

# Park Rapids Area Schools Board Meeting March 9, 2026

**District Mission:**

*Preparing Today's Learners for Tomorrow's Challenges*



# Park Rapids Area Schools Information on Adjustments 26-27

**District Mission:**

*Preparing Today's Learners for Tomorrow's Challenges*



# Financial Summary

## Current Financial Factors impacting Park Rapids (FY 25–26)

- Projected **\$547,000** Unreserved fund balance reduction - Rev. Budget, Board Meeting 12-15-25 /State of District 1-19-26
- State mandate impacts: exceeding funding:
  - READ Act implementation - **\$25,000**
  - Student Support Personnel Aid - **\$57,000**
  - MN Paid Family Leave implementation costs - **\$67,000**
  - Expanded federal/state reporting and auditing requirements - **\$9,000**
  - Reduced special education transportation reimbursement - 10% reduction or **\$6,000**
  - Earned Sick & Safe Time requirements - Sub cost increase 8% FY26 to FY25 - **\$19,000**
  - Inflation exceeding state formula increase of 2.75% - Utilities increase 12.5% FYTD 26 to 25 - **\$20,000**
  - **Total = \$203,000**
- Contract settlements above budget assumptions - 2 year settlements ave. 7-8%

# Financial Summary

## Projected Financial Factors Impacting Park Rapids (FY 26–27)

- **\$1,000,000+** projected structural imbalance, federal and state uncertainties:
  - Compensatory revenue reduction (Direct Certification) - **\$590,000**
  - Special education funding uncertainty - Leg. cut \$250 million:
    - ADSIS funding - **\$245,000**
    - Ongoing SPED cross-subsidy pressures - **\$700+/PU** or **\$881k** potential reduction
  - Potential summer unemployment insurance prorated - **\$170,000**
  - **Total = \$1,005,000**

# State Financial Forecast

## MN School Board Association Summary:

The February 2026 State Budget and Economic Forecast projects a **\$3.7 billion balance for FY 2026–27**, approximately **\$1.3 billion higher than November estimates**. While the near-term outlook has improved, long-term structural pressures remain.

## What This Means for the State:

- Improved short-term revenue forecast may not change Legislature and Gov. appetite for additional ongoing investments
- Spending growth still outpaces revenue through FY 2029
- Structural imbalance projected in out-years that will need to be addressed
- Federal funding shifts may create additional pressure current and next biennial budget
- Proceed with caution on new ongoing spending commitments

# State Financial Forecast

## What This Means for Minnesota School Districts:

### Opportunities:

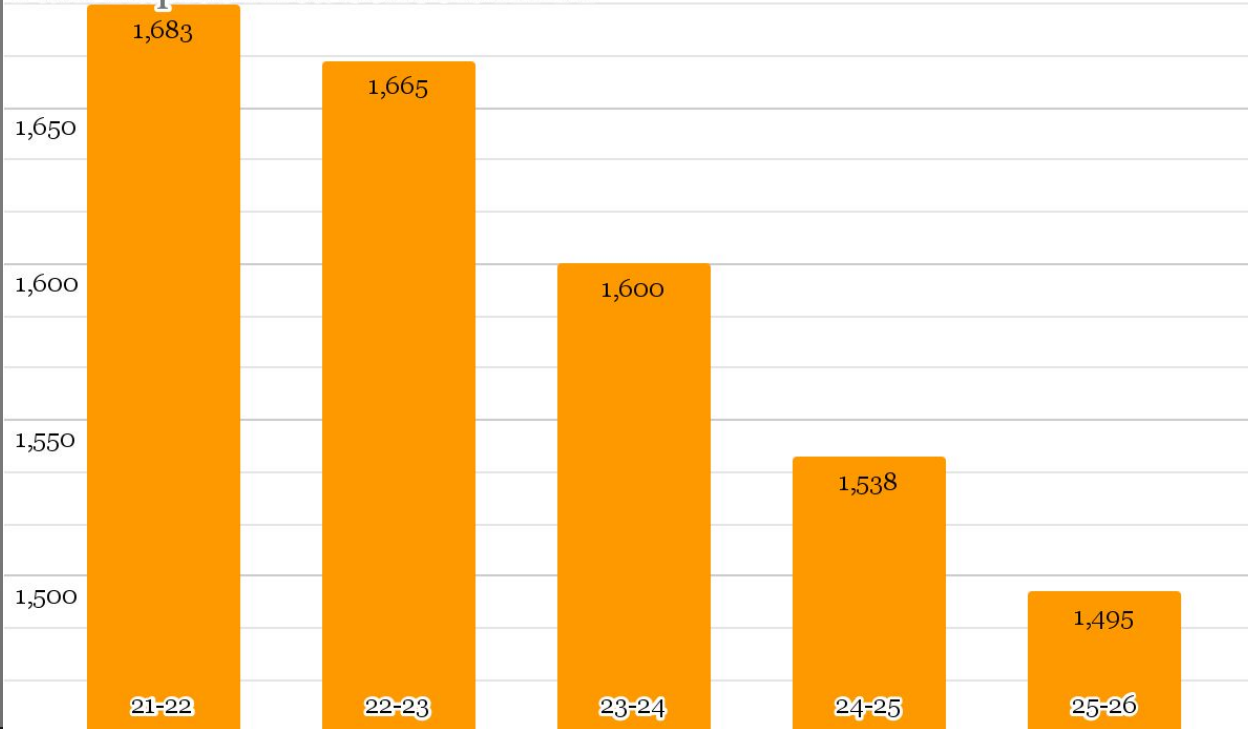
- Consideration of Compensatory funding another year “hold harmless” provision
- Potential to address Special Education funding pressures with repeal or modification of \$250M reduction
- Targeted investments (school safety, cross-subsidy relief, mandates)

### Caution:

- Structural imbalance limits long-term commitments
- Hesitation to create new ongoing spending
- Continued funding uncertainty for districts in the out years

# (ADM) Average Daily Membership 21-26

Park Rapids Area Schools ADM

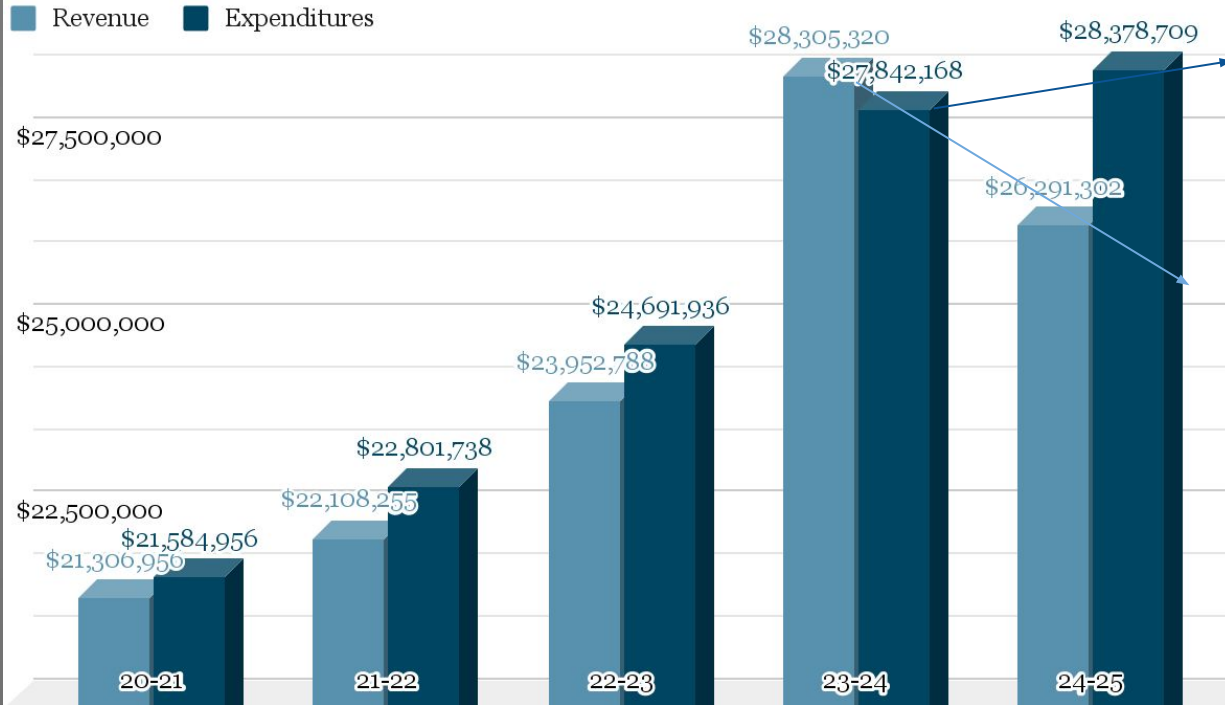


- Declining Enrollment
  - 21-22 vs 22-23 **-18**
  - 22-23 vs 23-24 **-65**
  - 23-24 vs 24-25 **-62**
  - 24-25 vs 25-26 **-43**
  - 21 vs 26 **-188**
- Should see enrollment start to stabilize 26-27
- Graduating class = Kinder. Enrollment



# General Fund Trends

Revenue vs Expenditures 20-25

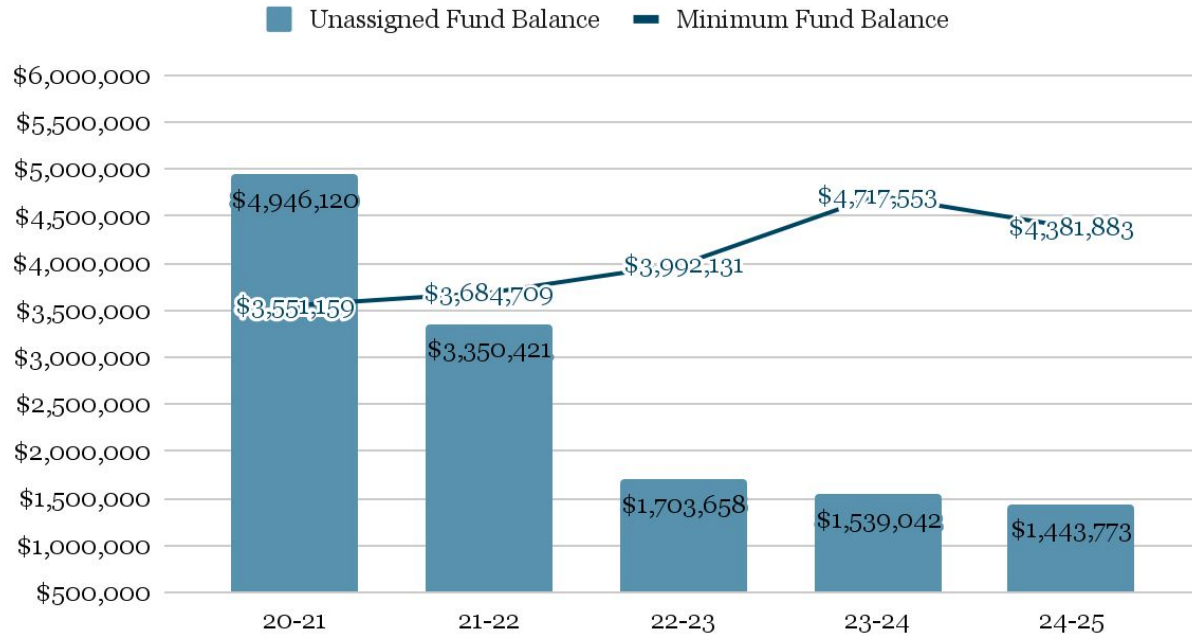


- Decrease in Revenue **\$2,014,018**
- Increase in Expenditures **\$536,541**
- Deficit spending **\$2,087,407**



# Unassigned Fund Balance

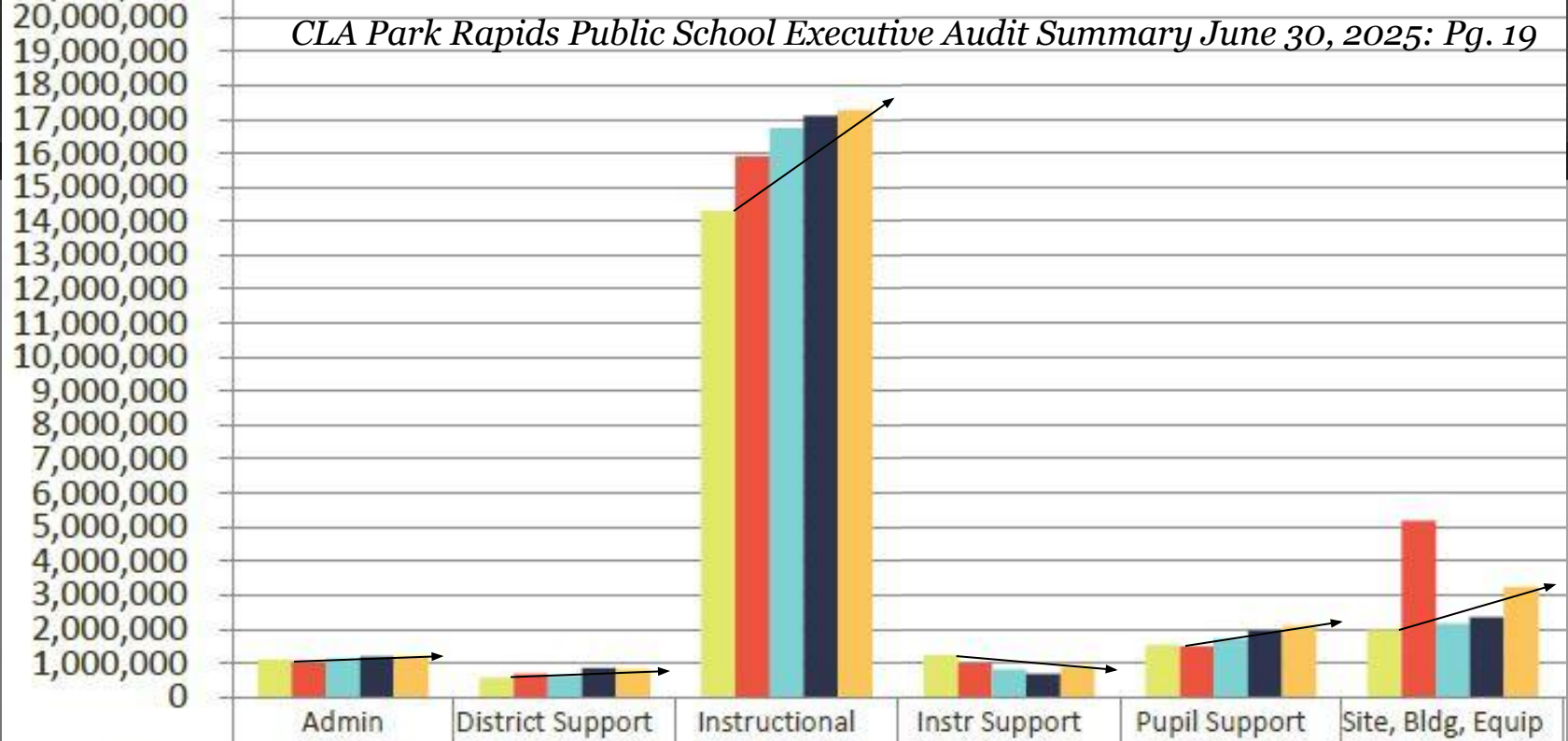
Unassigned Fund Balance 20-25 vs Minimum Fund Balance



- **Policy 712 V:**  
**MINIMUM FUND BALANCE**  
*The school district will strive to maintain a minimum unassigned general fund balance of 2 months of operating expenses.*
- Currently \$2,938,110 below minimum board policy.



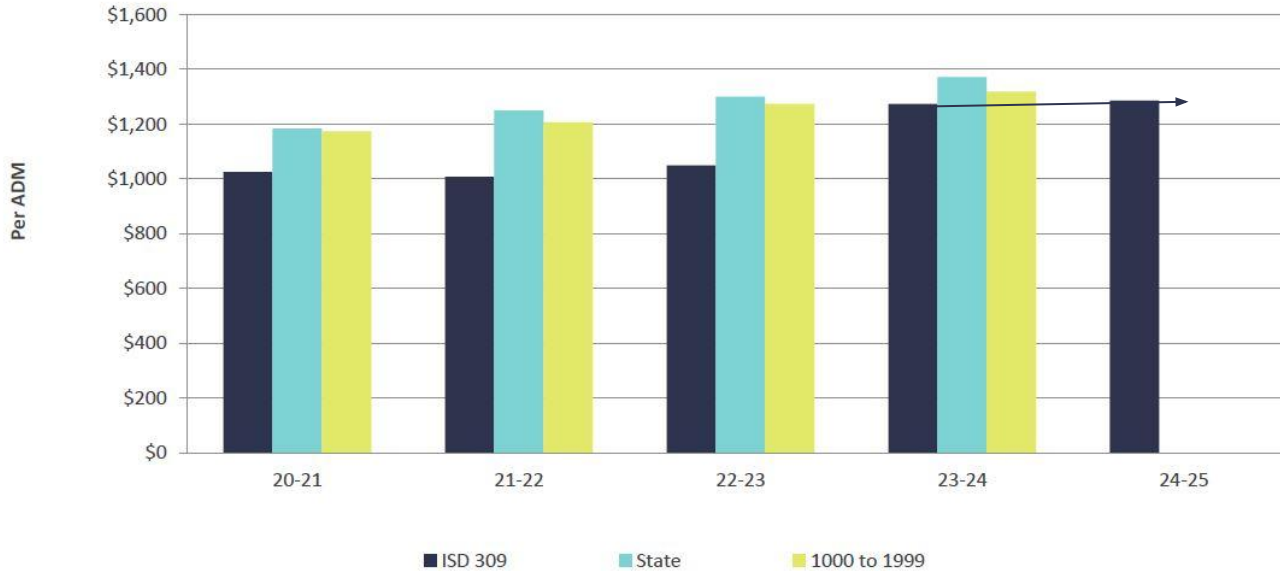
*CLA Park Rapids Public School Executive Audit Summary June 30, 2025: Pg. 19*



	Admin	District Support	Instructional	Instr Support	Pupil Support	Site, Bldg, Equip
20-21	1,088,959	558,205	14,296,033	1,215,377	1,521,903	1,949,595
21-22	1,028,169	669,005	15,914,287	970,166	1,481,020	5,172,073
22-23	1,125,290	620,962	16,742,261	800,594	1,700,258	2,147,777
23-24	1,190,107	849,374	17,106,217	675,268	1,934,851	2,333,380
24-25	1,165,746	813,466	17,267,903	876,881	2,084,563	3,228,014



## ISD #309 Park Rapids Administration and District Support per ADM

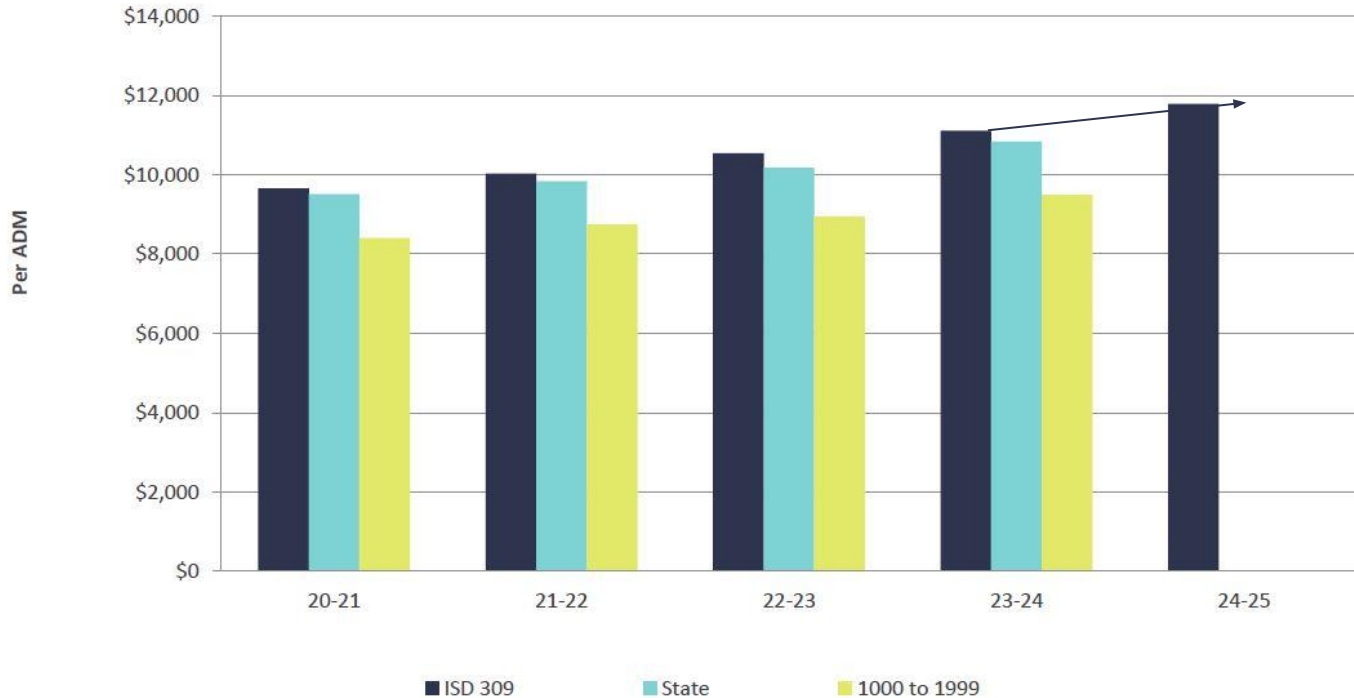


- Admin cost below state & like size districts.
- Decreased cost and decreased enrollment = little to no change.

District and School Admin – all costs related to providing administration to the District (Board of Education, Superintendent, Assistant Superintendent, Principals, etc.) District Support Services – activities provided by Central Office (Business Services, Director of Building and Grounds, Legal, Data Processing, Other District-Wide support activities).



## ISD #309 Park Rapids Total Instruction per ADM



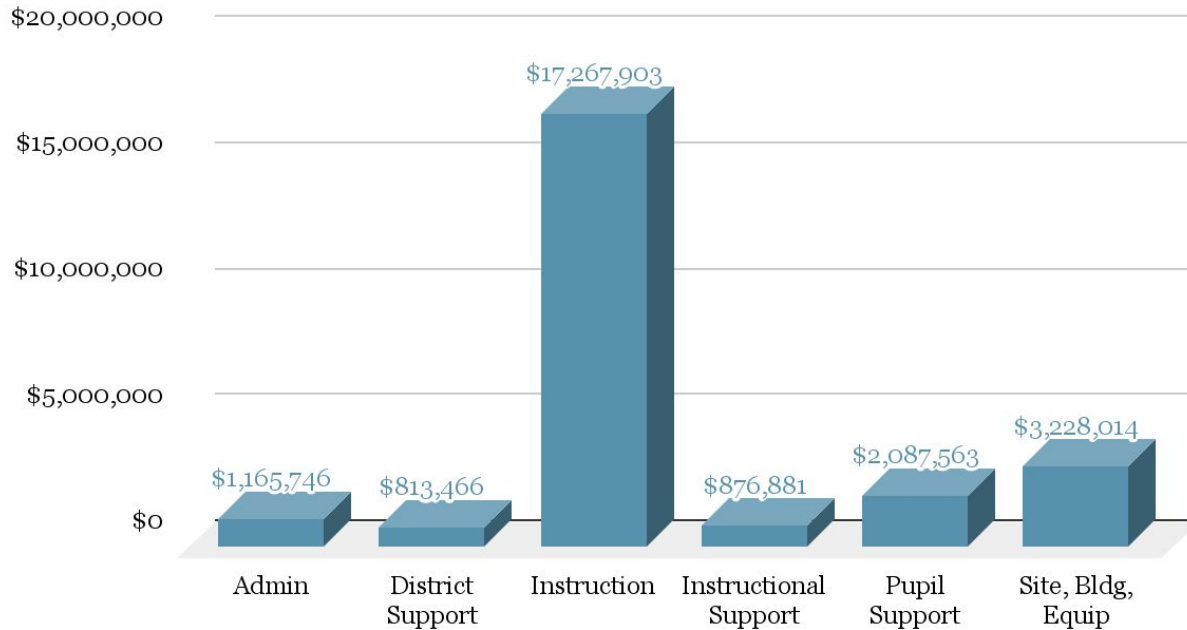
- Instructional cost above state & like size districts.
- Increase cost and decreased enrollment = increased cost per ADM.



Total Instruction – includes vocational instruction, special education instruction and instructional support services.

# General Fund Expenditures

## \$ of General Fund Expenditures on Instruction



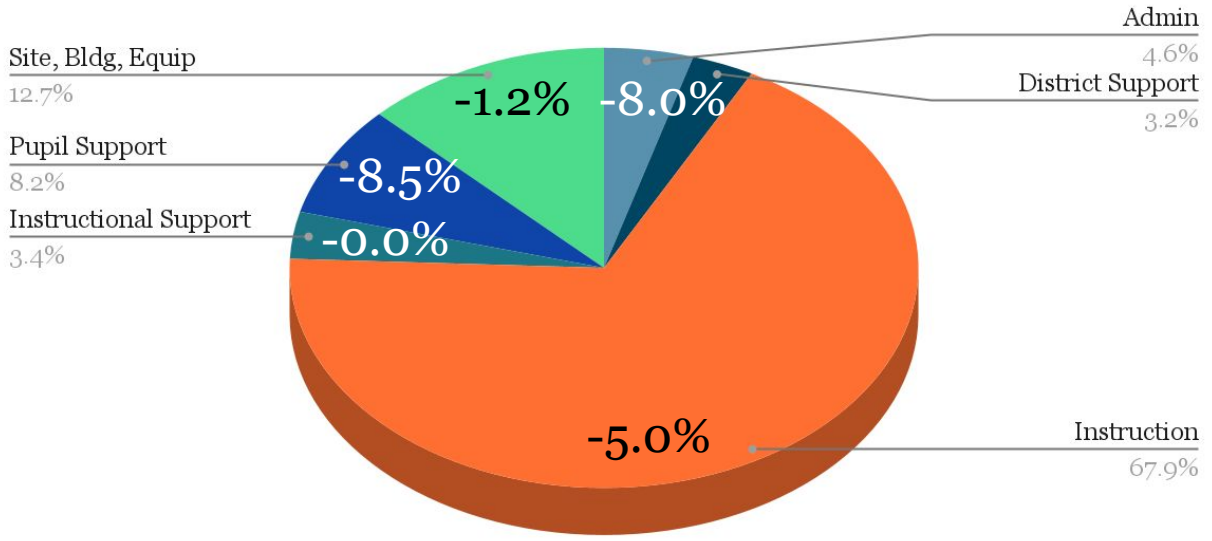
## Percentage in Expenditures:

- Instruction (*Teachers, Paras, Coaches*): **67.9%**
- Site, Bldg, Equip (*Operations, Maint, LTFM*): **12.7%**
- Pupil Support (*Transp. IE, Counselor, Social Worker, Health Office*): **8.2%**
- Administration (*School Board, Supt., Principals*): **4.6%**
- Instructional Support (*Tech Coord, CES, Media, Staff Dev.*): **3.5%**
- District Support (*Business, Insurance*): **3.2%**



# General Fund Expenditures

% of General Fund Expenditures on Instruction



- Dispersing reductions across all categories.
- What is the percentage decrease in expenditures within each category being proposed?
- Total proposed decrease is 5.0%



# Proposed Adjustments

- **Phase I (Certified FTE)**

## High School

- HS English / 4C Coordinator
- HS Science
- HS Social Studies / CTE
- HS Art / ALC 9-12
- HS Phy Ed
- HS Math

**\$412,847**

## Century Elementary School

- Century Teacher
- Century Teacher
- Century Teacher
- Century Teacher
- Century Counselor

**\$336,900**

**Phase I Total: \$749,747**



# Proposed Adjustments

- **Phase II (Operational Adjustments)**

District Office	\$190,465
Century	\$87,500
Century / High School	\$65,000
Transportation	\$112,967
<b><u>Building Facilities</u></b>	<b><u>\$56,724</u></b>
<b>Phase II Total:</b>	<b>\$512,656</b>

- **Totals**

Phase I:	\$749,747
<b><u>Phase II:</u></b>	<b><u>\$512,656</u></b>
<b>Total:</b>	<b>\$1,262,403</b>



# Proposed Adjustments

The proposed \$1.2 million in adjustments is a proactive step to align our expenditures with current enrollment realities, state funding uncertainties, and ensure the district's long-term financial stability.

## **Proposed Reductions will:**

- Right-size district expenditures to align with current enrollment levels.
- Restore and increase fund balance to meet Board policy of maintaining two months of operating expenses.
- Stabilize the budget to avoid additional adjustments in 2026–27.
- Protect classroom instruction and student programming whenever possible.
- Create a sustainable financial model moving forward.



# Any Questions



[Link to Data](#)

