

2024-25 PROPOSED BUDGET – DIRECTOR OF FISCAL SERVICES NOTES & ANALYSIS

GENERAL FUND ANALYSIS

The 2024-25 St. Helens School District budget presents the District's plans for the second year of the State of Oregon's biennial budget for the years 2023-2025. After months of robust activity, the long legislative session ended on June 25, 2023 and established record high funding for public K-12 schools in Oregon. Specifically, the State School Fund allocation totaled \$10.2 billion dollars statewide which was \$300 million more than the \$9.9 billion funding level that the District used in its initial projections. This increase, paired with a better than budgeted beginning fund, resulted in a supplemental budget adopted by the District's Board of Directors in February 2024 and allowed the initially proposed reductions to be reinstated. Additionally, the District's general fund ending fund balance was bolstered helping ensure the transition to 2024-25 was as smooth as possible. The proposed budget includes few reductions in staffing or program scope. To accommodate this, the general fund in particular, uses a significant portion of fund balance to maintain operations while providing a competitive and attractive compensation package to educators and support staff in a labor environment that still bears the residual "fingerprints" of the impact of the COVID 19 pandemic.

With the higher legislatively approved budget referred to above, total full-time equivalents (FTE) will increase by 14.4 from 260.2 to 274.6. A majority of these positions are retained positions from 2022-2023 that were set to be eliminated in the current year (2023-24) including classroom teachers and instructional aids. Most of these positions were retained while others, such as elementary specialists (i.e.: art, science) and special education staff were added in the early fall to accommodate student needs and smooth out school schedules. True additions to the budget include a full-time administrator for the virtual academy and a part time office coordinator at the high school. Reductions in the District's Social Emotional Learning Center reflect a change in instructional approach resulting in the District utilizing Northwest Regional Educational Service District (NWRESD) to provide instructional services out of a three-classroom configuration at Lewis and Clark Elementary that will serve students from Columbia County school districts (Clatskanie, Vernonia, Rainier and Scappoose). The reduction in nurse FTE also reflects the continuation of a current year transition to purchase nursing services versus hiring a second nurse (total coverage and staffing remains the same).

Initial payroll assumptions include at least a 5% wage adjustment for classified, licensed, confidential and school / program administrators. At the time of the preparation of this analysis, most articles with St. Helens Education Association (licensed staff) are tentatively approved pending board approval. Negotiation discussions are in process and on track with Oregon School Employees Association (classified) with plans to conclude deliberations by mid-June.

Other important budget elements to consider include:

*Oregon Department of Education (ODE) estimates include providing funding for 3,223.43 ADMw which reflects interim enrollment for the 2023-24 school year as that amount is higher than the District's 2024-2025 projections of 3,204.71. The dip in enrollment is tied to cohort differences between incoming Kindergarteners and outgoing 12th graders. Incoming kindergarten enrollment is closely tied to live birth data which rises and falls from year to year in Columbia County in contrast to state wide number which are declining. General Purpose Grant

resources total \$34,266,925.41 and reflect 92.7% of the District's recurring revenue resources. Total General Purpose Grant revenue for the 2024-25 budget year is ~\$1,032,476 (3.1%) more than that of the current year's adjusted estimate according to the most recent ODE calculations.

*Due to favorable expense variances and additional revenues in investment income and the General Purpose Grant's reconciliation from the prior biennium, the 2023-24 fiscal year's ending fund balance is estimated to increase on a budget basis by \$1,508,382 resulting in a total beginning fund balance of \$6,584,133.

*The budget includes a general fund ending fund balance of 3.65% of total resources if the contingency is not used (~\$1,587,914). In total, the general fund will decrease by ~\$4,996,218. Results will not be as severe when real property transactions are completed and proceeds are allowed to flow to the ending fund balance. At that point, the Board of Directors minimum of 5% will be met (~\$2,238,111).

*This budget includes \$200k in contingency funds to hire additional staff if fall enrollment and trends warrant additions.

*The budget reflects the revision of Oregon's Revised Statutes pertaining to unemployment insurance coverage for classified employees during school breaks in the spring, summer and winter. Certain employees who are not provided bona fide offers of employment over scheduled calendar breaks by their employing school district and unsuccessfully apply for and be offered work during school breaks may receive compensation equivalent to 60% of their normal wages. Due to this change, the District is budgeting ~\$35k of additional classified wages to offer work to classified staff over scheduled school breaks. The District is also recommending establishing a \$200k reserve to offset future unemployment insurance rates which are derived from staff's utilization of the State's unemployment program. This reserve can be dissolved at any time by a future board action should it be deemed unnecessary.

*Since the District has successfully completed three adoption cycles (social studies, English/language arts, and math), the District will be allocating the prior year's curriculum reserve of \$400k to make remaining science curriculum purchases as well as health curriculum. The dissolution of the reserve does not indicate that the District will not continue adopting new curriculum. Rather curriculum adoption and funding will occur out of current year resources in the amounts necessary for the particular content cycle.

*For the last two years, the District has budgeted for School Resource Officers and then reallocated funds to other areas during the supplemental budget as viable staffing from community partners has been difficult to secure. Accordingly, the District is not proposing a budget for School Resource Officers in the 2024-25 budget year.

*The District continues to monitor both internal and external substitute costs (objects 121, 122, 310 and 389) and has proposed a smaller substitute budget than used in 2023-24 based on enhanced utilization and trend analysis.

*The impact of natural disasters worldwide plus the hyperlocal impact of wildfires continue to affect insurance costs for a majority of school districts in Oregon. In 2024-25, the District anticipates an additional increase in property insurance tied to more expensive replacement construction values associated with the newly renovated St. Helens High School. Accordingly, the total property insurance budget totals \$430,806 an increase of \$115,510 from the prior year.

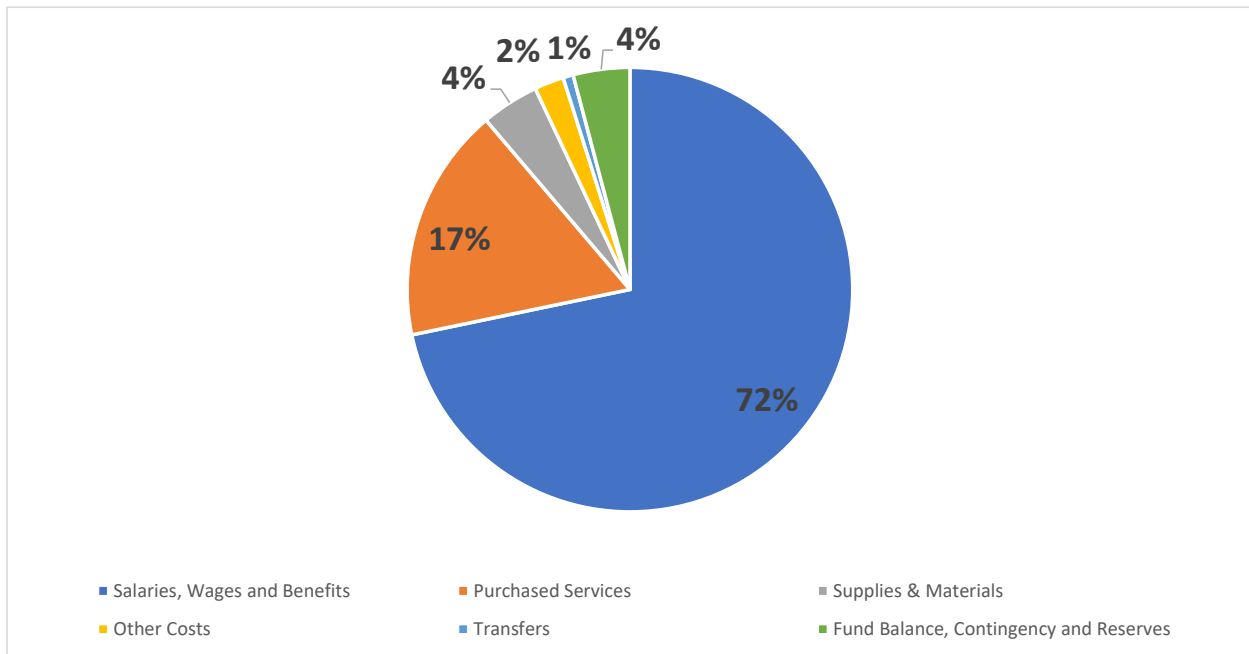
*Total transfers to support other funds remain consistent and comparable to the prior year but reflect the following changes:

*The transfer to the Youth Transitions Program (Fund 265) is no longer required (prior year amount was ~\$50k). The District plans to pilot a new format of the program in the current year with the hope to recoup staffing costs through billable hours instead of a reimbursement basis.

*Support to the District’s early learning programs (child care and preschool) are anticipated to decrease by ~\$53k.

*The transfer to the Capital Project Fund (430) is increasing by \$100k to reflect the Board of Directors’ budget priority to continue to invest in the ongoing maintenance and upgrading of District’s facilities.

GENERAL FUND BY CATEGORY



Category	24-25 Budget	23-24 Budget	Difference
Salaries, Wages and Benefits	\$ 31,215,104	\$ 28,574,904	\$ 2,640,200
Purchased Services	7,425,367	6,443,437	981,930
Supplies & Materials	1,832,809	2,054,364	(221,555)
Other Costs	925,277	787,424	137,853
Transfers	325,745	328,837	(3,091)
Fund Balance, Contingency and Reserves	1,787,914	5,745,751	(3,957,837)
Grand Total	\$ 43,512,217	\$ 43,934,717	\$ (422,500)

*Salaries, wages, and benefits increase by 7% of total budget compared to the prior year’s revised budget and correlates to FTE increases described previously. A 2% increase in Purchased Services (15% in prior year) is attributable to the change in service delivery model

for the Social Emotional Learning Center and Nursing services. Utilities, which are in the purchased services category, are also budgeted to increase 7%. These increases are offset by shifts to Fund Balances, Contingences and Reserves of 9% due to the District using fund balance to maintain operations. Other categories remain consistent and comparable to the prior year.

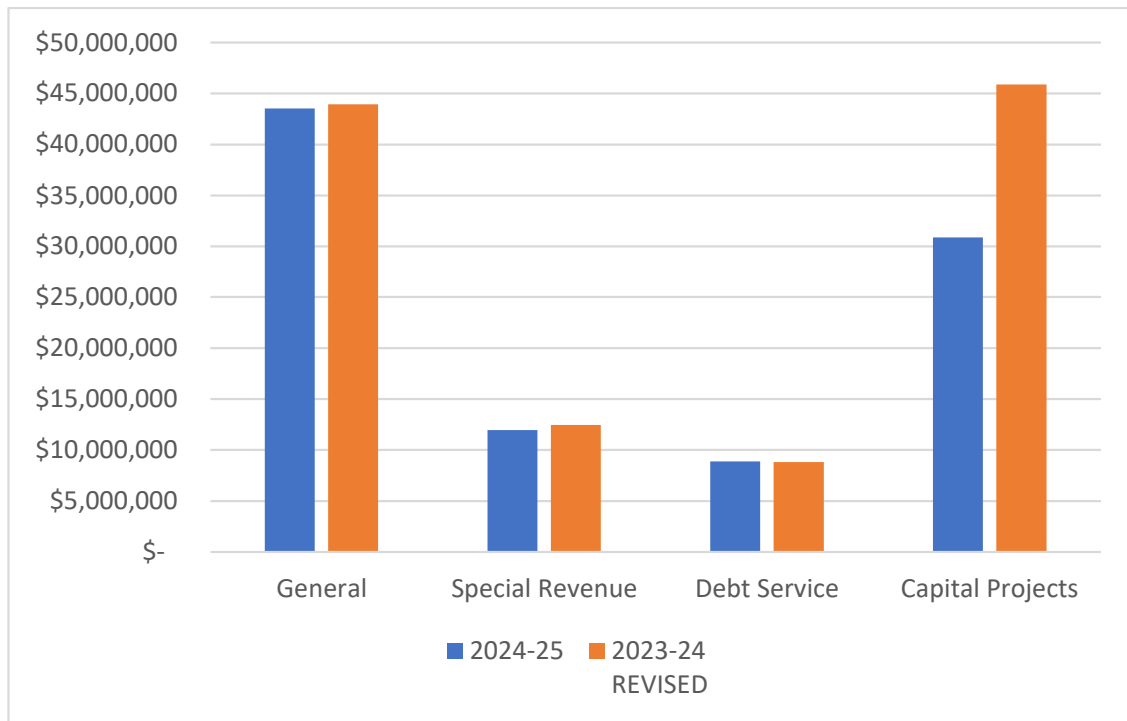
*Total expenditures and requirements are budgeted to decrease by ~\$423k. Had timing of real property transactions not straddled fiscal years, total budgeted expenditures and requirements would have increased \$828k.

GENERAL FUND EXPENDITURES BY SCHOOL

Expenses by school levels (elementary, middle, high and virtual school) are as follows:

	CC/LC/McB	SHMS	SHHS/PHS	SHVA
Salaries, Wages and Benefits	\$ 11,787,390	\$ 5,566,814	\$ 8,751,883	\$ 1,071,750
Purchased Services	1,688,448	426,396	890,791	7,500
Supplies and Materials	494,217	231,278	336,790	59,100
Other Objects	4,684	1,830	9,726	-
Grand Total	\$ 13,974,738	\$ 6,226,318	\$ 9,989,190	\$ 1,138,350
Prior Year	\$ 11,978,300	\$ 5,563,556	\$ 9,283,135	\$ 1,012,753
Difference	\$ 1,996,438	\$ 662,762	\$ 706,055	\$ 125,597

TOTAL BUDGET BY FUND TYPE – COMPARATIVE



Fund	2023-24		Difference
	2024-25	REVISED	
General	\$ 43,512,217	\$ 43,934,717	\$ (422,500)
Special Revenue	11,942,412	12,462,911	(520,500)
Debt Service	8,884,711	8,834,173	50,539
Capital Projects	30,853,200	45,880,200	(15,027,000)
Grand Total	\$ 95,192,540	\$ 111,112,001	\$ (15,919,461)

Observations:

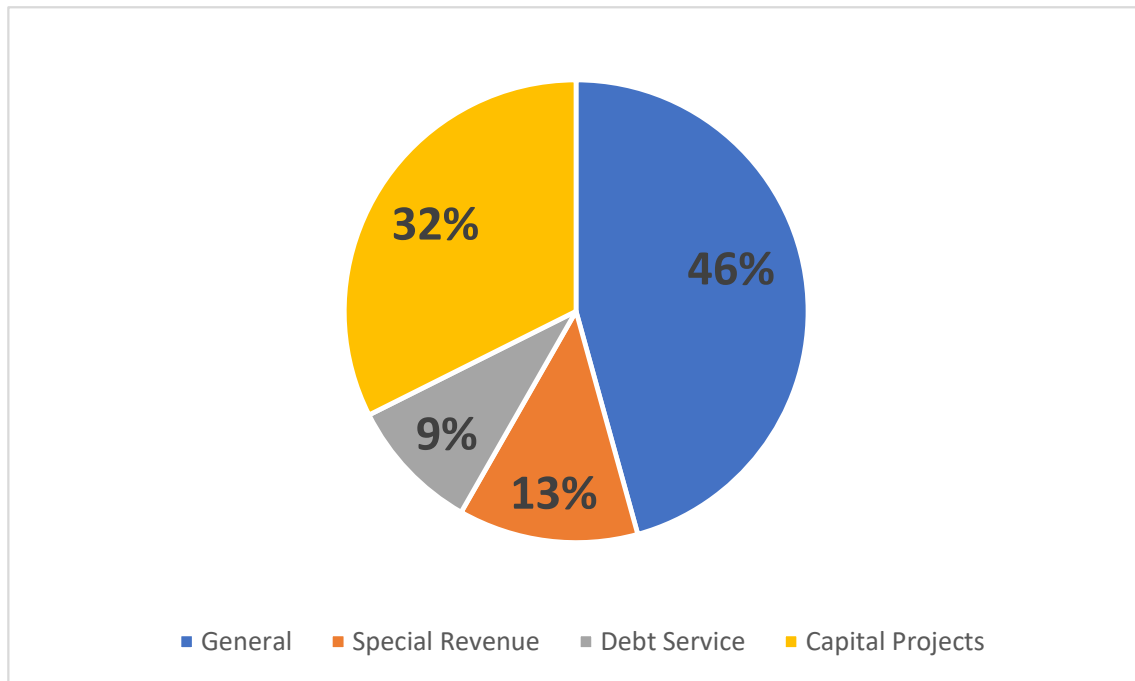
*When compared to the revised 2023-24 budget, the 2024-25 budget includes a decrease in expenditures of ~\$15.9M. By fund, the year over year changes include:

- General : Decrease of ~\$423k from the prior year explained in the general fund analysis above.
- Special Revenue : Decrease of ~\$521k from the prior year | Major changes are comprised of the following (10% and \$50k):
 - Fund 202 – ODE – 21st Century Community Learning Center | **Increase of \$154k.** Reflects 2nd year of grant cycle. The first year of the new grant consisted of activities starting mid-year. Thus rollover funds are available in the second year of the grant to build program capacity with full staffing.
 - Fund 211 – Connect St. Helens | **Decrease of \$69k.** Reflects end of grant. Activity sponsor has shifted to Columbia Health Services.
 - Fund 214 – ODE – Early Literacy Grant | **Increase of \$117k.** Similar to Fund 202, the second year of this grant is 2024-25. Activity reflects the creation of Early Literacy Coaching FTE and significant investments in professional development and curriculum.
 - Funds 235 and 236 – ESSER Funds | **Decrease of ~\$971k.** ESSER II (Fund 235) ended in September 2023 and ESSER III (Fund 236) ends in September 2024. Both prior year and proposed budget year expenses include final capital project activity including installation of Heating, Venting and Cooling (HVAC) system in parts of Columbia City School.
 - Fund 243 – ODE English Language Learner Outcomes | **Decrease of \$~120k.** Reflects final year of grant where unused funds will be used to pay for an ELL TOSA, professional development and materials.
 - Fund 274 – IDEA 611 | **Increase of \$99k.** In 2023-24, the state allocation of grant funds increased by ~\$146k based on formula factors. The 2024-25 budget amount reflects a consistent and comparable funding level and the utilization of some carryforward from the 2023-24 school year to pay for special education staff.
 - Fund 298 – High School Success | **Increase of \$264k.** The 2023-24 budget allocation increased slightly from what was originally projected based on legislatively approved amounts. This is a biennium-based budget where current provisions allow unused funds in the first year to roll over to the next fiscal year. In 2023-24, staffing costs and expense associated with the summer program reflect favorable variances. Accordingly, unused funds from 2023-24 will be applied to hiring an additional high school counselor and two career and

technical educators at St. Helens High School. An alternative funding source will need to be identified in future years to pay for these additions.

- There are other grants which have smaller amounts of decreases or increases to offset the sum of the programs highlighted above.
- Debt Service : Increase of \$51k reflects contractual increases in debt service for the District's PERS and GO Bonds (2017, 2020 and 2023 series).
- Capital Projects : Decrease of ~\$15M attributable to work due to the course of construction at St. Helens High School.

2024-25 TOTAL BUDGET BY FUND TYPE



Observations:

Changes in the fund budgets as a percentage of the total 2024-25 budget consist of:

*General Fund – Increasing to 46% of total budget from the prior year's 40% offsetting a decrease of a similar amount in the Capital Projects Fund (41% in prior year adjusted budget) as construction resumes at St. Helens High School.

*Special Revenue Funds – Reductions in many grants including ESSER II and III within the fund correlate to the overall reduction of the 2024-25 budget when compared to 2023-24. Special revenue funds comprise 9% of the total budget – which is consistent and comparable of the prior year's adjusted amount of 8%. The five largest special revenue funds for 2024-25 are:

- Student Investment Account (Fund 251) - \$2.74M
- Student Nutrition (Fund 230) - \$2.15M
- High School Success (Fund 298) - \$1.07M

- Associated Student Body (Fund 205) - \$818k
- IDEA 611 (Fund 274) - \$684k

*Debt Service – Increasing 2% from prior year to 13% of total budget due to increases in principal and interest assuming a larger percentage of a smaller overall budget.

*Capital Projects Fund – Discussed above under General Fund.