



Financial Framework Update

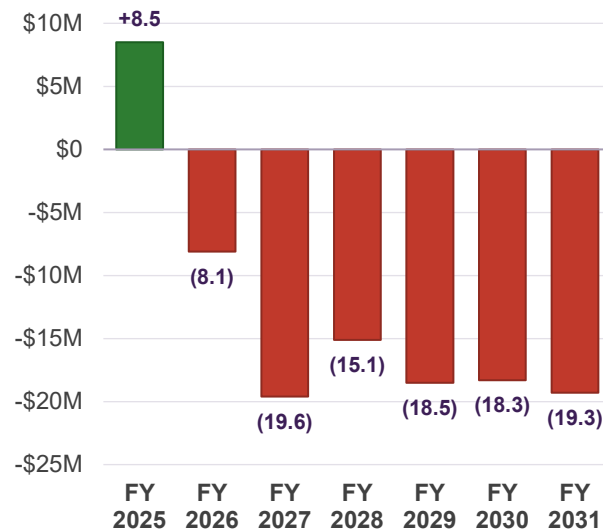
JOHN MORSTAD, FINANCE & OPERATIONS

FALL 2026

How did we get here?

Six years of projections reveal a deliberate, managed decline in fund balance — with \$20M in planned adjustments already embedded — approaching but not breaching the 5% policy floor by FY 2031.

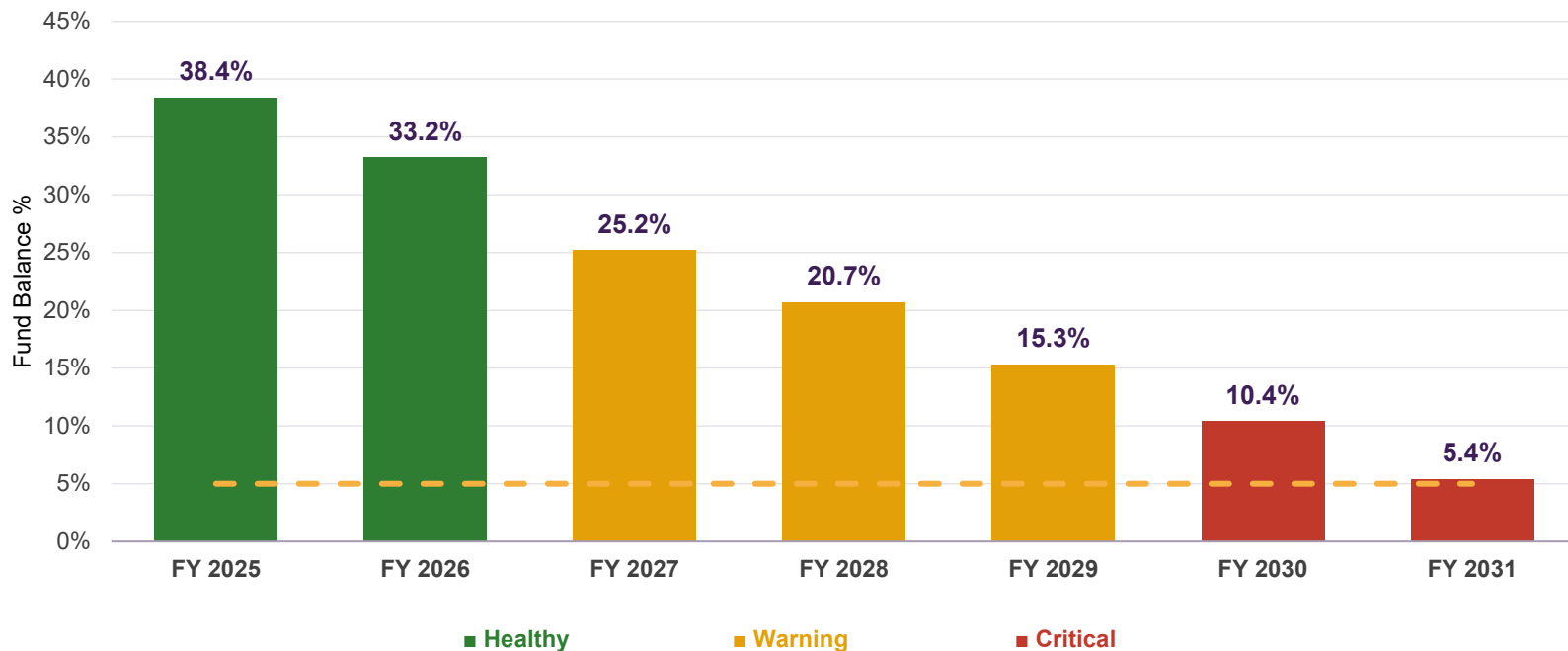
FY	Status	Surplus / Deficit	Fund Bal %	Fund Bal (\$M)
FY 2025	Actual	+\$8.5M	38.4%	\$120.2M
FY 2026	Actual	(\$8.1M)	33.2%	\$112.1M
FY 2027	Projected	(\$19.6M)	25.2%	\$92.6M
FY 2028	Projected	(\$15.1M)	20.7%	\$77.4M
FY 2029	Projected	(\$18.5M)	15.3%	\$58.9M
FY 2030	Projected	(\$18.3M)	10.4%	\$40.6M
FY 2031	Projected	(\$19.3M)	5.4%	\$21.4M



Annual surplus / (deficit) in \$M — FY 2026 onward is a sustained structural gap.

Approaching the 5% Policy Floor

Controlled but urgent: Osseo reaches the policy minimum by FY 2031.



Two Paths to a Balanced Budget

A. Inflationary Reductions — Short-Term Only

- **Approach:** gradual, steady-state reductions distributed across the organization
- **Character:** incremental; preserves status quo structure while trimming year over year for inflationary cost increases
- **Implication:** does not reduce the structural deficit
- As fund balance is used up, a fiscal “cliff” arrives with major cuts needed in FY 2032

B. Balanced Budget — Preferred Option

- **Approach:** decisive structural resolution; fully balanced budget by FY 2030 at the latest
- **Character:** comprehensive; requires deeper examination of all options to reduce cost and increase revenue
- **Implication:** larger near-term changes, but eliminates the ongoing structural deficit
- Avoids the FY 2032 cliff and restores long-term stability

The balanced budget option is preferred: larger changes determined by an intentional, research driven approach to be balanced in the long term.

Where We've Shown It Can Work

Propane Fleet Conversion

- 80% of buses operating on propane fuel with First Student and Northstar
- A market-leading alternative fuel transition for a district fleet of this scale

\$2,000,472 EPA/MPCA Grant Awarded

- Funds 5 electric buses plus 3 EV chargers
- Brings the total EV bus fleet to 11

HVAC Improvements

- Maple Grove Senior High, Aspen Ridge and Crest View Elementaries
- Full HVAC replacements and solar array installations
- Measurable utility and operational cost savings

Why It Matters

- These aren't pilot projects
- They are proof points that Osseo acts on principled innovation



Cabinet Education in Progress

Before any framework is proposed, cabinet leadership is being aligned on a research-backed, principled approach.

Workstream	What It Is
Edunomics Lab — Georgetown	National research center on education finance and resource allocation.
GLIDE Education	Specialized guidance on district financial strategy and sustainable budgeting.
Budget Retreats	Structured leadership sessions on constraints and options. Retreats by DLTl, our largest division, are already underway.
Guiding Principles	Study now so we can ultimately create guiding principles with the school board to drive the overall framework.
Outcome	Cabinet aligned on a principled, research-backed approach to financial decision-making.



What Comes Next

A clear, time-bound roadmap moves Osseo from study to framework — with board education and community transparency built in at every stage.

- **Now — LRFP Process Launches for FY 2028 budget**

Long-Range Financial Planning formally begins.

- **Ongoing — Board Education Continues**

Regular updates keep the board informed as analysis deepens.

- **January — Deeper Dive**

Detailed board session on both paths and emerging framework principles.

- **Under Consideration — Community Transparency**

How can we communicate/include the community in this process?

- **March — Framework Update**

Board presented with a refined financial framework recommendation.



References

- **Primary Source**

John Morstad, SFO, CSRM — Executive Director of Finance & Operations, Osseo Area Schools. All financial data, proof points and milestones provided directly, Fall 2026.

- **Research Resource**

Edunomics Lab — Georgetown University (edunomicslab.org).

- **Cabinet Education Resource**

GLIDE Education — district financial strategy and sustainable budgeting.

- **Grant Award**

U.S. EPA / MPCA EV Bus Grant — \$2,000,472 for 5 electric buses + 3 EV chargers.