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**Date:** January 25, 2022  
**To:** Portland Public Schools Board of Education  
**From:** Nolberto Delgadillo, Chief Financial Officer  
**Subject:** Resolution to Amend the 2021-22 Adopted Budget

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### **BACKGROUND**

During the course of the year there are occasions and circumstances that require an entity to update their budget. This is a common and a routine best practice to ensure that proper spending levels are maintained in accordance with what has transpired throughout the school year. Oregon Local Budget Law allows budget changes after adoption under prescribed guidelines.

Portland Public Schools (PPS) has recognized additional revenue across all Funds that include beginning fund balance true ups to the audited financials and in some cases additional resources. The proposed amendment will align appropriation levels across the funds with the current resources available and spending guidelines.

In August, the District did a PERS Bond refunding that is reflected in the current financials. Under the Oregon budget law, ORS 294.338(5), expenditures to pay debt service on bonds which have been authorized and issued during the fiscal year does not require a supplemental budget. While exempt from a supplemental budget, it is best practice to include if a supplemental budget will take place before the end of the year and therefore, is included in this proposed amendment. Furthermore, per guidance from the Oregon Department of Education, PERS Bond proceeds are to be received in the General Fund (as opposed to the Debt Service Fund).

### ***100 - General Fund Adjustments Include:***

#### **Resource Changes:**

The Beginning Fund balance has been updated to reflect the actual June 30, 2021 ending fund balance (increase of approximately \$3.8M from the adopted budget). The PERS Bond refunding revenue is also reflected as part of the General Fund resources. The total resources estimated to be available for appropriations in the General Fund of Portland Public Schools for 2021-22 fiscal year are \$1.18 billion; an increase of \$404.7 million from the adopted \$771 million.

#### **Expenditure Changes:**

General Fund expenditure changes include the PERS Debt Service payment. In addition, appropriations were re-aligned with investments in Instruction, and in Support Services to support the rebranding of two high schools; Ida. B Wells and McDaniel. Appropriations to continue general fund support for the bond work including the Curriculum Adoption and Enterprise Resource Planning (ERP), and appropriations for the change to the Charter Schools net operating pass through have also been updated.

## ***200 - Special Revenue Fund Adjustments Include:***

### **Resource Changes:**

The Special Revenue Fund has received additional Federal and State monies, and the beginning fund balances have been updated. Federal Emergency Management Agency (FEMA) reimbursements and Student Investment Accounts (SIA) rollover accounted for the bulk of the revenue change. Revenue from Elementary and Secondary School Emergency Relief Funds (ESSER) and GEER have also been updated. The total resources estimated to be available for appropriations in the Special Revenue Fund for 2021-22 fiscal year are \$314.5 million; an increase of \$11.4 million from the adopted \$303.2 million.

### **Expenditure Changes:**

Additional appropriations were allocated to align the carryover with the updated spending plan for ESSER, Nutrition, SIA and other new resources received.

## ***All Other Fund Adjustments Include:***

### **Resource Changes:**

The Debt Service Fund, the Facilities and Acquisition Fund, and the Internal Service Fund have been updated to reflect the audited beginning fund balances. The total resources estimated to be available for appropriations for all other funds for 2021-22 fiscal year are \$1.02 billion, a combined increase of \$41.1 million from the adopted \$983.3 million.

### **Expenditure Changes:**

The appropriations updates include the PERS Debt Service increase to reflect the refunding that occurred in August, Capital Project Fund appropriation increases that reflect the carryover from last year and Internal Service appropriation to align with the additional resources.

## **RELATED POLICIES/BEST PRACTICES**

Oregon Local Budget Law, Oregon Revised Statutes (ORS) 294.305 to ORS 294.565, allows budget changes after adoption under prescribed guidelines.

## **ANALYSIS OF SITUATION**

Should the Board choose not to pass this resolution, appropriations would not be reconciled for initiatives for Online Learning Academy, for rebranding of the two high schools, for Student Investment Account, and other Elementary and Secondary School Emergency Relief projects to help combat the Coronavirus pandemic affecting our schools. This would also significantly understate the beginning fund balances across all funds.

## **FISCAL IMPACT**

No further impacts beyond that which have been outlined above.

## **BOARD OPTIONS WITH ANALYSIS**

The Board may choose to pass or not pass the proposed budget amendment resolution. If passed, the District will move forward with its current spending plan for the Fiscal Year 2021-22. The consequences of non-passage would mean appropriations would not be available for anticipated expenditures and reductions would need to be made in order to stay within appropriations.

### **CONNECTION TO BOARD GOALS**

The proposed Amendment allocates resources that will support our students, staff, and community, through the Racial Equity and Social Justice lens, theory of action, Board goals, and five system shifts outlined in the District's strategic plan.

### **STAFF RECOMMENDATION**

Staff recommends that the Board pass the proposed resolution to amend the 2021-22 Budget to allow continued investments into the instructional initiatives and staff support.

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

\_\_\_\_\_ (Initials)

### **ATTACHMENTS**

- A. Resolution
- B. Summary of Amendments to 2021-22 Budget - Amendment #1