

How is it that school districts are in a budget shortfall?

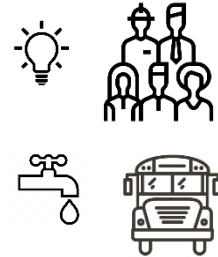
Enrollment is decreasing.



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Revenue
is decreasing.

Costs are increasing.



+ \$\$\$\$

Expenditures
are increasing.

Why was budgeting so challenging during COVID and the following three years (2020-2024)?

- **Federal:** COVID relief funds came after budgets were adopted and came in phases, to be spent out by 2024-25; federal grant allocations were inconsistent (IDEA, Title)
- **State:** During COVID, Oregon allowed for ADMw to remain the same when enrollment was unknown and also gave COVID relief funds (e.g. retention grant); state grants came in higher than estimated for several years, but lower in 2024-2025; some one-year grants arrived after budgets were adopted (e.g. Early Literacy, Summer Learning)
- **Local:** Earnings on investments were inconsistent (flat then negative one year and then higher the next); local option taxes for WLWV stayed strong despite projections
- **Purchased Services:** Market and inflation caused increases in labor costs, insurance costs, utilities costs (28%), goods & services costs (15-25%), transportation costs (gas, payroll), etc.

What can school districts consider when they need to make budget reductions?

- Reduce staffing (makes up 80% of the General Fund)
- Reduce purchased services, supplies, materials (makes up 17% of the GF)
- Reduce or eliminate programs
- Leverage savings options (e.g. PERS bonds, refinancing GO bonds)
- Reduce school days
- Freeze salaries (but this requires contract negotiations)
- Sell or lease surplus assets (e.g. buildings, property)
- Consolidate smaller schools or reconfigure schools