

Hillsboro School District Budget Information 2009 - 2011

Background:

- The State of Oregon goes through its budgeting process every two years.
 - In the late winter/early spring of odd-numbered years, the Legislature proposes a budget for the upcoming biennium (2 year period), which is then approved by the Governor.
 - Budgets are determined for all sectors of the state economy: public safety, public works, public schools, etc.
 - For the 2007-2009 biennium, the allocation to public schools was \$6.245 billion.
 - For the 2009-2011 biennium, the allocation to public schools was \$6 billion.
 - Distribution of the money to schools is based on a per-pupil basis, known as ADM (average daily membership); additional funding is received for certain students based on their circumstance, so you will also see the term 'ADMw,' which means 'weighted.'
 - The bulk of money received by school districts comes from the State School Fund. For the 2009-10 school year, the amount received per student is \$5626* (*based on the Hillsboro School District's assumption of a biennial allocation of \$5.6 billion, see below).
 - The other source of money, which is also distributed based on the ADMw formula, is the School Improvement Fund. This year schools are not receiving money through this fund; in the 2008-2009 school year, \$180 per student was received.
 - When the state budget was planned for the 2009-2011 biennium, a provision was included for \$733 million in new revenue from personal and business tax increases, due to begin with the 2009 tax year.

(Source: Oregon Department of Education, Oregon Legislative Revenue Office)

- The Hillsboro School District, in planning for the 2009-2010 school year, built the budget assuming a biennial allocation of \$5.6 billion.
- A signature-gathering campaign was launched after the close of the 2009 legislative session to bring the proposed tax increases to a public vote.
 - Sufficient signatures were obtained.
- Measures 66 & 67 will now be put to public vote in a Special Election that will take place on January 26, 2010.
 - **Measure 66 (HB 2649)** would establish new personal income tax rates. For 2009, 2010 & 2011 tax years a 10.8% tax rate would apply to taxable income above \$250,000 for joint filers and \$125,000 for single filers; an 11% tax rate would apply to taxable income above \$500,000 for joint filers and \$250,000 for single filers. Income up to the stated amounts would be taxed at current rates. This Measure would also phase out the Federal income tax subtraction starting at adjusted gross income of \$250,000 for joint filers and \$125,000 for single filers beginning with the 2009 tax year. It would also connect to the Federal exclusion of the first \$2400 of unemployment benefits for the 2009 tax year only. Would generate \$472 million during the 2009-2011 biennium. *(Source: Oregon Department of Education, Oregon Legislative Revenue Office)*

- **Measure 67 (HB 3405)** would establish a new corporate income tax rate structure that retains the current 6.6% rate on net income below \$250,000; for tax years 2009 & 2010 it would apply a new income tax rate of 7.9% for net income above \$250,000; for tax years 2011 & 2012 it would apply a tax rate of 7.6% on net income above \$250,000; and starting with tax year 2013, it would apply a rate of 7.6% to net income greater than \$10,000,000. This Measure would also establish a new Corporate Minimum Tax of a flat \$150 for S-corporations and Partnerships; for C-corporations there would be a Corporate Minimum Tax starting at \$150 for Oregon sales less than \$500,000, going up to \$100,000 for Oregon sales greater than \$100 million. Finally, there would be a new Secretary of State filing fee, which would add an additional \$50 annually for corporations based in Oregon and \$225 annually for corporations based outside of Oregon. Would generate \$261 million during the 2009-2011 biennium. *(Source: Oregon Legislative Revenue Office)*

- Estimated effects to the Hillsboro School District budget:
 - Non-collection of \$733 million in state revenue; schools receive 38.94719% of the state's budget *(source: Oregon Legislative Fiscal Office)*, which equates to \$285,482,903; based on enrollment, the Hillsboro School District receives approximately 3.555928334% of K-12 education dollars in the state, so the District would receive \$10,151,567 million less for the biennium at the state's \$6.0 billion budget level. Given that the Hillsboro School District built the budget assuming a \$5.6 billion allocation to K-12 education, the effect would be between \$2.9 million and \$5.8 million. Factors determining the actual effect would include whether or not the District is required to add back any of the four days that were reduced from the 2009-2010 school calendar, and whether or not the District is required to award pay increases per the Memorandum of Understanding with its teacher (HEA) and classified (HCU) unions.
 - Average annual teacher salary & benefits for 2009-2011: \$76,000.
 - Cost for one school day for 2009-2011: \$520,000.*(Source: Based on 2009-10 Hillsboro School District Budgeted Costs and FTE)*

For additional information or if you have questions, please contact the Hillsboro School District's Chief Financial Officer, Adam Stewart, at 503-844-1500. Due to restrictions on political activity by public employees during work hours, other District employees may not be able to provide information.