

NEWBERG SCHOOL DISTRICT 29J
SUPERINTENDENT'S BUDGET MESSAGE FY 2021-22
April 27, 2021

Joe Morelock, Ed.D., Superintendent

Introduction

Presented in the following pages is the 2021-22 budget which represents the District's plan to support and provide a quality educational experience for all students in Newberg Public Schools.

Budgets are not simply a collection of numbers and figures: they represent the values we hold about each student's journey through school and reflect the community and School Board's vision for our schools from the Strategic Plan which was collectively developed in the fall of 2018. None of us could have predicted the global pandemic which we have experienced together and some of the items in our general fund budget have been adjusted to account for the changes we deem necessary to recover and accelerate our student achievement.

We present this budget based upon the Governor's proposed State School Fund of \$9.3 billion; if the Legislature funds education above or below that mark, the budget committee may need to reconvene and revise. There are also several unknowns which I will mark, due to the effects of the novel Coronavirus upon the general economy and upon our students and staff. This 2021-22 Newberg Public Schools budget will be for the first year of the new biennium.

The budget presented here is predicated on two primary directives: budget stability mechanisms to keep Newberg Public Schools from recreating the challenges of the past, and funding the priorities set forth by the Strategic Plan, formulated by the Board, staff, and the community together.

Budget Assumptions

Our 2021-22 District Budget was built upon assumptions about state school fund revenues, student enrollment, and PERS employee costs, among others.

The District believes it is important to be conservative in its enrollment estimates based upon the latest information and projections. We are again budgeting at our low estimate for this year's final enrollment number. This is our most conservative approach, since the state guarantees next year's funding will not go below what this year's enrollment is. Additionally, with the larger enrollment loss of 400 students, we are only projecting 150 students to return to our rolls for the 2021-22 school year. While it may be higher than we anticipate, we do not want to overestimate the number of students returning so we end up over budgeted. We simply won't know until next

year what that number looks like. We also know that our number of students graduating this year is larger than the average of kindergarten students we have had enter our system, so some loss of enrollment is expected until that trend reverses.

In addition, this keeps us in line with the lowest estimate provided by Portland State University's enrollment report presented to the district in February of 2020 . Average Daily Membership (ADM), which is our enrollment count of students, is currently 4333.

The state provides "weighted" membership numbers to account for extra dollar allocations for English Learners, students in poverty, etc. Our current estimate for our year-end weighted Average Daily Membership (ADMw) is 5172. We have built all our assumptions using 5322 as our baseline ADMw student enrollment level. We will need to monitor that number closely at the beginning of next year to make sure we stay in line with that projection and keep the budget on track as projected.

Several years ago, the District invested in a PERS bond program which allowed us to finance the cost of PERS at a lower rate than other public entities. Even with the bonded amount keeping our percentages lower than others, costs for PERS will continue to outpace the funding we receive from the state and will have implications on the budget as a whole.

During the last biennium, we finalized contracts for four employee groups. Our 2019-2020 negotiations resulted in an additional school day for each of the 2020-2021 and 2021-22 school years increasing the calendar to 192 days. Those costs are reflected in this budget.

Unknowns Due to Global Pandemic

At the time of the development of this budget, many sectors in our national (and global) economy are still at least partially shut down and most states have imposed some variant of a "shelter in place" policy for their residents. Those restrictions are slowly changing as vaccines reach more people the hope of herd immunity is on the horizon. We will continue to use the ESSER (federal) dollars to bridge the gap between where we are now in enrollment and where we will need to settle in the coming school years ahead.

While the immediate impact may not be felt in the upcoming fiscal year, in the short term future, we will definitely feel the pinch in our funding formula. We have taken into account possible contractions and budgeted accordingly.

Student Investment Account & Student Success Act

This proposed budget for the 2021-2022 budgets additional funds in a Special Revenue Fund (200) for the hiring of additional staff in several key areas of the district. At this point, due to the statewide economic uncertainties, we are presenting a 70% funded amount in the budget, as that is the best information we have at this time.

It is possible we will not have clarity on what the actual funding amount will be until well into the summer months. Overall, the SIA funds are approximately a 7% addition to our General Fund budget, but we are holding back on some hiring decisions until we understand more of the financial picture.

Ending Fund Balance Management

This proposed budget for the 2021-2022 sets aside additional funds for a variety of items in Special Revenue Funds as described above.

We are proposing to set aside \$100,000 this year into the PERS reserve fund to manage PERS cost increases over the long haul. Secondly, the district has placed monies in both unallocated carryover reserves at \$2,761,125 (5% of the General Fund), and in a contingency reserve of \$1,175,000 (2% of the General Fund).

Board Policy put into effect in 2018 designates a minimum Board Reserve and Unappropriated Fund balance. This budget meets those requirements earlier than anticipated due to conservative fiscal management over the last several years, with 5% of the budget unallocated and 2% in an emergency contingency fund. The economic unknowns make it paramount we save funds to help us through any major changes to the current and future state funding cycles.

While we have a very healthy EFB for the end of 2020-2021 school year, we will be using a significant portion of those dollars, in combination with ESSER federal funding in order to bridge the gap between the lower enrollment and the moderated slimming of the district costs over the next three years. In the past, between the years 2010 and 2018, our ending fund balance would not have been large enough to avoid cutting staff in significant numbers with these lower enrollment figures and the challenge of the global pandemic. Through careful planning and budgeting, we have been able to prepare for this exceptionally rainy day and will be able to weather it gracefully and without a major impact to current staff members.

Conclusion

As we look to the future for all students in the communities of Newberg and Dundee, we must begin to make plans now for the kinds of activities and interventions and innovations that will help us grow into the next century. We have diligently worked to provide a budget pathway that allows for both the development of reserves and the provision of an exceptional education. We have focused our efforts on the priorities of the district's strategic plan for 2018-2021, and have adjusted where it made the most fiscal and educational sense to do so. While we are still working on updating the current strategic plan, we know that many of the priorities and values will still hold true into the future. The budget is both educationally sound and fiscally responsible.

The role of the Budget Committee is to discuss and prioritize programs and services, inquire the administration as to budget priorities, and approve the proposed budget document as submitted by the District Budget Officer or as subsequently revised by the committee. However, all personnel decisions, transfers, employee contracts and results relating to reduction in personnel rest with the superintendent and School Board. Ultimately, it is our responsibility to ensure the best possible programs and services to support every student in their experience here in Newberg Public Schools.

I am humbled by the support of the staff, the Board and the community in their efforts to help us provide the very best education for every student in our community. As we continue our work now and in the future, we will endeavor to provide innovative programs and a future-relevant education for every student served by Newberg Public Schools, and we will emerge from the challenges of today a stronger and more vibrant school community.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joe Morelock', followed by a long horizontal line extending to the right.

Joe Morelock, Ed.D.
Superintendent