



## PRIOR LAKE-SAVAGE AREA SCHOOLS

As we navigate the evolving landscape of our school district's fiscal reality, I want to ensure that each of you is kept well-informed every step of the way. On Monday the School Board continued its analysis of our budget and the changes that are helping us gain a clearer picture of our long-term financial challenges, along with potential solutions for our district.

Like many school districts across our metropolitan area, we are grappling with rising costs, unfunded or underfunded state mandates and declining enrollment that is largely due to low birth rates in our state, all of which are contributing to necessary budget cuts.

Since 2020, PLSAS has seen a slight decline in enrollment, with no expected increase in the next five years. Declines in enrollment translate to reductions in state funding. As a result, we are right-sizing our K-8 classrooms to ensure optimal efficiency while trying to avoid increases in class sizes. Unfortunately, these adjustments will lead to some staffing reductions.

Conversely, we anticipate a need for increased Special Education staffing. Recent increases in Special Education referrals necessitate more staff to adequately support student needs while ensuring compliance with state requirements. To be clear, we are committed to providing excellent service to our Special Education students. At the same time, we must look for ways to fund this program that is not fully funded at the federal or state level.

As I recently shared, last year, the Minnesota Legislature allocated substantial funding for schools. However, this funding came with numerous new mandates, with revenue earmarked for specific purposes. Other budgetary factors include the financial strain of underfunded or unfunded state mandates along with inflationary costs that are larger than anticipated in some areas. All of these factors can lead to budget cuts that significantly impact the district, including staffing, programs and classroom resources.

While we have identified approximately \$4 million in budget reductions, with approximately \$1 million still to be determined, it has become evident that simply trying to boost enrollment and implement budget cuts will not suffice to address our long-term fiscal challenges.

Therefore, we are actively exploring various options to effectively manage our budget. One such option under consideration is a combination of utilizing some of our fund balance, which functions similar to a savings account, along with implementing some of the previously identified budget cuts.

Additionally, the School Board is engaged in ongoing discussions regarding the possibility of proposing a voter-approved levy in the fall, which would provide vital support for our overall financial sustainability while continuing to be able to enhance programs and services that we know are valued by families and students.

As you can see, our budget situation continues to evolve as we analyze the variables impacting our financial outlook leading up to the final budget decision for the 2024/25 academic year, scheduled for the June School Board meeting.

One of the ways you can stay engaged with our budget process is by attending the upcoming Town Hall on Finance meeting on April 24 at 7:00 p.m. at Prior Lake High School lecture hall.

I want to assure you that we are committed to ongoing communication and collaboration as we navigate these challenges together. Your support is invaluable as we work towards ensuring the long-term success and stability of our school district.

Yours in partnership,

Dr. Michael Thomas  
Superintendent