

CROSBY-IRONTON SCHOOLS  
FINANCE COMMITTEE MEETING SUMMARY  
February 5, 2024

Item 7.2a

The finance committee met in the Forum Room on February 5, 2024 at 5:00 p.m. with the following present: Beth Hautala, Mike Domin and Kim Coughlin. Jamie Skjeveland and Bill Tollefson were also present.

2024-2025 Budget Reductions – The meeting started with a review of the budget reduction process to-date. Initial planning estimates reflected a projected General Fund Unreserved deficit of \$800,000. An initial list of potential budget reductions was created. That list was previously reviewed by the finance committee and items were selected to remain on the list and other items were moved to a “parking lot” of pending ideas. Impacts from the 2023 legislature modifying funding, enrollment being less than projected, and additional costs have now moved the deficit in the projection model presented at the January 29 School Board workshop closer to \$950,000. After hearing the updated financial projection and ongoing budget reduction discussion, an informal target of \$600,000 in budget reduction was the consensus after the School Board workshop on January 29, 2024. For this finance committee meeting, a revised list totaling \$537,000 in budget reduction, with additional lines not included in the spreadsheet total, that could bring the total to \$862,000 was provided as a starting point to the discussions.

The committee discussed the impacts of reducing a variety of scenario budget reduction amounts. The committee discussed the potential of the School Board returning to a prior period level of School Board member compensation, with the pros and cons and significance of the impact of that action being considered. More on this topic will be discussed in June. Ongoing declining enrollment contributes heavily to the ongoing deficit issue. Grade level enrollment is currently at a spot where it is more difficult to manage and would be easier if there were more or less students per grade level. The conclusion was that it will prove difficult to make reductions sufficient to solve the deficit problem without the need for some sort of additional revenue. This led to a discussion about operating referendum election cycles and which fiscal year a successful operating referendum would first provide revenue. For example, if there were a successful operating referendum in November 2024, the operating referendum revenue would first start to flow in the 2025-2026 school year. A successful operating referendum in November 2025 would provide revenue starting in 2026-2027. The trick will be how to manage budget reductions in a way to not spend the General Fund Unreserved fund balance to the point of statutory operating debt before a time when new revenue might be available.

The committee then turned their attention back to enrollment. Discussions included how many students we have who are enrolled in online courses and how many students are residents but are not attending here and how might the School District attract them back. There are currently over 400 students who are residents but who do not attend school here, as they are open enrolled to other schools, charter schools and nonpublic schools or they are homeschooled. This is really a primary reason for the ongoing nature of budget issues.

Focus then returned to the list of budget reductions. A realization that as the School District enrollment gets smaller, there will be a likelihood that programs start to outprice themselves from affordability. This led to a discussion of needing to understand the long game and communicating that long game effectively with the public. Communication is not a threat if it is the truth and if the projected outcomes might actually happen. Part of that truth is that, even if an operating referendum passes, if enrollment continues to decline there will be a need for ongoing budget reductions to keep the budget as near to balanced as possible. The need for improved and consistent messaging and the development of talking points was identified as a critical need. An option to consider a communications consultant on a monthly basis was discussed.

The committee will forward a list with approximately \$500,000 in budget reduction to the Board for a first reading at the February Board meeting.

2023-2024 Enrollment Report – The committee received the updated enrollment report, but the report was incomplete because the high school had not submitted the February enrollment as of the time of the finance committee meeting. An updated report will be provided at the February regular School Board meeting.

The meeting adjourned at 7:08 p.m.

Respectfully prepared and submitted by William Tollefson