

**Robbinsdale Area Schools  
FINANCIAL ADVISORY COUNCIL (FAC)  
MINUTES FOR May 11, 2021  
APPROVED-September 14, 2021**

<b>Present</b>	<b>FAC Members</b>
X	Gregg Fishbein
X	Earl Hoffman
X	Lennie Kaufman
X	Greg Kugler
	O. Barry Rogers
X	Howard Schwartz
	Terry Swanson
	<b>School Board</b>
X	Pam Lindberg, Treasurer
	<b>District 281 Staff</b>
X	Dr. Stephanie Burrage, Interim Superintendent
X	Gregory Hein, Executive Director of Finance

**Other Attendees: Jeff Connell (Executive Director of Facilities, Operations & Transportation), Toya Stewart Downey (Executive Director of Strategic Communications, Equity & Inclusion), Dr. Meghan Hickey (Interim Director of Student Services), Karylanne Marchand (Business Office Manager), Kelly Smith (Baker Tilly), Virginia Verbrugge (Assistant Finance Director), Marti Voight (Assistant Superintendent)**

**The meeting was called to order at 6:32 PM on May 11, 2021 with the Council members noted above in attendance. Due to the COVID-19 Pandemic this meeting was held virtually with all members attending via the Zoom platform.**

**Agenda Item 1: Welcome and Introductions:**

Chair Gregg Fishbein opened the meeting welcoming the attendees. Mr. Fishbein read out loud the content of the Meeting Norms section of the Agenda.

**Agenda Item 2: Acceptance of Agenda:**

The [Agenda](#) had been distributed to the members prior to the meeting as a link to the revised Zoom meeting invitation. Future attachments will be managed in a similar fashion (as opposed to receiving e-mail attachments). FAC members will be able to access all links so identified within future agendas. Mr. Schwartz identified several issues from the March 23<sup>rd</sup> meeting that needed to be added to the Agenda: (1) Cabinet Task Force/FAC membership; (2) June 7 FAC/School Board meeting and report (who is going to prepare the draft); (3) costs associated with the School Board’s approved Transportation and Bell Schedule decisions; (4) communication request by Treasurer Lindberg regarding public acknowledgement of the District’s well-managed financial reporting; and (5) Bylaws change establishing two annual FAC meetings with the School Board. Mr. Fishbein suggested that Item 1 could be addressed during the CTF/FAC report, Item 2 would be addressed under the “Other” portion of the Agenda, and Item 5 is listed

under “Parking Lot Items”. Items 3 and 4 could be added to the Agenda as an amendment. A motion was properly made and seconded to accept the distributed Agenda as amended. The motion passed unanimously.

**Agenda Item 3: Approve the March 23, 2021 FAC Meeting Minutes:**

A motion was properly made and seconded to approve the minutes of the March 23, 2021 meeting as distributed. The motion passed unanimously.

**Agenda Item 4: Report Out—Cabinet Task Force/FAC meetings:**

Mr. Fishbein asked the FAC members appointed to attend the Cabinet Task Force to report out. Mr. Schwartz commented that while Dr. Burrage had initially recommended that two FAC members attend, three FAC members had volunteered (Earl Hoffman, Greg Kugler, Howard Schwartz). Dr. Burrage subsequently agreed to allow the three FAC members to attend.

Mr. Hoffman reported that the FAC members were invited to attend the Cabinet Task Force meeting on April 13. Projected surplus for FY21 is \$1.1 million with an anticipated \$2.2 million deficit for FY22 that would need to be addressed. Presentations were made regarding enrollment trends and the proposed STEAM Middle School. Of significance based on previous FAC discussions, 16% of available seats in the District are reserved for non-residents. Methodology for allocating magnet school enrollments (Robbinsdale Spanish Immersion, FAIR School-Pilgrim Lane, School of Engineering and Art) was also presented.

Mr. Schwartz reported that on May 4, the Cabinet Task Force/FAC meeting was deferred in order to allow Cabinet and FAC member attendance at a webinar sponsored by the Minneapolis Foundation, U.S. Senator Tina Smith, and the Minnesota Department of Education regarding American Rescue Plan funding and its potential impact on Minnesota schools.

**Agenda Item 5: Report Out—OPEB Advisory Committee:**

Mr. Kugler reported that the first meeting was held on April 28. The OPEB Trust Fund earned \$0.7 million in revenues generated from investment earnings, and spent \$0.5 million to pay claims for severance retirees. As of June 30, 2020, the OPEB Trust Fund had over \$14 million in plan assets (now up to \$16 million estimated as of June 30, 2021). An updated analysis and report is required every two years; this report is due this year. Mr. Hoffman inquired as to which firm was handling the audit.

**Agenda Item 6: Building Capacity Study:**

Mr. Connell indicated that the Building Capacity Study was still in the process of being completed. Analysis includes how the District utilizes its spaces, how many students are in each building, and how programmatic decisions and enrollment impact space considerations. Mr. Schwartz raised a concern about how costs and efficiencies were being assessed, and whether all District spaces (owned or leased) are being included in the Study (specifically, the Crystal Learning Center lease and its approximate cost of \$5,000 per student served). Mr. Hein indicated that the lease cost is reflected in the assessed property taxes. Mr. Schwartz responded that such leases should still be included regardless of funding source. Mr. Connell indicated that these would be in addition to the initial charge for the Study but could be included.

### **Agenda Item 7: Enrollment Update:**

Dr. Hickey presented an update on District enrollment and magnet school seat allocations. Of key interest are the processes by which student seats (resident, non-resident, walker, staff children) are allotted via the magnet school lottery process, and its impact on District revenues. From the FY20 lottery for FY21, for example, 32 non-residents received no offers, and 25 residents received no offers. Of those 25 residents, 16 enrolled in their neighborhood schools, 1 attended a different magnet school, and 8 resident students' attendance was unknown. Dr. Hickey was questioned regarding potential lost per-pupil revenue from resident students choosing to attend non-District schools, and what District strategies were being employed to ensure that resident students were being retained as much as possible. Dr. Hickey responded with information recently updated on the new School of Engineering and Art middle school (SEA@FAIR-Crystal) scheduled to open FY22 at FAIR School-Crystal. 56 of 74 current 5<sup>th</sup> grade students attending SEA elementary school have opted to attend SEA@FAIR-Crystal. Of the remaining 18 5<sup>th</sup> grade students, 13 will attend other District middle schools, 1 has chosen to attend a non-public middle school, 3 have chosen to attend public middle schools outside of the District, 1 family is still undecided, and 3 families have yet to be contacted, for a possible revenue loss of ~\$50,000.

Further discussion regarding resident student retention strategies was deferred to Ms. Downey's marketing presentation (Agenda Item 8).

### **Agenda Item 8: Marketing Update:**

Ms. Downey reported that District administration was in the process of employing a variety of strategies designed to rebuild District relationships with families, and address enrollment challenges with a focus on retention of District students and recruitment. Among several of the marketing strategies, the District has actively produced digital presentations, enhanced the District website, surveyed parents, adopted a more appealing color scheme, produced fresh and appealing web page videos, instituted a new Diversity/Equity/Inclusion newsletter, promoted K-12 remote learning experiences via the Robbinsdale Virtual Academy, and encouraged parents to visit District schools (within COVID safety limits). Marketing efforts need to reflect contemporary issues, concerns, and learning objectives/options expressed by today's parents, both within the District (e.g., retention, bringing back resident students attending non-District schools) and outside the District (open enrollment).

### **Agenda Item 9: Finance Update—Revised FY21 Budget:**

Mr. Hein presented the second revised FY21 budget since January 2021. Included were an updated budget timeline, use of federal stimulus funds, and a revised FY21 revenue and expenditure picture. General Fund Reserves for FY21 are expected to grow \$1.187 million, including \$140,000 (MA), (\$17,952) (Safe Schools), and \$1.1 million (Unassigned Revenue). The Self-Insured Medical Fund projects a \$1 million loss due to adverse selection combined with employee migration to the lower cost higher deductible plan (perhaps caused to some extent by the 2020 premium increase). Medical procedures that had been delayed due to COVID-19 have contributed toward above average fund expenditures, with 2021 calendar-year claims up 42% from 2020. Eventually, this cost hike needs to be addressed if not seasonally adjusted in 2022.

**Agenda Item 10: Finance Update—Preliminary FY22 Budget:**

Mr. Hein presented the Preliminary FY22 budget discussed during the May 3 School Board Work Session. Key revenue assumptions include loss due to declining K-12 enrollments, increased Special Education funding, and 0% increase in the State's basic funding formula. Key expenditure assumptions include staff reductions due to lower enrollments without a change in the teacher staffing ratios, bargaining unit contract settlements, expiration of Voluntary Pre-K funding, and inflationary increases in Transportation and Utilities. Also built into the preliminary budget model are \$2.55 million in expenditure realignments necessary to maintaining a \$1.1 million structural fund balance. Proposed realignments totaling \$632,500 include reductions in elementary-and middle school-level Education Assistants, and middle school clerical employees and counselors, along with an increase in school nursing costs. How to achieve reduction targets totaling \$796,500 for the high schools and academy will be managed at the school building level rather than the previous practice of dictating reallocations centrally. Proposed realignments among District-wide management and staff totaling \$1.123 million will be made in Special Education, Communications, Finance, Technology, and Human Resources.

Mr. Hein also addressed details related to the federal stimulus funds distributed to cover COVID-19 costs. A listing of the various costs associated with COVID relief funding was provided. The District has received \$3.8 million from the Coronavirus Relief Fund (CRF) and \$3.5 million from CARES 1. \$8.6 million in CARES II funding is pending distribution. The District is tentatively due to receive \$19.4 million from the recently passed federal American Rescue Plan which can be used through October 2024. The Food Service Fund deficit (\$250,000) is currently "on hold" since a plan will be needed once the costs of providing food services are no longer being paid by the federal government. The Community Service Fund is also projected to have a 6% fund balance decline from \$0.8 million to \$0.5 million due to lower enrollment and program participation.

**Agenda Item 11: Adjournment:**

Due to the meeting running over schedule and out of respect for FAC members' time, Dr. Burrage recommended FAC consider adding an additional meeting to address the additional agenda items not yet discussed. A tentative meeting date of May 20, 7:00-8:00 PM, was proposed.

After a proper motion was made and seconded to adjourn our meeting, the meeting was adjourned at 8:16 PM.

**Minutes submitted by Howard Schwartz**