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**To the Medford School District 549c Budget Committee:**

I am pleased to present my budget message for the 2017-18 school year. I am honored to serve you and the community of Medford in my third year as the Superintendent of the Medford School District. I am convinced that the Medford School District is built on the solid foundations of the past, is currently responding well to the current trends in society and education, and is poised to be a leader in educational practice, innovation, and results for students in the state of Oregon and the nation.

I would like to express my appreciation to the members of the Medford School District Board of Education and the members of the Medford School District Budget Committee for their service, support, thoughtful analysis, dialogue and consideration of this proposed budget.

In this document, I am presenting a balanced budget for your consideration. Prior to presenting the details of the proposed budget, I will outline what the District has implemented and accomplished over the past three years to improve results for students. The subsequent priorities outlined in this budget are a continuation of a comprehensive plan that was set in motion upon my arrival in 2014.

I have outlined this plan in each of my previous budget messages and we remain committed to this blueprint for the coming year. The general strategies are:

1. Increase quality student-teacher contact time
2. Implement Career Pathways
3. Expand dual and articulated credit offerings
4. Improve education effectiveness and efficiency

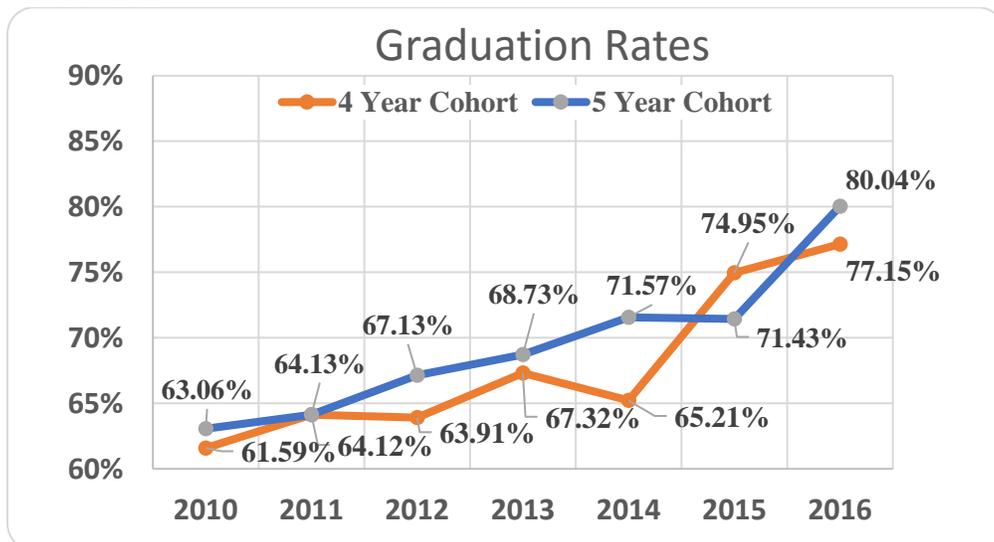
We believe the recent improvements in student achievement and outcomes within the Medford School District are directly attributed to the hard work of Medford's educators and support staff and the implementation of these strategies. To measure the District's effectiveness and to ensure that we remain on a positive trajectory, we consider three specific metrics as key indicators to know if our plan is working:

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1. Four-year graduation rate
2. Smarter Balanced Assessment scores
3. Daily attendance rate

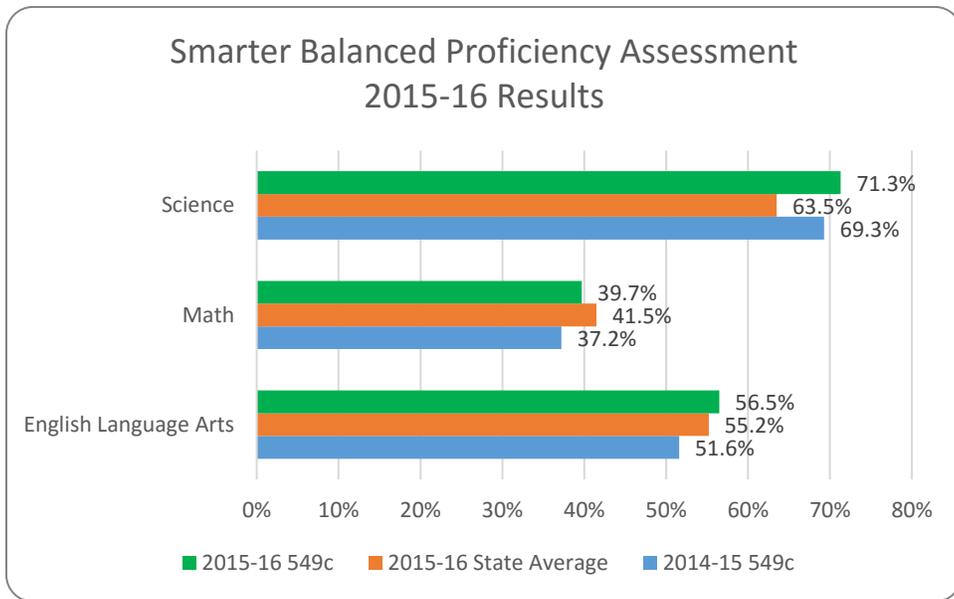
**Realizing Results**

**Graduation Rate:** The District’s graduation rate increased ten (10) percentage points from 2014 to 2015 and then rose another two (2) percentage points from 2015 to 2016 to a rate of 77.15%. This was accomplished first by ensuring that at least 70% of our high school teachers were teaching at least six (6) periods a day, which effectively reduced class sizes in our high schools and increased instructional options for all students. Second, by tracking every student’s acquisition of course credits from their first day of high school to their last day of high school to ensure that each student is on track to graduate on time. Initial analysis of this data showed us many high school students who did not graduate in four years had fallen behind during their freshmen year. Using our current credit acquisition tracking system, students who now fall behind at any time in their high school career are provided with personalized interventions that include tutoring, intensive academic interventions, access to opportunities for credit recovery including online options, and summer school. The District simultaneously set in motion the development and expansion of focused Career Pathways to ensure that every student finds his/her place in our schools based on each student’s interests. We believe that students are most successful when they affiliate with a chosen pathway, where they make connections, find meaning, and ultimately create understanding in their daily school lives. We want all students to be in environments where they have a common mission and are connected with like-minded students, are surrounded by caring adults, and participate in co-curricular activities that they look forward to after school, on weekends and during breaks. We believe the Career Pathways strategy is a long-term strategy that will result graduation rate gains that will push the graduation beyond the 80% threshold established by the board.

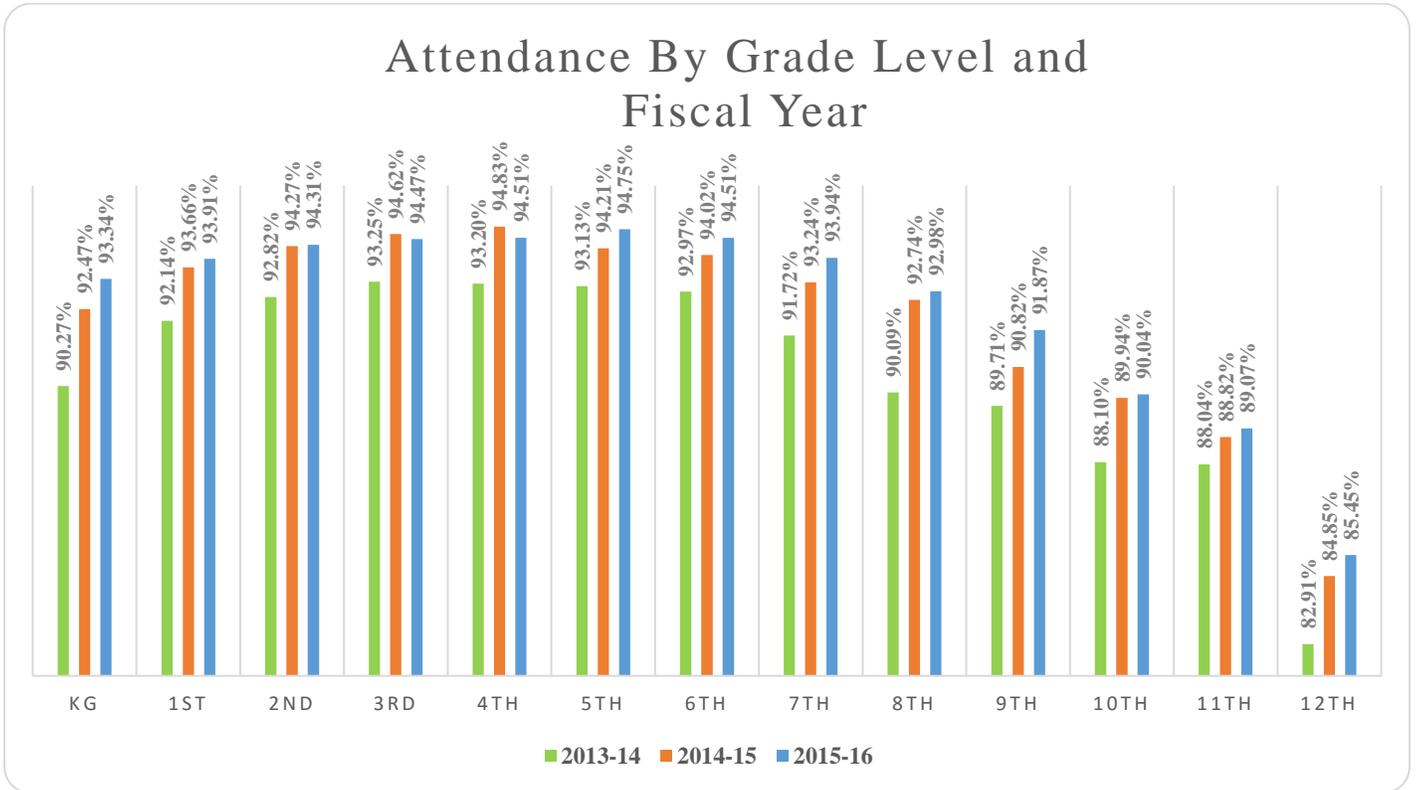


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**Assessment Results:** We believe regular assessments are an important way to measure student progress as well as helping students prepare for assessments they will face as they pursue advanced education and career opportunities. By placing emphasis on state and national assessments, we have seen appreciable growth in the number of students participating in the assessments, as well as individual student progress on the assessments. On the Smarter Balanced Assessments, in the area of English Language Arts (ELA), the District experienced a nearly five (5) percentage point gain this past year, exceeding the state average. In Mathematics, the District experienced a gain this year of two and a half (2.5) percentage points and closed to within one (1) percentage point of the state average. In Science, the District continues to excel by gaining nearly two (2) percentage points this year while exceeding the Oregon State average by eight (8) percentage points above the state average.



**Student Attendance:** Monitoring student attendance trends assist the District to better assess the culture of student engagement in the learning process. Higher attendance and reduced attrition rates signal that students are finding relevance and meaningful experiences and are present and more engaged in the learning process. We attribute improvement in attendance and retention to enhanced communications to the community regarding our improved results, expanded programs at all levels (e.g., full day kindergarten, middle school engineering, greater variety of course offerings and activities for students, expanded Advanced Placement courses) and a sense of caring for each and every student.



**Specific Strategies for the 2017-18 School Year**

**Guaranteed Curriculum:** We continue to develop consistency in the curriculum and instructional practice across the District. Much work has been accomplished recently to keep the District curriculum current, consistent, and relevant, as well as to provide adequate technology for student learning. While currently building on the 2016-17 English Language Arts curriculum adoption, we plan to make significant system wide investments in the Math and Science curriculum over the next two years, beginning with a K-12 Math curriculum adoption in the 2017-18 school year. Furthermore, District leadership is working with staff to create consistent learning targets, common assessments and data collection and sharing systems across grade levels, content areas, and courses throughout the District.

**Class Sizes:** The District remains committed to maintaining lower class sizes across all schools, even with reduced fiscal resources. This budget does not include a reduction in classroom teaching staff overall, but does assume an increase in instructional periods for secondary staff given the current staffing models.

**Career Pathways:** The District remains committed to building its pathways for all high school students in the areas of: Academic Pathways, Artistic Pathways, Career and Technical Education

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Pathways and in Pre-Professional Pathways. This will require strategic investment in reallocating current teachers at the high school level to continue expanding our current offerings.

*Technology in the Classroom:* The District will maintain its emphasis on providing students with technology rich environments by purchasing additional Chromebooks that will move us closer to having a Chromebook in the hands of each student.

*Removing Barriers:* The District will continue to pursue initiatives to reduce barriers for our neediest students. Examples are: full day kindergarten, expanded mental health services, funding of \$0.2M for supplies, fees and field trips for economically disadvantaged students, expanded nursing services, District subsidized after school program for six elementary schools, reduced extra-curricular fees, increased access to technology (moving toward a one to one model for student devices), Bulldogs to Raiders program for Latino students, which is now being expanded, Hornets to Raiders, increased opportunities for ELL (e.g., expanded Migrant Education) and SPED students (e.g., unified sports), improved access to Advanced Placement and other dual credit opportunities, and providing the ACT test for all students.

### **Funding Outlook and a Balanced Budget**

This proposed budget includes a conservative revenue estimate based on what we currently know about state school funding. Both the major revenue and expense changes for 2017-18 are shown in the General Fund – Fund Balance Projection on page 11. Upon publication of this document, the Oregon State Legislature has not provided an approved budget allocation for school districts. For this proposed budget, our District selected a lower revenue projection from the range of potential funding levels provided to us by the legislative office through the Oregon Department of Education (ODE). The legislative office communicated to expect funding based on a range of \$7.8 billion to \$8.1 billion in statewide school funding for the 2017-19 biennium, plus potential additional funding to cover Measure 98. ODE has provided only one funding model so far for District budgeting purposes and that model assumes the \$7.8 billion funding level for K-12. While the \$7.8 billion funding level is a 5.7% increase biennium over biennium, it is only a 2.0% increase year over year for 2017-18. If K-12 funding comes in higher than expected, we have a plan in place to increase reserves and spending next year (through the budget amendment process) in a manner that first prioritizes financial sustainability and achieving results for students while also providing improved learning and work environments. I will discuss the potential impact of Measure 98 funding later in this message.

Our cost to maintain current existing programs and staff continue to increase due to well-documented increases in employer Public Employees Retirement System (PERS) contributions as well as projected increases in medical plan costs, contractual employee pay for step raises, a 1.0% cost of living allowance (COLA), and other inflationary cost drivers. To balance the budget, we

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have made selective cuts in our budget, including the reduction of 7.28 full time equivalent (FTE) staff positions, assumed a minimal increase in student enrollment for the coming year and the inclusion of half of the PERS reserve that was previously set aside by the School Board (which is only sustainable for one biennium). This proposed budget minimally maintains the 5% fund balance minimum set forth by board policy. If additional funding is adopted above the \$7.8 billion level, the first proposed action will be to increase the reserve fund balance and to fund the PERS reserve account for future liabilities.

**Measure 98:** The Measure 98 tax referendum was passed by Oregon voters in the November 2016 election. This measure potentially creates a separate pool of money to spend on specific programs in high schools (i.e., Career and Technical Education, College and Career Readiness, Dropout Prevention). We believe this funding, if realized, will allow us to begin to research and build the infrastructure to build an online school, providing opportunities to help both students who are falling behind and students achieving at the highest levels. As required by voter action, we have developed a plan outline that can be seen on page 116. First year funding for Measure 98 (2017-18) has been projected from zero funding in the first year to as much as full funding at \$800 per high school student. For this budget, we have assumed 75% funding next year (\$600/high school student), which equates to \$2.36 million. Based on current information, we have assumed all Measure 98 programs would be incremental to enhance existing programs and to develop new programs. We have a plan to implement these initiatives quickly, at a scalable level, depending on the actual funding level provided. The District does not plan to hire any personnel or purchase resources for these programs until we understand the complete funding outlook for Measure 98 for the 2017-18 school year.

### **Looking to the Near Future**

In prior budget messages, I mentioned the eventual need for additional community support. Our District implemented a plan to get to an 80% graduation rate and has demonstrated the ability to approach that goal within our expected timeline of 2017. The next ten (10) percentage points to get to a 90% four year graduation rate will require a greater commitment by the District as well as the community. A Local Option Levy, if approved, would provide additional local school funding for our schools that would be strictly used to expand program offerings for students. If the Board of Directors approves, the District would likely go to the voters for approval in the fall of 2018. This local revenue will help propel us from an 80% graduation rate to a rate approaching the 90% level. If a Local Option Levy is approved, at the elementary level, the District could move forward with continuing to lower classes, fully fund the mandated increase in physical education instructional minutes, and offer free after school programs for disadvantaged students. At the middle school level, the District could expand the pathways concepts in the arts, the fields of engineering, health care, pre-law, education, and offer pre-advanced placement courses. At the high school level, the District could pursue the concept of building a technical high school offering

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programs in the career and technical education fields as well as continue to enhance offerings in all of the high school pathways. A four-year graduation rate of 90% is an ambitious goal and will require innovative programming, futuristic thinking and subsequent budgetary support to accomplish.

Our student enrollment has continued to grow, partly due to renewed parent confidence in our schools and partly due to population growth in the region. A recently commissioned demographic study indicates our student enrollment will continue to grow, albeit at a slightly lower rate than was indicated in a previous projection. Currently, we are utilizing more classrooms due to the hiring of additional teachers in order to create and maintain lower elementary school class sizes. Our existing facilities are in great shape and well managed and we continue to seek ways to maximize classroom space within our current infrastructure. We anticipate the need for an additional new school facility, likely either an elementary school or a middle school, within the next three to five years. We have demonstrated excellent stewardship of our general obligation bonds by restructuring them recently to create long-term savings for property owners in our District. It is early in the planning process, but we have begun to consider what our infrastructure needs will be in order to provide quality education services for the families of Medford.

Respectfully,

A handwritten signature in black ink, appearing to read "Brian T. Shumate". The signature is fluid and cursive, with a long horizontal stroke at the end.

Brian T. Shumate, Ph.D.  
Superintendent