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# Priority Based Budgeting

**2025-26 Investments**

Presented to the School Board

March 18, 2025

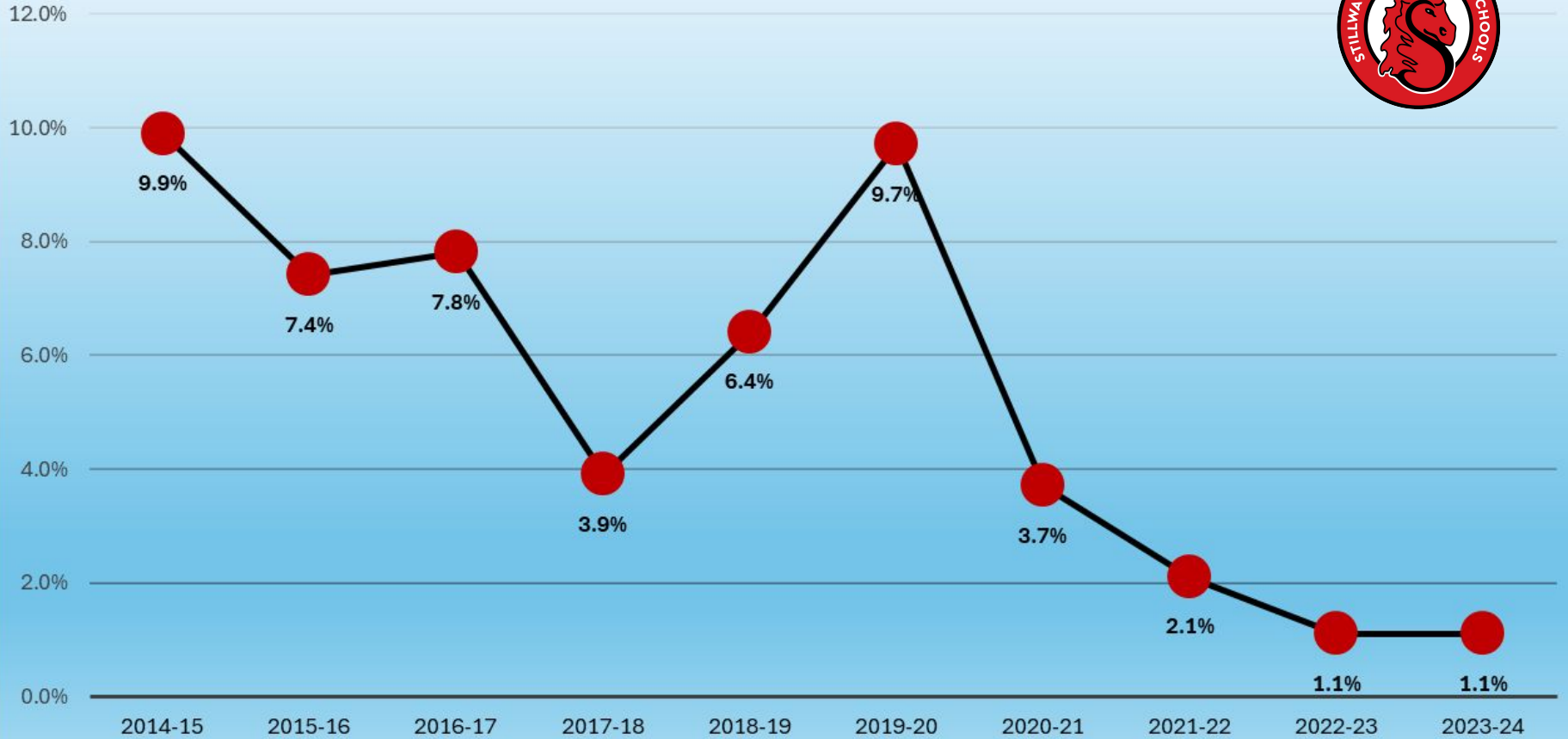
# Current Financial Reality

- Unfunded state mandates
- Legislation impacting revenue
- Inflation and rising costs
- Projected enrollment levels
- One-time only funding (federal grant carryover not available in FY26)



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# Unassigned Fund Balance History



# 2025-26 General Fund Budget Assumptions

## Revenue:

- Current formula allowances in state legislation
- Levy amounts certified by school board in December 2024
- Federal revenue based on preliminary information from MDE and district estimates

## Expenditures:

- Current year staffing levels, negotiated agreements, COLA/steps/lanes
- Increases in benefit costs, pension contributions (PERA, TRA), legislative changes
- Cost of inflation for purchased services, utilities, insurance, supplies/materials

## Use of Restricted Fund Balance:

- Must follow Board Policy 714 & statutory guidance



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# General Fund Fiscal Forecast FY26-FY27 (in millions)

	FY24 Actual	FY25 Preliminary Budget	FY26 Projected (as of 3/7/25)	FY27 Projected (as of 3/7/25)
Revenue	\$142.6	\$149.3	\$152.4	\$152.1
Expenditures	<u>-144.9</u>	<u>-150.2</u>	<u>-157.8</u>	<u>-157.7</u>
Balance	<b>-2.3</b>	<b>-0.9</b>	<b>-5.4</b>	<b>-5.6</b>
Use of Restricted Fund Balance*	<u>2.3</u>	<u>0.9</u>	<u>1.1</u>	<u>0.0</u>
<b>Surplus/(Shortfall)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$-4.3</b>	<b>\$-5.6</b>

\*Restricted - Operating Capital fund balance used in:  
 FY25: wireless network  
 FY26: curriculum (unfunded by State)



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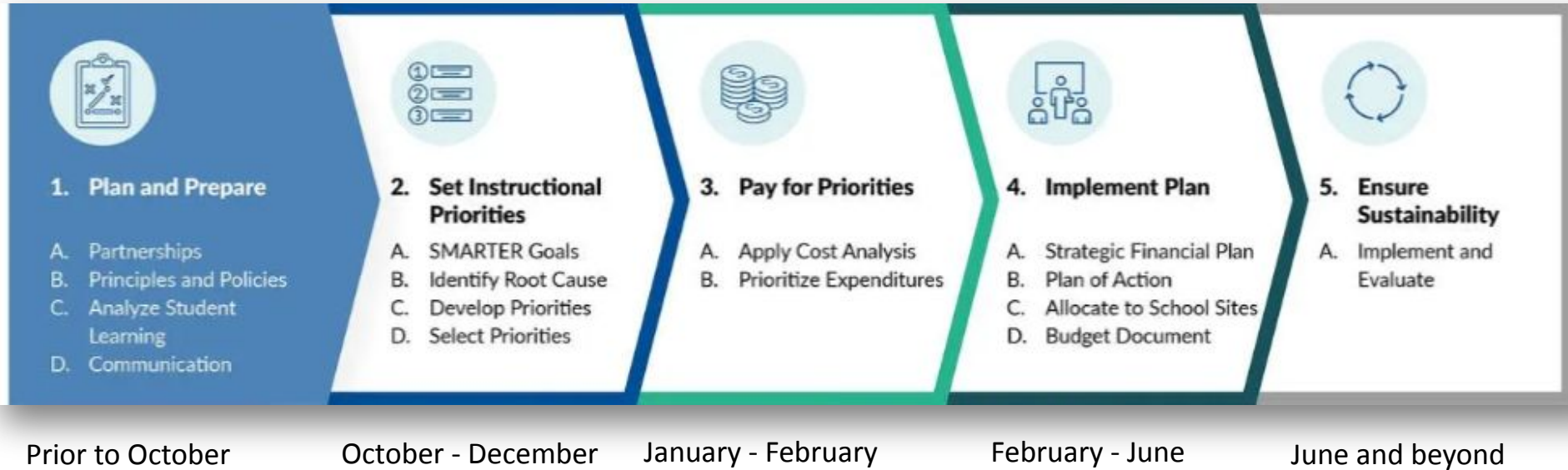
# Introduction to Priority-Based Budgeting

- Framework is from the Government Finance Officers Association (GFOA) Smarter School Spending/Best Practices in School Budgeting
- Framework includes 5 steps with items to complete under each step
- PBB is focused on aligning instructional and operational priorities with strategic plan
- It provides a process to ensure sustainability of resources, monitor strategy implementation and evaluate results on an interim and longer-term basis



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# Priority-Based Budgeting (PBB) Framework



# Strategic Directions and Initiatives

**Strategic Direction A:** Ensure the learning process is adaptable to meet individual student needs

**Strategic Direction B:** Foster a safe, welcoming and inclusive environment for all staff and students

**Strategic Direction C:** Utilize systems and align resources in an efficient manner to support learning

**Strategic Direction D:** Develop strong partnerships with the communities we serve

## Focus Areas:

- Literacy
- School Culture/Equity & Inclusion
- Social Emotional Learning & Mental Health



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**INITIATIVE**

<b>EXPAND</b>	Highly cost-effective programs that increase student learning should be expanded.
<b>KEEP</b>	Cost-effective and successful programs in their current scope should be kept as is.
<b>SEGMENT</b>	Programs that are successful only for some segments of the student population.
<b>FIX</b>	Programs with limited success that could increase success if structural or systemic problems were fixed.
<b>REPLACE</b>	Ineffective programs designed to meet an important need could be replaced with more effective initiatives.
<b>ELIMINATE</b>	Programs that no longer meet a strategic priority of the district can be safely eliminated.



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# Prioritizing Our Investments

## Strategic Plan Priorities 2025-26

<b>Expand</b>	Curriculum: Literacy; Secondary Science; Personal Finance	Amigos Unidos (Grade 8)	Artificial Intelligence (AI)	Science/SEL Programming - Belwin
<b>Fix</b>	Support Positions; Elementary Specialist Model	PSEO & Concurrent Enrollment Options	Define district role in benefits contribution	Music/Instrument Replacement
<b>Eliminate</b>	Curriculum & online apps not aligned to core instruction	Staffing Adjustments Based on Enrollment	Department/ Program Reductions	One-Time Only Commitments

Total Reductions/Realignment = **(\$5,400,000)**

# Additional Considerations

- We will be prudent in approach to contracts and future expenditures
- We are examining other cost savings at the district level in order to balance the 2025-26 budget



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Questions/Discussion