



Future Ready. Community Strong.

Agenda V.C.  
June 21, 2018

TO: Members, Board of Education  
FROM: Lisa Rider, Executive Director of Business Services  
DATE: June 14, 2018  
RE: Approve FY2018-2019 Adopted Budget

**RECOMMENDATION:** That the Board of Education approve the 2018-19 Adopted Budget providing all funds revenues of \$174,346,301 and all funds expenditures of \$177,577,573.

Below is a summary of the proposed 2018-2019 Adopted Budget for your review. A full summary of the General Fund budget units and the assigned staffing are attached for review prior to action for adoption at the June 21, 2018 board meeting.

<u>Fund</u>	<u>Revenue</u>	<u>Expenditure</u>	<u>Inc (Decr) to Fund Balance</u>
General	\$ 127,122,457	\$ 128,759,941	\$ (1,637,484)
Food Service	5,910,702	6,117,537	(206,835)
Community Service	6,842,663	7,029,322	(186,659)
Capital Projects	10,000	2,132,658	(2,122,658)
Debt Service	10,673,007	11,101,798	(428,791)
<b>Total Governmental</b>	<b>150,558,829</b>	<b>155,141,256</b>	<b>(4,582,427)</b>
Trust & Agency	840,000	840,000	-
Internal Service	22,947,472	21,596,317	1,351,155
<b>All Funds</b>	<b>\$ 174,346,301</b>	<b>\$ 177,577,573</b>	<b>\$ (3,231,272)</b>

The 2018-2019 Budget was prepared in accordance with the following Board of Education decisions. The parameters used to develop the budget are detailed in the presentation materials but are essentially as follows:

1. General education funding, on a per pupil basis, was increased to \$6,312 per adjusted pupil unit, per legislation.
2. Elementary class sizes averaging around 24.5:1 resulting from a range of class sizes of 21-30 depending on grade level and secondary class sizes averaging around 33-36:1.

3. Enrollment decreased with estimates based on projected end of year Early Childhood-12 average daily membership of 8,858 for 2017-2018 and 8,678 for 2018-2019, a decrease of 180 average daily memberships.
4. An estimated \$352,000 reduction in Health Insurance costs across the operating funds is included as a result of the OPEB Trust implicit rate contributions.
5. Five percent increase in 2018-2019 health insurance premium costs for self-insured employee health benefits. Three percent increase in 2018-2019 dental insurance premium costs.
6. The projected Unassigned Fund Balance for the General Fund is 8.00% considering the use of restricted and committed fund balances in the areas of Area Learning Center, Capital, program carryover, and ProPay. This reflects a reduction in fund balance due to expenditures exceeding revenues by \$1,637,484.

This adopted budget will be revised later in the 2018-2019 year to adjust for actual data relating to federal updates, enrollment, staffing, audited fund balances, etc.

Prior to June 30, 2018 the board will need to define what fund balances they would be committing for 2018-2019 year.

## **GENERAL FUND**

### **Overview**

This budget utilizes the spend down of existing fund balance over the option of reducing expenditures potentially impacting programming that is critical to the Vision One91 ongoing transition.

Following is a list of the most significant assumptions used in developing the revenue budget:

### **Basic Allowance**

The basic funding allowance is \$6,312 per pupil unit.

### **Special Education**

Special education categorical aid has been adjusted considering the new special education funding and will continue to be monitored for needed adjustments at budget revision. This is an area of particular concern as the ceiling included in the revenue calculation limits the amount of additional expenditures which we see reimbursed.

### **Referendum**

The district's referendum authority 2018-2019 is a combined \$1,763.75 per adjusted pupil unit prior to local optional allowance of \$424. After local optional subtraction the amount is \$1,348.75 reflecting the equivalent amounts approved by the voters in November 2011 and November 2017. Total referendum revenue adjusts each year in direct proportion to adjusted pupil units served. Estimated referendum revenue, including the local optional allowance, for the 2018-2019 year is approximately \$20.6 million, or roughly 16% of total General Fund revenues.

### **Alternative Teacher Compensation**

Alternative Teacher Compensation revenue of approximately \$2.3 million is not included in the 2018-2019 budget as at this moment there is no agreed upon ProPay plan between the Board of Education and Burnsville Education Association.

### **Compensatory and English Learners**

Compensatory and English Learner revenue of approximately \$9.8 million is included and a priority is placed on covering costs of English Learner staff at all buildings. The degree of services needed by English learners vary, our assessment of students and the responding services will fluctuate. The remainder of this funding continues to be dedicated to providing educational programs for at risk students through various district initiatives.

### **Enrollment**

Enrollment is a crucial factor in determining a school district's revenue because most funding formulas are student based. The 2018-2019 adopted budget assumes a decline in estimated EC-12 enrollment from estimated 8,858 students (Average Daily Membership) in 2017-2018 to 8,678 in 2018-2019. Enrollment uncertainty creates the potential for significant increases or decreases in student-based revenue. This assumption will need to be re-evaluated when the October 1, 2018, enrollment is known and the retention factor for 2018-2019 is determined. With each student generating approximately \$10,924 in revenue, a small deviation in enrollment can produce a significant change in revenue.

### **Revenue Restrictions**

Restrictions on the use of general education revenue are offset with dedicated revenue. Following are restrictions imposed on general education revenue in 2018-2019:

Basic Skills (Compensatory, English Learners)	Operating Capital
Learning & Development	Area Learning Center
Gifted & Talented	Alternative Teacher Compensation
Achievement and Integration	Staff Development
	Long-Term Facility Maintenance

### **Operating Capital Expenditures**

Operating Capital expenditures are budgeted in the General Fund but are supported by revenue that is dedicated to this purpose. Operating Capital expenditures included in this budget amount to approximately \$3.2 million. Every effort will be made to maximize the use of the capital funds.

### **Long-Term Facilities Maintenance Revenue**

New in 2016-2017 was the Long-Term Facilities Maintenance Revenue that rolls together the health and safety and the alternative facility projects. Therefore, both revenue and expenditures for projects must be recorded in the general fund moving forward for any projects funded by the Long-Term Facilities Maintenance Revenue.

### **Technology Capital Projects**

New in 2016-2017 school year was the generation of \$2.5 million annually for the purpose of technology within our district. These funds have allowed our technology budget to increase to

just over \$5 million. At our High School level this includes a 1:1 Chromebook deployment implemented the fall of 2016. Middle School level 1:1 Chromebook deployment was implemented in fall of 2017. At the elementary levels, digital learning specialists are at every school for student instruction in technology and to assist our teachers in implementation of technology to further support the engagement of students in learning. During the fall of 2018, a tiered rollout of Chromebook deployment in our elementary schools will be implemented.

### **Student Transportation**

The student transportation budget is based on current service levels and reflect the most recent contract entered into with Schmitt and Sons.

### **Site Based Budgeting**

A large portion of the operating budget is expended at the site level based on ranges of class sizes determined by Principals and other Administrators in the staffing process. Instructional budgets, while determined on a uniform basis across the district, are distributed among various accounts and programs at the school building level. Unspent budget balance at the end of a year in school accounts is carried forward to the succeeding year provided the Board continues to commit the related fund balance.

### **FOOD SERVICE**

The Food Service Fund budget shows a planned spend down of fund balance estimated at \$206,835 for the 2018-2019 year. The lunch prices incorporated into this budget for 2018-2019 will be modified as a result of the federal guidance to be \$2.70 for elementary, \$2.80 for Middle School and High School Students, and \$4.00 for adults. Milk prices will remain at \$0.50. Breakfast prices remain at \$1.50 for all students and \$2.10 for adults. It is anticipated that ala carte income will be less in the 2018-2019 school year.

### **COMMUNITY EDUCATION**

The Community Service Fund shows a planned spend down of \$186,659. Community Education has been designing programs and offerings around a population that has fewer discretionary dollars to spend and continues to face the same if not more needs in terms of services, language and cultural barriers.

The addition of the Partners Achieving Learning Success (PALS) program and Burnsville Youth Collaborative (BYC) are deliberate programmatic options to provide access to high quality, academic and enrichment experiences at no cost to participants. Voluntary Pre-Kindergarten (VPK) is yet another example of the response to an opportunity that puts students in classrooms for a quality learning experience at no cost to families.

These and many other measures are aimed at providing access while acknowledging the need to ensure the revenue stream can support the department as a whole, while still providing high quality opportunities for our entire community.

### **CAPITAL BUILDING PROJECTS**

The Capital Building Projects Fund now only includes Vision One91 referendum building project funds unspent. These projects utilize the bond proceeds received in May, 2015 as a result of the

Vision One91 referendum approval in February, 2015. Of the \$65 million bond issuance, approximately \$2 million is projected to be remaining as final payments and final projects are expected to be wrapped up in the 2018-2019 budget. Once the 2017-2018 audit is complete, the capital building project budget will be adjusted to reflect actual remaining balances.

### **DEBT REDEMPTION**

The Debt Redemption Fund is used to record revenues and expenses relating to principal and interest on bonded debt. These funds are dedicated to debt redemption and cannot be used for any other purpose.

### **FORMAT**

Attached is the General Fund budget broken into budget units and a list of employees for each budget unit. This format will allow for a greater understanding of what is included in our entire General Fund budget.

### **SUMMARY**

This budget was developed in accordance with direction provided by the Board of Education. There is potential for significant change as actual enrollment and staffing patterns are recognized. Our reality is there are constant changes to staffing assignments as we adjust our staffing to best serve our student's needs. Therefore much of the staffing details will change but overall the amount of positions approved by the board to fulfill its' mission will remain within the guidelines of the proposed budget. The proposed adopted budget aligns with earlier projections.