

The finance committee met in the Forum Room on November 12, 2020 at 4:30 p.m. with the following present: Abby Geotz, Tommy Sablan and Mike Domin. Jamie Skjveland and Bill Tollefson were also present.

Enrollment – The committee received the third enrollment report of the 2020-2021 school year. Enrollment for the first Friday in November is up three students from the enrollment on the first Friday in October, with the elementary up one (1) and the high school up two (2) students. This brings the total K-12 enrollment to 972 students, which converts to 1,065 pupil units.. The 2020-2021 Preliminary Budget was based on an estimate of 1,079 and the current three-month average is 1,067. Actual enrollment is presently running 12 pupil units below estimate, creating an initial revenue shortfall estimate of approximately \$84,000. The committee also heard additional detail regarding the growth in the number of home schools and a decrease in the number of students attending traditional non-public schools

COVID-Related Issues

Winter Activities – Several items related to winter activities during the COVID pandemic will now be taken up at an Activities Committee meeting that has been scheduled, rather than at the Finance Committee.

Transportation Contract – The committee reviewed the terms of the transportation contract and Executive Orders pertaining to the issue of transportation contracts during the COVID pandemic. The recruitment of a sufficient number of bus drivers to provide transportation services has been problematic for a number of years, and the process of recruiting, training and obtaining licensure for new bus drivers is a lengthy process, which is further complicated by COVID due to a reduced number of testing stations. So that transportation employees are treated similarly and consistently with School District employees, and in order to attempt to preserve a sufficient quantity of bus drivers to cover periods when there is transition from distance learning to hybrid or in-person; the committee consensus was to use the results of a calculation of the cost of fuel and other liquids and to reduce the regular to/from transportation contract by 8% if no other services, such as homework or meal delivery are accomplished using transportation. The bus company will continue to pay employees during this time.

2021-2022 Planning

Basic Skills Revenue Student Counts - The committee was updated on the free and reduced student counts from the second Fall MARSS submission. The number of students approved for free meals dropped from 279 last year to 217 this year and the number of students approved for reduced meals dropped from 121 students last year to 82 students this year. The percentage of students approved for free or reduced meals declined from 38.8% to 30.7%. There is some fear that part of the reason for the decline is that families do not have to complete a free/reduced meal application under the summer seamless meal program that the School District is using to provide breakfast and lunch this year – all free. The importance of applying for this was discussed with the committee, as even though it is not crucial for food service this year, it provides up to \$2,500 per student in additional funding under the Basic Skills/Compensatory revenue formula, Title I and e-Rate funding programs. The committee wished to see an all-out blitz to see if the School District could encourage everyone who has not already done so, to complete an application and hopefully bring the student counts back up. There is a loss of \$200,000 in funding from Basic Skills/Compensatory, alone, based on the counts reported thus far.

Abby Geotz left the meeting at 5:55 p.m.

Development of Base Assumptions – The committee reviewed several budget assumptions that will assist in the ongoing calculation of a very preliminary 2021-2022 budget estimate. Some of these included an assumption of no inflationary increase in the base General Education Revenue

formula from the State of Minnesota; using the most current calculation of Basic Skills/Compensatory which is calculating a loss of \$200,000 in revenue; using the October 21, 2020 enrollment projection for the initial revenue forecast; some discussion about cost factors associated with personnel; further discussion about the impact of potential staff retirements; and how to budget in anticipation of the impact of the COVID-19 pandemic – will instruction be in-person, hybrid, or distance learning; how long will the pandemic continue; etc. The committee discussed identifying a reduction target, then working to identify concepts for reduction planning. A theme was having these discussions earlier rather than later. One option, which is more concrete, would be to table discussions on the impact to the Unreserved Fund Balance in the General Fund and focus exclusively on the projected deficit under Basic Skills/Compensatory, which is estimated to be \$450,000 – a combination of the \$200,000 revenue loss and the spend off of reserved fund balance with no reduction in expenditures in this reserved area.

Strategic Planning

Expiration of Thought Exchange - The committee was reminded of the upcoming expiration of the current Thought Exchange contract. Skjeveland discussed several potential options that he is exploring with Thought Exchange regarding a pay-as-you-go or single task model in lieu of having to renew for another full year. More information will be forthcoming as those discussions continue.

Ideas Regarding Process – The committee discussed that it will be difficult to engage the community in strategic planning in the middle of a pandemic. After discussion regarding several facets of strategic planning, the committee suggestion is that the school district hold off on strategic planning for now, but to not put the task off indefinitely.

The meeting adjourned at 6:20 p.m.

Respectfully prepared and submitted by William Tollefson