

Community Conversation: District Finances  
Nov. 18, 2020

Lakota Treasurer/CFO Jenni Logan provided an overview of the district's finances and what it looks like during a pandemic.

- The pandemic has caused a significant amount of unplanned expenses along with budget cuts at the State level.
- Even with the CARES funding, the district has a \$4.5 million spending deficit - the first in many years.

In the most recent five-year forecast, in 2025 we will have a 4 ½ month cash balance.

- Mrs. Logan tries to be as accurate as possible with her five-year forecast with a conservative flair.
- Right now is more challenging than at any other time in her career.
- Future years are far out and there are many unknowns.
- Having kids in school during a pandemic is expensive.

Question #1: Is deficit spending ok to adapt to during a pandemic?

Group Discussion:

- It's the cost of keeping kids in school.
- We're doing what we need to do.
- Didn't consider the cost of creating the virtual learning platform.
- I'm ok with deficit spending because of the pandemic in order to keep kids in school and meet their needs.
- It isn't what we want to do, but everyone needs to do what they can to stabilize.
- To what extent do non-parents know how Lakota is doing?
  - Students are all over social media and don't hold back - they are happy to be back in school and are adapting.
- It shouldn't surprise people we have to go into deficit spending right now.
- As a non-parent, it's hard to resonate what spending has increased - you have half as many kids in your class. Why are you spending more? These are the people who will struggle with increased spending.
- A VLO parent commented that they thought it would be more like 16 students per class but it's more like 24 and masked.
- The student numbers per class didn't go down because some students are learning virtually - teachers were pulled for this option as well.

Question #2: At what point would it be ok to support deficit spending?

Group Discussion:

- We created the largest school in Lakota in just four months (Virtual Learning Option).
- Every department has had a budget cut to help decrease the deficit spending.
- There has been a lack of resources - cuts from the State for two years in a row and not enough federal funds is what has put us into deficit spending two years early.
- Overall, the VLO process has been working great, but socialization is missing - how can we find balance?
- We have cash to dip into with our reserves. What should the threshold be when cash dips below "X" amount, when do we need to wave the red flag?
- Mrs. Logan noted that we do not need to go for a levy right now, but eventually it will happen. She would like to have a community conversation about this topic.

- The key is to look long-range. We don't want a levy to fix next year. We want a long-range budget view. This is the investment we'll make because this is how it will help the schools.
- People need to understand that the budget has been very, very good. This will actually make it hard to convince the community members that a levy will be needed at some point because of the reserves we've been able to build.
- Should we spend down our rainy day fund before we have this conversation with the community? Projections of the rainy day fund shows how it absorbs challenges.
- Lakota is going to be measured under how we perform right now in hard times - if it's a smooth transition, it will go over better with voters. If it doesn't and we go through money too quickly, voters will question it and how the district handles its finances.
- We should never go to the community in a crisis.
- "Deficit spending" is a terrible term and one that the community won't accept. "Eating away at reserves" is a better term. Keep communicating that everything we're doing is for our kids.
- Asking for a levy during a pandemic might leave a bad taste in the mouths of voters.
  - Mrs. Logan clarified that we have no plans to ask for a levy right now.
- PTOs and PTAs are having to support schools very differently this year. Each classroom needs its own set of playground equipment. They can't fundraise in traditional ways. How can they support schools without being able to be in the buildings?
- Parents have been very understanding.
- The fundraising base has to be so different.
- The district has to pay for more substitutes, more substitute bus drivers, but if kids can't be in school then parents can't go to work.

Question #3 to close the conversation: Give us one word to describe how you feel about district finances.

- Uncertain
- Confused (why didn't we charge for school fees this year?)
- Hopeful
- Proud
- Thankful

Closing Comments:

Matt Miller, Superintendent

- Appreciate people giving up their time to be on the Zoom call.
- It's good to hear from others, sharing their perspectives.
- We know we have work to do.
- We know we're not coming out of the pandemic soon, but we're looking long term.

Jenni Logan, Treasurer/CFO

- Confident that Lakota will come out of the pandemic in a positive manner.
- Under Matt's leadership we've met kids' needs in many ways.
- Confident we'll come out of this.