

2026-2027 Budget Initial Planning & FY27 Preliminary Current Reality

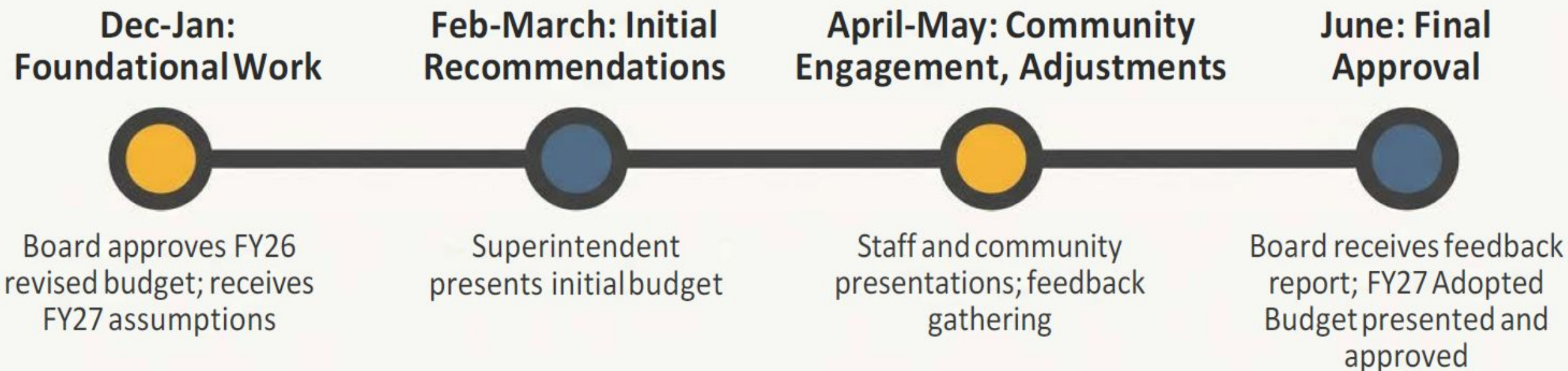
December 11, 2025

Stacey Sovine, executive director of administrative services

Agenda

- Timeline
- What's affecting our budget for 2026-2027
- Current reality
- Our approach (values/strategies)

Timeline



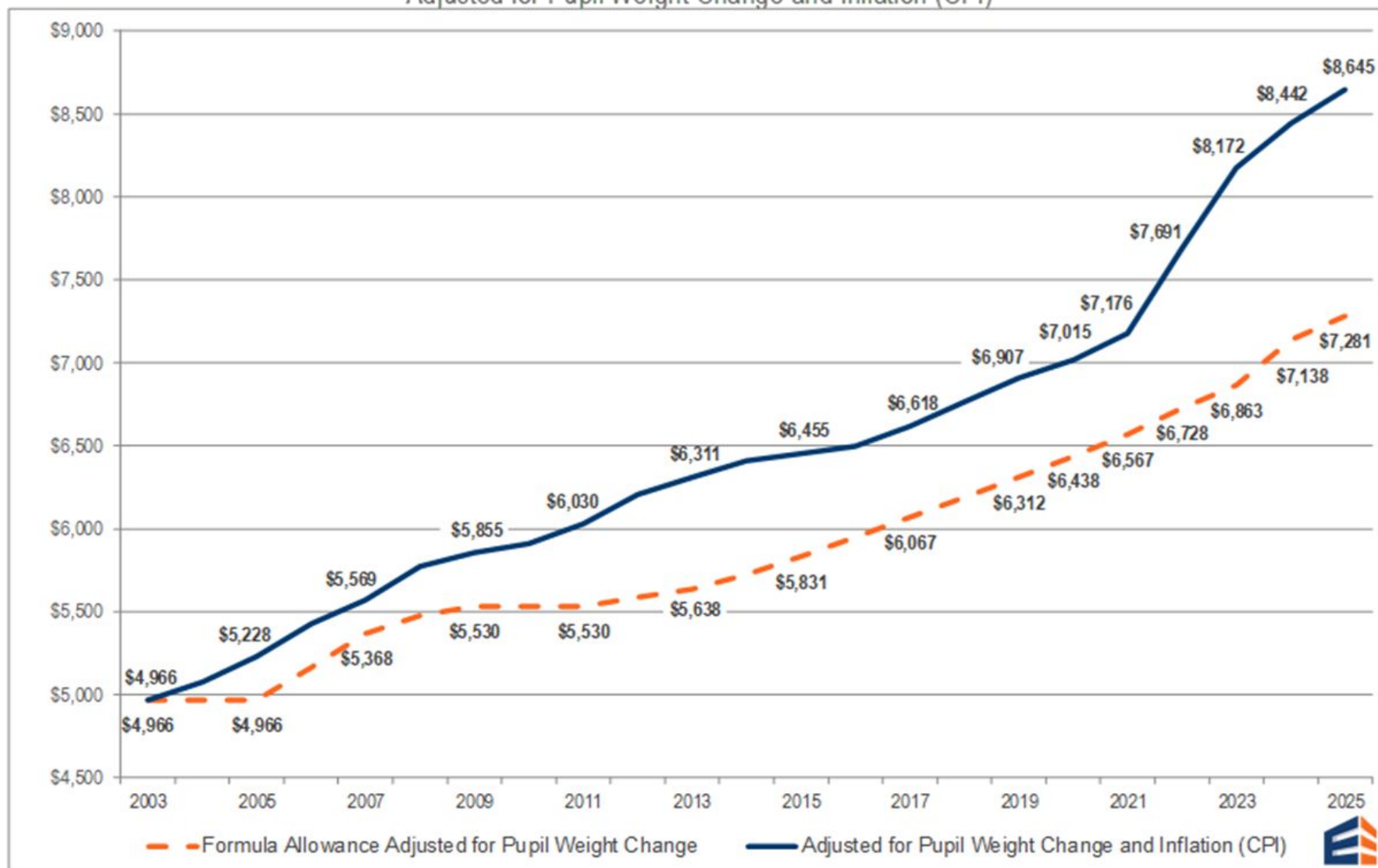
Key Takeaway

Our structured process ensures ample opportunity for review, feedback, and strategic alignment before final decisions are made.

Timeline

- **December - January**
 - Board approves FY26 revised budget
 - Board receives report on FY27 budget assumptions and Parameter Options
- **February - March**
 - Board receives report on FY27 budget assumptions and Parameter Options
 - Superintendent presents initial budget recommendations to the Board
- **April - May**
 - Staff and community presentations and feedback opportunities
 - Board report on feedback and board work session
- **June 12** - FY26 Adopted Budget presented
- **June 26** - FY26 Adopted Budget approved

Adjusted for Pupil Weight Change and Inflation (CPI)

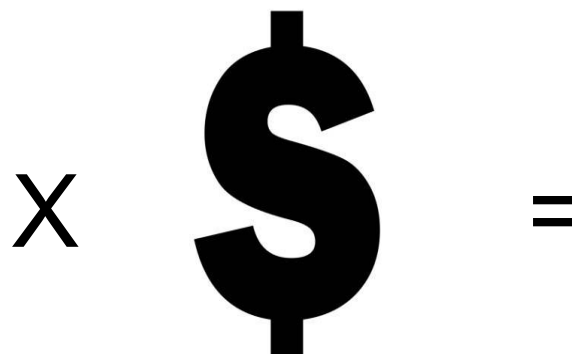


Source: MDE June 2024 Inflation Estimates and Minnesota Laws 2023

Revenue



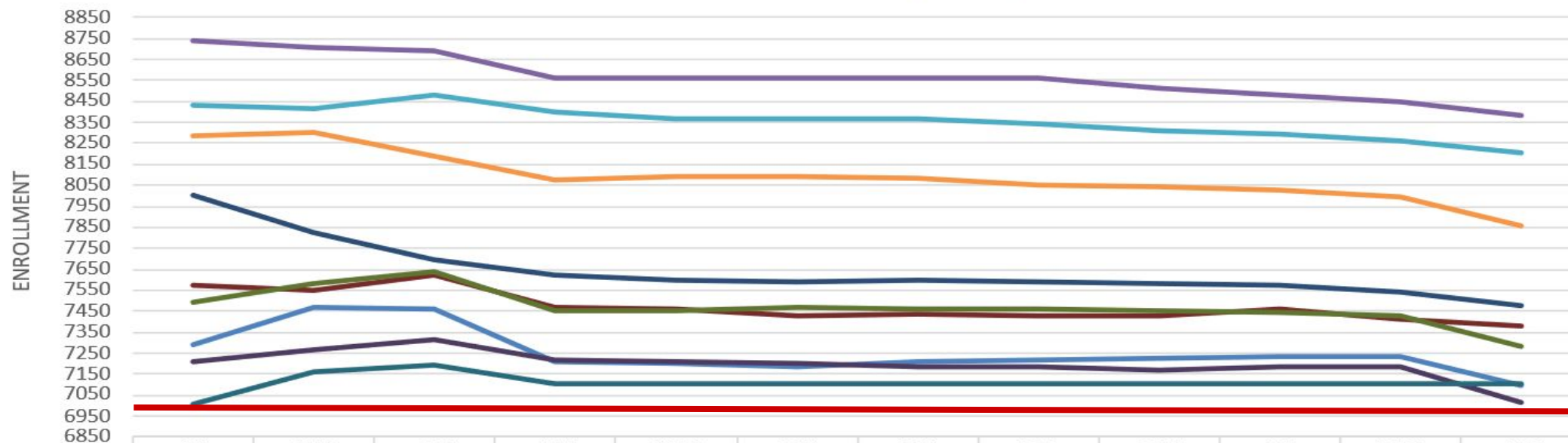
Students we serve



State and local
tax dollars per
student served

Total revenue
used to pay
for programs
and services

Year Over Year K-12 Enrollment: FY27 Project ~6,965 K12 Students

[illegible]

Revenue Changes

Referendum Levy (for operations)

\$18,440,975

Projected for FY27, an increase of over \$730,000 from FY26.
Calculated based on students served.

Capital Projects Referendum Levy (for technology)

\$4,677,770

Projected for FY27.



Renewed by voters in
November 2024 for
another 10 years.

Revenue Changes

English Learner (EL) Aid

+\$1.1 Million



Formula: Per pupil aid increasing from \$1,664 to **\$2,405**.



Students: Our EL population grew by 113 to **1,894** students.

Special Education (SpEd) Revenue

+\$1.0 Million



Projected FY27 Revenue: **\$28 Million**.



Student Growth: Our SpEd population grew by 39 to **1,231**.

Important Caveat: The future of Special Education funding remains unknown as the Blue Ribbon Commission on Special Education continues to review the funding formula.

Revenue Changes

Our FY27 revenue forecast includes substantial increases in state aid, particularly for our English Learner and Special Education populations, alongside stable local levy support.



+\$1.1 Million

English Learner Aid

(due to formula increase from \$1,664 to \$2,405 per pupil)



+\$1.0 Million

Special Education Aid

(projected increase to \$28M total)



+\$850,000

General Education Aid

(driven by a 2.5% per pupil funding increase)



+\$730,000

Referendum Levy

(increase from \$17.7M to \$18.4M)

Restricted Revenue



Capital Projects
Referendum Levy for
Technology



Title Funds



Long Term Facility
Maintenance Funds

Revenue Changes

The FY27 budget must be developed while navigating considerable unknowns, most critically the state's pending decision on the Compensatory Revenue formula.



\$14.7 Million

Compensatory Revenue

FY26 amount is known, but the FY27 formula is under review by a State Task Force. Future funding is currently unknown.



-\$175,000

Federal Title Funding

Reflects planned spend-down of prior year carry-forward funds.



-\$20,686

Achievement and Integration Funding

Future Enrollment Concerns

Smaller incoming Kindergarten classes will impact future revenue streams.

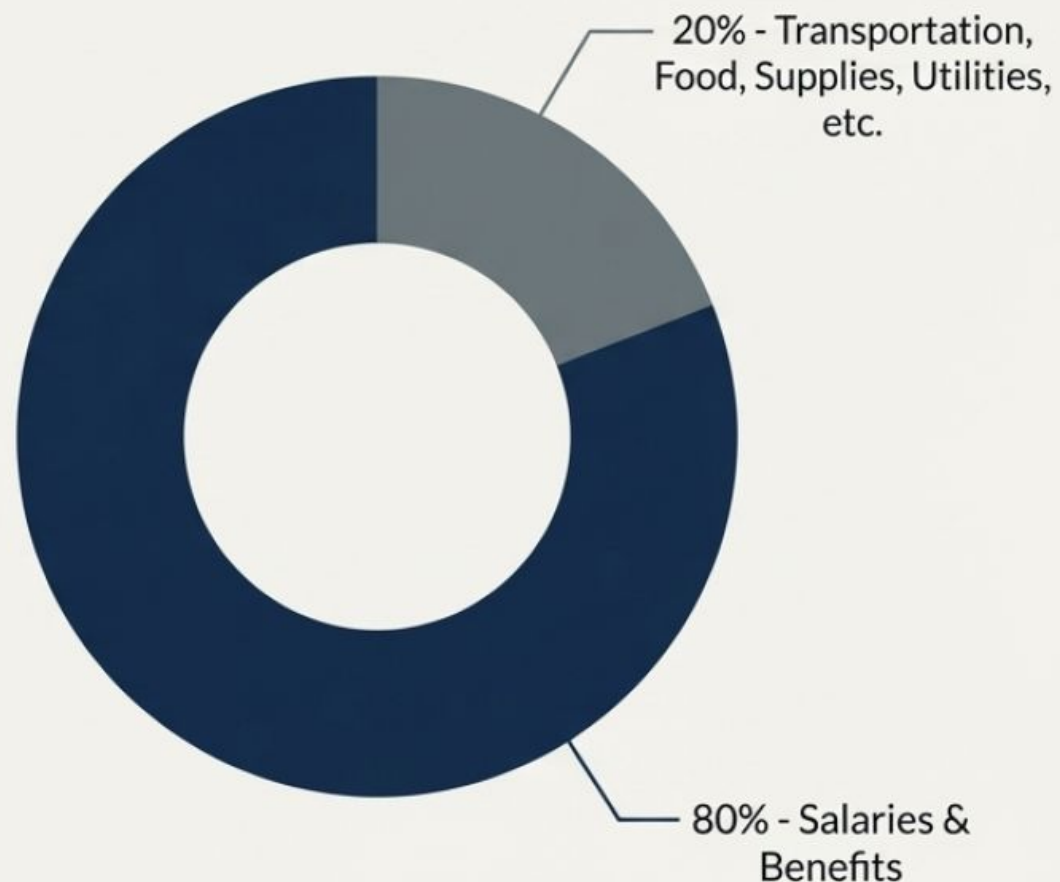
Expenses

Rising Costs and Unfunded Mandates Continue to Outpace Revenue Gains

We face persistent financial pressures from the high cost of staffing and the reality that state and federal aid for Special Education and Multilingual programs does not cover the full cost of providing these essential services.

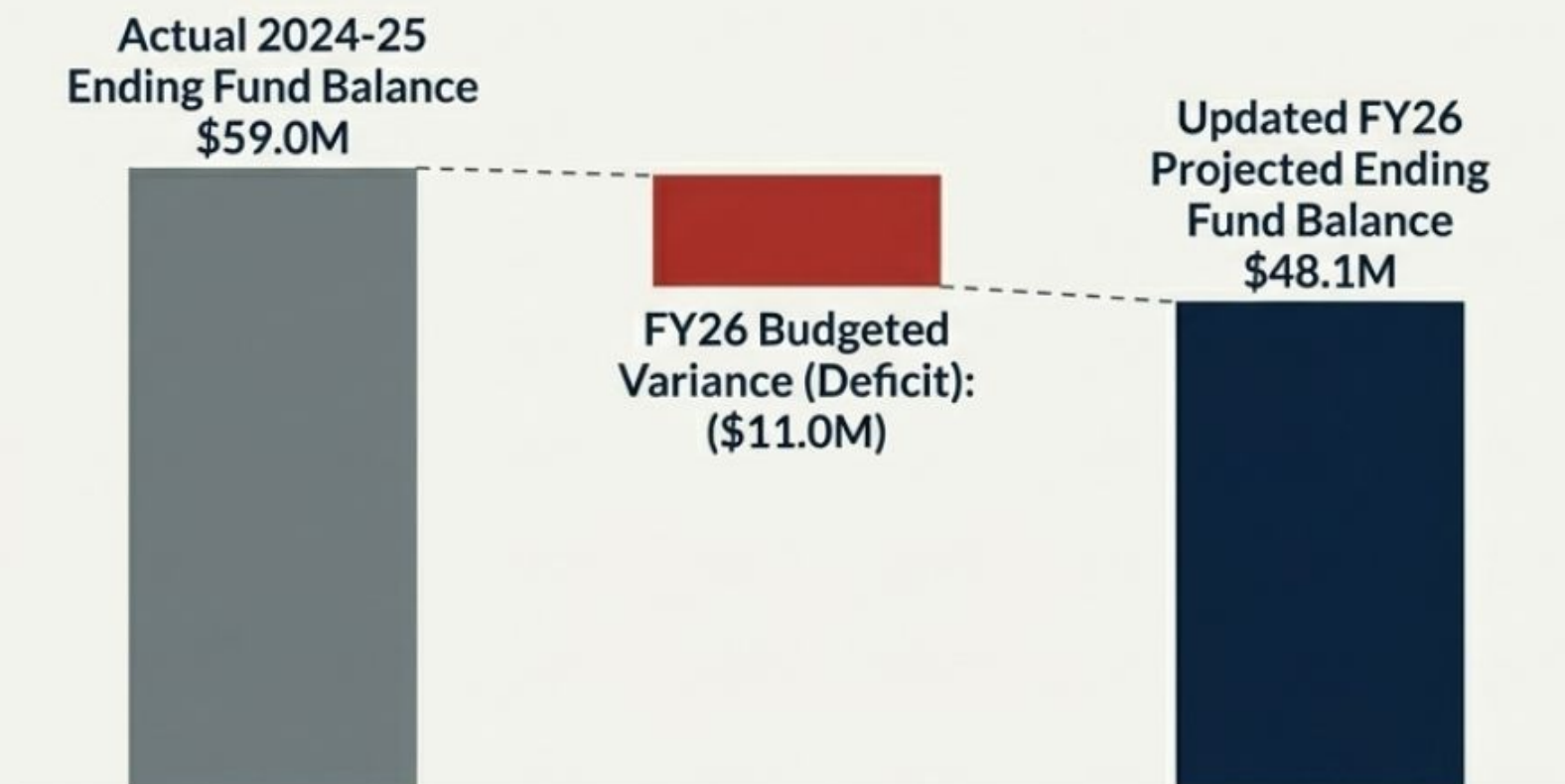
State and federal funding for Special Education and Multilingual programs is not keeping pace with program costs, creating a structural strain on the general fund.

Majority of Costs are Salaries & Benefits



Expense Changes

After years of building reserves, including the use of one-time federal relief funds, the FY26 budget marks a strategic shift to deficit spending to meet student needs. This trend is projected to continue into FY27.



Unassigned Fund Balance %

2024-25 Actual: 26.32%

2025-26 Updated Budget: 19.59%

Revenue and Expense Changes

General Fund Budget Comparative Summary

	Actual Results 2023-24	Actual Results 2024-25	Adopted Budget 2025-26	Updated Adopted Budget 2025-26
Total Beginning Fund Balance	\$ 37,483,214	\$ 53,791,906	\$ 56,311,345	\$ 59,044,289
Revenues	156,983,853	163,655,781	158,590,425	158,590,425
Federal Relief Revenues for current costs	4,736,812	-	-	-
Federal Relief Revenues for new costs	3,867,316	-	-	-
Expenditures	145,411,973	158,403,398	169,547,066	169,547,066
Federal Relief Expenditures for new costs	3,867,316	-	-	-
Variance (Revenues - Expenditures)	16,308,692	5,252,382	(10,956,641)	(10,956,641)
Total Ending Fund Balance	\$ 53,791,906	\$ 59,044,289	\$ 45,354,704	\$ 48,087,648
Breakdown of Fund Balance Categories				
Nonspendable	\$ 342,496	\$ 291,247	\$ 300,000	\$ 250,000
Restricted	15,547,817	15,207,377	12,765,031	12,661,666
Committed	1,207,116	1,605,982	1,550,000	1,455,508
Assigned	-	250,000	500,000	500,000
Unassigned	36,694,478	41,689,683	30,239,673	33,220,474
Total Ending Fund Balance	\$ 53,791,906	\$ 59,044,289	\$ 45,354,704	\$ 48,087,648
Unassigned Fund Balance %	24.58%	26.32%	17.84%	19.59%

Drivers for Structurally Sustainable Budget

The Driving Question

Given ISD 191's strategic roadmap requires that the district optimize resources for student learning;
How will the budget for FY27 continue to support our mission and priorities, position the budget to leverage every funding source available, while aligning with the goals of advancing equitable student outcomes and the district's strategic directions?

Our Budgeting Goals



Stewardship: Be good stewards of taxpayer dollars.



Alignment: Align budget to strategic plan initiatives and equity goals.



Compliance: Comply with all statutory uses of funds.



Engagement: Include constituents' perspectives and input.



Transparency: Be transparent about finances, processes, and decision-making.



Collaboration: Continue cross-departmental collaboration.



Sustainability: Submit a structurally sustainable and effective budget.

Strategies for Structurally Sustainable Budget

- Maintain current class size parameters (Enrollment Rightsizing).
- Maintain balance in expenditures and revenue for restricted funds.
- Use of restricted funds before general undesignated funds.
- Understand ebb and flow of revenue streams and expenses.



Thank You.