

# **SUPERINTENDENT’S BUDGET MESSAGE FOR THE 2021-2022 SCHOOL YEAR**

Dear West Linn-Wilsonville School District Budget Committee Members and Community:

I respectfully submit the West Linn-Wilsonville School District proposed budget for 2021-2022 in accordance with ORS 294.391.

The proposed general fund budget of \$123,733,388.00 accounts for a balanced budget that aligns with the School Board and School District goals; these goals are identified, prioritized and articulated to maximize student learning.

## **2021-2022 State Budget Allocation for School Districts**

The West Linn-Wilsonville School District 2021-2022 budget proposal is based on a \$9.3 billion State School Fund biennium. While \$9.3 billion is an increase from the past biennium (\$9.0 billion), unfortunately it is not enough to accommodate “roll up” costs to maintain current programs and personnel. And it is well below what is needed to adjust for payroll increases, increases in PACE insurance due to COVID-19 risks, and increases to PERS (Public Employee Retirement System).

As school districts across Oregon are submitting their school budgets for next year, state officials and legislators are still considering the level to set for the State School Fund biennium. In the meantime, we are charged with submitting a budget with current information (June 2021) and to the best of our abilities.

## **Public School Budget Sources:**

### **State School Fund (SSF): General Fund**

With a shift to a primarily state-funded school system, school districts receive the vast majority of their funding through the State School Fund, into their General Budget (ORS 327.008). To achieve equal per-student funding, the current formula reduces state aid if local revenues per student are high and increases state aid if local revenues per student are low. The formula uses five different methods to adjust for cost differences among school districts: Teacher experience adjustment, Transportation grant, Facility grant, High cost disability grant and Weighted student count.

### **Special Revenue: Federal/State Grants, Services, Donations**

School districts also receive funds through federal or state grants or designated donations. These supplement the General Fund and are subject to special spending criteria and accountability.

### **High School Success Grant (Measure 98):**

The High School Success Grant (HSSG) targets improvement to graduation rates through expansion of Career & Technical Education (CTE) Programs, addressing chronic absenteeism, and providing interventions that reduce drop-out rates. School districts apply for funds that must be spent to implement three strategies:

1. Establish or expand drop-out prevention strategies in high schools,
2. Establish or expand college-level educational opportunities for high school students, and
3. Establish or expand career and technical education programs in high schools.

In West Linn-Wilsonville, we have developed a strategic plan for allocating HSSG funds to impact all three of these areas that connect to school attendance, graduation and a student's aspiration for college, career and beyond. This grant awards funds based on the number of high school students in each school district.

### **Student Success Act: Student Investment Account (SIA) Grant**

In 2018, voters approved a Corporate Activities Tax allocating funds each biennium towards the Student Success Act. The Student Success Act proportions each year towards 3 funds: Statewide Education Initiatives, Early Learning Account and the Student Investment Account (SIA).

The Student Investment Account (SIA), is an annual, non-competitive grant fund for all Oregon school districts and eligible charter schools. This money has two purposes: 1) Meet students' mental and behavioral health needs and 2) Increase academic achievement and reduce academic disparities for students who have historically experienced disparities in our schools.

Extensive community engagement informed the goals within the district's Continuous Improvement Plan and the priorities outlined in the district's Student Investment Account (SIA) Grant application. This grant awards funds based on the weighted student count in each school district.

### **Local Option Levy**

Under Oregon's property tax law, a local option levy gives individual communities the ability to supplement state funding for their local schools. In November 2019, voters in West Linn and Wilsonville renewed a five-year local option levy, at a rate of \$1.50 per \$1,000 of assessed value. Local option taxes in our district are used to fund teachers at all schools to sustain effective class sizes.

### **Budget Investments in Excellence, Opportunity and Access**

In the process of assembling a school budget, the district maintains a theory of action that investing in diverse and challenging learning opportunities for our children leads us to achieving our goals. These key investment strategies are identified and implemented because they

prove to exemplify the quality of learning and the quality of care every parent wishes for their child and the outcomes for every child in our community to be fully prepared for college, career and the world.

Our key investment strategies include:

- Hiring and developing the most qualified professionals who provide expert instruction for all students, including students with diverse learning needs.
- Prioritizing and delivering high quality professional learning experiences, systems, curricula and supports that impact instruction in the classroom on a daily basis.
- Developing and sustaining strategies that increase time for learning, including a full academic school year and full academic schedules for all students.
- Maintaining effective class sizes while strengthening counseling, teacher-librarian, special education, operations and information technology support.
- Expanding and supporting strong early childhood programs: Pre-K and Kindergarten.
- Providing instructional and programmatic supports for mental and behavioral health needs
- Utilizing School Equity Teams and districtwide initiatives to eliminate systems of racism and increase equity & access for all students
- Expanding Advanced Placement and other college level courses in our high schools.
- Providing enriched and comprehensive programming for the performing and visual arts, world and dual language, athletics, activities and wellness across all schools.
- Expanding STEM and CTE Programs and related experiences in science, technology, engineering, journalism, health sciences, business/marketing and mathematics.
- Offering Online and Blended Learning options to students and families which expands course offerings and provides flexible learning environments and pacing for students.
- Maintaining responsible stewardship of our facilities, grounds, and other property assets.

### **Measuring the Outcomes of Our Investments**

Our District Mission question, “How do we create learning communities for the greatest thinkers and most thoughtful people...for the world”, sets the stage and tone for the collaborative and collective ethic of excellence we hold for ourselves as professionals. From this compelling mission question emerges annual District Goals and a District Work Plan that identifies and outlines actions, strategies and measureable outcomes to align and allocate resources towards meeting these goals.

We measure the outcomes of our investments by collecting, analyzing and utilizing a broad range of evidence:

- Graduation rates – West Linn-Wilsonville has the highest in the state of Oregon for multi-high school districts
- Drop-out rates – West Linn-Wilsonville schools continue to make important strides in keeping students engaged in school, K-12.
- Regular Attendees – We monitor and respond to data that helps us work with students who have chronic absenteeism.

- 9<sup>th</sup> Grade On Track – We monitor and respond to data that helps us focus strategies and support to students in their first year of high school.
- Student participation in AP courses and dual credit classes at our high schools
- Oregon Department of Education School Report Cards
- Oregon State Assessments (SBAC, OSAS, ELPA21) that provide academic benchmark data aligned to college and career readiness
- District Interim and Formative Assessments that provide academic growth data – These types of assessments (standardized, curriculum-based measures, tests, grades, etc.) provide valuable information to help students monitor their own learning, help teachers adjust and prepare strategically for new learning, and help our school and district leadership teams effectively plan where broad-based as well as targeted new learning and resources are needed.

**In developing a balanced budget for the 2021-2022 school year we have made the following working assumptions:**

**Revenue:**

- State revenue of \$9.3 billion for the biennium
- 49% of the biennial allocation in 2021-2022 and 51% in 2022-2023
- ADM projected at approximately 9,400 students; ADM(weighted) projected at approximately 11,000
- Utilization of Regional ESD funds appropriated to the district
- Carry-over of approximately \$9,390,063.00 of our 2020-2021 ending fund balance
- Projected Local Option revenue of \$10,072,559
- High School Success Grant of \$2.5 million in 2021-2022
- Student Investment Account Grant of \$6.0 million in 2021-2022

**Federal COVID-19 Relief Funds in 2020-2021**

In 2020-2021, the federal government provide three funding packages to states to offset COVID-related economic costs. For public schools this funding was in the form of Elementary and Secondary School Emergency Relief Funds (ESSER) and provided financial relief to costs directly related to COVID-19. For West Linn-Wilsonville, these amounts were applied to the 2020-2021 General Budget for additional staff, personal protective equipment, nutrition costs, co-curricular fees (waived), technology and other safety-related costs. The amounts of each grant were: ESSER I: \$450,797; ESSER II: \$1,772,767; and ESSER III: \$3,800,000.

**Expenditures:**

- Increased personnel costs to honor negotiated contracts that include increases in cost of living (COLA) and health insurance.
- Increased costs in PERS (Public Employees Retirement System) of \$3.5 million
- Increased cost in PACE (20% increase)
- Increased costs for utilities, transportation, materials, supplies and purchased services for all buildings and adjusting for expansion across the district.

**Challenges with the Current State Funding Level of \$9.3 billion:**

- \$9.3 billion from the state does not quite fund the “roll-up” costs of current operation and staffing from the 2020-2021 school year into the 2021-2022 school year. It absolutely does not provide enough funding to offset the PERS increase for our school district.
- Although the PERS rate for biennium 2021-23 has been slightly reduced from biennium 2019-21, the District is still facing unsustainable PERS's cost. *Please Note: PERS rate went from 24.25% in biennium 2019-21 to 20.15% in biennium 2021-23 for T1/T2 and went from 18.80% in biennium 2019-21 to 17.04% in biennium 2021-23 for OPSRP.*

**Additional Challenges:**

- Estimated reduction of \$2 million State School Fund to the 2021-2022 school year based on enrollment decline due to COVID-19 impact on public schools

**Savings from 2020-2021 to offset challenges for 2021-2022:**

- Savings from transportation, utilities and substitute teachers
- Savings from re-hiring temporary classified staff until Hybrid Model in February 2021
- Savings from untapped Contingency Fund
- Federal COVID-19 Relief funds: ESSER I, II and III

**Maintaining School Year and Targeted Support for Students:**

- We will continue to support a full academic school year and full academic schedules, with targeted support for extended learning time.
- We will sustain our strategies of targeted support for students for whom we have identified opportunity and achievement gaps.

**Reduction Plan Based on \$9.1 billion allocation to State School Fund for 2021-2023:**

While the district has based its budget on \$9.3 billion allocation to the State School Fund, currently both the Governor and the Ways & Means Committee have only approved \$9.1 billion. If the State School Fund remains at \$9.1 billion, even after the May revenue forecast, the following reductions of \$3 million will need to go into effect for the school year to help balance the budget and maintain a responsible ending fund balance.

<b>Reduction Area</b>	<b>Estimated Savings</b>
Personnel: Reduce licensed staff by 15 FTE and reduce 54 classified staff hours.	\$2.2 million
Utilize Construction Excise Tax account for appropriate expenditures (e.g. equipment, furniture, textbooks, technology).	\$800,000

## **Recognition of Our Community**

- I wish to recognize the leadership of our School Board members. We appreciate your volunteer service that includes countless hours meeting with patrons, attending school and district events while leading the district. We appreciate your belief and support in the professional expertise and commitment to students by our staff and administrators. We appreciate your courageous advocacy for inclusion of ALL children in a general education learning experience, while speaking out on issues of race, equity and sustainable funding for public education. We appreciate your priority and persistence in advocating for adequate and stable school funding.
- I wish to recognize our Budget Committee and all who participated in this budget development process by sending us your feedback: parents, patrons and staff. The interest, support and advocacy by our community towards our school district is deeply evident. The strong investment of parent volunteers and community partnerships in our students is a hallmark across Wilsonville and West Linn.
- I wish to recognize the excellence of our teachers and staff in our schools who bring their best professional selves to the work on a daily basis. Our teachers and staff seek out professional learning that address race and equity reform, research-based best practices and high-leverage instructional strategies that “move the dial” in eliminating opportunity and achievement gaps. At 97% (Wilsonville HS) and 98% (West Linn HS) in 2019-2020, West Linn-Wilsonville School District students demonstrate the highest graduation rates in Oregon for a multi-high school district.
- Lastly, I wish to recognize and thank our community’s generosity in supporting local option levies and capital construction bonds over the years. Our local option levy helps us currently fund approximately 80 teachers. And our most recent capital bond in 2019 allows us to build a new primary school and middle school, remodel an existing school to relocate our third option high school, add a new auditorium to Wilsonville High School, expand the stadium and parking at West Linn High School, upgrade safety, security and technology at all schools, and attend to districtwide improvements. These are significant contributions and we would not be able to provide the level of service and learning to students without this support.

## **In Closing**

This budget message is presented with the appreciation to our federal and state agencies that provided much-needed financial relief to offset costs last year due to COVID-19 impacts. And to our state for providing funding for Summer Academic Programs. Yet, there is focused and fiscal conservatism this year with our school budget as we continue to operate at high levels within an inadequate State School Fund allocation for the following biennium. I hold a spirit of optimism that our state and elected representatives will continue to prioritize stable and adequate public education funding in Oregon.

I am proud and humbled to serve the West Linn-Wilsonville School District and I believe this budget supports the mission and goals of this school district as we LEAD FORWARD.

Respectfully,

Kathy Ludwig, D.Ed.  
Superintendent