

2024-25 Proposed Budget: Challenge, Resilience, Achievement

Portland Public Schools Budget Committee
Phase III: April 24, 2024



PORTLAND

Public Schools

Interim Superintendent Observations

PPS is a remarkable school district.

This community has maintained a commitment to providing a robust curriculum and program offerings for students: arts, culture, music, dual language, athletics, AP and IB.

This district has weathered historic challenges this year and demonstrated its resilience.



How We Move Forward Together

- ✔ Build on the strengths of this community.
- ✔ Unite in a vision for PPS.
- ✔ Lean in on solving problems and achieving that vision together.
- ✔ Organize with other school districts on a statewide vision and advocate for funding for public k-12 education.



Two Guiding Principles

1. Minimize impact to students.
2. Continue initiatives that support student achievement.





Budget Context

We Face Financial Pressures

Rising Costs

Inflation has resulted in higher costs of goods and services.

We have invested in our employees' compensation and teacher planning time.

Our student needs continue.

Limited Revenue

Our state dollars continue to fall short of the costs to operate our schools.

We have less special revenue, including the end of federal pandemic aid.

Declining Enrollment

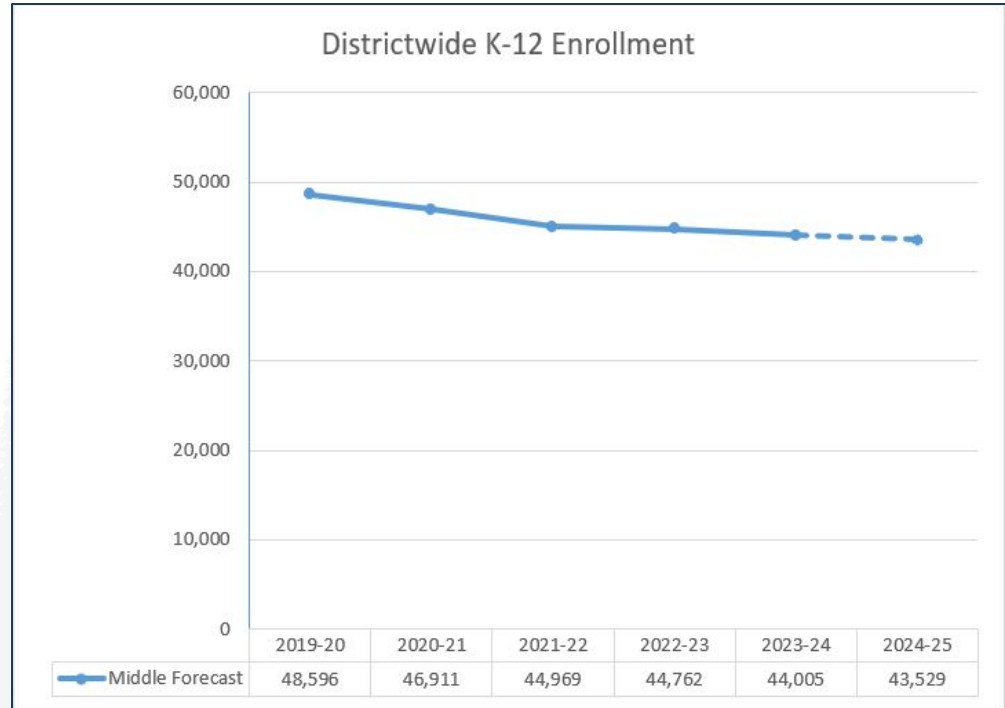
We have fewer students and the same number of buildings.

Our funding is dependent upon number of students.

Since 2020, PPS's student enrollment has declined 9.5%, faster than Oregon's (6%), and is projected to continue to decline.

Enrollment Trends

- State School Fund (SSF), the largest source of General Fund revenue, is based on enrollment.
- PPS's enrollment declines have outpaced the state's, decreasing our share of SSF dollars.
- Expenses do not decline proportionally due to fixed costs.



General Fund Reductions for 2024-25

Unfortunately, our budget gap means that over the next few years, PPS will experience a reduction in staff, programs, and services in schools and the central office.

PPS needs to make approximately \$30 million in cuts next year.

School-based budgets
-\$14.2 million

Central budgets
-\$15.7 million

These are current estimates; these figures may shift as additional information and decisions surface.



EDUCATION

School districts throughout Oregon, Southwest Washington face significant budget cuts this spring



EDUCATION

As Oregon districts face budget squeezes, school closures loom

Updated: Apr. 12, 2024, 11:20 a.m. | Published: Apr. 12, 2024, 7:00 a.m.

Other Districts Face Similar Challenges

- Salem-Keizer is closing a \$91 million budget shortfall by eliminating 393 positions.
- Reedsport is shortening its school year by 8 days and furloughing teachers and staff for that time to reduce its budget
- Corvallis School District is currently reducing \$8.2 million from their budget
- West Linn-Wilsonville School District is making \$4 million in reductions
- Bend-LaPine School District is cutting 58 positions from its budget for next year.
- Medford School District is facing a \$15 million budget deficit over the next two years.

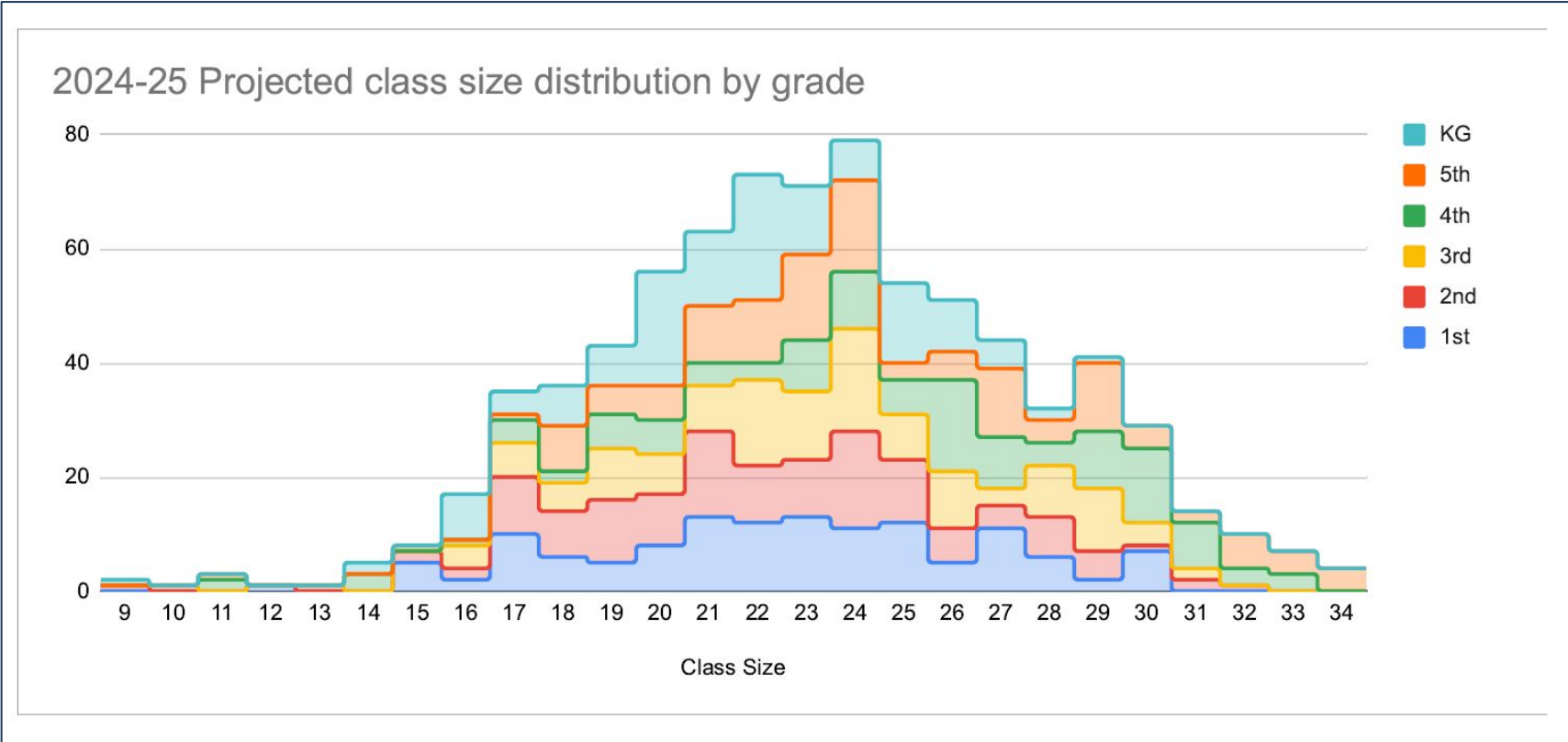


Prioritizing Student Outcomes and Student Experience

Modest Increases in Class Size

- Looking ahead to next year, the district projects the average elementary class at 23.2 students. For comparison, in the current year, the average elementary class size is 22.3--the lowest average class size of Oregon's largest districts.
- The district estimates that 98.7% of total homerooms will be below the class size maximum.
- Generally class size maximums will return to 2021-22 levels.

Projected Elementary Class Sizes for 2024-25



Maintaining Our Efforts

The District has preserved key programs and initiatives to support student achievement:

- Instructional capacity building via school-based Instructional Coaches
- Targeted student instruction from Teacher Academic Interventionists
- Improving the middle grades experience
- Athletics programs
- Career and Technical Education (CTE) offerings
- Growth of the Rapid Response Team for behavioral and mental health support
- Summer programming and credit recovery opportunities
- Social emotional instruction and school psychologist staffing

School-Based General Fund Reductions

Staff Type	FTE	Savings (in millions)
Licensed Educators	67.6	\$9.5
Non-licensed School Staff	24.2	\$3.7
Administrators	4.9	\$1.0
Total	96.7	\$14.2
All FTE is in licensed equivalent		

Centrally Budgeted Service Reductions

Support Category	Position Type	2024-25 Reduced FTE	Savings Estimate (in millions)
Central Supports	Administrators	9.0	\$1.9
	Licensed Educators	46.0	\$5.7
	Non-licensed	39.1	\$4.5
Custodial and Security	Non-licensed	13.5	\$1.0
Total FTE Reductions		107.6	\$13.1
Purchased Services and Supplies			\$2.6
Total Central Savings Estimate			\$15.7

NOTES

Central supports include: program administration, executive leadership, and business functions, among other supports.

Figures reflect all funds; excludes Head Start.

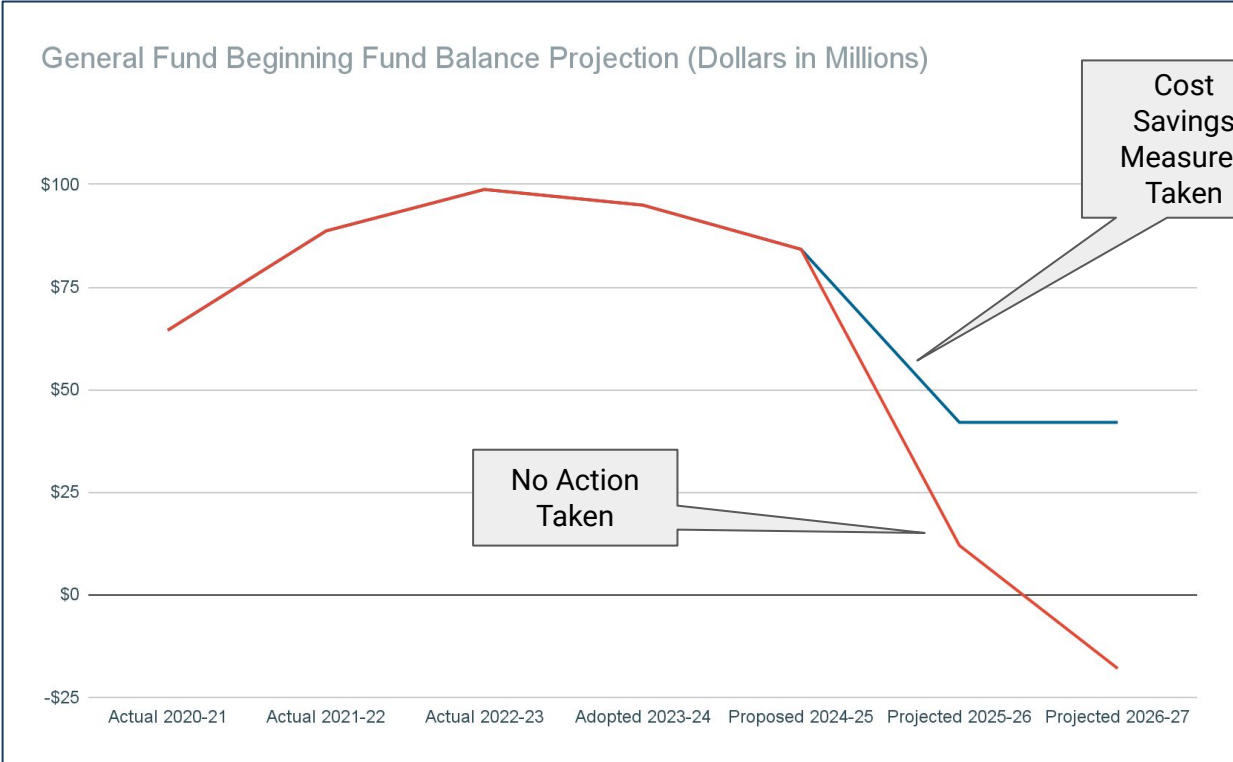
School-Based + Central FTE Reductions

Staff Type	FTE	Savings (in millions)
Licensed Educators	113.6	\$15.2
Non-licensed Staff	76.8	\$9.2
Administrators	13.9	\$2.9
<i>Total FTE</i>	204.3	\$27.3
Purchased Services and Supplies	N/A	\$2.6
<i>Total</i>	204.3	\$29.9

See notes from prior pages.

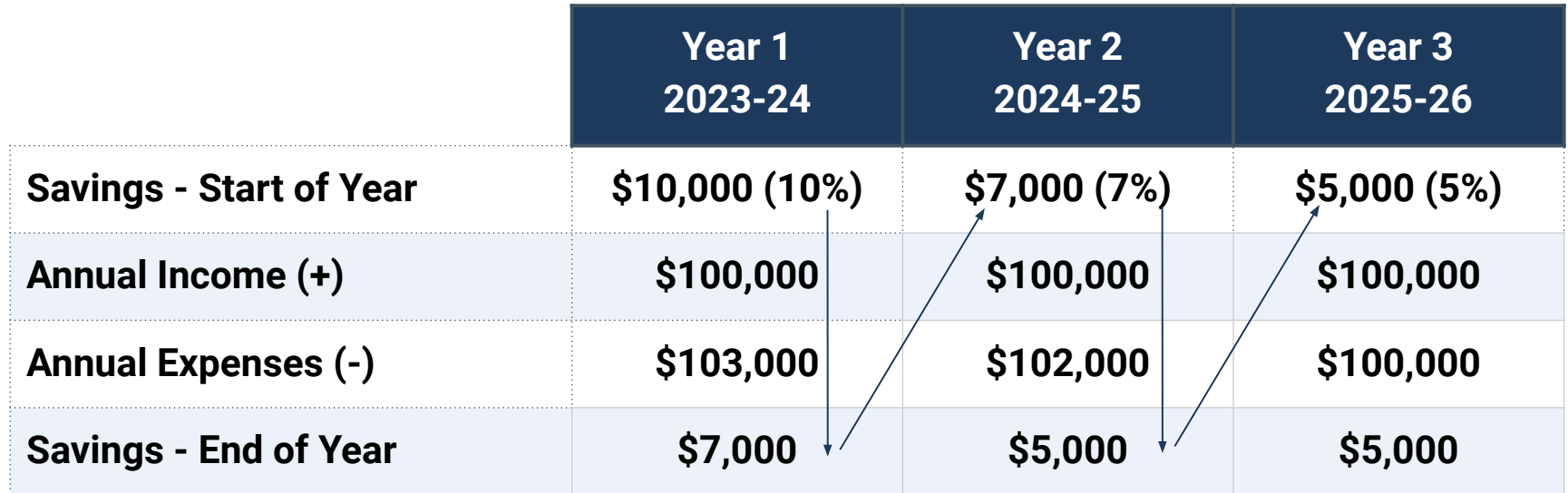
General Fund: Projected Reserves

- Cost savings measures are needed to maintain minimum (5%) reserve levels required by Board policy
- Otherwise, reserves would be depleted by 2025-26



Reserves: A Household Example

	Year 1 2023-24	Year 2 2024-25	Year 3 2025-26
Savings - Start of Year	\$10,000 (10%)	\$7,000 (7%)	\$5,000 (5%)
Annual Income (+)	\$100,000	\$100,000	\$100,000
Annual Expenses (-)	\$103,000	\$102,000	\$100,000
Savings - End of Year	\$7,000	\$5,000	\$5,000



Multi-Year Forecasts (\$ millions)

2023-24: \$84.2M ending balance estimate reflects: latest SSF revenue adjustments, mid-year cost savings and ESSER spend-down.

2024-25: Proposed budget reflects \$30M of reductions and using \$41.5M in reserves, ending slightly above 5% per Board policy.

2025-26: \$40M+ in additional revenues and/or cost reductions will be needed to maintain a 5% reserve.

	Estimated 2023-24	Proposed 2024-25	Projected 2025-26
Beginning Balance	\$105.5	\$84.2	\$42.7
Total Revenue (+)	\$749.7	\$768.9	\$785.1
Total Expenses (-)	\$771.0	\$810.4	\$826.6
Net (Revenue - Expenses)	-\$21.3	-\$41.5	-\$41.6
Tap / Use Reserves	\$21.3	\$41.5	\$1.1
Gap Closing Needed	N/A	N/A	\$40.3
Projected Ending Balance	\$84.2	\$42.7	\$41.5*

* 5% minimum threshold per Board policy

Next Steps



- **May 1:** Board Budget Hearing and Work Session (Public Comment Accepted)
- **May 7:** CBRC Report Presentation and Board Work Session
- **May 14 (optional):** Board Budget Work Session
- **May 21:** Budget Approval
- **June 11:** TSCC Hearing and Budget Adoption

Find more info and updates at:

pps.net

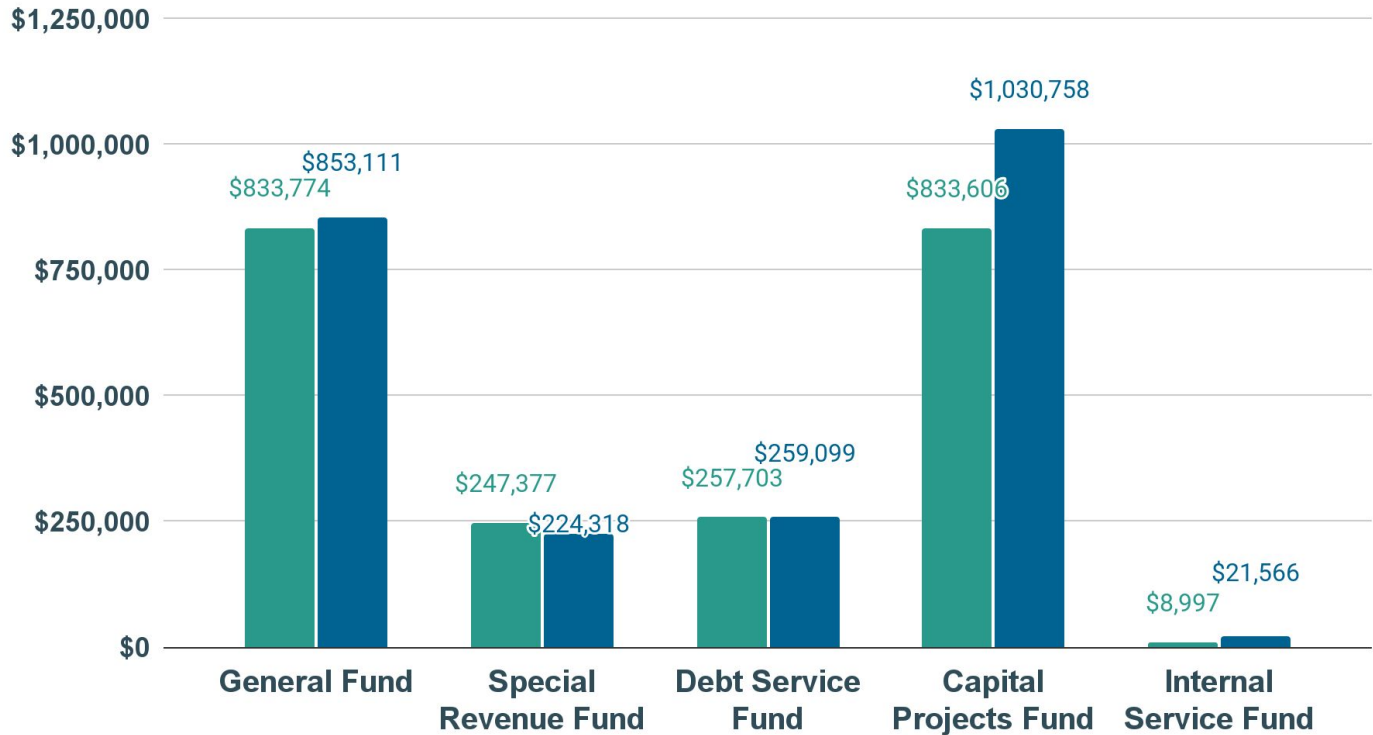


Questions and Discussion

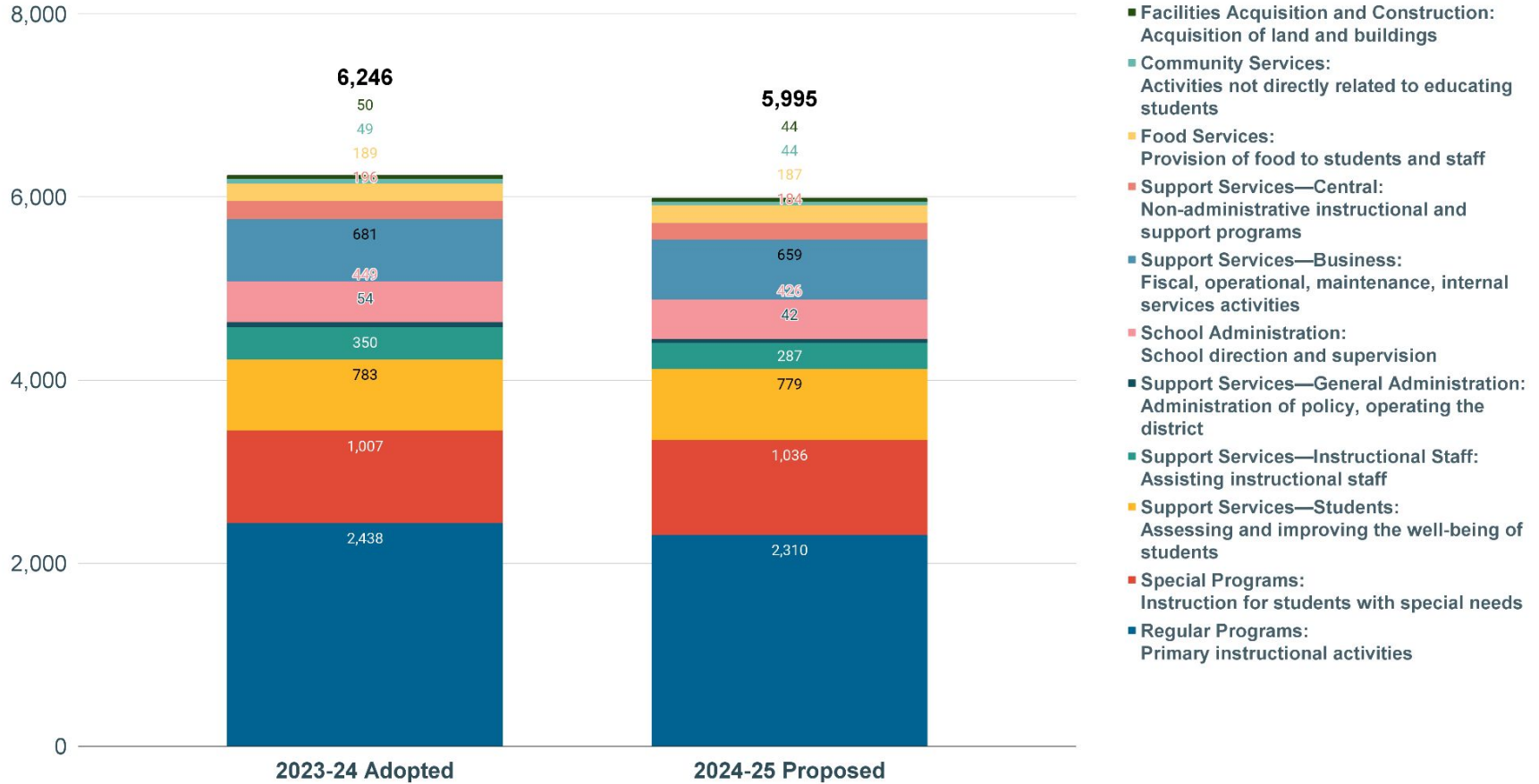
Appendix

All Funds Changes from Current Year (in thousands)

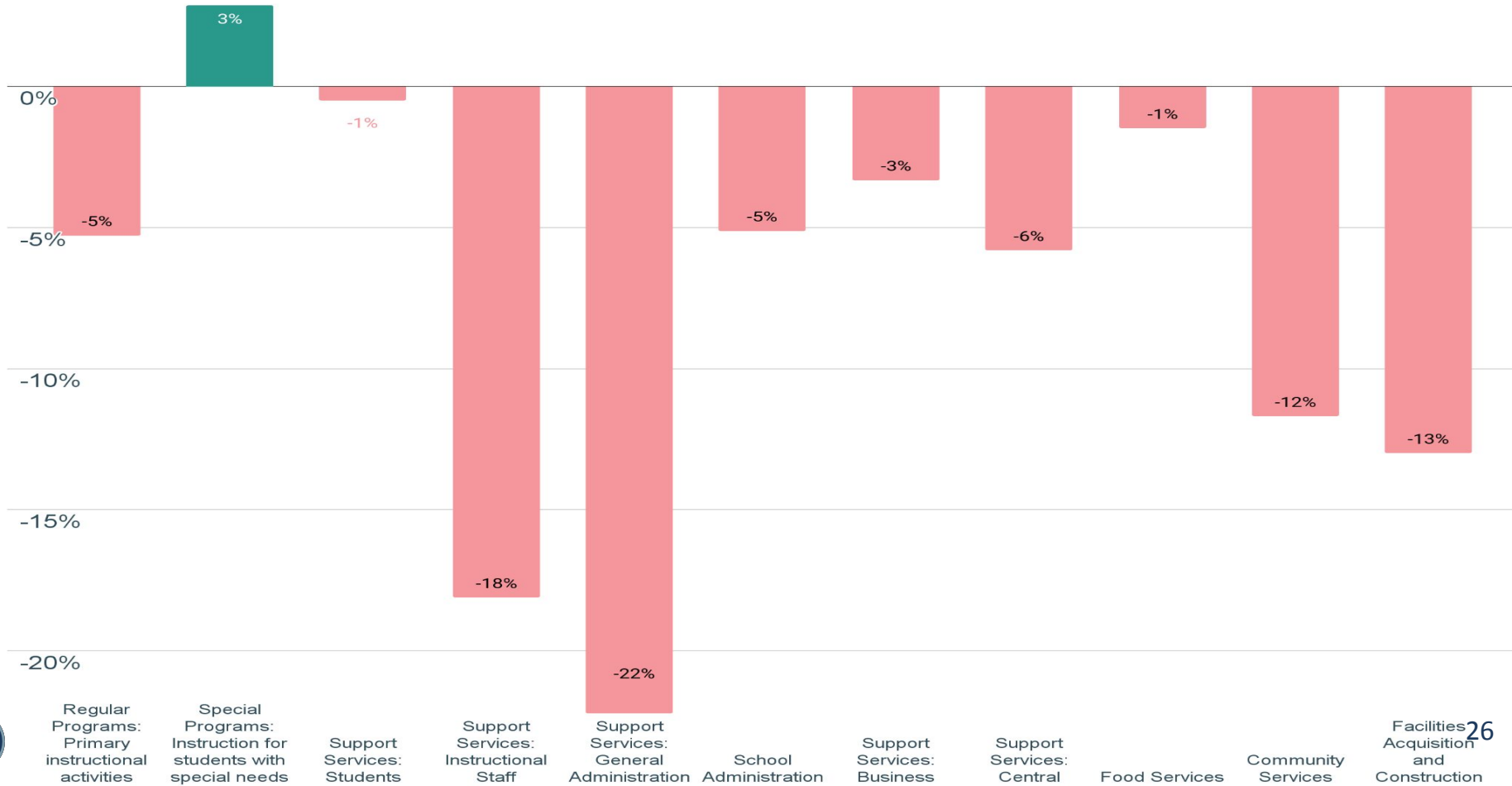
- Across all funds, requirements are increasing from \$2.18 billion to \$2.39 billion
- The largest increase is in the Capital Projects Fund
- The General Fund is increasing by \$20 million



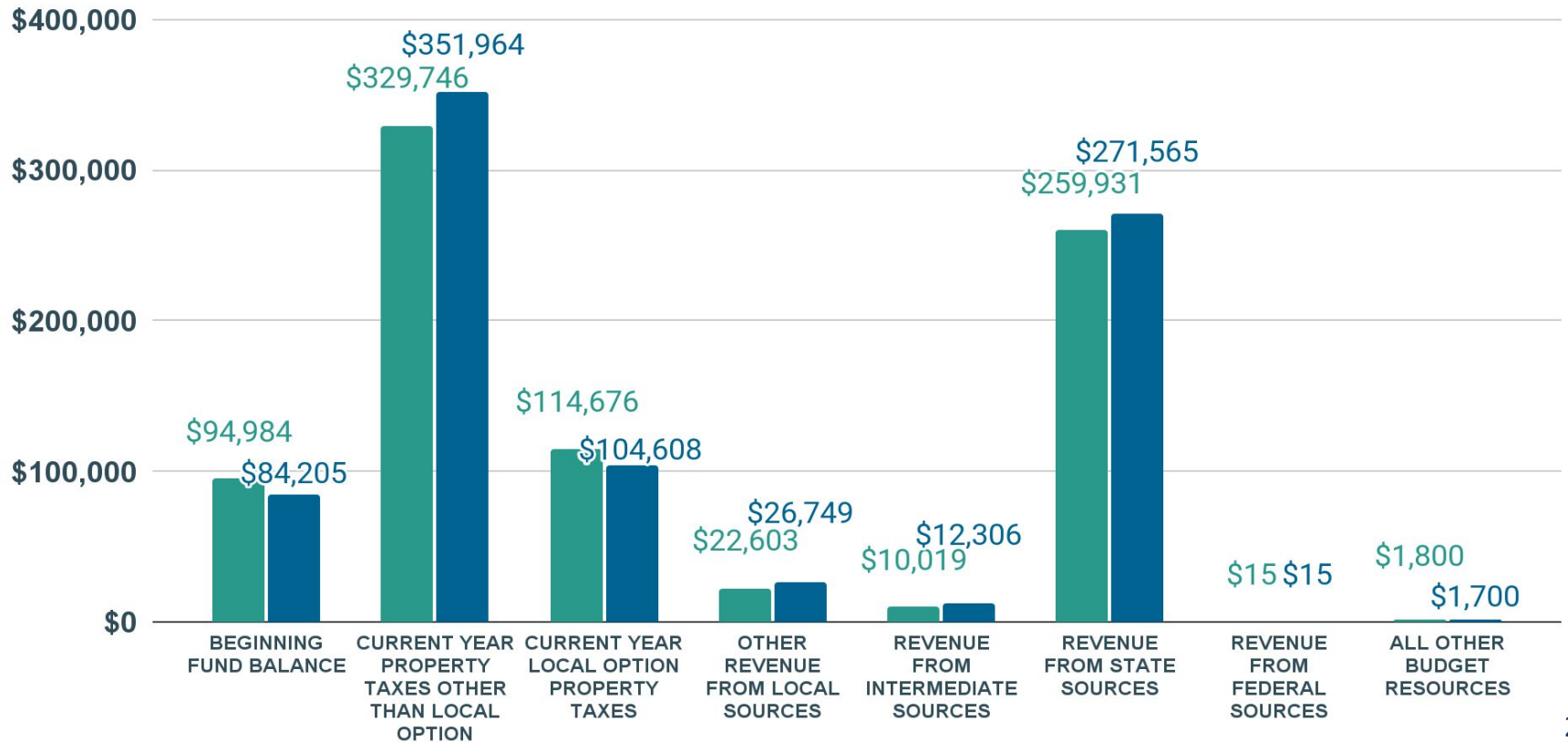
All Funds Staffing Changes - FTE Count by Function



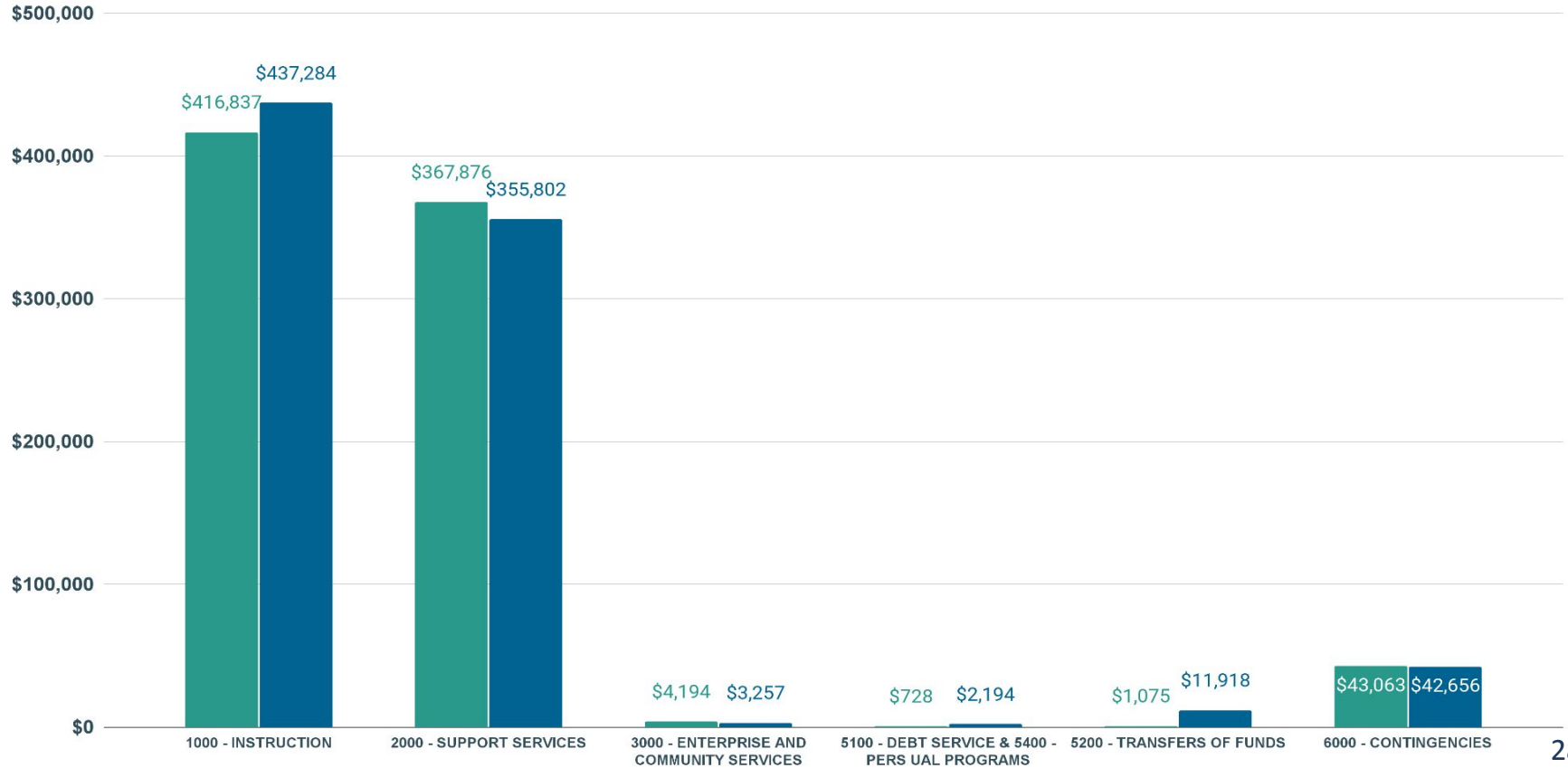
All Funds Staffing Changes - FTE Percent Change from Current Year by Function



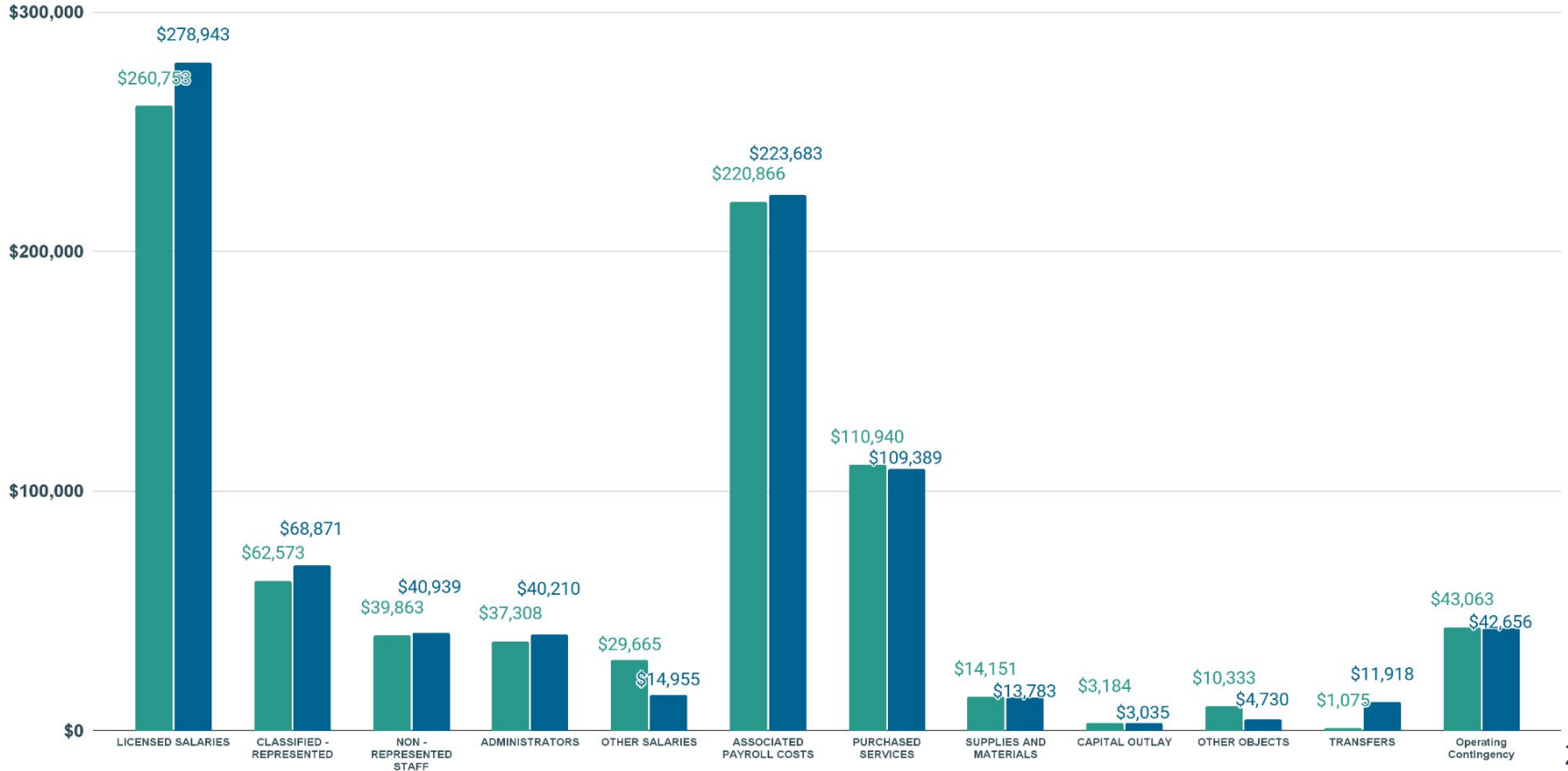
General Fund Resources (in thousands)



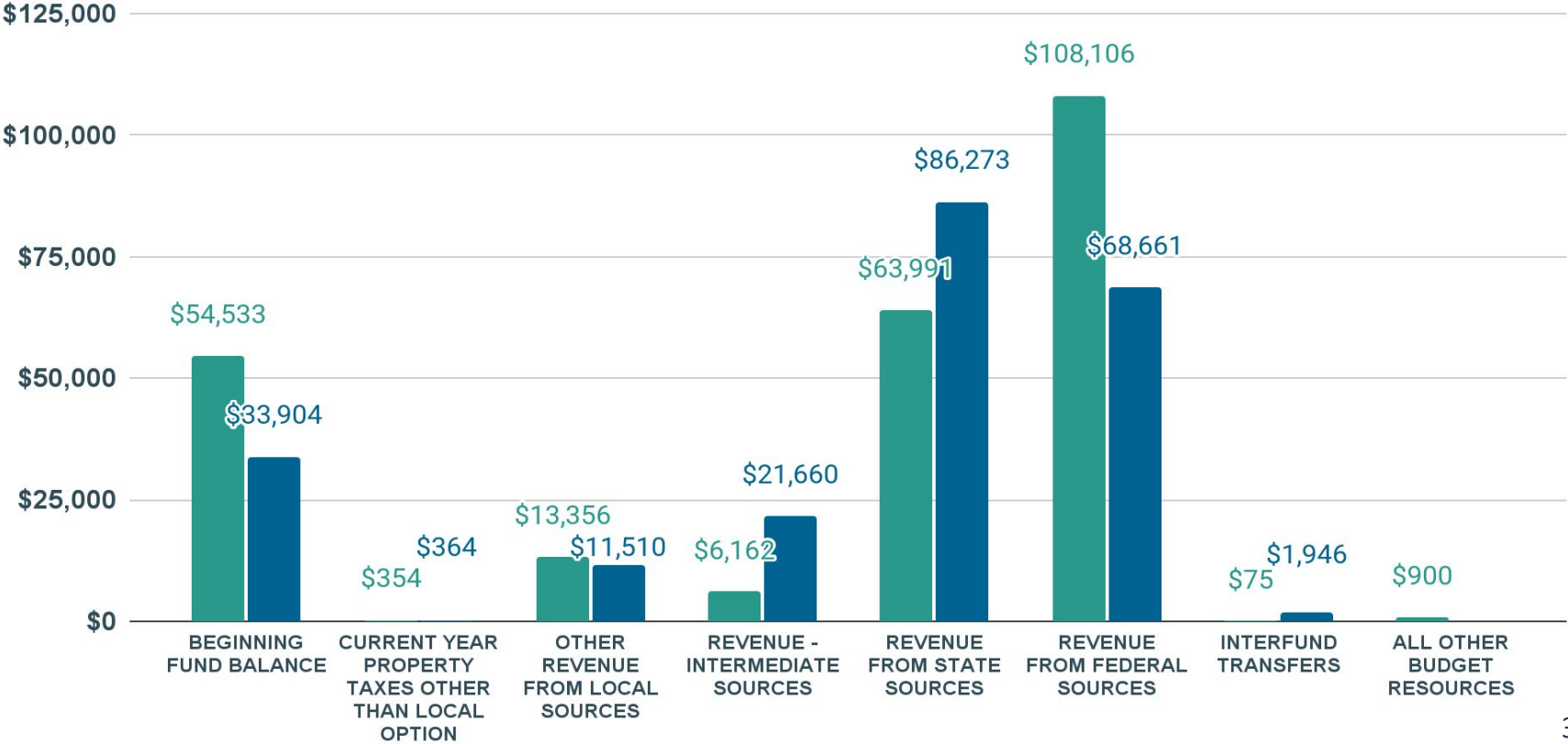
General Fund Requirements by Function (in thousands)



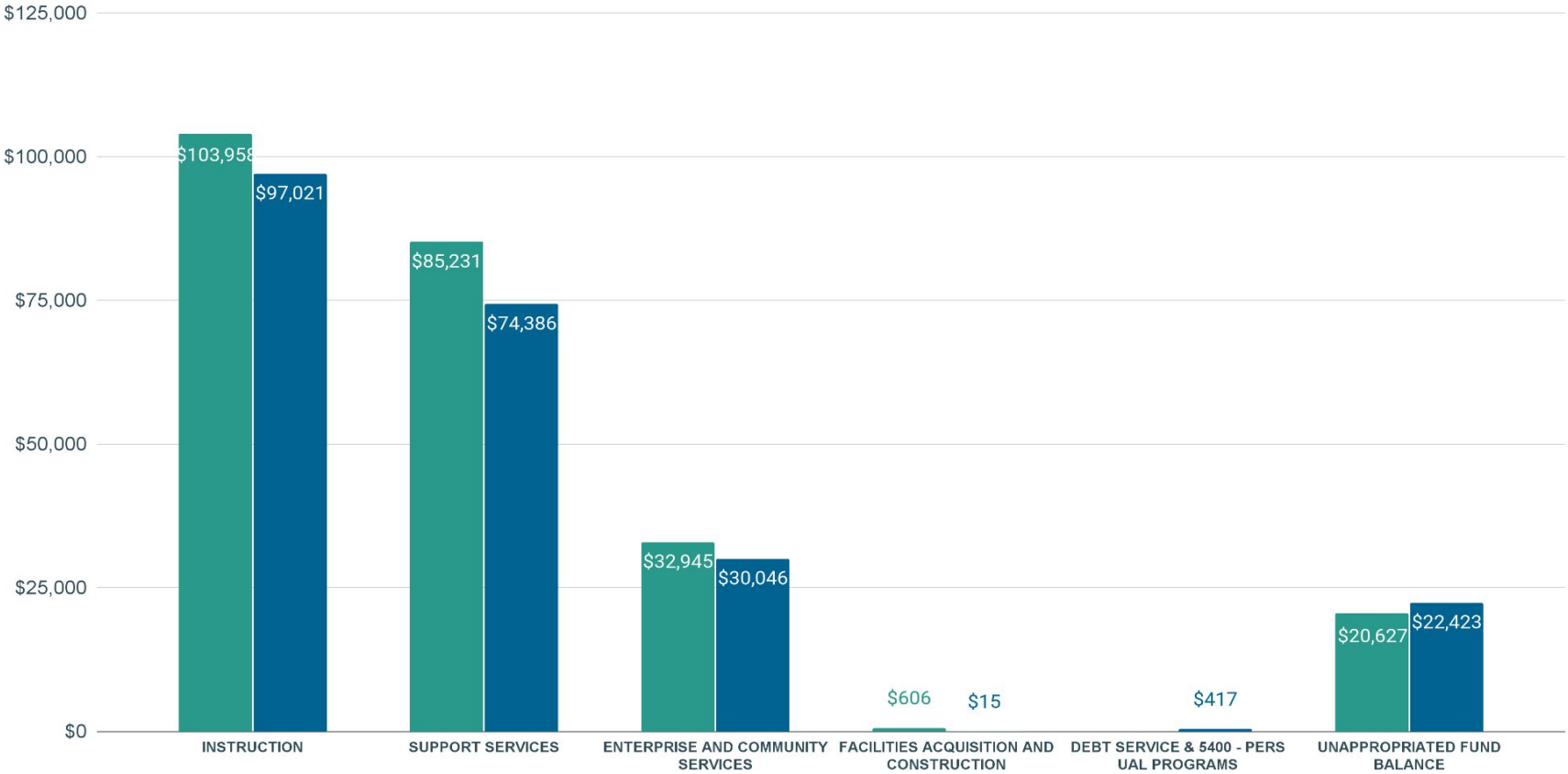
General Fund Requirements by Object (in thousands)



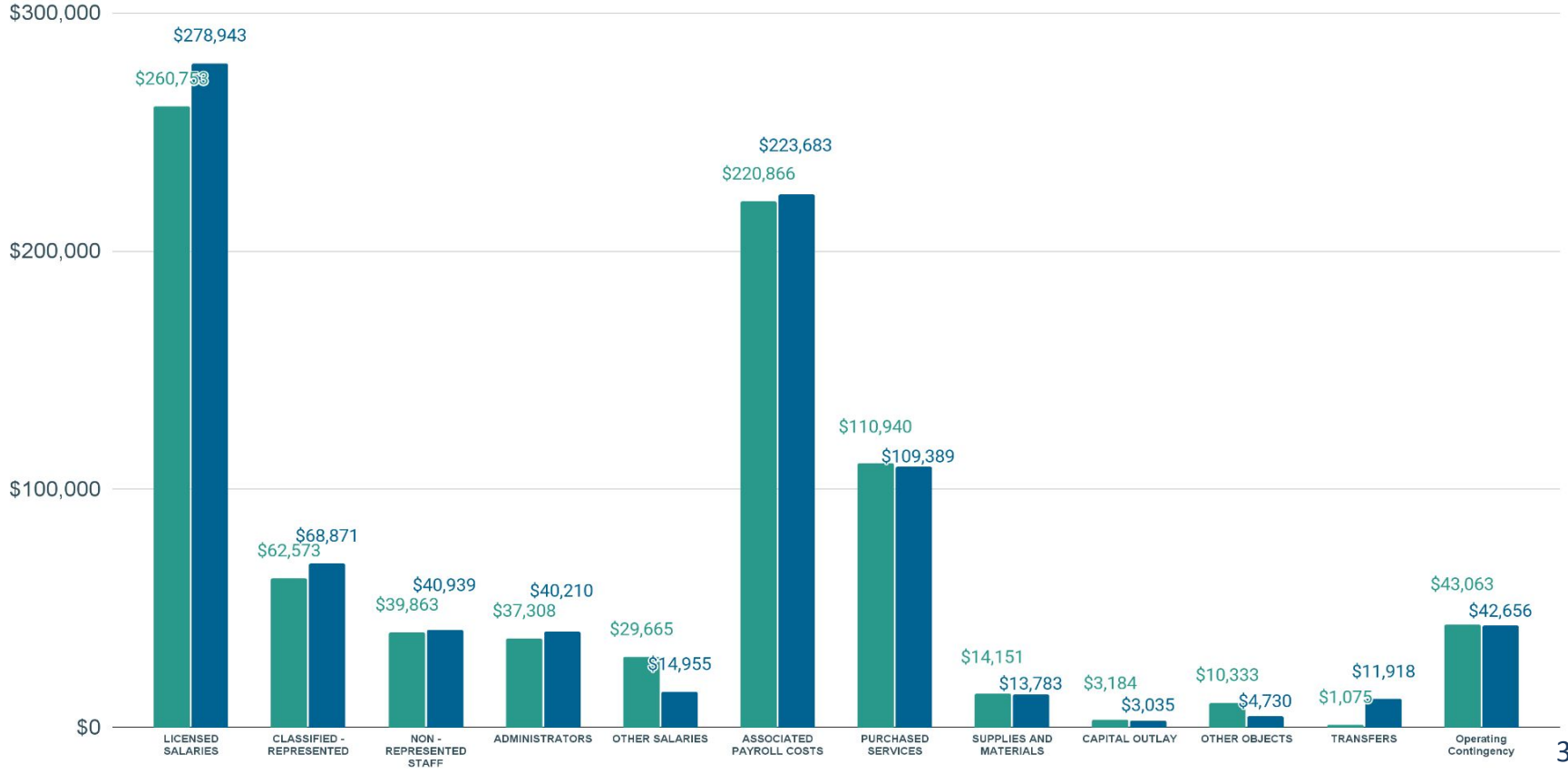
Special Revenue Fund Resources (in thousands)



Special Revenue Fund Requirements by Function (in thousands)



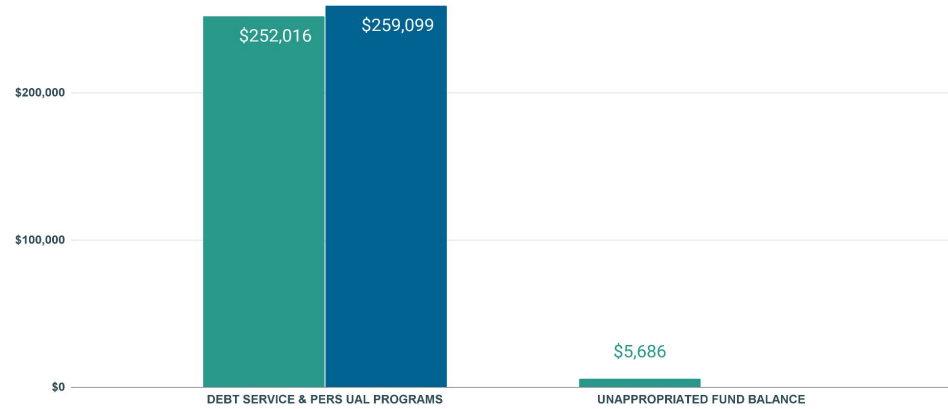
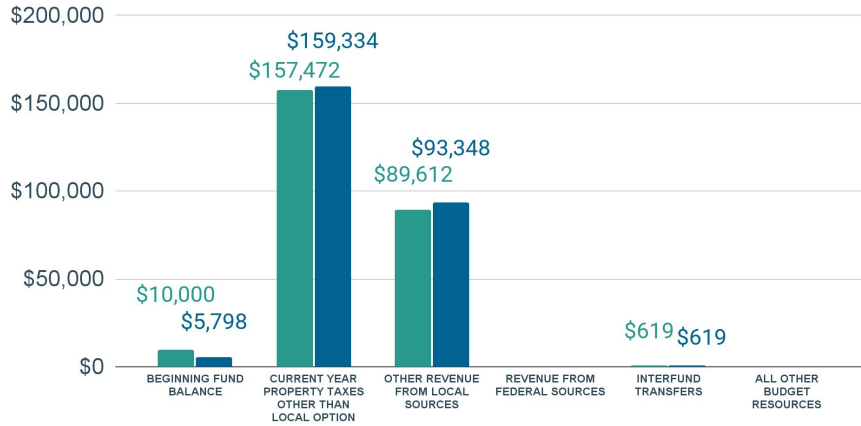
Special Revenue Fund Requirements by Object (in thousands)



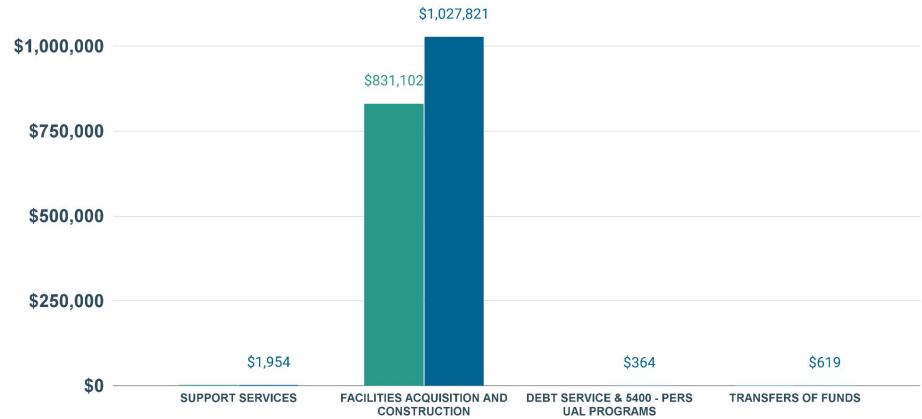
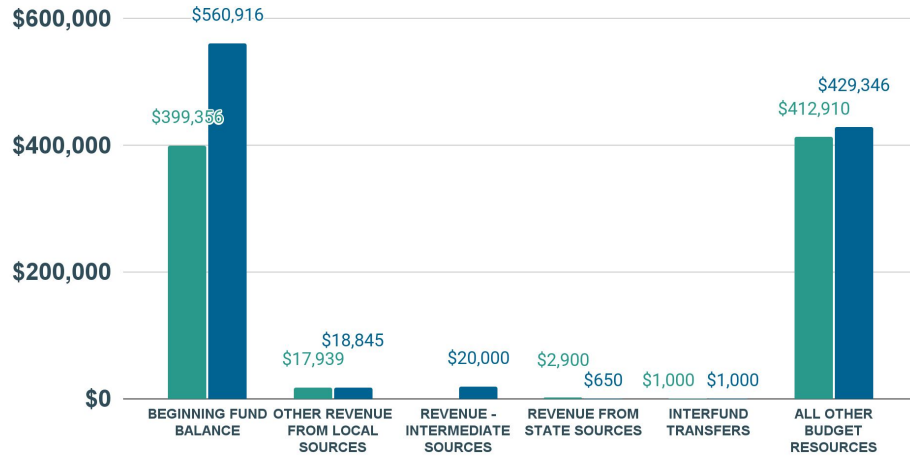
Special Revenues

- **Federal pandemic relief is sunseting**
 - PPS utilized ESSER funding to safely operate schools during the public health crisis, advance strategic initiatives and Board Goals, and boost student achievement.
 - **Some key ESSER initiatives are continuing**, these include: Evening Scholars personnel, summer programming, safety and security professional development and supplies, professional development supporting curriculum adoption, and climate response.
- Integrated Grants (SIA, HSS, CTE, EIIS, ESSA, Early Literacy)
- Title Programs
- IDEA
- Nutrition
- School-Based Mental Health Grant (SBMH)

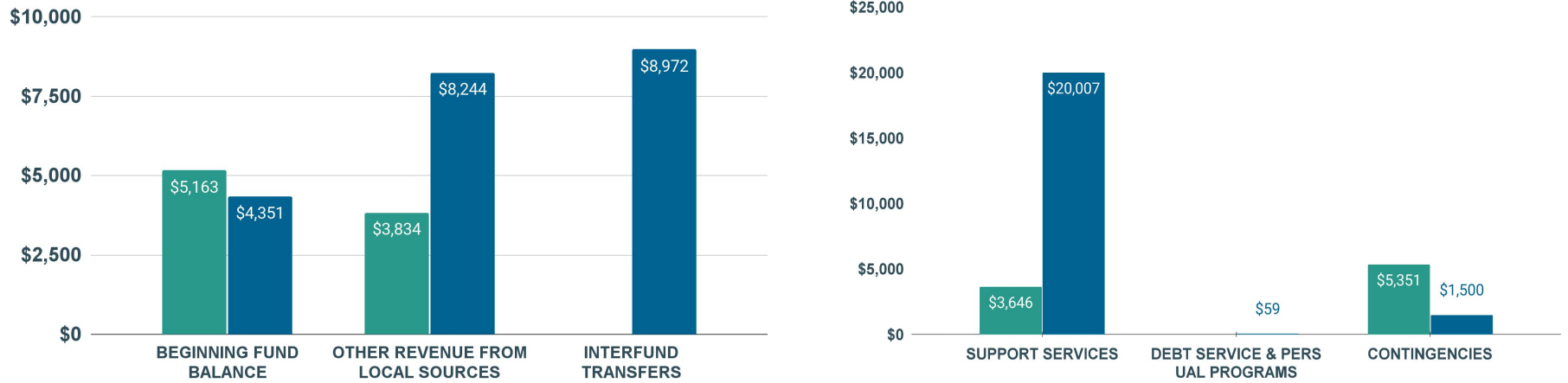
Debt Service Fund Resources by Object and Requirements by Function (in thousands)



Capital Projects Fund Resources by Object and Requirements by Function (in thousands)



Internal Service Fund Resources by Object and Requirements by Function (in thousands)



Internal Service Fund Highlights

- There are two new sub-funds in the Internal Service Fund
 - **Property & Liability Insurance (602):** Requirements in the fund include liability insurance, property insurance premiums, and deductible insurance loss. Resources in 2024-25 include interfund transfers.
 - **Unemployment Fund (603):** Requirements in the fund include unemployment compensation claim expenses. Principal resources for the Unemployment Fund are services provided to other funds for unemployment insurance; a percent of payroll expenditures will be charged to other funds.
- The **Self-Insurance Fund (601)** continues to support self-insurance for Workers' Compensation. An excess insurance policy is purchased to cover any claim that may exceed the self-insured retention of \$1 million.