TTSD Strategic Financial Plan 2017-2022

Submitted by the Tigard-Tualatin School District

Adopted June 24, 2019
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Glossary & Abbreviations
Dear Community Member,

It is my pleasure to share with you the third edition of the Tigard-Tualatin School District’s (TTSD) 2017-2022 Strategic Financial Plan. As I near the completion of my first full year as your superintendent, the opportunity to participate in a fully collaborative fiscal oversight process that brought community members, district administrators, teachers, parents, and students together to further our vision for academic success for all, easily stands out as a transformational moment.

The work accomplished in support of the management of this plan continues to be led with a strong commitment to transparency, fiscal stewardship, and inclusion. The priorities going into this year’s community budget process included:

- **Convening diversity in roles and voice.** We thoughtfully recruited representation from all district stakeholder groups with an emphasis on engaging and hearing from our communities of color and our students.

- **Guiding all fiscal decisions, as driven by the District’s Strategic Plan and the plan’s four cornerstones of Student Achievement, Equity, Talent, and Climate and Culture, by applying the Academic Return on Investment (AROI) strategy.** Using an AROI lens in planning helps us to evaluate district investments in direct relation to student impact.

- **Vetting all decisions through an equity lens that speaks to both quality of access and equity of response based on student need.**

TTSD’s steadfast commitment to equity and inclusion continues to push and inspire us to identify and remove bias from our fiscal policies and practices ensuring resources are equitably allocated to address student needs and outcomes. Bottom line... we are solidly focused on changing the culture of the academic experience and success for all our students and proving to you, our community, the positive outcomes from our collective financial decisions and investments.

The District now begins a process to convene school and community level committees to enter into a full review of the proposed use of the new state school funding. Stakeholders will be critical in identifying direction of funding priorities and developing clear outcomes to be measured and reported to the state and the community. In the Strategic Financial Plan adopted in 2020, the Five-Year forecast will include categorical funding from the Student Success Act and the High School Success fund as well as general funds.

In closing, my sincere thanks to all those that contributed to this year’s process. Countless hours and late evenings were dedicated to this process and that service on behalf of your schools does not go unnoticed. I particularly want to call out the youth voice that had a profound influence on our process this year. I commend those students who gave their time and voice to help guide us in a direction that authentically addresses the needs of those we serve. Last, I am humbled to work alongside a finance team, led by Chief Financial Officer David Moore, who continues to set a high bar for responsible school funding management.

I look forward to expansion of this work in collaboration with our stakeholders as we aspire to set the example for responsible school funding management for our community and state.

Respectfully,

Dr. Sue Rieke-Smith, Ed.D.
Superintendent
Strategic Financial Plan
Section 2: Process

What are the objectives of the Strategic Financial Plan process?

- This five-year strategic financial plan outlines the district’s financial strategy over a five-year period. Its objectives are to:
  1) Select investments to support the strategic plan such that, equitable outcomes are achieved for all students.
  2) Estimate the costs of those priorities
  3) Describe the actions needed to save or realign money to fund those priorities
  4) Assess the return on investment for all students as well as focal student groups and realign as needed.

The cycle below shows the continuing process used to identify, review, analyze and refine the District’s instructional priorities.

Strategic Financial Plan Cycle

For further reading please see Appendix 2.A. for What is a Strategic Financial Plan? and Appendix 2.B. for Broad Stakeholder Engagement.
The steps for monitoring and tracking progress are shown below. During the year the Steering Committee worked with District Management Group to develop skills in the area of Academic Return on Investment. Four meetings were held with the Community Work Group as part of the tracking and monitoring process.

To make the best use of resources for the benefit of our students, it’s important to understand the district demographics and needs of our students, as well as the funding provided to the district. For further reading please see Appendix 3.A. for TTSD at a Glance.

**Long-term Investment Reports**

**New Dollars invested**

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</tr>
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<tbody>
<tr>
<td>Instructional Staff**</td>
<td>$2,479,000</td>
<td>$1,741,000</td>
<td>$800,000</td>
<td></td>
<td>$5,020,000</td>
<td>$221,312</td>
</tr>
<tr>
<td>College and Career*</td>
<td></td>
<td></td>
<td>$1,224,490</td>
<td>$327,840</td>
<td>$1,552,330</td>
<td>$34,000</td>
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<tr>
<td>Early Learning</td>
<td>$19,000</td>
<td>$19,000</td>
<td>$314,346</td>
<td>$120,000</td>
<td>$472,346</td>
<td></td>
</tr>
<tr>
<td>Academic Transitions*</td>
<td></td>
<td></td>
<td></td>
<td>$309,180</td>
<td>$238,000</td>
<td>$547,180</td>
</tr>
<tr>
<td>Technology 1:1*</td>
<td>$88,755</td>
<td>$183,000</td>
<td>$330,000</td>
<td>$190,000</td>
<td>$791,755</td>
<td>$97,500</td>
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*State grant funding for high school success. Voters passed Ballot Measure 98 in November 2016 and the first year of funding is the 2017-18 school year.

**The 2018-19 budget included 2 FTE. Due to declining enrollment the FTE was not filled. All amounts shown are additions in the year.
# Strategic Financial Plan

## Section 4: Strategic Investments

<table>
<thead>
<tr>
<th>Program Objective</th>
<th>Goals</th>
<th>Investments for 2019-20</th>
<th>Highlights</th>
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</table>
| **COLLEGE AND CAREER READINESS** | | | ➢ Students enrolled in Dual Credit courses increased from 41.5% in 2016 to 54.4% in 2018-19  
➢ CTE Offerings increased  
For further reading please see Appendix 4.A. for College & Career Readiness Framework |
| • Expand Career Technical Education (CTE) and Science Technology Engineering and Math (STEM) programs.  
• Expand comprehensive college and career programming and guidance to create equitable opportunities for all students.  
• Engage students to ensure success and student graduation. | • Increase ACT results  
• Increase dual credit attainment  
• Increase CTE credit attainment  
• Increase college-going rates | | |
| | | 1.0 CTE FTE at Durham Ed Cntr | $34,000 |
| | | **High School Success Grant** | **General Fund** |
| | | *Increase in grant uncertain at this time.* | |
| **ACADEMIC TRANSITIONS** | | | ➢ Students in the SQUAD program show decreased absences in year 1 and 2 of the program and increased GPAs relative to a comparison group and to their classmates as a whole.  
➢ The percent of Freshmen who are chronically absent decreased by 4% from the year prior.  
For further reading please see Appendix 4.B. for Academic Transitions Framework |
| • Provide at-risk high school students with direct support.  
• Further develop protocols for identifying at-risk students and providing embedded supports. | • Decrease chronic absenteeism  
• Increase credit attainment  
• Increase GPA  
• Increase graduation rate | | |
| | | Maintain program | $ - |

### REDEFINING LEARNING / 1:1 TECHNOLOGY

<table>
<thead>
<tr>
<th>Program Objective</th>
<th>Goals</th>
<th>Investments for 2019-20</th>
<th>Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Transform instruction to engage students in an authentic and relevant way through the use of technology.</td>
<td>• Increase college and career readiness skills.</td>
<td>General Fund</td>
<td>This year 62% of students have access to a personal technology device.</td>
</tr>
<tr>
<td>• Prepare students with the skills for a 21st century workforce.</td>
<td>• Eliminate achievement and opportunity gaps for students.</td>
<td>1 FTE High school tech support</td>
<td>$ 70,000</td>
</tr>
<tr>
<td></td>
<td>• Improve teacher effectiveness with integrating technology in the classroom.</td>
<td>Software</td>
<td>$ 20,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sub time for teachers</td>
<td>7,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$ 97,500</td>
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#### EARLY LEARNING

<table>
<thead>
<tr>
<th>Program Objective</th>
<th>Goals</th>
<th>Investments for 2019-20</th>
<th>Highlights</th>
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<tbody>
<tr>
<td>• Increase equitable access to preschool and early-learning opportunities for all students.</td>
<td>• Increase percentage of students entering Kindergarten with classroom self-regulation skills.</td>
<td>General Fund</td>
<td>As of 2018-19, 446 students are being served in a district Pre-K experience.</td>
</tr>
<tr>
<td></td>
<td>• Increase percentage of students entering Kindergarten with early reading skills.</td>
<td>All will be accomplished without increasing the budget</td>
<td>$ -</td>
</tr>
</tbody>
</table>

For further reading please see Appendix 4.C. for Redefining Learning Framework.

For further reading please see Appendix 4.D. for Early Learning Framework.
General Fund History

In a balanced operating budget, operating revenues or current year revenue equal operating expenditures. By Oregon law, the fiscal year budget must balance meaning total resources of operating revenue and beginning fund balance equal operating expenditures plus contingencies and reserves set aside for future years.

After the 2007 recession, the District dipped into reserves set aside for a downturn, but by 2014-15 the District was able to begin building up reserves. By Board policy, fully funded reserves are 12 percent of operating revenues including 2 percent contingency, 5 percent unappropriated, and 5 percent rainy day fund. The rainy day fund is necessary as the state kicker tax law makes it difficult for the state to save for a downturn in the economy. During the 2007 recession, the District’s rainy day fund allowed Tigard-Tualatin School District to maintain a full operating schedule when many districts in the state reduced school days. There are school districts in Oregon that have yet to reinstate school days that were cut during the recession.

In the graph below, operating revenue exceeded operating expenditures every year between 2014-15 and 2018-19, with the gap growing smaller each year. In 2014-15, an unanticipated 45.5 percent increase in the local option tax created a one-time revenue surplus that was used to fully fund reserves. After the recession, the District first budgeted fully funded reserves in the 2016-17 budget. Savings on employee health insurance and continued local option tax revenue in excess of budget allowed the District to set aside reserves for an anticipated and significant PERS rate increase in the 2017-19 biennium. For the 2017-18 fiscal year, although revenue exceeds expenditures, there are two significant issues to consider. The first is the state distributed revenue on a 50/50 split, not the more traditional 49/51 split over a biennium, thus requiring the District to set aside $2.8 million for the 2018-19 fiscal year. The second is one-time funds earned in the 2016-17 fiscal year were applied to spending. In the projection for 2017-18 made a year ago, operating expenditures exceeded operating revenue, but that did not occur due to unanticipated revenue and additional savings on health insurance.

It was important to add investments after deep cuts during the recession. In the 2017-18 fiscal year, the District developed the first Strategic Financial Plan and within the plan developed the first five-year forecast. We believe including a five-year look ahead will help develop sustainable program and advocacy for adequate school funding to support the district’s Strategic Plan.
General Fund Projections

The projection of 10% increase in state funding for the 2021-23 and 2023-25 biennium will not support the current service level budget, which includes planned increases in strategic investments, opening a new elementary school, and the PERS rate increases in the 2019-21 biennium projected by the retirement system. The forecast anticipates that House Bill 1049, the PERS containment bill, will be signed by the Governor and moderate PERS rate increases. Thus in 2019-20, funds were not set aside for a large PERS rate increase in the 2021-23 biennium. In the previous forecast, it was anticipated that $3 million in additional budget would be needed to open the new elementary school. With revised enrollment projections, the opening of the new school is still set for September 2021 but with a smaller enrollment than planned. The revised increase in budget for the school is $2.5 million. The graph below shows slowly increasing revenue with more rapidly increasing expenditures. The graph clearly shows a path that is not sustainable. District projections for a sustainable program would require state funding at a $9.5 billion level or 15.85% for the 2019-21 biennium. However, with PERS reform, the state funding is a 12% increase in the next two biennia would maintain the current service level and reserves. The five-year forecast prepared the prior year projected a $31.3 deficit in five years and required a 15.85% increase in state funding for all five years of the forecast.

House Bill 3427, the Student Success Act, was signed by the Governor and if not subject to voter approval will provide an additional $1 billion in state funding each year beginning with the second year of the 2019-2021 biennium. Additional state revenue will include categorical or targeted funding that will be accounted for outside of the general fund and additional general fund revenue. The forecast anticipates that any new funding would be applied to new program thus does not use new state revenue to reduce the projected deficit.

The District is required to adopt a balanced budget and a budget that balances operating revenue with operating expenditures is prudent. In order to balance the budget the community and administration will advocate for reasonable state funding to support our community’s Strategic Financial Plan. In last year’s plan, we noted that at the state level, local governments need to advocate for PERS rate stabilization and funding that supports the rates set by the PERS Board. House Bill 3427, the Student Success Act, and House Bill 1049, the PERS containment bill, are monumental steps in the right direction for sustainable school funding in Oregon. The District will work with the community for continued support of the local option levy that currently provides for 100 classroom teachers. Throughout the strategic financial plan cycle the various committees involved will continue to evaluate programs using tools like Academic Return on Investment to prioritize resources, look for savings, and support the District’s Strategic Plan and the plan’s four cornerstones of Student Achievement, Equity, Talent, and Climate and Culture.

Tigard-Tualatin School District’s work with GFOA on Smarter School Spending and Academic Return on Investment are the key tools recommended at the state level for accountability with the Student Success Act funding. The District will begin to convene school and community level committees to review the proposed use of the new state funding and develop clear outcomes to be measured and reported to the state and the community.
For further reading please see Appendix 5.A. for General Assumptions, Appendix 5.B. for Five-Year Forecast Report and Appendix 5.C. for Budget Guiding Principles.