

2013-14 BUDGET MESSAGE

April 22, 2013

Dear Beaverton Budget Committee Members and Community:

I submit for your consideration the Proposed Budget for the Beaverton School District for fiscal year 2013-2014.

The proposed budget of \$499,301,442 is the result of financial goals set by the School Board, staff, student and community input, and the work of the 31-member Internal Budget Team (IBT). This budget proposal brings a message of hope to Beaverton Schools. With the Oregon Legislature still in session and the election for the levy ahead of us on May 21, the District has more than one possible budget scenario for 2013-14:

Scenario 1	Scenario 2	Scenario 3
\$6.55 Billion State School Fund	+ \$200 Million PERS Reform	+ \$15 Million Local Option Levy
-\$11 Million Shortfall	-\$5 Million Shortfall	+10 Million Addition

The proposed budget navigates three very critical financial factors. These scenarios include the premise the Oregon Legislature will adopt a State School Fund level of \$6.55 billion for 2013-15, the Legislature will approve \$200 million in budget savings from reforms of the Public Employee Retirement System (PERS) and the local voters would pass a local option levy on May 21st generating an additional \$15 million in local revenue. The proposal includes a possible \$10 million surplus over current service level that would be used to restore some previously cut teaching positions and address some extreme class sizes.

In October 2012, the School Board approved the following goals developing a budget:

1. Meet the expectations of our School Board priorities, strategic plan, community values and contractual obligations.
2. Produce a document that clearly articulates a District financial plan, which includes opportunity for local funding measures for the next two years that aligns with our District priorities.
3. Rebuild a fund balance in General Fund to support future bond issues and ensure good financial health of the District:

2013-14 - 4.25%
2014-15 - 5.00%

4. Support Board advocacy for stable and adequate statewide funding for education.

In response to pending decisions to be made by the 2013 Legislative Session and local voters in the May election, the District has developed three possible budget scenarios to balance the 2013-14 budget:

Budget Impact (in Millions)	Scenario 1: \$6.55 Billion State School Fund	Scenario 2: + \$200 M PERS Reform	Scenario 3: + \$15 M Local Option Levy
Schools	-\$5 M	-\$3 M	+\$12 M
Central/Fund Transfers	-\$4 M	-\$2 M	-\$2 M
Fund Balance	-\$2 M	\$0	\$0
Total Budget Impact	-\$11 M	-\$5 M	+\$10 M

In the last five years, the District has reduced \$142 million. To balance the budget, Beaverton has taken the following steps:

- Used the District's ending fund balance.
- Used infrastructure and central office reductions to spare school programs and staff reductions.
- Used staff resignations and natural attrition of staff.
- Used a reduction in force to eliminate 344 teaching positions in 2012-13.

Over the last three months, the Internal Budget Team, including our employee associations, focused their energy on updating the zero-based budget created in 2012-13 with the three possible funding scenarios for 2013-14. The result is a comprehensive budget that reflects the strategic priorities and values of the Strategic Plan, student outcomes, and graduation requirements, state and federal parameters, School Board policies, and community input.

After a year of untenable class sizes, the Internal Budget Team had to create multiple scenarios ranging from further reductions of \$11 million to the possibility of adding back \$10 million in resources. This budget proposal is focused on addressing extreme class sizes, and creating a new base and financial trajectory to build on in the future.

I am proud of the Internal Budget Team. They have spent countless hours in team meetings and in individual work groups developing quality budget proposals. I am proud of the Budget Process that was approved by the School Board. We have given the community opportunities to learn about our budget, the process, and also to provide advisory input throughout the process.

As promised to the community, the work of the Internal Budget Team has been used to begin staffing schools on March 1. I bring to you a staffed proposed budget. Principals have been asked to identify specialized language skills and program training such as International Baccalaureate



(IB), Primary Years Program (PYP), Middle Years Program (MYP), Advanced Placement (AP), Two-Way Immersion (TWI) and Expeditionary Learning (EL). Teacher input has been collected to inform the staffing process including if they want to stay in their current placement, be considered for a transfer, and their preferred assignment for 2013-14. Human Resource staff are in the process of meeting with principals to staff schools.

The ideal outcome will be to complete staffing with principals by June 30, and allow open positions to be posted internally for teachers within the District to apply. Submitting a staffed budget will allow a higher quality staffing process for 2013-14. If changes are made during the budget process, staffing will need to be redone, and finishing in time for school to start will be difficult, eliminating the opportunity to consider principal and teacher input.

We look forward to the outcomes of the Oregon Legislature and the May 21st election. Our schools may experience the first increase in staffing in five years. These are hopeful times and may reflect improved services in schools for 2013-14. I can say with confidence as state funding improves, we are positioning the Beaverton School District to make even greater gains in individual student growth and success.

2013-14 Budget Process

The budget process for 2013-14 includes four phases:

PHASE 1: Beginning with the development and School Board approval of the budget process in October 2012. In November and December, individual board members reviewed the budget process with continuing budget committee members, and an orientation was provided to newly appointed budget committee members. On December 1, Governor Kitzhaber released the 2013-15 state proposed budget, and the District released estimated resources and budget capacity for the District in 2013-14.



PHASE 2: From January through March 2013, the District held two Superintendent Budget Listening Sessions to solicit additional feedback from the community. In addition, budget suggestions were received throughout the fall and into March. An electronic Frequently Asked Questions (FAQ) was created and is available online under the Annual Budget tab.

PHASE 3: In March, the Legislature's Co-Chairs released their budget proposal. This further informed the work of the Internal Budget Team who were charged with responding to multiple budget scenarios pending legislative and the May 21st local option levy election results.

PHASE 4: Beginning in April, the final phase includes the delivery of the Budget Message by the Superintendent and the 2013-14 budget proposal to the Budget Committee. The Budget Committee will review the proposed budget, hear community testimony, and accept requests for additional information. Finally, the Budget Committee will approve the budget and tax levies for 2013-14 and send the 2013-14 Budget to the School Board for adoption.

In June, the Board will hold a Budget Hearing and vote on a resolution to adopt the 2013-14 Budget, levy taxes and appropriate funds.

Budget Summary

The 2013-14 budget totals \$499,301,442 for all funds. The general fund budget totals \$343,640,690 and has been developed including the following budget assumptions:

Revenue and Resource Estimates

The District projects additional enrollment of 320 students for a total of 39,747 students.

- Based on an estimated statewide K-12 funding level of \$6.55 billion for the 2013-15 biennium, the District will receive an estimated \$308 million in State School Fund revenue.
- The General Fund beginning fund balance is projected to be \$7.5 million.

Expenditures and Commitments

In 2013-14, the Budget Decision Packages created by the Internal Strategic Budget Team will be used to allocate staffing to all schools.



- Department budgets include efficiencies and \$2-4 million in reductions depending on the funding scenario.
- Salary and benefit budgets include current contractual obligations and PERS reforms, and may be updated pending legislative action.
- Non-salary expenditure increases for 2013-14 include increases in utilities and worker's compensation insurance premiums.

Contingency and Ending Fund Balance Policy

As outlined in the Board financial goals for the District, the General Fund Contingency will be budgeted at 4.25% of total revenues. Board policy calls for a minimum contingency of 5%, and the ending fund balance will be at least equal to the appropriation for contingency. The contingency will be budgeted at a lower level than policy requires, and will be rebuilt to the required 5% in 2014-15.

Community Involvement

There has been proactive community involvement through the various phases of the 2013-14 budget development process.

- In September and October, the board solicited applications for open budget committee positions, and received over 50 applications. Board members interviewed applicants, and the Board approved finalists in December and January.



- In October, the Board approved a budget calendar and process, and shared this with the community.
- Two community Budget Listening Sessions were held in January and February.
- There will be an additional opportunity for the Budget Committee to take input during Budget Committee meetings in April and May.
- The Board will hold a Budget Hearing in June and receive public testimony.
- Throughout the process, staff, students and members of the community have submitted emails and Budget Suggestion Forms that have been shared with the Internal Budget Team and Budget Committee.

The advisory input was utilized by the Internal Budget Team to craft the budget recommendations. Finally, it is clear from the input that the community wants to be part of the solutions to help us meet the District Goal for Full Option Graduates with every student being college and career ready. Our families, students and community patrons want our schools to be appropriately staffed and financially healthy. While we are dependent on state resources, Beaverton has impressively advocated for increased school revenue, and is currently considering a local option levy that would impact our staffing in the immediate future.

Department Reductions and Fund Transfers

Central Services department employees are committed to responding to our budget challenges in a manner that minimizes the impact on schools. Even though the Central Service work group has experienced significant reductions in staff since 2007, these departments continue to find ways to save money and increase efficiencies. Combined with lower fund transfer requirements for 2013-14, they have identified combined reductions of \$4,042,000 to be prioritized as follows depending on funding outcomes.

Central Departments and Fund Transfers Reduced/Eliminated (Budget Scenario 2 & 3):

- Reduce energy usage \$165,000
- Reduce fund transfers for bus leases and unemployment costs \$2,900,000
- Eliminate bottled water in meeting rooms and portable classrooms \$30,000
- Reduce ESL staffing due to lower ESL enrollment \$47,000 and to maintain expense level at 90% of revenue \$550,000

While unlikely, if PERS reforms and State School Funding are lower than the equivalent of \$6.75 Billion for 2013-15, the following would be reduced in priority order (Budget Scenario 1):

- Reduce Central Department non-salary budget 5% \$750,000
- Reduce Athletics expenses \$150,000

Central Additions:

If PERS reforms are passed, some of the resources from Central Department and fund transfer reductions will be dedicated to (Budget Scenario 2 & 3):

- Training in the new student information system (Synergy)
- Hiring one media specialist position dedicated to working directly with school-based media assistants and providing oversight for library collections
- Ongoing Professional development in schools

Department budgets and ultimately schools have realized further reductions in federal grants through sequestration.

Internal Budget Team Process

The team began their work by reviewing the school level Budget Decision Packages created in the zero-based budgeting process in 2012-13. They modified the existing packages to respond to the three funding scenarios aligning priorities of the college and career readiness goals, Strategic Plan, the School Board, the community and expertise from members of the Internal Budget Team.

The team developed staffing “tight” (consistency) and “loose” (autonomy) guidelines to help as budget decisions were formed.

Emphasis throughout the process was to ensure we were building models that support a School District and not a District of schools. The priorities stress the importance of a cohesive K-12 system.

Budget Decision Packages

As the global economy recovers, and resources return to schools, it is imperative that the District remain focused on building a strong academic K-12 system serving nearly 40,000 students. While Beaverton’s 51 schools serve very different student populations with a wide range of needs, our talented staff provide a high quality education for every child regardless of their prior learning, and strive to build on students’ background knowledge. Staff has a strong sense of urgency to ensure that all students reach or exceed standards every year.

During the elementary years, staff begins to build a strong foundation for learning by nurturing the academic, social, emotional and physical needs of each young learner. Individual growth and achievement in the early years is critical to student success at the middle and high school levels.

Strengthening the academic core is the focus during the middle school years. Students in middle school engage in academic exploration to discover their learning styles and learning preferences. Instruction provides timely and individualized support that builds on students’ strengths and addresses their unique needs as learners. Teaching and learning at the middle level seeks to ensure every student is prepared with the skills and knowledge required to be successful at the high school level.



In the high school years, the focus is on providing students with a full range of rigorous academic courses, electives, and co-curricular athletics and activities that prepares each student to succeed in post-secondary choices. College and career readiness is the intentional effort related to a student’s high school experience. Students are also encouraged to participate in leadership and community service opportunities.

Tie to Strategic Plan & College and Career Readiness

The Beaverton School District believes that every child can learn and achieve at a high level. The District Goal for 2010-2015 states: All students will show continuous progress toward their personal learning goals, developed in collaboration with teachers and parents and will be prepared for post-secondary education and career success. Coupled with this goal, the School Board drafted a comprehensive Strategic



Plan outlining the strategic outcomes and key initiatives to support the achievement of the District Goal. The implementation of the Beaverton Strategic Plan, or THRIVE document, highlights the core values as well as the actions necessary to realize post-secondary education and career success for all students.

Elementary School Model

At the elementary level, students learn critical foundational skills in the core academic areas including literacy, math, social studies and science. This model invests in classroom teachers and specialists in P.E., music, and counseling. Classified staff will provide support in the areas of technology and the school library. The model provides supervision and counseling supports to ensure student safety in a positive learning environment. The following elementary school example incorporates changes from 2012-13 to 2013-14:

Position	2012-13	Scenario 2: Without Levy	Scenario 3: With Levy
Classroom Teacher	18.5	17.5	19.5
Music & PE Specialists	1.5	1.5	2.0
Intervention Teacher	0.5	0.0	0.5
Instructional Assistant	1.2	1.8	1.8

Middle School Model

Over the last six years, middle school teachers and principals have worked to develop a standards-based learning system that clearly

identifies what students need to know and be able to do. Middle school staff has worked to improve classroom instruction through focused work on assessment practices, resulting in common learning targets in all core content areas. Classroom practices and professional development have been aligned across the eight comprehensive middle schools. Although consistent classroom practices have been established, the structures in each middle school have varied. Middle school principals have worked as a collaborative team to move forward and more closely align the structure of each middle school. The following middle school example incorporates changes from 2012-13 to 2013-14:

Position	2012-13	Scenario 2: Without Levy	Scenario 3: With Levy
Classroom Teacher	42.0	40.5	44.0
Intervention Teacher	2.0	1.0	1.0
Media Assistant	0.8	0.6	0.6

High School/Option Schools Models

The High School Model is focused on providing students with a range of rigorous academic courses, electives and co-curricular athletics and activities that prepares them to succeed in post-secondary choices. In addition, students are encouraged to participate in leadership and community service opportunities. High school principals across the system have been engaged in discussions and planning for equity in programming. Providing safe learning environments is also a top priority. Leadership, counseling resources and essential supervisory staff will help to create a climate conducive to learning, while safeguarding students' physical and emotional well-being. The following high and option school examples incorporates changes from 2012-13 to 2013-14:

High School

Position	2012-13	Scenario 2: Without Levy	Scenario 3: With Levy
Classroom Teacher	49.4	47.8	51.8
Special Ed Convertible	0.9	0.7	0.7
StEPP Coordinator	0.5	0.0	0.0
IB/AP Coordinator	0.5	0.4	0.4
Counselor/Support Service	4.0	5.0	5.0

Option School

Position	2012-13	Scenario 2: Without Levy	Scenario 3: With Levy
Classroom Teacher	28.5	28.2	30.4
StEPP Coordinator	0.3	0.0	0.0
IB/AP Coordinator	1.0	0.9	0.9
Counselor/Support Service	2.0	2.5	2.5

Summary of School Reductions and Additions

Student/Teacher Ratio	2012-13	Scenario 2: 2013-14 Without Levy	Scenario 3: 2013-14 With Levy
Kindergarten	28.0 to 1	29.0 to 1	26.5 to 1
Elementary	30.5 to 1	31.4 to 1	29.0 to 1
Middle	30.5 to 1	31.4 to 1	29.0 to 1
High	30.5 to 1	31.4 to 1	29.0 to 1

School Positions Reduced/Eliminated (the levy would not affect these positions unless noted):

- Elimination of elementary intervention teachers .5 APU without the levy
- Elementary intervention teacher .5 APU maintained with levy
- Reduction of middle school intervention teachers from 2.0 to 1.0 APU
- Reduction of middle school media assistant calendars from 210 days to 185 days to be consistent K-12
- Elimination of StEPP Facilitators at Options .25 APU and High Schools .5 APU
- Reduction of Youth Services Coordinator positions 3.0 APU
- Poverty allocations for teachers in middle, high and options schools are tied to Title 1 allocations for elementary schools and have been reduced

School Positions Added:

- Instructional assistant time at medium elementary schools (450-650 student enrollment)
- 1.0 APU high schools and .5 APU options schools for student support services

- (for example: Counselor, Youth Services Coordinator, Bilingual Liaison)
- Elementary music teachers 3.0 APU with the levy
- Teachers to address extreme class sizes in September 10.5 APU without levy and 27.8 APU with levy

CONCLUSION

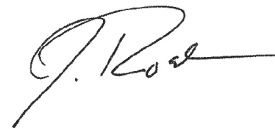
In closing, I want to thank the Internal Budget Team for the significant time and effort they put into crafting this Proposed Budget for 2013-2014. This proposal is hopeful and begins the possible return of resources to our schools. I also want to thank our staff and community for their patience and passion during these extraordinary times of challenge. Our collective sense of urgency has been encouraging, and I believe we will set a new financial trajectory for the future of our District.

I also want to thank the Budget Committee for their time and attention to reviewing the Budget Proposal and providing an additional opportunity for public input to the process.

There are multiple possibilities for our schools next year, and I believe we will continue to move forward and become even stronger. We will consider new paradigms and continue to look for ways to innovate. We must call on our community to work hand-in-hand with us like never before. Together, we can and we will rebuild and reinvest in our Beaverton K-12 school system.

Thank you for your consideration of this budget proposal.

Respectfully submitted by:



Jeff Rose, Ed.D.
Superintendent of Schools