

Budget Message 2025-26

Tonight we present the proposed budget for the St Helens School District for the 2025-26 fiscal year. I am honored to serve the board and budget committee and the community in my three months as acting superintendent. I believe this budget reflects the ongoing and strategic vision and goals of the school district and directs resources where needed most to support the current work we are doing as well as to create new possibilities for our students, staff and community. This is a difficult budget message due to the fact that the school district is severely underfunded to support its current staffing levels. The funding cliff the last administration hoped to avoid is upon us.

This budget proposal includes a total investment of \$71,663,266 represented by several funds, the largest of which are the General Fund and the Special Revenue Grants Fund.

- The total overall budget for the General Fund is \$40,490,302, or a 7% decrease over the 2024-25 budget.
 - Included in the overall budget is our estimated portion of the Governor's State School Fund proposed budget of \$11.4 billion, which represents a \$1,827,765 increase for St Helens School District, over the 2023-25 biennium. This 2-year funding source is spaced out in a 49%/51% split each year of the 2025-2027 biennium.
 - Also included in General Fund revenue are other non-State School Fund formula resources such as, the sale of fixed assets, e-Rate revenue, and high cost disability state grant.
- The total budget for the Special Revenue Grants fund is \$11,712,174 or a 2% decrease over the 2024-25 budget.
- This budget proposal includes ongoing allocations for strategic investments and allocations to support the district's instructional priorities while recognizing the financial challenges that the State of Oregon faces with adequate and stable funding of public schools. This Budget Message is primarily about the district's General Fund.
- General Fund operating revenues are budgeted to be \$40,490,302 which is a decrease of 7% compared to this year of \$43,512,217.

- Our Average Daily Membership Regular (ADMr) has had significant fluctuation since 2020, with a cumulative increase of 8.7 students. We are projecting an ADMr for 2025-26 of 2,708 which is a decrease of 35 students from our 2024-25 projection. This represents a smaller expected kindergarten class than the current graduating senior class, and overall declining ADMr during the current year. The Average Daily Membership Weighted (ADMw) in 2022-2023 was 3204 and in 2023-2024 it was 3069-a decrease of 135 ADMw. ADMw in 2019-2020 was 3251 and in 2023- 2024 it was 3069- a loss of 182 ADMw. (This is not Extended ADMw.)
- General Fund operating expenditures will be \$40,490,302 which is 7% lower than the 2024-25 school year. The primary driver behind the growth in operating expenditures is our obligation to pay agreed upon Collective Bargaining Agreements increases recently bargained and our precipitous rate increase in PERS from 3.9% to 14.9 %. Also, as payroll increases, so does the cost of PERS and our 2024-25 staffing is out of balance. We have added a total of 77.7 staff from 2020 to 2025 mostly with ESSR and SIA funds and then did not make a plan for the fact that the ESSR funds went away in June of 2024. Our class sizes are under sized as compared to general classroom ratios across Oregon. In addition, our PERS side account is running out of funding due to our overstaffed payroll and will be gone after this biennium.
- As outlined in board policy, the General Fund Undesignated Ending Fund Balance (UEFB) reserve is supposed to be budgeted at the 5% required level. If there had been reserves over the 5% requirement, we could have used them to shore up funds such Technology, Curriculum and Facilities. As it stands, we cannot have an Undesignated Ending Fund Balance (money you cannot use during the school year) as our entire Contingency fund is \$809,806 and not the \$2,024,515 required for the 5% board policy. In the 2023-24 budget, the UEFB was \$5.7 million. In 2024-25 (this year) it was \$1.7 million dollars. This money was largely used to pay for the staffing levels created between 2020 and 2024-2025 which were no longer funded after June 2024 when the pandemic dollars went away. We did not have a plan to get back to the pre pandemic staffing numbers once the pandemic funds went away.
- There is a major difference between the district's expected revenues and current service level expenditures. That is the difference between \$46.2 million dollars and \$40 million dollars which is a shortfall of \$6.2 million dollars. The following is how the school district plans to reduce General Fund expenditures to the amount we expect to receive:
 - We have a Reduction in Force K-12 in the certified bargaining unit of 11.5 at the three elementary schools combined, 7.0 at middle school and 10.0 at the high school. That's a total of 28.5 licensed staff or \$3,020,000.
 - We have a Reduction in Force in administration of 2.0 FTE. That is a reduction of \$250,000.

- We have a Reduction in Force of 12.0 FTE in the Classified bargaining unit. That is a reduction of \$600,000.
- We have reduced our Discretionary GF for the schools by 30% which is a savings of \$100,000.
- We have reduced the technology hardware budget by \$100,000. (Title IV funds will backfill this loss.)
- We have reduced the facilities budget by \$73,000.
- We will be furloughing 12 days of school at a total cost of \$110,000 per day or \$1,320,000. It is also priority number one when the new school year starts to bring some of these days back.
- These reductions bring expenditures and revenues into alignment with a balanced budget. Moving forward, the district's payroll will be balanced and right sized so the work of getting a full school year back becomes priority one.

The annual proposed budget is the district's plan for the upcoming school year. At the same time, the annual budget is part of long-term investments in the educational experiences our students receive.

- It is important to think about our budget as a year in time, and one thirteenth of the educational opportunities we provide our students throughout their careers.
- To meet the needs of all students we must continually assess our priorities and how we are allocating district resources to support those priorities. This includes how the School Board sets the annual school calendar, the policies we uphold and the budget.
- The district must invest in evidence-based practices based on implementation science and not the whim of the month. Our educational systems plan is intentional and strategic and will yield excellent student centered results if implemented with fidelity. Disaggregated data collections gathered throughout the year are key. Plans must be monitored, measured and adjusted. We are ultimately accountable for the academic success of our students PreK-12.
- New investments must be determined to address barriers to student success, and be allocated where needed the most and spent in the most effective manner. If they are one-time funds, they must be utilized carefully as they are not sustainable. We can never count on them moving forward.

- Federal funding will assist the district in maintaining staff levels for special programs and mitigating access to equitable education gaps and issues for students with differing abilities, English as a Second Language and those that need more intervention and assistance.

St Helens School District Blueprint for Student Success Goals:

The following are the Goals of the SHSD Blueprint for Student Success Strategic Plan 2025-27:

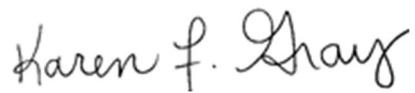
1. Corrective Action Plan
2. Strategic Plan with three main Goal Areas and Accountability Measurements
3. Attendance Plan K-12
4. Behavior Plan K-12
5. Board's Strategic Goals aligned with the Strategic Goals of the New Superintendent

Our students are present in our schools today, ready to learn. We recognize that we will have to be creative in shifting the allocation of resources and spending funds differently in order to continue investments in programs that support our priorities. If we hold fast to the District's Blueprint for Student Success and continue to support it with resources and energy, our students will gain their education at high levels, preparing them for the future. It is crucial that the goals of the Board align with the goals of the Superintendent so they are working in unison and pulling in the same direction. Some of this doesn't depend on money-it depends on a unified meaningful strength of will and vision for the end goal which is that ALL students learn and achieve at high levels.

Equity. The District's Equity Committee is an eclectic group of school district staff, students, parents and community members developing a sense of identity about equitable practices for all students. They are creating the District's first Equity Assessment and in the near future, the St Helens SD first Equity Lens. This work is ongoing and crucial for strengthening the way our school district functions to ensure student achievement and personal success of ALL students.

I want to thank our staff for the significant time and effort they put into preparing this proposed budget. This proposal represents the work of the entire team of building principals and department and program leaders who have studied and implemented the process of strategic budgeting and labored as a team to propose a budget based on our district's goals and instructional priorities. While this budget represents many hours of hard work, and in some cases tears, we affirm the fact that we move ever forward, never back.

I would also like to thank members of the budget committee for their service, support, thoughtful analysis, dialogue and consideration of this proposed budget. Thank you very much for this great opportunity to serve the community of St Helens.

A handwritten signature in black ink that reads "Karen F. Gray". The script is cursive and fluid, with the first name "Karen" and last name "Gray" clearly legible, and the middle initial "F." written in a smaller, more compact style.

Dr. Karen Fischer Gray
Acting Superintendent
St Helens School District