

Budget Adjustment Committee Update

Nov. 19, 2020



Dan Pyan

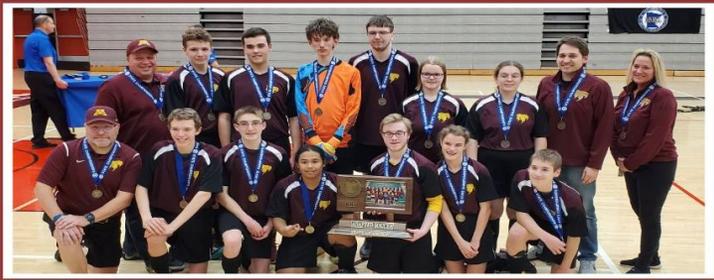
Director of Finance and Operations

Kelly Jansen

Assistant Superintendent

Budget Adjustment Committee Handbook

Budget Adjustment Committee
November 2020



CONTACT INFORMATION

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Layout of the Handbook

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Overview - Page 4

OVERVIEW

INTRODUCTION

The District is entering into a **budget adjustment** process in order to establish financial stability in the **next three years**, through a combination of revenue **enhancements and** expense **reductions** of **\$18,000,000**.

WHY?

The district has committed to this process because:

- We must establish the fund balance in accordance with Board Policy
 - School Board Policy calls for a fund balance between 5% and 9% (9% = 4.7 weeks of operations)
- Our current fund balance does not meet our needs
 - The present projected balance of 1.7% is about 6 days of operations
 - To get to 5%, need to accumulate another \$6.5 million
- Revenue are not able to maintain current spending:
 - Revenues have increased an average of 4.5% over the last four years, while expenses have increased an average of 5.28% (Difference of \$1.9 million per year).
 - We anticipate a freeze in state aid and are not expecting an increase in the basic education formula.
 - Enrollment has not met expectations (100 students = \$1,100,000)
 - Special Education and Special Education transportation rising
 - COVID-19 loss so far of \$800,000

HOW DID WE GET TO THIS POINT?

- District expenses have risen by \$46.3 million or 21.12 % over the last four years, an average of 5.28%
- Special Education instruction costs have increased \$12.7 million or 32.21% over the last four years, an average of 8.1%
- SPED child count in 2016-17 was 2,711, most recent count in 2018-19 is 3,276, an increase of 20.8%
- Pupil Support has also increased 8.9% per year, mainly in the area of SPED transportation.

THROUGH THE BUDGET ADJUSTMENT PROCESS, WE VOW TO:

- Be Respectful - We are all in this together and must come to the table with the best interest of all kids of South Washington County Schools in mind.
- Be Sensitive - Because the majority of the district's budget is related to salary and benefits, making reductions will mean real people losing employment. We must be sensitive, however, this does not mean we can shy away from these tough conversations.
- Think Outside the Box - The pandemic and subsequent seismic shift in how we deliver education has provided an action-research project in ways we might be able to change the way we "do school" in the future.
- Be Transparent - Through continual communication with stakeholders



Timeline - Page 5

TIMELINE

For a calendar view of the timeline [click here](#)

November 12-17

Directors and Principals review budget and submit ideas

November 20 - December 3

Directors and Principals will work with staff groups, key stakeholders and leadership teams to get feedback and generate new ideas

December 10

Directors and Principals Ranking Process

December 17

Final Opportunity for Input

December 21

Community Advisory Groups

January 7

School Board Initial Read of the Budget Adjustment Proposal

January 11

Staff Information Session

January 12, 14, 18

Community Information Sessions

January 21

School Board Action on Budget Adjustment Proposal



Committee Membership - Page 6

BUDGET ADJUSTMENT STEERING COMMITTEE	
Julie Nielsen Superintendent	Dan Pyan Director of Finance and Operations
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Committee Membership - Page 6-7

BUDGET ADJUSTMENT COMMITTEE

First Name	Last Name	School/Department
Kwame	Ayim	Buildings and Grounds
Andy	Cafilich	Elementary Principal
Connha	Classon	Elementary Principal
Jennifer	Holt	Elementary Principal
Jodi	Husting	Elementary Principal
Jolaine	Mast	Elementary Principal
Mike	Moore	Elementary Principal
Rich	Romano	Elementary Principal
Arthur	Williams	Elementary Principal

Nick	Falde	High School Principal
Todd	Herber	High School Principal
Jim	Smokrovich	High School Principal
Sarah	Sorenson-Wagner	High School Principal
Abby	Baker	Human Resources
Justin	Ellevold	Middle School Principal
Joni	Hagebock	Middle School Principal
Kari	Lopez	Middle School Principal
Molly	Roeske	Middle School Principal
Harold	Scott	Middle School Principal
John	Lindner	Program Evaluation, Research, Assessment
Anne	Bolstad	Special Services
Erin	McKoy	Special Services
Kristin	Papin	Special Services
Tia	Clasen	Teaching and Learning
Chuck	Paulson	Teaching and Learning
Bob	Berkowitz	Technology



Committee Commitments - Page 7

COMMITTEE COMMITMENTS

- ★ Be Respectful
 - We are all in this together. Please come to the table with the best interest of all kids of South Washington County Schools in mind and know that your fellow committee members are doing the same. What are you willing to consider for the greater good?
- ★ Be Sensitive
 - Because the majority of the district's budget is related to salary and benefits, making reductions will mean real people losing employment. Please keep this in mind and be sensitive when discussing any budget reductions. However, this does not mean we can shy away from these tough conversations.
- ★ Think Outside the Box
 - The pandemic and subsequent seismic shift in how we deliver education has provided an action-research project in ways we might be able to change for the future.
- ★ Be On Time
 - Much of the work happens on your own as you contemplate the budget reduction options and prioritize for yourself which options are the best choices for balancing the district budget. Please make our time together as productive as possible by being on time.



Guiding Change - Page 8

Guiding Change Document – Budget Adjustment Process 2021-2024

Current Reality <i>The Why</i>	Unacceptable Means <i>The Not How</i>	Results <i>The What</i>
<ul style="list-style-type: none"> • We have not had a high fund balance previously and have been below 5% for the past five years. • For the 2020-21 school year, we budgeted to overspend by \$6.7 million. • The cost of special education staff and transportation has risen \$16.7 million over the past four years or at a rate of 8% a year. • The state legislature sets the basic aid formula every two years. Currently we receive \$6,567 per pupil. • We currently rely on state funding at a 2% rate of increase per year. Without a formula increase in 2021-2022 and 2022-2023, the district will receive \$2.8 million less per year than typically budgeted. • Salaries and benefits continue to increase at approximately 4% a year. This equates to \$5 million additional expenditures. • Policy 701.2, Fund Balance, states that we will maintain a 5-9% general fund balance. • Our fund balance projections over the next 3 years are: <ul style="list-style-type: none"> ○ FY 2020 \$10,760,279 (5.02%) ○ FY 2021 \$4,054,686 (1.78%) ○ FY 2022 (\$10,205,593) (-2.50%) • Expenses are rising faster than revenues • The Oct 1, 2020 enrollment count was 327 students less than budgeted. This equates to \$3.2 million. 	<ul style="list-style-type: none"> • Do not propose a plan that creates inequities in learning opportunities between schools at the same grade level. • Do not propose a plan that increases the achievement gap of historically marginalized students. • Reductions and revenue enhancements will not be less than \$18,000,000 over the next three years. 	<ul style="list-style-type: none"> • Establish financial stability in the next three years, through a combination of revenue enhancements and expense reductions of \$18,000,000. • Stay out of statutory operating debt as defined by Minnesota Department of Education (MDE). • Resources that allow for flexibility and innovation while staying within the fund balance policy. • Maintain taxpayers trust by providing ongoing communication and frequent updates regarding all aspects of the district’s finances. • Recruit, develop and retain high quality employees. • Ongoing evaluations of cost efficiencies in our programs and buildings.



Education Funding - Page 9

EDUCATION FUNDING - GENERAL FUND

The General Fund of all school districts in the State of Minnesota is used to account for an array of initiatives including regular K-12 instruction, special education, transportation, district administration, capital, maintenance, staff development, media centers, athletics, and the majority of all school district functions. Examples of items that are NOT included in the general fund include:

- School Nutrition
- Community Education
- Building Construction projects that are funded through selling bonds or capital loans
- Debt Service transactions
- Agency transactions
- Internal Services transactions

Within the general fund are several requirements to reserve funds for a particular purpose. These reserve requirements are put in place by the State Legislature and compliance is required of all school districts.

Examples of required reserves within the general fund include:

- Long term facility maintenance
- Operating capital
- Capital projects
- Staff development
- Safe schools
- Achievement & integration
- Alternative Teacher Professional Pay System
- Basic skills
- Learning & development
- Vocational education
- Gifted and talented

These reserves are accounted for separately on the District's books, as required. However, because several of the reserves have expenditures that surpass by far the revenue required (noted in red above) to be reserved for them, and no reserve fund balance exists at the end of any given fiscal year for these reserves, they are included in the undesignated/unreserved portion of the general fund budget.

KEY POINTS - GENERAL FUND

- In general, cuts in school nutrition do not impact the general fund. School nutrition may take from the general fund to cover deficits, however, they **may not transfer money** to the general fund if revenue exceeds expenses.
- In general, cuts in community education do not impact the general fund. Community Education may take from the general fund to cover deficits however, they **may not transfer money** to the general fund if revenue exceeds expenses.



Fund Balance - Page 10

FUND BALANCE

A school district's fund balance is similar to a family emergency account. SWCS has a fund balance to manage risk and to respond to unforeseen circumstances without having to borrow money. Risk is assessed to determine how large the fund balance should be. The more risk a school district faces, the larger its fund balance should be.

SWCS Historical Fund Balance



KEY POINTS - FUND BALANCE

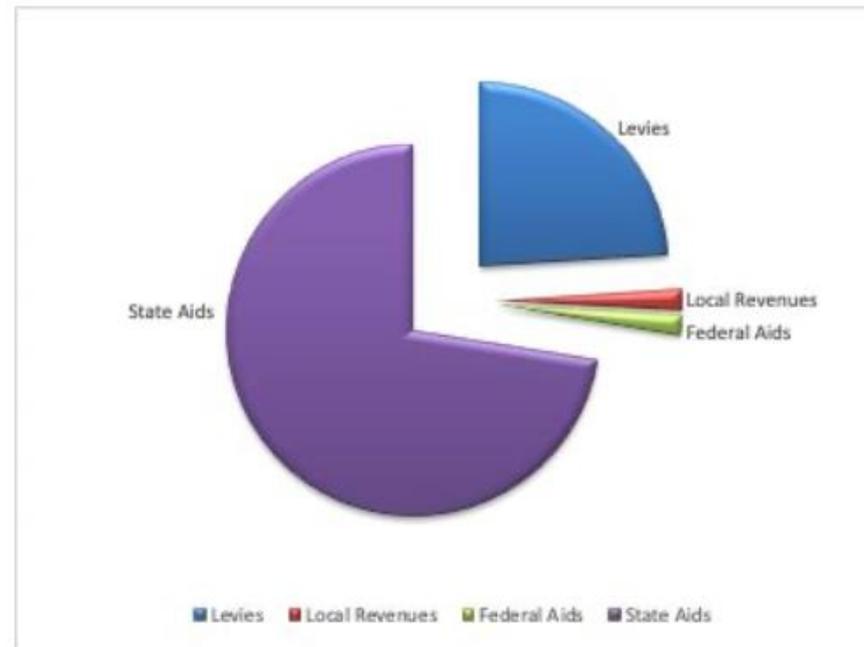
- School Board Policy calls for a fund balance between 5% and 9% (9% fund balance = 4.7 weeks of operations).
- The present projected balance of 1.8% is about 6 days of operations.
- In order to get to a 5% fund balance, we need to accumulate another \$6.5 million.



General Fund Revenue - Page 11

GENERAL FUND REVENUE

The general fund receives its revenue from three very broad sources: state aids, federal aids, and local revenue. Through this budget adjustment process, the majority of revenue reductions and enhancements will come from these three sources. More information on each of these revenue sources can be found below.



State Aid - Pages 11-13

STATE AID

General Education Aid - \$150,367,267

General Education Aid is the largest funding source of the school district. This aid consists of several components, each with its own formulas to calculate the amount the district can expect to receive from the Department of Education in a given fiscal year. Examples of the general education aid include:

Basic Formula – This portion of general education aid is calculated by taking the formula allowance (determined by the State Legislature) times the adjusted pupil unit (APU). For the 2020-21 fiscal year, the formula allowance was estimated at \$6,567 per pupil unit. The resulting revenue projection related to the basic formula is \$131,861,282 for the 2020-21 fiscal year.

- ★ The basic formula aid is directly proportional to district enrollment.

Compensatory – This portion of general education aid is driven by the number of students eligible to receive either free or reduced lunches based on the financial circumstances of the family. Based on the current funding levels, the district receives approximately \$820 for each pupil eligible for free or reduced lunch. This revenue is required to be used to help students coming from less privilege achieve learning success. The revenue projection for compensatory revenue is \$2,845,322 for the 2020-21 fiscal year.

- ★ Currently, SWCS allocates 90% of the compensatory aid to schools based on their economic profile.
- ★ Based on recent legislation, districts are only required to allocate 50% to schools based on their economic profile.

Operating Capital – Recognizing the need for school districts to maintain their facilities, the Legislature includes a component in the general education aid to help address these needs. The formula for operating capital includes a per-pupil amount as well as an amount based on the age of the district's buildings. The projected operating capital aid for the 2020-21 fiscal year is \$3,371,732.

Gifted and Talented – South Washington County Schools will receive \$13 per adjusted pupil unit to be used to identify gifted and talented students and provide programming for those students. In addition, the funds can be used to provide staff development to those serving the district's gifted and talented population. The projected gifted and talented aid for 2020-21 is \$267,790.

English Learner – A portion of the general education aid is generated based on the number of students which are not proficient in English. Whether or not a student is considered proficient in English is determined by testing standards set by the Minnesota Department of Education. The Legislature has provided for \$704 per reported English learning student to be allocated to school districts to assist in the costs associated with serving the needs of these students. The projected EL revenue for 2020-21 is \$360,448.

Extended Time – The extended time allowance for 2020-21 is \$5,117 per adjusted pupil unit for students with an average daily membership exceeding 1.0 (up to a limit of 1.2). This revenue is generated on students attending summer school or who attend an extended day program. The anticipated revenue for 2020-21 is \$307,020.

Literacy Incentive Aid - \$1,043,521 (Estimated)

Literacy Incentive Aid is awarded to districts based on two factors:

- Reading levels of the district's current third graders
- Progress made in reading levels between the third and fourth grade

Each component of this aid is calculated by multiplying \$530 times the average percentage of students meeting proficiency and growth requirements on the reading portion of the Minnesota Comprehensive Assessment (MCA) and then multiplying that by the number of students in the tested grade level.

Special Education Aid - \$30,170,239

Special Education Aid is provided to districts to help fund the additional costs associated with providing required services to students with disabilities. South Washington County Schools serves approximately 3,276 students with disabilities. Special Education Aid is made up of the following components:

- Initial Aid – Special Education Initial Aid is awarded to districts based the lowest of three formulas; Prior year 'old formula' expenses at 62% of cost, Prior year all State special education expenses at 50% of cost, or 5% of census-based calculations involving special education student disabilities and free/reduced lunch data.
- Excess Cost Aid – Excess Cost Aid is generated by a district with large unreimbursed special education costs relative to the district's general education revenue. It is calculated as the greatest of three: 56% difference of unreimbursed costs and 7% of general education revenue, 62% of the difference of unreimbursed 'old formula' costs and 2.5% of general education revenue, or zero.
- Special Education Transportation – Prior year expenses in transporting special education students are reimbursed at 100% of cost, however this aid is subject to proration.
- Cross Subsidy Reduction Aid – Cross Subsidy Reduction Aid is a new component the goal of which is to hold the state average cross subsidy per pupil at the FY19 level. It is calculated as a percent of the prior year initial cross subsidy.

KEY POINTS - STATE AIDS

- The formula is set by the state legislature, and for the 21-22 school year we anticipate a freeze.
- If enrollment increases by 100, revenue increases \$1,100,000
- SPED is reimbursed at a rate of approximately 50% of staff costs
 - When making additions plan for 50% of the cost
 - When making reductions you must cut "2 for 1"
- Historically, the state aid formula is \$628/student behind inflation



Federal Aid - 14

FEDERAL AIDS

Federal Special Education - \$3,219,872

These funds are available to offset the costs of providing special education services to students, ages 3 – 21, including costs not eligible for State funding. The district uses these funds to pay for a special education director and clerical support as well as benefits paid to special education staff.

Federal Special Education Preschool - \$61,902

Federal early childhood funds are available to provide services to children between the ages of three and five. The district uses these funds for program related clerical support and salary expenses.

Federal Special Education Birth to 2 - \$181,302

These funds are available to serve the needs of children between birth and the age of two. The district uses these funds for program related clerical support and salary expenses.

Title I - \$506,512

Title I funds are used to serve students who are struggling academically and live in low income areas. SWCS uses these funds to provide additional teachers and paraprofessionals at identified schools.

Title II - \$298,251

Title II funds can be used for professional development purposes or class size reduction. The district uses these funds to provide curriculum coordinators who work with licensed staff. A portion of these funds are required to be allocated to the non-public schools for approved non-religious professional development of their staff.

Title III - \$145,703

Title III funds can be used for professional development or language instruction to help ensure that students whose primary language is not English are able to attain proficiency in English.

Other Federal Revenue - \$1,247,564

The district receives various other federal funds which may only be used in accordance with the federal grant guidelines specific to the funds received.

KEY POINTS - FEDERAL AIDS

- Federal is a small portion of SWCS budget.
- Federal government has not kept up with funding 40% of the cross subsidy (they have not gotten over 15%).
- Title programs are restricted in their spending.



Local Revenue - Page 15-16

LOCAL REVENUE

Property Tax Levy - \$62,250,010

The second largest source of revenue for the district is revenue generated from the property tax levy. Most of this revenue is generated from our voter approved operating levy of \$1,536/student and \$724/student in local optional revenue, which had been previously approved by the voters.

SWCS Operating Levy and Local Optional Revenue

Election Year	Taxes Payable	Fiscal Year	Revenue Per Pupil Unit			Renewal Years for Expiring Authorities	Tax Rate	Cap on Voter Approved Referendum	Additional Voter Approved Authority Available
			Local Optional Revenue	Voter Approved Referendum	Total				
2019	2020	2021	724.00	1,536.60	2,260.60		1.82%	1,779.50	242.90
2020	2021	2022	724.00	1,536.60	2,260.60		1.82%	1,827.54	290.94
2021	2022	2023	724.00	1,536.60	2,260.60		1.82%	1,867.88	331.28
2022	2023	2024	724.00	1,536.60	2,260.60		1.82%	1,907.39	370.79
2023	2024	2025	724.00	1,536.60	2,260.60		1.82%	1,951.06	414.46
2024	2025	2026	724.00	1,536.60	2,260.60	+	1.82%	2,000.55	463.95
2025	2026	2027	724.00	1,155.72	1,879.72	++	1.82%	2,055.24	899.52
2026	2027	2028	724.00	1,155.72	1,879.72	+	1.82%	2,111.60	955.88
2027	2028	2029	724.00	0.00	724.00	++	0.00%	2,200.39	2,200.39
2028	2029	2030	724.00	0.00	724.00		0.00%		
2029	2030	2031	724.00	0.00	724.00		0.00%		
2030	2031	2032	724.00	0.00	724.00		0.00%		

Third Party Billing - \$650,000

The district provides certain services to special education students that are deemed to be medical in nature. When the proper paperwork is in place, the district is able to request payment to offset the costs of providing these services.

E-Rate Funding - \$250,000

The district receives reimbursement for its eligible telecommunication and internet costs at a rate dependent on the total state appropriation. The amount received is reduced by any Federal E-Rate funding received. This funding source directly offsets expenditures.

Athletic and Activity Participation Fees - \$667,120

Students are charged a fee to participate in athletics and activities. These fees are intended to help offset the costs associated with providing coaching staff for the given sport or activity. For families who are eligible for free or reduced lunches, participation fees are also lowered.

Admission and Other Student Fees - \$1,052,342

The district charges admission fees to many activities and other fees, when allowable, including parking permits, lost library books, lost textbooks, class fees, and copies of transcripts.

Interest Earnings - \$300,726

Given the current market, the General Fund does not earn a significant amount of interest. When possible, funds are invested in six to twelve-month allowable investments such as certificates of deposit. As market conditions fluctuate, the district monitors the best financial instrument to use for any excess cash balance maintained in the general fund.

Other Local Revenue - \$1,861,716

The district collects revenue from several local sources in the form of grants, fees for services, athletic cooperative charges, charter school sponsorships fees, and advertising sales.

KEY POINTS - LOCAL REVENUE

- Our operating levy is the second largest revenue source for the district.
- There is potential to increase the levy with voter approval.
- The School Board has the ability to influence local revenue by raising fees.



Designated Funds - Page 17

DESIGNATED FUNDS

Construction Fund

The Construction Fund accounts for the costs of school construction, addition, and renovation projects which are funded through bonds or certificates of participation (or other specific funding sources). When bonds (or certificates of participation) are issued in connection with a building project, the bond proceeds are recorded as revenue in the Construction Fund. The funds are then drawn down as payments are made for work completed on the project(s). The proceeds of bonds can only be used for the purpose for which they were issued.

Debt Service Fund

The Debt Service Fund exists to record the principal and interest payments on long-term debt issued by the district. Annual levies will provide revenue at a rate of 105% of pending debt service payments for a given fiscal year. This rate is specified in statute to ensure that principal and interest payments can be made as scheduled even if there are late property tax payments or delinquencies that may arise. The Debt Service Fund is also monitored by the Minnesota Department of Education for accumulation of excess fund balance. If the debt service fund balance is deemed to be at a level in excess of what is needed to make debt payments, a levy adjustment is made to reduce revenue and bring the fund balance down to a feasible amount.

KEY POINTS - DESIGNATED FUNDS

- The construction fund often gets asked about in a budget adjustment process. The revenues in the construction fund may only be used for construction, building maintenance and building improvements.
- Savings are often achieved in the debt service fund through refinancing, however, those savings may only go back to the taxpayers.



Where does the money get spent? - Page 18-20

WHERE DOES THE MONEY GET SPENT?

There are several types of expenditures made by the school district which can be categorized in six general categories. The largest expense for any school district is salaries and the associated benefits. For South Washington County Schools, salaries and benefits make up 80% of the 2020-21 general fund budget. The remaining expenditure categories are: services, supplies, equipment & capital improvements, and other. Examples of each of the expenditure categories are listed below:

Salaries

Expenditures in this category include salary payments to administrators, teachers, educational assistants, clerical support, maintenance employees, or any individual who is deemed to be an employee of the school district (rather than an independent contractor).

Benefits

Benefit expenditures include employer portions of Federal payroll taxes, retirement contributions, employer paid insurance premiums, and all benefits agreed to within negotiated union contracts and labor policies.

Services

Expenditures in this category include a wide variety of costs. This category includes payments to individuals or organizations for professional services such as auditors, professional speakers, attorneys, contracted service providers, or consultants. This category also includes utilities, professional development registrations, travel costs, operating leases, tuition payments, and transportation contracts.

Supplies

Supply expenditures include supplies purchased for both instructional and non-instructional purposes. This includes everything from toner in the district offices to textbooks used by students. This category also includes items such as standardized tests, media resources, electronic replacements of instructional resources (such as applications for electronic devices), and food.

Equipment and Capital Improvements

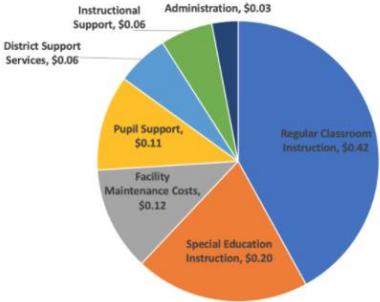
Expenditures in this category would include the purchase of land, improvements made to buildings, equipment, and capital leases (such as the copy machine leases the district has with Xerox and Metro Sales). One thing to keep in mind is that a "capital" improvement does not mean the purchase is necessarily funded with operating capital dollars. Although operating capital can certainly fund this type of expenditure, this is not the only funding source for this type of expenditure.

Other

The UFARS manual provides for a miscellaneous category of expenditure for those items that do not fit neatly within the other categories. Examples of this type of expenditure are dues, memberships, licenses, sales tax, indirect cost allocations, and other miscellaneous expenditures.

For Example

One dollar of revenue is split in the following ways:



EXPENDITURES BY OBJECT CODE

	2016-17 FY Activity	2017-18 FY Activity	2018-19 FY Activity	2019-20 FY Activity	2020-21 Original Budget	4-year Increase	4-year %	AVE %
Salaries and Wages	\$ 128,607,844	\$ 133,510,853	\$ 138,589,261	\$ 142,416,434	\$ 153,321,895	\$ 24,714,051	19.22%	4.80%
Benefits	\$ 50,968,804	\$ 51,683,286	\$ 53,371,285	\$ 56,491,536	\$ 58,347,614	\$ 7,378,810	14.48%	3.62%
Services	\$ 22,838,082	\$ 23,947,765	\$ 25,337,989	\$ 31,514,058	\$ 34,593,860	\$ 11,755,778	51.47%	12.87%
Supplies	\$ 5,461,964	\$ 7,340,489	\$ 8,603,785	\$ 8,081,738	\$ 9,882,857	\$ 4,420,893	80.94%	20.23%
Equipment	\$ 9,578,435	\$ 7,279,475	\$ 8,299,913	\$ 9,958,122	\$ 8,320,838	\$ (1,357,597)	-14.03%	-3.51%
Other	\$ 1,924,038	\$ 1,670,088	\$ 1,406,573	\$ 1,024,575	\$ 1,366,913	\$ (557,125)	-28.96%	-7.24%
	\$ 219,479,167	\$ 225,431,957	\$ 235,608,804	\$ 249,486,463	\$ 265,833,977	\$ 46,354,810	21.12%	5.28%

EXPENDITURES BY PROGRAM AREA

	2016-17 FY Activity	2017-18 FY Activity	2018-19 FY Activity	2019-20 FY Activity	2020-21 Original Budget	4-year Increase	4-year %	AVE %
Administration	\$ 8,230,725	\$ 8,394,144	\$ 8,904,211	\$ 9,124,229	\$ 9,444,774	\$ 1,214,049	14.75%	3.69%
District Support Services	\$ 14,140,284	\$ 14,754,238	\$ 15,928,002	\$ 17,942,324	\$ 17,580,048	\$ 3,439,764	24.33%	6.08%
Regular Instruction	\$ 99,901,758	\$ 100,437,439	\$ 104,803,889	\$ 106,223,251	\$ 110,162,145	\$ 10,260,387	10.27%	2.57%
Vocational Instruction	\$ 2,199,418	\$ 2,272,511	\$ 2,230,094	\$ 2,290,233	\$ 2,355,939	\$ 156,521	7.12%	1.78%
Special Education Instruction	\$ 39,355,846	\$ 41,742,519	\$ 42,977,581	\$ 45,968,917	\$ 52,071,314	\$ 12,715,468	32.31%	8.08%
Instructional Support	\$ 10,304,506	\$ 10,573,054	\$ 10,871,936	\$ 11,322,943	\$ 12,738,060	\$ 2,433,554	23.62%	5.90%
Pupil Support	\$ 22,162,758	\$ 22,568,340	\$ 24,076,544	\$ 26,822,623	\$ 30,052,897	\$ 7,890,139	35.60%	8.90%
Sites and Buildings	\$ 22,690,086	\$ 23,840,196	\$ 25,287,602	\$ 29,694,566	\$ 30,903,800	\$ 8,213,714	36.20%	9.05%
Fiscal and Other	\$ 493,785	\$ 849,516	\$ 528,945	\$ 97,377	\$ 525,000	\$ 31,215	6.32%	1.58%
	\$ 219,479,167	\$ 225,431,957	\$ 235,608,804	\$ 249,486,462	\$ 265,833,977	\$ 46,354,810	21.12%	5.28%

KEY POINTS - EXPENDITURES

- District expenses have risen by \$46.3 million or 21.12 % over the last four years, an average of 5.28%
- Special Education instruction costs have increased \$12.7 million or 32.21% over the last four years, an average of 8.1%
- SPED child count in 2016-17 was 2,711, most recent count in 2018-19 is 3,276, an increase of 20.8%
- Pupil Support has also increased 8.9% per year, mainly in the area of SPED transportation.



Budget Projections - Page 21

BUDGET PROJECTIONS

Budget projections are determined using the following criteria:

- We are not expecting an increase in the basic education formula
- We are anticipating a total revenue increase of about \$2.6 million
 - SPED revenue increase of about \$1.5 million
 - Enrollment increase of 100 students (\$1.1 million)
- The goal for wage and benefit increases are 2.5%
 - Those two increases at 2.5% alone cost a total of \$5.3 million per year
- We anticipate inflation in Services, Supplies and Equipment to be a 1.4% increase
 - Cost an additional \$800,000

Projected General Fund	Amount
Revenues	\$ 261,728,384
Expenses	\$ 271,933,977
General Fund Operating Deficit	(\$ 10,205,593)

KEY POINTS - BUDGET PROJECTIONS

- Revenues have increased an average of 4.5% over the last four years, while expenses have increased an average of 5.28%
 - Difference of \$1.9 million per year
 - Anticipating freeze in state aid
 - Enrollment has not met expectations
 - Special Education and Special Education transportation rising
 - COVID-19 loss so far of \$800,000



Budget Adjustment Process - Page 22

2021-24 Budget Adjustment Goals

Year One Goal 2021-22	Year Two Goal 2022-23	Year Three Goal 2023-24
Enhancements and Reductions of \$12,000,000	Enhancements and Reductions of \$3,000,000 - \$6,000,000	Enhancements and Reductions of \$0 - \$4,000,000

Cost Estimate Information for Estimating Budget Impact

When considering ideas for budget reductions or enhancements, please use the following estimates:

South Washington County Schools

FY21 Average Cost

Salary plus Benefits

Annual cost, unless otherwise indicated

Position Category	Notes	Average Cost	
Teacher	Steps 0, 1, 2	\$ 62,835.00	
Para	Steps 0, 1, 2	\$ 20.83	per hour
OPEIU	Steps 1, 2	\$ 29.27	per hour
Custodial		\$ 67,331.00	
Bus Assistant	FT	\$ 31,057.00	
Bus Driver	FT	\$ 40,689.00	
	PT	\$ 19,801.00	
Administrator	Steps 2, 3	\$ 162,277.00	
	Steps All	\$ 168,574.00	



Budget Adjustment Process - Pages 22-23

TIMELINE:

- November 13-16
 - Discuss ideas with peers (this is not the time to bring ideas to staff or direct reports)
- Tuesday, November 17
 - Principals, Directors submit ideas generated from conversations with colleagues
- November 20 - December 4
 - Meet with Key Stakeholders to discuss budget ideas.
- December 4 10:00 a.m.
 - Deadline to submit ideas
- December 10
 - Review Ideas: Remove Ideas through Consensus and Rank Ideas
- December 17
 - Final Opportunity for Input

Form to Submit Ideas

Budget Adjustment Committee members will use a [Google Form](#) to submit your budget adjustment ideas. Ideas can be revenue enhancements or reductions. Please provide as much information as possible to help the committee create the cost analysis and narrative explanation, however, all of the questions are optional. The form will collect your email address.

1. Level this idea will impact
 - a. Pre K
 - b. Elementary
 - c. Middle School
 - d. High School
 - e. District Wide
 - f. Other
2. Is this idea a Budget Reduction or Budget Enhancement?
3. Title of the Idea
4. Explanation
5. Estimated Budget Impact
6. Additional Information



Appendix - Pages 24-26

40 Largest Districts in Minnesota Key Financial Index

Sorted by:

- Enrollment
- Fund Balance Percentage
- Class Size (ADM per licensed staff)



Next Steps

- Budget Adjustment Committee Meeting Today
- Directors and Principals getting feedback from stakeholders (staff, leadership teams, colleagues)
- December 10 Budget Adjustment Committee meets again to review the recommendations
- December 17 Last meeting to finalize the recommendations
- December 18-22 District Community Advisory Committees



Questions?

