

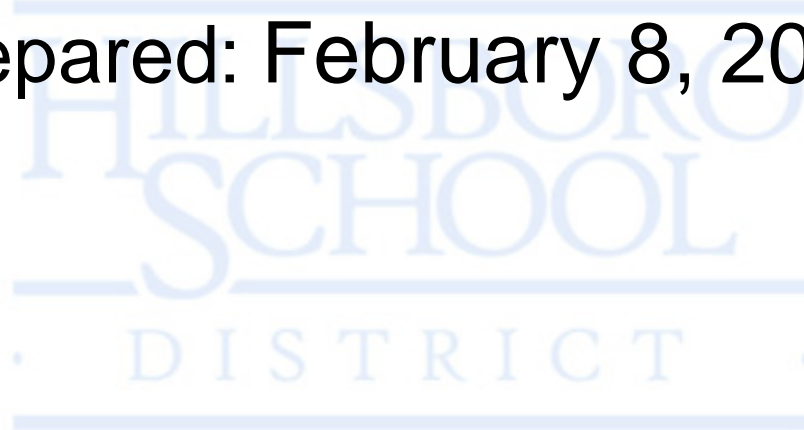


*Rich  
in tradition –  
Focused  
on excellence*



# Budget Information

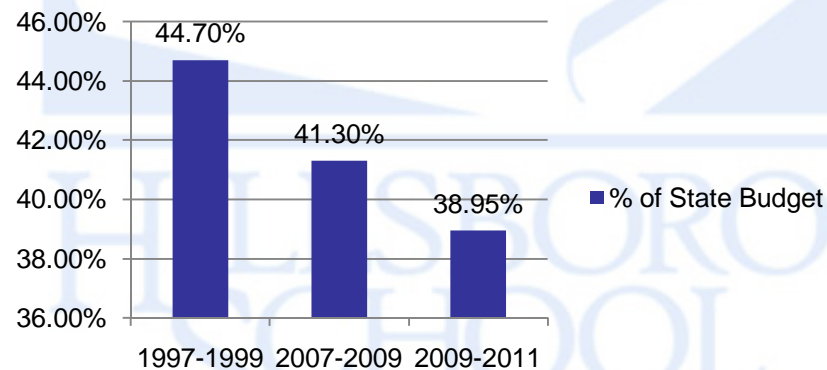
Prepared: February 8, 2010



# HSD Budget: Where Have we Been?

Education's share of the State's budget has decreased over the years; currently K-12 receives 38.95% of Oregon's expenditures.

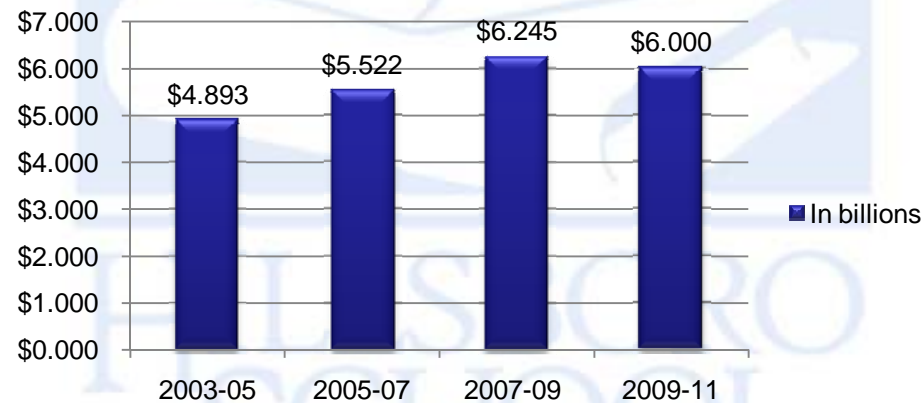
**K-12 Share of State Budget Expenditures**



# HSD Budget: Where Have we Been?

That budget percentage has equated to the following K-12 funding levels over the past four bienniums:

## Oregon Biennial Funding Levels for K-12 Education



*Note that the 2009-11 biennium was budgeted at \$245 million less than the previous biennium.*

# HSD Budget: Where Have we Been?

The 2009-11 statewide K-12 budget of \$6.0 billion was comprised of several funding sources:

Measures 66/67*	\$733,000,000	} These three components represent new, one-time or limited duration funds
Rainy Day Fund	\$200,000,000	
Federal Stimulus	\$226,099,942	
State General Fund	<u>\$4,841,096,061</u>	
<b>Adopted Budget</b>	<b>\$6,000,196,003</b>	

*\*Note that the legislature **did not intend** for the public to weigh in on the proposed increases to personal and business income taxes; they only became named 'Measures 66 & 67' after a signature-gathering campaign successfully referred the tax increases to a public election. Measures 66/67 do not represent new or extra money over and above the amount that was budgeted back in the spring of 2009 for the 2009-11 biennium.*

# HSD Budget: Where Have we Been?

Based on our enrollment\*, the Hillsboro School District receives approximately 3.56% of the state's allocation to K-12 education. Together with money collected from local taxes, investments, grants and other sources, we create our annual budget.

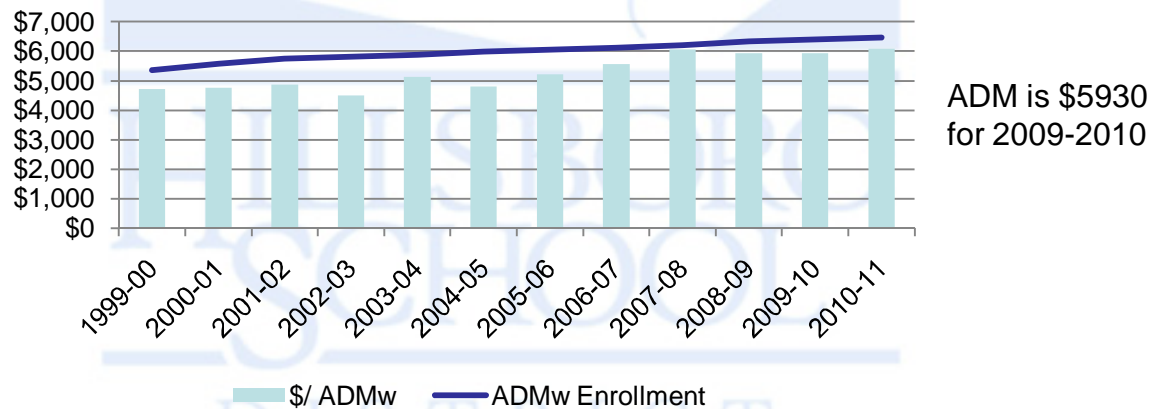
***In 2008-09, HSD's budget was \$177,869,974***

*\*Enrollment is expressed as 'average daily membership' or ADM. Some students receive extra funding because they have special needs, so there is a weighting to the formula that determines the ADM allocation—this is known as ADMw for 'weighted.' The Hillsboro School District's weighted allocation is approximately 23,400 students even though our actual student count is approximately 20,300; this equates to about \$150 million of our budget. Remaining funds mentioned above do not come through the state and include beginning fund balances and unappropriated reserves.*

# HSD Budget: Where Have we Been?

For 2009-10, due to uncertainties about the economy and availability of budgeted funds from the state, we reduced our Current Service Level budget (the actual cost to operate at the same level as the prior year) by \$18.3 million, for a **2009-10 budget of \$165,742,333.**

## State School Support/Student & Enrollment



The following two slides detail how those reductions were achieved.

# HSD Budget: Where Have we Been?

## *2009-10 Budget Reductions*

### Federal Stimulus Funds – Positions moved to Grant Funding

Total General Fund decrease in Licensed FTE*:	12.0
Total General Fund decrease in Supervisor FTE:	2.0
Total General Fund decrease in Coordinator FTE:	2.0
Total General Fund decrease in Administrative FTE:	<u>0.5</u>
<b>Total General Fund expenditure decrease:</b>	<b>\$1,867,000</b>

*(\*FTE is full-time equivalent; 1 FTE is one full-time-equivalent position)*

### Staff Reductions

Total decrease in Licensed FTE:	27.0
Total decrease in Classified FTE:	10.0
Total General Fund decrease in Administrative FTE:	<u>2.0</u>
<b>Total General Fund expenditure decrease:</b>	<b>\$3,506,000</b>

# HSD Budget: Where Have we Been?

## ***2009-10 Budget Reductions***

### Other Savings

Reduce the 2009-10 Calendar by four days	<b>\$2,000,000*</b>
Reduce School and Department "Supply" Budgets	\$2,787,000
Reduce District Travel Budget	\$100,000
Reduce Athletics Budgets at all four High Schools	\$200,000
Increase Nutrition Services contributions	\$80,000
Delay Mathematics Textbook Adoption	\$1,000,000
Use of bond interest to offset General Fund Facilities/Maintenance expenses	\$3,500,000
<b>Estimated savings from collaborative discussions with District bargaining units</b>	<b><u>\$3,260,000*</u></b>
<b>Total Other Savings</b>	<b>\$12,927,000</b>
<b>Grand Total Budget Reductions</b>	<b>\$18,300,000</b>

*\*See next slide*

# HSD Budget: Where do we Stand Now?

Now that Measures 66 & 67 have been approved by voters, the following things are *likely*:

- Funding for the current year will not be changed and the current ADMw figure of \$5,930 per student will be delivered.
- We will not have to make approximately \$6 million in additional reductions (on top of the \$18.3 million in reductions already accounted for) to this year's budget.
- We will add back all four cut days to the end of the calendar year.
- All of the salary increase triggers in the Memorandums of Understanding (MOUs) with our employee groups will kick in. This means classified staff will receive a 1.5% salary increase (taking them up to the full 3.6% they bargained in 2008-09), and that teachers will receive a 1% salary increase.

# HSD Budget: Implications for This Year

- The \$200 million transfer from the Rainy Day Fund may be reduced, depending on the next two revenue forecasts (February and May). It is now being projected that only \$130-\$140 million will be available to transfer to K-12.
  - ***A reduction of \$70/ADMw would equate to a loss of \$2.3 million for the Hillsboro School District.***
- The legislature could decide to allocate this loss across the two fiscal years of the biennium, which would impact the if/then language in the MOUs for salary increases and the number of cut days that get added back this year.
  - ***This appears unlikely.***
  - ***The more likely scenario would be that the legislature would assign the entire shortfall to next fiscal year only.***

# HSD Budget: Implications for Next Year

- Potential \$2.3 million reduction to the 2010-11 budget because of reduced allocation from the Rainy Day Fund *in addition to* a continuation of the reductions we made to the 2009-10 budget (considering what would have maintained a Current Service Level from 2008-09, that amount would be \$15,180,000 in 2010-11).

*(\*\$15,180,000 is \$18,300,000 minus \$2,000,000 from restored days in 2009-10 minus \$1,120,000 restored to employee contracts based on passage of Measures 66/67)*



# HSD Budget: Implications for the Future

- We are spending \$3.5 million in reserves in each of the 2009-10 and 2010-11 budgets in order to balance. This is not sustainable.
  - ***At this rate, we will have expended all of these reserves by the end of the 2011-12 fiscal year.***
- Beginning in July 2011, we will see a significant increase in our PERS employer rates. Currently these rates are approximately 11.3% of payroll; they are expected to climb to 16-17% of payroll for the 2011-13 biennium. We won't receive these rates from PERS until late summer 2010.
  - ***We currently have \$1.5 million saved in the PERS Reserve Fund to help offset these increases.***

# HSD Budget: Implications for the Future

- As noted on slide 5, the 2009-11 statewide budget includes \$226 million of Federal Stimulus money (\$160 million in 2009-10 and \$66 million in 2010-11). For the 2010-11 school year, this equates to approximately \$95/ADMw or \$2.2 million for the Hillsboro School District.
  - ***These funds are scheduled to sunset at the end of the 2011 school year.***

