

# Kelso School District FY 2025/2026 Recommended Budget

Board of Director's Budget Workshop  
August 11, 2025

# Strategic Plan

## ROAD TO

## STUDENT SUCCESS

### Mission

The mission of Kelso Public Schools is to prepare every student for living, learning and achieving success as a citizen of our changing world.

### Vision

Our students begin school ready to learn, transition confidently between grades and schools, and emerge from our district as engaged citizens, both career- and college-ready.

### Principles

District communication that is open, effective, and collaborative. Financial stewardship that assures the responsive and productive management of district resources.



**100%**  
**GRADUATING**

# Roadmap

# FINANCIAL STEWARDSHIP



## FISCAL RESPONSIBILITY

Maintain effective resource allocation, operational planning, and solid fiscal controls.

### Goal

Allocate district resources effectively to support academic and operational needs

### Implementation

Develop budget priorities to align with the district's mission, vision, and "Road to Student Success" strategic plan

### Impact

Budget supports academic and operational goals and priorities

**Ideas and Solutions that INVEST  
in our Students and Staff must be  
SUSTAINABLE**

**"Every Investment  
we make reflects  
our Values and our  
Vision"**

# 2025/26 Budget Development Calendar

December 2024	<b>Governor Releases Preliminary State Budget Proposal</b>
<b>January 13, 2025</b>	<b>2025 Washington State Legislative Session Begins</b>
February 10, 2025	Budget Challenges Presentation <i>Location: School Board Meeting, KHS</i>
February 10 - 28, 2025	<b>Staff/Parent/Community Budget Survey</b>
February 12, 2025	<b>Budget Information Available on District Website</b> Budget email address opens up for questions: <a href="mailto:budget.input@kelsosd.org">budget.input@kelsosd.org</a>
February 12, 2025	<b>Preliminary School Enrollment and Staffing Projections by HR/Fiscal</b>
February – March, 2024	<b>School, Program, and Department Staffing Reviews with HR</b>
<i>February 27, 2025</i> <i>March 27, 2025</i> <i>April 24, 2025</i> <i>May 15, 2025 (if needed)</i>	<b>Budget Advisory Council (BAC)</b> Topics of Discussion: Review Budget Development Process, Budget Assumptions, Revenue Updates, Staffing, Enrollment, Budget Advisory Council Staff Budget Presentations, Provide Feedback on Budgetary Decisions, Review Superintendent/Cabinet Budget Proposal <i>Location: District Board Room 4:00 – 5:30 p.m.</i>
February – June, 2025	<b>Board of Director Meetings – Budget Updates</b>
March-April, 2025	<b>Staff/Parent/Community Input (Forums, Listening Posts, Surveys, as needed)</b>
<b>April 27, 2025</b>	<b>2023 Washington State Legislative Session Ends</b>
End of April, 2025	<b>Personnel Budget (first-run) Submitted to Business Office</b>
May 2, 2025	<b>School/Director Budgets due to HR and Business Offices</b>
May 15, 2025	<b>Reduction in Force Date for Certificated Staff (if necessary)</b>
July 10, 2025	<b>Budget Available for Public Review</b>
<b>August 11, 2025</b>	<b>Budget Workshop; Public Budget Hearing &amp; Board Adoption</b>

# 2025/26 Budget Highlights

- Inflationary salary adjustments for KEA, Administration, PSE1, PSE2 and Coaches (Implicit Price Deflator, IPD), was provided by legislature at **2.5%**
- Bargaining successfully occurred with KEA, PSE2, & Coaches in Spring 2025
- Local levy is approved to collect **\$9.5 M** for 2026, with an expected rate of **\$2.18**/\$1,000 Assessed Value
- Debt service collection is set at **\$7.3 M** for 2026, with an expected rate of **\$1.63**/\$1,000 AV
- Total K-12 basic education FTE enrollment is budgeted for **4837 (-28)**, down from **4865** budgeted in 24/25. An additional **-10** FTE for off-campus Open Doors/GED due to program increase. **Total= -38 FTE**
- **95** students are budgeted for Running Start, **254** for KVA, and **42 (+10)** for Kelso GOLD (Open Doors GED)
- Total budgeted GF revenues are up **by 6.2%** from 2024/25 budgeted revenues
- Total GF expenditures/transfers are up by **6.3%** from 2024/25 budgeted expenditures
- Fund balance is budgeted to show a surplus of **\$97,461**
- Total Kelso SD budget across all funds is **\$106.8M up from 103.3M**
- Transition to Kindergarten (TK) projects **155** FTE. Program is cost neutral now
- Continue with instructional materials adoption schedule, K-5 English/Language Arts
- \$350,000 in federal funding was pending elimination recently, & will be in federal budget cuts discussions for 26/27.





# KELSO SCHOOL DISTRICT'S 2-YEARS OF BUDGET REDUCTIONS

Over the past two years, Kelso School District has reduced its budget by more than \$4 million to address declining enrollment, rising costs, and the end of \$16 million in federal [ESSER funds](#). These reductions were made thoughtfully to protect classroom learning and essential student services.

Guided by [School Board priorities](#) and [community feedback](#), the district made difficult choices to support [long-term financial health](#). While state funding has grown slightly, it hasn't kept up with inflation or increased costs for staffing, special education, substitutes, and utilities.

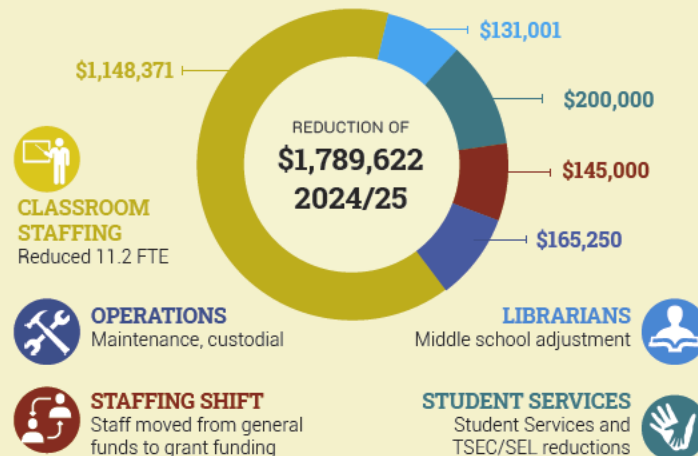
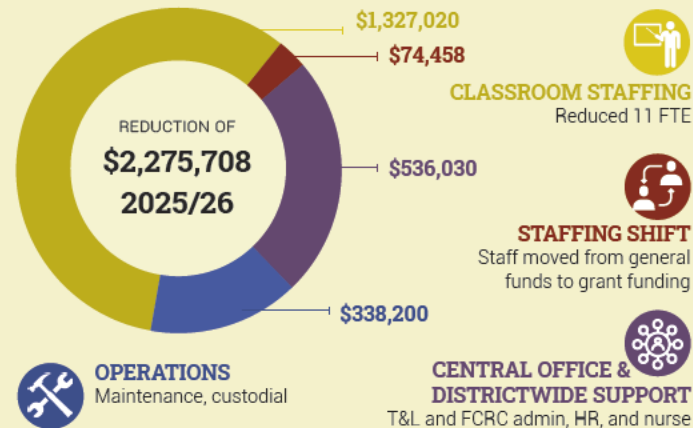
Despite these challenges, Kelso remains committed to responsible budgeting, transparency, and putting students and staff first.

#### Key Drivers of Reductions:

- Declining enrollment
- Expired federal ESSER funds
- Increased costs for staffing, insurance, utilities, substitutes, and special education

Kelso continues to plan ahead with a focus on sustainability, student success, and strong community partnerships.

For more info on school funding in our state:  
[waschoolfunding.org](https://waschoolfunding.org)



# Future Budgetary Challenges

- Projected declining enrollment will require reductions in expenditures and programming
- Adequate fund balance and monthly cash flows (June) requires KSD due diligence, and OSPI & Legislative support (apportionment schedule)
- May/June apportionment from the State was reduced by over \$500,000 due to shortage of OSPI authority, and paid in July (State's start of new fiscal year), forcing many districts to borrow from other district funds or seek apportionment advances for July.
- High cost supports continue rising for special education students for off-campus services
- New Additional Local Effort Assistance increases (FY26&27) will again expire after this biennium.
- Cost pressures on current operations –
  - **Non-State Supported Staff, inadequate MSOC allocations (e.g. utilities, insurance) & substitute costs**

# Apportionment Schedule

Electronic Moneys Transfer Date	Apportionment Payment Percentage
September 30	9.0
October 31	8.0
November 27	5.0
December 31	9.0
January 31	8.5
February 28	9.0
March 31	9.0
April 30	9.0
May 30	5.0
June 30	6.0
July 31	12.5
August 29	10.0
<b>Total</b>	<b>100.0</b>

# MSOC Shortage

**Programs 01, 02, 03, 97**

**Total General Education  
MSOC funded - \$6,668,299**

**Total General Education  
MSOC Budgeted - \$9,461,737**

**(- \$2.8 million)**

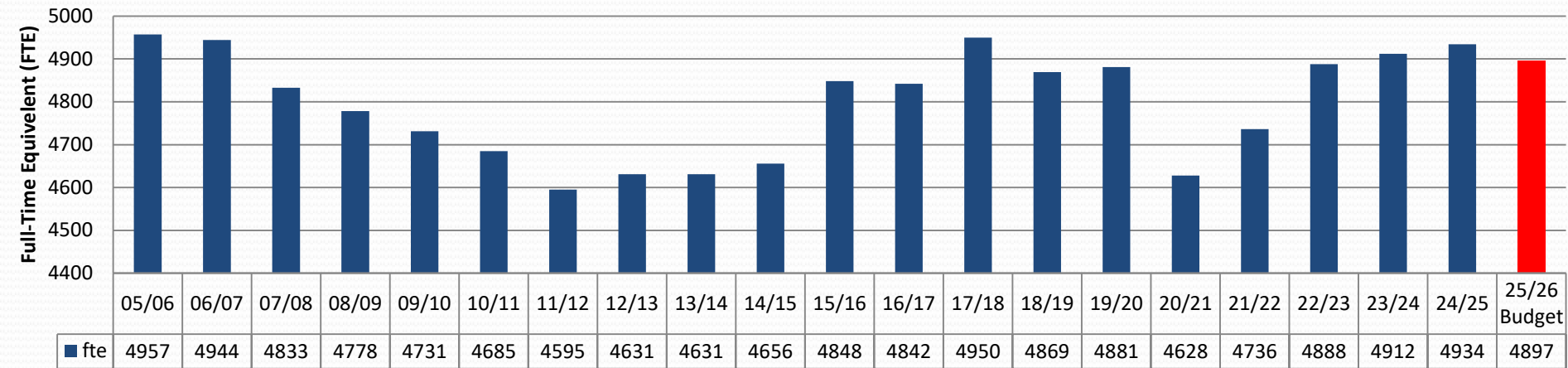
**\* 8.33%/month would provide consistent cash flow**



# Enrollment Projections

# 20 Year Enrollment Trend

## Historical FTE Enrollment (TK included, Running Start Excluded)



- TK is included beginning in school year 2021/22 in the above graph.
- Budgeted enrollment for 2025/26 is 4,837 FTE in the F195 Budget.
- The F195 includes Running Start, Open Doors, and Kelso Virtual Academy.
- TK enrollment is budgeted in Program 09 (155 FTE), and not in the F195, as it is not considered a part of basic education programming.

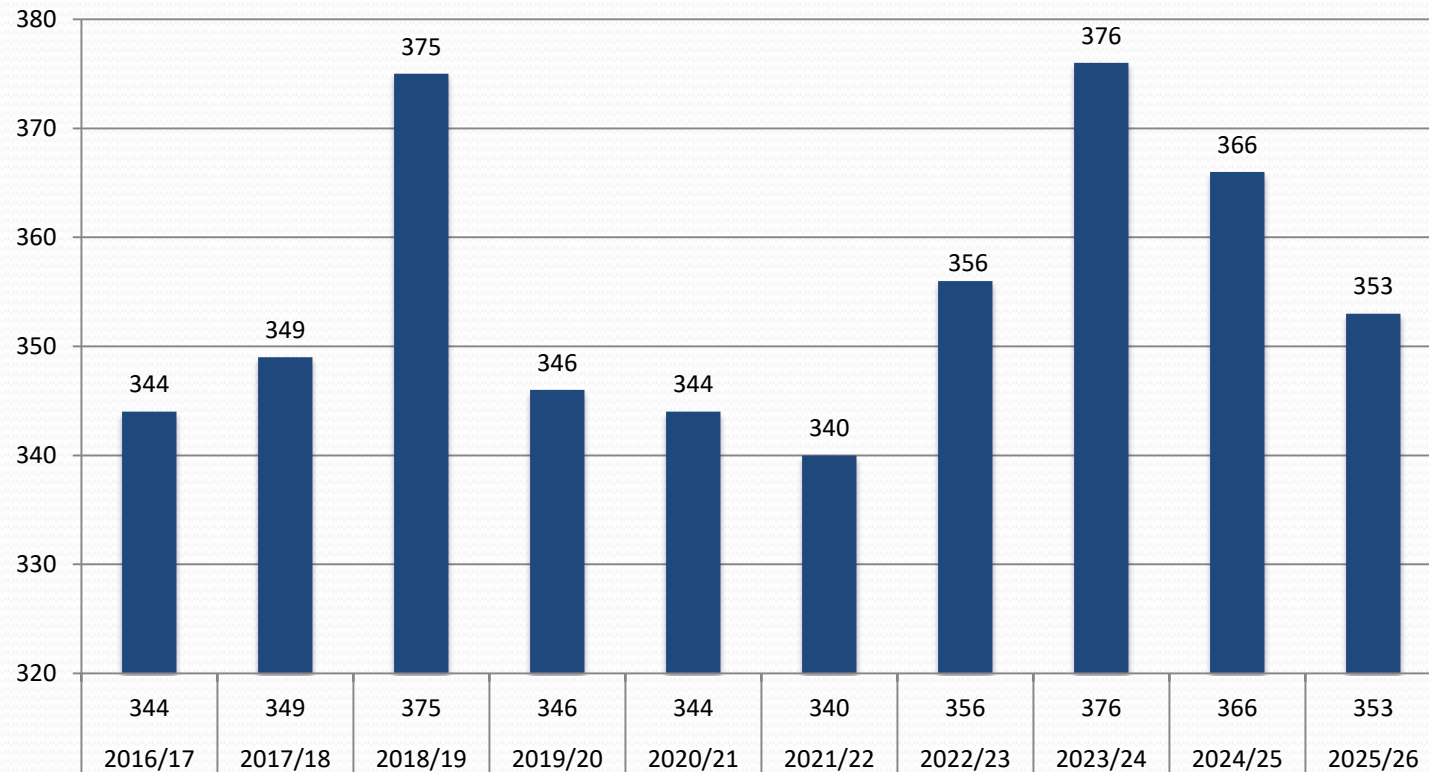


School Facilities and Organization  
 INFORMATION AND CONDITION OF SCHOOLS  
 Enrollment Projections (Report 1049)

Grade	--- ACTUAL ENROLLMENTS ON OCTOBER 1st ---						AVERAGE %	--- PROJECTED ENROLLMENTS ---					
	2019	2020	2021	2022	2023	2024		2025	2026	2027	2028	2029	2030
Kindergarten	359	296	308	364	308	308		308	303	298	294	289	284
Grade 1	341	343	365	351	377	342	109.48%	337	337	332	326	322	316
Grade 2	368	332	347	393	354	374	101.24%	346	341	341	336	330	326
Grade 3	390	339	349	368	360	359	99.25%	371	343	338	338	333	328
Grade 4	392	366	353	353	381	367	100.91%	362	374	346	341	341	336
Grade 5	407	365	350	372	361	380	99.22%	364	359	371	343	338	338
K-5 Sub-Total	2,257	2,041	2,072	2,201	2,141	2,130		2,088	2,057	2,026	1,978	1,953	1,928
Grade 6	395	390	376	376	374	363	101.46%	386	369	364	376	348	343
Grade 7	377	371	397	396	369	383	100.31%	364	387	370	365	377	349
Grade 8	385	368	377	394	403	378	100.53%	385	366	389	372	367	379
6-8 Sub-Total	1,157	1,129	1,150	1,166	1,146	1,124		1,135	1,122	1,123	1,113	1,092	1,071
Grade 9	418	375	399	405	417	417	104.50%	395	402	382	407	389	384
Grade 10	389	408	375	393	423	416	100.05%	417	395	402	382	407	389
Grade 11	381	363	402	369	400	413	97.92%	407	408	387	394	374	399
Grade 12	390	377	359	389	354	387	97.45%	402	397	398	377	384	364
9-12 Sub-Total	1,578	1,523	1,535	1,556	1,594	1,633		1,621	1,602	1,569	1,560	1,554	1,536
DISTRICT K-12 TOTAL	4,992	4,693	4,757	4,923	4,881	4,887		4,844	4,781	4,718	4,651	4,599	4,535
								-43	-63	-63	-67	-52	-64

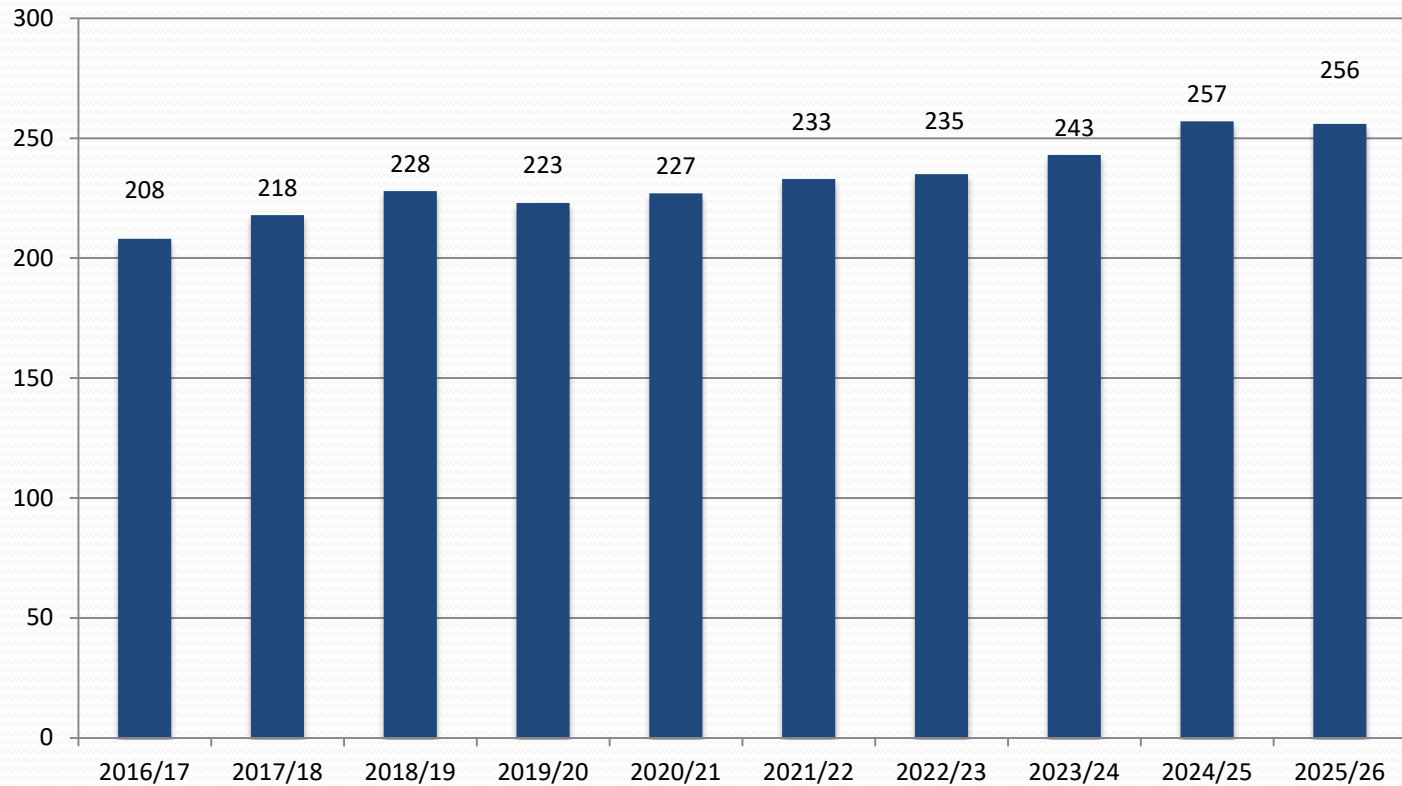
# Certificated/Classified Staffing

# Certificated Staff FTE Comparison





# Classified Staff FTE Comparison



# General Fund Summary

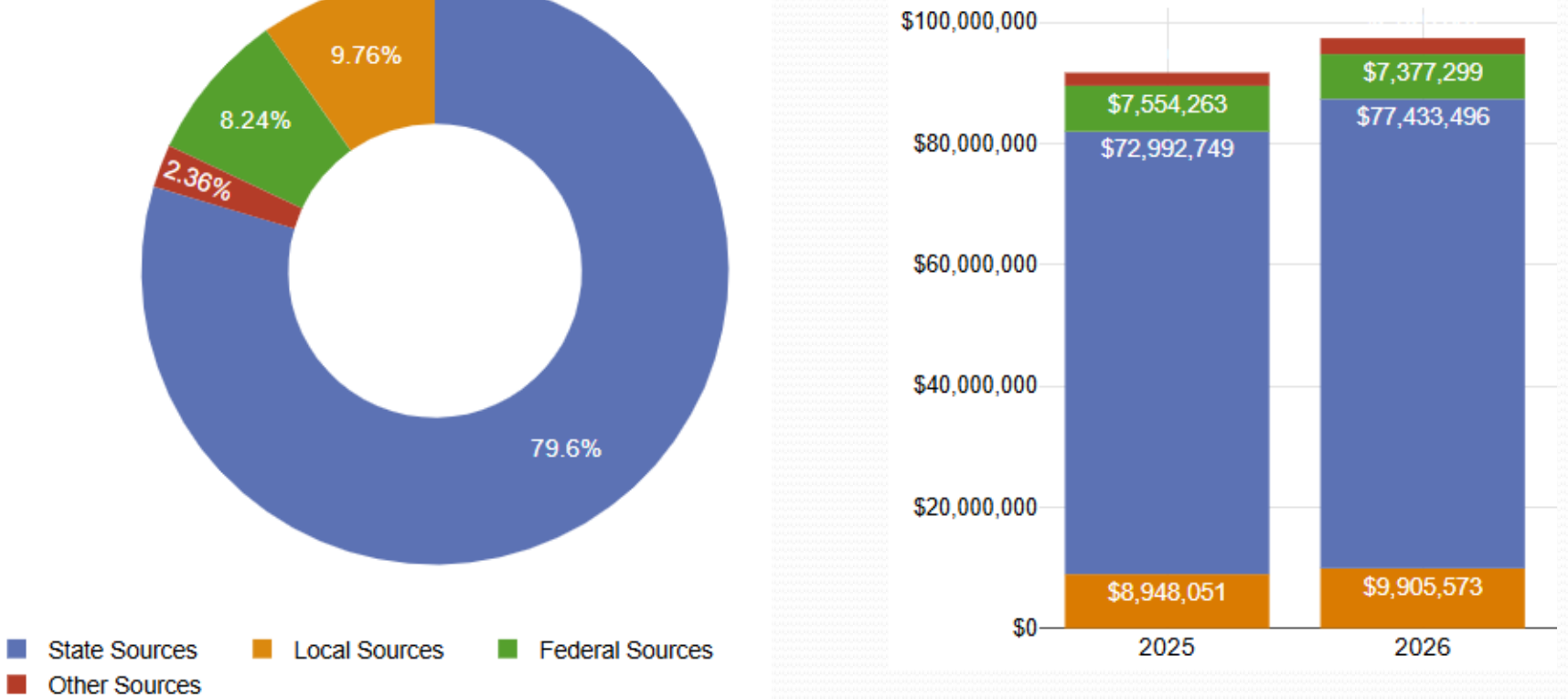
# General Fund Summary

	2025/26 Budget
Beginning Fund Balance	\$6,500,000
+ Revenue	\$97,343,254
- Expenditures	\$96,669,293
- Transfers*	\$576,500
Net Change	<b>\$97,461</b>
Total Ending Fund Balance	\$6,697,461

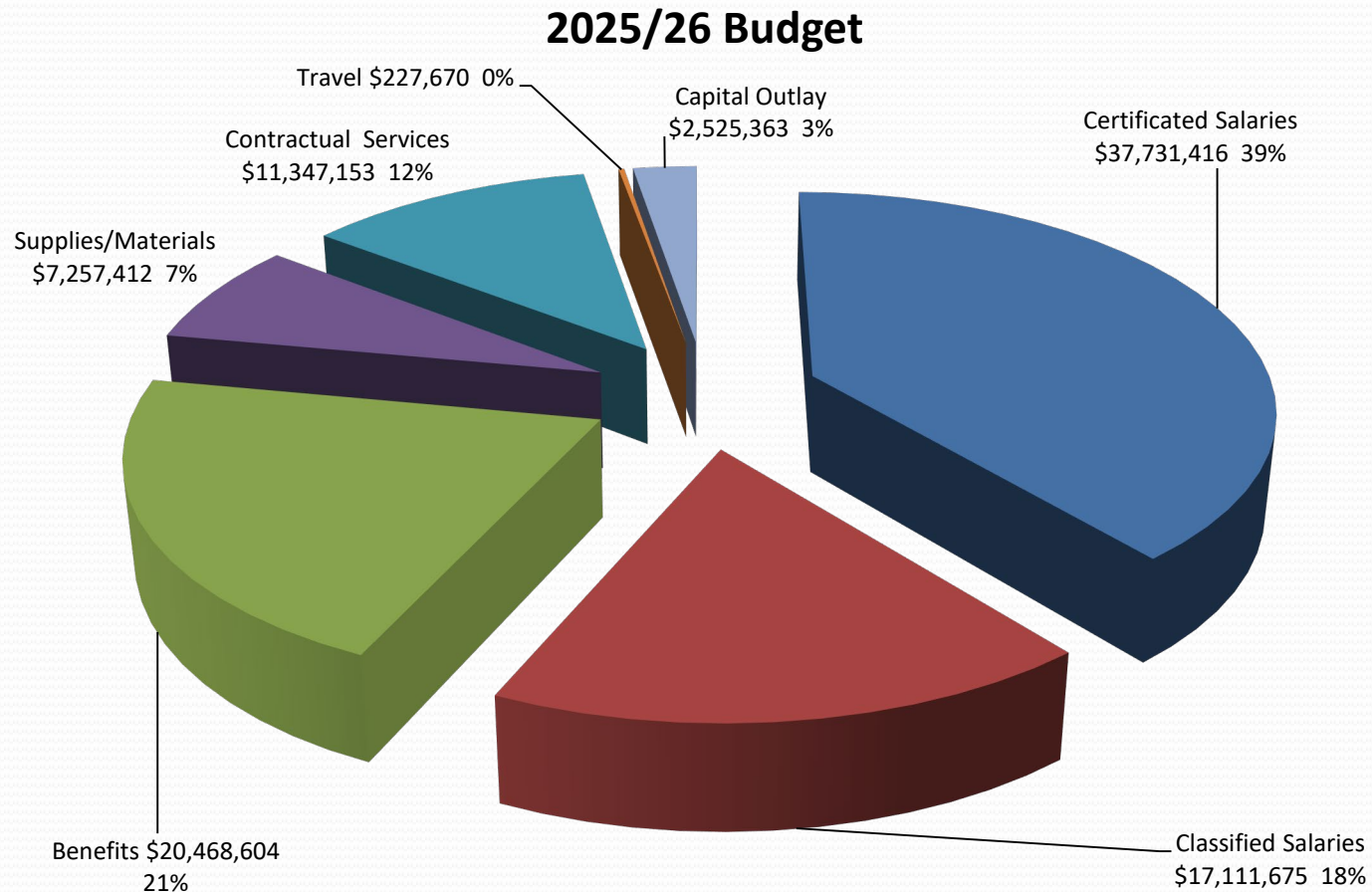


**\* Transfer to CPF for LGO Bond Payment.**

# Revenues by Source



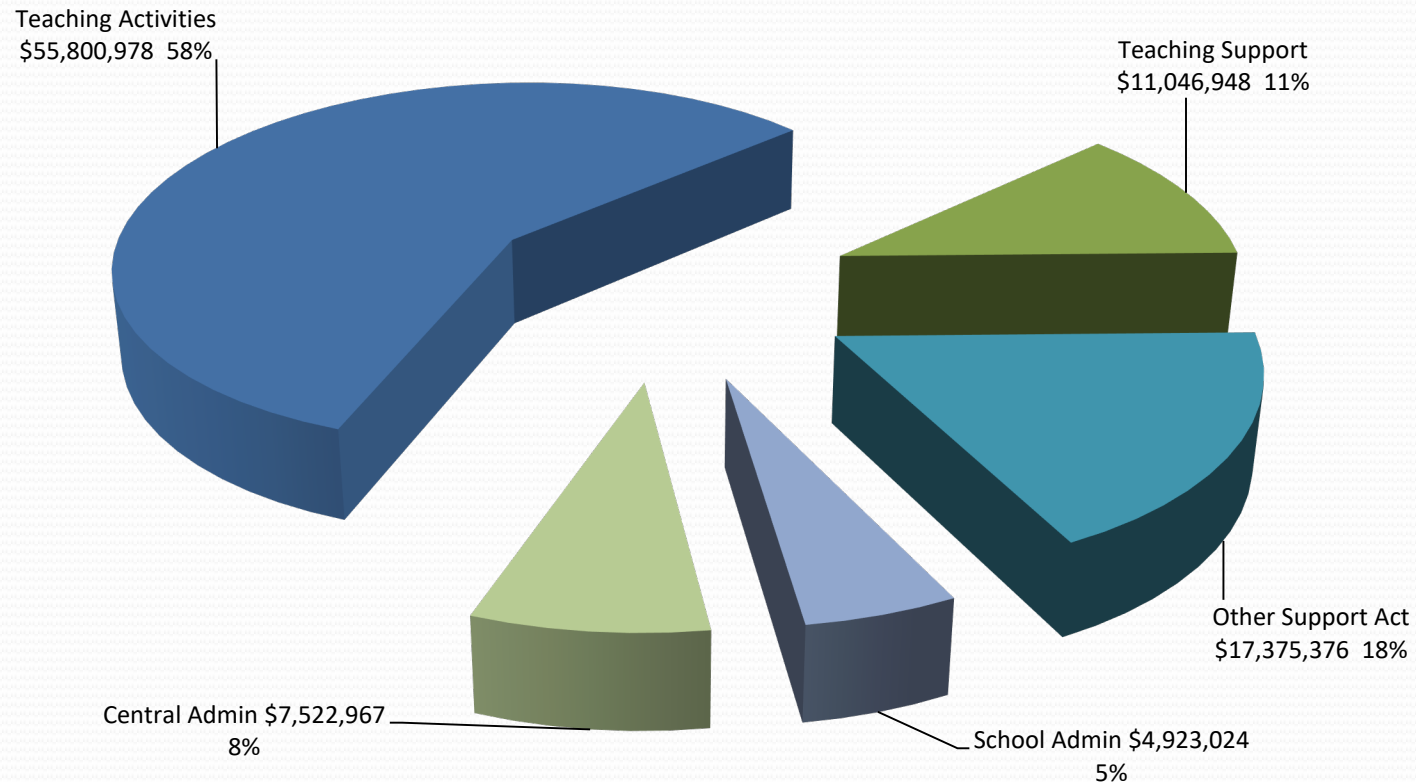
# Expenditures by Object—





# Expenditures by Activity—

**2025/26 Budget**



# General Fund

## Historical Summary & PROPOSED Budget

	ACTUAL REVENUE / EXPENDITURE			AUDITED		PROJECTED BUDGET		PROPOSED		
	2022	2023	% chg	2024	% chg	2025	% chg	2026	\$ Δ	% Δ
REVENUE										
Local Revenue	\$6,907,988	\$7,590,742	9.9%	\$8,127,741	7.1%			\$9,905,573	\$9,905,573	
State Revenue	58,410,618	66,153,042	13.3%	69,493,664	5.0%			77,433,496	77,433,496	
Federal Revenue	12,595,768	9,977,193	(20.8%)	8,285,345	(17.0%)			7,377,299	7,377,299	
Other Sources	90,668	197,483	117.8%	134,801	(31.7%)			2,287,024	2,287,024	
TOTAL REVENUE	\$78,005,042	\$83,918,461	7.6%	\$86,041,550	2.5%	\$91,173,692	6.0%	\$97,003,392	\$97,003,392	6.4%
EXPENDITURES										
Regular Instruction	\$34,021,081	\$39,954,720	17.4%	\$42,712,212	6.9%			\$45,404,241	\$45,404,241	
Federal Special Purpose Funding	6,104,426	3,322,685	(45.6%)	904,930	(72.8%)			0	0	
Special Education Instruction	10,098,527	11,777,403	16.6%	12,433,112	5.6%			15,074,690	15,074,690	
Vocational Education Instruction	3,683,889	4,024,155	9.2%	4,093,060	1.7%			4,906,184	4,906,184	
Skills Center Instruction	0	0		0				0	0	
Compensatory Education Instruction	5,547,904	6,156,592	11.0%	6,497,697	5.5%			6,934,639	6,934,639	
Other Instructional Programs	197,073	331,983	68.5%	772,156	132.6%			3,004,328	3,004,328	
Community Services	150,255	191,850	27.7%	211,595	10.3%			145,405	145,405	
Support Services	16,982,537	18,064,783	6.4%	18,777,107	3.9%			21,199,806	21,199,806	
TOTAL EXPENDITURES	\$76,785,693	\$83,824,172	9.2%	\$86,401,868	3.1%	\$90,256,000	4.5%	\$96,669,293	\$96,669,293	7.1%
SURPLUS / DEFICIT	\$1,219,349	\$94,289		(\$360,318)		\$917,692		\$334,099	\$334,099	
OTHER FINANCING SOURCES / USES										
Other Financing Sources	\$11,835	\$24,526		\$150		\$0		\$339,863	\$339,863	
Other Financing Uses	(\$935,000)	(\$400,000)		(\$248,387)		(\$580,000)		(\$576,500)	\$3,500	
NET CHANGE IN FUND BALANCE	\$296,185	(\$281,185)		(\$608,555)		\$337,692		\$97,462	\$677,462	
BEGINNING FUND BALANCE	\$6,755,864	\$7,052,048		\$6,770,863		\$6,162,308		\$6,500,000		
ADJUSTMENTS TO FUND BALANCE										
YEAR-END FUND BALANCE	\$7,052,048	\$6,770,863		\$6,162,308		\$6,500,000		\$6,597,462		
FUND BALANCE AS % OF EXPENDITURES	9.18%	8.08%		7.13%		7.20%		6.82%		

Revenues must exceed expenditures & transfers to a greater extent in order to maintain an adequate fund balance level

# Other Fund Summaries

# ASB Fund Summary

	2025/26 Budget
Beginning Fund Balance	\$570,000
Revenue & Other Sources	\$855,525
Expenditures	\$936,324
Surplus / (Deficit)	(\$80,799)
Ending Fund Balance	\$489,201



# Capital Projects Fund Summary



	2025/26 Budget
Beginning Fund Balance	\$1,150,000
Revenue & Other Sources	\$940,500
Expenditures	\$1,500,000
Transfers*	\$576,500
Surplus / (Deficit)	<b>\$(1,136,000)</b>
Ending Fund Balance	\$14,000

\* Transfer to DSF for LGO Bond Payment



# Debt Service Fund Summary

	2025/26 Budget
Beginning Fund Balance	\$2,625,000
Revenue & Other Sources	\$7,987,750
Expenditures	\$7,708,961
Transfers*	\$324,000
Surplus / (Deficit)	<b>\$(45,211)</b>
Ending Fund Balance	\$2,579,789

**\* Transfer of State Forest Funds to Capital Projects Fund for District capital projects**



# Transportation Vehicle Fund Summary

	2025/26 Budget
Beginning Fund Balance	\$556,000
Revenue & Other Sources (Depreciation, Interest Earnings)	\$319,000
Expenditures	\$0
Transfers *	\$275,000
Surplus / (Deficit)	\$44,000
Ending Fund Balance	\$600,000



\* Transfer to DSF for current bus loan payments

# 4 Year Budget Outlook

# Four Year Budget Projections

- Our F195F forecast demonstrates adequate projected revenues to projected expenditures, and an adequate growing fund balance
- F195-F does not show the difficult decisions a school district must make to achieve a balanced budget and growing fund balance.
  - Enrollment is projected to **drop 146 FTE**, GF revenue and expenditures are expected to **rise to over \$108M**, and our staffing levels will need to be reduced by a minimum of 20 FTE to align with shifting enrollment.

ENROLLMENT AND STAFF COUNTS				
	2025-2026 Current	2026-2027 Forecast	2027-2028 Forecast	2028-2029 Forecast
14. SUBTOTAL	4,446.00	4,389.00	4,349.00	4,299.00
15. Running Start	95.00	95.00	95.00	95.00
16. Dropout Reengagement Enrollment	42.00	42.00	42.00	42.00
17. ALE Enrollment	254.00	255.00	255.00	255.00
18. TOTAL K-12	4,837.00	4,781.00	4,741.00	4,691.00

- Loss of 146 FTE equates to a reduction of **over \$1.5M**
- By 2028/29, our fund balance will need to **grow by \$2M** to reach an 8% end of fiscal year fund balance.

# Moving Forward

- Competing and shifting Local, State, and Federal priorities will require strategic fiscal planning moving forward:
  - Local Effort Assistance (LEA) funds will provide over \$1 Million to KSD in 26/27 to shore up fund balance
  - Continue to make thoughtful and very difficult budget/fiscal decisions
  - We will need to become smaller and more efficient in all aspects of our operations, regardless of enrollment challenges
  - Find ways to increase revenue and grant opportunities
  - Reduce, shift, suspend, and/or eliminate expenses
  - Revenues must exceed expenditures/transfers in order to maintain an adequate fund balance level



# Questions/Comments