



Future Ready. Community Strong.

**Agenda IV.B.2.
June 20, 2019**

TO: Members, Board of Education
FROM: Lisa Rider, Executive Director of Business Services
DATE: June 14, 2019
RE: Approve FY2019-2020 Adopted Budget

RECOMMENDATION: That the Board of Education approves the 2019-20 Adopted Budget providing all funds’ revenues of \$178,862,643 and all funds’ expenditures of \$181,367,998.

Below is a summary of the proposed 2019-2020 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 board meeting on June 20, 2019.

<u>Fund</u>	<u>Revenue</u>	<u>Expenditure</u>	<u>Inc (Decr) to Fund Balance</u>
General	\$ 129,196,398	\$ 130,103,486	\$ (907,088)
Food Service	5,933,581	5,932,394	1,187
Community Service	6,873,502	6,708,863	164,639
Capital Projects	30,000	1,794,398	(1,764,398)
Debt Service	12,813,093	13,061,198	(248,105)
Total Governmental	154,846,574	157,600,339	(2,753,765)
Trust & Agency	840,000	840,000	-
Internal Service	23,176,069	22,927,659	248,410
All Funds	\$ 178,862,643	\$ 181,367,998	\$ (2,505,355)

The 2019-2020 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 and are essentially as follows:

1. General education funding, on a per pupil basis, was increased to \$6,438 per adjusted pupil unit, per legislation.
2. Elementary class sizes averaging around 24.5:1 (resulting from a range of class sizes of 20-32 depending upon grade level) and secondary class sizes averaging around 35-38:1 before considering additional supports within the building. For example, at BHS, student to classroom plus support staff calculates out to 17.1:1.

3. Enrollment decreased with estimates based on projected end of year Early Childhood through grade12 average daily membership of 8,678 for 2018-2019 and 8,489 for 2019-2020, a decrease of 189 average daily memberships.
4. An estimated \$437,191 reduction in Health Insurance costs across the operating funds is included as a result of the OPEB Trust implicit rate contributions.
5. There is a 3.5% increase in 2019-2020 health insurance premium costs for self-insured employee health benefits, and a 1% increase in 2019-2020 dental insurance premium costs.
6. The projected Unassigned Fund Balance for the General Fund is 6.21% and includes restricted and committed fund balances in the areas of: Area Learning Center, Capital, program carryover, and ProPay. This projected Unassigned Fund Balance is below the defined minimum unassigned general fund balance of 8 percent of general fund expenditures as outlined in board policy 714. Approval of this Proposed FY20 Adopted Budget will waive the defined minimum fund balance stated in board policy. The FY20 projected Unassigned Fund Balance reflects a reduction in fund balance due to expenditures exceeding revenues by \$907,088.

This adopted budget will be revised later in the 2019-2020 year to adjust for actual data relating to federal updates, enrollment, staffing, audited fund balances, etc.

Prior to June 30, 2019 the board will need to define what fund balances they would be committing for 2019-2020 year.

GENERAL FUND

Overview

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

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

Basic Allowance

The basic funding allowance is \$6,438 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 are reimbursed.

Referendum

The district's referendum authority of 2019-2020 is a combined \$1,790.01 per adjusted pupil unit prior to local optional allowance of \$424 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 2019-2020 year is approximately \$20.8 million, or roughly 16% of the total General Fund revenues.

Alternative Teacher Compensation

Alternative Teacher Compensation revenue of approximately \$2.38 million is included in the 2019-2020 budget per the ProPay plan agreed to between the Board of Education and Burnsville Education Association.

Compensatory and English Learners

Compensatory and English Learner revenue of approximately \$9.6 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 and 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 2019-2020 adopted budget assumes a decline in estimated EC-12 enrollment from an estimated 8,678 students (Average Daily Membership) in 2018-2019 to 8,489 in 2019-2020. 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, 2019, enrollment is known and the retention factor for 2019-2020 is determined. With each student generating approximately \$11,145 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. The following are restrictions imposed on general education revenue in 2019-2020:

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 million. Every effort will be made to maximize the use of the capital funds.

Long-Term Facilities Maintenance Revenue

Since 2016-2017, the Long-Term Facilities Maintenance Revenue that rolls together the health and safety and the alternative facility projects is utilized within the general fund for health and safety and deferred maintenance projects. Both revenue and expenditures for projects must be recorded in the general fund for any projects funded by the Long-Term Facilities Maintenance Revenue.

Technology Capital Projects

Since the 2016-2017 school year the Capital Tech Levy has generated approximately \$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 in the fall of 2016. Middle School level 1:1 Chromebook deployment was implemented in the fall of 2017. At the elementary levels, digital learning specialists are at every school for student instruction in technology. During the fall of 2018, a tiered rollout of Chromebook deployment in our elementary schools was implemented. Given the completion of our initial rollout, the technology plan for the 2019-2020 budget calls for new devices for all incoming 6th and 9th graders; infrastructure upgrades for outdated servers; and continued maintenance of licensed software used in the instruction of our students.

Student Transportation

The student transportation budget is based on current service levels and reflects the most recent contract entered into with Schmitty and Sons, including a 6.25% rate increase in 2019-2020 per the contract.

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 balances at the end of a year in school accounts are 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 slight increase of fund balance estimated at \$51,141 for the 2019-2020 year. The lunch prices incorporated into this budget for 2019-2020 will be increased by ten cents as a result of the federal guidance resulting in the following lunch prices: \$2.80 for elementary, \$2.90 for middle school and high school students, and \$4.10 for adults. Breakfast is \$1.60 for all students and \$2.20 for adults. Milk prices will remain at \$0.50

COMMUNITY EDUCATION

The Community Service Fund shows an increase to the fund balance of \$164,639. Community Education has been designing programs and offerings around a population that has fewer discretionary dollars to spend and yet require greater services.

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 that the revenue stream can support the department as a whole and still provide 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 2019-2020 budget.

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 that 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 number 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.