

2025-26 Budget Reductions Anticipated

January 14, 2025

Dear WLWV Community,

At yesterday evening's School Board meeting, I presented a projected budget reduction of \$15 million for the 2025-2026 school year. We've reached this projection based on some key factors (please read below) including the Governor's proposed state school fund of \$11.36 billion and the unexpected PERS rate increases that alone create a \$6 million increase for our district next year.

This announcement is earlier than anticipated, but with the School Board poised to make a decision at the end of the month regarding the possibility of consolidating one or more of the three smallest schools in the district, an analysis of the district's prospective budget was necessary.

[Across Oregon, school communities can expect reductions.](#) The proposed state school fund increase of 11% is not adequate when economic costs are closer to a 15% percent increase and the PERS retirement rates are doubling next year. While these reductions will be challenging, it is important to remind ourselves that West Linn-Wilsonville is an exceptional place to live and learn and we are committed to keeping it this way.

What are the expenditures that create a need for a budget reduction?

There are several factors for budget reductions. Some of the biggest factors include:

- **Declining enrollment** — the district has approximately 950 fewer students enrolled than it did prior to the pandemic. This is a national [and statewide trend](#), paired with a [declining birth rate](#). Oregon has 35,000 fewer public school students since the pandemic. School districts are funded per student, which means districts are receiving less funding than they previously did. WLWV [anticipates another decline](#) of approximately 100 students next year.
- **Increased staffing levels** — The district intentionally used one-time pandemic funds to add staff towards academic and mental health support for students recovering from the pandemic's impacts. This is no longer sustainable. Reductions to staffing began last year and need to continue this year to be able to finance the district within the state's funding allocations.
- **PERS Retirement rate increases will be double from last year** — This unexpected increase is an approximately \$6 million additional cost to our budget next year.
- **Student needs have increased** — Mental health needs continue to rise and special education identification has gone up across Oregon and the nation. There is possible legislation to raise the special education funding from 11% to 15% in Oregon to match the national average. This needs to be additional funding and not a re-distribution of current funding.

- **Increased costs with materials, insurance, workers compensation, utilities, transportation** — Overall operating costs have increased considerably for school districts similar to what we all see at the grocery store, gas station, utilities, insurance, etc. Some increases are expected to rise by 15-20% next year.
- **Unfunded Mandates** — Newer legislation has resulted in increased costs to employers (particularly schools) without additional state revenue provided or factored into the state school fund increase (e.g. [Paid Leave Oregon SB 1515](#), Classified Unemployment SB 489).

Where will reductions come from?

The \$15 million in reductions are approximately 9% of the General Fund expenditures. At this time, the planned reductions will be taken from both non-classroom personnel and programs as well as classroom personnel. As the district works with the labor associations, more specifics will be communicated accordingly.

District-Level and School Reductions (non-classroom) - Approximately \$7.46 Million

- Administrator Positions, District Office staffing, District and School Budgets
- Professional Learning, District and School Budgets, and Software
- Support Staff and Programs, Paraeducators, Operations (staff and services)

Classroom Reductions (teachers) - Approximately \$7.54 Million

- Primary Schools: 30 FTE (Average Class Size: 28)
- Middle Schools: 11 FTE
- High Schools: 17 FTE

How does the Small Schools decision factor into the budget process?

On January 27, the School Board is expected to make a decision based on community input, the [Small School Task Force](#) findings report, Long Range Planning Committee statement and information provided by the district at the January 13 school board meeting. The consolidation of a primary school yields approximately \$1.45 million in savings and would be directly applied to lowering class sizes across the primary level (reducing 19 FTE instead of 30 FTE, resulting in average class sizes of 25 instead of 28).

Can the District increase revenue somehow?

There are some limited ways that the district can increase revenue, examples include:

- **Local Option Levy** - The community passed a local option levy in 2023. These tax dollars fund additional teachers and offset federal and state grants that come in lower for our district than others due to demographics (e.g. income level of community). These positions are already factored into our budget.
- **Capital Bond** - If voters pass a renewal of the Capital Bond in November 2025, these funds would help relieve the General Fund budget of some high-cost facility items. Capital funds cannot be used for daily operations (e.g. salaries, utilities, curriculum, computer software) but can be used for building repairs, safety improvements, or technology hardware replacement.

- **Increases to facility rental fees** — The district has not raised these rates since prior to the pandemic. The district has increased the fees to better cover the cost of maintaining and staffing our buildings and fields in evenings and weekends for community use. Fees and rental rates are now closer aligned to similar districts in the Portland-Metro area.

What is the 2025-26 Budget Process and Timeline?

It is still early. There are education groups including teachers, administrators and school boards advocating to legislators for increases to funding next year. We will make reductions cautiously while watching the news in Salem. Any changes that increase funding will be prioritized towards keeping class sizes lower and restoring support staff working directly with students. We will continue to keep our community informed over the next months.

The official budget process begins in April for community members to provide input on budget priorities. The first Budget Committee Meeting is scheduled for May 19. The School Board will approve the 2025-26 budget in June.

It is never easy to make reductions and there will be great care taken with each decision, collaboration with associations, input from the community considered, and communication along the way. We appreciate our community's engagement, support, and partnership with our school leaders, teachers and students. Again, West Linn-Wilsonville is an exceptional place to live and learn and we are committed to maintaining that experience for our students, staff, and community.

Please keep up-to-date with district messages, school messages, and website updates for accurate information about the budget and planning for next year.

Most sincerely,
Kathy Ludwig, Superintendent