



# **Portland Public Schools Proposed Budget**

APRIL 4, 2017



# Agenda

- Guiding principles for budget and staffing
- Creating a balanced budget
- Resources
- Balancing the budget
  - Central Office/Non-School budget reductions
  - Staffing budget reductions
  - Reallocation of resources
- Next Steps



# Budget Priorities

- Educational equity
  - Schools continue to receive equity adjustments in staffing allocation
- Learning and achievement
  - Protecting core program
  - K-8 staffing ratios maintained at current levels
  - Supporting focus and priority schools
  - Maintaining funding for special education
- Student health and safety
  - Enhanced funding for environmental projects
  - Maintaining transportation funding



# Proposed Budget Summary

PPS General Fund Budget: \$616.3 million

State School Fund revenue assumption: \$8.1 billion K-12 state budget. Aligns to COSA and other large Oregon school district assumptions. 4% contingency to cushion for uncertainty.

Budgeted spending is a net reduction with a focus on strategic re-prioritization in areas critical to student learning and success.

## Reductions

- School staffing
- Non-school FTE
- Contracts, utilities, and consumables

## Reinvestment/Reallocations

- Curriculum, literacy, and assessment
- Community engagement
- Health and safety
- New schools built using 2012 bonds
- School staffing



# Creating a balanced budget

## Resources

(Revenues + Beginning Fund Balance)

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## Requirements

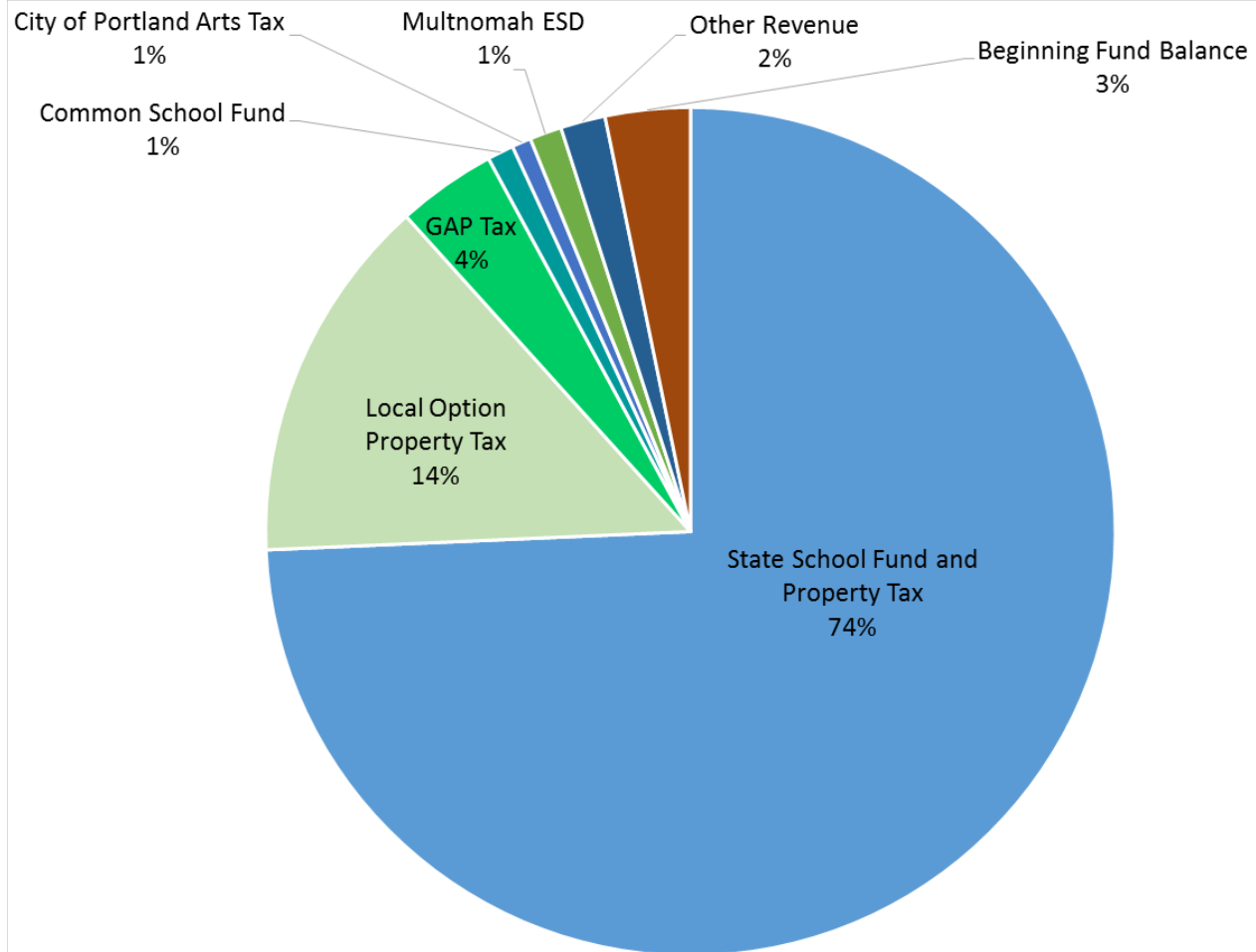
(Spending + Planned Reserves)

|                                 |   |
|---------------------------------|---|
| State School Fund               | <ul style="list-style-type: none"><li>• \$ from State</li><li>• Property Tax (under Measure 5 limits)</li></ul>   |
| Local Option Property Tax       | <ul style="list-style-type: none"><li>• Does not impact State School Fund \$</li></ul>                            |
| Grants, Contributions and Other | <ul style="list-style-type: none"><li>• Federal grants</li><li>• Contributions</li><li>• Other revenues</li></ul> |

|                        |  |
|------------------------|--|
| Instruction            | <ul style="list-style-type: none"><li>• Salaries &amp; Benefits for those working directly with students</li><li>• Materials, Supplies &amp; Equipment</li></ul> |
| Instructional Support  | <ul style="list-style-type: none"><li>• Salaries &amp; Benefits for those supporting instruction</li><li>• Materials, Supplies &amp; Equipment</li></ul>         |
| Administrative & Other | <ul style="list-style-type: none"><li>• Salaries &amp; Benefits</li><li>• Other Supplies &amp; Services</li><li>• Reserves per board policy</li></ul>            |



# General Fund Revenue Sources





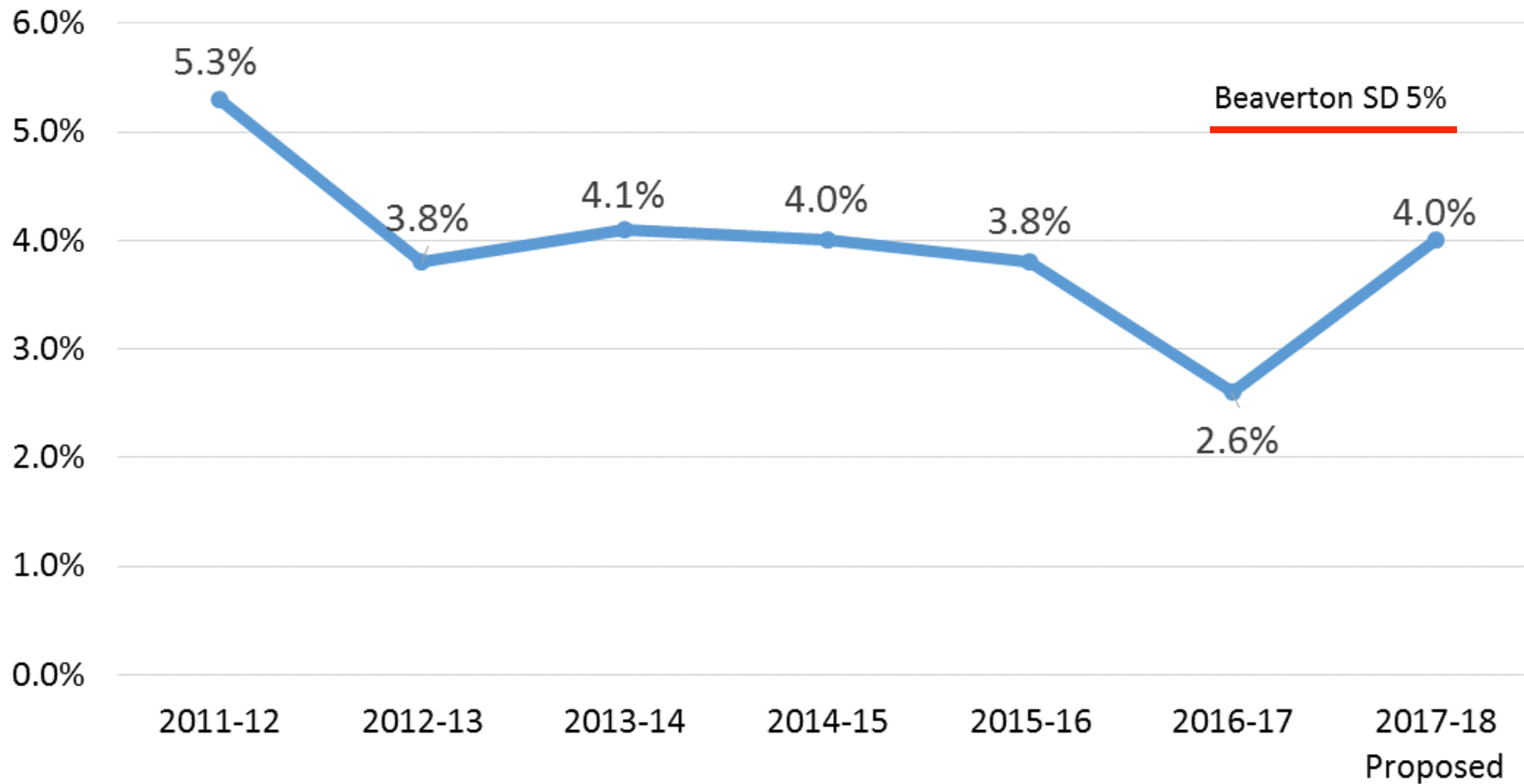
## State School Fund

- State funding pressures - \$1.7 billion shortfall for biennium (in the February forecast). Next forecast due May 16, 2017.
- Aligning our Budget with COSA at \$8.1 billion (higher than co-chair budget of \$7.7 billion)
- Uncertainty remains
- Allocating 4% to reserves to cushion for uncertainty

Sufficient reserves are critical given funding uncertainty



# Budgeted General Fund Reserves







# Balanced proposed budget 2017-18

| General Fund<br><i>USD in Millions</i> | Forecast<br>2016-17 | Budget<br>2017-18 | Change |
|--|---------------------|-------------------|--------|
| <b>Beginning Balance</b>               | <b>\$ 37.8</b>      | <b>\$ 19.9</b>    |        |
| Total Revenue                          | 565.5               | 596.4             |        |
| <b>Total Resources</b>                 | <b>603.3</b>        | <b>616.3</b>      | 2%     |
| Total Expenses                         | 583.4               | 591.4             |        |
| Contingency                            | -                   | 24.9              |        |
| <b>Total Requirements</b>              | <b>583.4</b>        | <b>616.3</b>      | 6%     |
| <b>Ending Balance</b>                  | <b>\$ 19.9</b>      | <b>\$ -</b>       |        |

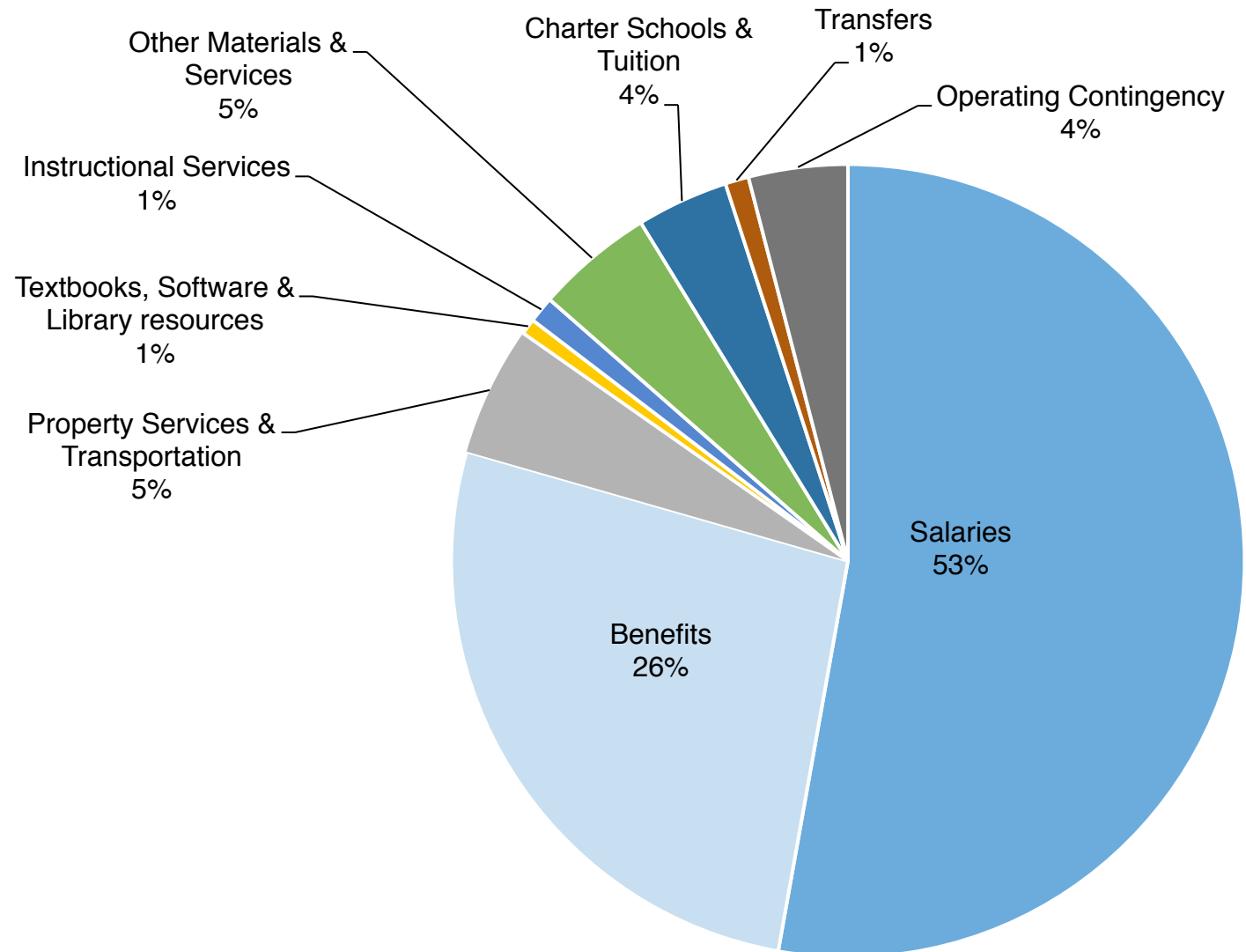


# Budget Priorities and Additional Investment

- Educational equity
  - Community engagement \$0.3 million
- Learning and achievement: \$3.5 million
  - \$0.9 million for curriculum development
  - \$0.9 million for literacy coaches
  - \$0.4 million for literacy assessments
  - \$0.5 million for K-8 staffing support
  - \$0.8 million for direct staffing allocation to schools
- Student health and safety: \$5.7 million
  - \$4.3 million for custodians and maintenance
  - \$1.0 million for new school custodians and maintenance
  - \$0.4 million for emergencies

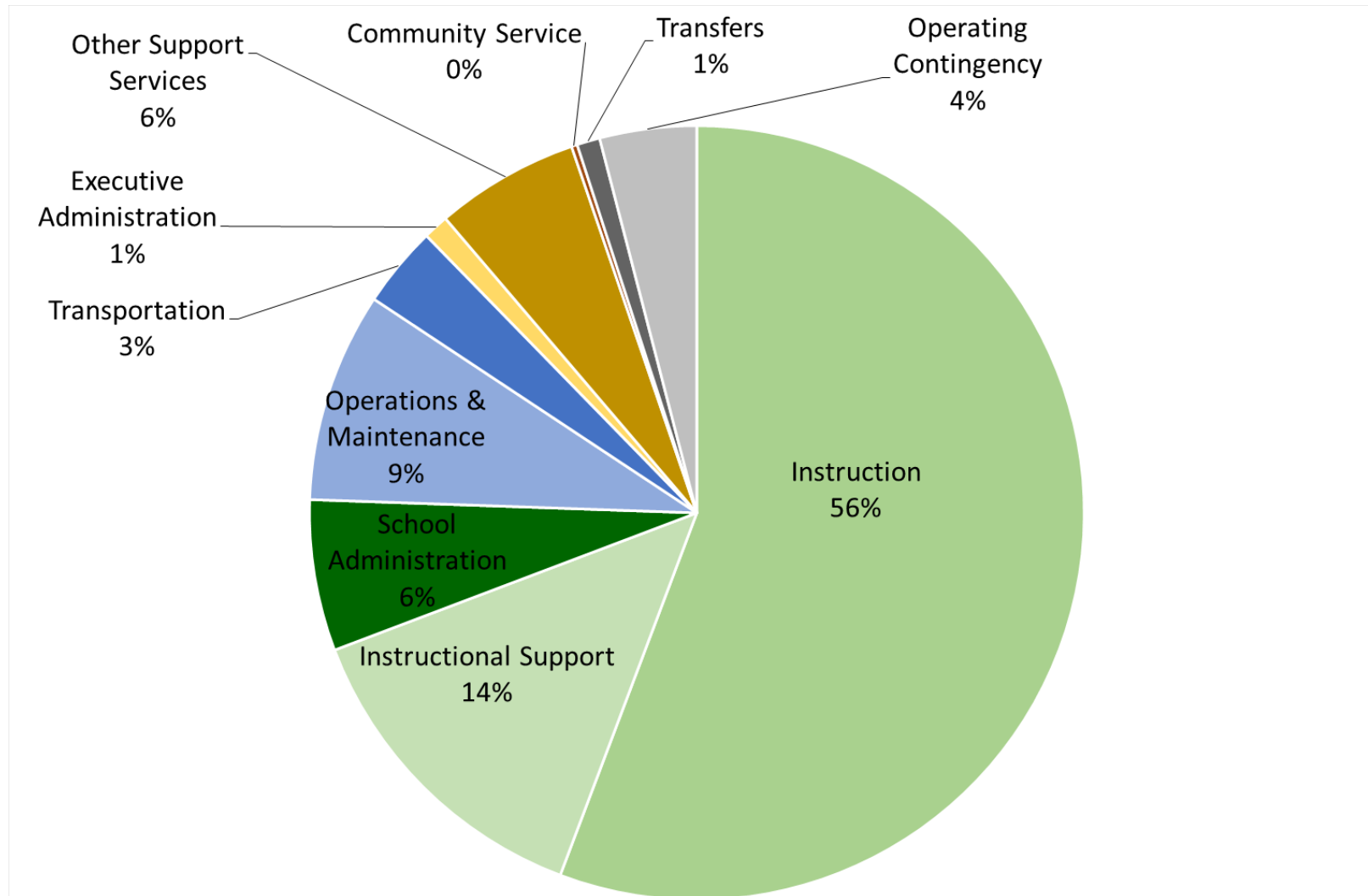


# Proposed Expenditures by Account





# Proposed Expenditures by Function





# Budget Considerations

- All PPS union contracts are up for bargaining in the current year
  - Teacher contract expired in 2016
  - Assumptions about salaries and benefits may change based upon resulting contract agreements
- Federal funding uncertainty
- Rising PERS retirement costs
- State policy mandates
- Flat funding for non-personnel costs



## Central Office/Non-School Budget Reductions

- Staffing Reductions – 58.8 FTE, \$5.0 million
  - Teachers on Special Assignment (TOSA) – 7 FTE, \$0.6 million
- Eliminate or reduce 20 Contracts for Services - \$1.7 million
- Savings from open positions and medical insurance benefits cost savings - \$3.5 million
- Other cost reductions in materials and services - \$5.6 million

Total Central Office/Non-School Reductions \$15.8 million; 58.8 FTE



# Central Office/Non-School Spending Reductions

| <i>USD in Millions</i>                           |                |                       |
|--|----------------|-----------------------|
| Central Office/Non-School Reductions by Activity | Reduction      | % of Total Reductions |
| Administrative and operational staff             | \$ 4.2         | 27%                   |
| Vacancies  | 3.0            | 19%                   |
| Instruction and student support staff            | 2.2            | 14%                   |
| Transportation and utilities                     | 2.1            | 14%                   |
| Contracts  | 1.7            | 11%                   |
| DBRAC  | 1.0            | 6%                    |
| Professional development                         | 0.9            | 6%                    |
| Supplies and consumables                         | 0.6            | 4%                    |
| Overtime and temporary staffing                  | 0.1            | 1%                    |
| <b>Total Reductions</b>                          | <b>\$ 15.8</b> | <b>100%</b>           |



## School staffing update

- Initial school reductions totaled \$14 million
  - \$1.3 million of non-school reductions are allocated back to schools
- Principals completed staffing allocation input into staffing management tool on April 3rd
- Human Resources, Service Planning and Budget Teams are reviewing staffing inputs to verify adequate core program staffing





# Proposed Staffing 2017-18

- Staffing ratios use student enrollment to calculate proposed number of staff in schools

|               | <b>2016-17<br/>Budgeted<br/>Student<br/>Enrollment</b> | <b>2017-18<br/>Proposed<br/>Student<br/>Enrollment</b> | <b>Student<br/>Enrollment<br/>Increase<br/>(Decrease)</b> |
|---------------|--|--|---|
| K-5           | 13,960   | 13,971   | 11  |
| K-8           | 13,623   | 13,481   | (142)   |
| Middle school | 6,559  | 6,545  | (14)  |
| High school   | 11,858   | 12,015   | 157   |

- Certain individual schools experienced a reduction in staffing as a result of projected loss of students



# Staffing Ratios

| <b>Grade Level</b> | <b>Number of Schools +</b> | <b>2016-17 Budgeted Ratio</b> | <b>2017-18 Proposed Ratio</b> | <b>Reduction in FTE *</b> |
|--------------------|----------------------------|-------------------------------|-------------------------------|---------------------------|
| K-5                | 31                         | 25.80:1                       | 27.00:1                       | 22.16                     |
| K-8                | 27                         | 24.00:1                       | 24.00:1                       | N/A                       |
| Middle School      | 11                         | 24.75:1                       | 26.00:1                       | 13.72                     |
| High School        | 10                         | 21.63:1                       | 23.40:1                       | 47.02                     |
| <b>Total</b>       | <b>76</b>                  |                               |                               | <b>82.90</b>              |

\*Ratio related reduction in FTE includes associated equity allocation

+Includes alternative schools



# Net Impact to Schools

| <b>School Staffing Changes</b>                       | <b>Impact (\$ in Millions)</b> | <b>FTE</b>     |
|--|--------------------------------|----------------|
| <b>Changes to FTE Allocations</b>                    |                                |                |
| FTE Reductions (net of initial set-asi               | \$ (14.0)                      | (137.7)        |
| K-8 School Support                                   | 0.5                            | 5.0            |
| Direct Allocation to Schools                         | 0.8                            | 8.0            |
| <b>Net Changes to FTE Allocations</b>                | <b>\$ (12.7)</b>               | <b>(124.7)</b> |
| <b>Lost Revenue (backfilling with General Funds)</b> |                                |                |
| P.E. Grant   | \$ 0.3                         | 2.6            |
| Title I  | 0.8                            | 7.5            |
| DART   | 2.2                            | 22.0           |
| Other (e.g., Mentoring)                              | 0.2                            | 2.0            |
| <b>Total Lost Revenue</b>                            | <b>\$ 3.4</b>                  | <b>34.1</b>    |



## High School Median Class Sizes – Core Classes

| Portland Public Schools        |      |
|--------------------------------|------|
| Roosevelt High School          | 19:1 |
| Jefferson High School          | 20:1 |
| Cleveland High School          | 22:1 |
| Franklin High School           | 23:1 |
| Grant High School              | 23:1 |
| Madison High School            | 23:1 |
| Wilson High School             | 24:1 |
| Lincoln High School            | 24:1 |
| Benson Polytechnic High School | 26:1 |

| Other Local Public Schools     |      |
|--------------------------------|------|
| Reynolds High School           | 24:1 |
| David Douglas High School      | 26:1 |
| Milwaukie High School          | 26:1 |
| Putnam High School             | 27:1 |
| Gladstone High School          | 28:1 |
| Parkrose High School           | 28:1 |
| Centennial High School         | 29:1 |
| Gresham High School            | 30:1 |
| Clackamas High School          | 30:1 |
| Oregon City Senior High School | 30:1 |
| Sam Barlow High School         | 31:1 |

Source: Oregon Department of Education - 2016 data



## Reinvestment \$9.7 million of Central Office/Non-School Reductions

- Additional support for schools = \$1.3 million
- Facilities, Maintenance & Transportation operational restructuring = \$4.3 million
- New school maintenance and support = \$1.0 million
- Curriculum development = \$0.9 million
- Literacy coaches and assessments = \$1.3 million
- Staffing restructure = \$0.5 million
- Emergency set aside \$0.4 million

Total Central Office/Non-School Reinvestment = \$9.7 million



# Funding Critical Needs

|  | Impact           |               |
|--|------------------|---------------|
| Central Office/Non-School Reductions             | (\$ in Millions) | FTE           |
| Staff  | \$ (5.0)         | (58.8)        |
| Remove Vacancy Allowance                         | (3.0)            | -             |
| Contracts and Other                              | (7.8)            | -             |
| <b>Total Reductions</b>                          | <b>\$ (15.8)</b> | <b>(58.8)</b> |
| <b>Central Office/Non-School Additions</b>       |                  |               |
| Community Engagement                             | \$ 0.3           | -             |
| Curriculum Development                           | 0.9              | -             |
| Literacy Coaches (Curriculum Adoption)           | 0.9              | 10.0          |
| Literacy Assessments                             | 0.4              | 1.0           |
| Compliance Officer                               | 0.1              | 1.0           |
| Legal Associate                                  | 0.1              | 0.8           |
| Building Maintenance and Custodians              | 4.3              | 25.0          |
| Operations and Maintenance - New Schools         | 1.0              | 12.0          |
| Emergency Expenditures                           | 0.4              | -             |
| <b>Total Central Office/Non-School Additions</b> | <b>\$ 8.4</b>    | <b>49.8</b>   |
| <b>Net Impact to Central Office/Non-School</b>   | <b>\$ (7.4)</b>  | <b>(9.1)</b>  |
| <b>School Additions</b>                          |                  |               |
| K-8 Support and Direct Allocation                | \$ 1.3           | 13.0          |
| <b>Total Spending Impact</b>                     | <b>\$ (6.1)</b>  | <b>4.0</b>    |



# Summary Impact

|                           | Amount           |              |                |              |
|---------------------------|------------------|--------------|----------------|--------------|
| Reductions                | (\$ in Millions) | %            | FTE            | %            |
| Central Office/Non-School | \$ (15.8)        | -7.0%        | (58.8)         | -7.6%        |
| School                    | (14.0)           | -3.5%        | (137.7)        | -4.9%        |
| <b>Total Reductions</b>   | <b>\$ (29.8)</b> | <b>-5.0%</b> | <b>(196.5)</b> | <b>-5.5%</b> |

|                           | Amount           |             |             |             |
|---------------------------|------------------|-------------|-------------|-------------|
| Reinvestment              | (\$ in Millions) | %           | FTE         | %           |
| Central Office/Non-School | \$ 8.4           | 4.2%        | 49.8        | 6.5%        |
| School                    | 1.3              | 0.3%        | 13.0        | 0.5%        |
| <b>Total Reinvestment</b> | <b>\$ 9.7</b>    | <b>1.6%</b> | <b>62.8</b> | <b>1.8%</b> |

|                                | Amount           |              |                |              |
|--------------------------------|------------------|--------------|----------------|--------------|
| Net Impact                     | (\$ in Millions) | %            | FTE            | %            |
| Central Office/Non-School      | \$ (7.4)         | -2.8%        | (9.1)          | -1.2%        |
| School                         | (12.7)           | -3.2%        | (124.7)        | -4.5%        |
| <b>Net General Fund Impact</b> | <b>\$ (20.1)</b> | <b>-3.4%</b> | <b>(133.8)</b> | <b>-3.7%</b> |



## Priorities if State Revenues over \$8.1 Billion

- Additional staffing for schools
- Restore 1 point reduction in equity allocation to Elementary, K-8, and Middle Schools
- Accelerate progress on health and safety initiatives (lead paint, radon, others)





## Next Steps

- Community Listening Session April 11<sup>th</sup> 5 pm at Madison HS
- Listening Session April 25<sup>th</sup> 5 pm at BESC
- Listening Session May 9<sup>th</sup> 5 pm at BESC
- Board work session May TBD
- Budget considered for approval by Board May 23<sup>rd</sup>
- Budget hearing scheduled for June 13<sup>th</sup>
- Budget considered for adoption by Board June 13<sup>th</sup>