LANE COUNTY SCHOOL DISTRICT 4J
(EUGENE PUBLIC SCHOOLS)
LONG-TERM FINANCIAL FORECAST

2013–14 — 2017–18

December 2013

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Forecast Framework

This financial forecast has been prepared in response to the district's adopted management goal of maintaining long-term financial stability. The forecast establishes key assumptions underlying the projections and identifies variables which may cause the projections to change. Its purpose is to provide the fullest picture of the district's financial future so that decision-making today can support high quality and innovative educational programs tomorrow.

In Board Policy DA, the district's Financial Management Goals and Policies provide the framework for financial planning and decision-making by the school board, budget committee, and district staff.

1. *"The district will establish a financial base sufficient to support high quality and innovative educational programs which meet community needs."*

2. *"The district will follow prudent and professional financial management practices in order to achieve and maintain long-term financial stability."*

3. *"The district will demonstrate to the taxpayers of the district and the financial community that its schools are well managed."*

4. *"The district will provide cost effective services to citizens by cooperating with other educational, government, and non-profit agencies."*

5. *"The district will have an adequate capital improvement program that maintains existing district assets, provides for student and employee safety, maintains a quality instructional environment, and allows for enhancements that are necessary to meet changes in enrollment."*

6. *"The district will continually review and improve its formal budget document and other financial information so that it clearly and openly communicates its resources, expenditures, and financial position."*

7. *"The district will communicate, as permitted by law, with its employees and the community so that they understand the district's program requirements and financial status."*

Board Policy DI provides additional direction for the planning and allocation of resources:

1. *"The district estimates revenues, operating and capital expenditures, and debt service every year for the following five years. Annually, the superintendent will propose a financial forecast that is reviewed and potentially modified by the budget committee or board. This forecast serves as the basis for budget instructions to the superintendent for the following year and for other financial planning activities."*

GENERAL FUND FORECAST

Summary of Long-Term Financial Forecast – General Fund

This document provides in-depth information on the development of Lane County School District 4J's financial forecast. Results and key assumptions are summarized below. The accompanying pages are integral to understanding this summary information.

The 2013-14 fiscal year represents the "baseline" in the forecast. The appropriation level is equal to the District's Adopted budget plus supplemental budget items and other known adjustments. Revenues for 2013-14 have also been adjusted based on an updated estimate of state school funding and local option revenue. The four-year period from 2014-18 is referred to as the "forecast" period, and the "Key Assumptions" section below provides insight into the significant assumptions driving each year's forecast.

Key Assumptions Impacting Forecast Years

2014-15

- **State School Fund (SSF) Grants –** in 2014-15 SSF grant revenues will increase due to the availability of an additional $100 million in state funding and 51% of the $6.55 billion K-12 budget approved for the 2013-15 biennium (versus 49% in 2013-14). However, an estimated drop in the District's Teacher Experience ratio due to an early retirement program instituted in 2013-14 and continued enrollment declines will negatively impact revenue growth.
- **Employee Compensation –** salary costs for 2014-15 have been calculated assuming no furlough days and a full step increase for eligible employees effective July 1st. Given that 2013-14 salary costs assume 7-9 furlough days and a partial step or COLA, the difference between years is significant at approximately $6.9 million.
- **District Retirement Benefits –** expenses associated with past district-specific retirement incentive programs will decrease by 33.8% ($1.2 million) in 2014-15 as members of eligible groups retire and benefit eligibility ceases.
- **Education Service District (ESD) –** District 4J will fully withdraw from Lane ESD in 2014-15. Additional revenue of $3.2 million is expected to flow into the District, and projected expenditures have been increased by $2.7 million to address services that will now be provided by 4J.
- **General Fund Reserves –** general fund reserves are returned to the Board policy target of 5% of operating revenues at a cost of $1.5 million.

Annual Deficit: $4.78 million

To fund the current operating deficit, which assumes no cost-of-living or benefits increase, the Oregon State Legislature would have needed to appropriate an additional $250 million statewide in 2014-15, over and above the $100 million already provided, for K-12 education.

2015-16

- **State School Fund (SSF) Grants** – This forecast assumes the state will make no additional funding available to K-12 education for the 2015-17 biennium. As a result, SSF grant revenues are estimated to remain at $6.65 billion. As this is the first year of the biennium, 49% of the estimated K-12 budget approved for the 2015-17 biennium will be available. However, an estimated drop in the District's Teacher Experience ratio due to an early retirement program instituted in 2013-14 and continued enrollment declines will negatively impact revenue growth.
- **Implementation of Full-Day Kindergarten** – the Oregon Department of Education has mandated full-day kindergarten for school districts beginning this year. The ADM for 2015-16 has been increased by 530 (1,060 kindergarten students moving from part-time to full-day classes), but the District has received no guarantee or estimate of funding. As a result, this forecast assumes no additional State funding will be made available to implement full-day kindergarten.

Licensed staffing level projections have been increased by 19.4 FTE and no other changes to staffing are assumed (estimated increased staffing-related expenditures of $2.1 million). One-time costs for additional classrooms and teaching materials and supplies have been estimated at $0.6 million.

- **Employee Compensation –** salary costs for 2015-16 have been calculated assuming no furlough days and a full step increase for eligible employees effective July 1st.
- **Pension Costs -** Oregon Public Employees Retirement System (PERS) rates applied to District salaries are estimated to increase by 2.6% beginning in 2015-16. As a result of this increase, and the additional staff added to implement full-day kindergarten, PERS costs will increase by $2.9 million in this year.
- **District Retirement Benefits –** expenses associated with past retirement incentive programs will decrease by 26.6% ($0.62 million) in 2015-16 as additional members of eligible groups retire and benefit eligibility ceases.

Annual Deficit: $13.09 million

To fund the operating deficit for 2015-17, which assumes no cost-of-living or benefits increase, the Oregon State Legislature would need to appropriate an additional $750 million for K-12 education.

<u>2016-17</u>

- **State School Fund (SSF) Grants –** in 2016-17 SSF grant revenues will increase due to the availability of 51% of the estimated K-12 budget approved for the 2015-17 biennium (versus 49% in 2015-16). Enrollment in 2016-17 is also estimated to increase slightly over the previous year, providing some stability to this revenue stream.
- **Employee Compensation –** salary costs for 2016-17 have been calculated assuming no furlough days and a full step increase for eligible employees effective July 1st.

Annual Deficit: $10.12 million

To fund the operating deficit for 2015-17, which assumes no cost-of-living or benefits increase, the Oregon State Legislature would need to appropriate an additional $750 million for K-12 education.

<u>2017-18</u>

- **State School Fund (SSF) Grants** – for 2017-18 SSF grant revenues are estimated at $6.65 billion. As this is the first year of the biennium, 49% of the estimated K-12 budget approved for the 2017-19 biennium will be available. However, an estimated drop in the District's Teacher Experience ratio due to an early retirement program instituted in 2013-14 and continued enrollment declines will negatively impact revenue growth.
- **Employee Compensation –** salary costs for 2017-18 have been calculated assuming no furlough days and a full step increase for eligible employees effective July 1st.

Annual Deficit: $13.23 million

Summary Forecast

IMPACT ON OPERATIONS (in thousands)		2013-14 Current Budget	2014-15 Forecast	2015-16 Forecast	2016-17 Forecast	2017-18 Forecast
Total District Revenues	(1)	**$141,446**	**$150,711**	**$146,314**	**$151,005**	**$148,486**
Expenditures						
Operating Expenditures	(2)	**$142,729**	**$151,665**	**$157,576**	**$158,820**	**$159,502**
Transfers	(3)	1,145	1,162	1,181	1,203	1,225
Contingency	(4)	3,091	3,033	3,152	3,176	3,190
Subtotal		146,965	155,860	161,909	163,199	163,917
Projected Underspending	(5)	(1,834)	(2,002)	(2,080)	(2,096)	(2,105)
Total Expenditures		**$145,131**	**$153,858**	**$159,829**	**$161,103**	**$161,812**
ANNUAL OPERATING DEFICIT		**($3,685)**	**($3,147)**	**($13,515)**	**($10,098)**	**($13,326)**
Use of Transfers from Reserves to Balance	(6)					
Transfer (to) / from General Fund Reserves		$1,384	($1,878)	$220	($234)	($108)
Transfer (to) / from Capital Equipment Fund						
Transfer (to) / from PERS Reserve						
Transfer (to) / from Insurance Reserve		1,301	241	208	208	208
Transfer (to) / from Capital Projects Fund Reserve		1,000				
Total Transfers (to) / from Reserves		$3,685	($1,637)	$428	($26)	$100
Annual Deficit Assuming Use of Reserves	(7)	$0	($4,784)	($13,087)	($10,124)	($13,226)
Corrective Action Required	(8)	**$0**	**($4,784)**	**($8,303)**	**$2,963**	**($139)**
RESERVES	(9)					
Beginning Fund Balance - General Fund		$7,042	$5,658	$7,536	$7,316	$7,316
Transfer to / (from) Reserves		(1,384)	1,878	(220)	234	108
Ending Fund Balance - General Fund		$5,658	$7,536	$7,316	$7,550	$7,424
5% of Total District Revenues (4%, 2013-14)		5,658	7,536	7,316	7,550	7,424
% of Total District Revenues		4.0%	5.0%	5.0%	5.0%	5.0%
% Change in Total District Revenues		6.3%	6.6%	-2.9%	3.2%	-1.7%
% Change in Total Expenditures		1.0%	6.0%	3.9%	0.8%	0.4%

Note: Totals may differ due to rounding.

Summary Assumptions

(1) **Total revenues**

See pages 7 through 9 of this forecast document for a detailed explanation of the calculations used to develop District total revenues.

(2) **Operating expenditures**

See pages 10 through 12 of this forecast document for a detailed explanation of the calculations used to develop District operating expenditures.

(3) **Transfers**

- Capital projects, equipment and textbooks, and bus fleet transfers are not included in the forecast as they are assumed to be funded throughout the forecast period from the May 2013 bond issue.
- Insurance and risk reserve transfer of $1,145,000, with annual costs increasing by the rate of the CPI.
  - $875,000 in support to Risk and Benefit Management operations.
  - $270,000 in social security cost savings from pre-tax flexible spending accounts to insurance reserve accounts in 2013-14, as negotiated with employee groups, increasing by the CPI rate throughout the forecast period.

(4) **Contingency**

- 2.0% of operating expenditures per board policy.

Board Policy DI, Accounting and Financial Practices Policy 4: *"The targeted contingency for general fund is two percent of the operating budget."*

(5) **Projected Underspending**

- Assumes a portion of budgeted expenditures will not be spent in any given year; calculated as 66% of Contingency. This is used to calculate the District's ending fund balance.

(6) **Use of Transfers from Reserves to Balance**

- In 2013-14, General Fund reserves are utilized to offset an Operating Deficit, and employee insurance reserves are transferred to the General Fund to offset the costs of employee compensation, as negotiated in employee agreements.
- General Fund reserves, as a percentage of operating revenues, are restored to the 5% board policy target beginning in 2014-15. In 2014-15, a transfer to reserves is necessary to achieve a 5% reserve level.

(7) **Annual Deficit Assuming Use of Reserves (4% in 2013-14 and 5% in future years)**

- Difference between total District revenues and operating expenditures, net of reserve transfers.
- Projected financial shortfalls shown in brackets.

(8) **Corrective Action Required**

- Board actions required to maintain a 5% ending fund balance during the forecast period.
- This line item assumes that a previous year's deficit is resolved, and projects the additional amount that will be needed in the subsequent year to balance the budget. For example, if expenditures were reduced by $4.8 million in 2014-15 the District's projected deficit in 2015-16 would decrease to $8.3 million. If expenditures were further decreased in 2015-16, District resources in 2016-17 would be sufficient to cover operational expenses.

(9) **General Fund Reserves or Ending Fund Balance**

- Projected to be at 5% of operating revenues beginning in 2014-15.

Board Policy DI, Accounting and Financial Practices Policy 5: "The targeted floor for the ending fund *balance will be at five percent of annual operating revenues. The annual financial forecast will project operating revenues and ending fund balance for the next five years."*

Revenue Detail

GENERAL FUND REVENUES (in thousands)		2013-14 Current Budget	2014-15 Forecast	2015-16 Forecast	2016-17 Forecast	2017-18 Forecast
Property Tax Collections - Current Year	(1)	$55,820	$57,632	$59,499	$61,513	$63,583
Property Tax Collections - Prior Year	(2)	1,840	1,698	1,668	1,722	1,781
State School Fund Grants	(3)	68,046	73,585	67,371	69,994	65,346
SSF Local Revenues	(4)	2,420	1,547	1,547	1,547	1,547
Total SSF Formula Revenue		**$128,126**	**$134,462**	**$130,085**	**$134,776**	**$132,257**
Local Option Levy - Current Year	(5)	7,611	7,401	7,401	7,401	7,401
Local Option Levy - Prior Year		370	293	273	273	273
Other Revenues	(6)	5,339	8,555	8,555	8,555	8,555
TOTAL DISTRICT REVENUES		**$141,446**	**$150,711**	**$146,314**	**$151,005**	**$148,486**
STATE SCHOOL FUND (SSF) ALLOCATIONS						
Enrollment	(7)					
Enrollment(ADM) - Regular Ed.		15,355.2	15,151.0	15,646.1	15,660.7	15,512.6
Enrollment (ADM) - Charter Schools		707.4	755.3	807.7	814.6	814.7
Total Enrollment (ADM)		16,062.6	15,906.3	16,453.8	16,475.3	16,327.3
Weighted ADM (ADMw) - Extended		**18,895.5**	**18,833.9**	**19,346.9**	**19,368.5**	**19,368.5**
State School Fund Grants	(3)					
SSF Formula Revenue per student (ADMw)		**$6,762**	**$7,118**	**$6,702**	**$6,936**	**$6,805**
% Change in SSF Formula Revenue per student (ADMw)		7.7%	5.3%	-5.8%	3.5%	-1.9%
SSF Formula Revenue (in thousands)		127,771	134,058	129,667	134,342	131,808
High Cost Disability Grant		800	812	826	842	857
Net SSF Grants (in thousands)		**$128,126**	**$134,462**	**$130,085**	**$134,776**	**$132,257**
PROPERTY TAX COLLECTION	(1)					
Assessed Value (Operating Levy AV) (in thousands)		$12,710,205	$13,091,511	$13,484,256	$13,888,784	$14,305,448
Projected Annual Increase in Operating Levy AV		3.00%	3.00%	3.00%	3.00%	3.00%
Operating Levy (inside Measure 5 limit)	(1)					
Permanent Tax Rate per $1,000 of Operating Levy AV	**$4.7485**	$60,354	$62,165	$64,030	$65,951	$67,929
Compression Loss		(1,446)	(1,500)	(1,400)	(1,200)	(1,000)
Taxes Imposed		58,908	60,665	62,630	64,751	66,929
Collection Rate - operating levy		95.12%	95.00%	95.00%	95.00%	95.00%
Net Operating Levy		**$55,820**	**$57,632**	**$59,499**	**$61,513**	**$63,583**
Annual growth		3.4%	3.2%	3.2%	3.4%	3.4%
Local Option Levy (outside Measure 5 limit)						
Assessed Value (Local Option AV) (in thousands)		$12,898,058	$13,260,522	$13,651,629	$14,061,179	$14,483,014
Local Option Tax Rate per $1,000 of Local Option AV	**$1.5000**	$19,347	$19,891	$20,477	$21,092	$21,725
Compression Loss		(11,344)	(12,100)	(12,686)	(13,301)	(13,934)
Tax Gap		8,003	7,791	7,791	7,791	7,791
Measure 5 Limit - Proceeds Net of Uncollected Taxes		*7,612*	*7,401*	*7,401*	*7,401*	*7,401*
Limit of $1,000 (increasedy by 3% per year) per Extended ADMw		*22,567*	*23,110*	*24,172*	*24,916*	*25,664*
Limit of 20% of State Resources		*25,789*	*26,987*	*27,651*	*28,203*	*28,881*
Collection Rate - local option levy		95.12%	95.00%	95.00%	95.00%	95.00%
Net Local Option Levy		**$7,611**	**$7,401**	**$7,401**	**$7,401**	**$7,401**
Annual growth		-2.0%	-2.8%	0.0%	0.0%	0.0%

Note: Totals may differ due to rounding.

Revenue Assumptions

(1) **Property Tax Collections – Current Year**

- Average, annual tax growth of 3.3% per year over the forecast period based on slower than expected economic recovery.
- Assessed property values (AV) projected to increase annually by 3.0% throughout the forecast period.
- Compression losses are expected to top-out in 2014-15 before beginning a slow decline in 2015-16, assuming real market property values (RMV) resume growing more rapidly than AV.
- Tax collection rates are assumed to be 95.12% in 2013-14, and 95% throughout the forecast period.
- Included in the State School Fund formula.

(2) **Property Tax Collections – Prior Year**

- Estimated at 58% of uncollected current year property taxes for 2013-14, and 55% throughout the forecast period.
- Included in the State School Fund formula.

(3) **State School Fund (SSF) Grants**

State School Fund Grant

Total SSF Formula Revenue: Per Pupil Amount (SSF Grant per Pupil, adjusted for teacher experience and state funding ratio) X Enrollment (Extended ADMw) + Transportation Grant – SSF Local Revenues (Local Property Taxes, Federal Forest Fees, Common School Fund, County School Fund).

- Approximately 90% of District general fund revenues.
- Assumes $6.55 billion in state funding for K-12 schools in the 2013-15 biennium with an additional $100 million available in 2014-15, a 16.4% increase over the previous biennium. For future bienniums, state funding is forecast to remain unchanged at $6.65 billion per biennium.
- Per pupil amounts have been decreased to reflect an anticipated reduction in the District's average Teacher Experience ratio when compared to the state average, which is not yet reflected in the most recent 2013-14 ODE estimate. Also, annual per pupil amounts reflect the 49%-51% funding split between the first and second years of a biennium.
- In 2015-16 both the statewide and district-level ADMw have been increased to reflect kindergarten students at full-day attendance.

High Cost Disability Grant

- Provided to partially offset the cost of educating students for whom costs exceed $30,000 per year.
- Revenue based on 2013-14 projection plus annual growth at CPI.

(4) **SSF Local Revenues**

- Includes Common School Funds and County School Funds.
- Federal Forest Fees included in 2013-14 and removed as of 2014-15 when federal funding expires.
- Included in the State School Fund formula.

(5) **Local Option Levy**

- Five-year property tax levy of $1.50/$1,000 AV to support general operations, renewed November 2008 and extends through 2014-15. The Forecast assumes the current levy is renewed effective 2015-16.
- Projected to bottom-out during 2014-15 as the tax gap continues to be squeezed. No significant growth is projected for future years.

- Compression losses are expected to continue increasing throughout the forecast period, albeit at a slower rate than recent years, based on an assumed, slow recovery in local real estate market valuations.
- Expected to remain substantially below statutory limits of $1,000 per ADMw and 20% of state resources over the forecast period.
- Not included in the State School Fund formula.

(6) **Other Revenues**

- Not included in the State School Fund formula.
- Includes interest earnings, tuition and fees, e-rate income, funding and donations from outside groups, and building rental income.
- Substantial increase projected in 2014-15 (approximately $3.2 million), based on receipt of ESD resolution funds, remaining flat thereafter.
- Future increases in interest earnings limited by slow growth of interest rates and low growth in reserve levels.

Board Policy DI, Revenue Policy 1: *"The district will strive to establish a stable revenue base for the operating budget for program needs through cooperation with its associations, legislators, and other districts. The district will make capital funding requests periodically to assure adequate safety and preservation of school buildings, district equipment, and other capital assets."* 2. *"The district may charge the service fees intended to recover the partial or full cost of non-district sponsored use of its facilities, services or equipment, if permitted by law…"*

(7) **Enrollment**

- Average Daily Membership (ADM) – Year-to-date average of daily student enrollment.
  - ADMr – Resident ADM.
  - ADMw – ADM weighted to reflect the number of students in specific categories such as English Language Learners (ELL), students with Individualized Education Programs (IEPs), students enrolled in Pregnant and Parenting programs, living in poverty, or in foster care.
  - Extended ADMw – Greater of the current year or prior year ADMw, used to calculate State School Fund grant payments.
- District enrollment, excluding charter schools, is projected to decline in all but one year of the forecast. Projected enrollment for 2013-14 (16,366) is expected to decrease by 234 students in 2014-15 (16,132). In 2015-16 a much smaller decrease of 33 students is projected (16,099). Enrollment is expected to increase by 18 students in 2016-17 (16,117), but is projected to decline in 2017-18 by 154 students (to a total enrollment of 15,963).
- Charter school enrollment is projected to increase from 753 students in 2013-14 to 791 in 2014-15, and over 800 in future years.
- In 2013-14 and 2014-15 all kindergarten students are reflected in the ADM at 0.5, as kindergarten classes are half-day. In 2015-16 the state has mandated the implementation of full-day kindergarten. The ADM for 2015-16 has been increased by 530 (1,060 kindergarten students moving from part-time to full-day classes), but the District has received no guarantee or estimate of funding. As a result, this forecast assumes no additional State funding will be made available to implement full-day kindergarten.

Expenditure Detail

OPERATING EXPENDITURES (in thousands)		2013-14 Current Budget		2014-15 Forecast		2015-16 Forecast		2016-17 Forecast		2017-18 Forecast	
Employee Compensation Expenditures	(1)										
Licensed Employees		-2.6%	$44,983	6.2%	$47,780	4.2%	$49,785	1.7%	$50,646	0.8%	$51,036
Classified Employees		-1.4%	15,098	4.6%	15,787	1.0%	15,944	0.8%	16,078	0.7%	16,183
Admin/Supervisors/Professional		-3.4%	8,516	6.2%	9,041	0.9%	9,123	0.6%	9,179	0.2%	9,195
Substitute/Temporary		-9.4%	3,018	5.7%	3,190	3.2%	3,292	1.5%	3,340	0.7%	3,365
Staffing Pool			160		160		160		160		160
Total Salaries		-2.5%	**$71,775**	5.8%	**$75,958**	3.1%	**$78,304**	1.4%	**$79,403**	0.7%	**$79,939**
Payroll Costs as % of Salary											
Licensed			$16,887		$18,354		$20,420		$20,773		$20,933
Classified			5,889		6,286		6,761		6,816		6,859
Admin/Supervisors/Professional			3,196		3,472		3,741		3,764		3,770
Substitute/Temporary			545		690		779		793		800
Insurance Benefits		4.0%	19,397	-1.1%	19,188	1.3%	19,444	0.0%	19,453	-0.4%	19,378
District Retirement Benefits		105.9%	3,500	-33.8%	2,316	-26.6%	1,700	-11.8%	1,500	-20.0%	1,200
Other Benefits		12.4%	1,761	0.3%	1,766	3.5%	1,828	1.9%	1,863	1.2%	1,886
Total Payroll Costs & Benefits		10.0%	$51,175	1.8%	$52,072	5.0%	$54,673	0.5%	$54,962	-0.2%	$54,826
Total Employee Compensation		2.3%	**$122,951**	4.1%	**$128,030**	3.9%	**$132,977**	1.0%	**$134,365**	0.3%	**$134,765**
Non-Compensation Expenditures	(2)										
Purchased Services		12.2%	$10,947	30.4%	$14,273	6.0%	$15,133	-2.9%	$14,700	1.9%	$14,981
Charter School Payments		12.9%	4,176	12.2%	4,687	0.5%	4,712	4.2%	4,911	-1.8%	4,824
Supplies		-2.9%	3,681	1.5%	3,736	1.7%	3,799	1.9%	3,871	1.8%	3,941
Equipment		-40.9%	46	0.8%	46	2.2%	47	2.1%	48	2.1%	49
Other		4.4%	929	-3.9%	893	1.7%	908	1.9%	925	1.8%	942
Total Non-Compensation Expenditures		8.6%	$19,778	19.5%	$23,635	4.1%	$24,599	-0.6%	$24,455	1.2%	$24,737
TOTAL OPERATING EXPENDITURES		3.2%	**$142,729**	6.3%	**$151,665**	3.9%	**$157,576**	0.8%	**$158,820**	0.4%	**$159,502**
Transfers	(3)										
Capital (Non-bondable projects)			$0		$0		$0		$0		$0
Equipment			0		0		0		0		0
Transportation			0		0		0		0		0
Insurance Reserve			1,145		1,162		1,181		1,203		1,225
Nutrition Services			0		0		0		0		0
Total Transfers			**$1,145**		**$1,162**		**$1,181**		**$1,203**		**$1,225**
Contingency	(4)		**$3,091**		**$3,033**		**$3,152**		**$3,176**		**$3,190**
TOTAL EXPENDITURES		2.3%	**$146,965**	6.1%	**$155,860**	3.9%	**$161,909**	0.8%	**$163,199**	0.4%	**$163,917**
Note: Totals may differ due to rounding.											
CPI (U.S. Urban Consumers), September 2013			*1.3%*		*1.5%*		*1.7%*		*1.9%*		*1.8%*

Expenditure Assumptions

(1) **Salaries and Benefits Expenditures**

- Projected salaries for 2014-15 through 2017-18 include no furlough days. An annual step movement for all eligible employees effective July 1st is assumed throughout the forecast period beginning in 2014-15.
- Licensed employee changes (i) track enrollment changes, (ii) represent 2013-14 budgeted staffing ratios, and (iii) reflect an increase of 19.4 FTE in 2015-16 to meet mandated full-day kindergarten requirements.
    - 2014-15 12.4 FTE reduction
    - 2015-16 18.1 FTE increase (19.4 FTE (full-day K) less 1.3 FTE for enrollment decline)
    - 2016-17 0.5 FTE increase
    - 2017-18 5.4 FTE reduction

<u>Payroll Costs and Benefits</u>

- Payroll costs are calculated as a percentage of salary, while health insurance and other benefits are driven by staffing levels.
    - Insurance contributions are subject to negotiation with employee groups. The forecast assumes no growth in district contributions over the forecast period.
    - The forecast does not assume any changes to health insurance coverage or insurance contributions as a result of the Affordable Care Act (ACA), as the District is still in the process of assessing the impact and requirements of this legislation.
- The district's composite PERS rate for 2013-15 is estimated to be 29.2%, an increase of 3.65 percentage points over 2011-13. The rate is projected to increase an additional 2.6 percentage points in 2015-17.
- Annual support for district early retirement benefits estimated at $2.3 million in 2014-15, and declining thereafter as members of the eligible group retire out of the plan and benefit eligibility ceases.

Board Policy DI, Organizational Policy 3: *"The compensation of employees will be competitive with that of comparable public and private sector employers in the relevant recruiting or market area. The criteria for reviewing employee wages and benefits will also include internal comparability for similar jobs, ability to pay and relevant federal or state requirements."*

(2) **Other Operating Expenditures**

- Purchased Services increase by $3.3 million in 2014-15. This increase is primarily driven by the District's need to provide services previously obtained from Lane ESD ($2.7 million). Costs will ultimately be distributed between personnel and purchased services, but this will not happen until development of the 2014-15 budget. The remaining increase is due to 2014-15 baseline budget increases and CPI-based cost increases. In futures years, costs increase at the rate of the CPI.
- Charter school payments represent the pass-through of state funding (80% or more of state funding received) and local option revenue on a per pupil basis.

Board Policy DI, Organizational Policy 4: *"The district will, within available resources, maintain the productivity of staff through a supportive working environment which includes appropriate equipment, supplies, materials, and professional staff development."*

Full-Day Kindergarten

As mentioned previously in this document, the Oregon Department of Education has mandated the implementation of full-day kindergarten for school districts by 2015-16. This forecast assumes this implementation will be effected by 4J beginning in that year and will require the following budget changes:

- projected 2015-16 ADM would increase by 530 (Extended ADMw increases 495) and it is assumed additional State School funding will not be made available for these students;
- licensed staffing levels would increase by 19.4 and no other changes to staffing are assumed (estimated increased staffing-related expenditures, $2.1 million); and
- increased classroom infrastructure and supplies expenditures are currently estimated to be $0.60 million in 2015-16.

(3) **Transfers**

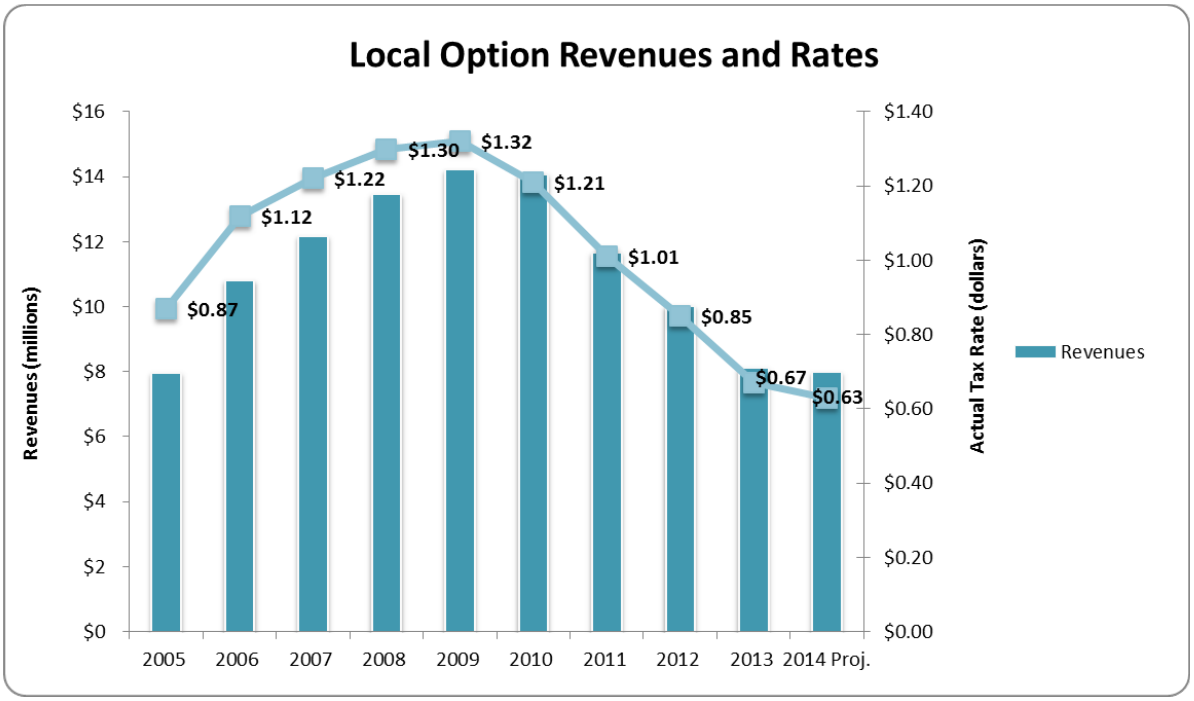
- Capital projects, equipment and textbooks, and bus fleet transfers are not included in the forecast as they are assumed to be funded throughout the forecast period from the May 2013 bond issue.
- Insurance and risk reserve transfers of $1,145,000 in 2013-14, as negotiated in employee compensation contracts, with annual costs increasing by the rate of the CPI.
    - $875,000 in support to Risk and Benefit Management operations
    - $270,000 in social security cost savings from pre-tax flexible spending accounts to insurance reserve accounts, as negotiated with employee groups

(4) **Contingency**

- General contingency maintained at 2% of operating expenditures (excluding transfers).

Board Policy DI, Accounting and Financial Practices Policy 3: *"The targeted contingency for the general fund is two percent of the operating budget."*

STATISTICAL INFORMATION



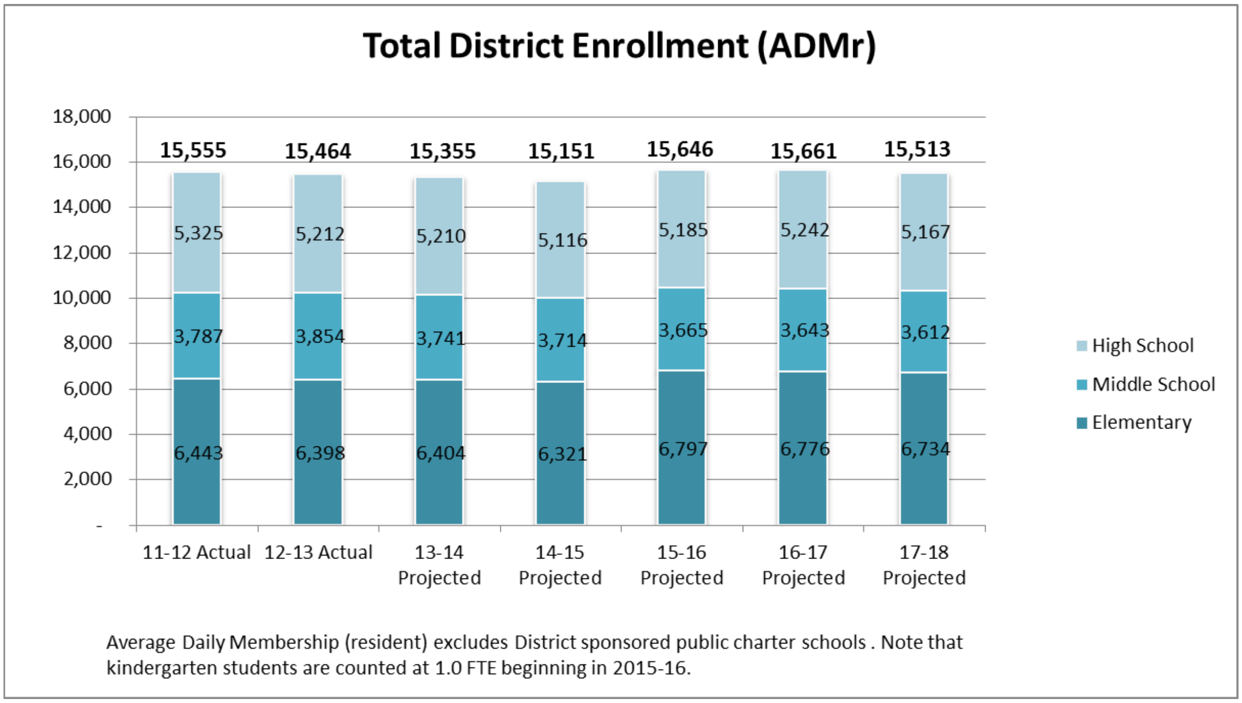
In May 2000, District voters approved a five-year local option levy of $1.50 / $1,000 of assessed property value. Since the passage of Measure 5 in 1990, this was the first opportunity for District voters to increase school operating funds above the state funding formula. Voters renewed the local option for another five years in November 2004 and again in 2008.

The stability of this revenue source is largely dependent on the real market value of each property in the District increasing by at least the same rate as the assessed value (which is limited to a 3% increase per year up to the real market value). In a slower economy, real market value may increase at a slower rate than assessed value or fall. This condition has been evident since 2011, as tax revenues have fallen from a high of $14.2 million in 2009 to $8.1 million in 2012-13 and are projected to be $8.0 million in 2013-14.

When the gap between real market value and assessed value is not sufficient to generate the full $1.50 tax rate, a property is said to be "in compression" and the taxes paid are only a part of the tax rate imposed. On one end, if assessed value and real market value is the same for a particular property, no taxes are due. On the other end, if the assessed value is well below the real market value, the full $1.50 rate is due. Most taxpayers are paying less than the full rate. Since 2004 the average "actual rate" received by the District has been as low as $0.67 in 2013 and as high as $1.32 in 2009. The falling real market values beginning in 2010 have driven the actual rate down every year since 2010. It is projected to fall again to $0.63 in 2014.

The local option calculation requires that compression be calculated for each property separately and it is therefore difficult to predict the effect of compression on District revenue.

Student Enrollment



Student enrollment is expressed as resident average daily membership (ADMr). It represents the average annual enrollment as of June 30 and counts kindergarten students at 0.5 ADM or half time. The state uses ADM as the basis for allocating funds under the State School Fund formula and provides additional weighting (ADMw) for special education, poverty, English Language Learners (ELL), and pregnant and parenting students. The District also receives funding for students placed in alternative education programs or enrolled in District sponsored charter schools. The ADMr shown above excludes District sponsored public charter schools.

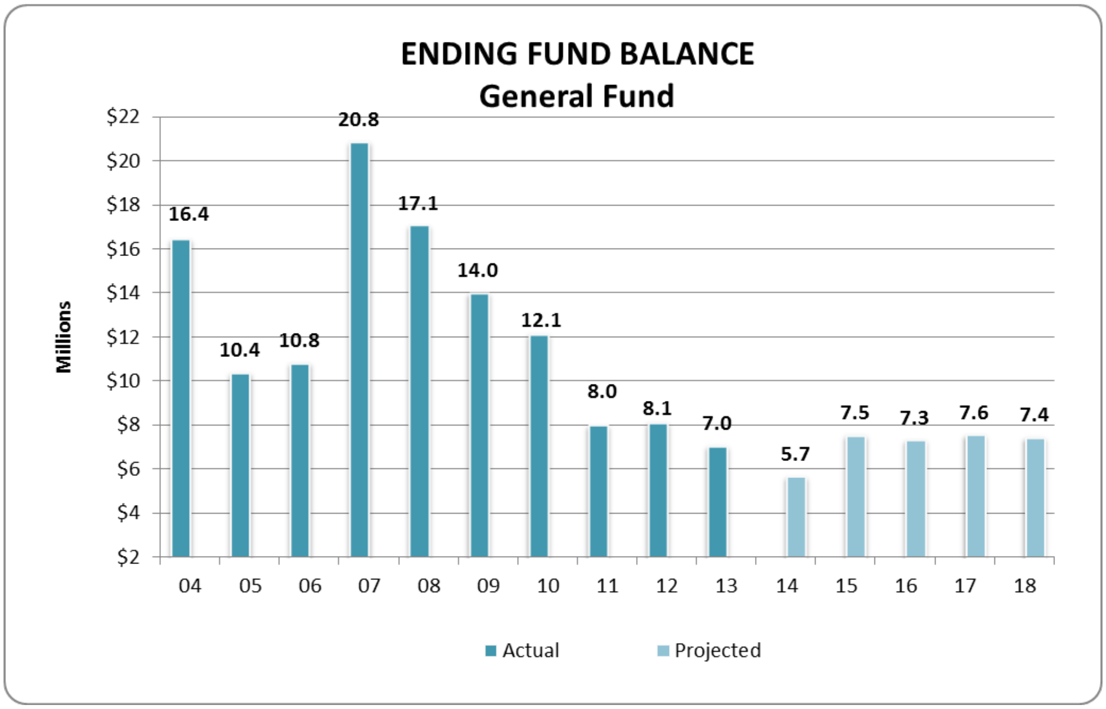
Student enrollment reached its highest point in the mid-1970's at approximately 22,000 students and declined to a low of 16,636 in 1984-85 before expanding again. During this period the District reduced staff and closed several elementary schools. Between 1985 and 1993, enrollment increased and two elementary schools were reopened. Total enrollment has consistently declined since 2002-03 when ADMr peaked at 17,979.

In 2010-11, District enrollment dropped below the 1984-85 level and the District closed four elementary schools due to excess building capacity District-wide and as a response to financial deficits. These closures bring the total number of elementary school closures to eight since 1999-00.

Enrollment is projected to decline in the next four out of five years. Due to the mandated implementation of full-day kindergarten by 2015-16, ADMr is projected to increase by 530 before continuing to decline in 2016-17.

Ending Fund Balance

The graph below shows historical and projected ending fund balances in the General Fund, representing cash reserves remaining at the end of the fiscal year. Balances reflect additional revenues collected during the year, unexpended budget appropriations, and planned savings held in the unappropriated ending fund balance (UEFB).



Board Policy DI, Accounting and Financial Policy 5. states:

"*The district will maintain an ending fund balance in the general fund, in order to provide stable services and employment to offset cyclical variations in revenues and expenditures.*

The targeted floor for the ending fund balance will be at five percent of annual operating revenues. The annual financial forecast will project operating revenues and ending fund balance for the next five years. The Board will allocate an appropriate portion of the projected ending fund balance to the unappropriated ending fund balance (UEFB) in the annual budget, taking into consideration revenue and expenditure volatility and other district needs. The UEFB may not be spent or appropriated during the fiscal year in which it is budgeted.

Once the targeted five percent for the ending fund balance has been achieved, the superintendent will advise the Board if at any time the ending fund balance falls below or is projected to fall below that amount. The superintendent will update the Board on the financial condition of the district and present financial options for Board consideration."

The $5.2 billion K-12 budget approved for the 2003-05 biennium was reduced to $4.9 billion in 2004 with the failure of Measure 30. Per pupil funding declined substantially and required the carry-over of reserves to maintain stable programs in 2004-05. The District reduced its state funding accrual by $2.1 million in 2004-05.

The 2005 legislature adopted a $5.24 billion K-12 budget plus $23 million if state revenues exceeded projections. Along with higher local property taxes, this resulted in an unexpected boost to District revenues and reserves in 2005-06 and 2006-07.

The 2007 legislature adopted a $5.985 billion K-12 budget plus another $260 million for a noncompetitive School Improvement Fund grant available for certain expenditures aimed at increasing student achievement. The combined $6.245 billion was $940 million over the previous biennium or 17.7%. During November 2008, in light of falling state revenues, the Governor called for a 1.2% reduction in 2007-09 school funding. This resulted in a $2.1 million cut to District revenues.

Although the 2009 legislature approved a $5.8 billion base budget and approved the release of an additional $200,000 in reserves for K-12 education, in May 2010, 9% across the board cuts were imposed for all state agencies as the Great Recession began to have its impact on local economies. Total biennial funding dropped to $5.74 billion, and state funding to the District was reduced by $6.8 million as a result.

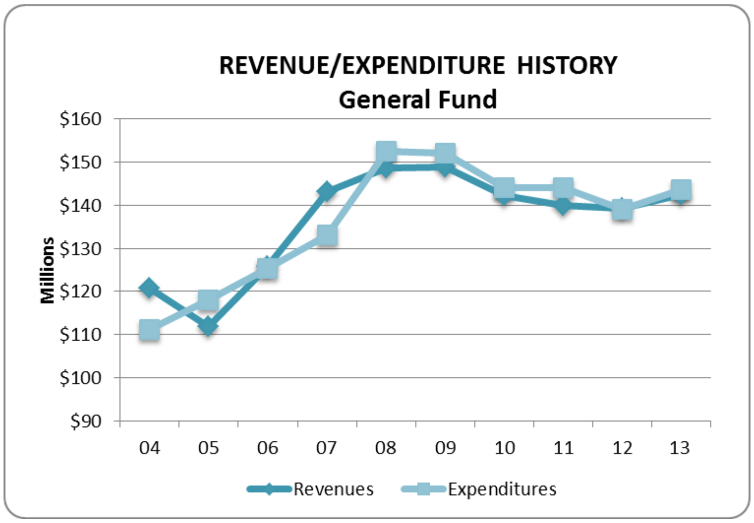
For the 2011-13 biennium, the State approved $5.7 billion to fund K-12 schools, 3.4% lower than the 2009-11 appropriation. The total included $125 million in School Year Subaccount funds to lower class sizes and to increase the number of school days. The total was 8.7% lower than the $6.245 billion provided in the 2007-09 biennium.

For the 2013-15 biennium, the State approved $6.55 billion plus $100 million additional revenue available in 2014-15. This is about 16.7% higher than the legislatively approved 2011-13 K-12 funding level.

Reserves are projected to be 4.0% in 2013-14, unless corrective actions are implemented in the current year, and forecast at 5.0% in future years.

Revenue/Expenditure History

Significant Revenue/Expenditure Variables



2003-04 State funding was approved at a higher level than budgeted by 4J. PERS rates declined but costs were held to budgeted levels because of uncertainty around state funding and PERS rates. Expenditures include a $4 million PERS reserve.

2004-05 Revenues dropped sharply from the failure of Measure 30 and the resulting cut to state funding. Expenditures include a $4.5 million transfer to PERS reserves and use $6.0 million in General Fund reserves to support operations.

2005-06 A strong economy generated higher levels of state funding and local option income. Cost were increased to reflect higher health insurance costs and PERS rates, additional special education staff, and 1-time funding to stabilize neighborhood schools and strengthen the school choice system. $2.3 million in General Fund reserves and $3 million in PERS reserves were used to support operations.

2006-07 State funding was bolstered by "trigger revenue" and 1-time lottery funds. Local option revenue exceeded projections. Costs included continued efforts to stabilize neighborhood schools and 1-time initiatives to increase student achievement. PERS reserves of $3 million were used to support operating costs. Another $3 million was held in reserve to fund services when the City levy expired at the end of 2006-07.

2007-08 A strong economy once again generated higher levels of state and local revenues. Costs were increased due to the on-load of City Levy funded services and the addition of ongoing and one-time investments in the classroom.

2008-09 State funding was decreased in response to the global economic crisis, with District revenues cut almost $2 million. Further reductions were offset by the use of federal State Fiscal Stabilization Fund dollars. District spending was reduced by $4.3 million.

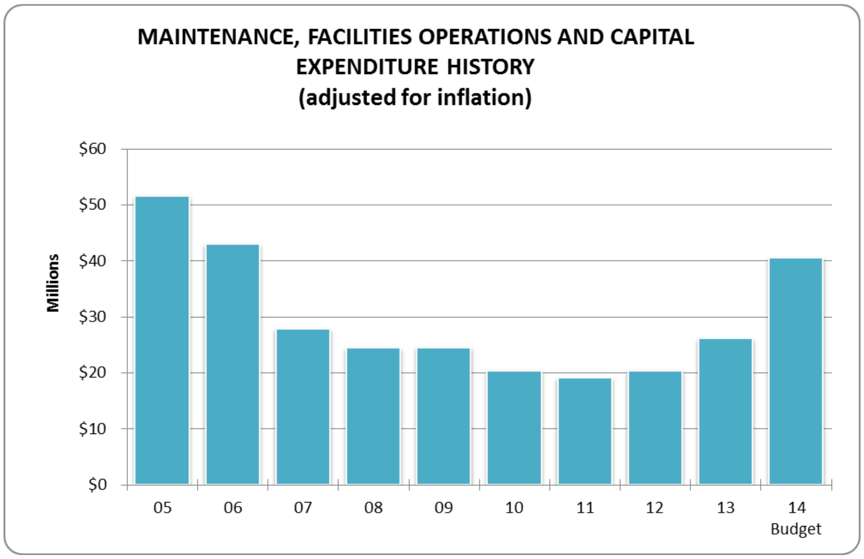
2009-10 Unprecedented uncertainty and a continued global economic crisis resulted in $11.7 million in budget reductions. Further cuts were avoided with funding provided under the American Recovery and Reinvestment Act (ARRA) as well as state funding from the Education Stability Fund and Rainy Day Fund.

2010-11 With renewal of the District's local option levy, passage of statewide tax initiatives, the Legislature's approval of $200 million in K-12 funding from state reserves, and additional ARRA funding, budget reductions were minimized at $7.2 million.

2011-12 In the wake of the Great Recession, breakeven operations were achieved by implementing over $21 million in budget reductions. Strategies included $5.8 million from an increase of 3.0 on the student: teacher ratio, $3.2 million in employee compensation adjustments, $5.0 million in reserves, $940,000 from school consolidations, cutting 10% of central office and school-based classified staff, and shifting $1.0 million in facilities costs to a G.O. bond.

2012-13 To address a projected 2012-13 General Fund operating deficit, the District implemented $11.8 million of budget reductions which included staff, services, and supply reductions; increased revenue; use of reserves; and compensation reduction strategies for all employee groups.

Maintenance & Capital Trends



Expenditure totals include General Fund expenditures for repairs, maintenance, capital improvements, and building operations plus capital expenditures paid for from the Capital Projects Fund. Actual dollar expenditures have been adjusted for inflation (U.S. CPI for Urban Consumers) to reflect a real dollar comparison in 2013 dollars.

2002 - 2008 Capital Improvement Program

In May 2002, voters approved $116 million in bonds to fund a six-year capital improvement plan. Spending in 2002-03 represented the first year of design and construction activity under that bond. Higher levels of spending in 2003-04 through 2005-06 primarily reflect the construction of two new elementary schools to replace four former elementary schools (opened in September 2004), the construction of two new middle schools (opened September 2005 and September 2006), and remodels in all four high schools. Amounts expended in 2006-07 include the final costs of constructing one new middle school, major remodeling at an elementary school and another middle school, plus upgrades to building systems such as electrical, heating and ventilation, and plumbing systems District-wide. Of the total bonds authorized, $70 million was issued in November 2002 and the remaining $46 million was issued August 2005. Bonds are scheduled to be repaid by 2025.

2011 Capital Improvement Program

In May 2011, voters approved a $70 million bond measure funding capital improvements to school facilities, upgrades to technology systems and a broad range of support for changes in the delivery of instruction. The bond also shifts approximately $1 million of General Fund building repair costs to the Capital Projects Fund. Of the $70 million measure approved, approximately $24 million has been spent through 2012-13.

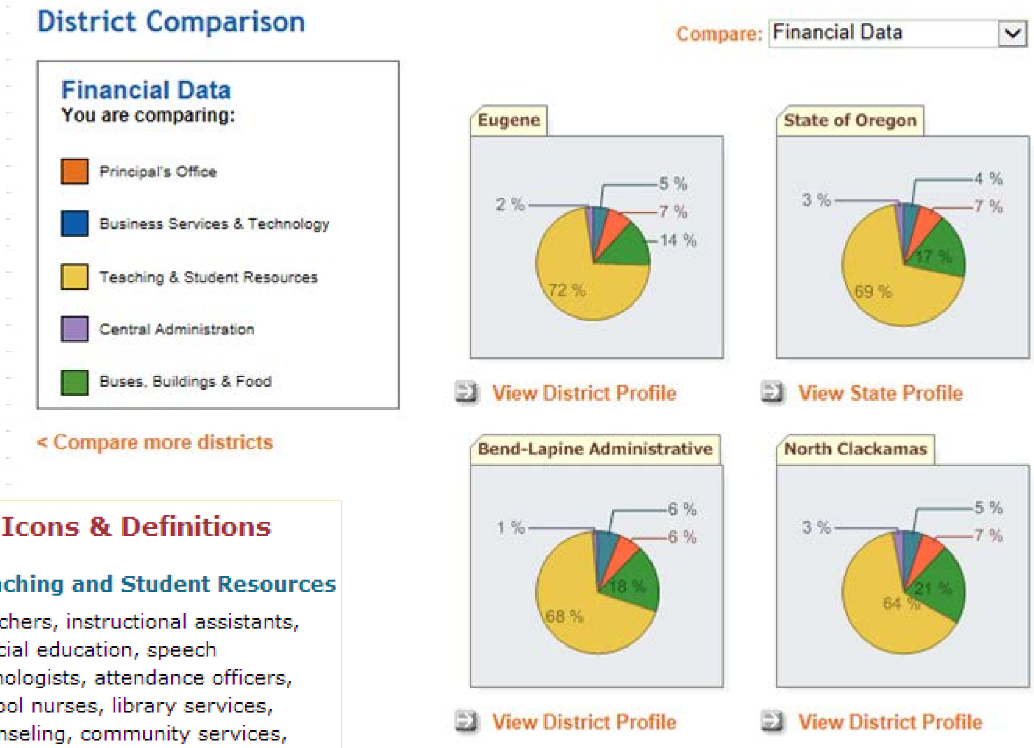
2013 Capital Improvement Program

In May 2013, voters approved a $170 million bond measure funding a combination of replacement and renovation of four school buildings, as well as providing funding for student safety and security upgrades, replacing textbooks and instructional materials, acquiring and improving technology, and acquiring vehicles and equipment.

Open Books

The Open Books project was created to explain information about Oregon K-12 school spending in a simple, easy-to-understand format. Information is available on individual district spending, comparable districts spending and statewide averages.

Open Books, in an effort to provide information that is easy to understand, uses the five expenditure categories listed below.



Open Book$ Icons & Definitions

Teaching and Student Resources

Teachers, instructional assistants, special education, speech pathologists, attendance officers, school nurses, library services, counseling, community services, supplies, textbooks and equipment.

Principal's Office

Principals, vice-principals, secretaries, and the supplies and equipment they use to perform their jobs.

Buses, Buildings and Food

Student transportation, building maintenance, heat, light, custodians, cafeteria.

Business Services and Technology

Information technology, personnel, curriculum research and evaluation, printing educational materials.

Central Administration

Staff salaries, benefits and supplies in the superintendent's office, or for other education leaders not located at specific schools.

The chart above compares Eugene's 2011-12 spending in the five categories with the state average and the two districts closest in size to that of Eugene: North Clackamas and Bend-LaPine.

For more information visit the Open Books website: www.openbooksproject.org.

Breaking down the largest spending category, Teaching and Student Resources, shown in the chart to the right, the District is in line with statewide averages spending 88% on classroom teachers, 6% on counselors, and 3% on staff training.

Teaching & Student Resources

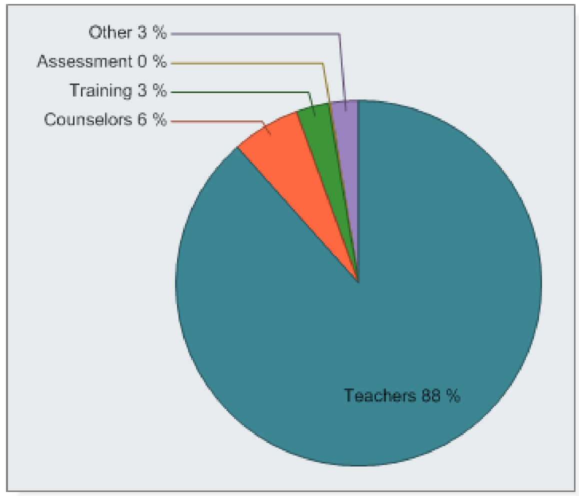
Classroom Teachers, Librarians and Materials: **$101,851,245**

Counselors and Health Services: **$7,268,454**

Staff Training: **$5,139,318**

Assessment and Testing: **$97,674**

Other Student Support Services: **$2,841,775**



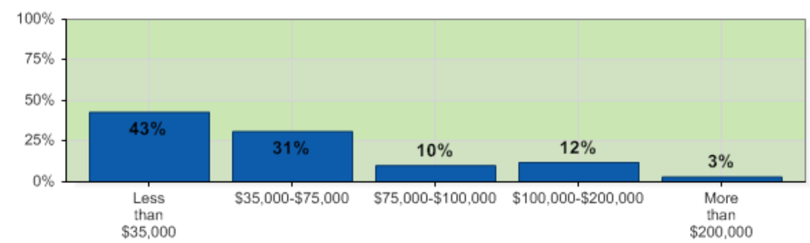
The charts to the right display select community data regarding household income, education level, and demographics. Household income $100,000 and below in Eugene is slightly higher than statewide averages. Eugene ranks 3% lower in the $100,000 to $200,000 category at 12% and is equal to the state average for the $200,000+ category at 3%. Eugene residents have also achieved higher education levels when compared to the rest of the state. With 18% of residents having a Master's Degree or better, this is almost double the state average of 10%. Percentages for other statewide numbers include 12% not completing high school, 26% having a high school diploma, 34% having some college, and 18% having a bachelor's degree. Demographic data is in line with statewide averages.

Community data from the 2010 US Census.

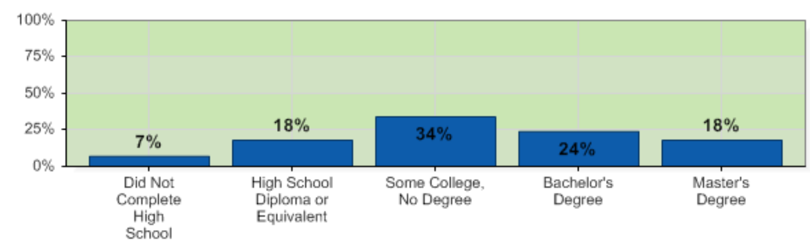
Community Data

Homes with School Age Children: **23%**

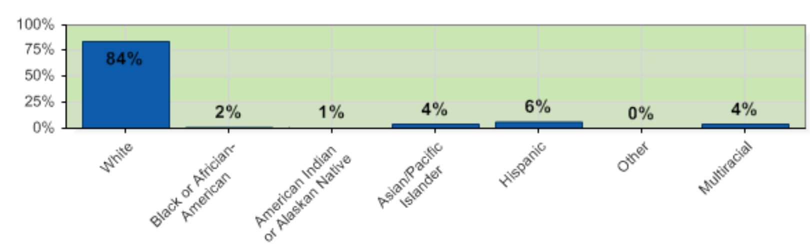
Household Income Distribution



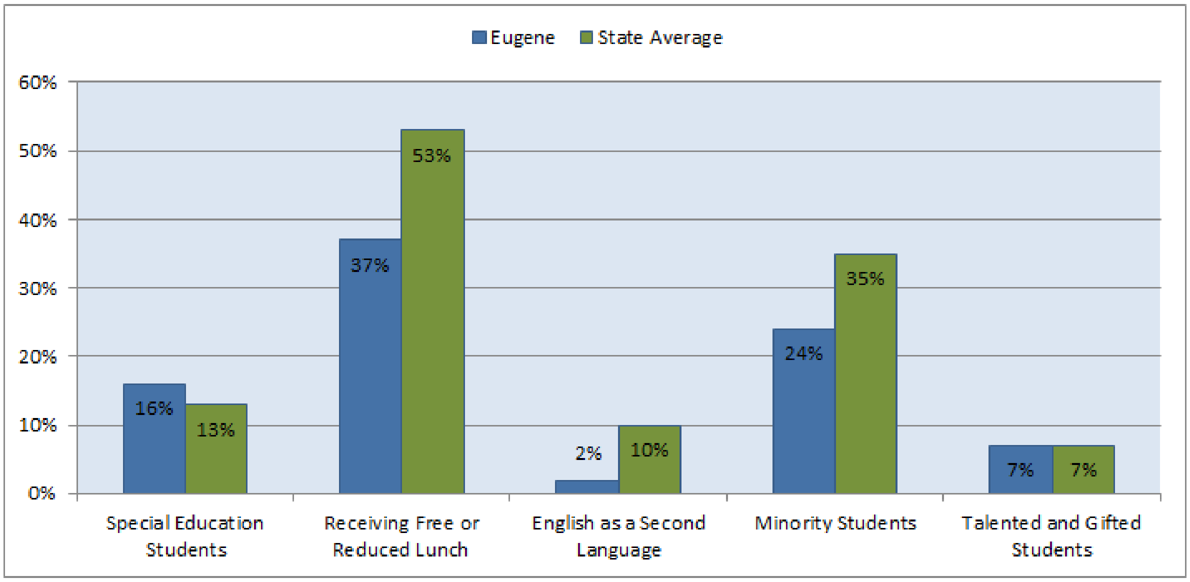
Education Level of Adults



Demographic Information



The graph below compares select student demographic data with statewide averages. Note Eugene's slightly higher population of special education students and lower population of English language learners, minority students, and students receiving free or reduced lunches. The difference from the state average in these four categories translates into less funding coming to Eugene through the state school funding formula. Information was provided by the Oregon Department of Education based on the 2011-12 school year.



Estimate of Membership and Revenues, 2014-15

Select	School Institution Identifier	DistInstID	Projected Property Tax	Projected ADM - Kindergarten	Projected ADM - Grades 9-12
✔	507	2082	0	12.5	0.0
✔	2082	2082	59330000	567.1	5225.3
✔	3229	2082	0	8.8	0.0
✔	3233	2082	0	14.3	0.0
✔	4041	2082	0	0.0	109.2

Select District or School: Eugene SD 4J..................2082

1. Estimate of Selected Revenue Sources

	Current Year 2013-14	Projected 2014-15
Property Tax (current, prior, penalty, interest) but exclude debt service fund	57660000	59330000
Federal Forest Fees	874800	0
County School Fund	200000	200000
State Managed Timber (Ch.530)	0	0
Monies Received in Lieu of Property Taxes (not offsets) (EWEB, Coos Bay Wagon Rd., etc.)	0	0
Excess ESD Revenue	0	0
Local Option Taxes	7981000	7694000

2. Estimate of Student Membership

A. Total District Resident Average Daily Membership (ADM), including Alternative and Attending in Another District.

	Projected 2014-15
Kindergarten	567
Grades 1-8	10113
Grades 9-12	5225
Subtotal A :	15906.3

B. Participation in Selected Programs

(1) Number of students eligible for special education as a child with disability under ORS 343.035 (December count)	2275
(2) ADM of pregnant and parenting students under ORS 336.640 and OAR 581-23-100(3)	40
(3) ADM of students enrolled in an ESL program under ORS 336.079 and OAR 581-23-100(4)	360
Subtotal B :	2675.0

3. Estimate of Net Transportation Cost

	Current Year 2013-14	Projected 2014-15
including bus/garage allowable depreciation and net of transportation receipts and non-reimbursable mileage	7605840	7969563

4. 2013-14 Estimate of High Cost Disability Claims

Number of High Cost Students for 2013-14				Additional Spent by District	Total Spent for High Cost Students
162	x	$30000	+	$ 2108574	$6968574

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EXECUTIVE SUMMARY OF

THE STATE OF OREGON

ECONOMIC AND REVENUE FORECAST SUMMARY

December 2013

State Economic & Revenue Forecast Summary

This section provides the Executive Summary and Table A.4 (Other Economic Indicators) of Oregon's Economic and Revenue Forecast. The forecast is produced quarterly by the State's Office of Economic Analysis. The December forecast may be viewed in its entirety at the following website: http://www.oregon.gov/DAS/OEA/pages/economic.aspx

Executive Summary

December 2013

Growth in Oregon's jobs, household income levels and tax revneues has accellerated in recent months in line with the baseline forecast. Going forward, the outlook calls for growth to stablilize around current rates for the remainder of the 2013-2015 budget period. Given Oregon's history of relatively strong economic recoveries, this outlook may prove to be overly pessimistic. Even though they are not discussed as frequently, upside risks to the outlook are now as prevalent as are darker scenarios.

Despite ebbs and flows, the nationwide economic recovery remains on track. Job growth is just strong enough to bring the unemployment rate down slowly. Wage gains are keeping up with the rate of inflation, although just barely. Also, economic output (Gross Domestic Product) and worker productivity are advancing at a positive, yet sluggish, pace. Given obvious weights on the economy, chiefly housing and government, many economists and forecasters have been calling for the pace of growth to pick up over the next year or so as these weights begin to lessen. Unfortunately, many analysts have been saying this will occur over the next year for each of the past three years. Is this time really different? Could stronger growth in 2014 and 2015 lie just around the corner?

It is difficult to pick winners and pinpoint a particular sector or industry that will strengthen and lead to stronger growth overall. However, it is possible that the answer for stronger growth lies not in any particular sector per se, but in geography, with more regions of the country sharing in the recovery. Here in Oregon, the pace of job growth has picked up in 2013 even as the Portland region's growth has held steady. Notably, the state's two hardest hit housing metros – Bend and Medford – have begun adding jobs again. Can Oregon's growth strengthen further as the recovery becomes more broadly based across the other regions of the state? Is this pattern replicable across the country?

Since 2011, the Northeast and Midwest regions have added jobs at rates comparable to or stronger than those at the peak of the housing boom – 2005 and 2006. Most western states, except California and Colorado, are still experiencing subdued rates of growth as is the South (due to Florida). As the housing market continues to rebound, along with the ancillary economic activity, expectations are for job growth in western cities and counties to pick up, much like it has in Oregon. If the other regions of the country can maintain their current pace of employment gains while the West improves, then overall growth in the country will accelerate.

In keeping with a stable economic outlook, expectations for General Fund revenue growth have remained largely unchanged since the September 2013 forecast, aside from the impact of tax reforms enacted during the October 2013 special legislative session. Along with underlying job growth, personal income taxes withheld out of paychecks have accelerated somewhat during the early months of the biennium. Although growth in tax withholdings remains middling from an historical perspective, growth rates have doubled relative to those seen during fiscal year 2013.

Although the revenue outlook remains on track, the 2013-15 biennium is still young, and therefore significant uncertainty remains. With 2012 personal income tax returns from filers who requested extensions (a group that includes many of Oregon's wealthiest households) having been processed this fall, the first large hurdle for the revenue outlook has been cleared. Nevertheless, two income tax filing seasons remain between now and the end of the biennium. As such, many risks to the outlook remain. On the upside, if asset markets maintain their recent gains or if Oregon's traditionally strong migration trends and labor force growth reappear, a short-term revenue boom remains possible during the 2013-15 budget period.

2013-15 General Fund Forecast Summary

(Millions)	December 2013 Forecast	Change from Prior Forecast	Change from COS Forecast
Structural Revenues			
Personal Income Tax	$13,716.1	$112.6	$157.9
Corporate Income Tax	$1,030.5	$18.5	-$26.1
All Other Revenues	$1,016.3	-$16.4	-$11.6
Gross GF Revenues	$15,762.8	$114.6	$120.2
Offsets and Transfers	-$67.5	$32.7	$53.3
Administrative Actions[1]	-$13.6	$0.0	$4.7
Legislative Actions	-$136.9	$0.0	$0.0
Net Available Resources	$16,006.9	$136.4	$96.7
Confidence Intervals			
67% Confidence		+/- 7.5%	$1,182.5
95% Confidence		+/- 15.0%	$2,365.1

TABLE A.4

Dec 2013 - Other Economic Indicators

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GDP (Bil of 2009 $),												
Chain Weight (in billions of $)	15,052.4	15,470.7	15,705.9	16,099.6	16,621.3	17,145.4	17,682.7	18,200.2	18,711.7	19,172.0	19,606.0	20,047.6
% Ch	1.8	2.8	1.5	2.5	3.2	3.2	3.1	2.9	2.8	2.5	2.3	2.3
Price and Wage Indicators												
GDP Implicit Price Deflator,												
Chain Weight U.S., 2009=100	103.2	105.0	106.5	108.4	110.2	112.1	114.0	115.9	117.7	119.8	121.9	124.0
% Ch	2.0	1.7	1.4	1.8	1.7	1.7	1.7	1.6	1.6	1.7	1.8	1.7
Personal Consumption Deflator,												
Chain Weight U.S., 2009=100	104.1	106.0	107.2	108.9	110.6	112.5	114.5	116.5	118.6	120.7	122.9	125.1
% Ch	2.4	1.8	1.2	1.5	1.6	1.8	1.8	1.8	1.7	1.8	1.8	1.8
CPI, Urban Consumers,												
1982-84=100												
Portland-Salem, OR-WA	224.6	229.8	234.0	237.1	240.9	245.2	249.9	254.5	259.5	264.5	269.7	274.9
% Ch	2.9	2.3	1.8	1.4	1.6	1.8	1.9	1.8	2.0	1.9	2.0	1.9
U.S.	224.9	229.6	233.0	236.8	240.9	245.5	250.1	254.9	259.8	265.0	270.4	275.5
% Ch	3.1	2.1	1.5	1.6	1.7	1.9	1.9	1.9	1.9	2.0	2.0	1.9
Oregon Average Wage												
Rate (Thous $)	45.3	46.7	47.0	47.8	49.1	50.5	52.1	53.7	55.2	57.0	58.8	60.7
% Ch	3.6	3.1	0.6	1.7	2.8	2.9	3.1	3.0	2.9	3.1	3.3	3.2
U.S. Average Wage												
Wage Rate (Thous $)	50.5	51.8	52.4	53.8	55.5	57.3	59.1	61.1	63.2	65.3	67.6	69.9
% Ch	2.8	2.6	1.1	2.7	3.3	3.1	3.2	3.3	3.4	3.4	3.5	3.4
Housing Indicators												
FHFA Oregon Housing Price Index												
1980 Q1=100	350.3	349.6	377.7	404.1	412.0	420.2	430.1	443.7	459.7	478.1	497.5	517.2
% Ch	(6.7)	(0.2)	8.0	7.0	2.0	2.0	2.4	3.2	3.6	4.0	4.1	4.0
FHFA National Housing Price Index												
1980 Q1=100	313.1	313.0	333.5	363.2	373.8	377.9	386.0	390.7	395.3	402.5	411.6	425.3
% Ch	(3.6)	(0.0)	6.6	8.9	2.9	1.1	2.1	1.2	1.2	1.8	2.3	3.3
Housing Starts												
Oregon (Thous)	8.0	10.9	14.8	16.8	20.3	23.7	24.3	24.8	24.7	24.8	24.8	25.0
% Ch	5.3	35.5	36.3	13.6	20.5	17.0	2.5	1.9	(0.0)	0.2	0.0	0.6
U.S. (Millions)	0.6	0.8	0.9	1.2	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.5
% Ch	4.5	28.0	16.7	26.1	28.5	8.8	(0.4)	0.5	1.3	(1.2)	(3.0)	(1.5)
Other Indicators												
Unemployment Rate (%)												
Oregon	9.6	8.7	8.0	7.6	7.0	6.6	6.6	6.7	6.1	5.7	5.4	5.5
Point Change	(1.1)	(0.9)	(0.7)	(0.5)	(0.6)	(0.4)	(0.1)	0.1	(0.5)	(0.5)	(0.2)	0.1
U.S.	8.9	8.1	7.5	7.1	6.5	6.0	5.7	5.4	5.1	5.0	5.0	5.1
Point Change	(0.7)	(0.9)	(0.6)	(0.4)	(0.6)	(0.5)	(0.3)	(0.3)	(0.2)	(0.1)	(0.0)	0.0
Industrial Production Index												
U.S, 2002 = 100	93.6	97.0	99.4	102.4	105.7	108.8	111.9	115.0	118.3	121.2	124.0	126.9
% Ch	3.4	3.6	2.4	3.1	3.2	2.9	2.8	2.8	2.9	2.4	2.3	2.3
Prime Rate (Percent)	3.3	3.3	3.3	3.3	3.4	5.2	6.8	7.0	7.0	7.0	7.0	7.0
% Ch	0.0	0.0	0.0	0.0	5.3	50.7	32.5	2.5	0.0	0.0	0.0	0.0
Population (Millions)												
Oregon	3.86	3.89	3.92	3.96	4.01	4.06	4.11	4.16	4.21	4.26	4.31	4.37
% Ch	0.6	0.7	0.9	1.0	1.1	1.2	1.2	1.2	1.2	1.2	1.3	1.3
U.S.	312.3	314.6	317.0	319.5	321.9	324.4	326.9	329.4	332.0	334.5	337.0	339.5
% Ch	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7
Timber Harvest (Mil Bd Ft)												
Oregon	3,649.0	3,595.0	3,520.1	3,769.0	4,128.8	4,207.7	4,296.9	4,375.9	4,450.3	4,484.0	4,504.6	4,541.9
% Ch	13.1	(1.5)	(2.1)	7.1	9.5	1.9	2.1	1.8	1.7	0.8	0.5	0.8