



Budget Update

Updates for Schools
2024 - 2025 School Year



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Sources of District General Fund Revenue

- **State of Minnesota**

General fund formula (\$7,281 per pupil in 2024-25)

Categorical Aid allocated for specific purposes

Partial reimbursement for Special Education

- **Local**

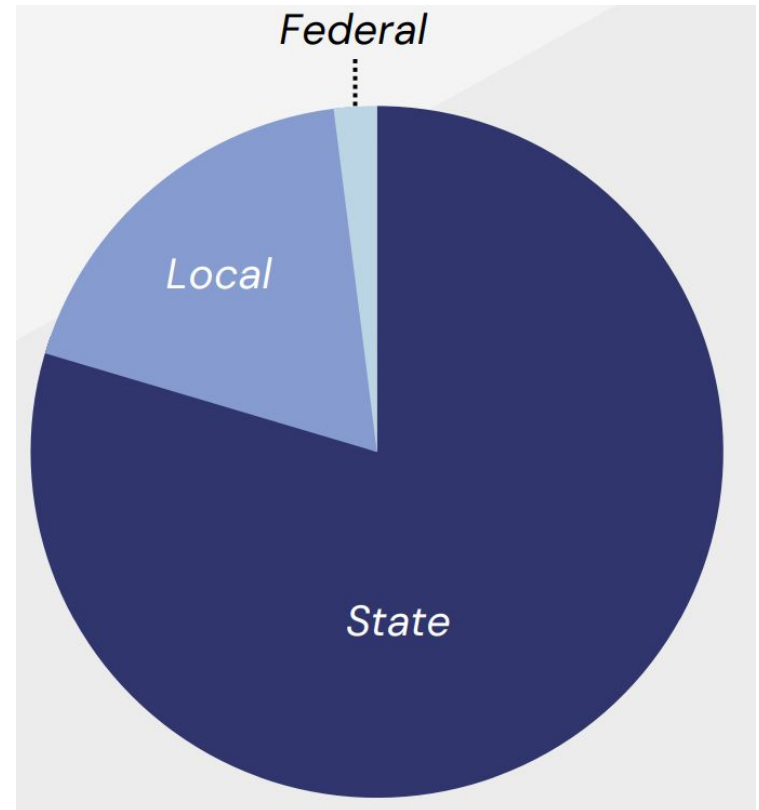
Property Taxes

Voter Approved Referendum

- **Federal Government**

Dollars flow through from State

Every Student Succeeds Act & Individual with Disabilities Act



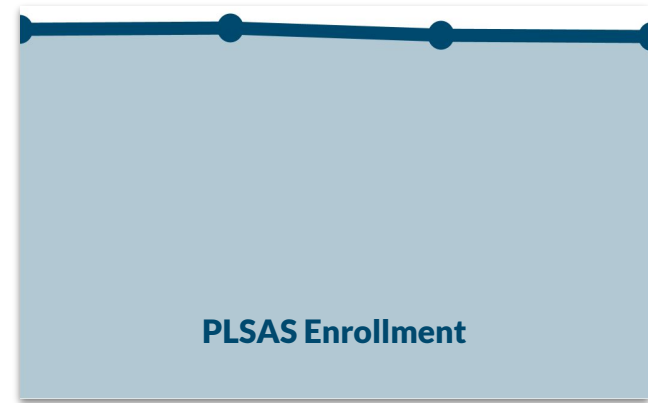


General Fund Formula Allowance

- Revenue is set in Statute (MN §126C.10)
- The Majority of General Fund revenue is determined by enrollment
- Provides majority (60%) of funding for Districts
- Formula allowance dollars are not designated for a specific purpose
- Pays for: classroom teachers, transportation, principals/assistant principals, administrative assistants, building custodians, curriculum, administrative and operational departments

2020/21
8,725

2023/24
8,619





Other Categorical Funding

Categorical dollars have specific requirements for spending.

These include:

- Compensatory Education
- English Learner (EL) Revenue
- Operating Capital Revenue
- Achievement & Integration
- American Indian Education Revenue
- Alternative Teacher Compensation (Q-Comp)
- Long-Term Facilities Maintenance
- Special Education Revenue
- Career Technical Education
- Safe Schools Revenue

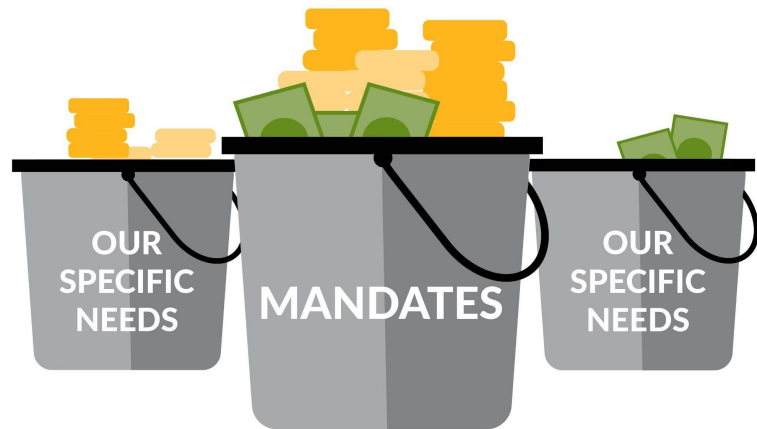


State Funding

Although state funding has increased, it falls short of covering the escalating expenses, aggravated by dozens of new state requirements passed in the last round of MN Legislation. While the basic education formula is now tied to inflation up to a 3% maximum, there is still a funding gap based on the historical shortfalls.

Why are districts still facing budget challenges despite historic school funding increases for the 2024-25 biennium?

- Dozens of new programs and requirements
- Much of new funding is categorical
- Continued inflation and staffing shortages
- Federal funding for COVID is ended – now facing “fiscal cliff”
- Enrollment has not returned to pre-COVID levels



[Finance Video](#)



New Requirements from Legislative Session

Some examples of new underfunded/unfunded mandates include:

- Summer Unemployment Insurance
- Earned Safe and Sick Time
- Paid Family Medical Leave Increased Rates
- Cannabis and Substance Abuse Education Programs
- Additional Graduation Requirements (civics class, personal finance, ethnic studies, holocaust and genocide education, READ Act)
- Opiate Antagonists
- Menstrual Products
- Paraprofessional Professional Development



2024-25 Budget Projection Assumptions

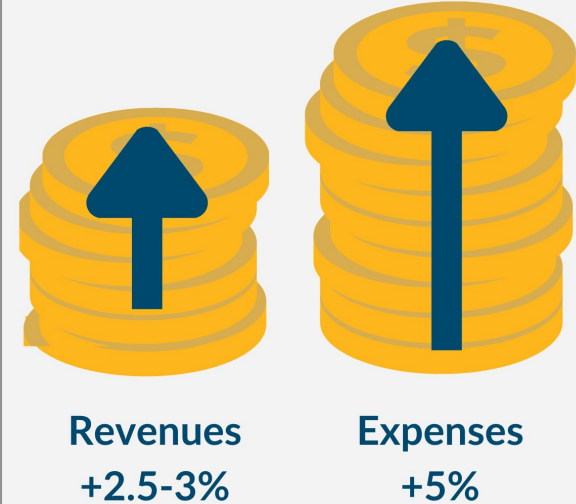
- Salary increases for employee contracts
- Health care premiums increase
- Utilities increase 8 - 10%
- Transportation increase 6%
- Insurance increase 2 - 5%
- Contracts for Services increase 1 - 6%
- Supplies and material increase 3 - 6%
- Leases increase 3%



2024-25 Budget Projection

- Revenue Projection for 2024-25 is **\$117,670,335**
 - Property Tax = \$19,889,410
 - State Funding = \$94,310,122
 - Federal Funding = \$1,070,803
 - Other Revenue = \$2,400,000
- Assuming same level of spending as 2023-24, the expenses are projected to be **\$122,564,957**
- In order to balance the budget (expenses do not exceed revenue), **reductions of \$4,894,622 are needed**

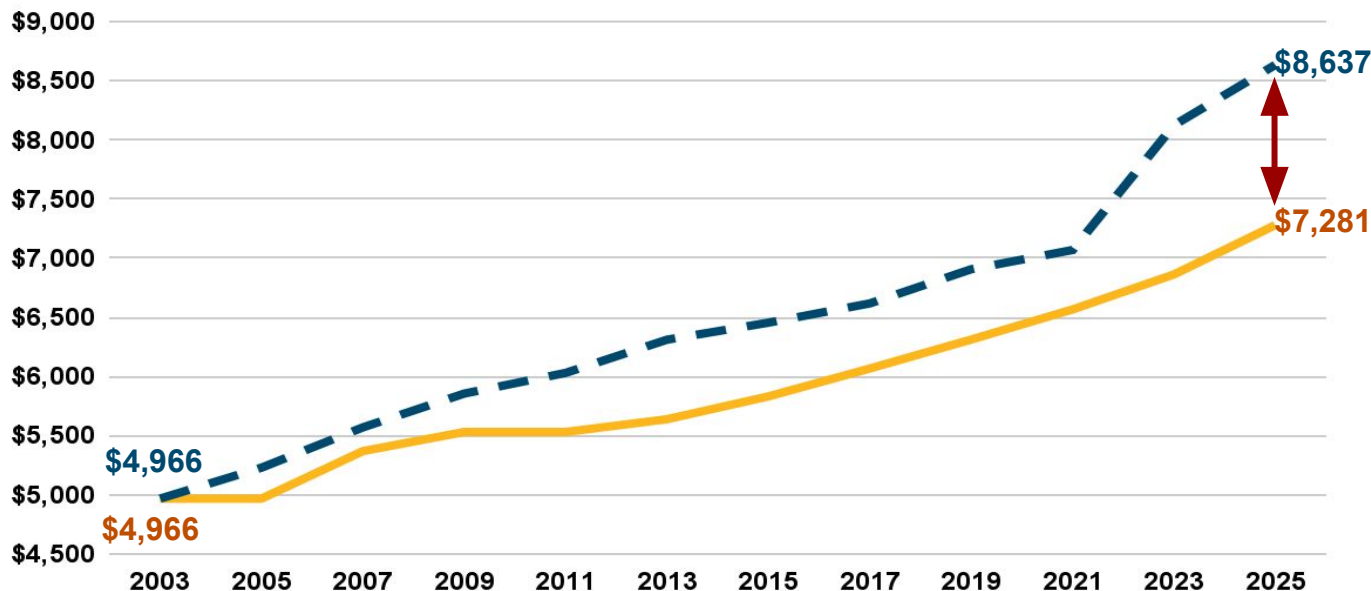
Budget Projections from 2023/24 to 2024/25





The General Education formula allowance has not kept up with inflation since 2003

State Basic Education Funding, Per Student (2003-2025)



If state funding had kept pace with inflation since 2003, we would have received \$9+ million more last year alone.



Summary of 2024-25 Proposed Reductions

• Class Sizes to Target numbers	\$ 1,795,200
• Targeted Staff Reductions	\$ 1,077,200
• Special Education Tuition to Federal \$'s	\$ 648,000
• Sunset Software Programs	\$ 187,950
• Move Overhead Costs to Funds 2 & 4	\$ 87,321
• Reduce Support for Initiatives & Projects	\$ 82,863
• Salary Adjustments for Executive Team	\$ 24,218
• Reduce Professional Development	\$ 5,400
• Other Miscellaneous & Supplies	\$ 39,000
• TBD	\$ 947,470

Proposed Reductions

In order to have a balanced budget for 2024/25 (meaning expenses do not exceed revenue), PLSAS must reduce expenses by \$4.6 - \$5 million dollars.

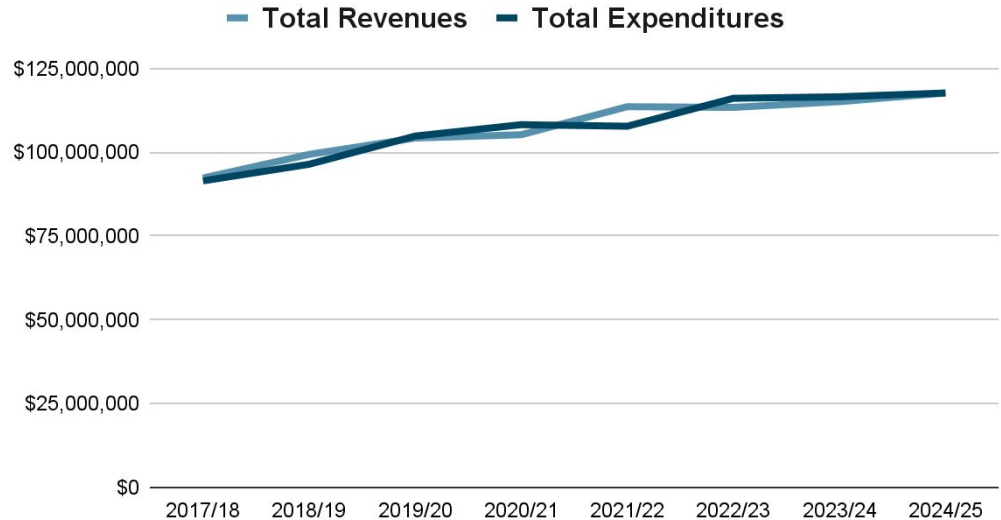




Consistent Spending Despite Deficit

- As we work to have a balanced budget, we must keep in mind that we have been deficit spending for the last few years.
- The amount we are spending in each category of expenses has remained fairly constant over the last several years.
- Prior Lake-Savage Area Schools is not unique in having to look at making reductions to balance the budget.

Revenue & Expense History





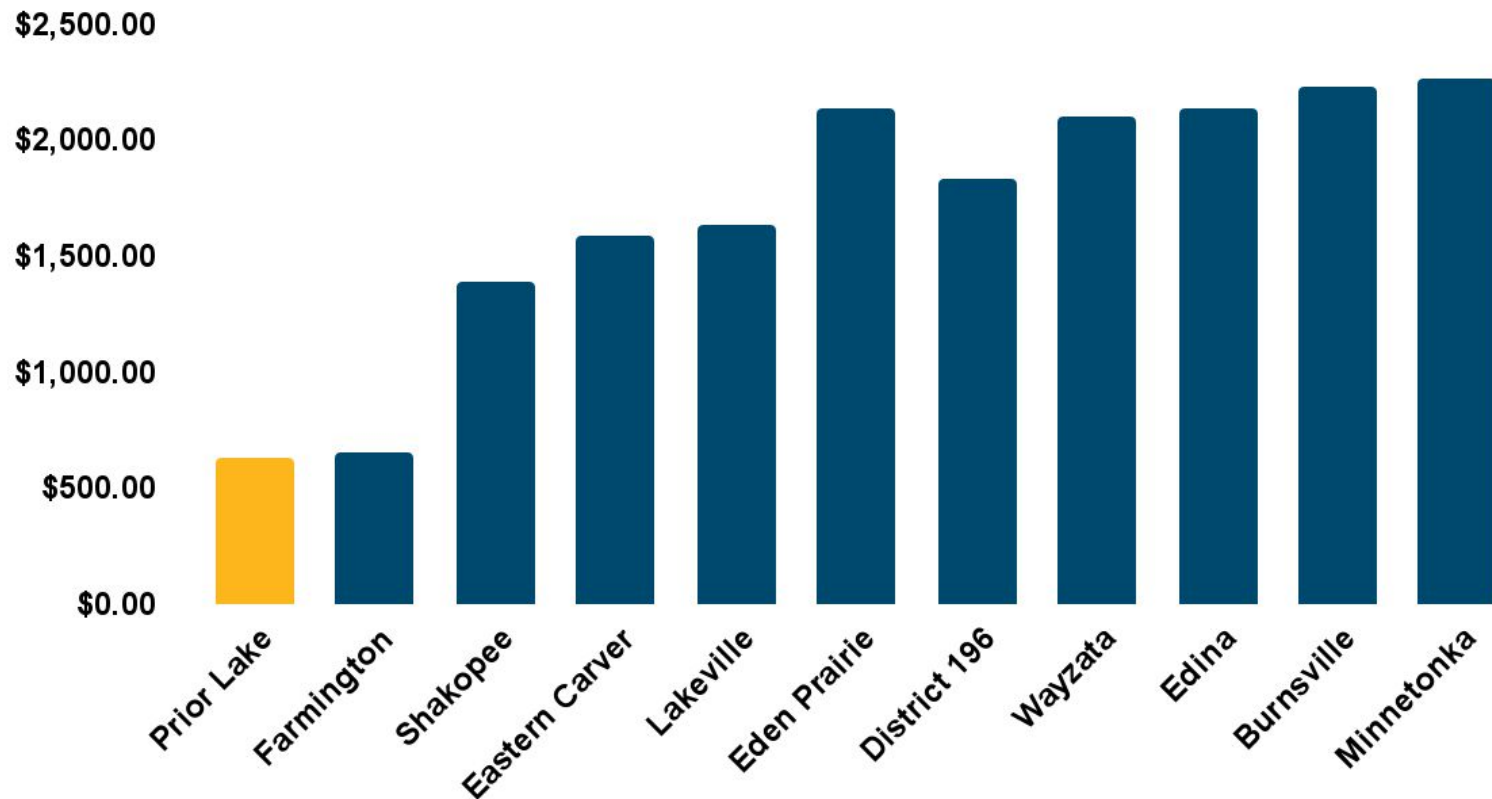
Potential Budget Revenue

While expense reduction is crucial, we're also exploring avenues to bolster revenue streams such as:

- increasing activities and parking fees at Prior Lake High School
- introducing charges for certain services, like the ACT



Voter-Approved Operating Levy Comparison (2023/24 per student)





Next Steps

- March 4 School Board Budget Retreat
- March-May Determine budget allocations to schools/depts. and prepare for School Board review
- June School Board action on final budget

