

SUPERINTENDENT'S BUDGET MESSAGE FOR FISCAL YEAR 2021-22
As Presented to the Budget Committee on May 6, 2021

Introduction

I would like to welcome the Budget Committee, staff members, and members of the public attending today's Budget Committee meeting. This is the first Budget Committee meeting to review the proposed 2021-2022 Grants Pass School District No. 7 ("District") budget.

The proposed budget being presented to you this evening is based on the most recent budget forecast issued on March 1, 2021 of \$9.1 billion. This funding level is intended to be a 49%/51% split over the course of the 2021-2023 biennium. Funding for the Student Investment Account and the High School Success Act does not come from the State School Fund. The Student Investment Account is funded a separate tax collection as stipulated in House Bill 3427 also known as the Student Success Act (SSA). The High School Success Act is funded through Measure 98.

As we are encouraged to see Oregon's economy bouncing back as we navigate the season of Covid 19 shutdowns that have significantly impacted our educational institutions, a final budget number will not be determined until the conclusion of the current legislative session in June of 2021. Advocates have indicated there is a pathway for a funding level of \$9.3 billion. However, because the Ending Fund Balance for 2020.2021 is coming in higher than budgeted, we do not anticipate having to make cuts, even at the \$9.1 billion level.

It should be noted in this message that this budget demonstrates an increase in General Fund Revenue/Resources of more than \$21 million as a result of federal dollars from the Elementary and Secondary Schools Emergency Relief (ESSER) funding and the American Rescue Plan. These are one-time dollars that are relatively limited in scope for how school districts can expend these resources but can have a significant impact on improving the safety and quality of our facilities.

The District will continue to face increasing costs as a result of collective bargaining obligations, additional staffing costs, as well as increasing costs for utilities, insurance, and other recurring expenditures. Without knowing what potential limitations and restrictions may be imposed on the re-opening of school in the fall, the district must take this into account. While the legislature has made some minor PERS reform that have resulted positively for the district in the coming year, projections beyond this biennium continue to demonstrate a continued impact on the district's obligation for the unfunded PERS liability.

The District is committed to aligning our resources to reflect the priorities of our strategic plan guided by the following pillars:

- **We are striving to build a resilient community**
- **We are grounding our practice in equity and inclusive practices**
- **We are ensuring strong academic outcomes and post-secondary plans for all students**
- **We are focusing attention on safety, facilities, strong operations, and building organizational capacity**

The proposed 2021-2022 budget presented to the Budget Committee for consideration this evening, strives to strike a balance by:

- Allocating available resources to address rising staffing and other costs; and
- Continuing to expand our efforts to strategically address the needs of our students and families so they can take full advantage of the outstanding educational, extracurricular, and college/career readiness opportunities our District offers.

Based on these priorities, the proposed 2021-2022 budget is intended to achieve the following specific objectives:

- Preserve a full school year and maintain all current programs for our students with the caveat of potential changes given the impacts of the pandemic;
- Provide adequate resources to meet the District's anticipated collective bargaining obligations (including associated FICA and PERS employer costs);
- Provide funding for estimated non-salary related cost increases including utilities, insurance, technology and professional services;
- Invest significant one-time funding into capital projects to improve the quality, safety, and security of our facilities, to meet the District's elementary classroom construction debt obligations, and to address critical deferred maintenance and capital equipment needs;
- Maintain a yet still strong PERS reserve level of more than \$3.37 million to help protect against forthcoming PERS employer rates; and,
- Based on the projected funding for the Student Investment Account of \$4.01 million, the district is prepared to continue to invest in the following programs and supports:
 - ✓ Increase certified FTE to provide more interventions for math and language arts at middle and high school
 - ✓ Add a second Stepping Stones program at the elementary level for our most dysregulated students
 - ✓ Expanding partnership with Maslow project to support our homeless population
 - ✓ Expand after-school and summer school opportunities at all grade levels
 - ✓ Removing course fees and reducing athletics and activity fees; and
 - ✓ Multiple other investments that can be found in our Student Investment Account proposal and application submitted to the Oregon Department of Education

District General Fund¹

The following table summarizes the net increase in the District's estimated 2021.2021 General Fund available resources:

General Fund Revenue/Resources - Increases	Amount
Beginning Fund Balance Increase/(Decrease)	\$2,762,594
State School Fund	\$18,434,358
Other Revenue	(\$180,000)
Transfers In	\$0
TOTAL	\$21,016,952

The following table shows how the District's estimated 2021.2021 General Fund budget allocates these additional resources:

General Fund Budget Expenditure Variances	Amount
Net staff salary & associated payroll cost increases	\$1,084,224
All Other Expenditure Categories	\$119,251
Contingency and Transfers	\$19,236,447
Ending Fund Balance Increase/(Decrease)	\$577,031
TOTAL	\$21,016,953

Business Director Ely will provide more detail regarding the various revenue and expenditure variances during the formal budget presentation.

¹ The General Fund described in this section refers to the District's main operating fund and does not include site general fund amounts raised and spent at each location which are estimated to total approximately \$1.9 million for 2021.2022.

The following table summarizes the General Fund resource/use increases (decreases) in the proposed budget in comparison to the last several budget years:

District General Fund Budgeted Amounts	2017.2018 Adopted	2018.2019 Adopted	2019.2020 Adopted	2020.2021 Adopted	2021.2022 Proposed	Increase (Decrease)
Resources						
Beginning Fund Balance	\$3,200,000	\$3,700,000	\$3,850,000	\$4,200,000	\$6,962,594	\$2,762,594
State School Fund Grant	\$56,234,633	\$57,254,175	\$61,638,969	\$64,386,585	\$63,782,221	(\$604,364)
ESSER Funds	\$0	\$0	\$0	\$1,600,000	\$20,638,722	\$19,038,722
Net State School Fund	\$56,234,633	\$57,254,175	\$61,638,969	\$65,986,585	\$84,420,943	\$18,434,358
Other Revenue	\$2,703,150	\$2,730,133	\$3,252,618	\$3,591,557	\$3,411,557	(\$180,000.21)
Transfers	\$0	\$0	\$650,000	\$225,000	\$225,000	\$0.00
Total Resources	\$62,137,783	\$63,684,308	\$69,391,587	\$74,003,142	\$95,020,094	\$21,016,952
Uses						
Salaries	\$33,109,993	\$34,466,562	\$35,869,334	\$37,447,263	\$39,600,697	\$2,153,434
Associated Payroll Cost	\$17,578,888	\$18,602,915	\$21,292,365	\$22,098,852	\$21,029,642	(\$1,069,210)
Purchased Services	\$3,149,635	\$3,378,172	\$3,687,361	\$3,950,133	\$4,054,290	\$104,157
Supplies & Materials	\$2,527,264	\$2,284,779	\$2,584,841	\$2,996,609	\$3,033,422	\$36,813
Capital Outlay	\$350,000	\$175,000	\$0	\$30,000	\$0	(\$30,000)
Insurance, Taxes, Dues & Fees	\$346,886	\$346,863	\$354,121	\$407,315	\$415,596	\$8,281
Transfers	\$650,000	\$600,000	\$925,000	\$1,100,000	\$1,337,327	\$237,327
Contingency	\$1,440,000	\$700,000	\$1,350,000	\$2,300,000	\$21,299,120	\$18,999,120
Total Expenditures	\$59,152,666	\$60,554,291	\$66,063,022	\$70,330,172	\$90,770,094	\$20,439,922
Ending Fund Balance	\$2,985,117	\$3,130,017	\$3,328,565	\$3,672,969	\$4,250,000	\$577,031
Total Uses	\$62,137,783	\$63,684,308	\$69,391,587	\$74,003,141	\$95,020,094	\$21,016,953
Ending Fund Balance	5.05%	5.17%	5.04%	5.22%	6.12%	

Other Funds

Significant points in the 2021.2022 proposed budget for other District funds are as follows:

- **Federal Programs Fund** – Initial estimates received from ODE indicated that Title I funding may be decreasing in 2021.2022 by nearly \$140,000. Title II A professional development federal funding is projected to be relatively flat as is funding for IDEA which is the federal support mechanism for our students with special needs. However, the American Rescue Plan has funds allocated for these programs. We do not yet know how this will impact our funding in these programs but it is anticipated that we will see an increase in each of them when the final allocations are received.
- **Student Body Funds** – The proposed budget provides sufficient appropriation for fund raising efforts in the Site Based 150 Fund accounts and the 280 Fund Student Body accounts.
- **Food Service Fund** – With the implementation of the Community Eligibility Program (CEP), the District has seen an increase in participation. The Food Service Fund, prior to COVID-19 was operating in the

black; however, COVID has had a negative impact on this program. We are confident that once students are back in school full-time, we will see a resurgence in participation.

- **Cool Schools Fund** – This fund continues to receive deposits through a program developed by the Oregon Department of Energy (ODOE). It is anticipated that this fund will have over \$600,000 by the end of 2021.2022. These funds will be used. The funds can only be used for projects approved by the ODOE;
- **Bus Replacement Fund** – This is a relatively new fund for the District which allows the District to account for and reinvest the funds received from Oregon Department of Education for the depreciation of the District's bus fleet. Per state statute – all buses must be replaced with vehicles that meet the EPA's emission standards – the District has until 2025 to accomplish this and we are well on track to meet this standard;
- **High School Success Fund (Measure 98)** – The District is anticipating flat funding of approximately \$1.66 million for the 2021.2022 school year. These funds are used for Dropout Prevention, Career and Technical Education, and College Level Education Opportunities;
- **PERS Reserve Fund** – At the end of 2021.2022 the PERS Reserve will have a balance of \$3.37 million. The District has no plans to use any of these funds in the 2021.2022 school year.
- **Capital Projects Fund** – The proposed budget includes a \$600,000 transfer from the General Fund to the Capital Projects Fund in order to fund various capital improvement and deferred capital maintenance needs of the District. Director Ely will explain the projects that Administration is proposing for the 2021-2022 school year.
- **Insurance Reserve Fund** – This fund is used to pay the claims submitted for those employees who participate in the District's Health Reimbursement Account – this is a benefit the District provides for those employees who don't otherwise qualify for a Flexible Spending Account or Health Savings Account;
- **Unemployment Fund** – The District has retired this fund and will be paying claims directly from the General Fun.

Conclusion

In writing my fifth budget message as your Superintendent, I have reflected on the twenty years for which I have had the privilege to be a teacher, coach, and administrator in Grants Pass School District #7, as well as watch my own children have the opportunity to experience tremendous educational, co-curricular, and extra-curricular opportunities. Over the recent years, we have seen continued growth in our graduation and attendance rates and we have celebrated numerous awards and achievements for individual students and school programs. Grants Pass School District #7 is an exceptional public education organization and the financial forethought demonstrated by our school board, budget committees, and district leadership have allowed the District to continue to recruit and retain high quality staff, maintain a full instructional year, and retain and expand educational and extracurricular programs for our students and families.

In closing, I would like to thank the staff (particularly our Chief Finance and Operations Officer Sherry Ely and her team) for their efforts in preparing the proposed 2021-2022 budget. In addition, I would like to thank the Board and Budget Committee members for their ongoing commitment to our students, our staff and the programs that make our District successful. We have so much to be thankful for as we continue to foster hope, engagement, and resilience for students, families, and our community.

Respectfully submitted,



Kirk Kolb
Superintendent of Schools
Grants Pass School District 7

