

2026-27
COMMUNITY EDUCATION
BUDGET

Financial Snapshot by Program Area

Program Area	Budget Impact
General Community Education	+\$86,686
ECFE	+\$55,300
School Readiness	+\$17,213
Facility Use	+\$1,267
Opening Doors	+\$1,144
Aquatics, Driver Ed, United for Youth, ABE	Break-even
Youth Programming	-\$51,534
KidKare	-\$146,796
Total	-\$52,604

Community Education

2026–27 Proposed Budget

Revenue pressure is concentrated — the response is strategic.

(\$52,604)

Projected Net
2026–27 Original

\$4.39M

Revenue
budgeted

\$4.44M

Expenditures
budgeted

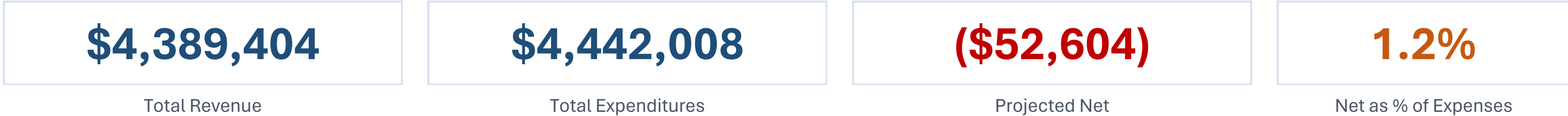
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Variance Areas
KidKare + Youth

Budget source: 26–27 Community Education Revenue Budget workbook, 2026–27 Original column.

The 2026–27 Budget Snapshot

Overall revenue and expenditures are nearly balanced; the net loss is about 1.2% of total expenditures.



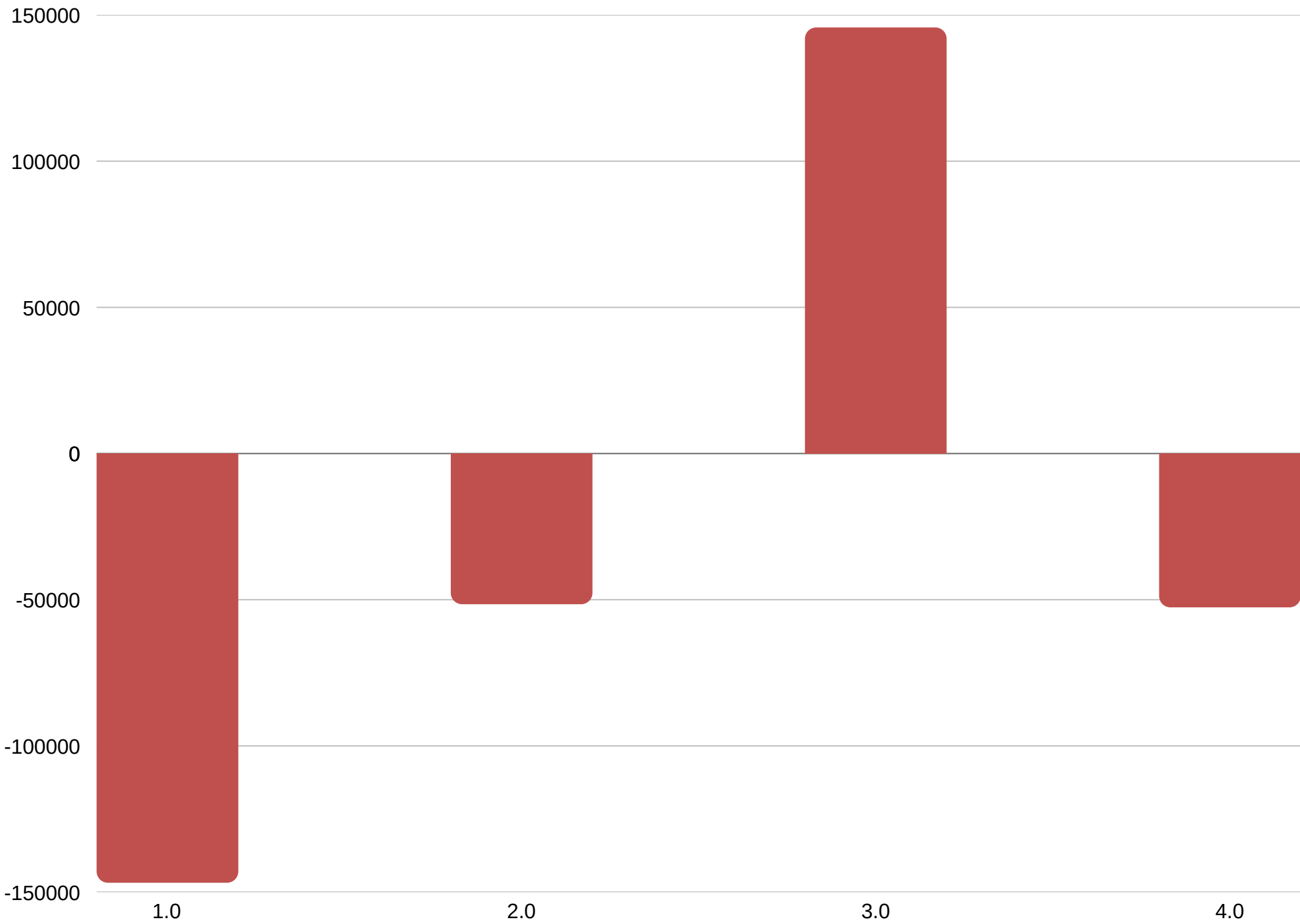
The budget story is not a department-wide imbalance.

- Most program areas are near break-even or positive.
- The overall loss is driven primarily by KidKare and Youth programming.
- The proposed budget preserves access while recognizing changing student needs and participation trends.

Board takeaway: the issue is concentrated and manageable, but it requires intentional planning.

Where the Variance Is Concentrated

KidKare and Youth programming create the negative variance; other programs help offset the impact.



Program Area	2026–27 Net
KidKare	(\$146,796)
Youth Programming	(\$51,534)
Other program net offset	\$145,726
Overall Department Net	(\$52,604)

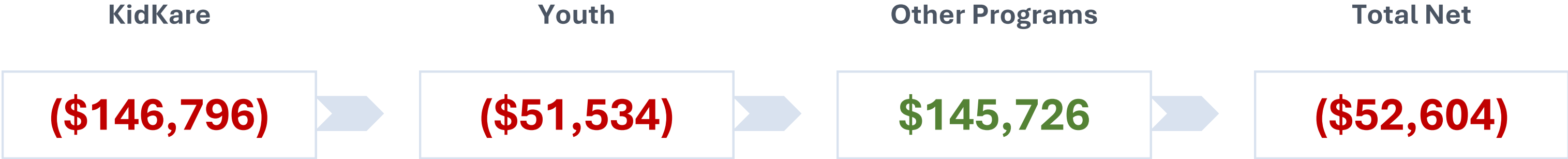
Combined KidKare + Youth deficit

(\$198,330)

Offset by positive results in General Community Education, ECFE, School Readiness, Facility Use, and other areas.

The Budget Bridge

The department starts with two significant pressure points and then offsets part of that through other programs.



What this tells us

- The projected loss is not spread evenly across the department.
- Positive program performance offsets most of the two major deficits.

How to interpret it

- This is a targeted sustainability issue.
- The core response should focus on KidKare staffing/support and Youth program redesign.

Why it matters

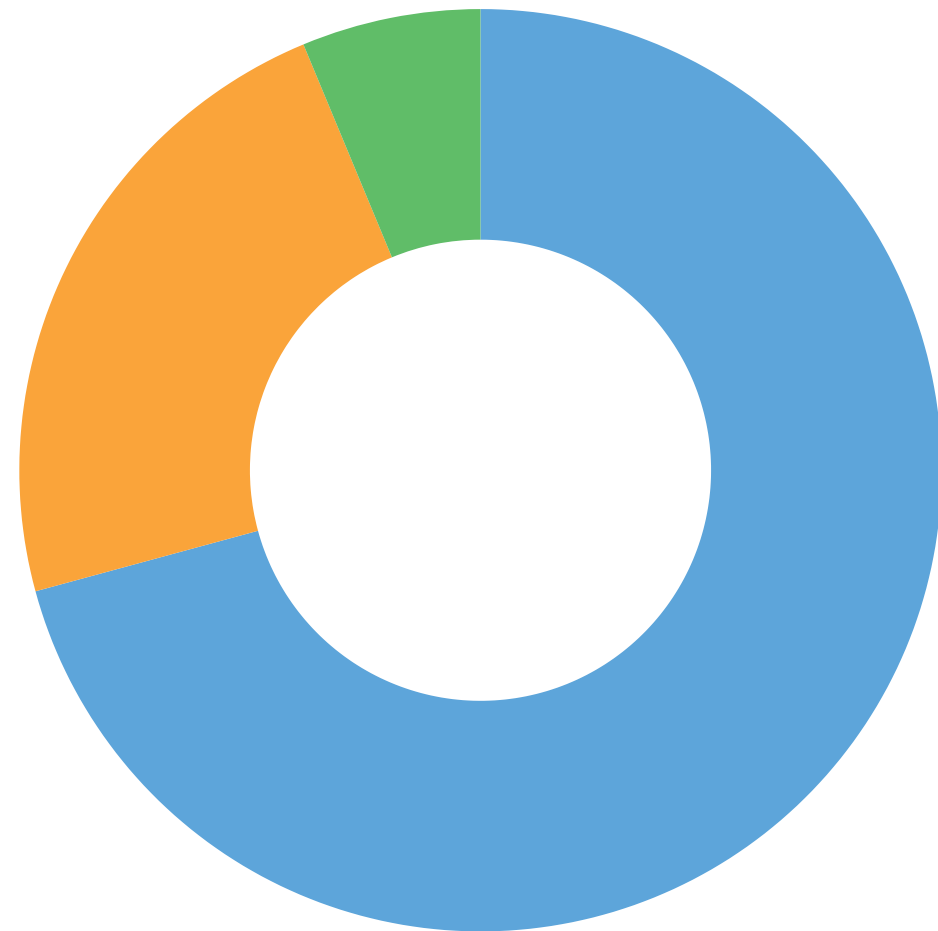
- The budget preserves access for families.
- It keeps the department positioned for service and operational improvement.

KidKare: Budget Impact

The largest deficit is tied to staffing and student support needs.



- Staffing & direct support
- Benefits & payroll taxes
- Program operations



Cost driver: staffing accounts for most of the KidKare budget.

- Non-certified staffing and special needs support staffing total approximately \$1.29M.
- Staffing decisions are driven by student needs, safety, ratios, and program access.
- The deficit reflects increased support requirements more than a lack of demand.

Important distinction: childcare capacity is not determined by seats alone; it is determined by safe supervision, staffing, space, and participant support needs.

KidKare: Why the Costs Are Increasing

Community Education childcare is increasingly impacted by student support and inclusion requirements.

Operational reality

- More students require enhanced supervision and individualized support.
- Staffing costs rise when students need additional adult support to safely participate.
- These requirements affect ratios, schedules, training, and site-level deployment.
- A safe and inclusive program requires staffing based on need, not only enrollment counts.

Legal and ethical responsibility

- The Centennial decision reinforced that extracurricular and nonacademic opportunities are not limited only to activities required for education.
- IEP teams determine appropriate supplementary aids and services for participation.
- For KidKare, this means access decisions and staffing plans must account for needed support.

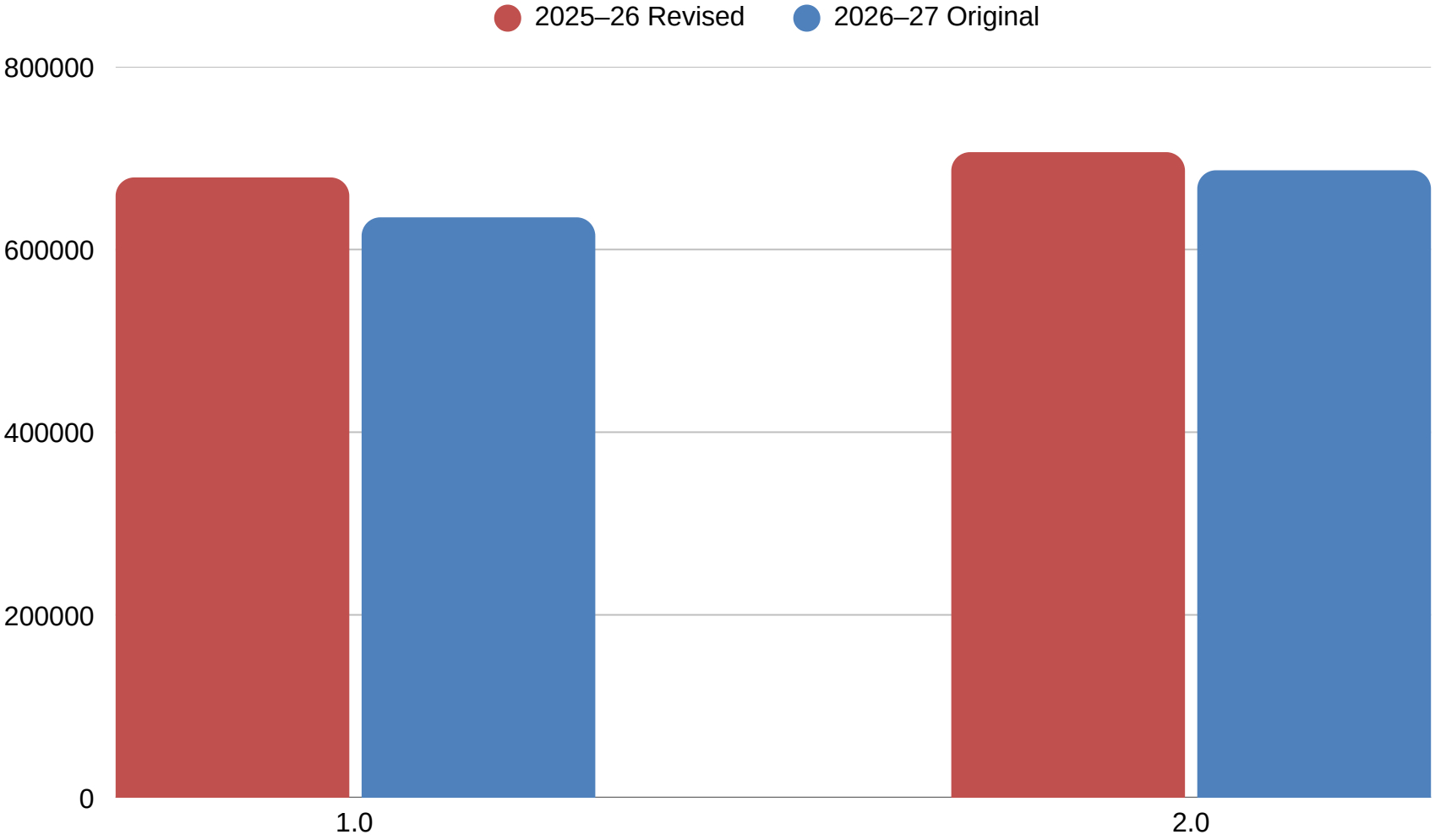
Budget implication

The KidKare deficit should be understood as the cost of maintaining access, safety, and inclusion while responding to students' actual support needs.

Reference: Independent School District No. 12, Centennial v. Minnesota Department of Education, Minnesota Supreme Court, 2010.

Youth Programming: Budget Impact

The Youth deficit is a revenue and participation-pattern issue, not an expenditure growth issue.



What changed?

- Projected Youth expenditures decrease by about \$19,832 vs. 2025–26 Revised.
- Projected Youth revenue decreases by about \$43,692.
- The budget reflects reduced local/city revenue and changing family participation patterns.

The challenge is demand alignment: traditional recreation offerings must compete with year-round club, travel, and competitive sports options.

Youth Programming: The Market Has Shifted

Recreation still matters, but the model needs to evolve.

Traditional Community Education recreation

- Introductory and skill-building opportunities
- Lower-cost access for families
- Inclusive participation and local community connection
- Seasonal offerings with broad appeal

Current participation pressures

- Growth in club and travel programs
- Earlier sport specialization
- More year-round competitive commitments
- Family time and budget directed toward private/club options



Strategic response

Refresh the recreation portfolio around entry points, short-format experiences, partnerships, and programs that meet current family demand while preserving affordable access.

Goal: Keep recreation accessible while adapting to a more competitive and specialized youth activities landscape.

Key Message #1: Most Programs Are Healthy

- ECFE, School Readiness, General Community Education, Driver Education, Aquatics, Facility Use, ABE, Opening Doors, and United for Youth are all operating at or near expected levels.
- These programs continue to provide significant value to families while remaining financially responsible.

Key Message #2: Childcare Is Facing New Realities

- Childcare programs are serving students with increasingly complex needs.
- We remain committed to inclusion and access for all children.
- Increased staffing requirements driven by student needs and legal obligations create financial pressure that many school-age childcare programs are experiencing statewide.
- This is not unique to BHM.

Key Message #3: Recreation Is Evolving

- Participation patterns have shifted dramatically over the past decade.
- Families are increasingly choosing club and competitive sports opportunities.
- Traditional recreation programs continue to play an important role, but participation levels and revenue generation have changed.
- We must continue adapting offerings to meet community interests while maintaining affordability.



WE DON'T RUN PROGRAMS

**WE MANAGE A
PORTFOLIO**

OF SERVICES



THE 4 PORTFOLIO CATEGORIES OF COMMUNITY EDUCATION

1 - REVENUE GENERATORS

Programs are designed to produce a *financial surplus* to support the overall system.

2 - COST RECOVERY

Programs designed to *cover their costs* while providing value to the community.

3 - MISSION-CRITICAL

Programs that are essential to your mission, even if they *don't recover costs*.

4 - STRATEGIC INVESTMENTS

Programs you invest in now for *future growth or impact*.

QUESTIONS?