Oregon
Theodore R. Kulongoski, Governor

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OREGON DEPT. OF EDUCATION
SUPERINTENDENT'S OFFICE

Susan Castillo
Superintendent of Public Instruction
Oregon Department of Education
Public Service Building
255 Capitol Street N.E.
Salem, Oregon 97310-0203

Superintendent Castillo,

The Governor has requested in Executive Order 99-15 that we annually provide the K-12 Education Districts in our state with a reasonable forecast of state and local formula revenue for each of the next three fiscal years. The percentage increase is referred to as the "Allowable Growth Factor".

The School Revenue Forecast Committee has reviewed the policy and fiscal considerations in determining such a forecast. They have determined that the information below represents the best forecast of K-12 formula revenues that will reasonably be available in fiscal years 2005 through 2007:

	K-12 Formula Revenue	ADMw	Revenue per ADMw	Allowable Growth Factor
2003-04	$3,523,300,000	658,452	$5,351	
2004-05	$3,326,900,000	657,076	$5,063	-5.4%
2005-06	$3,663,800,000	659,256	$5,557	9.8%
2006-07	$3,846,700,000	662,437	$5,807	4.5%

It is the consensus of the School Revenue Forecast Committee that the information above should be provided by the Department of Education to K-12 districts. The enclosures provide required detail to substantiate the actual funding that would be allocated through the K-12 formula. The Committee agreed that K-12 districts should be provided information on the assumptions that were used to make these forecasts, such as the increase in the PERS rate, health benefit costs, and numbers of students. That will allow district to use these estimates more effectively.

The School Revenue Forecast Committee has estimated the total amount of formula revenue that should reasonably be available to Education Service Districts (ESD's) at $176.0 million for 2003-04, $169.9 million for 2004-05, $193.2 million for 2005-06, and $202.8 million for 2006-07.

This information will be updated annually to assist K-12 Education Districts in their budgeting process. It is not a guarantee of minimum state and local formula revenue that will be approved by the Legislative Assembly. It does represent what should be made available to continue existing programs with consideration of fiscal restrictions.

Sincerely,

Theresa McHugh

Theresa McHugh
Acting Director

Enclosures