



# State School Fund and Local Budget Review - 101

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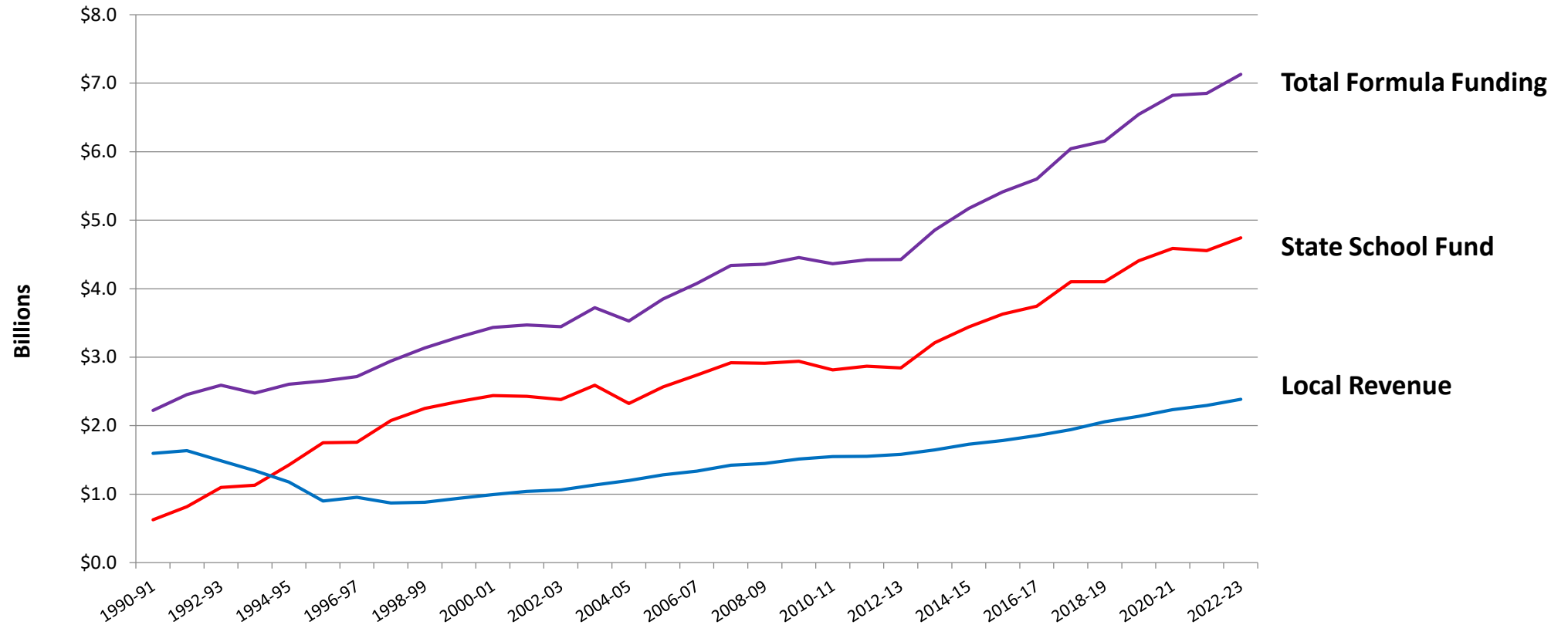
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# State School Fund Basics

**Authority and relevant information can be found:**

- **ORS 327 – State School Fund (SSF) statutes**
- **OAR 581-023 – School Finance rules for administering SSF**
  
- **The SSF was established in the early 1990s in response to changes in property tax law due to Measures 5, 47, and 50**
- **Majority of funding changed from Local Revenue to State Revenue – 1/3 to 2/3**
- **There was also interest to equalize funding for K-12 education statewide**

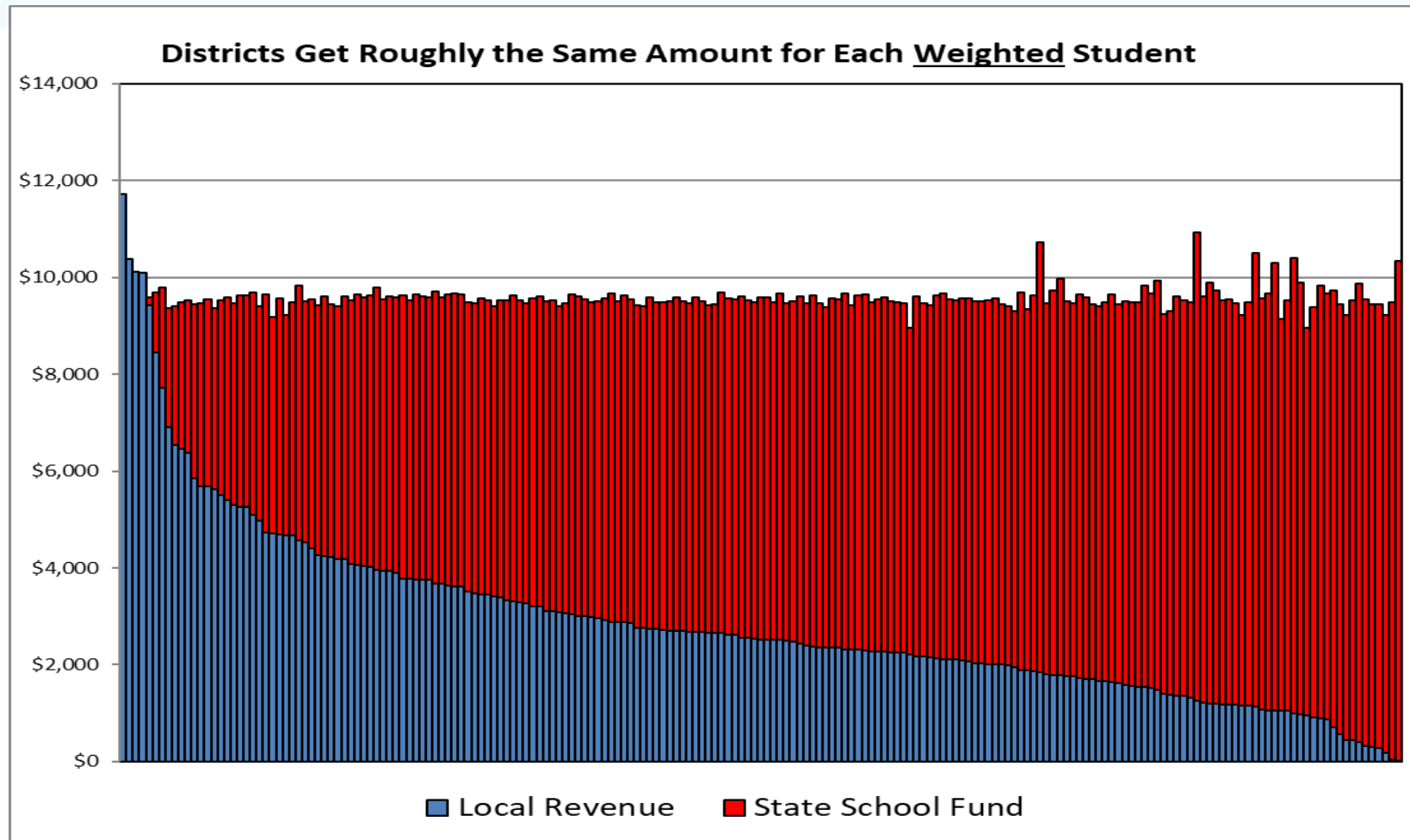
# State School Fund Basics



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2022-23 State School Fund Estimates as of February 2023		
2021-22	2022-23	2021-23 Biennium
\$ 4,555,040,000	\$ 4,740,960,000	\$ 9,296,000,000
<b>Budget Appropriation for school districts &amp; ESDs:</b>		\$ 4,740,960,000
	Reserve:	(\$20,000,000)
	Transfers:	(\$42,585,117)
	<b>State Revenue for Formula:</b>	\$ 4,678,374,883
	District Local Revenue:	\$ 2,258,537,480
	ESD Local Revenue:	\$ 153,212,111
	<b>Local Rev. for Formula (District + ESD):</b>	\$ 2,411,749,591
	<b>Total Revenue For Formula:</b>	\$ 7,090,124,474
	District Share at 95.50%:	\$ 6,771,068,873
	ESD Share at 4.50%:	\$ 319,055,601
	District Transfers and Grants:	(\$65,235,125)
	Transportation Grant:	(\$274,914,086)
	<b>District Formula Revenue:</b>	\$ 6,430,919,662
	ESD Transfers:	(\$9,219,125)
	<b>ESD Formula Revenue:</b>	\$ 309,836,476
	Estimated ADMw:	671,900.00
	<b>SD Rate per ADMw:</b>	\$ 9,571
	SD Funding Ratio:	2.127

# State School Fund Basics



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- With local formula revenues, the SSF provides about 80% of general operating dollars to districts and education services districts (ESDs);
- All sources of funding for the SSF represents ~92% of districts' General Fund revenues – discretionary spending
- Allocated through a statutorily required equalization formula adopted in 1991 and largely unchanged since that time;
- Goals of the formula are to:
  - Equalize district and ESD funding;
  - Compensate districts for certain student and district characteristics through “weights;” and
  - Maintain local control.
- Districts administer spending decisions unless the Legislature directs otherwise

# State School Fund Basics

It takes approximately 30 months to process one school year from start to finish

- We begin with estimated data from districts, which is used for the initial estimates and payments beginning in July
- We update mid-school year with data for membership and revenues, and update estimates and payments in March and April, just prior to the first May reconciliation
- We collect data after the school year has ended and update estimates with “Actuals” and reconcile in the following May
- We are always administering three school years at any time >>>

# Local Budget Law Basics

Requirements: ORS 294.305 to 294.565

- Establish standardized procedures
- Outline programs and fiscal policies
- Require estimates of resources and expenditures
- Encourage citizen involvement
- Control expenditure of public funds

\*Credit Oregon Department of Revenue





# Local Budget Law Basics



## Sample budget cycle

- Jul – Aug: Implement new budget and monitoring
- Sep – Oct: Strategic planning, update instructions, capital planning
- Nov – Dec: Capital plans due, begin developing base budgeting
- Jan – Feb: Base budgeting due, monitor performance metrics/tactics
- Mar – Apr: Review all budget items, hold budget meetings, propose budget
- May – Jun: Hearings to approve/adopt budget for upcoming fiscal year

\*Credit Oregon Department of Revenue and Tualatin Valley Fire & Rescue

# Local Budget Law Basics

## Additional Requirements for Schools and ESDs

- Budget received by Department of Education (ODE) by July 15<sup>th</sup>
- Electronic data submitted to ODE by August 15<sup>th</sup>
- The electronic data and a copy of the budget are reviewed by ODE to ensure alignment
- The budgeting process uses the Chart of Accounts in the Program Budget and Accounting Manual (PBAM – available online)
- This budget data for all school districts is available for public review later in the year >>>

# Local Budget Law Basics

## The Chart of Accounts includes:

- **Seven major fund layers:** General Fund, Special Revenue, Debt Service, Capital Projects, Enterprise Fund, Internal Service Fund, Trust and Agency Fund
- **Seven major Functions:** Instruction, Support Services, Enterprise and Community Services, Facilities Acquisition and Construction, Other Uses, Contingencies, Unappropriated Ending Fund Balance
- **Eight major Objects:** Salaries, Associated Payroll Costs, Purchase Services, Supplies and Materials, Capital Outlay, Other Objects, Transfers, Other Uses of Funds
- **Five major Sources:** Local, Intermediate, State, Federal, Other
- **Expenditures:** 66 Function codes, 60 Object codes, 35 Areas of Responsibility
- **Revenues:** 65 Source codes
- Operational Units – school and district programs for school-level reporting
- Series for expenditure dimensions: Fund, Function, Object, Area of Responsibility
- Series for revenue dimensions: Fund, Source

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# Thank you

## Are there any questions?

