

Superintendent's Budget Message for 2019-20

Dear Board of Education and the Portland Community,

As Superintendent of Portland Public Schools (PPS), I propose a \$1.38 billion budget for the fiscal year 2019-20. The PPS budget consists of five separate major funds including a general fund which is based on the funding level set forth in the Governor's recommended budget for Oregon. In this budget, the Governor allocated \$8.972 billion for statewide K-12 funding in the 2019-21 biennium. Even with increased investment at the state level, this budget proposal does not keep up with expense growth and therefore will result in an overall reduction of 2.5% to PPS' general fund. With anticipated state funding and forecasted expenditures for the 2019-20 fiscal year, PPS must address a shortfall of approximately \$17 million to maintain our current service level. While it is still early in the state budgeting process, the legislative Joint Ways & Means Committee followed the Governor's recommended budget with a proposal allocating even less funding for K-12 education. This could unfortunately result in even more cuts for PPS.

We are at a pivotal point in a much needed transformation at PPS and inadequate funding severely constrains our ability to make strategic investments in critical areas that directly impact student outcomes. We are challenged to find ways to fund our highest priority areas and maintain our most needed and impactful programs while balancing our budget. Therefore, many initiatives that could dramatically accelerate our progress and would provide a direct and positive impact on our students are not able to be funded.

Instead, this budget focuses on strengthening the core functions and best practices that will establish a solid foundation for advancing results and creating stability. With an emerging vision now being collectively defined by the broader community, our work will now have a clear direction and orientation toward our aspirations. We will focus on taking the necessary steps to develop the skills and dispositions for our students that we describe in our vision for a PPS graduate. In this fiscal year, senior leadership will outline a multi-year strategic plan accompanied by a finance plan that will clearly articulate our theory of action and the resources needed to implement changes throughout our system. We will establish and measure district goals via key performance indicators, with a central focus on improved student outcomes.

Visioning

Over the last year, PPS worked to define a new vision for the future of public education in our city, and through the process, will articulate a shared aspiration for the students of Portland Public Schools. This vision will serve as our "north star," guiding and aligning all of the district's plans and innovations, both big and small, toward the same clear and ambitious goals.

Our process carefully engaged a diverse group of stakeholders through a transformative journey of learning, dialogue, reflection, collaboration and co-creation. This group included hundreds of students, teachers, administrators, parents, elected officials, community based organizations, representatives from city hall, members of the funding community and academic thought leaders. Together, this group grappled with the challenges and opportunities faced by public education in Portland, and many urban school districts, today.

Our vision of an educational system links student learning not only with the current and future requirements of life in a global society, but also with the opportunities and imperatives of living, working, and thriving in our community— which is currently undergoing its own rapid transformation.

Our vision will articulate the following:

Our Vision for PPS Transformation

A collectively-defined vision of student success to guide the work of students, educators, the broader school system and community that will give graduates the ability to be successful in the future.

A Graduate Portrait

A profile that outlines the skills, knowledge, mindsets and dispositions needed to succeed in the future - and accompanying developmental pathway to codify the promise that PPS is making to students and families.

An Adult Portrait

A portrait that outlines the skills, knowledge, mindsets and dispositions required by adults to support the next generation of student learning and informs human capital and professional learning priorities for PPS.

Educational System Shifts

A description of how PPS as an educational system, both at the school site and central office level, will need to evolve so that it can support students and educators in the realization of the vision as defined by our community.

At the culmination of the district's visioning process, the PPS Board of Education and staff will evaluate progress toward goals set out in its 2018-19 work plan. A subset of the Superintendent's Leadership Team will develop the strategic plan framework while participating in the Public Education Leadership Project at Harvard University this July. The district will continue to work toward producing a three-year strategic plan, which will include an accompanying finance plan of aligned strategic investments and a comprehensive private fundraising plan at the onset of the 2019-20 school year.

Racial Equity Social Justice Lens (RESJ)

PPS is committed to academic excellence and personal success for every student. Central to this commitment is the support of racial equity and social justice. Dedicated policy, people, and practice are necessary to create and sustain a culturally responsive organization that ensures the success of students who can navigate and compete in a culturally complex society and global economy.

Our aim is to work to evolve PPS equity and social justice practices to a comprehensive, defined framework with clear system-wide equity and social justice actions and measurable results that lead to improved outcomes for all students. The PPS RESJ Lens is a critical thinking tool which will be applied to the internal systems, processes, resources and programs of PPS to create increased opportunities for all students by evaluating burdens, benefits and outcomes to underserved communities. Through consistent use of the RESJ Lens, we intend to strengthen our strategies and approaches toward more equitable outcomes for every student.

To effectively roll out the use of PPS' updated RESJ Lens, all departments identified scenarios for use in 2019. It is expected that departments will complete the RESJ lens for at least the scenarios that were identified, and will continue to use it for future processes, allocation of resources and programs.

Investments in Academic and Behavioral Programming

Senior leadership identified a set of priorities in which to make incremental strategic investments that will improve and accelerate equitable student outcomes. These include: differentiated school supports; core curriculum development and implementation; expanded professional development opportunities; strengthened multi-tiered systems of support; focus on social emotional learning; and enhanced special education services. A description of each limited investment area follows here:

Differentiated School Supports

The Office of School Performance, Office of Teaching and Learning, and the Office of Student Support Services aim to transform school and student achievement by providing differentiated levels of support and resources to school communities to help them create the conditions and capacity required for accelerated improvement to occur and opportunity gaps to be narrowed. These departments will act as an integrated team and will use a tiered model of supports based on multiple factors that influence a schools' overall health and readiness to succeed.

This includes a customized school support plan that details how deployment of staff, support services, professional development, and resources are strategically applied.

Curriculum Development and Implementation

We spent the last year on the design, development, and preliminary implementation of our Guaranteed and Viable Curriculum (GVC), the identified core curriculum for language arts and mathematics. This aligns with the district's vision to ensure that students have equitable access to a comprehensive, rigorous, and supported learning experience. For 2019-20, our work expands to refinements and broader implementation of the GVC across science, health, and physical education.

Professional Development Opportunities for Educators and Leaders

Building capacity for our instructional staff is a key priority in PPS. Our teachers and site administrators will continue to engage in cycles of continuous inquiry and improvement on their journey to developing their expertise in the GVC, the theory of Improvement Science, Multi-tiered Systems of Support, and school leadership.

Strengthened Multi-tiered Systems of Support (MTSS)

Current academic achievement data is showing that we significantly over-identify our students of color and English Learners (EL) for special education. Our behavior data also shows that a disproportionate number of students of color and students are on an Individualized Education Program (IEP) receiving more discipline referrals or more exclusionary consequences than their peers. In addition, there is an inconsistency of Tier I Core components for the whole classroom and a lack of systemic, tiered level of supports for both behavior and academics in schools. The implementation of MTSS will ensure that there are systemic processes within each school to identify students who need additional supports and provide targeted interventions based on the deficit skills. There will be ongoing progress monitoring to measure effectiveness of these specific interventions. Lastly, MTSS implementation will support the Tier 1 academic core (ie. GVC, Unit and Lesson Planning), for all schools over the next 3 years, improving student outcomes for all students in PPS.

In Year 1 (2018-19) we are partnering with an outside organization to provide the foundational training at all levels including district instructional support staff, district leaders, and school administrators, to

implement a systemic MTSS Framework. In Year 2 (2019-20), we will divide our district into two cohorts with about 40 schools in each. We will continue to scale out our efforts to provide the skills and expertise to implement a robust MTSS within each school. All of our state-designated Targeted School Improvement (TSI), Comprehensive School Improvement (CSI), and Title I Schools will be prioritized and included in the first cohort. In Year 3 (2020-2021), we will continue the MTSS implementation with the remaining schools in the second cohort. This process will include professional development, coaching and hands-on work in each school with each school's implementation year. Alongside the principals and teachers, the MTSS Teachers on Special Assignment (TOSAs) will be trained as experts in order to assist in the implementation.

Focus on Social Emotional Learning (SEL)

The Student Success & Health Department works collaboratively with schools, families, students and community partners to support academic success and social emotional well-being for every child. SEL is founded in the mission of developing a culture of care in each school community that is grounded in relationships, racial equity and trauma sensitive policies and practices. We piloted SEL curriculum in 12 schools. In 2019-20, we will invest in program evaluation with Hanover Research and will add at least four more schools into the SEL curriculum implementation process in collaboration with our MTSS department.

We will also strategically invest in several key areas within the Recovery, Education and Action for Healthy Living (REAHL) continuum of care. Increasing contracts with culturally responsive community mental health and substance abuse providers will help to address the needs of our youth regardless of insurability at our high schools. As an example, we have over 900 mental health referrals from Sept - Dec 2018 in our high schools. Partnering with outside treatment facilities will assist the student and family to transition back to school with the support and guidance they need to be successful.

We continue to refine and optimize our suicide prevention, threat assessment, sexual incident response systems, and professional development to all building level teams. We received a grant award of over \$880,000 from the Oregon Health Authority to fund K-5 health curriculum over the next two years. Embedded within this health curriculum is also substance use awareness and prevention, social emotional well-being and alcohol prevention information.

Enhanced Special Education Services

The Special Education Department is focusing on the redevelopment of all focused classroom models in order to incorporate nationally recognized evidence-based practices and is proposing an investment of an additional \$5.7 million in resources in 2019-20. This will permit needed program placements for an influx of identified students with special needs in PPS for whom we are obligated to provide services as outlined in their Individual Education Plans (IEP's). We will focus on more intensive support of our current and newly added classrooms that include the Communication Behavior, Intensive Skills, and Social Emotional Skills classrooms. For example, the department will add three Social Emotional Skills classrooms at the high school level to better serve high schools students on comprehensive campuses rather than out-of-district placements. In addition, there will also be new program development to explore opportunities for transition students age 18-21 years to participate in community college program options.

The Special Education and MTSS departments will work closely on development of the tiered model of interventions and supports. With this framework in place and a viable curriculum for all students, we are able to invest in inclusionary models in a systematic and best practices approach for all children in all of our schools.

Operational Investments

Along with the academic and student support investments, PPS will strategically invest in the following operational areas: promotion of a talented and diverse workforce, communications, community engagement, instructional technology, school modernizations, and health and safety improvements of our facilities and buildings.

Talented and Diversified Workforce

Human Resources (HR) is positioning the district for recruiting, retaining, and growing a talented, diversified workforce. While the HR department is reducing the overall budget by more than 2.5%, those limited dollars are being re-allocated to prioritize strategies, systems, processes, and resources that drive our highest needs in the areas of (1) talent diversity, (2) quality and timeliness of HR services to employees and managers, and (3) delivering on our commitments and obligations to our employees. In addition, there will be an estimated \$3 million investment to implement the Oregon Equal Pay Act of 2017. These targeted resources will be used to complete an internal audit for the past three years to eliminate pay differential for protected classes.

Communications

The Communications Department is focused on accelerating targeted outcomes for both internal and external audiences, sharing compelling stories about mission-driven work and ensuring our staff and the community are informed with timely, accurate information. A significant change to the department in 2019-20 will be the reassignment of community engagement activities to a new Chief Engagement Officer, allowing the department to more squarely focus on communications. The new structure of the department is designed to be responsive to school communities and the general public and media, with timely, accurate information while also dedicating a team to proactive storytelling. The department will focus on improving communications to our diverse communities and delivering relevant, approachable content to those we serve. The team will also support central office departments and schools to improve the consistency of our brand representation. A major ongoing project will include a content overhaul of the district's website to better serve our community members in finding useful, relevant information and timely news.

Community Engagement

PPS recognizes the need to build relational trust, incorporate true engagement opportunities and create positive partnership experiences with students, families and the broader community. We also recognize this collaboration has the potential of maximizing students' academic, social and emotional outcomes. Lastly, we understood that by authentically engaging our community, we are able to make more informed decisions and can more appropriately plan for impacts that come with change if, and only if, we communicate and seek involvement from our communities early on.

As part of our transformational efforts, we are critically reviewing the district's current community engagement structure and will develop a plan to build and implement community-focused strategies and create an atmosphere in which the district, site leaders, educators and staff respect and honor families and the community for their contributions. Specifically we will:

- Build out a new student engagement function that will be focused on elevating student voice and placing it at the center of our decision making processes;
- Develop coherent frameworks that embolden more community participation in relevant and substantive ways, informing district policy and administrative decisions;

- Elevate the importance of interdependence among PPS and the broader community, ensuring decisions embody our community's voice;
- Create opportunities that build our families' capacity to be informed and actively engaged in their children's education and in school improvement efforts.

We are committed to cultivating and sustaining active and effective partnerships with families and community, strengthening this essential ingredient of school improvement and student achievement. The result will be that more families and community members will be actively engaged in their children's education and in school improvement.

Technology Aligned to Instruction

The Office of Information Technology will align its work to support, enhance and extend the instructional landscape for our students, teachers, staff, and buildings. The focus will be on providing reliable access to technology tools, timely support, applications, telecommunications systems, and building an infrastructure that meets the ever changing needs of a large enterprise. Another important aspect of this team's work will be to maintain secure networks and systems and enhance access to data to better inform those we serve with information about progress and outcomes.

As we begin the next round of planning for school modernizations, the Office of Information Technology will partner in developing the updated standard for what a "technology enabled learning environment" looks like and how it can support and extend learning for all of our students. As technology is continually relied upon across all facets of the school district, this department will serve as an integral partner in the planning for school modernization projects and educational capacity building.

School Modernization

The Office of School Modernization continues to manage many large capital improvement projects. Fiscal year 2019-20 will see the completion of Grant High School's modernization, and construction will begin on Kellogg Middle School, Madison High School, and Lincoln High School. Design of Benson High School's modernization will continue through the fiscal year.

Health and Safety

We will continue to invest in student safety initiatives as we implement recommendations from the Whitehurst investigation. These include implementation of Sexual Incident Response Training and processes, expansion of training modules, new incident reporting and tracking software and other initiatives identified by the Director of Title IX Policy, Training and Compliance.

The district's Maintenance and Operations functions will focus on improving systems and efficiencies while focusing resources on the highest priority needs. An additional \$750,000 will be allocated to critical maintenance and custodial positions. Student Transportation and Security Services will be allocated \$167,000 to update digital radio and video systems as well as hire a technician to maintain the security enhancements provided through the bond program.

Health and safety capital improvements funded by the 2017 bond are in all stages of design and construction and cover categories of work including asbestos abatement, accessibility improvements, lead paint remediation, roof replacement, radon mitigation, seismic stabilization, fire alarm and fire sprinkler installations. During fiscal year 2019-20, this work will be enhanced by the proceeds of two large state grants, the Seismic Rehabilitation Grant Program and the Oregon School Capital Improvement Match Grant, totaling \$9.5 million, both which will support Health and Safety projects.

Strategic Partnerships

We established the Strategic Partnerships department with a focus on building and accelerating the identification, cultivation and strengthening of strategic relationships with those who will serve as investment partners in a citywide movement to create a world-class public school system. This department's core function is to create, coordinate and facilitate public, private, and philanthropic partnerships that foster equitable opportunities and benefits for PPS students.

As the bridge between PPS and the philanthropic and corporate community, the department continues to assist these entities to collaboratively address the pressing issues faced by the district and advance high-impact involvement and investments to support the transformation in our PK-12 education system.

Community and Staff Input to Budget Process

The District's budget calendar was approved by the Board of Education and includes multiple opportunities for community input at budget hearings, board work sessions and board meetings.

The Community Budget Review Committee (CBRC) consists of eight to 12 volunteer members appointed by the Board of Education to assist in the annual budget process. The mission of the CBRC is to review, evaluate, and make recommendations to the Board regarding the Superintendent's Proposed Budget and other budgetary issues identified by the CBRC or the Board. The CBRC meets nine times from November to May and will present their report to the Board on May 14, 2019.

Principals were consulted in setting priorities for instructional and operational expenditures for 2019-20, and will have representation in the multi-year finance planning as well as budgeting processes in future years.

Questions submitted by the CBRC and the Board will have responses posted on the District's budget webpage to provide further transparency into the process.

Balancing the General Fund

With the Governor's funding level, we are proposing the following reductions and investments to balance the budget:

Governor's Funding Level Shortfall	\$17 Million
Strategic Priority Investments	\$13 Million
Central Office Reductions	(\$9 Million)
School Budget Impacts	(\$4 Million)
State School Fund Adjustments for Fiscal Years 2018 and 2019	(\$10 Million)

General Fund Reserve at 4% of Expenditures	(\$7 Million)
Balance	\$0

Increases in the costs of Oregon's Public Employee Retirement System (PERS) and employee health insurance are primary contributors to increased expenses in FY 2019-20. During 2018-19, PPS received a one-time credit from the Health and Welfare Trust resulting in reduced expenditures in these areas. However, effective July 1, 2019, PERS rates and insurance costs will increase for the 2019-20 fiscal year.

At the central office, all general fund expenditures were reduced by 2.5% and most existing position vacancies will not be filled. Budget impacts at the school level include a change to the student-teacher ratio resulting in a small increase to class sizes in all non-Title I or CSI identified schools. Fourth and fifth grade classes in our smaller elementary schools may be blended. The Board will review and vote on a resolution to adjust current Board Policy 8.10.025 Contingencies and Reserves to reduce the amount committed to reserves in FY 2019-20 in order to reduce the current budget gap of \$17 million by \$7 million.

Conclusion

In closing, I would like to thank the Superintendent's Leadership Team for their input and the Budget and Finance Team for their efforts in preparing the proposed 2019-20 budget. We are tightening our belts as much as possible in response to inadequate state funding levels, and we have prioritized incremental investments in several strategic areas aimed at directly supporting our students and educators.

It is our responsibility to be good stewards of public funds and to use our existing resources thoughtfully and responsibly, while prioritizing direct services to students. PPS is in the midst of an exciting period of change and transformation. Despite the funding challenges that exist for PK-12 public education in Oregon, we are on a positive trajectory and will continue to push to deliver better outcomes for every student.

Sincerely,



Guadalupe Guerrero

Superintendent