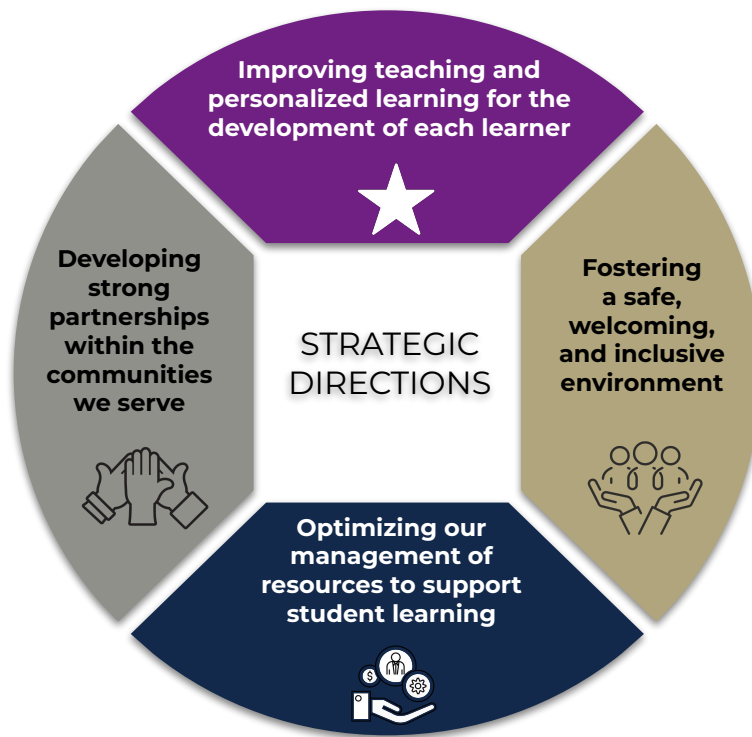




Finance Update: 5-Year Budget Projections & Referendum Resolution

**ECCS School Board Meeting
July 28, 2025**

Strategic Direction



Board Budget Work



Optimizing our management of resources to support student learning



Purpose

- Review and Understand State Education Funding Reality
- Review and Understand ECCS Financial Future through 5-Year Projections
- Review Referendum Work
- Vote on Referendum Resolution

Optimizing our
management of
resources to support
student learning



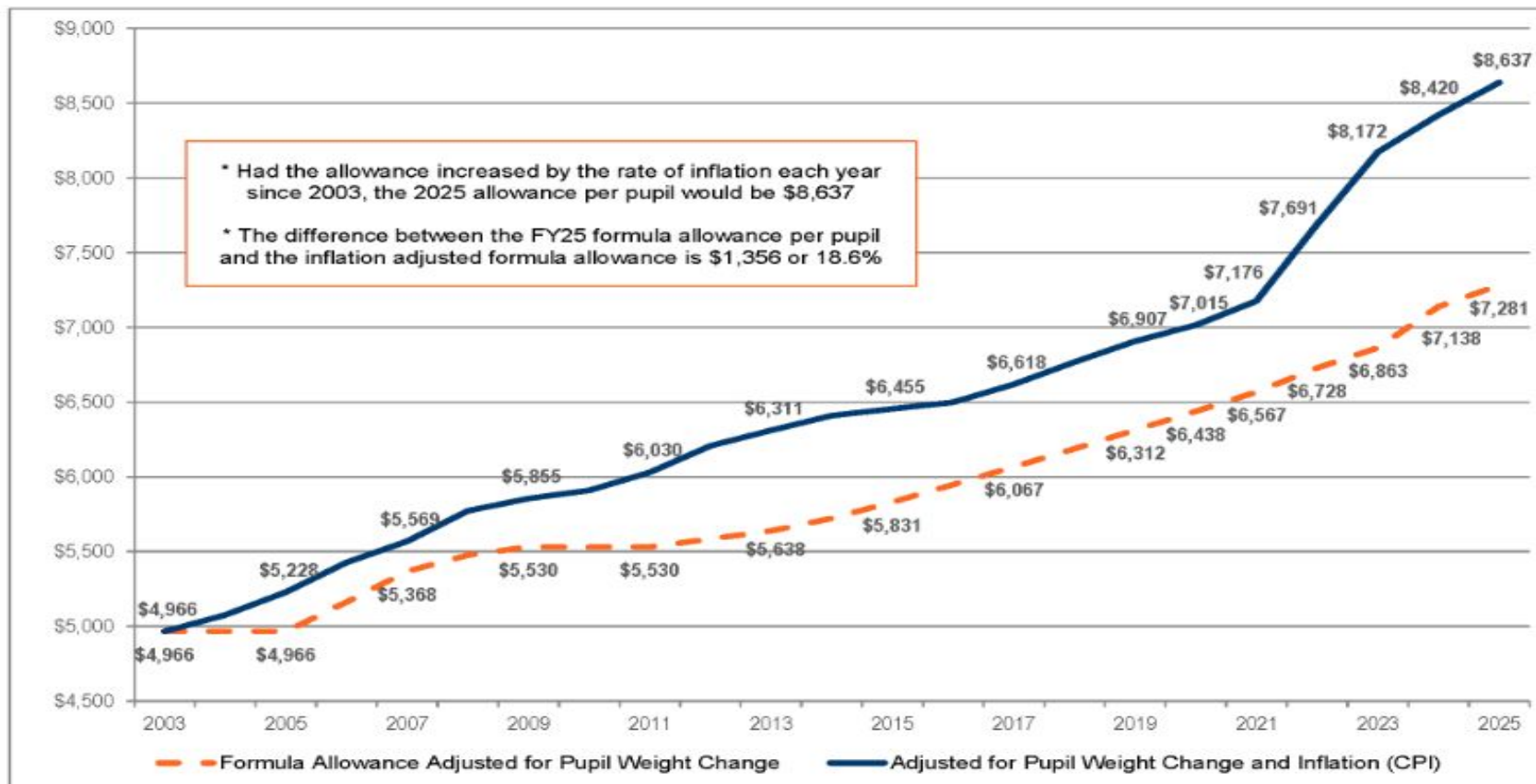
Education Funding In MN

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General Education Formula Allowance (2003-2025)

Adjusted for Pupil Weight Change and Inflation (CPI)



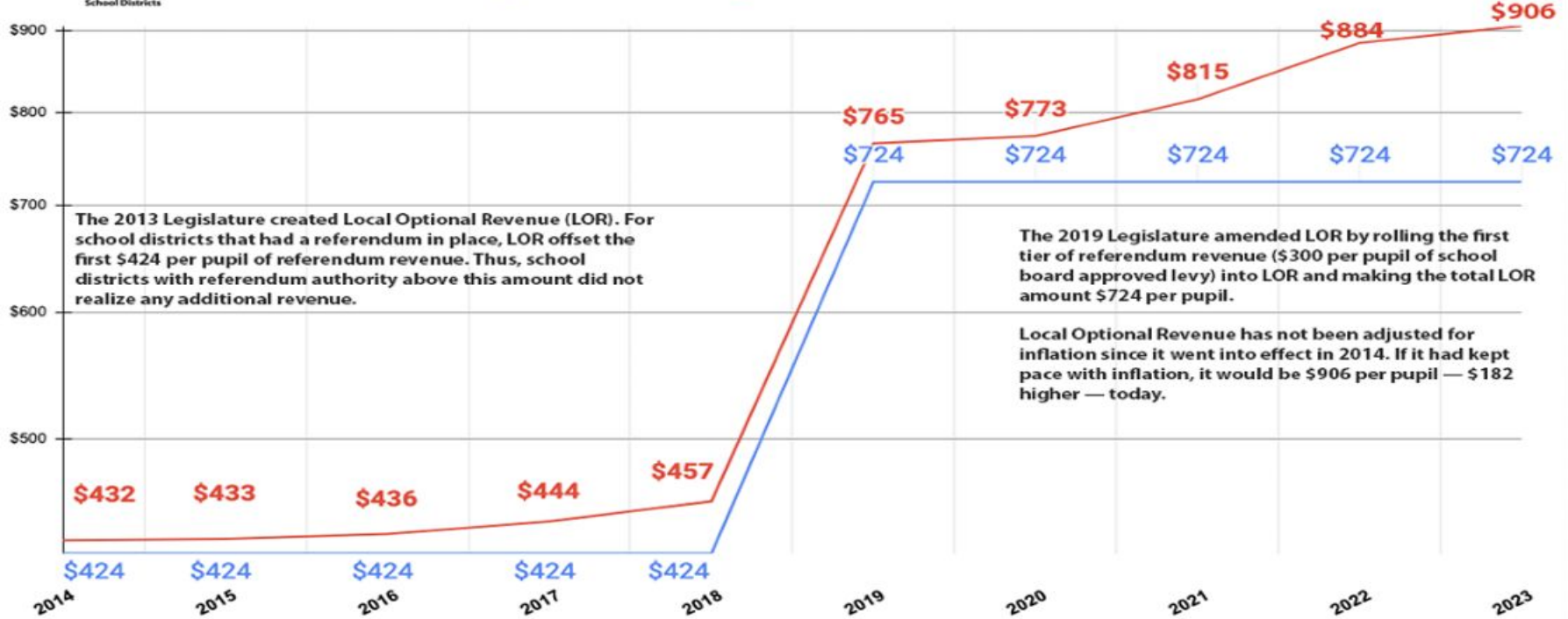
Local Optional Revenue



Association of Metropolitan School Districts

Local Optional Revenue 2014-2023 Adjusted for Inflation (CPI)

— Local Optional Revenue — Local Optional Revenue Adjusted for Inflation (CPI)



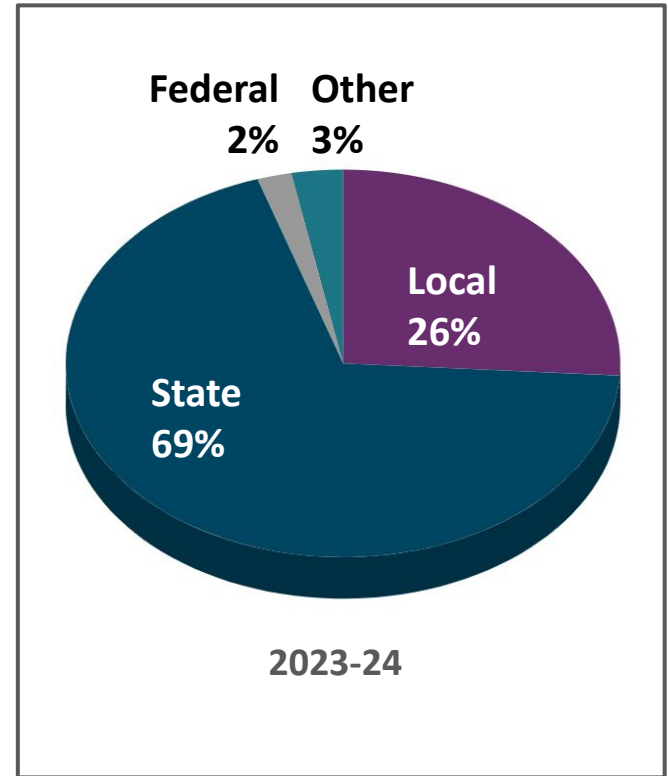
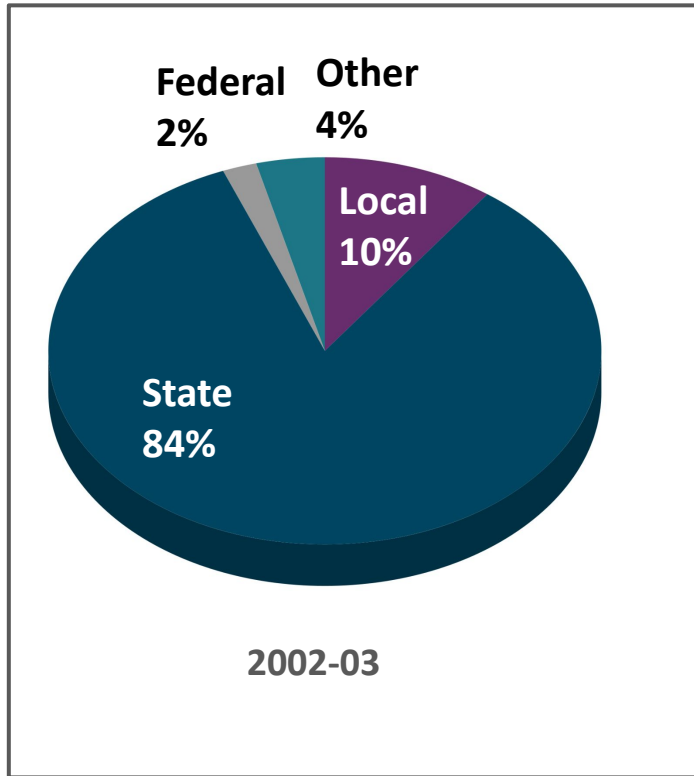
The 2013 Legislature created Local Optional Revenue (LOR). For school districts that had a referendum in place, LOR offset the first \$424 per pupil of referendum revenue. Thus, school districts with referendum authority above this amount did not realize any additional revenue.

The 2019 Legislature amended LOR by rolling the first tier of referendum revenue (\$300 per pupil of school board approved levy) into LOR and making the total LOR amount \$724 per pupil.

Local Optional Revenue has not been adjusted for inflation since it went into effect in 2014. If it had kept pace with inflation, it would be \$906 per pupil — \$182 higher — today.

Source: Minnesota Department of Education and U.S. Bureau of Labor Statistics

General Fund Revenue Sources



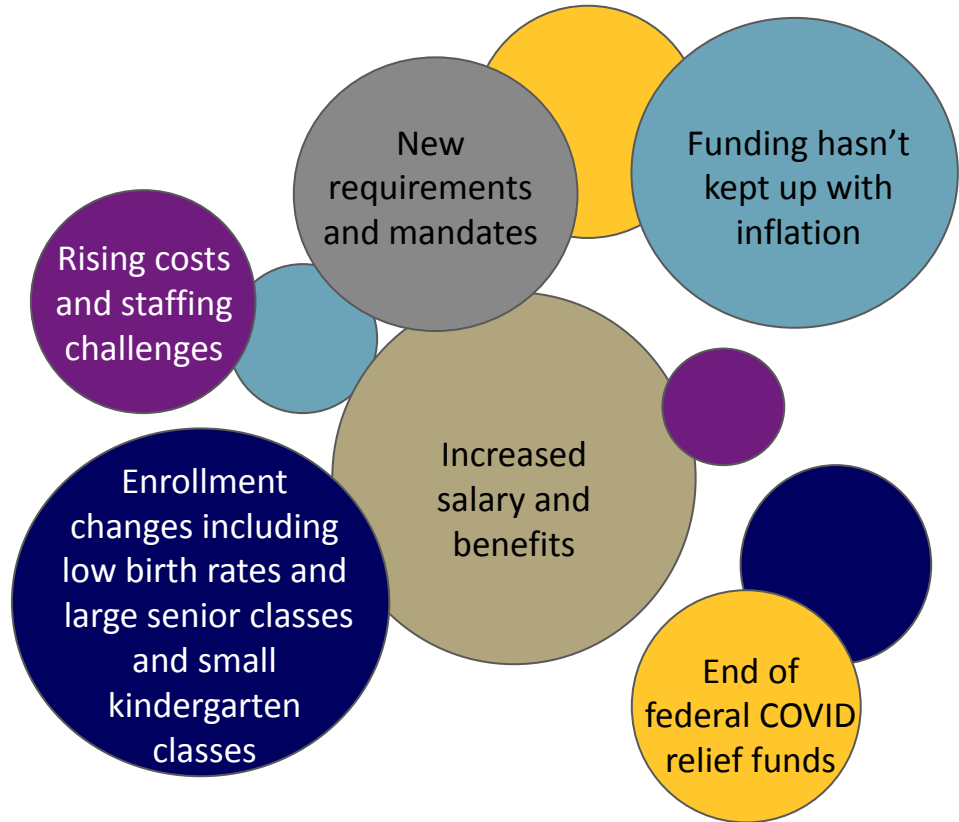
ECCS Financial Reality

Optimizing our
management of
resources to support
student learning



Education Funding Context

A convergence of factors have lead to expenditures outpacing revenue



Optimizing our management of resources to support student learning

The icon depicts a hand holding an open book. Above the book, there is a dollar sign and a graduation cap. The entire icon is set against a dark blue background.

ECCS Financial Reality

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

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management of
resources to support
student learning



Seeking Financial Stability

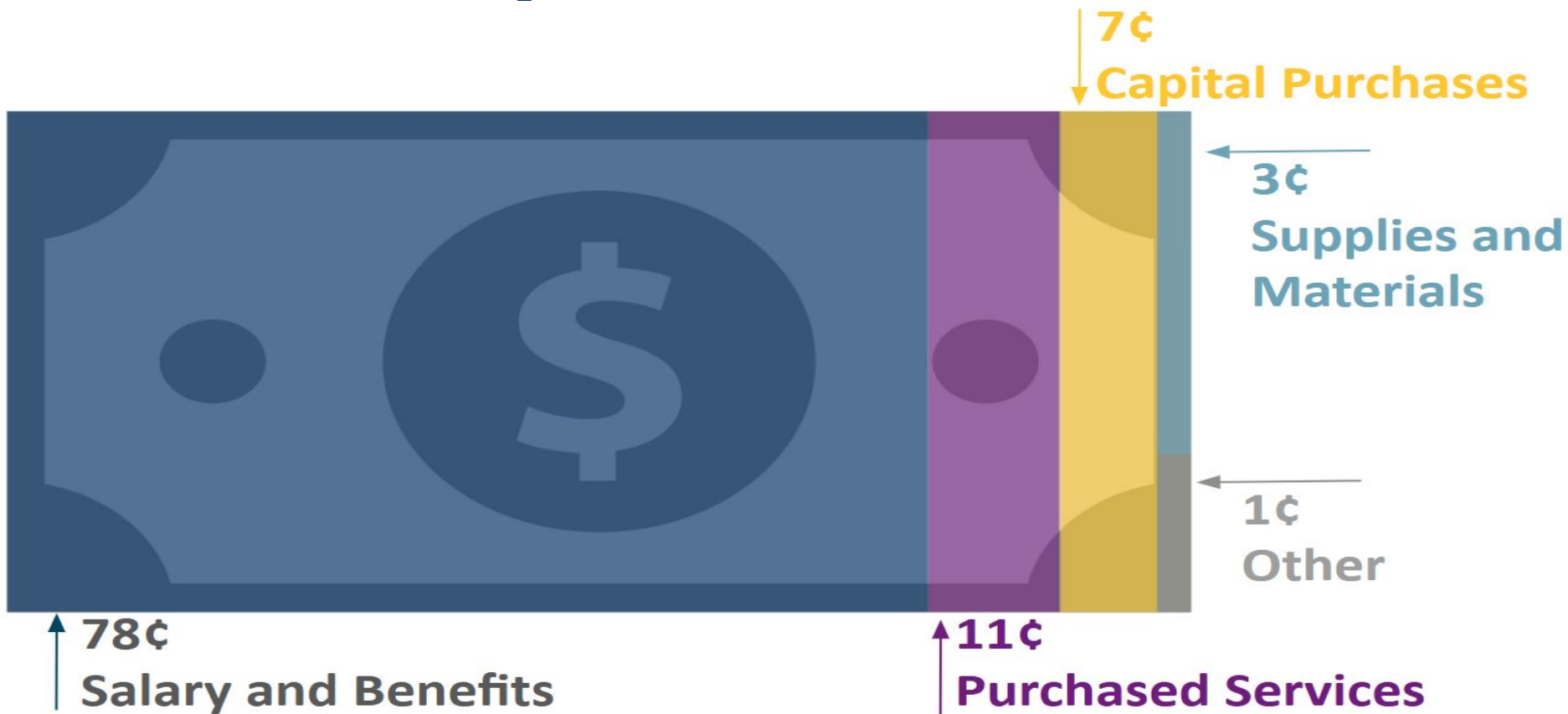
Cost Containment Targets February 2025

- 2025-26 - \$5,000,000
- 2026-27 - \$4,000,000
- 2027-28 - \$4,000,000
- 2028-29 - \$2,000,000

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management of
resources to support
student learning



Expenditure Use



Cost Containment



Optimizing our
management of
resources to support
student learning



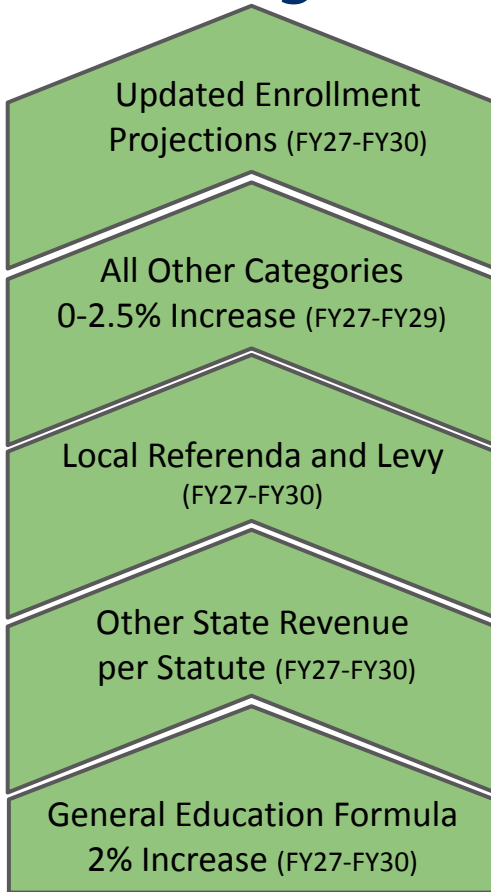
ECCS Financial Future

Optimizing our
management of
resources to support
student learning

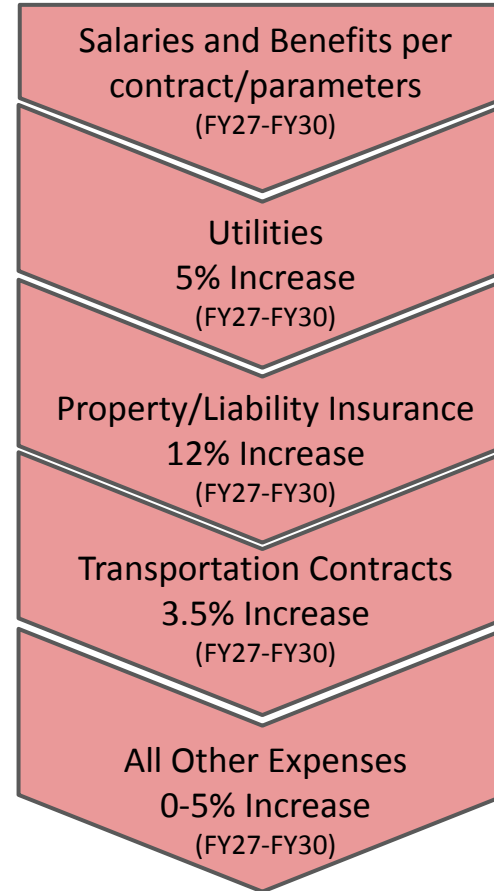


Projection Assumptions

Revenue Assumptions



Expenditure Assumptions



2% State Aid | No Cost Containment

Definitions	Actual 2023-2024	Budget 2024-2025	Approved 2025-2026	Projected 2026-2027	Projected 2027-2028	Projected 2028-2029	Projected 2029-2030
Revenue	\$151,881,789	\$150,735,354	\$157,007,325	\$160,593,560	\$164,299,370	\$167,375,505	\$170,180,028
Possible Referendum Revenue				\$0	\$0	\$0	\$0
Total Revenue	\$151,881,789	\$150,735,354	\$157,007,325	\$160,593,560	\$164,299,370	\$167,375,505	\$170,180,028
Expenditures	\$145,036,446	\$158,500,805	\$158,657,982	\$163,058,232	\$167,696,196	\$172,488,221	\$177,321,839
Possible Cost Containment Target				\$0	\$0	\$0	\$0
Possible Cost Containment Target				\$0	\$0	\$0	\$0
Possible Cost Containment Target				\$0	\$0	\$0	\$0
Possible Cost Containment Target				\$0	\$0	\$0	\$0
Total Expenditures	\$145,036,446	\$158,500,805	\$158,657,982	\$163,058,232	\$167,696,196	\$172,488,221	\$177,321,839
Revenue Over (Under) Expenditures	\$6,845,343	(\$7,765,451)	(\$1,650,657)	(\$2,464,672)	(\$3,396,826)	(\$5,112,716)	(\$7,141,810)
Fund Balance	\$33,286,176	\$25,520,725	\$23,870,068	\$21,405,396	\$18,008,569	\$12,895,853	\$5,754,043
Assigned Fund Balance	\$14,059,503	\$10,907,921	\$10,963,845	\$10,673,501	\$10,673,501	\$10,673,501	\$10,673,501
Unassigned Fund Balance	\$19,226,673	\$14,612,804	\$12,906,223	\$10,731,895	\$7,335,068	\$2,222,352	(\$4,919,458)
Percent Unassigned	13.3%	9.2%	8.1%	6.6%	4.4%	1.3%	-2.8%

2% State Aid | Cost Containment

Definitions	Actual 2023-2024	Budget 2024-2025	Approved 2025-2026	Projected 2026-2027	Projected 2027-2028	Projected 2028-2029	Projected 2029-2030
Revenue	\$151,881,789	\$150,735,354	\$157,007,325	\$160,593,560	\$164,299,370	\$167,375,505	\$170,180,028
Possible Referendum Revenue				\$0	\$0	\$0	\$0
Total Revenue	\$151,881,789	\$150,735,354	\$157,007,325	\$160,593,560	\$164,299,370	\$167,375,505	\$170,180,028
Expenditures	\$145,036,446	\$158,500,805	\$158,657,982	\$163,058,232	\$167,696,196	\$172,488,221	\$177,321,839
Possible Cost Containment Target				(\$3,000,000)	(\$3,060,000)	(\$3,121,200)	(\$3,183,624)
Possible Cost Containment Target				\$0	(\$1,000,000)	(\$1,020,000)	(\$1,040,400)
Possible Cost Containment Target				\$0	\$0	(\$1,250,000)	(\$1,275,000)
Possible Cost Containment Target				\$0	\$0	\$0	(\$1,250,000)
Total Expenditures	\$145,036,446	\$158,500,805	\$158,657,982	\$160,058,232	\$163,636,196	\$167,097,021	\$170,572,815
Revenue Over (Under) Expenditures	\$6,845,343	(\$7,765,451)	(\$1,650,657)	\$535,328	\$663,174	\$278,484	(\$392,786)
Fund Balance	\$33,286,176	\$25,520,725	\$23,870,068	\$24,405,396	\$25,068,569	\$25,347,053	\$24,954,267
Assigned Fund Balance	\$14,059,503	\$10,907,921	\$10,963,845	\$10,673,501	\$10,673,501	\$10,673,501	\$10,673,501
Unassigned Fund Balance	\$19,226,673	\$14,612,804	\$12,906,223	\$13,731,895	\$14,395,068	\$14,673,552	\$14,280,766
Percent Unassigned	13.3%	9.2%	8.1%	8.6%	8.8%	8.8%	8.4%

Seeking Financial Stability

Possible Future Cost Containment Targets

- 2026-27 - \$3,000,000
- 2027-28 - \$1,000,000
- 2028-29 - \$1,250,000
- 2029-30 - \$1,250,000

Optimizing our
management of
resources to support
student learning



Increase Revenue - Board

State and federal sources are consistently inadequate

Excellence Requires Local Commitment

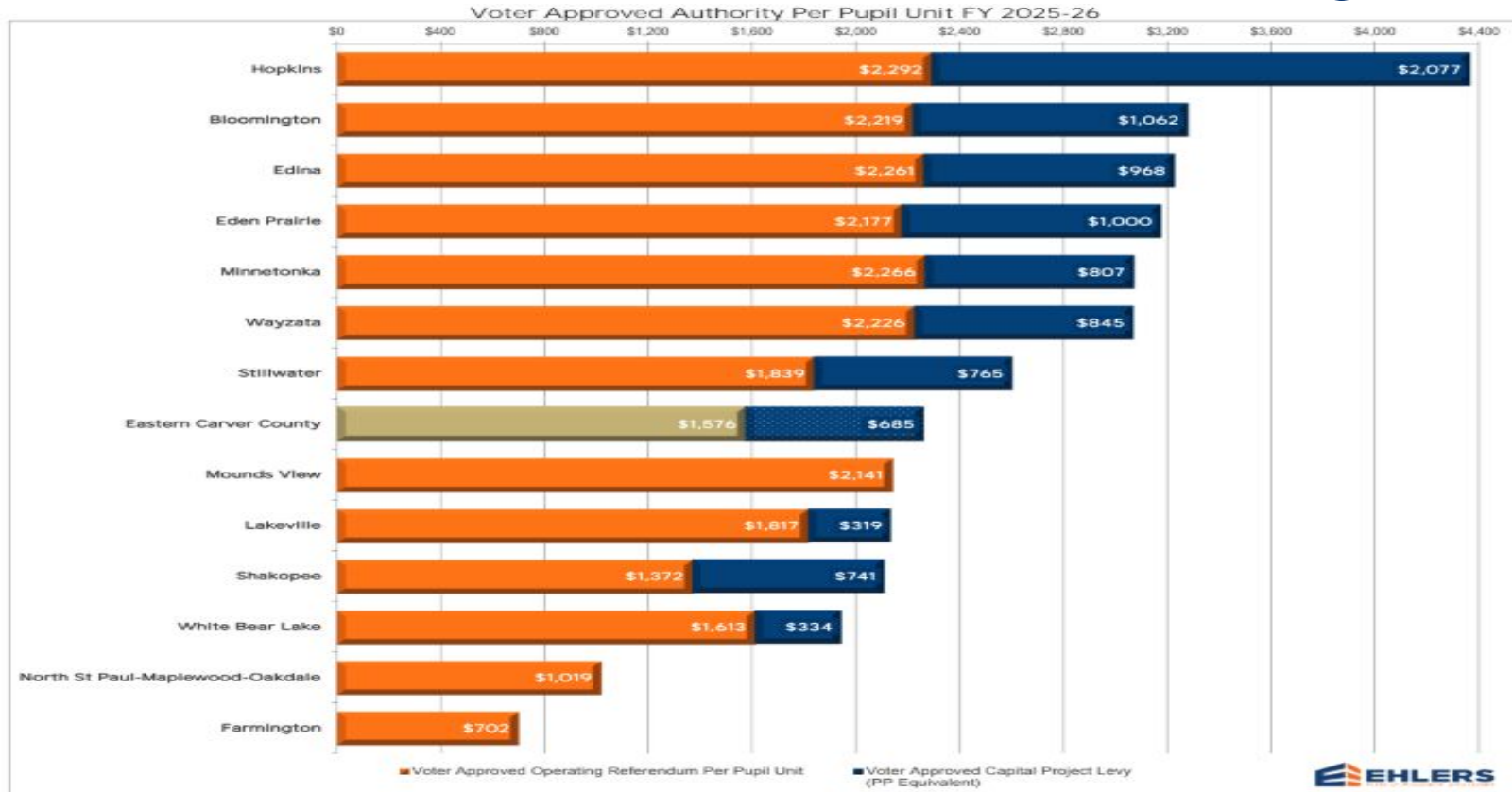
Existing Referenda

Possible \$742 New Referendum

Optimizing our management of resources to support student learning



Referendum Authority



Source: Minnesota Department of Education Taxes Payable 2025 Levy Limitation and Certification Reports

2% State Aid | New Referendum

Definitions	Actual 2023-2024	Budget 2024-2025	Approved 2025-2026	Projected 2026-2027	Projected 2027-2028	Projected 2028-2029	Projected 2029-2030
Revenue	\$151,881,789	\$150,735,354	\$157,007,325	\$160,275,974	\$164,119,787	\$167,341,538	\$170,296,863
Possible Referendum Revenue				\$7,358,266	\$7,475,264	\$7,541,332	\$7,583,774
Total Revenue	\$151,881,789	\$150,735,354	\$157,007,325	\$167,634,240	\$171,595,052	\$174,882,870	\$177,880,637
Expenditures	\$145,036,446	\$158,500,805	\$158,657,982	\$163,058,232	\$167,696,196	\$172,488,221	\$177,321,839
Possible Cost Containment Target				\$0	\$0	\$0	\$0
Possible Cost Containment Target				\$0	\$0	\$0	\$0
Possible Cost Containment Target				\$0	\$0	\$0	\$0
Possible Cost Containment Target				\$0	\$0	\$0	\$0
Total Expenditures	\$145,036,446	\$158,500,805	\$158,657,982	\$163,058,232	\$167,696,196	\$172,488,221	\$177,321,839
Revenue Over (Under) Expenditures	\$6,845,343	(\$7,765,451)	(\$1,650,657)	\$4,576,008	\$3,898,855	\$2,394,649	\$558,798
Fund Balance	\$33,286,176	\$25,520,725	\$23,870,068	\$28,446,076	\$32,344,931	\$34,739,580	\$35,298,379
Assigned Fund Balance	\$14,059,503	\$10,907,921	\$10,963,845	\$10,673,501	\$10,673,501	\$10,673,501	\$10,673,501
Unassigned Fund Balance	\$19,226,673	\$14,612,804	\$12,906,223	\$17,772,575	\$21,671,430	\$24,066,079	\$24,624,878
Percent Unassigned	13.3%	9.2%	8.1%	10.9%	12.9%	14.0%	13.9%

Referendum Resolution

Optimizing our
management of
resources to support
student learning



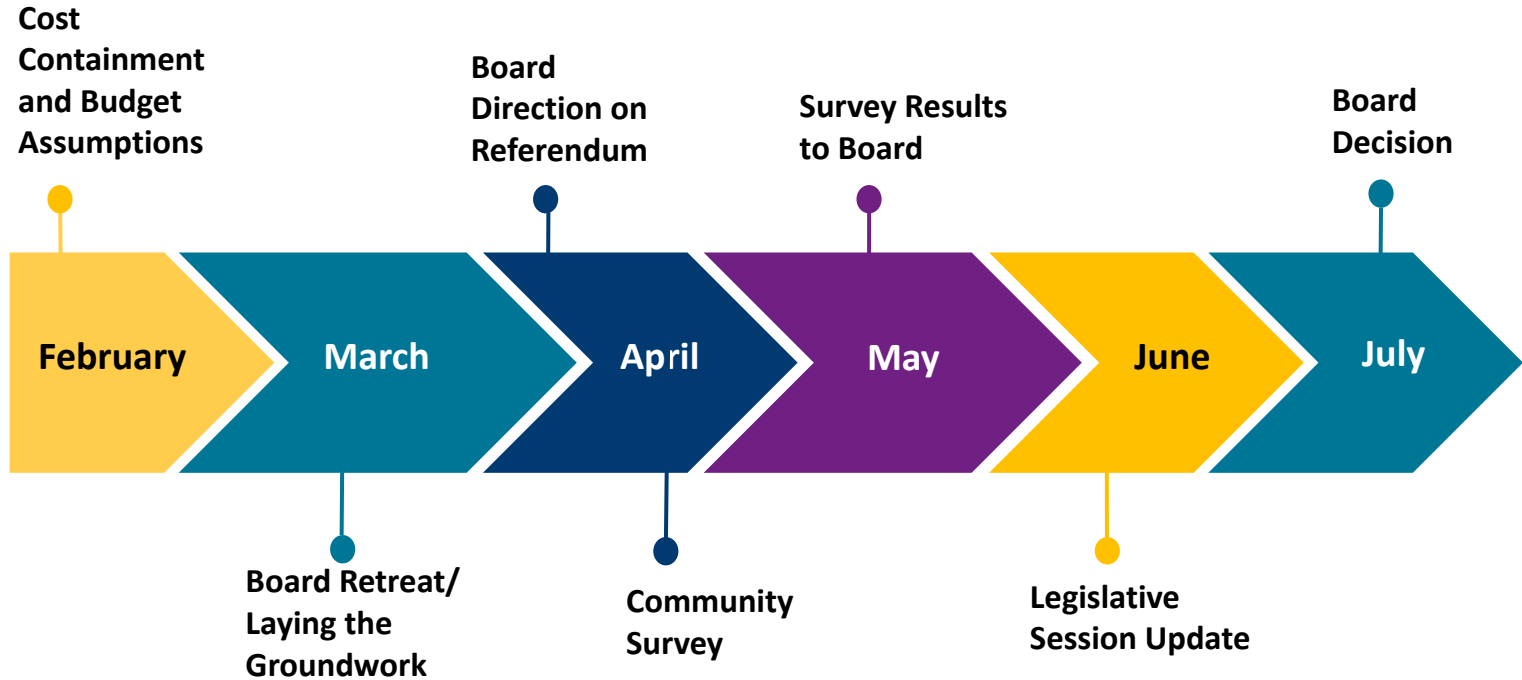
Education Funding

- State Structural Funding Issues
- Convergence of Factors
- Deficit Spending
- Solutions
 - Cost Containment
 - People, programs, Services, Class Size
 - Increase Revenue
 - Excellence requires local commitment
 - Local support has increased

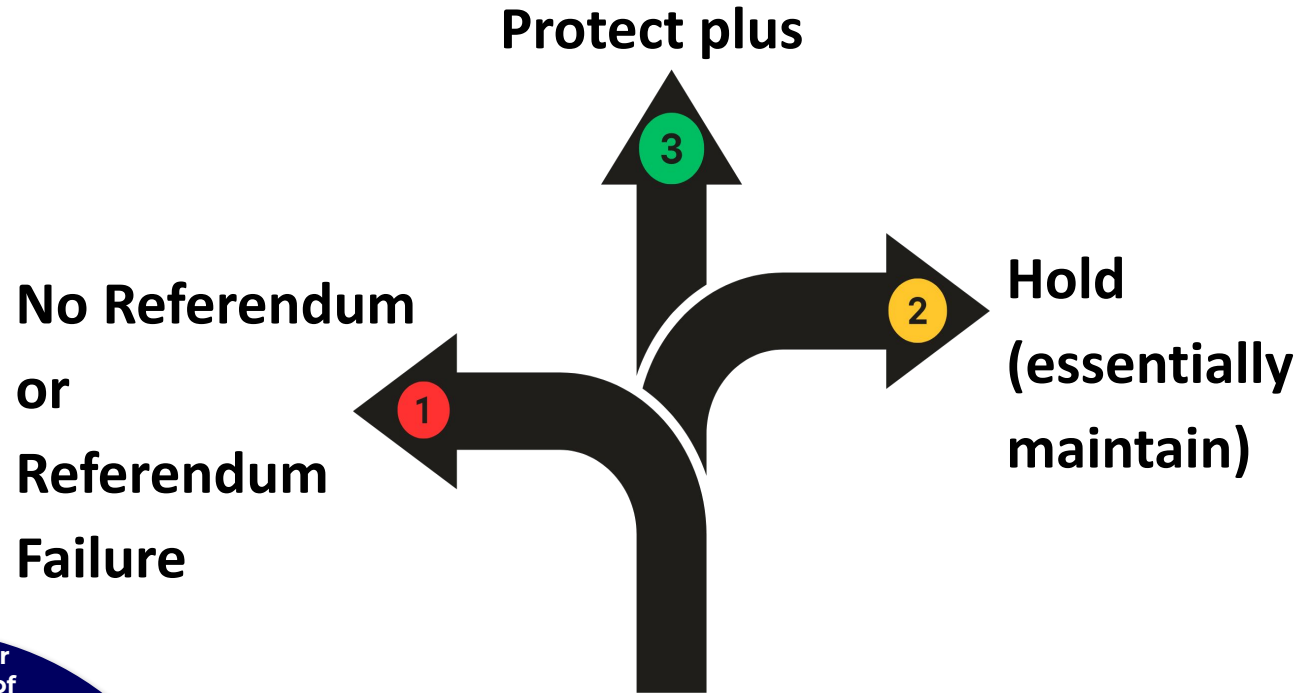
Optimizing our
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resources to support
student learning



Pre-Decision Timeline/Work



Pre-Decision Timeline/Work



Optimizing our
management of
resources to support
student learning



Engagement and Outreach



**Morris
Leatherman
Community
Survey**



Advisories



**School
Report**



**112 Online
School
newsletters
Email**



**Website
Social media**

Tax Impact


Increase in Per Pupil Authority	\$742
Estimated Adjusted Pupil Units (APU)	9,855.60
Taxes Payable 2026 (Revenue Fiscal Year 2026-27)	\$7,312,855

Type of Property	Estimated Market Value	Estimated Tax Impact Taxes Payable in 2026*	
		Annual	Monthly
Residential Homesteads, Apartments, and Commercial-Industrial Property	\$100,000	\$55	\$5
	150,000	82	7
	200,000	109	9
	250,000	136	11
	300,000	164	14
	350,000	191	16
	400,000	218	18
	450,000	246	21
	500,000	273	23
	600,000	327	27
	700,000	382	32
	800,000	437	36
	900,000	491	41
1,000,000	546	46	
2,000,000	1,092	91	

Tax Impact

2019

Tax Impact



ESTIMATED MONTHLY TAX IMPACT*		
Q1: Operating levy		\$22
Q2: Bond		\$14
Q3: Security and technology levy		\$0
TOTAL:		\$36
		PER MONTH

* Based on average home value of \$350,000

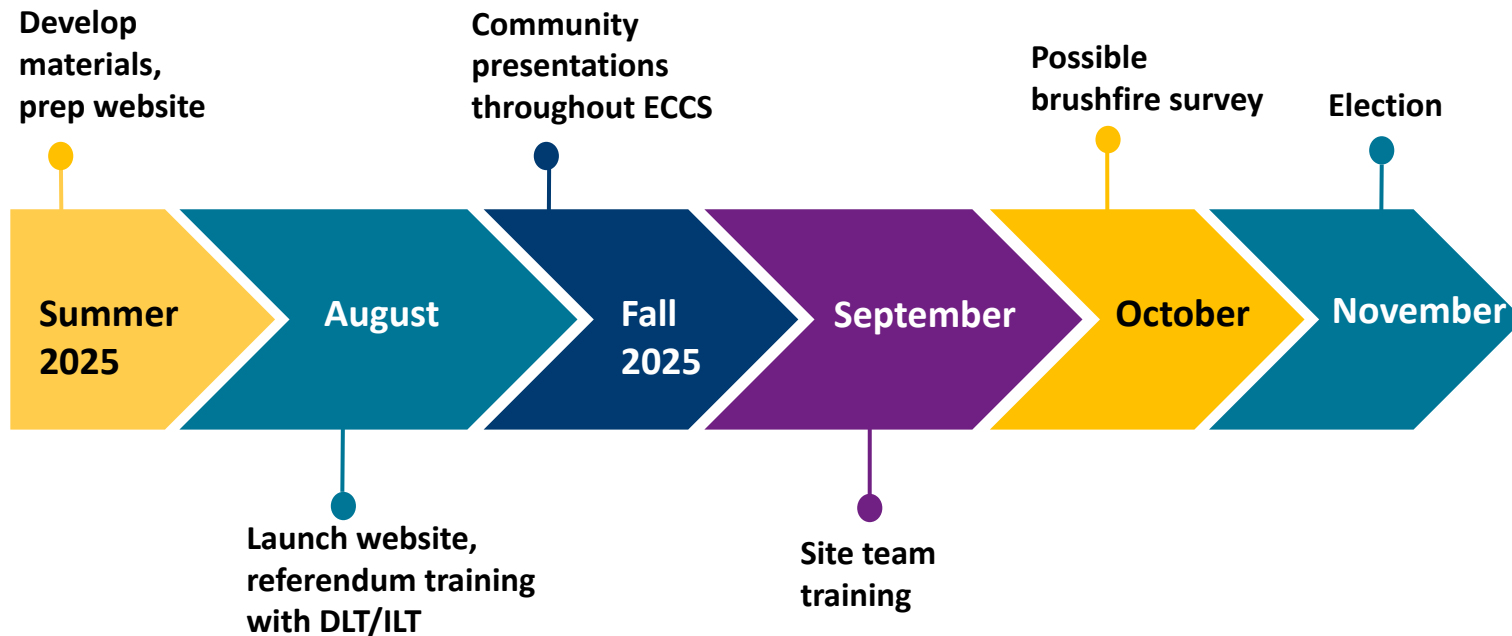
2021

	TAX IMPACT	
\$150,000 home value	\$8/month	\$97/year
\$250,000 home value	\$13/month	\$161/year
\$375,000 home value	\$20/month	\$242/year
\$500,000 home value	\$27/month	\$323/year
\$750,000 home value	\$40/month	\$484/year

2025

	TAX IMPACT	
\$200,000 home value	\$9/month	\$111/year
\$350,000 home value	\$16/month	\$194/year
\$500,000 home value	\$23/month	\$278/year
\$700,000 home value	\$32/month	\$389/year
\$1,000,000 home value	\$46/month	\$555/year

Post-Decision Timeline/Work



Staff Recommendation


Based on community feedback, identified financial needs, and the ability to invest in strategic priorities that improve student outcomes,

staff recommend the board approve a \$742/pupil operating levy on the November 2025 ballot.

Ballot Language

November 4, 2025

Instructions to Voters

To vote, completely fill in the oval(s) next to your choice(s) like this: 

To vote for a question, fill in the oval next to the word "Yes" for that question.

To vote against a question, fill in the oval next to the word "No" for that question.

School District Question

Approval of New School District Referendum Revenue Authorization

The board of Independent School District No. 112 (Eastern Carver County Schools), Minnesota has proposed to increase the School District's general education revenue by \$742 per pupil, subject to an annual increase at the rate of inflation. The proposed new referendum revenue authorization would be first levied in 2025 for taxes payable in 2026 and applicable for ten (10) years unless otherwise revoked or reduced as provided by law.

- YES** Shall the new referendum revenue authorization proposed by the board of
 NO Independent School District No. 112 (Eastern Carver County Schools),
Minnesota be approved?

**BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A
PROPERTY TAX INCREASE**

Board Resolution

RESOLUTION RELATING TO
DETERMINING THE NECESSITY OF
APPROVING A NEW REFERENDUM
REVENUE AUTHORIZATION AND
CALLING A SPECIAL ELECTION
THEREON