

FY26 Budget *Timeline & Impact Overview*

Committee of the Whole
April 8, 2025



Duluth
Public Schools

Purpose and Objectives

The purpose of tonight's meeting is to provide a high level overview of the budgeting process and the multiple opportunities for board input and discussion prior to final adoption of the FY26 budget in June.

Objectives:

- Examine the current context of our budget decision making
- Share timeline, analysis and impact of the proposed FY26 budget
- Provide a high level overview of the key factors that impact our budget
- Review the timeline of future board actions

How we got here

- Significant recent state education funding has helped, but it's not enough to make up for decades of underfunding and to cover increased Duluth Public Schools' operating costs.
- The district also faces several unfunded mandates. These include unemployment costs as of June, July and August of 2026. Paid FMLA (Family & Medical Leave Act) effective January 2026, potential compensatory hold harmless. Other areas to be factored in are the Read Act and other federal mandates that are unknown at this time.
- The cost of nearly all expenses have increased -- salaries, benefits, utilities, transportation, food, and contracted services.

Overview of Budgeting Process

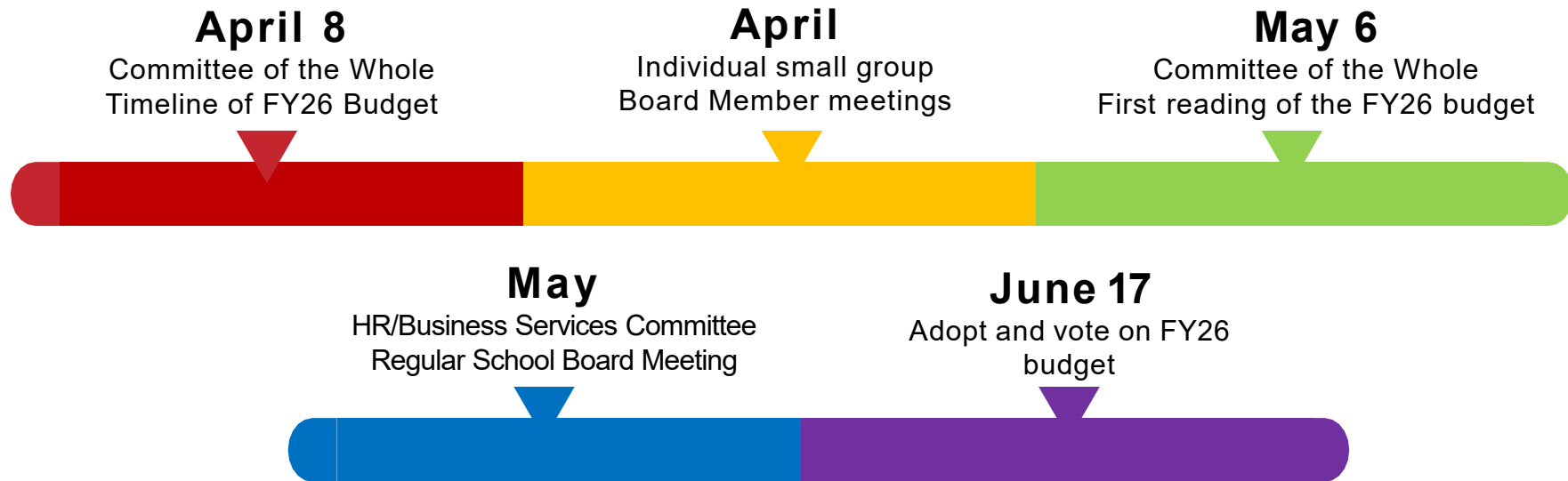
Timeline	Analysis	Impact
<p>Understanding the Situation:</p> <p>Budget Imbalance: The core issue of the deficit budget needs to be addressed.</p> <p>FY26 Focus: The primary objective is achieving a balanced budget for the 2026 fiscal year.</p> <p>Administrative Analysis: Senior leaders are actively reviewing budget reductions and reallocations and how this will impact the FY26 budget. We are also having small group school board meetings in April to help understand the five year impact of our budget.</p>	<p>Strategic analysis of expenditures which include labor, benefits, programming and contracted services</p> <p>Revenue Considerations: State and federal funding. The district is aware of budget recommendations that will be brought forth by the Governor at the end of March 2025. We have received an increase in the basic formula.</p>	<p>Minimizing the budget impact is a key goal for the budget team. We strive to minimize the impact on schools and students for FY26.</p> <p>We will present a budget that is not only balanced for FY26 but also sustainable in the long term. We will consider the potential impact of future economic conditions and enrollment.</p>

Initial Forecasting: High Level Overview

<p>Review of Enrollment</p> <p>For FY26 an increase of enrollment from 8,068 (FY25) to 8,099 for FY26</p>	<p>Basic formula increase of 2.74% - from \$7,281 to \$7,465 per ADM (Average Daily Membership)</p> <p>Compensatory aid remains consistent with FY25 (we will know more in April)</p>
<p>Special Education Cross Subsidy and Aid combined will increase by 6.73% from FY25</p> <p>Title Aid remains under review</p>	<p>Child Nutrition</p> <p>FY26 continues to serve free breakfast and lunch to all students</p>

Future Board budget discussions and actions

We look forward to continuing to discuss the proposed budget with the Finance Committee and School Board on:



Questions?