

Community Budget Review Committee

February 15, 2024 @ 5:30pm



PORTLAND
Public Schools



**Preliminary Budget Development Update
2024-25 Outlook**

**Community Budget Review Committee
February 15, 2024**

Welcome, Housekeeping, and Public Comment

- Upcoming CBRC meetings
 - Thursday, March 14, 2024, 5:30p - 7:30p
 - Tuesday, March 19, 2024 (CBRC/Board Work Session)
 - Thursday, April 11, 2024, 5:30p - 7:30p (working meeting)
 - Tuesday, April 16, 2024, 5:30p - 7:30p (working meeting)
 - Monday, April 22, 2024, 5:30p - 7:30p (working meeting)
 - Tuesday, May 7, 2024 (CBRC Report to Board)
- Upcoming Board Budget Work Session (CBRC optional)
 - Tuesday, February 20, 2024
- Sharing: [Budget Development Update for the Community \(Letter from Superintendent Guerrero\)](#)

Public Comment

CBRC Public Comment

February 15, 2024

Hello, I'm a Markham parent with a comment/question for Thursday's meeting. I'm struggling to understand how Markham's asbestos situation got so bad. Why did neighboring Stephenson school have asbestos abatement covered by the bond even though Markham is an older school? Surely Markham's asbestos was being assessed and monitored as per the Asbestos Hazard Emergency Response Act?

Thank you,
Elizabeth
she/her
Markham Elementary

Objectives

- 1) Provide update on 2024-25 budget development and budget planning context
- 2) Introductory overview of the Local Option Levy



Our Annual Budget Process is an Opportunity to Align our Resources with our Vision for Education Equity

The budget picture will continue to change.



FEBRUARY

School Staffing Release

School staffing allocations impacted by enrollment, streamlining, and quality learning experience



MARCH

Community Feedback

Students, families, and staff can provide feedback on the proposed budget priorities.



APRIL

Superintendent's Proposed Budget

Interim Superintendent Husk will present a detailed budget in April.

Our budgets reflect:

Our Board's Goals

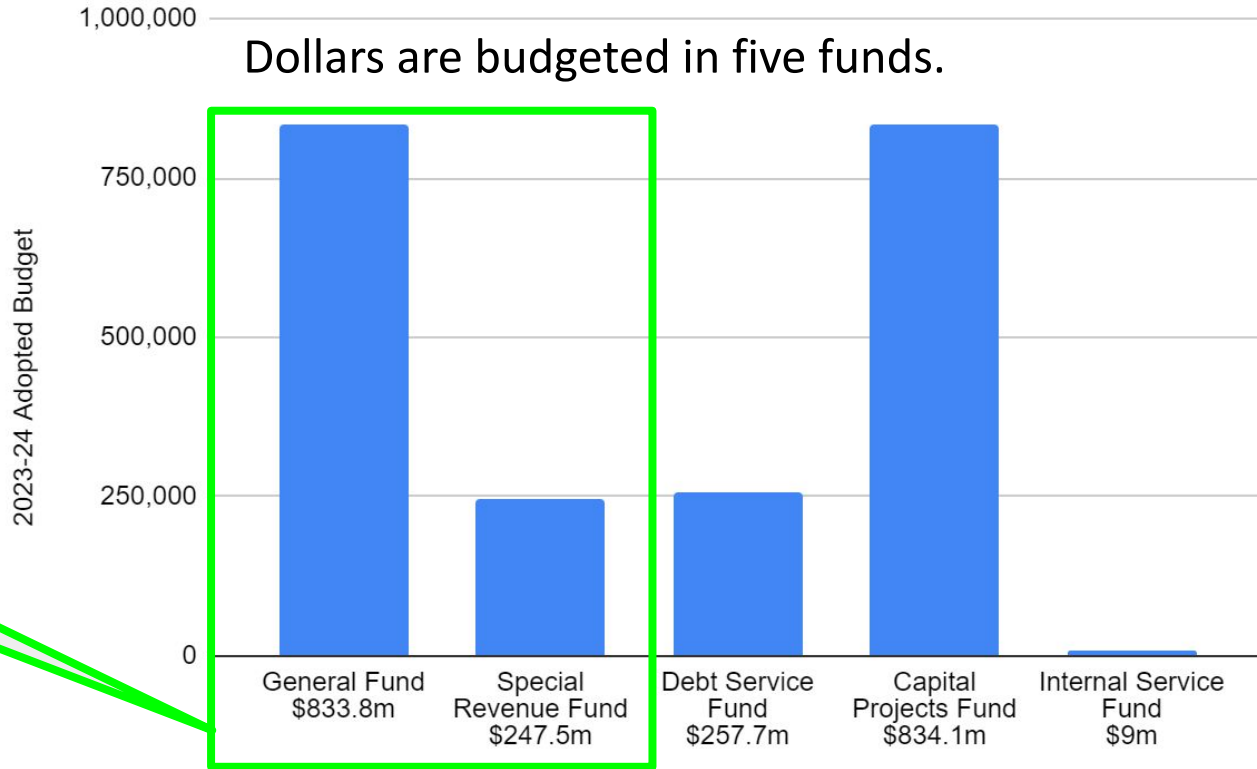
Our Community
Vision

Our Strategic Plan



How much money does PPS have?

PPS budgeted **\$2.18 billion dollars** in the 23-24 school year.



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.

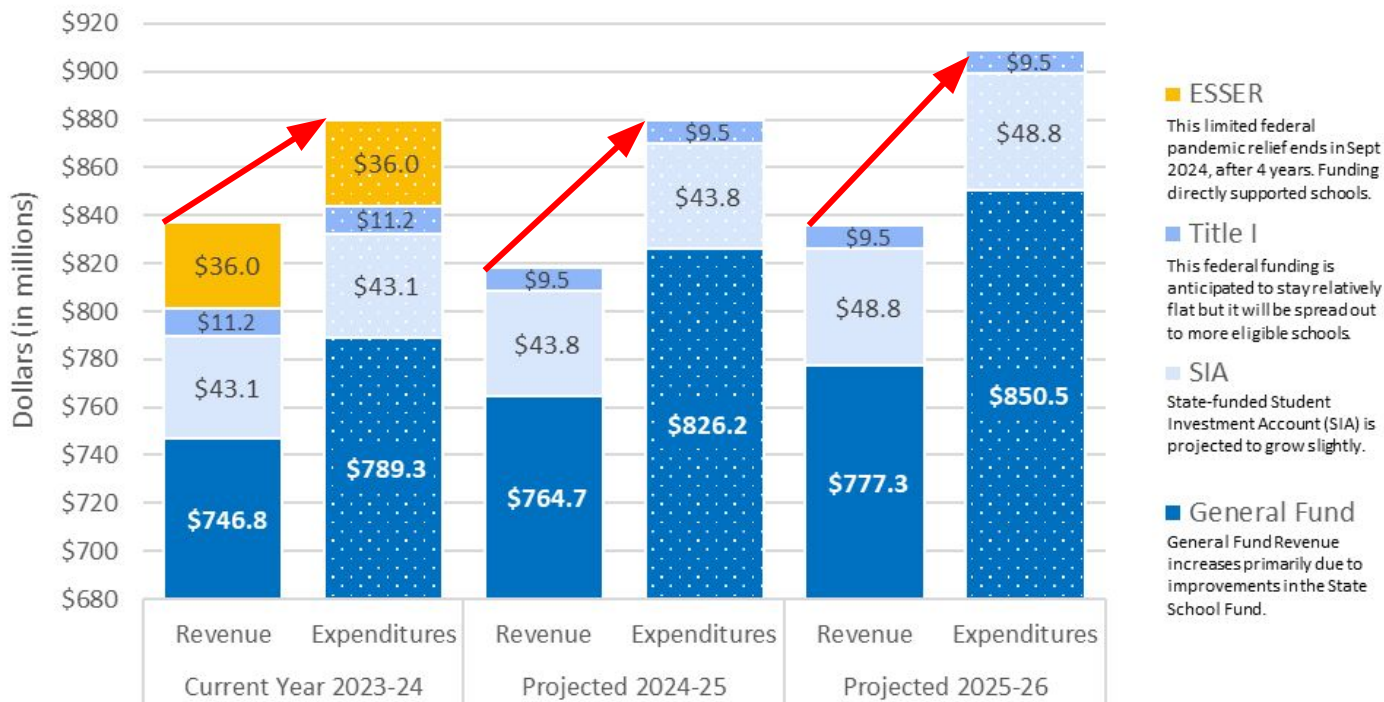
Next year's enrollment is projected to decrease by more than 600 students—the size of two PPS elementary schools.

Since 2020, PPS's student enrollment has fallen 1.5%, faster than Oregon's, and is projected to continue to decline.

Revenues Are Not Keeping Pace With Costs

3-Year Projected Budget Trends

Revenues and expenses include General Fund, Title I, SIA, ESSER



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

Where We've Been. Where We're Headed.

To mitigate any impact on schools, over the last 2 fiscal years, PPS reduced Central Office supports and services by \$40M.

Based on our budget gap, impacts to schools for the next year are unavoidable, even with additional Central Office reductions.

Continued Budget Cuts Taken by Central Office

Because of the ongoing budget cuts taken at the Central Office, further reductions beyond the expected \$15 million would not be possible for this budget year.

2022-2023

The central office made over \$30 million in reductions to spare schools from funding cuts.

2023-2024

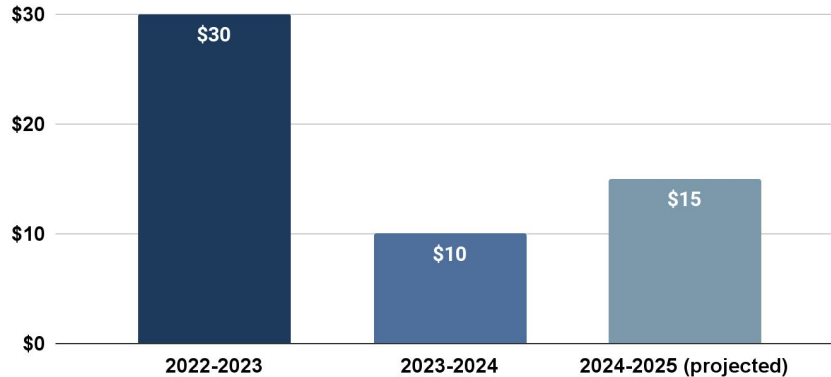
During the middle of the school year, we implemented a hiring freeze for central office positions and reduced non-personnel budgets by \$10 million to address the shortfall.

Projected 2024-2025

Reductions for the centrally-based, centrally-funded services are estimated to be \$15 million.

This will be achieved to the greatest extent possible by decreasing non-direct student-facing staff, central office operations, and contracts with outside organizations.

Central Office Budget Cuts (in millions)



**Total \$55M cut
over three years**

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 will need to make cuts from the General Fund by approximately \$30 million

School-based services
(school- and centrally-funded)
-\$15 million = 2% reduction

Centrally-based services
(centrally-funded staff and services)
-\$15 million = 6% reduction

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

Impacts to School Staffing

Based on our budget gap, impacts to schools for the next year are unavoidable, even with additional Central Office reductions.

- Class sizes return to 2021-2022 school year ratios due to decreased enrollment and budget cuts; impact will vary by school
- Changes to staffing allocations at each school to support teacher planning time with PAT contract and to ensure state mandates are met for middle school PE
- Streamlining and combining learning support services in schools and through the central office
- Redirecting resources for social, emotional and behavioral supports towards efforts that create a more consistent, high-quality, and joyful learning experience for every student
- Decreases in administrative and school operations

Advocating For A Fully-Funded Public Education

PPS calls on the Governor and Legislature to review and change the state school funding formula before the 2025 session. We are urging the state to:

- Fully fund the Quality Education Model.
- Adjust funding to meet Oregon's urban schools' higher needs and costs.
- Remove limit on local option levy collections to increase rates without losing State School Fund funding.

During the legislative short session, PPS is advocating for specific funding initiatives:

- \$41 million from the Governor and the Legislature to cover the costs of recent labor agreements that boost the salaries of teachers and other staff.
- \$50 million in statewide funding for summer programs in 2024.
- \$22 million for Early Intervention/Early Childhood Special Education.
- Funds to expand school-based health centers, including more mental health providers.

Questions?



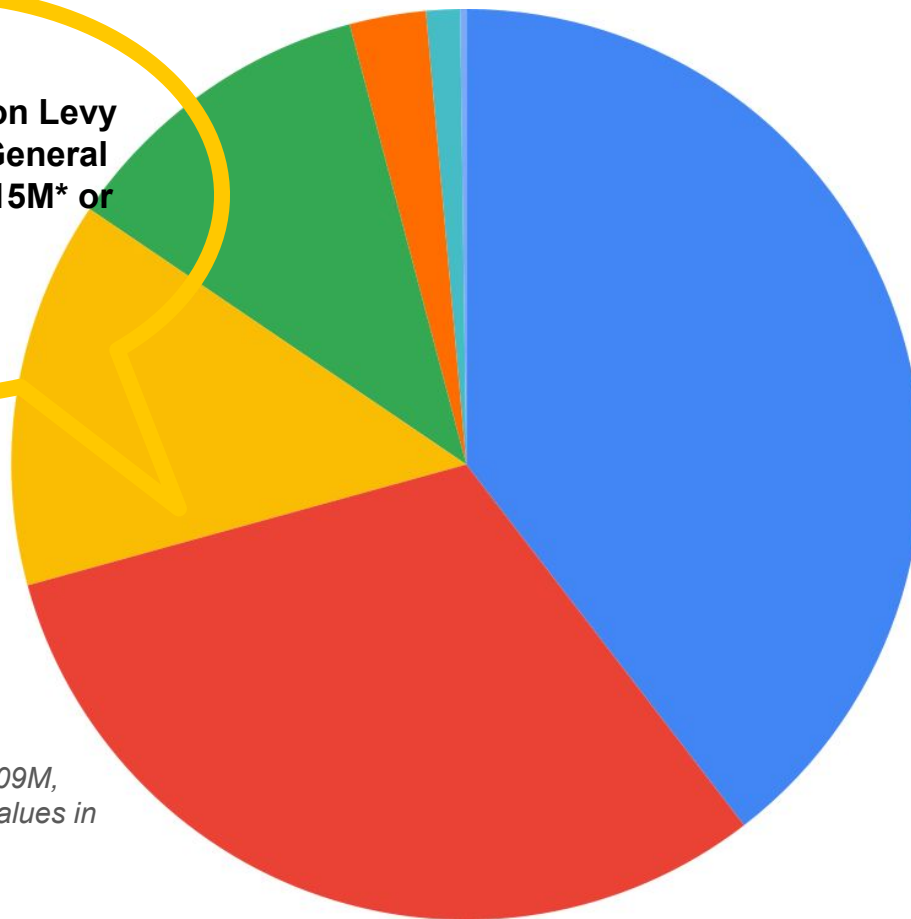
What is the Local Option Levy

How it benefits PPS and the role of
Community Budget Review Committee (CBRC)

2023-24 Adopted Budget: General Fund by Source

The Local Option Levy resides in the General Fund and is ~115M* or 13.75% of GF resources

- Local Property and Other Taxes
- State Sources
- Local Option Taxes
- Beginning Fund Balance
- Other Local Sources
- County and Intermediate Sources
- Other
- Federal Sources



**Current estimates are \$109M, reflecting lower property values in downtown / central city*

- **Portland Public Schools' current local option levy was approved by voters in 2014 to provide funding for schools over five years;**
- **This funding is for teaching positions and classroom supports;**
- **In November 2019, voters renewed it for another five years (up for renewal again in 2024 for five years beginning FY 25-26); anticipate May 2024 ballot.**
- **The state school fund formula excludes the local option levy, therefore, this levy is in addition to the state school fund resources.**

- **The levy maintains an existing tax rate of \$1.99 per \$1,000 of assessed value;**
- **For a home with an *assessed* value of \$250,000, the cost would be approximately \$41.50 per month, or \$498 per year.**
- **Levy funds are placed in a sub-account within the General Fund and is used to pay teachers' salaries and benefits.**

- Towards the end of the school year, total levy funds are calculated & based on the average teacher compensation, the number of teachers paid by the funds are determined;
- For example, if \$109M is collected this year, and the average teacher salary & benefits is \$141,000, then it will be determined that the levy paid for 773 teachers.*

*Revised estimates as of February 2024

- The local option levy requires independent citizen oversight so that tax dollars are used only for purposes approved by local voters.
- The Community Budget Review Committee as appointed by the Board of Education serves as the oversight body.
- Before the CBRC meeting cycle is over, PPS staff will provide the CBRC members with a report and applicable data to verify and subsequently report to the Board of Education the projected number of teachers to be funded by the local option levy.
- Here is the prior year's report.

In Summary...

- **The Community Budget Review Committee is the oversight body of the local option levy;**
- **The local option levy is calculated on assessed property values (not enrollment) and is separate from the calculations for the state school fund grant.**
- **The approximate \$109M in local option levy pays for about a quarter of our classroom teachers and is a critical funding source for PPS.**

