

Portland Public Schools

Tax Measure Review - Measure 26-259

May 20, 2025 Election

OVERVIEW

Type of Measure	General Obligation Bond
Ballot Title	Bonds to improve health, safety, and learning; modernize, repair schools
Estimated \$ Raised	The measure authorizes \$1,830,000,000 in general obligation bonds.
Tax Impact	The average estimated tax rate for all PPS bonds (including existing 2017 bonds) is estimated to continue at \$2.50/\$1,000 of assessed value. Bonds may be issued in one or more series, each series maturing in 30 years or less.
Purpose	Facility and education investments for elementary, middle, and high schools
Hearing Date/Time	May 6, 2025 @ 5:00 pm

What is a General Obligation Bond?

Many local governments have broad authority to take on debt to finance government operations. One of the most popular forms of debt is General Obligation Bonds.

The Oregon Constitution provides most local governments the authority to ask voters to approve General Obligation Bonds by putting a measure on the ballot. If the measure is approved, the district is able to levy property taxes in an annual amount sufficient to pay for the principal and interest (debt service) on the bonds.

Uses of bond proceeds are restricted by both Measure 5 (1990) and Measure 50 (1997). Under Measure 5, if the use does not meet the constitutional requirements the property tax levy could lose its exclusion from Measure 5's limitations. Measure 50 further restricted the uses to include only "capital construction and improvements". Statutory language defines capital construction and improvements to include "public safety and law enforcement vehicles" but exclude "maintenance and repairs, the need for which could be reasonably anticipated" or "supplies and equipment that are not intrinsic to the structure".

MEASURE SUMMARY

Portland Public Schools District 1J is seeking voter approval for authorization to borrow \$1.83 billion in general obligation bonds and pay the debt service by levying annual property taxes.

Summary from Request for Ballot Title (from district)

Summary: Measure authorizes up to \$1.83 billion in principal amount of general obligation bonds for facilities and education investments.

If approved, this measure would finance capital costs, including:

Update, Repair Aging Elementary and Middle Schools:

- Update/replace major building systems, including roofs, siding, heating/cooling

Make Schools Safe and Secure:

- Update safety, security systems
- Seismic upgrades

Modernize, Improve Educational Materials, Technology and Schools:

- Renovate/replace schools, including Cleveland, Ida B. Wells (formerly Wilson)
- Upgrade curriculum materials, technology, including student devices

Increase Extracurricular Opportunities:

- Upgrade/expand high school athletic facilities; create district-wide athletic hubs at Jackson, Marshall
- Update high school performing arts/theater facilities

Requires community accountability/oversight; independent audits of projects and expenditures

Bonds may be issued in one or more series, each series maturing in 30 years or less.

Due to declining debt service, measure is not expected to increase PPS's bond tax rate above \$2.50/\$1,000 assessed value, the rate that has been targeted since 2017 bond. Actual rates may differ based on interest rates and changes in assessed value.



BACKGROUND

Portland Public Schools (PPS) is the largest school district in Oregon, serving approximately 43,000 students in pre-kindergarten through 12th grade with 81 schools. Educational services and programs provided include general and special education, career and technical education, and a variety of alternative programs.

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 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 imposes a combined permanent/gap bond tax rate of \$5.2781 per thousand. Below is the General Information chart from the FY 2024-25 TSCC Annual Report showing property tax rates and other information.

Portland Public SD 1J	2021-22	2022-23	2023-24	2024-25
Assessed Value in Billions	\$59.615	\$62.494	\$69.007	\$71.052
Real Market Value (M-5) in Billions	\$147.264	\$157.078	\$156.668	\$151.420
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	\$2.3335	\$2.3000	\$2.3828	\$2.3338
Total Property Tax Rate	\$9.6016	\$9.5681	\$9.6509	\$9.6519
Measure 5 Impact	-\$24,819,007	-\$25,191,648	-\$35,716,191	-\$42,563,967
Number of Employees (FTE’s)	6,274	6,520	6,247	6,018
Average Daily Enrollment – ADMr*	44,748	44,518	43,514	43,302
Weighted Enrollment ADMw*	53,500	53,581	52,232	52,114

* Latest May estimates from ODE web site

PPS has a permanent rate of \$5.2781 per \$1,000 of assessed value, local option levy rate of \$1.99, and an average general obligation bond debt service rate of \$2.34 over the last four years.

Enrollment

Enrollment has been steadily falling since 2019. The largest declines occurred in 2020 and 2021.

Table 3.1: Portland Public Schools, Historic K-12 Enrollment, 2014-2023

Grade	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
K	4,134	4,119	4,071	3,927	3,883	3,857	3,243	3,187	3,132	2,995
1	4,312	4,270	4,134	4,091	3,894	3,913	3,691	3,276	3,363	3,213
2	4,297	4,267	4,201	4,057	4,025	3,848	3,737	3,469	3,311	3,360
3	4,054	4,240	4,153	4,107	3,996	3,955	3,644	3,474	3,493	3,320
4	3,882	3,996	4,123	4,119	4,026	3,944	3,745	3,381	3,470	3,464
5	3,876	3,779	3,911	4,072	4,016	3,939	3,763	3,487	3,344	3,461
6	3,596	3,862	3,567	3,687	3,835	3,788	3,613	3,371	3,385	3,205
7	3,430	3,603	3,602	3,509	3,604	3,797	3,661	3,400	3,340	3,334
8	3,356	3,428	3,518	3,539	3,485	3,513	3,735	3,539	3,442	3,285
9	3,143	3,258	3,231	3,328	3,485	3,446	3,439	3,642	3,585	3,439
10	3,092	3,131	3,196	3,202	3,341	3,455	3,470	3,462	3,609	3,593
11	2,934	2,984	3,085	3,202	3,210	3,282	3,438	3,358	3,372	3,558
12	3,541	3,446	3,406	3,603	3,682	3,698	3,728	3,815	3,763	3,778
K-5	24,555	24,671	24,593	24,373	23,840	23,456	21,823	20,274	20,113	19,813
6-8	10,382	10,893	10,687	10,735	10,924	11,098	11,009	10,310	10,167	9,824
9-12	12,710	12,819	12,918	13,335	13,718	13,881	14,075	14,277	14,329	14,368
Total	47,647	48,383	48,198	48,443	48,482	48,435	46,907	44,861	44,609	44,005
Annual Change		736	-185	245	39	-47	-1,528	-2,046	-252	-604
Percent Change		1.5%	-0.4%	0.5%	0.1%	-0.1%	-3.2%	-4.4%	-0.6%	-1.4%

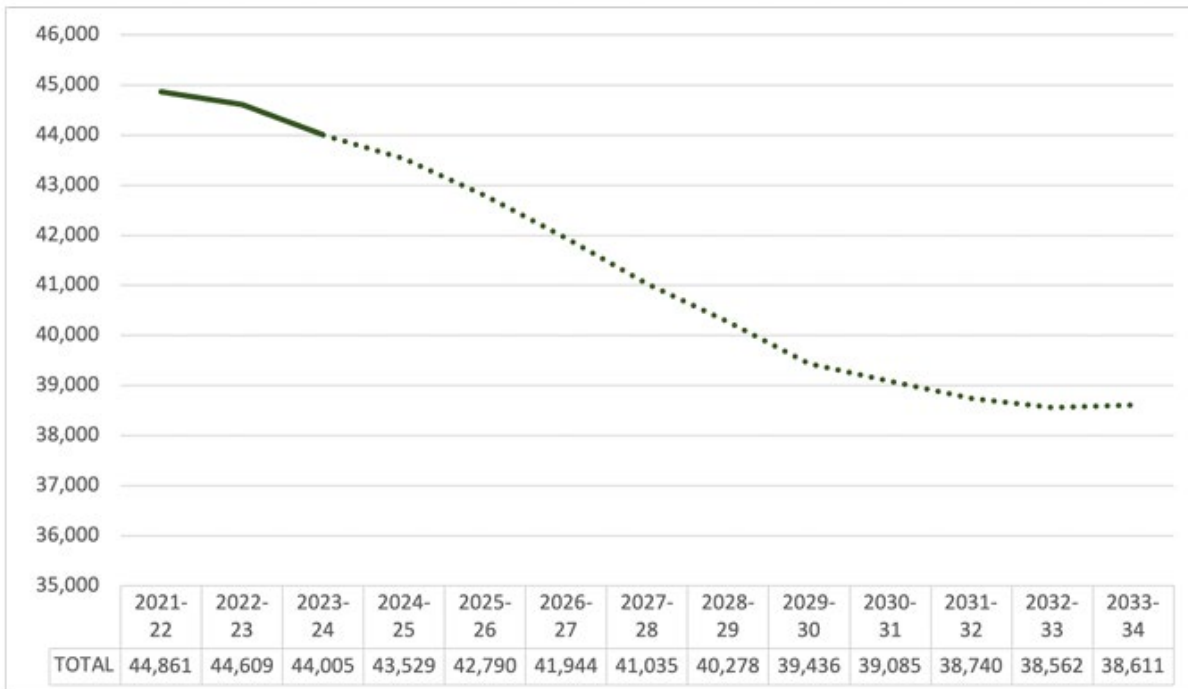


Fig. 4.4: District-wide Enrollment Forecasts

Future expectations of enrollment vary. The tables on the previous page come from a recent Portland State Population Research Center (PSPRC) report: [PRC PPS Forecast Report.pdf](#). PSPRC predicts enrollment will continue to drop precipitously until 2029-30, at which point it will start to level off.

Capital Budget

In FY 24-25, PPS budgeted over \$1 billion in construction and facilities acquisition costs in the Capital Projects Fund, with the majority of project activity funded by voter-approved bond measures in 2012, 2017, and 2020. Additional information on the status of bond projects is available here: <https://www.pps.net/domain/62>. (Once on the website, navigate to prior bond projects using the menu to the left).

Per the most recent independent audit of bond progress, the bond program is on track and generally progressing as planned, although set backs and challenges have occurred and PPS is still working to address some of those issues:

“Our report concludes that, for the areas we reviewed, PPS has made progress toward meeting its bond pledges. The 2017 Bond program was on track for completion and the 2020 Bond program was generally progressing as planned, with PPS addressing some schedule, cost, and scope challenges along the way to meet the intent behind bond commitments. In particular, the 2020 Bond Curriculum and Technology project areas cost and scope challenges, and both project types were progressing as planned and had strong frameworks in place for delivery...PPS reported that most of the prior audit recommendations from the last audit cycle in 2022 remain in progress.”¹

A project in the 2020 bond, The Center for Black Student Excellence has been under continued scrutiny by auditors and journalists: [Auditor Warns Portland Public Schools’ Center for Black Student Excellence Is Falling Behind](#) and [Little progress has been made on a PPS taxpayer funded project for \\$60 million \(kgw.com\)](#).

¹ [Bond Performance Audit - Year 5.pdf](#)



Debt Status

In recent years, PPS has levied a property tax rate of roughly \$2.3 to \$2.38 per \$1,000 for general obligation debt service. Approximately \$1.8 billion in debt remains from prior bond issuance; \$1.27 billion (over 67%) of this is general obligation debt for past capital bonds passed

Bonded and Other Debt (In Thousands)					
Issue Date	Series	Original Issue	Outstanding at June 30, 2024	2024-25 Principal Payments	2024-25 Interest Payments
General Obligation Bonds					
April 30, 2015	2015B	244,700	97,090	7,665	3,829
August 10, 2017	2017B	241,890	169,745	3,345	5,695
April 14, 2020	2020	441,320	267,390	44,140	11,931
December 30, 2020	2020B	365,465	267,255	-	6,918
December 30, 2020	2020C	53,965	47,545	4,295	737
April 27, 2023	2023	420,000	<u>363,215</u>	<u>64,870</u>	<u>17,110</u>
Limited Tax Pension Obligation Bonds					
October 31, 2002	2002B	156,580	88,580	22,550	4,916
April 30, 2003	2003B	156,370	127,705	31,550	7,253
July 15, 2021	2021	399,390	<u>362,365</u>	<u>14,220</u>	<u>7,456</u>
Full Faith & Credit Ogligations					
August 4, 2016	2016 Qualified Zone	4,000	2,600	200	-
November 9, 2016	2016 FF&C Taxable	5,048	<u>2,973</u>	<u>335</u>	<u>84</u>
Total			1,796,463	193,170	65,927

by voters.

ORS 328.245 sets a limit on bonded indebtedness for school districts based on real market value. Per PPS's most recent budget document (see below for a summary provided in the Piper Sandler Levy Debt Analysis), they are well under the legal debt margin, and the new bonds, if approved, would still be under the legal margin.

FY 2025 Legal General Obligation Debt Capacity

Real Market Value (Fiscal Year 2025)	\$ 151,420,135,851
Debt Capacity	
General Obligation Debt Capacity (7.95% of Real Market Value)	\$ 12,037,900,800
Less: Outstanding Debt Subject to Limit	<u>(1,269,025,000)</u>
Remaining General Obligation Debt Capacity	\$ 10,768,875,800
Percent of Capacity Issued	10.54%

History of Recent PPS Bond Measures

- November 2020, \$1.2 billion – 75% yes, 25% no
- May 2017, \$790 million – 66% yes, 44% no
- November 2012, \$482 million – 66% yes, 44% no

MEASURE ANALYSIS

The proposed levy is for \$1.83 billion. Due to the continued planned pay off of existing bonds, the district estimates the tax rate for the new bonds will not exceed their rate target from the 2017 bond of \$2.50 per \$1,000 of assessed value (AV) as an overall property tax rate.

The district shared a levy analysis by Piper Sandler that calculates the tax rate for the first year of the bond if passed, assuming an issuance of \$79.6 million in 2025. The portion of the tax rate just for the new bonds with that issuance amount is estimated at \$1.17 per \$1,000 for 2025-26. This bond rate is calculated with an assumption of 3% growth in assessed value annually. Bonds may be issued in multiple series and mature in 30 years or less.

Use of funds

PPS has a dedicated website that describes expected projects: [Bond \(School Building Improvement Bond\) / 2025 Bond](#). Per the website, bond projects include the following:

Update and Repair Aging Elementary and Middle Schools

- Update or replace leaking or deteriorating school roofs, mechanical systems (heating and cooling), electrical systems, plumbing systems.
- Fire alarm and sprinkler updates, elevator replacements, site improvements, exterior enclosure improvements, and other building repairs.

Make Schools Safe and Secure

- Update safety and security systems, including additional cameras and fencing to protect students and staff.
- Strengthen buildings to withstand earthquakes.

Modernize, Improve Educational Materials, Technology, Schools

- Renovate or replace Cleveland and Ida B. Wells (formerly Wilson) High Schools, including expanded athletic facilities and fields.
- Utilize high school improvement cost savings to update and/or repair elementary and middle schools.



- Provide comprehensive, culturally relevant, and up-to-date textbooks and curriculum materials.
- Replace or provide student tablets and laptops to ensure equitable access to classroom learning, and update classroom and District technology.

Increase Extracurricular Opportunities

- Upgrade athletic facilities, including needed improvements for Roosevelt, Lincoln (at West Sylvan), Franklin, and Grant.
- Create athletic hub facilities at Jackson Middle School and on the Marshall campus.
- Update high school performing arts and theater facilities.

The bond measure assumes an overall project contingency of 5%, or \$83 million, and \$83 million for administration of the bond measure.²

Materials provided by PPS provide additional details on projects. In a January staff memo, PPS estimated the following breakout of project costs:

PROPOSED 2025 SCHOOL BOND PROJECTS		
	Rebuilds and Modernizations	\$1.15B
<ul style="list-style-type: none"> • Jefferson High School • Cleveland High School • Ida B. Wells High School • Elementary and Middle Schools 		
	Educational Materials, Technology, Extracurricular Activities	\$311.0M
<ul style="list-style-type: none"> • Technology (\$176,000,000) • Curriculum (\$56,000,000) • Athletics (\$79,000,000) 		
	Updates and Repairs to Aging Schools	\$200.0M
<ul style="list-style-type: none"> • Critical repairs and improvements (\$190,000,000) • Physical Education (\$10,000,000) 		
	Admin and Contingency	\$166.1M
TOTAL		\$1,827,100,000

² [Bond Accountability Committee report to The Portland Public Schools Board of Directors 2025 GO Bond Measure.pdf](#)

2025 Bond Option	
Physical Facility Improvements	\$269,000,000
Deferred Maint & Priority Scope	\$190,000,000
Athletics	\$79,000,000
Educational & Technology Improvements	\$242,000,000
Technology	\$176,000,000
Physical Education	\$10,000,000
Curriculum	\$56,000,000
Modernizations	\$1,150,000,000
Jefferson High School	INCL ABOVE
Cleveland High School	INCL ABOVE
Ida B Wells High School	INCL ABOVE
Elementary and Middle Schools	INCL ABOVE
Admin	\$83,050,000
Contingency	\$83,050,000
Total	\$1,827,100,000

Last month, the PPS Board discussed possible cost savings for the high school projects after news outlets reported the projects were some of the most expensive in the country. The Board is considering proposals to slightly reduce the projects: [PPS Will Shave Between \\$33 and \\$67 Million From Three Upcoming High School Modernizations.](#)

Some bond projects build on the work of prior bonds by providing the dollars needed to finish projects already started, such as the implementation of a new ERP system and Jefferson HS, Ida B Wells HS, and Cleveland HS modernization projects.

If the bond does not pass, the proposed projects would not occur unless the district were to identify other funding sources.

Timeline

Materials available to TSCC did not provide a specific timeline for the various projects, although educational and technology improvements are indicated to have an 8 year project timeframe. PPS has discussed going out for another bond in 8 to 12 years.

Oversight



The district would have PPS’s Bond Accountability Committee (and independent group of appointed community members) review quarterly reports and audits of how bond dollars and being spent to provide accountability to the public until construction is complete. The quarterly reports and meeting minutes are available on the PPS website: [Bond \(School Building Improvement Bond\) / BAC Meeting Minutes & Progress Reports](#). Annual independent audit reports are available here: [Board of Education / External Bond Performance Audits](#).

Property Tax Impact

Based on numbers provided for FY 2025-26, a home with an assessed value of \$275,000 would pay an estimated \$688 yearly for total bond costs if the proposed bond is approved, assuming a total rate of \$2.5 per \$1,000. Roughly \$322 of that would be for debt service on the proposed bond, while the remainder would fund debt service for existing bonds. Future bond rates for the new bonds would vary based on debt issuance schedules; PPS plans that the combination of existing debt plus the old debt will remain at or under \$2.5 per \$1,000. General Obligation Bonds are outside of property tax limitations (commonly known as “compression”) and so all properties in the Portland Public Schools taxing boundaries would pay this amount.