

2015-16 Budget Message

Preparation of a budget for 2015-16 presents several unique challenges and some difficult decisions. First, the district will be opening two new schools, Silver Rail Elementary School and Pacific Crest Middle School in September 2015. Following a decision made three years ago by the Oregon legislature, the district will also be implementing universal full-day kindergarten in all elementary schools this fall. Note that the district has been providing full-day kindergarten to targeted higher need students through Title I funding and as an optional self-paid enrichment program for a number of years. In addition, after reaping the benefits of a five-year multi-million dollar federal Teacher Incentive Fund grant, the grant funding has come to an end. This budget must address how to continue the most impactful work that has been funded through that grant to support teacher excellence in our district. Finally, the Oregon Legislature has approached school funding in a unique manner this year, which creates a dilemma for budget building prior to completion of the session. As always, our commitment is to do whatever is possible to provide the learning opportunities our students deserve and the teaching conditions our teachers need to prepare students for their futures.

Our student population continues to increase as the district moves well past the 17,000 student level and ranks as Oregon's sixth largest school district. At this time it is anticipated that the REALMS Charter school, which has been sponsored by Bend-La Pine Schools while operating under charter school regulations with its own independent board of directors, will drop charter status and enter the district as a middle school magnet school beginning with fall, 2015. At the same time plans are finalizing for Bend International Charter School to begin operation as a new K-8 charter school sponsored by Bend-La Pine Schools.

Even as we grow and changes abound, the academic achievements of our students and staff continue at unprecedented levels. We are very proud that 86% of our schools received ratings of "4" or "5" on Oregon's new five-point scale of reporting on school success, with 25% receiving the "5" rating. Our graduation rates continue to improve and an increasing percentage of our graduates are prepared, pursuing, and succeeding in post-high school education while our graduation rate continues to climb.

During years of Legislative sessions where K-12 funding is established for the biennium it has normally been our philosophy to build our budget based on our best educated understanding of what the ultimate funding level will be when the session ends. This year presents a new dilemma. The Legislature acted early to establish a base funding level for 2015-17, distributed the money in an unusual 50-50 split for the two years of the biennium, and nearly every legislator that testified indicated that he/she did not believe the funding was adequate and expressed an expectation that additional funding would be added prior to the close of session. We are left with the choice of building our budget on what everyone knows is an inadequate funding level and then project additions if funding improves, or follow our normal approach to budget building. We have chosen to follow the philosophy that has served us well over the past decade. Our proposed budget is based on a K-12 funding level of \$7.5 Billion for the biennium and based on a 49-51 split of funding for the two years of the biennium. We will then identify a strategy of reduction if the Legislature does not reach that funding level and priorities for investment if the final funding is above that level.

The 2015-16 budget, based on a \$7.5B funding level includes:

- Maintaining staffing ratios, supply and material allocations, instructional days, and continuation of strategic investments that were funded in the 2014-15 budget
- Staffing and instructional materials for universal full-day kindergarten
- Recurring staff and facility costs associated with opening and operating two new schools
- Staffing to accommodate growth in student population
- Implementation of the final phase of the digital conversion
- English/Language Arts curricular adoption materials
- Continuation of instructional leaders and teacher and administrator mentorship program previously funded through the TIF grant, but central to implementation of the new compensation and advancement system for teachers entering the profession
- Modest cost of living salary and benefit adjustments for employees
- Additional support to teachers for digital instruction
- Continued restoration of support for student athletics

If funding were to remain at the \$7.255B funding level initially approved by the Legislature, the District would face a reduction in the proposed budget equal to approximately \$4 million. Since the discretionary portion of the budget is composed primarily of staffing costs, the majority of reduction would need to be made by reductions in staffing costs in the budget. Staffing costs are primarily based upon three factors - number of personnel, rate of compensation, number of hours/days for which compensation occurs. To achieve the \$4 million reduction the District would need to hold those three factors near the 2014-15 level and/or reduce one or more of the factors. The rate of compensation and to some extent the hours/days of compensation are subject to collective bargaining. The only factor that the District may modify independent of collective bargaining is the number of personnel. Although staffing plans have been distributed based on the \$7.5B funding level, principals have been asked to hold on hiring of some positions until final funding is more certain. The completion of collective bargaining with our employee groups will be critical to adjusting these factors as necessary to balance the budget. Purchase of some materials and equipment will also be placed on hold until the final funding level is known.

The proposed budget has been developed to support each of the strategic investment priorities adopted by the School Board in its current Comprehensive Plan for World Class Schools. Resources are committed strategically in order to increase success for every student with the following priorities at the center:

- Early and ongoing literacy
- Mathematical practices
- Success of English Language Learners (ELL's)
- Integrated digital learning
- Comprehensive, relevant, and rigorous curriculum
- Access to student activities and athletics
- Educator effectiveness

This proposed budget meets the requirements of Bend-La Pine Schools Board Governance Policy BDGOV A.3 Financial Planning and Budgeting. I believe this proposed budget reflects

our purpose of Educating Each Student to be a Thriving Citizen. Bend-La Pine Schools is well on the way to becoming the best school district in Oregon, thanks to hard work and the support of our student, parents, staff and community.