# Budget Hearing

## 2026-27 Budget Development

**Presenter:** Rosalind Medina, Chief Financial Officer
**Date:** June 4, 2026

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# 2023-2025 Reductions

## Position Eliminations & Discretionary Budgets

- **In 2023, we faced a $10 million budget shortfall for the 2023-24 school year**. To address this, 22 administrative positions were eliminated, and we identified $6 million in reductions to expenditures.
- **In 2024, we faced a $40 million budget shortfall for the 2024-25 school year**. To address this, 38 administrative positions were eliminated, and we identified $9.5 million in reductions to our overall staffing budget. We also identified $20 million in reductions to expenditures.
- **In 2025, we face an estimated $30 million budget shortfall for the 2025-26 school year**. To address this, we have identified an estimated $20 million from program cuts and reductions to our discretionary expenditures.

# 2026-27 Budget

## Key Talking Points

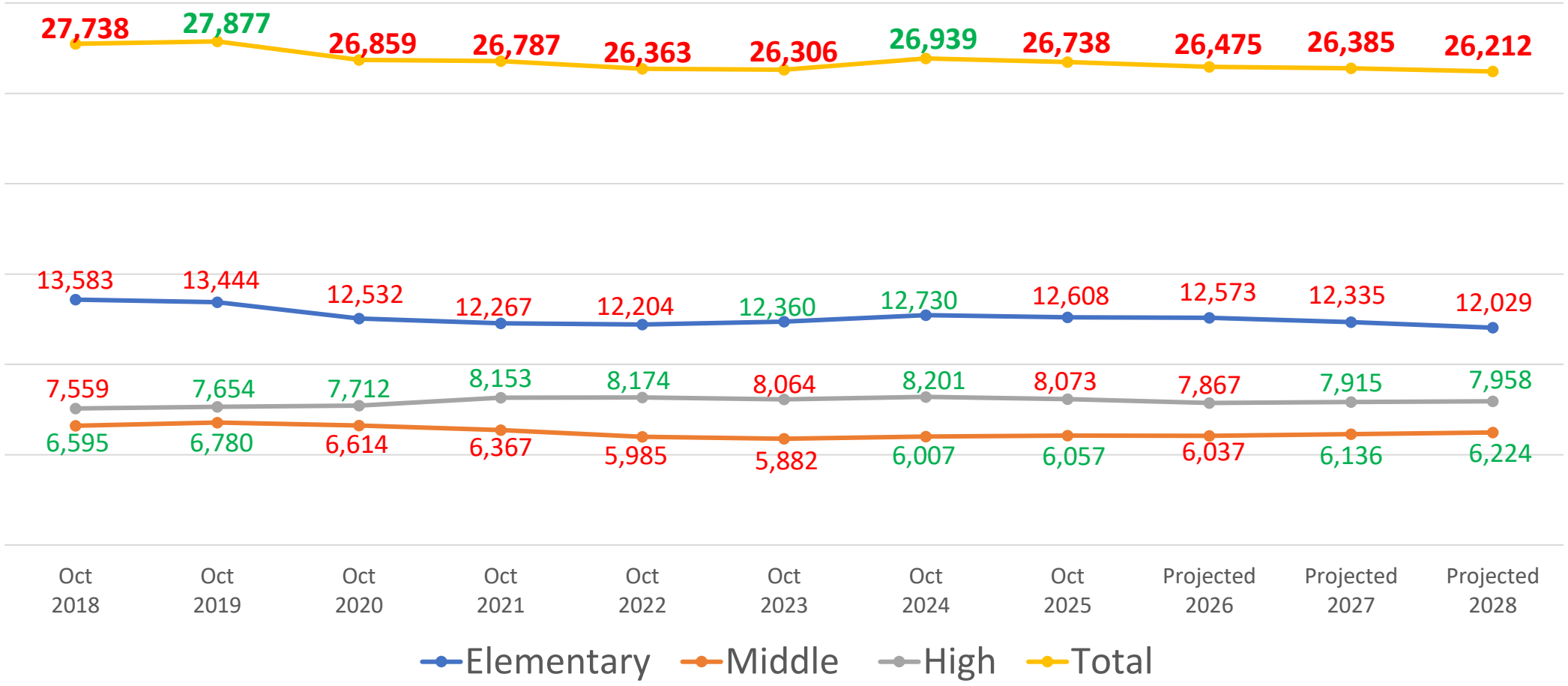
- We are building a budget to **support student needs within the revenues** that are available.
- We had a **$10M shortfall** for 2026-27
- We must rebuild our fund (savings) balance per board policy
- With many years of cutting, and **costs continuing to escalate**, we have fewer and fewer options available for the district to reduce staff and discretionary costs.

# Financial Overview

## What is contributing to the funding issues for schools?

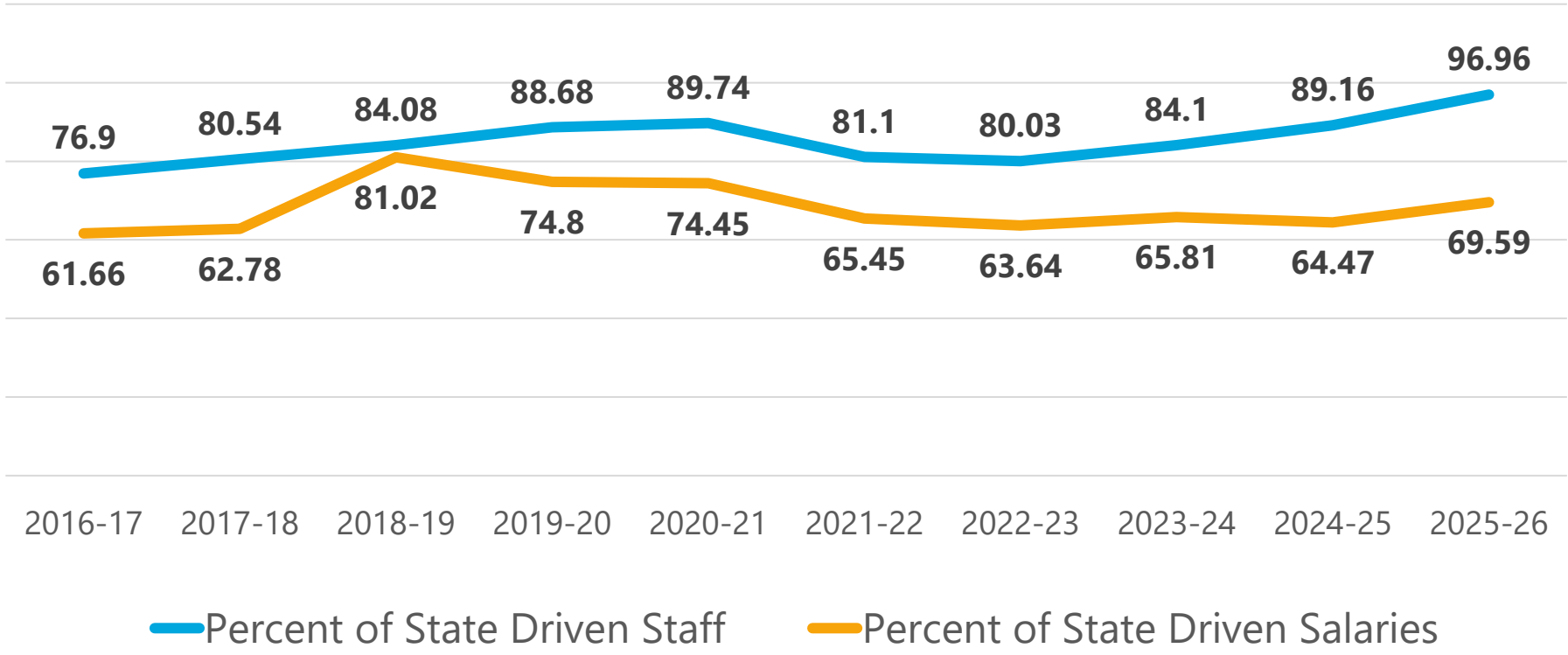
- Inability of the State Legislators to fulfill their paramount duty
- Inflation and escalated costs
- Federal budget unknowns.
- Competitive market driven salary requirements drive higher wages
- Enrollment is steady/slightly declining; no new revenues

# TPS Enrollment Trends



# State Funding Gap Widens

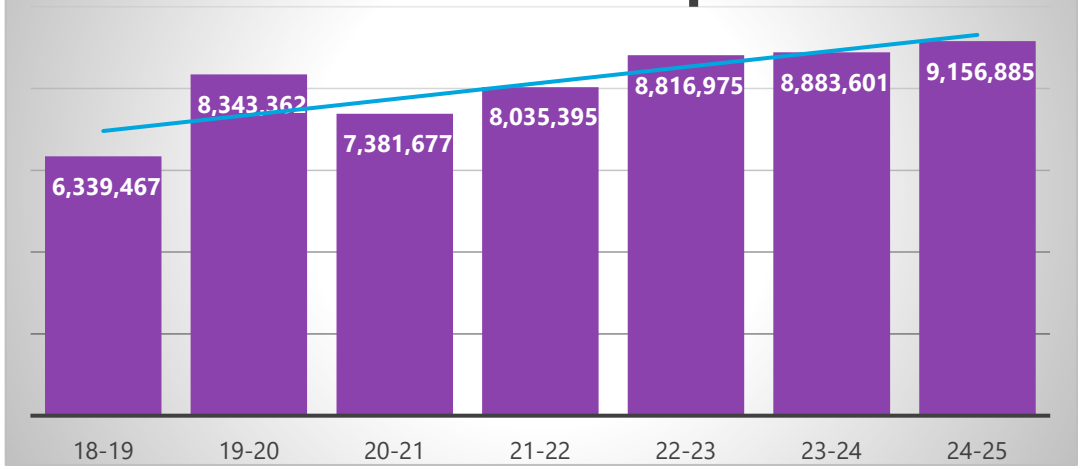
## Basic Education & Levy Funded Staff



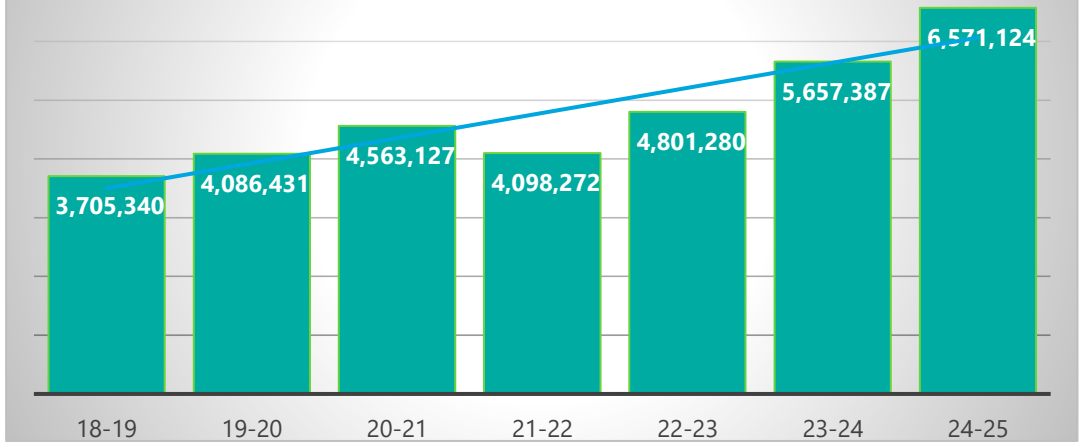

The state gives us roughly **69% of the costs** for what we need to fully fund staff salaries and benefits.

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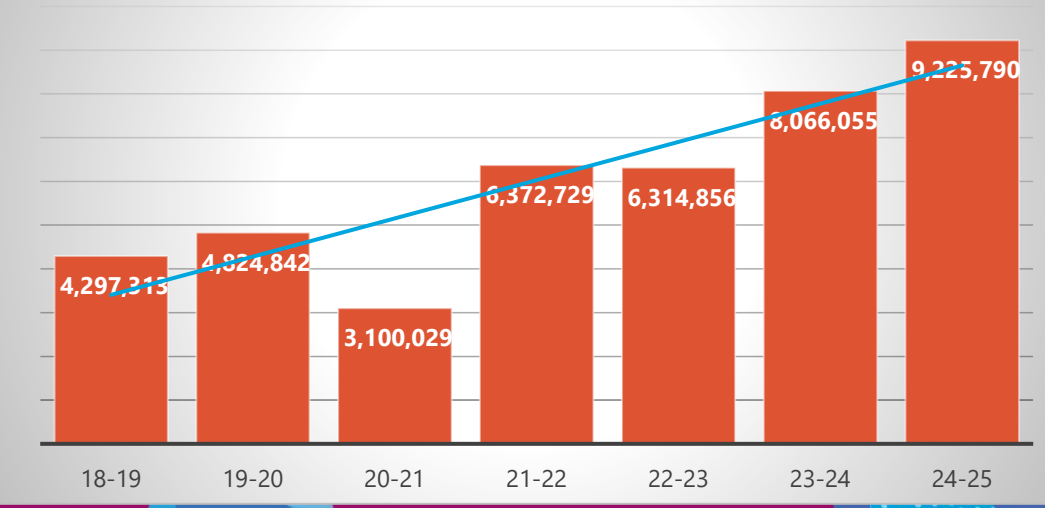
## Utilities Cost Comparison



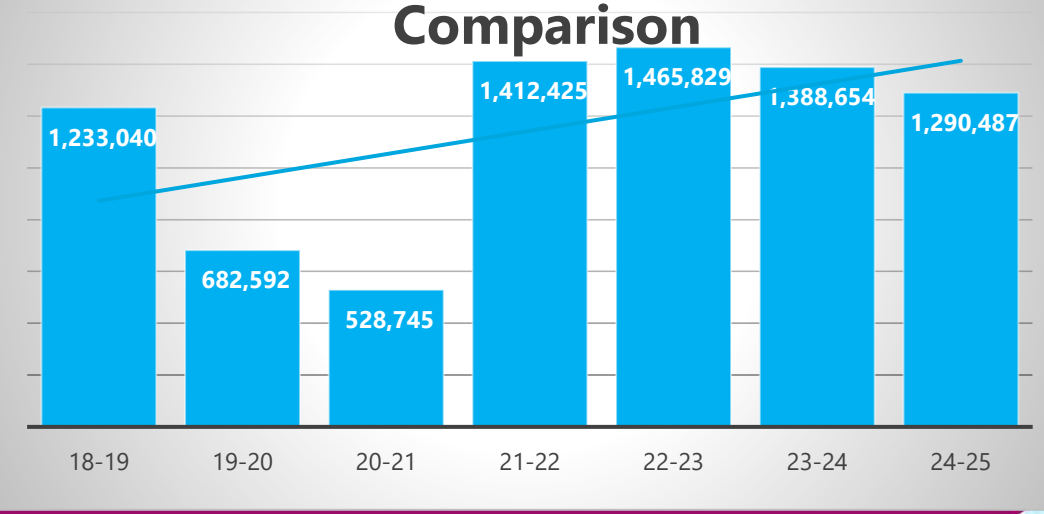

## Insurance Cost Comparison




## Food Cost Comparison

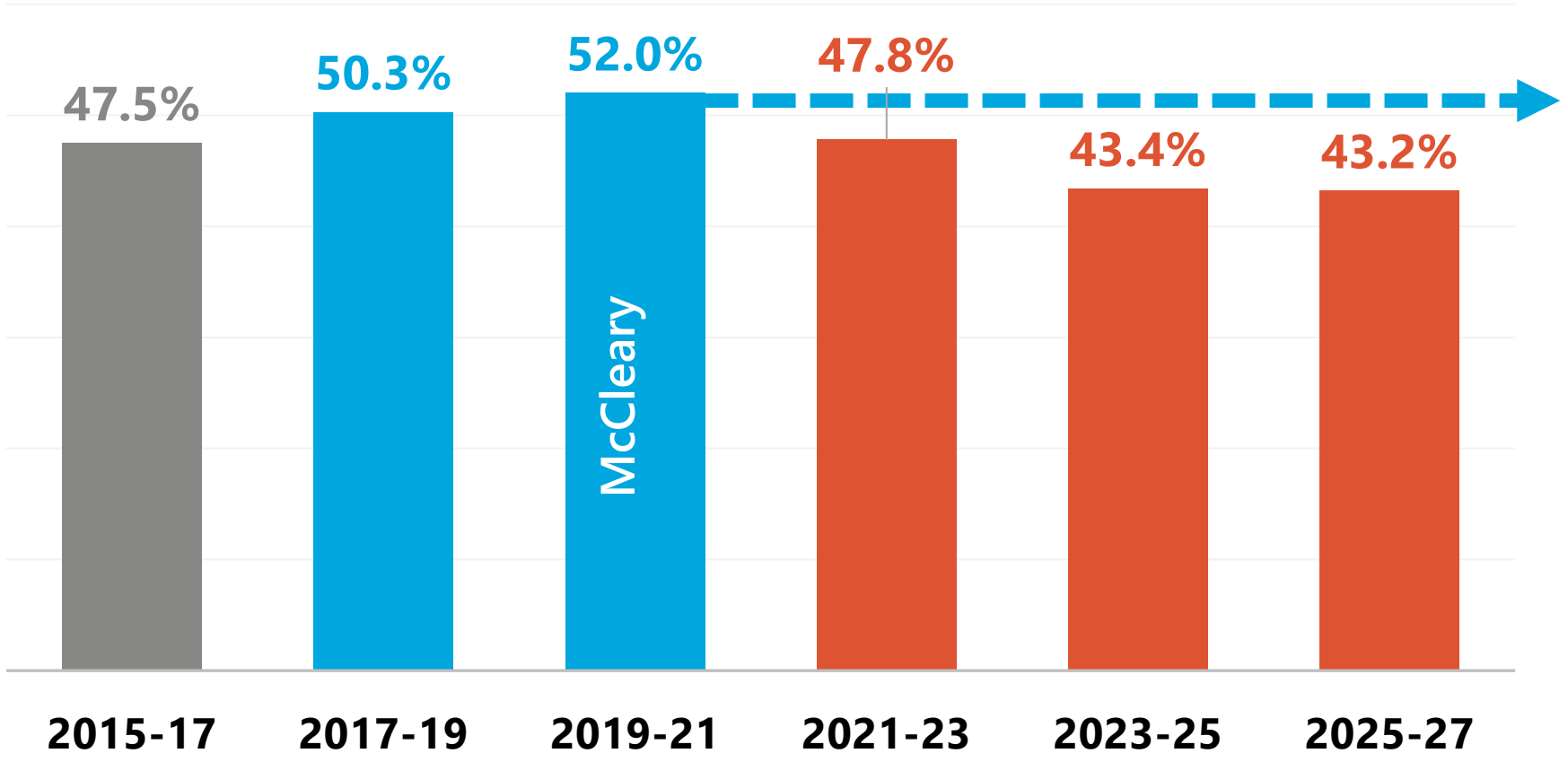



## Motor Vehicle Fuel Cost Comparison



# Financial Overview

## State Funding dedicated to K-12 each biennium




If the State maintained the 52%, Tacoma's revenue would be $175 M more than it is today.

# Budget Development

2026-27 School Year

**2025-2027 Legislative Session**

| 2025-26 | 2026-27 |
| --- | --- |
| Full Cycle | Review Year |

- ✓ Budgeting by Priorities - Review
  - ✓ Spending Plan development
- ✓ School Staffing Models
  - ✓ Enrollment
  - ✓ Collective Bargaining Agreements
- ✓ Admin Support Models
  - ✓ Enrollment
  - ✓ Demographic Factors

# Budget Development

## Guiding Principles

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

## Criteria

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

# District Funds

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**General Fund**



**Debt Service Fund**



**Associated Student Body Fund**



**Transportation Vehicle Fund**



**Trust Fund**



**Capital & Technology Levy**

Funds are like separate checking accounts. They **can't** be used outside of their intended uses. Budgets are not submitted for Trust Funds – those dollars are held on behalf of others.

# General Fund Budget

## 2026-27 Final Budget Summary

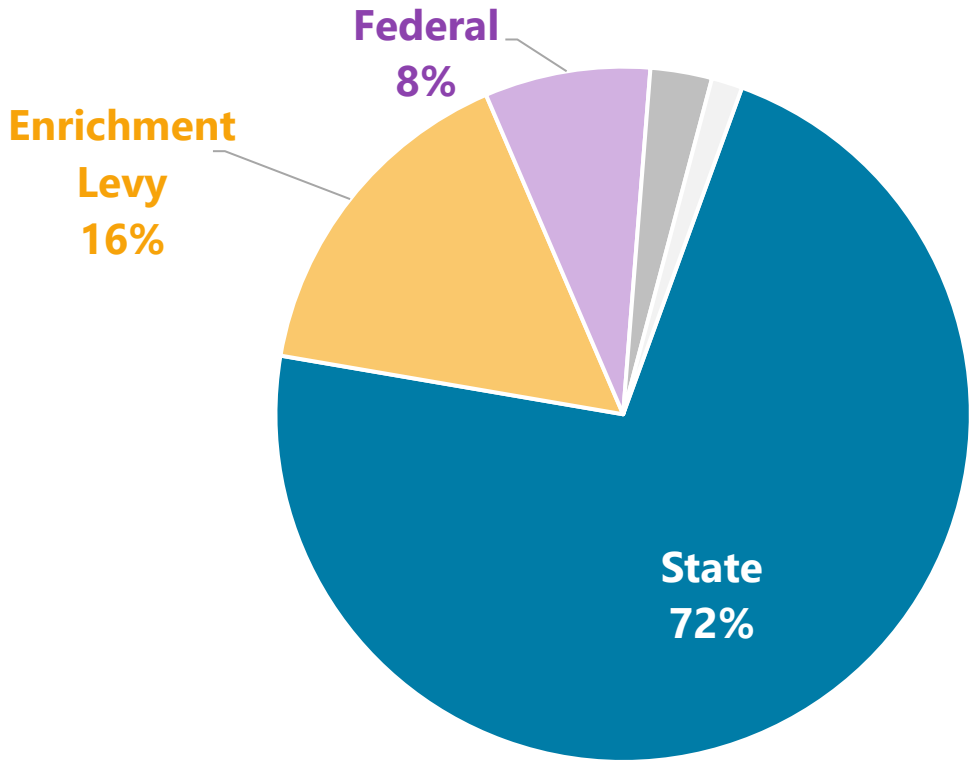
Revenues and Other Financing Sources: $624,592,709

Expenditures: $614,741,729

Anticipated growth in Fund Balance: $9,850,980

# 2026-27 Budget

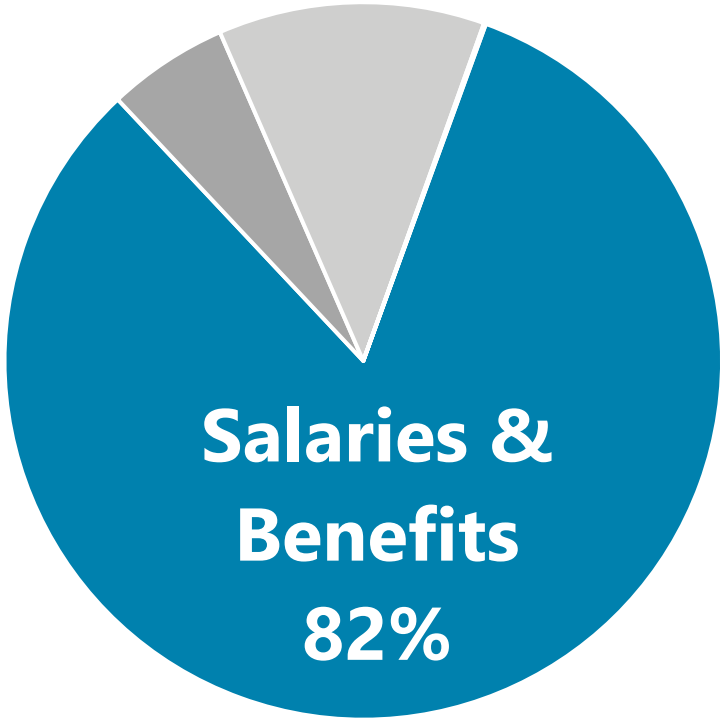
## General Fund: Revenue Sources




| | |
|---|---|
| **State** | **$ 443,602,883** |
| Local Levy | $97,450,083 |
| Federal | $47,407,832 |
| Local Non-tax | $17,605,111 |
| Other | $18,526,800 |
| **Total GF** | **$624,592,709** |

# 2026-27 Budget

## General Fund: Expenditures




| | |
|---|---|
| **Certificated Salaries** | **$282,092,119** |
| **Classified Salaries** | **$108,663,509** |
| **Benefits** | **$116,065,085** |
| Contracts | $73,832,646 |
| Supplies | $33,536,520 |
| Travel | $291,850 |
| Capital Outlay | $260,000 |
| **Total Expenses** | **$614,741,729** |

Source: F-195

# 2026-27 Budget

## Materials, supplies, and operating costs (MSOC)

| | Total Investment |
|---|---|
| 2026-27 State MSOC Revenue | $43,672,636 |
| **2026-27 Budgeted MSOC** | **$54,455,130** |
| *Over/(Under) Compliance* | *$10,782,494* |

# General Fund Budget

## Four-Year Overview

| | 2026-27 | 2027-28 | 2028-29 | 2029-30 |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Local Taxes | $97.45 | $113.85 | $120.01 | $126.57 |
| State - Basic Education | $305.74 | $325.59 | $332.37 | $341.01 |
| State - Categorical | $137.86 | $137.91 | $139.85 | $142.80 |
| Other | $83.54 | $83.54 | $83.54 | $83.54 |
| **Total Revenues** | **$624.59** | **$660.90** | **$675.77** | **$693.92** |
| | | | | |
| **Expenditures:** | | | | |
| Salaries and Benefits | $487.97 | $516.74 | $528.37 | $542.58 |
| Supplies Materials and Other Oper. Costs | $126.77 | $134.24 | $137.26 | $140.95 |
| **Total Expenditures** | **$614.74** | **$650.99** | **$665.63** | **$683.54** |
| **Fund Balance Impact** | **$9.85** | **$9.91** | **$10.14** | **$10.38** |

*(values are rounded in millions)*

Source: F-195

# 2026-27 Other Funds

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## Debt Service: $83,391,000

*Fund used to manage bond related debt obligations.* Currently the district has $907,427,000 of outstanding bonds.



## Associated Student Body: $5,135,736

*Special revenue fund for holding student related fees.* Funds are distributed exclusively under the guidance of the student body.



## Transportation Vehicle Fund: $3,193,000

Fund used for the purpose of purchasing buses for student transportation. Plan allows for replacement of multiple buses – further analysis of depreciation schedule required.



## Capital Projects: $207,520,675*

Fund used to acquire or construct major capital facilities, technology upgrades, or small capital projects using the funds secured through 2020 and 2024 bond issuances and the 2026 capital technology levy.

**includes a transfer out from Capital Projects to General Fund*

Source: F-195

# Four-Year Other Funds

## (values are rounded in millions)

| | 2026-27 | 2027-28 | 2028-29 | 2029-30 |
|---|---|---|---|---|
| Debt Service Revenues | $88,318,000 | $87,523,000 | $58,919,530 | $58,919,530 |
| Debt Service Expenditures | $83,391,000 | $82,875,684 | $57,525,957 | $57,780,421 |
| ASB Revenues | $6,219,388 | $6,208,975 | $6,198,896 | $6,189,170 |
| ASB Expenditures | $5,135,736 | $5,156,025 | $5,177,288 | $5,199,594 |
| TVF Revenues | $1,353,100 | $1,353,100 | $1,353,100 | $1,353,100 |
| TVF Vehicle Expenditures | $3,193,000 | $1,353,100 | $1,353,100 | $1,353,100 |
| Capital Revenues | $48,569,766 | $399,153,914 | $49,980,809 | $54,277,179 |
| Capital Expenditures/ Transfers Out | $207,520,675 | $168,501,829 | $163,001,829 | $152,001,829 |

Source: F-195

# 2026-27 Budget

## By Strategic Plan Goal

| Strategic Plan Priority % of Budget | 2021-22 Biennial Year 1 | 2022-23 Biennial Year 2 | 2023-24 Biennial Year 1 | 2024-25 Biennial Year 2 | 2025-26 Biennial Year 1 | 2026-27 Biennial Year 2 |
|---|---|---|---|---|---|---|
| Academic Excellence | 77.55% | 75.26% | 74.29% | 74.83% | 73.17% | 72.62% |
| Early Learning | 2.48% | 2.63% | 3.35% | 4.06% | 3.73% | 3.64% |
| Health and Safety | 1.77% | 1.96.% | 2.33% | 2.25% | 1.93% | 2.11% |
| Partnerships | 0.19% | 0.20% | 0.18% | .10% | .10% | .13% |
| Operations | 18.01% | 19.95% | 19.85% | 18.76% | 21.07% | 21.50% |

# Fund Balance Plan

(Savings Account)

- Reserves have fallen below 5% Board Policy requirement
- What are reserves used for?
  - ✓ Planned usage/carryover
  - ✓ Emergencies
  - ✓ Bond ratings
  - ✓ Extraordinary events
- Policy requires us to develop a financial action plan:
  - ✓ Increase the fund balance by 1% each year in 2026-27, 2027-28 and 2028-29 by reducing expenditures sufficiently

# 2026-27 Budget

- ✓ Budget facts
- ✓ Frequently Asked Questions
- ✓ Guiding Principles
- ✓ Transparent and accurate information




http://bit.ly/TPSBudget



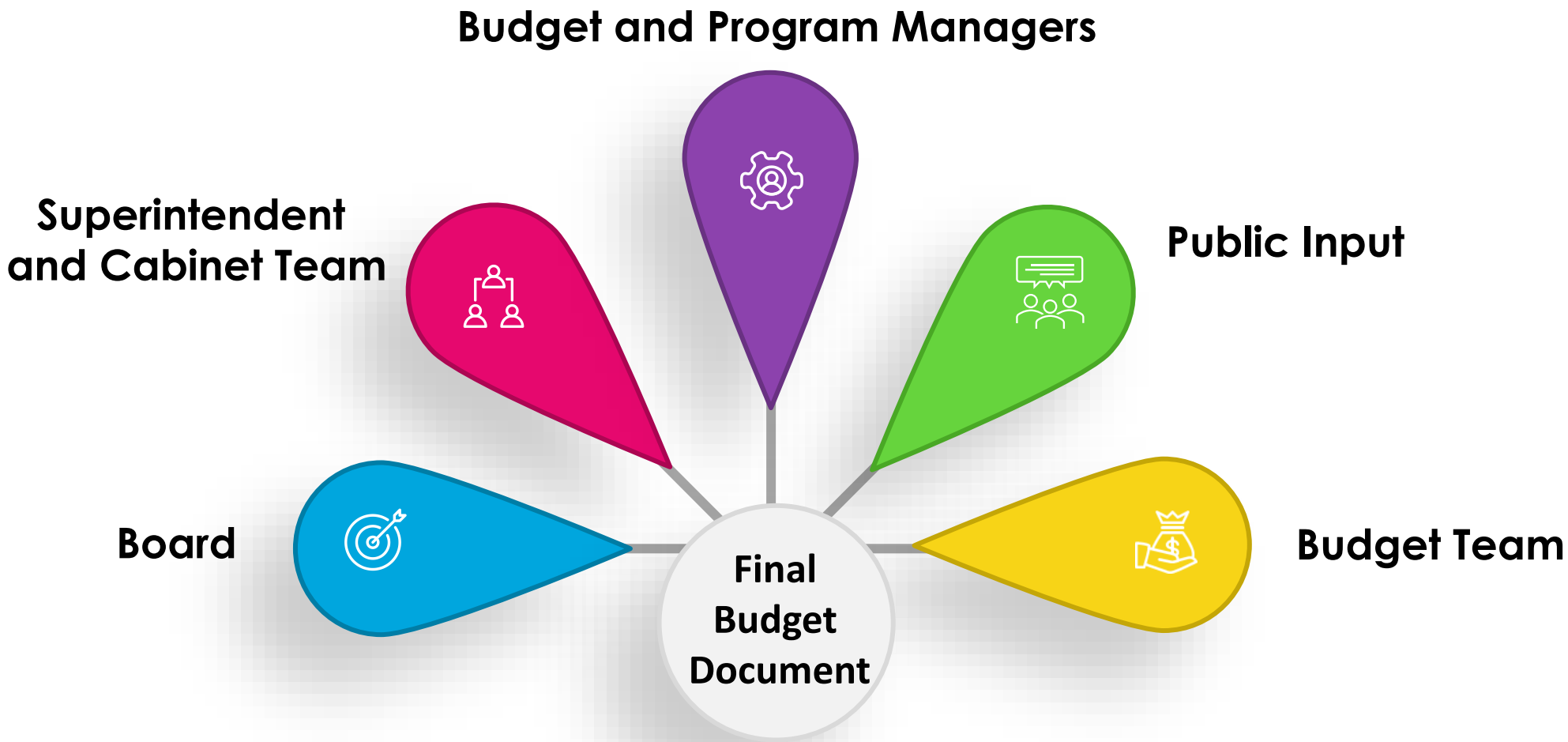
# Questions

- ✓ 2026-27 Budget
- ✓ Legislative Impacts
- ✓ Fund/Reserve (savings) Balance

# Appendix

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# Budget Contributors



# Budget Advisory Committee

## Meeting Overview

- Completed in Year 1 of Biennial Process
- 28 total volunteers
  - Average weekly attendance: 15
- Meeting Activities
  - 5 in-person meetings
    - Two Education Series Sessions
    - Three Community Focus Groups

# Budget Advisory Committee

## Budget Recommendations

Key areas to preserve:

- **Direct classroom support**
  - Maintain quality instruction and teaching resources
- **Whole Child support**
  - Student well-being and comprehensive care
- **Family Engagement**
  - Strengthen community and parent involvement
- **Extended Learning**
  - Opportunities beyond traditional classroom hours