

Portland Public School District 1J

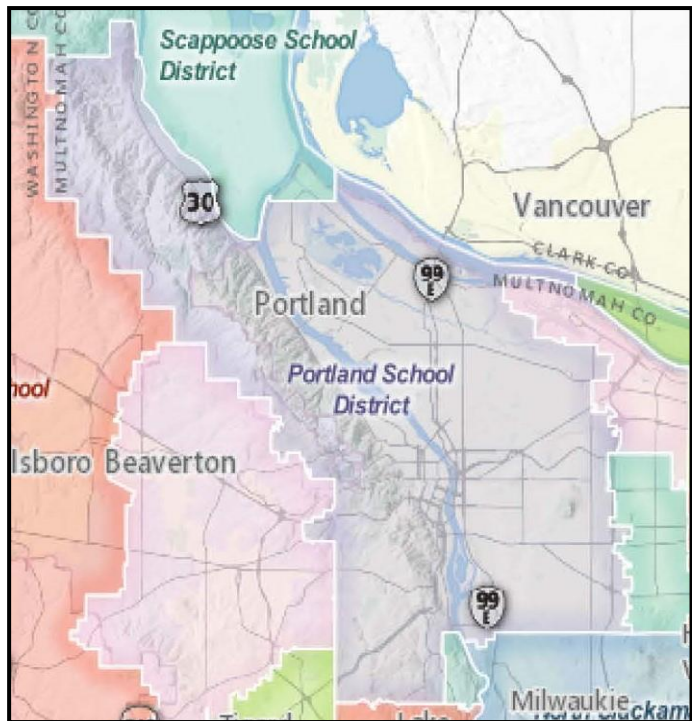
TSCC Budget Review 2020-21

1. Introduction to the District

Portland Public School (PPS) District is the largest school district in the state. It serves a population of 607,555. Most of the district's 152 square miles is within the City of Portland, but the district does extend into portions of unincorporated Multnomah County, as well as Clackamas and Washington counties.

The district has 48,708 students this year and estimates 48,956 for next year, an increase of less than 1%. The Approved Budget includes 5,930 Full Time Equivalent Positions, an increase of 91 positions over the current staff level.

Consistent with Oregon Local Budget Law, the Board of directors serves as the district budget committee. However, the district has a citizen's Community Budget Review Committee. The Committee reviews and comments on the budget and the use of local option levy funds annually. This review incorporates comments from that committee.



2. History

In May 1856, after multiple attempts to move its schools from rented to permanent space, Portland School District #1 voted to build a school in the block currently occupied by Pioneer Square. The Central School, as it became known, cost \$4,000 to build and opened for classes in 1858¹. This school was the first permanent home for the district.

The district has grown since then to include over 100 facilities. Enrollment peaked at about 81,000 students in the early 1960's. The district built over 50 schools in the 30 years following WWII, correlating with the baby boom.

The average district school is about 72 years old. Recognizing the aging facilities, the district undertook a facilities modernization planning process in the early 2000's. This culminated in two voter approved bond measures, one in 2012 and one in 2017. Another is planned for 2020.

¹ <http://portland.daveknows.org/2011/05/17/may-17-1858-portlands-central-school-opens/>

Portland Public SD 1J	2016-17	2017-18	2018-19	2019-20
Assessed Value in Billions	\$53.227	\$56.163	\$58.004	\$60.852
Real Market Value (M-5) in Billions	\$106.935	\$121.648	\$131.735	\$134.586
Property Tax Rate Extended:				
Operations	\$5.2781	\$5.2781	\$5.2781	\$5.2781
Local Option for Operations	\$1.9900	\$1.9900	\$1.9900	\$1.9900
Debt Service	\$1.0623	\$2.4182	\$2.4890	\$2.4053
Total Property Tax Rate	\$8.3304	\$9.6863	\$9.7571	\$9.6734
Measure 5 Loss	\$-20,844,664	\$-20,401,124	\$-18,829,624	\$-20,910,923
Number of Employees (FTE's)	5,866	5,775	5,836	5,930
Average Daily Enrollment – ADMr*	48,295	48,571	48,988	48,608
Weighted Enrollment ADMw*	57,838	57,994	57,644	57,779
*May 2019 estimates from ODE web site				

3. Strategic Plan / Performance Objectives

A. The Board Goals

- Third Grade Reading
- Fifth Grade Mathematics
- Eighth Grade Student Snapshot of Graduate Portrait
- Post-secondary Readiness Ready for College & Career

B. The Strategic Framework & Five System Shifts

- A Connected and Transformative School District
- Racial Equity Aligned Systems, Structures, and Culture
- Cultivating System-Wide Learning and a Diverse Workforce
- Transformative Curriculum and Pedagogy
- A Culture of Physical and Emotional Safety

C. The Student Success Act (SSA) - HB 3427

(These investments are aligned with the Student Success Act guidelines and stakeholder input)

- Increased academic supports and targeted interventions for our most vulnerable and historically underserved students
- Increased social emotional, mental and behavioral health supports across the District
- More optimal student-teacher ratios and class sizes across many grade levels
- Expansion of elective courses at comprehensive middle schools and K-8's
- More equitable access to arts education, especially in historically under-served school communities
- Culturally-specific student and family support and expanded community partnerships
- Curriculum materials and Professional Development for educators

D. Each school and central department established a plan for service delivery:

- Careful consideration was given to the needs of the individual schools, including their demographics, family income and mobility levels
- Teacher-student ratios were reviewed during this process
- The budget process was conducted with a fresh perspective and adherence to established best practices and district goals and priorities
- Used objective and measurable student characteristics as weights (income status, English learners, students with disabilities, low/high academic performance, etc.) to improve equity

The District plans to issue \$441.3 million in General Obligation Bonds, Series 2020B to support the final phase of the capital improvement work outlined in the 2017 bond authorization.

4. The Budget in Total

The FY20 budget is \$2.7 billion, twice the size of the current year budget of \$1.3 billion. The increase is due to the influx of \$1 billion in debt proceeds from bond sales backed by General Obligation debt. A portion of the bonds to be sold are the remainder of previously voter approved bond measures (2017) and a portion is from a planned November 2020 ballot measure.

Portland Public Schools							
Total Requirements By Function (\$ Millions)							
	FY18 Act	FY19 Act	FY20 Bud	FY21 Bud	Change		
					\$	%	
Instruction	\$ 387	\$ 394	\$ 424	\$ 488	\$ 64	15%	
Support Services	281	302	327	430	103	32%	
Enterprise & Comm Svcs	23	23	24	26	1	6%	
Facilities Acq & Const	113	165	303	1,332	1,029	339%	
Debt Service	167	174	178	191	14	8%	
Transfers Out	7	6	4	2	(3)	-60%	
Contingencies	-	-	78	46	(32)	-41%	
Ending Fund Bal	559	427	41	211	170	418%	
Total Requirements	\$ 1,538	\$ 1,491	\$ 1,379	\$ 2,726	1,346	98%	

Removing the debt proceeds and associated expenditures from the budget reveals the “core” or basic operating budget. That budget will increase by \$91 million (9%) to \$1,087 in FY 21.

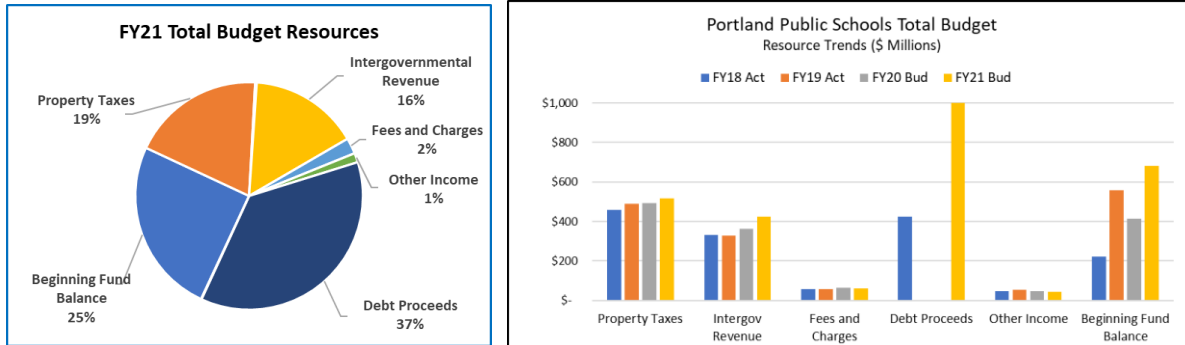
Portland Public Schools							
Total Budget - Core Revenues and Expenses - Annual Gain/(Loss) (\$ Millions)							
	FY18 Act	FY19 Act	FY20 Bud	FY21 Bud	Change		
					\$	%	
Total Revenues	\$ 1,309	\$ 926	\$ 962	\$ 2,042			
Less GO Bond Fund Debt Proceeds	(423)	0	0	(1,000)			
Core Revenues	\$ 886	\$ 926	\$ 962	\$ 1,042			
Total Expenditures	\$ 972	\$ 1,058	\$ 1,256	\$ 2,467			
Less GO Bond Fund Expenditures	(97)	(149)	(261)	(1,380)			
Core Expenditures	\$ 874	\$ 908	\$ 996	\$ 1,087			
Core Revenues	\$ 886	\$ 926	\$ 962	\$ 1,042	\$ 81	8%	
Core Expenditures	874	908	996	1,087	91	9%	
Annual Gain/(Loss) Core Budget	\$ 12	\$ 18	\$ (34)	\$ (44)	\$ (10)	29%	

Total Resources equal Total Requirements. Resources balance to Requirements in all funds.

Portland Public Schools							
Total Resources (\$ Millions)							
	FY18 Act	FY19 Act	FY20 Bud	FY21 Bud	Change		
					\$	%	
Revenues:							
Property Taxes	\$ 459	\$ 490	\$ 492	\$ 515	\$ 23	5%	
Other Taxes	8	6	6	6	-	0%	
Intergov Revenue	330	328	364	424	60	17%	
Fees and Charges	59	59	64	62	(3)	-4%	
Other Income	31	44	35	36	1	1%	
Debt Proceeds	423	-	-	1,000	1,000	100%	
Total Revenues	\$ 1,309	\$ 926	\$ 962	\$ 2,042	\$ 1,081	112%	
Transfers In	7	6	4	2	(3)	-60%	
Beginning Fund Bal	221	559	414	682	268	65%	
Total Resources	\$ 1,538	\$ 1,491	\$ 1,379	\$ 2,726	\$ 1,346	98%	

Resources

The main FY21 budget resource categories are Beginning Fund Balance, Property Taxes, Debt Proceeds and Intergovernmental (overwhelmingly State) Revenues.



Aside from the increase in bond proceeds, revenue increases result from higher Assessed Values for property tax purposes and increased State School Fund and Student Investment Act funding. The following chart highlights revenue increases.

Portland Public Schools						
Major Revenue Increases in FY21 Budget (\$ Millions)						
Fund	Revenue	FY20 Bud	FY21 Bud	Change		
				\$	%	
General Fund	Perm Rate Property Taxes	\$ 266	\$ 278	\$ 12	5%	
General Fund	State Revenue	\$ 259	\$ 272	\$ 13	5%	
Grants Fund	Federal Revenue	\$ 41	\$ 47	\$ 6	14%	
Grants Fund	State Revenue	\$ 24	\$ 32	\$ 8	35%	
Student Investment Account Fund	State Revenue	\$ -	\$ 39	\$ 39	100%	
GO Debt Service Fund	GO Debt Property Taxes	\$ 123	\$ 130	\$ 8	6%	
GO Bonds Construction Fund	Debt Proceeds	\$ -	\$ 1,000	\$ 1,000	100%	

Beginning Fund Balance

The District's Total Beginning Fund Balances have fluctuated from \$221 million to \$682 million over the four years of this budget as bond proceeds have been carried over in some years and used in following years.

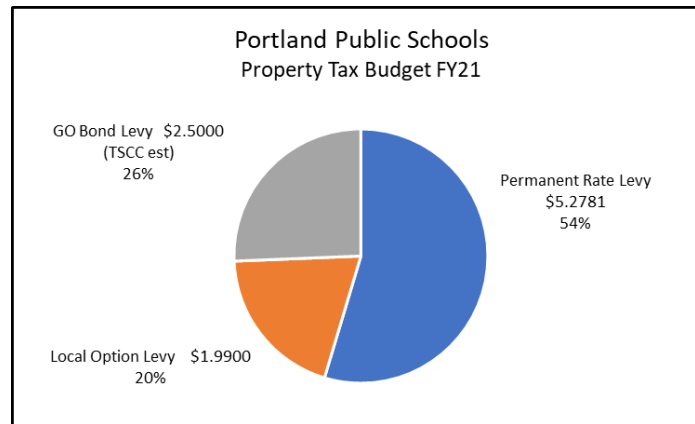
Property Taxes

The District has three property tax levies: permanent rate, local option, and general obligation bonds. The district has the advantage of retaining a "Gap Rate Levy" that is a remnant of the transition to the Measures 5 and 50 tax levy system in the 1990's. This levy is included in the permanent rate levy in this analysis for simplicity purposes.

The District has budgeted a 4.5% AV increase, a 14% loss to compression, and a 4.5% uncollectable rate. All these factors are reasonable.

Portland Public Schools						
Property Tax Budgets (\$ Millions)						
	FY18 Act	FY19 Act	FY20 Bud	FY21 Bud	Change	
					\$	%
Permanent Rate Property Taxes	\$ 249	\$ 257	\$ 266	\$ 278	\$ 12	5%
Local Option Levy Property Taxes	88	94	97	100	3	3%
GO Debt Property Taxes	116	125	123	130	8	6%
Prior Years Property Taxes	5	13	6	6	0	1%
Total Property Taxes	\$ 458	\$ 490	\$ 492	\$ 515	\$ 23	5%
Total Property Taxes County Wide*	\$ 1,820	\$ 1,845	\$ 1,996	\$ 1,916		
PPS as a Percent of Total	25%	27%	25%	27%		

*FY19 and FY21 Totals are estimates as non-TSCC members' tax budgets are not yet in TSCC Database.



Changes between the Proposed and Approved Budgets

The only change to the FY21 budget on approval was the addition of \$1 billion in debt proceeds.

Economic Impact of COVID-19 Pandemic (Information from the Superintendent's budget message)

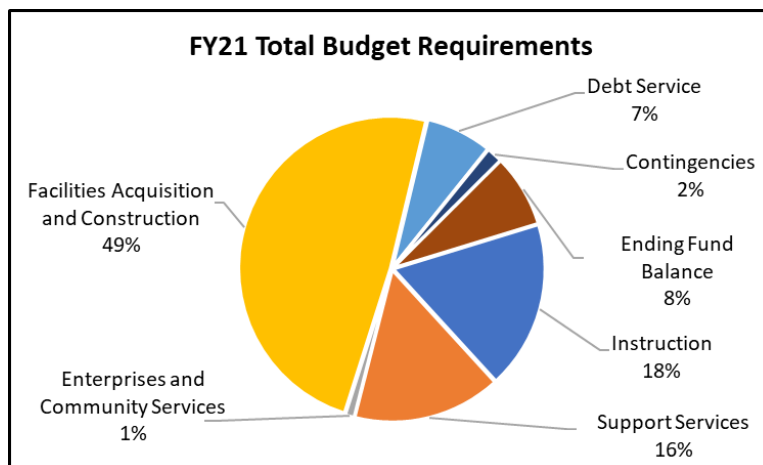
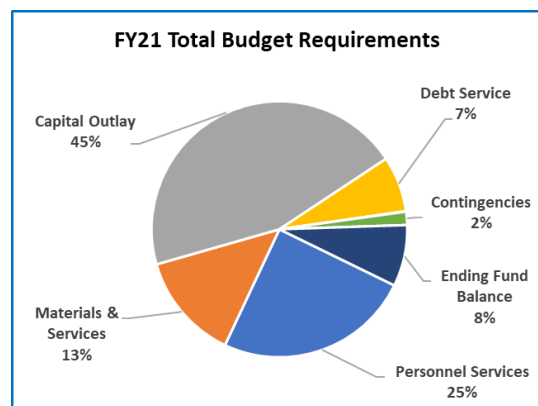
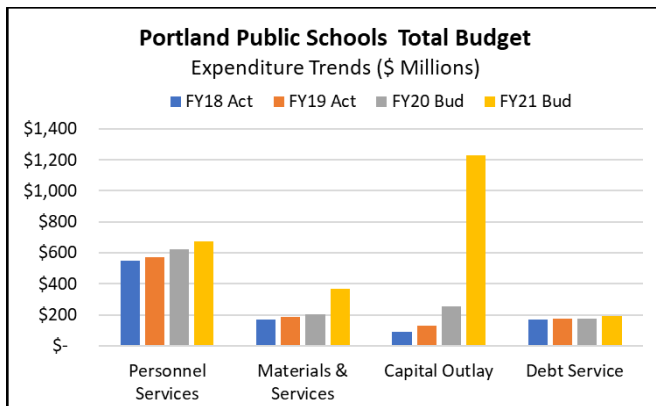
"On May 20, 2020, the Oregon Office of Economic Analysis released its updated revenue forecast for the current biennium. Their report confirms what has been suspected since the outset of the COVID-19 pandemic in Oregon: state revenues are forecast to be \$2.7 billion lower than what was expected for 2019-21, pre-COVID. Economic recovery is projected to take four years; impacts to the state and to PPS will go beyond next school year."

Portland Public Schools			
State Sources - Anticipated Revenue Losses			
	Approved Bud	Loss	
		\$	%
State School Fund	\$272.5 Million	\$40.0 Million	8%
High School Success	\$11.6 Million	\$4.1 Million	35%
Student Investment Account (SIA)	\$39.0 Million	\$13.6 Million	37%

“The current proposed budget (is) based on the funding level set forth in the Governor’s recommended budget. This was developed using the full funding level of \$9.0 billion for the K-12 State School Fund for the 2019-21 biennium and includes full funding for the Student Success Act and High School Success Act (Measure 98). It is important to note the 2020-21 proposed budget does not yet include any financial impacts as a result of the COVID-19 pandemic. “

Requirements

The following charts summarize the district’s overall spending and budgeting for the last four years. The pie graphs show the FY21 budgeted requirements.



The requirements as presented in the FY21 Approved Budget will be modified significantly based on the state revenue reductions precipitated by the pandemic-related economic slowdown. The revenue reductions were not incorporated into the budget, so neither were the budget cuts. Initial indications are that the district will receive \$60 million less than the amounts in this budget, but that number comes with a high degree of uncertainty. The District’s Approved Budget did not address any potential reductions in any way other than highly conceptual concepts, as shown in the following extract.

“Given the financial outlook, we needed to make reductions in order to balance our budget. We leaned into our approach of targeted universalism and resulting investment plan aligned to our Strategic Plan priorities over the next year. Reductions will be made to

those areas of staffing and materials outside of the focus and priorities outlined above. Of note is that while we prioritized investments directly supporting students, we did not offer across the board reductions, instead we used an equitable formula that did not overly burden nor benefit single student groups, schools and departments. Despite the severe degree of budget reductions, we understand that we need to preserve sufficient central office capacity to achieve our goals and systemically support school communities and maintain organizational coherence. Unfortunately, public education is accustomed to operating under constrained resources, and as we face an impending budget crisis, we understand our decisions will have a negative impact on certain programs and staff, we will be guided by an observance of our strategies and Vision and our commitment to racial equity and social justice.

The approach to making budget reductions was part of a collective process and review. Cross functional teams including the Superintendent's Leadership Team, principals and other key senior leaders utilized student, staff and community feedback from our Student Success Act engagement process to design our overarching plan. Principals were consulted in setting priorities for instructional and operational expenditures for 2020-21 and have helped prioritize tiered budget reductions to meet the funding levels still to be determined from the impact of the pandemic event and resulting statewide revenue shortfall. At several key decision points, we utilized the RESJ Lens to ensure our reductions were in alignment with our theory of action and emerging strategic plan."

Current Year Cost-Cutting Measures

The district implemented Furlough days for employees this fiscal year in order to reduce costs and increase cash carryover for use next year. Those personnel services savings are not reflected in this budget.

Capital Project Budget

The Capital project budget is almost totally reliant on bond proceeds. As such, it is, by and large, removed from the impact of the economic slowdown. A portion of the bonds have already been authorized by the voters. An economic downturn will not impact the projects funded by those bonds. The District will be putting another bond measure on the November ballot and the economy could have an impact on the passage of that measure. If it does not pass, then FY21 capital project spending will not be at the budgeted levels. The Proposed Budget outlined the Capital Projects as follows.

Safety and Modernization Capital Investment

- Kellogg and Madison High School Completion - construction complete in late Summer 2021. Both schools will open for students in Fall 2021.
- Benson Polytechnic High School and the Multiple Pathways to Graduation building will finish design in 2020-21 and will begin construction at the end of the fiscal year.
- Lincoln High School will grow vertically throughout the year as construction progresses.
- Health and safety capital improvements funded by the 2017 bond are in all stages of design and construction. During the fiscal year completed projects will include security upgrades, fire alarm improvements, lead paint and asbestos remediation, roof replacements, ADA upgrades, radon system installation, and new ultra-low lead filtered water stations.
- The Board of Directors is engaged in conversations for a November 2020 election to consider a Resilience Bond program focused on immediate needs and completion

of Benson High School. Staff has identified technology, curriculum and special education classrooms as proposed scopes of work within the Educational Improvements category. Roofs, mechanical systems, security, seismic, and Americans with Disabilities Act improvements were identified as priority scope of work within the Physical Facility Improvements category.

5. Analysis of the General Fund

PPS' FY20 General Fund budget is \$730 million, \$38 million (5%) higher than the current year budget. Resources balance to Requirements.

Portland Public Schools General Fund							
Requirements By Function (\$ Millions)							
	FY18 Act	FY19 Act	FY20 Bud	FY21 Bud	Change		
					\$	%	
Instruction	\$ 339	\$ 348	\$ 372	\$ 374	2	1%	
Support Services	249	266	290	312	22	8%	
Enterprise & Comm Svcs	2	1	2	2	(0)	-5%	
Transfers Out	5	5	2	1	(1)	-33%	
Conting/Ending Fund Bal	38	40	27	41	14	53%	
Total Requirements	\$ 634	\$ 661	\$ 692	\$ 730	\$ 38	5%	
Fund FTE			5,102	5,263			

The following chart shows the major variances (changes from the current year budget) by Major Budget Objects.

Major Variance by Object

Fund	Object	Description	Variance	Explanation
General	510000	Salaries	\$ 12,270,525	Targeted investments in Facilities, Special Education, Transportation and IT, coupled with contractual increases due to Step and COLA
General	520000	Associated Payroll Costs	\$ 4,528,290	Increases in PERS and Health Care Costs
General	530000	Purchased Services	\$ 5,883,990	Increases in Utility, Transportation, Legal and other contracted costs
General	540000	Supplies & Materials	\$ 1,295,316	Targeted increases in software investments across the district
General	570000	Transfers	\$ (570,000)	Reduction in transfer to capital fund
General	580000	Operating Contingency	\$ 14,264,000	Increase in EFB to achieve 6% Contingency per Board policy 8.10.025-P

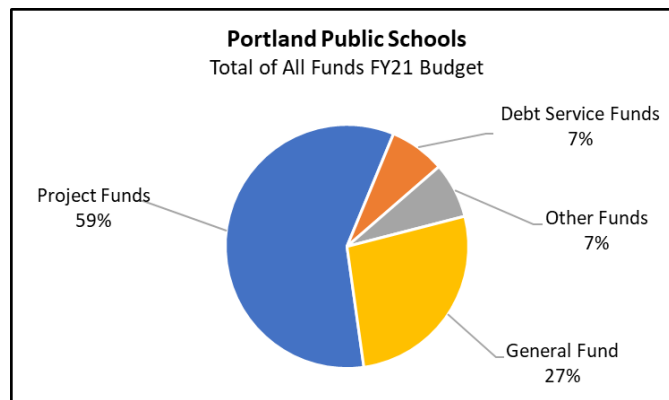
Portland Public Schools General Fund							
Resources (\$ Millions)							
	FY18 Act	FY19 Act	FY20 Bud	FY21 Bud	Change		
					\$	%	
Revenues:							
Property Tax	\$ 342	\$ 365	\$ 369	\$ 385	\$ 15	4%	
State Revenue	245	231	259	272	13	5%	
Local Revenue	13	14	13	14	1	5%	
Fees and Charges	4	5	5	6	1	16%	
Other Income	9	9	9	6	(2)	100%	
Transfers In	1	0	2	-	(2)	-100%	
Total Revenues	\$ 614	\$ 622	\$ 658	\$ 683	\$ 25	4%	
Beginning Fund Bal	20	38	34	47	13	37%	
Total Resources	\$ 634	\$ 661	\$ 692	\$ 730	\$ 38	5%	

As noted above, the FY21 Approved Budget revenues were not adjusted for anticipated reductions in state funding from the current economic slowdown. Initial estimates put the district's General Fund state revenue loss at about \$40 million. That will set the funding back to the FY19 level.

6. Analysis of Other Funds:

The General Fund is the repository for revenues that can be used for any purposes. The remaining funds are used to account for revenues that come to the district with strings attached to their use or are dedicated by the School Board to dedicated purposes. These funds account for 41% of FY21 district expenditures. For the purposes of this analysis they are divided into three groups: projects, debt services, and other uses.

Portland Public Schools FY21 Budget by Fund				
	Beginning Fund Bal	Revenues	Expenditures	Ending Fund Bal
Project Funds				
Full Faith & Credit Fund	2,183,000	0	2,183,000	0
Capital Asset Renewal Fund	15,409,000	601,000	16,010,000	0
GO Bonds Fund	547,563,000	1,004,979,000	1,380,260,000	172,282,000
Construction Excise Fund	10,129,000	6,101,000	16,230,000	0
Energy Efficient Schools Fund	1,510,000	1,078,000	2,588,000	0
Facilities Capital Project Fund	747,000	3,508,000	4,255,000	0
Total Project Funds	577,541,000	1,016,267,000	1,421,526,000	172,282,000
Debt Services Funds				
GO Bonds Debt Service Fund	14,000,000	131,225,000	135,225,000	10,000,000
FF&C Taxable Debt Serv Fund	0	1,805,000	1,805,000	0
PERS UAL Debt Service Fund	250,000	54,392,000	54,414,000	228,000
Total Debt Service Funds	14,250,000	187,422,000	191,444,000	10,228,000
Other Funds				
Student Body Activities Fund	4,968,000	8,600,000	8,600,000	4,968,000
Cafeteria Fund	3,870,000	17,689,000	20,817,000	742,000
Grants Fund	0	80,855,000	80,855,000	0
Partnership Fund	278,000	0	278,000	0
Self Insurance Fund	6,186,000	2,346,000	3,763,000	4,769,000
PERS Rate Stabilization Resv Fund	18,491,000	449,000	0	18,940,000
Student Invest Account Fund	0	39,162,000	39,162,000	0
Dedicated Resource Fund	9,405,000	8,344,000	13,758,000	3,991,000
Total Other Funds	43,198,000	157,445,000	167,233,000	33,410,000
General Fund	46,631,000	683,023,000	688,708,000	40,946,000
District Totals	681,620,000	2,044,157,000	2,468,911,000	256,866,000
Total Resources	2,725,777,000			
Total Requirements	2,725,777,000			



Most funds are self-explanatory, but here are comments on four funds.

- **Bond Project Fund**

The bond-financed school modernization budget is \$1.5 billion and includes:

- Curriculum materials \$ 29.6 million
- IT Projects \$ 58.6 million
- Ending Fund Balance \$ 172.3 million
- Facility Upgrades \$ 1.2 *billion*

- **Student Investment Account**

This fund is new this year and is used to account for state grants awarded under the Student Investment Account Act, a legislatively approved package of taxes generated for specific educational purposes. There are two stated purposes for the funds distributed under the Student Investment Account:

1. Meet students' mental or behavioral health needs, and
2. Increase academic achievement for students, including reducing academic disparities for:
 - Economically disadvantaged students;
 - Students from racial or ethnic groups that have historically experienced academic disparities;
 - Students with disabilities;
 - Students who are English language learners;
 - Students who are foster children;
 - Students who are homeless; and
 - Any other groups that have historically experienced academic disparities.

The state planned to award the District \$39 million for this work. Due to the economic downturn, the state has preliminarily reduced this by \$13.6 million. The ultimate size will be determined during the FY21 fiscal year.

For more information on the act see this web site:

<https://www.oregon.gov/ode/StudentSuccess/Pages/StudentInvestmentAccount.aspx>

- **Cafeteria Fund**

This fund provides for the management and operation of school cafeterias and other food service facilities located in the district. The United States Department of Agriculture (USDA) establishes the reimbursement rate for free and reduced-price meals, as well as household income guidelines for eligibility. The district sets the price for full price meals. Federal revenue of \$11.4 million is the primary funding source for this \$22 million fund.

- **Grants Fund**

The district actively pursues federal, state, local and private grants to support projects in a variety of instruction and service areas. All grants complement the district's primary mission to provide a quality education for all students.

Sources		Uses	
Federal Grants	\$ 47	Instruction	\$ 44
State Grants	32	Support Services	33
Local Grants	2	Enterprises	3
Total Sources	\$ 81	Total Uses	\$ 81

7. Debt Status

The district has three kinds of debt: PERS bonds, General Obligation Bonds, and Full Faith and Credit obligations. The following chart shows the debt service payments budgeted for FY21.

Portland Public Schools		
FY21 Debt Service Budget		
	Amount	Source of Funds
PERS UAL Debt Service Fund	\$ 54,414,000	Direct charges through personnel system
Full Faith & Credit Taxable Debt Service	1,805,000	General fund revenue and Federal grant
GO Bonds Debt Service Fund	135,225,000	Voter-approved property tax
Total Debt Service	\$ 191,444,000	

The following chart summarizes all debt.

Portland Public School District							
Outstanding Debt 6-30-20 Projected							
	Date of Issue	Amount of Original Issue	True Interest Cost %	Amount Outstanding 6/30/2019	Pr 2019-20 Principal	Int 2019-20 Interest	Amount Outstanding 6/30/2020
General Obligation Bonds:							
General Obligation Bonds, Series 2013B	5/1/2013	68,575,000	2.88	61,345,000	2,325,000	2,467,425	59,020,000
General Obligation Bonds, Series 2015B	4/30/2015	244,700,000	2.48	173,915,000	21,515,000	7,670,925	152,400,000
General Obligation Bonds, Series 2017A	8/10/2017	168,950,000	1.49	18,240,000	18,240,000	300,960	0
General Obligation Bonds, Series 2017B	8/10/2017	241,890,000	3.12	241,890,000	62,225,000	9,302,588	179,665,000
Total General Obligation Bonds		724,115,000		495,390,000	104,305,000	19,741,898	391,085,000
Full Faith & Credit Obligations:							
Recovery Zone Energy and Water Conservation, 2010 Series	7/8/2010	11,000,000	2.77	3,790,155	1,029,170	178,410	2,760,985
Qualified Zone Academy Bond (QZAB), Series 2016	8/4/2016	4,000,000	0.00	3,600,000	200,000	0	3,400,000
Capital Expenditure Reimbursement, Series 2016	11/9/2016	5,048,000	2.99	4,783,000	290,000	130,304	4,493,000
Total Full Faith & Credit Obligations		35,048,000		12,173,155	1,519,170	308,714	10,653,985
PERS Bonds:							
PERS Bonds 2002 Series	10/31/2002	210,103,857	5.60	147,049,157	4,469,157	16,342,136	142,580,000
PERS Bonds 2003 Series	4/21/2003	281,170,040	5.75	186,773,440	7,691,216	22,960,813	179,082,224
PERS Refunding Bonds 2012 Series	1/31/2012	14,400,000	2.87	14,400,000	0	396,000	14,400,000
Total PERS Bonds		505,673,897		348,222,597	12,160,373	39,698,949	336,062,224
TOTAL - SD NO. 1J - PORTLAND SCHOOL DISTRICT		1,264,836,897		855,785,752	117,984,543	59,749,561	737,801,209

8. Is the Budget in Sync with Strategic Plan / Performance Objectives?

As part of the budget development process, the District create a detailed spreadsheet showing the investments planned for FY21 that align with the District's budget goals, related to the Student Success Act funding. That chart was further modified with investment reductions to bring the expenditures in line with the projected \$13.6 million grant reduction. The chart is available on the web at this location:

http://www.tscmultco.com/wp-content/uploads/Investments-Aligned-with-Board-Goals_FormattedV2-1.pdf

Spending on other goals were not called out.

9. Budget Process & Budget Compliance

Yes	No	Compliance Issue
X		1. Did the district meet publication requirements?
X		2. Do resources equal requirements in every fund?
X		3. Does the G.O. Debt Service Fund show only principal and interest payments?
X		4. Are contingencies shown only in operating funds?
X		5. Did the budget committee approve the budget?
X		6. Did the budget committee set the levy?
X		7. Does the audit show the district was in compliance with budget law?

10. Highlights of the 2020-21 Budget to be published in TSCC Annual Report:

- The FY20 budget is \$2.7 billion, twice the size of the current year budget of \$1.3 billion.
- The increase is due to the influx of \$1 billion in debt proceeds from bond sales backed by General Obligation debt.
- Removing the debt proceeds and associated expenditures from the budget reveals the “core” or basic operating budget. That budget will increase by \$91 million (9%) to \$1,087 in FY 21.
- The District anticipates that its state revenues will be decreased by \$60 million due to the economic slowdown in FY21. That is not reflected in this budget.
- The district implemented furlough days for employees this fiscal year in order to reduce costs and increase cash carryover for use next year. Those personnel services savings are not reflected in this budget.
- PPS’ FY20 General Fund budget is \$730 million, \$38 million (5%) higher than the current year budget.

11. Local Budget Law Compliance:

The 2020-21 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown. The audit report for fiscal year 2018-19 does not note any expenditures in excess of budget

12. Certification Letter Recommendations and Objections:

TSCC staff did not find any deficiencies in the district’s FY 2020-21 budget or budget process and will recommend the Certification Letter contain no recommendations or objections.

Portland Public Schools

Annual Report

	2017-18 Actual	2018-19 Actual	2019-20 Rev. Budget	2020-21 Apv. Budget	Budget % Change
SUMMARY OF ALL FUNDS					
Property Tax Breakdown:					
Permanent Rate Property Taxes	248,979,000	257,359,000	265,926,000	278,011,000	5%
Local Option Levy Property Taxes	88,405,000	94,272,000	97,350,000	100,366,000	3%
GO Debt Property Taxes	116,181,000	125,222,000	122,605,000	130,463,000	6%
Prior Years Property Taxes	4,883,000	12,925,000	5,988,000	6,071,000	1%
Payments in Lieu of Property Taxes	322,000	352,000	327,000	382,000	17%
Total Property Taxes	458,770,000	490,130,000	492,196,000	515,293,000	5%
Resources:					
Beginning Fund Balance	221,462,000	558,758,000	413,593,000	681,620,000	65%
Property Taxes	458,770,000	490,130,000	492,196,000	515,293,000	5%
Other Taxes	8,201,000	5,991,000	6,001,000	6,001,000	0%
Intergovernmental Revenue	330,285,000	327,815,000	363,526,000	423,635,000	17%
Fees and Charges	58,666,000	58,700,000	64,373,000	61,510,000	-4%
Other Income	30,561,000	43,529,000	35,445,000	35,967,000	1%
Debt Proceeds	422,667,000	0	0	1,000,000,000	0%
Transfers In	6,997,000	6,125,000	4,324,000	1,751,000	-60%
TOTAL RESOURCES	1,537,609,000	1,491,048,000	1,379,458,000	2,725,777,000	98%
Requirements by Function:					
Instruction	386,976,000	394,077,000	424,491,000	488,140,000	15%
Support Services	281,402,000	302,213,000	326,883,000	430,297,000	32%
Enterprises and Community Services	22,961,000	22,831,000	24,286,000	25,675,000	6%
Facilities Acquisition and Construction	113,043,000	164,763,000	303,048,000	1,331,604,000	339%
Debt Service	167,473,000	173,841,000	177,734,000	191,444,000	8%
Transfers Out	6,996,000	6,125,000	4,324,000	1,751,000	-60%
Contingencies	0	0	77,939,000	45,715,000	-41%
Ending Fund Balance	558,758,000	427,198,000	40,753,000	211,151,000	418%
TOTAL REQUIREMENTS	1,537,609,000	1,491,048,000	1,379,458,000	2,725,777,000	98%
Requirements by Object:					
Personnel Services	549,071,000	569,113,000	625,027,000	675,661,000	8%
Materials & Services	168,121,000	187,136,000	201,653,000	370,104,000	84%
Capital Outlay	87,190,000	127,641,000	252,029,000	1,229,951,000	388%
Debt Service	167,473,000	173,841,000	177,734,000	191,444,000	8%
Fund Transfers	6,997,000	6,125,000	4,324,000	1,751,000	-60%
Contingencies	0	0	77,938,000	45,715,000	-41%
Ending Fund Balance	558,757,000	427,192,000	40,753,000	211,151,000	418%
TOTAL REQUIREMENTS	1,537,609,000	1,491,048,000	1,379,458,000	2,725,777,000	98%

Portland Public Schools

Annual Report

	2017-18 Actual	2018-19 Actual	2019-20 Rev. Budget	2020-21 Apv. Budget	Budget % Change
SUMMARY OF BUDGET - BY FUND					
General Fund	633,966,000	660,596,000	691,769,000	729,654,000	5%
Student Body Activities Fund	11,561,000	11,560,000	13,819,000	13,568,000	-2%
Cafeteria Fund	23,206,000	22,243,000	21,596,000	21,559,000	0%
Grants Fund	59,778,000	66,649,000	67,525,000	80,855,000	20%
PERS Rate Stabilization Reserve Fund	17,209,000	17,954,000	18,275,000	18,940,000	4%
Student Invest Account Fund	0	0	0	39,162,000	0%
Dedicated Resource Fund	18,858,000	18,536,000	16,193,000	17,749,000	10%
IT Projects Debt Service Fund	2,708,000	2,708,000	0	0	0%
PERS UAL Debt Service Fund	48,782,000	49,085,000	52,997,000	54,642,000	3%
Full Faith & Credit Taxable Debt Service F	1,860,000	1,847,000	1,828,000	1,805,000	-1%
GO Bonds Debt Service Fund	120,259,000	130,984,000	134,057,000	145,225,000	8%
Construction Excise Fund	27,830,000	21,902,000	19,541,000	16,230,000	-17%
IT System Project Fund	1,271,000	788,000	8,000	0	-100%
Full Faith & Credit Fund	10,365,000	5,822,000	3,292,000	2,183,000	-34%
Energy Efficient Schools Fund	3,702,000	3,173,000	2,705,000	2,588,000	-4%
Facilities Capital Project Fund	3,237,000	7,463,000	13,608,000	4,255,000	-69%
Capital Asset Renewal Fund	4,916,000	5,763,000	6,217,000	16,010,000	158%
GO Bonds Fund	538,505,000	453,749,000	303,450,000	1,552,542,000	412%
Partnership Fund	1,016,000	318,000	500,000	278,000	-44%
Self Insurance Fund	8,580,000	9,908,000	12,078,000	8,532,000	-29%
GRAND TOTAL ALL FUNDS	1,537,609,000	1,491,048,000	1,379,458,000	2,725,777,000	98%
DETAIL OF GENERAL FUND					
Resources:					
Beginning Fund Balance	20,104,000	38,282,000	34,112,000	46,631,000	37%
Property Tax	342,317,000	364,625,000	369,299,000	384,525,000	4%
Federal Revenue	22,000	80,000	0	0	0%
State Revenue	244,659,000	230,628,000	259,360,000	272,479,000	5%
Local Revenue	13,254,000	13,534,000	13,357,000	14,027,000	5%
Fees and Charges	4,061,000	4,931,000	4,843,000	5,625,000	16%
Other Income	8,543,000	8,502,000	8,798,000	6,367,000	-28%
Transfers In	1,006,000	14,000	2,000,000	0	-100%
TOTAL FUND RESOURCES	633,966,000	660,596,000	691,769,000	729,654,000	5%
Requirements:					
Instruction	339,412,000	347,734,000	371,970,000	373,928,000	1%
Support Services	248,784,000	265,988,000	289,512,000	311,832,000	8%
Enterprises and Community Services	2,160,000	1,491,000	1,901,000	1,814,000	-5%
Transfers Out	5,328,000	5,492,000	1,704,000	1,134,000	-33%
Contingencies	0	0	26,682,000	40,946,000	53%
Ending Fund Balance	38,282,000	39,891,000	0	0	0%
TOTAL FUND REQUIREMENTS	633,966,000	660,596,000	691,769,000	729,654,000	5%

Portland Public Schools

Annual Report

	2017-18 Actual	2018-19 Actual	2019-20 Rev. Budget	2020-21 Apv. Budget	Budget % Change
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DETAIL OF GENERAL OBLIGATION DEBT SERVICE FUND

Resources:

Beginning Fund Balance	3,303,000	4,229,000	10,010,000	14,000,000	40%
GO Debt Property Taxes	116,181,000	125,222,000	122,605,000	130,463,000	6%
Earned Interest	775,000	1,533,000	1,442,000	762,000	-47%
TOTAL FUND RESOURCES	120,259,000	130,984,000	134,057,000	145,225,000	8%

Requirements:

Debt Service	116,030,000	120,432,000	124,047,000	135,225,000	9%
Ending Fund Balance	4,229,000	10,552,000	10,010,000	10,000,000	0%
TOTAL FUND REQUIREMENTS	120,259,000	130,984,000	134,057,000	145,225,000	8%

BALANCE SHEET AS OF JUNE 30 EACH YEAR

	2017-18	2018-19
Assets:		
Cash & Investments	660,208,000	535,935,000
Receivables	53,433,000	49,911,000
Inventory	776,000	876,000
Fixed Assets	594,103,000	735,002,000
Other	2,205,000	6,943,000
Deferred Outflows	173,727,000	207,186,000
TOTAL ASSETS	1,484,452,000	1,535,853,000

Liabilities and Equity:

Liabilities	1,590,863,000	1,549,868,000
Equity	-136,830,000	-78,344,000
Deferred Inflows	30,419,000	64,329,000
TOTAL LIABILITIES AND EQUITY	1,484,452,000	1,535,853,000