

# Math and Science Academy

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## Memorandum

To: MSA Community

From: Cody Schniepp, Treasurer, and the MSA Finance Committee

### Expansion Information:

Over the last few months our Board of Directors have been talking a lot about the need for expansion. Earlier this month we had a meeting to look over different options for expansion. These options included renovations to our current site, purchasing a new site and building a new school, purchasing a building ready for use, and a merger with another school.

Some members of the community have voiced concerns about our financial health related to the idea of expansion. Some feel these expansion discussions have come out of the blue and are a sign of financial issues we are facing. We do need to expand to address budget shortcoming, but these issues are not new, and this expansion has been part of our plan for many years. We started discussion about expansion back before Covid hit but had to put them on pause during the pandemic to focus on helping our school transition into distance learning and then safely returning to campus.

The reason for expansion is tied to our funding from the State. We get funding based on the number of students we have each year. This amount increases 2% each year, but most of the time our costs increase more than the 2%. Because our costs increase more than the funding increases, each year we must have more students to help balance the budget. We can do this because of an accounting and finance concept called "Economics of Scale". This basically means that while we need to hire more teachers to take in a cohort of new students, many of our other costs do not increase dramatically with these additional students, leaving funds available to cover the rising costs.

MSA has been adding students each year since its inception. When I started as a 6<sup>th</sup> grader in 2001, we had 1 building and around 250 students, which grew to around 350 when I graduated in 2008. We now have 4 buildings and no room to fit more students. In order to keep taking in more students to keep our budget balanced, we need more space, which is why our expansion committee has brought forth these options to give us more space.

If anyone has any questions, they can reach out to me at [codyschniepp@mnmsa.org](mailto:codyschniepp@mnmsa.org) or Mr. Vetsch at [rvetsch@mnmsa.org](mailto:rvetsch@mnmsa.org).