

## **REPORT ON THE REVISIONS OF THE 2019-20 PROPOSED BUDGET**

### ***Introduction***

In early May, during the bargaining process, the Beaverton Education Association brought us information about obligations in the 2018-2019 contract that have significant impacts on the 2019-20 Proposed Budget. At their suggestion, we changed the May 13 Budget Committee Meeting to May 22 to provide more time to review and revise the Proposed Budget. To conduct the review, Superintendent Don Grotting appointed Jim Scherzinger Interim CFO and asked him to lead the review with the following instructions:

1. Pending negotiations, the District's intent is to return to the original licensed contract language of 175 student days and 193 licensed employee days for the 2019-2020 school year and eliminate early release Wednesdays. The school year would be five days shorter.
2. Teachers and administrators will receive a one-time salary adjustment equal to .5% of their annual pay as part of their June 20 paycheck for the 2018-2019 school year. This cost of living increase (COLA) was required as part of the 2016-2019 licensed and administrator contract based on trigger language agreed to in 2016. The classified contract has different provisions and these employees are not impacted by this adjustment.
3. The review will rebuild the proposed budget from square one, updating revenue and expenditures to new estimates and, in the interest of transparency, identifying system improvements and correcting any anomalies.
4. The review shall identify opportunities to reduce central administration costs, with a goal of minimizing class size increases in the proposed budget.

### ***Progress of Review***

Since my appointment on May 9, the budget staff has almost completed the detailed rebuilding of the proposed budget, including:

- Reloading all staff into the budget model based on the latest data
- Implementing the savings from reducing the number of days in the school year and the cost of the required 0.5% COLA
- Adjusting staffing changes for changes in enrollment
- Implementing step increases where appropriate under labor agreements
- Adjusting for increases in PERS and health insurance costs
- Reentering the specific position reductions in the proposed budget that were recommended by the Internal Budget Team (IBT) using current, updated salary and benefit information
- Reentering other position adjustments in the proposed budget using new data
- Adjusting revenue estimates, including implications of activity by the Legislature and carryover from the current year

In addition, central department administrators have identified additional reductions beyond those included in the printed proposed budget. These are now being entered into the budget system.

The budget staff and the central administrators and staff essentially compressed into just over a week what normally takes months to produce. Although some detail work is still in progress, we have completed enough to be confident we have produced good numbers to support the Superintendent and Budget Committee in considering a revised budget.

***Next steps***

The Superintendent will propose a Revised 2019-20 Proposed Budget at the Budget Committee Meeting on May 22 for discussion. We will post it on the website as soon as it is available.

The Budget Committee will meet on Monday, June 17 to make a recommendation to the School Board.

The School Board will adopt the final budget at its regular business meeting on Monday, June 24.

As this process proceeds, we will seek agreement on a staffing ratio that restores teachers to the classroom. This is the same staffing procedure that normally occurs in March. Once agreement is reached, the District (HR Dept. and principals) will implement an accelerated process to restaff our schools.

Jim Scherzinger  
Interim CFO  
Beaverton School District