



# Financial Update

**Kris Blackburn, Director of Business Services**  
**April 11, 2024**





# SoWashCo Budget Update



At its January 21, 2021 meeting, the School Board:

- Approved \$9,044,644 in reductions to the General Fund budget
- Approved an increase of \$290,200 to the revenue budget
- Directed Administration to seek an increase of \$6.6 million in its operating levy
- Approved total adjustments in 22-23 General Fund of \$7,939,177
- Approved total adjustments in 23-24 General Fund of \$7,860,401



# SoWashCo Budget Update

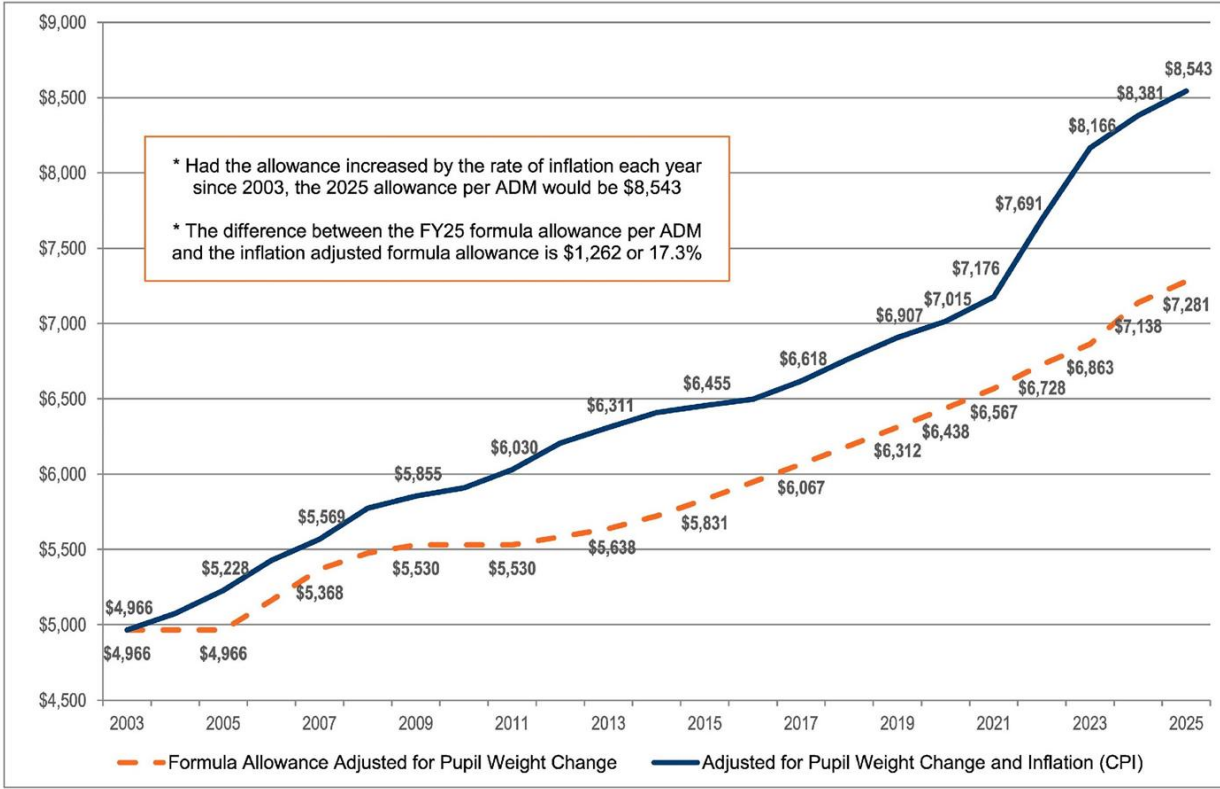


- Those changes were implemented into the 2021-22 Budget
- With the changes the District was able to present a 13% fund balance at the end of 2022-23
- The 2023-24 original budget used a projected enrollment of 18,500 students
- Projected enrollment as of April 1, 2024 is 18,883 students
- Enrollment difference expected to be 383 students
- The 2023-24 revised budget approved last month incorporated that difference
- The District is paid an average of \$11,500 per student
- Revenue is affected by the amount of the basic formula
- The largest portion of the District's revenue is determined by multiplying the number of students by the basic formula

# Basic General Education Formula Lags Behind Inflation



General Education Formula Allowance, 2003-2025  
Adjusted for Pupil Weight Change and Inflation (CPI)



\* Had the allowance increased by the rate of inflation each year since 2003, the 2025 allowance per ADM would be \$8,543

\* The difference between the FY25 formula allowance per ADM and the inflation adjusted formula allowance is \$1,262 or 17.3%

Source: MDE December 2022 Inflation Estimates and Minnesota Laws 2023

# Recent Enrollment History

- The school year of 2023-24 is predicted to be the district's largest enrollment
- The previous largest enrollment of 18,770 was in 2022-23
- District enrollment has grown in 7 of the past 10 years
- We have about 1,000 more students than we did 10 years ago

## Future Enrollment

- Based on cohort survival methodology, the next five years predict an overall decrease of 40 students
- The main cause for this decrease is lower birth rates
- The largest class in 2023-24 is our Senior class
- Incoming Kindergarten classes are predicted to be smaller

BIRTH YEAR	Washington County BIRTHS	Kindergarten Year	Kindergarten	South Washington County Schools Capture Rate
2012	2,774	2018	1,341	48.3%
2013	2,833	2019	1,325	46.7%
2014	2,880	2020	1,382	48.9%
2015	2,800	2021	1,225	43.7%
2016	2,821	2022	1,295	45.9%
2017	3,085	2023	1,322	42.8%
2018	2,732	2024	1,285	47.0%
2019	2,701	2025	1,250 (Projected)	46.3%
2020	2,668	2026	1,235 (Projected)	46.3%



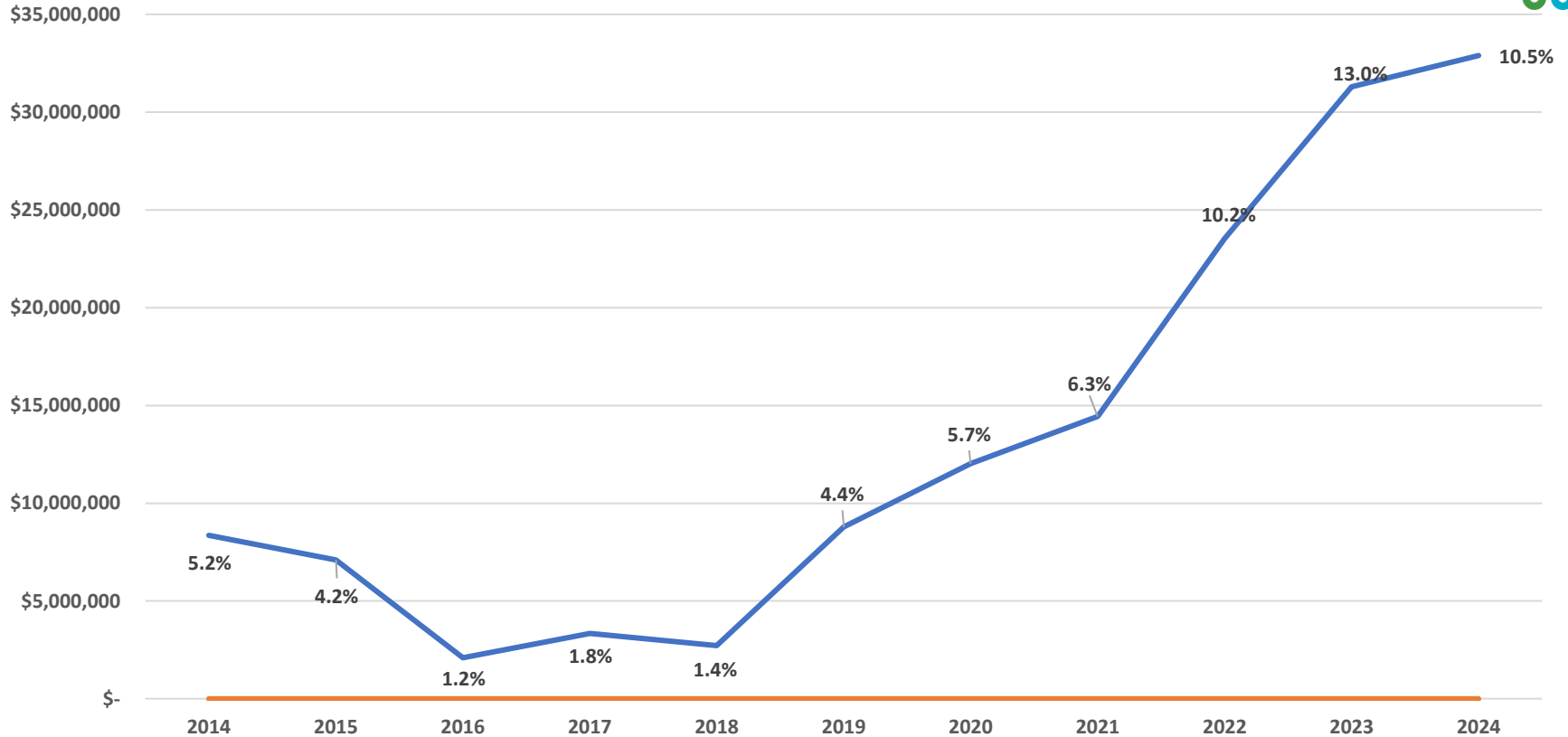
# Financial Forecasts

- A year ago, we predicted the unassigned general fund balance to be about 10% at the end of 2022-23; it finished at 13%
- The 2023-24 budget was balanced and scheduled to leave a fund balance of about 10%





# Unassigned Fund Balance Projection





# Financial Forecasts

- Too early to predict 2024-25
- Funding Sources – State Aid 2% increase; Federal Aids not yet known
- Expenditures – Greatest impact from contract settlements
- Original budget will be presented in June





# Legislative Actions

- This session is not a funding session
- No indications of an increase in funding
- Uncertain if the funding for unemployment will be sufficient to cover costs;
  - If not, our General Fund may be impacted
- Next increase to Special Education cross subsidy aid, from 44% to 50%, is scheduled to take effect in 2026-27



Questions?