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PO Box 664, Orting, WA 98360

Closing three Olympia schools saves less than the district says

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Closing McKenny, Madison and LP Brown would save Olympia about $2.2 million to $2.75 million a year by 2029-30, not the $3.14 million the district counts. Olympia's saving depends on how many families leave and how much cost leaves with them. Olympia's board plans to vote November 12, before the district's year-end financial report is due. Keeping McKenny open would leave $746,000 to $794,000 a year to find by 2029-30, and keeping all three open would cut services students use every day.

$2.75 million

what the closures save a year by 2029-30 if no families leave

$3.14 million

what the district says the three closures save a year

$746,000 to $794,000

what keeping McKenny open must find a year by 2029-30

KEY POINTS

- **Olympia's plan counts on cuts of $5.15 million a year by 2029-30.** District figures credit the closures with up to $3.14 million of that by 2029-30, and no public document names the rest.
- **Keeping McKenny open gives up $746,000 to $794,000 a year by 2029-30.** Three cuts that keep teachers in classrooms cover roughly two-thirds, and interest from the district's other funds must cover the rest.
- **Keeping all three open cuts what students use every day.** Even the set with the fewest student-facing cuts grows classes and removes middle and high school social workers.
- **Held raises plus the listed cuts could cover the whole plan.** That limit could start only after the teachers' contract ends in August 2028, and the next contract needs the union's agreement.

Olympia's deficit is real but small beside its budget

Olympia spent about $175 million in 2024-25 from its main operating budget, which pays for the day-to-day running of all its schools.[1] [2] Regular costs ran $1.8 million above regular income that year, about 1 percent of the budget.[1] Regular costs and income leave out one-time money such as COVID relief, which the district cannot count on again.

Regular costs ran above regular income in every audited year from 2020-21 to 2024-25. Olympia's worst year was 2021-22, when that gap reached $5.2 million. Year-end balances in the main operating budget fell from $13.0 million to $8.9 million over those years.[1]

A shortfall of 1 percent is smaller than the cuts Olympia has already made in a single year. The district's cuts for 2026-27 came to $3.5 million, and those cuts already reach students. Schools absorbed most of that, $2.1 million, including larger classes from grade 4 up.[3]

That shortfall is also smaller than what the three closures would save together. Olympia counts the closures toward the larger cuts its four-year budget plan expects to need by 2029-30, so the closures do more than close today's gap.[2] Board members should look hardest at that plan.

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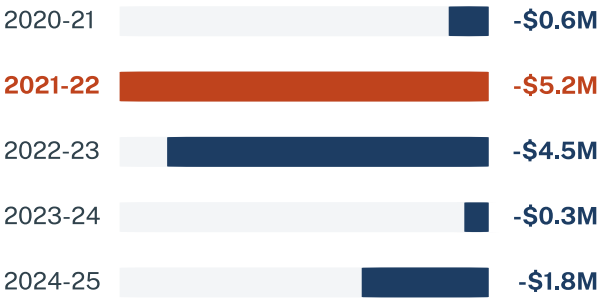
Olympia's regular costs were higher than its regular income every year from 2020-21 to 2024-25, by $5.2 million in the worst year

Regular income minus regular spending, in millions of dollars.



Source Olympia School District annual financial statements (OSPI F-196), 2020-21 to 2024-25. Penner Strategy analysis.

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Olympia has not yet reported last school year, 2025-26. That year ended August 31, and the district's year-end financial report to the state is due November 15, three days after the vote.[1] [4] The district's own June estimates point to another shortfall.[2] Board members will vote before they know how big that shortfall is.

Washington's main school payment fell behind while Olympia's spending held flat

District materials say spending is growing faster than revenue.[2] That claim holds through 2024-25, and revenue per student fell $299 after inflation over those years. Olympia's spending per student rose only about $30 over four years after inflation. Per-student spending rose a typical $320 after inflation in thirteen Washington districts within a quarter of Olympia's size.[1]

Washington's general-purpose payment to Olympia fell $909 per student after inflation over the same years.[1] Washington's basic school formula is the largest piece of revenue that fell, and the board does not set it. Olympia received less state general-purpose money per student in 2024-25 than any of its 13 peer districts.

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Olympia's spending per student rose $30 after inflation, while a typical similar district's rose $320

Change from 2020-21 to 2024-25, in dollars per student.

Source OSPI annual financial statements (F-196) and enrollment reports. Penner Strategy analysis.

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Closing three schools saves less than the district counts

The district's September 17 closure analysis says the three closures would save $3.14 million a year once all three schools close, and its tables add up correctly.[3] Two of the district's assumptions push that saving above what its own records support. District tables price only one year, 2027-28, and hold enrollment flat.[3] District tables count 2.9 fewer classroom teachers across the three schools.[3] Olympia's own published staffing rule, applied to the same students, cuts only about 1.0 to 1.5 teachers.[5]

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Closing the three schools would save about $2.2 million to $2.75 million a year, not $3.14 million

Yearly savings in 2029-30, in millions of dollars. The low end assumes some families leave.

Source Olympia School District Policy 6883 closure analysis, September 17, 2026. Penner Strategy analysis.

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The closure analysis has each receiving school filling six to eleven more classrooms.[3] One position the tables save is a transition kindergarten teacher, for the year before kindergarten, and that class moves to another school with its cost.[3]

District tables also assume every family stays in Olympia.[3] Each student who leaves takes about $10,400 a year in state money with them, so every family that chooses another district or a private school shrinks the saving.[2]

Closing all three schools saves about $2.75 million a year by 2029-30 if no families leave. Savings fall to about $2.2 million to $2.4 million a year if some families leave. The district's figure runs about $390,000 a year above the typical saving even if every family stays, because it counts about twice the teachers its own staffing rule delivers.[5]

McKenny's figure sits closest of the three to its typical saving. Closing McKenny saves about $746,000 to $794,000 a year once the moves are complete. The district counts $829,368.[3] Madison saves about $715,000 to $747,000 a year, against the district's $1.12 million. LP Brown saves about $758,000 to $820,000 a year, against the district's $1.08 million, or $1.19 million once the district adds the bus savings it expects.[3]

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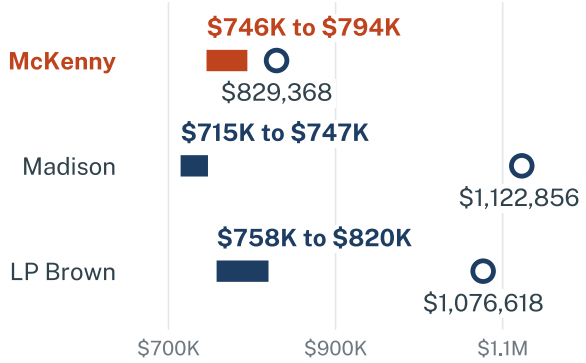
Closing McKenny would save about $746,000 to $794,000 a year, close to the district's figure

Savings in 2029-30. Bars show our estimate. Dots show the district's figure.



Source: Olympia School District Policy 6883 closure analysis, September 17, 2026. Penner Strategy analysis.

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District figures for Madison and LP Brown run several hundred thousand dollars a year above what the district's own records support. Each of the three closures still saves money in almost every case the analysts tested.

$136 million in building costs is a bond nobody has approved

Closing the three schools also avoids about $136 million in future building costs, the closure analysis says.[3] That figure prices a full renovation of all three schools in 2032 to 2035 or later.[6] Voters have not approved a bond for it, and the district holds none of that money, so closing the schools saves none of it in this budget or the next several.

Scheduled repairs cost far less: McKenny, Madison and LP Brown need $0.7 million to $1.6 million of that work over the next six years, and the district's plan prices none of it at McKenny.[6] [7] Board members should weigh the vote against the repair bills in this budget and treat the renovation as a question for a future bond.

McKenny and LP Brown are among Olympia's fuller elementary schools

The district is right that it has extra room: Penner Strategy's analysts count about 55 spare elementary classrooms in 2028-29, about one in four.

Madison fits the district's case, because it used 59 percent of its kindergarten to grade 5 seats last fall, among the five emptiest schools.[8] McKenny and LP Brown each used about 69 percent, which puts them in the fuller half of the district's 11 elementary schools.[8]

Those shares use the district's maximum building capacity, which leaves out McKenny's two preschool portables and two infant-toddler rooms.[6] Olympia's 2028-29 forecast, on the same measure, still puts Madison among the five emptiest and leaves McKenny and LP Brown outside them.[6]

Four of the five emptiest buildings are schools picked to receive students, which can make sense because a receiving school needs empty seats.[3] Neither McKenny nor LP Brown is an empty building, and the district cites building condition and avoided renovation costs as reasons to close them.[3]

Building condition does not separate them either. Olympia's 2024 building condition scores put all three closing schools among its seven lowest, at 71 to 75 points.[8] Hansen, which would receive students, scored below McKenny.[8]

The district says every receiving school has room for the students it would take,[3] but its 2025-30 facilities plan says otherwise at Garfield.[6] Olympia's Capital Facilities Plan for 2025-30 puts Garfield's capacity at 420 students, counting its special programs.[6] The closure analysis projects about 429 students at Garfield in 2027-28.[3] District numbers show the plan sending Garfield more children than the district's 2025-30 facilities plan says the building holds. Board members should see where every class and program will go before they vote.

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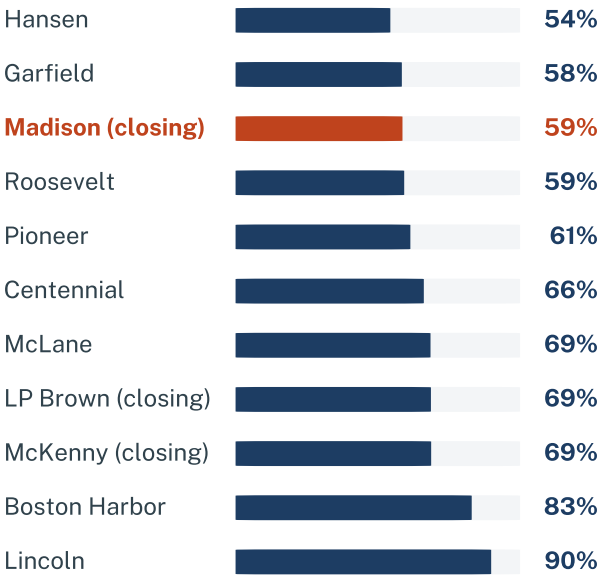
Madison is the only closing school among the five emptiest elementary schools

Share of K-5 seats filled in fall 2025.



Source OSPI enrollment reports, October 2025; Olympia School District Capital Facilities Plan 2025-30. Penner Strategy analysis.

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Olympia's budget plan counts on cuts that no public document names

The district's four-year budget plan counts on cuts of $5.15 million a year by 2029-30, and the closures are one piece of it.[2] District figures credit the closures with up to $3.14 million of that.[3] No public document names the rest. The unnamed part reaches about $2.01 million a year by 2029-30.[2]

Olympia's planned cuts matter more to its 2029-30 balance than any forecast in the plan. That plan ends 2029-30 with $12.4 million in the main operating budget if the district makes every planned cut. Making no new cuts leaves the same plan about $0.5 million below zero. A swing of about $12.9 million between those two paths moves the balance more than any enrollment or revenue forecast does.[2]

Olympia's balance ends 2029-30 near $5.2 million if the pattern of the past six years simply continues.[1] [2] That balance falls below the board's own reserve line, which asks the district to keep at least 3 percent of spending in savings, about $6.2 million by then.[5] Board members can choose to go below that line, because the policy only requires the superintendent to tell them when savings head below 3 percent.[5] Going below it spends the cushion that carries the district through a bad year.

Several risks go unpriced in these figures, including the levy renewal and the state's 2027 budget. Olympia voters approve a local levy, a property tax that pays for school operations, and the current levy runs out after 2028. The plan counts on the levy's replacement, about $40 million a year, and does not price the state's 2027 budget.[2]

Keeping McKenny open depends on interest money

Closing Madison and LP Brown but keeping McKenny leaves $746,000 to $794,000 a year to find. The district's own lists include cuts that take no teacher out of a classroom, such as one executive director, one middle-school assistant principal and a part-time dean position.[5] Together those three cost about $480,000 to $510,000 a year on the district's list, roughly two-thirds of what McKenny saves. The district's December 2023 list gives one cost for each item and does not say whether the cost includes benefits.[5]

Interest would have to cover the rest. Olympia keeps its money for buildings and technology in a separate account, its capital fund, and that money earns interest.[7] State rules allow about $211,000 a year of that interest to move into the main operating budget, and only to pay for supplies, equipment and building costs.[9] That figure rises to about $496,000 if the district may also move interest from its debt fund, the account that repays its bonds. Bond papers missing from the public records reviewed decide whether it may.[9]

Those three cuts and the interest together bring in about $695,000 to $1.01 million a year. The low end falls short of what McKenny saves, and the high end covers it. Keeping McKenny open on that footing leaves the district's balance about $218,000 to $318,000 above where closing all three schools would leave it in a typical case.[2]

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Interest income of about $211,000 a year would cover less than a third of McKenny's yearly cost

Yearly dollars, 2029-30.

Source OSPI annual financial statements (F-196), interest lines; Policy 6883 closure analysis. Penner Strategy analysis.

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Keeping McKenny open also depends on whether interest may move from the debt fund as well as the capital fund, and whether that interest is new money. Other financing sources in the plan grow from $2.39 million to $3.03 million over its four years, and no document reviewed says where the growth comes from.[2] Board members cannot spend the interest twice if it already sits in that line.

Olympia's school foundation will not close the gap either. The Olympia School District Foundation spent $220,005 on its programs in its latest year, about a quarter of McKenny's cost.[10]

Keeping all three schools open means cutting services students use every day

Replacing the closures' savings with the fewest student-facing cuts on the district's lists takes 7 to 11 actions. Those actions together remove between 16.7 and 22.1 positions, and three of them cut services students have today.[5]

Every such set includes the same three cuts. Classes would grow by another step like this year's, which added about 0.6 students per class.[2] Middle and high schools would lose their social workers. Middle and high schools would also lose their restorative justice centers. No such set cuts the elementary schools' behavior technicians.[5]

The teachers' contract pays extra each month for students above its class-size guidelines, so part of a saving from larger classes can go back out as that extra pay.[11] How much depends on how many classes already sit at the guideline in each grade and building.

Holding raises down and making the other listed cuts would cover the whole plan

Limiting staff raises to the dollars the state sends for them once the current contract ends, added to the other savings on the district's lists, covers the plan's full $5.15 million without closing a school. Those other savings fall short of the plan's cuts without the raise limit.[5]

The teachers' contract runs from September 2025 through August 2028 and sets the 2027-28 raise at the state's inflation rate plus 1.5 percent, so any restraint could start the following year at the earliest.[11] That restraint saves about $1.04 million in its first year against the district's own budget figures. Savings reach about $2.06 million a year by 2029-30, because each year's smaller raise stays in the pay base.[2]

Olympia pays the state's cost-of-living raise on a larger payroll than the base the state funds, so limiting raises to the state's dollars means raises of about 1.6 percent in 2028-29. Washington's cost-of-living adjustment that year is 2.4 percent. Teachers' pay after August 2028 depends on a new contract that the district and the union negotiate to agree on.[11]

Pay restraint still belongs on the table, because it is the one choice in the records that settles the plan's full set of cuts instead of a piece of them. Teachers' contract comes up for bargaining before 2028-29 regardless of this vote. Teachers' current contract already tells the district to cut salaries automatically if pay runs above the money it receives for them.[11]

The contract's 2027-28 raise of inflation plus 1.5 percent costs more than the state sends, and no document shows whether the plan already counts that extra cost.[2] [11] This path also depends on the levy renewal, like every other.

Board members should get four records before the November 12 vote

First, the 2025-26 year-end financial report due to the state November 15, which shows whether last year ran short again.

Second, the detail behind the four-year plan: the list of cuts it counts on, what the growth in transfers from other accounts pays for, and whether the plan already counts the extra 1.5 percent raise due in 2027-28.

Third, the bond papers that say whether interest in the debt fund may move to the main operating budget. That record decides how much interest money keeping McKenny open can count on.

Fourth, a room-by-room plan for Garfield that shows where every class and program fits.

Want to dig further into this? Contact Penner Strategy at josh@pennerstrategy.com or visit pennerstrategy.com.

Notes

Each note covers the claims that carry its number.

1. Washington Office of Superintendent of Public Instruction, annual financial statements of school districts, 2020-21 to 2024-25.
2. Olympia School District, 2026-27 budget book, budget presentations of February and June 2026, and four-year budget plan.
3. Olympia School District, school closure analysis written under its school-closure policy, September 17, 2026.
4. KIRO 7, report on the closure proposal, September 20, 2026.
5. Olympia School District, staffing rules, lists of possible budget reductions, and Board Policy 6022 on fund balance.
6. Olympia School District, Capital Facilities Plan 2025-30, and Long Range Facilities Master Plan 2025-2035.
7. Olympia School District, 2025-26 and 2026-27 capital budgets.
8. Washington Office of Superintendent of Public Instruction, enrollment reports, and Olympia School District, 2024 building condition assessment.
9. Washington Office of Superintendent of Public Instruction, Accounting Manual for Public School Districts.
10. Olympia School District Foundation, annual filings and grant guidelines.
11. Olympia Education Association and Olympia School District, collective bargaining agreement, 2025-28.