



Saint Paul
PUBLIC SCHOOLS

FY26 Budget Work Session

January 25, 2025

Outcomes

- Adhere to BOE budget policy
- Determine BOE budget parameters and options

December

March 21



Assumptions

A set of conditions used to estimate FY26 revenue and expenditures. Assumptions are critical to developing a realistic and balanced budget.



Parameters

Guidelines for budget development, including revenue assumptions, fund balance targets and expenditure goals.



Budget Options

BOE developed priorities given to administration to use for scenario planning before allocations are given to schools. Budget options will serve as the topic conversation for February budget work session.



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

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FY26 Budget Assumptions

FY26 Budget Assumptions

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.

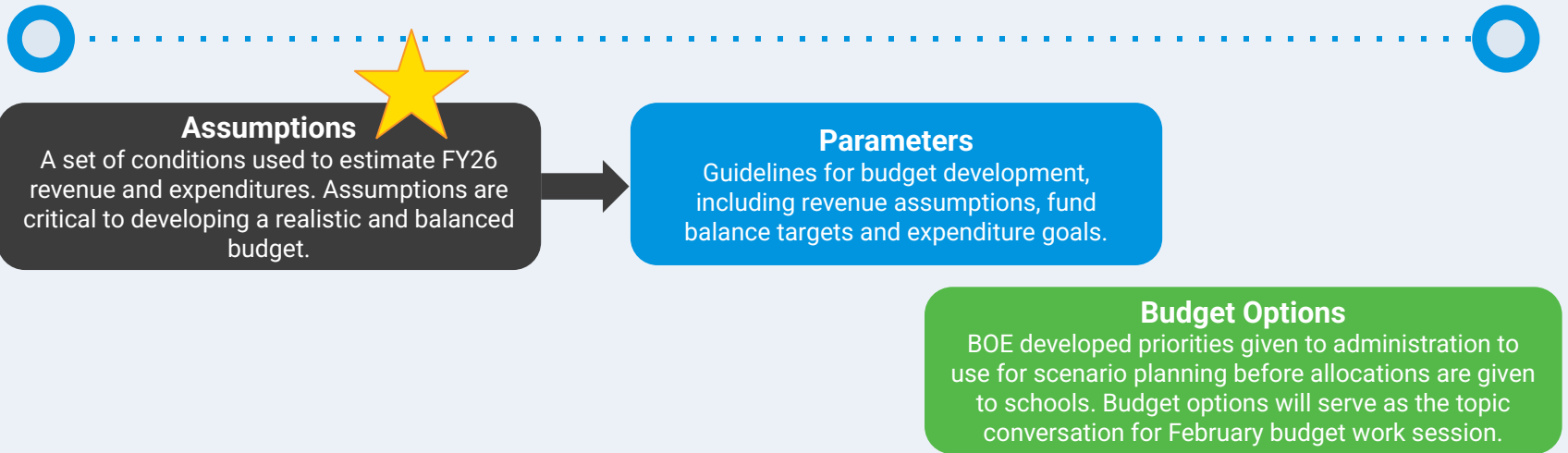
FY26 Budget Assumptions (Continued)

- 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.

FY26 Budget Assumptions (Continued)



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 \$19M in reductions		
Revised Deficit Spend in FY26	\$26.67	
FY26 Initial Ending Fund Balance	\$20.30	2.79%
(Action) Use of \$23M in Assigned Fund Balance		
Revised FY 26 Ending Fund Balance	\$39.80	5.47%

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Voter-Approved Referendum

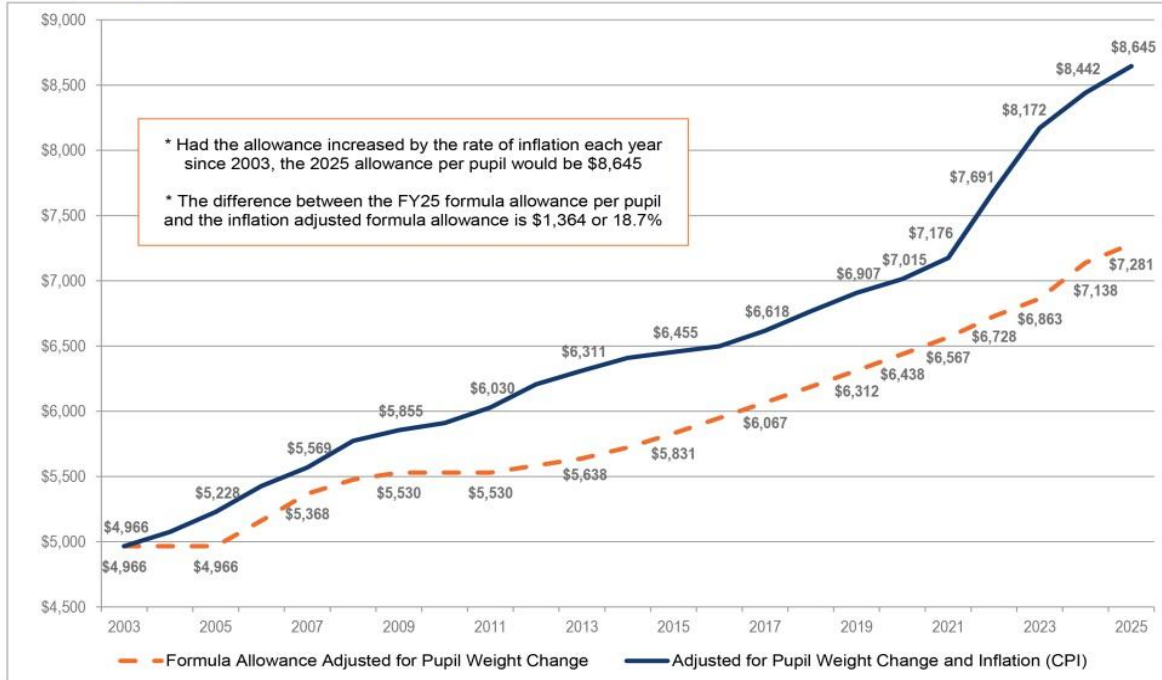
SPPS Current Voter Approved Referendum

- The original amount that was approved in November 2018 was \$1,180 per pupil. This was an increase from the former per pupil amount of \$705
- This a 10-year levy that started in Pay 2019 (FY20). It will end in Pay 2028 (FY29)
- The SPPS voter approved referendum currently generates \$37.8 million annually. The Local Option Revenue portion generates an additional \$24.2 million. Total referendum revenue is **\$62 million**. Broad flexibility in the use of these funds

General Education Formula Allowance



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

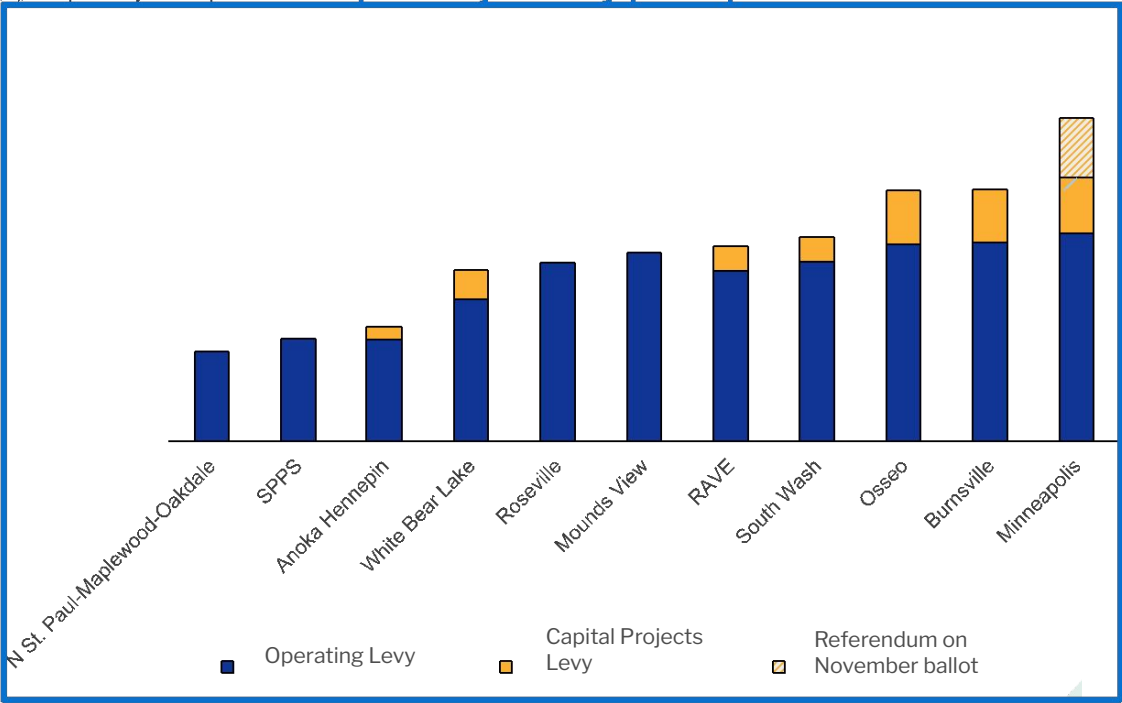


An annual funding gap of \$1,364 per pupil is worth **\$46.4 million per year** for SPPS

Source: MDE June 2024 Inflation Estimates and Minnesota Laws 2023

Operating Referendum Comparison

If SPPS had the same amount per pupil as the average of the districts below, SPPS would have an additional \$1,004 per pupil or \$34.8 million.



Data sourced from Minnesota Department of Education

Voter Approved Referendum (Example)

Anticipated FY27 Deficit	-\$29.87 million
Voter Approved Referendum in November 2025	\$34.80 million
Fund Balance Change in FY27	\$4.93 million
Ending FY27 Fund Balance	\$44.73 million
Percentage of General Operations	5.85%

Budget Foundations

Budget Building Blocks



1. School Needs

2. Requirements (constraints, obligations)

3. Community Values & instructional Priority

4. Essential Services

Budget Building Blocks



1. School Needs

Staff that every school needs e.g. principal, teachers, custodian, health staff, counselor, social worker, clerk, nutrition services, educational assistants, teaching assistants, etc.

2. Requirements

Required services and staff e.g. Superintendent, Board of Education, special education and English learner services, other contractual and legal obligations

Constraints

(Examples; Not exhaustive list)

FY26 Constraints				
<p>Academic Parent Teacher Teams (APTT) - \$2,500 stipend</p> <p>APTT .75 FTE</p> <p>APTT group conference stipend - \$200 per conference</p> <p>Specialist supplies - \$100 per Specialist</p> <p>Restorative Practices - \$50K per site</p> <p>Trained Circle Keepers - \$40K</p> <p>\$20K - Restorative Practices assistance</p> <p>American Indian Counselor</p>	<p>Language Instruction Education Program (ELL) Ratio 52:1</p> <p>Class size ratio PK-12</p> <p>TA Bus Duty premium pay</p> <p>Fed IV premium pay</p> <p>TA Overtime</p> <p>EA sign language interpreter certification reimbursement</p> <p>Lifeguard and LPn required to maintain renewal of certification costs</p> <p>Bus duty training</p>	<p>Schedule C1, C2, C3</p> <p>School-based mental health teams (social workers, counselors, school nurses, intervention specialists)</p> <p>1 licensed nurse for every elementary</p> <p>1.0 health assistant for every secondary over 500</p> <p>Support for members of color</p> <p>Equity team meetings</p> <p>Short-term EA substitutes</p> <p>District funded EA professional development days</p>	<p>Special Education</p> <p>Stipends for National Board Certification</p> <p>Teacher Development & Evaluation (T, D & E)</p> <p>Mentor/Mentee</p> <p>Peer Assistance Review</p> <p>Induction Support</p> <p>Clerical and Technical 1.5 pay for hours worked during district weather event</p>	<p><i>Superintendent</i></p> <p><i>Board of Education</i></p> <p><i>Director of Special Education</i></p> <p><i>General Counsel</i></p> <p><i>Lead Electrician</i></p> <p><i>Master Pipefitter</i></p>

Budget Building Blocks



3. Community Values & Instructional Priority

Budget priorities identified through community engagement and program evaluation:

- **Respectful and reflective schools**
- **Safety and sense of belonging**
- **Literacy**



10,739
Participants
(FY25)



4. Essential Services

Necessary supports for school and district operations e.g. transportation, utilities, payroll, purchasing, insurance, technology, etc.

Essential Services

(Examples; Not exhaustive list)

10%-15% (estimated)

FY26 Essential Services

Utilities	Transportation	Legal/Professional fees	Finalsite	<i>Google Suite</i>
Garbage & Sewer	Substitutes		Let's Talk	<i>Peoplesoft</i>
Essential Supplies	Telephone Service		Smore, Securly	<i>Tableau</i>
Leases	LTFM		Xello, School Cafe	<i>Qualtrics</i>
Software contracts	Insurance		Bus Status App	<i>Campus</i>
Microsoft Office, Google Suite	Re-employment expenses for user unemployment insurance		Seesaw, Okta	<i>Peoplesoft</i>
Schoology	Grants			<i>Schoology</i>

Budget Parameters

Budget Parameters

Guidelines for budget development, including revenue assumptions, fund balance targets and expenditure goals.

Example budget parameters:

- Resource allocation should demonstrate firm evidence of equitable distribution
- Resources should be allocated alongside an accountability system that includes expectations, evaluation and transparency
- The budget should shift a greater percentage of the overall general fund directly to schools with specialized programming
- The school budget development process should align the strategic plan, SIP, accountability reporting and the budget development process as much as possible

Criteria

- Does not conflict with existing policies, agreements or law
- Addresses expenditures at the strategic level rather than tactical/operational level
- Represents a statement of guidance rather than a rule of policy
- Not specific to individual people, positions or programs

Two Parameters for FY25 Budget

Criteria:

- Topic is one of the following:
 - Expenditures (how we allocate resources)
 - Monitoring procedures (how we monitor the budget)
 - Fund balance (how we address maintaining, leveraging or growing the fund balance)
- Does not conflict with existing policies, agreements or law
- Addresses expenditures at the strategic level rather than tactical/operational level
- Represents a statement of guidance rather than a rule of policy
- Not specific to individual people, positions or programs

FY25 Investments Aligned to Board Parameter 1

Board Parameter 1

Increase expenditures related to early education investments to retain and prepare students for success through their elementary education and to meet third grade literacy standards.

- Early Childhood Hub
- Hmong Individual Growth and Development Indicators (IGDI) Project
- Karen Kindergarten at Wellstone

- Full-Day Free Pre-K in Excess of State-Funded Seats
- Head Start Pre-K Partnership
- Nature-Based Pre-K Program

- Early Childhood Family Education (ECFE)
- Pre-K Mental Health Partnerships
- READ Act Teacher Training 88

FY25 Investments Aligned to Board Parameter 2

Board Parameter 2

Include funding for efforts to increase enrollment, and monitor the impacts over the fiscal year.

- Enrollment Project/Committee
- School Choice Fair
- Student Placement Center

- Culturally Relevant Programs
- Dual Language Immersion
- ECFE and Pre-K/Early Childhood Programs
- Magnet Schools and Pathways

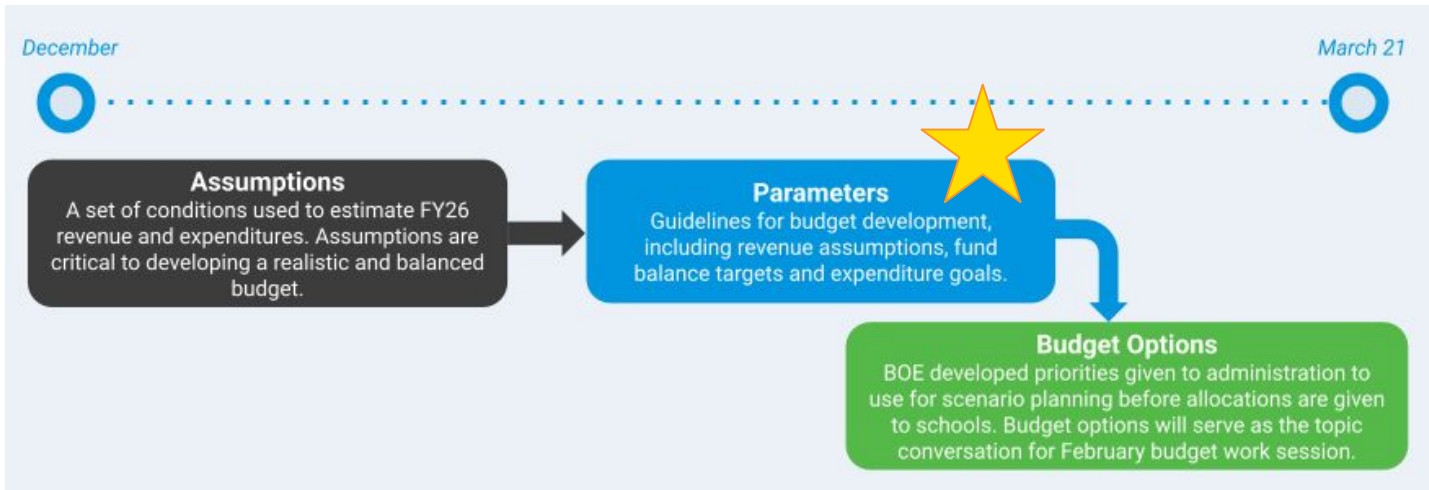
- Communications and Marketing Support 89
- Districtwide Transportation
- Enrollment Projections, Analysis and Monthly Monitoring

FY25 Investments Aligned to Board Parameter 3

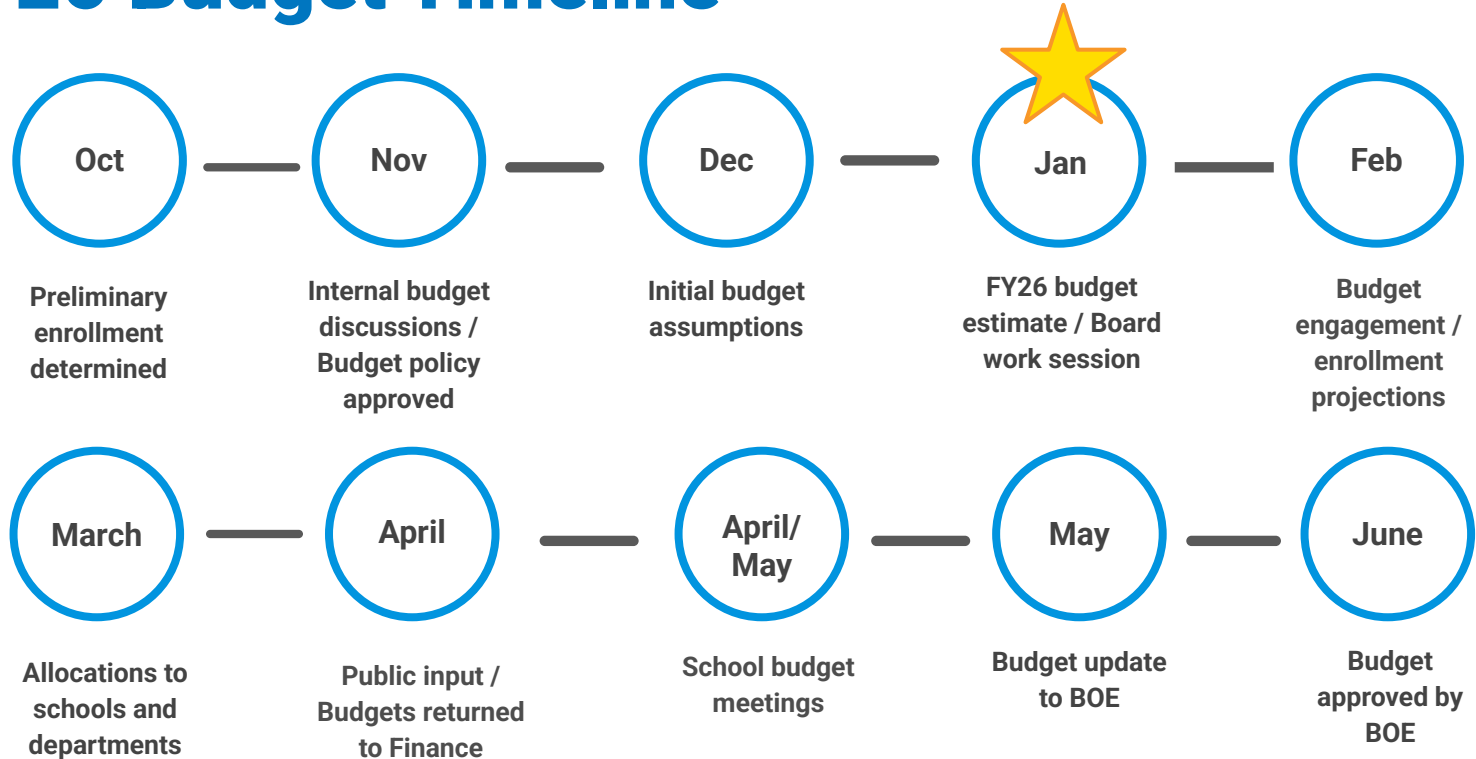
	Increasing Student Engagement	Decreasing Absenteeism	Increasing Academic Outcomes
Board Parameter 3 Expenditures related to increasing student engagement, decreasing absenteeism, and increasing academic outcomes for students showing areas of great concern as identified by the District, and will be monitored to identify the impacts of such investments.	<ul style="list-style-type: none"> • 3M Advanced Training Center and Career Pathways • Bilingual Seals • Districtwide Virtual Courses • Field Trips and Experiential Learning • Indigenous World Language Programs • Personal Learning Plans (via Xello) • Rigorous Coursework (e.g. AP, IB, PLTW, PSEO by Contract, etc.) 	<ul style="list-style-type: none"> • Additional Social Workers and Counselors • American Indian Attendance Liaison • Check and Connect • Chemical Use Prevention Grant • Fostering Connections and Project REACH • School Attendance Matters 	<ul style="list-style-type: none"> • Equitable Grading Practices • Extended Time Learning Programs (e.g. Freedom School, Credit Recovery, ESY, Summer Learning Programs) 90 • High School Advisory • Middle School Model (including Foundations) • Translation, Interpretation and Language Line • What I Need Now (WINN) and SIPPS Literacy

Three Parameters for FY26 Budget

- Does not conflict with existing policies, agreements or law
- Addresses expenditures at the strategic level rather than tactical/operational level
- Represents a statement of guidance rather than a rule of policy
- Not specific to individual people, positions or programs

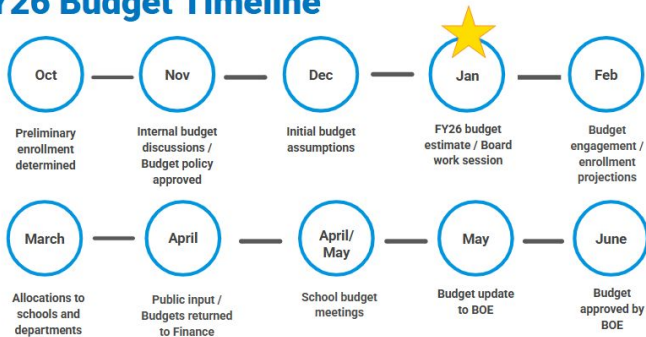


FY26 Budget Timeline



Important Dates

FY26 Budget Timeline



- February 4 COB work session
- February 18 BOE work session
- Deadlines
 - February 14 Enrollment lottery
 - March 5 Finalized School Allocations

Thank you