

Date: January 5, 2024

To: PPS Board of Education

From: Members of the PPS Community Budget Review Committee (CBRC)

Dear PPS Board of Directors,

The PPS Community Budget Review Committee (CBRC) is writing to you to provide advisory support as you make decisions regarding the first amendment to the 2023-24 budget.

CBRC initially engaged with PPS staff on the budget amendment in September; you can review content related to this engagement in the staff memo: [September Staff Report on CBRC Comments on Budget Amendment](#). Since this time, there have been changes to the proposed budget amendment. CBRC members have reviewed the updated amendment content and offer these observations and recommendations.

Observations

- Over the three year period (2023-2024 to 2025-2026), the forecast projects approximately \$2,310,731,000 in total resources and \$2,503,831,000 in total expenses, for a net deficit of approximately \$193,100,000. This gap is addressed by:
 - (i) decreasing the Fund 100 balance (reserves) by approximately \$62,296,000, and
 - (ii) by realizing approximately \$130,000,000 in savings ("gap closing needed").

Without detail the CBRC cannot assess the prudence of reducing reserves, which we have consistently supported building. More information about the use of the fund balance and ways in which savings are achieved would be required to make recommendations regarding this approach for balancing the budget.

The proposed expense reductions for the current budget year are \$10,000,000. PPS should provide more information regarding how they plan to achieve this reduction, and why they do not recommend a larger or smaller amount would be advisable. At staff's urging, the ending balance (aka reserves) is initially increased so as to lighten the cuts in future years. The presentation also notes that the third year is the start of the next biennium, which may result in increased legislative revenues, perhaps obviating further cuts.

Recommendations

- PPS should monitor current and future enrollment for changes beyond demographics on which budget projections were based.
- At the time of CBRC review, critical information regarding anticipated Special Revenues was delayed. Included in Special Revenues are Early Literacy Grant appropriations which may release funds already dedicated to these purposes.
- Cuts should not affect instructional quality of students in the first year, to allow more time to adjust the upcoming budget while minimizing negative impacts for students.
- The board should carefully review how cuts will impact the attainment of the four Board Goals, all of which focus on student academic achievement at various milestones across the K-12 years.
- If any of the gap closing measures will require reductions to direct-service staffing, including school reconfigurations or closures, we recommend the Board first look for all other possible areas of reduction, including, but not limited to: reduction of expenditures for contracts, curriculum expansion, reduction of central administrator and program manager positions, and other non direct-service expenditures before making cuts to direct-service staffing. If program or school closure reductions are contemplated the Board should be vigilant in holding harmless our student populations who have been most impacted by reconfigurations, closures, and other disruptions to community, specifically schools serving the highest populations of Black, Indigenous students and other historically and currently underserved students.

Respectfully submitted,

Members of the Community Budget Review Committee:

Tasz Ferguson
Grace Groom
Mariah Hudson
Roger Kirchner
Stephan Lindner