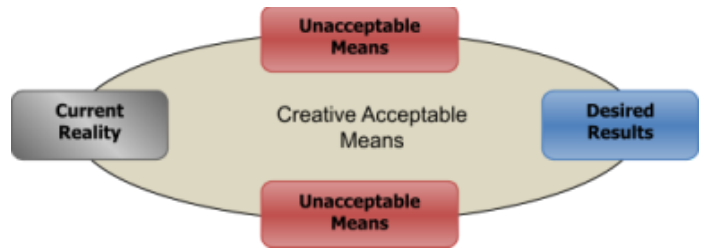


# GUIDING CHANGE DOCUMENT

FY26 Budget

**Driving Question(s):** *How will the budget for FY26 continue to support our mission and priorities, position the budget to leverage every funding source available, while aligning with the goals of advancing equitable student outcomes and the district's strategic directions?*



<p align="center"><b>Current Reality</b> “The Why”</p>	<p align="center"><b>Unacceptable Means</b> “The Not-How”</p>	<p align="center"><b>Desired Results</b> “The What”</p>
<p><b>The following realities necessitate discussion about the FY26 budget:</b></p> <ol style="list-style-type: none"> <li>1. Pre-K Pathways development has identified multi-year programmatic investments for full implementation.</li> <li>2. Virtual Academy launched in FY22, assessment in process.</li> <li>3. We are projecting a modest decline in enrollment for the 2025-26 school year that may result in a decrease in revenue.</li> <li>4. 80% of the costs are salaries and benefits.</li> <li>5. State and federal funding is not keeping pace with program costs.</li> <li>6. The school board’s general fund unassigned fund balance policy requires a minimum of 8% at the end of each fiscal year. To ensure this minimum, it is anticipated budget adjustments will be necessary any year in which a decline in enrollment is projected.</li> <li>7. Challenges posed by the pandemic continue to impact staffing and we anticipate single and possibly double digit increases in costs for employee health benefits, transportation, food, supplies and utilities.</li> <li>8. The state anticipated a small budget forecast surplus. The MN February Budget Forecast is released at the end of February.</li> <li>10. We received legislation to allow for us to maximize use of property sale proceeds in the general fund.</li> <li>11. General Education formula allowance is expected to increase by 2.5% FY25 to FY26.</li> <li>12. Statewide, supplemental aid (not on the formula) is provided for four years only to English learners.</li> <li>14. School districts are required to develop teacher mentoring programs and to use staff development revenue for this purpose.</li> <li>15. November 2024, the public approved renewal of our capital technology levy to support our technology instruction and infrastructure for 10 more years.</li> <li>16. We have 5 years remaining on our operating levy.</li> </ol>	<p><b>It will be unacceptable to:</b></p> <ol style="list-style-type: none"> <li>1. violate laws, contracts, or agreements.</li> <li>2. continue to fund initiatives or programs that do not support World’s Best WorkForce, Achievement and Integration Plan, PreK-12 Pathways and district priorities.</li> <li>3. not complete an annual programmatic, site, department level line item review of actual expenditures to make necessary adjustments.</li> <li>4. invest short term in programs or initiatives that will result in the long term in creating further deficits.</li> <li>5. develop a budget that creates greater systemic inequities.</li> <li>6. fail to involve multiple voices in the process.</li> <li>7. fail to systematically and thoroughly review the budget for adjustments.</li> <li>8. to leverage revenue generating opportunities that do not align to our district strategic priorities.</li> </ol>	<p><b>The outcome of the budget process will result in a budget:</b></p> <ol style="list-style-type: none"> <li>1. aligned to Strategic Roadmap initiatives and equity goals.</li> <li>2. designed to retain and recruit students.</li> <li>3. with competitive class sizes and programs for our students.</li> <li>4. structurally sustainable budget to plan for multiple years of programming and staffing security. Process understands that some years the revenue will be needed to offset increased expenditures in other fiscal years.</li> <li>5. maintains a budget that follows board fund balance policy and rationale used to define the level, acceptable uses of fund balance, and mechanisms to ensure that fund balance is replenished.</li> <li>6. built to maximize cross departmental collaboration.</li> <li>7. built in a transparent budget process that includes constituents’ perspectives and input.</li> <li>8. approved by the School Board by June 30, 2025.</li> </ol>