



South St. Paul School Board - Committee-of-the-Whole
Monday, January 22, 2024 5:00 PM
Location: CITY HALL
125 THIRD AVENUE NORTH
South St Paul, Minnesota 55075

Agenda

I. FINANCE

A. 2024-25 Budget Review 2

II. SCHOOL BOARD

A. Committee Updates (Board) 13

- District 917
- AMSD
- Community Education
- Educational Foundation
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- Local Issues
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- SSP Open Foundation
- Superintendent Executive

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SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: Monday, January 22, 2024

Place on Agenda: COW

Action Requested: None, review only

Attachment: FY25 Budget Planning Document

Topic: 2024-25 Budget Planning
Presenter(s): Brady Hoffman, Finance Director
<p>In planning for the development and projection of the 2024-25 budget, we would like to address various parts of the planning process, including:</p> <ul style="list-style-type: none">- Proposed FY24 Budget Revisions- Enrollment- Budget assumptions- FY25 Budget Projection- FY25 Budget Guiding Change
Recommendation: N/A
Alternatives: N/A

FY25 Budget Planning – January 22, 2024:

- FY24 Revisions and updated Fund Balance Projection
- Enrollment Projection
- FY25 Budget Assumptions and Projection
- FY25 Guiding Change

District Financial Timeline

South St Paul Public Schools, along with all other Minnesota school districts, operates on a fiscal year from July 1 – June 30. The budget is presented to the School Board for approval each June. Management of the school district’s budget is a process that includes important steps that occur throughout the year. The life cycle of the 2024-25 budget began last fall and will conclude with the final audit scheduled for November 2025.

September 2023	The school board reviewed and approved the preliminary property tax levy for fiscal year 2024-25.
November 2023	The school board reviewed and approved the final 2022-23 audit.
December 2023	The school board reviewed and approved the final property tax levy for fiscal year 2024-25.
January 2024	The school board begins the 2024-25 budget planning process by reviewing the 2024-25 budget assumptions, budget projections, and the 2024-25 Budget Guiding Change Document.
March 2024	The school board review and approval of initial proposed budget adjustments for fiscal year 2024-25.
June 2024	The school board will review and approve the 2024-25 budgets.
September 2024	The school board will review and approve the preliminary property tax levy for fiscal year 2025-26.
November 2024	The school board is scheduled to review and approve the final 2023-24 audit.
December 2024	The school board will review and approve the final property tax levy for fiscal year 2025-26.

FY24 Budget Revisions

FY24 is the baseline for the FY25 and beyond projections. As a result, we are proposing revisions based on updated information and final FY23 audit results.

The proposed revenue revisions account for the following:

- Negative Levy adjustments for unemployment insurance. District levied unemployment costs being reported during COVID that were waived and not passed on to the District
- Updated federal entitlements and related expenditure budgets
- Updated Special Education Cross Subsidy Aid Entitlement
- Updated state aid estimates based on enrollment and final impacts of the legislative session (i.e. Student Support Aid, Library Aid, etc)
- Incorporate revenue and expenditure budgets for the newly enacted summer unemployment benefits for between term employees
- Other expenditure revisions to account for updated staffing estimates and miscellaneous non-salary adjustments.
- Overall, these revisions increase revenues \$1,305,000 and increase expenditures \$751,000, improving our bottom line by approximately \$554,000
- The revisions are detailed on the following page

Projected Fund Balances – Following the proposed FY24 budget revisions is an updated fund balance summary incorporating those change.

- The original adopted budget for FY24 had a projected unassigned fund balance percent of 13.67% (\$6,769,783)
- After incorporating the final FY23 audit results and the FY24 revisions, the projected unassigned fund balance % for FY24 is 15.53% (\$7,806,259)
- These updated fund balance amount are used as the basis for the FY25 budget projection

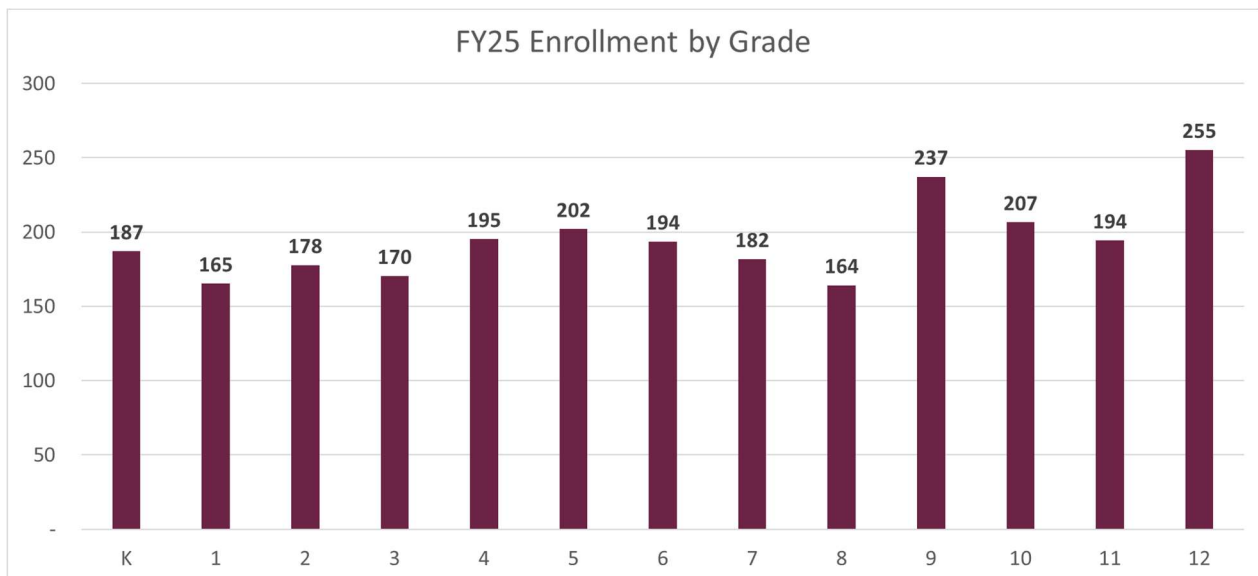
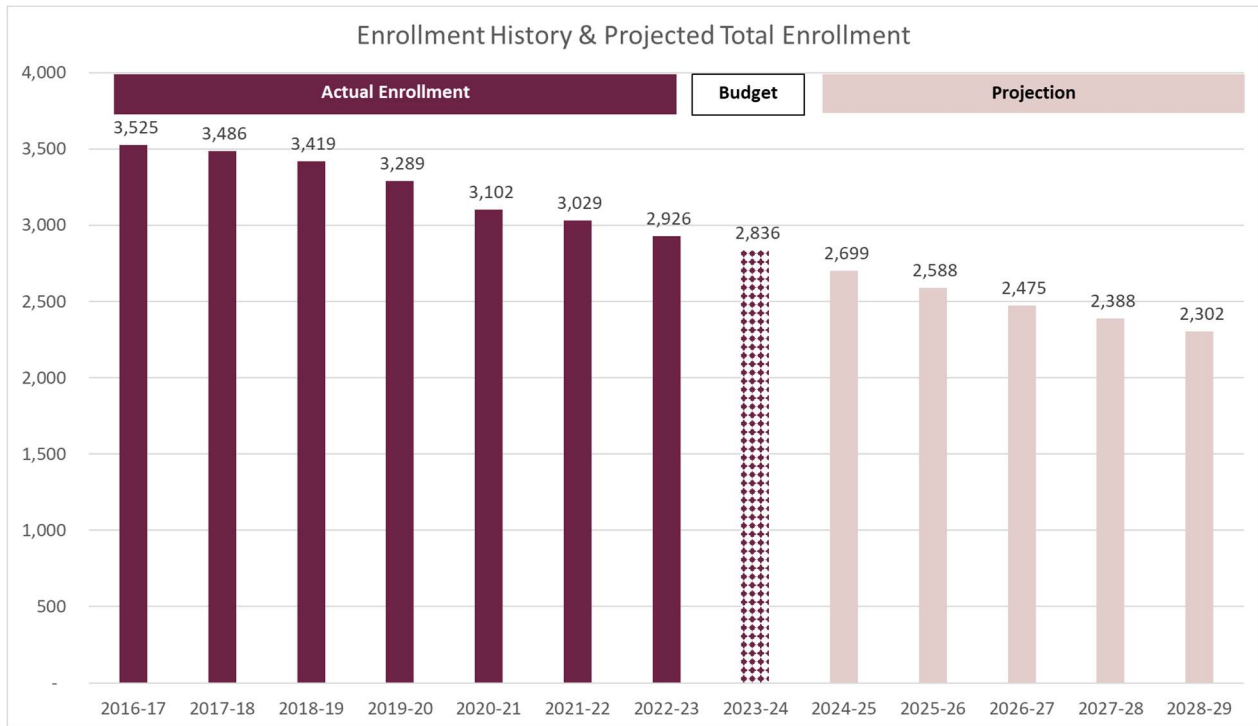
**South St Paul Public Schools
Budget Revision Details**

	Beginning Fund Bal	Revenue	Expenditures	Ending Fund Bal
GENERAL FUND				
ORIGINAL BUDGET	\$ 8,628,061	\$ 51,856,256	\$49,525,209	\$ 10,959,108
Final Audit Results	1,061,410	-	-	
Levy Adjustment - Reemploy Ins	-	(238,100)	-	
Adjust Federal Allocations	-	165,142	248,166	
Change in Special Ed Cross Subsidy	-	550,000	-	
Updated State Aid Estimates	-	198,640	-	
Interest Earnings	-	500,000	-	
Summer Unemployment	-	129,255	120,467	
Updated Staffing Estimates	-	-	218,450	
Other Non-salary costs	-	-	164,037	
TOTAL REVISIONS	1,061,410	1,304,937	751,120	
REVISED BUDGET	\$ 9,689,471	\$ 53,161,193	\$ 50,276,329	\$ 12,574,335
FOOD SERVICE FUND				
ORIGINAL BUDGET	\$ 814,773	\$ 1,938,255	\$ 2,026,265	\$ 726,763
Final Audit Results	50,170	-	-	
TOTAL REVISIONS	50,170	-	-	
REVISED BUDGET	\$ 864,943	\$ 1,938,255	\$ 2,026,265	\$ 776,933
COMMUNITY ED FUND				
ORIGINAL BUDGET	\$ 758,612	\$ 2,011,491	\$ 2,076,344	\$ 693,759
Final Audit Results	82,419	-	-	
TOTAL REVISIONS	82,419	-	-	
REVISED BUDGET	\$ 841,031	\$ 2,011,491	\$ 2,076,344	\$ 776,178
DEBT SERVICE FUND				
ORIGINAL BUDGET	\$ 772,239	\$ 3,251,821	\$ 3,379,610	\$ 644,450
Final Audit Results	68,792	-	-	
TOTAL REVISIONS	68,792	-	-	
REVISED BUDGET	\$ 841,031	\$ 3,251,821	\$ 3,379,610	\$ 713,242

	6/30/2023 Beginning Fund Balance	Revised Budget		Fund Balance Buildup/(Usage)	6/30/2024 Ending Fund Balance
		2023-24 Revenues	2023-24 Expenditures		
General Fund					
Unassigned	4,866,864	42,647,075	39,707,680	2,939,395	7,806,259
Assigned:					
ATPPS Program	39,872	810,670	715,437	95,233	135,105
Curriculum & Technology	1,000,000	-	-	-	1,000,000
Staff Development	75,000	-	-	-	75,000
Construction	100,000	-	-	-	100,000
Building Maintenance	200,000	-	-	-	200,000
Technology Replacement	400,000	-	-	-	400,000
Assigned	1,814,872	810,670	715,437	95,233	1,910,105
Restricted:					
Student Activities	260,569	175,000	175,000	-	260,569
Gifted & Talented	112,803	40,497	86,870	(46,373)	66,430
Career & Tech Program	-	67,955	67,955	-	-
Learning & Development	-	569,209	569,209	-	-
Basic Skills	-	4,677,094	4,677,094	-	-
Medical Assistance	91,711	100,000	140,000	(40,000)	51,711
Staff Development	161,344	444,720	475,123	(30,403)	130,941
Safe Schools	216,711	102,573	117,300	(14,727)	201,984
Operating Capital	1,140,270	1,223,842	1,270,435	(46,593)	1,093,677
Long-Term Facilities Maintenance	428,932	1,240,091	1,240,091	-	428,932
Capital Projects Levy	299,870	834,135	834,135	-	299,870
Debt Reduction	251,503	28,332	-	28,332	279,835
Flexible Benefits	44,021	200,000	200,000	-	44,021
Total Restricted	3,007,735	9,703,448	9,853,212	(149,764)	2,857,971
Total General Fund	9,689,471	53,161,193	50,276,329	2,884,864	12,574,335
<i>Unrestricted Fund Balance %</i>	<i>14.55%</i>				<i>19.33%</i>
<i>Unassigned Fund Balance %</i>	<i>10.60%</i>				<i>15.53%</i>
Food Service					
Nonspendable	13,875	-	-	-	13,875
Restricted	851,068	1,938,255	2,026,265	(88,010)	763,058
Total Food Service	864,943	1,938,255	2,026,265	(88,010)	776,933
Community Education					
Restricted:					
Regular Community Education	542,321	1,036,300	1,125,936	(89,636)	452,685
Early Childhood Family Education	116,798	272,983	284,930	(11,947)	104,851
School Readiness	13,332	295,208	261,968	33,240	46,572
Adult Basic Education	53,154	382,000	378,510	3,490	56,644
Restricted for Community Education	2,462	25,000	25,000	-	2,462
Total Community Education	728,067	2,011,491	2,076,344	(64,853)	663,214
Debt Service					
Restricted:					
General Debt Service	841,031	3,251,821	3,379,610	(127,789)	713,242
Total Debt Service	841,031	3,251,821	3,379,610	(127,789)	713,242
Dental Self Insurance Fund	281,907	-	-	-	281,907
Medical Self Insurance Fund	9,027,756	-	-	-	9,027,756
Total Internal Service Funds	9,309,663	-	-	-	9,309,663
Revocable OPEB Trust	(4,381,554)	-	-	-	(4,381,554)
Total Trust and Agency Funds	(4,381,554)	-	-	-	(4,381,554)
Total All Funds	17,051,621	60,362,760	57,758,548	2,604,212	19,655,833

Enrollment Projection

We are continuing to see declining enrollment which is mainly attributed to the significant decline in birth rates since 2010. As you can see in the second chart, our class sizes are significantly larger in the upper grades and our incoming kindergarten classes are smaller creating a natural decline in enrollment.



Budget Assumptions

General Fund – Fund 01

Revenue

1. Property Taxes – Property taxes are budgeted based on the 20232 Payable 2024 Levy that was approved by the Board of Education on December 11, 2023.
2. State Sources – The following primary state funding sources have been budgeted:
 - a. General Education Revenue – the budget is based on \$7,281 per pupil unit, which is a 2% increase over the 2023-24 level of \$7,138.
 - b. Compensatory Revenue – the budget is based on the MDE’s entitlement report, which is based on the October 1, 2023 Free/Reduced student count.
 - c. Special Education Revenue – the budget is based on the special education formula and projected operating expenditures.
 - d. Other State Funding – budgets have been projected based on the approved levy, projected enrollment and MDE estimates.
3. Federal Sources – The district receives funding for Title I, Title II, Title III and Special Education. The district has budgeted for all federal programs at a similar or slightly lower level as 2023-24. The additional one-time federal funding received as a result of the COVID-19 Pandemic has been fully spent and is no longer available.
4. Other – The primary source of revenue in this area is participation and admission fees. Revenue is based on the fees approved by the Board of Education. Other sources include the district’s student activities accounts and third party billing revenue.
5. Enrollment – The table below shows the actual Average Daily Membership (ADM) for 2021-22, the budgeted ADM for 2022-23 and the projected ADM for 2023-24.

Grade	2022-23 Actual	2023-24 Budget	2024-25 Projected
ECSE (1)	38	53	53
VPK (2)	67	67	80
K-5	1,177	1,134	1,097
6-8	643	604	539
9-12	1,001	978	930
Total	2,926	2,836	2,699

- (1) ECSE = Early Childhood Special Education
- (2) VPK = Voluntary Pre-Kindergarten

Expenditures

1. Salaries and Employee Benefits – Employee compensation is based on current collective bargaining agreements and estimates are used for any contracts that are currently in negotiations.
2. Class Size Norms – Class size norms for the 2023-24 school year are below and have remained unchanged for several years. A comparison of class size norms with neighboring districts is included below. Staffing allocations are based on the established class size norms. Based on actual enrollment, there may be instances where some individual classes may fall above or below the norm.

Grade	2022-23 Norms	2023-24 Norms	2024-25 Norms
K	20-24	20-24	
1	21-25	21-25	
2	22-26	22-26	
3	23-27	23-27	
4	24-28	24-28	
5	25-29	25-29	
6-8	27-31	27-31	
9-12	29-33	29-33	

3. Other Budgets – Budgets were held constant to the extent possible. Some budgets for programs and services were subject to a larger budget increase due to inflation and market demands.

Class Size Norms Comparison

	<u>SSPPS</u>	<u>IGH</u>	<u>WSP</u>	
K	20-24	26	18-25	90% within Range
1	21-25	27	20-27	90% within Range
2	22-26	28	20-27	90% within Range
3	23-27	30	22-29	90% within Range
4	24-28	30	22-29	90% within Range
5	25-29	30	31**	75% will not exceed
6	27-31 *27	30	31**	75% will not exceed
7	27-31 *27	30	31**	75% will not exceed
8	27-31 *27	32	31**	75% will not exceed
9	29-33 *31	32	33**	75% will not exceed
10	29-33 *31	32	33**	75% will not exceed
11	29-33 *31	34	33**	75% will not exceed
12	29-33 *31	34	33**	75% will not exceed

* - FTE allocation based on 27 and 31 for SSPPS MS and HS

** - This is for core classes only. Non-core are listed as "variable"

Budget Projection

The initial budget projection makes the assumption that all staff are retained, and it does not take into account reductions to realign staffing levels to the class size norms as a result of declining enrollment. The expenditure adjustment line identifies the potential reduction needed to maintain a balanced budget (realignment and due to inflation). Actual reductions will be driven on the long range and short-term goals of the district and school board.

GENERAL FUND BUDGET SUMMARY

	Actual 2022-23	Revised Budget 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Enrollment	2,926	2,836	2,699	2,588	2,475
Total Beginning Fund Balance	\$ 8,268,596	\$ 9,689,470	\$ 12,574,334	\$ 12,574,334	\$ 12,574,334
Revenues	47,332,848	53,161,193	50,982,000	50,319,000	49,464,000
Expenditures	45,911,974	50,276,329	52,137,000	52,562,000	51,778,000
<i>Expenditures Adjustments</i>	-	-	<i>(1,155,000)</i>	<i>(2,243,000)</i>	<i>(2,314,000)</i>
Revised Expenditures	45,911,974	50,276,329	50,982,000	50,319,000	49,464,000
Variance (Revenues - Expenditures)	1,420,874	2,884,864	-	-	-
Total Ending Fund Balance	\$ 9,689,470	\$ 12,574,334	\$ 12,574,334	\$ 12,574,334	\$ 12,574,334
Unassigned Fund Balance %	10.60%	15.53%	15.31%	15.51%	15.78%
Total Fund Balance %	21.10%	25.01%	24.12%	23.92%	24.29%

FY25 Guiding Change Document

A Guiding Change Document is a tool used by boards to identify parameters for administration to use while they are preparing a recommendation to go before the school board.

The Guiding Change Framework defines three critical components, including:

- **Results** (*What is our goal?*) – define the desired outcomes in terms of vision for the future and benefit to the district.
- **Current Reality** (*What are our current conditions?*) – define the current conditions of the district and its environment in terms of strategic plan, external/internal influences and trends, and data, facts and perceptions
- **Unacceptable Means** (*What will we not do?*) – define the few, high-level approaches, behaviors or intentions that the district will not engage in to achieve the desired results.

This framework takes an “end-in-view” approach in which a single result is not predetermined therefore promoting the development of a variety of options.

Attached is a draft of the Guiding Change Document for the 2024-25 budget cycle. We will review the draft and seek input during the committee of the whole on January 22, 2024.

<p>RESULTS: <i>What is our goal?</i></p>	<p>CURRENT REALITY: <i>What are our current conditions?</i></p>	<p>UNACCEPTABLE MEANS: <i>What will we not do?</i></p>
<ol style="list-style-type: none"> 1. Align budget to District Mission, Vision, Strategic Directions, and District Goals. 2. Establishing a budget strives to maintain a minimum unrestricted fund balance of ___% of general fund annual expenditures. 3. Strategically direct budget resources to improving student outcomes and proficiency in grade level standards. 4. Consider additions, reductions and redesign. 5. Deliver high quality programming that attracts and retains students. 6. Efficient and effective use of resources through ongoing evaluation of current services and programs. 7. Strive for equity in all that we do 8. Pathways to packer promise 9. Maintain class size norms 	<ol style="list-style-type: none"> 1. State provided significant funding increases for FY24 and beyond but that is still not enough to keep pace with inflation, and is not projected to keep pace. 2. The academic performance of SSPPS students indicates that less than 50% of students are proficient on grade level standards in math, reading, and/or science. 3. Overall enrollment has decreased over the past 5+ years. The District is no longer realizing a net gain in open enrollment. The District is anticipating declining enrollment to continue for the next several years. 4. 80% of costs are salaries and benefits. 5. State and federal funding for programs such as special education and English learners is not keeping pace with program costs despite increased funding. 6. The School Board is required to establish the budget by July 1, 2024. 	<ol style="list-style-type: none"> 1. Violate law, financial regulations, contracts or agreements. 2. Recommend budget changes that do not address financial sustainability and expected outcomes. 3. The District will not substantially reduce the following programs: <ul style="list-style-type: none"> ● Arts programs ● Athletics/activities



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Place on Agenda: Committee-of-the-Whole

Action Requested: None. Discussion Only.

Attachment: None

Topic: Committee Updates
Presenter(s): School Board Members
Background: School Board members will provide an update for the following committees that they serve on: <ul style="list-style-type: none">• District 917• Association for Metropolitan School Districts (AMSD)• Community Education• SSP Educational Foundation• Finance, Facilities and Long-Range Planning• Local Issues• SSP Open Foundation• District Policy• District Community Engagement and Public Relations• District Superintendent/Executive
Recommendation: N/A
Alternatives: N/A



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: Monday, January 22, 2024

Place on Agenda: COW

Action Requested: None

Attachment: None

Topic: Work Session and Board Meeting Structure Review
Presenter(s): School Board
On Monday evening, we will take time to discuss and review our recent special work session. Additionally, we will engage in collaborative dialogue to assess the effectiveness and efficiency of our current board meeting format. The aim is to identify and explore potential meeting structure solutions that will contribute to enhancing the overall efficacy of our board's work. This conversation will provide us with an opportunity to collectively refine and optimize our meeting processes for better outcomes.
Recommendation: N/A
Alternatives: N/A