



MISD Budget Roadshow 2026

Fred Rundle- Superintendent

Matt Sullivan- Asst. Superintendent Finance and Operations

**STUDENTS
ARE THE
PRIORITY**

VALUES

WE BELIEVE IN:

- Supporting the whole child.
- Creating inclusive and equitable learning settings.
- Ensuring our school communities are safe and supportive.
- Providing rigorous and challenging learning.

MISSION

The District will foster learning by engaging students in thinking critically, solving problems creatively, and working collaboratively.

VISION

Inspiring our students to be lifelong learners as they create their futures.

Agenda and Outcomes



- Where have we been? Where are we now? Where do we want to get to?
- Student Enrollment
- School Funding in WA State
- Financial Picture- State and MISD
- Ongoing Financial Challenges
- Opportunities Ahead
- Next Steps

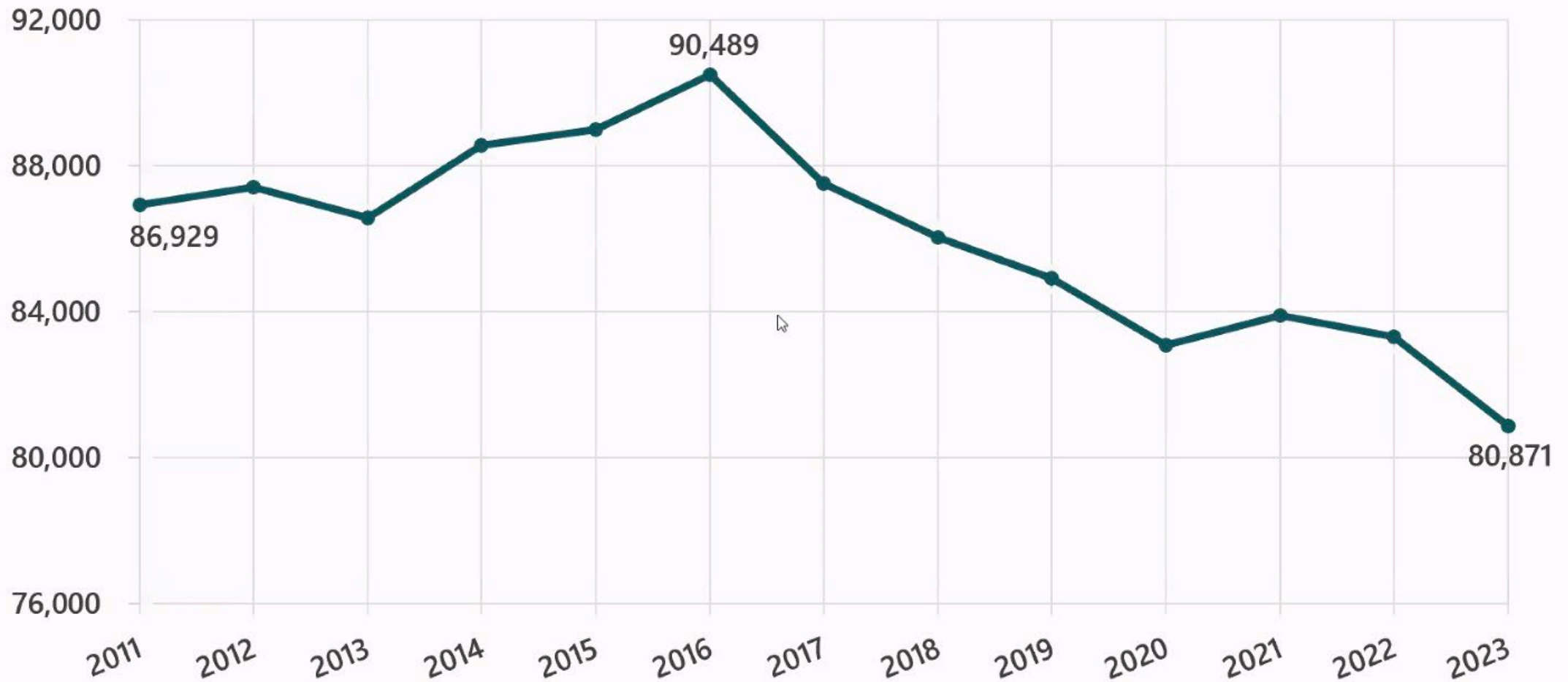


Student Focused

Student Enrollment



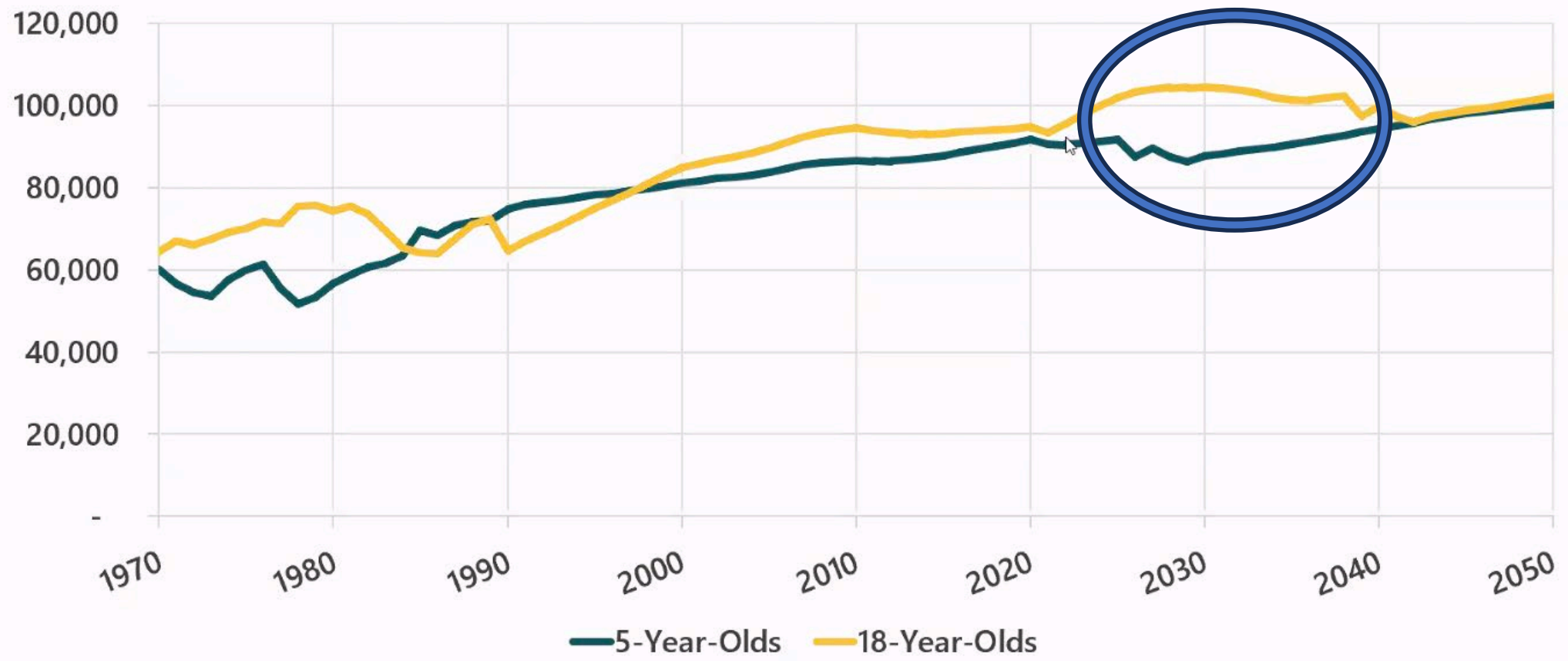
Births in Washington State Over Time



Source: Washington State Department of Health



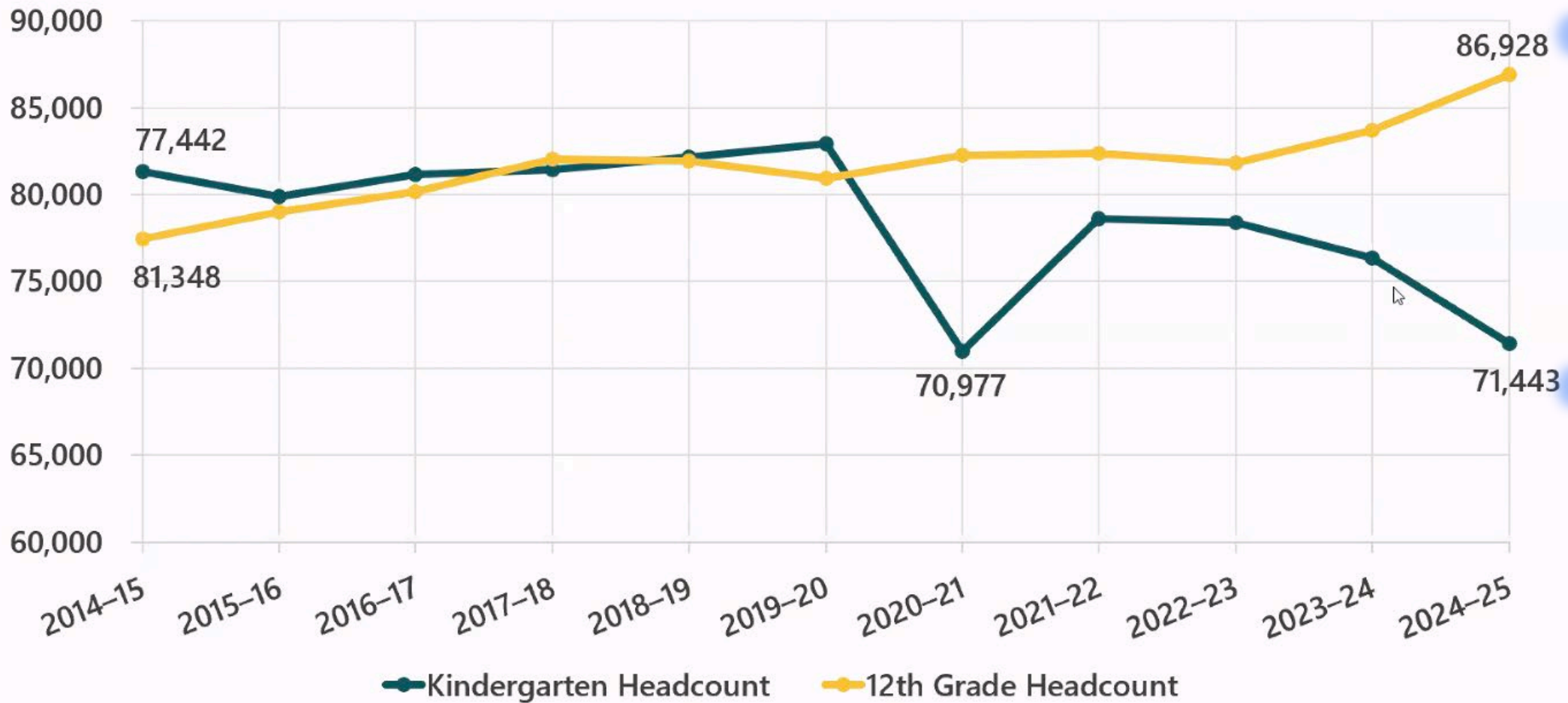
5-Year-Olds and 18-Year-Olds in Washington State Over Time*



*Data presented for 2025 through 2050 represents forecasted values.

Source: Washington State Office of Financial Management

Kindergarten and 12th Grade Cohort Headcount Over Time



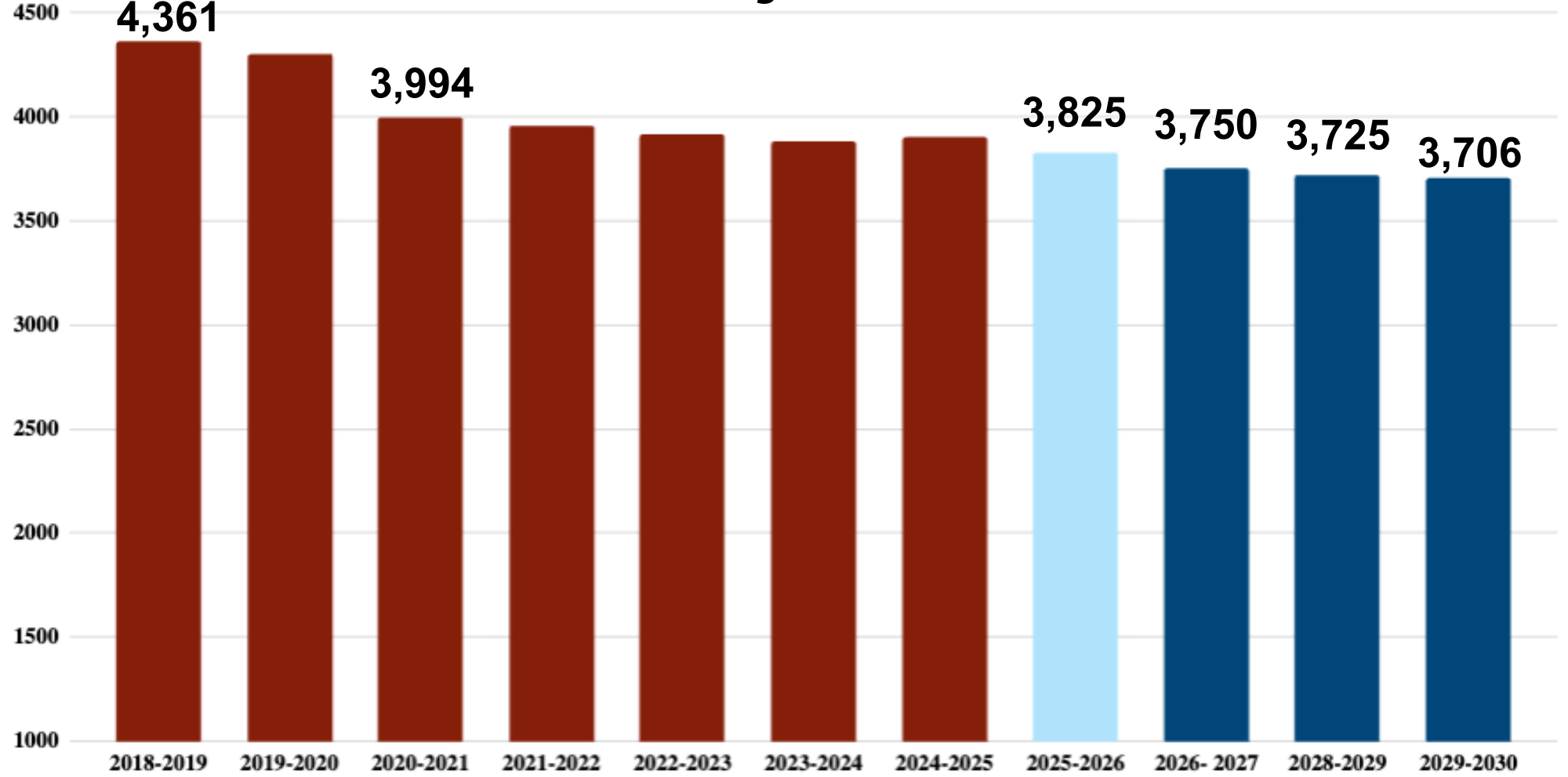
Source: Office of Superintendent of Public Instruction

What makes the disparity between elementary students and high school students problematic?

- Enter a lengthy period of reductions- financial, staff, programs
- RIFs will be normalized
- Student choice will determine programming and staffing
 - Private, online, charter, Running Start, homeschool
 - Elective classes
- Per pupil education costs compared to state apportionment
 - Elementary < apportionment
 - Middle = apportionment
 - High > apportionment
 - What are the implications?
 - State does not fund us this way
 - Our small elementary schools and larger high school is upside down compared to 2009-2016 era
 - Elementary no longer carries the high school

MERCER ISLAND SCHOOL DISTRICT

Historical and Projected Enrollment



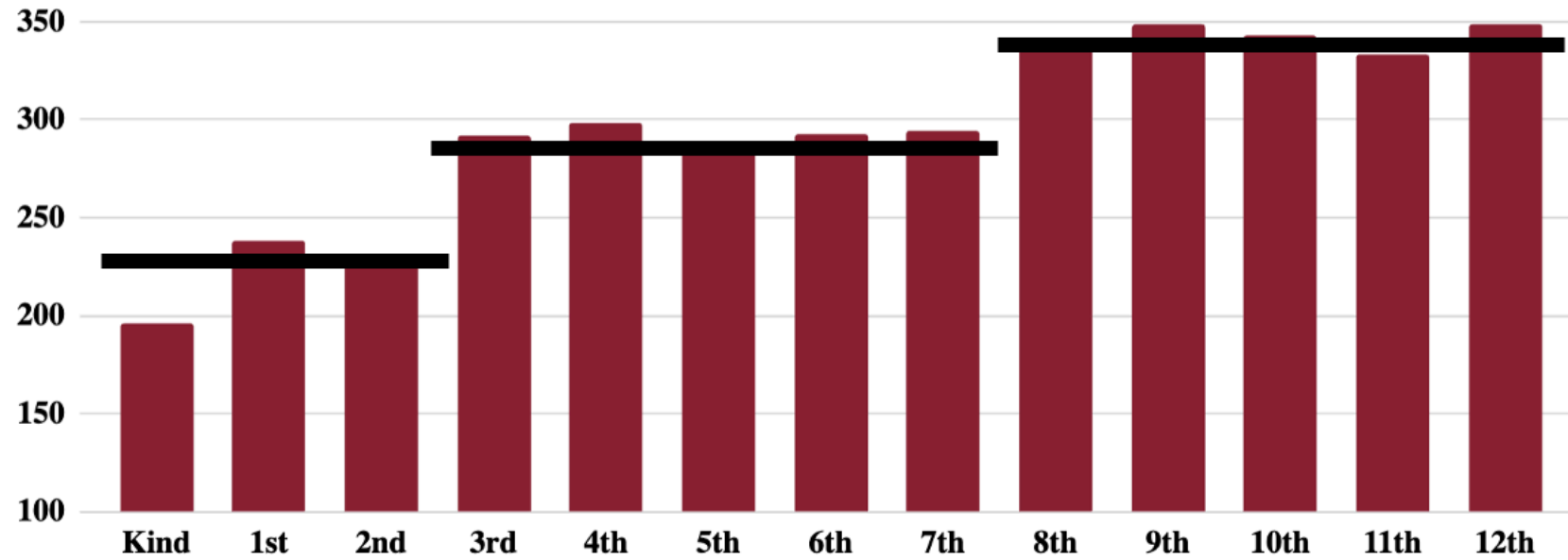
Projected Decline Is Being Realized



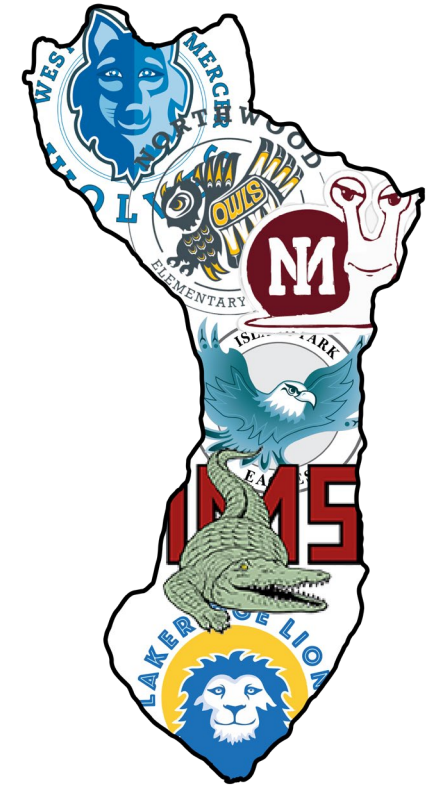


2025-2026 December Enrollment

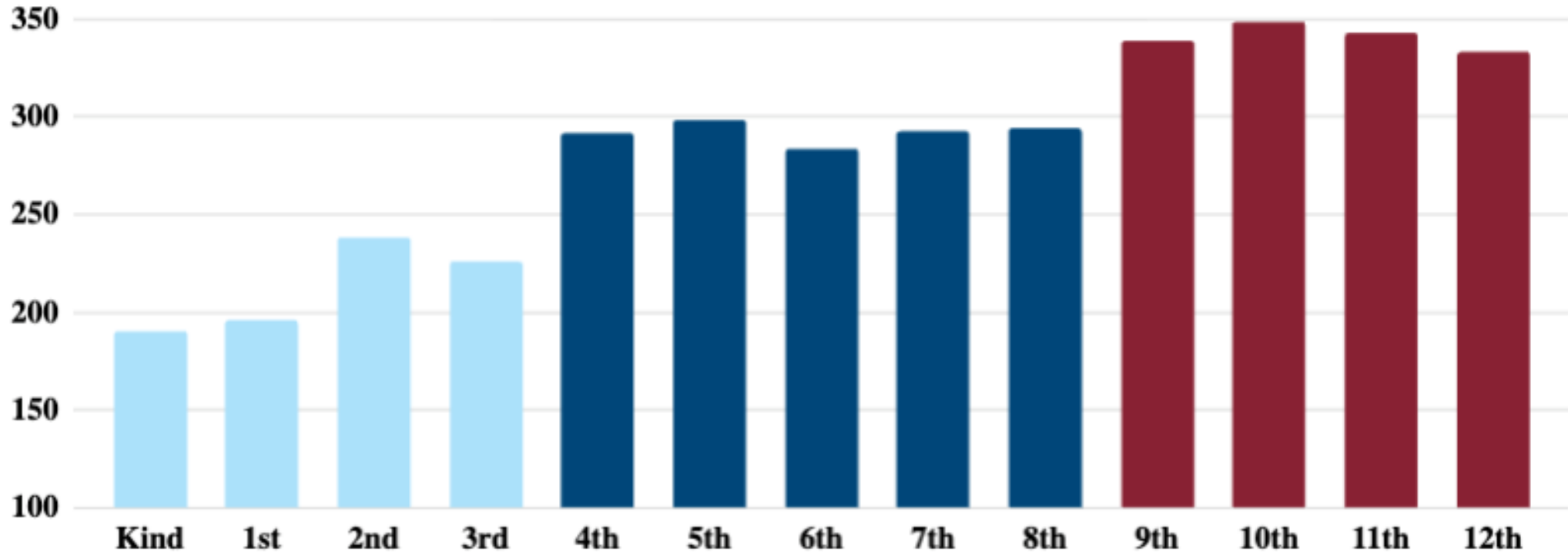
2025-2026 Enrollment



MERCER ISLAND SCHOOL DISTRICT



2026-2027 Enrollment Role Forward Projections



Projected Declines- Forecasted Challenges Ahead



Open Enrollment- The Current State

Category	Data
MISD Staff	59
City Staff and Other Nonresident	12
Returning Open Enrollment	33
New Open Enrollment 25-26	40
Total	144
Percent of Open Enrollment	3.7%
Requests/Inquiries for 2026-27	Over 70 to date

Superintendent's 26-27 Recommendation



Grade	2026-2027 Enrollment Projection	Recommendation
5th	298	Closed
6th	284	Open
7th	293	Open
8th	294	Open
9th	340	Limited Open
10th	350	Limited Open
11th	342	Limited Open
12th	333	Open
Pathways		Program Closed

School Accounting, Expenditures, and Fund Balance





Public Schools Accounting



General Fund



Transportation Fund



Debt Service Fund



Capital (Projects) Fund



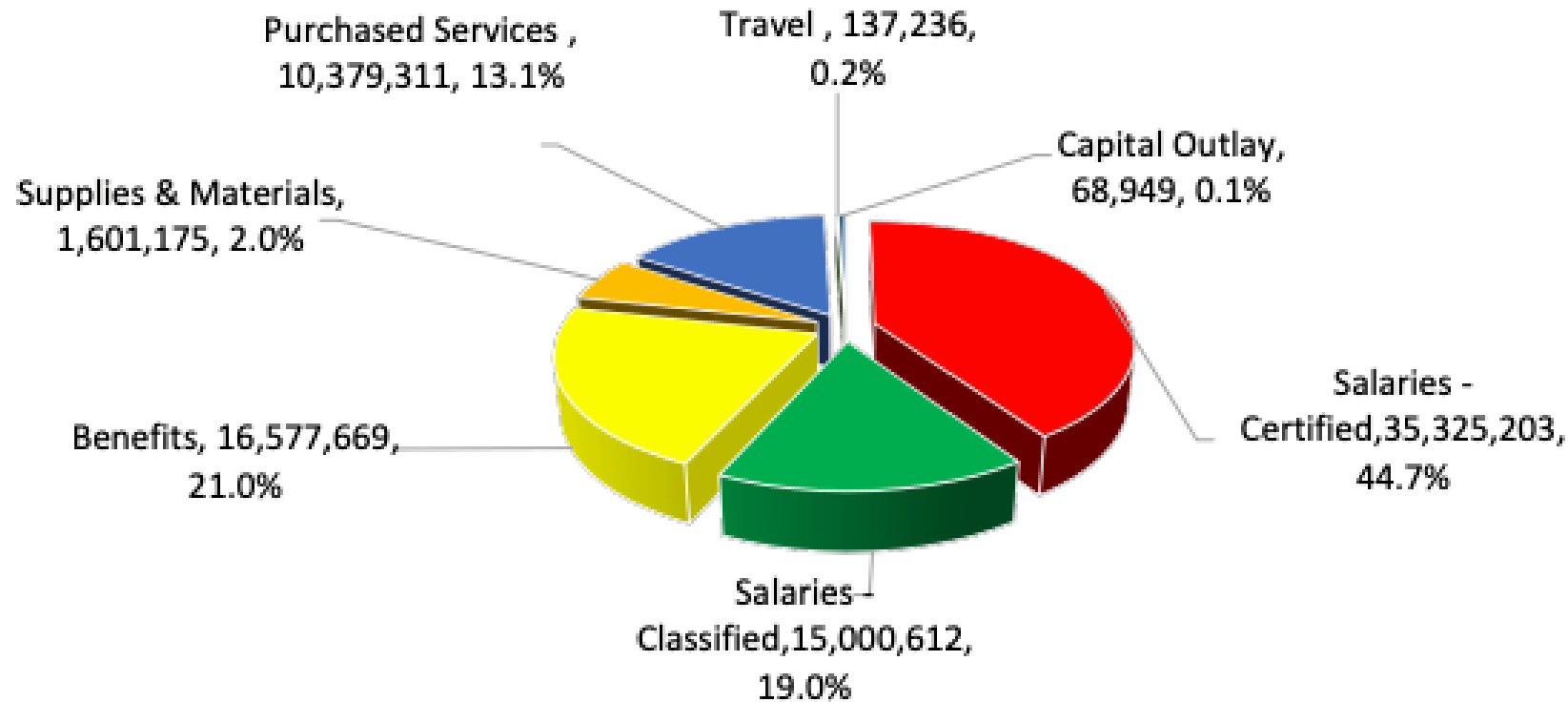
ASB Fund - Associated Student Body

Operate in 5 major funds or accounts

General Fund Expenditures 2024-2025



2024-2025 Actual Expenditures by General Fund

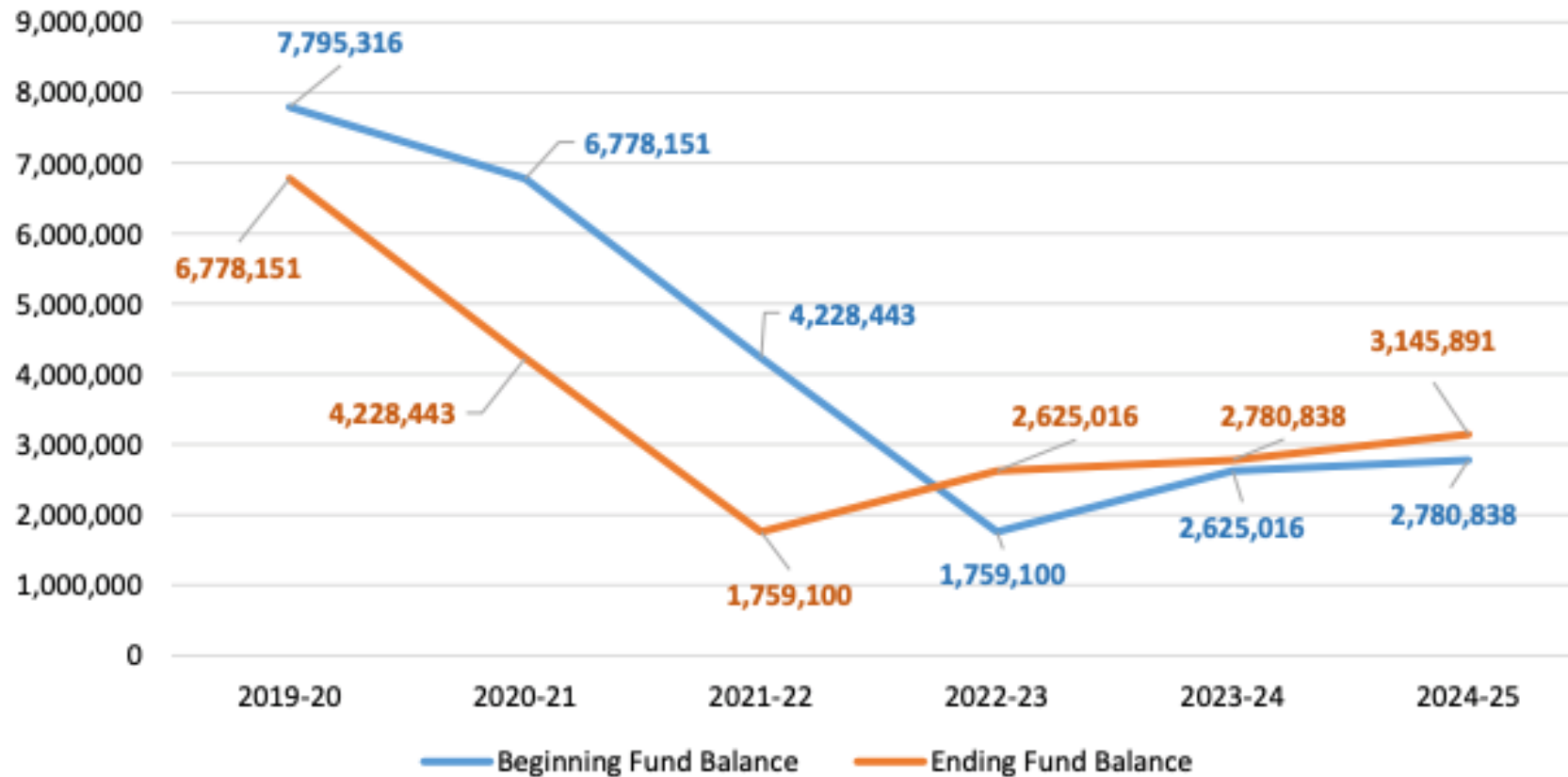


84.7% of MISD's Budget is Spent on People (General & Cap/Tech)

Fund Balance- Money in the Bank



Historical Fund Balance Beginning vs. Ending

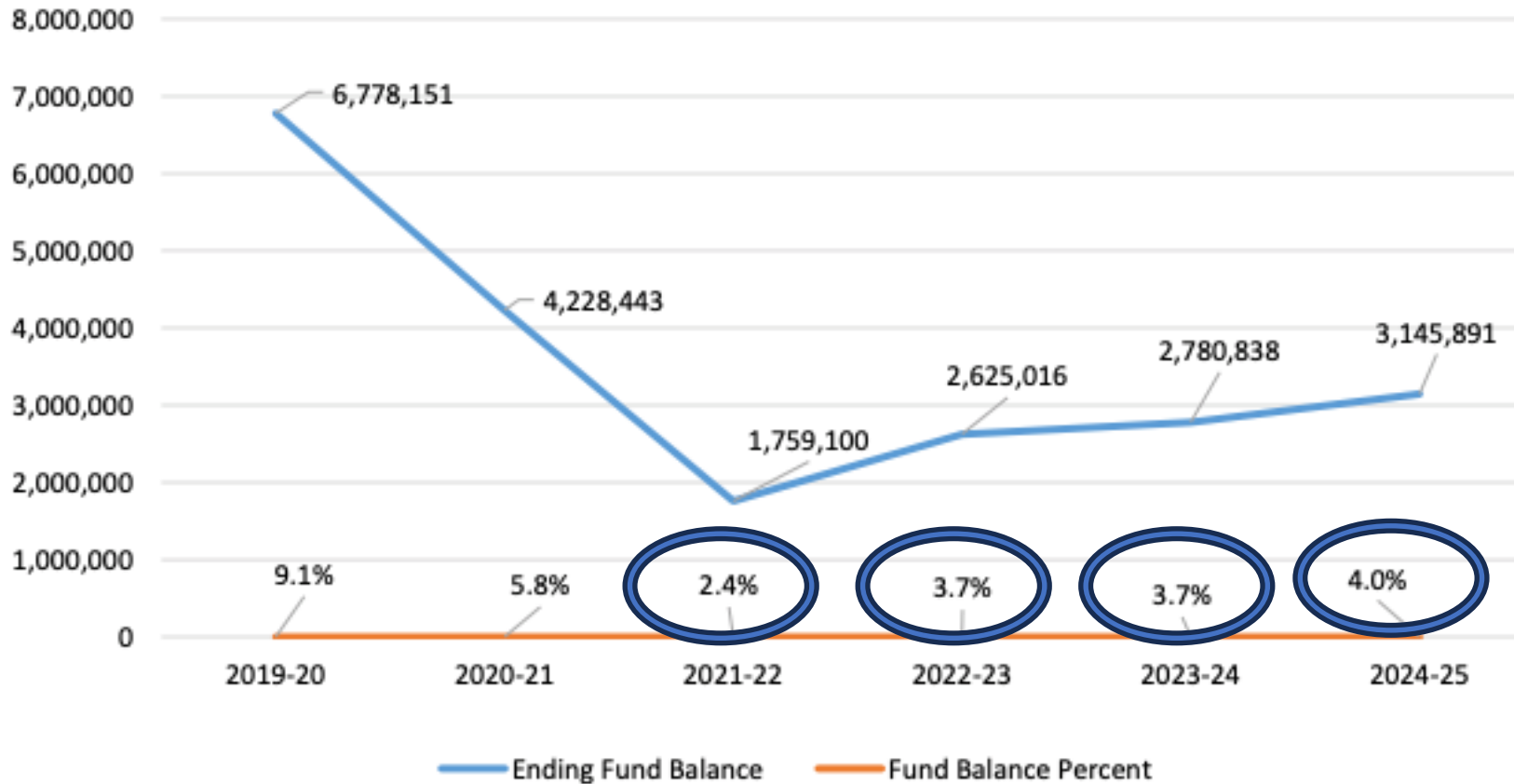


2021-2022- We Owed \$2 Million But Only Had \$1.76 Million

Fund Balance- Money in the Bank



Historical Fund Balance Percent



Our goal is between 8% and 10%

- Two months of operating costs
- Breathing room when state apportions less
- Credit rating
- Weather unexpected factors

Rapid Drop But A Slow Climb Back to 8-10%

MISD Monthly Data Dashboard

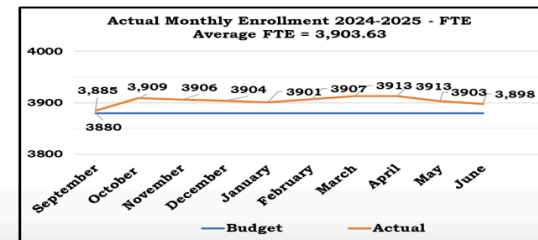
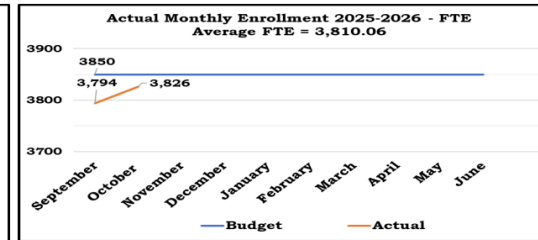
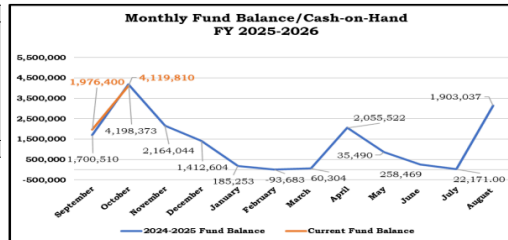


Mercer Island School District - Monthly Financials as of 10/31/25
2025-2026 (16.6% of Fiscal Year)

(*Local Property Taxes Received via King County)

Budget vs. Actuals	September	October*	November	December	January	February	March	April*	May	June	July	August	Annual Budget Per Program	Year to Date Actual Per Program	% of Budget to Actual
Expenditures	Actual for Year \$13,790,530														
Annual Budget =	\$80,597,928														
Basic Education	3,786,924	3,840,061											47,411,468	7,626,986	16.1%
Special Education / Special Services	934,517	1,069,960											11,414,739	2,004,477	17.6%
Vocational Education - CTE/CCR	302,288	295,606											3,150,314	597,894	19.0%
Federal (IDEA/Title/Bilingual)	112,724	98,153											1,401,871	210,877	15.0%
Other Instructional (High-Cap)	11,178	15,320											504,709	26,498	5.3%
Support & Community Services	1,754,228	1,569,571											16,714,827	3,323,798	19.9%
Total Actual Expenditures	6,901,858	6,888,672											80,597,928	13,790,530	17.1%
Encumbrances	63,186,276	60,164,293													
% of Monthly Actual vs. Annual Budget	8.6%	8.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Monthly Expenditure Averages															
5-Year Average	7.9%	8.6%													
Revenues	Actual for Year \$14,751,776														
Annual Budget =	\$80,597,928												Budget Per Program	Actual Per Program	% of Budget to Actual
Local (EE&O Levy - Student Fees)	959,184	4,733,087											18,080,828	5,692,271	31.5%
State Apportionment	4,742,730	4,240,358											55,318,146	8,983,088	16.2%
Federal (Grants - IDEA/Title)	0	15,680											3,272,390	15,680	0.5%
Other (Donations/Cap-Tech/SBIRT)	30,453	30,283											3,926,564	60,736	1.5%
TOTAL Actual Revenue	5,732,367	9,019,409											80,597,928	14,751,776	18.3%
% of Monthly Actual vs. Annual Budget	7.1%	11.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Monthly Revenue Averages													Actual +/-	961,246	
5-Year Average	7.2%	11.4%													
Percent of Annual Apportionment	9.0%	8.0%	5.0%	9.0%	8.5%	9.0%	9.0%	9.0%	5.0%	6.0%	12.5%	10.0%			

Fund	Reserve
General - "Cash-on-Hand"	\$4,119,810.49
Current Fund Balance Percent	5.21%
YE 2024-25 Actual Expenditures	\$79,090,155.20
Capital - Cap/Tech Levy	\$2,349,342.89
Debt Service (Bond Payments)	\$9,105,169.31
ASB	\$741,840.19
Transportation	\$1,715,351.37
TOTAL	\$18,031,514.25



Month-By-Month Look at MISD Finances



Previous Solutions and Continued Challenges

We (MISD) face a \$3million dollar 2025-2026 budget shortfall.

What have we done to attempt to avoid this shortfall?



- Accurate and conservative student enrollment projections
- Reductions in staffing
- Reductions in materials/supplies/operating costs – MSOC
- Limits to travel and spending
- Partnership with MIEA
- Strategic budgeting and accounting practices
- A Commitment to Efficiency



We need to stay the course.



Is this a problem unique to MISD? No.

- Record number of districts in binding condition or being closely monitored in WA
- Apportionment advancement requests
- Interfund loans
- Deficit spending
- ESSER \$ from COVID delayed the fallout
- Student enrollment uncertainty



We are not alone- our forecast could actually be worse.



2025-2026 Mid-Year Adjustments

- Enrollment 25 FTE Lower than Expected
- Reductions In- Materials, Supplies, and Operating Costs (MSOC)
 - Superintendent Budget
 - Professional Development for Administration (-\$100k)
- Apportionment Advance
- Purchasing Review(s)
- Review of Contracts
- Extra / Added Time Monitoring
- Travel

Rapid Drop But A Slow Climb Back to 8-10%



Continued Financial Challenges Ahead

School Funding in the State of WA



We (MISD) face a \$2million dollar 2026-2027 budget drop year over year.



- **MISD took a negative fund balance and grew to 4% in three years**
- **State is not fulfilling the paramount duty**
- **State budget regression in public school funding since 2018**

Problem: Despite stable enrollment, we still face a \$2million funding deficit for 2026-2027

A Reason to Be Hopeful



- 2025 Legislative Session Levy Authorization
 - Districts like MISD may seek authority from voters to increase the EP&O Levy by \$500 per student
 - This could be a \$1.5 million increase to MISD's budget beginning in April 2027
- MISD will ask voters on February 10, 2026 to approve a replacement EP&O Levy

MISD has two levies- EP&O and Capital/Tech

Cause- Soaring costs of programs and services (Annually)



- 7 Period day at MIHS = \$1.2 million
- 4 neighborhood elementary schools = \$800K
- State only funds a fraction of sick leave for staff = \$1million
- Benefits not covered by the state but required = \$350K



We have high standards our state does not meet.

Increasing Staff Costs



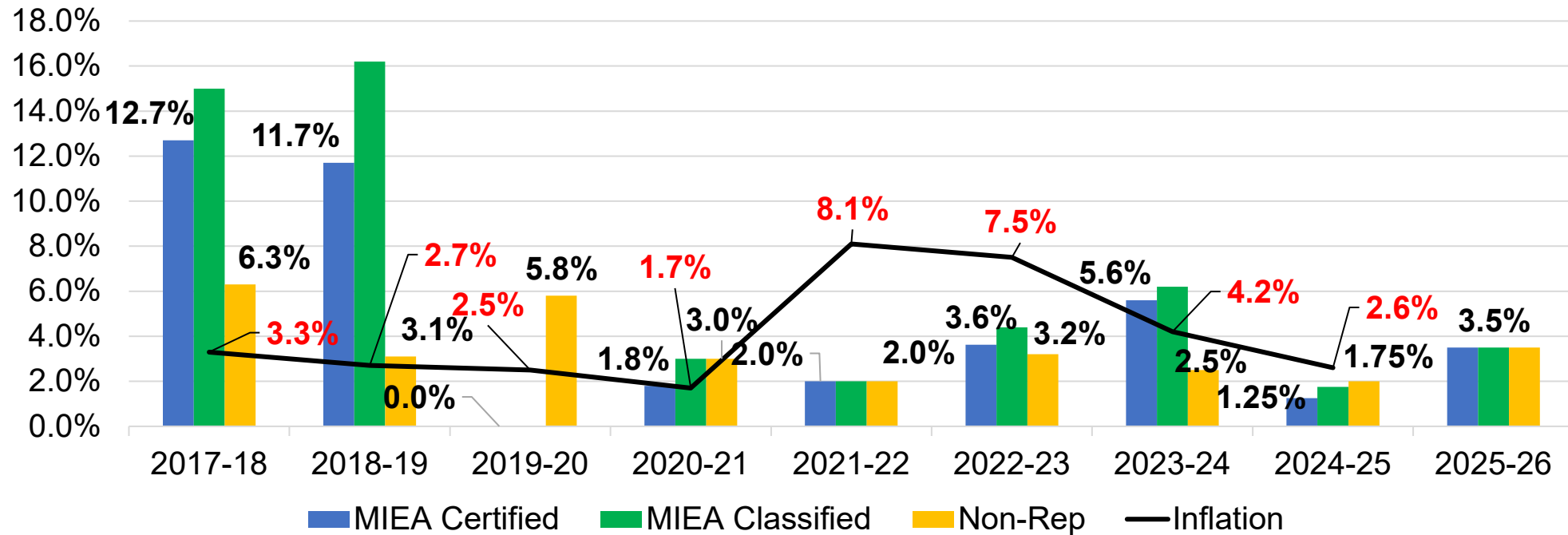
- Anticipated Raises for 2026-2027
 - \$1.5 million = IPD + 1% (COLA and raise)
 - \$550 thousand increase in 2025-2026 (Longevity and Experience)
 - No longer receive experience factor from WA State
- Health Insurance
 - \$310 thousand 2025-2026
 - \$160 thousand 2026-2027

We have an experienced staff...that's a good problem.

Attracting and Retaining Staff



MISD Inflation vs. Salary Increases 2017-18 - 2025-26



Total Salary Increase 2017-18 to 2025-26

MIEA Certified = 41.15% // MIEA Classified = 51.1% // Non-Rep = 30.4%

Total Inflation = 32.6%

(Inflation based on US Bureau of Labor Statistics- CPI-W Seattle-Tacoma-Bellevue – February)

Rising Staff Costs



Financial Context

School Funding in the State of WA



We (MISD) face a \$2million dollar 2026-2027 budget shortfall.

Solutions- School Funding Variables



- Enrollment
 - Attract, Retain, Return
 - Outreach
 - Choice Transfer
- Student Fees
- Legislative Advocacy
- Reductions



Communication- PTA, MISF, Boosters, Advisory Councils

Solutions- School Funding Variables



- Staffing and Operating Reductions
 - Consolidate or Eliminate Positions
 - Avoid the core classroom as much as possible
 - Reduce costs
- Legislative Action and Advocacy
 - Short legislative session- budget and new governor
 - Legislative Platform
 - Fully fund special education
 - Increase MSOC allocation
 - No more unfunded mandates, no more reductions in K-12 investment



Minimize impacts locally...broadcast our voices in Olympia.

MERCER ISLAND

SCHOOL DISTRICT

STUDENTS ARE THE PRIORITY