

Stay The Course. Sustainable System. Supporting Every Student.

2026-27 Budget Presentation | July 30, 2026

Six Key Elements to Listen For



1. Building toward a financial sustainable system
2. Legislative impacts on the budget
3. Prototypical School Funding
4. Enrollment updates
5. 4-Year Forecast
6. Risks to this year's budget

2026 – 2027 Budget

July 30, 2026 | Budget Department

Topics Covered

- Budget Overview
- Legislative Impacts
- Prototypical School Funding
- Budget
  - General Fund
  - Other Funds
  - Revenues
  - Expenditures
  - 4-Year Forecast
  - Risks
- Next Steps
- Appendix (additional info)



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.
- **School Board budget parameter and 2026-27 annual plan focus goal:** estimated revenues must exceed estimated expenditures by at least **$2 million, building toward a sustainable financial system**.

2026 Legislative Impacts on Revenue

- No new funding beyond the 2.6% IPD*
  - Salaries and MSOCs funding increases based on IPD
- SEBB medical allocation increased 5.13%
- Reductions in funding:
  - Running Start FTE to 1.3
  - TVF fund bus depreciation (Transportation Vehicle Fund)



*IPD = state inflation measure. Implicit Price Deflator. IPD used by the state to determine salary and MSOC rate of funding for prototypical school model.
MSOCs stands for materials, supplies and operating costs (non-payroll related expenses).

Prototypical School Funding Model

Model that estimates the staff, materials and resources needed to operate an average school (RCW 28A.150.260). The state defines a school size, then calculates how many staff positions are funded based on the district's enrollment size.

Employee Type	Prototypical Funded Salary	Actual BSD Avg Salary	Salary Difference funded by BSD
CIS Salaries	$ 94,572	$ 129,045	$ (34,473
CLS Salaries	$ 67,858	$ 76,658	$ (8,800)
CAS Salaries	$ 140,413	$ 187,399	$ (46,986)

Basic Ed Funding Per Pupil	Basic Ed Actual Spending Per Pupil	Difference funded by BSD
$ 11,255	$ 14,194	$ (2,939)

Prototypical Elementary Size = Staff

Position	Elementary (400 students)
Principals	1.253
Nurses	0.585
Teacher-Librarians	0.663
Social Workers	0.311
Counselors	0.993

For a teacher (CIS), the state funds salary for all funded teachers at $94,572.
While the average BSD salary with supplementals is $129,045.
The difference of $34,473 is funded by local levies, other local support, and grants.
Does NOT include benefits.

Information derived from 2025-26 S-275 reports and state apportionment reports.
CIS = Certificated staff CLS = Classified staff CA = Certificated Administrator
Utilized S-275 November Preliminary Date, and December 1191 State Funded Reporting

Prototypical School Funding Model

Additional State Programs funded by the state, not fully funded by the state

State Programs	Funded Estimates $	Budgeted $	Difference $
Special Education	44,719,347	82,921,205	(38,201,858)
Transportation	8,081,260	10,954,167	(2,872,907)

Special Education Funding estimates total includes safety net reimbursement.

Levy makes up the difference in underfunding by the state for these two state programs.

2025-26 Data

2026-27 District Enrollment (FTE) Projections

Program	2025-26 Budgeted Enrollment (FTE)	Current AAFTE FTE as of June1*	2026-27 Budget Enrollment (FTE)**	June 2026 AAFTE vs 2026-27 Budget FTE
K-12 (FTE)	18,798	18,689	18,515	-174
ALE (FTE)	307	398	349	-49
Total K-12 (FTE)	**19,105**	**19,087**	**18,864**	**-223**

*Student AAFTE as of date, June 1, 2026.

**K-12 Schools were staffed at 2026-27 Budget Enrollment FTE. State budgeted revenues were projected with the 2026-27 Budget Enrollment FTE as well.

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

AAFTE = Average Annual Full Time Equivalent

2026-27 Enrollment Projections

Program	2025-26 Budgeted Enrollment (a)	Current June AAFTE (b)	2026-27 Budgeted Enrollment (c)	2026-27 Budget to 2025-26 Current June (c-b)
K-12 (FTE)	18,798	18,689	18,515	-174
Running Start (FTE)	559	566	600	34
Open Doors (FTE)	35	94	83	-11
ALE (FTE)	307	398	349	-49
Total K-12 (FTE)	**19,699**	**19,747**	**19,547**	**-200**
CTE (FTE)	1,010	1,070	1,040	-30
Special Education (Headcount)	2,360	2,324	2,320	-4
TBIP (Headcount)	5,100	5,136	4,747	-389

F-195: GF1

2025-26 Updated Projected Ending Fund Balance

	Ending Fund Balance
06/04/2026 Projection	$11.5M
07/30/26 Projection	$22.9M
Change	**$11.3M**

Item	Amount
Salary Adjustment	$3.0M
MSOC's Adjustment	$8.0M
Change	**$11.3M**

Majority of savings/adjustments are for Basic Education and Special Education Programs for the second half of the fiscal year, including required contingencies that were not needed this year. However, this does not mean these contingencies will not be needed in future years. Additional savings are also seen in certain grant-funded programs due to unspent expenditures.

Note that any donations or grants unspent, in ANY Program, are CARRIED OVER to the next budget year. This carryover is part of the 2026-27 beginning fund balance of $22.9M.

The ending fund balance of $22.9M should be treated as a range of **+** or **-** $2M.

[District Budget website - June 2026 Financial Report]

More explanation provided within the June 2026 financial report page 9.

2026-27 General Fund Budget Summary

	2023-24 Actuals	2024-25 Actuals	2025-26 Budget	2025-26 Projection	2026-27 Budget
Beginning Fund Balance	$17,679,688	$8,409,188	($5,000,000)	($693,821)	$22,889,111
Revenues	$392,557,545	$417,090,664	$435,251,999	$429,022,449	$460,114,257
Expenditures	$401,828,042	$426,193,674	$433,251,999	$405,439,517	$458,082,622
Revenues Over/(Under) Expenditures	($9,270,497)	($9,103,010)	$2,000,000	$23,582,932	$2,031,635
Ending Fund Balance	$8,409,188	($693,821)	($2,999,999)	$22,889,111	$24,920,746

The 2025–26 and 2026–27 budgets are projected to meet the School Board's budget parameter and the 2026–27 annual plan goal of increasing the total fund balance by $2 million each year.

2026-27 Budgeted Total Ending Fund Balance

Ending Fund Balance Classifications	2026-27
Restricted Fund Balance (Inventory, Prepaids, Carryover, Insurance)	$5,000,000
Assigned Fund Balance (School carryovers for donations and grants not fully spent)	$1,300,000
5% Unassigned Fund Balance (Minimum Fund Balance Board Policy)	$18,620,746
Total Ending Fund Balance	$24,920,746

5% Unassigned =$21 million

Target EFB = $27 million

The 2026–27 budget includes a projected ending fund balance of $24.9 million. To meet the School Board's minimum fund balance policy and maintain sufficient cash flow to pay monthly obligations, the district's ending fund balance should be about $27 million, including $21 million needed to meet the 5% unassigned fund balance requirement.

At $24.9 million, the 2026–27 budgeted total ending fund balance represents about 92% of the total fund balance needed.

2026-27 Budget: The Other Funds

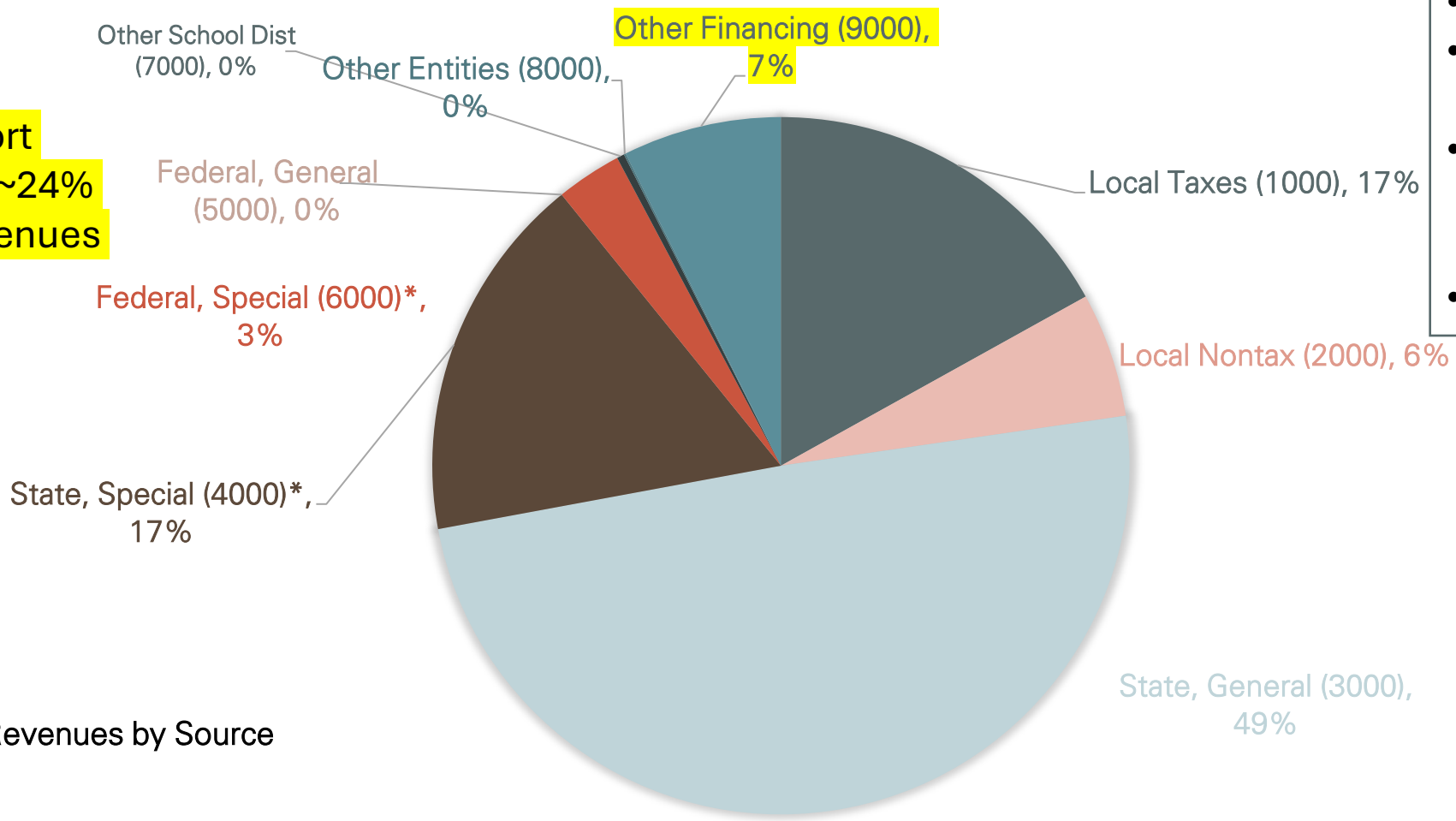
	Capital Projects Fund	Debt Service Fund	ASB Fund	Transportation Vehicle Fund
Beginning Fund Balance	$128,796,350	$50,280,364	$2,400,753	$8,468,046
Revenues	$167,169,187	$88,852,150	$6,746,668	$3,223,828
Expenditures	$116,610,744	$94,538,663	$6,781,936	$4,079,857
Revenues Over/(Under) Expenditures	$50,558,443	($5,686,513)	($35,268)	($856,029)
Ending Fund Balance	$179,354,793	$44,593,851	$2,365,485	$7,612,017

F-195: Fund Summary, CP1, DS1, ASB1, TVF1

Budgeting REVENUES for the General Fund

Budgeting General Fund (GF) Revenues

Levy support revenue is ~24% of total revenues sources



GF Revenues by Source

4 Primary Sources:

- State 66%
- Local Taxes –**Levy EP&O 17%**
- Other Financing – **Capital Tech Levy Transfer 7%**
- Federal 3%

F-195: GF2, GF4

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

Budgeting Revenues – General Fund Local Taxes (Levy)

Levy	CY 2026	CY 2027
Voter Approved	$84 Million	$88.3 Million
Levy Collection	$75.1 Million	$80.5 Million

HB 2049 one-time $500/per student increase for calendar year (CY) **2026**

2026-27 Fiscal Year Collection
$77.9 Million

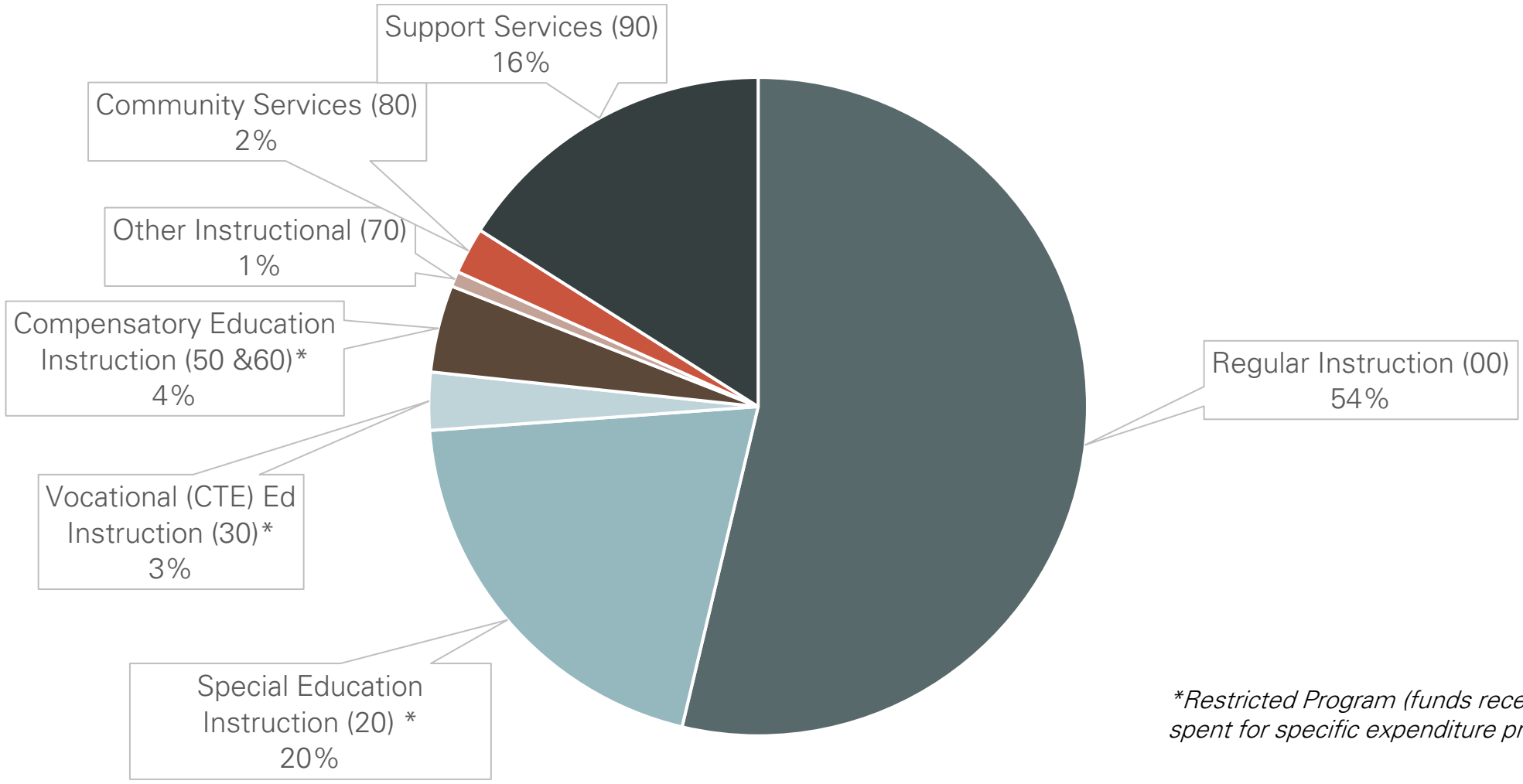
Levies are authorized for a calendar year (CY), however school district fiscal years (FY) are spread over 2 calendar years beginning Sept 1 – August 31

Levy property taxes are collected in October and April

CY 2027 Levy and future years, the levy increase will be a CPI increase, which is lower than $500 per student increase seen for CY 2026 levy. Will discuss in study session how this impacts future year's revenues.

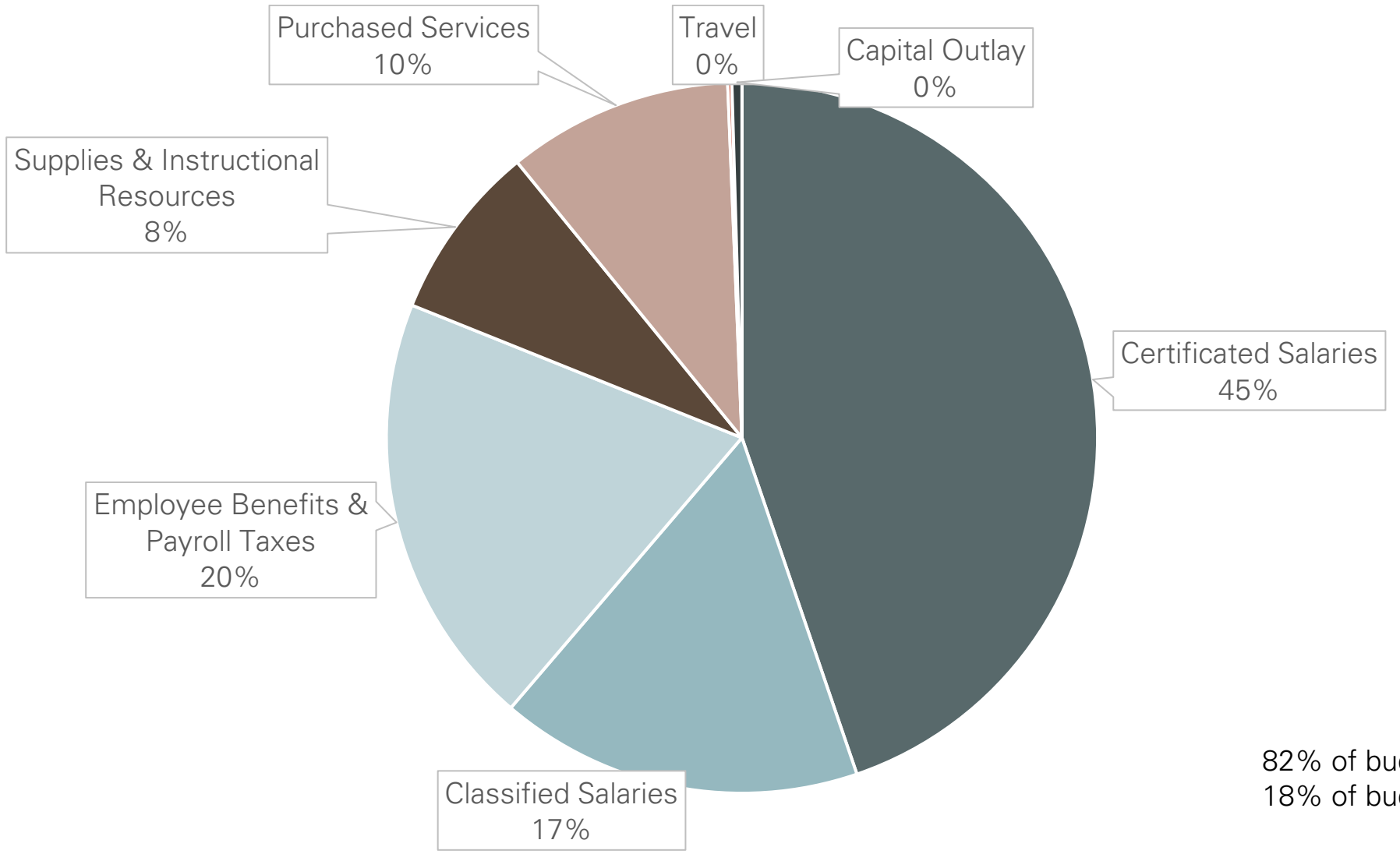
Budgeting EXPENDITURES for the General Fund

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

2026-27 MSOC Disclosure

Materials, Supplies and Operating Costs (MSOCs)

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

2026-27 MSOC Budget	Amount
Total MSOC Allocation (state funded)	$30,303,904
Total MSOC Budgeted	$60,100,671
Net Difference	($29,796,767)

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.

2026-27 General Fund 4-Year Forecast Assumptions

- Static enrollment
- Staffing levels consistent all 4 years – no additional staff positions added
- State funding increased by IPD (2.5%, 2.6%, 2.7%, 2.4%)
- Levy funding increases by CPI
- 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, software and insurance expenses
- Does not include any expenses increase above IPD for staff or new staff positions
- Annual plan/board goal of $2 million increase in fund balance each year

2026-27 General Fund 4-Year Forecast – Status Quo

5-Year Forecast: Status Quo

	2025-26 Budget	2026-27 Budget	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast	2030-31 Forecast
Beginning Total Fund Balance		22,889,111	24,920,746	19,502,714	10,544,337	(388,610)
Total Revenues	435,251,998	460,114,257	472,928,009	485,581,354	498,770,277	511,311,330
Total Expenditures	433,251,999	458,082,622	478,346,041	494,539,731	509,703,224	525,245,806
Revenues Less Expenditures	1,999,999	2,031,635	(5,418,032)	(8,958,377)	(10,932,947)	(13,934,476)
Total Ending Fund Balance	22,889,111	24,920,746	19,502,714	10,544,337	(388,610)	(14,323,086)
Minimum Fund Balance Policy 5%		**21,662,600**	**22,904,131**	**23,917,302**	**24,726,987**	**25,485,161**
Restricted Fund Balance		6,300,000	6,300,000	6,300,000	6,300,000	6,300,000
Total Fund Balance		27,962,600	29,204,131	30,217,302	31,026,987	31,785,161
Fund Balance Gap (Needed to Reach 5% Unrestricted FB)		**(3,041,854)**	**(9,701,417)**	**(19,672,965)**	**(31,415,596)**	**(46,108,247)**

- For 2027-28, status quo operations reduce fund balance by $5.4 M, reducing total ending fund balance from $24.9 M to $19.5 M. Reductions for $5.418 M would be necessary to maintain total ending fund balance at $24.9 M.
- At the end of 2027-28, an ending fund balance of $19.5 M still leaves $9.7 M to go to reach total fund balance of $29.2 M.
- Due to expenditures increasing at a faster rate than revenues growth rate, the fund balance for 2029-30 will be back to negative, binding conditions, if adjustments are not addressed.

2026-27 General Fund 4-Year Forecast

5-Year Forecast: Meet $2 Million in Revenues Greater Than Expenditures Each Budget

	2025-26 Budget	2026-27 Budget	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast	2030-31 Forecast
Beginning Total Fund Balance		22,889,111	24,920,746	26,920,746	28,920,746	30,920,746
Total Revenues	435,251,998	460,114,257	472,928,009	485,581,354	498,770,277	511,311,330
Total Expenditures	433,251,999	458,082,622	470,928,009	483,581,354	496,770,277	509,311,330
Revenues Less Expenditures	1,999,999	2,031,635	**2,000,000**	**2,000,000**	**2,000,000**	**2,000,000**
Total Ending Fund Balance	22,889,111	24,920,746	26,920,746	28,920,746	30,920,746	32,920,746
Reductions Necessary to Reach $2 Million for 'Revenues Less Expenditures'			**(7,418,032)**	**(3,332,639)**	**(1,700,611)**	**(2,678,205)**
Minimum Fund Balance Policy 5%		21,662,600	22,904,131	23,546,400	24,179,068	24,838,514
Restricted Fund Balance		6,300,000	6,300,000	6,300,000	6,300,000	6,300,000
Total Fund Balance		27,962,600	29,204,131	29,846,400	30,479,068	31,138,514
Fund Balance Gap (Needed to Reach 5% Unrestricted FB)		**(3,041,854)**	**(2,283,385)**	**(925,654)**	**441,679**	**1,782,232**

- For 2027-28, to reach fund balance goal of $2 million increase $7.418 M in budget reductions is needed.
- At the end of 2027-28, an ending fund balance of $26.9 M still leaves $2.2 M to go to reach total fund balance of $29.2 M.
- By **2029-30,** total end fund balance is $30.4 M. **Meeting the board policy of 5%** unrestricted fund balance of $24.1 M (or total end fund balance of $30.4 M).

Budgeting Risks to Fund Balance

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 or $2 million fund balance growth each year

Transportation ridership lower than ridership budgeted to estimate revenues

Stay the course.

Sustainable system.

Supporting every student.



1. Restore our **financial health & stability** – rebuild the fund balance and maintain enrollment.
2. Increase **reading and math proficiency** for all students.
3. Improve **future ready outcomes**.
4. Build the **beloved community** – a place of physical, social, emotional, intellectual, and interpersonal safety for all.
5. Increase **student engagement** and improve the **learning experience** in the classroom (planning, teaching, assessing, student agency).
6. Be a **human-centered system**.
7. Care for **staff wellbeing**.
8. Improve parent, student, educator satisfaction with **special education** services.

2026-2027 Budget Next Steps

Preliminary Budget review to ESD by July 10th

Adjust budget for projected ending fund balance and/or high likelihood anticipated expenditures

Budget presentation July 30th board meeting

Budget Hearing for public comment – prior to the start of the August 13th board meeting

Budget presented to the Board for Approval at the August 13th board meeting



Thank you

Appendix posted to website