



FORWARD **TOGETHER**

2024-25 Budget Development Update

PPS School Board & Community Budget Review Committee
Budget Work Session
Phase 2: March 19, 2024

Session Goals

- Share updates on developing the proposed budget for next year
- Use a Notice and Wonder protocol to provide space for discussion
- Outline next steps in the budget development and approval process

Financial Outlook: Where are we now?

Though the team has continued to seek new information to better inform our financial planning, the resource picture remains unchanged.

We are closing \$30 million budget gap in the 2024-25 school year.

Informing Difficult Decisions: Engaging Stakeholders and Data

How are budget decisions made?

The district must center PPS's priorities when making decisions, especially when facing a budget shortfall that requires large reductions. One of the earliest phases of budget decision-making is **designing the core requirements for schools. The core program is designed to comply with all requirements, including contractual needs, and to align to the district's priorities.** This year, the team team analyzed the **overall system of school-based supports** (including central and school-based positions). This analysis found some redundancies. A goal for this year was to be **more strategic and more specific about allocations to the schools that need additional supports.**

In lean times, we must **isolate core requirements from additional investments.** Investments beyond core requirements are evaluated and data is engaged to understand:

- The intention of the program and orientation to schools; is the program impacting students?
- The success of a program; is it meeting its goals? What are our communities' perspectives on the program?
- The resources used by the program
- How many students are served and who are the focal student groups
- The cost effectiveness or “academic return on investment” of the program

Engaging Data and Perspectives: Principal Survey

- **This January, principals shared insights** in a survey focused on **school-based staffing** allocations, **central supports**, and **long-term planning**. These findings were **key in formulating and validating** school staffing decisions and central office proposed budgets.
- Principals ranked some positions as highly important to student success, for example:
 - Counselors, site-based instructional coaches, and social workers
- Principals ranked some central office supports as highly important to student success, for example:
 - Social and Emotional Learning, Professional Learning, IT Support, and Curriculum Adoption
- **A theme in open-ended responses was limited resources:**
 - “Our school has very few resources. I cannot imagine our school operating safely without at least keeping our staffing as it is for the 2023-2024 school year.”
 - “We are running thin in most areas. We currently do not have additional staff who are not essential to student success.”
 - “We already do what we have with very little staff. Nothing can go without impacting our students.”

Reductions to Centrally Funded Budgets - INITIAL ESTIMATES

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.

Central budget reductions will likely total to \$15-17 million

Staff Reductions

(Includes Vacant and Filled Positions)

Estimated \$13 - 15 million

Non-Personnel Reductions

(Includes Contracts, Supplies)

Estimated \$2 million

These are **preliminary estimates**; as additional information and decisions surface, these figures may shift.

Impacts to Centrally-Managed Services

In order to address the long-term imbalance in our budget, resources allocated to centrally-managed services have declined over the last two years and will continue to be reduced in the coming school year.

- Central office operations will be streamlined and services will be consolidated.
- While these resources are centrally-managed, reductions will impact school sites to some extent.
- District-wide spending policies are being assessed to reduce non-personnel costs.
- More information will be shared in April.

Impacts to Centrally-Managed Services

More limited resources will be allocated across nearly all functional areas. The reductions may include staff positions, contracted services, supplies/materials and/or be attained through operational efficiencies:

- Academic programs administration
- Business operations and administrative support
- Communications
- Community partnerships and engagement
- Custodial services
- Early learning programs
- Security services
- Senior / executive leadership
- Student support services
- Technology services

Notice and Wonder

- For discussion:
 - Considering what staff has shared, what do you **notice**? What do you **wonder**?

Resources for Our Communities

- [Budget Development Website](#)
- Community Information Sessions in April and May (Details Coming Soon!)

Next Steps

- April and May: Community Information Sessions
- April 23: Proposed Budget Presented to Board
- May 1: Board Conducts Community Engagement (Public Comment Session)
- May 7: CBRC Report Presentation and Board Work Session
- May 14 (tentative - if needed): Board Budget Work Session
- May 21: Approved Budget Hearing
- June 11: TSCC Hearing and Adopted Budget Hearing

Appendix

Deeper Dive: Preserved Programs, Efficiencies, and Key Funding Changes

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 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.

Continued Investment in School-Based Professional Development

- Instructional Coaches are focused on improving instruction. They work directly with teachers and school leadership.
- Starting in 2023-24, every PPS school has a School-Based Instructional Coach. **This investment is continuing in 2024-25.**
- Feedback from principals informed this additional investment. This feedback was reaffirmed this January: **site-based coaches have become key instructional leaders.** These team members are enabling aligned instruction and promoting research-backed best practices at every site at PPS.

Continuing Arts Access

- The district has changed how arts educators are allocated to each school.
- The result is a slight reduction in the number of arts educators, and some arts educators who have been at just one school may now work at multiple schools over the course of a week.
- Our students will continue to receive the exact same access they currently have.

Other Changes to School Staffing

- The district is ensuring teacher planning time is supported and state mandates are met for middle school PE; to meet these requirements there will be changes to staffing allocations at each school.
- The district is streamlining and combining learning support services in schools and through the central office.
- Resources will be redirected for social, emotional and behavioral supports towards efforts that create a more consistent, high-quality, and joyful learning experience for every student.

Title Program Changes

- Federal Title programs provide funding for a specific purpose. For example, Title I funds provide additional support for schools that serve children who have risk factors like poverty.
- Eligible Title I schools get an amount of federal money based on the number of students in the school who are directly certified by USDA standards. A recent change to Title eligibility requirements added Medicaid enrollment as a factor; thus, PPS will see an increase in Title identified schools in 2024-25.
- **In the current year, PPS has 25 Title schools. In 2024-25, PPS will have a total of 36 Title schools, which now includes three high schools and two charter schools identified as Title.**
- **This means the same amount of funding is spread across more sites.**

School Year 2024-25 Budget Development: High-Level Financials

We Face Financial Pressures

Rising Costs

Inflation has resulted in higher costs of goods and services.

We have invested in our team members' wages and teacher planning time.

Our student needs continue to grow.

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, more staff, and the same number of buildings.

Our funding is dependent upon number of students.

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

General Fund Revenue and Expense Gap: **\$170 million+ in 3 years**

	Current Year 2023-24 (in millions)	Projected 2024-25	Projected 2025-26
Total Revenue (+)	\$746.8	\$764.7	\$777.3
Total Expenses & Requirements (-)	\$789.3	\$826.2	\$850.5
Net (Revenue - Expenses)	-\$42.5	-\$61.5	-\$73.2

- \$170 million+ gap is total of negative net revenue over the three years

How Are We Going To Balance The Budget?

	Current Year 2023-24 (in millions)	Projected 2024-25	Projected 2025-26
Net (Revenue - Expenses)	-\$42.5	-\$61.5	-\$73.2
Use Reserves	+\$32.5	+\$30.5	+\$1.2
<i>Remaining Gap Closing Needed</i>	<i>+\$10.0</i>	<i>+\$31.0</i>	<i>+\$72.0</i>
<i>Balanced Budget</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>

Projected Reserves	\$72.9	\$42.4	\$41.1*
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- ***Remaining Gap Closing Needed*** is where we need to make cuts to get to a balanced budget.

* 5% minimum threshold per board policy