

## **Work Session**

Tuesday, November 25, 2025 6:00 PM

Board Assembly Room, 1250 West Broadway Avenue, Minneapolis, Minnesota 55411

- 1) **Call to Order and Roll Call**
- 2) **Topics and Discussions**
- a. FY27 Budget Development Process
- 3) **Adjournment**



# Work Session

## District Fiscal Outlook

11/25/2025

**Minneapolis Public Schools**  
Division of Finance

# Agenda

- Superintendent Update
- MPS Fiscal Outlook (FY-27 to FY-31)
- FY27 Budget Development Timeline

# Superintendent Update

## Superintendent Dr. Sayles-Adams

# Minneapolis Public Schools Fiscal Outlook FY27 to FY31

# Executive Summary

- MPS faces a significant fiscal challenge over the next five years. While short-term revenues remain stable, long-term projections indicate a structural imbalance driven by expenditure growth exceeding revenue trends.
- Without corrective action, the general fund balance will decline from approximately \$140 million in FY26 to a negative position by FY31.

# Executive Summary continued

- The **Five Year Projection** is a forecast for planning purposes, based on our current fiscal reality. This is not to be confused with the actual budget. While the following may impact the districts expenses and revenue, they are not impacting property taxes:
  - Property Taxes are adjusted when there is a new levy or an increase to an existing levy.
  - Labor Agreements are negotiated between collective bargaining units and the district. Any obligation resulting from these agreements function like expenses which the district then manages.

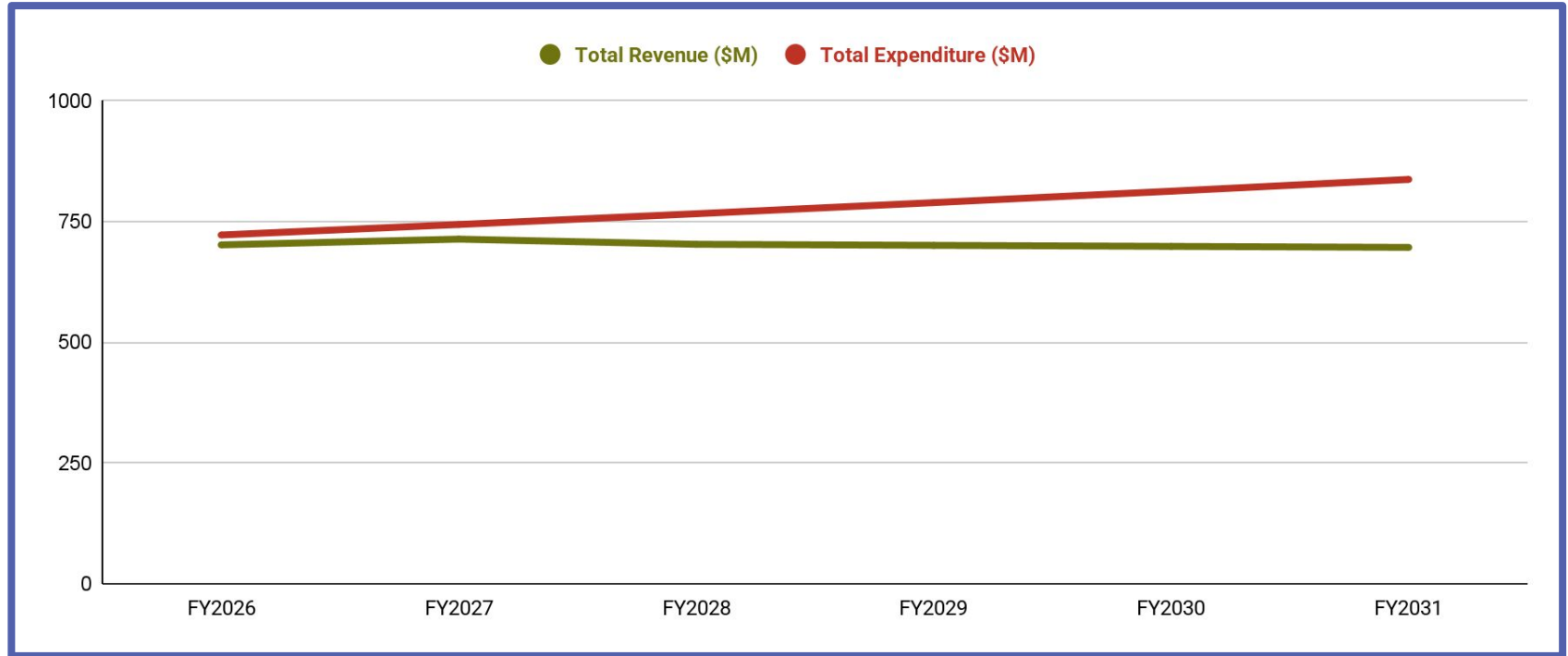
# Drivers of Fiscal Stress

- State revenue to drop to pre-2023 levels
- Birth rate declines
- Labor cost increases
- Inflation in purchased services and materials
- Macroeconomic uncertainty
  - Challenges impacting both the public and the private sector

# Fiscal Projection: FY27–FY31

Fiscal Year	Total Revenue (\$M)	Total Expenditure (\$M)	Surplus/(Deficit) (\$M)	Ending Fund Balance (\$M)
FY2026	701.9	722.4	-20.5	140.3
FY2027	713.8	744.1	-30.3	119.8
FY2028	703.1	766.4	-63.3	89.5
FY2029	700.9	789.4	-88.5	26.2
FY2030	698.8	813.1	-114.3	-88.1
FY2031	696.7	837.5	-140.7	-317.3

# Revenue vs. Expenditure Trends



# Fund Balance Types

			
<b>Restricted</b>	<b>Non-spendable</b>	<b>Assigned</b>	<b>Unassigned</b>

# 1. Restricted Funds



**Definition:** This is a portion of the district’s fund balance that have legally enforceable constraints placed on their use that either are externally imposed by resource providers (grantors, donors, voters) or imposed by law through legislation.

## Examples of restricted funds:

Staff Development	Career Technical Education (CTE)	Safe Schools Levy
Gifted and Talented	Student Activities	Federal Grants

## 2. Non-spendable



**Definition:** This is a portion of the district's fund balance that cannot be spent because the assets are not in spendable form or are legally or contractually required to be maintained intact.

### Examples of non-spendable funds:

- Prepaid Items
- Inventories
- Long-term Receivables

### 3. Assigned Funds



**Definition:** This is the portion of the district's fund balance that is designated for a specific purpose. The intent to use the funds for specific purposes can be established by the board of education or district administration.

#### **Examples of assigned funds:**

- Referendum (Class Size)
- Funded Projects
- Curriculum Adoption

## 4. Unassigned Funds

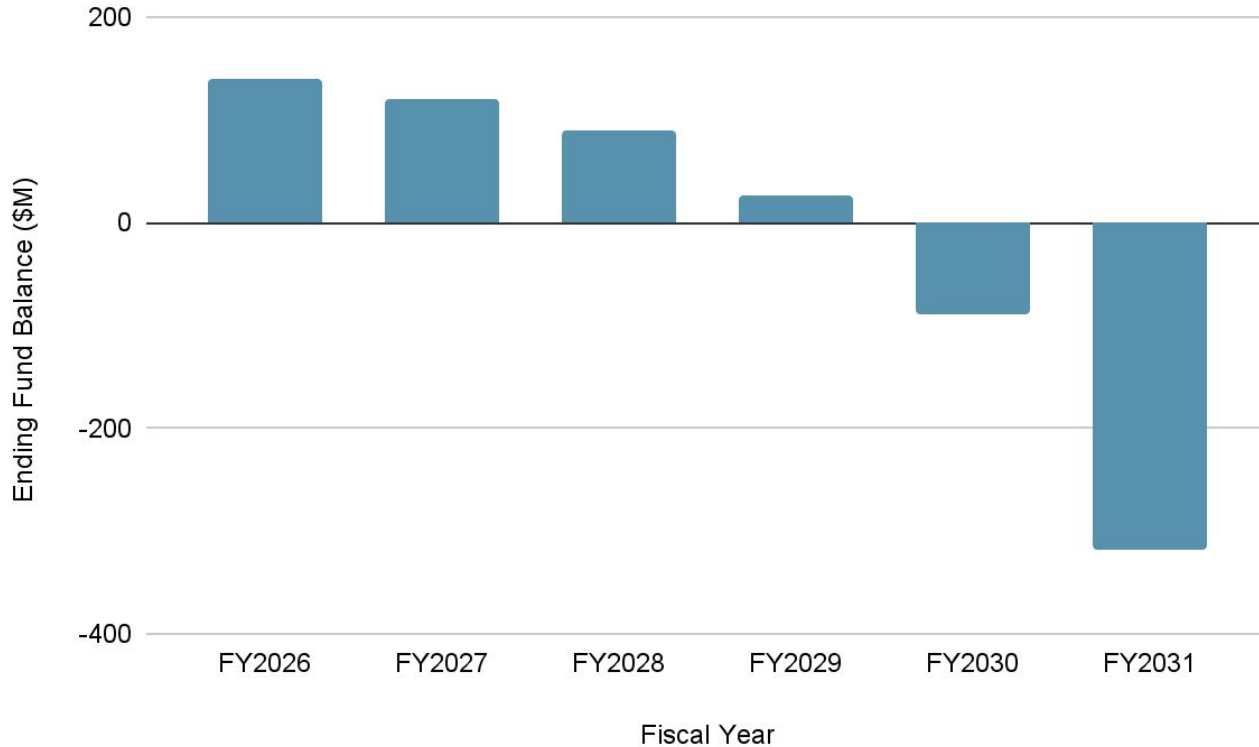


**Definition:** This is the portion of the district's fund balance that is not designated for a specific purpose. It is used as a financial safety for unexpected expenses and must meet district policy. The district maintains a minimum unassigned fund balance of 8 percent of the annual operating budget. The district's bond rating is tied to the unassigned fund balance.

### Examples of unassigned funds:

- Government shutdown (State/Federal)

# Fund Balance Projection (FY2026–FY2031)



# Strategic Recommendations

- Protect fund balance - avoid using reserves to balance FY27
- Implement multi-year cost containment strategies
- Advocate for more State and Federal funding
- Strengthen transparency through public engagement

# FY2027 Budget Development Timeline

# Annual Budget Development Milestones

- **Sept 2025:** Levy certification and forecast presentation
- **Oct 2025:** Finance Committee 5-year forecast review
- **Dec 2025:** Truth-in-Taxation hearing and final levy adoption
- **Dec-Jan 2026:** Community Area meetings
- **Feb 2026:** School/Department allocations and BTO system open
- **Apr-Jun 2026:** Final Budget approval and publication

# FY2027 Budget Timeline

<b>Month</b>	<b>FY27 Operating/ Capital Budget</b>
December 2025	Hold budget area meetings with community
January 2026	Continue budget area meetings with community Close the budget gap
February 2026	Send budgets to schools and departments
March 2026	Complete Budget Tie Out (BTO)
April 2026	Present budget at the Finance Committee meeting
May 2026	Present the budget to the School Board for 1st reading of the budget
June 2026	School Board Adoption of the Budget

# Community Engagement Opportunities

**MPS will host the following community area meetings focused on budget and school transformation from 6:30 – 8:00 p.m.**

- Dec. 3 at North High School
- Dec. 4 at Washburn High School
- Dec. 5 at South High School
- Dec. 10 at Roosevelt High School
- Dec. 11 at Southwest High School
- Dec. 16 at Edison High School
- Jan. 14 at Camden High School
- Jan. 15 at the Davis Center (all-staff only session)

# Questions?

# Board Discussion on Budget Priorities

# Appendix

# Budget Timeline Detailed – November

Levy Certification	FY27 Operating/Capital Budget	School Board Meetings
<p>Proposed property tax statements mailed</p>	<p>Final enrollment and revenue projections</p> <p>11/18 – Work session to present 5 year forecast, revised budget gap, and discuss school board budget board priorities</p> <p>(TBD *All meetings scheduled before Jan.) Tentative community 'Zone' meetings to discuss district finances and financial outlook for FY27</p>	<p><b>Business:</b> November 18, 2025</p> <p><b>Work Session:</b> November 25, 2025</p> <p><b>Finance:</b> December 2, 2025</p>

# Budget Timeline Detailed – December

Levy Certification	FY27 Operating/Capital Budget	School Board Meetings
<p>12/9 – Truth in Taxation hearing and final School Board approval</p>	<p>12/9 – 2025 Audit Presentation</p> <p>12/9 - Bond sale resolution</p> <p>12/10 - 12/15 Meet with Associate Superintendents to review preliminary school allocations</p> <p>Community Zone Meetings to discuss district finances and financial outlook for FY27 scheduled for:</p> <p>12/3 - North High; 12/4 - Washburn High; 12/5 - South High; 12/10 - Roosevelt High; 12/11 - Southwest High; 12/16 - Edison High</p>	<p><b>Business:</b> December 9, 2025 (starts at 6:00 p.m. and includes Truth-in-Taxation meeting)</p> <p><b>Work Session:</b> No meeting</p> <p><b>Finance:</b> No meeting</p>

# Budget Timeline Detailed – January

<b>FY27 Operating/Capital Budget</b>	<b>School Board Meetings</b>
<p>Community Zone Meetings to discuss district finances and financial outlook for FY27 scheduled for:</p> <p>1/14 - at Camden High; 1/15 - at Davis Center</p>	<p>2026 Board meeting dates confirmed in Jan. 2026</p>

# Budget Timeline Detailed – February

<b>FY27 Operating/Capital Budget</b>	<b>School Board Meetings</b>
<p>2/13 – School and Department Allocations sent to Principals</p> <p>2/13 – Budget Tie-out (BTO) system opens.</p>	<p>2026 Board meeting dates confirmed in Jan. 2026</p>

# Budget Timeline Detailed – March

<b>FY27 Operating/Capital Budget</b>	<b>School Board Meetings</b>
<p>3/6 – BTO system closes.</p> <p>3/6 to 4/1 – BTO review and approval</p>	<p>2026 Board meeting dates confirmed in Jan. 2026</p>

# Budget Timeline Detailed – April

<b>FY27 Operating/Capital Budget</b>	<b>School Board Meetings</b>
<p>4/13 – Interview &amp; Select begins.</p> <p>The Finance Committee reviews the budget for first reading</p> <p>The Finance Committee reviews the capital bond plan</p>	<p>2026 Board meeting dates confirmed in Jan. 2026</p>

# Budget Timeline Detailed – May

<b>FY27 Operating/Capital Budget</b>	<b>School Board Meetings</b>
<p>Budget First Reading by the Board</p> <p>Presenting Capital bond plan to School Board</p> <p>Publish budget report on district website</p> <p>The Finance Committee reviews budget for Final Reading</p>	<p>2026 Board meeting dates confirmed in Jan. 2026</p>

# Budget Timeline Detailed – June

<b>FY27 Operating/Capital Budget</b>	<b>School Board Meetings</b>
Operating Budget approval Capital Budget approval Signed Resolution published on Budget website	2026 Board meeting dates confirmed in Jan. 2026

# Financial Projection Summary – General Fund

	FY2026 Budget	FY2027 Projected	Percent Change	FY2028 Projected	Percent Change	FY2029 Projected	Percent Change	FY2030 Projected	Percent Change	FY2031 Projected	Percent Change
<b>Local Revenue</b>											
Property Tax Levy	\$172,441,561	\$172,855,809	0.24%	\$171,552,080	-0.75%	\$170,258,351	-0.75%	\$168,974,622	-0.75%	\$167,700,893	-0.75%
Admission and Student Activity Revenue	\$0	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
All Other Local Revenue	\$9,814,424	\$9,694,424	-1.22%	\$9,694,424	0.00%	\$9,694,424	0.00%	\$9,694,424	0.00%	\$9,694,424	0.00%
<b>Total Local Revenue</b>	<b>\$182,255,985</b>	<b>\$182,550,233</b>	<b>0.16%</b>	<b>\$181,246,504</b>	<b>-0.71%</b>	<b>\$179,952,775</b>	<b>-0.71%</b>	<b>\$178,669,046</b>	<b>-0.71%</b>	<b>\$177,395,317</b>	<b>-0.71%</b>
<b>State Revenue</b>											
General Education Aid	\$329,837,976	\$336,863,208	2.13%	\$327,947,824	-2.65%	\$324,672,113	-1.00%	\$321,434,525	-1.00%	\$318,204,300	-1.00%
State Aid for Special Education	\$114,626,947	\$118,696,204	3.55%	\$118,696,204	0.00%	\$121,070,128	2.00%	\$123,491,530	2.00%	\$125,961,361	2.00%
Other State Aid	\$16,438,915	\$16,969,375	3.23%	\$16,438,915	-3.13%	\$16,438,915	0.00%	\$16,438,915	0.00%	\$16,438,915	0.00%
<b>Total State Revenue</b>	<b>\$460,903,838</b>	<b>\$472,528,786</b>	<b>2.52%</b>	<b>\$463,082,943</b>	<b>-2.00%</b>	<b>\$462,181,155</b>	<b>-0.19%</b>	<b>\$461,364,970</b>	<b>-0.18%</b>	<b>\$460,604,576</b>	<b>-0.16%</b>
<b>Federal Revenue</b>	\$58,749,009	\$58,749,009	0.00%	\$58,749,009	0.00%	\$58,749,009	0.00%	\$58,749,009	0.00%	\$58,749,009	0.00%
<b>Total Revenue</b>	<b>\$701,908,832</b>	<b>\$713,828,028</b>	<b>1.70%</b>	<b>\$703,078,456</b>	<b>-1.51%</b>	<b>\$700,882,939</b>	<b>-0.31%</b>	<b>\$698,783,025</b>	<b>-0.30%</b>	<b>\$696,748,901</b>	<b>-0.29%</b>
Other Revenue Sources	\$0	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
<b>Total Revenue + Other Revenue Sources</b>	<b>\$701,908,832</b>	<b>\$713,828,028</b>	<b>1.70%</b>	<b>\$703,078,456</b>	<b>-1.51%</b>	<b>\$700,882,939</b>	<b>-0.31%</b>	<b>\$698,783,025</b>	<b>-0.30%</b>	<b>\$696,748,901</b>	<b>-0.29%</b>
<b>Expenditure:</b>											
Salaries and Wages	\$406,353,828	\$418,544,443	3.00%	\$431,100,776	3.00%	\$444,033,799	3.00%	\$457,354,813	3.00%	\$471,075,458	3.00%
Employee Benefits	\$145,783,342	\$150,156,842	3.00%	\$154,661,548	3.00%	\$159,301,394	3.00%	\$164,080,436	3.00%	\$169,002,849	3.00%
Purchased Services	\$108,538,805	\$111,794,969	3.00%	\$115,148,818	3.00%	\$118,603,283	3.00%	\$122,161,381	3.00%	\$125,826,223	3.00%
Supplies and Materials	\$42,225,040	\$43,491,791	3.00%	\$44,796,545	3.00%	\$46,140,441	3.00%	\$47,524,655	3.00%	\$48,950,394	3.00%
Capital Expenditures	\$9,708,762	\$10,000,025	3.00%	\$10,300,026	3.00%	\$10,609,026	3.00%	\$10,927,297	3.00%	\$11,255,116	3.00%
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Expenditures	\$9,802,869	\$10,096,955	3.00%	\$10,399,864	3.00%	\$10,711,860	3.00%	\$11,033,215	3.00%	\$11,364,212	3.00%
Other Financing Uses	\$0	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
<b>Total Expense</b>	<b>\$722,412,646</b>	<b>\$744,085,025</b>	<b>3.00%</b>	<b>\$766,407,576</b>	<b>3.00%</b>	<b>\$789,399,803</b>	<b>3.00%</b>	<b>\$813,081,798</b>	<b>3.00%</b>	<b>\$837,474,251</b>	<b>3.00%</b>
<b>Beginning Fund Balance</b>	<b>\$140,296,510</b>	<b>\$119,792,696</b>		<b>\$89,535,699</b>		<b>\$26,206,578</b>		<b>\$-62,310,286</b>		<b>\$-176,609,059</b>	
<b>Surplus/Deficit</b>	<b>-\$20,503,814</b>	<b>-\$30,256,997</b>		<b>-\$63,329,120</b>		<b>-\$88,516,864</b>		<b>-\$114,298,773</b>		<b>-\$140,725,350</b>	
<b>Ending Fund Balance</b>	<b>\$119,792,696</b>	<b>\$89,535,699</b>		<b>\$26,206,579</b>		<b>-\$62,310,286</b>		<b>-\$176,609,059</b>		<b>-\$317,334,409</b>	

**Draft**

NB: Fund Balance for FY26 is preliminary and predicated on the final FY25 Audited Financial Report.

\* Salaries and Benefits do not include Final Labor negotiated costs.

**Financial Projection Summary - General Fund**  
**MINNEAPOLIS PUBLIC SCHOOL DIST.**  
**LRFP - October 28th, 2025**

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**DRAFT**