

Financial Update

Board of Directors Meeting

Presenter: Rosalind Medina, Chief Financial Officer

Date: June 26, 2025



Budget Advisory Committee

Meeting Overview

- 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



2024-25 Budget

General Fund Year-End Projection, May 2025

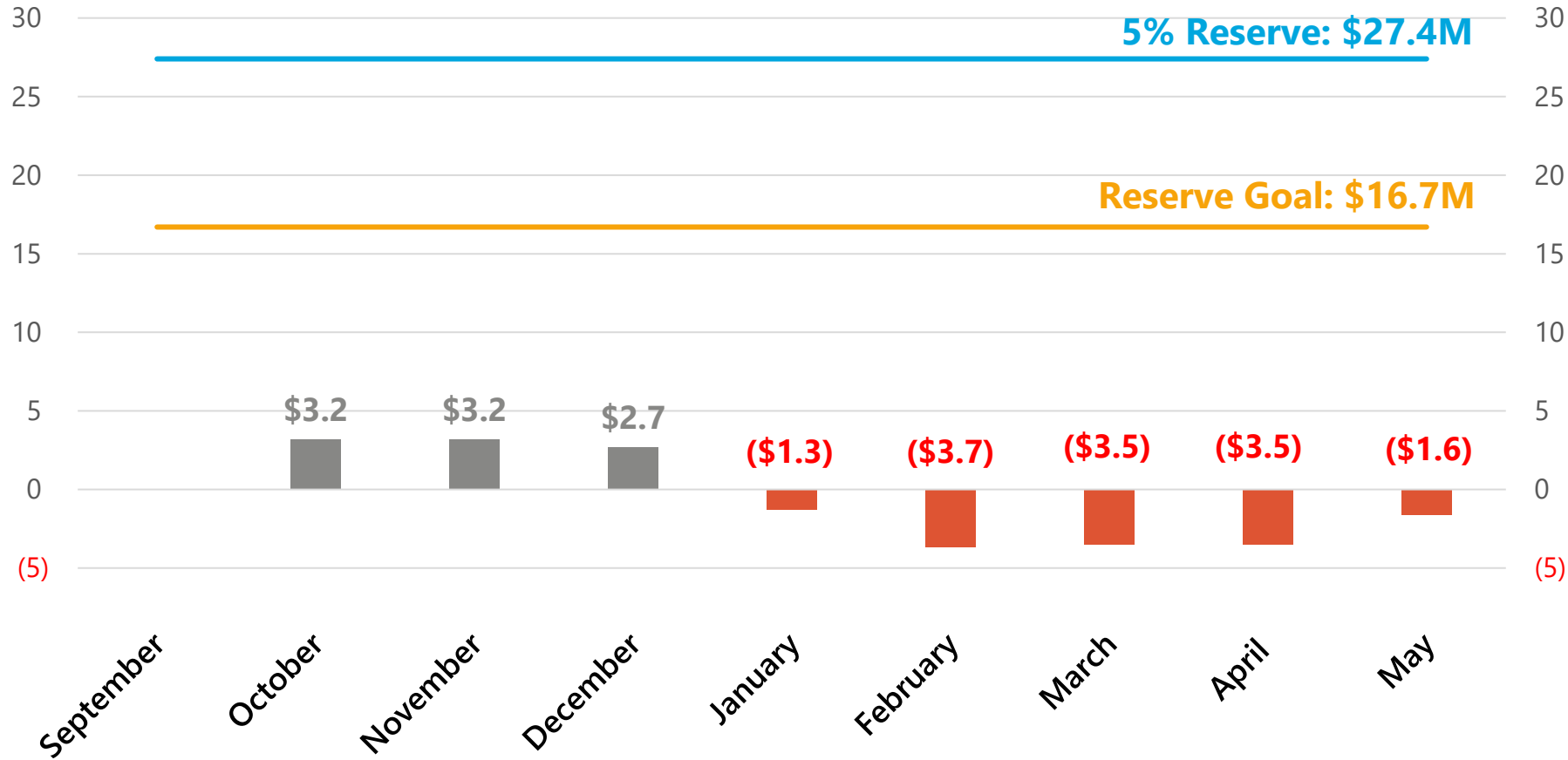
- **Projected Revenues:**
98.1% of budget
- **Projected Expenditures:**
 - 101.2% of budget
 - 3.1% more than revenues
- Fund Balance Reserves = **None**

	Budget	Projected Year-end	Variance
Beginning Fund Balance	\$17,500,000	\$11,139,188	\$(6,360,812)
Revenues	\$577,888,444	\$566,676,891 	\$(13,871,086)
Expenditures	\$572,408,012	\$579,499,240 	\$(6,283,204)
Equals Ending Fund Balance	\$22,980,432	\$(1,683,161)	\$(26,515,102)
Fund Balance Reserve Target		\$28,058,845	\$(31,443,080)
*Fund Balance Reserve %	5.0%	0%	



2024-25 Budget (Current)

Reserves Year-End Projection, March 2025



Projections are estimates of a future data point based on current and historic **spending trends** and patterns.

Financial Overview

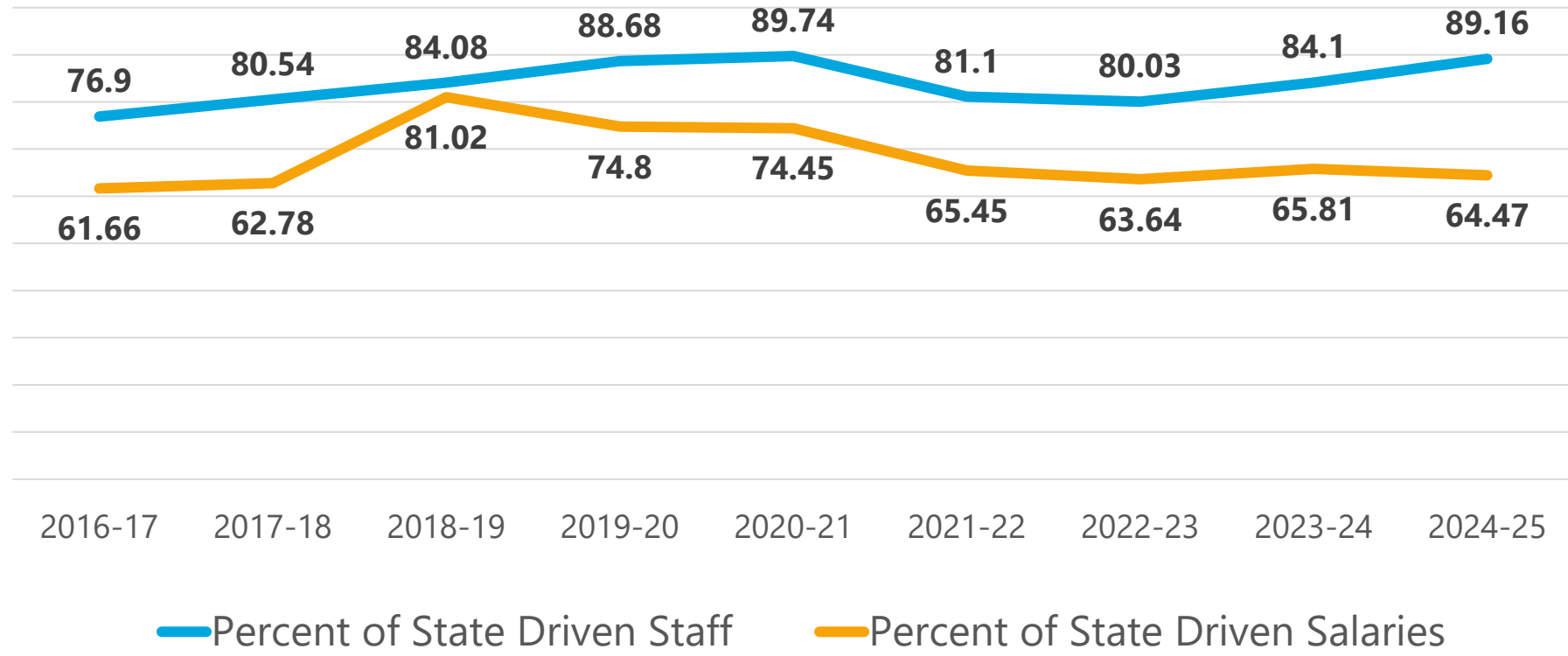
What is contributing to the funding issues for schools?

- Lack of adequate funding from the state
- Inflation and escalated costs
- Shifts in Federal administration may be disruptive.
- Competitive market driven salary requirements drive higher wages
- Enrollment is steady; no new revenues



State Funding Gap

Basic Education & Levy Funded Staff



The state gives us roughly **65% of the costs** for what we need to fully fund staff salaries and benefits.

Financial Overview

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- Lack of adequate funding from the state
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Budget Development

2025-26 School Year

2025-2027

Legislative Session

2025-26

2026-27

Full Cycle

Review Year

- ✓ Budgeting by Priorities
- ✓ 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**.

25-27 Legislative Impacts

Basic Education

	Senate Budget	House Budget	Conference
Basic Education Revenue			
Implicit Price Deflator (COLA)	\$4,872,000	\$4,917,000	\$4,893,000
Medical Benefits	\$2,974,000	\$3,311,000	\$3,336,000
Materials, Supplies and Operating Costs (MSOC)	\$3,133,000	\$1,154,000	\$2,039,000
Retirement	(\$4,904,000)	(\$3,041,000)	(\$3,920,000)
ALE	\$163,000	\$157,000	\$162,000
Costs Increases			
Implicit Price Deflator (COLA)	\$5,740,000	\$5,940,000	\$5,940,000
Medical Benefits	\$2,893,000	\$3,227,000	\$3,244,000
Retirement	(\$10,600,000)	(\$4,378,000)	(\$8,460,000)
Net Impacts	\$8,205,000	\$1,709,000	\$5,786,000



25-27 Legislative Impacts

Other Increases

Levy Increases

- ✓ Current \$82M voter approved for 2026
- ✓ Levy lid increase would occur in 2026
- ✓ Timing and risk would not allow the district to increase revenue using levy in 2026
 - Increased authority will be sought from voters during 2026 election

Special Education Increases

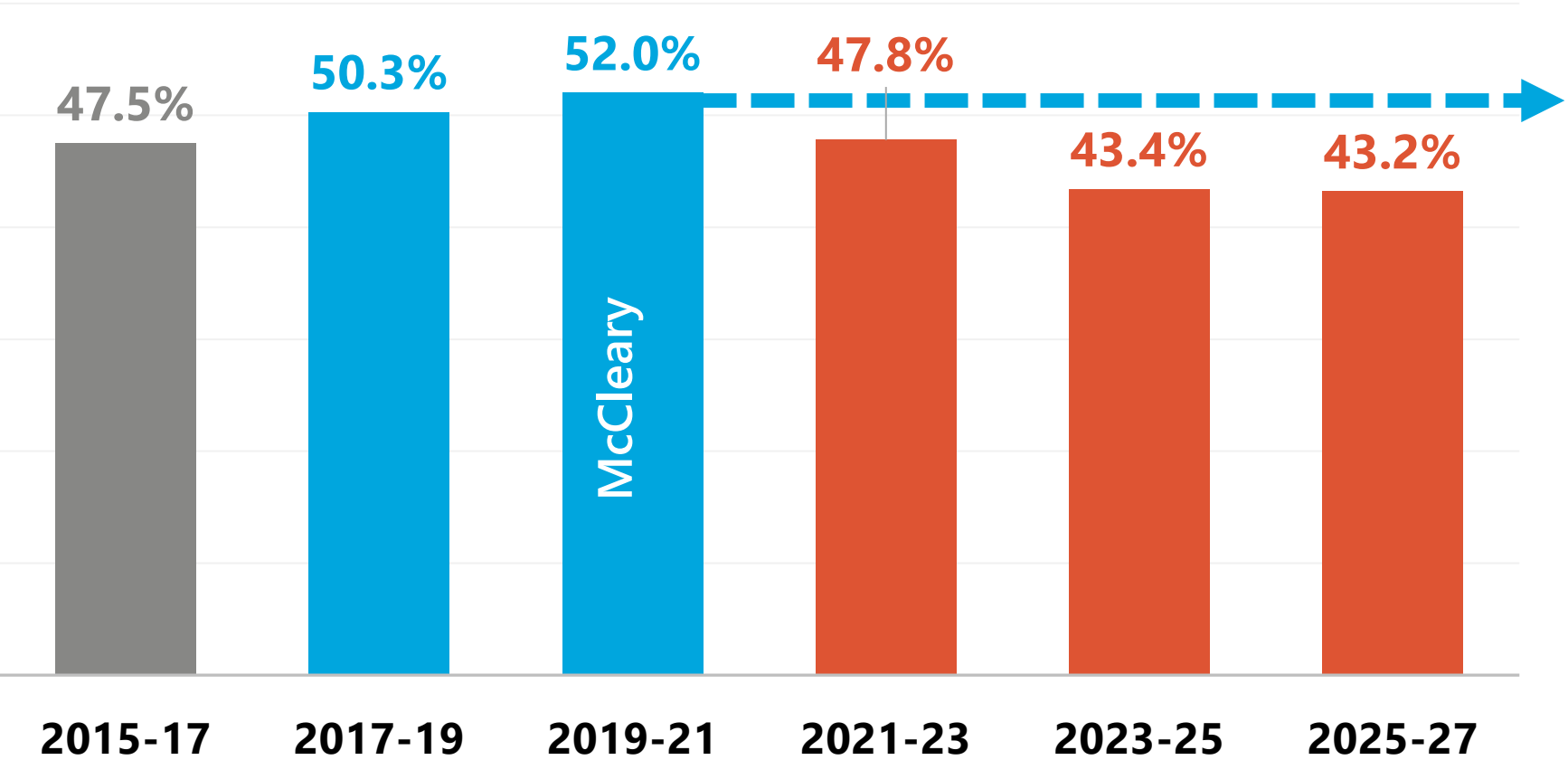
- ✓ Special Education multiplier
- ✓ Safety net threshold
- ✓ Cap of 16% removed

	Senate Budget	House Budget	Conference
SPED	\$15,243,000	\$5,146,000	\$6,482,000



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.

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.



Preview for Budget Hearing -

Notable Reductions

- Enrollment aligned staffing adjustments
 - Primarily school building based
- Instructional Coach reductions
- Secondary Librarian reductions
- Reorganizing program supports
- Shifting staff to maximize use of other funding sources
- Discretionary reductions

Key Information for Adoption

Next Steps

- Continue final evaluation of further reductions
- Must contain expenditures within revenues
- Must reduce expenditures to gain fund balance and ensure fiscal stability for the future
- July 10 - Budget Hearing – Public Comment Welcome
- July 10- Adoption of the 2025-26 Budget

2025-26 Budget

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



<http://bit.ly/TPSBudget>