Work Session started at 5:30 pm.

2023-24 Budget Issues and Budget Preview – Kathy Steinert

Post-Pandemic Context:
- Federal relief cash must be spent by September 30, 2024
- Gloomy financial and economic outlook
- 40-year high inflation
- Tight labor market and hiring challenges
- Teachers and staff negotiating large raises
- Lower enrollment forecasts
- Pandemic learning gaps persist

2023-2025 Biennium Economic Context:
- Projecting a mild recession
- Inflation has peaked and is slowing
- Labor market is tight
- The current biennium shows strong growth (19.2%) in general fund revenue, but the next biennium will experience a record tax kicker, leaving a forecasted loss in revenue of -11.1%
- Sizable reserves remain

Key Takeaways for K-12 Education:
- Unanticipated revenue in 2021-23 biennium
- Record kickers back to the taxpayers
- Record reserves
- Belt tightening coming because of projected recession and decrease in state revenue
- CAT tax dipped which affect the Student Investment Account (SIA)

Our District’s enrollment dipped by 400 students during the pandemic, however we have recaptured them and it is slowly increasing. We are projecting a 1.1% growth in the 2023-24 school year.
2023-2025 Biennium Political Context:
- New Governor
- New House Speaker and Senate President
- 33 new legislators (37%)
- Democratic supermajority ended

2023-2025 Biennium Governor’s Recommended Budget
- Governor Kotek’s $32.1 billion was released
- Three priorities are housing and homelessness, mental health and addiction care, education and childcare
- The proposed State School Fund (SSF) allocation is $9.9 billion – OASBO projects current service level at $10.3 billion
- The proposed High School Success (Measure 98) allocation is $329.7 million – not a huge increase from the last biennium
- The proposed Student Investment Account (SIA) allocation is $977.4 million

Operating Grants:
- Some of the ways our District uses SIA includes extra K-1 teachers for lower class size targets to 20 students per classroom at K-1, BRYT Program for mental health and behavioral issues, intensive behavioral program at StepUP, and artist in residence programs at some elementary schools.
- High School Success allows us to fund a number of CTE teachers at both high schools, high school success coordinators, and secondary instructional coaches.

Compensation
- 2022-23 Budget includes $67,444,400 in compensation – 84.7% of the budget – compared to our four neighboring districts, we are behind in maximum licensed salary schedule
- 2023-24 Budget
  - At the Governor’s proposed budget of $9.9 billion – we project being approximately $3.5 million short of being able to fund a 5% COLA – we would need to cut existing expenses by 4.4%
  - If we budgeted at the $10.3 current service level – that would leave us $1.6 million short of being able to fund a 5% COLA – we would need to cut existing expenses by 2%. If we have a higher ending fund balance from this current fiscal year to roll into next, that could help close the gap to fund those projected salary increases
- PERS
  - Our District took an educated risk and issued PERS bonds in 2021, the risk has paid off dramatically, saving the District and estimated $4.4 million this biennium

Federal COVID Relief Funds - $17.9 million
- Our District is approaching a funding cliff – we were given $17.9 million to be spent over four years, the past two years, this year, and the upcoming school year
- We project approximately $3.4 million in ESSER III for 2023-24
- We received approximately $1.9 million in Emergency Connectivity Funds – being used to provide internet access through hot spots and refresh Chromebooks
Next Steps
Balanced budget will be presented - April 26, 2023
Review budget documents and submit questions
Second Budget Committee meeting - May 10, 2023
Budget Hearing and Budget Adoption – June 28, 2023

Work Session ended at 7:05 pm.

[Signature]
Budget Committee Chair

[Signature]
Gina Blanchette, Executive Assistant