

2019-20

Budget Recommendations



Public Hearing on March 7, 2019

Budget forecast

Projection of budget adjustments needed for 2019-20

- Deficit of \$2.3 million
- Fund balance below 5% fund balance target

Causes:

- State funding not keeping pace with inflation
- Special education cross subsidy is approximately \$2.5 million
- Declining enrollment reduces revenue

Structural deficit projected into the future

Long-term forecast

	2019-20	2020-21	2021-22	2022-23
Fund Balance Beginning of Year	\$ (575,533)	\$ (3,303,351)	\$ (7,043,991)	\$ (11,766,236)
Revenues	\$ 30,920,327	\$ 30,438,906	\$ 30,001,031	\$ 29,474,264
Expenses	\$ 33,648,145	\$ 34,179,546	\$ 34,723,276	\$ 35,279,624
Surplus (Deficit)	\$ (2,727,818)	\$ (3,740,640)	\$ (4,722,245)	\$ (5,805,360)
Projected Fund Balance End of Year	\$ (3,303,351)	\$ (7,043,991)	\$ (11,766,236)	\$ (17,571,596)

Excludes severance and capital reserves:

Severance, Operating Capital, Long Term Facilities Maintenance (LTFM), Capital Levy

Long-term forecast

	2019-20	2020-21	2021-22	2022-23
Fund Balance Beginning of Year	\$ (575,533)	\$ (2,875,533)	\$ (6,616,173)	\$ (11,388,418)
Revenues	\$ 31,174,653	\$ 30,438,906	\$ 30,001,031	\$ 29,474,264
Expenses	\$ 33,474,653	\$ 34,179,546	\$ 34,723,276	\$ 35,279,624
Surplus (Deficit)	\$ (2,300,000)	\$ (3,740,640)	\$ (4,722,245)	\$ (5,805,360)
Projected Fund Balance End of Year	\$ (2,875,533)	\$ (6,616,173)	\$ (11,338,418)	\$ (17,193,778)

Includes savings in severance and Long term Facilities Maintenance (LTFM)

Budget recommendation

Address deficit through reduction in expenses

- Staff reductions
 - Attrition: Resignations, retirements
 - Layoffs, reassignments, transfers
 - FTE numbers don't reflect the number of staff impacted
- Utilization of capital levy and Long Term Facilities Maintenance (LTFM)

Summary of adjustments

Staff reductions

◦ Licensed positions	21.660	FTE
◦ Building support positions	9.295	FTE
◦ District-level support positions	9.500	FTE
◦ Administration	<u>1.000</u>	FTE
◦ Total	37.125	FTE

Budget guiding principals

School district staff adhere to the following guidance, provided by stakeholders and articulated in the school district's Continuous Improvement Plan:

- Class sizes
- Career and technical education
- Expand gifted and talented
- Arts opportunities
- Fulfill promise of 2017 referendum
- Financial literacy and life skills

Signature programs protected

The school district is maintaining signature programs:

- Project Lead the Way K-12
- Air Force JROTC
- ProStart
- Computers for every student 5-12
- Robotics offerings
- The arts
- Language
- Music and more

Other highlights include:

- Establish membership fees for HS fitness center/gym - discounts for senior citizens
- Maintain Stacy School Age Care program
- Continue free admission for HS students
- Sustain FIRST Lego League for gifted and talented and general education students
- Continue anti-bullying efforts
- Expand field trip offerings
- Partner with Chisago County to increase awareness around issues affecting families
- Market to attract students and families to the school district and community

Revised projections after adjustments

	2019-20	2020-21	2021-22	2022-23
Fund Balance Beginning of Year	\$ (575,533)	\$ (575,533)	\$ (1,542,011)	\$ (3,442,686)
Revenues	\$ 31,174,653	\$ 30,438,906	\$ 30,001,031	\$ 29,474,264
Expenses	\$ 31,174,653	\$ 31,405,384	\$ 31,901,706	\$ 32,409,559
Surplus (Deficit)	\$ 0	\$ (966,478)	\$ (1,900,675)	\$ (2,935,295)
Projected Fund Balance End of Year	\$ (575,533)	\$ (1,542,011)	\$ (3,442,686)	\$ (6,377,981)

Recommendation summary

Eliminate structural deficit for 2019-20

- Reductions of \$2.3 million

Plan for fund balance

- Address remainder through budget adjustments in upcoming years, if needed

Unknowns

- 2019-20 budget assumes 2% increase from state for next school year
 - If no increase, more savings will have to be found before the 2019-20 school year

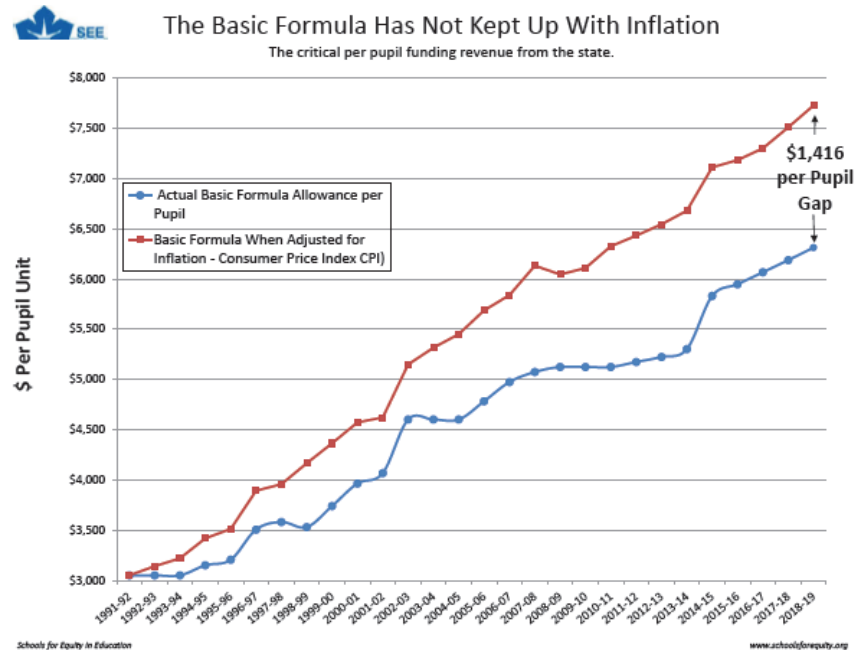
Action is needed!

Contact your legislators!

- Decades of neglect to funding formula means less funding every year
- SPED cross subsidy compounding problems

Contact information

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- Sen. Mark Koran: 651-296-5419, carl.martins@senate.mn



Questions?

