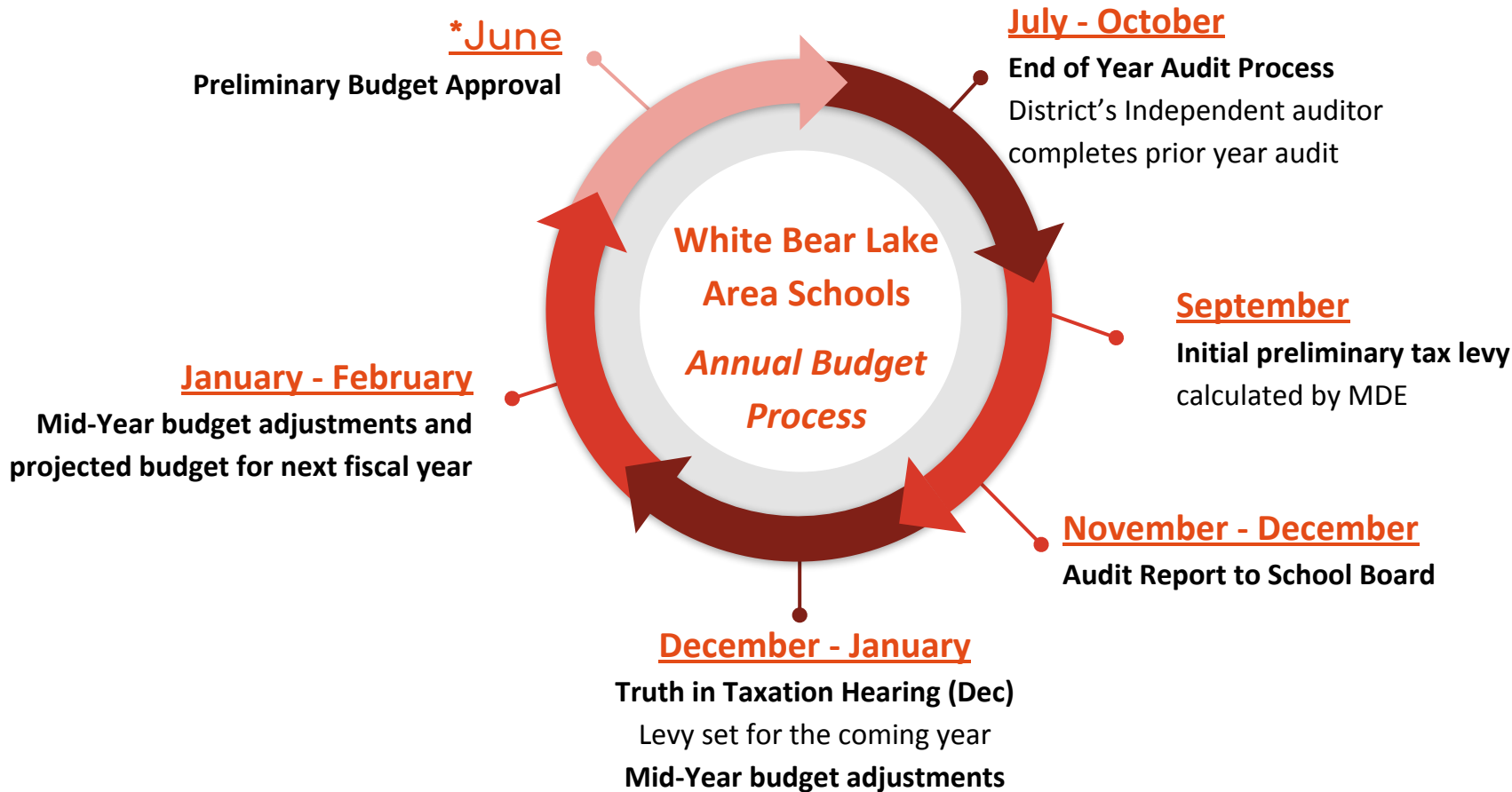


Discussion of Preliminary Budget For 2019-2020



**June 10, 2019
Board Meeting**



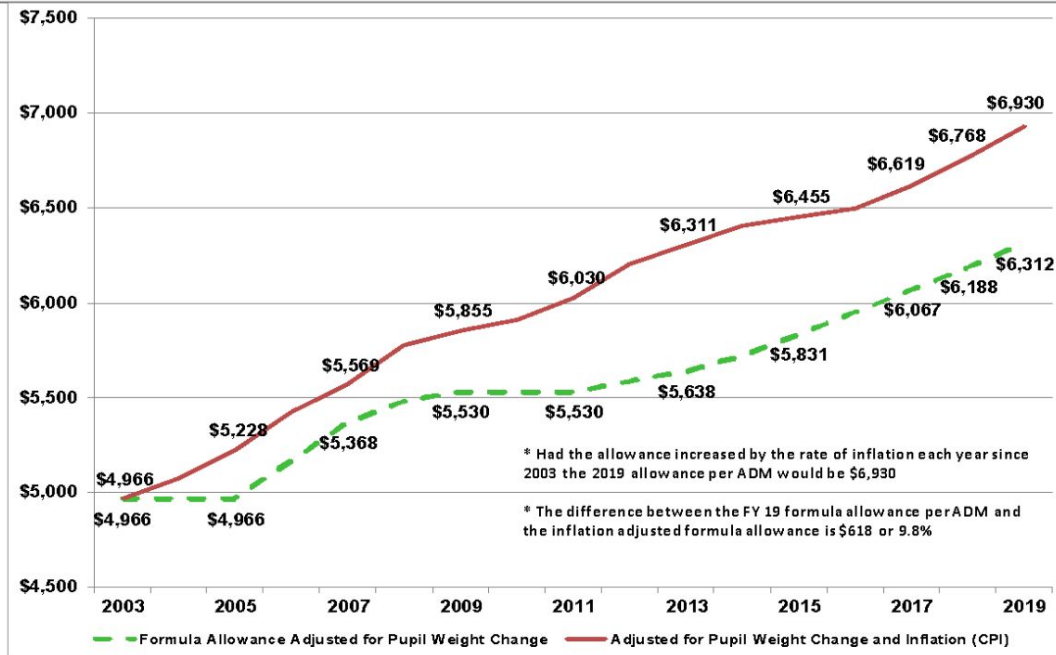
- Funding Challenges – Legislative Platform
 - Failure of the State to keep pace with inflation for general education funding
 - Failure of the State and Federal government to adequately fund special Education
- Aid increase vs Roll-up Costs

<i>IF 2% increase to formula</i>	\$1,215,000	Formula applied to only basic revenue
<i>IF only 2% increase to salary benefits</i>	\$1,913,000	**Typically roll-up costs are 1.5%
Annual Funding Shortfall	\$(698,000)	

Average State Aid Increase 2008 – 2018 is 1.32%

Basic General Education Formula Lags Inflation

General Education Formula Allowance, 2003-2019
Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE June 2018 Inflation Estimates

Underfunding of Special Education

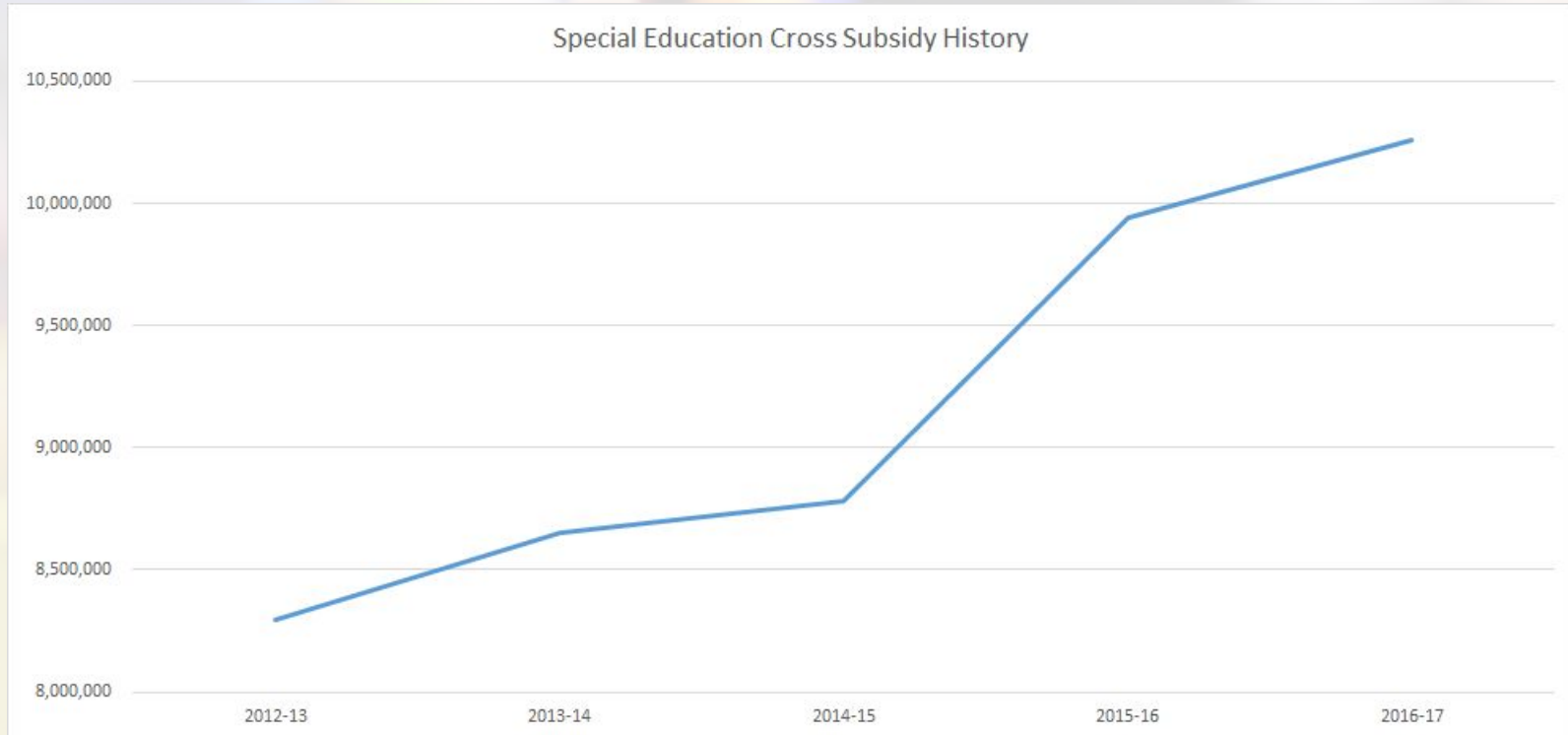
MDE reports the FY 2016 cost of providing special education programs was underfunded by \$697 million, or an average of 40% underfunded

Translating into a statewide average funding shortfall of \$5,783 per special education student

Underfunding of special education costs requires a transfer from regular program resources to support an underfunded program mandated by state and federal law

Primary options to bridge special education funding gap are to cut regular program budgets or increase referendum revenue, most districts have done both

Special Education Cross Subsidy History



FY 20, 21 Funding

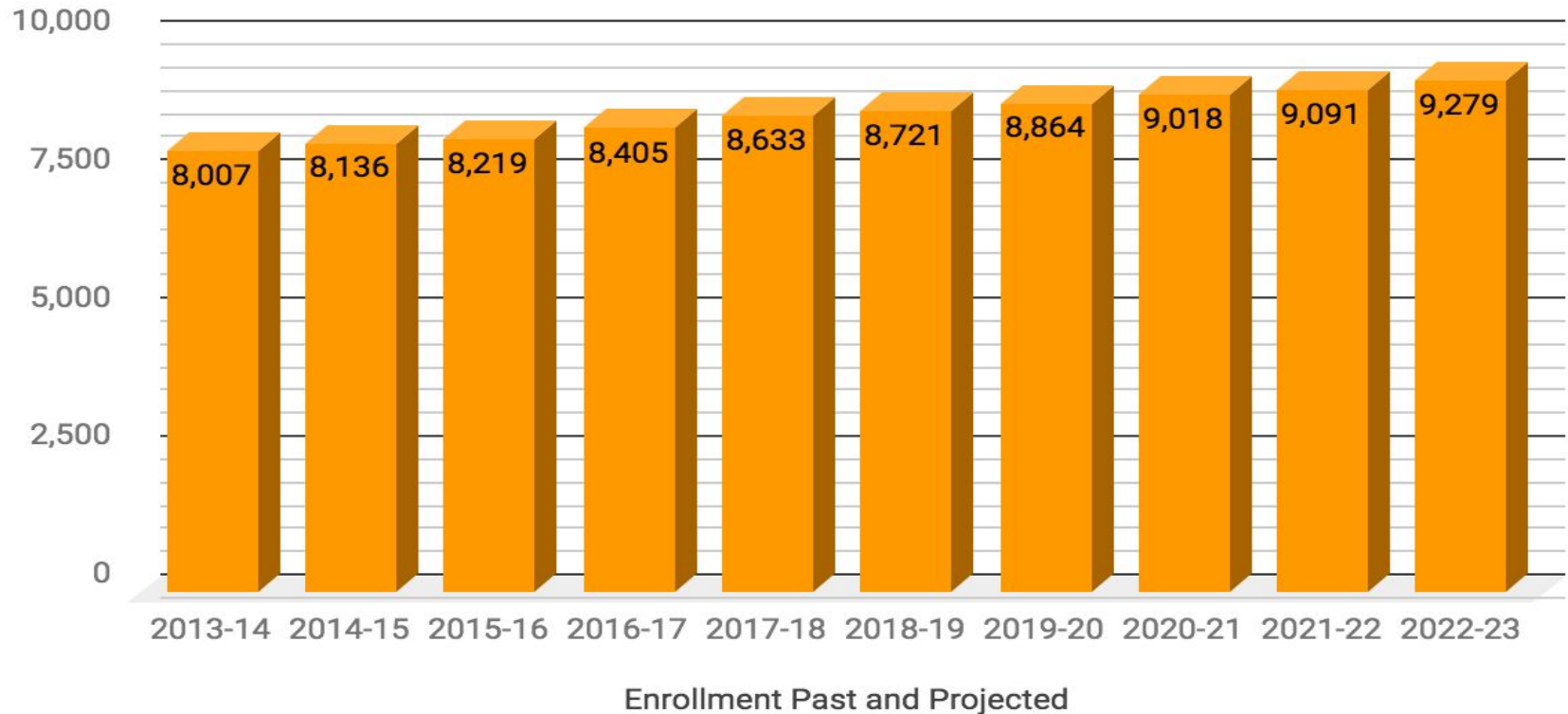


	Governor	House	Senate	Final Deal
Target	\$718 million	\$900 million	\$206 million	\$543 million
Formula	FY 20 = 3%, \$189/pupil FY 21 = 2%,	FY 20 = 3%, \$189/pupil FY 21 = 2%,	FY 20 = .5%, \$31/pupil FY 21 = .5%,	FY 20 = 2%, \$126/pupil FY 21 = 2%, \$129/pupil
Special Education	FY 20-21 = \$90 M FY 22-23 = \$142 M	FY 20-21 = \$117 M FY 22-23 = \$173 M	FY 20-21 = \$0 FY 22-23 = \$0	FY 20-21 = \$90 M FY 22-23 = \$142 M
Safe Schools	FY 20-21 = \$17.8 M FY 22-23 = \$24.7 M	FY 20-21 = \$24 M FY 22-23 = \$39 M	FY 20-21 = \$74.5 M Not after FY 21	(\$30 M) *If budget surplus - TBD
VPK/SR+	Permanently funded	Permanently funded	Convert to scholarships - 20-21	\$46.8 M

Budget Assumptions



PK-12 Enrollment Past and Projected - Adjusted Daily Membership (ADM)



Nutrition Services



	FY 2019	FY 2020
	Revised	Projected
Revenues	4,673,671	4,640,158
Expenditures	4,805,001	4,806,708
Excess (Deficiency) Over Revenue	(131,330)	(166,550)
Projected Fiscal Year Ending Fund Balance	557,631	391,081
Fund Balance Percentage	11.6%	8.1%

Budget Assumptions



Budget Assumptions #1: Enrollment Data - Adjusted Daily Membership (ADM)

Grade	2017-2018	2018-2019	2019-2020	2020-2021	2021-22	2022-23
PK - 5	4,272	4,232	4,261	4,293	4,332	4,431
6-8	1,844	1,966	2,073	2,158	2,163	2,096
9-12	2,517	2,524	2,533	2,567	2,596	2,752
Total	8,633	8,722	8,866	9,018	9,091	9,279
Increase (Decrease)		89	45	152	73	188
Percent Change		1.0%	0.5%	1.7%	0.8%	2.1%

Budget Assumptions #2: Basic Formula

REVENUE:

Assumption #2: Basic funding is directly related to changes in pupil units and legislative changes in the basic formula.

Trends are indicated below.

	2018-2019	2019-2020	2020-2021	2021-22	2022-23
Per Adjusted ADM	\$6,312	\$6,438	\$6,567	\$6,633	\$6,699
Increase in Formula	\$124	\$126	\$129	\$66	\$66
Percent Change	2.0%	2.0%	2.0%	1.0%	1.0%

Budget for 2019-2020



	Actual 2017	Actual 2018	Revised 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
1 General Fund							
2 Revenue							
3 Local sources							
4 Property taxes	23,808,740	23,936,695	26,502,781	27,587,974	27,863,854	28,142,492	28,423,917
5 Investment earnings	241,938	340,801	325,000	325,000	325,000	325,000	325,000
6 Other	3,213,704	3,523,717	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000
7 State sources	61,798,255	65,052,830	67,464,722	69,939,782	72,934,415	74,485,923	77,171,407
8 Special Education	11,926,095	12,046,289	12,996,579	13,581,425	14,192,589	14,831,256	15,498,662
9 Federal sources	2,732,637	2,693,184	2,867,000	2,907,023	2,907,023	2,907,023	2,907,023
10 Total revenue	\$ 103,901,389	\$ 107,593,507	\$ 113,556,082	\$ 117,741,204	\$ 121,622,881	\$ 124,091,694	\$ 127,726,010
11 Expenditures							
12 Current							
13 Administration	4,428,948	4,439,908	4,666,353	4,803,115	4,921,460	5,044,446	5,189,321
14 District support services	2,150,921	2,296,538	2,289,729	2,139,495	2,178,738	2,219,684	2,267,744
15 Elementary and secondary regular instruction	47,981,170	50,957,421	53,376,254	54,970,362	56,265,116	57,623,521	59,287,300
16 Vocational education instruction	1,534,004	1,466,873	1,504,961	1,535,732	1,578,756	1,611,716	1,650,459
17 Special education instruction	20,846,113	22,539,238	24,166,884	23,533,601	24,363,519	24,995,066	25,739,300
18 Instructional support services	7,901,076	8,697,268	8,926,152	8,391,159	8,626,896	8,807,473	9,019,741
19 Pupil support services	4,355,368	4,734,570	4,762,507	4,820,815	4,984,321	5,108,873	5,255,591
20 Transportation	7,270,171	7,988,841	7,831,030	7,786,002	7,851,526	7,921,156	8,001,563
21 Sites and buildings	8,382,462	8,272,213	8,163,252	8,917,125	9,045,392	9,179,801	9,336,962
22 Fiscal and other fixed cost programs	318,782	295,206	300,000	300,000	314,750	329,869	347,845
23 Debt service							
24 Principal	664,137	690,181	717,200	717,200	745,270	779,432	795,020
25 Interest and fiscal charges	406,164	380,524	353,900	353,900	325,780	296,547	281,720
Budget Reductions							
26 Total expenditures	\$ 106,869,316	\$ 112,758,781	\$ 117,058,222	\$ 118,268,506	\$ 121,201,524	\$ 123,917,585	\$ 127,172,567
27 Excess (deficiency) of revenue over expenditures	(2,467,927)	(5,165,274)	(3,502,140)	(527,302)	421,357	174,109	553,443
28 Other financing sources (uses)							
29 District Reserves							
30 Assigned for Subsequent Years Budgets							
31 Assigned for Secondary Facilities	500,000						
32 Assigned for Construction & Capital Improvements	450,000						
33 Assigned for Carryovers	610,000		550,000				
34 Assigned for Strategic Priorities	250,000		50,000				
35 Student Transportation Vehicles			350,000				
36 Capital lease issued							
37 Proceeds from sale of assets	2,387						
38 Prior Period Adjustment							
39 Transfer In							
40 Transfer to Community Service Fund							
41 Total other financing sources (uses)	\$ 1,812,387	\$ -	\$ 950,000	\$ -	\$ -	\$ -	\$ -
42 Net change in fund balances	(655,540)	(5,165,274)	(2,552,140)	(527,302)	421,357	174,109	553,443
43 Fund balances							
44 Beginning of year	27,905,144	25,039,604	19,875,224	16,373,084	15,845,782	16,267,139	16,441,248
45 Ending Fund Balance (Assigned and Unassigned)	25,039,604	19,875,224	16,373,084	15,845,782	16,267,139	16,441,248	16,994,691
46 Ending Fund Balance (Assigned)	12,872,907	5,572,835	4,622,835	3,422,835	3,422,835	3,422,835	3,422,835
47 Ending Fund Balance (Unassigned)	\$ 12,166,697	\$ 14,302,389	\$ 11,750,249	\$ 12,422,947	\$ 12,844,304	\$ 13,018,413	\$ 13,571,856
48 Ending Fund Balance (Unassigned as % of expenditures)	11.5%	12.7%	10.0%	10.5%	10.6%	10.5%	10.7%

General Fund Summary



GENERAL FUND BUDGET SUMMARY

	Actual 2017-2018 FY 18	Revised Budget 2018-2019 FY 19	Preliminary 2019-2020 FY 20	Projected 2020-2021 FY 21	Projected 2021-2022 FY 22	Projected 2021-2022 FY 23
Total Beginning Fund Balance	\$ 25,039,604	\$ 19,875,225	\$ 16,373,085	\$ 15,845,782	\$16,267,139	\$16,441,248
Revenues	107,593,507	113,556,082	117,741,204	121,622,881	124,091,694	127,726,010
Expenditures	112,757,886	117,058,222	120,248,506	121,701,524	123,917,585	127,172,567
<i>Expenditures Adjustments</i>	-	-	<i>(1,980,000)</i>	<i>(500,000)</i>		
Revised Expenditures	112,757,886	117,058,222	118,268,506	121,201,524	123,917,585	127,172,567
Variance (Revenues - Expenditures)	(5,164,379)	(3,502,140)	(527,303)	421,356	174,109	553,443
Total Ending Fund Balance	\$ 19,875,225	\$ 16,373,085	\$ 15,845,782	\$ 16,267,139	16,441,248	16,994,691
Unassigned Fund Balance as Percentage	11.04%	10.35%	10.51%	10.67%	10.5%	10.7%

Community Services

	FY 2019	FY 2020
	Revised	Projected
Revenues	6,253,193	6,387,675
Expenditures	6,411,783	6,710,098
Excess (Deficiency) Over Revenue	(158,590)	(322,423)
Projected Fiscal Year Ending Fund Balance	1,423,101	1,100,678
Fund Balance Percentage	22.2%	16.4%