

2026-27 Budget: ***Initial Information and Parameters***

February 12, 2026

Stacey Sovine, executive director of administrative services

Agenda



Timeline



Enrollment for 2026-2027 school year



Current reality (revenue and expenses)



Our approach (values/strategies/research)



Initial input



Board guidance and parameters

Timeline



Revenue



Students we serve

x



State and local
tax dollars per
student served

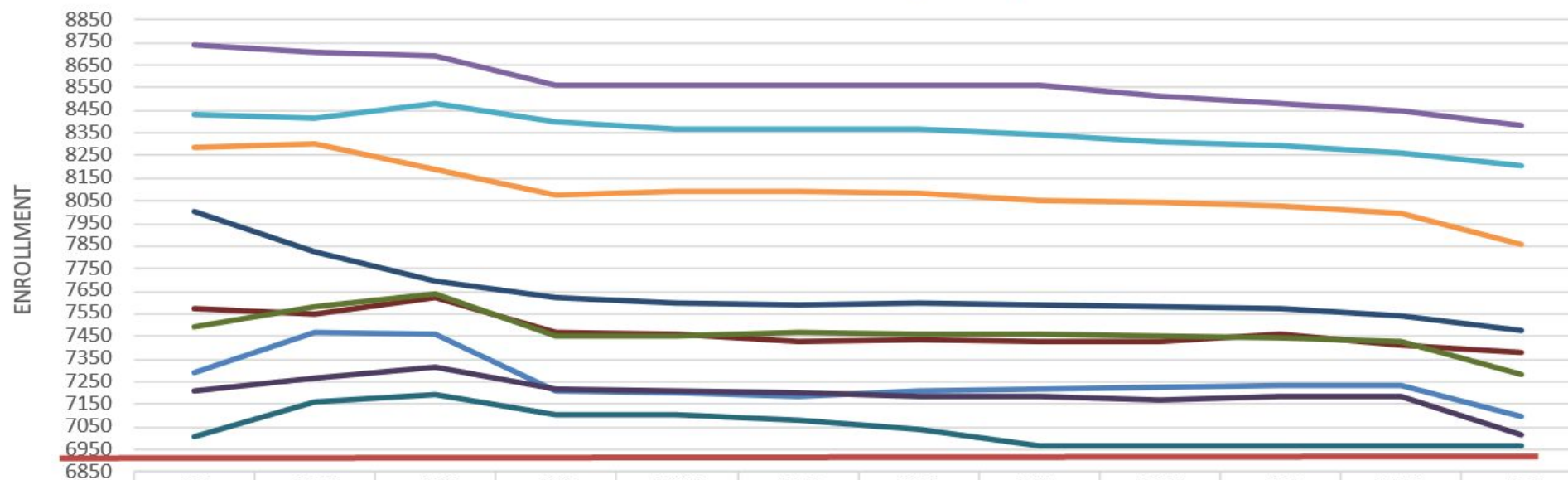
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Total revenue
used to pay
for programs
and services

Enrollment Projections

Year Over Year K-12 Enrollment: **FY27 Project ~6,890 K12 Students**



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
2018	8739	8708	8693	8561	8557	8557	8557	8557	8516	8478	8446	8381
2019	8432	8419	8477	8395	8369	8364	8364	8343	8308	8291	8261	8201
2020	8283	8305	8191	8075	8093	8093	8086	8055	8041	8031	7994	7858
2021	8006	7825	7695	7626	7597	7593	7595	7587	7585	7571	7539	7480
2022	7572	7551	7624	7467	7458	7429	7440	7431	7431	7459	7415	7383
2023	7496	7579	7636	7452	7452	7469	7463	7458	7452	7443	7428	7286
2024	7293	7466	7464	7207	7202	7185	7212	7220	7229	7234	7236	7098
2025	7206	7264	7316	7220	7209	7199	7186	7185	7173	7185	7188	7012
2026	7008	7165	7191	7104	7102	7079	7044	6969	6969	6969	6969	6969

Restricted Revenue



Technology (Capital
Projects Levy)



Title Funds



Long Term Facility
Maintenance Funds
ALC Funding

Expenses

80%

of our expenditures
are People



80% of our expenditures are People

-  Teachers
-  Clerical Staff
-  Educational Assistants
-  Nurses
-  Social Workers
-  Technology Specialists
-  Cultural Liaisons
-  Cooks and Servers
-  Principals
-  Administration
-  Custodians
-  Support Professionals

Other expenses: Utilities, transportation, technology, materials & supplies, contracted services.

Preliminary Financial Resources to Support Pathways

Close to \$2.4M of General, Restricted, Capital, and Grant funds support Pathways by:

- 📖 Advanced Learning Specialists
- ⚙️ Middle School Project Lead the Way
- 🌐 Elementary Spark Experiences
- 🎧 Elementary Instrumental Music
- 📖 Texts and instructional software: CTE, Associates of Arts Degree Program
- ⚙️ CTE consumables
- 🎧 Title IV-Elementary instrumental music teacher
- 🎓 Career Technical Education Levy-CTE staffing
- 📖 Perkins - MS/HS CTE
- ⚙️ Tech Levy - Makerspaces supplies
- 🌐 Title IV - Elementary extracurricular clubs
- 🎧 Math Masters Competition
- 🎓 Grow Your Own program-Education Pathway
- ⚙️ Dakota Electric-Associates Program
- ⚙️ Bosch Community Fund - MS, Teacher Externships
- 🎓 Greater Twin Cities United Way-Work based Learning Program
- 🎓 Greater Twin Cities United Way/DEED-Paid Student Work Experiences

Elementary Pathways

Arts, Global Communication, Information Systems	Business, Management & Entrepreneurship	Design, Engineering & Manufacturing Technologies	Health Sciences & Human Services
Core Literacy (K-5) Music (K-5) Visual Art (K-5) Scratch Coding (2-3) Digital Learning-Media Literacy (K-5) Instrumental Music (5) Enrichment Musical Storytelling (1) Advanced Learning: Communication (2) Ceramics (K-5) Minneapolis Institute of Art Trip (3) Orchestra Hall Trip (4) Henna Design (5) Class Notes Artists-in-Residence (K-5) Extra Curricular Technology Club	Core Math Expressions (K-5) Literacy (K-5) Enrichment Advanced Learning: Entrepreneurship (4) Extra Curricular Peer Leaders Student Council	Core Math Expressions (K-5) Science Curriculum Review (K-5) Digital Learning (K-5) Enrichment I Am a Designer (K) Advanced Learning: Engineering (3) Advanced Math (4-5) Robotic Warehouse Fulfillment (2) Extra Curricular Technology Club Chess Club	Core Physical Education (K-5) Science Curriculum Review (K-5) Social Emotional Curriculum (K-5) Enrichment Advanced Learning: Health & Wellness (5) All District Track Meet (5) Science Fair (3-5) Multicultural Games (K-2) Cooperative Activities (3-5)

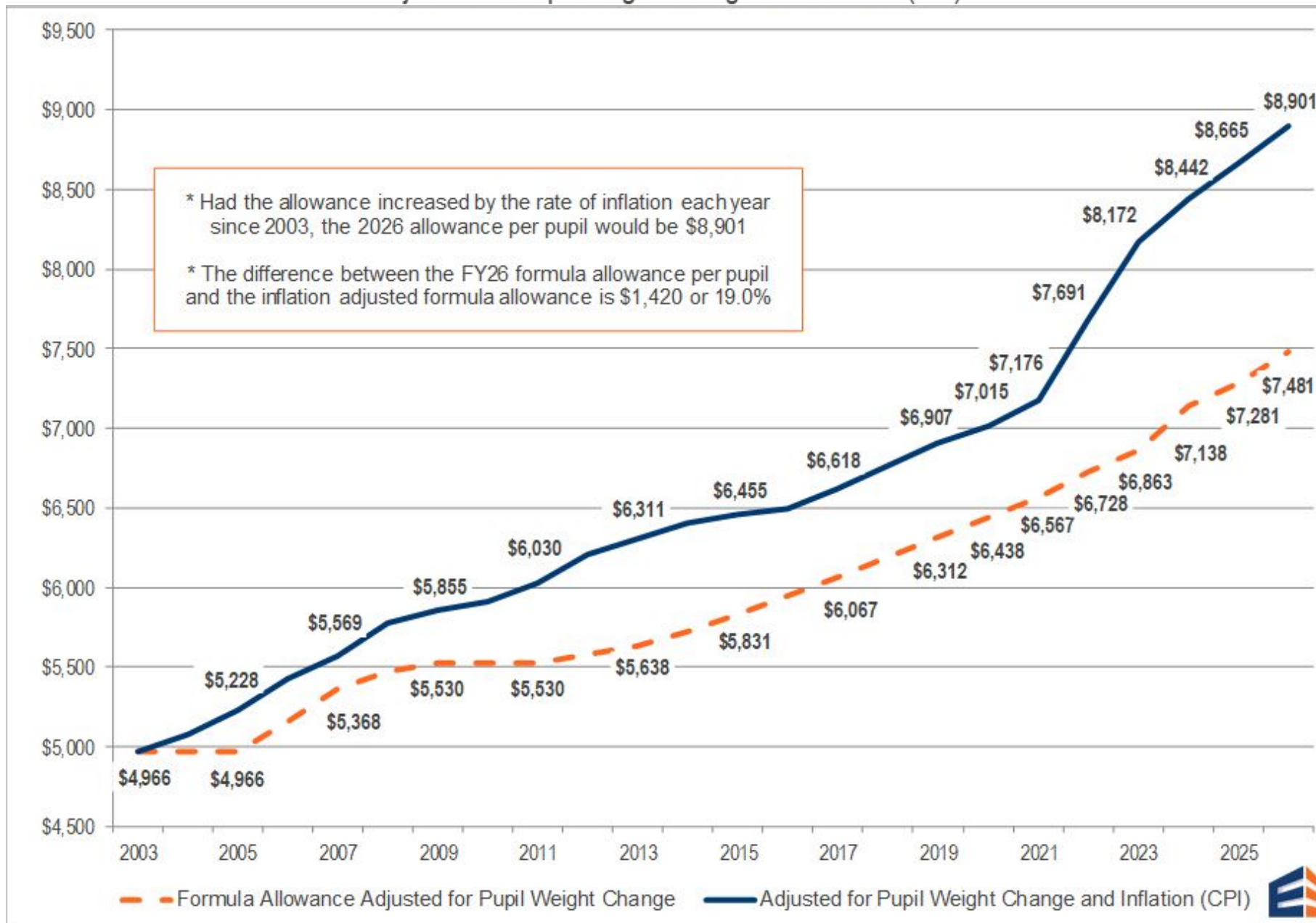
Purpose of Achievement & Integration Program

Close to \$2M a year of Achievement and Integration funds support:

-  Pursuit of Racial & Economic Integration
-  Increase Student Achievement
-  Create Equitable Educational Opportunities
-  Reduce Predictability In:
 - Academic disparities based on students' diverse racial, ethnic, and economic backgrounds.








Adjusted for Pupil Weight Change and Inflation (CPI)








Source: MDE June 2025 CPI Inflation Estimates and Minnesota Laws 2023

Revenue and Expense Changes

Increased Revenue Over FY26

-  2.69% or \$202 per student on general aid (~ \$327,500).
-  English Learner (EL):
 - \$547 increase per eligible student (~ \$1.2 million).
-  Special Education (SPED):
 - Sped Formula increase \$1.0 million.
-  General fund property tax levy increase \$1.366 million.
-  Preliminary Compensatory revenue projections show a \$1.88 million decline in revenue.

Increased Expenses Over FY26

-  2.3% increase to salary schedules (\$4.8 million).
-  5% insurance increase (\$1.9 million),
-  5% transportation increase per 5 year contract (\$600k; does not include increase in costs for activities, athletics, primary age transportation, and mandated needs. Contract has an adjustment clause up to 5% based on Consumer Price Index (CPI).
-  Other areas including utilities, supplies, capital, contracted services, etc with modest inflationary increase (5.0%, \$1 million).
-  LTFM \$4.3 million in project costs (May 22, 2025).

Strategies for Structurally Sustainable Budget

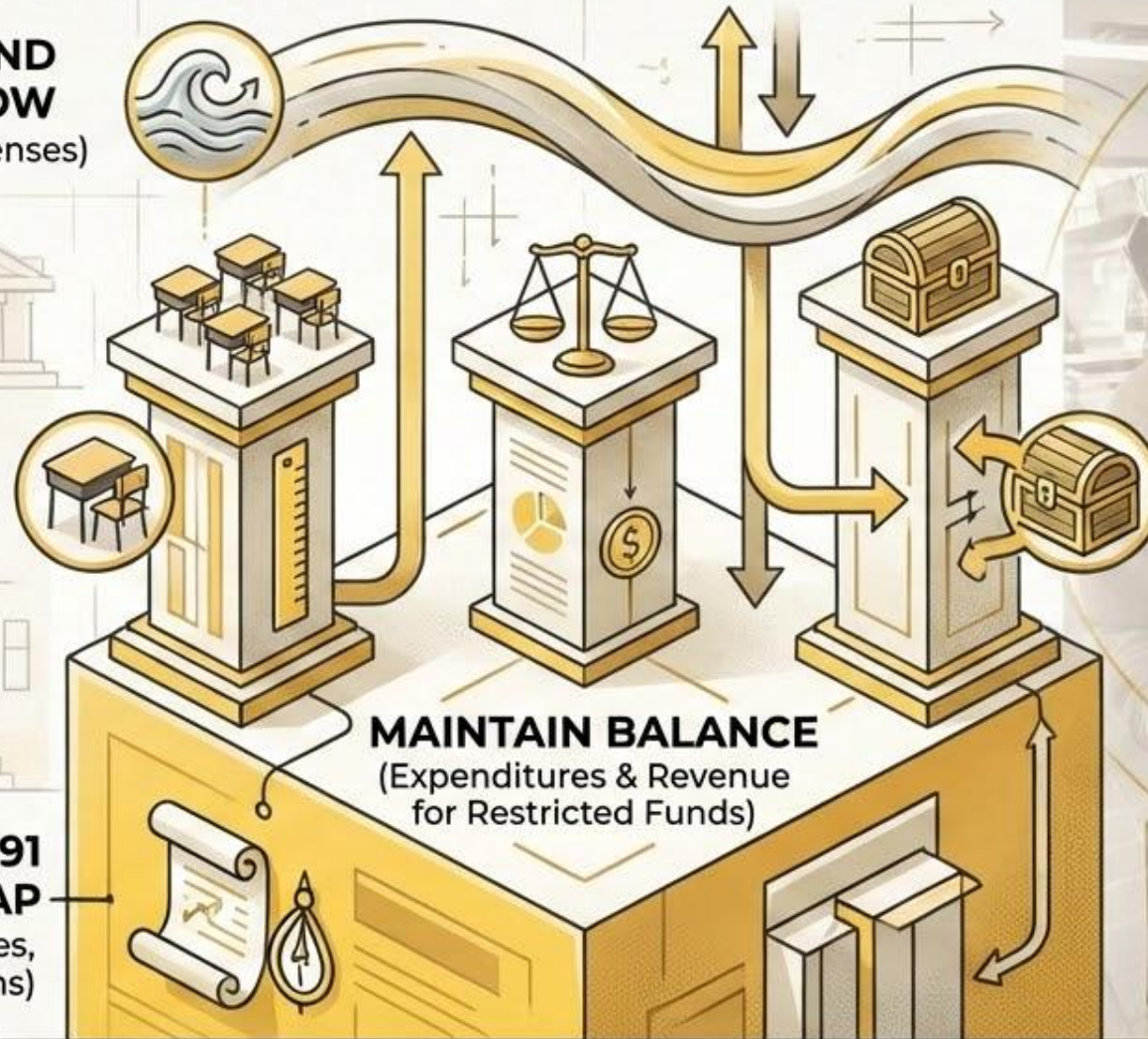
**UNDERSTAND
EBB AND FLOW**
(Revenue Streams & Expenses)

**MAINTAIN CLASS
SIZE PARAMETERS**
(Enrollment Rightsizing)

**One91
STRATEGIC ROADMAP**
(Vision, Core Values,
Strategic Directions)

MAINTAIN BALANCE
(Expenditures & Revenue
for Restricted Funds)

**USE RESTRICTED FUNDS
BEFORE GENERAL**



Initial Input Survey Summary



Community Input (11 responses)



Additional support for special education (evaluate FOCUS model), students not meeting standards



Addressing student behavior



Continue support of arts (orchestra, band, theater)



Improved onboarding/training, especially for EA's



Address staff mindset



Reduce positions that don't have direct contact with students



Principal/Departmental Input



Review Media Specialist role



Strategic reallocation of resources for local support



Stabilize field trip funding

Next Steps for Budget Feedback

March 13

Online feedback survey
open, closes April 12th



March and April

- School- & program-level parent meetings
- Presentation shared with families & staff, multiple opportunities to provide feedback



April 15th, 6 pm

Community presentation
offered to all families and public
Diamondhead Education Center

Board Parameters

Four Proposed Scenarios

Scenario 1:



Maintain
Class Size



Reduce \$13.6M
Spending



21.83%
Fund Balance
(Maintain)

Scenario 2:



Maintain
Class Size



Reduce \$14.8M
Fund Balance



Fund Balance
12.5%

Scenario 3:



Maintain
Class Size



Reduce \$5.0M
Spending



Reduce \$9.8M
Fund Balance



Fund Balance
15.76%

Scenario 4:



Maintain
Class Size



Reduce \$3.0M
Spending



Reduce \$11.8M
Fund Balance



Fund Balance
14.43%

Board Parameters

Scenario 1:

- Reduce \$13.6M Spending
- 21.83% Fund Balance (Maintain)

General Fund Budget Comparative Summary

Scenario 1	Actual Results 2023-24	Actual Results 2024-25	Adopted Budget 2025-26	Revised Budget 2025-26	Projected 2026-27	Projected 2027-28
Total Beginning Fund Balance	\$ 37,483,214	\$ 53,791,906	\$ 56,311,345	\$ 59,044,289	\$ 51,989,357	\$ 50,796,800
Revenues	156,983,853	163,655,781	158,590,425	162,370,288	163,103,925	166,366,003
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	169,425,220	164,296,481	166,041,305
Federal Relief Expenditures for new costs	3,867,316	-	-	-	-	-
Variance (Revenues - Expenditures)	16,308,692	5,252,382	(10,956,641)	(7,054,932)	(1,192,556)	324,698
Total Ending Fund Balance	\$ 53,791,906	\$ 59,044,289	\$ 45,354,704	\$ 51,989,357	\$ 50,796,800	\$ 51,121,499
Breakdown of Fund Balance Categories						
Nonspendable	\$ 342,496	\$ 291,247	\$ 300,000	\$ 250,000	\$ 200,000	\$ 150,000
Restricted	15,547,817	15,207,377	12,765,031	12,811,713	12,811,713	12,811,713
Committed	1,207,116	1,605,982	1,550,000	1,439,638	1,439,638	1,439,638
Assigned	-	250,000	500,000	500,000	500,000	500,000
Unassigned	36,694,478	41,689,683	30,239,673	36,988,006	35,845,449	36,220,148
Total Ending Fund Balance	\$ 53,791,906	\$ 59,044,289	\$ 45,354,704	\$ 51,989,357	\$ 50,796,800	\$ 51,121,499
Unassigned Fund Balance %	24.58%	26.32%	17.84%	21.83%	21.82%	21.81%
Unassigned Fund Balance % if no Assigned						

FY27 Assumptions

5% expenditure increase
 5% for health insurance increase
 1.5% for dental insurance increase
 2.69% increase for revenue
 6,890 K-12 students
 Salary increases for unsettled contracts

Assumptions for FY28

5% increase to expenses
 2% increase to revenue
 Current staffing levels (no rightsizing included yet)

Cuts	\$13,600,000	\$6,470,000
Total		\$20,070,000

Scenario #1

Maintain Fund Balance

Maintain class sizes (rightsizing)

Adjustments: \$13.60 million in FY27 and \$6.47 million in FY28 including rightsizing

Unassigned fund balance spend down of \$1.19 million in FY27 and \$375k increase in FY28

Unassigned fund balance decreases .01% in FY27 and decreases .01% to 21.81% in FY28, still above Board's minimum set in policy

Board Parameters

Scenario 2:

- Maintain Class Size
- Reduce \$14.8M Fund Balance
- Fund Balance 12.5%

General Fund Budget Comparative Summary

Scenario 2	Actual Results 2023-24	Actual Results 2024-25	Adopted Budget 2025-26	Revised Budget 2025-26	Projected 2026-27	Projected 2027-28
Total Beginning Fund Balance	\$ 37,483,214	\$ 53,791,906	\$ 56,311,345	\$ 59,044,289	\$ 51,989,357	\$ 37,196,800
Revenues	156,983,853	163,655,781	158,590,425	162,370,288	163,103,925	166,366,003
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	169,425,220	177,896,481	186,791,305
Federal Relief Expenditures for new costs	3,867,316	-	-	-	-	-
Variance (Revenues - Expenditures)	16,308,692	5,252,382	(10,956,641)	(7,054,932)	(14,792,556)	(20,425,302)
Total Ending Fund Balance	\$ 53,791,906	\$ 59,044,289	\$ 45,354,704	\$ 51,989,357	\$ 37,196,800	\$ 16,771,499
Breakdown of Fund Balance Categories						
Nonspendable	\$ 342,496	\$ 291,247	\$ 300,000	\$ 250,000	\$ 200,000	\$ 150,000
Restricted	15,547,817	15,207,377	12,765,031	12,811,713	12,811,713	12,811,713
Committed	1,207,116	1,605,982	1,550,000	1,439,638	1,439,638	1,439,638
Assigned	-	250,000	500,000	500,000	500,000	500,000
Unassigned	36,694,478	41,689,683	30,239,673	36,988,006	22,245,449	1,870,148
Total Ending Fund Balance	\$ 53,791,906	\$ 59,044,289	\$ 45,354,704	\$ 51,989,357	\$ 37,196,800	\$ 16,771,499
Unassigned Fund Balance %	24.58%	26.32%	17.84%	21.83%	12.50%	1.00%
Unassigned Fund Balance % if no Assigned						

FY27 Assumptions

5% expenditure increase
 5% for health insurance increase
 1.5% for dental insurance increase
 2.69% increase for revenue
 6,890 K-12 students
 Salary increases for unsettled contracts

Assumptions for FY28

5% increase to expenses
 2% increase to revenue
 Current staffing levels (no rightsizing included yet)

Cuts	\$0	\$0
Total		\$0

Scenario #2	Do nothing but rightsizing
	Maintain class sizes (rightsizing)
	Adjustments: no other adjustments outside of rightsizing
	Unassigned fund balance spend down of \$14.7 million in FY27 and \$20.4 million in FY28
	Unassigned fund balance percentage decreases by 9.33% in FY27 and 11.50% to 1.00% in FY28, above Board's minimum set in policy for FY27 but below policy in FY28

Board Parameters

Scenario 3:

- Maintain Class Size
- Reduce \$5.0M Spending
- Reduce \$9.8M Fund Balance
- Fund Balance 15.76%

General Fund Budget Comparative Summary

Scenario 3	Actual Results 2023-24	Actual Results 2024-25	Adopted Budget 2025-26	Revised Budget 2025-26	Projected 2026-27	Projected 2027-28
Total Beginning Fund Balance	\$ 37,483,214	\$ 53,791,906	\$ 56,311,345	\$ 59,044,289	\$ 51,989,357	\$ 42,196,800
Revenues	156,983,853	163,655,781	158,590,425	162,370,288	163,103,925	166,366,003
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	169,425,220	172,896,481	176,541,305
Federal Relief Expenditures for new costs	3,867,316	-	-	-	-	-
Variance (Revenues - Expenditures)	16,308,692	5,252,382	(10,956,641)	(7,054,932)	(9,792,556)	(10,175,302)
Total Ending Fund Balance	\$ 53,791,906	\$ 59,044,289	\$ 45,354,704	\$ 51,989,357	\$ 42,196,800	\$ 32,021,499
Breakdown of Fund Balance Categories						
Nonspendable	\$ 342,496	\$ 291,247	\$ 300,000	\$ 250,000	\$ 200,000	\$ 150,000
Restricted	15,547,817	15,207,377	12,765,031	12,811,713	12,811,713	12,811,713
Committed	1,207,116	1,605,982	1,550,000	1,439,638	1,439,638	1,439,638
Assigned	-	250,000	500,000	500,000	500,000	500,000
Unassigned	36,694,478	41,689,683	30,239,673	36,988,006	27,245,449	17,120,148
Total Ending Fund Balance	\$ 53,791,906	\$ 59,044,289	\$ 45,354,704	\$ 51,989,357	\$ 42,196,800	\$ 32,021,499
Unassigned Fund Balance %	24.58%	26.32%	17.84%	21.83%	15.76%	9.70%
Unassigned Fund Balance % if no Assigned						

FY27 Assumptions

5% expenditure increase
 5% for health insurance increase
 1.5% for dental insurance increase
 2.69% increase for revenue
 6,890 K-12 students
 Salary increases for unsettled contracts

Assumptions for FY28

5% increase to expenses
 2% increase to revenue
 Current staffing levels (no rightsizing included yet)

Cuts	\$5,000,000	\$5,000,000
	Total	\$10,000,000

Scenario #3 Reduce spending \$5 million each year
 Maintain class sizes (rightsizing)
 Adjustments: \$5.0 million in FY27 and \$5.0 million in FY28 including rightsizing
 Unassigned fund balance spend down of \$9.7 million in FY27 and \$10.1 million in FY28
 Unassigned fund balance percentage decreases by 6.07% in FY27 and 6.06% to 9.7% in FY28,
 still above Board's minimum set in policy

Board Parameters

Scenario 4:

- Maintain Class Size
- Reduce \$3.0M Spending
- Reduce \$11.8M Fund Balance
- Fund Balance 14.43%

General Fund Budget Comparative Summary

Scenario 4	Actual Results 2023-24	Actual Results 2024-25	Adopted Budget 2025-26	Revised Budget 2025-26	Projected 2026-27	Projected 2027-28
Total Beginning Fund Balance	\$ 37,483,214	\$ 53,791,906	\$ 56,311,345	\$ 59,044,289	\$ 51,989,357	\$ 40,196,800
Revenues	156,983,853	163,655,781	158,590,425	162,370,288	163,103,925	166,366,003
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	169,425,220	174,896,481	180,641,305
Federal Relief Expenditures for new costs	3,867,316	-	-	-	-	-
Variance (Revenues - Expenditures)	16,308,692	5,252,382	(10,956,641)	(7,054,932)	(11,792,556)	(14,275,302)
Total Ending Fund Balance	\$ 53,791,906	\$ 59,044,289	\$ 45,354,704	\$ 51,989,357	\$ 40,196,800	\$ 25,921,499
Breakdown of Fund Balance Categories						
Nonspendable	\$ 342,496	\$ 291,247	\$ 300,000	\$ 250,000	\$ 200,000	\$ 150,000
Restricted	15,547,817	15,207,377	12,765,031	12,811,713	12,811,713	12,811,713
Committed	1,207,116	1,605,982	1,550,000	1,439,638	1,439,638	1,439,638
Assigned	-	250,000	500,000	500,000	500,000	500,000
Unassigned	36,694,478	41,689,683	30,239,673	36,988,006	25,245,449	11,020,148
Total Ending Fund Balance	\$ 53,791,906	\$ 59,044,289	\$ 45,354,704	\$ 51,989,357	\$ 40,196,800	\$ 25,921,499
Unassigned Fund Balance %	24.58%	26.32%	17.84%	21.83%	14.43%	6.10%
Unassigned Fund Balance % if no Assigned						

FY27 Assumptions

5% expenditure increase
 5% for health insurance increase
 1.5% for dental insurance increase
 2.69% increase for revenue
 6,890 K-12 students
 Salary increases for unsettled contracts

Assumptions for FY28

5% increase to expenses
 2% increase to revenue
 Current staffing levels (no rightsizing included yet)

Cuts	\$3,000,000	\$3,000,000
	Total	\$6,000,000

Scenario #4 Reduce spending \$3.0 million each year
 Maintain class sizes (rightsizing)
 Adjustments: \$3.0 million in FY27 and \$3.0 million in FY28 including rightsizing
 Unassigned fund balance spend down of \$11.7 million in FY27 and \$14.2 million in FY28
 Unassigned fund balance percentage decreases by 7.4% in FY27 and 8.3% to 6.10% in FY28,
 above Board's minimum set in policy for FY27 but below policy in FY28

Thank You.