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Fiscal Year 22 Initial Budget Adjustments

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Overview

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- » Assumptions and Current Reality
- » Strategies for Building a Budget
- » Initial Proposal and Budget Adjustments
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Starting Point: Guiding change

- We will take a priorities- and values- based approach to the budget
- We will respond to the unique challenges and opportunities resulting from the pandemic
 - Stability in programs and services is essential
 - This is a unique moment to conduct a system-wide review to ensure we're being as efficient and effective as possible.
- [FY22 Budget Goals, Process, and Timeline](#)

Starting Point: Assumptions

Revenue

- Enrollment for K-12
 - 7,296 fall enrollment,
 - 7,311 End of Year (EOY)
- 0% on the General Education Formula (state aid)
- CARES II funds will replace CARES I (federal pandemic relief)
- Reduced Compensatory funding (aid based on Fall 2020 free/reduced eligibility)

Starting Point: Assumptions

Spending

- Salary and benefit assumptions for all contracts
- Transportation increase per contract language
- Slight increase on utilities
- Long Term Facilities Maintenance projects
- 0% increase for supplies and materials

Current Reality: January 2021

General Fund Budget Comparative Summary

	Actual Results 2019-20	Adopted Budget 2020-21	Revised Budget 2020-21
Total Beginning Fund Balance	\$ 15,379,015	\$ 14,498,325	\$ 20,326,027
Revenues	132,246,197	126,834,491	133,743,861
Expenditures	127,299,185	127,825,136	134,280,355
Variance (Revenues - Expenditures)	4,947,012	(990,645)	(536,494)
Total Ending Fund Balance	<u>\$ 20,326,027</u>	<u>\$ 13,507,680</u>	<u>\$ 19,789,533</u>
Breakdown of Fund Balance Categories			
Nonspendable	\$ 435,457	\$ 469,392	\$ 401,522
Restricted	7,878,828	3,170,301	7,348,102
Committed	1,735,209	1,096,765	1,818,986
Unassigned	10,276,533	8,771,222	10,220,923
Total Ending Fund Balance	<u>\$ 20,326,027</u>	<u>\$ 13,507,680</u>	<u>\$ 19,789,533</u>
Unassigned Fund Balance %	8.07%	6.86%	7.61%

Current Reality: February 2021

Initial Projected Fund Balance FY22*	\$21.29 million
• Projected Revenues	\$122.45 million
• Projected Expenditures	\$133.31 million
Surplus or (Deficit)	(\$10.86 million)
Ending Projected Fund Balance FY22*	\$10.43 million

*Includes all reserve funds. Unassigned is lower.

Strategies for Building a Budget

- Prioritize investments in Pathways PreK-12
- Maximize use of federal pandemic relief
- Maximize our restricted, committed & assigned fund balances
- Maintain unassigned fund balance

Strategies for Building a Budget

Instructional & Support Priorities

- Pathways PreK-12 - moving forward with implementation plan
- Early Learning: Voluntary PreK (VPK) at each elementary
- Meet personalized student needs (Special Education, English Language Learners, Advanced Learning Specialists, Interventionist)
- Class sizes maintained
- Pursue equity, cultural proficiency including cultural liaisons
- Support student mental health & wellness including social workers

Strategies for Building a Budget

Maximize Federal Pandemic Relief Funds

- To the extent possible use CARES I funds in FY21
- Any carryover from CARES I use in FY22
- Use CARES II in FY22
- Any carryover from CARES II use in FY23

Strategies for Building a Budget

Use restricted, committed & assigned fund balances

- Some procedural actions that provide the most flexibility
- Follow the Board's Fund Balance Policy 714
- Board would “commit” and “assign” some fund balance for specific uses

Maintain unassigned fund balance (cash flow)

Initial Proposal

Initial Projected Deficit FY22 \$10.86 million

- Maintain class sizes (right-size for enrollment) \$1 million
- Use of Fund Balances \$5.96 million
- Use of Federal Resources \$3.9 million

Without using fund balance, district would need to make additional \$4.27 million in program, staff, service reductions.

FY22 Initial Budget Adjustments

Right-size for enrollment (7,296); Maximize funding sources

Adjustment Category and Item Description	F.T.E.	Bargaining Unit or Dept.	Savings (Sal + Ben) *Estimates	Rationale and Implications
1. Right size enrollment (Maintaining class size)			\$1,000,000.00 Est. 2/25/2021 BOE mtg.	
Additional staff hired for COVID support	11-15 FTE's (reduction)	Teachers, Tech Support		Additional support for social distancing not required
School Staffing	10 - 20 FTE's (reduction)	Teachers, Educational Assistants	\$950,000-\$1,250,000	Projected 300 less students for fall 2021; maintains class size
2. Maximize Funding Source (changing funding source)			\$5,400,000.00	Funds expenses related to COVID-19 impact and requirements in MN Safe Learning Plan
ESSER I & II funds used for current expenditures	TBD	Elementary and Secondary	\$3,900,000.00	
ESSER I & II funds used for additional expenditures	7-10 FTE's for additional staffing	Elementary and Secondary	\$750,000.00	
ESSER I & II funds used for additional expenditures		PPE, Materials	\$750,000.00	

FY22 Initial Budget Adjustments

Initial list of adjustments /efficiencies

3. Carryover (Savings to FY 21 rollover to FY 22's additional funds)			\$1,693,788.00	
Clerical on leave	1.00	Clerical	\$63,688.00	General Leave
Consultant Services		Curriculum, Facilities, Superintendent, Asst Superintendent, Human Resources, Student Support	\$600,000.00	Decrease due to distance learning
Contingency		Elementary, Special Education	\$280,000.00	Decrease due to distance learning
Dues		Curriculum	\$10,000.00	
Election Savings		School Board	\$25,000.00	General Election costs bore by Counties
Equipment		Curriculum, Superintendent	\$49,100.00	
Fieldtrips		VPK, Curriculum	\$33,000.00	Decrease due to distance learning
Insurance Savings		Business	\$30,000.00	
Printing unused		VPK	\$2,000.00	Decrease due to distance learning
Substitute Costs		Elementary, Secondary, Special Education, Professional Development	\$460,000.00	Decrease due to distance learning
Supplies		VPK, Curriculum, Business	\$120,000.00	Decrease due to distance learning
Travel		Curriculum, School Board	\$21,000.00	Decrease due to distance learning
4. Misc. Reductions (if needed)				
District Level Staffing for district-wide support and services	DEC staff that provides district-wide services	Multiple bargaining units	\$50,000 - \$250,000	Principal reassignment and realignment, mandated work outsourced, decreased support for Prek-12 Pathways and grants management

Initial Proposal

Interactive model - the 3 11 2021 proposed strategies tab

Next Steps: Short term

Review Budget Timeline

- March 25 Board Workshop - FY22 budget updates
- April Board meeting - Human Resource (HR) present staffing resolutions for Board action
- Superintendent presents recommended budget in June
- June - Adopt FY22 Budget

Next Steps: Short term

Budget Input

- Board Guidance and Direction
- Online input at www.isd191.org/budget-input
 - What would you prioritize as the district works toward its mission?
 - What efficiencies should the district explore?
 - Shared with staff, families; remains open
 - 8 responses as of Feb. 25

Next Steps: Long term

Systemic Review

- Pandemic provides unique opportunity to review how we're doing things
- Evaluate current systems over the next 6-8 months
- Compare to peers, find discrepancies and look for opportunities to become more efficient while remaining effective
- Could include service delivery models, scheduling, etc.

THANK YOU

