

FY 2023 Budget Public Forum

Virtual Presentation

Shashank Aurora, CFO
Tom Ahart, Superintendent



Think. Learn. **Grow.**

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Agenda

- I. Budget Calendar
- II. Budget Development Constraints
- III. DMPS Financial Strategy
- IV. What the Board is Adopting & Certifying
- V. Long-Term Considerations: General Fund Forecast
- VI. Closing
- VII. Questions

PART I

Budget Calendar

Budget Development

Item	Date
Budget Development	July – April
Board Work Sessions	October – March
Budget Published in <i>DM Register</i> <i>(Statutory requirement: published 10-20 days before the Public Hearing)</i>	March 25
Virtual Public Forum – Public comment on proposed budget	March 26 – April 4
Public Hearing – Adoption & Certification of Budget <i>(School Board Meeting)</i>	April 5
Submit Certified Budget – Polk County Auditors <i>(Statutory Deadline)</i>	April 15
Fiscal Year begins	July 1

PART II

Budget Development Constraints

- Board Parameters
 - Board SMART Goals
 - Management Limitation 2.6
- Restricted Budget
- Spending Authority
- Budget Guarantee / On-Time Funding



DMPS School Board S.M.A.R.T. Goals

Specific | Measurable | Achievable | Realistic | Timebound

GOAL ONE



Increase student achievement in reading.

The percent of all third grade students on track in reading will increase from 52% to 72% by June 2023, as measured by FAST.

GOAL TWO



Increase student achievement in reading for Black Males.

The percent of Black Male third grade students on track in reading will increase from 35% to 72% by June 2023, as measured by FAST.

GOAL THREE



Increase student achievement in mathematics for Black Males.

The percent of Black Male students completing Algebra I with a B or higher by the end of grade 9 will increase from 17% to 35% by August 2023.

Financial Limitations

Management Limitation 2.6 – Financial Planning/Budgeting

Financial planning for any fiscal year or the remaining part of any fiscal year may not deviate materially from the Board's Student Expectations Policy or risk financial jeopardy.

Accordingly, the Superintendent shall not present a budget that:

- Falls below a 15% solvency ratio for the General Fund.
- Falls below a 15% unspent spending ratio for the General Fund.
- Creates a situation or condition described as unacceptable in the “Financial Conditions and Activities.”
- Omits credible projections of revenues and expenses and disclosure of planning assumptions.
- Plans the expenditure of more funds than are projected to be received in any fiscal year.

Restricted Budget

School districts have **restricted** funding sources

Not all funds can be spent on anything the district decides

State & Federal law dictate *allowable expenditures ...* even for General Fund dollars

Administrative Rules can further clarify/restrict State law

Spending Authority

- State controls maximum amount each district can spend
 - It is **illegal** for a school district to exceed its total Spending Authority
- Limit on spending is the amount of **Spending Authority** a district has, *not* the amount of cash or fund balance
- Spending Authority is directly tied to student enrollment, e.g., Cost Per Pupil

Where Does Spending Authority Come From?

Basic Formula

	Number of Students
x	Cost per Pupil
=	Total current year Spending Authority

Important Notes:

- Student count is a year behind
 - Always use prior year count – this October's number = the number used for next year's budget
- Cost per child is set by the Iowa Legislature by setting State Supplementary Assistance Rate
- Spending Authority is then funded by a combination of State Aid and Property Taxes

Growth in Spending Authority

Three Basic Ways



Increase in Supplemental State Aid



Increase in Student Enrollment



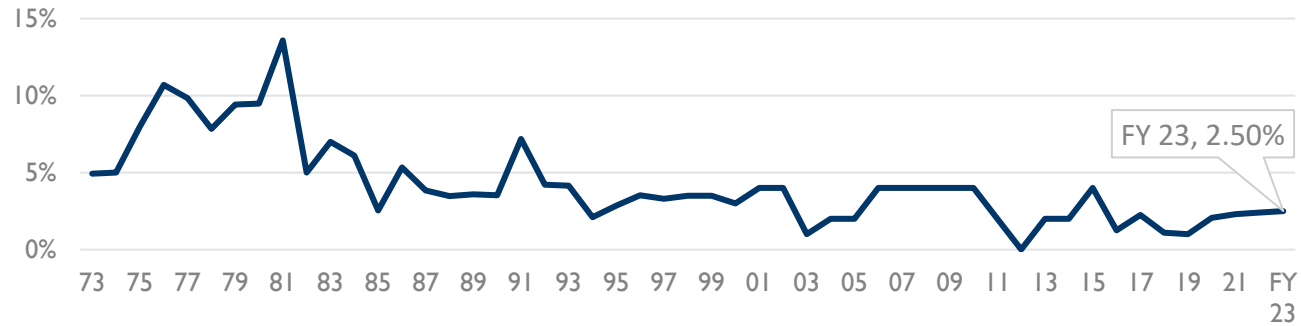
Increase in Miscellaneous Income

Growth in Spending Authority

1) Supplemental State Aid

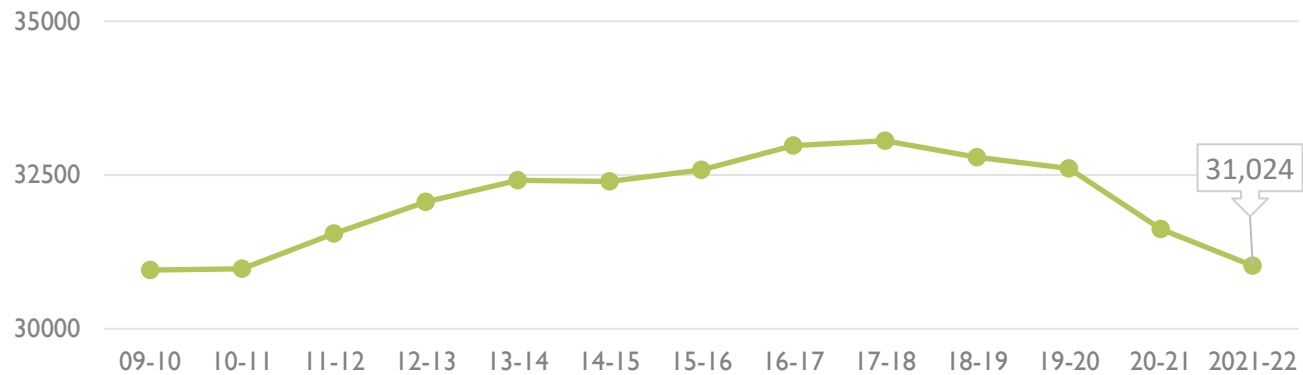
District Cost Per Pupil: \$7,265

GROWTH IN STATE AID



2) Student Enrollment

CERTIFIED ENROLLMENT



3) Miscellaneous Income

DUE TO COVID-19:

- NEW FEDERAL FUNDS (E.G., ESSER)
- DECREASE IN INVESTMENT INCOME

Budget Guarantee / On-Time Funding

- **Budget Guarantee**
 - Provides a buffer for enrollment decreases
 - New money of 1% over prior year Regular Program Cost
 - Funded solely with property taxes
 - Requires Board approval
 - Board approved Budget Guarantee for FY23 due to significant decline in certified enrollment (Oct 2021)
 - FY 2023 Dollar Value: \$1,024,285
- **On-time Funding**
 - Mechanism in funding formula to provide additional Spending Authority to serve kids in the year in which they enroll
 - If certified enrollment increases in FY23 (Oct 2022), on-time funding would kick in
 - District could request additional Spending Authority from SBRC
 - No extra cash would be received

PART III

DMPS Financial Strategy

- Fiscal Strategy
- Budget Development
 - Budget Advisory Team
 - Recommendations
 - Staffing Changes
- Budgeting for Board SMART Goals
- Long Term Evaluations

Evolving Fiscal Strategy

Ongoing Evaluation & Adjustment

	FY 20 Budget Strategy		FY 21 Budget Strategy		FY 22 Budget Strategy		FY 23 Budget Strategy	
	<i>Reduction</i>	<i>Spending Authority</i>	<i>Reduction</i>	<i>Spending Authority</i>	<i>Reduction</i>	<i>Spending Authority</i>	<i>Reduction</i>	<i>Spending Authority*</i>
FY 20	\$24 M	2%	\$24 M	3%	\$24 M	5%	\$24 M	1.9%
FY 21	\$24 M	6%	\$14 M	6%	\$14 M	8%	\$14 M	12%
FY 22	\$24 M	13%	\$14 M	9%	\$15 M	12%	\$15 M	13%
FY 23			\$14 M	11%	\$14 M	15%	\$9.4 M	12%
FY 24							\$14 M	8%

*less categoricals

Considerations of the Advisory Team During Budget Development



Financial Objectives: Spending Authority and Solvency Ratios



Goal of the Advisory Team: Provide recommendations with minimal impact to students and employees










Approach to Reach Budget Target: Cost reduction and revenue generating ideas



Recommendations will Continue to Become More Difficult

General Fund Revenue / Expenses Evaluated

	Sale of Grand Building (one-time)	\$2.5 M
	Break/Fix Program (annual savings)	\$3.0 M
	Moving costs from General Fund to SAVE/PPEL	\$0.9 M
	Allocation reductions due to enrollment declines	\$1.0 M
	Moving staffing costs from General Fund to other funds	\$0.6 M
	Budgeted at 2.0% SSA, SSA final at 2.5%	\$0.5 M
	Culture & Climate Summit (one-time)	\$0.9 M
TOTAL IDENTIFIED		\$9.4 M

Staffing Changes

- 12 FTE Enrollment-Based Allocations
 - \$1.0 M impact
 - 5 FTE elementary school
 - 7 FTE middle school
- 4.5 FTE Central Stores
 - \$0.3 M Reallocated to Food/Nutrition
- 2.35 FTE Construction
 - \$0.2 M Reallocated to SAVE
- 1.0 FTE Technology
 - \$0.08 M Reduction
- \$0.25M Reallocated to Sub Budget

Board SMART Goals Update

Literacy

FY 22 & FY 23 Incurred & Planned Expenses					
Literacy	FY 2022	FY 2023	Total	From General Fund	From Other Sources
					(PD, Curriculum, Adoption, ESSER)
Curricular Materials	564,000	300,000	864,000	0	Adoption, Curriculum, DWReaders, Title IV, ESSER
PD	560,000	140,000	700,000	0	EQ
Student Feedback	-	10,000	10,000	0	Adoption
Grand Total	1,124,000	450,000	1,574,000	0	

Literacy SMART Goal Update

2021-23 Highlights

High Quality Curriculum

- Continued new K-8 ELA curriculum implementation
- New 6-8 ELA curriculum
- Purchased new PK curriculum

Access to Grade-Level Instruction

- Remove barriers to grade-level instruction
- Ensure grade-level instruction is provided in conjunction with remediation
- Develop student-need driven supports

Extended Learning

- Summer school focused on transitions and teacher capacity
- Prioritized efficient learning recovery and community partnerships

Goals for 2022-23

- Curriculum implementation and access, PK-12
- Explicit, asset-based equitable supports
- Do not over-assess or over-remediate
- Focus on priority standards

Board SMART Goals Update

Mathematics

FY 22 & FY 23 Incurred & Planned Expenses					
Math	<i>FY 2022</i>	<i>FY 2023</i>	Total	<i>From General Fund</i>	<i>From Other Sources (PD, Curriculum, Adoption, ESSER)</i>
Curricular Materials	221,000	TDB	TBD	0	Adoption, Curriculum, ESSER
PD	907,000	TDB	TBD	0	EQ
Grand Total	1,128,000	TBD	TBD	0	

Mathematics SMART Goal Update

2021-22 Highlights

High Quality Curriculum

- Continued implementation of new curriculum: Grades 6-8, Algebra I, Algebra II, Geometry
- New curriculum implementation: K-5
- Purchase of new PK curriculum
- Training for teachers

Access to Grade-Level Instruction

- Added more support for Middle Schools via a MS Literacy Coordinator
- Remove barriers to grade-level instruction
- Ensure grade-level instruction is provided in conjunction with remediation
- Develop student-need driven supports
- Build enhanced instructional support structures
- Develop and articulate math pathways

Extended Learning

- Summer school focused on transitions and teacher capacity
- Prioritized efficient learning recovery and community partnerships

Goals for 2022-23

- Curriculum implementation and access, PK-12
- Continue training for teachers
- Explicit, asset-based equitable supports
- Do not over-assess or over-remediate
- Focus on priority standards

Board SMART Goals Update

Social Emotional Learning

FY 22 & FY 23 Incurred & Planned Expenses					
SEL	FY 2022	FY 2023	Total	From Other Sources	
				From General Fund	(PD, Curriculum, Adoption)
Assessment Tool and Technical Assistance	190,000	91,000	281,000	0	Title IV, DOP
Staffing (coordinator & OOC)	170,000	270,000	440,000	0	Title IV, DOP
PD	165,000	115,000	280,000	0	Title IV, DOP
Curriculum	150,000	60,000	210,000	0	Title IV, DOP
Grand Total	\$675,000	\$536,000	1,211,000		

SEL SMART Goal Update

2021-22 Highlights

Integrated SEL Services

- Implemented Phase I of SEL implementation with 22 Pilot Schools and Early Childhood
- Provided 99.5 hours of SEL PD to Pilot Schools and District Departments (as of 14FEB22)
- Developed 25 SEL champions to help propel SEL implementation in their school community
- Continued supporting Integrated Services Schools
- Community School Coordinator added to every Elementary School

Plans for Summer

- Identify SEL champions at every ES school and 7 MS; begin to invest in their SEL development
- Provide SEL overview and initial development to all ES Administration
- Review SEL Phase plan and adjust accordingly to meet the needs of the schools
- Host 2022 Spring DMPS SEL Summit 25-26 March

Goals for 2022-23

- Implement Phase IA with all ES and identified MS
- Implement Phase IB with current Pilot Schools
- Build capacity at each level (including Early Childhood) to systemically implement and sustain Transformative SEL
- Host two summits for SEL leaders

Long-Term Cost Reduction Strategies

Areas to be Evaluated

New Demographic Study
(School Utilization)

- Evaluation and implementation of recommendations

Athletic Committee
Proposal

- Evaluation and implementation of recommendations

Academic ROI (AROI)

- Evaluate academic programs that provide least return at highest cost
- Evaluate student programs that provide least value to students

Transportation

- Evaluate cost reductions and service models

PART IV

What the Board is Adopting & Certifying

- Proposed for Adoption (Expenditures)
- Property Tax Rate

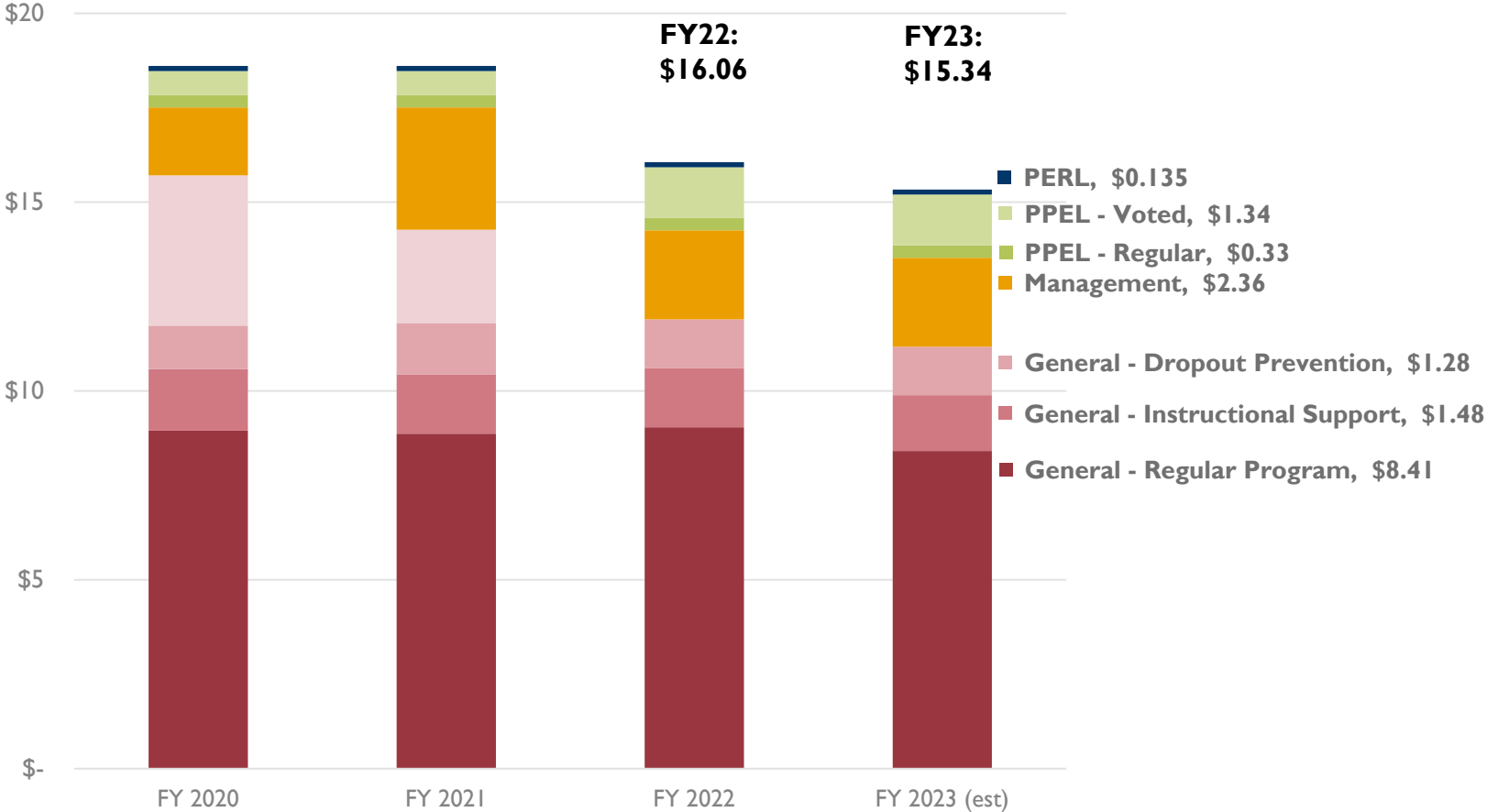
Proposed for Adoption

Proposed Budget for Certification	
Revenue	
Total Revenue	\$ 583,044,748
Beginning Balance	\$ 276,340,988
Total Resources	\$ 859,385,736
Expenditures	
Instruction	\$ 285,161,147
Total Support Services	\$ 196,454,139
Non-Instructional Programs	\$ 28,018,704
Total Other Expenditures	\$ 76,914,262
Transfers Out	\$ 23,253,075
Total Expenditures & Other Uses	\$ 609,801,327
Ending Fund Balance	\$ 249,584,409
Total Requirements	\$ 859,385,736
Proposed Tax Rate:	15.34420

Tax Components

Component	Authority	FY 22	FY 23
GENERAL	Code, Board	11.90	11.18
MANAGEMENT	Board	2.36	2.36
PPEL	Board, Vote	1.67	1.67
PERL	Vote	0.135	0.135
DEBT SERVICE	Vote	0.00	0.00
TOTAL		16.06	15.34

Proposed Property Tax: Decrease



PART V

Long-Term Considerations

- Financial Measures & Objectives
- General Fund Forecast

Summary: Financial Measures & Objectives

Financial Measure	Objective	Status		
		Oct 2020	Oct 2021	
Certified Enrollment	Stable or growing	31,622	31,024	
Unspent Authorized Budget (less categoricals)	Maintain or build	FY 2022 est.	FY 2023 est.	
		\$59.8 M	\$53.3* *w/ \$9.4M reduction	
Spending Authority Ratio (less categoricals)	15%	FY 2022 est.	FY 2023 est.	
		12.7%	11.6% *w/ \$9.4M reduction	
Solvency Ratio (General Fund)	15%	FY 2022 est.	FY 2023 est.	
		34%	33%	
New Money % vs. Settlement % vs. Difference	Supplemental State Aid (SSA) greater than Settlement with Bargained Groups	FY 2022	FY 2023	
		SSA	2.40%	2.50%
		Settlement (DMEA)	2.05% (salary & benefits)	TBD, no greater than 3%

General Fund

- Largest fund in the district
 - Accounts for approximately 79% of ALL revenue
 - Anything that does not *have* to be accounted for in another fund is accounted for in the General Fund
- Two key, distinct (complementary) issues:
 - Fund Balance (Cash)
 - Spending Authority (Limit on Spending)

General Fund Forecast (AMOUNTS IN THOUSANDS)

	Re-estimated FY 2022	Budget FY 2023	Projected FY 2024	Projected FY 2025	Projected FY 2026
Total Revenues	469,813	458,651	443,837	438,121	442,350
Total Expenditures & Other Uses	471,325	467,478	462,154	466,775	471,443
Excess Revenues Over Expenditures	(1,512)	(8,827)	(18,317)	(28,654)	(29,093)
Beginning Fund Balance	184,265	182,753	173,926	155,609	126,955
Ending Fund Balance	182,753	173,926	155,609	126,955	97,862

Solvency Ratio	34%	33%	29%	23%	16%
Unspent Spending Authority Ratio - Regular and Categorical	15%	13%	10%	3%	-3%
Unspent Spending Authority Ratio - Regular Only	13%	12%	8%	1%	-5%

Assumptions					
Supplemental State Aid	2.5%	1.0%	1.0%	1.0%	1.0%
Enrollment	31,024	30,524	30,024	30,024	29,524
Non-Compensation Cost Increase	1.0%	1.0%	1.0%	1.0%	1.0%
Compensation Increase	Negotiated	Negotiated	Negotiated	Negotiated	Negotiated
Expenditure Reduction	\$9.4M	Review; up to \$14M	Review; up to \$14M	Review; up to \$14M	Review; up to \$14M

PART V

Long-Term Considerations

- Additional Information
- Public Hearing

Additional Information is Available

- Financial Information and the Preliminary Budget are located at:
 - budget.dmschools.org
- Comments or questions regarding budget development
 - Email: budget@dmschools.org
 - *If contacting by email, please provide your name and physical address*
 - Phone: (515) 242-7635

PUBLIC HEARING

- Adoption & Certification of Budget
 - DM School Board Meeting
 - Public Hearing Date and Certification: April 5, 2022

BUDGET PRESENTATION



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