



State of the Budget

Kristen Hoheisel
Chief Financial Officer

November 18, 2024 School Board Business Meeting

Land Acknowledgement

We acknowledge Robbinsdale Area Schools is located on the homelands of the Dakota and Ojibwe people.

We recognize the painful history of genocide and forced assimilation of the Indigenous inhabitants of this land.

We honor and respect the many Indigenous peoples who live on and hold sacred these lands, and we stand with members of these Nations to fight injustice in all of its forms.

We uphold the preservation of Dakota and Ojibwe languages, land based education, and tribal sovereignty.

Mission

*The mission of Robbinsdale Area Schools is to **inspire** and **educate** all learners to develop their **unique potential** and **positively contribute** to their community.*

Compensatory Revenue

Compensatory revenue has previously been used as focal point in prior district budgets to cover specific salaries and benefits.

Reality



In reality, our budget consists of \$20 million in Compensatory revenue and \$180 million of other revenue, for a TOTAL of \$200 million.

Error





2024-25 Planned Reductions (Spring 2024)

ESC Departments	Planned Reduction	Actual Reduction
Administration (ESC)	\$ 973,152	\$784,950
Technology (ESC)	\$ 665,600	\$ 665,600
Communications (ESC)	\$ 84,828	\$ 84,828
Business Services (ESC)	\$ 138,450	\$ 138,450
HR / Nutrition Services (ESC)	\$ 205,174	\$ 72,452
C&I, Enrollment, Assessment (ESC)	\$ 1,706,845	\$ 1,087,000
Community Education (ESC)	\$ 35,079	\$ 10,000



2024-25 Planned Reductions (Spring 2024)

Schools and Other Categories	Projected Reduction	Actual Reduction
School-based Reductions	\$ 11,115,081	\$ 0
Non-Personnel Reductions	\$ 2,450,000	\$400,000

**Total planned
general fund
reduction:**

\$17.4 million

Reality of Planned 2024-25 Reductions

By Category	Projected Reduction	Actual Reduction
School-Based Reductions	\$ 11,115,081	\$ 0
ESC Department Reductions	\$ 3,835,301	\$ 2,843,280
Non-Personnel Reductions	\$ 2,450,000	\$ 400,000
TOTAL	\$17,374,209	\$ 3,243,280

Difference: -\$14,130,929

FY 2024-25: Statutory Operating Debt (SOD)

Moving forward, Rdale entering Statutory Operating Debt (SOD) is likely.

- SOD is when a Minnesota school district's year-end deficit exceeds 2.5% of its annual operating expenses, requiring state corrective action.
- For Rdale, our approximate deficit to be in SOD is \$4.3 million or greater.



FY 2024-25: Statutory Operating Debt (SOD)

What does that mean for Rdale?

- By Jan. 31 of the following fiscal year (2026), the district must develop and approve a Special Operating Plan, then submit it to the Minnesota Department of Education (MDE) for approval.
- The state could monitor district finances more closely to ensure the plan is followed.



First Glance: 2025-26 budget

What is needed to
balance revenues and
expenditures?

➔ **\$19 - \$21 million
shortfall**



Next Steps: 2025-26 Budget

Short Term Solution: Budget Reduction Process

- Review and analyze stakeholder budget reduction data collected last year
- Engage stakeholders in current process
- Prioritize impact of potential reductions
- Inform our board members and school community throughout process



Next: **Long-Range** Community Engaged Planning Process

1. Academic Visioning: What do our students want, need and deserve?
2. Program Audit and Alignment
3. Facility Assessment and Enrollment
4. Repurposing, Renovating, and Potentially Closing Buildings
5. Possible Bond Request



Timeline

Nov. 20, 2024

- Town Hall meeting

December 2024

- Truth in Taxation Hearing

January 2025

- Adopt 2023-24 Audit
- Start developing list of potential reductions for 2025-26

March - April 2025

- Revised 2024-25 budget

March - June

- School board action on proposed reductions
- School board adoption of 2025-2026 preliminary budget





ROBBINSDALE
Area Schools

Questions?

