



Saint Paul
PUBLIC SCHOOLS

FY26 Budget Work Session

January 21, 2025



FY25 Budget and Fund Balance Update

FY24 Budget and Fund Balance Update

- FY23 unassigned fund balance increased by **\$7.06 million**, to 10.96 percent.
- For FY24, the District anticipates decreasing the unassigned fund balance by roughly **\$5.3 million**, to 10.64 percent of general operating expense.
- Higher than expected enrollment, use of ARP funds, unfilled positions, and improved interest earnings helped the FY24 budget perform better than anticipated.

FY25 Budget Update

- Higher than expected enrollment (30,962 vs 30,379 K-12 ADM), READ Act revenue, greater special education aid, and non-public transportation aid will yield **\$12.7 million** of additional revenue in FY25
- Some of this will be offset by **\$4.05 million** of additional expenses relating to additional school staff and benefits, school moves and updates

FY25 Budget Update (Continued...)

- Based on this new information, the FY25 budget is expected to deficit spend by **\$28.3 million**
- The District no longer needs to use \$19.5 million of the assigned fund balance to reach this threshold for FY25
- Unassigned fund balance without using the \$19.5 million assigned would be 6.64 percent for FY25

FY25 Budget Revision

- District administration and Finance staff will continue to make updates and revisions throughout the next 30 days and plan to present a FY25 revised budget to the Board at the February 2025 BOE meeting

2

FY26 Budget Assumptions

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Key Drivers to a School District Budget

1. Enrollment
2. State funding formula (Basic allowance and all categories)
3. Property taxes, especially Voter Approved Referendums
4. Employment contracts
5. Other: Inflation, federal funding, transportation, utilities, technology, other special initiatives

FY26 Budget Assumptions

- Budget must adhere to School Board policy 701.01 by maintaining a minimum of a 5.0 percent unassigned fund balance
- Enrollment will increase slightly as compared to current levels
- Base funding formula and voter approved operating levy will increase by **2.53 percent**
- No other changes to other parts of the funding formula: Extended time, local option revenue, special education and English Learner cross-subsidies, etc.

FY26 Budget Assumptions (Continued)

- Inflationary increases to FY25 expense: 4.0 percent
- Parameters for contracts that expire on June 30, 2025, will need to be defined by the Board of Education

FY26 Budget Assumptions (Continued)

- Based on these assumptions, the District's estimated expenses could exceed its revenues in FY26 by approximately **\$46.67 million**
- Revenue = **\$681.1 million** Expense = **\$727.7 million**
- Factors that could alter this estimated shortfall:
Enrollment, state funding formula, employment contracts, operational savings in areas such as substitute teaching and supplemental pay, impact of new federal policies and structure pertaining to education and the economy.

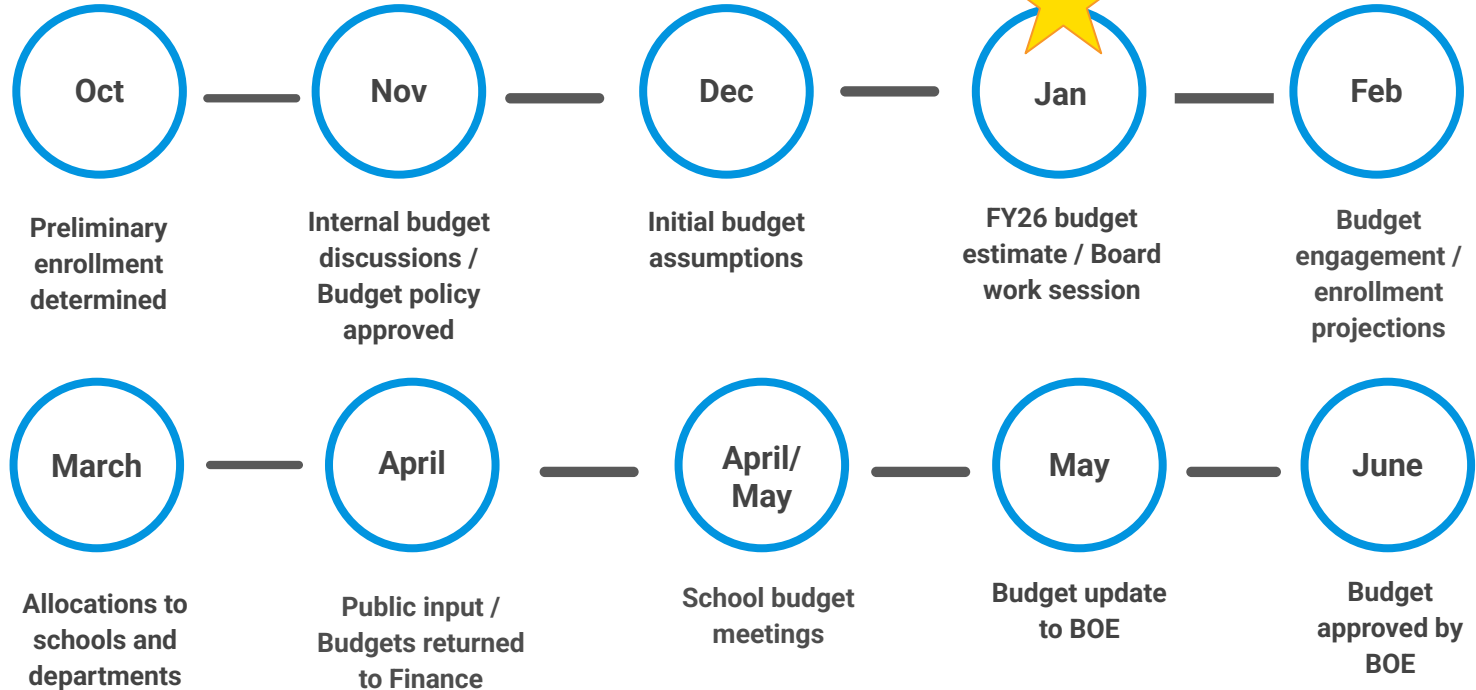
The Pathway Forward...

- Anticipated ending FY25 Fund Balance: \$46.97 million, 6.64%
- Of the **\$46.67 million** deficit for FY26, target up to \$20 million in budget reductions, **AND** use up to \$19.5 million in assigned fund balance to absorb remaining deficit.
- Ending FY26: \$39.8 million; unassigned fund balance of 5.47% of general operating fund

The Pathway Forward...

	(In Millions)	Percent
FY25 Estimate Ending Fund Balance	\$46.97	6.64%
FY26 Initial Deficit Spend	\$46.67	
(Action) Make \$20M in reductions		
Revised Deficit Spend in FY26	\$26.67	
FY26 Initial Ending Fund Balance	\$20.30	2.79%
(Action) Use of \$19.5M in Assigned Fund Balance		
Revised FY 26 Ending Fund Balance	\$39.80	5.47%

FY26 Budget Timeline



Thank you