

# Budget Adjustment Process

*Jan. 7, 2021*



Dan Pyan

**Director of Finance and Operations**

Kelly Jansen

**Assistant Superintendent**

# Agenda Items

- Review of:
  - Key Messages
  - Why Now?
  - District Spending
  - Unassigned Fund Balance
  - Budget Adjustment 3 Year Goal
- Introduction of Budget Adjustment Recommendations
  - Overview of the Three-year Impact
  - Budget Adjustment Recommendations:
    - District
    - Districtwide
    - Elementary School
    - Middle School
    - High School
- Next Steps



# Key Messages

- This has been an extremely difficult year, yet we know if we do not address our declining budget this year, it will mean even more significant reductions over the next two years.
- A budget adjustment committee of department and school leaders generated ideas on how to cut spending and increase our revenue, and reviewed a running list of ideas from other staff across the district.
  - The list was ranked by the adjustment committee and was then reviewed by a steering committee of district leaders to determine which items would move forward to the school board.
- In working to provide sustainable reductions, programming and services will be impacted.
- Through the budget adjustment process, district administration vows to not propose cuts that create inequities in learning opportunities between schools at the same grade level or further exacerbate gaps in student achievement.

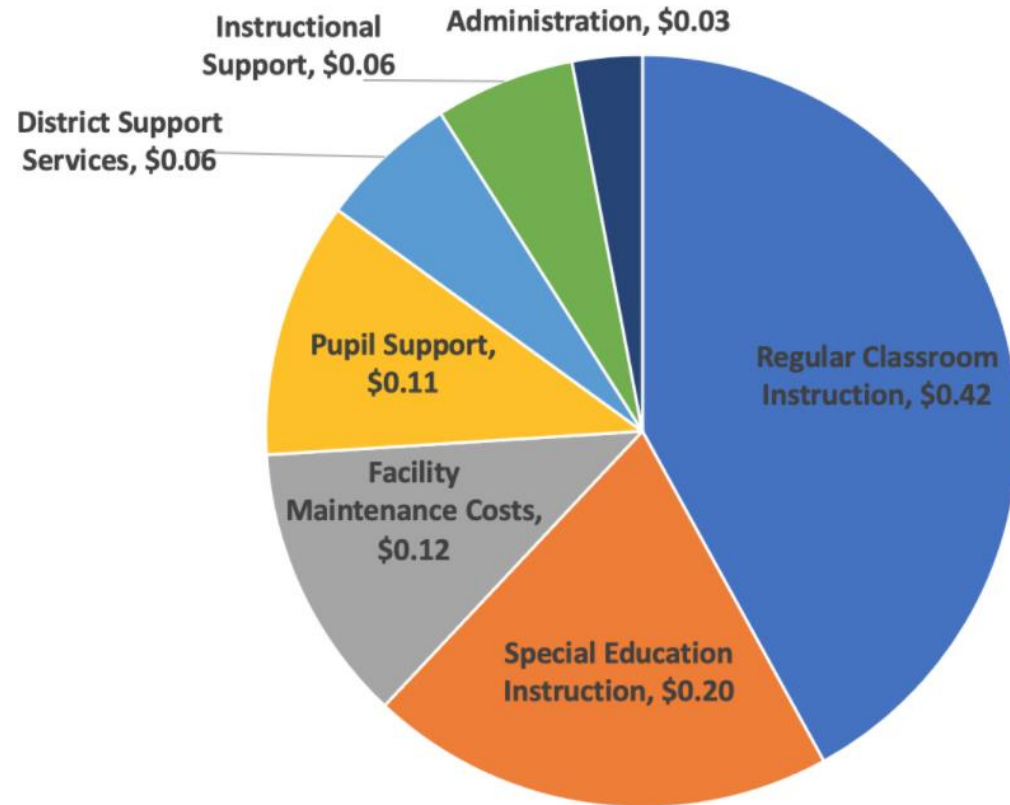


# Why now?

- Current enrollment for the 2020-21 school year fell by 500 students creating an additional \$5.5 million shortfall
  - This is largely attributed to parents making other choices for their children during COVID-19. We hope that many will return next school year but there are no guarantees.
- Current spending, including unfunded and required programs, is outpacing current revenue (the money the district brings in through taxes, etc.)
- Our fund balance is projected to go below board policy
- School board policy requires us to have a set amount in our general fund (it's like a savings account)
- South Washington County Schools has been planning for budget adjustments well before the pandemic began since our expenses have been rising faster than our revenue for the past four years.
- The pandemic has caused a shortfall in the Minnesota state budget, which is our largest funding source, prompting school districts to plan for no increase to state aid.

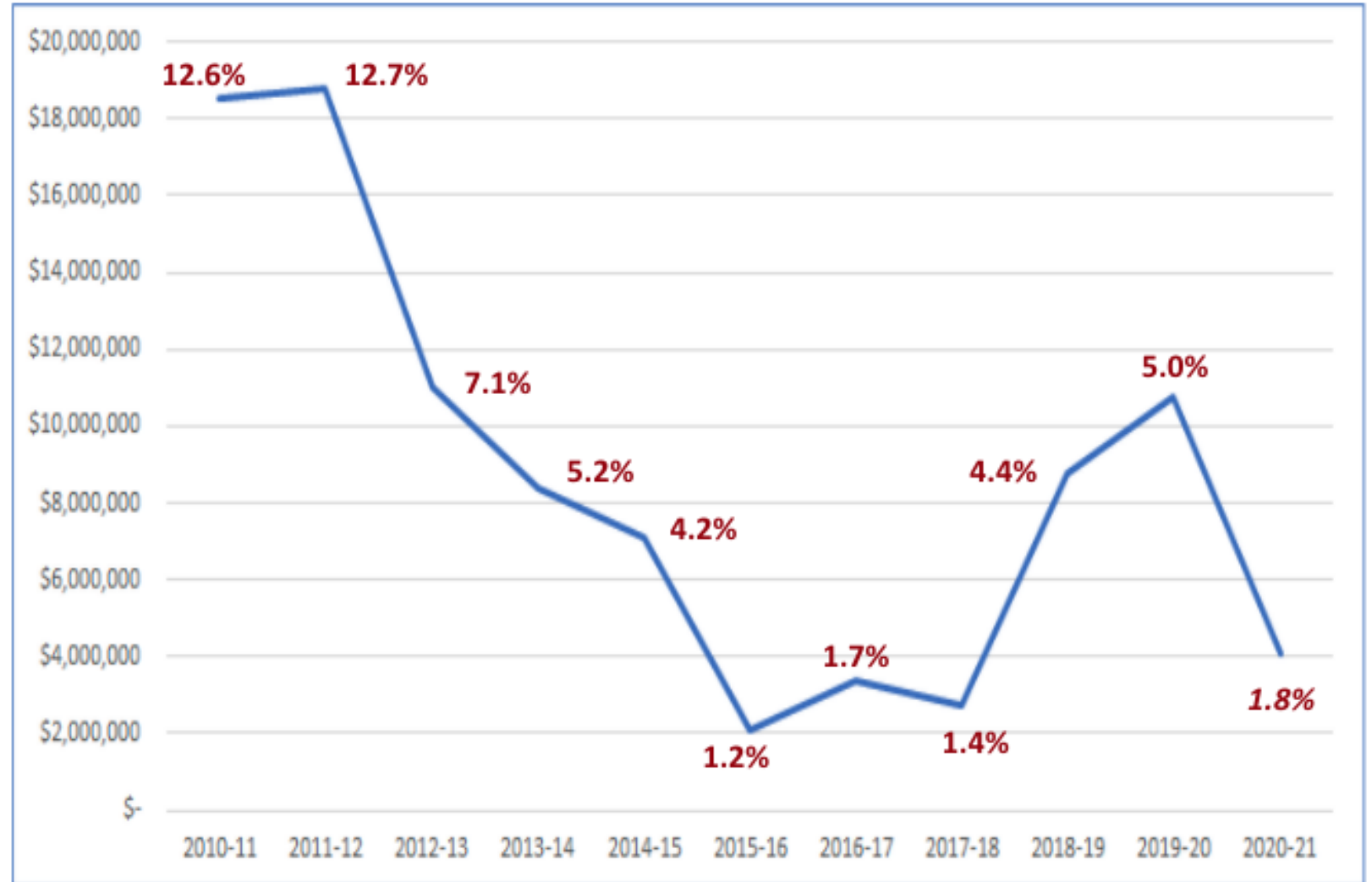


# District Spending - Where does each dollar of revenue go?



# Unassigned Fund Balance

- School Board Policy calls for a fund balance between 5% and 9%
- 9% would only be 4.7 weeks of operations
- The present projected balance of 1.8% is only six days of operations
- To get to 5%, need to accumulate another \$6.5 million



# Budget Adjustment Yearly Goals

Total of \$18 million over three years

| <b>Year One Goal<br/>2021-22</b>                  | <b>Year Two Goal<br/>2022-23</b>                               | <b>Year Three Goal<br/>2023-24</b>                     |
|---|--|--|
| Enhancements and Reductions<br>of<br>\$12,000,000 | Enhancements and Reductions<br>of<br>\$3,000,000 - \$6,000,000 | Enhancements and Reductions<br>of<br>\$0 - \$4,000,000 |



# Budget Adjustment Recommendations

1. District Service Center
2. Districtwide - School and Programs
3. Elementary
4. Middle School
5. High School
6. School Closing
7. Operating Levy





# Overview of the Budget Adjustment Recommendations

## Three Year Budget Impact

|   | Year One            | Year Two     | Year Three   |
|---|---------------------|--------------|--------------|
| Savings and Enhancements  | \$10,917,704        | \$7,644,067  | \$100,000    |
| Sustained Savings and Enhancements                                |                     | \$8,262,953  | \$15,807,020 |
| Annual "cost of living" impact on the budget (Calculated at 2.5%) | -\$6,375,000        | -\$6,488,567 | -\$6,724,029 |
| Adjusted budget impact of savings and enhancements                | \$4,542,704         | \$9,418,453  | \$9,182,991  |
| <b>Three-Year Budget Adjustment Impact</b>                        | <b>\$23,144,147</b> |              |              |



# District Adjustment Recommendations - Slide 1 of 4

| Description/Notes   | Year One (2021-22) | Year Two (2022-23) | Year Three (2023-24) |
|---|--------------------|--------------------|----------------------|
| Increase medical assistance billing.  | \$200,000          | \$200,000          | \$200,000            |
| <b>DISTRICT ENHANCEMENTS TOTAL</b>  | <b>\$200,000</b>   | <b>\$200,000</b>   | <b>\$200,000</b>     |
| Reduce the district professional and technical services.  | \$175,000          | \$100,000          | \$0                  |
| Eliminate the grant writing position and reassign duties.   | \$100,000          | \$100,000          | \$100,000            |
| Implement a four-day mandatory furlough for all Tier 1 Employees.   | \$30,000           | \$0                | \$0                  |
| Implement a two-day mandatory furlough for all Tier 2 Employees.  | \$15,000           | \$0                | \$0                  |
| Reduce District Administration Out of State Travel Budget   | \$7,000            | \$0                | \$0                  |
| Reduction in District Service Center office equipment needs.  | \$35,000           | \$0                | \$0                  |
| Reduction in overtime, professional and technical services and supply budgets for the finance department. | \$13,800           | \$0                | \$0                  |



# District Adjustment Recommendations - Slide 2 of 4

| Description/Notes  | Year One (2021-22) | Year Two (2022-23) | Year Three (2023-24) |
|--|--------------------|--------------------|----------------------|
| Reduce consulting and outside services/out-of-state travel in communications.  | \$18,500           | \$0                | \$0                  |
| Reduce professional and technical services in the student information systems budget.  | \$12,500           | \$7,500            | \$7,500              |
| Reduce cell phone reimbursement for "on-call" staff from \$90 to \$45 per month  | \$50,000           | \$50,000           | \$50,000             |
| Reduction in recruiting efforts, supplies, overtime and advertising in human resources budget.   | \$21,000           | \$0                | \$0                  |
| Reduce the custodial day hours and not filling five open positions.  | \$336,000          | \$336,000          | \$336,000            |
| Charge an additional portion of district administrators whose salary qualifies, to the health and safety budget as well as to long-term facilities maintenance budget. | \$250,000          | \$250,000          | \$250,000            |
| Commit to no new maintenance equipment after the end of the existing lease and a reduction in spending in mechanical repairs from the operating capital budget.        | \$210,000          | \$226,000          | \$226,000            |
| Freeze allocation of funds for equipment (capital outlay) for one year for all buildings   | \$500,065          | \$0                | \$0                  |



# District Adjustment Recommendations - Slide 3 of 4

| Description/Notes   | Year One (2021-22) | Year Two (2022-23) | Year Three (2023-24) |
|---|--------------------|--------------------|----------------------|
| Reduce the number of pre-purchased special education Pre-K slots from six to three. | \$450,000          | \$450,000          | \$450,000            |
| Re-evaluate the technology refresh cycle.   | \$300,000          | \$0                | \$0                  |
| Restructure technology capital purchases over the next three years.                 | \$500,000          | \$500,000          | \$500,000            |
| Reduction in contingency textbook funds.  | \$200,000          | \$100,000          | \$100,000            |
| Reduction in .5 full-time equivalent teaching and learning support specialist.      | \$40,496           | \$40,496           | \$40,496             |
| Reduction Teaching and Learning reading recovery support.                           | \$16,250           | \$16,250           | \$16,250             |



# District Adjustment Recommendations - Slide 4 of 4

| Description/Notes   | Year One (2021-22) | Year Two (2022-23) | Year Three (2023-24) |
|---|--------------------|--------------------|----------------------|
| Reduction in 1.0 full-time equivalent teacher on special assignment (TOSA) in teaching and learning/research evaluation and assessment departments. | \$62,835           | \$62,835           | \$62,835             |
| Reduction in assessment budget.   | \$3,500            | \$3,500            | \$3,500              |
| Commit to no new school bus purchases for two years, resulting in an increase in the years a bus is used to 14 years.                               | \$0                | \$125,000          | \$125,000            |
| Reduce three regular school bus routes through restructuring.   | \$0                | \$92,000           | \$92,000             |
| <b>DISTRICT REDUCTIONS TOTAL</b>  | <b>\$3,349,446</b> | <b>\$2,459,581</b> | <b>\$2,359,581</b>   |
| <b>DISTRICT TOTAL</b>   | <b>\$3,549,446</b> | <b>\$2,859,581</b> | <b>\$2,759,581</b>   |



# Questions?



# Districtwide Adjustment Recommendations

| Description/Notes  | Year One (2021-22) | Year Two (2022-23) | Year Three (2023-24) |
|--|--------------------|--------------------|----------------------|
| Reduce the distribution of compensatory education revenue to schools from 90% to 75% for one year. The 25% held back will continue to be used to meet the educational needs of students who are underprepared to meet state standards, such as students who qualify for English language (EL) services | \$396,051          | \$0                | \$0                  |
| Cut discretionary budget by 25% for all buildings for one year.  | \$375,000          | \$0                | \$0                  |
| Eliminate site-based staff development budgets. Staff will continue to have access to district development funds.  | \$155,000          | \$0                | \$0                  |
| Restructure developmental adapted physical education and elementary specialist positions for a reduction in 9.9 full-time equivalent positions   | \$0                | \$622,067          | \$622,067            |
| Assign one resource paraprofessional to every two case managers to reduce 68 full-time equivalent positions.   | \$761,337          | \$805,600          | \$805,600            |
| Increase special education caseloads for K-12. Elementary (16 to 18 students) and Secondary (18 to 20 students). The savings listed is a reduction of 9.5 full-time equivalent positions.  | \$298,466          | \$298,466          | \$298,466            |
| Reduce licensed school nurse positions by 4 full-time equivalent positions. Healthcare specialists and healthcare assistants will be placed in schools so there is coverage for the entire school day.   | \$251,340          | \$251,340          | \$251,340            |
| <b>DISTRICTWIDE TOTAL</b>  | <b>\$2,237,194</b> | <b>\$1,933,210</b> | <b>\$1,977,473</b>   |



# Questions?





# Elementary Adjustment Recommendations

| Description/Notes  | Year One (2021-22) | Year Two (2022-23) | Year Three (2023-24) |
|--|--------------------|--------------------|----------------------|
| Move band and orchestra to begin in the middle school and restructure staffing for a reduction in 7.2 full-time equivalent positions.  | \$452,412          | \$452,412          | \$452,412            |
| Eliminate 16 Reading Recovery full-time equivalent positions and restructure reading specialists for an additional 8 full-time equivalent positions. This process will also implement a multi-tiered system of support for consistent reading interventions. | \$1,005,360        | \$1,005,360        | \$1,005,360          |
| Eliminate the Gateway third grade section for the 2021-22 school year due to lack of testing during distance learning in fall 2020.  | \$62,835           | \$0                | \$0                  |
| Reduce 1.0 FTE Elementary Administrative "Teacher on Special Assignment" (TOSA).   | \$62,835           | \$62,835           | \$62,835             |
| Restructure office assistant and media clerk hour allocation based on school enrollment resulting in a reduction of 44 hours per day across all elementary schools.  | \$235,682          | \$235,682          | \$235,682            |
| <b>ELEMENTARY TOTAL</b>  | <b>\$1,819,124</b> | <b>\$1,756,289</b> | <b>\$1,756,289</b>   |



# Questions?



# Middle School Adjustment Recommendations

| Description/Notes  | Year One (2021-22) | Year Two (2022-23) | Year Three (2023-24) |
|--|--------------------|--------------------|----------------------|
| Eliminate School Resource Officers (SROs) from the middle school level.  | \$150,000          | \$150,000          | \$150,000            |
| Eliminate welcome desk greeter position and cover the position with rotating office personnel.   | \$114,648          | \$114,648          | \$114,648            |
| Close Nuevas Fronteras Elementary and Woodbury Middle School pools for 2021-22 school year.  | \$168,000          | \$0                | \$0                  |
| Dissolve the emotional and behavioral disorder (EBD) program at Woodbury Middle School and assign students to other programs and/or case managers. This reduction is based on the decrease in need.          | \$100,000          | \$100,000          | \$100,000            |
| Increase middle school average class sizes from 32 to 33 students  | \$320,459          | \$320,459          | \$320,459            |
| Eliminate media specialists (4.0 full-time equivalent positions) and use media clerks for media center supervision. Media center oversight will go to the district to ensure adequate resources and support. | \$78,061           | \$78,061           | \$78,061             |
| <b>MIDDLE SCHOOL TOTAL</b>   | <b>\$931,168</b>   | <b>\$763,168</b>   | <b>\$763,168</b>     |



# Questions?



# High School Adjustment Recommendations

| Description/Notes  | Year One (2021-22) | Year Two (2022-23) | Year Three (2023-24) |
|--|--------------------|--------------------|----------------------|
| Increase activities fees by \$20.  | \$64,200           | \$64,200           | \$64,200             |
| Increase parking fees by \$20  | \$26,000           | \$26,000           | \$26,000             |
| Establish SoWashCo Online so that students from other districts can enroll in our courses. Year one assumes an enrollment of 50 students and year two assumes an enrollment of 100 students.   | \$0                | \$100,000          | \$200,000            |
| <b>HIGH SCHOOL ENHANCEMENT TOTAL</b>   | <b>\$90,200</b>    | <b>\$190,200</b>   | <b>\$290,200</b>     |
| Activities directors will work with principals to reduce athletic/activities budgets by 5% for one year  | \$130,000          | \$0                | \$0                  |
| Pilot eliminating a substitute teacher when a teacher is absent (classes will be determined by administrator in collaboration with the teacher).   | \$350,000          | \$0                | \$0                  |
| Offer courses virtually to reduce staff requirements for moving to multiple sites. It will offer the ability for virtual classes to be closer to the class size targets. This is estimated to reduce approximately 3.0 full-time equivalent positions. | \$188,505          | \$188,505          | \$188,505            |
| Increase high school average class sizes from 33.5 to 34.5 students  | \$377,010          | \$377,010          | \$377,010            |
| Eliminate media specialists (3.0 full-time equivalent positions) and use media clerks for media center supervision. Media center oversight will go to the district to ensure adequate resources and support.   | \$188,505          | \$188,505          | \$188,505            |
| Reduce time for the AVID coordinators from .5 to .2 full-time equivalent positions.  | \$56,552           | \$56,552           | \$56,552             |
| <b>HIGH SCHOOL REDUCTION TOTAL</b>   | <b>\$1,290,572</b> | <b>\$810,572</b>   | <b>\$810,572</b>     |
| <b>HIGH SCHOOL TOTAL</b>   | <b>\$1,380,772</b> | <b>\$1,000,772</b> | <b>\$1,100,772</b>   |



# Questions?



# School Closing

| CLOSE AN ELEMENTARY SCHOOL   |                       |                       |                         |
|--|-----------------------|-----------------------|-------------------------|
| Description/Notes  | Year One<br>(2021-22) | Year Two<br>(2022-23) | Year Three<br>(2023-24) |
| Close Crestview Elementary School in the Fall of 2021. Closing the school will result in boundary changes with Crestview students being reassigned to Armstrong Elementary, Hillside Elementary or Cottage Grove Elementary. | \$1,000,000           | \$1,000,000           | \$1,000,000             |



# Questions?





# Operating Levy

| DISTRICT OPERATING LEVY FALL 2021   |                       |                       |                         |
|---|-----------------------|-----------------------|-------------------------|
| Description/Notes   | Year One<br>(2021-22) | Year Two<br>(2022-23) | Year Three<br>(2023-24) |
| Increase the operating levy. This total is an assumption of an election in the Fall 2021 to increase the levy by \$330 per student. | \$0                   | \$6,600,000           | \$6,600,000             |



# Questions?



# Budget Adjustment Recommendations: Three Year Budget Impact

|   | Year One            | Year Two     | Year Three   |
|---|---------------------|--------------|--------------|
| Savings and Enhancements  | \$10,917,704        | \$7,644,067  | \$100,000    |
| Sustained Savings and Enhancements                                |                     | \$8,262,953  | \$15,807,020 |
| Annual "cost of living" impact on the budget (Calculated at 2.5%) | -\$6,375,000        | -\$6,488,567 | -\$6,724,029 |
| Adjusted budget impact of savings and enhancements                | \$4,542,704         | \$9,418,453  | \$9,182,991  |
| <b>Three-Year Budget Adjustment Impact</b>                        | <b>\$23,144,147</b> |              |              |

*In the event the operating levy is not approved,  
the three year budget impact of the adjustment recommendations decreases from  
\$23,144,147 million to \$9,944,147 million*



# Questions?



# Next Steps - Communication

- Staff email
  - Friday, January 8
- \* Staff Information Session - Virtual
  - January 11 at 4:00 p.m.
- \* Community Information Sessions - Virtual
  - January 12 7:30 a.m.
  - January 14 12:00 p.m.
  - January 19 6:00 p.m.
- School Board Business Meeting
  - January 21 - Action on Budget Adjustment Proposal

*\* During the staff and community information sessions, participants will be able to provide feedback to the meeting host via the chat feature in Zoom. All feedback will be analyzed and provided to the Board.*



# Next Steps - Planning

- School Board Business Meeting
  - January 21 - Action on Budget Adjustment Proposal
- *Pending Board Action* - Implementation Teams
  - Budgeting
  - Staffing
  - Programming
  - School Closing
  - Levy Preparation



# Next Steps - Continued Exploration

- Increase Partnerships
- Increase Families Completing the Free and Reduced Lunch Application
- Cut back amount of printing
- Promote Remote Work When Possible
- Invest in Renewable Energy Sources and Focus on Energy Saving
- Make Our District More Welcoming
- Explore the Ability to Open up Inter District Transfers and Open Enrollment
- Expand Virtual Programming
- Utilize Teachers on Call for Subs
- Develop a Process for Advertisements/Sponsorship
- Create our Own Federal 4 Sped Programming in District
- Evaluate our Social Worker Structure
- Implement a Multi Tiered System of Support K-12
- Theme Based Preschool Programming
- Develop our literacy practices
- Evaluate Elementary Choice Programs
- Consider High School Redesign: 916 Programming, Seminar Class, International Baccalaureate, College in the Schools, Advanced Placement, Alternative Programming, Career Pathways, Credit Recovery



# Questions?

