

# Operating Budget Overview

JANUARY 25<sup>TH</sup>, 2017 UPDATE



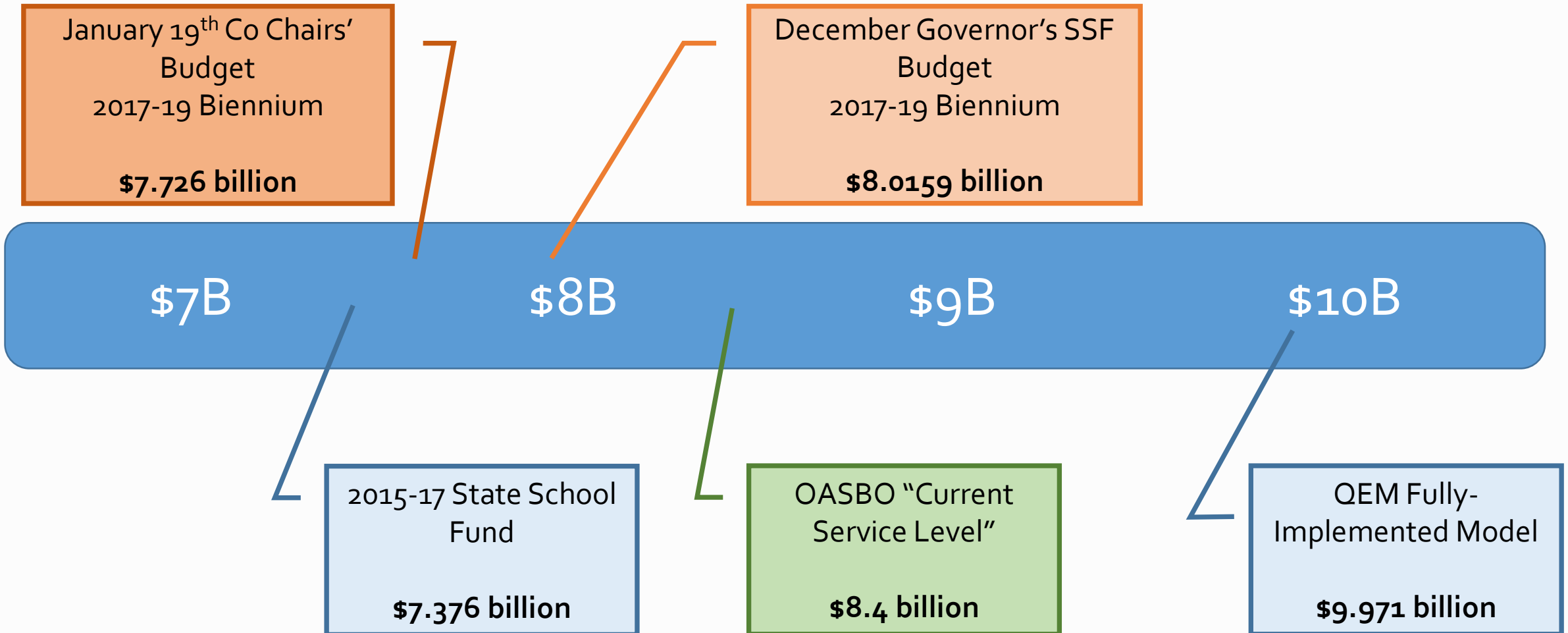


# Agenda

- Refresh
- State Funding Update
- Timeline and next steps



# 2017-19 Funding Summary





# What Does the Co-Chairs' SSF Budget Mean to PPS?

Proposed budget for K-12 is \$7.726B

- 2017-19 biennium
- OASBO = \$8.4B
- Lower vs. Governor's
- \$350M or 4.7% increase

Budget is allocated to schools through SSF

- State School Fund allocated via formula using attendance at all state schools
- Certain funds are set aside for specific programs
- Normally, 49% is allocated in the first year of the biennium

PPS Impact

- 40% of PPS General Fund from the State School Fund
- These funds are subject to equalization which is impacted primarily by property taxes received by the District

Co-Chairs' SSF Budget = \$7.726B

2017-18 Share (49%) = \$3.786B

PPS Projected SSF Range = \$210-\$230M



# Preliminary Revenue Estimates 2017-18

*Based on Key Assumptions – 1/25/2017*

## Local Option Property Tax

- Assumes 3.5% property value increase in 2018

• **\$85-\$90M**

## GAP Property Tax

- Assumes 3.5% property value increase in 2018

• **\$23-\$25M**

## State Sources (SSF + Property Taxes)

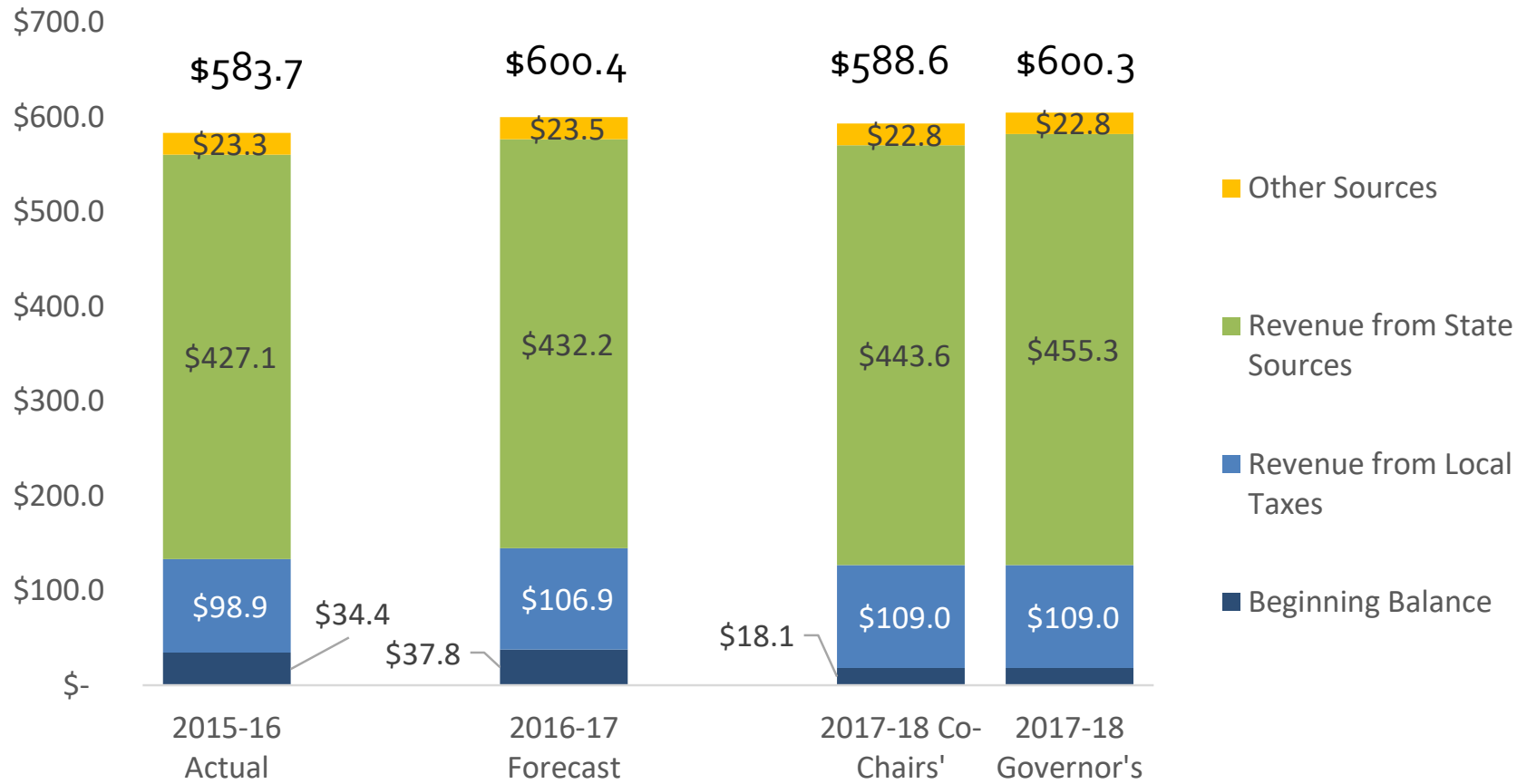
- Introducing Co-Chair's Budget

- **Co-Chairs = \$440M**
- **Governor's = \$455M**



# Summarized Resource Trend/2017-18 Range

## *General Fund in Millions of USD*





# 2017-18 Revenue Range



General Fund Only <i>USD in Millions</i>	Forecast 2016-17	Co-Chairs' 2017-18	Governor's 2017-18
<b>Beginning Balance</b>	\$ 37.8	\$ 18.1	\$ 18.1
<b>Revenue</b>			
<b>Revenue from Local Taxes</b>	\$ 106.9	\$ 109.0	\$ 109.0
<i>Increase over Previous Year</i>	8%	2%	2%
Revenue from State Sources			
Property Taxes	216.7	224.4	224.4
SSF - General Support	210.5	214.4	226.1
SSF - Other	5.0	4.8	4.8
<b>Total Revenue from State Sources</b>	\$ 432.2	\$ 443.6	\$ 455.3
<i>Increase over Previous Year</i>	1%	3%	5%
<b>Intermediate and Other Sources</b>	23.5	22.8	22.8
<b>Total Revenue</b>	\$ 562.5	\$ 575.4	\$ 587.1
<i>Increase over Previous Year</i>	2%	2%	4%
<b>Total Resources</b>	\$ 600.4	\$ 593.5	\$ 605.2



# 2017-18 Spending Range



General Fund Only  
*USD in Millions*

**Forecast  
2016-17**

**Co-Chairs'  
2017-18**

**Governor's  
2017-18**

## Requirements

### Instructional Expenses

Instruction

\$ 332.3

\$ 338.9

\$ 338.9

Instructional Support

216.9

220.4

220.4

### **Total Instructional Expenses**

**\$ 549.2**

**\$ 559.3**

**\$ 559.3**

**Central Activities**

**\$ 23.4**

**\$ 23.8**

**\$ 23.8**

**New Requirements**

**2.5**

**9.2**

**9.2**

**Other Expenses**

**7.2**

**7.3**

**7.3**

**Contingency**

**-**

**17.4**

**18.3**

**Ending Fund Balance**

**\$ 18.1**

**\$ -**

**\$ -**

**Total Requirements**

**\$ 600.4**

**\$ 617.2**

**\$ 618.0**





# Summarized Financial Scenarios



General Fund Only <i>USD in Millions</i>	Forecast 2016-17	Co-Chairs' 2017-18	Governor's 2017-18	Co-Chairs' Change vs 2016-17
<b>Beginning Balance</b>	\$ 37.8	\$ 18.1	\$ 18.1	
Total Revenue	\$ 562.5	\$ 575.4	\$ 587.1	2%
<b>Total Resources</b>	\$ 600.4	\$ 593.5	\$ 605.2	-1%
Total Expenses	\$ 582.3	\$ 599.7	\$ 599.7	3%
Contingency	\$ -	\$ 17.4	\$ 18.3	
<b>Total Requirements</b>	\$ 582.3	\$ 617.2	\$ 618.0	6%
<b>Ending Balance</b>	\$ 18.1	\$ -	\$ -	
<b>Budget Surplus/(Deficit)</b>	\$ -	\$ (24.0)	\$ (13.0)	

Co-Chairs' Budget increases shortfall to \$24M  
All scenarios assume 3% contingency



# Next Steps and Critical Updates

Timing	Key Event
January	School Staffing to Schools and Board
February-March	Public Listening and Board Work Sessions
March	Superintendent Proposes Budget

- Spending cuts across many Depts may be required to balance the budget. To help Budget Holders avoid reducing expenses in essential services (important to achieve PPS vision), prioritization of services within each Dept is required.
- Recommendations
  1. Draft/Finalize the overall PPS educational vision.
  2. Accelerate ZBB implementation to more Depts next year to prioritize spending on essential services
- Closely monitor revenue updates
- Actively communicate impacts through COSA, 7Up, and others