Portland Public Schools
Community Budget Review Committee
Fiscal Year 2026-27
Presented on May 12, 2026

Annual Budget Review

Background and Purpose of the Community Budget Review Committee (CBRC)

The Portland Public Schools Board of Education (board) established the Community Budget Review Committee (CBRC) to perform the following functions:

- Review, evaluate and make recommendations to the board on the Superintendent's Proposed Budget
- Monitor and advise the board on the allocation and expenditure of Local Option Levy funds
- Provide and strengthen the link between the district and school students and families

About the CBRC

The CBRC is a group of seventeen volunteers representing a diverse group of parents, staff, community members, and five students who give voice to the diverse interests of the PPS communities in the budget process.

Purpose of the Budget Review

CBRC's role is to analyze the superintendent's proposed budget and to provide recommendations that reflect the perspectives of our diverse communities–parents, teachers, students, from across the district–to the board. In doing so we keep in mind both the needs of students and the board goals which center on reducing racial and socio-economic disparities in academic achievements at key milestones: Third-grade Reading, Fifth-grade Mathematics, Eighth-grade Readiness, and High School Graduation.

Themes & Recommendations

Charge of CBRC & Timing Constraints

CBRC has a highly compressed timeline.

- The CBRC did not have sufficient time to explore all areas of inquiry requested.
- This limitation was compounded by Oregon open-meetings requirements (including the lack of a quorum at a key meeting and constraints on collaborative drafting).

Timeline and Process Concerns

The Committee received the proposed 2026-27 budget on April 23, 2026, when it was posted publicly with board meeting material. The budget was proposed and the Superintendent's Budget Message was shared at the April 28th Board Meeting. Members convened for the first time to discuss the budget on April 29th, 2026, and were asked to deliver its review by May 8. This timeline provided nine working days to evaluate a budget of $2.8 billion.

We wish to state plainly that this timeline is inadequate for the responsibility entrusted to this body. A meaningful review of a budget of this size and complexity requires sufficient time to examine line-item detail, identify year-over-year variances, request clarification from district staff, and develop informed recommendations. Nine working days does not permit this level of analysis.

We raise this concern not as a procedural complaint but as a matter of public accountability. The district faces a structural budget deficit, declining reserves, and significant reductions to student-facing services. These are conditions that require more scrutiny, not less. Budget oversight that cannot be conducted thoroughly risks becoming symbolic rather than substantive.

The CBRC recommends that in future budget cycles, the CBRC be provided substantially more time to deliver its report, along with timely access to complete supporting documentation — including multi-year financial forecasts and object-level expenditure detail by function.

For 2027-28 budget development, CBRC requests engagement in fall 2026 once multiyear forecasts have been further refined. This early and ongoing engagement will be critical as the district projects continued large budget deficits in future years.

The community deserves, and the scale of the district's fiscal challenges demands, a review process with sufficient time to be meaningful.

Board of Education's Engagement with Recommendations & Feedback Loop

CBRC members expressed a feeling that there is so little time between when the budget is proposed, when our recommendations are due, and when the PPS Board of Education can make changes to the proposed budget. The CBRC recommends that the Board provide a report detailing which recommendations have been acted upon, and the results of said recommendations to the extent possible. This feedback loop will help the CBRC make meaningful recommendations and actually impact the budget, as well as create more trust between the district and the community.

Budget Accessibility and Transparency as a Foundation for Trust

Reversing PPS's enrollment decline will require demonstrating that resources are well-used and well-explained, and transparency in budget communication is foundational to that goal. A community that understands where its education dollars go can reasonably be expected to trust that those dollars are well-spent.

The CBRC has identified two key challenges that make the proposed $2.8 billion budget documents difficult to interpret. Firstly, significant non-student-focused costs, specifically capital construction funded by bond proceeds and debt service payments on general obligation bonds and PERS UAL obligations, are distributed across multiple funds and categories in ways that cannot be separated from the operational spending that directly serves students. Secondly, even when the numbers are identifiable, there is not always an associated understanding of how the funds are being spent, in part due to the lack of definition or information regarding which expenditures are for fully, partly, or non-student facing employees.

An important illustration of these challenges is the disconnect between per-pupil spending figures derived from the budget documents, which is a number highly relevant to the public's perception of school funding. Budget Volume 2 shows $11,100 per student reaching schools directly. However, once construction and debt servicing are set aside from the full budget, Volume 1 shows PPS spending approximately $26,300 per student: more than twice as much. Both figures are legitimate, but left unexplained, the discrepancy between them sends the wrong message to families and community members whose confidence PPS is working to restore.

We recognize that the difference between these two figures reflects legitimate and largely unavoidable costs, including building maintenance, special education services, and centrally administered programs that serve students across the district. Our concern is not that these

costs exist, but that they are not described in the budget documents. Families and board members alike should be able to understand what the district's substantial per-student resources are purchasing.

This CBRC believes that the district should consider the public's keen interest in understanding the investment level for teacher-led instruction, for student-facing direct supports, for other in-school FTE including administrators, and for non-in-school staff.

Local Option Levy Expenditure Transparency in Budget Document

Among the CBRC's responsibilities is evaluating whether the levy approved by Portland voters under Measure 26-246 is being spent according to its stated direction. The proposed budget reports total levy income of ~$104 million, but does not provide a detailed breakdown of how those specific funds are being expended across functions and objects apart from this income being included as part of the general fund expenditures.

This challenge mirrors the broader transparency concern described above: when spending is documented only from the aggregate level, meaningful oversight of individual fund spending cannot occur. In the case of the levy, the stakes are particularly direct, because voters chose to tax themselves in support of specific educational priorities, and the CBRC exists in part to verify that their trust is being honored. Without a proposed budget broken out by function and object for levy funds, that verification is difficult to undertake.

The CBRC believes it is important to distinguish between restricted funds and discretionary funds. Currently, it is difficult to navigate this distinction. It is also difficult to answer complex questions such as, "What proportion of K–5 instruction is spent on classified salaries?" This could be addressed by providing cross-walked function and object data.

Risks Associated with Assumptions

The CBRC is concerned that the proposed budget may make unrealistically optimistic assumptions about key revenue streams and expenses. Most notably, the assumption of a 1% cost of living adjustment (COLA) for employees is significantly lower than any COLA the district has negotiated with its labor partners in recent memory, and significantly lower than the amounts labor partners have proposed in the early stages of their current negotiations (as shared in the district's public bargaining updates). Because employee salaries represent such a large portion of the overall budget, this assumption being off by even one or two percentage points would significantly increase the budget deficit the district faces this year and next. We also have questions about whether the district has made appropriately conservative adjustments to

expected revenue from local property taxes — one of the factors that drove the mid-year deficit in the 2025-26 budget.

We appreciate the difficult balance the district is trying to navigate in this budget between realism and minimizing disruption to students and staff. We also appreciate that the district has added more buffers to certain expense categories compared to the 2025-26 budget to help absorb unexpected costs. But the district should consider carefully whether it has been conservative enough in its assumptions to avoid (barring completely unforeseen circumstances) a second consecutive mid-year budget deficit — which we believe would cause significant long-term damage to the public's trust in PPS at a time when trust is already fragile.

If the district opts to continue with extremely optimistic assumptions about COLA or other elements of the budget, it should be transparent with the public about the calculated risk involved, the reasons for it, and the potential downside if the reality creates additional budget pressure.

Benchmarking

Among the equity questions the CBRC considers most important is whether PPS's instructional spending is sufficient to serve all students well, and whether any gap falls disproportionately on those who are historically underserved. Our preliminary analysis has identified a question we believe warrants official examination.

Nationally, the National Center for Education Statistics reports that in recent years, school districts spend an average of 61% of their operating budgets on instruction. Our analysis of the proposed PPS budget suggests the comparable figure here is approximately 53%, an eight-point gap that at PPS's scale represents a substantial difference in resources reaching classrooms. This gap is compounded by Oregon's above-average teacher salaries and unusually high PERS obligations – which are both contained within that 53% – meaning each instructional dollar purchases fewer teacher resources than it would in a typical district.

The cumulative effect is that PPS students may be receiving meaningfully fewer instructional resources than the district's substantial per-pupil spending would imply. Students from well-resourced families may be able to compensate for instructional gaps through tutoring and enrichment. Students without those resources depend entirely on their public school for learning, and are the most harmed by receiving a low share of instruction.

We present these as preliminary findings. We ask the district to proactively undertake this benchmarking assessment with districts that have similar ELL rates, non-wage labor costs, and

aging infrastructure, and to establish a policy to repeat this analysis at regular three-year intervals. The CBRC agrees that proactively comparing PPS's instructional spending share and per-pupil instructional spending to national averages and peer urban districts can be used as a tool to identify potential disparities.

The CBRC also agrees that it can be very difficult for the public to read the budget well enough to identify areas for savings. This was pointed out in the 2022 recommendation Follow-up Report by the Oregon Secretary of State coupled with a recommendation to "conduct regular and public peer benchmarking." Additionally, maintaining awareness of the impacts of instructional or operational resources gap on students will help identify and encourage necessary and urgent course correction.

Proportionate Reductions

PPS is navigating a structural financial challenge driven by rising personnel costs and limited sustainable revenue growth.

In this context, the district's decisions must do two things simultaneously:

- Protect the students who rely most on public education
- Build new, sustainable pathways for community-supported investment

These recommendations aim to ensure that short-term reductions do not undermine long-term equity, enrollment, and financial stability.

Given the projected $50 million budget gap and the reality that 82% of expenditures are personnel-related, reductions are unavoidable. However, how reductions are distributed will determine whether PPS upholds its stated commitment to equitable access and student success.

We recommend the district adopt a proportionate, equity-centered reduction framework grounded in the district's own budget principles, particularly the commitments to *prioritize the core program, ensure equitable access, and maintain transparency*.

Specifically:

- Protect programs serving vulnerable students by minimizing reductions to English Language Development (ELD). Current proposals suggest a mismatch between the *growing need for services* and *reductions in staffing*, which risks exacerbating inequities and may conflict with mandated obligations to serve English Learners. We also recommend preserving mental health supports, especially in middle schools, where needs are acute and directly tied to attendance, behavior, and academic outcomes.

- Maintain access to opportunity programs across socioeconomic groups. Preserving ACCESS transportation can ensure equitable participation; without transportation, access becomes income-dependent. By minimizing reductions to less restrictive and inclusive programming, the district can help students remain in appropriate learning environments.
- Ensure reductions do not disproportionately impact high-need schools by applying a weighted lens to staffing reductions, recognizing that uniform cuts can create disproportionate harm in schools serving higher concentrations of students requiring additional support.
- Increase transparency and clarity in budget changes. Current materials do not clearly articulate program-level impacts of reductions. We recommend a more transparent, program-specific accounting of changes, aligned to the district's stated commitment to transparency and community engagement. This includes providing before/after staffing and service levels for key programs (e.g., ELD, counseling, special education).
- Balance core services with enrollment retention strategies. PPS must carefully navigate maintaining core educational services while also offering differentiated programming that attracts and retains families. Strategic preservation of high-value programs (arts, advanced learning, athletics, mental health supports) is essential to stabilizing enrollment, which directly impacts long-term revenue.

Blended Classrooms

In last year's CBRC report, the CBRC requested an analysis of the estimated savings from increasing blended (multi-grade) classrooms and an evaluation of their educational effectiveness, with attention to student outcomes—particularly for students who need more individualized support.

Members raised similar concerns during this budget cycle and received a report drafted by the PPS Office of Research, Assessment, and Accountability (RAA) and presented to the Ainsworth school community on May 7, 2026. The report, Multi-Grade Teaching and Learning in Portland Public Schools, is dated February 7, 2026.

The main questions we raised were: What is the efficacy of these programs, and what is the plan to track their impact—especially as PPS expands blended (multi-grade) classrooms in response to lower enrollment and reduced funding?

As of the 2025-2026 school year, there are 16 schools with 44 multi-level classrooms. The classrooms spread across all grade levels from kindergarten to 5th grade. The RAA report finds that, "Multigrade blends can reduce budget with minimal impact on instruction, provided there is

teacher and family buy-in". This report notes that the MAP and i-Ready interim assessments show negligible differences between 4th and 5th grades in mono-grade classes and multi-grade classes, but noted that in grade bands that have a mix of multi-grade and mono-grade classes, students who are academically advanced may be "tracked" into those blended classes, inadvertently causing the opportunity for inequitable outcomes.

The report states that interviews were conducted with 13 principals and 6 educators, and that no families were interviewed, alongside a literature review of multigrade classrooms. The lack of meaningful input from educators and families is concerning—particularly given the report's finding that blends can reduce costs with minimal instructional impact only when there is educator and family buy-in. The report also notes a need for additional support staff to successfully differentiate math instruction. It briefly highlights the value of blending whole grade levels (rather than mixing single-grade and multi-grade classes within the same grade band), which can increase opportunities for educator collaboration and reduce workload associated with concurrent planning across multiple curricular levels and the higher stress levels reported by teachers of multi-age classes.

In light of this information, the CBRC believes routine evaluation of blended (multi-grade) classrooms is necessary, including clear identification of multi-grade enrollment in data systems to enable long-term tracking of student outcomes. The CBRC also recommends that future reports expand interviews to include educators and families from a broader set of schools and grade levels. Finally, subsequent reports should identify when additional licensed staff are available to support math instruction in blended classrooms so the district can evaluate whether blends reduce costs while maintaining effective instruction.

Alternative Revenue

Given that one-time funds are not a sustainable solution for ongoing operations, PPS should pursue durable, community-embedded funding strategies that complement public funding without increasing structural risk.

We recommend the district formalize a Community Investment Strategy focused on partnerships, in-kind contributions, and innovative asset use:

- Develop Community Benefit Agreements (CBAs) in partnership with major local institutions (e.g., Moda Center, large employers, cultural organizations) to create recurring funding streams for athletics, arts, and extracurricular programming. An important consideration to note is that these partnership agreements should be structured to

ensure equitable distribution across the district, and not just schools with existing relationships.

- Scale in-kind partnerships across the district expanding on proven models like Lincoln High School with MAC (shared athletic facilities) and McDaniel High School + People's Court community recreational partnerships. Also, pursuing district-wide partnerships with Arts organizations like the Oregon Symphony, local theaters, museums and athletic/wellness institutions has the potential to offer low/no-cost enrichment to students. Establishing a centralized partnership office or playbook could help replicate and scale these relationships equitably.
- Reimagine underutilized assets through public-public partnerships. Rather than one-time property sales, prioritize long-term partnerships that generate sustained value. This could look like converting unused buildings into affordable housing for families or structuring developments to increase PPS enrollment over time. Additionally, evaluating existing assets (e.g., One North property) for ongoing revenue potential and alignment with long-term enrollment and community stability goals.
- Modernize fundraising and community engagement. Move beyond school-by-school fundraising disparities by creating district-supported fundraising frameworks that reduce inequity. This could be executed by encouraging pooled or equity-based fundraising models to ensure all students benefit, regardless of neighborhood wealth.

Increase to Purchased Services and Exploring Alternatives

The proposed budget reflects a 61.9% increase in Purchased Services over the prior year, from $269.9 million to $437.0 million. A significant portion of this increase is to purchase non-classroom or building services, including but not limited to a $74,361,000 (199%) increase in Management Services, a $16,724,000 (95%) increase in Non-Instructional Personal/Professional Services, a $14,115,000 (393%) increase in Other Property Services, a $10,280,000 (750%) increase in Legal Services, a $2,366,000 (1,452%) increase in Professional Moving Services, a $1,119,000 (493%) increase in Audit Services and a $460,000 (631%) increase in Advertising. The overall proposed increase to Purchased Services is roughly triple the $56.3 million budget gap that the District identified in its proposed budget as needing to be closed. Indeed, even the increases to the seven types of Purchased Services noted above is almost double the budget gap.

The CBRC recommends that the Board direct the District to explore opportunities to reduce this spending on third party service providers, including through renegotiating existing contracts or exploring if switching to lower cost competitors of existing service providers would be appropriate.

One example the CBRC suggests the Board explore is replacing MAP assessments in full or in part with Oregon Department of Education (ODE) interim assessments. Over the past three years, the District has spent on average $218,000 per year to MAP for assessment services that ODE can provide at no cost. The CBRC acknowledges that presently ODE can only provide assessments for grades 3-8; however, at a minimum this provides an opportunity to explore using ODE assessments for those grades and reducing the MAP contract to merely providing assessment services for grades K-2. Not only would this change provide meaningful savings, but it also would enable the District to meet current Oregon legal requirements under HB 2009 with respect to assessments and to better align assessment testing with the standards Oregon teachers are required to teach, neither of which is the case with MAP assessments. Increased transparency and accountability for purchased services by providing a clearer breakdown of legal, consulting, and professional service contracts, including cost, purpose, and alignment to student outcomes is critical. The CBRC recommends that the district evaluate the effectiveness and equity impact of these expenditures when considering reductions.

Advocacy

The CBRC appreciates the district's clarity with us and with the public about the outsized role state funding plays in the budget. We encourage the district to continue and expand its advocacy for long-overdue changes to the state's education funding formulas — which would not only help address the current-year budget deficit, but ensure the district has sufficient resources to support all learners in the years ahead. Specific opportunities for advocacy include:

PERS Rates

We note that the district's financial obligations related to the Public Employees Retirement System (PERS) are projected to skyrocket this year from just over 4% of each eligible employee's salary to nearly 23%. While this was not unexpected (due to the expiration of "side accounts" that were defraying PERS costs for several years), it drives home the magnitude of the strain PERS costs have placed on school district budgets for many years. Because the state doesn't consider PERS expenses separately from the State School Fund, it is difficult for the public to understand how much of recent increases in state education funding have actually gone to instruction — or to any kind of discretionary spending — versus straight to PERS liabilities.

We believe that because PERS benefits are promises that the state has made to its employees, the state should take responsibility for making good on them. And it should do that separately from its commitments to funding today's students and school employees, rather than silently passing the rising costs on to districts at a time when they can least afford it. The district should

explore the potential of assembling a broad statewide coalition around separating PERS expenses from the State School Fund in a way that promotes greater transparency and accountability for state leaders.

Funding for Students with Disabilities

The ways in which the state's current funding formulas shortchange students with disabilities are well documented. Currently, the state caps funding for Special Education Services at 11%, a limit that was created in the 1990s. As the largest district in the state, PPS feels an outsized impact from caps on funding that supports these students, as 17% of our students receive Special Education services. The district should continue to advocate for needed reforms in this area, including raising the special education cap and increasing the SSF allocation to match that increase. The district must stress to lawmakers the importance of avoiding additional unfunded mandates; If the state adds new requirements to support students with disabilities, additional funding should follow.

Student Investment Account

When the Student Success Act (SSA) was passed, the expectation was that the funds sent to the Student Investment Account (SIA) would be additive to the State School Fund (SSF). Unfortunately, the Oregon Legislature has used the SIA funds to backfill cuts to the SSF. The SSA funds have not fulfilled their promise of increasing mental health and student support services at meaningful levels. If the SSF was at an appropriate funding level, SIA could enhance services. We are now seeing certain staff moved from general fund expenditures to the SIA fund to close gaps that the inadequate SSF has created.

Education Stability Fund

We support the district's ongoing advocacy calling on the state to provide one-time dollars from the Education Stability Fund. This funding is not a substitute for the structural budget adjustments the district has acknowledged must happen; instead, it would help minimize disruption to critical services for students as the district makes those shifts. This strikes us as the exact situation the Education Stability Fund was designed for.

Long-Term Outlook

A primary recommendation in last year's CBRC report was for the Board to focus on structural reductions and to create a clear long-term fiscal strategy that addresses the underlying issues driving budget instability. The CBRC urged the Board to have the plan include specific milestones, timelines, and opportunities for stakeholder input. In reviewing the current budget

proposal, the CBRC would like to commend the Board and District staff for what the CBRC believes was a concerted effort to implement such a long-term strategy aimed at addressing these underlying issues. We likewise applaud the District's efforts to ensure community engagement during this year's budget process through its holding of work sessions, CBRC presentation and community listening sessions throughout the course of the past year.

Nonetheless, the CBRC wants to re-emphasize this prior year recommendation, noting that we continue to believe a focus on a structurally sustainable budget is imperative. The structural changes implemented in this year's budget are merely a first step. Portland State University's Population and Research Center predicts continued reductions in District enrollment through at least 2029-30, and a significant budget gap is already identified as likely for the year 2027-28. The CBRC urges the Board to continue implementing a long-term strategy (including, if necessary, additional reductions, in whole or in part, to programs, initiatives and locations), that will allow the District to eventually be in a position of growing resources and reserves. The CBRC likewise urges for continual and improving candor regarding targeted goals, timelines and progress, with a meaningful opportunity for community input. We believe implementation of the recommendations herein would assist the Board and District in achieving this effort.

Recommendations Listed

- Provide the CBRC substantially more time in future budget cycles, with timely access to complete supporting documentation (including multi-year financial forecasts and object-level expenditure detail by function).
- Engage the CBRC in fall 2026 for development of the 2027–28 budget, once multiyear forecasts are further refined.
- Create a Board feedback loop by publishing a report showing which CBRC recommendations were acted upon and the resulting outcomes.
- Improve budget transparency so the community can distinguish operational, student-facing spending from capital construction, debt service, and other non-student-facing costs; clearly explain differences in per-pupil spending figures presented across budget volumes.
- Include clearer definitions and information on staffing and expenditures (including which roles are fully, partly, or non-student-facing) so families and Board members can understand what per-student resources are purchasing.

- Provide Local Option Levy spending detail by function and object so levy dollars can be better traced to voter-approved purposes, and so compliance can be more easily verified.
- Use more conservative and/or clearly explained budgeting assumptions (including COLA and local property tax revenue); if optimistic assumptions are used, communicate the rationale, risks, and potential downside to the public.
- Undertake regular public benchmarking (at three-year intervals) comparing PPS instructional spending share and per-pupil instructional spending to national averages and peer districts with similar cost drivers and student needs.
- Adopt a proportionate, equity-centered reduction framework: protect services for vulnerable students (including English Language Development and mental health supports), maintain access to opportunity programs (including ACCESS transportation), and apply a weighted lens to staffing reductions to avoid disproportionate harm to high-need schools.
- Increase transparency about program-level impacts of reductions by providing before/after staffing and service levels for key programs (e.g., ELD, counseling, special education).
- Balance protection of core services with enrollment-retention strategies by strategically preserving high-value programs (e.g., arts, advanced learning, athletics, mental health supports) that support student engagement and stabilize enrollment.
- Continue evaluation of blended (multi-grade) classrooms by tracking long-term outcomes, expanding stakeholder interviews to include educators and families, and identifying what additional licensed staffing is available to support differentiated math instruction.
- Develop a Community Investment Strategy, including Community Benefit Agreements, district-wide scaling of in-kind partnerships, long-term public-public partnerships that generate sustained value from underutilized assets, and more equitable district-supported fundraising models.
- Direct the district to explore reductions in Purchased Services spending by renegotiating contracts or seeking lower-cost alternatives, including evaluating whether ODE interim assessments could replace MAP (in full or in part) to reduce assessment costs and better align with Oregon requirements.
- Expand state-level advocacy to address structural funding issues, including: separating PERS costs from the State School Fund, reforming special education funding (including raising the 11% cap), ensuring SIA funds are additive (not

backfilling SSF), and securing one-time Education Stability Fund dollars to reduce disruption while structural adjustments occur.

- Continue implementing a long-term fiscal strategy with clear milestones, timelines, candor on progress, and meaningful opportunities for community input.

The following CBRC members respectfully submit this report to the PPS Board of Education:

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Angela Bonilla (Vice Chair)

Anne Cherry

Shain Corey

Karanja Crews (Co-Chair)

Aaron Cronan

Rhonda Gray

Jen Grey-O'Connor

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