

**LANE COUNTY SCHOOL DISTRICT 4J
(EUGENE PUBLIC SCHOOLS)
LONG-TERM FINANCIAL FORECAST**

2014–15 — 2018–19

January 2015

Sheldon Berman, Superintendent

Prepared by:

Simone Sangster, Chief Financial Officer
Andrea Belz, Associate Director of Finance
Sharon Myrand, Budget and Reporting Supervisor
Trena McMahon, Financial Analyst

Table of Contents

Forecast Framework..... ii

GENERAL FUND FORECAST 1

 Summary of Long-Term Financial Forecast – General Fund2

 Summary Forecast5

 Summary Assumptions.....6

 Revenue Detail.....8

 Revenue Assumptions.....9

 Expenditure Detail 11

 Expenditure Assumptions 12

STATISTICAL INFORMATION 14

 Local Option Revenue 15

 Student Enrollment..... 16

 Ending Fund Balance 17

 Revenue/Expenditure History 19

 Maintenance & Capital Trends 20

 Open Books Project..... 21

ECONOMIC AND REVENUE FORECAST 22

 State Economic & Revenue Forecast Summary 23

Forecast Framework

This financial forecast has been prepared in response to the District's adopted management goal of maintaining long-term financial stability. The forecast establishes key assumptions underlying the projections and identifies variables which may cause the projections to change. Its purpose is to provide the fullest picture of the District's financial future so that decision-making today can support high quality and innovative educational programs tomorrow.

In Board Policy DA, the District's Financial Management Goals and Policies provide the framework for financial planning and decision-making by the school board, budget committee, and district staff.

1. *"The district will establish a financial base sufficient to support high quality and innovative educational programs which meet community needs."*
2. *"The district will follow prudent and professional financial management practices in order to achieve and maintain long-term financial stability."*
3. *"The district will demonstrate to the taxpayers of the district and the financial community that its schools are well managed."*
4. *"The district will provide cost effective services to citizens by cooperating with other educational, government, and non-profit agencies."*
5. *"The district will have an adequate capital improvement program that maintains existing district assets, provides for student and employee safety, maintains a quality instructional environment, and allows for enhancements that are necessary to meet changes in enrollment."*
6. *"The district will continually review and improve its formal budget document and other financial information so that it clearly and openly communicates its resources, expenditures, and financial position."*
7. *"The district will communicate, as permitted by law, with its employees and the community so that they understand the district's program requirements and financial status."*

Board Policy DI provides additional direction for the planning and allocation of resources:

1. *"The district estimates revenues, operating and capital expenditures, and debt service every year for the following five years. Annually, the superintendent will propose a financial forecast that is reviewed and potentially modified by the budget committee or board. This forecast serves as the basis for budget instructions to the superintendent for the following year and for other financial planning activities."*

GENERAL FUND FORECAST

Summary of Long-Term Financial Forecast – General Fund

This document provides in-depth information on the development of Lane County School District 4J's long-term financial forecast. Results and key assumptions are summarized below. The accompanying pages are integral to understanding this summary information, and the "Key Assumptions" section below provides insight into the significant assumptions driving each year's forecast.

Key Assumptions Impacting Forecast Years

2014-15

The District's 2014-15 Adopted Budget serves as the "baseline" for our 2014-15 Amended Budget presentation. As of February 2, 2015, the Finance Department has not completed a full analysis of projected spending for 2014-15 due to staffing limitations. However, the baseline has been adjusted to reflect the following differences from the adopted budget:

Revenue

- **State School Fund Grants (SSF)** – based on the State's revised calculations and due to growth in property tax collections, common school fund payments, a projected 2013-14 SSF reconciliation payment, and enrollment the District expects to receive \$1.81 million in additional funding for 2014-15.
- **Local Option Levy** – due to growth in local option levy tax collections the District expects to receive an additional \$2.66 million.

Spending

- **Supplemental Expenditures** – improved state and local revenue collections have allowed the District to address some staffing concerns and make several significant expenditures. Schools received an additional 3.965 licensed full time equivalents (FTE) and eight hours of classified staff time to address specific class size and resource concerns (\$0.44 million). Significant expenditures included new reading curriculum for K-5 students (\$0.61 million), support for special education students in private placement and day treatment programs (\$0.40 million), and teacher training and professional development associated with the evaluation of new science curriculum (\$0.15 million).
- **Furlough Days** – as approved by the School Board, one of the two furlough days negotiated with District staff has been canceled. In taking this action, the District's salary and payroll costs increased by \$0.49 million.
- **Fund Balance** – the beginning fund balance for 2014-15 has been decreased from \$9.86 million to \$9.56 million, which is the fund balance reflected within the District's audited financial statements for 2013-14. Using a portion of the revenue increase noted above, the ending fund balance for 2014-15 has been increased to the Board policy level of 5% of District Revenue.

Annual Surplus: \$2.08 million (carried forward to 2015-16 to address deficit)

2015-16

Revenue

- **State School Fund Grants (SSF)** – this forecast assumes the Oregon Legislature's "Co-Chairs' Budget Framework" forms the basis for state funding available to K-12 education in the 2015-17 biennium. As a result, statewide SSF grant revenues are estimated to be \$7.24 billion: \$6.99 billion for continued operations (an increase of \$336 million over 2013-15 funding of \$6.65 billion), \$220 million to implement full day kindergarten, and an increase of \$34 million to the High Cost Disability Grant. As this is the first year of the biennium, 49% of the estimated K-12 budget approved for the 2015-17 biennium will be available.
- **Local Option Levy** – the District's revised projection of \$11.08 million is based on a detailed model of local property, prepared by an external consult, which takes into account updated property values, exemptions, and other factors impacting collectable tax balances. For 2015-16, local option levy revenue is projected to exceed the 2014-15 projected collections by \$0.92 million.

Spending

- **Implementation of Full-Day Kindergarten** – the School Board has directed full-day kindergarten for District schools beginning in the 2015-16 school year. The ADM for 2015-16 has been increased by 550.6 (1,103 kindergarten students moving from part-time to full-day classes), and the District expects to receive a proportionate share of the \$220 million allocated in the Co-Chairs' Budget Framework for implementation.

The District expects to increase staffing for general education kindergarten classrooms as follows: a) 28 licensed FTE for general classroom teachers; b) 3 licensed FTE for music and physical education teachers, and; c) 13.625 classified FTE for education assistants. This will increase staffing-related expenditures by \$4.0 million and, based on current enrollment projections, should allow for a target student to teacher ratio of 23 students per teacher in most schools. One-time costs for teacher planning and professional development, classroom outfitting (technology, furniture and other supplies), and curriculum are budgeted at \$0.43 million.

Funding for special education kindergarten support is set at 1 licensed FTE for a teacher and 12.0 classified FTE for education assistants (increasing staffing-related expenditures by \$0.74 million). One-time costs for equipment and curriculum are budgeted at \$0.10 million.

- **Employee Compensation** – licensed staff salary and benefit costs reflect terms and staffing agreed to in the 2014-2017 contract between the EEA and the District, and classified staffing levels have also been increased per the terms of this contract. Related increases include additional elementary teacher preparation time (\$0.61 million), case management support (\$0.49 million), and additional special education classified support staff for classrooms and teacher support (\$0.39 million). Salaries and benefits for managers, administrators, professionals and supervisors reflect terms agreed to between MAPS and the District. The School Board approved the same terms for directors of the District. Salary costs for classified staff members have been calculated assuming no furlough days and a full step increase for eligible employees effective July 1st, as negotiations addressing employee compensation and benefits between the District and OSEA are not yet concluded. Excluding the impact of full-day kindergarten, compensation costs are projected to increase by \$3.9 million in 2015-16. The impact of this increase was partially mitigated by a PERS rate decrease of 2.42% beginning in 2015-16.
- **District Retirement Benefits** – expenses associated with past retirement incentive programs will decrease by 35.2% (\$0.82 million) in 2015-16 as additional members of eligible groups retire and benefit eligibility ceases.
- **Baseline Budget Adjustments** – the Superintendent and School Board may increase the District's base budget through the supplemental budget process or through a direct addition to a department or school's budget for the next year.

With the approval of 2014-15 Supplemental Budget #2, an additional \$0.58 million will be added permanently to the budget. This will support an HR Generalist II in Benefits, fund position reclassifications at North Eugene High School, address data analysis needs in instruction, and provide additional funding for special education private placement/day treatment programs and occupational therapy services.

The Superintendent will propose \$0.66 million in additions to the 2015-16 budget. These additions support increased utility and custodial costs, training for technology staff members, database support, AVID licensing and professional development, elementary science curriculum adoption, college-and-career-readiness testing, and human resources department software systems. Also included are staffing increases for human resources, communications, facilities and special education (0.5 FTE licensed and .38 FTE classified).

Annual Deficit: \$2.09 million

2016-17

Revenue

- **State School Fund (SSF) Grants** – in 2016-17 SSF revenues will increase due to the availability of 51% of the forecast state K-12 budget for the 2015-17 biennium (versus 49% in 2015-16). However, continued enrollment declines will negatively impact revenue growth. Enrollment in 2016-17 is estimated to decrease slightly over the previous year (by 41 students).

Spending

- **Employee Compensation** – EEA, MAPS and Director salaries and benefits have been calculated in accordance with negotiated agreements with the District; pending a completion of contract negotiations, classified salary and benefit costs for 2016-17 have been calculated assuming no furlough days and a full step increase for eligible employees effective July 1st.

Annual Deficit: \$1.25 million

2017-18

Revenue

- **State School Fund (SSF) Grants** – This forecast assumes a 4% growth in state funding available to K-12 education for the 2017-19 biennium. As a result, statewide SSF revenues are estimated to be \$7.53 billion (an increase of \$290 million over the 2015-17 CoChair’s proposed funding of \$7.24 billion). As this is the first year of the biennium, 49% of the estimated K-12 budget approved for the 2017-19 biennium will be available. However, continued enrollment declines will negatively impact revenue growth.

Spending

- **Employee Compensation** – salary costs for 2017-18 have been calculated assuming no furlough days and a full step increase for eligible employees effective July 1st.

Annual Deficit: \$0.93 million

2018-19

Revenue

- **State School Fund (SSF) Grants** – in 2018-19 SSF grant revenues will increase due to the availability of 51% of the forecast state K-12 budget for the 2017-19 biennium (versus 49% in 2017-18). However, continued enrollment declines will negatively impact revenue growth.

Spending

- **Employee Compensation** – salary costs for 2018-19 have been calculated assuming no furlough days and a full step increase for eligible employees effective July 1st.

Annual Surplus: \$2.32 million

Summary Forecast

IMPACT ON OPERATIONS (in thousands)		2014-15 Amended Budget	2015-16 Forecast	2016-17 Forecast	2017-18 Forecast	2018-19 Forecast
Total District Revenues	(1)	\$153,769	\$159,019	\$165,391	\$167,548	\$172,623
Expenditures						
Operating Expenditures	(2)	\$154,612	\$159,889	\$164,206	\$165,860	\$167,477
Transfers	(3)	1,139	1,199	1,214	1,233	1,254
Contingency	(4)	549	3,198	3,284	3,317	3,350
Board Priorities Reserve	(4)	3	1,284	284	284	284
Subtotal		156,303	165,570	168,988	170,694	172,365
Projected Underspending	(5)	(1,240)	(2,111)	(2,167)	(2,189)	(2,211)
Total Expenditures		\$155,063	\$163,459	\$166,821	\$168,505	\$170,154
ANNUAL OPERATING SURPLUS / (DEFICIT)		(\$1,294)	(\$4,440)	(\$1,430)	(\$957)	\$2,469
Use of Transfers from Reserves to Balance	(6)					
Transfer (to) / from General Fund Reserves		\$1,873	\$1,818	(\$319)	(\$107)	(\$254)
Transfer (to) / from Capital Equipment Fund		218				
Transfer (to) / from PERS Reserve						
Transfer (to) / from Insurance Reserve		1,283	530	501	138	103
Transfer (to) / from Capital Projects Fund Reserve		2				
Total Transfers (to) / from Reserves		\$3,375	\$2,348	\$182	\$31	(\$151)
Annual Surplus / (Deficit) Assuming Use of Reserves	(7)	\$2,081	(\$2,092)	(\$1,248)	(\$926)	\$2,318
Corrective Action Required	(8)	\$0	(\$2,092)	\$0	\$0	\$0
RESERVES						
Beginning Fund Balance - General Fund	(9)	\$9,561	\$7,688	\$7,951	\$8,270	\$8,377
Transfer to / (from) Reserves		(1,873)	263	319	107	254
Ending Fund Balance - General Fund		\$7,688	\$7,951	\$8,270	\$8,377	\$8,631
5% of Total District Revenues		7,688	7,951	8,270	8,377	8,631
% of Total District Revenues		5.00%	5.00%	5.00%	5.00%	5.00%
% Change in Total District Revenues		8.7%	3.4%	4.0%	1.3%	3.0%
% Change in Total Expenditures		6.8%	5.4%	2.1%	1.0%	1.0%

Note: Totals may differ due to rounding.

Note: the 2014-15 Amended Budget is defined on page 2 of the forecast.

Summary Assumptions

(1) Total revenues

See pages 9 and 10 of this forecast document for a detailed explanation of the calculations used to develop District total revenues.

(2) Operating expenditures

See pages 12 and 13 of this forecast document for a detailed explanation of the calculations used to develop District operating expenditures.

(3) Transfers

- Capital projects, equipment and textbooks, and bus fleet transfers are not included in the forecast as they are assumed to be funded from the May 2013 bond issue throughout the forecast period.
- Insurance and risk reserve transfer:
 - \$949,000 in 2015-16 to support Risk and Benefit Management operations, which includes funding for an additional staff member in the Benefits function. Transfers have been increasing by the CPI rate throughout the forecast period.
 - \$250,000 in social security cost savings from pre-tax flexible spending accounts to insurance reserve accounts annually, as negotiated with employee groups.

(4) Contingency and Board Priority Reserve

- The General Fund Contingency is equal to 2.0% of operating expenditures per Board policy.

Board Policy DI, Accounting and Financial Practices Policy 4: *“The targeted contingency for general fund is two percent of the operating budget.”*

- A Board Priorities Reserve of \$1.1 million was included in the 2014-15 Adopted Budget to address operational improvements. This reserve represented one-time funds, and as of this forecast date has been effectively expended to support the Board’s goal of reducing class sizes (a small balance of approximately \$3,000 remains). Funding for a Board Priorities Reserve is included at \$1.28 million in 2015-16, and \$0.28 million for 2016-17 and beyond.

(5) Projected Underspending

- Assumes a portion of budgeted expenditures will not be spent in any given year; calculated as 66% of Contingency in 2015-16 and beyond. This is used to calculate the District’s ending fund balance.

(6) Use of Transfers from Reserves to Balance

- The General Fund reserve has been set at 5% of operating revenues, consistent with the District’s reserve policy. The District will use \$1.87 million in General Fund reserves to support operations during 2014-15. In 2015-16, a prior year surplus of \$0.84 million will be available to partially fund the Board Priorities Reserve.
- Insurance Reserve transfers reflect balances agreed to during collective bargaining with OSEA and EEA.

(7) Annual Surplus / (Deficit Assuming Use of Reserves

- Difference between total District revenues and operating expenditures, net of reserve transfers.
- Projected financial shortfalls shown in brackets.

(8) Corrective Action Required

- Board actions required to maintain a 5% ending fund balance during the forecast period.
- This line item assumes that a previous year's deficit is resolved, and projects the additional amount that will be needed in the subsequent year to balance the budget. For example, if expenditures were reduced by \$3.33 million in 2015-16 the District would not have a projected deficit for the remainder of the forecast period.

(9) General Fund Reserves or Ending Fund Balance

- General Fund reserves, as a percentage of operating revenues, are expected to be at 5% of operating revenues for the entire forecast period.

Board Policy DI, Accounting and Financial Practices Policy 5d: *“The district will maintain a minimum ending fund balance of five percent of current year annual operating revenues excluding transfers between funds. The fund balance takes into consideration revenue and expenditure volatility and other district needs. The minimum ending fund balance is comprised of the General Fund UEFB plus two-thirds of the contingency for the ensuing year.”*

Revenue Detail

GENERAL FUND REVENUES (in thousands)		2014-15 Amended Budget	2015-16 Forecast	2016-17 Forecast	2017-18 Forecast	2018-19 Forecast
Property Tax Collections - Current Year	(1)	\$58,976	\$60,744	\$62,566	\$64,443	\$66,377
Property Tax Collections - Prior Year	(2)	2,082	2,133	2,186	2,241	2,296
State School Fund Grants - Current Year	(3)	73,970	76,910	80,439	79,548	81,568
State School Fund Grants - Prior Year	(3)	568	284	284	284	284
SSF Local Revenues	(4)	1,817	1,817	1,817	1,817	1,817
Total SSF Formula Revenue		\$137,413	\$141,888	\$147,292	\$148,333	\$152,342
Local Option Levy - Current Year	(5)	10,186	11,084	12,025	13,014	14,051
Local Option Levy - Prior Year		375	401	428	457	486
Other Revenues	(6)	5,795	5,646	5,646	5,744	5,744
TOTAL DISTRICT REVENUES		\$153,769	\$159,019	\$165,391	\$167,548	\$172,623
STATE SCHOOL FUND (SSF) ALLOCATIONS						
Enrollment	(7)					
Enrollment (ADM) - Regular Ed.		15,385.7	15,915.5	15,873.5	15,684.7	15,593.8
Enrollment (ADM) - Charter Schools		755.3	800.3	810.1	811.1	811.1
Total Enrollment (ADM)		16,141.0	16,715.8	16,683.6	16,495.8	16,404.9
Weighted ADM (ADMw) - Extended		19,106.7	19,756.8	19,766.6	19,722.1	19,512.5
State School Fund Grants	(3)					
SSF Formula Revenue per student (ADMw)		\$7,149	\$7,123	\$7,394	\$7,464	\$7,751
% Change in SSF Formula Revenue per student (ADMw)		5.7%	-0.4%	3.8%	1.0%	3.8%
SSF Formula Revenue (in thousands)		136,020	140,004	145,408	146,449	150,458
High Cost Disability Grant		825	1,600	1,600	1,600	1,600
Net SSF Grants (in thousands)		\$136,845	\$141,604	\$147,008	\$148,049	\$152,058
PROPERTY TAX COLLECTION	(1)					
Assessed Value (Operating Levy AV) (in thousands)		\$13,233,230	\$13,630,227	\$14,039,134	\$14,460,308	\$14,894,117
Projected Annual Increase in Operating Levy AV		4.11%	3.00%	3.00%	3.00%	3.00%
Operating Levy (inside Measure 5 limit)	(1)					
Permanent Tax Rate per \$1,000 of Operating Levy AV	\$4.7485	\$62,839	\$64,723	\$66,665	\$68,665	\$70,725
Compression Loss		(759)	(782)	(806)	(830)	(855)
Taxes Imposed		62,080	63,941	65,859	67,835	69,870
Collection Rate - operating levy		95.00%	95.00%	95.00%	95.00%	95.00%
Net Operating Levy		\$58,976	\$60,744	\$62,566	\$64,443	\$66,377
Annual growth		5.7%	3.0%	3.0%	3.0%	3.0%
Local Option Levy (outside Measure 5 limit)						
Assessed Value (Local Option AV) (in thousands)		\$13,435,324	\$13,838,384	\$14,253,535	\$14,681,141	\$15,121,576
Local Option Tax Rate per \$1,000 of Local Option AV	\$1.5000	\$20,153	\$20,758	\$21,380	\$22,022	\$22,682
Compression Loss		(9,430)	(9,091)	(8,722)	(8,323)	(7,892)
Tax Gap		10,723	11,667	12,658	13,699	14,790
<i>Measure 5 Limit - Proceeds Net of Uncollected Taxes</i>		10,186	11,084	12,025	13,014	14,051
<i>Limit of \$1,000 (increased by 3% per year) per Extended ADMw</i>		23,499	25,027	25,791	26,505	27,010
<i>Limit of 20% of State Resources</i>		27,369	28,166	29,247	29,455	30,257
Collection Rate - local option levy		95.00%	95.00%	95.00%	95.00%	95.00%
Net Local Option Levy		\$10,186	\$11,084	\$12,025	\$13,014	\$14,051
Annual growth		33.8%	8.8%	8.5%	8.2%	8.0%

Note: Totals may differ due to rounding.

Note: the 2014-15 Amended Budget is defined on page 2 of the forecast.

Revenue Assumptions

(1) Property Tax Collections – Current Year

- Average, annual tax growth of 3.5% per year over the forecast period.
- Assessed property values (AV) projected to increase annually by 3.0% throughout the forecast period.
- Compression losses decreased significantly in 2014-15 (from approximately \$1.5 million in 2013-14 to \$0.76 million in 2014-15) and are projected at 1.21% of the permanent tax rate for 2015-16 and beyond.
- Tax collection rates are assumed to be 95% throughout the forecast period.
- Included in the State School Fund formula.

(2) Property Tax Collections – Prior Year

- Estimated at 55% of uncollected current year property taxes throughout the forecast period.
- Included in the State School Fund formula.

(3) State School Fund Grants (SSF)

State School Fund Grant

Total SSF Formula Revenue: Per Pupil Amount (SSF Grant per Pupil, adjusted for teacher experience and state funding ratio) X Enrollment (Extended ADMw) + Transportation Grant – SSF Local Revenues (Local Property Taxes, Federal Forest Fees, Common School Fund, County School Fund).

- Assumes \$7.24 billion in state funding for K-12 schools in the 2015-17: \$6.99 billion for continued operations (an increase of \$336 million over 2013-15 funding of \$6.65 billion), \$220 million to implement full day kindergarten, and an increase of \$34 million to the High Cost Disability Grant. For 2017-19, state funding is forecast to grow by 4%. During each biennium, there is a 49%-51% funding split between the first and second year.
- Per pupil amounts have been adjusted to reflect projected enrollment during the forecast period. The December 2014 estimate of the District's average Teacher Experience ratio has also been incorporated into the SSF calculation.
- In 2015-16 both the statewide and district-level ADMw have been increased to reflect kindergarten students at full-day attendance.
- Total SSF Formula Revenue, which includes property taxes and local revenues, is approximately 90% of District General Fund revenues.

High Cost Disability Grant

- Provided to partially offset the cost of educating students for whom costs exceed \$30,000 per year.
- Revenue for 2015-16 and future years assumes the availability of an additional \$34 million at the statewide level for this grant (currently funded at \$36 million for 2013-15).

(4) SSF Local Revenues

- Includes Common School Funds and County School Funds.
- Included in the State School Fund formula.

(5) Local Option Levy

- Five-year property tax levy of \$1.50/\$1,000 AV to support general operations, renewed November 2014 for 2015 through 2020.
- The adopted budget for 2014-15 projected revenue from the local option levy would remain at 2013-14 levels. However, new estimates of property tax collections based on recently received 2014-15 tax levy documents show a marked increase in collectable tax balances related to market value increases. The current projections are based on 2014-15 tax levy amounts adjusted for steady growth throughout the forecast period (annual assessed property value growth of 3.0% and a 3.0% annual decrease in compression loss).
- Expected to remain substantially below statutory limits of \$1,000 per ADMw and 20% of state resources over the forecast period.
- Not included in the State School Fund formula.

(6) Other Revenues

- Not included in the State School Fund formula.
- Includes Education Service District (ESD) funding allocations, interest earnings, tuition and fees, e-rate income, funding and donations from outside groups, and building rental income.
- Future interest earnings are limited by the slow growth of interest rates and low growth in reserve levels.

Board Policy DI, Revenue Policy 1: *“The district will strive to establish a stable revenue base for the operating budget for program needs through cooperation with its associations, legislators, and other districts. The district will make capital funding requests periodically to assure adequate safety and preservation of school buildings, district equipment, and other capital assets.”* 2. *“The district may charge the service fees intended to recover the partial or full cost of non-district sponsored use of its facilities, services or equipment, if permitted by law...”*

(7) Enrollment

- Average Daily Membership (ADM) – Year-to-date average of daily student enrollment.
 - ADMr – Resident ADM.
 - ADMw – ADM weighted to reflect the number of students in specific categories such as English Language Learners (ELL), students with Individualized Education Programs (IEPs), students enrolled in Pregnant and Parenting programs, living in poverty, or in foster care.
 - Extended ADMw – Greater of the current year or prior year ADMw, used to calculate State School Fund grant payments.
- District enrollment, excluding charter schools, is projected to decline in each year of the forecast. Projected enrollment for 2015-16 (16,294) will decrease slightly to 16,253 in 2016-17. The decline for 2017-18 will be more significant, with a decrease of 195 students (16,058). A further decline of 93 students in 2018-19 brings final enrollment to 15,965.
- Charter school enrollment is projected to increase from 791 students in 2014-15 to over 800 students in future years.
- In 2014-15 all kindergarten students are reflected in the ADM at 0.5, as kindergarten classes are half-day. In 2015-16 the state has mandated the implementation of full-day kindergarten. The ADM for 2015-16 has been increased by 550.6 (1,103 kindergarten students moving from part-time to full-day classes), and the District expects to receive a proportionate share of the \$220 million allocated in the Co-Chairs’ Budget Framework for implementation.

Expenditure Detail

OPERATING EXPENDITURES (in thousands)	2014-15 Amended Budget	2015-16 Forecast	2016-17 Forecast	2017-18 Forecast	2018-19 Forecast
Employee Compensation Expenditures (1)					
Licensed Employees	\$49,147	6.3% \$52,236	4.0% \$54,342	0.9% \$54,817	0.7% \$55,217
Classified Employees	16,253	6.0% 17,230	1.5% 17,483	1.5% 17,737	1.5% 17,995
Admin/Supervisors/Professional	9,685	2.9% 9,962	4.5% 10,407	1.4% 10,557	1.9% 10,754
Substitute/Temporary	2,803	8.2% 3,032	3.3% 3,131	1.1% 3,166	1.0% 3,199
Staffing Pool	160	160	160	160	160
Total Salaries	\$78,048	5.9% \$82,621	3.5% \$85,523	1.1% \$86,438	1.0% \$87,325
Payroll Costs:					
Licensed	\$18,905	\$18,554	\$19,302	\$19,471	\$19,613
Classified	6,476	6,347	6,437	6,527	6,619
Admin/Supervisors/Professional	3,722	3,539	3,697	3,750	3,820
Substitute/Temporary	594	545	565	571	576
Insurance Benefits	19,827	7.2% 21,255	1.4% 21,546	-0.5% 21,447	-0.4% 21,352
District Retirement Benefits	2,340	-35.9% 1,500	0.0% 1,500	0.0% 1,500	-3.3% 1,450
Other Benefits	1,686	6.4% 1,794	0.1% 1,797	-0.3% 1,791	-0.2% 1,787
Total Payroll Costs & Benefits	\$53,549	0.0% \$53,534	2.4% \$54,844	0.4% \$55,058	0.3% \$55,217
Total Employee Compensation	\$131,597	3.5% \$136,155	3.1% \$140,367	0.8% \$141,495	0.7% \$142,543
Non-Compensation Expenditures (2)					
Purchased Services	\$11,823	7.5% \$12,714	-2.1% \$12,444	2.5% \$12,759	1.6% \$12,966
Charter School Payments	4,789	7.9% 5,166	5.5% 5,448	1.7% 5,541	4.2% 5,776
Supplies	5,453	-10.3% 4,892	1.6% 4,970	2.0% 5,069	2.1% 5,176
Equipment	68	1.0% 69	1.4% 70	1.4% 71	1.4% 72
Other	881	1.4% 893	1.6% 907	2.0% 925	2.1% 944
Total Non-Compensation Expenditures	\$23,015	3.1% \$23,734	0.4% \$23,839	2.2% \$24,365	2.3% \$24,934
TOTAL OPERATING EXPENDITURES	\$154,612	3.4% \$159,889	2.7% \$164,206	1.0% \$165,860	1.0% \$167,477
Transfers (3)					
Capital (Non-bondable projects)	\$0	\$0	\$0	\$0	\$0
Equipment	0	0	0	0	0
Transportation	0	0	0	0	0
Insurance Reserve	1,125	1,199	1,214	1,233	1,254
Nutrition Services	14	0	0	0	0
Total Transfers	\$1,139	\$1,199	\$1,214	\$1,233	\$1,254
Contingency (4)	\$549	\$3,198	\$3,284	\$3,317	\$3,350
Board Priorities Reserve	\$3	\$1,284	\$284	\$284	\$284
TOTAL EXPENDITURES	\$156,303	5.9% \$165,570	2.1% \$168,988	1.0% \$170,694	1.0% \$172,365
Note: Totals may differ due to rounding.					
CPI (U.S. Urban Consumers), December 2014	1.5%	1.4%	1.6%	2.0%	2.1%

Note: the 2014-15 Amended Budget is defined on page 2 of the forecast.

Expenditure Assumptions

(1) Employee Compensation

- Projected salaries for licensed staff members during 2015-16 and 2016-17 reflect terms agreed to in the 2014-2017 contract between the EEA and the District. For 2017-18 and beyond the forecast projects a full contract year (no furlough days) and an annual step movement for all eligible employees effective July 1st.
- Licensed employee changes (i) track enrollment changes, (ii) represent terms agreed to in the 2014-17 contract between the EEA and the District, and (iii) reflect an increase of 32 FTE in 2015-16 for full-day kindergarten.
 - 2015-16 48.43 FTE increase (enrollment increase of 5.12 FTE (over 2014-15 adopted budget level) plus increase of 10.81 FTE for EEA contract, .5 FTE for a Speech/Language Specialist and 32 FTE for full day kindergarten)
 - 2016-17 0.46 FTE increase (enrollment decrease of 1.54 FTE plus increase of 2 FTE for EEA contract)
 - 2017-18 6.92 FTE decrease (enrollment)
 - 2018-19 6.65 FTE decrease (enrollment)
- Projected salaries for classified staff members for 2015-16 and beyond reflect a full contract year (no furlough days) and an annual step movement for all eligible employees effective July 1st. Base salaries for this projection reflect terms agreed to by the OSEA and the District for 2014-15. These projections are subject to change based on the results of contract negotiations to be held in the spring of 2015.
- Classified employee staffing (i) represent 2014-15 adopted staffing levels, (ii) includes 1.0 FTE for an Occupational Therapy Assistant and .38 FTE for additions to communications and facilities management, and (iii) reflects an increase of 31.125 FTE in 2015-16 to support full-day kindergarten requirements (13.625 FTE for general education and 12 FTE for special education) and address special education positions added as part of the 2014-2017 contract between EEA and the District (5.5 FTE).
- Salaries for managers, administrators, professionals, and supervisors (MAPS) reflect terms agreed to between MAPS and the District for 2015-16 and 2016-17. The School Board has approved the same terms for directors of the District. For 2017-18 and beyond the forecast projects a full contract year (no furlough days) and an annual step movement for all eligible employees effective July 1st. No change in FTE is projected during the forecast period.

Payroll Costs and Benefits

- Payroll costs are calculated as a percentage of salary, while health insurance and other benefits are driven by staffing levels.
 - Insurance contributions are subject to negotiation with employee groups. The District contribution for licensed staff, managers, administrators, professionals, supervisors and directors is forecast to increase by \$30/month in 2015-16 and an additional \$25/month in 2016-17 per negotiated agreements. The forecast assumes no growth in district contributions over the forecast period for classified staff members, as this will be addressed in contract negotiations to be held in the spring of 2015.
 - The forecast does not assume any changes to health insurance coverage or insurance contributions as a result of the Affordable Care Act (ACA), as the District is still in the process of assessing the impact and requirements of this legislation.
- The District's composite PERS rate for 2015-17 is estimated to be 26.67%, a decrease of 2.42 percentage points over 2013-15. The rate is projected to remain at this level throughout the forecast period.
- Annual support for district early retirement benefits is estimated at \$2.34 million in 2014-15, and declining thereafter as members of the eligible group retire out of the plan and benefit eligibility ceases.

Board Policy DI, Organizational Policy 3: *"The compensation of employees will be competitive with that of comparable public and private sector employers in the relevant recruiting or market area. The criteria for reviewing employee wages and benefits will also include internal comparability for similar jobs, ability to pay and relevant federal or state requirements."*

(2) Other Operating Expenditures

- Purchased Services costs increase at the rate of CPI throughout the forecast period. In 2015-16, purchased services will increase significantly to address one-time costs for full day kindergarten (\$0.41 million) and ongoing costs related to 2014-15 supplemental budget actions (\$0.47 million) and 2015-16 baseline budget additions proposed by the Superintendent (\$0.54 million).
- Charter school payments represent the pass-through of state funding (80% or more of state funding received) and local option revenue on a per pupil basis.

Board Policy DI, Organizational Policy 4: *“The district will, within available resources, maintain the productivity of staff through a supportive working environment which includes appropriate equipment, supplies, materials, and professional staff development.”*

Full-Day Kindergarten

As mentioned previously in this document, the School Board has approved full-day kindergarten for District schools beginning in the 2015-16 school year. Impacts are:

General Education Classrooms

- The District expects to increase staffing for general education kindergarten classrooms as follows: a) 28 licensed FTE for general classroom teachers; b) 3 licensed FTE for music and physical education teachers, and; c) 13.625 classified FTE for education assistants
- This will increase staffing-related expenditures by \$4.0 million and, based on current enrollment projections, should allow for a target student to teacher ratio of 23 students per teacher in most schools.
- One-time costs for teacher planning and professional development, classroom outfitting (technology, furniture and other supplies), and curriculum are budgeted at \$0.43 million.

Special Education Classrooms

- Funding is set at 1 licensed FTE for a teacher and 12.0 classified FTE for education assistants (increasing staffing-related expenditures by \$0.74 million).
- One-time costs for equipment and curriculum are budgeted at \$0.10 million.

(3) Transfers

- Capital projects, equipment and textbooks, and bus fleet transfers are not included in the forecast as they are assumed to be funded throughout the forecast period from the May 2013 bond issue.
- Insurance and risk reserve transfers:
 - \$949,000 in 2015-16 to support Risk and Benefit Management operations, which includes funding for an additional staff member in the Benefits function. Transfers have been increasing by the CPI rate throughout the forecast period.
 - \$250,000 in social security cost savings from pre-tax flexible spending accounts to insurance reserve accounts, as negotiated with employee groups.

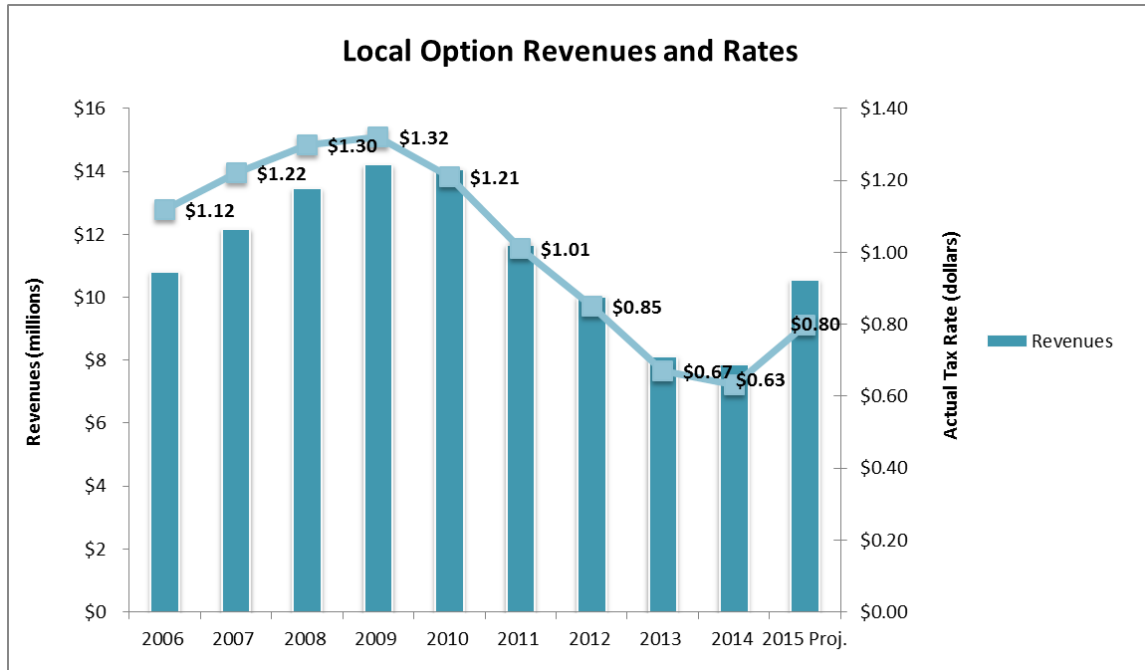
(4) Contingency

- General contingency maintained at 2% of operating expenditures (excluding transfers).

Board Policy DI, Accounting and Financial Practices Policy 4: *“The targeted contingency for the general fund is two percent of the operating budget.”*

STATISTICAL INFORMATION

Local Option Revenue



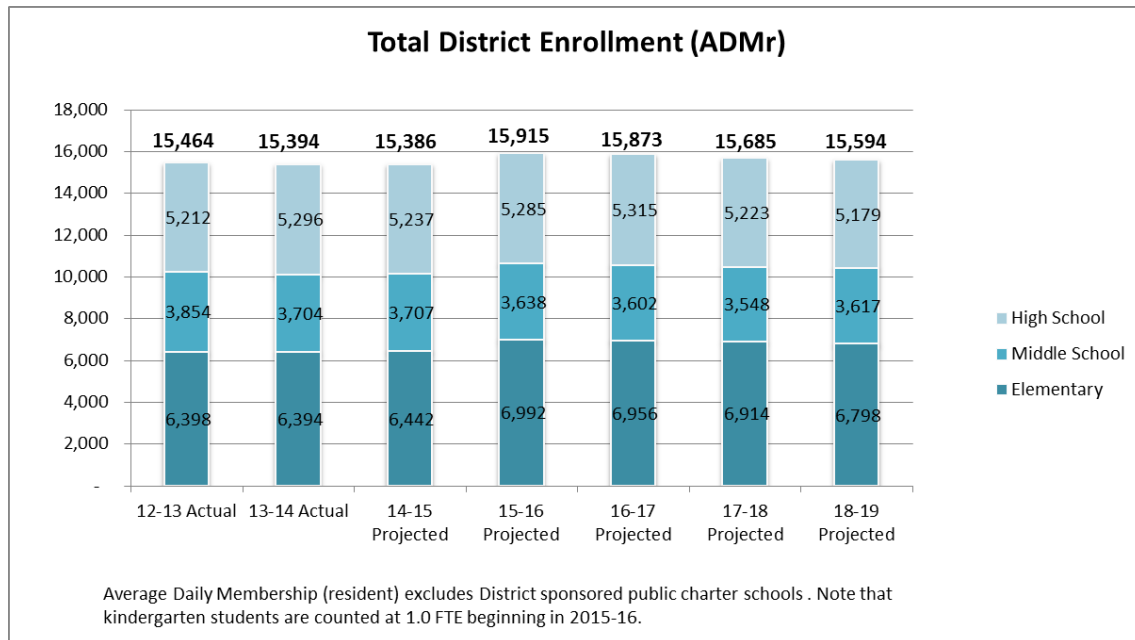
In May 2000, District voters approved a five-year local option levy of \$1.50 / \$1,000 of assessed property value. Since the passage of Measure 5 in 1990, this was the first opportunity for District voters to increase school operating funds above the state funding formula. Voters renewed the local option for another five years in November 2004, 2008, and 2014.

The stability of this revenue source is largely dependent on the real market value of each property in the District increasing by at least the same rate as the assessed value (which is limited to a 3% increase per year up to the real market value). In a slower economy, real market value may increase at a slower rate than assessed value or fall. This condition has been evident from 2011 to 2014, as tax revenues fell from a high of \$14.2 million in 2009 to \$7.9 million in 2014. Revenues are projected to climb to \$10.6 million in 2015, an indication of the recovering economy.

When the gap between real market value and assessed value is not sufficient to generate the full \$1.50 tax rate, a property is said to be “in compression” and the taxes paid are only a part of the tax rate imposed. On one end, if assessed value and real market value is the same for a particular property, no taxes are due. On the other end, if the assessed value is well below the real market value, the full \$1.50 rate is due. Most taxpayers are paying less than the full rate. Since 2006 the average “actual rate” received by the District has been as low as \$0.63 in 2014 and as high as \$1.32 in 2009. The falling real market values beginning in 2010 drove the actual rate down every year from 2010 to 2014. It is projected to rise to \$0.80 in 2015.

The local option calculation requires that compression be calculated for each property separately and it is therefore difficult to predict the effect of compression on District revenue.

Student Enrollment



Student enrollment is expressed as resident average daily membership (ADMr). It represents the average annual enrollment for the year and counts kindergarten students at 0.5 ADM or half time in all years prior to 2015-16. The state uses ADM as the basis for allocating funds under the State School Fund formula and provides additional weighting (ADMw) for special education, poverty, English Language Learners (ELL), and pregnant and parenting students. The District also receives funding for students placed in alternative education programs or enrolled in District sponsored charter schools. The ADMr shown above excludes District sponsored public charter schools.

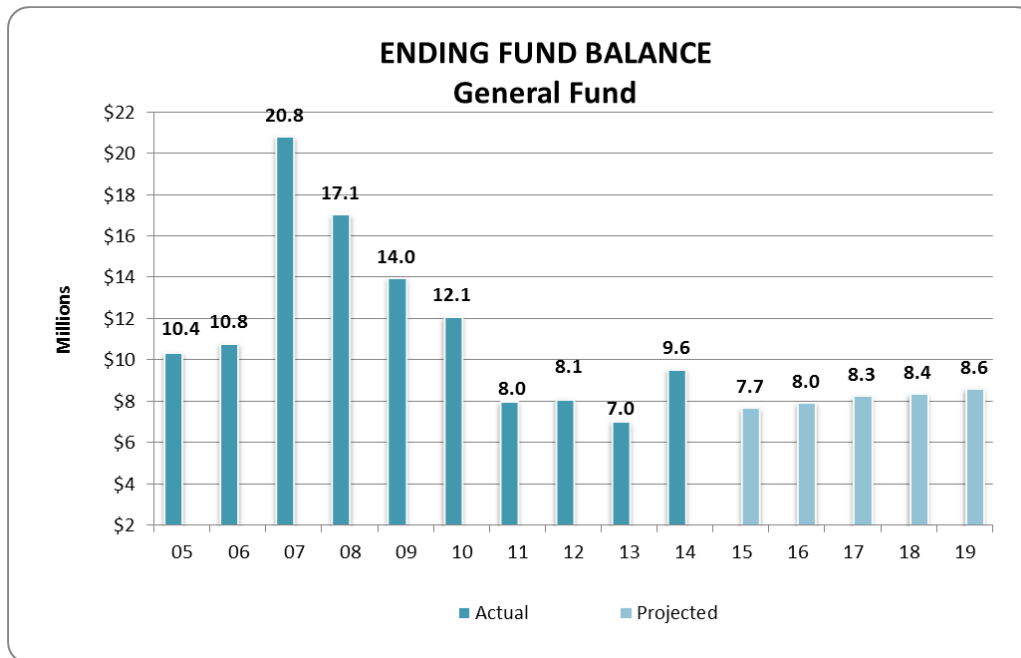
Student enrollment reached its highest point in the mid-1970's at approximately 22,000 students and declined to a low of 16,636 in 1984-85 before expanding again. During this period the District reduced staff and closed several elementary schools. Between 1985 and 1993, enrollment increased and two elementary schools were reopened. Total enrollment has consistently declined since 2002-03 when ADMr peaked at 17,979.

In 2010-11, District enrollment dropped below the 1984-85 level and the District closed four elementary schools due to excess building capacity District-wide and as a response to financial deficits. These closures bring the total number of elementary school closures to eight since 1999-00.

With the implementation of full-day kindergarten in 2015-16, district-wide ADMr will grow by 529 students in 2015-16 before continuing to trend downward at a slow rate.

Ending Fund Balance

The graph below shows historical and projected ending fund balances in the General Fund, representing cash reserves remaining at the end of the fiscal year. Balances reflect additional revenues collected during the year, unexpended budget appropriations, and planned savings held in the unappropriated ending fund balance (UEFB).



Board Policy DI, Accounting and Financial Policy 5d through 5f states:

d. Minimum

The district will maintain a minimum ending fund balance of five percent of current year annual operating revenues excluding transfers between funds. The fund balance takes into consideration revenue and expenditure volatility and other district needs. The minimum ending fund balance is comprised of the General Fund UEFB plus two-thirds of the contingency for the ensuing year.

e. Exceptions

The Board may approve a temporary reduction in the minimum ending fund balance during the budget process, along with a plan to rebuild the ending fund balance to the targeted five percent level within five years. The superintendent will update the Board on the financial condition of the district and present the Board with financial options and a timeline to replenish the fund balance. Should the ending fund balance exceed the five percent target, a plan for one-time use of the additional amount may be considered by the Board.

f. Breach

The superintendent will advise the Board if at any time the ending fund balance falls below or is projected to fall below the targeted five percent. If during any fiscal year, district revenues are projected to be less than anticipated, the superintendent and Board will review expenditures, transfers, and the projected ending fund balance for possible mid-year adjustment. The Board may decide to use a portion of the projected ending fund balance to stabilize services. When such a determination is made, the Board will adopt a plan to rebuild the ending fund balance to the five percent targeted level within five years.”

The \$5.2 billion K-12 budget approved for the 2003-05 biennium was reduced to \$4.9 billion in 2004 with the failure of Measure 30. Per pupil funding declined substantially and required the carry-over of reserves to maintain stable programs in 2004-05. The District reduced its state funding accrual by \$2.1 million in 2004-05.

The 2005 legislature adopted a \$5.24 billion K-12 budget plus \$23 million if state revenues exceeded projections. Along with higher local property taxes, this resulted in an unexpected boost to District revenues and reserves in 2005-06 and 2006-07.

The 2007 legislature adopted a \$5.985 billion K-12 budget plus another \$260 million for a noncompetitive School Improvement Fund grant available for certain expenditures aimed at increasing student achievement. The combined \$6.245 billion was \$940 million over the previous biennium or 17.7%. During November 2008, in light of falling state revenues, the Governor called for a 1.2% reduction in 2007-09 school funding. This resulted in a \$2.1 million cut to District revenues.

Although the 2009 legislature approved a \$5.8 billion base budget and approved the release of an additional \$200,000 in reserves for K-12 education, in May 2010, 9% across the board cuts were imposed for all state agencies as the Great Recession began to have its impact on local economies. Total biennial funding dropped to \$5.74 billion, and state funding to the District was reduced by \$6.8 million as a result.

For the 2011-13 biennium, the State approved \$5.7 billion to fund K-12 schools, 3.4% lower than the 2009-11 appropriation. The total included \$125 million in School Year Subaccount funds to lower class sizes and to increase the number of school days. The total was 8.7% lower than the \$6.245 billion provided in the 2007-09 biennium.

For the 2013-15 biennium, the State approved \$6.55 billion plus \$100 million additional revenue available in 2014-15. This is about 16.7% higher than the legislatively approved 2011-13 K-12 funding level.

The ending fund balance is projected to be 5.0% of annual operating revenues in 2014-15, and is forecast at 5.0% in future years, which is consistent with Board policy.

Revenue/Expenditure History

Significant Revenue/Expenditure Variables

2004-05 Revenues dropped sharply from the failure of Measure 30 and the resulting cut to state funding. Expenditures include a \$4.5 million transfer to PERS reserves and use \$6.0 million in General Fund reserves to support operations.

2005-06 A strong economy generated higher levels of state funding and local option income. Cost were increased to reflect higher health insurance costs and PERS rates, additional special education staff, and 1-time funding to stabilize neighborhood schools and strengthen the school choice system. \$2.3 million in General Fund reserves and \$3 million in PERS reserves were used to support operations.

2006-07 State funding was bolstered by “trigger revenue” and 1-time lottery funds. Local option revenue exceeded projections. Costs included continued efforts to stabilize neighborhood schools and 1-time initiatives to increase student achievement. PERS reserves of \$3 million were used to support operating costs. Another \$3 million was held in reserve to fund services when the City levy expired at the end of 2006-07.

2007-08 A strong economy once again generated higher levels of state and local revenues. Costs were increased due to the on-load of City Levy funded services and the addition of ongoing and one-time investments in the classroom.

2008-09 State funding was decreased in response to the global economic crisis, with District revenues cut almost \$2 million. Further reductions were offset by the use of federal State Fiscal Stabilization Fund dollars. District spending was reduced by \$4.3 million.

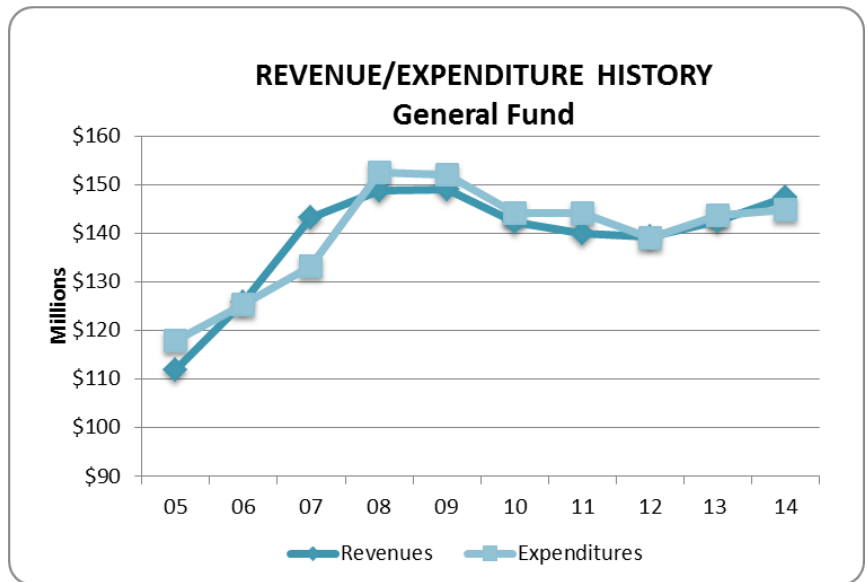
2009-10 Unprecedented uncertainty and a continued global economic crisis resulted in \$11.7 million in budget reductions. Further cuts were avoided with funding provided under the American Recovery and Reinvestment Act (ARRA) as well as state funding from the Education Stability Fund and Rainy Day Fund.

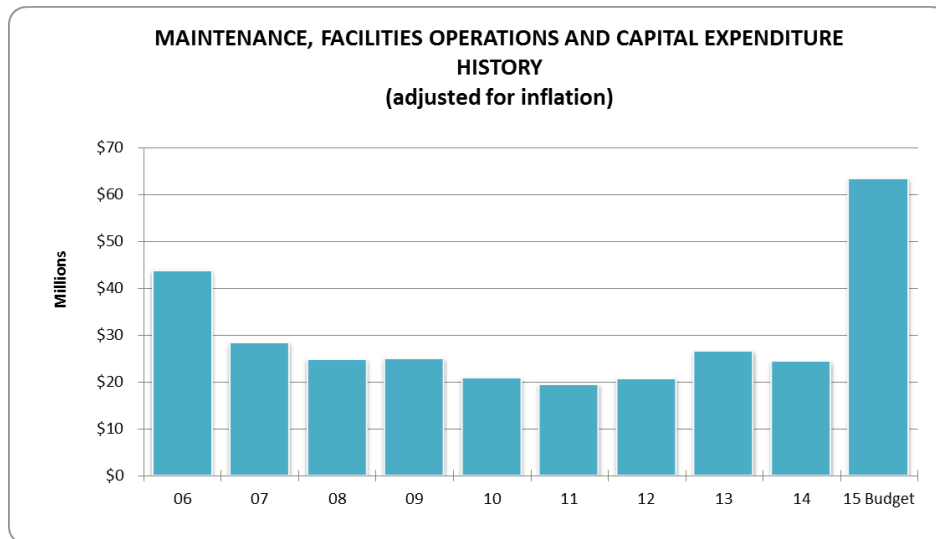
2010-11 With renewal of the District’s local option levy, passage of statewide tax initiatives, the Legislature’s approval of \$200 million in K-12 funding from state reserves, and additional ARRA funding, budget reductions were minimized at \$7.2 million.

2011-12 In the wake of the Great Recession, breakeven operations were achieved by implementing over \$21 million in budget reductions. Strategies included \$5.8 million from an increase of 3.0 on the student: teacher ratio, \$3.2 million in employee compensation adjustments, \$5.0 million in reserves, \$940,000 from school consolidations, cutting 10% of central office and school-based classified staff, and shifting \$1.0 million in facilities costs to a G.O. bond.

2012-13 To address a projected 2012-13 General Fund operating deficit, the District implemented \$11.8 million of budget reductions which included staff, services, and supply reductions; increased revenue; use of reserves; and compensation reduction strategies for all employee groups.

2013-14 A budget gap of \$11.6 million in 2013-14 was closed through budget reductions which included using reserves and suspending transfers, compensation reduction strategies for all employee groups, which included seven to nine furlough days, and a reduction in the ending fund balance from 5.0% to 4.0%.





Expenditure totals include General Fund expenditures for repairs, maintenance, capital improvements, and building operations plus capital expenditures paid for from the Capital Projects Fund. Actual dollar expenditures have been adjusted for inflation (U.S. CPI for Urban Consumers) to reflect a real dollar comparison in 2014 dollars.

2002 - 2008 Capital Improvement Program

In May 2002, voters approved \$116 million in bonds to fund a six-year capital improvement plan. Spending in 2002-03 represented the first year of design and construction activity under that bond. Higher levels of spending in 2003-04 through 2005-06 primarily reflect the construction of two new elementary schools to replace four former elementary schools (opened in September 2004), the construction of two new middle schools (opened September 2005 and September 2006), and remodels in all four high schools. Amounts expended in 2006-07 include the final costs of constructing one new middle school, major remodeling at an elementary school and another middle school, plus upgrades to building systems such as electrical, heating and ventilation, and plumbing systems District-wide. The bonds issued from this measure have been fully spent.

2011 Capital Improvement Program

In May 2011, voters approved a \$70 million bond measure funding capital improvements to school facilities, upgrades to technology systems and a broad range of support for changes in the delivery of instruction. The bond also shifts approximately \$1 million of General Fund building repair costs to the Capital Projects Fund. Of the \$70 million measure approved, approximately \$36.7 million has been spent through 2013-14.


2013 Capital Improvement Program

In May 2013, voters approved a \$170 million bond measure funding a combination of replacement and renovation of four school buildings, as well as providing funding for student safety and security upgrades, replacing textbooks and instructional materials, acquiring and improving technology, and acquiring vehicles and equipment. Of the \$170 million measure approved, approximately \$7.3 million has been spent through 2013-14.

Open Books Project


The Open Books Project was created to explain information about Oregon K-12 school spending in a simple, easy-to-understand format, and also presents information about how well schools are meeting the needs of students. Information is available on district spending, and users can compare their district to similar ones from across Oregon.

There is also information available from Oregon's school and district report cards, including student progress and outcomes, the curriculum and learning environments, and student demographics. For more information visit the Open Books Project website: <http://www.openbooksproject.org/>.



EUGENE SD 4J
COMPARE TO OTHER DISTRICTS »

Find in this district: [Elementary Schools \(23\) »](#)
[Middle Schools \(7\) »](#)
[High Schools \(6\) »](#)

	DISTRICT PROFILE	PROGRESS	OUTCOMES	CURRICULUM & LEARNING ENVIRONMENT	FEDERAL TITLE I DESIGNATION	2011/12 FINANCIALS
---	------------------	----------	----------	-----------------------------------	-----------------------------	--------------------

FROM THE DISTRICT SUPERINTENDENT

SUPERINTENDENT Sheldon Berman

200 N Monroe St
Eugene, OR 97402-4295, (541) 790-7700
<http://www.4j.lane.edu>

At Eugene School District 4J, we are proud of our history of excellence, equity and choice. That history is built on the work of outstanding students, creative teachers, dedicated staff members, involved parents and a supportive community, all working together to create a system of remarkable schools.

We believe that every student in every school can excel—and that we have a responsibility to ensure every student has that opportunity. Overall, our student achievement, growth and graduation results are strong. However, we still have a distance to go in fulfilling our commitment to help all students succeed.

We are focusing our efforts to:

- Increase achievement for all students
- Close the achievement gap
- Implement the Common Core State Standards
- Prepare all students to be ready for college and career
- Increase graduation rates to 100% by 2020–21.

To learn more about Eugene School District 4J and the comprehensive education provided by our outstanding schools, please visit www.4j.lane.edu or contact your school.

Thank you,
Superintendent Dr. Sheldon Berman

Key academic highlights:

Did at least 95% of students in this district take state exams?

YES NO

For more report card measures including detailed demographic information visit www.ode.state.or.us/go/SchoolRC

EXECUTIVE SUMMARY OF
THE STATE OF OREGON
ECONOMIC AND REVENUE FORECAST

December 2014

State Economic & Revenue Forecast Summary

This section provides the Executive Summary and Table A.4 (Other Economic Indicators) of Oregon's Economic and Revenue Forecast. The forecast is produced quarterly by the State's Office of Economic Analysis. The December forecast may be viewed in its entirety at the following website: <http://www.oregon.gov/DAS/OEA/pages/economic.aspx>

EXECUTIVE SUMMARY

December 2014

On the eve of the Great Recession's seventh anniversary, the U.S. economy has regained all of its recessionary losses across a host of top-line economic indicators. Employment, personal income, stock prices and GDP are all at or near record levels. However, below the surface, not all is well with the economy.

Although aggregate measures of economic activity have bounced back, the U.S. economic recovery is not yet complete. In particular, there is still slack in the labor market, with many workers unable to land the type of job that they are aiming for given their individual skillsets. Other workers have become discouraged and have left the labor force altogether.

In Oregon, the overall number of jobs has yet to return to its pre-recession peak, but will no doubt do so before the 2015-17 biennium begins. As has historically been the case, Oregon's recession and recovery have shown more of a boom-bust cycle than what has been seen in other states. After suffering relatively severe job losses during the recession, Oregon is now experiencing above-average job growth. Employment growth in Oregon accelerated in 2013, and has outstripped growth in the typical state ever since.

Oregon's job gains accelerated as the recovery spread out from the Portland area and became more broad-based across the state. Currently, only one in five of our counties are still missing out on job growth.

In general, Oregon's largest population centers have fared the best during the recovery. The Portland area was the first to start adding jobs in 2010, and has grown steadily ever since. There are now 15,000 more jobs in the Portland area than there were before the recession began. Oregon's smaller metropolitan areas did not begin to expand until the second half of 2012, but many have been adding jobs at a rapid pace since. Leading the way has been the Bend metropolitan area along with other areas that were the hardest hit by the housing downturn. Oregon's rural communities have yet to see much of a recovery to date. With public sector payrolls stabilizing, the typical rural area finally started netting a few jobs over the past year. Despite recent improvement, most rural areas have just begun to repair the damage done by the recession.

Oregon's economic recovery has been uneven across industries as well as across regions of the state. As has been the case during the recovery to date, the large service sector is generating the most jobs, both in terms of outright job gains and above-average growth rates. However, other industries continue to strengthen. Service industries currently account for a smaller share of job growth than they have since the recession began.

The outlook calls for recent job gains to persist for two to three years before longer-run demographic trends weigh on growth rates. The character of the forecast remains the same as three months ago, with employment growth rates relatively unchanged through 2016 and some upward revisions to the out years.

Should this outlook come to pass, this economic expansion will not reach the rates of growth that Oregon has become accustomed to during previous expansions. During the 1990s, employment grew at over 3 percent per year. During the housing boom, Oregon averaged nearly 2.5 percent over the entire expansion. So far in the aftermath of the Great Recession, Oregon has averaged just 1.7 percent job growth and the forecast calls for peak growth rates of 2.6 percent over the 2014-2016 time frame.

Dec 2014 - Other Economic Indicators

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GDP (Bil of 2009 \$),												
Chain Weight (in billions of \$)	15,020.6	15,369.2	15,710.3	16,069.3	16,509.3	16,984.8	17,519.1	18,001.6	18,482.7	18,971.6	19,431.9	19,884.8
% Ch	1.6	2.3	2.2	2.3	2.7	2.9	3.1	2.8	2.7	2.6	2.4	2.3
Price and Wage Indicators												
GDP Implicit Price Deflator,												
Chain Weight U.S., 2009=100	103.3	105.2	106.7	108.4	110.3	112.2	114.2	116.4	118.7	121.0	123.4	125.8
% Ch	2.1	1.8	1.5	1.6	1.7	1.7	1.8	1.9	1.9	2.0	2.0	1.9
Personal Consumption Deflator,												
Chain Weight U.S., 2009=100	104.1	106.1	107.3	108.9	110.3	111.9	113.9	115.9	118.1	120.5	122.8	125.2
% Ch	2.5	1.8	1.2	1.4	1.3	1.5	1.7	1.8	1.9	2.0	2.0	2.0
CPI, Urban Consumers,												
1982-84=100												
Portland-Salem, OR-WA	224.6	229.8	235.6	240.5	244.0	247.6	252.2	257.3	262.4	267.9	273.7	279.5
% Ch	2.9	2.3	2.5	2.1	1.4	1.5	1.9	2.0	2.0	2.1	2.2	2.1
U.S.	224.9	229.6	233.0	237.1	240.3	244.1	248.9	254.0	259.4	265.2	270.9	276.7
% Ch	3.1	2.1	1.5	1.8	1.4	1.6	2.0	2.1	2.1	2.2	2.2	2.1
Oregon Average Wage												
Rate (Thous \$)	45.3	46.7	47.8	48.8	50.4	52.0	53.8	55.9	58.0	60.1	62.3	64.6
% Ch	3.6	3.1	2.2	2.2	3.2	3.3	3.5	3.8	3.8	3.7	3.7	3.6
U.S. Average Wage												
Wage Rate (Thous \$)	50.3	51.7	52.2	53.9	55.5	57.3	59.4	61.8	64.4	67.0	69.7	72.5
% Ch	2.8	2.8	1.1	3.1	2.9	3.3	3.8	4.0	4.1	4.0	4.1	4.0
Housing Indicators												
FHFA Oregon Housing Price Index												
1980 Q1=100	348.2	347.4	372.6	405.9	411.2	422.3	433.3	447.5	465.0	484.7	505.5	526.8
% Ch	(6.8)	(0.2)	7.3	8.9	1.3	2.7	2.6	3.3	3.9	4.2	4.3	4.2
FHFA National Housing Price Index												
1980 Q1=100	312.1	311.8	324.6	347.0	357.3	366.5	375.4	381.2	387.1	395.6	405.6	420.1
% Ch	(3.7)	(0.1)	4.1	6.9	3.0	2.6	2.4	1.5	1.6	2.2	2.5	3.6
Housing Starts												
Oregon (Thous)	8.0	10.9	14.3	14.7	15.5	19.3	22.8	23.9	24.4	25.0	25.2	24.8
% Ch	5.3	35.5	31.3	3.2	5.4	24.6	17.8	5.2	2.0	2.3	0.6	(1.2)
U.S. (Millions)	0.6	0.8	0.9	1.0	1.2	1.4	1.5	1.5	1.5	1.6	1.5	1.5
% Ch	4.5	28.1	18.6	6.9	20.1	13.6	10.1	2.0	1.7	1.1	(2.3)	(1.1)
Other Indicators												
Unemployment Rate (%)												
Oregon	9.7	8.9	7.7	6.9	6.7	6.6	6.5	6.6	6.1	5.7	5.4	5.5
Point Change	(1.0)	(0.8)	(1.1)	(0.8)	(0.3)	(0.0)	(0.1)	0.1	(0.5)	(0.5)	(0.2)	0.1
U.S.	8.9	8.1	7.4	6.2	5.7	5.5	5.3	5.2	5.1	5.0	5.0	5.0
Point Change	(0.7)	(0.9)	(0.7)	(1.1)	(0.5)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.0)	0.0
Industrial Production Index												
U.S, 2002 = 100	93.6	97.1	99.9	103.9	106.8	110.7	114.5	117.3	120.1	123.2	126.2	129.2
% Ch	3.3	3.8	2.9	3.9	2.8	3.6	3.4	2.5	2.3	2.6	2.4	2.4
Prime Rate (Percent)												
% Ch	3.3	3.3	3.3	3.3	3.5	4.6	6.3	6.8	6.8	6.8	6.8	6.8
% Ch	0.0	0.0	0.0	0.0	6.6	31.6	38.9	6.6	0.0	0.0	0.0	0.0
Population (Millions)												
Oregon	3.86	3.89	3.93	3.97	4.01	4.06	4.11	4.16	4.21	4.26	4.31	4.37
% Ch	0.6	0.7	0.9	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2
U.S.	312.3	314.5	316.7	319.0	321.5	324.0	326.5	329.0	331.5	334.0	336.5	339.1
% Ch	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7
Timber Harvest (Mil Bd Ft)												
Oregon	3,649.0	3,595.0	3,523.0	3,802.4	4,260.7	4,301.7	4,365.2	4,413.9	4,471.3	4,498.8	4,511.8	4,541.7
% Ch	13.1	(1.5)	(2.0)	7.9	12.1	1.0	1.5	1.1	1.3	0.6	0.3	0.7