

# PPS Budget Update

## Three-Year Financial Forecast



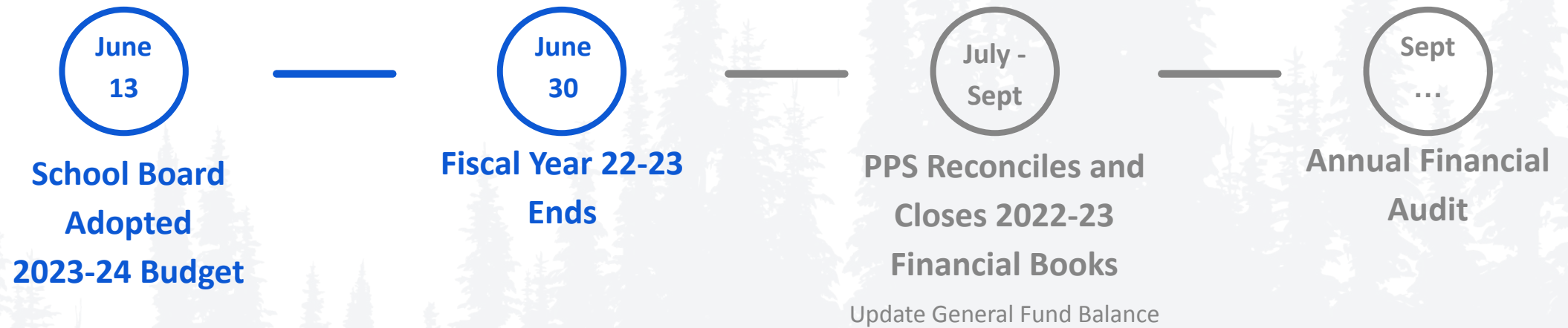
PORTLAND  
**Public Schools**

October 2, 2023

# What Will We Cover Today?

- Changes to the 2023-24 Adopted Budget
- Summary Review of PPS Revenue/Cost of Operations
- 3-Year Financial Forecast: Impacts of PAT-PPS Bargaining
- Current Use of Revenue

# What Has Changed Since the Board Adopted the 2023-24 Budget?



# What Has Changed Since the Board Adopted the 2023-24 Budget?

- **Revenue** projections include additional funding the legislature approved in late June
- **Expense** projections include current district offers in negotiations with our employees
- Updated General Fund **Ending Fund Balance** now that 2022-23 has closed and annual financial audit is underway

## Ending Fund Balance

As of June 30, 2023

- Hiring freeze and mid-year budget reductions in Central Office
- Moved eligible General Fund expenses to Grants ending June 30: Student Investment Account (SIA), ESSER Funds (Pandemic) and IDEA (Special Ed)
- **General Fund Balance increased by \$10 million to \$105 million**



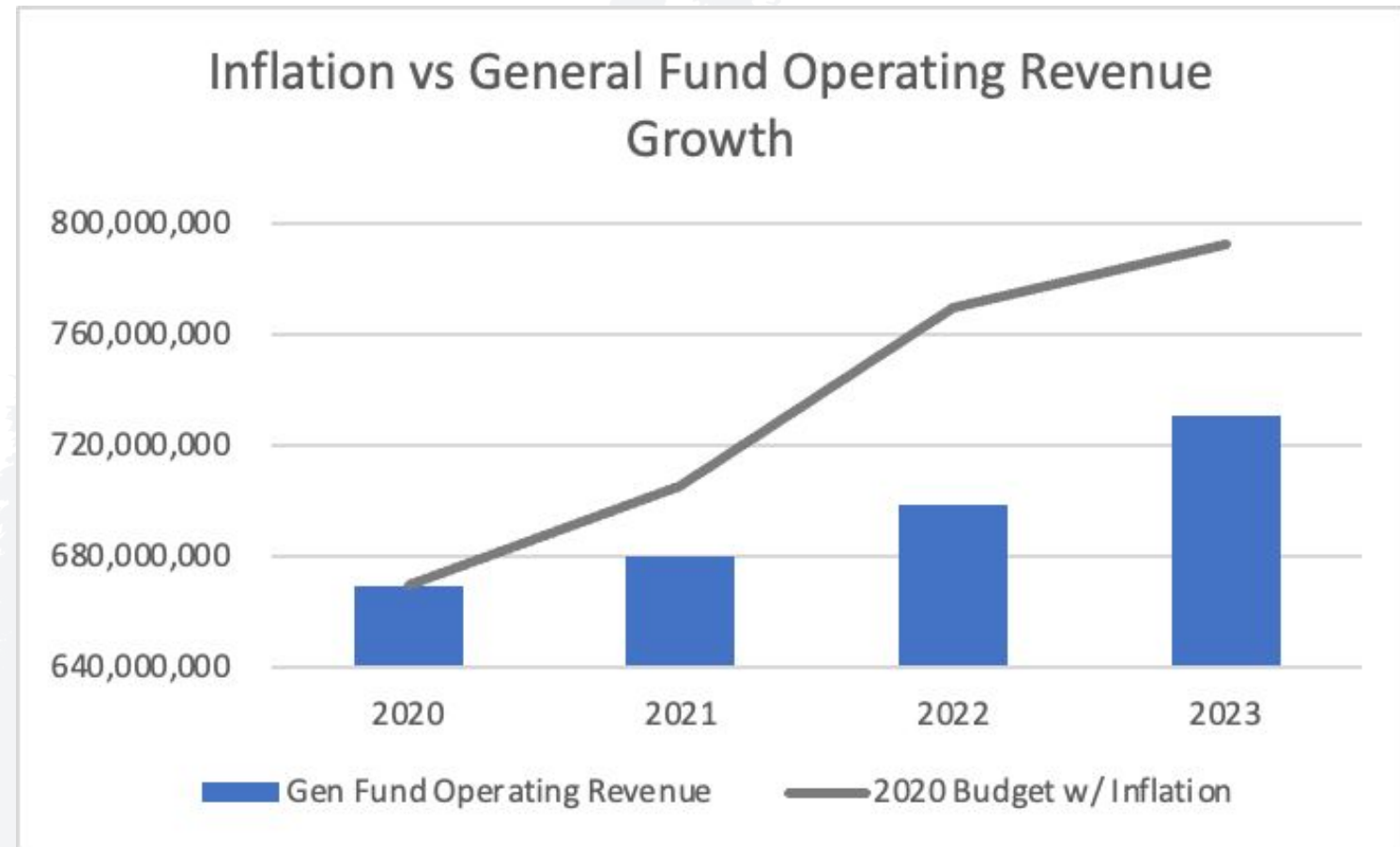
# What Has Changed Since the Board Adopted the 2023-24 Budget?

2023-24 Revenue Adjustments	
Source	Total PPS Allocation
State School Fund (\$253.3m→\$268.4m)	+ \$15.1 m
Early Literacy Grant (New)	+ \$3.2 m
Integrated Grant	
<i>Student Investment Account (\$36.4 m → \$43.1 m)</i>	+ \$6.6 m
<i>High School Success (M98) (\$13.4 m → \$12.3 m)</i>	- \$1.1 m

# PPS revenue is not keeping pace with the costs to operate schools.

## Since 2020...

- PPS revenue for day-to-day operations has increased 9%.
- Inflation increased by 18%.



# PPS revenue is not keeping pace with the costs to operate schools.

## 3-Year General Fund Financial Forecast (Including District current offers in employee negotiations)

	Updated GF 2023-24	Projected GF 2024-25	Projected GF 2025-26
Beginning Fund Balance	105.5M	87.1M	59.9M
+ Revenue	750.9M	760.4M	789.0M
— Expenses	779.3M	802.7M	826.7M
<b>+ Gap Closing Needed</b>	<b>10.0M</b>	<b>15.0M</b>	<b>20.0M</b>
= Ending Fund Balance	87.1M	59.9M	42.2M

**\$42.4M**

**5% Reserve Target**

# 3-Year Financial Forecast: Impacts of PAT-PPS Bargaining

District - PAT Final Offer Comparison	District Final Offer 3-Year Budget Increase Amount	PAT Final Offer 3-Year Budget Increase Amount	<i>Difference</i>
Salary, Overage & Stipends	\$118M	\$236.6M	<i>\$118.6M</i>
Health Insurance	\$25M	\$6.4M*	<i>-\$18.6M</i>
Planning Time	\$0M	\$106M	<i>\$106M</i>
Paid Leave Oregon <b>Contribution</b>	\$0M	\$5.3M	<i>\$5.3M</i>
Annuity	\$0M	\$13.3M	<i>\$13.3M</i>
Days	\$0.6M	\$4.4M	<i>\$3.8M</i>
<b>Total</b>	<b>\$143.6M</b>	<b>\$372M</b>	<b><i>\$228.4M</i></b>

Note: Figures based on Final Offer submitted by PPS and PAT.

\*PAT Health Insurance expense listed is for part time employees only; Full time employees health insurance included in salary row.



Here is the current amount for the PPS final offer. You can add the PPS increases to this to get a total. Until we have clarity on how full time health insurance is captured in the PAT final offer, it can't be added to the PAT final offer amount.

<b>PPS Final Offer</b>	<b>Current Amount</b>
<b>Salary, Overage &amp; Stipends</b>	361,216,864
<b>Health Insurance</b>	67,221,507
<b>Planning Time</b>	Not costed - not part of PPS Final Offer
<b>Paid Leave Oregon</b>	Not costed - not part of PPS Final Offer
<b>Annuity</b>	Not costed - not part of PPS Final Offer
<b>Days</b>	\$1,161,000
<b>Total</b>	429,599,371

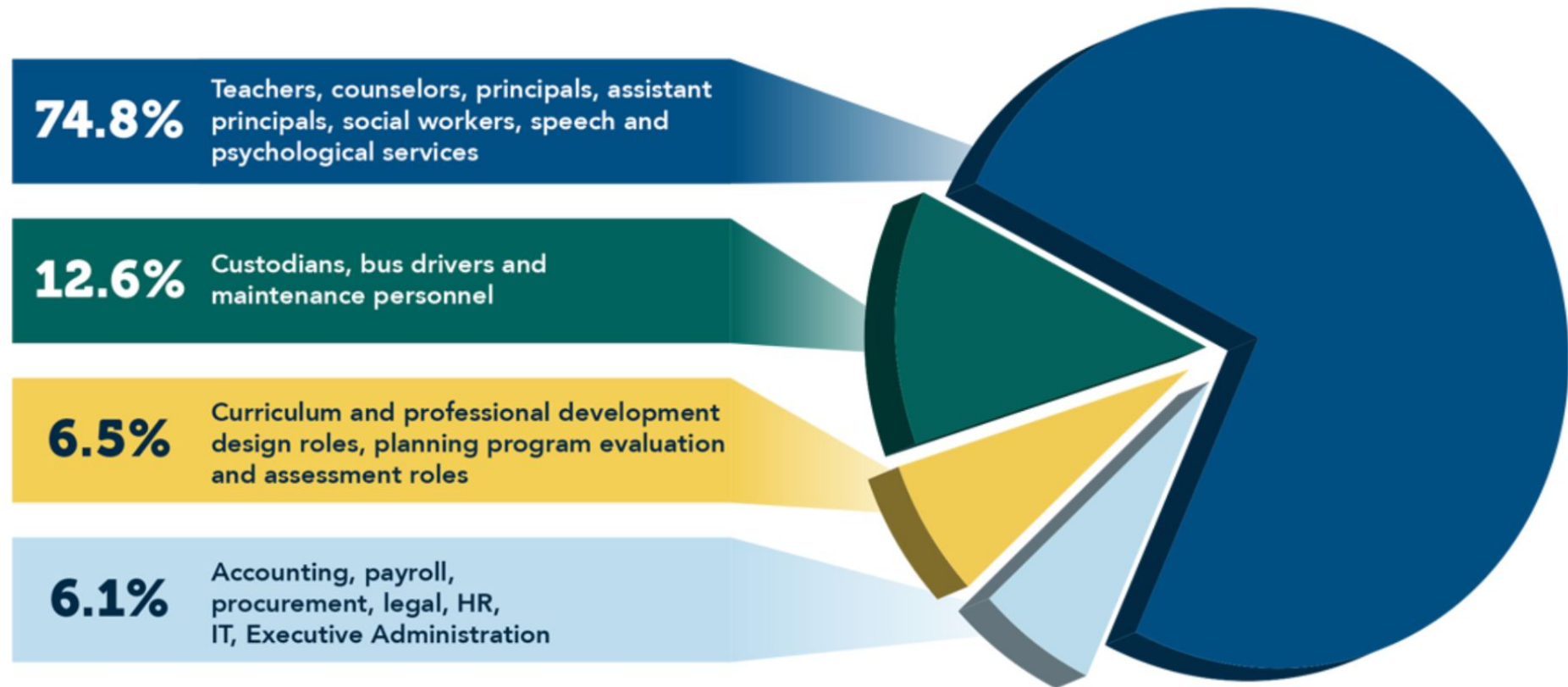
# 3-Year Financial Forecast: Impacts of PAT-PPS Bargaining

What would the gap be with  
PAT Final Offer?

	Updated GF 2023-24	Projected GF 2024-25	Projected GF 2025-26
Gap Closing Needed	\$34.0M	\$119.0M	\$124.0M

# 3-Year Financial Forecast: Impacts of PAT-PPS Bargaining

**75% of our budget for day-to-day operations directly supports student learning.**



# 3-Year Financial Forecast: Impacts of PAT-PPS Bargaining

**If we reduced \$300 million over three years, using a straight percentage across the board, how much would need to be reduced in each area?**

Service Area	Percentage Reduction	Total Reduction
Teachers, Counselors, Principals, Social Workers, Speech, Psychological Services	74.8%	\$224.8M
Custodians, Bus Drivers, Maintenance Personnel	12.6%	\$ 37.8M
Curriculum, Professional Development design roles, planning, program evaluation, assessment	6.5%	\$ 19.5M
Accounting, payroll, procurement, legal, HR, IT Exec Administration	6.1%	\$ 18.3M
Total	100.0%	\$300.0M

# How does PPS use its revenue?

## Schools or Central Office

Staffing Comparison - Includes Grants	Budgeted FTE		% Change
	2018-19	2023-24	
<b>All Funds</b>			
Administrators	255.60	247.50	-3.2%
Licensed	3,367.29	3,489.49	3.6%
Non-Represented	340.50	409.50	20.3%

Non-represented staff work both in schools and centrally. Two areas had the most growth:

- 35 positions were added to schools:
- Student Success Advocates implementing restorative justice practices
- High School Business Managers and Data Analysts
- 11 central positions supporting curriculum adoptions and academic programs.



# How does PPS use its revenue?

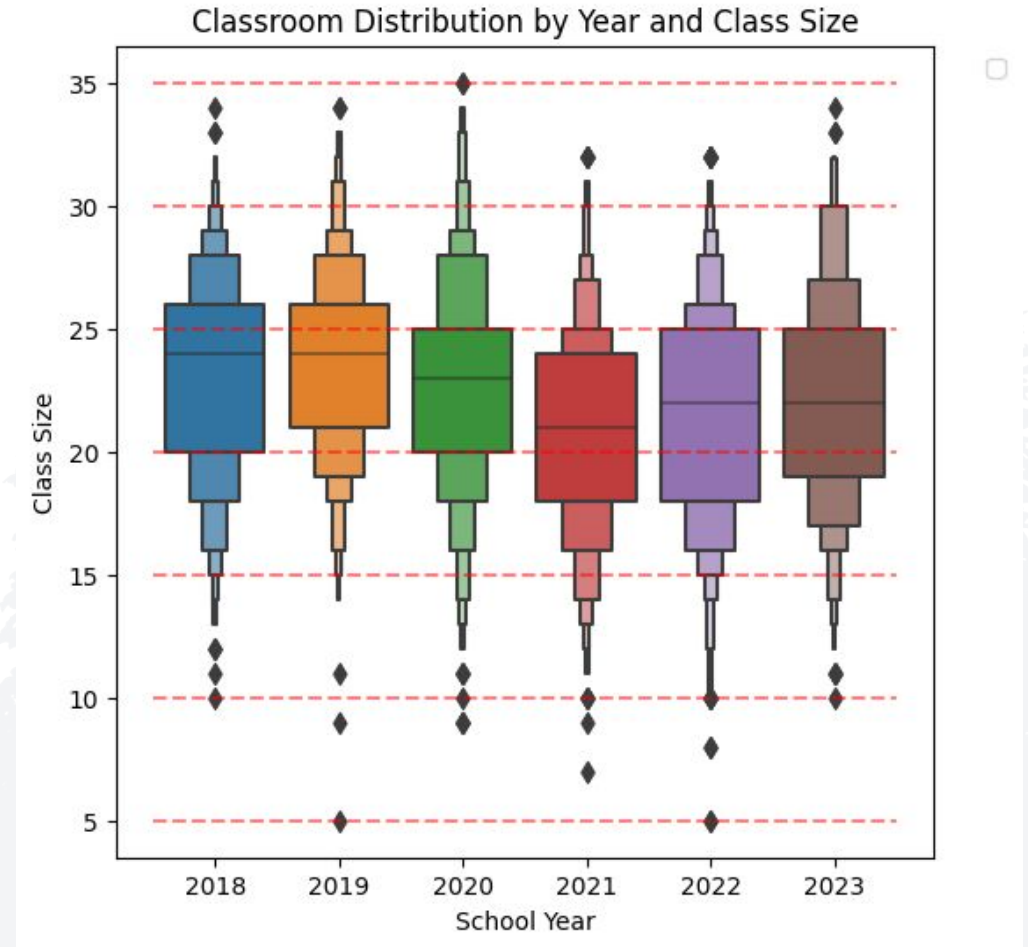
## Class Size

**Class sizes have improved over the last five years.**

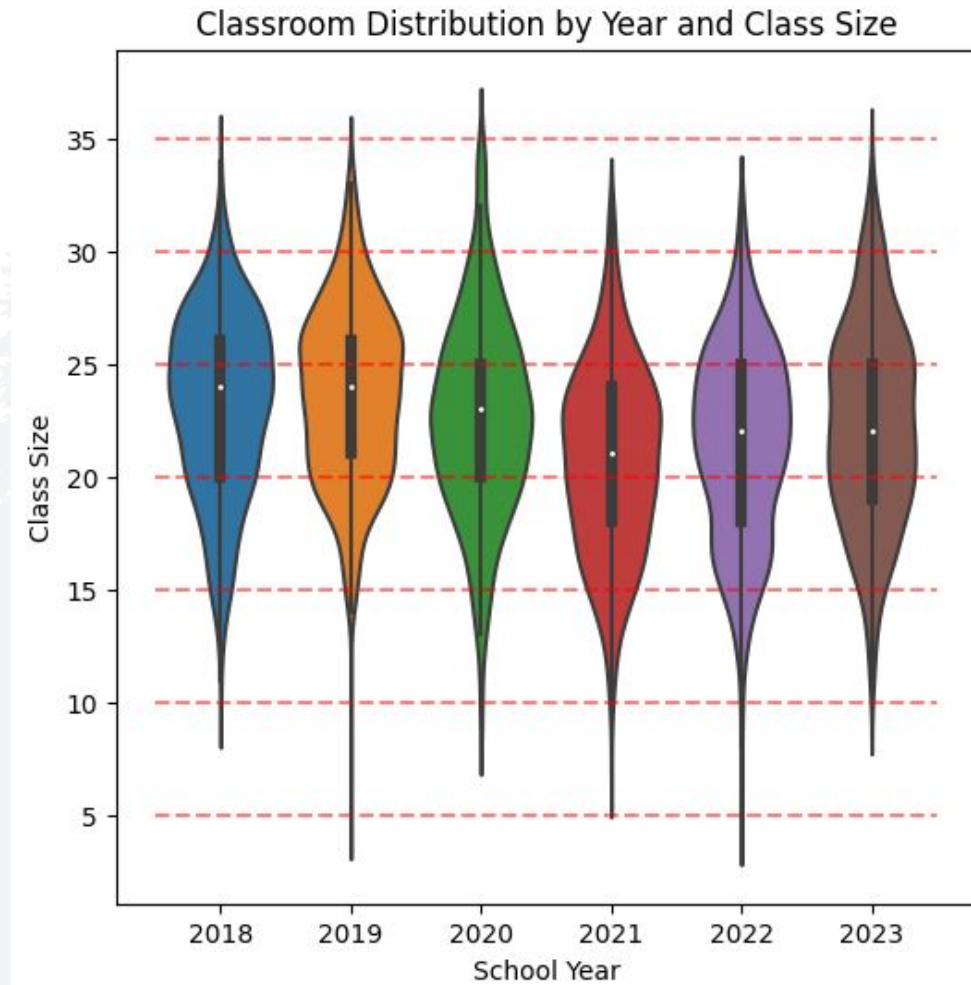
Our investment includes striving for optimal class sizes:

- Seventy-five percent of our 837 K-5 classrooms have less than 25 students.
- Our average elementary class size is 23 students.

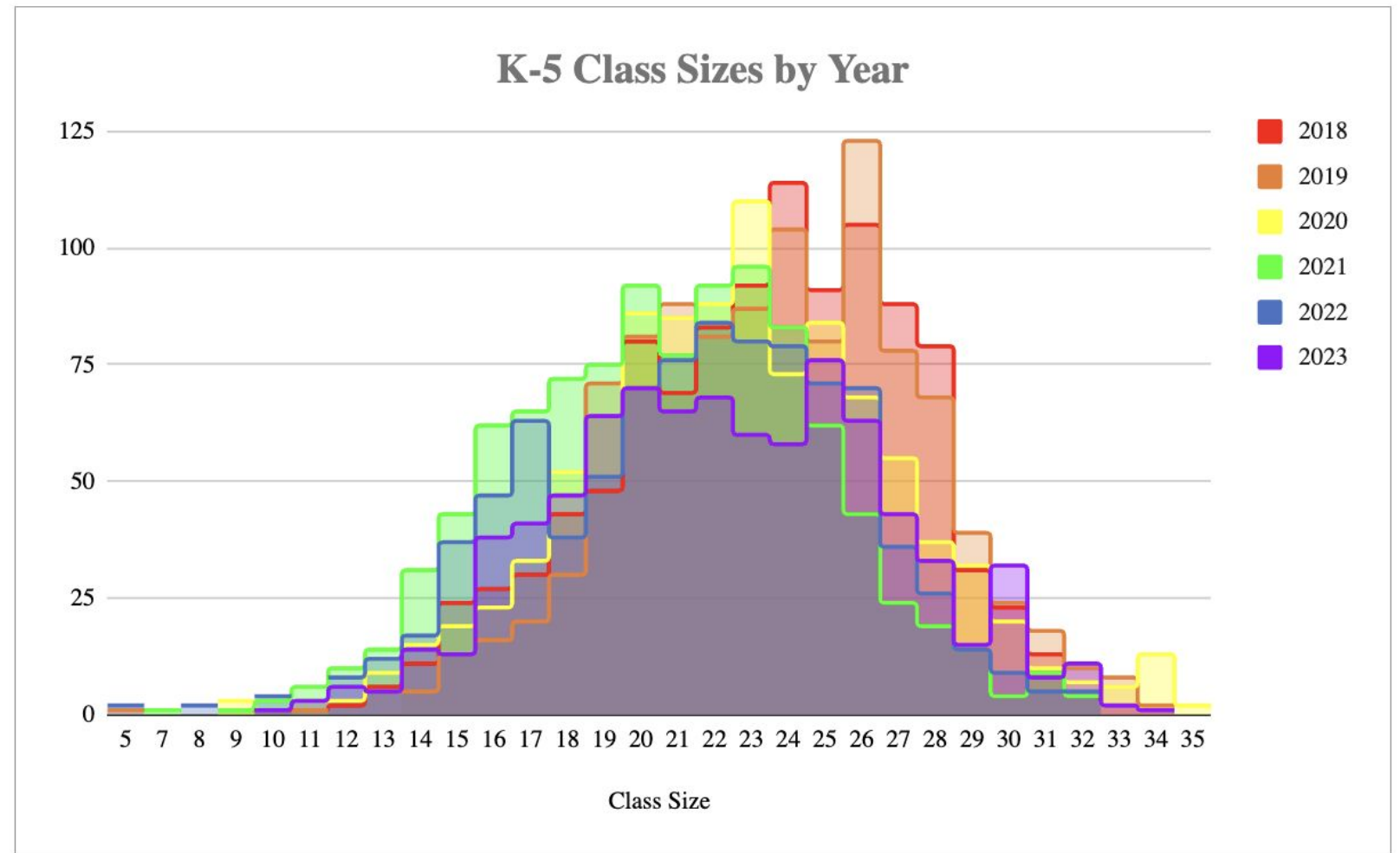
Note: K-5 Homeroom Teacher Class Size - does not include Special Ed Focus Classrooms



K-5 Homeroom Teacher Class Size - does not include Special Ed Focus Classrooms

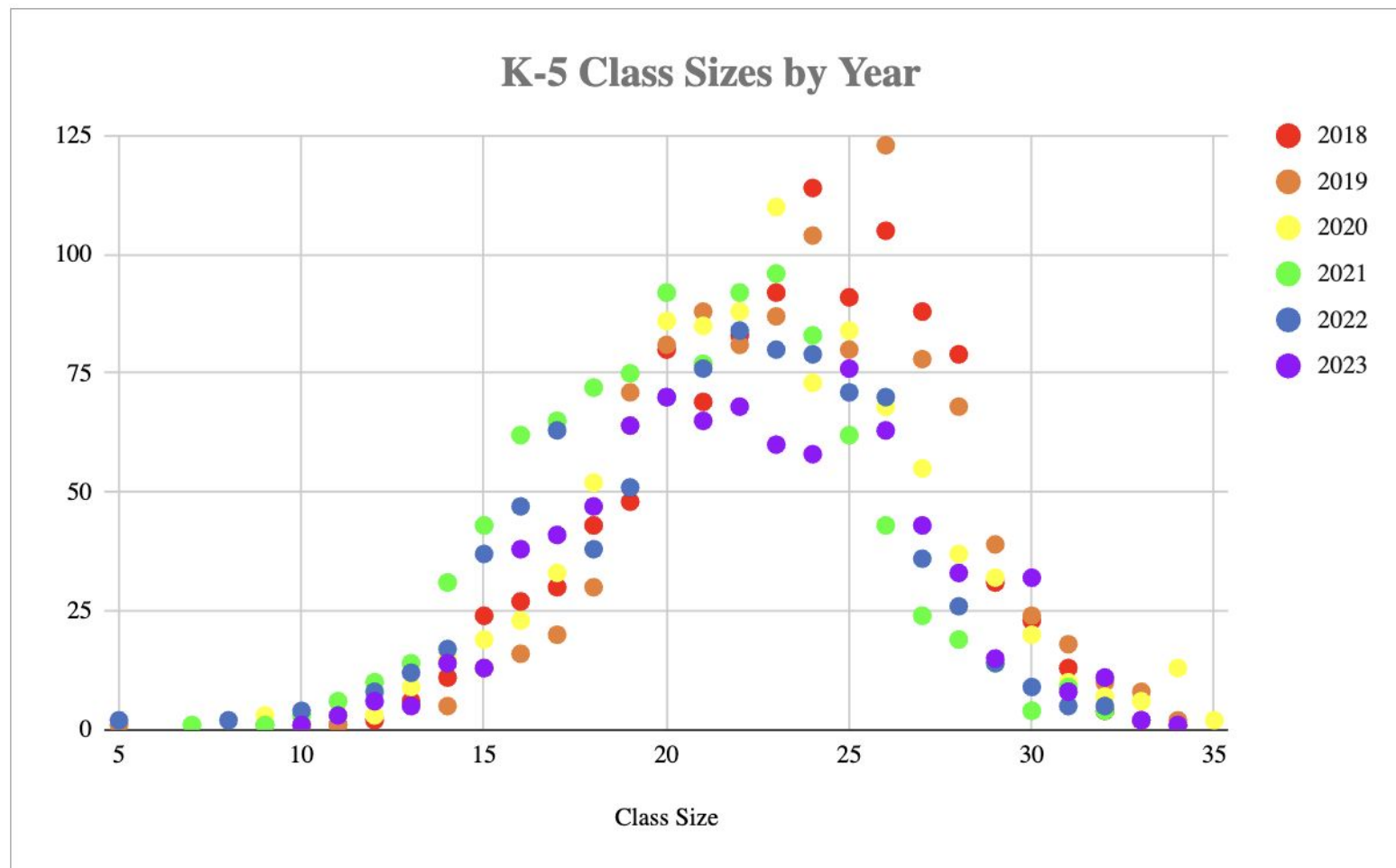


K-5 Homeroom Teacher Class  
- does not include Special Ed  
Focus Classrooms



	2018	2019	2020	2021	2022	2023
25 or below	722	679	751	885	741	629
all classes	1068	1049	1001	1002	906	837
% 25 or below	67.60%	64.73%	75.02%	88.32%	81.79%	75.15%

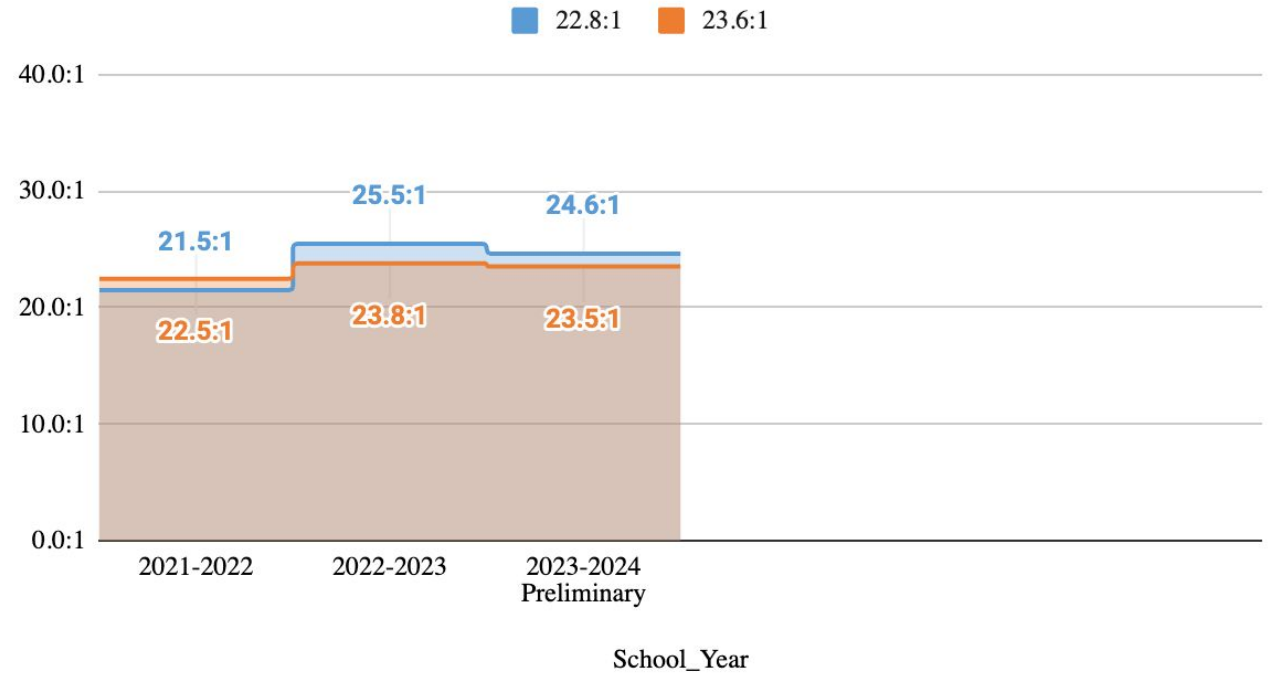
K-5 Homeroom Teacher Class Size - does not include Special Ed Focus Classrooms



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25 or below	722	679	751	885	741	629
all classes	1068	1049	1001	1002	906	837
<b>% 25 or below</b>	<b>67.60%</b>	<b>64.73%</b>	<b>75.02%</b>	<b>88.32%</b>	<b>81.79%</b>	<b>75.15%</b>

Grade-Level	School_Year	Class size (Performance)	Class Size (non-Performance)
MS and K8	2018-2019	24.8:1	23.9:1
MS and K8	2019-2020	24.5:1	24.5:1
MS and K8	2020-2021	22.8:1	23.6:1
MS and K8	2021-2022	21.5:1	22.5:1
MS and K8	2022-2023	25.5:1	23.8:1
MS and K8	2023-2024 Preliminary	24.6:1	23.5:1

Grade 6-8 Average Class size (Performance and non-Performance)

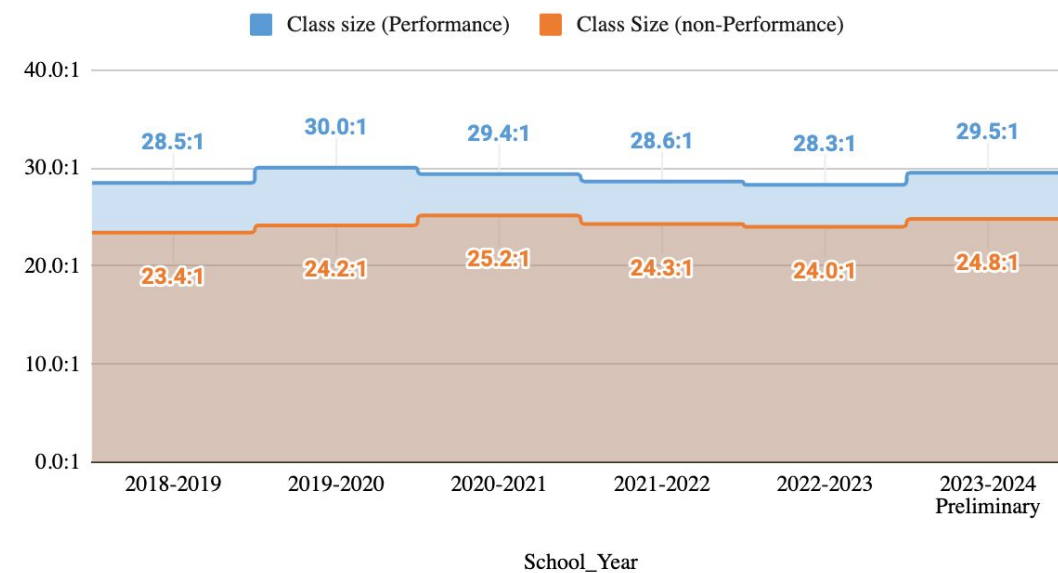


Class Size Data based on data use for PAT Teacher Overage Payments, 2023-24 will be preliminary until the overage date



Grade-Level	School_Year	Class size (Performance)	Class Size (non-Performance)
HS	2018-2019	28.5:1	23.4:1
HS	2019-2020	30.0:1	24.2:1
HS	2020-2021	29.4:1	25.2:1
HS	2021-2022	28.6:1	24.3:1
HS	2022-2023	28.3:1	24.0:1
HS	2023-2024 Preliminary	29.5:1	24.8:1

### High School Average Class size (Performance and non-Performance)



Class Size Data based on data use for PAT Teacher Overage Payments, 2023-24 will be preliminary until the overage date



Still working on gathering data on neighborhood elementary school classroom size vs. focus option or DLI classroom size.

# How does PPS use its revenue?

## Service Contracts

**Purchased services increased 12% from 2022-23 to 2023-24 in two main areas:**

What?	How Much?	Why?
Transportation	+\$10.7M	Competing with Amazon and UPS for Drivers
Utilities	+\$3.7M	Improving facilities - adding Air Conditioning & Utility rate increases
Total	+\$14.4M	

Purchased Services have increased in two main areas. Other areas were reduced to offset some of these costs.



As requested in our meeting, here is the [detailed Purchased Services](#) from General Fund showing all of the changes between 2022-23 and 2023-24

# PPS Proposal: PAT Salary Schedule - Year 1 Schedule

## By Year 3 of Contract:

- 60% of professional educators will make more than \$90,000 for 10-month work year.
- More than 40% will be paid more than \$100,000.

FY24 4% 192 days	BA, BA+15	BA+30	BA+45	BA+60, MA	BA+75, MA+15	BA+90, MA+30	BA+105, MA+45
A	xxx	xxx	xxx	xxx	xxx	xxx	xxx
B	53,790	56,212	58,740	61,385	64,149	67,028	70,047
C	55,619	58,120	60,738	63,472	66,329	69,312	72,430
D	57,511	60,097	62,805	65,626	68,583	71,668	74,888
E	59,464	62,142	64,939	67,862	70,912	74,103	77,438
F	61,484	64,251	67,146	70,165	73,322	76,623	80,073
G	63,577	66,437	69,429	72,550	75,815	79,231	82,794
H	65,740	68,697	71,789	75,020	78,395	81,924	85,608
I	67,975	71,032	74,228	77,567	81,058	84,708	88,519
J	70,284	73,447	76,752	80,206	83,816	87,588	91,525
K	72,673	75,946	79,360	82,935	86,668	90,565	94,643
L	75,139	78,524	82,060	85,762	89,624	93,657	97,888
M	77,703	81,205	84,861	88,688	92,681	96,853	101,226



# PPS Proposal: PAT Salary Schedule - Year 2 Schedule

FY25 year 3%	BA, BA+15	BA+30	BA+45	BA+60, MA	BA+75, MA+15	BA+90, MA+30	BA+105, MA+45
A	xxx	xxx	xxx	xxx	xxx	xxx	xxx
B	55,404	57,898	60,502	63,227	66,074	69,039	72,149
C	57,288	59,864	62,560	65,376	68,319	71,391	74,603
D	59,236	61,900	64,689	67,595	70,640	73,819	77,135
E	61,248	64,006	66,887	69,898	73,040	76,326	79,762
F	63,328	66,179	69,160	72,270	75,522	78,922	82,475
G	65,485	68,430	71,512	74,727	78,089	81,608	85,278
H	67,713	70,758	73,943	77,271	80,747	84,382	88,176
I	70,015	73,163	76,455	79,894	83,489	87,249	91,174
J	72,393	75,650	79,055	82,612	86,330	90,215	94,271
K	74,853	78,224	81,741	85,423	89,268	93,282	97,482
L	77,393	80,880	84,522	88,334	92,313	96,467	100,825
M	80,034	83,641	87,407	91,349	95,461	99,759	104,263

# PPS Proposal: PAT Salary Schedule - Year 3 Schedule

3rd Year 3%	BA, BA+15	BA+30	BA+45	BA+60, MA	BA+75, MA+15	BA+90, MA+30	BA+105, MA+45
A	xxx	xxx	xxx	xxx	xxx	xxx	xxx
B	57,066	59,635	62,318	65,123	68,056	71,110	74,313
C	59,006	61,660	64,437	67,338	70,369	73,533	76,841
D	61,013	63,757	66,629	69,623	72,759	76,033	79,449
E	63,085	65,927	68,893	71,995	75,231	78,616	82,154
F	65,228	68,164	71,235	74,438	77,787	81,289	84,949
G	67,449	70,483	73,658	76,969	80,432	84,057	87,837
H	69,744	72,881	76,161	79,589	83,169	86,913	90,821
I	72,115	75,358	78,748	82,291	85,994	89,867	93,909
J	74,565	77,920	81,426	85,090	88,920	92,922	97,099
K	77,099	80,571	84,193	87,986	91,947	96,081	100,407
L	79,715	83,306	87,058	90,984	95,082	99,361	103,849
M	82,435	86,151	90,029	94,089	98,325	102,751	107,391



# PORTLAND

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## Public Schools

