



# Budget Forecast & Planning for the Next 5 Years in SoWashCo

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**APRIL 23, 2021**



# Presentation Topics




**Current Reality**

**Budget Adjustments**

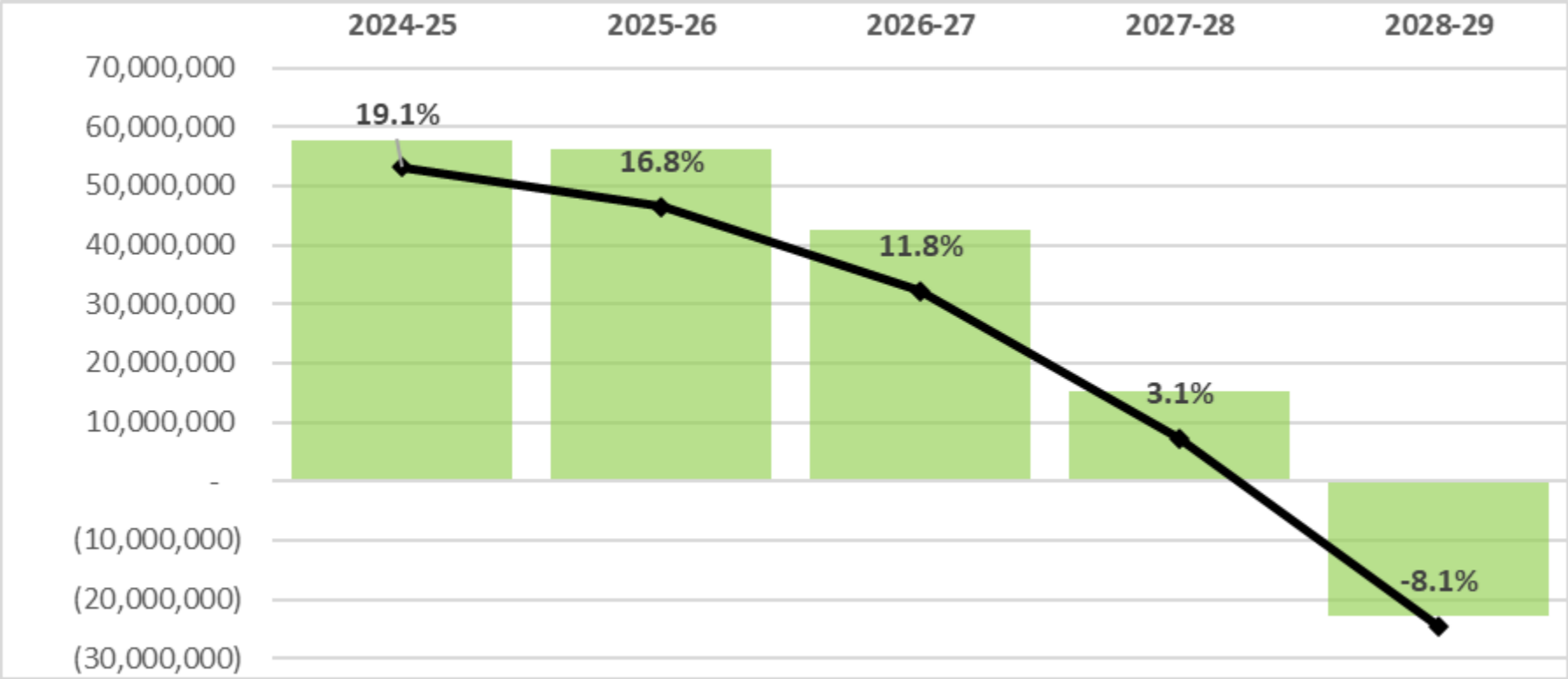
**Planning for the Next 5 Years**



# Our Current Reality – Fund Balance

- Fund Balance Policy 701.2 establishes that the unrestricted fund balance will be at 16.6% by the end of each Fiscal Year (FY).
  - Our current expenditures continue to rise faster than the revenues we receive.
  - Without intervention, the district is projected to reach Statutory Operating Debt by the close of FY 2029.
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- A decorative graphic at the bottom of the slide consists of several overlapping circles. A large cyan circle is on the left, overlapping a yellow circle. The yellow circle overlaps a green circle. Below these, a light beige circle is partially visible.

# Our Current Reality – Projected Fund Balance with No Adjustments



# Our Current Reality – Budget

- The board approved the revised FY '26 budget on March 26, 2026 showing a (\$1.5 million) deficit for this current year.
- 78% of our current expenditures are people.
- “The Cost of Doing Business” has exceeded the dollars received from the state and our existing levy dollars.
- It is anticipated that we will be deficit spending (\$13.2 million) for FY' 27.
  - “It costs more to do the same thing.” (Peter Leatherman)

# Our Current Reality – Budget



- The State basic formula allowance has not kept pace with inflation
  - The difference for SoWashCo Schools is about \$30 million per year
- 34 of 48 of the Association of Metropolitan School Districts (AMSD) member districts (70%) are projecting a combined budget shortfall of more than \$223 million for the 2026-27 school year
  - Survey conducted in late February 2026 by AMSD
- SoWashCo's shortfall is primarily driven by rising operational costs and enrollment declines.
  - Other factors include decreased aid for special education transportation and new state programs and requirements that are not fully-funded.
- To ensure fiscal stability, we will need to engage in a district-wide budget adjustment process.

# What we know... Community Survey Results

- **Quality of Education**

- 92% of parents surveyed – excellent or good
- 83% of all those surveyed – excellent or good

- **Good Value/Investment (75% is the norm)**

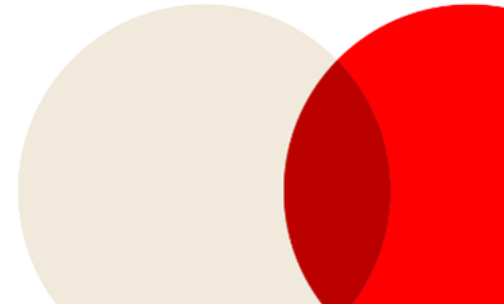
- 94% of parents surveyed agreed
- 88% of all those surveyed agreed

- **Satisfied with Decision Making (70% is the norm)**

- 82% of parents surveyed agreed
- 89% of all those surveyed agreed

- **Financial Management**

- 82% of parents surveyed – excellent or good
- 67% of all those surveyed – excellent or good



# What we know... Community Survey Results

- **Student Enrollment Growth over the next five years**
  - 86% of parents believe that enrollment will increase over the next five years
  - 80% of all those surveyed believe that enrollment will increase
- **Property Tax Predisposition**
  - 83% of parents surveyed - For all or in the Persuadable group
  - 74% of all those surveyed - For all or in the Persuadable group
- **Sources of Information - Preferred source is the District Newsletter**
  - District Newsletter (mailing - 4 times a year)
    - 50% of Parents
    - 40% of all those surveyed
  - District Website
    - 24% of Parents
    - 15% of all those surveyed

# Critical Juncture: Immediate Priority (2026–27)



- Develop a short-term plan to address the deficit spending for the upcoming school year, to be implemented in 2027–28.
- We are not able to increase revenues at a rate that would allow us to fund our way out of making these adjustments.



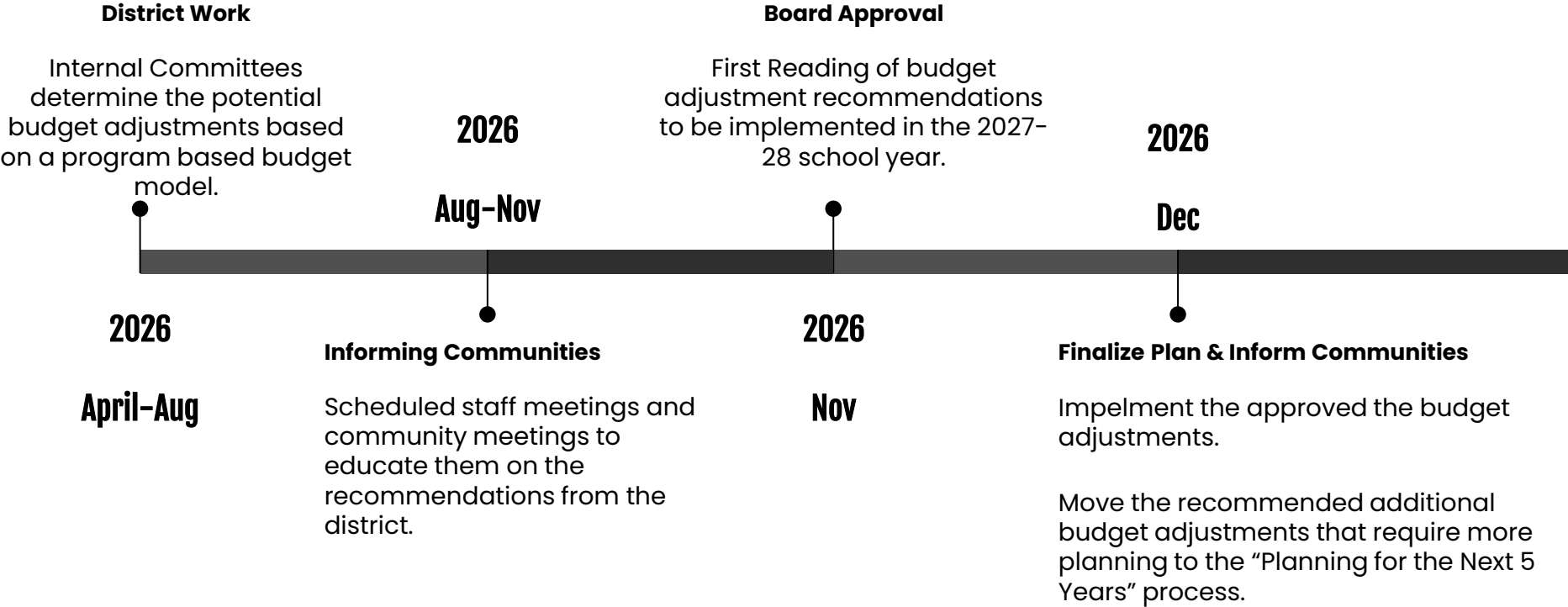
# Critical Juncture: Long Term

## Planning for the Next Five Years

This project encompasses the next 5 years of planning for the district (2028-2033), with attention to:

- **Enrollment Imbalances/Boundaries:**
  - Ensure schools are utilized to maximize efficiencies with staffing and program delivery.
- **Facility Longevity:**
  - Planning for long-range updates and potential bond projects.
  - Examining the use of existing space through repurposing and/or consolidation.
- **Program Optimization:**
  - Reviewing and refining how and where we deliver programming.
- **Additional Funding Needs:**
  - Operating Levy
  - Capital Projects Levy

# Budget Planning Timeline



# Planning for the Next Five Years

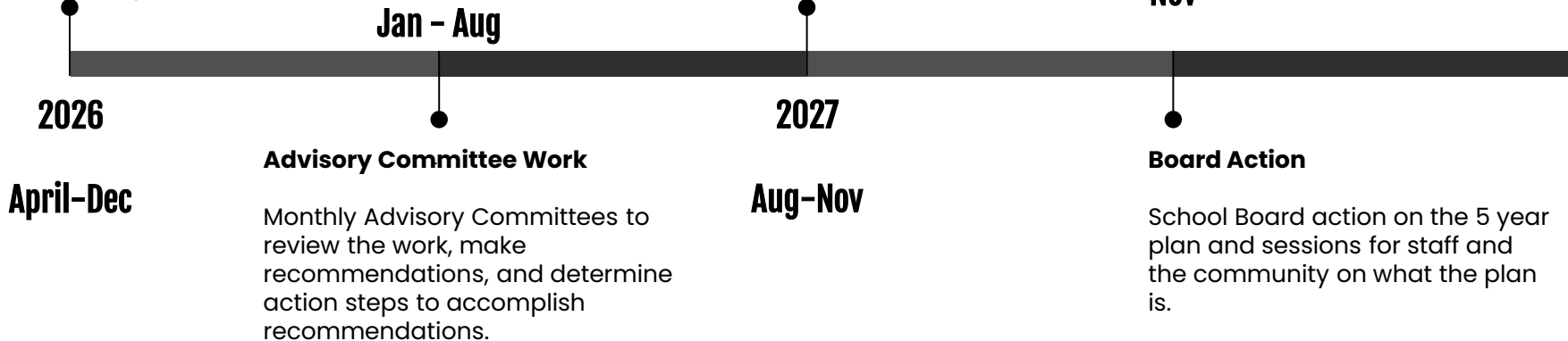
## District Work & Informing the Community

Internal Steering Committees define and research to determine the scope of the work for their pillar.

Scheduled staff meetings and community meetings to educate them on the focus of the project and solicit Advisory Members

## Finalize Plan & Inform Communities

School Board action on the 5 year plan and sessions for staff and the community on what the plan is.



# Difficult Work Ahead

- Conversations about the next five years will be difficult.
- It will include loss of staff, programs and services that we have become accustomed to.
- Discussing fiscal constraints is rarely comfortable, especially when it affects the projects, people and work that we care most about.
- We have a responsibility to operate within our means.



**Thank You**