



## Budget Message - 2018-19

Dear Budget Committee Members and the Beaverton Community:

I submit for your consideration the Proposed Budget for the Beaverton School District for fiscal year 2018-2019. The proposed budget of \$1,012,444,251 is the result of aligning resources to the Strategic Plan set by the School Board, staff, students and community, and the work of the 40 member Internal Budget Team (IBT). This budget proposal includes ongoing allocations for strategic investments making progress on established metrics, discontinues investments not showing improvement, and identifies investments to be monitored for improvement over a three year period. The District has made new investments to support the multiyear financial plan while recognizing the very real financial challenges the state faces with funding programs and services, including PreK-12 schools.

### Planning a Budget for 2018-2019

Our budget proposal is based on the \$8.2 billion appropriation from the Oregon Legislature to support the 2017-2019 biennial State School Fund budget. Even though we have an improving economy, K-12 funding is not stable. This is a very fluid funding environment. Unfortunately, at this funding level, we made a **\$7 million reduction in our budget coming from staff, programs and non-salary areas.**

### Looking Forward to 2019-21

For revenue, the Oregon Legislature will be in session in January through June 2019 to determine the K-12 education funding level, and for expenditures the District will be in negotiations with staff. The Legislature will need to continue to address the long-term funding of the Public Employee Retirement System (PERS). **For Beaverton that means an estimated annual increase of \$23 million next year.** This is not a short term problem. Funding PERS obligations will affect public agencies and schools for at least the next 6 years.

The District maintains a strong financial standing as recognized by Standard and Poor's Global Ratings who raised the Beaverton School District's credit rating from "AA-" to "AA". This shows that the District is financially sound and is good news for the District and for our taxpayers. The improved rating keeps our interest rate lower. That reduces the tax we need to impose to repay our bonds, thus keeping property taxes lower. The improved rating is due to the "Rainy Day Fund" and Fund Balance Policy set by the Beaverton School Board. The establishment of a "Rainy Day Fund" in 2016 has strengthened the District's reserves and put us in a better position to weather future state funding downturns.

### Career & Technical Education

In November 2016, Oregon voters approved Measure 98 which dedicated funding to improving graduation rates through proven practices such as Career & Technical Education (CTE) Programs. While I am pleased with our improving graduation rates (86%), we have more work to do to reach more students. I believe CTE programs will reap benefits for many of our students and the greater business community. We are making additional investments in CTE programming in our high schools. We have been evaluating our existing CTE programs and looking for ways to strengthen the great work that is happening already. We are working with industry partners and higher education leaders to ensure that many more students take advantage of these opportunities. Ultimately, CTE programs will help many more students succeed in high school and go on to family-wage careers.



### **Early Childhood Education**

We introduced Early Childhood Education in the Beaverton School District this year with a few pilots. Many of our kindergartners come to us without any preschool or opportunities, putting them at a disadvantage and significantly behind their peers. We need to engage these young learners earlier and partner with their families so every kindergarten student is kindergarten ready. We are going to expand the program to three more schools in 2018-2019 for a total of five schools.

### **Opened 3 New Schools in Fall 2017**

We successfully opened three new schools this fall including Mountainside High School in the South Cooper Mountain area and Sato Elementary School in North Bethany. Vose Elementary was rebuilt and reopened last fall and the community has been celebrating their new school. It is a great asset to the surrounding Vose neighborhood.

### **Local Option Levy**

We are fortunate to have a very supportive community that values their schools. Our five year local option levy ends this June 2018. The levy has provided about \$30 million annually and funded nearly 300 teachers annually. It has allowed us to lower class sizes, and provided more personalized attention to our students. Our School Board has authorized a renewal levy request of voters on the May 15, 2018 ballot. The renewal keeps the same tax rate of \$1.25 per \$1,000 of assessed property value, raising about \$30 million a year to keep 300 teachers in place and maintain class sizes.

So while there are challenges ahead of us, we know that our talented employees, parents and the Beaverton community stand ready and willing to help each child be successful.

### **Strategic Plan**

The Proposed Budget for 2018-2019 is focused and strategic. The School Board has provided clear direction and focus through the Strategic Plan.

**District Goal:** *WE empower all students to achieve post-high school success.*

### **Our Four Pillars of Learning**

#### **WE Expect Excellence**

- WE teach students knowledge and skills for our evolving world.
- WE seek, support, and recognize our world-class employees.

#### **WE Innovate**

- WE engage students with a variety of relevant and challenging learning experiences.
- WE create learning environments that promote student achievement.

#### **WE Embrace Equity**

- WE build honest, safe and inclusive relationships with our diverse students and their families.



- WE provide needed support so that every student succeeds.

**WE Collaborate**

- WE work and learn in teams to understand student needs and improve learning outcomes.
- WE partner with the community to educate and serve our students.

The Beaverton School Board and District leaders have developed new measurements to align to the Strategic Plan and the Multiyear Finance Plan.

- % students who meet or exceed ELA, Math, Science standards - grades K, 3, 5, 8, 11
- % students graduating in four/five years
- % students completing four or more credits in the six Career Learning Areas
- % students missing ten or more school days

There are strategic investments that have been identified in the Multiyear Finance Plan, in support of the Strategic Plan. Each Pillar of Learning has focused key investments:

<b>Excellence</b>	Instructional Time, Educator Effectiveness, Standards Based Learning System
<b>Innovation</b>	Early Learning, Career Technical Education
<b>Equity</b>	Culturally Relevant Practices
<b>Collaboration</b>	Learning Teams, Community Partnerships

In addition, the District has identified operational improvement investments in Maintenance and Custodial Services.

The District calculates an Academic Return on Investment (AROI) to evaluate strategic investments. AROI is a system to inform the decision making process of making the wisest use of limited funds. It provides information on the educational results and cost-effectiveness of strategic investments. It looks at how much we are spending per student on each strategy, how much learning is being achieved for each dollar spent, and how does this learning per dollar spent compare to other alternatives. By analyzing the outcomes, we are creating a culture and protocols to facilitate shifting resources based on the results of the investments.

**Proposed Budget**

The proposed budget assumes resources available to the District including:

- \$8.2 billion State School Fund (SSF) level over the 2017-19 biennium
- Decreased federal poverty estimates leading to a decrease in State School Fund poverty weightings and Title grant revenue reductions



- The current Local Option Levy will expire in 2017-18 and an election in May 2018 will be held to ask voters to extend the levy for an additional five years. The proposed budget assumes a \$32.5 million source of revenue from the levy.

**Multiyear Finance Plan and Budget Development Process** for 2018-19 includes the following phases:

**PHASE 1:** The School Board approved the Multiyear Financial Planning and Budget Calendar in June 2017 establishing a process for the 2018-19 budget. The process to appoint vacant Budget Committee positions was determined at the August 2017 School Board Meeting and was advertised across the District.

**PHASE 2:** In October to December 2017, the District updated a Multiyear Finance Plan supporting strategic investments including a Listening and Learning Session with the Budget Committee and School Board. Surveys were conducted of staff and community members to prioritize strategic investments. The School Board appointed budget committee members in October, and the new members were provided orientation to the budget process.

**PHASE 3:** In January through March 2018, the District solicited feedback from the community by holding two Budget Listening Sessions in English and Spanish. The Internal Budget Team built a comprehensive budget aligned to the Multiyear Finance Plan, Learning Pillars, School Board policies and input from Budget Committee, staff and the community. This process began with the current staffing and service levels from 2017-18, identifying reductions and strategic investments to be made to balance to a \$8.2 K-12 funding level for the 2017-19 biennium. The team built a budget based on analyzing student data and reviewing strategic measures, determining where improvement is needed to align to the District's Strategic Plan and incorporating a set of strategies to achieve the District goal.

**PHASE 4:** Beginning in April through May 2018, the final phase includes the delivery of the Budget Message by the Superintendent and the 2018-19 Proposed Budget to the Budget Committee. The Budget Committee will review the Proposed Budget, receive community testimony, and accept requests for additional information. Finally, the Budget Committee will approve the budget and tax levies and send the Approved Budget to the School Board for adoption.

In June, the Board will hold a Budget Hearing and vote on a resolution to adopt the 2018-19 Budget, levy taxes and appropriate funds.

### **Budget Summary**

The 2018-19 budget totals \$1,012,444,251 for all funds. The General Fund Budget totals \$488,328,269 and has been developed including the following revenue and expenditure assumptions.

### **Revenue and Resource Estimates**

The District projects almost flat enrollment in 2018-19 for a total of 41,076 students. Based on a statewide K-12 funding level of \$8.2 billion for the 2017-19 biennium, the District will receive an estimated \$404 million in State School Fund formula revenue.

### **Strategic Investments**



The Internal Budget Team prioritized strategic investments to support the four Pillars of Learning. To continue on previous year investments, resources have been added, continued to be monitored, discontinued or moved to standard allocations:

Pillar	Key Investment	Prior Year Amount	2018-19 Investment Change	Standard Allocation	Discontinued	Total Cumulative Annual Investment
Excellence	Standards Based Learning System	\$ 13,555,169	\$ 3,011,776	\$ (4,651,856)	\$ (7,129,193)	\$ 4,785,896
Excellence	Educator Effectiveness	633,032	-	-	-	633,032
Excellence	Instructional Time	3,539,503	4,034,918	-	-	7,574,421
Innovation	Future Ready Schools	2,611,526	-	(2,611,526)	-	-
Innovation	Early Childhood Education	436,526	892,286	-	-	1,328,812
Innovation	Comprehensive Education	5,698,753	1,384,974	-	-	7,083,727
Equity	AVID	2,726,805	-	(2,726,805)	-	-
Equity	Culturally Relevant Practices	8,074,819	1,178,357	(3,277,156)	-	5,976,020
Collaboration	Learning Teams	537,572	-	-	-	537,572
Collaboration	Community Partnerships	68,862	-	-	-	68,862
		<b>\$ 37,882,567</b>	<b>\$ 10,502,311</b>	<b>\$ (13,267,343)</b>	<b>\$ (7,129,193)</b>	<b>\$ 27,988,342</b>

Note: Quality Curriculum Cycle Professional Development (Excellence), Early College Increase and CTE Options (Excellence), Transition Summer 8.5 High School Program (Excellence), Evening Academy Extended Day Credit Recovery (Excellence), Future Ready Schools (Innovation), AVID (Equity), College and Career Ready K-12 Counseling (Equity), Equity Teacher on Special Assignment (Equity), and Regional Licensed Clinical Social Workers (Equity) were the strategic investments that were moved into standard allocations for 2018-19. Math/Science Intervention (9<sup>th</sup> grade) (Excellence), Transition Summer School Middle 5.5 Program (Excellence) and Academic Needs Based Staffing Allocation (Excellence) were the strategic investments that were discontinued for 2018-19.

The District has continued investing in reopening new schools. Current principals will purchase supplies and equipment to reopen Hazeldale Elementary, William Walker Elementary and Five Oaks Middle School in 2018-19. Staffing allocation changes are made each year to support schools as enrollment fluctuates and respond to funding levels from the legislature.

We have updated the Multiyear Finance Plan Investment Summary for the strategic and operational investments. Included in the budget document, the summaries show metrics used and progress made in student achievement growth, increased staff development and operational customer service over two to three years.

### Contingency and Ending Fund Balance Policy

As outlined in the Board policy for the District, the General Fund Contingency will continue to be budgeted at 5% of total revenues, and a transfer will be budgeted to maintain an additional 5% of total resources as a reserve in the Sustainability Fund.



## Student Enrollment Compared to All Funds Full Time Equivalentents (FTE)

All Funds	2016-17 Actual	2017-18 Budget	2018-19 Budget
Enrollment as of 9/30/XX	40,912	40,016 (Actual)	41,076
Classroom Teachers	2,231	2,242	2,217
Other Licensed Staff	279	279	307
Classified	1,320	1,430	1,469
Administrators	139	144	147
<b>Total Staff</b>	<b>3,969</b>	<b>4,095</b>	<b>4,140</b>

### Successful Bond Election

On May 20, 2014, our generous Beaverton community approved a \$680 million Capital Construction Bond by a yes vote of 55%.

The \$680 million bond is allowing us to address repairs, provide new capacity, modernize and renovate all facilities, improve safety and replace outdated learning technology, curriculum and equipment over a projected eight-year period.

The new middle school in the Timberland community opened in September 2016 and has served as a 'swing school' for Vose and Hazeldale elementaries. In all, it will serve as a temporary school for four existing schools while they are being rebuilt. Next up is William Walker Elementary School in 2018-2019, followed by Arts & Communication Magnet Academy in 2019-2021.

Repairs and improvements at existing schools are occurring throughout the District during the school year and in the summertime.

This Capital Construction Bond is part of Beaverton's long-term financial plan and it enables the District to use bond funds instead of general operating funds to address repairs, build new capacity and make technology investments.

The School Board has established a Bond Accountability Committee to ensure that bond funds are spent according to the Bond Ballot Title. The committee meets quarterly and provides-regular reports to the School Board along with the District staff report.



## Conclusion

In closing, I want to thank the Internal Budget Team for preparing this Proposed Budget for 2018-19. We are tightening our belts while making some strategic investments in central support services and a few other areas that will help us meet our District Goal.

In future years, the District will have significant financial hurdles to overcome in the 2019-21 biennium, and will undergo a Zero Based Budgeting process for the 2019-20 budget. Members of the Internal Budget Team will begin reviewing programs and services in the spring and summer of 2018 to determine the impact on student learning and staff development. Employee group negotiations will open in 2018-19 for 2019-20 and beyond. PERS expenses will continue to challenge all governmental budgets across the state.

I want to thank our staff, students, parents and community for their input. I also want to thank the Budget Committee for their thoughtful attention to reviewing the Budget Proposal.

I believe we will continue to move forward despite funding challenges. We will continue to look for ways to innovate and improve and **WE** will continue to partner with our community to see that **ALL** students succeed.



**are the Beaverton School District.**

Thank you for your consideration of the 2018-19 Proposed Budget.

Respectfully submitted,

A handwritten signature in black ink that reads 'Don Grotting'.

Don Grotting  
Superintendent