

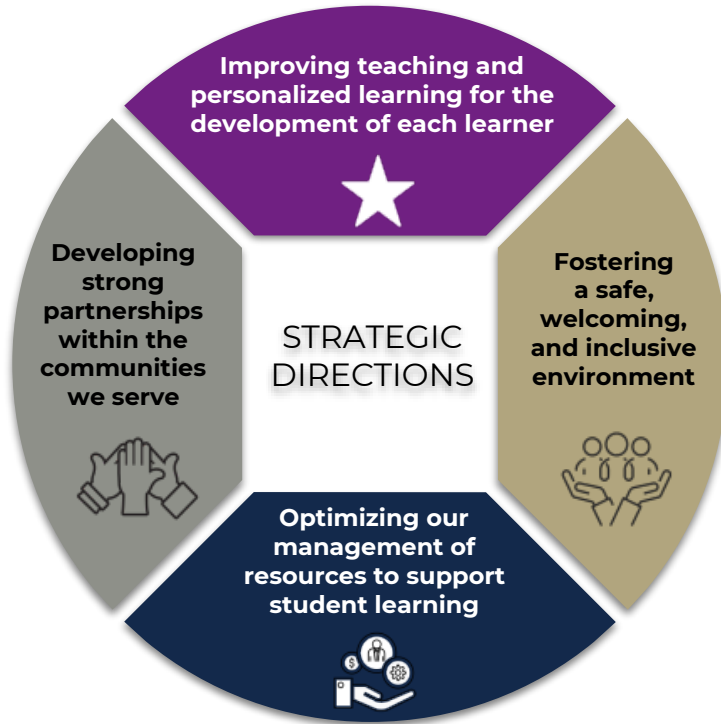


School Board Meeting

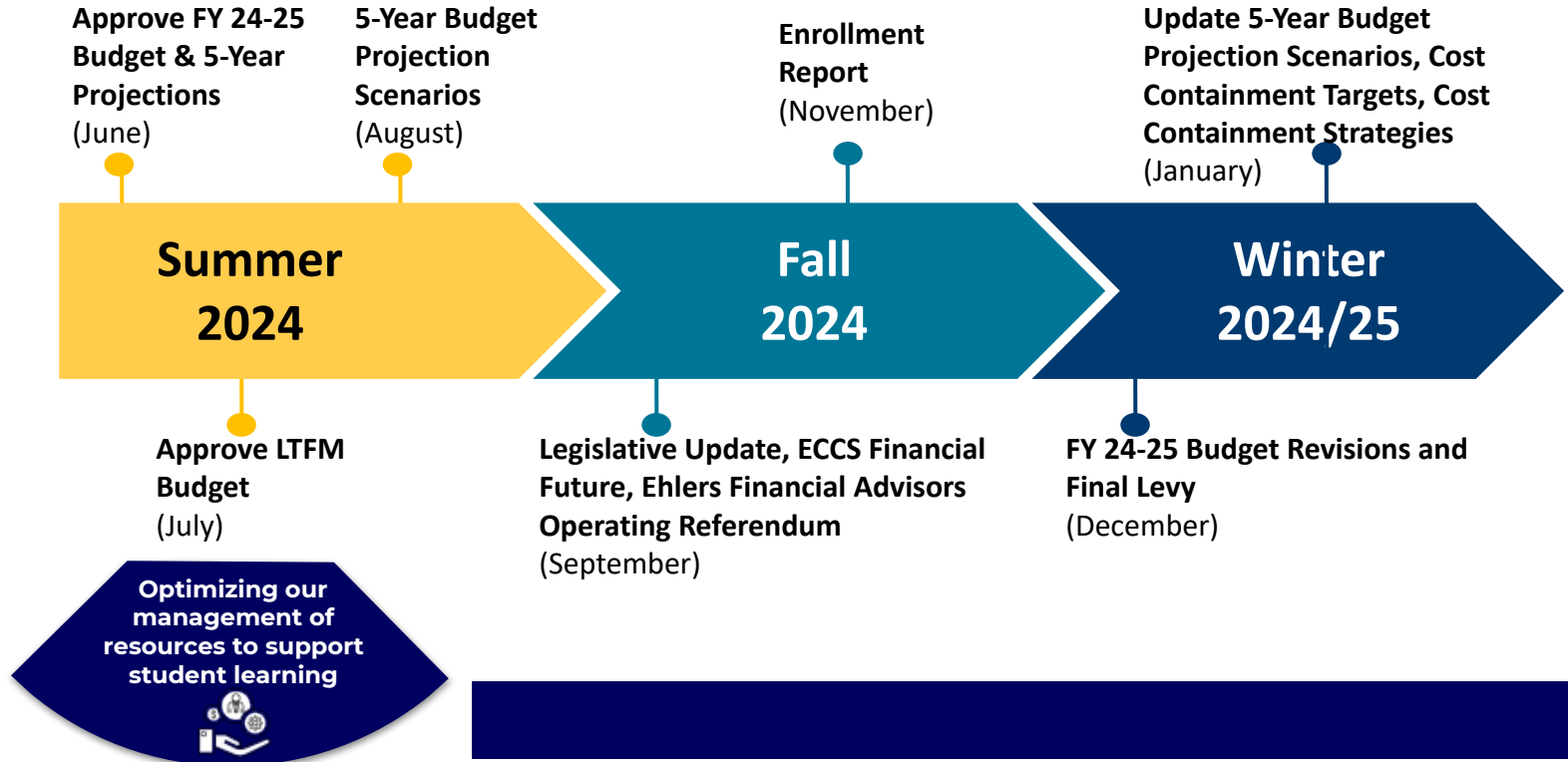
**FY 2025-26 Budget Cost Containment
and Assumptions
February 10, 2025**



Strategic Directions



Board Budget Work so Far



Budget Process & Work So Far

100 Day Plan



What is great about our schools and school district?



What is on your ECCS wish list?



What are three opportunities we have?



What should ECCS prioritize as the budget remains a challenge?



Budget Road Show



ECCS Budgeting

Education Funding
Understanding, Projecting,
and Planning for Our
Financial Future

EASTERN CARVER
COUNTY SCHOOLS



Budget Design Team

Instructional Support			
Category	Effects/Impact	Building/ Program	Proposed Increase/ Reduction
Tech Subscriptions	Impact access for staff, teachers and students, impact student experience	District-wide	\$50,000
Perkins Supply Budget 10%	Impact access for staff, teachers and students, limit capacity to support classrooms, programs	District-wide	\$391,000
District Office - Department Restructures	Increase workload of remaining staff, Reduces support of buildings and programs	DEC	\$402,564
Salary and Benefits	Staff recruitment and retention	District Wide	\$125,750



Optimizing our
management of
resources to support
student learning



Budget Development Cycle

	Dec	Jan	Feb	Mar	Apr	May	June
ADMINISTRATION		Review FY26 Enrollment Projections, Complete FY25 Budget Revisions, Develop FY26 Budget Assumptions, Develop Site, Department & Capital Budgets			Proposed FY25 Capital Budget	Finalize all Budgets	Prepare Final Budgets & Review Updated 5-Year Projection
SCHOOL BOARD	FY24 Audit Certify Final Tax Levy (Dec 9 mtg) FY25 Budget Revisions	Identify Cost Containment Targets, Review Budget Calendar (Jan 6 ws) FY26 Cost Containment Strategies (Jan 27 mtg)	FY26 Budget Cost Containment Feedback and Revisions (Feb 10 ws) Approve FY26 Budget Assumptions (Feb 24 mtg)	FY25 Budget Revisions (March 17 mtg)	Proposed FY26 Capital Budget (April 7 ws) Approve Proposed FY26 Capital Budget (April 21 mtg)	Proposed FY26 Special Revenue, Debt Service & Trust Funds Budgets (May 5 ws)	Final Budget Assumptions, Proposed FY26 General Fund Budget, 5-Year Projection (June 9 ws) Approve FY 26 Budget & 5-Year Projection (June 23 mtg)
FINANCE ADVISORY COMMITTEE	Enrollment, Audit, Levy, Financial Reality			Budget Calendar, Budget Revisions, Budget Assumptions		Review Capital and Special Budgets	



Budget Assumptions



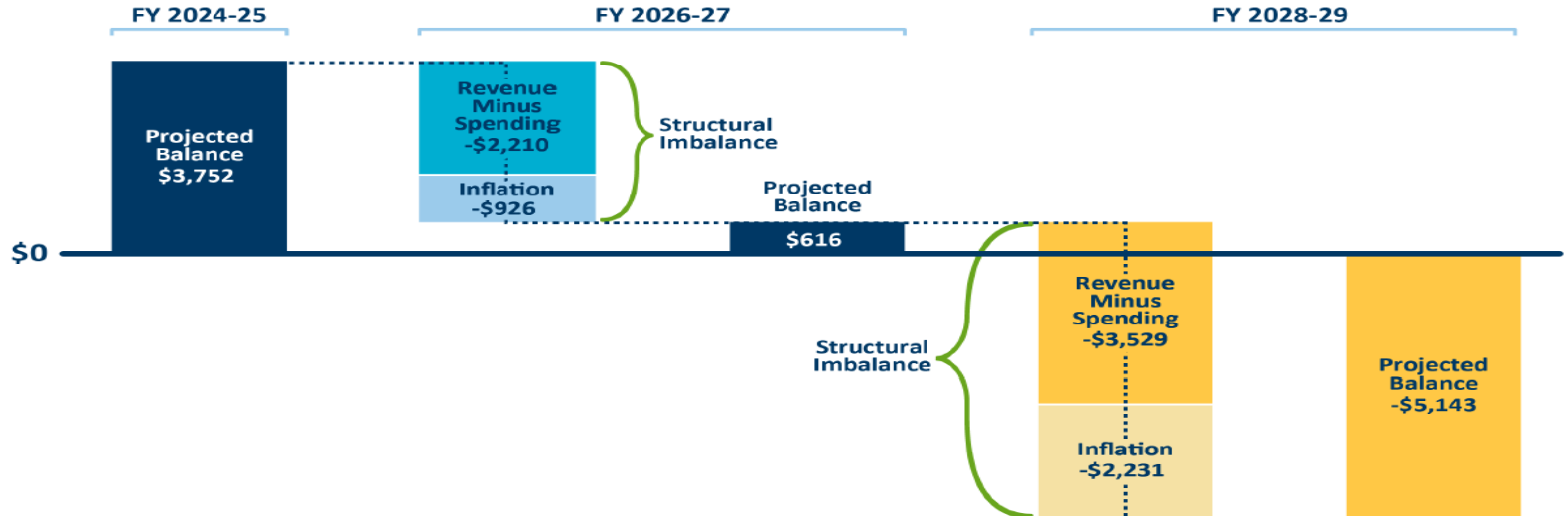
Optimizing our
management of
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student learning



MN State November Budget Information

Fiscal Snapshot: Forecast Horizon FY 2024 through FY 2029

(\$ millions)



Governor Budget Recommendations

- \$30 million one-time funding for unemployment
- Extend compensatory hold harmless into FY26
- Replace using MCA data with using poverty data for literacy incentive aid
- Reduce Special Education Transportation Aid
- Eliminate Alternative Teacher Compensation (Q-Comp) starting FY27
- Eliminate state and district obligations for nonpublic pupil education and transportation aid

ECCS Financial Future

Deficit Spending

- Expenses Outpace Revenue
- Impacts Unassigned Fund Balance
- Solutions
 - Increase Revenue
 - Cost Containment

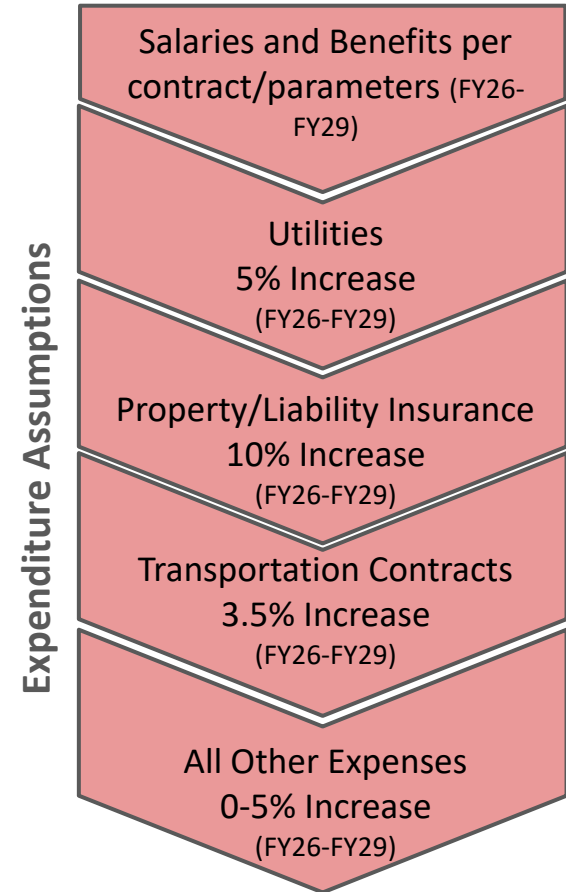
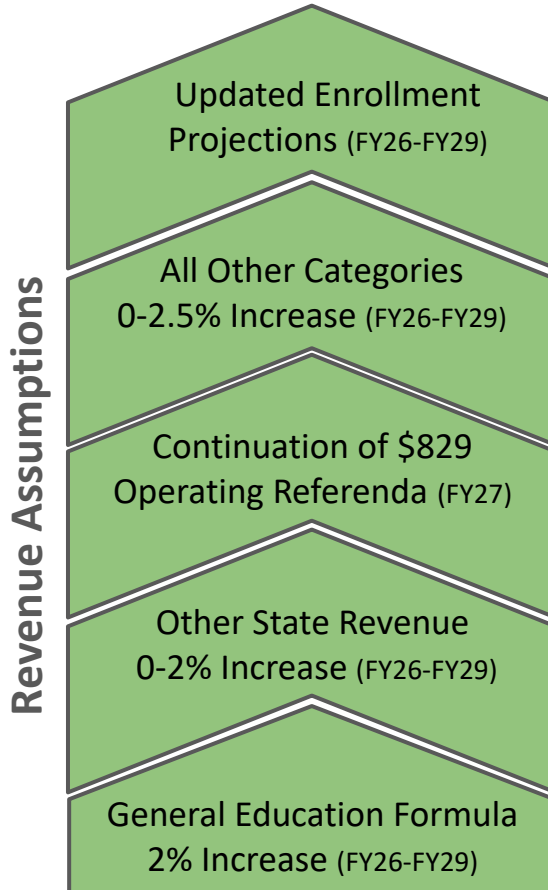
Optimizing our
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\$829 Renewed / Cost Containment / 8% Balance

Revenue Assumptions:				Expenditure Assumptions:					
General Education Education Formula 2% Increases FY26-FY29				Salaries and Benefits per Contract/Parameters - FY26 - FY29					
Other State Revenue 0-2% - FY26 - FY29				Utilities - 5% Increase FY26 - FY29					
Assumes Continuation of \$829.19 Operating Referenda in FY27 (no inflation)				Property/Liability Insurance - 10% Increase FY26 - FY29					
All other Categories - 0-2.5% Increase - FY26 - FY26				Transportation Contracts 3.5% Increase FY26 - FY29					
Updated Enrollment Projections as of July 2024				All other expenses 0-5% Increase FY26 - FY29					
	Actual 2020-21	Actual 2021-22	Actual 2022-23	Actual 2023-24	Revised Budget 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28	Projected 2028-29
E-12 Enrollment (ADM's)	9355.11	9242.70	9167	9118	9115	8959	8865	8906	8908
Revenue	\$ 136,387,901	\$ 142,557,121	\$ 138,106,568	\$ 151,881,789	\$ 148,031,012	\$ 149,491,568	\$ 143,175,816	\$ 145,594,545	\$ 147,777,769
December 2024 Budget Revision					1,006,778				
Renewing \$829.19							\$ 7,595,037	\$ 7,715,942	\$ 7,799,884
Total Revenue	\$ 136,387,901	\$ 142,557,121	\$ 138,106,568	\$ 151,881,789	\$ 149,037,790	\$ 149,491,568	\$ 150,770,853	\$ 153,310,487	\$ 155,577,653
% Increase over prior year	6.59%	4.52%	-3.12%	9.97%	-1.87%	0.30%	0.86%	1.68%	1.48%
Expenses	\$ 130,369,957	\$ 135,850,073	\$ 137,792,240	\$ 145,036,446	\$ 156,901,165	\$ 158,018,840	\$ 162,193,817	\$ 167,071,353	\$ 172,091,413
December 2024 Budget Revision					1,599,640				
Cost Containment - Year 1 (2025-26)						\$ (5,000,000)	\$ (5,150,000)	\$ (5,304,500)	\$ (5,463,635)
Cost Containment - Year 2 (2026-27)						\$ -	\$ (4,000,000)	\$ (4,120,000)	\$ (4,243,600)
Cost Containment - Year 3 (2027-28)						\$ -	\$ -	\$ (4,000,000)	\$ (4,120,000)
Cost Containment - Year 4 (2028-29)						\$ -	\$ -	\$ -	\$ (2,000,000)
Total Expenditures	\$ 130,369,957	\$ 135,850,073	\$ 137,792,240	\$ 145,036,446	\$ 158,500,805	\$ 153,018,840	\$ 153,043,817	\$ 153,646,853	\$ 156,264,178
% Increase over prior year	1.47%	4.20%	1.43%	5.26%	9.28%	-3.46%	0.02%	0.39%	1.70%
Variance (Revenue - Expenditures)	\$ 6,017,944	\$ 6,707,048	\$ 314,329	\$ 6,845,343	\$ (9,463,015)	\$ (3,527,272)	\$ (2,272,964)	\$ (336,366)	\$ (686,525)
Unassigned Fund Balance	\$ 8,394,548	\$ 12,367,832	\$ 14,798,046	\$ 19,226,674	\$ 15,472,044	\$ 13,641,721	\$ 12,368,757	\$ 13,032,391	\$ 13,345,866
Unassigned Fund Balance as % of Expenditures	6.44%	9.10%	10.74%	13.26%	9.76%	8.92%	8.08%	8.48%	8.54%
NonSpendable, Restricted and Assigned Fund Balances	\$ 11,024,910	\$ 13,758,674	\$ 11,642,789	\$ 14,059,504	\$ 8,351,120	\$ 6,654,170	\$ 5,654,170	\$ 4,654,170	\$ 3,654,170
Total Fund Balance	\$ 19,419,458	\$ 26,126,506	\$ 26,440,835	\$ 33,286,178	\$ 23,823,163	\$ 20,295,891	\$ 18,022,927	\$ 17,686,561	\$ 17,000,036
Total Fund Balance as % of Expenditures	14.90%	19.23%	19.19%	22.95%	15.03%	13.26%	11.78%	11.51%	10.88%
Enrollment Change	-293	-112	-76	-49	-3	-156	-94	41	43

Building the Budget – August 2024 5-Year Assumptions



Preliminary Budget Assumptions - Revenue

FY 2025–26 General Fund

Enrollment	2025-26	Change from 24-25 October 1
Early Childhood	75	
K-12+	8938	-78
Total	9013	-78

- Preliminary internal projections
- Teamworks enrollment projections soon
- Second smallest birth group for new K in 15 years
- Anticipated difference between graduating seniors and incoming kindergarten = -140



Preliminary Budget Assumptions - Revenue

FY 2025–26 General Fund

Revenue	Amount	\$ Change	% Change
Sate General Education Funding Formula	\$7,426-\$7456	\$145-\$175	2.0%-2.4%
Student Support Personnel Aid		\$312,500	185%
TRA Pension Adjustment Allowance		\$489,756	
Capital Projects Referendum		\$340,611	5.3%
Long Term Facility Maintenance		\$1,952,195	25.9%
Lease Levy for Transportation		\$1,000,000	0.0%
All Other Revenue			0.0-3.0%
Current State Compensatory Formula		-\$182,500	-9.0%
Governor - State Compensatory Formula		\$41,500	
Governor - Sp.Ed. Transportation Aid Reduction		-\$92,000	-5.0%
Governor - State use of poverty data instead of MCA for Literacy Incentive Aid		TBD	



Preliminary Budget Assumptions - Expenses

FY 2025–26 General Fund

Expenses	\$ Change	% Change
Salaries, Wages & Benefits		Per contract parameters
Utilities and Fuel		5.0%
Property, Liability Insurance		8.0%-12%
Transportation Contract – Koch		3.5%
Transportation Center COP P&I	\$1,000,000	
Transportation Center – assigned fund balance	\$1,000,000	
Staffing Contingency	\$351,000	
Teacher Retirement Association Employer Contribution	\$514,574	.75%
Read Act Professional Development	\$71,663	
Raptor Emergency Management Tool	\$20,000	
Paid Family Medical Leave	\$200,000	Estimate .4% of salary as district expense
Other Expenses		3.5%
Cost Containment	-\$5,000,000	



Other budget Monitoring

FY 2025–26 and 2026-27 General Fund

Other Possible Budget Impacts	Revenue	Expense
FY 2025-26		
Transportation Cost due to Chaska Road Construction		TBD
Summer Unemployment		TBD
Governor – Summer Unemployment Reimbursement	TBD	
FY 2026-27		
Additional Paid Family Medical Leave		\$200,000
Governor - Additional Reduction in Special Education Transportation		\$92,000
Governor - Discontinue State Alternative Compensation (Q-Comp) Aid	-\$2,388,000	

Federal Funding currently constitutes about 2% of our budget. Changes at the federal level could have a several million \$ impact on future revenue.



Next Steps

February

- Cost Containment and Budget Assumption Information
- Approve FY 2025-26 Budget Assumptions

March

- FY 24 Budget Revisions
- Finance Advisory Committee Meeting

April

- Proposed FY 2025-26 Capital Budgets
- Site, Department and Capital Budgets submitted to Finance
- Approve Proposed FY 2025-26 Capital Budgets

May

- Proposed FY 2025-26 Special Revenue, Debt Service & Trust Funds Budget

June

- Final FY 2025-26 Budget Assumptions and Budget Approval
- Updated 5-year plan



Questions?





School Board Meeting: Work Session February 10, 2025

Subject: Community Engagement Report

Item # 7.0

Presenter: Celi Haga, Chief of Staff and Executive Director of Strategic Communications and Dr. Erin Rathke, Superintendent

Approx Length (minutes): 20 min

SUGGESTED SCHOOL BOARD ACTION:

none

DESCRIPTION:

In order to give the community an extensive amount of time to provide feedback, the Thought Exchange closed at 12:00 p.m. on February 7 2025. Data analysis will be delayed and the full report will be available prior to the meeting on Monday February 10, 2025.

ATTACHMENT(S):

pending



Cost Containment Community Engagement Summary and Recommendations

February 2005



**EASTERN CARVER
COUNTY SCHOOLS**

ThoughtExchange as a Tool

Positive: Great opportunity to gather feedback about a particular issue and allow community members to weigh in on what's important in real-time based on what others are saying in an engagement session where context can be provided. It also creates transparency in sharing feedback.

Challenge: When open for multiple days, it creates an opportunity for misinformation to spread unanswered until the exchange is closed and the report can address inaccurate statements.

Participation



Are there additional areas you think the Board should consider for cost containment?



1,153
Participants



848
Thoughts



47,030
Ratings



1102
Responses

Role in the district

%		Answer <i>(Multiple select)</i>
70%	(775)	Parent/Caregiver
22%	(242)	Staff
7%	(73)	Student
21%	(231)	Community Member

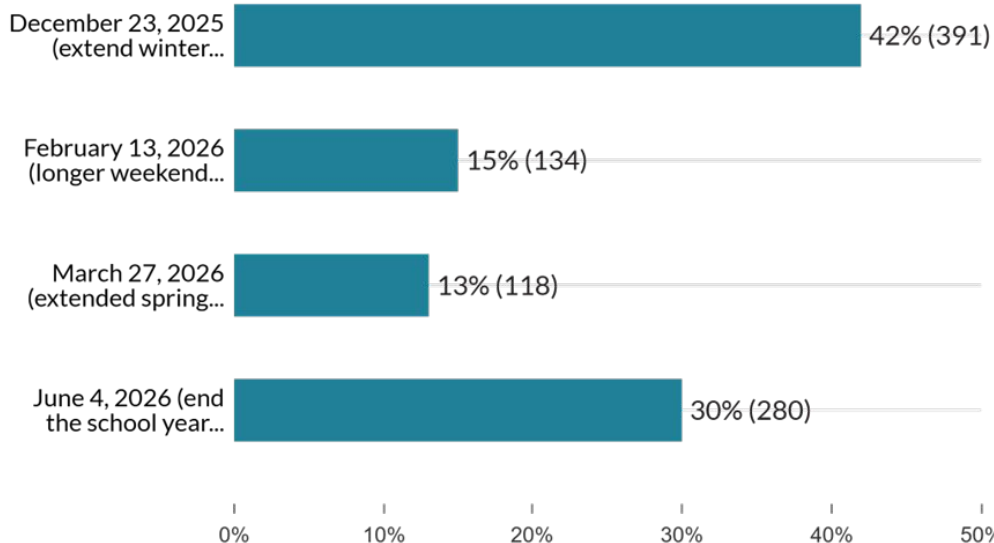
Priorities

As the district looks at potential cuts in future years, should the priority be preserving class size or making programmatic cuts?

 1072 Responses	%		Answer <i>(Multiple select)</i>
	55%	(592)	Preserving Class Size (maintaining class sizes at each grade level)
	52%	(557)	Reducing Programmatic Cuts (examples could be: elective options, world languages, AVID)

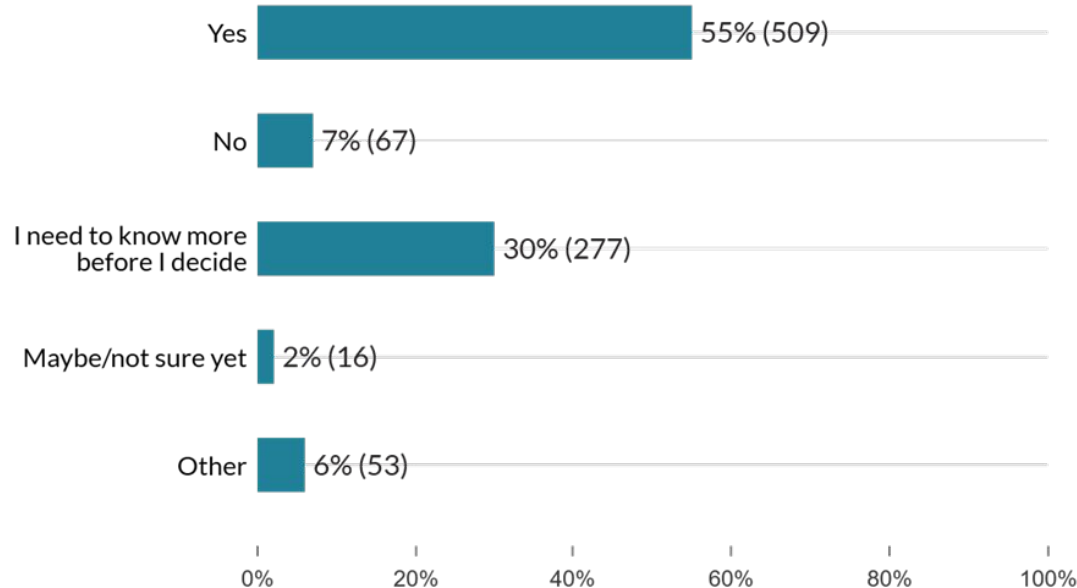
Calendar Change

To reduce operational costs, the district may adjust the 25-26 calendar to reduce one instructional day.
If this happens, which day do you prefer?



Future Operating Referendum

Would you support the Board's consideration of a future operating referendum as a possible source of additional revenue?



Information Sources

With the closing of the Herald and Villager, what is your primary source(s) for district/school information? (Choose the top two)

%		Answer <i>(Multiple select)</i>
43%	(400)	Building Newsletters
63%	(583)	District Newsletters
23%	(207)	District Website
17%	(154)	Carver County Local News
24%	(218)	Talking Points (messages that are being sent via text message)
19%	(179)	Other

Key Thoughts

Please maintain quality teachers and budget appropriately for paying them and supporting them.

Quality teachers make all the difference in a child's education.

4.5  (48 )

Ranked #1 of 848

Stop cutting electives and the Arts! Electives use different skills than core classes and bring joy to students. They are inclusive to all students and important to student mental health

4.5  (47 )

Ranked #2 of 848

Freeze and/or reduce upper management salaries Upper management can take on more tasks at their salary scale. Valuing teachers and students is more important to the term health of the district.

4.5  (32 )

Ranked #3 of 848

Other themes

Administration/District office

- Too many administrators and redundancies in staffing
- Salaries are out of control and increases outpace teacher increases
- Upper management can take on more work at their salary scale.
- District office is overstaffed and administrative expenses are excessive

Other themes

Academics/Programming

- Class sizes are too big already compared to other districts, increases will hurt academic outcomes.
- Music programs are important and shouldn't be cut.
- Raise fees before making cuts to programs.

Addressing Misinformation:

District Office/Administrative Size and Cost

Perception: The district office is overstaffed and administrative salary increases outpace other staff groups.

Reality: Our district administrative staff run leaner than our comparable districts across departments. While we may have more building leadership, our community has prioritized having more schools with smaller total populations than other districts. In terms of salary increases, administrative contract settlements have historically generally settled at increases below where teacher contracts have settled. There was no 10% pay increase as was reported.

Addressing Misinformation:

Cuts to music program

Perception: Proposed cuts to music department will slash music programming.

Reality: The cost containment proposal was a reduction in music lessons at the middle school level. There were no additional cuts proposed in the 2025-26 school year to any other music programming, either at the elementary or high school level, or in enrichment programs provided through Community Education. Leadership recognizes the value provided by our music programs and has been committed to working through a restructure of lessons with music staff.

Addressing Misinformation:

Class Size

Perception: Class sizes in the district are higher than surrounding districts.

Reality: ECCS class sizes are competitive with our surrounding and many of comparable districts

Other Feedback

Additional in-person feedback provided to staff and the Board during the breakout sessions at the 2/3 session and over email focused primarily on the same themes that emerged from the ThoughtExchange: staffing levels and expenses, and music programming.



Recommendations



Cost Containment History

Historical Categories

- Administration
- Instruction
- Instructional Support
- Special Education
- Operations
- Student Activities



2025-26 Target \$5,000,000

Administration

Category	Effects/Impact	Building/ Program	Proposed Increase/ Reduction
District Office - Department Restructures	Increase workload of remaining staff, reduces support of buildings and programs	DEC	\$376,506
Salary and Benefits	Staff recruitment and retention	DEC	\$133,687

2025-26 Target \$5,000,000

Instruction

Category	Effects/Impact	Building/ Program	Proposed Increase/ Reduction
Increase Elem Class Size .5 (Grade 1 and 2)	Impacts student experience	Elementary	\$127,822
Increase Elem Class Size 1 (Grades 3-5)	Impacts student experience	Elementary	\$324,935
Increase Middle Class Size 1 (Grades 6-8)	Impacts student experience	Middle	\$268,807
Increase High Class Size 1 (Grades 9-12)	Impacts student experience	High	\$361,742
Reduce Band and Orchestra lessons at middle schools	Impacts student experience	Middle	~~Jan 27: \$211,937~~ Feb 10: \$117,742
Restructure Student Supports (K paras)	Increase workload of remaining staff, impact student experience	Elementary	\$233,900
Salary and Benefits	Staff recruitment and retention	District Wide	\$611,781

2025-26 Target \$5,000,000

Instructional Support

Category	Effects/Impact	Building/ Program	Proposed Increase/ Reduction
Tech Subscriptions	Impact access for staff, teachers, and students, impact student experience	District Wide	\$50,000
Reduce Supply Budget 10%	Impact access for staff, teachers, and students, limit capacity to support classrooms, programs	District Wide	\$391,600
District Office - Department Restructures	Increase workload of remaining staff, reduces support of buildings and programs	DEC	\$402,994
Salary and Benefits	Staff recruitment and retention	District Wide	\$129,760

2025-26 Target \$5,000,000

Special Education

Category	Effects/Impact	Building/ Program	Proposed Increase/ Reduction
Department Restructure	Increase workload of remaining staff, reduces support of buildings and programs	DEC	\$100,000
Salary and Benefits	Staff recruitment and retention	District Wide	\$271,146

2025-26 Target \$5,000,000

Operations

Category	Effects/Impact	Building/ Program	Proposed Increase/ Reduction
Increase Facilities Rental Fees	Reduce needed cost containment	District Wide	\$80,000
Increase Nutrition Services Chargeback	Reduce needed cost containment	District Wide	\$300,000
Reduce one instructional day	Reduce needed cost containment	District Wide	\$164,002
Increase Community Education Chargeback	Reduce needed cost containment	Community Education	\$67,000
Adjust qualified LTFM expenses out of General Fund	Reduce needed cost containment	Buildings and Grounds	\$70,000
Salary and Benefits	Staff recruitment and retention	District Wide	\$316,213

2025-26 Target \$5,000,000

Student Activities

Category	Effects/Impact	Building/ Program	Proposed Increase/ Reduction
Increase Parking Fees	Impacts to families and students, may negatively impact student participation	CHS/CNS	\$18,000
Increase Student Participation Fees	Impacts to families and students, may negatively impact student participation	District Wide	\$73,454
Salary and Benefits	Staff recruitment and retention	District Wide	\$37,413

Summary

Music Lessons Adjustment

1/27/25 proposal: \$211,927

2/10/25 proposal: **\$117,742**

Administrative Restructure and Cuts at District Office

Total: **\$779,500**

17% of total cuts for FY 2025-26



Questions?

