

SCHOOL FINANCE

GENERAL UNDERSTANDING OF SCHOOL BUDGETING PROCESS



what's your budget?



1/30/2020

AGENDA

- Why do we do this?
- Values & Goals
- Equity
- Local Budget Law
- What is a Budget?
- The Budget Process
- Revenue Sources (Current Public Info.)
- Expenditure Categories
- The Budget Committee Roles & Responsibilities
- The Budget Hearing (Adoption)



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BOARD CORE VALUES

OUR CORE VALUES ARE SUCH THAT SAFETY, EQUITY AND INDIVIDUAL ACADEMIC SUCCESS FOR EACH CHILD IS PARAMOUNT. WE BELIEVE THAT EACH ONE OF THE CORE VALUES ARE IMPORTANT TO MAKE THAT TRUE.

- ALL INDIVIDUALS BE TREATED WITH RESPECT AND DIGNITY
- EVERY CHILD IS A SOCIAL, EMOTIONAL AND CREATIVE BEING
- CONNECT STUDENTS AND THEIR FAMILIES TO SCHOOL, THE COMMUNITY AND OUR PARTNERS
- LEARNING IS CONNECTED TO THE REAL WORLD - RELEVANT
- STUDENTS ARE PARTNERS IN THEIR EDUCATIONAL JOURNEY

MISSION:
CLOSE THE ACHIEVEMENT GAP BY PREPARING ALL STUDENTS FOR COLLEGE READINESS AND SUCCESS IN A GLOBAL SOCIETY.

VISION:
EVERY CHILD READS, THINKS CRITICALLY, AND GRADUATES READY FOR COLLEGE AND CAREER.

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PARKROSE SCHOOL BOARD GOALS 2018-2019

- 1** 93% of all 9th grade students are on track in spring of 2019
- 2** Increase and improve connections for students and families as measured by increase in attendance at 1st, 7th, and 11th grades and decrease in discipline disparities for African American and Hispanic students
- 3** Increasing CTE and College opportunities for elementary, middle and high school students and families

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PARKROSE RACIAL EQUITY LENS

Parkrose School District 3 Code: AAA
(Adopted 1.28.17)

Parkrose School District Racial Equity Lens

What it is

- A racial equity lens is a set of questions we ask ourselves to ensure equitable outcomes.

When to use it

- When we are planning, developing, implementing or evaluating a policy, program or decision.

Examples: *budgeting *hiring practices *curriculum adoption
*SUN offerings *athletic fees *course offerings *time resources
*discipline practices *contracting *classroom practices
*time *resources *extracurricular *instructional strategies
*event planning (field trips, holiday celebrations, school dances, etc.)
*gain community partnerships *teachback (parent, family & community)

How to use it

For any policy, program, practice or decision, consider the following questions:

- PEOPLE** How are people affected positively or negatively in terms of barriers they experience?
- PLACE** What kind of positive or negative environment are we creating?
- POWER** How is the power of decision-making shared with those it affects?
- PROCESS** Does the policy, program or decision improve, worsen or make no change to existing disparities?
- PLAN** How will you reduce the negative impacts and address the barriers?

◆ This Racial Equity Policy is based on research and Parkrose School District academic and behavioral data. Race is our number one priority based on our data.

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Equity is the action that we as the Parkrose School District Community and Partners take to ensure that every student has the opportunity to achieve their dreams. It is the responsibility of all of us to provide each student the access, opportunity and support they need to meet their highest academic and social potential regardless of race, gender, socio-economic status, sexual orientation, ethnicity, culture, linguistic difference, religion, immigration status or disability.

END OF POLICY

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LOCAL BUDGET LAW

- Establish Standard Procedures
- Outline programs & fiscal policies
- Require estimates of resources & requirements (revenue & expense).
- Encourage citizen involvement
- Control the spending of public funds



(ORS 294.321)

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WHY FOLLOW LOCAL BUDGET LAW?

- A district that doesn't follow local budget law may not lawfully:

- Expend money
- Certify property taxes to the county assessor

(ORS 294.338)

- A property tax made contrary to local budget law is voidable by the Oregon Tax Court if appealed by:

- County
 - Assessor
 - Court
 - Board of Commissioners
- The Department of Revenue
- Ten or more interested taxpayers



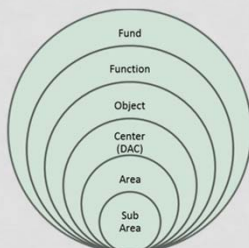
(ORS 294.461)

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WHAT IS A BUDGET?

- A Financial Plan
- For one fiscal year (July 1 – June 30)
- Based on “good faith” estimates of revenue & expenditures.



The budget is the basis for appropriations which creates the authority to spend public money.

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WHO CREATES THE PROPOSED BUDGET?



The Budget Officer is responsible for compiling information from stakeholders and other sources and developing the proposed budget.

However, the proposed budget must align with:

- District Goals, Core Values & Strategies
- Objectives established by Leadership
- Known Obligations
- Oregon Budget Law

First drafts
don't have to be
perfect.
They just have to
be written.

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WHAT GOES INTO CREATING PROPOSED BUDGET?



- Fund Balance – Must estimate what it will be (part of revenue). This is based on known history and trend analysis.



- Determine revenue projections based on known estimates provided by State, and Local sources along with future and existing grants (State School Fund, local taxes, tuition, revenue contracts, new state appropriations, and other misc. sources).

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WHAT ELSE GOES INTO CREATING PROPOSED BUDGET?

- Add in **known** expenditure increases due to contract negotiations already agreed upon such as (salary, step and insurance).
- Other required obligations must be added such as known debt requirements, transfers, and contracts that continue into next year.

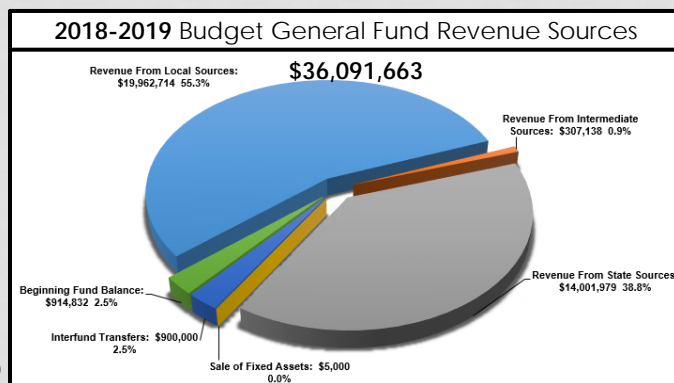


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REVENUE SOURCES

- Beginning Fund Balance
- Local Taxes
- State School Fund
- Tuition
- Revenue Contracts
- Other Miscellaneous Sources



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FUND BALANCE

The Five Categories/Classifications which make up the total --ENDING FUND BALANCE:

- **Non-spendable** – Funds which are not in a spendable form (prepaid, inventory)
- **Restricted** – Amounts subject to externally enforceable legal restrictions by outside parties -- imposed by grantors, contributors, governmental regulations, etc. (bonded debt, federally funded programs)
- **Committed** – Amounts whose use is constrained by limitations that a government imposes upon itself through resolutions or budget (Risk fund, Technology Fund, Community Center)
- **Assigned** – Intended use of resources established by the governing body itself, or by an official or officers to which authority is delegated by the governing body -- such as the Superintendent or Business Director -- currently the District does not have any such obligated funds.
- **Unassigned** – Available for any purpose. (Reported only in the General Fund.)

*These categories follow GASB-54 guidelines.

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PARKROSE SCHOOL DISTRICT FUNDS

Fund #	Description	Fund Balance Classification
201	TAX ANTICIPATION NOTE	RESTRICTED
202	FOOD SERVICE	RESTRICTED
215	FEDERAL / STATE GRANTS	RESTRICTED
280	PRIVATE GRANTS	RESTRICTED
310	DEBT SERVICE	RESTRICTED
405	CAPITAL PROJECTS	RESTRICTED
420	GO BOND – CAPITAL	RESTRICTED
430	FLEET REPLACEMENT	RESTRICTED
203	RISK MANAGEMENT	COMMITTED*
205	THOMPSON	COMMITTED*
281	TRANSPORTATION	COMMITTED*
282	TECHNOLOGY	COMMITTED*
285	TEXTBOOK	COMMITTED*
291	RETIREMENT	COMMITTED*
298	PERS STABILIZATION	COMMITTED*
299	STUDENT BODY	COMMITTED*
415	CAPITAL EQUIPMENT	COMMITTED*
100	GENERAL FUND	UNASSIGNED

*Although these funds are designated as committed by GASB 54 standards, they are restricted either by collective bargaining agreements or Board policy as to their use as restricted.

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BEGINNING FUND BALANCE

SAMPLE DATA ONLY

Calculating Beginning Fund Balance

	Actuals	Current Year	
	2017-2018	2018-2019	2019-2020
Resources			
Cash on Hand	345,000	35,600	154,500
Tax	1,800,000	18,500,000	
Fees	3,600	1,900	
Grant	10,000	17,000	
Total Resources	2,158,600	18,554,500	
Requirements			
Personnel	1,738,000	18,000,000	
Materials & Service	365,000	395,000	
Capital Outlay	20,000	5,000	
Total Requirements	2,123,000	18,400,000	
Ending Fund Balance		35,600	154,500

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HISTORY OF OREGON PROPERTY TAX

<https://youtu.be/gtalhnmxnZU>

<https://youtu.be/gtalhnmxnZU>

Source: The Oregonian, September 10, 2015

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ESTIMATING PROPERTY TAXES

$$\text{Tax Rate (\$4.8906 per \$1,000)} \times \text{Taxable Value} = \text{Tax Amount}$$

Amount you receive is reduced by:

- Compression Losses (Measure 5 Limitation)
 - If a property's tax is higher than its M5 limit, the tax is compressed .
 - The loss is shared by all taxing districts (local option taxes reduce first).
- Discounts (Taxes paid in full or 2/3rds by Nov. 15)
- Uncollectable Taxes (Delinquent Taxes)

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STATE SCHOOL FUND - SSF

State School Fund - Rate Analysis						
	Proposed Enrollment 2019-2020		SSF Weight		Proposed SSF Allocation 2019-2020	Current SSF Allocation 2018-2019*
ADMr	3,091.20	x	1.00	=	3,091.20	3,153.61
ELL Students	410.90	x	0.50	=	205.45	221.98
Pregnant & Parenting Students	5.50	x	1.00	=	5.50	7.89
IEP Students capped at 11% of ADMr	340.03	x	1.00	=	340.03	346.90
Students on IEP above 11%	77.60	x	1.00	=	77.60	77.60
Students in Poverty	569.73	x	0.25	=	142.43	158.08
Students in Foster Care & Neglected/Delinquent	20.00	x	0.25	=	5.00	5.00
			ADMw		3,867.21	3,971.06
						-103.85

*Based on 2017-2018 ADMw (Higher of 2 years.)



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STATE SCHOOL FUND - CONTINUED

State School Fund Grant Allocations and 2018-19 Projections				
State Budget Funding Assumption	\$8.2 billion 50/50 split	*\$8.9 billion 49/51 split		
	Per ODE 03/06/19			
	2018-2019	2019-2020	Change	
Property Taxes (current & prior year)	18,800,000	18,800,000	-	
Common School Fund	347,186	295,575	(51,610)	
County School Fund	1,500	1,500	-	
Total Local Revenue	19,148,686	19,097,075	(51,610)	
General Purpose Grant Formula	(Extended ADMw x [4,500 / (\$25 x Experience Adj)])x ODE Funding Ratio			
Extended ADMw	3,971.06	3,880.30	(90.76)	
Experience Calculations:				
Base ADMw Rate	4,500.00	4,500.00	-	
Base dollar Amount for Exp	25.00	25.00	-	
Experience Adjustment (above)	(1.11)	(1.11)	-	
Total Experience Factor	4,472.25	4,472.25	-	
Funding Ratio	1.759348811856	1.842857404270		
CALCULATED GEN PURPOSE GRANT	31,245,261	31,980,342	735,081	
Add 70% of Estimated Billable Transportation	1,520,835	1,572,543	51,708	
TOTAL SSF FORMULA GRANT	32,766,096	33,552,885	786,789	
TWO COMPONENTS OF SSF FORMULA				
STATE SCHOOL FUND GRANT	13,617,410	14,455,810	838,400	
PROPERTY TAXES FOR SSF	19,148,686	19,097,075	(51,610)	
TOTAL SSF FORMULA GRANT	32,766,096	33,552,885	786,789	

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*3/7/19 Update - Co-Chairs of Ways & Means released a proposed budget of \$8.871 Million.

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LOCAL OPTION

- Parkrose is moving forward with submitting a Local Option to our community.
- Recapture tax revenue changes due to bond refunding.
- Moody's rate increase.
- What will this local option pay for?



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EXPENDITURES

Known expenditure adjustments:

- Salary / Steps
- Insurance
- Materials and Purchased Services
- Capital Outlay
- Debt Requirements
- Transfers
- Contractual obligations extending beyond current fiscal year.



(Some examples of these are fringe rate adjustments, repairs and maintenance, dues and fees, technology, curriculum, and post retirement needs.)

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WHAT IS NEW FOR PARKROSE?

- Student Success Act Funding that includes:
 - Student Investment Act – SIA
 - Career Technical Funding – Measure 98
 - Early Learning Funding
- 2011A Bond Restructuring
- PERS Bond
- Union Negotiations – OSEA / Classified
- Administrative Contract
- Facility Rental Process
- Student Body Fund Accounting
- GASB-87 – Lease Reporting

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WHO IS ON THE BUDGET COMMITTEE?

The Governing Body
+
Equal Number of Appointed Electors

Appointed Members:

- "Electors" are registered voters in the district.
- Cannot be officers, agents or employees.
- Appointed for staggered 3-year terms.
- All budget committee members have the same authority.



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BUDGET COMMITTEE MEETING PROCESS



- All Meetings are subject to public meetings law.
- Presiding officer must be elected at the first meeting.
- A Quorum (6 members present) is required to conduct business.
- Majority of Committee is required to take action.
- Committee may request and receive additional information from district officials.

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WHAT THE BUDGET COMMITTEE DOES



- Receives the Budget Document
- Hears the Budget Message
- Hears & Considers Public Comment
- Discusses and Revises the Budget as Needed
- Approves the Budget
- Approves the Property Taxes

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RECEIVES THE BUDGET DOCUMENT

- The Budget is a **public document** when released to the committee.
- Available to the public at the same time as the committee.
- Public has a **right to inspect the proposed budget.**
- The District must provide a means for the public to copy and see the budget.

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THE BUDGET MESSAGE

- Prepared by / under direction of executive officer.
- Explains the budget document.
- Describes financial policies.
- Explains any changes since last year.
- Must be in writing.



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PUBLIC COMMENT

- On the date and time in the published notice.
- Any person may ask questions about and comment on the budget.
- Can establish time limits and other policies for public comment period.
- Can be heard at additional meetings, if desired.



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APPROVE THE BUDGET

Sample Motion to Approve the Budget:

"I move that the budget committee of Parkrose School District approve the budget for the 2019-20 fiscal year in the amount of \$xx,xxx,xxx."



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APPROVE EACH TAX LEVY

Sample Motion to Approve Taxes:

"I move that the budget committee of Parkrose School District approve property taxes for the 2019-20 fiscal year at the rate of \$x.xxx per \$1,000 of assessed value for the permanent rate tax levy, and in the amount of \$x,xxx,xxx for the general obligation bond levy."



The Budget Committee work is now finished.

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BUDGET HEARINGS TO ADOPT

- The School District holds a budget hearing on the date published.
- The hearing is on the budget as approved by the budget committee.
- Any person may comment on the budget.

If the Governing Body decides to change the budget as approved, they can without holding another budget hearing meeting and republishing the notice if:

- No increase to taxes
- No increase to expenditures in any fund by 10% or more (or \$5,000 – whichever is greater)

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GOVERNING BODY ADOPTS THE BUDGET

After the Budget Hearing and on or before June 30, the governing body must enact a resolution to:

- Adopt the Budget
- Make Appropriations
- Impose Each Tax Levy
- Categorize each tax by Measure 5 Category



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THANK YOU PARKROSE SUPPORTERS



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