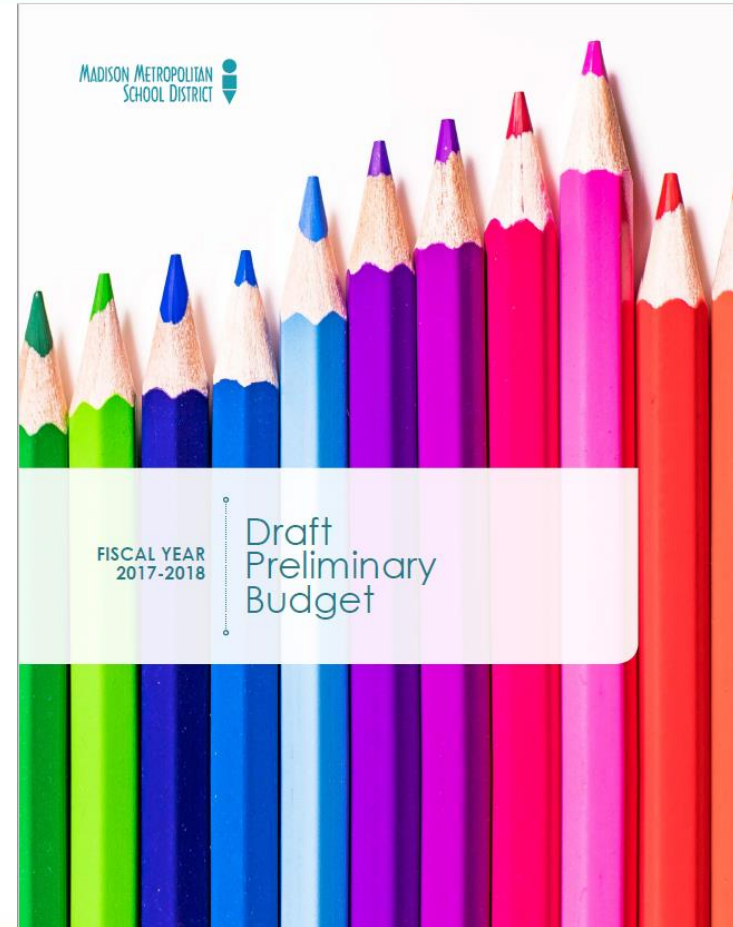




2017-18 School Year Preliminary Budget

June 26, 2017
Update



Proposal Highlights

Continued investment in the priorities outlined
in our Strategic Framework

Over \$5 million in priority actions all aimed at raising student achievement and narrowing gaps:

- Foundational Actions: Solidifying the foundation needed to sustain progress
- Accelerated Actions: Accelerating progress in key areas like reading by 3rd grade and keeping 9th graders on track
- Innovative Actions: Investing in innovation to propel outcomes for students in areas of highest need

See June Preliminary Budget Pages 25-38

Proposal Highlights

Changes to the Priority Actions since the April Preliminary Budget:

- Increase Advanced Learner Staffing \$218,000
- Increase Behavior Education Plan Supports \$498,000
- Increase Circles of Support \$50,000
- Decrease Principal Prof. Development (\$25,000)
- Decrease Middle School Plan (timing adjustment) (\$100,000)

All changes listed above are included in the June Preliminary Budget

Proposal Highlights

A competitive compensation strategy that values our MMSD staff

- Salary schedule advancement & max base wage increase (1.26%)
- Summer School teacher pay at \$25/hr. to retain/attract quality staff
- Beginning teacher salary set at \$41,096 to attract talented new teachers
- \$15 per hour minimum wage for regular MMSD employees
- \$3.0 million in health care savings helped to fund these salary/wage increases

New since the April Preliminary budget are the 2 HMO health plan model and the related savings/investments in salaries and wages

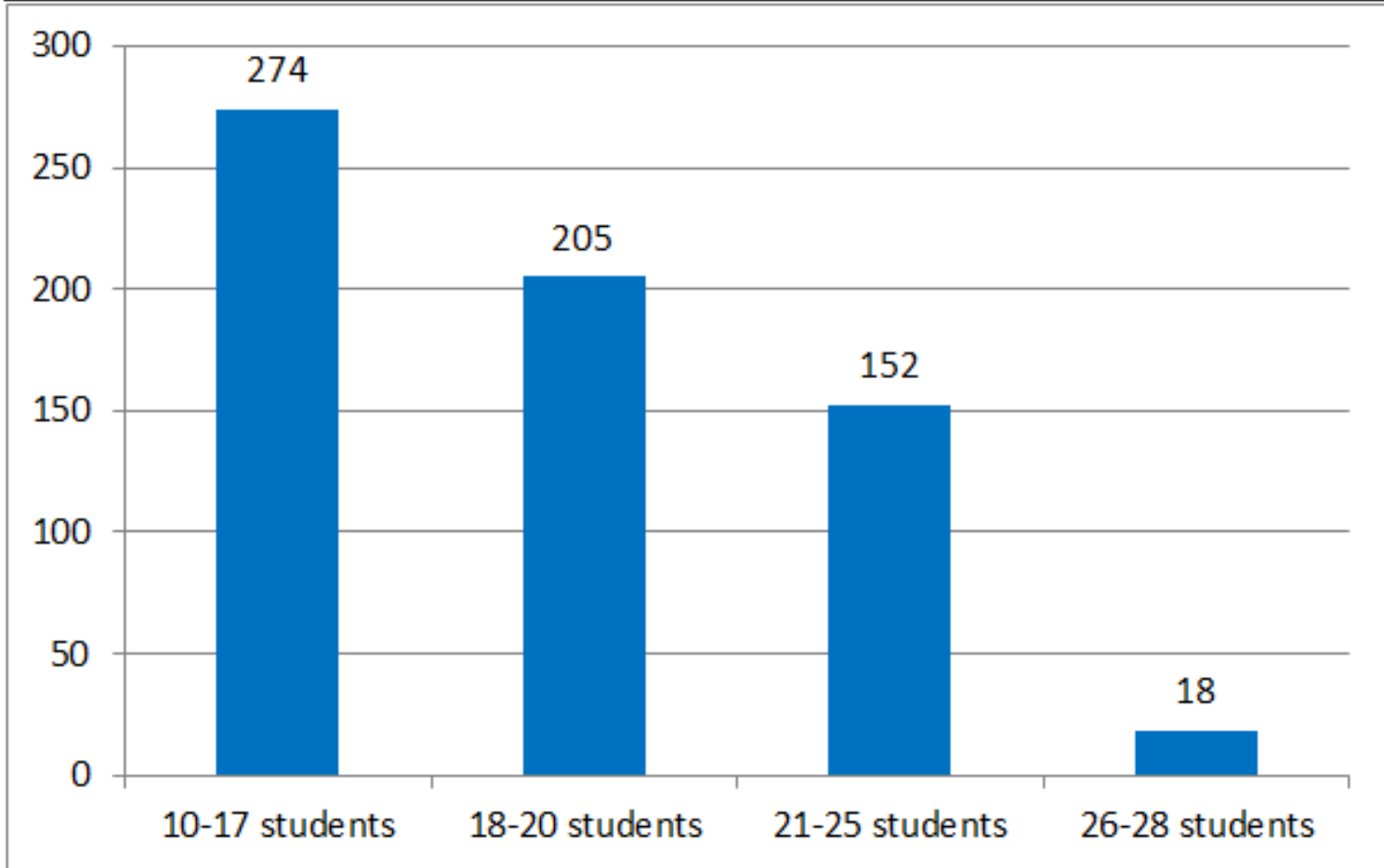
Proposal Highlights

A carefully designed staffing plan aligned to class size guidelines:

- The 2017-18 staffing plan will grow by 24 FTE (less than 1%), following back-to-back years of staff reductions.
- One million dollars was added to the staffing reserve (unallocated teacher positions) to respond as needed when class sizes exceed guidelines.
- The total reserve pool of unallocated teacher positions is 18.0 FTE as of June 20, 2017 for regular education programs. Additional unallocated staff are reserved by the Special Education team to be used as needed.

New since the April Preliminary budget is the addition of \$500,000 to the unallocated pool (total \$1,000,000). Funding became available due to a decrease in the WRS rate, and additional health plan savings in excess of budget expectations.

2016-17 K-5 Classroom Sizes - All Elementary Schools



Source: RAD Dept. Tableau May 23, 2017



MMSD Class Size Standards

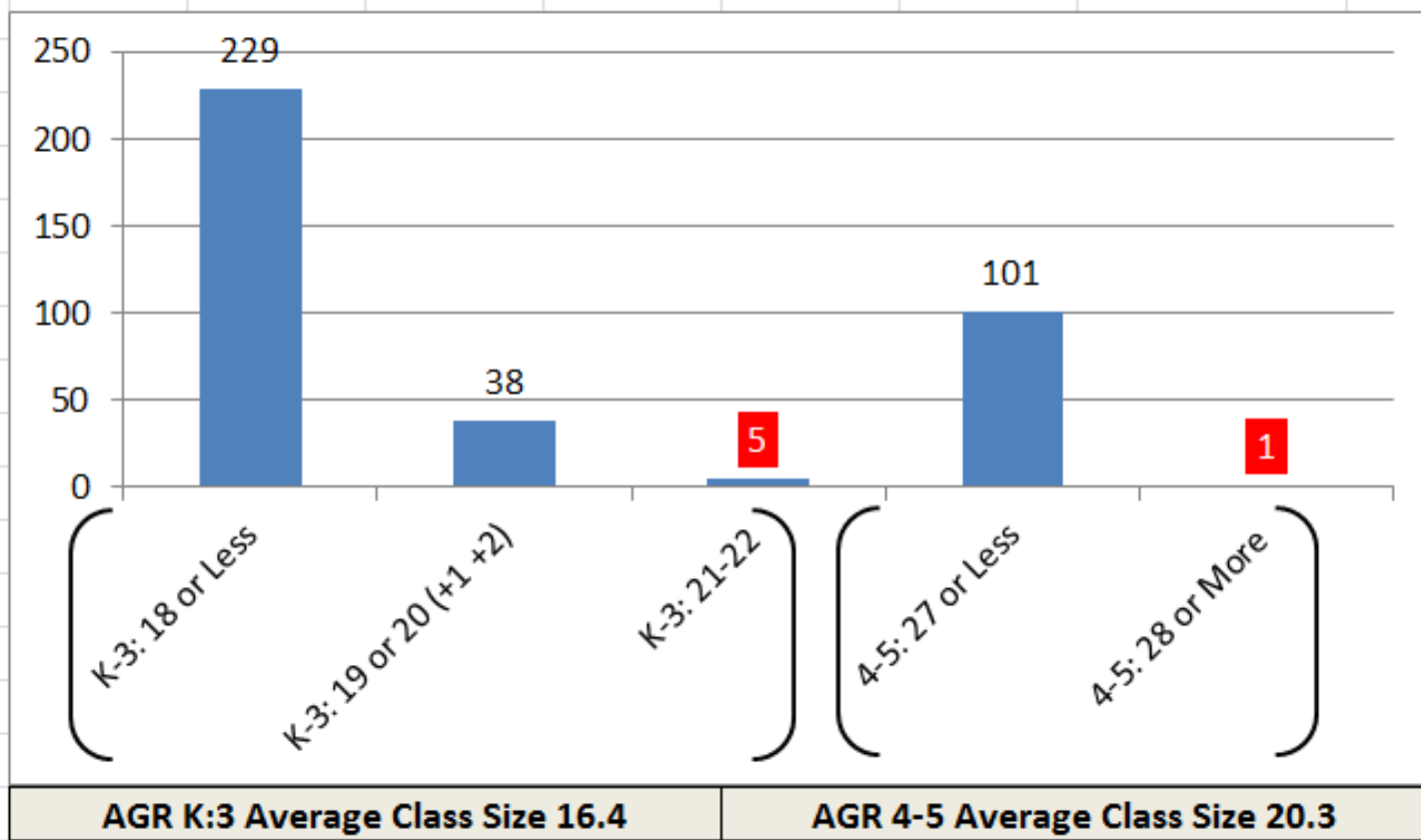
SAGE/ AGR MMSD Elementary Class Size Guidelines		
Grade	# of Students	<i>The new allowable flexibility under the Achievement Gap Reduction (AGR) program (formerly SAGE) will minimize disruption in schools when K-3 class sizes reach 18. The district will utilize a +1/+2 approach to adding sections in formerly SAGE schools on a class-by-class basis. Please note, in the preliminary elementary staffing plan, very few classrooms are over 18.</i>
K	18	
1	18	
2	18	
3	18	
4-5	25-27	
MMSD Elementary Class Size Guidelines (Non AGR/ SAGE)		
<i>(Please note that while these represent maximum class sizes, very few, if any, of our 4K-5 classrooms have reached the upper limits)</i>		
Grade	# of Students	Additional Section Consideration
K	21-22	23
1	21-22	23
2	24-26	27
3	24-26	27
4-5	25-27	28
4K - Class size limit in 4K is 18. Once class size reaches 18, class size flexibility (+1/ +2) will be used, or transportation is provided to another 4K site with available seats, or another section could be opened.		



Source: RAD Dept. Tableau May 23, 2017

Actual Class Size vs. Board Guideline Maximums

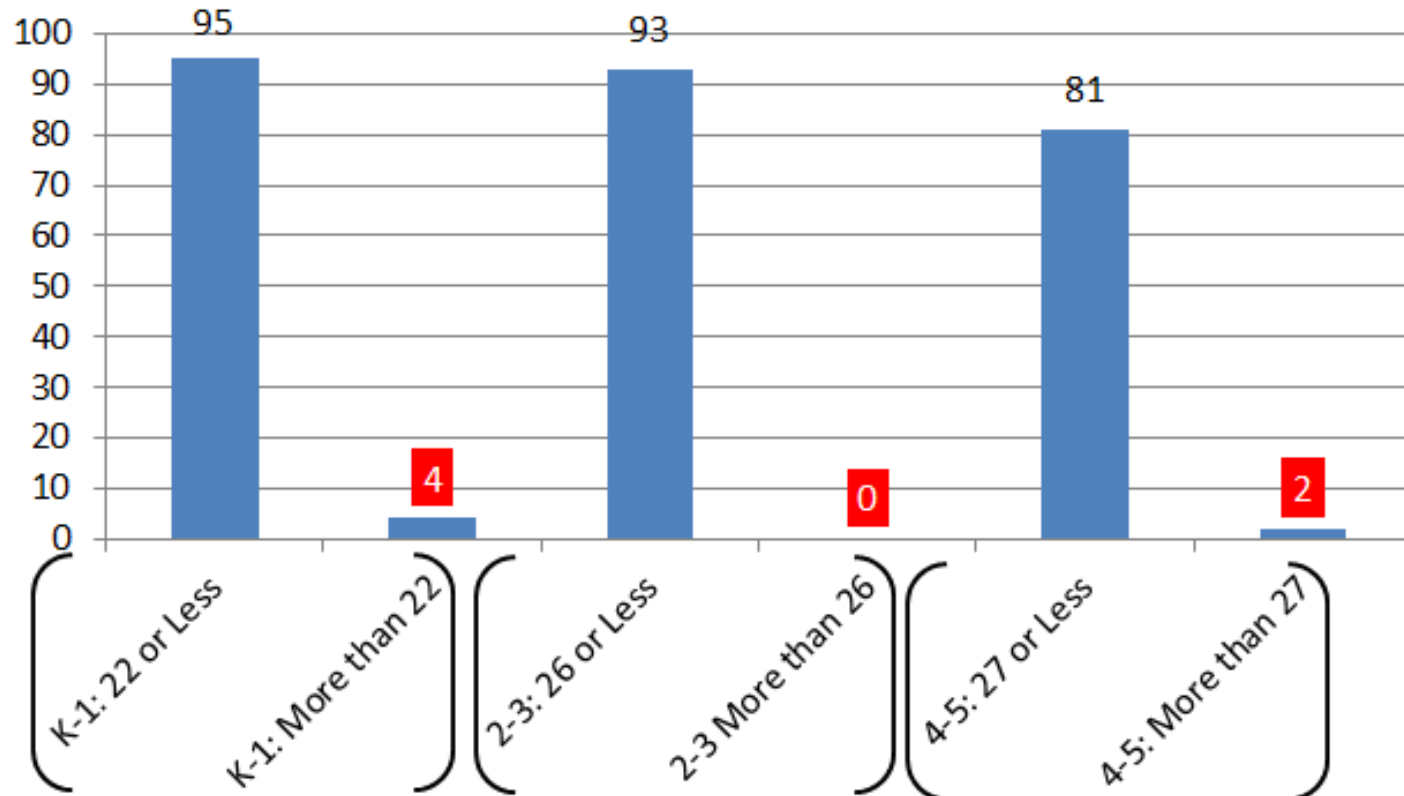
AGR/SAGE Schools: 2016-17 Class Size Sections for K-5



Source: RAD Dept. Tableau May 23, 2017

Actual Class Size vs. Board Guideline Maximums

NON - AGR/SAGE Schools: 2016-17 Class Size Sections for K-5



K:1 Avg 18.9

2-3 Avg 19.8

4-5 Avg 21.5



June Preliminary Budget – Financial Status

- State Budget Assumptions:
 - Categorical Aid \$200 per student
 - Equalization Aid Loss of 15% (worst case)
- Federal Budget Assumptions:
 - 10% Loss for Title I, II
 - Medicaid SBS?

June Preliminary Budget Financial Status

- Balanced Operating Budget: \$390,045,697
- All Funds Budget: \$494,652,025
- Tax Levy Increase 3.97%
- Total Tax Levy \$298,495,588
 - Tax Rate Increase from \$11.92 to \$12.03 per \$1,000 of home value
 - Tax Impact on Avg. Home Valued at \$258K is estimated at \$74.57
 - Under-Levy of \$2.0 million (Not Using Full Levy Authority)

First Motion

It is recommended that the Board approve and adopt the 2017-2018 preliminary budget as proposed, in the amount of \$494,652,025, inclusive of all funds, with said proposed budget having been identified in the document entitled DPI Preliminary Budget Adoption Format, dated June 26, 2017.



Second Motion

It is recommended that the Board approve the preliminary tax levies by fund, with the said levy approvals being 1) for the purpose of enabling short-term borrowing by the district during the 2017-2018 fiscal year; and 2) subject to modifications by the Board prior to November 1, 2017, in conjunction with certifying the final levy amounts based upon the then-current status of the 2017-2018 school district budget, considering such alterations and amendments as may be made prior to levy certification.

Fund 10 General Fund	\$270,023,093
Fund 38 Non-referendum Debt Service	\$ 4,177,516
Fund 39 Referendum-Approved Debt Service	\$ 8,300,825
Fund 41 Capital Expansion Fund	\$ 4,400,000
<u>Fund 80 Community Services Fund</u>	<u>\$ 11,594,154</u>
Total Tax Levy	\$298,495,588

Next Steps in Budget Development

- June 26: Vote to adopt preliminary budget
- June 30: New State Budget?
- July 01: Preliminary estimate of state equalization aid
- Sept 05: School Begins
- Sept 15: 3rd Friday Enrollment Count
- Oct 13: Final estimate of state equalization aid
- Nov 01: Board must adopt budget by this date