

Superintendent's Budget Message: May 6, 2024

Dear West Linn-Wilsonville School District Budget Committee and Community:

I respectfully submit the West Linn-Wilsonville School District proposed budget for the 2024-2025 SY in accordance with ORS 294.391.

The District Budget for 2024-2025 proposes:

- \$159,040,621 in the General Fund
- \$30,412,795 in the Special Revenue Fund
- \$42,874,466 in the Debt Services Fund
- \$44,249,416 in the Capital Projects Fund

Together the funds totaling **\$276,577,298** provide a balanced budget of revenue and expenditures that meet federal and state regulations and align with the District Goals; the District Integrated plan; the District Equity Action Plan; and individual School Work Plans.

PART I: PUBLIC SCHOOL BUDGET SOURCES

Public school districts are funded through a variety of sources.

General Fund:

State School Fund (SSF). School Districts receive a vast majority of their funding through the State School Fund, into their General Budget (ORS 327.008). To achieve equalized per-student funding, the current formula reduces state contributions if local tax revenues per student are high and increases state contributions if local revenues are low. The equalization of funds also includes a “weighted” student count based on need.

Property Taxes. Annual property taxes are collected for school districts, ESDs and community colleges at a regulated rate. As mentioned earlier, state funds and local funds work together to balance the amount allocated to districts across the state in an equalization effort.

Local Option Levy. Under Oregon’s property tax law, a local option levy allows individual communities the ability to supplement state funding for their local schools. In November 2023, voters in West Linn and Wilsonville renewed a five-year local option levy at a rate of \$1.50 per \$1,000 assessed value. Local option taxes in our district are used to fund teachers and support staff in each of our schools.

Special Revenue:

School districts receive funds through federal and state grants. These grants are accountable to specific spending criteria.

A. Federal IDEA and Title Grants

The Office of Special Education Programs administers three formula grant programs authorized by the Individuals with Disabilities Education Act (IDEA). These grants are awarded to states annual to support children experiencing disabilities birth through age 21.

Title grants are annual federal monies that are meant to supplement, not replace, existing state funding for education, for example:

- Title I: Funding for students from low-income families, based on census poverty data. The money must go toward programs and support systems to help students access and achieve challenging and relevant academic state standards.
- Title II: Funding supports teacher, administrator and staff professional development.
- Title III: Funding is for English Language Learners to develop language skills in reading, writing, listening and speaking.

B. State Grants:

1. High School Success Grant (HSS, formerly Measure 98)

The state-funded HSS grant targets improvement to graduation rates through expansion of Career & Technical Education (CTE) programs, addressing chronic absenteeism, and providing interventions that reduce drop-out rates. In West Linn-Wilsonville, we have developed a strategic plan for allocating HSS grant funds to impact these target areas.

2. Student Success Act: Student Investment Account (SIA) Grant

A voter-approved Corporate Activities Tax (CAT) allocates funds each biennium towards the Student Success Act which includes three “buckets” of funding priorities: a) Statewide Education Initiatives, b) Early Learning, and c) Student Investment Account, SIA.

The Student Investment Account prioritizes two areas of need: 1) Students’ mental and behavioral health needs, and 2) Increase academic achievement and reduce academic disparities for students who have historically experienced disparities in our schools. Extensive community engagement informed the goals within the district’s SIA grant application with measurable academic outcomes.

3. Early Literacy Success Initiative Grant

In 2023, Governor Kotek and the Oregon Legislature established early literacy as a priority. This two-year grant (2023-2025) identifies four goals: increase early literacy for children from birth to third grade; reduce literacy academic disparities for student groups that have historically experienced these disparities; increase support to families in the development of their children’s literacy skills; and increase access to early literacy learning through research-aligned, culturally responsive, student-centered curriculum, instruction and support.

Capital Projects:

Under Oregon’s property tax law, a local Capital Bond allows individual communities the ability to fund capital projects through a tax levy. In November 2019, voters in West Linn and Wilsonville passed a Capital Bond identifying specific capital projects for funding. These included safety and facility upgrades, technology replenishment and upgrades, and two new school buildings (Athey Creek Middle School and Frog Pond Primary School). More specifics about these projects can be viewed on the district website under the tab: Capital Bond.

PART 2: STEPS IN ASSEMBLING A SCHOOL DISTRICT BUDGET

In the process of assembling a school budget, the district:

- Step 1: Begins by “rolling forward” the current level of staffing, programs and services from the current year into the new year
- Step 2: School and district leaders evaluate programs, operations and staffing levels based on projected need
- Step 3: Community input is collected through a survey of staff, parents and patrons regarding key investment priorities
- Step 4: Adjustments are made based on survey results and any new information from federal, state or local funding sources
- Step 5: Lastly, a proposed budget is brought to the Budget Committee

Key Investment Priorities (Step 3) are those that are research-based or proven to exemplify the quality of learning and the quality of care every parent wishes for their child. Key investments that our community has identified include:

- **Hiring quality staff** and providing effective classroom support systems
- Effective **Class Size Ranges**
- Professional development for **excellence in teaching**
- **Quality curriculum & curriculum support**
- Instructional strategies for students with **diverse learning needs**
- Support for **mental health and behavioral needs**
- **School Equity Teams** and districtwide equity and inclusion initiatives
- **Varied assessments that measures progress** to inform students, staff, parents, district
- **Access to rigorous coursework in K-12**, including AP/IB & college level courses
- **Enriched Programs** such as World and Dual Language Programs, Performing and Visual Arts, Athletics and Activities
- **Expanded STEM and CTE Programs**
- **Early Childhood Preschool** programs
- Developing Robust Systems of **Instructional Technology**

Measuring the Outcomes of our Investments

We measure the outcomes of our investments by collecting, analyzing and utilizing a broad range of evidence:

- Graduation Rates – West Linn-Wilsonville has one of the highest in the state of Oregon for a multi-high school district (95%)
- Drop-Out Rates – West Linn-Wilsonville has a rate (1.03%) well below the state average (3.31%)
- Regular Attendees – Decreasing chronic absenteeism (missing more than 10 days of school) continues to be a priority
- 9th Grade on Track – Providing strategies and school management supports for students to pass 6 courses in freshman year
- Increasing student participation in AP courses, IB courses and Dual Credit classes at our high schools
- Oregon State Assessment (OSAS) academic achievement results (G. 3-5, G. 6-8, G. 11) on school and district report cards

- District-administered interim assessments provide valuable information to help students monitor their own learning; help teachers adjust and prepare instruction; and help school and district teams effectively plan targeted interventions and resources as needed.
- Anecdotal and qualitative data from students, staff and community surveys (e.g. Panorama) and district- or school-based forums

Feedback from Community

An annual survey (Step 4) is sent out to the community in April asking for feedback regarding these key investments and which ones they would prioritize for the new fiscal school year. This year the district also asked for input regarding areas for reduction. The District received close to 1,300 survey responses. The feedback was collected, categorized, analyzed and applied when evaluating these investments within the parameters of priority and reduction for the 2024-2025 proposed budget. The results are included in the budget document Section V. Appendix.

PART 3: REPORTING THE BUDGET FOR 2024-2025

In 2023-2024, the Superintendent’s Budget Message prepared the school community for a need to make reductions in the second year of the biennium stating, “We will expend a large portion of our ending-fund-balance (reserve) in order to roll forward our current service level as well as provide additional staffing...to be clear, this is not a sustainable practice. The use of reserves is a ‘one-time fix’. Depleting reserves means that the second year of the biennium will be impacted...like other districts, we anticipate making reductions in the second year.”

On April 30, 2024, a Superintendent’s message to the school community announced the need for a \$10 million reduction to the 2024-2025 school budget. Reserves have been significantly depleted and rolling over the current level of staffing and programs is unsustainable. Reductions in expenditures are needed in order to readjust back to a pre-pandemic level (remembering that the pandemic came with additional federal funds that allowed districts to hire additional personnel and fund extra resources as needed; those funds are gone).

Reasons for K-12 public school budget challenges include: continued labor cost increases, goods & services increases, utilities increase, unfunded recent legislative mandates and the discontinuation of federal pandemic relief grants. While there are annual increases in state funds to school districts, the percentage increase is consistently less than the labor/market cost roll-up increases to operate the following year.

The 2024-2025 School District General Fund Budget demonstrates movement towards a more sustainable financial budget; however, additional reductions in the 2025-2026 school year will be necessary if revenue is not significantly increased from the state.

2024-2025 General Fund Revenue Total \$137,506,319

Revenue details are found in the proposed budget document. Some larger sources include:

- State School Fund to WLWV of \$65,583,628 (Based on ODE allocation as of 3/25/2024)
- Property Taxes of \$48,354,544
- Projected Local Option Levy of \$13,499,000
- Clackamas ESD Allocation Funds of \$3,383,188

2024-2025 General Fund Expenditures Total \$152,221,121

Expenditure details are found in the proposed budget document. Some working factors include:

- Rolling forward of district operations, programs and staffing with a \$10 million reduction
- Increased costs (estimates) to honor negotiated contracts that include cost of living adjustment (COLA), years-of-service step increases, and health insurance
- Increased costs in utilities, transportation, supplies & materials, vendor contracts and insurance rates
- Increased cost in unemployment compensation due to new legislation

The Revenue-Expenditure difference is \$(14,714,802).

Only with a 2023-2024 carry-over reserve of \$21,534,302 (as of 5/6/2024), an ending fund balance of \$6,819,500 is achieved. This smaller carry-over reserve for the following 2025-2026 SY cannot support the same Revenue-Expenditure difference, which is why another reduction and increased state funding in the following biennium will be needed.

Proposed 2024-2025 Budget Reductions of Approximately \$10 Million

Applying District priorities and feedback from district & school leaders, association leaders and the school community survey, the district has made approximately \$10 million of expenditure reductions for the 2024-2025 school year in the following areas:

1. Districtwide Department and School Operational Budget, Approximately \$4.5 Million

Reduced district and school supply budgets; reduced contracted services, vendors, rentals, utilities usage, printers, landscaping; paused maintenance vehicle replacement; etc.

Note: Remaining intact for next year will be the Board-approved curriculum renewal materials for Math and Science, as well as arts, music, athletics, and co-curricular programs.

2. District administrative and school/student support personnel (non-classroom positions), Approximately \$4 Million

Reduced District Office administration/staff (5 positions), districtwide classified support staff (equivalent 10 positions)

Reduced Licensed support staff and TOSA positions:

- a. 3 WKOA (online program) staff. The K-8 WKOA enrollment remained very low the last two years (2023-24: 40 middle school students; 10 primary school students) and is being suspended at these levels. WKOA Grades 9-12 program will continue.
- b. Grades K-8 Librarians will return to the pre-pandemic model of working across two schools. These librarians were increased to full-time at each school to assist with the new WKOA online program students. With the program suspension, 13 librarians have been reduced back to 6.5 librarians. A full-time classified library assistant at each school will remain.
- c. 3 Mentor Teachers; 2 Primary School Literacy Coaches; 2 Middle School TOSAs; 2 Career Connections staff
- d. 3 Early Childhood Evaluation staff. This service, as needed, will be contracted through the Clackamas ESD.

3. Twelve Primary Classroom Teachers (due to decreased enrollment since 2019-20 of 700 students), Approximately \$1.5 Million

Average primary class sizes will return to pre-pandemic ranges.

- **Pre-COVID**
2017-2018 Average Class Size = 23.7
2018-2019 Average Class Size = 23.1
- **With COVID relief funds/reserve:**
2019-2022 class size variability due to online, hybrid, return to in-person
2022-2023 Average Class Size = 21.8
2023-2024 Average Class Size = 21.6
- **With the 12 reductions:**
2024-2025 Average Class Size = 23.3

Outstanding Factors that Could Continue to Impact the 2024-25 Budget

- Student enrollment impacts budget revenues and expenditures. Declining or increased enrollment could result in staffing changes. The district is actively monitoring this and will respond accordingly.
- The district is currently in contract negotiations with the West Linn-Wilsonville Education Association (WWEA, licensed) and Oregon School Employees Association (OSEA, classified). The negotiation discussions in our district are professional and mutually respectful. Outcomes from these contract agreements may or may not create the need for additional reductions.

Part 4: Recognition of Our Community

- Making reductions in a school district is hard, complicated and always impacts members of the school community. We recognize that some of our valued staff will have lost positions in our district after devoting considerable talent, time, heart, soul and passion. We are indebted and grateful to their service and their positive impact on our students. Truly, we thank them. We are hopeful that future openings will allow them to rejoin the district. We recognize that other educators in our district will have different assignments next year than this last year. We thank them for making the adjustments necessary and appreciate the extra time and attention they will spend as they shift into these new roles. We are grateful for the continued expertise they bring to our district and the care they provide our students.
- I wish to recognize the leadership of our School Board members. We appreciate the countless hours you spend meeting with patrons, managing district business, and attending school and district events. We appreciate your belief and support in the professional expertise of our staff and their commitment to our community's children. We appreciate your attention to our community when times are challenging, and bringing forward feedback from our patrons to help us improve our district practices. Lastly, we value your courageous advocacy for inclusion of ALL children in their neighborhood schools and learning alongside their peers in the general education classroom, while also standing up and speaking up for ALL students however they self-identify.

- I wish to recognize our Budget Committee who volunteer to oversee the accountability of our budget process and document. And we thank all who participated in this budget development process by sending us feedback: parents, patrons, and staff. The interest, care and advocacy by our community is deeply evident and valued.
- I wish to recognize our stellar Business Office Team and the countless hours they have invested in assembling this document, alongside hours of meetings with district staff to ensure programs and numbers are accurately reflected. Their work does not end here; they will continue to account for and adjust finances as revenue and expenditures actualize.
- I wish to recognize the excellence of our teachers, specialists, staff and administrators who bring their best professional selves to educating children on a daily basis. Our West Linn-Wilsonville staff do not operate in silos; instead they work selflessly across departments, schools, levels, and roles towards the same goal: eliminating opportunity and achievement gaps and ensuring all students in our district are “happy and proud”.
- Lastly, I wish to recognize and thank our community’s generosity in supporting our Local Option Levy and Capital Construction Bond. The local option levy has preserved approximately 90 positions, even while we had to reduce others. And our 2019 Capital Bond has allowed us to attend to safety and facility upgrades—without draining our general budget—that create conditions for optimal learning for our students. These are significant contributions that are deeply appreciated by families of current students and will be by families of future students. We would not be the district we are today without the belief, support and generous financial investment of our community.

In Closing

It is imperative to restate that an outdated State School Fund calculation method and subsequent inadequate K-12 school funding allocations cannot continue in Oregon. Reductions across the state have occurred last year, this year and will occur next year unless there is collective voice, advocacy and courageous commitment by state leaders, state legislators and the Governor’s Office. Our state leaders **MUST** take into consideration **realistic and current** workforce payroll increases, goods and services increase, increased student mental health and special education needs, and rising inflation. While we appreciate the good will and intention of key legislation, there is always financial and time-consuming impacts for school districts with every legislative implementation. Funding must accompany new legislation.

As a last word, I am proud and humbled to serve the West Linn-Wilsonville School District and to bring forward a budget that, while reduced, still supports the mission and goals of this school district and most importantly, the academic and social-emotional success of each student.

Respectfully,

Kathy Ludwig

Kathy Ludwig, D.Ed.
Superintendent