

2021-22 Preliminary Budget



Dan Pyan, Director of Finance & Operations

June 3, 2021

Agenda

- Budget notes and terms
- Where does the money come from
- What is the money spent on?
- Budget highlights
- District challenges
- Future schedule



South Washington County Schools Budget

- The budget is not gospel, it is a guide. It keeps us on track to remain solvent.
- It is great at taking blame.
- The budget in its current form is over 20,000 lines.
- If we spend one minute developing each line, it takes about 333 hours to compile the budget, or 8.3 work weeks of doing nothing else but budget
- We know it is wrong going in – many thing are speculated including revenue.
- We calculate salary expenses for each employee.



BUDGET DISCUSSION - TERMS

- Fund Balance for the discussion = Unassigned Balance.
- Unassigned funds are used for operations, including instruction, instructional support, transportation, maintenance, activities and district administration.
- Percentage is the balance/expenditures. Board goal is 5-9%
- Does not include funds reserved by statute and rule.



BUDGET DISCUSSION - TERMS

- Those Reserve Funds include:
 - School nutrition
 - Debt service
 - Building construction
 - Community services
 - Other Post-Employment Benefits (OPEB)
 - Long-term facility maintenance
 - Operating capital and capital projects levy
 - Safe schools
 - Student activity accounts
 - Staff development and Q-Comp



BUDGET DISCUSSION - TERMS

- Reducing or increasing spending in the aforementioned funds will not affect the Unassigned Fund Balance.
- Spending in the reserved funds is limited by the targeted revenues of the fund.



Notes about this Budget

Tuition Agreements –

- There are no agreements with other school districts planned for next year.
- Special Education students from SoWashCo Schools who go elsewhere are billed through a state process in which dollars owed are subtracted from Special Education aid.
- Special Education students from other districts who attend SoWashCo Schools create tuition and those dollars are added to Special Education revenue.
- For those students living outside the state, tuition is **\$11,321.54** for Secondary Students and **\$9,451.28** for Elementary students based on the latest state aid projections.

TRA –

- The pension bill passed in the 2018 Minnesota State Legislative Session requires employers to increase their contributions to TRA by **.21%**. That increase continues each year until fiscal year 2023. Increased State aid covers the cost for school districts.



Education Funding in Minnesota

Minnesota School Districts are funded by a combination of:

<u>SOURCE</u>		%
STATE AID – Income, Fees, Sales Tax	\$ 188,660,808	71.9 %
LOCAL LEVIES – Property Taxes	\$ 65,166,680	24.8 %
FEDERAL AID – Income Taxes	\$ 4,845,535	1.8 %
FEES – Local Participation and Service Charges	\$ 3,578,038	1.4 %
TOTAL	\$ 262,251,061	100.0 %



Revenues – State Aid

Basic Formula - \$6,567 per adjusted pupil unit in 2020-21, not set yet for 2021-22

- The largest portion of a District's aid is calculated by multiplying the enrollment (pupil units) by the Basic Formula (SoWashCo Schools receives about \$135,000,000)

Some Other Aids

- Compensatory
- Pension
- Gifted and Talented
- Basic Skills
- Operating Capital
- Special Education
- Literacy



	South Washington County Schools												
	Enrollment Projections for budget purposes					(as of 6/1/21)							
	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27
Pre-K	236.24	237.00	251.59	250.04	269.71	280.38	260.00	260.00	260.00	260.00	260.00	260.00	260.00
K	1,229.00	1,240.59	1,296.18	1,341.24	1,325.2	1,382.01	1,233.78	1,268.50	1,294.76	1,315.68	1,342.98	1,367.81	1,392.16
PK/SR				17.27	41.22	35.22	40.00	40.00	40.00	40.00	40.00	40.00	40.00
1	1,289.28	1,278.83	1,308.13	1,340.77	1,350.37	1,366.47	1,371.89	1,294.00	1,383.05	1,411.68	1,434.49	1,464.26	1,491.33
2	1,321.05	1,326.57	1,365.73	1,359.71	1,366.24	1,367.19	1,338.33	1,383.00	1,324.06	1,415.18	1,444.48	1,467.82	1,498.27
3	1,402.09	1,354.96	1,416.41	1,412.42	1,387.75	1,411.13	1,341.56	1,362.00	1,420.14	1,359.62	1,453.19	1,483.28	1,507.24
4	1,376.53	1,437.63	1,400.92	1,466.37	1,402.44	1,437.13	1,400.11	1,359.00	1,390.33	1,449.68	1,387.90	1,483.42	1,514.13
5	1,377.19	1,385.75	1,498.43	1,444.56	1,463.79	1,430.10	1,430.78	1,408.00	1,384.12	1,416.03	1,476.48	1,413.55	1,510.83
6	1,395.93	1,323.52	1,384.27	1,486.80	1,405.22	1,438.74	1,335.22	1,419.00	1,383.18	1,359.72	1,391.07	1,450.45	1,388.64
7	1,324.39	1,393.66	1,347.75	1,425.70	1,464.47	1,438.86	1,424.22	1,346.00	1,434.74	1,398.53	1,374.81	1,406.50	1,466.54
8	1,383.32	1,333.71	1,407.43	1,398.11	1,415.48	1,464.52	1,437.44	1,446.00	1,354.25	1,443.54	1,407.10	1,383.24	1,415.12
9	1,359.33	1,409.08	1,415.00	1,463.24	1,431.06	1,463.55	1,522.89	1,521.00	1,504.97	1,409.48	1,502.41	1,464.48	1,439.64
10	1,378.35	1,365.02	1,416.32	1,413.75	1,462.91	1,438.72	1,461.56	1,543.00	1,527.07	1,510.98	1,415.11	1,508.41	1,470.33
11	1,352.37	1,332.64	1,339.06	1,376.09	1,349.14	1,425.05	1,385.22	1,468.00	1,498.73	1,483.26	1,467.62	1,374.51	1,465.13
12	1,372.74	1,375.34	1,330.25	1,371.31	1,409.71	1,374.92	1,469.22	1,352.00	1,485.98	1,517.09	1,501.43	1,485.60	1,391.34
	17,797.81	17,794.30	18,177.47	18,567.38	18,544.69	18,753.99	18,452.22	18,469.50	18,685.40	18,790.47	18,899.07	19,053.31	19,250.71
	0.45%	-0.02%	2.15%	2.15%	-0.12%	1.13%	-1.61%	0.09%	1.17%	0.56%	0.58%	0.82%	1.04%
WADM	19,425.81	19,436.19	19,828.63	20,257.02	20,251.24	20,475.11	20,192.33	20,204.70	20,446.55	20,543.05	20,632.76	20,777.86	20,980.33
New Revenue								\$ 129,850	\$ 2,539,402	\$ 1,013,236	\$ 942,020	\$ 1,523,542	\$ 2,125,951
						Orig Budget	18,926						
						Difference	-473.78						
							\$ (4,974,667)						
						LY Difference	-301.77						



Other Significant Revenues

- Special Education Aid
 - Estimated to be \$35,573,198
 - Driven by costs
 - New formulas meant to hold harmless
 - Includes new Cross Subsidy Reduction Aid
 - Cross Subsidy is the difference between a district's Special Education costs and the aid it receives
 - Cross Subsidy is meant to represent the amount the General Fund must fund to make up the difference
 - The Federal Government has promised in IDEA to fund 40% of that cost, the level has never risen above 16%.
 - SoWashCo Schools cross subsidy in 20-21 will be about \$16,339,000
- Operating Referendum and Local Optional Revenue
 - Approved by district voters
 - \$2,260 per pupil in SoWashCo Schools



Budget Summary

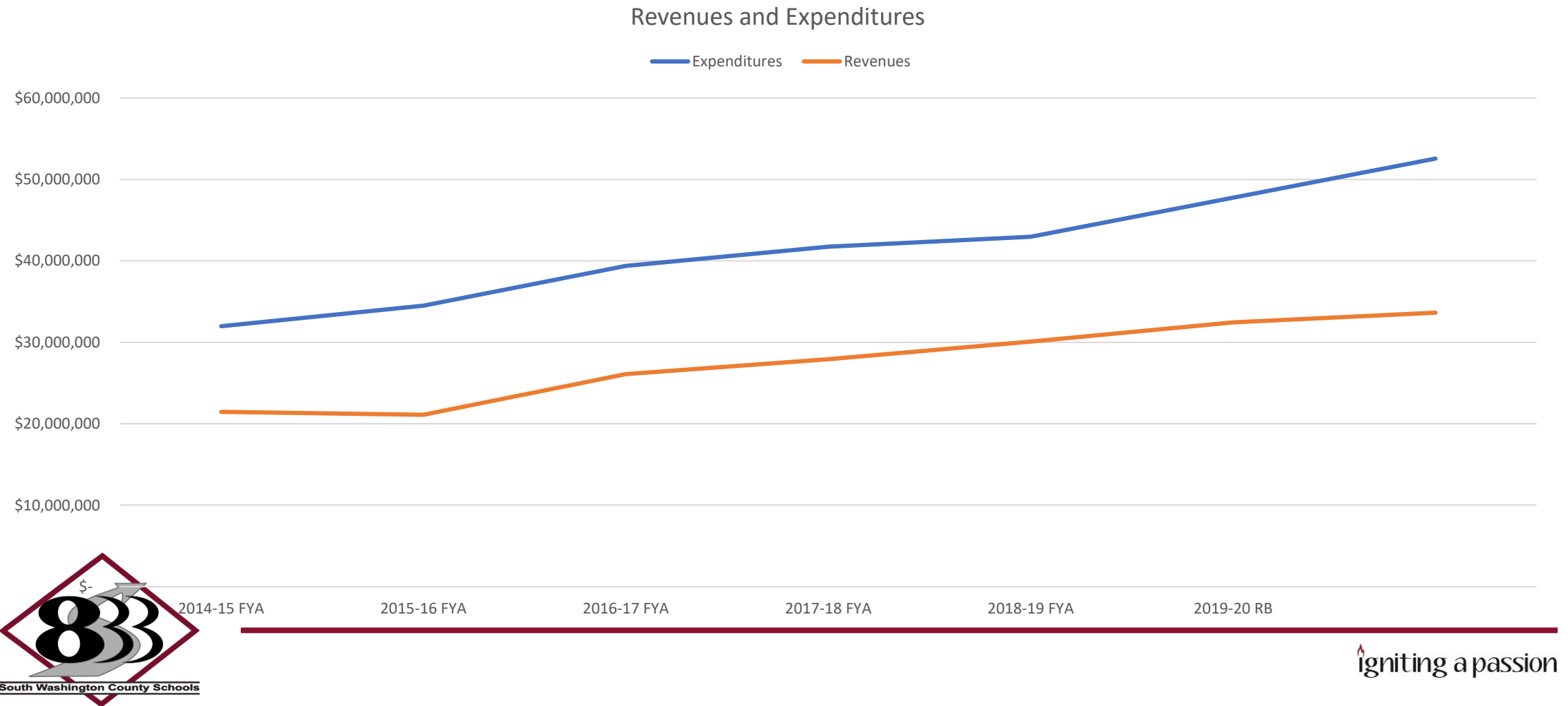
	2020-21	2021-22			
	Revised Budget	Original Budget		Variance	
State Aids	\$ 187,426,751	\$ 188,660,808		\$ 1,234,057	0.66%
Local Levies	\$ 62,847,585	\$ 65,166,680		\$ 2,319,095	3.69%
Federal Aids	\$ 10,155,542	\$ 4,845,535		\$ (5,310,007)	-52.29%
Local Fees	\$ 2,476,551	\$ 3,578,038		\$ 1,101,487	44.48%
	\$ 262,906,429	\$ 262,251,061		\$ (655,368)	-0.25%
Salaries	\$ 151,754,817	\$ 149,571,751		\$ (2,183,066)	-1.44%
Benefits	\$ 59,636,765	\$ 59,908,625		\$ 271,860	0.46%
Services	\$ 31,385,695	\$ 33,502,468		\$ 2,116,773	6.74%
Supplies	\$ 12,424,074	\$ 8,578,556		\$ (3,845,518)	-30.95%
Capital	\$ 9,550,196	\$ 7,394,067		\$ (2,156,129)	-22.58%
Other	\$ 1,741,457	\$ 1,354,334		\$ (387,123)	-22.23%
	\$ 266,493,004	\$ 260,309,801		\$ (6,183,203)	-2.32%

2021-22 Budget Highlights

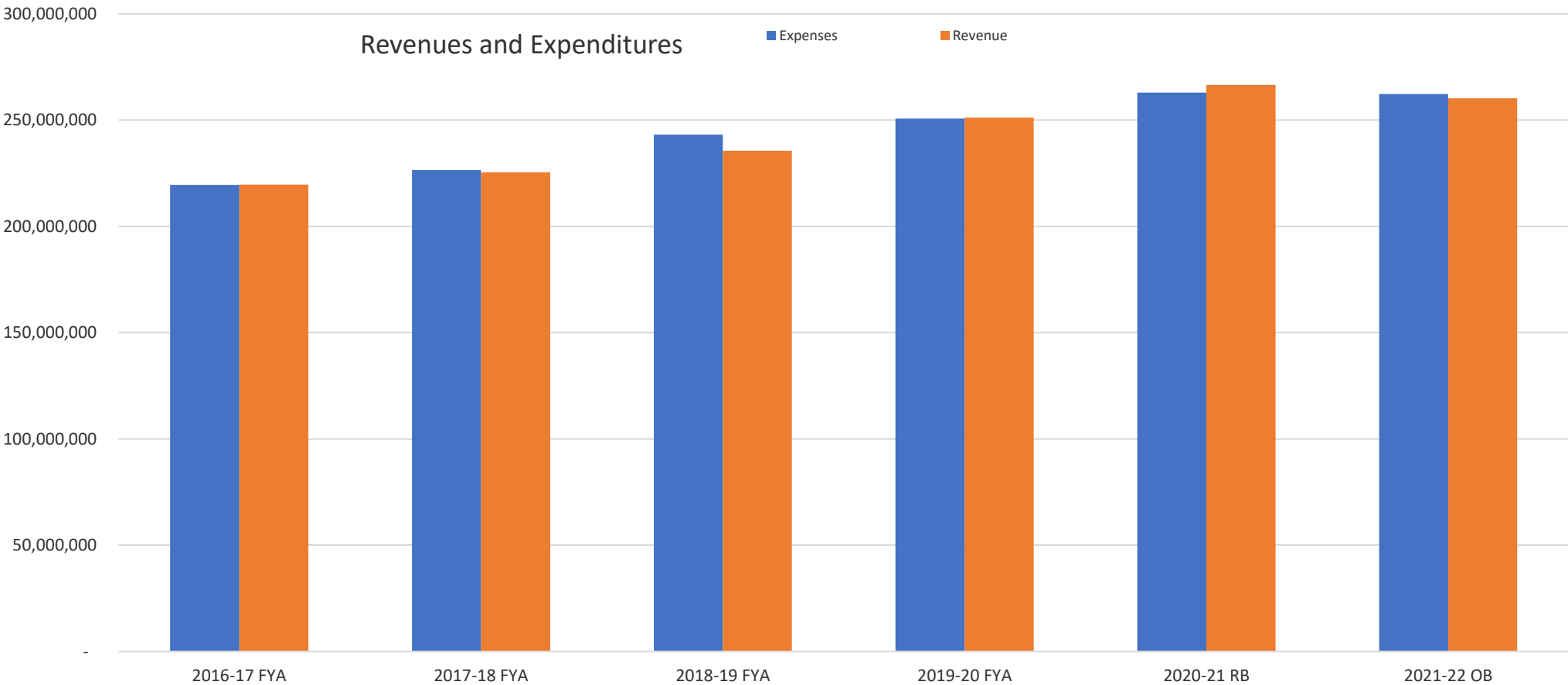
- Expenses are decreasing by 2.32% while revenues are decreasing by .25%
- The unassigned fund balance should increase by \$1.9 million (23%)
- Unassigned fund balance remains below Board policy
- Enrollment shows slight increase, still well below 2019-20
- Budget reduction process reduced total expenses by \$6 million
- Special Education costs are increasing by \$1,968,198 (3.94%)
 - Because of the funding system, those costs will not hit revenue until 2023



Special Education Revenues and Expenditures

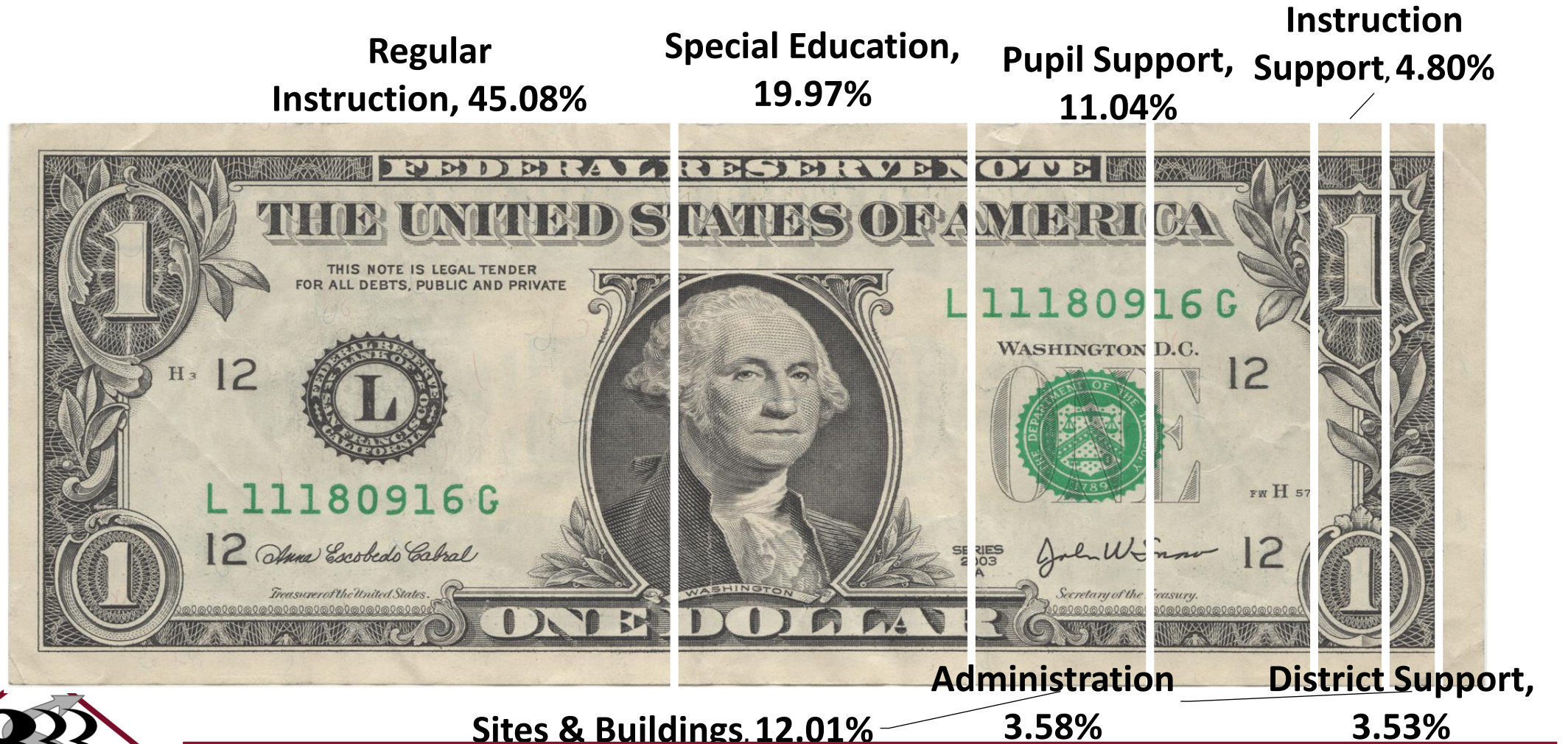


South Washington County Schools General Fund



South Washington County Schools

18,400 students



Unassigned Fund Balance

(Board policy calls for the fund balance to be between 5 and 9 percent each year. Statutory operating debt is -2.5%.)

<u>Fiscal Year</u>	<u>Fund Balance</u>	<u>%</u>
June 30, 2016 Actual	\$2,101,505	1.2 %
June 30, 2017 Actual	\$3,346,213	1.8 %
June 30, 2018 Actual	\$2,721,584	1.4 %
June 30, 2019 Actual	\$8,780,153	4.4%
June 30, 2020 Actual	\$12,022,942	5.7%
June 30, 2021 Projected	\$8,436,367	3.8%
June 30, 2022 Projected	\$10,377,627	4.7%



Influencing Future Fund Balances

- The Fund balance is still in a precarious position
- The legislative session ended without a 2021-23 budget, we are still waiting to see if there will be a formula increase in the next two years.
- 1% equals about \$1.35 million to SoWashCo
- Enrollment – Still 350 below 2019-20
- Special Education Funding –Cross Subsidy
- Weather – Utilities and Maintenance
- Unfunded Mandates
- Contract Negotiations



Other Funds

SCHOOL NUTRITION		
Projected Fund Balance – June 30, 2021		\$ 619,170
2021-22 Revenues	\$ 11,810,005	
2021-22 Expenditures	\$ 10,703,118	
Revenues/Expenditures	\$ 1,106,887	
Projected Fund Balance – June 30, 2022		\$ 1,726,057



Other Funds

Community Education		
Projected Fund Balance – June 30, 2021		\$ 587,813
2021-22 Revenues	\$ 13,209,911	
2021-22 Expenditures	\$ 12,963,164	
Revenues/Expenditures	\$ 246,747	
Projected Fund Balance – June 30, 2022		\$ 834,560

Other Funds

Building Construction		
Projected Fund Balance – June 30, 2021		\$ 18,509,151
2021-22 Revenues	\$ 18,100,000	
2021-22 Expenditures	\$ 14,655,000	
Revenues/Expenditures	\$ 3,445,000	
Projected Fund Balance – June 30, 2022		\$ 21,954,151



Next Steps

- Approve preliminary 2021-22 budget at next meeting
- Auditors arrive in summer and fall
- Board approves tax levies in September and December
- Truth in Taxation Hearing
- Audit – Board approves in November or December
- Insert audited fund balances into revised 2021-22 budget
- Project fund balances for next five years
- Revise 2021-22 budget in April 2022
- Approve 2022-23 budget in June 2022



Many Thanks

Kris Blackburn – Fiscal Services Director

Finance Staff – Manuela Brown, Nikki Kasel, Patti Marks, Aimee Tarman, Diana Moreno

School Nutrition Staff – Wendy Peterson – Director

Community Services Staff – Bob Lawrence – Director

Human Resources – Kevin Witherspoon - Director, Staffing Specialist Andrea Helgeson

Payroll – Sue Kean, Lynn Schmidt, Carrie Reagan, Kalie Newton

Administrators - Asst Superintendents, Principals and Directors

Communications Staff

