



PORTLAND PUBLIC SCHOOLS
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To: Members of the Board of Education

From: Nolberto Delgadillo, Chief Financial Officer

Subject: Budget Committee Approval of the 2022-23 Budget

BACKGROUND

On May 24, 2022, the Board (acting as the Budget Committee) is scheduled to vote to approve a budget for Portland Public Schools for the 2022-23 fiscal year. The recommended resolution is attached.

This staff report is to summarize any significant changes from the proposed budget document which the Board of Education received on April 26, 2022.

RELATED POLICIES/BEST PRACTICES

Oregon Local Budget Law, Oregon Revised Statute (ORS) 294.426, requires the Budget Committee of Portland Public Schools (District) to hold one or more meetings to receive the budget message and the budget document and to provide members of the public with an opportunity to ask questions about and comment upon the budget document.

On April 26, 2022, the Board of Education (Board), acting as the Budget Committee, received the Superintendent's budget message and Proposed Budget document for the 2022-23 fiscal year.

ANALYSIS OF SITUATION

Changes from the Proposed Budget

General Fund

Since the Proposed Budget was submitted, staff has been engaged in a number of technical activities that resulted in the below changes that will be reflected in the Approved Budget:

- Adjustments to align the budget more closely with the 3rd Quarter Financial projections. This includes an increase in the Beginning Fund Balance by a little over \$9 million from \$90.50 million to \$99.98 million. This is primarily attributed to the net result from the May State School Fund annual reconciliation adjustment which was offset by an increase in anticipated expenditures in 2021-22.
- Decrease Contingency from 7% to 6% and prioritize funding to schools for the following (pending board approval):
 - *Increase learning opportunities for every student* (approximately \$3.9 million) - additional special education staff (18 estimated FTEs); additional paraprofessionals and/or educational assistants high-need or high-leverage classrooms, such as in Title I, CSI and TSI elementary schools and K-8s (25 estimated FTEs); and additional licensed staff to reduce class sizes (5 estimated FTEs).
 - *Provide high quality emotional, mental health, and wraparound supports* (approximately \$2.8 million) - additional staff support to schools impacted by the SE Enrollment and Program Balancing (10 estimated FTEs); additional mental health professionals, focused on middle schools and K8s (12 estimated FTEs); and a Campus Safety Associate at all Title I middle schools (4 estimated FTEs).
 - *Make meaningful progress on the community's top priorities* (approximately \$2.3 million) - increase the pass-through rate to charter schools, support student activities, and provide all paraeducators a retention bonus to address this hard-to-fill role, similar to the paraeducator bonus we offered this year.

Special Revenue Funds

Additional appropriation was added for HB 4030 from the State for recruiting and retention of educators and support personnel. The \$5.8 million in additional funding will be for Instruction Services (approximately \$5.5 million) and Support Services (approximately \$0.3 million) as placeholders until plans are finalized.

All Other Funds

Appropriation of about \$2.6 million was added to the Capital Projects beginning fund balance. Changes for the Capital Funds included adjusting appropriation allocation amounts between functions and objects to reflect support services activity within the departments including insurance payments and the Long Range Facility Plan.

Budget Committee Action

The Board acting as the Budget Committee is asked to consider and approve the attached 2022-2023 Approved Budget resolution.

FISCAL IMPACT

No further impacts beyond those identified in section: "Analysis of Situation".

COMMUNITY ENGAGEMENT (IF APPLICABLE)

On May 4, 2022, the Budget Committee held a Budget Community Engagement meeting to discuss and receive public comment on the Proposed Budget.

The Board-appointed Community Budget Review Committee (CBRC) reviewed the Proposed Budget and current expenditures of the existing Local Option Levy. The CBRC acts in an advisory capacity to the Board. On May 17, 2022, the Budget Committee received testimony and a report on the current year Local Option Levy expenditures and testimony and recommendations from the CBRC.

TIMELINE FOR IMPLEMENTATION / EVALUATION

If approved, the Board of Education will have the opportunity to formally adopt the budget on June 14, 2022. Upon adoption appropriations will be uploaded into the District's financial system on or before July 1, 2022.

BOARD OPTIONS WITH ANALYSIS

No further analysis beyond the section: "Analysis of Situation".

CONNECTION TO BOARD GOALS

This 2022-23 budget braids all of our available resources at the local, state and federal level to ensure core operations continue to support PPS students and also to identify targeted investments and additional supports that align with the district's vision, board goals and strategic plan.

STAFF RECOMMENDATION

Staff recommends the passage of the board resolution to approve the 2022-23 Budget, make appropriations, and impose taxes as presented in the attached resolution. This will allow the Board of Education to formally consider the budget for adoption on June 14, 2022.

As a member of the PPS Executive Leadership Team, I have reviewed this staff report.

_____*CH*_____ (Initials)

ATTACHMENTS

- A. Resolution to Impose Taxes and Adoption of the 2021-22 Budget.
- B. Attachment "A" to the Resolution to Impose Taxes and Adoption of the 2021-22 Budget.