



HOWARD LAKE • WAVERLY • WINSTED

NATE WALBRUCH, SUPERINTENDENT

8700 CTY RD 6 SW • PO BOX 708 • HOWARD LAKE, MN 55349

PHONE: 320-543-4646 • FAX: 320-543-4630

6/9/25

HLWW School Board,

In an effort to provide on-going information about the status of the budget. Please consider this memo, along with the FY26 Budget Projection Chart.

This budget cycle has faced a unique set of uncertainties. A late start to the divided state legislature, significant budget shortfalls for the state in the near future, inconsistency from federal programs and changing enrollment patterns combine to provide our team with an unusual setting to produce a budget for the 25-26 school year.

Certainties

- The School Board's commitment to effective and efficient resource use allows the school to move towards next school year without needing to consider major alterations or reductions in programming or staffing.
- MDE has released the inflation adjuster to the general education formula at 2.74%. This adjuster was added during the 2023 legislative session to support school districts through inflationary periods.
- Our operating levy will increase by 2.43% to a little over \$614 per pupil. Inflation for the levy is determined by the CPI as opposed to the MDE adjuster

Uncertainties- (these are some of the most impactful to the budget)

- Revenue Modeling- After a passed budget, MDE provides schools with models tied to the work of the legislature. The revenue tied to this model accounts for more than 50% of our total revenue. We

have been using the model from the previous budget to make some “best guesses” (see FY26 Budget Projection).

- QComp- the Governor’s budget included the elimination of this program from the state’s budget. We use funding from QComp to pay for multiple positions and to augment teacher compensation if the employee meets certain goals
- Pension Contributions- Contributions to state pensions (TRA & PERA) from the district are rising, the percentage increasing has not been settled
- Aid funds- these funds are intended to provide support for state programs within schools. These revenues have been targeted by the Governor and Legislature for adjustment. These aids include:
Literacy- tied to Read Act, Student Support- health needs after COVID, Library- providing professionals in media centers, Telecom- support for data systems
- Special Education- reimbursement for services such as transportation, homebound and more are set for readjustment
- Compensatory Education- The “Comp Ed” formula will be changing as the legislature tries to navigate how to support economically disadvantaged students in a world without paperwork to receive educational benefits
- School Nutrition- The State has provided an offset to help cover the cost of rising food and fuel to deliver to schools. This amount is likely to decrease in the budget cycle