



MESD Budget Committee Orientation Report

For the Fiscal Year July 1, 2026 to June 30, 2027 Proposed Budget

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INTRODUCTION

Dear MESD Budget Committee Members:

The Multnomah Education Service District (MESD) is pleased to present this Budget Committee Orientation Report for our new and returning budget committee members. We hope this will be a useful document to help further your understanding of the MESD and also allow orientation participants a better opportunity to ask questions about our ESD and the budget process.

The following report is organized to provide a broad understanding of a) Oregon education service districts, b) regional and financial information specific to MESD, and c) the responsibilities of the Budget Committee.

The orientation meeting is scheduled on March 31, 2026 at 6:00 pm and will be held via Zoom. Details for the Zoom meeting will be sent to the budget committee members. The information in this report will be presented during the meeting, but with less detail. We welcome your participation and look forward to any questions you may have.

Finally, thank you for your time and participation in the MESD's Budget Committee.

Sincerely,

Doana Anderson, Chief Financial Officer
Sara Bottomley, Budget Manager

IMPORTANT DATES

For 2026, all budget committee meetings will be held via Zoom with details posted on the MESD website.

- | | |
|------------------------------------|---|
| March 31, 2026 | Budget Committee orientation, 6:00 pm |
| April 3, 2026 | By 5:00pm, Proposed Budget available to public;
Dashboard available to committee |
| April 7, 2026 | Budget Committee meeting, 6:00 pm |
| <i>Further meetings, if needed</i> | |
| April 14, 2026 | Budget Committee meeting, 6:00 pm |
| April 22, 2026 | Budget Committee meeting, 6:00 pm |

GENERAL INFORMATION ABOUT THE MESD

Education Service Districts

Education Service Districts (ESDs) are established and governed by Oregon Statute, Chapter 334. They originated in Oregon’s first laws establishing a general system of common schools.

- 1854 – Part of county school superintendent’s office
- 1957 – Responsibilities transferred from county government to an independent district.
- 1963 – State legislature formally established the ESD
- 1978 – Name was changed from Intermediate Education District to Multnomah Education Service District.

Throughout history the overall mission of Oregon ESDs has remained constant:

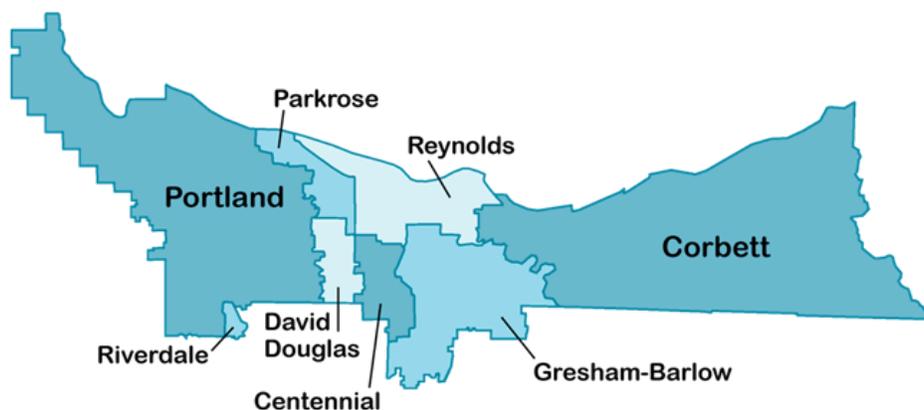
“Education Service Districts assist school districts and the State of Oregon achieving Oregon’s education goals by providing excellent and equitable educational opportunities for all Oregon public school students.”

Currently there are 19 ESDs in Oregon serving 36 counties. The MESD serves the second largest student population in the state.

MESD Service Area and Component Districts

MESD is primarily located in Multnomah County and extends into Clackamas and Washington counties along school district boundaries. The eight ‘component districts’ in our region are diverse and include central city, suburban and rural schools.

MESD Component Districts



These districts serve nearly 83,000 students across over 180 schools and programs.

October 1 Enrollment ¹	Schools ² 2025-26	Enrollment 2025-26	Enrollment 2024-25	Change in Enrollment	Percent
MESD component districts					
Centennial SD 28J	11	5,410	5,412	(2)	0.0%
Corbett SD 39	2	1,188	1,077	111	9.3
David Douglas SD 40	17	8,568	8,728	(160)	-1.9
Gresham-Barlow SD 10J	22	11,357	11,463	(106)	-0.9
Parkrose SD 3	7	2,728	2,727	1	0.0
Portland SD 1J	102	42,623	43,319	(696)	-1.6
Reynolds SD 7	22	9,610	9,700	(90)	-0.9
Riverdale SD 51J	2	574	565	9	1.6
Total MESD districts	185	82,058	82,991	(933)	-1.1%
Statewide enrollment		539,644	545,088	(5,444)	-1.0%
MESD percent of statewide		15.2%	15.2%	0.0%	

MESD Governance Structure

The MESD is structured similarly to Oregon school districts. We have a seven-member publicly-elected board of directors (five from specific zones and two at-large) that is the chief governing body and is exclusively responsible for the ESD’s public policies and accountable for fiscal oversight. Each member serves a four-year term without compensation and can be re-elected. The Superintendent is the chief administrative officer of the district and is appointed by the Board.

Services Provided by Statute

All Oregon ESDs are required to provide certain services under ORS 334.175. Below is an excerpt:

- (1) An education service district shall provide regionalized core services to component school districts. The goals of these services are to:
 - a) Assist component school districts in meeting the requirements of state and federal law;
 - b) Improve student learning;
 - c) Enhance the quality of instruction provided to students;
 - d) Enable component school districts and the students who attend schools in those districts to have equitable access to resources; and
 - e) Maximize operational and fiscal efficiencies for component school districts.

Local Service Plan (LSP)

ESD services are provided according to a local service plan developed by the ESD and component school districts. The local service plan must include services in at least the following areas:

¹ Source: [ODE Fall Membership Report](#)

² Number of institution IDs for which the district has reported enrollment.

1. Programs for children with special needs; including special education and services for at-risk students.
2. Technology support for component school districts.
3. School improvement services for component school districts.
4. Administrative and support services for component school districts.
5. Other services required by state or federal law.

In addition, a local service plan may include other services that are designed to meet regional needs.

The local service plan must also:

- A. Be adopted by the MESD Board
- B. After being adopted by the MESD Board, be approved on or before March 1st by resolution of two-thirds of the component school districts that have at least a majority of the pupils in the average daily membership of the ESD.

The adoption of the LSP by our component districts gives us the authorization to provide services and prepare a budget. The 2026-27 Local Service Plan was approved by the MESD Board on January 20, 2026 with Resolution 26-001. All of our component district Boards have approved the LSP for FY 2026-27. The document is available online at: [Reports - Multnomah Education Service District](#)

MESD Programs and Services

The District provides a multitude of services to support our districts. Programs are developed in collaboration with component district advisory committees and leadership.

Local Service Plan Area ORS 334.175(2)	MESD Program Examples
a. Programs for children with special needs	Alternative and designated schools Helensview School Education programs in restricted facilities Special education services The Creeks (SESP/BH program) Functional Living Skills K-8 & Transition classrooms Wheatley School (FLS Alternative) One-to-one student behavior support facilitators
b. Technology support for component school districts	Business applications Network infrastructure Student applications

Local Service Plan Area ORS 334.175(2)	MESD Program Examples
c. School improvement services for component districts	Curriculum services School health services Hearing and vision screening Immunization School nurses and health assistants Complex needs nursing One-to-one nursing
d. Administrative and support services for component school districts	Home school notification Government affairs liaison Inter-district courier services Safety liaison services

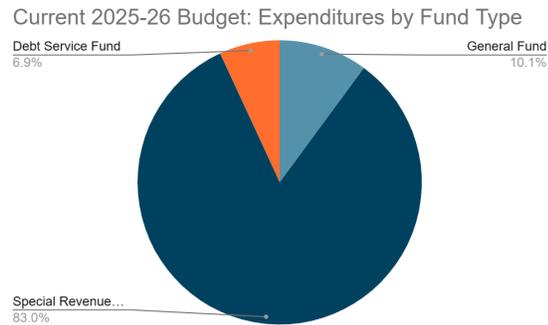
FINANCIAL STRUCTURE

Fund Accounting

The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives.

The District uses the following fund types:

- **Governmental Funds**
 - General Fund
 - Special Revenue Fund
 - Debt Service Fund
- **Non-Governmental Fund**
 - Fiduciary Fund



General Fund (Funds 6, 4, 7)

This group of funds accounts for the general operating costs of the District and provides support services to other funds. For accounting purposes, the District appropriates expenditures in three funds:

Fund	Primary Revenues	Expenditures
Operating (F6)	Transfer from Resolution Fund Interest Administrative fees Indirect charges on grants	General Operations: Administration & Legal Facilities Business Services Human Resources Agency Technology
Facilities & Equipment Reserve (F4)	Transfers from Operating and Resolution Funds	Major facilities maintenance Non-routine facility repairs Major technology
Risk Management & Reserve (F7)	A benefit rate charged to payroll Transfer from Operating Fund	Risk Management Activities: Liability insurance premiums Workers compensation Incurred losses Election fees

Special Revenue Funds (Funds 1, 2)

These funds are used to account for and report proceeds of specific revenue sources that are restricted (for example, grants) or committed to expenditures for specified purposes other than debt service or capital projects. The MESD has two special revenue funds:

Fund	Primary Revenues	Expenditures
Resolution Services (F1)	90% State School Fund Property Taxes	Local Service Plan Services: Special Education Services School Health Services Instructional Services Technology Services Admin Support Services
Contracted Services (F2)	State and federal grants State contracts Fee for service contracts	Value-added services supported by grants or contracts Local Service Plan Services

Debt Service Fund (Fund 3)

This fund accounts for the principal and interest payments on the OSBA Limited Tax Pension Obligation (PERS) Bond, Series 2004 and the OSBA Limited Tax Pension Obligation (PERS) Bond, Series 2022A. These bonds were sold to fund the District’s PERS unfunded actuarial liability. A benefit charge is applied to all PERS eligible payrolls and is recorded as services to other funds revenue.

Fiduciary Fund (Fund 5)

Serves as a pass-through for assets held in trustee capacity for others and not used to support the District’s own programs. The Agency Pass-Through Fund is used for revenue passed on to component districts. The MESD is not required to budget resources and expenditures for this fund under Oregon Administrative Rule 150-294.388 (1)-(A), section 3.

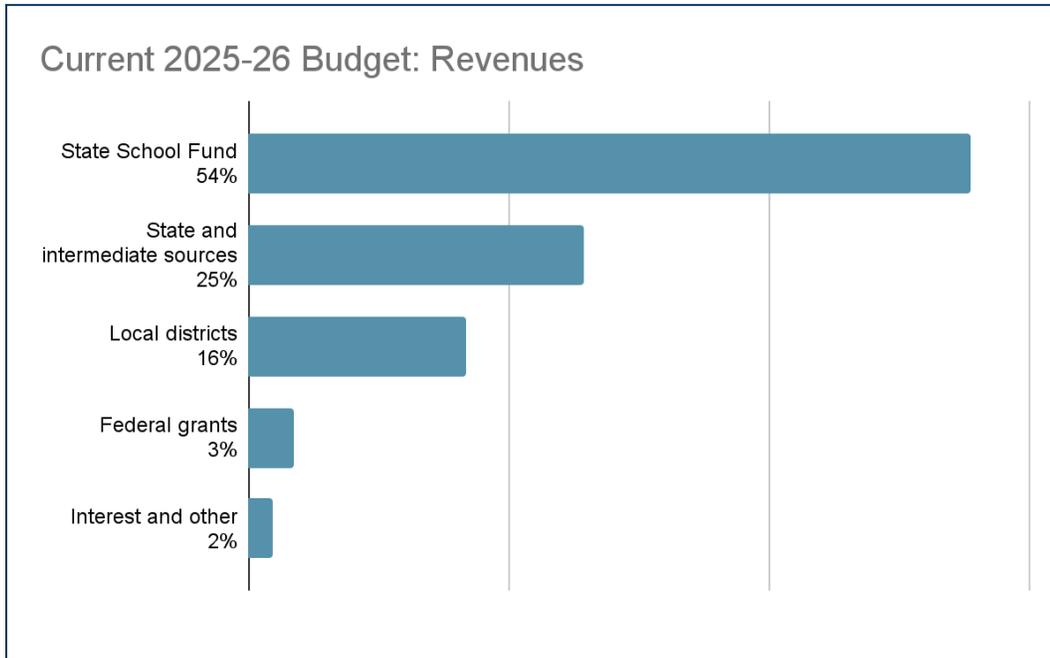
Major Functions

For each fund, expenditures are appropriated by major functions. Functions are the different activities that are charged to the fund. This level of budgetary authority for school and education service districts is determined by the Oregon Department of Revenue and Oregon Department of Education. District management may realign appropriation within a major function; however, transfers between major functions, even within the same fund, require Board approval.

- 1000 Instruction
- 2000 Support Services
- 3000 Enterprise & Community Services
- 4000 Facilities Acquisition & Construction
- 5000 Other Uses (Transit Payments)
- 5100 Debt Service
- 5200 Transfers Out
- 6000 Contingency

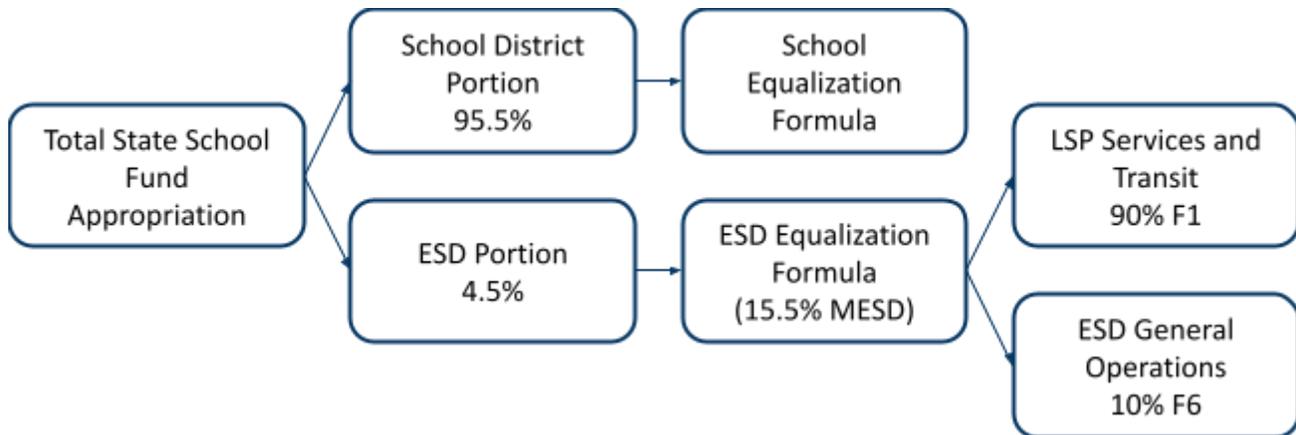
RESOURCES

External Revenues



State School Funding (Property Taxes + SSF Grant)

The Oregon Legislature approves the distribution of designated local and state revenues to K-12 school districts and ESDs as general operating revenue using an equalization formula. Designated local revenues consist mostly of property taxes and make up about 32% of the formula revenue. The remaining 68% is provided through the State School Fund (SSF) and is mostly derived from state income taxes and lottery revenues. These revenues are subject to fluctuation based on the overall economic status of the state. Districts receive their formula revenue allocation from the state as a SSF Grant, less their local property taxes. Starting from the 2011-12 school year, the ESDs' share of the combined formula revenue is 4.5%.



The *school equalization formula* determines each K-12 school district's general operating revenue distribution. The allocation is based primarily on the number of students with adjustments (known as weights) for students in special categories, teacher experience, transportation costs, high cost disability students, classroom construction, and healthy school facilities.

The *ESD equalization formula* determines each ESD's operating revenue distribution. Funding is allocated proportionally based on the school equalization formula revenue of the ESDs' component districts, though there are some adjustments which create a floor for the smallest ESDs. Ninety-percent of this revenue must be used to provide local service plan services approved by its component districts.

Over 50% of the MESD's revenues come from the SSF appropriation. The appropriation calculation includes the property taxes received by the ESD via the imposed tax levy which is limited to \$0.4576 per \$1,000 of assessed value. The remainder of the SSF appropriation less the estimated property taxes is recorded as SSF revenue.

Property tax estimates are based on information from the counties and historical collection rates. The vast majority of property tax revenues comes from Multnomah County, but MESD receives a small portion from Clackamas and Washington counties.

Other State Sources

The District contracts with the State of Oregon to implement state-wide education initiatives such as the Student Success Act and Outdoor School for All. In addition, the District contracts to provide required education programs for students who are experiencing critical health situations or located in restricted facilities. Below are examples of MESD programs under contract with the state:

- Student Success Act: ESD Technical Assistance
- Measure 99: Outdoor School for All
- East Metro STEAM
- Regional Educator Network
- Long-Term Care & Treatment (LTCT) and Hospital education programs
- Youth Corrections (YCEP) and Juvenile Detention (JDEP) education programs
- Recovery high school

Fee for Service Contracts with Local Districts

Component districts and non-component districts can purchase local service plan services in addition to what is funded by the SSF 90%. The majority of the contracts are for school health and special education services.

Other Grants and Contracts

The District receives grants and contracts from local governments such as the City of Portland and Multnomah County, such as:

- Portland Clean Energy Funds
- Multnomah County Preschool for All

- OHSU Hemophilia Center

Federal Grant Sources

The District receives federal grants to provide regional education and student support services.

- Title I
- Perkins CTE
- School Based Mental Health Grant
- TRIO Programs

Other sources

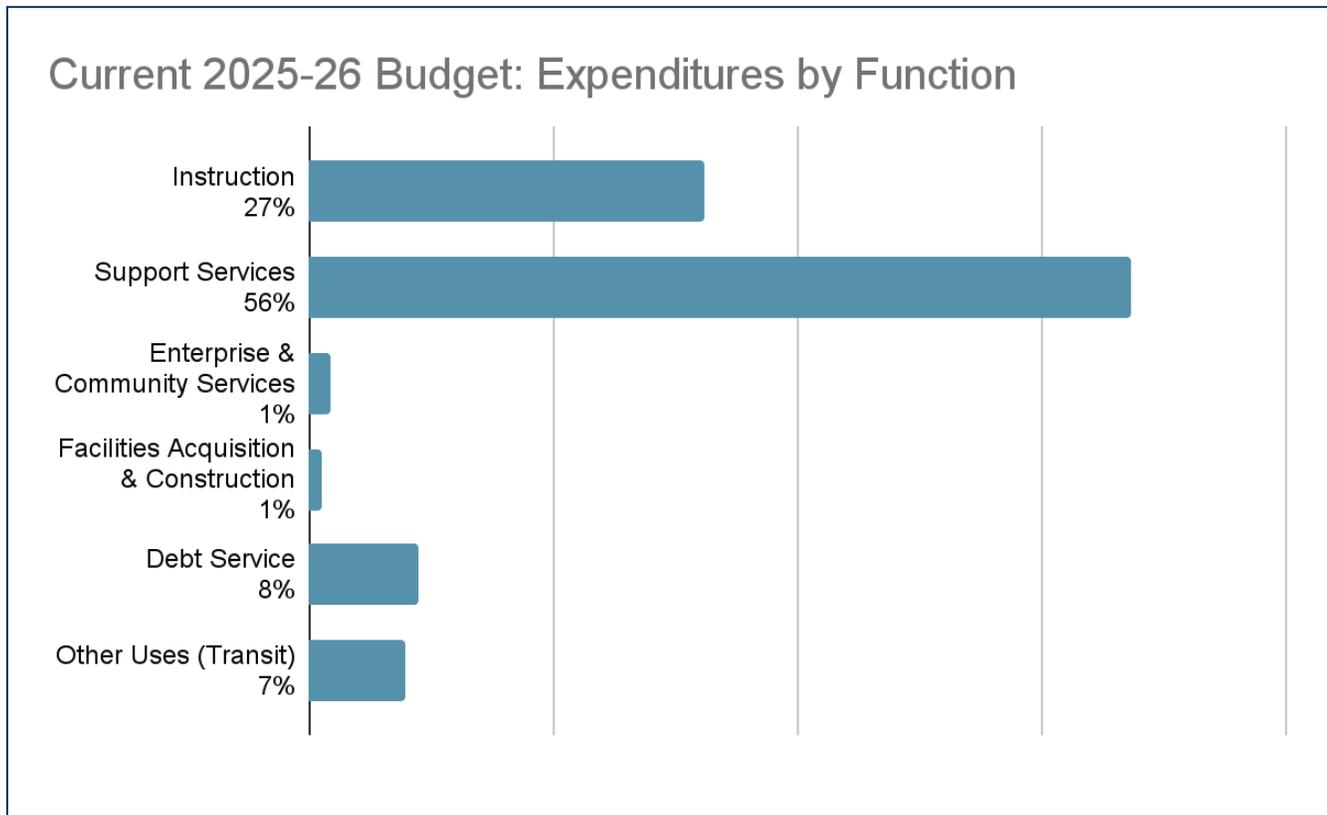
Other revenues include interest earned, fees, and private contributions.

Other Internal Resources

The remaining resources in the budget are from internal revenues such as services to other funds, fees charged to grants to support operating costs, fund transfers, and beginning fund balance.

REQUIREMENTS

Expenditures by Activities

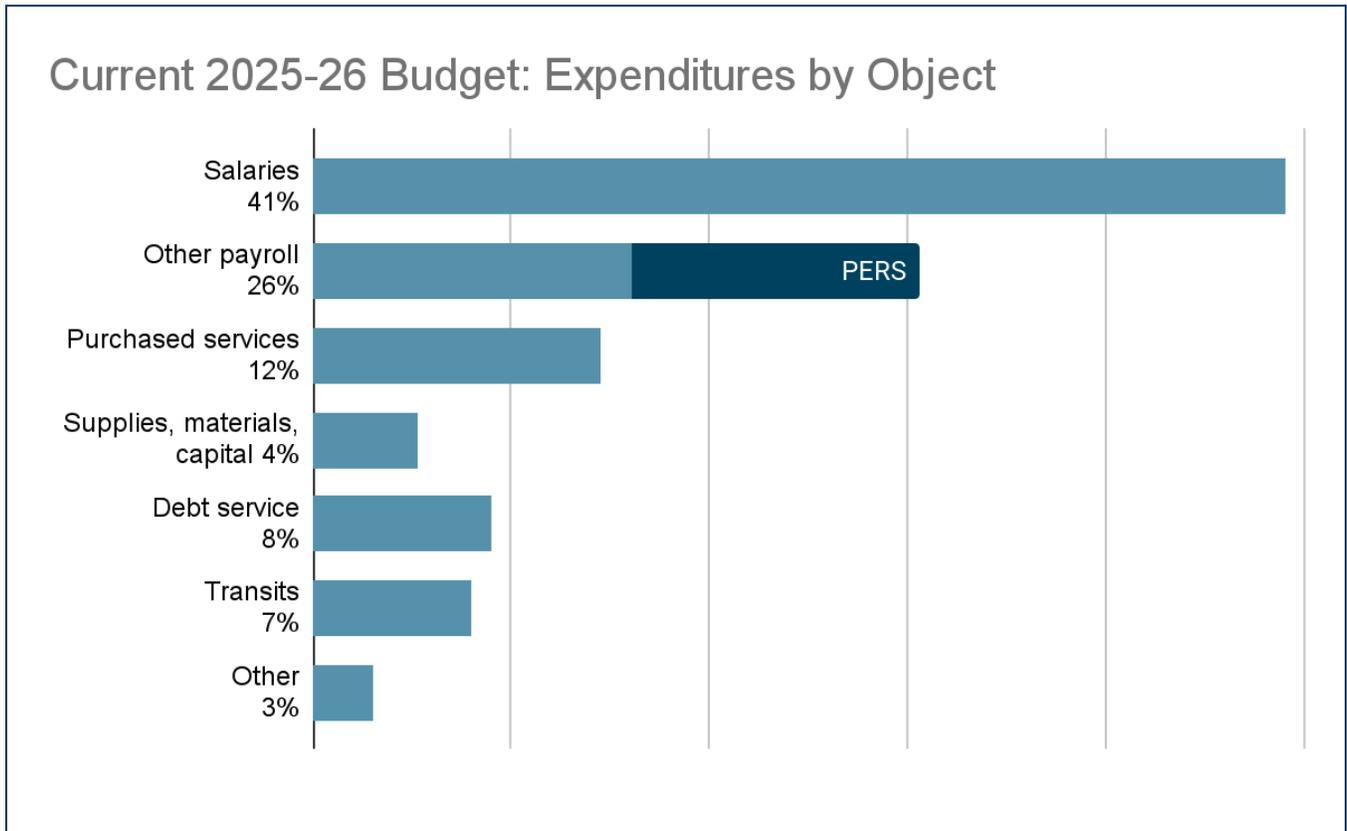


Instruction and Support Services activities make up the majority of our expenditures. Much of these costs come from the anticipated District participation in services listed in the Local Service Plan.

Districts let us know their anticipated participation in services by using the “District Service Plan”. It is a costing sheet where districts tell the MESD how many students they may need space for and other services that they want to use. The District Service Plan provides the base of the budget to meet the request. In the beginning, we use current levels of service to help with our estimates. As we get further in the process, we fine-tune the budget to meet the projected needs of our districts.

Depending on whether the District is choosing to use Resolution or Contract dollars, the MESD budgets expenditures in the related fund.

Expenditures by Object Category



By far, the District’s largest expense is payroll. Salaries, retirement, and other associated costs make up two-thirds of the total expenditures. In particular, the Public Employee Retirement System (PERS) constitutes 12% of the district's expenditures.

Purchased services include property services, networking services, staffing services, and liability & property insurance.

Under ORS 334.177(3), component school districts may request that a percentage of the SSF received for Local Service Plan services be distributed to the school district for any purpose identified by the school board. Oregon ESDs identify that transfer as an Other Use - Transits.

Other Requirements

Other budgeted requirements include internal transfers, contingencies, and ending fund balance.

BUDGET DEVELOPMENT OVERVIEW

Budget Calendar

January - April 2026	MESD management develops proposed budget MESD Board approves budget committee members
March 31, 2026	Budget committee orientation
April 3, 2026	Proposed budget is available to the public
April 7, 2026	Budget message and proposed budget presentation Budget committee approves budget and tax levy
April 14 & 22, 2026	Budget committee work sessions, if needed.
April 29, 2026	Deadline to submit approved budget to TSCC
May 19, 2026	TSCC public hearing and budget certification (ORS 294.430)
June 16, 2026	MESD Board adopts budget and certifies tax levy (ORS 294.435)

Budget Planning Parameters

The MESD Board approves the budget parameters in a resolution. [Board Resolution 26-011-Approval of 2026-2027 MESD Budget Planning Parameters](#) was approved on February 17, 2026. These identify the major assumptions for revenues and expenditures used to develop the budget. The budget parameters are included in the proposed budget presentation and in the Superintendent's budget message.

Budget Committee

The 15-member Budget Committee is composed of the MESD's Board of Directors plus an equal number of representatives, plus one, who are appointed by the MESD Board from among applicant members of component district boards or designees of component district boards.

Responsibilities

- Receive the proposed budget document & budget message
- Meet publicly to review proposed budget
- Provide opportunity for public comment
- Approve expenditures by fund and function
- Approve budget
- Specify maximum ad valorem (property tax) rate

PROPOSED BUDGET

IMPORTANT:

The Budget Committee may not deliberate on the budget before the first meeting. (ORS 294.426)

Document

The proposed budget document will be available to the public online as a PDF on Friday, April 3, 2026 at [Reports - Multnomah Education Service District](#).

The proposed budget document gives information about the MESD and shows the budget in multiple views, most of which do not look the same as the budget resolution that the committee is formally approving. However, it does give readers the opportunity to learn more about the District and see the budget in more detail than the resolution provides.

Dashboard

The Budget Dashboard will be utilized again this year to assist the committee in reviewing the proposed budget. The online system provides flexibility for researching budget detail. With the click of a mouse, viewers can choose to see the budget down to the object level by fund, department, division, or program. Budget committee members will receive an email with instructions and a link to the dashboard on Friday, April 3th.

Budget Resolution

The resolution to approve the proposed budget and ad valorem property tax rate shows the budget at the legal level of budgetary authority: fund and function. Expenditure appropriation is approved for each individual fund within the General Fund, the Resolution and Contracted funds, and the Debt Service Fund. The total budget includes the unappropriated ending fund balances which will either help support the ESD the following year before property tax revenue is collected in the Fall or are committed for future purchases.

April 7, 2026 Meeting Agenda

1. Introduction
2. Election of Budget Committee Chair (Resolution MBCM-26-01)
3. Superintendent's budget message
4. Budget overview
5. Public comment
6. Department presentations
7. Q&A, Deliberations
8. Budget committee recommendations
9. Approval of the budget and ad valorem (property tax) rate (Resolution MBCM-26-02)