

Steamboat Springs Education Fund Board

May 6, 2020

5:30PM

Zoom virtual meeting

Education Fund Board Directors participating included Sam Jones, Cristina Magill, Norbert Turek, Kandise Gilbertson, Jon Wade, Jim Beers, Jeanne Mackowski, Jill Brabec and Julie Tourigny. Adam Alspach was absent. Also in attendance were Linda Thomas (SSEF accountant); Jenny Maxwell (GC); Tim Miles, Jay Hamric, Mark Rydberg, Brad Meeks, Katy Lee (SSSD); Kelly Latterman (Jr. Achievement and SSSD); Brandon LaChance (NRCCS); Michael Girodo (MVMCS); Christy Sinner (HSD); and Rim Watson (Soroco). Sarah Katherman prepared the minutes.

- **Call to Order:**

Sam Jones called the meeting of the Steamboat Springs Education Fund Board to order at 5:30 PM.

- **Public and Advisory Board Comment**

No comments.

- **Meeting Minutes – April 1, 2020:**

MOTION

Cristina moved to approve the EFB meeting minutes cited above, as written. Jim seconded the motion. The motion carried unanimously.

- **Financial Report**

Linda reviewed the financial reports included in the meeting materials. She reported that the April revenue (sales taxes from February) came in 7.5% over forecast, but with the impacts of the COVID-19 pandemic, the revenues from March through the end of the fiscal year, at least, will certainly be significantly lower than forecast. She noted that the current estimated reserve balance at fiscal year-end is \$1,091,788 but that this amount assumes that the remaining months' receipts are the same as last year – which they won't be. The amount remaining to be paid on this year's grants is approximately \$1,814,000. Linda confirmed that at this point the fund is around \$172,000 short of being able to meet its current obligations. She said that she expects that this amount will be covered by the May and June receipts (sales taxes paid in March and April). Sam stated that this year's grants will be paid, but the cash reserves will be minimal.

- **Budget Discussion**

Sam reviewed the City's expected sales tax revenues for the remainder of the year. He said that the City is now anticipating a 31%+ reduction for March revenues, compared with 2019. Only a few weeks ago the City was estimating an 11% reduction. There was a discussion of the construction and real estate markets, as well as other relevant economic data. Mark Rydberg discussed the potential reduction in per pupil funding (ppf) from the State. He said that the maximum reduction that could apply to SSSD is 17.5% (which would amount to a \$4 million hit, without taking into account the possible reduction in enrollment). He said that SSSD is preparing for a 10 – 15% cut in ppf. He added that the impact will be felt 3 – 4 years into the future. Christy said that she is expecting to have to cut 2 – 3 people from her staff, no matter the level of ppf cut.

Jill emphasized that as a flow-through entity, the focus of the SSEF must be on covering current liabilities. Sam offered that without more data, it would be impossible to make a rational guess regarding the impact to the fund over the coming year. Cristina agreed. She added that the SSEF would also need to establish a payment policy regarding grants, in the event that revenues do not meet the budget. She said that it would not be fair to pay grants on a first-come, first-served basis. Sam suggested that the award letters (grant contracts) would have to be amended to include language stating that granted amounts would be paid subject to the availability of funds at the time. Norbert offered that the choice is between setting an estimated budget with the risk of running out of money and setting the budget very low for this year. Mark said the real question is not about April, but rather December and whether the ski area will be open. He discussed the ability of SSSD to absorb a certain level of uncertainty that the smaller districts may not be able to tolerate. He also reviewed the schedule of contracts, budgeting, etc. Michael said that an estimate of the worst case scenario would be useful. He said that a 15% cut would mean a reduction in staff of 3 or 4 people at MVMCS.

Sam offered a process to handle a shortfall in funding would be like the rescission process in reverse. Mark proposed that if the SSEF was unable to pay the full amount of a grant on time, it could cover the grant payment with future revenues. There was consensus on the EFB that the SSEF should limit payment to the funds received within the fiscal year, and that it would be preferable to set the budget very low than to enter into an IOU situation. Following a discussion regarding the need for more data on which to base a forecast and set the budget, Sam proposed that the EFB meet again in two weeks (May 20th).

Jenny noted the tight schedule. She proposed that once the budget was set and the allocation model was mapped onto it, it might be better to skip the previously proposed breakdown by the districts into categories of spending. The EFB agreed that the districts could simply receive block grants and inform the SSEF how the money was spent through the accountability report process. Mark said that the districts could probably provide the percentage breakdown into broad categories in advance. Rim said that Soroco is committed to using all the funds for student-facing salaries.

It was decided that a sub-committee of Jill, Jeanne, Sam, Cristina, Jon and Linda would work on gathering data to be used to set a budget. The districts will work together on their own estimates and provide numbers to the EFB within the next week or so.

Jill noted that the EFB would still need a recommendation from the GC. The EFB will meet in June to approve the final grants budget. Jenny said that the GC would meet following the May 20th EFB meeting to determine Community Group Grants. Mark noted that some community group programs may not be supported by the districts at all next year. Sam requested that the districts provide information regarding the community group programs by next week. Any change to the allocation model would require EFB approval.

- **May 20 meeting**

Set the budget and determine allocations for the districts and the community groups.

The EFB meeting adjourned at 7:30 p.m.