

Committee of the Whole School Board Meeting

Thursday, May 28, 2020 4:30 PM

Historic Old Central High School - Board Room, 2nd Floor, 215 N 1st Ave E,
Duluth, MN 55802

1. **Call to Order**
2. **Roll Call**
3. **Review Fiscal Year 2020-2021 Budget**
4. **Adjournment**



**Preliminary Fiscal Year 2021 Budget
Committee of the Whole ~ May 28, 2020**
(Revised draft to be presented June 10, 2020)

**Revenue & Expense Budget Summary - Fiscal Year 2021(FY21)
All Funds**

Preliminary - May 28, 2020

	Revenues	Expenses	Difference
General Fund	\$ 112,874,641.24	\$ 112,870,800.11	\$ 3,841.13
Food Service Fund	\$ 4,293,000.00	\$ 4,433,336.00	\$ (140,336.00)
Community Service Fund	\$ 7,563,000.50	\$ 7,971,812.52	\$ (408,812.02)
Construction Fund	\$ -	\$ -	\$ -
Debt Service Fund	\$ 21,798,286.00	\$ 21,506,300.00	\$ 291,986.00
Trust Fund	\$ 258,575.00	\$ 250,000.00	\$ 8,575.00
Internal Service Fund	\$ 917,000.00	\$ 917,000.00	\$ -
Student Activity Fund	\$ 1,341,256.00	\$ 1,341,256.00	\$ -

****Final FY21 Adopted Budget to be presented for approval at the June 16 school board meeting.**

Review of Budget Goals that started in FY2020 and continuing to FY2021:

1 Strive for Fiscal Stability

District investment of \$500,000 in the unreserved fund balance.
BUDGET CHALLENGES may not make this possible in FY21.

2 Alignment with District Goals & Strategies

Multiple meetings to gather input from Program Directors, Building Administrators, Continuous Improvement Teams (CIT), and Administration on budget priorities.

3 Utilize Revenues Effectively

Due to financial limitations, local, state, and federal revenue uses were reviewed and multiple projections were used to determine preliminary estimates.

4 Program Based Budget Layers

Used data from budget coding to identify core expense areas and how each are funded.

Duluth Public Schools #709

Revenue Budget Summary - Fiscal Year 2021 (FY21)

General Fund

Overview/Definitions:

General Fund includes General (01), Transportation (03), and Operating Capital (05).

Within the General and Operating Capital funds, certain revenues will have reserve requirements.

The process for General Fund Revenue budgeting will include projecting and analyzing current Federal, State, and Local revenues along with forecasting legislative or local district changes to revenues.

Current estimated INITIAL GENERAL FUND Revenues for FY21:

Federal:	\$ 6,048,509.00
State:	\$ 85,275,966.19
Local:	\$ 21,550,166.05
	\$ 112,874,641.24

Initial Budget Assumptions:

Basic Formula Allowance increases 2% from FY20 per 2019 Legislative Special Session.

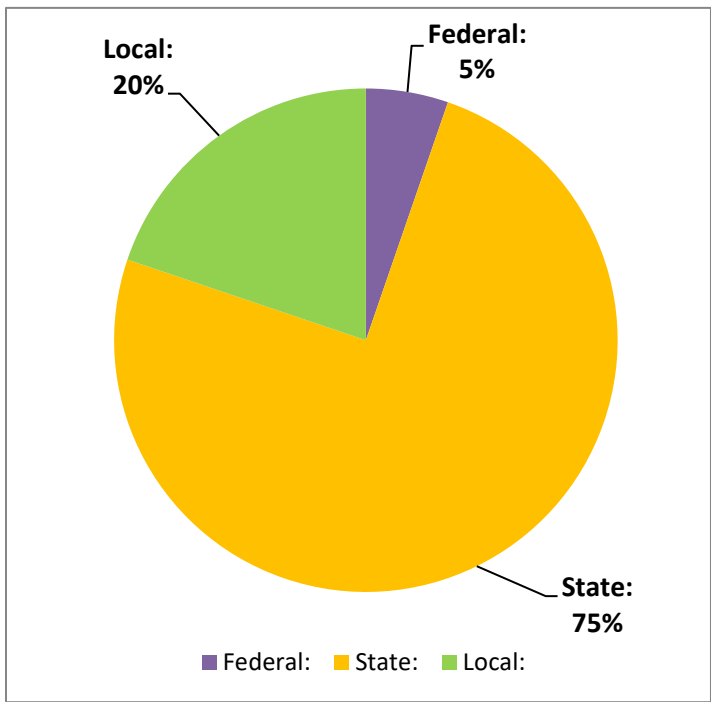
Pupil Counts are currently projected at 8,180 Adjusted Average Daily Membership (ADJ ADM).
This is a 3rd revision of estimates:
Jan.: 8,089 February: 8,150 May: **8,180**

FY19 Final ADJ ADM: 8,229
Projected FY20 ADJ ADM: 8,180

Categorical Revenues are estimated at FY20 levels unless other information is known.

Federal Title program revenue estimates are projected to be stable, with a potential to have some carryover available.

Other local revenues are estimated by prior year funding amounts.



NOTES:

- * Local revenue includes property tax levy, miscellaneous tax revenues, county apportionment, tuition, fees, admissions, medical assistance, interest earnings, rent, gifts & bequests, insurance recovery, sale of materials and equipment, and other miscellaneous revenues.
- * State revenue includes payments by the MN Dept. of Education, and other state agencies.
- * Federal revenue includes aids awarded through state agencies or directly from federal sources.

Duluth Public Schools #709

Revenue Budget Summary - Fiscal Year 2021 (FY21)

General Fund

Undesignated	\$	68,603,326.09
Federal Programs	\$	6,048,509.00
Special Education	\$	12,173,000.00
Transportation	\$	6,273,553.47
Telecom Access	\$	139,000.00
American Indian	\$	315,000.00
Medical Assistance	\$	700,000.00

Restricted Revenues require a reserved fund balance if funding is not all spent in the allocated fiscal year. Most restricted revenues are intended to be spent in full in the allocated fiscal year.

Undesignated Revenues may have individual calculations, but do not have a required reserve fund balance.

Restricted/Reserved Revenues come from state and local sources (aid and levy).

Undesignated Revenues come from federal, state, and local sources, the largest of which is the basic formula allowance (General Education Aid).

Federal Sources are often reimbursements and have allowable carryover provisions to subsequent fiscal years. Use of Federal funds have limitations.

Restricted/Reserved:

Staff Development	\$	1,173,742.24
Operating Capital	\$	1,936,734.12
Basic Skills	\$	6,601,978.24
Gifted & Talented	\$	116,187.76
Learning & Dev.	\$	1,827,226.00
Alt. Learning Ctr.	\$	1,742,347.00
LT Fac. Maint.	\$	3,256,796.03
Achiev. & Integrat.	\$	1,641,213.37
Safe Schools	\$	326,027.92
Total Restricted:	\$	18,622,252.68
Total General Fund:	\$	112,874,641.24

Revenue Budget Comparison:

	Estimated FY21	Estimated FY20	Final FY19
Federal:	\$ 6,048,509.00	\$ 5,869,509.00	\$ 5,520,217.20
State:	\$ 85,275,966.19	\$ 83,132,044.47	\$ 84,965,318.42
Local:	\$ 21,550,166.05	\$ 21,991,408.25	\$ 17,938,930.43
	\$ 112,874,641.24	\$ 110,992,961.72	\$ 108,424,466.05
	\$ 1,881,679.52	Increase/(Decrease) compared to FY20	

Revenue Notes:

Compensatory Revenue Reduction (Restricted):	\$	(150,000.00)
Projected increase in State Special Ed. Revenue:	\$	800,000.00
New Formula Allowance Projection:	\$	1,100,000.00

\$ 1,750,000.00 *Highlighted amounts only-not the total change

Duluth Public Schools #709 Expense Budget Summary - Fiscal Year 2021 (FY21) General Fund

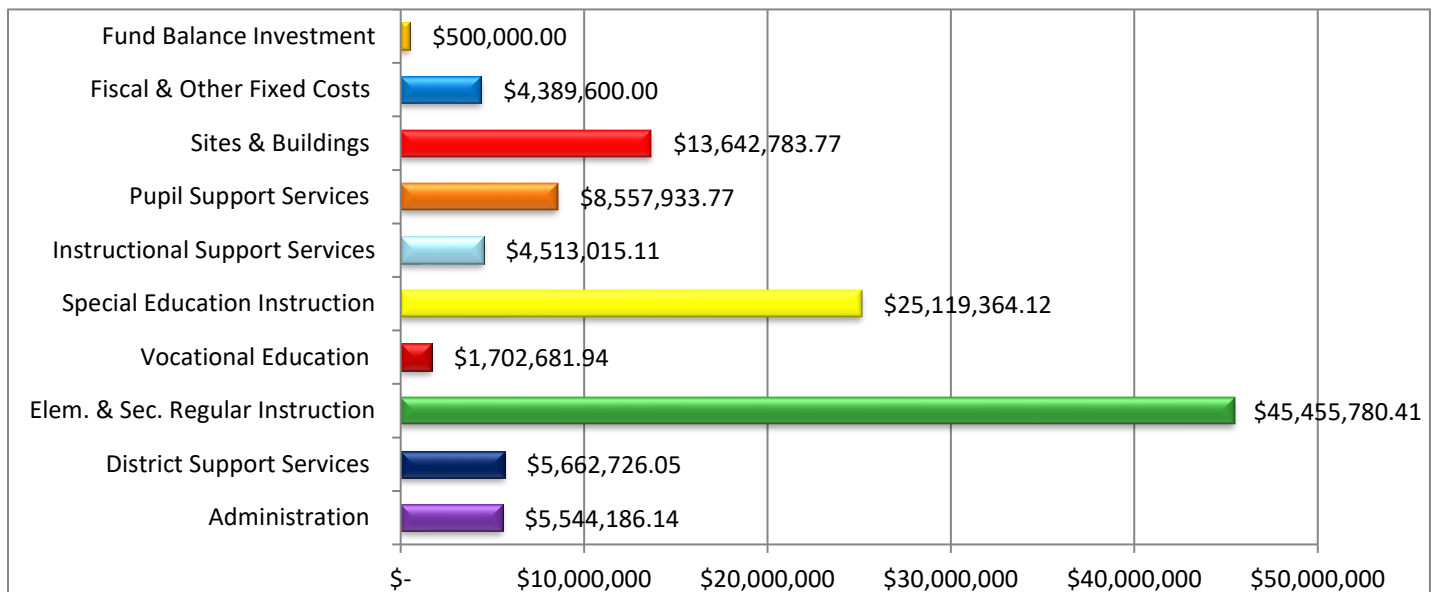
The preliminary expense budget was created using Fiscal Year 2020 (FY20) as a baseline and adjusting for a number of factors, including impacts from revenue.

The program areas below are defined by the Minnesota Department of Education (MDE).
Program areas may include expenses using restricted or unrestricted revenues.

Fund Balance is not a program area, but it is noted here as a budget component in relation to use of revenue as a budget priority.

Initial Expenses by Program Area - General Fund

PRO	FY21 Est. Budget Expense	FY20 Est. Budget Expense	Change
000-099 Administration	\$ 5,544,186.14	\$ 5,374,405.14	\$ 169,781.00
100-199 District Support Services	\$ 5,662,726.05	\$ 5,812,776.46	\$ (150,050.40)
200-299 Elem. & Sec. Regular Instruction	\$ 45,455,780.41	\$ 44,370,316.67	\$ 1,085,463.74
300-399 Vocational Education	\$ 1,702,681.94	\$ 1,784,699.65	\$ (82,017.70)
400-499 Special Education Instruction	\$ 25,119,364.12	\$ 23,807,317.96	\$ 1,312,046.16
600-699 Instructional Support Services	\$ 4,513,015.11	\$ 4,362,701.53	\$ 150,313.59
700-799 Pupil Support Services	\$ 8,557,933.77	\$ 8,293,383.93	\$ 264,549.84
800-899 Sites & Buildings	\$ 13,642,783.77	\$ 14,121,957.66	\$ (479,173.88)
900-999 Fiscal & Other Fixed Costs	\$ 4,389,600.00	\$ 2,569,200.00	\$ 1,820,400.00
FD BAL Fund Balance Investment	\$ 500,000.00	\$ 500,000.00	\$ -
Total Expenses General Fund: \$ 115,088,071.31 \$ 110,996,758.97 \$ 4,091,312.34			

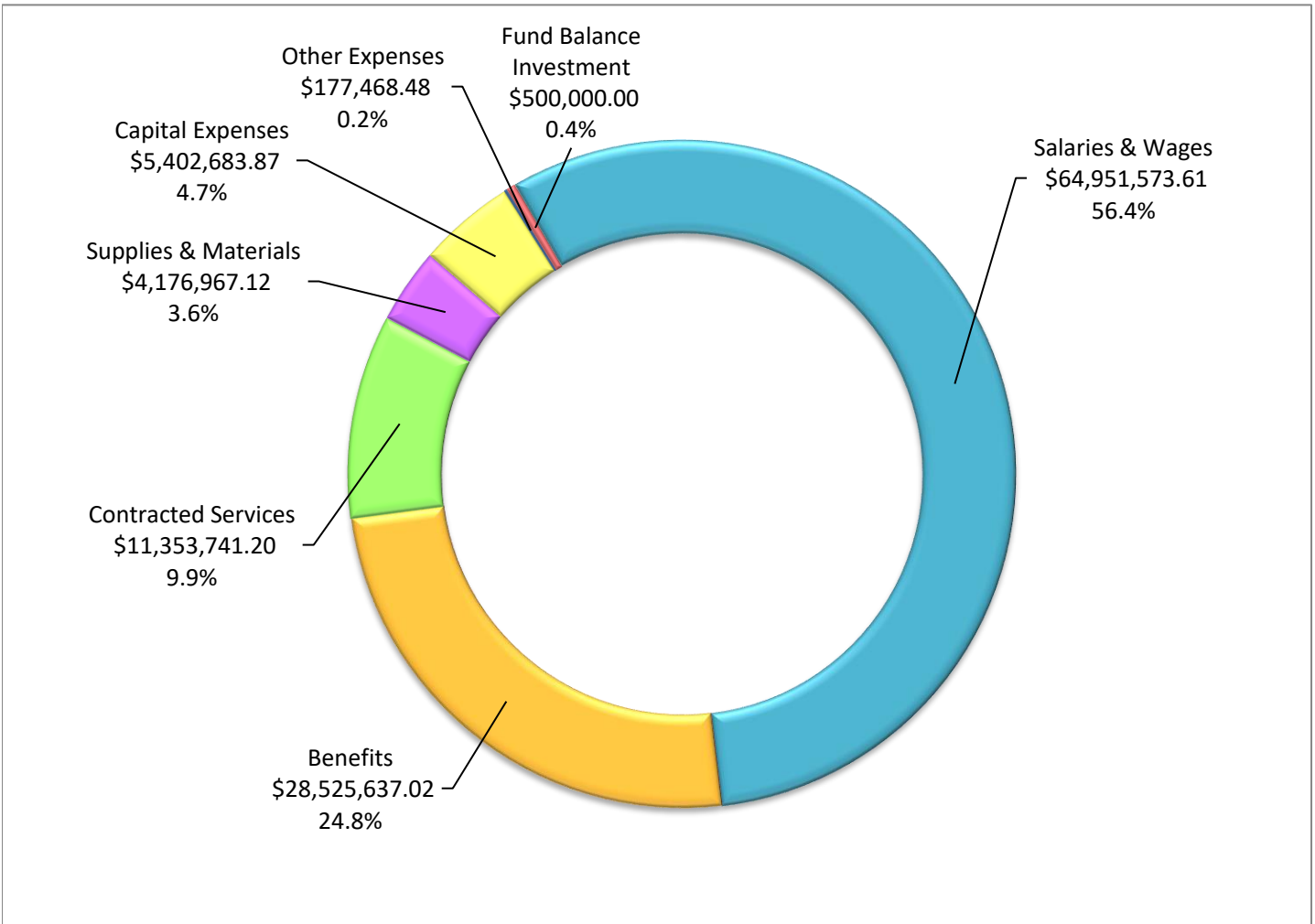


Duluth Public Schools #709
Expense Budget Summary - Fiscal Year 2021 (FY21)
General Fund

Expenses by Object Series - General Fund

OBJ			
100-199	Salaries & Wages	\$ 64,951,573.61	56.4%
200-299	Benefits	\$ 28,525,637.02	24.8%
300-399	Contracted Services	\$ 11,353,741.20	9.9%
400-499	Supplies & Materials	\$ 4,176,967.12	3.6%
500-599	Capital Expenses	\$ 5,402,683.87	4.7%
800-899	Other Expenses	\$ 177,468.48	0.2%
900-999	Fund Balance Investment	\$ 500,000.00	0.4%

Total Expenses General Fund: \$ 115,088,071.31



Duluth Public Schools #709 Expense Budget Summary - Fiscal Year 2021 (FY21) General Fund

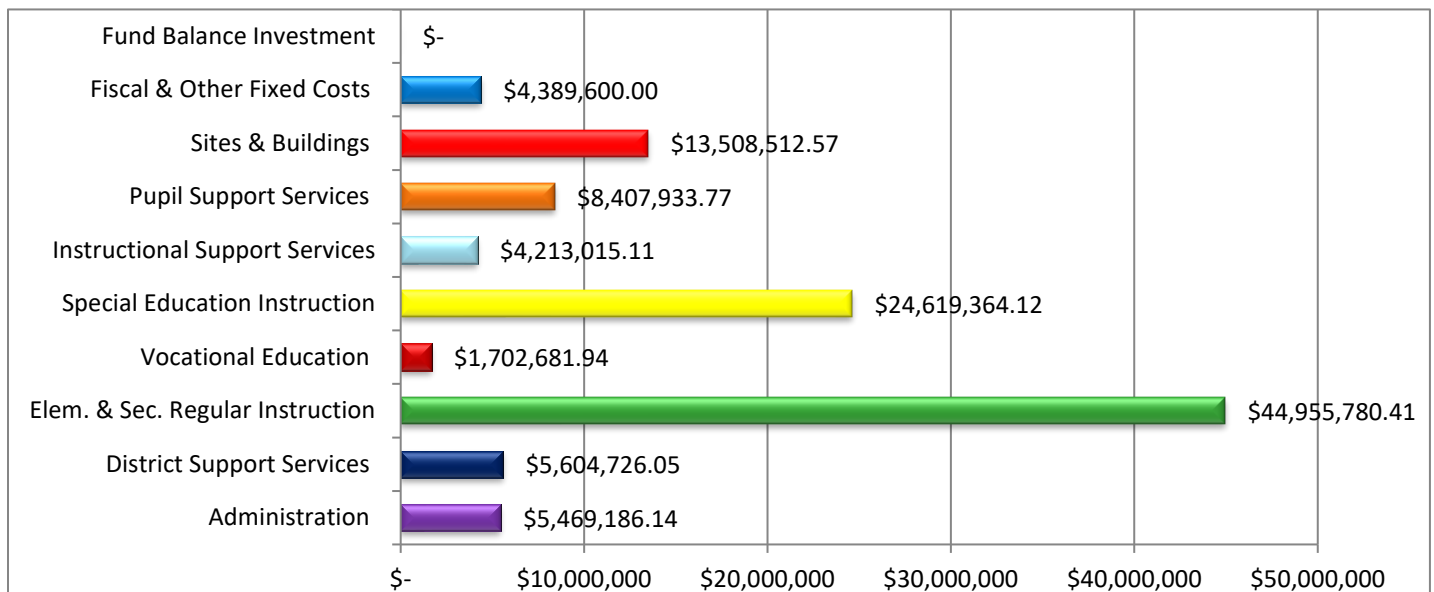
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The program areas below are defined by the Minnesota Department of Education (MDE).
Program areas may include expenses using restricted or unrestricted revenues.

Fund Balance is not a program area, but it is noted here as a budget component in relation to use of revenue as a budget priority.

Expenses by Program Area - General Fund (with proposed reductions)

PRO	FY21 Est. Budget Expense	FY20 Est. Budget Expense	Change
000-099 Administration	\$ 5,469,186.14	\$ 5,374,405.14	\$ 94,781.00
100-199 District Support Services	\$ 5,604,726.05	\$ 5,812,776.46	\$ (208,050.40)
200-299 Elem. & Sec. Regular Instruction	\$ 44,955,780.41	\$ 44,370,316.67	\$ 585,463.74
300-399 Vocational Education	\$ 1,702,681.94	\$ 1,784,699.65	\$ (82,017.70)
400-499 Special Education Instruction	\$ 24,619,364.12	\$ 23,807,317.96	\$ 812,046.16
600-699 Instructional Support Services	\$ 4,213,015.11	\$ 4,362,701.53	\$ (149,686.41)
700-799 Pupil Support Services	\$ 8,407,933.77	\$ 8,293,383.93	\$ 114,549.84
800-899 Sites & Buildings	\$ 13,508,512.57	\$ 14,121,957.66	\$ (613,445.08)
900-999 Fiscal & Other Fixed Costs	\$ 4,389,600.00	\$ 2,569,200.00	\$ 1,820,400.00
FD BAL Fund Balance Investment	\$ -	\$ 500,000.00	\$ (500,000.00)
Total Expenses General Fund: \$ 112,870,800.11 \$ 110,996,758.97 \$ 1,874,041.14			



Duluth Public Schools #709

Expense Budget Summary - Fiscal Year 2021 (FY21)

General Fund

Preliminary Budget Considerations - Revenues (highlighting major components)

- 1 **Increase in Formula Allowance:** \$ 1,100,000.00
 2% increase in basic formula, also includes net decrease in revenue due to declining enrollment
- 2 **Revenue Reductions:** \$ (150,000.00)
 Includes reduction of Compensatory Revenue estimated for FY21
- 3 **Increase in Special Education:** \$ 800,000.00
 Includes projected increases in State Special Education revenue

Summary of Changes: \$ 1,750,000.00 Increase

Preliminary Budget Considerations - Expenses (highlighting major components)

- 1 **Staff Investments:** \$ 3,088,036.81
 Includes contractual wage & benefit changes, investments in special education staff & programs, general fund benefit increases in health insurance, investments in elementary staffing, and district wide staff changes.
- 2 **Investment in HRA:** \$ 1,100,000.00
 Contractual language requires an increase in contributions to all eligible Health Reimbursement Accounts (HRA) starting July 1, 2020.
- 3 **Fund Balance Investment:** \$ -
 Opting out of Investing the \$500,000 commitment to grow our unreserved fund balance.
- 4 **Curriculum Investment:** \$ 100,000.00
 Set aside dollars for 5-year, 3-cycle textbook adoption. This is less than what we need
 Note: Need approx. \$200,000 additional per year for 5 years to meet projected expenses. Does not include needed supplemental professional development.
- 5 **Expense Reductions:** \$ (2,500,000.00)
 Includes bond restructuring payment adjustments and site based reductions

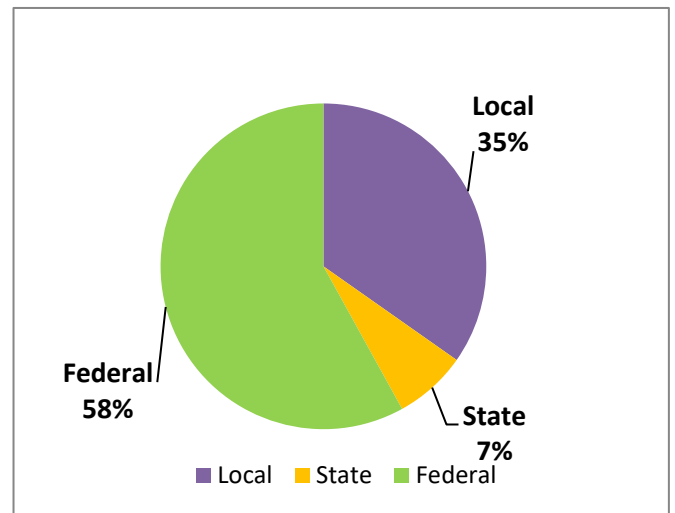
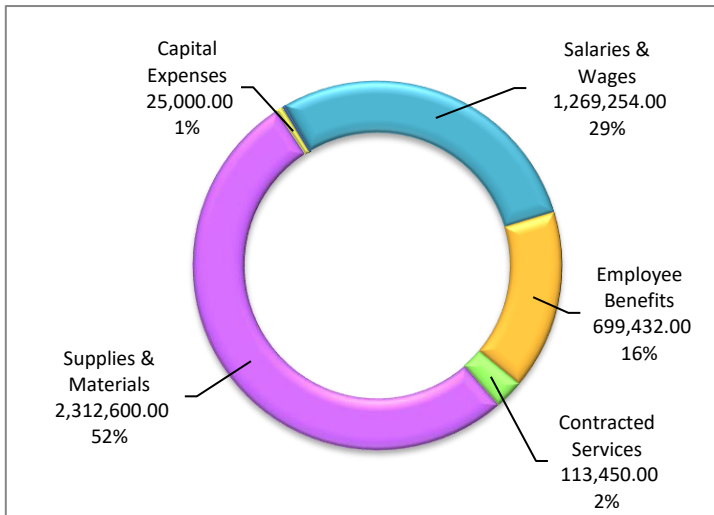
Summary of Changes: \$ 1,788,036.81 Increase

Revenue & Expense Budget Summary - Fiscal Year 2021 (FY21)

Food Service

Preliminary - May 28, 2020

OBJ		FY21 Budget Expense	FY20 Budget Expense	Change
100-199	Salaries & Wages	1,269,254.00	1,260,949.00	8,305.00
200-299	Employee Benefits	699,432.00	594,342.90	105,089.10
300-399	Contracted Services	113,450.00	99,850.00	13,600.00
400-499	Supplies & Materials	2,312,600.00	2,321,400.00	(8,800.00)
500-599	Capital Expenses	25,000.00	25,000.00	-
800-899	Other Expenses	13,600.00	13,600.00	-
Total Expenses Food Service Fund:		4,433,336.00	4,315,141.90	118,194.10



	FY21 Budget Revenue	FY20 Budget Revenue	Change
Local	1,492,000.00	1,408,800.00	83,200.00
State	310,000.00	232,000.00	78,000.00
Federal	2,491,000.00	2,674,000.00	(183,000.00)
Total Revenues Food Service Fund:	4,293,000.00	4,314,800.00	(21,800.00)

Revenue & Expense Budget Summary - Fiscal Year 2021 (FY21)

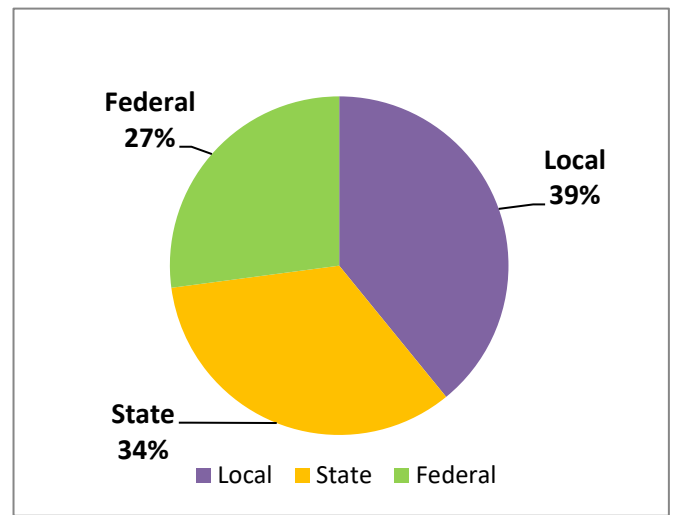
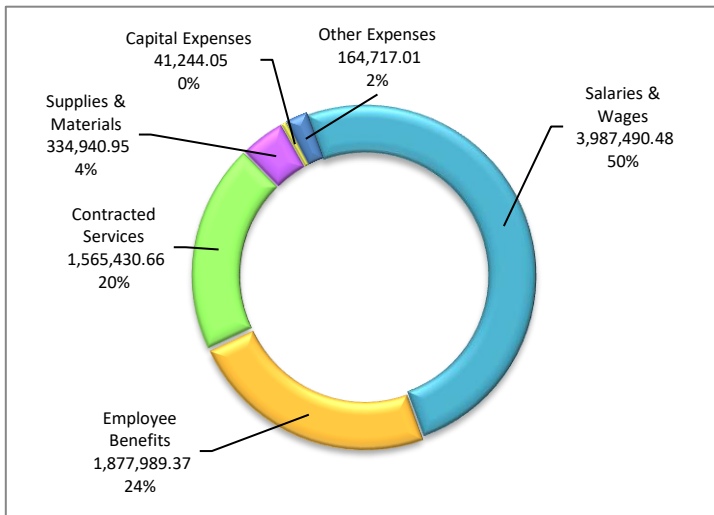
Community Service

Preliminary - May 28, 2020

OBJ		FY21 Budget Expense	FY20 Budget Expense	Change
100-199	Salaries & Wages	3,987,490.48	3,871,349.98	116,140.50
200-299	Employee Benefits	1,877,989.37	1,771,688.08	106,301.28
300-399	Contracted Services	1,565,430.66	1,605,430.66	(40,000.00)
400-499	Supplies & Materials	334,940.95	334,940.95	-
500-599	Capital Expenses	41,244.05	41,244.05	-
800-899	Other Expenses	164,717.01	164,717.01	-

Total Expenses Community Service Fund:

7,971,812.52 7,789,370.73 182,441.78



	FY21 Budget Revenue	FY20 Budget Revenue	Change
Local	2,958,204.46	2,958,204.46	-
State	2,556,175.95	2,556,175.95	-
Federal	2,048,620.09	2,048,620.09	-
Total Revenues Community Service Fund:	7,563,000.50	7,563,000.50	-

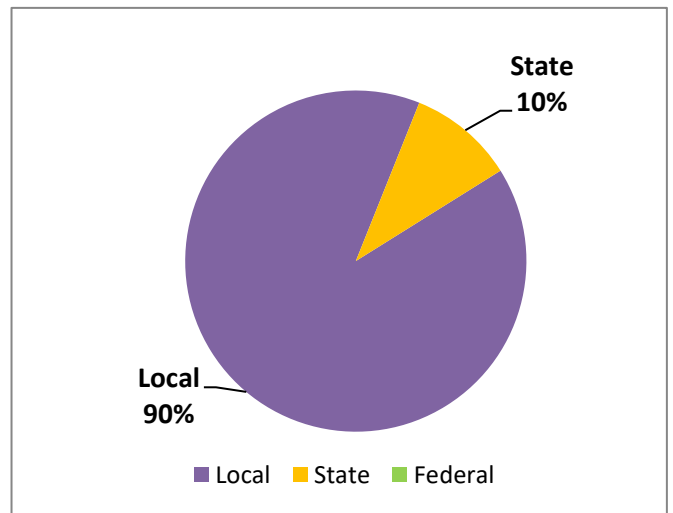
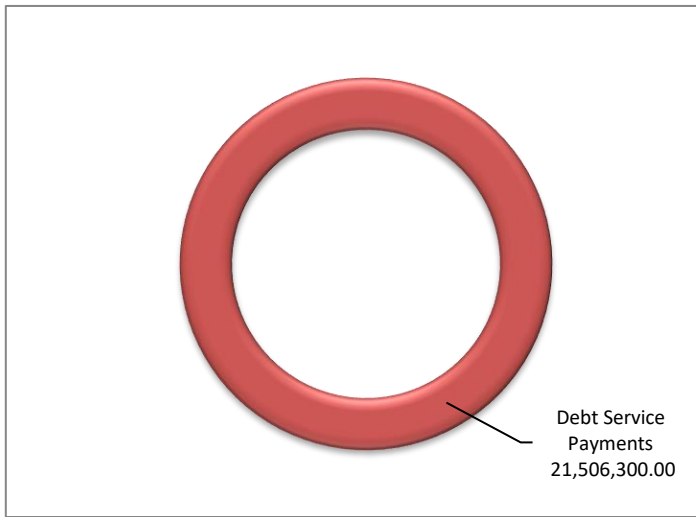
**AS of May 28, 2020 this Community Service Budget is still in progress. Due to Covid-19 impacts we are still analyzing changes and projections so at this time the FY20 budget is the base with some built in esclators for contractual increases. Changes will be updated as soon as they are available.

Revenue & Expense Budget Summary - Fiscal Year 2021 (FY21)

Debt Service

Preliminary - May 28, 2020

OBJ		FY21 Budget Expense	FY20 Budget Expense	Change
700-799	Debt Service Payments	21,506,300.00	20,744,823.61	761,476.39
900-999	Fiscal & Other Payments	-	-	-
Total Expenses Debt Service Fund:		21,506,300.00	20,744,823.61	761,476.39



	FY21 Budget Revenue	FY20 Budget Revenue	Change
Local	19,609,723.00	19,519,440.00	90,283.00
State	2,188,563.00	2,194,363.00	(5,800.00)
Federal	-	-	-
Total Revenues Debt Service Fund:	21,798,286.00	21,713,803.00	84,483.00
Revenues Less Expenses:	291,986.00	968,979.39	(676,993.39)

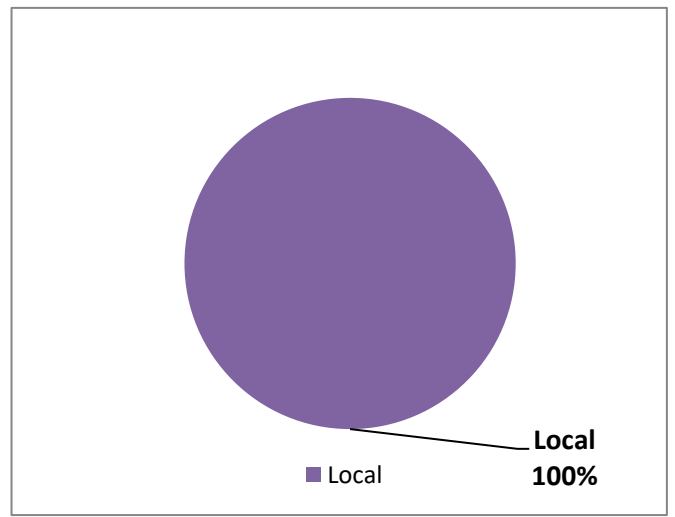
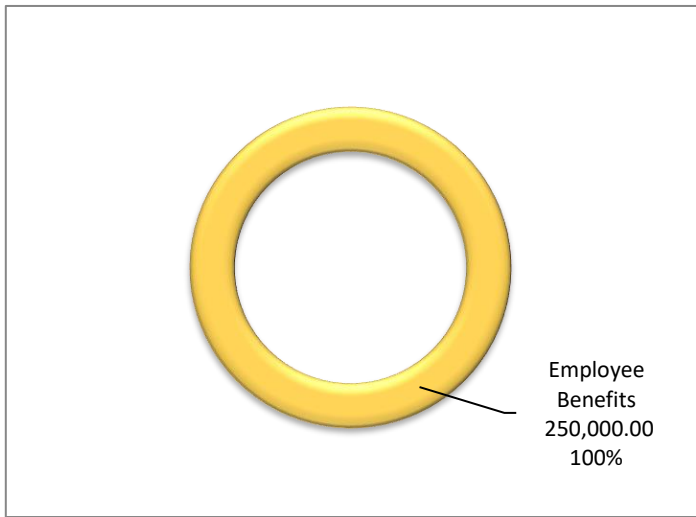
Revenue & Expense Budget Summary - Fiscal Year 2021 (FY21)

Trust Fund

Preliminary - May 28, 2020

OBJ		FY21 Budget Expense	FY20 Budget Expense	Change
200-299	Employee Benefits	250,000.00	250,000.00	-
800-899	Other Expenditures	-	-	-
Total Expenses Trust Fund:		250,000.00	250,000.00	-

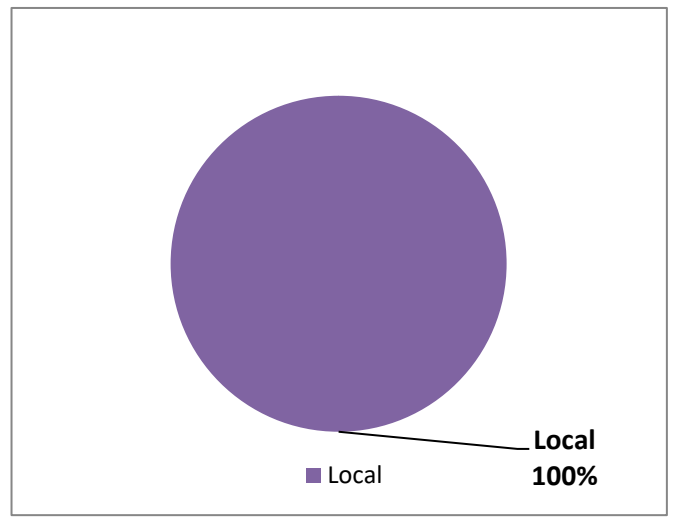
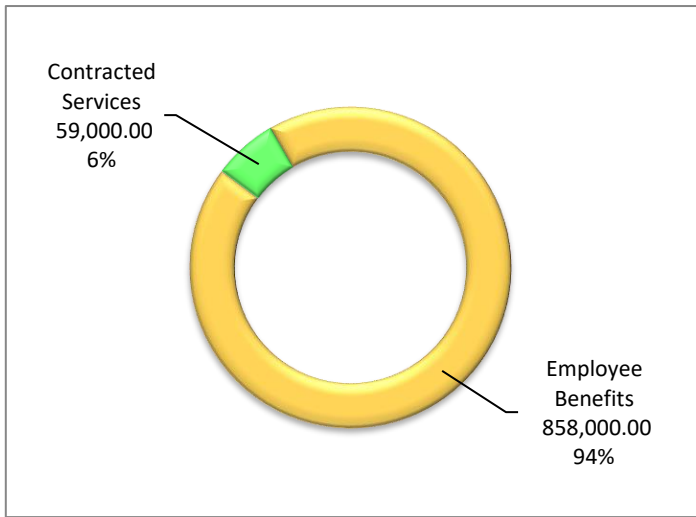
*FY19 included health insurance payments coming out of a reserved fund balance.



	FY21 Budget Revenue	FY20 Budget Revenue	Change
Local	258,575.00	252,950.00	5,625.00
State	-	-	-
Federal	-	-	-
Total Revenues Trust Service Fund:	258,575.00	252,950.00	5,625.00
Revenues Less Expenses:	8,575.00	2,950.00	5,625.00

Revenue & Expense Budget Summary - Fiscal Year 2021 (FY21) Dental Internal Service Fund Preliminary - May 28, 2020

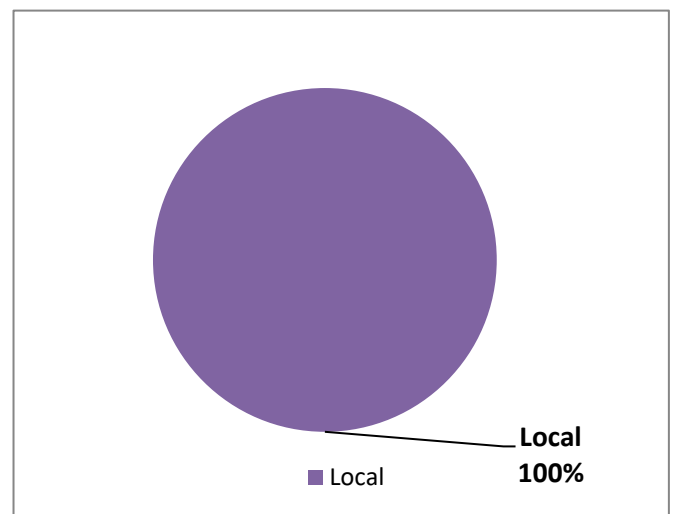
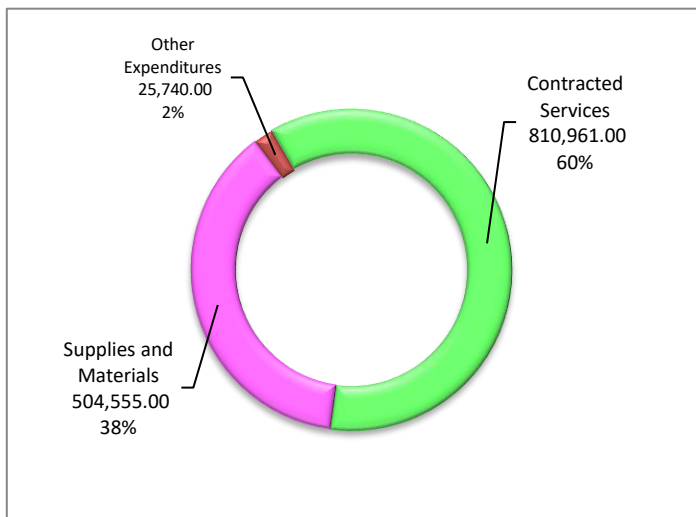
OBJ		FY21 Budget Expense	FY20 Budget Expense	Change
200-299	Employee Benefits	858,000.00	819,400.00	38,600.00
300-399	Contracted Services	59,000.00	59,000.00	-
Total Expenses Dental Internal Service Fund:		917,000.00	878,400.00	38,600.00



	FY21 Budget Revenue	FY20 Budget Revenue	Change
Local	917,000.00	878,400.00	38,600.00
State	-	-	-
Federal	-	-	-
Total Revenues Dental Internal Service Fund:	917,000.00	878,400.00	38,600.00
Revenues Less Expenses:	-	-	-

Revenue & Expense Budget Summary - Fiscal Year 2021 (FY21) Student Activity Funds Preliminary - May 28, 2020

OBJ		FY21 Budget Expense	FY20 Budget Expense	Change
300-399	Contracted Services	810,961.00	869,366.00	(58,405.00)
400-499	Supplies and Materials	504,555.00	519,415.00	(14,860.00)
800-899	Other Expenditures	25,740.00	30,240.00	(4,500.00)
Total Expenses Student Activity Fund:		1,341,256.00	1,419,021.00	(77,765.00)



	FY21 Budget Revenue	FY20 Budget Revenue	Change
Local	1,341,256.00	1,419,021.00	(77,765.00)
State	-	-	-
Federal	-	-	-
Total Revenues Student Activity Fund:	1,341,256.00	1,419,021.00	(77,765.00)
Revenues Less Expenses:	-	-	-