

**Committee of the Whole - Budget Review**

Duluth Public Schools, ISD 709

Agenda

Tuesday, March 26, 2019

District Services Center

709 Portia Johnson Dr.

Duluth, MN 55811

4:30 PM

1. **Call to Order**
2. **Roll Call**
3. **Budget Review**
4. **Adjournment**

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# Budget Process Fiscal Year 2020 (FY20)

# WELCOME!!

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- **Introductions**
- **What does budget process mean?**
- **What do we need to accomplish? And when?**

# Budget Goals

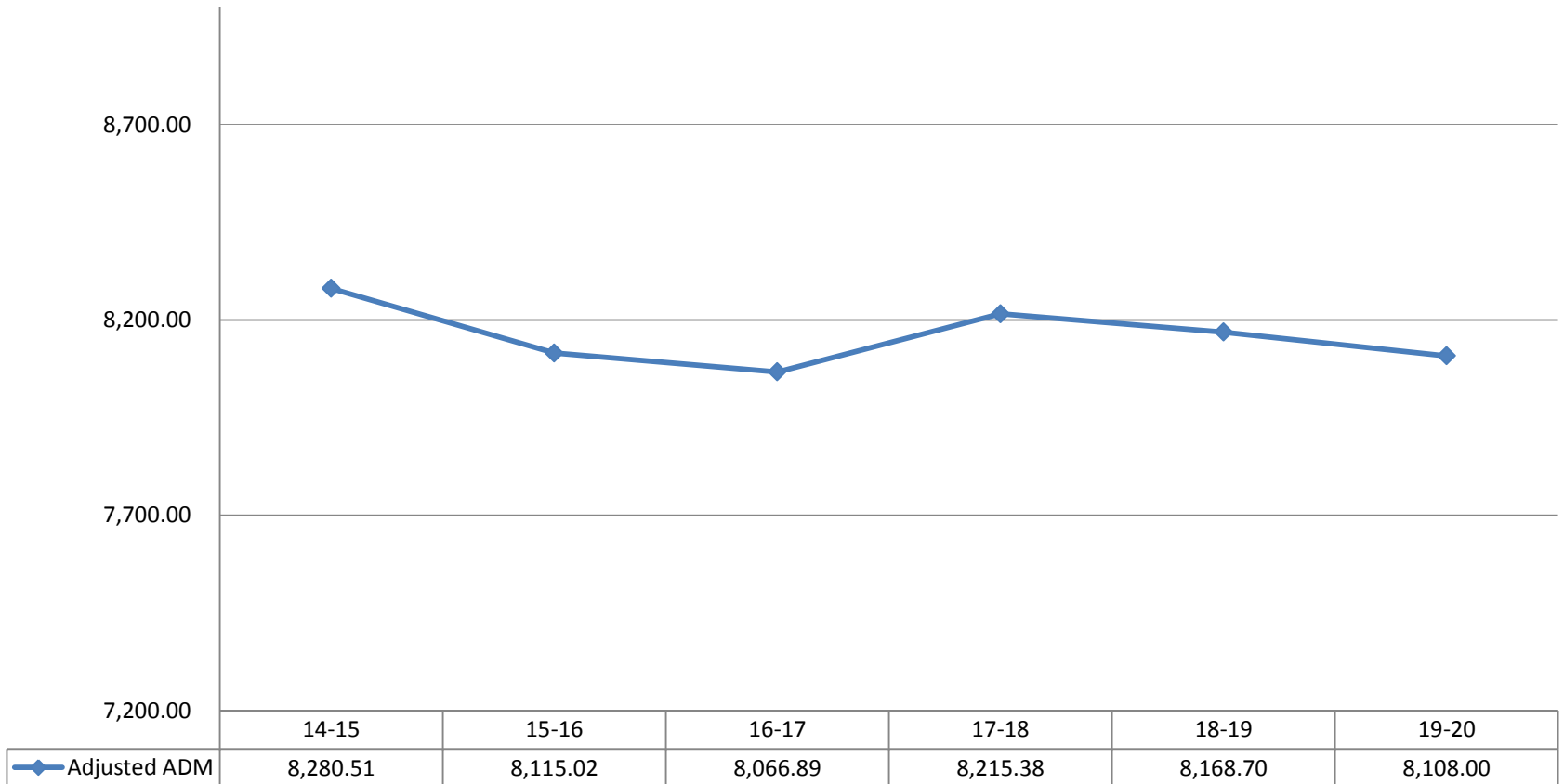
- **Identify and address budget gaps and opportunities**
- **Create budget priorities**
- **Gather data and information**
- **Collaborate**

# Getting Started

- **Holistic approach to budgeting**
- **Enrollment projections – drives both funding and expenses**
- **Effective & efficient use of funds – budget priorities**
- **Collaborate**

# Enrollment Projections

## Duluth Adjusted Average Daily Membership (ADM) History & Projections



# Enrollment Projections

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- **Enrollments...what are they and why are they important?**
  - **Adjusted Average Daily Membership (ADM)** drives the majority of our general education funding.
  - **ADM SERVED** tells us how many students are in our sites and programs and helps us determine staffing and space needs.
  - **Free & Reduced Lunch counts** play a part in E-rates, Title Programs, Federal Special Education, and Compensatory Revenue calculations.
  - ADM counts are ESTIMATES until over 5 months after the school year is over. Free & Reduced counts are prior year.

## Budget Priorities

- **Fiscal stability & fund balance growth**
- **Alignment with District goals & strategies**
- **Utilize revenues effectively**
- **Program based budget layers**
- **New referendum implementation**

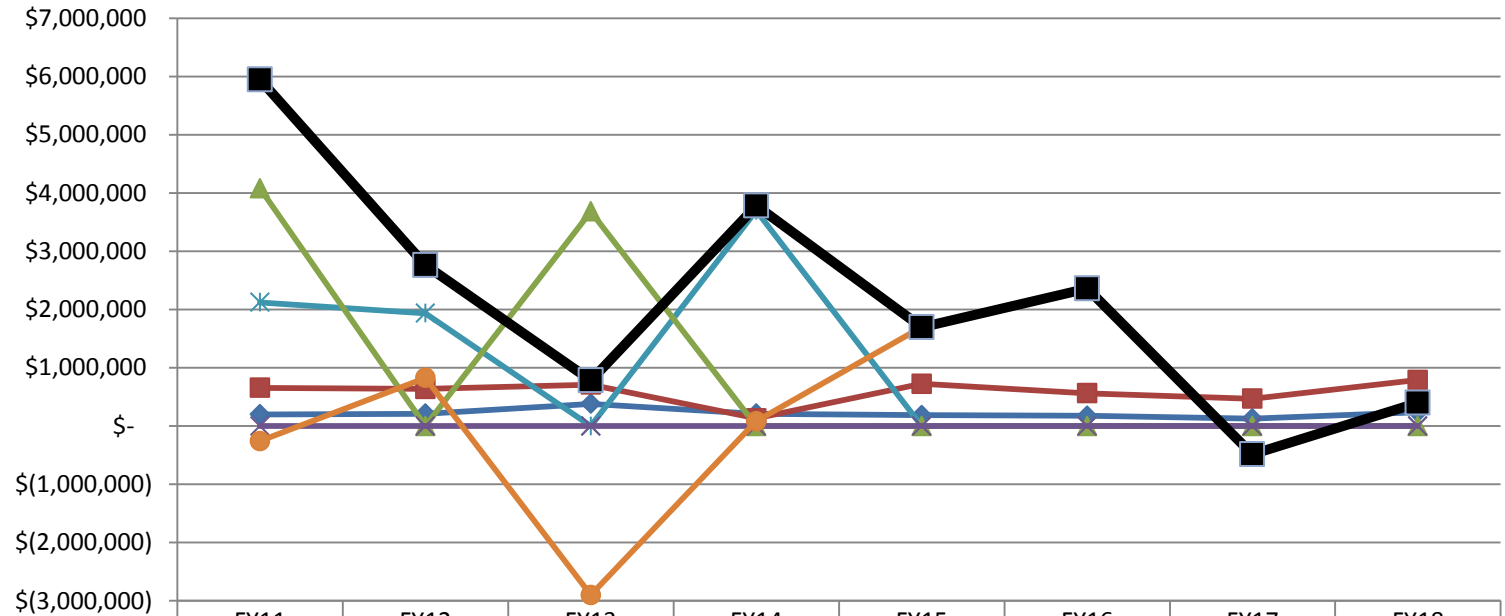
# Fiscal Stability & Fund Balance Growth

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- **Fiscal stability identified by School Board and Community as a priority**
- **School Board approval of revised fund balance policy**
  - After establishing a minimum level of unrestricted fund balance, the policy should provide for both a time frame and a specific plan for increasing or decreasing the level of unrestricted fund balance. (Office of State Auditor, 2014)
- **Multi-year approach**
- **Identify mid- to long-range impacts to fund balance**

# Fiscal Stability & Fund Balance Growth

## Duluth #709 - Fund Balance History - General Fund (01,03,05)



	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
◆ Nonspendable	\$200,479	\$210,652	\$381,470	\$209,654	\$186,054	\$174,756	\$128,409	\$236,547
■ Restricted Balances	\$654,460	\$636,294	\$711,499	\$130,039	\$723,499	\$562,456	\$468,873	\$790,757
* Assigned	\$2,123,556	\$1,934,104		\$3,698,094				
▲ Committed for Separation	\$4,080,744		\$3,681,873					
✕ Committed								
● Unassigned	\$(259,460)	\$825,236	\$(2,900,064)	\$81,747	\$1,696,986	\$2,359,436	\$(485,865)	\$399,166
■ Unassigned, Assigned & Committed	\$5,944,840	\$2,759,340	\$781,809	\$3,779,841	\$1,696,986	\$2,359,436	\$(485,865)	\$399,166

# Fiscal Stability & Fund Balance Growth

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- **What does fiscal stability mean to us?**
  - Considering history and future needs
  - The story behind the numbers
  - “What if” scenarios
  - Decisions in context of larger goals or projections
  - Present vs. future

# Alignment to District Goals & Strategies

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- **Established District goals used to evaluate and prioritize budget creation components**
  - **Goals embedded within World's Best Workforce and North Star Plan**
  - **Strategies created through:**
    - Multi-Tiered Systems of Support (MTSS)
    - Professional Learning Communities (PLC)
    - Culture & Climate Initiatives

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# Utilize Revenues Effectively

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- **Revenues with statutory restrictions are identified and budgeted first**
  - The Office of the State Auditor recommends that local governments include in their comprehensive fund balance policy the normal order of resource use. The policy should identify which fund balance resources (restricted or unrestricted) are normally used first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. (2014)
- **Identified needs help determine best use of funding sources**

# Program Based Budget Layers

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- **Once general fund revenue categories are identified, expense programs applied** – how district finance folks look at budget components

**Foundation** – Facilities, Transportation, District Administration, Technology Infrastructure

**Essential** – Program/Site Administration, Program/Site Staffing & Resources

**Strategic** – Program Supports & Interventions

**Enhancement** – Extra-curricular, Student Supports, Grants

# Program Based Budget Layers

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- **When reporting to the State, Program based expenditures are:**

Administration (PRO 010-099)

District Support Services (PRO 100-199)

Elementary & Secondary Regular Instruction (PRO 200-299)

Vocational Education Instruction (PRO 300-399)

Special Education Instruction (PRO 400-499)

Community Education & Services (PRO 500-599)

Instructional Support Services (PRO 600-699)

Pupil Support Services (PRO 700-799)

Sites & Buildings (PRO 800-899)

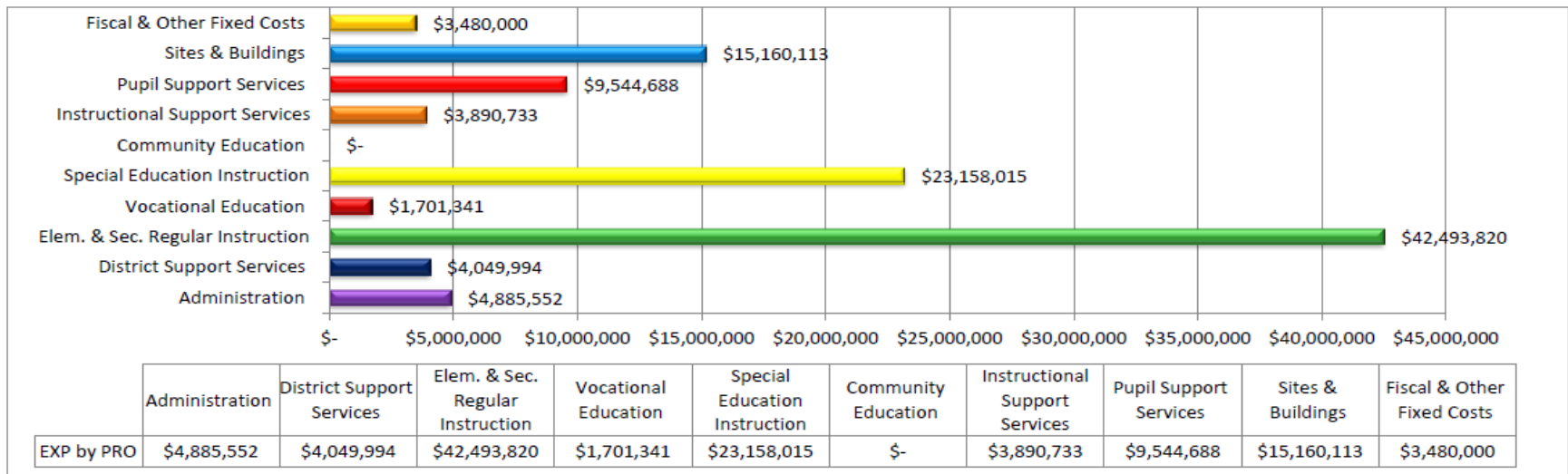
Fiscal & Other Fixed Cost Programs (PRO 900-999)

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## 2018-19 Expense by PROGRAM Area -General Fund

PRO			% of Total Budget All Funds
000-099	Administration	\$ 4,885,552.00	4.51%
100-199	District Support Services	\$ 4,049,994.00	3.74%
200-299	Elem. & Sec. Regular Instruction	\$ 42,493,820.00	39.21%
300-399	Vocational Education	\$ 1,701,341.00	1.57%
400-499	Special Education Instruction	\$ 23,158,015.00	21.37%
500-599	Community Education	\$ -	0.00%
600-699	Instructional Support Services	\$ 3,890,733.00	3.59%
700-799	Pupil Support Services	\$ 9,544,688.00	8.81%
800-899	Sites & Buildings	\$ 15,160,113.00	13.99%
900-999	Fiscal & Other Fixed Costs	\$ 3,480,000.00	3.21%
<b>Total Expenses All Funds</b>		<b>\$ 108,364,256.00</b>	



# Program Based Budget Layers

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- **The district also analyzes revenue and expense data by:**
  - **Finance Code (determining restricted funds and applicable uses)**
  - **Object Code (determining the services or commodities being obtained)**
    - Salaries & Wages
    - Employee Benefits
    - Purchased Services
    - Supplies & Materials
    - Capital Expenditures
    - Debt Service
    - Other Expenditures
    - Other Financing Uses

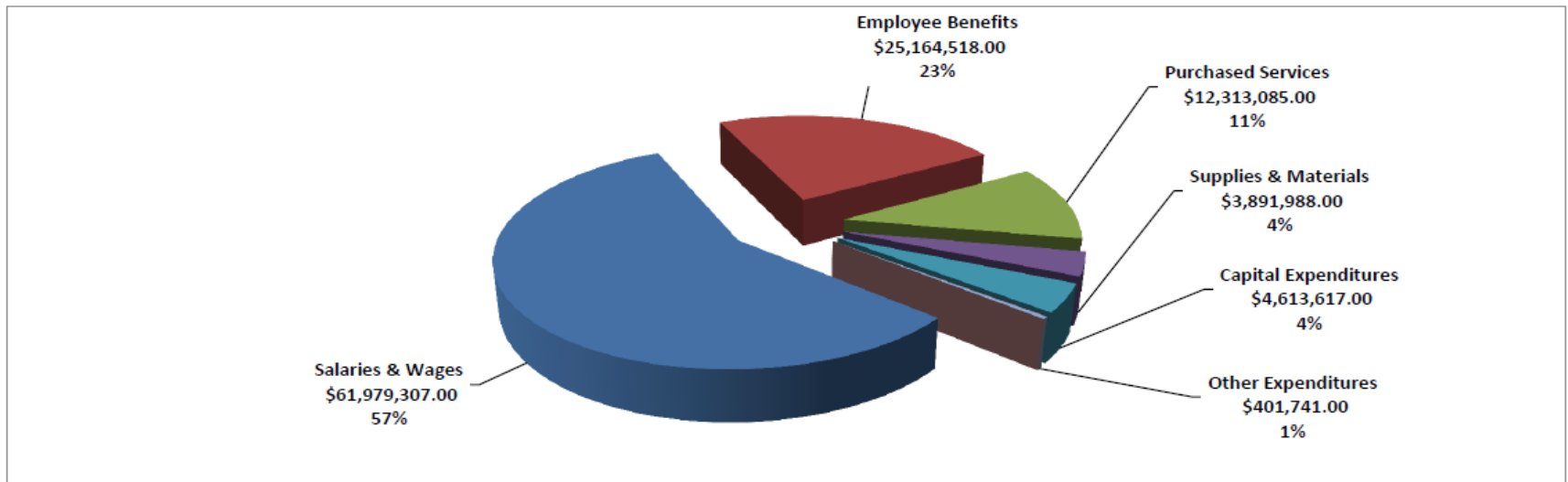
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## 2018-19 Expense by OBJECT Area - General Fund

PRO			% of Total Budget All Funds
100-199	Salaries & Wages	\$ 61,979,307.00	57.20%
200-299	Employee Benefits	\$ 25,164,518.00	23.22%
300-399	Purchased Services	\$ 12,313,085.00	11.36%
400-499	Supplies & Materials	\$ 3,891,988.00	3.59%
500-599	Capital Expenditures	\$ 4,613,617.00	4.26%
700-799	Debt Service	\$ -	0.00%
800-899	Other Expenditures	\$ 401,741.00	0.37%
900-999	Other Financing Uses	\$ -	0.00%
<b>Total Expenses All Funds</b>		<b>\$ 108,364,256.00</b>	



# New Referendum Implementation

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- **District investment in staff**
  - Directed to meet District goals & strategies
- **Remainder to be used to meet all other budget priorities**

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# Other Budget Components

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- **Food Service**
- **Community Service**
- **Construction**
- **Debt Service**
- **Trust & Insurance**

# Timeline - Process

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- **February**

- Determination of current year (FY19) budget status
- Identification of FY20 budget considerations
- Analysis of restricted revenue estimates and eligible uses
- Review of District goals and creation of budget processes
- Student projections and initial revenue estimates

# Timeline - Process

- **March**

- Meeting with you and program coordinators
- Revised revenue estimates
- Draft budget components – unrestricted general fund, restricted general fund, all other funds

- **April**

- Draft budget to school board for review

- **May & June**

- Continued revisions and projections for final budget approval prior to June 30, 2019