



WE EXPECT EXCELLENCE



WE INNOVATE



WE EMBRACE EQUITY



WE COLLABORATE

Budget Message - 2017-18

Dear Budget Committee Members and Beaverton Community:

I submit for your consideration the Proposed Budget for the Beaverton School District for fiscal year 2017-2018. The proposed budget of \$1,076,300,812 is the result of the financial goals set by the School Board, staff, students and community, and the work of the 38 member Internal Budget Team (IBT). This budget proposal builds on some of the multiyear strategic investments we made last year, while recognizing the very real financial challenges the state faces with funding programs and services, including K-12 schools.

Planning a Budget for 2017-2018

Our budget proposal comes at a time when the Oregon Legislature is determining the 2017-2019 biennial budget. Even though we have an improving economy, K-12 funding is not stable. Initial budgets proposed by both Governor Kate Brown and the Legislative Budget Co-Chairs are woefully short of what is needed to fund the K-12 system statewide. This is a very fluid funding environment. **In Beaverton, we are budgeting at a \$8.1 billion state school funding level.** We will not know the actual funding level until the Legislature finishes their work. Unfortunately, at this funding level, we are **planning for a \$15 million reduction in our budget coming from staff, programs and non-salary areas.** Why is this happening?

PERS

The Legislature will have to deal with the long-term funding of the Public Employee Retirement System (PERS). For Beaverton that means an annual increase of \$14 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.

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). While I am pleased with our improving graduation and dropout rates, we have more work to do. We want to make investments in CTE programming at our high schools, but we will need to wait for the Legislature to define the funding stream during this session. Meanwhile, we are 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, it will help many more students succeed in high school and go on to family-wage careers.

Early Childhood Education

I have proposed some initial funding to establish Early Childhood Education in the Beaverton School District. 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.



Opening New Schools

Finally, we are excited to be opening two new schools this fall including Mountainside High School and Sato Elementary School in North Bethany. These new schools will require staffing and operating funds. Vose Elementary will also move into their new school in September 2017.

Local Option Levy

We are indeed fortunate to have a supportive community that values their schools. Our five year local option levy will end next year. The levy has provided about \$30 million annually and funded nearly 300 teachers. It allowed us to lower class sizes and provided more personalized attention for our students. We anticipate that our School Board will seek a renewal next May 2018.

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 2017-2018 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

Expect Excellence

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

Innovate

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

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.

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 are developing new measurements to align to the Strategic Plan



and the Multiyear Finance Plan. These will be completed by June 2017. As a team of students, staff, parents, and community members, we are dedicated to all students' success.

There are three community priorities and eight key investments that have been identified in the Multiyear Finance Plan, to support the Strategic Plan. The three community priorities are: class size, comprehensive education (with an additional emphasis on Career & Technical Education), and more instructional time. Each Pillar of Learning has two focused key investments:

Excellence	Educator Effectiveness, Standards Based Learning System
Innovation	Future Ready Schools, Early Childhood Education
Equity	AVID, Culturally Relevant Practices
Collaboration	Learning Teams, Community Partnerships

The District calculates an Academic Return on Investment (A-ROI) to evaluate strategic investments. A-ROI 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:

- \$8.1 billion State School Fund (SSF) level with a 49%/51% split over the 2017-19 biennium
- Decreased federal poverty estimates leading to a decrease in State School Fund poverty weightings and over 20% in Title grant reductions
- Local Option Levy revenue increasing from \$26 million in 2015-16, \$28 million in 2016-17 and \$30 in 2017-18.

Financial Goals for 2017-18

The School Board adopted a set of financial goals for the 2017-18 budget process as follows:

The District will develop a budget to:

1. Align with statutory, policy, and local funding measure requirements.
2. Implement the Strategic Plan and community priorities with particular attention to:
 - a. Ensuring all students have access to a comprehensive education including arts, music, physical education, foreign language, and CTE coursework.



- b. Investing to support student achievement according to the District pillars of learning.
 - c. Preventing achievement gaps through increased access to early childhood education.
 - d. Reducing class size.
 - e. Providing additional instructional time.
3. Maintain 5% ending fund balance in General Fund and an additional 5% fund balance in a Rainy Day Reserve to support future bond ratings and long-term financial stability.

Multiyear Finance Plan and Budget Development Process for 2017-18 includes the following phases:

PHASE 1: The process to appoint vacant Budget Committee positions was determined at the August 2016 School Board Meeting and was advertised across the District.

PHASE 2: In October to December 2016, the District updated a Multiyear Finance Plan supporting community priorities and key investments at a Listening and Learning Session. Surveys were conducted of staff and community members to prioritize strategic investments and identify budget potential savings. The School Board established a budget process and approved financial goals for the 2017-18 budget. The School Board appointed budget committee members in October, and the members were provided orientation to the budget process.

PHASE 3: In January through March 2017, the District solicited feedback from the community by holding Budget Listening Sessions. The Internal Budget Team built a comprehensive budget aligned to the Multiyear Finance Plan, Learning Pillars, School Board policies and input from staff and the community. This process began with the current staffing and service levels from 2016-17, identifying reductions and strategic investments to be made to balance to a \$8.1 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 2017, the final phase includes the delivery of the Budget Message by the Superintendent and the 2017-18 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 2017-18 Budget, levy taxes and appropriate funds.

Budget Summary

The 2017-18 budget totals \$1,076,300,812 for all funds. The General Fund Budget totals \$471,284,740 and has been developed including the following revenue and expenditure assumptions.

Revenue and Resource Estimates

The District projects additional enrollment of 90 students in 2017-18 from the 2016-17 projected enrollment for a



total of 41,002 students. Based on a statewide K-12 funding level of \$8.1 billion with a 49%/51% split for the 2017-19 biennium, the District will receive an estimated \$387 million in State School Fund formula revenue.

Strategic Investments

The Internal Budget Team prioritized key investments to support the four Pillars of Learning and community priorities. To continue on previous year investments, resources have been allocated to:

Pillar/ Community Priority	Key Investment	Prior Cumulative Year Amount	2017-18 Investment Change	Total Cumulative Annual Investment
WE Expect Excellence	Standards Based Learning System	\$ 18,052,679	\$ (6,231,822)	\$ 11,820,857
	Educator Effectiveness	641,780	-	641,780
WE Innovate	Future Ready Schools	3,595,364	(203,783)	3,391,581
	Early Childhood	-	428,739	428,739
WE Embrace Equity	AVID	2,585,560	97,785	2,683,345
	Culturally Relevant Practices	6,635,658	(543,000)	6,092,658
WE Collaborate	Learning Teams	342,000	175,000	517,000
	Community Partnerships	65,000	-	65,000
Class Size		4,237,022	781,385	5,018,407
Instructional Time		1,240,000	-	1,240,000
Comprehensive Education		2,667,608	260,000	2,407,608



Resources were also allocated to address operational needs as follows:

Operational Increases	Prior Cumulative Year Amount	2017-18 Investment Change	Total Cumulative Annual Investment
Maintenance	\$ 1,734,622	\$ 3,285,135	\$ 5,019,757
Opening New Schools	943,618	5,422,015	6,365,633
Aloha CTE Redesign	120,000	2,800,000	2,920,000
Staffing Allocation Model (SAM) Changes	2,239,184	(1,469,352)	769,832
Insurance Fund Transfer Decrease	-	(600,000)	(600,000)

The operational investments include additional staffing for cleaning and maintaining new schools, responding to increased legislation in environmental school safety plans, and staffing to shorten response time to facility improvement projects and repair work orders. New principals will lead planning teams and purchase supplies and equipment to open Mountainside High School, Sato and Vose Elementary Schools in 2017-18. Staffing allocation changes are made each year to support schools as we open new schools and respond to funding levels from the legislature.

We have updated the Multiyear Finance Plan Investment Summary for each of the three community priorities and eight key investments. Included in the budget document, the summaries show metrics used and progress made in student achievement growth and increased staff development over two to three years.

Contingency and Ending Fund Balance Policy

As outlined in the Board financial goals and 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 revenues as a reserve in the Sustainability Fund.



Student Enrollment Compared to All Funds Full Time Equivalents (FTE)

All Funds	2015-16 Actual	2016-17 Budget	2017-18 Budget
Enrollment as of 9/30/XX	40,725	40,914 (Actual)	41,002
Classroom Teachers	2,189	2,320	2,245
Other Licensed Staff	248	268	279
Classified	1,236	1,382	1,430
Administrators	131	141	144
Total Staff	3,804	4,111	4,098

Successful Bond Election

On May 20, 2014, our generous Beaverton community approved a \$680 million Capital Construction Bond by a vote of 55% to 45%.

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. It will serve as a temporary school for four existing schools while they are being rebuilt. Vose Elementary School is the first of the four schools to be demolished and rebuilt during the 2016-17 school year. It will open at its Denney Road location in September 2017. Mountainside High School (opening September 2017) in the south part of the District is on schedule to open with freshmen and sophomores. Sato Elementary School will open in September 2017 in the North Bethany area providing relief to the overcrowding at Springville K-8.

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 will enable 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 monthly 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 2017-18. 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.

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 2017-18 Proposed Budget.

Respectfully submitted,

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

Don Grotting
Superintendent