

# 2025-26 Budget Initial Recommendations

Dr. Theresa Battle, superintendent  
Stacey Sovine, executive director of administrative services

March 13, 2025

# Agenda

- Timeline
- What's affecting our budget for 2025-2026
- Current reality
- Our approach (values/strategies)
- Proposed Adjustments

# Timeline

- **January - February**
  - Board approves FY25 revised budget
  - Board receives report on FY26 budget assumptions and Parameter Options
- **March**
  - Superintendent presents initial budget recommendations to the Board
- **April - May**
  - Staff and community presentations and feedback opportunities
  - Board report on feedback and board work session
- **June 12** - FY26 Adopted Budget presented
- **June 26** - FY26 Adopted Budget approved

# Revenue



Students we serve

$$\times \text{\$} =$$

State and local  
tax dollars per  
student served

Total revenue  
used to pay  
for programs  
and services



# Restricted Revenue



Technology Levy

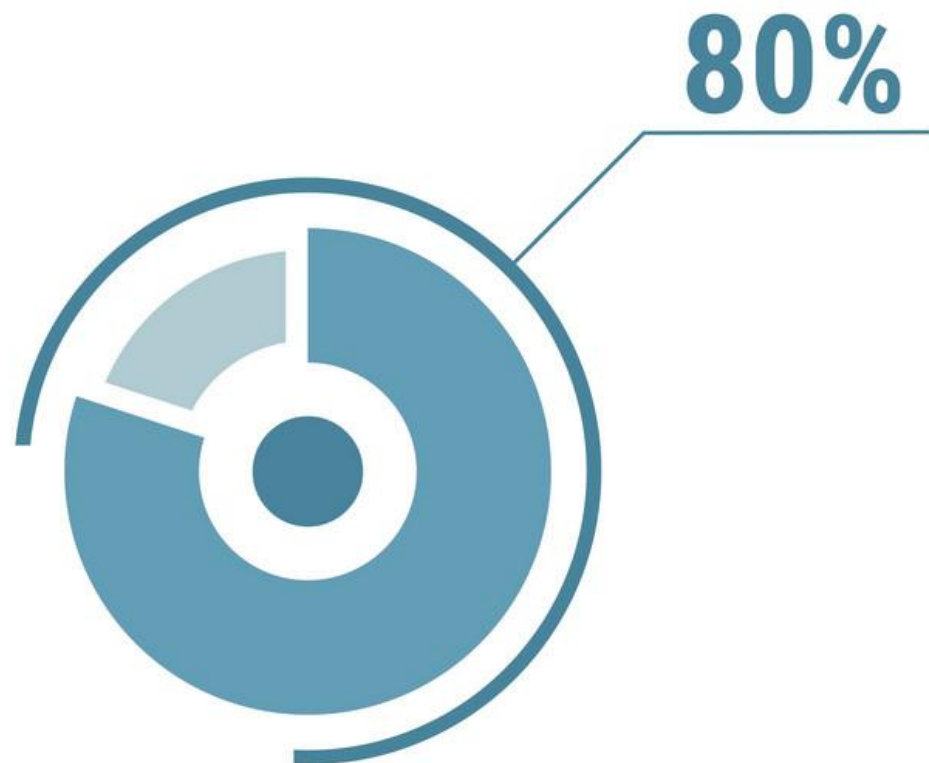


Title Funds



Long Term Facility  
Maintenance Funds

# Expenses

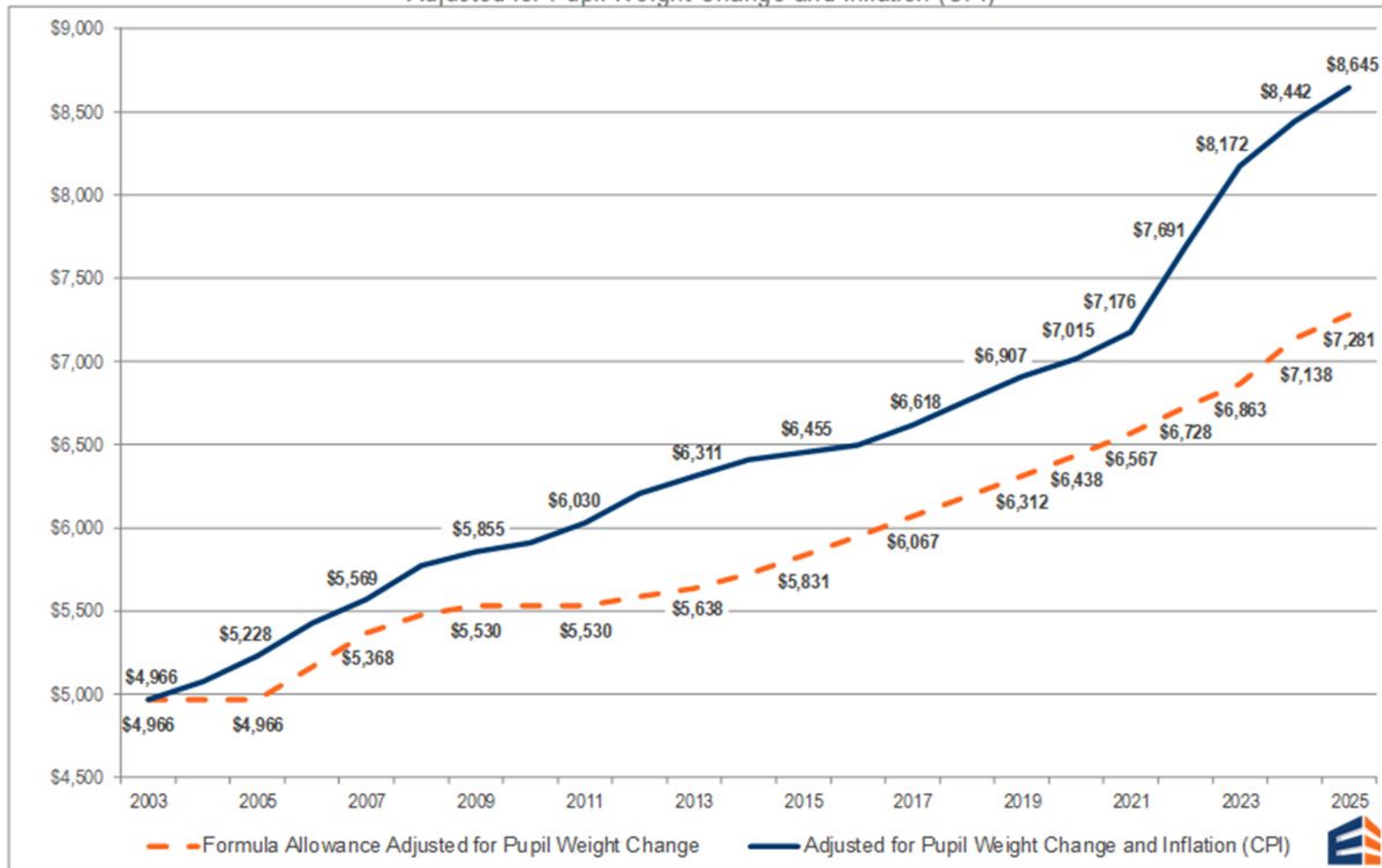


80% of our expenditures are People

- 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.

Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE June 2024 Inflation Estimates and Minnesota Laws 2023



# Revenue and Expense Changes

## Increased Revenue Over FY25

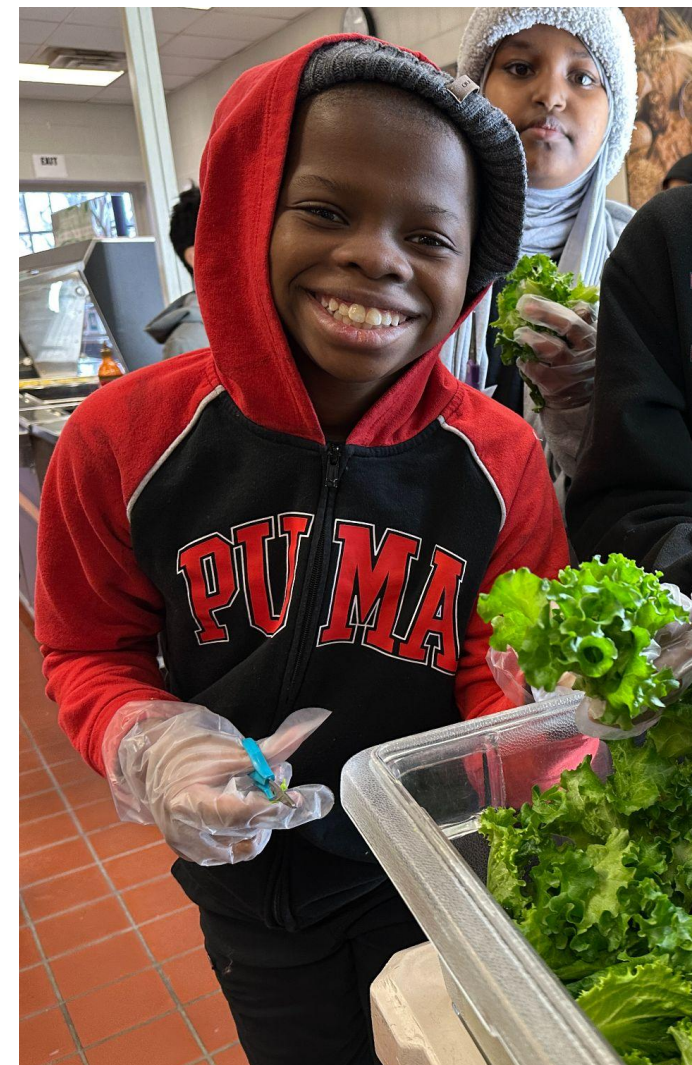
- 2.74% or \$200 per student on general aid (~ \$519,000).
- English Learner (EL):
  - \$0 increase per eligible student.
- Special Education (SPED):
  - Sped Formula increase \$1.0 million.
- Property tax levy
  - Capital Projects increase \$338,000.
  - LTFM increase \$2.3 million.
  - General tax levy decreased \$5.5 million.
- Compensatory decrease \$2.06 million (formula change).
- Miscellaneous one time funding (-\$577k).

## Increased Expenses Over FY25

- 2.5% increase to salary schedules (\$4.9 million).
- 5.0% insurance increase (\$1.1 million).
- 5% transportation increase per 5 year contract (\$582k; 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%, \$1.1 million).
- LTFM \$2.3 million in project costs (Sept 26, 2024).

# Strategies for Structurally Sustainable Budget

- Provide resources for creating conditions to support One91 Strategic Roadmap ([Vision Statement](#), [Core Values](#), [Strategic Directions](#))
- Maintain current class size parameters (Enrollment Rightsizing).
- Maintain balance in expenditures and revenue for restricted funds.
- Use of restricted funds before general undesignated funds.
- Understand ebb and flow of revenue streams and expenses.



# Initial Input Survey Summary

- **Community Input (11 responses)**
  - Continue expanding, improving Pathways at elementary schools
  - Small class sizes
  - Behavior, social/emotional, specific learning need support
  - Reduce administration
  - Maintain arts & extracurricular activities
  - Continue 'Grow Your Own' efforts
- **Principal/Departmental Input**
  - Non-licensed support for instruction/behaviors
  - Instructional support for multilingual students
  - Instructional coaches
  - Full-time specialists
  - Athletics/activities administration
  - Smaller class sizes
  - Expanded media/library staffing
  - Additional clerical support
  - Instrumental lessons
  - Restorative coaching positions

# Board Parameters

## Four Proposed Scenarios

Target Fund Balance of 18%.  
Reductions ~\$2.05 million.

### Scenario 1:

- Maintain Fund Balance
- Reduce Spending by \$11.0 million

### Scenario 2:

- Maintain Class Size
- No other spending reductions
- Reduce Fund Balance by 8.11%, \$11.4 million

### Scenario 3:

- Maintain Class Size
- Reduce Spending by \$5.5 million
- Reduce Fund Balance by \$5.9 million

### Scenario 4:

- Maintain Class Size
- Reduce Spending by \$4.5 million
- Reduce Fund Balance by \$6.9 million

# FY26 Adopted Budget: Process

- **Each budget manager is responsible for the following:**
  - Review the budget to ensure that all expenditures for 2024-25 school year have been coded correctly or for maximum efficiency
  - Identify priority expenditures
  - Identify any cost savings
  - Make decisions about discretionary funds
- Submit budget adjustments and/or request for additional funding
- Cross-functional team reviews before submission to Superintendent

# FY26 Strategies: How we maintain class sizes

- Staffing allocations provided to building principals based on current Board approved class size averages.
  - K-5 average : **24.5** students per class with fewer students in Kindergarten and more in 5th grade classes.
  - 6-8 average : **12** students per FTE\*, **19.5** students per average class
  - 9-12 average : **16** students per FTE\*, **25.7** students per average class

\*secondary program class sizes vary based on course type, external class size restrictions, instructional models, student interest, and graduation requirements.

Elementary Master									
Staffing projection for FY26: 3216, 136 FTE's									
Grade	FTE's	Enrollment	Average		Min	Max	Targ	+/-	Avg
K	25.4	493	19.41		20	25	22.5	-3.09	19.41
1	21.3	511	23.99		24	28	26	-2.01	23.99
2	25.3	569	22.49		25	29	27	-4.51	22.49
3	20.4	525	25.74		26	30	28	-2.26	25.74
4	21.3	563	26.43		27	31	29	-2.57	26.43
5	22.3	555	24.89		28	32	30	-5.11	24.89
					25	29	24.5	1.86	26.36
22.67	136	3216	23.65						

# Rightsizing

Line Item	Adjustment Category and Item Description/ Department	F.T.E.	Budget Unit	Budget Adjustment	Account Code	Rationale and Implications
1.1	Maintaining Class Sizes (K-12)	-8.55	Various	-\$845,250.00	Various	Maintaining class sizes based on enrollment

# Strategic Roadmap

Line Item	Adjustment Category and Item Description/ Department	F.T.E.	Budget Unit	Budget Adjustment	Account Code	Rationale and Implications
2	<b>Strategic Roadmap</b>					
2.1	Community Based Mentoring Program			\$35,000.00	Various	Leverage new methods to improve student outcomes by engaging and providing targeted support for students in grades 5-6 and grades 8-9. Additionally, to provide professional development for athletic coaches to successfully engage our communities.
2.2	Technology Tool ELLevation Platform and Strategies (On Demand PD)		7060	\$69,000.00	Data & Assessment, Curriculum, PD, Technology, MLL	Equip students to meet rigorous academic challenges - All teachers have access to the ELLevation resource to look at strategies to support students. The Strategies component of the program would be an additional component that includes on demand PD in the area or English Learner support to teachers and administrators.
2.3	Barr Program		21000	\$0.00	Various	Student Agency- to motivate and engage students to attend school regularly. Use Attendance grant funds to pay for program.
2.4	CATALYST TRAINING		15010	\$40,000.00	Various	Caring community - proactive behavior management to build connection to and build a community of learners



# Initial Budget Adjustments

Line Item	Adjustment Category and Item Description/ Department	F.T.E.	Budget Unit	Budget Adjustment	Account Code	Rationale and Implications
3	<b>Preliminary Adjustments</b>					
3.1	Middle School (School within a School)	2	10010	\$240,000.00	Various	Maximizing Schedule to fund additional SWAS positions. Restrict funds no impact to Unassigned.
3.2	Special Education TOSA	1	09010	\$0.00	Various	Realignment within Department
3.3	Secondary 2 mile walk	-1	18010	-\$136,000.00	03 E 005 760 720 361 000	Increase walking distance by .5 mile. Bussing still available for annual fee.
3.4	Capital Projects and Repairs	1	19020	-\$500,000.00	Various	Coding Repairs and Replacements to Long Term Facilities Maintenance
3.5	Increase athletic Fees 15%		Revenue	-\$50,000.00	Various	Pending Board approval. Align with conference rates and address inflationary increase in transportation, referees, and equipment
3.6	Student Svcs Acct Specialist	-1	09010	-\$130,000.00	01 E 200 420 372 170 000	Move services into Finance
3.7	Elem Media EA's +2 hours	2	14020	\$72,000.00	01 E 200 630 795 172 000	Tech collection and distribution at elementary sites
3.8	VPK sliding fee structure	1	Revenue	-\$90,000.00	01 R xxx 200 000 040 000	State requires sliding fee schedule and payments for VPK students that don't qualify.

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[Complete List in PDF Format](#)

# Recommended Budget FY 26

## General Fund Budget Comparative Summary

	Actual Results 2022-23	Actual Results 2023-24	Adopted Budget 2024-25	Revised Budget 2024-25	Projected 2025-26	Projected 2026-27
<b>Total Beginning Fund Balance</b>	\$ 32,521,898	\$ 37,483,214	\$ 44,088,212	\$ 53,791,906	\$ 56,311,345	\$ 47,605,951
<b>Revenues</b>	132,752,660	156,983,853	154,353,629	161,980,777	158,595,219	161,767,123
Federal Relief Revenues for current costs	4,349,350	4,736,812	-	-	-	-
Federal Relief Revenues for new costs	5,172,694	3,867,316	-	-	-	-
<b>Expenditures</b>	132,090,694	145,411,973	157,791,210	159,461,338	167,300,613	172,319,631
Federal Relief Expenditures for new costs	5,222,694	3,867,316	-	-	-	-
<b>Variance (Revenues - Expenditures)</b>	4,961,316	16,308,692	(3,437,581)	2,519,439	(8,705,394)	(10,552,508)
<b>Total Ending Fund Balance</b>	\$ 37,483,214	\$ 53,791,906	\$ 40,650,631	\$ 56,311,345	\$ 47,605,951	\$ 37,053,443
<b>Breakdown of Fund Balance Categories</b>						
<b>Nonspendable</b>	\$ 603,936	\$ 342,496	\$ 503,936	\$ 342,496	\$ 242,496	\$ 142,496
<b>Restricted</b>	12,855,738	15,547,817	13,269,854	15,213,346	15,213,346	15,213,346
<b>Committed</b>	1,505,311	1,207,116	988,221	786,199	1,536,199	1,436,199
<b>Assigned</b>	-	-	-	250,000	250,000	250,000
<b>Unassigned</b>	22,518,230	36,694,478	25,888,620	39,719,305	30,363,911	20,011,403
<b>Total Ending Fund Balance</b>	\$ 37,483,214	\$ 53,791,906	\$ 40,650,631	\$ 56,311,345	\$ 47,605,951	\$ 37,053,443
<b>Unassigned Fund Balance %</b>	16.40%	24.58%	16.41%	24.91%	18.15%	11.61%

### FY26 Assumptions

- 5% expenditure increase
- 5% for health insurance increase
- 1% for dental insurance increase
- 2.74% increase for revenue
- 7,021 K-12 students
- Salary increases for unsettled contracts

### Assumptions for FY27

- 3% increase to expenses
- 2% increase to revenue
- 6,942 K-12 students
- Current staffing levels (no rightsizing included yet)

Adjustments	\$2,365,250	\$0
Total	\$2,365,250	

Scenario #4	Don't go below 18% in 2026
Maintain class sizes (rightsizing)	
Adjustments: \$2.365 million in FY26 including rightsizing	
Unassigned fund balance spend down of \$9.36 million in FY26 and \$10.35 million in FY27	
Unassigned fund balance percentage decreases by 6.8% in FY26 and 6.5% to 11.6% in FY27, still above Board's minimum set in policy	

# Next Steps for Budget Feedback

- March 14: Online feedback survey open, closes April 18th
- March and April:
  - School- & program-level parent meetings
  - Presentation shared with families & staff, multiple opportunities to provide feedback
- Community presentation offered to all families and public
  - **April 16th, 6 pm Diamondhead Education Center**

**Thank You.**