

## **Special Meeting**

Thursday, February 29, 2024 7:30 PM

ECC 350, 5701 Normandale Road, Edina, MN 55424

I. **Determination of Quorum and Call to Order**

II. **Approval of Agenda**



DEFINING EXCELLENCE

**School Board Special Meeting  
Thursday, February 29, 2024; 7:30 PM  
ECC Room 350**

- I. Determination of Quorum and Call to Order**
- II. Approval of Agenda**
- III. Discussion**
  - A. Preliminary Cost Containment Recommendations - Fiscal Year 2025  
**Description:** The District administration's revenue and expenditure assumptions for the 2024-2025 school year are estimated to result in the District's unassigned fund balance being below the minimum level required by Board policy. In order to adhere to policy and maintain the District's long-term financial stability, the District administration recommends containing costs in the amount of \$3,620,000.  
**Presenter(s):** Mert Woodard, Director of Finance and Operations
- IV. Leadership Updates**
- V. Adjournment**

### **III. Discussion**

III.A. Preliminary Cost Containment  
Recommendations - Fiscal Year 2025



**Board Meeting Date:** 2/29/2024

**Title:** Preliminary Cost Containment Recommendations – Fiscal Year 2025

**Type:** Discussion

**Presenter(s):** Mert Woodard, Director, Finance & Operations

**Description:** The District administration's revenue and expenditure assumptions for the 2024-2025 school year are estimated to result in the District's unassigned fund balance being below the minimum level required by Board policy. In order to adhere to policy and maintain the District's long-term financial stability, the District administration recommends containing costs in the amount of \$3,620,000.

The District has engaged in the Budget Reduction, Reallocation, and Revenue Generation process (BRRRG) and has sought feedback from stakeholders through a variety of platforms, including, but not limited to: Finance & Facilities Committee meetings, "town hall" meetings at school sites, a live-streamed virtual town hall meeting, district-wide leadership meetings, cabinet level meetings, and community surveys.

The District's recommended cost containment measures are enclosed for the Board's consideration. The administration is confident that the recommendations will allow the District to maintain its tradition of excellence while also ensuring long-term financial sustainability.

**Recommendation:** There is no recommended action. The administration will formally seek action and approval of its recommendations at the March 4, 2024 Regular Meeting.

**Desired Outcomes from the Board:** Review the administration's preliminary cost containment recommendations and provide feedback and guidance.

**Attachments:**

1. Cost Containment – 2024-25 School Year

**Independent School District No. 273 - Edina Public Schools**  
**Fiscal Year 2025 Cost Containment Recommendations**  
**Date - February 29, 2024**

Containment	Category	Options		
		A	A-1	B (Dismissed)
Administrative Staff Adjustment	Budget Reducton	\$ 243,450	\$ 243,450	\$ 243,450
Business Services Staff Adjustment	Budget Reducton	90,600	90,600	90,600
Multilingual and Achievement & Integration Reorganization	Reallocation	7,300	7,300	7,300
School Board & Superintendent Office Non-Salary Pause	Budget Reducton	150,000	150,000	150,000
Curriculum Capital Deferral	Budget Reducton	100,000	100,000	100,000
Buildings & Grounds, Transportation Capital Deferral	Budget Reducton	275,000	275,000	245,000
Other Financing Sources	Reallocation	-	800,000	-
School Site Capital Deferral	Budget Reducton	260,000	260,000	260,000
Professional Development Adjustment	Budget Reducton	50,000	50,000	50,000
Medical Bill Reconciliation	Revenue Generation	48,615	48,615	48,615
Student Support Personnel Aid	Revenue Generation	161,019	161,019	161,019
Athletic Event Ticket Fee Adjustment	Revenue Generation	47,000	47,000	23,000
Athletics and Activities Participation Fee Adjustment	Revenue Generation	40,255	40,255	27,000
High School Parking Fees (+\$150)	Revenue Generation	49,500	49,500	49,500
Elementary Specialist Rotation Adjustment	Budget Reducton	-	-	483,800
Licensed Media Specialists	Budget Reducton	532,637	177,546	-
Licensed School Nurse Adjustment	Budget Reducton	451,200	118,364	532,637
Counseling Extra Duty Day Adjustment	Budget Reducton	73,975	73,975	73,975
Transportation Staff Adjustment	Budget Reducton	77,750	77,750	77,750
Student Support and Related Service Adjustment	Budget Reducton	300,000	150,000	300,000
Class-Size Midpoint Open Enrollment	Revenue Generation	215,000	215,000	215,000
Talent Development Licensed Staff Adjustment	Budget Reducton	177,546	177,546	177,546
Elementary School Licensed FTE Efficiency	Budget Reducton	118,364	118,364	118,364
Middle School Licensed FTE Efficiency	Budget Reducton	189,382	189,382	189,382
<b>Total</b>		<b>\$ 3,658,593</b>	<b>\$ 3,620,666</b>	<b>\$ 3,623,938</b>

**Options:**

**A** - Includes an adjustment of 4.50 FTE Media Specialists, 4.00 FTE LSN, \$300,000 in Student Support Services.

**A-1** - Includes an adjustment of 1.50 FTE Media Specialists, 1.00 FTE LSN, \$150,000 in Student Support Services - use of \$800,000 of other financing sources to meet cost containment target.

**Fees** - Both options A and A-1 include increases of \$3 per adult athletic ticket to \$10 per and a 10% increase to student athletics participation fees.

**Other Financing Sources** - Refers to the use of fund balance or the issuance of capital notes to further defer or reallocate expenditures out of the unassigned portion of the General Fund.

**B** - Option B was dismissed by the School Board at the February 20, 2024 Work Session.



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# SCHOOL BOARD SPECIAL MEETING

*February 29, 2024*

## Review of Cost Containment Recommendations

# Work Session Recommendations

School Board Feedback from February 20, 2024 Work Session:

- Dismiss the District administration's proposed Option B
- Adjust the District administration's proposed Option A:
  - Adjustment to Media Specialist staff of 1.50 FTE instead of 4.50 FTE
  - Adjustment to Licensed School Nurse staff of 1.00 FTE instead of 4.00 FTE
  - Adjustment to Student Support Services of \$150,000 instead of \$300,000
- Board alternative, "Option A-1", leaves the District short of its cost containment target by ~\$800,000
  - Would require an additional \$1,800,000-2,000,000 of containment for fiscal year 2026

# Cost Containment Options

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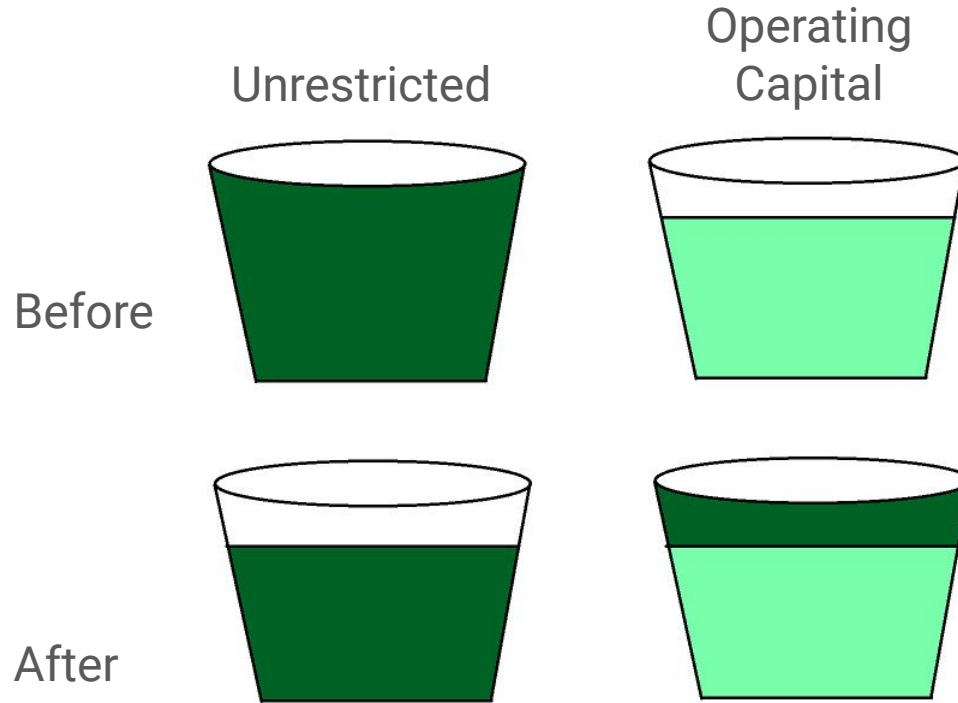
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# Capital Note Strategy

- The District finances the majority of its non-technology capital needs from ongoing Operating Capital revenue.
  - The District uses most of its Operating Capital for major purchases including textbooks/curriculum, buses, vehicles, and other equipment.
- The District still pays for items that are eligible for Operating Capital use out of its *unrestricted funds* - Budget of \$2,324,545 in fiscal year 2024.
- The issuance of a capital note pursuant to state statute and District strategy would provide additional short-term Operating Capital capacity to pay for items that are in the unrestricted portion of the budget, thus creating space in the General Fund for one-time use.

# Capital Note Strategy Illustration



# Strategy Limitations

- The District has limited yearly Operating Capital authority against which it can borrow.
- The District owns its own Transportation operation and will continue to have recurring purchases of buses and other vehicles
  - Long-term, Operating Capital use should remain almost exclusively with Transportation, Buildings & Grounds, and Teaching & Learning

# Next Steps

- The District administration will seek Board action at the March 4, 2024 Regular Meeting to formally approve either Option A or Option A-1.
- Upon approval, the administration will begin budgeting activities.

**IV. Leadership Updates**

**V. Adjournment**