

September 10, 2025

Dear Winston Dillard School Board,

We received the State's first quarter economic forecast on August 27, 2025, which has definite areas of concern but is not as urgent or intense as initially anticipated. Here are four essential points that I would like to share with you:

- Economic growth is slowing, but a recession is not imminent.
- The General Fund and Lottery resources available for the 25-27 biennium are down \$954.7 million, which is a 2.4% decrease.
- The passage of Federal House Resolution 1 (H.R. 1) includes federal tax cuts which impacts Oregon's personal and business income taxes. When taxable income is reduced due to changes in the federal tax code, Oregon's taxable income is also reduced, and this results in reduced state tax collections. To compound things further, the Oregon unemployment claims have increased to just over 5% which is the highest since 2021.
- The Corporate Activity Tax forecast for the 25-27 biennium shows a slight decrease of about \$4.3 million. This could impact the Student Success Act, but there is a large reserve of \$100 million that does not require action from the Governor or Legislature.

In summary, there are three key takeaways:

- This news means that it is time to plan, not panic. Oregon maintains a healthy reserves of \$3.49 billion, and there are still 21 months left in the current budget cycle. Much can change in that span of time, and this advance notice gives us the opportunity to prepare.
- **We are not alone.** Our partners continue to provide timely information and advocate for strong educational funding to support K–12 education in Oregon.
- Academic and mental health challenges have not diminished. As a district, our highest priority is the health and well-being of our students. We cannot overlook prioritizing these needs during budget discussions and strategic planning.

Thank you for taking the time to read this update regarding the State's Economic Forecast. I am hopeful that our collective understanding of these challenges will help guide our decisions and advocacy efforts. As Superintendent, I will continue to model the highest level of transparency by sharing any and all updates related to the Oregon State Economic Forecast and its impact on school district funding as they develop.

Sincerely,

Kevin Wilson