



## **Budget Study Session**

### **September 24, 2025**

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The following is a PowerPoint presentation on the 2026-27 budget development process prepared for the September 24, 2025, Board Special Meeting.



# Seattle Public Schools

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September 24, 2025



# Today's Objectives

- Review of 2025-26 budget and process.
- Provide the foundation for the budget development process for 2026-27.



# 2024-25 Budget Development Process Review

- Tension around Board and Superintendent and Budget Process / Decisions
- Lack of clear connection to Strategic Plan
- Community confidence in budget and decision-making
- Long-term financial issues remain unresolved
- Incremental progress being made



# Board Ad Hoc Budget Committee

The newly created Ad Hoc Budget Committee is charged with making recommendations to the Board on budget development timeline, building trust in the budgeting process for Board and community, and determining the need for additional analysis of district finances.

## Membership

- Sarah Clark, Chair
- Liza Rankin
- Joe Mizrahi

## Within existing resources, the committee will:

- Collaborate with staff on developing a **budget timeline and process** that provides directors sufficient information to provide strategic oversight of the budget and in ample time to inform budgeting decisions. (“what we need to know by when”)
- Develop recommendations for the Board on improving budget process **and decision-making transparency to allow for more public engagement on the budget.**
- Develop recommendation to board on **need and scope of analysis of district finances.** Review findings of analysis if determined needed.
- **Develop and recommend board-level priorities** to guide future budget development process including board training/development.



# Major Work Streams for the District

	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Centralized School Support Budget Process												
FEPP Levy vote												
Superintendent Transition												
Strategic Plan Development / Implementation												
Legislative Session												
Community Engagement on 2026-27 Budget												
School Staffing Process												
Staffing Adjustments												
Comprehensive geographic equity plan												
Bargaining with Labor Partners												
Board Budget Processes												
Internal Progress Monitoring												
Safety Plan												



# School Staffing Process

	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
<b>School Staffing Process</b>												
October 1 Headcount												
Recommendations on school model finalized (WSS Work Group)												
School instructions and staff average salaries provided to schools (Gold Book)												
Enrollment data provided to Budget for staffing												
Staffing allocations provided to schools (Purple Book)												
Open Enrollment (School Choice)												
School staffing & budget arena process												
Begin school staffing												
RIF Notices to Superintendent												
Teacher Lay-off Notice Deadline: May 15 per RCW 28A.405.220												
<b>Staffing Adjustments</b>												



# Board Budget Processes

	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
<b>Board Budget Processes</b>												
Budget Ad Hoc Committee												
Educational Program Resolution per Board Policy 0060 to include information on School Staffing Plan												
Board Budget Development Process (Boundaries, Fees, School Changes, Strategic Plan, Transportation, etc.)												
Budget Hearing and Approval												





# 2025-26 Budget Highlights

## Balanced Budget

- Seattle Public Schools' General Fund Operating Budget for 2025-26 is \$1.35 billion.
- This budget eliminates the projected \$104 million deficit for 2025-26.
- Over 70% of the General Fund is allocated for Teaching and Teaching Support activities.
- All schools will remain open for the 2025-26 school year.
- No reductions are made to current class sizes, programs, assistant principals, librarians, or school discretionary funding. *However, some schools may see fluctuations in their staffing due to enrollment changes.*
- An additional \$2.3 million is invested in safety and security.
- This budget was developed through seven public study and engagements sessions with the Board.



# 2025-26 Budget Highlights (cont.)

## **Closes the Budget Gap for 2025-26 by:**

- Extending a portion of the Interfund Loan for at least one more year (repaying up to \$17.6 million as part of the 2025-26 budget proposal)
- Using the 2023-24 unrestricted fund balance
- Deferring repayment to the Economic Stabilization Account (“Rainy Day Fund”)
- Increasing State and local revenue
- Reducing Central Office budgets further



# 2025-26 Budget Highlights (cont.)

## Looking Ahead

- The District anticipates an on-going resource gap and is working to stabilize the system through structural changes and increased resources. Collaboration with the community task force on the Strategic Plan and Resource and Strategy will continue to inform long-term budget planning.



# Long-Term Financial Outlook

Fiscal Year	2025-26	2026-27	2027-28	2028-29
<b>Projected Enrollment</b>	<b>49,940</b>	<b>49,845</b>	<b>49,222</b>	<b>48,806</b>
<b>General Fund</b>				
Total Resources	\$ 1,263,005,823	\$ 1,309,488,293	\$ 1,347,009,666	\$ 1,374,830,829
Total Expenditures	\$ 1,352,858,641	\$ 1,397,068,685	\$ 1,443,809,287	\$ 1,477,347,923
Contribution To/(From) Fund Balance	\$ (89,852,818)	\$ (87,580,392)	\$ (96,799,621)	\$ (102,517,094)
<b>Capital Fund</b>				
Total Resources	\$ 447,238,108	\$ 443,778,886	\$ 431,310,045	\$ 362,042,600
Total Expenditures	\$ 471,764,390	\$ 346,463,395	\$ 331,766,489	\$ 329,449,038
Other Financing Uses - Transfers Out	\$ 65,633,163	\$ 65,000,000	\$ 65,000,000	\$ 65,000,000
Contribution To/(From) Fund Balance	\$ (90,159,445)	\$ 32,315,491	\$ 34,543,556	\$ (32,406,438)
<b>Debt Service</b>				
Total Resources	\$ 3,331,565	\$ 3,489,927	\$ -	\$ -
Total Expenditures	\$ 3,329,565	\$ 3,489,927	\$ -	\$ -
Contribution To/(From) Fund Balance	\$ 2,000	\$ -	\$ -	\$ -
<b>Associated Student Body</b>				
Total Resources	\$ 7,234,308	\$ 7,306,651	\$ 7,379,717	\$ 7,453,514
Total Expenditures	\$ 6,625,117	\$ 6,691,368	\$ 6,758,282	\$ 6,825,865
Contribution To/(From) Fund Balance	\$ 609,191	\$ 615,283	\$ 621,435	\$ 627,649

# What is a Structural Deficit?



**What does Seattle Public Schools (SPS) mean when it says it has a Structural Deficit?**



It means SPS expects to spend more money than it brings in over time — like a family planning to spend more than it earns in a year.



# If SPS has a structural deficit, why does it still have money?

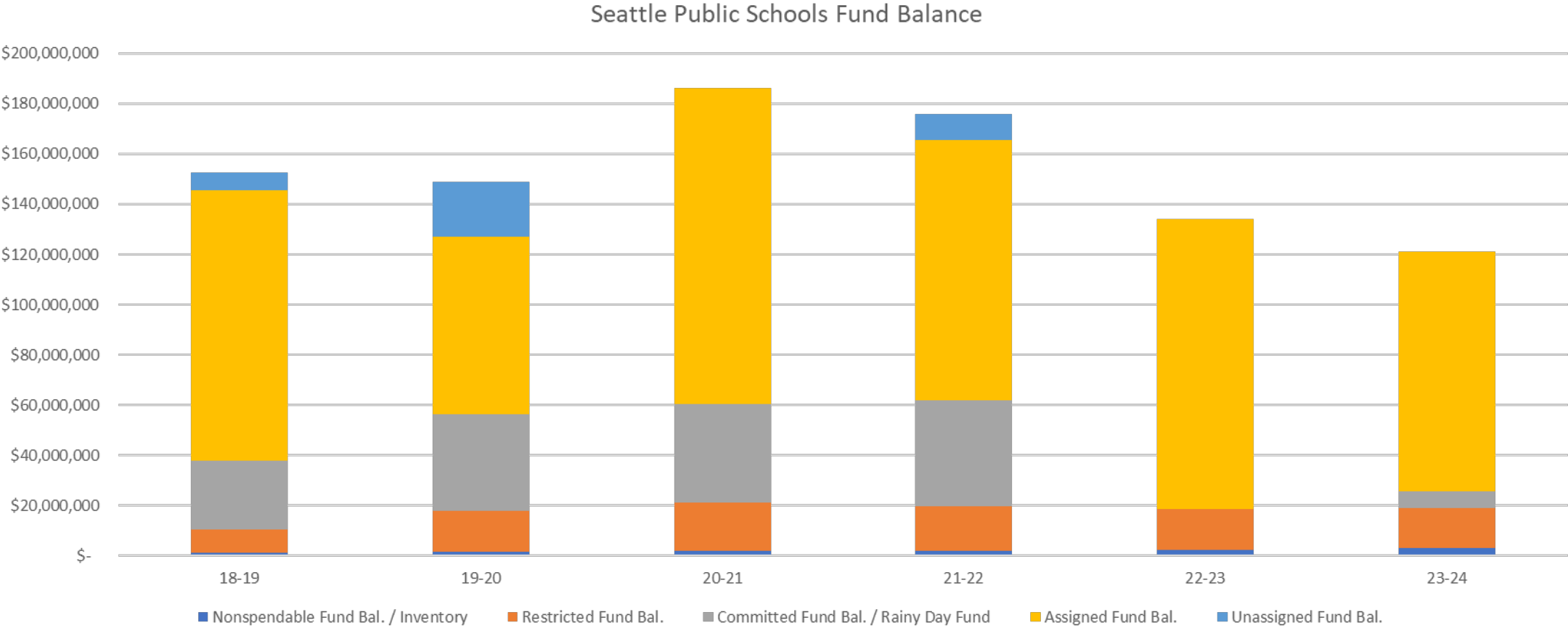
Example from Fiscal Year 2022-23:

Even though SPS projected a loss (deficit) of over **\$101 million**, here's what actually happened:

- More money came in than expected (**about \$41 million**), partly due to:
  - Higher student enrollment than anticipated
  - Unanticipated one-time resources (safety net, leg., interest & rental income, etc.)
- Less money was spent than expected (**about \$18 million**), mainly because:
  - Many staff positions stayed vacant due in part to a hiring freeze
  - Remaining ESSER funding was fully expended
- So instead of losing \$101 million, SPS lost about **\$42 million** — still a loss, but much smaller.



# District Fund Balance



# How does SPS cover the losses?

## How has SPS covered these losses?

SPS has been using savings (unrestricted fund balances), reserve funds (rainy day reserve), and a loan from the capital fund — like a family dipping into their savings account and using a credit card to cover unexpected costs. **These solutions are not sustainable.**

## Bottom Line

SPS hasn't run out of money yet because:

- Actual results have been slightly better than budgeted; and
- SPS has used savings to cover shortfalls. But, those savings (fund balances) are shrinking, so this isn't sustainable long-term.



# Family Budget Example

- Imagine a family thought they'd need **\$10,000** from savings to cover their budget.
- But thanks to **\$3,600** in surprises (like winning a small lottery prize or canceling a vacation), they only needed **\$6,400**.
- They still spent more than they earned, but not as much as expected and they still needed to spend **\$6,400** out of their savings to make ends meet.



# Overall Strategic Plan Timeline

2024 - 2025

## Goals and Guardrails Development

1. Set topline goals and guardrails
2. Develop interim metrics predictive of the topline goals and guardrails

Spring – Summer 2025

## Diagnostic Resource and Strategy Analysis

1. Paint comprehensive resource picture
2. Conduct System Strategy Return on Investment

Spring – Fall 2025

## Prioritizing and Building the Draft Plan

1. Prioritize
2. Convene taskforce and conduct any additional engagement
3. Develop guiding theory of action to achieve goals
4. Determine specific actions for central office, schools, and classrooms
5. Make tradeoffs to invest in strategies and initiatives

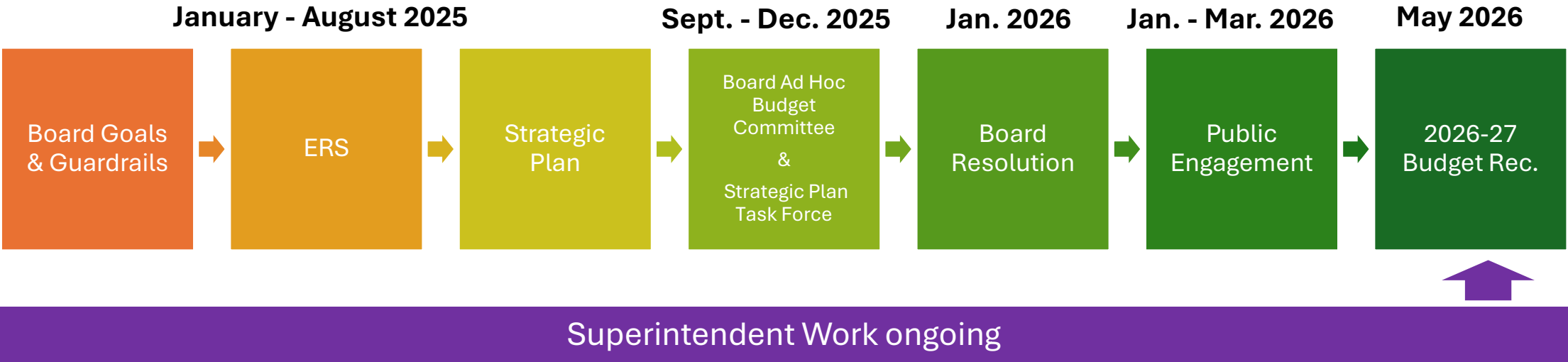
2025 – 2030\*\*

## Transition Leadership and Revise Plan\*\*

1. Execute leadership transition
2. Refine plan with future administration
3. Deepen feedback and engagement loops
4. Adjust multi-year implementation metrics and progress tracking

**\*\*subject to change\*\***

# 2026-27 Budget Development



# Preview of Issues / Opportunities for 2026-27 and Future Budget Development Cycles

- Transportation changes
- Staffing and operations at schools
- Strategic abandonment of programs / initiatives
- Investments in Strategic Plan priority initiatives
- Reductions / consolidations in operational staffing and services
- Fees for athletics
- Portfolio of schools
- Labor Agreements
- 2026-27 Budget



# Questions

- What questions / thoughts do you have about the process for developing the 2026-27 budget?



# Thank you!

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