than August 31st



2025-26 Budget Summary

	General Fund	Capital Projects Fund	Debt Service Fund	ASB Fund	Transportation Vehicle Fund
Beginning Fund Balance	(\$5,000,000)	\$88,954,149	\$45,395,815	\$2,143,571	\$6,021,059
Revenues	\$435,251,999	\$161,818,158	\$89,572,881	\$6,875,424	\$2,387,447
Expenditures	\$433,251,999	\$128,767,282	\$88,878,613	\$6,834,960	\$1,500,000
Other Financing Uses - Transfers Out	\$0	\$31,544,069	\$0	\$0	\$0
Revenues Over/(Under) Expenditures	\$2,000,000	\$1,506,807	\$694,268	\$40,464	\$887,447
Ending Fund Balance	(\$2,999,999)	\$90,460,956	\$46,090,083	\$2,184,035	\$6,908,506



Budgeting Risks

Special Education needs and expenditures continue to exceed budgeted expenditures

Actual **fall enrollment** lower than budgeted enrollment

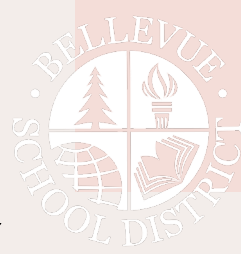
Significant **variations in enrollment** at the school level resulting in overstaffing

Adding **new staff positions** that are not built into budgeted expenditures

Commit **additional expenditures** (Staff or MSOCs) without reductions to other expenditures to stay within budget authority

Transportation ridership lower than ridership budgeted to estimate revenues

Fund balance continues to decrease due to the above



4-Year Forecast *WITH* Assumptions Status Quo

Note: This forecast is a starting point and highlights the structural funding challenges in public education if current enrollment, revenue, and spending trends remain status quo. Additional reductions will be necessary in future years to sustain financial stability (keep expenditures within revenue) and meet our binding conditions with OSPI.

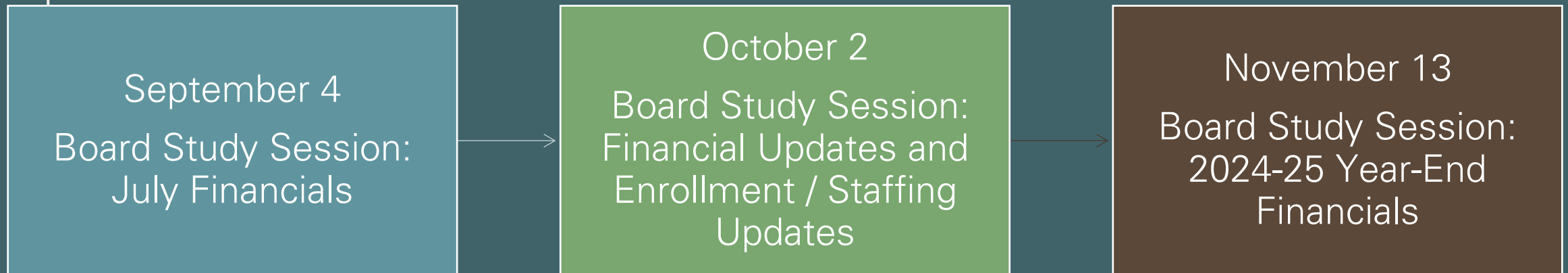
	2025-26	2026-27	2027-28	2028-29
K-12 Enrollment	19,669	19,564	19,564	19,655
\$ Millions				
Est Beg Fund Balance	\$ (5.00)	\$ (3.00)	\$ 0.20	\$ 1.10
Revenues	\$ 435.20	\$ 452.80	\$ 467.20	\$ 478.60
Expenditures	\$ 433.20	\$ 449.60	\$ 466.30	\$ 480.10
Revenues - Expenditures	\$ 2.00	\$ 3.20	\$ 0.90	\$ (1.50)
Est End Fund Balance	\$ (3.00)	\$ 0.20	\$ 1.10	\$ (0.40)
Binding Conditions Fund Balance	\$ (3.00)	\$ 1.00	N/A	N/A

Assumptions

- Rolled enrollment +200 new students each year
- Staffing levels consistent all 4 years
- State funding increased by IPD (2.5%, 2.6%, 2.9%, 2.1%)
- Levy funding impact HB 2049
- Future levy election approved by voters
- Expenses including compensation and MSOC increased by IPD
- Federal grants flat
- Additional Special Ed expenses added each year of \$3 mill (above IPD for compensation & MSOCs)
- Larger than state IPD increase for utilities and insurance expenses
- Does not include any future potential property sales (Somerset surplus property) possibly in 2026-27

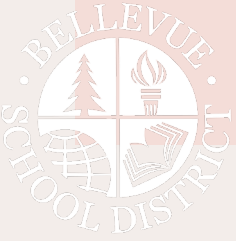
Source: Form F-195F (page 2-4)

Financial Next Steps





Other Key Points



Improved Internal Processes & Transparency

Internal Processes

- Strategic staffing changes
- Position controls
- Spending controls (budget analysts and owners)
- Enrollment and staffing coordination
- Special education and safety net
- Overhaul of budget assumptions

Transparency & Communication

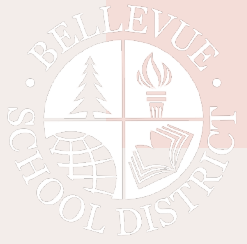
- Internal communication channels (vertical/horizontal)
- Monthly financial study sessions (two-way conversation)
- Enhanced monthly reports
- New visuals and reports developed for (1) revenue/expenditures, (2) cash flow, (3) ending fund balance
- Website access
- Audit and Finance Advisory Council

Key Readjusted Budgeted Assumptions



Expense Category	2023-24 Budgeted	Actual Spend 2023-24	2024-25 Budgeted (a)	2024-25 Projected Spend (b)	2025-26 Budgeted (c)	2025-26 Budget to 2024-25 Proj (c-b)	2025-26 Budget to 2024-25 Budget (c-a)
Cert Subs w/ bens	\$0.3 M	\$5.8 M	\$3.2 M	\$5.5 M	\$5.5 M	\$0	+\$2.3 M
Class Coverage	\$0	\$0.44 M	\$0	\$0.43 M	\$0.47 M	+\$0.04 M	+\$0.47 M
Remedy w/ bens	\$1.6 M	\$2.0 M	\$1.8 M	\$3.1 M	\$3.4 M	+\$0.3 M	+\$1.6 M
State Special Ed	\$66.0 M	\$70.0 M	\$72.0 M*	\$73.7 M	\$82.9M	+\$9.2 M	+\$10.9 M*
Utilities	\$4.5 M	\$6.4 M	\$5.0 M	\$6.4 M	\$6.5 M	+\$0.1 M	+\$1.5 M
Running Start	\$3.4 M	\$4.9 M	\$3.7 M	\$5.2 M	\$5.4 M	+\$0.2 M	+\$1.7 M
Total of Sample	\$75.8 M	\$89.5 M	\$85.7 M	\$94.3 M	\$104.17 M	+\$9.84 M	+\$18.47 M

*Early September 2024, Special Ed budget was revised to \$72 M (\$6 M more than Original Budget of \$66 M). Budget to Budget based on \$72 M.



Budgeting Opportunities

Continue to find efficiencies in **Special Education** services and **Safety Net** processes. Thanks to process improvements and teamwork across special education, finance, and school, our safety net collection for 2024-26 increased to \$10.5 million compared to \$6.5 million the previous year.

Resident and non-resident elementary enrollment is increasing particularly due to **innovative programs**: Parent Partnership Program and language programs (Japanese in fall 2025, Korean in fall 2024, and Arabic in fall 2023)

Increase in **secondary enrollment** due to nationally recognized high schools. US News and World Reports just released their latest high school rankings which include 4 BSD high schools in the top 10 in the state (International, Newport, Interlake, Bellevue).

Legislative advocacy – Bellevue continues to lead in the area of legislative advocacy. This has resulted in gains in the 2025 legislative session and will impact future legislative outcomes.

Advocacy for Ample and Equitable Funding for Public Education



Dr. Aramaki will be serving on the HB 2049 Ample and Equitable Funding Taskforce for OSPI



Dr. Aramaki continues to co-convene the UW Superintendents Unified in Partnership for Equitable Schools (SUPES) to support the development of cross-district solutions (supported by the Bellevue Schools Foundation)



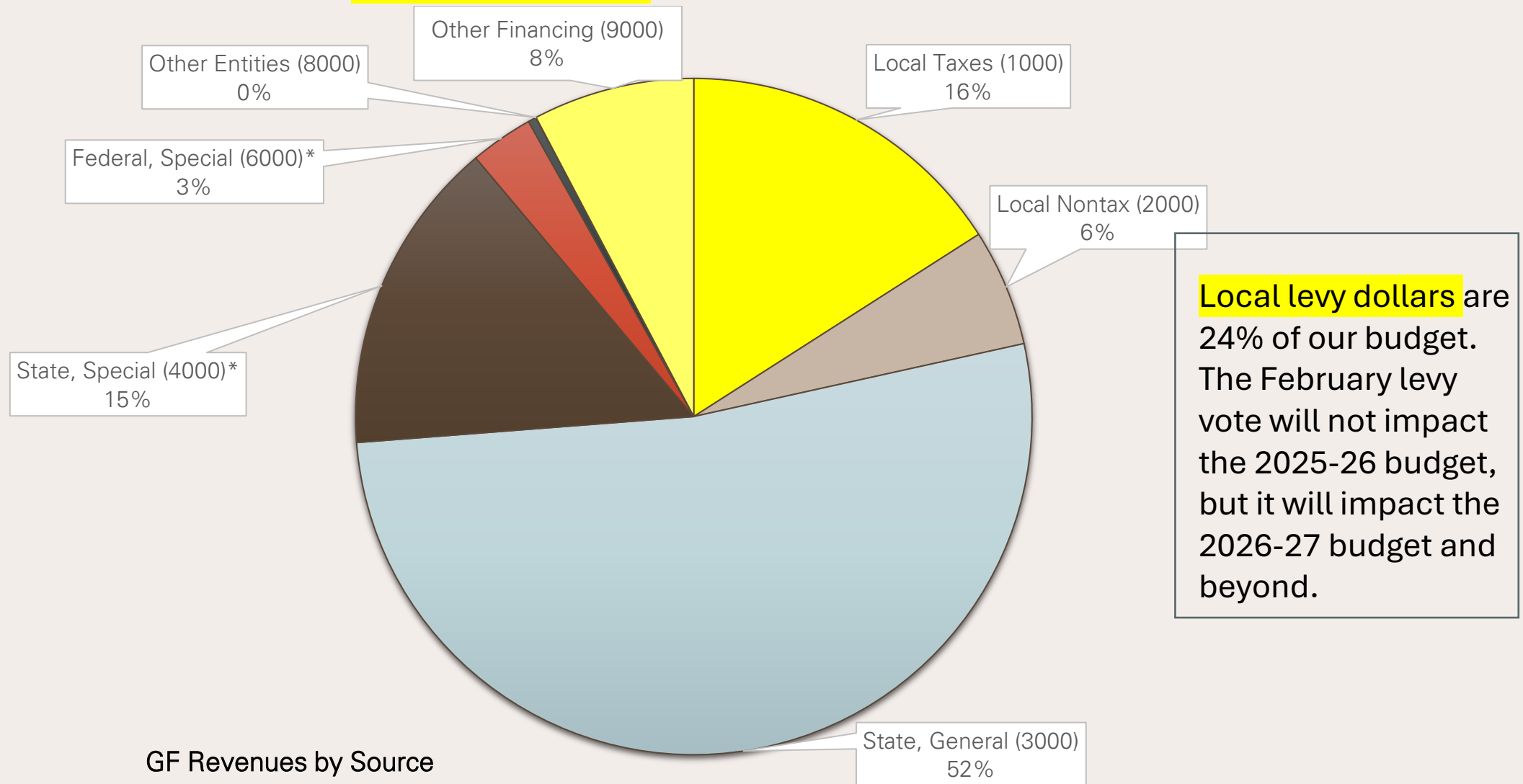
PTSA, BEA, and our School Board are continuing their leadership in advocating for public education funding

Building Contingencies in the Budget

- \$350,000 Staffing
- \$500,000 Interest
- \$1.2 Million Liabilities, Licenses & Utilities overages
- \$2.4 Million Special Ed NPAs/Paras

- Total \$4.45 Million Contingency expenses (if needed)

Impact of the Local Levy on Our Budget



Local levy dollars are 24% of our budget. The February levy vote will not impact the 2025-26 budget, but it will impact the 2026-27 budget and beyond.

GF Revenues by Source
F-195: GF2, GF4

*Restricted Program = funds received can only be spent for specific expenditure programs



Saving District Resources (and the Planet)

*Jack McLeod, Cyndi King and the Designing
of Puesta del Sol*

- **Geothermal Heating and Cooling:** There are 85 wells, 300 feet deep under the turf field that circulate water to the building to draw heat from the ground water in the winter and cool the building in the summer
- 781 roof mounted **solar panels**
- 125 KWh **battery storage systems** that stores excess electricity reducing the early morning electricity demand at morning start up
- Instantaneous, **on-demand water heaters** located throughout the building
- There are **photovoltaic sensors** that turn down lighting when natural sunlight is sufficient
- First Net Zero School Building in Washington State

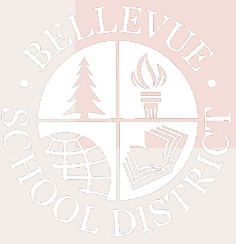
The Positive Impact of Community Support



- **Bellevue Lifespring** donated \$45,000 to cover unpaid lunch debt
- **Bellevue Schools Foundation** donated \$1.15M to support mental health, STEM, teacher professional development, and more INCLUDING a recent announcement of an additional MHAT counselor (total of 6) to support elementary school mental health needs
- **Bellevue Council PTSA** is working with the Welcome Center to increase parent and community volunteerism.
- **School PTSAs** are working with schools to enhance funding for enrichment and supports.

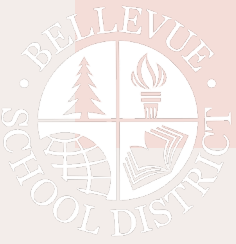


Questions & Comments



Resolution 2025-10: Budget Adoption Resolution of Each Fund's Appropriations (estimated budget expenditures)

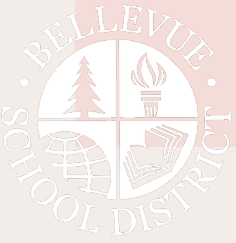
WAC 392-123-054 requires every board of directors for every school district meet for the purpose of adopting a budget for the upcoming fiscal year. When voting on the budget, the Board of Directors is setting the maximum amount the district can spend, in each fund, in the upcoming fiscal year.



Resolution 2025-11: Capital Projects Fund resources transfer to the General Fund for technology system related purchases out of the General Fund

For fiscal year 2025-26, the district has estimated these costs to be approximately \$31,544,069

RCW 29A.320.330(2)(f) allows school districts to transfer funds from the Capital Projects Fund to the General Fund to reimburse the general fund for expenditures associated with the cost of software applications and the modernization of technology systems for online applications, subscription costs, software licenses including upgrades and incidental services as well as training associated with these projects and services. In addition, the district may transfer funds to support technology utilized by students and teachers in classrooms as well as instructional technology systems and other allowable expenses.



Resolution 2025-12: Capital Projects Fund interest transfer to the General Fund

This resolution is asking the Board of Directors to approve the planned transfer of approximately \$1.3 million in interest earnings to be posted to the Capital Projects Fund during the 2025-26 fiscal year to the General Fund for the purchase of instructional materials and supplies.

RCW 28A.320.320 allows any school district to transfer interest earnings to a different fund than the fund in which the interest was earned if the funds are to be expended for instructional supplies, equipment, or capital outlay purposes.



Appendix: Aug. 7, 2025 Board Presentation on the Budget

The following slides presented at the August 7, 2025 board meeting provide more detail on the basics of public education funding, our 2025-26 budget proposal, enrollment trends, and more.



Rightsizing Spending. Strengthening Systems. Uplifting Students.

2025-26 Budget Presentation | August 7, 2025



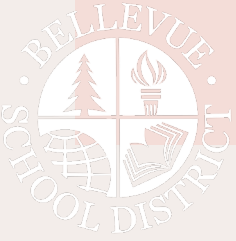
AGENDA

- Overview of Improvements to Internal Processes
- Introduction of the 2025-26 Budget (revenues, expenditures, 4-year forecast) to be voted on at next board meeting
- Board Discussion
- Study Session: Enrollment, special education, budget assumptions



Top 10 Things to Listen For

1. Improvements to internal processes
2. School Funding Basics – 5 separate buckets of funding
3. Legislative impacts on the budget
4. Enrollment updates
5. Staffing reductions as a result of 2025 Spending Reduction Plan
6. Decreased spending on central office and school administration
7. Spending controls and improvements to special education budgeting
8. Risks to this year's budget
9. Impact of pending property sale on the budget
10. Impact of the upcoming levy vote in February on the budget



Improved Internal Processes & Transparency

Internal Processes

- Strategic staffing changes
- Position controls
- Spending controls (budget analysts and owners)
- Enrollment and staffing coordination
- Special education and safety net
- Overhaul of budget assumptions

Transparency & Communication

- Internal communication channels (vertical/horizontal)
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2025 – 2026 Budget Presentation

August 7, 2025 | Meagan Hayden, Director of Budget

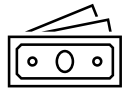


Topics Covered

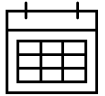
- Budget Overview & Timeline
- School Funding Basics
- Revenue Sources & Legislative Impacts
- Budget
 - Revenues
 - Expenditures
 - Risks
 - 4-Year Outlook
- Next Steps



Budget Overview



Budget is a **spending plan** for district goals and objectives.



The budget should include a **four-year budget plan**.



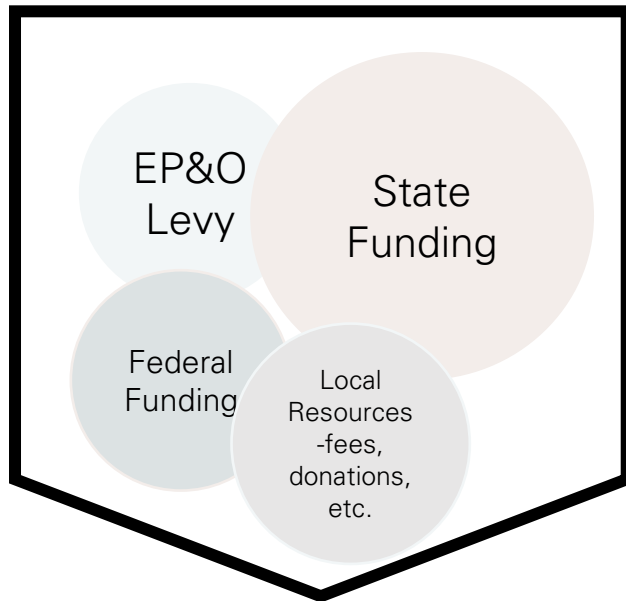
The budget must **balance**. Estimated expenditures can be greater than estimated revenues, if fund balance is used to balance the budget.



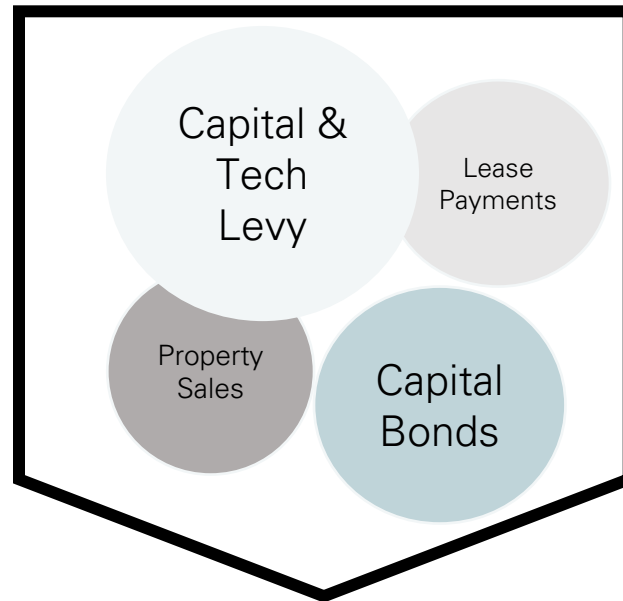
If unable to present a balanced budget, OSPI will place **binding conditions** on the district, designed to improve the district's financial condition (RCW 28A.505.110).



School Funding Basics: 5 Funds



1) General Fund
*Day-to-day
Operations*

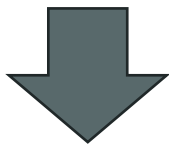
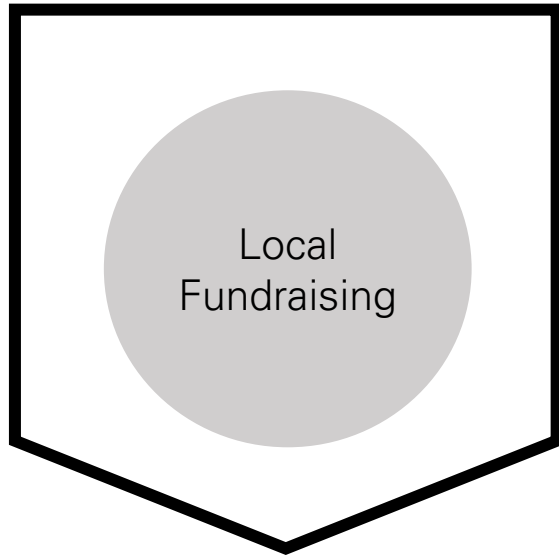


2) Capital Projects Fund
*Technology & Building
Maintenance/Improvements/
Additions/New Buildings*

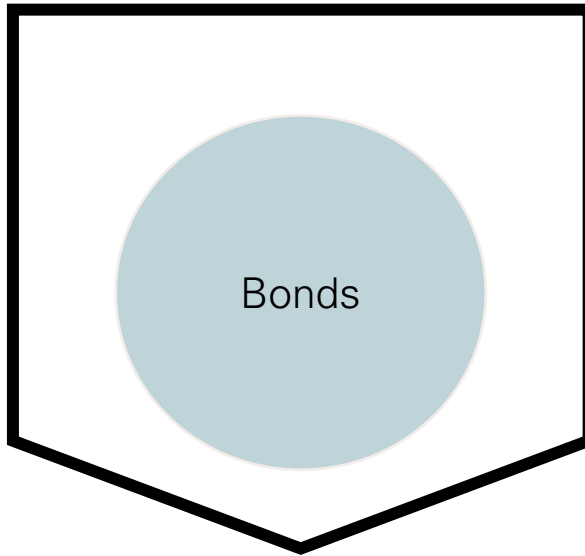
- There are **five** school funds. The funds are **independent by law**.
- The **General Fund** is the largest fund. It pays for all staff compensation as well as school and department operations (transportation, tech, maintenance, nutrition services, central admin, and day-to-day costs).
- **Bellevue Schools Foundation and PTSAs** raise critical money to support schools.
- **Local levies** play a crucial role in supporting schools.



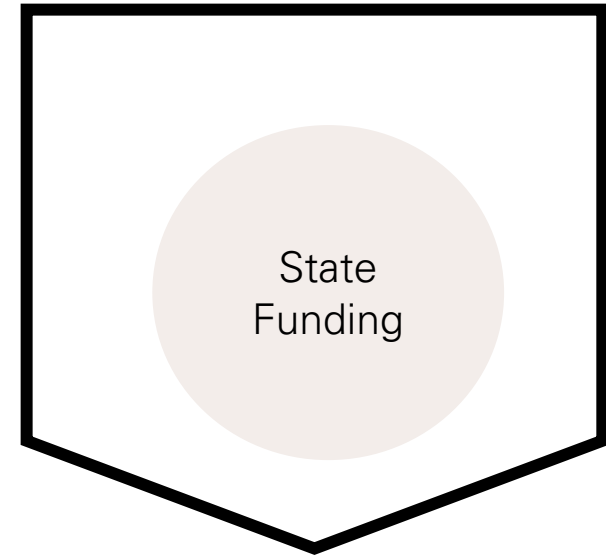
School Funding Basics: 5 Funds Continued



3) Associated Student Body (ASB) Fund
Student Extracurricular activities

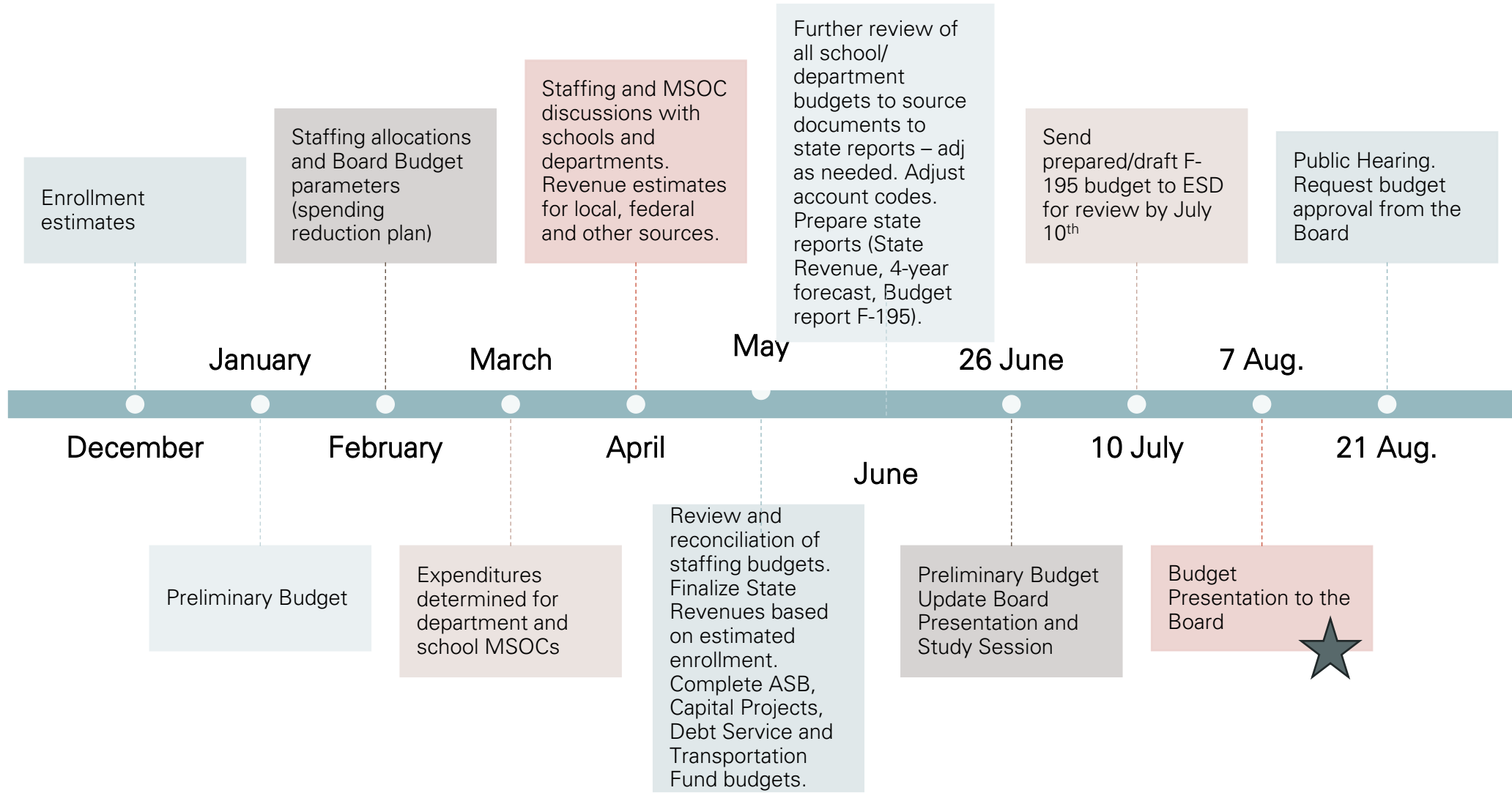


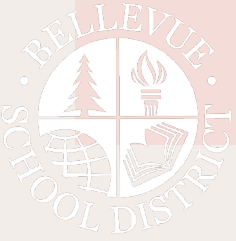
4) Debt Service Fund
Long-term debt. Bond principal and interest payments



5) Transportation Vehicle Fund
Purchase of school buses and major equipment

Budget Preparation Timeline





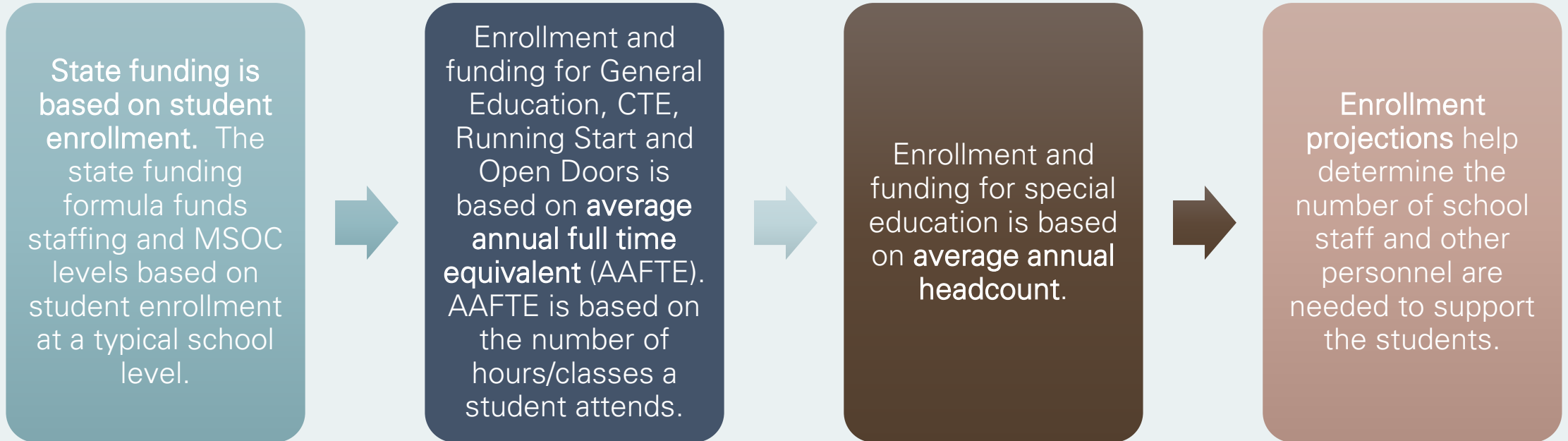
Legislative Impacts on Revenue

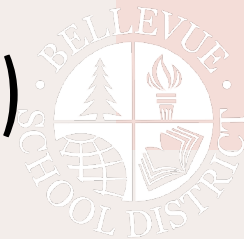
2025-26 Legislative Impacts (In Millions \$)	
Special Education SB 5263	1.30
<u>Transportation Safety Net</u>	<u>-0.85</u>
Total State Funding Legislative Impacts	0.45
Levy HB 2049 (Property Tax)	5.2
Total	\$ 5.65

Legislative impacts beyond the 2.5% IPD

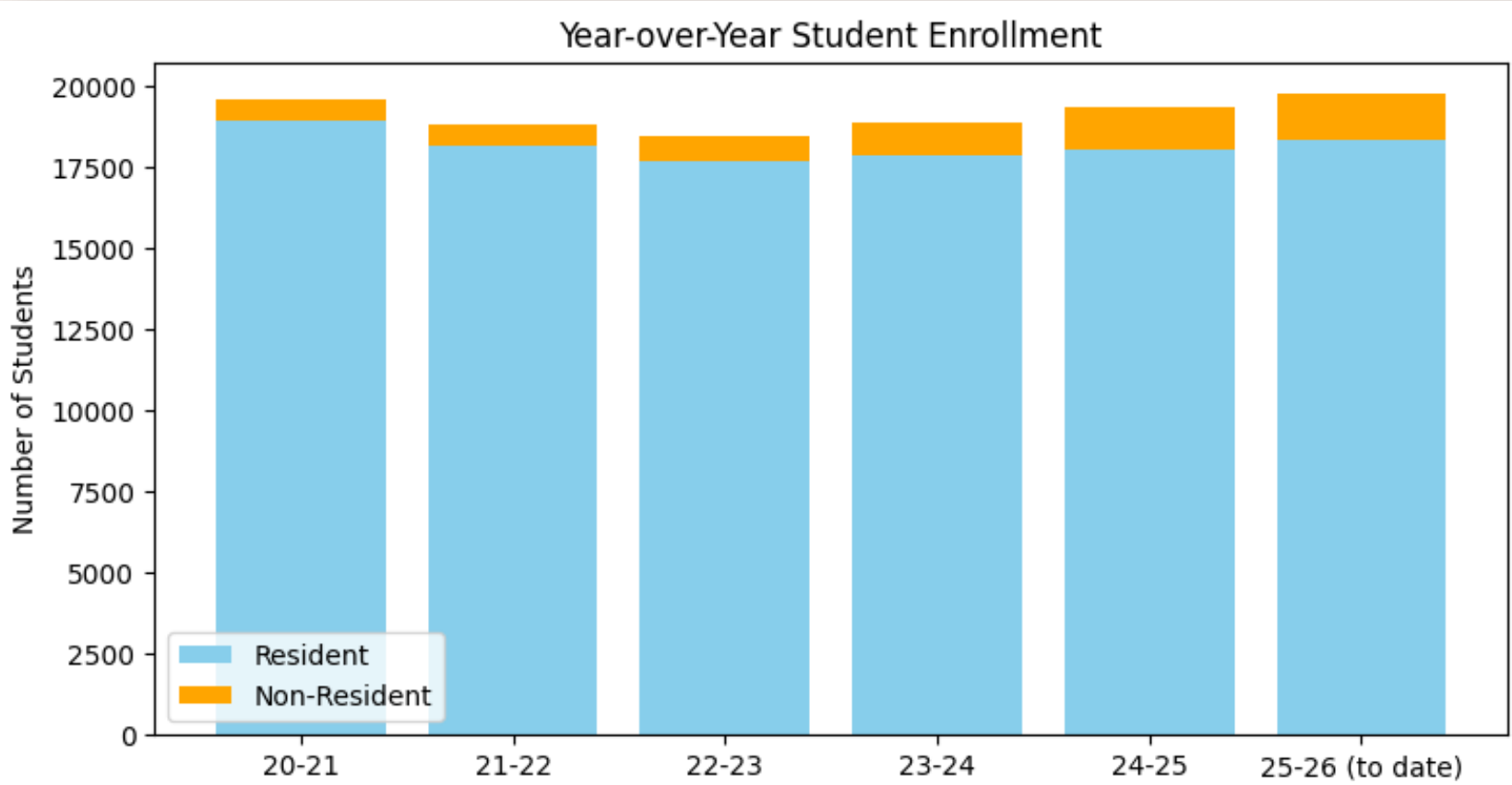


Enrollment Drives Budget & Staffing





6 Year Enrollment Trend (Resident and Non-resident)



- Enrollment is rebounding and is expected to exceed 2020 enrollment this year
- Resident enrollment has increased gradually since 2022-23
- Non-resident enrollment has more than doubled since 2020





2025-26 District Enrollment (FTE) Projections

Program	2024-25 Budgeted Enrollment (FTE)	Current FTE as of June 1 [*]	2025-26 Demographer FTE	2025-26 Budget Enrollment (FTE)**	June 1 FTE vs 2025-26 Budget FTE
K-12 (FTE)	18,550.00	18,678.90	19,133.00	18,798.00	119.10
ALE (FTE)	206.00	324.83	203.00	307.00	-17.83
Total K-12 (FTE)	18,756	19,004	19,336	19,105	101

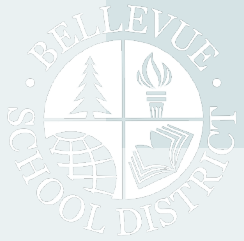
*Student FTE as of date, June 1st enrollment, not the annual avg FTE.

**K-12 Schools were staffed at 2025-26 Budget Enrollment FTE. State budgeted revenues were projected with the 2025-26 Budget Enrollment FTE as well.

Budget and funding is based on Student Enrollment FTE. Not Headcount enrollment.

2025-26 Enrollment Projections

Program	2024-25 Budgeted Enrollment (a)	Current Avg Annual Enrollment (June) (b)	2025-26 Budgeted Enrollment (c)	2025-26 Budget to 2024-25 Current (c-b)
K-12 (FTE)	18,550.00	18,720.92	18,798.00	77.08
Running Start (FTE)	546.12	559.66	559	-0.66
Open Doors (FTE)	23.8	24.3	35	10.70
ALE (FTE)	206	266.32	307	40.68
Total K-12 (FTE)	19,325.92	19,571.20	19,699.00	127.80
Special Education (Headcount)	2,273.00	2,287.00	2,360.00	73.00
TBIP (Headcount)	4,229.62	5,051.00	5,100.00	49.00



Right-sizing Staffing in the 2025-26 Budget

Staff FTE Classification	2024-25 Budgeted Staff (a)	Current Actual Staff (January) (b)	Difference (a-b) (Negative = overbudget)	2025-26 Budgeted Staff (c) *	2025-26 Budget to Actual (c-b) Negative = reduction	2025-26 Budget to 2024-25 Budget (c-a) Negative = reduction
Certificated (FTE)	1,487.90	1,501.57	-13.67	1,394.86	-108.72	-95.05
Classified (FTE)	841.36	859.57	-18.21	854.96	-3.75	14.46
Total Staff FTE	2,329.26	2,361.14	-31.88	2,248.67	-112.47	-80.59

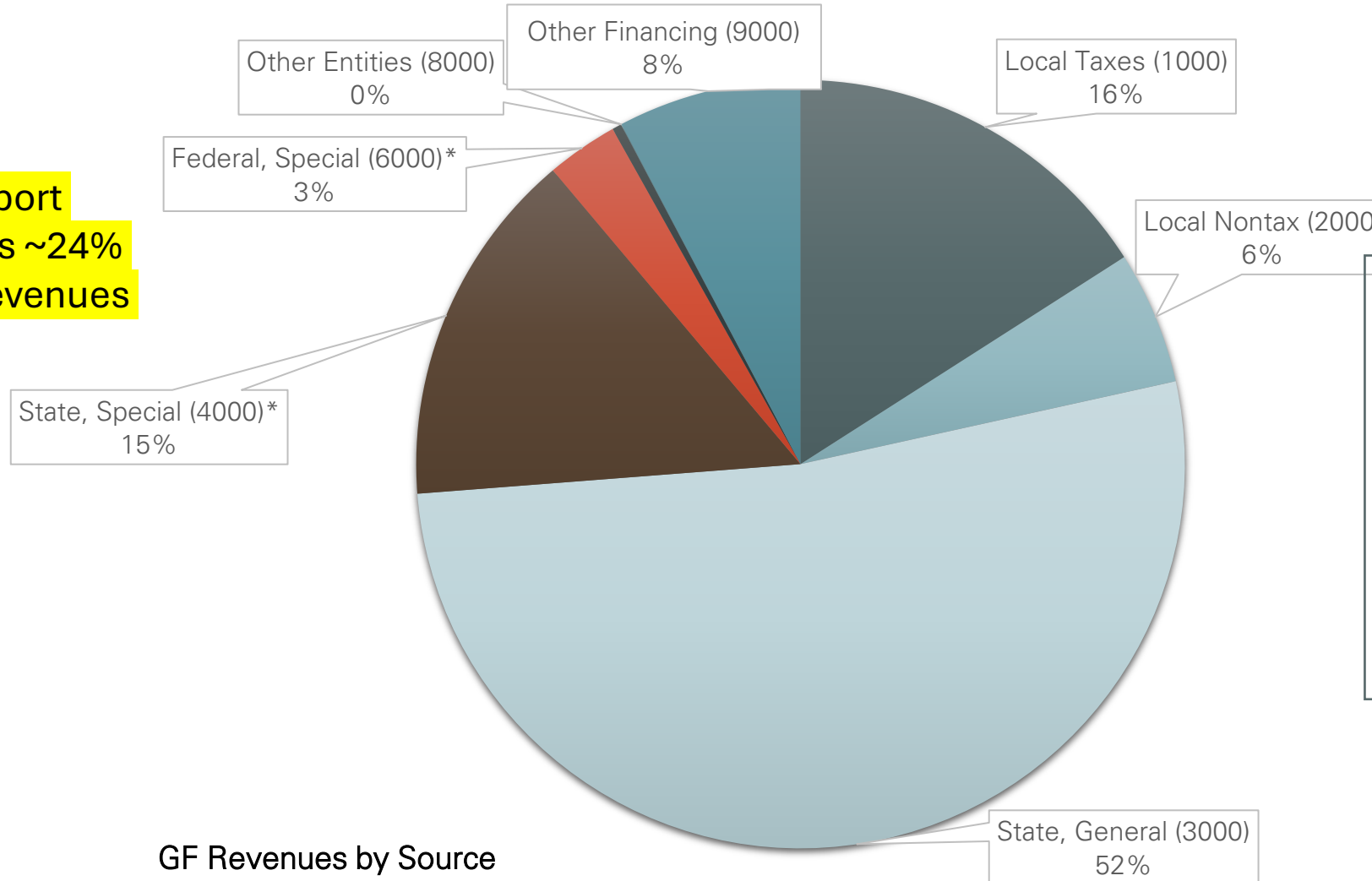
- *Base hourly FTE was calculated differently for classified staff for 2025-26 compared to 2024-25: Transportation and AISP
- Focused staffing on FTE Enrollment, not Headcount Enrollment
- -4.7% FTE reduction in total staff FTE compared to January staff FTE



Budgeting REVENUES for the General Fund

Budgeting General Fund (GF) Revenues

Levy support revenue is ~24% of total revenues sources



- 4 Primary Sources:
- State 67%
 - Local Taxes – **Levy EP&O 16%**
 - Other Financing – **Capital Tech Levy Transfer 8%**
 - Federal 3%

GF Revenues by Source
F-195: GF2, GF4

*Restricted Program = funds received can only be spent for specific expenditure programs

Budgeting Revenues

F-195: GF2, GF4

Revenue Source	2024-25 Budget	2024-25 Projection/Extension	2025-26 Budget	Source and Revenue Assumptions
Local Taxes (1000)	\$60,567,230	\$60,567,230	\$69,124,289 (16%)	Levy. Utilized District AV rates, levy authority, HB 2049 and OSPI tools.
Local Nontax (2000)	\$24,193,134	\$21,755,360	\$23,993,911 (6%)	Local funding: PTSA, BSF, classroom fees, participation fees, lunch receipts, preschool. Reviewed actual revenues received over 2 years as well as department input on any future changes.
State, General (3000)	\$214,864,707	\$219,662,001	\$224,624,310 (52%)	General apportionment: Basic Ed, ALE, *CTE, *Running Start, *Open Doors. Budgeted enrollment projections and state revenue reporting F-203 – State IPD, Benefits and MSOC increases. Estimated K-3 at 18, not 17
State, Special (4000)*	\$76,63,342	\$63,047,149	\$69,106,653 (16%)	Categorical Programs*: Special Ed, Safety Net, LAP, TBIP, Food Service, Transportation etc. Budgeted enrollment projections and state revenue reporting F-203. HB 5263, IPD, Benefit, MSOC and enrollment.
Federal, General (5000)	\$6,000	\$6,000	\$6,000 (0%)	Federal Forest. No change.
Federal, Special (6000)*	\$13,569,238	\$13,469,238	\$13,196,822 (3%)	Title, IDEA, USDA Food, E-rate. Estimated with 2024-25 allocations. No increase. Restricted Programs*
Other School Dist (7000)	\$1,370,000	\$1,370,000	\$1,670,000 (0%)	Funding received for WANIC Skills. Student counts, current year funding with legislative IPD impacts.
Other Entities (8000)	\$99,500	\$99,500	\$85,944 (0%)	Preschool. Projected enrollment and current year funding.
Other Financing (9000)	\$35,957,469	\$38,329,000	\$33,444,069 (8%)	CPF Transfer and GASB YE adj for long-term financing. Estimated tech related 2025-26 bud expenditures used to project CPF transfers.
Total Revenues	\$427,266,620	\$418,305,478	\$435,251,999	<i>*Restricted Program (funds received can only be spent for specific expenditure programs)</i>



Budgeting Revenues – General Fund Local Taxes (Levy)

Levy	CY 2025	CY 2026
Voter Approved	\$79 Million	\$84 Million
Levy Collection	\$62.1 Million	\$75.1 Million

HB 2049 increase for calendar year (cy) **2026**

Levies are authorized for a calendar year (CY), however school district fiscal years (FY) are spread over 2 calendar years beginning Sept 1 – August 31

Levy property taxes are collected in October and April

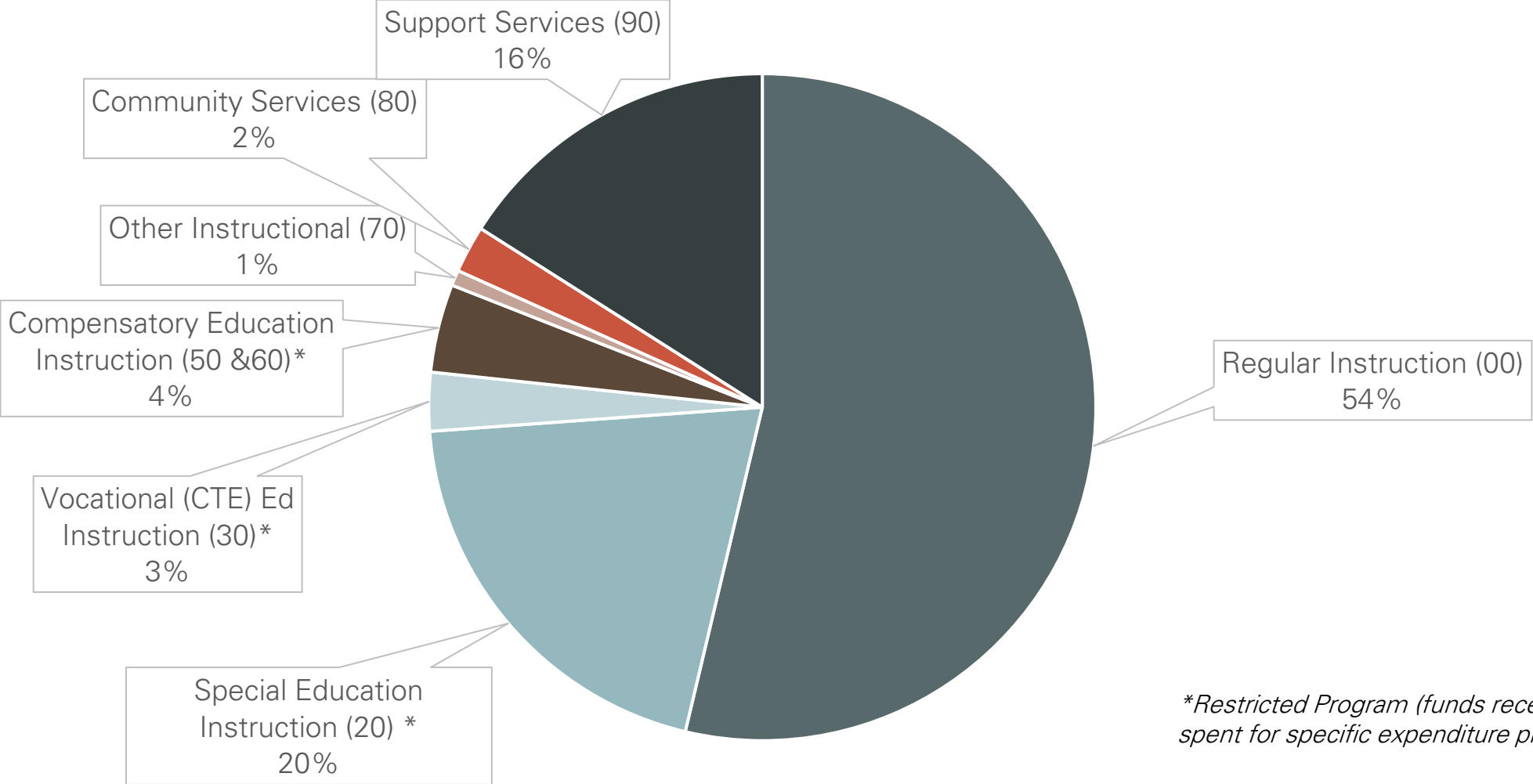
2025-26 Fiscal Year Collection
\$69.1 Million



Budgeting EXPENDITURES for the General Fund

Budgeting Expenditures by PROGRAM

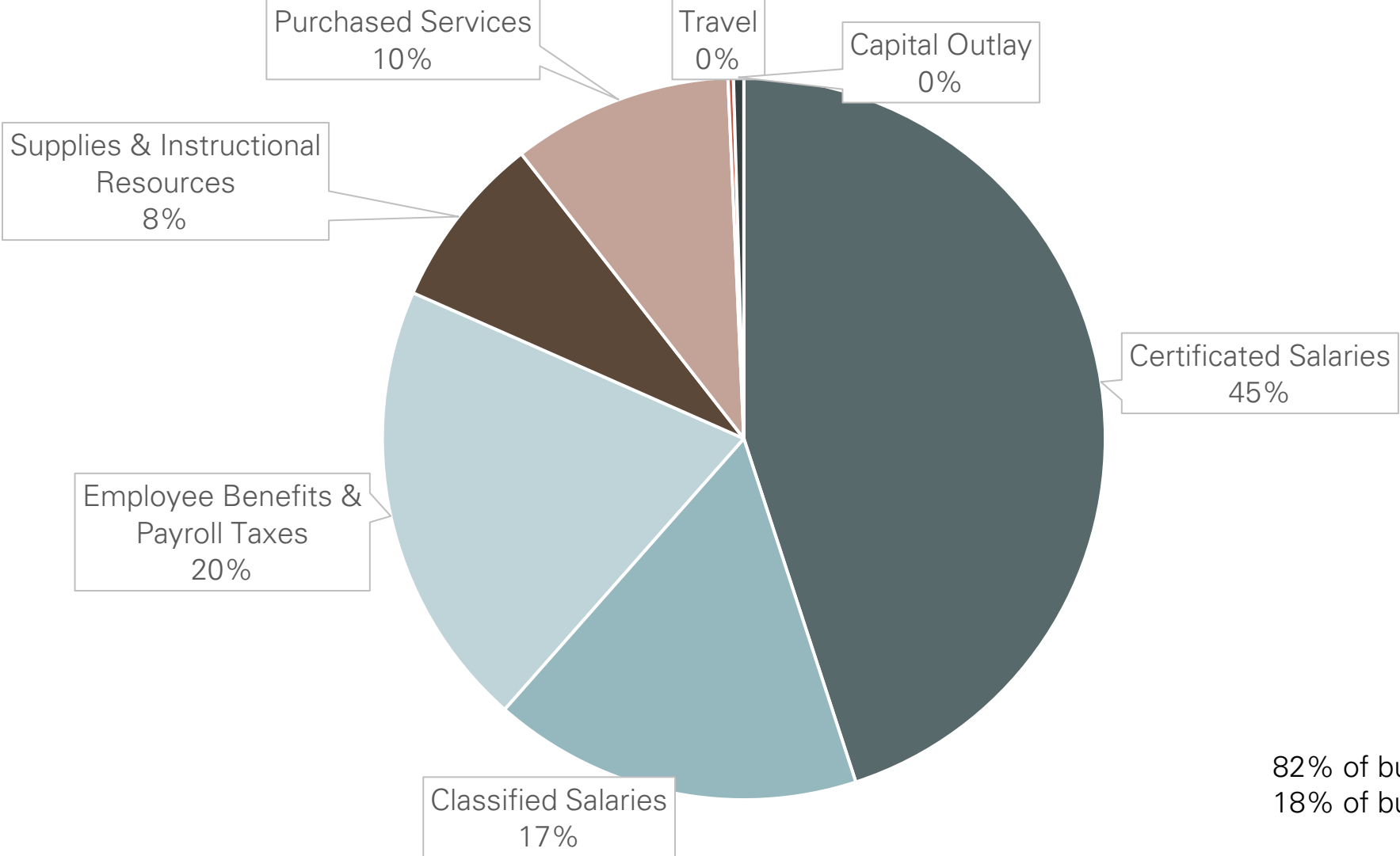
F-195: GF8



**Restricted Program (funds received can only be spent for specific expenditure programs)*

Budgeting Expenditures by OBJECT

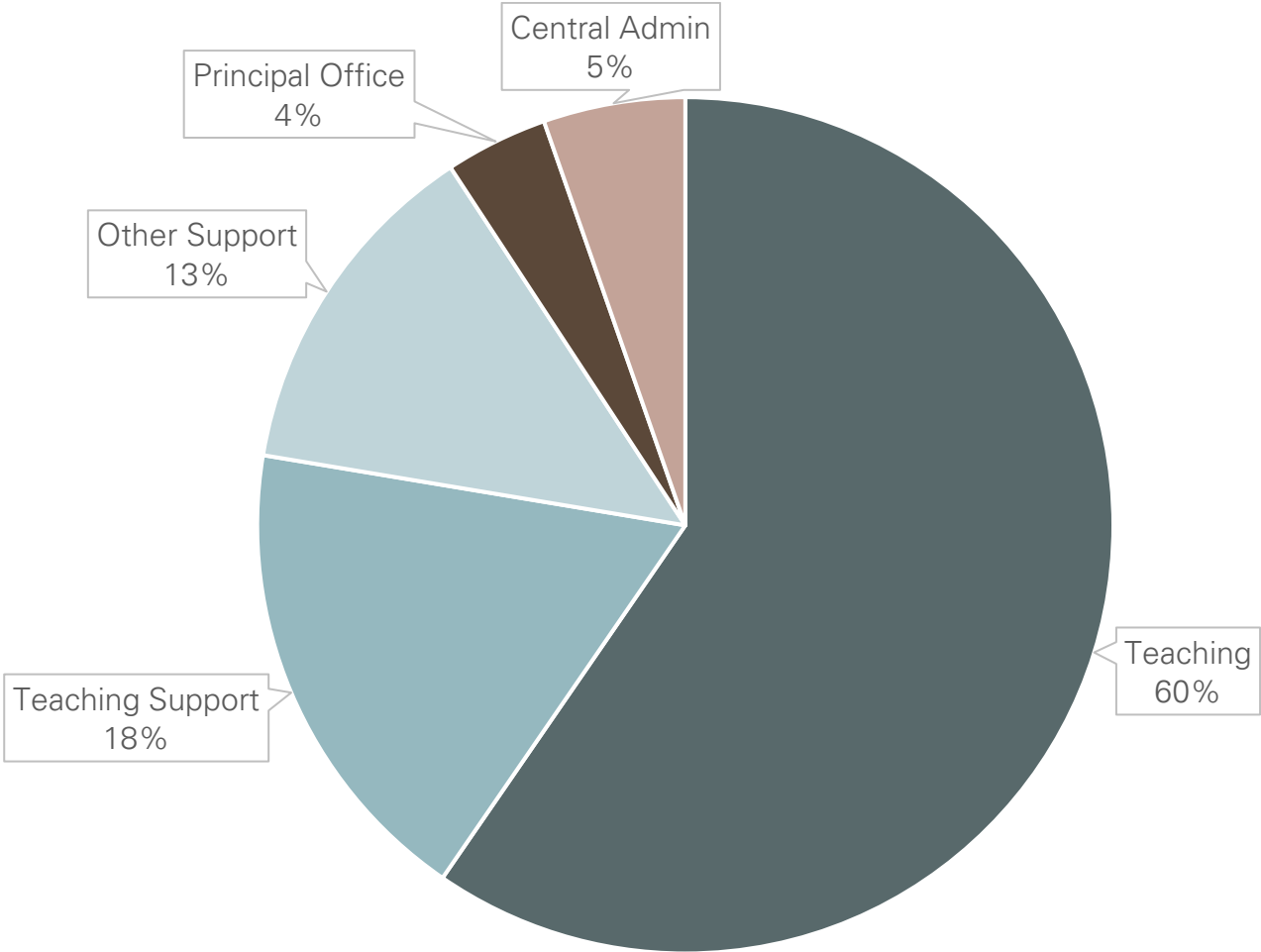
F-195: GF10



82% of budget is FTE
18% of budget is MSOCs

Budgeting Expenditures by ACTIVITY

F-195: GF11



78% of the budget supports **Teaching:** Teaching & Teaching Support

13% Other Support includes food services, maintenance, tech, grounds, security, operations, transportation, utilities, insurance, etc

Budgeting Expenditures by PROGRAM F-195: GF2, GF8, GF9

Expenditure Program	2024-25 Budget	2024-25 Projection	2025-26 Budget	Source and Expenditures Assumptions
Regular Instruction (00)	\$246,556,548	\$245,677,272	\$232,492,663 (54%)	School staffing based on FTE Rollup & staffing metrics. Compensation increases based on bargaining agreement & state increase for benefit rates. Department/School MSOC budgets based on supplies and services needs/requirements. Basic Ed, ALE, Running Start, Open Doors, Sports. State, levy, local funding.
Federal Special Purpose (10)	\$0	\$0	\$0	No ESSER Federal Funding. Exhausted.
Special Education Instruction (20) *	\$71,039,005	\$78,744,497	\$87,542,270 (20%)	Majority of costs are FTE. MSOCs are about \$18 M. Staff based on proj enrollment, caseload language, IEPs. State, federal, local funding.
Vocational (CTE) Ed Instruction (30)*	\$11,077,859	\$11,077,859	\$12,286,263 (3%)	CTE, staffed based on enrollment and course demand. Grades 6-12.
Skill Center Instruction (40)	\$0	\$0	\$0	N/A
Compensatory Education Instruction (50 &60)*	\$18,276,953	\$18,276,953	\$18,524,751 (4%)	State TBIP, State LAP, State specific grants & Federal Title programs. Program FTE & MSOCs designed by T/L Depts to meet the needs of students and allowable use of funds. Restricted Programs*
Other Instructional (70)	\$4,202,263	\$4,202,263	\$3,262,839 (1%)	Summer School, Highly Capable*, WANIC*. Student needs/available funding and enrollment drive FTE and MSOCs.
Community Services (80)	\$9,352,544	\$9,352,544	\$9,889,762 (2%)	Preschool, Facility Use. Projected preschool enrollment and budgeted revenues derives FTE and MSOCs.
Support Services (90)	\$64,892,420	\$65,360,816	\$69,253,451 (16%)	District Wide-Tech, HR, Bus Off, Operations, Grounds, Custodial, Nutrition Services, Transportation, Utilities & Insurance. FTE and MSOCs. State, GF and CPF Levy & Local funding.

Total Expenditures	\$425,397,592	\$432,692,204	\$433,251,999	<i>*Restricted Program (funds received can only be spent for specific expenditure programs)</i>
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Budgeting Expenditures by ACTIVITY: Year over Year

Expense Activity	2023-24 Budget \$	% of Budget	2024-25 Budget \$	% of Budget	2025-26 Budget \$	% of Budget
Teaching Activities	230,126,082	57.4%	252,859,612	58.4%	258,534,469	59.7%
Teaching Support	73,678,433	18.4%	82,069,643	19.0%	77,950,199	18.0%
Other Support Activities	50,870,013	12.7%	52,695,452	12.2%	56,800,787	13.1%
Building Administration	19,033,579	4.7%	18,183,132	4.2%	16,798,669	3.9%
Central Administration	27,227,610	6.8%	26,884,365	6.2%	23,167,875	5.3%
Total	\$400,935,717	100.0%	\$432,692,204	100.0%	\$432,859,381	100.0%

Year-over-year decline in Administration. Aligned or just below surrounding districts for Central Admin % of budget. 2023-24 actuals for surrounding districts ranged from 5.02%-7.07%



2025-26 MSOC Disclosure

Materials, Supplies and Operating Costs (MSOCs)

- State law requires the following disclosure during the budget hearing process

2025-26 MSOC Budget	Amount
Total MSOC Allocation (state funded)	\$31,905,109
Total MSOC Budgeted	\$53,862,725
Net Difference	\$(21,957,616)

51 RCW 28A.505 requires school districts to disclose MSOC funded and proposed spending of MSCOS and the difference between the two. Disclosed for basic education programs 01, 02, 03, 31, 34 and 97.

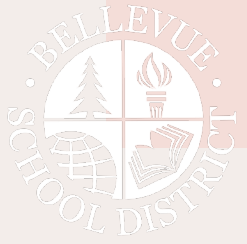
2025-26 General Fund Budget Summary

	2022-23 Actuals	2023-24 Actuals	2024-25 Budget Extension	2025-26 Budget
Beginning Fund Balance	\$30,880,142	\$17,679,688	\$8,409,188	(\$5,000,000*)
Revenues	\$374,862,246	\$392,557,545	\$418,305,478	\$435,251,999
Expenditures	\$388,062,700	\$401,828,042	\$432,692,204	\$433,251,999
Revenues Over/(Under) Expenditures	(\$13,200,454)	(\$9,270,497)	(\$14,386,725)	\$2,000,000
Ending Fund Balance	\$17,679,688	\$8,409,188	(\$5,977,537)	(\$2,999,999)

*Reviewed estimated ending fund balance projections based on June actuals and preliminary July actuals.

2025-26 Budget: Other Funds

	Capital Projects Fund	Debt Service Fund	ASB Fund	Transportation Vehicle Fund
Beginning Fund Balance	\$88,954,149	\$45,395,815	\$2,143,571	\$6,249,094
Revenues	\$161,752,168	\$89,572,881	\$6,875,424	\$2,387,447
Expenditures	\$159,770,488	\$88,878,613	\$6,834,960	\$1,500,000
Revenues Over/(Under) Expenditures	\$1,981,680	\$694,268	\$40,464	\$887,447
Ending Fund Balance	\$90,935,829	\$46,090,083	\$2,184,035	\$7,136,541



Budgeting Risks

Special Education needs and expenditures continue to exceed budgeted expenditures

Actual **fall enrollment** lower than budgeted enrollment

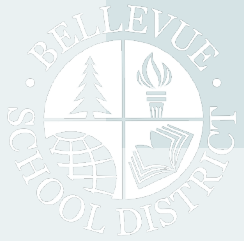
Significant **variations in enrollment** at the school level resulting in overstaffing

Adding **new staff positions** that are not built into budgeted expenditures

Commit **additional expenditures** (Staff or MSOCs) without reductions to other expenditures to stay within budget authority

Transportation ridership lower than ridership budgeted to estimate revenues

Fund balance continues to decrease due to the above



Mitigating Risks in Special Education Spending

Independent Program Review in 2024-25 Recommendations Implemented:

- Realigned Leadership Structure
- Improved Safety Net Tracking & Processes
- Secondary Inclusive Practice staffing adjusted
- Improved documentation to limit P223H reporting exceptions.
- Improved systems for data driven staffing projections

Additional Improvements:

- Position Control
- Initial Staffing based upon conservative projections
- Monthly budget meetings on staff ratios and MSOCs (budget to actual)

2025-26 General Fund 4-Year Forecast

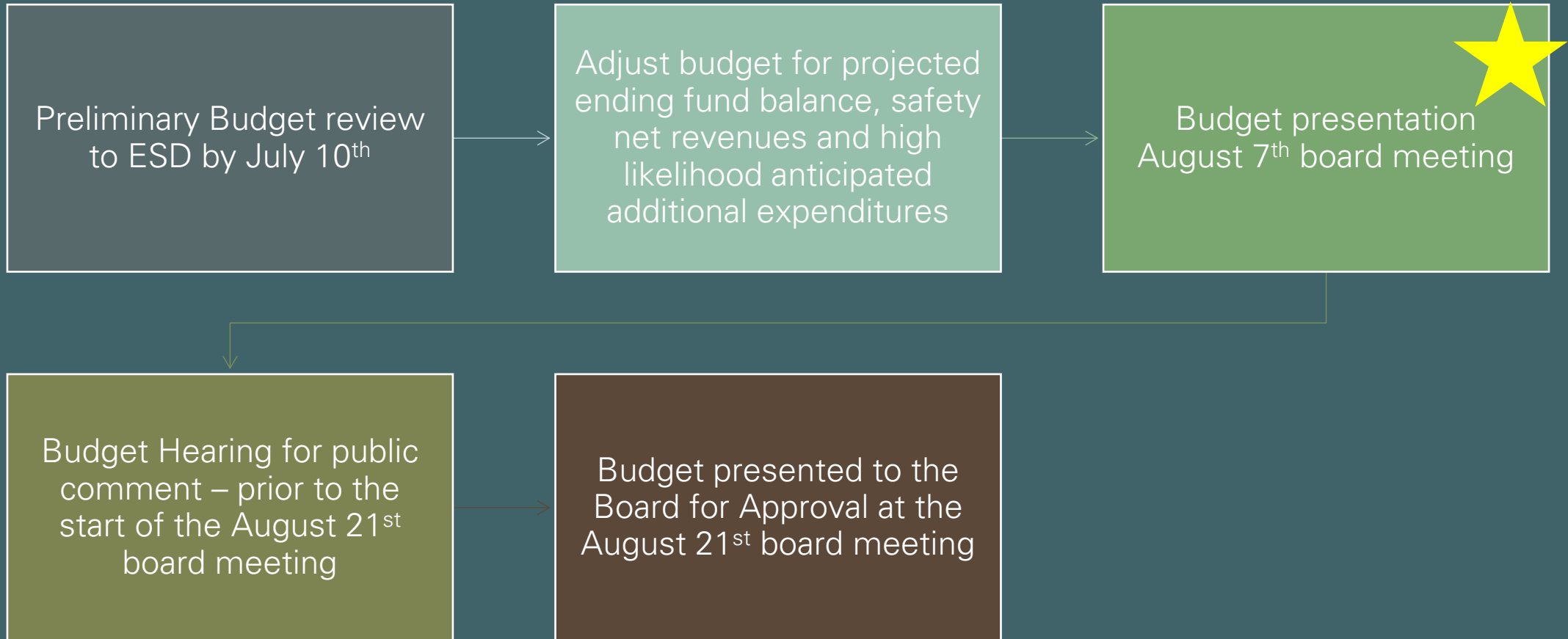
\$ Millions				
	2025-26	2026-27	2027-28	2028-29
K-12 Enrollment	19,669	19,564	19,564	19,655
Est Beg Fund Balance	\$(5.00)	\$(3.00)	\$0.20	\$ 0.60
Revenues	\$435.20	\$452.80	\$467.60	\$479.08
Expenditures	\$433.20	\$449.60	\$467.20	\$481.06
Revenues - Expenditures	\$2.00	\$3.20	\$0.40	\$(1.98)
Est End Fund Balance	\$(3.00)	\$0.20	\$0.60	\$(1.38)
Binding Conditions End Fund Balance	\$(3.00)	\$1.00	N/A	N/A

Assumptions

- Rolled enrollment +200 new students each year
- Staffing levels consistent all 4 years
- State funding increased by IPD (2.5%, 2.6%, 2.9%, 2.1%)
- Levy funding impact HB 2049
- Future levy election approved by voters
- Expenses including compensation and MSOC increased by IPD
- Federal grants flat
- Additional Special Ed expenses added each year of \$3 mill (above IPD for compensation & MSOCs)
- Larger than state IPD increase for utilities and insurance expenses
- Does not include any future potential property sales (Somerset surplus property) possibly in 2026-27

Additional reductions are necessary in future years to sustain financial stability.

2025-2026 Budget Next Steps



World Class Learning Facilities

Capital Project Highlights



Somerset Surplus Property Sale

\$30 million | Single Family Homes

Tri-Pointe Homes (developer)

December 2026 to June 2027 Closing

Repay Interfund Loan

1-Time Fund Balance Restoration



Rightsizing spending.

Strengthening systems.

Uplifting students.

1. Restore our **financial health** – rebuilding the fund balance and increasing enrollment.
2. Improve **reading and math** achievement for all students.
3. Reducing **chronic absenteeism**.
4. Focus system-wide on **engagement** in the classroom (planning, teaching, assessing).
5. Build the **beloved community** – a place of physical, social, emotional, intellectual, and interpersonal safety for all.
6. Increase **future ready** opportunities.
7. Empower **student agency** and voice.
8. Be a **human-centered system**.
9. Care for our **environment**.
10. Care for **staff wellbeing**.



**At the study session
right after this
meeting...**

1. June Financials
2. Special Education
3. Enrollment (Resident and Non-Resident)
4. Pre v. Post McCleary Picture
5. Key Corrected Budget Assumptions
6. Student Transportation



Questions & Comments