

**SUPERINTENDENT'S BUDGET MESSAGE FOR FISCAL YEAR 2022-23**  
**As Presented to the Budget Committee on May 5, 2022**

**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 2022-2023 Grants Pass School District No. 7 ("District") budget.

The proposed budget being presented to you this evening is based on the second half of the biennial budget of \$9.3 billion for education. This funding level that makes up the district's General Fund was a 49%/51% split over the course of the 2021-2023 biennium. This funding level does not include funding from HB 4030 for the recruitment and retention of staff. The funding from HB 4030 will, however, support some budgetary adjustments in the General Fund.

The Student Success Act (SSA), approximately \$4.5 million and the High School Success Act (also known as Measure 98 funds), approximately \$1.5 million are not part of the State School Fund allocation and are provided to Districts with specific requirements for their use.

While we have been encouraged to see Oregon's economy bouncing back as we have navigated through the season of Covid 19 mandates that have significantly impacted our educational institutions, a final budget number will not be determined until the final legislative forecast expected in June of 2022. Unfortunately, the district has seen a significant drop in enrollment over the past two years resulting in reduced funding that requires the district to make necessary adjustments to the General Fund budget. The district is aggressively working to recoup enrollment that should result in increasing revenue over future years.

It should be noted that this budget demonstrates continued use of one-time funds in General Fund Revenue/Resources resulting from the Elementary and Secondary Schools Emergency Relief (ESSER) funding. These are one-time dollars that are intended in scope to support school districts due to the impact of Covid 19, including loss of enrollment. The 2022.2023 proposed budget will be allocating the remaining \$16.6 million of these federal dollars.

The District continues to face increasing costs as a result of collective bargaining obligations, essential staffing costs, as well as increasing costs for utilities, insurance, and other recurring expenditures. While the legislature has made some minor PERS reform that have resulted positively for the district in the recent 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 2022-2023 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 2022-2023 budget is intended to achieve the following specific objectives:

- Preserve a full school year and maintain all current programs for our students;
- 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 and HVAC improvement debt obligations, and to address critical deferred maintenance and capital equipment needs;
- Maintain a yet still strong PERS reserve level of more than \$3.366 million to help protect against forthcoming PERS employer rates; and,

**District General Fund<sup>1</sup>**

The following table summarizes the the District’s estimated 2022.2023 General Fund available resources:

<b><u>General Fund Revenue/Resources - Increases</u></b>	<b><u>Amount</u></b>
Beginning Fund Balance Increase/(Decrease)	(\$2,412,594)
State School Fund	(\$1,450,058)
Other Revenue	(\$4,377,015)
Transfers In	(\$225,000)
<b>TOTAL</b>	<b>(\$8,464,667)</b>

The following table shows how the District’s estimated 2022.2023 General Fund budget allocates these resources:

<b><u>General Fund Budget Expenditure Variances</u></b>	<b><u>Amount</u></b>
Net staff salary & associated payroll cost increases	\$2,936,216
All Other Expenditure Categories	(\$196,967)
Contingency and Transfers	(\$13,286,593)
Ending Fund Balance Increase/(Decrease)	\$2,082,676
<b>TOTAL</b>	<b>(\$8,464,669)</b>

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

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

<sup>1</sup> 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 \$2 million for 2022.2023.

<b>District General Fund Budgeted Amounts</b>	<b>2018.2019 Adopted</b>	<b>2019.2020 Adopted</b>	<b>2020.2021 Adopted</b>	<b>2021.2022 Adopted</b>	<b>2022.2023</b>	<b>Increase (Decrease)</b>
<b>Resources</b>						
Beginning Fund Balance	\$3,700,000	\$3,850,000	\$5,800,000	\$6,962,594	\$4,550,000	(\$2,412,594)
State School Fund Grant	\$57,254,175	\$61,638,969	\$64,386,585	\$64,836,743	\$63,386,685	(\$1,450,058)
Net State School Fund	\$0	\$0	\$0	\$64,836,743	\$63,386,685	(\$1,450,058)
<b>ESSER Funds</b>	\$0	\$0	\$0	\$20,985,511	\$16,664,699	(\$4,320,812)
Summer School Funds				\$2,355,724	\$1,198,556	(\$1,157,168)
Recruitment and Retention Funds				\$0	\$714,176	\$714,176
Other Revenue	\$2,730,133	\$3,252,618	\$3,591,557	\$3,064,768	\$3,451,557	\$386,789
Transfers	\$0	\$650,000	\$225,000	\$225,000		(\$225,000)
Total Resources	\$63,684,308	\$69,391,587	\$74,003,142	\$98,430,340	\$89,965,673	(\$8,464,667)
<b>Uses</b>						
Salaries	\$34,466,562	\$35,869,334	\$37,447,263	\$39,600,697	\$41,777,568	\$2,176,871
Associated Payroll Cost	\$18,602,915	\$21,292,365	\$22,098,852	\$21,029,642	\$21,788,987	\$759,345
Purchased Services	\$3,378,172	\$3,687,361	\$3,950,133	\$4,054,290	\$5,742,380	\$1,688,090
Supplies & Materials	\$2,284,779	\$2,584,841	\$2,996,610	\$5,389,146	\$3,494,677	(\$1,894,469)
Capital Outlay	\$175,000	\$0	\$30,000		\$1,000	\$1,000
Insurance, Taxes, Dues & Fees	\$346,863	\$354,121	\$407,315	\$415,596	\$424,008	\$8,412
Transfers	\$600,000	\$925,000	\$1,100,000	\$1,337,327	\$5,450,000	\$4,112,673
Contingency	\$700,000	\$1,350,000	\$2,300,000	\$22,514,644	\$5,115,378	(\$17,399,266)
Total Expenditures	\$60,554,291	\$66,063,022	\$70,330,173	\$94,341,342	\$83,793,998	(\$10,547,344)
Ending Fund Balance	\$3,130,017	\$3,328,565	\$3,672,969	\$4,088,998	\$6,171,674	\$2,082,676
Total Uses	\$63,684,308	\$69,391,587	\$74,003,142	\$98,430,340	\$89,965,672	(\$8,464,668)
Ending Fund Balance	5.17%	5.04%	5.22%	4.33%	7.37%	

### Other Funds

Significant points in the 2022.2023 proposed budget for other District funds are as follows:

- **Federal Programs Fund** – It is anticipated, based on initial estimates received from ODE that Title I funding may be decreasing in 2022.2023. Title IIA 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;
- **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. Due to the pandemic, the Food Service fund ran a deficit of nearly \$160,000 in 2020.2021. We do anticipate that this Fund will be self-sustaining in 2021.2022 and 2022.2023 as the District gets back to normal operations;
- **Cool Schools Fund** – This fund continues to receive deposits through a program developed by the Oregon Department of Energy (ODOE). The revenue received through this program will help service the debt of the HVAC that was completed in the Fall of 2021;
- **Bus Replacement Fund** – This is fund for the District which will allow 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)** –These funds are used for Dropout Prevention, Career and Technical Education, and College Level Education Opportunities;
- **Student Investment Account** - These funds are a result of the Corporate Activity Tax – allowable investments for this fund are:
  - Expanding Instructional Time
  - Addressing Student Health and Safety
  - Reduce class sizes and case loads
  - Provide a well-rounded education
- **PERS Reserve Fund** – At the end of 2021.2022 school year the PERS Reserve will have a balance of \$3.366 million. The District currently has no plans to use any of these funds in the 2022.2023 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 2022-2023 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;

### **Conclusion**

In writing my sixth and final budget message as your Superintendent, I have reflected on the twenty-one 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 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 2022-2023 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