



Superintendent's Budget Message 2008-2009

The 2008-2009 Recommended Budget provides for a high level of stability for next year. It may best be named the “Second Year” budget because this will be the second year of many major components of our budget: it is the second year of the state’s biennium budget that provides confidence of what to expect from the State School Fund; it is the second year of contracts with both the certified and classified bargaining units; it is the second year of the 5-year Local Option Levy; it is the second year of the 5-Year Spending Plan; and it is the second year of the state’s School Improvement Fund. These additional funds, combined with our regular district dollars, have decreased class sizes in all elementary, intermediate and secondary core subject classrooms, and allowed the district to purchase long-needed instructional materials and provide mentoring and staff development, especially for our newly-hired teachers.

Local Option Levy

I regularly hear from teachers and students what a difference the Local Option Levy has made to support student learning by lowering class sizes. The lower class size increases our teachers’ ability to challenge the students who excel in their studies, support those who move successfully through the curriculum, and nurture the students who struggle with learning. The district will take this opportunity to once again express our deep appreciation to the community for their support of student learning. The second year of the Local Option Levy will continue to have a major impact on the classroom. This budget:

- Continues to put 14.33 FTE at the middle and high schools to reduce class sizes;
- Continues to put 8.0 FTE at the elementary schools to reduce third through fifth grade class sizes;
- Continues to provide \$150,000 at each high school for athletics and activities;
- Continues to put 6.0 FTE for additional music and PE classes at the K-6 grades;

- Continues to put half-time Literacy Coaches in each of the elementary schools for training and support of teachers in using the best instructional practices and materials;
- Continues to provide \$125,000 at each high school to support vocational education, Service Learning, and to assist all students with meeting the extended application graduation requirement; and
- Continues to set aside \$840,000 as a reserve for future years to help us maintain current levels of staffing as we experience the effects of declining enrollment, uncertain funding, and inflation.

The district is carefully tracking the Local Option Levy dollars in order to assure that the funds are being budgeted and spent for the reasons the voters approved the levy.

School Improvement Fund

When last year's budget was adopted, the Oregon legislature was discussing allocating additional funds to state schools, and our Budget Committee approved a priority list for their use if received. Subsequently, the legislature approved additional funds in the form of a grant called the "School Improvement Fund." The district applied for the grant, and focused these additional resources on literacy to demonstrate learning increases. These funds provided 8.0 FTE to the elementary schools for kindergarten through 2nd grade class size reduction, 5.0 FTE to the middle school grades (including Franklin School), and 4.0 FTE to the high schools. This budget continues these allocations.

Beyond the 2007-09 biennium state budget, there is no guarantee that the School Improvement Fund will be continued in future years. The legislature will determine whether or not the funds will remain in the state budget and whether or not districts will access these funds through a grant program. If this special funding is discontinued and no additional state allocations are made, the district can expect to experience an increase again in our class sizes.

With the addition of both the Local Option Levy and the School Improvement Fund, we have seen significantly smaller classes sizes and have heard testimony from teachers about the difference in learning that occurs with smaller classes and increased interactions between the teachers and students. This Recommended Budget includes the continuation and enhancement of our Certified Mentoring Program. This program puts our new teachers, during their first three years of employment in the district, together with experienced master teachers in the district.

Changes in Financial Policy and School Allocation Method

This fall, in response to questions that arose during the Budget Committee meetings, I appointed a Fiscal Policy Task Force to look at our fiscal policies. I assembled a team composed of county and city finance managers, a retired district business manager, a Budget Committee member, and our Accounting Manager. This committee proposed changes to our fiscal policy to enhance the district's ability to sustain our programs and to cushion the effects of economic downturns. The School Board adopted the recommendations. One key recommendation was the creation of a "Rainy-Day Reserve" which is fully funded in this Recommended Budget. This Rainy-Day Reserve is a tool to help the District manage the state's volatile funding and assist in smoothing changes to delivery of educational services in the event of an economic downturn at the state level. At the state level, a "rainy-day" fund has also been created, but the current national economic volatility is predicted to impact the State School Fund in the next biennium. These state reserves will not entirely remove funding instability, so we must continue to budget conservatively, with a commitment to assuring program and position sustainability.

The second task force I assembled this fall was the School Budget Allocation Committee. This task force was in response to questions I received, especially from new administrators coming from other districts, about whether the school allocation method we had used since 2002-03 fairly distributed funds to the schools. Of particular concern was whether or not the weighted allocations for English Language Learners, Special Education, Talented and Gifted (TAG), and Free and Reduced Lunch-eligible students were too high. I appointed representative principals from all levels, the Assistant Superintendent, and the Business Services Director to serve on this task force. They spent hours reviewing the allocation method, discussing it with their peers, and reviewing the state's Quality Education Model. Their proposal increased the number of positions in the "Basic School Budget" for non-teaching positions that each school needs to operate smoothly, and which for the most part already existed in our school building budgets. Based on extensive national research that identifies poverty as the biggest factor impacting student learning, and noting that the district provides central budget support for English Language Learners, Special Education, and TAG, they recommended increasing the internal weighting for Free & Reduced Lunch-eligible students and eliminating the weightings for English Language Learners (ELL), Special Education, and TAG students. This had the effect of increasing the proportion of the per-student amount for all students when compared to the special weightings. I approved these recommendations, and they have been implemented in this Recommended Budget. This budget also includes a recommended increase to dollars from the central budget to support the education of district ELL students. The literacy needs of our ELL students continues

to be a high priority of our District Improvement Plan. These additional dollars have been distributed to schools based on their ELL student population. As a result of the School Allocation formula changes, there has been an increase in the overall allocations to our schools in this Recommended Budget. Even more substantial than the impact of changes made in the Building Allocation formula changes has been the enrollment changes at specific schools. The Recommended Budget changes based on enrollment shifts in the coming year affect specific schools as either an increase or a decrease to their budget to assure that our building allocations reflect that our funding “follows our students.” The Budget Allocation and Weighting Method is explained more fully in Appendix B.

5-Year Spending Plan

Last year, after having a larger-than-expected beginning fund balance, the School Board set aside \$3,285,000 into a 5-year plan; the first year was 2007-08. The second year of this plan we will be continuing:

- Purchase of instructional materials. This budget adds \$140,000 to the \$200,000 annual district commitment for instructional materials next year. I am so pleased that we can continue to plan for and purchase materials on the statewide adoption cycle;
- \$163,000 for technology equipment and support;
- \$40,000 to help fund the legislative mandate that allows at-risk students to take higher education classes at the district’s expense;
- \$60,000 for additional staff development, especially as new curriculum continues to be purchased;
- \$79,550 for a full-time district-wide licensed nurse. The district contracted with Benton County to provide the district nurse, and the schools have benefited by having consistent and legal compliance with protocols and to receive training for our staff as they assist our medically-fragile students; and
- \$7,000 for clerical support for Expanded Options and Service Learning.

The remaining \$1,350,000 is set aside in reserves to fund the remaining three years of this plan.

Challenges and Opportunities

I would like to highlight a few of the challenges and opportunities that are confronting the district:

- The district's number of students with special needs is expected to increase from 722 to 741 in 2008-09. IDEA, the federal grant that helps support special education services, has not increased over the years to cover normal cost of living increases or increases in the number of students. While the General Fund special education budget has been increased for a cost of living increase, the flat IDEA funding is causing a hard look at how services are provided. This Recommended Budget includes funding for an additional Life Skills teacher at the K-5 level.

- Our District Literacy Team, including expert teacher representatives from each of our elementary, K-8, middle and high schools, has continued to meet to recommend the purchase of instructional materials. The K-6 reading materials from the Houghton-Mifflin Publishing Company were purchased and implemented this year. The secondary Read 180 program for Language Arts, including listening stations, were purchased, and middle school social studies materials (History Alive) were purchased. The purchases also included secondary Spanish materials, ELL curriculum, Alternative Education, and Special Education materials. Next year, the team will be purchasing reading intervention materials, Secondary Language Arts materials, and high school math materials. After an assessment process that included input from elementary building principals, reading coaches, and verbal input from elementary classroom teachers, our Levy will continue to fund a .5 FTE reading coach at each of our elementary and K-8 schools. The goals of this position for the coming year will be to increase the opportunity that each reading coach has to work more closely with classroom teachers, especially those teachers new to teaching or the district, in their efforts to address the literacy needs of our students and the implementation of the new reading curriculum.

- This past year, the state instituted new rules on how districts may provide all-day kindergarten enrichment programs. The state funds half-day kindergarten classes and, for many years, parents have asked for the option of an additional half-day program for which they were willing to pay tuition, with five scholarships available for Free or Reduced Lunch Program-eligible students in each class. The new rules require that if a district provides an additional half-day program, it may not cover state standards or new instructional content, and tuition may not be charged to families who are eligible for the Free or Reduced Lunch Program. In order to continue to provide this popular program and meet the new regulations, a lottery will be held for all openings in each half-day enrichment class. If a student is eligible for the Free or Reduced Lunch Program, tuition will not

be charged. We have increased tuition to cover the estimated cost of scholarships and have budgeted \$50,000 in the event that tuition is not sufficient to cover the costs of an increased number of scholarship-eligible students. Our two school-wide Title I schools, Garfield and Lincoln, will provide all-day kindergarten programs, covering state standards throughout the day and at no tuition cost. These new rules will sunset in 2010-11, by which time the state will have to determine whether it will begin funding full-day kindergarten, or whether we will be able to continue the enrichment programs.

- The Muddy Creek Charter School begins operating in 2008-09. They will be offering a K-5 school, and will be housed at the former Inavale School. We expect the school to begin with approximately 80 students. From previous experience, we know that it is a challenge to get a charter school up and running, but we expect that by their hard work and diligence, the organizers of Muddy Creek will be successful.
- We are currently in the first of four-year agreements with the certified employees union (CEA) and classified employees union (OSEA). This provides a high level of stability to the district.
- We will be implementing the school board's adoption of a new Non-Represented employee salary scale. School board concerns regarding this employee group's compensation as compared to other districts of similar size and complexity led to committee work to adjust the salary scale for several positions. The goal of the committee was to assure a competitive pay scale that will support attracting and retaining strong administrators and non-rep employees.
- This year, the board adopted its long-range facilities plan, and it became apparent that we need to pursue a Construction Excise Tax. The district is exploring an intergovernmental agreement with the City of Corvallis for collection of the tax. The primary benefits include:
 - ✓ Adding \$400,000 to \$800,000 per year to help meet on-going facility capital improvement needs; and
 - ✓ Allows the district to delay the need to ask for a bond issue for capital improvements.
- The district has implemented boundary changes beginning next year to address uneven populations in our schools and to efficiently use the

district's resources. There is little effect next year except at the secondary schools, and there will be fewer spaces available for transfers from out-of-boundary students.

Looking Forward to 2008-2009 and Beyond

We published the findings of our Community Vision for Education process this year; you will find the Executive Summary in this budget document. It is the result of school board members and district leadership meeting face to face with more than 1,300 Corvallis citizens and receiving over 500 responses to our on-line survey. It set the community's vision of "students [to] grow to be world-class learners, engaged citizens, and leaders of the future," and it established a priority of lowering class size to provide the best chance for individualized learning. A Synthesizing Committee with representatives from our staff, administration, community, and parent and student groups are working to bring together our District Improvement Plan with our Community Vision for Education to create an action plan to move our process from vision to practice. I believe this work will guide the district's improvement goals and vision for many years to come.

Conclusion

I want to express my deepest gratitude to all constituents who voted in favor of the Local Option Levy. The Levy dollars have made a significant difference for our staff and their ability to teach and support our students, and we appreciate the stability it provides for the next four years.

I want to thank the Corvallis Public Schools Foundation and its Executive Director, Fred Kane, for the fine work it does for the District. The Foundation continues to work tirelessly side by side with parent groups to assist with their fundraising, and to grow financial contributions and fund-raising campaigns in our community. Major initiatives this year included the Woodstock's Spring for Kids Run, the Gates E3: Employers Education Excellence Middle School Literacy Program, guidance and support for the new Wildcat Park, and solicitation of major gifts to fund student scholarships and teacher grants.

The district will be losing our Assistant Superintendent at the end of this school year. Jim has accepted the Superintendency of the Lucia Mar School District in California. I know that I speak for the district when I say that Jim is not replaceable. His unique leadership charm, his commitment to excellence and his drive to help us constantly improve our program and skills has had a profoundly positive impact on the district. We will also be losing Student Services Director

Brook MacNamara to the position of Curriculum Administrator for an international school in Bangkok, Thailand. Dr. MacNamara stopped mid-step in her professional journey to bring her unique talents to our school district. Her systems thinking and focus on student success will have a lasting impact on our district practices. It is very hard for the district and the superintendent to see her go. We are lucky to have Kathleen Walker assuming this important leadership position and look forward to supporting her commitment and vision in the year ahead. Russell Sanders, Assistant Principal at Cheldelin, will be leaving the district at the end of the year. I know that he will be missed by our middle school students and that many parents have appreciated his support of their children during these adolescent years that can be difficult for many students. Rynda Gregory, Assistant Principal at Corvallis High, will be moving from high school to middle school to assume the Assistant Principal position at Cheldelin. Mike Fagan will be returning to the classroom after serving the district as an administrator for the last six years. Mike has been one of the backbones of our district, committing his entire career to the success of our district students. We are deeply appreciative of his service, and particularly of his work as an administrator. I would like to thank him for his service.

I want to recognize the parents and particularly our PTO/PTA parent leaders, our school and student service clubs, and community members who have volunteered their time or donated resources to support the mission of the school district to assure that all students are learning and prepared for the future. We appreciate the dedication and support of these people and the long hours many of them invest in our schools.

Finally, I want to thank the staff involved in the preparation of this budget, particularly the principals, managers, secretaries and Business Services staff. In times of reduced resources, and when time seems to be the resource most depleted, I am appreciative of all of the tireless energy our employees dedicate to the Corvallis School District and its students.

Dawn Tarzian
Superintendent of Schools