

Budget for Fiscal Year 2026

Background:

Preliminary budget decisions for the Proposed Property Tax Notice are needed at this time. Once the Proposed Property Tax Notice is submitted, total dollars levied can be adjusted down. Individual levies can be adjusted as long as the total property tax dollars are not increased.

As of Thursday, February 13, the Iowa Legislature has not set Supplemental State Aid (SSA) for the 2026 fiscal year. The figures below represent one possible budget based on the Governor's proposal of 2.0% allowable growth.

The Proposed Property Tax Notice will be updated using actual SSA and input from the board at this meeting. The following pages provide current data and items for consideration. Final decisions can wait until the Board meets in March.

The final budget will be adopted in April.

Levy Rates:

The history of our property tax levy rate appears in the table below:

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
\$16.38	\$16.39	\$16.12	\$16.14	\$16.00	\$16.07	\$16.08

FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
\$15.89	\$15.88	\$15.72	\$12.93	\$11.80	\$10.93	\$11.01

State levy statistics for Fiscal Year 2025 (current) are as follows:

\$8.05	Lowest in Iowa	Spirit Lake	#1
\$19.11	Highest in Iowa	West Sioux	#331
\$13.18	State Mean (average)	Missouri Valley	#179
\$12.95	State Median (middle)	Highland	#166

The current rates of some area schools are as follows:

\$11.54	CAL	\$12.36	Eagle Grove	\$12.97	Hampton-Dumont
\$13.61	Clarion-G-D	\$10.83	Forest City	\$11.25	West Fork
\$10.39	Clear Lake	\$9.87	Garner-H-V	\$9.63	West Hancock

Current Budget and Fiscal Year 2026 Projections:

	Current Budget FY 2025		Budget Projections FY 2026	
Allowable Growth*	%	2.50%		2.00%
Cost per Pupil		\$ 7,826		\$ 7,983
Budget Enrollment	x	747.1	x	705.4
Reg. Program Cost	=	\$ 5,846,805	=	\$ 5,631,208
Dropout Prevention		\$ 228,164		\$ 220,818
Budget Guarantee		\$ -		\$ 274,065
Instructional Support		\$ 202,929		\$ 270,580
Cash Reserve -- SBRC		\$ 200,000		\$ 400,000
Total General Fund Levy		\$ 3,263,022		\$ 3,888,065
Management Fund		\$ 200,000		\$ 400,000
Board (Regular) PPEL		\$ 120,829		\$ 124,104
Publicly Voted PPEL		\$ 245,320		\$ 376,071
Debt Service Fund		\$ -		\$ -
General Fund Levy		\$ 9.23		\$ 10.45
Management Levy		\$ 0.78		\$ 1.34
PPEL Levy		\$ 1.00		\$ 1.33
Debt Service Levy		\$ -		\$ -
TOTAL LEVY		\$ 11.01		\$ 13.12

- Low supplemental state aid is expected for the upcoming fiscal year. If SSA is approved at 2%, that will leave us on the Budget Guarantee, causing \$274,065 to be funded in full by property tax dollars and adding \$0.74 to the property tax levy. If SSA increases by 2.25%, \$260,662 is added to local property tax with an additional levy of \$0.71.
- Board-voted PPEL last year was \$0.33 and generated \$120,829. We propose leaving this levy at \$0.33 which will generate \$124,104 to our PPEL fund.
- We have a publicly-voted PPEL of \$1.00 which will generate \$376,071. This of course is a voter decision and not a school board decision.
- The Management Levy for last year was \$275,000 for a rate of \$0.78. We have been under-funding this levy for many years due to a surplus balance. The surplus balance has been spent and it is now necessary to levy fully for the coming year's needs.

Options and/or Alternatives:

We recommend that two major issues be the primary focus of the Board for the purposes of this discussion:

- A. The Income Surtax was increased from 3% to 6% for the current budget year. Raising the income surtax by one percentage point reduces the property tax levy by \$0.08, or \$31,770.

Surtax Percentage	6%	7%	8%	9%
Property Levy Rate	\$13.12	\$13.04	\$12.96	\$12.87

The current rates of some area schools are as follows:

8% CAL	1% Eagle Grove	3% Hampton-Dumont
8% Clarion-G-D	7% Forest City	1% West Fork
5% Clear Lake	1% Garner-H-V	4% West Hancock

- B. The total Cash Reserve Levy for this year was \$200,000, or a rate of \$0.57. We have spent down some of our cash reserves, leading to a maximum levy of \$437,904.

We are proposing levying \$400,000, or a rate of \$1.07 for FY2026. This level of funding will provide cash flow to support our Special Education and English Learner Programs.

NOTE: *Every \$10,000 worth of revenue from property tax changes the local levy by approximately 2.7¢. Therefore, a levy of \$100,000 will cost taxpayers 27¢ per \$1,000 of assessed valuation against their levy.*

Recommended Action: I recommend the Board approve the Proposed Property Tax Notice for publication.