

# 2009-10 BUDGET MESSAGE PRESENTATION

Bonita L. Maplethorpe, CFO

**TIGARD-TUALATIN SCHOOL DISTRICT  
2009-10 PROPOSED BUDGET  
PRESENTATION**

# Budget Message Topics Include:

- State funding of K-12 education
- Student enrollment
- Local resources
- Operating requirements & reductions
- Additional funding; federal stimulus package; other funds
- Next steps in budget process

# INTRODUCTORY PARAGRAPH:

- “great financial uncertainty”
- “tremendous instability”
- “extremely grim”
- “financial crisis of historic proportions”
- “challenges are immense”
- “too many variables to count”
- “best educated guesses”

**GENERAL FUND REVENUE  
(TTSD \$116 Million 2008-09)**

2007-09 BIENNIUM:

STATE SCHOOL FUND GRANT	\$5.985 Billion
SCHOOL IMPROVEMENT FUND	<u>0.260</u> Billion
TOTAL K-12 EDUCATION	\$6.245 Billion

2007-08: 48.7%

2008-09: 51.3%

Increase: 2.6%

# STATE FUNDING OF K-12 EDUCATION

The state can pay only if it has the  
money!

# OREGON TAX STRUCTURE AND SCHOOL FUNDING

- Main funding for Oregon Schools: Income Tax
  - Unemployment is up by over 7.5% (4.5% to 12.1%)
  - Income tax collections are down
  - Capital gains collections are down
    - Stock Market
    - Real Estate
- Secondary funding for Oregon Schools: Property Tax (capped at \$5.00 per \$1,000)
- Property Tax held as an offset to Income Tax in State School Fund Formula (refer to page 148)

# 2009-11 BIENNIUM

- December 2008 Revenue Forecast: \$1 B shortfall
- March 2009 Revenue Forecast: \$3.1 B shortfall
- May 2009 Revenue Forecast: \$4.4 B short?
  - Sept 2009
  - Dec 2009
  - March 2010
- May 2010: \$5 Billion shortfall? Unemployment 14% plus?

STATE BUDGET PER BIENNIUM - \$16 BILLION

# 2009-11 BIENNIUM

- State Shortfall of \$5 B creates a big hole
  - K-12 is 42% of state budget
  - TTSD is 2.16% of K-12 budget
- Governor's recommendation on April 9th for school districts to develop budgets for a range of scenarios: \$5.4 to \$5.9 billion
- TTSD - \$6.6 billion for status quo budget

# BUDGET ESTIMATE

- \$5 B short = K-12 budget of \$5.4 B for 2009-11
- Not all Districts agree
- The state can only pay if they have money
- TTSD 2009-10 shortfall would be \$22 M
- Some funds will backfill the \$5 B shortfall
- TTSD can add back \$10.5 M

# TTSD Utilization of Savings & Estimated Backfill Funds

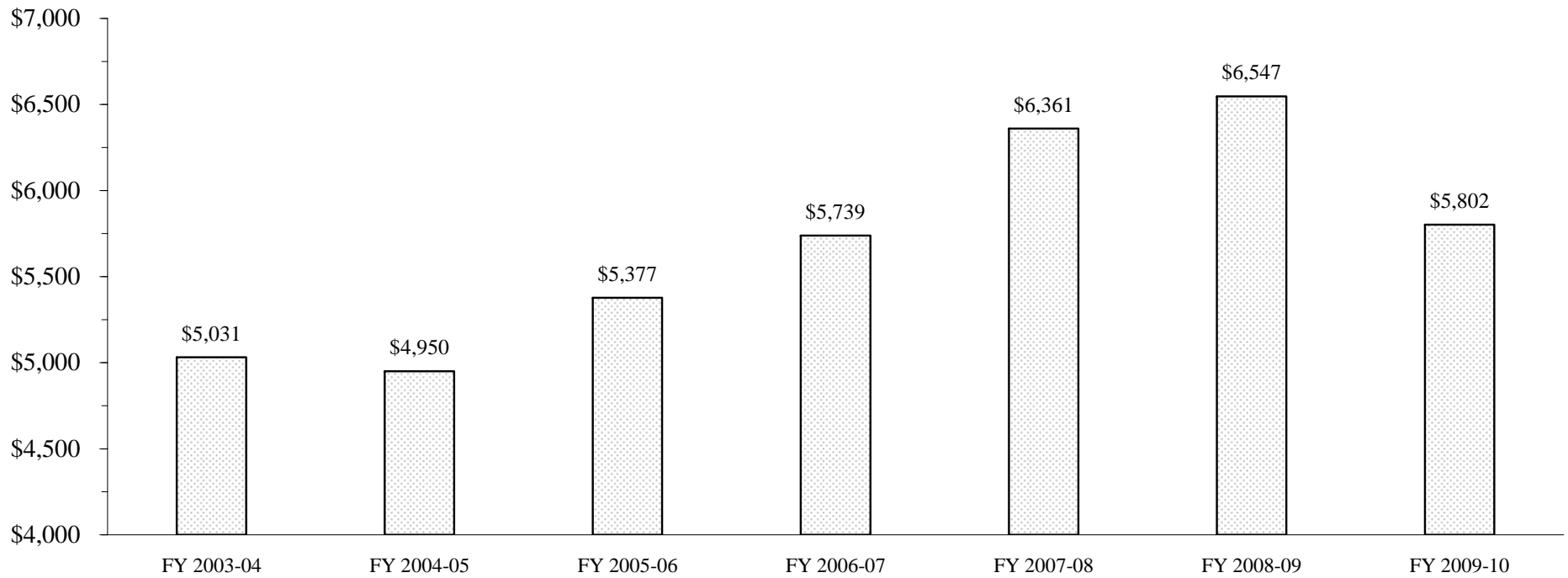
- State Education Stability Funds \$2.3 million; State Rainy Day Fund \$0.0
  - Federal “State Fiscal Stabilization Fund” \$4.7 million
  - TTSD Sustainability Reserve \$2.5 million
  - TTSD 2008-09 Extra Savings \$1 million
- TOTAL \$10.5 million

# State School Fund Revenue Information

	2005-07 Biennium		2007-09 Biennium		2009-11 Biennium	
	FY 2005-06	FY2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Total Formula Revenue	\$ 74,309,990	\$ 81,033,497	\$ 90,116,476	\$ 94,094,165	\$ 83,399,656	\$ 86,803,724
ADMw	13,820.9	13,966.1	14,164.5	14,345.6	14,373.7	14,577.4
Funding Per ADMw	\$ 5,377	\$ 5,739	\$ 6,361	\$ 6,547	\$ 5,802	\$ 6,039
Percent Change in Funding per ADMw	8.6%	6.7%	10.8%	2.9%	-11.4%	4.1%

## Total Formula Revenue Per ADMw

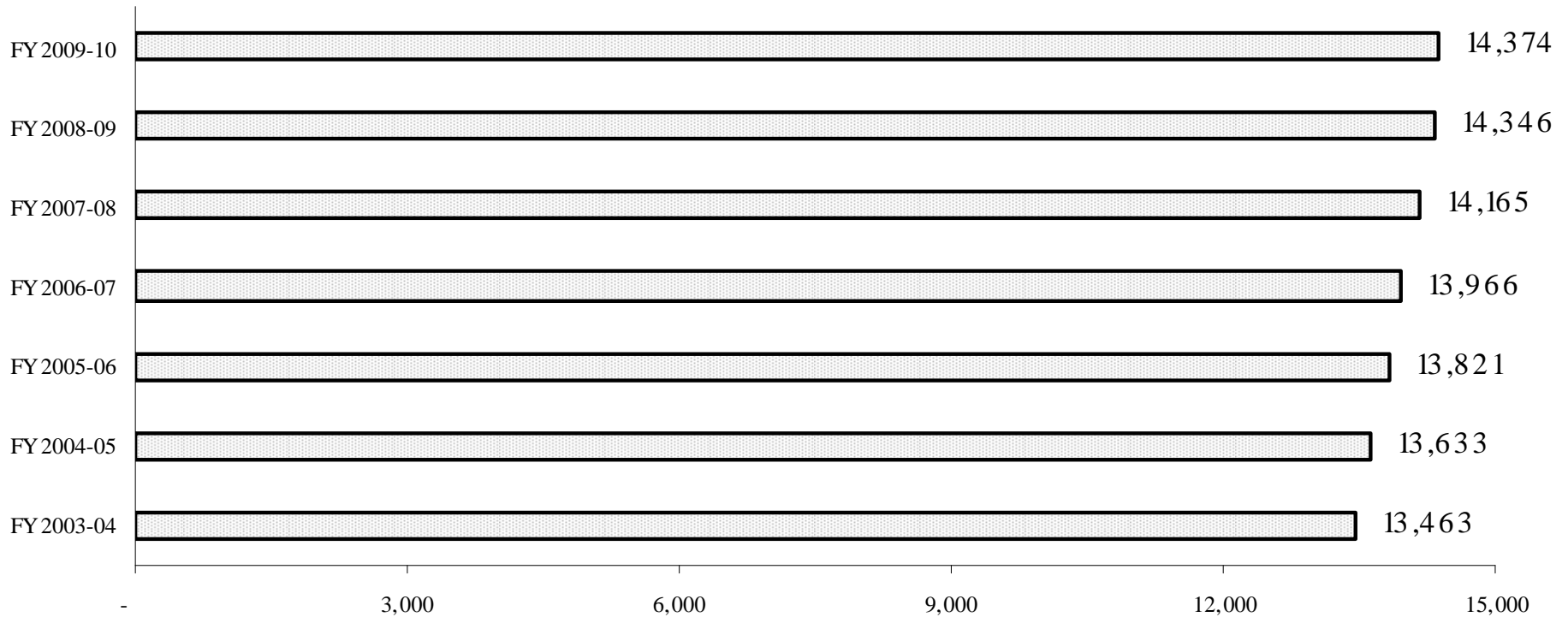
Based on March Estimates



# Student Enrollment

- FY 2008-09: 12,595; Increase of 135 students (1.1%)
  - 99 Student in elementary school grades (K-5)
  - 36 Students in middle school grades (6-8)
  - 0 Students in high school grades (9-12)
- FY 2009-10: Estimated increase of 59 students (0.5%)
- Next 10 Years: 11% growth

Tigard-Tualatin School District 23J  
Average Daily Membership weighted (ADMw)

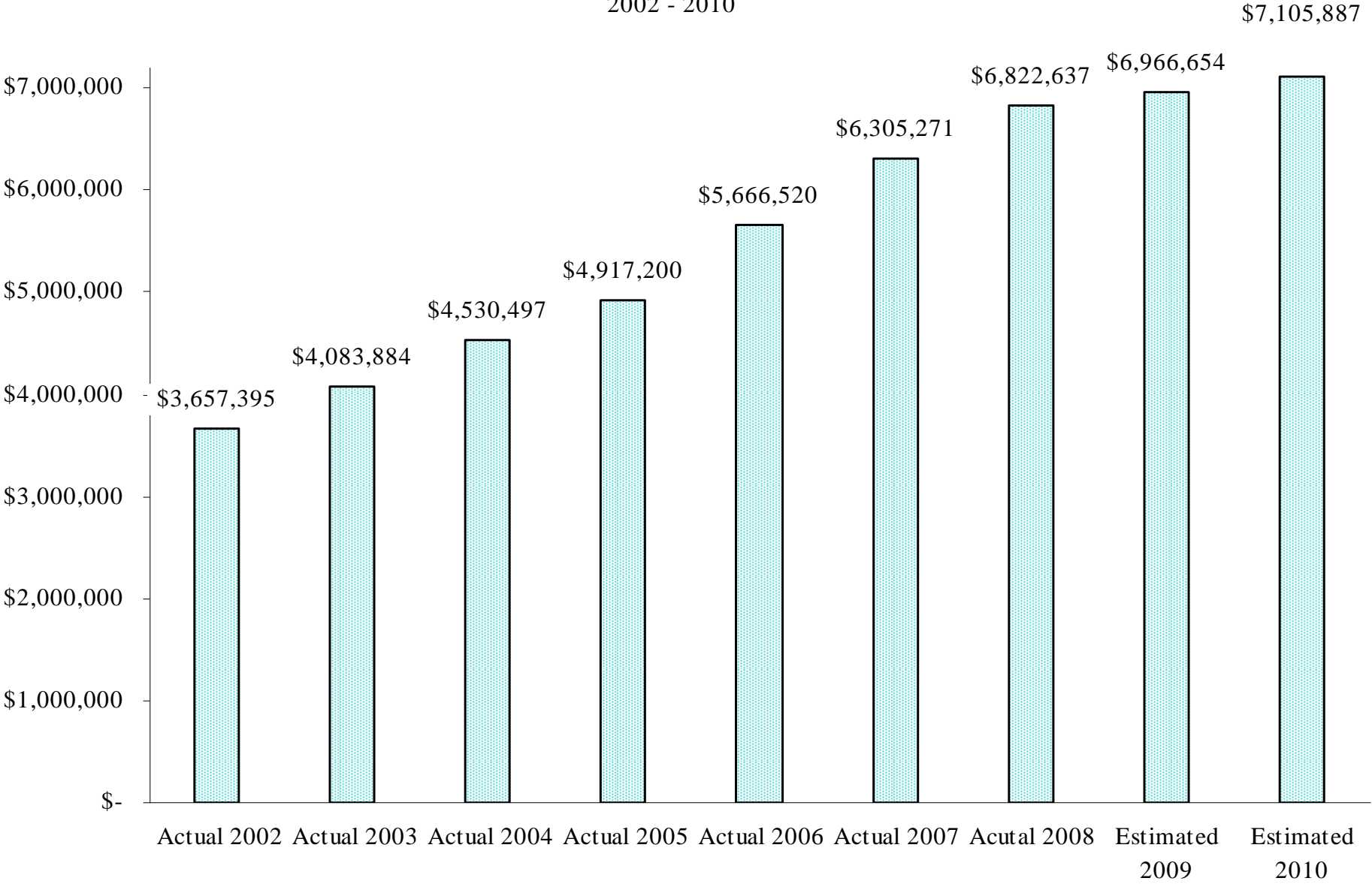


# Local Resources

# Local Option Levy

- Only possibility for additional operating funds
- FY 2009-10: \$7.1 Million (7.5%)
- Funds 11.6% of District's total teaching staff
- Equivalent to:
  - 2.5 Elementary school teaching staffs
  - 1.5 Middle school teaching staff
  - The teaching staff of one high school

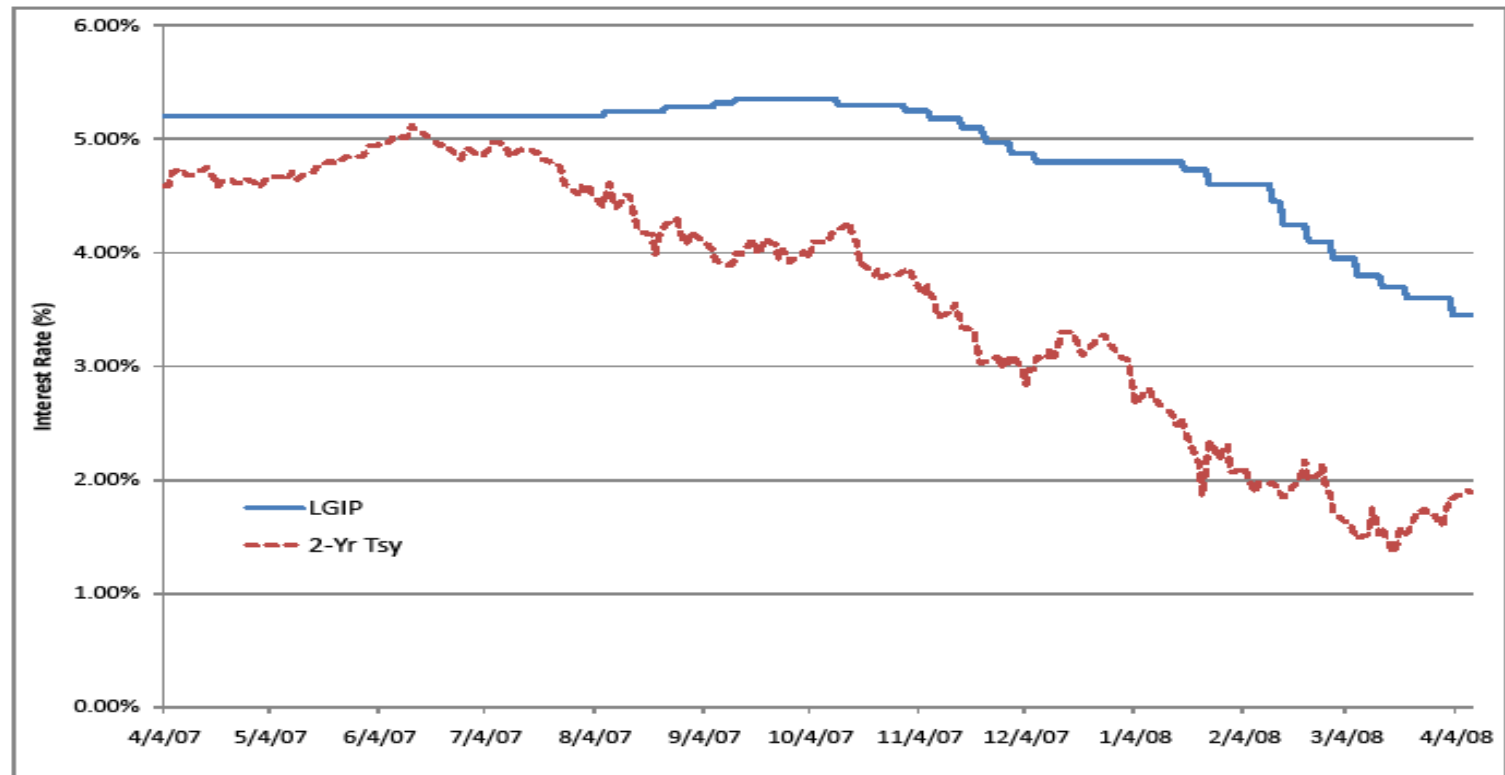
Local Option Tax Resources  
2002 - 2010



# Interest Earnings

- FY 2006-07: Actual \$1.3 Million
- FY 2007-08: Actual \$1.3 Million
- FY 2008-09: Budgeted \$594,710
- FY 2009-10: Proposed \$50,000; Projected Decrease of \$544,710

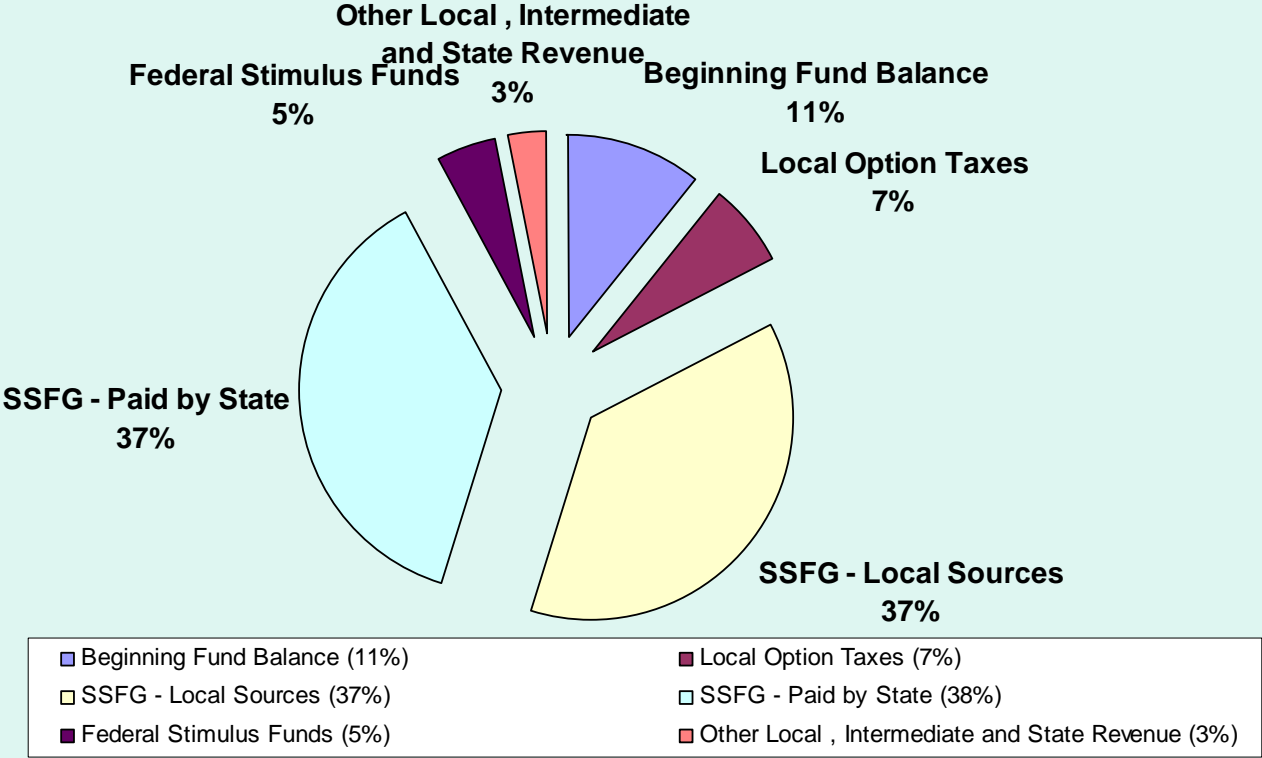
# Interest Rates Declining



# Local Resources

	Budget FY 2008-09	Proposed Budget FY 2009-10	Change	Percent Change	Percent of Operating Resources
Local Option Taxes	6,689,000	7,105,986	416,986	6.2%	6.7%
Tuition from Individuals	468,908	597,975	129,067	27.5%	0.6%
Tuition from Other Districts	180,000	220,716	40,716	22.6%	0.2%
Earnings on Investments	594,710	50,000	(544,710)	-91.6%	0.0%
Extracurricular Activities	366,400	456,100	89,700	24.5%	0.4%
Other	657,900	555,612	(102,288)	-15.5%	0.5%
<b>Total Local Resources</b>	<b>8,956,918</b>	<b>8,986,389</b>	<b>29,471</b>	<b>0.3%</b>	<b>8.5%</b>

2009-10 General Fund Revenue \$104,806,923



# Operating Requirements

# PROPOSED BUDGET REDUCTIONS

- Incorporates Majority of Recommendations of Budget Process Committee
- Guiding Principles; Protection of Classroom
- Appendix A (pages xiv to xx; Athletics page xxi); Swim Centers page viii
- \$6.0 B State School Budget; TTSD – (\$5 M)
- \$5.8 B State School Budget; TTSD – (\$7 M)
- \$5.6 B State School Budget; TTSD – (\$9 M)
- \$5.4 B State School Budget; TTSD – (\$11 M)

# IMPACT ON STAFFING LEVELS; 85% of Budget is Payroll

- 100 FTE Licensed Employees
  - 48 FTE Classified Employees
  - 6.5 FTE Administrators/Managerial
- 13.5 percent of work force

Note: An estimated 40 FTE Licensed Staff will be reduced through attrition

# FY 2009-10 Sustainability Reserve

Total General Fund Resources (net of beginning fund balance) \$ 93,458,045

	Rate per Board Policy	100% Funded per Board Policy	FY 09	FY 10
Contingency	2%	1,869,161	2,099,679	2,000,000
Unappropriated Ending Fund Balance	5%	4,672,902	5,249,199	5,000,000
<u>Sustainability Reserve</u>	5%	<u>4,672,902</u>	<u>3,000,000</u>	<u>500,000</u>
<u>Total Calculated Fund Balances</u>		<u>11,214,965</u>	<u>10,348,878</u>	<u>7,500,000</u>

The Superintendent is charged with developing a budget, or a budget plan to establish these reserves over a maximum of four (4) years.

# Contingency Account

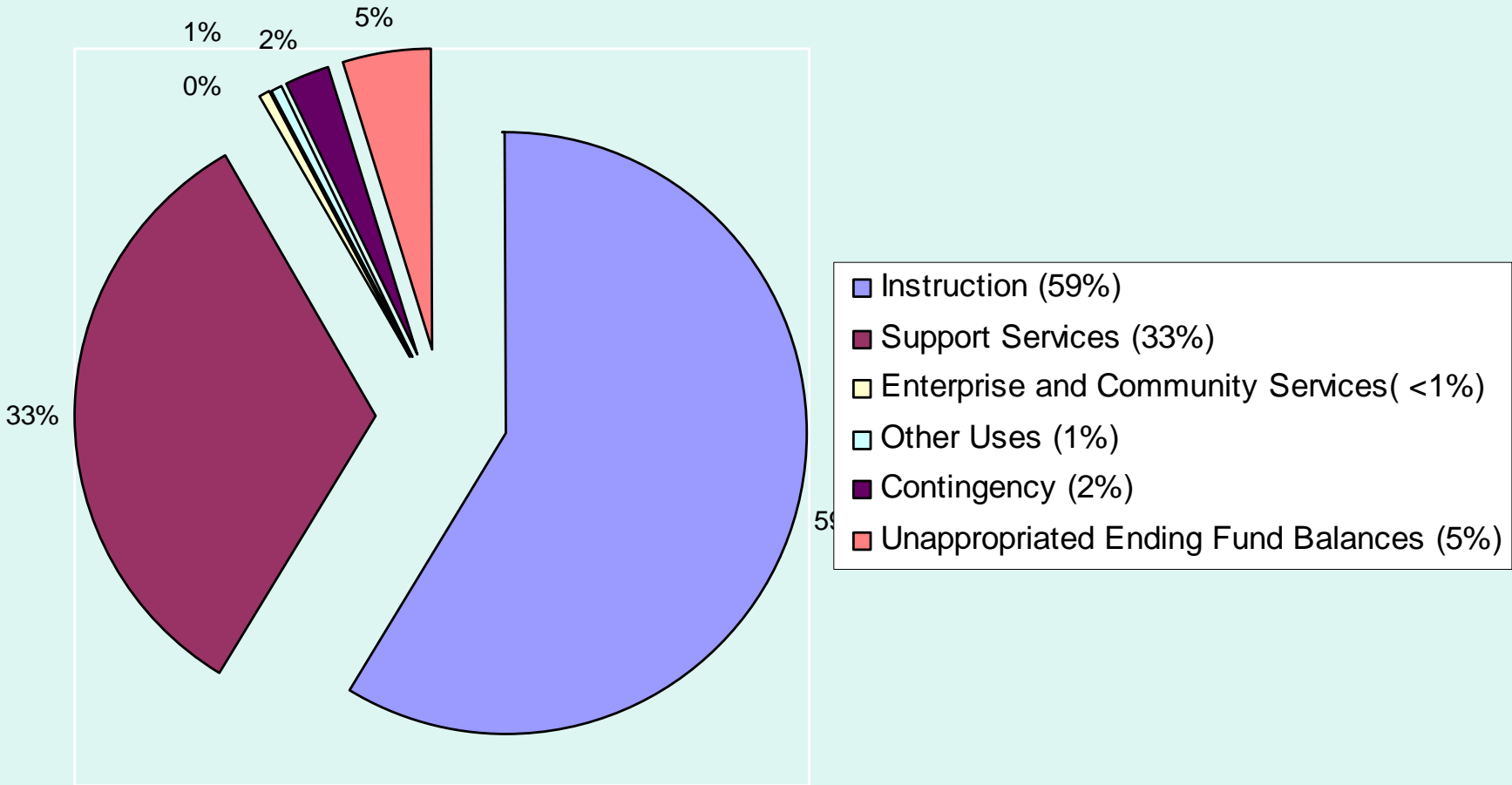
- 2%
- Definition:
  - Expenditures which cannot be foreseen and planned in the budget process because of an occurrence of an unusual or extraordinary event. Budgeted amount to be transferred by school board resolution to the proper expenditure code.

# General Fund Expenditures by Appropriation Level

	FY 2008-09	FY 2009-10	Change	% Change
	Adopted	Proposed		
	<u>Budget</u>	<u>Budget</u>		
Requirements				
Instruction	67,155,955	61,526,369	(5,629,586)	-8.38%
Support Services	37,119,242	34,639,432	(2,479,810)	-6.68%
Enterprise and Community Services	555,001	350,395	(204,607)	-36.87%
Other Uses	793,340	790,728	(2,612)	-0.33%
Contingency	2,099,679	2,000,000	(99,679)	-4.75%
Sustainability Reserve	3,000,000	500,000	(2,500,000)	-83.33%
Unappropriated Ending Fund Balances	<u>5,249,199</u>	<u>5,000,000</u>	<u>(249,199)</u>	-4.75%
Total General Fund	<u><u>115,972,416</u></u>	<u><u>104,806,923</u></u>	<u><u>(11,165,493)</u></u>	-9.63%

Refer to pages xxvi-xxviii

**General Fund Expenditures by Appropriation Level FY 2009-10**

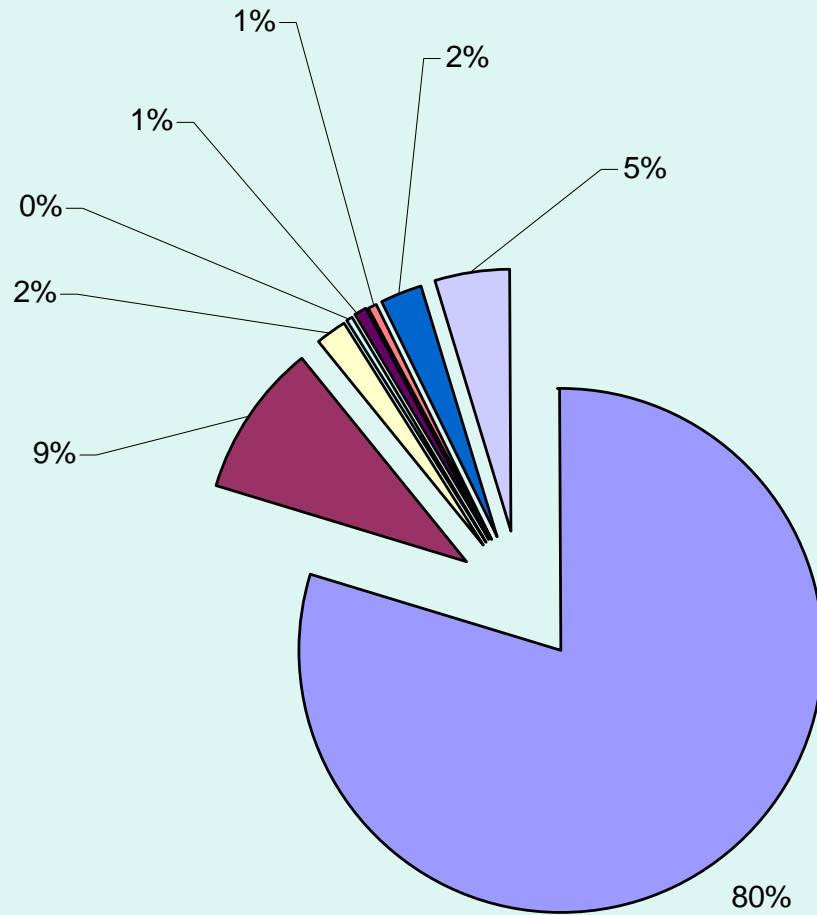


# General Fund Expenditures by Object Level

	FY 2008-09	FY 2009-10		
	Current	Proposed		
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>	<u>% Change</u>
Requirements				
Salaries	56,460,224	52,614,835	(3,845,389)	-6.81%
Associated Payroll Costs	33,179,240	31,072,695	(2,106,545)	-6.35%
Purchased Services	10,269,344	9,781,588	(487,756)	-4.75%
Supplies and Materials	2,298,125	2,066,130	(231,995)	-10.09%
Capital Outlay	362,211	192,448	(169,763)	-46.87%
Other Objects	705,517	788,499	82,982	11.76%
Mid Year Budget Modification	1,555,537		(1,555,537)	-100.00%
Transfer of Funds	793,340	790,728	(2,612)	-0.33%
Sustainability Reserve	3,000,000	500,000	(2,500,000)	-83.33%
Contingency	2,099,679	2,000,000	(99,679)	-4.75%
Unappropriated Ending Fund Balances	<u>5,249,199</u>	<u>5,000,000</u>	<u>(249,199)</u>	-4.75%
Total General Fund	<u><u>115,972,416</u></u>	<u><u>104,806,923</u></u>	<u><u>(11,165,493)</u></u>	-9.63%

Refer to pages xxii-xxv

### General Fund Expenditures by Object Level FY 2009-10



■ Salaries and Associated Payroll Costs (80%)

■ Supplies and Materials (2%)

■ Other Objects (1%)

■ Contingency (2%)

■ Purchased Services (9%)

■ Capital Outlay (<1%)

■ Transfer of Funds (1%)

■ Ending Fund Balance (5%)

# Other Funds

# Funds with Significant Changes

- Federal Funds include Federal Stimulus IDEA \$2.24 Million, Title I \$955,000(?), and Safe Schools/Healthy Students Grant \$1.5 Million
- Insurance Reserve Fund includes \$1.8 Million for anticipated unemployment costs

# In Summary

- Too many variables to count
- We are using our best estimates
- Proposed TTSD Budget based on \$5.4 B State K-12 Budget; reductions = \$11.1 M
- No good budget reductions
- We will be wrong

# Next Steps – Budget Committee

- Budget Committee
  - Accept public comment
  - Budget Committee deliberates in a public meeting
  - The Budget Committee may modify the budget but does not set District policy or approve programs or services.

(Continued on next page)

# Next Steps – Budget Committee (cont'd)

- The Budget Committee may request another meeting (tentatively scheduled on May 20<sup>th</sup>).
- When deliberations are complete and public comment is heard the Budget Committee will make a motion to approve the 2009-10 District budget and property tax rates for principal and interest on bonded indebtedness.

# Next Steps – School Board

- The Board will have a hearing on the budget on June 25
- The Board may not change tax rates or the tax levy for bonded debt without reconvening the budget committee
- The Board may increase any fund by up to 10% without reconvening the Budget Committee.

(Continued on next page)

# Next Steps – School Board (cont'd)

- The Board will levy the taxes and make appropriations by June 30, 2009.
- After June 30, 2009, the Board cannot increase the estimated expenditures of any fund without a supplemental budget except for a grant award or other very limited special circumstances.
- During FY 2010 appropriation transfers will require Board resolution.

# Resources Available on TTSD Website

[Budget-comments@ttsd.k12.or.us](mailto:Budget-comments@ttsd.k12.or.us)

Budget Committee Member Questions?