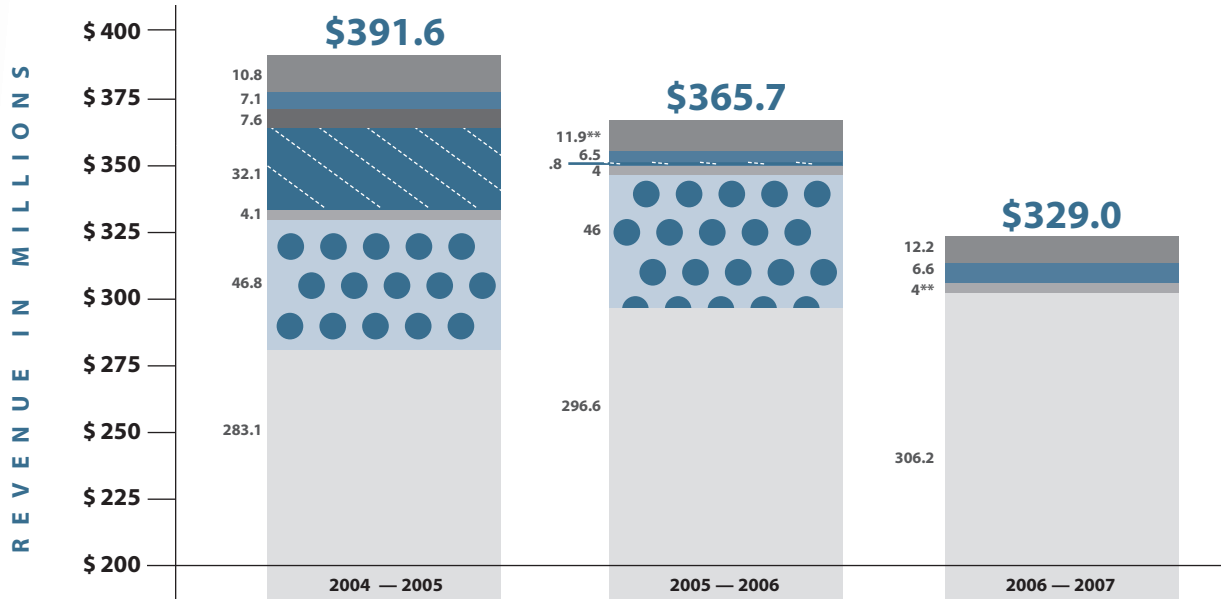




JANUARY 2006

THE PORTLAND PUBLIC SCHOOLS BUDGET: Increasing Accountability, Decreasing Revenue



GENERAL FUND REVENUES

In addition to GF revenues, PPS receives federal and private grants and other funds for specific purposes. To learn more, check www.pps.k12.or.us.

State School Fund
 County Income Tax
 City of Portland
 Local Option Property Tax
 Desegregation Property Tax
 Education Service District.
 Other

* All dollars in millions, figures net of one-time revenue from sale of assets and insurance refund.

** Collections of delinquent tax payments.

The state of Oregon is charged with funding schools, but the clear message Portland Public Schools got from the last Legislature was

“Save yourself — don’t look to the state.”

Budget could derail student and school successes

Portland Public Schools is on a roll — improving teaching practices, building partnerships to bring students great programs and earning higher grades on state report cards. But Portland schools also face a looming obstacle to success: **the potential of deep budget cuts in 2006-07.**

The state of Oregon is charged with funding schools, but the Legislature last session again chipped away at school funding, and refused to renew a tax measure that helped Portland schools without cost to any other school district. The clear message PPS got from the Legislature was “Save yourself — don’t look to the state.”

In addition to state cuts, **local voter-approved funding measures are expiring.** Two ended in June 2005: the **local option property tax**, which

supported hundreds of teaching jobs, and the **capital bond levy**, which provided \$200 million over 10 years for critical building improvements and repairs. The three-year voter-approved county income tax surcharge expires in June 2006.

As that tax expires, **Portland Public Schools will lose an additional \$50 million that pays for teaching staff and school operations.** That would force yet another round of cuts to our schools.

Operating efficiently and effectively

The school district focuses dollars on the classroom and student success, while always looking for cost efficiencies. Today, only 4 percent of the budget is spent on administration. **The school district has cut costs by millions** each year through actions such as: reconfiguring the central kitchen

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A local funding measure in May 2006 would give voters a choice:

Make the cuts or maintain our schools.

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and food distribution, fueling buses with propane instead of gasoline, refinancing the school district's PERS liability at a lower interest rate, negotiating lower insurance premiums and asking all employees to share the cost of health benefits.

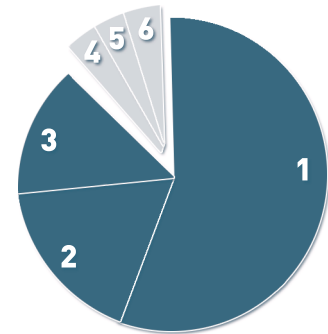
As the school district pursues those savings, it is **investing in more effective teaching and learning practices**. In 2005, more students met or exceeded state learning benchmarks than in 2004 – in every grade tested. Portland Public Schools has expanded full-day kindergarten, targeted \$2 million to help schools meet standards, and improved curriculum and teachers' professional development. Portland Public Schools continues to redesign the central administration to improve on past practices and to provide the best support possible to schools.

Looking forward

In the current school year, students have already faced larger class sizes, with the loss of more than 250 teaching positions as the local option property tax expired.

The end of the \$50 million local income tax – if no replacement funding is found – would deal another major blow to the budget. The School Board is now working with other local school district and government leaders on a possible local funding measure for May 2006. The Superintendent and School Board will develop two budgets for 2006-07, with and without the proposed funding source. Voters will decide whether to make the budget cuts or to maintain funding for our schools.

WHERE THE MONEY GOES*: 2005 – 2006



1. Teachers and textbooks	55.8 %
Includes special education, ESL, teachers' aides, class supplies	
2. School staff and support	17.6 %
Librarians, counselors, principal's office staff, speech services, extra-curricular activities	
3. Buses, buildings and more	15.0 %
School buses, utilities, cleaning and maintenance, printing, purchasing and technology services	
4. Central administration	3.8 %
Superintendent and School Board offices, public information, research and evaluation, legal, budget, accounting and payroll, human resources, professional development and curriculum support	
5. Debt payments	3.4 %
Payments on borrowed funds	
6. Contingency	4.5 %
Prudent reserves, savings for emergencies, liabilities	
TOTAL	100.0 %

*General Fund expenditures, including reserves, as defined under the Oregon Department of Education's Database Initiative.

For more information about Portland Public Schools and the school district's budget, go to www.pps.k12.or.us, or contact Sarah Carlin Ames in Communications at sames@pps.k12.or.us or call (503) 916-3304. Portland Public Schools is an equal opportunity educator and employer.



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