

**Local Option Levy Renewal Documents for August 13 vote**

- 1. 8/13 DRAFT Resolution (includes ballot caption, question and explanatory summary)**
- 2. 8/13 staff report**

---

**1. 8/13 DRAFT Resolution**

**RESOLUTION No.**

**Call for Five-Year Local Option Levy to Support Schools**

**RECITALS**

- A. Strong public schools are the foundation of a great city, supporting families, keeping neighborhoods vital, building community and strengthening the local economy.
- B. Successful schools are proven to contribute to all residents' quality of life, attract business and reduce crime.
- C. Portland Public Schools (PPS) serves more than 49,000 students and enrolls a higher share of the city's students than most urban school districts in the country.
- D. PPS, through conversations and engagement with the greater Portland school community, created a vision that reimagines what and how our students will graduate prepared for college, career and beyond. By identifying the essential skills and attributes educators should have, and changes needed in our school systems, the school district will release a multi-year strategic plan in the 2019-20 school year focused on ensuring that all students have equitable opportunities to achieve high academic goals and outcomes.
- E. Supporting the school district's staffing levels and educational programming to support every student's success is essential to realizing the vision and implementing the strategic plan.
- F. As far back as 2001, after decades of disinvestment in K-12 schools, Portland voters have showed their support for strong schools and educational programs by approving a local option levy to fund PPS schools.

## REVISED

G. As recently as 2014, voters again affirmed their support for Portland Public Schools by passing a second, five-year local option levy to support teaching positions and educational programs by a margin of 72%.

H. The PPS local option levy was intended to support a minimum of 640 teaching positions each year however, over the five-year period of the 2014 levy, it will have supported an average of 825 positions each school year, contributing to the school district's equitable staffing model and commitment to providing necessary supports for struggling students.

I. PPS has exercised strong financial management over benefits costs, with all employees paying a share of health care premiums and all employees paying the 6-percent contribution into their retirement plans (a cost picked up by many public employers), and by refinancing the school district's PERS retirement obligations to save millions of dollars each year.

J. This local option levy requires independent oversight by the Citizens Budget Review Committee (CBRC) to ensure that levy dollars are used only for purposes approved by local voters.

K. The CBRC has affirmed, in annual reports to the PPS Board of Education, that local option funds have primarily been used to fund hundreds of teachers and maintain or lower class sizes. It urges the Board of Education to refer another five-year local option levy in the interest of maintaining teaching positions.

L. All funds raised under this proposed levy will be used exclusively for Portland students in PPS schools; and none of the funds will go to the state for distribution under the state school funding formula.

## **RESOLUTION**

1. The Board shall ask voters to approve a five-year local option levy in November 2019 that will provide an estimated \$99.9 million in 2020-2021; \$103.9 million in 2021-2022; \$108.1 million in 2022-2023; \$112.4 million in 2023-2024; and \$111.9 million in 2024-2025.

2. The levy revenue shall be used to fund teaching positions and classroom supports.

3. The fully allowable levy rate shall continue to be \$1.99 per \$1,000 of assessed value, which is estimated to cost roughly \$39.00 per month for a median home assessed at \$233,925 per year in the PPS district.

4. The Citizen Budget Review Committee will continue to provide independent oversight so that the funds are spent as the voters intended. The CBRC will continue to publish an annual report about the use of the local option revenues and their contribution to student achievement.

5. The Board will continue to commission performance audits of the school district’s activities, programs and services to achieve cost savings through increasingly efficient use of resources, as well as to seek opportunities to improve school effectiveness and capacity-building for increased accountability. Audits will continue to be conducted by independent auditors who will work at the direction of the Board to define the scope and design of audits.

6. The Board of Directors of School District No.1, Multnomah County, Oregon, finds that for the reasons and purposes described in the proposed measure set forth below, it is necessary and appropriate to levy a local option tax under ORS 280.040 et seq. for the fiscal year beginning July 1, 2020, and for four additional fiscal years thereafter each commencing July 1.

7. A serial levy election is hereby called to be held at the General Election on the 5th day of November 2019, in the manner and between the hours provided by law, at which there shall be submitted to the electors of School District No. 1, Multnomah County, Oregon.

8. PPS authorizes the Board Chair, Superintendent, or his designee (the “Authorized Representative”) to take any actions necessary to place the measure that is attached as Exhibit A on the November 5, 2019 election ballot, and to place the explanatory statement that is attached as Exhibit B in the voter’s pamphlet for that election. The Authorized Representative shall file the measure with the elections officer of Multnomah County not later than August 16, 2019 and the explanatory statement not later than September 5, 2019.

**EXHIBIT A:**

**CAPTION (10 words):** Levy Renewal to Maintain Teaching Positions and Classroom Supports

**QUESTION (20 words):** Shall district maintain teaching positions, classroom supports; renew levy of \$1.99 per \$1,000 assessed value for five years beginning 2020? This measure renews current local option taxes.

## REVISED

**SUMMARY (175 words):** Portland Public Schools' current local option levy was approved by voters in 2014 to provide funding for schools over 5 years. The renewed levy will provide an estimated \$99.9 million in the first year. Over the past five years, the levy has funded an average of 825 teaching positions each year and, if approved, the renewed levy is projected ~~estimated~~ to maintain that average over the next five years.

This renewed local option levy would continue to fund teaching positions to:

- Support a well-rounded education, including career and technical programs and enrichments and electives for all students.
- Help maintain class sizes
- Provide supports, such as reading specialists, for struggling students, ~~such as reading specialists~~.

Levy cost remains \$1.99 per \$1,000 assessed property value, the same as the 2014 levy.

Funds will be placed in a sub-account, and independent citizen oversight will review expenditures to verify that funds are used as approved by voters. No levy funds ~~go~~ will be spent for administration. ~~Independent p~~ Performance auditing of school district programs also will be done.

The levy will produce an estimated \$99.9 million in 2020-2021; \$103.9 million in 2021-2022; \$108.1 million in 2022-2023; \$112.4 million in 2023-2024; and \$111.9 million in 2024-2025. ~~The estimated tax cost for this measure is an ESTIMATE ONLY based on the best information available from the county assessor at the time of estimate and may reflect the impact of early payment discounts, compression and the collection rate.~~

### **EXHIBIT B:**

#### **EXPLANATORY STATEMENT (500 words)**

Portland Public Schools currently serves over 49,000 students in 81 schools and other programs throughout the neighborhoods of Portland.

## REVISED

For the ninth straight year, PPS' 4-year graduation rates increased in 2017-2018. The graduation rate of 79.6% remains above the statewide average and has risen more than 17 points since 2010.

In serving the students of Portland, the district continuously strives to be fiscally responsible with taxpayer resources. Through many years of budget cuts, the school district and Board have worked to preserve classroom education. At the same time, PPS has advocated for a greater level of state investment by the Legislature and worked to ensure that all dollars are spent well and used for educational services for students. In December 2018, independent auditors gave PPS a clean ~~financial~~ bill of financial health, ~~and~~ ~~the~~ the district will receive regular independent performance audits to monitor effective use of taxpayer resources.

The legislature has recently increased its investment in K-12 education, but more investments are needed to continue to build career and technical programs, maintain class size and better support struggling students. In the meantime, funds raised by this local option levy will help to close the funding gap.

If renewed, the levy is estimated to produce \$99.9 million for Portland Public Schools in school year 2020-2021. The proposed levy renewal would:

### **Fund teaching positions and classroom supports at every school in the district**

- The funds help support a well-rounded education, with enrichments for elementary and middle grades and electives in varied interest areas and disciplines for high school students.
- The funds help support career and technical programs and STEM programs, including computer science education, so students can graduate with the skills necessary to be career or college ready.
- Over the past five years, the levy funded an average of 825 teaching positions annually. If approved, that average will be maintained.
- Academic support for struggling students is included.

### **Continue to provide fiscal accountability and independent oversight**

- This renewal maintains the existing local option levy rate of \$1.99 per \$1,000 assessed value and ensures that all funds raised are directed to the voter-approved purpose of supporting schools.

**REVISED**

- This local option requires independent citizen oversight so that tax dollars are used only for purposes approved by local voters.
- Funds will be placed in a sub-account to ensure their correct use and accurate reporting.
- No funds from this local option levy will be used for district administration.

**Maintain the existing tax rate of \$1.99 per \$1,000 of assessed value**

- For a home with an average assessed value of \$233,925, the cost would be less than \$39 per month, or \$465 per year.

This local option levy replaces the one passed by voters in 2014, and maintains the existing tax rate. ~~For a home with an average assessed value of \$233,925 and taxed at the maximum levy rate of \$1.99 per \$1,000 of assessed value, the estimated cost would continue to be about \$465 per year or \$39 per month.~~

Submitted by Guadalupe Guerrero  
Superintendent Portland Public Schools

**2. Aug 13 Staff Report**

**Board Meeting/Work Session Date: August 13, 2019**

**Senior Lead: Stephanie Soden, Executive Chief of Staff  
Claire Hertz, Deputy Superintendent**

**SUBJECT: Recommendation to refer renewal of Local Option Levy to voters for November 2019 General Election**

**I. BACKGROUND**

Portland Public Schools’ five-year local option levy was approved by more than 70% of the district’s voters in November 2014 for a \$1.99 per \$1,000 of assessed property value. Similar to many districts across the state, PPS supplements dollars allocated through the state school fund by administering a local option levy. When passed in 2014, the goal was to fund an additional 640 teaching positions to relieve overcrowding

in classrooms and ensure a more equitable staffing model across the district. Each year of the levy, the district has been able to fund significantly more positions:

- 2015-16: 757 teaching positions
- 2016-17: 827 teaching positions
- 2017-18: 790 teaching positions
- 2018-19: 870 teaching positions

In 2019-20, PPS is projected to receive \$96,056,745 of revenue. In order to continue the levy and sustain this level funding for teaching positions in school year 2020-21, the Board will need to refer the renewal to district voters for approval at the November 5, 2019 general election.

**I. RELATED POLICIES/BEST PRACTICES**

N/A

**II. ANALYSIS OF SITUATION**

Portland Public Schools has received \$93,342,239 for 2018-19 as of May 2019 from Multnomah, Washington, and Clackamas Counties. Based on the 2018-19 receipts and an average teacher cost of \$107,344 including salaries and benefits, levy funds have supported approximately 880 teaching positions for the 2018-19 fiscal year. This meets the levy goal of supporting at least 640 teaching positions.

**III. FISCAL IMPACT**

The local option levy is anticipated to generate \$96,056,745 in operating revenue to fund more than 800 teaching positions in 2019-20. Failure to refer or approve the levy renewal in 2019 could result in the loss of these teaching positions in 2020-21 and beyond because the levy serves as the sole funding source for this additional teaching capacity across the district.

Per Oregon law, school district local option collections are excluded from the State School Fund formula up to a prescribed limit. The limit is updated each year, and for fiscal year 2018-19, the per student limit has applied for a total limit of \$116,835,420 for Portland Public Schools. It is important to note, if projected collections are close to the applicable limit, future growth in levy revenue could result in actual revenues exceeding the limit and impact the amount received by the district for the State School Fund formula. As such, staff recommends that the Board maintain the existing rate of \$1.99 per \$1,000 assessed value to ensure that State School Funds are maintained at the maximum extent possible.

**IV. COMMUNITY ENGAGEMENT**

In its analysis of the district's 2019-20 budget, the Community Budget Review Committee (CBRC) learned of the significant importance of levy revenues on the district's ability to attract and retain teachers and maintain relatively low teacher to student ratios and an equitable staffing model. In its May 2019 report to the Board the CBRC recommended that the Board consider the referral a levy renewal measure to the voters in fall of 2019 in order to maintain the current tax levy rate and sustain 800 teaching positions in the coming school year.

Staff presented a preliminary levy renewal concept and timelines at Board work sessions in April and July 2019. On August 6, the Board invited members of the general public and school communities to provide feedback on their consideration of renewal resulting in approximately one dozen individuals representing a variety of stakeholders providing testimony in support.

## **V. TIMELINE FOR IMPLEMENTATION/EVALUATION**

The Multnomah County Elections Division has established the following deadlines for measures coming before the voters on November 5, 2019:

- Friday, Aug 16, 2019 - Deadline for Special District to file notice of ballot title with County Elections for publication
- Thursday, Sept 5, 2019 - Measure filing deadline
- Sept 9, 2019 - Voters' Pamphlet deadline for measure arguments
- Nov 5, 2019 - Special Election date

It is important to note that the Multnomah County Elections Division's timelines are different than in previous years, resulting in a two-step referral process. As outlined above, only the proposed ballot title is due in mid-August, followed by the full measure's referral in early September. Due to the possibility of a ballot title challenge by potential opponents, it is essential that the notice of ballot title be filed in advance of the Aug 16 deadline so that if the ballot title is challenged it will be adjudicated by the Sept 5 deadline, and be referred to the November 5 ballot.

## **VI. BOARD OPTIONS WITH ANALYSIS**

To continue local option levy revenue and sustain the level of teaching positions in 2020-21, the Board will need to refer the levy renewal to the district voters for approval at the November 5, 2019 election. To maintain the current staffing level funded by the levy - an average of 825 positions annually over the past five years - the Board would need to continue the same tax rate of \$1.99 per \$1,000 of assessed value. Maintaining this level will keep receipts within the limitations for the exclusion from the State School Fund formula. An analysis of the impact of higher or lower rates - Local Option Levy Revenue Projection for FY 2020 prepared by Piper Jaffray - was included in the July 16,



2019, Board work session materials. This analysis concluded that if the district were to increase the rate to \$2.50 per \$1,000, it is possible future growth could reach the limitation for the State School Fund formula and impact the district negatively. At a recent public hearing, the CBRC recommended that PPS increase the levy rate; the staff recommendation continues to be to renew the existing levy at the same rate.

**VII. STAFF RECOMMENDATION**

Staff recommends the Portland Public Schools Board of Directors refer the local option levy to voters to be considered in the November 2019 general election and maintain the rate of \$1.99 per \$1,000 of assessed property value.

**VIII. I have reviewed this staff report and concur with the recommendation to the Board.**

---

**Guadalupe Guerrero**  
**Superintendent**  
**Portland Public Schools**

---

**Date**