FY ‘26 & FY ’27 Budget Update

September 11, 2025

FY ‘26 Budget as Approved

	In Millions
	FY '26 Budget
	(Approved)
Revenues	$147.1
Expenditures	-$160.3
Rev. over/(under) Exp.	-$13.2
Beginning Fund Balance	$46.4
Ending Fund Balance	$33.2

FY ‘27 Budget Outlook (During Budget Process)

- During the FY ‘26 budget process, we estimated that we would likely face a deficit of at least $15 million in FY ‘27, as opposed to the $13.2 million deficit in FY ‘26, if nothing changed.
- This was an estimate for future outlook to give us perspective on how the unaddressed deficit spending pattern would impact the fund balance (ie, the financial position of the school system) over the next few years.
- This was for general context only.

Estimated Impact of Tax Increase on Financial Condition

- During the tax hearings, the rounded amount of an increase in 3 mills of tax at an estimated value of $3.8 million per mill, led to an estimated $11.4 million in additional tax revenues.
  - At this time, it was assumed that $3.8 million was the net collection value, not the gross value
- When this $11.4 million was applied against the previously referred-to estimate of a FY ‘27 budget deficit of <u>at least</u> $15 million, this resulted in an estimated $3.5 million ($3.6 million rounded to the nearest half-million) in cuts that would have to occur for FY ‘27 (at a minimum) after the increased revenues coming from a 3 mill tax increase.
- This information was for general context only until more accurate information could be obtained.

Adjusted FY ‘26 Financial Information

- At the August 28th board work session, the superintendent made reference to a figure of $2.7 million deficit that remains to be addressed.
- I was referencing what the adjusted FY ‘26 budget is expected to look like now that we have more accurate information and the board has adjusted the millage rate (all occurring since the budget process).
  - The revenues for the adjusted FY ‘26 budget reflect the final outcome of the property tax digest millage rate value combined with the final millage rate, as opposed to the estimated information we were using during the budget process.
- I was not referencing the outlook for FY ‘27, which is described in previous slides.

Adjusted FY ‘26 Budget

	In Millions	***In Millions***
	FY '26 Budget	FY '26 Budget
	(Approved)	(Adjusted)
Revenues	$ 147.1	$ 157.6
Expenditures	$ (160.3)	$ (160.3)
Rev. over/(under) Exp.	$ (13.2)	$ (2.7)
Beginning Fund Balance	$ 46.4	48.7
Ending Fund Balance	$ 33.2	$ 46.0

Adjusted Outlook (as of now)

- Where this leaves us is a target of $2.7 million in expenditures, that represents the expenditures over revenues in the adjusted FY ‘26 budget, that need to be identified for reduction going into FY ‘27.
  - These are the cost-cutting measures that you have heard us discussing
    - TLC has been removed from this list ($1.4 million)
    - LIFE program has been removed from this list ($.7 million)
    - Central Office Support Positions ($1.9 million) are included; this includes coaching positions previously referenced along with several other positions
    - We are working to identify additional cost items to close this gap

Adjusted Outlook (estimated FY ‘27 Budget process)

- When we compound the $2.7 million in cuts outlined on the previous slide with the estimated additional $1.8 million referenced in earlier slides referencing the statements that the budget deficit would grow to at least $15 million in FY ‘27, from the FY ‘26 budget deficit of $13.2 million per the approved budget ($15M - $13.2M = $1.8M), and then reconcile for the adjusted FY ‘26 budget that reflects the adjusted millage rate, we see that we need to be estimating at least $4.5 million ($2.7M + $1.8M = $4.5M) in cuts for FY ‘27.
- We will not know until around April, 2026 as to whether this estimated deficit will be larger, as it depends on multiple factors including state funding.

Adjusted Outlook (estimated FY ‘27 Budget process)

- If the minimum expected cuts needed for FY ‘27 are $4.5 million, and
- We account for $1.9 million in CO position cuts going into FY ‘27, then
- That leaves $2.6 million additional cuts to be identified for FY ‘27, before any adjustments are considered for state funding cuts (beyond the previously mentioned $1.8 million).
- This means that as we look forward into the FY ‘27 budget process, we need to identify at least another $2.6 million in cuts, after taking into consideration $1.9 million in Central Office support positions being eliminated.

Adjusted Outlook - Next Steps

- The board has regularly mentioned their concerns about the schools having too many assistant principal positions.
- Currently, schools are provided their funding allocation based upon the school's FTE (student count) and the district's funding formula (state funding formula with a local funding formula layer).
- The schools then decide how to allocate their funding based upon their school-identified needs
    - Assistant Principal positions are determined by the principal and funded from their school allocation.

Adjusted Outlook - Next Steps

- To achieve the board's desire to reduce assistant principal positions at the schools, there would need to be a methodical approach.
- We have determined that this approach should mirror the state's formula for assistant principal positions, with no additional provision from the local level.
- Doing this would eliminate approximately 13 assistant principal positions, estimated at a savings of $1.9 million.
- If the board wants to proceed in this direction, we need to confirm this by November 1st so that we can begin making adjustments and notifications.
- Taking this approach would significantly close the remaining gap of $2.6 million (minimum estimated) for FY '27.
    - However, to achieve the cost cuts needed, the funding to the school would need to be reduced, as opposed to keeping the funding steady and allowing them to reallocate it to other school positions.

Questions / Feedback