

Finance Committee Meeting

Tuesday, February 25, 2025 5:45 PM

Board Assembly Room, 1250 West Broadway Avenue, Minneapolis, Minnesota 55411

1) **Call to Order and Roll Call**

2) **Adoption of Agenda**

3) **Approval of Minutes**

3)a. February 4, 2025

4) **Reports and Discussion**

4)a. Financial Statements

4)a.1. January 2025 Statements

4)b. FY26 Budget Development

5) **Adjournment**

**OFFICIAL MINUTES
MINNEAPOLIS BOARD OF EDUCATION**

**FINANCE COMMITTEE MEETING
FEBRUARY 4, 2025**

CALL TO ORDER AND ROLL CALL

Committee Chair Abdul Abdi called the meeting to order at 5:45 p.m., a quorum being present.

Present: Directors Greta Callahan, Collin Beachy, Abdul Abdi (3)

Absent: Directors Lucie Skjefte, Joyner Emerick (2)

APPROVAL OF AGENDA

Beachy moved to approve the agenda.

On a voice vote, the motion was adopted unanimously.

ACCEPTANCE OF MINUTES

Beachy moved to approve the minutes from the November 26, 2024 meeting.

On a voice vote, the motion was adopted unanimously.

REPORTS AND DISCUSSION

Financial Statements: November and December 2024

Staff presented the financial statements from December 2024. Statements from November 2024 were posted with the meeting materials.

Budget Update

Staff shared an update on the budget development process including on context and current status; review of board values and priorities; process, timeline, and next steps.

ADJOURNMENT

Without objection, Chair Abdi adjourned the meeting at 6:35 p.m.

Minutes submitted by Ryan Strack, Assistant to the Superintendent and Board.

Meeting materials: <https://meetings.boardbook.org/Public/Agenda/1807?meeting=673425>.

DRAFT

Financial Statements (January 2025)

Financial Statements Highlights: Operating Fund Balances

Fund	Balance
General Fund	\$62,965,605
Food Service	\$(4,164,990)
Community Service	\$11,030,116

Financial Statements Highlights: Revenue and Expenditure Activity

Fund	Highlights
General Fund	<ul style="list-style-type: none">● Revenue for January \$57,352,016 for a YTD amount of \$279,011,666● Expenditures for January \$60,545,879 for a YTD amount of \$368,271,500
Food Service	<ul style="list-style-type: none">● Revenue for January \$3,637,757 for a YTD amount of \$9,142,283● Expenditures for January \$2,629,456 for a YTD amount of \$15,044,401
Community Service	<ul style="list-style-type: none">● Revenue for January \$2,681,244 for a YTD amount of \$19,332,892● Expenditures for January \$3,066,024 for a YTD amount of \$19,718,098

Financial Statements Highlights: Cash and Equivalents

- At the end of January 31, the District held \$391,602,264 cash and equivalents in the District Minnesota School District Liquid Asset Fund accounts
- \$247,516,839 million represents bond proceeds that must be used for approved capital projects
- The District held \$757,507 in non-MSDLAF accounts
- Fiscal agent account held \$36,162,842 by the District outside agents

Questions



MINNEAPOLIS
PUBLIC SCHOOLS
Urban Education. Global Citizens.

Monthly Financial Report

January 31, 2025

Unaudited Report

Prepared By: Finance Division
Prepared for: Finance Committee

MINNEAPOLIS PUBLIC SCHOOLS

Special School District No.1
Minneapolis, Minnesota

www.mpls.k12.mn.us

John B. Davis Education and Service Center
1250 W. Broadway Ave. Minneapolis, MN 55411

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Monthly Finance Highlights

Ending Fund Balance for Operating Funds Month Ended January 31, 2025

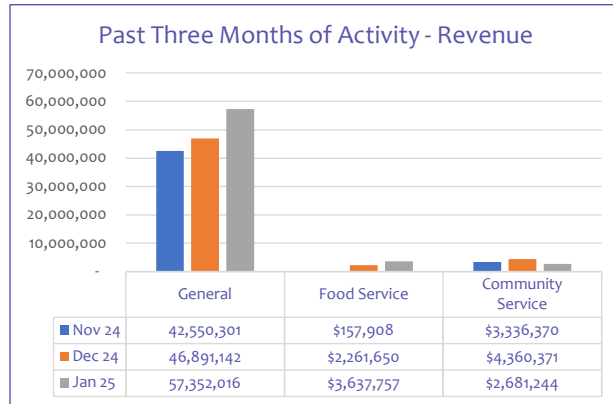
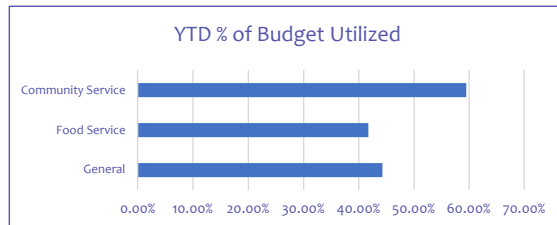
Minneapolis Public School began the fiscal year in compliance with the District balance fund policy. Minneapolis Public School is projected to be in compliance at the end of this fiscal year with the District fund policy. Current fund balance is \$62,965,605. District policy dictates that the unassigned portion of General Fund balance be at least 8.0%. Due to the timing of recording revenues & expenditures, fund balance fluctuates throughout the year.

	General	Food Service	Community Service
Month \$ Ending balance	\$62,965,605	(\$4,164,990)	\$11,030,116

Revenue Highlights for Operating Funds As of January 31, 2025

General Fund revenue during the month was \$57,352,016 while YTD revenues totaled \$279,011,666 (YTD actuals as a % of budget totaled 44.29%). Revenue activity in other funds are stated below:

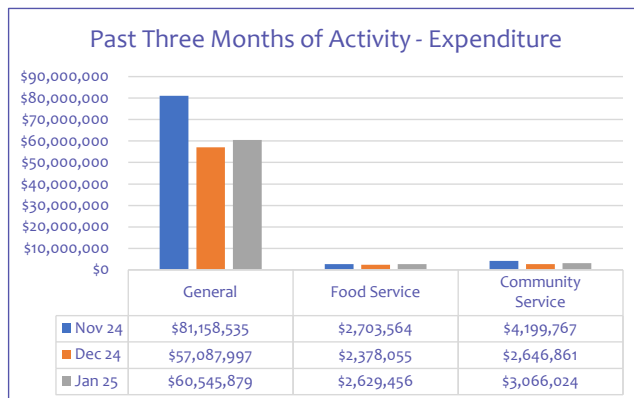
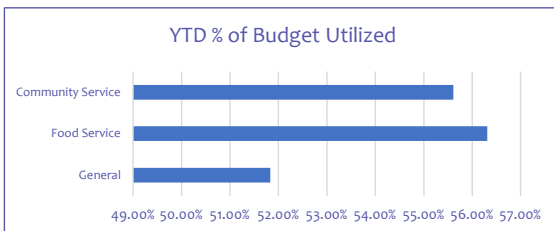
Revenue Year-To-Date Totals	
General	\$279,011,666
Food Service	\$9,142,283
Community Service	\$19,332,892



Expenditures Highlights for Operating Funds As of January 31, 2025

General Fund expenditures during the month was \$60,545,879 while YTD expenditures totaled \$368,271,500 (YTD actuals as a % of budget totaled 51.83%). Expenditure activity in other funds are stated below:

Expenditures Year-To-Date Totals	
General	\$368,271,500
Food Service	\$15,044,401
Community Service	\$19,718,098



**Minneapolis Public Schools
Special School District No. 1
Revenue and Expenditure Summary
Month Ended January 31, 2025**

Revenue Summary

Fund	Budget	YTD Actuals	% of Budget	PY YTD Actuals	PY % of Budget
General Fund					
Local Sources	143,186,727	80,403,985	56.2%	82,590,125	56.5%
State Sources	318,897,205	178,026,301	55.8%	140,476,982	36.3%
Federal Sources	147,129,927	18,923,635	12.9%	47,179,713	32.4%
Other	20,811,022	1,657,745	8.0%	571,323	3.5%
Total	630,024,881	279,011,666	44.3%	270,818,143	39.0%
Operating Funds					
Food Service Fund	21,921,000	9,142,283	41.7%	8,969,110	30.8%
Community Service Fund	32,511,627	19,332,892	59.5%	6,199,711	40.3%
Non-Operating Funds					
Building Construction Fund*	85,425,010	91,593,077	107.2%	7,592,637	9.0%
Debt Service Fund*	99,384,598	59,960,903	60.3%	55,694,003	60.2%
Total All Funds	869,267,116	459,040,821	52.8%	349,273,605	31.1%

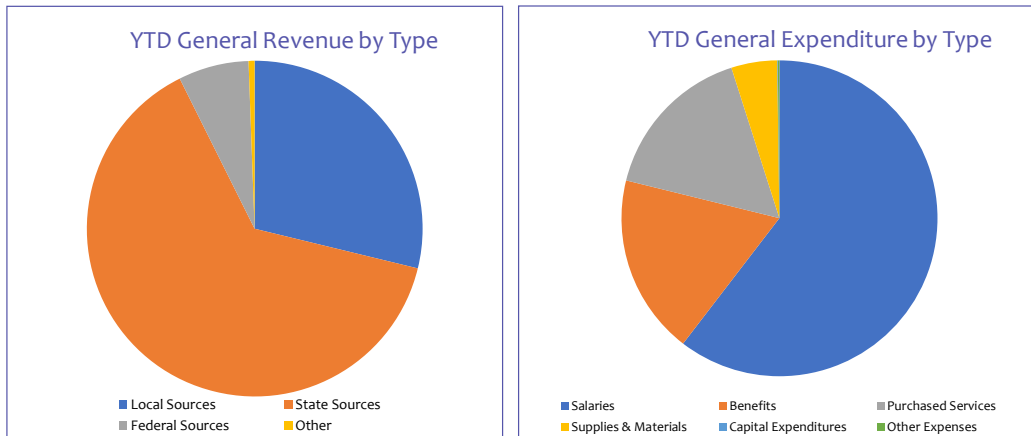
*For the purposes of this report, other financing sources are reported as revenue

Expenditure Summary

Fund	Budget	YTD Actuals	% of Budget	PY YTD Actuals	PY % of Budget
General Fund					
Salaries	401,239,594	222,535,741	55.5%	213,909,506	54.6%
Benefits	146,859,488	67,807,757	46.2%	66,096,633	46.5%
Purchased Services	118,613,484	59,878,396	50.5%	54,197,023	46.3%
Supplies & Materials	38,626,285	17,246,007	44.6%	17,138,642	54.5%
Capital Expenditures	3,024,415	190,211	6.3%	277,179	34.9%
Other Expenses	2,117,887	613,388	29.0%	1,853,568	21.7%
Total	710,481,153	368,271,500	51.8%	353,472,552	51.1%
Operating Funds					
Food Service Fund	26,717,306	15,044,401	56.3%	13,309,111	39.0%
Community Service Fund	35,459,606	19,718,098	55.6%	18,029,171	43.2%
Non-Operating Funds					
Building Construction Fund	156,173,434	51,539,469	33.0%	69,630,063	52.7%
Debt Service Fund*	99,384,598	102,971,943	103.6%	96,771,802	104.6%
Total All Funds	1,028,216,097	557,545,411	54.2%	551,212,698	56.5%

*For the purposes of this report, other financing uses are included in expenditures.

YTD General Fund Revenue & Expenditure by Type



Minneapolis Public Schools
Special School District No. 1
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Month Ended January 31, 2025

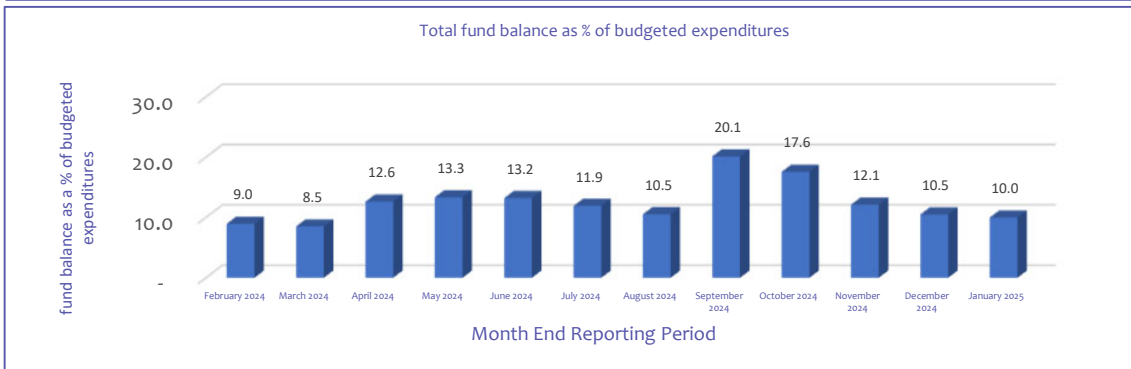
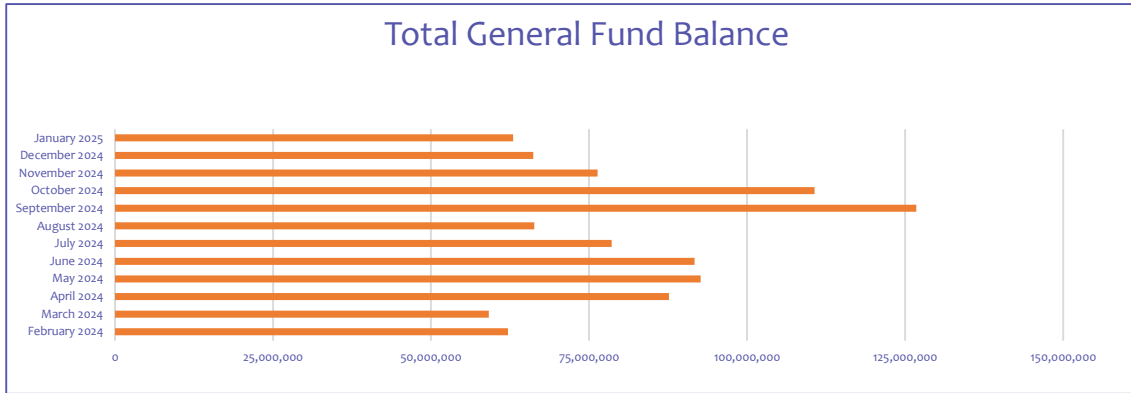
	Budget	YTD Actuals	% of Budget	PY YTD Actuals	PY % of Budget
Revenues					
Local sources					
Property taxes	143,186,727	68,854,175	48.1%	69,948,712	8.0%
Earnings on investments	2,000,000	2,351,416	117.6%	4,991,138	249.6%
Other local and county revenues	18,811,022	9,198,394	48.9%	7,650,275	54.2%
Revenue from state sources	318,897,205	178,026,301	55.8%	140,476,982	36.3%
Revenue from federal sources	147,129,927	18,923,635	12.9%	47,179,713	32.4%
Sale and other conversion of assets	-	1,657,745	0.0%	571,323	0.0%
Total Revenues	630,024,881	279,011,666	44.3%	270,818,143	39.0%
Expenditures					
Current					
Administration	29,085,849	12,407,559	42.7%	10,716,359	87.0%
District support services	54,931,062	29,782,688	54.2%	26,614,912	53.2%
Elementary and secondary regular	285,285,452	149,200,643	52.3%	152,620,879	50.1%
Vocational education instruction	7,900,781	3,342,605	42.3%	2,814,147	41.1%
Special education instruction	143,357,893	74,378,374	51.9%	60,567,594	45.3%
Community education and services	-	-		-	
Instructional support services	44,288,743	22,088,167	49.9%	25,659,844	45.8%
Pupil support services	97,239,368	53,149,069	54.7%	49,893,039	47.8%
Sites and buildings	46,555,561	21,916,279	47.1%	22,092,465	45.6%
Fiscal and other fixed cost programs	1,158,233	1,815,905	156.8%	2,216,135	-8.6%
Capital Outlay					
Administration	-	284	0.0%	1,084	0.0%
District support services	-	-	0.0%	500	0.0%
Elementary and secondary regular	195,615	41,345	21.1%	69,156	10.1%
Vocational education instruction	239,734	-	0.0%	-	0.0%
Special education instruction	-	144,428	0.0%	8,497	0.0%
Instructional support services	5,913	1,673	28.3%	38,974	48.1%
Pupil support services	185,939	2,482	0.0%	4,847	0.0%
Sites and buildings	51,010	-	0.0%	154,121	311.2%
Total Expenditures	710,481,153	368,271,500	51.8%	353,472,552	51.1%
Excess of Revenues Over (Under) Expenditures	(80,456,272)	(89,259,834)		(82,654,409)	
Other Financing Sources					
Lease financing	-	-		-	
Total Other Financing Sources	-	-	-	-	-
Net Change in Fund Balances	(80,456,272)	(89,259,834)		(82,654,409)	
Fund Balances					
June 30, 2024		152,225,438			
January 31, 2025		62,965,605			

Minneapolis Public Schools
Special School District No. 1
General Fund Balance Sheet
January 31, 2025

Assets	Current Year	Prior Year
Cash and investments	108,218,965	77,678,353
Cash and investments held by trustee	-	-
Due from food service fund (negative cash)	5,902,117	3,962,160
Receivables		
Current property taxes receivable	70,457,406	71,182,485
Delinquent property taxes receivable	1,453,953	791,906
Due from other Minnesota school districts	16,826	4,691
Due from the Minnesota Department of Education	1,691,645	2,652,466
Due from the federal government through MDE	17,012,403	49,053,239
Due from the federal government directly	385,877	35,297
Due from other governmental units	2,385,207	2,055,214
Other receivables	3,869,598	1,721,229
Prepaid items	-	5,179,676
Inventory	132,726	171,135
Total assets	211,526,724	214,487,850
Liabilities		
Salaries and compensated absences payable	18,780,775	23,022,546
Payroll deductions and contributions payable	4,351,767	5,637,935
Accounts and contracts payable	2,679,882	2,773,284
Due to other governmental units	(17,020)	(21,005)
Unearned revenue	-	(3,609)
Total liabilities	25,795,404	31,409,151
Deferred Inflows of Resources		
Property taxes levied for subsequent expenditures	121,244,325	121,587,994
Unavailable revenue - delinquent property taxes	1,453,953	791,906
Deferred Inflow - lease revenue	67,438	67,756
Total deferred inflows of resources	122,765,715	122,447,656
Fund Balances		
Total fund balances	62,965,605	60,631,043
Total liabilities, deferred inflows of resources, and fund balances	211,526,724	214,487,850

Cash and investments are net of salaries & compensated wages payable

General Fund - Fund Balance Analysis



District policy dictates that the unassigned portion of General Fund balance be at least 8.0% of budgeted expenditures. The above graphs display total fund balance, unassigned in a portion of the overall fund balance of MPS.

Overview of fund balance types

Nonspendable – assets that are inherently Nonspendable (inventory and prepaid expenditures).

Restricted – amounts that are subject to externally enforceable legal purpose restrictions.

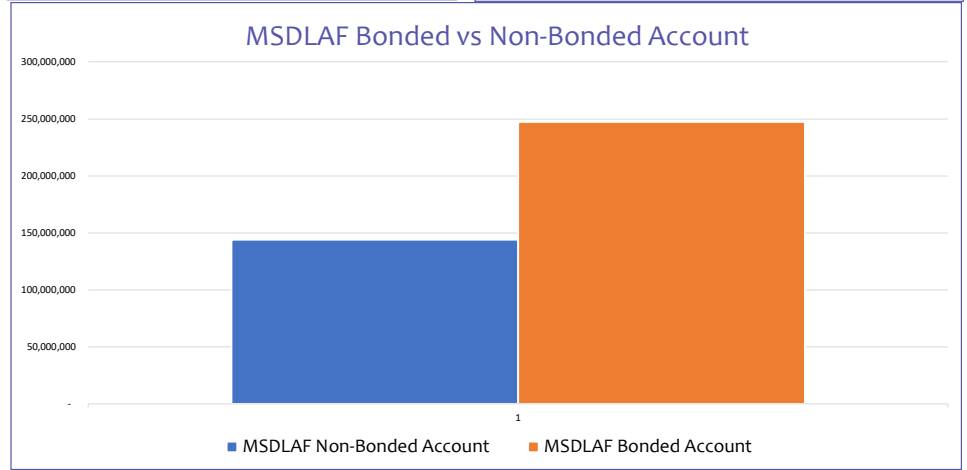
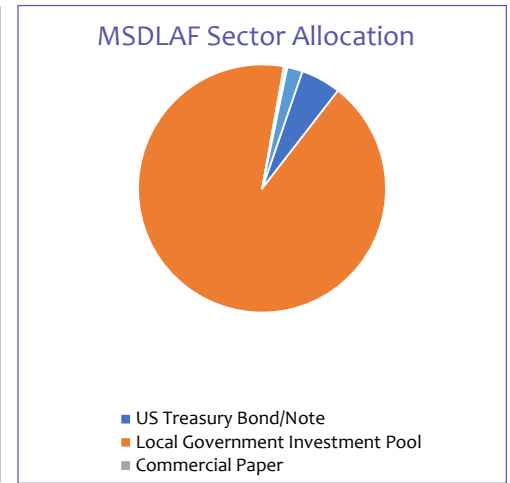
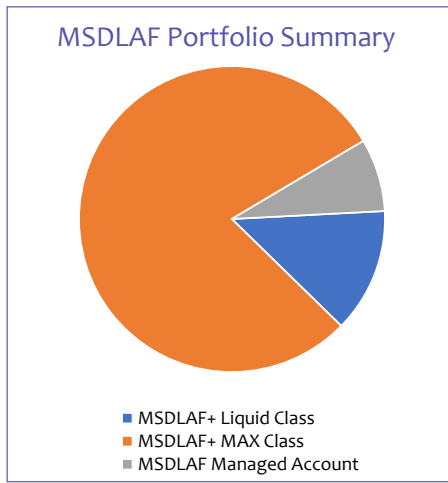
Assigned – amounts that are subject to a purpose constraint that represents an intended use established by The District

Unassigned – represents the residual classification for the government’s general fund

As displayed in the bar graph above, the District receives revenue throughout the year unevenly causing the fund balance bar graph to show a U shaped curve. The District receives most of their funds during the first third and end of the school year. Due to uneven revenue collection during the year, the District most set aside funding for the periods to remain in operations. This additional reconciling item is being displayed as "fluctuations of revenue during the year" as part of assigned. Assigned fund balance is fully reconciled during the course of the annual audit process at June year end.

**Minneapolis Public Schools
Special School District No. 1**
Cash Position & Minnesota School District Liquid Asset Fund Investment Fair Market Values
Month Ended January 31, 2025

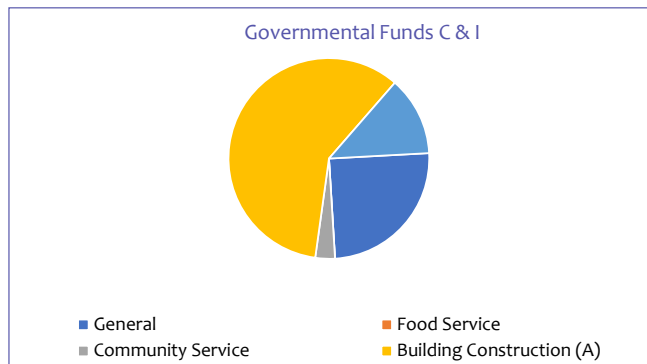
MSDLAF Investment Accounts*	2025 January
MSDLAF	
General Investments	30,270,190
General	108,932,146
Payroll	4,883,089
2016B GO Bonds (LTFM)	0.03
2016C COP's	123,907
2017A GO Bonds	37,970
2017B GO Bonds (LTFM)	3,537,919
2017C COP's	4,610,848
2018A GO Bonds	-
2018B GO Bonds (LTFM)	89,402
2019A GO Bonds	4,365,829
2019B GO Bonds (LTFM)	10,450,928
2020B GO Bonds	11,758,498
2020C GO Bonds (LTFM)	15,146,667
2021B GO Bonds	18,821,644
2021C GO Bonds (LTFM)	14,155,443
2022A GO Bonds	9,616,035
2022B GO Bonds (LTFM)	12,678,721
2023A GO Bonds	28,396,837
2023B GO Bonds	27,655,203
2024A GO Bonds	55,849,177
2024B GO Bonds	30,221,810
Total Fair Market Value	391,602,264
Non MSDLAF Accounts*	
US Bank	104,044
Wells Fargo	7,503
Cash with Fiscal Agents	36,162,842
Student Activity Accounts	645,960
Total Non MSDLAF	36,920,349
Total Cash & Investments	428,522,613



*Note 1: These amounts represent cash balances and do not take into account pending transactions (outstanding checks, deposits in transit, etc.).
 *Note 2: Cash & Investments balances for non-governmental funds may also be displayed above, however aren't included in cash on hand table.
 *Note 3: All investments held at the Minnesota School District Liquid Asset Fund adhere to MPS investment Policy 3296 & 3296A, as well as state & federal guidelines.

Month End Governmental Funds Cash and Investments

Governmental Funds	Balances
Operating Funds	
General	\$108,218,965
Food Service	\$0
Community Service	\$13,911,267
Non-Operating Funds	
Building Construction (A)	\$257,730,216
Debt Service	\$55,610,124

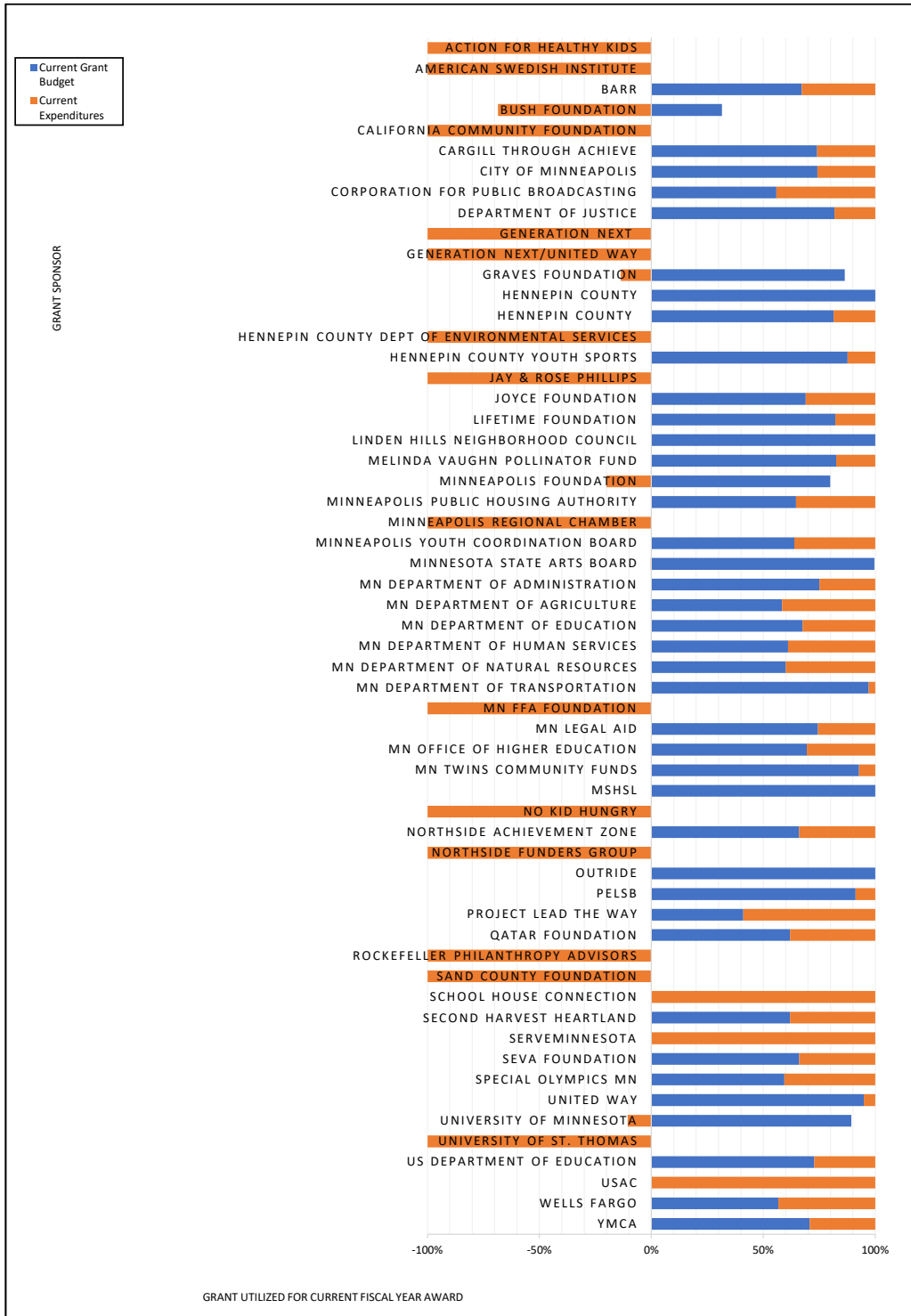


(A) A significant portion of The District's Cash and Investment is in the building construction fund. This funding must be spent on capital

**Minneapolis Public Schools
Special School District No. 1
Grant Awards and Expenditures
Month Ended January 31, 2025**

Grant Sponsor	Current Grant Budget	Current Expenditures
YMCA	1,479,496	515,434
Wells Fargo	40,000	26,109
US Department of Education	2,901,443	1,290,562
University of Minnesota	34,146	921
United Way	53,644	-
Twin Cities Opera Guild	3,080	-
Special Olympics MN	42,544	20,513
Second Harvest Heartland	4,377	4,377
Qatar Foundation	101,673	51,020
Project Lead the Way	3,652	3,642
Prairie Care Fund	5,000	-
PELSB	315,500	19,366
Outride	15,000	830
Northside Achievement Zone	332,019	105,657
Natl Environmental Ed Foundation	10,000	-
MSHSL	5,450	567
MN Twins Community Funds	9,392	2,798
MN Pollution Control Agency	24,500	-
MN Office of Higher Education	42,360	6,678
MN Legal Aid	40,424	30,682
MN Humanities Center	60,300	13,616
MN Department of Transportation	88,039	18,624
MN Department of Natural Resources	25,402	19,612
MN Department of Labor and Industry	48,140	-
MN Department of Education	64,145,316	26,855,417
MN Department of Commerce	421,669	-
MN Department of Agriculture	45,595	42,730
MN Department of Administration	199,678	63,508
Minnesota State Arts Board	112,953	29,661
Minneapolis Youth Coordination Board	374,000	197,708
Minneapolis Public Housing Authority	715,377	407,926
Minneapolis Health Department	317,924	-
Minneapolis Foundation	1,492,473	73,416
Melinda Vaughn Pollinator Fund	323	303
Lifetime Foundation	26,093	1,257
Joyce Foundation	150,790	72,147
Hennepin County Youth Sports	669,942	48,173
ECMC Foundation	20,000	16,131
Department of Justice	130,415	113,899
Corporation for Public Broadcasting	63,219	51,244
City of Minneapolis	332,075	199,977
Cargill through Achieve	638,746	383,240
Bush Foundation	52,896	17,198
American Swedish Institute	3,000	2,917
AB Carval	7,500	7,370

**Minneapolis Public Schools
Special School District No. 1
Grant Utilization for Current Fiscal Year Award
Month Ended January 31, 2025**



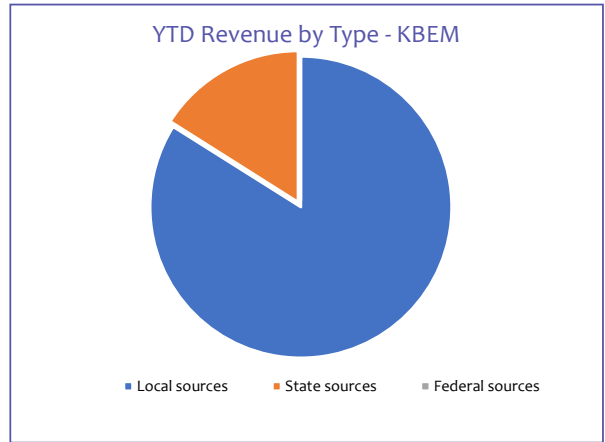
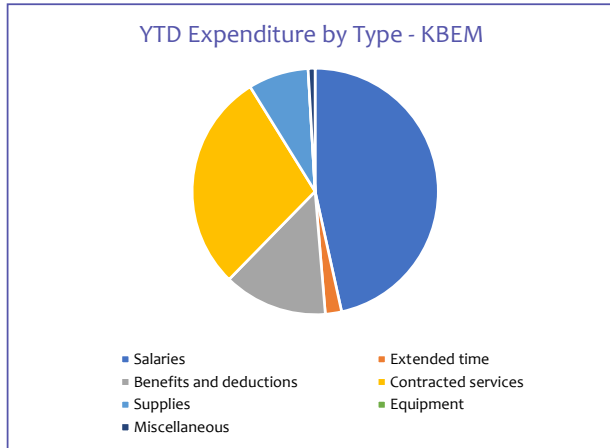
Minneapolis Public Schools
 Special School District No. 1
 Budget and Actual Expenditures - KBEM
 Month Ended January 31, 2025

Fund	Budget	YTD Actuals	% of Budget	PY YTD Actuals	PY % of Budget
Salaries	1,013,847	492,754	48.6%	435,227	50.0%
Extended time	48,000	22,239	46.3%	20,851	38.5%
Benefits and deductions	400,169	144,614	36.1%	147,124	43.6%
Contracted services	683,664	304,500	44.5%	320,061	44.2%
Supplies	163,125	83,772	51.4%	60,517	2.9%
Equipment	-	-	-	-	0.0%
Miscellaneous	19,763	9,952	50.4%	10,287	-
Total	2,328,568	1,057,831	45.4%	994,067	24.4%

Revenue Breakdown - KBEM
 Month Ended January 31, 2025

	YTD Actuals
Local sources	807,865
State sources	154,496
Federal sources	-
YTD Revenue Received	962,361

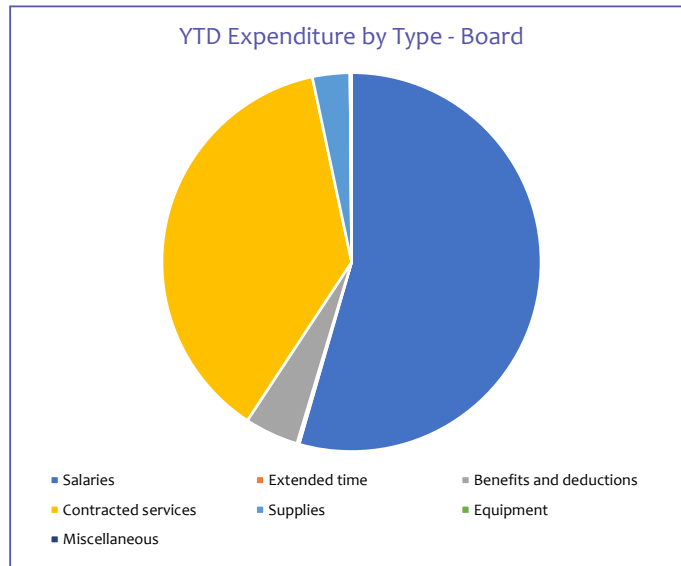
Pie Chart Displaying Breakdown of Revenue & Expenditure by Type



Minneapolis Public Schools
Special School District No. 1
Budget and Actual Expenditures - Board of Education
Month Ended January 31, 2025

Fund	Budget	YTD Actuals	% of Budget	PY YTD Actuals	PY % of Budget
Salaries	184,000	104,538	56.8%	96,437	52.4%
Extended time	-	416	0.0%	583	0.0%
Benefits and deductions	57,040	8,840	15.5%	8,857	13.4%
Contracted services	220,200	71,830	32.6%	100,429	45.6%
Supplies	22,200	6,145	27.7%	18,052	150.4%
Equipment	-	-		-	0.0%
Miscellaneous	-	250		225	
Total	483,440	192,019	39.7%	224,584	6.6%

Pie Chart Displaying Breakdown of Expenditure by Type



Minneapolis Public Schools
Special School District No. 1
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds (Non - General Fund)
Month Ended January 31, 2025

The activity represented below is for the current fiscal year

	<u>Operating Funds</u>		<u>Non-Operating Funds</u>	
	<u>Food Service</u>	<u>Community Service</u>	<u>Building Construction</u>	<u>Debt Service</u>
Revenues				
Local sources	170,283	9,878,417	5,849,137	49,807,837
Revenue from state sources	2,992,899	9,375,743	-	10,153,066
Revenue from federal sources	5,515,481	78,732	-	-
Other Revenue	463,620	-	-	-
Total Revenues	9,142,283	19,332,892	5,849,137	59,960,903
Expenditures				
Current	14,976,201	19,718,098	31,068,960	-
Capital Outlay	68,200	-	20,470,509	-
Debt Service	-	-	-	102,971,943
Total Expenditures	15,044,401	19,718,098	51,539,469	102,971,943
Excess of Revenues Over (Under) Expenditures	(5,902,118)	(385,206)	(45,690,332)	(43,011,039)
Other Financing Sources				
Total Other Financing Sources	-	-	85,743,940	-
Net Change in Fund Balances	(5,902,118)	(385,206)	40,053,608	(43,011,039)
Fund Balances				
June 30, 2024	1,737,128	11,415,322	215,150,073	48,660,067
January 31, 2025	(4,164,990)	11,030,116	255,203,681	5,649,028

Minneapolis Public Schools
Special School District No. 1
Balance Sheet - Governmental Funds (Non - General Fund)
January 31, 2025

The activity represented below is a snapshot as of month end

	<u>Operating Funds</u>		<u>Non-Operating Funds</u>	
	<u>Food Service</u>	<u>Community Service</u>	<u>Building Construction</u>	<u>Debt Service</u>
Assets				
Cash and investments	-	13,911,267	257,730,216	55,610,124
Receivables	-	2,654,649	-	50,429,569
Due from other gov entities	118,383	-	-	-
Prepaid items	-	-	-	-
Inventory	1,737,128	-	-	-
Total assets	1,855,510	16,565,916	257,730,218	106,039,692
Liabilities				
Due to general fund (negative cash)	5,902,117	-	-	-
Salaries and benefits payable	-	-	-	-
Accounts, contracts, and DTOG payable	118,383	199,479	2,526,538	750
Unearned revenue	-	-	-	-
Total liabilities	6,020,500	199,479	2,526,538	750
Deferred Inflows of Resources				
Total deferred inflows of resources	-	5,336,322	-	100,389,915
Fund Balances				
Nonspendable	1,737,128	-	-	-
Restricted	(5,902,118)	11,030,116	255,203,681	5,649,028
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	(4,164,990)	11,030,116	255,203,681	5,649,028
Total liabilities, deferred inflows of resources, and fund balances	1,855,510	16,565,916	257,730,218	106,039,692

FY26 Budget

Budget Presentation Goals

- **Review revised overall budget proposal (Fund 1)**
- **School allocations:**
 - Predictable staffing model and costs
 - Other investments and costs
- **Review plans for key funding source allocations:**
 - Title I
 - Achievement and Integration
 - Compensatory Education
 - Special Education
 - English Learner services
- **Department Allocations:**
 - Overview (plan to go into detail at March Finance Committee meeting)
- **Questions/Discussion:**
 - Receive committee member questions to inform future committee meetings

Reminders

- Revenues are estimates using the information we have at this time
- Any changes in funding from the state and/or federal level could change revenue:
 - There is a current proposal in Washington to reduce Title I, II, and III funding substantially
 - A pending proposal at the State would potentially impact MPS' compensatory education funding for FY26
- There may be fluctuations during the process--we will provide notice to the Board about any such changes and the reason for the change
 - We will continue to date-stamp budget materials for this reason

FY26 Fund 1 Budget Overview

(Revised 2/21/2025)

Change from Initial (2/18) Information

- **As we work through the budget process, we anticipate that there will be changes and updates until budgets are finalized.**
 - As changes and updates are made they will be clearly identified in the slides.
 - Technical errors resulted in a 2.7% (approximately \$10.4 million) increase in school allocations.
 - Additional reductions to department allocations will be necessary to minimize the reliance on vacancy savings and fund balance.
 - We will continue to use the board priorities and values to guide priority-based budgeting decisions.

Initial Proposed FY26 Fund 1 Budget Summary

	<u>Fund 1</u>
Total Revenue	\$686.33M
School Allocations	\$385.71M
Department Allocations	\$340.17M
Total Proposed Expenditures (2/21)	\$725.88M
Difference	(\$39.55M)
Other Sources/Uses of Funds	
Fund Transfer (Fund 4 Chargeback)	\$0.50M
Assigned and Unassigned Fund Balance	\$14.50M
FY25 carryover from spending freeze	\$5.26M
Vacancy assumption of 4.04% (if needed)	\$19.29M*
Other Sources/(Uses) of Funds	\$39.55M

- This reflects the changes from 2/18, which are detailed earlier in this presentation
- \$39.55 million difference between fund 1 revenue and expenses after initial reductions
- Significant decrease in the use of fund balance from current year
- Analyzing the use of a trust account to make a retirement obligation payment, which would reduce fund 1 expenses
- During the Budget Tie Out (BTO) process, we will work to identify additional reductions in department allocations to reduce or eliminate the amount needed for vacancy savings--this amount* is a placeholder as additional reductions are identified

School Allocations

School Allocations Summary (Fund 1 Only)

Expense Type	FY25 Budget (Approved)	FY26 (Projected)	FY26 Budget (Proposed)
School Allocations	\$366.90 million	\$374.25 million	\$385.71 million

School Allocations Highlights

Improve student academic outcomes, especially on literacy and math:

- ✓ Continues Intervention programs at Title I schools
- ✓ Continues funding of and focus on UFLI
- ✓ Library media specialist funding continues

Ensure class sizes adhere to the allocated and approved ratios:

- ✓ Changes enrollment practices to prioritize class sizes by ensuring classes do not go above budgeted cap and there are no splits in k-2
- ✓ Class size prioritized

School Allocations Highlights

Fund a **holistic set of programmatic and academic offerings:**

- ✓ Continued dual language programs, magnet schools, 5th grade instrumental music, and Advanced Learner programming

A comprehensive system of supporting student **mental health and well-being:**

- ✓ Use of restricted funds to help maintain mental health supports

Fiscal and programmatic equity:

- ✓ Expands the number of Title I schools and increases the amount of Title I per pupil funding

School Allocations Highlights

Minimize the impact on students, classrooms, and schools:

- ✓ While funding for some school-based programs may have declined slightly given available resources, there are no complete eliminations proposed to student-facing programs in school allocations
- ✓ Includes an overall increased allocation to schools and an overall decreased allocation to departments

Equity in School Allocations

Base support	Additional support
<p>All MPS students receive a base level of support, known as predictable staffing, the level of which is determined by the number of students in a school</p>	<p>Equity and student need considerations layer additional funding for certain schools through their school allocation (Title I, Compensatory Education, Achievement and Integration funds, and English Learner and Special Education staffing)</p>

Key Example Components of School Allocations

Classroom staffing	Determined by ratios based on class size targets, with funding allocated on a per pupil basis generated by student enrollment and grade level
Predictable staffing	Ensures equity across programs and is based on factors such as staffing ratios, state recommendations, collective bargaining agreements, and specific program needs (examples: principal, office staff, social worker, supplies, etc.)
Other allocations	Compensatory Education, Title I, Achievement and Integration funding
Special Education staffing	Formula includes staffing ratios that align to state recommendations and the MPS collective bargaining contract for the various programs.
English Learner staffing	Formula includes staffing ratio that takes into consideration the number and language levels of English Learners at the site
High 5 (Preschool)	Number of classrooms and locations are based on State Scholarship, Voluntary Pre K (VPK) and Title eligibility. Allocations include teacher, specialist prep, and associate educator.
IB/College Credit Programs	Allocation of support is based on size of the school for both IB and college credit programming (e.g., AP). IB coordination and training is also allocated to PYP schools (3) and all middle schools.

How Classroom and Specialist Allocations Work

- **Class Size Allocation** – Based on contractual class size numbers and number of students qualifying for Free & Reduced Lunch (FRL); class size limits vary by grade band to support student learning.
- **Compensatory Education and Title II** – Allocation given to schools based on need. Some funding used to reduce class size.
- **Referendum Dollars** – Local voter-approved funding supplements state and federal dollars to support lower class sizes, specialists, and enrichment programs.
- **Specialist Funding** – Art, music, PE, special education, and interventionists are funded through a mix of state formula, local referendum, and categorical grants (e.g., Title I, special education). Schools receive a .2 specialist FTE for each 1.0 classroom teacher.

Classroom Teacher and Prep Allocation

Aligned to the work of core instruction and the board's values and priorities, more than 30% of the school allocations is dedicated to classroom teachers and specialist time

- Prioritize small class size
- No splits in grades K-2
- Minimize splits in grades 3-5 where fiscally possible
- Prioritize varied offerings where fiscally possible
- Leverage CTE courses during high school master scheduling

Class Sizes

Grade	<70% of Students on Free or Reduced Meals			>70% of Students on Free or Reduced Meals		
	Contract Cap	Budget Target	Placement Target	Contract Cap	Budget Target	Placement Target
K	27	27	27	22	22	22
1	28	27	27	22	22	22
2	28	28	28	22	22	22
3	34	29	29	25	25	25
4	36	31	31	30	28	28
5	36	31	31	30	28	28
6	42	35	35	40	32	32
7	42	35	35	40	32	32
8	42	35	35	40	32	32
9-12	44	36	36	40	36	36

Contract Cap: The maximum number of students that can be enrolled in a class at any given time per the district's collective bargaining agreement (section 12.4.6) with the Minneapolis Federation of Teachers.

Budget Target: The targeted class size used for budgeting purposes. A lower class size results in a higher budget allocation to the school.

Placement Target: The number of students that placement will attempt to place in a class.

FRL: The percentage of students who qualify for free or reduced lunch based on current year's October 1 count.

Classroom and Specialist Teacher Costing (2/21/2025)

Funding Source	Amount
Referendum	\$70,450,514
Referendum Fund Balance	\$13,000,000
Site Compensatory (certain elementary schools only)	\$2,239,373
Title II	\$800,457
General Fund	\$50,063,780

Predictable Staffing School Tiers

Predictable staffing ensures that each and every school has sufficient supports to operate the building and serve the schools' students and families

Tiers	Elementary	Middle School	High School
Small	249 and below	399 and below	499 and below
Medium	250-649	400-759	500-999
Large	650+	800+	1,000+

Schools receive different allocations of resources based on their school type and size

Predictable Staffing in Schools

Position	School Type	Requirement/Allocation
Principal	All Schools	Actual salary allocated to school
Assistant Principal	Certain Schools	Actual salary allocated to school

Position	School Type	Requirement/Allocation	
School Secretary	Elementary	Secretary	
	Middle	Secretary	
	High	Small	Secretary
		Medium	Senior Secretary
		Large	Senior Secretary

Position	School Type	Requirement/Allocation
Health Service Assistant	All Schools	32.75 hours

Predictable Staffing in Schools

Position	School Type	Requirement/Allocation	
Security Monitor	Elementary	No requirement or allocation	
	Middle	Based on safe and welcoming entrance	
	High	Small	1.0 FTE (except Stadium View, MPS Online, and MAAC)
		Medium	1.0 FTE
		Large	1.0 FTE

Position	School Type	Requirement/Allocation	
Transportation Coordinator	Elementary and Middle	Number of Vehicles	FTE
		0-8	0 FTE
		9-16	0.05 FTE
		7-20	0.1 FTE
		21+	0.2 FTE

Predictable Staffing in Schools

Item	School Type	Requirement/Allocation
Principal Discretion	All Schools	5 AE hours per 100 students (no less than 37.5 hours per school)

Item	School Type	Requirement/Allocation
Supplies	All Schools	\$50 per student

Predictable Staffing in Schools

Position	School Type	Requirement/Allocation	
Social Worker	Elementary	1.0 FTE	
	Middle	Small and Medium	1.0 FTE
		Large	1.5 FTE
	High	Small	1.0 FTE
		Medium	1.5 FTE
		Large	2.0 FTE

Position	School Type	Requirement/Allocation	
Counselor	Elementary	No requirement or allocation	
	Middle	Small	0.5 FTE
		Medium	1.0 FTE
		Large	1.5 FTE
	High	Small	1.0 FTE
		Medium	2.0 FTE
		Large	3.0 FTE

Predictable Staffing Costing (2/21/2025)

Predictable Staffing Area	Amount
Principals and assistant principals	\$22,998,432
School secretaries, office assistants, and health services assistants	\$7,484,310
Security monitors and transportation coordinator time	\$1,018,597
Counselors and social workers*	\$6,174,695
Supplies	\$1,432,650
Discretionary (minimum AE staffing required)	\$4,040,628

*Partially funded by compensatory education funding. Also, does not represent the full investment in school social workers (SSW) as some SSW time is funded by Special Education, which is represented on another slide

Other Programs Costing (1 of 2) (2/21/2025)

School Allocation Area Funding	Amount
School-determined Compensatory Education funding	\$37,861,114
Title I (Basic and Family Involvement)*	\$9,976,580
Title I intervention program*	\$6,991,940
Achievement and Integration*	\$3,729,683
English Learner services*	\$21,619,481
Early Childhood	\$8,639,705
Special Education*	\$101,222,382

*Will be covered in further details in following slides.

Other Programs Costing (2 of 2) (2/21/2025)

Fund/Program	Amount
Library Media Specialists	\$4,008,143
IB, Advanced Academics, Gifted and Talented	\$5,233,488
5th Grade Instrumental Music	\$1,357,918
Language Line	\$355,000
AVID	\$1,214,979

School Positions Funded and Provided via Department Allocations

Position	School Type	Allocation
School nurses	All Schools	As determined by the Nursing/Health Services department
School psychologists	All Schools	As determined by Special Education
Food Service Staff	All Schools	As determined by the Culinary & Wellness Services department
Custodians	All Schools	As determined by the Facilities Maintenance & Operations department

School Allocations Next Steps

- Schools working through budgets currently through March 7
- Meeting and consulting with school community, including Site Councils
- Prioritizing based on strategic plan, school board priorities and values, feedback from the Caregiver Priorities Survey and specific needs of school community

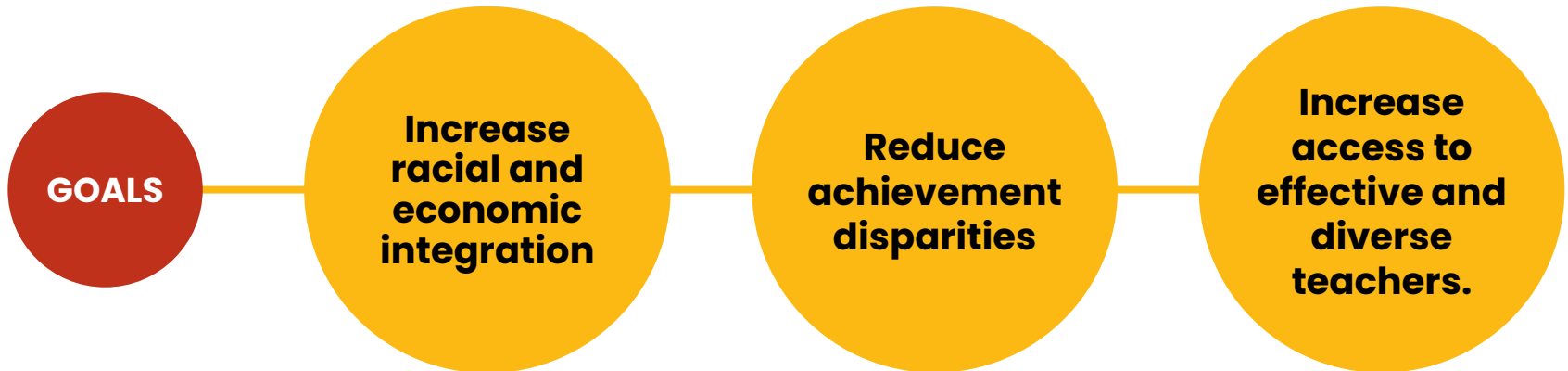
Achievement and Integration

Achievement and Integration Overview

124D.861 ACHIEVEMENT AND INTEGRATION FOR MINNESOTA.

Subdivision 1. **Program to close the academic achievement and opportunity gap; revenue uses.**

(a) The "Achievement and Integration for Minnesota" program is established to pursue racial and economic integration and increase student academic achievement, create equitable educational opportunities, and reduce academic disparities based on students' diverse racial, ethnic, and economic backgrounds in Minnesota public schools.

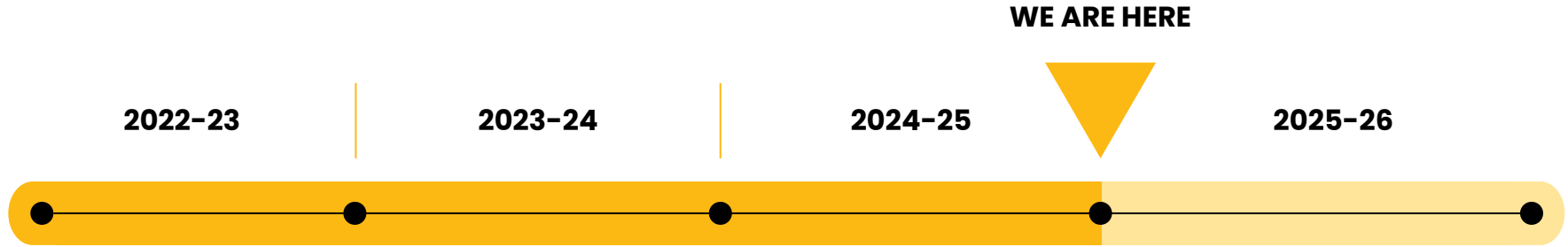


Funding Requirements

ALLOWABLE FUNDING USES

- Strategies directly in the approved Achievement and Integration Plan
- Types of programs approved in statute include:
 - Integrated learning environments
 - Family engagement initiatives
 - Rigorous career and college programs
 - Professional development
 - Recruitment and retention of diverse staff
 - Equitable access to effective and diverse teachers
- 80% direct student services, >no more than 20% professional development, >10% admin

Plan Timeline



Plan Development Year	Year 1 of 2023-2026 A & I Plan	Year 2 of 2023-2026 A & I Plan	Year 3 and Comprehensive Needs Assessment
Achievement and Integration Plan developed based on Comprehensive Needs Assessment	Funding adjustments can be made in support of the plan goals	Funding adjustments can be made in support of the plan goals	Evaluation of programs and needs assessment conducted to develop next plan

2025–2026 A&I Allocations

Plan funding from MDE: \$13 million



GOAL 1	GOAL 2	GOAL 3	GOAL 4	GOAL 5	GOAL 6
Magnet Schools	Reducing disparities in academic achievement	College and Career Readiness CTE/Higher ED	Student Equity & Voice	Equity and Climate - System Support, Change & Practices	Racially Identifiable Schools (RIS)

Funded Activities by Goal

Goal 1	Magnet Schools: Site based allocations to align and ensure magnet curriculum, residencies, and experiences incorporate SEL. Magnet transportation.
Goal 2	Reducing disparities in academic achievement: Prioritize K-8 RIS sites support: Increase teacher and ESP training opportunities in literacy, math and equity
Goal 3	College and Career Readiness: Early college and career readiness, CTE courses, transportation, and mentorship including summer programming
Goal 4	Student Equity and Voice: Focus groups, listening sessions, student leadership, and collaboration with family and community engagement
Goal 5	Equity and Climate: System Support, Change & Practices
Goal 6	Racially Identifiable Schools (RIS): Schools choose 1 FTE based on area of need. (Core Teacher, Family Coordinator, Language Development)

Title I

Title I

- Title I is a federal program that provides extra funding to schools and districts to help students who may need additional academic support.
- For the 2025-2026 school year, all schools with 35% or more of their students qualifying for educational benefits (formerly free and reduced lunch) will receive school allocations of \$652 per student who qualifies. This is an increase from the 2024-2025 per student allocation of \$500.
- In addition to providing schools with their per student allocation, MPS will continue to fund interventionists at Title sites. These staff allocations will be equitably distributed based on student academic need in Title schools

Title I

Funded Area (allocations via departments noted)	Amount
School-level activities (must be used to fund allowable expenses)	\$9,737,620
School family involvement	\$238,960
Intervention program	\$6,991,940
Preschool	\$5,818,828
Accounting and Title I Office support (department)	\$227,145
Support for students experiencing homelessness (department)	\$657,173
Required non-public school share (held in department)	\$3,999,000
Contract alternatives shared (held in department)	\$181,908

Compensatory Education Revenue

Overview

- Compensatory Education (Comp. Ed.) revenue must be used to “meet the educational needs of students who enroll under-prepared and whose progress toward meeting state or local content or performance standards is below the appropriate level for their age” ([Minnesota Statutes Section 126C.15 subd. 1](#)).
- Comp. Ed. funds are intended for supplemental instruction for under-prepared students. This can include remedial instruction, additional classroom staff to reduce class sizes, parental involvement, and student support.
- For non-instructional student support (such as counseling, psychology, and social work), Comp. Ed. can be used to provide additional staff and services, but not for supplies or equipment.
- 80% of comp ed revenue must be used at the site that generated it
- A full list of permissible uses can be found in [statute here](#)
- A pending proposal at the State would potentially impact MPS’ compensatory education funding for FY26

Overview

Funded Areas (all in school allocations unless noted)	Amount
Direct school allocation (80% of funds generated by the site)	\$37,861,114
Portion used for class size	\$2,239,373
Funding for counselors, social workers, and English Learner supports	\$3,962,339
Contract alternatives share (budgeted in department allocations)	\$366,828

Special Education: School Allocations

Overview

- **Special Education services in public school districts are funded with the following:**
 - State aid
 - Federal aid
 - Third-Party Billing revenue
 - State and local general revenue (provides the major share of funding)
- **State aid is the most nuanced and is based on a combination of formula types:**
 - Percentage reimbursement
 - Census-based (per pupil identified)
 - Student weights, with an adjustment made, for students with IEPs who are served outside of the student's district of residence

Overview (con't.)

Other Sources of Funding:

- Alternative Delivery of Specialized Instructional Services (ADSIS)
- Access to Career and Technical Education for students with disabilities (ACTE-SPED)
- Early Childhood Home-based Travel Aid
- Out-of-State Tuition (for students placed in out-of-state care and treatment facilities)
- Tuition (Court-Placed Special Education Revenue who are Non-Residents of Minnesota)
- Full State Payment (Wards of the State)

Maintenance of Effort (MOE)

- Requires district who receive federal funds to demonstrate that the local level of funding for a particular program remains constant from year to year
- Federal funds supplement state and local funds - they do not supplant
- Two required MOE levels for budgeting and spending - Eligibility (budgeting) and Spending (compliance)
- Failure to meet MOE requirements may result in losing federal funding, a reduction in the amount the district would receive, or a repayment of funds
- Going **OVER** the amount spent the previous year would result in meeting MOE requirements. However, that would become the **new baseline** and the district would be required to spend that new amount every year

Example:	MOE one year ago	Actual Expenditures	New MOE	Current Budget Forecast	New MOE
	\$100,000,000	\$110,000,000	\$110,000,000	\$130,000,000	\$130,000,000

Special Education Funding in School Allocations

Funded Area	Amount
Citywide - Federal Setting III*	\$77,289,778
Federal Funding (supplements local funding)	\$2,621,758
Special Education Resource Teacher (SERTS)/3rd Party Billing**	\$3,860,411
SERTS - Federal Setting I and II teachers	\$17,450,435

*Federal Setting refers to the percentage of time a student spends in special education.

**Third party billing is revenue we recoup from related service providers.

English Learner Services: School Allocations

English Learner Allocations

- English Learner (EL) funding allocated based on per pupil count of identified EL students with seven (7) years or less in the program (ADM)
- Current and FY 2026: \$1,228 X total EL ADM, and \$436 X EL pupil units (concentration funding for districts that have a high percentage of EL learners)
- For FY 2027 – increase to \$1,775 x total EL ADM, and \$630 x EL pupil units; also will receive 25% EL Cross Subsidy Aid Reduction based on second prior year qualifying services
- Districts receive 0.6 EL funding for early learners identified as EL learners

Funding in School Allocations	Amount
English Learner services	\$21,619,481

Department Allocations

Department Overview

- Department leaders have been working to develop their proposed budgets
- We are currently reviewing department budgets for additional potential reductions to minimize or eliminate the need for vacancy savings to balance the budget
- The most significant reductions in the proposed budget are in the department allocations, in alignment with the Board's budget values and priorities
- The following slides provide current status overview information
- We look forward to providing more information at the March Committee of the Whole and Finance Committee meetings

Department Allocations Summary (Fund 1 Only)

Expense Type	FY25 Budget (Approved)	FY26 (Projected)	FY26 Budget (Proposed)
Department Allocations	\$343.57 million	\$379.71 million	\$340.17 million*

*Current as of 2/21/2025; will be further reduced to mitigate reliance on vacancy savings assumption

Reminder: What Department Allocations Fund

Central Office Services and Functions

- Academic content experts
- School Board
- Human resources, operations, finance, information technology, communications staff
- Utilities, insurance, pension contributions
- Superintendent and district leadership
- School and student support services, research, evaluation & assessment staff
- Equity, engagement, and other school support programming staff
- Legal services
- Maintenance

School Activities Funded by Departments

- Custodians
- Curriculum and materials
- Food Service
- Transportation
- Nursing
- AVID tutors
- Athletics
- Student technology & online learning subscriptions
- Some Special Education service staff

All of these expenses are included in the Department Allocations

Department Allocations by Division (Fund 1 Only)

Division	Initial Proposed FY26 Budget
School Board	\$0.61 million
Office of the Superintendent	\$5.75 million
Office of the Deputy Superintendent	\$37.22 million
Division of Academics	\$108.29 million
Division of Finance	\$10.72 million
Division of Human Resources	\$26.98 million
Division of Operations	\$149.26 million
Office of the General Counsel	\$1.52 million

- The figures are sorted to consider organizational changes for budgetary and/or alignment reasons
- Figures represent Fund 1 (General Fund) only
- Fund 2 (Food Service), Fund 4 (Community Education), and Fund 6 (Capital) will each be required to balance their expenses with the dedicated revenue within their respective fund

Next Steps and Timeline

Topics for Future Finance Committee Meetings

- Review proposals for funds 2, 4, and 6 (in connection with the capital plan)
- Detailed review of department allocations
- Further analysis of school allocations
- Review class size/staffing ratios for Special Education
- Others per committee request

Process Overview

Key Milestones	Ongoing Activities
<ul style="list-style-type: none">✓ Revenue projected✓ Expenses projected (status quo model)✓ Values and priorities set by board✓ Develop a balanced budget using board budget values and priorities✓ Department and school allocations proposed<ul style="list-style-type: none">● Presentation of comprehensive budget● Board review● Board approval	<ul style="list-style-type: none">● Share updates with stakeholders via website and family update● Gather community input<ul style="list-style-type: none">○ Caregiver survey○ School-specific feedback through site council and other methods● Updates to finance committee and board● Direction from finance committee and board

Key Deliverables to Finance Committee and School Board

1. Report of fiscal and other budget inputs and assumptions used in budget development process
2. Proposed department allocations and corresponding expenditure plans
3. Proposed school allocations with key budget parameters provided to schools to ensure alignment with board priorities and values
4. Crosswalk of proposed budget to board priorities and values
5. Equity considerations report of proposed budget
6. Comprehensive budget proposal in form of Budget Book
7. FY26 capital plan and budget resolution
8. FY26 budget resolution

Finance Committee & Committee of the Whole Schedule and Plan

February 4	Finance Committee	<ul style="list-style-type: none"> • Process overview • Review operating assumptions, guiding principles, board priorities and values, and schedule and plan
February 18	Committee of the Whole	<ul style="list-style-type: none"> • Budget shortfall closure plan • Department and school allocations
February 25	Finance Committee	<ul style="list-style-type: none"> • Review proposed school and department allocations
March 18	Committee of the Whole	<ul style="list-style-type: none"> • Review post-BTO school and department allocations
March 25	Finance Committee	<ul style="list-style-type: none"> • Review post-BTO school and department allocations • Review capital plan
April 18	Committee of the Whole	<ul style="list-style-type: none"> • Review comprehensive budget proposal • Review capital plan
April 29	Finance Committee	<ul style="list-style-type: none"> • Final review and referral of proposed budget and capital plan to the full board

Regular Business Meeting Schedule and Plan

February 11	<ul style="list-style-type: none">• Budget development process update
March 11	<ul style="list-style-type: none">• Budget development process update
April 15	<ul style="list-style-type: none">• Budget development process update
May 13	<ul style="list-style-type: none">• First reading• Receive proposed budget and capital plan
June 10	<ul style="list-style-type: none">• Budget and capital plan approval

FY26 Budget Timeline Overview

Schools receive budget allocations
and engage with stakeholders

Dec-Feb

Board sets priorities. Develop
school and department budgets

March

Budget tie-out
closes & budget review

April

Budget review

May

First reading
of budget

June

Approval of
the budget

Questions/Discussion

Appendix

Review Budget Values and Priorities

FY26 Budget Considerations Review

Students at the center

- Board values and priorities
- Core operations
- Strategic plan
- Equity considerations



Board Budget Values and Priorities: What We Will Offer

- Evidence- and standards-based programming and instructional strategies, focused staff professional development and accountability, and adequate school staffing models that **improve student academic outcomes**, especially on **literacy and math**
- Using the budgeting process and changes to enrollment management practices, ensure **class sizes adhere to the allocated and approved ratios**
- **Fiscal and programmatic equity** in support of Students of Color, Indigenous Students, students receiving special education services, and students learning English
- Adequately fund a **holistic set of programmatic and academic offerings** (i.e., the arts, music, languages, specialized programs, activities) that attract and retain students
- A comprehensive system of supporting student **mental health and well-being** with a focus on culturally responsive supports and services
- A comprehensive system of supporting **student and staff safety**

Board Budget Values and Priorities: How We Will Get There

- **Minimize the impact on students, classrooms, and schools** by reducing central office functions and budget allocations
- Focus central office-allocated resources first on **core operations and key strategic functions** before considering optional investments; reduce the number of non-school based FTE
- Increase the allocated amount of **restricted and dedicated funding towards direct student services and school-based supports**
- Reduce the amount of **contracted/purchased services**
- **Align and utilize external financial and programmatic support** in ways that supports the above-mentioned priorities, rather than creating new initiatives or programs
- Recognize that our financial situation necessitates an **analysis of the impact and number of students served by our programs** (must consider viability, sustainability, and efficiency of programs and services)

Additional Administrative Priorities

- Focus on **core functions and operations**
- Ensure **compliance functions** can be fulfilled (items required by law, policy, and contracts)
- Provide adequate **support to schools and staff**
- Positioned to continue progress on the **strategic plan** goals

Resource: School Finance in Minnesota



English



Spanish



Somali

Scan the QR Code to watch the video to learn how School Finance works in Minnesota. If you need access to the content in a different language please email engagement@mpls.k12.mn.us.

Video Source: Minnesota Association of School Business Officials

Resources

- [FY26 Budget Website](#)
- [Caregiver priorities survey](#)
- [Board Budget Priorities and Values Resolution](#)