

2025-26 Preliminary Budget Assumptions Budget Development Timelines

Board Meeting • 05/12/2025



Legislative Funding Proposals

	Governor	Senate
Foundation	+\$392	+\$400 restricted use
Transportation	Maintains Funding	Maintains Funding
School Safety/ Mental Health	Maintains Funding	On-Going Funding @ 50% + 1x Funding
Employee Healthcare Retirement Offset	1x Funding @ 50%	1x Funding @ ~85%
Child Nutrition	Maintains Funding	Maintains Funding

Note: Current House bill only funds essential services in case of a government shutdown

Senate Budget Proposal, Section 18d (NEW)

Requirements for Foundation Allowance Increases

- **At least 50% of foundation increase to be used for permanent increases to educator compensation**
 - No definition of educator
 - Prior: work directly with students, employed 32 hrs/week
 - Compensation = wages only
 - Does not include retirement & fica at 37.56%
- **Senate proposal example: \$400/pupil increase**
 - \$200/pupil = \$925,000 for educator compensation
 - Retirement & fica = \$347,000 or \$75/pupil
 - $\$400 - \$200 - \$75 = \125 remaining

2024-25 Preliminary Budget Revisions #2 & Carryforward Impact on 2025-26 Budget

	Budget Impact
2024-25 Net Change in Fund Balance, Budget Revision #1	(\$1,639,177)
ISD Revenue, SE & Medicaid	267,500
	(1,371,677)
2024-25 Non-Structural, 1x revisions	
Reductions in Grants	(621,327)
Environmental remediation	939,973
Curriculum/New textbooks	(205,000)
ISD SE Funding, addl due to 23-24 final & medicaid	(435,500)
SE State Aid, prior year final reconciliation	(286,620)
Equipment Needs	170,500
Kindergarten Classroom Aides	40,000
Software Subscriptions	66,000
Interest Income	25,000
All Other 1-time	(49,851)
	(\$356,825)
Net Impact of Changes	(\$356,825)
Carry forward Effect on General Fund Budget 2025-26	(\$1,728,502)

2025-26 Expenditure Increases/Revenue Decreases

<u>Decreases to General Fund</u>	<u>Optimistic</u>	<u>Most Likely</u>	<u>Worst Case</u>
Health insurance (MESSA 1/2 yr +16%/10.2%, WMHIP +10.2%)*	641,572	641,572	641,572
MPSERS Cost Offset Revenue (state aid)	1,882,774	1,882,774	1,882,774
ISD Special Education Funding, change in formula	470,000	470,000	470,000
20f Hold Harmless Guarantee	239,545	239,545	239,545
24-25 Wage/Position adjustments to full year	11,951	11,951	11,951
Teacher division advancement (15,18,21)	130,200	156,240	182,280
Cleaning Contract	70,170	70,170	70,170
<u>Compensation Reference</u>	\$3,446,212	\$3,472,252	\$3,498,292
Steps = \$927,110			
1% wages = \$467,935			

*- subject to negotiations

2025-26 Revenue Increases/Expenditure Decreases

<u>Increases to General Fund</u>	<u>Optimistic</u>	<u>Most Likely</u>	<u>Worst Case</u>
Increase in Foundation Allowance (\$392,\$196,\$100)	1,817,700	908,850	463,700
Enrollment (Feb 25 +40.52; Oct 25: +50, +25, 0) Blend 10/90	490,500	260,300	39,320
MPSERS Expense rate decrease (-1.45 pts to 29.91%)	498,180	498,180	498,180
MPSERS 3% Health Subsidy Reimb, 1-time state aid	485,000	287,000	0
Increased Spec Ed Categorical State Aid	366,525	366,525	366,525
K-8 New Curriculum, 1x savings	150,000	150,000	150,000
Savings from teacher retirements/resignations (20,15,8)	791,760	593,820	316,720
Reduction in Sections (HS 3; Elem 3, 1,0)	689,420	449,420	329,420
Childcare Tuition Increase	350,000	350,000	350,000
	\$5,639,085	\$3,864,095	\$2,513,865

2025-26 Projected Impact on General Fund Budget

	<u>Optimistic</u>	<u>Most Likely</u>	<u>Worst Case</u>
Expenditure Increases/Revenue Decreases	(\$3,446,212)	(\$3,472,252)	(\$3,498,292)
Revenue Increases/Expenditures Decreases	5,639,085	3,864,095	2,513,865
Net Impact on General Fund Balance	\$2,192,873	\$391,843	(\$984,427)
Carryforward effect on GF Budget (6/30/25)	(1,728,502)	(1,728,502)	(1,728,502)
Total Impact on General Fund Balance	\$464,371	(\$1,336,659)	(\$2,712,929)
<i>Fund Balance as a % of Expenditures</i>	14.8%	12.0%	9.8%

Compensation Reference

Steps = \$927,110

1% wages = \$467,935

Impending Budget Discussion 2025-26

Topics w/financial impact not in assumptions

- **State Aid**
- **Staffing Levels, Contractual Requirements**
- **Negotiations**
- **Grant Availability**
- **ISD Special Education revenue**
- **Other Variable Sources of General Fund Revenue**

Budget Development Timeline

2024-25 Fiscal Year	
Monitor Revenue and Expense Activity	Feb– May
2 nd Budget Revision	May/June

2025-26 Fiscal Year	
Budget Review & Work with Leadership	Jan-May
Budget Development & Updated Assumptions	Feb– May (Board)
Budget Work Session 1	May 19
Budget Work Session 2	May 27
Proposed Budget	June 9
Budget Adoption	June 23