



INSPIRE AND EMPOWER

◊ EACH STUDENT ◊

Budget 101

March 2026



Introductions

Presenters:

Dr. Tracy Klinger - Superintendent

Pete Bejarano - Director of Finance

District Staff:

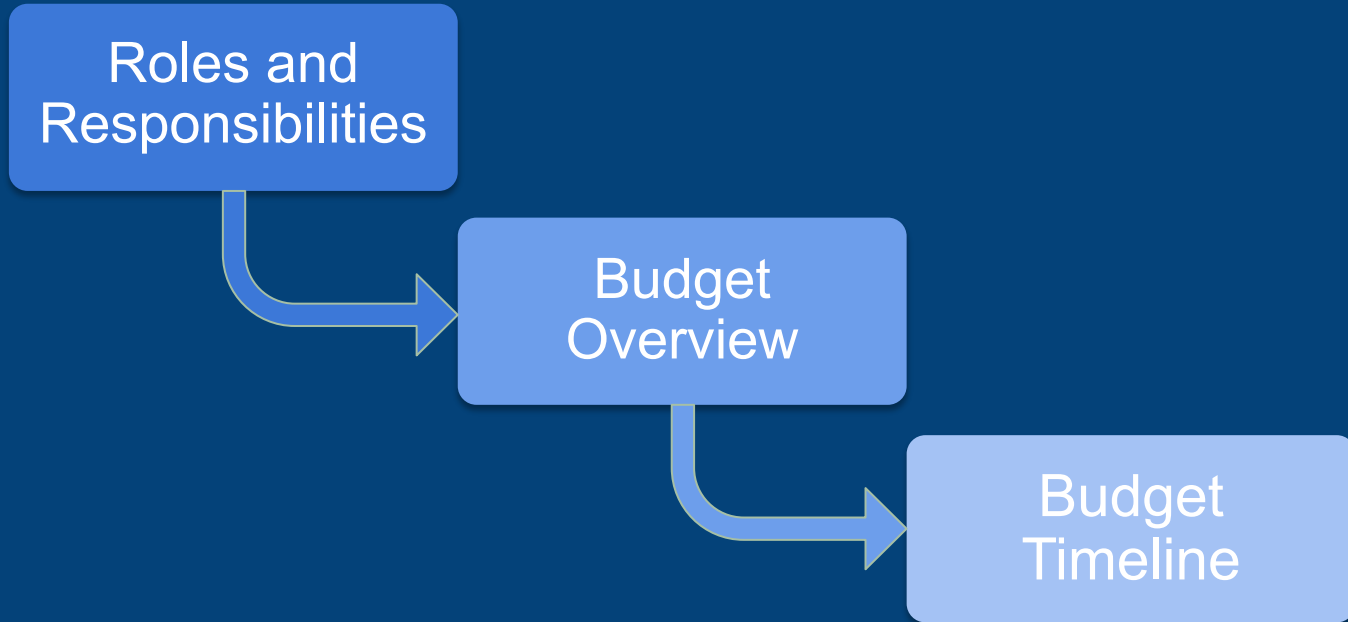
John Koch - Deputy Superintendent

Dr. Sara Deboy - Assistant Superintendent

Kevin Holden - Budget Analyst



Budget 101 Meeting Roadmap





ROLES & RESPONSIBILITIES



ROLES & RESPONSIBILITIES

Budget Committee



From Board Policy DBEA

Budget Committee

The budget committee will have the responsibility for reviewing the financial program of the district, reviewing the proposed district budget as presented by the superintendent and recommending an annual district budget in keeping with the provisions of applicable state laws.

Educational policy decisions, however, are the responsibility of the Board, not the budget committee. The committee does not have the authority to add programs or to approve additional personnel or increase salaries. While the committee may, in effect, delete programs because of a fund decrease the committee is charged primarily with a fiscal evaluation of programs. The committee may, alternatively, set an amount that changes the recommended budget and may request the administration make such changes in accordance with priorities set by the Board.



ROLES & RESPONSIBILITIES

Board & Management

BOARD	DISTRICT MANAGEMENT
•Set Vision and Direction	•Design Programs to Meet Goals
•Create Policy to Guide Action	•Implement Policies and Plans
•Represent Community Interest in District Activities	•Align Resources to Priorities



ROLES & RESPONSIBILITIES

Budget Committee

Budget Process	Decision Points
<ul style="list-style-type: none">● Nominate a presiding officer	<ul style="list-style-type: none">● Approve the budget as proposed
<ul style="list-style-type: none">● Review budget document	<ul style="list-style-type: none">● Change appropriation - if forecasted revenue is significantly different than District projections
<ul style="list-style-type: none">● Approve Ad Valorem Tax rate	<ul style="list-style-type: none">● Approve the tax levy rates
<ul style="list-style-type: none">● Hear from the community	
<ul style="list-style-type: none">● Participate in the budget presentation	
<ul style="list-style-type: none">● Approve the proposed budget at the function level	



Appropriations

- Local Budget Law requires a **balanced budget**.
 - Forecasted revenues = budgeted expense.
- The budget sets a **maximum legal spending level** for expenditures. That “setting of the max” is **appropriation**.
- *No maximum for revenues*. If we get more, great!
- The Budget details GBSD Management’s **collective best thinking for the future** based on preliminary projections that may or may not change.

The Plan



The Reality





Roles & Responsibilities

The basics of budget funds & restrictions

- **General Fund** - *Unrestricted* funds can be spent by the District, *within* appropriation levels set by the Board, *without* approval from other entities
- **Special Revenue Fund** - *Restricted* to specific types of expenditures by:
 - Federal grant contracts
 - State grant contracts
 - Other legal restrictions (Student Body Funds, Nutrition Services, PERS Liability, Retirement Funds)
- **Debt Service Fund** - *Restricted* only to debt activity
- **Capital Projects Fund** - *Restricted* only to non-operational capital projects such as building projects, capital equipment purchases, etc.



Board Budget Responsibilities

Appropriation: function-level budget approval

This is the **only legal** page of the budget the board approves.

Resolution No. 2026-02

MAKING APPROPRIATIONS

BE IT RESOLVED that the amounts for the fiscal year beginning July 1, 2025, and for the purposes shown below are hereby appropriated:

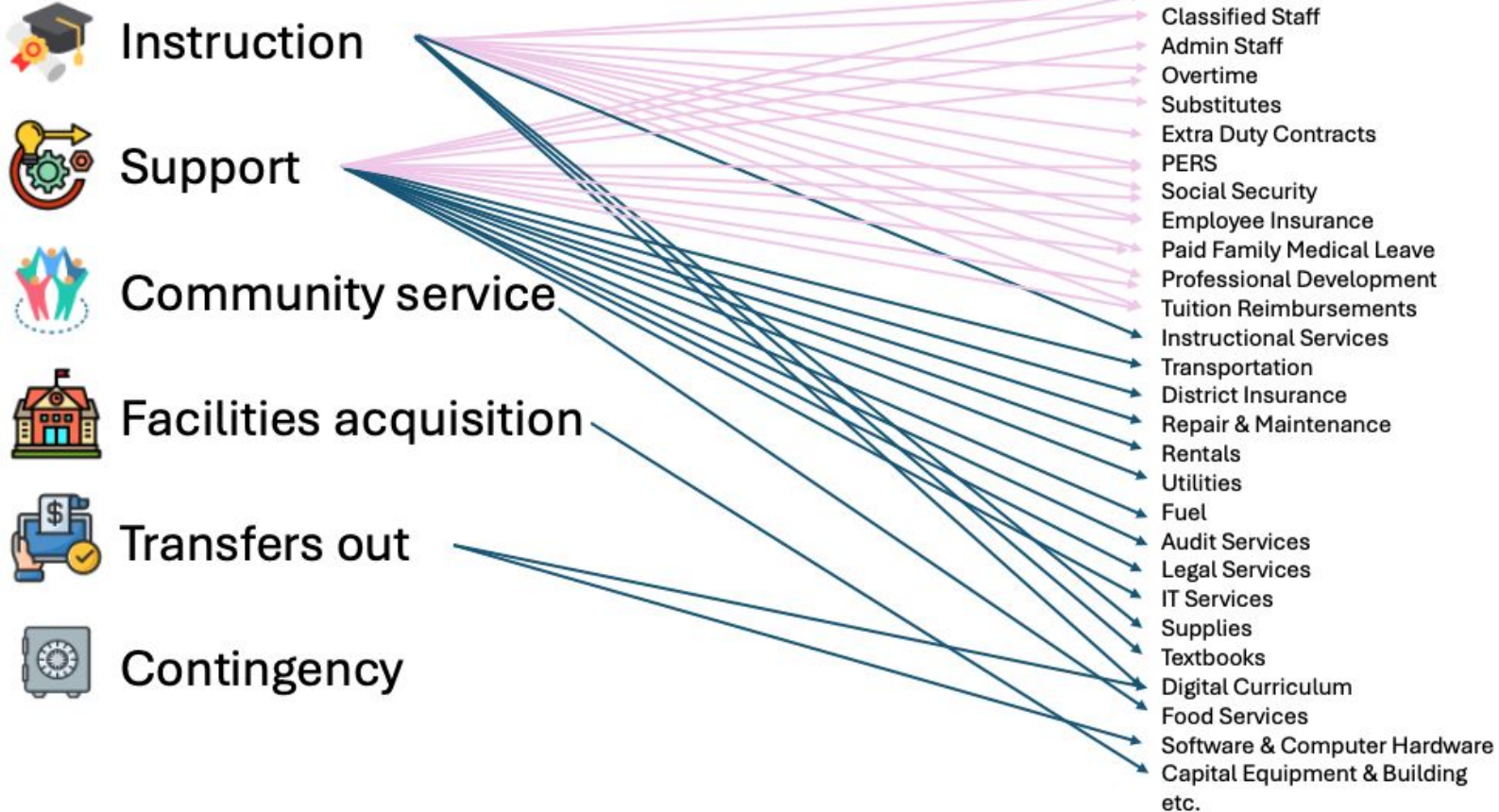
General Fund		Debt Service Fund	
Instruction	\$ 101,789,935	Debt Service	\$ 31,502,050
Support Services	64,612,832	Total	\$ 31,502,050
Enterprise & Community Services	399,693		
Facilities Acquisition	515,000		
Transfers Out	1,550,000	Capital Projects Fund	
Contingency	2,500,000	Support Services	\$ 3,292,350
Total	\$ 171,367,460	Facilities Acquisition	1,470,000
		Transfers Out	185,650
		Total	\$ 4,948,000
Special Revenue Fund			
Instruction	\$ 24,498,469		
Support Services	19,190,809		
Enterprise & Community Services	9,041,252		
Facilities Acquisition	1,325,750		
Total	\$ 54,056,280		
		Total Appropriations, All Funds	\$ 261,873,790
		Total Unappropriated, All Funds	24,720,851
		TOTAL ADOPTED BUDGET	\$ 286,594,641 *
			(*amounts with asterisks must match)

Board: Legal Appropriation

Function-Level

District Leadership: Budget Details

By program-level, (CTE, DLI, IEP, etc), by location-level, by area of instruction-level, etc





What about the other 180+ pages of the budget?

They mostly show more detail.

Per Local Budget Law: specifics in a budget are flexible to allow District Management, as directed by the Superintendent, **to adapt** to changing situations throughout the year.

The legal appropriation levels set by the budget are at the “**major function level**” only. Within those functions, one specific function code may move to another **as long as the total** for all 2000-code ‘Support Services’ remains within the appropriation level set by the approved budget.



What about budgeted positions? FTE?

Positions vs Full Time Equivalents (FTE)

The budget document itself is a **legal appropriation of dollars, not FTE**. A budget document is not an employment contract, and not a commitment to any specific FTE amount, even by major function level.

The two-year comparison of FTE broken out by Fund and Bargaining Groups is a plan only, and not legally binding.



KEY TAKEAWAYS

- The Legal budget document is just **one page**.
 - It is by **major function level**.
 - Other pages are details of the best plan the District can make in April, knowing things will change by September.
- A budget legally **appropriates** dollars (“sets the max”).
Any FTE in a budget is a plan only, not legally binding.
- The role of the budget committee in the largest sense:
 - **review** the budget document
 - **ask** questions
 - **listen** to community feedback at the committee meeting
 - finally, to **recommend** to the board to adopt a budget



BUDGET OVERVIEW



A Note on 'Current Service Level'

Current Service Level (CSL) is a term regularly used at the Oregon State Legislature to speak about the funding level needed to keep current programs and staffing *unchanged* each biennium to provide the same level of Educational service year-to-year

The inability to sustain CSL has been ongoing for over 30 years

- Since 1992 in Oregon, cost increases has consistently been greater than State allocations of revenue to meet CSL at Districts.
- This is a separate issue from the occurrence of so-called “unfunded mandates”

What Budget Reductions Mean for Students



When budgets are reduced, **impacts are unavoidable**. Because school funding is primarily invested in people and services, **reductions affect students directly**.



Common impacts include:



Larger class sizes



Fewer electives and CTE courses



Reduced arts, athletics, clubs, and enrichment



Fewer counselors, specialists, and mental health supports



Delayed maintenance of school buildings and classrooms

- aging HVAC systems
- plumbing issues



Without structural fixes

Districts are forced into increasingly **difficult tradeoffs**:



Class size



special education supports



English Learner services



electives and CTE



Mental health supports



enrichment and arts

This creates an **unsustainable cycle of reductions** that **limits student opportunity** and **strains** school systems year after year.



2025-26 Budget Overview

(aka: last year's budget process)

- Legislature allocated \$11.36 billion state-wide for biennium
- Needed \$12.1 billion state-wide to maintain CSL (current service level)
- Reduced GBSD budget \$8.1 million in 25-26 budget
- **Earlier this year**, the Governor's office asked every agency in the State to submit potential mid-year reductions.
 - The Legislature decided not to reduce ODE's portion of core District support mid-year.

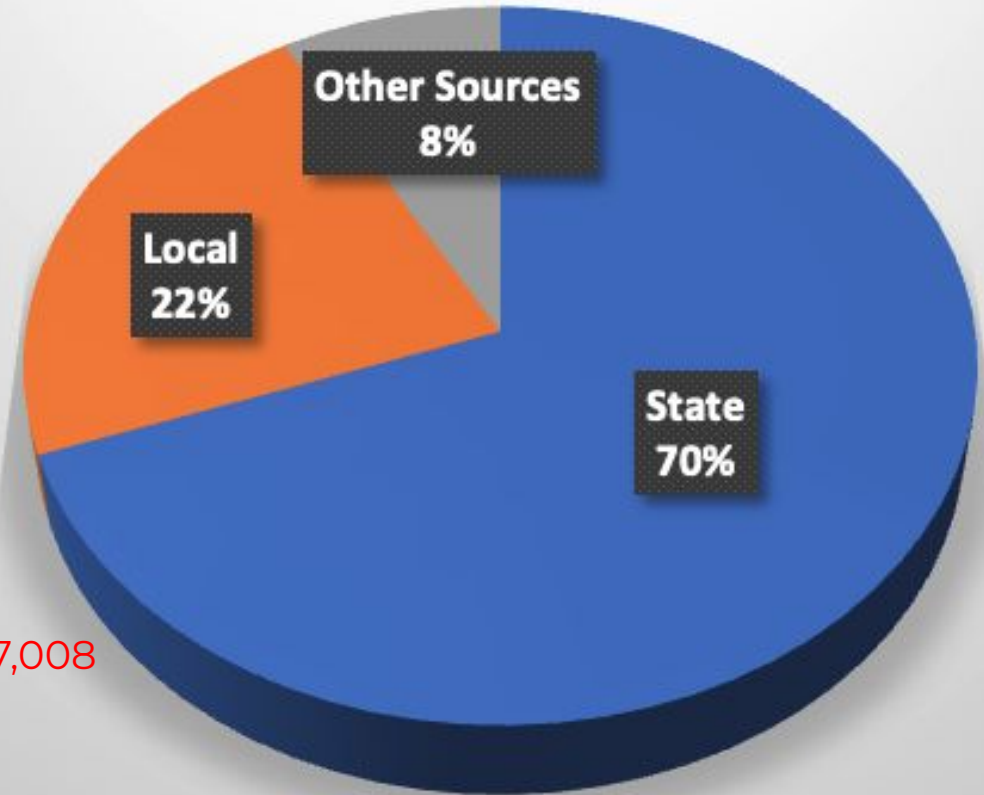


Budget Basics: **General Fund**

- Oregon Local Budget Law (*ORS 294.338*)
 - **Balanced budget** - the District anticipates revenue, plans expense to match equally
 - we must spend within our means
- **General Fund Revenue:** majority is the State
 - State legislature determines SSF formula funding for schools
- **General Fund Expense:** majority goes to staffing

FY 2526 BUDGETED REVENUE

General Fund



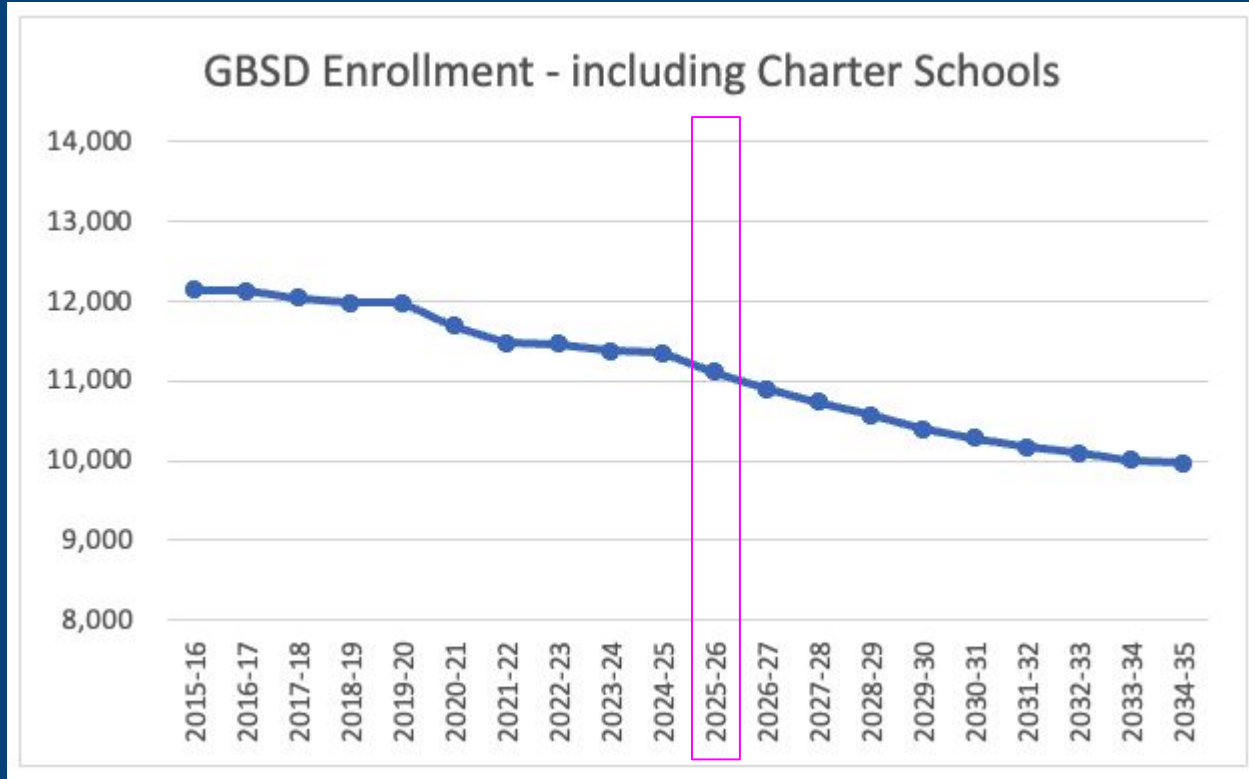
State: \$126,016,076

98% is SSF: \$122,987,008

Local: \$40,347,169

Other: \$14,852,438

Steady decreases in enrollment projected



Source: Woolpert; via Soderstrom Long-Range Facility Plan

Student Enrollment is Declining Reducing Funding

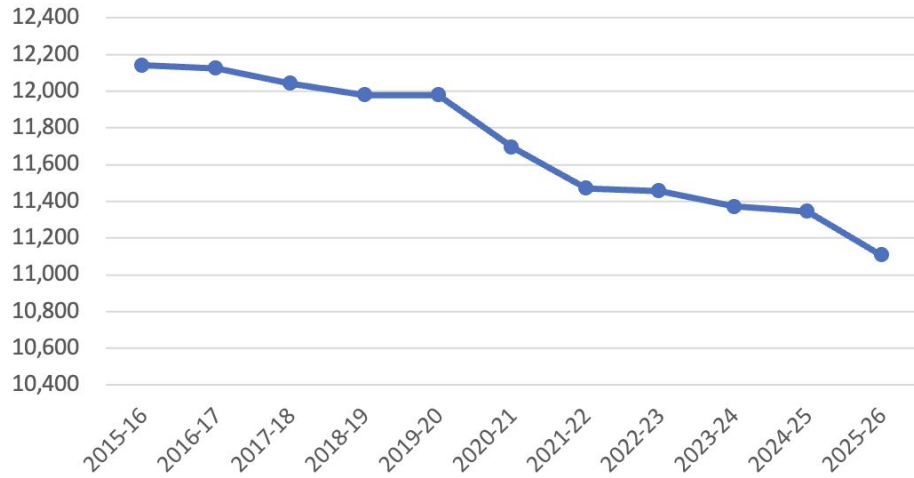


District	2015-16	2024-25	Percent Change	Total loss in number of Students
David Douglas	10,849	8,728	-20%	2,121
Parkrose	3,328	2,727	-18%	601
Reynolds	11,553	9,700	-16%	1,853
Centennial	6,321	5,412	-14%	909
Corbett	1,239	1,077	-13%	162
Portland Public Schools	48,383	43,319	-10%	5,064
Gresham-Barlow	12,141	11,463	-6%	678

Source: ODE Fall Membership Reports |
<https://www.oregon.gov/ode/reports-and-data/students/pages/student-enrollment-reports.aspx>

Alignment of enrollment and FTE

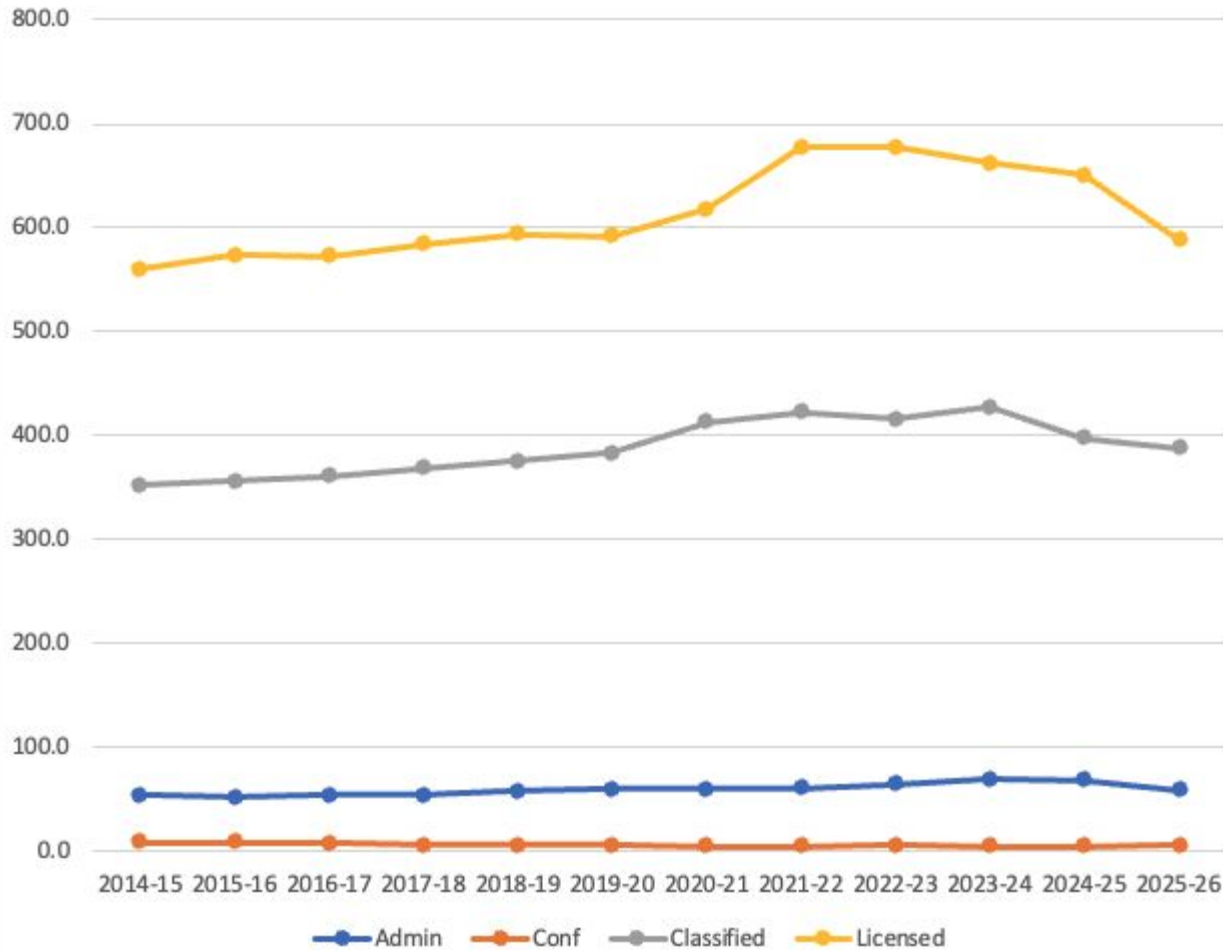
Enrollment - including Charters



FTE - GBSD only



GBSD - FTE by Bargaining Group



Fiscal Year	Admin Conf % of total FTE	Total FTE
2014-15	6.4%	974.2
2015-16	6.2%	991.3
2016-17	6.2%	995.4
2017-18	5.9%	1,012.4
2018-19	6.2%	1,032.9
2019-20	6.3%	1,041.3
2020-21	5.9%	1,095.8
2021-22	5.7%	1,166.3
2022-23	6.1%	1,164.1
2023-24	6.4%	1,163.1
2024-25	6.6%	1,122.5
2025-26	6.2%	1,041.0



Budget Basics: Financial Reserves

Like a savings account, it's there to be used only in emergencies

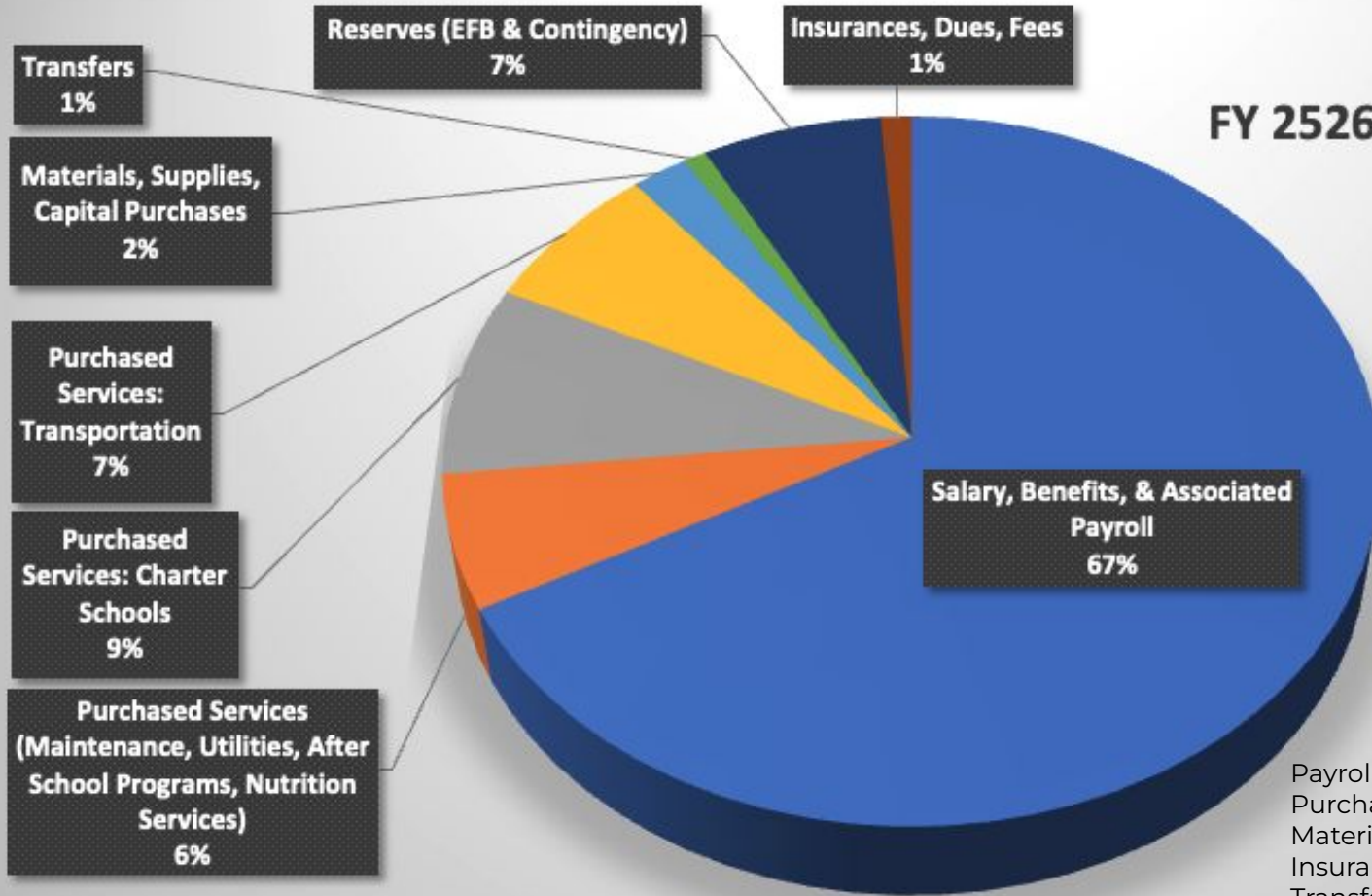
Examples:

- 1) To maintain normal operations and payroll when government shutdowns stopped flows of Federal grants
- 2) To pay for repairs from weather damage before emergency funding from FEMA or insurance claim dollars available



**Ending Fund Balance
& Contingency**

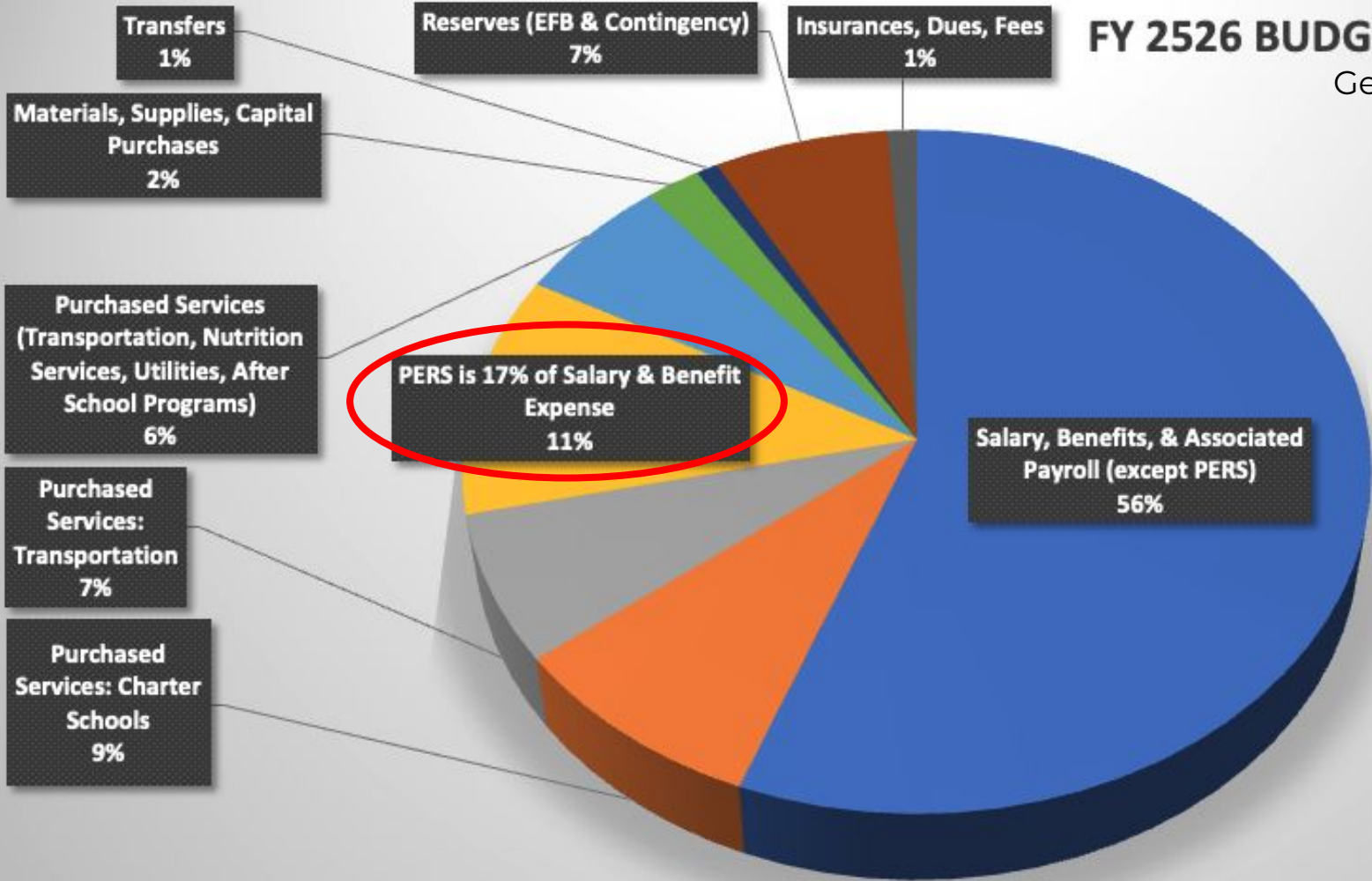
General Fund FY 2526 BUDGETED EXPENSE



Payroll: \$121,877,683
Purchased Srvcs: \$39,456,181
Materials, Supplies, Capital: \$3,895,497
Insurances, Fees: \$2,088,099
Transfers: \$1,550,000
Reserves (EFB+Contingency) \$12,348,223

FY 2526 BUDGETED EXPENSE

General Fund





Factors impacting next year's budget

- A. State funding (+3.4%) is not keeping pace with **rising costs**
 - i. payroll costs +4.5%
 - ii. PERS costs +9%
 - iii. utility costs +8%
 - iv. insurance costs +12%
- B. **Declining enrollment**
- C. State grants, and even Federal **grants are increasingly uncertain**



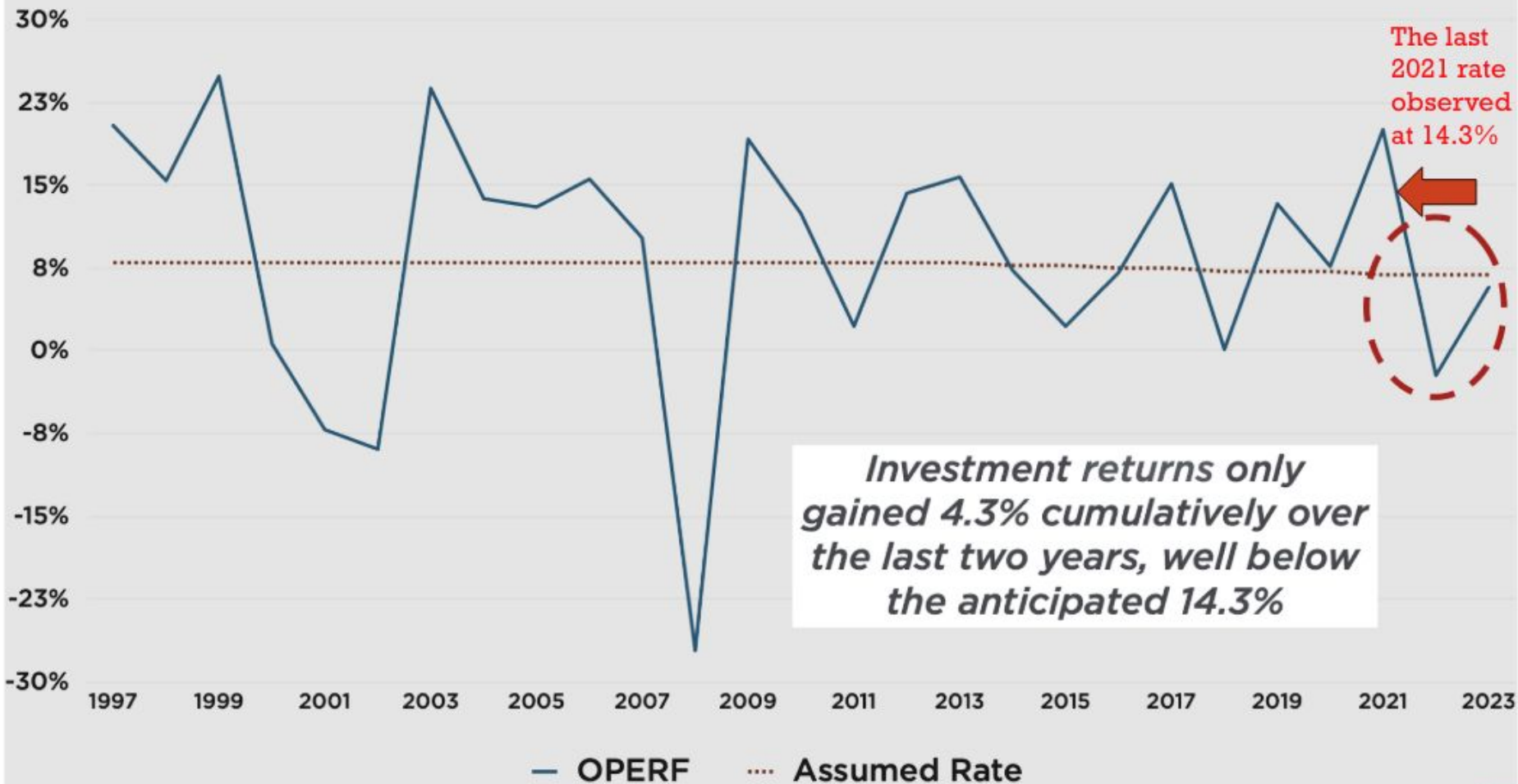
PERS: a market-based investment

- The **Oregon Legislature has sole authority** to make changes to PERS rates, rules on who qualifies and what the various tiers are, etc by changing the laws that created PERS in the first place
- A **massive majority** of PERS revenue comes from its account, run by the Oregon Treasury Department
- The PERS account actively manages its diverse portfolio and centralizes risk to *attempt* to beat market rates to earn solid returns

Money for PERS benefit payments comes from three sources (1970-2021)



PERS Rates of Return



STATE-WIDE INVESTMENT RETURNS VS BURN RATES

1. State PERS not making as much on investments as expected.
2. Couple that with a **massive** unanticipated increase in overall wages (which increase PERS payouts) associated with recent bargained wage increases state-wide
3. Add steady state-wide declining enrollment (less employees participating in PERS)

The 3 above factors all increase the “**burn rate**” of both paying out current retirees faster than normal as well as the lesser amount of new people paying into the system, meaning overall statewide PERS account balances are being depleted ... which means less money is earning returns.

Summary of PERS Employer Contribution Rates

Rates shown reflect the effect of side account rate offsets and retiree healthcare contributions, and exclude contributions to the IAP and debt service for pension obligation bonds.

Employer Number	Employer Name	Net Employer Contribution Rate 7/1/23 - 6/30/25			Net Employer Contribution Rate 7/1/25 - 6/30/27		
		Tier One / Tier Two Payroll (reflects 2.40% member redirect offset)	OPSRP General Service Payroll (reflects 0.65% member redirect offset)	OPSRP Police and Fire Payroll	Tier One / Tier Two Payroll (reflects 2.40% member redirect offset)	OPSRP General Service Payroll (reflects 0.65% member redirect offset)	OPSRP Police and Fire Payroll
School Districts							
School							
3160	Gladstone School District #115	2.95%	0.11%	4.90%	18.95%	15.77%	21.04%
3316	Glide School District #12	17.72%	14.88%	19.67%	24.35%	21.17%	26.44%
4219	Grant County Education Service District	23.62%	20.78%	25.57%	27.21%	24.03%	29.30%
4260	Greater Albany School District #8J	19.17%	16.33%	21.12%	23.50%	20.32%	25.59%
4332	Gresham-Barlow School District #10	12.99%	10.15%	14.94%	20.72%	17.54%	22.81%
4326	Harney County School District #3	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Hard to predict exact cost increases, you don't know which Tier 1 & 2 employees are staying vs retiring, but the increase in rates for the District for FY 2526 was between 7% - 9% in one year, or nearly DOUBLE the State and National inflation rates



Summary of PERS Employer Contribution Rates

Rates shown reflect the effect of side account rate offsets and retiree healthcare contributions, and exclude contributions to the IAP and debt service for pension obligation bonds.

PERS projected rate increase, not yet finalized By PERS board

Employer Number	Employer Name	Net Employer Contribution Rate Updated for Senate Bill 849 7/1/25 - 6/30/27			Advisory Net Employer Contribution Rate 7/1/27 - 6/30/29		
		Tier One / Tier Two Payroll (reflects 2.40% member redirect offset)	OPSRP General Service Payroll (reflects 0.65% member redirect offset)	OPSRP Police and Fire Payroll	Tier One / Tier Two Payroll (reflects 2.40% member redirect offset)	OPSRP General Service Payroll (reflects 0.65% member redirect offset)	OPSRP Police and Fire Payroll
School Districts							
School							
3160	Gladstone School District #115	17.27%	14.09%	19.36%	29.34%	26.63%	
3316	Glide School District #12	22.67%	19.49%	24.76%	29.34%	26.63%	
4219	Grant County Education Service District	25.53%	22.35%	27.62%	27.26%	24.55%	
4260	Greater Albany School District #8J	21.82%	18.64%	23.91%	29.34%	26.63%	
4332	Gresham-Barlow School District #10	19.04%	15.86%	21.13%	28.96%	26.25%	
4326	Harney County School District #3	0.00%	0.00%	0.00%	29.34%	26.63%	



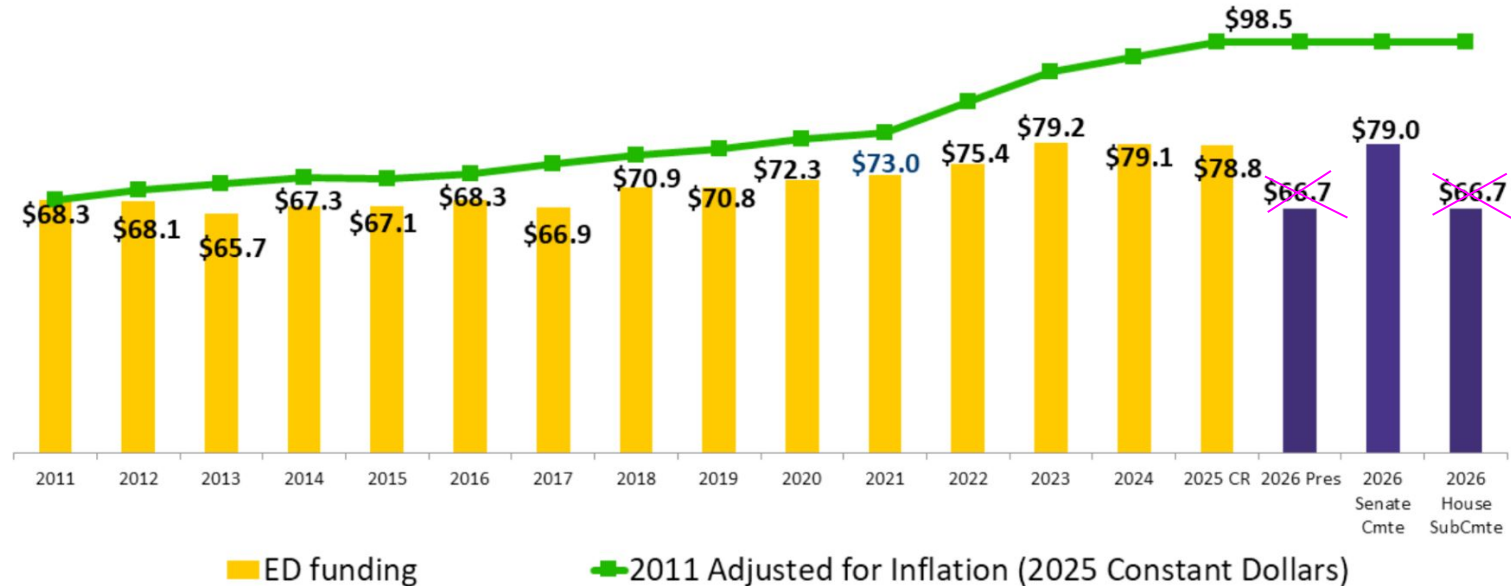
State Unfunded Mandates

- **Senate Bill 3**
 - Added graduation requirements, requires additional FTE in high school, FY 26-27
- **Accountability Bill SB141** - programmatic, FY 26-27
 - Required assessments & data reporting
 - Current contracts meet requirement
- **PBAM state-wide overhaul** (July 2028) - financial
 - Software expenses, possible staffing needs, extensive training in FY 27-28, budget will be overhauled 1 year prior

Federal Grant Funding Remains Below 2011 Levels

House Appropriations Subcommittee Bill Slashes FY 2026 Education Funding by 15%,
to below 2011 enacted level and far below that level in inflation-adjusted dollars

(Department of Education Discretionary Funding in Billions of Dollars)



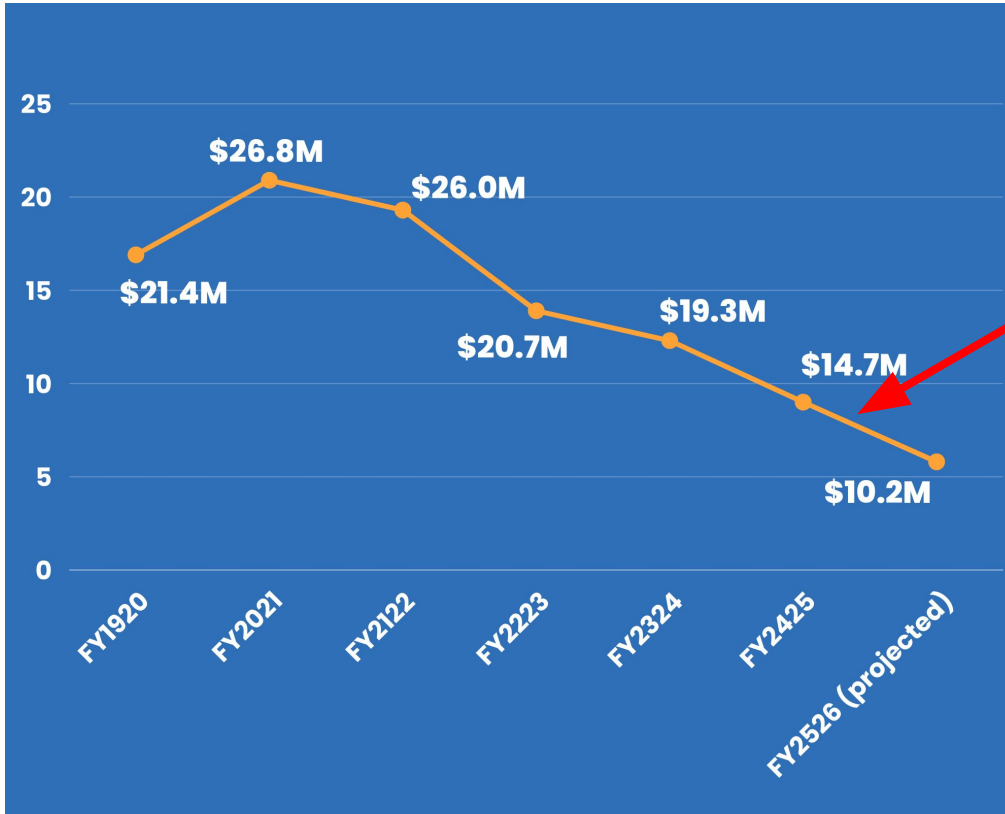
ED funding

2011 Adjusted for Inflation (2025 Constant Dollars)



District's Financial Reserves Over Time

Ending Fund Balance (EFB)



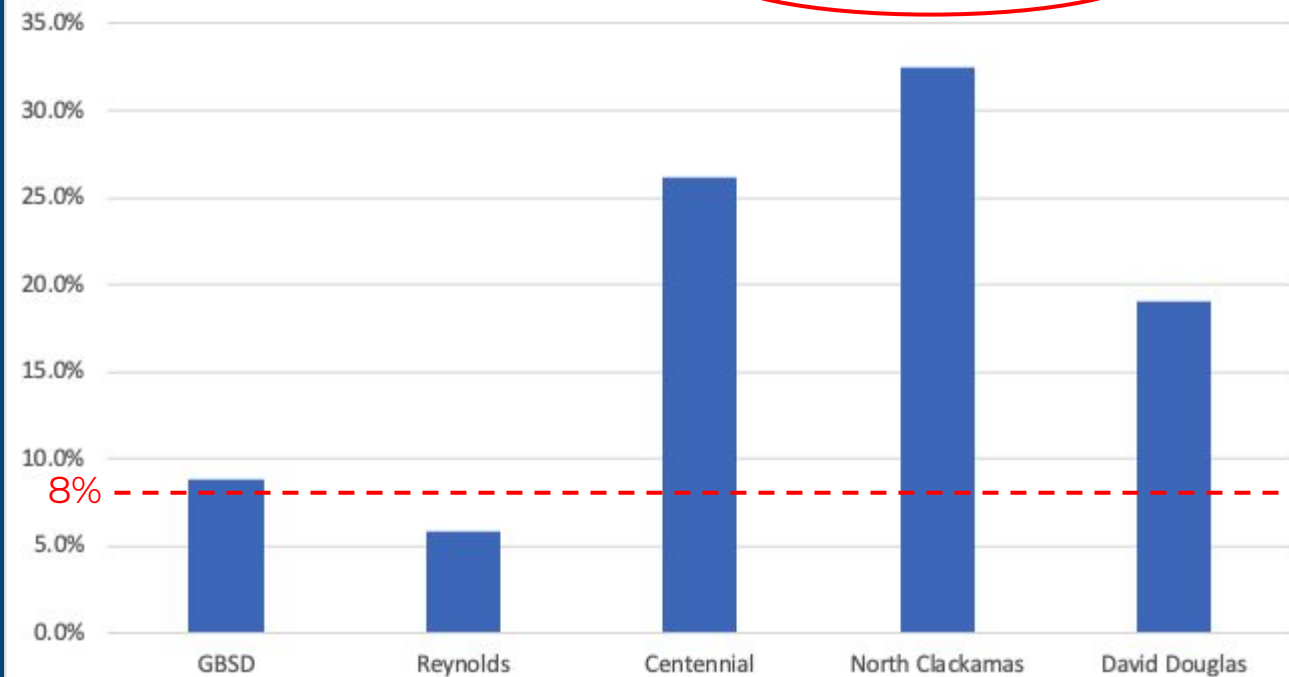
Board Policy:
Ending Fund Balance should be at least 8% of our operating budget.

We are now projected below the minimum %

We can no longer dip into reserves to balance the budget.



General Fund EFB % of Expense (FY2425 Audited Actuals)





BUDGET OVERVIEW

Summary: Budget Challenges



Summary: Budget Challenges

- **Local: Existing shortfall** of approximately \$5m of salary and PERS costs from this year needs to be dealt with going forward, which is part of why our
- **Local: Ending fund balance** (EFB) is projected at \$10.3m this year, 6% of total expense. Board Policy requires 8%.
- **State: PERS rates** are expected to grow, far outpacing inflation
- **State: Costs continue to increase faster than revenues.**
- **Federal:** US House and Congress have agreed on **Federal Grant funding** for education (**flat funding**). The Executive branch, however, can delay the release of those funds to states
- Each item above is not a one-time cost but ongoing. **Solutions must also be ongoing and not “one-time”**



BUDGET OVERVIEW

Reductions



Size of budget reduction

- GBSD estimates 2026-27 budget reduction will need to be between **\$10 million and \$11.5 million**
- District reduced the 2025-26 budget by **\$8 million**
- Together, these cuts would total between **\$18 million and \$19.5 million** over two years

What do these numbers really mean?

\$10m = 5.5% of General Fund Budget

\$1m = 7.3 Licensed Staff

\$1m = 11.8 Classified Staff

\$1m = 4 Licensed Administrators

1 day of expenses = \$710,000

6% EFB (\$10.3m) = about 14 days of operating costs
(Board policy requires 8%)



KEY TAKEAWAYS

- A. State funding is not keeping pace with **rising costs**
- B. **Declining enrollment** reduces our revenue
- C. State grants, and even Federal **grants are increasingly uncertain**
- D. **All of these pressures are State-wide.** These are not Gresham-Barlow-specific issues
- E. The above are why we have to make **reductions** that affect all buildings and departments in line with an array of regulations and priorities



BUDGET TIMELINE





Budget Development Phases



Superintendent and district staff work to develop budget, community engagement process underway



Budget Committee reviews proposed budget and hears public comments. Budget Committee approves budget.



Once Budget Committee approves budget, it is forwarded to the School Board for adoption



Budget Meeting Timeline

- March 19, 2026 - **Budget 101** (official start of budget season)
- April 29, 2026 - **First** Budget Committee Meeting: **Proposed Budget Document ready for review**
 - Goal is to get a proposed document to committee members approximately 1 week prior so questions can be sent to Superintendent in advance of this meeting
 - Committee may approve, request additional information, or direct staff to make changes
- May 13, 2026 - **Second** Budget Committee Meeting, if needed
 - Further discussion based on outcome of first meeting
- June 4, 2026 - **Budget Hearing**; approval of budget by Board
- June 30, 2026 - Budget **must** be approved and in place



KEY TAKEAWAYS

- Feel free to gather or **ask any questions** you know you want to ask *before* the proposed budget document is even released.
- Then when it is, after you've looked it over, feel free to **send additional questions to the Board Secretary** who will work to make sure the District can provide answers at the first committee meeting.
- The first Budget Committee meeting is **April 29th** at CAL at 7pm.



FINAL REMINDERS



REMINDER OF ROLE / RESPONSIBILITY

- The Legal budget document is just **one page**.
 - It is by **major function level**.
 - Other pages are details of the best plan the District can make in April, knowing things will change by September.
- A budget legally **appropriates** dollars (“sets the max”).
Any FTE in a budget is a plan only, not legally binding.
- The role of the budget committee in the largest sense:
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Reminder of Budget Committee Decision Points

- **Approve the budget** as proposed
- Change appropriation - if forecasted revenue is significantly different than District projections
- **Approve the tax levy rates**

