



SAINT PETER SCHOOL BOARD
Study Session
Monday, March 13, 2023
Saint Peter Middle School-Media Center, 100 Lincoln
Dr. , SAINT PETER, MN 56082
6:30 PM

I. Call Meeting to Order

II. Adoption of the Agenda

III. Budget Planning

IV. Upcoming Meetings of the School Board Regular Board Meeting

Monday, March 20, 2023

6:30 PM

SPCC-Governor's Room

V. Adjournment

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ADDENDUM

STUDY SESSION
Monday, March 13, 2022
SPMS-Media Center
6:30PM

III. Budget Planning

Subject: Budget Planning

Background: The school district is in the process of developing the 2023-2024 school year budget. Based on enrollment and budget projections, we will need to reduce expenditures by approximately \$1.5M to balance the budget for FY24. The administrative team has worked collaboratively to develop recommendations for reductions to the budget. These recommendations, along with background information, will be presented during this study session.

Presentation: **Superintendent Gronseth, Administrative Team Members**

As you know from our ongoing budget discussions, we are facing a deficit for the FY24 school year. For the past three years, we have received additional funding from the State and Federal government as we have responded to the COVID pandemic. Those funding sources have been discontinued.

At the same time, many school districts have seen declining enrollments. While a portion of this decline was short term as families made difficult choices during the pandemic, the main reason is a decrease in the number of school age children in the region. While the general population of Saint Peter has increased, the number of children has decreased. The same is true in many of the surrounding communities in our region, and across the State. Because funding is proportionate to the number of students a district serves, our revenues will be lower.

Another complicating factor is the rate of inflation. School districts, like any other organization or household, are affected by inflation. The goods and services we need like materials, gas, food, cleaning supplies, etc. all have higher prices. In addition, our revenues from the State and Federal government have not kept pace with inflation over the course of many years. This means our dollars don't go as far as they once did.

As we speak, the Minnesota legislature is in the process of deciding the future of funding in our schools. There are over 1500 bills in process. Some of them provide additional funding, others contain new mandates and new expenditures. While we are cautiously optimistic about the outcome of this session, we will not know the final outcomes until the end of the session in May. As such, we have included our best estimate on the outcomes as assumptions in our budget projections. Including these assumptions, we believe the budget deficit for the 2023-2024 school year will be approximately \$1.5M.

To plan for a balanced budget we have reviewed our budgets in all areas and have developed a list of recommendations for reductions. Please know that this has not been an easy process and we do not make these recommendations lightly. To be clear, there is nothing on this list that we are excited to announce. However, after weeks of discussion, we believe the following items are the best path forward for the financial stability of the district. Throughout our process, we held students at the center of our discussions, focusing on what would best serve their needs while at the same time meeting our fiduciary responsibilities as a school district.

We sometimes receive questions about using the district's reserve funds rather than making reductions. The school district's goal is to hold enough funds in reserve to operate the district for 60 days. This provides cash flow for district business, payroll, and for addressing unexpected expenses. Without a reserve fund, the district could easily be in a situation without any financial options for addressing these needs. Using reserved funds to mitigate a deficit is also a "one-time" fix for an ongoing problem. The result only compounds the deficit for the following year.

We tried whenever possible to keep reductions away from core academics and our classrooms. However, with 80% of our budget dedicated to staff, there are many reductions. We value and

respect our staff members and appreciate all that they do to support our students and their families. To respect their privacy through this process, we will not be using names or specific positions in today's presentation. In cases where it is likely that an individual could be identified, we have had initial conversations with the employee to make them aware of the recommendations. After a list of recommendations has been finalized at this month's school board meeting, we will contact all affected staff members. Formal actions regarding employment status would be recommended during the April School Board Meeting.

Below is a list of items that provide a high level overview.

Department	Description	Reduction Estimate
Transportation	One Tier Route	\$105,000
District Office/District-wide	Elimination of positions, budget reductions	\$290,000
Technology	Software reductions	\$12,500
Maintenance	Restructuring positions	\$10,000
South, North, Middle School, High School	Elimination of MS block schedule/reduction to 5 sections, Reduction in section numbers in response to enrollment and registration changes, support positions	\$1,220,000
Increase revenues	Activity fees, early childhood services	\$10,000
Total		\$1,533,000