

CROSBY-IRONTON SCHOOLS
FINANCE COMMITTEE MEETING SUMMARY
February 14, 2019

Item 7.3a

The finance committee met in the district office on February 14, 2019 at 6:30 p.m. with the following present: Jillian Decent, Bob Sandin and Joe Dwyer. Jamie Skjeveland and Bill Tollefson were also present.

2018-19 Enrollment – The committee received information on enrollment for the 2018-2019 school year through the first week in February. Enrollment declined by four (4) students between the first week in November and the first week in February, lowering the student count from 1,011 to 1,007 and the pupil unit count from 1,107 to 1,101 for students in grades K-12. The average of the first Friday of each of the first six months has declined from 1,113 to 1,108, which is still above budget.

2018-19 Budget –

Additional Jr. High Softball Coach Position Due to Participation Estimates - The committee reviewed a request for an add to the 2018-19 Revised Budget. It is the addition of a Junior High Softball Coach position. The position was initially added for the 2017-2018 season due to anticipated increased participation. Based on preliminary sign up for junior high softball for the 2018-2019 season, there will be 28 junior high participants and the A.D. is recommending that the position added last year be extended to 2018-2019. The position was included in the 2018-2019 Preliminary Budget. The committee was in agreement to add the approval to the February Board agenda.

2018-2019 Budget Scorecard – The budget scorecard is a tool used to track changes that will eventually be incorporated into the 2018-2019 Revised Budget in April or May. The current budget scorecard looks at the impact of the current average enrollment, which is above the enrollment used to project revenue in the 2018-2019 Preliminary Budget, and which is offset by a decrease in the amount of Declining Enrollment Aid. In addition, there were fifteen (15) lane changes in September 2018 and ten (10) lane changes in February 2019 that add cost. Other items include three coaching position additions, one coaching deletion, a variance of AFSCME costs versus the estimate used in the 2018-2019 Preliminary Budget, and two less paraprofessional positions. The net impact moves the projected General Fund Unreserved Fund Balance from \$1,790,661 in the 2018-2019 Preliminary Budget to \$1,857,896 based on the scorecard items identified. The addition of Robotics has not yet been added to these calculations.

2018-2019 Revised Budget Forecast – In addition to the budget scorecard, an initial 2018-2019 Revised Budget estimate or forecast was prepared to verify the scorecard results and to serve as a base for the calculation of the 2019-2020 Preliminary Budget. The 2018-2019 Revised Budget forecast shows a calculation of the General Fund Unreserved Fund Balance at \$1,855,017, which is very close to the scorecard results, and, although improved over the 2018-2019 Preliminary Budget, still reflects a deficit of \$76,368. The other area of continuing concern is the Reserved for Basic Skills, which is expected to experience a deficit of \$238,858 which will lower this reserved fund balance from \$726,565 to an estimated \$487,707.

2019-2020 Budget Planning – General Fund – With a number of core updates to the 2018-2019 Revised Budget in place, the calculation of 2019-2020 Preliminary Budget estimates can commence. The committee reviewed a number of budget planning items and assumptions.

Current Projection Assumption – The committee, at their November 2018 meeting, had approved a General Education Revenue assumption that would increase the General Education formula allowance by 2% for budget calculation purposes. This would move the anticipated revenue from \$6,312 to \$6,438, pending legislative approval. An initial enrollment projection for 2019-2020 was reviewed, with K-12 enrollment at 987 students converting to 1,081 pupil units. With the addition of estimated Early Childhood Special Ed (ECSE) and tuition pupil units, the 2019-2020 Preliminary Budget calculations prepared for this meeting are based on 1,101 pupil units. This

includes an estimate of 70 kindergarten students, an expected decline of one student at every other grade (for a decrease of 6), and a ten pupil unit cushion.

Using these estimates, some interesting facts unfold. A 2% increase in the formula allowance would result in an additional \$126 per pupil unit times the estimated 1,101 pupil units, resulting in “new money” of \$138,726. The enrollment decline from 1,136 this year to an estimated 1,101 next year results in a revenue loss of \$220,920. Declining enrollment aid based on these enrollments provides an estimated \$63,092 in softening revenue. The net impact is a true “new money” resulting in an overall revenue loss \$19,102.

Other areas of concern include a decrease in Compensatory or Basic Skills revenue, due to decreased number of students approved for free and reduced meals in October 2018 and resulting in a Compensatory Revenue decrease of \$52,322, from \$658,730 this year to \$606,408 in 2019-2020. With decreased revenues and an ongoing situation of expenditures in excess of revenue resulting in deficits that use this reserved fund balance, it is anticipated that a \$321,752 deficit will move the fund balance to \$165,874 at June 30, 2020. This level of over-expenditure will not be sustainable into 2020-2021, as the reserved fund balance will be exhausted, and any over-expenditure will be shifted to the Unreserved portion of the budget and further erode the General Fund Unreserved Fund Balance.

The teacher negotiation base cost calculation was updated and an estimated settlement projection was included in the calculation of the 2019-2020 budget. This, along with the revenue and expenditure assumptions combined, shows the General Fund Unreserved Fund Balance at June 30, 2020 would be expected to be about \$1,546,080, representing a deficit of approximately \$308,000.

Kindergarten Enrollment – The current assumption built into the calculations discussed at this meeting was 70 kindergarten students.

Compensatory Revenue – As noted above, Compensatory Revenue will decrease from \$658,730 for 2018-2019 to \$606,408 for 2019-2020 – a decrease of \$52,322. This revenue decrease, in conjunction with the associated expenditures, results in a deficit of \$321,752. A discussion regarding establishment of a suggested minimum or base Compensatory Fund Balance took place, with no final suggested proposal agreed upon.

Title I Entitlement – The current Title I staffing provides for four (4.0) f.t.e. in Title I staff, with .40 f.t.e. of that total dedicated to pre-kindergarten programming. The 2019-2020 entitlement estimates have not been released by the federal government and may not be available for some time. The current staffing includes an increase of .60 f.t.e. that started in 2018-2019 and may not be sustainable if the entitlement decreases.

Staff Non-Renewal – The committee was updated on the potential of staff non-renewal, even if budget reductions are not made. This includes staff released during their probationary period or staff released as required under the new tiered teacher licensing system. Tier 1 and Tier 2 teachers need to be placed on non-renewal pending the required advertisement for a Tier 3 or Tier 4 teacher, if available, to fill the position.

Budget Adjustments – The committee had a philosophical discussion about what would happen if budget adjustments were not made for 2019-2020 and the accelerated impact that would have on the level of budget adjustments that might be necessary for 2020-2021. No specific budget reducing proposals were developed or endorsed by the committee at this meeting.

2018-2019 Additional Items – Two new staffing requests became known today at the high school and will be included for approval on the February Board agenda. There is a need for up to two (2) additional paraprofessional positions. The current recommendation for the February Board meeting is to approve one additional paraprofessional position. Also, there has been a recent new enrollment of children who have been tested to be limited English proficient. This will require some additional programming that will involve the recommendation to approve an overload assignment for second semester of the 2018-2019 school year for the Spanish teacher. These changes were not considered in the budget scorecard or revised budget estimates discussed earlier in this meeting.

Early Learning – Concept Introduction – The committee heard a very brief explanation of a programming concept that is being explored for the early learning program. This programming change would result in the need for increased staffing. This program is accounted for the Community Service Fund and, unless mounting deficits were to continue, would not be a factor in the General Fund deficit situation. More information will be provided at a future meeting.

The meeting adjourned at 8:30 p.m.

Respectfully prepared and submitted by William Tollefson