

https://www.grandrapidsmn.com/news/why-is-isd-318-asking-for-local-investment-now/article_623f4752-5d4f-11ee-ac37-2b09f5965171.html

FEATURED

Why is ISD 318 asking for local investment now?

Staff Report Herald Review
Sep 28, 2023

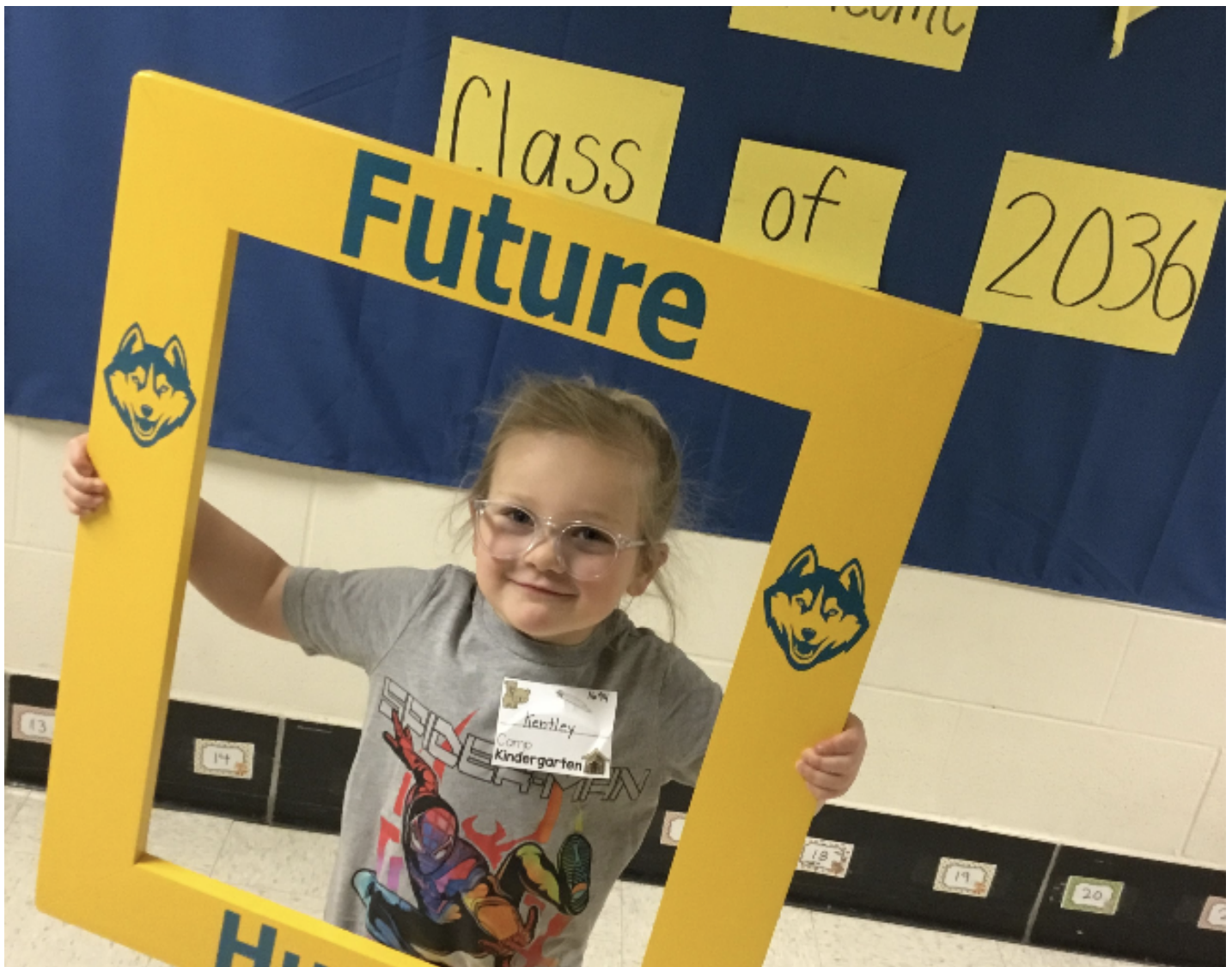


Photo courtesy of ISD 318's website.



Grand Rapids school district, ISD 318, is facing financial challenges. To help balance their budget, the district is asking for local support. Many people are asking, why now?

At a learning lunch on Sept. 21, Grose commented, “I didn’t come here to be the superintendent of an okay district or a good district. I came here to be the superintendent of an excellent one.”

ISD 318 is one of the largest employers in the county with around 600 people serving the local school district, including the 318 Administrative Office, Grand Rapids High School, Robert J. Elkington Middle School, as well as East and West Elementary Schools, Cohasset Elementary, ALC, and Bigfork Public School. The district is also responsible for education at the juvenile center in partnership with North Homes as well as a 18-21 year old transition program for special needs students in partnerships with MDI. The district has about a million square feet to take care of, which is about the size of Delaware.

ISD 318’s general fund, or operating budget was \$58 million dollars in FY ‘22, equal to the past year. Kara Lundin, the Business Manager for ISD 318, stated that most of the funding comes from the state and the remainder is received from the federal government, a portion from local property taxes, and associated school fees and tuition.

For the last several years, ISD 318 has been able to supplement their budget with money received from the American Rescue Plan (ARP), but that will come to an end in 2024. Lundin commented on the complexity of school funding in Minnesota, “State funding should cover approximately 75%, that’s normally the standard. But because of the pandemic... COVID AARP money has come in. Our school district got approximately \$11 million and we have until Sept. 2024 to spend, we have about \$4.5 million left to spend. That [AARP money] is helping us with the number of cuts that we’ve had to make.”



At the County Board meeting on Tuesday, Sept. 19, Lundin and Grose explained that in 2003, a state policy change “decoupled” funding for schools that was tied to the inflation rate, leading to approximately \$5 million dollars less per year for the district for the last 20 years, despite the rise in inflation.

Making cuts

Over the last four years, in order to control the budget, the district has been forced to reduce their budget. They’ve cut \$7.4 million which is about 13% or 70 positions they have cut across all levels.

Grose said, “The cuts that we’ve made over the last four years... we’ve been trying to take care of our business. It wouldn’t be fair to come to the community for an ask unless we were doing everything we could to make sure our budget was tight. That we’ve made reductions that we felt like we could, that we’ve taken care of some things. One of the things we did in the last negotiating cycle- all 600 employees moved to a high deductible health plan. It’s not something our employees were excited about but it was a change we had to make.”

He also mentioned the changes that have come with unemployment, mentioning bus drivers, cooks, and paras who will earn unemployment in the summer, which has never happened before. While the state set aside one-time money to help cover those costs, it will be up to the district to pay for that. Lundin mentioned that the estimate for the summer was \$400,000.

The money that the district is allowed to spend is bucketed and restricted. The district will get money they are able to spend in certain categories and aren’t able to spend elsewhere. Lundin commented that the state did give the district a 4% increase in the formula this upcoming year and 2% in the year after that, which could be up to 3% depending on inflation. “4% is unprecedented, it’s never been that much,” Lundin said. She said the 4% is about \$2 million and \$2 million of \$60 “is not a big percent.”



When questioned about their reserves, Lundin said they have 7% of their unreserved fund balance, which equated to less than one payroll's worth.

Grose commented that they also haven't just cut teachers, they've cut programs as well: art in elementary schools, foreign language at the high school, they have pushed off buying buses. "This isn't a long term strategy, this is a one-time strategy." They have decided to start charging groups to use their facilities, which they haven't done in the past. Class sizes are up and some classes even had to have desks removed in order to fit the amount of students in the classroom.

"We're still doing amazing things for kids. It's just what we're doing is ten times harder," Grose commented.

While ISD 318 is a big operation, Grose mentioned they aren't like a big company because they don't have control on the revenue side of the ledger. "We can't create more kids. We have no control over what passes out of the state. The third tool we have to balance our budget is to cut."

What about the land?

The community has brought up the land parcels that ISD 318 owns and has questioned why the district can't sell and use the money as a source of cash.

Grose replied to these concerns at the learning lunch. He said that most of their property list is either property that schools are physically on or adjacent to. He continued, "There's a handful that we've already sold or that we've eliminated." They sold the Forest Lake Property. Murphy was sold a few years ago to Kootasca with an agreement that ISD 318 keeps 10 years of 2200 square feet of leased space for free. They are open to selling other properties up near S. lake and Effie. The property up by Wabana is used for forestry programs and recreation.



A piece of land in La Prairie that splits ISD 318 and ISD 314 could potentially hold a regional vocational center to prepare students for future trades, Grose stated. “Land is an asset and land is tough to come by... and when we think about the future, which is a part of our jobs as administrators and leaders, we have to think about what’s possible on property like that.”

He wrapped up the discussion about parcels, “But at the end of the day, even with that, a one-time sale doesn’t fix a structural balance problem... We have a structural problem. We’ve cut 70 staff, we’ve cut half of our system principals, we’ve cut teachers, we’ve lost student support positions. The cuts have come from everywhere.”

Operating levy

70% of school districts in the state receive a local operating levy from the public. ISD 318 is part of the 30% that does not. Other schools in Itasca County do receive a taxpayer operating levy, ultimately meaning those districts are able to spend hundreds, and in some cases, thousands of dollars per pupil toward their education.

Grose commented that of the 30% of the districts that don’t have operating referendums, “almost every single one is in outstate Minnesota.” He said one of the issues is that an operating referendum only taxes residents and cities like Bloomington don't have many tax seasonal, recreational property, unlike Itasca County.

After the public poll in June, Grose said that most of Itasca’s residents identified a lack of funding as one of the biggest problems ISD 318 was facing. After the survey and feedback, the district took the information and came up with a referendum plan.

Because of the bucketed spending and restrictions on the federal money the school district receives, Lundin said that’s why the ask is not straightforward, “It’s a little complicated because of how the taxing system works and how the funding system

works.”

The referendum plan identified three priorities: the first is financial stability– stop cutting. Grose said, “We cannot cut our way to excellence.” The second priority is to restore some things that they’ve lost, restore some programming and put high value things back. The third priority is advancing excellence.

The November Referendum

The district will present voters with three ballot questions on Nov. 7, 2023.

A \$1,100 per pupil operating levy that would provide an additional \$4.6 million per year

A \$2.5 million annual capital projects levy

A \$300 per pupil operating levy that would provide an additional \$1.2 million per year.

Question Two can only pass if Question One passes.

Question Three can only pass if Question One and Question Two also pass.

Each levy would be in place for seven years if approved by voters. Questions One and Three can be renewed by the school board after seven years.

Their plan, The November Referendum, aligns with the priorities.

Question 1: How to stop cutting? The \$1,100 per pupil operating levy would enable the district to quit cutting. This operating levy only affects residents, businesses, and homeowners.



Question 2: How to restore programming? The capital projects levy is structured differently that includes seasonal recreational people. Grose commented that the survey showed that community members thought that everybody “should have some skin in the game,” that seasonal people should have some kind of contribution as well. And so, the district put that in. Grose said, “There’s a limit to how much we could make because it’s revenue replacement... because of the buckets talked about... the same money we buy buses (just an example, technology could be another example) with we pay for people with, this is a capital project. It would enable us to buy buses out of capital projects revenue, which means it would free up the money that we’re currently buying buses with to restore programming.

Question 3: How to advance excellence? The operating levy would be applied only to residents.

Again they are contingent on each other. For instance, you cannot effectively vote for question three without voting yes to question one and two.

If the referendum passes, the budget would be stabilized and Grose said that Plan B would mean more cuts. “It’s either we have more revenue or we make more cuts. Those are the only two tools in the toolbox.”

How to vote

Grose said, “People have decisions to make,” and he commented on the scale that each community member has– how much do we as individuals want to support our community versus how can we pay our grocery bills– there’s going to be a slider on a scale for each person.

To learn more about the potential tax impact on citizens of Itasca County, the school district listed a website for anyone to calculate the tax increase for your property at WeAre318.org.



Early voting has started. Every Monday from 8 a.m. - 4:30 p.m. you can vote at the Itasca County Elections Office. Thursdays you can vote at the Reif Performing Arts Center from 3-7 p.m. And on Monday, Oct. 16 from 2:30 - 7p.m. you can vote at the Edge Center for the Arts in Bigfork. There's no mail-in option unless you request an absentee ballot.

Lundin confirmed that the county is assisting with the election as well, two county people and two district people will be there to ensure that everything is done correctly. They are hoping to know the night of Nov. 7, 2023.

When questioned at the end of the learning lesson with, why now? Grose explained the fund balance shortage and that they didn't ask before they needed to ask, "We're asking for it right when we needed to."

