

Budget Review 2022-23

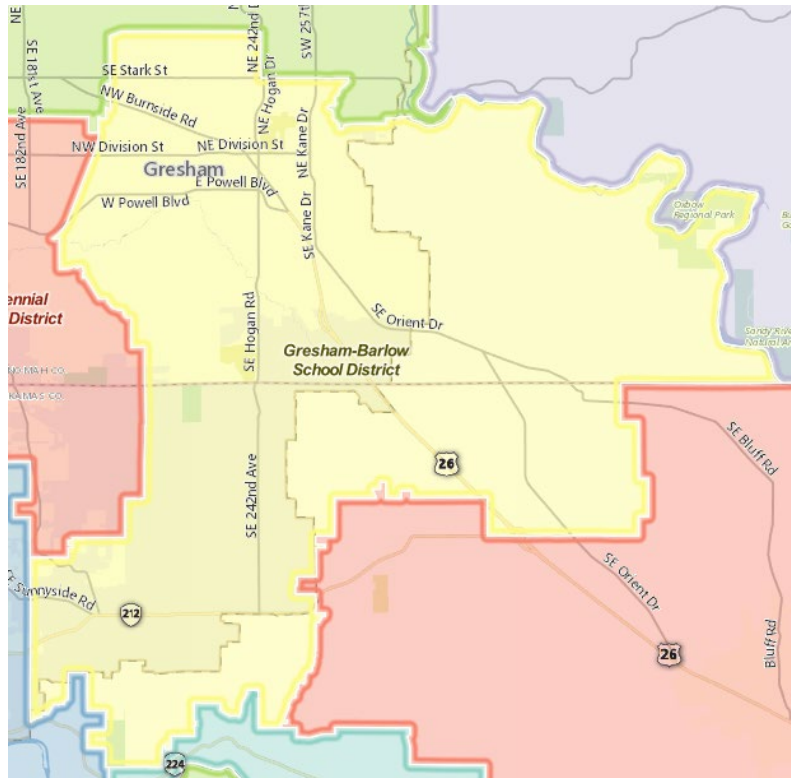
Gresham-Barlow School District



INTRODUCTION & BACKGROUND

Gresham-Barlow School District 10JT is a unified district, established June 1, 1994, which includes the former Gresham Grade (established in 1884), Orient (established in 1853), Damascus Union (established in 1876), Barlow-Gresham Union High (established in 1902) School Districts, and that portion of Boring School District which was served by the Union High School District prior to unification.

The district is one of the ten largest districts in the State of Oregon. The district covers approximately 54 square miles serving the communities of Boring, Damascus, Gresham and Orient located in Multnomah and Clackamas Counties. The district area population is approximately 80,000. The district enrollment boundaries include part of the City of Gresham, located in east Multnomah County approximately 12 miles east of Portland; it is the second largest city within the Portland metropolitan area and the fourth largest city in Oregon.



As of the December 2021 enrollment report, the district serves 11,839 students in kindergarten through grade twelve, and operates nine elementary schools, four middle schools, one K-8 and three high schools. There are 1,284 English language learners, speaking a combined 53 languages. There are 1,174 staff members. The district's Standard and Poor's Bond rating is AA+ (AAA being the highest grade possible).

Seven board members are elected, four to zoned positions and three at large from within the district, to four-year terms.

Oregon statute provides state funding for charter schools that flows through the district for schools that local boards of education have granted a charter. The district has granted charters to three schools in operation during the 2021-22 fiscal year: Gresham Arthur Academy, Lewis and Clark Montessori, and Metro East Web Academy. The Center for Advanced Learning (CAL) is reported by the district as a joint venture.

STRATEGIC PLAN / PERFORMANCE OBJECTIVES

In his budget message, Superintendent Hiu presents the following strategies for the upcoming year.

For the 2022-23 fiscal year, the priority is providing sufficient staff to serve all students residing within the district’s boundaries. Given that staff are proposing an operating deficit of more than \$9 million, no *new* strategic investments are being proposed within the general fund, other than right-sizing salary schedules to be more competitive with other districts in the area. However, every effort has been made to align our staffing structure and continued strategic investments in such ways that provide the foundation for work on the district’s continuous improvement plan.

The budget message also lists four major priorities that inform priorities 22-23 budget:

- 1) Implementing a learning management system (Canvas) to allow for more seamless transitions between in-person and online learning,
- 2) Development and implementation of an equity-based multi-tiered systems of support
- 3) Creating flexible learning experiences (FLEX) for students who thrive in a non-traditional learning environment
- 4) Pandemic Recovery - Ready Schools, Safe Learners (RSSL)

The budget message also describes four prioritized investment areas for Student Investment Act (SIA) funds:

The district’s four prioritized investment areas are:

- 1) accessible and intentional instruction
- 2) evidence-based decision making
- 3) teaching and learning environment
- 4) student, family and community partnerships

BUDGET OVERVIEW

The district’s total FY 2022-23 budget is \$261 million, \$6 million (2%) higher than the current year budget. The district budgets in four major funds.

Summary of Budget by Fund					
(\$ Millions)					
	2019-20 Actual	2020-21 Actual	2021-22 Rev Bud	2022-23 App Bud	Budget % Change
General Fund	148.3	156.0	156.1	166.2	6%
Special Revenues Combined	31.4	31.7	60.8	62.0	2%
Debt Service Fund	20.2	21.1	21.5	22.4	4%
Capital Projects Fund	139.0	43.5	16.9	10.5	-38%
GRAND TOTAL ALL FUNDS	338.9	252.3	255.3	261.0	2%

The FY 23 budget assumptions are purposely conservative. On the revenue side, the district is forecasting no change in student enrollment (so as not to overestimate enrollment-based State School Fund revenues). On the expenditure side, the district is forecasting an increase of 500 students and budgeting for the staffing level appropriate to that enrollment¹. The budget dips into fund balance to fill the revenue gap of that scenario. In the end, the district is anticipating that enrollment increases will be sufficient to bring the state funding up and fund balance drawdown will be minimized. The expenditure budget also anticipates no staffing vacancies, another conservative calculation. There will be vacancies.

RESOURCES	EXPENDITURES
Enrollment will remain even with current year	Staffing based on enrollment growing by 500 students (200 fewer than pre-pandemic)
Full funding of Student Investment Account and High School Success fund	Total general fund budget-to-budget cost escalation of 5.1% - lower than inflation
Moving into ESSER III allocation; plan to claim \$13 million	100% retention and 0% vacancies
No general fund revenue from student participation fees	Personnel cost escalation of 8% Non-personnel escalation of 3%

Summary of Budget By Object Code					
(\$ Millions)					
	2019-20	2020-21	2021-22	2022-23	Budget
	Actual	Actual	Rev Bud	App Bud	% Change
Personnel Services	104.7	109.1	134.1	135.8	1%
Materials & Services	48.8	44.4	50.7	63.5	25%
Capital Outlay	94.1	23.1	18.2	12.4	-32%
Debt Service	19.4	20.0	20.6	21.1	2%
Fund Transfers	0.6	0.6	6.5	0.9	-86%
Contingencies	-	-	7.2	10.2	42%
Ending Fund Balance	71.4	55.1	17.9	17.1	-4%
TOTAL REQUIREMENTS	338.9	252.3	255.3	261.0	2%

RESOURCES

Total resources balance to total requirements. The primary revenue sources are property taxes and the state school revenues.

Total Budget Resources					
(\$ Millions)					
	2019-20	2020-21	2021-22	2022-23	Budget
	Actual	Actual	Rev Bud	App Bud	% Change
Beginning Fund Balance	159.9	71.2	47.6	46.5	-2%
Property Taxes	49.2	51.2	53.4	54.3	2%
Other Taxes	0.8	0.1	0.2	0.1	-14%
Intergovernmental Revenue	120.1	123.1	139.6	151.3	8%
Fees and Charges	2.9	2.3	3.6	3.6	0%
Other Income	5.5	3.6	4.3	4.2	-1%
Transfers In	0.6	0.6	6.6	0.9	-86%
TOTAL RESOURCES	338.9	252.3	255.3	261.0	2%

¹ Prior to the pandemic, student enrollment was decreasing. As of this spring, enrollment (formerly 11,800 students) was down by 700 students. The expenditure budget anticipates that 500 of those students will return.

Property Taxes

The district has budgeted \$53.8 million in FY 23 property tax receipts. The district has only a permanent rate levy and a GO bond levy, no local option levy. The permanent rate levy is \$4.5268 per \$1,000 of assessed value. The GO bond levy covers bonds issued in 2017 and 2019.

Gresham Barlow School District				
Property Taxes Budget (\$ Millions)				
	FY20	FY21	FY22	FY23
	Actual	Actual	Budget	Budget
Permanent Rate Property Taxes	29.6	30.7	32.6	32.6
GO Debt Property Taxes	19.1	20.0	20.3	21.2
Annual Total	48.7	50.7	52.9	53.8

Intergovernmental Revenues

The district has budgeted \$151 million in FY 23 for revenues from other governments. The state provides the largest portion (\$122 million) and about \$100 million of that amount is based on the latest student enrollment estimate. That amount will be adjusted to reflect enrollment changes.

Gresham-Barlow School District					
Intergovernmental Revenues (\$ Millions)					
	2019-20	2020-21	2021-22	2022-23	Percent
	Actual	Actual	Rev. Bud	Apv. Bud	Change
State Revenue	108	106	109	122	12%
Federal Revenue (Dedicated funding grants)	10	15	28	27	-2%
Local Revenue (From County and MESD)	3	2	3	2	-26%
TOTAL INTERGOVERNMENTAL REVENUE	120	123	140	151	8%

REQUIREMENTS

Personnel Services

Total budgeted FTE is 1,126, 4 FTE fewer than the current year. There is a shift in the budget of 17 FTE from support services to instruction, the result of three significant changes:

- General Fund Instruction staff is decreasing by 10 FTE
- Special Revenue Fund Instruction staff is increasing by 27 FTE
- Special Revenue Fund Support Services staff is decreasing by 21 FTE

This action moves some staffing funding from the general fund to special revenue funds. See the discussion on ESSER and SIA funds revenues below.

The district has not yet determined the Cost of Living Adjustment (COLA) for FY 23.

The district has one PERS pension obligation bond and contributes to a side account when possible. It made a \$3 million contribution this year.

PERS costs have been relatively stable at about \$20 million annually for the last four years, but as a percent of total personal services costs they have decreased from 18% to 14%. As a percent of salaries and wages, they have decreased from 30% to 24% in the General Fund.

Materials and Services

Materials and Services are budgeted to increase from the current year level of \$51 million to the \$64 million in FY 23. Aside from incremental increases in the General Fund, the significant increases are in the dedicated revenues funds, where statutes dictate the use of the funds.

Capital Outlay

Capital Outlay decreases by 32% from the current year to \$12 million. The costs are decreasing as the district completes the projects funded by GO Bonds issued in the last decade.

Budgeted Positions by Full-Time Equivalent (FTE)		
GENERAL FUND	2021-22	2022-23
	Adopted Budget	Proposed Budget
Function 1000 - Instruction		
Licensed	498.675	492.375
Classified	179.550	176.870
Admin	3.181	3.681
Total	681.406	672.926
Function 2000 - Support Services		
Licensed	56.700	56.69
Classified	169.355	170.86
Admin	51.819	50.819
Confidential	5.500	5.000
Total	283.374	283.369
Function 3000 - Enterprise & Community Services		
Classified	2.000	2.000
Total	2.000	2.000
Function 4000 - Facilities Acquisition & Construction		
Total	0.000	0.000
Total General Fund FTE	966.780	958.295
SPECIAL REVENUE FUNDS	2021-22	2022-23
	Adopted Budget	Proposed Budget
Function 1000 - Instruction		
Licensed	45.157	64.497
Classified	21.509	29.929
Admin	0.850	0.000
Total	67.516	94.426
Function 2000 - Support Services		
Licensed	52.420	46.100
Classified	37.963	19.400
Admin	3.150	6.750
Total	93.533	72.250
Function 3000 - Enterprise & Community Services		
Licensed	0.000	0.000
Classified	0.500	0.500
Total	0.500	0.500
Function 4000 - Facilities Acquisition & Construction		
Total	0.000	0.000
Total Special Revenue Funds FTE	161.549	167.176
DEBT SERVICE FUNDS	0.000	0.000
CAPITAL PROJECT FUNDS		
Function 4000 - Facilities Acquisition & Construction		
Classified	1.000	0.000
Total All Funds Staffing FTE	1,129.328	1,125.471
Center for Advanced Learning (CAL)		
Licensed	1.170	1.000
Total GBSD Staffing FTE	1,130.498	1,126.471

GENERAL FUND

The district's FY 23 general fund budget is \$166 million, \$10 million (6%) higher than the current year budget. Both instruction and support services functions are increasing by 7%.

General Fund Requirements					
(\$ Millions)					
	2019-20	2020-21	2021-22	2022-23	Budget
	Actual	Actual	Rev Bud	App Bud	% Change
Instruction	81.2	83.5	88.9	95.1	7%
Support Services	44.9	44.9	49.4	52.7	7%
Enterprises and Community Servi	0.2	0.2	0.4	0.4	-10%
Facilities Acquisition and Construc	-	-	0.2	0.2	0%
Transfers Out	0.6	0.6	0.6	0.9	44%
Contingencies	-	-	7.2	10.2	42%
Ending Fund Balance	21.4	26.8	9.4	6.7	-28%
TOTAL FUND REQUIREMENTS	148.3	156.0	156.1	166.2	6%

Resources balance to requirements. State revenue is the primary source of revenue for the district. That revenue is directly tied to the student enrollment and is adjusted periodically during the year and trueed-up at the end of the year. So, the number presented in the budget is just an approximation based on projected student enrollment. As mentioned above, the district has projected FY 23 enrollment at the same level as the current year.

General Fund Resources					
(\$ Millions)					
	2019-20	2020-21	2021-22	2022-23	Budget
	Actual	Actual	Rev Bud	App Bud	% Change
Beginning Fund Balance	18.2	21.4	21.0	26.1	24%
Property Tax	30.1	31.2	33.1	33.1	0%
Federal Revenue	0.1	0.0	0.1	0.1	-4%
State Revenue	95.8	100.2	94.5	102.8	9%
Local Revenue	1.9	1.9	2.1	2.0	-4%
Fees and Charges	1.0	0.6	1.1	1.1	-2%
Other Income	1.3	0.7	1.1	1.1	1%
Transfers In	-	-	3.3	-	-100%
TOTAL RESOURCES	148.3	156.0	156.1	166.2	6%

OTHER FUNDS

Special Revenue Funds

ESSER Grants (The Elementary and Secondary School Emergency Relief (ESSER) I grant program is authorized in Title VIII, Division B, of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March 2020.)

The district is budgeting \$12.3 million for this grant in FY 23. It will be used to address the consequences of the pandemic: the social and emotional needs of students and the unfinished learning of those students.

SIA Grants (The State of Oregon Student Success Act's Student Investment Account): the district is budgeting \$8.8 million for this grant in FY 23. SIA will be utilized in accordance with the [plan approved by the board](#) on 4/2/2022. That plan and the continuous improvement plan are closely linked and complementary. They focus on student supports and targeted instructional expansion.

HSS Grants (The State of Oregon High School Success Act): he district is budgeting \$3.8 million for this grant, which is intended to increase the high school graduation rate.

DEBT STATUS

The district is budgeting \$21 million in debt service, which will reduce outstanding debt by \$16 million to \$290 million by the end of FY23. The district’s debt information ties into the information that TSCC has on file.

General Obligation Debt Service Fund					
(\$ Millions)					
	2019-20	2020-21	2021-22	2022-23	Budget
	Actual	Actual	Rev Bud	App Bud	% Change
Beginning Fund Balance	0.9	1.0	1.1	1.1	0%
GO Debt Property Taxes	19.1	20.0	20.3	21.2	4%
Interest on Investments	0.2	0.1	0.0	0.0	0%
TOTAL FUND RESOURCES	20.2	21.1	21.5	22.4	4%
Debt Service	19.2	19.8	20.4	21.1	3%
Ending Fund Balance	1.0	1.3	1.1	1.3	21%
TOTAL FUND REQUIREMENTS	20.2	21.1	21.5	22.4	4%

ISSUE DATE	ORIGINAL ISSUE	Outstanding JULY 1, 2022	ADDITIONS	REDUCTIONS	Outstanding JULY 1, 2023	PAYOFF DATE	INTEREST RATE
General Obligation Bonds							
February 28, 2017	241,165,714	221,038,133	-	10,530,000	210,508,133	June 15, 2037	1.23 - 1.37%
April 18, 2019	50,000,227	48,212,138	-	1,550,000	46,662,138	June 15, 2039	1.85 - 3.65%
		<u>269,250,271</u>	-	<u>12,080,000</u>	<u>257,170,271</u>		
Limited Tax Pension Obligation Bonds							
October 31, 2002	35,758,403	21,540,000	-	3,050,000	18,490,000	June 30, 2028	5.55 - 6.10%
April 21, 2003	25,307,539	14,011,953	-	666,954	13,344,999	June 30, 2028	5.24 - 5.71%
		<u>35,551,953</u>	-	<u>3,716,954</u>	<u>31,834,999</u>		
Full Faith and Credit Obligations							
August 12, 2012	2,185,000	850,000	-	160,000	690,000	June 1, 2027	3.0 - 4.0%
		<u>850,000</u>	-	<u>160,000</u>	<u>690,000</u>		
TOTAL REVENUE		<u>\$305,652,224</u>	\$0	<u>\$15,956,954</u>	<u>\$289,695,270</u>		

BUDGET/STRATEGIC PLAN ALIGNMENT

In summary, the plan for FY 23 has been to propose a conservative budget with resources based on flat enrollment and expenditures based on increased enrollment, anticipating that enrollment will increase and the deficit created by these two assumptions will be eliminated.

The single initiative highlighted in the budget is an attempt to adjust staff salaries to levels comparable to other local school districts in order to maintain and attract staff. The funding budgeted for this effort is not called out in the budget.

HIGHLIGHTS

- The district’s total FY 23 budget is \$261 million, \$6 million (2%) higher than the current year budget.
- PERS costs have been relatively stable at about \$20 million annually for the last four years, but as a percent of total personal services costs they have decreased from 18% to 14%.
- The district’s FY22-23 general fund budget is \$166 million, \$10 million (6%) higher than the current year budget. Both instruction and support services functions are increasing by 7%.
- The strategic plan for FY22-23 is to create a conservative budget with revenues based on flat enrollment and expenditures based on an enrollment increase, anticipating that the deficit created by these two assumptions will be eliminated by actual enrollment increases.

BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
X		Did the district meet publication requirements?
X		Do resources equal requirements in every fund?
X		Does the G.O. Debt Service Fund show only principal and interest payments?
X		Are contingencies shown only in operating funds?
X		Did the budget committee approve the budget?
X		Did the budget committee set the levy?
X		Does the audit show the district was in compliance with budget law?

LOCAL BUDGET LAW COMPLIANCE

The FY 2022-23 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

The audit report for FY 2020-21 notes no exceptions.

CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff notes no deficiencies in the district’s FY 2022-23 budget development process.

Gresham-Barlow School District

Approved Budget Summary Sheet

	2019-20 Actual	2020-21 Actual	2021-22 Rev Bud	2022-23 App Bud	Budget % Change
SUMMARY OF ALL FUNDS					
Property Tax Breakdown:					
Permanent Rate Property Taxes	29,571,063	30,723,134	32,598,516	32,630,777	0%
GO Debt Property Taxes	19,090,478	20,006,000	20,345,476	21,193,198	4%
Prior Years Property Taxes	500,632	515,656	456,989	457,231	0%
Total Property Taxes	49,162,173	51,244,790	53,400,981	54,281,206	2%
Resources:					
Beginning Fund Balance	159,922,474	71,240,176	47,632,500	46,526,896	-2%
Property Taxes	49,162,173	51,244,790	53,400,981	54,281,206	2%
Other Taxes	806,374	121,482	170,000	145,500	-14%
Intergovernmental Revenue	120,089,514	123,131,963	139,615,151	151,261,064	8%
Fees and Charges	2,925,977	2,343,583	3,614,300	3,597,208	0%
Other Income	5,474,193	3,643,243	4,294,949	4,239,057	-1%
Transfers In	560,000	570,000	6,565,000	920,000	-86%
TOTAL RESOURCES	338,940,705	252,295,237	255,292,881	260,970,931	2%
Requirements by Function:					
Instruction	87,940,625	91,657,832	108,448,987	119,991,219	11%
Support Services	49,739,466	54,696,935	71,144,225	76,656,692	8%
Enterprises and Community Services	3,418,474	3,240,312	7,658,602	8,110,559	6%
Facilities Acquisition and Construction	106,471,792	27,032,164	15,807,968	6,827,231	-57%
Debt Service	19,373,310	19,951,426	20,628,126	21,071,725	2%
Transfers Out	560,000	570,000	6,465,000	920,000	-86%
Contingencies	0	0	7,229,715	10,247,461	42%
Ending Fund Balance	71,437,037	55,146,569	17,910,258	17,146,044	-4%
TOTAL REQUIREMENTS	338,940,704	252,295,238	255,292,881	260,970,931	2%
Requirements by Object:					
Personnel Services	104,700,330	109,063,696	134,136,918	135,751,500	1%
Materials & Services	48,780,948	44,446,103	50,743,546	63,484,201	25%
Capital Outlay	94,089,077	23,117,443	18,179,318	12,350,000	-32%
Debt Service	19,373,310	19,951,426	20,628,126	21,071,725	2%
Fund Transfers	560,000	570,000	6,465,000	920,000	-86%
Contingencies	0	0	7,229,715	10,247,461	42%
Ending Fund Balance	71,437,039	55,146,570	17,910,258	17,146,044	-4%
TOTAL REQUIREMENTS	338,940,704	252,295,238	255,292,881	260,970,931	2%
SUMMARY OF BUDGET - BY FUND					
General Fund	148,297,415	156,003,334	156,079,843	166,156,659	6%
Special Revenues Combined	31,432,086	31,678,280	60,769,462	61,985,199	2%
Debt Service Fund	20,192,614	21,067,248	21,519,476	22,370,198	4%
Capital Projects Fund	139,018,589	43,546,376	16,924,100	10,458,875	-38%
GRAND TOTAL ALL FUNDS	338,940,704	252,295,238	255,292,881	260,970,931	2%
DETAIL OF GENERAL FUND					
Resources:					
Beginning Fund Balance	18,172,677	21,393,671	21,000,000	26,085,240	24%
Property Tax	30,071,695	31,238,790	33,055,505	33,088,008	0%
Federal Revenue	73,665	30,339	56,000	54,000	-4%
State Revenue	95,783,941	100,206,285	94,457,538	102,805,772	9%
Local Revenue	1,933,034	1,886,521	2,062,500	1,987,600	-4%
Fees and Charges	954,039	577,287	1,091,800	1,073,708	-2%
Other Income	1,308,364	670,441	1,056,500	1,062,331	1%
Transfers In	0	0	3,300,000	0	-100%
TOTAL FUND RESOURCES	148,297,415	156,003,334	156,079,843	166,156,659	6%
Requirements:					
Instruction	81,233,676	83,481,547	88,904,593	95,089,577	7%
Support Services	44,896,742	44,945,271	49,386,553	52,670,291	7%
Enterprises and Community Services	213,326	177,096	396,224	355,759	-10%
Facilities Acquisition and Construction	0	0	150,000	150,000	0%
Transfers Out	560,000	570,000	640,000	920,000	44%
Contingencies	0	0	7,229,715	10,247,461	42%
Ending Fund Balance	21,393,671	26,829,420	9,372,758	6,723,571	-28%
TOTAL FUND REQUIREMENTS	148,297,415	156,003,334	156,079,843	166,156,659	6%
DETAIL OF GENERAL OBLIGATION DEBT SERVICE FUND					
Resources:					
Beginning Fund Balance	943,099	1,002,554	1,140,000	1,143,000	0%
GO Debt Property Taxes	19,090,478	20,006,000	20,345,476	21,193,198	4%
Interest on Investments	159,037	58,694	34,000	34,000	0%
TOTAL FUND RESOURCES	20,192,614	21,067,248	21,519,476	22,370,198	4%
Requirements:					
Debt Service	19,190,060	19,768,776	20,444,476	21,071,725	3%
Ending Fund Balance	1,002,554	1,298,472	1,075,000	1,298,473	21%
TOTAL FUND REQUIREMENTS	20,192,614	21,067,248	21,519,476	22,370,198	4%