

Budget Committee Questions – Submitted by Ginger Fitch, Budget Committee Member

Date Submitted: May 15, 2024

Date Responded: May 17, 2024

Responses from the District in BLUE font.

1. In looking for the overall cost of legal services, I located Object 382. Under Function 2528, there is also risk management services.

a. Is there anywhere else that includes the costs of legal services?

Legal Services is budgeted under two functions: 1) the Board of Education, function 2310, page III-A.42, and 2) Director of Student Support Services, function 2190, page III-A.34

b. Function 2310, object 382 on III-A.42 proposes \$128,000 for legal services. That amount is significantly less than last year. However, the biennium amount is significantly more than the prior biennium. Can you explain?

- The proposed \$128,000 for Legal Services under function 2310, object code 0382, is based on the year-to-date and year-end projections.
- The Adopted Budget for the fiscal year 2023-24 was higher than the prior year due to the increase in services that the Legal Services Firm has informed the district about. In addition, in FY2023-24, after consulting with the Department of Operation and Policy Analyst from ODE, all legal fees could be budgeted under the Board of Education, function 2310. This decision was made to ensure a comprehensive and efficient budget allocation process. Therefore, the Business Office increased the Adopted Budget under object code 0382, function 2310, and has a small amount of \$10,000 under function 2190.

c. Function 2190, object 382 on III-A.34 proposes \$45,000 for legal services. Is it correct that those services are related to the provision of special education, 504, and federal disability compliance? Can you explain the significant increase from last year?

- Yes, this is correct. In FY2023-24, in consulting with the Department of Operation and Policy Analyst from ODE, all legal fees could be budgeted under the Board of Education, function 2310. Therefore, the Business Office increased the Adopted Budget under object code 0382, function 2310, and has a small amount of \$10,000 under function 2190. After one year of experience in spending legal fees out of function 2310, we recognized that if the budget and expenditures came out of function 2310, it would not capture the whole picture of spending in function 2190. Therefore, after discussing this with the Director of Student Services, in the Proposed Budget 2024-25, the Business Office allocated the budget back to the Director of Student Support Services, function 2190.

2. Along with Committee Member Gina Day, I forget how the debt service fund operates particularly with how the PERS UAL and PERS UAL Bond interact with revenue charges to other funds. As it comprises a meaningful portion of the budget and has increased by a percentage, it would be useful to understand the District's perception of whether the debt service fund is anticipated to remain steady as a percentage of the overall budget or the PERS UAL and PERS UAL Bond costs will continue to increase that portion of the budget.

The district has three funds under Debt Services: 1) Fund 300 – General Obligation Bonds, 2) Fund 320 – PERS UAL Series 2004, and 3) Fund 321 –PERS UAL Series 2021A.

Fund 300 – General Obligation (G.O.) Bonds – This is for Capital Projects

This fund accumulates resources and pays the principal and interest of the General Obligation (GO) fund. Its primary resource is property taxes. There are four series in the fiscal year 2024-2025 Budget Year. For detailed information, please see page III-C.3

Funds 320 and Fund 321 are Side Accounts

When an employer makes a lump-sum payment to prepay all or part of its pension unfunded actuarial liability (UAL), the money is placed in a special account called a “side account. This account is attributed solely to the employer making the payment and is held separate from other employer reserves. The money is invested in the Oregon Public Employees Retirement Fund (OPERF) and is subject to earnings and losses.

Fund 320 –Series 2004 Background:

The WLWV School Board authorized the District to participate in the PERS Bond Series 2004 for \$42.1M over 25 years (2004-2028). Pension bond savings were estimated to be approximately \$11.4M.

Fund 321 –Series 2021A Background:

On May 3rd, 2021, the WLWV School Board authorized the District to participate in the PERS Bond Series 2021A for \$111.6M over 19 years (2021-2040). Pension bond savings is estimated to be approximately \$63.1M. Resolution 2020-19.

On July 22, 2021, the WLWV School District participated in a pooled sale of pension bonds with twenty-two other Oregon school districts. The WLWV School District's total Unfunded Accrued Liability (UAL) brought forward to August 31, 2020, is \$111,672,804. With the True Interest Cost (TIC) at 2.447018%, the WLWV School Board authorized the district to opt in 100%.

With this Side Account, Series 2021A, there was a significant drop in the biennium 2021-23 compared to the biennium 2019-21. In the biennium 2019-20, T1/T2 was charged at 24.25%, and OPSRP was charged at 18.80%. However, as we advanced into biennium 2021-23, T1/T2 dropped to 20.15%, OPSRP dropped to 17.04%, and biennium 2023-25, T1/T2 dropped to 7.92%, and OPSRP dropped to 5.08%. Please see the table below for detailed information.

Description	Biennium 2019-21	Biennium 2021-23	Biennium 2023-25
Tier1/Tier 2	24.25%	20.15%	7.92%
OPSRP	18.80%	17.04%	5.08%

*The UAL rate will crease lightly in Biennium 2025-27 due to the principals and interests that the district has to pay on Series 2004 and Series 2021A. However, as we go into fiscal year 2027-28, the UAL rate will drop significantly as that will be the last payment for Series 2004. **Based on the debt service table (attached), the debt service fund is anticipated to remain steady as a percentage of the overall budget and the PERS UAL costs after the fiscal year 2026-27.***

Budget Committee Questions – Submitted by Gina Day, Budget Committee Vice Chair

Date Submitted: May 8, 2024

Date Responded: May 10, 2024

Responses from the District in BLUE font.

1. Budget Assumptions – there are several items marked at “TBD” but looks like we have numbers in those cost estimates throughout so just double checking those are still TBD?

Three items are marked “TBD”: 1) Unemployment Compensation, 2) Health Benefits, and 3) Tuition, Fees and Miscellaneous.

1. Unemployment Compensation: SB 489 passed in the 2023 session. ORS 657.221- Benefits based on services performed in other than an instruction, research, or principal administrative capacity for an education institution or institution of higher education shall be payable to an individual in the same amount, on the same term and subject to the same conditions as benefits payable on the basis of other service subject to this chapter. **Effective January 7, 2024.**

*This new legislation means that school district employees who spend more than 50% of their work time in a nonprofessional role will now be eligible for benefits from the unemployment insurance program during a break. The estimated cost for this group is approximately \$ 1.6M. However, since the district is unsure how many employees in this category will submit unemployment claims, we have marked it as TBD. **We anticipate that over the years we will have a more definitive “pattern” in which to estimate yearly participation in this benefit program.*

2. Health Benefits—The District is still in negotiations with both employee associations, so it is marked as TBD.

3. Tuition, Fees, and Miscellaneous – The district plans to increase the Facility Rental in FY2024-25, but this has not been finalized yet. Therefore, it is marked as TBD.

2. Student count estimate is the same as the prior year? What about the growth in new construction areas, are those included in these estimates?

The district used the same student count estimate as the prior year due to the following reasons:

- ODE will look into the two consecutive years and use the highest ADMw from school districts to provide State School Funding (SSF). *In FY2023-24, the district has 10,352 ADMw; and in FY2024-25, the district is estimated to have 10,352. If the ADMw in FY2024-25 comes in higher than 10,352ADMw, ODE will make payment to the district based on that higher AMDw. However, if the FY2024-25 ADMw comes in less than 10,352 ADMw, the district will still receive the total SSF based on the 10,352ADMw.*

3. Had a similar question regarding property tax increases, but looks like we get that number from the city based on the “information” at the end.

- Property Taxes increased by 3.5% from FY2023-24 to FY2024-25 per county’s recommendation.

4. General Fund Revenue (pg 41) Interest on Investments

- a) **How is this determined, what investments does WLWV hold? I saw only a few UST securities but I wasn't sure if there were any other investments.**

The district's General Fund's revenue comes from several sources: 1) Property Taxes, 2) Local Options, and 3) SSF (please see page 1, General Fund Budget at a Glance for detailed information).

The district deposits most of its general funding in the Local Government Investment Pool (LGIP) through the Oregon State Treasury. The Oregon State Treasury helps governments across the state, including schools, cities, and counties, stretch taxpayer dollars and keep public funds safe between revenue receipt and expense payment. Effective Aug 31, 2023, the limitation in ORS 294.810 is \$59,847,000.00, which means the district can only deposit up to \$59,847,000.00 in the LGIP account with the Oregon State Treasury. The district earned interest through our funding in the LGIP account. The interest rate fluctuates throughout the month/year (from 0.60% in March 2021 to 5.20% in February 2024). Please click on the link below to view the detailed interest rate: <https://www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/pages/default.aspx>

Between SSF, property taxes, local options, and bond proceeds, the district often has more than \$59,847,000.00. Therefore, the district works with Piper Sandler to determine short-term investments for the district, such as the Treasury Bill and Federal Home Loan, with a fluctuating interest rate from 0.25% in March 2021 to 5.142% in April 2024.

Piper Sandler Company is an American independent investment bank and financial service company focused on public finance, institutional brokerage, and investment management.

- b. **What are the average balances held in the WLWV bank accounts throughout the year? The reason I ask is because I have worked in Corporate Treasury at two large, public companies and we typically invest the majority of our cash in highly liquid and safe government money market funds. Those are earning over 5% and could bring in extra revenue. I am happy to open this to a deeper discussion but I just wanted to make sure to ask if we are maximizing our investable cash and take advantage of rates while they are still this high.**

The district holds a minimum amount of dollars in the bank account. The Business Office transfers funds from the LGIP account (where we earn the most interest) to the bank account weekly for the vendors or monthly for the Payroll check runs.

5. General Fund Revenue (pg 41)

Why are HS fees and rentals of buildings significantly higher than the 2023/2024 budget?

The district has more students participating in high school activities than estimated in 2023/2024. Therefore, the Business Office is using this new number to project the revenue we anticipate receiving on the high school fees. Additionally, the district is in the process of increasing rental rates for its buildings. These rates have not yet been finalized and communicated with the community, but an estimate was entered into the budget.

6. General Fund Requirements (pg 43)

How are we calculating the contingency estimates and why is 2024/2025 significantly less than the prior year adopted budget?

The district always sets aside \$1,000,000.00 for contingencies (you can also see this in the Monthly Financial Report I present to the Board each month). The contingency numbers on page III-A.5 include a \$1M contingency and the fund balance. Fund Balance is the difference between revenue plus beginning fund balance and minus expenditure. It varies yearly based on these three (3) above-mentioned fluctuation items.

Please refer to the Superintendent's Budget Message for why we have a lower ending fund balance for 2024-2025 than the previous year. Essentially, our expenditures are higher than our revenue. This is why we needed to make the \$10 million reduction this year and another reduction again next year.

7. Elementary and Middle School Program overviews (pg45-46):

Why are (#411) Varied – Other supplies nearly double for 2024/25 and 2023/24 as compared to prior years? And Same question for HS but noting that HS #411 is triple the previous years supply cost.

Reviewing the Proposed Budget Document will show various inflation from different services, for instance, under object code 0400. Some services might have a 5% increase, while others might have a 28% increase or even a 50% increase.

8. 2160 – Motor Team (pg 71)

Why are we adding \$300k (almost 2 additional FTE) to the Motor Team services but reducing FTE / budget for Psychological Services (pg 69) & Counseling Services (pg 67)?

Not all specialists are paid out of the same Fund. When grants fluctuate, some personnel are shifted from a grant to the General Fund or vice versa. Some of the FTEs for Psychological Services (pg 69) & Counseling Services (pg 67) are funded by the state SIA and federal IDEA grants. Please see the narrative from these functions for detailed information.

Note: We have not reduced any Occupational Therapists, Physical Therapists, Social Workers/Mental Health Professionals, School Psychologists for next year.

Additional note – the survey results marked Mental health as the #3 top priority for the budget but we are reducing FTE and funding in these areas.

See response above. We have not reduced staff in this area. They are paid for out of varying funds and may shift based on grant fluctuation.

9. 2210 – Improvement of Instruction Services (pg 73)

Why does computer software cost \$1,000,000? What is that for and how is that being tracked?

Increasingly, schools are using more software for instruction than even 10-12 years ago. This budgetary item has steadily increased each year as teachers request for more digital resources, tools and software. Additionally, these companies increase their rates each year. Below is a list of some of the software currently used for Teaching and Learning. This software used to be budgeted under the IT department. FY2024-25, we want to ensure the budget and expenditures are shown in the more appropriate function.

TumbleBooks
World Book Online
Edgenuity
BrainPOP
OverDrive
TurnItIn
TypingAgent
Learning Ally
Redbird
Stride/Fuel Ed
Discovery streaming
NewsELA
RosettaStone

10.2541– Maintenance (pg 85)

What is the travel stipend for? Is \$42k justified for this category? What is the difference between this category and 2544?

Travel Stipend: This covers travel locally in the district, as well as expenses for district personnel between facilities and within the school district's boundaries. For some positions it is easier to provide a consistent travel stipend than to require the employees to track their mileage each day and turn in with a receipt each month.

Function 2541 and Function 2544 are similar as its duties include keeping the school facilities open and safe for use and maintaining the grounds, buildings, and equipment in effective working condition (please see the narrative).

Function 2541 is assigned to the Office of Operation and Function 2544 is assigned to the Maintenance Staff.

11. Typo on page 103 “School Bard” should be School Board, and Typo on page 107 “Supperintendent” should be Superintendent.

This has been fixed. Thank you for catching those!

12. Debt Services (Pg 162)

- a. Can you include what the 4 bonds were for? A quick one-line would be helpful**
- b. The bonds themselves – are they maturing and we’re paying these all back in full plus interest or are they structured like a mortgage, where you pay down the principal along with interest? In my experience with corporate bonds, only the interest is paid until the bond matures.**
- c. If they are not maturing, can a maturity date be included somewhere on this page or another resource page?**
- d. Are there any other bonds outstanding or just these 4?**

Please see pages III-C.3 and III-C.5 for detailed information regarding Bonds and how they impact the Budget for next school year. If you (or another Budget Committee member) would like a refresher or more details about school bonds in general and how they work, we could schedule some individual zoom sessions. Let us know.

Budget Committee Questions – Submitted by Maegan Vidal, Budget Committee Member

Date Submitted: May 16, 2024

Date Responded: May 17, 2024

Responses from the District in BLUE font.

1. Are the number of primary, middle, and high school students on the district website weighted? When I deduct the number of primary students in 23/24 from 19/20 it is 586 students, which is a 14% decrease; the middle school enrollment declines by 257, a 10% decrease. Are the enrollment percentages different with weighted numbers? Given the decreasing percentage of students in primary versus middle schools, why are more positions being cut at the primary level?

The number of students on the district website is the Average Daily Membership Right (ADMr), based on the Oregon Department of Education Fall Membership Report.

Fall Membership Overview: The Oregon Department of Education publicly releases student enrollment reports detailing the number of K-12 students who are enrolled on the first school day in October of each year. This report is known as the Fall Membership Report.

The Fall Membership Report is a representation of the number of K-12 students enrolled on the first school day in October each year, as reported in the First Period of the Cumulative ADM Collection. All K-12 students enrolled in public schools and programs are included; this includes regular, alternative, charter, and other types of schools and programs. In addition, students attending private schools and programs are included if the students were placed there by a public entity and are financed with public funds. No student is reported in more than one school or district.

Weighted numbers vary each year because “weighting” is given for various qualifications: poverty, special education, English language learner, pregnant teen. Depending on how many students we have who qualify in one or more of these areas, we receive additional funding (“weighted”).

Why are more positions being cut at the primary level? In the Superintendent’s Budget Message, page I.8, Dr. Ludwig noted that twelve Primary Classroom Teachers would be cut due to decreased enrollment since 2019-20 of 700 students, approximately \$1.5Million.

In 2018-2019, we had approximately 4,242 primary students (before COVID). In the following years we saw our enrollment decline (3,557 in 2023-24, approximately 700 students). However, we did NOT decrease our number of primary teachers by the same rate or proportion each year. This was due to providing additional support to students during and immediately after COVID, keeping class sizes even lower than previously. With a decrease of approximately 700 students to date, we should have decreased about 30 teachers to maintain pre-COVID class sizes. But we only decreased by 19. We are now decreasing by 12, so that we can staff within our budget. This decrease still keeps us at or slightly below pre-COVID class sizes. (See Supt. Budget Message to see class size averages.)

2. Currently, how many students do the 7 primary school literacy coaches teach? How many students do you estimate the 5 primary school literacy coaches will teach in 24/25?

The District already had one Districtwide Literacy Coach prior to 2023-2024, funded through Title IA funds (Special Revenue, Fund 253). With the Early Literacy Grant, the District was able to add three

more (\$500,000 Grant, Fund 620. Note, you will not see this money in the 2023-2024 Adopted Budget because the budget was adopted before the Grant was finalized by the Governor's Office and distributed by ODE. It will be included after the final audit in the 2023-2023 Actuals Column and recorded for historical documentation.). The other three literacy coaches were funded through the General Fund.

The primary literacy coaches had several key roles in 2023-2024: 1) Provide professional development, training and coaching to help classroom teachers increase their skill capacity as reading teachers, 2) Assist with classroom assessments of students and train teachers on how to deliver the assessment, analyze the results and adjust instruction accordingly, 3) Train classified staff who support students with literacy, 4) Work with some students as identified needing some intervention (not already being delivered by classroom teacher or classified staff member) determined by the school team. This latter role would vary across the school and throughout the year.

In 2024-2025, due to budget constraints, the District will need to reduce some of these Literacy Coaches. Three positions funded through the Early Literacy Grant will remain. The Title IA federal grant has been cut by 41%, so we will keep one Literacy Coach funded there. The Districtwide Literacy Coach position has been discontinued along with two school-based coaches. So we reduced from 7 literacy coaches to 4. The assignments, roles and responsibilities will be determined by the primary level principals as we enter the fall. One additional role they will support is the implementation of the newly adopted literacy curriculum. Since such a large focus was on building teacher capacity last year (and we likely no new teachers hired in 2024-2025), the coaches can shift more of their focus on supporting (directly or through coaching) student intervention reading groups/high dosage tutoring.

3. How does decreasing the number of primary school literacy school coaches get to our district goal of academic excellence and providing academic support to our students?

(See response above). In addition to the 4 literacy coaches, each primary school has an Instructional Coordinator who is also an expert on Literacy and Mathematics. They, along with the building principals, will prioritize the implementation of the newly adopted curriculum, hosting professional development sessions, continued training and coaching in classrooms, supporting students where needed.

4. State school funding has only increased 7.6% since 21/22; while local funding has increased 27.6% since 21/22; and the district is still facing a funding gap of \$10M. How do chronic local and state funding inadequacies contribute to our budget gap?

In short, the funding from the state (based on its own calculation of current service level, CSL), is never the same as school districts' actual CSL, as annual inflation and payroll increases for school districts. This difference is what contributes to a perpetual "gap" and need for districts to maintain tight budgets or make annual reductions. The state does not take into consideration how school districts encumber real costs based on employee's wages and benefits increasing each year, let alone when other materials/goods/services increase at higher rates than previous year (e.g. paper, gas, utilities, vendor rates).

The state school fund amount is set by the Legislature. The Legislature must balance its' allocation to K-12 schools across other funding priorities such as health care, court systems, housing, social service.

This makes it challenging for legislators (Governor, Ways and Means Committee) to prioritize public education when there are other high needs government services.

Over the last 4 biennia the state funded schools at:

2017-2019: \$8.2 Billion

2019-2021: \$9.0 Billion (10% increase from prior biennium, but school districts costs increased by 15%)

2021-2023: \$9.3 Billion (This meager increase of only 3.5% from the previous biennium was “justified” because of the introduction of the SIA Grant for school districts. So instead of the SIA Grant truly supplementing school districts to help with closing achievement and opportunity gaps and addressing mental health and behavior, all it really did was offset the SSF shortfall. So, school districts “shifted” positions from their General Fund into the SIA Grant where they qualified. The state allowed this “shifting” into the Grant because they knew the SSF was such as meager increase). The SIA Grant never truly was significant additional funding to address those needs...it was simply a “carve out” of what should have been a larger SSF allocation.

2023-2025: \$10.2 Billion (While this was a return to a 10% increase, it did not make up fully for the impact of the previous biennium. The state was counting on districts still having ESSER (COVID) grants in their reserves.

2025-2027: ???? (A 10% increase would be 11.22 Billion)

Relationship between SSF and Local Revenue: State School Fund (SSF) and Local Revenue have an inverted relationship. This is based on the Equalization Revenue Formula from the State. If the Local Revenue goes up, the SSF goes down, and vice versa.



Although the SSF increased and the Local Revenue also increased, this total revenue is still not enough to support the current service level of Oregon School Districts.

Oregon’s State K-12 public education funding calculation remains inadequate. It has never applied the Quality Education Model (model for how public school districts should be funded) recommendations that are provided by a state-appointed committee. Its calculation consistently falls short of the real-time and actual increases that school districts are applying each year.

5. On page III-A.16 Section 371 Tuition Payments to Other Districts has increased by \$353,302; an 83% increase from 21/22. Why have these tuition payments increased?

The tuition payments to other districts, such as Heron Creek, vary yearly based on the number of disabled students in the district. The school district sets aside an estimated amount based on projected need for the following year. Additionally, the rates set by Heron Creek are set to increase by 11% next year. The cost per students varies from \$90,000 - \$130,000.

Heron Creek is a therapeutic program serving K-12 students from Clackamas County school districts who are experiencing significant social, emotional, behavioral, and academic challenges. The program addresses students' barriers to success and helps them build the self-regulation skills that enable them to successfully return to their home schools.

6. In Associated Payroll Costs Medical Dental Insurance is increasing from 47% and 64% for primary and high school staff respectively; with a total medical and dental increase amongst all grades of approximately \$3.44 M.

Do you foresee medical and dental costs to continue to rise? Is there anything the legislature can do to work with health insurance payors to alleviate these soaring costs for public school teachers and staff?

Medical and Dental costs will continue to rise in future years as insurance costs are based on the experience report of the prior years. Health insurance gets more expensive as the employee expands and the district has more staff, requiring high-cost procedures. Below is the data information from the experience report up to February 2024.

Pacific Source (PS) - Medical/Rx

Here is Pacific Source data through February 2024: 423 employees were enrolled in the Pacific Source medical plan. The paid premium to paid claims loss ratio is 72.2%. The average per employee per month (PEPM) claims cost is \$1,416.46 vs. \$1,400.06 in the prior plan year. Five large claimants are above the \$50,000 threshold; all claimants are below the \$200,000 pooling point.

Kaiser - Medical/Rx

Here is Kaiser data through January 2024: There were 595 employees enrolled in the Kaiser medical plan in January. The loss ratio is 89.7%. The average PEPM claims cost is \$1,384.36 vs. \$1,301.73 in the prior plan year. Two large claimants are above the \$50,000 threshold, but these two claimants are below the \$235,000 pooling point.

Ameritas - Vision/Dental

The Ameritas Vision plan has a loss ratio of 33.4%. The average PEPM claims cost is at \$4.44 vs \$6.91 in the prior plan year.

The Ameritas Dental plan has a loss ratio of 77.1%. The average PEPM claims cost is \$109.33 vs \$112.30 in the prior plan year.

Willamette Dental - Dental

For Willamette Dental, we have data through December 2023. WDG releases reports quarterly by calendar year. After one month of the new plan year, the loss ratio is 65.4%.