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MEMORANDUM

To: Beaverton School Board
From: Dr. Tony Smith, Superintendent
Date: October 2026
Subject: Strong & Sustainable Beaverton: Financial Sustainability and Right-Sizing Framework

Purpose: Information, board participation and direction-setting for future work

This memo introduces a proposed two-part process to strengthen Beaverton School District's long-term educational and financial sustainability. The goal is to build a Strong & Sustainable Beaverton — a district that is educationally excellent, equitable, financially responsible, operationally coherent and positioned to serve students well for years to come.

This document is informational and is intended to invite board participation in shaping the framework, decision criteria, community engagement and future governance decisions.

The board *is not* being asked to establish budget reduction targets, approve school closures, or endorse a specific future configuration of the district at this time. The board *is* asked to give direction on moving forward with the proposed timeline, and commit to participation in shaping and engaging with the public process and making future governance decisions informed by the process.

Identifying the Problem

BSD is serving materially fewer students while facing an ongoing structural financial imbalance.

The district's enrollment peaked at 40,629 students (not including charter schools) in fall 2019, shortly before the start of the COVID-19 pandemic. In fall 2026, enrollment is 35,351 students — a decrease of 5,278 students or 13% over the past 7 years.

In that time span, two new schools have opened (Tumwater Middle School and Flex Online School) and one very small elementary school has closed (McKay Elementary School).

Enrollment is projected to decline by another 3,000 to 7,000 students over the next decade.

At the same time, the September 1, 2026 financial projection shows annual deficits of approximately:

Beaverton School District does not discriminate in any programs or activities on any basis protected by law, including but not limited to an individual's actual or perceived race, color, religion, sex, sexual orientation, gender identity, gender expression, national or ethnic origin, marital status, age, mental or physical disability, pregnancy, familial status, economic status, veteran status, or because of a perceived or actual association with any other persons within these protected classes.

- $17.3 million in 2026–27
- $42.1 million in 2027–28
- $46.3 million in 2028–29
- $60.1 million in 2029–30

The district is fortunate to have reserve funds – currently totaling nearly $168 million – to help mitigate the need to make sudden drastic budget cuts to align expenditures with incoming resources. In recent years, BSD has used budget reserves to phase in spending reductions over time, rather than making larger immediate cuts to fully align ongoing revenues and expenditures.

However, the district cannot indefinitely continue drawing down reserves to fund recurring expenditures. The growing structural budget deficit and continued enrollment decline mean that important decisions must be made to rightsize the district in the near future.

Establishing the Question

The first responsibility of the process should be to establish a common understanding of the size and causes of the structural imbalance, distinguish recurring challenges from temporary conditions, and understand the educational and operational implications of potential solutions.

Consequently, our focus extends far beyond determining which budget areas to reduce and how many schools we can sustain.

Instead, we must ask:

> *How do we design an educational system that ensures outstanding outcomes for every student while establishing long-term alignment across student enrollment, staffing models, academic offerings, facility operations and fiscal resources?*

Considering Previous Planning

Our efforts do not begin in a vacuum. The Right-Sizing Beaverton strategy expands upon and updates the district's 2021 Long-Range Facility Plan (LRFP). That foundational document identified educational programming, student enrollment, building capacity and facility conditions as core components of long-term operational planning. Furthermore, it embedded an equity lens while explicitly establishing the alignment of school capacity with projected student demographics as a key district priority. Additionally, the 2021 LRFP acknowledged that shifting demographics and reduced enrollment might lead to surplus facility capacity, proposing remedies including boundary realignments and, where conditions warrant, school consolidation.

The Long-Range Facility Planning Committee in 2024–2026 furthered this work and led to the development of guidelines for long-range planning, including school enrollment parameters to consider where solutions for enrollment balancing should be considered.

However, the contemporary challenges facing BSD compel us to broaden our approach beyond this initial scope.

While the previous endeavor functioned primarily as a capital-planning and facilities model, our current initiative must evolve into a comprehensive districtwide sustainability framework. This expanded vision systematically integrates:

- instructional excellence

- student enrollment trends
- staffing allocations
- academic programming
- attendance boundaries
- facility usage
- student transportation
- educational equity
- operational efficacy
- and multiyear fiscal health

Considering Recent Examples

We can gain valuable insights from other school districts that have successfully navigated comparable circumstances.

Our review of **Bellevue School District** reinforces the value of engaging the community before developing a specific financial proposal, presenting actual recommendations and alternatives, seeking *another* round of community feedback on those recommendations, and then explaining what changed as a result of that feedback.

Boulder Valley School District provides another useful lesson: When declining enrollment affects multiple schools and communities, engagement should begin with the values the community wants to protect *before* specific consolidation or closure recommendations are developed. Its experience also demonstrates the importance of looking at schools within a broader regional and system context rather than considering individual buildings in isolation.

Fulton County Schools' G.L.I.D.E. financial sustainability process offers a complementary model. Fulton treats financial sustainability as a districtwide responsibility involving cross-functional teams, stakeholder engagement, financial modeling, cost efficiencies, revenue strategies, board parameters and long-term sustainability tests.

We should learn from each without attempting to replicate any one district's approach. Beaverton's process must reflect our students, community, financial conditions, educational priorities and governance structure.

Maintaining What We Value

Financial sustainability is not separate from instructional improvement. A district that continually uses reserves to support recurring expenditures eventually has fewer choices about where resources can be invested. Similarly, maintaining programs, staffing models and facilities that are no longer appropriately aligned with enrollment can make it more difficult to concentrate resources on strong instruction and equitable student opportunities.

This work directly advances the superintendent priorities of:

- system coherence
- stronger Tier 1 instruction
- leadership development
- continuous improvement
- equity
- long-term sustainability

This work also represents an important transition in my 100-Day Plan and Look, Listen, Learn, Lead approach. One hundred days is a meaningful period of time, nearly half of a school year, and yet it is still a relatively short period in which to fully know and understand a community as large, diverse and complex as Beaverton.

The next phase should therefore not be a rush from learning to predetermined solutions. It should continue learning while moving toward action through a deliberate process designed to:

- restore trust
- make difficult tradeoffs transparent
- collaborate authentically with our community
- foster collective ownership of both the challenges we face and the future we create

Strong & Sustainable Beaverton: A Two-Phased Approach

I recommend two connected but distinct workstreams:

Financial Sustainability | October 2026 – March 2027

October 2026
Understand: Establish the financial and enrollment baseline and identify the major drivers of the structural deficit. Educate the community about current conditions and decisions to be made.

October–November 2026
Listen: Engage staff, students, families, school leaders and community members to provide open-ended input regarding educational priorities, services to protect, opportunities to work differently, and potential tradeoffs.

November–December 2026
Reflect: Synthesize engagement and report back to the community what we've heard. Apply community voice to development of potential options for budget changes.

December–January 2027
Design: Develop and model options across staffing, schools, programs, central services and operations, including seeking efficiencies and potential revenue strategies.

February 2027
Test & Refine: Engage the community to provide feedback on actual proposals and impacts. Consider community voice and make revisions where appropriate.

March 2027
Recommend: Bring forward a multiyear financial sustainability strategy that guides development of the 2027–28 budget and future financial planning.

May–June 2027
Adopt: Present the superintendent's recommended budget for consideration and action by the budget committee in May and adoption by the school board in June.

Right-Sizing Beaverton | March 2027 – December 2027

March–April 2027
Understand: Develop school-level profiles incorporating enrollment, projections, capacity,

utilization, facility condition, programs, staffing, costs, geography, transportation, demographics, boundaries and equity considerations.

May–June 2027
Listen: Engage community around the future student experience, educate about factors that impact school offerings, and ask the community to affirm the criteria that should guide potential changes. Report back to community about what we've heard.

July–September 2027
Design: Plan a public process and clear criteria for decisions. Apply the criteria and develop proposed high-level scenarios for consideration.

September–October 2027
Review: Present proposed high-level scenarios and gather community input.

November 2027
Refine & Recommend: Complete educational, equity, operational and financial analyses of potential options, and bring forward a superintendent recommendation of specific structural changes to best meet community values and operational realities.

November–December 2027
Listen & Consider: Engage community feedback on proposed structural changes.

December 2027
Decide: Deliberate and take board governance action on structural changes.

Fall 2028
Implement: Implement approved structural changes beginning in the 2028–29 school year, allowing sufficient time to support staff, students and families, including receiving school communities, through transitions.

How We Make Decisions

Community voice is critical to these processes. Before developing proposals and plans, we will seek input from our community about their ideas and values for the future of our schools. Before determining proposals, we will ask for community feedback on the possibilities. Before identifying recommended structural changes impacting specific schools, we will hear input on the potential impacts of such changes.

The right-sizing process may examine boundary changes, program relocation, grade reconfiguration, facility repurposing, and school closure and consolidation. While the district cannot continue to provide a full and rich educational experience with the same configuration of schools in the face of a substantial decline in the number of students attending them, no individual school and no specific number of schools are predetermined for closure.

Before moving toward decisions, I recommend that we develop a proposed set of clear criteria for decision-making and invite the board and community to affirm and refine them. Potential criteria should include educational quality; equity; enrollment projections; capacity and utilization; facility condition; geography and feeder coherence; program access; staffing and class size; transportation; community impact; net recurring financial impact; and implementation feasibility. However, no single metric should determine the future of a school.

Similarly, community engagement will be meaningful, but it should not be represented as a referendum. The community has a critical role in identifying values, consequences, priorities and perspectives. The administration has a responsibility to conduct the analysis and develop options. The superintendent has a responsibility to make a well-considered recommendation. Where board action is required, the board has the governance responsibility to deliberate and decide.

What We Expect

At the conclusion of this work, we should expect more than a balanced budget or a different configuration of buildings. We should have:

1. **A transparent and collaborative decision-making process** that strengthens trust and creates greater collective ownership of BSD's future.
2. **A sustainable multiyear financial model** that aligns recurring revenues and expenditures and maintains responsible reserves.
3. **A school system appropriately aligned with current and projected enrollment**, rather than enrollment patterns of the past.
4. **Resources increasingly concentrated on strong Tier 1 instruction**, student supports and equitable educational opportunities.
5. **Greater coherence** among enrollment, staffing, programs, boundaries, facilities, transportation and financial planning.
6. **A deliberate 2028–29 implementation strategy** that supports students, employees, families and communities affected by change.

Making Our Plan

At this stage, I am not asking the board to approve school closures, establish a predetermined reduction target, or endorse a particular future configuration of the district.

I am inviting the board to participate with me in shaping the process. That includes helping establish the questions we should answer, participating in community engagement, affirming the criteria and governance guardrails that will guide our analysis, examining the tradeoffs that emerge, and receiving regular public updates as the work progresses.

The decisions ahead will not all be easy. But our responsibility is larger than solving an immediate budget problem. It is to build a Strong & Sustainable Beaverton — one capable of delivering on our commitment to Belong, Believe, Achieve while creating the educational, organizational and financial conditions necessary for students to thrive for years to come.

The work ahead should therefore be grounded in a simple commitment:

- Understand our current reality.
- Listen to our community.
- Define what we value.
- Design the system our students need.
- Make responsible decisions.
- Build a Beaverton School District that is strong and sustainable for the future.

Strong & Sustainable Beaverton: A Two-Phased Approach

Two connected but distinct workstreams to build a sustainable financial future and right-size our schools, supporting the best possible experience for every student.

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Beaverton School District | *Belong. Believe. Achieve.*

This infographic visualizing the proposed timeline was produced by generative artificial intelligence using human-provided text.