

# BUDGET BASICS

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Minneapolis Public Schools  
Finance Office



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MINNEAPOLIS  
PUBLIC SCHOOLS

Urban Education. Global Citizens.

# Why are we here?

- **Purpose**
- **Basic Principles of the Budget**
  - Budget timeline
  - What is a budget
  - Where does the money come from
  - How schools get allocations
- **How Does MPS develop its budget?**
  - The Fund Balance
- **What we need to keep in mind...**
- **Next Steps...**

# Continuous Budget Timeline

**July & August**

Prepare analysis based on previous year revenue & expenses



**September**

Staff Adjustments



**October**

Decisions to impact Choice Guide



**November**

Levy Certification



**December**

Approval of Levy and Audit due to MDE

# Continuous Budget Timeline

**January**

Revenue and Expense Projections



**February**

Decisions for allocations



**March**

Allocations Distribution



**April & May**

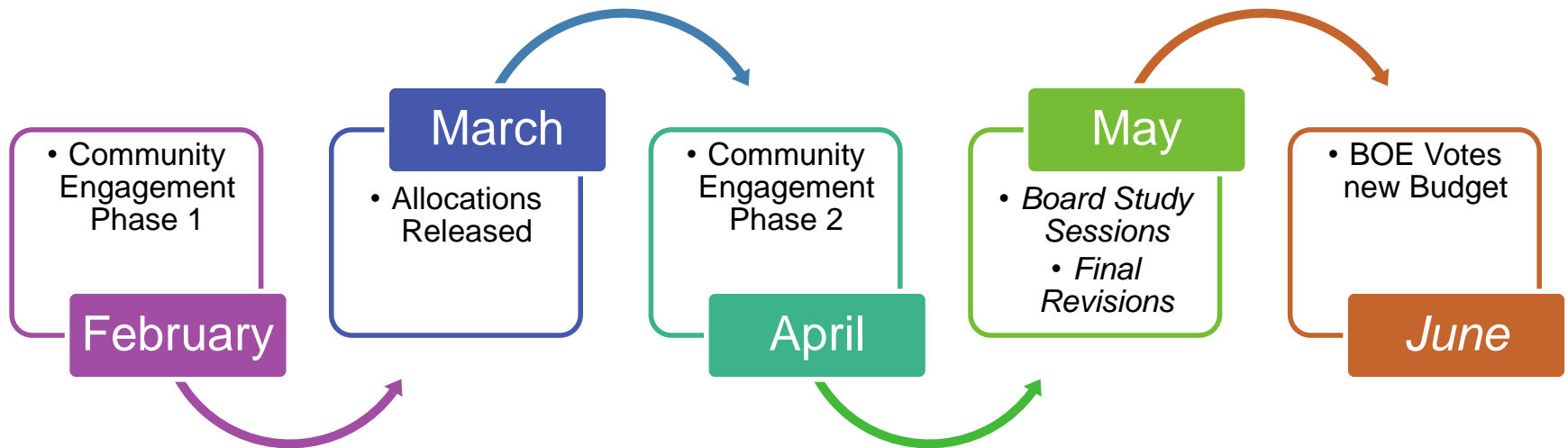
Allocations Finalized & Budget Tie-Out



**June**

Board approves new budget

# Current Budget Timeline



# What is a Budget?

- **An Itemized Summary of Income and Expenses**
- **A concrete, organized way to see what money we have going in, out and what is available to spend.**
- **A way to manage our financial resources.**
- **A planning and monitoring tool that helps us quickly adapt to changing circumstances.**

# Where does the money come from?

*Referendums (property tax)*

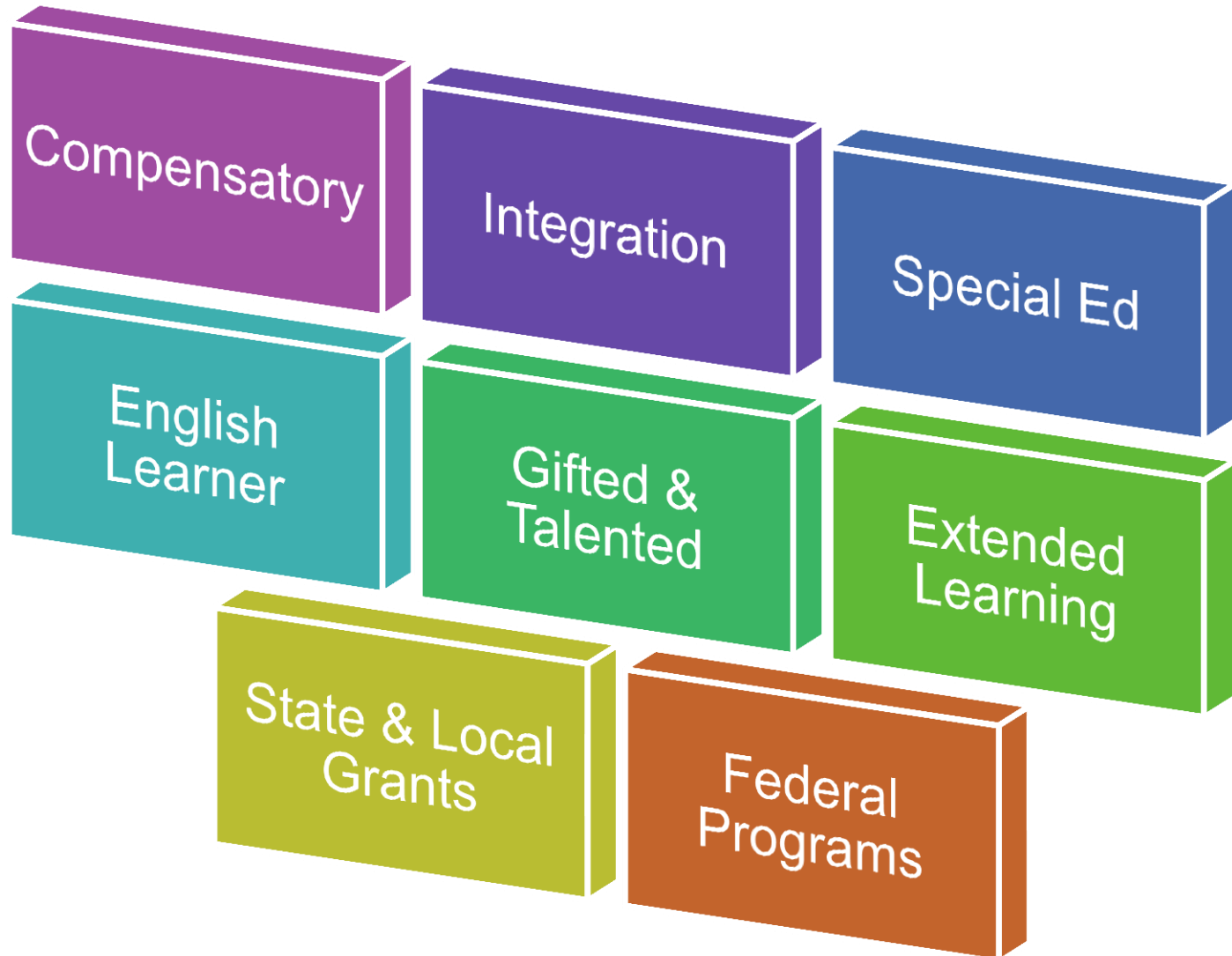
*Levies (property tax)*

*Student Formulas (state funds)*

*Federal Programs*

*Other places?*

# Categorical Funds MPS uses





# How Schools Get Allocations

- **Compensatory** - based on State formula of Free/Reduced priced lunch.
- **English Learners** - MPS uses a combination of State and Referendum dollars to allocate to schools based on where the English Learner sites are located.
- **Special Education** – citywide programs (i.e. Autism or Emotional Behavior Disorders).
- **Integration** – determined by plan developed by each school.
- **Referendum** – based on schools' per pupil basis.
- **Title I** – allocated on a per pupil amount based on free/reduced priced meals
- **General Aid** – equally to schools on a per pupil basis.

# How Does MPS Budget?

Budget development begins  
with assumptions and projections

Enrollment  
Projections

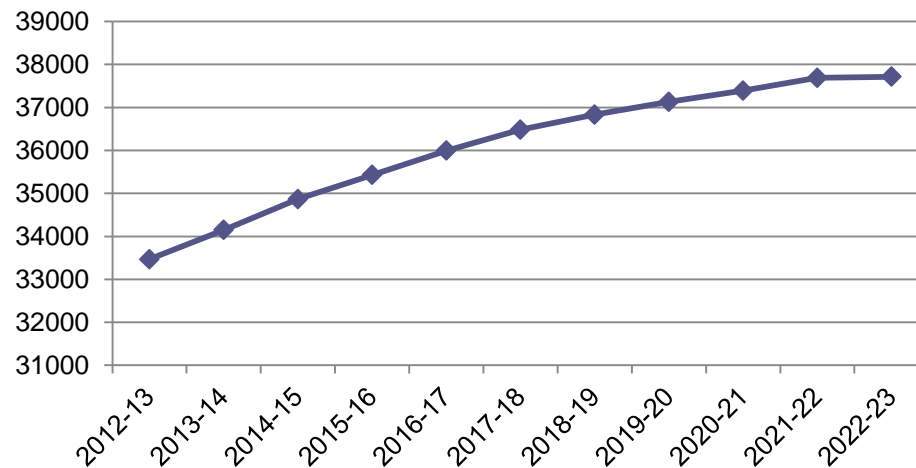
Revenue  
Projections

Expenditure  
Projections

# Enrollment Projections

- Enrollment projections are based on birth rates in the city of Minneapolis and historical MPS enrollment trends
- MPS has a high number of students eligible for free/reduced priced meals, students receiving Special Education services, and English Learners that the State averages

**Projected Enrollment**



# Revenue Projections

- Revenue is received based on enrollment projections
  - Based on Weighted Average Daily Membership
- General Education Formula
  - current rate \$5,224 per Weighted Average Daily Membership
- Compensatory Aid
  - Formula given based on students receiving Free/Reduced lunch

# Revenue Projections

Other Categorical funds are received that must be used for specific purposes

- Special Education
- Integration Aid
- Title I
- English Learners
- Career and Technical Education Aid
- Safe Schools levy
- Referendum dollars

# Expenditure Projections

- In order to achieve a “Structurally Balanced” budget, expenditures cannot be more than the revenue projection.
- MPS is committed to developing a structurally balanced budget each year.
- *There have been times in MPS history where expenditure projections exceeded revenue projections due to various strategic initiatives the District chose to invest in.*

# Fund Balance

- Fund Balance - is a “reserve” in the General Fund use for unexpected matters to help budget continue to be balanced.
- The District fund balance policy is to maintain an unassigned reserve equal to 8% – 13% of expenses. Our current general fund unassigned fund balance is \$50 million which is 9.5% of expenses.

# What we need to keep in mind. . .

- Maintain a “Structurally Balanced” budget.
- Balancing resources.
- Ensure we stay within the budget.
- Flexible strategies to address unexpected needs.
- Provide a transparent process.
- Provide a 5 year Financial plan to support MPS’ Strategic and the Academic plans.
- Continue to work with State Legislature to advocate for additional dollars for MPS.



# Next Steps. . .

- **MPS continues to work on the Academic Plan.**
  - How does the budget relate to the Academic Plan?
- **Work with schools to engage parents after allocations are released**
  - Steps you can take to be informed about and involved in your schools budget.
- **Phase 2 engagement to discuss FY15 and new funding model.**
  - The Weighted Student Funding Model
  - Meetings will be held in April to continue this discussion.

# QUESTIONS



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