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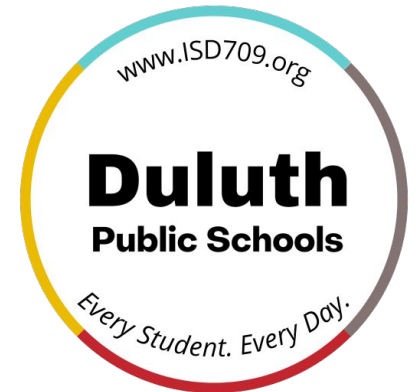
Duluth

Public Schools

Every Student. Every Day.

Superintendent's Report

December 17, 2024



OUR MISSION

Every student, every day will be empowered with learning opportunities for growth, creativity and curiosity, in preparation for their future in a global community.

OUR VISION

Duluth Public Schools provides an academically engaging, safe and inclusive environment with high expectations and responsible use of resources.

OUR CORE VALUES

Learning



Developing a love of learning through life-long inquiry.

Excellence



Having high standards for all through accountability, integrity and authenticity.

Equity



Creating conditions of justice, fairness and inclusion so all students have access to the opportunities to learn and develop to their fullest potential.

Collaboration



Working in partnership with staff, families, students and community.

Belonging



Providing a welcoming and accessible environment where everyone feels safe, seen and heard.

Topics

- Student Reports
- Budget Reduction and Realignment Update
- Solar Projects Update
- Legislative Update
- Other

Budget Reduction and Realignment



Focus Statement: Achieving necessary budget adjustments while aligning resources to the district priorities and positioning us to make effective decisions now and into the future.

| Reality "The Why" | Unacceptable Means "The Not How" | Results "The What" |
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| <ul style="list-style-type: none"> ● Elimination of federal pandemic relief funds ● Inflation costs ● New unfunded legislative mandates requiring resources ● Ongoing effects of employee contract settlements ● Relatively stable enrollment ● Current projected deficit of for FY26 \$7.5M ● Actual FY26 deficit dependent on prior intended reductions in FY25 budget - minimum of \$2.6M in overloads, summer extension, overtime, travel, floating subs and attrition. ● FY26 deficit will be reduced to \$4.9M if current goal of \$2.6M in FY25 reductions is met ● FY26 Priority areas supporting every student, advancing equity and improving systems including new MS and HS new schedule and model, literacy work ● Increasing costs of special education services ● Have been able to mitigate some financial impacts through unassigned fund balance (a savings account) and Long-Term Facilities and Maintenance fund balance. | <ul style="list-style-type: none"> ● Violate laws, board policy, regulations & contracts ● Going into Statutory Operating Debt ● Avoid going below 8% fund balance ● Violate identified November 2023 referendum commitments <ul style="list-style-type: none"> ○ Maintain most social emotional and mental health supports ○ Implementation of a new high school schedule ○ Maintain and strengthen most academic supports ● Develop reduction and reallocation options in isolation without representative stakeholder input ● Make decisions without proper or sufficient data | <ul style="list-style-type: none"> ● Balanced budget for 2025-26 ● Utilize a transparent and engaging process for budget reductions and reallocations for FY26 ● Prioritize and protect classroom needs as much as possible ● Alignment of funding and operations to district priorities: <ul style="list-style-type: none"> ○ Continue to support student needs throughout the district ○ Continue to advance equity efforts throughout the district (e.g. Continue to allocate additional resources to students with the greatest need.) ○ Continue to improve systems throughout the district ● Develop and forecast balanced budgets ● Examine all legacy practices with a lens of fiscal accountability ● Protects school district's fiscal health by continually seeking efficiencies and identifying new sources of funding, such as grants and investment opportunities |

Focus Statement

Achieving necessary budget adjustments while aligning resources to the district priorities and positioning us to make effective decisions now and into the future.

Reality | “The Why”

- Elimination of federal pandemic relief funds
- Inflation costs
- New unfunded legislative mandates requiring resources
- Ongoing effects of employee contract settlements
- Relatively stable enrollment
- Current projected deficit of for FY26 \$7.5M
- Actual FY26 deficit dependent on prior intended reductions in FY25 budget - minimum of \$2.6M in overloads, summer extension, overtime, travel, floating subs and attrition

Reality | “The Why” Continued

- FY26 deficit will be reduced to \$4.9M if current goal of \$2.6M in FY25 reductions is met
- FY26 Priority areas supporting every student, advancing equity and improving systems including new MS and HS new schedule and model, literacy work
- Increasing costs of special education services
- Have been able to mitigate some financial impacts through unassigned fund balance (a savings account) and Long-Term Facilities and Maintenance fund balance

Unacceptable Means | “The *Not How*”

- Violate laws, board policy, regulations & contracts
- Going into Statutory Operating Debt
- Avoid going below 8% fund balance
- Violate identified November 2023 referendum commitments
 - Maintain most social emotional and mental health supports
 - Implementation of a new high school schedule
 - Maintain and strengthen most academic supports
- Develop reduction and reallocation options in isolation without representative stakeholder input
- Make decisions without proper or sufficient data

Results | “The What”

- Balanced budget for 2025-26
- Utilize a transparent and engaging process for budget reductions and reallocations for FY26
- Prioritize and protect classroom needs as much as possible
- Alignment of funding and operations to district priorities:
 - Continue to support student needs throughout the district
 - Continue to advance equity efforts throughout the district (e.g. Continue to allocate additional resources to students with the greatest need.)
 - Continue to improve systems throughout the district

Results | “The What” Continued

- Develop and forecast balanced budgets
- Examine all legacy practices with a lens of fiscal accountability
- Protects school district's fiscal health by continually seeking efficiencies and identifying new sources of funding, such as grants and investment opportunities

Potential Motion Language

The School Board of Independent School District 709 approves the Budget reallocation and realignment for a total amount of up to \$7.6 million over multi years Fy 25 and Fy 26. The school board directed administration to develop reductions to the amount up to \$2.6 million for 2024-2025 and up to \$5 million 2025-26 budget. Duluth Public Schools and school districts across Minnesota are facing challenging fiscal environments due to a number of factors, increase in operation costs, unfunded mandates and the sun setting of federal pandemic relief funds. DPS is facing a budget shortfall for the 2025-26 school year and the foreseeable future. The District Administration is recommending \$5 million budget adjustment for Fy 26 as part of a budget realignment. After multiple meetings with staff, the School Board, and district administrators, District Leadership is in the process of finalizing recommendations to meet that amount. This process has included opportunities for community, staff, student, and family feedback.

Solar Project Updates

1. Lincoln Park Project: Efforts have continued on the Lincoln Park Project. We have a memorandum of understanding with the city and plan to move forward with a joint proposal in January when Minnesota Power's proposal window opens.
2. Stowe Project: The structural engineer conducted a review of the roof plans to ensure it would be able to handle the weight of the panels. Unfortunately, with the new insulation requirements, Stowe's roof cannot handle the extra weight of solar panels.
3. With Stowe no longer viable, we are pursuing a solar array for the District Services Center area. We also have approximately \$600,000 remaining from the original bonding, which can only be spent on construction here at this site. We plan to use this as a match for the Solar for Schools funds, allowing us to proceed without impact to the general fund.

Legislative Updates

- We will finalize and vote on our platform at our January meeting
- We plan to attend the AMSD 2025 Legislative Preview on January 10th
- We will hold our Duluth School Board Work Session with legislators on January 17th
- We plan to participate in robust lobbying, including at the Duluth and St. Louis County Days

Questions