

FY25 Preliminary Budget Review

Committee of the Whole
First Reading
May 7, 2024



Duluth
Public Schools

Timeline

- April 2024 | Individual board member meetings occurred to review the 5-year analytics and the FY25 preliminary budget
- April 25 | Board work session at Denfeld High School
- May 7 | Committee of the Whole – First reading
- June 11 | HR/Business Services
- June 13 | Committee of the Whole – Second reading (include categorical aid breakdown and final basic formula aid)
- June 18 | Regular Board Meeting – Adoption
- July 2024 | Guiding change document will be presented with timeline dates to address the FY26 budget reductions
- Smaller group meetings are possible within this timeline

Summary

Overview/Definitions:

General Fund includes General (01), Transportation (03), and Operating Capital (05). Within the General and Operating Capital funds, certain revenues will have reserve requirements.

Additional funds include Food Service Fund (02), Community Service Fund (04), Construction Fund (06), Debt Service Fund (07), Trust Fund (08), Internal Service Fund (20).

The process for General Fund Revenue budgeting will include projecting and analyzing current Federal, State, and Local revenues along with forecasting legislative or local district changes to revenues.

Summary

- Revenue has increased slightly.
- Basic formula allowance is based on 2% over FY24.
- Expenses have increased due to the lack of ESSER funding and increased cost associated with salaries, benefits and operations.
- Overall, the FY25 budget will be balanced using assigned fund balance and internal operational budget adjustments.

FY25 Revenue Projections

	FY24 Revenue	FY25 Revenue	Dollar Change
General Education Aid	\$73.9M	\$74.5M	\$1.3M
Special Education Aid	\$21.3M	\$22.6M	\$1.3M
Property Tax Levy	\$39.2M	\$45.1M	\$5.7M
Federal Funds	\$22.7M	\$13M	(\$9.6M)
Non-Federal Grants	\$2.3M	\$2.3M	\$0.0M
Funded Programs	\$8.4M	\$8.8M	\$424K
Other Revenue	\$7.9M	\$7.9M	\$21K
<i>Debt Service</i>	<i>\$23.6M</i>	<i>\$28.0M</i>	<i>\$4.4M</i>
Food Service	\$6.0M	\$6.1M	\$100K
Community Education	\$8.4M	\$8.5M	\$100K

- FY25 General Fund revenue is lower than the current year's revenue budget with the loss of ESSER funding.

Additional Factors:

- The district has increased funding due to the Property Tax Levy and the passing of Question 1 on the November 2023 ballot.
- Special Education Aid has increased due to Cross-Subsidy Aid.
- Debt Service had an increase in revenue due to the passage of Question 1 on the November 2023 ballot.

FY25 Expense Projections

	FY24 Expense	FY25 Expense	Dollar Change
Salaries and Wages	\$85.5M	\$86.1M	\$538K
Employee Benefits	\$40.5M	\$41.6M	\$1.0M
Purchased Services	\$12.5M	\$12.3M	(\$118K)
Supplies and Materials	\$12.4M	\$8.1M	(\$4.3M)
Capital Expenditures	\$6.4M	\$3.3M	(\$3.1M)
Other Expenditures	\$427K	\$427K	\$0
Debt Service	\$23.6M	\$27.3M	\$3.7M
Food Service	\$6.0M	\$6.1M	\$100K
Community Education	\$7.6M	\$7.7M	\$100K

- FY25 Salaries and Benefits expense has a slight increase over FY24 due to the retention of 28 ESSER funded staff and the implementation of the middle/high school scheduling models.
- Purchased Services expense remains stable over FY24 due to the anticipation of no reductions to transportation and operating costs.
- Supplies and Materials expense were reduced by \$4.3M with the loss of ESSER funding.
- General Fund Capital Expenditures reduced by \$3.1M due to the passage of Question 1 in November 2023.

Comparing Revenue to Expense

PROPOSED FISCAL YEAR 2024/2025 BUDGET

REVENUES		EXPENDITURES		
	Proposed FY 2025 Budget		Proposed FY 2025 Budget	Dollar Change
01 General Fund	130,317,920	01 General Fund	136,758,474	(\$6,440,554)
02 Food Service	6,000,000	02 Food Service	6,080,202	(\$80,202)
04 Community Service	8,580,500	04 Community Service	7,780,783	\$799,717
06 Construction		06 Construction		
07 Debt Service	28,067,285	07 Debt Service	27,393,530	\$673,755
08 Trust	276,100	08 Trust	263,733	\$12,367
20 Internal Service	950,000	20 Internal Service	929,564	(\$29,564)
79 Student Activities	276,264	79 Student Activities	276,264	
Subtotal - Revenues	174,468,069	Subtotal - Expenditures	179,482,550	

Projected Enrollment

- Analysis completed 6 months prior
- Due to FY23 final counts of 8,120, we are using the ADM count of 8,074

	PROJECTED ENROLLMENT					
	2024	2025	2026	2027	2028	2029
EARLY CHILDHOOD (EC)	120	115	115	111	106	102
VOLUNTARY PRE K	35	35	35	35	35	35
HANDICAP (K)	131	127	121	117	113	108
Grades K-5	3,411	3,352	3,301	3,219	3,140	3,029
Grades 6-8	1,685	1,721	1,802	1,791	1,769	1,769
Grades 9-12	2,607	2,505	2,383	2,393	2,421	2,448
Area Learning Center	0	0	0	0	0	0
TOTAL ENROLLMENT	7,989	7,855	7,757	7,665	7,584	7,491
Change		(134)	(98)	(92)	(81)	(93)
% Change		-1.68%	-1.25%	-1.18%	-1.06%	-1.23%

Questions?