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Students are at the center of all decisions made at Prior Lake-Savage Area Schools (PLSAS) and there is much to celebrate in our district. This is also the time of year when school districts work to determine the budget for the coming school year. As always, PLSAS strives to be fiscally responsible with the funding we have while prioritizing student learning.

Like all districts throughout Minnesota, PLSAS' budget process is further complicated by three things: unanticipated expenditures due to COVID-19, the pandemic and the negative impact it has had on our student enrollment, and state funding that has not kept pace with inflation.

School districts have many fixed costs each year and the additional variables in expenditures due to the pandemic have made it a difficult year. This school year we experienced increased expenditures due to COVID-19 to pay for personal protective equipment and sanitation supplies, additional staffing needs due to the requirements for distance learning and free child care for Tier 1 employees, as well as technology for all of our students in order to implement distance learning.

In Minnesota, the state does not provide aid to school districts for technology needs. Schools must use General Fund dollars to fund technology or ask voters to approve the funding for a technology levy. PLSAS does not have a technology levy, while most surrounding districts receive this additional funding. Currently the Board is evaluating the possibility of a future technology levy.

Student enrollment is the driving factor in determining revenue for our district. The amount of aid our district receives is dependent on the number of students it serves, which means attracting and retaining students directly affects the district's financial well-being. Last fall the pandemic caused many families to make other choices for their children, leading to an enrollment decrease, which negatively impacts our district's finances.

The pandemic also has caused a shortfall in the state's budget. This further complicates our budget-planning process since the legislative session has just begun and school districts do not yet know what funding from the state will be. At this point, we are assuming a 0% increase on the general education formula for next year and a 1% increase for the following year. Recently the School Board held a virtual meeting with local legislators to discuss these budget challenges.

To strengthen our financial picture, last school year PLSAS identified a combination of increased revenues and decreased expenditures to adjust the district's budget shortfall by 3% (\$3 million) for the current school year.

This school year, to date PLSAS has reduced supply budgets and received some Coronavirus Relief Funds to help with requirements related to the pandemic mandates placed on public education. Moving forward, the School Board will continue to discuss budget planning and next steps to help ensure we maintain a balanced budget over the next few years, while staying within our 8-12% fund balance policy.

Our Strategic Plan calls for us to continue fiscal accountability through operational excellence, along with engaging students, parents, families and community to strengthen a culture of respect and inclusion. To that end, in an ongoing effort to be transparent with our stakeholders, our website is an excellent source of financial information about the district. We also have a Community Budget Guide that is designed to help stakeholders understand how their tax dollars are invested and how school finance works in our district. You can visit www.priorlake-savage.k12.mn.us for more information.