

## Appendix 5.A. General Assumptions

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The projection is based on the actual State School Fund Grant of \$9.3 billion for the 2021-23 biennium which is a 3.33% increase over the 2019-21 biennium. K-12 advocates lobbied with the State Legislature that an allocation closer to \$9.6 billion is necessary to cover current service level costs in the upcoming biennium. Legislators responsible for developing the State budget point to Student Investment Account (SIA) dollars and the ESSER (federal emergency relief) funds and settled on the lower State School Fund Grant number of \$9.3 billion for 2021-23. This was despite consistent messages to legislators that the SIA dollars are dedicated to the needs of marginalized students and the ESSER funds are one-time dollars reserved for student needs in response to the pandemic. Neither of these resources are intended to support General Fund current service level needs of districts.

The State School Fund Grant formula is based on the district's ADMw or weighed average daily membership. The District's enrollment fell by approximately 750 students between the fall of 2019 and fall of 2020 due to the move to comprehensive distance learning because of the pandemic. The ADMw used for the 2021-22 State School Fund projection is based on the District demographer's forecast which assumes most of the lost students will return in 2021-22. The ADMw projection beyond 2021-22 is based on a flat statewide projected ADMw and a flat Tigard-Tualatin School District trend. There are no assumed enrollment changes due to ongoing uncertainty on how families will respond as TTSD schools reopen to full in-person, five days-a-week instruction.

Local option taxes are difficult to predict. The District has chosen to predict 3% growth. Declines in property values would cause this revenue to experience a slower growth or even a decline. A review of property tax collections in past recessions has not shown a decrease in collections. The prior Great Recession was due to issues in the real estate and mortgage industries. The current recession is due to the impacts of a health crisis and not a financial crisis.

Due to the move to comprehensive distance learning because of the pandemic in 2020-21 there are significant cost savings in the current year including the following:

- Personnel cost savings due to unfilled positions and reduced FTE and hours
- Reduced substitute costs due to less need
- Reduced transportation costs due to less need for home to school transportation

Due to the cost savings in 2020-21 addressed above, there are significant differences between the projected 2020-21 expenditures and the estimated expenditures in the 2021-22 budget, which reflects current service level based on a full year of in-person instruction for all students

This five-year projection is a living document and will be updated as events occur or changes in the economy are noted. The five-year history provides support and content for the estimates in future years.

### 2021-23 Biennium

Assumptions for 2021-22:

- Revenue
  - State School Fund Grant is based on a 49/51 split.
  - \$1.8 million in reserves is allocated for the opening of Art Rutkin Elementary School in the fall of 2023.
  - Local Option Levy revenue will increase over the prior year's budget to reflect actual collections.
  - The high cost disability grant will increase

- Interest income will decrease from the prior year budget due to a sharp drop in interest rates and collections over the past year during the pandemic.
- Pay to play fees have been removed from the budget.
- All other revenue will essentially remain flat.
- Expenditures
  - Salaries and benefits will grow at the negotiated rates for 2021-22. Collective bargaining agreements for three employee groups, licensed, administrators, and the manager and confidential group expire on June 30, 2021.
  - The District will realize General Fund PERS cost savings of \$2 million due to a reduction of employer contribution rates effective July 1, 2021.
  - The 2021-22 budget will continue at the current service level except for new investments in early learning and for the following adjustments for inflation:
    - Contracted transportation costs will increase 12.5%
    - Utilities, repairs and maintenance will increase 2%.
    - All other costs will increase 2%.

#### Assumptions for 2022-23:

- Revenue
  - State School Fund Grant is based on a 49/51 split.
  - \$1.8 million in reserves remains allocated for the opening of Art Rutkin Elementary School in the fall of 2023.
  - Local Option Levy revenue will increase 3% over the prior year budget.
  - All other revenues will essentially remain flat.
- Expenditures
  - Salaries and benefits will grow at the negotiated rates for 2022-23.
  - The 2022-23 budget will continue at the current service level except for the following adjustments for inflation:
    - Contracted transportation costs will increase 2%.
    - Utilities, repairs and maintenance will increase 2%.

#### 2023-25 Biennium

Based on a total State School Fund allocation \$9.6 billion or a 3.23% increase over the prior biennium. The Office of Economic Analysis projects the State of Oregon will reach pre-recession job levels in the second quarter of 2024.

#### Assumptions for 2023-24 and 2024-25:

- Revenue
  - State School Fund Grant is based on a 49/51 split.
  - Local Option Levy revenue will increase at 3% each year.
  - All other revenue will remain flat in both years
- Expenditures
  - Art Rutkin Elementary School will open in the fall of 2023. Staff will be added to the budget from the funds reserved in prior years. There will be additional costs to operate a new school site. As the district plans to open with a smaller enrollment than originally projected the new school startup is estimated at \$1.8 million.
  - Salaries and benefits will grow at the negotiated rates.
  - PERS actuaries are projecting employer contribution rates to increase effective July 1, 2023. The actual rate increases will not be determined until the fall of 2022, but the forecast assumes a 3.5% increase in PERS costs, which approximates the rate of cost decrease in 2021.
  - The budget will continue at the current service level except for the following adjustments for inflation

- Contracted transportation costs will increase 2% in both years.
- Utilities, repairs and maintenance will increase 2% in both years.
- All other costs will increase 2% in the first year of the biennium, but will remain flat in the second year.

## **2025-27 Biennium**

Based on a total State School Fund allocation of \$10 billion or a 4.17% increase over the prior biennium.

Assumptions for 2025-26:

- Revenue
  - State School Fund grant is based on a 49/51 split.
  - Local Option Levy revenue will continue to increase at 3%.
  - All other revenue will remain flat.
- Expenditures
  - Salaries and benefits will grow at the negotiated rates.
  - The 2025-26 budget will continue at the current service level except for the following adjustments for inflation:
    - Contracted transportation costs will increase 2%.
    - Utilities, repairs and maintenance will increase 2%.
    - All other costs will increase 2%.