

School Year 2023–24 Budget Presentation

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Proposed FY24 General Fund Budget

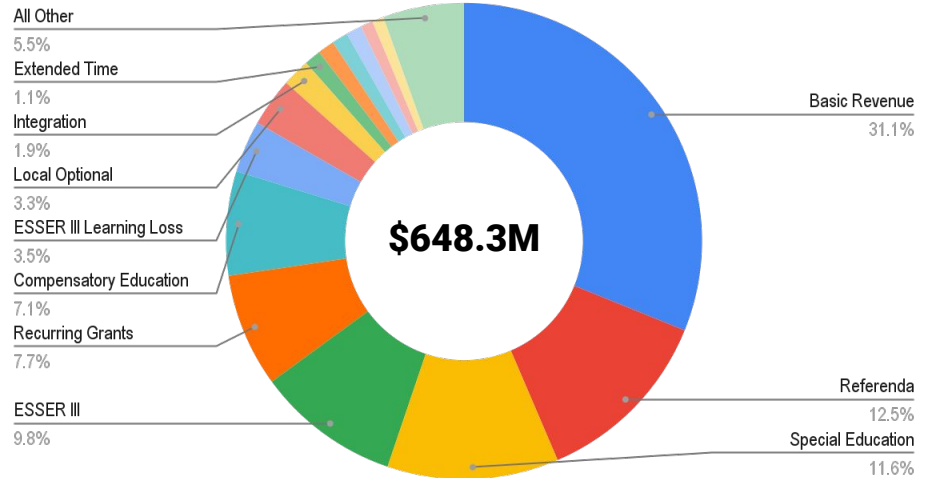
Budget Highlights

- **For FY24 we implemented a new budget process for departments – priority based budgeting:**
 - Department budgets were presented in detail to a budget committee.
 - Expenditures were prioritized based on multiple factors.
 - Alignment with the district’s strategic plan was emphasized.
- **We included significant investments in strategies intended to improve academic proficiency:**
 - \$29M for Intervention Teams deployed to schools to address learning loss.
 - A 0.5FTE Library Media Specialist in every school.
 - \$1.5M for services to advanced learners.
- **We kept allocation formulas for schools unchanged from last year.**

Revenue

- About one-third of General Revenue is linked to the per-pupil formula.
- For FY24, about 10% of the total budget is ESSER III.
 - It is the fourth largest source of General Fund funds in FY24.
 - FY24 is the final year in which these funds will be available.
- Does not include any incremental revenue that might come out of this year's legislative process.

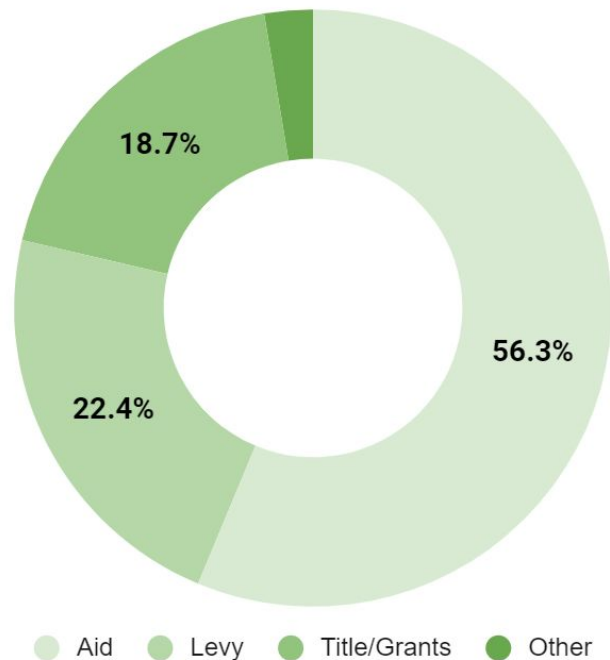
FY24 General Fund Revenue



Revenue Sources

- Over half of all General Fund revenue comes in the form of state aid. This includes the Formula, Special Education, and Comp Ed.
- About a fifth of the General Fund revenue comes from property taxes through the levy process.
- Less than 20% of revenue comes from Federal Sources, inclusive of COVID funds.

General Fund Sources



General Fund Expenditures

- Inclusive of all investments, the FY24 budget is a 7.1% increase over the FY23 budget.
- We assume a vacancy rate of 5%:
 - This means the on any given day during the school year, 5% of positions are expected to be vacant.
 - The total savings projected is about \$27M.
 - This is consistent with past practice, although we have used different methods in previous years.
- We will leverage \$5M of IT levy authority collected in previous years.
- We also expect the need to transfer more than \$4M from the General Fund to the Food Service Fund to subsidize operating expenses.

	FY23	FY24	Year Over Year Change	
			\$	%
Salaries	357,914,087	372,676,271	14,762,184	4.12%
Extended/Reserve	13,836,953	18,856,014	5,019,061	36.27%
Fringe	131,839,499	142,117,625	10,278,126	7.80%
Purchased Services	111,354,563	117,123,922	5,769,359	5.18%
Supplies	20,778,046	31,437,816	10,659,770	51.30%
Equipment	149,867	793,909	644,042	429.74%
Other Expenditures	6,886,133	5,587,646	(1,298,487)	-18.86%
Total General Fund	642,759,148	688,593,203	45,834,055	7.13%

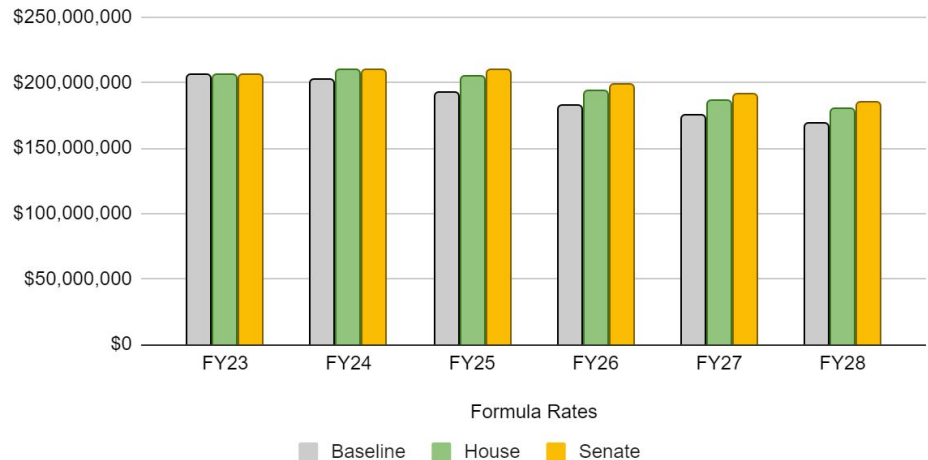
Impact of Legislation

Basic Aid (“The Formula”)

- Each version of the bill has different increases to the formula:
 - Both versions include a 4% increase in FY24, from \$6,863 per pupil unit to \$7,138 per pupil unit.
 - The House version includes a 2% increase in FY25, from \$7,138 to \$7,281 per pupil unit.
 - The Senate version includes a 5% increase in FY25, from \$7,138 to \$7,498 per pupil unit.
- On average, we expect enrollment to decline by just under 4% per year over the next three years:
 - The House version would cause a decline in total formula revenue of about 2% per year over the three year period.
 - The Senate version would cause a decline of 1% of revenue over the next three years.

Formula Revenue

Revenue Comparison between House & Senate Versions



Future Inflation Protection

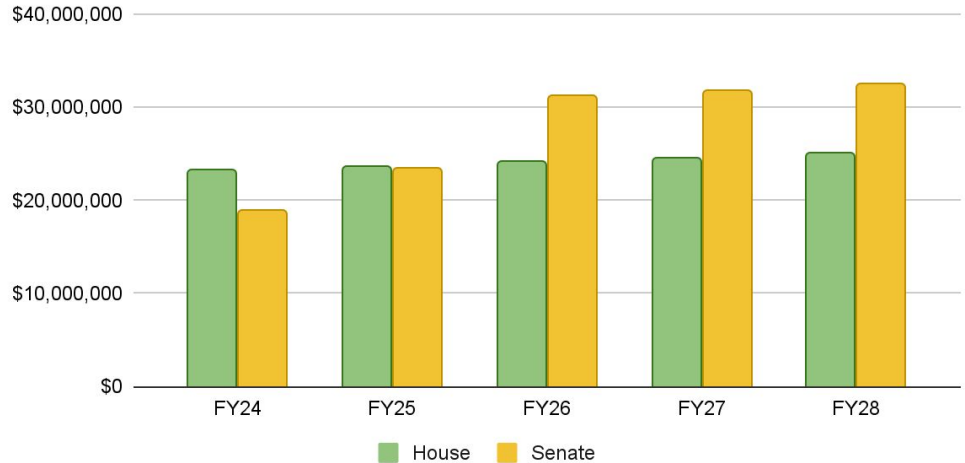
- The House version of the Omnibus bill includes an automatic inflation correction.
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 - Under the House version, in January of 2025 MDE must calculate:
 - The average value of the Consumer Price Index (CPI) for Urban Consumers for the period April 2023–June 2023
 - The average value of the CPI for the period April 2024–June 2024.
 - The percentage change in the two values calculated.
 - The formula will be adjusted by this change in value or 3%, whichever is lower, for the fiscal year beginning July 1, 2025.
 - In the event that the change is deflationary, the formula will not change.
 - Since MDE will use prior fiscal years to calculate the change, any inflation correction will always lag behind by at least one year.
- The Senate version of the Omnibus bill does not include any inflation protection.

Special Education Cross Subsidy Relief

- Both chambers' bills increase the special education cross subsidy relief factor from the current level of 6.43%.
- The House proposal would increase the relief factor to 47.8% starting in FY24.
- The Senate proposal would increase the relief factor to 40% in FY24, 47.3% in FY25 and 60% in FY26.

Special Education Cross Subsidy Relief

Estimate of Incremental Revenue by Chamber

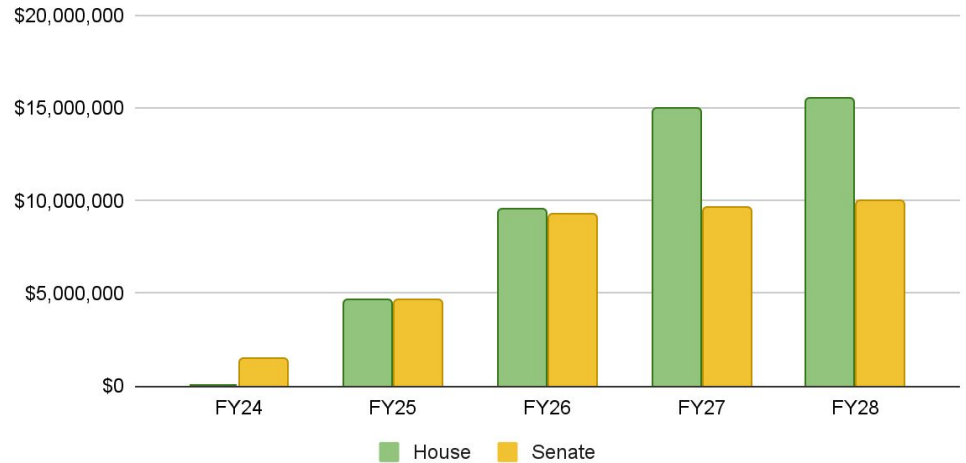


ELL Cross Subsidy Relief

- Both legislative chambers have included ELL cross-subsidy relief in their bills.
- Only the Senate bill would provide additional revenue in FY24 - about \$1.4 Million
- Only the House bill fully funds ELL, phasing in to 100% of the cross subsidy by FY27.
- The Senate bill phases in up to 64.4% cross subsidy relief.

ELL Cross Subsidy Relief

Revenue Comparison between House & Senate Versions



Hourly Worker Unemployment Insurance

- Both chambers' bills remove the exemption from qualifying for unemployment benefits for hourly workers employed by school districts.
- In Minnesota, school districts pay the full cost of any unemployment benefits paid to employees.
- While we are able to levy for a portion of our unemployment insurance cost, the new legislation explicitly prohibits using these levy proceeds to pay for unemployment insurance for hourly workers.
- The average cost to the district per employee who fully utilized this change is about \$4,700.

Cost Estimate of UI Insurance Provision:

This table estimates the districts liability based on utilization of unemployment insurance by currently employed hourly staff.

Utilization Rate	Summer Break	Winter Break	Total Incremental
100%	\$7,472,989	\$764,189	\$8,237,178
75%	\$5,604,742	\$573,142	\$6,177,884
50%	\$3,736,495	\$382,095	\$4,118,590
25%	\$1,868,247	\$191,047	\$2,059,294

Assumptions used for these estimates:

- One week during summer not included in calculation.
- One week paid UI during Winter Break.
- Costed at current wage rates.

Equity Considerations Process

Equity Considerations Process

Sections	School Process	Department Process
Prioritize Activities/Initiatives	Identification and prioritization of activities that are having, or will have, the biggest impact on increasing student success and achieving equity and how each activity aligns to MPS strategic priorities	<p>This Budget Tie Out season, departments engaged in a <i>priority-based budgeting</i> process where individual programs and services, rather than departments as a whole, were proposed and funded. In their SY24 budget proposals, departments sorted their proposed programs and services into three overarching categories: statutory (as required to comply with statutory or regulatory requirements), essential (as required to operate the district), and strategic (all other programs and services).</p> <p>After presenting on their proposed budgets and receiving their allocations, departments were asked to identify which specific student/staff groups will be most directly impacted by changes (eliminations, reductions, or additions). Funded strategic programs were categorized into specific MPS Strategic Plan areas by departments (and by REA staff when departments did not identify a specific goal/strategy) to understand alignment of SY24 funding to the MPS Strategic Plan.</p>
Budget Alignment and Trade-Offs	Identification of how potentially limited or additional resources will be used to support prioritized activities, what trade-offs have to be made as a result of those investments, and how supplementary funding sources will be used to support prioritized activities	
Equity Considerations	Identification of specific student groups who will be most directly impacted by changes (eliminations, reductions, or additions) to programs, supports, or services, how negative impacts will be mitigated, and how continued or expanded programs and activities will positively impact specific student groups	
Additional Considerations / Additional Information	Identification of other impacts that might result from changes (cuts, reductions, or additions) to positions, programs, support, or services	

Equity Considerations Summary: Schools

All schools that completed an Equity Considerations in Budgeting document included at least one stakeholder group (families, students, staff, or other community members) in their budget decision-making.

District-Directed

- A total of **108 intervention triads**, between 0.5 and 5 triads per school, are to be implemented across 65 schools.
- **38 schools** received additional funding to support Advanced Learners.
- **68 schools** received funding for a 0.5FTE Library/Media Specialist.

Additions – 46 Schools Reporting Non-District-Directed Additions

Licensed teacher positions or time	Licensed student support staff or time	Non-licensed student support staff or time	Teacher support staff or time	Clerical staff or time
22	18	20	13	2

Cuts/Reductions – 20 Schools Reporting Cuts/Reductions

Licensed teacher positions or time	Licensed student support staff or time	Non-licensed student support staff or time	Teacher support staff or time
12	5	6	4

Equity Considerations Summary: Departments

Departments reported which goal and strategy each of their funded programs aligned to. If applicable, departments could list more than one goal or strategy for each program. Of the 143 reported funded programs:

- **105** programs aligned to Goal 1: Academics
 - The most common specific strategy for Goal 1: Academics was Strategy 2 (Ensure all curriculum and instructional practices are anti-racist and sustain the cultures, languages, and experiences of our students), with 39 programs funded applying to this area.
- **50** programs aligned to Goal 2: Student Well-Being
 - The most common specific strategy for Goal 2: Student Well-Being was Strategy 3 (Integrate social and emotional practices into all classrooms and Out of School Time activities), with 14 programs funded applying to this area.
- **27** programs aligned to Goal 3: Effective Staff
 - Nearly all programs and services aligned to Goal 3: Effective Staff were aligned to a non-specific strategy—23 of 27 goals reported a generic alignment to Goal 3.
- **57** programs aligned to Goal 4: School and District Climate
 - The most common specific strategy for Goal 4: School and District Climate was Strategy 5 (Support community partnerships to enhance student experiences and learning opportunities), with 21 programs funded applying to this area.

Questions