

2018-19 Proposed Budget

Focus on the General Fund

As Presented to the Board of Education on
April 24, 2018

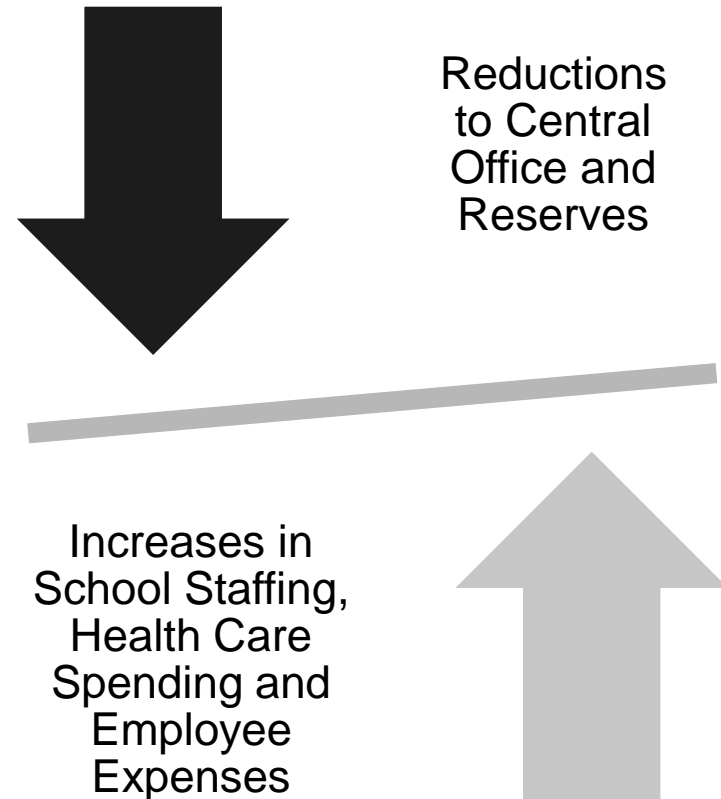
Agenda

- Major Changes
- Resources
- Spending
- Budgeted Reserve

Balancing the Budget

General Fund

- Oregon Department of Education appropriating \$8.2B for biennium
 - Split 50/50 between years
 - State funding nearly \$2B short of fully implemented Quality Education Model¹
 - Estimated Impact to PPS = \$180M over two years



¹Quality Education Commission's Quality Education Commission Report, 2016

General Fund Overview

USD in Millions

Financial Summary	2017-18 Budget ¹	2018-19 Proposed
Beginning Balance	\$ 19.9	\$ 33.1
Total Revenue	597.4	617.5
Total Resources	\$ 617.3	\$ 650.5
Total Expenses	597.6	626.7
Budgeted Reserve	19.7	23.8
Total Requirements	\$ 617.3	\$ 650.5
Reserve % of Total Requirements	3%	4%

Expenditures + Budgeted Reserve Trends

USD in Millions

	2016-17 Actual	2017-18 Budget ¹	2018-19 Proposed
School Site	\$ 287.8	\$ 289.8	\$ 310.5
Central Office ²	260.5	307.8	316.2
Budgeted Reserve	14.1	19.7	23.8
Total Requirements	\$ 562.4	\$ 617.3	\$ 650.5

¹2017-18 Budget as Amended in October, 2017

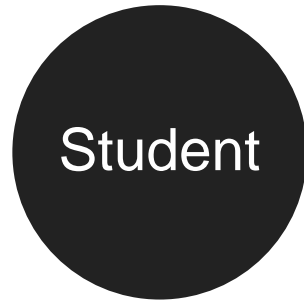
²Includes Centrally Administered School Resources (e.g., Special Education, English as a Second Language, Transportation, Facility Management, and Others

Investment Priorities

- Investment in Schools
 - Implementation of an equitable school staffing model
 - Rigorous, standards

Leadership Organization Chart

Centrally Administered School Resources (CASR)



Central Office Summary

USD in Millions

	CASR	Central	Total
Schools	\$ 27.3	\$ 8.1	\$ 35.4
Student Support Services	52.0	32.2	84.2
Teaching and Learning	17.5	22.1	39.7
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¹Includes interest payments and general fund transfers

PERS Rates Flat...For Now

USD in millions

PERS Rates and Expense Estimates	2017-18	2018-19	2019-20
Tier1/Tier2	6.66%	6.66%	13.07%
OPSRP	1.33%	1.33%	7.45%
Weighted Rate	2.57%	2.57%	8.63%
Estimated Expense	\$ 9.8	\$ 11.5	\$ 35.5

- 2017-18 expense lower with credit
 - Will create ~\$10M of additional Ending Fund Balance
- Recommend transferring to targeted reserve
 - One-time savings; use to offset large increases expected in 2019-20

Budgeted Reserve

- 4% = \$24M
- Equivalent to about 15 days of district spending
- Monthly Payroll = \$30M
- 5% = 2021 Board Goal

Proposed Investments

Proposal



- Estimates based on assumed scope

Risks to Budget

Event	Risk	Estimated Impact (\$)	Likelihood
Middle School Transition Costs	Routes/Build out Costs	\$1 to \$1.5 million	High
PERS Debt Payment	Estimate based on employee count is incorrect	\$2 to \$3 million	Low
Actual salaries for newly hired teachers may be higher than expected			

Positioning the District for 2019-20

Financial Relief

- New Biennium and
Funding Levels
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Expenditures Outpace Revenue

USD in Millions	4 Tm [(\$)-0.5(4)0.5		Moderate Recession		Severe Recession	
	2019-20 Forecast	2020-21 Forecast	2019-20 Forecast	2020-21 Forecast	2019-20 Forecast	2020-21 Forecast
Cumulative Changes vs. 2018-19						
Increase in Revenue	\$31.2	\$63.2	\$18.5	\$41.6	\$7.1	\$15.9
Known Increases in Expenditures						
PERS	\$20.0	\$20.7	\$20.0	\$20.6	\$20.0	\$20.5
Health and Welfare	\$4.2	\$4.4	\$4.2	\$4.4	\$4.2	\$4.4
Personnel Cost Increase	\$13.6	\$27.6	\$11.6	\$23.6	\$9.7	\$19.6
Increase in Contingency (align to BOE target)	\$5.2	\$10.0	\$4.6	\$9.0	\$4.1	\$7.7
Total Increases in Expenditures	\$43.0	\$62.8	\$40.5	\$57.6	\$38.0	\$52.2
Surplus/(Shortfall)	(\$11.8)	\$0.4	(\$21.9)	(\$16.0)	(\$30.9)	(\$36.3)

- Budgetary pressures on near-term horizon (2019-20)
- “Recession” scenarios create budget shortfalls
- Driven by known increases; analysis excludes technology, school, and other strategic investments



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