

# **BUDGET COMMITTEE MEETING**

**Tigard-Tualatin School District Budget Committee**

**Thursday, May 16, 2024**

**6:30 p.m.**

**TTSD Training Center 9550 SW Murdock St., Tigard, OR 97224**

**Meeting can be Streamed Virtually via [YouTube Live Streaming](#)**

## **Budget Committee Meeting Agenda**

**Call to Order: 6:30 p.m.**

**Budget Committee Members:**

**Crystal Weston  
Kristen Miles  
David Jaimes  
Jill Zurschmeide  
Tristan Irvin  
Jimmy Brown  
Octavio Gonzalez  
Meagan Madlem  
Jessica Pelz  
Cory Morgan  
Henry Castillo**

- 1. Call to Order – Tristan Irvin, School Board Chair**
  - A. Introduce New Members**
- 2. Approval of Agenda**
- 3. Election of Officers for the Budget Committee**
  - A. Presiding Officer**
  - B. Vice-Presiding Officer**
- 4. Presentation of the Budget Message & 2024-25 Proposed Budget**
- 5. Public Comment**
  - A. Comments are limited to 3 minutes**
- 6. Budget Committee Deliberations**
- 7. Modify/Approve 2024-25 Budget (see Motion) or Announcement of May 29th, 2024 Budget Committee Meeting**
- 8. Adjourn**



Tigard - Tualatin School District 23J  
Larry Hibbard Administration Center  
6960 SW Sandburg Street  
Tigard, Oregon 97223  
503-431-4000; FAX: 503-431-4047  
www.ttsdschools.org

## **To the Budget Committee Members and Communities of Tigard-Tualatin School District 23J, Tigard, Oregon**

### **INTRODUCTION**

In accordance with Local Budget Law under State of Oregon statute, the Tigard-Tualatin School District submits for your consideration a total proposed 2024-25 budget of \$317,453,516, including a General Fund budget of \$191,233,383.

Tigard-Tualatin School District continues to face a General Fund operating deficit between revenue and expenditures for the 2024-25 school year. A year ago, the District reduced \$9 million in the 2023-24 budget to begin narrowing the gap. Additional reductions of \$6.25 million in the 2024-25 budget are necessary. Also, the last of the District's pandemic-relief funding, known as ESSER 3, will sunset at the end of this year, which requires an additional \$3.53 million in 2024-25 reductions. In addition, reductions of \$700,000 in grant funds are required primarily in the Student Investment Account fund, making the total 2024-25 reductions \$10.48 million.

The primary factors affecting the District's operating deficit and the future financial outlook including the following:

- Inadequate State funding for K-12 education
- Loss of 1,100 in student enrollment since 2018-19
- Inflationary costs in large expenditure categories including salary and benefits, facility operating costs such as utilities and maintenance, substitute services, student transportation, and property and liability insurance
- Increasing services and associated costs necessary for the students with the highest needs

The \$10.2 billion 2023-2025 State School Fund (SSF) budget approved by the 2023 Oregon Legislature not only falls significantly less than the \$11.3 billion number required by the Quality Education Model, but it also falls short of the \$10.3 billion that K-12 advocacy groups pushed for in the 2023 legislative session and indicated is needed to maintain current service levels over this year and next. The \$10.2 billion SSF in 2023-2025 amounts to 35% of the State General Fund and Lottery Funds Budget, further declining from the 2021-2023 amount of 39%.

Comparatively, over the past two decades, the SSF portion of the State General Fund and Lottery Funds Budget peaked at 45% in 2003-2005. The portions in the current biennium and pending for the next biennium also include High School Success, Student Investment Account, and Early Literacy dollars, further compounding the discrepancy of inadequate prioritization of K-12 funding in the State's General Fund.

District enrollment has declined by approximately 1,100 students since 2018-19. There are multiple reasons for the drop in enrollment. Over the last decade, District birth rates began to drop, meaning smaller numbers in kindergarten enrollments five years later. In 2017-18, kindergarten enrollment was just over 900 students, but since 2020-21 kindergarten enrollment has been a little more than 700 students. Also, over the last 5-10 years housing costs and rents have risen in the District making it non-affordable for many families to stay in our communities. Finally in 2020-21, the first full school year during the pandemic, fall enrollment was 752 students less than in the fall of 2019-20.

During comprehensive distance learning, families began homeschooling, sending their students to virtual schools, attending private schools, or moving outside of the District. The District had hoped these students would return to Tigard Tualatin in 2021-22 when students returned to in-person instruction, but that did not happen.

Like many households, school districts, and organizations across the State and Nation, Tigard Tualatin will continue to feel the impacts of inflation during 2024-25 experiencing up to double digit cost percentage increases in the largest expenditure categories including salaries and benefits, student transportation, and facility operating costs such as utilities and maintenance, substitute services, student transportation, and property and liability insurance. In addition to increases in ongoing costs, the District will also make investments in counselors, school psychologists, and behavior specialists to address student needs that have increased post-pandemic.

The loss of 1,100 students equates to \$11.7 million less in State School Fund revenue annually in 2024-25, based on \$10,597 per Average Daily Membership weighted (ADMw) under the State School Fund amount of \$10.2 billion. To offset a similar loss of revenue over the last four years and to retain current staffing to meet the needs of students as they continue their recovery from the academic and social-emotional impacts of the pandemic, the District spent down reserves from \$34 million to a projected \$19 million at the end of 2023-24. Although the District reduced \$9 million in the 2023-24 budget, continuing programs at current service and staffing levels in 2024-25 without further budget adjustments would continue to diminish General Fund reserves and possibly eliminate them in the 2025-2027 biennium depending on the State School Fund allocation.

The 2024-25 is developed based on total reductions of approximately \$10.48 million, reducing approximately 63 positions. The budget also uses \$5 million in reserves drawing down the balance to 8% of operating revenue, which is under the 12% required by the Board. The District forecasts additional reductions of \$9 million and further drawdown of reserves to \$9 million or 5-6% by the end of the 2025-2027 biennium.

By the end of 2023-24, the District will expend the last of the \$5.96 million in ESSER 3 resources. The District will maintain \$2.43 million of ESSER programs with General and Student Investment Account funds in the 2024-25 budget, while \$3.53 million will be reduced.

The proposed budget includes other State resources outside of the General Fund. In addition to the \$11 million in the SIA Fund, the High School Success Fund includes \$3.5 million for funding under Ballot Measure 98. The Capital Projects Fund includes resources from bond proceeds to expend on remaining projects.

The District is required to adopt and submit a budget to the State and County before July. Local Budget Law requires the District to prepare a budget based on the most reasonable estimates currently available based on imperfect data.

## **STATE SCHOOL FUND**

The State of Oregon 2023 Legislature adopted a 2023-2025 State School Budget of \$10.2 billion. The \$10.2 billion is comprised of \$9.5 billion in General Fund and Lottery Funds, with the remainder made up of the Corporate Activity Tax, marijuana taxes, and other sources.

The 2023 Legislature also awarded \$90 million for Early Literacy Grants in the 2023-2025 biennium.

The 2024 Legislature adopted \$30 million for Summer Learning Grants in the summer of 2024. Tigard Tualatin was not a recipient of a Summer Learning Grant and although the District was on the initial waiting list, The District does not expect this funding and the 2024-25 budget does not include an allocation for this grant.

The District's 2024-25 budgeted State School Fund revenue is based on the following assumptions.

- 51% of the \$10.2 billion or a \$5.202 billion statewide distribution. The 49%/51% revenue distribution model is designed to cover the increase in costs between the two biennial years.
- Extended Average Daily Membership weighted (ADMw) of 13,620. This is the ADMw for 2023-24 which exceeds the estimated ADMw in 2024-25 of 13,420 and thus becomes the Extended ADMw for 2024-25. This 2024-25 enrollment is forecasted at 11,153 by the District's demographer, a drop from the 2023 fall enrollment of 11,267.
- Total formula revenue for the District of \$151,018,383 including transportation; this equates to \$11,088 per Extended ADMw.

## **STUDENT SUCCESS ACT**

The 2019 Legislature's House Bill 3427 includes a \$2 plus billion biennial investment in PreK-12 education when fully phased in beginning in the 2021-2023 biennium. House Bill 3427, the Student Success Act, creates a dedicated revenue stream for the Fund for Student Success, which would include three education-focused accounts outside of the State's general fund dedicated to marginalized students. The three education-focused accounts are:

- At least 50% dedicated to the Student Investment Account which includes four broad uses for use beginning in 2020-21:
  - Expanding learning time
  - Reduced class size
  - Student social-emotional health and safety
  - Well-rounded education
- At least 20% for the Early Learning Account
- Up to 30% for the Statewide Initiative Account including expanded Measure 98 and school nutrition funding

The 2023-2025 budget adopted by the 2023 Legislature includes allocations of \$1.087 billion to the Student Investment Account, \$557.4 million to the Statewide Education Initiatives Account, and \$529.8 million to the Early Learning Account. The 2019 legislation includes a Corporate Activities Tax (CAT) as the new dedicated revenue source effective with the 2020 calendar year.

The Student Success Act also required community engagement to help inform how the Student Investment Account dollars should be prioritized. In 2020, the District formed the SIA Workgroup and SIA Planning Team stakeholder groups to meet this requirement and maintain transparency during the application development process. In 2021, the District continued community engagement related to the Student Investment Account during the Community Budget Workgroup process for the 2021-22 budget. In 2022, community engagement related to SIA was part of the District’s community process for the development of a new Strategic Plan, which was adopted and implemented in the fall of 2022.

During 2022-23, the District convened the community again for the development of the Integrated Plan which helped inform how the District plans to use the Student Investment Account and other specialized resources such as the High School Success funds over the next two years. Tigard Tualatin has planned for funding of \$11.8 million in Student Investment Account expenditures during 2024-25 based on preliminary estimate of SIA funding.

FTE included in the 2024-25 SIA budget includes:

Employee Group	Allowable Use Category	Elementary Schools	High Schools	Middle Schools	Multiple Levels	Grand Total
Licensed	Improving Student Health & Safety	5.00	2.00	4.00	2.50	13.50
	Reducing Class Size	17.80	5.19	6.34	-	29.33
	<b>Total Licensed FTE</b>	<b>8.50</b>	<b>6.50</b>	<b>6.50</b>	<b>2.50</b>	<b>42.83</b>
Classified	Ongoing Community Engagement	8.50	2.00	-	3.75	14.25
	Reducing Class Size	3.25	9.50	13.00	-	25.75
	<b>Total Classified FTE</b>	<b>11.75</b>	<b>11.50</b>	<b>13.00</b>	<b>3.75</b>	<b>40.00</b>
Confidential Manager						
	Improving Student Health & Safety	-	-	-	1.00	1.00
Administrator	Improving Student Health & Safety	5.00	-	3.00	0.30	8.30
	<b>Total Administrator FTE</b>	<b>5.00</b>	<b>-</b>	<b>3.00</b>	<b>0.30</b>	<b>8.30</b>
<b>Grand Total</b>		<b>25.25</b>	<b>18.00</b>	<b>22.50</b>	<b>7.55</b>	<b>92.13</b>

## OTHER FUNDS

The 2024-25 budget also includes the following resources outside of the General Fund:

- The Capital Projects Fund includes \$23 million for scheduled 2017 bond projects during 2024-25; includes expenditures for capital construction, technology, and curriculum.
- The Student Investment Account Fund includes \$11.8 million for the District’s share in 2024-25.
- The High School Success Fund includes \$3.5 million for the District’s share in 2023-24
- The Early Literacy Grant funds include \$800,000 for the District’s share in 2024-25
- The State, County, and Private Grants Fund includes a \$2.1 million State grant to provide the educational program for students receiving long-term care and treatment services within District boundaries.

## STRATEGIC PLAN AND STRATEGIC FINANCIAL PLAN

After an extensive community engagement process during 2022, which included a community advisory committee, internal and external focus groups, and surveys, the District's Board of Directors and Superintendent adopted and implemented a new five-year Strategic Plan beginning in 2022-23. The 2022-2027 Strategic Plan maintains a student focus and includes the following themes:

- Student Achievement: We prepare our increasingly diverse student body to be life-ready and fully prepared to successfully navigate a culturally rich society and global economy.
- Talent: We hire, develop, support, and retain racially, linguistically, and culturally diverse student-centered employees.
- Safety, Culture, and Climate: We create and nurture a welcoming and inclusive learning community where every individual student feels safe, valued, connected, known, and seen.

The Strategic Plan centers on Equity: We provide equitable educational opportunities and a school experience that is validating, empowering, and just for every student.

At Tigard-Tualatin School District, we educate every child, every day. We acknowledge that accelerating outcomes for every student, especially our historically underserved communities, requires an understanding of the barriers that are present for students and families and working with all the key collaborators in our system to actively address and support equity of outcomes for all students.

The Tigard-Tualatin School District will conduct business in a manner that communicates the core operational values of:

- Equitable allocation of resources supported by the Strategic Financial Plan 2022-2027
- Fiscal transparency
- Maintaining the public's trust
- Effective and efficient operations
- Clean and safe facilities

Therefore, at TTSD, we provide equitable educational opportunities and a school experience that is validating, empowering, and just for every student.

To support these core operational values, a goal embedded in the Strategic Plan is to develop a Strategic Financial Plan adopted by the Board each June to ensure District resources are prioritized to achieve the student outcomes identified in the Strategic Plan. The Strategic Financial Plan also includes a long-term financial plan designed to maintain sustainability in the District's programs.

Other key components of the Strategic Financial Plan include long-term investment reports tracking the amounts expended and estimated for strategic investments and the analysis of Academic Return on Investment comparing dollars invested with student outcomes. The new 2022-2027 Strategic Financial Plan adopted in June 2023 includes forecasted investments of \$111 million between 2022-23 and 2026-27 within social emotional learning, academic transitions, instructional coaching, and early learning, in addition to the Student Investment Account and High School Success Funds. These strategic investments are critical to the

attainment of the 5% growth goals for all students and 8% growth goals for underserved students in addition to other Strategic Plan goals over the Plan’s five years.

To help develop the District’s first version of the 2022-2027 Strategic Financial Plan, over 30 stakeholders including community members, staff, administrators, and Board representatives convened to form the Community Budget Workgroup. The Workgroup met over two meetings to receive the District financial update and presentations on the following strategic investments recommended for inclusion in the new Strategic Financial Plan.

- Early Learning
- Student Success
- Instructional Coaches
- Social Emotional Learning

The District reconvened a similar Community Budget Workgroup in early 2024 over a series of five meetings. The Workgroup heard and discussed reports on the District’s budget and finances and the multi-tiered systems of academic, behavioral, and engagement support, and the strategic investments mentioned above. The process concluded with the Workgroup prioritizing specific programs in the District’s current budget to help inform decision-making for the 2024-25 budget.

Even during times of financial scarcity, the District will continue to prioritize resource allocation with a focus on Equity and the themes of the Strategic Plan, while prioritizing strategic investments that most support the attainment of the student outcome goals in the Plan.

## **BUDGET REDUCTIONS AND FTE RECONCILIATION**

The budget reductions of \$10.48 million proposed for the 2024-25 budget are summarized in the table below, including 63.31 FTE. An FTE is the equivalent of an 8-hour position.

<b>Reductions</b>	<b>Budget</b>	<b>FTE</b>
	<b>Savings</b>	
<b>Licensed:</b>		
Classroom Teachers	\$ 5,390,533	40.84
English Language Specialists	\$ 733,686	5.50
School Nurse	\$ 139,207	1.00
College Career Readiness Coordinator	\$ 65,912	0.50
Student Success Coordinators	\$ 238,401	1.50
<b>Licensed Total</b>	<b>\$ 6,567,738</b>	<b>49.34</b>
<b>Classified:</b>		
Technology Specialist	\$ 123,486	1.00
Secretary 3	\$ 350,183	5.34
Instructional Assistants	\$ 398,812	5.63
<b>Classified Total</b>	<b>\$ 872,482</b>	<b>11.97</b>

<b>Reductions</b>	<b>Budget</b>	<b>FTE</b>
	<b>Savings</b>	
<b>Administration:</b>		
District Administration	\$ 470,988	2.00
Furlough Days	\$ 149,392	n/a
Associate Principal Work Calendars	\$ 160,666	n/a
<b>Administration Total</b>	<b>\$ 781,046</b>	<b>2.00</b>
<b>Programming:</b>		
Licensed Planning Days	\$ 1,423,656	n/a
Community Partnerships	\$ 150,000	n/a
Culturally Specific Partnerships	\$ 100,000	n/a
Early Learning Partnership	\$ 108,000	n/a
Equity Extracurricular	\$ 50,000	n/a
Diverse Educator Pathway	\$ 25,000	n/a
Software Licenses	\$ 34,517	n/a
ACT Testing	\$ 70,000	n/a
Transfers - Discretionary Savings	\$ 200,000	n/a
Transfers - Food Service	\$ 100,000	n/a
<b>Programming Total</b>	<b>\$ 2,261,173</b>	
<b>Total Reductions</b>	<b>\$ 10,482,439</b>	<b>63.31</b>

The following is a reconciliation between the FTE in the 2023-24 budget and the FTE in the 2024-25 budget considering the 2023-24 budgeted FTE, positions added in 2023-24 following adoption of the budget, and reductions and additions considered in the 2024-25 budget.

<b>Budget FTE Reconciliation</b>	<b>FTE</b>
<b>2023-24 Budget</b>	<b>1,321.51</b>
<b>2023-24 Additions:</b>	
Licensed Classroom Staffing	21.15
Licensed Special Education Staffing	5.30
Classified Special Education Staffing	24.90
Other Staffing	7.16
<b>2023-24 Additions Total</b>	<b>58.51</b>

<b>Budget FTE Reconciliation</b>	<b>FTE</b>
<b>2024-25 Reductions/Adjustments:</b>	
General Fund Classified, Licensed and Admin	(40.66)
ESSER Licensed	(8.67)
ESSER Classified	(5.63)
ESSER Decrease	(5.53)
SIA Increase	0.29
High School Success Decrease	(2.44)
Food Service Increase	2.44
Federal Grants Increase	0.87
State County Private Grants Increase	8.10
<b>2024-25 Reductions/Adjustments Total</b>	<b>(51.23)</b>
<b>2024-25 Additions:</b>	
Speech Pathologists	6.00
Counselors	3.00
Behavior Specialists	5.00
Learning Specialist	1.00
<b>2024-25 Additions Total</b>	<b>15.00</b>
<b>2024-25 Budget</b>	<b>1,343.79</b>

## RESERVES

The District recognizes the need to maintain fully funded reserves to offset the effects of future economic downturns to maintain sustainable education programs. Although reserves were built up beyond the Board-required level during the pandemic, inadequate State funding, the enrollment loss and inflationary cost increases have led to the drawdown of reserves over the last four years to about 11.46% of operating revenues. The 2024-25 budget indicates the District will further draw down reserves to 8.06%. The preliminary forecast reflects the District will draw down reserves to 6.34% during 2025-26 and to 5.19% in 2026-27.

The District estimates a 2023-24 ending fund balance of \$19 million and thus a beginning fund balance of that same amount as a resource in the 2024-25 budget. This amount is 11.46% of 2023-24 operating revenues.

The District's Board Policy DBDB sets minimum levels for reserves in the General Fund. The proposed budget plan includes the full funding of reserves under Board Policy. For calculating minimum reserves under the Board Policy as addressed below, budgeted General Fund operating revenue, which provides the basis for reserves, is \$172.2 million. The 2024-25 proposed budget plans for the following level of reserves by category:

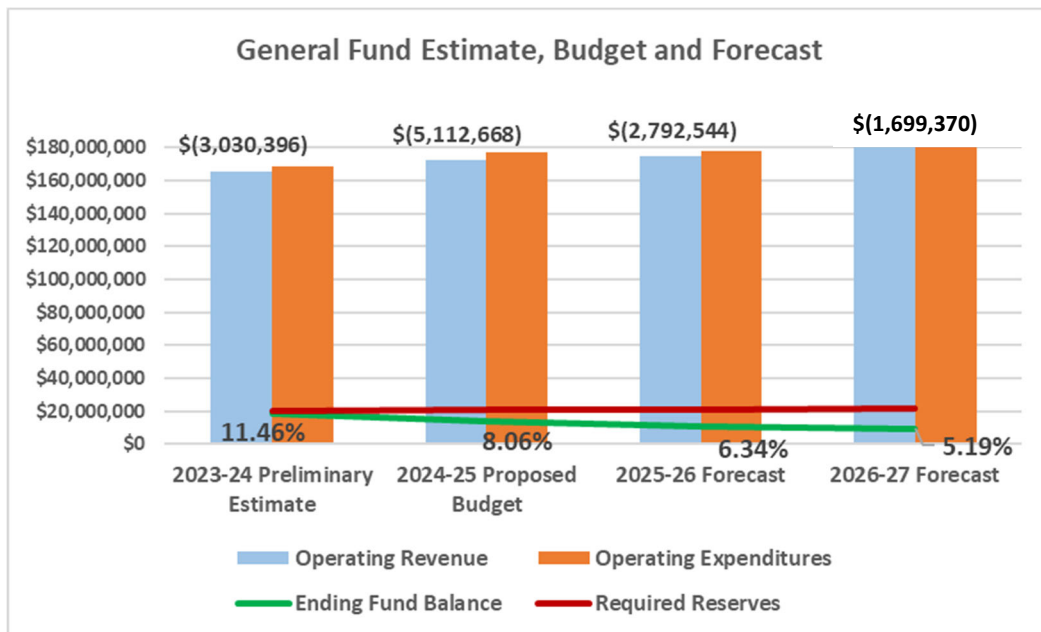
- Operating Contingency is budgeted at \$3.44 million or 2% of current operating revenue, which meets the Board Policy.

- Unappropriated Ending Fund Balance is budgeted at \$8.61 million or 5% of current operating revenue, which meets the Board Policy.
- Sustainability Reserve is budgeted at \$1.83 million or 1.06% of current operating revenue, which is less than the 5% under Board Policy. This will require Board approval by resolution prior to adoption of the budget.

## FINANCIAL OUTLOOK

The financial picture below reflects a General Fund operating deficit of \$5.1 million in 2024-25 based on the budget assumptions described in this message, which draws reserves down to \$13.9 million or 8.06% of operating revenues. This is similar to the deficit the District expects to incur in the current year. The \$5.1 million deficit in 2024-25 takes into account the General Fund budget reductions of \$6.25 million. The preliminary estimate for 2025-26 reflects additional adjustments of \$9 million and further drawdown of reserves by \$2.8 million to 6.34% of operating revenues.

The forecasts for 2025-26 and 2026-27 assume a \$11 billion State School Fund in 2025-2027. The graph below indicates the operating deficits and ending reserves percentage over four years.



## IN CLOSING

The values of the Tigard-Tualatin School District community will continue to drive District priorities in addition to spending and program decisions even during times of financial uncertainty and scarcity. The District's commitment to equity and all students and the principles of Smarter School Spending will lead to cost-effective decisions resulting in student growth and success despite the revenue shortfall we face.

The District is proud of the community engagement, and advocacy, which have helped inform our future investments in the education of our students. Also, we are proud of our transparent Strategic Financial Plan process and document. The document will continue as a communication tool as the District aligns current and future spending decisions with student outcome priorities in the Strategic Plan and provides for sustainability and long-term financial planning.

As we submit this proposed budget, we thank each member of the School Board and Budget Committee for your commitment to the students of the Tigard-Tualatin School District. We also want to thank the community members, staff, students, administrators, and board representatives who were involved in the community engagement processes which helped inform District and budget priorities. Thank you to the Cabinet team for your thoughtful and collaborative work taking our financial challenges head-on and devising a plan while keeping the student priorities of the Strategic Plan at the center. We also recognize the Human Resources team for their due diligence and attention to detail as they arrived at difficult staffing decisions. Additionally, thank you to administrators for your leadership and contributions to budget decisions and the strength and empathy for your staff, especially those most impacted by the District's budget challenges.

The effort of putting this proposed budget together is a team effort. We would like to recognize the efforts of a few individuals in developing the proposed budget: Dr. Susan Rieke-Smith for her leadership during the budget development process and throughout the year; members of the internal Strategic Financial Plan Working Group and Cabinet members for planning agendas and framework for our community engagement processes; Sarah Mehrabzadeh for coordination of the budget process and development of the budget; and Tara Baumann for her attention to detail with publication of the proposed budget document.

Respectfully submitted,



David Moore  
CFO and Budget Officer  
Tigard-Tualatin School District 23J