



Board of Education Informational Report

MEMORANDUM

Date: May 23, 2017
To: Members of the Board of Education
From: Yousef Awwad, Deputy Chief Executive Officer
Subject: 2017/18 Approved Budget

On May 23, 2017, the Board (acting as the Budget Committee) is scheduled to vote to approve a budget for PPS for 2017/18. The draft resolution is attached. A published version of the approved budget will also be provided.

This memorandum is to confirm any significant changes from the proposed budget document, which you received on April 4, 2017, that are reflected in the approved budget document. It also summarizes some possible additions to the budget and sources of funds to pay for those changes, based upon the budget committee work sessions on May 17, 2017. None of the possible additions are reflected in the published approved budget document, which had to be finalized for balancing and printing prior to May 17, 2017. Oregon budget law allows for changes to the budget between approved and adopted versions, as follows:

- Changes to the budget can amount to up to 10% additional expense in each fund
- If increases are more than 10%, a new public notice process is required
- The budget can be decreased by any amount

Changes from Proposed Budget

Restoration of 8% Equity Formula for K-5 and Middle Schools

The proposed budget included a reduction of the equity formula for K-5, K-8, and Middle Schools, from 8% to 7%. The approved budget has been modified to restore the 8% equity formula, which allocates an additional 18 FTEs to schools (\$1.8 million). This change is funded via cost savings in employee medical insurance expense.

Revisions to Equity Department

The I Am Academy contract reduction of \$80,000 has been restored in the approved budget. This change is funded with reductions in the Campus Compact contract for AmeriCorps services (\$42,000), a reduction in the Grassroots News contract (\$25,000) and reductions in conference sponsorships (\$13,000).

Risk Reserve

The proposed budget included a \$1.5 million risk reserve contingency balance. This amount has been moved from contingency to Claims expense. This change is budget neutral.

Other Changes to General Fund

During preparation of the approved budget document, staff has been engaged in a number of technical activities that result in changes to numbers in the budgets. These changes include:

- At the request of budget holders, moving amounts between programs and accounts in order to better reflect the proposed activity in the department.
- Updating the budget to reflect more detailed implementation to each department, program and account of the overall assumptions used to develop the budget.

Change to school lunch rates

The Oregon Department of Education governs the rules around meal price rates, via their *Paid Lunch Equity Tool*. This tool determines the price the District is required to charge for lunch to full paid students. Under that calculation, meal prices will be increased by 10 cents.

Additional Changes to Approved Budget

During the budget committee work session on May 17, board members identified additional budget revisions, which are funded with cost savings associated with the employee health insurance trust fund:

- Restore PE, library/media specialists and counselors in schools (37.2 FTE) totaling \$3.6 million
- Maintain 17 Special Education positions – Student placement specialist, Community and Family Counselor, Paraeducators, and Therapeutic intervention coaches while investing in new classrooms and other programs for Special Education totaling \$0.9 million
- Restore contracts with Peace in Schools and Portland Workforce Alliance totaling \$0.2 million
- Restore literacy contracts – Reading Results, Shadow Project, Childrens' Book Bank and SMART totaling \$0.2 million

Additionally, the District is creating a library material allocation of \$250,000 which will be funded through reductions in school consolidated budgets. This allocation will be managed centrally and allocated to schools using an equity based process.

Carryforward of School Consolidated budget balances

Each year, due to timing of spending, some schools finish the year with a remaining balance in the school consolidated budget. These balances are determined after the fiscal year is closed on June 30. In the 2017/18 budget, the remaining balances will be carried forward for those schools, as well as carryforward of any negative balances to be offset against the consolidated budget allocation for schools with negative balances.

Budget Committee Action

The budget committee is asked to consider the approved budget attached, given the changes implemented in the document under recommendation of the Board of Education.

In addition, any changes directed by the budget committee will be reflected in the adopted budget document that will be prepared and presented to the Board on June 13, 2017.

RESOLUTION No.

Budget Committee Approval of the FY 2017/18 Budget and Imposition of Property Taxes

RECITALS

- A. Oregon Local Budget Law, Oregon Revised Statute (ORS) 294.426, requires the Budget Committee of Portland Public Schools (District) to hold one or more meetings to receive the budget message and the budget document; and to provide members of the public with an opportunity to ask questions about and comment upon the budget document.
- B. On April 4, 2017, the Budget Committee received the Superintendent's budget message and Proposed Budget document for fiscal year 2017/18.
- C. On April 11, April 25, and May 9, 2017, the Budget Committee held advertised public hearings to discuss and receive public comment on the Proposed Budget.
- D. Oregon Local Budget Law, ORS 294.431, requires submission of the budget document to the Tax Supervising Conservation Commission (TSCC) by May 15 of each year. ORS 294.431 allows taxing jurisdictions to request an extension of the submission date.
- E. The District requested, and the TSCC authorized, extending the submission date to no later than May 23, 2017.
- F. The Board of Education (Board) appointed a Community Budget Review Committee (CBRC) to review the Proposed Budget and current year expenditures of the existing Local Option Levy. The CBRC acts in an advisory capacity to the Board.
- G. On April 25, 2017, the Budget Committee received testimony and a report on the current year Local Option Levy expenditures and testimony and recommendations from the CBRC.
- H. Oregon Local Budget Law, ORS 294.428 requires that each legal jurisdiction's Budget Committee approve a budget and specify the *ad valorem* property tax amount or rate for all funds.
- I. It is noted that \$0.5038 per \$1,000 of assessed value of the Permanent Rate Tax Levy, (commonly known as the "Gap Tax") and the entirety of the Local Option Tax Rate Levy are excluded from State School Fund calculations.
- J. ORS 457.010(4)(a)(D) provides the opportunity for a school district to be excluded from urban renewal division of tax calculations with a statutory rate limit on July 1, 2003, that is greater than \$4.50 per \$1,000 of assessed value. To the extent that the rate limit was increased under section 11 (5)(d), Article XI of the Oregon Constitution, property tax revenue from said increase is excluded from local revenues. The District will notify the county assessors of the rate to be excluded for the current fiscal year not later than July 15.
- K. Portland Public Schools has a statutory rate limit that is in excess of the \$4.50 limitation that includes an increase under section 11 (5)(d), Article XI of the Oregon Constitution.

RESOLUTION

1. The Budget Committee commends the superintendent for developing a budget that is responsive to the priorities affirmed by the board this year.
2. The Budget Committee approves the budget as summarized in Attachment "A".
4. The Budget Committee approves the budget for the fiscal year 2017/18 in the total amount of \$1,587,755,079.
5. The Budget Committee resolves that the District imposes the taxes provided for in the approved budget:
 - a. At the rate of \$5.2781 per \$1,000 of assessed value for operations;
 - b. At the rate of \$1.9900 per \$1,000 of assessed value for local option tax for operations;
 - c. In the amount of \$124,300,000 for exempt bonds.

And that these taxes are hereby imposed and categorized for tax year 2017/18 upon the assessed value of all taxable property within the district.

Taxes are hereby imposed and categorized as for tax year 2017/18 upon the taxable assessed value of all taxable property in the District, as follows:

	Education Limitation	Excluded from Limitation
Permanent Rate Tax Levy	\$5.2781/\$1,000 of assessed valuation	
Local Option Rate Tax Levy	\$1.9900/\$1,000 of assessed valuation	
Bonded Debt Levy		\$124,300,000

6. The Budget Committee further resolves that \$0.5038 per \$1,000 of taxable assessed value is excluded from division of tax calculations, as the Permanent Rate Tax Levy attributable to the increase provided in section 11 (5)(d), Article XI of the Oregon Constitution (such increase is a result of the expiring Gap Tax Levy).
7. The Budget Committee directs submittal of this approved budget to the TSCC by May 23, 2017 in accordance with ORS 294.431, under the extension as granted by the TSCC.

Ryan Dutcher

ATTACHMENT "A" TO RESOLUTION NO. _____
2017/18 Approved Budget

Schedule of Appropriations and Other Balances

Fund	Appropriations						Contingency	Ending Fund Balance	Fund Total
	Instruction	Support Services	Enterprise & Community Services	Facilities Acquisition & Construction	Debt Service	Transfers Out			
Fund 101	\$ 336,304,344	\$ 249,672,359	\$ 1,880,476	\$ -	\$ -	\$ 5,915,375	\$ 23,514,287	\$ -	\$ 617,286,841
Fund 201	9,000,000	-	-	-	-	-	-	4,095,969	13,095,969
Fund 202	-	-	20,382,388	-	-	-	-	1,707,452	22,089,840
Fund 205	51,296,668	29,320,656	2,879,574	-	-	-	-	-	83,496,898
Fund 225	-	-	-	-	-	-	-	17,070,884	17,070,884
Fund 299	12,394,722	3,324,818	183,602	-	-	749,881	-	-	16,653,023
Fund 307	-	-	-	-	2,708,168	-	-	-	2,708,168
Fund 308	-	-	-	-	46,874,326	-	-	3,980	46,878,306
Fund 320	-	-	-	-	1,859,707	-	-	625,000	2,484,707
Fund 350	-	-	-	-	116,238,631	-	-	2,288,317	118,526,948
Fund 404	-	-	-	22,904,981	-	625,000	-	-	23,529,981
Fund 407	-	1,319,500	-	-	-	-	-	-	1,319,500
Fund 420	-	2,700,000	-	300,000	-	-	-	-	3,000,000
Fund 435	-	-	-	2,694,273	-	-	-	-	2,694,273
Fund 438	-	4,750	-	2,997,937	-	-	-	-	3,002,687
Fund 445	-	-	-	4,248,699	-	-	-	-	4,248,699
Fund 450	-	786,266	-	183,094,895	-	-	412,397,494	-	596,278,655
Fund 470	-	-	-	4,263,800	-	-	-	-	4,263,800
Fund 601	-	3,783,702	-	-	-	-	5,342,198	-	9,125,900
Total	\$ 408,995,734	\$ 290,912,051	\$ 25,326,040	\$ 220,504,585	\$ 167,680,832	\$ 7,290,256	\$ 441,253,979	\$ 25,791,602	\$ 1,587,755,079