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Please

Find Your Seat



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FORWARD

Community Advisory Committee

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Mark Schroeder, School Board Member



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Community Advisory Committee

Charge:

- Examine the current situation within GRAS
- Provide feedback, from each individual's perspective, on Grand Rapids Area Schools' public education priorities
- Discuss options for ensuring these priorities can be delivered, cost effectively, for the long-term benefit of all residents

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Meeting 1 Recap:

- Group purpose and dynamics
- District information and community survey data
- Student academic data and opportunities
- Feedback
- Homework: “what should be our district’s priority?”

Meeting 2 Recap:

- Review homework findings
- School Finance in Minnesota
- School Finance in our district
- Homework: “how can we build trust?”

Staff Meeting 3-23-26

- Feedback on the question: “What should be our district’s priority?”
- Review of the community feedback so far

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Meeting 1: School District background and data

Meeting 2: School Finance in Minnesota and in Grand Rapids Area Schools

Meeting 3: District budgeting exercise; priorities exercise

Meeting 4: Consensus workshop to determine priorities and prepare recommendation for the board.

FORWARD Norms

Be Respectful

Be Responsible

Be Safe

Be Kind



BIGFORK HUSKIES

H HONEST	TELL THE TRUTH BE EXCUSE FREE OWN YOUR BEHAVIOR USE YOUR OWN THINGS ASK PERMISSION
O ON IT!	HAVE MATERIALS WITH YOU STAY ON TASK LOOK/LISTEN/PAY ATTENTION
W WILLING	PARTICIPATE TAKE RISKS TRY MISTAKES ARE OK
L LEAD	TREAT OTHERS KINDLY HELP OTHERS USE ENCOURAGING WORDS STAND UP FOR OTHERS WALK AWAY WHEN NEEDED

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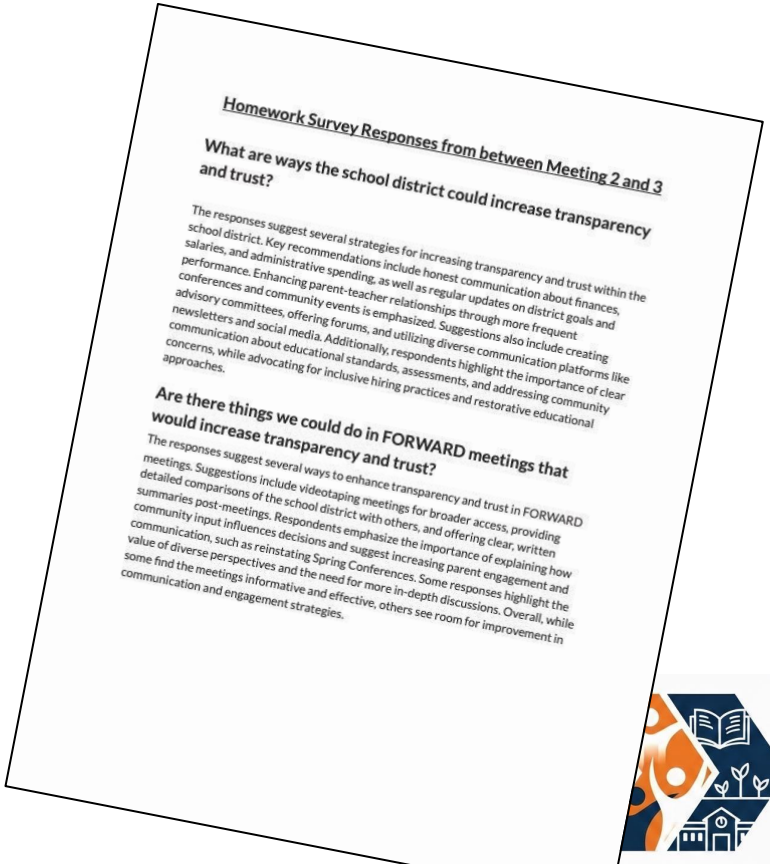
Agenda:

- Review data
- Budgeting exercise and dialogue
- Priorities workshop

Homework survey

What are ways the school district could increase transparency and trust?

Are there things we could do in FORWARD meetings that would increase transparency and trust?



Homework Survey Responses from between Meeting 2 and 3

What are ways the school district could increase transparency and trust?

The responses suggest several strategies for increasing transparency and trust within the school district. Key recommendations include honest communication about finances, salaries, and administrative spending, as well as regular updates on district goals and performance. Enhancing parent-teacher relationships through more frequent conferences and community events is emphasized. Suggestions also include creating advisory committees, offering forums, and utilizing diverse communication platforms like newsletters and social media. Additionally, respondents highlight the importance of clear communication about educational standards, assessments, and addressing community concerns, while advocating for inclusive hiring practices and restorative educational approaches.

Are there things we could do in FORWARD meetings that would increase transparency and trust?

The responses suggest several ways to enhance transparency and trust in FORWARD meetings. Suggestions include videotaping meetings for broader access, providing detailed comparisons of the school district with others, and offering clear, written summaries post-meetings. Respondents emphasize the importance of explaining how community input influences decisions and suggest increasing parent engagement and communication, such as reinstating Spring Conferences. Some responses highlight the value of diverse perspectives and the need for more in-depth discussions. Overall, while some find the meetings informative and effective, others see room for improvement in communication and engagement strategies.

Budget Exercise:

Two learning outcomes:

For us: to get a sense of where this group's priorities are with budgeting.

For you: to get a sense of what budgeting is like for board members.

Budget Exercise:

Caveats and acknowledgements:

- This is an exercise, not reality. Be a good sport (board member :)
- We are time-bound so you will be forced to make quick decisions.
- This isn't intended to be GRAS, but some similar dynamics.
- The amounts you'll see aren't exactly what we would see, but could be typical or proportionate.

Budget Exercise:

XYZ School District:



Aging facilities (roofs, HVAC systems from 1970s-80s)



High schools built for different learning (need modernization)



Rising costs: inflation, mandates, increased student needs



Rural district challenges: geographic spread, heating costs, small staff

Budget Exercise:

Today's Challenge: Build a budget for XYZ while facing constraints and pressures similar to what our board navigates every year.

The Budget Reality:

- **Total Budget:** $35,000,000
- **Already Decided (Locked In):** $22,750,000 (65%)
  - Teacher salaries & contracted raises
  - Employee benefits (required by law/contract)
  - Special education (federal mandate)
  - Transportation, utilities, debt service, fixed costs
- **YOU DECIDE:** $12,250,000 (35%)
- **Your Job:** Allocate the dollars. May not deficit spend.

Budget Exercise:

Process:

1. Find the "**Example Budget Philosophies**" sheet (**blue**). You'll use this as you build your budget. You'll see a handful of typical philosophies as well as one you define yourself.
2. Being handed out - the "**Budget Exercise Worksheet**" (**green**). Using the philosophy your group agrees upon, fill out this worksheet the best you can. Costs associated with different options are listed - you can choose from different categories.

Budget Exercise:

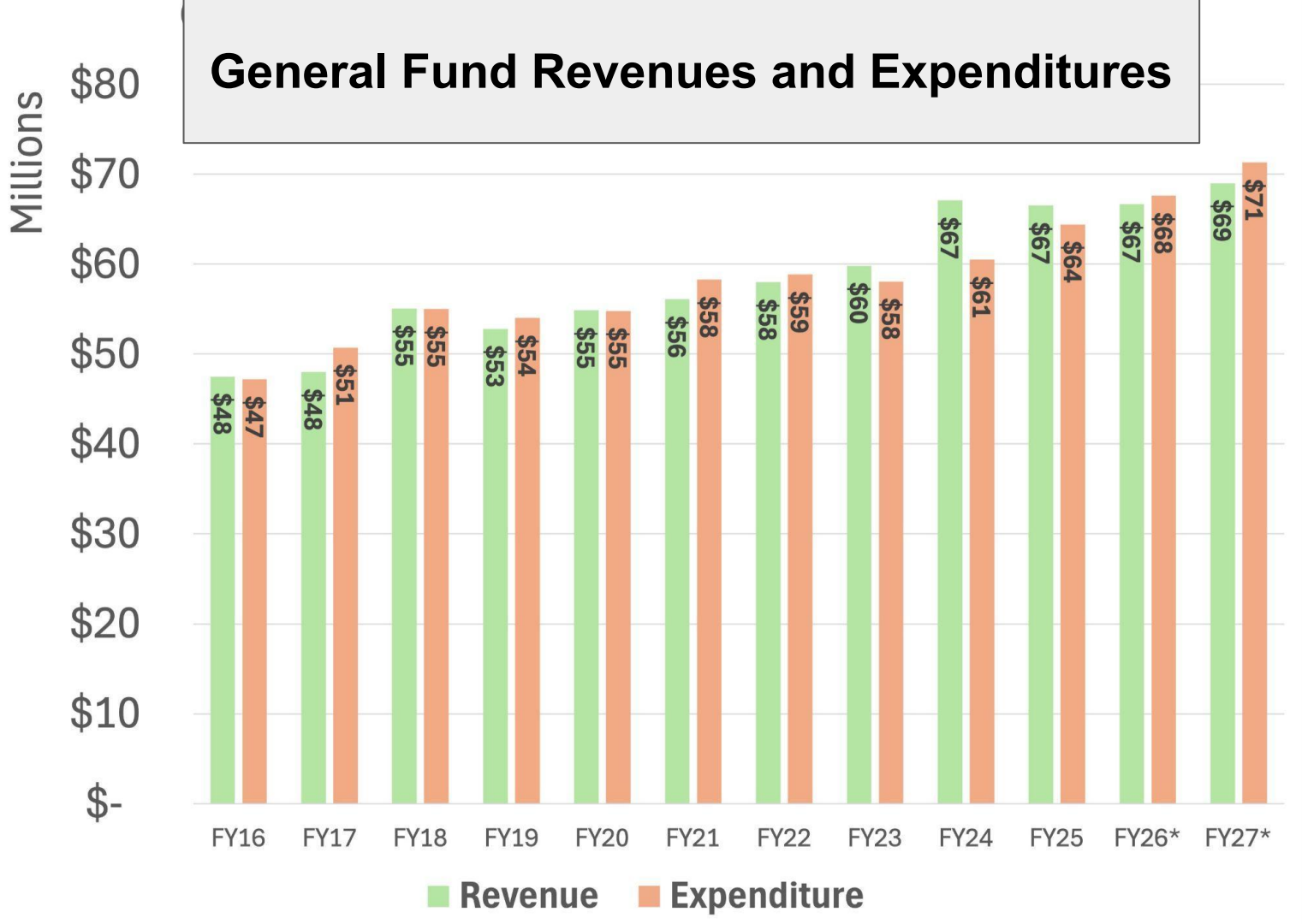
Directions:

1. Check boxes to fund items
2. Must total no more than $12,250,000
3. Work as a team - debate, decide quickly
4. If you finish early, rank your top 3 priorities and discuss your toughest cut
5. You have **10 MINUTES**

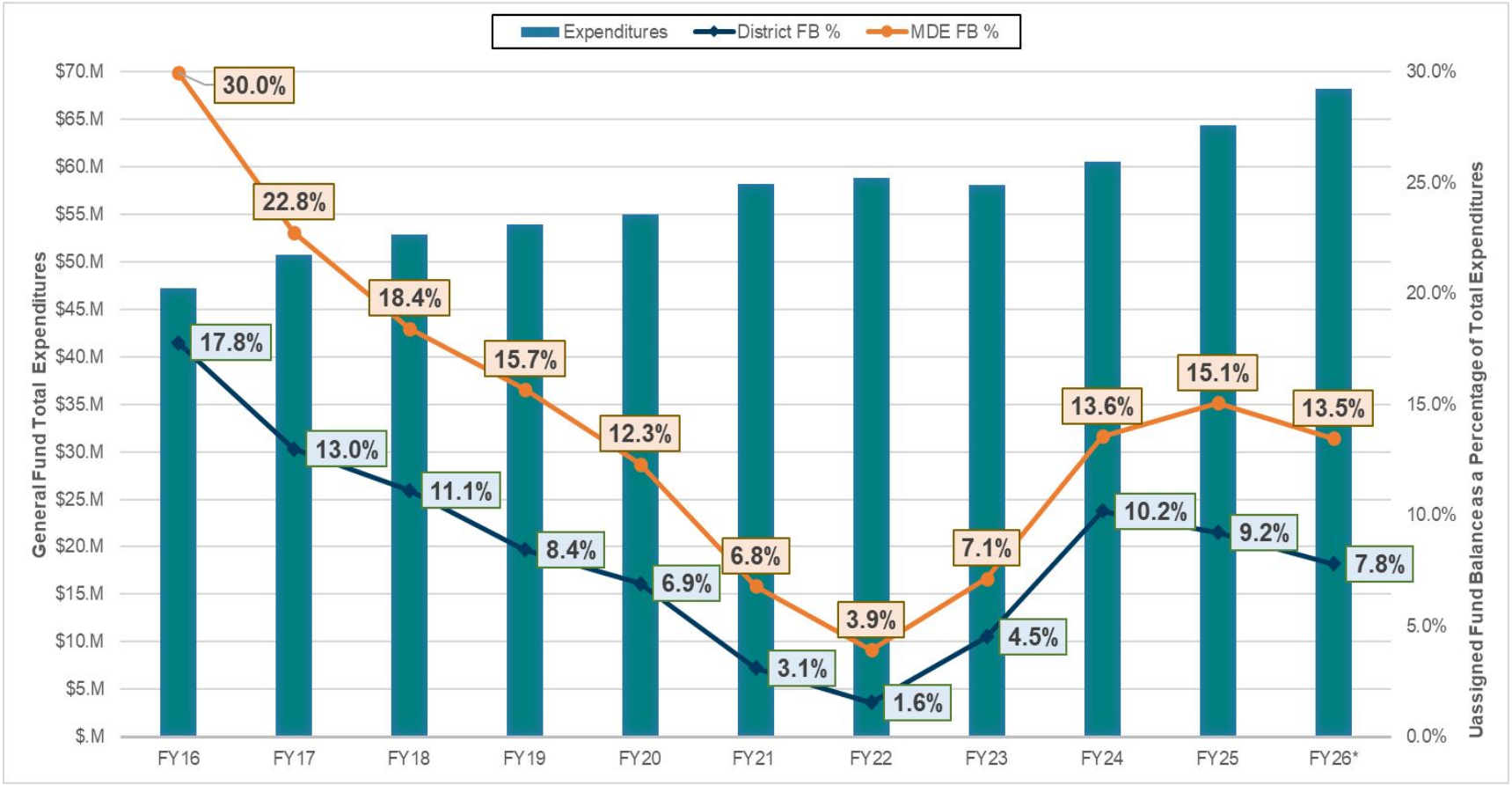
Funding in Grand Rapids Area Schools

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General Fund Revenues and Expenditures



General Fund – Unreserved Fund Balance

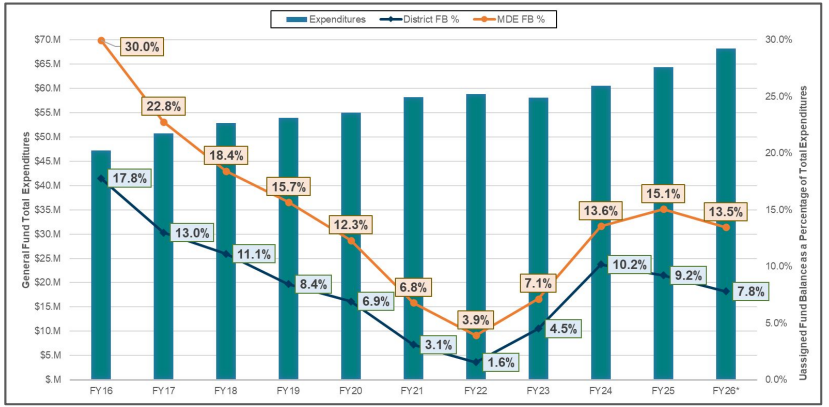


* Budget

General Fund – Unreserved Fund Balance

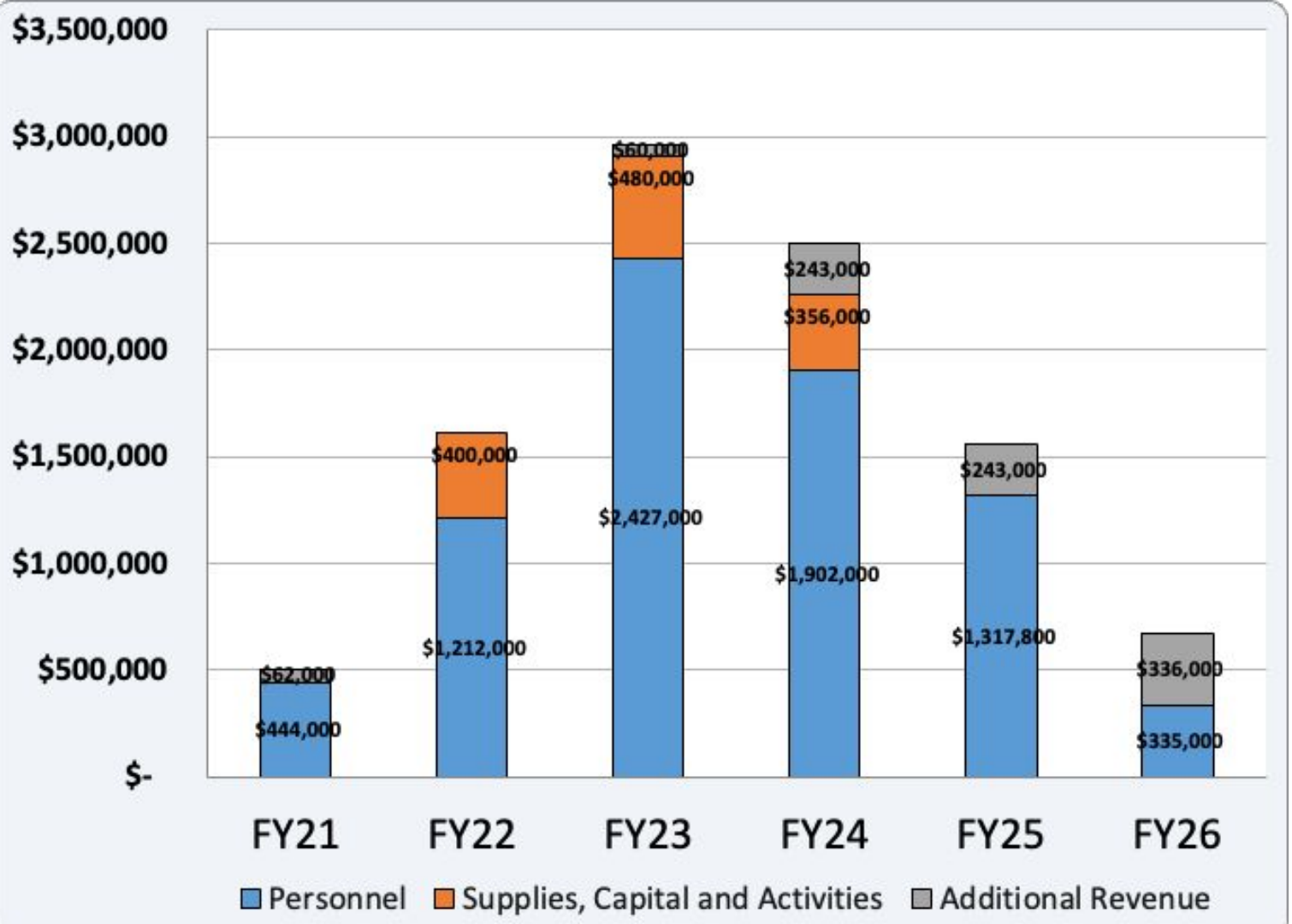
Important things to know about our fund balance:

1. <u>As expenditures go up, it takes a larger percentage to maintain 10%</u>
   a. For example, when our Gen Fund Expenditures were $50 million, it took a $5 million Fund Balance to equal 10%. With a $70 million budget, it takes a $7 million Fund Balance to be at 10%. So, the fund balance needs to grow to just maintain 10%.
2. <u>Our current Fund Balance is what is enabling us to be in a stronger position this spring.</u>
1. <u>Our retiree health care liability affects our Fund Balance</u>.



* Budget

Budget Adjustments/ Reductions FY21-FY26



Budget Reductions/Adjustments FY21 - FY26

	FY21	FY22	FY23	FY24	FY25	FY26	Totals
Personnel	$444,000	$1,212,000	$2,427,000	$1,902,000	$1,317,800	$335,000	**$7,637,800**
Supplies, Capital and Activities		$400,000	$480,000	$356,000			**$1,236,000**
Additional Revenue	$62,000		$60,000	$243,000	$243,000	$336,000	**$944,000**
Total	$506,000	$1,612,000	$2,967,000	$2,501,000	$1,560,800	$671,000	**$9,817,800**
FTEs	4	18.4	29.5	19.3	9.6	3.8	**84.6**

Impact of Budget Adjustments

- Improved Fund Balance from low of ~2% to 9.2%
- Balanced budgets FY23, FY24, FY25
- Standard and Poors (S&P) credit rating and assessment improvement
- Clean audits; not considered a high-risk auditee
- Class sizes: some of the highest in GRAS in decades
- Lost electives and opportunities like foreign language, art
- Reduced access to libraries

Grand Rapids Area Schools: Budget and Planning

Why is this so hard?

Getting revenues and expenses to balance continues to be challenging for us and other districts.

- Enrollment is declining in MN and in GRAS
- State funding has not kept pace with inflation or needs
- We are not funded as well as other districts
- Meanwhile, expenses rise



Steps to Avoid Budget Cuts for Spring 2026

1. Finish the year with a balanced budget for FY25
2. Maintain a fund balance within the school board policy target of 10-15%
3. Make the reductions necessary to balance the budget for FY26
4. Negotiate contracts that are limited to step/experience and lane increases
5. Increase local revenue/levy authority

Expenditures/Revenues

	Actual FY24	Actual FY25	Estimated FY26	DRAFT FY27	
Revenues	$67,081,000	$66,509,000	$66,658,000	$69,010,000	
Expenditures	$60,507,000	$64,407,000	$67,529,000	$71,304,399	
NET	$6,574,000	$2,102,000	-$871,000*	-$2,294,399	
				+$3,400,000	OPEB levy revenue
				=$1,105,601	Positive operating margin
				1.55%	of expenditures

What does this mean?

- **Recommendation: no reduction target for the fall this spring for FY27. GREAT NEWS!**
- **Continue to make budget adjustments as necessary and watch for opportunities to cut expenses => *Resolution***
- **We are not out of the woods.**
  - Budget is based on assumptions
  - The future will bring pressure
  - Expenses will continue to grow
  - State budget is uncertain
  - Enrollment trend is down
  - We are not staffed like we want or programming like we want

Important Legislation

1. **Compensatory Aid Hold Harmless**
   - If current law is allowed to carry forward, our revenue loss will be $1.2 million

1. **Seasonal Recreational Property Tax Base Replacement Aid**
   - Would create equity in tax burden for our residents, who currently shoulder more of the burden in operating referendums.

1. **Maintain Inflationary Factor on the Formula**
   - The inflationary factor was our only per pupil increase last year and probably will be next year.

1. **Maintain Special Education Funding**
   - Current law would allow the state to cut cross-subsidy aid in order to balance the budget.

Budget Exercise:

REALITY CHECK!

1. Handout: Ready your Reality Check scenario.
2. Handout: Complete the Budget Revision Worksheet using your new reality.
3. Be prepared to share out

Budget Exercise:



1. What was your reality check?

2. Your #1 original priority

3. Your biggest cut in the revision

4. How did it feel?

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Community Advisory Committee

-BREAK-

Budget Exercise:

Some Key Takeaways:

✅ **A portion of the budget is untouchable -** locked before any decisions
✅ **Every 'yes' requires multiple 'no's' -** funding is finite
✅ **Circumstances change constantly -** budgets aren't static
✅ **All needs are legitimate -** nobody was wrong today
✅ **Reserves save you -** those who built them adapted better
✅ **Rural district costs are real -** geography, climate, scale matter
✅ **Stakeholder pressure is intense -** everyone has legitimate demands
✅ **Others?**

Budget Exercise:

In Real Life:

- ➔ Board does this every year with the best projections we have
- ➔ Union negotiations happen simultaneously
- ➔ State aid isn't finalized until AFTER budget deadline in June
- ➔ Federal grants come and go unpredictably
- ➔ Legislation can disrupt plans
- ➔ You're accountable to voters in the next election
- ➔ News travels fast, and sometimes it isn’t factual

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Priorities: Consensus Workshop!



Next Steps & Homework

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Next Steps

- Meeting #4: April 23 @ 6:00
  - Resolve, Reflect, Recommend

- Look for Community ThoughtExchange link - participate and encourage others to participate!

- Before you go -

