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Superintendent's FY25 Recommended School Budget Centers Students, Invests in Schools and Is Aligned to the District's Emerging Strategic Plan

On March 5, Superintendent Ryan Scallon presented the Portland Board of Public Education with a recommended \$161 million budget for the 2024-2025 school year that centers students, invests in schools and is aligned to the district's emerging strategic plan. This is the first time that the district has presented a comprehensive budget of all revenues and expenses. The budget addresses significant fiscal challenges with strategic reductions and restructuring. It would raise the school portion of the property tax rate by 6.85%, adding just under \$16 per month to the annual tax bill of the median-priced home in Portland. This tax rate increase is significantly below the 17.41% that would be necessary to replace all the lost revenue and the increasing expenses that the district faces.

PORTLAND, Maine – Superintendent Ryan Scallon presented his recommended \$161 million school budget proposal for the 2024-2025 school year to the Portland Board of Public Education on Tuesday, March 5. The theme of the Portland Public Schools FY25 budget is “Centering Students,” which summarizes the essential priority of this budget.

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As the superintendent has been sharing with the Board and the Portland community for several months, fiscal year 25 (FY25) is shaping up to be a very difficult budget year, with unique fiscal challenges such as the loss of about \$9.4 million in federal COVID relief funds and increasing expenses. Scallon explained to the Board that the recommended budget required some painful trade-offs to address those challenges, but that the reductions in the budget have been made as far away from students as possible.

However, he said, “This budget is not just about cuts. It includes strategic investments to enhance student mental health, and maintains or increases enrichment programs, such as art, music, gym, library, environmental literacy and foreign language. It also retains our



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current number of multilingual teachers and maintains sports and extracurricular programs, which are key to motivating many students to keep working hard in school and achieve their goals. In other words, this FY25 budget is centered on our students.”

The FY25 budget proposal marks the first time that the district has presented a comprehensive budget of all revenues and expenses. The \$161 million budget consists of a local budget of \$153.3 million and an additional \$7.7 million in additional funds, such as grants and federal Title I funding.

Budget Development: The budget is aligned to the district’s emerging five-year strategic plan. Work on the plan began when Scallon started as superintendent of the Portland Public Schools this past summer. He immediately began leading several months of listening and learning from a wide variety of PPS stakeholders, who provided feedback on the district’s strengths and challenges via a survey, listening sessions, and interviews. The district also partnered with Attuned – a national leader in supporting school districts with strategic planning – to create a summary of PPS’ key strengths and challenges. Using all that data, a steering committee of community members worked to identify five priorities to respond to these key challenges and opportunities. While still in the draft stage, the priorities are:

1. Equity: Keeping Equity at the Center
2. Achievement: Enhancing Academic Excellence and Equity
3. Whole Student, Connected Community: Cultivating Inclusivity and Belonging
4. People: Developing Staff, Leaders, and Organizational Culture
5. Systems: Streamlining Operations for Equity, Efficiency, and Accountability

Those priorities helped shape the following guiding principles used in developing the FY25 budget to make decisions about potential cuts and priorities:

- Align budget priorities to the developing strategic plan
- Make budget cuts that minimize the impact on students
- Identify opportunities for strategic investments and not just reductions
- Review all expenses and not just expenses currently paid for by COVID Funds
- Make progress in building a sustainable organizational structure

With these five priorities in mind, the proposed budget makes significant adjustments to the district’s Central Office structure to both increase collective efficacy and efficiency and reduces the amount of expenses on non-personnel and personnel costs by more than \$2.6 million. As a result of these changes, and a close review of non-personnel budgeting, this budget enables the district to prioritize expenditures in schools, minimize reductions in school-based staff and continue to invest in the Portland Public Schools.

Budget Highlights:

District-wide, this budget:

- Maintains or increases mental health staff



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- Maintains staffing for multilingual learners
- Budgets all schools to have a Special Education Coordinator
- Increases the number of schools with proactive school climate staff
- Maintains class size guidance
- Establishes Network Support Teams specializing in, and dedicated to, outcomes at elementary schools and middle/high schools

*At the **elementary level**, this budget:*

- Staffs all schools to have five specials (examples include art, music, gym, library, environmental literacy, foreign language) a week
- Provides all teachers with five preparation periods a week
- Increases reading intervention staff - training and materials
- Decreases some support staff and moves from two to one instructional coach at schools

*At the **middle school level**, this budget:*

- Maintains students having access to art, music, language and STEM and extracurricular funding
- Increases reading and math intervention staff - training and materials
- Offers algebra at each middle school
- Reduces a small number of classroom teachers and support staff

*At the **high school level**, this budget:*

- Maintains funding for athletics and extracurriculars
- Funds High School of the Future staff member and external support
- Reduces a small number of classroom teachers and support staff

Unique Fiscal Challenges in FY25: This budget was developed taking into account unique fiscal challenges both with our decreasing revenues and increasing expenses. In total, these challenges total \$19.4 million in FY25. Without any of the strategic reductions or restructuring in the budget, these challenges would require a 17.41%, or \$1.29 increase in the school portion of the local property taxes.

Decreasing revenues: The three main revenue challenges for FY25 are the loss of about \$9.8 million in federal COVID relief funds; relatively flat state funding due to the city's rising property valuation; and the need to use the district's fund balance in FY25 or face an anticipated drop in revenue. The decrease in revenues adds up to \$12.7 million.

Increasing expenses: District expenses increase from year to year and the following are a variety of new expenses adding up to \$6.7 million in FY25:

- **Salaries:** Salaries are budgeted to increase by 3% from FY24 to FY25. This is before any changes in staffing. This would result in a \$2.4 million increase in expenses before any changes are made in FY25.
- **Benefits:** Benefits are budgeted to increase by 10% from FY24 to FY25. Before any adjustments in staffing, this would result in a \$1.8 million increase in expenses in FY25.



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- **Inflation**: The overall costs of goods and services in the Northeast went up 2.6% in the last year. Assuming the same items are purchased in FY25 as FY24, this would result in an increase of \$625,000 in FY25.
- **Debt Service**: The net cost of bond payments will increase next year by \$560,000.
- **Increased Special Education Costs**: Budgeted costs for out-of-district special education placements are increasing by \$428,500. Budgeted costs for special education contracted services are increasing by \$384,000.
- **Family Medical Leave Act (FMLA) Program**: The state has a new FMLA program that starts in 2026. The law requires that the district start to contribute to it in 2025. Budgeted is \$470,000 (.5% of all salaries) in FY25.

Savings and Adjustment to Address Fiscal Challenges: To address the above fiscal challenges, center students and invest in schools, the recommended budget includes a variety of savings and adjustments, including the following particularly significant ones: Central Office:

- **Central Office**: Restructured for effectiveness and efficiency, with initial cost savings estimated at more than \$2.6 million.
- **Special Education**: To provide additional capacity at the school level, reducing the number of special education staff at Central Office by 12 FTE (FY24 21 FTE).
- **Transportation**: Increasing budgeted staffing in transportation to reduce the District's reliance on contracted bus companies. The department will also not purchase new buses in FY25. The budgeted estimated savings are \$919,000.
- **Facilities**: The Facilities department is budgeted to reduce the overall number of custodians by 9 FTE and move a small number of staff to a Tuesday - Saturday schedule. This produces budgeted savings of \$570,000.
- **School Staffing**: Overall staffing at the school level remains relatively flat from FY24 to FY25. That said, there are targeted reductions. The budgeted reductions result in \$2.8 million less in expenses. That said, these savings are re-invested in schools in other staffing additions and do NOT represent that schools face a \$2.8 million reduction in staffing.
- **Stipends and Differentials**: The district continues to work with union partners to both emphasize staff/teacher leadership and lower the overall expenses of stipends. The budgeted expenses for stipends/differential goes from \$2.1 million in FY24 to \$1.6 million in FY25.
- **Fund Balance**: To offset the financial challenges, the budget proposes using \$3.5 million in fund balance, a slight reduction from the amount of fund balance used in FY24.

Overall Budget and Tax Implications: The superintendent stressed that he is presenting the recommended FY25 school budget in a comprehensive new way that differs from previous years. In the past, the Board has been asked to focus only on the local funds part of



the budget, and not consider all the federal, state and private grants and funds that aid school districts in teaching and learning as a part of the budget process.

This year, the superintendent's recommended budget presents an entire picture – including not only local funds, but grants, Title 1 funds (federal supplemental funds to school districts to assist schools with the highest student concentrations of poverty in meeting educational goals) and federal COVID funds, also known as ESSERF. “We believe that this approach will help give everyone a broader understanding of the fiscal challenges we face and how this budget addresses them,” Scallon said.

To illustrate this, if this approach had been taken with the current FY24 budget of \$143.8 million, that budget would have been presented as totaling about \$163 million.

The FY25 recommended school budget has a bottom line of \$161 million. This consists of a local budget of \$153.3 million and an additional \$7.7 million in additional funds. “This budget does NOT represent a \$17.2 million increase over our FY24 budget of \$143.8 million,” the superintendent said. “We are simply using a different approach to give a more comprehensive picture of the Portland Public Schools’ total revenues and expenses.”

To summarize the \$161 million FY25 budget proposal, this budget reflects a 1.19% or \$1.9 million decrease compared to FY24.

The budget calls for a 6.85% increase in the school portion of the tax rate. To put that in context: For the district to fully address all the revenue and expense challenges in the FY25 budget would have required an increase of 17.41% in the school portion of the city's tax rate. However, with the strategic reductions and restructuring outlined above, the budget keeps the tax rate increase to less than half that amount. This tax rate increase for the 2024-2025 school year will enable the district to strengthen academics and address student mental health, while also maintaining current programs and services and covering increased costs for salaries, benefits and debt service.

This budget requires an increased investment of \$8.55 million from local taxpayers. To achieve that, it would raise the overall school tax rate by 51 cents per \$1,000 valuation to \$7.96. That means the proposed budget would increase the school portion of the annual tax bill for the median family home in Portland (valued at \$375,000) by \$191.25 per year or \$15.94 per month.

“In summary, we believe that our recommended budget for the 2024-2025 school year is a fair proposal that centers students, supports staff, provides additional resources to schools, and is aligned to our emerging strategic plan – while also being mindful of Portland taxpayers,” the superintendent said.



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Budget Timeline: The Board’s role on March 5 was to refer the superintendent’s recommended budget to its Finance Committee, which will hold its first review of the budget at a virtual meeting on Monday, March 11. (Click [HERE](#) for the FY25 budget calendar, which includes meeting times and joining information.) After a series of meetings and public hearings, the full Board will vote on April 9 to recommend a budget to the City Council, which approves the bottom line of the school budget. The Council is slated to vote on the school budget on May 20 to send to voters on June 11. Learn more about the [FY25 budget and budget materials](#) on the district’s website.

See the superintendent’s [FY25 recommended budget](#) and also his March 5 [slide presentation](#) on the budget.

*The **Portland Public Schools** is Maine’s largest school district, with more than 6,600 students, and it’s also the most diverse. About one-third of the district’s students come from homes where languages other than English are spoken—a total of 53 languages. Approximately 48 percent of the district’s students are white and 52 percent are students of color. Nearly half of PPS students qualify for free or reduced-price school meals.*

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