

INDEPENDENT SCHOOL DISTRICT NO. 625
Saint Paul, Minnesota
COMMITTEE OF THE BOARD MEETING MEETING OF THE BOARD OF EDUCATION
Administration Building
360 Colborne Street
Saint Paul, Minnesota 55102

February 8, 2022
4:30 PM

A G E N D A

I. CALL TO ORDER

II. AGENDA

A. Superintendent's Announcements

B. 2022-2023 Budget Guidelines

1. Introduction

2. Presentation

3. Discussion

4. Action (TBD)

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C. SPPS Five Year Fiscal Forecast: FY23-FY27

1. Introduction

2. Presentation

3. Discussion

4. Action (TBD)

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III. ADJOURNMENT

#BoldSubject#

2022-2023 Budget Guidelines

Philosophy:

The SPPS Achieves strategic plan sets goals for student achievement, guides decision-making and focuses efforts on long-term student outcomes. The Proposed Budget will be guided by the District’s strategic plan. The strategic plan establishes the District’s instructional priorities. The budget documents how resources will be allocated to support those priorities and the District’s mission to inspire students to think critically, pursue their dreams, and change the world.

2022-23 SPPS Achieves Instructional Priorities:

Instructional priorities are defined as a limited number of underlying needs that drive the equitable allocation of resources. Addressing these needs will result in meeting our strategic plan long-term student outcomes.

If we focus on...	and we strategically invest in...
Systemic Equity	<ul style="list-style-type: none"> ● Providing learning opportunities for adults that build consciousness and awareness of factors that inhibit fairness, justice, and educational equality in our school system.
Positive School and District Culture	<ul style="list-style-type: none"> ● Supporting school capacity to implement and monitor the SPPS Positive Behavioral Intervention & Supports (PBIS) framework, using data to inform decisions ● Implementing culturally responsive Social Emotional Learning (SEL) district wide, aligned with PBIS ● Using the Ready for Rigor framework to strengthen communities of learners and learning partnerships through affirmation, wise feedback, instructional conversation, and validation
Effective and Culturally Responsive Instruction	<ul style="list-style-type: none"> ● Implementing Zaretta Hammond’s Ready for Rigor Framework within all student learning and programming with fidelity and accountability ● Accelerating full implementation of the Prek-5 Math Model and PreK-8 Literacy Model ● Implementing Ethnic Studies as an elective required for graduation ● Deepening implementation of the middle school model ● Identifying and implementing solutions to secondary scheduling, grading and credit challenges to support academic progress in the aftermath of COVID-19 ● Providing access to instruction in science, social studies, the arts, health, and physical education
College and Career Paths	<ul style="list-style-type: none"> ● Expanding implementation of personal learning plans PreK-12 ● Expanding implementation of career-related curriculum and experiences PreK-12 ● Expanding career pathways at comprehensive high schools
and monitor through the American Rescue Plan (ARP) indicators	
then we will achieve our Long-Term Student Outcomes.	
<ul style="list-style-type: none"> ● Decrease disparities in achievement based on race, ethnicity, culture, and identity ● Increase achievement of English Learners ● Increase achievement of students receiving special education services ● Improve kindergarten readiness 	

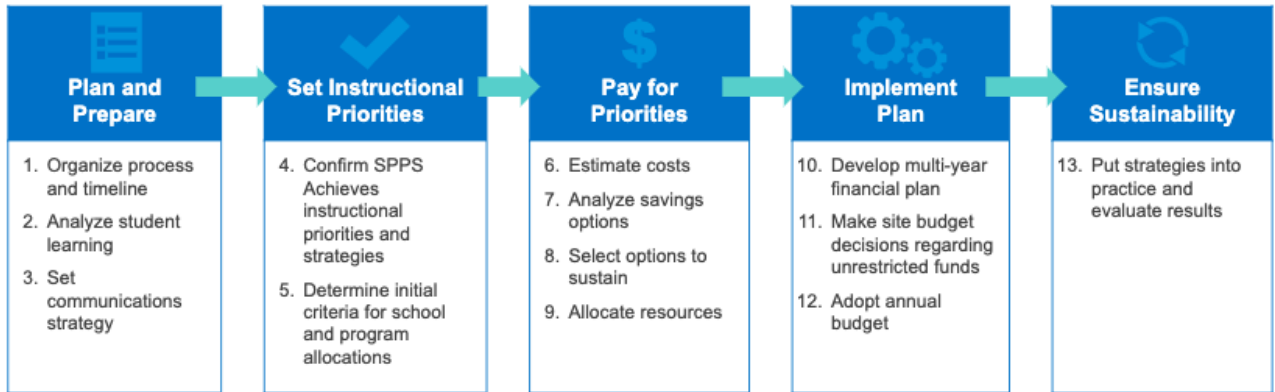
- Increase academic growth in reading and math for all students
- Prepare all graduates for college, career, and life

Preparing Budget Calculations:

Budget Model:

The District will utilize a priority-based budgeting method, following the Best Practices in School District Budgeting model provided by the Government Financial Officers Association (GFOA)

The steps are outlined in the following graphic:



Revenue Projections: Revenue will be calculated using current law.

Expenditure Projections: The Finance Office will project salary and fringe benefits using actual salary and benefit amounts if labor contracts have been negotiated. If labor contracts have not been negotiated, the projected salary and fringe benefits will include adjustments for COLA, as referenced within the Guiding Values negotiations information. Budget projections for non-salary items will include adjustments for inflation. These adjustments will vary, depending on the expenditure category.

Enrollment: The Office of Research, Evaluation, and Assessment (REA) will provide the Finance Office with projected enrollment that will be utilized for initial 2022-23 revenue projections and resource allocations.

Average Salary and Benefits Calculation Data: A table detailing the average salary and benefits will be provided for budget preparations at the site level.

Fund Balance: In accordance with BOE policy, the budget will maintain an unassigned fund balance of five percent (5%) of annual General Fund expenditures. District administration will inform the Board of Education (BOE) on potential use of unassigned fund balance during the initial budget planning presentation to the BOE. The District will continue to increase its future unassigned fund balance level to six percent (6%) or greater.

Schools:

- School allocations will be determined based on a published criteria guide. The guide includes criteria and formulas for staffing allocations based on enrollment and school programming.

Non-School Programs:

- Non-School programs will be reported into three (3) categories: Administration, District-wide Support Services, and School Support Services.

Compiling and Presenting the 2022-23 Budget:

Instructional Priorities: The development of the 2022-23 budget begins by establishing instructional priorities, as identified within the District's strategic plan.

Stakeholder Engagement: The IAP2 Spectrum of Public Participation will be used to engage stakeholders about the budget process for the 2022-23 school year.

Presentation Format: Summary information will be presented for schools and programs in the preliminary budget document. Each summary page will include an analysis of the changes to the proposed budget that are impacting schools and programs.

Fully Financed Budgets: Fully Financed budgets with anticipated revenues and expenditures that are \$500,000 or greater for the 2022-23 school year will be included in the Adopted budget.

Other Resources Allocated to Schools: The Adopted budget document will include a school by school detail of resources allocated to schools such as grants, special education, multi-lingual learner resources, and wellness, to name a few.

The Adopted Budget: Administration will present a balanced budget to the Board of Education. The budget for 2022-23 must be approved by the Board of Education by June 30, 2022. The Adopted budget will be published on the Business Office website (<http://businessoffice.spps.org>).



SPPS Five Year Fiscal Forecast: FY23-FY27 Committee of the Board Meeting

Marie Schrul, Chief Financial Officer
February 8, 2022

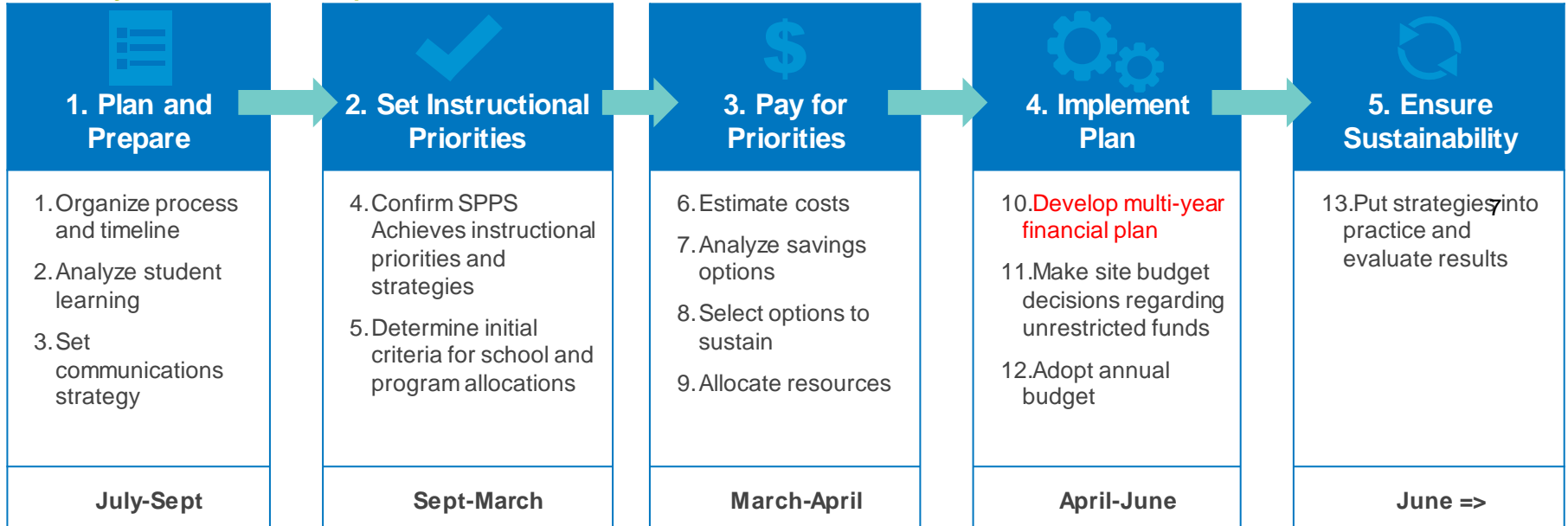
Purpose

To present the Five Year General Fund Fiscal Forecast (FY23-FY27) to the Committee of the Board

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Budget Process

We committed to an ongoing, priority-based budget process that included developing a multi-year financial plan



Put Strategies into Practice and Evaluate Results

Improve resource allocations through:

- Presenting a multi-year financial plan
- Assessing program effectiveness using transparent metrics
- Aligning resources with priorities
 - Programs offered
 - Workforce planning



State Funded Enrollment Trends

	FY19	FY20	FY21	FY22	FY23
Budgeted Enrollment	37,042	36,303	35,055	33,781	31,904
Annual Change in Budgeted Enrollment	843	(739)	(1,248)	(1,274)	(1,877)
October 1 Actual State Funded Enrollment	36,592	35,690	34,424	33,278*	TBD ⁹

Excludes regular PreK enrollment, Voluntary PreK counted as 0.6 pupil units

*FY22 data as of 10/15/21

General Fund Fiscal Forecast Assumptions: Revenue (in millions)

Current fiscal year (FY22) is the baseline budget year

Revenue Category	FY22 Adopted Budget	FY23 Projected	FY24-FY27 Projected
Budgeted Enrollment	33,781 <i>-1,274 students</i>	31,904 <i>-1,877 students</i>	estimated annual decline of 770 students/year (budget assumption only)
State Aid (excluding Sped)	\$293.9	\$289.5	Projected 1% annual increase on general ed. basic aid formula, otherwise current law
Levy	140.6	143.2	Projected 3% annual increase
Comp Ed	60.3	53.6	Same level as FY23
Special Education	62.0	62.0	Same level as FY23
Other Revenue	14.8	14.8	Same level as FY23 (includes student activity funds, interest)
Total	\$571.6	\$563.1	

General Fund Fiscal Forecast Assumptions: Expenditures (in millions)

Current fiscal year (FY22) is the baseline budget year

Expenditure Category	FY22 Adopted Budget	FY23 Projected	FY24-FY27 Projected
Salaries	\$346.5	\$361.3	Assuming current FY22 staffing levels & negotiated agreements, 1.5% COLA/yr, (steps & lanes, where applicable)
Benefits	135.3	139.2	Cost of inflation included in projections ¹¹
Purchased Services	56.1	59.1	Cost of inflation included in projections
Supplies, Materials, Other	33.7	34.9	Cost of inflation included in projections
Total	\$571.6	\$594.5	

General Fund Fiscal Forecast FY23-FY27

	FY22	FY23	FY24	FY25	FY26	FY27
Revenue	\$571.6	\$563.1	\$559.9	\$552.6	\$547.0	\$541.2
Expenditures	-571.6	-594.6	-630.5	-655.7	-682.2	-710.1
ESSER Expenditures back to General Fund	0	-20.7	-55.4	0	0	0
ARP Funding used for FY23 & FY24 ESSER exp	0	9.4	55.4	0	0	0
ARP Funding Expires Stop/Sustain Investments*	<u>0</u>	<u>0</u>	<u>0</u>	<u>-206.9</u>	<u>0</u>	<u>0</u>
Surplus/(Shortfall)	\$0	\$(42.8)	\$(70.6)	\$(103.1)	\$(135.2)	\$(168.9)

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FY23-FY27 shortfalls reflect a cumulative impact over a 5 year period

*Federal ARP (ESSER III) resources of \$206.9 m will be utilized in fiscal years FY22, FY23 & FY24, with a required deadline to spend by 9/30/24.

General Fund Fiscal Forecast: Take Aways

- **Enrollment has the largest impact on revenue**
 - For years FY19-FY23, SPPS has decreased in budgeted enrollment by 5,138 students
 - Additional declines will also have an impact on levy revenue that is driven by enrollment formulas (i.e., Referendum)
 - Changes could also impact Special Education, EL, Free & Reduced Lunch counts (Comp Ed & Title I), in addition to extended time revenue (ALC)
- **The fiscal forecast amounts reflect a cumulative impact, so as reductions (or additions) are made, each subsequent year will be adjusted**

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General Fund Fiscal Forecast: Take Aways

- **ESSER I, II & III are one-time only Federal funding sources that expire between 9/2022-9/2024**
 - SPPS must be mindful of the investments it is making in staffing levels & other purchased services & materials to ensure that there is a fiscal sustainability plan in place as funding expires over the next 2 years.
 - This is referred to as the fiscal cliff, in many school districts, counties and cities
 - For the FY22 budget, SPPS utilized \$25.9 m of ESSER funding sources to support district stabilization and continuity of operations in schools & programs, including departments that directly supported COVID-19.
 - For the FY23 budget, \$11.3 m of the \$25.9 m of ESSER expenditures will return to the General Fund, \$9.4 funded with ARP, and the remaining will be eliminated from the budget due to changes in programming.

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General Fund Fiscal Forecast: Take Aways

- **Cannot control all expenditures (i.e., utilities inflation, unfunded mandates)**
 - Projections include detailed inflationary assumptions by year
 - Legislation may change
- **Use of General Fund Unassigned Fund Balance should be for a “rainy day”**
 - Current balance (as of 6/30/21) is \$38.5 m, or 6.0%, which is less than 1 month’s operating expenditures
 - District policy is a minimum of 5.0% General Fund unassigned fund balance

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General Fund Fiscal Forecast: Take Aways

- **Recommendations will be made to the Board of Education on how to address the projected FY23 General Fund shortfall in future budget updates**

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Questions?

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