

Public Notice: Newberg Dundee Public Schools Budget Shortfall

Dear Newberg-Dundee Community,

We wanted to share some information with everyone and give an update regarding the district's current financial situation. This memo is an attempt to share what we know about this situation, as of today.

Revenue

In June 2023, the revenue estimates for the State School Fund (SSF) indicated that Newberg's anticipated SSF for the 2023-24 school year would be \$32,354,594.37. With an additional \$1,000,000 expected for High-Cost Disability, we projected a total of \$32,939,861.49 in State School Funding for our 2023-24 budget.

However, as of March 28, 2024, the revised SSF, 2023-2024, estimate for Newberg was \$29,241,425.96, resulting in a shortfall of \$3,113,168.41. The state's estimates, based on data that is 1 to 3 years old, were inaccurate due to enrollment overestimations in fall 2021. Consequently, the district received excess state school funds in 2022-23, which were reconciled in May of this year. Additionally, all districts are affected by adjustments in allocations to larger schools. For instance, Portland Public's allocation increased by \$5,825,766.45, impacting the funds available statewide. This adjustment process has contributed to our current revenue shortfall. Moreover, on May 9th, we were informed of a \$1,247,985.60 negative adjustment from the previous fiscal year, increasing the total SSF shortfall for 2023-24 to \$4,361,154.01.

Furthermore, our beginning fund balance for 2023-24 was initially estimated at \$8,500,000.00 but came in short at \$7,725,209.26, a reduction of \$774,790.74. This estimate reflects the remaining funds from the previous year to start the new fiscal year. The shortfall is attributed to a \$686,137.55 State School Fund adjustment in May 2023 and an over-expenditure in 2022-2023 of \$90,629.89 in building maintenance.

Additionally, other general fund revenues, including student fees, interest, rentals, and miscellaneous revenues, are projected to fall short by \$421,082.89. These revenues are highly variable and depend on external factors beyond the district's control. When the 2023-24 budget was built the district was still adjusting to post-COVID conditions, leading to overestimated projections for these items.

Overall, the total shortfall in budgeted revenue is projected at \$5,557,027.64, broken down as follows:

- State School Fund Reduction (Current Year): \$3,113,168.41
- State School Fund Reduction (Prior Year): \$1,247,985.60
- Beginning Fund Balance Reduction: \$774,790.74
- Other Revenue Reductions: \$421,082.89
- Total Revenue Reductions: \$5,557,027.64

Expenditures

This year, several expenditures exceeded the budget. The details are as follows, excluding the \$2,830,000 allocated as Unappropriated Ending Balance, which cannot be spent during the 2023-2024 fiscal year. The reappropriated contingency appropriation, highlighted below in green, is the amount budgeted that can be reappropriated by board resolution:

- Special Education Over Expenditure: \$1,362,131.00
- Transportation Over Expenditure: \$1,344,086.00
- Instruction Over Expenditure: \$166,446.00
- Support Services Over Expenditure: \$1,176,287.00
- Reappropriate Contingency Appropriation: **-\$1,130,000.00**
- Total Over Expenditures: \$2,918,950.00

Conclusion

The combined projected revenue reductions and over-expenditures, totaling \$8,475,977.64, have resulted in the district's budget shortfall. We are actively seeking solutions to address this financial challenge and ensure the continued provision of quality education for our students.

On Monday of this week we held a special board meeting, on Tuesday we held a budget meeting and met with NEA and OSEA union leadership. This afternoon we met with our district and K-12 leaders; discussing strategies, cost saving solutions and our top priorities moving forward. I understand the angst, the confusion and the anger. At this time we ask for your support as we move through this process together towards 2024-25.

Sincerely,

Stephen W. Phillips, PhD.
Superintendent
Newberg Dundee Public Schools