

Operating Budget Overview


DECEMBER 13, 2016




PORTLAND PUBLIC SCHOOLS 

Agenda

- Government Wide Funding – Overview and Trends
- General Fund
 - Governor’s Budget and State School Fund (“SSF”)
 - Revenue, Expenses, and Reserves
- Mid-Term Trends
- Budget Process Improvements
- Timeline and next steps



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Building a Balanced Budget

RESOURCES
(REVENUES + BEGINNING FUND BALANCE)

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

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REQUIREMENTS
(SPENDING + PLANNED RESERVES)

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

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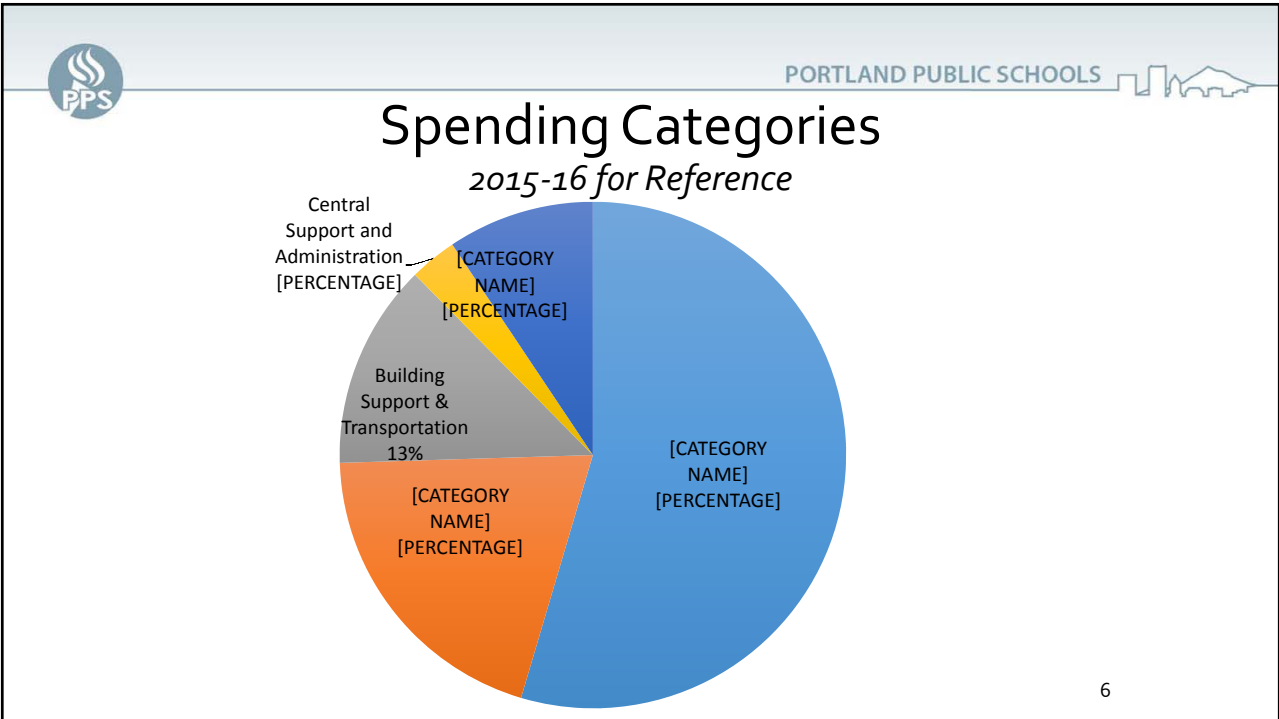
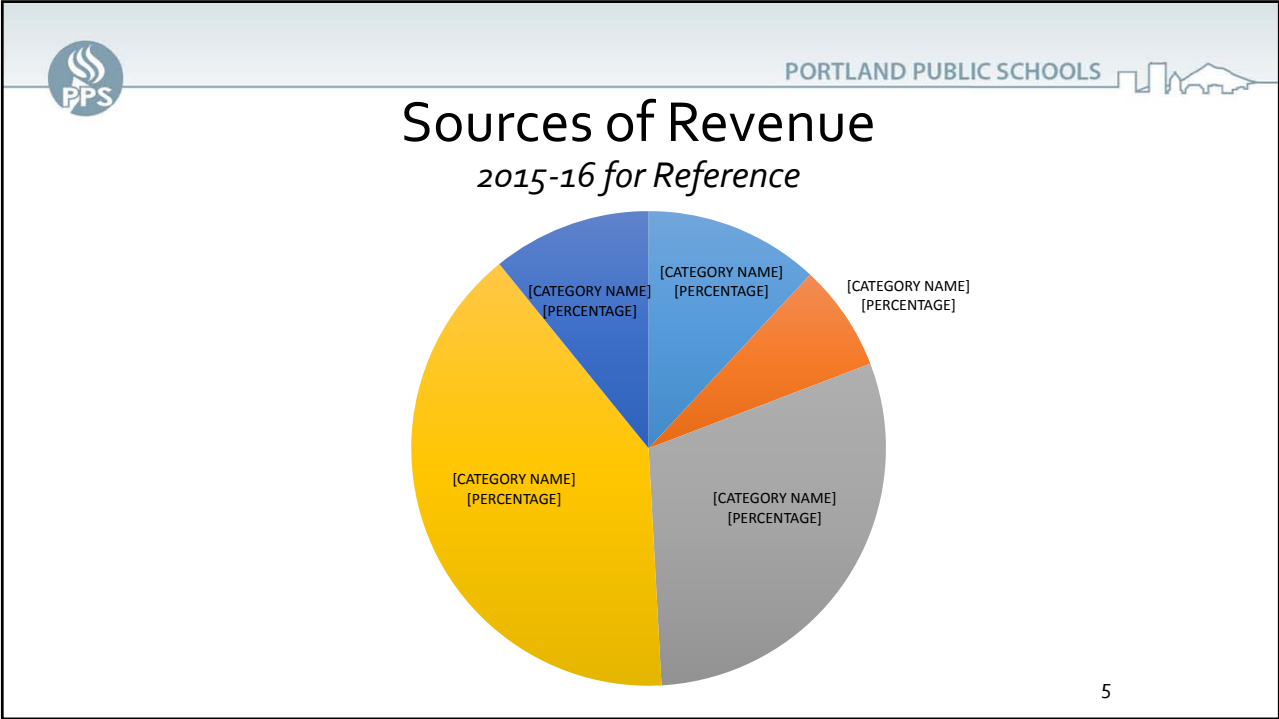


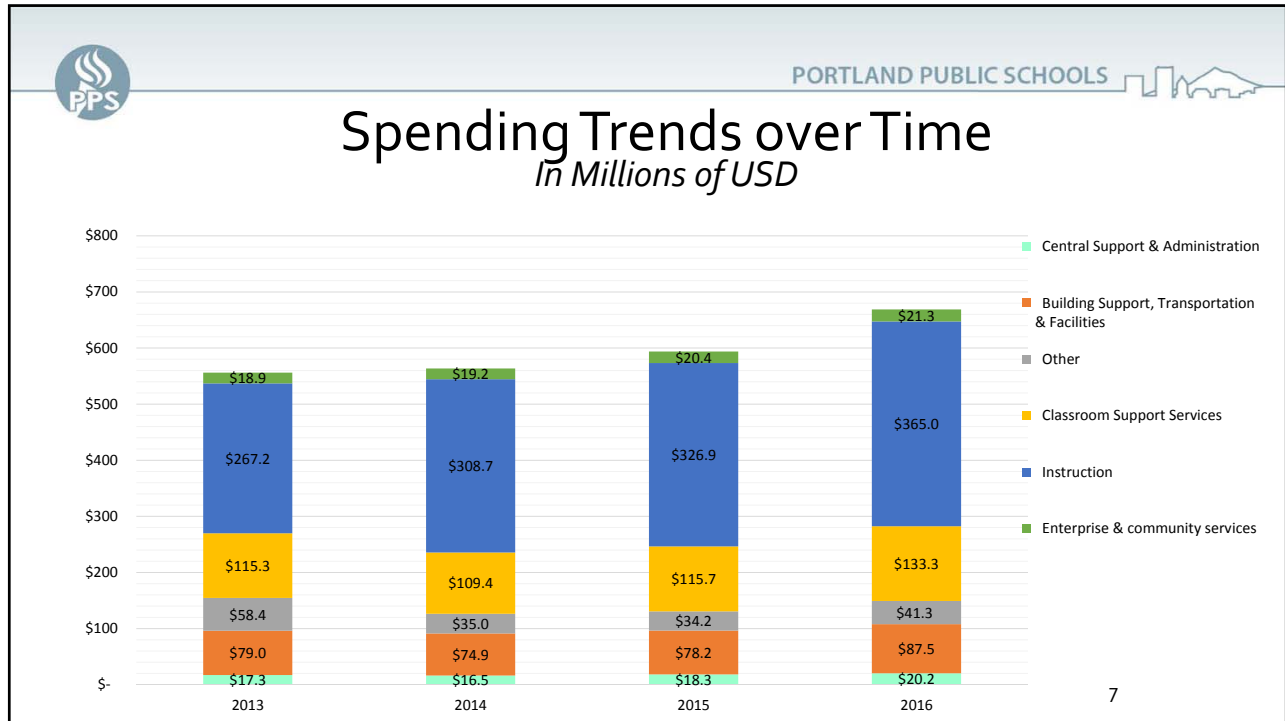
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Government-Wide Analysis

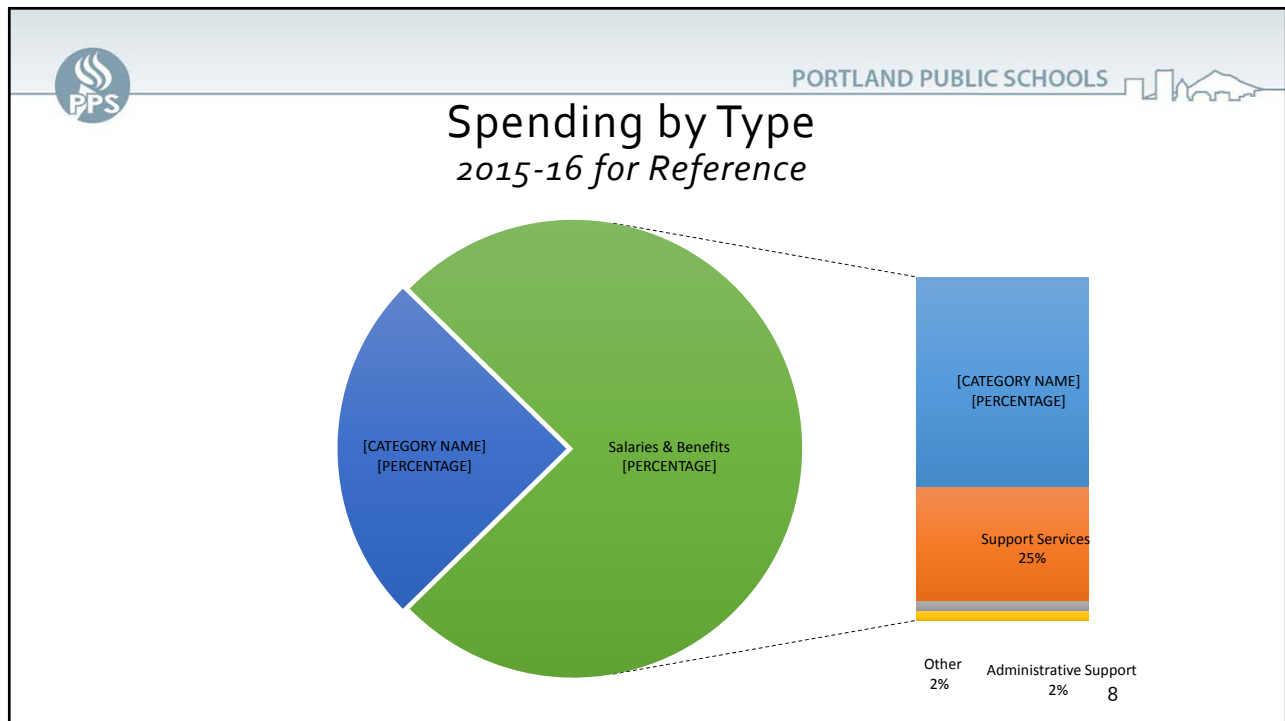
INCLUDES FUNDING FROM 1) FEDERAL GOVERNMENT, 2) STATE OF OREGON (SSF AND PROPERTY TAXES), 3) LOCAL OPTION PROPERTY TAXES, AND 4) OTHER SOURCES

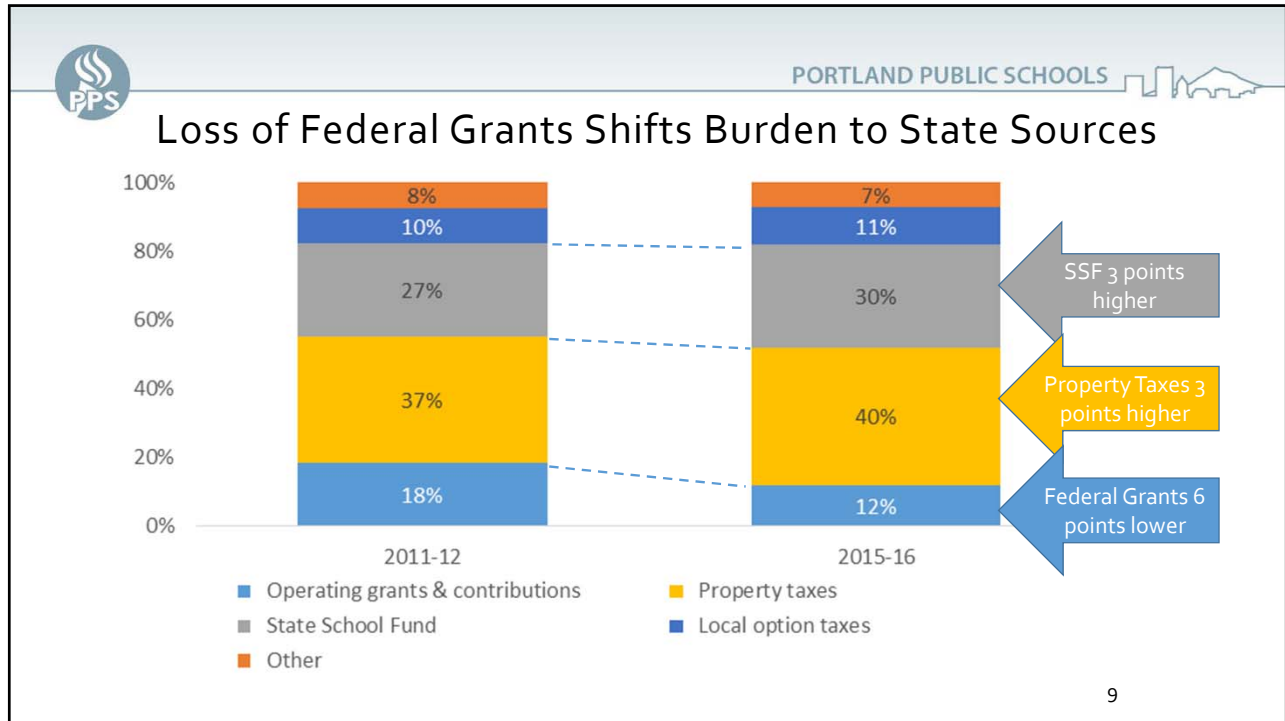
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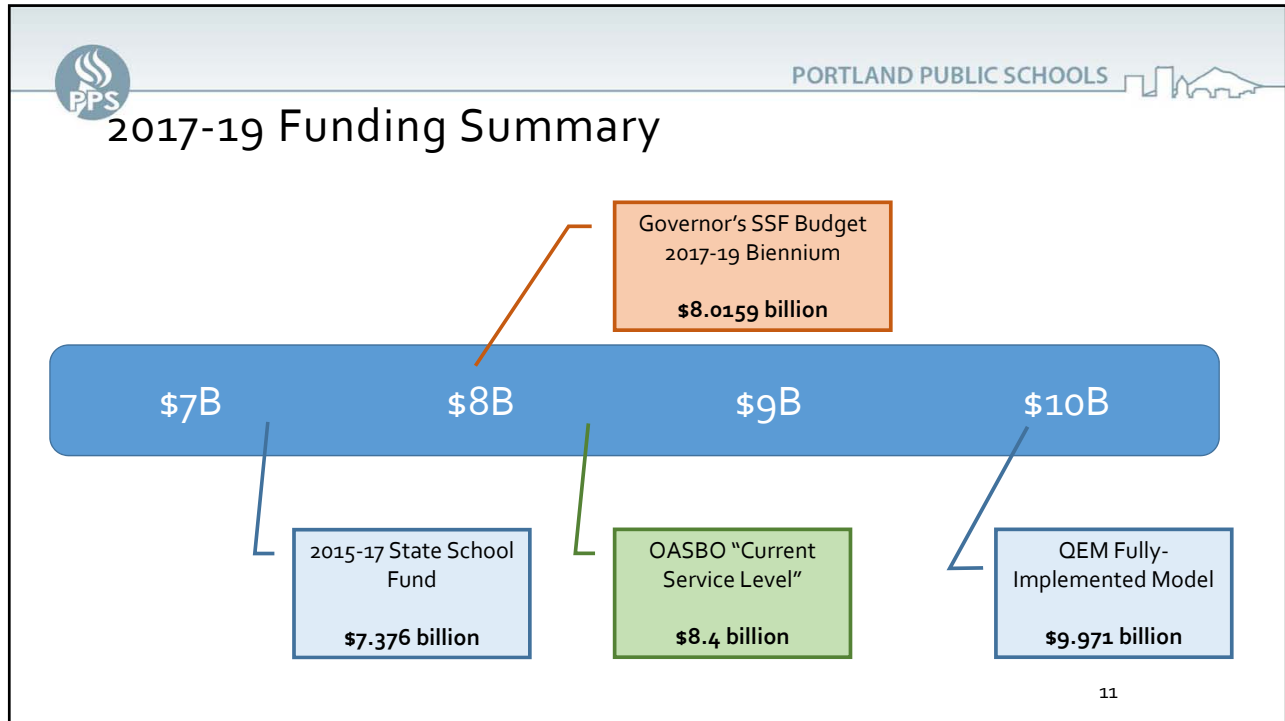


Portland Public Schools

General Fund

INCLUDES FUNDING FROM 1) STATE OF OREGON (SSF AND PROPERTY TAXES), 2) LOCAL OPTION PROPERTY TAXES, AND 3) OTHER SOURCES

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What Does the Governor's SSF Budget Mean to PPS?

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Proposed budget for K-12 is \$8.015B

- 2017-19 biennium
- OASBO = \$8.4B
- \$640M or over 8% increase

Budget is allocated to schools through SSF

- State School Fund allocated via formula using attendance at all state schools
- Certain funds are set aside for specific programs
- Normally, 49% is allocated in the first year of the biennium


PPS Impact


- 40% of PPS General Fund from the State School Fund
- These funds are subject to equalization which is impacted primarily by property taxes received by the District

Breakdown:

- Governor's SSF Budget = \$8.0159B
- 2017-18 Share (49%) = \$3.928B
- PPS Projected SSF Range = \$210-\$230M

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Preliminary Revenue Estimates 2017-18

Based on Key Assumptions

Local Option Property Tax	GAP Property Tax	State Sources (SSF + Property Taxes)
<ul style="list-style-type: none"> Assumes 3.5% property value increase in 2018 <p style="margin-top: 20px;">• \$85-\$90M</p>	<ul style="list-style-type: none"> Assumes 3.5% property value increase in 2018 <p style="margin-top: 20px;">• \$23-\$25M</p>	<ul style="list-style-type: none"> “Low” based on Governor’s budget; “High” based on OASBO Current Service Level Low = \$450M High = \$470M

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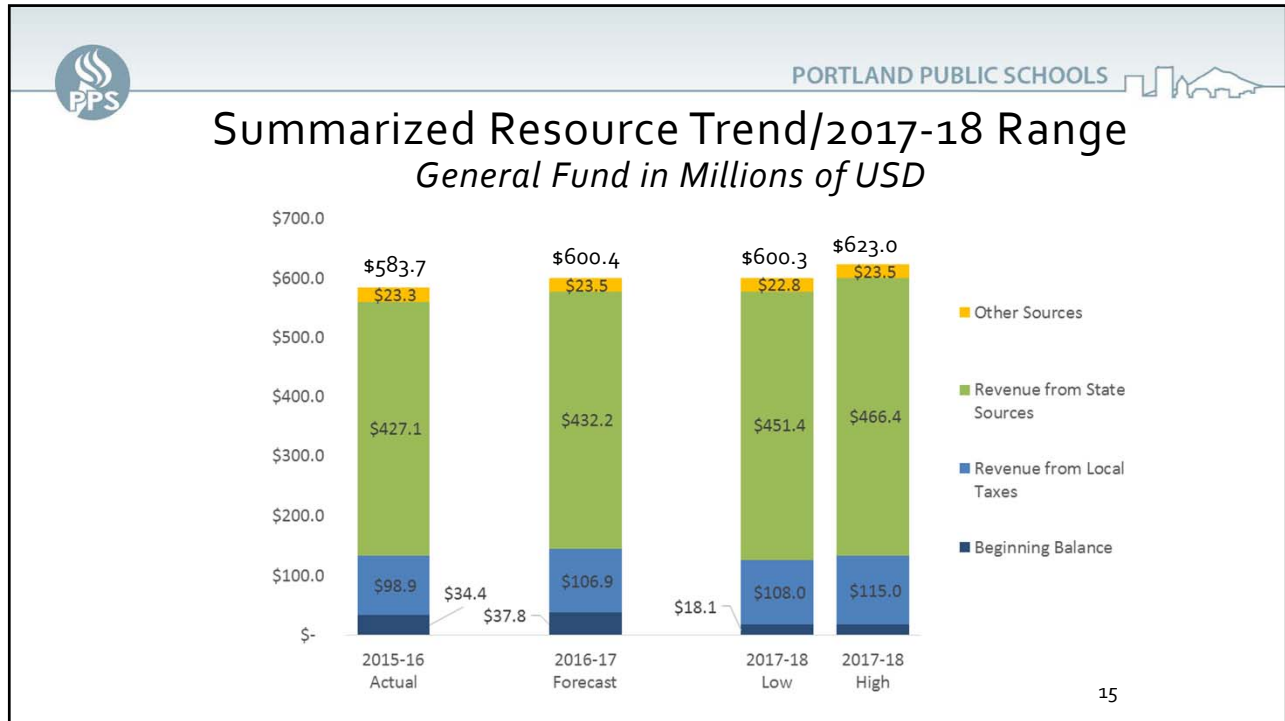
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Oregon Measure 98

Dropout Prevention and College Readiness

The governor has included one year of funding in the 2017-19 budget	Funding will be allocated to Oregon Districts based upon HS enrollment	Enrollment will be allocated using formulas similar to SSF
The budget amount to be allocated is \$140M	Districts will need to submit program plans to the state to draw on the funding	

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General Fund Only USD in Millions	Actual 2015-16	Forecast 2016-17	Low Scenario 2017-18	High Scenario 2017-18
Beginning Balance	\$ 34.4	\$ 37.8	\$ 18.1	\$ 18.1
Revenue				
Revenue from Local Taxes	\$ 98.9	\$ 106.9	\$ 108.0	\$ 115.0
Increase over Previous Year	17%	8%	1%	8%
Revenue from State Sources				
Property Taxes	210.0	216.7	225.4	234.1
SSF - General Support	211.3	210.5	221.0	227.3
SSF - Other	5.8	5.0	5.0	5.0
Total Revenue from State Sources	\$ 427.1	\$ 432.2	\$ 451.4	\$ 466.4
Increase over Previous Year	11%	1%	4%	8%
Intermediate and Other Sources	23.3	23.5	22.8	23.5
Total Revenue	\$ 549.3	\$ 562.5	\$ 582.2	\$ 604.9
Increase over Previous Year	11%	2%	3%	8%
Total Resources	\$ 583.7	\$ 600.4	\$ 600.3	\$ 623.0



2017-18 Spending Range

General Fund Only <i>USD in Millions</i>	Forecast 2016-17	Low Scenario 2017-18	High Scenario 2017-18
Requirements			
Instructional Expenses			
Instruction	\$ 332.3	\$ 338.9	\$ 342.3
Instructional Support	216.9	220.4	225.6
Total Instructional Expenses	\$ 549.2	\$ 559.3	\$ 567.9
Central Activities	\$ 23.4	\$ 23.8	\$ 24.0
New Requirements	2.5	5.1	5.1
Other Expenses	7.2	7.3	7.5
Contingency	-	18.3	18.6
Ending Fund Balance	\$ 18.1	\$ -	\$ -
Total Requirements	\$ 600.4	\$ 613.9	\$ 623.1
<i>Increase over Previous Year</i>	3%	2%	4%

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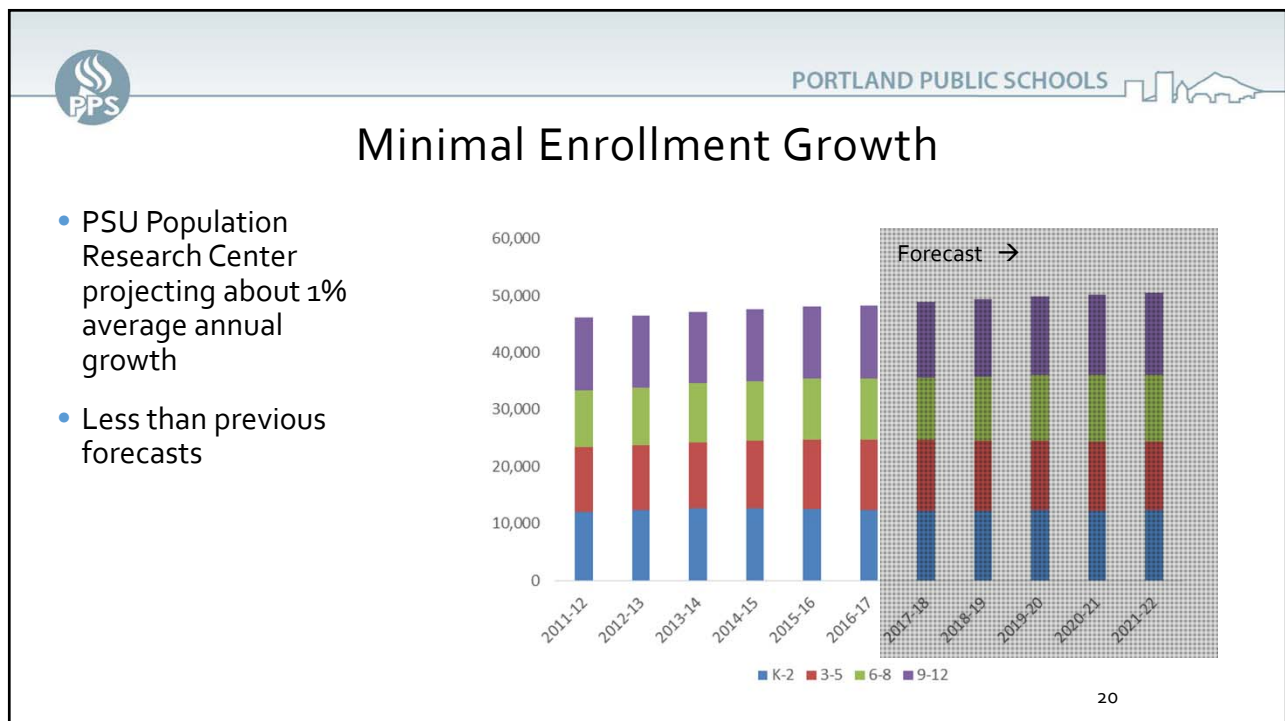
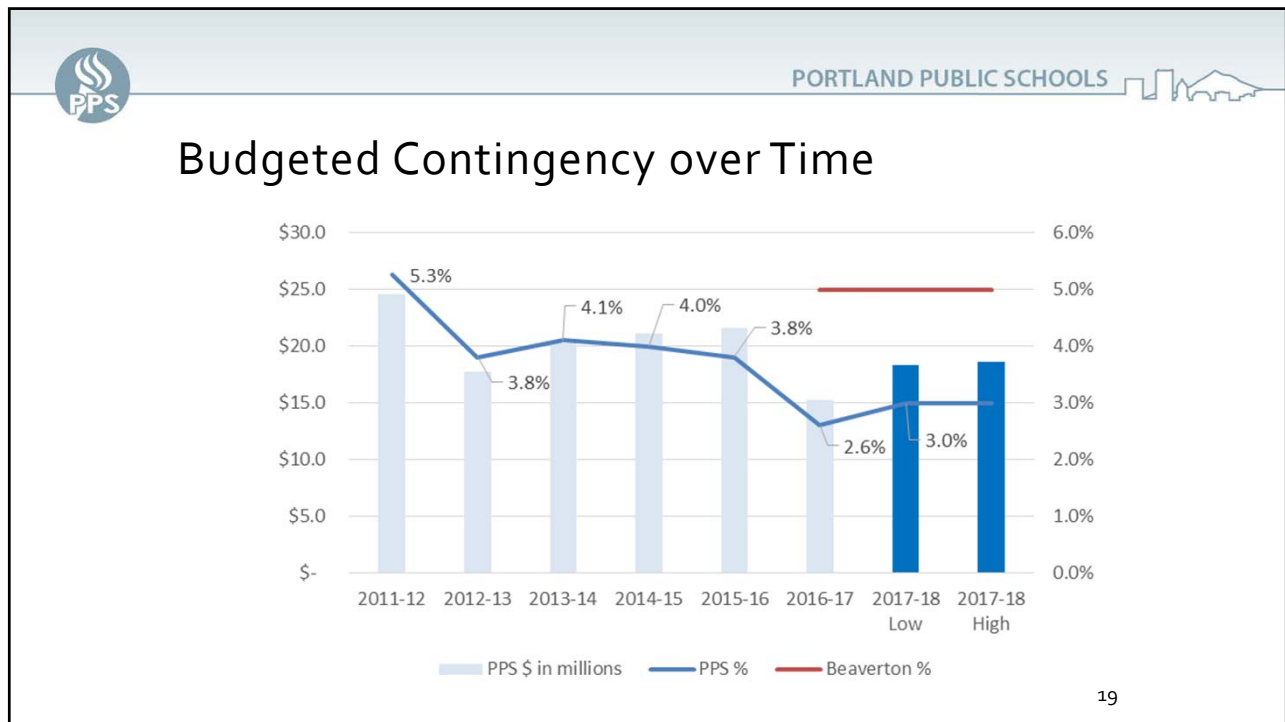


Summarized Financial Scenarios

General Fund Only <i>USD in Millions</i>	Forecast 2016-17	Low Scenario 2017-18	High Scenario 2017-18	High Scenario Growth over 2016-17
Beginning Balance	\$ 37.8	\$ 18.1	\$ 18.1	
Total Revenue	\$ 562.5	\$ 582.2	\$ 604.9	8%
Total Resources	\$ 600.4	\$ 600.3	\$ 623.0	4%
Total Expenses	\$ 582.3	\$ 595.6	\$ 604.4	4%
Contingency/Ending Balance	\$ 18.1	\$ 18.3	\$ 18.6	
Total Requirements	\$ 600.4	\$ 613.9	\$ 623.0	4%
Budget Deficit	\$ -	\$ (14.0)	\$ -	

Scenarios range between shortfall of \$14M and balanced budget
Both scenarios assume 3% contingency

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Outlook

- National Landscape
 - New administration
- State Funding
 - Oregon economic growth outperforming, but employment growth slowing
 - Tax reform uncertainty
 - Lower General Fund growth
 - Medicaid expansion costs
- PPS
 - PERS - Better than most, but costs increasing
 - Health and Safety
 - Building Maintenance
 - Enrollment growth
 - Demographic shifts

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Constant Improvement to Process

Current Initiatives

1. Support earlier teacher recruitment and hiring
2. Allow for more board discussion/stakeholder input before budget is finalized
3. Provide ability to create Zero-Based Budgets ("ZBBs") for specific areas on a rotating schedule
4. Create by school, "programmatic" view of the budget

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Timeline and Next Steps

- December
 - School Staffing
 - Enrollment
 - TAM
- January
 - Central Office
 - Listening Sessions
- February
 - Superintendent Proposes
 - Listening and Work Sessions
- March
 - Positions Posted Externally
- April
 - Final State Budget
- May
 - Approved and Adopted

