

Battle Ground Public Schools
Board Work Session
August 10, 2026

2026-27 Budget Update

Executive Summary and fiscal overview

Battle Ground Public Schools faces critical budget challenges for the 2026–27 fiscal year, with significant concerns regarding operational continuity in the 2027–28 school year and beyond, unless new revenue is received. The primary driver of this fiscal stress is the non-renewal of the educational programs and operations (EP&O) levy.

The loss of the EP&O levy creates an annual funding shortfall exceeding **\$38 million** for 2026–27 forcing major reductions to staffing and student programs and the use of fund balance reserves. To address this deficit long-term, the board of directors approved Proposition 11 (student safety, academic support, educational programs and operations levy) for the November 2026 ballot.

Fiscal impact & multi-year reductions

- **2025–26 fiscal year:** Accommodated a **\$14 million** budget reduction through use of the fund balance, material, supplies and operating costs and the elimination of **131.1 staffing positions**.
- **2026–27 fiscal year:** Required budgeting for an additional **\$20 million** in program and staffing reductions and further fund balance reliance. The district eliminated an additional **137.2 staffing positions**. Total net reductions from prior-year expenditures are not fully reflected due to increased costs.
- **2027–28 outlook:** Four-year financial projections indicate that without an approved EP&O levy, the district will hit a negative ending fund balance unless expenditures are reduced by at least an additional **\$13.3 million** in 2027–28 (assuming maintenance of a 4% unassigned minimum fund balance).

Key operational drivers & shortfalls

- **Pupil transportation funding gap:** Required transportation contractor benefits, contracted services and fuel for a total gap of **\$3.9 million**.
- **Special education deficit:** A **\$3.74 million** unfunded gap remains in special education for 2026–27.
- **Substitute costs:** The district has a shortfall of **\$2.5 million** for substitute coverage, alongside **\$450,000** in unfunded medical benefits for substitutes.
- **Cost lag:** State and federal allocations fail to keep pace with rapid price inflation across utilities, insurance and fuel.

State budget context & legislative highlights

The 2026–27 Washington state budget provided a **2.6% inflationary increase**, which remains below the actual operational cost increases experienced by the district.

- **Bus depreciation reductions:** Statewide funding was cut by \$25 million. Battle Ground Public Schools experienced an unbudgeted loss of **\$300,000** in 2025–26 and will lose an additional **\$300,000** reduction in 2026–27.

- **Transition to Kindergarten (TK) cuts:** Statewide TK funding was reduced by 25% (\$27.3 million). Battle Ground lost funding for **2 of its 7 TK classrooms**, directly impacting early learning opportunities for 34 students.
- **Election accounting adjustments:** Historically, levy election expenses were categorized under the board of directors budget. Effective 2026–27, state guidelines mandate moving these costs to the superintendent's budget. Consequently, the superintendent's budget increased by **\$206,500** for election costs

Based on the state's required F195 budget document, this update compares the proposed 2026-27 budget to the current 2025-26 budget and the 2024-25 actual expenditures. The fiscal year ends August 31, 2026 and end of year financial reports are presented in November.

District Funds

- General Fund
 - Teaching activities and support
 - Building support
 - Districtwide support
- Associated Student Body Fund
 - Athletics, student lead clubs and activities
- Capital Projects Fund
 - Major repairs and improvements, purchases of facilities such as classroom modulars, technology, and property
- Debt Service Fund
 - Bond debt issued for facilities, such as new schools, or capital projects

General Fund Budget

Enrollment is very important because it drives school funding for staffing, materials, supplies and operating costs (MSOCs). Funding is based on a student's actual time in school (full time equivalent), not the number of students enrolled.

Enrollment Assumptions

- **Retention:** 100% retention rate from the 2025-26 school year is rolled forward
- **Alternative Learning Experience:** Slightly increased enrollment in River Homelink with the relocation of BGVA.
- **Kindergarten:** Projected conservatively since it's unknown how many will enroll
- **Running Start:** Allocations pass through directly to higher education institutions
- **Transition to Kindergarten:** Enrollment adjusted downward per state allocation cuts

Budgeted Enrollment

- Comprehensive schools include students attending primary, middle and high schools in a traditional learning environment.
- ALE includes students attending BG Virtual Academy, CAM, River HomeLink, and Summit View HS
- Open Doors is a re-engagement program for high school students
- Running Start includes full and part-time students attending college
- This table is based on actual enrollment for 2024-25 and budgeted enrollment 2025-26 and 2026-27
 - **Increase of 118 FTE** for comprehensive and ALE from 2025-26 budget

	Actual 2024-25	Budget 2025-26	Budget 2026-27	Change From Budget 2025-26
Comprehensive Schools	10,060	9,783	9,735	(48)
Alternative Learning Experience (ALE)	2,037	2,066	2,232	166
Sub Total	12,097	11,849	11,967	118
*Transitional Kindergarten	120	0	0	0
Open Doors	36	33	38	5
Running Start	329	305	293	(12)
Total Enrollment per F195	12,582	12,187	12,298	111
*Transitional Kindergarten		120	85	(35)

*No longer included in F195 Enrollment Counts starting 2025-26

Budgeted Enrollment by Comprehensive School Grade Bands and ALE only

- This table is based on actual enrollment for 2024-25 and budget 2025-26 to budget 2026-27

	Actual 2024-25	Budget 2025-26	Budget 2026-27	Change from Budget 2025-26
Comprehensive Schools				
K-4 Primary	3,947	3,917	3,851	(66)
5-8 Middle	3,181	3,144	3,240	96
9-12 High	2,932	2,722	2,644	(78)
Total	10,060	9,783	9,735	(48)
Alternative Learning Experience (ALE)	2,037	2,066	2,232	166

Actual Enrollment from 2025-26

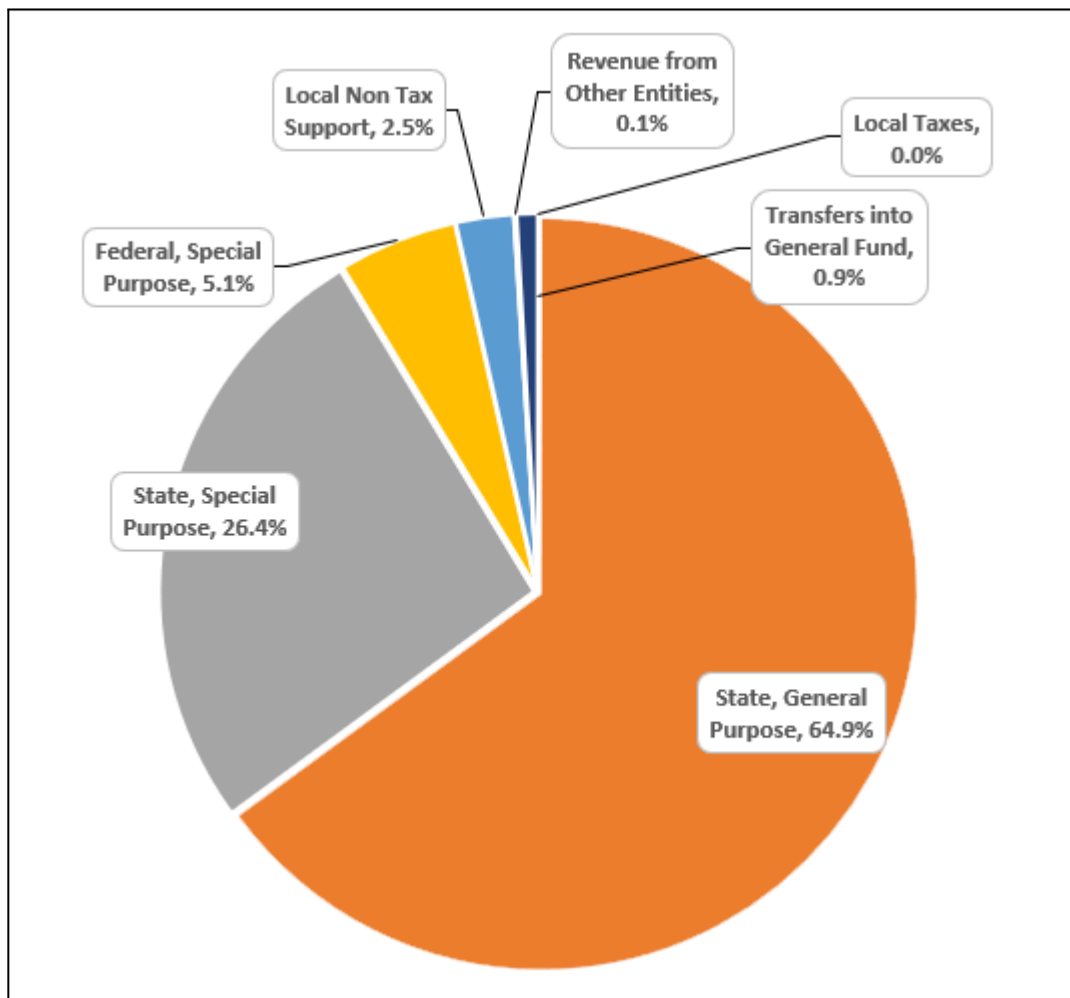
- This table is based on actual enrollment 2025-26 to budget 2026-27
 - **Decrease of 67 FTE** for comprehensive and ALE

	Actual	Budget	Change From
	2025-26	2026-27	Actual 2025-26
Comprehensive Schools	9,905	9,735	(170)
Alternative Learning Experience (ALE)	2,130	2,232	102
Sub Total	12,034	11,967	(67)
*Transitional Kindergarten	0	0	0
Open Doors	38	38	0
Running Start	292	293	1
Total Enrollment	12,364	12,298	(66)
*Transitional Kindergarten	126	85	(41)

Enrollment Summary

- Due to the triple levy loss it's difficult to determine if changes will occur in enrollment
- In the past, enrollment has exceeded budget expectations

Sources of Revenue Funding



State funding is 91.3%

(Rounding in pie graph)

- Local EP&O levy taxes 0.03% (13% of revenue in 2024-25)
 - Property tax collections from local enrichment levy ended in the calendar year 2025
- State, General Purpose 64.9%
 - Basic ed, CTE, Running Start, Open Doors, special education
- State, Special Purpose 26.4%
 - Transition to Kindergarten, special education, Learning Assistance Program, Bilingual Program, Highly Capable Program (Aspire), transportation
- Federal, Special Purpose 5.1%
 - Special education, food service, Title programs, other grant programs
- Local Nontax Support 2.5%

- Donation capacity, preschool, other school fees, interest, paid school meals, facility rentals and Community Education program
- Revenue from Other School Districts, Entities 0.1%
 - Transfer in from capital projects fund, ESD insurance rebates, non-high serving Green Mountain SD students
- Transfers into General Fund 0.9%
 - Capital levy funding for technology

	2026-27	Percent Budget
Local Taxes	\$ 63,189	0.03%
State, General Purpose	\$ 138,249,039	64.91%
State, Special Purpose	\$ 56,281,373	26.42%
Federal, Special Purpose	\$ 10,947,690	5.14%
Local Non Tax Support	\$ 5,312,555	2.49%
Revenue from Other Entities	\$ 209,000	0.10%
Other Financing Sources	\$ 1,930,000	0.91%
Total Revenue	\$ 212,992,846	100.00%

	Actual 2024-25	Budget 2025-26	Budget 2026-27	Budget 2025-26
Local (Levy) Taxes	\$ 30,353,381	\$ 14,735,180	\$ 63,189	\$ (14,671,991)
State, General Purpose	\$ 133,570,281	\$ 133,700,339	\$ 138,249,039	\$ 4,548,700
State, Special Purpose	\$ 50,654,596	\$ 52,926,746	\$ 56,281,373	\$ 3,354,627
Federal, General Purpose	\$ 53	\$ -	\$ -	\$ -
Federal, Special Purpose	\$ 9,685,460	\$ 14,533,064	\$ 10,947,690	\$ (3,585,374)
Local Non Tax Support	\$ 3,744,960	\$ 7,537,440	\$ 5,312,555	\$ (2,224,885)
Revenue from Other School Districts	\$ 41,369	\$ 40,000	\$ -	\$ (40,000)
Revenue from Other Entities	\$ 74,957	\$ 215,000	\$ 209,000	\$ (6,000)
Other Financing Sources	\$ 711,695	\$ 750,000	\$ 1,930,000	\$ 1,180,000
Total	\$ 228,836,752	\$ 224,437,769	\$ 212,992,846	\$ (11,444,923)

Notable Revenue Changes

- **Local (EP&O levy) Taxes** include a revenue decrease of **-\$14.67 million** in 2026-27 due to full expiration of the EP&O levy
- **State, General Purpose**
 - 2.6% inflationary increase for state-funded staff salaries and materials, supplies and operating costs
 - 5.1% increase for state-funded staff health care benefits
 - Decrease of **-\$250,000** of state forest funds that are tied to a passed EP&O levy
 - Overall increase in basic education allocation of 2.8%
 - 2025-26 actual basic education guarantee per student FTE \$10,930
 - 2026-27 budget basic education guarantee per student FTE \$11,241
- **State, Special Purpose**
 - Increases for special education enrollment & safety net
 - Decreased **-\$500,000** for state funding reductions of Transitional Kindergarten
 - Decrease **-\$300,000** for state funding reduction of transportation depreciation
- **Federal, Special Purpose**
 - Decrease **-\$1.1 million** AWARE Grant - no longer participating due to unstable funding source
 - Carry over of Title 1 funds \$525,000 from 2025-26
- **Local Nontax Support**
 - Decrease **-\$400,000** interest income for significant use of unrestricted fund balance
 - Decrease of **-\$40,000** non-high serving fees for Green Mountain students

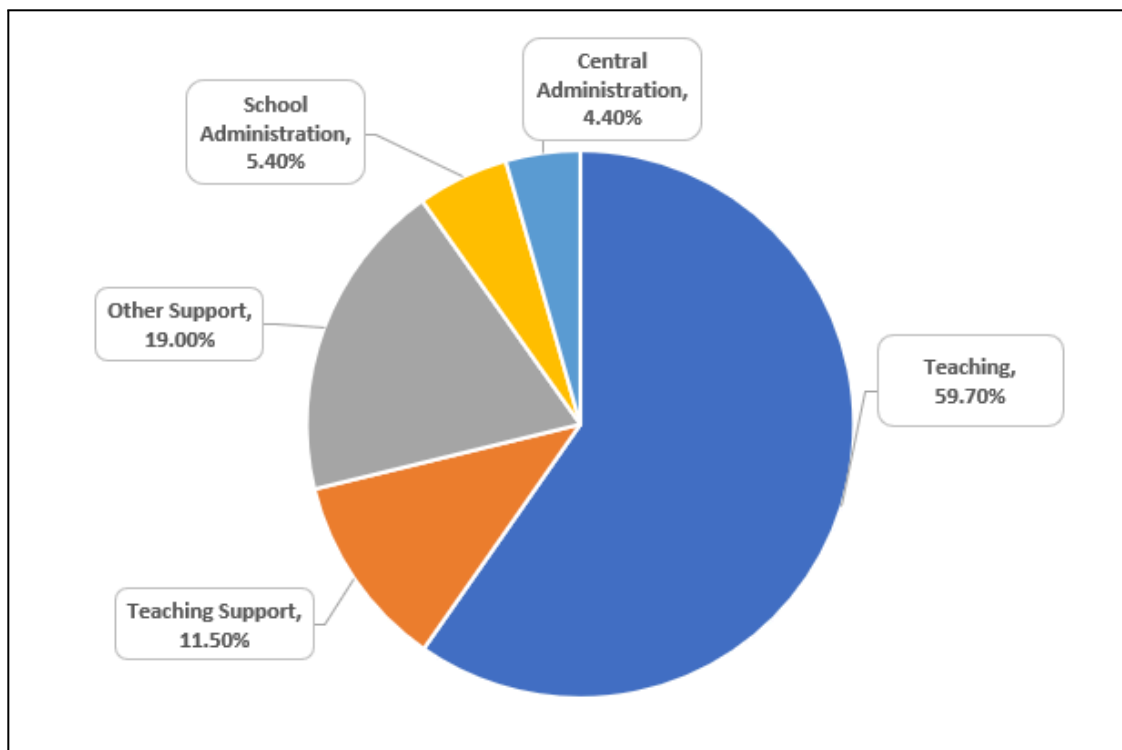
Contingency (fund balance neutral) has been reduced in federal special purpose and local non-tax. It is included in revenue and expenditures for possible funding increase in special education safety net funding, enrollment increases, donations, grants etc. with a direct offset to expenditures.

Staffing

	Actual	Budget	Budget	Change from
	2024-25	2025-26	2026-27	Budget 2025-26
FTE Certificated Employees	875.19	827.87	786.00	(41.87)
FTE Classified Employees	510.60	482.68	446.03	(36.65)
Total	1385.79	1310.55	1232.03	(78.51)

- Certificated FTE (non-administrators) is based on 7.5 hours / 180 day contract
- Certificated Administration is based on 8.0 hours / 200-260 day contract
- Classified FTE is based on an 8 hour / 260-day contract
 - Most school year classified staff work 192 day contract and hours vary
- Staffing significantly reduced due to non-renewal of levy funding and enrollment decrease
 - See budget cuts at www.battlegroundps.org/page/budget-cuts for more information on position reductions
 - Reduced certificated staffing 10.2% since 2024-25
 - Reduced classified staffing 12.6% since 2024-25

Expenditures by Consolidated Activity



Teaching Activities and Teaching Support 71.2%

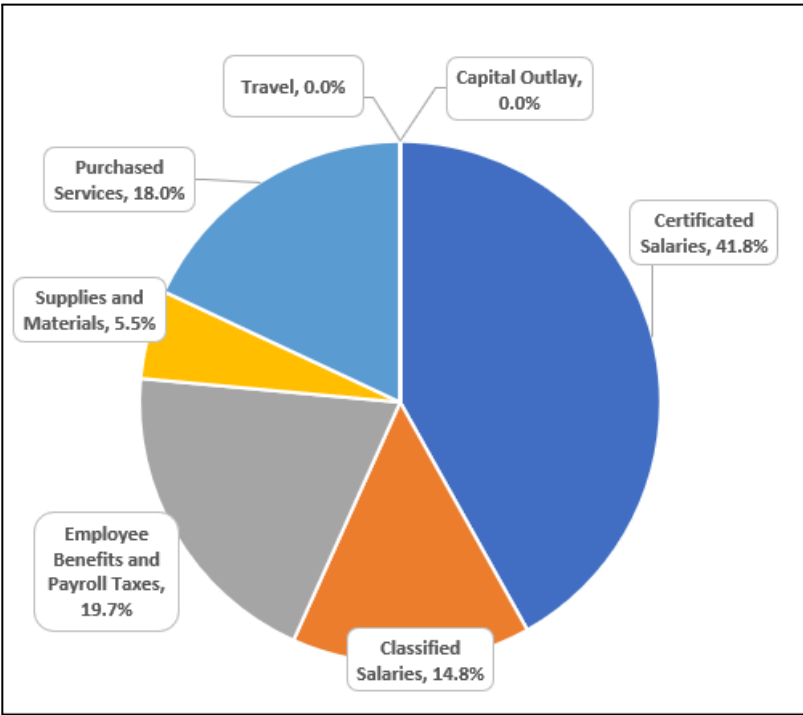
(Rounding in pie graph)

- Teaching activities
 - Classroom teachers, extracurricular activities
- Teaching support
 - Library, counselors, pupil safety (security), health services (nursing, psychologists, OTs, PTs), instructional professional development & learning, instruction technology and curriculum

- Other support
 - Transportation, facility operations, maintenance, grounds, custodians, utilities, insurance, information systems, print shop, motor pool and warehouse
- Building administrations
 - Principals and building office staff
- Central administration
 - Board of directors, superintendent’s office, business office, human resources, public relations, supervisors for instruction, transportation and operations
- All activities include staffing, materials, supplies and operating costs

	Budget 2026-27	Percentage of Budget
Teaching	\$ 135,490,159	59.7%
Teaching Support	\$ 26,142,598	11.5%
Other Support	\$ 43,120,755	19.0%
School Administration	\$ 12,163,561	5.4%
Central Administration	\$ 10,086,543	4.4%
Total	\$ 227,003,616	100.0%

Expenditures by Object



Salaries and Benefits 76.3%

(Rounding in pie graph)

If the district did not contract for transportation and nutrition services (purchased services), the percentage would be approximately 85%, which is the state average.

	Actual 2024-25	Budget 2025-26	Budget 2026-27	Change from 2025-26
Certificated Salaries	\$ 101,501,772	\$ 100,557,463	\$ 94,869,283	\$ (5,688,180)
Classified Salaries	\$ 37,508,341	\$ 36,993,079	\$ 33,684,769	\$ (3,308,310)
Employee Benefits and Payroll Taxes	\$ 48,350,497	\$ 46,544,146	\$ 44,786,769	\$ (1,757,377)
Supplies and Materials	\$ 7,524,008	\$ 17,486,618	\$ 12,565,109	\$ (4,921,509)
Purchased Services	\$ 34,800,425	\$ 37,183,892	\$ 40,929,445	\$ 3,745,553
Travel	\$ 375,388	\$ 204,121	\$ 111,323	\$ (92,798)
Capital Outlay	\$ 708,612	\$ 193,940	\$ 56,918	\$ (137,022)
Total Expenditures	\$ 230,769,043	\$ 239,163,259	\$ 227,003,616	\$ (12,159,643)

Notable Expenditure Changes

- **Student transportation:** Increased **\$3.9 million**. This total increase includes bussing contracted services increase of 8.8%, approximately **\$2.0 million** in unfunded contractor benefit mandates, and fuel costs are projected with an increase of **\$345,000** (+39.4%) due to global market disruptions
- **Risk Insurance:** Increased by \$200,500 (+8.0%) s
- **Utilities** Increased by \$152,650 (+3.3%)

Expenditures by Program

	Budget 2026-27	Percentage of Budget
Basic Ed/ALE Ed	\$ 110,605,066	48.7%
Special Education	\$ 41,406,126	18.2%
Career Tech Ed	\$ 9,948,605	4.4%
Compensatory Ed	\$ 12,723,756	5.6%
Other Instructional Programs	\$ 1,533,119	0.7%
Community Ed	\$ 790,244	0.3%
District Wide Support	\$ 26,210,674	11.5%
School Meals	\$ 4,944,632	2.2%
Pupil Transportation	\$ 18,841,394	8.3%
Total	\$ 227,003,616	100.0%

- Basic/ALE education
 - Basic education and alternative learning experiences
- Special education
 - Ages 3 - 22
- Career tech ed
 - Vocational Career and Technical Education
- Compensatory ed
 - Federal Title programs, Learning Assistance Program, and Bilingual Program
 - Capacity for potential state grants
- Other instructional programs
 - Highly Capable (Aspire)
 - Capacity for donations, fees
 - Expenditures are offset by revenue
- Community Education
 - Expenditures are offset by revenue
- Districtwide support
 - Building maintenance, grounds, custodians, board of directors, superintendent's office, directors/supervisors, human resources, public relations, security, utilities, insurance, IT, warehouse and business office
- School meals
 - Expenditures are offset by revenue
- Pupil transportation
 - To/From school buses and crossing guards

Budget Summary

Budget Summary 2026-27	
Total Revenues	\$ 212,992,846
Total Expenditures	\$ 227,003,616
Expenditures Exceed Revenue	\$ (14,010,770)
Beginning Fund Balance	\$ 25,686,284
Ending Fund Balance	\$ 11,675,514

Fund Balance Reserves

	Projected Beginning Fund Balance 2026-27	Use of Fund Balance 2026-27	Projected Ending Fund Balance 2026-27	Percentage of Expenditures
Restricted for Carryover of Restricted Revenues	\$ 1,700,000	\$ (1,700,000)	\$ -	
Nonspendable for Inventory & Prepaids	\$ 5,400,000	\$ (1,000,000)	\$ 4,400,000	1.94%
Restricted to Self-Insured & Uninsured Risks	\$ 165,000	\$ -	\$ 165,000	0.07%
Assigned to Other Purposes	\$ 7,000,000	\$ (7,000,000)	\$ -	
Unassigned Fund Balance	\$ -	\$ -	\$ -	
Unassigned to Minimum Fund Balance Policy	\$11,421,284	\$ (4,310,769)	\$ 7,110,515	3.13%
Total	\$25,686,284	\$ (14,010,769)	\$11,675,515	5.14%

(table corrected 8.12.26)

(slight rounding for total of \$1)

- Restricted for carry over of restricted revenues such as LAP (Learning Assistance Program) and CTE
 - Cannot be used to balance the budget.
- Nonspendable fund balance
 - Cannot be used to balance the budget.
- Restricted for uninsured risks
 - Cannot be used to balance the budget.
- Assigned to other purpose
 - Support for ongoing programs such as student supports, curriculum adoptions, facilities improvement set-asides, and building and donation carryover funds available for expenses in the future.
- Unassigned to minimum fund balance policy
 - Board policy 6022 requires a minimum of 4%-6% reserve of total budgeted expenditures for uncertainties and cash flow at the end of the fiscal year. This budget does not meet the minimum fund balance policy. There are a few factors that could improve the outlook. For example, if the state fulfills its apportionment obligation under HB 1248 for contractor transportation benefits, it would provide some relief of up to \$2 million putting us above 4%. Additionally, we often spend less than projected because we budget conservatively. However, we cannot responsibly build the budget assuming either of these will occur.

Fund Balance Summary

- **State oversight risk:** The multi-year absence of EP&O levy funding will place the district under official **binding conditions** with the state and likely lead to formal **financial oversight** starting in 2027–28 if the levy does not pass in November 2026, bypassing the two year waiting period.

- **Cash flow & interfund borrowing:** Because the state remits 22.5% of annual funding in July/August and holds special education safety net disbursements (\$3.8 million) until late August, the district will likely need an apportionment advance or short-term borrowing to cover payroll and accounts payable through late summer 2027.
- **Operational impact:** Essential investments—including new curriculum adoptions and facility maintenance—remain on hold until fund balance stability can be re-established. Rebuilding reserves to policy-compliant levels will require multi-year fiscal management.

Associated Student Body Fund

Summary of Activity and Fund Balance

	Budget 2026-27
General Student Body	\$ 627,850
Athletics	\$ 1,336,100
Classes	\$ 874,766
Clubs	\$ 317,650
Private Moneys	\$ 87,000
Total Revenue	\$ 3,243,366
General Student Body	\$ 779,342
Athletics	\$ 1,235,300
Classes	\$ 754,800
Clubs	\$ 319,300
Private Moneys	\$ 61,000
Total Expenditures	\$ 3,149,742
Beginning Fund Balance	\$ 1,500,000
Ending Fund Balance	\$ 1,593,624

- Student extracurricular activities (cultural, athletic, recreational, and social)
- Funded by fees and fundraisers.
- Budgets prepared by all school ASB student councils

Debt Service Fund

Summary of Debt Service Fund

	Budget 2026-27
Revenues	\$ 5,000
Transfer from Capital Project Fund	\$ 382,125
Expenditures	\$ 387,125
Excess Revenue over Expenditures	\$ -
Beginning Fund Balance	\$ 535,000
Ending Fund Balance	\$ 535,000

- Revenue
 - Lighting rebate transferred from capital project fund
 - Interest income
- Expense
 - Non-voted debt payment for district wide lighting retrofit and energy improvements

Capital Project Fund

	Budget 2026-27
Local (levy) Taxes	\$ 9,620,960
Local (Impact Fees) Nontax	\$ 7,530,000
State (Grants) Special Purpose	\$ 1,128,260
Other Financing Sources	\$ -
Total Revenue	\$ 18,279,220
Buildings	\$ 17,280,500
Equipment	\$ 2,970,260
Energy	\$ -
Transfer to Debt Service Fund	\$ 382,125
Transfer to General Fund	\$ 1,930,000
Total Expenditures	\$ 22,562,885
Beginning Fund Balance	\$ 17,000,000
Ending Fund Balance	\$ 12,716,335

Summary of Capital Projects Fund

- Revenue
 - Capital levy collections
 - Impact Fees from new residential development
 - State grant for specific projects
 - Interest income on fund balance
 - Rebate for lighting project (portion transferred to the debt service fund)
- Expenditures
 - Capital levy projects and transfer to general fund
 - Instructional technology & equipment
 - Specific projects as outlined in capital levy plan
 - Replacing core server infrastructure
 - Classroom technology refresh
 - Technology support
 - Wireless infrastructure
 - Security cameras and radios
 - Software

- Facility capital improvement
 - Specific projects as outlined in capital levy plan
 - Battle Ground HS new HVAC cooling tower
 - Captain Strong PS recoat gym roof
 - Amboy MS 300 building for STEM and band
 - Laurin MS covered play shed and beams building B
 - Maple Grove PS new HVAC roof units (3)
 - Pleasant Valley refurbish HVAC
 - Prairie HS metal roof 400 building, refurbish field house, covered bleachers at track, revise bus lanes, and recoat low slope roofs
 - Battle Ground and Prairie HS CTE culinary program upgrades
 - Prairie HS CTE health sciences program upgrades
- State grant
 - Battle Ground HS culinary program grant
- Impact Fees
 - Contingency for modular portable or impact fee project if needed

Four-Year Forecast (F195F)

Core Financial Outlook

- **Deficit Threshold Reached in 2027-28:** The unrestricted fund balance is projected to fall into the negative during the 2027-28 school year.
- **Shortfall & Required Reductions:** To maintain the required 4% minimum fund balance policy and secure cash flow for monthly expenses, the district faces a needed reduction of **\$13.3 million**.
- **Unrestored Reductions:** Prior budget cuts totaling **\$34 million** from the 2025-26 and 2026-27 fiscal years are assumed to remain permanent and will not be restored.

Revenue Assumptions & Risks

- **Cost-of-Living/Revenue Projections:** Projected revenue increases for MSOC (materials, supplies, and operating costs) and salaries are set at **2.6%** (2027-28), **2.9%** (2028-29), and **2.1%** (2029-30).
- **State Experience Factor Risk (-\$3M/year):** The district currently receives a 4% bonus for employing teachers with above-average experience and advanced degrees. However, when the State of Washington rebases this factor in the 2027 Legislative Session, the district faces a potential loss of **\$3.0 million annually** starting in 2027-28.
- **Enrollment:** Mild growth projected at approximately **+0.5%**.
- **Local EP&O Levy:** No local Educational Programs and Operation levy funding is assumed in these projections.

Expenditure Assumptions

- **General Costs:** Non-benefit expenditures increase in line with the Implicit Price Deflator (IPD).
- **Benefits:** Projected to remain flat in 2027-28, then decrease in 2028-29 and 2029-30.
- **Staffing:** Kept flat overall, adjusted only on an as-needed basis.

Note: Additional 4 year projection details are scheduled to be presented on August 24.

Next Steps

A presentation, the public budget hearing and the adoption of the budget will be held during the board meeting on August 24, 2026. Adoption of the budget is required by August 31.

Budget Information

battlegroundps.org

District / Finance / District Financial Information

Michelle Scott, CFO
scott.michelle@battlegroundps.org
(360) 885-5311