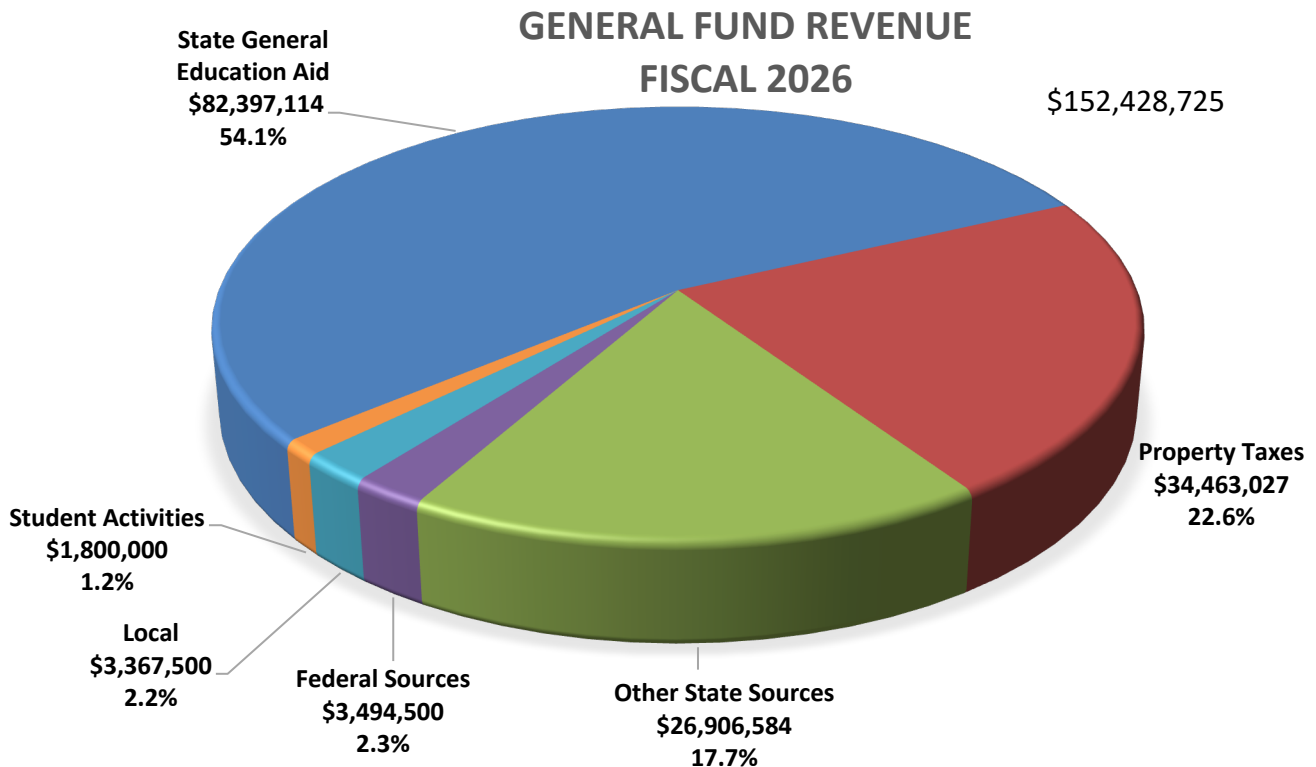




## FY 26-27 Budget Assumptions

The School Board’s Executive Limitation 2.5.2 reads “There will be no financial plan that neglects to present the assumptions and timeline for the next annual budget during the third quarter of the current fiscal year.” The assumptions reflect both revenue sources and expenditures for the General Fund budget.

### 1. General Fund Revenues:



- a. State Basic General Education Aid
  - The Basic Formula is now tied to CPI with a floor of 2% and ceiling of 3%. ~~Current estimates from MDE show CPI at 2.37%.~~
    1. The January Consumer Price Index (CPI) revealed the increase will be 2.69%.
- b. Property Taxes
  - Tax levy approved by the board in December 2025
- c. Other State Sources (Special education cross subsidy, basic skills, and other categorical aids)
  - Assuming that the unemployment funding will end after Fiscal Year 2025-26.
  - The district is not anticipating any other additional funding from the upcoming legislative session.
- d. Federal Sources (Grants)
  - Federal revenue is projected to decline slightly, with some concern and uncertainty around future funding levels.
- e. Local Sources (Tuition, Fees, Admissions, Interest, Donations)

- Other local revenues are projected to remain generally stable, with interest earnings declining due to lower interest rates

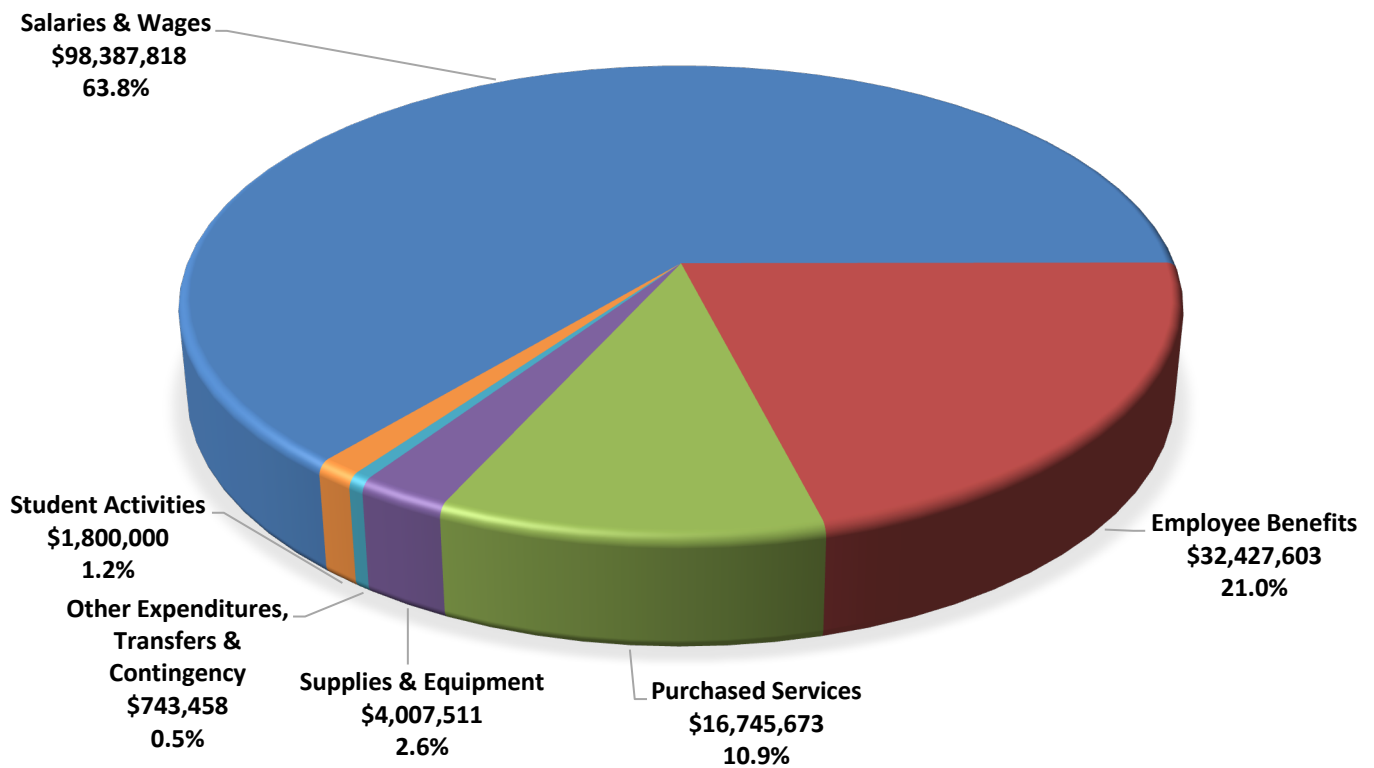
**2. Estimated Enrollment**

- October 1, 2026 Kindergarten-12<sup>th</sup> grade total estimated enrollment of 9,357 or a 5-student increase from October 1, 2025.
  - Includes projected 558 kindergarten students.
  - EP Online enrollment of 750, which represents an 8.7% increase from October 1, 2025

**3. Expenditures:**

**GENERAL FUND EXPENDITURES  
FISCAL 2026**

\$154,112,063



**a. Salary and Benefits**

- Account for 85% of General Fund expenditures
- Negotiation parameters established for unsettled union contracts:
  1. Classified Administrative and Support Staff (CLASS), Paraprofessionals (MSEA), Administrators (AST/EPSS), and Principals, expiring June 30, 2026
  2. The Paid Family Leave (PFL) law took effect January 1, 2026, with Fiscal Year 2026-27 representing the first full year to budget an increased expense equal to 0.44% of total payroll.

**b. Purchased Services, Supplies and Equipment**

- 3.0% increase for utilities (Electricity, natural gas, water/sewer, etc.)
- 8.0% increase for fiscal costs (Property insurance, legal costs, etc.)
- 2.0% increase for general and instructional supplies
- 2.0% increase for Site and department budgets

4. **Teacher Retirements**

- a. Assuming financial savings related to teacher retirements at the end of the fiscal year.

5. **Solar Power**

- a. Assuming \$100,000 of bill credits due to generation of renewable energy
- b. The district has 24 solar arrays operational, generating the equivalent of approximately 20% of our electricity usage.
- c. The district also subscribes to 3 community solar gardens generating the equivalent of approximately 67% of our electricity usage.

6. **Teacher Staffing – We have assumed:**

- a. We will maintain the investment in lower class size targets at the elementary level. There will be some variances, above or below the targets, in class size depending on building enrollment and space, but the targets will guide staffing.
- b. We will continue to maintain the 8-period day at Central Middle School including the investment that was made in 2020 to add back a team planning period for staff that is in addition to their prep time. This investment also increased choice for students within the middle school schedule.
- c. We will continue the investment we have made in the block schedule at Eden Prairie High School. The benefits relative to a traditional schedule include: increased choice for our students, fewer total amount of students for teachers due to teaching fewer classes, and longer prep periods.
- d. Elementary schools will continue to be staffed based on class size targets and secondary staffing will continue to be allocated through staffing ratios that are then used to provide course offering driven by student registration.

The following class size targets and staffing allocation ratios drive budget assumptions as follows:

Elementary Schools	Class Size Targets	Secondary Schools	Staffing Allocation Ratios
Kindergarten	20.0	Grade 6	28.0
Grade 1	20.0	Grades 7-8	31.0
Grade 2	22.0	Grades 9-12	31.5
Grade 3	25.0		
Grade 4	25.0		
Grade 5	26.0		

\*Class sizes may vary depending upon specific enrollment.

7. **District Fees**

- a. High School Parking Permits
  - Lot A & B - \$350/year – No Change
  - Lot C - \$100/year – No Change

8. **Transportation** will continue to be **Free for All.**