

2024-25 & 2025-26 Budget Update

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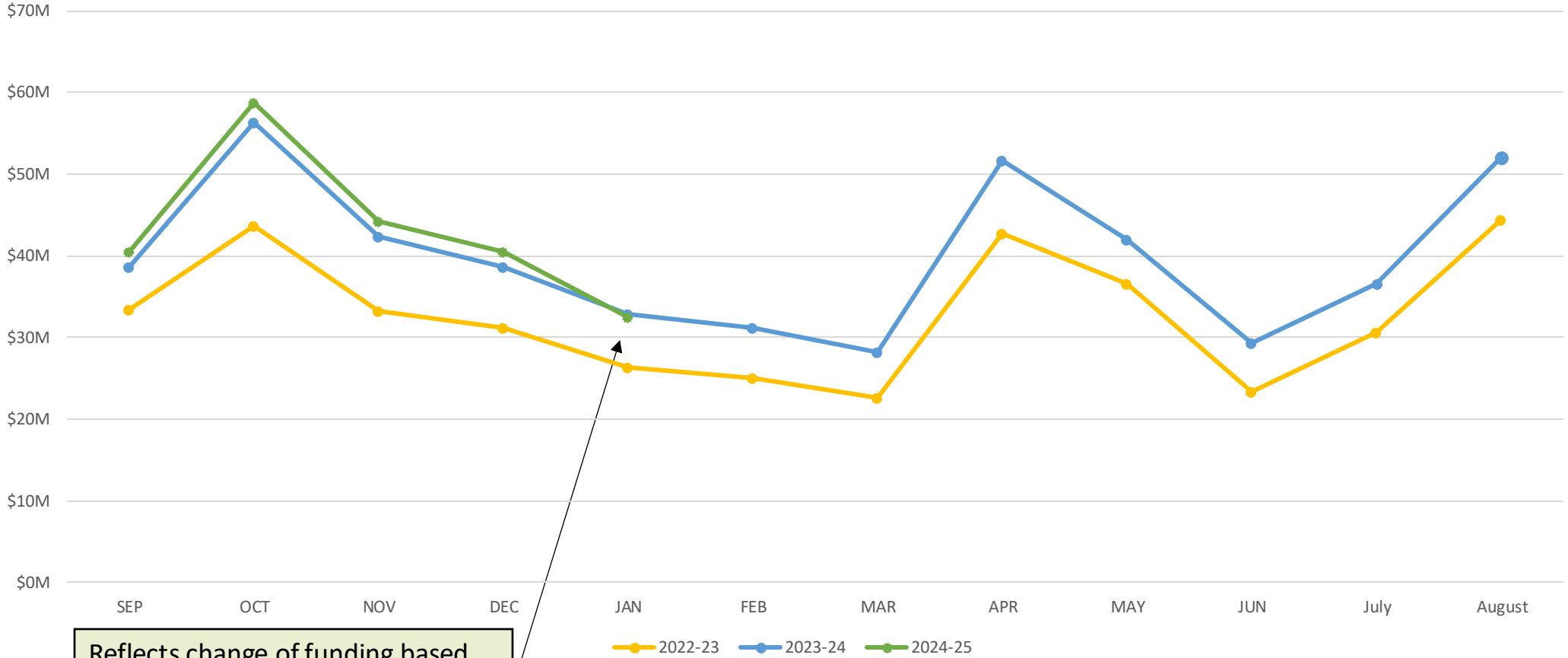
March 13th, 2025



Purpose

- Review 2024-25 trends and fund balance projections
- Examine 2025-26 budget inputs and the legislative session
- Establish initial 2025-26 Enrollment Projections and outline considerations

General Fund Balance – Three-Year Comparison



Reflects change of funding based on budgeted enrollment to actual enrollment in January

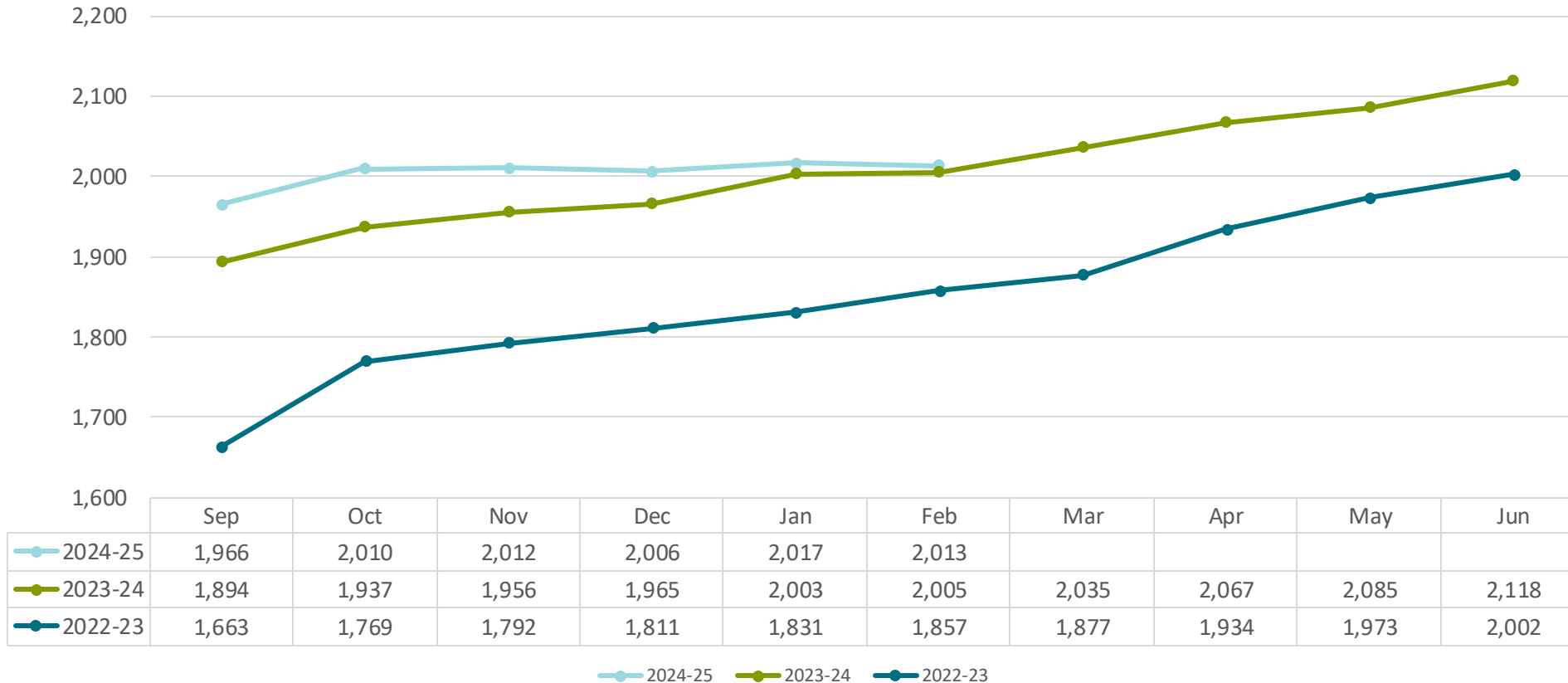


2024-25 Fund Balance Projection

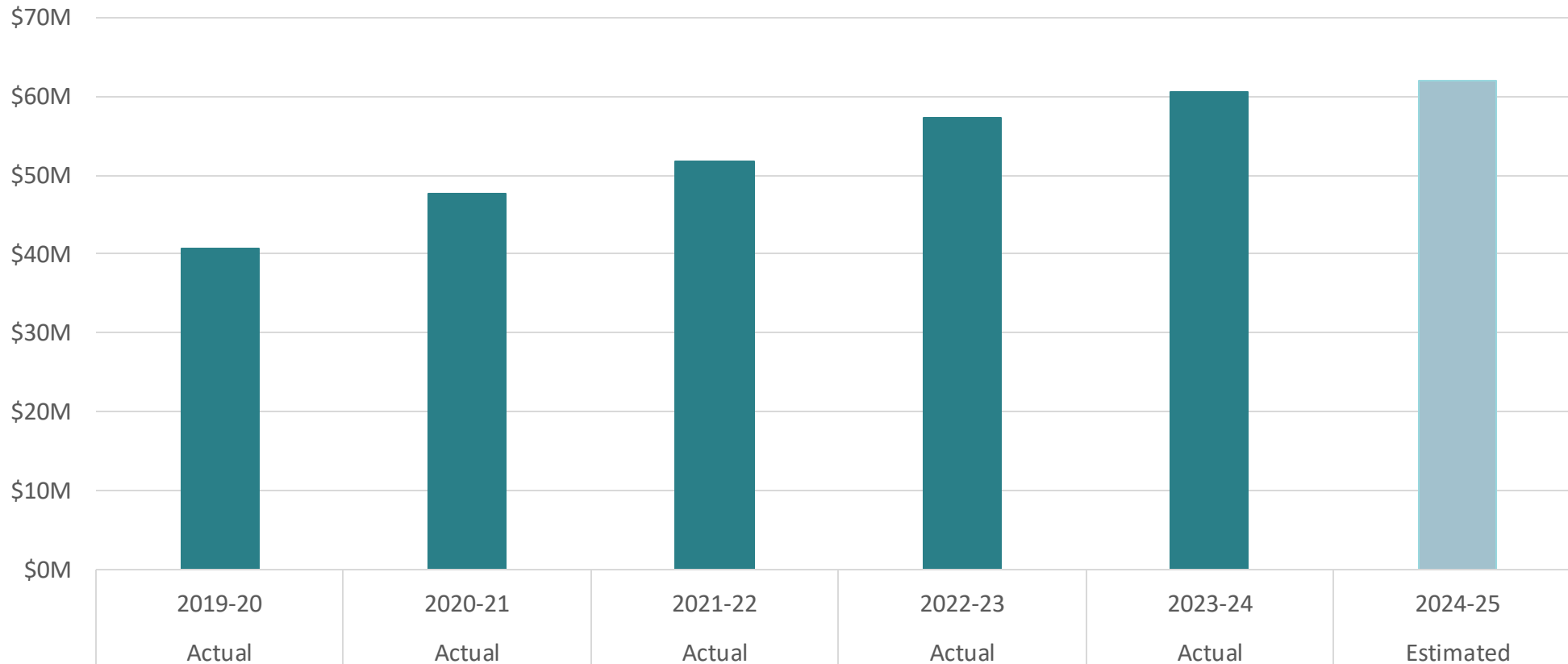
Estimated Fund Balance Change: \$9M Decline

- Planned Curriculum Expenses: \$6.2M
- Enrollment: 0.5% below projection, \$1.3M
- Unanticipated Critical Repairs: \$500K allocated for BLMS elevator repairs
- Maintenance and operations (MSOC) costs: \$1M increase

Special Education Enrollment



Local Levy Trend



Note: Levy revenue is leveling off. In prior years, it increased annually over 10% and now less than 3%



2024-25 Echo Glen Update

- **Enrollment vs. Projection**

- Current Enrollment: 96 students
- State Projection: 145 students
- Gap: -49 students (34% lower than projected)

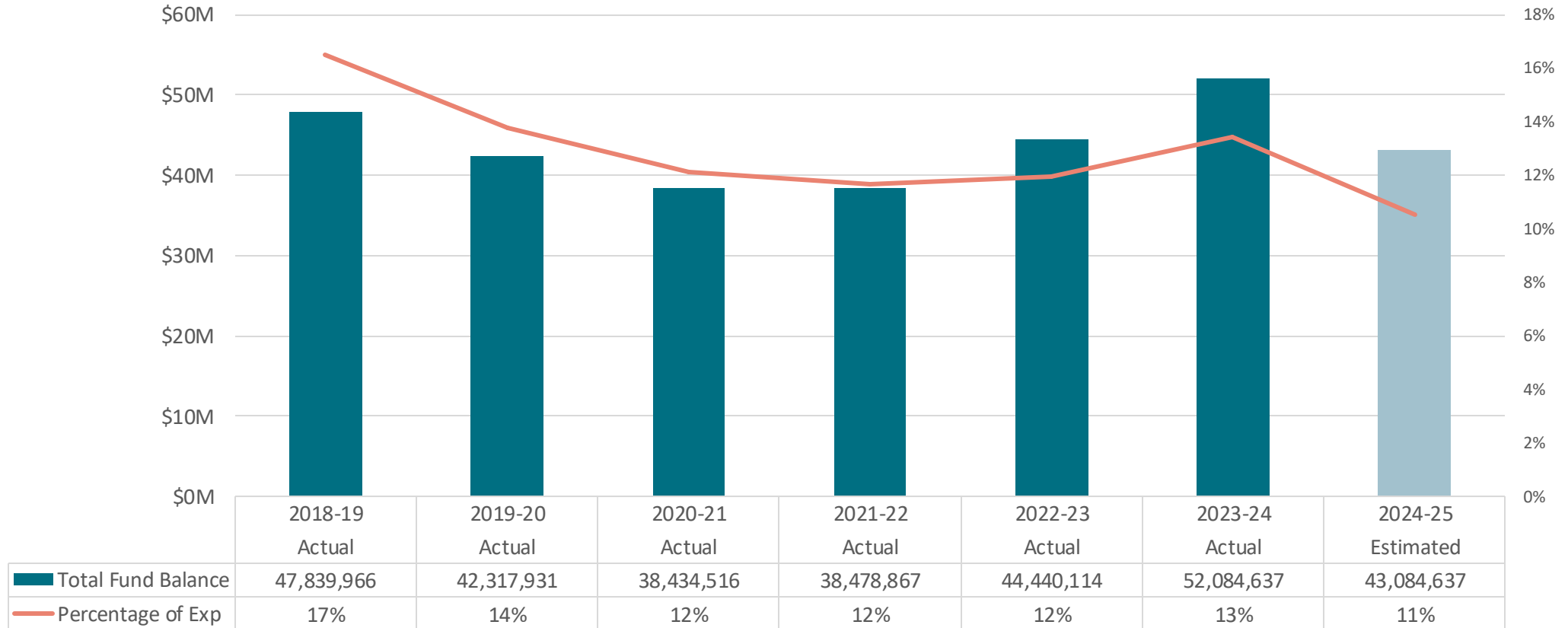
- **Factors Contributing to Discrepancy**

- Delayed cottage openings
- State projections were high

- **Next Steps**

- Continue to monitor enrollment
- If enrollment remains below projection, it may affect funding and staffing

2024-25 Fund Balance



Board of Director's Budget Development Guidelines

Updates - Adopted 1/16/25

II. In directing District resources toward the accomplishment of the above, the budget will be in compliance with the Financial Executive Limitations (Els 4, 5, and 6) with particular attention to the following:

Added:

Maintain a reserve of \$20,000,000 for future school facilities

Updated:

Limit use of the Board-designated emergency reserve fund; (\$1,500,000) to emergency capital equipment and/or facility repair/replacement needs, and/or other unforeseen liabilities or expenses while maintaining the fund at an adequate level

- *Increased by \$500,000*

Impact of Board Directive

2025-26 Beginning Fund Balance Estimate

As of 3/13/25

Estimated 2025-26 Budgeted Expenditures		\$	429,230,859	
			% of Estimated Budget	
Estimated Ending Fund Balance 8-31-25	43,084,637			10.04%
Reserved for Inventory (pre-paid items & Inventor	6,500,000	Reserved for Inventory (non-spendable)		1.51%
Reserved for uninsured risks	500,000	Reserved for uninsured risks (Restricted)		0.12%
Food Service Carry Over	500,000	Restricted		0.12%
Board Reserve	1,500,000	Committed		0.35%
Board Future School Facilities	20,000,000	Committed		4.66%
Imprest	108,170	Committed		0.03%
Reserved for other contingencies	500,000	Assigned for Contingencies		0.12%
Building Carryover	1,500,000	Assigned		0.35%
Total Non-Spendable	6,500,000			1.51%
Total Restricted	1,000,000			0.23%
Total Committed	21,608,170			5.03%
Total Assigned	2,000,000			0.47%
Total Designated Fund Balance	\$ 31,108,170			7.25%
Unreserved Fund Balance	\$ 11,976,467	Unassigned (Undesignated)		2.79%

Estimated percentage of budgeted expenditures is outside of board mandated 3%-7% unreserved, undesignated fund balance.



Board Directive: Fund Balance Impact

\$20M Committed for Future School – Plan to use \$20M from the operating fund (General Fund)

- This may create challenges in meeting payroll obligations and cash flow needs
- Once used, these funds will no longer be available for general operations

Budget Reductions Required – The district will need to reduce expenses to remain within board mandated reserve threshold and sustain school operations with available funding

Uncertain Financial Outlook – The final 2025-26 ending fund balance projection is not yet available and financial impacts are still evolving

Key Risks Include:

- Potential reductions in federal funding
- State budget deficits affecting future education funding
- Uncertain inflationary cost increases

2025-26 Budget Development Inputs

- Board of Director's Budget Development Guidelines (Adopted)
- Finance Analysis Core Team (FACT) Meetings
- Cabinet Budget Mid-Year Reflection Meetings
- Principals and Department engagement
- Enrollment & Staffing Projection Numbers
- Legislative Session impacts

2025 Legislature

Session Timeline

Began: January 13th

Next Cutoff: March 12th

End: April 27th (with the possibility of a special session extending beyond)

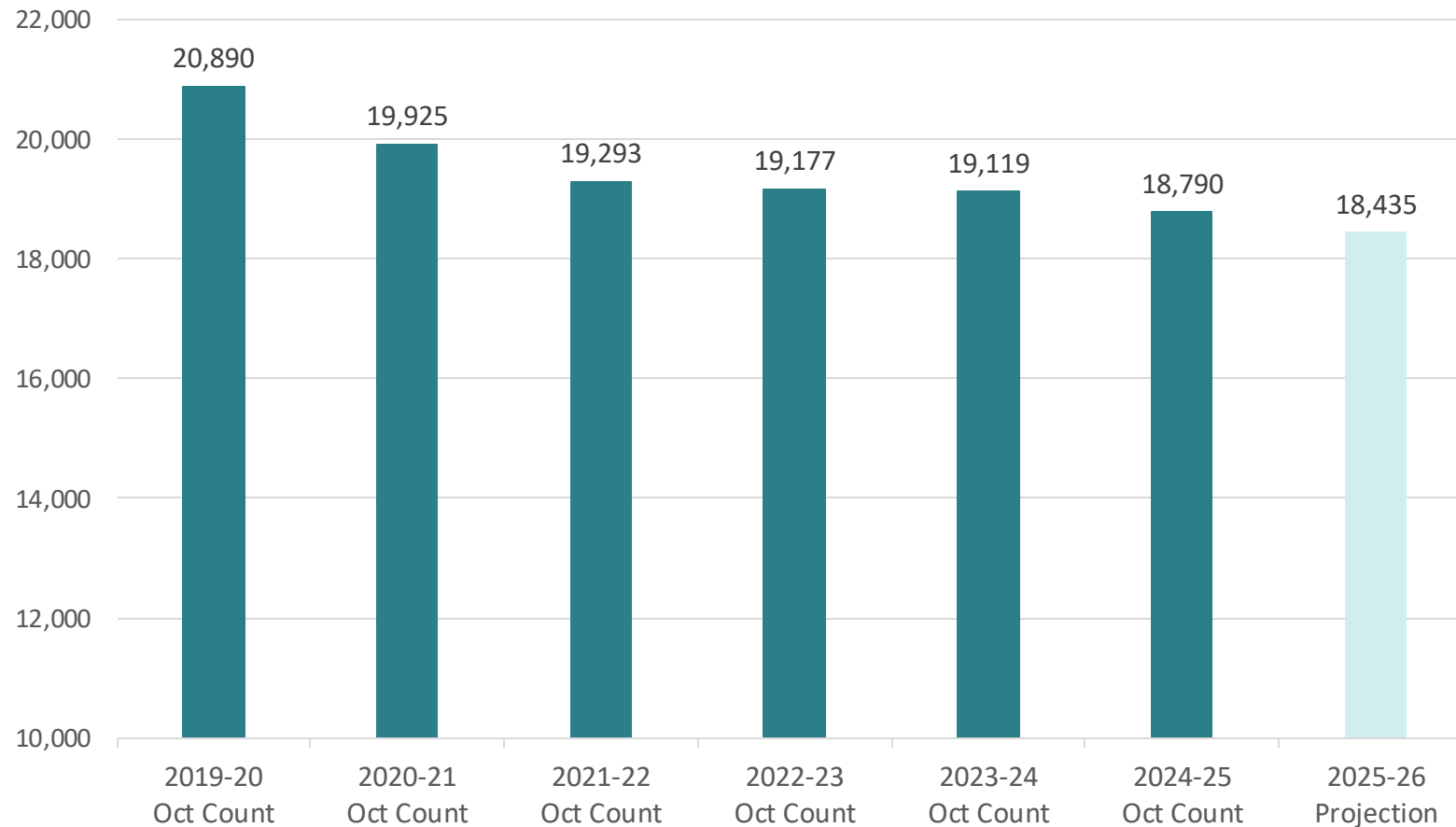
Key Priorities (“Big Three”)

- Special Education (SB5263) – Potential increases to funding multipliers and safety-net thresholds
- MSOCs (SB5192/HB 1338) – Proposed increases or adjustments to baseline funding for inflation
- Transportation (SB 5187) – Did not advance but funding could be included in final budget

Additional Areas to Watch

- Local Levy Lids (HB1356) – Proposal to raise district levy limits to addressing funding gaps
- Universal Free Meals (HB 1404) – Did not pass but may receive funding for meal access
- Construction (SB 5186/SJR 8200) – Allow simple majority approval for bond measures
- Substitutes (1356) – Increase funded substitute days
- Eminent Domain (SB5142) - grants original owners the right to repurchase unused eminent domain land

2025-26 Enrollment (FTE)



This includes Transition to Kindergarten and Running Start



2025-26 Enrollment Projection

1/2

Enrollment projections done on a Full Time Equivalent (FTE) basis

- State funding based on Annual Average FTE
- Near-term projections are more reliable than long-term

Capital facilities planning projections done on headcount basis

- A utilization factor of 95% is used to adjust design capacities to what a building may actually accommodate



2025-26 Enrollment Projection

2/2

Kindergarten

- Birth Rates
- Average # of students entering

1st-12th

- Enrollment grade roll-up
- Layer an average % of change by school and grade

Other Factors

- New homes, affordability, and rental market
- City trends, local economy trends, etc.



2025-26 Enrollment Projection

Overall Decline

- Projected total enrollment of 18,435
- Decrease of 355 students *(-1.9%, reflecting a conservative approach)*
- Expect running start numbers to continue to remain high

Kindergarten

- Enrollment anticipated at similar levels to prior year

Open enrollment

- Impact remains undetermined

2025-26 Budget Considerations

Federal Funding Risks

- Uncertain Impacts to federal grant programs and pass-through funds
- At least \$9M at risk (2.3% of annual operating budget)

Fund Balance Challenges

- Address the ongoing decrease in reserves
- Board commitments reduce the fund balance below board mandated threshold
- Reductions are necessary to sustain district operations

Expense Management

- Align spending with projected revenue, economic outlook, and program needs
- Annual review to identify what must start, stop, and grow



Key Activities

Spring

- Negotiate five bargaining agreements for 2025-26 and beyond
- Analyze cost estimates for materials, supplies, and operating costs and staffing
- Incorporate legislative changes to complete budget inputs and Four-Year Budget
- Develop the initial Fund Balance Projection for 2025-26 and Annual Budget Guide

July

- Release preliminary budget and Annual Budget Guide
- Hold the final Financial Core Analysis Team Meeting

August

- Present the budget for community input and public hearing

Thank you

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Appendix: Critical Steps & Target Dates

Board of Director's Budget Development Guidelines Input	Dec 12
Financial Advisory Core Team Meetings	Dec – Aug
Board of Director's Budget Development Guidelines Adoption	Jan 16
Board of Directors' Meetings and Retreat	Jan – Apr
Budget Process with Updates on District Website	Feb – Aug
Legislature Regular Session Ends	Apr 27
Superintendent's Budget Review and Program Changes Announced, as needed	By Apr 30
District Budget and Budget Guide Completed	Jun – Jul
Public Hearing – Proposed 2025-26 Budget	Aug 7
Budget Adoption	Aug 21