

The Budget.

For the 2011-2012 fiscal and school year.



MINNEAPOLIS
PUBLIC SCHOOLS
Urban Education. Global Citizens.

June 23, 2011

Compiled by the Finance Department and Office of Communications

**Minneapolis Public Schools
Special School District No. 1**

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June 2011

Dear MPS partners and friends,

The budget plan we submit for the 2011-2012 school year is our best effort to create and sustain a positive financial position for the Minneapolis Public Schools.

Minneapolis Public Schools has a more diverse, more mobile and more complex body of students than most school districts in Minnesota. We consider that diversity to be one of our greatest strengths. We believe our urban educational experience gives young people an edge in the competitive global arena. Yet this diversity also creates challenges and requires a commitment to closing the achievement gap.

Education funding continues to be at risk. This is the time to make even better use of our resources. Guided by our strategic plan, our efforts are beginning to show positive results in the most critical areas of need. We are moving in the right direction.

We continue to face challenging times when it comes to maintaining financial stability. As economic uncertainty persists at the state and national levels, Minneapolis Public Schools maintains a commitment to exercising fiscal restraint in budgeting and spending. Like most community organizations, businesses and families, we have kept a close eye on our finances in recent years, setting aside funds as much as possible and carefully approaching large investments in order to avoid negatively affecting schools in the long run. We have been fiscally conservative in budget planning and spending since the start of the economic downturn, which allows us to operate without making dramatic cuts that directly impact classroom instruction or stability of operations.

As we strive to ensure that our financial foundation is sound, we are also continuing our work on the other core strategies of our strategic plan. We are eager to move forward and focus on the core of our work – providing high quality educational experiences for all students. It is paramount that we give taxpayers value for the funds that we receive. At MPS, our goal is to attract, hire and retain diverse, qualified and talented individuals whose employment will result in positive academic gains for students. We are focused on teacher effectiveness, developing a strong teacher evaluation system and aligning professional development with teacher evaluation and focused instruction to create a process that is fair, credible and supportive of our educators.

We work to educate and care for the whole child – over 33,000 of them – who walk, ride a bicycle or board a school bus each day to sit at a desk in one of our great schools. MPS will continue to align the budget with the priorities outlined in the Strategic Plan, which directly impact our schools, classrooms and students. Ultimately, it will deliver the results we want for our students.

Sincerely,



Bernadeia H. Johnson
Superintendent of Schools



June 2011

Members of the Minneapolis Public Schools Community:

I am pleased to submit the proposed 2011-2012 budget for the Minneapolis Public Schools. The budget report continues to be one of the primary tools we use, along with our annual financial statements, to share information about our budget and finances with MPS leadership, the Minneapolis Board of Education and key stakeholders.

This year's report documents progress we have made in several areas:

- Increased transparency and equity in school allocations: Budget allocations are tied to schools and directed to student need more closely than ever. Transition aid has been significantly decreased. Online supplements to this document provide detailed information.
- Increased accuracy in projecting expenses: The finance department has completed an analysis of actual benefit and salary expenditures. Adjustments to budgeted salary and benefits rates are expected to significantly reduce budget to actual expense variances in the coming year.

Despite progress in these areas, this budget plan was developed in an environment of great uncertainty and risk. Our budget plans were made while the state budget was being debated by legislators and the governor; as of this report, the state budget is not yet complete. There is significant pressure in the legislature to reduce K-12 funding for school districts in Minneapolis, St. Paul and Duluth. In addition, we only have labor contract agreements for fiscal year 2012 with three of our 14 collective bargaining groups.

The Minneapolis Public Schools are fortunate to be in a relatively strong position to weather this period of uncertainty. We will be able to use our fund balance to soften the impact of increased costs and possible cuts in projected revenue.

In addition, decisions about academic programs required that we increase our planned use of fund balance. While these program plans represent important and legitimate academic decisions, they are not sustainable. We have already begun planning for the 2012-2013 budget and we must move towards a more sustainable plan.

Respectfully,



Peggy Ingison
Chief Financial Officer

District Overview

Minneapolis Public Schools promises an inspirational education experience in a safe, welcoming environment for all diverse learners to acquire the tools and skills necessary to confidently engage in the global community.

Mission: We exist to ensure that all students learn. We support their growth into knowledgeable, skilled and confident citizens capable of succeeding in their work, personal and family lives into the 21st century.

Vision: Every child college ready.

MPS Strategic Plan 2007 – 2012

In May 2007, the Minneapolis Public Schools, including its Board of Education, began a strategic planning process to address some of our school district's biggest and most complex issues.

A team comprised of representatives many stakeholder groups and members of the school board, with the donated support of consultants from McKinsey & Company, gained a thorough understanding of the current situation of K-12 public education in Minneapolis by:

- Collecting input from a wide variety of stakeholders including parents, students, teachers, principals and the community at large.
- Analyzing the school district's financial, student achievement and student enrollment data and projections.
- Studying reform initiatives undertaken in other school districts around the country to learn from their experiences.

Based on the information collected during this phase, the team identified the major issues MPS needed to address and developed options for potential solutions. Input on potential solutions was sought in neighborhood meetings, meetings with teachers and other conversations throughout the community. The feedback helped shape a set of recommendations that were developed in conjunction with work on initiatives such as the magnet school study, school closings and program changes.

Every Child College Ready

In March 2008 the board unanimously approved a final version of the Strategic Plan to address the challenges of the district and put MPS on the path to meeting the overall goal: to ensure that every child in the city is ready for college. The nine recommendations, which serve as the framework of the strategic plan, are grouped in three broad categories:

1. Increase equity, expectations and achievement
2. Focus resources
3. Strengthen relationships

[View the MPS 2007-2012 Strategic Plan.](#)

Our Students

Minneapolis Public Schools is a major urban school district with a diverse and complex body of students. Our diverse community is one of our greatest assets. We work to support over 33,000 students and their families from around the world who call Minneapolis home. We believe that our urban educational experience prepares students to become active, continuously learning and contributing global citizens.

The following pages provide more information about the demographics of our school district and how they affect the financial state of the Minneapolis Public Schools:

Overall enrollment is continuing to stabilize after declining significantly in the recent past (see chart below).

- High school enrollment is projected to decline for the next five years, while elementary school enrollment is beginning to increase. Since high school students generate more state aid than elementary students, revenue will continue to decline even though overall enrollment is stabilizing.
- Sixty-six percent of MPS students are eligible for free or reduced priced meals. This percentage has been fairly constant over the past 10 years. Statewide, 36 percent of students are eligible for free or reduced priced meals.
- The percentage of MPS students receiving Special Education services continues to increase. Almost one-fifth of our students currently receive these services and this trend is expected to continue. Statewide, 13 percent of students receive Special Education services.
- Twenty-seven percent of MPS students call a language other than English their home language. Twenty-three percent of our students are eligible for English Language Learner (ELL) services. Statewide, eight percent of students are eligible for ELL services.



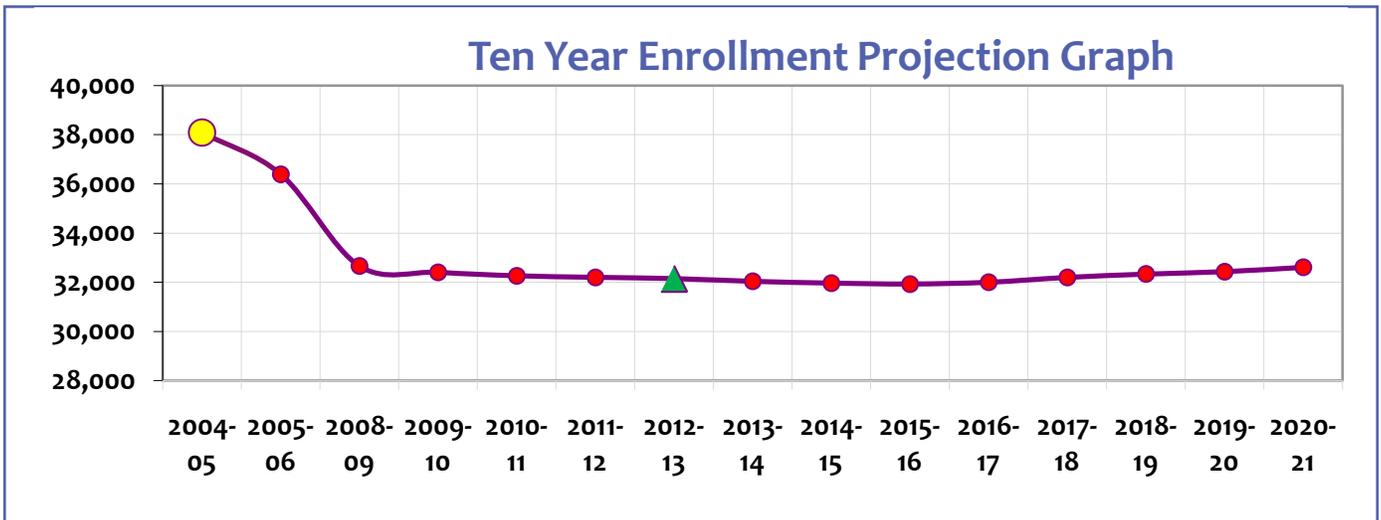
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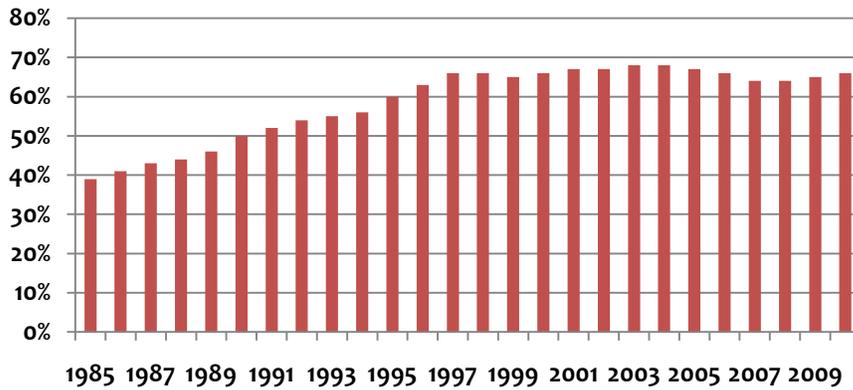
Enrollment Projections for Ten Years

This Ten-Year Enrollment Projection simply uses the kindergarten data entries and the grade-to-grade progression entries of the selected projection and expands the projections for TEN YEARS.

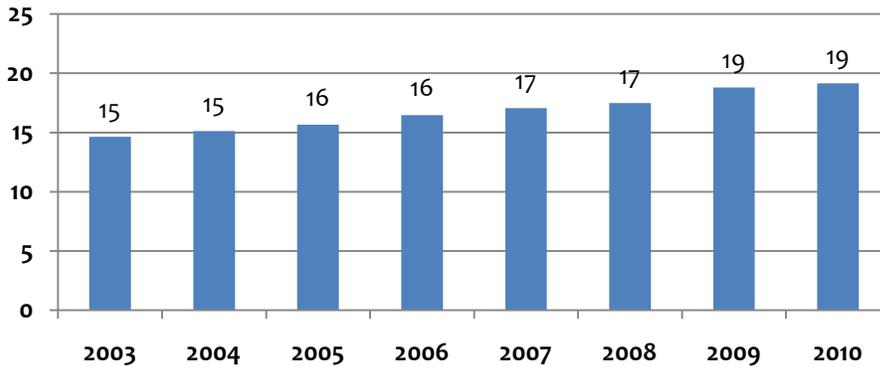
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Kinder-garten	3257.0	3257.0	3257.0	3257.0	3257.0	3257.0	3257.0	3257.0	3257.0	3257.0	3257.0
Grade 1	3083.0	3112.5	3112.5	3112.5	3112.5	3112.5	3112.5	3112.5	3112.5	3112.5	3112.5
Grade 2	2810.0	2982.7	3011.2	3011.2	3011.2	3011.2	3011.2	3011.2	3011.2	3011.2	3011.2
Grade 3	2682.0	2723.5	2890.9	2918.5	2918.5	2918.5	2918.5	2918.5	2918.5	2918.5	2918.5
Grade 4	2663.0	2566.4	2606.1	2766.2	2792.7	2792.7	2792.7	2792.7	2792.7	2792.7	2792.7
Grade 5	2496.0	2515.8	2424.5	2462.0	2613.3	2638.3	2638.3	2638.3	2638.3	2638.3	2638.3
Grade 6	2266.0	2342.0	2360.5	2274.9	2310.1	2452.0	2475.5	2475.5	2475.5	2475.5	2475.5
Grade 7	2121.0	2175.7	2248.6	2266.5	2184.2	2218.0	2354.3	2376.8	2376.8	2376.8	2376.8
Grade 8	2082.0	2072.5	2126.0	2197.3	2214.7	2134.3	2167.4	2300.5	2322.5	2322.5	2322.5
Grade 9	2138.0	2087.4	1952.9	1831.5	1903.0	1920.4	1839.8	1873.0	2006.5	2028.6	2028.6
Grade 10	2130.0	2088.6	2039.1	1907.8	1789.2	1859.0	1876.0	1797.3	1829.7	1960.1	1981.7
Grade 11	2058.0	1952.4	1914.4	1869.1	1748.7	1640.0	1704.0	1719.6	1647.5	1677.2	1796.7
Grade 12	2477.0	2324.4	2205.2	2162.3	2111.1	1975.1	1852.3	1924.6	1942.3	1860.8	1894.3
Total-Graph Below	32263.0	32200.9	32149.0	32036.8	31966.2	31929.1	31999.6	32197.6	32331.0	32431.7	32606.3
Change		(62.1)	(51.8)	(112.2)	(70.6)	(37.1)	70.5	198.0	133.4	100.7	174.6
% Change		-0.19%	-0.16%	-0.35%	-0.22%	-0.12%	0.22%	0.62%	0.41%	0.31%	0.54%



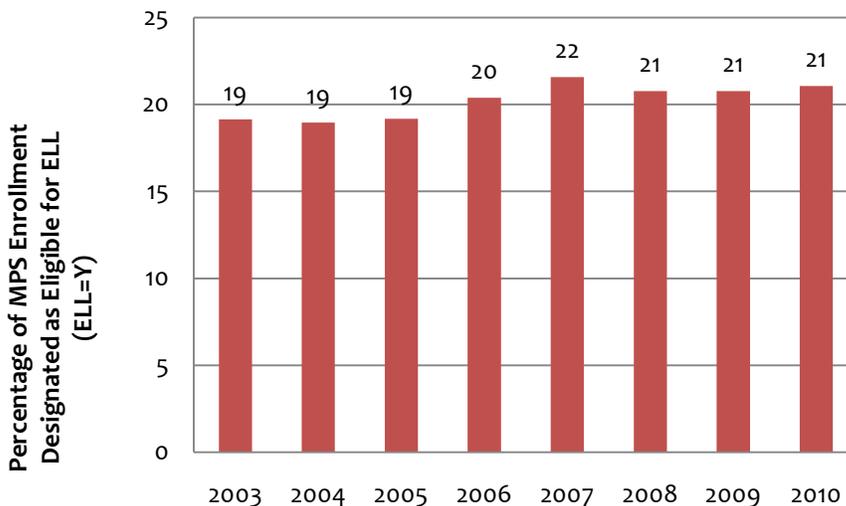
MPS Fall Percentage of Students Eligible for Free/Reduced Priced Meals



Percentage of Special Education Enrollment as of December 2010



MPS ELL Enrollment on Dec. 1 of Selected Years as Percentage of Total MPS Enrollment



23,298 students report that their home language is English.

413 students did not specify their home language.

Our Staff

Everyone plays a role in making every school a great school. Whether our staff members serve students in a school building, at an administrative site, on the road or elsewhere, they bring their unique talents and experiences to their positions and hold high expectations for all students.

As student learning and academic achievement are at the center of all that we do, high standards and high expectations of all employees are essential to achieving academic excellence for all students. We are committed to having and supporting the highest quality staff, which means our employees are recognized and rewarded appropriately for their contributions. In order to support the school district's top priorities, employee compensation must be externally competitive and internally equitable within the boundaries of financial feasibility.

To ensure that our resources are used efficiently and effectively, MPS supports a compensation system that is equitable, competitive and fiscally responsible. The majority of MPS employees are represented by collective bargaining agreements. The chart below identifies the agreements and their current status.

Bargaining unit	Contract Dates	Status
Teachers	07/01/09-06/30/11	
Educational Assistants	07/01/09-06/30/11	
Clerical	07/01/10-06/30/13	
Janitors/Engineers/Bus Attendants/Ice Arena	07/01/07-06/30/09	In negotiations
Transportation	07/01/09-06/30/11	
Food Services	07/01/09-06/30/11	
Trades	07/01/08-06/30/11	
Principals	07/01/09-06/30/12	
MAAC	07/01/07-06/30/09	In negotiations
MPS Administrative	07/01/07-06/30/09	In negotiations
MACA	07/01/07-06/30/09	In negotiations
Adult Basic Education Teachers	07/01/07-06/30/09	In negotiations
Student Support Specialists	07/01/10-06/30/13	
Trades-Machinists	07/01/08-06/30/10	In negotiations

Additional information about changes in staff will be available on the MPS website in June 2011.



Our Facilities

Resources that support the academic growth of our students and staff include the facilities that foster educational and professional growth. MPS owns and operates 76 sites.

- 49 elementary schools
- 10 middle schools
- 8 high schools
- 3 other academic sites
- 6 non-academic sites

These sites comprise 8.4 million square feet, with approximately one million square feet in closed sites.

Fifteen sites are currently closed. Plans are in place to close one additional building.

- Five sites are leased and generating revenue: Franklin, Hamilton, Tuttle, Gordon and YWCA Fieldhouse
- A sales agreement for Lehmann is in place and expected to close in December 2011
- Two sites have sale offers that are being evaluated: Northrop and 2225 Lake Street
- The demolition of Shingle Creek is on hold pending an agreement with the city of Minneapolis
- Six closed and vacant sites comprise approximately one million square feet: Cooper, Folwell, Howe, Lincoln, Longfellow and Willard.

MPS has sold three sites in the last three years:

- Holland: 6/30/2010
- Putnam: 6/8/2009
- Morris Park: 2/4/2009

A new MPS Educational Services Center at 1250 West Broadway is under construction. Broadway School was formerly located on this site. Moving to a new ESC will provide the school district with cost savings over the long term. The annual operating costs of the new ESC will be almost two million dollars less than the annual operating costs of the four existing administrative buildings. Over thirty years, the building will provide MPS with savings totaling \$20 million.

The new ESC will serve well over 1,000 students, staff, families and community members each day, housing Adult Basic Education classes, the Northside Welcome Center for families enrolling their children in MPS, testing for kindergarten and English Language Learner students, an assembly room for Board of Education meetings, professional development classrooms for MPS staff, a conference center and community meeting space.

Administrative staff from 807 NE Broadway, Webster, Northstar and 2225 East Lake Street will move to the new ESC.



Establishing the 2011-2012 Budget

The school district establishes planning assumptions that set the parameters for budget planning. The planning assumptions and risks are defined below. The process for allocating General Fund resources to schools and departments is described in the section on the General Fund.

Revenue Assumptions

In making revenue projections, MPS assumed the following:

- Enrollment will decline by approximately 62 students overall, with K-8 enrollment increasing and high school enrollment decreasing;
- Continuation of current state law regarding funding;
- End of ARRA (federal stimulus funding), resulting in an approximately \$15 million reduction in revenue;

Expenditure Assumptions

MPS assumed costs would increase overall by two percent between the 2011 and 2012 fiscal years. Based on the variance between the budget and actual costs in fiscal year 2010 and an ongoing analysis in fiscal year 2011, the school district made two adjustments in budgeting for fiscal year 2012:

- Benefits are budgeted at 31 percent rather than 34 percent
- The amount budgeted for the average teacher salary was reduced from \$66,746 to \$66,412. As enrollment stabilizes and senior teachers retire, the average length of teachers' years of service will decrease and the average salary will go down.
- After calculating steps and lanes for all bargaining groups in the 2010 and 2011 fiscal years, an additional one percent was budgeted for salaries in fiscal year 2012.

Shortfall and Reduction Targets

Prior to the budget allocation process, the difference between projected revenue and projected expenditures was \$20 million.



Fund Balance

A fund balance allows the school district to manage risk and to respond to unforeseen circumstances without having to borrow money or dramatically disrupt services to students. We assess risk to determine how large a fund balance MPS needs. If the fund balance is too large, we might be unduly restricting services for today's students. If the fund balance is too small, we will not be able to manage risks.

In general, the more risk a school district faces, the larger its fund balance should be.

Examples of current risks are:

- Cuts in state aid
- State aid funding shifts
- Contract settlements
- Unusually cold winter with higher than predicted utility costs.

The fund balance can grow in two ways.

1. The school district may plan to increase the fund balance when it is too low.
2. The fund balance also grows if revenue exceeds expenses.

In recent years, the school district's budgeted expenditures have been higher than actual expenditures. Several factors can contribute to this type of variance, including changes in revenue and expenditure for grants and inaccurate projections for average salaries and benefits.

The 2011-2012 budget includes planned use of the fund balance.

- General Fund
 - Additional allocation for North High School beyond number of students projected at time allocations were made (\$360,000)
 - Additional start-up support for Pierre Bottineau French Immersion (\$133,000)
 - Continued support for reading and math specialists, using referendum carry forward (\$3,000,000)
 - Additional Contingency Fund as described above (\$1,300,000)
- Food Service Fund - equipment and capital expenditures (\$557,413)
- Community Services (\$1,234,806)
- Capital Projects (\$25,405,866)
- Debt Service (\$27,425,035)

Risks

MPS assumed that there would be a \$10 million reduction in state aid. Given the adequacy of our fund balance, the school district decided to assume current law would remain; however, the state faces a significant shortfall and state funding for Integration Aid, Compensatory Aid and Special Education in particular are very much at risk. If state aid is cut, MPS will consider using the fund balance to account for some of the difference. Given that state funding shifts are likely to continue and could potentially increase, tapping the fund balance for operating expenses increases the likelihood that the school district will need to consider short-term borrowing to manage cash flow.

With salary and benefits making up over 80 percent of MPS operating expenses, unsettled labor contracts pose added risk to the cost projections.

Although enrollment has stabilized, it continues to pose risk, particularly in the changing landscape of charter school options and potential reductions in MPS choice options if state integration aid is cut and families lose transportation.

Priorities Reflected in the 2011-2012 Budget

The budget allocates resources in alignment with the strategic plan by:

- Maintaining class size targets
- Supporting quality teaching by building a robust teacher evaluation system and providing instructional coaches
- Supporting academic achievement with reading and math coaches
- Increasing support for English language learners

Contingency

The budget includes \$2.3 million in a contingency account; \$1 million of this is the planned contingency to manage unforeseen variation in expenses that could be caused by things such as fluctuating utility costs.

The remaining \$1.3 million will be used to cover needs that emerged after the budget process was complete. These needs include:

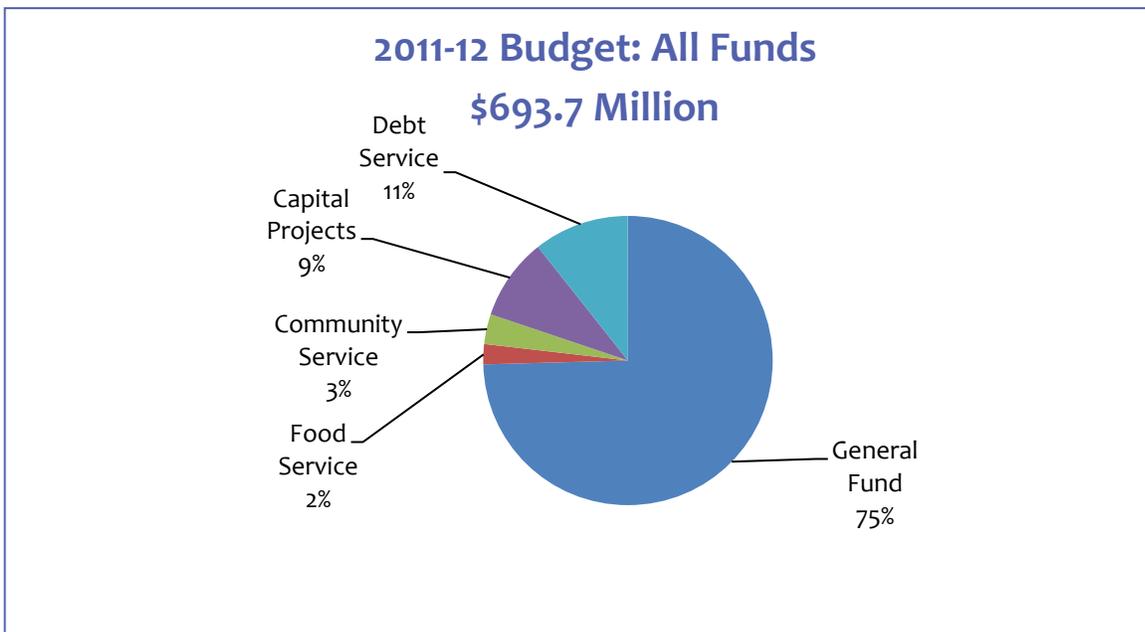
- The addition of three kindergarten classrooms to accommodate increased demand
- Additional Special Education classrooms
- The opening of Longfellow school to serve as an early childhood education center
- Funds reserved to support a program to serve students who were previously enrolled at Success Academy

Future Planning

The Finance Department is establishing a process to develop and annually update a long range financial plan. Finance is also developing a transparent, predictable and disciplined process to establish and annually update a balanced two-year budget. Updates on progress and information regarding how stakeholders can be involved in the process will be available throughout the year on the [school finance webpage](#).

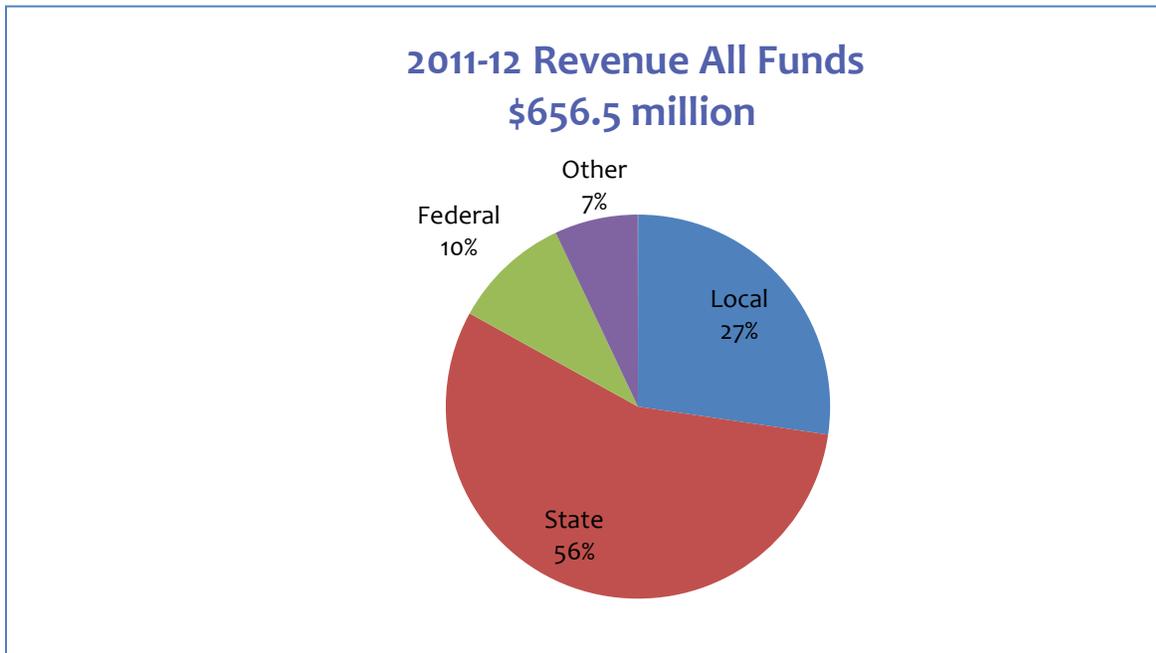
2011-12 Budget: All Funds Summary

	July 1, 2011, Projected Fund Balance	FY 2012 Revenues	FY 2012 Expenditures	June 30, 2012, Projected Fund Balance
General Fund	\$85,680,739	\$513,209,000	\$517,409,000	\$81,480,739
Food Service	4,724,804	15,005,639	15,563,052	4,167,391
Community Service	3,803,460	22,018,170	23,252,976	2,568,654
Capital Projects	50,612,239	41,400,000	63,513,764	28,498,475
Debt Service	20,387,713	64,870,443	74,005,478	11,252,678
Total All Funds	\$165,208,955	\$656,503,252	\$693,744,270	\$127,967,937



Revenue Sources: All Funds Summary

	Local	State	Federal	Other	Total
General Fund	\$ 94,718,247	\$344,269,253	\$ 50,146,500	\$24,075,000	\$513,209,000
Food Service	1,516,049	712,394	12,777,196	-	15,005,639
Community Service	11,654,320	8,155,523	2,208,327	-	22,018,170
Capital Projects	19,400,000	-	-	22,000,000	41,400,000
Debt Service	52,110,443	12,760,000	-	-	64,870,443
Total All Funds	\$179,399,059	\$365,897,170	\$ 65,132,023	\$46,075,000	\$656,503,252



General Fund

The General Fund is the primary operating fund of the district.

Major sources of revenue include property taxes, miscellaneous local revenues and state aid.

Expenditures include expenses of the school district such as salaries, supplies/materials, contractual services, utilities, transportation and other operating expenses. Expenditures are accounted for by programs related to administration, instruction, instructional support, maintenance, student support, transportation and facility/operating costs.

Grant funds are also included within the General Fund. These numbers account for the revenue and expenditure activities related to specific grants and projects funded through federal and state sources or other outside agencies. These numbers also include No Child Left Behind (NCLB)/Elementary and Secondary Education Act (ESEA) resources as well as federal special education dollars.

To put the fund balance in perspective, consider that the general fund budget is about \$513 million – approximately \$43 million a month. The fund balance would allow MPS to operate for less than two months.

General Fund: Summary

	Actual FY 2010	Budgeted FY 2011	Budgeted FY 2012
* Beginning Fund Balance	\$ 89,229,032	\$ 104,279,749	\$ 85,680,739
Annual Revenue	507,512,885	526,644,000	513,209,000
Total Revenue	\$ 596,741,917	\$ 630,924,749	\$ 598,889,739
Annual Expenditures	\$ 495,555,808	545,469,010	\$ 517,409,000
Transfers In	3,093,640	-	-
* Ending Fund Balance	\$ 104,279,749	\$ 85,680,739	\$ 81,480,739
<i>* Beginning and ending fund balances include unrestricted and restricted dollars.</i>			
Restricted Reserves	\$ 7,848,070	\$ 3,980,739	\$ 1,550,000
Unreserved/Unrestricted Fund Balance	\$ 96,431,679	\$ 81,475,000	\$ 79,930,739

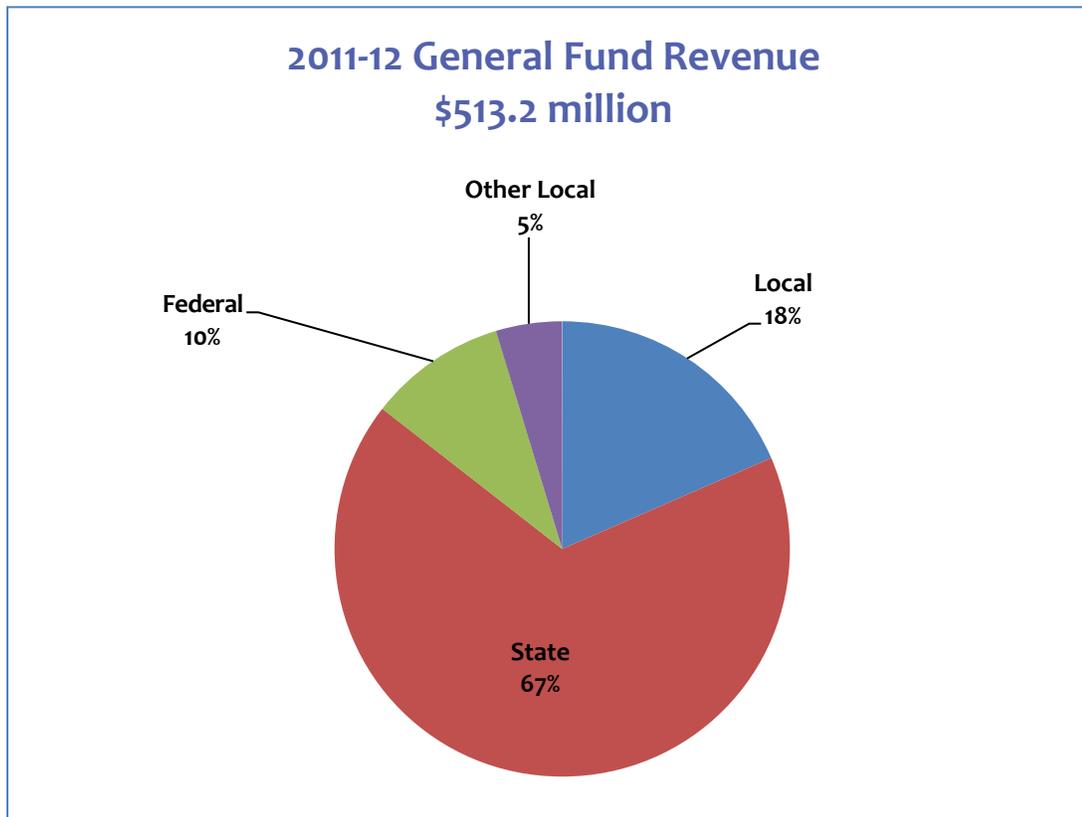
General Fund: Revenue Details

Below is an explanation of how the district gets its general fund dollars.

		Examples								
Local										
Property taxes	<p>There are two types of property tax levies.</p> <ol style="list-style-type: none"> 1. Voter determined; and 2. Levies set by the school board, within limits set by the state legislature. In some instances, if the school board does not levy the full amount the legislature allows, the district also loses state aid. 	<p>Referendum</p> <p>Safe schools levy Alternative facilities Health and Safety Integration</p>								
Misc.	Other sources of revenue; see examples.	<p>School funded projects Gifts Rent Grants</p>								
State Aid										
Basic Formula	<p>The basic formula is an amount per pupil. The amount varies depending on the grade level of the students:</p> <table> <tr> <td>Kindergarteners</td> <td>.612</td> </tr> <tr> <td>Grades 1-3</td> <td>1.115</td> </tr> <tr> <td>Grades 4-6</td> <td>1.06</td> </tr> <tr> <td>Grades 7-12</td> <td>1.30</td> </tr> </table>	Kindergarteners	.612	Grades 1-3	1.115	Grades 4-6	1.06	Grades 7-12	1.30	
Kindergarteners	.612									
Grades 1-3	1.115									
Grades 4-6	1.06									
Grades 7-12	1.30									
Categorical Aid	<p>Categorical Aid is aid for specific purposes and it comes in three types.</p> <ol style="list-style-type: none"> 1. Based on the weighted pupil formula. 2. Based on student characteristics, such as eligibility for ELL services or free/reduced priced meals. 3. Partial reimbursement for services. 	<p>Gifted and Talented Alternative Compensation Limited English Proficiency Compensatory Education Integration Aid</p> <p>Special Education</p>								
Federal										
Federal	<p>The federal government provides funding to school districts that first flows through the state. The two largest are funds for the Elementary and Secondary Education Act (ESEA, currently known as NCLB) and the Individuals with Disabilities Act (IDEA), which provides funds for Special Education services.</p>	<p>ESEA: Title I Title II Title III</p> <p>IDEA</p>								

General Fund

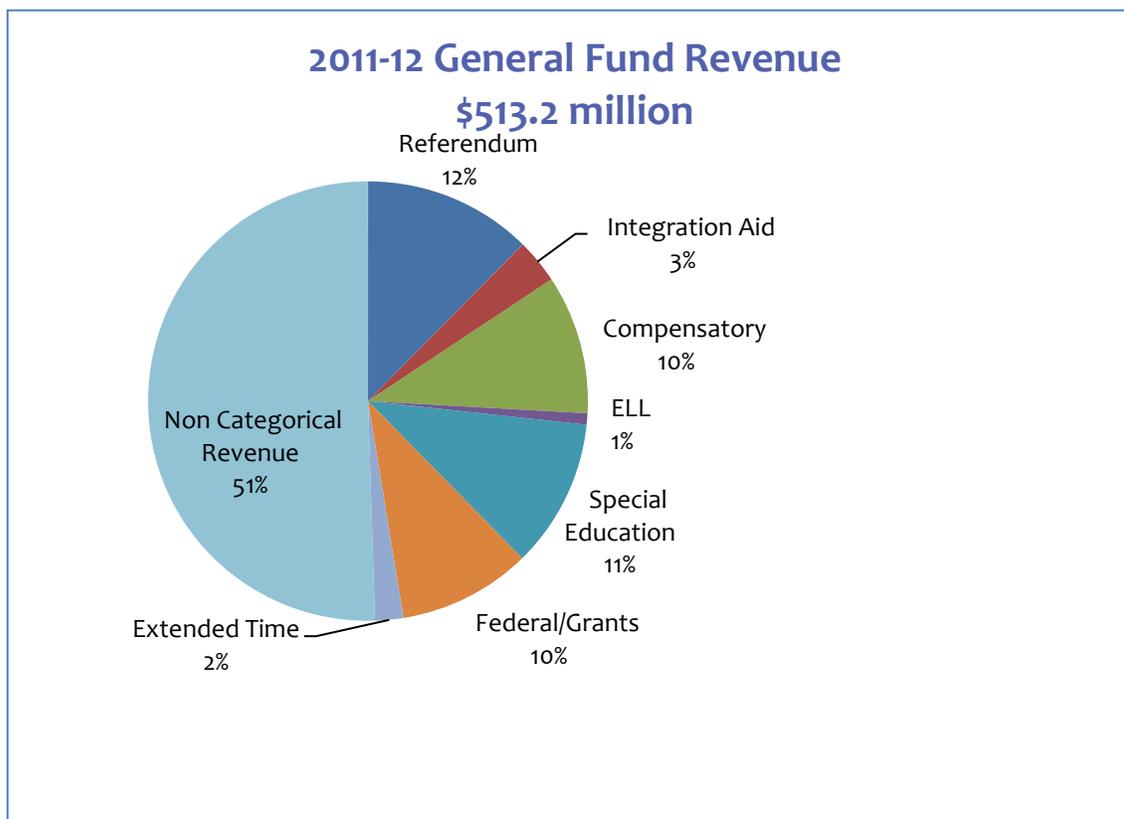
Revenue Details	Actual FY 2009	Actual FY 2010	Budgeted FY 2011	Budgeted FY 2012
Local				
Property Taxes	\$ 60,315,538	\$ 95,083,171	\$ 93,371,000	\$ 94,718,247
Misc.	21,529,232	19,112,379	25,270,000	24,075,000
State Aids				
Basic Formula	\$ 197,497,099	\$ 193,803,207	\$ 189,128,736	\$ 190,340,878
Compensatory	51,764,095	49,124,274	50,318,035	52,452,230
ELL	4,989,762	4,893,300	4,687,200	4,275,800
Special Education	54,652,735	53,895,956	55,359,373	56,075,078
Other	47,072,228	8,011,136	41,253,656	41,125,267
Federal	\$ 50,549,266	83,589,462	67,257,000	50,146,500
Transfers	-	-	-	-
Total Revenue	\$ 488,369,955	\$ 507,512,885	\$ 526,645,000	\$ 513,209,000



Categorical Revenue: Summary

Almost half of the school district's General Fund revenue is categorical aid, meaning that its use is restricted.

Referendum	\$ 63,614,433	School district committed resources to class size, early literacy, technology, textbooks, science and math.
Integration Aid	16,800,000	Programs funded with Integration Aid must support the goals of closing the achievement gap and increasing racial interaction.
Compensatory Aid	52,452,230	The statute identifies 10 uses for Compensatory Aid funds. View here.
LEP	4,275,800	State Limited English Proficiency (LEP) funds must be used to support the education of English language learners.
Special Education	56,075,078	State and federal education dollars may only be used for Special Education services.
Federal/Grants	50,146,500	Federal funds must supplement, not supplant, state and local dollars. Restrictions on use depend on the specific grant.
Extended Time	10,674,000	Extended time dollars support credit recovery and academic support for qualifying students through after-school and summer school programs.
Non Categorical Revenue	259,170,959	
Total Revenue	\$ 513,209,000	



School Allocation Methodology

The school district defines core expectations for each [grade configuration](#) and provides each school with a budget allocation. The principal and site leadership team determine how to use the budget, based on core expectations and specific student needs and program priorities at the individual schools.

View the [allocations](#) for each school. (Click on the “school allocations” tab at the bottom of the spreadsheet.)

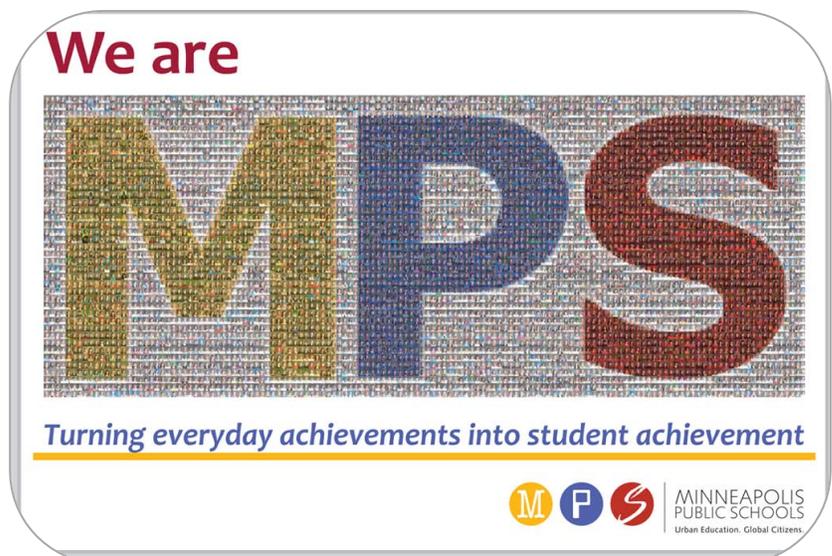
Allocations were determined using the process described below.

- Per pupil allocations are based on a weighted formula:
 - K= 0.7
 - Grades 1-8 = 1.0
 - Grades 9-12 = 1.1
- Class size referendum funds and basic per student allocations are distributed on a per pupil basis.
- High School Career and Technical Education (CTE) allocations are taken out of the basic per student allocation.
- Compensatory Education is the full amount allocated to each site, based on the state formula. The state formula is based on students eligible for free/reduced priced meals as of October 1, 2010.
- ELL allocations are 73 percent of the amount needed to fund the English as a Second Language teachers needed for the school, based on a ratio established by the ELL department.
- Special Education Resource Teacher (SERT) allocations are 50 percent of the amount needed to fund the SERTs needed at the school, based on the contract ratio of 1:23 as determined by the Special Education department.
- MPS defined a minimum program for each grade configuration.
 - **Funds needed** were determined by adding the amount needed to meet class size targets and minimum program, ELL and SERT requirements.
 - **Funds available** were determined by adding the allocations for referendum class size, basic per student, Compensatory Education, ELL and SERTs.
 - If funds available minus funds needed resulted in a negative number, two steps were taken:
 - Schools were given a **minimal program adjustment** to bring the difference to zero.
 - Schools were given an **additional per pupil adjustment** to provide a limited amount of discretionary funds. Additional per pupil adjustments ranged from \$50 to \$100 per pupil.
- Additional funds were allocated for specific programs and services, such as Advancement Via Individual Determination (AVID), International Baccalaureate (IB), reading and math specialists, etc.

Department Allocations

Departments were asked to develop a plan for a five percent reduction in general fund revenue. Some departments were exempt (ELL, Athletics, Student Activities, Special Education and Volunteer Services) and other departments were included in a rebaselining activity that specified a three percent target in attempt to identify and understand historical underspending. Academic departments were significantly affected by the elimination of federal stimulus funds.

View [department allocations](#). (Click on the “department allocations” tab at the bottom of the spreadsheet.)



Definition of Program Codes

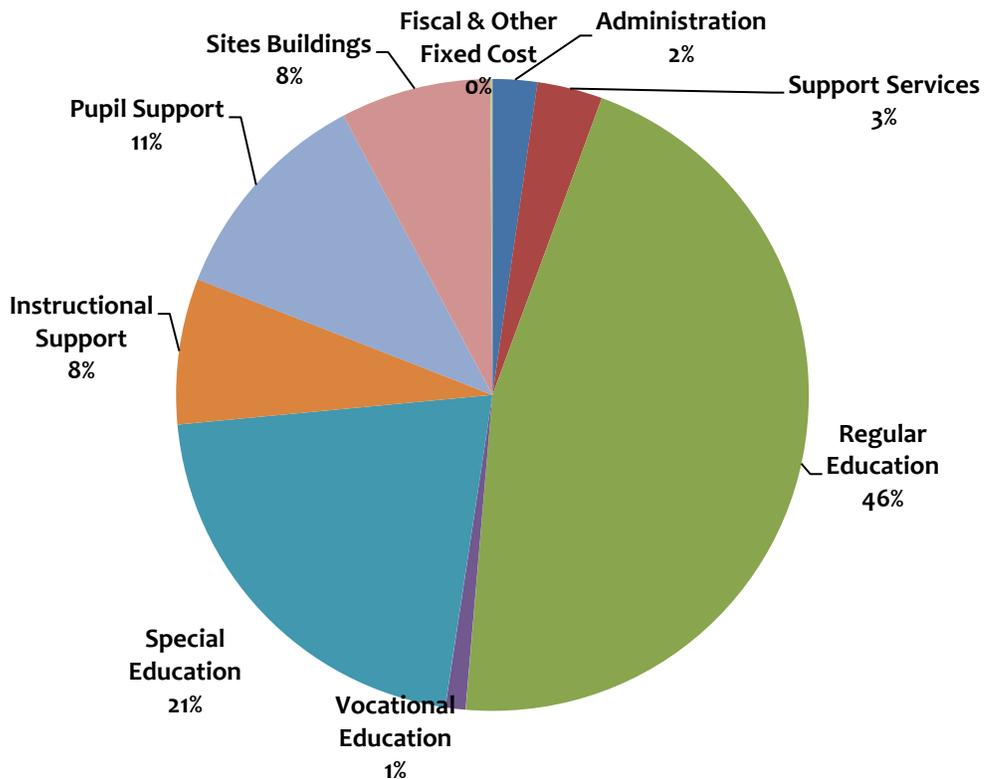
Below is an explanation of how MPS reports its expenditures to the Minnesota Department of Education.

Program	Definition	Examples
Administration	School district and school administration and heads of instructional areas	<ul style="list-style-type: none"> – Board of Education – Superintendent’s office – Associate superintendents – Principals – Directors of Teaching and Learning, – ELL, other instructional areas
District Support Services	Services provided centrally	<ul style="list-style-type: none"> – Human Resources – Finance – Communications – Technology support – Legal services – Research, Evaluation and Assessment
Regular Education	All activities dealing directly with the teaching of students and the interaction between teachers and students	<ul style="list-style-type: none"> – Pre-K-12 classroom teachers – Teacher and principal training and recruiting – English Language Learner services – Gifted and Talented – Student Activities – Athletics
Vocational Education	Courses and activities that develop the knowledge, skills, attitudes and behavioral characteristics for students seeking career exploration and employability	<ul style="list-style-type: none"> – Career and Technical Education (CTE)
Special Education	Services for Special Education students	<ul style="list-style-type: none"> – General Special Education – Speech/language services – Developmental disabilities – Physically impaired – Deaf/Hard of Hearing – Emotional/Behavioral disorders – Learning disabilities – Autism spectrum
Instructional Support	Activities for assisting instructional staff with the content and process of providing learning experiences for K-12 students	<ul style="list-style-type: none"> – Assistant principals – Curriculum development – Library/media – Professional development
Pupil Support	All services to students that are not classified as instructional services	<ul style="list-style-type: none"> – Counseling and Guidance – Health services – Psychologists and social workers – Transportation
Sites and Buildings	Acquisition, operation, maintenance, repair and remodeling of all facilities and grounds	<ul style="list-style-type: none"> – Plant operations
Fiscal and Other Fixed Costs	Costs not recorded above	<ul style="list-style-type: none"> – Post-employment benefits – Insurance

General Fund: Expenditures by Program

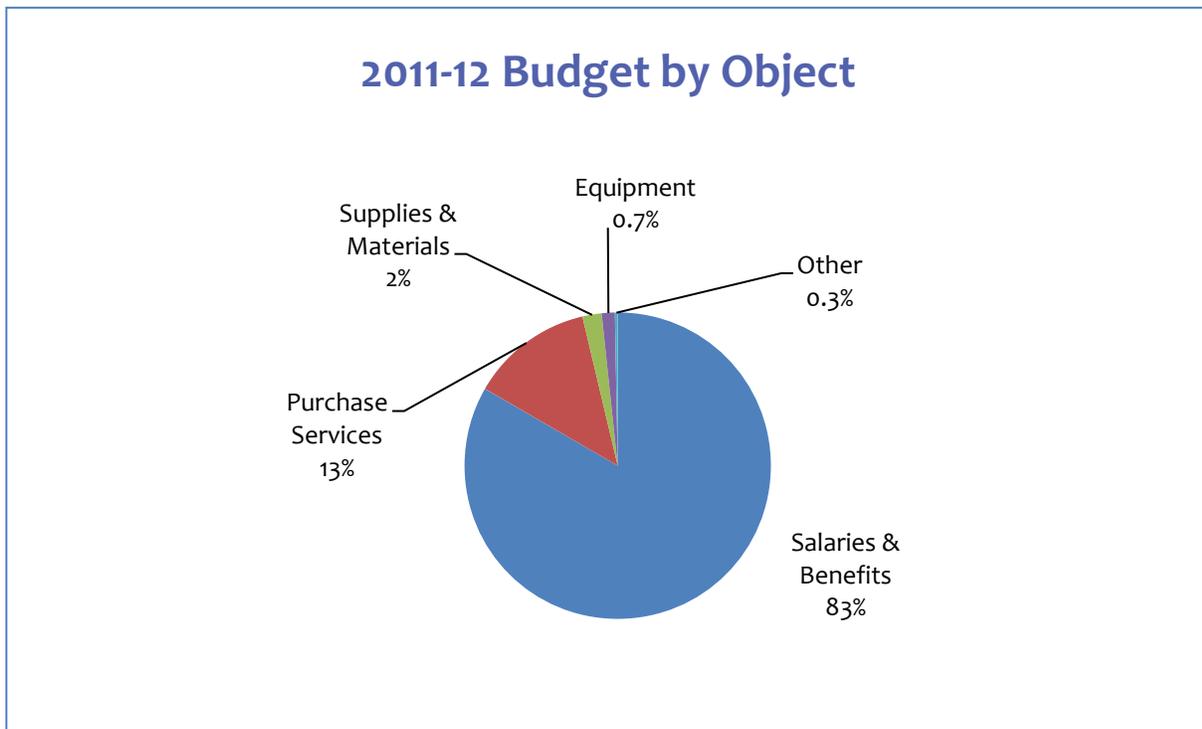
	Actual FY 2009	Actual FY 2010	Budgeted FY 2011	Budgeted FY 2012
Administration	\$ 11,194,971	\$ 11,201,512	\$ 11,995,701	\$ 11,780,386
Support Services	16,365,883	11,319,956	17,536,467	17,221,697
Regular Education	223,828,590	237,494,714	255,338,125	236,733,167
Vocational Education	5,021,067	4,698,985	5,380,203	5,283,632
Special Education	103,801,092	102,256,392	111,225,555	109,229,120
Instructional Support	36,638,822	37,109,897	39,259,446	38,554,761
Pupil Support	55,331,800	48,928,901	59,289,455	58,225,243
Sites Buildings	37,823,617	34,457,013	40,528,984	39,801,512
Fiscal & Other Fixed Cost	550,685	546,254	590,074	579,482
Capital Outlay	13,035,981	7,542,184	4,325,000	0
Total	\$490,556,543	\$495,555,808	\$ 545,469,010	\$ 517,409,000

General Fund: Expenditures by Program



General Fund: Expenditure Details by Object

	Actual FY 2009	Actual FY 2010	Budgeted FY 2011	Budgeted FY 2012
Salaries & Benefits	\$ 392,822,500	\$ 402,675,204	\$ 448,091,175	\$ 431,277,238
Purchase Services	71,653,326	69,926,263	60,823,993	67,039,776
Supplies & Materials	12,579,725	14,946,099	18,813,491	10,414,631
Equipment	13,035,982	7,535,907	15,580,585	7,194,616
Other	464,994	472,334	2,159,766	1,482,739
Total	\$490,556,527	\$ 495,555,808	\$545,469,010	\$ 517,409,000



Referendum 2011-2012

Class Size	\$43,413,002	Distributed on a per pupil basis.
Fall Staff Adjustment	2,000,000	
All Day Kindergarten	435,000	Provides on section of all-day kindergarten at Kenny, Kenwood, Hale and Lake Nokomis Wenonah
International Baccalaureate (IB) School Allocations	1,148,398	Bancroft, Hall, Whittier, Anthony, Anwatin, Northeast, Sanford, Edison, Henry, North, Roosevelt, Southwest and Washburn
International Baccalaureate (IB) District Allocation	1,219,600	Primarily professional development funds for IB programs
Reading Specialists	1,242,012	Placed at all schools with middle grades programs (Note: general aid paid for reading specialists at K-8 schools)
Gateway Technology	174,009	Anthony, Olson, Sanford
Instructional Coach for Contract Alternative Schools	87,000	
Literacy coaches	4,097,700	Placed at all schools with elementary grades
Math Specialists	2,096,700	Serving elementary students at 10 K-5 and 12 K-8 schools based on academic needs (Note: general aid paid for math specialists for the middle grades)
Science Center/Science Programs	755,000	
Curriculum Materials	2,000,000	
English Language Learners (ELL)	602,000	Professional development to support effective teaching of English Language Learners
GEMS/GISE/STEM Programs	179,000	
Online Learning	760,000	
Instructional Technology	6,041,000	
Mentors	1,000,000	
Total	\$67,250,421	

Integration Plan 2011-2012

Check and Connect	\$382,413	Attendance program at seven comprehensive high schools
Check and Connect Support to schools	79,574	
Magnet Schools	2,847,849	Anthony, Anwatin, Armatage, Bancroft, Barton, Dowling, Emerson, Hall, Marcy, Northeast, Ramsey, Sanford, Seward, Sheridan, South, Whittier
District Magnet Office	256,000	
Liaisons for Expanded School Choice Schools	60,000	Burroughs, Lake Harriet Upper, Southwest
All-Day Kindergarten	313,200	Armatage, Barton, Burroughs, Dowling, Lake Harriet Lower
Communications	250,000	
College and Career Centers	500,000	Serve the seven comprehensive high schools
AVID Program at Schools	1,122,297	Andersen, Anthony, Anwatin, Cityview, Field, Jefferson, Lake Nokomis Upper, Lucy Laney, Nellie Stone Johnson, Northeast, Olson, Sanford, Seward
AVID: District Services	784,943	
Student Placement	337,000	
GEMS/GISE/STEM Programs	419,000	
Diversity and Equity	850,000	
Transportation	7,600,000	
New Activities to Support Integration Goals	997,724	
Total	\$16,800,000	

Compensatory Education 2011-2012

Allocated to Schools based on Fall 2010 Free and Reduced Lunch Count	\$49,754,632	
Allocated to Contract Alternative Schools based on Fall 2010 Free and Reduced Lunch Count	2,673,629	
Allocated to Online Learning based on Fall 2010 Free and Reduced Lunch Count	23,969	
Total	\$52,452,230	

Title I

Non-Public School Allocations	\$ 938,000	
Public School Allocations	10,684,527	
Contract Alternative Schools	393,300	
Professional Development	2,202,000	Part of required set-asides for professional development and district improvement
Principal Mentors	150,000	
Research, Evaluation and Assessment (REA)	250,000	
Family Involvement Funds to Schools	216,776	
District Family Engagement and CPEO	511,000	
School Readiness	3,618,733	High Five programs
Neglected and Delinquent Services	145,352	
Homeless Highly Mobile Services	800,000	
SES and NCLB Choice	4,335,527	
Administration, Required Mailings, Indirect Costs	2,556,216	
Total	\$24,234,216	

Food Service

The Food Service fund is a self-sustaining enterprise in which revenue and expenses are balanced over time. It is used to record all financial activities of the school district's Food Service program.

Food Service includes all planning, preparation and serving of meals and snacks in connection with school and community service activities. Food Service fund revenues primarily come from federal sources (85 percent). Food Service revenue may only be used for Food Service programs.

All expenditures related to meal preparation must be recorded in the Food Service fund. The majority of expenditures consist of labor and food costs (84 percent). Purchased services, supplies and equipment account for 16 percent of the fund's expenditures. Eligible expenditures include application processing, meal accountability, food preparation, meal service and kitchen custodial service, according to Minn. Stat. §124D.111, subd. 3.

Costs associated with lunchroom supervision, custodial services, utilities and administrative costs are excluded from the Food Service Fund as they are accounted for in the General Fund.

Capital expenditures may be made from the Food Service fund only if the fund's year-end restricted balance is greater than the cost of the equipment to be purchased and if prior approval has been obtained from the Minnesota Department of Education's Nutrition Section, according to Minn Stat. § 124D.111, subd. 3.

The Food Service fund balance included inventory on hand as of June 30, 2011. This inventory accounts for approximately \$1 million of the fund balance. Federal regulations allow the cash portion of the fund balance to equal 33 percent of yearly expenses. The current fund balance will be decreased in fiscal year 2012 to purchase new equipment and perform other approved capital expenditures. Implementation of equipment upgrades began in fiscal year 2010 and will continue through fiscal year 2012. Site upgrades to storage and preparation areas began in fiscal year 2011 and will conclude in fiscal year 2012.



Food Service

	Actual FY 2009	Actual FY 2010	Budgeted FY 2011	Budgeted FY 2012
Beginning Fund Balance	\$ 2,559,518	\$ 3,651,883	\$ 4,724,804	\$ 4,724,804
Annual Revenue	\$ 14,223,146	\$ 15,694,485	\$ 14,697,397	\$ 15,005,639
Total Revenue	\$ 16,782,664	\$ 19,346,368	\$ 19,422,201	\$ 19,730,443
Annual Expenditures	\$ 13,130,781	\$ 14,621,564	\$ 14,697,397	\$ 15,563,052
Ending Fund Balance	\$ 3,651,883	\$ 4,724,804	\$ 4,724,804	\$ 4,167,391
Revenues	Actual FY 2009	Actual FY 2010	Budgeted FY 2011	Budgeted FY 2012
Federal (Meal Payments)	\$ 1,616,767	\$ 1,543,827	\$ 1,597,567	\$ 1,516,049
State	\$ 740,974	\$ 726,007	\$ 726,909	\$ 712,394
Federal	\$ 11,863,405	\$ 13,327,747	\$ 12,372,921	\$ 12,777,196
Other	\$ 2,000	\$ 96,904	-	-
Total Revenues	\$ 14,223,146	\$ 15,694,485	\$ 14,697,397	\$ 15,005,639
Expenditures	Actual FY 2009	Actual FY 2010	Budgeted FY 2011	Budgeted FY 2012
Salaries & Benefits	\$ 6,013,039	\$ 5,550,230	\$ 6,059,394	\$ 6,150,321
Purchase Services	\$ 789,810	\$ 984,737	\$ 904,700	\$ 844,700
Supplies & Materials	\$ 6,060,179	\$ 6,781,260	\$ 6,932,803	\$ 6,962,531
Equipment	\$ 265,517	\$ 1,301,263	\$ 800,000	\$ 1,600,000
Other	\$ 2,236	\$ 4,074	\$ 500	\$ 5,500
Total Expenditures	\$ 13,130,781	\$ 14,621,564	\$ 14,697,397	\$ 15,563,052

Community Services

The Community Services fund is used to account for services provided for learning and involvement opportunities for lifelong learners of all ages including Minneapolis residents. Community Services funds are intended to provide K-12 students the opportunity to utilize educational facilities and programs during non-school hours, including the summer months. Fees may be charged for these programs. Community Services revenue may also be used for educational programming serving adults with disabilities, school age care, Adult Basic Education (ABE), school readiness and Early Childhood Family Education (ECFE).

The community education grant fund is also part of the Community Services fund and is used to account for the revenues and expenditures for activities related to certain grants and projects funded through state or other local outside agencies. Included within these numbers are the resources designated for non-public education.

	Actual FY 2009	Actual FY 2010	Budgeted FY 2011	Budgeted FY 2012
Beginning Fund Balance	\$ 3,402,727	\$ 4,826,399	\$ 4,174,358	\$ 3,803,460
Annual Revenue	26,552,452	24,158,973	25,176,084	22,018,170
Total Revenue	\$ 29,955,179	\$ 28,985,372	\$ 29,350,442	\$ 25,821,630
Annual Expenditures	25,128,780	24,811,014	25,546,982	23,252,976
Ending Fund Balance	\$ 4,826,399	\$ 4,174,358	\$ 3,803,460	\$ 2,568,654
Revenues				
	Actual FY 2009	Actual FY 2010	Budgeted FY 2011	Budgeted FY 2012
Local	\$ 13,346,925	\$ 12,411,499	\$ 13,004,454	\$ 11,654,320
State	10,679,164	9,711,933	9,134,130	8,155,523
Federal	2,526,363	2,035,541	3,037,500	2,208,327
Total Revenues	\$ 26,552,452	\$ 24,158,973	\$ 25,176,084	\$ 22,018,170
Expenditures				
	Actual FY 2009	Actual FY 2010	Budgeted FY 2011	Budgeted FY 2012
Salaries & Benefits	\$ 19,654,663	\$ 19,356,200	\$ 19,876,058	\$ 18,338,074
Purchase Services	3,912,887	4,091,502	4,030,321	3,333,192
Supplies & Materials	1,339,731	1,151,055	1,399,956	1,463,165
Equipment	149,112	128,879	154,225	105,182
Other	72,386	83,378	86,424	13,363
Total Expenditures	\$ 25,128,780	\$ 24,811,014	\$ 25,546,982	\$ 23,252,976

Capital Projects

The Capital Projects fund is used to record all operations of the school district's building construction program, which is funded by the sale of bonds or the Alternative Facilities Bonding/Pay-As-You-Go Levy Program. At Minneapolis Public Schools, construction is defined as new construction, remodel, capital renewal, capital maintenance, preventative maintenance and repair.

Revenue sources in the Capital Projects fund for fiscal year 2012 are comprised of:

- Fund balance carryover from our December 2010 General Obligation bond sale
- The December new ESC construction bond sale
- The 2011 fall anticipated General Obligation bond sale and from our annual pay-as-you-go Alternative Facilities levy proceeds.

The budget includes revenue from the sale of Lehman (\$6 million) and the first payment on the new MPS Educational Service Center (\$2 million).

[View the list of planned capital projects.](#)

	Actual FY 2009	Actual FY 2010	Budgeted FY 2011	Budgeted FY 2012
Beginning Fund Balance	\$ 9,411,666	\$18,542,966	\$20,084,183	\$ 50,612,239
Annual Revenue	33,394,764	26,485,635	75,209,217	41,400,000
Total Revenue	\$ 42,806,430	\$45,028,601	\$95,293,400	\$ 92,012,239
Annual Expenditures	24,263,464	24,944,418	44,681,161	63,513,764
Ending Fund Balance	\$ 18,542,966	\$20,084,183	\$50,612,239	\$ 28,498,475
Revenues				
	Actual FY 2009	Actual FY 2010	Budgeted FY 2011	Budgeted FY 2012
Local	\$ 7,613,617	\$10,765,575	\$14,465,000	\$ 19,400,000
State	-	-	-	-
Federal	-	-	-	-
Other	25,781,147	15,720,060	60,744,217	22,000,000
Total Revenues	\$33,394,764	\$26,485,635	\$75,209,217	\$ 41,400,000
Expenditures				
	Actual FY 2009	Actual FY 2010	Budgeted FY 2011	Budgeted FY 2012
Salaries & Benefits	\$12,754,394	\$ 11,180,122	\$ 11,083,240	\$ 11,341,478
Purchase Services	3,424,311	4,069,068	2,065,656	2,223,986
Supplies & Materials	2,722,354	2,653,746	3,034,500	2,992,683
Equipment	5,335,244	7,035,694	28,491,765	46,924,617
Other	27,161	5,788	6,000	31,000
Total Expenditures	\$ 24,263,464	\$ 24,944,418	\$44,681,161	\$ 63,513,764

Debt Service

The Debt Service fund is used to record revenues and expenditures for the school district's outstanding bonded indebtedness, whether for building construction or operating capital and whether for initial or refunding (refinancing) bonds. When a bond is sold, the school board must annually levy a direct general tax upon the property of the school district for the annual payment of principal and interest on these bonds. The revenue from this tax and related state aid must be separately accounted for in the Debt Service fund, according to Minn. Stat. § 475.61.

	Actual FY 2009	Actual FY 2010	Budgeted FY 2011	Estimated FY 2012
Beginning Fund Balance	\$ 83,334,428	\$ 27,166,206	\$ 29,522,713	\$ 38,687,713
Annual Revenue	68,825,589	104,220,757	77,300,000	64,870,443
Annual Expenditures	124,993,811	101,864,250	68,135,000	92,295,478
Ending Fund Balance	\$ 27,166,206	\$ 29,522,713	\$ 38,687,713	\$ 11,262,678
Revenues				
Local	\$ 56,094,311	\$ 58,054,529	\$48,000,000	\$ 52,110,443
State	12,731,278	12,845,931	11,000,000	12,760,000
Federal	-	-	-	-
Refunding Bonds	-	33,320,297	18,300,000 *	
Total Revenue	\$ 68,825,589	\$ 104,220,757	\$ 77,300,000	\$ 64,870,443
Expenditures				
Debt Principal & Interest	\$ 70,471,035	\$ 68,699,250	\$ 68,135,000	\$ 73,995,478
Debt Refundings	54,522,776	33,165,000	-	18,300,000
Total Expenditures	\$ 124,993,811	\$ 101,864,250	\$ 68,135,000	\$ 92,295,478
* \$18,300,000 for bond refunding was incorrectly budgeted in FY2011 and will be spent in FY2012.				

Minimum Debt Payment Schedule

June 30, 2011

Year Ending	General Obligation Bonds Payable		Certificate of Participation Payable		Total Debt Payment			Total Debt Outstanding Balance
	June 30	Principal	Interest	Principal	Interest	Principal & Interest		
2012	\$ 57,024,000	\$ 9,715,432	\$ 16,305,000	\$ 9,251,045	\$ 73,329,000	\$ 18,966,478	\$ 92,295,478	\$382,987,000
2013	37,224,000	8,329,428	17,165,000	8,029,435	54,389,000	16,358,863	70,747,863	328,598,000
2014	35,424,000	6,998,691	17,935,000	7,347,235	53,359,000	14,345,927	67,704,927	275,239,000
2015	22,969,000	5,706,078	18,690,000	6,630,035	41,659,000	12,336,113	53,995,113	233,580,000
2016	23,490,000	4,784,227	18,070,000	5,847,229	41,560,000	10,631,457	52,191,457	192,020,000
2017	16,139,000	4,007,336	18,805,000	5,067,179	34,944,000	9,074,516	44,018,516	157,076,000
2018	12,494,000	3,375,776	15,790,000	4,238,098	28,284,000	7,613,874	35,897,874	128,792,000
2019	9,674,000	2,886,440	15,225,000	3,503,303	24,899,000	6,389,743	31,288,743	103,893,000
2020	10,054,000	2,502,939	9,505,000	2,792,921	19,559,000	5,295,859	24,854,859	84,334,000
2021	8,619,000	2,100,421	6,440,000	2,335,360	15,059,000	4,435,781	19,494,781	69,275,000
2022	8,529,000	1,766,546	3,615,000	2,021,060	12,144,000	3,787,606	15,931,606	57,131,000
2023	4,864,000	1,432,058	3,785,000	1,832,985	8,649,000	3,265,043	11,914,043	48,482,000
2024	3,114,000	1,285,825	1,605,000	1,634,525	4,719,000	2,920,350	7,639,350	43,763,000
2025	1,319,000	1,211,781	1,660,000	1,538,225	2,979,000	2,750,006	5,729,006	40,784,000
2026	18,519,000	605,891	1,720,000	1,438,625	20,239,000	2,044,516	22,283,516	20,545,000
2027	-	-	1,785,000	1,335,425	1,785,000	1,335,425	3,120,425	18,760,000
2028	-	-	1,850,000	1,219,400	1,850,000	1,219,400	3,069,400	16,910,000
2029	-	-	1,920,000	1,099,150	1,920,000	1,099,150	3,019,150	14,990,000
2030	-	-	2,000,000	974,350	2,000,000	974,350	2,974,350	12,990,000
2031	-	-	1,975,000	844,350	1,975,000	844,350	2,819,350	11,015,000
2032	-	-	2,050,000	715,975	2,050,000	715,975	2,765,975	8,965,000
2033	-	-	2,120,000	582,725	2,120,000	582,725	2,702,725	6,845,000
2034	-	-	2,200,000	444,925	2,200,000	444,925	2,644,925	4,645,000
2035	-	-	2,280,000	301,925	2,280,000	301,925	2,581,925	2,365,000
2036	-	-	2,365,000	153,725	2,365,000	153,725	2,518,725	-
	\$269,456,000	\$56,708,868	\$ 186,860,000	\$71,179,211	\$456,316,000	\$127,888,079	\$584,204,079	