



MEMORANDUM

TO: Board of Directors
FROM: Greg Baker, Superintendent
DATE: December 11, 2025
SUBJECT: Monitoring Report for EL-7, Budget Planning and Execution

I certify that the following is accurate as of August 31, 2025. The reporting period is from September 1, 2024, through August 31, 2025, which incorporates preparing the 2024-25 year-end financial report, implementing the 2024-25 budget and setting the 2025-26 budget.

Policy Type: Executive Limitation
Policy: EL-7, Budget Planning and Execution
Last Updated: January 10, 2018

Interpretation of items:

“Budget execution” refers to implementing the 2024-25 budget.

“Budget planning” refers to setting the 2025-26 budget.

Background Information: This report is in response to Executive Limitation 7, Budget Planning and Execution. Information indicating compliance for each of the areas specified in EL-7 is presented below.

New items since the last reporting period have been italicized for ease of reference.

In preparing the district budget, the superintendent shall not fail to involve appropriate stakeholder groups, consider board ends policies, utilize best practices for budgetary planning and financial reporting, and communicate the budgetary development process in a timely manner.

Description of Evidence of Compliance:

- 1. The superintendent shall not fail to take all reasonable and prudent actions with respect to securing district resources and preparing the district budget that are typical for similar and highly effective organizations.**

In compliance.

Our budget preparation process comprises numerous steps that secure resources and aid in establishing accurate and representative budgets. We use these processes to provide as reliable revenue and expenditure projections as possible, and we regularly review outcomes to evaluate accuracy. Throughout the budget development process, the district engages with key stakeholders using multiple means to communicate with and solicit information from them. *The 2025-26 budget process began early in summer 2024 and concluded with the board's formal budget adoption in August 2025.*

Securing Resources for the District

The district has multiple efforts that are directed toward securing resources. These include the following:

Applying for grants – grants are an important source of funding for certain work and a seed for some new work. Accordingly, with the support of two part-time grant writers, staff throughout the district continue to apply for grants. Having grant-focused staff members allows the district to identify and apply for larger, multi-partner, multi-year grants. These staff also provide support to those who manage grants, such as preparing budget amendments, annual reports, resubmissions and answering questions. Over time, this support has increased along with the number of grant applications. All grant activity that goes through the district grant writers is tracked; however, grants are also completed by school staff on an individual basis.

The tracked grant activity for the last 12 years is as follows with grants counted in the year (July 1 – June 30) they were received:

Year	Received	# Submitted	# Received
2013-2014	\$ 1,824,244	8	5
2014-2015	\$ 660,381	23	10
2015-2016	\$ 479,474	39	18
2016-2017	\$ 1,429,690	39	17
2017-2018	\$ 767,816	28	18
2018-2019	\$ 2,242,200	32	23
2019-2020	\$ 430,145	43	23
2020-2021	\$ 1,105,316	45	27
2021-2022	\$ 2,958,492	56	31
2022-2023	\$ 4,043,970	70	53
2023-2024	\$ 4,743,157	52	35
2024-2025	\$ 1,804,796	52	32
TOTAL	\$ 22,489,681	487	292

For the 2024-25 school year, BPS employed two grant writers at 0.77 combined FTE dedicated to grant writing. Over the past 12 years this team has secured \$22.5 million of targeted funding to fill opportunity and achievement gaps. During the 2024-25 school year, they worked on 79 grants (not all are submitted), across various types of funding such as state, federal, and private.

Notable new funding sources include:

- **Arcora Foundation** provided funds for water bottle filling stations in 13 schools, and
- **Federal Title VI/EASIE** funds will support Native students and families as informed by the Native American Family Committee.

During the 2024-25 school year, BPS received significant grant awards in the following areas:

Sustainability and environmental health: *BPS secured four grants totaling \$740,810 to effectively and efficiently reduce our environmental impact in accordance with our Climate Action Plan including:*

- *Department of Commerce Energy Audits at 10 schools in preparation for Clean Buildings Performance Standard (CBPS) compliance, and*
- *OSPI Indoor Air Quality Assessments at 10 schools to determine effective and efficient facilities updates and maintenance practices to ensure indoor air quality.*

Teaching & Learning: *BPS secured nine grants totaling over \$390,044 that supported learning tools for students and staff professional development including:*

- *foundry10 supported the purchase of new band and orchestra instruments across middle and high school music programs, and*
- *News Literacy Project will support English teachers and librarians professional learning around media literacy education (MLE) through participating in a cohort in SY 2026-27.*

Family Engagement: *BPS secured 12 grants totaling \$338,052 to support one of our key strategies – student, family and community engagement including:*

- *State homeless student stability funds family liaison staff time especially for unaccompanied youth, and*
- *City of Bellingham Housing and Human Services funds will expand staff support at the Family Resource Center at Carl Cozier serving families with basic needs, social and housing services navigation support and utility assistance.*

Increasing Sponsorship Opportunities – 2025-26 budget planning introduced new exclusive sponsorship opportunities for local business available through the FanX app, enhancing community engagement for Squalicum, Bellingham and Sehome high schools. In addition, Sehome High School was able to offer a unique opportunity for local businesses to support student activities through sponsorship of our ScoreVision scoreboard.

Together, these sponsorships will contribute \$58,500 to support athletics and student activities at all three comprehensive high schools for the 2025-26 school year. We deeply appreciate the commitment of our community partners in helping us foster school spirit and student success.

Working with community partners – In alignment with the Bellingham Promise, we continue to commit to fostering meaningful partnerships that support student success. To advance this work, we reviewed our current community partnerships and established a transparent process for new partners to engage with our schools. A dedicated [Community Partners webpage](#) is now available on our district website, featuring an intake form for interested organizations. This initiative enhances communication between schools and partners, promotes safety, and facilitates access to shared resources. Today, more than 40 community partners are actively supporting our students, staff, and school communities through early learning programs, health and wellness services, athletics, after-school enrichment, and more.

The district has a long-standing partnership with the Bellingham Public Schools Foundation, which helps to support families and the work of our family engagement team and allows for more flexible spending, such as sponsorships for the Back-to-School Block Party from Molina, PeaceHealth and BECU. We have also developed strong relationships with community partners and agencies throughout Bellingham and Whatcom County such as:

- **Love INC:** We continue to strengthen our partnership with Love INC, which supports over 200 students and their families of all backgrounds by providing access to deeply discounted holiday gifts. In addition to seasonal support, Love INC offers year-round assistance with furniture, baby supplies (including diapers and formula), kitchen items, and hygiene products. This partnership is especially meaningful for families experiencing hardship or homelessness, offering not just material support but also a sense of dignity, stability, and inclusion throughout the year.
- **Immigrant Resources & Immediate Support (IRIS) and Bellingham Public Schools Foundation:** We also deepened our collaboration with the Bellingham Public Schools Foundation and the nonprofit Iris, focusing on families impacted by ICE detentions. In addition to helping families complete Family Safety Plans and access notary services, IRIS has connected families with food resources, gas vouchers, and volunteer

drivers to help them attend critical appointments. This partnership has been vital in helping families feel safer, more supported, and less alone during incredibly stressful times, offering them hope and a sense of security when they need it most.

- ***Whatcom Literacy Council:*** *Our ongoing work with the Whatcom Literacy Council continues to empower low-income, Spanish-speaking families through technology literacy classes, helping them navigate school communication systems and digital tools with confidence. This year, the Literacy Council also hosted a beginner English class for families interested in learning the language, further supporting their integration, independence and engagement in their children’s education.*
- ***Friends of the Family Resource Center (FRC):*** *We are incredibly grateful for our partnership with the Friends of the FRC, a dedicated nonprofit that works tirelessly to stock the shelves at the Family Resource Centers with personal care items products. These essential items are distributed to families who need them most, helping to meet basic needs with dignity and care, and reducing barriers that can impact a student’s ability to focus and thrive at school.*

*BPS has deepened partnerships with medical and mental healthcare partners to provide a variety of on-site services including **Compass Health, Accent Counseling, Sea Mar Community Health Centers, Family Care Network, Unity Care NW, and NW ESD 189.** These partnerships reduce barriers to accessing care for families and students, allowing BPS to strengthen our focus on the whole child and prepare students for learning. BPS staff support with referrals and connecting students to care, utilizing a holistic care approach.*

*Our partnerships with **PeaceHealth** and **Sea Mar** have helped remove barriers for middle and high school student-athletes by offering free physicals. These services have made it possible for students, especially those facing language, financial, or housing challenges, including unaccompanied youth—to participate in school sports. In addition to the physical benefits, this access supports students’ mental health, sense of belonging, and personal growth. **The Bellingham Public Schools Foundation** has also contributed significantly by providing sports gear, ensuring that students have what they need to feel confident, included, and ready to thrive in their athletic pursuits.*

We greatly appreciate how our staff, in return, provides support to our local community partners through monthly payroll deductions. During 2024-25, staff were given the opportunity to select one of five partners to donate to one-time or monthly and donated \$26,256 to Bellingham Public Schools Foundation, Whatcom Dollars for Scholars (Whatcom Scholarship Fund), United Way and Citizens for Bellingham Schools on Levies and Bonds and Friends of the Family Resource

Center (FFRC). Partnering with the FFRC, we aim to bolster Bellingham Public Schools' Family Resource Centers' efforts to address students and their families' unmet basic needs. With a team of volunteers, they are committed to allocating 100% of donations to assist families. They sustain the most significant percentage of personal care items distributed through the Family Resource Centers.

Starting in the fall of 2024, BPS partnered with NWESD 189 to offer 30 Early Childhood Education and Assistance Program (ECEAP) slots at the Early Learning Center in the new District Office. Families in Bellingham now have expanded access to preschool for children ages three to five through ECEAP. ECEAP is a high-quality program taught by certified teachers and operating on the same schedule as district schools. The program supports families with low incomes by providing free early childhood education, health screenings, family support services and a strong foundation for kindergarten readiness. The program offers a research-based approach focusing on children's social, emotional and cognitive development. It has a full curriculum which is geared to our youngest learners and wraparound services to families who may need additional community support.

Our system thrives and achieves more because of our relationships with our incredible local community organizations. These organizations enhance programs, deliver services and provide support. It is the collective commitment to equitable outcomes that we commonly share. By aligning our goals, we can provide wraparound services to our children and families, bringing The Promise to fruition. In partnering, we, as a community, make a collective commitment to Bellingham's children.

State formula funds—school districts in Washington state receive most of their funding from the state, as calculated by a formula. For Bellingham, this is about 69% of the general funds available to the district. The district has several strategies to stay informed and offer feedback to state level funding discussions.

This year, as we face unprecedented state funding shortfalls, leadership engaged with the state in several ways:

- *OSPI Superintendent Advisory: The superintendent attended meetings with the state superintendent to provide input and reactions to the budget proposals the state superintendent was considering and submitted to legislature for the 2025 legislative session.*
- *Legislative representative meetings: The superintendent met with several representatives from Washington State Legislature to explain the funding priorities for BPS and how declining enrollment and inflation has impacted our funding and will impact our schools and student outcomes.*

- *WSSDA and OSPI informational and Q&A sessions: The superintendent, finance and communication team, attends peer group meetings and related conferences.*

The district keeps informed through attendance at professional meetings, membership in organizations, and by using and reviewing materials and tools issued by OSPI. District leadership and staff are also members and contributors to Washington Association of School Administrators (WASA), Washington Association of School Business Officials (WASBO), Washington State School Directors Association (WSSDA), and Association of School Business Officials (ASBO).

Local Funding – The district receives support from local voters and property owners through levies and bonds. The district is reliant on local funding sources with the technology levy and bonds funding the majority of capital improvements and technology in the district and the operations or enrichment levy funding providing about 16.3% of general funds available to the district.

In February 2024, a technology levy and operation levy were approved for collection in the four years 2025 through 2028 by 66 percent of local voters. Local funding raised through the operations levy is capped by state law, based on a formula of enrollment and inflation factors. The district was unable to collect the full amount approved by voters for collection in 2025 as the voter approved levy exceeded the authorized capped levy amount.

The table below shows a five-year history of voter approved levy amounts as compared to levy authority:

Collection Year	Voter Approved	Levy Authority
2021	\$ 31,000,000	\$ 30,147,840
2022	\$ 32,000,000	\$ 31,715,584
2023	\$ 33,500,000	\$ 34,569,962
2024	\$ 35,000,000	\$ 35,641,168
2025	\$ 37,000,000	\$ 36,176,425

In February 2022, 61 percent of local voters approved a bond measure authorizing \$122 million for a new Community Transitions (CT) facility, the construction of a new elementary school, and other capital improvements throughout the district. A celebratory groundbreaking for the new Community Transitions building was held in June 2025, and construction began in fall 2025.

In spring 2025 the Capital Levy Planning Committee convened to:

- Learn and understand about schools and facilities related to current and future educational program needs; the physical condition of schools & facilities; how facility maintenance & upkeep are funded; and the process associated with voter approved measures.*
- Invite feedback and support as we develop a communications and community engagement plan to share information about BPS planning, maintenance, funding and ongoing stewardship of our facilities.*
- Recommend a capital levy proposal that reflects the priorities of the community.*

The outcome of the committee was agreement that the district should propose a six-year Capital Project levy measure, called the Facilities Maintenance Levy, to voters in November 2025. They further recommended the development of a prioritization matrix to ensure consistent and transparent evaluation of facility needs across the district and the design of communication strategies that reflect the values of the Bellingham community, together with summaries that clearly communicate highest priority maintenance and upgrade needs.

During the 2025 legislative session ESHB 2049 increased the levy authorization cap, known as the levy lid, by \$500 per student, recognizing that many communities were willing to invest in schools and effectively putting the responsibility to fund education back on local districts. This increased Bellingham's 2026 levy lid from the \$39M approved by voters to \$43M, meaning we could go out to voters to consider approving a supplemental levy to backfill what the state did not fund.

Both measures were considered during the budget planning process and recommended for the November 4, 2025 election.

Preparing the district budget -

Processes for forecasting revenues and expenditures in the General Fund

The district uses multiple processes to support accurate revenues and expenditure projections. Many of these processes are implemented annually. We use historic patterns and new information. The primary processes are listed below:

Revenue	Driving Factors	Processes	Resources & Tools
State General Purpose (49.7%) Includes Apportionment	Enrollment (February) State Funded Prototypical Model (March-August)	• Prepare one-year enrollment projections using five-year historic data and an evaluation of birth rates, migration and building permits. • Estimate kindergarten students based on live birth patterns in Bellingham and Whatcom County. • General purpose state revenue is calculated based on enrollment projections, average salaries by group for the state (certificated, classified and administrators) adjusted for a regionalization factor (that is supposed to adjust for relative cost of living throughout the state) and state funding parameters described by the prototypical school model, such as school funding ratios.	• District developed excel enrollment model • Demographer enrollment reports periodically prepared • Whatcom County Health Department Live Births Data • OSPI budget estimates & revenue simulation model (F203) • District developed excel revenue model • NWESD, OSPI & WASBO budget updates/training sessions • District developed excel revenue model • Monitoring state legislative process: This Week in Olympia (TWIO) weekly update from Washington Association of School Administrators (WASA)
State Special Purpose (19.1%)	Enrollment, Free & Reduced data	Other state revenue sources are estimated based on student enrollment levels, these include Learning Assistance Program (LAP), Multilingual Learners (ML), Running Start, Alternative Learning Education (ALE), Career and Technical Education (CTE), and Special Education.	• OSPI budget estimates & revenue simulation model (F203) • District developed excel revenue model

Revenue	Driving Factors	Processes	Resources & Tools
State Special Purpose (Cont'd)	# of meals served	Food services revenue is estimated by evaluating anticipated meals served using the prior year performance as a base. <i>For 2025-26, the district will offer free meals to all students at 15 schools.</i> This is allowed under the CEP (Community Eligibility Provision).	Estimated from historical averages and information available on new and continuing grants
	Mileage, Ridership and prior year expenditures	Transportation revenues are based on historic performance levels of our transportation services (number of routes, distance travelled, number of schools), to/from school bus mileage, student ridership and eligible reimbursement levels.	Estimated from historical averages and information available on new and continuing grants
The final allocation for transportation is determined by comparing the calculated allocation to the prior year expenditures and funding at the lower of the two. For Bellingham this results in another example of not being fully funded by the state as our funding lags by one year and fails to keep up with salary increases and inflation.			
	Voter approval, Enrollment & Inflation	Local revenues received from local levies are calculated each year based on the prior year's average enrollment multiplied by \$2,500 in 2019 dollars, adjusted for inflation thereafter. <i>During the 2025 legislative session ESHB 2049 increased the levy authority, known as the levy lid, by \$500 per student and the inflationary adjustment by 3.33% for 2027 - 2030.</i> In November of each year, we certify these to the county for collection in the following calendar year. (March through August)	- OSPI Levy Authority tool and reports (Preliminary F780) - Final OSPI F780 Levy Authority - Whatcom County Assessor's Office Assessed Valuation reports

Revenue	Driving Factors	Processes	Resources & Tools
Local Revenues (Cont'd)	<i>Food Services</i>	<i>Local revenues collected from food service sales are estimated using prior year's average participation rates. In 25-26 paid lunch rates were increased by 0.25 cents at all levels.</i>	
Local Support and Other (8.2%)		Includes local grants, donations, child-care fees	Estimated from historical averages and information available on new and continuing grants/funding sources.

Expenditures

- Staff compensation and benefits rates used in the budget are established collaboratively between finance and human resources staff. These are based on current negotiated agreements, state schedules and rates (health insurance, pension), and average current staffing placement in staff schedules (step increases for education and/or experience – often referred to as the scatter gram.) *For 2025-26, the state legislature applied a 2.5% inflation rate to salary allocations. This increase in salary costs is partially funded through the increased state allocation for staffing and partially funded through local and other funds.* Throughout the budget process, staff cost information is monitored for collective bargaining agreements. The budgets will be adjusted for bargains that are settled after the budget has been completed if costs exceed the contingency amount included in the budget (March through June).
- *Staffing is the district's major expense, representing 85.9% of budgeted expenditures.* The district utilizes position budgeting, where all the staffing positions in the district are identified with subtractions and additions from current levels considered as part of the budget process. These positions are then built into the budget and the cost of staffing calculated based on these staff. Accordingly, staffing levels are rolled back to the current year budgeted staffing levels with adjustments made for permanent staffing changes made during the current, this is called the current service level. District leadership meets to review all staffing changes made during the year and assess whether they are continuing or one-time (March).
- Fund balance or reserves are maintained at levels considered prudent financial practice such as: keeping a general minimum level of fund balance ([policy 6022](#)); supporting potential events, such as, compensation changes; and responding to possible over-ratio class sizes and split/ combination grade level classes in the fall. *During budget, the district set the fund balance target for August 31, 2026 at 4.5 percent. (June through August).*

Preparing the district budget - Processes for developing the budget

The budget is developed collaboratively with input from key stakeholders including the leadership team (district leadership, central services leaders, and school leadership), staff, labor leaders, the board and our community, as described in [Our Budget Development Process](#).

Each budget cycle is unique depending on the financial challenges we are facing. As we concluded the 2024-25 budget in late spring/early summer 2024, it was clear that without an infusion of state funding during the 2025 legislative session, we would be facing significant budget challenges. At that time, the budget deficit for 2025-26 was estimated at \$15M, including conservative estimates for state funding. The severity of the projected deficit prompted early planning and additional steps, highlighted in italics in the key milestones, as follows:

- **June 2024:** Executive team members met with labor leaders to review projections for the 2025-26 budget and plan for future consideration of budget saving ideas.
- **August 2024:** Bellingham Public Schools legislative priorities were identified, and a [one-page](#) fact sheet updated for sharing with legislators during district advocacy efforts throughout the year. The one-page fact sheet was designed to align with other state advocacy groups including WSSDA, WASA and WASBO to ensure consistency in messaging as we worked with our legislative representatives.
- **September 2024:** Key budget areas were identified, and budget work groups began meeting regularly to consider the feasibility and impact of changes to class size, high school schedule, length of school year, attendance areas, revenue generators such as sports fees, advertising, sponsorship and facility rentals, department budget reductions and compensation adjustments.
- **October 2024:** The superintendent released a [budget message](#) together with a budget presentation video explaining key budget challenges facing all districts across the state and legislative priorities for our district.
- **November-December 2024:** District leadership met in November to begin planning for the 2024-25 budget. Finance Department updated and released “[Our Budget Development Process](#)” document describing the guiding principles for making budget decisions, the decision-making process, and leadership involvement in the process.
- **November 2024-March 2025:** Executive team members continued to partner with our labor groups to collaboratively explore cost-savings ideas. BEA ratified a revised contract in March 2025.
- **December 2024:** The superintendent shared a [budget update](#) including links to a resolution and letter sent directly to our state legislators by the school board urging legislators to address PreK-12 funding challenges.
- **January 2025:** The superintendent released a [budget message](#) explaining state level developments and including a link to the state superintendent update on the state of schools.

- **January-February 2025:** Principals and district leaders submit requests for changes in spending in the coming year. These above-baseline requests (ABL) are generally increases from current funding levels, as well as budget reduction proposals.
- **January – May 2025:** Superintendent shares budget updates at all staff, PTA, leadership and labor management meetings he attends. He also regularly shares budget updates with the Parent Advisory Committee ([PACS](#)) and gets questions/feedback from parent representatives.
- **March 2025:** The superintendent shared a [budget update](#) listing actions already implemented including attrition, scaling back on supplies and travel, working with our labor groups and revising the school calendar by applying for a state waiver day. There was also an opportunity to provide feedback through a short survey.
- **March 2025:** *The superintendent scheduled time during staff meetings at every school, to share updates on budget and respond to questions and concerns.*
- **April 2025:** *Capital Levy Planning Committee 2025 commenced to “Inform prioritization of projects for maintenance and upgrade that could be funded by capital levy to put before voters as early as November 2025.”*
- **May 2025:** Superintendent shared a [budget update](#) with staff and community that summarized the action the legislature had taken, themes from the feedback received from our students, families and staff, and a list of planned budget reductions for 2025-26.
- **March-June 2025:** Superintendent and district leadership reviewed budget input, committee and work group recommendations and developed a budget proposal. Staff used available information, requests, and feedback to build a draft budget.
- **July - August 2025:** The superintendent distributed the draft budget book and made a budget presentation to the board ([final budget book here](#)).
- **August 2025:** The school board held a public hearing and adopted the 2025-26 budget.

Comparison with Similar and Highly Effective Organizations

Budgeting projection methodologies and processes vary across all organizations and are difficult to compare. The district’s process is iterative and based on review of current programs and identified program needs. The district evaluates all program initiatives and spending decisions against The Bellingham Promise, the district’s strategic plan. It is an expression of the district priorities within the fiscal constraints. The budget document illustrates how budget decision making aligns with The Bellingham Promise. State and local revenues are subject to state law, and therefore any changes by the state to school funding affect the timing of the budget.

The [2025-26 Budget Report](#) provides further information about how the budget was prepared. This includes a description of the budget process, the significant factors influencing decisions, and the district’s methodology and assumptions in preparing budget revenues and expenditures.

Learnings

The budget challenges we are facing are unprecedented and extreme. We were fortunate to be able to leverage strong, transparent relationships with our labor groups. Without their support, collaboration and problem-solving energy they brought to the table we could not have achieved the budget savings we needed to balance the budget. Communication was key throughout; the superintendent visited 25 schools during the spring to ensure staff and families were receiving timely and accurate information and the labor groups provided critical support, releasing their own messaging that validated our communications.

2. The superintendent shall not fail to:

a. Present an annual budget aligned with board ends policies that is understandable by the board and the community:

i. that presents all material budgetary assumptions;

In compliance.

ii. explains how new, expanded, or eliminated budget initiatives are aligned with board ends policies;

In compliance.

[The Bellingham Promise](#), as adopted by and continuously updated by the board of directors, sets desired outcomes of current students and graduates. The Promise serves as the primary guide for making program and budget decisions. The program and budget decisions are also based on the ends policies that are established by the board.

The [2025-26 Budget Report](#) was made available to and reviewed with the board during the budget adoption process. The report presents the annual budget, which is a policy document that presents the strategic plan, identifies factors influencing decisions, and describes how this is aligned with the board's ends. It is also a financial document that presents the budgetary information and explains key budgetary assumptions; it is an operating document that describes how the budget impacts operations through departments and staffing levels; and it is a communication device that is understandable by the board and the community.

In October 2025, outside the reporting period but pertaining to the setting of the 2025-26 budget, the 2025-26 Budget Report was successfully submitted for consideration for the Meritorious Budget Award (MBA) given by the Association of School Business Officials (ASBO) to recognize school districts in the United States and Canada for excellence in school budget presentation. This is the second year the district has received the award which promotes and recognizes best

practices in budget development and presentation, emphasizing transparency and clear communication with stakeholders. The 2025-26 Budget Report was awarded the MBA on October 6, 2025, and received excellent feedback from the review team including the following comments “This award recognizes the district’s hard work and commitment to fiscal transparency. The Review Team commends the district for its efforts.”

Communicating about the budget with all stakeholders

Communications regarding Bellingham Public Schools [Budget Development Process](#) are posted and maintained on this [webpage](#). *In conjunction with the migration to a new webpage platform the budget page was redesigned and organized to highlight recent updates and FAQ’s more effectively.* Some highlights are included [here](#). Throughout the process of putting the budget together, the district gathers feedback from stakeholders, holds meetings and conducts a public hearing to ensure that the budget reflects The Bellingham Promise. Processes for engaging with and invitation for input from stakeholders within the district, such as district leadership, building and department leaders, and use of external input are described in more detail above under processes to develop the budget. The superintendent and leadership team regularly communicate with staff and community to ensure that the process is understood and engaging. [Priorities for Progress](#), reflects the final budget and its alignment with The Bellingham Promise.

Comparison with Similar and Highly Effective Organizations

The district is committed to preparing and presenting the budget in accordance with highly effective practices. The [final budget](#) was developed to reflect the best practices of similar, highly effective organizations and to align with standards established by the Government Finance Officers Association (GFOA) for [school districts](#), and those for state and local budgeting. The GFOA program recognizes budget documents that “reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA’s best practices on budgeting.”

The district compared our process to the GFOA described best practices and found there was strong alignment in the following GFOA recommendations:

- Reexamine patterns of spending and provide transparency to the process by sharing information and by involving the community.
- Analyze current levels of student learning – Bellingham’s goals or outcomes (E-2, E-3) are broader than student learning envisaged by GFOA and are regularly measured and evaluated internally and as reported to the board.
- Identify a communications strategy.
- Evaluate and prioritize expenditures.
- Develop a strategic plan
- Develop a plan of action.

Learnings

Proposed changes and all key budget assumptions are described in the [2025-26 Budget Report](#) and in the superintendent's budget message on pages 1-2 of the report. The superintendent described how the funding gap/budget deficit was closed through these areas:

- *State funding for Special Education and Materials, Supplies and Operating Costs (MSOC's)*
- *Raising new revenue through increases in facility rental fees, meal costs, fees for traffic safety and high school athletics, sponsorships and Bellingham Public Schools Foundation support*
- *Reductions in Administrative/District Office staffing*
- *Staffing compensation reductions and furlough days*
- *Waiver day resulting in reduction of school year by one day*
- *Slight increases in class sizes in grades 4-12, and*
- *Other reductions through departments and school supplies and professional development*

b. timely advise the board of:

i. actual or anticipated material deviations in the adopted budget;

In compliance.

The board receives monthly budget status reports for all district's funds, by major spending categories. These include summaries of actual budget, fund balances, tracking of tax receipts and a narrative summary of the status of funds. Additionally, the superintendent is in frequent contact with members of the board to keep them informed of material deviations. There are no known material deviations that were not shared with the board.

Internally, district staff monitor actual revenues and expenditures in several ways. Revenues are tracked through enrollment and state apportionment reports, and local tax collections are reviewed against budget and historic patterns. Federal revenues and grants are managed separately through a combination of finance and members of the instructional and operations teams who are operating the programs. The increase in grant funding brings with it new resources for programs, and challenges in tracking, reporting and billing. Finance, program directors and the grant writers work closely to ensure all grant requirements and deadlines are met.

Expenditures are reviewed monthly. Finance staff review actual spending levels with department leaders. Before warrants are submitted to the board for approval, they are audited and certified by the district's appointed auditing officer in accordance with [Policy 6215](#). Human resources staff monitor all staffing changes to ensure that additions to positions are approved in the budget (position control). Any changes to budgeted spending levels must be approved by the superintendent and are monitored by both human resources and finance during regular cross-department meetings.

ii. changes or conditions that reasonably are expected to materially affect the district's financial condition;

In compliance.

The superintendent is in frequent contact with members of the board to keep them informed of changes or conditions that reasonably could be expected to materially affect the district's financial condition in the current year or foreseeable future. During the 2024-25 year, there were no budget revisions or known changes or conditions that reasonably could be expected to materially affect the district's financial condition in the current fiscal year or the foreseeable future. In other words, all changes or conditions that could be expected to materially affect the district's financial condition were shared with the board in a timely manner.

iii. material variances in the budget;

In compliance.

The board is advised of material variances in the prior year's budget to actual expenditures through the monthly budget status reports, the annual financial reports (F-196), of which the [audited 2023-24](#) is available and the 2024-25 unaudited has been completed and will be audited in January 2026, and other frequent superintendent contact with the board regarding emerging issues. There are no known material variances in the prior year's budget to actual expenditures that were not previously shared with the board.

Comparison with Similar and Highly Effective Organizations

The board receives monthly financial data consistent with the requirements of state law. The reports, prepared by district staff, exceed the minimal reporting requirements and provide the board with comparative information and more detailed information on historical patterns. These reports are prepared and delivered in a timely manner with a high-level summary.

Learnings

Finance staff continue to work on developing tools to monitor and project spending, project revenues and identify variances throughout the year. Ultimately, the goal of this work is to better track, monitor, and forecast cash flow and fund balance. For 2024-25, the board received a monthly board report for August 2025 summarizing final revenues and expenditures by fund.

c. Prepare a four-year forward-looking budget for building organizational capacity to achieve board ends in future years; and

In compliance.

The [2025-26 Budget Report](#) provides long-range information including the immediate budget year, 2025-26, and three years beyond, through 2028-29 (F-195F Four Year Budget Summary in the appendix to the budget document). This presentation enhances the budget's value as a planning document that shows readers the impact of current decisions in future budget years, and it allows planners to see how to build toward longer-term organizational goals. Four-year budget information is also required to be presented in state reporting, and our budget complies with that requirement. The budget also provides commentary on organizational factors that influence decisions (page 54), many of which are forward looking (revenue sources, contracts with employee groups, enrollment, health and benefit costs), and specific commentary on future budget issues (page 80).

Many districts around the state are facing budget challenges and are at risk of binding conditions, enforced by OSPI if a school district is unable to produce a balanced budget. The purpose of binding conditions is to provide the school district with additional oversight and counsel to support the district in returning to a financially healthy position. As of August 31, 2025 eight districts are in [binding conditions](#). Two of those eight, are now in enhanced financial oversight and one additional district successfully exited binding conditions in November 2024.

The district's operating budget can be significantly affected by actions of the legislature. The state funds approximately two-thirds (68.8%) of the district's general fund budget.

Advocacy to the legislature has become a key budget strategy and tools such as the [one-pager](#) are critical for telling our story with one voice. The 2026-27 advocacy has already begun and will focus on three top priorities for funding: Special Education, Materials, Supplies and Operating Costs and Substitute Costs.

The success of any one of these initiatives could have a positive impact and help to offset increasing inflation and our contractual compensation obligations. Other factors such as declining enrollment are further from our control, but we will continue to assess and work with external demographer experts to determine where we can find efficiencies to ensure we maintain the current level of service in future years.

Long-term asset planning is evidenced in the district's ongoing work around facilities and the Facilities Maintenance Levy planning outlined on page 7. This facility-related work is designed to ensure that the school facilities and instructional programming match the needs, demographics and residential patterns of the community, which are changing. The financial aspects of the currently approved bond and capital work is reflected in pages 125-134 of the 2025-26 budget report.

The district also engages in long-term planning of technology infrastructure and some capital items through the technology capital projects levy. In February 2024, the district's voters

approved a four-year extension of this levy that supported updates to the technology infrastructure, renewal of student 1:1 equipment, licenses and technology training, and safety and security upgrades. The financial aspects of the district's long-term technology work are reflected in pages 135-136 of the 2025-26 Budget Report.

The final rung of recent planning for long-term assets is the bus renewal plan. Following the recommendation of the Transportation Levy Planning Advisory Group and funded by the community's support of the 2016 bus levy, the district's bus fleet was updated and expanded. The financial aspects of the district's long-term bus planning are reflected on page 145 of the [2025-26 Budget Report](#).

The district's voters also approved renewal of the educational programs and operations levy in February 2024. These levies provide critical financial support for the district's operations and instructional programs. The overall tax rates are managed by careful planning, setting realistic rates, managing the district debt portfolio, and keeping updated on state guidelines and needs.

The district regularly engages school staff, students and the broader community in decision making and learning on specific topics through committees, surveys, social media presence and the board's community linkages.

Building staff capacity is also a prominent feature of the district's ongoing work, Great Teaching with Great Support, as reflected in the budget priorities. *All certificated instructional staff engage in non-student staff learning days that are described in EL-4 and EL-8. The 25-26 school year calendar has four professional development days, three (3) of which are funded and required by state law. This learning includes building/district directed and individual preparation and planning for instruction. The professional responsibility stipend (PRS) includes compensation for 7.5 hours of technology integration professional learning.* Training opportunities are also provided for support staff and operational staff, members of Bellingham Association of School Employees partly through a state funded and required program called the "Fundamental Course of Study" (FCS). Teamsters and food services staff have a one-day in-service each year, plus some additional training throughout the year. Additional training and training for non-represented staff is directed by buildings and departments.

The district also utilizes several other strategies for managing the budget, sustaining current operations and building organization capacities. The district monitors local and state funding, has a board-established fund balance policy and sets aside funds in the fund balance in anticipation of future commitments (specific commitments). District staff ensure that levy and bond projections are kept updated and presented to local voters, as appropriate. Fund balance in the general fund is maintained within the established board limits. [Policy 6022](#) prescribes the reservation of an amount equal to at least three percent and within the range of three to five

percent of general fund expenditures for purposes of continuity of operations given economic uncertainties. The district has managed the fund balance in accordance with policy and anticipated economic factors. In some cases, holding a higher than historic fund balance due to school closures resulting in fewer services offered than planned, effectively resulting in one-time resources. At other times, drawing down on the fund balance to minimize variations in the level of services. During the budget setting process, district leadership differentiates between one-time and ongoing expenditures and leadership also sets aside funds for future collective bargaining agreement obligations, and responses to possible over-ratio class sizes and split/combination grade level classes in the fall.

Comparison with Similar and Highly Effective Organizations

The multi-year budget information helps to evaluate the sustainability of current service levels, shows the impact of current decisions on future operations, as it establishes a new service level, and potentially highlights future possible funding shortfalls or surpluses so that programming decisions can begin early. The district has strong alignment with the GFOA recommendation to take a long-term perspective.

Learnings

Preparing a four-year looking forward budget presents challenges as we have little to no control over the state funding reductions and enhancements each year, but we have refined and focused this year on providing accurate projections and cash flow models to assist with conversations with our labor groups and community.

d. Provide an affirmative (or negative) statement of the following:

i. The district received a clean audit opinion.

Affirmative.

For fiscal year 2023-24, the most recently completed and audited fiscal year, the district received a clean audit opinion from the state auditor's office. Once again, the auditors expressed an adverse opinion on the presentation of the financial statements under US generally accepted accounting principles (U.S. GAAP) and acknowledged that "the (State's) Accounting Manual does not require the district to prepare ... (such) financial statements." The audit covered the [financial statements](#), and [federal single and accountability audit reports](#). *The district has not had any external audit findings for 20 consecutive years (2003-04 through 2023-24). The audit of the 2024-25 fiscal year is anticipated to begin in early January 2026.*

Comparison with Budgeting by Similar and Highly Effective Organizations

None noted.

Learnings

The Finance team has developed strong relationships with the local audit team and actively seek and collaborate with other resources including fiscal staff from NWESD189 and finance teams from peer districts to help guide our work and ensure compliance with internal controls and best practices.

Statement of Compliance: The superintendent is **in compliance** with EL-7.