

FY25 Budget *Timeline & Impact Overview*

Committee of the Whole
April 2, 2024



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 FY25 budget in June.

Objectives:

- Examine the current context of our budget decision making
- Share timeline, analysis and impact of the proposed FY25 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

- We've had ESSER (Federal COVID-19) funding for the last few years in order to respond to the pandemic. Those funds will not be available after FY24.
- Significant recent state education funding has helped immensely, but it's not enough to both makeup for decades of underfunding and to cover increased Duluth Public Schools' operating costs. Minnesota districts are also facing unfunded mandates which increases financial obligations to the school budget.
- The cost of nearly all expenses have increased -- salaries, benefits, utilities, transportation, food, and contracted services.

Overview of Budgeting Process

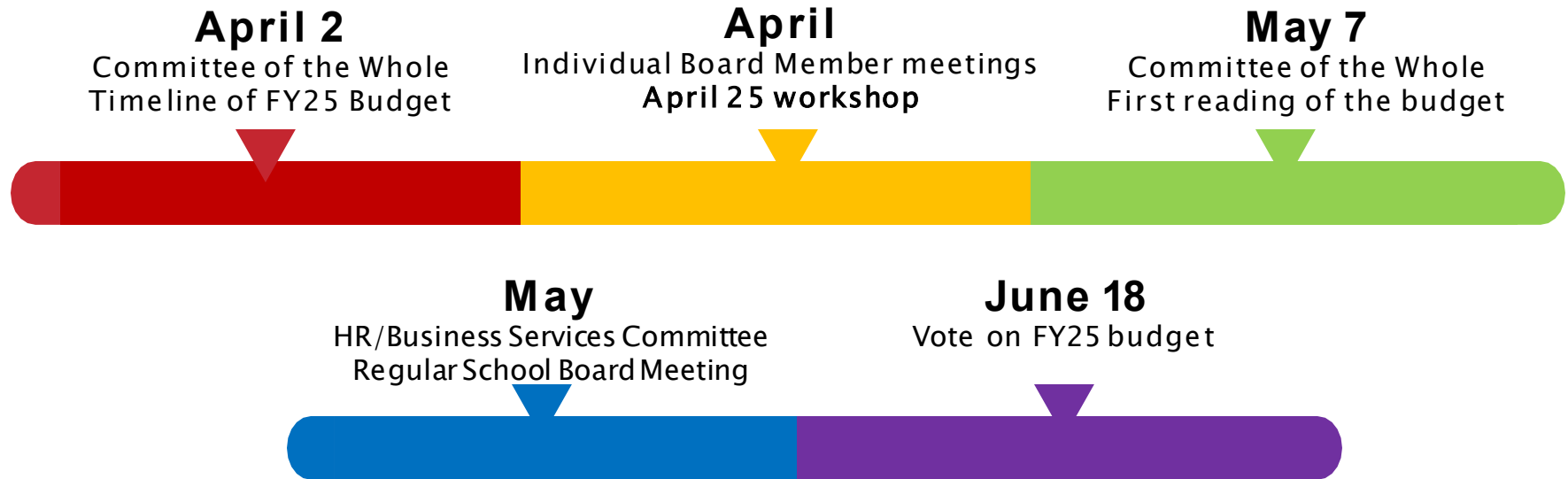
Timeline	Analysis	Impact
<p>FY25 budget will reflect the phasing out of ESSER funding. Also, FY24 is a contract negotiation year, meaning we need to apply these financial implications to the FY25 budget.</p> <p>To balance the budget, the process is being analyzed by administration for discussion and presentation to the School Board. Senior Leaders met on March 18 for an intensive overview of the FY25 budget to review potential budget adjustments in order to balance the budget.</p>	<p>Strategic analysis of daily operations such as programming, contracted services and the use of assigned fund balance will be necessary to balance the FY25 budget.</p> <p>Assigned fund balance transfers will be brought to the School Board for approval.</p>	<p>The budget team is working diligently to minimize the impact on schools and students for FY25.</p> <p>However, for FY26, the impact will be greater and a timeline will be presented before June 30, 2024 to keep all stakeholders aware of the process and overall impact.</p>

Initial Forecasting: High Level Overview

<p>Review of Enrollment</p> <p>Potential decline in enrollment (100 ADM) is forecasted annually for the next five years</p>	<p>Basic formula increase of 2% + inflation capped at 3%</p> <p>Compensatory aid remains consistent with FY24</p>
<p>Special Education Cross Subsidy increase of 4% from FY24</p> <p>Title aid remains under review with a potential of 1.5% increase over FY24</p>	<p>Child Nutrition</p> <p>FY25 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?