



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 more than 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.