

# MEMO



**Date:** November 29, 2022

**To:** Rochelle Cox, Interim Superintendent

**From:** Ibrahima Diop, Senior Financial Officer

**RE:** Pro forma Financial Projections – General Fund

## Overview

In accordance with Board Policy 3005 the MPS Budget Office has refreshed its annual pro-forma projections for Minneapolis Public Schools, Special School District #1. We continue to project an imminent financial crisis related to declining enrollment and a failure to align increasing expenditures with anticipated declining revenues.

This document begins with a 'status-quo' projection of MPS's finances that assumes an unchanged direction in our planning, programming and direction, followed by a brief overview of the district's strategic plan. Following that is a discussion on how other districts are approaching financial management. Finally, this document concludes by reviewing many of the potential risks and opportunities MPS should anticipate as it manages its finances through the next several years.

The purpose of this document is to inform the Board of Education, senior MPS leadership, and the MPS community about the fiscal health of our school system. The purpose of this document is not to make suggestions or propose remedies. Where alternative models, changes to existing practices, or potential remedies are mentioned, it is done to inform the reader or improve the reader's understanding.

## Status Quo Projection

In order to understand where we are, we must start with a 'status quo' projection of MPS's finances. That is, if we continue forward with the district's existing footprint, practices, policies, and priorities, how will that impact MPS financial health over the next five years? As in previous years we find that the current cost structure of the district is unsustainable, that the cost of district expenditures continues to outpace increases in revenue, and that we expect the district to confront an unprecedented fiscal crisis in the 2024-2025 school year.

Minneapolis Public Schools Fall 2022 Pro-Forma Financial Projection

Table 1 - Status Quo Pro-Forma Projection

	FY23	FY24	FY25	FY26	FY27	FY28
Avg. Daily Membership	27517	27004	25794	24469	23526	22797
--% Change		-1.9%	-4.5%	-5.1%	-3.9%	-3.1%
General Fund Revenue	\$ 627.7M	\$ 621.3M	\$ 539.9M	\$ 523.3M	\$ 514.2M	\$ 509.5M
--% Change		-1.0%	-13.1%	-3.1%	-1.7%	-0.9%
General Fund Expenditures	\$ 642.8M	\$ 636.5M	\$ 648.1M	\$ 657.3M	\$ 669.6M	\$ 683.1M
--% Change		-1.0%	1.8%	1.4%	1.9%	2.0%
Net Change in Fund Balance	\$ (15.0M)	\$ (15.2M)	\$(108.2M)	\$(134.0M)	\$(155.4M)	\$(173.6M)
General Fund Balance	\$ 131.9M	\$ 116.7M	\$ 8.5M	\$(125.5M)	\$(280.9M)	\$(454.5M)

Our five-year pro-forma (Table 1) anticipates fully depleting the general fund fund-balance during the 2024-2025 school year, and quickly descending into statutory operating debt.<sup>1</sup> There are three primary reasons that explain why we expect the district’s fiscal crisis to intensify:

1. The “fiscal cliff” – MPS has been using federal emergency Coronavirus relief aid to balance its budget. All funds allocated to the district from these sources must be fully depleted by September 2024 and will no longer be available. Its discontinuation represents a substantial reduction in general funds.
2. Continued enrollment declines – MPS has experienced substantial enrollment declines for several years. While the Coronavirus pandemic contributed to these declines, they were occurring before the pandemic emerged and have continued afterward.
3. Increasing costs – MPS has seen costs increase over the past year or two and anticipates future cost increases to continue outpacing any increases in state revenue formulas.

Assumptions

Our projection includes assumptions about enrollment, other revenue drivers, salaries, and other expenditures that materially impact the result of the projection. These assumptions are based on a variety of factors, but in general are based on past trends and future expectations. It is important to keep in mind that these assumptions represent unknown quantities and are subject to change. The quality of

<sup>1</sup> Minnesota law defines school district *operating debt* as “the net negative unreserved general fund balance calculated as of June 30 of each year in accordance with the uniform financial accounting and reporting standards for Minnesota school districts” and defines a district as being in *statutory operating debt* “if the amount of the operating debt is more than 2-1/2 percent of the most recent fiscal year’s [general fund] expenditure[s].” If a district does go into statutory operating debt, they must submit a *special operating plan* to the Commissioner of Education, who must approve the plan. The special operating plan must include a plan to reduce the district’s deficit expenditures. (Minn. Stat. § 123B.83)

## Minneapolis Public Schools Fall 2022 Pro-Forma Financial Projection

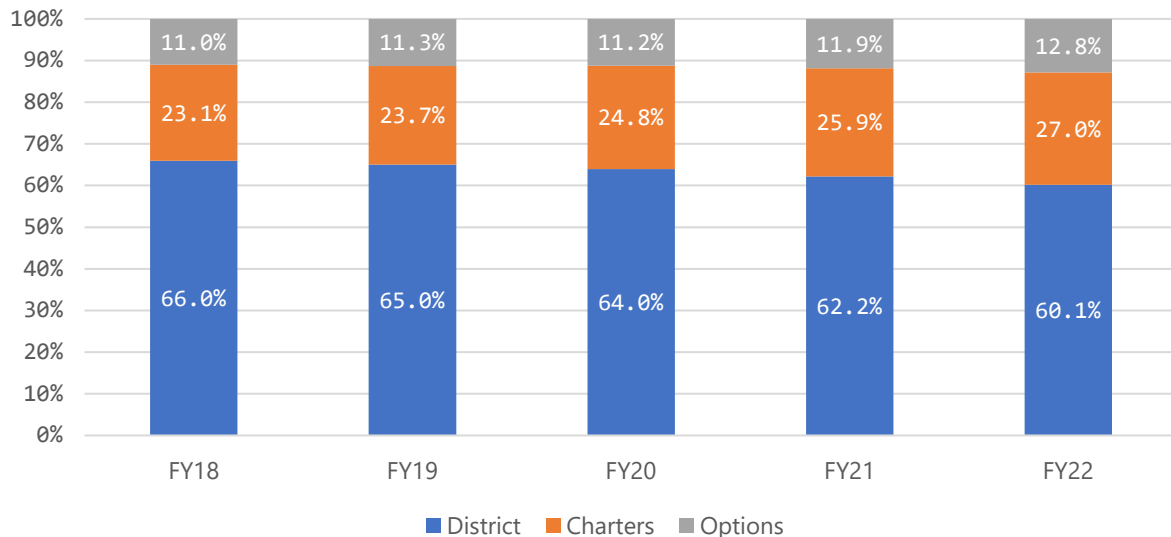
these assumptions must be grounded in their *reasonableness*. That is, how reasonable are these assumptions given what we do and do not know.

### Enrollment

Our status quo projection assumes a continued decline in enrollment over the next five years based on trends for the past five. Enrollment is measured in average daily membership, or “ADM” (MDE label), which is the average number of students enrolled at MPS on any given day during the school year. We model enrollment based on several factors:

1. The number of live births within the city of Minneapolis – we can assume that a certain number of the children born to families living in the City of Minneapolis will continue living here until they are old enough to start kindergarten.
2. Year-over-year attrition – we have historical trends that measure the number of students advancing to the next grade in each year.
3. Known disruptions – we also try to estimate the effect of disruptive events on district enrollment. A disruptive event may increase enrollment, decrease enrollment, or have no effect. Examples of disruptive events include new charter schools, global pandemics, civil unrest, and fundamental changes in the way MPS is organized.

Figure 1 – Share of publicly educated students in Minneapolis



In Minnesota, resident school districts do not have a monopoly on student enrollment. Most families have three different types of public schools to choose from: MPS schools, public charter schools, or open enrollment into another school district, usually in a nearby suburb (“options”). Over the last five years MPS has seen its share of publicly educated students steadily erode as families have increasingly opted for public charters and enrollment in school districts outside Minneapolis. (Figure 1)

While erosion in the share of publicly educated students of almost 6% over five years is significant, looking at share alone masks another important factor that has contributed to enrollment declines: the number of publicly educated children living in the City of Minneapolis has been declining steadily.

## Minneapolis Public Schools Fall 2022 Pro-Forma Financial Projection

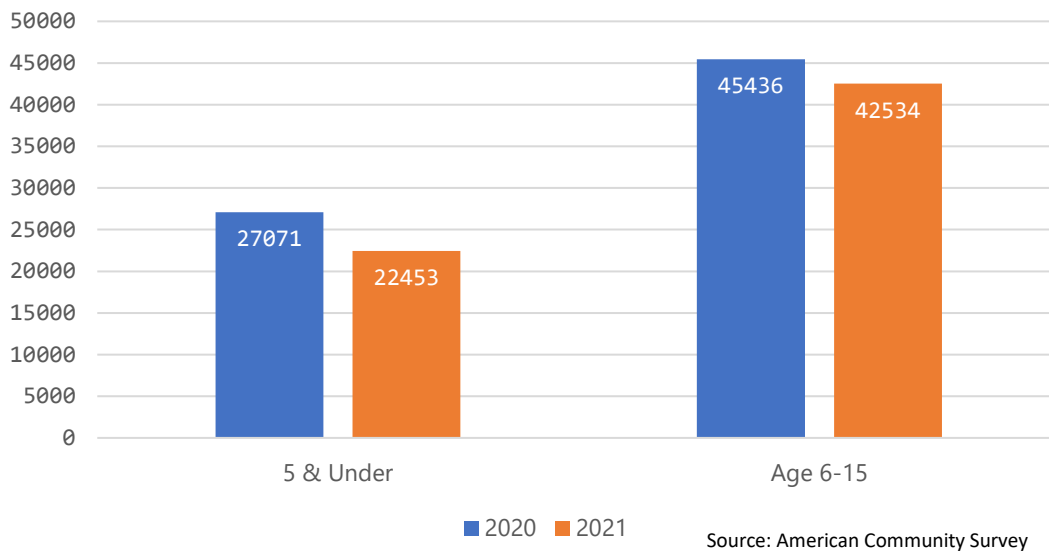
Although MPS has seen its ADM go down by almost 6,000 students since the 2017-2018 school year, only 1,174 of those ADMs have been picked up by charters or other public-school districts. (Table 2) This means that there has been a net reduction of nearly 5,000 publicly educated students living in the city. In short, families with school-age children are leaving the city.

*Table 2 – ADM change from previous year by public education provider.*

	FY19	FY20	FY21	FY22	Total
<b>District</b>	-906	-880	-1824	-2383	-5993
<b>Charters</b>	204	448	185	-30	807
<b>Options</b>	95	-85	162	195	367
<b>Total Net Change</b>	<b>-607</b>	<b>-517</b>	<b>-1477</b>	<b>-2218</b>	<b>-4819</b>

We have no reason to believe that this trend will reverse itself. The American Community Survey <sup>2</sup> estimates that there were nearly 3,000 fewer children aged six to 15 living in the city in 2021 than there had been a year earlier, and over 4,600 fewer children under the age of six. (Figure 2). As a result, not only has the pool of potential students decreased but the pool of current and future kindergartners also decreased during that period. This will continue to impact MPS enrollment as those children attend schools in their new residential districts outside Minneapolis.

*Figure 2 – School age children living in the City of Minneapolis*

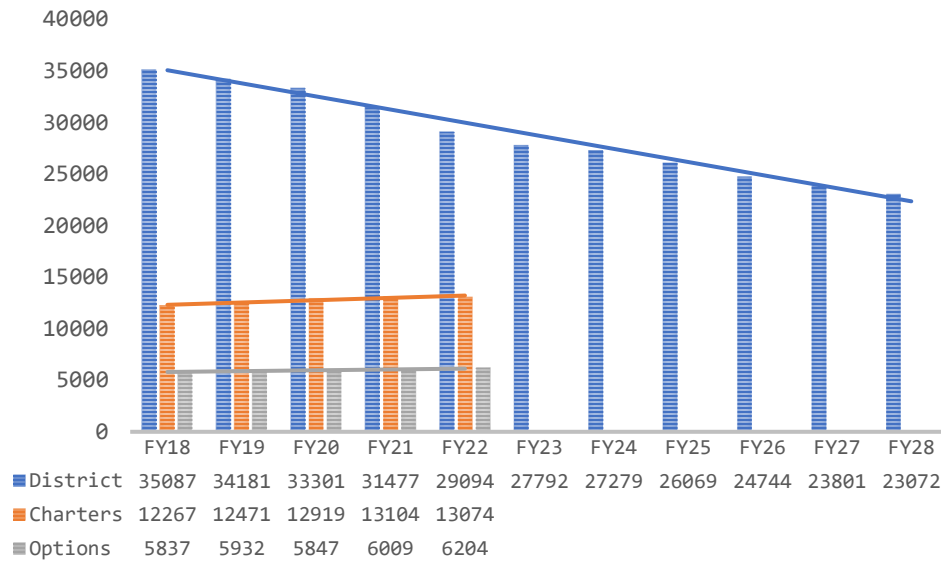


We can't know the impact of several significant events within Minneapolis over the past three years: a major infrastructure change in MPS through the Comprehensive District Design, the murder of George Floyd and ensuing civil unrest, the COVID-19 pandemic and lockdown and a 14-day teacher strike. We *do* know MPS experienced a 17.1% decrease in student enrollment between 2017 and 2022

<sup>2</sup> <https://data.census.gov/cedsci/table?q=Minneapolis,%20MN&y=2020&tid=ACSST5Y2020.S0101>  
<https://data.census.gov/cedsci/table?q=Minneapolis,%20MN&y=2021&tid=ACSST1Y2021.S0101>

## Minneapolis Public Schools Fall 2022 Pro-Forma Financial Projection

Figure 3 – Enrollment trends for publicly educated children living in Minneapolis



Given the above, we conclude that -- barring significant structural change -- enrollment will continue to decline to just over 23,000 students in the 2027-2028 school year (Figure 3). Although a restructured and improved public school system might help stem the tide, it's also important to note that we still expect the number of children living in the city to continue declining. Therefore, MPS must address both the quality of its product as well as work with policy makers and city leaders to address factors outside of its control, such as crime, housing prices, and transportation issues, if it hopes to stabilize.

### Other Revenue Assumptions

Our model makes certain assumptions that impact revenue aside from membership, the most impactful of which relate to referenda, state per-pupil funding allocations, federal grants and special education.

### Operating Referendum and Capital Projects Levy Revenue

With the approval of Minneapolis voters, Minneapolis Public Schools is able to increase its annual property tax levy through two voter-approved levies: an operating referendum and a capital projects levy, which were both last approved by voters in 2018.

The operating referendum, which is used to fund teachers and support staff, allows the Board of Education to levy to the state-mandated limit of an additional \$1,969.62 per pupil unit for fiscal year 2023. The operating referendum increases each year by an inflationary factor.

The capital projects levy allows the Board of Education to levy up to 2.49% of the net tax capacity of the district "to provide funds for the purchase, installation, and maintenance of software applications and technology equipment" as well as associated training and associated personnel costs. The capital projects levy is expected to generate just over \$15 million to be used for these expenses in fiscal year 2023.

As both measures were last authorized by voters in the 2018 election for a term of seven years, they will expire and need to be renewed so that MPS may assess these levies in the final fiscal years addressed in

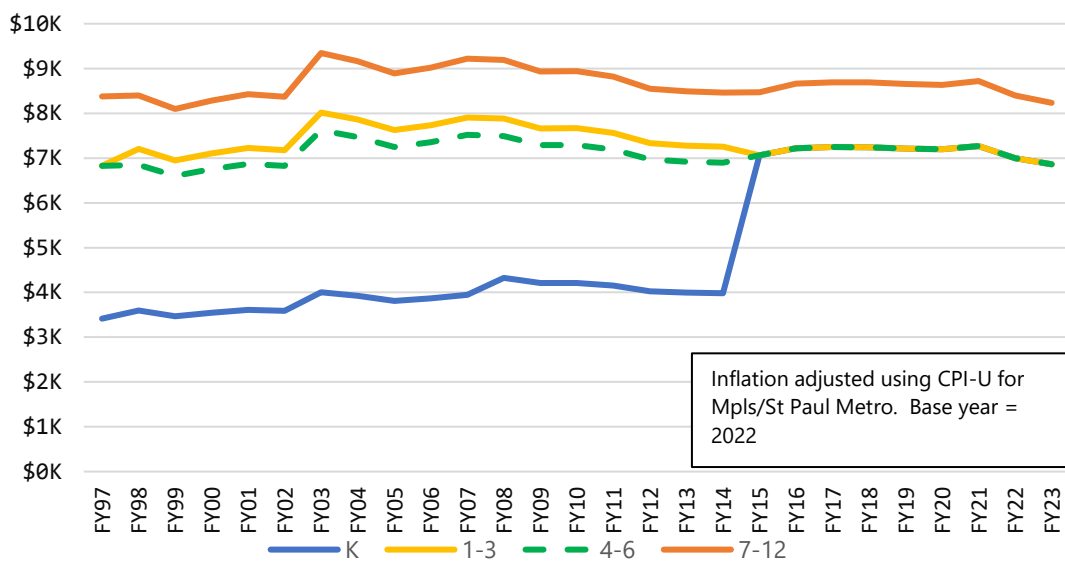
## Minneapolis Public Schools Fall 2022 Pro-Forma Financial Projection

this pro forma. We are assuming that these referenda will be approved by voters as they were in 2018. We consider this assumption to be reasonable given the wide margins by which they passed in 2018.<sup>3</sup>

### Per Pupil Basic Revenue (the "Formula")

The largest single source of funding for school districts in Minnesota is state aid paid on a per pupil basis by the state using a "formula" that multiplies a grade-specific weighting against a formula allowance, both of which are determined by the legislature as part of the biennial state budgeting process.<sup>4</sup> The formula allowance is a specific number defined in statute and is not linked to inflation. In each funding year the legislature must negotiate amongst themselves to determine what dollar amount should be used for each of the next two years.

Figure 4 – Inflation adjusted per student formula aid by student grade level. The sharp increase in per pupil kindergarten funding corresponds with the shift to full day kindergarten.



Looking at the per pupil funding amounts over the last 25 years clearly shows this funding source has not kept pace with inflation (Figure 4). We are assuming that, even in this time of high inflation, the legislature will not increase the formula allowance by the total amount by which inflation has reduced it. Since 2015, when the formula allowance was increased by 10%, the legislature has not increased the formula allowance by more than 4% in any year.

Additionally, while the formula allowance was increased by 10% in 2015, the legislature also reset the weightings that year, which resulted in a decrease in the formula of 1.4% for students in grades 1-3 and increases of 3.8% for students in grades 4-6 and 1.5% for students in grades 7-12<sup>5</sup> Since then the

<sup>3</sup> In 2018 the operating referendum passed with 77.78% of voters voting yes and the capital projects referendum passed with 71.97% of voters voting yes.

<sup>4</sup> The Basic Revenue Formula is:  $basic\ revenue = \sum w_g m_g f$  where g = the grade in school, w = the weighting for a grade, m = membership and f = formula allowance. The current weightings are 1.0 for grades kindergarten through sixth grade, and 1.2 for grades seven through twelve.

<sup>5</sup> On an inflation adjusted basis the formula allowance peaked in the 02-03 school year for grades 1-12 and the 19-20 school year for kindergartners. The formula allowance for kindergartners used to be much lower because it was still half-day. Had the weighted formula

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legislature has increased the formula allowance by 2.0% seven times and 2.5% once. We are forecasting optimistically in our projection an increase of 3.0% for the 23-24 school year, 2.5% for 24-25, 1.5% for 25-26 and 26-27, and 2.0% in the 27-28 school year.

### **Federal Grants**

MPS receives aid from the federal government in the form of grants given through various federal programs: Title I, Title II, and Title IV, among others. We have consistently received about \$50 million through these grants for several years. Since these grants are restricted by a federal mandate to “supplement, not supplant every dollar of revenue received has an offsetting dollar of expense that MPS would otherwise not have expended.

MPS has also received millions of dollars in grants through federal coronavirus aid programs: ESSER, ESSER II, ESSER III, and CRF, among others. In total we received just under \$250 million, all of which must be spent by the fall of 2024. While these funds are still managed as grants, approved and distributed through the Minnesota Department of Education on behalf of the federal government, and given in the form of reimbursements for costs already incurred, the restrictions on these funds, especially ESSER III, are significantly less than the typical restrictions on federal funds.

As a result of the reduced level of restriction, MPS has been able to use ESSER II and ESSER III to fund continuity of services, this year and last. This has effectively defrayed about \$60 million in operating costs every year that would otherwise have been budgeted in the General Fund. We assume that we will continue this funding in FY24, at which point these funds will run out. At this point MPS will no longer have incoming revenue to defray these costs – often referred to as the “fiscal cliff” – and will have to find other funding for expenses currently funded through this revenue stream or significantly reduce expenses. This projection, however, is based on making no changes.

### **Special Education**

Many of our students require special education services and have Individual Education Programs (“IEPs”) that specify the extra services necessary to facilitate learning. This is both a legal requirement imposed on school districts by state and federal law and a moral requirement to which MPS is committed. Unfortunately, despite mandating that these services be provided, neither the state nor federal government has ever fully funded 100% of the cost, and those costs must be paid for using other funding sources. This is known as the “special education cross subsidy” or “special education underfunding”, and we continue to assume that this will be unchanged throughout.

### **Salaries & Other Expenditures**

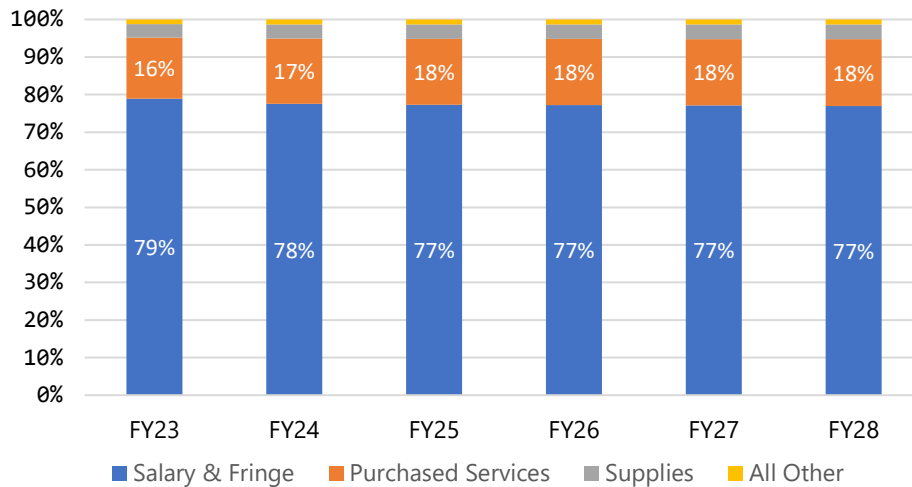
Education is a labor-intensive service and about 80% of the district’s general fund expenditures is used to pay staff compensation in the form of salaries, wages, benefits, and payroll taxes. (See exhibit 7). Due to the scope of these items within our overall budget, small changes in our assumptions regarding salaries, wages, and associated expenses can have outsized financial impacts.

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allowances kept pace with inflation, the district would have benefitted from an additional \$26.8M in general education revenue in the current year.

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Figure 5 – Share of general fund expenditures by category.



Our projection is also highly sensitive to inflation. Several models of future inflation exist falling into a few main categories: a return to “normal,” sustained but controlled inflation, hyperinflation resulting from a wage/price spiral, and potential deflation.<sup>6</sup> We are assuming that inflation will be sustained but controlled with inflation of 4% in FY24, 3% in FY25, 2% in FY26, and 2.5% in FY27 and FY28.

### Salaries & Collective Bargaining

For the purposes of this pro-forma, we assume a 2.5% increase in base costs per year for each union contract. MPS currently has all major labor contracts negotiated and approved through the current fiscal year, with our AFSCME (clerical) and Teamsters (drivers and groundskeepers) contracts settled through FY24, and our SEIU (custodians and food service) contracts settled through FY25.

Table 3 – Projected change in ongoing compensation (salary + fringe) by bargaining unit.

	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Minneapolis Federation of Teachers							
<i>Teachers Chapter</i>	4.5%	3.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<i>Educational Support Professionals</i>	8.6%	6.1%	2.5%	2.5%	2.5%	2.5%	2.5%
Minneapolis Principals Forum	4.7%	5.4%	2.5%	2.5%	2.5%	2.5%	2.5%
Professional Unions (AMP/MACA/MAAS)	2.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%
AFSCME Local 56	2.5%	3.1%	2.2%	2.5%	2.5%	2.5%	2.5%
Teamsters Local 320							
<i>Drivers</i>	9.9%	0.8%	3.2%	2.5%	2.5%	2.5%	2.5%
<i>Grounds</i>	4.8%	3.4%	3.8%	2.5%	2.5%	2.5%	2.5%
SEIU Local 284							
<i>Custodians</i>	1.8%	12.6%	3.2%	3.3%	2.5%	2.5%	2.5%
<i>Food Service</i>	7.5%	7.7%	3.0%	2.5%	2.5%	2.5%	2.5%

Additionally, we are including adjustments in our model for future vacancies across all bargaining units, as well as reduced teacher FTEs (full-time equivalents) as fewer teachers are needed to provide services

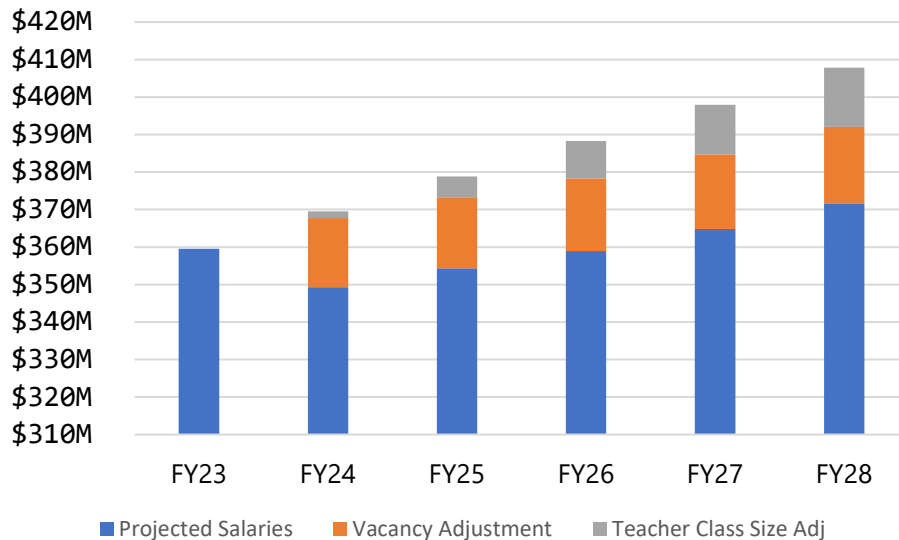
<sup>6</sup> A good explanation of potential inflation scenarios can be found at <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/process-and-operations/us-the-inflation-outlook-march.pdf>



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for fewer students (as a result of the enrollment decline). We are assuming a vacancy rate of 5% throughout the model. While we have experienced higher vacancy rates over the most recent two or three years -- often hovering near 10% -- we do not expect the current national labor shortage to continue throughout as structural changes in the national economy resolve. Traditionally MPS has experienced vacancy rates closer to 5%. We are assuming that teacher FTE reductions will be in line with the current class size targets used for budgeting.

*Figure 6 – Projected salaries with adjustments*



Unadjusted, our model anticipates a compound annual growth rate (CAGR)<sup>7</sup> for salaries and wages of 2.6%. That means that, without adjusting for vacancies or lower enrollment, our model would project salaries and wages to increase, on average, by 2.6% annually. Adjusting for these items reduces the CAGR to 0.7%. These adjustments to projected salaries and wages also translate into proportionally equivalent adjustments to projected fringe costs such as health insurance and payroll taxes.

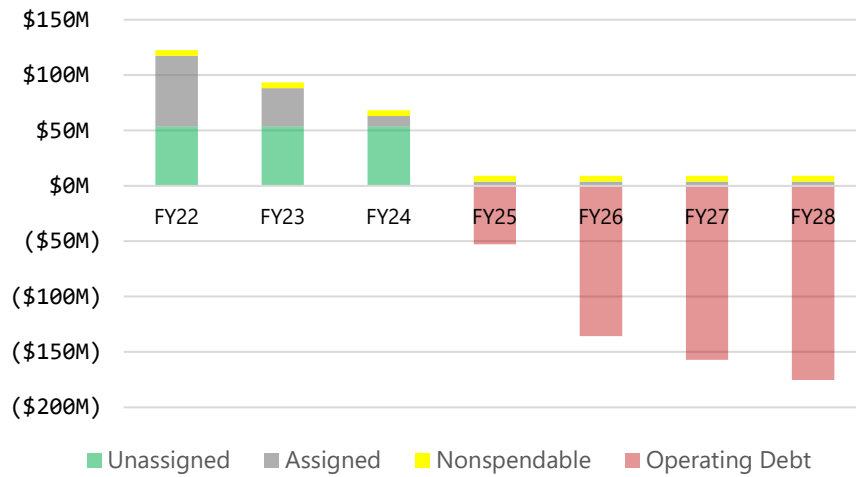
### Projection

Our model anticipates deficit spending that will fully deplete the General Fund Balance at some point in FY25. MPS would then be forced to take on operating debt to sustain its current operations. At that point, MPS would be declared to be in statutory operating debt, likely at the end of FY25, and required to submit a plan to the Commissioner of Education leading to solvency.

<sup>7</sup> The Compound Annual Growth Rate, or "CAGR" is the average annual rate of growth over several years and is found using  $CAGR = \left( \frac{\text{ending value}}{\text{starting value}} \right)^{(1/t)} - 1$  where  $t$  is equal to the number of years in the time period.

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Figure 7 – Projected General Fund balance by year.

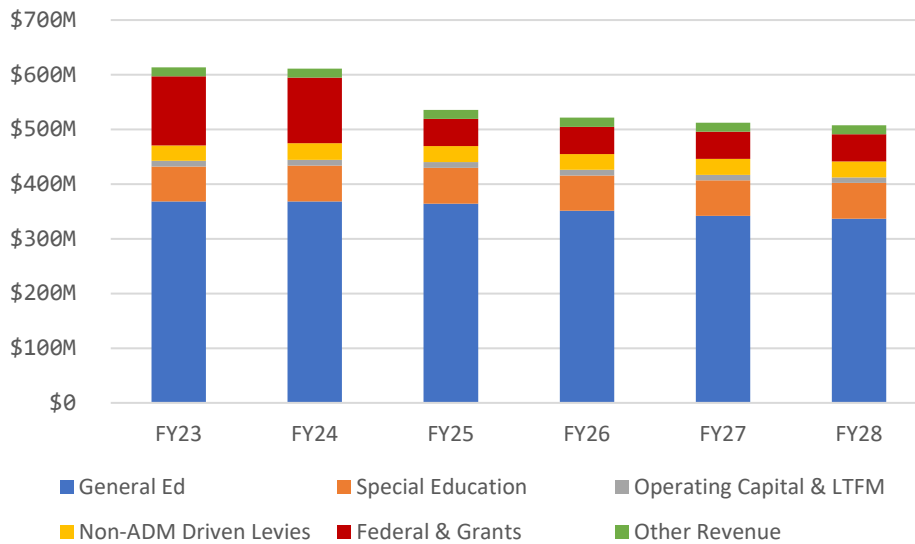


### Revenue

Our model projects steadily declining revenue over the next five years interrupted by a sharp decline in revenues in FY25. Steady erosion in revenue results from steadily falling enrollment as MPS is impacted by the effect of families leaving the city. While the impact of falling enrollment is partially offset by anticipated increases in the funding formula amount, we do not anticipate that the rate of increase for the formula will be sufficient to offset enrollment declines.

The sharp and sudden loss of federal revenue in FY25 results from the end of the ESSER III COVID Emergency funding from the federal government. This will reduce the amount of federal funding available for general use by \$70 million, or about 58%. Visually, the decline in federal revenue (Figure 8 – red bars) is sudden and stark.

Figure 8 – General Fund revenue by source.



On average, we anticipate total General Fund revenue to decline by 3.7% per year, which is driven by an average decline of 1.8% annually in membership driven (per pupil) revenue, average decline of 16.9% in

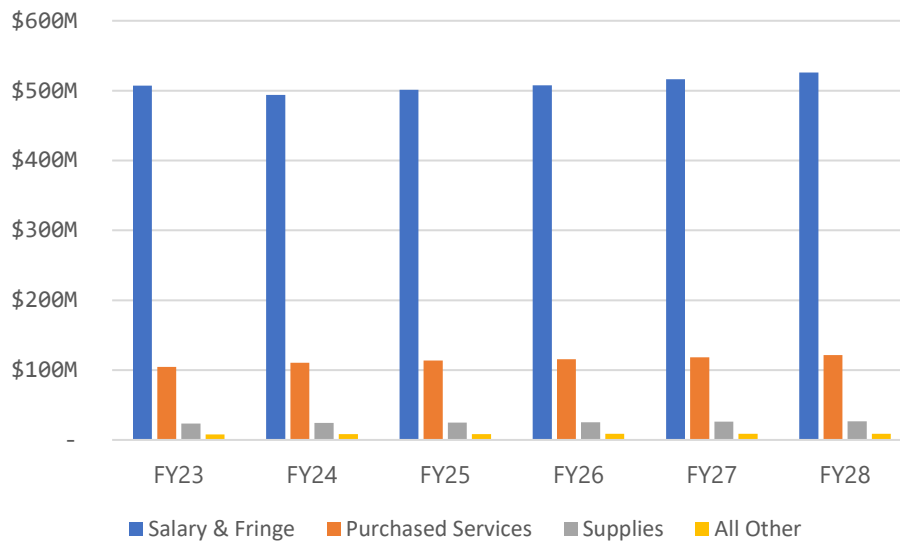
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federal grants and levies (almost entirely attributable to the 58% decline in FY25), and negligible changes in other revenue streams.

### Expenditures

As previously noted, MPS's cost structure is dominated by wages, salaries and associated fringe. (Figure 9) The projection assumes overall compound annual growth of salaries and wages of 0.6% annually. However, this growth rate includes vacancies and projected reductions in force tied to membership. Over the entire period of the projection a CAGR of 1.0% is projected.

Figure 9 – General Fund expenditures by object.



### Conclusion: The Status Quo is Not Sustainable

The primary lesson of the status-quo projection is that the status-quo is not only financially undesirable but is financially infeasible. Structural change is both necessary and inevitable and the time to effect this change is running short. Doing nothing to address the systemic fiscal issues faced by MPS is not an option. While we have delayed the district's arrival at the fiscal cliff thanks to the COVID-19 federal aid, but time is running out. That funding is ending, and the cliff is nearing. Without significant changes, MPS will run out of money during the 2024-2025 school year and be unable to operate as it does now.

### **Strategic Plan Alignment**

At its February 8 business meeting, the Board of Education approved a new MPS strategic plan. The plan addressed several district shortcomings in both academic performance and culture, with a stated mission that "Minneapolis Public Schools exist to provide a high quality, anti-racist, culturally responsive education for every Minneapolis student."

### Addressing Learning Loss

During the pandemic, MPS students experienced significant declines in academic proficiency. Before further academic strategies can be applied, the district must address these declines just to get students

back to where they were pre-pandemic. MPS can do this by intentionally investing in strategies that accelerate the closing of skill and knowledge gaps.

MPS has already committed \$3 million to implement preliminary academic “boosts” and invest in a system to provide online tutoring services to students and tutoring tracking services. However, additional investments will almost certainly be necessary.

High dosage tutoring is a proven and effective approach to improving student achievement and is being implemented successfully in other districts.<sup>8</sup> However, it is an extremely labor-intensive approach, requiring an army of trained educators to serve as tutors in positions that are ultimately temporary. The cost to properly implement such a program may simply be beyond the district’s appetite to commit funds.<sup>9</sup>

MPS can also respond to pandemic-related learning loss by deploying instructional coaches to schools where core instruction is not providing a majority of students with what they need to be proficient.

### Goal One: Academic Achievement

At its core, the strategic plan addresses improving academic achievement across the district by implementing multiple strategies:

- Providing standards-based core instruction, focusing on literacy and mathematics, through aggressive review and, as necessary, replacement of curriculum in multiple content areas, professional development to staff, and a clearly articulated core content sequence.
- Ensuring that all district curriculum and instructional practices are antiracist, responsive to, and sustaining of the cultures, languages and experiences of our students. Finalizing equity competencies, using those equity competencies to create a district-wide review process for curriculum, resources and materials, and then offering professional development to give educators the tools to determine the appropriateness of any texts being used in their classes.
- Making sure that all students in community schools have access to STEM, music, art and language classes, and that all high school students have access to ethnic studies and college credit courses.
- Establishing Professional Learning Communities, or PLCs, to guarantee that of the needs of our students are being met through a system of academic support and intervention.
- Building magnet school pathways that offer innovative thematic instruction and integrated learning opportunities. Making sure that our magnet schools have a full K-12 pathway, that they are theme based, with coherent curriculum and ongoing training for their staff.

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<sup>8</sup> See [https://osse.dc.gov/sites/default/files/dc/sites/osse/page\\_content/attachments/HighDosageTutoringGuidance.pdf](https://osse.dc.gov/sites/default/files/dc/sites/osse/page_content/attachments/HighDosageTutoringGuidance.pdf) for a description of high dosage tutoring.

<sup>9</sup> The Edunomics Lab at Georgetown University has an online calculator (<https://edunomicslab.org/calculator/>) that uses assessment data to estimate the cost of mitigating learning loss through high dosage tutoring. Their analysis indicates that district students lost on average 17 weeks of math and 14 weeks of reading, with an estimated cost to remedy this learning loss of \$46,576,708 for math and \$25,005,749 for reading – a total of \$71.6 million.

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In order to implement these strategies, MPS must make sure several conditions are first met, as these strategies must have a sound foundation if they are to be successful. These conditions include efforts such as making sure all schools follow an appropriate calendar and are staffed appropriately, magnet pathways are clearly defined, and systems of accountability for low performing staff are strengthened.<sup>10</sup>

The cost of meeting these conditions and implementing these strategies will be significant. Significant commitments will be needed in additional personnel to recruit and hire staff and hold current staff accountable. Considerable funding will need to be devoted to providing professional development to staff as well as paying those staff to participate if extra time is needed. Large investments will be necessary to assess, develop, pilot, and adopt new curriculum.

### Goal 2: Student Wellbeing

It is important that every student's physical and mental wellbeing is addressed as an integral part of their education. Strategies for addressing these needs include:

- Serving the mental health needs of our students are supported by assigning every district site a mental health support specialist, recruiting mental health professionals that represent students and families, and placing a licensed alcohol and drug counselor in every middle and high school
- Sustaining student mental health by providing equitable student access to culturally responsive counseling and mental health services. Anticipating the mental health needs of our students through resource mapping and gap analysis. Defining the role of staff and contracted agencies to make sure these needs are being met. Recruiting mental health professionals that can provide inclusive and representative services to students and families.
- Implementing a restorative approach to student support. Phasing in restorative practices training, such as that currently being provided at 6 middle schools by the Legal Rights Center, across the district, and proactively creating and utilizing restorative activities for classrooms, small groups and individuals.
- Integrating social and emotional practices into all classrooms and out-of-school-time activities. Expanding professional development opportunities for staff to learn, apply and model the use of SEL skills.
- Protect our students in a physically safe and welcoming school environment that is clean and well maintained. Strategically shortening walk-zones and diligently maintaining strong emergency management practices.
- Supporting health child development through nutritious meals and promoting physical activity.

These strategies rely on MPS being able to fill all its student-facing positions, from mental health specialists, custodians, and bus drivers to those staffing our after-school enrichment programming. This will require material levels of investment. Additionally, the strategic plan rests on being able to fill all budgeted positions and keep them filled consistently, which will impair management's option to leverage unfilled positions as a means of short-term cost control. It may also require district subsidies for programs that today cover their own expenses through revenue, such as food service and after-school programming.

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<sup>10</sup> The full grid of necessary conditions and the strategies that are built on them can be found in the appendices.

### Goal 3: Effective Staff

The third goal of MPS's strategic plan is concerned with making sure all staff, whether working in schools or out, approach all work centered on students and equity. Strengthening the districts pathways programs to reduce barriers for talented and diverse district employees and potential employees to enter the teaching profession, and deepening the district's strategic recruitment of high quality, diverse teachers and staff.

Central to Goal 3 is a collective bargaining strategy that prioritizes staffing flexibility. The district needs the tools to equitably recruit, hire and retain high-quality, diverse teachers and staff. The potential fiscal impact of this strategy is substantial.

### Goal 4: School & District Climate

To deliver on its mission, MPS must be known by our community as welcoming, responsive and connected. Equity competencies must inform hiring and retention practices and be embedded into performance management and professional development systems. Board policies regarding site councils must be implemented with fidelity. And opportunities to engage with stakeholders, including students, parents, and the community, must be supported.

## **Analysis**

The cost of successfully implementing the strategic plan is going to be substantial. Personnel must be recruited and hired, curriculum must be assessed and replaced, and major contractual hurdles must be overcome. How can a district that is already facing an impending fiscal crisis expect to invest in itself with fidelity?

The status quo projection is useful as a tool as MPS and its leaders think about how to deploy resources over the next several years. Any comprehensive strategic approach to improvement must necessarily address the financial sustainability of current and proposed cost structures. As an institution that has a legal and moral obligation to the children of Minneapolis, Minneapolis Public Schools must examine all expenditures to determine whether they are aligned with the strategic plan.

### Impending loss of incremental federal COVID funds.

As revenue has declined, inflation has eroded the buying power of that revenue, and salaries have skyrocketed (see Table 3), MPS has maintained solvency and balanced budgets using federal COVID-19 relief funds. These funds will no longer be available after fiscal year 2024, which will create a sudden and significant decrease in revenue.

As an urban district with rapidly falling enrollment, MPS has been allowed to continue operating in an overly burdened and inefficient cost structure due to the influx of federal COVID-19 funding. Those funds have also masked the continual unfavorable impact on revenue that falling enrollment has caused. While district expenditures are projected to increase by an average of only 1% annually due to generous vacancy assumptions and significant reductions in force tied to membership, district revenue *without*

## Minneapolis Public Schools Fall 2022 Pro-Forma Financial Projection

federal COVID-19 funding included is projected to *decrease* by 1.3% annually because of falling membership.

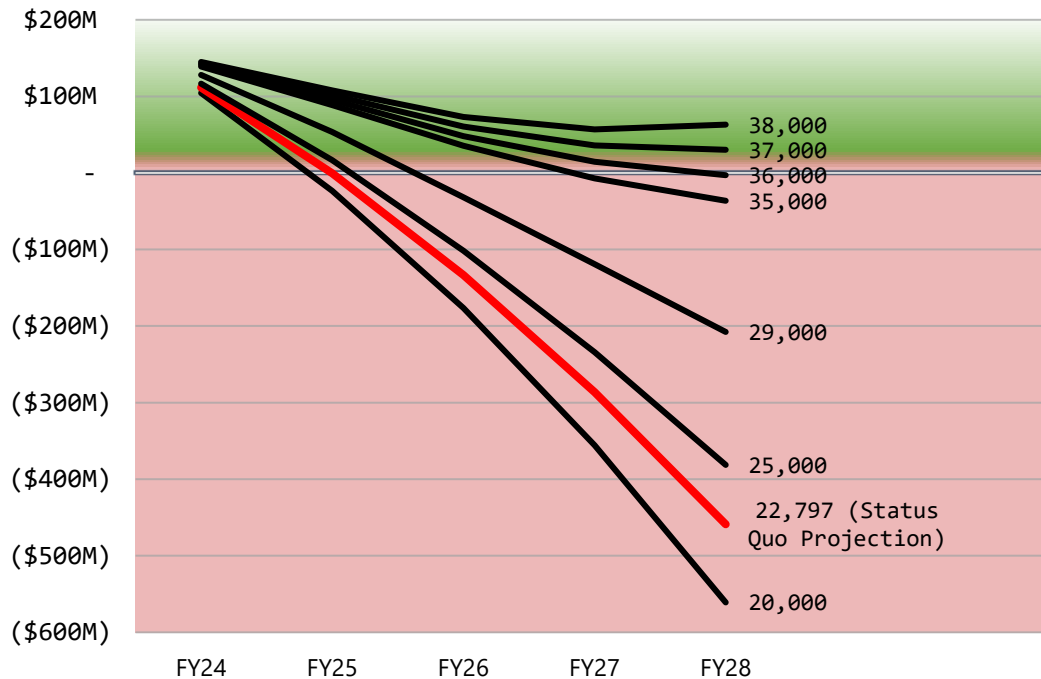
### Findings & Conclusions

Using the pro-forma projection model, we can make some very clear findings and conclusions about the financial position of the district.

#### *Enrollment Increases alone are not enough.*

We reiterate our previous finding that MPS should not expect enrollment increases alone to solve fiscal problems. Modeling the current district cost structure but varying the enrollment assumptions, we can examine the outcomes of varying enrollment scenarios. Figure 10 shows the total General Fund balance if we alter our assumption to assume constant growth to a certain enrollment target. Each line represents a different growth trajectory where the final enrollment in fiscal year 2028 and is indicated by the label to the right of each line. Lines that dip into the red-shaded portion of the chart represent growth trajectories that put MPS in statutory operating debt. Lines that stay in the green-shaded portion represent trajectories in which MPS remains solvent.

*Figure 10 - General Fund balance over five-year period given varying rates of constant enrollment growth and status quo cost structure. The label indicates the enrollment in the final year of the model. The green area represents a positive fund balance while the red area indicates a negative fund balance*



Additionally, MPS must remain in compliance with Board of Education Policy 3700, which directs us to take steps to maintain an unassigned General Fund balance of no less than 8% of expenditures. Unassigned fund balance is the total of past funds received but not expended, in liquid form, which are not otherwise committed by the district or restricted by statute.

## Minneapolis Public Schools Fall 2022 Pro-Forma Financial Projection

The unassigned fund balance is an important indicator of a district's overall financial health. MPS must maintain this level of savings so that it has the flexibility to respond to unforeseen financial challenges or hardships such as a state government shutdown, a property tax shift, or any other unforeseen event which may temporarily disrupt cash flow. An unassigned fund balance of 8% would give the district enough cash to operate for about four to six weeks without receiving any outside payments. Without a healthy unassigned fund balance the district would essentially be "living paycheck to paycheck."

The Unassigned General Fund balance is measured for compliance purposes using its value at the end of the fiscal year. This is the part of the year when the unassigned fund balance tends to be at its highest, as all revenue has either been received and receivables booked.<sup>11</sup> During the school year the unassigned fund balance often falls below the threshold of 8% as the district pays expenditures for costs incurred for which the revenue has not yet been received, as tax payments and state aid tend to lag behind expenditures, and some revenue such as federal Title funding and many grants are paid explicitly as reimbursements for costs already incurred. In this sense, the unassigned fund balance acts as the district's working capital, the operating liquidity that guarantees employees and vendors are paid on time.

Figure 11 charts projected compliance with minimum unassigned fund balance policy even with enrollment growth resulting in FY28 membership levels as indicated. Although we see immediate drops in unassigned fund balance as a percent of expenditures as MPS adjusts to the loss of federal emergency funds in FY25 and FY26, we see a rebound in fund balance projected in a scenario in which the district experiences constant growth resulting in membership of about 38,500 or more, and continued compliance with board policy in scenarios where constant growth results in membership of 40,000 or more.

This makes sense. MPS as constructed (financially) is built to service about 40,000 students. In 2009 when the district went through its most recent round of "right sizing," enrollment had stabilized at around 35,000. However, in that year MPS also enjoyed slightly higher per pupil funding when adjusted for inflation for grades 1 - 12, the City of Minneapolis enjoyed brighter prospects in terms of livability, and

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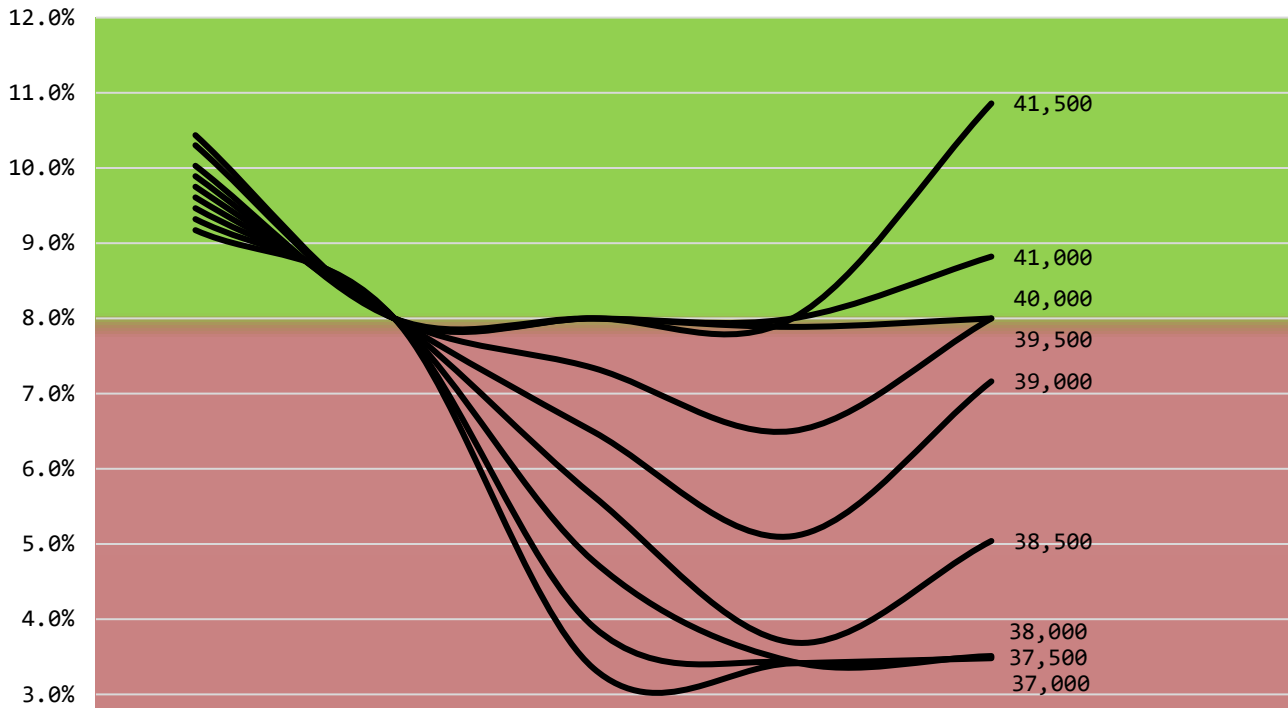
<sup>11</sup> The end of the year fund balance may include the value of cash payments for the fiscal year that is ending that have not yet been received, as under the modified accrual basis of accounting the district creates receivables for funds that may not have been collected or paid but will be in sufficient time that they can be used to pay expenditures incurred in the fiscal year that is ending.



## Minneapolis Public Schools Fall 2022 Pro-Forma Financial Projection

the last decade of wage growth, relatively high in terms of inflation and state funding, had not yet occurred.<sup>12</sup> Had membership held at the 35,000 level, as it did until 2018, MPS would likely still be feeling financial pressure, but it would be unlikely that the state of crisis that exists now would have materialized.

*Figure 11 – General Fund unassigned fund balance shown as a percentage of annual expenditures given varying rates of constant enrollment growth and status quo cost structure. The label indicates the enrollment in the final year of the model. The green area indicates that the unassigned fund balance is within board policy.*



MPS's fund balance is also watched closely by buyers and sellers in the municipal bonds market, and the agencies that issue credit ratings for the districts pay close attention. Through careful, conservative management MPS has maintained a high, investment grade bond rating, providing the district access to capital as cheaply as possible. Should the bond rating fall, the cost of capital could increase significantly, and as Standard & Poor's noted in their most recent rating memo, "if reserves are reduced with no immediate replenishment planned, the rating would be pressured."

Knowing that enrollment must hit at least 40,000 for the district to both remain solvent and maintain necessary reserves, it is safe to say that enrollment is not the path out of MPS's impending fiscal crisis. Although there are just under 50,000 school age children residing in the city, historically about 5,000 of those students have attended private schools. It is not realistic to expect the district to increase its share in the market to that level in time.

<sup>12</sup> Even then, the district was forced to implement relatively disruptive budget cuts at some points. The district also went through a major reorganization with the Comprehensive District Design (CDD), but the CDD was designed not to "right-size" the district but to actually increase enrollment over time, and the overall capacity of the district was not affected.

## Sustainable Cost Structures

While many districts in the state are struggling to keep their finances in order, Minneapolis Public Schools belongs to a small group of districts where the fiscal situation seems to be extra bleak. While Minneapolis is doing many things right, other districts are in a much better position to continue providing a safe and stable learning environment for the children in their district.

### Comparisons with other large districts.

It is worth examining how MPS’s cost structure differs from other large districts in the state.

#### *Operating Expenditures*

Minneapolis Public Schools has higher-than-average operating costs on a per student basis when compared to the other 14 districts that compose the 15 largest districts in the state.<sup>13</sup> The discrepancy is especially apparent in Regular Instruction, Special Education, Pupil Support Services, District Level

*Table 4 – FY21 per student operating costs.*

	<b>Minneapolis</b>	<b>Other Top 15</b>	<b>Variance</b>	<b>Potential</b>
District Level Administration	\$968	\$578	\$390	\$12,517K
School Level Administration	\$566	\$593	(\$27)	(\$862K)
Regular Instruction	\$7,883	\$6,328	\$1,556	\$49,976K
Career & Technical Instruction	\$148	\$197	(\$50)	(\$1,600K)
Special Education	\$3,737	\$2,831	\$906	\$29,123K
Student Activities & Athletics	\$125	\$224	(\$99)	(\$3,181K)
Instructional Support Services	\$1,151	\$941	\$210	\$6,744K
Pupil Support Services	\$1,200	\$543	\$658	\$21,128K
Operation Maintenance & Other	\$1,295	\$1,028	\$267	\$8,590K
Student Transportation	\$803	\$714	\$89	\$2,860K
<b>Total Expenditures/ADM Served</b>	<b>\$17,876</b>	<b>\$13,976</b>	<b>\$3,900</b>	<b>\$125,295K</b>

Source: Minnesota Department of Education

Administration, and Operation Maintenance. *Table 4* breaks out per-student operating costs by program for Minneapolis as well as the other schools in the Top 15 districts.<sup>14</sup>

While Minneapolis Public Schools spent \$17,876 per ADM in fiscal year 2021, on average the other top 15 districts spent only \$13,976. Multiplied by the district’s 20-21 enrollment of 32,127, this suggests that if per-student spending could have been reduced to match the per-student expenditures of other large districts, MPS’s costs would have been reduced by \$125.3 million in fiscal year 2021. The “Potential” column in *Table 4* breaks out this calculation by program area. Clearly, the biggest areas of inefficiency

<sup>13</sup> The top 15 districts in the state, based on enrollment, are, from largest to smallest: Anoka-Hennepin, Saint Paul, Minneapolis, Rosemount-Apple Valley, Osseo, South Washington County, Rochester, Elk River, Wayzata, Mounds View, Lakeville, Robbinsdale, Minnetonka, North Saint Paul-Maplewood-Oakdale, and Bloomington.

<sup>14</sup> “District Level Administration” for MPS includes approximately \$3M in Covid-related technology spending and \$3M in Other Post Employment Benefits that other districts may record differently or not at all.

## Minneapolis Public Schools Fall 2022 Pro-Forma Financial Projection

in terms of total dollars are in regular education and special education. The primary reason for this has to do with the ratio of students to teachers in those programs.

### *Student to Staff Ratio*

The ratio of students to licensed staff is the largest driver of higher-than-average expenses faced by the district. MPS employs one licensed staff member<sup>15</sup> for every 9.6 students in the district (*Table 5*), whereas the other districts in the Top 15 employ one staff member for every 12.5 students, and the statewide average for all districts is 12.3 students for every licensed staff member.<sup>16</sup> For instructional staff (teachers in a student-facing role), Minneapolis employs one licensed teacher for every 13 students whereas the average ratio for the other Top 15 districts is 16.1 students per licensed teacher.

*Table 5 – Selected school district statistics from Fiscal Year 20-21*

	<b>Minneapolis</b>	<b>Other Top 15</b>	<b>State Avg.</b>
<u>Student to Staff Ratios</u>			
Students per licensed staff	9.6	12.5	12.3
Students per licensed instructional staff	13.0	16.1	15.4
<u>Student Characteristics</u>			
Free & Reduced Lunch %	53.5%	27.3%	32.1%
Special Education %	16.9%	15.3%	16.3%
Limited English Proficiency %	17.3%	8.9%	8.5%

Source: Minnesota Department of Education

Minneapolis Public Schools is the largest employer of licensed teachers in the state, despite being the third largest student population in the state.<sup>17</sup> The other districts service 30% more students than Minneapolis with a single licensed staff member, so only need about 77% as many staff members as Minneapolis to service the same number of students.<sup>18</sup> If the calculation is restricted to instructional staff only, they would need about 80% as many staff members as Minneapolis.<sup>19</sup> Therefore, if Minneapolis could increase its student to staff ratio to be in par with the state’s other large districts, it could expect to save around \$50.3 million annually.<sup>20</sup>

<sup>15</sup> In the context of school districts, “licensed” refers to an employee who is licensed by the Minnesota Department of Education and serving in a teaching, principal, or superintendent role. It does not count employees who may maintain an active license but are not employed in a role requiring licensure.

<sup>16</sup> Statewide numbers are for all public K-12 education institutions, including charters and other non-traditional districts.

<sup>17</sup> It is highly probable the Rosemount-Apple Valley will surpass Minneapolis as the state’s third largest district in the current school year.

<sup>18</sup> If another district can service 13 students with a single staff member, then they can support 10 students with 10/13 of a staff member.  $10 \div 13 = 0.7692 = 76.92\%$ .

<sup>19</sup>  $13.0 \div 16.1 = 0.8075 = 81.1\%$

<sup>20</sup> ADM used by MDE for these calculations is 32,126.91. The formula to calculate the amount of savings is:

$$savings = \frac{ADM}{Ratio_{District}} \left( \frac{Ratio_{District}}{Ratio_{Average}} - 1 \right) \times Average\ Salary = \frac{32,196}{13.0} \left( \frac{13.0}{16.1} - 1 \right) \times \$105,560 = (\$50,278,201)$$

*Number and Size of Schools*

Table 6 shows the number of elementary, middle and high schools operated by the five largest districts in the State of Minnesota as well as the average size of those schools. The two districts on this table with the highest number of schools and lowest average school sizes are the two school districts that have been under the most financial pressure in recent years (MPS and Saint Paul).<sup>21</sup> A large number of small schools fail to capture economies of scale for many reasons: the likelihood of classes being filled to optimal levels decreases when students are more dispersed, redundant positions such as administration, office staff and specialists need to exist, more custodial staff are needed to service multiple facilities, transportation costs increase as students must be transported to more places, etc. In short, districts that are feeling less financial pressure are those districts where schools are larger, more efficient, and able to serve each student at a lower cost per student.

*Table 6 - Number and Size of Schools in Large MN Districts*

	<b>Anoka- Hennepin</b>	<b>Saint Paul</b>	<b>Minneapolis</b>	<b>Rosemount- Apple Valley</b>	<b>Osseo</b>
Elementary School	26	42	43	19	17
Middle School	6	7	8	6	4
High School	5	5	10	5	3
Secondary School	0	4	0	0	0
Total Schools	37	58	61	30	24
<u>Schools Serving Grades K-5</u>					
10/1/2021 Count	15,646	14,990	13,640	12,463	8,897
Avg School Size	602	357	317	656	523
<u>Schools Serving Grades 6-12</u>					
10/1/2021 Count	21,706	17,400	15,613	16,253	11,134
Avg School Size	1,973	1,088	867	1,478	1,591

**Risks**

Short-Term

MPS faces short-term and long-term risks, some of which are noted below. Short-term risks are those that have a sudden and unplanned impact on the financial position of the district. While they are referred to as 'short-term' for these purposes, the impact of certain events can also have long-term consequences.

*MPS may be unable to maintain its special education maintenance of effort threshold.*

By statute, MPS must spend the same or more on Special Education every year. This rule is enforced by the Minnesota Department of Education. Although MPS spends more per pupil than other districts and supplements the federal and state special education aid out of its general fund by about \$50 million, if it underspends previous years the amount of the underspending will be "recovered" by the state. This

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<sup>21</sup> Saint Paul public schools also has higher than average student to staff ratios, with the instructional staff ratio being one staff for every 14.9 students.

means that special education cannot be used as an area for cost savings, even if inefficiencies are found, and that if it does underspend (because of a tight labor market, for example) its cross-subsidy will be increased by the amount of underspending.

*Inflation may cripple the MPS's ability to be a nimble decisionmaker.*

Resulting from recent macroeconomic trends largely influenced by the COVID-19 pandemic, the United States is currently experiencing its highest level of inflation since 1983. Every point of additional inflation reduces MPS's purchasing power and reduces the competitiveness of its collective bargaining agreements. Since revenue is almost entirely dependent upon the will of the legislature, and state budgets are only prepared every two years, the lag time between inflationary periods and revenue increases can be significant. Combined, these factors hinder the district's ability to respond quickly to unplanned events.

*MPS is subject to political risk.*

MPS is a government entity controlled by a publicly elected board. As such, MPS may make decisions that have unexpected and material impacts on the district's financial position. Additionally, the district receives most of its revenue from the State of Minnesota, which is controlled by elected officials. Not only might political actors at the local, state, or national levels make decisions that materially impact MPS's revenue, but they may also make changes, mandates, or engage in other political decision-making that alters the way in which the district may spend money.

Long-Term

Some additional risks can have long-term negative consequences on the MPS's financial position or the district's ability to execute on its strategic plan.

*MPS may continue to experience enrollment declines.*

District enrollment has been falling for close to a decade. Some of this decline is due to a perceived lack in the quality of the district's product offerings, but a larger cause is likely due to emigration by families with children out of the City of Minneapolis. While the quality issues perceived by much of the general public may be responsible for some of the negative net migration, a significant portion is caused by real or imagined increases in crime, poor provision of police service, and increasing housing costs. Such causes are out of the district's control and MPS must accommodate such demographic changes.

*MPS may be unable to recruit and maintain staff.*

In times of low unemployment, the district is constrained in its ability to respond to market conditions by collective bargaining agreements it has entered into with the multiple unions and bargaining units that represent its workforce. Chronic inability to hire qualified staff can have a long-term negative impact on product quality and the district's ability to execute its strategic plan.

*MPS may find itself locked into unsustainable long-term contracts.*

The district must often enter into multi-year contracts that carry with them significant expense, including collective bargaining agreements. Collective bargaining contracts especially are hard to renegotiate with a favorable result for the district's financial position. Additionally, for reasons outside of the financial

decision-making process MPS may be locked into contracts that are not economically competitive or may find itself unable to pay obligations to which it has agreed.

*The demographics of the City of Minneapolis might change.*

MPS exists “to furnish school facilities to every child of school age residing in any part of the district”<sup>22</sup>. As such, the district largely reflects the demographics and values of the residents of the district. Sudden or unexpected demographic shifts, such as a large influx or outflow of children, may result in the district finding itself unprepared to deliver on this mission. As a result, it may find itself over- or under-invested in certain areas or at certain educational levels that may drive inefficient emergency spending or force major changes to its strategic plan.

*MPS may be unable to sustain its credit-rating, or the municipal bond market may be disrupted, or interest rates may rise to unsustainable levels.*

MPS owns several large, old maintenance intensive buildings throughout the city that require ongoing maintenance and care. The district pays for this maintenance by selling municipal bonds on the open financial market. The number and amount of bonds the district is permitted to sell is restricted by statute and board policy, and the quantity of funds that can be secured through these sales is significantly impacted by the rate of interest the district must pay to acquire new debt. These interest rates are influenced by bond ratings issued by firms such as Standard & Poor’s, Moody’s, and Fitch Ratings, as well as general macroeconomic conditions, Federal Reserve open market operations, and favorable tax treatment of municipal bonds. If the interest rate increases to a level whereby the district is unable to secure enough funds to maintain its buildings and grounds this may negatively impact the district’s financial position or impact its ability to execute its strategic plan.

## **Opportunities**

*The Strategic Plan may increase enrollment.*

MPS’s strategic plan is focused on improving academic achievement and student outcomes as well as improving district climate. While the goal of the Strategic Plan is not explicitly to increase enrollment, a likely byproduct of any significant gains against the plan’s goals is a more competitive district that may appeal more to families in the district, which may lead to an increase enrollment. Increased enrollment would bring additional revenues and increased fiscal stability.

*The state legislature may increase the district’s funding.*

MPS’s funding is predominantly determined by the state legislature, both in the amount of state aid provided as well as the levy authority granted to the school board. For any number of reasons the state legislature may choose to increase the amount of state aid provided, or may choose to more fully fund special education, or may increase the school board’s levy authority.

## **Conclusion**

Minneapolis Public Schools – Special School District #1 – is probably the most important government institution in the City of Minneapolis. As an institution it is charged with guaranteeing that all children

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<sup>22</sup> (Minn. Stat. § 123B.02)

## Minneapolis Public Schools Fall 2022 Pro-Forma Financial Projection

living in the city are given the basic tools and knowledge necessary to be productive members of society and live fulfilling lives. The Minneapolis Public Schools cannot afford to fail.

For several years, the Budget Office has been warning district leaders, the Board of Education, and the community that MPS's financial position is threatened. Six thousand students have left. The community has struggled, traumatized by social unrest, rising crime and rising rents, all in the face of a massive global pandemic that set learning back significantly for many of our students.

MPS faces a two-fold challenge: implementing an ambitious strategic plan to improve the district for the children it serves, while at the same time facing a fiscal crisis that challenges the adults who serve it.,

## Appendix 1 – General Fund Projection

Adjusted Pro-Forma (Status Quo) – 000's of \$

	Budget FY23	Forecast FY23	Projection FY24	Projection FY25	Projection FY26	Projection FY27	Projection FY28
Property Tax Levy	132,436	132,436	133,704	133,330	129,116	127,045	125,697
General Ed Aid	281,451	274,670	275,430	270,850	261,207	254,034	250,090
Special Ed Aid	70,808	77,924	75,439	69,242	66,447	66,616	67,252
Federal Revenue	123,200	126,200	120,200	50,000	50,000	50,000	50,000
All Other	16,482	16,482	16,482	16,482	16,482	16,482	16,482
<b>Total Revenue</b>	<b>624,376</b>	<b>627,712</b>	<b>621,255</b>	<b>539,905</b>	<b>523,252</b>	<b>514,177</b>	<b>509,521</b>
Salaries & Wages	357,914	359,508	349,275	354,312	358,933	364,848	371,630
Extended Time	13,837	14,993	15,411	15,799	16,192	16,596	17,010
Fringe	131,839	132,583	128,987	130,883	132,629	134,844	137,372
Purchased Services	111,355	104,606	110,496	113,810	115,574	118,470	121,438
Supplies	20,778	23,227	24,157	24,881	25,379	26,013	26,664
Equipment	150	541	563	579	591	606	621
Miscellaneous	6,886	7,302	7,594	7,822	7,979	8,178	8,383
<b>Total Expenses</b>	<b>642,759</b>	<b>642,760</b>	<b>636,482</b>	<b>648,086</b>	<b>657,278</b>	<b>669,555</b>	<b>683,117</b>
<b>Net FB Change</b>	<b>(18,383)</b>	<b>(15,048)</b>	<b>(15,227)</b>	<b>(108,182)</b>	<b>(134,026)</b>	<b>(155,378)</b>	<b>(173,596)</b>
Starting Fund Balance	146,954	146,954	131,906	116,678	8,497	(125,529)	(280,908)
<b>Ending Fund Balance</b>	<b>128,571</b>	<b>131,906</b>	<b>116,678</b>	<b>8,497</b>	<b>(125,529)</b>	<b>(280,908)</b>	<b>(454,503)</b>



Minneapolis Public Schools Fall 2022 Pro-Forma Financial Projection

# Appendix 2 - Revenue

Fall 2023 Pro-Forma Revenue Projection (Status Quo)  
000's of \$

General Education Aid								
	FY23B	FY23F	FY24	FY25	FY26	FY27	FY28	
Basic Revenue (Formula)	207,105	201,124	207,753	203,176	195,299	190,338	187,707	2% Baseline formula growth w/adj
Extended Time	7,372	7,372	6,065	5,931	5,701	5,556	5,479	Trended on APU
Declining Enrollment	5,374	7,049	1,086	2,736	3,059	2,209	1,803	30% of YOY APU decline at Formula
Pension Adjustment	4,783	4,783	5,059	4,965	4,861	4,787	4,727	
Gifted/Talented	392	381	382	365	345	331	320	\$13/PU
Compensatory Education	34,081	34,081	37,330	36,436	35,300	34,674	34,295	Increasing concentration
ELL Revenue	2,605	2,605	2,471	2,361	2,239	2,153	2,086	Trended on APU
ELL Concentration Revenue	925	925	878	838	795	765	741	"
ELL Cross Subsidy Reduction Aid	126	126	118	112	107	102	99	
Alternative Attendance	115	115	150	149	149	149	149	Per Levy Cert Report
Local Optional (Aid)	12	12	-	-	-	-	-	Not expected to continue qualifying
Q-Comp	5,509	5,509	4,776	4,577	4,372	4,147	3,987	Formula based
Integration Aid	11,453	8,989	8,906	8,704	8,481	8,322	8,196	"
Literacy	1,600	1,600	-	-	-	-	-	
Nonpublic Transportation	-	-	456	500	500	500	500	
<b>Subtotal General Education Aid</b>	<b>281,451</b>	<b>274,670</b>	<b>275,430</b>	<b>270,850</b>	<b>261,207</b>	<b>254,034</b>	<b>250,090</b>	
Special Education Aid								
Initial Aid	77,872	46,170	45,324	43,244	40,953	39,323	38,019	
Net Tuition Adjustment	(38,290)	(13,885)	(14,687)	(16,749)	(19,124)	(20,892)	(22,372)	Increasing as students move OOD
Excess Cost Aid	15,801	14,106	13,848	13,212	12,512	12,014	11,616	
Transportation Aid	-	28,439	27,918	26,637	25,226	24,222	23,419	
Hold Harmless/Growth Limit	11,713	-	-	-	4,136	9,314	14,023	
Cross Subsidy Reduction Aid	3,712	3,094	3,037	2,897	2,744	2,635	2,547	
<b>Subtotal Special Education Aid</b>	<b>70,808</b>	<b>77,924</b>	<b>75,439</b>	<b>69,242</b>	<b>66,447</b>	<b>66,616</b>	<b>67,252</b>	
Property Tax Levy								
Operating Capital	7,044	6,841	6,845	6,562	6,244	6,023	5,851	
Local Optional Tier 1	9,048	9,048	8,817	8,412	7,967	7,650	7,396	
Local Optional Tier 2	12,788	12,157	12,461	11,890	11,260	10,811	10,453	
Referendum (Approved)	59,438	57,721	64,893	63,080	61,152	-	-	Renews in FY27
Referendum (Renewal)	-	-	-	-	-	60,163	59,586	Assumes voter approved renewal
Transition Revenue	5,647	5,484	5,499	5,247	4,969	4,771	4,613	
Equity Revenue	1,509	1,465	1,469	1,402	1,328	1,275	1,233	
Q-Comp	3,010	3,010	2,662	2,551	2,437	2,312	2,223	
Integration Levy	4,254	3,869	3,833	3,746	3,650	3,582	3,527	Unadj - adj at bottom
Reemployment	430	-	1,699	430	430	430	430	Includes Adj
Safe Schools	1,086	1,078	1,058	1,009	956	918	888	
Judgements	392	100	-	-	-	-	-	
Career & Tech Ed	846	846	880	1,217	1,261	1,307	1,354	Increase due to CTE Center (1 yr lag)
Other Postemployment Benefits	-	-	-	-	-	-	-	
Long Term Facilities Maintenance	3,446	3,446	3,584	3,727	3,876	4,031	4,192	Inflationary Adj
Disabled Access	300	300	300	300	300	300	300	
Lease Levy	433	433	638	644	-	-	-	Non-renewal at MCTC and 800 WB
MERF/TRA	7,088	7,088	7,088	7,088	7,088	7,088	7,088	
Capital Projects Referendum (Tech Levy)	15,678	15,678	15,849	16,023	16,198	-	-	2.249% of NTC
Capital Projects Referendum Renewal	-	-	-	-	-	16,383	16,562	Assume parameters unchanged
Adjustments	-	3,873	(3,873)	-	-	-	-	FY23 adjustments levied in FY24
<b>Subtotal Levy</b>	<b>132,436</b>	<b>132,436</b>	<b>133,704</b>	<b>133,330</b>	<b>129,116</b>	<b>127,045</b>	<b>125,697</b>	
Federal Revenue & Grants								
ESSER III General Use	57,300	60,300	54,300	-	-	-	-	
ESSER III Learning Loss	15,900	15,900	15,900	-	-	-	-	
Title I	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
Title II	-	-	-	-	-	-	-	
Title III	-	-	-	-	-	-	-	
Title IV	-	-	-	-	-	-	-	
State & Local Grants	-	-	-	-	-	-	-	
Private Grants	-	-	-	-	-	-	-	
<b>Subtotal Federal &amp; Grants</b>	<b>123,200</b>	<b>126,200</b>	<b>120,200</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	
Other Revenue								
Investment Earnings	2,000	2,000	2,000	2,000	2,000	2,000	2,000	
eRate Rebate	500	500	500	500	500	500	500	
Contract Alternatives	3,982	3,982	3,982	3,982	3,982	3,982	3,982	
Funded Programs	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
Adjustments	-	-	-	-	-	-	-	
<b>Subtotal Other Revenue</b>	<b>16,482</b>	<b>16,482</b>	<b>16,482</b>	<b>16,482</b>	<b>16,482</b>	<b>16,482</b>	<b>16,482</b>	
<b>TOTAL GENERAL FUND REVENUE</b>	<b>624,376</b>	<b>627,712</b>	<b>621,255</b>	<b>539,905</b>	<b>523,252</b>	<b>514,177</b>	<b>509,521</b>	

## Appendix 3 – Enrollment

### Average Daily Membership

Grade Level	PU Mult	Actual FY18	Actual FY19	Actual FY20	Actual FY21	Prelim FY22	Forecast FY23	Projected FY24	Projected FY25	Projected FY26	Projected FY27	Projected FY28
E	1.0	427.5	423.0	406.9	334.4	334.7	332	300	332	332	332	332
VPK	1.0	198.1	187.6	198.6	256.3	112.8	185	97	185	185	185	185
K	1.0	2933.4	2898.1	2934.5	2419.6	2505.9	2232	2232	2232	2232	2232	2232
1	1.0	2863.2	2830.9	2792.6	2647.0	2271.0	2350	2200	2107	2096	2117	2122
2	1.0	2857.7	2685.0	2722.9	2528.8	2353.8	2124	2230	2041	1938	1935	1972
3	1.0	2889.7	2726.7	2564.1	2483.6	2250.7	2212	2080	2082	1896	1808	1825
4	1.0	2810.6	2706.0	2580.9	2376.9	2221.4	2062	2062	1921	1912	1737	1666
5	1.0	2818.5	2663.1	2573.6	2393.4	2111.1	2069	2002	1924	1785	1777	1631
6	1.0	2560.7	2494.1	2363.9	2227.4	1933.7	1843	1872	1736	1659	1537	1553
7	1.2	2513.5	2465.6	2391.1	2234.9	1921.2	1772	1734	1733	1593	1511	1418
8	1.2	2489.5	2476.7	2401.4	2317.7	2029.1	1810	1750	1657	1648	1508	1445
9	1.2	2442.1	2484.4	2437.1	2448.9	2181.4	2152	2100	1795	1717	1714	1607
10	1.2	2432.6	2336.9	2361.4	2349.7	2284.9	2114	2000	1993	1704	1623	1626
11	1.2	2299.6	2256.2	2145.0	2163.4	2072.8	2078	2120	1848	1845	1580	1523
12	1.2	2484.4	2453.5	2328.2	2211.6	2211.3	2182	2225	2208	1928	1930	1661
<b>Projected ADM</b>		<b>35021.0</b>	<b>34087.8</b>	<b>33202.3</b>	<b>31393.3</b>	<b>28795.8</b>	<b>27517</b>	<b>27004</b>	<b>25794</b>	<b>24469</b>	<b>23526</b>	<b>22797</b>

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Average Pupil Units

Grade Level	PU Mult	Actual FY18	Actual FY19	Actual FY20	Actual FY21	Prelim FY22	Forecast FY23	Projected FY24	Projected FY25	Projected FY26	Projected FY27	Projected FY28
E	1.0	427.5	423.0	406.9	334.4	334.7	332	300	332	332	332	332
VPK	1.0	198.1	187.6	198.6	256.3	112.8	185	97	185	185	185	185
K	1.0	2933.4	2898.1	2934.5	2419.6	2505.9	2232	2232	2232	2232	2232	2232
1	1.0	2863.2	2830.9	2792.6	2647.0	2271.0	2350	2200	2107	2096	2117	2122
2	1.0	2857.7	2685.0	2722.9	2528.8	2353.8	2124	2230	2041	1938	1935	1972
3	1.0	2889.7	2726.7	2564.1	2483.6	2250.7	2212	2080	2082	1896	1808	1825
4	1.0	2810.6	2706.0	2580.9	2376.9	2221.4	2062	2062	1921	1912	1737	1666
5	1.0	2818.5	2663.1	2573.6	2393.4	2111.1	2069	2002	1924	1785	1777	1631
6	1.0	2560.7	2494.1	2363.9	2227.4	1933.7	1843	1872	1736	1659	1537	1553
7	1.2	3016.2	2958.8	2869.3	2681.8	2305.5	2126	2081	2079	1911	1813	1701
8	1.2	2987.4	2972.0	2881.7	2781.2	2434.9	2172	2100	1989	1978	1809	1734
9	1.2	2930.5	2981.3	2924.5	2938.7	2617.7	2582	2520	2154	2060	2057	1928
10	1.2	2919.1	2804.3	2833.7	2819.7	2741.9	2537	2400	2392	2044	1948	1951
11	1.2	2759.5	2707.5	2574.0	2596.1	2487.3	2494	2544	2218	2214	1896	1827
12	1.2	2981.3	2944.2	2793.8	2653.9	2653.5	2618	2670	2649	2314	2316	1993
<b>Projected APU</b>		<b>37953.4</b>	<b>36982.5</b>	<b>36015.1</b>	<b>34138.5</b>	<b>31335.9</b>	<b>29939</b>	<b>29390</b>	<b>28041</b>	<b>26556</b>	<b>25499</b>	<b>24653</b>

## Appendix 4 – Strategic Plan

### Goal 1 – Academic Achievement – Necessary Conditions

Condition	Potential Fiscal Impacts
All schools follow an academic schedule and calendar that supports academic priorities.	
Schools are staffed appropriately: <ul style="list-style-type: none"> <li>• Manageable vacancy rates.</li> <li>• Sustainable and predictable funding.</li> </ul>	Additional Human Resources staff may be required.
Additional time needed for required professional development: <ul style="list-style-type: none"> <li>• Deploy instructional coaches to provide job embedded PD.</li> <li>• Embed additional time for backwards planning days into the school year following rounds of universal screening.</li> </ul>	Job coaches will need to be recruited, hired, and deployed, as well as any additional personnel necessary to support them.  Extended time or reserve teachers made available so that teachers have time to attend additional PD. Contracted costs or additional personnel required to implement and deliver PD.
All teachers use district approved curriculum and interventions: <ul style="list-style-type: none"> <li>• Provide on-going training on curricular materials to teaching and intervention staff.</li> <li>• Ensure all content areas have district approved curricular materials that align with state standards.</li> </ul>	Significant investments in terms of personnel time and outside resources to evaluate, select and deploy curricular materials (millions of dollars).  Extended time or reserve teachers made available so that teachers have time to attend additional PD as well as costs or additional personnel required to deliver PD.
Stronger systems of accountability for low performing staff: <ul style="list-style-type: none"> <li>• Human Resources has appropriate resources to implement.</li> <li>• Complete revision of SOEI and SOESL rubrics.</li> <li>• Ensure adequate staffing for teachers and staff who need formal coaching (PAR Mentors)</li> </ul>	Additional personnel will be required in Human Resources, Teaching & Learning, and across schools to develop and manage these accountability systems as well as deliver individualized coaching.
K-12 Magnet pathways are clearly articulated: <ul style="list-style-type: none"> <li>• Credible commitment to program stability such that they are perceived as sustainable and predictable.</li> <li>• All K-8 magnet sites have a vision, mission, professional development, and marketing plan accessible to the community.</li> <li>• All K-8 magnet sites have thematic based curriculum units aligned to state standards.</li> <li>• All K-8 magnet sites have a high school pathway built upon promoting continuity of the magnet theme.</li> <li>• All K-12 magnet sites meet integration enrollment targets.</li> </ul>	Additional personnel required in Communications to provide ongoing marketing support.  Additional personnel required in Teaching & Learning to develop and align curriculum.  Additional investments made in high schools where necessary to complete K-12 pathway.  Additional Transportation costs as students commit to complete pathways.

## Minneapolis Public Schools Fall 2022 Pro-Forma Financial Projection

### Goal 1 – Academic Achievement – Strategies for improvement

<b>Strategy</b>	<b>Potential Fiscal Impacts</b>
<p>Provide standards-based core instruction with a focus on literacy and mathematics:</p> <ul style="list-style-type: none"> <li>• Form a steering committee to identify criteria for math curricula for pilot process, assess degree to which piloted curricula meets district needs, and adopt the new curricula.</li> <li>• Follow a curriculum adoption schedule that is aligned to Minnesota State Standards review/adoption schedule.</li> <li>• Provide professional development that supports ongoing adult learning in cognitive science, content knowledge, and culturally responsive and sustaining practices.</li> <li>• Adopt ongoing formative assessments to be used consistently between screening windows to provide more information following data dives.</li> <li>• Upon completion of the K-5 literacy audit, review or adopt new curriculum.</li> <li>• Create PK-12 clearly articulated core content sequence that ensures students receive content knowledge and pre-requisite skills needed for the next steps in the content sequence.</li> </ul>	<p>Extended time for district personnel to attend committee meetings or do work outside the scope of their normal contract.</p> <p>Commit to ongoing curriculum assessment and adoption, as well as the personnel and support personnel necessary to do this work.</p> <p>Extended time or reserve teachers made available so that teachers have time to attend additional PD as well as costs or additional personnel required to deliver PD.</p> <p>Develop or otherwise acquire assessment tools as well as the personnel to implement them, ensure they are being appropriately administered, and interpret the resulting data.</p>
<p>Ensure all curriculum and instructional practices are anti-racist and sustain the cultures, languages, and experiences of our students:</p> <ul style="list-style-type: none"> <li>• Require culturally responsive &amp; sustaining professional development as part of ongoing PD during the school year.</li> <li>• Finalize equity competencies and embed them into the revised SOEI rubric and ongoing PD, as well as teacher expectations.</li> <li>• Create a district-wide curriculum, resources and materials review process that aligns with finalized equity competencies.</li> <li>• Create or purchase a 'text tool' for educators to use to determine the appropriateness and cultural responsiveness of texts being used in class.</li> <li>• Ensure all curriculum review &amp; adoption tools include antiracism and cultural responsiveness as key components.</li> </ul>	<p>Extended time or reserve teachers made available so that teachers have time to attend additional PD as well as costs or additional personnel required to deliver PD.</p> <p>Personnel time to develop and deploy curriculum as well as the cost of supplies necessary to implement that curriculum.</p>

## Minneapolis Public Schools Fall 2022 Pro-Forma Financial Projection

<b>Strategy</b>	<b>Potential Fiscal Impacts</b>
<p>Ensure all community schools provide access to STEM, music, art, and language. Additionally, ensure all high schools provide access to ethnic studies and college credit courses:</p> <ul style="list-style-type: none"> <li>• All K-5 schools have a clearly articulated STEM curriculum that supports NGSS and MCA science proficiency.</li> <li>• All K-5 schools have 5<sup>th</sup> grade instrumental music available to all students and are offering at least 2 art forms to every student that is culturally responsive to the community the school serves.</li> <li>• All 6-12 schools offer at least one world language offering.</li> <li>• All 9-12 schools have a variety of ethnic studies courses. Additional ethnic studies courses will be offered for college credit in partnership with local colleges &amp; universities.</li> <li>• A K-12 ethnic studies pathway will be developed and required in K-8.</li> <li>• Revise college credit course pathways and offerings to promote equitable access and opportunity.</li> </ul>	<p>Additional licensed staff will need to be integrated into buildings that do not currently have sufficient budget allocation to STEM, art, instrumental music, world language, or ethnic studies specialists.</p> <p>Investment will be required in high schools that lack appropriate access to college credit coursework.</p>
<p>Implement Professional Learning Communities (PLCs) to ensure that all students' needs are met through a system of academic support and intervention.</p>	<p>Personnel will need to be recruited, hired and deployed to support PLCs in the schools.</p>
<p>Provide magnet school pathways that offer innovative thematic instruction and integrated learning opportunities:</p> <ul style="list-style-type: none"> <li>• All magnet programming (except Montessori) has a K-12 pathway.</li> <li>• All magnet programs have theme-based, coherent curriculum that integrates the theme while incorporating the standards of the given grade level or course.</li> <li>• All magnet programs have trained staff and continue to offer ongoing professional development in theme-based curriculum, planning and instruction.</li> <li>• All magnet programming follows integration requirements regarding enrollment.</li> <li>• All magnet programming focuses on increasing student academic outcomes through thematic based instruction.</li> <li>• All magnet programming has construction completed.</li> </ul>	<p>Extended time or reserve teachers made available so that teachers have time to attend additional PD as well as costs or additional personnel required to deliver PD.</p> <p>Personnel time to develop and deploy curriculum as well as the cost of supplies necessary to implement that curriculum.</p> <p>Additional transportation costs to support K-12 magnet pathways.</p> <p>Additional capital costs to convert buildings into appropriate learning environments for thematic programming. (e.g., science labs, performance spaces).</p>

Minneapolis Public Schools Fall 2022 Pro-Forma Financial Projection

Goal 2 – Student Wellbeing – Necessary conditions for strategies to be effective.

Condition	Potential Fiscal Impacts
<p>Mental Health Supports appropriately resourced and staffed:</p> <ul style="list-style-type: none"> <li>• Licensed district alcohol and drug counselors specifically assigned to middle and high schools.</li> <li>• Every district site has an assigned district mental health support specialist.</li> <li>• Staffing and agency recruitment plan that prioritizes candidates and agencies that represent the students, families and communities in the district.</li> </ul>	<p>Additional FTEs to increase the total number of alcohol and drug counselors.</p> <p>Additional FTEs to increase the total number of mental health support specialists.</p>
<p>Adopt a district social and emotional learning (SEL) curriculum:</p> <ul style="list-style-type: none"> <li>• PreK-8<sup>th</sup> grade students benefit from morning meetings or advisory classes that provide approved supplemental SEL resources fit to their needs and identities.</li> <li>• All high school students have the opportunity to participate in regularly scheduled SEL-focused curriculum and discussions.</li> </ul>	<p>Cost of curriculum materials.</p> <p>Extended time or reserve teachers made available so that teachers have time to attend additional PD as well as costs or additional personnel required to deliver PD.</p>
<p>Adequate fill rate of operational positions in areas such as Culinary &amp; Wellness Services, Custodial, and Transportation.</p>	<p>Increased personnel in HR.</p> <p>Potential adjustments to collective bargaining agreements.</p>
<p>Districtwide restorative practices plan appropriately resourced and staffed:</p> <ul style="list-style-type: none"> <li>• All staff trained and coached to implement restorative practices to build or restore relationships which have been harmed.</li> <li>• Hate &amp; bias protocol finalized.</li> <li>• Hate &amp; bias protocol training provided for all district staff.</li> <li>• Hate &amp; bias protocol implemented at each school site.</li> </ul>	<p>Extended time or reserve teachers made available so that teachers have time to attend additional PD as well as costs or additional personnel required to deliver PD.</p>
<p>Youth enrichment programming appropriately resourced and staffed. Ensure district has credibly committed to adequately supporting and sustaining academic and enriching after-school activities.</p>	<p>Additional personnel in HR.</p>

Minneapolis Public Schools Fall 2022 Pro-Forma Financial Projection

Goal 2 – Student Wellbeing – Strategies for improvement.

Strategy	Potential Fiscal Impacts
<p>Provide equitable student access to culturally responsive counseling and mental health services with a mental health model that includes:</p> <ul style="list-style-type: none"> <li>• Resource mapping and gap analysis to ensure all needs are being met.</li> <li>• Clearly defined roles of all district staff involved in providing mental health services.</li> <li>• Clearly defined roles of contracted agencies and the services they provide.</li> <li>• Recruitment plan to ensure mental health services are inclusive and representative of district students, families and communities.</li> </ul>	
<p>Fully implement a restorative approach to student support:</p> <ul style="list-style-type: none"> <li>• Using a phase-in approach, expand the district’s partnership with the Legal Rights Center (LRC) or similar vendor to provide restorative practices training and support at schools and district departments.</li> <li>• Proactive classroom, small group and individual restorative activities created and utilized.</li> </ul>	<p>Currently the LRC is working with 6 middle schools, would need to be expanded ten-fold.</p> <p>Extended time for district personnel to attend committee meetings or do work outside the scope of their normal contract.</p>
<p>Integrate social and emotional practices into all classrooms and out-of-school-time activities. Expand staff PD opportunities to learn, apply and model the use of SEL skills across core content, in non-classroom spaces, and in out-of-school-time.</p>	<p>Extended time for district personnel to attend committee meetings or do work outside the scope of their normal contract.</p>
<p>Provide physically safe and welcoming school environments through strategic shortening of walk zones, building cleanliness, building improvements, land care and strong emergency management practices.</p>	<p>Increased transportation costs, custodial, groundskeeping, capital and security costs.</p>
<p>Support healthy child development through nutritious meals and promotion of physical activity.</p>	<p>Potential district subsidies of district nutrition program.</p> <p>Potential increased expenditures in athletics and activities.</p>



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Goal 3 – Effective Staff – Necessary conditions for strategies to be effective.

Condition	Potential Fiscal Impacts
<p>Credible district commitment to sustaining stable pathway programming:</p> <ul style="list-style-type: none"> <li>• Credible district commitment to provide the necessary resources for pathway programming without relying on outside funding or grants.</li> <li>• Successfully prepare and develop a significant number of educators through pathways so licensed staffing is stable and projectable.</li> <li>• Incorporate pathways as a core pillar of district’s long-range planning.</li> </ul>	<p>Lower district revenues as grant funding is reduced.</p>
<p>Competitive compensation.</p>	<p>Increases in salaries, wages and district benefits packages.</p>
<p>Sufficient vacancies to all for recruiting staff of color, such as early retirement incentives.</p>	<p>Cost of early retirement incentives. Potential bargaining risk.</p>
<p>Board support on bargaining strategies that address contractual barriers including modifying seniority language that inequitably privileges white staff members.</p>	
<p>Positive organizational climate.</p>	

Goal 3 – Effective Staff – Strategies for improvement.

Strategy	Potential Fiscal Impacts
<p>Strengthen pathways and reduce barriers for talented and diverse district employees and potential employees to become teachers.</p> <ul style="list-style-type: none"> <li>• Credible district commitment to stabilizing existing pathway programs to bolster recruitment.</li> <li>• Grow the programs to serve more candidates and produce more teachers.</li> </ul>	<p>Prioritize pathway programming when budgeting general fund expenditures.</p>
<p>Maintain teacher equity plan focused on staffing needs of district’s fifteen highest need schools.</p>	
<p>Deepen strategic recruitment of high quality, diverse teachers and staff.</p>	<p>Additional HR costs.</p>
<p>Pursue bargaining strategies that prioritize district proposals that address contractual barriers to the equitable distribution and recruitment, hiring and retention of high-quality, diverse teachers and staff.</p>	<p>The potential fiscal impact is substantial.</p>
<p>Pursue authentic engagement with district families around the design and implementation of equitable HR policies and practices.</p>	<p>Additional communications costs.</p>

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Goal 4 – School and District Climate – Necessary conditions for strategies to be effective

Condition	Potential Fiscal Impacts
<p>Implement Board Policy 1692 (Site Council Governance) with fidelity:</p> <ul style="list-style-type: none"> <li>• System to track whether school site councils are representative of their student racial and ethnic demographics created and implemented.</li> <li>• Professional development for school leaders and site council members on the role and responsibilities of site councils created and administered.</li> </ul>	<p>Cost to purchase or create system.</p> <p>Extended time or reserve teachers made available so that teachers have time to attend additional PD as well as costs or additional personnel required to deliver PD.</p>
<p>Embed equity competencies into performance management and professional development systems:</p> <ul style="list-style-type: none"> <li>• Equity competencies finalized and shared districtwide.</li> <li>• Plan to deliver professional development to all staff on new equity competencies created and implemented.</li> <li>• New equity competencies being used as a tool in the SOEI and SOESL revision process.</li> </ul>	<p>Extended time or reserve teachers made available so that teachers have time to attend additional PD as well as costs or additional personnel required to deliver PD.</p>
<p>Full implementation of student placement EDIA.</p>	
<p>Continued board support of student climate framework implementation.</p>	
<p>Continued support credible commitment to stability of stakeholder voice structures (YPE, PPE, EDIA, Citywide Student Government, and Parent Advisory Councils) to support planning and decision making:</p> <ul style="list-style-type: none"> <li>• No longer reliant upon short-term grants to support stakeholder voice structures.</li> <li>• Data collected by caregivers and students used in school and district decision-making.</li> </ul>	<p>Lower revenue as district separates from grant funding.</p> <p>Additional personnel to collect, clean and analyze any data produced.</p>

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Goal 4 – School and District Climate – Strategies for improvement.

Strategy	Potential Fiscal Impacts
<p>Hear, value and respect all district staff, parents, and students:</p> <ul style="list-style-type: none"> <li>• Continue measuring classroom climate in grades 5-12 with the Cultivate Survey (classroom climate survey).</li> <li>• Monitor climate goals by training the equity and school climate team on how to use the Cultivate tool.</li> <li>• Build school culture and relationships with proactive strategies through equity and school climate team training for school leaders and teams.</li> <li>• Recognize and appreciate students and staff by continuing to build out tools such as MPS Shines and MPS Together.</li> </ul>	<p>Extended time or reserve teachers made available so that teachers have time to attend additional PD as well as costs or additional personnel required to deliver PD.</p> <p>Additional recognition costs.</p>
<p>Inform district hiring and retention practices, professional development opportunities, and professional support systems using the district's equity competencies.</p>	
<p>Listen to youth, parents, and community members through consistent opportunities for them to provide feedback.</p>	<p>Additional communications costs.</p>
<p>Ensure student placement practices support integrated learning opportunities and increased enrollment and retention.</p>	
<p>Enhance student experiences and learning opportunities by supporting community partnerships.</p>	<p>Cost of any financial support to community partnerships.</p>

## Appendix 5 – Selected Comparative District Metrics

All Data obtained from MDE Data Center (<https://public.education.mn.gov/MDEAnalytics/Data.jsp>) or PELSB Staffing Reports (<https://mn.gov/pelsb/board/reports/>):

	MPS	Non-MPS Average		Anoka-Hennepin	Saint Paul	Rosemount-Apple Valley	Osseo
		Top 5	Top 15				
<u>October 1, 2021 Count</u>							
Early Childhood	619	580	339	768	762	445	344
Pre-Kindergarten	243	188	125	110	323	84	234
Kindergarten	2451	2178	1283	2608	2539	2072	1493
First Grade	2260	2112	1245	2527	2475	1959	1485
Second Grade	2348	2200	1284	2654	2507	2104	1536
Third Grade	2250	2206	1292	2655	2558	2122	1490
Fourth Grade	2221	2142	1270	2566	2448	2121	1431
Fifth Grade	2110	2162	1268	2636	2463	2085	1462
Sixth Grade	1958	2136	1272	2783	2192	2184	1386
Seventh Grade	1940	2198	1308	2831	2274	2225	1462
Eighth Grade	2028	2259	1341	2929	2317	2214	1574
Ninth Grade	2180	2474	1453	3209	2615	2433	1639
Tenth Grade	2366	2441	1437	3211	2574	2339	1641
Eleventh Grade	2306	2417	1424	3147	2525	2385	1611
Twelfth Grade	2835	2698	1569	3596	2903	2473	1821
Total Count	30115	30390	17911	38230	33475	29245	20609
<u>Counts by Race</u>							
American Indian	946	173	85	193	281	116	100
Hispanic	5205	3207	1869	2770	4824	3194	2039
Black	9217	5794	2778	5510	8234	4146	5285
<u>Percentages by Race</u>							
American Indian	3.1%	0.6%	0.5%	0.5%	0.8%	0.4%	0.5%
Hispanic	17.3%	10.6%	10.4%	7.2%	14.4%	10.9%	9.9%
Black	30.6%	19.1%	15.5%	14.4%	24.6%	14.2%	25.6%
<u>Percentages by Category</u>							
Special Education	16.92%	16.25%	15.29%	17.77%	16.45%	15.61%	14.02%
Limited English Proficiency	17.34%	13.90%	8.88%	7.06%	28.28%	7.92%	10.42%
Free/Reduced Lunch	53.50%	36.73%	27.29%	29.27%	65.50%	16.66%	29.83%
<u>Staffing Counts (FY21)</u>							
Licensed Professional Staff	3332	2477	1414	2881	3075	2289	1661
Licensed Instructional Staff	2462	1892	1101	2178	2330	1752	1306
Special Ed (Licensed)	632			583	448	401	282
<u>Staffing Ratios (Students/Staff - FY21)</u>							
Licensed Professional Staff	9.64	12.23	12.52	12.95	11.28	12.60	12.24
Licensed Instructional Staff	13.05	16.01	16.09	17.13	14.88	16.46	15.57
Special Ed (Program Specific)	8.60			11.37	12.74	11.23	10.10
<u>Special Education Funding</u>							
SPED Aid	\$75,511,259			\$70,242,776	\$64,169,603	\$54,947,958	\$32,740,676
SPED Aid/SPED Student	\$13,891			\$10,597	\$11,250	\$12,205	\$11,486
SPED Expenditures/SPED Student	\$22,088			\$16,263	\$22,154	\$17,136	\$19,874
Cross Student per SPED Student	\$8,197			\$5,666	\$10,904	\$4,931	\$8,388