

Budget Update

Agenda

- Update on State School Fund (SSF)
- Our budget deficit
- Historical trends
- Closing the gap

Why the Disconnect?

- State and Local economy strong
 - Outperformed most of the country for the past few years
 - Oregon unemployment declining to 5% from a high of 11.3% in 2009¹
 - Portland's economy [eag/eag.f.553\(.htmj /TTET 470 16/85 080T6 //T7143Tf .62 79BT](#)

Why the Disconnect?(continued)

- State funding pressures \$1.8 billion shortfall for biennium

Revenue growth isn't keeping up with rising costs. Demands are in four areas:

- Healthcare
- Public safety
- Education
- PERS

Where we are

- State of Oregon wrestling with \$1.8 billion shortfall for 2017-19 biennium
 - Next state revenue forecast to be released February 22nd
- Co-chairs' proposed budget not sufficient
 - \$670 million or 8% short of "current service level"
 - \$300 million lower than Governor's budget released in December
 - Reduced the total % dedicated to K-12 (from 38.9% to 38.1%)
 - PPS enrollment growth slower than rest of state (PPS shares shrinking)
 - SSF formula allocations do not account for regional cost differences
- Less Title 1 funding – pressure on general fund

Refresh– StateOf Oregon



Estimating our Deficit

General Fund Only USD in Millions	Forecast 2016/17	Budget 2017/18	Change
Beginning Balance	\$ 37.8	\$ 18.1	
Total Revenue	562.6	587.1	4%
Total Resources	600.4	605.2	1%
Total Expenses	582.3	599.6	3%
Contingency	r	23.6	
Total Requirements	582.3	623.2	7%
Ending Balance	\$ 18.1	\$ r	
Budget Surplus/(Deficit)	\$	r	\$ (18.0)

Guiding Principles for Budget

- Student Health and Safety
- Closing the Achievement Gap (Equity)
- Student Learning and Achievement

Refresh Spending Categories

2015~~16~~ for Reference

Allocating the

ClassRatios

	<u>K 5</u>	<u>Middle Schools(6 8)</u>	<u>HighSchools(9 12)</u>
PortlandPublicSchools	25.8		

Equity Allocation

- Additional FTEs allocated to promote greater equity across the District
- In the 2016~~17~~ adopted budget, equity allocation is 8% of the non-administrative formula FTE
- Half of equity allocation is based on student socioeconomic status and formula equity allocation on student

BudgetedContingencyOverTime

