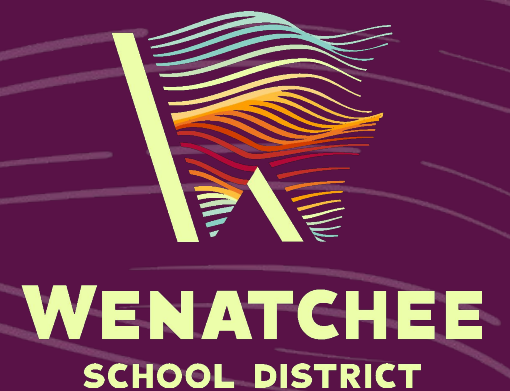


Board Budget Update

January 13, 2026



Difference Between Operations & Bond Funds

Operating Budget: Day-to-Day

- Funds day-to-day operations, student support, and staffing.
- Comes from combination of state, federal allocations & local levies
- Amounts are based on student enrollment and special needs of students, such as poverty, disabilities, and limited English language skills

Operating Budget Cannot

Build new schools, replace facilities, support any large-scale construction, nor pay long-term debt.



Bonds: For Building

- Voter approved funding to build or modernize school buildings
- Long term 15-30 years paid by local property tax.

Bonds Cannot

Pay for teacher and staff salaries, supplies, daily operations, instructional programs and administrative costs or backfill budget shortfalls.



Where our funding comes from



State



Local

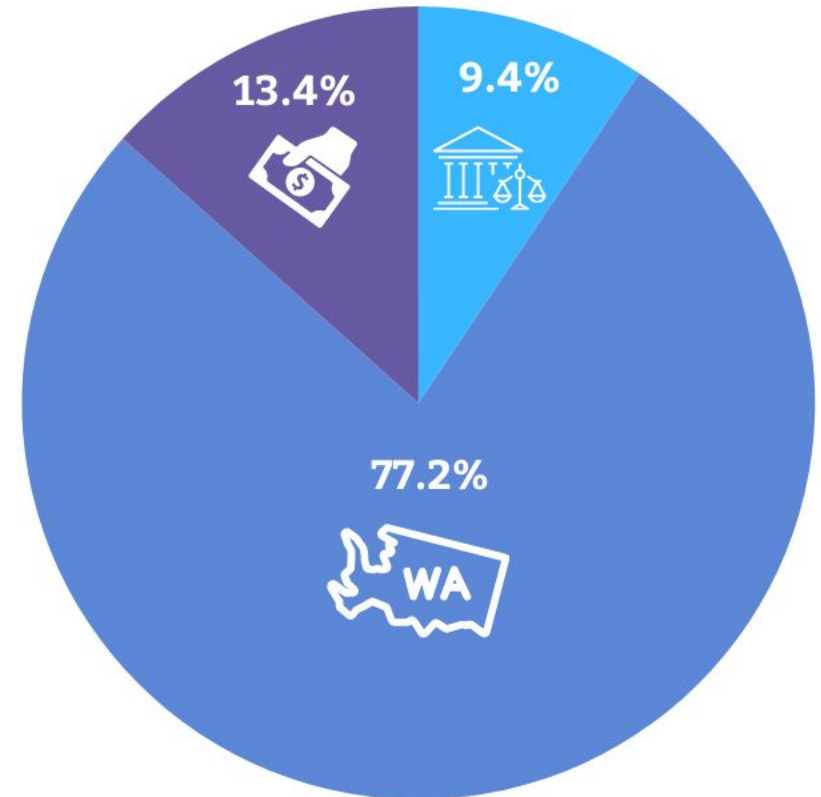


Federal*



WSD Funding by Revenue Source

- State - \$99.4 M (77.2%)
- Federal - \$12.1M (9.4%)
- Local - \$17.3M (13.4%)



General Fund: What we spend money on

We spend the majority of our funds on employing 800+ caring staff who work hard to deliver high-quality education to students - teachers, para educators, principals, and the operational staff who support them.

Salaries and Benefits

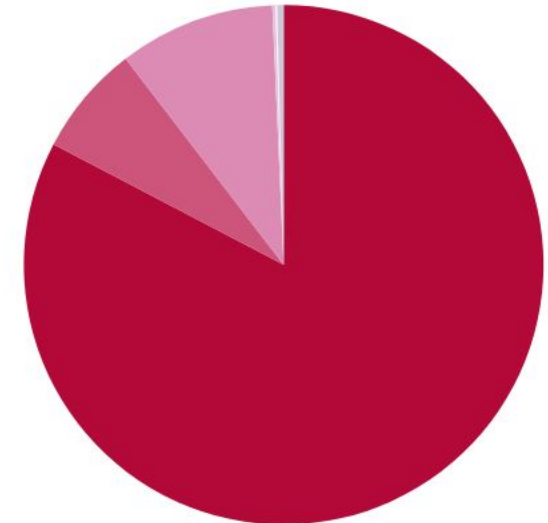
- Typically, about 83% of our budget pays for salaries and benefits for our employees.
- The state legislature and the Wenatchee Education Association (WenEA) contract determines teacher salaries.
- Teachers earn more as they gain experience. They also earn more if they obtain advanced degrees and certificates such as master's degrees, doctorates, or National Board Certification (NBC).
- District pays benefits such as Medicare and Social Security, pension, health care, and unemployment compensation.

Other Expenses

Non-personnel costs make up the remaining 17 percent of the budget and include costs required to keep our school buildings running.

- Salaries & Benefits - 82.6%
- Supplies & Materials - 6.9%
- Purchased Services - 9.7%
- Travel - 0.2%
- Capital Outlay - 0.1%
- Transfer to Capital Projects Fund and Transportation Vehicle Fund - 0.5%

Typical General Fund Expenditures



Milestones for Decision Making and Gathering Input

- **August** - 25/26 Budget approved by the school board
- **October**
 - Enrollment projections updated based on October 2025 count
 - 2024-25 year-end close out (fund balance)
- **November/December**
 - Preliminary budget reduction amount identified
 - Leadership Team Share, Board Budget Committee, Association Budget Committee (January)
 - Developing preliminary budget reduction plan
- **January** - State legislative budget session begins
- **March**
 - State legislative budget sessions ends
 - All impacted staff are notified
- **May** - Budget reductions finalized
- **June** - 2026-27 preliminary budget presented to the board
- **August** - 2026-27 budget approved by the board

Operational Budget Reduction Target - \$5.4 million

- **\$2.5 million in BEA (Basic Education Allocation)**
- **\$2.9 million in Federal Funding**

Budget Reduction Factors

- **Declining enrollment - actual and projected**
 - Enrollment drives about 75% of our funding
- **Inflationary costs outpacing funding**
 - Salaries and benefits
 - Insurance premiums
 - Materials, Supplies, and Operating Costs (MSOC)
- **Loss of federal funding**

Areas of Reduction

- Restructuring District Office Administration
- Restructuring Building Administration
- Retirements and Resignations
- Staffing modification
- Unfilled positions
- MSOC - Contracts
- Growth - factoring areas for growth

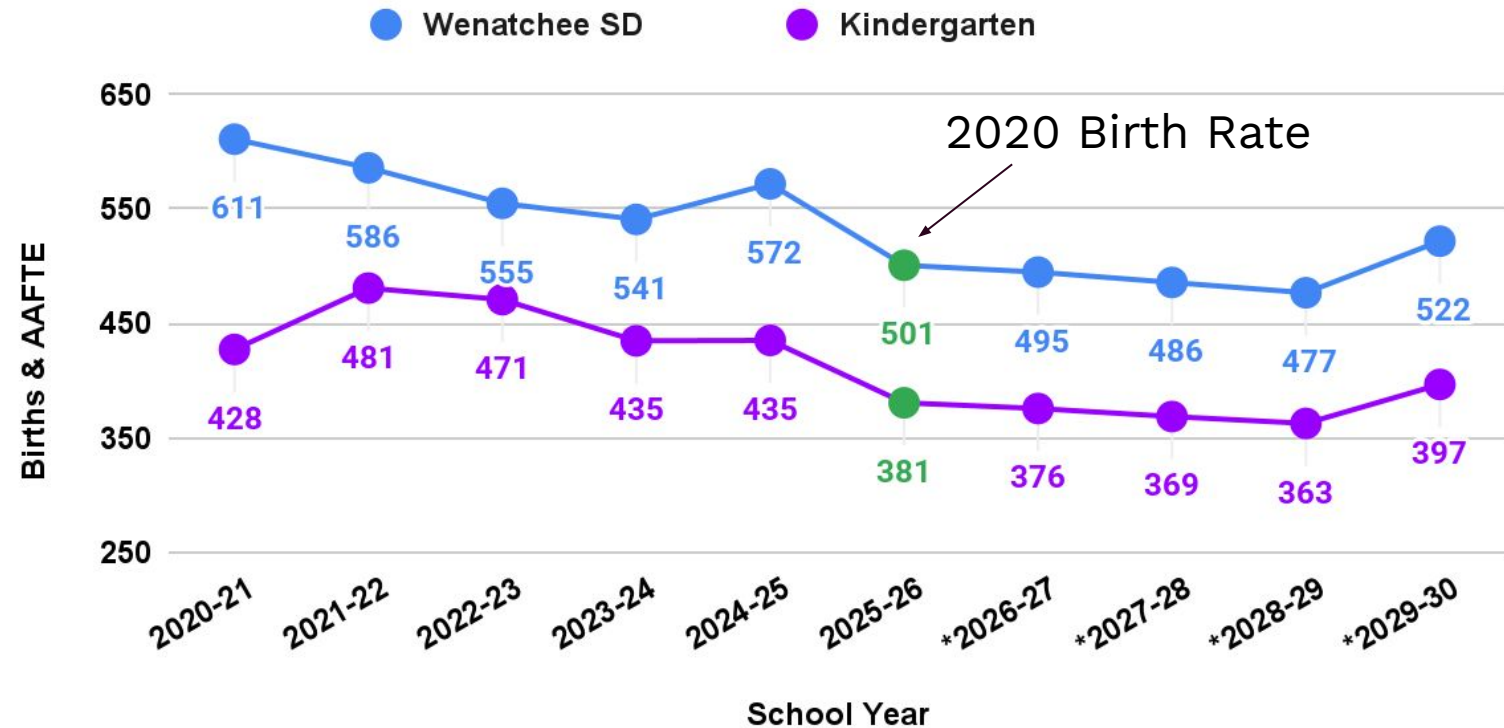
No school closures or restructuring in 26/27

Questions and Comments

Birth Rates and Kindergarten

Wenatchee SD Births vs. Kindergarten Enrollment

As of October 1, 2025

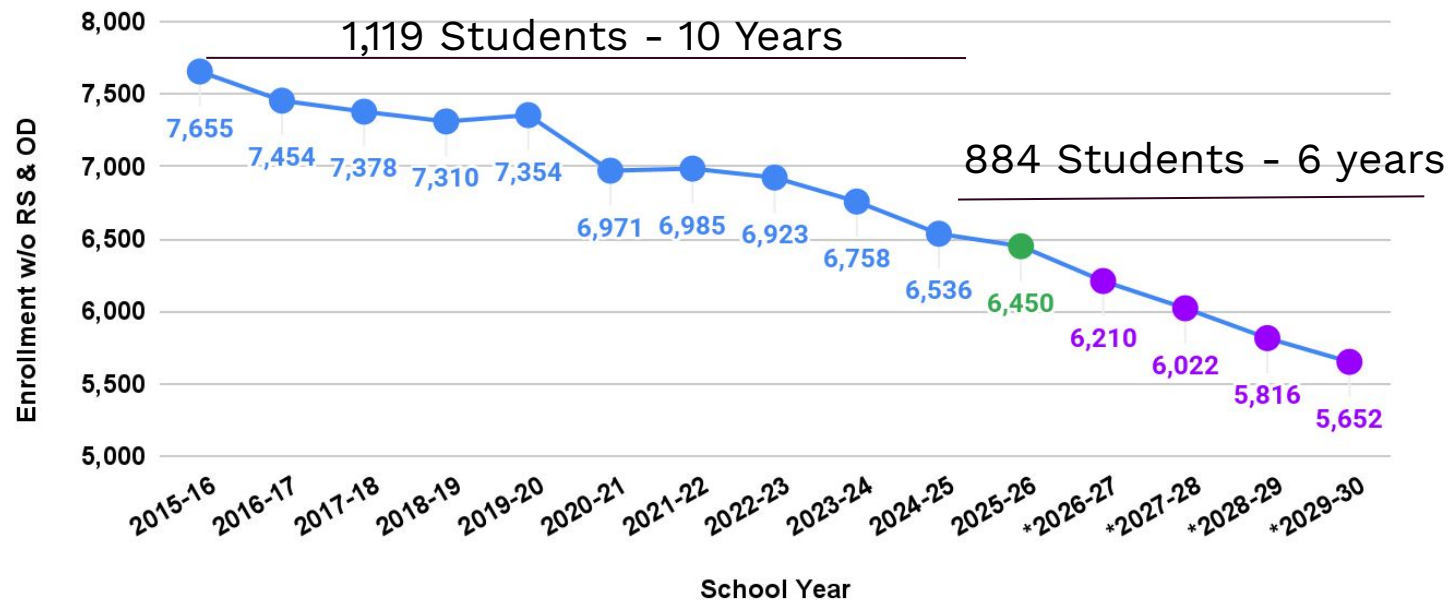


- Lower birth rates, smaller kindergarten classes
- Decrease of 71 births, decrease of 54 student FTE from prior school year
- Kindergarten enrollment is projected to decline over the next three years due to declining birth rates.
- Birth rates increase in 2024 and will have a positive impact on kindergarten enrollment in 2029-30.
- Eastmont kindergarten is at 397.

District Enrollment & Forecasting

Annual Enrollment & Preliminary Forecasting

Excludes Running Start & Open Doors



2015-16: Enrollment Peak

2020-21: COVID Pandemic Lockdown

2021-22:

- Lockdowns lifted
- Charter School/Private schools openings and expansions begin

2025-26: October 2025 AAFTE Enrollment

***2026-27 & Beyond:**

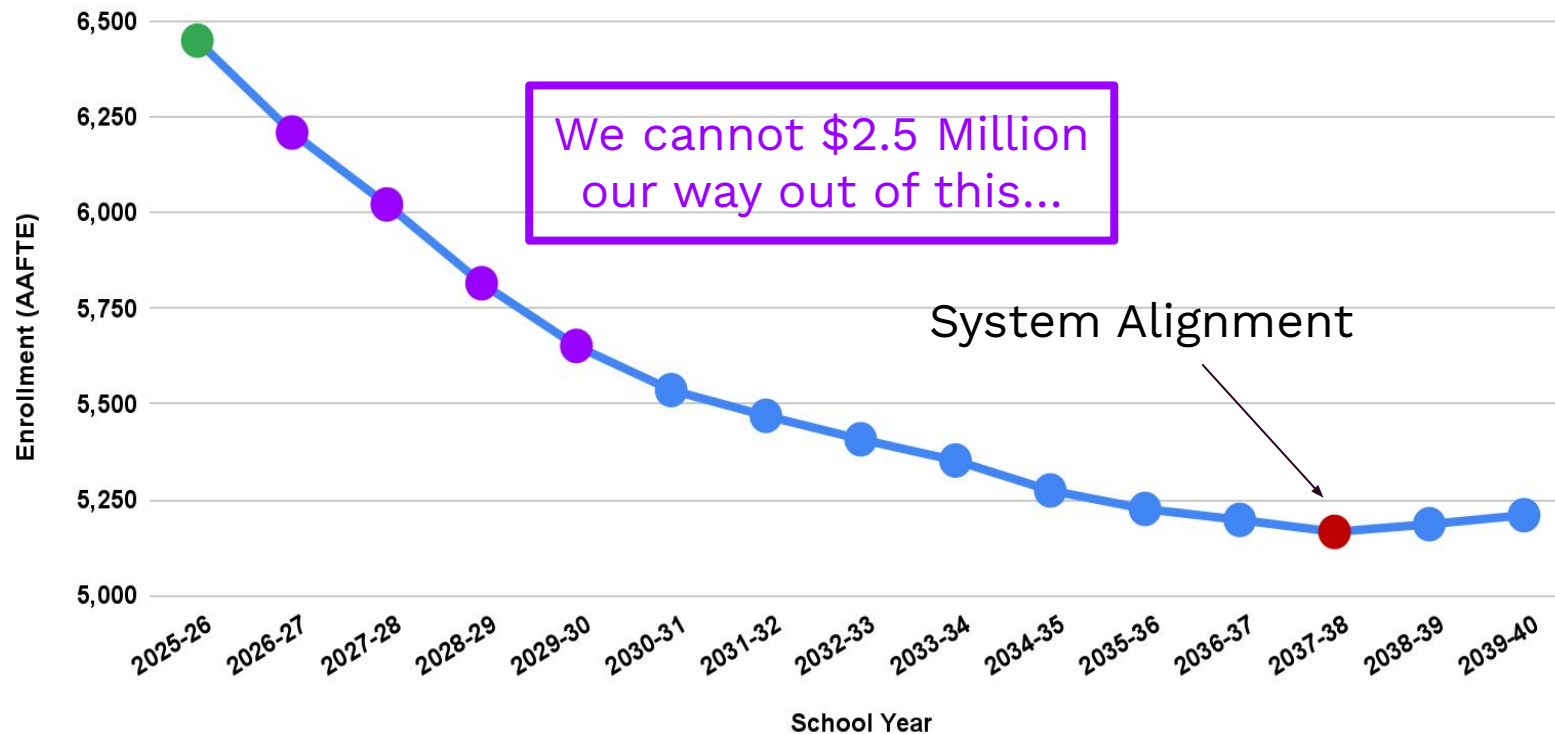
- Forecasting - subject to change
- Birth rates from 2021 through 2024

Long-Term Enrollment Forecasting

15 Year Enrollment Trend

Long-Term Enrollment Forecasting

Excludes Running Start & Open Doors



2025-26:

- October 2025 AAFTE Enrollment

2026-27 through 2029-30:

- Based on actual birth rates from 2021 through 2024

2030-31 & Beyond:

- Assumes stable birth/capture rate
- Consistent 400 FTE kindergarten class year over year
- **Enrollment would stop decreasing by 2037-38**
- **This trend is a long-term forecast and is subject to change**

District Enrollment Forecasting

Grades & Program	2024-25 Actual	2025-26 October	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast
Transition to Kindergarten	60	58	59	59	59	59
Kindergarten	435	381	376	369	363	397
First	453	461	397	395	388	377
Second	481	459	461	401	399	392
Third	505	471	455	456	397	395
Fourth	489	510	476	459	461	401
Fifth	495	482	510	476	459	461
Sixth	478	459	462	489	452	441
Seventh	521	478	464	467	494	456
Eighth	521	515	468	455	458	484
Ninth	574	573	525	478	464	467
Tenth	569	587	579	531	482	468
Eleventh	484	482	487	486	446	400
Twelfth	471	534	492	502	496	455
Total K-12	6,536	6,450	6,210	6,022	5,816	5,652

Forecast Summary

- Low capture and birth rates
- Sub-400 FTE classes for kindergarten
- 500+ FTE classes forecasted to be gone by 2028-29
- Decrease of 884 FTE over the next five years
- Forecasts - subject to change

K-12 Change/Year	-	(86)	(240)	(188)	(206)	(164)	(884)
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District Enrollment Forecasting

Grades	2024-25 Actual	2025-26 October	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast
Elementary (TK-5)	2,918	2,822	2,733	2,615	2,525	2,481
Middle (6-8)	1,520	1,452	1,394	1,411	1,404	1,382
High (9-12)	2,098	2,176	2,083	1,996	1,888	1,790
Total TK-12	6,536	6,450	6,210	6,022	5,816	5,652

Grades	2024-25 Actual	2025-26 October	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast	Total Change
Change - Elem	-	(97)	(89)	(118)	(90)	(44)	(438)
Change - Middle	-	(68)	(58)	16	(7)	(22)	(138)
Change - High	-	78	(93)	(87)	(109)	(98)	(308)
Change - Total	-	(86)	(240)	(188)	(206)	(164)	(884)

Forecast Summary

- Low capture and birth rates
- Sub-400 FTE classes for kindergarten
- 500+ FTE classes forecasted to be gone by 2028-29
- Decrease of 884 FTE over the next five years
- Impact greatest at elementary and high school levels
- Forecasts - subject to change

Budget Communication

- Fund Balance Report - Board Meeting (10/14/25)
- October Enrollment Report - Board Meeting (10/28/25)
- End of Year Finance Update - Board Meeting (11/12/25)
- WSD Leadership Meeting - (12/15/25)
- 25/26 Board Budget Committee Meetings
- 25/26 Association Budget Committee Meetings
- Ongoing Budget Bite Videos
- Board Budget Update - January
- Staff Update - January
- Enrollment Projections - Board Meeting January 27



Preliminary Budget Reduction Plan

We need to honor the work of the Wenatchee School District over the past three years for the heavy budget reduction process. It has been challenging to every single staff member, our stakeholders, and our system. We have done a great deal of heavy lifting.

Reduction Amounts:

23/24 School Year = \$4.4 million

24/25 School Year = \$8.9 million

25/26 School Year = \$2.8 million

26/27 School Year = \$5.4 million

**Four Year Total =
\$21.5 Million**

Opportunities for Future Growth

Opportunities for Future Growth

- Advertising WSD opportunities in new ways
- Staffing for choice - in and out of district
- Accelerated Pathways - year two
- Valley 10th Grade/Kinder Opportunities
- Additional ALE opportunities
- Changing our registration timeline
- Researching other areas for growth

Questions and Comments

Thank you!