

**EUGENE SCHOOL DISTRICT 4J
5-YEAR GENERAL FUND FINANCIAL FORECAST**

2021-22 — 2025-26

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Forecast Framework

This financial forecast has been prepared 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. The forecast establishes key assumptions underlying the projections and identifies variables which may cause the projections to change in the future.

The District's Vision 20/20 Strategic Plan provides the vision, goals, objectives and key performance indicators supporting financial planning and decision-making by the School Board, Budget Committee, and district staff. The District's five goals are as follows:

I. "Educational Excellence with Equitable Access and Outcomes for Every Student"

II. "Multiple Pathways to Student Success"

III. "Communication and Connection with Community"

IV. "Diverse World-Class Workforce"

V. "Stable, Sustainable Stewardship"

This forecast most closely aligns with Goal V, which is focused on providing effective, efficient and equitable stewardship of district resources to best support our instructional mission. Completion of this forecast assists the District in the development of a sustainable budget aligned to district goals, strategies and objectives by:

1. Identifying key operational assumptions and factors to be used in budget development
2. Highlighting the effect of current budget factors on future periods so that their impact can be measured against the District's goal of stable and sustainable operations
3. Alerting the District to future developments that could impact the District's ability to sustain operations at current levels or meet strategic objectives

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

1. *"On a semi-annual basis the district forecasts General Fund resources and operational requirements over a rolling five year period. Annually, as part of the budgeting process for the district, the Superintendent presents the most recent forecast to the Budget Committee and Board for review and consideration. This forecast highlights resource and requirement considerations that will inform the development of the Superintendent's Proposed Budget 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 Eugene 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

2021-22

Revenue

- **State School Fund (SSF) Grants** – State funding is assumed to grow by 3.3% to \$9.3 billion (an increase of \$0.3 billion over 2019-21 biennium funding of \$9.0 billion). This is the first year of the biennium and we have assumed 49% (\$4.56 billion) of the estimated K-12 budget will be available for allocation to schools and Education Service Districts.

Spending

- **Employee Compensation** – Classified employee salary costs for 2021-22 include a 2% Cost of Living Adjustment (COLA), an increase of \$30/month for benefits beginning in October of 2021, and one-time payments to insurance reserves (\$250,000) and PEP funds (\$15,000). A one-time payment of \$1,000 for all eligible classified employees was also included in the District's one year agreement with the Oregon School Employees Association (OSEA).

The District's contract with the Eugene Education Association (EEA) ended on June 30, 2021, and negotiations for a new contract are ongoing. Compensation terms for District managers, administrators, professionals, supervisors, directors and cabinet members also concluded on June 30, 2021, and have not yet been revised for the current fiscal year. As is our practice in years where a contract or agreement on compensation is not in place, compensation has been calculated assuming "status quo" - no furlough days and full step increases for all eligible employees only.

- **Public Employee Retirement System (PERS) Rate** - PERS contribution rates declined in the 2021-23 biennium as a result of Senate Bill 1049, which was substantially upheld by the Oregon Supreme Court. The District's composite PERS rate decreased by 3.4 percentage points to 30.5% of eligible salary for the year. This change decreased PERS costs for the District by an estimated \$3.4 million in the first year of the biennium.

Annual Operating Deficit: \$8.3 million

2022-23

Revenue

- **State School Fund (SSF) Grants** – State funding is assumed to grow by 3.3% to \$9.3 billion (an increase of \$0.3 billion over 2019-21 biennium funding of \$9.0 billion). This is the second year of the biennium and we have assumed 51% (\$4.74 billion) of the estimated K-12 budget will be available for allocation to schools and Education Service Districts.

Spending

- **Employee Compensation** – Salary costs for all employee groups have been calculated assuming no furlough days and full step increases for all eligible employees.
- **Public Employee Retirement System (PERS) Rate** – As the District's mix of Tier 1/Tier 2 and OPSRP employees changes with retirements and new hires, the composite rate adjusts to recognize the difference in PERS contribution rates. In 2022-23, the composite rate is projected to decreased by 0.4 percentage points to 30.1% of

eligible salary for the year. This change decreased PERS costs for the District by an estimated \$0.4 million in the second year of the biennium.

Annual Operating Deficit: \$4.8 million

2023-24

Revenue

- **State School Fund (SSF) Grants** – 2023-24 is the first year of the second biennium reflected in this forecast. State funding for the 2023-25 biennium is assumed to grow by 6.0% to \$9.9 billion (an increase of \$0.6 billion over 2021-23 biennium funding of \$9.3 billion). As this is the first year of the biennium, we have assumed 49% (\$4.83 billion) of the estimated K-12 budget will be available for allocation to schools and Education Service Districts.

Spending

- **Employee Compensation** – Salary costs for 2023-24 continue to be calculated assuming no furlough days and full step increases for all eligible employees.
- **Public Employee Retirement System (PERS) Rate** – PERS advisory rates for the 2023-25 biennium project a 3.0 percentage point increase for the District's composite PERS rate, increasing the rate from 30.1% in 2022-23 to 33.1% of eligible salary for the year in 2023-24. This change is projected to increase PERS costs for the District by an estimated \$3.0 million in the first year of the biennium.

Annual Operating Deficit: \$5.6 million

2024-25

Revenue

- **State School Fund (SSF) Grants** – State funding for the 2023-25 biennium is assumed to grow by 6.0% to \$9.9 billion (an increase of \$0.6 billion over 2021-23 biennium funding of \$9.3 billion). As this is the second year of the biennium, we have assumed 51% (\$5.03 billion) of the estimated K-12 budget will be available for allocation to schools and Education Service Districts.

Spending

- **Employee Compensation** – Salary costs for 2024-25 continue to be calculated assuming no furlough days and full step increases for all eligible employees.

Annual Operating Surplus: \$1.4 million

2025-26

Revenue

- **State School Fund (SSF) Grants** – State funding for the 2025-27 biennium is assumed to grow by 6.0% to \$10.4 billion (an increase of \$0.5 billion over 2023-25 biennium funding of \$9.9 billion). As this is the first year of the biennium, we have assumed 49% (\$5.12 billion) of the estimated K-12 budget will be available for allocation to schools and Education Service Districts.

Spending

- **Employee Compensation** – Salary costs for 2025-26 continue to be calculated assuming no furlough days and full step increases for all eligible employees.

Annual Operating Surplus: \$4.8 million

Summary Forecast

IMPACT ON OPERATIONS (in thousands)		2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
Total District Revenues	(1)	\$205,025	\$211,941	\$217,868	\$228,330	\$236,144
Expenditures						
Operating Expenditures	(2)	\$206,109	\$209,498	\$216,233	\$219,646	\$224,040
Transfers	(3)	5,776	5,776	5,776	5,776	5,776
Contingency	(4)	4,122	4,190	4,325	4,393	4,481
Subtotal		216,007	219,464	226,334	229,815	234,297
Projected Underspending	(5)	(2,721)	(2,765)	(2,855)	(2,899)	(2,957)
Total Expenditures		\$213,286	\$216,699	\$223,479	\$226,916	\$231,340
ANNUAL OPERATING SURPLUS / (DEFICIT)		(\$8,261)	(\$4,758)	(\$5,611)	\$1,414	\$4,804
Use of Transfers from Reserves to Balance						
General Fund Operations Reserve	(6)	\$44,981	\$36,128	\$34,078	\$30,947	\$34,975
Transfer (to) / from Capital Equipment Fund						
Transfer (to) / from PERS Reserve		9,000	9,000	6,000	3,000	-
Transfer (to) / from Insurance Reserve		(246)	4	4	4	4
Transfer (to) / from Capital Projects Fund Reserve						
Total Transfers (to) / from Reserves		\$53,735	\$45,132	\$40,082	\$33,951	\$34,979
Annual Surplus / (Deficit) Assuming Use of Reserves	(7)	\$45,474	\$40,374	\$34,471	\$35,365	\$39,783
Corrective Action Required	(8)	\$0	\$0	\$0	\$0	\$0
RESERVES						
Beginning Fund Balance - General Fund	(9)	\$10,351	\$10,251	\$10,597	\$10,893	\$11,417
Transfer to / (from) Reserves		(100)	346	296	524	390
Ending Fund Balance - General Fund		\$10,251	\$10,597	\$10,893	\$11,417	\$11,807
% Change in Total District Revenues		-0.5%	3.4%	2.8%	4.8%	3.4%
% Change in Total Expenditures		7.6%	1.6%	3.1%	1.5%	1.9%

Note: Totals may differ due to rounding.

Summary Assumptions

(1) Total Revenues

See revenue detail and assumptions for a detailed explanation of the calculations used to develop District total revenues.

(2) Operating Expenditures

See expenditure detail and assumptions for a detailed explanation of the calculations used to develop District operating expenditures.

(3) Transfers

- Annual transfers to accumulate funds for curriculum adoption, student and staff technology and equipment/fleet purchases are included in the forecast as noted below:
 - Student Technology - \$1.5 million
 - Staff Technology - \$1.0 million
 - Curriculum - \$1.0 million
 - Equipment Replacement - \$750,000
- Insurance and risk reserve transfers:
 - Beginning in 2021-22, \$340,000 will be transferred annually to the Insurance Reserve Fund (Fund 600) to support risk management activities.
 - Up to \$250,000 in social security cost savings from pre-tax flexible spending accounts will be transferred annually to insurance reserve accounts, as negotiated with employee groups.
 - In 2021-22 and future years of the forecast, the annual Nutrition Services transfer is projected to be \$936,000. This amount may change based on future decisions made by the Board regarding nutrition program operations.

(4) Contingency and Reserves

- The General Fund Contingency is equal to 2.0% of operating expenditures, the minimum set by Board policy. Board Policy DI, Accounting and Financial Practices Policies item 4 states: *“The targeted contingency for the General Fund is two percent of the operating budget.”*
- The forecast assumes a 5.0% General Fund ending fund balance (\$10.3 million in 2021-22 to \$11.8 million by 2025-26) throughout the forecast period, in compliance with Board Policy DI, Accounting and Financial Practices Policies item 5 which states *“The district will maintain a minimum General Fund ending fund balance of five percent of current year annual operating revenues excluding transfers between funds.”*

(5) Projected Underspending

- Assumes a portion of budgeted expenditures will not be spent in any given year; calculated as 66% of the 2% General Fund Contingency required under Board Policy DI.

(6) Use of Transfers from Reserves to Balance

- General Fund Reserves are used in each year of the forecast to adjust the ending fund balance to 5.0% of operating revenues, as required by Board Policy DI.
- A PERS Reserve of \$9.0 million has been established to address any future PERS rate increases without impacting resources needed to support schools and classrooms. If the PERS rate increase forecast for 2023-24 is implemented, the District will draw down this reserve in \$3 million increments over the last three years of the forecast.
- In 2021-22 the District will make a one-time transfer of \$250,000 to the Classified Insurance Reserve as negotiated with OSEA. Beginning in 2022-23, the only insurance reserve transfers included in the forecast will be budgetary placeholders to ensure that if transfers are needed they can be initiated by the Board in compliance with Local Budget Law requirements.

(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 action required to maintain an appropriate ending fund balance and support district operations 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. Based on the available reserves over the five years of this forecast there is no corrective action identified.

(9) General Fund Ending Fund Balance

- General Fund ending fund balance, as a percentage of operating revenues, are expected to be at 5.0% of operating revenues during the forecast period.

Board Policy DI, Accounting and Financial Practices item 5d: *"The district will maintain a minimum General Fund 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)		2021-22	2022-23	2023-24	2024-25	2025-26
		Forecast	Forecast	Forecast	Forecast	Forecast
Property Tax Collections - Current Year	(1)	\$77,447	\$79,770	\$82,164	\$84,629	\$87,168
Property Tax Collections - Prior Year	(2)	1,425	1,457	1,491	1,525	1,561
State School Fund Grants	(3)	96,766	100,745	103,748	111,140	115,861
SSF Local Revenues - County and Common Funds	(4)	2,031	2,067	2,067	2,067	2,067
Total SSF Formula Revenue		\$177,669	\$184,039	\$189,470	\$199,361	\$206,657
Local Option Levy - Current Year	(5)	21,561	21,993	22,432	22,881	23,339
Local Option Levy - Prior Year		382	387	392	398	403
Other Revenues	(6)	5,413	5,522	5,574	5,690	5,745
TOTAL DISTRICT REVENUES		\$205,025	\$211,941	\$217,868	\$228,330	\$236,144
STATE SCHOOL FUND (SSF) ALLOCATIONS						
Enrollment	(7)					
Enrollment (ADM) - Regular Ed.		15,510.2	15,823.7	16,137.0	16,379.0	16,624.7
Enrollment (ADM) - Charter Schools		794.5	838.9	848.3	852.8	852.8
Total Enrollment (ADM)		16,304.7	16,662.6	16,985.3	17,231.8	17,477.5
Weighted ADM (ADMw) - Extended		18,929.1	19,337.5	19,704.9	19,985.6	20,265.4
State School Fund Grants	(3)					
SSF Formula Revenue per student (ADMw)		\$9,241	\$9,467	\$9,566	\$9,926	\$10,149
% Change in SSF Formula Revenue per student (ADMw)		2.7%	2.4%	1.0%	3.8%	2.2%
SSF Formula Revenue (in thousands)		175,869	182,239	187,670	197,561	204,857
High Cost Disability Grant		1,800	1,800	1,800	1,800	1,800
Net SSF Grants (in thousands)		\$177,669	\$184,039	\$189,470	\$199,361	\$206,657
PROPERTY TAX COLLECTION	(1)					
Assessed Value (Operating Levy AV) (in thousands)		\$17,186,111	\$17,701,695	\$18,232,745	\$18,779,728	\$19,343,120
Projected Annual Increase in Operating Levy AV		3.00%	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	\$81,608	\$84,056	\$86,578	\$89,176	\$91,851
Compression Loss		(492)	(507)	(522)	(538)	(554)
Taxes Imposed		81,116	83,549	86,056	88,638	91,297
Collection Rate - operating levy		95.48%	95.48%	95.48%	95.48%	95.48%
Net Operating Levy		\$77,447	\$79,770	\$82,164	\$84,629	\$87,168
Annual growth		3.6%	3.0%	3.0%	3.0%	3.0%
Local Option Levy (outside Measure 5 limit)						
Assessed Value (Local Option AV) (in thousands)		\$17,694,744	\$18,048,639	\$18,409,611	\$18,777,804	\$19,153,360
Local Option Tax Rate per \$1,000 of Local Option AV	\$1.5000	\$26,542	\$27,073	\$27,614	\$28,167	\$28,730
Compression Loss		(3,959)	(4,038)	(4,119)	(4,201)	(4,285)
Tax Gap		22,583	23,035	23,495	23,966	24,445
<i>Measure 5 Limit - Proceeds Net of Uncollected Taxes</i>		21,561	21,993	22,432	22,881	23,339
<i>Limit of \$1,000 (increased by 3% per year) per Extended ADMw</i>		28,632	30,127	31,031	31,962	32,569
<i>Limit of 20% of State Resources</i>		35,534	36,808	36,808	36,808	37,894
Collection Rate - local option levy		95.48%	95.48%	95.48%	95.48%	95.48%
Net Local Option Levy		\$21,561	\$21,993	\$22,432	\$22,881	\$23,339
Annual growth		10.8%	2.0%	2.0%	2.0%	2.0%

Note: Totals may differ due to rounding.

Revenue Assumptions

(1) Property Tax Collections – Current Year

- Average, annual tax growth of 3.0% per year over the forecast period.
- Assessed property values (AV) projected to increase annually by 3.0% throughout the forecast period.
- Compression losses have generally decreased over the past several years and are projected at 0.60% of the permanent tax rate for 2021-22 and beyond.
- Tax collection rates are assumed to be 95.48% throughout the forecast period.
- Included in the State School Fund formula.

(2) Property Tax Collections – Prior Year

- Estimated at 30% 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, Common School Fund, County School Fund).

- Assumes \$9.3 billion in state funding for K-12 schools in the 2021-23 biennium: with 49% available in the first year of the biennium and 51% available in the second year. For the 2023-25 and 2025-27 biennia, state funding is forecast to grow by approximately 6.0%. For these two biennia, the forecast reflects 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.
- Total SSF Formula Revenue, which includes property taxes and local revenues, is approximately 87% 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.

(4) SSF Local Revenues

- The forecast includes Common School Funds and County School Funds for all years, which are 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 May 2019 for 2020 through 2025. The forecast assumes that the levy will be renewed prior to expiration for another five-year term.
- Forecast projections are based on current assessed values adjusted for steady growth throughout the forecast period (annual assessed property value growth of 2.0%).
- 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 many different revenue sources such as Education Service District (ESD) funding allocations, interest earnings, tuition and fees, indirect grant charges, student body fund payments for staffing, student body cards, and funding and donations from outside groups.

Board Policy DI, Revenue Policies item 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. This reflects the enrollment numbers noted below adjusted for projected attendance rates. Attendance rates measure the period of time a student was enrolled with the District.
 - 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, totaled 15,935 students as of October 1, 2021. Enrollment is projected to increase by 322 students (16,257) in 2022-23, 322 students (16,579) in 2023-24, 249 students (16,828) in 2024-25 and 252 students (17,080) in 2025-26. Student enrollment is a factor in the calculation of ADMr and ADMw.

Expenditure Detail

OPERATING EXPENDITURES (in thousands)		2021-22 Forecast		2022-23 Forecast		2023-24 Forecast		2024-25 Forecast		2025-26 Forecast	
Employee Compensation Expenditures	(1)										
Licensed Employees		3.8%	\$66,358	1.8%	\$67,529	1.8%	\$68,720	1.8%	\$69,944	2.6%	\$71,782
Classified Employees		5.5%	24,410	1.8%	24,846	1.7%	25,270	1.6%	25,683	1.6%	26,104
Admin/Supervisors/Professional		10.1%	14,041	1.9%	14,304	1.4%	14,508	1.4%	14,715	1.4%	14,926
Substitute/Temporary		-2.2%	3,179	1.8%	3,237	1.8%	3,294	1.8%	3,352	2.4%	3,431
HR Staffing Pool			100		100		100		100		100
Total Salaries		4.8%	\$108,089	1.8%	\$110,016	1.7%	\$111,892	1.7%	\$113,794	2.2%	\$116,343
Payroll Costs:											
Licensed			\$26,088		\$26,272		\$28,934		\$29,449		\$30,223
Classified			9,776		9,840		10,817		10,994		11,173
Admin/Supervisors/Professional			5,516		5,565		6,108		6,196		6,284
Substitute/Temporary			811		779		865		880		904
Insurance Benefits		4.0%	25,825	0.7%	26,011	0.1%	26,037	0.1%	26,059	0.5%	26,200
District Retirement Benefits		0.0%	1,000	0.0%	1,000	0.0%	1,000	0.0%	1,000	0.0%	1,000
Other Benefits		8.3%	2,460	-2.4%	2,401	0.2%	2,406	0.1%	2,409	0.6%	2,423
Total Payroll Costs & Benefits		-0.2%	\$71,476	0.5%	\$71,869	6.0%	\$76,167	1.1%	\$76,988	1.6%	\$78,207
Total Employee Compensation		2.8%	\$179,565	1.3%	\$181,885	3.4%	\$188,060	1.4%	\$190,782	2.0%	\$194,550
Non-Compensation Expenditures	(2)										
Purchased Services		14.8%	\$12,368	2.5%	\$12,674	1.9%	\$12,915	1.7%	\$13,133	2.1%	\$13,406
Charter School Payments		-6.1%	6,733	8.0%	7,274	2.2%	7,431	4.1%	7,739	2.2%	7,908
Supplies		2.3%	5,853	3.0%	6,029	2.1%	6,156	2.1%	6,286	2.3%	6,431
Equipment		2.7%	178	2.8%	183	2.2%	187	2.1%	191	2.1%	195
Other		22.0%	1,411	3.0%	1,453	2.1%	1,484	2.1%	1,515	2.3%	1,550
Total Non-Compensation Expenditures		6.2%	\$26,543	4.0%	\$27,613	2.0%	\$28,173	2.5%	\$28,864	2.2%	\$29,490
TOTAL OPERATING EXPENDITURES		3.2%	\$206,109	1.6%	\$209,498	3.2%	\$216,233	1.6%	\$219,646	2.0%	\$224,040
Transfers	(3)										
Capital (Non-bondable projects)			\$4,250		\$4,250		\$4,250		\$4,250		\$4,250
Equipment			0		0		0		0		0
Transportation			0		0		0		0		0
Insurance Reserve			590		590		590		590		590
Nutrition Services			936		936		936		936		936
Total Transfers			\$5,776		\$5,776		\$5,776		\$5,776		\$5,776
Contingency	(4)		\$4,122		\$4,190		\$4,325		\$4,393		\$4,481
TOTAL EXPENDITURES		2.9%	\$216,007	1.6%	\$219,463	3.1%	\$226,333	1.5%	\$229,815	2.0%	\$234,296
Note: Totals may differ due to rounding.											
CPI (U.S. Urban Consumers), December 2021			2.6%		3.0%		2.1%		2.1%		2.3%

Expenditure Assumptions

(1) Employee Compensation

- Salaries and related costs and benefits for licensed staff have been calculated based on the 2020-21 extension of the 2017-2020 Collective Bargaining Agreement between the Eugene Education Association (EEA) and 4J. Starting in 2021-22, the forecast projection is limited to costs for 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 in the 2017-2020 contact between the EEA and the District, and (iii) reflect staffing changes approved by the Superintendent.
 - 2021-22 12.20 FTE increase (enrollment and added 5th grade to Chinese Immersion)
 - 2022-23 1.20 FTE increase (6th grade to Chinese Immersion)
 - 2023-24 1.20 FTE increase (7th grade to Chinese Immersion)
 - 2024-25 1.35 FTE increase (enrollment and added 8th grade to Chinese Immersion)
 - 2025-26 9.40 FTE increase (enrollment and added 9th grade to Chinese Immersion)
- Classified employee salary costs for 2021-22 include a 2% Cost of Living Adjustment (COLA), an increase of \$30/month for benefits beginning in October of 2021, and one-time payments to insurance reserves (\$250,000) and PEP funds (\$15,000). A one-time payment of \$1,000 for all eligible classified employees was also included in the District's one year agreement with the Oregon School Employees Association (OSEA). For 2022-23 and beyond, the forecast projects a full contract year (no furlough days) and an annual step movement for all eligible employees effective July 1st.
- For managers, administrators, professionals, supervisors, directors and cabinet members the forecast projection is limited to costs for a full contract year (no furlough days) and an annual step movement for all eligible employees effective July 1.

Payroll Costs and Benefits

- Payroll costs are calculated as a percentage of salary, while health insurance and other benefits are driven by staffing levels.
 - For 2021-22, insurance contributions for classified staff were increased by \$30/month beginning in October 2021. Insurance contributions for licensed staff as well as managers, administrators, professionals, supervisors, directors and cabinet members were last increased in 2020-2021 and are projected at that level throughout the term of the forecast. Any future increases will be dependent on negotiations with employee groups.
- The District's composite PERS rate decreased by 3.4 percentage points in the first year of the 2021-23 biennium, and is forecast to decline another 0.4 percentage points in 2022-23. In 2023-24, the composite rate is expected to increase by 3.0 percentage points due to actions taken by the PERS Board and investment return expectations.
- Annual required support for district early retirement benefits is estimated at \$1.0 million per year.

(2) Other Operating Expenditures

- Purchased Services costs increase at the Consumer Price Index (CPI) rate for U.S. Urban Consumers throughout the forecast period (ranging from 2.6% to 3.0% over the five-year period).
- Charter school payments represent the pass-through of state funding (80% or 95% of state funding received, dependent on the grade levels served by the charter school) and local option revenue on a per pupil basis.

(3) Transfers

- Annual transfers to accumulate funds for curriculum adoption, student and staff technology and equipment/fleet purchases are included in the forecast as noted below:
 - Student Technology - \$1.5 million
 - Staff Technology - \$1.0 million
 - Curriculum - \$1.0 million
 - Equipment Replacement - \$750,000

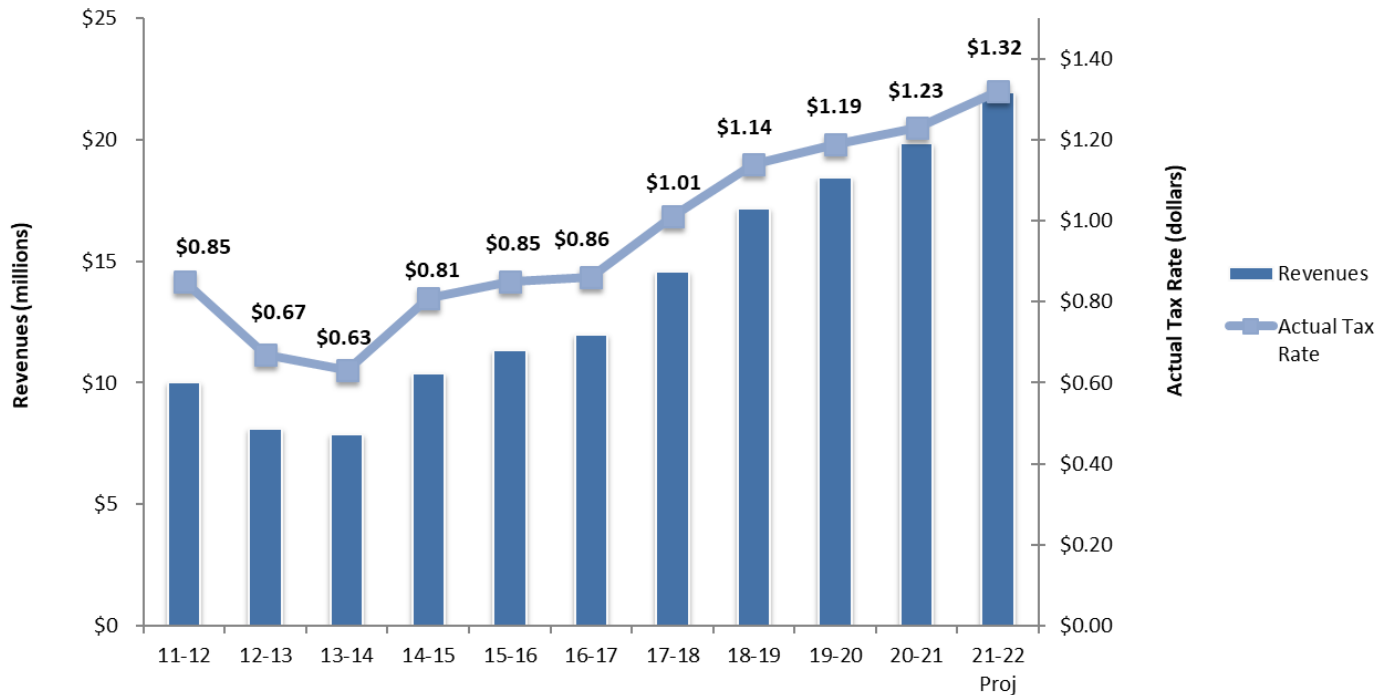
- Insurance and risk reserve transfers:
 - Beginning in 2020-21, \$340,000 will be transferred annually to the Insurance Reserve Fund (Fund 600) to support risk management.
 - Up to \$250,000 in social security cost savings from pre-tax flexible spending accounts will be transferred annually to insurance reserve accounts, as negotiated with employee groups.
 - In 2021-22 and future years of the forecast, the annual Nutrition Services transfer is projected to be \$936,000. This amount may change based on future decisions made by the Board regarding nutrition program operations.

(4) Contingency

- The General Fund Contingency is equal to 2.0% of operating expenditures, the minimum set by Board policy. Board Policy DI, Accounting and Financial Practices Policies item 4 states: *“The targeted contingency for the General Fund is two percent of the operating budget.”*
- The forecast assumes a 5.0% General Fund ending fund balance (\$10.3 million in 2021-22 to \$11.8 million by 2025-26) throughout the forecast period, in compliance with Board Policy DI, Accounting and Financial Practices Policies item 5 which states *“The district will maintain a minimum General Fund ending fund balance of five percent of current year annual operating revenues excluding transfers between funds.”*

STATISTICAL INFORMATION

Local Option Revenues and Rates

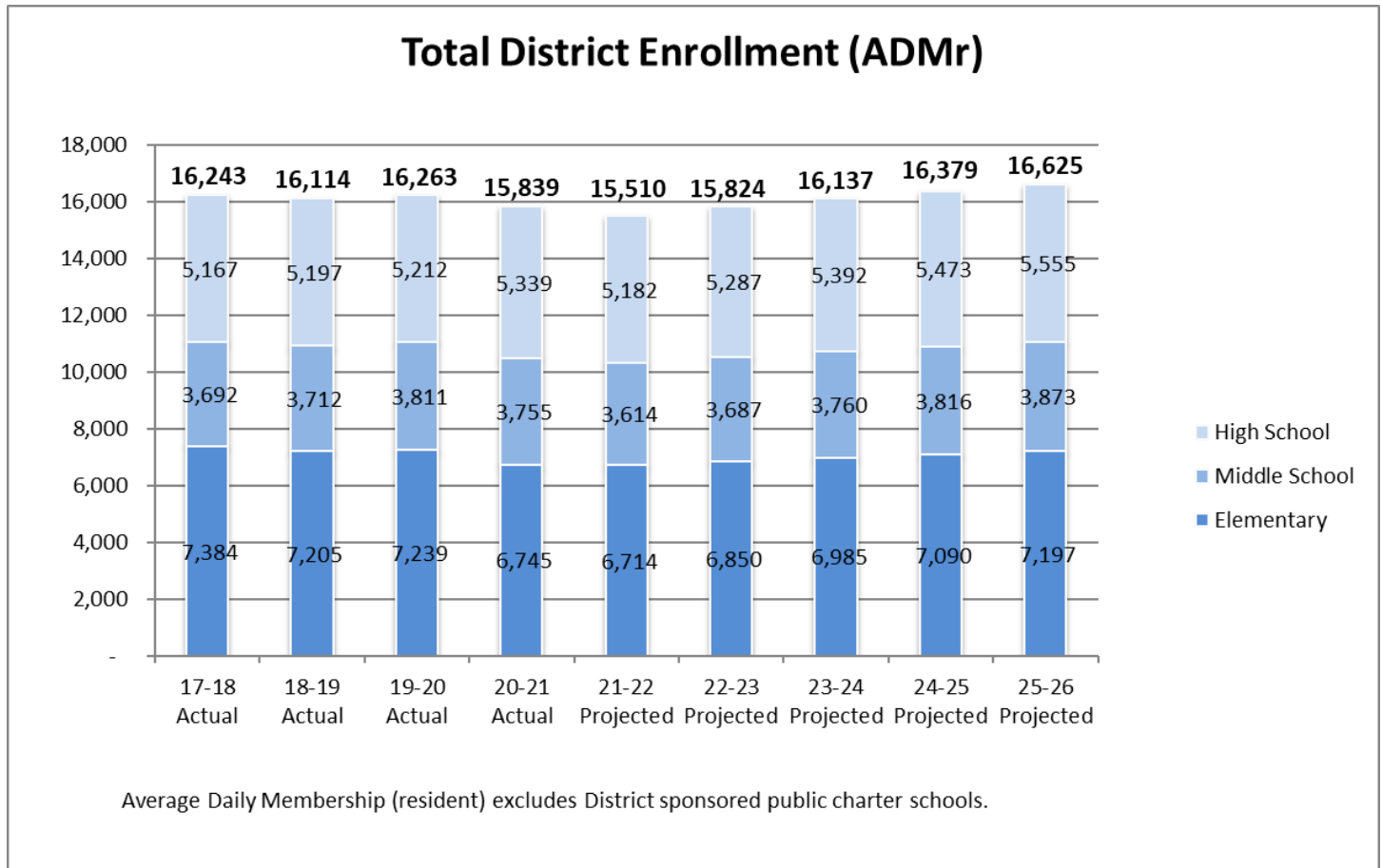


In May 2000, District voters approved a five-year local option levy of \$1.50 / \$1,000 of assessed property value. Since the passage of Measure 5 in 1990, this was the first opportunity for District voters to increase school operating funds above the state funding formula. Voters renewed the local option for additional five-year terms in November 2004, November 2008, November 2014 and May 2019.

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 far enough 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. Beginning in 2010, falling real market values drove the actual rate down for five consecutive years. The past seven years have shown increases and currently the actual tax rate is projected to increase to \$1.32 in 2021-22.

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 future District revenue. This forecast uses the most recent compression rate to predict future local option levy revenues. A significant change in compression would impact this forecast. In past years, when real market property values declined significantly, district local option levy collection declined by \$1 to \$2 million each year. In the current environment, with real market property values on the rise, the compression rate has been dropping and tax collections have increased year-over-year.

Student Enrollment

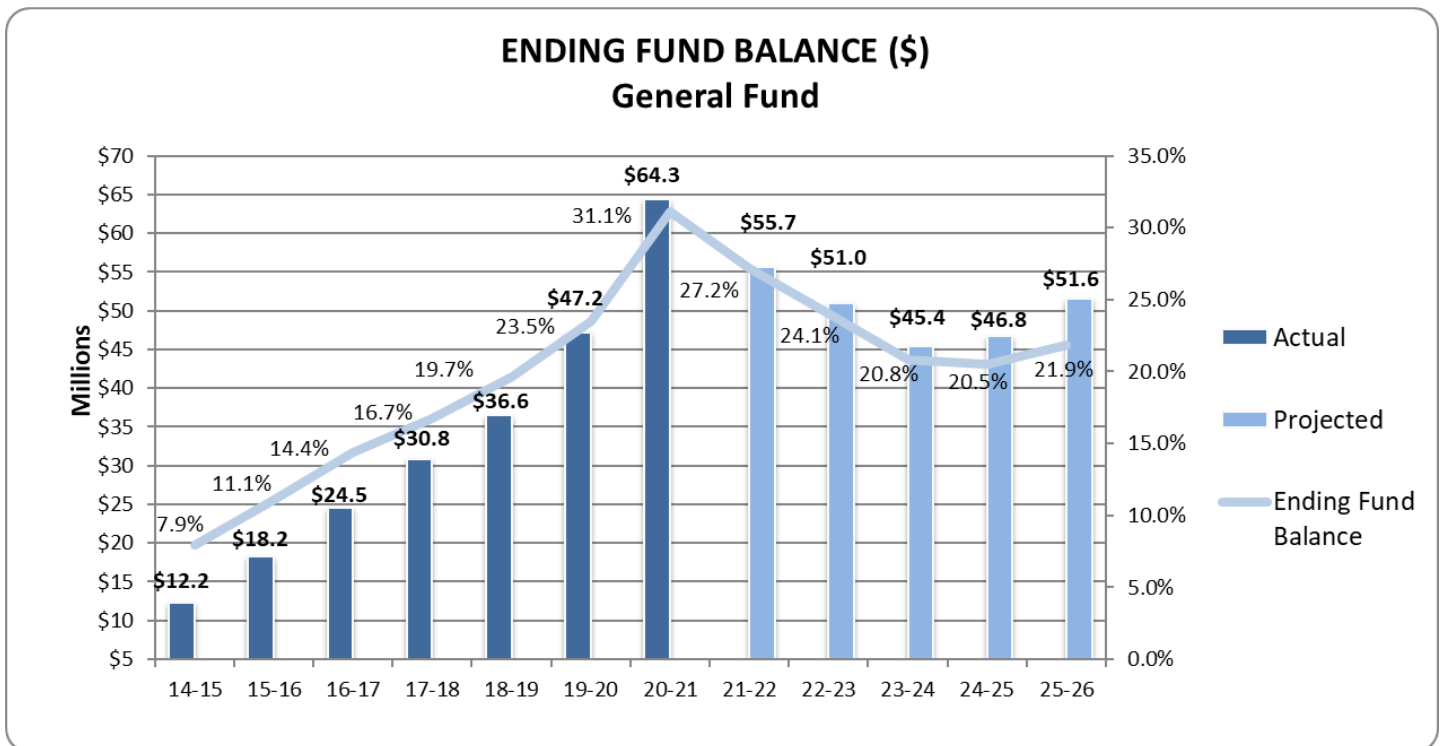


Student enrollment is expressed as resident average daily membership (ADMr) – enrollment adjusted by expected student attendance levels. It represents the average annual enrollment for the year. The state uses ADM as the basis for allocating funds under the State School Fund formula and provides additional weighting (ADMw) for special education, students in poverty, English as a Second Language Learners (ESL), 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.

Enrollment increased in 2015-16, primarily in response to the implementation of full day kindergarten. District enrollment, excluding charter schools, declined in 2018-19 after several years of growth but rebounded in 2019-20. In 2020-21, the District project continued enrollment growth but experienced a significant decline related to the COVID-19 pandemic as families shifted their students to online programs and delayed enrolling students in kindergarten classrooms. Our projections for 2021-22 and beyond assume that some families who delayed enrollment will send their kindergarteners/1st graders back to 4J in 2022-23, and the District will ultimately regain many of the students lost to during the pandemic.

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, planned savings, and the unappropriated ending fund balance (UEFB).



Board Policy DI, Accounting and Financial Practices Policies item 5a through 5f states:

"d. Minimum

The district will maintain a minimum General Fund 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.

The Board may approve a temporary reduction in the General Fund 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 General Fund ending fund balance unexpectedly 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 through resolution or a supplemental budget. The Board may decide to use a portion of the projected ending fund balance maintained within the General Fund Contingency 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.”

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 State approved \$7.38 billion for the 2015-17 biennium, with \$7.258 billion to be split 50/50 each year, and an additional \$118 million expected to be available in 2016-17. This is about 11% higher than the legislatively approved 2013-15 K-12 funding level.

The Governor’s original Recommended Budget for the 2017-19 biennium included funding of \$8.02 billion (an increase of about 8.7% over the legislatively approved 2015-17 K-12 funding level). The Co-chairs of the Joint Ways and Means Committee put forward an education funding plan \$200 million less than this at \$7.80 billion (about 5.75% higher than the 2015-17 funding level). Ultimately, the Oregon Legislature approved a final funding level for the 2017-19 biennium of \$8.2 billion (an increase of 11.17% over the prior biennium).

For the 2019-21 biennium the Oregon Legislature ultimately approved a funding level of \$9.0 billion (an increase of \$0.8 billion over 2017-19 funding of \$8.20 billion).

For the 2021-23 biennium the Oregon Legislature ultimately approved a funding level of \$9.3 billion (an increase of \$0.3 billion over 2019-21 funding of \$9.0 billion).

The General Fund ending fund balance has grown from a low of 6.6% in 2013-14 to a high of 31.1% in 2020-21. A strong housing market, which has positively impacted property taxes and local option levy revenue, and historical improvements in state funding levels have supported this growth.

Amounts in excess of the Board required General Fund ending balance of 5% are available to support district operations, address PERS rate increases and provide stability during periods of decline in state funding or tax revenues.

Revenue/Expenditure History

Significant Revenue/Expenditure Variables

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%.

2014-15 Strong revenue growth, particularly in the areas of property tax and local option level revenues, and modest growth in expenditures for employee salaries and benefits allowed the District to end the year with a significantly higher ending fund balance (7.9%) than the 4.25% required by the Board. Conservative spending strategies will allow the District to build a carry-forward balance to address projected deficits.

2015-16 Improved revenues from State and Federal sources as well as higher than anticipated interest earnings combined to bring in an additional \$2.25 million above 2015-16 final budget revenue projections. One-time expenditure savings were also realized, resulting in a final General Fund ending fund balance of 11.1%.

2016-17 General Fund revenues increased by \$7.8 million (4.8%) from the year ended June 30, 2016. This was greater than anticipated and was primarily driven by higher property tax and local option levy collections and State School Fund grant payments. Actual expenditures were lower than appropriations in the final budget by \$9.1 million. This includes a decrease in expenditure for support services (\$1.3 million) and instructional costs (\$1.3 million) resulting from lower than expected staffing-related costs, position vacancies, and savings related to lower costs for utilities and fuel. Additionally, an operating contingency of \$6.0 million was not utilized. The resulting ending fund balance increased to \$24.5 million (14.4%).

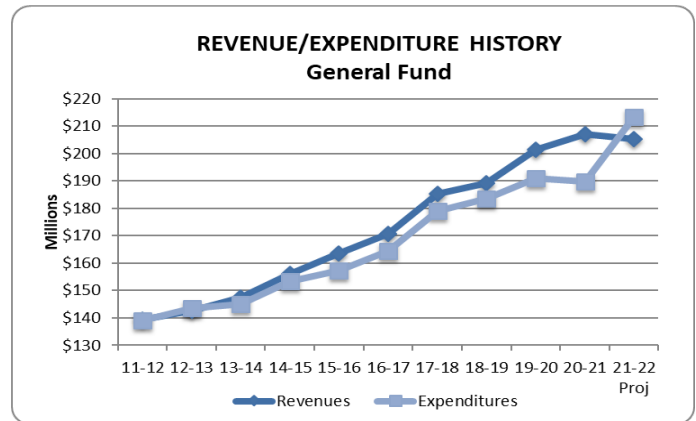
2017-18 Increased local option levy collections and growing interest earnings combined to bring in an additional \$2.7 million above the final General Fund budget revenue projections. One-time expenditure savings were also realized, while the operations reserve and operating contingency (\$17.0 million combined) were not utilized, resulting in a 2017-18 General Fund ending fund balance of \$30.8 million (16.7%). Amounts in excess of the Board required General Fund ending balance of 5.0% will be used to stabilize district operations in future years.

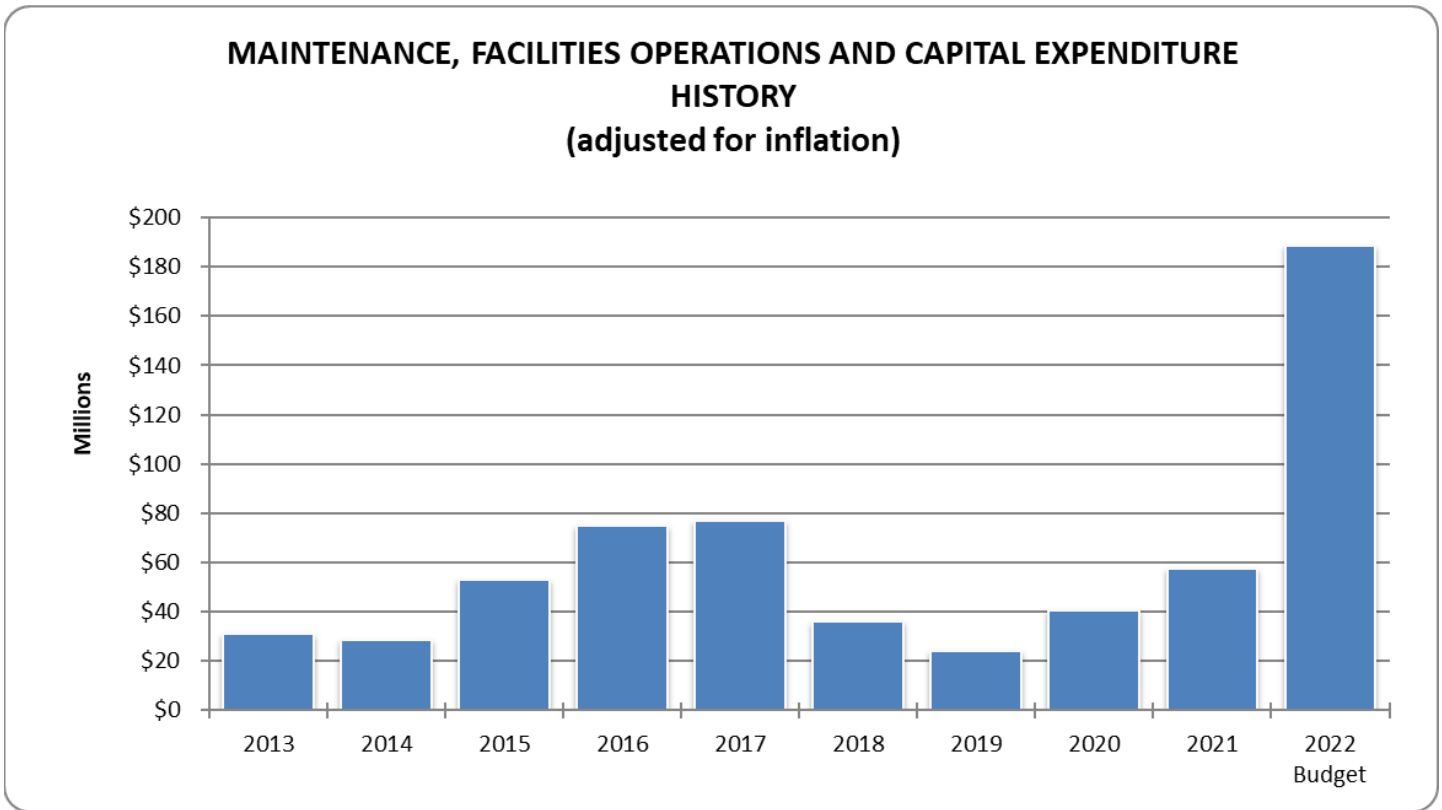
2018-19 Continued increases in property tax and local option levy collections as well as interest earnings combined with vacancy savings due to the tight job market resulted in a 2018-19 General Fund ending fund balance of \$36.6 million (19.7%). The Board has set aside a portion of this amount as a PERS Reserve to offset future rate increases. Operational reserve amounts in excess of the Board required General Fund ending balance of 5.0% will continue to be available to stabilize district operations in future years.

2019-20 At the onset of the COVID-19 pandemic in early 2020, the District moved swiftly to conserve resources through staff hiring and spending freezes as well as two furlough days funded through the State of Oregon WorkShare program. As a result, the General Fund ending fund balance increased by \$10.6 million to \$47.2 million (23.5%) by year end. This funding will be available to support District operations through the ongoing pandemic and the resultant economic recession. It will also fund pandemic-related costs not supported by state or federal grants.

2020-21 Enrollment declined significantly in 2020-21 as students moved to on-line alternatives and many families delayed enrolling their kindergarteners. The District returned to in-person learning in the spring of 2021, and was able to utilize available state and federal grant funding to absorb most of the costs associated with returning to buildings.

2021-22 The District had hoped to see a swift enrollment increase with the end of the pandemic in sight, and had increased staffing accordingly. However, this was not the case in the fall of 2021 and enrollment saw a continued decline associated with the ongoing pandemic that negatively impacted funding levels.





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 2022 dollars.

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 final \$16 million in bonds for this measure were issued in June of 2017.

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. The final \$29 million in bonds for this measure were issued in June of 2017.


2018 Capital Improvement Program

In November 2018, voters approved a \$319.3 million bond measure to fund the replacement of three school buildings (North Eugene High School, Camas Ridge Elementary and Edison Elementary), as well as providing funding for district facility upgrades, district safety and security upgrades, the ability to improve equity and CTE access, fund programmatic moves, upgrade technology in the classroom, provide new instruction curriculum, and purchase new buses for student transportation. The first \$150 million in bonds for this measure were issued in April of 2019. The District plans to go out for a second bond issuance in the spring of 2022.

Oregon Department of Education School and District Profiles

The Oregon Department of Education (ODE) produces yearly at-a-glance profiles for schools and departments. These reports, called for by the 1999 state legislature, provide educators with an opportunity to communicate directly with parents and community members about how local schools are performing.

Noted below is page 1 of the 2020-21 at-a-glance district profile for the Eugene School District 4J. For more information, and to view individual school 2020-21 profiles, visit the ODE website at: <https://www.oregon.gov/ode/schools-and-districts/reportcards/reportcards/Pages/default.aspx>




OREGON
DEPARTMENT OF
EDUCATION
Oregon achieves... together!

OREGON AT-A-GLANCE DISTRICT PROFILE


Eugene SD 4J

SUPERINTENDENT: Cydney Vandercar | 200 N Monroe St, Eugene 97402 | 541-790-7700



2020-21

Students We Serve



16,506
Student Enrollment

DEMOGRAPHICS

American Indian/Alaska Native	
Students	1%
Teachers	<1%
Asian	
Students	3%
Teachers	3%
Black/African American	
Students	1%
Teachers	1%
Hispanic/Latino	
Students	16%
Teachers	8%
Multiracial	
Students	11%
Teachers	4%
Native Hawaiian/Pacific Islander	
Students	<1%
Teachers	<1%
White	
Students	68%
Teachers	83%

7%
Ever English Learners

48
Languages Spoken

14%
Students with Disabilities

11%
Mobile Students

47%
Free/Reduced Price Lunch

* <10 students or data unavailable

Special Note

The At-A-Glance School and District profiles tell a story about Oregon's schools and districts. The story is harder to tell this year as the COVID-19 pandemic significantly impacted our schools and the data we collect. As a result, statewide assessment and attendance data cannot be compared to prior years and are not shown here. We have included links to our website where you can view the 2020-21 statewide assessment and attendance data and read a detailed description of how these data were impacted. We're thankful for your partnership as we focus on care, connection and the creation of safe, inclusive and supportive learning environments.

Start Strong

Grades K-2 REGULAR ATTENDERS

Students who attended more than 90% of their enrolled school days.

For 2020-21 Regular Attenders data please visit:
www.oregon.gov/ode/schools-and-districts/reportcards/reportcards/Pages/Regular-Attenders-2021.aspx

Grade 3 ENGLISH LANGUAGE ARTS

Students meeting state grade-level expectations.

For 2020-21 English Language Arts data please visit:
www.oregon.gov/ode/schools-and-districts/reportcards/reportcards/Pages/Statewide-Assessment-Results-2021.aspx

High School Success

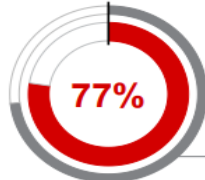
Grade 8 MATHEMATICS

Students meeting state grade-level expectations.

For 2020-21 Mathematics data please visit:
www.oregon.gov/ode/schools-and-districts/reportcards/reportcards/Pages/Statewide-Assessment-Results-2021.aspx

Grade 9 ON-TRACK TO GRADUATE

Students earning one-quarter of graduation credits in their 9th grade year.

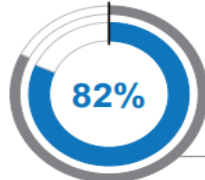


77%

Oregon average **74%**

Grade 12 ON-TIME GRADUATION

Students earning a diploma within four years. Cohort includes students who were first-time ninth graders in 2016-17 graduating in 2019-20.



82%

Oregon average **83%**

District Goals

- Goal I: Educational excellence with equitable access and outcomes for every student
- Goal II: Multiple pathways to student success
- Goal III: Communication and connection with community
- Goal IV: Diverse world-class workforce
- Goal V: Stable, sustainable stewardship

State Goals

The Oregon Department of Education is partnering with school districts and local communities to ensure a 90% on-time, four year graduation rate by 2025. To progress toward this goal, the state will prioritize efforts to improve attendance, provide a well-rounded education, invest in implementing culturally responsive practices, and promote continuous improvement to close opportunity and achievement gaps for historically and currently underserved students.

District Website: www.4j.lane.edu Eligibility for Free/Reduced Price Lunch expanded in 2020-21, for more information please visit: www.oregon.gov/ode/reports-and-data/

EXECUTIVE SUMMARY OF
THE STATE OF OREGON
ECONOMIC AND REVENUE FORECAST

DECEMBER 2021

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/forecastecorev.aspx>

EXECUTIVE SUMMARY

December 2021

The economic recovery from the pandemic continues to be robust. Booming wage gains are now offsetting the fading federal aid. Household incomes and consumer spending remain strong, supporting an overall bright outlook. The economy is set to reach full employment a year from now, or three times faster than in the aftermath of the Great Recession.

The fundamental economic challenge remains the supply side of the economy trying to keep pace with demand. Labor runs through everything, from production to logistics to sales. Firms are looking to hire as quickly as possible, while labor supply has been slower to recover. Labor shortages are likely to ease some in the coming months as more workers search for a job in earnest. Even so, the labor market will remain tight for structural reasons like more retirements and less immigration.

In a supply-constrained economy real economic growth is challenging. Firms invest in new technologies to raise productivity, but this takes time. Persistent inflation is a risk. The Federal Reserve, and many private forecasters, expect inflation to cool some as the impacts of reopening the economy fade and supply chain struggles ease. While not the baseline outlook, the ultimate risk is that the economy runs too hot and the Fed raises rates sharply, creating a boom/bust dynamic in the years ahead instead of engineering the expected soft landing.

Recent forecasts have called for tax collections to return to earth. Federal aid has expired, and economic activity is beginning to return to normal with workers reentering the labor force, returning to offices and spending more on services. Instead of normalizing, however, revenue growth has accelerated further. In recent weeks, daily collection records have been set for both personal income tax withholdings and corporate tax collections. In addition, Lottery sales continue to set records for this time of year.

The revenue boom is being supported by a wide range of income sources. Most importantly, healthy gains in labor income are generating personal income tax payments. Despite Oregon having 70,000 fewer jobs relative to pre-pandemic levels, taxable wages and salaries are far above pre-pandemic trends. A persistently tight labor market is putting upward pressure on wages, leading to significant payroll growth despite the job losses.

The return of inflation after a 30-year hiatus is also generating additional revenue across a range of tax instruments. With demand so strong across the economy, businesses currently have a considerable amount of pricing power, and have been able to pass most of their cost increases along to consumers. As a result, profits and other taxable business incomes are booming. In addition to the direct boost to tax collections, healthy business earnings are supporting equity markets and other forms of investment income.

Inflation is also generating additional Corporate Activity Tax collections. Business sales are taxed by value, not by the quantity sold. As a result, tax liability has risen along with prices, and is expected to remain higher throughout the forecast horizon.

The recent revenue boom, together with an improving outlook for labor earnings, have led to a significant upward revision to the outlook for personal and corporate income tax collections. The current forecast now projects both a \$558 million personal income tax kicker, and a \$250 million corporate kicker as the forecasts have been raised more than 2 percent since the Close of Session. However, considerable uncertainty remains. Although the baseline outlook calls for continued growth, overheating remains a real possibility. Inflationary booms of the sort we are experiencing today traditionally do not end well, putting recent revenue gains at risk going forward.

Dec 2021 - Other Economic Indicators

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
GDP (Bil of 2012 \$),												
Chain Weight (in billions of \$)	19,032.7	18,384.7	19,385.0	20,211.2	20,782.9	21,336.5	21,866.7	22,399.5	22,914.6	23,427.9	23,946.6	24,477.0
% Ch	2.3	(3.4)	5.4	4.3	2.8	2.7	2.5	2.4	2.3	2.2	2.2	2.2
Price and Wage Indicators												
GDP Implicit Price Deflator,												
Chain Weight U.S., 2012=100	112.3	113.7	118.1	121.8	124.4	127.4	130.5	133.7	136.9	140.2	143.5	146.8
% Ch	1.8	1.3	3.9	3.1	2.2	2.4	2.5	2.4	2.4	2.4	2.4	2.3
Personal Consumption Deflator,												
Chain Weight U.S., 2012=100	109.9	111.2	115.3	118.5	120.9	123.3	126.0	128.7	131.5	134.4	137.5	140.5
% Ch	1.5	1.2	3.6	2.8	2.0	2.0	2.1	2.1	2.2	2.2	2.3	2.2
CPI, Urban Consumers,												
1982-84=100												
West Region	270.3	275.1	287.4	298.8	306.0	313.7	321.9	330.5	339.5	349.0	358.8	368.9
% Ch	2.7	1.7	4.5	3.9	2.4	2.5	2.6	2.7	2.7	2.8	2.8	2.8
U.S.	255.7	258.8	270.0	278.1	283.9	289.9	296.5	303.3	310.4	317.9	325.7	333.6
% Ch	1.8	1.2	4.3	3.0	2.1	2.1	2.3	2.3	2.4	2.4	2.4	2.4