

Our Community. Our Schools.

Which Path Forward?



Community Forum

- Today's Topic: **Operating Levy 2021 & Exploration of School Finances**
- Forum is being livestreamed on YouTube
- Written questions focused on today's topic may be submitted from members in the audience



Always Begin with the WHY

OUR STUDENTS

Providing quality learning experiences so each of our students has the greatest possibility of reaching their individual potential in life.



Current Situation: Which Path Forward?

Our District is facing a future with structural budget deficits

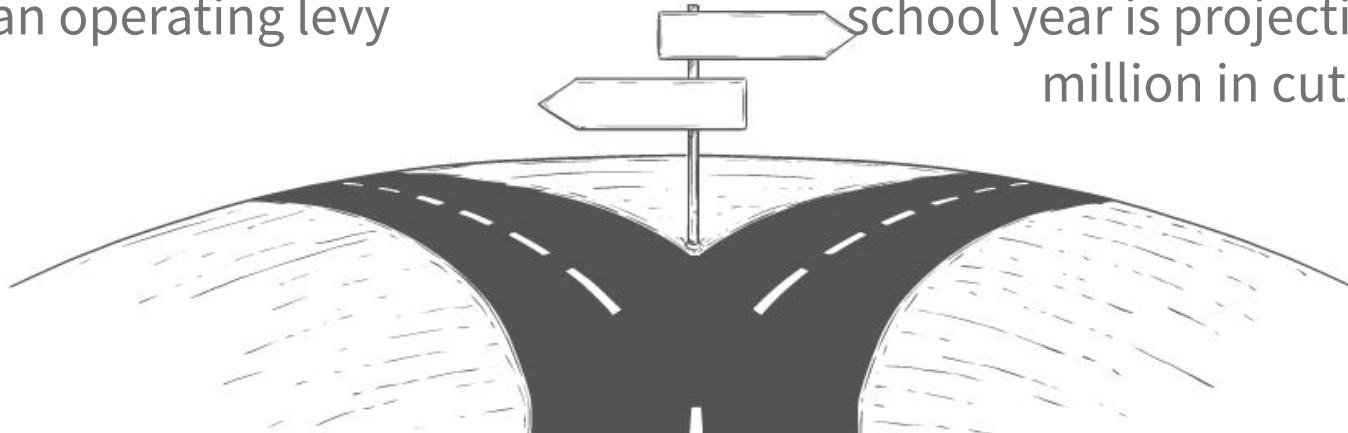
**Increase ongoing
annual operating revenue**

Only viable option to do this is
an operating levy

**Make large budget cuts every
few years**

-OR-

For example, the 2023/24
school year is projecting \$5.082
million in cuts

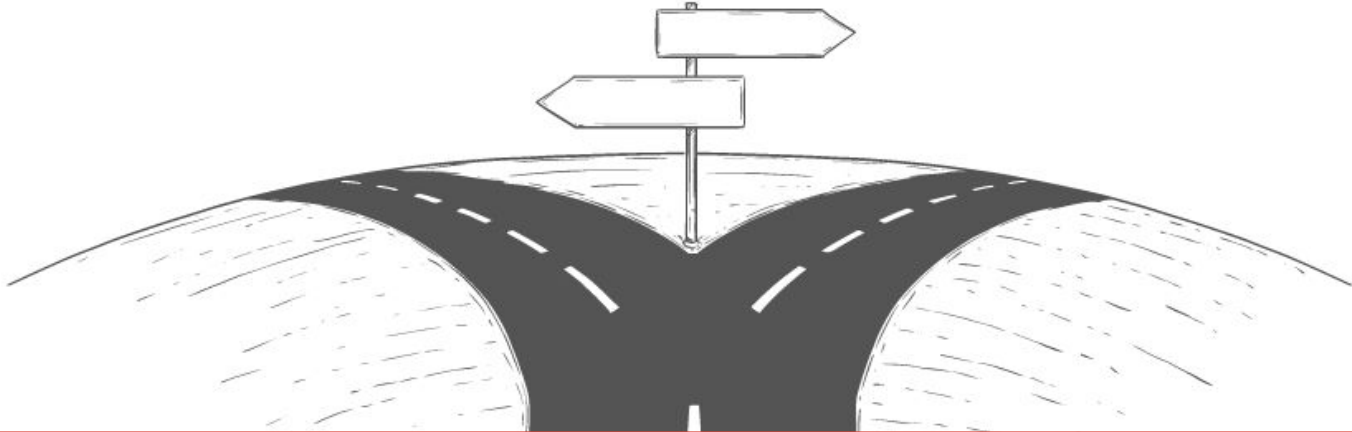


Which Path Forward?

**Voter approved
operating levy**

-OR-

**More budget
cuts**



Changes in District Leadership

The Past

Rapid depletion
of fund balance

The vast majority of funds
were spent on providing
services to our students

May 2017 - May 2020

6 finance directors
6 superintendents

Now

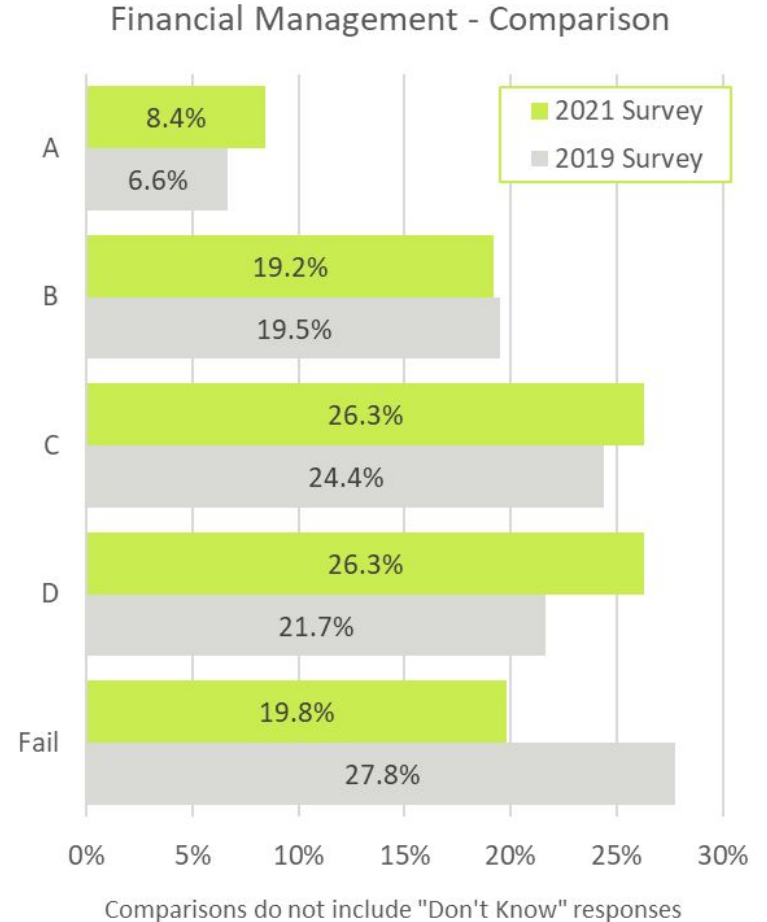
All 7 current school board
members began serving
after June 2018

Superintendent
Mike Redmond
hired November 1, 2018

Director of Finance &
Operations Bill Menozzi
hired January 1, 2020

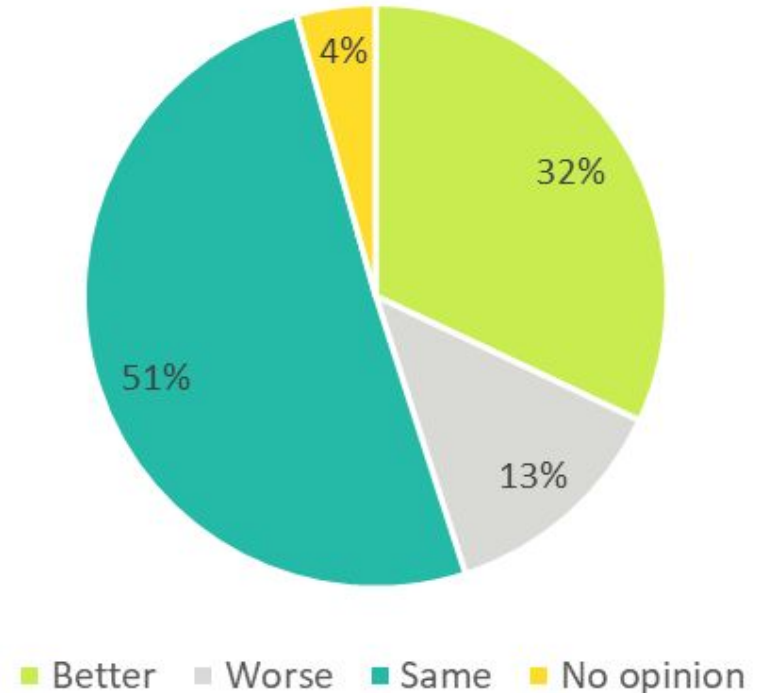
Community Survey: Financial Management

- Grades improved since 2019 survey
- Fewer failing grades; slightly more A grades



Community Survey: Financial Management Opinion

- 32% said their opinion was improving over past 12 months



Financial Leadership: Director of Finance & Operations

Bill Menozzi

- Certified Administrator of School Finance & Operations (SFO)
- 13+ years of school finance experience
- Deloitte audit segment
- MASBO, ASBO International
- Wife Greta, Tommy (9), Lauren (7)
- Proud hockey, baseball, football and softball coach



Finance & Operations Team

The Department is responsible for the fiscal components of our school district such as:

- Accounts payable & receivable
- Payroll
- Purchasing
- Budgeting
- Student accounting
- District transportation
- District facilities
- Food & nutrition services

**Director of
Finance &
Operations**



**Fiscal Services
Supervisor**



Kris Kratz

Accounting



Matt Timm

Payroll



Mike Greeley

Payroll



Steve Haefs

**Accounts
Payable**



Alissa Ebnetter

**Accounting &
facilities, District
Transportation**



Annie Barron

Buildings & Grounds



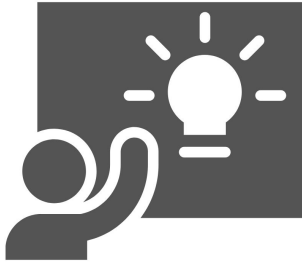
Ed Zeimet

**Food &
Nutrition**



Deb Ross-Coen

School District Finance Financial Management Overview



All enrollment and budgetary decisions at Shakopee Public Schools seek to continue to support the mission of educating lifelong learners to succeed in a diverse world.

All enrollment and budgetary decisions are vetted through the lens of keeping expenditures and taxpayer burden to a minimum, while investing in the goals of academic excellence.

Finance Department Vision & Goals

Committed to
consistency, transparency,
timely and reliable
financial reporting and
communication.

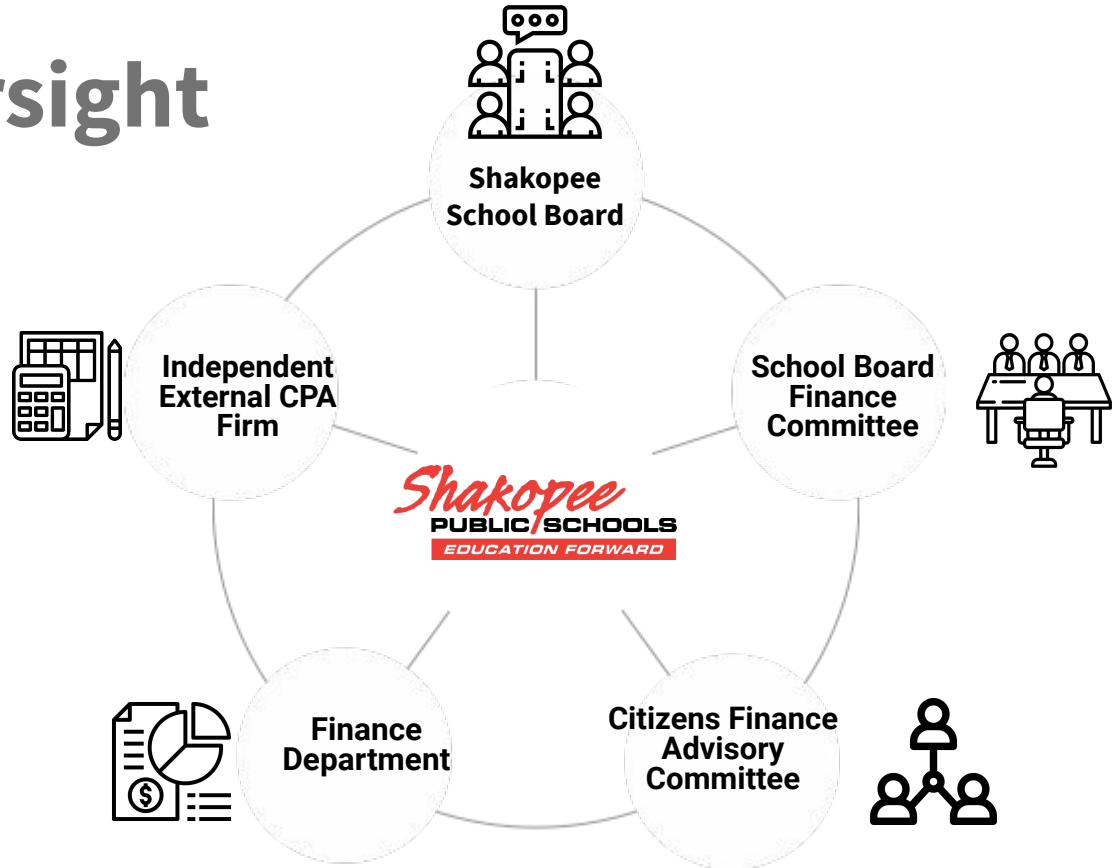


Received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials International for our Certified Annual Financial Report for the year ended June 30, 2020.

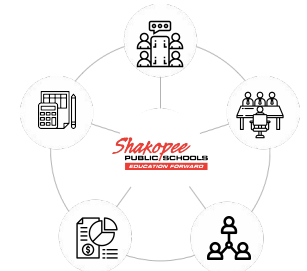
Less than 10% of school districts in Minnesota receive award.

The District intends to submit the necessary reports to be eligible for this award again for the year ended June 30, 2021.

Financial Oversight in Shakopee



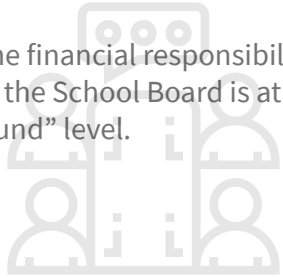
Financial Oversight in Shakopee



School Board Shakopee Public Schools

Provides leadership to the community on behalf of the school district.

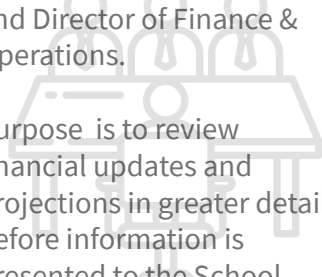
The financial responsibility of the School Board is at the “fund” level.



School Board Finance Committee

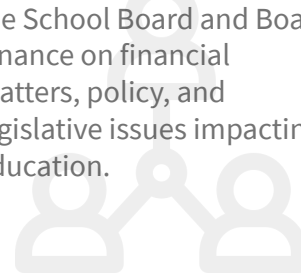
Committee of 3 School Board members, Superintendent, Assistant Superintendent and Director of Finance & Operations.

Purpose is to review financial updates and projections in greater detail before information is presented to the School Board as a whole.



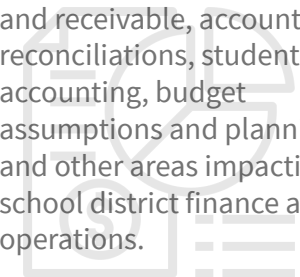
Citizens Finance Advisory Committee (CFAC)

Independent community members who function as an advisory committee to the School Board and Board Finance on financial matters, policy, and legislative issues impacting education.

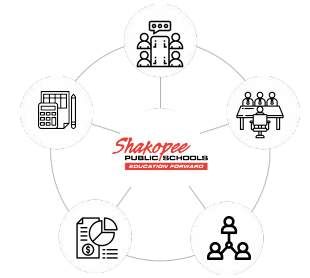


School District Finance Department

School District employees working in the areas of payroll, accounts payable and receivable, account reconciliations, student accounting, budget assumptions and planning, and other areas impacting school district finance and operations.



Citizens Finance Advisory Committee



10 Members

Jackie Haremza | RSM US LLP | National Finance Director

Adam Johnson | Scott County CDA | Finance Director

Steve Jones | Principal Financial Analyst | Scott County

Tim Palya | Vomela Specialty Co. | Controller

Lindsey Puffer | Hometown Bank | Vice President

Joe Witt | Minnesota Bankers Association | President/CEO

Mike Warmka

District: Assistant Superintendent, Dave Orlowsky; School Board

Treasurer & CFO of ECA Marketing, Joe Aldrich; and Director of

Finance, Bill Menozzi

Focus

Financial policies & procedures

Community sounding board & communications link
between the School Board/business & residential
communities

Short- and long-range financial planning

Examination of local, state and federal revenue sources

Local, state and national analysis in finance and
economic conditions

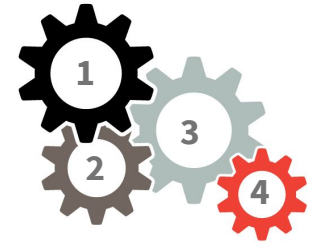
Legislative issues impacting education

Review District's Comprehensive Annual Financial Report

Financial Oversight in Shakopee

The budget in Shakopee Public Schools is a continuous **four-step process**.

Each step requires School Board approval and is open for public inspection and comment



SCHOOL YEAR A						SCHOOL YEAR B					
JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
School Board Finance Committee Monthly Meeting											
CFAC		CFAC		CFAC		CFAC		CFAC		CFAC	
		Property Tax Levy and Truth in Taxation Meeting									
Adopted Budget											
					Revised Budget						
			Annual Financial Report & Fiscal Audit								

Operating Budget

Approximately 60% of operating budget is spent on teacher salary and benefits. Another **20%** is spent on other **staff**, those providing services to our students and community.



Operating Budget: Financial Projections

	2021-22 PROJECTED	2022-23 PROJECTED	2023-24 PROJECTED	2024-25 PROJECTED	2025-26 PROJECTED
E-12 LEGISLATIVE BUDGET AGREEMENT & NO RESTORATION					
STATE AID ASSUMPTION	2.45%	2.00%	1.25%	1.25%	1.25%
GENERAL FUND REVENUES	100,001,312	102,329,510	100,558,039	101,424,894	102,200,350
GENERAL FUND EXPENDITURES	98,595,426	100,980,998	103,428,541	105,940,007	110,061,993
SPENDING VARIANCE	1,405,886	1,348,512	(2,870,502)	(4,515,113)	(7,861,643)
E-12 LEGISLATIVE BUDGET AGREEMENT & RESTORATION OF SOME BUDGET CUTS					
STATE AID ASSUMPTION	2.45%	2.00%	1.25%	1.25%	1.25%
GENERAL FUND REVENUES	100,001,312	102,329,510	100,558,039	101,424,894	102,200,350
GENERAL FUND EXPENDITURES	98,595,426	104,642,005	107,199,378	109,823,969	114,062,474
UNASSIGNED FUND BALANCE	0	0	313,724	313,724	313,724
SPENDING VARIANCE	1,405,886	(2,312,495)	(6,955,063)	(8,712,799)	(12,175,848)

Expenditure Analysis

Student Based

Other

000-199	Administration & District Support Services
200-299	Regular Instruction
300-399	Vocational Instruction
400-499	Special Education Instruction
600-699	Instructional Support Services
700-799	Pupil Support Services
800-899	Sites, Buildings, Equipment
900-999	Fiscal & Other

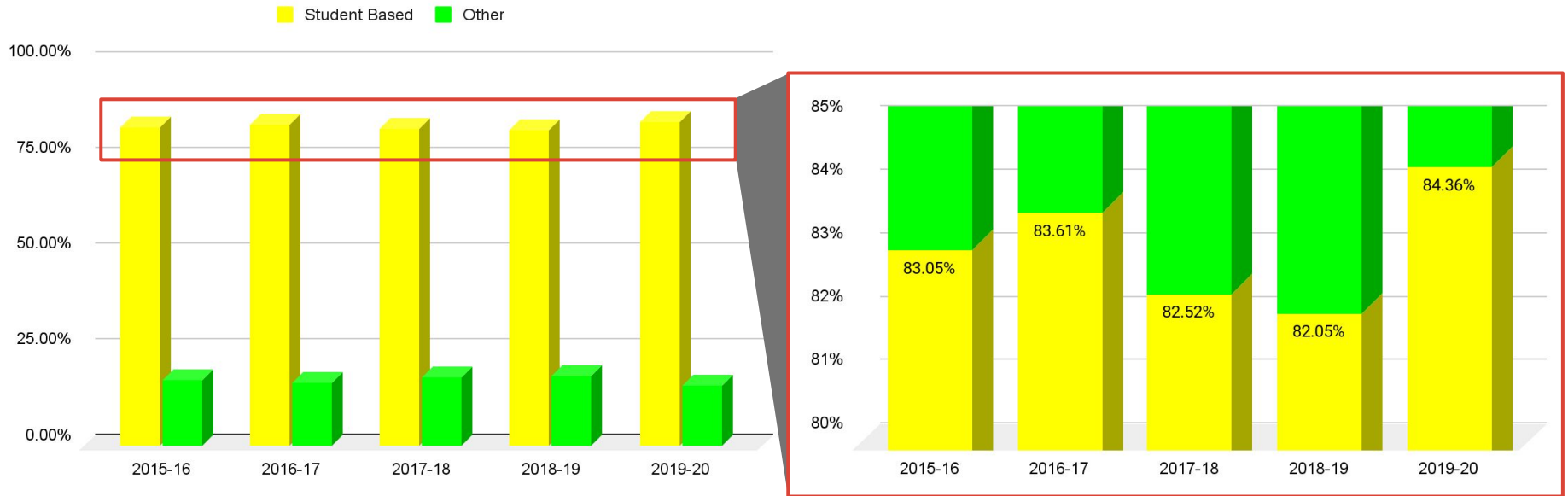
Source: Minnesota Funding Reports (MFR) MN Dept. of Education

Expenditure History

		ISD 720 2015-16	ISD 720 2016-17	ISD 720 2017-18	ISD 720 2018-19	ISD 720 2019-20
	Student Based	83.05%	83.61%	82.52%	82.05%	84.36%
	Other	16.95%	16.36%	17.68%	17.95%	15.64%
000-199	Administration & District Support Services	8.90%	8.41%	8.18%	7.68%	8.09%
200-299	Regular Instruction	46.14%	44.51%	44.42%	43.68%	43.85%
300-399	Vocational Instruction	0.84%	0.93%	0.68%	0.90%	0.95%
400-499	Special Education Instruction	19.36%	19.66%	19.26%	18.87%	19.54%
600-699	Instructional Support Services	8.53%	10.39%	9.77%	10.00%	11.10%
700-799	Pupil Support Services	8.17%	8.12%	8.39%	8.61%	8.93%
800-899	Sites, Buildings, Equipment	6.68%	6.67%	8.19%	9.01%	6.12%
900-999	Fiscal & Other	1.37%	1.29%	1.31%	1.25%	1.43%
Totals		100%	100%	100%	100%	100%

Source: Minnesota Funding Reports (MFR) MN Dept. of Education

Expenditure History



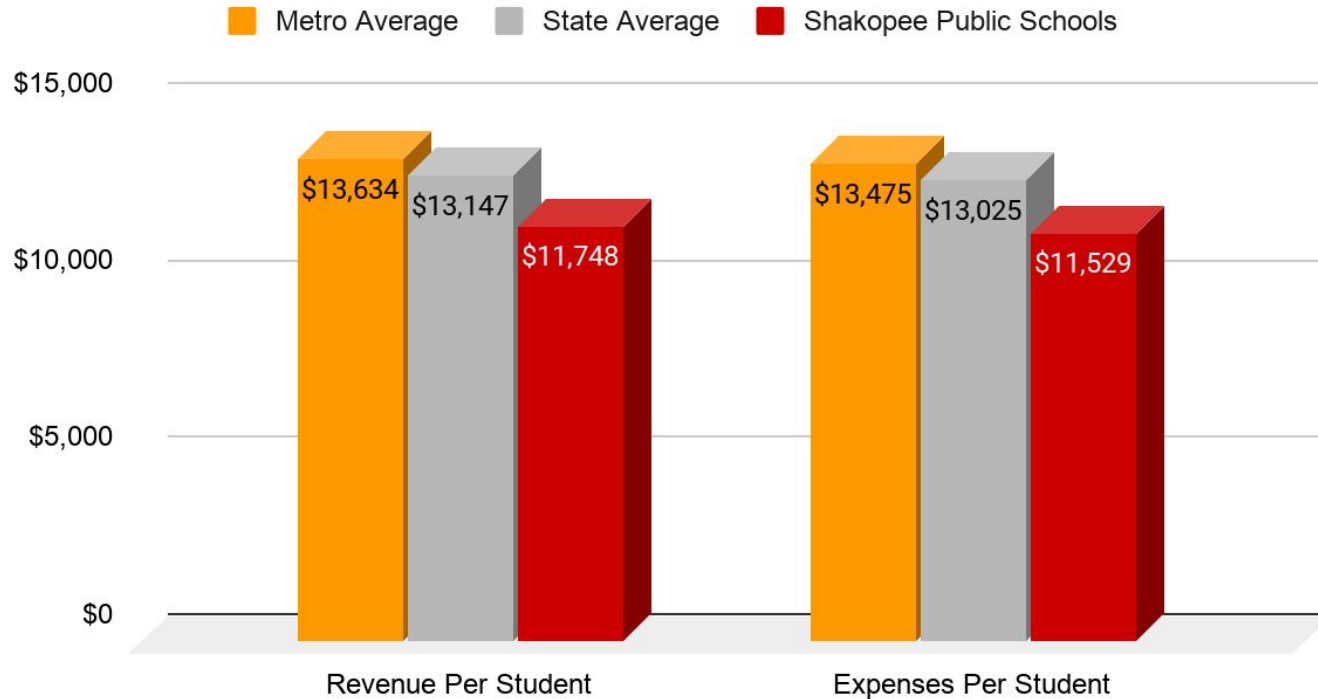
Source: Minnesota Funding Reports (MFR) MN Dept. of Education

Goal: 85%

Student Based Expenditures-District Comparison

	STUDENT BASED	OTHER
BLOOMINGTON	84.55%	15.45%
SHAKOPEE	84.36%	15.64%
ISD 191	82.45%	17.55%
ISD 196	82.02%	17.98%
FARMINGTON	82.00%	18.00%
ECC	81.97%	18.03%
LAKEVILLE	81.97%	18.03%
EDEN PRAIRIE	81.65%	18.35%
MINNETONKA	81.38%	18.62%
HOPKINS	80.49%	19.51%
PRIOR LAKE	80.08%	19.92%
EDINA	79.67%	20.33%

Comparison of Revenue & Expenses



Source: Bergen KDV,
District Audit 2019 Report
provided on November 23,
2020

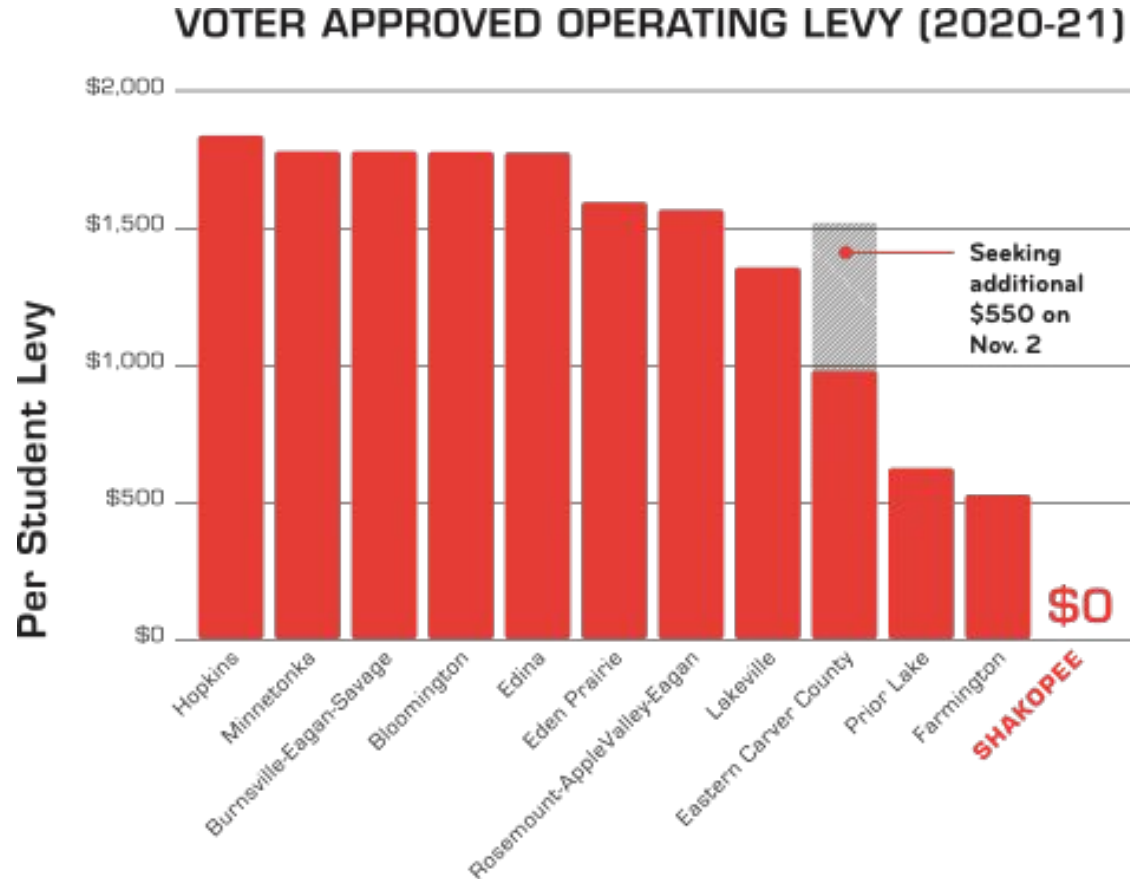
Value for Money

Prior to making \$7.5 million in budget cuts, Shakopee Public Schools was receiving **\$15.7 M per year less in revenue** than the metro average shown on the previous slide.

Though **spending over \$1900 less than the metro average per student**, our district was competing quite well in terms of providing services to our students and community.

Comparison of Revenue & Expenses

- Shakopee is the only metro school district without a voter approved operating levy
- Metro average = \$1,267 per pupil, per year
- If Shakopee had metro average operating levy = **\$11.03M revenue per year**

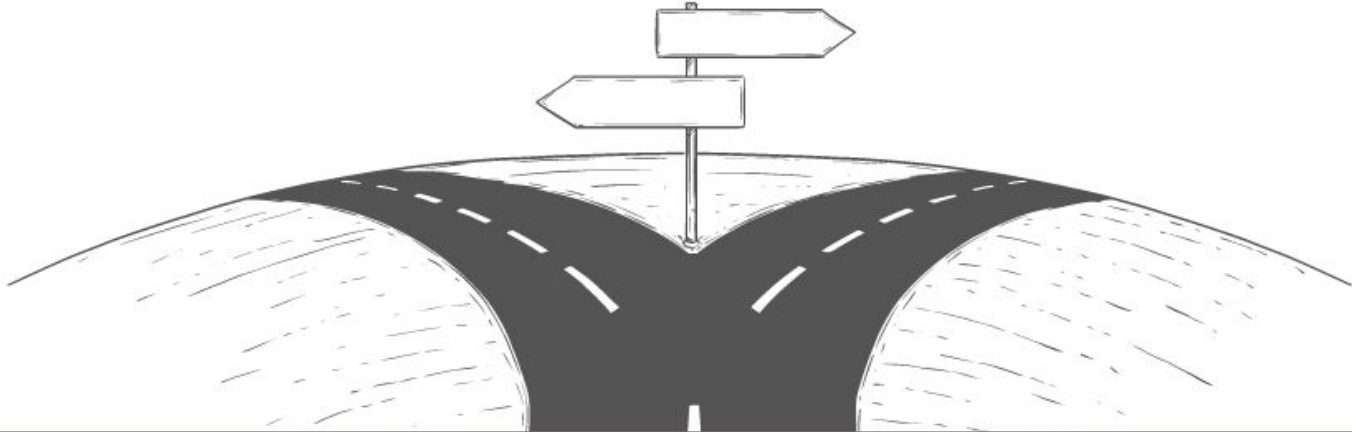


Which Path Forward?

**Voter approved
operating levy**

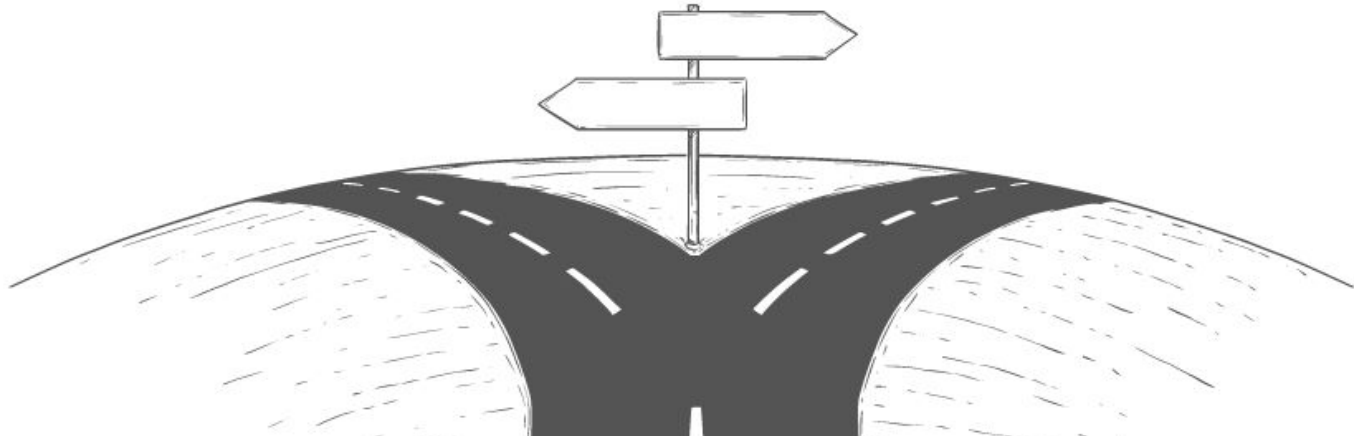
-OR-

**More budget
cuts**



Levy Path

Voters Approve an Operating Levy



Levy Path: Voters Approve an Operating Levy Question #1

YES or NO

Shall the increase in the revenue proposed by the Board be approved?

\$866 per pupil generates \$7,537,951 in annual operating revenue

SCHOOL DISTRICT QUESTION ONE

APPROVAL OF SCHOOL DISTRICT REFERENDUM REVENUE AUTHORIZATION

The Board of Independent School District No. 720, Shakopee, has proposed to increase its referendum revenue authorization by \$866.00 per pupil. The amount shall increase annually by the rate of inflation. The proposed referendum revenue authorization would be effective beginning with taxes payable in 2022 and would be applicable for ten (10) years unless otherwise revoked or reduced as provided by law.

Shall the increase in the revenue proposed by the Board of Independent School District No. 720 be approved?

YES NO

BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

Generates...

\$409
of taxes
on a home

\$866
of funding
per student



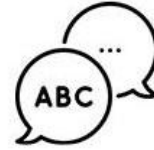
On Average Priced Shakopee
home of \$317,000

Levy Path:

Question #1 Detail

- Eliminates projected structural budget deficits (FY24, FY25, and FY26)
- [Restoration of some of the budget cuts](#)
 - Classroom teachers
 - Counselors
 - Services closest to student learning

NOTE: \$1,949,150 of the \$5.4 million in cuts remain permanent budget cuts



Restore over 43 Teachers,
2 Counselors and
2 Paraprofessionals



Restore class size
targets to same as
2020-21 school year



Eliminate projected
structural budget
deficits



Restore 5th Grade band, College
in the Schools/Concurrent
Enrollment Courses and ACT
student fee payments

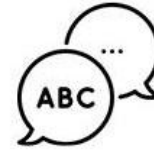
Levy Path:

Question #1 Detail

Restoration of some of the \$5.4 million in budget cuts:

- Restore class size targets (same as 20-21 school year) **\$2,533,100 in teacher FTE**
 - 5th grade band-- **1.25 FTE \$91,250**
 - 2.0 FTE EL teachers **\$146,000**
 - 2.5 FTE High Potential Teachers **\$182,500**
 - High School: 2.0 FTE Counselors **\$146,000**
 - Middle Schools: 2.0 FTE Intervention Paraprofessionals **\$66,000**
 - West: Security/Greeter position **\$20,000**
 - Elementary Schools: 3.0 FTE Intervention Teachers **\$201,000**
 - ACT student fee payments **\$25,000**
 - College in the Schools/Concurrent Enrollment Courses **\$40,000**
- TOTAL \$3,450,850**

NOTE: \$1,949,150 of the \$5.4 million in cuts remain permanent budget cuts



Restore over 43 Teachers,
2 Counselors and
2 Paraprofessionals



Restore class size
targets to same as
2020-21 school year



Eliminate projected
structural budget
deficits



Restore 5th Grade band, College
in the Schools/Concurrent
Enrollment Courses and ACT
student fee payments

Levy Path: Voters Approve an Operating Levy - Question #2

YES or NO

Shall the increase in the revenue proposed by the Board be approved?

\$400 per pupil generates \$3,481,655 in annual operating revenue

SCHOOL DISTRICT QUESTION TWO

APPROVAL OF ADDITIONAL SCHOOL DISTRICT REFERENDUM REVENUE AUTHORIZATION

The Board of Independent School District No. 720, Shakopee, has proposed to increase its referendum revenue authorization by an additional \$400.00 per pupil. The amount shall increase annually by the rate of inflation. The proposed referendum revenue authorization would be effective beginning with taxes payable in 2022 and would be applicable for ten (10) years unless otherwise revoked or reduced as provided by law.

Provided that Ballot Question No. 1 is approved, shall the increase in the revenue proposed by the Board of Independent School District No. 720 be approved?

YES NO

BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

Levy Path:

Question #2 Detail

Improve compensation of teachers and support staff moving towards mid-range of comparable districts

- **ESTIMATED COST: At least 60% of Question 2 revenue (Minimum = \$2,088,993)**

Make additional improvements to class size targets to reach metro average (ECSU)

- **ESTIMATED COST: \$540,000**

Increased fine arts and activities offerings

- **ESTIMATED COST: \$200,000**

Shorten walking distances for grades 9-12 to 1.5 miles

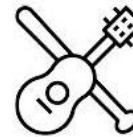
- **ESTIMATED COST: \$360,000**



Make additional improvements to class size targets



Shorten walking distances for grades 9 – 12 to 1.5 miles



Increase fine arts and activities offerings



Improve compensation of teachers and support staff moving towards mid-range of comparable districts

Levy Path: Two Ballot Questions

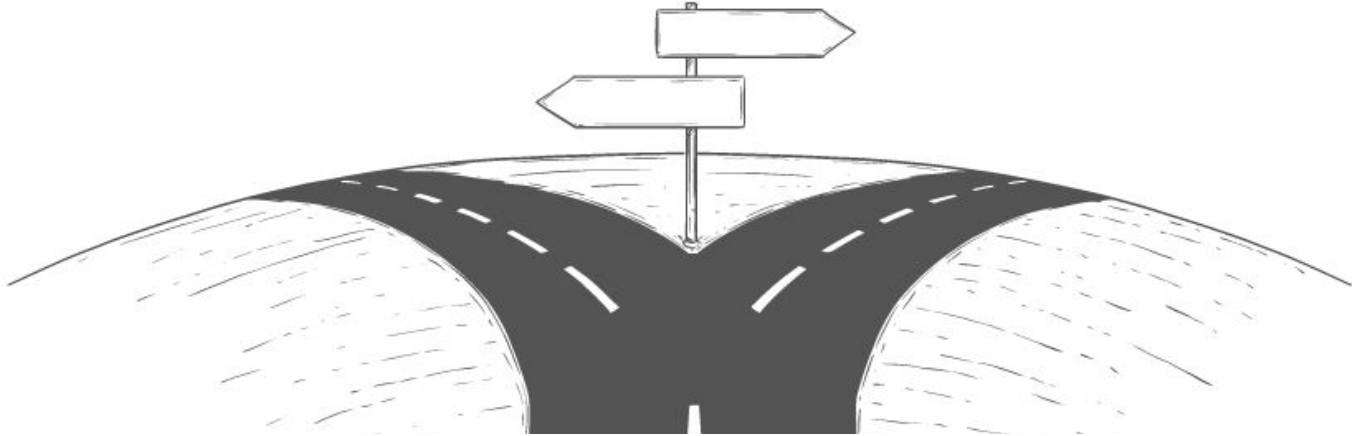
Question #1 **must pass** for
Question #2 to pass

Question #1 **can pass**
independently of Question #2



Budget Cuts Path

Voters Fail to Approve an Operating Levy



Budget Cuts Path

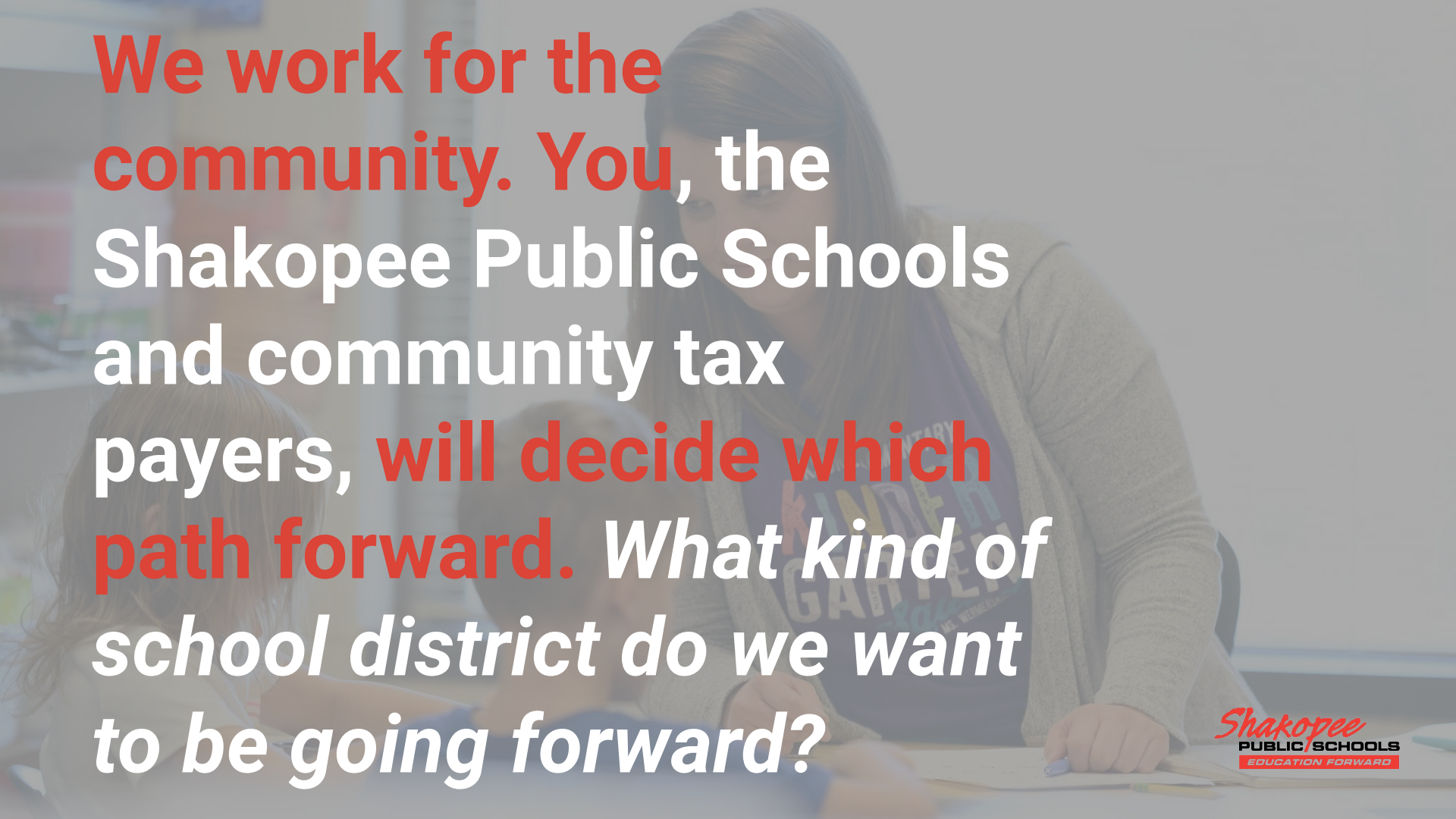
- X \$5,082,419 in budget cuts prior to the 2023-24 school year
- X Additional class size target increases
 - X Further teacher cuts
 - 60% of cuts = 40.65 Full Time Employees in 2023-24***
- X A 'double share' of budget cuts for athletics & activities
- X Restructuring & elimination of programs
- X Alterations of school schedules
- X Proportional cuts across the entire district
- X Longer student walking distances at elementary and middle schools (*high school is already at maximum allowed*)

2021 Special Election Important Dates

*Next Community Forum: September 21
6:30-8pm, Thrust Stage, Shakopee High School*

- **September 17: Absentee Voting Begins**
Voter Registration Applications: Due 20 days prior to election or must handle on November 2, 2021 at West Middle School
- **November 1: Absentee Ballots Due**
- **November 2: Special Election Day**
 - West Middle School
 - 7am - 8pm



A teacher with long dark hair, wearing a grey cardigan over a blue t-shirt, is leaning over a desk. She is looking down at a student's work. There are other students at the desk, their heads visible in the foreground. The background is a classroom setting with bookshelves.

We work for the community. You, the Shakopee Public Schools and community tax payers, will decide which path forward. What kind of school district do we want to be going forward?

Community Member Questions





GENERAL
EDUCATION
AID 