

# School Finance FY 2024 Budget

## Community Conversations

Matt Smith, Interim Superintendent  
Shashank Aurora, Chief Financial Officer



THE BEST YOU  
**COME HERE. BECOME<sup>✓</sup> HERE.**

[dmschools.org](https://dmschools.org)

# Community Discussions

Date	Time	School	Location
February 28	7:15 am – 9:00 am	North	Library
February 28	6:00 pm – 7:30 pm	Roosevelt	Library
March 1	6:00 pm – 7:30 pm	East	Library
March 2	7:15 am – 9:00 am	Lincoln	Counseling / Conference Center
March 2	6:00 pm – 7:30 pm	Hoover	Library

# Agenda

- School Budget Basics
- Revenue
- Key Measures for the General Fund
- Expenditures
- Non-General Fund Funds
- Final Items

# SCHOOL BUDGET BASICS

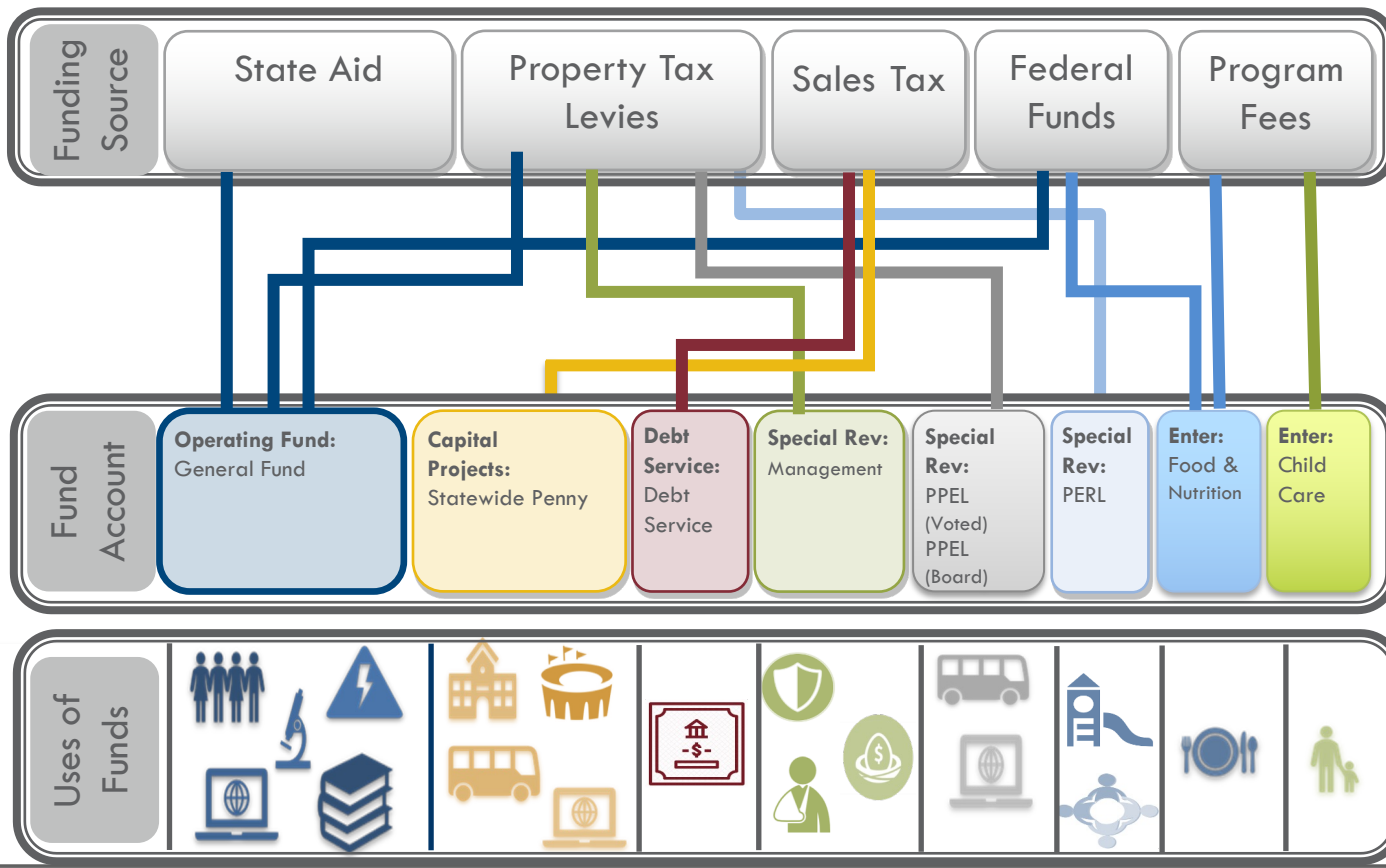
Items to Keep in the Back of Your Mind



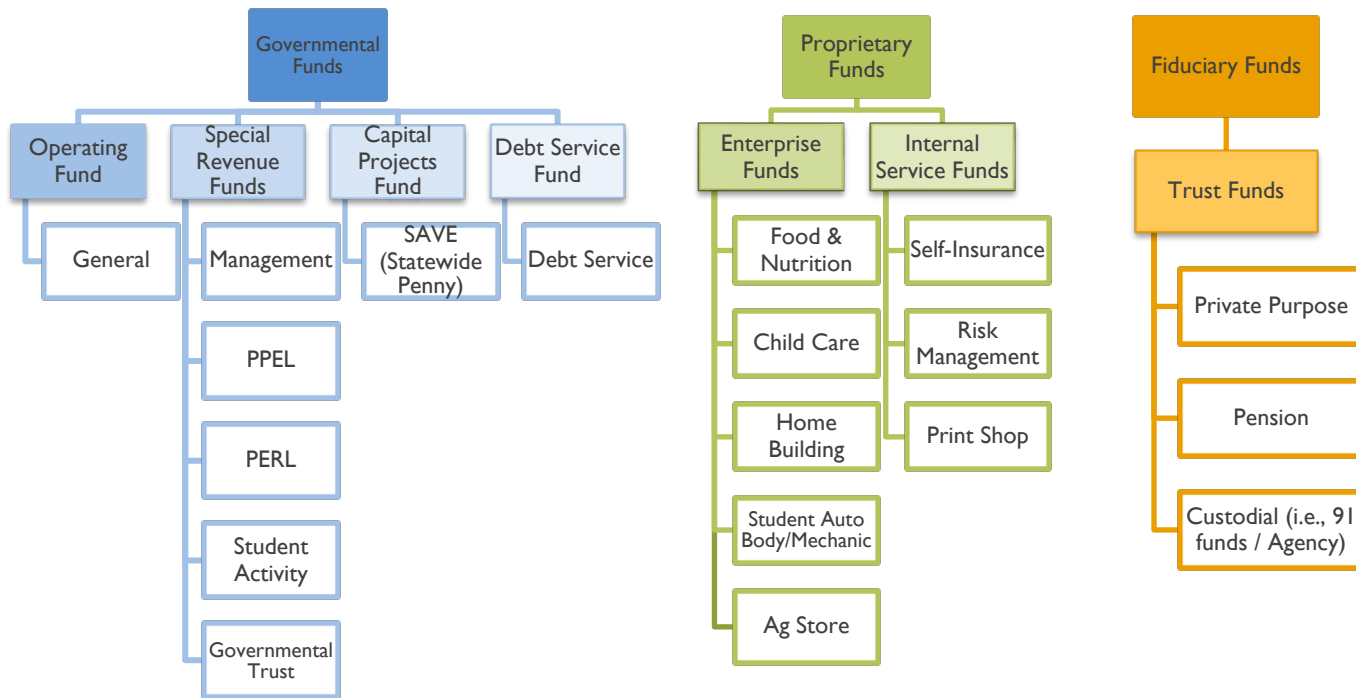
COME HERE. *THE BEST YOU* **BECOME** <sup>v</sup>**HERE.**

[dmschools.org](https://dmschools.org)

# Iowa School Finance is Complicated



# DMPS Fund Structure



# Can a School District Spend its Money on Whatever it Needs / Wants?

No! School districts have restricted funding.

## How does restricted funding impact schools?

- Restricted funds can only be spent on “allowable” expenses, even if those expenses are not the highest priority

## What defines an “allowable” expense?

- State & Federal law dictate “allowable” expenses, even for General Fund dollars
- Administrative Rules can further clarify/restrict State law

## What if you have a deficit in one fund and a surplus in another fund?

- May not be able to move money from one fund to another
- Example 1: Cannot move Food & Nutrition excess to General Fund
- Example 2: Cannot move money from other funds to cover a negative Student Activity fund
- If allowed to move funds, requires prior Board approval

# REVENUES

Where the District's Revenues Come From



COME HERE. *THE BEST YOU* **BECOME** *✓* **HERE.**

[dmschools.org](http://dmschools.org)

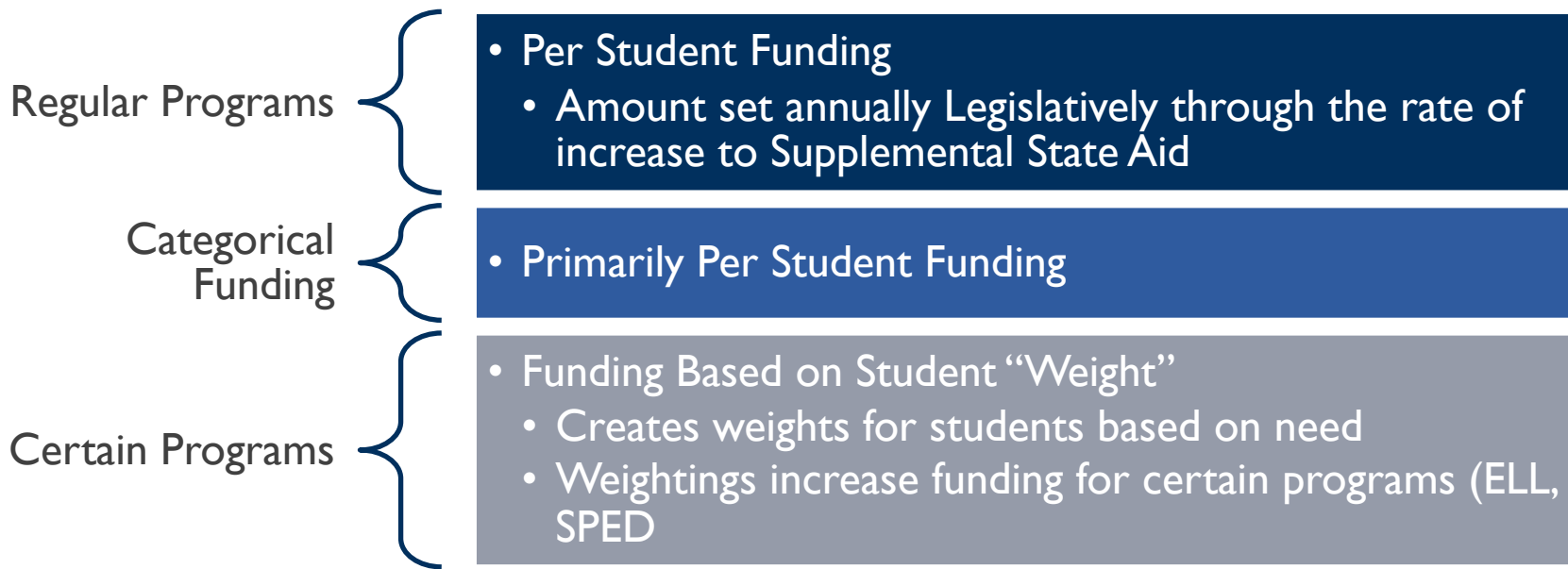


# Where does the District get Revenue?

- State Aid
- Local Funds, including Property Tax Levies
- Sales Taxes
- Federal Funds
- Program Fees

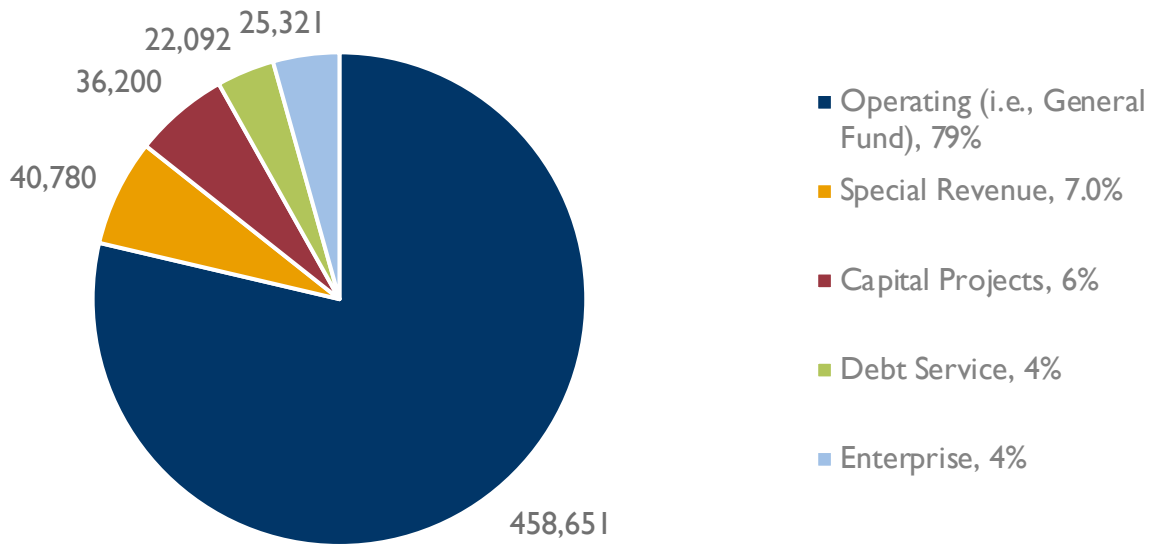
# How is State Funding Determined?

Iowa utilizes a Student-Driven Funding Formula



# How much does each fund have in annual revenue?

ALL FUNDS BY FUND TYPE (FY 2023)



*Amounts in millions*

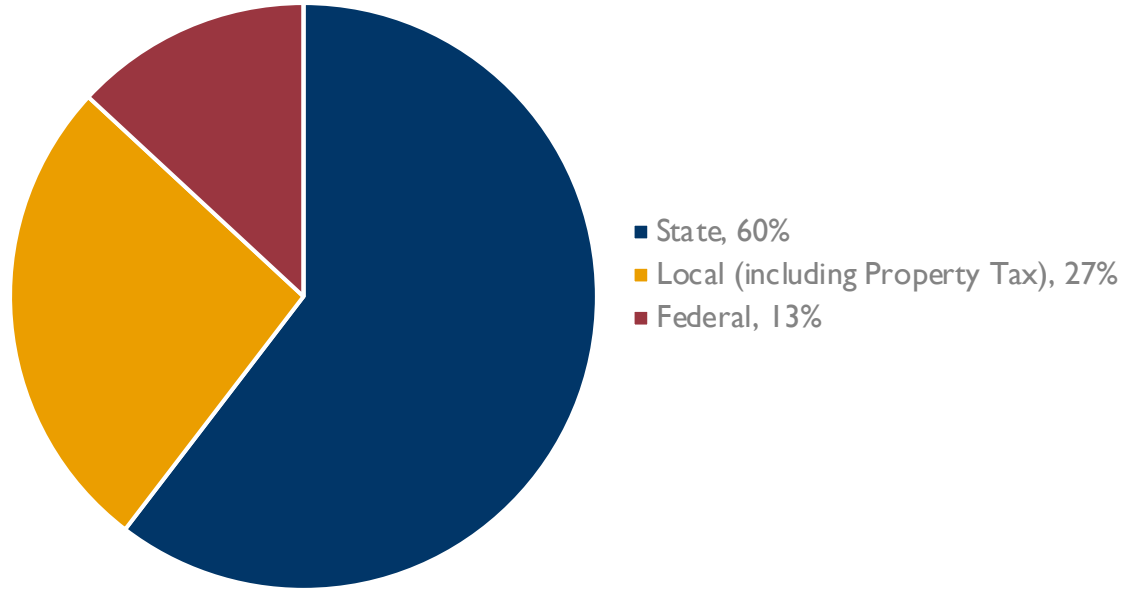
# Why Focus on the General Fund?

- Largest source of Revenue & Expenditures
- Pays for Educational Programs
- Biggest Risk

Fund	% of Annual Revenue	% of Annual Expenses
General Fund	<b>78%</b>	<b>76%</b>
Special Revenue	7%	6%
Capital Project	6%	9%
Debt Service	4%	4%
Enterprise Funds	5%	5%

# What are the Sources of General Fund Revenue?

GENERAL FUND REVENUE SOURCES



# How Are Property Taxes Set?

- Typical way a district sets the annual property tax rate:

## –General Fund:

- Most of the rate is set by formula
- Cash Reserve Levy is adjustable

## –Management Fund:

- Set by Certified Budget – adjustable based on uses, as established by Board

## –PPEL, Debt Service, and PERL:

- Usually not adjusted annually

Total Property Tax Rate	
	General Fund Levy
+	Management Levy
+	PPEL Levy
+	PERL Levy
+	Debt Service Levy
=	Total Property Tax Levy

# What is the District Tax Rate?

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
<b>TOTAL</b>		<b>16.06</b>	<b>15.34</b>

# KEY MEASURES FOR THE GENERAL FUND

Spending Authority and Solvency



COME HERE. *THE BEST YOU*  
**BECOME<sup>v</sup> HERE.**

[dmschools.org](http://dmschools.org)



# What are the Key Measures Monitored for the General Fund?

- Unspent Budget Authority (Spending Authority)
- Solvency Ratio
- Other Key Indicators

# What is Spending Authority?

- **Spending is limited by the amount of Spending Authority a district has**
  - Amount of cash or fund balance is not considered
- **Must account for two things in the General Fund**
  - Fund Balance (cash)
  - Spending Authority (state limit on spending)
- **Restriction only applies to General Fund**
  - For all other funds, if you have the cash, you can spend it

# How is Spending Authority Calculated?

## Annual Spending Authority (Simplified)

	Number of Students
x	Cost per Pupil
=	Current year Spending Authority

## Total Spending Authority (Simplified)

	Current year Spending Authority
+	Previous year Surplus Spending Authority
=	Total Spending Authority

## Important Notes:

- Student count is a year behind
  - The 2022 October count is the used for next year's budget
- Cost per child is set annually by the Iowa Legislature through Supplemental State Aid
- Spending Authority is funded by
  - **Property Taxes (levies)** and
  - **State Aid**

# How can Spending Authority Increase?

Three basic ways to increase spending authority:



Increase in  
Supplemental State  
Aid



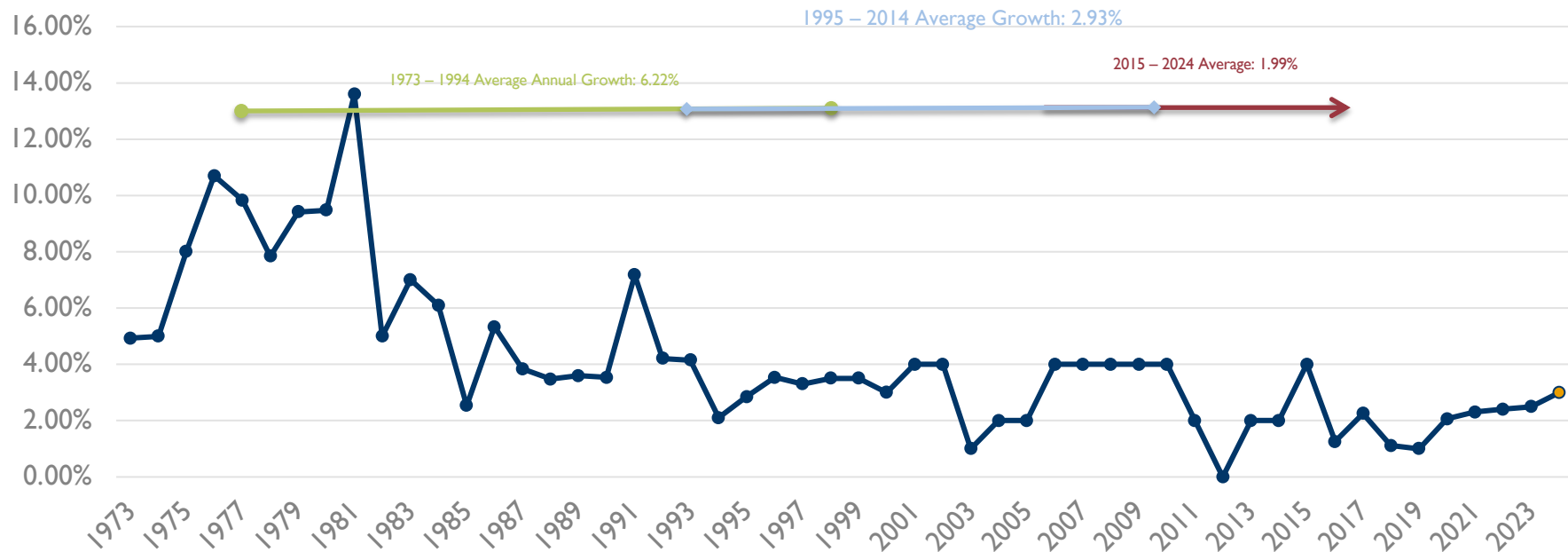
Increase in Student  
Enrollment



Increase in  
Miscellaneous  
Income




# At what Rate has the Legislature Set Supplemental State Aid?

## ANNUAL PERCENT GROWTH IN SSA



# What is the District's Enrollment Trend?

School Year	Certified Enrollment
2018-19	269 fewer students
2019-20	182 fewer students
2020-21	985 fewer students
2021-22	598 fewer students
2022-23	250 fewer students
<b>Cumulative</b>	<b>2,284 fewer students</b>

2,000 Students is the Equivalent of:	
	one large high school
OR	
	three middle schools
OR	
	six elementary schools

# Did we get a lot of Federal money recently?

- Federal response to COVID included ESSER funds for state educational agencies and school districts
- ESSER funds increased amount of federal funds contributed to DMPS

# EXPENDITURES

General Fund and All Funds



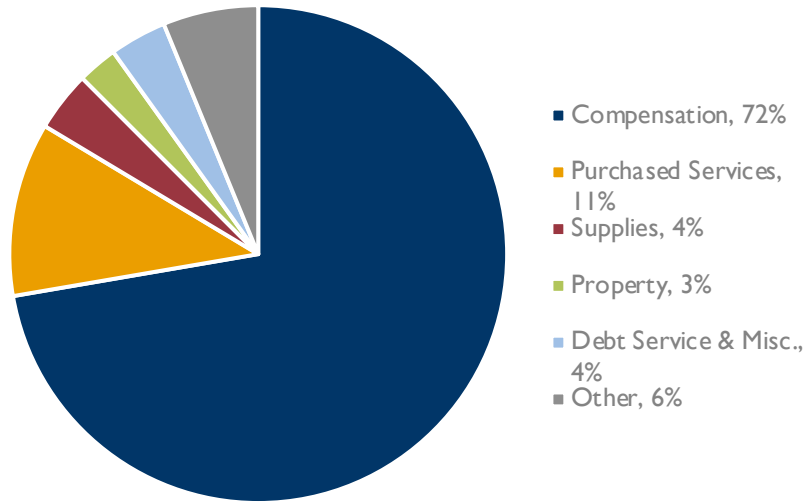
COME HERE. *THE BEST YOU* **BECOME** *✓* **HERE.**

[dmschools.org](https://dmschools.org)

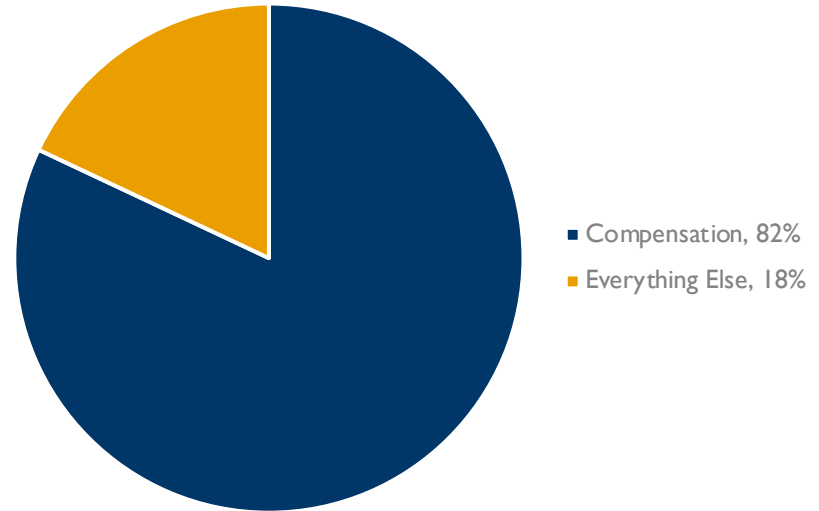


# Where do we spend our budget?

## ALL FUNDS



## GENERAL FUND



# ANNUAL BUDGET

Certification of FY 2024 Budget



COME HERE. *THE BEST YOU* **BECOME** *✓* **HERE.**

[dmschools.org](https://dmschools.org)

# What are the Requirements for Budget Adoption and Certification?

- **Budget Must be Balanced**
  - Revenue + Fund Balance  $\geq$  Annual Expenditures
- **Property Tax Rate Must be Set**
  - Levies: General Fund, Management, PPEL, PERL

# What are the Impacts of the Economy and Legislation? Are there any Unknowns?

- High Inflation
- Declining Enrollment
- Continued Employee Shortage
- Potential Recession
- Long-Term Supplemental State Aid
- State Vouchers
- Potential Increased Costs
  - DMTRS Pension Plan
  - DBM levels for non-bargained staff
  - Others?

# High Level View of the General Fund

		July		November		February		March	
Major GF Expense	Staff	<del>-↑3%</del>	<del>\$11.0 M</del>	<del>↑3.4%</del>	<del>\$12.6 M</del>	<del>↑3.4%</del>	<del>-\$12.6 M</del>	<del>↑3.8%</del>	<del>\$14.1 M</del>
Major GF Expense	Goods, Services, etc.	↑1%	\$1.0 M	↑1%	\$1.0 M	↑1%	\$1.0 M	↑1%	\$1.0 M
Major GF Revenue	State Aid tied to Student Enrollment	↓500	\$3.6 M	<del>↓500</del>	<del>\$3.6 M</del>	↓250	\$1.8 M	↓250	\$1.8 M
Cumulative Impact			\$15.6 M		\$17.2 M		\$15.4 M		\$16.9 M
Rate of Growth in Supplemental State Aid		↑2%	<del>(\$4.6 M)</del>	<del>↑1%</del>	<del>(\$2.3 M)</del>	<del>↑2.5%</del>	<del>(\$5.6 M)</del>	↑3.0%	(\$6.7 M)
Amount Needed to Decrease For Balanced Budget			\$11.0 M		\$14.9 M		\$9.8 M		\$10.2 M
Financial Impact of Unknowns							??		\$2.0 M

# How did you Balance the Budget?

\$ 10.2 M	Knowns
+ 2.0 M	Unknowns
<b>\$ 12.2 M</b>	<b>INCREASE</b>

(\$ 0.75 M)	Health & Benefits Changes
( 1.00 M)	Operational Changes
( 10.00 M)	Staffing Changes
( 0.45 M)	Departmental Budget Reduction
<b>(\$ 12.2 M)</b>	<b>DECREASE</b>

**\$12.2 + (\$12.2) = \$0.00 ... Balanced Budget**

# What is the Estimated Health Benefits Reduction?

## STRATEGY

- Change in Specialty Pharmacy Provider
  - Prudent Rx/CVS
  - Specialty Medication

## IMPACT - \$0.75 M

- District Savings = \$750K
- Employee Savings on \$100 Co-Pays

# What is the Estimated Operational Reduction?

## STRATEGY

- Move Expenses to non-GF Funds
- Expansion of Break / Fix Program
- Consolidations of Underutilized Facilities

## IMPACT - \$1.0 M

- Savings to the General Fund
- Move repair expenses from General Fund to Management
- Reductions in operating and maintenance expenditures



# What is the Estimated Staffing Reduction?

## STRATEGY

- Focus on Board Goals
- Keep Reductions Furthest from Classroom (Teachers)
- Recognize Classroom Coverage Needs
- Maintain Conditions for Learning Focus
- Consider Support and Departmental Positions
- Ensure Department Reductions are Transparent

## IMPACT - \$10.0 M

- Teaching Staff (based on declining enrollment)
  - 2% reduction
- Support Staff
  - 5% reduction
- Central Office Staff
  - 5% reduction

# What is the Total Investment by Board Goal?

FY 2023 Inputs	Investment in Goal 1	Investment in Goal 2	Investment in Goal 3
Curricular Materials	\$0.30 M		\$0.39 M
Professional Learning	\$1.64 M	\$1.15 M	\$0.01 M
Staffing / Schedule Changes			\$0.20 M
Extended Learning Opportunities	\$0.18 M	\$0.18 M	\$0.41 M
<b>TOTAL</b>	<b>\$2.12 M</b>	<b>\$1.33 M</b>	<b>\$1.01 M</b>

**Total FY 23 Investment: \$4.46 M**

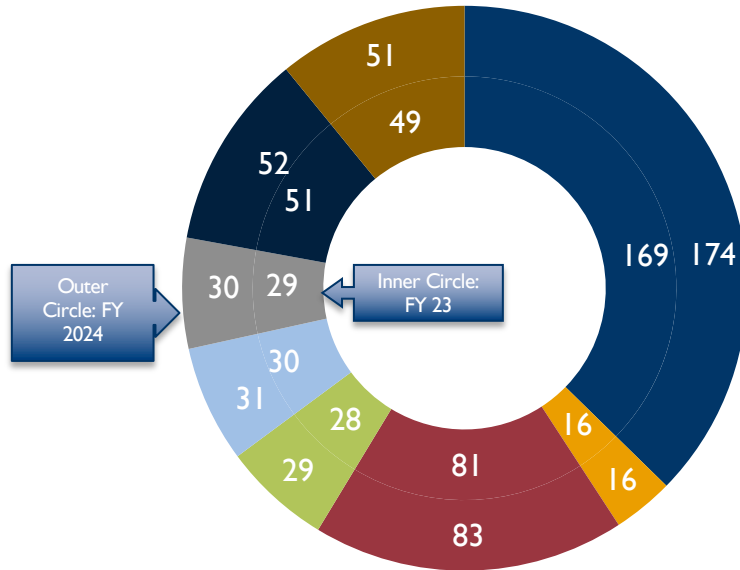
FY 2024 Inputs	Investment in Goal 1	Investment in Goal 2	Investment in Goal 3
Curricular Materials	\$0.30 M		\$0.69 M
Professional Learning	\$1.97 M	\$0.41 M	\$0.53 M
Staffing / Schedule Changes	\$0.75 M	\$0.70 M	\$1.32 M
Extended Learning Opportunities	\$0.25 M	\$1.35 M	\$0.83 M
<b>TOTAL</b>	<b>\$3.27 M</b>	<b>\$2.46 M</b>	<b>\$3.37 M</b>

**Total FY 24 Investment: \$9.10 M**

# What is the Investments in all Levers?

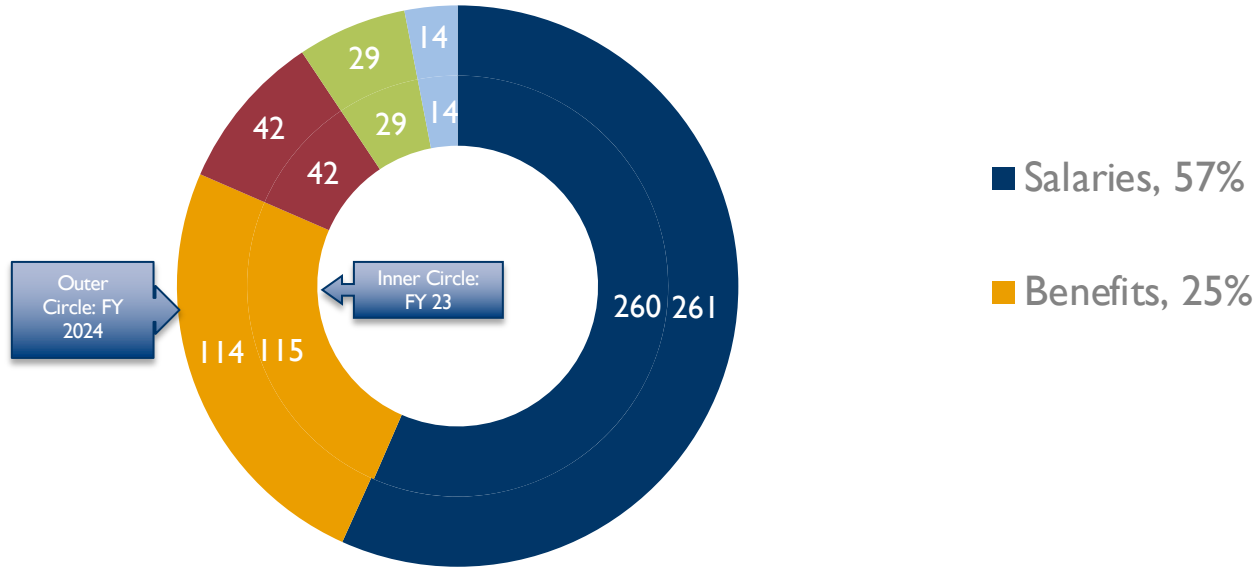


# Investments in Levers (General Fund, in Millions)



- 1. High Quality Curriculum, 37%
- 2. Data Literacy, 4%
- 3. Access, 18%
- 4. SEL, 6%
- 5. Health & Wellbeing, 7%

# Expenditures by Object (General Fund, in Millions)



# THINGS TO REMEMBER

## Restrictions

- District **cannot** use funds on anything it chooses
- General Fund is the **least restrictive** fund

## Revenue

- Most revenue is from sources **outside the District's control**

## Expenditures

- **Compensation** is the largest expense in the General Fund
- **Compensation** is the largest expenditure category of "All Funds"

## Key Financial Measures

- **Spending Authority** and **Enrollment** are driving the budget

# CONTACT US

Budget@dmschools.org



COME HERE. *THE BEST YOU* **BECOME** *✓* **HERE.**

dmschools.org