

# Budget Review 2023-24

## Portland Public Schools



### BUDGET HIGHLIGHTS

- The FY 2023-24 budget totals \$2.2 billion dollars, an increase of nearly \$299.0 million from the current year. The increase is primarily due to debt proceeds and corresponding capital investment as part of the 2020 bond program.
- The largest expenditure in the budget is for personnel services, totaling 37.4% of all expenditures. The Personnel Services budget increases slightly (0.7%) to \$789.0 million in FY 2023-24 from \$783.7 million in the current year. The slight increase reflects increased costs for personnel but decreased number of positions funded in the budget, a change of approximately 281 FTE from last year's adopted budget. Per the district, most positions will be lost due to attrition.
- PPS is forecasting a decrease of 9.0% in enrollment from pre-pandemic levels, resulting in reduced state funding based on enrollment. The district anticipates just over 500 fewer students in FY 2023-24 from FY 2022-23.
- The FY 2023-24 General Fund budget is \$833.8 million, \$29.7 million (3.7%) higher than the current year. As in the current year, expenditures are estimated to outpace revenues due to escalating costs, declining enrollment, and increased student needs. Similar to last year, contingency and one-time funding will be used to cover the gap.
- The budget for FY 2023-24 reflects continued investments in the following areas: academic supports and interventions for historically underserved students; mental and behavioral health supports for students; elective courses at comprehensive middle schools and K-8s; access to arts education opportunities; culturally specific student and family supports; and, instructional framework implementation. This budget does not include funding for the Online Learning Academy and the program will be closed at the end of the 2022-23 school year, impacting an estimated 236 students.<sup>1</sup>

### INTRODUCTION & BACKGROUND

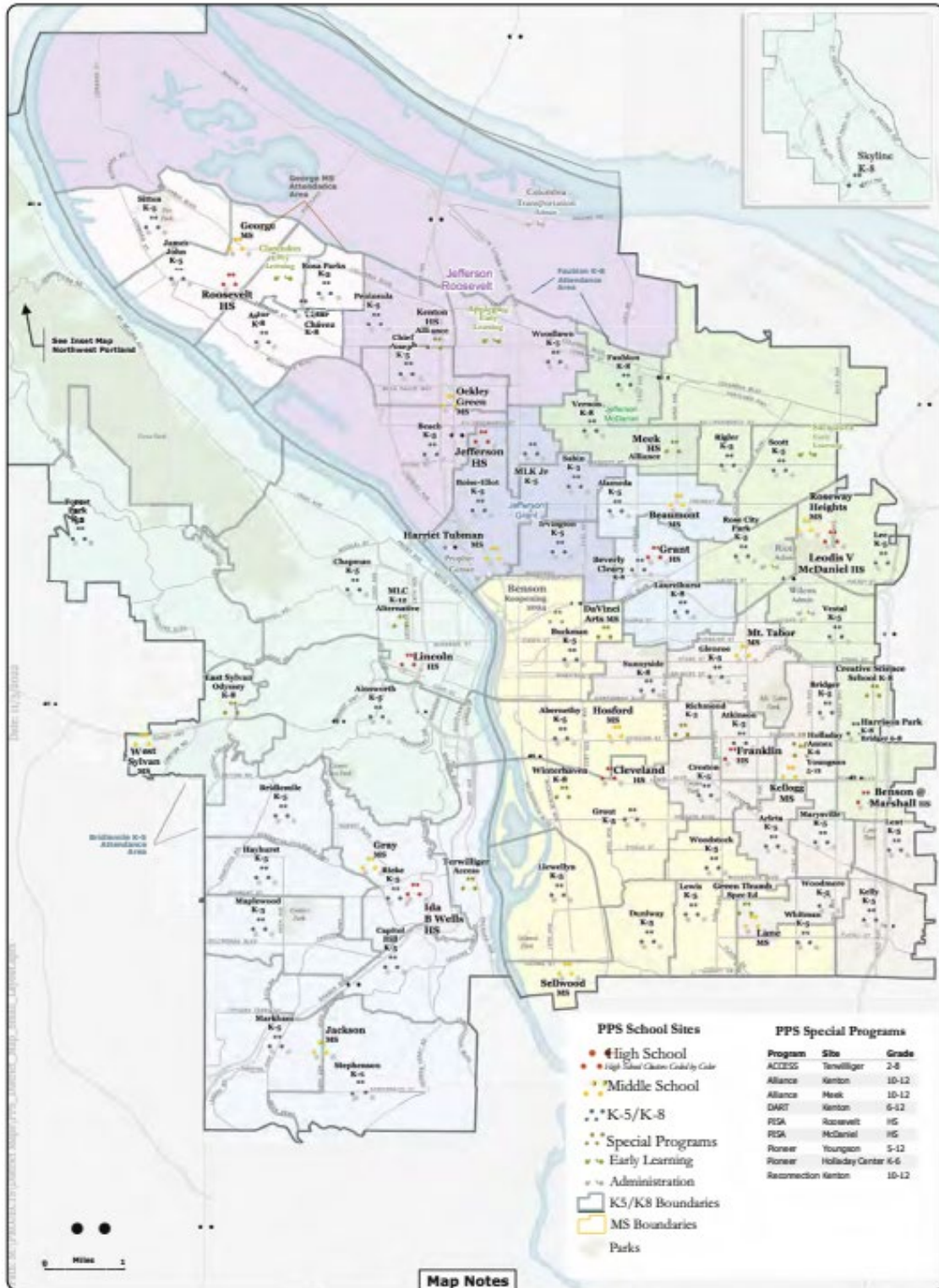
Portland Public Schools (PPS) is the largest school district in Oregon, serving approximately 45,000 students in pre-kindergarten through 12th grade with 81 schools. PPS serves a population of economically, ethnically and racially diverse backgrounds. Educational services and programs provided include general and special education, career and technical education, and a variety of alternative programs. PPS sponsors five charter schools to diversify educational offerings: KariosPDX Learning Academy, Le Monde French Immersion, Portland Arthur Academy, Portland Village School, and The Emerson School. Two state-sponsored schools also operate in PPS: the Cottonwood School of Civics and Science and the Ivy School.

PPS is governed by a Board of Education comprised of seven elected members serving four-year terms. Board members serve as the district's policy-making body and do not receive compensation for their work. Located in Northwestern Oregon at the confluence of the Columbia and Willamette Rivers, the district

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<sup>1</sup> Per February 2, 2023 Oregon Public Broadcasting news article: [Behind Portland's decision to shut down Online Learning Academy - OPB](#)

covers an area over 152 square miles with portions of the cities of Portland, Lake Oswego, and Milwaukie. The district owns and maintains over 100 campuses for schools and other uses.



The district underwent a visioning process in FY 2018-19 that produced the following four areas of concentration for the district’s work:

The **Graduate Portrait** is a clear and ambitious description of what the community wants its students to know, be and be able to do, in order to prepare them to thrive in their lives and careers. Our graduate portrait includes attributes needed to prepare students to understand, confront, and change a global social environment that includes racial injustice and systems that perpetuate oppression.

The **Educator Essentials** are distilled from community-wide input regarding the knowledge, skills, mindsets and dispositions needed from adults to support the Graduate Portrait. The Educator Essentials include content and practice knowledge, along with the human-connectedness aspects of collaborating, supporting and teaching and learning. Beyond excelling in their own practice, PPS educators recognize the collective effort required for the success of every student and take responsibility for their roles in bringing about the Educational System Shifts.

The **Educational System Shifts** are changes in the organization’s priorities and how it operates. They apply across the organization, from individual schools to the central-office department. They create conditions that support and encourage adults to model the Educator Essentials and the students to achieve the Graduate Portrait.

The **Theory of Action** is based on the district’s vision. PPS has developed a theory of action: If we braid Racial Equity and Social Justice strategies into our instructional core work with our students, teachers, and content, and build our organizational culture and capacity to create a strong foundation to support every student, then we will reimagine Portland Public Schools to ensure every student, especially our Black and Native American students who experience the greatest barriers, to realize the Vision of the Graduate Portrait.

The strategic plan has focus areas organized under four main themes:

- 1) Racial Equity & Social Justice
- 2) Inclusive and Differentiated Learning for Every Child
- 3) Professional Excellence and Support
- 4) Embracing Change

Portland Public SD 1J	2019-20	2020-21	2021-22	2022-23
Assessed Value in Billions	\$53.703	\$56.046	\$59.615	\$62.494
Real Market Value (M-5) in Billions	\$134.586	\$140.249	\$147.264	\$157.078
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	\$2.4053	\$2.4017	\$2.3335	\$2.3000
Total Property Tax Rate	\$9.6734	\$9.6698	\$9.6016	\$9.5681
Measure 5 Loss	\$-20,910,923	\$-22,989,685	\$-24,819,007	\$-25,191,648
Number of Employees (FTE’s)	5,991	6,627	6,212	6,530

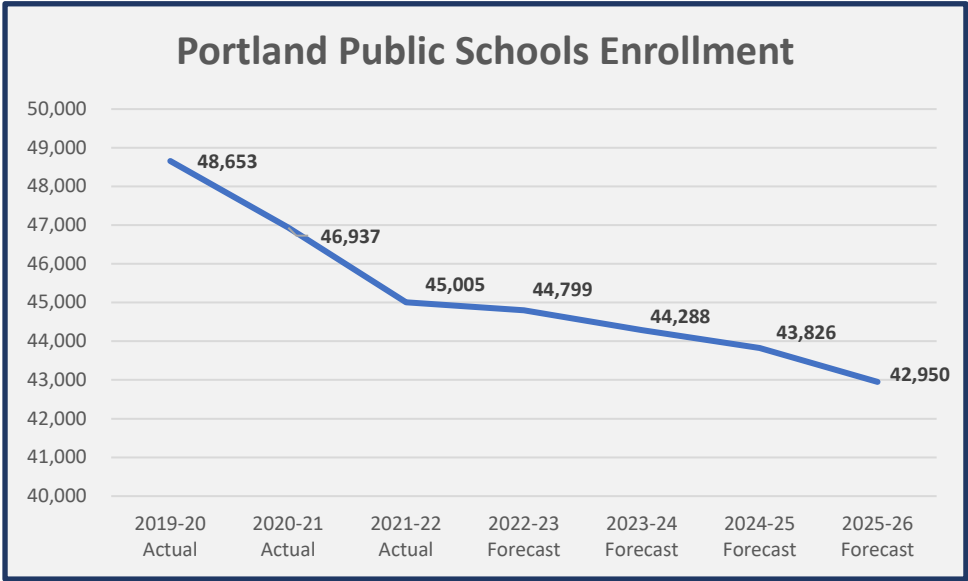
# BUDGET OVERVIEW

The FY 2023-24 budget totals \$2.2 billion dollars, an increase of nearly \$299.0 million from the current year. The increase is primarily due to debt proceeds and corresponding capital investment as part of the 2020 bond program.

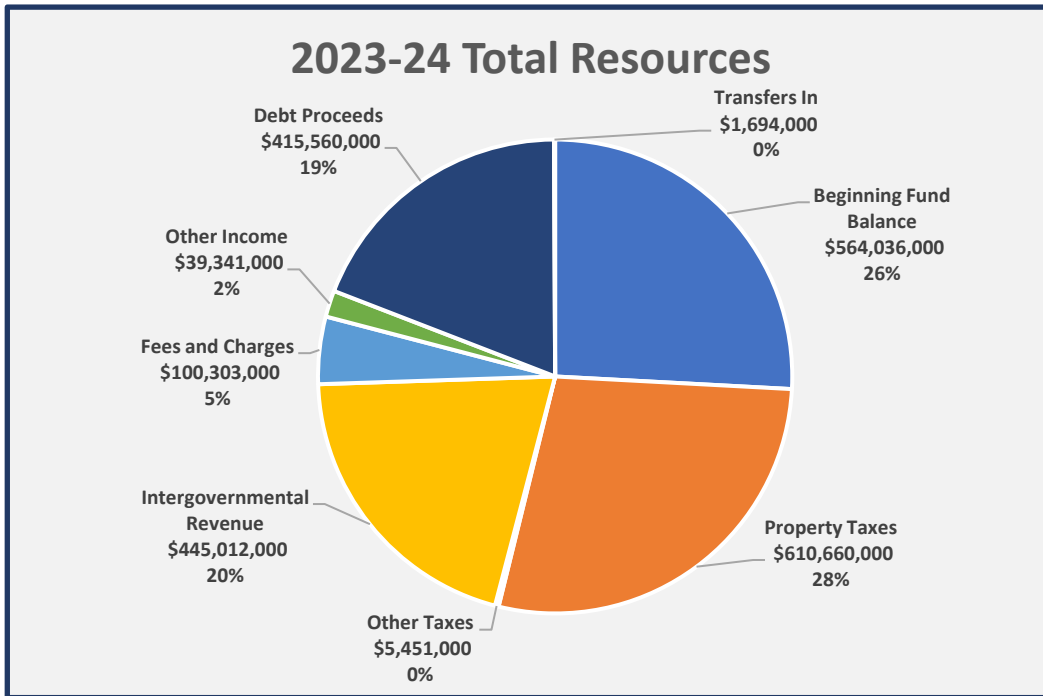
The FY 2023-24 budget focuses on:

- Meeting the core needs of students:
  - Mental and behavioral health needs
  - Learning acceleration
  - Wraparound supports
- Increasing academic achievements and reducing academic disparities for:
  - Black, Indigenous, and Students of Color
  - Students with disabilities
  - Emerging bilingual students
  - Students navigating poverty, homelessness, foster care, and students that have historically experience disparities in PPS schools

Budget discussions highlight a continued and growing gap between revenues and expenditures. Three factors come together to grow the budget gap: escalating costs, declining enrollment, and increased student needs. PPS is forecasting a decrease of 9.0% in enrollment from pre-pandemic levels, which results in reduced Oregon State School fund dollars for General Fund operating costs. One-time resources from state and federal sources as well as reserves fill the gap in this budget.



The FY 2023-24 budget adds a new fund: the Harriet Tubman MS Relocation Fund. This fund will be used to manage capital expenditures designated for the relocation of the Harriet Tubman Middle School. This project is funded through a state grant. A total of \$122.5 million is included for the relocation in this budget.



Overall, resources for FY 2023-24 increase by 15.9%. The majority of this increase is due to debt proceeds. In April 2023, the district issued General Obligation Bonds from the November 2020 authorization; this budget estimated an issuance of \$420 million, which the district included in their FY 2023-24 budget as debt proceeds. The amount offsets reduced intergovernmental revenue (a result of pandemic relief funds from the federal government ending) and beginning fund balance (spent down for capital projects). Total revenues are \$1.6 billion, \$489.3 million less than expenditures.

	2020-21 Actuals	2021-22 Actuals	2022-23 Adopted	2023-24 Approved	% Increase / (Decrease)
Property Taxes	\$ 520,574,000	\$ 553,417,000	\$ 577,592,000	\$ 610,660,000	5.7%
Other Taxes	\$ 3,446,000	\$ 5,436,000	\$ 5,505,000	\$ 5,451,000	-1.0%
Intergovernmental Revenue	\$ 394,679,000	\$ 469,926,000	\$ 515,650,000	\$ 445,012,000	-13.7%
Fees and Charges	\$ 63,201,000	\$ 84,925,000	\$ 94,521,000	\$ 100,303,000	6.1%
Other Income	\$ 15,406,000	\$ 2,281,000	\$ 22,441,000	\$ 39,341,000	75.3%
Debt Proceeds	\$ 450,635,000	\$ 400,839,000	\$ 2,300,000	\$ 415,560,000	17967.8%
<b>TOTAL REVENUES</b>	<b>\$ 1,447,941,000</b>	<b>\$ 1,516,824,000</b>	<b>\$ 1,218,009,000</b>	<b>\$ 1,616,327,000</b>	<b>32.7%</b>
Beginning Fund Balance	\$ 782,952,000	\$ 906,724,000	\$ 663,328,000	\$ 564,036,000	-15.0%
Transfers In	\$ 2,466,000	\$ 1,825,000	\$ 1,923,000	\$ 1,694,000	-11.9%
<b>TOTAL RESOURCES</b>	<b>\$ 2,233,359,000</b>	<b>\$ 2,425,373,000</b>	<b>\$ 1,883,260,000</b>	<b>\$ 2,182,057,000</b>	<b>15.9%</b>

#### Beginning Fund Balance (BFB) - \$564.0 million

BFB decreases by 15.0% (\$99.3 million) down to a budgeted total of \$564.0 million. The decrease is due to a 20.4% (\$102.5 million) reduction in the Capital Projects BFB as the district spends down previously issued bonds on various capital projects. The Capital Projects Fund BFB is \$399.4 million, 70.8% of the total BFB. All other beginning fund balances are consistent with FY 2022-23 levels with two exceptions; the General Fund BFB decreases by \$5.0 million but is offset by an increase of \$11.1 million in the Special Revenue Fund.

## REVENUES

The two primary sources of revenue are property taxes and intergovernmental revenue. Together, these sources total just under \$1.1 billion and make up 65.3% of total operating revenues. If debt proceeds are removed, the percentage increases to 87.9% of operating revenues.

### Property Taxes - \$610.7 million

FY 2023-24 property tax revenue includes permanent rate, local option levy, GO bond (approved in 2012, 2017, and 2020 for facilities improvements), and the Gap Tax. Property taxes show a 5.7% overall increase from last year's budgeted numbers. The district's estimates for AV (5% increase) and collection rate (96%) appear reasonable.<sup>2</sup> The GO bond property tax levy is estimated to be \$170,000,000 in this budget. Compression experienced by the district is nearly all for the local option levy (roughly 88% in FY 22-23).

The State School Fund equalization formula, created by the legislature and calculated on enrollment, determines how much state funding each school district will receive. The formula is a combination of local tax revenue and state distributed revenue. If the local tax collections exceed their estimated amount, the state portion of the amount will be subject to equalization, which results in a decrease of State School Fund revenue. Revenues from the local option levy (passed in 2011, 2014 and 2019 to fund teaching positions and classroom support), and the Gap Tax (authorized in 2009 by the legislature to fund the difference between the Measure 5 and Measure 50 limit on property taxes) are excluded from the State School Fund formula. The Gap Tax is shown in the permanent rate numbers below.

	2020-21 Actuals	2021-22 Actuals	2022-23 Revised	2023-24 Approved	% Increase / (Decrease)
Permanent Rate Property Taxes	\$ 281,752,000	\$ 300,100,000	\$ 314,766,000	\$ 330,115,000	4.9%
Local Option Levy Property Taxes	\$ 100,955,000	\$ 104,719,000	\$ 109,951,000	\$ 114,676,000	4.3%
GO Debt Property Taxes	\$ 131,818,000	\$ 142,032,000	\$ 146,945,000	\$ 159,452,000	8.5%
Prior Years Property Taxes	\$ 5,537,000	\$ 6,049,000	\$ 5,530,000	\$ 5,967,000	7.9%
Payments in Lieu of Property Taxes	\$ 512,000	\$ 517,000	\$ 400,000	\$ 450,000	12.5%
<b>TOTAL PROPERTY TAX</b>	<b>\$ 520,574,000</b>	<b>\$ 553,417,000</b>	<b>\$ 577,592,000</b>	<b>\$ 610,660,000</b>	<b>5.7%</b>

### FY 2023-24 PPS Approved Budget Tax Levies

Type	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		\$170,000,000

<sup>2</sup> The budgeted GO Debt property taxes in the Approved budget do not align with a 96% collection rate; as budgeted, the GO Debt property taxes assume a 92.6% collection rate. However, PPS staff is aware of this issue and will be submitting a technical amendment to fix the issue prior to budget adoption.



**Intergovernmental Revenues (Federal, State, and Local) - \$445.0 million**

State revenues make up the largest portion of intergovernmental revenue at \$326.8 million, just over 73% of the total. State revenues decrease 8.5% from FY 2022-23, driven by a reduction in state grants totaling \$39 million. Total Federal revenue will decrease by \$37.5 million, a 25.7% decrease.

Total State revenues include the district’s portion of the State School Fund (SSF), assumed at \$253 million for FY 2023-24. This estimate is based on a \$9.9 billion state budget for K-12 education funding to be distributed at 49/51% split over two years. The Legislature approved an increase to \$10.2 billion for the state budget on June 7, 2023, so PPS will be receiving a higher than budgeted state allotment.

The district has received an influx of federal dollars – Elementary and Secondary School Emergency Relief (ESSER) - throughout the pandemic. The chart below displays total amounts planned for FY 23-24. The district estimates \$36.3 million available for FY 2023-24. These funds must be invested as a response to the impact and recovery from the COVID-19 pandemic.

Overview of Elementary & Secondary School Emergency Relief Federal Funds ESSER I, II, III					
US Congressional Action	K-12 Public School Funding Across the Nation	How Much for Oregon Public Schools?	About How Much for Portland Public Schools?*	Must Be Invested By	Balance at the Start of the 2023-24 School Year (July 1, 2023)
<b>CARES Act</b> Coronavirus Aid, Relief, and Economic Security Act, ESSER I, March 2020	\$13.2 billion	\$121 million	\$7.5 million	September 2022	\$0
<b>CRRSA Act</b> Coronavirus Response and Relief Supplemental Appropriations Act, ESSER II, December 2020	\$54.3 billion	\$499 million	\$30 million	September 2023	\$0
<b>American Rescue Plan Act</b> ESSER III, March 2021	\$122.8 billion	\$1.1 billion	\$70 million	September 2024	\$36 million

\*Totals are projected allocations before pass through to other entities and other allocation requirements per federal and state relief guidelines.

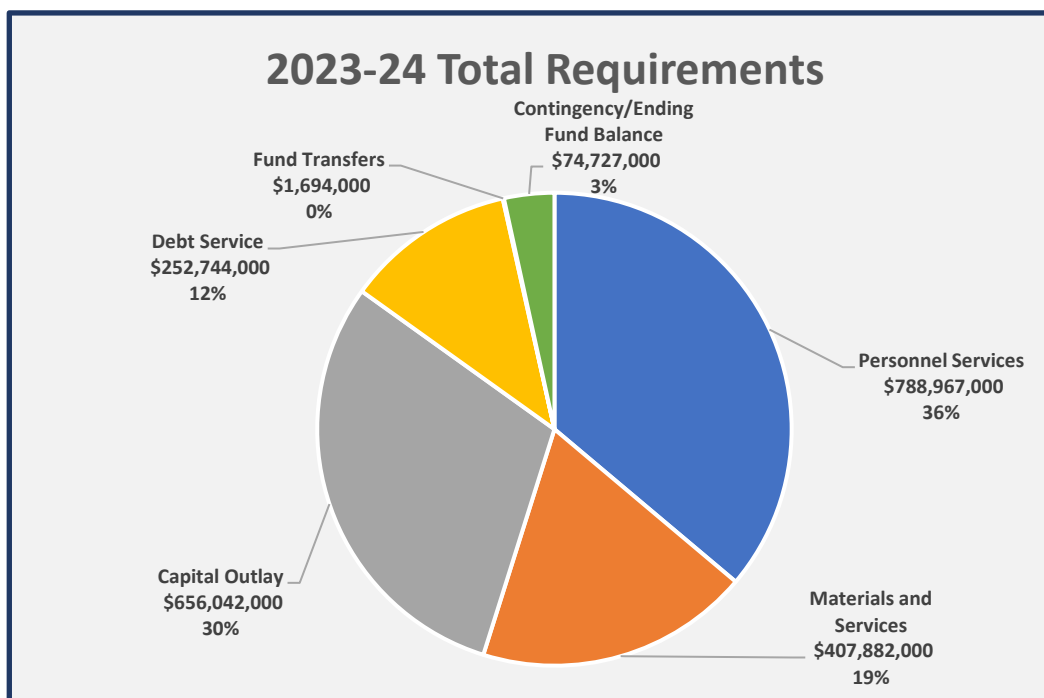
The district engaged in needs assessments and community outreach to spend the remaining ESSER funding in FY 2023-24. Funding for the ESSER plan includes direct investments at schools, including:

- Learning Acceleration Specialists to support reading and math for Black and Native students (20.0 FTE)
- Professional development/curriculum (\$7.6 million)
- Instructional summer programming (\$4.0 million)
- Gun Violence Prevention (\$300,000)
- RESJ summer partner contracts and SUN supports (\$2.6 million)
- Evening Scholars and High School Credit Recovery (3.75 FTE)

In addition, the district is allocating \$8.8 million for School Based Improvement Grants in FY 2023-24. Each school will receive a base amount of \$100,000 plus \$11/student based on projected enrollment. These grants will provide flexibility to the schools when determining their investment to improve student outcomes. These grants may be used for:

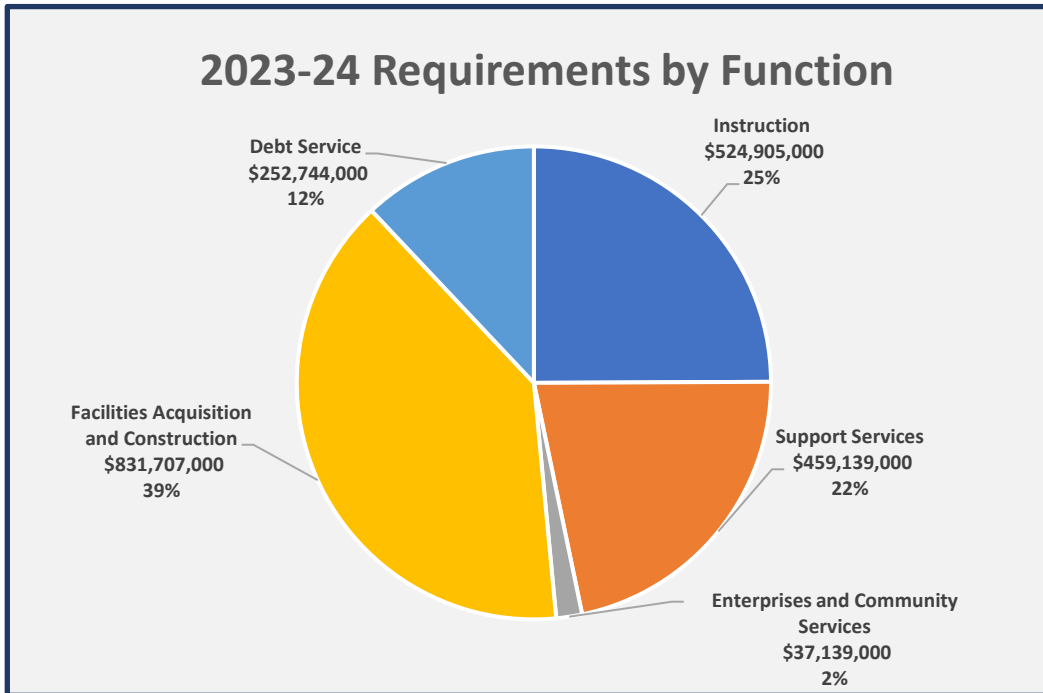
- Professional development
- Targeted intervention for a focal set of students
- FTE academic support (amount available for use for this purpose depends upon amount used from local school foundation resources)
- Other non-FTE-related efforts that support improved academic outcomes for students

Principals will be required to submit rationale for how they chose to invest this funding at their school.



Requirements balance to resources, for a total of \$2.2 billion.





#### Contingencies/Ending Fund Balance

Combined, contingency and ending fund balance decrease by 27.1% from FY 2022-23. The overall decrease is mainly due to the spending down of capital bonds. Total contingency is \$48.4 million, and nearly all is budgeted in the General Fund, with a small amount in the Internal Service Fund. Contingency spend down in the General Fund is to support existing programs where revenues are not sufficient to cover them.

#### EXPENDITURES

The expenditure portion of the budget (excludes fund balance, contingency, and fund transfers) increases by \$326.9 million (18.4%) to \$2.1 billion. The largest year over year increase is in capital outlay, increasing by 66.4%, and debt service, increasing by 10.4%.

	2020-21 Actuals	2021-22 Actuals	2022-23 Adopted	2023-24 Approved	% Increase / (Decrease)
Personnel Services	\$ 648,714,000	\$ 692,463,000	\$ 783,727,000	\$ 788,967,000	0.7%
Materials and Services	\$ 194,100,000	\$ 241,552,000	\$ 371,841,000	\$ 407,883,000	9.7%
Capital Outlay	\$ 234,548,000	\$ 174,906,000	\$ 394,311,000	\$ 656,042,000	66.4%
Debt Service	\$ 246,806,000	\$ 641,907,000	\$ 228,898,000	\$ 252,744,000	10.4%
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,324,168,000</b>	<b>\$ 1,750,828,000</b>	<b>\$ 1,778,777,000</b>	<b>\$ 2,105,636,000</b>	<b>18.4%</b>
Fund Transfers	\$ 2,466,000	\$ 1,825,000	\$ 1,923,000	\$ 1,694,000	-11.9%
Contingency/Ending Fund Balance	\$ 906,725,000	\$ 672,720,000	\$ 102,560,000	\$ 74,727,000	-27.1%
<b>TOTAL REQUIREMENTS</b>	<b>\$ 2,233,359,000</b>	<b>\$ 2,425,373,000</b>	<b>\$ 1,883,260,000</b>	<b>\$ 2,182,057,000</b>	<b>15.9%</b>

## Personnel Services - \$789.0 million

The largest expenditure in the budget is for personnel services, totaling 37.4% of all expenditures. The Personnel Services budget increases slightly (0.7%) to \$789.0 million in FY 2023-24 from \$783.7 million in the current year. The slight increase reflects increased costs for personnel but decreased number of positions funded in the budget. School staffing for FY 2023-24 was based on projected October 2023 enrollment, which uses October 2022 enrollment as the base and makes adjustments for population and new residential development within the district boundaries. Enrollment is expected to decrease in FY 2023-24 but not at the same levels as during the pandemic. The district is staffing schools to align with enrollment.

PBAM Function	2020 Actual	2021 Actual	2022 Actual	2023 Adopted	2024 Proposed
<b>11 - Regular Programs: Primary Instructional Activities</b>					
Licensed Staff	2,258.52	2,402.24	2,262.23	2,435.88	2,216.34
Classified - Represented	194.26	185.84	195.15	218.86	201.63
Non-Represented Staff	4.26	1.60	2.80	3.80	5.00
Administrators - Licensed	4.50	6.50	6.50	6.50	8.00
<b>12 - Special Programs: Instructional activities for students with special needs</b>					
Licensed Staff	492.09	593.48	496.69	525.25	498.21
Classified - Represented	515.94	642.00	512.10	509.17	507.93
Non-Represented Staff	0.75	2.80	2.80	3.80	1.00
Administrators - Licensed	1.00	1.00	-	-	-
Directors/Program Admins	1.00	1.00	1.00	-	-
<b>14 - Summer School Programs</b>					
Licensed Staff	-	1.50	-	-	-
Classified - Represented	-	1.00	-	-	-
<b>21 - Support Services—Students: Activities to assess and improve the well-being of students</b>					
Licensed Staff	421.68	529.68	504.96	517.49	493.36
Classified - Represented	127.08	133.04	131.62	158.24	154.94
Non-Represented Staff	51.75	71.21	57.23	48.43	53.23
Administrators - Licensed	34.50	59.40	50.00	53.00	58.00
Directors/Program Admins	17.00	12.50	6.00	5.00	4.00
<b>22 - Support Services—Instructional Staff: Activities associated with assisting the instructional staff</b>					
Licensed Staff	230.58	276.23	268.97	264.33	265.37
Classified - Represented	51.37	55.64	51.10	49.80	43.33
Non-Represented Staff	15.50	21.00	19.25	23.63	26.75
Administrators - Licensed	9.01	10.01	9.50	9.50	13.50
Directors/Program Admins	-	-	1.00	1.00	1.00
<b>23 - Support Services—General Administration: Activities associated with administering policy and operating the district</b>					
Licensed Staff	1.00	-	-	-	-
Classified - Represented	2.00	-	-	-	-
Non-Represented Staff	30.25	24.50	21.50	30.00	28.00
Administrators - Licensed	14.00	14.00	14.00	13.00	15.00
Administrators - NonLicensed	4.00	4.00	4.00	3.00	3.00
Directors/Program Admins	6.00	5.00	6.00	7.00	8.00
<b>24 - School Administration: Activities of School Direction and Supervision</b>					
Licensed Staff	8.47	39.53	6.73	3.57	0.50
Classified - Represented	205.41	208.83	205.04	204.22	199.78
Non-Represented Staff	24.92	32.33	48.58	55.78	58.88
Administrators - Licensed	167.20	166.00	184.25	180.75	171.50
Directors/Program Admins	1.00	1.00	1.00	-	-
<b>25 - Support Services—Business: Activities including fiscal, operation and maintenance, and internal services</b>					
Classified - Represented	549.75	550.25	587.25	583.50	559.25
Non-Represented Staff	109.60	108.20	109.20	111.80	107.10
Administrators - NonLicensed	2.00	2.00	2.00	2.00	2.00
Directors/Program Admins	14.00	13.00	12.00	13.00	12.00

*FTE Chart Continued on Next Page*

PBAM Function	2020 Actual	2021 Actual	2022 Actual	2023 Adopted	2024 Proposed
<b>26 - Support Services—Central: Activities other than general admin, which support instructional and supporting programs</b>					
Licensed Staff	-	2.5	10.00	15.00	9.00
Classified - Represented	10.50	12.50	25.50	26.50	25.00
Non-Represented Staff	123.10	140.95	133.20	134.83	140.50
Administrators - Licensed	3.00	3.00	3.00	3.00	4.50
Administrators - NonLicensed	3.00	3.00	3.00	3.00	3.00
Directors/Program Admins	12.00	11.00	13.00	16.50	14.50
<b>31 - Food Services: Activities concerned with providing food to students and staff</b>					
Classified - Represented	177.04	176.40	139.47	173.40	172.46
Non-Represented Staff	15.40	15.40	14.40	14.40	15.01
Directors/Program Admins	2.00	2.00	2.00	2.00	2.00
<b>33 - Community Services: Activities which are not directly related to educating students</b>					
Classified - Represented	42.34	38.52	41.63	44.53	40.40
Non-Represented Staff	5.00	5.00	6.50	6.50	8.00
Directors/Program Admins	-	-	-	-	1.00
<b>41 - Facilities Acquisition and Construction: Activities concerned with the acquisition of land and buildings</b>					
Classified - Represented	5.50	11.00	6.00	7.00	7.00
Non-Represented Staff	20.50	27.80	32.30	40.30	41.50
Administrators - Licensed	-	-	0.25	-	-
Directors/Program Admins	1	2	1	1.5	1.5
<b>Grand Total</b>	<b>5,990.77</b>	<b>6,627.38</b>	<b>6,211.70</b>	<b>6,529.74</b>	<b>6,201.96</b>

Please note: the above FTE chart is from the district's proposed budget document and does not reflect adjustments made in the approved budget. The 2023-24 Approved Budget adds 47.0 FTE:

- 7.0 FTE in Instruction
- 40.0 FTE in Support Services
  - 16.0 FTE Restorative Justice Coordinators
  - 3.0 FTE School Climate Specialists
  - 2.0 FTE Student Success Advocates
  - 18.0 FTE Campus Safety Associates
  - 1.0 FTE Campus Safety Supervisor

When combined with the additions in the Approved budget, the total FTE change from last year's adopted to this year's budget is a decrease of 280.78 FTE. The district has shared the majority of these positions will be lost through attrition.

#### Materials and Services - \$407.9 million

Increasing by 9.7% in FY 2023-24, Materials and Services cost increases are primarily driven by increases in purchased, or contracted, services.

#### Capital Outlay - \$656.0 million

Increasing by 66.4%, the capital outlay budget grows due to planned project activity. Voter-approved bond measures are the primary source of funding for the district's major capital improvement projects. Bonds were approved in 2012, 2017, and most recently November 2020, when voters approved a \$1.2 billion school bond measure to allow "PPS to continue the vital work of improving the health and safety of our aging school buildings with new roofs and mechanical systems, seismic retrofits, accessibility and security upgrades." The budget document provides updates on the status of bond projects:

The \$790 million May 2017 Health, Safety and Modernization Bond is currently underway and reaching every school in the district. That work includes:

- Water quality improvements
- Roof replacements, including roof-level seismic improvements
- Security upgrades at all District schools
- Lead paint remediation
- Asbestos remediation
- Radon remediation
- Improving fire safety with the installation of new alarm and sprinkler systems
- ADA upgrades and improvements including new elevators

Modernization work funded by the 2017 bond is also proceeding. McDaniel High School (formerly known as Madison High School) has been completely modernized and a new Kellogg Middle School has been built. Both schools opened to students in fall of 2021. Construction of a new Lincoln High School began in January of 2020. Students will occupy the new building in fall of 2022 and the new athletic fields in 2023. Construction for the modernization of Benson Polytechnic High School began in summer of 2021 and is scheduled to be completed in fall of 2024.

The \$1.2 billion November 2020 Bond work includes:

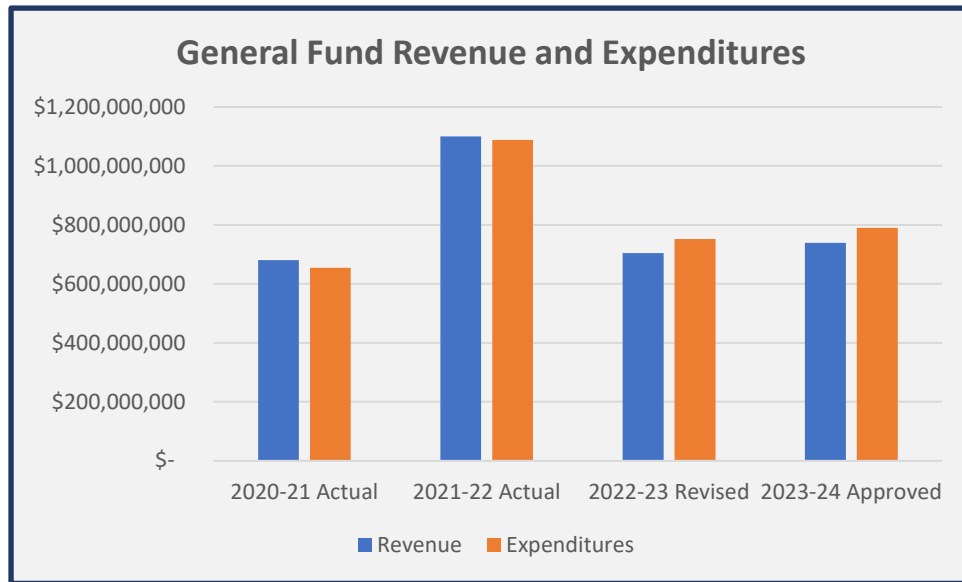
- Replacing textbooks and curriculum materials
- Providing students with tablets and laptops and updating classroom and district technology
- Updating special education learning spaces
- Providing every school in the District with ground floor accessibility that meets requirements of the Americans with Disabilities Act (ADA)
- Replacing school roofs
- Partnering with grant funds to seismically retrofit select schools
- Replacing whole, or components of, heating, cooling and ventilation systems
- Addressing building modifications needed to support school enrollment or capacity changes
- Updating security cameras, intrusion alarm systems and classroom door locks

The measure also provides funding to modernize Jefferson High School, construct a new Multiple Pathways to Graduation building on the Benson campus, and complete master planning and design for Cleveland High School, Ida B. Wells (formerly Wilson) High School modernization projects, and additional capacity at Roosevelt High School.

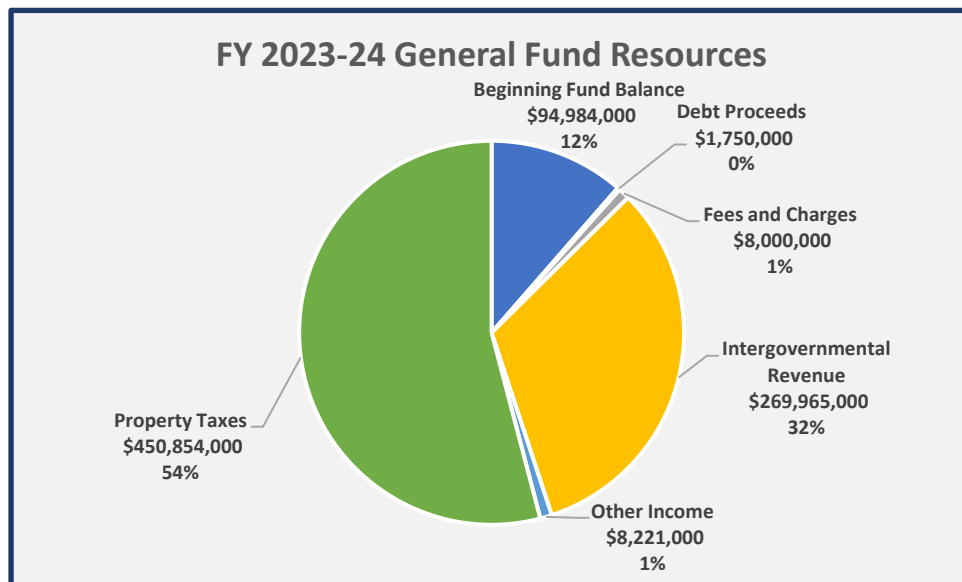
Over the long term, Portland Public Schools plans to modernize every school through a series of capital construction bonds, bringing them all up to modern facility and educational standards.

## GENERAL FUND

The FY 2023-24 General Fund budget is \$833.8 million, \$29.7 million (3.7%) higher than the current year. The General Fund makes up 38.2% of the total budget.



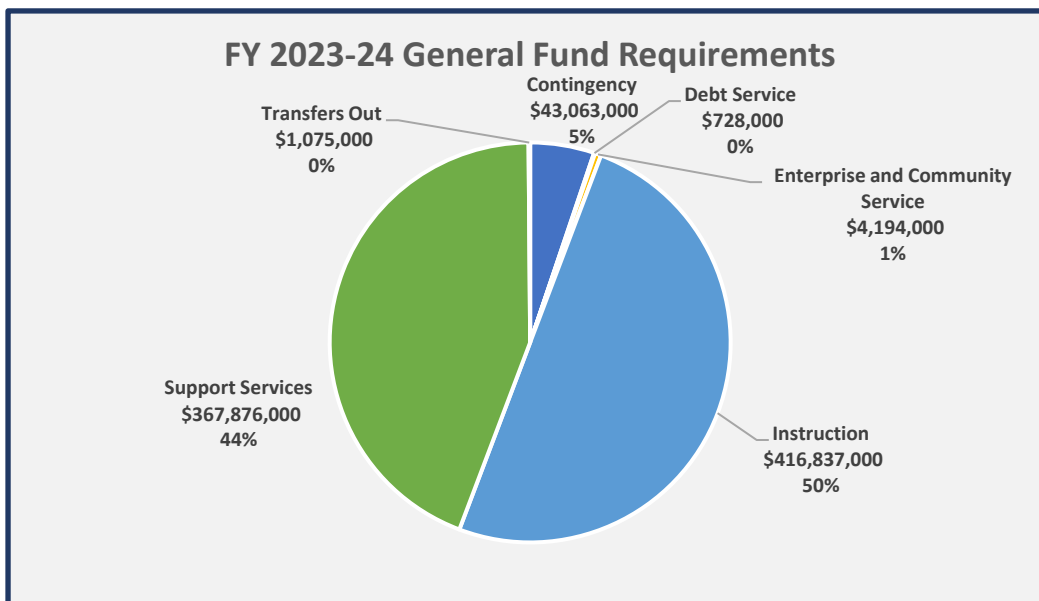
## GENERAL FUND RESOURCES



Overall, revenues grow by 4.9% from the current year. Property taxes are the primary funding source for the General Fund, followed by Oregon State School fund revenues. Property taxes are projected to increase; State School Funds are impacted by declining enrollment and will decrease from 2022-23 amounts. PPS also receives a portion of Portland City Arts Tax. The Arts Tax is also impacted by declining enrollment since disbursement is linked to enrollment, and the district is budgeting just over \$80,000 less this year than last year, for a total of \$4.5 million.

	2020-21 Actual	2021-22 Actual	2022-23 Adopted	2023-24 Approved	% Increase / (Decrease)
Debt Proceeds	\$ -	\$ 400,839,000	\$ 1,400,000	\$ 1,750,000	25.0%
Fees and Charges	\$ 4,821,000	\$ 7,687,000	\$ 8,864,000	\$ 8,000,000	-9.7%
Intergovernmental Revenue	\$ 283,649,000	\$ 278,611,000	\$ 259,523,000	\$ 269,965,000	4.0%
Other Income	\$ 3,198,000	\$ 1,378,000	\$ 3,992,000	\$ 8,221,000	105.9%
Property Taxes	\$ 388,447,000	\$ 411,055,000	\$ 430,305,000	\$ 450,854,000	4.8%
<b>TOTAL REVENUE</b>	<b>\$ 680,115,000</b>	<b>\$ 1,099,570,000</b>	<b>\$ 704,084,000</b>	<b>\$ 738,790,000</b>	<b>4.9%</b>
Beginning Fund Balance	\$ 64,474,000	\$ 88,691,000	\$ 99,978,000	\$ 94,984,000	-5.0%
<b>TOTAL RESOURCES</b>	<b>\$ 744,589,000</b>	<b>\$ 1,188,261,000</b>	<b>\$ 804,062,000</b>	<b>\$ 833,774,000</b>	<b>3.7%</b>

## GENERAL FUND REQUIREMENTS



The General Fund provides the core operational expenses of the school district. The largest increases in the budget from the current year are in personnel, which make up over 77.8% of General Fund requirements.

	2020-21 Actual	2021-22 Actual	2022-23 Revised	2023-24 Approved	% Increase / (Decrease)
Enterprise and Community Service	\$ 5,115,000	\$ 893,000	\$ 3,100,000	\$ 4,194,000	35.3%
Instruction	\$ 363,865,000	\$ 373,758,000	\$ 406,337,000	\$ 416,837,000	2.6%
Support Services	\$ 285,720,000	\$ 312,766,000	\$ 341,772,000	\$ 367,876,000	7.6%
Debt Service	\$ -	\$ 400,833,000	\$ 783,000	\$ 728,000	-7.0%
<b>TOTAL EXPENDITURES</b>	<b>\$ 654,700,000</b>	<b>\$ 1,088,250,000</b>	<b>\$ 751,992,000</b>	<b>\$ 789,635,000</b>	<b>5.0%</b>
Transfers Out	\$ 1,198,000	\$ 1,207,000	\$ 1,302,000	\$ 1,075,000	-17.4%
Contingency	\$ -	\$ -	\$ 50,768,000	\$ 43,063,000	-15.2%
Ending Fund Balance	\$ 88,691,000	\$ 98,804,000	\$ -	\$ -	0.0%
<b>TOTAL REQUIREMENTS</b>	<b>\$ 744,589,000</b>	<b>\$ 1,188,261,000</b>	<b>\$ 804,062,000</b>	<b>\$ 833,773,000</b>	<b>3.7%</b>



General Fund debt service is for bus leases; the Government Accounting Standards Board (GASB) implemented a new standard dictating that long-term leases must be accounted as debt service.

## OTHER FUNDS

Fund Name	2023 Revised Budget	2024 Approved Budget	% Increase / (Decrease)	Reason for Change
Capital Projects Funds	516,864,000	834,107,000	61.4%	capital investments supported by bonds
Debt Service Fund	83,047,000	86,445,000	4.1%	increase in pension bond debt service
GO Bonds Debt Service Fund	159,363,000	171,257,000	7.5%	increase in GO bond debt service
Internal Service Funds	8,645,000	8,998,000	4.1%	primarily driven by personnel costs
Special Revenue Funds	311,278,000	247,477,000	-20.5%	reductions in personnel and purchased/contracted expenses
<b>OTHER FUNDS TOTAL</b>	<b>1,079,197,000</b>	<b>1,348,284,000</b>	<b>24.9%</b>	
General Fund	804,062,000	833,773,000	3.7%	primarily driven by personnel costs
<b>TOTAL ALL FUNDS</b>	<b>1,883,259,000</b>	<b>2,182,057,000</b>	<b>3.7%</b>	

The Capital Projects Fund is the largest fund at \$834.1 million with the General Fund close behind at \$833.8 million. These two funds together account for 76.4% of the total of all funds.

### Capital Projects Fund

This fund increases in FY 2023-24 as the district continues to spend down bond proceeds on capital projects for the 2017 and 2020 bonds. The district maintains a webpage dedicated to bond progress: [Bond \(School Building Improvement Bond\) / Department Main Page \(pps.net\)](#). As the district issues debt on the 2020 authorization expenses will increase and then begin to decrease as the available revenue is spent down on capital projects. The FY 2023-24 budget includes debt issuance for increased expenses.

### Special Revenue Funds

The district has a number of special revenue sub-funds that are primarily funded by grants and foundation funding. Special Revenue funds provide additional staffing to support community engagement, social emotional learning, family focused training and education, as well as dollars to support technology infrastructure.

Total resources are expected to decrease by \$63.8 million from FY 2022-23. Revenues from state and federal sources make up 89.2% of the operating revenue in this fund category. Federal revenue sees a decline of 25.7% as the district spends down remaining ESSER funding. State funding also decreases by \$77.0 million, or 30.9%.

## DEBT STATUS

As of June 20, 2023, the district estimates total outstanding debt of \$1.97 billion. The majority is for General Obligation bonds related to capital improvements. Debt for the district is legally limited to 7.95% of real market value (ORS 328.245). The district is well under the legal debt margin. The two primary sources of debt for the district are general obligation bonds and pension bonds.

The chart on the next page from the district's budget document summarizes expected debt payments for FY 2023-24.

## Bonded and Other Debt (In Thousands)

Issue Date	Series	Original Issue	Outstanding at June 30, 2023	2023-24 Principal Payments	2023-24 Interest Payments
<b>General Obligation Bonds</b>					
April 30, 2015	2015B	244,700	104,070	6,980	4,179
August 10, 2017	2017B	241,890	172,730	2,985	5,844
April 14, 2020	2020	441,320	307,820	40,430	13,952
December 30, 2020	2020B	365,465	267,255	-	6,918
December 30, 2020	2020C	53,965	51,615	4,070	818
April 27, 2023*	2023	420,000	420,000	56,290	23,104
			1,323,490	110,755	54,815
<b>Limited Tax Pension Obligation Bonds</b>					
October 31, 2002	2002B	156,580	108,735	20,155	6,035
April 30, 2003	2003B	156,370	156,370	28,665	8,862
July 15, 2021	2021	399,390	375,785	13,420	7,543
			640,890	62,240	22,440
<b>Full Faith &amp; Credit Obligations</b>					
August 4, 2016	2016 Qualified Zone	4,000	2,800	200	-
November 9, 2016	2016 FF&C Taxable	5,048	3,298	325	94
			6,098	525	94
<b>Total</b>			<b>1,970,478</b>	<b>173,520</b>	<b>77,349</b>

\* The District plans to issue \$420.0 million in General Obligation Debt in April 2023. At the time of publication of the 2023-24 Proposed Budget, the 2023-24 Principal and Interest payments are estimated.

Total debt service for FY 2023-24 will be \$250.9 million per the debt schedule (budgeted debt services totals \$252.7 million due to GASB 87 reporting of long-term lease obligations – these are part of total debt service budget but not noted on the debt schedule). Debt service for GO bonds make up 65.9% of total budgeted amounts.

### General Obligation (GO) Bonds

In November 2012, voters approved a \$482.0 million capital improvement bond for Portland Public Schools. In May 2017, voters approved a \$790.0 million capital improvement bond measure. In November 2020, voters approved a \$1.2 billion capital improvement bond measure. The debt service on the GO bonds is repaid through the property tax levied for that purpose.

The district sold bonds in April 2023 to fund the second phase of technology and curriculum work. This budget includes the debt proceeds from this issue.

### Pension Bonds

The district issued pension bonds in October 2002 and April 2003, and then issued full faith and credit pension bonds in July 2021. These investments help PPS contain its PERS costs. The debt service on these bonds is paid through internal service charges to other funds.

## BUDGET PROCESS & COMPLIANCE

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

### LOCAL BUDGET LAW COMPLIANCE

The 2023-24 Approved Budget is in substantial compliance with budget law.

As noted in this review, there is a minor technical issue in the budgeted GO Debt property taxes. All taxes budgeted should assume the collection rate, which as stated in PPS documents is 96%. However, the Approved budget shows GO Debt property taxes assume a 92.6% collection rate. PPS staff is aware of this issue and will be submitting a technical amendment to fix the issue prior to budget adoption. *Update as of June 1, 2023 – as a result of updated calculations from financial advisors the district was able to lower their estimated GO bond tax levy amount, and therefore the initial budgeted amount will be accurate and no technical amendment is needed. The governing body will approve the lowered budget resolution prior to adopting the budget.*

The audit report for FY 2021-22 notes no exceptions.

### CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff did not find any deficiencies in the district's Fiscal Year 2023-24 budget or budget process and suggest the Certification Letter contain no recommendations or objections.

## Portland Public School District

### Budget Summary

	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	%
<b>SUMMARY OF ALL FUNDS</b>	Actual	Actual	Revised	Approved	Change
<b>PROPERTY TAX BREAKDOWN:</b>					
Permanent Rate Property Taxes	281,752,000	300,100,000	314,766,000	330,115,000	4.9%
Local Option Levy Property Taxes	100,955,000	104,719,000	109,951,000	114,676,000	4.3%
GO Debt Property Taxes	131,818,000	142,032,000	146,945,000	159,452,000	8.5%
Prior Years Property Taxes	5,537,000	6,049,000	5,530,000	5,967,000	7.9%
Payments in Lieu of Property Tx	512,000	517,000	400,000	450,000	12.5%
<b>TOTAL PROPERTY TAX</b>	<b>520,574,000</b>	<b>553,417,000</b>	<b>577,592,000</b>	<b>610,660,000</b>	<b>5.7%</b>
<b>RESOURCES:</b>					
Beginning Fund Balance	782,952,000	906,724,000	663,328,000	564,036,000	-15.0%

Property Taxes	520,574,000	553,417,000	577,592,000	610,660,000	5.7%
Other Taxes	3,446,000	5,436,000	5,505,000	5,451,000	-1.0%
Intergovernmental Revenue	394,679,000	469,926,000	515,650,000	445,012,000	-13.7%
Fees and Charges	63,201,000	84,925,000	94,521,000	100,303,000	6.1%
Other Income	15,406,000	2,281,000	22,441,000	39,341,000	75.3%
Debt Proceeds	450,635,000	400,839,000	2,300,000	415,560,000	17967.8%
Transfers In	2,466,000	1,825,000	1,923,000	1,694,000	-11.9%
<b>TOTAL RESOURCES</b>	<b>2,233,359,000</b>	<b>2,425,373,000</b>	<b>1,883,260,000</b>	<b>2,182,057,000</b>	<b>15.9%</b>

**REQUIREMENTS BY FUNCTION:**

Instruction	417,111,000	460,823,000	536,615,000	524,905,000	-2.2%
Support Services	348,539,000	383,453,000	463,765,000	459,139,000	-1.0%
Enterprises & Community Srvcs	23,914,000	30,630,000	36,048,000	37,139,000	3.0%
Facilities Acquisition & Const.	287,785,000	256,689,000	514,050,000	831,707,000	61.8%
Debt Service	246,806,000	619,233,000	228,298,000	252,744,000	10.7%
Transfers Out	2,466,000	1,825,000	1,923,000	1,694,000	-11.9%
Contingencies	0	0	56,024,000	48,414,000	-13.6%
Ending Fund Balance	906,738,000	672,720,000	46,536,000	26,313,000	-43.5%
<b>TOTAL REQUIREMENTS BY FUNCTION</b>	<b>2,233,359,000</b>	<b>2,425,373,000</b>	<b>1,883,259,000</b>	<b>2,182,055,000</b>	<b>15.9%</b>

**REQUIREMENTS BY OBJECT:**

Personnel Services	648,714,000	692,463,000	783,727,000	788,967,000	0.7%
Materials & Services	194,100,000	241,552,000	371,841,000	407,882,000	9.7%
Capital Outlay	234,548,000	174,906,000	394,311,000	656,042,000	66.4%
Debt Service	246,806,000	641,907,000	228,898,000	252,744,000	10.4%
Fund Transfers	2,466,000	1,825,000	1,923,000	1,694,000	-11.9%
Contingencies	0	0	56,024,000	48,414,000	-13.6%
Ending Fund Balance	906,725,000	672,720,000	46,536,000	26,313,000	-43.5%
<b>TOTAL REQUIREMENTS BY OBJECT</b>	<b>2,233,359,000</b>	<b>2,425,373,000</b>	<b>1,883,260,000</b>	<b>2,182,056,000</b>	<b>15.9%</b>

**SUMMARY OF BUDGET - BY FUND**

General Fund	744,589,000	1,188,261,000	804,062,000	833,773,000	3.7%
Special Revenue Fund	155,931,000	216,693,000	311,278,000	247,477,000	-20.5%
Debt Service Fund	57,422,000	79,499,000	83,047,000	86,445,000	4.1%
GO Bonds Debt Service Fund	201,070,000	152,606,000	159,363,000	171,257,000	7.5%
Capital Projects Fund	1,066,674,000	780,621,000	516,864,000	834,105,000	61.4%
Internal Service Fund	7,673,000	7,693,000	8,645,000	8,998,000	4.1%
<b>GRAND TOTAL ALL FUNDS</b>	<b>2,233,359,000</b>	<b>2,425,373,000</b>	<b>1,883,259,000</b>	<b>2,182,055,000</b>	<b>15.9%</b>

**DETAIL OF GENERAL FUND**

**RESOURCES:**

Beginning Fund Balance	64,474,000	88,691,000	99,978,000	94,984,000	-5.0%
Property Tax	388,447,000	411,055,000	430,305,000	450,854,000	4.8%
Federal Revenue	18,000	21,000	15,000	15,000	0.0%
State Revenue	269,250,000	265,008,000	247,407,000	259,931,000	5.1%
Local Revenue	14,381,000	13,582,000	12,101,000	10,019,000	-17.2%
Fees and Charges	4,821,000	7,687,000	8,864,000	8,000,000	-9.7%
Other Income	3,198,000	1,378,000	3,992,000	8,221,000	105.9%
Debt Proceeds	0	400,839,000	1,400,000	1,750,000	25.0%
Transfers In	0	0	0	0	0.0%
<b>TOTAL FUND RESOURCES</b>	<b>744,589,000</b>	<b>1,188,261,000</b>	<b>804,062,000</b>	<b>833,774,000</b>	<b>3.7%</b>

**REQUIREMENTS:**

Instruction	363,865,000	373,758,000	406,337,000	416,837,000	2.6%
Support Services	285,720,000	312,766,000	341,772,000	367,876,000	7.6%
Enterprises and Community Services	5,115,000	893,000	3,100,000	4,194,000	35.3%
Debt Service	0	400,833,000	783,000	728,000	-7.0%
Transfers Out	1,198,000	1,207,000	1,302,000	1,075,000	-17.4%
Contingencies	0	0	50,768,000	43,063,000	-15.2%
Ending Fund Balance	88,691,000	98,804,000	0	0	0.0%
<b>TOTAL FUND REQUIREMENTS</b>	<b>744,589,000</b>	<b>1,188,261,000</b>	<b>804,062,000</b>	<b>833,773,000</b>	<b>3.7%</b>

**DETAIL OF GENERAL OBLIGATION DEBT SERVICE FUND**

**RESOURCES:**

Beginning Fund Balance	13,568,000	10,482,000	12,278,000	10,000,000	-18.6%
GO Debt Property Taxes	131,818,000	142,032,000	146,945,000	159,452,000	8.5%
Interest on Investments	88,000	92,000	140,000	1,805,000	1189.3%
Debt Proceeds	55,596,000	0	0	0	0.0%
<b>TOTAL FUND RESOURCES</b>	<b>201,070,000</b>	<b>152,606,000</b>	<b>159,363,000</b>	<b>171,257,000</b>	<b>7.5%</b>

**REQUIREMENTS:**

Debt Services	190,588,000	140,826,000	145,053,000	165,571,000	14.1%
Ending Fund Balance	10,482,000	11,780,000	14,310,000	5,686,000	-60.3%
<b>TOTAL FUND RESOURCES</b>	<b>201,070,000</b>	<b>152,606,000</b>	<b>159,363,000</b>	<b>171,257,000</b>	<b>7.5%</b>