

Portland Public Schools

Annual Bond Performance Audit- Fiscal Year 2022/2023



2017 Bond



2020 Bond

May 2024 – Final Report



May 9, 2024

Stormy Shanks, Senior Director
Office of School Modernization
Portland Public Schools
510 N. Dixon Street
Portland, OR 97227

Dear Ms. Shanks,

Sjoberg Evashenk Consulting is pleased to submit our report for the Portland Public Schools (PPS) Annual Bond Performance Audit for Fiscal Year 2022/2023. We assessed performance of the 2017 and 2020 Bond programs as implemented by PPS' Office of School Modernization (OSM) with focus on the delivery status of the 2017 and 2020 Bond projects, Career Learning Equity protocols, and review of the practices in place to deliver the 2020 Bond Curriculum and Information Technology work. We also assessed progress made towards implementing recommendations from prior annual Bond performance audits.

Our report concludes that, for the areas we reviewed, PPS has made progress toward meeting its bond pledges. The 2017 Bond program was on track for completion and the 2020 Bond program was generally progressing as planned, with PPS addressing some schedule, cost, and scope challenges along the way to meet the intent behind bond commitments. In particular, the 2020 Bond Curriculum and Technology project areas cost and scope challenges, and both project types were progressing as planned and had strong frameworks in place for delivery.

Yet, PPS' Career Learning Equity program lacked a structured program to meet its stated objectives and outcomes were not measured to determine if it met its objectives. To address this area, we provided two recommendations related to researching resources to implement the Career Learning Equity Program or revising the required scope of the program to align with the district's capacity. Additionally, PPS reported that most of the prior audit recommendations from the last audit cycle in 2022 remain in progress.

We appreciate the professionalism, cooperation, and dedication of all PPS and OSM staff who assisted us throughout the course of the audit, and look forward to continuing our collaboration during the next audit cycle.

Respectfully Submitted,

A handwritten signature in black ink that reads "CBrady".

Catherine Brady, Partner
Sjoberg Evashenk Consulting, Inc.

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Executive Summary

For this 2022-2023 performance audit, we focused on the overall bond delivery status for both the 2017 Bond and 2020 Bond projects, program delivery of the curriculum and technology components of the 2020 Bond, and PPS' Career Learning Equity program.

With the 2017 School Improvement Bond (2017 Bond) nearing completion and the 2020 School Improvement Bond (2020 Bond) three years into delivery, the Portland Public Schools District (PPS) and its Office of School Modernization (OSM) have made progress in addressing a variety of major capital improvement needs as planned at the district. The two remaining 2017 Bond major capital school modernization projects were on track for planned completion, and remaining Health and Safety improvement projects were also on target to be completed by the fall of 2024 as planned. For its 2020 Bond, improvements were generally progressing as planned though there have been some delays, cost increases, and scope changes. PPS generally addressed those challenges and met the intent behind bond commitments without compromising delivery of the overall Bond program.

Yet, in terms of PPS' Career Learning Equity program to increase the numbers of students participating in career learning opportunities, we found no structured program existed to help PPS meet that objective nor were outcomes measured to determine if it met its goals. Further, though PPS retained its commitment toward addressing prior Bond audit recommendations, PPS reported that most of the recommendations from the last audit cycle in 2022 remain in progress. Key results and recommendations are summarized in the sections that follow.

Audit fieldwork generally covered the period between April 1, 2022, through June 30, 2023, although we incorporated any significant events after the end of fieldwork into this report. Key results and recommendations are summarized in the sections that follow.



2017 Bond Program Is on Target to Be Completed, and 2020 Bond Is Generally Progressing as Planned

With Lincoln High School and Benson High School on target to be completed, PPS is approaching the end of the 2017 Bond. Lincoln High School is forecasting cost savings that will go back to program contingency, although PPS will wait until the project's end to decide how to use funds. The 2020 Bond is also mostly progressing as planned—though some cost, schedule, and scope challenges occurred. While funds remain available, there is some risk to the Bond program if high escalation and market volatility continue.

KEY RESULTS:

- Lincoln High School is on schedule to be completed by fall of 2023 with forecasted costs savings between \$9 and \$9.5 million as of May 2023.
- Benson High School is on schedule to be completed by the fall of 2024.
- PPS intentionally established a large contingency for the 2020 Bond. Some of that program contingency will pay for \$55 million in unplanned cost increases at Jefferson High School and will partially fund improvements at Harrison Park Middle School, a bond capacity project.
- Other delivery challenges were experienced on the 2020 Bond mechanical, roofing, and technology projects, in addition to the Center for Black Student Excellence. Yet, PPS was able to take alternate actions that still meet the intent behind planned bond commitments.

RECOMMENDATIONS

No recommendations



PPS Career Learning Equity Program is Inadequate to Meet Stated Objectives

Though the Career Learning Equity program has been in place since 2013, PPS had not established or fully implemented a dedicated, structured program to meet elements outlined in its Administrative Directive (AD). Many critical program management functions did not occur, and PPS is unable to determine if it met its AD objective. However, some career learning opportunities did occur.¹

KEY RESULTS:

- There was no structured program with assigned process owners, sufficient protocols, and clear procedures to implement the Career Learning Equity AD.
- Some implementation efforts were employed by staff but many key expected program management duties such as contractor management and

RECOMMENDATIONS:

As PPS leverages its position as an educational institution with significant connections with the local contractor and consultant community involved with its School Improvement Bonds, it could consider:

- Researching and assigning resources needed to implement a structured Career Learning Equity Program that has clearly designated roles and responsibilities, protocols for coordination,

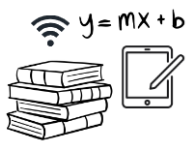
¹ According to PPS, staff have begun accessing its efforts and developing collaborative process to support the Career Learning Equity Program including improvements to program management, intradepartmental coordination and compliance reporting, and regular planning meetings to talk through engagement strategies and actions. Reported progress involved updated Partner Connect architecture to tag and organize partner organizations, evolved event management process to better identify opportunities offered, and additional events such as monthly career learning sessions and vendor open houses on career opportunities. Other improvements PPS reported were development of a partner menu to help organizations understand involvement opportunities and the process to sign up, plans to create a visual data dashboard and custom report to provide “real-time” review of impact of the Career Learning Program, and training for career coordinators on the program foundation and how to access or contact potential partner organizations.

compliance, program coordination, and data management did not occur.

- The program had a stated objective, but no targets were set to adequately track outcomes against goals.
- Though not broadly tracked, some examples existed of career learning opportunities that occurred.

contractor and consultant management, data management and reporting, and set targets to track outcomes.

2. Alternatively, PPS should revise the Administrative Directive to limit the scope of the Career Learning Program to align with the district's capacity more appropriately.



Practices Were in Place to Ensure Bond Curriculum and Technology Improvements Will be Delivered as Intended, with Cost and Scope Challenges Being Mitigated

Although both 2020 Bond curriculum and technology project areas experienced scope and compensability challenges that required the leveraging of PPS general funds to supplement bond funding, both project types were generally on target to be delivered as planned. In fact, both the Office of Teaching and Learning (OTL) and Office of Technology & Information Services (OTIS) had strong frameworks in place over curriculum and technology, respectively, to ensure their efforts were achieving intended benefits.

KEY RESULTS:

- Both OTL and OTIS had strong frameworks to manage bond funds including established roles and responsibilities, documented analysis for decision-making, and tool and systems to monitor funds, oversee delivery, and track inventory.
- Technology projects had schedule and scope challenges related to classroom modernization whiteboard delivery, but still is delivering generally as planned.
- Performance metrics were identified to measure bond-funded improvement success such as Wi-Fi speed and bandwidth, but results are still yet to be determined.

RECOMMENDATIONS:

No recommendations

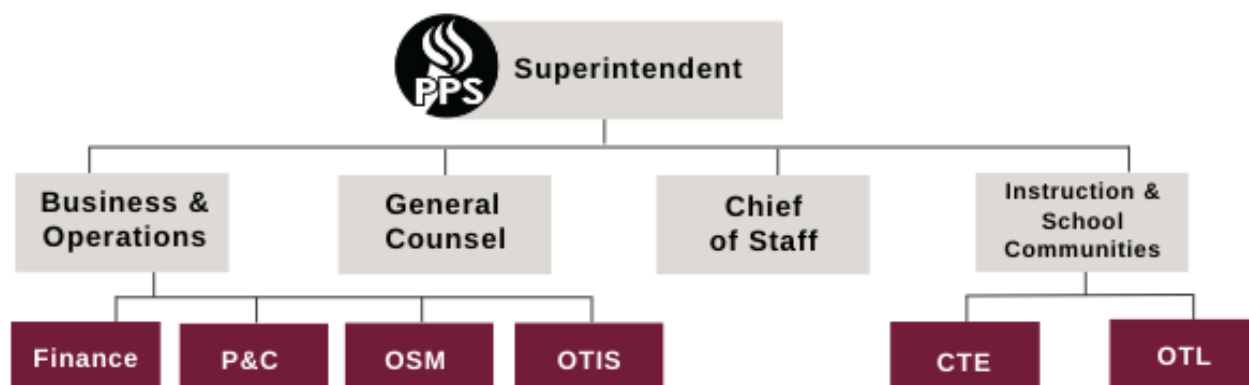
Introduction and Background

As the largest K-12 public school district in Oregon with more than 45,000 students and nearly 100 schools, Portland Public Schools' (PPS) Office of School Modernization (OSM) has been tasked with modernizing aging facilities and upgrading the learning environment. To date, Multnomah County voters have passed three major bond programs to fund these school improvements in 2012, 2017, and 2020. Combined, these three bonds authorized over \$2.4 billion in funding through a levy against assessed property values for modernizing school facilities and improving learning experiences.

Bond Program Capital Projects and Bond Audits

Modernizing aging school facilities is a complex endeavor with several defined phases and a variety of internal PPS and OSM stakeholders, external consultants and contractors, a citizen accountability committee, and an elected oversight board that work together on ensuring Bond programs are delivered as planned. For the first major capital bond in 2012, school improvement efforts were primarily focused at Grant, Franklin, and Roosevelt High Schools and Faubion Middle School; while the 2017 school improvement projects largely focused on Lincoln, McDaniel, and Benson High Schools in addition to Kellogg Middle School. Both bonds also set aside significant funds for a series of health and safety improvements at other schools within the PPS district as well as planning for specific future school modernizations. With the passage of a third bond in 2020, the district expanded planned areas to include not only traditional capital improvements and modernization of physical school buildings, but also funding for educational curriculum and information technology related infrastructure improvements as well as a Center for Black Student Excellence. This expanded the involvement of more offices in PPS beyond OSM to deliver bond pledges—including the Office of Technology & Information Services (OTIS), Office of Teaching & Learning (OTL), and various staff as needed in cross-functional offices such as Purchasing & Contracting (P&C) and Career and Technical Education (CTE) as shown in Exhibit 1.

EXHIBIT 1. PPS OFFICES INVOLVED IN BOND DELIVERY



Source: Auditor-generated based on 2022-23 PPS Leadership Staff Organizational Chart

All bonds require annual performance audits of bond activities as part of PPS' commitment to transparency and accountability to taxpayers. Beginning with the 2017 Bond, annual performance audit scopes of work

generally focused on those bond-funded activities that could pose a risk to the overall delivery of the program and specific projects, or addressed concerns brought forward by OSM or the Bond Accountability Committee (BAC).² Audit scope decisions were also informed by the status or phase of the school capital improvement projects—such as timing audit scope with assessing cost estimate practices when projects are in master planning, reviewing construction management when projects are in or nearing the construction phase, or evaluating project closeout practices when modernization projects are completed.

For this 2022-2023 performance audit, we focused on the overall bond delivery status for both the 2017 Bond and 2020 Bond projects, program delivery of the curriculum and technology components of the 2020 Bond, and the status of PPS' implementation of prior audit recommendations.³ In addition, we examined PPS' Career Learning Equity program and its goal and target-setting, equity performance to date, and current protocols in place to meet PPS' equity objectives.

Curriculum and Technology Needs at PPS

In addition to the condition of aging schools and health and safety needs that warranted focus of prior school improvement bonds, PPS has also had significant need for technology upgrades that have not been addressed for two decades and new curriculum that has been out of compliance with the Oregon Department of Education (ODE)'s curriculum standards for various subjects—with some curriculum subjects non-compliant since the early nineties.^{4, 5}

The 2020 Bond provided a first-time opportunity to provide overdue updates with the adoption of new curriculum led by the OTL and technology improvements led by the OTIS. Both offices managed implementation of bond-funded delivery in these areas, while OSM provided oversight of funds. To ensure PPS exercised due diligence in spending bond-funds appropriately, PPS also formed the Bond Compensability Committee (BCC) in January 2021 with representatives from Finance, Procurement & Contracting, OSM, and other relevant program representatives such as OTL and OTIS to vet expenditures for allowability and memorialize decisions. The BCC made decisions using general criteria based on provisions of the Oregon Constitution and Revised Statutes, Generally Accepted Accounting Principles over capitalizable assets, and Governmental Accounting Standards Board pronouncements.

While the language in the approved 2020 Bond did not promise specific quantities of improvements nor name specific sites where curriculum and technology improvements would occur, PPS planned a variety of activities to meet needs using the bond funds. For instance, bond-funded curriculum improvements were expected to achieve full compliance with ODE requirements for at least seven years for subjects such as math, science, health, humanities, and arts for different grades. Planned technology work included critical infrastructure upgrades for internet connectivity and security, individual laptops or devices for students and

² The establishment of the BAC was a requirement of the Bond measure—it is a taxpayer oversight body consisting of private citizens that advise the Board and OSM on all Bond matters as defined by its charter.

³ Refer to Appendix A for status of prior audit recommendations.

⁴ Oregon Department of Education (ODE) is the state agency tasked with both overseeing and regulating the Oregon public education system for grades K-12.

⁵ PPS defines curriculum as “the standards-based knowledge and skills that ALL students are expected to learn as they progress through our school system” which includes all teaching materials such as textbooks, student digital access to online materials, and hardcopy teacher guides with digital access to online materials.

staff, and classroom modernization such as voice amplification systems for teachers and projection tools. PPS has a detailed project map and description for school sites that will be targeted for technology improvements.

Career Learning Equity Program at PPS

To deliver these planned projects, public owners of bond capital improvement programs, like PPS, rely heavily on the local contracting community. As such, PPS is in an ideal position to leverage its public contract activity to further its equity goals and expand the number of students participating in and benefiting from career learning equity opportunities provided by contractors.

In June 2011, the Board adopted the Portland Public Schools Racial Educational Equity Policy, 2.10.010 that affirmed the intent of the district to address and overcome educational barriers that resulted in a persistent achievement gap for students of color. The Board noted that these barriers and inequities were due to complex society and historical factors. A year later, they formally recognized that the impact of these inequities extended further to PPS' business partners and the broader community. To build upon the racial equity policy, the Board adopted its Equity in Public Purchasing and Contracting Policy (EPPC) in July 2012, stating that "modeling equity in District business practices will further enhance achievement of goals established in its Racial Educational Equity Policy."⁶

EPPC Has Three Main Areas

The EPPC has three main areas: Business Equity, Contractor Workforce Equity, and Career Learning Equity. While PPS operationalized each area into its own Administrative Directive (AD) that details the steps PPS will take in its pursuit to meet goals, the scope of this audit solely focused on the Career Learning Equity AD.⁷ The PPS Superintendent signed the current Career Learning Equity AD in October 2013 that focused on increasing the numbers of high school students, particularly young people of color and young women, in career learning programs as shown in Exhibit 2.⁸ Career learning opportunities include but are not limited to guest speaker sessions, worksite visits and company tours, job shadows, informational interviews, internships, project based learning, and focused career days and fairs.

In August 2017 and May 2019, PPS made minor revisions to the AD including clarification on frequency of learning opportunities per contract, implementation of a new tracking database, removal of a requirement to utilize a specific vendor, and an update to its tracking and reporting requirements.

⁶ Board Materials from July 16, 2012, note that PPS had been actively drafting the EPPC since 2009.

⁷ An Administrative Directive (AD) is a procedural plan to implement a policy passed by a Board vote. At PPS, the AD provides direction for staff to operationalize the Board's vision.

⁸ While the AD states that PPS will seek to expand the program to middle school students, this has not occurred as of the time of this report.

EXHIBIT 2. CAREER LEARNING EQUITY ADMINISTRATIVE DIRECTIVE EVOLUTION, OBJECTIVES, AND GOALS

2011

Racial Educational Equity Policy 2.10.010

"Achieve and maintain racial equity in education."



2012

Equity in Public Purchasing and Contracting Policy 8.50.095

"Achieve and maintain equity in its purchasing and contracting activities, to achieve and maintain an equitable and diverse contractor workforce and to leverage its contracts to further enhance career learning opportunities for students."

2013

Career Learning 8.50.098 AD

"Increase the numbers of students, in particular young people of color and young women, in career learning programs"



Source: Auditor-generated from PPS library of policies and administrative directives at <https://www.pps.net/policies>.

The AD required all applicable PPS contractors with contracts valued at \$100,000 and above to register in PPS' career learning database and offer between two and four career learning opportunities to students depending on the dollar value of the contract. Many bond projects meet this dollar threshold and are subject to the Career Learning Equity AD.

Scope and Objectives

PPS hired Sjoberg Evashenk Consulting, Inc. in October 2018 to conduct annual performance audits of the School Improvement Bonds over a four-year period. Each year, auditors assess performance and focus on different Bond programs and project areas. For this current performance audit cycle, we reviewed 2017 and 2020 Bond program activities for the period from April 1, 2022, through June 30, 2023, and considered any significant events after the end of fieldwork. Our objectives were as follows:

1. 2017 & 2020 Bond Status

Identify the delivery status of the remaining 2017 Bond projects and 2020 Bond projects in terms of cost and schedule.

2. Career Learning Equity

Determine if PPS met its objective, per PPS' EPPC Board Policy 8.50.095 and Career Learning Equity AD 8.50.098, to increase the number of young people of color and young women participating in career learning programs during the school improvement bond period. Conduct a high-level assessment to determine whether existing protocols and practices at PPS are sufficient and effective for PPS to meet its objectives.

3. 2020 Bond Curriculum and Information Technology “Deep Dive”

Assess whether current practices in place at the PPS Office of Teaching and Learning and Office of Technology & Information Services adequately ensure curriculum and information technology improvements will be delivered as intended by the 2020 Bond.

4. Prior Audit Recommendations

Determine whether PPS and OSM sufficiently addressed prior audit recommendations related to Bond activities and implemented appropriate corrective action.

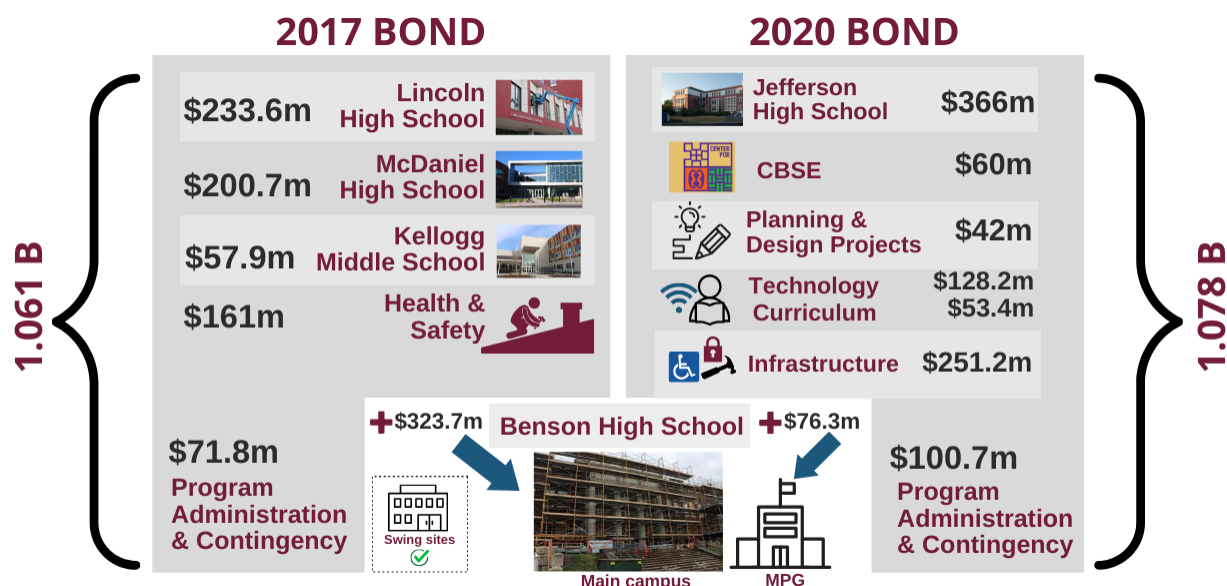
To fulfill these objectives, Sjoberg Evashenk Consulting, Inc. performed a variety of detailed audit tasks involving interviews of PPS executive leadership, inquiries of departmental management and operational staff, data mining and analysis, documentary examinations, record review and testing, industry authoritative research, and source data verification. Refer to Appendix B for the detailed methodology employed during the audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Section 1: 2017 Bond Program Is on Target to Be Completed, and 2020 Bond Is Generally Progressing as Planned

OSM continued to deliver on projects Multnomah County voters approved under the 2017 and 2020 School Improvement Bonds. With Lincoln High School and Benson High School both on track to be completed as planned and remaining health and safety projects in close out phases, PPS is nearing the end of its pledged work for the 2017 Bond. Additionally, 2020 Bond work is generally progressing as planned—though there have been some delays, cost increases, and additional work being added to the Bond program that will be paid for through contingency funds. Exhibit 3 shows current cost estimates at completion for the 2017 and 2020 bond projects as of May 2023.

EXHIBIT 3. 2017 BOND AND 2020 BOND ESTIMATES AT COMPLETION, AS OF MAY 2023



Source: Auditor-generated based on eBuilder data provided by PPS for May 2023

Note: The 2020 Bond provided \$164.9 million to fund additional costs to complete the Benson main campus. Because Benson main was a 2017 pledged project, we report the total estimate at completion for Benson main as part of the 2017 Bond figures.

Remaining 2017 Bond Projects Were on Target to Complete as Planned with Savings Projected to be Available for Future Reallocation Once Decisions are Made

As of May 2023, the remaining 2017 Bond modernizations at Lincoln High School and Benson High School were generally on schedule to be completed by fall 2023 and fall 2024, respectively. Likewise, the remaining health and safety projects were also on target for completion by 2024, spending up to the remaining unallocated balance for the projects. The Benson High School project's costs increased slightly since the last audit report in 2022, but Lincoln High School is projected to have cost savings of

approximately \$9 to \$9.5 million that will go back into the overall Bond program as of May 2023.⁹ PPS is still determining how and where to allocate those funds and will wait until both phases of the project are completed before making those decisions.

According to PPS staff, while no formal protocol exists for determining how non-health & safety unallocated funds should be spent, typically PPS would consider whether items previously removed from a specific project during value engineering could reasonably be added back in where warranted, funds could be used on the project for other improvements, or cost savings should be returned to the overall Bond program contingency to be allocated as needed.¹⁰ Because sizeable cost savings have not occurred in the past, PPS noted that they did not have or need a formal procedure for allocating those funds. PPS explained these discussions on how to memorialize the unallocated funding prioritization process will occur at the end of the Lincoln High School project if funds continue to remain available at project end. Reasonably, staff need to retain some flexibility in making those decisions depending on the status of other bond projects.

2020 Bond Program Is Generally Progressing as Planned

The 2020 Bond pledged to modernize Jefferson High School, plan and design future high school sites, and invest in physical improvements such as roofs, seismic work, and mechanical upgrades as well as provide educational program improvements for district technology upgrades and curriculum adoption. Additionally, it allocated funds for upgrades to address the district's changing capacity and enrollment needs and for improvements as part of a new concept for a Center for Black Student Excellence (CBSE).

Though certain bond subcategories experienced some delays, cost increases, and scope changes, the overall 2020 Bond program is still delivering projects as planned. Current estimates and schedules to complete generally align with initial bond estimates except for Jefferson High School and capacity improvement projects. Notably, the scope for the capacity subcategory grew as one site, the Harrison Park K-8 school, converted to a middle school and is receiving a greater breadth of improvements with bond funds. Available bond contingency funds covered the additional cost, and reasons for the scope increases appear reasonable as detailed in a later section of this report. Similarly, costs for Jefferson High School grew due to inflation in the construction market and program contingency was allocated for those changes.

Exhibit 4 shows the status of the 2020 Bond program subcomponents in terms of cost, schedule, and scope with notable status changes flagged—although most individual bond improvement areas were progressing as planned and PPS was delivering projects as planned with no major budget and schedule concerns.

⁹ The Benson Polytechnic High School project (Benson High School) consists of several sub-projects. As of May 2023, sub-project status was as follows: Multiple Pathways to Graduation (MPG) building at 30 percent of construction completed and the Benson Main campus building at 68 percent of construction completed. All swing sites were completed and in-use.

¹⁰ In the 2020 Bond Budget Summary presented to the Board on July 13, 2020, by the Chief Operating Officer, PPS stated that program contingency could be used for a variety of unanticipated costs including estimation errors, discretionary scope additions, cost escalation, or other unanticipated costs.

Icons reflected in Exhibit 4 flag these notable changes related to cost, schedule, and scope. Areas not flagged by an icon did not have significant changes that warranted raising in this audit cycle.

EXHIBIT 4. 2020 BOND AREAS WHERE NOTABLE CHANGES HAVE OCCURRED, AS OF MAY 2023 ^A

2020 Bond Components	Original Budget	Cost	Schedule	Scope
Benson High School MPG Building	\$64M	!		
Jefferson High School	\$311M	!		
Center for Black Student Excellence	\$60M		!	
Capacity Improvements	\$10M	!		!
Planning and Design				
Cleveland High School	\$20M			
Ida B. Wells High School ¹	\$20M			
Roosevelt High School	\$2M			
Educational Improvements				
Technology	\$128.2M		!	!
Curriculum	\$53.4M			
Special Education (SPED)	\$13.4M			
Physical Facility Improvements				
Roofs	\$65.7M	!		
Mechanical	\$75M			!
Security	\$25.9M			
Seismic	\$17.2M			
Americans with Disabilities Act	\$33.8M			

Source: PPS-provided underlying eBuilder reports used for the May 2023 BAC Report.

Note ^A: This exhibit only includes Bond dollars. Some subcomponents such as Technology and Curriculum had non-Bond funding as part of its total project costs. All figures are original budget and are different than estimates at completion noted in Exhibit 3.

Note ¹: School formerly known as Wilson High School

Costs for capital construction remain higher than expected across the industry and pandemic-related effects are still impacting projects including Benson High School's MPG Building and Jefferson High School—but PPS has continued to persevere and deliver bond work as pledged. Yet, both the CBSE and technology areas were experiencing schedule issues as described later in this report in addition to the capacity and mechanical projects undergoing scope changes as discussed in detail in the sections that follow.

Program Contingency will Pay for Increased Escalation Costs at Jefferson High School

In December 2022, staff reported to the PPS Board of Directors (Board) that the estimated budget for the Jefferson High School Project increased \$55 million from the bond approved amount of \$311 million to \$366 million. PPS obtained third-party cost estimates that were 16 to 20 percent higher than original estimates—which was attributed to escalation.¹¹ Auditors reviewed national construction escalation reports from Rider Levitt Bucknall (RLB), a construction consulting firm specializing in cost estimation, and found that RLB's escalation aligned with what PPS reported to the Board for the same period.

PPS plans to use \$55 million, or 59 percent, of its \$93.3 million 2020 Bond program contingency to cover the additional cost for the Jefferson High School project, leaving approximately \$38 million, or 41 percent,

¹¹ The 16 to 20 percent cost increase reflects changes in external cost estimates between February 2020 and November 2022.

of the program contingency left for other 2020 Bond needs.¹² Although PPS intentionally set aside a large program contingency amount for the 2020 Bond projects as shown in Exhibit 5 so that more funds are available for unexpected circumstances, there is still a risk that there will be a shortage of funds as the bond program progresses—especially if high escalation in the market and other labor or supply conditions continue as other unexpected challenges arise. Nonetheless, as of the end of audit fieldwork on June 30, 2023, contingency funds remained available nearly three years into the timeframe of the 2020 Bond program.

EXHIBIT 5. COMPARISON OF BOND CONTINGENCY AMOUNT ACROSS THE 2012, 2017, AND 2020 BONDS

	2012	Percent of Total Bond	2017	Percent of Total Bond	2020	Percent of Total Bond
Program Admin	\$84.5M ¹	18%	\$20M	2.5%	\$63.1M	5.2%
Contingency			\$40M	5.1%	\$93.3M	7.7%
Total Administration & Contingency	\$84.5M ¹	18%	\$60M	7.6%	\$156.4M	13%
Total Bond Amount	\$482M		\$790M		\$1.208B	

Source: 2012 Bond Fact Sheet, 2017 Bond FAQ, 2020 Bond Project Overview at <https://www.pps.net/Page/17502>

Note 1: In 2012, these amounts were combined into a category titled “program costs” and included items such as required reserves, materials and labor cost escalation, bond issuance costs, improvements, and transportation to buildings where students attend while school is renovated.

Scope Expansion Related to Capacity Improvement Projects Appear Reasonable and Other Bond Funds and Program Contingency will Cover Additional Costs

At the time PPS was selecting projects and estimating costs for the 2020 Bond, PPS included “capacity” improvement funds to pay for activities supporting its evolving student capacity and enrollment—though at the time no specific capital improvements or unique sites were designated.¹³ The November 2020 Bond passed by voters included \$10 million set aside for this purpose. As PPS progressed with its student capacity and enrollment planning, it allocated approximately \$6 million of the planned \$10 million capacity funds as part of a project that PPS’ department of Facilities & Asset Management (FAM) had already started for a program at Terwilliger Elementary School known as Acceleration, Community, Creativity, Equity, Service, and Self-Sufficiency (ACCESS).¹⁴

PPS allocated the remaining approximate \$4 million to the Harrison Park K-8 School project, a K-8 school that PPS is converting to a middle school in accordance with Board direction. In fact, six months after the 2020 Bond passed, the PPS Board-commissioned Southeast Guiding Coalition (SEGC) started developing a plan in May 2021 for student enrollment and program balancing in Southwest Portland to address changing capacity and enrollment needs in the region and provided a number of recommendations to the Board, including converting the Harrison Park K-8 School into a middle school and providing necessary budget support for capital improvements and programming.¹⁵ The Board of Education adopted the SEGC

¹² The remaining contingency amount is as of the May 2023 Bond Accountability Committee (BAC) report and does not include contingency set aside for the Harrison Park Middle School project. PPS provided the budget for the Harrison Park Middle School project after the end of audit fieldwork in July 2023.

¹³ Based on information in the 2020 Bond Budget Summary to the Board of Education from the Chief Operating Officer, July 13, 2020.

¹⁴ ACCESS is an alternative academic program designed for highly accelerated students in grades 2-8.

¹⁵ The SEGC is a group of 36 parent and community member volunteers and 21 PPS principals commissioned by the PPS Board of Education.

charge as PPS progressed through its boundary redrawing process. Because of its unique position as a site already slated for planned 2020 bond improvements, including mechanical upgrades and security, and its identification as a high need school in the 2021 Long Range Facility Plan, PPS chose the Harrison Park K-8 School as one of the school sites to receive 2020 capacity funds. According to PPS executive leadership, no other school sites were in the same position as Harrison Park School to be selected for conversion to a middle school. Thus, PPS allocated more than \$4 million of bond capacity funds to the Harrison Park Middle School project for modernization improvements upgrading the heating-ventilation-air conditioning system, adding science classrooms, installing security cameras, and modernizing spaces for middle school students.

Yet, the Harrison Park Middle School project's total estimated cost was over \$42.6 million as of July 2023—more than \$38 million greater than the capacity funding allocated to the site because of additional needed work to meet middle school education specifications. The total project activities and related costs do not equate to a full modernization of the site, though the work will significantly upgrade the school. PPS will use \$12.7 million from four other individual 2020 Bond categories for work at Harrison Park—special education, mechanical, security, and technology—as shown in Exhibit 6. The remaining \$25.6 million will be paid by the 2020 Bond program contingency funds.

EXHIBIT 6. HARRISON PARK MIDDLE SCHOOL FUNDING SOURCES AS OF JULY 2023 ^A

2020 Bond Fund Category	Original Bond Subcategory Amount	Amount	Percent of Bond Subcategory
Capacity	\$10 million	\$4.4 million	44.0%
Special Education	\$13.4 million	\$308 thousand	2.3%
Mechanical	\$75 million	\$11.5 million	15.3%
Security	\$25.9 million	\$52 thousand	0.2%
Technology	\$128.2 million	\$856 thousand	0.7%
Bond Program Contingency	\$93.3 million	\$25.6 million	27.4%
Total Estimated Budget		\$42.7 million	

Source: eBuilder Cost Report for Harrison Park, May 2023 Report to the BAC.

Note ^A: Amounts rounded to the nearest thousandth.

The portion of funding allocated to the Harrison Park Middle School project from the other 2020 Bond subcategories was less than three percent each for the special education, security, and technology categories—and, thus, minor changes compared to the overall subcategory amounts. Though the funding from the mechanical subcategory was more significant at over 15 percent, this appears reasonable given that the Harrison Park Middle School was one of the top high-priority sites slated for mechanical improvements recommended by the 2022 Mechanical Systems Capital Planning Assessment that aided PPS in selecting sites for 2020 mechanical bond fund improvements. Moreover, the 2020 Bond Budget Summary presented to the Board on July 13, 2020, by the Chief Operating Officer noted that staff recommend that the 2020 Bond include a robust program contingency and flexible bond language that will allow contingency funds to be allocated to capacity and enrollment needs if necessary.

Although Other Delivery Challenges Occurred, PPS Alternate Actions Taken Met Intent Behind Bond Commitments While Not Compromising Delivery of Overall Bond Program

Four other 2020 Bond categories—mechanical, roofs, technology, and the Center for Black Student Excellence (CBSE)—experienced delivery challenges with individual project improvements initially envisioned, although improvements in each category were generally still able to fulfill delivery outcomes in line with initial bond plans with some adjustments to schedule and budget.

One 2020 Bond subcategory experiencing delivery challenges was the mechanical category. PPS proposed a \$75 million budget to make significant mechanical repairs that included full system replacements and targeted replacements at approximately 15 of PPS' highest priority sites, yet the cost for mechanical system replacements was significantly higher than estimated. This imbalance in costs was partly attributed to external consultant estimates that were too low and not fully made known until 2022 when PPS had estimated that half, or \$40 million, of its \$75 million planned budget would be spent replacing mechanical systems at just four school sites. Given the extraordinary costs, PPS made the decision in fall 2022 to adjust its approach to provide various robust mechanical system control upgrades and component replacements to allow systems to appropriately function across more school sites rather than full system replacements at just a small handful of sites.¹⁶ Though this alternate plan will not deliver full system replacements to 15 high-priority sites as initially planned, PPS staff stated that providing control upgrades at more sites will still partially address the bond's intent to improve temperature control and air quality in classrooms.

Roof projects are another 2020 Bond subcategory that also experienced higher than expected costs. The original budget for roofs was \$65.7 million. As of May 2023, the estimated cost to deliver the initial planned scope of the project grew by \$4.9 million—attributed to bid overruns. The cost overrun will be covered by program contingency. With both the mechanical and roof categories, PPS endeavored to deliver as many improvements with allotted bond budgets as possible. The facility improvement needs at PPS exceed the available funding as was the case during prior bonds. For the 2017 Bond, the funding for health and safety projects were a pool of funds to spend—knowing that PPS must judiciously use limited resources to provide as many improvements as possible but will not address all existing needs. Similarly, while each type of facility improvement in the 2020 Bond like roofs has a designated budget to spend, market conditions may impact costs and require additional budget to address critical facility improvement needs. The impact is that PPS is not able to deliver as much as planned for its investment—though it is still addressing physical improvements in line with the 2020 Bond intent.

In another instance, projects in the technology 2020 Bond subcategory were delayed by a year, with projected end dates extending to 2026 rather than the original completion date by 2025. Details on the cause of the delay are provided in Section 3 of this report. Further, the CBSE also experienced delays with design and engagement planning delayed two years from baseline plans. PPS made progress with its CBSE concept outside the bond program, but still had not identified what capital improvement projects will

¹⁶ Full system upgrades would entail replacing entire underlying machinery behind a heating, ventilation, and air condition cooling system. Although control upgrades do not provide improvements that are as extensive as full mechanical replacements, they have a direct impact on heating and ventilation to improve the classroom climate, provide energy cost savings, and reduce maintenance requests.

be delivered within the CBSE concept using bond funds. Additional details related to CBSE are discussed in Appendix A, Status of Prior Performance Audit recommendations. Although these two 2020 Bond subcategories experienced delays, they are still progressing to meet the intent behind bond plans.

Recommendations

No recommendations noted.

Section 2: Career Learning Equity Program is Inadequate to Meet Stated Objectives

The Program Overview section in PPS' Career Learning Administrative Directive (AD) states that through PPS' existing Career Pathways/Career and Technical Education Program (CTE), the District will help students connect classroom learning to real-world applications, expose them to a variety of career options, provide programming with modern skills, and support district milestones for college and career-readiness. The key components of PPS' approach focus on career awareness, exploration, and preparation.

Despite this charge being in place since 2013, PPS has not established or implemented a dedicated, structured program to meet elements outlined in the AD. While some protocols and practices existed, they were sparse and not sufficient to support PPS' goals to increase the number of young women and students of color participating in career learning opportunities. PPS also did not set targets and metrics to measure its progress against objectives and report outcomes as outlined in the AD. As such, PPS is unable to determine if it met its AD objectives.

At the time the AD was adopted, a staff report to the PPS Superintendent noted that staff were researching the costs, systems, and resources to support the program—specifically for data management and reporting. To date, PPS has not allocated specific resources to this program.¹⁷

PPS Did Not Have a Structured Program in Place to Meet Career Learning Objectives

The Career Learning Program sought to be an extension of existing efforts led by PPS' existing Career Pathways/CTE providing learning opportunities for students. Although PPS leveraged CTE staff knowledge and the use of CTE's Partner Connect automated system to track career learning opportunities as part of implementing the AD, there was no structured program approach in place with assigned process owners, sufficient protocols, and clear procedures to implement the AD as described.

To initiate program implementation efforts, CTE staff collaborated with Purchasing and Contracting (P&C) staff in employing steps as shown in the bullets that follow.





- ✓ Included career learning program requirements into contractual obligations for applicable contracts;
- ✓ Operated an online database through Partner Connect where contractors and PPS staff could coordinate to provide learning opportunities to students;

¹⁷ In response to the audit draft report, PPS reported that staff have begun accessing its efforts and developing collaborative process to support the Career Learning Equity Program including improvements to program management, intradepartmental coordination and compliance reporting, and regular planning meetings to talk through engagement strategies and actions. Reported progress involved updated Partner Connect architecture to tag and organize partner organizations, evolved event management process to better identify opportunities offered, and additional events such as monthly career learning sessions and vendor open houses on career opportunities. Other improvements PPS reported were development of a partner menu to help organizations understand involvement opportunities and the process to sign up, plans to create a visual data dashboard and custom report to provide "real-time" review of impact of the Career Learning Program, and training for career coordinators on the program foundation and how to access or contact potential partner organizations.

- ✓ Entered contract data into Partner Connect; and
- ✓ Tracked and reported certain career learning information annually to the Board.

However, roles and responsibilities for implementing the program were not designated to specific PPS departments, offices, and staff—leading to uncertainty on who was responsible and inaction on key steps to execute the AD. The AD broadly states that PPS school-based staff will implement the program with full consultation and alignment with the existing CTE program.¹⁸ Although certain reporting duties to capture data and report career learning participation were assigned to CTE staff in partnership with P&C, more critical, discrete activities for implementation—such as managing contractor compliance—were not specifically assigned. In interviews with CTE, P&C, and OSM staff, there was no consensus on which departments and staff should be assigned responsibilities for those areas shown in Exhibit 7.

EXHIBIT 7. SPECIFIC CAREER LEARNING ADMINISTRATIVE DIRECTIVE RESPONSIBILITIES

Responsibility	
	Ensure applicable contractors register on Partner Connect and offer required number of learning opportunities
	Ensure applicable contractors coordinate with PPS career coordinators to plan, schedule, and conduct care learning activities.
	Manage, track, and report on contractor and student participation. Tracking and reporting will include disaggregation of participating contractor and student demographics by race, ethnicity, gender, school, and program as well as school and program-based categories.
	Seek to develop processes and resources to expand the program to middle school students

Source: Auditor generated based on Administrative Directive 8.50.098.

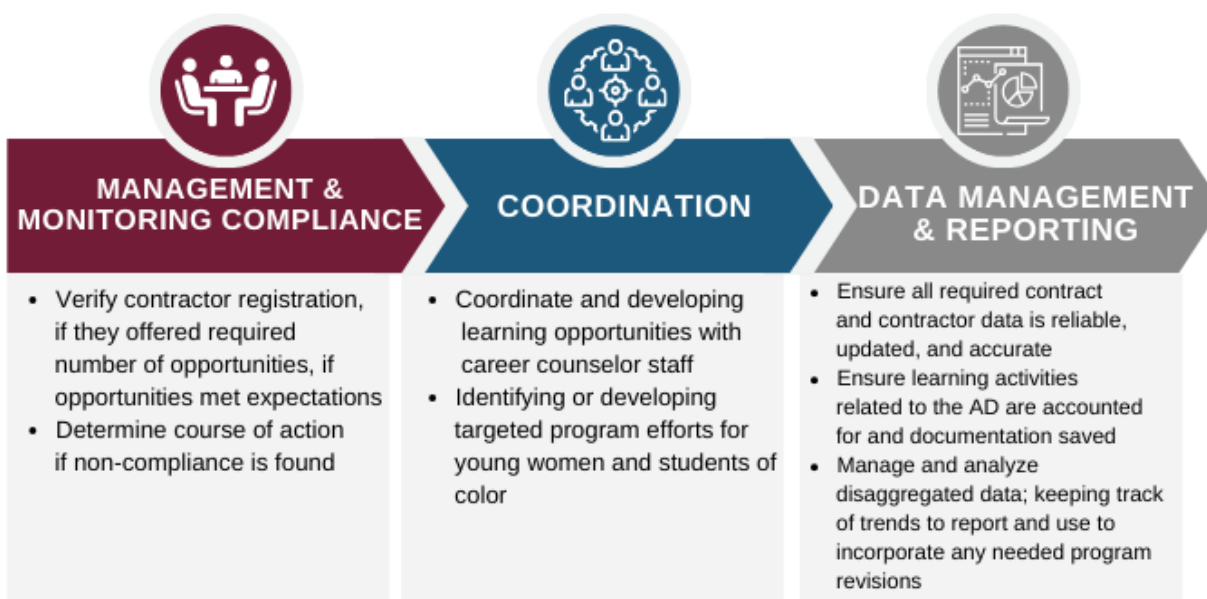
As a result, no active PPS management of the program occurred to ensure program benefits are delivered as expected, activities are coordinated, and results can be tied to goals.¹⁹ Managers should monitor progress, control the work of producing the results, respond to the impact of environment changes by adjusting plans as needed, and measure success against the organization's stated goals. To apply these principles to the Career Learning AD in pursuit of PPS' goals, staff could demonstrate appropriate, sufficient, and active program management with activities such as managing and monitoring contractor compliance by verifying if contractors registered on Partner Connect as contractually required and offered

¹⁸ PPS school-based staff are College and Career Coordinators or College Counselors housed at each of PPS' high schools.

¹⁹ Project Management Institute (PMI) 6th Edition of the Guide to the Project Management Body of Knowledge (PMBOK).

required opportunities, coordinating with career counselor staff to provide targeted programming for intended student beneficiaries, and managing and reporting disaggregated data as described in the AD. Some examples of expected project management steps are shown in Exhibit 8.

EXHIBIT 8. PROGRAM MANAGEMENT NEEDED TO IMPLEMENT CAREER LEARNING ADMINISTRATIVE DIRECTIVE



Source: Auditor generated based on analysis of Career Learning AD and best practices in the Project Management Institute (PMI) 6th Edition of the Guide to the Project Management Body of Knowledge (PMBOK).

The AD described the general scope of work of the program and objective, but neither the AD nor other PPS protocols and procedures clearly operationalized what steps were needed to fulfill the scope of work, delegated specific roles and responsibilities and process owners, nor detailed the structure of the program. Additionally, PPS could not demonstrate intentional effort toward PPS' goal of increasing the numbers of students in career learning programs particularly as it targets young women and students of color. Without intentional intervention, the status quo will be perpetuated—although some efforts were recently started.²⁰ Specifically, during our audit fieldwork, PPS' newly hired Certified Business Program Manager began discussions with CTE staff on what steps could be taken to re-energize the career learning program.

PPS Is Unable to Determine if It Met Career Learning Equity Goals Because It Did Not Set Targets or Adequately Track Outcomes, Though Some Data Were Available

Though PPS set forth an objective in its Board Policy as operationalized through the AD to expand the number of young people of color and young women participating in a variety of career learning programs, it did not define quantitative targets or measurements by which it would determine whether it met its

²⁰ According to the Government Alliance on Race and Equity's "Racial Equity Toolkit: An Opportunity to Operationalize Equity". The Government Alliance on Race and Equity is a national network of governments working to achieve racial equity and advance opportunities for all. It was launched by the Haas Institute for a Fair and Inclusive Society at the University of California Berkeley in early 2014 and has over 400 members at the state, local, and regional government level.

objective. The AD also states that PPS staff will manage, track, and report on contractor and student career learning participation, which must include disaggregation of participating contractor and student demographics by race, ethnicity, gender, school, and program-based categories. This language describing how career learning participation should be tracked and reported reasonably relates back to PPS' objective to expand the number of participating young people of color and women in its programs. Yet, PPS is unable to determine if it met its goals because those specific targets were not set, and staff lacked direction on how to track and report disaggregated metrics.

In the absence of targets or sufficient direction, PPS only reported the number of contractors that were registered in Partner Connect as its record of program outputs and did not track meaningful data to measure toward its objectives. While PPS had access to some disaggregated contractor and student participation data starting at least as early as 2019, it did not measure and report on the career learning equity participation objective described in the AD. For instance, in the most recent fiscal year 2021-2022 annual Equity in Purchasing and Contracting update to the Board, PPS reported that cumulatively since the start of the tracking system there were 115 unique contractors registered since 2018 to provide career learning activities to PPS students—with those contractors representing 215 separate contracts.²¹ Reporting on the number of contractors registered to provide opportunities and the respective number of contracts does not indicate whether targeted students participated in programs nor whether the numbers of participating students were expanded.

According to PPS staff, some disaggregated data of participating students, contractors, demographics, and other related information were available across a combination of databases including PPS' Partner Connect, PPS' Cobblestone Contract Management system, and PPS' B2G Certified Business payment tracking system.²² However, staff stated that these data would have to be manually sorted, organized, analyzed, and tracked live at the time of analysis to produce meaningful data for assessment and reporting against the AD objectives because data continually updates in real time. Reviewing, managing, and reporting these types of data would require staff resources to produce meaningful analyses. Moreover, staff did not know if all needed data was captured and available through these existing systems or if other supplemental data would need to be captured. Data needs would depend on what targets PPS wants to establish to measure program efficacy.

Staff informed us that the general charge of the AD has operated in practice as an unfunded mandate—where no resources have been formally allocated for its stated work though the AD set the foundation for the program and a 2013 staff report to the Superintendent acknowledged that research was needed on cost estimates, systems, and resources to support the program—specifically for data management and reporting. To date, PPS has not allocated specific resources to this program. If resources were dedicated, PPS staff could work with existing disaggregated data from the different systems to perform more in-depth analysis and gauge whether PPS is meeting intended objectives and considering questions such as, but not limited to, the following:

²¹ Auditors were not able to validate figures reported for career learning in annual EPPC reports because CTE staff noted that those figures were point-in-time shared informally in preparation for the annual reports, but underlying data was not maintained.

²² B2G would allow PPS to link firms with specific backgrounds to specific student interest for career learning opportunities.

- ✓ Are students interested in specific career fields being connected to contractors who hold that expertise?
- ✓ Which types of students (e.g., by gender, grade, race, etc.) are participating and benefiting most from AD career learning opportunities?
- ✓ Which type of career learning experiences are most prevalent, and which experiences do students need to better access?

Results from that type of data analyses could be used to modify program strategies, as needed, to help meet equity objectives. However, PPS would need to evaluate the costs, benefits, and workload it would require to sufficiently resource the program to gain intended outcomes.

Further, staff would need to validate any data used from PPS' three systems, or any other sources, for accuracy and reliability. For instance, PPS staff informed us that school site career counselor staff can engage contractors directly outside of the Partner Connect system—resulting in some career learning engagements not being captured in the system or counted as progress toward meeting the AD equity goals.²³ Before relying on data from Partner Connect, PPS should work with school contacts to refine business processes surrounding the capture of equity opportunities into the appropriate designated systems prior to dedicating resources to target setting, data collection, and improved reporting.

Thus, while having data available is a good starting point, PPS would need to invest some additional time and resources to strengthen its use for outcome measurement and reporting. As is, PPS is unable to verify whether PPS met its objective to expand the number of young people of color and young women participating in a wide variety of career learning programs.

Although Not Broadly Tracked, Some Career Learning Opportunities Did Occur

While comprehensive data were not readily available to verify and summarize the breadth of career learning opportunities that occurred during the audit period, auditors found examples of contractors and consultants providing learning opportunities on Bond projects.

For instance, for a 2020 Bond roof project, auditors reviewed evidence that a woman-owned architectural firm provided 5-week internships for six students in the summer of 2023. The internship was described as a hands-on learning experience about careers in architecture and interior design that follows the traditional phases of a project from conception to construction. Completing the internship provided students work-based learning, eligibility to apply for a college architecture scholarship, and minimum wage pay.

Internships were also provided by the general contractor for Lincoln High School, one of the 2017 Bond modernizations. The internship advertised a firsthand experience learning how the new school was being built—particularly in how engineering and construction overlap on a major construction project. The same general contractor also provided construction management classes during the 2021-2022 school year. Auditors reviewed sample PowerPoint presentations used in the classes and found that materials were

²³ No enforcement mechanism exists in the AD to require school career counselors to comply with AD-specific Career Learning Program requirements.

robust, detailed, and included practical and realistic content for students interested in construction careers including overviews of project cost controls, developing construction estimates, jobsite record keeping, union versus non-union benefits, and more.

While no data was available to comment on contractor or consultant impact on students' career learning during the audit period especially as it related to the target beneficiaries of the Career Learning Equity AD, these examples demonstrate efforts by PPS and its contractors to implement the AD charge and provide career benefit to students.

Recommendations

As PPS leverages its connections with the local contractor and consultant community involved with the school improvement bonds to connect with its career learning equity objectives, it could consider:

1. Researching and assigning the resources needed to implement a structured Career Learning Equity Program that has clearly designated roles and responsibilities, protocols for coordination, contractor and consultant management, and data management and reporting, and set targets to track outcomes.
2. Alternatively, PPS could revise the Administrative Directive to limit the scope of the Career Learning Program to more appropriately align with the district's capacity.

Section 3: Practices Were in Place to Ensure Bond Curriculum and Technology Improvements Will be Delivered as Intended, with Cost and Scope Challenges Being Mitigated

For the 2020 Bond, PPS expanded its scope of bond-funded work to include improvements to curriculum and technology assets—a first for work implemented through its School Improvement Bonds. As the newly involved Office of Teaching and Learning (OTL) and the Office of Technology & Information Services (OTIS) managed bond work alongside OSM, it is critical that both offices had a framework for establishing and monitoring bond funds and plans, were appropriate stewards of bond funds, and delivered pledged work as planned.

Although both OTL and OTIS bond projects experienced scope and compensability challenges that required the leveraging of PPS general funds to supplement bond funding, both curriculum and technology projects were generally on target to be delivered as planned. We found that OTL and OTIS had strong frameworks in place to manage bond funds and work, used pragmatic tools and systems to monitor progress, and had documented methodologies for decision-making. Both offices also established metrics for measuring success of their respective work to ensure bond funds were achieving intended benefits—though actual results were not yet available for review.

Framework to Manage Curriculum and Technology Bond Work Was in Place

Appropriate management of bond-funded implementation is important to provide assurance that taxpayer funds are being expended in alignment with the promised commitments—and that students and other PPS stakeholders are receiving the intended benefits. We found that both OTL and OTIS had an appropriate framework in place for management and oversight including clear roles and responsibilities, the use of pragmatic tracking and monitoring tools, formalized processes and controls for physical equipment inventory management, and strategic communication of roll-out plans to end-users.

Roles, Responsibilities, and Coordination Meetings Were Established to Administer Bond Projects

The 2020 Bond expanded improvement projects to include not only traditional capital improvements and modernization of physical school buildings, but also funding for educational curriculum and technology improvements. With these new project scopes, PPS had to establish protocols for coordination, communication, and clear distinction of roles and responsibilities between multiple PPS departments to ensure improvements were delivered in line with bond commitments.

As the office responsible for ultimate oversight of bond funds, OSM led OTL and OTIS in early discussions after the bond passed to guide high-level decisions related to accountability and provided construction-related expertise for some technology projects. OTL and OTIS were responsible for the more granular decisions that fell within their areas of expertise, each with an office lead focused on decision-making and reporting in addition to key staff tasked with handling the day-to-day activities such as contract and cost management and preparing status reports for the Bond Accountability Committee. Because the technology scope required extensive work related to specific material determinations and inventory control, OTIS also

employed Northwest Information Services, an external consultant to help with project management, inventory management, and material ordering.

Several coordination meetings were held between all PPS stakeholders. For instance, OTIS informed us they regularly held separate meetings with OSM staff to discuss eBuilder approvals for bond commitments requiring construction, along with director level check-ins to discuss budget, schedule, and scope. OTIS also held meetings with their external consultant to ensure the consultant managed its scope of work in line with bond commitments. Similarly, OTL also reported meeting with OSM as needed to check in on curriculum related items that fall under the purview of the Bond and met monthly with OTIS to discuss learning technologies where the curriculum and technology bond work overlapped. Finally, representatives from OTIS, OTL, OSM, and other applicable PPS office and department areas described meeting with the Bond Compensability Committee as needed to discuss whether certain expenses met criteria to be paid by bond funds. These efforts, assigning duties and responsibilities as well as coordinating aspects of the curriculum and technology bond commitments, provided an appropriate foundation for PPS to manage delivery of its 2020 Bond work.

Bond Curriculum and Technology Decisions Considered Multiple Factors and Were Guided by Documented Analysis

To meet broad 2020 Bond commitments related to curriculum and technology projects, both OTL and OTIS applied documented, analysis-driven methodologies to make implementation decisions to deliver improvements that best prioritized school needs and aligned with applicable state or district standards.

A basic school technology infrastructure is critical for supporting communication and collaboration, productivity, standardized instruction, and increased student engagement. To determine the most significant areas of need, OTIS utilized building schematics, its internal record of existing district-wide technology infrastructure, and school site designations (e.g., Title I schools) to prioritize the technology needs across the district to place in the 2020 Bond.²⁴ For instance, OTIS described using building schematics to determine which classrooms had limited wireless access points where internet connectivity would be impaired to prioritize those schools for improvements. Based on those planned improvements, OTIS stated they use industry standard practices, talked with peer entities, consulted with teaching subject matter experts, and relied on its internal expertise to determine the best approach for selecting which technology solutions to implement.

This resulted in documented rationale and consideration of factors including quantity, lifecycle and quality of products, and cost. For instance, quantity of assets such as Chromebooks were supported by analysis on student enrollment and teacher counts, breakage rates, and market support for supporting hardware such as cables. Analysis and consideration were given to product warranties, average longevity, and product quality. OTIS prioritized its improvements at schools using documented criteria that reviewed

²⁴ Title I, Part A (Title I) of the Elementary and Secondary Education Act of 1964, as amended by the Every Student Succeeds Act, provides federal financial assistance to local educational agencies to help ensure disadvantaged students meet state academic standards. Designations like Title I help distinguish underserved school sites that PPS considers when determining priority of school sites that will receive capital improvements.

historically underserved communities, sites that had not received prior modification, and other factors to group schools by need.

Likewise, OTL put steps in place to ensure it efficiently delivered needed bond improvements for its curriculum to support the goal of full compliance with state curriculum mandates that covered all teaching materials associated with a specific subject's curriculum adoption. For each curriculum subject category, OTL allocated budget and made purchase decisions using a multitude of factors including enrollment numbers, average estimates from vendors, and historical price information.

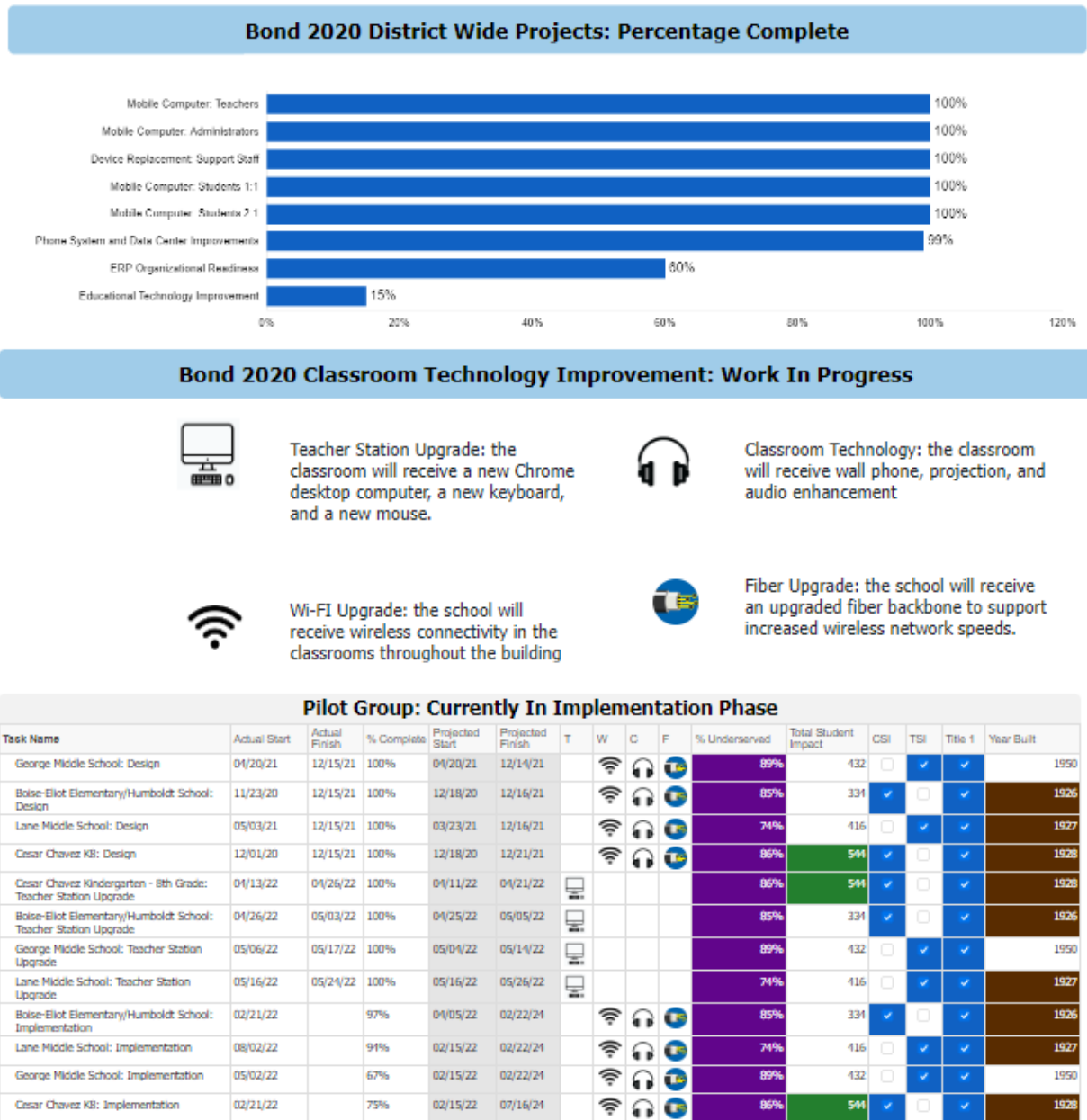
Solid Tools Were Used to Monitor Funds and Oversee Delivery

To track the use of 2020 Bond funds for curriculum and technology improvements, PPS used various electronic tools. For instance, like with the school modernization projects, both the curriculum and technology teams used eBuilder to track and authorize purchase order payments, contracts, and monitor project delivery metrics related to budget, schedule and scope. For technology, the scope of work included both purchasing items as well as more complex installation, related to Wi-Fi and fiber upgrades for its capital improvement work. As such, OTIS coordinated with OSM and its external contractor to create contracts, process change orders, and review and approve initial contractor invoices through eBuilder.

In addition to eBuilder, both OTIS and OTL staff maintained separate files to manage and monitor bond work using Smartsheet and Google Sheets, respectively. For instance, OTIS and its consultant maintained multiple Smartsheet spreadsheets to monitor project schedule and completion status, inventory receipt, and infrastructure deployment and installation. In fact, one of these Smartsheet trackers was used for a public-facing dashboard that provided live status updates on bond technology improvements by site and type of improvement such as device replacement or classroom technology, in addition to percentage complete and general work in progress as shown in Exhibit 9 that follows.

Similarly, OTL used a Google Sheets tool to keep a progress log of bond curriculum improvements. This included status updates on each subcategory of curricula by grade, subject, contract, purchase order, schedule, and budget—which separated bond and non-bond funding sources used to pay for project components. Overall, these tools seemed effective to monitor and manage the progress of curriculum and technology bond projects.

EXHIBIT 9. EXAMPLE OF PUBLIC-FACING DASHBOARD SHOWING STATUS OF TECHNOLOGY PROJECTS



Source: OTIS's public-facing Smartsheet Dashboard of 2020 Technology project progress:

<https://app.smartsheet.com/b/publish?EQBCT=d0c4b16d3e9b42d0ba1161df50a2dd97>

Processes and Controls Existed to Manage Inventory of Improvements

After bond purchases are made, PPS described that physical equipment and curriculum often must be stored until they are ready for deployment. We found that both OTL and OTIS had processes and controls in place to track and store curriculum and technology purchases. OTL uses an automated inventory management software product to capture material types, teacher guides, and student textbooks for inventory levels. This system assists staff in managing instructional material over a lifecycle for curriculum adoption and materials distribution. Although not part of a specialized software product, OTIS used Smartsheet to similarly capture the receipt, transfer, and deployment of technical gear at school sites using serial numbers and quantities.

Communication of Planned Curriculum and Technology was Thorough and Transparent

Like school modernizations, the 2020 Bond curriculum and technology improvements have direct impacts on school site stakeholders, making it important for PPS to communicate progress, challenges, and activities to its community. Our review found that both OTL and OTIS followed strong protocols to ensure the end users are kept aware of improvements planned and delivered. With curriculum, OTL worked closely with teachers as part of the curriculum selection process allowing the educators to be familiar with specific materials before teaching the curriculum to students. OTL also provided teachers with written implementation expectations that were reinforced through districtwide professional learning in addition to support plans for schools that felt overwhelmed or challenged with curriculum implementation.

For technology, OTIS provided roll-out plans prior to and during technology implementations at school sites that included meeting with and providing updates to school principals and staff members to discuss project scope, schedule, walk-through of improvements, and a weekly look-ahead to detail specific classrooms for upcoming improvements. OTIS solicited feedback and concerns from its school stakeholders and provided webpage updates highlighting milestone progress and videos of improvements. Moreover, OTIS provided school principals with training materials on using the new technology and answers to frequently asked questions.

Both OTL and OTIS provided budget and schedule status updates quarterly to the BAC and presented a detailed status update by subcategory annually. These combined efforts demonstrate good faith efforts to be transparent to taxpayers and the greater PPS community.

Technology and Curriculum Projects are on Target to be Delivered as Pledged and Supplemented by PPS General Funds

The 2020 Bond intended for PPS to spend up to \$128.2 million in bond funds for technology improvements to provide needed critical upgrades for outdated systems and up to \$53.4 million in bond funds for curriculum improvements to get PPS in compliance with state educational requirements. Our review found that OTL and OTIS are on track to deliver pledged improvements—though some technology work will be slightly delayed, and both offices needed general funds to supplement budgets due to higher than estimated costs and bond compensability determinations.

Curriculum Bond Project Spending and Schedule are Progressing as Planned

As of February 2023, OTL has spent approximately \$38.1 million, or 71 percent, of its \$53.4 million allotted bond funds as shown in Exhibit 10. OTL stated it expected to spend all curriculum bond money by Fall 2024 with all materials in place for the fall 2024 school year. This delivery timeline is in alignment with the baseline schedule of final curriculum planned to be implemented by end of 2024. No notable changes in scope occurred, and the curriculum budget remained on track through the supplemental addition of general funds. Because the 2020 Bond curriculum funds were intended to be spent on purchased assets—in contrast to other bond capital delivery projects that require installation or construction—bond pledges will be fulfilled once OTL makes its planned purchases. Moreover, once all purchases are made, PPS will be compliant with the Oregon Department of Education curricula standards for seven years from the start of each subject implemented.

EXHIBIT 10. 2020 BOND CURRICULUM BUDGET AND SCHEDULE STATUS, AS OF FEBRUARY 2023

2020 Bond Curriculum Components ¹	Bond Budget	Actual Expenditures	Estimated Completion	Reported Status ²
Climate Change ³	\$1M	N/A	2023	On Target. In-Progress
Digital Toolkit ⁴	N/A	\$6.2M	2022	Complete
Health	\$1.3M	\$0.2M	2024	On Target. In-Progress
Humanities	\$12.8M	\$17M	2024	On Target. In-Progress
Math	\$6.5M	\$8.3M	2023	Grades K-5: Complete Grades 6-12: On Target. In Progress
Physical Education	\$2.5M	\$0.7M	2023	On Target. In-Progress
Science	\$6.7M	\$2.8M	2024	On Target. In-Progress
Social Emotional Learning	\$1M	\$0.3M	2024	On Target. In-Progress
Visual and Performing Arts	\$5.7M	\$1.2M	2024	On Target. In-Progress
Unallocated Curriculum Funds ⁵	\$13.9M	N/A	N/A	N/A
Curriculum Program Administration	\$2M	\$1.4M	N/A	N/A
Totals	\$53.4M	\$38.1M		

Source: 2020 BAC Bond Curriculum Status Update from February 2023. Note that this was the most recent status report that displayed detailed funding information.

Note ¹: Subcategories of the 2020 Curriculum projects were recategorized to make them more easily understandable and to simplify reporting. The categories in this exhibit reflect the most recategorizations.

Note ²: Complete means that curriculum is currently being taught to students.

Note ³: The Climate Change curriculum commitments were folded in Science and Social Sciences.

Note ⁴: The original bond subcategories – Integrated Learning, Learning Management Systems, Portfolio Management System and Project-Based Learning – were folded into one category, Digital Toolkit.

Note ⁵: \$10.5M of the initial planned Middle School Redesign project, found to be non-compensable, was folded in the Unallocated Curriculum funds and eventually distributed to other adoptions, primarily Humanities, Digital Toolkit and Math.

For instance, PPS has fully implemented its new Language Arts curriculum, which is part of the Humanities subcategory, for Grades K-12. As part of this implementation, students will have access to both upgraded textbooks and novel sets. Prior to this, some Language Arts materials had not been updated for more than

a decade since 2010. Additionally, PPS is in the final stages of field-testing Social Sciences curriculum for Grades K-12, scheduled for implementation in the fall of 2023. This will provide significant updates to existing materials as Grades 9-12 Social Sciences have not been updated since the early 2000's with existing materials not reflecting major recent historical events.

Though no major schedule delays have occurred, some risks exist for the remaining curricula that is still being procured. Like others in the industry, OTL described facing supply-chain issues with curricula that strained schedules—particularly for mass produced items such as core textbooks. OTL staff stated they were able to mitigate past delays through the implementation of digital alternatives. If a curriculum adoption is delayed, OTL stated they will have the entire grade throughout the district continue using the existing curriculum until the ordered curriculum is available from suppliers.

Technology Projects are Generally Progressing as Planned, Although Schedule and Scope were Impacted by Planning Issues

The 2020 Bond Technology work was intended to provide broad critical updates to core technological infrastructure, classroom modernization, and purchased devices addressing outdated and vulnerable systems in place at the district for over two decades. While PPS did not plan or promise specific quantities of purchases or improvements at specific school sites, OTIS detailed the types of technology improvements it intended to deliver using bond funds as shown in Exhibit 11.²⁵

As of May 2023, OTIS spent \$70.3 million of its \$128.2 million set aside in the 2020 bond for technology—or over half of its available funds. We found that the amount of technology funds spent was generally commensurate with delivery progress—with approximately half of available funds spent three years into OTIS's estimated five-year delivery plan.^{26,27} OTIS has made notable progress on its technology delivery. For instance, OTIS purchased more than 80,000 individual devices for its planned device replacements with approximately 95 percent of devices made available for students. This means that every student in Grades 3-12 has their own Chromebook and that there is one Chromebook for every two students in Grades K-2. The remaining budget is reserved for “refresh” needs meaning that, should device breakage occur, these funds will be available to replace the broken devices.

Activities related to infrastructure and security technology work are also progressing as planned with 99 percent of the phone and data center improvements completed as well as Wi-Fi upgrades and fiber upgrades efforts in progress. Yet, OTIS experienced some challenges in the classroom technology subcategory that led to a one-year schedule delay as shown in Exhibit 11.

²⁵ As reported to the Board School Improvement Bond Committee on March 4, 2021.

²⁶ While overall status for Technology was available as of May 2023, budget values broken down by subcategory were only available as of February 2023 as shown in the following Exhibit.

²⁷ The 2020 Bond Conceptual Schedule dated December 7, 2020, estimated that by December 2025, all technology improvements would be completed.

EXHIBIT 11. 2020 BOND TECHNOLOGY BUDGET AND SCHEDULE STATUS, AS OF FEBRUARY 2023 ^A

	Original Bond	Revised Bond \$	Non-Bond \$	Actuals	Planned Scope	Baseline Completion Date	Estimated Completion
Program Administration	\$23.2M	\$27.5M	\$2.3M	\$1.6M	-	-	-
Classroom Modernization	\$25M	\$23.7M	\$50,000	\$11.3M	Wireless access point, mounted projector, Chrome desktop computers, monitor, voice amplification, wireless display, projection surface	2025	2026
Device Replacement	\$31M	\$38.7M	\$35,000	\$37.3M	Student Chromebooks, Admin Devices, Support staff desktops windows computers, Teacher pixel books	2025	Completed ¹
ERP Replacement Planning	\$11M	\$250,000	\$3.3M	\$1M	Business process analysis, development of requirements, architecture, and RFP	2025	2023
Infrastructure & Security	\$38M	\$38M	\$396,000	\$12.8M	Wireless upgrades, data center server refresh, phone upgrades, security focused dashboard, handsets, security assessment, switch replacements, fiber interconnections, gym call box installations	2025	2025
Totals	\$128.2M	\$128.2M	\$6M	\$64M			
		\$134.2M including Non-Bonds					

Source: Bond 2020 Technology Plan from March 4, 2021, presented to the School Improvement Bond Committee, February 2023 BAC Status Report, 2020 Bond Conceptual Schedule dated December 7, 2020

Note ^A: The February 2023 BAC Status Report was used in lieu of the more recent, May 2023 BAC Status Report, because the February 2023 report included budgetary breakdowns for each Technology category.

Note ¹: While all the pledged devices have been purchased, the remainder of the funds are part of the “refresh” budget, to replace items in case of breakage.

Specifically, the classroom modernization scope of work committed that each classroom would have a whiteboard mounted to the wall for laser projections. OTIS, with its external consultant as the project manager implementing the scope, began work as early as May 2021 to install whiteboards over existing

boards. In April 2022, PPS Leadership met with OTIS to propose an alternative plan which included the removal of older, existing boards to a more modern design look. Once it was discovered that the removal of existing boards required abatement of environmental hazards which would have increased the budget and schedule significantly, PPS revised its approach in January 2023 to eliminate the need for costly abatement and reduce potential hazardous situations by installing ceiling-mounted projectors with pull-down projector screens in front of existing whiteboards. While this scope differs from the original pledge, the revised plan still aligns with the intent of the original commitment that envisioned appropriate surfaces for projection. However, these changes led to the overall schedule being delayed until 2026 rather than the initial forecasted completion of 2025.

To prevent future incidents, OSM, OTIS and its consultant put into place regular meetings to help all parties stay aligned ahead of time on major decisions.

Both 2020 Bond Technology and Curriculum Scopes of Work Needed General Funds to Replace Non-Compensable Expenses

Prior to the 2020 Bond, past school improvement bonds focused primarily on capital construction of buildings and capital projects to address health and safety needs such as asbestos and lead paint remediation in old structures. The 2020 Bond provided PPS the opportunity to include other asset areas into its bond scope to address overdue curriculum and technology needs that were tangible and capitalizable.²⁸ With it being PPS' first time determining the allowability of items in new program areas to be charged to the bond, various planned improvement costs from both Curriculum and Technology were found by the Bond Compensability Committee to not meet PPS' criteria for compensability. Other funds, primarily general funds, were used to pay for those non-compensable expenses. But even with these changes, PPS was still able to deliver its curriculum work to meet state compliance requirements and bring technology upgrades to the district as intended.

In a presentation to the School Improvement Bond Committee on March 4, 2021, OTL reported that there was an estimated \$18 million in non-compensable curriculum expenses needed to supplement the \$53.4 million in bond funds.²⁹ These expenses deemed non-compensable included the cost of professional development for teachers, extended work hours related to the professional development, certain student field test materials, supplies, and workbooks. In addition to this, of the \$53.4 million in bond funds, \$14 million or 26 percent was found to be non-compensable—the majority of which was originally imagined for Middle School Redesign that was found to be non-compensable and redistributed to Humanities, Digital Toolkit, and Mathematics.³⁰ Because this \$14 million was repurposed within the overall bond curriculum

²⁸ According to the PPS Bond Compensability Guidance (developed to align with Generally Accepted Accounting Principles), tangible assets are those that have physical substance, including buildings, equipment, vehicles, land, and computers. Capital equipment and/or furnishings are movable or fixed assets that must be non-expendable and are tangible property with an expected lifespan of more than one year. A tangible asset needs to retain its original shape and appearance with use and represent a substantial investment of money. Intangible assets are those items without physical substance that also have an initial useful life of over one year. Common examples include computer software, easements, licenses, and websites.

²⁹ Data from February 2023 was the best available breakdown of non-bond funds for the Curriculum scope of work during our audit fieldwork. As of February 2023, the estimated need for non-Bond funds was slightly reduced to \$17.7 million.

³⁰ The 2020 Bond Budget Summary provided on July 13, 2020, from the COO to the Board stated that the Middle School Redesign was an initiative to implement authentic, real-world learning experiences for students PK-12 including project-based learning, work-based learning, and problem-based learning opportunities. The bond funding for this redesign had been intended to provide necessary resources to engage in intentional teaching and learning experiences both virtually and in-person.

budget, students still received curriculum upgrades in other subject areas. Moreover, the non-compensable expenses did not have an impact on PPS' ability to meet ODE compliance requirements.

Similarly, within the technology bond category, PPS also identified planned expenses in its initial budget that were subsequently deemed non-compensable and OTIS reallocated funds within its budget. For the \$11.1 million initially set aside for enterprise resource planning (ERP) replacement planning, \$10.9 million was determined to be non-compensable and budgeted funds were reallocated to Technology Program Administration and Device Replacement categories within the overall Bond Technology scope of work. The reallocated amounts from ERP will fund other technology expenses in the Device Replacement subcategory that will provide a direct benefit to students and PPS staff—in line with the intent of the bond funds. Additionally, PPS allocated \$6 million in general funds to pay for non-compensable items identified through 2021 across the five categories as shown in Exhibit 12.

These non-compensability determinations were made throughout 2021—the first year that the 2020 Bond work was being implemented and bonds expended.

**EXHIBIT 12. BOND 2020 TECHNOLOGY NON-COMPENSABILITY ITEMS COVERED
WITH GENERAL FUNDS, AS OF FEBRUARY 2023 ^A**

Category	General Funds Added	Example Non-Compensable Item	Date of Non-Compensability Determination
Technology			
Classroom Modernization	\$50,000	Teaching station desktop extended warranties	7/21/2021
Device Replacement	\$35,000	Student laptop extended warranties	03/01/2022
ERP Replacement Planning	\$3.3M	All scope, except for initial planning research services	Spring 2021
Infrastructure & Security	\$396,000	Storage area network hardware extended agreement	7/13/2021
		Third party security assessment	4/21/2021
Tech Program Admin	\$2.3M	PPS language access translations for Bond 2020 Tech website content	11/16/21
Total General Funds	\$6M		
2020 Technology Bond Funds	\$128.2M		
Grand Total Bond + General Funds	\$134.2M		

Source: February 2023 BAC Report, Bond Compensability Committee (BCC) Meeting Minutes

Note A: Data is as of February 2023, when best available disaggregated data was provided to auditors

PPS Identified Metrics to Measure Curriculum and Technology Improvement Success, With Outcomes and Results Still to be Determined

To ensure that bond-funded improvements are providing value and the return on investment as intended, both OTL and OTIS identified several measures that were relevant and appropriate to gauge whether bond-funded curriculum and technology improvements were providing intended benefits to the District. However, actual results are not yet available.

For nearly two decades, PPS has not been fully compliant with state curriculum requirements due to lack of resources to fund needed curriculum updates. The 2020 Bond provided an opportunity to make these overdue curriculum improvements and OTL identified ways to assess the efficacy of the improvements with a goal of measuring outcomes before and after OTL implemented the bond curriculum improvement. Specific outcome measurements have not yet occurred, but OTL plans to measure success through the following efforts:

✓ **Standardized Test Scores**

As an educational institution, standardized test scores are one common method that PPS utilizes to evaluate student impact. Although it is challenging to causally tie test scores to a specific bond-funded curriculum improvements, the Oregon Statewide Assessment System administers annual assessments by subject matter and grade that can be utilized to help assess the impact of curriculum enhancements before and after the new adoptions take effect.

✓ **Stakeholder Feedback**

OTL plans to collect feedback from principals and teachers through classroom observations, surveys, and samples of work to assess effectiveness of curriculum at pilot sites over a defined interval. OTL's goal is to engage approximately 5 percent of teachers and classroom or more in participation, across all grade levels for which the curriculum is being taught and use that feedback to include in curriculum recommendations to be adopted. More specifically, OTL stated that PPS' plan is to test one unit, within each set of curricula. For example, one unit from the Social Studies curriculum, such as the Holocaust genocide, would be tested for the duration of the unit, if feasible—which includes gathering feedback from both teachers and students, assessing whether the curriculum was favorable from their perspectives, observing the classrooms using the materials, and reviewing sample student work that occurred during the process.

OTL also provided surveys available on the PPS website for parents and other stakeholders to provide feedback on pilot curriculum in place. A sample survey reviewed included solicitation of feedback on criteria such as rigor of the content, cultural relevancy and representation, and opportunities for student engagement. While it is not clear what methodology OTL will use to factor in stakeholder feedback into long term curriculum decisions, these vehicles to incorporate community buy-in represents positive efforts to involve stakeholders.

✓ **Electronic Material Utilization**

For some curricula with digital components, OTL can track student and educator use of products through an online platform. OTIS manages this platform and provides the data to OTL for decision-making such as which digital subscription to renew based on user usage. For example, OTL can review login statistics for teachers and students accessing digital learning applications.³¹

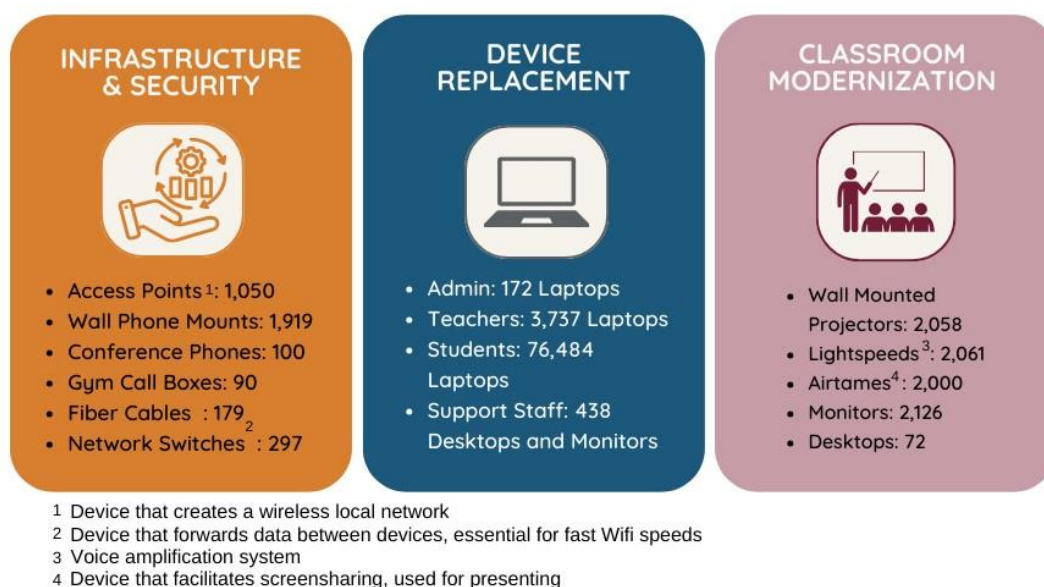
³¹ Online platforms include LearnPlatform, which is a Google Chrome extension that can be used for tracking educator product related metrics; and ClassLink which is an example dashboard within LearnPlatform that allows teachers and students to access digital learning applications such as iReady, which is used in math curricula.

Like curriculum, OTIS's bond technology performance outcome measurement efforts were still in-progress and development at the time of our audit. Acknowledging that measuring the success and outcomes of technology improvements is challenging to demonstrate a tangible outcome, OTIS identified some metrics it plans to consider for measuring success of 2020 Bond technology improvements, including:

✓ **Outputs**

By investing funds into updated technology, PPS elevated the ability of students, teachers, and staff to operate within current day technology and security standards. Exhibit 13 shows sample outputs delivered through the 2020 Bond funds. For example, as described earlier in this chapter, OTIS has completed delivery of its device replacement goals with more than 80,000 devices purchased for students, teachers, and administrators. Because technology is ever evolving and needs regular refreshment, the devices purchased with 2020 Technology Bond funds and used for classroom modernization inherently serve as one way to demonstrate improved technological advancement from what previously existed.

EXHIBIT 13. EXAMPLES OF OUTPUTS FROM 2020 BOND TECHNOLOGY EFFORTS ¹



Source: Auditor-generated based on documents provided by OTIS

Note 1: Because the bond did not promise specific quantities of outputs, no baseline values of outputs is available for comparison.

✓ **User Feedback**

Although the implementation of technology improvements represents an important first step in ensuring bond commitments are met, it is important that the intended users have buy-in and are receiving the intended benefits. As such, OTIS described plans to survey teachers once improvements are completed to gain feedback and apply lessons learned where possible for future improvements. According to OTIS, all installations required for classroom modernization improvements are scheduled to be finalized by the end of 2023, which will include Wi-Fi upgrades. In January 2024, teachers will be asked to provide qualitative feedback regarding Wi-Fi speeds

after Wi-Fi improvements are implemented. Additionally, teachers will be asked questions related to how disruptive the 2020 Bond technology installation process was to their classrooms, if they are satisfied with improvements provided, and other user impact related questions so that OTIS can apply lessons learned to future work.

✓ **Performance Metrics**

Though not specific to just bond-funded improvements, OTIS tracks various information technology related performance metrics at the district and reports them to the Council of Great City Schools.³² The Council issues an annual Report of the Performance Measurement and Benchmarking Project that establishes a common set of key performance indicators related to school operations, business services, and technology, among other areas so that urban public school districts can benchmark and compare performance against one another to improve operational performance. These metrics can provide a point-in-time comparison of PPS' performance for available technology related metrics before and after bond improvements were put into place. Related to technology, many metrics are included in the report such as, but not limited to, bandwidth per 1,000 students, number of devices per student, and Wide Area Network Availability among other metrics.³³ Although the latest report issued in 2022 for fiscal year 2020-2021 did not always cite PPS' submitted data in its report, OTIS-provided data for fiscal year 2020-2021 and 2021-2022 demonstrated improvements as shown in Exhibit 14—though the metrics are district-wide and not limited to bond-funded improvements.

For example, OTIS reported that internet speed improved two-fold from 10,000 megabits per second to 20,000 megabits per second with a greater number of megabits translating to faster internet speed. In another example, OTIS reported that the total minutes of wide area network outages reduced from 390 minutes to 270 minutes in one fiscal year—or a 31 percent positive change showing less outages. While these are unaudited, self-reported figures, OTIS demonstrates good foresight in using this data for performance measurement in determining if bond-funded technology improvements provided intended values to the district.

³² The Council of Great City Schools is a coalition of 78 of nation's largest urban public school systems dedicated to the improvement of education for children in inner cities.

³³ WAN is the technology that connects offices, data centers, cloud applications, and cloud storage together and can be used to assess connectivity and performance.

EXHIBIT 14. EXAMPLES OF TECHNOLOGY PERFORMANCE IMPROVEMENTS BETWEEN FY 21 AND FY 22

2020-21		2021-22
0 Computers	Number of district computers less than 1 year old	7,518 Computers
10,000 mbps	Standard available Internet bandwidth (in megabits per second)	20,000 mbps
390 Minutes	Total minutes of all outages on WAN circuits	270 Minutes

Source: Self-reported data submitted by OTIS to CGSC for 2020-21 and 2021-22 ActPoint KPI Information Technology Survey.

Recommendations

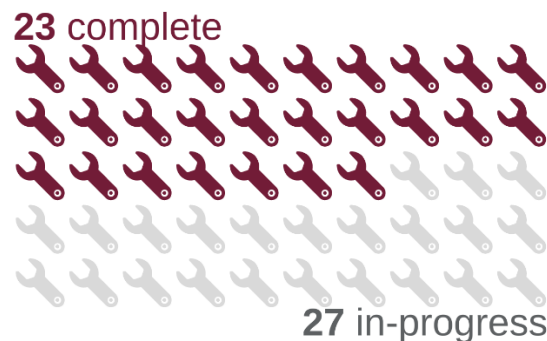
No Recommendations.

Appendix A: Status of Prior Performance Audit Recommendations

While the Office of School Modernization (OSM) retained its commitment toward addressing prior Bond audit recommendations, no evidence of progress has been provided on addressing recommendations since the last audit cycle in 2022. An updated report to the Bond Accountability Committee in May 2023 noted several additional recommendations have been closed since the fiscal year 2021-2022 report, but auditors were not able to verify reported progress because OSM was not able to provide timely supporting documentation.

In total, there have been a total of 50 audit recommendations from the four past performance audits between 2019 and 2022.³⁴ As of May 2023, there were 27 recommendations still in-progress, or 54 percent, of the total outstanding recommendations as shown in Exhibit 15.

**EXHIBIT 15. SUMMARY STATUS OF ALL 2017 AND 2020 BOND PERFORMANCE AUDIT RECOMMENDATIONS
AS OF MAY 2023**



Source: Auditor-Generated based on review of underlying documentation supporting the implementation progress.
Note: All prior audit reports are available on the PPS website at <https://www.pps.net/Page/15137>.

The ten newest recommendations from the most recent fiscal year 2021-2022 audit report have not yet been addressed. Four out of these ten recommendations related to improvements needed for CBSE such as a formal framework for management and staffing with clear roles and responsibilities, an updated implementation schedule with targets, a plan for capital purchases or building, and a structure to monitor progress against plans. While PPS made progress outlining plans to engage the CBSE community in program design with an estimated calendar of engagement, these efforts have not progressed to reach the phase to address the more operational steps detailed in the audit recommendations. As of May 2023, no 2020 Bond funds have been expended in this area and it is still unknown what capital improvement projects will be planned as part of CBSE. The CBSE Design and Engagement calendar estimated that it would continue its research period through May 2023—which is a two-year delay from when the baseline 2020 Bond Program conceptual schedule estimated that planning would be complete. As such, the risk remains that CBSE will not be delivered on-schedule or as intended.

³⁴ All 96 recommendations from the 2012 Bond Performance Audits were addressed and closed in prior performance audit cycles. A separate independent auditor conducted the 2012 Bond Performance Audits between 2014 and 2017. Sjoberg Evashenk Consulting, Inc. conducted the 2017 and 2020 Bond Performance Audits were conducted by in 2019, 2020, 2021, and 2022.

Further, no support was available to determine progress on the following outstanding recommendations that remain open from prior years:

EXHIBIT 16. SUMMARY OF OUTSTANDING RECOMMENDATIONS FROM 2017 AND 2020 BOND AUDITS, AS OF MAY 2023

	# Open Recs	Summary
Year 1 (Phase II) FY 2018-2019	1	This recommendation related to OSM providing written guidance on OSM's decision-making hierarchy and training on standard practice for value engineering and design deviations on future projects. While these items were still under review by the OSM Audit Implementation Team, the recommended actions will not be critical until future capital construction projects begin the design phase.
Year 2 FY 2019-2020	7	Two out of the seven outstanding recommendations cannot be addressed until all the 2017 projects are closed out and when the next projects commence using the Construction Manager-General Contractor delivery and contracting approach. The remaining five outstanding recommendations related to improvements needed such as being more consistent on documenting costs for change orders, evaluating payment terms and conditions on contracts, and adjusting contract language to prohibit contractors from starting work before formally authorized.
Year 3 FY 2020-2021	9	Eight recommendations related to bolstering PPS' contractor business equity program. The remaining recommendation called for strengthening protocols to capture institutional knowledge for Bond communication efforts.
Year 4 FY 2021-2022	10	In addition to the four recommendations related to CBSE, three recommendations related to reviewing PPS' Workforce Equity program, two recommendations were related to revisiting and reporting performance metrics, and one recommendation was for PPS to complete development of construction close-out policies and processes.
Total	27	

Source: Auditor-generated based on prior Bond Performance Audit reports.

Appendix B: Audit Methodology

The Portland Public School District (PPS) hired Sjoberg Evashenk Consulting, Inc. in October 2018 to conduct annual performance audits of the School Improvement Bonds over a four-year period for the 2017 Bond. In November 2020, the 2020 Bond was passed and another four-year cycle of performance audits began with this year's fiscal year 2022-2023 report. Each year, auditors assess performance and focus on different Bond programs and project areas. For this performance audit cycle, we reviewed 2017 and 2020 Bond program activities for the period between April 1, 2022, through June 30, 2023, in the following areas:

1. 2017 & 2020 Bond Status
2. Career Learning Equity
3. 2020 Bond Curriculum and Information Technology "Deep Dive"
4. Prior Audit Recommendations

Sjoberg Evashenk Consulting performed a variety of detailed audit tasks including, but not limited to, the following fieldwork steps.

To guide our overall analyses across audit task areas, we conducted interviews with and sent inquiries to PPS staff and stakeholders from various offices and departments including:

- Office of School Modernization (OSM): Senior Director, Senior Manager of Business Operations, Certified Business Program Manager, Director of Construction, Senior Project Managers
- Office of Technology and Information Services (OTIS): Chief Technology Officer, Senior Director of Technology Operations, Communications and Change Manager
- Office of Teaching and Learning (OTL): Chief Academic Officer, Manager of Instructional Resources Adoption
- Career and Technical Education (CTE): Assistant Director of Career and Technical Education, Strategic Business Partnerships Managers
- Finance: Director of Purchasing and Contracting, Solicitations Manager, Senior Contract Analyst
- Executive Team: Chief Operating Officer, Superintendent, Chief of Staff
- PPS Board of Education (Board) members and Bond Accountability Committee (BAC) members
- Contractors and consultants involved in 2017 and 2020 Bond work

To determine the overall bond status of the remaining 2017 Bond projects and for the 2020 Bond in terms of cost and schedule, we:

- Analyzed the schedule delivery status and budget status overall for the 2017 and 2020 Bond projects as of May 2023 by reviewing underlying cost and schedule estimate at completion reports from the e-Builder system provided by OSM and materials presented to the Bond Accountability Committee in May 2023

- For some Bond subcategories like curriculum and technology, auditors also reviewed eBuilder data from February 2023 because it was the most updated available data with detailed breakdown of expense categories
- Investigated variances in budget and schedule and assessed reasonability of challenges if any issues were identified and plans for remediation if available
 - For instance, to determine if Harrison Park K-8 School's scope increase was reasonable, auditors reviewed the 2021 Long Range Facility plan, eBuilder budget changes and funding sources for Harrison Park, Board resolutions, and planning documents on PPS' website of capacity and enrollment needs that led to the scope increase using bond-funds
- Reviewed baseline schedules and planning documents to compared delivery status to initial plans

To evaluate PPS' Career Learning Equity program and whether PPS met its objectives, we:

- Reviewed Board Policy 8.50.095 and Administrative Directive 8.50.098 to identify the program's objectives, scope, and any stated requirements. Reviewed past iterations of the AD and associated staff memos
- Analyzed PPS' Career Learning opportunities database, Partner Connect, and its functionalities and obtained sample data for assessment
- Identified what protocols, procedures, and additional structures existed for the program to supplement the Administrative Directive, such as reviewing program contractual obligations included in bond contracts
- Reviewed annual Equity in Contracting reports to the Board to determine what outcomes and reporting occurred
- Validated sample career learning opportunities that were reported to have occurred on Bond contracts by reviewing sample supporting documentation from contractors and consultants
- Researched best practices in program and project management that are applicable to the Career Learning program

To assess whether practices in place at OTL and OTIS adequately ensured curriculum and technology improvements will be delivered as intended, we:

- Reviewed criteria guiding curriculum and technology improvements such as the Oregon Department of Education (ODE) administrative rules, strategic plans, OTIS purchasing rules, and other available guides.
- Assessed tools, systems, and software used by both OTL and OTIS to manage bond work

- Compared reported curriculum and technology progress to the BAC and public against underlying data in eBuilder, internal tracking spreadsheets, and sample contracts and purchase orders to confirm delivery of pledged work
- Evaluated OTL and OTIS' methodologies used for decision-making related to quantities of bond-funded purchases, improvement scopes of work, quality and type of products procured, and other factors considered to ensure both offices were good stewards of funds
- Reviewed whether curriculum and technology had identified ways to evaluate whether bond improvements are providing intended benefits and assessed whether identified metrics appeared reasonable

To determine the status of prior audit recommendations, we:

- Followed-up on the status of prior 2017 and 2020 Bond performance audit recommendations focusing on those recommendations categorized as open.
- Where applicable, verified auditee responses through fieldwork analyses, observations, and documentary review. Implementation status of areas not within the scope of this year's audit will be reviewed during future performance audits.
- Assessed corrective action on prior external construction audit recommendations were not included in our performance audit since that external auditor is reviewing corrective actions and implementation status as part of current construction audits.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix C: Auditee Response



PORTLAND PUBLIC SCHOOLS
OFFICE OF SCHOOL MODERNIZATION
501 North Dixon Street / Portland, OR 97227
Telephone: (503) 916-2000
Mailing Address: P. O. Box 3107 / 97208-3107

MEMO

Date: May 2, 2024
To: Cathy Brady, Principal
Sjoberg, Evashenk Consulting Inc.
From: Stormy Shanks, Senior Director
Office of School Modernization
Subject: Performance Audit – Fiscal Year 2022/2023
Staff Response

Portland Public Schools (PPS) and the Office of School Modernization (OSM) have received and reviewed Sjoberg, Evashenk Consulting (SEC) 2022/2023 February 2023 Draft Audit Report titled "Annual Bond Performance Audit: Performance Audit – Fiscal Year 2022/2023" (the Draft Report).

PPS appreciates SEC's work this year in reviewing career learning equity, 2020 Bond Curriculum, and 2020 Bond Technology. We are pleased to note that SEC recognized the strong frameworks PPS put in place for implementation of both the 2020 Bond Curriculum and 2020 Bond Technology funding. These strong frameworks led SEC to conclude that no audit recommendations were needed for these audit areas. We also appreciate SEC's acknowledgment of the challenges inherent in implementing a district-wide program such as career learning equity without dedicated resources in PPS departments other than OSM. Their recommendations recognize that ongoing budget concerns in those non-Bond funded departments may require a reassessment of the scope and goals of the program. Similarly, as PPS continues contending with the impacts of high inflation on project costs, SEC has noted the diligence PPS has put into ensuring that it continues to address physical improvements in line with the 2020 Bond intent, even when the number of projects needs to be fewer due to higher costs per project. As with all audit reports and recommendations, PPS is committed to continuous quality improvement and providing Bond-funded improvements in an environment of quality, accountability and transparency.

Based on our review of the Draft Report, PPS has prepared responses to each of your 2 recommendations. Each response contains one of the following statements:

- Concur – Goal is to implement the recommendation by December 30, 2024
- Concur with Comment – Goal is to implement the recommendation by December 30, 2024 with qualifying comments
- Nonconcur – Recommendation may not be implemented with comments to explain
- Completed – Recommendation has been implemented

The following table presents a tabulated summary of PPS's responses.

#	Abbreviated Recommendation	Dept	Response
1	Research and assign resources needed to implement a structured Career Learning Equity Program that has clearly designated roles and responsibilities, protocols for coordination, contractor and consultant management, data management and reporting, and set targets to track outcomes.	PPS	Concur with comment
2	Alternatively, revise the Administrative Directive to limit the scope of the Career Learning Program to align with the district's capacity more appropriately.	PPS	Concur with comment

Attached is our specific response to each of your recommendations. Please contact me if you have any questions or comments. Thank you again for your hard work and efforts to identify areas for improvement.

Recommendation 1

Research and assign resources needed to implement a structured Career Learning Equity Program that has clearly designated roles and responsibilities, protocols for coordination, contractor and consultant management, data management and reporting, and set targets to track outcomes.

Staff Response: Concur with comment

Staff concur with this recommendation that resources are needed to implement the Career Learning Equity program as it was originally envisioned, while noting that budget challenges continue to create capacity issues in the non-Bond funded PPS departments that play a critical role in this program.

Recommendation 2

Alternatively, revise the Administrative Directive to limit the scope of the Career Learning Program to align with the district's capacity more appropriately.

Staff Response: Concur with comment

Staff agree that this may be the appropriate response to District capacity challenges, and will review this option as part of reviewing implementation and development needs noted in Recommendation 1 above.
