



Budget Message – 2020-21

April 20, 2020

Superintendent's 2020-21 Budget Message

We are in unprecedented times. Our schools have been closed for over a month and our students will not return to in-person classes this academic year. In times like this, it is critical to focus on the health and welfare of our students, staff and community. While our work has changed, we continue to provide meals, daycare services for healthcare workers and education services to our students in a multitude of ways.

We will continue to engage students in learning through our teacher-led Remote Learning Plan until June 12. Our high school principals and their teams, along with the Teaching & Learning team are working to ensure that our seniors' accomplishments over 12 years and 7 months of school are not impacted or diminished by this unprecedented closure during the last two months of their final school year. We are exploring possible alternatives for commemorating their achievements.

We are learning to be more flexible and responsive, and through this situation, we are innovating the way we teach and learn and do business. I have asked that we prioritize equity in every instructional and operational decision.

It is important to note the 2020-21 proposed budget does not include any financial impacts as a result of the COVID-19 Pandemic. In fact, it is likely we will not know the financial impact of COVID-19 in time to alter the budget prior to the legally required deadline of June 30, 2020. We will get our first glimpse of the adverse financial impact on May 20, 2020 when the Oregon Office of Economic Outlook releases the next forecast for the State of Oregon. We will also keep a close eye on the how resources from the Federal CARES Act legislation impacts the State of Oregon and our District. Finally, we anticipate a Special Session of the Oregon Legislature to address the shortfall in the coming weeks.

The Beaverton School District budget message is designed to summarize and describe important features, financial policies and planned modifications included in the 2020-21 proposed budget. The total budget of \$936,496,819 and General Fund Budget of \$536,377,901 is the result of aligning resources to the Strategic Plan set by the School Board, staff, students and community and extensive community outreach as a part of implementing the new Student Investment Account (SIA). This budget proposal includes ongoing allocations for strategic investments making progress on established metrics, new funding from the SIA and identifies investments to be monitored for improvement in the coming years.

Planning the Budget for 2020-21

We built the proposed budget with our Strategic Plan providing clear direction and focus. The budget is based on a \$9.0 billion State School Fund Grant amount for the 2019-21 biennium. It also includes an additional \$32.7 million allocation from the SIA. The SIA is a part of the Student Success Act (SSA) that passed during the 2019 Legislative Session. Funding for the SSA comes from a new Corporate Activity Tax. At this overall level of funding, we are projecting a net additional investment of about \$19.0 million. It should be noted there is uncertainty around this funding source due to COVID-19.



Notable Financial Assumptions

- Based on a 2020-21 State School Fund amount of \$439,614,737
- A reasonable cost of living increase was included
- Increase in the district paid portion of health insurance of 3.0%
- Local Option Levy of \$35.3 million, providing 277.3 teachers
- Student Investment Account \$32.7 million
- Projected September enrollment of 41,380
- 163 new positions added compared to the 2019-20 budget
- Career & Technical Education funding from High School Success Act (HSS, Ballot Measure 98), approximately \$10.0 million
- Continue to invest in Early Childhood Education - adding two more schools in 2020-21 for a total of nine schools

Multiyear Budget Development Process for 2020-21 includes the following phases:

Phase 1: The School Board approved the Budget Calendar in June 2019 establishing a process for the 2020-2021 budget. The process to appoint vacant Budget Committee positions was determined at the August 2019 School Board Meeting and was advertised across the District.

Phase 2: From October to December 2019, the District developed a plan and began collecting input for investments in the SIA. A series of meetings and surveys were conducted to collect input and feedback about proposed investments. Additionally, an interdisciplinary team created a new Staffing Allocation Methodology (SAM). The new model was proposed and approved by the Superintendent's cabinet in December 2019.

Phase 3: From January through March 2019, the District solicited feedback from the community by holding two Budget Listening Sessions in English and Spanish. Two primary topics of those sessions were the existing General Fund deficit and information about the SIA. Feedback on the draft SIA was also solicited in February. Final approval of the SIA by the School Board occurred in March. The Superintendent's Cabinet reviewed all department budgets and made reductions and modifications. Additionally, the SAM approved in December was modified due to affordability issues. All additions, reductions and modifications were made based on alignment to the District Strategic Plan.

Phase 4: Beginning in April through May 2020, the final phase includes the delivery of the Budget Message by the Superintendent and the 2020-21 proposed budget to the Budget Committee. The Budget Committee will review the proposed budget, receive community testimony, and accept requests for additional information. The Budget Committee ensures the budget is balanced and aligns with the District Strategic Plan. Due to financial impacts of COVID-19 the District will solicit input from the Budget Committee regarding process and assumptions where appropriate. Finally, the Budget Committee will approve the budget and tax levies and send the approved budget to the School Board for adoption in June.

Student Success Act

A significant portion of the SSA is the SIA. The SIA is a new source of funding to address student's mental or behavioral health needs and the academic achievement including students of color, students experiencing disabilities, emerging bilinguals, students in poverty, students experiencing homelessness, living in foster care and other historically underserved students. The SIA also allows us to maintain and, in some cases, enhance existing programs in the areas of expanding instructional time, addressing student health and safety, reducing and maintaining class size and caseloads and providing a well-rounded education.

Our SIA Plan is based on significant community engagement and input and can be found on the District website. Generally, this SIA Plan targets class size based on poverty and lower class sizes at grades K-2. Overall, class sizes will be about the same



as the current year. More specifically, class sizes will be larger in schools with low poverty and class sizes will be smaller in schools experiencing high poverty.

Additionally, our SIA Plan allows the District to maintain and expand supports for students' mental and behavioral health needs. More than half of the overall SIA funds are allocated to meeting these needs. In summary, this SIA Plan allows the District to maintain current staff, class size and programs of about \$13.0 million (our deficit) and adds about \$19.0 million in new supports to students.

Staffing Allocation Methodology (SAM)

Following several months of work, a new SAM was created by an interdisciplinary team from Teaching & Learning, Human Resources, Business Office and Information & Technology. The catalyst for the change was the SIA. It was approved by the Superintendent's Cabinet with modification due to cost considerations. The most significant outcome of the new model is a commitment to a more equitable and responsive allocation of resources to schools based on the number of students living in poverty. While we do not have the resources to fully fund the new SAM as it was created, it will provide a roadmap for future investments.

Conclusion

In closing, I want to thank our great students, parents, staff, administration and the School Board for all the hard work involved in preparing the proposed budget for 2020-2021. I realize it may be disheartening to spend as much time and effort in developing the budget only to see we are likely to be making reductions prior to students returning in the fall due to the economic impacts of COVID-19. Please know that this work will not be forgotten and, much like the new SAM and new SIA, this framework will provide a roadmap for future investments. As we consider reductions in the coming months, we will use the Strategic Plan, new Staffing Allocation Model and community input that created the new Student Investment Account to guide our work.

Our budget challenges will continue as we navigate the negative financial impacts of COVID-19. At a minimum, there will be short term negative impacts on resources and costs. Many thanks to the Budget Committee for their thoughts and attention in reviewing the proposed budget and providing feedback as we navigate these uncertain times.

Successful implementation of the 2014 Capital Construction Bond program continues. Much has been completed and we still have projects that extend through 2021-2022. We are on schedule and on budget to complete the projects that were intended in the 2014 Bond. We are grateful for the leadership of the citizen-led Bond Accountability Committee. Their guidance and perspective have been very helpful to the Facilities Development team.

I believe we will continue to move forward despite challenges in these unprecedented times. We will continue to advocate at the state level for not only our students, but all Oregon students. We will continue to look for ways to innovate and improve. And of course, we will continue to partner with our community to ensure that ALL students succeed.

Thank you for your consideration of the 2020-21 proposed budget.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Don Grotting'.

Don Grotting
Superintendent