



District Budget and Negotiations FAQ

1. What was the general formula increase for the 2023-2024 school year?

The 2023 Minnesota State Legislature provided a 4% increase to the general formula for the 2023-2024 school year.

2. What is the major expense for school districts?

The largest expense for Sauk Rapids-Rice Public Schools salaries and benefits for all employees. Approximately 78% of district expenses is for salaries and benefits for employees. This is the percentage that most schools across the state will spend on salaries and benefits, as a percentage of their district budget.

3. What is the General Fund that is often referenced in budget presentations?

The General Fund is made up of accounts that fit into two different categories; Restricted Funds and Unrestricted Funds. Unrestricted Funds mean that the district can spend those funds as needed whereas with Restricted Funds, you can only spend them under qualifying circumstances. Unrestricted Funds can pay for expenses that fall under the category of Restricted Funds whereas Restricted Funds can only be used for the expense they are designated for. For example, Unrestricted Funds can pay for capital expenditures (Unrestricted Fund) but capital money cannot pay for employee salary and benefits.

4. When the district established its budget for the 2023-2024 school year, what budget assumptions were made?

Because the the District's budget needs to be established before the State Legislature had finalized their budget, the district assumed the following with regards to revenue:

- A. 2% increase in general formula funding
- B. 25% increase in special education cross-subsidy increase
 - a. The amount is \$1,000,000
- C. 3% increase in all expenses, including salaries and benefits and other costs

If revenue comes in above the budget assumption, only the amount above the

5. What is the "Special Education Cross-Subsidy?"

Sauk Rapids-Rice spends more money to provide students with special education services than it gets in revenue; this occurs in most every district across the State of Minnesota. The money to pay for the shortfall in funding comes out of the "Unrestricted Fund" part of the General Fund. Sauk Rapids-Rice Public Schools was spending over \$4,000,000 per year on providing special education services out of the Unrestricted Fund of the General Fund until the 2023-2024 school year





6. Did Sauk Rapids-Rice Public Schools get any new funding for the 2023-2024 school year including the general formula increase?

The district received additional funding in the following unrestricted category

- A. General Funding Formula: \$1,312,950 (\$655,337 already “factored in”)
- B. Special Education Cross-Subsidy: \$1,812,087 (\$1,000,000 already “factored in”)

The district received additional funding in the following restricted categories

- A. Library Aid: \$75,656
- B. Student Support Aid: \$56,073
- C. English Language Learner: \$27,000
- D. American Indian Aid: \$22,982
- E. Operating Capital: \$9,393

7. Was any of the general fund (Restricted and Unrestricted) increase spent to help support the 2023-2024 budget?

Yes, the district assumed it would be getting 2% from the General Funding Formula and 25% of what it spends in the Special Education Cross-Subsidy. The total of these two categories, \$1,655,337, was added into the 2023-2024 budget in order to minimize the anticipated budget reductions for the 2023-2024 school year.

8. Why was Unrestricted money “factored” into the 2023-2024 budget?

If the district had not factored the additional revenue into its budget, the budget reductions would have been 3.5X as big.

9. Was there any Restricted money “factored” into the 2023-2024 budget?

No. In order to use restricted budget dollars, you must first spend the money in the specific category it is assigned to. Therefore, no restricted money was factored into the budget.

10. By how much did the district reduce its budget for the 2023-2024 school year from the previous year’s budget?

The district has been deficit spending for six years in a row. For 2023-2024, the reduction or “budget adjustment” was \$688,931. If the district had not budgeted in any revenue assumptions, the “budget adjustment” would have been \$2,287,606.

11. What was budgeted in the 2023-2024 budget for salary and benefits?

The district budgeted a 3% increase for salary and benefits.





12. What impact could negotiations with the SRREA have on the budget?

Among the district's offers, one was for a total package of 11.462%, which included approximately 7% on year one and approximately 4% on year two. Total settlement cost is **\$2,264,026**, which is above what was budgeted.

13. What was offered as a part of the Sauk Rapids-Rice Public Schools settlement package to the Education Association?

The District offered the following:

- A **5.5%** increase in salary for 2023-2024
- A **3%** increase in salary for 2024-2025
 - This is a total increase of **8.5%** for salary only over the next two years
- For health insurance
 - \$500 each year on single coverage
 - \$1,500 each year on family coverage

This, along with other items, is how the total package of **11.462%** was arrived at.

14. What about the offers to other bargaining groups in the District?

The District assumes that the other remaining bargaining groups will be settling above what was budgeted

15. If the district settles its contracts above the budgeted amount, can money from the unrestricted account be used to balance the budget?

The answer is no. Because salaries and benefits occur each and every year and money in the unrestricted account is gone once it is spent, the District would need to balance the budget by reducing expenses. With 78% of the budget being people, staff reductions would need to take place.

16. Does Sauk Rapids-Rice Public Schools have a voter approved operating referendum?

Often called an excess levy, Sauk Rapids-Rice Public Schools is one of few districts in the State of Minnesota that does not have a voter approved excess levy.

17. How does employee compensation for Sauk Rapids-Rice Public Schools compare to others in the surrounding area?

Sauk Rapids-Rice Public Schools looks at six different schools in the region that are approximately our size. The schools include:

- Becker
- Hastings
- Monticello
- Sartell
- St. Cloud





- St. Michael-Albertville

Sauk Rapids-Rice Public Schools knows that it needs to offer a competitive compensation package in order to attract and keep qualified staff. Our analysis shows that we are competitive and the highest in the region in a number of different categories

If you have questions or would like more information, please contact the District Office at 320-258-1809 or email your questions to info@isd47.org. There is also a presentation on the District website that may provide additional information.

