The finance committee met in the District Office conference room on November 20, 2023 at 5:00 p.m. with the following present: Beth Hautala, Mike Domin and Kim Coughlin. Jamie Skjeveland, Kurt Becker, Jen Strom and Bill Tollefson were also present.

Establishing a Base Reduction Figure – The committee was reminded of a number of items that are base information. They include that there is a General Fund Unreserved fund balance of approximately $2 million. Current enrollment is nine students less than the K-12 enrollment that the 2023-2024 Preliminary Budget revenue was built on. There is a projected budget deficit of $800,000 (up from $718,000 based on the decrease in enrollment). One goal of this meeting is to decide how much of the General Fund Unreserved fund balance to spend down. That said, there are very significant unknown factors that play into the projection, including enrollment, contract settlements, and actions taken by the State legislature.

Strom reported that there is a great deal of interest in online opportunities in the post COVID era. Struggles on both ends – top students going online because they are busy and have other opportunities, such as jobs, and struggling students looking for a change. The high school has Infinity Online and Edgenuity already and is working with students to try to resolve their requests by keeping them enrolled at Crosby-Ironton.

It was noted that declining enrollment is a double-edged sword and the School District cannot get ahead. At an earlier meeting, it was discussed that one strategy for dealing with enrollment decline would be to annually make budget reductions that match the revenue decline experienced as a result of the enrollment decline.

The committee discussed what they might consider to be the base reduction number and how to accomplish attaining the reductions at the level of the base that is decided upon. Options included $800,000 in reductions and spending down no fund balance so that fund balance can be preserved in case it is needed in the future. Another option looked at a two-year plan with a broader picture. The committee discussed that the School District has been operating in budget deficits for the past several years but those deficits were offset by using federal COVID funds to fill the gap and the Board had determined that making reductions during the COVID era would not be helpful. With federal COVID funding expiring on September 30, 2024, that option will not be available for the 2024-2025 fiscal period.

Budget Reduction Models – The committee worked through a worksheet of potential budget reduction items that make reductions for the expiration of ESSER funding, which will not necessarily result in budget savings, and other options that totaled approximately $785,000. Procedurally, several of those options will involve working on things that may be beyond the exclusive control of the School Board. Some of the ideas were moved from the list to a side-list that the committee referred to as a "parking lot". Several additional concepts were added to the worksheet as discussion during the meeting resulted in the brainstorming of new strategies to be considered. Overall, the goal is to impact the least number of humans and still keep programs safe, effective and operational. After considering both the establishment of the base reduction figure and the budget reduction worksheet, the committee determined that administration should start working through the worksheet to determine what reduction figure could be generated that way, while not abandoning reductions of up to $800,000 as a target.

Timeline – The committee set a goal of having the budget reduction decisions made with a list of budget adjustments to be approved at the March 2024 Board meeting. Once the list of reductions is approved, work can begin on the staff non-renewal process so that impacted staff have as much lead time as possible to enter the job market and secure other employment.

The meeting adjourned at 7:01 p.m.   Respectfully prepared and submitted by William Tollefson