



Finance Advisory Committee Minutes

February 13, 2024 | 8:00 to 9:00 am

Community Members Roster: Bill Market, Bryan Fleming, Sara Shower and Mackenzie Meyer

PLSAS Administration Roster: Tammy Fredrickson, Executive Director of Business Services; Emily Herman, Executive Director of Administrative Services; Maureen Mullen, Asst Director of Operations; Transportation, and Health & Safety; Andrea Bradford, Controller; Joe Kuboushek, Principal of Twin Oaks Middle School

MEETING MINUTES

Tammy Fredrickson welcomed all in attendance

- Reviewed FY25 Preliminary Budget
- Reviewed Revenue Expense History
- Discussed future budget planning
 - Suggestions from the committee:
 - Reduce funding to the buildings
 - Research or ensure that we are receiving optimum returns on our bank investments
 - Share cost with peer districts
 - Cut PSEO
 - Cut elective course if student count is low
 - Add more programming to attract more students

9:00 Meeting Adjourned

Next Meeting will be April 16, 2024 at 8:00 a.m.



Preliminary Budget

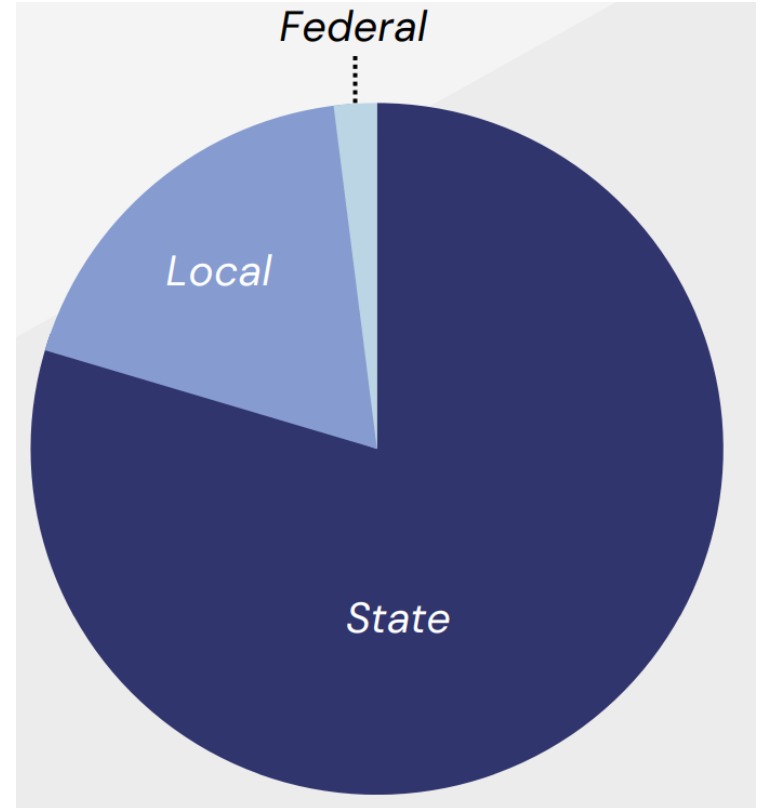
School Board Meeting

February 12, 2024



Sources of District General Fund Revenue

- State of Minnesota
 - General fund formula (\$7,281 per pupil in 2024-25)
 - Categorical Aid based on student characteristics
 - Partial reimbursement for Special Education
- Local
 - Property Taxes
 - Voter Approved Referendum
- Federal Government
 - Dollars flow through from State
 - Every Student Succeeds Act & Individual with Disabilities Act



General Fund Formula Allowance

- Revenue is set in Statute (MN §126C.10)
- Amount in 2024-25 is \$7,281 per adjusted pupil unit
- Provides majority of funding for Districts (60%)
- Most is not designated for a specific purpose
- Pays for: classroom teachers, transportation, principals/assistant principals, administrative assistants, building custodians, curriculum, administrative and operational departments

Other Categorical Funding

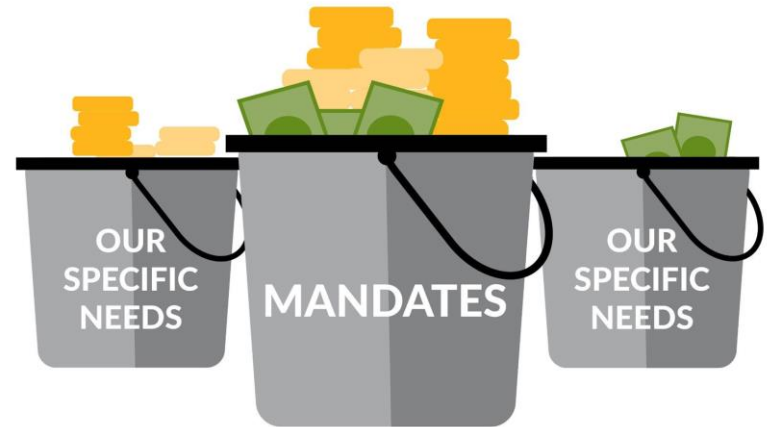
- Compensatory Education
- English Learner (EL) Revenue
- Operating Capital Revenue
- Achievement & Integration
- American Indian Education Revenue
- Alternative Teacher Compensation (Q-Comp)
- Long-Term Facilities Maintenance
- Special Education Revenue
- Career Technical Education
- Safe Schools Revenue

State Funding

Although state funding has increased, it falls short of covering the escalating expenses, aggravated by dozens of new state requirements passed in the last round of MN Legislation. While the basic education formula is now tied to inflation up to a 3% maximum, there is still a funding gap based on the historical shortfalls.

Why Are Districts Still Facing Budget Challenges?

- Historic funding increase in school funding for the 2024-25 biennium
- Dozens of new programs and requirements
- Much of new funding is categorical
- Continued inflation and staffing shortages
- Federal funding for COVID is ended – now facing “fiscal cliff”
- Enrollment has not returned to pre-COVID levels



New Requirements from Legislative Session

- Summer Unemployment Insurance
- Earned Safe and Sick Time
- Paid Family Medical Leave Increased Rates
- Cannabis and Substance Abuse Education Programs
- Additional Graduation Requirements (civics class, personal finance, ethnic studies, holocaust and genocide education, READ Act)
- Opiate Antagonists
- Menstrual Products
- Paraprofessional Professional Development

Other Funds

Food Services Fund 02

- Revenue from USDA
- Based on number of meals served

Community Education Fund 04

- Revenue from State Aid & Levy
- Fee based programming



Superintendent's Office Proposed Budget Reductions

Category	Cost Reduction	Impact
Salary adjustment	\$8,270	<ul style="list-style-type: none">• Superintendent contract adjustment
Professional Development	\$2,000	<ul style="list-style-type: none">• Eliminate Superintendent professional development funds
Professional Development	\$2,100	<ul style="list-style-type: none">• Reducing School Board PD opportunities
Professional Development	\$300	<ul style="list-style-type: none">• Reducing Executive Assistant PD opportunities
Contracted Services	\$20,000	<ul style="list-style-type: none">• Decrease ability to support new strategic initiatives
5% of Supt./Bd Budget = \$28,430	Total Reductions \$32,670	



Human Resources 2024-25 Proposed Department Budget Cuts

Category	Cost Reduction	Impact
Salary adjustment	\$5,316	<ul style="list-style-type: none">• Executive Director contract adjustment
Overhead cost share	\$39,131	<ul style="list-style-type: none">• Increase to Community Education budget (\$21,406)• Increase to Food Service budget (\$17,725)
Reduce Recruit & Retain \$\$	\$6,813	<ul style="list-style-type: none">• Decrease recruitment efforts (paid ad, job fairs)• Decrease H-1B support opportunities
Reduce HR Project \$	\$43,250	<ul style="list-style-type: none">• No funds available for special projects like recruitment video, PELSB Cohort, Teacher Apprenticeship Development
Move EAP Cost	\$15,000	<ul style="list-style-type: none">• Move cost to UMR Wellness Fund resource for employees
5% of HR Budget = \$60,720	Total Reductions \$109,510	



Class Size - Reductions to Reflect Target Enrollment

Category	Cost Reduction	Impact
K	\$306,000 \$61,200	<ul style="list-style-type: none"> 3 sections 0.6 FTE Specialist (Art, Music, Phy Ed, Media)
1-5	\$1,020,000 \$204,000	<ul style="list-style-type: none"> 10 sections 2.0 FTE Specialist (Art, Music, Phy Ed, Media)
6-8	\$204,000	<ul style="list-style-type: none"> Section reductions equate to 2 FTE
	Total Reductions = \$1,795,200	

	Target	Discussion Cap
K	21	24
Grade 1	22	24
Grade 2	24	26
Grade 3	25	27
Grade 4	27	30
Grade 5	28	30



Business Office 2024-25 Proposed Department Budget Cuts

Category	Cost Reduction	Impact
Salary adjustment	\$5,316	<ul style="list-style-type: none">Executive Director contract adjustment
Overhead cost share for accounting staff	\$37,790	<ul style="list-style-type: none">Increase to Community Education budget (\$32,826)Increase to Food Service budget (\$4,964)
Overhead cost share for audit contract	\$10,400	<ul style="list-style-type: none">Increase to Community Education budget (\$5,200)Increase to Food Service budget (\$5,200)
Reduce PD	\$1,000	<ul style="list-style-type: none">Decreased opportunities to network with other Districts
5% of Budget = \$53,324	Total Reductions \$54,506	



Academic Services/Teaching and Learning-Proposed 2024-2025 Budget Reductions

Category	Cost Reduction	Impact
Salary Adjustment	\$5,316	<ul style="list-style-type: none">• Executive Director contract adjustment
Reduction of 1.0 FTE Differentiation Specialist	\$140,000	<ul style="list-style-type: none">• Reduce Salary and Benefits from 3.0 FTE to 2.0 FTE• Reduction in available support at the classroom level• Shifting of duties, responsibilities, within LAI office
Reduction of 1.0 FTE Curriculum Specialist	\$140,000	<ul style="list-style-type: none">• Reduce Salary and Benefits from 2.0 FTE to 1.0 FTE• Currently staffed 1.0 K-5 and 1.0 6-12• Reduction in available support at the classroom level• Shifting of duties and responsibilities to 1.0 FTE for K-12
5% of budget= \$128,087	Total Reductions \$285,316	



Student Support Services 2024-25 Proposed Department Budget Cuts v2

Category	Cost Reduction	Impact
Administration	\$139,700	<ul style="list-style-type: none"> • Reduce salary and benefits from 2.8 Assistant Directors to 2.0 • Decreased Sped Admin support to buildings
Teacher & Para Reductions	\$245,000	<ul style="list-style-type: none"> • Reduce 1.0FTE Resource Teacher • Reduce 5 Resource Paras • Decreased student support in general education classrooms • Increased caseloads for IEP managers
Re-allocate federal funding (FIN 419) to tuition billing	\$648,000	<ul style="list-style-type: none"> • Use \$900K of federal funds for sped tuition billing • Move \$900 of salary and benefits to FIN 740 this year (net neutral) • This will result in an increase of \$648,000 in sped revenue FY25, which will decrease the amount of gen ed funds needed to cover cost of sped (cross subsidy), freeing up \$648,000 of Fund 1
5% of budget= about \$925,000	Total (net) Savings \$1,032,700	<p>*This option increases our Maintenance of Effort (MOE) by \$900,00, but results in additional revenue</p> <p>*Director furlough an option if additional cost savings is needed - however freeze or furlough nets a savings of 25 cents on the dollar.</p>



Assessment and Improvement

Category	Cost Reduction	Impact
Test Facilitators	Up to \$30,000	<ul style="list-style-type: none">• K and 1 teachers would need to do their own and/or schools would need to use their budget to provide sub coverage
PreACT	\$12,800	<ul style="list-style-type: none">• 9th grade students would not be able to take PreACT or HS would need to pay.
5% of budget= \$18,367	Total Reductions \$42,800	



Operational Services 2024-25 Proposed Department Budget Cuts

Category	Cost Reduction	Impact
Reduce FTE's for Custodians	\$132,500	<ul style="list-style-type: none">• Reduction in service level at sites for cleaning and maintenance
5% of budget= \$289,318	Total Reductions \$132,500	



Communications 2024-25 Proposed Department Budget Cuts

Category	Cost Reduction	Impact
Fees for Service	\$11,000	<ul style="list-style-type: none">• Would not be able to pay for SRP safety video and potentially no levy video.
Printing (remaining funds would be reserved for 2 Laker Connections, as well as levy materials for site teams)	\$5,000	<ul style="list-style-type: none">• Would only print 2 of 4 Laker Connections newsletters, limiting our main source of communicating with stakeholders outside of parents and staff• Would not be able to print the kindergarten brochure and student enrollment flyers for counselors, limiting our ability to reach potential new families• Would not be able to print misc. pieces such as branded folders, Stall Street Journal, signage for community events, etc...
Postage	\$7,000	<ul style="list-style-type: none">• Would only mail 2 of 4 Laker Connections, no enrollment mailers
Supplies	\$1,000	<ul style="list-style-type: none">• Limited supplies for a department of 3.5 staff
5% of budget= \$21,867	Total Reductions \$24,000	



Technology 2024-25 Proposed Department Budget Cuts

Category	Cost Reduction	Impact
Software: LMS	\$99,476	<ul style="list-style-type: none">• Sunset Schoology and Seesaw and leverage Google Classroom as the Learning Management System district-wide.
Software: MDR	\$52,724	<ul style="list-style-type: none">• Efficiencies gained through the MN Whole-of-State Cybersecurity Plan.
Software: Curricular	\$22,000	<ul style="list-style-type: none">• Sunset the SMART Notebook Suite.
Software: Communications	\$13,750	<ul style="list-style-type: none">• Sunset the Smore Newsletter Suite and leverage the Canva Visual Suite district-wide.
5% of Technology Budget = \$185,000	Total Reductions \$187,950	



2024-25 Proposed Program Budget Cuts

Category	Cost Reduction	Impact
Eliminate MNCAPS Coordinator	\$150,000	<ul style="list-style-type: none">• Reassign duties and responsibilities to one of the existing high school assistant principals
Middle School Principal	\$100,000	<ul style="list-style-type: none">• Designate 1 Middle School Principal to oversee both middle school buildings and reallocate portion of savings to targeted academic district-wide support
	Total Reductions \$250,000	



2024-25 Proposed Program Budget Cuts

Category	Cost Reduction	Impact
Total reductions needed = \$4,894,622	Total Reductions \$3,947,152	Remaining reductions needed = \$947,470 * * if fees are increased, amount needed = \$858,070

Items for Remaining Amount to Balance Budget

Revenue Increases:

- **Increase co-curricular and parking fees (possible revenue estimate = \$89,400)**
- **Charging families for ACT (would not apply to free-reduced priced meal students)**

Expense Reductions:

- **Review 1:1 device distribution**
- **Targeted Increases in class sizes**



General Fund
Schedule of Revenue, Expenditures and Changes in Fund Balances

	2024-25 Estimate	% of Total	2023-24 Budget	% of Total	2022-23 Actual	% of Total	2021-22 Actual	% of Total	2020-21 Actual	% of Total	2019-20 Actual	% of Total	2018-19 Actual	% of Total	2017-18 Actual	% of Total
Revenue																
Local Sources																
Property Taxes	\$ 19,889,410	16.9%	\$ 18,158,026	15.8%	\$ 18,727,253	16.5%	\$ 18,466,543	16.3%	\$ 17,993,638	17.1%	\$ 17,573,033	16.9%	\$ 17,224,663	17.3%	\$ 14,051,809	15.2%
Investment Earnings (Losses)		0.0%	\$ 488,489	0.4%	\$ 909,956	0.8%	\$ (116,962)	-0.1%	\$ 12,964	0.0%	\$ 341,251	0.3%	\$ 241,432	0.2%	\$ 317,810	0.3%
Other	\$ 2,400,000	2.0%	\$ 2,554,250	2.2%	\$ 3,167,992	2.8%	\$ 2,532,002	2.2%	\$ 1,736,739	1.7%	\$ 2,393,557	2.3%	\$ 1,654,747	1.7%	\$ 2,029,175	2.2%
Other Financed Purchase		0.0%	\$ -	0.0%	\$ 1,315,800	1.2%	\$ 706,033	0.6%	\$ -	0.0%	\$ 735,200	0.7%	\$ 39,132	0.0%	\$ -	0.0%
State Sources	\$ 94,310,122	80.1%	\$ 91,659,544	79.6%	\$ 85,715,330	75.6%	\$ 87,368,960	76.9%	\$ 81,587,153	77.5%	\$ 81,484,180	78.2%	\$ 78,378,274	78.9%	\$ 74,007,130	80.2%
Federal Sources	\$ 1,070,803	0.9%	\$ 2,228,344	1.9%	\$ 3,540,078	3.1%	\$ 4,628,647	4.1%	\$ 3,894,019	3.7%	\$ 1,710,552	1.6%	\$ 1,812,714	1.8%	\$ 1,904,067	2.1%
Total Revenue	\$ 117,670,335		\$ 115,088,653		\$ 113,376,409		\$ 113,585,223		\$ 105,224,513		\$ 104,237,773		\$ 99,350,962		\$ 92,309,991	
increase YOY	2.24%		1.51%		-0.18%		7.95%		0.95%		4.92%		7.63%			
Expenditures																
Administration	\$ 3,692,275	3.2%	\$ 3,808,415	3.3%	\$ 3,690,364	3.2%	\$ 3,577,568	3.3%	\$ 3,422,971	3.2%	\$ 3,388,129	3.2%	\$ 3,342,384	3.5%	\$ 3,106,186	3.4%
District Support Services	\$ 6,029,083	5.2%	\$ 6,502,502	5.6%	\$ 6,238,848	5.4%	\$ 4,940,543	4.6%	\$ 5,643,137	5.2%	\$ 5,749,775	5.5%	\$ 3,352,532	3.5%	\$ 3,395,533	3.7%
Elem & Sec Regular Instruction	\$ 53,561,108	46.0%	\$ 53,173,688	45.6%	\$ 54,103,714	46.6%	\$ 51,495,485	47.8%	\$ 48,087,571	44.4%	\$ 48,890,812	46.6%	\$ 46,037,634	47.8%	\$ 45,011,355	49.2%
Vocational Education	\$ 961,306	0.8%	\$ 914,586	0.8%	\$ 882,219	0.8%	\$ 825,804	0.8%	\$ 707,129	0.7%	\$ 634,312	0.6%	\$ 522,227	0.5%	\$ 684,120	0.7%
Special Education Services	\$ 22,331,373	19.2%	\$ 21,212,786	18.2%	\$ 20,587,999	17.7%	\$ 19,199,554	17.8%	\$ 18,783,076	17.4%	\$ 18,758,254	17.9%	\$ 17,589,772	18.2%	\$ 16,672,827	18.2%
Instructional Support Services	\$ 9,648,280	8.3%	\$ 8,598,054	7.4%	\$ 7,438,800	6.4%	\$ 7,764,547	7.2%	\$ 7,533,434	7.0%	\$ 6,899,808	6.6%	\$ 6,853,603	7.1%	\$ 5,981,560	6.5%
Pupil Support Services	\$ 10,262,647	8.8%	\$ 9,318,907	8.0%	\$ 9,317,526	8.0%	\$ 9,192,927	8.5%	\$ 8,537,288	7.9%	\$ 8,164,678	7.8%	\$ 7,949,447	8.2%	\$ 6,911,160	7.6%
Sites & Buildings	\$ 10,184,263	8.7%	\$ 12,013,301	10.3%	\$ 11,202,919	9.7%	\$ 8,898,820	8.3%	\$ 13,905,920	12.8%	\$ 10,712,642	10.2%	\$ 6,551,166	6.8%	\$ 6,094,660	6.7%
Fiscal & Fixed Costs	\$ 1,000,000	0.9%	\$ 1,000,000	0.9%	\$ 644,137	0.6%	\$ 597,897	0.6%	\$ 504,918	0.5%	\$ 413,227	0.4%	\$ 424,168	0.4%	\$ 324,005	0.4%
Capital Outlay	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 2,780,766	2.9%	\$ 2,269,565	2.5%
Principal & Interest Debt Serv	\$ -	0.0%	\$ -	0.0%	\$ 1,985,610	1.7%	\$ 1,261,987	1.2%	\$ 1,096,621	1.0%	\$ 1,205,519	1.2%	\$ 1,008,116	1.0%	\$ 1,010,853	1.1%
Total Expenditures	\$ 117,670,335		\$ 116,542,239		\$ 116,092,136		\$ 107,755,132		\$ 108,222,065		\$ 104,817,156		\$ 96,411,815		\$ 91,461,824	
increase YOY	0.97%		0.39%		7.74%		-0.43%		3.25%		8.72%		5.41%			
Beginning Fund Balance	\$ 17,845,733		\$ 19,299,319		\$ 22,015,046		\$ 16,184,955		\$ 19,182,504		\$ 19,761,887		\$ 16,337,159		\$ 15,488,992	
Net Change (Rev less Exp)	\$ -		\$ (1,453,586)		\$ (2,715,727)		\$ 5,830,091		\$ (2,997,552)		\$ (579,383)		\$ 3,424,728		\$ 848,167	
Ending Fund Balance	\$ 17,845,733		\$ 17,845,733		\$ 19,299,319		\$ 22,015,046		\$ 16,184,952		\$ 19,182,504		\$ 19,761,887		\$ 16,337,159	
Fund balance %	15.17%		15.31%		16.62%		20.43%		14.96%		18.30%		20.50%		17.86%	

K-12 Enrollment 8,580 8,630 8,606 8,767 8,725 8,910 8,752 8,541

- Administration: School board, superintendent, principals, assistant superintendents, and directors of instructional areas
- District Support Services: General administrative support not included in the offices of the superintendent, assistant superintendent, principals, and directors of instructional areas
- Elem & Sec Regular Instr: All activities dealing directly with the teaching of pupils, the interaction between teachers and pupils in the classroom and co-curricular activities at the kindergarten, elementary and secondary levels
- Vocational Education: Courses and activities which develop knowledge, skills, attitudes and behavioral characteristics for students seeking career exploration and employability
- Special Education Svcs: Activities providing learning experiences for pupils of any age who have been identified as requiring educational programs differentiated from those provided for pupils in regular or vocational instruction.
- Instructional Support Svcs: Activities for assisting the instructional staff with the content and process of providing learning experiences for pupils in kindergarten through grade 12.
- Pupil Support Services: Includes Guidance Counselors, Psychologists, Soecial Workers, health services, school safety and transportation
- Sites & Buildings: Activities related to the acquisition (including leasing), operation, maintenance, repair, and remodeling of all physical plant, facilities, and grounds
- Fiscal & Fixed Costs: Payments & interest to retire bonds, insurance, post employment benefits from trust funds