

**Community Budget Review Committee of Portland Public Schools (PPS)
Review of the 2016/17 Proposed Budget**

The Superintendent's proposed 2016/17 Budget will maintain several large investments in instructional and support staff that have been made over the last few years including more counselors, library/media specialists, full-time secretaries at every school, and kindergarten assistants to help achieve the Superintendent's and Board of Education's (Board) priorities. Thanks to our Local Option Levy, PPS is able to maintain this level of school staffing despite the disappointing funding coming from the State for the 2015-17 biennium.

For several years, CBRC has recommended that PPS work toward greater transparency in the budget process by developing a more user-friendly budget document available to the general public. We are gratified that the District published a summary budget document for the 2015/16 Budget and look forward to future iterations. We are interested in continuing to improve the accessibility of the full budget document.

We are also particularly pleased to note that the Board adopted the Budget Principles, developed by this committee based upon Government Finance Officers Association (GFOA) recommendations, which will help drive the budget process. Budget principles set forth the ideals that the District's decision makers will adhere to as they develop the budget and can help counteract the tendency to induct short-term emotion into decisions that have long-term consequences.

Reserves

In 2002, the Board adopted a policy that states it is the goal of the Board to maintain an operating contingency in the General Fund that is at a minimum of 3% of annual expenditures. Based on Amendment No. 1 to the 2015/16 Budget, unassigned contingency currently stands at only 2.3% of total annual expenditures and the proposed 2016/17 budget includes a modest increase to 2.475%. The Board is NOT within its policy guidelines and has put the District at risk for being unable to manage unexpected expenditures.

Furthermore, CBRC finds that an operating contingency in the General Fund of 3% does not comply with recommended practices established by the GFOA and recommends that the Board establish a 5% unassigned contingency by June 30, 2019. We recommend that by June 30, 2024, the Board increase the operating contingency to 10%, the level recommended by GFOA, to ensure the district can meet its commitments to the community even in the face of short-term fiscal shocks that are almost inevitable given Oregon's state school funding system.

Equity

This Proposed Budget maintains the District's investment in services for underserved populations in accordance with the Racial Educational Equity Policy. It was disappointing to learn during the District-wide Boundary Review Advisory Committee (DBRAC) process that some equity allocations were being used to provide the core program rather than supports for underserved populations. We commend District staff for implementing a financial tool in 2016/17 staffing to better track and monitor how equity allocations are used within schools. It is important that the District know how this funding is being spent and consider how best to manage those allocations based on the data.

We would also like to express our approval of the District's work to reduce exclusionary discipline, meeting part one of its goal to reduce overall exclusionary discipline by 50% one year early. However, the lack of movement in reducing the disproportionate discipline rates for students of color compared to their White peers remains an area of concern. We encourage the district to establish additional guidelines and strategies for meeting this second part of the priority goal. CBRC recommends that the district include special education and English language learner populations in its disproportionate discipline reporting, preferably stratified by race and ethnicity. In light of concerns expressed by teachers and parents about school climate issues, CBRC

requests that reports on the exclusionary discipline data be more comprehensive. For example, they could include specific data on expenditures for training and staffing to implement alternative approaches to behavior issues (e.g., PBIS, Restorative Justice, SWIFT, Reach 2020).

Enrollment Balancing

This year the District and Board undertook a major multi-phase effort to balance enrollment and shift away from the K-8 model to achieve equity in programming for middle grade students throughout the district. We commend the District for its early investments in time and money in this work. The Proposed Budget allocates \$1.8 million to fund the cost of implementation activities, including hiring two principals in advance of opening new middle schools at Tubman and Roseway Heights, adding bus routes, providing custodians, and facility improvements.

These first steps ensure that more students will receive a quality education with a robust core program. The complexity of providing a comprehensive core program to all students is obvious and the enrollment balancing work is one part of it. We are pleased to see that the Proposed Budget includes increased funding to allow for scheduling parity and access to compacted math for the middle grade students in K-8 schools. However, there remains a significant gap in offerings available to these students, most acutely in the under-enrolled K-8s. We note that the District added 10 FTE to the set-aside staffing pool in 2016/17 to address core program needs. We encourage the District to consider adding sufficient FTE in subsequent years to increase curricular offerings, particularly electives, to under-enrolled K-8 schools pending the opening of new middle schools.

Evaluation

For the last several years, CBRC has requested that PPS prepare a report that clearly shows the linkage between budgetary allocations and the District's goals. With the adoption of Budget Principles this year, the Board has codified the need for critically reexamining patterns of expenditures and spending decisions. It is time for the District to meet this expectation.

In particular, the significant investments made over the last three years should be monitored and evaluated for effectiveness. Outcome measures (e.g., third grade reading scores, graduation rates, discipline rates) should be accompanied by meaningful and actionable interim measures that can identify promising and disappointing practices, and evaluate progress toward the District's goals. We recommend the development of meaningful quantitative and qualitative indicators to allow timely assessment of how investments such as equity allocations, counselors, kindergarten staffing, and library/media specialists are being used; how consistently they are being implemented; and how they are benefiting students. This would allow the District to make appropriate adjustments more quickly, help build an internal capacity for continuous learning, and provide invaluable information for future budgetary deliberations.

Concluding Remarks

CBRC acknowledges the positive impact of the continuation of the 2015/16 increased investments in the 2016/17 budget. We also recognize the continuing benefit of the Local Option Levy and the improving economy. We commend the Board for adopting Budget Principles that focus on the core program, a long-term perspective, and consistent evaluation when approaching the budget process.

We appreciate the work of PPS to maintain significant investments that are strengthening our schools in line with our adopted principles. However, the long-term sustainability of these investments requires the Board to build a healthy reserve fund at the same time as it funds new investments. The Board must commit to the educational careers of all of our students, not just their experience next year.

Further, CBRC strongly supports efforts to monitor and evaluate programs. We look forward to seeing the results of equity allocation tracking and hope that similar tools and efforts will be undertaken to evaluate all of

the District's key investments. It is essential that PPS demonstrate that its funding choices are effective and responsible.

CBRC respectfully submits this report to the PPS Board of Education:

Rita Moore, Co-Chair; Tom Fuller, Co-Chair; Dick Cherry; Christina Cowgill; Anjala Ehelebe; Roger Kirchner; Eilidh Lowery; Scott McClain; Harmony Quiroz; Betsy Salter; and Patrick Stupfel.

**Community Budget Review Committee for Portland Public Schools
Local Option Levy Review 2015-16**

The Community Budget Review Committee (CBRC) conducted a general review of Portland Public Schools (PPS) expenditures of the Local Option Levy (Levy) funds approved by voters in November 2014. Measure 26-161 mandates independent citizen oversight to ensure tax dollars are used for purposes approved by local voters.

The CBRC examined Levy data to determine the use of funds in the following areas:

- Help maintain and lower class sizes that permit more individual attention for students;
- Help to support a well-rounded program, with enrichments for elementary and middle grades and electives in varied interest areas and disciplines for high school students; and
- Provide funding equivalent to 640 teaching positions.

The CBRC has the following comments:

- The CBRC finds in the fiscal year 2015-16, it appears that all Levy funds have been spent as approved by voters.
- With the help of Levy funding PPS was able to improve staffing ratios over 2013-14 to those shown below for 2014-15; they were continued unchanged into 2015-16.

	2013-14	2014-15	2015-16
K-5 Schools (Adopted):	26.9:1	25.8:1	25.8:1
K-8 and K-12 Schools (Adopted)	25.6:1	24.0:1	24.0:1
Middle Schools (6-8) (Adopted)	25.25:1	24.75:1	24.75:1
High Schools (9-12) (Adopted)	25.72:1	23.65:1	23.65:1

- The Levy is also designed to help support well-rounded programs, enrichment for elementary and middle schools, and electives in varied interest areas for high schools. Since the Levy was passed in November 2014, the following actions have been implemented by the District to begin providing additional support as a result of the added staffing outlined above:
 - Met a new planning time commitment for K-5 teachers;
 - Help schools meet core program requirements; this enhancement includes providing support for a well-rounded program with enrichments for elementary and middle grades; and
 - Support students reaching the third grade reading milestone goal through strategies such as a reading specialist or class size reductions in early grades.
- In the Superintendent’s Proposed 2016-17 Budget, the renewed Levy will help continue the improvements implemented in 2015-16 for middle grade elective offerings, college and career readiness staffing for middle grades and high schools, additional counselors with at least a full-time position in every school, full-time library coverage and a minimum of a half-time media specialist in every school, and additional support for

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athletics in middle grades and high schools including the following programs and staffing commitments implemented in 2014-15:

- College and Career Readiness Staffing for Middle Grades and High School:
 - Middle Grade Electives: Art, Music, AVID (17 FTE)
 - High School & Career Readiness, AVID (13.5 FTE)
- Additional Counselors with at least a Full-time Position in Every School:
 - Elementary Schools: 14.5 FTE
 - K8/MS: 21.5 FTE
- Full-time Library Coverage
- A Minimum of a Half-time Media Specialist in Every School:
 - Library Media Specialists in K5, K8 and MS: 41 FTE
- Additional Support for Athletics in Middle Grades and High School
 - Increase HS Athletic Directors to full time
 - Add a MS Athletic Director
- Add EA Support for Kindergarten: 21.5 FTE
- Add Literacy Coaches: 8 FTE
- Add HS Teachers: 20 FTE
- With respect to the use of Levy funds for maintaining teaching positions, PPS has received \$73,655,465 as of April 26, 2016 from Multnomah, Washington and Clackamas Counties. Based on the 2015-16 receipts and an average teacher cost of \$97,188, Levy funds supported approximately 757 teaching positions for the 2015-16 fiscal year. This meets the stated goal of supporting at least 640 teaching positions.
- Effective with the 2013-2014 fiscal year, PPS established a procedure adopted for the federal stimulus funds and which was acceptable to the federal government whereby Levy funds are placed in a “sub-account” within the General Fund and can only be used to pay teachers’ salaries and benefits. This provision was written into Measure 26-161’s Explanatory Statement and is part of the current Levy language. Through April 26, 2016 PPS has collected \$73,655,464.75 in Local Option Levy funds which have been deposited into the sub-account.
- Finally the Levy language continues to require independent citizen oversight to ensure that tax dollars are used as approved by local voters. The PPS Board of Education has appointed the CBRC as the citizen oversight body to perform this function.

The CBRC would like to take this opportunity to again thank the voters for approving this vital funding source for Portland Public Schools that will help ensure that our students continue to receive benefits from the additional teachers, lower class sizes and enriched classroom offerings afforded as a result of our Local Option Levy. The Local Option Levy helps mitigate the state’s underfunding of K-12 education.

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