2026-27 Adopted Budget
1st Reading

EDEN PRAIRIE SCHOOLS

Legislative Update

- **Updated calculation for Compensatory education revenue**
  - $1.6 million increase for EP
  - Anticipate additional expenditures as revenue is restricted.
- **Expanded use of Operating Capital for utilities**

Budget Assumptions

- **Basic Funding Formula**
  - 2.69% Increase; $7,683 per pupil unit
- **Enrollment**
  - 558 Kindergarten; 9,357 students (includes 750 EP Online & 75 ALC)
- **Class Size Targets & Staff Allocation Ratios**
  - Maintain current investments in FY27
- **Fees in General Fund**
  - No changes; Transportation continues to be free for all Eden Prairie residents.
- **Fund Balance**
  - Minimum General Fund balance maintained above 8%

Collecting Input

- **School Board:**
  - December 8, 2025: Approval of the payable 2026 tax levy
  - January 26, 2026: Review financial projection model and assumptions, Review budget timeline and discuss preliminary 2026-27 budget assumptions, Mid-Year 2025-26 update
  - March 23, 2026: Review final 2026-27 budget assumptions, review proposed 2026-27 preliminary capital budget
  - April 27, 2026: Review proposed 2026-27 School Board budget and approve 2026-27 Capital and School Board budgets
- **Finance Advisory Committee:** Financial projection model and assumptions
- **Principals and Directors:** Input and shared decision making for budget adjustments, staffing and program needs
- **Community:** Website, email list and publications; inform, feedback, survey
- **Superintendent's Cabinet:** Shared decision making, regular budget discussions

General Fund

General Fund (Unassigned)		
Revenue	$167,231,506	
Expenditure	$166,353,685	
Variance	$877,821	
Fund Balance	$23,692,365	14.2%
Major Assumptions:		

Revenue:
- General education aid increase of 2.69%
- Oct 1 enrollment projections of 9,357
- $25.2 million special education aid
- $6.2 million Compensatory Education Aid
- Additional $1.1 million in English Learner Aid (Formula Allowance & Cross Subsidy)
- No unemployment aid remaining for FY2027

Expenditure:
- Salary & benefit increases for unsettled contracts
- Inflationary Adjustments (3% Utilities, 8% Property Insurance, 2% Site & Department Budgets)
- Bringing TASSEL transportation in house
- Additional Compensatory eligible expenses
- $250,000 staffing contingency

Food Service Fund

Food Service Fund		
Revenue	$7,227,500	
Expenditure	$7,198,225	
Variance	$29,275	
Fund Balance	$1,574,864	21.88%
Major Assumptions:		
	Revenue: • 1st meals will be free for all students • Projected 3% increase in federal & state reimbursement rates • Projected participation based on current year trends Expenditure: • Salary & benefit increases for unsettled contracts • Projecting increases in cost of food and supplies for inflation • Chargeback indirect administrative and facilities costs to food service • Investments in capital purchases	

Community Service Fund

Community Service Fund		
Revenue	$7,971,719	
Expenditure	$8,055,897	
Variance	($84,178)	
Fund Balance	$3,651,428	45.33%
Major Assumptions:		

- Includes programming for general community education, early childhood and family education (ECFE), school readiness (Little Eagles Preschool) and preschool screening

Revenues:

- Tuition & Fees makes up 70.3% of budget
- Projected Tuition & Fees based on current year trends

Expenditures:

- Salary & benefit increases for settled & unsettled contracts

Capital and Building Funds

Capital and Building Funds	
Revenue	$18,819,057
Expenditure	$25,691,550
Variance	($6,872,493)
Fund Balance	$8,323,251
Major Assumptions:	
	Programs Include: • General Fund Lease Levies • Operating Capital (levy & aid) • Long Term Facilities Maintenance (LTFM bond & pay as you go levy) • Capital project levy (tech levy) The full budget was approved at the April board meeting

Debt Service Funds

Debt Service Fund		
Revenue	$10,712,095	
Expenditure	$10,976,606	
Variance	($264,511)	
Fund Balance	$2,086,769	19.01%
Major Assumptions:		
	Revenue: • Property taxes levied for 105% of principal and interest payments Expenditure: • Scheduled principal and interest payments	

Internal Service Funds

Internal Service Funds		
Revenue	$18,813,104	
Expenditure	$18,943,729	
Variance	($130,625)	
Fund Balance	$7,794,510	41.15%
Major Assumptions:		

Dental:

- Anticipating participation is steady and claims stay consistent based on trend data

Health:

- Premiums are increasing 4% in fiscal year 2026-27, while participation is expected to be consistent.
- We are projecting health insurance claims to increase.

Trust & Agency Funds

Trust and Agency Funds	
Revenue	$750,000
Expenditure	$750,000
Variance	$ -
Fund Balance	$16,579,968
Major Assumptions:	
	Other Post Employment Benefit (OPEB) Trust • $750,000 budgeted for interest earnings. Represents 5% rate of return • OPEB trust pays for eligible retirement benefits, with over $13 million in benefits paid out since its inception in 2009.

Future Considerations

- **Long-Term Stability**
  - 10-Year Operating Referendum (2022)
  - Capital Projects (Technology) Levy (2022)
  - Long Term Facilities Maintenance Funding
  - Self-Funded Medical
  - OPEB Trust (2009)
- **Other Budget Impacts**
  - EP Online
  - Inspired Journey & Flight Plan 2035
  - Area Learning Center
  - Legislative Funding
  - Budget Efficiencies
  - Sustainability (Electric Buses, Solar Power, etc.)
  - City of Eden Prairie Development

THANK YOU

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