

School Board Meeting/Workshop Date:

April 22, 2019

Subject:

2019-20 and 2020-21 Budget
Discussion

Presenter:

**Dr. Scott Thielman,
Superintendent**

**Gary Kawlewski, Director of
Finance and Operations**

SUGGESTED SCHOOL BOARD ACTION:

Discussion only

DESCRIPTION:

At the January 14, 2019 Board workshop, we presented the financial forecast for the 2019-20 through 2021-22 fiscal years. As you know, there are numerous assumptions that are made in developing the three-year financial forecast. The main factors for assumptions are as follows:

- Enrollment projections
- Formula allowances from the State of Minnesota
- Contract settlements
- Inflationary increases in supplies, utilities, equipment, etc.
- Fund balance policies

Based on those factors and a host of others, the forecast showed that we need to make budget adjustments in order to maintain the board's fund balance policy. The board also met on February 25, 2019 and made the following recommendations for the 2019-20 budget:

- Move the unassigned fund balance policy from 8% to 7% for 2019-20
- Move the teaching staff levels back to the approved staffing ratios adopted for 2018-19. This recommendation reduces 7.5 FTE teaching staff that were hired to maintain class sizes that were above the budgeted levels for 2018-19.
- Use \$560,000 of assigned fund balance to cover the cost of operations
- Use an additional \$608,000 of committed fund balance to cover the cost of operations
- The curriculum budget would revert back to its usual funding level
- Administration would bring forward a recommendation to reduce an additional amount of \$725,000 of staff and other related costs.

With these changes, the preliminary budget projection would show a deficit budget of \$2.8 million for 2019-20.

For the 2020-21 fiscal year, the board made the following recommendations:

- Move the unassigned fund balance policy from 7% to 6% for 2020-21
- Administration would bring forward a recommendation for \$2.815 million in program modifications

Incorporating these changes, the preliminary budget for 2020-21 will show a deficit of about \$1.1 million.

A task force of administrators has explored options for the 2019-20 fiscal year and is bringing forward the attached list of recommended program modifications. We will review that listing with the board at the meeting on Monday, April 22, 2019.

In addition, a larger task force including administration and board members, is currently working on developing a list of program modifications to present to the board for review in May, 2019. The list of recommendations will total \$2.815 million.

Attachments

- **Forecast revised 4.22.19 7% 100fbuse**
- **19-20 Program Modification Summary 4.22.19**
- **\$725,000 listing 19-20 4.22.19**