



Frequently Asked Questions (Updated 4-4-14)

This document will be updated regularly to respond to additional questions.

1. Where are we in the budget process?

- a. Planning for the fiscal year 2015 (FY15) budget – which runs from July 1, 2013, to June 30, 2014 – began in January and will continue through June 2014, when the Minneapolis Board of Education is scheduled to vote on the FY15 budget.
 - i. **January:** Review revenue and expense projections
 - ii. **January:** Associate superintendents and Finance Department staff begin budget conversations with principals and department leaders
 - iii. **February-May:** Community engagement and input opportunities
 - iv. **Mid-March:** Allocations delivered to schools
 - v. **March:** Principals meet individually with their associate superintendent to determine the best uses of the school allocation
 - vi. **March:** Budget recommendation presented to the school board finance committee
 - vii. **March – May:** Finance department continues budget communications to board
 - viii. **April:** Board budget sessions held with the community
 - ix. **May:** Budget recommendation presented to the full school board
 - x. **June:** School board scheduled to vote on FY15 budget
- b. A complete timeline is available at www.bit.ly/MPSbudget.

2. How can stakeholders understand and share input on the budget?

- a. We want to make sure that all MPS stakeholders have an opportunity to be a part of the process of maintaining a sustainable financial foundation to support academic achievement. We are hosting engagement sessions to inform stakeholders about the budget and allow them to share thoughts, ask questions and make suggestions before the budget is adopted by the school board in June.
- b. District-sponsored community engagement and input opportunities are available from February through May. A complete timeline is available at www.bit.ly/MPSbudget. Sessions have taken place and are scheduled throughout the city, including in Area A, B and C parent councils and in cultural group meetings.
- c. Site-based input opportunities are also available. Once principals receive their allocations and budget guidelines from the central office in March, they meet with their site councils and other stakeholders to obtain recommendations on how to allocate their dollars. Families can contact their child's school or site council to learn more about specific input opportunities at their school.
- d. Dr. Johnson, her leadership team, principals and school board members continue to discuss where adjustments need to be made in the budget. There is not a one-size-fits-all model for our schools and each year we work to address the concerns of individual school communities.

3. When do schools receive their allocations?

- a. Principals receive their allocations and budget guidelines from the central office in March. Once principals receive their initial allocations and guidance from the central office, they meet with their site councils and other stakeholders to obtain recommendations on how to allocate their dollars. Principals also identify needs of their student sand follow their school’s improvement plan. After reviewing their allocations and budget needs with the necessary stakeholders, principals complete the budget tie-out process, which means finalizing their school-specific budgets with the Finance Department.

4. Why were updated budget allocations issued this year? If MPS is increasing overall allocations to schools, why are some school allotted less?

- a. MPS provided schools with updated budget allocations for FY15 on March 25 to correct calculation issues in the preliminary budget allocations, which were released on March 14.
 - i. Of our 69 school budgets, 59 received increases in both total discretionary dollars and individual per pupil amounts.
 - ii. For the remaining 10 school budgets, the reduced initial adjustment resulted in overall cuts to discretionary funds or per pupil amounts.
- b. To correct the issues and because we are committed to providing schools with more flexibility and increased funding for FY15, we revised our allocations to schools and provided an additional \$8 million in adjusted funding.
 - i. The finance team and associate superintendents worked with the 10 affected schools individually to review their proposed budgets and ensure all needs had been fully met in revised allocations.

5. Are Area C schools receiving less in the school allocations this year than in the previous year?

- a. No, Area C schools are not receiving less than in previous years.

6. How does MPS get its money?

- a. Funding comes to the school district from three different sources:
 - i. **State:** The basic formula is an amount per pupil. The amount varies depending on the grade level of the student. Categorical aid is used for specific purposes. It comes in three types:
 - 1. Based on the weighted pupil formula
 - 2. Based on student characteristics, such as eligibility for English Learner services or free or reduced price meals
 - 3. Partial reimbursement for services
 - ii. **Federal:** 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 No Child Left Behind[NCLB]) and the Individuals with Disabilities Act (IDEA) that provides funds for special education services.
 - iii. **Local and Other:** Local taxpayers and other sources also provide funding:
 - 1. Property taxes (levies and voter-approved referendums)
 - 2. Other sources of revenue (grants, rental income, third-party billing, investment earnings, etc.)

7. What makes up the MPS budget?

- a. FY15 Total Budget: \$780,413,196

- i. General Operating Fund: \$540,921,065
- ii. Debt Service Fund: \$64,691,905
- iii. Capital Project/Building Construction Fund: \$132,490,974
- iv. Food Service Fund: \$18,002,307
- v. Community Service Fund: \$24,306,945

8. How does MPS spend its money?

- a. We will not have data for FY15 until after the budget tie-out process is complete. Here are our FY14 year-to-date expenses:
 - i. We spend 84.5 percent of our funds in direct support of students, teachers, classrooms, schools and learning resources:
 1. Regular Education: 45.5 percent
 2. Special Education: 21.5 percent
 3. Pupil Support: 10.1 percent
 4. Instructional Support: 6.8 percent
 5. Vocational Education: 0.6 percent
 - ii. Additional spending:
 1. Sites and Buildings: 5.8 percent
 2. District Support Services: 4.3 percent
 3. Administration: 2.5 percent
 4. Capital Outlay: 0.6 percent

9. How does funding get to schools?

- a. Schools get their funding from a variety of categorized aid. Sources may include:
 - i. English Learners – State and referendum dollars allocated to eligible schools
 - ii. Referendum – Distributed to schools on a per-pupil basis
 - iii. General Aid – Distributed equally to schools on a per-pupil basis
 - iv. Integration – Distributed to eligible schools that submit plans based on district-established criteria
 - v. Compensatory – Distributed based on state formula for free or reduced price meal eligibility
 - vi. Title I – Per-pupil amount allocated based on free or reduced price meal eligibility
 - vii. Special Education – Distributed to citywide programs (i.e. autism or emotional behavior disorders) and school-based services

10. Why do schools get different amounts of money?

- a. Each school's budget is developed based on the number of students enrolled and the categories the students fit into. For example, a school that has 400 students, 50 percent of whom receive English learner services, will receive more categorical funding than a school of the same enrollment where only 20 percent of students receive English learner services. (For more information on funding categories, see "How does funding get to schools?" above.)

11. How does the increase or decrease of enrollment impact a school's allocation and the staffing needed to support students?

- a. Increased student enrollment generally leads to an increased allocation. Student categories also impact funding. (For more information on funding categories, see “How does funding get to schools?” above.)

12. How is a school’s budget developed?

- a. Once principals receive their allocations and budget guidelines from the central office, they meet with their site councils and other stakeholders to obtain recommendations on how to allocate their dollars. Principals also identify needs of their students and follow their school’s improvement plan.

13. How is the budget monitored?

- a. MPS is responsible for using public dollars to prepare every child for college and career – and we take our responsibility seriously. The Finance Department regularly monitors financial transactions and prepares monthly financial reports. The Board of Education approves district budgeting and oversees operations.
- b. Additionally, we ask external groups to participate in our budget monitoring. The nine-member Citizens Budget Advisory Committee identifies budget issues and initiatives that are important to the community. The Referendum Oversight Committee, made up of nine members, reviews spending of referendum dollars to ensure that funds are being properly used.

14. What is a fund balance?

- a. Just as a family may have an emergency savings account, a school district has a fund balance to manage risk and to respond to unforeseen circumstances without having to borrow money. We assess risk to determine how large a fund balance MPS needs. In general, the more risk a school district faces, the larger its fund balance should be. Examples of current risks are:
 - i. State aid funding shifts
 - ii. Federal funding reductions
 - iii. Contract settlements
 - iv. Uncertain utility costs
- b. MPS policy requires that we keep a fund balance of 8 to 13 percent of the total budget. The current general fund balance reserve for risk management is \$50 million, or about 9.5 percent of the total MPS budget. This amount would allow the school district to operate for seven weeks.

15. How do property taxes fund schools?

- a. Property taxes include taxes to support the school district, the city and the county. School levies are based on a number of factors that include property values, the number of students enrolled in the school district, the state’s match for the levy and the total amount of state aid. The school district property tax levy on a home worth \$150,000 is \$597.97 annually, or about \$11.50 per week.
- b. There are two types of levies:
 - i. A referendum, or voter-approved levy
 - ii. A levy set by the Board of Education within limits established by the state

16. What are class size targets? How are class sizes managed?

- a. Baseline target class sizes are 26 for grades K-3 and 32 for grades 4-12. However, we are making an immediate commitment for school year 2014-15 to lower our class sizes K-3 to 18 students per teacher at our high priority schools. In addition, we have reserved funds specifically to address class

size issues at all schools on an individual basis. MPS wants to meet class size targets while providing families and students with choices, like neighborhood schools and magnet schools. Our actual class sizes depend on family choices and the precise number of students who enroll in any one school or grade.

- b. MPS invests about \$118 million to reach class size targets for projected enrollment. Of that amount, \$46.5 million comes from the voter-approved 2008 referendum. This includes an additional \$3 million in referendum funds for FY15. Our referendum promise is to spend \$30 million to manage class size. Because we value your child's education, we are exceeding our promise with this commitment. Even so, as enrollment increases, the amount of referendum class size funding dedicated to each student decreases.
- c. To manage class size, schools may add a classroom or use alternative strategies, such as co-teaching and associate educators, to reduce the size of instructional groups. School leaders may schedule classrooms above the maximum targets while scheduling others below to eliminate split grades or provide more targeted academic programs at the school's discretion. We know that some MPS classrooms exceed the class size targets and we are committed to ensuring that students in both larger and smaller classes receive a high quality education.

17. How does this budget affect International Baccalaureate (IB) programming?

- a. The proposed FY15 budget includes \$2.3 million for IB programming, up from \$1.2 million in FY14.

18. How does MPS determine whether to decrease or increase classrooms at schools?

- a. The number of classrooms is based on the number of students at each grade. It is possible that the mix of students across grade levels has changed and therefore the number of classrooms changes. In some schools the grade configuration of a school has changed.
- b. The number of classrooms is also impacted by total enrollment and school choice.

19. Why does MPS continue to invest in the teacher evaluation program?

- a. Teachers are the foundation of our success as a school district. When teachers succeed, our students succeed. That is why MPS is committed to making sure teachers get the support they need to do their best work.
- b. MPS is leading the state when it comes to collaboratively designing an evaluation system that gives educators regular, meaningful feedback on job performance. We decided as a school district not to wait for a state mandate on teacher evaluations. All school districts in Minnesota were required to implement teacher evaluation systems by 2014. Our work started almost three years earlier and has included teachers and principals in the process from the beginning.

20. Why do parents at some schools raise money for elective classes?

- a. The school district agrees that students should be offered electives during the school day. Schools receive funding allocations from the school district and have the autonomy to make decisions about which electives are offered. Parents may choose to raise money to support additional electives at their school.
- b. The Teaching and Learning Department is currently evaluating what constitutes a minimal program for schools.

21. Does the FY15 budget provide more funding directly to schools?

- a. The proposed FY15 budget provides a \$42 million increase of funds that are directly allocated to schools. That increase equates to \$345 million to schools overall, compared to the current fiscal year's \$303 million.
- b. The FY15 budget continues our commitment to decreasing spending at the central office level in favor of providing more funds directly to schools. We are examining how services can be best delivered on a school-by-school basis and which services still need to be administered from the central office.

22. Does the increase in direct funding to schools come with spending restrictions or requirements, or do schools have flexibility to use the funds as they see fit?

- a. The FY15 increase in direct funding to schools provides both additional funds that come with spending requirements and additional funds that are discretionary, which means school have flexibility to use them as they see fit.

23. Are positions such as health assistant, secretary, testing coordinator, remedial teacher and lunch room monitors covered in school allocations?

- a. Yes, health assistants, secretaries, testing coordinators, remedial teachers and lunch room monitors are covered in school allocations.

24. Q Comp is now funded through school allocations. What types of services does this funding cover?

- a. Q Comp dollars are used to fund a portion of instructional specialists' time at schools and pay for extended time for teachers and educational support professionals (ESPs) to collaborate. Funds are also used to cover the cost of substitute teachers when regular classroom teachers are attending professional development.