

CROSBY-IRONTON SCHOOLS
FINANCE COMMITTEE MEETING SUMMARY
June 23, 2021

Item 7.2a

The finance committee met in the Forum Room on June 23, 2021 at 4:30 p.m. with the following present: Abby Geotz, Kim Coughlin and Mike Domin. Jamie Skjeveland, Jen Strom, Rocky LeBlanc and Bill Tollefson were also present.

High School Staffing and District On-Line Courses – Jen Strom provided the committee with information about a meeting that she had with the Online School coordinator for Brainerd, which is a full-time position, and a meeting she had with high school staff who were interested in this topic. The Brainerd online program has been in the planning for two years and, as indicated above, has a full-time coordinator. Crosby-Ironton does not currently have the staffing infrastructure to accommodate this. There are some high school staff who are interested in pursuing this concept, but would like to not have to consider it during the 2021-2022 school year, as they return to normal following over a year of instruction under varying rules associated with the COVID-19 pandemic. There are situations where this might create excellent opportunities for students who have trouble fitting all the courses they would like to take into their schedule. This is especially true for students taking College-in-the-Schools (CIS) classes, where the schedule becomes less flexible because courses are often offered only one period each day. Presently students have opportunities for extra courses using Infinity Online. The process could start in 2022-2023 with a hybrid model for local students to gain schedule flexibility and with certain staff members who seem to be well prepared to provide this sort of instruction. This could be expanded in 2023-2024 with additional staff. It may never get to the point where it is offered as a complete online alternate for students. There will be issues associated with compensation and the master schedule that will have to be worked out. The committee members were interested in continuing to explore this option following this timeframe and expanding the options as much as possible in order to avoid losing existing students and possibly attracting students from other school districts.

Jen Strom and Rocky LaBlanc left the meeting.

School Board Interest in Taking Position on Bicycle Use of City Sidewalks – The committee discussed the concept that the City of Crosby has concerns regarding no bicycles on sidewalks along main street. The result of this discussion was that, although it would be more welcoming for visitors and bicyclists in town to be able to ride on the sidewalks through the business district, it really is not a school district issue. Bicycles are able to ride on sidewalks in the balance of the city, so students can ride on those sidewalks as they make their way safely to school. If that were not the case, then the school district may have to take a different position.

Financing Lighting of 8 Tennis Courts – The committee had a discussion about why the school district needs to light the tennis courts. Is tennis court lighting being considered because of the need that school tennis court matches are going so long that lights are needed or is it more for non-school use of the tennis courts? The committee considered other outdoor facilities that do not have lights, including the baseball and softball fields, and what issues would lighting the tennis courts create in terms of requests for additional outdoor venues requesting lighting? At the end of the discussion, the decision was to have the entire board formulate a decision at the June 28, 2021 school board meeting.

2021-2022 Planning

2021-22 Staffing -

Summer of 2021 Days for High School Counselor – The committee heard of changes to the high school counselor job duties whereby this position would serve as the District Assessment Coordinator (DAC). With those additional duties, the committee recommendation is to return the number of summer extended days to a total of 10 days.

Summer of 2021 Days for Elementary Counselor – The elementary counselor took on duties as the School Assessment Coordinator (SAC) in 2020-2021. This has shifted job duties and requires as much as two weeks worth of focus on SAC duties in addition to

normal counseling duties. So that there is time available to complete some of the work that was put off because of the need to focus on assessments, the committee recommended 2 summer extended days be approved for the elementary counselor.

COVID Stipends – The committee inquired about COVID stipends which a couple of other local school districts have provided to staff. There are a multitude of legal and procedural issues that go along with this topic. State of Minnesota Attorney General opinions have historically viewed additional compensation (bonuses) for public employees to not be legal. The potential exception to this would be for the additional compensation to be approved in advance and with specific criteria upon which the additional compensation would be provided, rather than providing it without criteria and after the fact. One of the justifications being used is to consider the extra compensation to be hazard pay. The legal caution is that Minnesota has a statute that protects employees from having to work in hazardous work environments and use of this as a justification may be troublesome. There has been one inquiry about this matter and no current requests. Additional information will be gathered and considered as warranted.

Annual Agenda Items on June Board Agenda – The committee reviewed a number of items that are routinely included on the June agenda in preparation for the upcoming fiscal year. They included:

- a. Annual Agreements
 - i. Ice Time with Hallett Community Center
 - ii. Athletic Trainer Services with CRMC
 - iii. PSEO Agreement with CLC
 - iv. Concurrent Enrollment Agreement(s)
 - v. Approve Contract with SourceWell – Family Services Collaborative Workers
 - vi. Lepmiz Speech Clinician Services
 - vii. Hearing Interpreter Professional Services Contract(s)
 - viii. Student Teaching Agreement(s)
 - ix. Northern Pines for Day Treatment Program
 - x. Memorandum of Understanding with Headstart
- b. Substitute and Other Employee Wage Rates for 2021-2022
- c. Fees
 - i. Meal Prices for 2021-2022
 - ii. Activity Fees and Gate Fees for 2021-2022
 - iii. Facility Use/Rental Fees for 2021-2022
- d. Bidding for Milk, Bread and Trash Collection
- e. Approve Superintendent to Serve as LEA for Title I Programs for 2021-2022
- f. Authorize Employment of Barb Neprud for 2021-2022 Supplemental Extra-Curricular
- g. Combined Polling Place Resolution for School Elections Held on Other Than Statewide Election Days – Calendar 2022

These items and recommendations were reviewed by the finance committee and will be included on the June agenda for approval.

2021-2022 Preliminary Budget – The committee spent the rest of the meeting going through the updates incorporated into the 2021-2022 Preliminary Budget, which will be proposed for adoption at the June Regular Board meeting. Highlights included:

The overall budget, including both operating and non-operating funds, is projecting revenues of \$18,646,812 and expenditures of \$29,041,948. This is an overall deficit of \$10,395,136, which is to be expected during the non-bond sale years where the budget includes an active building construction fund, because expenditures are financed by previously accounted for bond sales and represent expenditure of bond proceeds in the out years. Building construction is expected to reflect expenditures exceeding revenue by \$9,600,000.

The most important area of the budget is the General Fund Unassigned Fund Balance. The June 30, 2021 starting point was updated to the estimate from the 2020-2021 Revised Budget. Revenue and expenditures were updated and now reflect a projected unassigned deficit of \$323,997, compared to a projected deficit on \$315,209 in the unassigned General Fund in the 2020-2021 Revised Budget. The Restricted for Basic Skills/Compensatory continues to reflect a deficit of over \$68,000 as unadjusted expenditures charged to Basic Skills outpace revenues in that area. In the absence of significant expenditure reductions, expenditures have been shifted from Basic Skills/Compensatory to Unassigned or one of the federal COVID funding revenue programs and also from Unassigned to one of the federal COVID funding streams so that the budget deficit would be minimized to the extent possible using this strategy. The overall General Fund deficit is projected to be \$429,948.

More specifically, the 2021-2022 Preliminary Budget General Fund revenue projection has increased by \$528,870 over the 2020-2021 Revised Budget and the 2021-2022 Preliminary General Fund expenditure budget has increased \$344,425 over the 2020-2021 Revised Budget. Revenue growth exceeding expenditure growth created by the availability of federal COVID grant funding that allows certain costs that are presently be incurred by Unassigned or Basic Skills, creates the positive improvement to fund balance.

Overall revenue changes were based on a number of factors. The 2021-2022 enrollment projection is lower than the 2020-2021 enrollment by 8 pupil units. The 2021-2022 Preliminary Budget assumes a 1% increase in the General Education formula allowance. These factors interplay to result is an increase in General Education Revenue of approximately \$34,000. The special education aid projection was updated based on MDE's What If projection model calculations, resulting in an increase of \$36,000 in revenue based on an assumption of special education tuition of \$265,845. The largest revenue increases were based on federal COVID-based funding streams. The 2021-2022 Preliminary Budget includes revenue and expenditure budgets for ESSER II and part of ESSER III. The 2021-2022 Preliminary Budget reflects federal COVID grant funding exceeding amounts in the 2020-2021 Revised Budget by \$833,079, which is the primary reason that the projected deficit in the General Fund Unassigned fund balance is not more significant.

Overall expenditures are expected to increase by \$344,425 comparing the 2020-2021 Revised Budget to the 2021-2022 Preliminary Budget. This increase reflects some new expenditures added for COVID grants, expenditure reductions experienced from the retirement or resignation of several senior staff members who were replaced with less expensive junior staff members, expenditure increases based on a projection of contract settlement costs with the teacher and principal bargaining units and other non-union staff whose contracts expire June 30, 2021, and expenditure increases based on normal inflationary adjustments and return-to-normal adjustments for line items reduced in the 2020-2021 Revised Budget due to the pandemic or year-to-date actual expenditure trends in 2020-2021 that may not be able to be replicated in 2021-2022.

In the other Operating Funds, revenue and expenditures were adjusted to reflect results due, in large part, to COVID-based factors. The Extra Curricular/Student Activities Fund revenues and expenditures both saw decreases as things like fundraising was reduced and activities like band/choir tour were delayed to future years in 2020-2021 and estimates have been updated to reflect a return to normal. Food Service saw several program funding changes that resulted in reductions and changes in the learning model over the course of the 2020-2021 that resulted in less meals served than normal. These changes reduced revenue while expenses, primarily for staff, were maintained at the same cost levels throughout the pandemic. With the federal waiver allowing for all free student meals in 2021-2022, an expectation that all students will be back in school full time and eating meals, and expenditures for food and milk adjusted to reflect a larger number of meals to be served; the Food Service fund balance is expected to start recovery and experience some level of growth. The Community Service Fund also experienced operational challenges during 2020-2021, including no community education courses being offered. Elementary sports were able to be operated, but marginally compared to normal, and early learning actually ran the most normal learning model of any other grade levels. Updates are made to the 2021-2022 Preliminary Budget to return Community Service programs to normal levels, which leads to a stable Restricted for Community Education fund balance and reductions in the three early learning restricted fund balances as staffing levels are maintained at higher levels than the anticipated enrollment can support. This will need to be considered for adjustment in future budgets.

Fund Balance Transfers – The Minnesota legislature provided a two-year window for school districts to adapt their operations by allowing certain fund balance transfers to happen in 2020 and 2021 only. As this window draws to a close, and to put the school district in the best possible position relating to having fund balance in areas that provide the greatest level of flexibility, the committee agreed to support a

recommendation to transfer the fund balances from Restricted for Gifted and Talented and Restricted for Basic Skills – Extended Time to the Unassigned General Fund fund balance. This amount is expected to add approximately \$160,000 to the Unassigned General Fund fund balance at June 30, 2021.

The meeting adjourned at 9:15 p.m.

Respectfully prepared and submitted by William Tollefson