

The logo is a circular emblem with a white center and a multi-colored border (yellow, teal, red). It contains the website address at the top, the school name in the center, and the motto at the bottom.

[www.ISD709.org](http://www.ISD709.org)

**Duluth**  
Public Schools

*Every Student. Every Day.*

The background features a collage of colorful geometric shapes and financial charts. On the left, there's a yellow and teal abstract shape. In the center, a circular logo is prominent. To the right, a pie chart and a line graph with an upward arrow are visible. At the bottom, there are more bar charts, a donut chart, and a stylized illustration of a school building with a clock tower.

# FISCAL YEAR 2026-27 PRELIMINARY BUDGET FINANCIAL PLANNING & PROJECTIONS

Prepared by: Simone Zunich  
Presented: COW Meeting, April 7, 2026

# Student Enrollment & Basic Revenue

**Average Daily Membership (ADM):** Projected at **8,175** (Increase from 8,125 in FY 26).

**Basic Formula Allowance:** Projected at **2.69%** increase or \$7,682 per pupil

**Levy Updates:** Revenue updated based on Pay 25 and Pay 26 cycles.

**Compensatory Aid:** \* Currently budgeted at **\$9,312,178** (based on MDE report).

# Special Education Funding

**FY 27 Revenue Projection:** \$27,530,933.

**FY 26 Revenue Revision:** Updated to \$31,341,962.

**Special Education General Fund Impact:** \* Currently accounts for **40%** of general fund programs.

- Setting 4 costs estimated between **\$500,000 – \$1,000,000**.

# Personnel & Benefit Assumptions

**Staff:** 2.5% average rollover applied

**Lane Changes:** Budgeted at 1.8%

**Insurance Premiums:** 15% estimated increase projected for both **Health** and **Liability** insurance

## **New Mandatory Obligations (Analytics Objects):**

- **Minnesota Family Medical Leave Act Paid Leave (MFMLA) (Obj 219): 5%**
- **Summer Unemployment (Obj 281): 5%**
- **Fund 02 (Food & Nutrition): 5% for Obj 281**

# Facilities & Site-Specific Needs

**Inflation Strategy:** 2.26% inflation applied *only* to Capital Projects (per Fed Reserve 5-yr projection)

- *Note:* Purchased services and supplies held flat to FY 26 levels

## **First Street Additional Staffing:**

- **1st St downtown:** \$350,000 (3.0 FTE )
- **Support:** \$150,000 (2 Custodians, 1 PT Clerical)
- *Note:* These assumptions may require further increases/decreases

# Unfunded Mandates & Contract Reviews

**READ Act:** Lane change costs of approx. **\$650,000** for FY 26 and and \$1,200,000 for FY 27.

**MFMLA:** While state-funded, the district must absorb the cost of substitutes.

**Summer Unemployment:** Funded by state through the end of FY 27.

**Efficiency Spotlight: \* Kelly Education:** Contracted costs were \$1.2M in FY 25.

- Analysis shows the district would pay ~33% more if handled internally; current contract represents a significant saving.

# Financial Outlook & Risk Assessment

## Spending Trends:

- FY 25 Overspend: **\$7,000,000**
- FY 26 Projected Overspend: **Minimum \$4,207,549**
- FY 27 Planned Budget Reductions: **\$4,000,000**

## Key Concerns:

- Special Education cost volatility
- Risk of **Statutory Operating Debt (SOD)** due to general fund depletion

## PROPOSED FISCAL YEAR 2026/2027 BUDGET

| <b>REVENUES</b>            | <b>Proposed FY 2027 Budget</b> | <b>EXPENDITURES</b>            | <b>Proposed FY 2027 Budget</b> | <b>Dollar Change</b> |
|----------------------------|--------------------------------|--------------------------------|--------------------------------|----------------------|
| 01 General Fund            | \$149,157,649.00               | 01 General Fund                | \$153,031,448.00               | -\$3,873,799         |
| 02 Food Service            | \$6,283,279.00                 | 02 Food Service                | \$6,365,884.00                 | -\$82,605            |
| 04 Community Service       | \$7,983,518.00                 | 04 Community Service           | \$7,855,857.00                 | \$127,661            |
| 06 Construction            |                                | 06 Construction                |                                | \$0                  |
| 07 Debt Service            | \$28,913,419.00                | 07 Debt Service                | \$28,453,464.00                | \$459,955            |
| 08 Trust                   | \$305,000.00                   | 08 Trust                       | \$285,842.00                   | \$19,158             |
| 20 Internal Service        | \$1,201,126.00                 | 20 Internal Service            | \$1,309,828.00                 | -\$108,702           |
| 79 Student Activities      | \$523,886.00                   | 79 Student Activities          | \$438,705.00                   | \$85,181             |
| <b>Subtotal - Revenues</b> | <b>\$194,367,877.00</b>        | <b>Subtotal - Expenditures</b> | <b>\$197,741,028.00</b>        | <b>-\$3,373,151</b>  |

**Questions & Concerns?**