

Budget Reduction, Reallocation, and Revenue Generation

After the District administration presented its preliminary financial forecast of next year's general fund operations, it immediately began implementation the District's Budget Reduction, Reallocation, and Revenue Generation process, commonly referred to as "BRRRG". The BRRRG process is obviously designed in part to address the impact of inadequate public education funding and to provide solutions so that the District can continue to provide stellar education while maintaining financial stability, however an equally important aspect of the BRRRG is community and stakeholder input and feedback. The District administration greatly values the voice of its constituents.

In prior communications reference has been made to the fact that the budgeting cycle is perpetual, so the District administration are constantly discussing BRRRG ideas at the senior-leadership level. That has been the case during the current fiscal year, however the first *official* BRRRG meeting took place in the form of the December Finance & Facilities Committee meeting. At that meeting, the administration provided committee members with a preliminary review of the preliminary financial forecast for 2023-2024. Then at the January Finance & Facilities Committee meeting the committee meeting reviewed for a second time the preliminary forecast as well as an initial list of cost containment ideas. In addition to providing their feedback regarding the containment list, the committee also provided guidance to the administration to conduct a formal BRRRG process. The District then met formally on three separate occasions with senior leaders from throughout the District, including Directors, Assistant Directors, Principals, and Program Managers, to generate BRRRG ideas

The District's formal BRRRG process with stakeholders was organized into four community meetings held at District school sites: Normandale to serve the families and staff of Normandale, Concord, and South View, Creek Valley for Creek Valley and Cornelia, Valley View for Valley View and the High School, and Highlands for Highlands and Countryside. The format for all the meetings followed a similar format. The District administration reviewed the District's mission and vision with those in attendance, citing that any decisions that are ultimately made would be in service of the District's values. The administration then shared a high-level overview of public education finance in the state of Minnesota before describing the preliminary general fund forecast for next school year. The administration then sought immediate reactions from community members in a question-and-answer format before asking community members to write down their BRRRG ideas on note cards. In addition to asking for BRRRG ideas, the administration also requested that those in attendance write down their priorities and areas of the budget they do not wish to see reduced or eliminated. The District held a fifth meeting, similar to the others, virtually as a live stream. Opportunities for feedback, questions, and BRRRG ideas were also provided at the virtual session.

In addition to live community meetings the District also utilized the ThoughtExchange platform, a survey platform of sorts, to garner feedback from staff. All employee groups were invited to participate, and every classification of employee provided at least one "thought" or opinion into the space. Thoughts are rated by participants on a scale of 1 to 5 (with 5 being the highest rating) based on how much they like or agree with an idea or how important they think it is for the administration to consider. In total 266 staff members participated in the ThoughtExchange regarding the District's financial forecast for next school year, generating 171 unique thoughts

and 7,074 ratings. The result “ratings ratio” of 41 is a great indicator of the reliability of the survey; ThoughtExchange say that to provide “reliable and robust” data it is recommended that participants rate at least 30 thoughts each.

After all the community meetings were held and the ThoughtExchange survey was concluded, District administration began to review and categorize responses. Certain themes quickly became apparent and have been organized in a broad format so that related items are classified together and noted for frequency. The data is described in the following figure:

Feedback Categorization	BRRRG Type	Frequency
Continue to Define Excellence; continue to provide students with all of the same excellent educational opportunities the District has become well-known for. Do not make reductions to rigorous curriculum, gifted & talented, language, art, music, physical education, etc.	Priority	35
Student Support Services; do not make reductions in the areas of Special Education, mental health services, English learner services, ADSIS, etc.	Priority	18
Class Sizes; maintain and adhere to existing class-size ratios.	Priority	16
District-Wide, Non-Classroom reductions; target cost containment efforts to district-wide administration, non-classroom expenditures, alternative compensation, instructional coaches, teachers on special assignment, etc.	Budget Reduction	46
Fair Compensation & Staff Retention; prioritize fairly compensating our talented staff and continue to make retention a priority.	Priority	45
Efficiency; be more efficient with non-salary expenditures such as technology, technology devices, energy efficiency, spending at school sites, etc.	Reallocation	13
Eliminate Edina Virtual Programming	Budget Reduction	5
Legislative Action; lobbying efforts at the legislature to improve school funding	Revenue Generation	4
User Fee Increases; increase fees for athletics, activities, after-school events, charge students/families for District supplied devices, increase rental fees, etc.	Revenue Generation	6

The District administration has used feedback from the community and staff, as well as its professional expertise and judgement, to develop a list of containment strategies that will yield at least \$4,000,000.

Fiscal Year 2024 Cost Containment

The assumptions and parameters shared with the Board at the February Regular Meeting, if unaltered, would result in an estimated deficit of \$4,000,000 in the general fund. Therefore, the District administration recommends the following BRRRG ideas be applied to the parameters:

BRRG Idea	Department/Site	Type	Full-Time Equivalent	Amount
Business Services Account Specialist	Business Services	Budget Reduction	1.00	90,000
Professional Development, Conferences, Services, Etc.	Business Services	Budget Reduction	N/A	15,500
Countryside Addition Construction Chargebacks	Business Services	Revenue Generation	N/A	300,000 ¹
LTFM Chargebacks	Business Services	Revenue Generation	N/A	100,000 ²
Lease Levy for Graduation Facility Rental	Business Services	Revenue Generation	N/A	40,000 ³
Food Service Fund Chargebacks	Business Services	Revenue Generation	N/A	300,000 ⁴
Community Education Chargebacks	Community Services	Revenue Generation	N/A	300,000 ⁴
Miscellaneous Stipend & Extra Duty Reductions	Teaching & Learning	Budget Reduction	N/A	40,000
Curriculum Capital	Teaching & Learning	Budget Reduction	N/A	100,000
Talent Development Conferences/Stipends	Teaching & Learning	Budget Reduction	N/A	60,000
Curriculum Writing/Timecard Pay	Teaching & Learning	Budget Reduction	N/A	50,000
Alternative Comp. Program Realignment	Teaching & Learning	Budget Reduction	N/A	185,000
Discontinuance of Teacher Fellowship Program	Student Support Services	Budget Reduction	2.00	115,000
Reduction of Administrative and Non-Classroom Staff	Student Support Services	Budget Reduction	1.50	100,000
Eligible Operational Costs Transferred to Tech Levy	DMTS	Budget Reduction	N/A	500,000
Achievement & Integration Program Realignment	School Sites	Budget Reduction	N/A	150,000
Middle School Licensed Staff Right-Sizing	Middle Schools	Budget Reduction	8.50	815,000 ⁵
Pre-Pandemic Paraprofessional Staffing	Elementary Schools	Budget Reduction	15.00	450,000 ⁶
Operating Capital Freeze	School Sites	Budget Reduction	N/A	350,000 ⁷
Reduction of School Board Discretionary Budget	School Board	Budget Reduction	N/A	25,000
Total Containment			28.00	\$ 4,085,500

Notes:

- 1 - Allocating allowable administrative and custodial costs to the Countryside Elementary addition construction proceeds fund. Cannot be repeated in future fiscal years
- 2 - Allocating allowable administrative and custodial costs to Long-Term Facilities Maintenance
- 3 - Utilizing lease levy authority to pay for the rental of facilities to host graduation
- 4 - Allocating allowable administrative, utility, and facility usage costs to the Food Service and Community Services funds.
- 5- Realignment of licensed staffing at the middle school level so that both middle schools are in alignment with the established teacher to student ratio for middle school.
- 6 - Includes the elimination of paraprofessional staff funded by one-time federal pandemic relief funds.
- 7 - Freeze of operating capital allocations to school sites and departments. Administration will consider making this an on-going practice.
- 8 - References to "program realignment" mean expenditures matching the revenue source.

The total of the BRRRG ideas listed above is \$4,085,000. Upon approval of the assumptions, parameters, and budget containments, the administration will begin formal budgeting activities with school sites and departments. This process will involve the allocation and reconciliation of staff, distribution of non-salary and supply budgets, and posting of positions that are vacant. The District administration will continue to update its assumptions and estimates as more reliable information becomes available, and will present the complete budget at the June 13, 2023 Regular Meeting of the School Board.