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Media Release

Board Approves 2014-15 Calendar Change, Will Postpone Budget Adoption

Approved 2014-15 budget adds \$6.2 million and reduces furlough days from two to one, but opportunity to refinance existing bond debt will push the official adoption to June 24

May 28, 2014, Hillsboro, OR – At their meeting last night, the Hillsboro School Board unanimously approved a revision to the previously adopted 2014-15 school calendar to restore Friday, March 20, 2015, as an instructional day.

When the District was budgeting for the 2013-14 school year and looking at forecasts for the biennium, it was considering negotiating with the licensed employee union to achieve five furlough days in each of the 2013-14 and 2014-15 school years to make up for anticipated budget shortfalls. However, Gain Share money received from the City of Hillsboro and Washington County allowed the District and union to agree to just two furlough days each year.

Over the course of the winter and spring of this year, the cumulative effect on the District's 2014-15 revenue—as a result of last fall's Legislative Grand Bargain, a revision to the poverty calculation for schools, and updates to the 2012-13, 2013-14 and 2014-15 State School Fund estimates—became clearer. By mid-April, calculations indicated the District would have revenues that were \$6.2 million in excess of expenditures.

On Thursday, May 8, the Hillsboro School District Budget Committee, composed of the Hillsboro School Board and an equal number of appointed citizens, unanimously approved the 2014-15 proposed budget, which included allowing the District to add back one of the two furlough days to the calendar, hire teachers, and provide additional classified support, among several other things.* That night, they also set the Permanent Tax Rate (property taxes for education) to support the General Fund, and set the Debt Service Levy amount (additional taxes to pay off previously approved bonds) to support the Debt Service Fund.

The following week, the District was contacted by its underwriter about an opportunity to refinance a portion of the District's outstanding bond debt at a significant savings to taxpayers. When taxpayers approved the District's last bond in 2006 for the construction of new schools, those bonds were sold in two series: Series 2006A and Series 2006B. The Series 2006B bonds are structured as "callable deferred interest bonds," so they may be prepaid prior to their maturity dates, which are currently in 2025 and 2026. Refinancing those bonds now will save taxpayers approximately 34% or \$6.5 million in net present value, and can be accomplished while keeping the total bond levy rate stable for the next four years.

To satisfy procedural guidelines around actions of the Budget Committee and public notification in advance of the Budget Hearing, the District will reconvene the Budget Committee on Tuesday, June 10, to discuss the refinancing option and corresponding new Debt Service Levy amount, and then will announce that the Budget Hearing will take place on Tuesday, June 24.

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*To see the 2014-15 Budget and a list of the additions, visit the [Budget Matters](#) page on the District's website.

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