

Special Meeting
Wednesday, June 1, 2022 10:45 AM

Virtual

Agenda

1. 10:45 am - Budget Committee Approval of the Revised 2022-23 Budget and the Imposition of Property Taxes to Correct Clerical Error in Fund 600-*action item*
Public comment accepted
2. 11:00 am - Adjourn

RESOLUTION NO. 6514

Budget Committee Approval of the Revised 2022-23 Budget and the Imposition of Property Taxes to Correct Clerical Error in Fund 600

RECITALS

- A. Oregon Local Budget Law, Oregon Revised Statute (ORS) 294.426, requires the Budget Committee of Portland Public Schools (District) to hold one or more meetings to receive the budget message and the budget document and to provide members of the public with an opportunity to ask questions about and comment upon the budget document.
- B. On April 26, 2022, the Board of Education (Board), acting as the Budget Committee, received the Superintendent's budget message and Proposed Budget document for the 2022-23 fiscal year.
- C. On May 4, 2022, the Budget Committee held a Budget Community Engagement meeting to discuss and receive public comment on the Proposed Budget.
- D. ORS 294.431, requires submission of the budget document to the Tax Supervising Conservation Commission (TSCC) by May 15 of each year. ORS 294.431 allows taxing jurisdictions to request an extension of the submission date.
- E. The District requested, and the TSCC authorized, extending the submission date to no later than May 25, 2022.
- F. The Board-appointed Community Budget Review Committee (CBRC) reviewed the Proposed Budget and current expenditures of the existing Local Option Levy. The CBRC acts in an advisory capacity to the Board.
- G. On May 17, 2022, the Budget Committee received testimony and a report on the current year Local Option Levy expenditures and testimony and recommendations from the CBRC.
- H. ORS 294.428 requires that each legal jurisdiction's Budget Committee approve a budget and specify the *ad valorem* property tax amount or rate for all funds.
- I. It is noted that \$0.5038 per \$1,000 of the assessed value of the Permanent Rate Tax Levy (commonly known as the "Gap Tax") and, based on an analysis presented to the Board, the entirety of the Local Option Tax Rate Levy are excluded from State School Fund calculations.
- J. ORS 457.445(6)(d) provides the opportunity for a school district with a statutory rate limit on July 1, 2003, that is greater than \$4.50 per \$1,000 of assessed value to be excluded from the urban renewal division of tax calculations. To the extent that the rate limit was increased under section 11 (5)(d), Article XI, of the Oregon Constitution, property tax revenue from said increase is excluded from local revenues. The District will notify the county assessors of the rate to be excluded for the current fiscal year no later than July 15.
- K. Portland Public Schools has a statutory rate limit that is in excess of the \$4.50 limitation that includes an increase under section 11 (5)(d), Article XI, of the Oregon Constitution.
- L. On May 24, 2022, the Budget Committee approved the Proposed Budget. After the approval, a clerical error in Fund 600 was discovered. That error did not change the total within Fund 600 or the total budget, and it has been corrected on Attachment A.

RESOLUTION

1. The Budget Committee approves the budget as summarized in Attachment "A".
2. The Budget Committee approves the budget for the 2022-23 fiscal year in the total amount of \$1,887,316,000
3. The Budget Committee resolves that the District imposes the taxes provided for in the approved budget:
 - a. At the rate of \$5.2781 per \$1,000 of assessed value for operations;
 - b. At the rate of \$1.9900 per \$1,000 of assessed value for local option tax for operations;
 - c. In the amount of \$151,000,000 for exempt bonds

Taxes are hereby imposed and categorized for the tax year 2022-23 upon the assessed value of all taxable property in the District, as follows:

Type	Education Limitation	Excluded from Limitation
Permanent Rate Tax Levy	\$5.2781/\$1,000 of assessed valuation	
Local Option Rate tax Levy	\$1.9900/\$1,000 of assessed valuation	
Bonded Debt Levy		\$151,000,000

4. The Budget Committee further resolves that \$0.5038 per \$1,000 of taxable assessed value is excluded from the division of tax calculations, as the Permanent Rate Tax Levy attributable to the increase provided in section 11 (5)(d), Article XI, of the Oregon Constitution (such increase is a result of the expiring Gap Tax Levy).
5. The Budget Committee directs submission of the 2022-23 Approved Budget to the TSCC in accordance with ORS 294.431, under the extension as granted by the TSCC.

ATTACHMENT A

Portland Public Schools				
Adjustments to the 2022-23 Proposed Budget				
June 1, 2022				
(in thousands)				
		Proposed Budget	Adjustment	Recommended Approved Budget
100 - General Funds				
Resources				
Beginning Fund Balance		90,500	9,478	99,978
Local Property and Other Taxes		314,424	-	314,424
Local Option Taxes		109,951	-	109,951
Other Local Sources		17,736	1,000	18,736
County and Intermediate Sources		12,101	-	12,101
State Sources		247,407	-	247,407
Federal Sources		15	-	15
Interfund Transfers		0	-	0
Other		2,450	(1,000)	1,450
Total		794,585	9,478	804,063
Requirements				
Instruction		399,183	7,154	406,337
Support Services		339,250	2,522	341,772
Enterprise and Community Svcs		3,100	-	3,100
Debt Service		783	-	783
Transfers of Funds		1,302	-	1,302
Contingency		50,967	(199)	50,768
Total		794,585	9,477	804,062
200 - Special Revenue Funds				
Resources				
Beginning Fund Balance		43,351	-	43,351
Property and Other Taxes		342	-	342
Other Revenue from Local Sources		17,929	-	17,929
Intermediate Sources		130	-	130
State Sources		97,185	5,800	102,985
Federal Sources		145,566	-	145,566
Interfund Transfers		75	-	75
All Other Resources		900	-	900
Total		305,478	5,800	311,278
Requirements				
Instruction		124,738	5,540	130,278
Support Services		116,062	260	116,322
Enterprise and Community Svcs		32,948	-	32,948
Facilities Acquisition and Construction		89	-	89
Transfers of Funds		199	-	199
Contingency		0	-	0
Unappropriated Ending Fund Balance		31,442	-	31,442
Total		305,478	5,800	311,278

Portland Public Schools
Adjustments to the 2022-23 Proposed Budget

June 1, 2022

(in thousands)

	Proposed Budget	Adjustment	Recommended Approved Budget
300 - Debt Service Funds			
Resources			
Beginning Fund Balance	13,061	-	13,061
Property and Other Taxes	149,108	-	149,108
Other Revenue from Local Sources	82,477	575	83,052
Federal Sources	6	-	6
Bond Proceeds & Premiums	1,238	-	1,238
Total	245,890	575	246,465
Requirements			
Debt Service	226,741	575	227,316
Unappropriated Ending Fund Balance	19,149	-	19,149
Total	245,890	575	246,465
400 - Capital Projects Funds			
Resources			
Beginning Fund Balance	499,241	2,631	501,872
Other Revenue from Local Sources	7,441	-	7,441
Intermediate Sources	-	-	-
State Sources	6,941	-	6,941
Interfund Transfers	610	-	610
Total	514,233	2,631	516,864
Requirements			
Support Services	498	1,784	2,282
Facilities Acquisition and Construction	513,114	848	513,962
Transfers of Funds	621	-	621
Total	514,233	2,632	516,865
600 - Internal Service Funds			
Resources			
Beginning Fund Balance	5,066	-	5,066
Other Revenue from Local Sources	3,554	26	3,580
Total	8,620	26	8,646
Requirements			
Support Services	339	3,051	3,390
Contingency	8,281	(3,025)	5,256
Total	8,620	26	8,646
All Funds Total	1,868,806	18,510	1,887,316

Portland Public Schools					
Adjustments to the 2022-23 Proposed Budget					
June 1, 2022					
(in thousands)					
		General Funds (100)	Special Revenue Funds (200)	All Other Funds	Total Funds
Proposed Resources:		\$ 794,585	\$ 305,478	\$ 768,743	\$ 1,868,806
Adjustments:					
1. Increase in General Fund Beginning Fund Balance - based on 3rd Quarter financial projections through June 30, 2022.		9,478			9,478
Other Local Sources - move \$1 mil revenue from 451300 to 415100 (how we are to report the new leases for GASB)		1,000			
Other - move \$1 mil revenue from 451300 to 415100 (how we are to report the new leases for GASB)		-1,000			
2. Increase in Special Revenue Fund State Sources - HB 4030			5,800		5,800
3. Additional FTEs generated this internal transfer (Fund 308 PERS UAL)				575	575
4. Increase Beginning Fund Balance due to new forecast for Ending Fund Balances for FY22.				2,631	2,631
5. Additional FTEs generated this internal transfer (Fund 601 Self Insurance)				26	26
Total Resource Changes		9,478	5,800	3,232	18,510
Recommended Approved Resource Budget		\$ 804,063	\$ 311,278	\$ 771,975	\$ 1,887,316
Proposed Requirements:		General Funds (100)	Special Revenue Funds (200)	All Other Funds	Total Funds
		\$ 794,585	\$ 305,478	\$ 768,743	\$ 1,868,806
Adjustments:	Function				
1. Increase in General Fund instructional support by providing additional SPED, paras/EAs, and staffing FTEs for schools affected by the SE enrollment balancing; increasing charter school pass through amounts and student activities; and adding paraeducator retention bonus.	1000	7,154			7,154
2. Increase in General Fund Support Services by increasing the number of mental health professionals and adding campus security associates to Title I middle schools.	2000	2,522			2,522
3. Overall reduction in General Fund Contingency. The increased beginning fund balance was offset by additional support and potential enrollment adjustment/needs.	6000	-199			-199
4. Increase in Special Revenue Fund Support Services to align with the new state funding associated with House Bill (HB) 4030 for educational staff retention.	1000		5,540		5,540
5. Increase in Special Revenue Fund Support Services to align with the new state funding associated with HB 4030 for educational staff retention for administrative costs in supporting the grant.	2000		260		260
6. Increase in Debt Services for PERS UAL.	6000			575	575
7. Increase in Capital Projects for Support Services to align with planned expenditures for 2022-23.	2000			1,784	1,784
8. Increase in Capital Projects for Facilities Acquisition and Construction to align with planned expenditures for 2022-23.	4000			848	848
9. Increase Support Services to align with planned expenditures and internal transfers for 2022-23.	2000			3,051	3,051
10. Reduce Contingency to offset the need for Support Services for 2022-23.	6000			-3,025	-3,025
Total Requirement Changes		9,477	5,800	3,233	18,510
Recommended Approved Requirement Budget		\$ 804,062	\$ 311,278	\$ 771,976	\$ 1,887,316



PORTLAND PUBLIC SCHOOLS

Chief Financial Officer

Nolberto Delgadillo

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Date: June 1, 2022

To: Members of the Board of Education

From: Nolberto Delgadillo, Chief Financial Officer

Subject: Budget Committee Re-approval of the 2022-23 Budget to Correct Clerical Error

BACKGROUND

On May 24, 2022, the Board (acting as the Budget Committee) approved a budget for Portland Public Schools for the 2022-23 fiscal year.

Upon further review, a clerical error was identified in the Internal Service Fund (which is our self-insurance fund that primarily focuses on worker's compensation). This does not impact any of the other funds or the general fund's fund balance and is solely confined to fund 600 of the FY23 budget.

There is no change to the total budget for Fund 600, and there is no change to the overall budget approved on Tuesday May 24. This change is a technical appropriation adjustment of approximately \$3 million in one line of Fund 600 to another line of Fund 600.

RELATED POLICIES/BEST PRACTICES

After conferring with the Tax Supervising and Conservation Commission (TSCC), the best course of action to correct the clerical error and comply with Oregon Local Budget Law requires the Budget Committee of Portland Public Schools (District) to meet and reapprove the 2022-23 budget with the clerical error corrected.

ANALYSIS OF SITUATION

Changes from the previously approve 2022-23 Budget

General Fund

No Change

Special Revenue Funds

No Change

All Other Funds

Appropriation of approximately \$3 million from the Internal Service Fund's function 6000 (contingencies) towards Internal Service Fund's function 2000 (support services).

Budget Committee Action

The Board acting as the Budget Committee is asked to consider and approve the attached 2022-2023 Approved Budget resolution.

FISCAL IMPACT

None.

TIMELINE FOR IMPLEMENTATION / EVALUATION

If approved, the Board of Education will have the opportunity to formally adopt the budget on June 14, 2022. Upon adoption, appropriations will be uploaded into the District's financial system on or before July 1, 2022.

BOARD OPTIONS WITH ANALYSIS

No further analysis beyond the section: "Analysis of Situation".

STAFF RECOMMENDATION

Staff recommends the passage of the board resolution to re-approve the revised 2022-23 Budget to correct the Fund 600 clerical error, make appropriations, and impose taxes as presented in the attached resolution. This will allow the Board of Education to formally consider the budget for adoption on June 14, 2022.

ATTACHMENTS

- A. Budget Committee Approval of the Revised 2022-23 Budget and the Imposition of Property Taxes to Correct Clerical Error in Fund 600.
- B. Attachment "A" to the Resolution to Impose Taxes and Adoption of the 2022-23 Budget.