

FY26 Cost Management Workshop

May 20, 2025

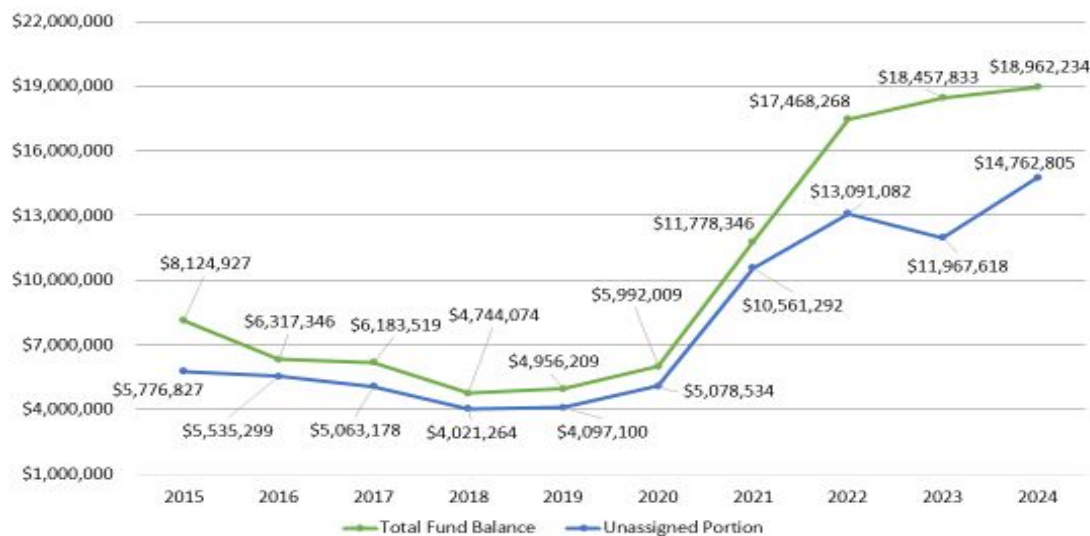
Brief Recap Financial Data

- We are a service organization. We have over 1,400 employees.
- 88% of GF Expenses are for wages & benefits or \$128,284,446 (2023-24 actual).
- Approximately 73% of the budget goes to the Classroom-Instructional expenses or \$105,144,720 (2023-24 actual).
- **Expenses are increasing (wages, benefits, utilities, etc.).**
- **Aged infrastructure requires repairs and maintenance.**

General Fund - Fund Balance



General Fund – Fund Balance



- 2015-2019 declining Fund Balance
- The difference between Total Fund Balance and Unassigned is what is left over without any constraints for general operations.

Original VS. Proposed Amendment

Original General Fund Combined Approved 2024-2025 Budget

*(Deficiency) of revenues over expenses \$(2,959,490)

REVENUES:

(Unfavorable) Net Change in Projected Revenues (884,418)

EXPENSES:

(Unfavorable) Net Change in Projected Expenses \$(3,767,329)

Mid-Year General Fund Combined Proposed 2024-2025 Budget

*(Deficiency) of revenues over expenses \$(7,611,237)

* Terminology as listed on the audited financial statements by Yeo & Yeo in transparency on district website

Federal Funding Sources Ended FY24-25

- Post-COVID related funding ended
- Increased staff was necessary to address:
 - Safety
 - Student learning loss
 - Social/emotional support for students
- These costs remain in the budget, although funding ended

Impact on Budget - 2019-20 vs 2024-25:

- **88% of the Budget Supports Personnel:** The majority of our expenditures are tied to wages and benefits.
- **Rising Costs, Stagnant Funding:** State funding has not kept pace with increasing expenses such as salaries, benefits, and operational costs.
- **Insufficient Right-Sizing:** Without appropriate staffing adjustments in response to declining enrollment and revenue, our General Fund balance continues to decline.
- **Staffing Increases Amid Enrollment Declines:** Previous staffing additions occurred even as student enrollment and funding decreased, further straining the budget.

Enrollment & Staffing Levels (2020 vs. 2025)

	2019-2020	2024-2025	Increase/(Decrease)
Teachers	578	597	19
Paraprofessionals/Aides	206	233	27
Student Enrollment (FALL MISchoolData)	10,145	9,215	(930)

*Does not include third party personnel

Loss of state funding (over 5 years):
930 students x \$9,608=\$8,935,440

Administrator Engagement

- Multiple Workshops with Building Principals
- Meetings with Association Groups
- Historical Position Review
 - Staffing Levels vs. Student Count
 - Fund Balance History
 - Review of COVID related added positions
 - Review of non-instructional departments

Program	Position	Total by Program	
Basic Programs	Transfer 3 General Ed Para's to grant		
	10 % Building and Department budget reductions		
	Eliminate extra prep time		
	Retired Teacher Sub Rate Reduce by \$50 per hour/building subs		
	Teaching Reductions 22 FTE (all levels - rightsizing)		
	Teacher Leaders		
	Literacy Specialists-Middle school reduce from 1.0 to .5 at each building		
	Curriculum Budget -Reduced amount Textbook Adoptions (not needed for FY26)		
	Basic Program Total		3,975,571
Added Needs	Special education attrition - and position moved to grant		
	Added Needs Total		270,000
Pupil Services	Noon aides -Cafeteria portion charge to Food & Nutrition		
	Nurse -Grant funds ended reduce by 1.0 FTE		
	Supervisory aides HS- reduce by 5		
	Supervisory aides MS- reduce by 4		
	Pupil Services Total		296,000

Program	Position	Total by Program
Curriculum & District Instructional Staff	Curriculum Budget -PD, subscriptions, 10% reduction,etc District ELA Coach-1.0 FTE District Math Coaches-.5 Secondary; .5 Elementary Instructional Tech Coach 1.0 FTE Math Specialists - elem-reduced from 1.0 FTE to .5 FTE Media Clerks - elementary (reduced to previous levels of .5 at each building) NET 4.5 FTE Media Clerks - high school (Reduced to .5 at each building) Net 1.0 FTE Media Clerks - middle school (reduced to .5 each building) Net 2.0 FTE	
	Curriculum & District Instructional Staff Total	1,704,620
Operation and Maintenance	Support services (reduce 3 unfilled custodial positions) Safety Officer through attrition	
	Operation & Maintenance Total	315,500
General Administration	General Admin. one-time staff costs, other support (Athletic Director) Non-Affiliated Administrator Concessions Building Tech/help desk reduced hours	
	General Administration Total	750,000
Estimated Additional Revenue	SACC Rate increase to offset program losses-Rev Enhancement Preschool Rate increase to offset program loss-Rev Enhancement	
	Total	190,000
Estimated FY26 Budget Adjustments		\$ 7,501,691

FY26 Estimated Reductions

FY26 ESTIMATED Budget Cost Reductions	
Basic Programs	\$ 3,975,571
Added Needs	270,000
Pupil services	296,000
Curriculum & District Instructional staff	1,704,620
Operation and Maintenance	315,500
General Admin. & Other Support (Athletic Director)	750,000
Estimated FY26 Expense Reductions	\$ 7,311,691
SACC/Preschool Revenue Enhancement- Rate increases	190,000
Estimated FY26 Budget Adjustments	\$ 7,501,691

Budget Process & Forecasting

Budget Basics

- **A budget is a financial plan**, not a fixed number — it outlines projected revenues and planned expenditures for a given fiscal year.
- **Budgets are based on assumptions** — including student enrollment, staffing needs, state funding allocations, and local revenue projections.
 - Budget timing, we create budget by June 30 State by Sept 30 - doing this blind
- **A fluid document** — as real-time conditions change (e.g., student count, grant awards, unexpected expenses), so does the budget.
- **Budget amendments are expected** — school districts revise budgets throughout the year to reflect updated financial realities.
- **The budget is a planning tool** - helping the district prioritize needs, allocate resources, and ensure alignment with strategic goals.
- **Actuals are different than budgeted amounts** — “Actuals” reflect what has truly been spent or received, while the “budget” is a forecast.
- **Transparency and monitoring** — regular updates and reviews ensure the board remains informed of any significant changes throughout the year.

Budget Development Timeline

2025-26 Budget Development Timeline

- April – May 2025: Budget Workshops
- May 16 Consensus Revenue Estimating Conference
- FY26 Cost Management Workshop: May 20 at 5:00 p.m.
- June 23: Public Hearing on 2025-26 Proposed Budget
- June 23: Adoption of Proposed 2025-26 Budget
- July - September 2025: Continue to monitor state budget
- October 2025 - February 2026: State Aid Allocations become known
- February 2026/March 2026: Budget Amendment

FY26 State Budget...Stay tuned!

- Legislature proposals indicate \$392-\$417 per pupil increase. \$9,608 to about \$10,000
- State retirement cost (MPERS) Increases/funding decreases
 - About \$230 per pupil for L'Anse Creuse
- Safety & Security grant 31aa-\$1.0 million not guaranteed as of now.

*NET increase in foundation allowance of only \$162 per pupil
(about \$1.5 Million)*

Continuing to evolve... State funding preliminary message can be misleading!

FY26 State Budget...Stay tuned!

What does this mean for possible state funding for L'Anse Creuse FY25-26?

*NET increase of only \$162 per pupil
(about \$1.5 Million)*

AND

If loss projected 150 FTE for FY25-26 (about \$1.4 Million loss)

Need to plan for relatively flat state funding based on information we know now.

Budget Forecasting - Moving Forward

3-Year Forecasting Approach:

- **Year 1 (2024–2025):** Address immediate budget priorities and implement short-term adjustments
- **Year 2 (2025–2026):** Analyze mid-range financial trends with a focus on staffing and program sustainability, revenue enhancement
 - Program Study: Conducted September through December
 - Revenue Enhancement Study: Conduct September through December
 - Establish Parameters: Guided planning begins in January
- **Year 3 (2026–2027):** Engage in strategic planning with emphasis on long-term financial forecasting, capital project planning, and curriculum/program development.

Ongoing: Monitoring & Adjustments

- Regular financial reviews and board updates
- Adjustments based on legislative changes and economic conditions
- Cost-saving measure studies

Thank you for your partnership and support.