

# Budget Review 2025-26

## Portland Public Schools



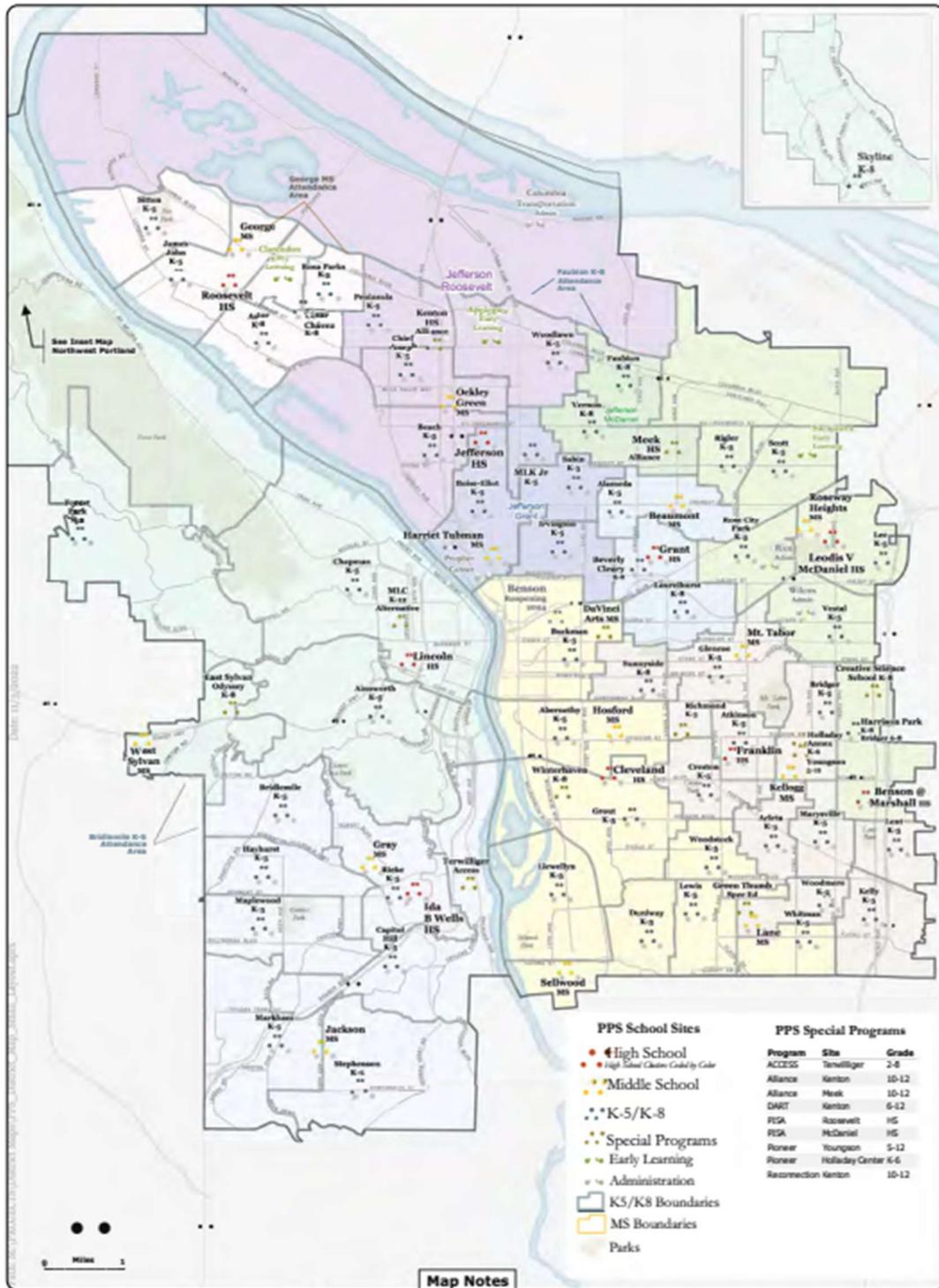
### BUDGET HIGHLIGHTS

- The FY 2025-26 Budget totals just over \$2.0 billion dollars, a decrease of \$358.8 million from FY 2024-25.
- This budget reflects a \$40.0 million gap between anticipated revenue and cost of maintaining current services.
- PPS is forecasting a decrease of 12.7% in enrollment from pre-pandemic levels, resulting in reduced state funding based on enrollment. The district anticipates just over 900 fewer students in FY 2025-26 from FY 2024-25.
- The largest expenditure in the budget is for personnel services, totaling 42.1% of operating expenditures. The Personnel Services budget increases (3.1%) to \$821.2 million in FY 2025-26 from \$796.6 million in the current year. The increase reflects increased costs for personnel, but decreased number of positions funded in the budget from 6,018.09 FTE in FY2024-25 to 5,835.46 FTE in FY26, a 182.63 decrease.
- The FY 2025-26 General Fund budget is \$868.6 million, \$14.2 million (1.7%) higher than the current year. As in the current year, expenditures are estimated to outpace revenues due to escalating costs, declining enrollment, and decreased funding. Similar to last year, contingency and one-time funding will be used to cover the gap in conjunction with targeted program reductions. Additionally, the budget anticipates a transfer in of just under \$24.0 million from the PERS Rate Stabilization Fund to address increased PERS rates.
- The 2025-26 Approved Budget includes capital outlay and revenue from the \$1.83 billion general obligation bond measure approved by voters in May 2025. A total of \$85.0 million in bond proceeds are budgeted in FY 2025-26 to continue modernization and construction of facilities projects.

### INTRODUCTION & BACKGROUND

Portland Public Schools (PPS) is the largest school district in Oregon, serving approximately 44,000 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.

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



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.

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

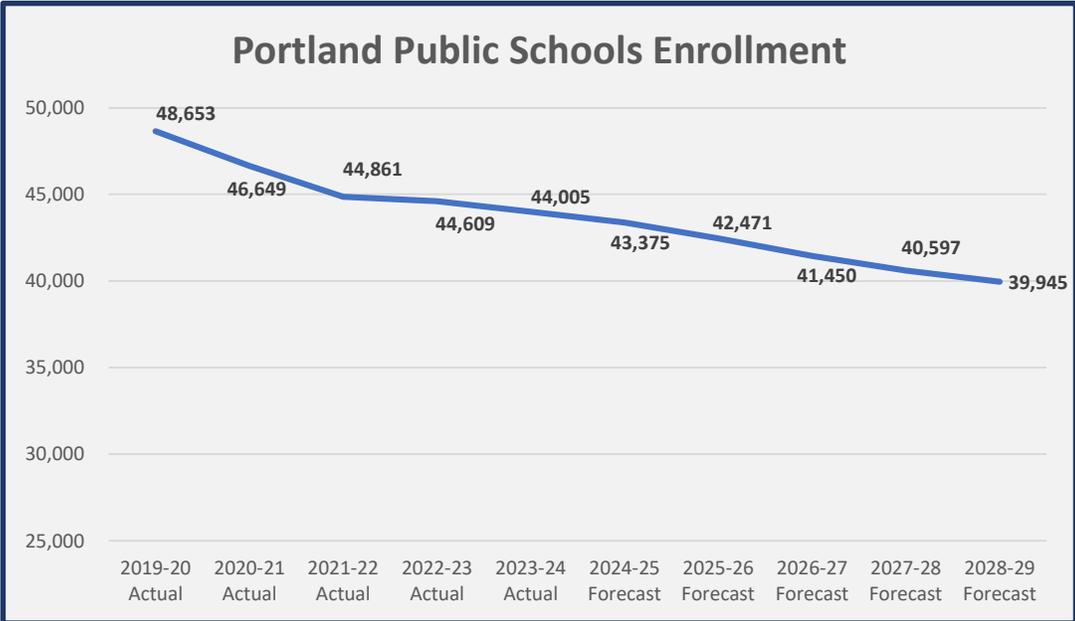
<b>Portland Public SD 1J</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Assessed Value in Billions	\$59.615	\$62.494	\$69.007	\$71.052
Real Market Value (M-5) in Billions	\$147.264	\$157.078	\$156.668	\$151.420
Property Tax Rate Extended:				
Operations	\$5.2781	\$5.2781	\$5.2781	\$5.2781
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				

**BUDGET OVERVIEW**

The FY 2025-26 Budget totals \$2.0 billion dollars, a decrease of \$358.8 million from the current year.

Budget discussions during budget development highlight a continued and growing gap between revenues and expenditures. Three factors come together to grow the budget gap: escalating costs, declining enrollment, and limited funding. PPS is forecasting a 12.7% decrease in enrollment from pre-pandemic levels, which results in reduced Oregon State School Fund dollars for operating costs. The district is using reserves and targeted program reductions to fill the gap in this budget.



This budget reflects a \$40.0 million gap between anticipated revenue and cost of maintaining current services. As in budget development in prior years, PPS used two key principles to reduce spending:

- Minimize the impact reductions will have on students
- Continue initiatives that have boosted student achievement

PPS differentiated between Central Office (centrally funded staff and services) and School-Based (school- and centrally funded services) when identifying potential reductions. In an effort to minimize the direct impact on students, the district has made reductions to central office programs over the last three fiscal years. In FY 2025-26, \$17.0 million of cuts are anticipated from central office services and \$23.0 million from school-based services. Below is a summary from PPS outlining reductions over the past four years.



# A Multi-Year Challenge

## What have we done so far?

Over the last several years, PPS has taken steps to reduce costs while trying to protect classrooms:

- **2022-23:** Cut \$30 million from central office budgets to keep schools funded.
- **2023-24:** Froze hiring for non-teaching positions and cut \$10 million in non-personnel costs.
- **2024-25:** Reduced central office services and outside contracts, totaling \$15 million in cuts.
- **2025-26:** An additional **\$40 million in reductions** is needed, impacting both school and district-level budgets.

These reductions mean that **some programs, services, and staff positions will be affected**. PPS is working to make thoughtful adjustments that minimize harm to students and teachers.

The district anticipates the following overall impacts to school staffing, which were applied at all school levels:

- All strategic school supports have been retained, although in some cases at reduced levels
- Flexibility was provided to allow principals to accommodate needs in their schools
- Pre-kindergarten in continuing at the same level
- The equity formula is not changing

At Elementary and K8 Schools:

- Grades 3-5 may be blended based on school-specific needs
- Kindergarten Educational Assistants are prioritized for Title 1 schools
- 1.0 FTE School-Based Instructional Coach is retained, with flexibility for 0.5 FTE Academic Interventionist
- Eliminated International Baccalaureate (IB) supports

At Middle Schools:

- Dual language immersion resources are aligned to enrollment-based need
- Title 1 supplemental resources are reduced from a base of 2.0 FTE to 1.0 FTE
- Support from School-Based Instruction Coach is retained along with discretionary student support FTE

At High Schools:

- Career or College Coordinator funded by General Fund; College Coordinator allocation funded by Measure 98 (High School Success)

The FY 2025-26 Budget focuses on three areas:

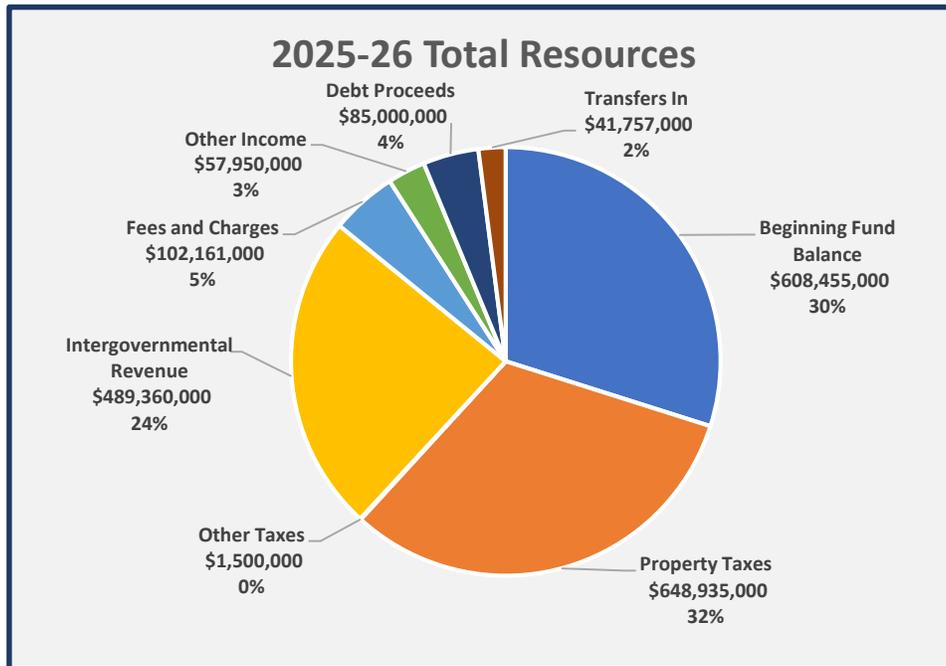
- Preserving critical support for teaching and learning
  - Early literacy investments
  - Match acceleration strategies
  - Instructional Coaches
  - Culturally responsive curriculum
  - Targeted interventions to boost attendance and engagement
- Sustaining programs that reflect PPS values
  - Robust arts, music, and athletics offerings
  - Growing Career and Technical Education pathways
  - Commitment to social-emotional wellness
- Making necessary reductions

- Central service reductions will be implemented to shield schools and classrooms from full impact

The FY 2025-26 Budget adds one new sub-fund within the Special Revenue Fund designated for Measure 98: High School Success. This action is in accordance with Oregon Department of Education’s guidelines; the district has received these resources in prior years but is now accounting for them in this sub-fund.

## RESOURCES

Overall, resources for FY 2025-26 decrease by 15.0%. The majority of this decrease is due to reduced revenue from debt service. If revenue from debt proceeds is removed, overall resources decrease by only 0.7%.



Increased property taxes, intergovernmental revenue, and transfers in offset decreased beginning fund balance, other taxes, and other income. Revenue from Fees and Charges remains consistent with current year amounts. Total revenues are \$1.4 billion, \$566.8 million less than expenditures.

	2022-23 Actual	2023-24 Actual	2024-25 Revised	2025-26 Approved	% Increase / (Decrease)
Property Taxes	\$ 574,822,000	\$ 615,286,000	\$ 624,858,000	\$ 648,935,000	3.9%
Other Taxes	\$ 4,190,000	\$ 1,786,000	\$ 2,001,000	\$ 1,500,000	-25.0%
Intergovernmental Revenue	\$ 507,575,000	\$ 502,372,000	\$ 451,639,000	\$ 489,360,000	8.4%
Fees and Charges	\$ 91,971,000	\$ 92,214,000	\$ 102,218,000	\$ 102,161,000	-0.1%
Other Income	\$ 33,962,000	\$ 71,375,000	\$ 75,558,000	\$ 57,950,000	-23.3%
Debt Proceeds	\$ 464,832,000	\$ -	\$ 429,346,000	\$ 85,000,000	-80.2%
<b>TOTAL REVENUES</b>	<b>\$ 1,677,352,000</b>	<b>\$ 1,283,033,000</b>	<b>\$ 1,685,620,000</b>	<b>\$ 1,384,906,000</b>	<b>-17.8%</b>
Beginning Fund Balance	\$ 672,720,000	\$ 895,164,000	\$ 691,743,000	\$ 608,455,000	-12.0%
Transfers In	\$ 1,901,000	\$ 1,506,000	\$ 16,516,000	\$ 41,757,000	152.8%
<b>TOTAL RESOURCES</b>	<b>\$ 2,351,973,000</b>	<b>\$ 2,179,703,000</b>	<b>\$ 2,393,879,000</b>	<b>\$ 2,035,118,000</b>	<b>-15.0%</b>

### Beginning Fund Balance (BFB) - \$608.5 million

BFB decreases by 12.0% (\$83.3 million) to a budgeted total of \$608.5 million. The decrease is due to an 8.2% (\$45.8 million) decrease in the Capital Projects Fund BFB as the district spends down facilities acquisition and construction projects. The Capital Projects Fund BFB is \$514.7 million, 84.6% of the total BFB. The General Fund beginning fund balance also decreases significantly (48.4%) in FY 2025-26 to \$45.0 million from \$87.1 million reflecting the district's practice to use reserves to fund the gap between revenue and expenditures in previous years. The GO Bonds Debt Service Fund decreases to \$3.2 million as the district repays existing debt. Two funds have increased BFB in this budget: the Internal Service Fund increases BFB by \$2.1 million and is forecast at \$6.5 million; the Special Revenue Fund increases by \$5.1 million for a total of \$39.0 million in FY 2025-26.

### REVENUES

The two primary sources of revenue are property taxes and intergovernmental revenue. Together, these sources total over \$1.1 billion and make up 82.2% of total operating revenues. If debt proceeds are removed, the percentage increases to 87.6% of operating revenues.

### Property Taxes - \$648.9 million

FY 2025-26 property tax revenue includes permanent rate, local option levy, GO bond (approved in 2012, 2017, 2020, and May 2025 for facilities improvements), and the Gap Tax. Property taxes show a 3.9% overall increase from last year's budgeted numbers. The district's estimates for AV (3.0% increase) and collection rate (95.0%) appear reasonable.

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, 2019, and 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.

	2022-23 Actual	2023-24 Actual	2024-25 Revised	2025-26 Approved	% Increase / (Decrease)
Permanent Rate Property Taxes	\$ 312,281,000	\$ 339,809,000	\$ 352,328,000	\$ 359,837,000	2.1%
Local Option Levy Property Taxes	\$ 109,213,000	\$ 106,896,000	\$ 104,608,000	\$ 109,222,000	4.4%
GO Debt Property Taxes	\$ 145,774,000	\$ 158,490,000	\$ 161,337,000	\$ 173,708,000	7.7%
Prior Years Property Taxes	\$ 7,008,000	\$ 8,423,000	\$ 6,135,000	\$ 5,718,000	-6.8%
Payments in Liew of Property Taxes	\$ 546,000	\$ 668,000	\$ 450,000	\$ 450,000	0.0%
<b>TOTAL PROPERTY TAX</b>	<b>\$ 574,822,000</b>	<b>\$ 614,286,000</b>	<b>\$ 624,858,000</b>	<b>\$ 648,935,000</b>	<b>3.9%</b>

## FY 2025-26 PPS Approved Budget Tax Levies and Impact on Average Homeowner

	2021-22	2022-23	2023-24	2024-25	2025-26
	Actual	Actual	Actual	Actual	Projected <sup>a</sup>
<b>Tax Rates</b>					
Permanent Tax Rate per \$1,000 of AV	\$ 4.7743	\$ 4.7743	\$ 4.7743	\$ 4.7743	\$ 4.7743
Local Option Tax	1.9900	1.9900	1.9900	1.9900	1.9900
Gap Tax Rate per \$1,000 of AV	0.5038	0.5038	0.5038	0.5038	0.5038
Bond Tax Rate per \$1,000 of AV	2.3335	2.3000	2.3800	2.3363	2.4724
Total Tax Rate	\$ 9.6016	\$ 9.5681	\$ 9.6481	\$ 9.6044	\$ 9.7405
<b>Average Assessed Value</b>					
Average Assessed Value	\$ 300,000	\$ 300,000	\$ 300,000	300,000	300,000
Tax Burden	\$ 2,880	\$ 2,870	\$ 2,894	\$ 2,881	\$ 2,922

<sup>a</sup> Actual levy rate determined by county assessors' offices

### Intergovernmental Revenues (Federal, State, and Local) - \$489.4 million

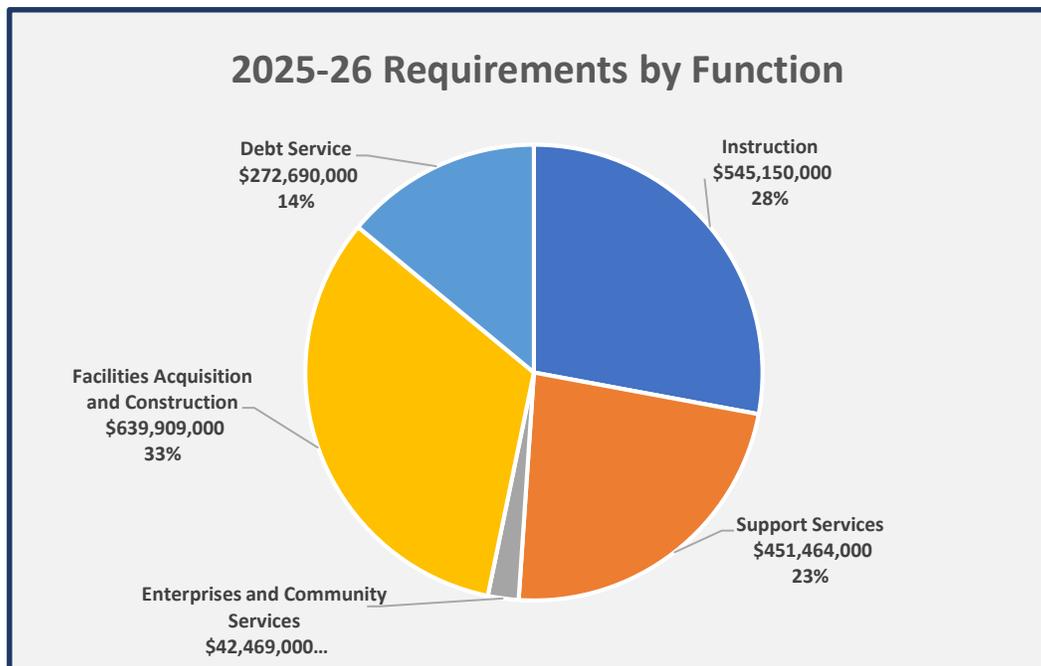
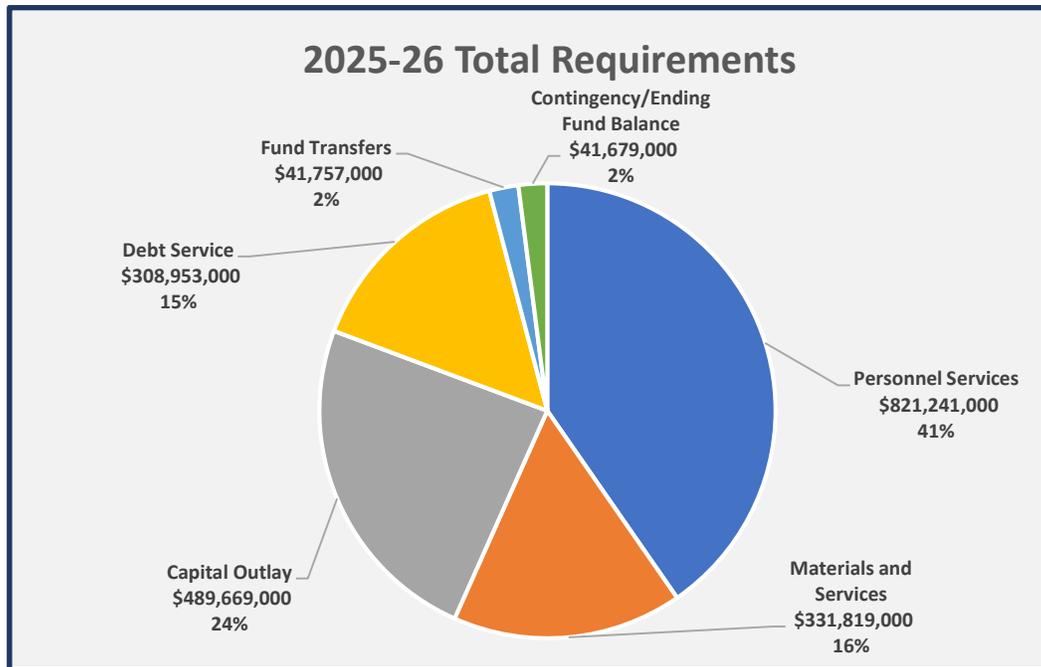
State revenues make up the largest portion of intergovernmental revenue at \$394.6 million, just over 80.7% of the total. State revenues increase 8.4% from FY 2024-25. Total Federal revenue will increase by \$1.8 million, a 2.6% increase, despite a forecasted reduction in federal Title 1 funding and the elimination of Elementary and Secondary School Emergency Relief (ESSER) funding received throughout the pandemic.

Total State revenues include the district's portion of the State School Fund (SSF), assumed at \$291.0 million for FY 2025-26. This estimate is based on a \$11.36 billion state budget for K-12 education funding to be distributed at 49/51% split over two years and \$1.4 billion Student Investment Account (SIA) funding from the state.

Through Aligning for Student Success, the Student Success Act (SSA) - HB 3427, the Oregon Department of Education has integrated six initiatives: High School Success, Student Investment Account, Federal School Improvements for Targeted/Comprehensive Supports, Career and Technical Education, Early Literacy, and Early Indicator and Intervention Systems. There are also three embedded programs: Continuous Improvement Planning, Career Connected Learning, and Every Day Matters. PPS expects to receive about \$63.0 million from Integrated Grant funding for the 2025-26 school year. This funding supports the district's capacity to meet strategic goals, improve access to career and technical education, and eliminate opportunity gaps.

# REQUIREMENTS

Requirements balance to resources, for a total of \$2.0 billion.



## Contingencies/Ending Fund Balance

Combined, contingency and ending fund balance decrease by 35.9% from FY 2024-25. The overall decrease is mainly due to the spending down of capital bonds but is also to be expected as the district works through its structural deficit. Total contingency is \$41.7 million and is budgeted in two funds: the

General Fund (\$41.2 million) and Internal Service Fund (\$0.5 million). Contingency is spent down in the General Fund to support existing programs where revenues are not sufficient to cover them. The amount budgeted for General Fund contingency increases slightly in this budget, from \$40.9 million to \$41.2 million, or 0.8%.

In 2019, the board set policy for a General Fund reserve ranging from 5% to 10% of annual General Fund resources. The goal for the reserve will be set as part of the district’s long-range financial plan, with the expectation that the district will achieve and sustain a 10% reserve.

The PERS Rate Stabilization Fund budgeted \$22.4 million ending fund balance in FY 2024-25. All of that balance is transferred to the General Fund in FY 2025-26 resulting in no ending fund balance budgeted in any fund.

**EXPENDITURES**

The expenditure portion of the budget (excludes fund balance, contingency, and fund transfers) decreases by \$358.2 million (15.5%) to just under \$2.0 billion. The largest year-over-year decrease is in capital outlay, decreasing by 40.5%, and materials and services, decreasing by 15.9%. Personnel Services increases modestly, in addition to debt service payments.

	2022-23 Actual	2023-24 Actual	2024-25 Revised	2025-26 Approved	% Increase / (Decrease)
Personnel Services	\$ 735,395,000	\$ 787,147,000	\$ 796,596,000	\$ 821,241,000	3.1%
Materials and Services	\$ 249,021,000	\$ 243,272,000	\$ 394,500,000	\$ 331,819,000	-15.9%
Capital Outlay	\$ 216,049,000	\$ 249,085,000	\$ 822,730,000	\$ 489,669,000	-40.5%
Debt Service	\$ 254,443,000	\$ 273,755,000	\$ 296,376,000	\$ 308,953,000	4.2%
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,454,908,000</b>	<b>\$ 1,553,259,000</b>	<b>\$ 2,310,202,000</b>	<b>\$ 1,951,682,000</b>	<b>-15.5%</b>
Fund Transfers	\$ 1,901,000	\$ 1,506,000	\$ 16,516,000	\$ 41,757,000	152.8%
Contingency/Ending Fund Balance	\$ 895,164,000	\$ 624,938,000	\$ 67,161,000	\$ 41,679,000	-37.9%
<b>TOTAL REQUIREMENTS</b>	<b>\$ 2,351,973,000</b>	<b>\$ 2,179,703,000</b>	<b>\$ 2,393,879,000</b>	<b>\$ 2,035,118,000</b>	<b>-15.0%</b>

**Personnel Services - \$821.2 million**

The largest expenditure in the budget is for personnel services, totaling 42.1% of all expenditures. The Personnel Services budget increases (3.1%) to \$821.2 million in FY 2025-26 from \$796.6 million in the current year. The increase reflects increased costs for personnel, but decreased number of positions funded in the budget. School staffing for FY 2025-26 is based on projected October 2025 enrollment, which uses October 2024 enrollment as the base and makes adjustments for population and new residential development within the district boundaries. Enrollment is expected to continue to decrease in FY 2025-26. The district is staffing schools to align with enrollment.

The district reached contract agreements with all PPS employee groups in FY 2023-24 and FY 2024-25. The contracts resulted in significant increases in compensation and benefits costs which are included in this budget. The district will enter into bargaining with most groups again in FY 2025-26.

PERS rates are forecasted to increase substantially in the upcoming year. PPS is anticipating a blended 4.20% PERS contribution rate. This rate assumes the passage of Senate Bill 849 which could reduce the rate by 1.68%. The PERS Unfunded Actuarial Liability (UAL) requires a fringe rate of 17.39% to be applied

to PERS-eligible payroll. The PERS Rate Stabilization Fund will transfer all available resources in the fund, just under \$24.0 million, to the General Fund for the rate increase.

	Actuals 2021-22	Actuals 2022-23	Actuals 2023-24	Adopted 2024-25	Proposed 2025-26
<b>11 - Regular Programs: Primary Instructional Activities</b>					
Licensed Staff	2,262.26	2,434.92	2,226.00	2,134.40	2,026.55
Classified - Represented	196.06	221.03	201.94	164.73	135.74
Non-Represented Staff	2.80	3.80	5.00	4.40	2.40
Administrators - Licensed	6.50	7.50	8.00	6.00	2.00
<b>Subtotal</b>	<b>2,467.62</b>	<b>2,667.25</b>	<b>2,440.94</b>	<b>2,309.53</b>	<b>2,166.69</b>
<b>12 - Special Programs: Instructional activities for students with special needs</b>					
Licensed Staff	538.02	525.26	499.72	551.33	568.70
Classified - Represented	517.44	509.48	508.23	508.87	525.39
Non-Represented Staff	2.80	5.06	1.00	1.00	-
Directors/Program Admins	1.00	-	-	-	-
<b>Subtotal</b>	<b>1,059.26</b>	<b>1,039.80</b>	<b>1,008.95</b>	<b>1,061.20</b>	<b>1,094.09</b>
<b>21 - Support Services—Students: Activities to assess and improve the well-being of students</b>					
Licensed Staff	507.98	518.98	497.38	488.05	483.59
Classified - Represented	136.71	158.31	173.00	164.18	158.32
Non-Represented Staff	59.23	49.43	53.24	65.30	55.80
Administrators - Licensed	51.00	48.00	58.01	59.00	54.00
Directors/Program Admins	6.00	4.00	4.00	4.00	5.00
<b>Subtotal</b>	<b>760.92</b>	<b>778.72</b>	<b>785.63</b>	<b>780.53</b>	<b>756.71</b>
<b>22 - Support Services—Instructional Staff: Activities associated with assisting the instructional staff</b>					
Licensed Staff	270.01	263.37	265.41	234.80	194.43
Classified - Represented	51.61	48.80	43.33	17.49	13.75
Non-Represented Staff	16.25	24.63	21.75	22.75	20.75
Administrators - Licensed	9.50	10.50	13.50	10.00	9.00
Directors/Program Admins	1.00	1.00	1.00	1.00	1.00
<b>Subtotal</b>	<b>348.37</b>	<b>348.30</b>	<b>344.99</b>	<b>286.04</b>	<b>238.93</b>
<b>23 - Support Services—General Administration: Activities associated with administering policy and operating the district</b>					
Non-Represented Staff	25.50	26.00	27.00	20.00	19.75
Administrators - Licensed	14.00	13.00	15.00	13.00	13.00
Administrators - Non Licensed	4.00	3.00	3.00	3.00	3.00
Directors/Program Admins	6.00	8.00	8.00	4.00	4.00
<b>Subtotal</b>	<b>49.50</b>	<b>50.00</b>	<b>53.00</b>	<b>40.00</b>	<b>39.75</b>
<b>24 - School Administration: Activities of School Direction and Supervision</b>					
Licensed Staff	6.74	3.58	0.50	-	-
Classified - Represented	208.04	205.59	198.78	194.18	198.13
Non-Represented Staff	48.58	54.79	79.88	60.38	54.23
Administrators - Licensed	186.26	180.75	171.25	170.15	162.65
Directors/Program Admins	2.00	-	-	1.00	1.00
<b>Subtotal</b>	<b>451.62</b>	<b>444.71</b>	<b>450.41</b>	<b>425.71</b>	<b>416.01</b>
<b>25 - Support Services—Business: Activities including fiscal, operation and maintenance, and internal services</b>					
Classified - Represented	589.25	571.50	559.25	531.40	549.35
Non-Represented Staff	112.20	115.30	118.30	113.30	111.80
Administrators - Non Licensed	2.00	2.00	2.00	2.00	2.00
Directors/Program Admins	12.00	13.00	12.00	12.00	13.00
<b>Subtotal</b>	<b>715.45</b>	<b>701.80</b>	<b>691.55</b>	<b>658.70</b>	<b>676.15</b>
<b>26 - Support Services—Central: Activities other than general admin, which support instructional and supporting programs</b>					
Licensed Staff	10.00	15.00	9.00	2.00	-
Classified - Represented	25.50	26.50	23.00	23.38	23.38
Non-Represented Staff	125.20	135.83	139.00	135.75	128.00
Administrators - Licensed	3.00	3.00	7.50	5.50	5.00
Administrators - Non Licensed	3.00	3.00	3.00	3.00	3.00
Directors/Program Admins	11.00	16.50	12.50	13.00	8.00
<b>Subtotal</b>	<b>177.70</b>	<b>199.83</b>	<b>194.00</b>	<b>182.63</b>	<b>167.38</b>
<b>31 - Food Services: Activities concerned with providing food to students and staff</b>					
Classified - Represented	139.56	173.51	172.59	168.65	176.78
Non-Represented Staff	14.40	14.40	15.01	16.00	14.00
Directors/Program Admins	2.00	2.00	2.00	2.00	2.00
<b>Subtotal</b>	<b>155.96</b>	<b>189.91</b>	<b>189.60</b>	<b>186.65</b>	<b>192.78</b>

*FTE Chart Continued on Next Page*

	Actuals 2021-22	Actuals 2022-23	Actuals 2023-24	Adopted 2024-25	Proposed 2025-26
<b>33 - Community Services: Activities which are not directly related to educating students</b>					
Classified - Represented	41.64	44.04	42.91	42.63	38.75
Non-Represented Staff	6.50	6.50	8.00	1.00	2.00
Administrators - Non Licensed	-	-	1.00	-	-
<b>Subtotal</b>	<b>48.14</b>	<b>50.54</b>	<b>51.91</b>	<b>43.63</b>	<b>40.75</b>
<b>41 - Facilities Acquisition and Construction: Activities concerned with the acquisition of land and buildings</b>					
Classified - Represented	6.00	7.00	7.00	3.00	3.00
Non-Represented Staff	32.30	40.30	41.50	39.50	42.25
Administrators - Licensed	0.25	-	-	-	-
Directors/Program Admins	1.00	1.50	1.50	1.00	1.00
<b>Subtotal</b>	<b>39.55</b>	<b>48.80</b>	<b>50.00</b>	<b>43.50</b>	<b>46.25</b>
<b>Grand Total</b>	<b>6,274.09</b>	<b>6,519.66</b>	<b>6,260.98</b>	<b>6,018.09*</b>	<b>5,835.46*</b>

\*Certain numbers have been rounded up or down. There may therefore be discrepancies between the actual totals and the individual amounts in the tables and the totals shown.

Approximately 183 full-time licensed positions including teachers, counselors and support staff are cut in the budget.

### Materials and Services - \$331.8 million

Decreasing by 15.9% in FY 2025-26, materials and services cost decreases are primarily driven by targeted reductions in purchased, or contracted, services to help fund the district's \$40.0 million gap. At the staff to staff meeting for the upcoming budget year, district staff estimated a 5% reduction in contract services in all areas.

### Capital Outlay - \$489.7 million

Decreasing by 40.5%, the capital outlay budget is reduced due to less planned project activity both because projects are completed and because projects are still in design and construction is not anticipated in FY 2025-26. Voter-approved bond measures are the primary source of funding for the district's major capital improvement projects. Bonds were approved in 2012, 2017, 2020, and most recently May 2025, when voters approved a \$1.83 billion school bond measure to allow the district to update and repair aging elementary and middle schools (\$366 million), update safety and security systems, update seismic performance, and modernize high schools (\$974 million). The bond also included capital funding for new curriculum materials (\$56 million), technology (\$176 million), physical education (\$10 million), and extracurricular activities (\$79 million). The budget document provides updates on the status of bond projects:

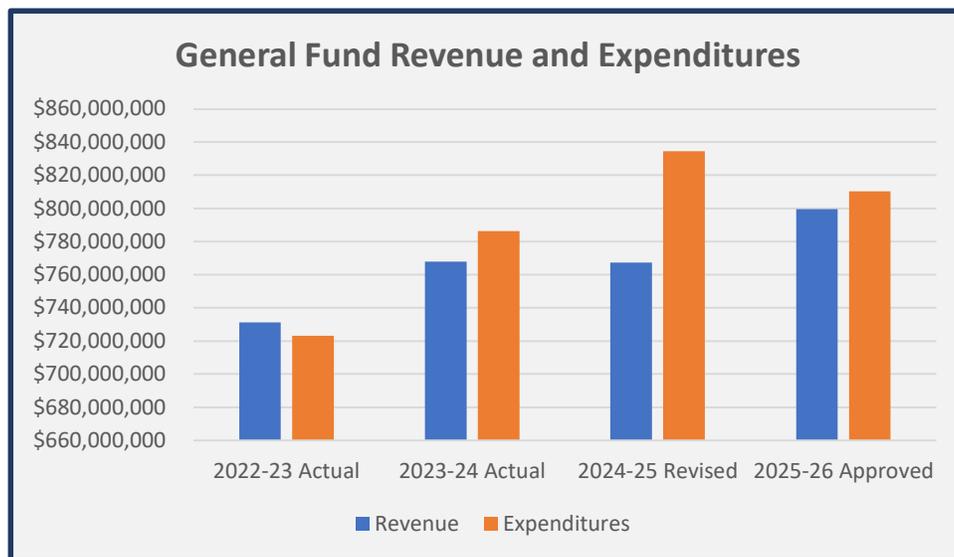
The 2012 School Building Improvement Bond, totaling \$482 million, enabled the district to make improvements in more than 51 schools, including seismic, accessibility and science classroom upgrades. In addition, Franklin, Roosevelt and Grant High Schools were modernized and Faubion PK-8 was completely rebuilt. All planned work is complete; some minor funds remain that may be used for bond-compensable projects once all other project funding reconciliations are complete.

The \$790 million May 2017 Health, Safety and Modernization Bond is currently underway. McDaniel High School (formerly known as Madison High School) has been completely modernized, and a new Kellogg Middle School has been built, with both opening to students in Fall 2021. The new Lincoln High School opened to students in fall 2022; work on the Lincoln High School track and fields was completed for the start of the 2023-24 school year. The modernized Benson Polytechnic High School opened to students in fall 2024. Roughly 80% of the 2017 Bond funding set aside for health and safety projects across the district has been spent, but projects addressing lead paint, asbestos, and roof replacements will continue in 2025-26.

The \$1.2 billion November 2020 School Bond is now allowing PPS to continue the work of improving the health and safety of our aging school buildings with new roofs and mechanical systems, seismic retrofits, accessibility upgrades, improved Special Education learning environments, and security upgrades. The modernization of Jefferson High School is in its design phase and anticipated to begin construction in 2026. The Center for Black Student Excellence is in the process of defining its program and operational structure that will inform the requirements for a capital project or building acquisition. The new hayu alqi uyxat building (formerly known as Multiple Pathways to Graduation) on the Benson campus opened to students in fall 2024. The modernization planning and design of Cleveland High School and Ida B Wells High School (formerly known as Wilson High School) are in progress. A concept plan and conceptual budget study were completed for building additional capacity at Roosevelt High School. Health and safety projects have been in construction since 2021 and will continue forward over the next year. Adoption of new curricula and deployment of technology upgrades have also been underway since 2021. Their scopes of work funded by the 2020 bond are nearly complete, and only a small portion remains in the budget for 2025-26. For additional information on bond projects please visit: <https://www.pps.net/domain/62>.

## GENERAL FUND

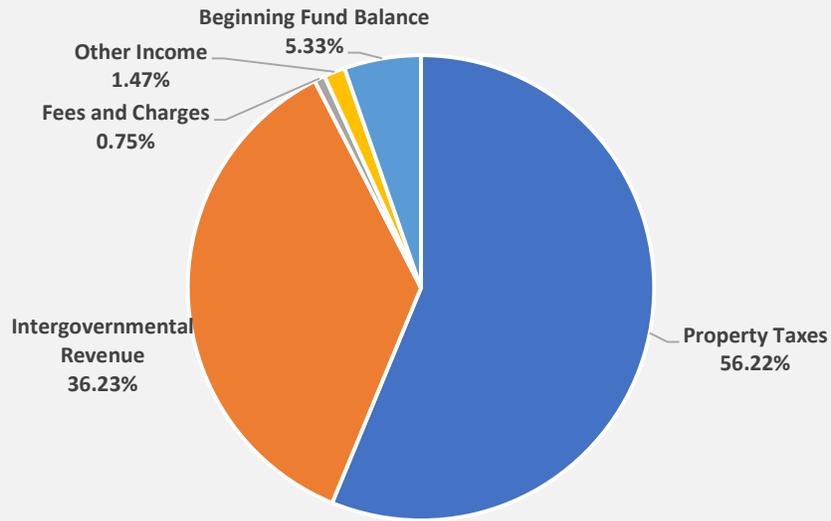
The FY 2025-26 General Fund budget is \$868.6 million, \$14.2 million (1.7%) higher than the current year. The General Fund makes up 42.7% of the total budget.



## GENERAL FUND RESOURCES

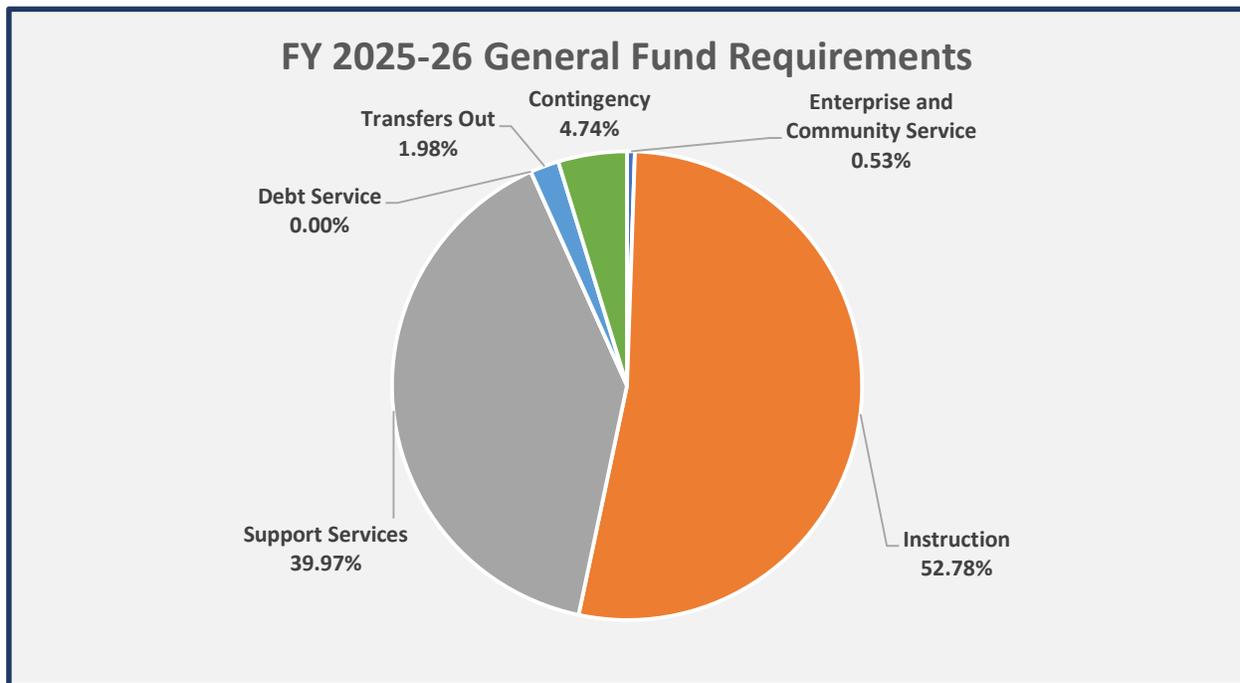
Overall, revenues grow by 4.2% above the current year. Property taxes are the primary funding source for the General Fund, followed by Oregon State School Fund revenues. Property taxes are projected to increase; State School Funds are impacted by declining enrollment but are budgeted to increase in the upcoming year based on a larger state education funding budget of \$11.36 billion for the 2025-2027 biennium. State School Funds are expected to contribute \$291.1 million to the district in FY 2025-26, \$25.5 million more than in FY 2024-25. 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. The district is budgeting just over \$541,000 more this year than last year, for a total of \$5.3 million.

### FY 2025-26 General Fund Resources



	2022-23 Actual	2023-24 Actual	2024-25 Revised	2025-26 Approved	% Increase / (Decrease)
Property Taxes	\$ 428,705,000	\$ 456,423,000	\$ 463,157,000	\$ 474,854,000	2.5%
Intergovernmental Revenue	\$ 282,001,000	\$ 288,934,000	\$ 284,545,000	\$ 306,020,000	7.5%
Fees and Charges	\$ 8,365,000	\$ 7,471,000	\$ 7,865,000	\$ 6,365,000	-19.1%
Other Income	\$ 12,163,000	\$ 15,050,000	\$ 11,689,000	\$ 12,379,000	5.9%
<b>TOTAL REVENUES</b>	<b>\$ 731,234,000</b>	<b>\$ 767,878,000</b>	<b>\$ 767,256,000</b>	<b>\$ 799,618,000</b>	<b>4.2%</b>
Beginning Fund Balance	\$ 98,804,000	\$ 105,497,000	\$ 87,138,000	\$ 45,000,000	-48.4%
Transfers In	\$ -	\$ -	\$ -	\$ 23,962,000	0.0%
<b>TOTAL RESOURCES</b>	<b>\$ 830,038,000</b>	<b>\$ 873,375,000</b>	<b>\$ 854,394,000</b>	<b>\$ 868,580,000</b>	<b>1.7%</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 79.6% of General Fund requirements.

	2022-23 Actual	2023-24 Actual	2024-25 Revised	2025-26 Approved	% Increase / (Decrease)
Enterprise and Communi	\$ 3,114,000	\$ 4,123,000	\$ 3,257,000	\$ 4,617,000	41.8%
Instruction	\$ 376,786,000	\$ 411,710,000	\$ 439,084,000	\$ 458,417,000	4.4%
Support Services	\$ 343,359,000	\$ 370,577,000	\$ 354,961,000	\$ 347,191,000	-2.2%
Debt Service	\$ -	\$ -	\$ 339,000	\$ -	-100.0%
<b>TOTAL EXPENDITURES</b>	<b>\$ 723,259,000</b>	<b>\$ 786,410,000</b>	<b>\$ 797,641,000</b>	<b>\$ 810,225,000</b>	<b>1.6%</b>
Transfers Out	\$ 1,282,000	\$ 887,000	\$ 15,897,000	\$ 17,176,000	8.0%
Contingency	\$ -	\$ -	\$ 40,856,000	\$ 41,179,000	0.8%
Ending Fund Balance	\$ 105,497,000	\$ 86,078,000	\$ -	\$ -	0.0%
<b>TOTAL REQUIREMENTS</b>	<b>\$ 830,038,000</b>	<b>\$ 873,375,000</b>	<b>\$ 854,394,000</b>	<b>\$ 868,580,000</b>	<b>1.7%</b>

Contingency in the General Fund is budgeted at 5.2% of General Fund revenues.

## OTHER FUNDS

Fund Name	2024-25 Revised Budget	2025-26 Approved Budget	% Change	Reason for Change
Capital Projects	1,030,394,000	643,774,000	-37.5%	capital projects supported by bonds
Debt Service	88,729,000	93,839,000	5.8%	increase in pension bond debt service
GO Bonds Debt Service	170,535,000	178,851,000	4.9%	lower fund balances
Internal Service	25,509,000	25,269,000	-0.9%	primarily driven by personnel costs
Special Revenue	224,318,000	224,805,000	0.2%	reductions in personnel and purchased/contracted
<b>OTHER FUNDS TOTAL</b>	<b>1,539,485,000</b>	<b>1,166,538,000</b>	<b>-24.2%</b>	
General Fund	854,394,000	868,580,000	1.7%	primarily driven by personnel costs
<b>TOTAL ALL FUNDS</b>	<b>2,393,879,000</b>	<b>2,035,118,000</b>	<b>1.7%</b>	

The Capital Projects Fund is the largest fund at \$643.8 million outside of the General Fund at \$868.6 million. These two funds together account for 74.4% of the total of all funds.

### Capital Projects Fund

This fund decreases in FY 2025-26 as the district continues to spend down bond proceeds on capital projects for the 2017 and 2020 bonds. As the district issues debt on the 2020 authorization and on the new 2025 authorization, expenses will increase and then begin to decrease as the available revenue is spent down on capital projects. The FY 2025-26 budget includes \$85.0 million in debt proceeds for capital projects.

### 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 increase by \$0.5 million from FY 2024-25. Revenues from state and federal sources make up 80.7% of the total resources in this fund. State (+\$9.1 million) and local (+\$4.0 million) revenues are projected to increase in this budget, reflecting continued funding for essential grant-supported programs. Federal revenue also increases in this budget (+\$1.8 million) despite anticipated reductions in federal Title 1 funding. The district attributes the increase to the variety of federal grants received; however, expenditures for federal programs are increasing higher than anticipated revenue.

### Internal Service Funds

The FY 2025-26 Budget adds one new sub-fund within the Special Revenue Fund designated for Measure 98: High School Success. This action is in accordance with the Oregon Department of Education's guidelines; the district has received these resources in prior years but is now accounting for them in this sub-fund.

## DEBT STATUS

As of June 20, 2025, the district estimates total outstanding debt of \$1.7 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 below from the district’s budget document summarizes expected debt payments for FY 2024-25.

Issue Date	Series	Original Issue	Outstanding @ June 30, 2025	2025-26 Principal Payments	2025-26 Interest Payments
<b>General Obligation Bonds</b>					
April 30, 2015	2015B	244,700	89,425	8,390	3,445
August 10, 2017	2017B	241,890	166,400	3,305	5,528
April 14, 2020	2020	441,320	223,250	26,630	9,724
December 30, 2020	2020B	365,465	267,255	-	6,918
December 30, 2020	2020C	53,965	43,250	4,535	651
April 27, 2023	2023	420,000	298,345	12,345	13,866
May 1, 2025	2020 <sup>1</sup>	79,615	79,615	79,615	3,898
<b>Limited Tax Pension Obligation Bonds</b>					
October 31, 2002	2002B	156,580	66,030	25,130	3,665
April 30, 2003	2003B	156,370	96,155	36,215	5,461
July 15, 2021	2021	399,390	348,145	15,410	7,321
<b>Full Faith &amp; Credit Ogligations</b>					
4-Aug-16	2016 Qualified Zone	4,000	2,400	200	-
9-Nov-16	2016 FF&C Taxable	5,048	2,638	345	74
<b>Total</b>			<b>1,682,908</b>	<b>212,120</b>	<b>60,551</b>

<sup>1</sup>Anticipated 2020 GO Bond Sale May 2025

Total debt service for FY 2025-26 will be \$272.7 million. Debt service for GO bonds makes up 65.6% 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; and, most recently, voters approved a \$1.83 billion capital improvement bond measure in May 2025. The debt service on the GO bonds is repaid through property taxes levied for that purpose. This budget includes initial debt proceeds (\$85.0 million) from the 2025 bond measure.

### 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 FY 2025-26 Approved Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

The audit report for FY 2023-24 notes no exceptions.

## CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff did not find any deficiencies in the district's Fiscal Year 2025-26 Budget or budget process and propose the Certification Letter contain no recommendations or objections.

For information only: the FY 2024-25 Adopted Budget document budget included \$165,000 Contingency in the Debt Service Fund but this error will be corrected in a supplemental budget before the end of the fiscal year. Contingency was not budgeted in the Debt Service Fund in the FY 2025-26 Approved Budget.

Portland Public Schools					
Budget Summary					
	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	%
<b>SUMMARY OF ALL FUNDS</b>	Actual	Actual	Revised	Approved	Change
<b>PROPERTY TAX BREAKDOWN:</b>					
Permanent Rate Property Taxes	312,281,000	339,809,000	352,328,000	359,837,000	2.1%
Local Option Levy Property Taxes	109,213,000	106,896,000	104,608,000	109,222,000	4.4%
GO Debt Property Taxes	145,774,000	158,490,000	161,337,000	173,708,000	7.7%
Prior Years Property Taxes	7,008,000	9,423,000	6,135,000	5,718,000	-6.8%
Payments in Lieu of Property Taxes	546,000	668,000	450,000	450,000	0.0%
<b>TOTAL PROPERTY TAX</b>	<b>574,822,000</b>	<b>615,286,000</b>	<b>624,858,000</b>	<b>648,935,000</b>	<b>3.9%</b>
<b>RESOURCES:</b>					
Beginning Fund Balance	672,720,000	895,164,000	691,743,000	608,455,000	-12.0%
Property Taxes	574,822,000	615,286,000	624,858,000	648,935,000	3.9%
Other Taxes	4,190,000	1,786,000	2,001,000	1,500,000	-25.0%
Intergovernmental Revenue	507,575,000	502,372,000	451,639,000	489,360,000	8.4%
Fees and Charges	91,971,000	92,214,000	102,218,000	102,161,000	-0.1%
Other Income	33,962,000	71,375,000	75,558,000	57,949,000	-23.3%
Debt Proceeds	464,832,000	0	429,346,000	85,000,000	-80.2%
Transfers In	1,901,000	1,506,000	16,516,000	41,757,000	152.8%
<b>TOTAL RESOURCES</b>	<b>2,351,973,000</b>	<b>2,179,703,000</b>	<b>2,393,879,000</b>	<b>2,035,117,000</b>	<b>-15.0%</b>
<b>REQUIREMENTS BY OBJECT:</b>					
Personnel Services	735,395,000	787,147,000	796,596,000	821,241,000	3.1%
Materials & Services	249,021,000	243,272,000	394,500,000	331,818,000	-15.9%
Capital Outlay	216,049,000	249,085,000	822,730,000	489,669,000	-40.5%
Debt Service	254,443,000	273,755,000	296,376,000	308,953,000	4.2%
Fund Transfers	1,901,000	1,506,000	16,516,000	41,757,000	152.8%
Contingencies	0	0	44,738,000	41,679,000	-6.8%

Ending Fund Balance	895,164,000	624,938,000	22,423,000	0	100.0%
<b>TOTAL REQUIREMENTS BY OBJECT</b>	<b>2,351,973,000</b>	<b>2,179,703,000</b>	<b>2,393,879,000</b>	<b>2,035,117,000</b>	<b>-15.0%</b>

**SUMMARY OF BUDGET - BY FUND**

General Fund	830,038,000	873,375,000	854,394,000	868,580,000	1.7%
Special Revenue Fund	249,354,000	247,560,000	224,318,000	224,805,000	0.2%
Debt Service Fund	84,474,000	87,524,000	88,729,000	93,839,000	5.8%
GO Bonds Debt Service Fund	160,569,000	178,061,000	170,535,000	178,851,000	4.9%
Capital Projects Fund	1,020,044,000	785,500,000	1,030,394,000	643,773,000	-37.5%
Internal Service Fund	7,494,000	7,683,000	25,509,000	25,269,000	-0.9%
<b>GRAND TOTAL ALL FUNDS</b>	<b>2,351,973,000</b>	<b>2,179,703,000</b>	<b>2,393,879,000</b>	<b>2,035,117,000</b>	<b>-15.0%</b>

**DETAIL OF GENERAL FUND**

**RESOURCES:**

Beginning Fund Balance	98,804,000	105,497,000	87,138,000	45,000,000	-48.4%
Property Tax	428,705,000	456,423,000	463,157,000	474,854,000	2.5%
Federal Revenue	21,000	28,000	15,000	15,000	0.0%
State Revenue	272,033,000	280,781,000	271,565,000	297,191,000	9.4%
Local Revenue	9,947,000	8,125,000	12,965,000	8,814,000	-32.0%
Fees and Charges	8,365,000	7,471,000	7,865,000	6,365,000	-19.1%
Other Income	12,163,000	15,050,000	11,689,000	12,379,000	5.9%
Transfers In	0	0	0	23,962,000	0.0%
<b>TOTAL FUND RESOURCES</b>	<b>830,038,000</b>	<b>873,375,000</b>	<b>854,394,000</b>	<b>868,580,000</b>	<b>1.7%</b>

**REQUIREMENTS:**

Instruction	376,786,000	411,710,000	439,084,000	458,417,000	4.4%
Support Services	343,359,000	370,577,000	354,961,000	347,191,000	-2.2%
Enterprises and Community Services	3,114,000	4,123,000	3,257,000	4,617,000	41.8%
Debt Service	0	0	339,000	0	100.0%
Transfers Out	1,282,000	887,000	15,897,000	17,176,000	8.0%
Contingencies	0	0	40,856,000	41,179,000	0.8%
Ending Fund Balance	105,497,000	86,078,000	0	0	0.0%
<b>TOTAL FUND REQUIREMENTS</b>	<b>830,038,000</b>	<b>873,375,000</b>	<b>854,394,000</b>	<b>868,580,000</b>	<b>1.7%</b>

**DETAIL OF GENERAL OBLIGATION DEBT SERVICE FUND**

**RESOURCES:**

Beginning Fund Balance	11,780,000	15,516,000	5,798,000	3,242,000	-44.1%
GO Debt Property Taxes	145,774,000	158,490,000	161,337,000	173,708,000	7.7%
Interest on Investments	3,015,000	4,055,000	3,400,000	1,901,000	-44.1%
<b>TOTAL FUND RESOURCES</b>	<b>160,569,000</b>	<b>178,061,000</b>	<b>170,535,000</b>	<b>178,851,000</b>	<b>4.9%</b>

**REQUIREMENTS:**

Debt Services	145,053,000	165,570,000	170,535,000	178,851,000	4.9%
Ending Fund Balance	15,516,000	12,491,000	0	0	0.0%
<b>TOTAL FUND RESOURCES</b>	<b>160,569,000</b>	<b>178,061,000</b>	<b>170,535,000</b>	<b>178,851,000</b>	<b>4.9%</b>