



2023-24 DRAFT BUDGET



EDEN PRAIRIE SCHOOLS

Inspiring each student every day

Legislative Update

➤ 2023 Omnibus Education Bill

➤ Revenues:

- Formula Increase – FY24 is 4% and FY25 is 2%
 - Future years tied to inflation (3% cap and 2% floor)
- SPED Cross-Subsidy Aid – Increase to 44%, up from 6%
- English Learner Cross-Subsidy Aid
- Plus, other miscellaneous aids and one-time monies

➤ Expenditures:

- Hourly School year staff eligible for unemployment
- Other Policy Changes – Still analyzing budget impact.

Budget Assumptions

Executive Limitation 2.5.2 :*“There will be no financial plan that neglects to present the assumptions and timeline for the next annual budget during the third quarter of the current fiscal year.”*

➤ **Basic Funding Formula**

- 3.0% Increase; \$7,069 per pupil unit

➤ **Enrollment**

- 653 Kindergarten; 8,923 students (includes 500 EP Online)

➤ **Class Size Targets**

- Class sizes have been reduced in grades 2, 5 and 6

➤ **Fees in General Fund**

- No changes; Transportation continues to be free for all Eden Prairie residents.

➤ **Fund Balance**

- Minimum General Fund balance maintained above 8%



Collecting Input

Executive Limitation 2.5.2 :*“There will be no financial plan that neglects to present the assumptions and timeline for the next annual budget during the third quarter of the current fiscal year.”*

➤ **School Board:**

➤ December 12, 2022:

Approval of the payable 2023 tax levy

➤ January 9, 2023:

Review financial projection model and assumptions

➤ January 23, 2023:

Review budget timeline and discuss preliminary 2023-24 budget assumptions, Mid-Year 2022-23 update

➤ March 27, 2023:

Review final 2023-24 budget assumptions, review proposed 2023-24 preliminary capital budget

➤ April 24, 2023:

Review proposed 2023-24 School Board budget and approve 2023-24 Capital and School Board budgets

➤ **Finance Advisory Committee:**

Financial projection model and assumptions

➤ **Principals and Directors:**

Input and shared decision making for budget adjustments, staffing and program needs

➤ **Community:**

Website, email list and publications; inform, feedback, survey

➤ **Superintendent’s Cabinet:**

Shared decision making, regular budget discussions



General Fund

General Fund (Unassigned)

Revenue	\$135,525,158	
Expenditure	\$134,592,298	
Variance	\$932,860	
Fund Balance	\$17,525,099	13.0%

Major Assumptions:

Revenue:

- General education aid increase of 3.0%
- Oct 1 enrollment projections of 8,923 (includes 500 EP Online)
- 2022 operating referendum and inflationary increase
- \$14.2 million special education aid
- \$2.6 million increase to compensatory aid
- \$3 million in federal COVID Funds (Offset by \$3 Million in expenditures)

Expenditure:

- Salary & benefit increases for unsettled contracts
- Inflationary Adjustments (10% Utilities, 8% Property Insurance & 5% Site/department)
- \$250,000 staffing contingency



Food Service Fund

Food Service Fund		
Revenue	\$5,970,405	
Expenditure	\$5,848,254	
Variance	\$122,151	
Fund Balance	\$1,544,252	26.4%

Major Assumptions:

Revenue:

- 1st meals will be free for all students starting in 2023-24
- Projecting participation increases

Expenditure:

- Salary & benefit increases for unsettled contracts and fully staffed
- Projecting increases in supplies for increased participation and inflation.



Community Service Fund

Community Service Fund		
Revenue	\$8,726,532	
Expenditure	\$8,620,545	
Variance	\$105,987	
Fund Balance	\$1,712,931	19.9%
Major Assumptions:		
	<ul style="list-style-type: none">Includes programming for general community education, early childhood and family education (ECFE), school readiness (Little Eagles Preschool) and preschool screening	
	Revenues:	
	<ul style="list-style-type: none">Participation projections drive revenues (Tuition/Fees 73.7% of budget)	
	Expenditures:	
	<ul style="list-style-type: none">Salary & benefit increases for unsettled contracts	

Capital and Building Funds

Capital and Building Funds	
Revenue	\$15,463,106
Expenditure	\$18,389,919
Variance	(\$2,926,813)
Fund Balance	\$2,013,021
Major Assumptions:	
Revenue:	
	<ul style="list-style-type: none">• Capital project levy (tech levy), operating capital (levy & aid), long term facilities maintenance levy (LTFM; pay as you go), bond investment interest
Expenditure:	
	<ul style="list-style-type: none">• We anticipate spending all LTFM bond and levy amounts• Remaining Designing Pathways bonds proceeds to be spent in 2023-24• Capital Budget was adopted at the April board meeting



Debt Service Fund

Debt Service Fund		
Revenue	\$7,995,522	
Expenditure	\$8,694,039	
Variance	(\$698,517)	
Fund Balance	\$991,890	11.4%
Major Assumptions:		
	Revenue:	
	<ul style="list-style-type: none">Property taxes levied for 105% of principal and interest payments	
	Expenditure:	
	<ul style="list-style-type: none">Scheduled principal and interest payments	

Internal Service Fund

Internal Service Funds		
Revenue	\$14,620,000	
Expenditure	\$15,160,000	
Variance	(\$540,000)	
Fund Balance	\$8,054,598	53.1%
Major Assumptions:		
	Dental:	
	<ul style="list-style-type: none">• Anticipating participation is steady and claims stay consistent based on trend data	
	Health:	
	<ul style="list-style-type: none">• Premiums are not increasing in fiscal year 2023-24, while participation is expected to be consistent.• We are projecting health insurance claims to increase.	

Trust and Agency Funds

Trust and Agency Funds	
Revenue	\$750,000
Expenditure	\$500,000
Variance	\$250,000
Fund Balance	\$14,834,446
Major Assumptions:	
Other Post Employment Benefit (OPEB) Trust	
Revenues:	
• \$750,000 budgeted for interest earnings. Represents 5% rate of return	
Expenditures:	
• OPEB trust pays for eligible retirement benefits, with almost \$12 million in benefits paid out since its inception in 2009.	

Fund Balance Projection (Unassigned)

Executive Limitation 2.5.2 :*“There will be no financial plan that neglects to present the assumptions and timeline for the next annual budget during the third quarter of the current fiscal year.”*

2021-22 Actual	2022-23 Budget	2023-24 Projected	2024-25 Projected	2025-26 Projected	2026-27 Projected	2027-28 Projected
117,570,874	123,589,394	135,525,158	136,554,175	139,243,168	141,471,774	144,163,080
118,374,714	124,637,608	134,592,298	137,432,139	140,212,855	142,618,933	145,301,774
(803,840)	(1,048,214)	932,860	(877,964)	(969,687)	(1,147,159)	(1,138,694)
17,640,453	16,592,239	17,525,099	16,647,135	15,677,448	14,530,289	13,391,595
14.90%	13.31%	13.02%	12.11%	11.18%	10.19%	9.22%



Future Considerations

➤ **Long-Term Stability**

- 10-Year Operating Referendum (2022)
- Capital Projects (Technology) Levy (2022)
- Long Term Facilities Maintenance Funding
- OPEB Trust (2009)
- Self-Funded Medical

➤ **Other Budget Impacts**

- EP Online
- Inspired Journey
- Federal COVID/Stimulus Funding (Ends September 2024)
- Legislative Funding
- Budget Efficiencies
- Sustainability (Electric Buses, Solar Power, etc.)
- City of Eden Prairie Development



THANK YOU



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