

2024-2025 Budget Update

April 23, 2024
Presentation to Board
of Education

Agenda

- Resource Availability
- Planned Investments
- Use of Fund Balance
- Unknowns to the Forecast
- Next Steps for Proposed Budget

Today's presentation is not the full 2024-2025 Proposed Budget, but rather the highlights of the investments DCSD is adding for 2024-2025. The Proposed Budget will be presented on May 28, 2024.

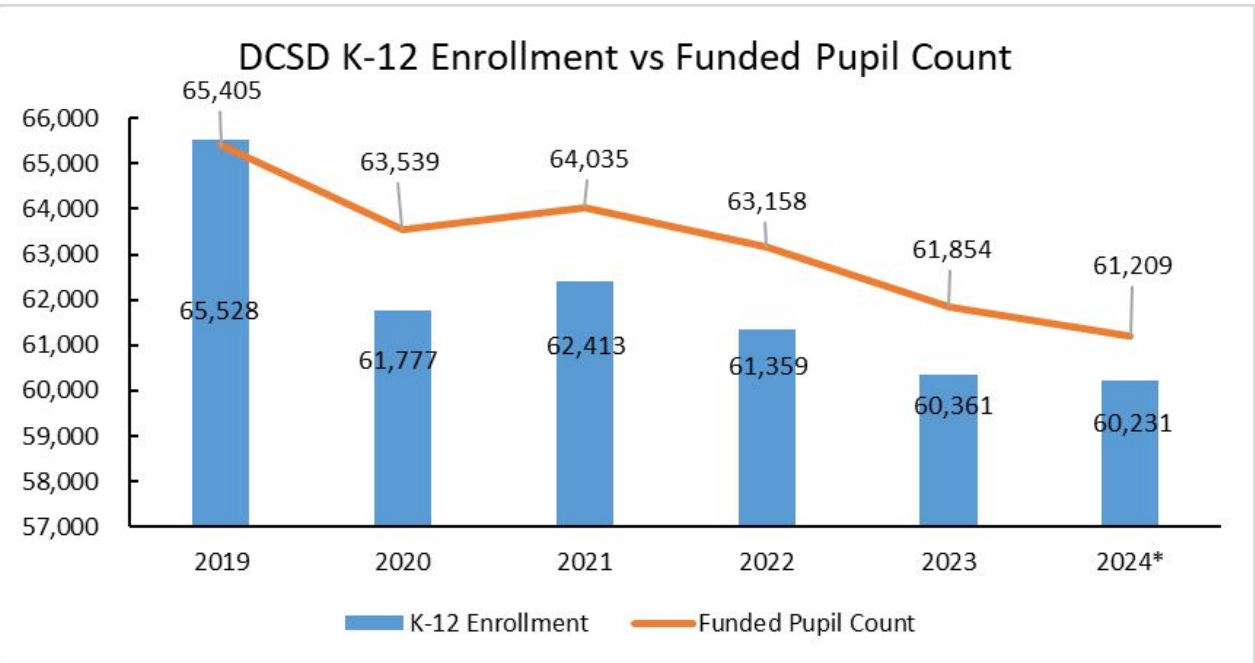
Enrollment and Funded Pupil Count

	Actual 2023-2024	Projected 2024-2025	Actual to Projected Increase/(Decrease)
Neighborhood K-12 Enrollment	44,229	43,281	(948)
Alternative Enrollment	616	637	21
Charter Enrollment (Non-HOPE)	14,152	14,713	561
Charter Enrollment (HOPE Online)	1,357	1,600	243
Funded Pupil Count*	61,854	61,209	(645)



**Funded Pupil Count is not the sum of the various enrollment components, do not add the first four rows to calculate the bottom line*

DCSD Enrollment Over Time



Year	District-run % of Total Enrollment (without HOPE Online)	Charter (without HOPE Online) % of Total Enrollment (without HOPE Online)
2019	78%	22%
2020	77%	23%
2021	77%	23%
2022	77%	23%
2023	77%	23%
2024*	75%	25%

*projected enrollment for 2024-2025



School Finance Act and Per Pupil Revenue

- SB24-188: School Finance Act for 2024-2025 introduced in late March, House Education Committee refer unamended to appropriations as of 4/17/24
- Base per pupil statewide increased by 5.2% (inflation) to \$8,496.38
- No Budget Stabilization Factor (first time since 2009)
- Bill adds a new factor to provide funding to eligible rural and small districts not served through formula previously for \$35.9M statewide
- Assumes 1.1% decline in funded pupils statewide
- **DCSD Per Pupil Revenue: Increase of \$782 per pupil to \$10,927 per pupil compared to 2023-2024 Adopted and Revised Budget (after State Supplemental for Final Revised Budget: increase of \$704 per pupil)**

School Finance Act Revenue Assumptions for DCSD

	2023-2024 Final Revised Budget*	2024-2025 Projection	Increase/(Decrease)
Per Pupil Revenue	\$10,223	\$10,927	\$704
Funded Pupil Count	61,854	61,209	(645)
Total Program Formula	\$632.3M	\$668.8M	\$36.5M
District-share Total Program	\$475.8M	\$493.1M	\$17.3M
Charter-share Total Program	\$156.5M	\$175.7M	\$19.2M

*Final Revised Budget will be presented in June 2024 to reflect state supplemental budget and official pupil count

Other Major Revenue Changes in 2024-2025

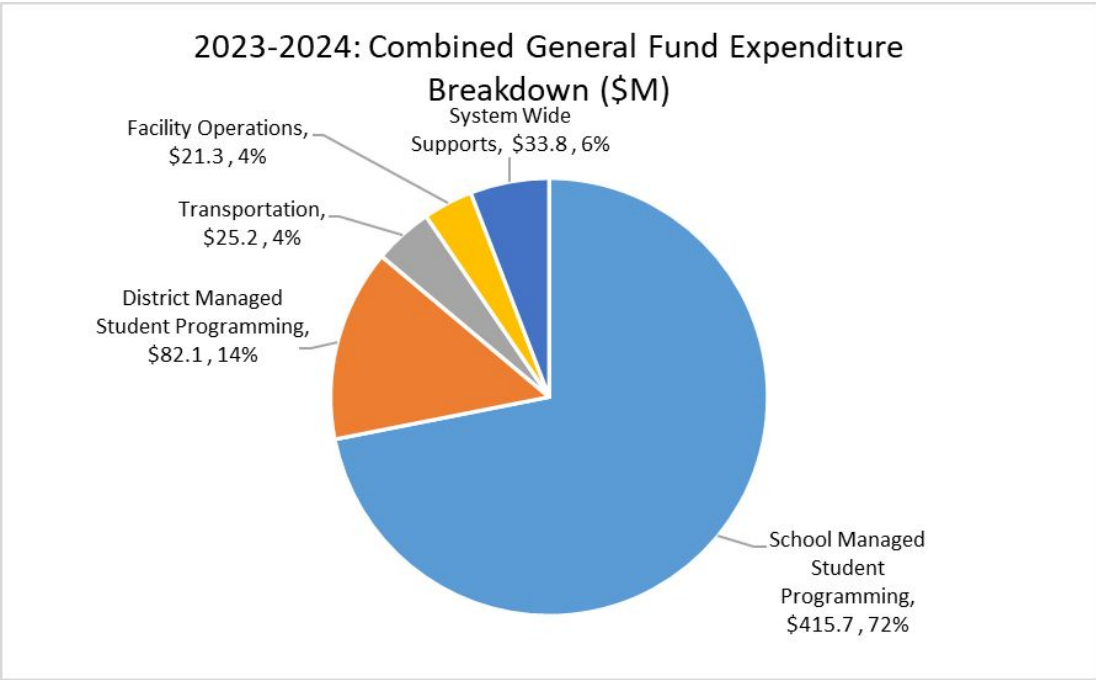
- Universal Preschool (UPK) per pupil will increase 2% compared to current year and DCSD programs will be funded on half time instead of part time rates
- Increased resources for concurrent enrollment and ASCENT program
- Special Education state categorical grant funding will increase by inflation

Summary of One-Time vs Ongoing Sources: Combined General Fund

Revenue Increase/(Decrease) Category	One Time (\$M)	Ongoing (\$M)
Use of 2023-2024 Unassigned Fund Balance	\$2.3	
2023-2024 State Supplemental Increase	\$3.4	
Per Pupil Revenue Increase from 2023-2024 Adopted		\$35.3
District-Run Funded Pupil Count Decrease from 2023-2024 Adopted		(\$14.3)
Pass through to Charters of MLO Per Pupil		(\$2.6)
Special Education and Other Intergovernmental Revenue Increase		\$0.9
2023 MLO Allocation for Safety and Security Reserve Use	\$2.2	
Concurrent Enrollment and ASCENT Program Participation Increase	\$2.8	
Universal Preschool (UPK) Program Change and Rate Increase	\$1.1	
Total	\$11.8M	\$19.2M

Planned Investments

- Current Year (2023-2024) Budget: 72% of Combined General Fund managed by schools for student programming
- Total Combined General Fund Expenditure Breakdown for 2024-2025 will be in Proposed Budget
- Increases presented for 2024-2025 will remain consistent with distribution between schools and departments



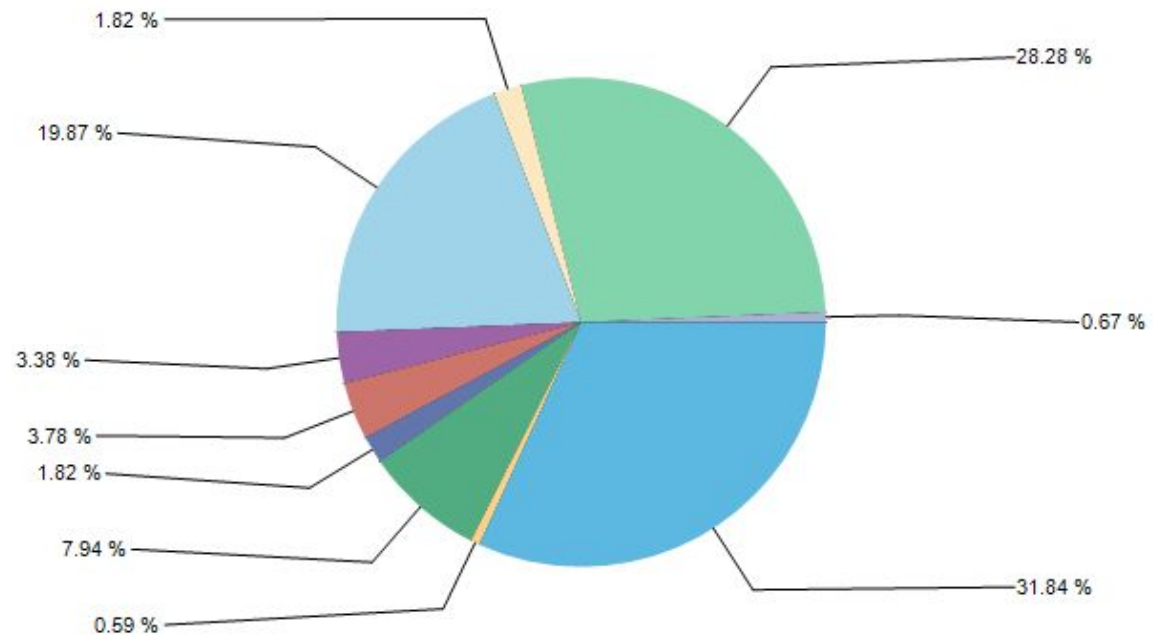
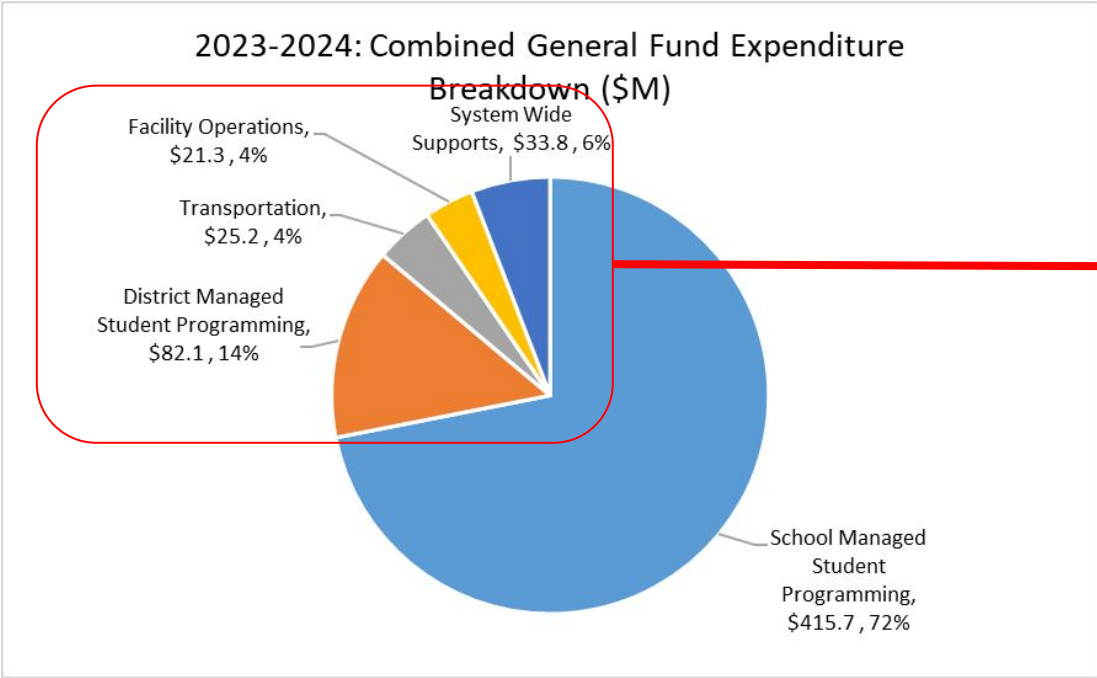
Compensation Budgeting

- Licensed Employees: \$ 11.6M with average of 3.5% increase
- Non-Licensed Employees: \$4.6M with classified employees increase of 3.5% and admin/protech employees increase of 3.0%
- DCSD invested \$6M to cover health premium increases to keep employee contributions for medical flat

Site-Based Budgeting (SBB) Investments

- Increase base per pupil discretionary allocation to cover increase in average salaries and benefits for school-based staff in order for schools to maintain current purchasing power
 - 14% increase for elementary
 - 15% increase for middle
 - 13% increase for high
- Modified Special Programming allocation to provide schools with increased site-level discretion over spending to benefit all participating schools
- Invest additional resources in small school factor to ensure smallest schools are able to maintain current programming and instructional staff
- Increases/decreases to Special Education, English Language Development and Gifted and Talented teacher allocations reflect changes to individual student populations and not formula/allocation changes

Summary of 2024-2025 Department Budget Total Including Enterprises



- Student Support Services
- Legal
- Human Resources
- Superintendent
- Information Technology
- Operations
- School Leadership
- Business Services
- Communications
- Learning Services



Summary of One-Time vs Ongoing Uses: Combined General Fund

Expense Increase/(Decrease) Category	One Time (\$M)	Ongoing (\$M)
Licensed employee salary increase		\$11.6
Non-Licensed employee salary increase		\$4.6
Medical benefit premium increases absorbed by District	\$6.0	
Neighborhood School Discretionary Site-Based Budget increase		\$3.5
Neighborhood School Non-Discretionary Site-Based Budget increase		\$0.9
Department increases in staffing and operations	\$4.9	\$6.5
Total	\$10.9	\$27.1

With anticipated increase of \$38M to expense budget offset with \$31M to revenue budget, 2024-2025 Proposed Budget will present draw down (use) of \$7M of fund balance

Planned Use of Fund Balance in General Fund

Healthy historical and current fund balance and strong overall financial position allow for strategic draw down of fund balance in 2024-2025 to invest in students, schools and employees while still maintaining healthy reserve levels

	2020-2021 Actual	2021-2022 Actual	2022-2023 Actual	2023-2024 Projected as of Q2	2024-2025 Budgeted Range*
Restricted, Committed and Assigned Reserves	\$64.3M	\$79.2M	\$72.0M	\$88.1M	\$83.7-\$92.5M
Unassigned Reserves	\$66.7M	\$73.6M	\$84.1M	\$71.4M	\$63.7-\$65.1M
General Fund Total Fund Balance	\$131.0M	\$152.8M	\$156.1M	\$159.5M	\$147.4-\$157.6M
Unassigned Fund Balance % of Total Fund Balance	51%	48%	54%	45%	41-43%
Unassigned Fund Balance % of Total Appropriation	10%	10%	11%	8%	7%



*range provided for 2024-2025 due to remaining budget development tasks between 4/23 and 5/28

Unknowns in the Forecast

Upside

- Declining enrollment less significant than budgeted
- Budgeted positions are filled resulting in less use of more expensive contracted services

Downside

- Declining enrollment more significant than budgeted
- Budgeted positions are not filled resulting in greater use of more expensive contracted services

Next Steps

- May 28th - present 2024-2025 Proposed Budget to Board of Education
- May 31st - legal deadline for public notice on 2024-2025 Proposed Budget
- June 18th - present 2024-2025 Adopted Budget to Board of Education
- June 30th - legal deadline for budget adoption
- July 1st - 2024-2025 fiscal year begins