

The logo is a circular emblem with a white center and a dark outer ring. The website address 'www.ISD709.org' is written in a curved path at the top of the ring. The school's name 'Duluth Public Schools' is centered in the white area, and the motto 'Every Student. Every Day.' is written in a curved path at the bottom of the ring.

www.ISD709.org

Duluth
Public Schools

Every Student. Every Day.

UPDATES TO FISCAL YEAR 2026-27 PRELIMINARY BUDGET FINANCIAL PLANNING & PROJECTIONS

Prepared by: Simone Zunich

Presented: COW Meeting, May 5, 2026

Updates since April 7, 2026 Committee of the Whole:

We have finalized three key adjustments to the preliminary FY27 budget:

- **Fuel Services:** Increased expenditure by **\$85,000** to stabilize transportation operations.
- **Title Grants:** Reconciled all Title funding streams to align with current federal award notices.
- **Special Education:** Updated the R&E revenue projection to **\$32,995,988.74**, based on the state's latest 4.13 calculator scenario.

Federal Programs Funding - District Portion

Year	Title I	Title II	Title III	Title IV	Title ID
2023-24	\$2,710,620	\$288,435	\$7,710	\$141,716	\$175,925
2024-25	\$2,812,634	\$360,002	\$7,656	\$180,256 Transferred to Title I	\$124,566
2025-26	\$2,852,008	\$265,580	\$9,291	\$165,280 Transferred to Title I	\$83,264
2026-27	\$2,354,409	\$233,274	\$8,617	\$150,758 Transferred to Title I	TBD

Student Enrollment & Basic Revenue

Average Daily Membership (ADM): Projected at **8,175** (Increase from 8,125 in FY 26).

Basic Formula Allowance: Projected at **2.69%** increase or \$7,682 per pupil

Levy Updates: Revenue updated based on Pay 25 and Pay 26 cycles.

Compensatory Aid: * Currently budgeted at **\$9,312,178** (based on MDE report).

Special Education Funding

FY 27 Revenue Projection: \$27,530,933.

FY 26 Revenue Revision: Updated to \$31,341,962.

Special Education General Fund Impact: * Currently accounts for **40%** of general fund programs.

- Setting 4 costs estimated between **\$500,000 – \$1,000,000**.

Personnel & Benefit Assumptions

Staff: 2.5% average rollover applied

Lane Changes: Budgeted at 1.8%

Insurance Premiums: 15% estimated increase projected for both **Health** and **Liability** insurance

New Mandatory Obligations (Analytics Objects):

- **Minnesota Family Medical Leave Act Paid Leave (MFMLA) (Obj 219): 5%**
- **Summer Unemployment (Obj 281): 5%**
- **Fund 02 (Food & Nutrition): 5% for Obj 281**

Facilities & Site-Specific Needs

Inflation Strategy: 2.26% inflation applied *only* to Capital Projects (per Fed Reserve 5-yr projection)

- *Note:* Purchased services and supplies held flat to FY 26 levels

First Street Additional Staffing:

- **1st St downtown:** \$350,000 (3.0 FTE)
- **Support:** \$150,000 (2 Custodians, 1 PT Clerical)
- *Note:* These assumptions may require further increases/decreases

Unfunded Mandates & Contract Reviews

READ Act: Lane change costs of approx. **\$650,000** for FY 26 and and \$1,200,000 for FY 27.

MFMLA: While state-funded, the district must absorb the cost of substitutes.

Summer Unemployment: Funded by state through the end of FY 27.

Efficiency Spotlight: * Kelly Education: Contracted costs were \$1.2M in FY 25.

- Analysis shows the district would pay ~33% more if handled internally; current contract represents a significant saving.

Financial Outlook & Risk Assessment

Spending Trends:

- FY 25 Overspend: **\$7,000,000**
- FY 26 Projected Overspend: **Minimum \$4,207,549**
- FY 27 Planned Budget Reductions: **\$4,000,000**

Key Concerns:

- Special Education cost volatility
- Risk of **Statutory Operating Debt (SOD)** due to general fund depletion

PROPOSED FISCAL YEAR 2026/2027 BUDGET

REVENUES	Proposed FY 2027 Budget	EXPENDITURES	Proposed FY 2027 Budget	Dollar Change
01 General Fund	\$154,322,705.00	01 General Fund	\$158,179,470.00	-\$3,856,765
02 Food Service	\$6,283,279.00	02 Food Service	\$6,365,884.00	-\$82,605
04 Community Service	\$7,983,518.00	04 Community Service	\$7,855,857.00	\$127,661
06 Construction		06 Construction		\$0
07 Debt Service	\$28,913,419.00	07 Debt Service	\$28,453,464.00	\$459,955
08 Trust	\$305,000.00	08 Trust	\$285,842.00	\$19,158
20 Internal Service	\$1,201,126.00	20 Internal Service	\$1,309,828.00	-\$108,702
79 Student Activities	\$523,886.00	79 Student Activities	\$438,705.00	\$85,181
Subtotal - Revenues	\$199,532,933.00	Subtotal - Expenditures	\$202,889,050.00	-\$3,356,117

Questions & Concerns?