



# Financial Update

## 2023–24 Preliminary Budget

DAN PYAN, EXECUTIVE DIRECTOR OF FINANCE AND OPERATIONS  
June 1, 2023

# Agenda



- Budget Notes and terms
- Where does the money come from?
- What is the money spent on?
- Budget Highlights
- District Challenges
- Future Schedule





# South Washington County Schools Budget

- The General Fund budget is over 21,000 lines
- It takes over 350 hours to compile at one minute per line
- Many revenues and expenses are speculated
- We calculate salary and benefit expenses for each employee out of caution
- It is a guide to keep us on track to remain solvent
- It is great at taking blame



# Budget Terms

- Fund Balance = Unassigned Balance
- Unassigned funds are used for operations:
  - Instruction
  - Instructional Support
  - Transportation
  - Maintenance
  - Activities
  - District Administration
- Percentage is the balance/expenditures
  - Savings Account
  - Board Goal is 16% by 2027
- Does not include funds reserve by statute

# Budget Terms



- Reserve Funds include:
  - School Nutrition
  - Community Services
  - Debt Services
  - Other Post-Employment Benefits
  - Long-term Facility Maintenance
  - Construction
  - Operating Capital
  - Capital Projects Levy
  - Safe Schools
  - Student Activity Accounts
  - Staff Development
  - Alternative Teacher Professional Pay System

## Budget Note

- Reducing or increasing spending in reserved funds will not affect the unassigned fund balance
- Spending in reserve funds is limited by the targeted revenues of the fund

# Tuition Agreements



- For students living outside the state, tuition is **\$13,912.08** for secondary students and **\$11,510.07** for elementary students based on the latest state-aid projections.
- Special Education students from other districts who attend SoWashCo Schools create tuition and those dollars are added to special education revenue.
- Special Education students from SoWashCo Schools who go elsewhere are billed through a state process in which dollars owed are subtracted from special education revenue.

# New funding from 2023 Legislation



## SoWashCo Increases

- Special Education Cross Subsidy Aid \$ 8,245,524
- Basic Formula increase of 4% and 2% (2025) \$ 5,556,000
- English Learner Cross Subsidy Aid \$ 410,122
- Library Aid  
\$ 331,419
- Compensatory Aid  
\$ 261,022
- Student Support Staff Aid \$ 245,633
- Increase to General Fund Revenues \$ 15,049,720



# Education Funding in Minnesota



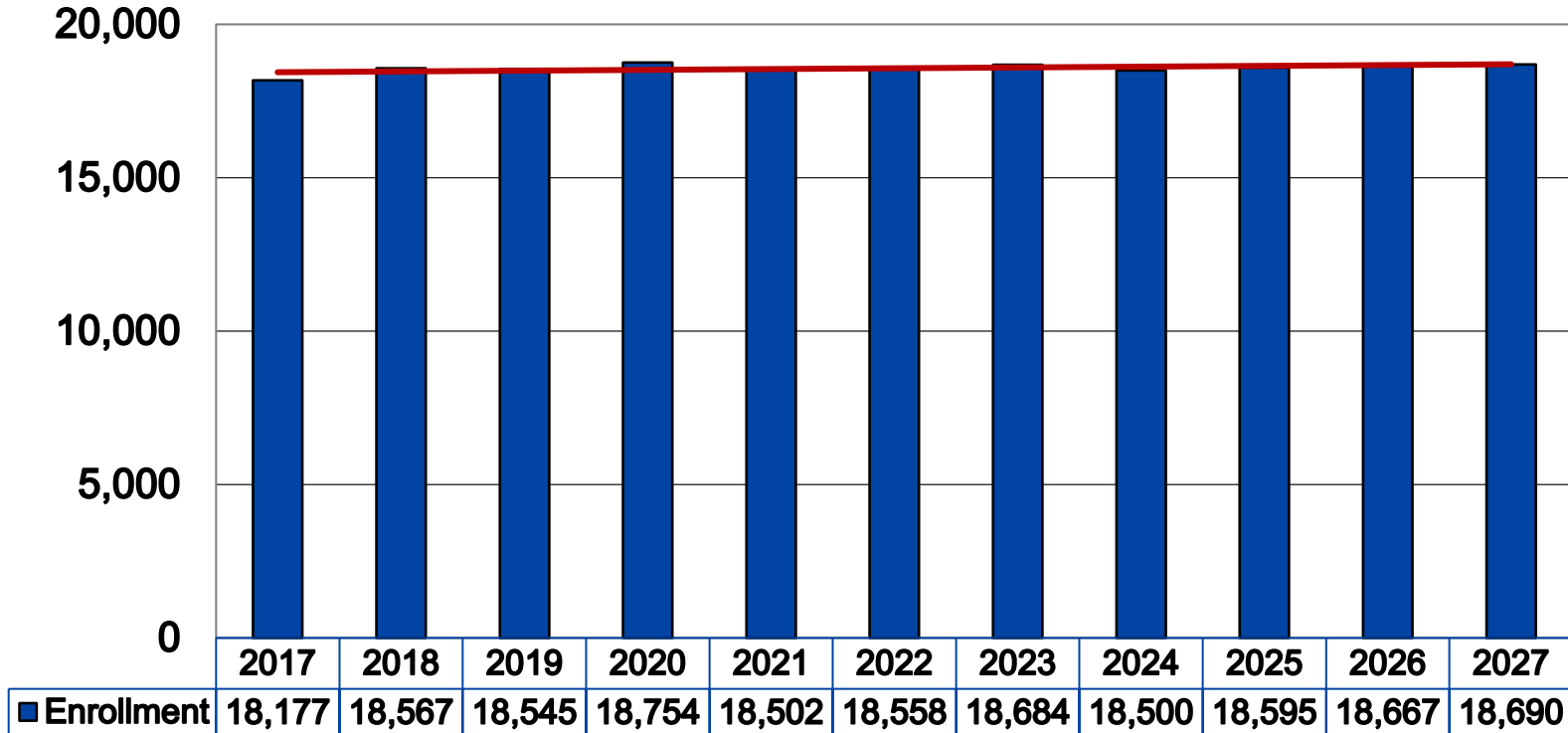
Source		Percentage
State Aid – Income and Sales Tax, Fees	\$ 213,323,625	70.93%
Local Levies – Property Taxes	\$ 76,720,262	25.51%
Federal Aid – Income Taxes	\$ 5,254,911	1.75%
Other Fees – Local Participation Fees	\$ 5,453,753	1.81%
<b>GENERAL FUND TOTAL</b>	<b>\$ 300,752,551</b>	<b>100%</b>

# Revenues



	2022 Actual	2023 Revised	2024 Preliminary	% Change
State Aids	\$190,953,953	\$195,578,632	\$213,323,625	8.32%
Local Levies	\$65,519,753	\$71,023,740	\$76,720,262	7.43%
Federal Aids	\$10,302,640	\$7,307,129	\$5,254,911	-39.05%
Other Revenues	\$5,328,076	\$5,521,957	\$5,453,753	-1.25%
Total Revenues	\$272,104,421	\$279,431,458	\$300,752,551	7.09%

# Student Count Drives the Budget



# Revenues

## Other Notes

- Enrollment decrease of 184 students
- Basic formula increased 4% to \$7,138
- Special education aid is a major source of state aid (\$44.9 million)
- Cross Subsidy Reduction Aid – Reduces the burden of general revenue
- Federal government lags behind promises of 40% of subsidy
- Operating levy approved in 2021
- Provides \$2,260 per student




# 2023-24 Preliminary Budget Summary



	2023-24	2022-23		2021-22
	Original Budget	Revised Budget		FY Activity
<b>State Aids</b>	\$ 213,323,625	\$ 195,578,632	8.32%	\$ 190,953,953
<b>Local Levies</b>	\$ 76,720,262	\$ 71,023,740	7.43%	\$ 65,519,753
<b>Federal Aids</b>	\$ 5,254,911	\$ 7,307,129	-39.05%	\$ 10,302,640
<b>Other Revenues</b>	\$ 5,453,753	\$ 5,521,957	-1.25%	\$ 5,328,076
	\$ 300,752,551	\$ 279,431,458	7.09%	\$ 272,104,421
<b>Salaries</b>	\$ 168,602,736	\$ 156,059,045	7.44%	\$ 146,876,094
<b>Benefits</b>	\$ 68,118,421	\$ 62,391,473	8.41%	\$ 57,786,629
<b>Services</b>	\$ 43,195,211	\$ 40,517,035	6.20%	\$ 37,802,181
<b>Supplies</b>	\$ 11,800,882	\$ 10,981,952	6.94%	\$ 10,583,368
<b>Capital</b>	\$ 6,231,907	\$ 7,528,952	-20.81%	\$ 7,919,624
<b>Other</b>	\$ 1,374,705	\$ 1,354,141	1.50%	\$ 1,667,903
	\$ 299,323,862	\$ 278,832,598	6.85%	\$ 262,635,799
<b>Net</b>	\$ 1,428,689	\$ 598,860	58.08%	\$ 9,468,622

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## Budget Highlights

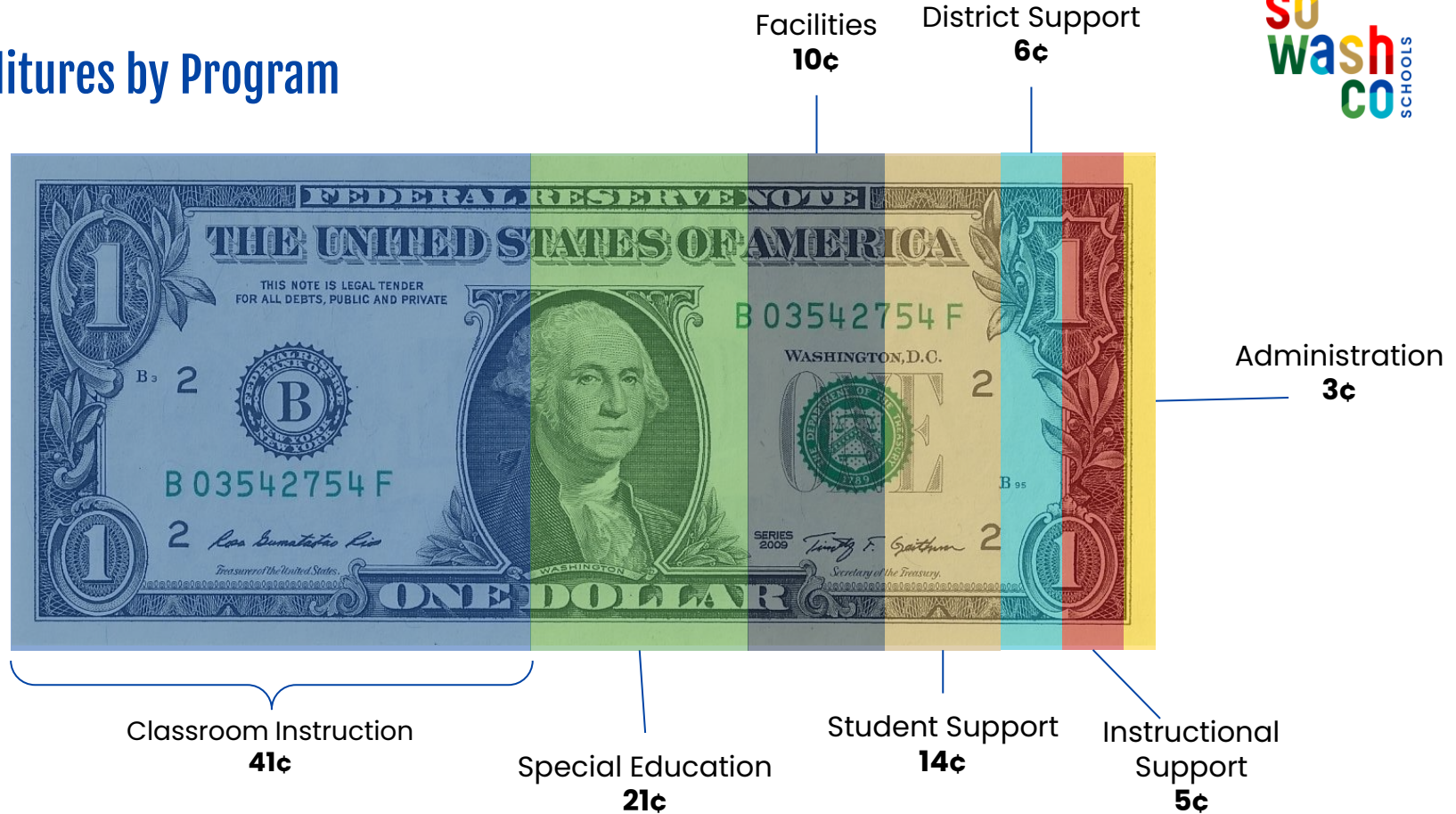
- Revenues increases by 7.09%
  - Expenditures increased by 6.85%
  - Net addition to fund balance of \$1.4 million
  - Special Education increase in expenses of 12.19%
  - Regular Instruction increase in expenses of 3.76%
  - Administration, District Support, and Facilities have expense increases of 3.28%
  - Debt Service, Construction will be approved at next meeting
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# 2023-24 Expenses by Program



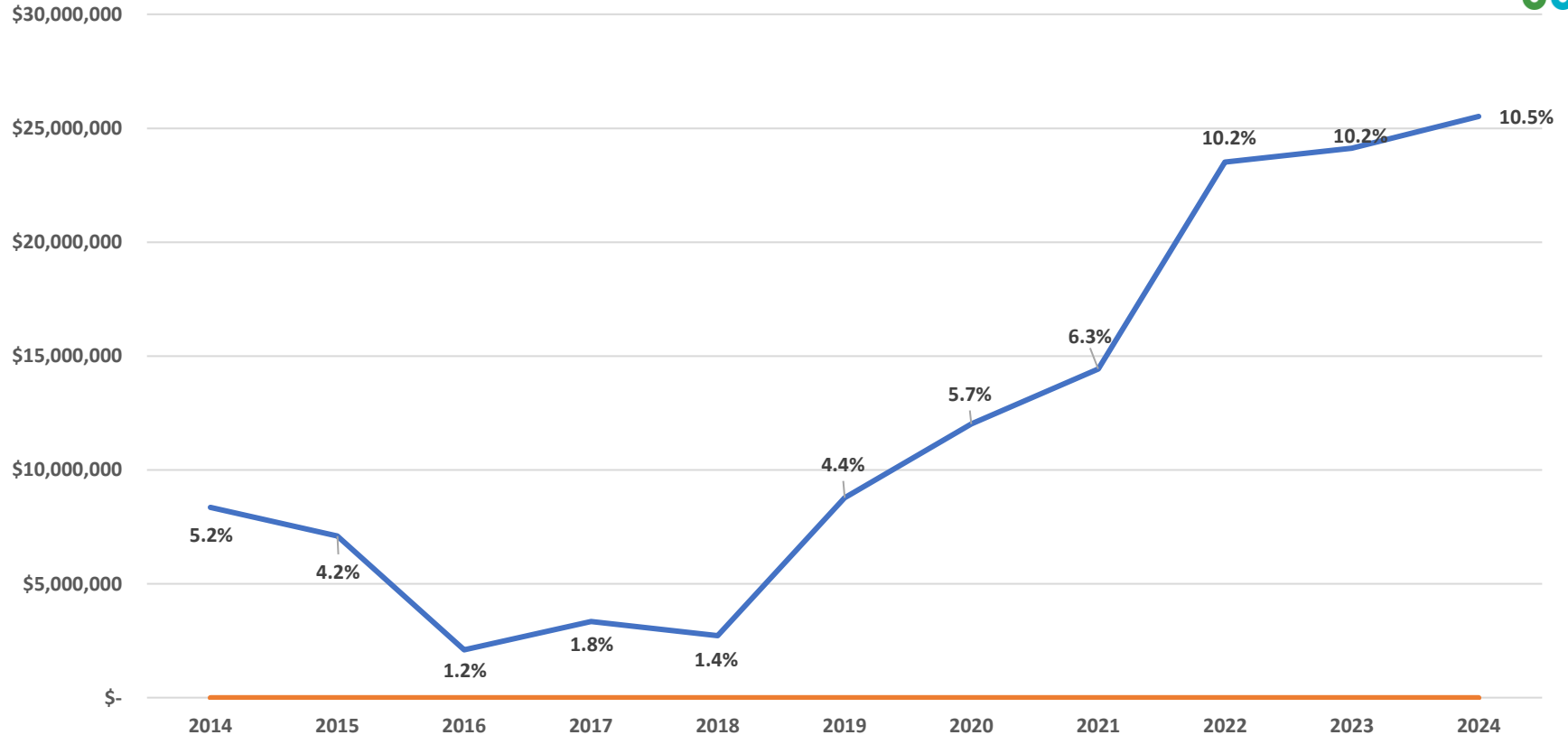
	2023-24	2022-23	
	Original Budget	Revised Budget	Variance
<b>Administration</b>	\$ 10,103,802	\$ 9,920,659	1.81%
<b>District Support</b>	\$ 18,696,167	\$ 17,316,440	7.38%
<b>Regular Instruction</b>	\$ 119,511,440	\$ 115,022,288	3.76%
<b>Vocational</b>	\$ 2,091,393	\$ 2,223,650	-6.32%
<b>Special Education</b>	\$ 62,920,539	\$ 55,248,090	12.19%
<b>Community Education</b>	\$ 314,286	\$ 313,746	0.17%
<b>Instructional Support</b>	\$ 13,929,541	\$ 13,127,514	5.76%
<b>Pupil Support</b>	\$ 37,488,496	\$ 31,881,813	14.96%
<b>Sites and Facilities</b>	\$ 33,655,198	\$ 33,167,398	1.45%
<b>Other</b>	\$ 613,000	\$ 611,000	0.33%
	\$ 299,323,862	\$ 278,832,598	6.85%

# Expenditures by Program






# Unassigned Fund Balance Projection





# Factors

- Unemployment – Will aid be enough?
  - Inflation
  - Staffing – Substitutes
  - Utilities
  - Contract Negotiations
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## Next Steps

- Board approves 2023-24 preliminary budget on June 15, 2023
- Monitor enrollment
- Audit of 2022-23 begins
- Levy work starts in September
- School Board approved levies in December
- Audit presented to School Board
- Begin work on 2024-25 budget



Questions?

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