


# WHY IS THE DISTRICT CONCERNED ABOUT ITS FUNDING?

**Inflation Conversation**

# INFLATION

- ▶ One of the contributing factors that has caused the Blaine County School District budget to become challenged is the invisible effect of Inflation:
  - ▶ Inflation - a general increase in prices and fall in the purchasing value of money.
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- A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

# INFLATION

- ▶ Over time money loses its ability to purchase as much as it has in the past:

▶ 2008



2012



2017



# INFLATION

Grandpa's  
Candy bar cost \$.05



Your candy  
Bar cost \$1.25

And the biggest disappointment is that his was probably larger is size than those of today.

# INFLATION

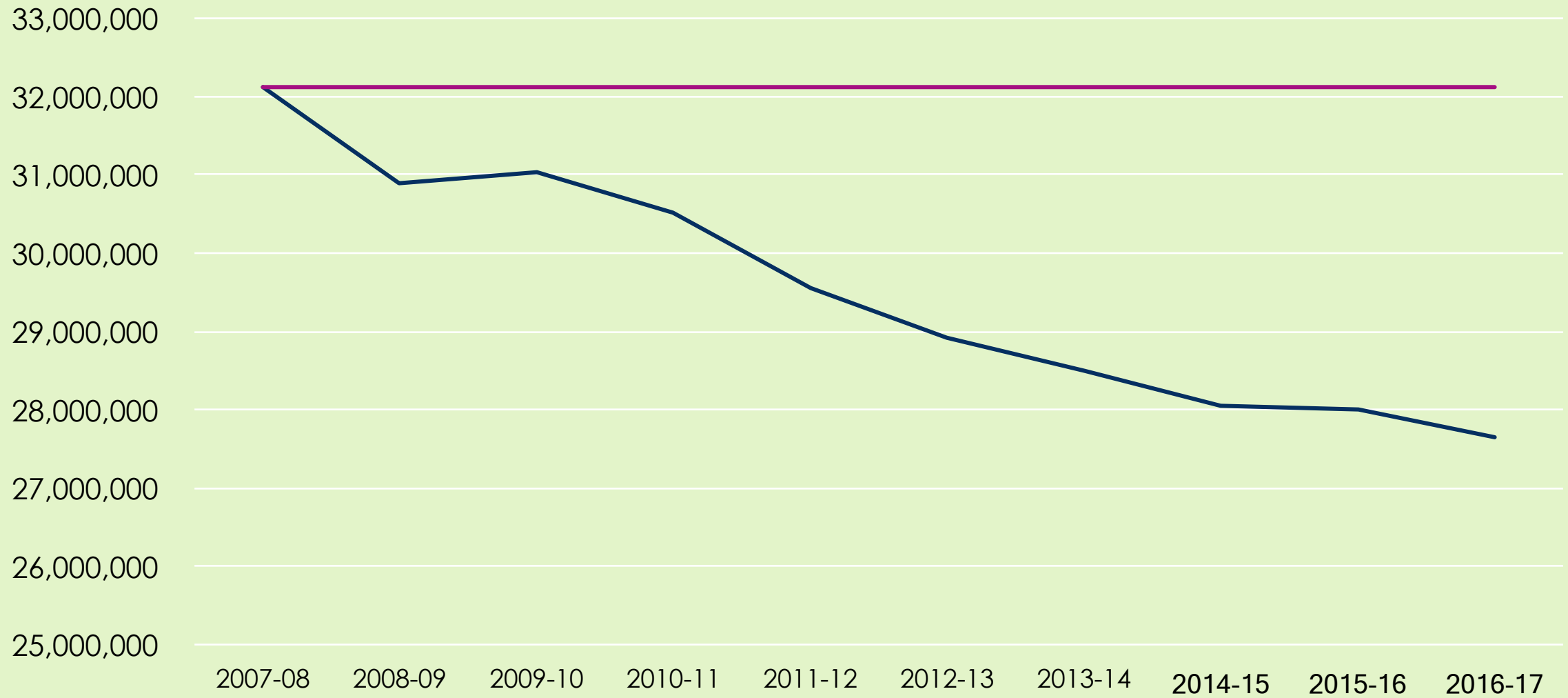
- ▶ If widgets in 2008 were \$1.00 a piece our Stabilization and Permanent Supplemental levy collectively and rounded to \$32M could buy the District 32M widgets.

# INFLATION

- ▶ Because of the forces of inflation since 2008, the same \$32M in levy funds will only buy us 27.6M widgets.
- ▶ That is a loss of about 14% of our purchasing power.
- ▶ Or we can only buy 86% today with the same amount of money that we could buy in 2007-08.

# INFLATION

Loss of Purchasing Power over time



# INFLATION





# INFLATION

- ▶ What would the District need in terms of inflation adjusted dollars so that we have the same purchasing power today as we enjoyed in 2008?

# INFLATION

- ▶ What does the District need to make today's purchasing power match 2017?



2008

EQUALS

2017



# INFLATION

▶ 2008 = \$32M

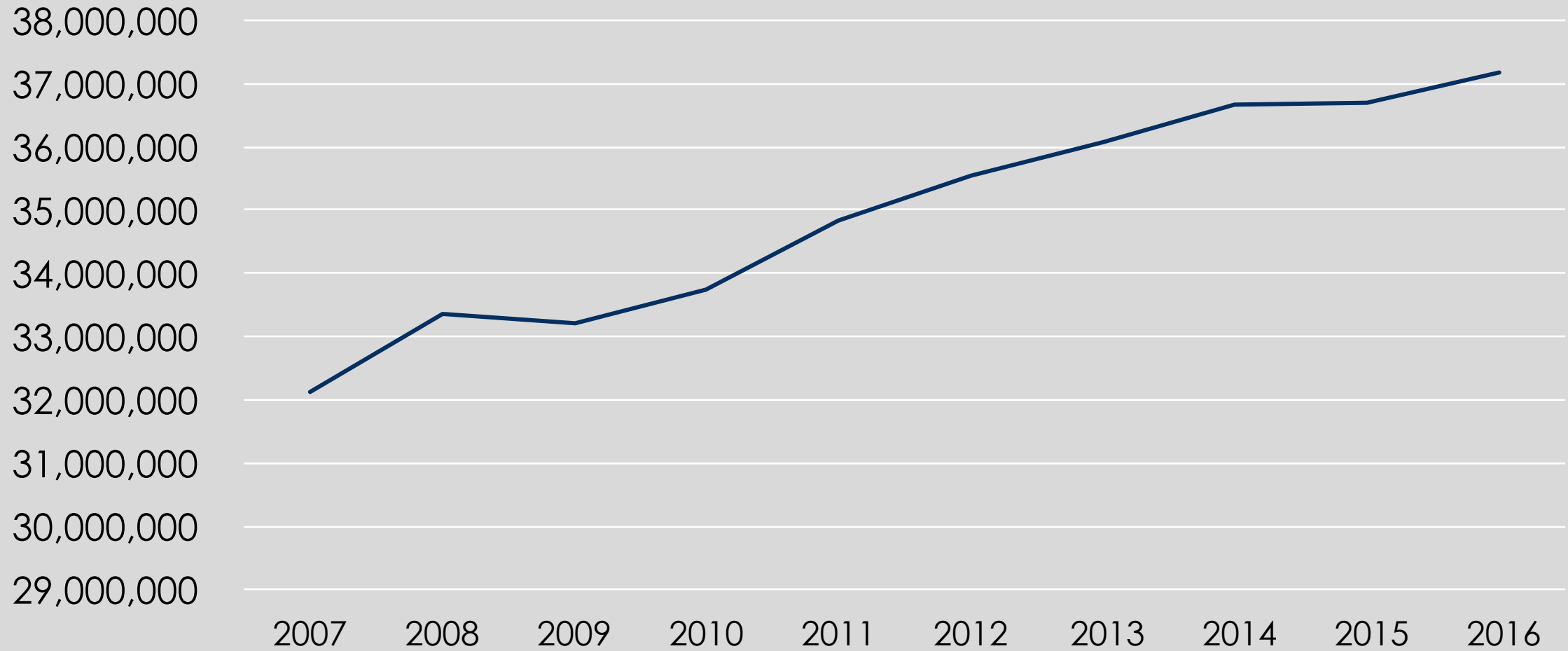
▶ 2017 = \$37M

▶



# INFLATION

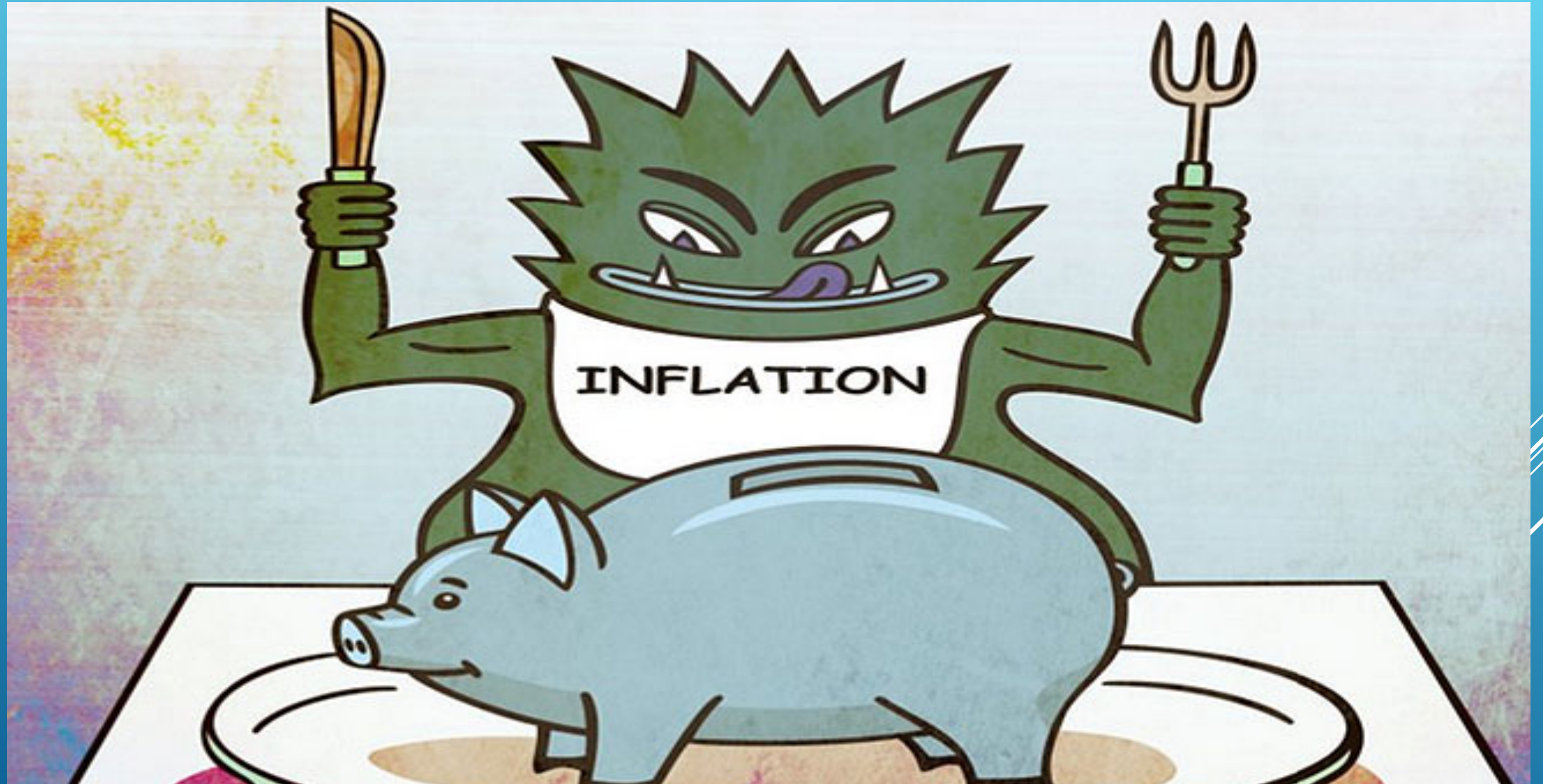
Inflationary Effect on \$32M




# INFLATION

- ▶ In Summary – the District is not able to purchase as much today or in the future with the fixed sum of money that was set at \$32M back in the past.

# INFLATION



# INFLATION

- ▶ To combat this problem of inflation along with other issues the District has since the 2011-12 year balanced the budget using savings from earlier years.
  - ▶ Our savings are less than half what they were since 2010-11.
  - ▶ This is not a viable option to resolve our financial challenges as we budget into the future.
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# INFLATION

▶ Last slide

