Historic state funding coming to PPS in 2023, but not part of PPS public budget forecasts.

Portland Public Schools adopted a 2023-24 budget of 1.9-billion-dollar budget based on a $ 9.9 billion state school fund estimate. Afterwards, the Oregon legislature approved $10.2 billion in funding. As a result, projected district general fund revenue has increased from $518.426 million to $532.962 million.

Just this year, state general aid apportionment is up $258 million up from last year’s $247 million.

PPS is sharing budget forecasts related to PAT negotiations that do not appear to include the estimated increases in state funding from SSF and SIA accounts - which are over $20 million per year.

PPS public budget forecasts are missing $15.4 million from their FY23-24 state revenues, almost the exact amount the district itself said they were amending the FY23-24 budget to reflect a $15.1 million increase in state school fund revenues.

The district already announced that they were planning on amending the 2023-24 budget and estimated that 63% of the total $24 million estimated increase were state school funds and those go in the general fund.

<table>
<thead>
<tr>
<th></th>
<th>Year 1: 2023-24</th>
<th>Year 2: 2024-25</th>
<th>Year 3: 2025-26</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of PAT’s wage proposal</td>
<td>$25,101,766</td>
<td>$22,429,166</td>
<td>$20,570,75</td>
</tr>
<tr>
<td>Cost of PPS’s wage proposal</td>
<td>$12,086,418</td>
<td>$9,222,512</td>
<td>$9,498,479</td>
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<tr>
<td>Difference</td>
<td>$13,015,348</td>
<td>$13,206,354</td>
<td>$11,072,271</td>
</tr>
</tbody>
</table>

Total Difference: $37,294,273

Forecasting expenses from one-time ESSR funds that have dried up.

The expenditure totals in the budget forecasts appear to include millions in “one time” ESSER expenditures. Their total expenditures (excluding the “contingency”) increase by 3% each year overall. The district budgeted at least $36 million in ESSER III funds in 2023-24, though we don’t know the portion explicitly budgeted to the general fund.
Millions should be cut from the 24-25 expenditure projections since ESSR funds are not recurring, however, but instead, they follow their 3% increase formula and appear to ignore any change in spending. For example, why would a $1.7 million dollar budget item (forecasted to increase by 3%) exist to administer a grant be in next year’s budget if there is no recurring grant to administer?

**PPS is accepting failure on pandemic-related enrollment challenges.**

PPS continues to forecast declining enrollment but should focus on increasing enrollment, particularly for the kindergarten age group. According to their own report, “The greatest declines during the COVID-19 pandemic were observed in elementary grades, for example much smaller entering kindergarten (K) cohorts than expected in 2020-21 and 2021-22, as the share of the population age 4-5 that is enrolled in a PPS school ("K capture rate") declined from approximately 80% in 2019 to 70% in 2020 and stabilized at 71% at the start of the 2021 and 2022 school years.”

**SOLUTIONS**

The revenue increases alone could cover most, if not all, of the additional cost of salaries each year, resulting from our wage proposal (year 1, $25,101,766, year 2, $22,429,166, and year 3 $20,570,750.)

PPS could spend up to **$53 million** of the starting general fund balance in the 2023-24 budget over the 3 years of the contract and still maintain a fund balance above the policy minimum ratio.

If the district’s 2023-24 budget kept spending on salaries for administrators and professional central office staff at last year’s levels, then it could free up **$6.2 million**.

From 2019-2024, the district’s general fund budget added 149 new administration and non-represented (professional, central office positions) full-time employees. The estimated budgeted salary for those additional positions in the FY23-24 budget is **$15.4.**

If the district maintained the 2022-23 budget spending amount on purchased services, that could free up an estimated **$12 million**.

Rather accepting inevitable declining enrollment, Superintendent Guadalupe Guerrero said Portland’s loss of students followed statewide trends, PPS could focus on capturing kindergarten students, a group that has decreased from 80% in 2019 to 70% in 2022 as outlined in its own population study.

**Questions to ask PPS:**

- Why are they including non-recurring ESSR funded budget items in future budgets?
- Why aren’t they including state budget increases in their forecasts?
- Why are they projecting a doomsday forecast when they are receiving record state funding?
- Add a question: Why do they continue to talk about declining enrollment at PPS when it is declining equivalently across the state, thus making our percentage of the pie the same?