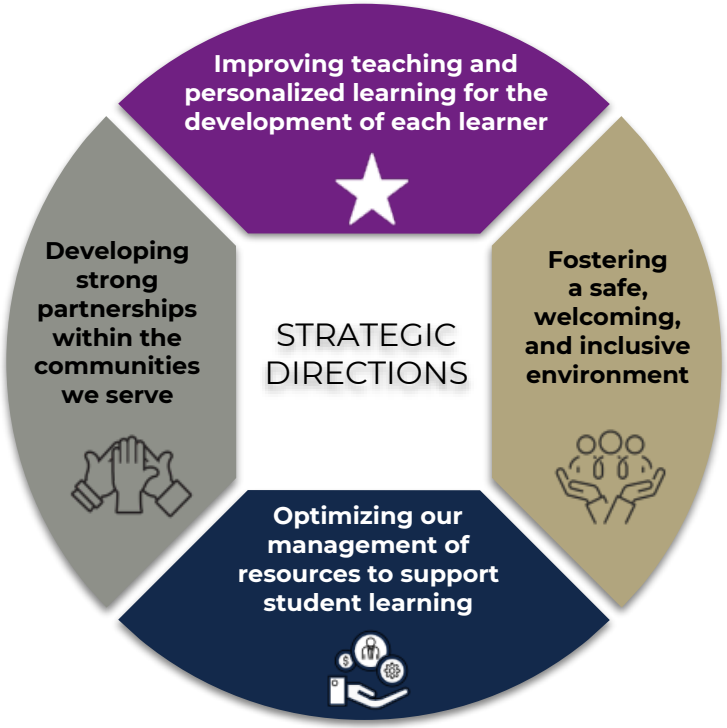
School Board Meeting

FY 2025-26 Preliminary Budget Assumptions and Cost Containment
February 24, 2025

EASTERN CARVER COUNTY SCHOOLS

Strategic Directions



ECCS

ECCS Financial Future

EASTERN CARVER COUNTY SCHOOLS

Optimizing our management of resources to support student learning

ECCS

Board Budget Work so Far

Summer 2024

Approve FY 24-25 Budget & 5-Year Projections
(June)

5-Year Budget Projection Scenarios
(August)

Approve LTFM Budget
(July)

Fall 2024

Enrollment Report
(November)

Legislative Update, ECCS Financial Future, Ehlers Financial Advisors Operating Referendum
(September)

Winter 2024/25

Update 5-Year Budget Projection Scenarios, Cost Containment Targets, Cost Containment Strategies
(January)

FY 24-25 Budget Revisions and Final Levy
(December)

Optimizing our management of resources to support student learning

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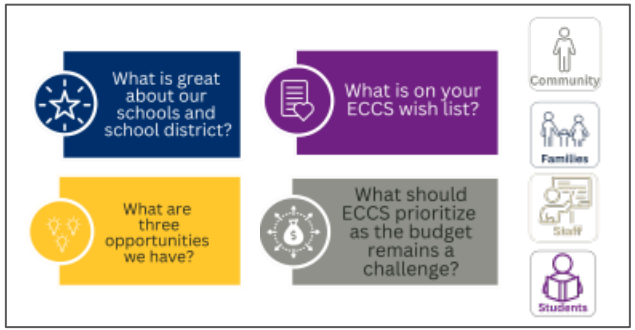
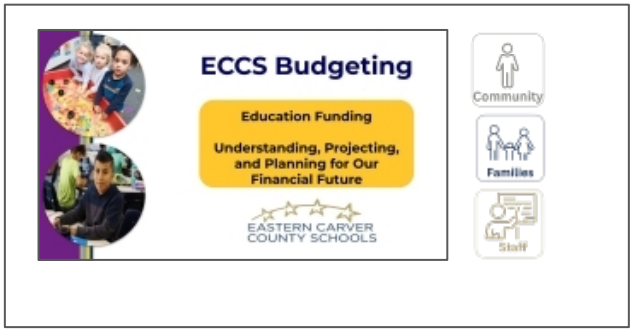
Budget Process & Work So Far

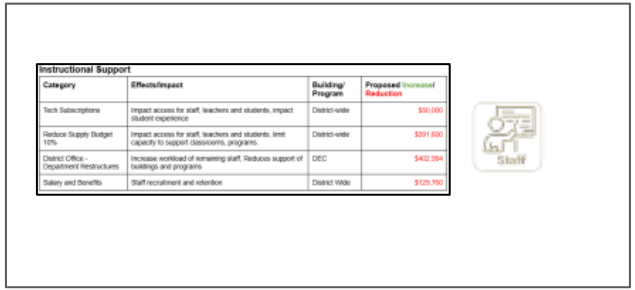
100 Day Plan



Budget Road Show



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
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	$129,700

Staff

Optimizing our management of resources to support student learning

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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	

Goals

1. Review and Understand Education Funding Context
2. Review and Understand ECCS Financial Reality
3. Review and Approve Budget Assumptions Including Cost Containment Strategies

Optimizing our management of resources to support student learning

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Education Funding in MN

Optimizing our management of resources to support student learning

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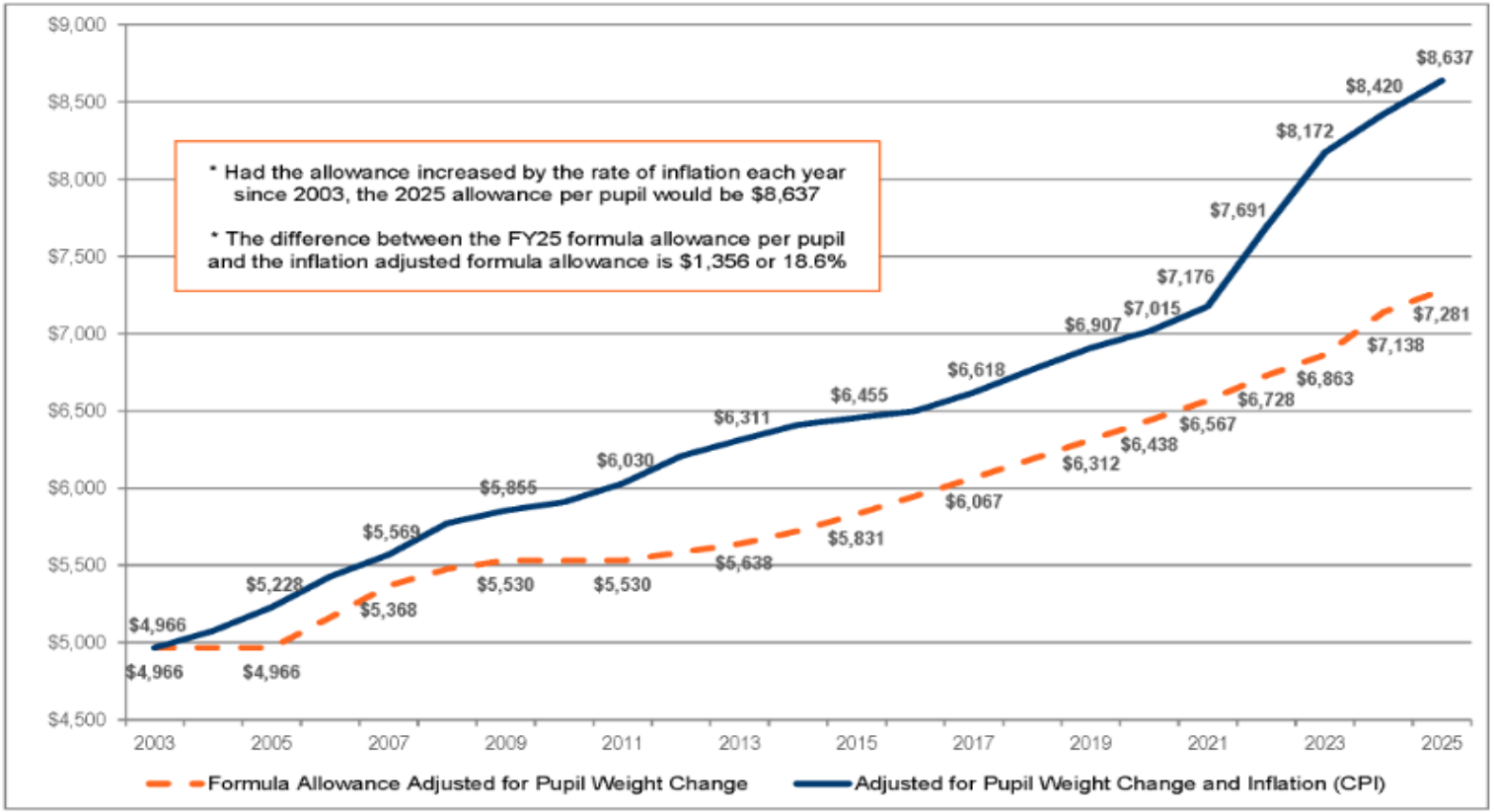
General Education Formula Allowance (2003-2025)

Adjusted for Pupil Weight Change and Inflation (CPI)



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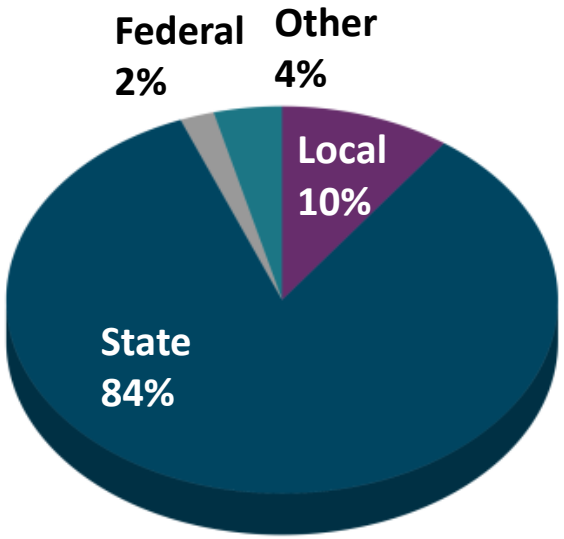
EHLERS PUBLIC FINANCE ADVISORS

Source: MDE June 2024 Inflation Estimates and MN Laws 2023

General Fund Revenue Sources



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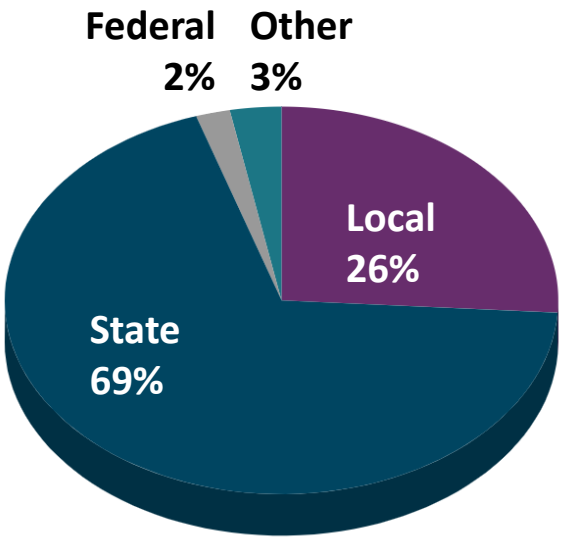

2023-24

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ECCS Financial Future

Optimizing our management of resources to support student learning

Planning the Way

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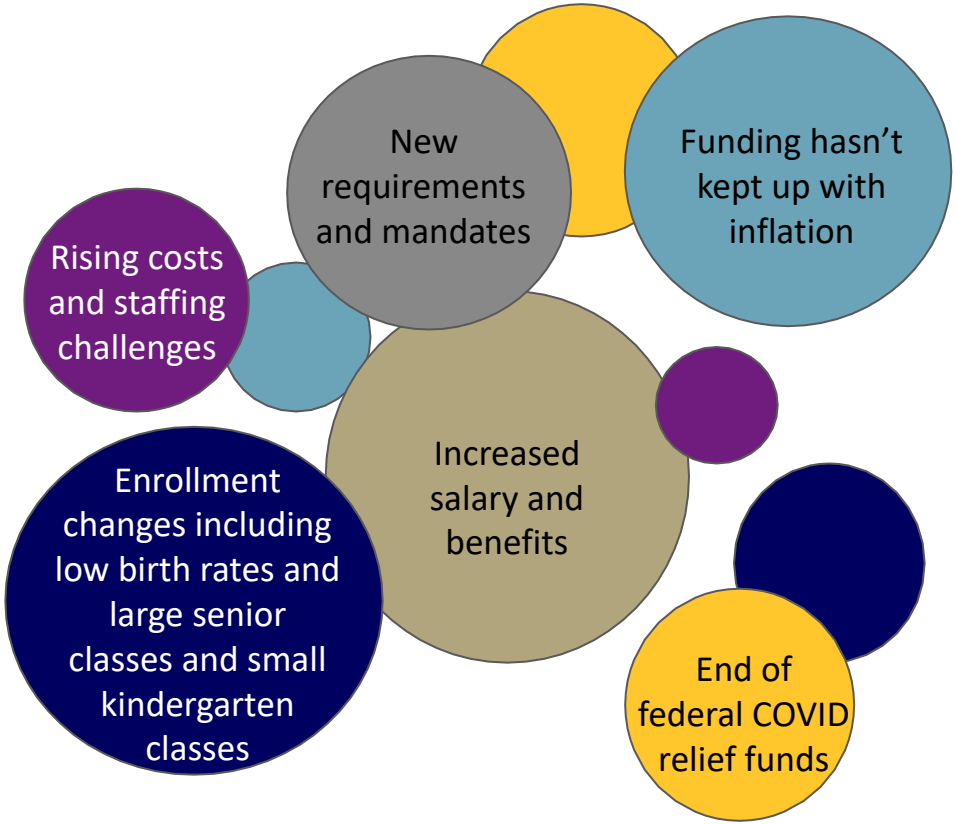
Educational Funding

A convergence of factors have lead to expenditures outpacing revenue



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ECCS Financial Future

Deficit Spending

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

Optimizing our management of resources to support student learning

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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
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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

Revenue Assumptions

- Updated Enrollment Projections (FY26-FY29)
- All Other Categories 0-2.5% Increase (FY26-FY29)
- Continuation of $829 Operating Referenda (FY27)
- Other State Revenue 0-2% Increase (FY26-FY29)
- General Education Formula 2% Increase (FY26-FY29)

Expenditure Assumptions

- Salaries and Benefits per contract/parameters (FY26-FY29)
- Utilities 5% Increase (FY26-FY29)
- Property/Liability Insurance 10% Increase (FY26-FY29)
- Transportation Contracts 3.5% Increase (FY26-FY29)
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ECCS

$829 Renewed / Cost Containment / 8% Balance

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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

$829 Renewed / Cost Containment / 8% Balance

Revenue Assumptions:	Expenditure Assumptions:
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Budget Assumptions

Optimizing our management of resources to support student learning

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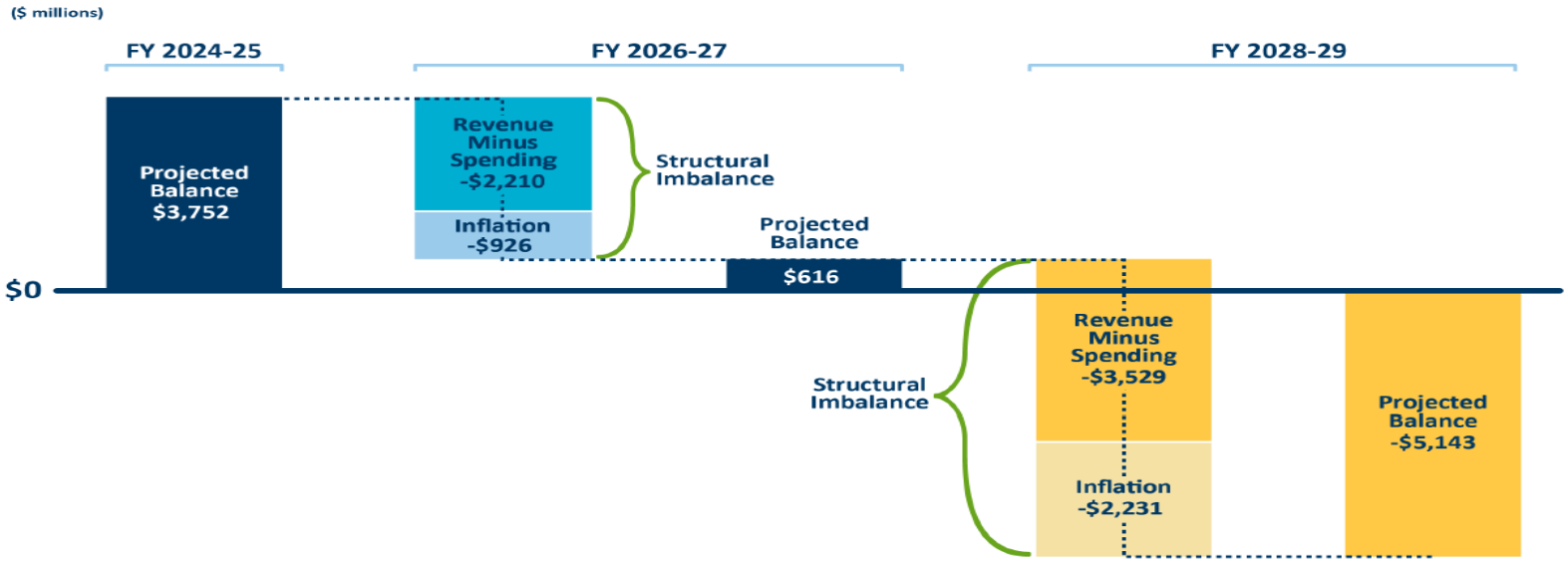
MN State November Budget Information

Fiscal Snapshot: Forecast Horizon FY 2024 through FY 2029



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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

Preliminary Budget Assumptions - Revenue

FY 2025–26 General Fund

Enrollment	2025-26	Change from 24-25 October 1
Early Childhood	75	
K-12+	8970	-78
Total	9045	-78

- Working enrollment 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%

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	
Governor - State Compensatory Formula	$41,500	
Governor - Sp.Ed. Transportation Aid Reduction	-$92,000	
Governor - State use of poverty data instead of MCA for Literacy Incentive Aid	-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	

EASTERN CARVER COUNTY SCHOOLS

Other Budget Monitoring - Unpredictability

2024 State Legislative Session

- State Budget Projections
- Governor Budget
- House and Senate Bills
  - Republican
  - Democratic

Federal Funding

- Currently constitutes about 2% of our budget
- Changes at the federal level could have a several million $ impact on future revenue

EASTERN CARVER COUNTY SCHOOLS

Cost Containment

Programs	Resources	Services	Class Size	People

Optimizing our management of resources to support student learning

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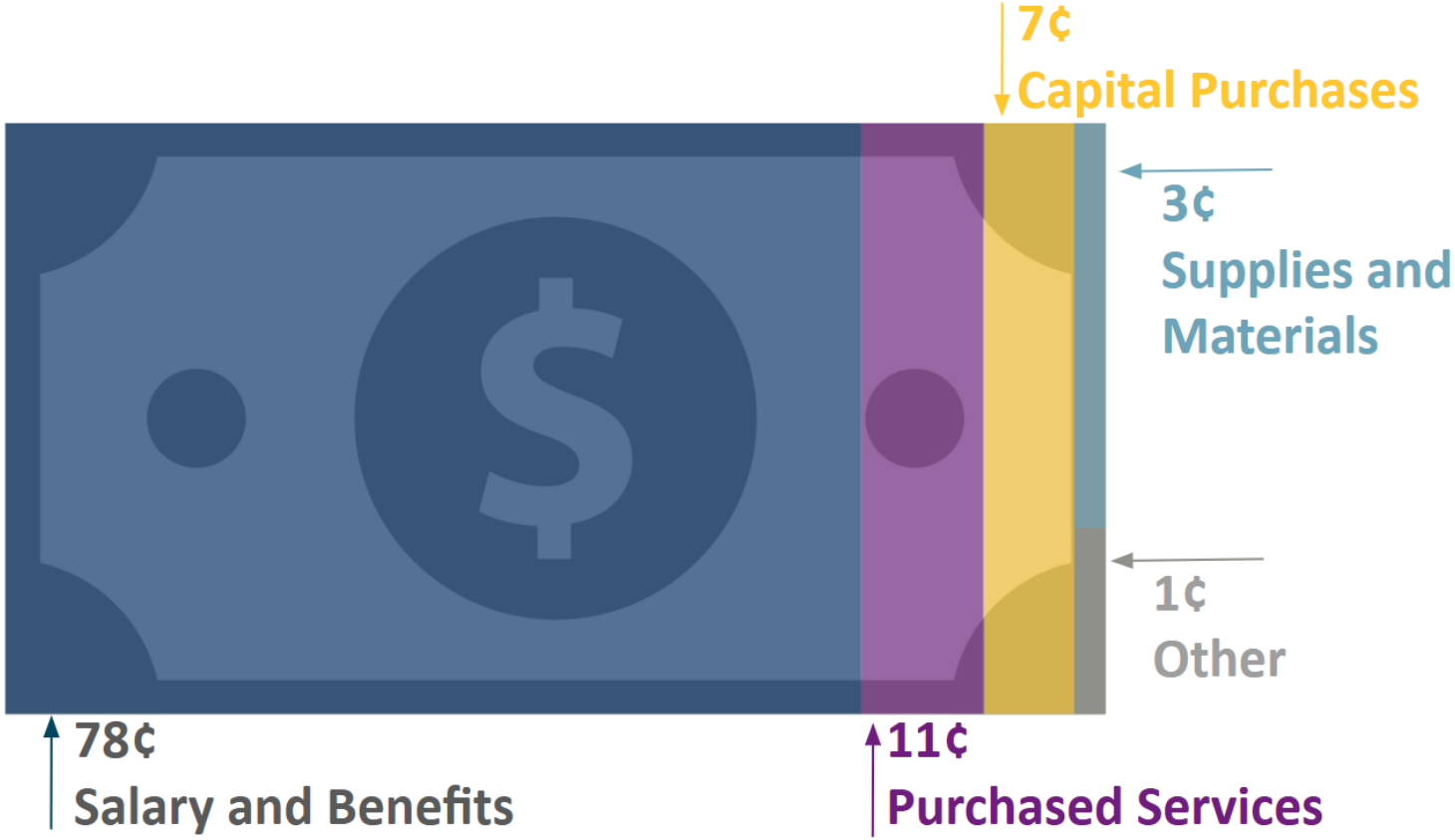
Cost Containment



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General Fund Expenditures by Program (2023-24)

67¢
Instruction & Instructional Support

13¢
Pupil Support

3¢
District & School Admin

3¢
District Support

14¢
Operations & Fixed Cost

Cost Containment History

Historical Categories

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

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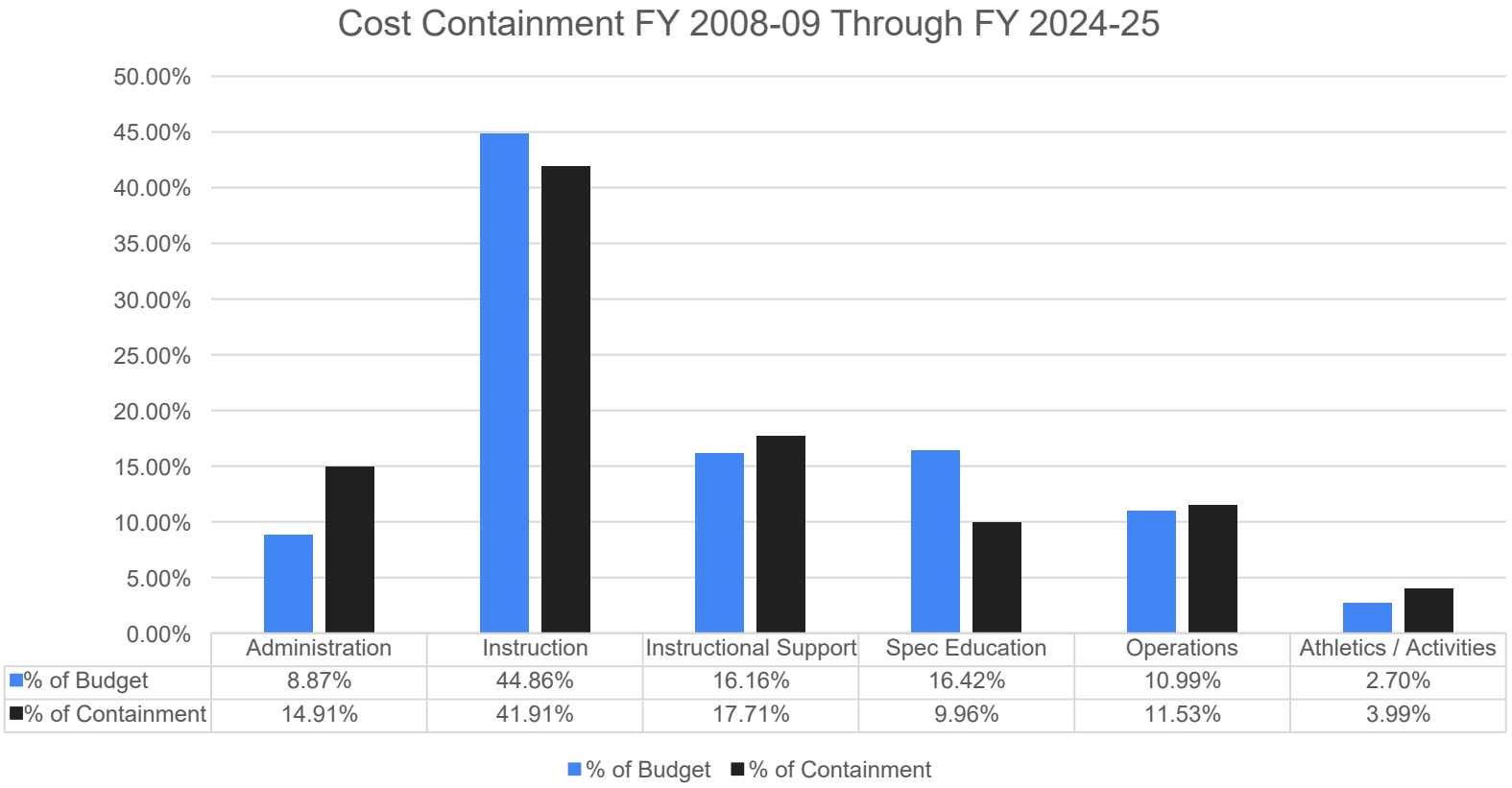
Cost Containment History



	Administration	Instruction	Instructional Support	Spec Education	Operations	Athletics / Activities
% of Budget	8.87%	44.86%	16.16%	16.42%	10.99%	2.70%
% of Containment	14.91%	41.91%	17.71%	9.96%	11.53%	3.99%

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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

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2025-26 Target $5,000,000

Instruction

Category	Effects/Impact	Building/ Program	Proposed Increase/ Reduction
Increase Elem Class size .5 (gr 1 and 2)	Impacts student experience	Elementary	$127,822
Increase Elem Class size 1 (gr 3-5)	Impacts student experience	Elementary	$324,935
Increase Middle Class size 1 (gr 6-8)	Impacts student experience	Middle	$268,807
Increase High Class size 1 (gr 9-12)	Impacts student experience	High	$361,742
Reduce band and orchestra lessons at the middle schools	Impacts student experience	Middle	~~Jan. 27th = $211,937~~ Feb. 10th = $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

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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

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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

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2025-26 Target $5,000,000

Operations

Category	Effects/Impact	Building/ Program	Proposed Increase/ Reduction
Increase Facilities Rental	Reduce needed cost containment	District wide	$80,000
Increase Nutrition Services Chargeback	Reduce needed cost containment	District wide	$300,000
Reduce 1 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

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2025-26 Target $5,000,000

Student Activities

Category	Effects/Impact	Building/ Program	Proposed Increase/ Reduction
Increased Parking Fees	Impacts to families and students, may negatively impact student participation	High School	$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

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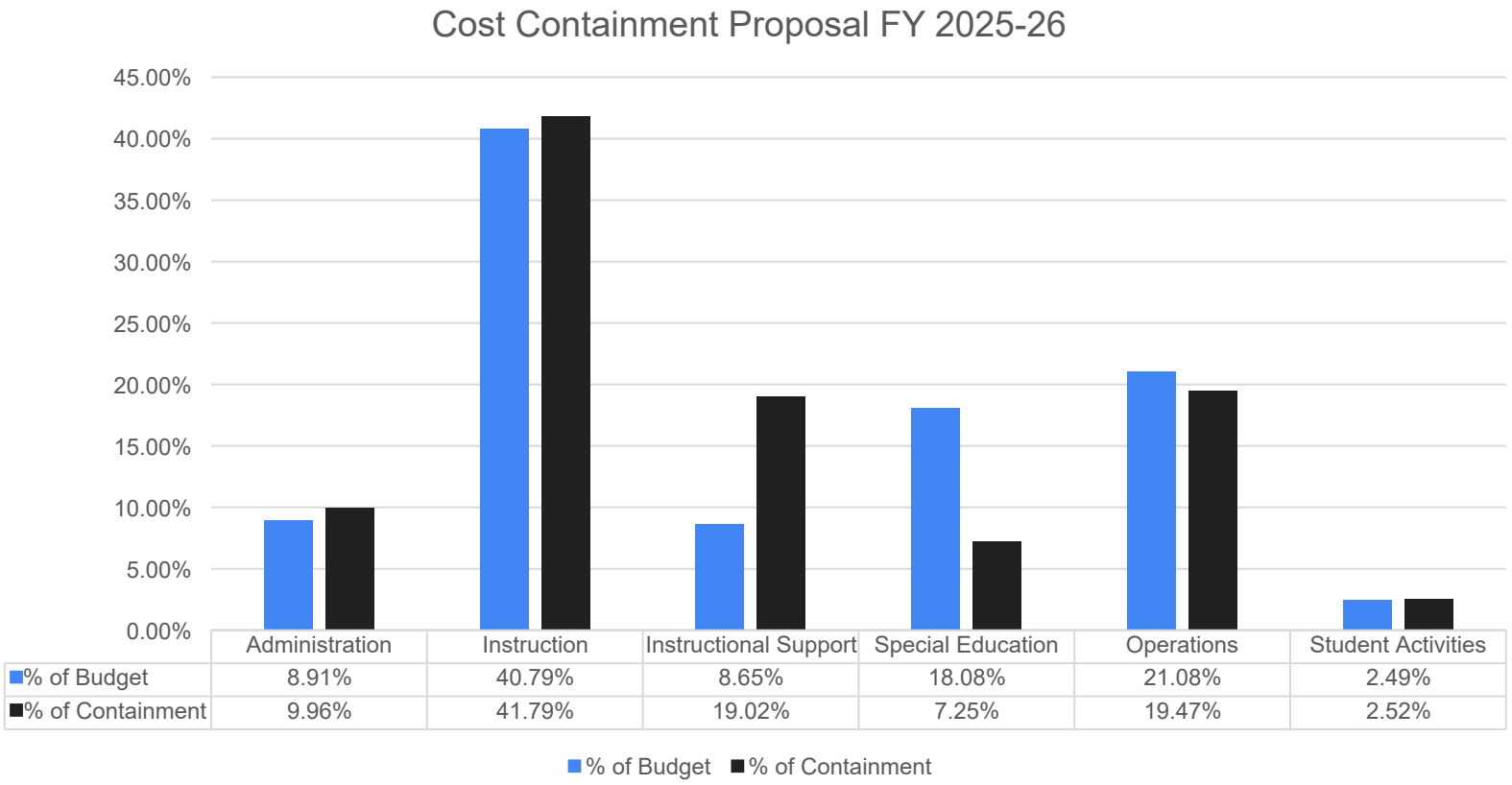
2025-26 Target $5,000,000



	Administration	Instruction	Instructional Support	Special Education	Operations	Student Activities
% of Budget	8.91%	40.79%	8.65%	18.08%	21.08%	2.49%
% of Containment	9.96%	41.79%	19.02%	7.25%	19.47%	2.52%

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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

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Questions?