

Special School Board Meeting - Budget

Duluth Public Schools, ISD 709

Agenda

Tuesday, March 27, 2018

District Services Center

709 Portia Johnson Dr.

Duluth, MN 55811

4:45 PM

1. **Call to Order**
2. **Roll Call**
3. **Public Comment**
4. **Resolution B-3-18-3532 - Adoption of the Preliminary Budget Report for the Fiscal Year 2019 Budget** 2
5. **Adjournment**

RESOLUTION**Adoption of the Preliminary Budget Report for the Fiscal Year 2019 Budget**

BE IT RESOLVED, by the School Board of Independent School District No. 709, St. Louis County, State of Minnesota, that the preliminary budget report for the fiscal year 2019 Budget, **Option C**, as presented to the School Board, be adopted. In addition, the School Board requests periodic updates as Administration continues to finalize the Fiscal Year 2019.

FY19 Preliminary Budget Recommendations

Our revenues for this school year are tracking higher than projected and our expenses are tracking lower.

- Currently, the ending balance for FY18 is projected to be about \$200,000 to the positive rather than a deficit of \$1.3M.
- This changes the projected deficit for FY 19 to about \$1.6M rather than \$3M.
- It also reduces the amount of reductions that will be necessary to create a balanced budget for FY19.

The board was presented with Options A & B during the last Business Committee Meeting. We have updated our recommendations based on the new financial reports, feedback from principals, staff, and community members.

Differences from Options A & B to Options A.2 & C include:

- fewer reductions in maintenance staff
- Less reduction of FTE through middle school “referendum” allocation changes
- different teacher to student ratio shifts
- Different compensatory education allocations

Option A.2 Meets the language of the resolution with at least 80% of comp ed funding to stay at sites where generated. It includes a ratio shift of 1.5 and allows for all sites to receive 80% of compensatory education as discretionary (+ FTE from district-wide comp ed).

Option C Meets the language of the resolution with each site maintaining at least 80% of their generated comp ed funds (with an additional investment of \$31,637). It includes a ratio shift of 1.0 and allows for sites to receive 70% of compensatory education funds as discretionary (+ FTE as allocated +FTE from district-wide comp ed).

Reminder: This is a preliminary budget that serves as a basis for building the final budget which will be approved in June. These numbers will continue to be modified as the budget is finalized.

EXAMPLE- The chart included below shows school projections for 2018-19. The information below is raw data and has not been shared publicly to avoid confusion but it does show that for most sites a ratio shift of 1.0 or 1.5 represents a portion of an FTE difference. Each site will also have discretionary funds that may be used to “buy” more FTE.

| | | FY 19 Projected | Total FTE | Total FTE | Total FTE |
|---------------|---------------|----------------------------|-----------------------|--------------------------|----------------------------|
| | Site # | Enrollment | Current Ratios | Increase by 1 | Increase by 1.5 |
| Denfeld | 215 | 930 | 33.5 | 32.3 | 31.7 |
| East | 220 | 1428 | 51.4 | 49.6 | 48.7 |
| Lincoln Park | 225 | 649 | 24.9 | 24 | 23.6 |
| Ordean East | 335 | 1032 | 39.5 | 38 | 37.5 |
| Congdon Park | 435 | 624 | 22.9 | 22.3 | 22 |
| Homecroft | 475 | 380 | 13.9 | 13.5 | 13.3 |
| Lakewood | 500 | 220 | 8 | 7.8 | 7.7 |
| Lester Park | 510 | 551 | 20.2 | 19.6 | 19.4 |
| Lowell | 520 | 431 | 16 | 15.6 | 15.4 |
| MacArthur | 525 | 370 | 13.5 | 13.1 | 13 |
| Myers | 540 | 393 | 14.4 | 14 | 13.75 |
| Piedmont | 550 | 471 | 17.3 | 16.8 | 16.6 |
| Stowe | 565 | 256 | 9.4 | 9.1 | 9 |
| | | | | | |
| Totals | | 7735 | 284.9 | 275.7 | 271.65 |

Option A.2 Budget Investments & Adjustments Summary
(Option A with new deficit amount)

Base deficit: \$1,637,192 + New Investments: \$3,021,400 = Total Adjustments 4,658,592

| | |
|---|-------------|
| .4 curriculum support | \$38,400 |
| Specific School Supports: These supports will be aligned with the specific needs identified by Continuous Improvement Teams and district staff. Supports may include, but are not limited to, interventionists, instructional staff, social-emotional supports, trauma specialists, etc. The majority of these funds will be invested in staff. | \$2,983,000 |

Preliminary Budget Adjustments: \$4,340,586 Remaining to be identified: \$318,006

| | |
|--|------------------|
| Human Resources Retirement savings (estimate), insurance below projection (estimate) | \$550,000 |
| Curriculum & Instruction PD expenses, Mastery Connect reduction, mentoring budget reduction, secondary content meeting reduction, media budget reduction, District level supported Americorps positions | \$185,400 |
| Assessment Test proctors | \$47,086 |
| Finance & Business Services Savings in contracted services | \$30,000 |
| Asst Supt/Operations District -wide CIT meetings, managerial budget reductions, electronic payment of activity fees | \$93,000 |
| District-wide Reduction in site PD funds, lease revenues increased, middle school "referendum" funding decrease, clerical adjustment of weeks | \$381,075 |
| Special Services TOSA reduction, specific PD, requested leaves unfilled, staff reductions | \$351,025 |
| Transportation | \$131,000 |

| | |
|--|-------------|
| Software savings, reduced gas & fuel costs, delay van purchase, reduced overtime, add fee for trip coordination | |
| Facilities & Maintenance Elimination of open positions | \$50,000 |
| Technology Delay telepresence, unfilled position | \$240,000 |
| LTFM Shift Shift portion of maintenance staff funding source | \$1,000,000 |
| Ratio Shift Ratio Shift of 1.5 in grades 1-12 (any increased revenue or savings would be applied to this area to decrease this amount) | \$1,282,000 |

This preliminary budget will continue to change and develop as we further refine our revenues and expenditures for the coming year.

Revised 3.27.2018

| | | | | |
|---------------------|--|-------------------------------|---------------------|---------------------|
| | | | | |
| | General Fund - Unrestricted | | | |
| | Option A.2 | | | |
| | | | | |
| | | Working Budget FY 2019 | | |
| | | | | |
| Revenues | | | | Total |
| | Local | | | \$9,734,094 |
| | State Aids | | | 58,586,135 |
| | Special Ed | | | 13,300,000 |
| | Other | | | 2,284,043 |
| | | | | |
| | Total Unrestricted Revenues | | | <u>\$83,904,272</u> |
| | | | | |
| | | Salary & | | |
| | | Fringe | Non-Labor | Total |
| | | | | |
| Expenditures | | | | |
| 010-050 | Administration | \$4,261,599 | \$549,042 | \$4,810,641 |
| 105-110 | District Support Services | 2,675,762 | 983,025 | 3,658,787 |
| 200-298 | Elem & Secondary Reg | 30,281,088 | 802,940 | 31,084,028 |
| 300-380 | Vocational Education | 1,545,207 | 102,050 | 1,647,257 |
| 400-422 | Special Education | 17,477,329 | 390,463 | 17,867,792 |
| 505-590 | Community Education | | | |
| 605-640 | Instructional Support | 1,334,064 | 70,204 | 1,404,268 |
| 710-770 | Pupil Support | 3,826,304 | 4,448,641 | 8,274,945 |
| 805-865 | Sites and Buildings | 3,602,089 | 7,757,471 | 11,359,560 |
| 910-940 | Fiscal & Other Fixed | 3,400,000 | 715,000 | 4,115,000 |
| | | | | |
| | | | | |
| | Total Expenditures | <u>\$68,403,442</u> | <u>\$15,818,836</u> | <u>\$84,222,278</u> |
| | | | | |
| | Surplus/(Deficit) | | | <u>\$ (318,006)</u> |
| | | | | |
| | Assumptions: | | | |
| | Comp Ed at 80/20 | | | |
| | Ratio Shift of 1.5 | | | |
| | Reductions against FY18 Adopted Budget | | | |

| FY 19 Staffing Comparison 1.5 | | | | | | | |
|--------------------------------------|---------------|------------------------|------------------------|---------------|---------------------|----------------------|---------------------|
| | | FY 19 Projected | Total FTE | Gen Ed | 20% DW | Discretionary | Total |
| | Site # | Enrollment | Increase by 1.5 | FTE | Comp Ed \$ | Comp Ed \$ | Comp Ed \$ |
| Denfeld | 215 | 930 | 31.7 | 30.5 | \$ 117,056 | \$ 588,238 | \$ 705,294 |
| East | 220 | 1428 | 48.7 | 46.5 | \$ 213,678 | \$ 97,989 | \$ 311,667 |
| Lincoln Park | 225 | 649 | 23.6 | 22.75 | \$ 82,319 | \$ 686,971 | \$ 769,290 |
| Ordean East | 335 | 1032 | 37.5 | 36 | \$ 142,014 | \$ 109,372 | \$ 251,386 |
| Congdon Park | 435 | 624 | 22 | 21.1 | \$ 86,989 | \$ 66,026 | \$ 153,015 |
| Homecroft | 475 | 380 | 13.3 | 12.75 | \$ 53,712 | \$ 42,470 | \$ 96,182 |
| Lakewood | 500 | 220 | 7.7 | 7.4 | \$ 32,402 | \$ 48,075 | \$ 80,477 |
| Lester Park | 510 | 551 | 19.4 | 18.55 | \$ 80,713 | \$ 32,969 | \$ 113,682 |
| Lowell | 520 | 431 | 15.4 | 14.77 | \$ 60,425 | \$ 196,722 | \$ 257,147 |
| MacArthur | 525 | 370 | 13 | 12.37 | \$ 60,425 | \$ 730,667 | \$ 791,092 |
| Myers | 540 | 393 | 13.75 | 13.11 | \$ 61,739 | \$ 845,338 | \$ 907,077 |
| Piedmont | 550 | 471 | 16.6 | 15.8 | \$ 76,772 | \$ 614,727 | \$ 691,499 |
| Stowe | 565 | 256 | 9 | 8.55 | \$ 43,495 | \$ 387,401 | \$ 430,896 |
| | | | | | | | |
| Totals | | 7735 | 271.65 | 260.15 | \$ 1,111,739 | \$ 4,446,965 | \$ 5,558,704 |
| | | | | | | | |
| Total Costs | | | \$ 26,078,400 | \$ 24,975,360 | | | |
| | | | | | | | |
| Comp Ed at 80-20: | | | | | | | |
| General Ed | | | \$ 24,975,360 | | | | |
| Comp Ed | | | \$ 1,104,000 | | | | |
| Discretionary | | | \$ 4,446,965 | | | | |

Option C Budget Investments & Adjustments Summary

Base deficit: \$1,637,192 + New Investments: \$2,503,037 = Total Adjustments \$4,140,229

| | |
|---|-------------|
| .4 curriculum support | \$38,400 |
| Amount needed to reach language of resolution | \$31,637 |
| Specific School Supports: These supports will be aligned with the specific needs identified by Continuous Improvement Teams and district staff. Supports may include, but are not limited to, interventionists, instructional staff, social-emotional supports, trauma specialists, etc. The majority of these funds will be invested in staff. | \$2,433,000 |

Preliminary Budget Adjustments: \$3,941,586 Remaining to be identified: \$198,643

| | |
|--|------------------|
| Human Resources Retirement savings (estimate), insurance below projection (estimate) | \$550,000 |
| Curriculum & Instruction PD expenses, Mastery Connect reduction, mentoring budget reduction, secondary content meeting reduction, media budget reduction, District level supported Americorps positions | \$185,400 |
| Assessment Test proctors | \$47,086 |
| Finance & Business Services Savings in contracted services | \$30,000 |
| Asst Supt/Operations District -wide CIT meetings, managerial budget reductions, electronic payment of activity fees | \$93,000 |
| District-wide Reduction in site PD funds, lease revenues increased, middle school "referendum" funding decrease, clerical adjustment of weeks | \$381,075 |
| Special Services TOSA reduction, specific PD, requested leaves unfilled, staff reductions | \$351,025 |
| Transportation | \$131,000 |

| | |
|---|-------------|
| Software savings, reduced gas & fuel costs, delay van purchase, reduced overtime, add fee for trip coordination | |
| Facilities & Maintenance Change cleaning schedule, elimination of open positions | \$50,000 |
| Technology Delay telepresence, unfilled position | \$240,000 |
| LTFM Shift Shift portion of maintenance staff funding source | \$1,000,000 |
| Ratio Shift of 1 in grades 1-12 (any increased revenue or savings would be applied to this area to decrease this amount) | \$883,000 |

This preliminary budget will continue to change and develop as we further refine our revenues and expenditures for the coming year.

Revised 3.27.2018

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|---------------------|--|-------------------------------|---------------------|---------------------|
| | | | | |
| | General Fund - Unrestricted | | | |
| | Option C | | | |
| | | | | |
| | | Working Budget FY 2019 | | |
| | | | | |
| Revenues | | | | Total |
| | Local | | | \$9,734,094 |
| | State Aids | | | 58,586,135 |
| | Special Ed | | | 13,300,000 |
| | Other | | | 2,284,043 |
| | | | | |
| | Total Unrestricted Revenues | | | <u>\$83,904,272</u> |
| | | | | |
| | | Salary & | | |
| | | Fringe | Non-Labor | Total |
| | | | | |
| Expenditures | | | | |
| 010-050 | Administration | \$4,261,599 | \$549,042 | \$4,810,641 |
| 105-110 | District Support Services | 2,675,762 | 983,025 | 3,658,787 |
| 200-298 | Elem & Secondary Reg | 30,161,725 | 802,940 | 30,964,665 |
| 300-380 | Vocational Education | 1,545,207 | 102,050 | 1,647,257 |
| 400-422 | Special Education | 17,477,329 | 390,463 | 17,867,792 |
| 505-590 | Community Education | | | |
| 605-640 | Instructional Support | 1,334,064 | 70,204 | 1,404,268 |
| 710-770 | Pupil Support | 3,826,304 | 4,448,641 | 8,274,945 |
| 805-865 | Sites and Buildings | 3,602,089 | 7,757,471 | 11,359,560 |
| 910-940 | Fiscal & Other Fixed | 3,400,000 | 715,000 | 4,115,000 |
| | | | | |
| | | | | |
| | Total Expenditures | <u>\$68,284,079</u> | <u>\$15,818,836</u> | <u>\$84,102,915</u> |
| | | | | |
| | Surplus/(Deficit) | | | <u>\$ (198,643)</u> |
| | | | | |
| | Assumptions: | | | |
| | Comp Ed at 70/10/20 | | | |
| | Ratio Shift of 1 | | | |
| | Reductions against FY18 Adopted Budget | | | |

| FY 19 Staffing Comparison | | | | | | | | |
|--|-------------------|-----------------|---------------|---------------|---------------|---------------------|---------------------|---------------------|
| | | FY 19 Projected | Total FTE | Gen Ed | 10% | 20% DW | Discretionary | Total |
| | Site # | Enrollment | Increase by 1 | FTE | Allocated FTE | Comp Ed \$ | Comp Ed \$ | Comp Ed \$ |
| Denfeld | 215 | 930 | 32.3 | 31.1 | 0.8 | \$ 117,056 | \$ 514,708 | \$ 631,764 |
| East | 220 | 1428 | 49.6 | 47.4 | 0.1 | \$ 213,678 | \$ 85,740 | \$ 299,418 |
| Lincoln Park | 225 | 649 | 24 | 23.15 | 0.9 | \$ 82,319 | \$ 601,100 | \$ 683,419 |
| Ordean East | 335 | 1032 | 38 | 36.5 | 0.1 | \$ 142,014 | \$ 95,701 | \$ 237,715 |
| Congdon Park | 435 | 624 | 22.3 | 21.4 | 0.1 | \$ 86,989 | \$ 57,773 | \$ 144,762 |
| Homecroft | 475 | 380 | 13.5 | 12.95 | 0.05 | \$ 53,712 | \$ 37,162 | \$ 90,874 |
| Lakewood | 500 | 220 | 7.8 | 7.5 | 0.06 | \$ 32,402 | \$ 42,065 | \$ 74,467 |
| Lester Park | 510 | 551 | 19.6 | 18.75 | 0.04 | \$ 80,713 | \$ 28,848 | \$ 109,561 |
| Lowell | 520 | 431 | 15.6 | 14.97 | 0.26 | \$ 60,425 | \$ 172,131 | \$ 232,556 |
| MacArthur | 525 | 370 | 13.1 | 12.47 | 0.95 | \$ 60,425 | \$ 639,334 | \$ 699,759 |
| Myers | 540 | 393 | 14 | 13.36 | 1.1 | \$ 61,739 | \$ 739,670 | \$ 801,409 |
| Piedmont | 550 | 471 | 16.8 | 16 | 0.8 | \$ 76,772 | \$ 537,886 | \$ 614,658 |
| Stowe | 565 | 256 | 9.1 | 8.65 | 0.5 | \$ 43,495 | \$ 338,976 | \$ 382,471 |
| | | | | | | | | |
| Totals | | 7735 | 275.7 | 264.2 | 5.76 | \$ 1,111,739 | \$ 3,891,094 | \$ 5,002,833 |
| | | | | | | | | |
| Total Costs | | | \$ 26,467,200 | \$ 25,363,200 | \$ 552,960 | | | |
| | | | | | | | | |
| Comp Ed at 70-10-20, 10% of Generated, 20% DW | | | | | | | | |
| General Ed | | | \$ 25,363,200 | | | | | |
| Comp Ed | 10% Allocated | | \$ 552,960 | | | | | |
| Comp Ed | 20% District Wide | | \$ 1,111,739 | | | | | |
| Discretionary | | | \$ 3,891,094 | | | | | |