



Future Ready. Community Strong.

Agenda IV.B.2.
June 17, 2021

TO: Members, Board of Education
Dr. Theresa Battle, Superintendent

FROM: Lisa Rider, Executive Director of Business Services

DATE: June 3, 2021

RE: Approve FY2021-2022 Adopted Budget

RECOMMENDATION: That the Board of Education approves the 2021-22 Adopted Budget providing all funds’ revenues of \$176,825,094 and all funds’ expenditures of \$182,025,112 waiving the minimum fund balance of 8%.

Below is a summary of the proposed 2021-2022 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 17, 2021.

FUND	ADOPTED REVENUE BUDGET	ADOPTED EXPENDITURE BUDGET	INCR (DECR) TO FUND BALANCE
GENERAL	\$ 130,685,614	\$135,767,437	\$ (5,081,823)
FOOD SERVICE	3,774,418	3,879,852	(105,434)
COMMUNITY SERVICE	6,067,374	5,833,129	234,245
CAPITAL PROJECTS	5,000	1,776,263	(1,771,263)
DEBT SERVICE	12,316,688	11,359,615	957,073
CUSTODIAL FUNDS	-	-	-
INTERNAL SERVICE FUND	23,976,000	23,408,816	567,184
TOTAL ALL FUNDS	\$ 176,825,094	\$182,025,112	\$ (5,200,018)

The 2021-2022 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 kept at the same \$6,567 per adjusted pupil unit, since legislation is still undetermined.
2. Elementary class sizes district-wide averaging 25.5:1 (resulting from a range of class sizes of 20-32 depending upon grade level) and secondary class sizes averaging around 36-39:1 before considering additional supports within the building.

3. Enrollment decreased with estimates based on projected end of year Early Childhood through grade12 average daily membership of 7,837 for 2020-2021 and 7,604 for 2021-2022, a decrease of 233 average daily memberships.
4. An estimated \$532,083 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 2.5% increase in 2021-2022 health insurance premium costs for self-insured employee health benefits, and a 0.5% increase in 2021-2022 dental insurance premium costs.
6. The projected Unassigned Fund Balance for the General Fund is 6.46% and includes restricted and committed fund balances in the areas of: Area Learning Center, Capital, program carryover, Student Activities, and ProPay. This projected Unassigned Fund Balance is below the defined minimum unassigned general fund balance of 8% of general fund expenditures as outlined in board policy 714. Approval of this Proposed FY22 Adopted Budget will waive the defined minimum fund balance stated in board policy. The FY22 projected Unassigned Fund Balance reflects a reduction in fund balance due to expenditures exceeding revenues by \$5,081,083. It is anticipated a portion of the FY21 Audited Fund Balance will be Assigned to assist in the coverage of this anticipated use of fund balance.

This adopted budget will be revised later in the 2021-2022 year to adjust for actual data relating to Federal Relief Funds for FY21 and FY22 impacts as known, federal updates, enrollment, staffing, audited fund balances, etc.

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 \$6,567 per pupil unit.

Federal Relief Funds

At the time of this writing, daily updates to the information around the availability, use and reporting requirements of the various federal relief funds are being received from Minnesota Department of Education. This budget reflects the inclusion of ESSER II funds in the amount of \$7,187,245. Adjustment to the amount of federal funds to be used in FY22 will be made in revisions to the budget planned for January 2022.

Special Education

Special education categorical aid has been adjusted considering the special education funding and will continue to be monitored for needed adjustments at budget revision. This is an area of particular concern as there continues to be the cross-subsidy need for special education services.

Referendum

The district's referendum authority of 2021-2022 is a combined \$1,827.54.50 per adjusted pupil unit prior to local optional allowance of \$424 reflecting the equivalent amounts approved by the voters in November 2019. Total referendum revenue adjusts each year in direct proportion to adjusted pupil units served. Estimated referendum revenue, including the local optional allowance, for the 2021-2022 year is approximately \$20.5 million, or roughly 16% of the total General Fund revenues.

Alternative Teacher Compensation

Alternative Teacher Compensation revenue of approximately \$2.2 million is included in the 2021-2022 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 has decreased by about \$2 million as a result of the Fall 2020 enrollment demographics. FY22 adopted budget includes \$7.9 million. 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. This area continues to require cross subsidy to fully meet the needs of our English Learners.

Enrollment

Enrollment is a crucial factor in determining a school district's revenue because most funding formulas are student based. Both the closure of schools and the COVID-19 impact has been considered in determining the enrollment estimate use for the 2021-2022 Adopted Budget. The 2021-2022 adopted budget assumes a decline in estimated EC-12 enrollment from an estimated 7,837 students (Average Daily Membership) in 2020-2021 to 7,604 in 2021-2022. 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, 2021, enrollment is known and the retention factor for 2021-2022 is determined. With each student generating approximately \$11,586 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 2021-2022:

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 over general funds where possible.

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

The Capital Tech Levy, originating in 2016-2017 school year generates approximately \$3.4 million annually for the purpose of technology within our district. These funds have allowed our technology budget to increase to just over \$5 million. This levy placed in a very favorable position to be able to respond to our student needs digitally throughout the pandemic.

Student Transportation

The student transportation budget is based on anticipated normal service levels and reflects the most recent contract entered into with Schmitt and Sons, including a 1.30% rate increase in 2021-2022 per the contract.

Site Based Budgeting

The closure of two elementary buildings and one middle school has been incorporated in the site based budgeting. The addition of our Virtual Academy has been incorporated as additional sites within the FY22 adopted budget. 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. Limited 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 decrease to fund balance estimated at (\$105,434) for the 2021-2022 year. The Summer Food Service Program has been extended through the 2021-2022 year so the first meal for students will be free each day. Any student taking a second lunch will be charged the adult meal price: \$4.15 for lunch and \$2.40 for breakfast.

COMMUNITY EDUCATION

The Community Service Fund shows an increase to the fund balance of \$234,245. Community Education has been designing programs and offerings around a population that has fewer discretionary dollars to spend and yet require greater services.

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 \$1.7 million is projected to be remaining. A delay in spending these funds has occurred due to the time and effort necessary for responding to the pandemic. These dollars are intended to be committed to projects within the scope of the original Vision One91 approved building project and referendum question. Completion of these projects is expected to be by fall of 2022.

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. This budget assumes a more normal learning approach for the 2021-2022 school year. 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.