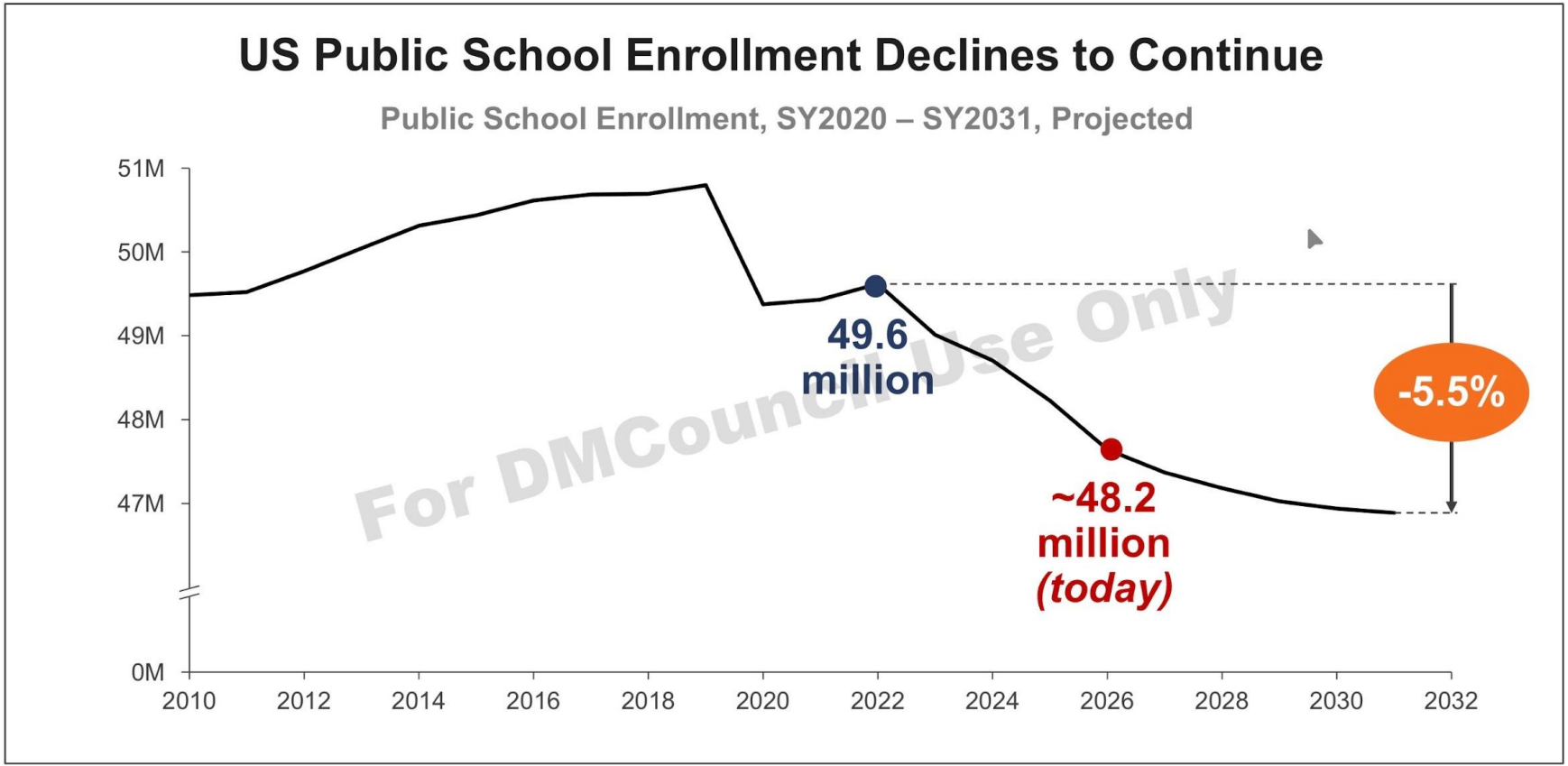
Priority Based Budgeting: 2026-27 Adjustments

School Board Meeting
March 3, 2026

US Public School Enrollment Declines to Continue



Source: *Digest of Education Statistics 2022*, NCES 2024-009, National Center for Education Statistics (February 2024) Link

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Decline in Public School Enrollment



Fewer Students — *Lower birth rate & reduced immigration*



More Students Opting for Alternatives



Place-Based Options — *Alternative brick-and-mortar options*

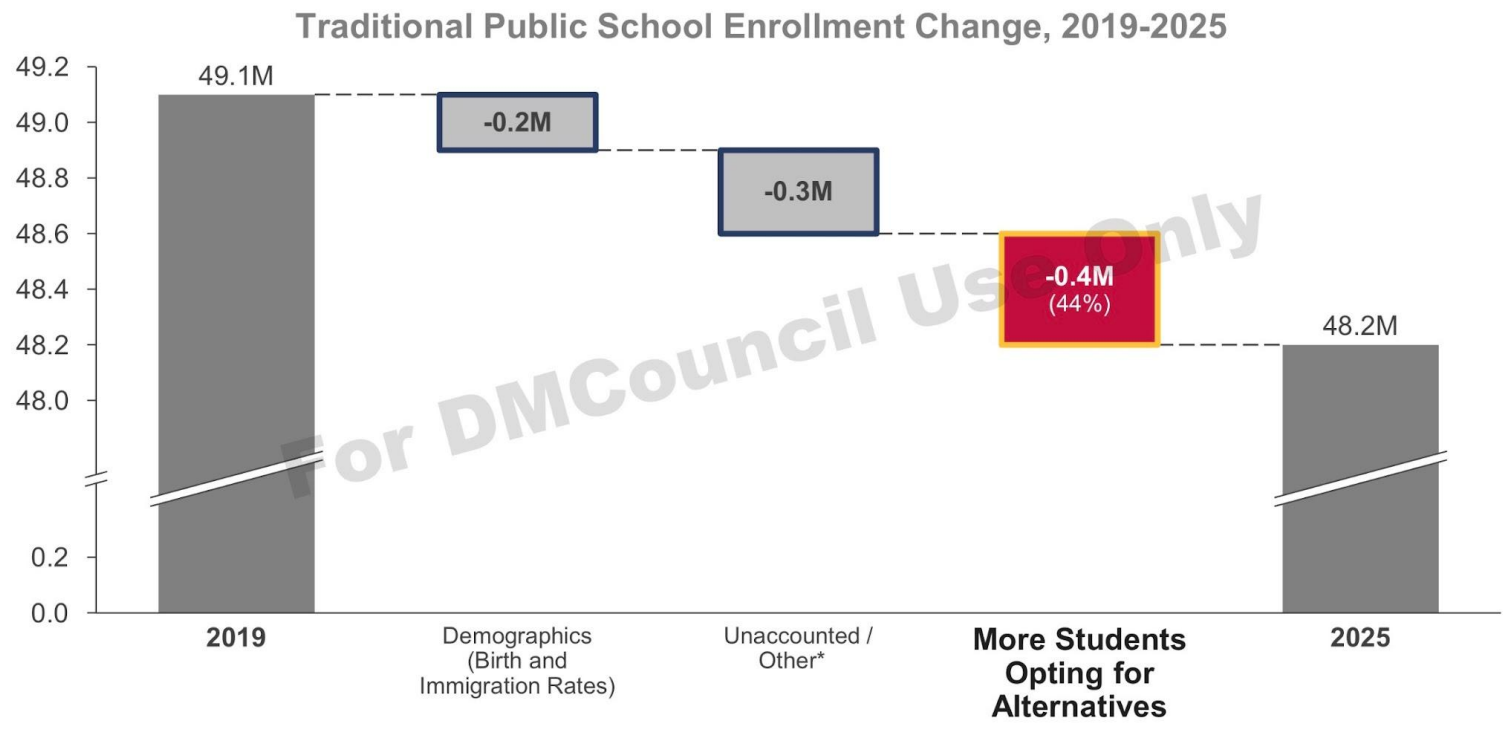


Non Place-Based Options — *Virtual & home-schooling options*

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Half of Enrollment Declines due to Alternative Options



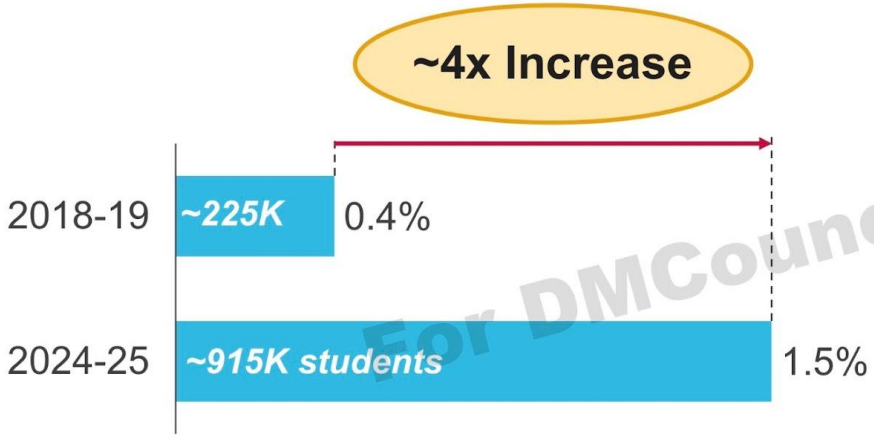
For DMCouncil Use Only

Source: Source: Public School Enrollment, National Center for Education Statistics (May 2024), Link; *2026 EdChoice Share*, Ed Choice (January 2026) Link
***Note:** Since 2020, a substantial proportion of students have not returned to school and likely have entered the labor force or are unreported homeschoolers.

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Virtual School Enrollment Grows Significantly

Changes in Virtual Schooling Market Share of K-12, 2019-2025



Percent of Total Market Share
(Total Enrollment, including all K-12 public and private schooling types)

Top Reasons for Growth

- Expanded options for rigorous content
- Rapidly improving services
- Increased flexibility

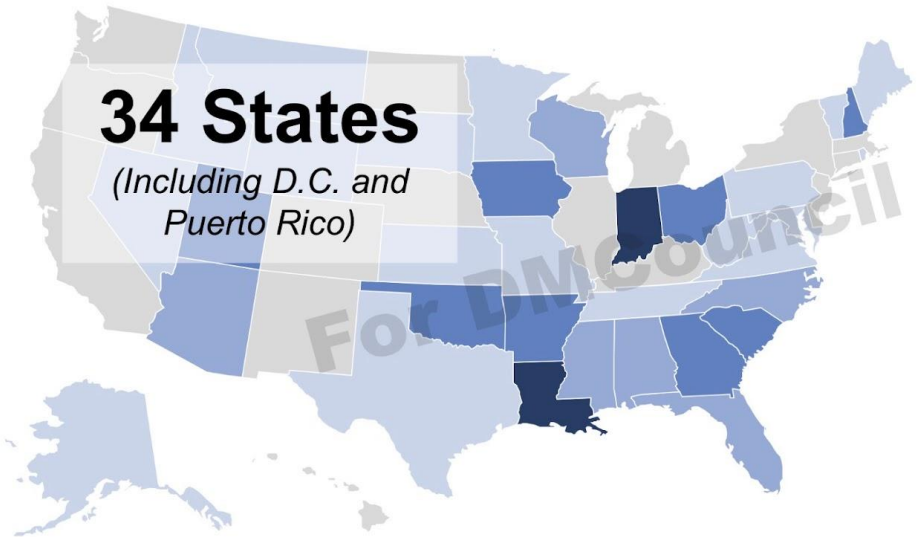
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Source: *EdSurge "Virtual School Hit the Mainstream 5 Years Ago. How Popular Has It Gotten?" (2025) – Link; Global Growth Insights (Link)*

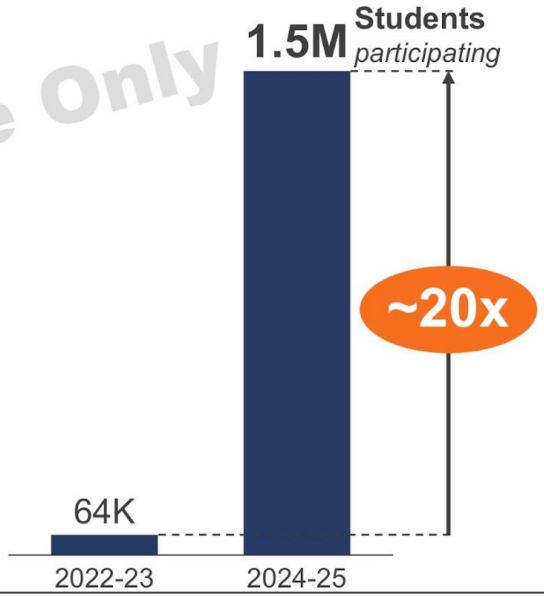
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School Choice Programs Surge Nationwide

School Choice Programs, December 2025



Change in Student Enrollment in Choice Programs, 2023-2025

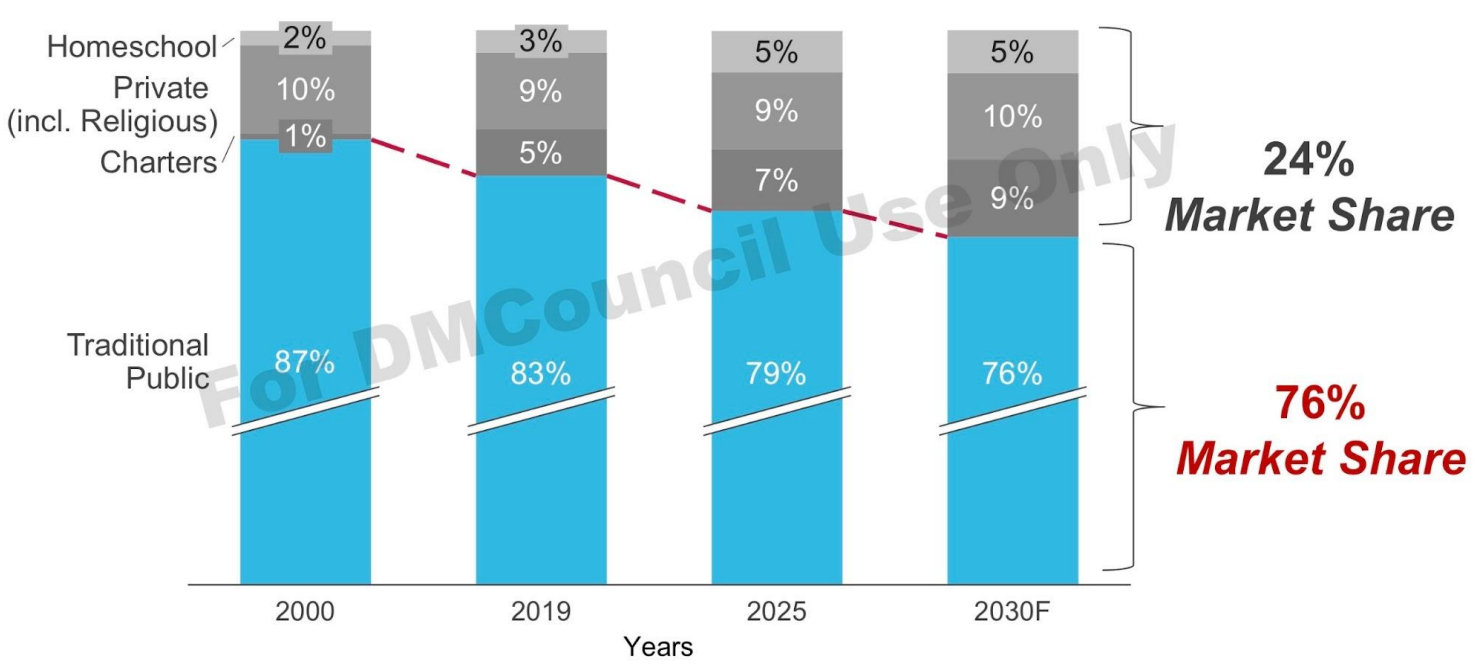


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Source: *2026 EdChoice Share*, Ed Choice (January 2026) Link: Program types include: Tax Credits & Deductions, School Vouchers, Education Savings Accounts, Tax-Credit Education Savings Account, Individual Tax Credit/Deduction, and Refundable Tax Credits

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US Traditional Publics On Track for 1M Fewer Students Since 2000

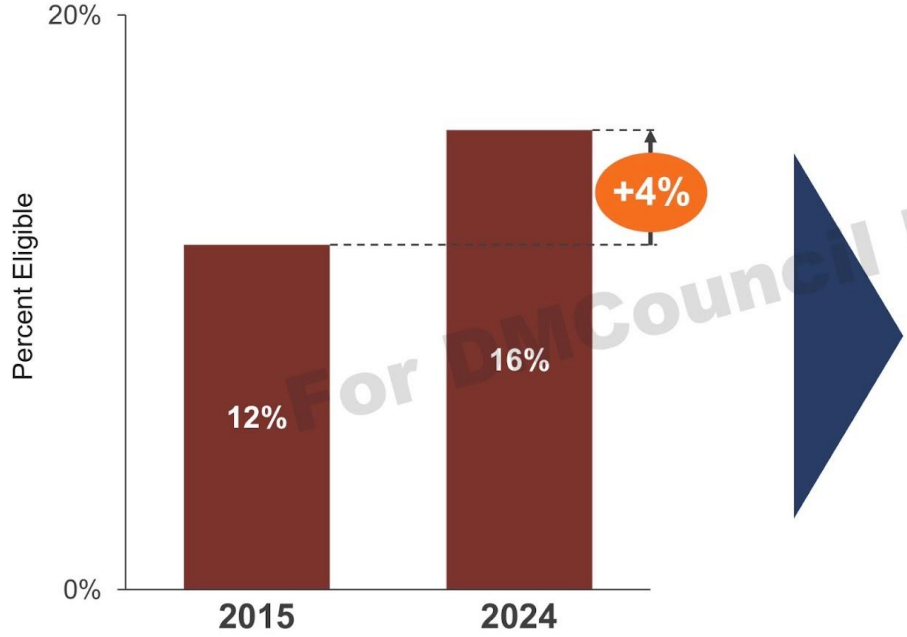


Source: *Public School Enrollment*, National Center for Education Statistics (May 2024), Link; *2026 EdChoice Share*, Ed Choice (January 2026) Link

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Steady Growth of Students Eligible for Disability Services in Public Schools

Change in Students Eligible for Disability Services in U.S., SY2015 - SY2024



Students with complex learning needs cost up to ~2.5x more to educate than students without disabilities.

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Source: Link; *Special education enrollment climbs to nearly 8M*, K-12 DIVE (February 2025) Link; *Digest of Education Statistics*, IES (January 2024) Link ; *Does Money Matter?*, Developments in School Finance, (1997)

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The Enrollment Trap: Revenue vs. Reality

The impact of declining enrollment…

The Revenue Impact



Enrollment decline



Revenue decline



Shifts in student composition
and likely increased student needs

The Cost Reality



Fixed facility and district costs,



“Sticky” staffing and program costs



Few Adjustable material costs

Immediate lower revenues

limited ability to cut costs

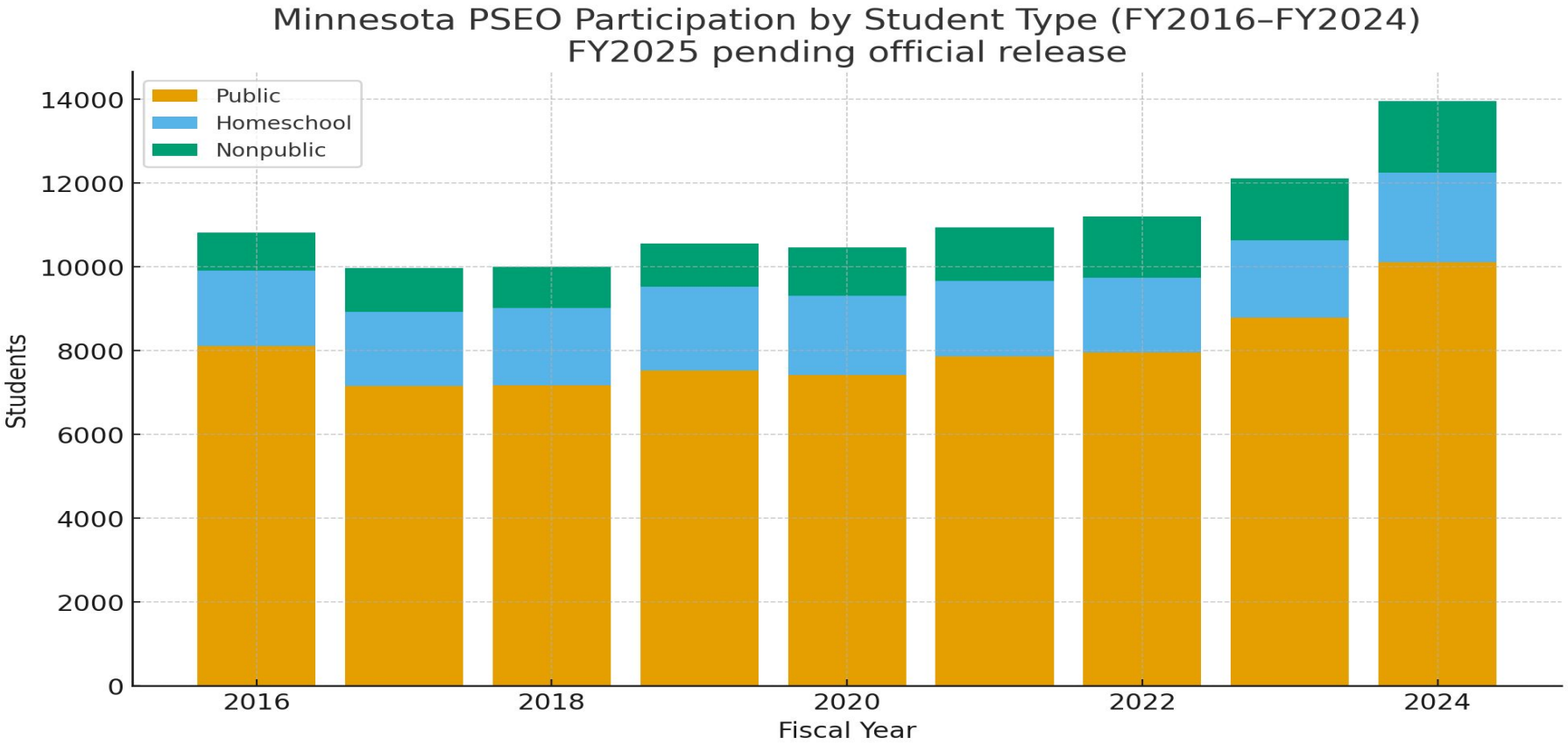
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Threats to Stillwater Area Public Schools

- Post Secondary Education Options (PSEO)
- Online Learning
- Homeschooling
- Loss of students for other opportunities

Statewide PSEO 2016-2025

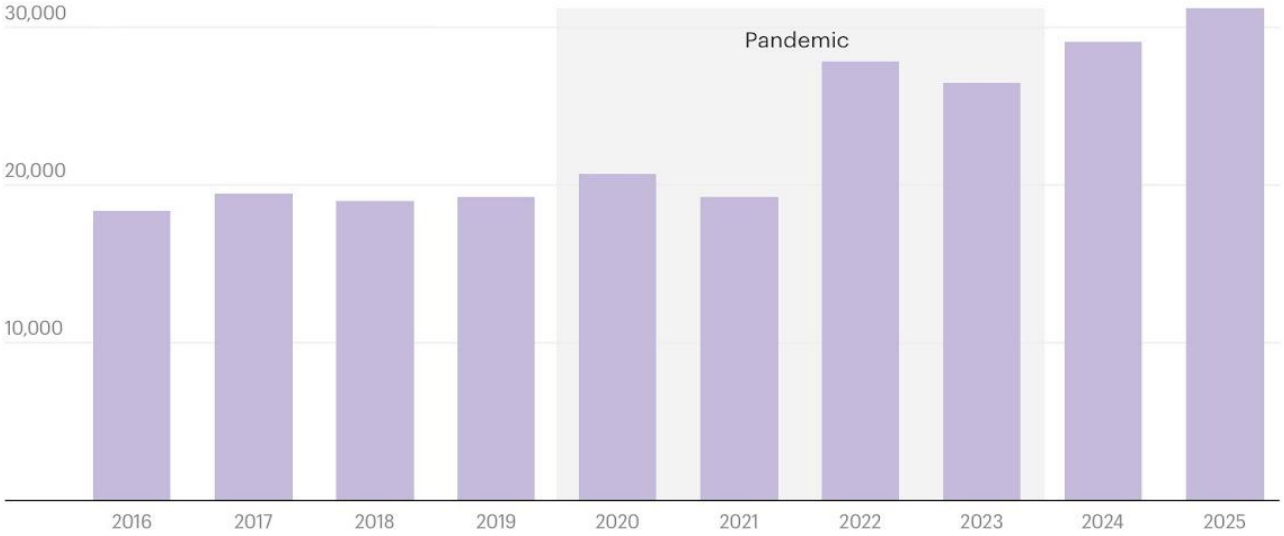


Home Schooling

Sharp increase in homeschooling

The number of Minnesota students being schooled at home is 50% larger than it was at the start of the pandemic.

TOTAL HOMESCHOOLED STUDENTS BY ACADEMIC YEAR



Source: Minnesota Department of Education • Jeff Hargarten and Mark Boswell, The Minnesota Star Tribune

Online Learning Estimates

- 2022-23: 5% contraction of online learning post COVID state-wide
- 2023, 2024, 2025: 5% annual recovery growth as students returned online

Capture Rate

Current capture rate =
71% of resident students

Reflects growing regional landscape of school choice, open enrollment, and nontraditional learning options.



External Threats to the District

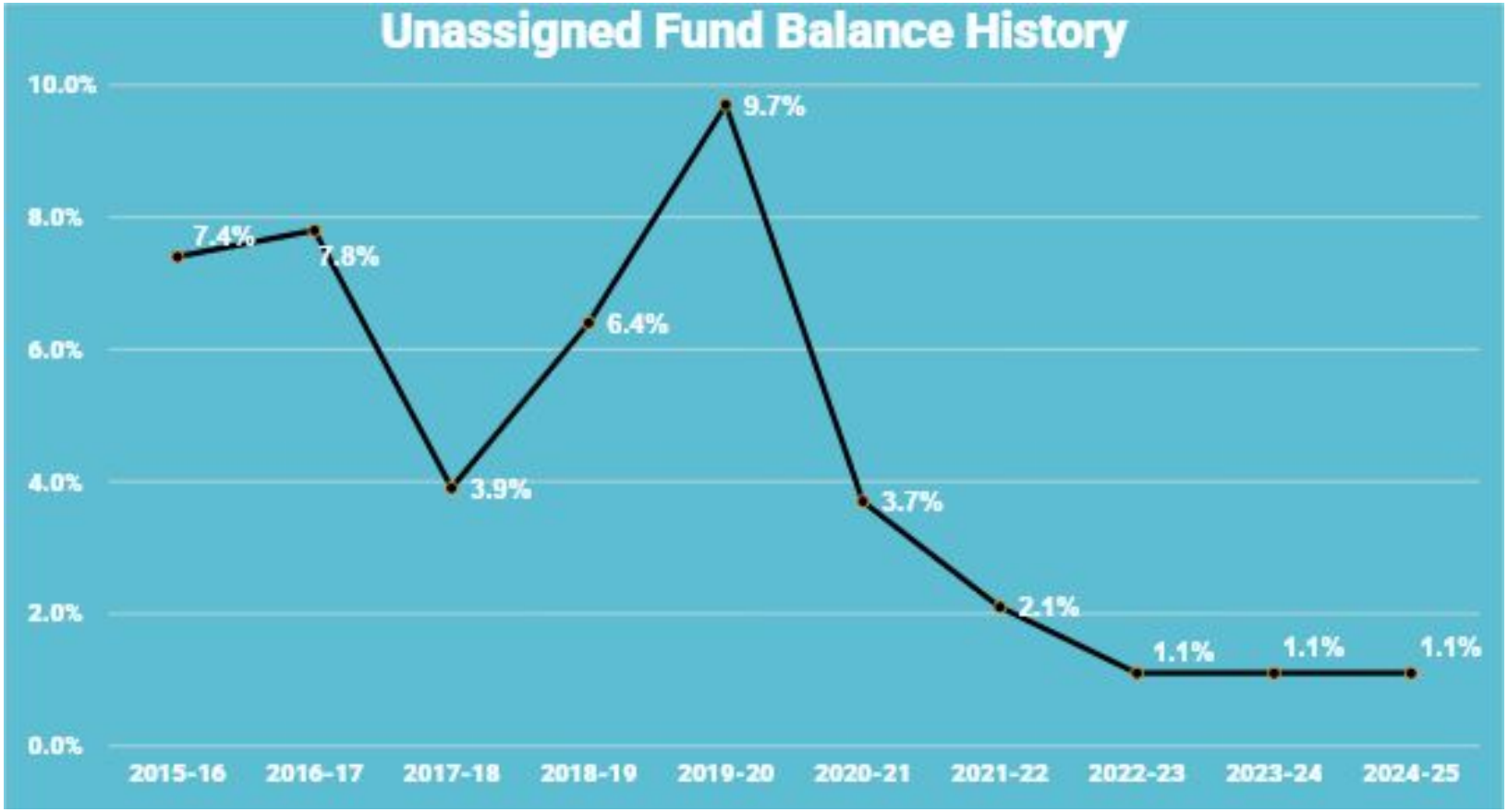
		Estimated Impact
Post- Secondary Enrollment Options (PSEO)	1,888 courses *enrolled in 2024-25*	$913,000
Online Learning	466 online courses *enrolled in 2024-25*	$581,000
Homeschooling	419 students *in 2024-25*	$3,135,000
District-Wide Capture Rate	1,940 ADM *resident students enrolled out of district (excludes online)*	$14,513,000

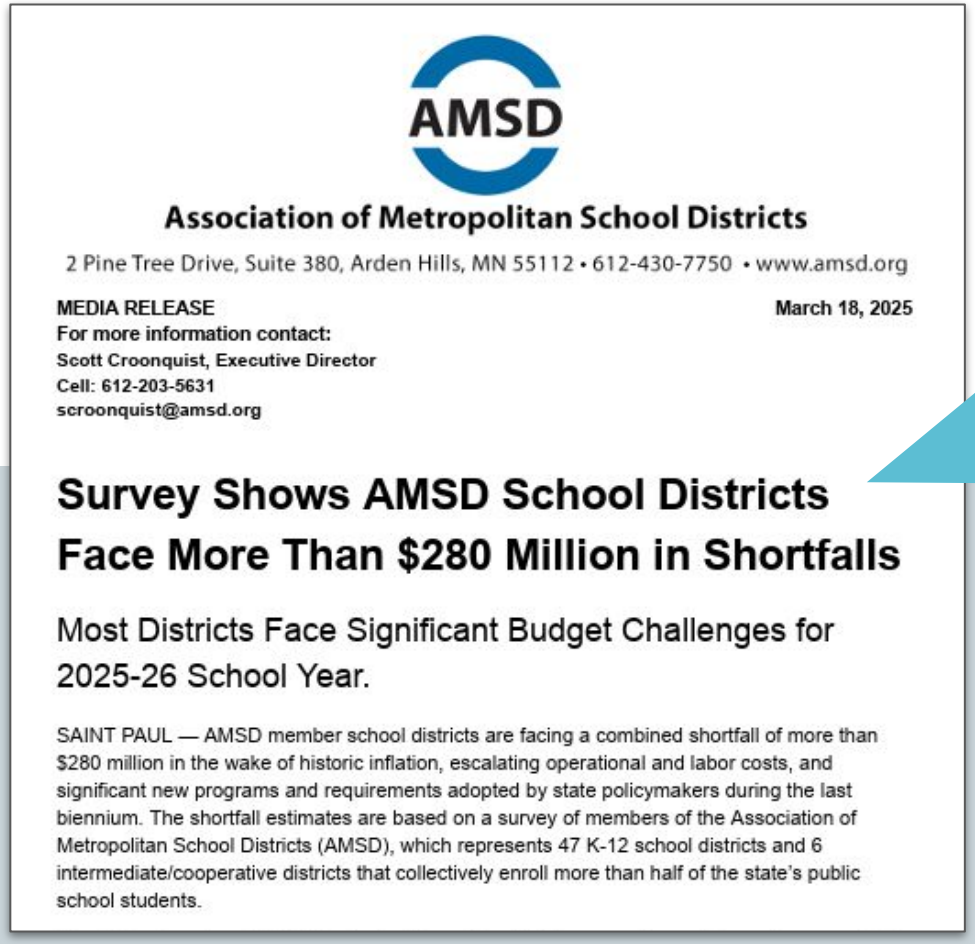
Source: MDE's 2024-25 School ADM Report

Other Headwinds

- ICE impacting state economy- which drives the general ed formula
- Highly compensated employee agreements
- Exorbitant transportation costs
- Significant increase in Special Education costs
- Minimal fund balance limits potential investments

Stillwater Area Public Schools - Fiscal Reality





AMSD

Association of Metropolitan School Districts

2 Pine Tree Drive, Suite 380, Arden Hills, MN 55112 • 612-430-7750 • www.amsd.org

MEDIA RELEASE **March 18, 2025**

For more information contact:
Scott Croonquist, Executive Director
Cell: 612-203-5631
scroonquist@amsd.org

Survey Shows AMSD School Districts Face More Than $280 Million in Shortfalls

Most Districts Face Significant Budget Challenges for 2025-26 School Year.

SAINT PAUL — AMSD member school districts are facing a combined shortfall of more than $280 million in the wake of historic inflation, escalating operational and labor costs, and significant new programs and requirements adopted by state policymakers during the last biennium. The shortfall estimates are based on a survey of members of the Association of Metropolitan School Districts (AMSD), which represents 47 K-12 school districts and 6 intermediate/cooperative districts that collectively enroll more than half of the state's public school students.

Stillwater schools cut **$4.3 million** last year

Additional Impacts & Unfunded Mandates

- Adjustments 2025 Special Session = (372,014)
- MN Paid Family Leave (effective 1/1/26) 0.44% payroll tax= ($163,500)
- Read Act one time expense from operating capital = ($750,000)

Future Impact of Unfunded Mandates

- FY27 Gen Ed formula increase 2.69%
- Anticipated adjustments from 2025 special session:
  - School library aid = ($53,144)
  - Student support personnel aid: = ($169,988)
  - Reimbursement for Special Education Transportation = ($727,488)
- Minnesota Paid Family Leave:
  - .44% payroll tax = ($348,000)
  - Sub costs = ($400,000 - $800,000)
- Anticipated reduction Special Education/ADSIS = ($766,800)
- Reduction of Compensatory funds = TBD
- Non-exclusionary discipline supports continue

Enrollment Projections

	2026-27	2027-28	2028-29
K-12 Budgeted	**8,081**	**8,162**	**8,243**
K-12 Operational	8,238	8,394	8,525

General Fund Fiscal Forecast FY27-FY29 (in millions)

	FY26 Revised Budget	FY27 Projected	FY28 Projected	FY29 Projected
Revenue	$153.9	$156.0	$158.4	$161.4
Expenditures	$153.9	$161.5	$168.5	$175.7
Surplus/(Shortfall)	$0.0	($5.5)	($10.1)	($14.3)

Worst Case Scenario: *If we do nothing*

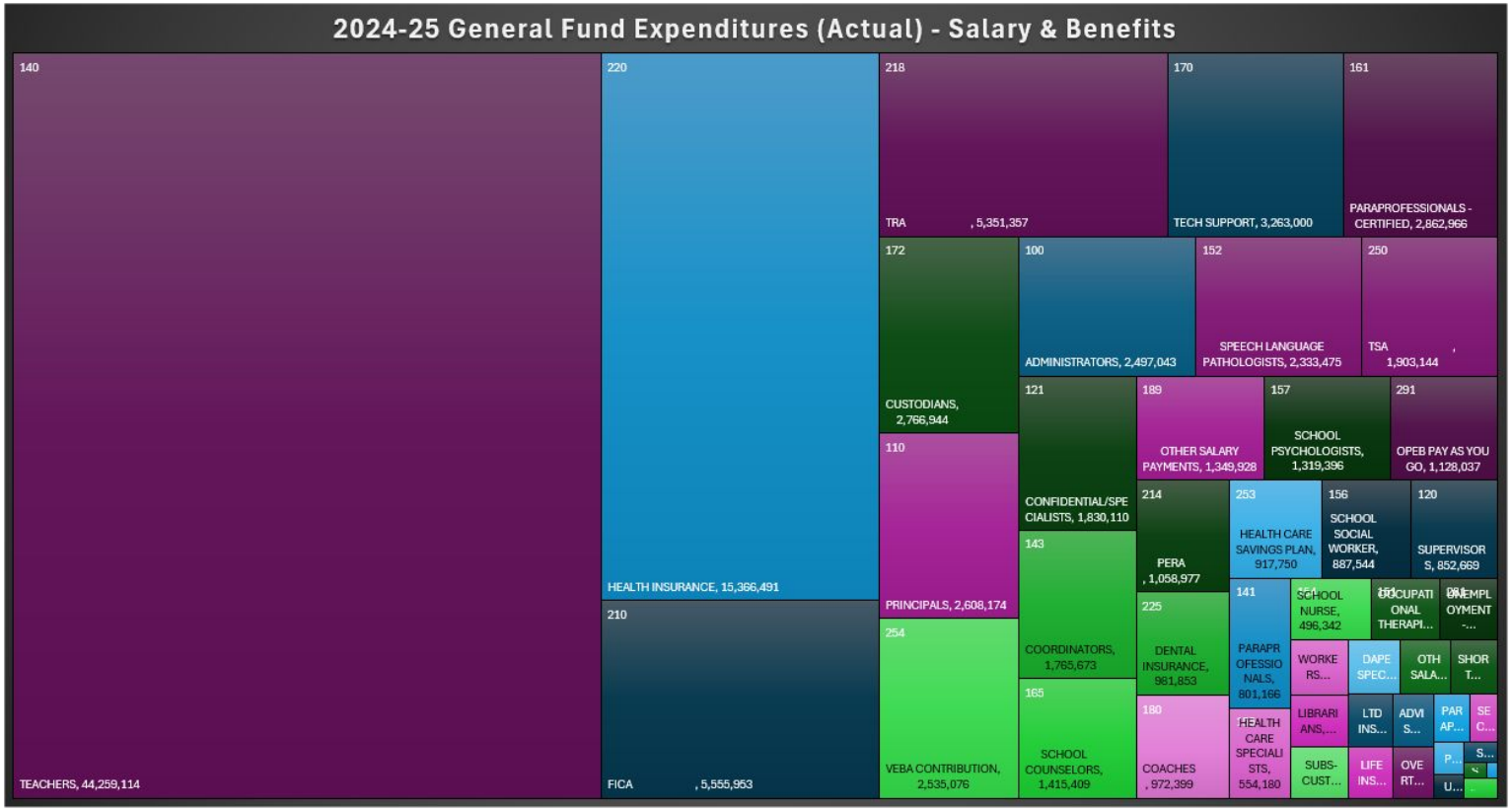
FY27-FY29 Projected Shortfall amounts reflect a cumulative impact over a 3-year period

Largest Expenditures

Teacher Salaries:
$44,258,114

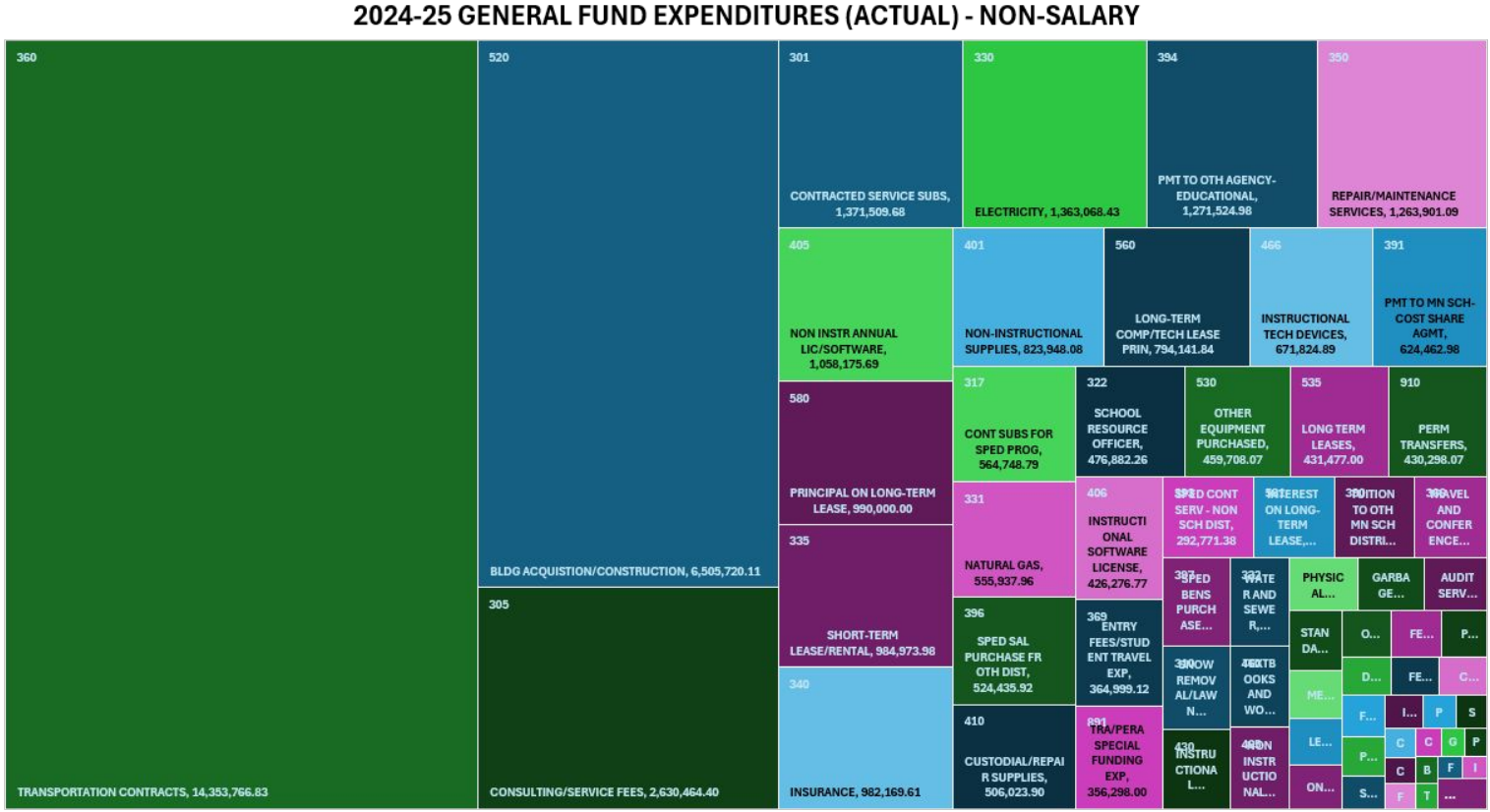
Health Insurance:
$15,366,491

FICA/TRA:
$10,907,320



Largest Non-Salary Costs

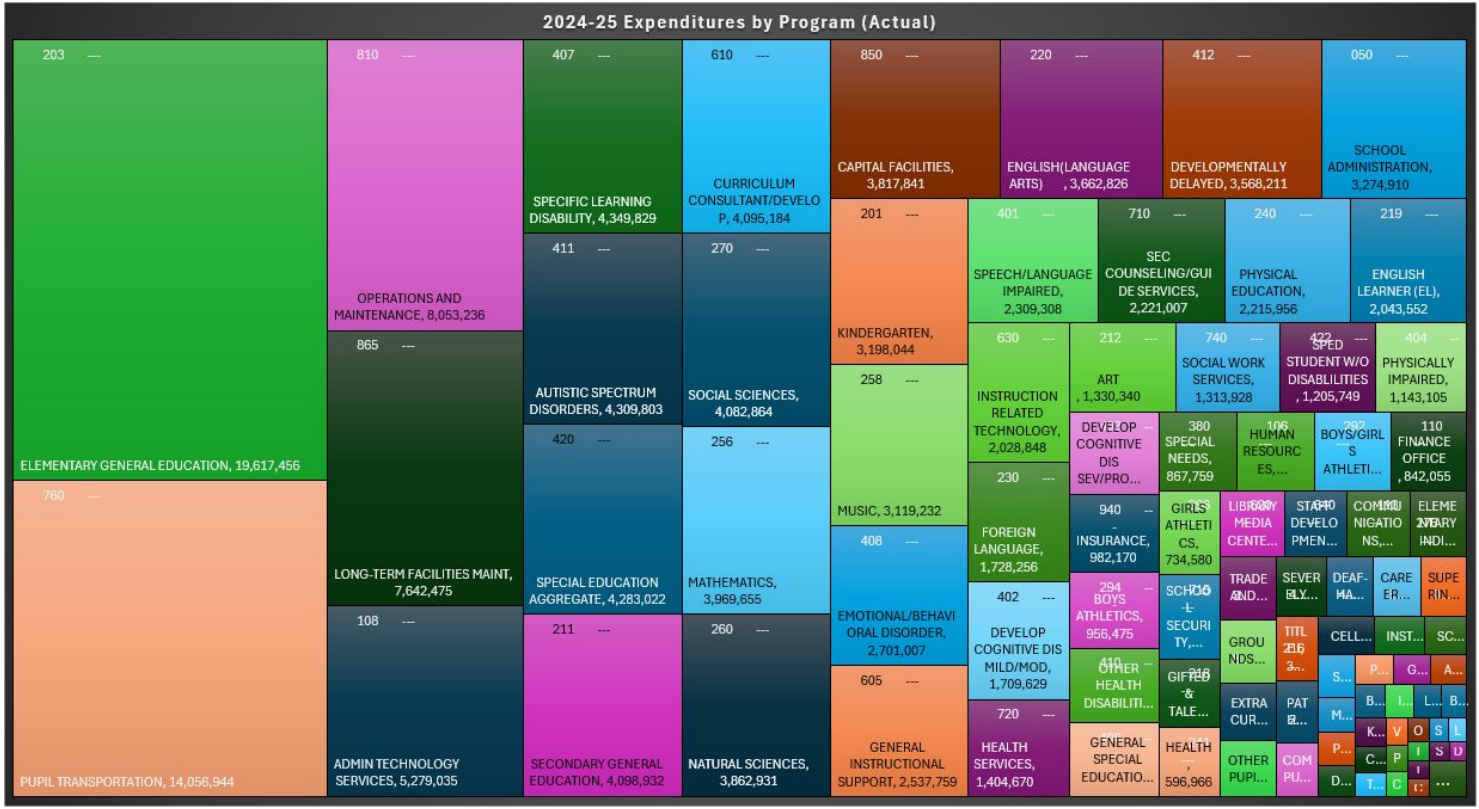
Transportation: $14,353,766



Largest Expenditures by Program

Elementary General Education: $19,617,456

Pupil Transportation: $14,056,944



Strategic Directions and Initiatives

Strategic Direction A: Ensure the learning process is adaptable to meet individual student needs

Strategic Direction B: Foster a safe, welcoming and inclusive environment for all staff and students

Strategic Direction C: Utilize systems and align resources in an efficient manner to support learning

Strategic Direction D: Develop strong partnerships with the communities we serve

Focus Areas:

- Literacy
- School Culture/Equity & Inclusion
- Social Emotional Learning & Mental Health

Things That Didn’t Make The Final List

- Eliminate middle school teaming model
- Increase staffing ratio district-wide
- Eliminate elementary band and orchestra
- Reduce secondary music staffing model
- Reduce 1 high school Pony Center (1 AP, 2 counselors, 1 admin support)
- Reduce high school security
- Eliminate secondary School Resource Officers (SROs)
- Eliminate elementary Green Rooms
- Reduce elementary social workers
- Reduce 7 elementary reading interventionists
- Shift middle schools assistant principals to deans
- Eliminate district-wide behavior specialist
- Shift to 1 mile walk/no bus zone for elementary transportation
- Eliminate AVID at high school
- Continue with multigrade classrooms

Districtwide Adjustments

Increased districtwide sub costs (MnPFML)	$400,000
Reduce transportation costs	(663,875)
Reduce district administration (1.0 FTE)	(252,000)
Eliminate principal on special assignment (1.0 FTE)	(201,768)
Reduce health insurance costs by charging for single coverage	(202,000)
Reduce out of state travel and limit conferences	(120,000)
Reduce apps /subscriptions for supplemental resources	(50,000)
Shift para for from General Fund to Technology Levy (1.0 FTE)	(43,129)
Increase Community Education chargeback	(40,000)
Increase Nutrition Services chargeback	(100,000)

Secondary Adjustments

Adjust St. Croix Valley ALC staffing	(284,000)
Reduce secondary general education paras	(129,387)
Move to district-wide secondary BARR coordination	(113,600)
Increase athletic fees	(100,000)
Reorganize leadership of Oak Park programming	(87,726)

High School Adjustments

Invest in high school schedule: (5.55 FTE)	788,100
Adjust high school staffing from 33:1 to 35:1: (5.3 FTE)	(752,000)
Adjust secondary staffing for PSEO enrollment: (4.0 FTE)	(568,000)
Reduce substitute costs	(300,000)
Reduce summer extension days	(62,908)
Reduce support positions	(48,000)

Middle School Adjustments

Shift middle school athletics/activities from general fund to Community Education	(250,000)
Merge AVID programming with Middle School Success	(125,000)
Adjust middle school GATE staffing	(142,000)
Reduce building support positions	(103,000)

Elementary Adjustments

Increase custodial staff for new buildings (3.0 FTE)	240,000
Adopt new elementary staffing model	(500,000)
Reduce building support positions	(302,000)
Reduce non-literacy supports	(284,000)
Eliminate licensed administrator and replace with district immersion coordinator	(77,858)

New Elementary Staffing Model

What Would Change

- Addition of teacher assistants (TA) in classrooms that fall above the standard class size ratio
- Two adults supporting students academically, socially and emotionally throughout the day

What Would Not Change

- Certified teacher remains responsible for instruction
  - TAs trained in content, strategies
- Core curriculum, instructional minutes remain intact
- Intervention, special education services remain in place

MAINTAINS = strong adult support in classrooms

AVOIDS = multi-age classrooms or disruption to other student services

Benefits of TA Model

Improves Efficiency Across Classrooms

- Reduces instances of very low class sizes that are not financially sustainable
- Balances enrollment more effectively across sections

Increases Flexibility as Enrollment Changes

- Allows us to absorb new students as they move into the district
- Reduces mid-year disruptions to classrooms

Avoids Multigrade Classrooms

- Teachers remain focused on one grade level standards and benchmarks
- Maintains grade-level peer groups

How We'll Support Classrooms with TAs

Onboarding and professional development plan for teachers and TAs

Principals will supervise and evaluate, and teachers will provide work direction to TAs

New Elementary Staffing Model Example

Grade 3 = 63 incoming students

Class Size Range = **29.5**

	Adult to Student Ratio	Total Cost
Old Model	3 Sections	$426,000
New TA Model	2 Sections ● **Section 1** = 31 students with TA ○ 15.5 to 1 ratio ● **Section 2** = 32 students with TA ○ 16 to 1 ratio	$370,260

Special Education Adjustments

Adjust Special Education Teacher caseload ratios/support model (3.0 FTE)	(213,000)
Adjust Related Service Providers caseload ratios/support model (3.0 FTE)	(213,000)
Adjust paraprofessional support model	(172,000)
Change to the Non-Public Service model	(111,800)

*These savings reflect non-reimbursed expenditures

2026-27 Budget Adjustments

Total Projected Reductions =

($5,183,951)

Questions