



2024-25 Budget Preview Discussion

Current Environment - K-12 Budget Challenges

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1. School Districts in Oregon and across the nation are facing fiscal challenges (see pages 2-3) as they build their budgets for 2024-25 and beyond
2. **These challenges are primarily driven by a combination of inadequate current and projected K-12 funding in relation to recent inflation and state mandates, decreasing enrollment/birth rate trends, unfunded pension obligations, heightened student needs and the end of Elementary and Secondary Emergency Relief (ESSER) (COVID) funds**
3. In Oregon, there is also a specific issue with the capping of additional funding of special education students (students on an Individual Education Plan (IEP)) at 11% of enrollment when the percentage of IEP students statewide is between 15% and 16%
4. New Oregon mandates, increases in associated payroll costs with the advent of Oregon Paid Leave (OPL) \$0.4 million (2022-23) and changes to rules around unemployment compensation estimated at \$1.2 million (2024-25) have added to the fiscal challenge
5. Most states, including Oregon, are also dealing with the long term issue of dealing with Unfunded Actuarial Liability (UAL) of their pension funds
6. **This combination of issues results in Medford School District 549c having a projected \$15.0 million deficit over the next two years**

K-12 Budget Challenges Oregon and Washington

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1. [School districts throughout Oregon, Southwest Washington face significant budget cuts this spring - Portland and Salem-Keizer are each facing tens of millions of dollars in cuts in the coming weeks. But they aren't alone in the K-12 struggle to pay for increasing costs and student needs.](#)
2. [Enrollment losses persist in Oregon's public schools](#)
3. [Governor Kotek 11/2023. ...“I'm not saying we have all the resources we need,” Kotek said. “I expect our districts to figure it out..”](#)
4. [Ashland School District 5](#) - \$3 million gap, cutting \$1.5 million prior to collective bargaining settlement(s) with both of their unions
5. [Portland School District 1J](#) - \$30 million in cuts sparks backlash
6. [Salem-Keizer School District 24J](#) - Announced \$30 million in cuts this year, has approximately \$32 million more to cut next year. [Hundreds to be laid off.](#) Teachers voted to authorize a strike, but reached a tentative agreement 03/26/2024
7. [Silver Falls, OR \(\\$45M SSF\)](#) Superintendent resigns, district running out of money before June 30, 2024. \$1M shortfall.
8. [Bethel School District, Eugene Oregon](#) - ...enrolls about 5,000 students, decided this week to close an entire school — Clear Lake Elementary — in 2025 to help alleviate their budget woes...
9. [Gervais School District Marion County, OR School District may close if bond not approved](#) May 21st
10. [What's happening in Washington](#) - Evergreen, Vancouver and Washougal School Districts all cutting. [Evergreen Public Schools](#) will need to cut between \$16 million and \$20 million to achieve a balanced budget next year. District educators recently issued a petition after learning that [140 positions would be cut](#) under Evergreen's initial proposals. [Vancouver Public School](#) has voted to cut \$35 million from its budget, slashing more than [260 positions](#) in its wake.

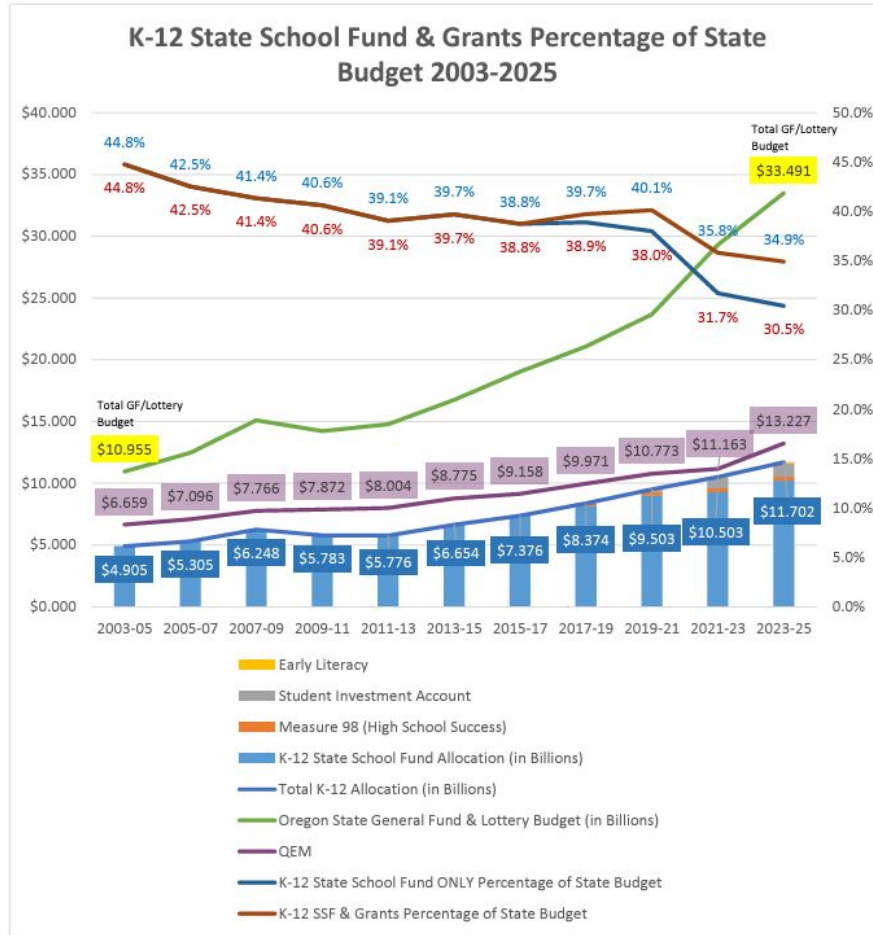
K-12 Budget Challenges Across the US

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1. [Minneapolis, MN school district proposes eliminating 200 staff positions](#) citing enrollment drop
2. [Inglewood, CA Unified School District closing 5 schools](#) citing enrollment drop. The District has already closed 3 schools since 2019
3. [Linn-Mar School District - Marion, IA confirms 50 staff positions being cut next year](#) citing loss of ESSER (COVID) funds and lower enrollment
4. [Brookline School District - Boston, MA could lay off 20 staff amid \\$2.4 million](#) deficit citing rising costs and funding limitations
5. [Auburn School District - Auburn, NH](#) - A New Hampshire school district is nearly \$800,000 over budget and the school board is making some serious cuts
6. [Cincinnati, OH Public Schools board slashes millions from budget](#)
7. [Beaumont, TX Independent School District announces closing of King Middle School](#)
8. [Ann Arbor, MI Public Schools to start layoff notifications amid \\$25M budget deficit](#)
9. [Missoula, MT schools move forward with massive budget cuts](#)
10. [Berlin, NY school budget mistake, spending one time COVID money as ongoing expenses, leads to layoffs, other cuts](#)
11. [Florida schools have a teacher shortage. Why are they cutting jobs?](#) Funding is the issue.

Oregon K-12 State Funding Over Time

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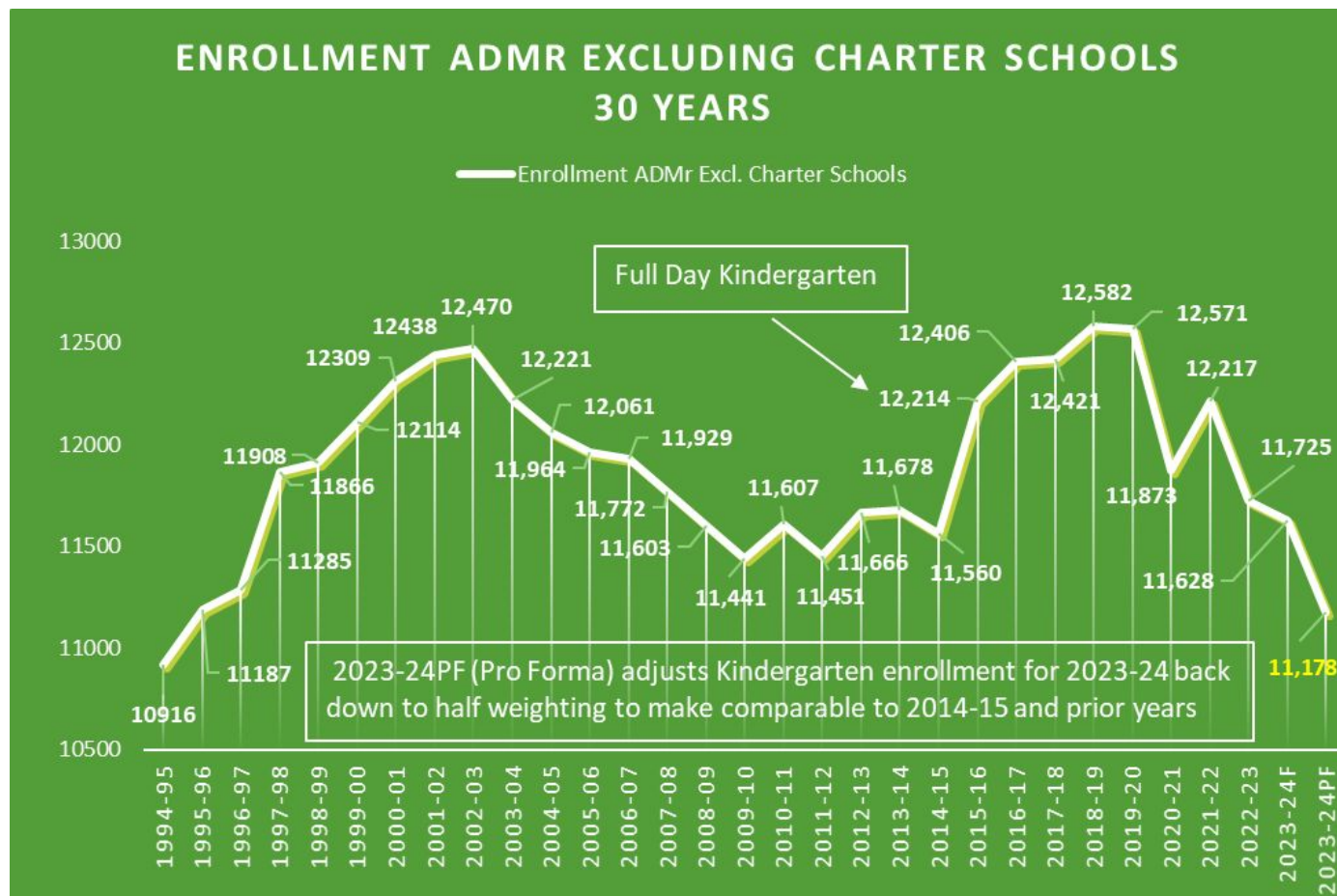


Total state GF & LF budget for 2023-25 is \$33.491 billion. K-12 education received \$9.457 billion from this budget, and another \$743 million from other state budget sources, for a total of \$10.2 billion. When measured against the GF & LF budget alone (helpful because this is historically where all State School Fund money came from), it represents 30.5%. When funds from Measure 98 (High School Success), the Student Investment Account (SIA), and the Early Literacy Grant 2023-24 are included, the total for non-capital K-12 education expenditures is \$11.702 billion, or 34.9%. The [Quality Education Commission](#) estimates that K12 education would need \$13.227 billion to fully implement its recommended model for educational excellence in the 2023-25 biennium.

*Slide courtesy of
Hillsboro SD*

2024-25 Budget Presentation Enrollment, Staffing, Births & Funding

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2024-25 Budget Presentation Enrollment, Staffing, Births & Funding

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Enrollment ADMr Comparison

School	ADMr												
	12/31/2023	1/18/2023	6/30/2022	6/8/2020	6/17/2019	Change From 12/31/2023		Change From 12/31/2023		Change From 12/31/2023		Change From 12/31/2023	
	ADMr	ADMr	ADMr	ADMr	ADMr	1/18/2023	% Change	To 06/30/2022	% Change	To 06/08/2020	% Change	6/17/2019	% Change
Subtotal Elementary	5257.56	5972.73	6233.47	6748.33	6890.01	-715.17	-11.97%	-975.91	-15.66%	-1490.77	-22.09%	-1632.45	-23.69%
<i>*for purposes of this analysis all of Ruch is counted as elementary</i>													
	-11.97%												
Subtotal Middle School	2518.49	1896.26	1937.33	2060.12	1963.74	622.23	32.81%	769.56	39.72%	646.77	31.39%	554.75	28.25%
	32.81%												
Subtotal High School	3852.21	3897.48	3852.93	3767.53	3692.02	-45.27	-1.16%	44.56	1.16%	129.95	3.45%	160.19	4.34%
	-1.16%												
Subtotal Non-Charter	11628.26	11766.47	12023.72	12575.98	12545.77	-138.21	-1.17%	-161.79	-1.35%	-809.51	-6.44%	-917.51	-7.31%
	-1.17%												
Subtotal Charter Schools	2078.22	2020.43	1917.05	1792.71	1736.14	57.79	2.86%	103.38	5.39%	227.72	12.70%	342.08	19.70%
	2.86%												
Total ADMr	13706.48	13786.91	13940.78	14368.69	14281.91	-80.43	-0.58%	-58.41	-0.42%	-581.78	-4.05%	-575.43	-4.03%
	-0.58%												

- Elementary enrollment is down 1,632.45 or 23.69% since 2019 due to the combination of enrollment drops and moving sixth grade to middle school.
- Total non charter enrollment is down 917.51 students or 7.31% over the last five years.

2024-25 Budget Presentation Enrollment, Staffing, Births & Funding

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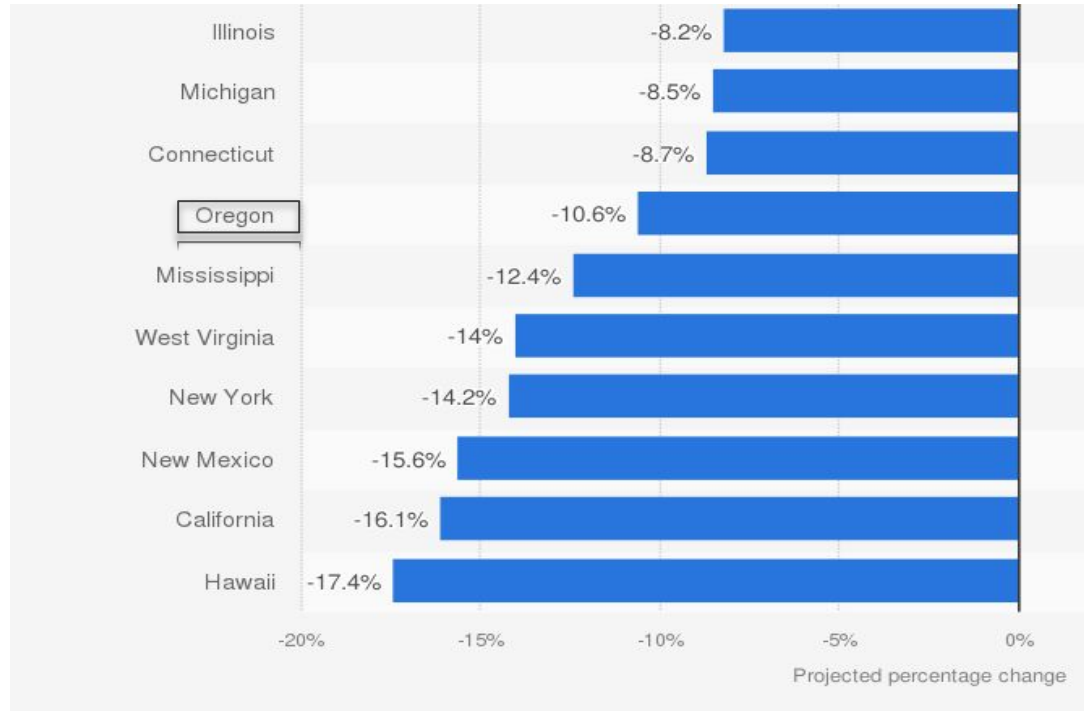
Enrollment ADMr Comparison															
		ADMr													
		12/31/2023	1/18/2023	6/30/2022	6/8/2020	6/17/2019	Change From 12/31/2023		Change From 12/31/2023		Change From 12/31/2023		Change From 12/31/2023		
School	School Code	ADMr	ADMr	ADMr	ADMr	ADMr	1/18/2023	% Change	To 06/30/2022	% Change	To 06/08/2020	% Change	6/17/2019	% Change	
Elemenatry School															
Abraham Lincoln	11	413.85	467.21	460.66	567.24	582.22	-53.36	-11.42%	-46.81	-10.16%	-153.39	-27.04%	-168.37	-28.92%	
Griffin Creek	12	472.70	573.86	526.80	600.99	584.39	-101.16	-17.63%	-54.10	-10.27%	-128.29	-21.35%	-111.69	-19.11%	
Hoover	16	588.35	645.26	648.48	706.52	728.55	-56.91	-8.82%	-60.13	-9.27%	-118.17	-16.73%	-140.20	-19.24%	
Howard	20	280.46	349.65	379.43	413.8	429.98	-69.19	-19.79%	-98.97	-26.08%	-133.34	-32.22%	-149.52	-34.77%	
Jackson	24	302.24	323.55	358.96	401.8	372.79	-21.31	-6.59%	-56.72	-15.80%	-99.56	-24.78%	-70.55	-18.92%	
Jacksonville	28	330.54	387.20	377.71	439.99	437.31	-56.66	-14.63%	-47.17	-12.49%	-109.45	-24.88%	-106.77	-24.42%	
Jefferson	32	391.37	439.40	443.36	477.9	449.47	-48.03	-10.93%	-51.99	-11.73%	-86.53	-18.11%	-58.10	-12.93%	
Kennedy	38	414.79	442.95	468.96	593.06	592.00	-28.16	-6.36%	-54.17	-11.55%	-178.27	-30.06%	-177.21	-29.93%	
Lone Pine Elementary	40	463.94	513.83	515.74	578.01	604.49	-49.89	-9.71%	-51.80	-10.04%	-114.07	-19.73%	-140.55	-23.25%	
Medford Online Academy K-8	42	98.60	128.00	331.54	0	0	-29.40	-22.97%	-232.94	-70.26%	98.60		98.60		
Oak Grove Elementary	44	414.02	417.41	407.09	473.47	544.68	-3.39	-0.81%	6.93	1.70%	-59.45	-12.56%	-130.66	-23.99%	
Roosevelt Elementary	48	329.52	372.20	363.26	423.35	431.56	-42.68	-11.47%	-33.74	-9.29%	-93.83	-22.16%	-102.04	-23.64%	
Ruch K-8	52	186.49	232.05	227.97	223.04	223.66	-45.56	-19.64%	-41.48	-18.20%	-36.55	-16.39%	-37.17	-16.62%	
Washington Elementary	56	260.79	296.64	327.07	365.29	381.45	-35.85	-12.08%	-66.28	-20.27%	-104.50	-28.61%	-120.66	-31.63%	
Wilson Elementary	64	309.90	383.52	396.44	483.87	527.46	-73.62	-19.20%	-86.54	-21.83%	-173.97	-35.95%	-217.56	-41.25%	
Subtotal Elementary		5257.56	5972.73	6233.47	6748.33	6890.01	-715.17	-11.97%	-975.91	-15.66%	-1490.77	-22.09%	-1632.45	-23.69%	
*for purposes of this analysis all of Ruch is counted as elementary															

- At June of 2019, the District had 3 Elementary Schools below enrollment of 400, five years later the majority of District Elementary Schools are below enrollment of 400
- The average enrollment, as of 12/31/2023, is 350 vs. an average of over 450 in June of 2019

2024-25 Budget Presentation Enrollment, Staffing, Births & Funding

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- Top 10 States with highest projected K-12 enrollment reductions 2021-2031
 - Oregon has 7th high projected drop in enrollment at -10.6%



source- <https://www.statista.com/statistics/236112/change-in-us-public-school-enrollment/>

2024-25 Budget Presentation Enrollment, Staffing, Births & Funding

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- Oregon statewide births began dropping pre-COVID in 2017-18, and the drop has continued since then. Births in 2017-18 effect 2022-23 SY when children become 5 and start KG
- By 2028-29 SY the **average K-5 enrollment drop statewide as compared to 2021-22 will be 11.33%**
- Across all 50 states, 281K fewer children were born in 2021 than in 2016, a decline of 7.1%
- Deaths have exceeded births in Oregon since 2020
- Population stagnation will affect Oregon's future economy...and schools

School Year	Calendar Year	State of Oregon Calendar Year Births	Change from 2016-17	Year of Impact on KG	2028-29 Grade
2014-15	2014	45,557			
2015-16	2015	45,656			
2016-17	2016	45,533			
2017-18	2017	43,630	-4.2%	2022-23	6
2018-19	2018	42,183	-7.4%	2023-24	5
2019-20	2019	41,861	-8.1%	2024-25	4
2020-21	2020	39,817	-12.6%	2025-26	3
2021-22	2021	40,931	-10.1%	2026-27	2
2022-23	2022	39,503	-13.2%	2027-28	1
2023-24P	2023	38,168	-16.2%	2028-29	KG
		Average Elementary drop in 2028-29 vs 2016-17		-11.3%	

2024-25 Budget Presentation Enrollment, Staffing, Births & Funding

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Apartment construction & student counts..generally very few school age children in apartments

Some notes from Matt Brinkley, Planning Director City of Medford

- Apartment
 - Apartments being built are a mix of studio, 1BDR, and 2BDR units and the mix is heavily weighted toward smaller units
 - Very few family size units are being built
 - Medford is getting older, retirees are greatly represented in the in-migrant part of our community
- Single family detached and attached developments are still dominated by households with school aged children, but even this is different than it used to be:
 - With remote work, we now have younger empty nesters in their 50's
 - Many remote workers realized a bunch of equity when the sold homes to come here, and Medford is relatively affordable compared to many areas in the country

FY 2024-25 District Special Education Enrollment and Funding

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Medford 549c Special Education Child Count (SECC) – December, XXXX

- Over the last five years total enrollment has dropped but SECC enrollment has increased

Year	SECC Count	SECC % of ADMr	1 Year Change	2 Year Change	3 Year Change	4 Year Change	5 Year Change
2023	2192	15.99%	3.20%	2.10%	3.54%	-1.35%	2.0%
2022	2124	15.41%	-1.07%	0.33%	-4.41%	-1.21%	
2021	2147	15.19%	1.42%	-3.38%	-0.14%		
2020	2117	14.76%	-4.73%	-1.53%			
2019	2222	15.49%	3.35%				
2018	2150	15.02%					
	Dist ADMr						
Year	Inc. Charter Schools		1 Year Change	2 Year Change	3 Year Change	4 Year Change	5 Year Change
2023	13706		-0.59%	-3.03%	-4.45%	-4.47%	-4.3%
2022	13787		-2.46%	-3.88%	-3.90%	-3.70%	
2021	14134		-1.46%	-1.48%	-1.28%		
2020	14344		-0.02%	0.19%			
2019	14347		0.21%				
2018	14317		1.46%				

The District has added approximately 50 Special Education FTE from 2019-2022 to support the SECC services

At 15.99% SECC, the 11% cap on IEP students results in an unfunded mandate of approximately \$7.15 million

2024-25 Budget Presentation Enrollment, Staffing, Births & Funding

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Preliminary 2025-27 Funding Outlook

- ODE has told K-12 schools to expect \$10.8 billion for funding in the 2025-27 biennium
- When the \$10.8 billion of funds are allocated 49% in year 2025-26 and 51% in 2026-27, this means a 1.73% increase in funding for 2025-26

K-12 Funding Levels Roll Forward 2021-23 to 2026-27										
		\$ 9,296,000,000	Biennium Change	3.3%	\$ 10,200,000,000	Biennium Change	9.7%	\$ 10,800,000,000	Biennium Change	5.88%
		<u>2021-22</u>	<u>2022-23</u>		<u>2023-24</u>	<u>2024-25</u>		<u>2025-26</u>	<u>2026-27</u>	
State K-12 SSF		\$ 4,555,040,000	\$ 4,740,960,000		\$ 4,998,000,000	\$ 5,202,000,000		\$ 5,292,000,000	\$ 5,508,000,000	
		-0.72%	4.08%		5.42%	4.08%		1.73%	4.08%	

2024-26 Medford SD 549c General Fund Deficit Rollforward

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	Cost /Revenue Changes	
2023-24 GF Deficit after amendment #2	(\$7.962)	
2024-25 Changes		
Projected Revenue Increase	\$6.49	Based on 3/25/2024 Updated ODE Forecast
Salaries and Wages Increase	(\$3.78)	4.3% COLA, Steps
Associated Payroll Costs Increase	(\$3.24)	\$1.2 M Unemployment
Purchased Services Increase	(\$2.83)	Charter Pass through \$1.5 M, Presence Learning SLP service up \$0.6 million, utilities up \$0.4 million, transportation \$0.3 million, professional services non instructional \$0.3 million, repairs & maintenance \$0.2 million and rentals down \$0.5 million (building leases)
Supplies and Materials Decrease	\$1.30	Down GASB 87, GASB 96 timing
Capital Outlay	\$0.06	
Other	\$0.00	
Transfers Out to Other Funds	\$0.48	Reduced Transfer to Projects Reserve Fund
2024-25 GF Surplus/(Deficit) Forecast	(\$9.49)	
2025-26 (Rough Estimate)		
Projected Revenue	\$4.50	
GF Loses ESSER III Funding For Two Days	(\$1.25)	
Estimated 2.35% OPSRP to 2.97% Tier I/II Increases	(\$2.50)	
3.0% COLA All Employees Salary & Associated Payr	(\$3.50)	
Steps	(\$1.80)	
Increased charter school pass through	(\$0.37)	
Healthcare estimated increase	(\$0.60)	
2024-25 GF Deficit	\$0.00	
Inflation - Supplies, Utilities etc.	(\$0.30)	
Enrollment Change	TBD	
2025-26GF Surplus/(Deficit) Forecast	-\$5.82	
Projected Two Year Deficit	-\$15.31	



Next Steps