



**PORTLAND PUBLIC SCHOOLS  
OFFICE OF DEPUTY SUPERINTENDENT**

**Business and Operations**

501 North Dixon Street / Portland, OR 97227

Telephone: (503) 916-3380

Mailing Address: P. O. Box 3107 / 97208-3107

January 3, 2019

Kip Memmott, Director  
Secretary of State, Audits Division  
255 Capitol St. NE, Suite 500  
Salem, OR 97310

Dear Mr. Memmott,

This letter and accompanying response are the written response to the Audits Division's final draft report of the recent Portland Public Schools (PPS) and the Oregon Department of Education (ODE) audit.

We understand that this audit of PPS was a specific political request by the Secretary of State, and we want to be clear that it is additive to other performance and financial auditing the District has already conducted and that is planned for the future.

We welcome this audit and appreciate the audit team's diligence in critically examining the past practices and present work in Portland Public Schools. The team's recommendations will contribute to our continuous improvement and commitment to improving student outcomes. As indicated in our responses, we intend to implement the audit recommendations, including continuing work that is already underway. There may be cases where the implementation is contingent on third-party action (e.g. the Legislature or labor bargaining units) or additional financial resources.

The audit team's acknowledgment that, under new PPS leadership, many of the reforms outlined in the recommendations are already underway, is also appreciated. The Board of Education, which has experienced a complete turnover in membership since 2015, hired a new Superintendent who started in October 2017, and together we have embarked on significant, comprehensive, and transformative work, including organizational restructuring, vision and strategic plan development, differentiated school improvement and interventions, academic and behavioral professional learning and coaching, and work to strengthen core functions in human resources, budget, finance, and other areas.

While the audit makes a passing reference to some improvements at PPS over the past two years, it reaches back 20 years to reference a 1998 audit and does not fully recognize the many operational and systemic improvements that the new leadership has already made or plans to make in our efforts to ***rebuild PPS as a high-functioning school district.***

As is captured in the recent audit, for many years, PPS was a system adrift both operationally and educationally. The list of challenges, exacerbated by multiple interim superintendents from mid-2016 through September 2017, included a lack of an aligned or up-to-date curriculum; turnover of senior staff; significant physical plant challenges in PPS's aging buildings and other health and safety issues; stalled union contract negotiations; broken, non-compliant complaint and public records policies; and the persistence of vast disparities in educational opportunities offered to students, particularly middle-grade students in historically underserved neighborhoods, among other issues.

Members of the Board of Education were committed to transforming PPS and Superintendent Guerrero was hired in 2017 to bring educational expertise and leadership precisely to address these legacy issues. Many reforms are already underway and significant systems and operational practices are being developed using the principles of continuous process improvement. In just the last two years, efforts by the members of the Board of Education, the new Superintendent, and senior staff, have resulted in the following:

### **Leadership**

- a. The Board of Education completed a successful, national superintendent recruitment on an accelerated schedule to hire before the start of the 2017-18 school year.
- b. The Superintendent recruited and hired a diverse, experienced team of academic and operational leaders to drive and support school improvements and systemic change.
- c. Comprehensive work plans have guided the board and staff work starting in July 2017 and a District visioning and strategic planning initiative was launched in the fall of 2018.
- d. Long-delayed negotiations were completed and contracts approved for all our represented employee bargaining units.

### **Systemic educational improvements**

- a. Planned and successfully opened two new middle schools, Roseway Heights Middle School and Harriet Tubman Middle School, to provide more equitable and rigorous middle grades programs for more than 1,000 students in historically underserved neighborhoods; PPS invested more than \$20M to prepare these schools to be re-opened.
- b. Developed a coherent and aligned PK-12, standards-based instructional framework, and a comprehensive student assessment system.
- c. Enhanced central leadership capacity in curriculum and instruction, and improved teacher and principal development and professional learning through both District-wide and site-based training.
- d. Created and began implementation of a framework for a multi-tiered system of support (MTSS), including professional development for principals and educators, along with school climate teachers on special assignment for in-school guidance, support, and coaching.
- e. Staffed a Rapid Response Team to assist with urgent student behavior needs to provide immediate, short-term assistance with additional staff, coaching, classroom management guidance, and development of behavior support plans.

### **Rebuilding our School Facilities; Modernization, Health, Safety, and Accessibility**

- a. Won strong community support for a \$790M capital bond in May 2017 to address health, safety, and accessibility issues and to modernize crumbling schools; masterplans for Kellogg Middle School, Madison High School, Lincoln High School, and Benson High School have been approved.
- b. Opened three newly rebuilt schools funded by the 2012 bond in the fall of 2017 on time and on budget – Franklin High School, Roosevelt High School, and Faubion K-8; a fourth school, Grant High School, is scheduled to open on schedule in August 2019.
- c. Initiated health and safety improvements in all schools to address lead, radon, asbestos, air pollution, and other hazards.

### **Focus on Accountability and Transparency**

- a. The Board has adopted a substantial body of new and revised policies, many of which elevate accountability, transparency, and student safety. Major revisions and new policies recently approved by the Board of Education include: [the Formal Complaint Policy](#); [Anti-Harassment and Nondiscrimination Policy](#); [Public Access to District Records Policy](#); [Teen Dating Violence Policy](#); [Preservation, Maintenance, and Disposition of District Property Policy](#); and a [Conflict of Interest-Nepotism Policy](#).
- b. The Board commissioned an independent, comprehensive investigation into a significant staff misconduct case; implementation of the report recommendations with a focus on improved student safety are underway. Comprehensive staff training has occurred, and two policies have been drafted and are on track for adoption: professional conduct between staff and students ([Professional Conduct Policy](#)) and staff conduct related to field trips ([Field Trip, Foreign Travel, and Other Off Campus Activities](#)).
- c. The Board and current Interim General Counsel completed the transition from a single, primary firm to a diversification of legal providers and have been clearing and resolving the backlog of prior litigation, while actively monitoring costs.
- d. PPS Purchasing & Contracting staff and the Board have worked diligently over the last several years to strengthen contracting processes, improve District-wide compliance with public contracting rules and best practices, require performance metrics, increase transparency, and enhance Board review of contractor performance for large, direct negotiation contracts.

### **Enhanced Oversight and Performance Auditing**

- a. The Board added funding for two internal performance audit positions to the 2018-19 PPS budget, more internal auditors than any other district in the state. The positions have been posted and the candidate selection process is underway.
- b. The Board has updated the PPS Policy on Internal Performance Auditor contracting, [Internal Performance Auditing](#); this provides a framework for the work of the new performance auditors.
- c. The Board has appointed an Audit Committee to work with the Deputy Superintendent for Business and Operations to hire the new performance auditors and create and oversee the District's Audit Plan. This will build on the audits commissioned by the 2015-17 PPS Audit Committee, including audits on contracts and administrative pay, which led to substantial changes in district practices.
- d. The Board approved a resolution requiring the hiring of a performance auditor to review the 2017 bond cost estimates, provide findings and recommendations relating to the

causes of the bond budget gap, and report to the Board by March 31, 2019. PPS has already hired the auditing firm and the audit is in progress.

The leadership of Portland Public Schools is actively driving and supporting efforts to ensure access to equitable educational opportunities for all students and to refresh and implement the District's racial educational equity policy.

The District is committed to correcting past deficient practices and launching new efforts that will position the District to be a strong school system that demonstrates a commitment to equity, accountability, and excellence for all students.

On the following pages, please find the District's detailed response to each recommendation pertaining to PPS in the audit (recommendations 3-6, and 16-26). All other recommendations are related to the Oregon Department of Education (ODE).

The District will continue to address audit recommendations in its efforts of continuous improvement, strategic planning, and resource realignment for the core purpose of equitable outcomes for all students. Please contact Claire Hertz, Deputy Superintendent of Business & Operations at (503) 916-3376 or [chertz@pps.net](mailto:chertz@pps.net) with any questions.

Sincerely,

Guadalupe Guerrero  
Superintendent

Rita Moore  
Board Chair

Julie Esparza Brown  
Board Vice Chair

Julia Brim-Edwards  
Audit Committee Chair

Cc: PPS Board of Education, Colt Gill, Director Oregon Department of Education

**District Responses to Recommendations**

<b>RECOMMENDATION 3</b>		
Investigate and report on potential savings areas in depth, including the level of executive administration, use of substitute teachers and educational assistants due to educator absences, health benefits, bus services, legal services, and building utilization.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 6 months)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	June 2019	Guadalupe Guerrero Claire Hertz Yvonne Curtis Liz Large (503) 916-3200

**Narrative for Recommendation 3**

Over the past year, PPS began to assess resources and identify savings across the District with the specific purpose of increasing staff and supports in service to improving student outcomes. Through the implementation of a new school-site staffing model and a reorganization of the District’s central office, roughly \$20 million was transferred in staffing and other resources to classrooms. In accordance with Recommendation 3, PPS will continue to evaluate and refine resources and systems assigned to and supporting executive administration, substitute teachers and educational assistants, employee health benefits, transportation and legal services and facilities usage. Specific plans and actions are outlined below.

**Executive administration:**

PPS will continue to examine its organizational structure to ensure the necessary balance of effective leadership capacity required to lead reform efforts while attaining an efficient streamlining of core District functions. A key component to the restructuring efforts accomplished in the past year is the addition of a new team of principal supervisors, enabling greater oversight and supervision of school improvement efforts.

In 2005, the Board approved a policy limiting excessive employee benefits for central office administrators which the Superintendent and Chief of Human Resources will continue to follow. There are PPS salary schedules and the Superintendent or staff hiring manager make the decision and are accountable for the placement of a new hire on a salary schedule. The Board reviewed the Office of the Superintendent’s budget during the 2018-19 budget process, including at several public meetings, and will continue to evaluate central office expenditures in the annual budget process.

In 2019-20, all non-represented central office employees will have an evaluation prior to final decisions relating to potential cost of living adjustments (COLA) and salary step increases. The Board’s approval of the FY 2018-19 COLA was contingent upon evaluations for all central office non-represented staff and implementation of a Human Resources protocol that designates when an employee is “too new to evaluate and receive standard step and COLAs.” The District

will be doing a pay equity review, and will determine the process for determining step increases for new non-represented employees during this process.

**Teacher absenteeism and use of paraeducators:**

The Superintendent had already identified this as an issue of concern. PPS will take a critical look at the factors that contribute to teacher absenteeism and high substitute teacher costs. The expansion of professional development opportunities for principals and educators to support their work of addressing the needs of diverse learners will not only benefit students directly, but also may alleviate some concerns contributing to educator burn-out. PPS will continue to focus and invest in positive behavior intervention systems (PBIS) and multi-tiered systems of support (MTSS) services in schools and bolster the direct student behavioral and rapid response support services (as agreed upon in recent collective bargaining) in an effort to minimize reliance on paraeducators.

**Transportation services:**

In FY 2017-18, PPS, through its national transportation services consultant, Transpar, conducted a comprehensive review of District transportation services and provided recommendations for system efficiencies and service improvements. Through the contractual partnership with First Student, PPS's main provider of transportation services to students, processes were put into place to begin to address inefficiencies. Examples include the bolstering of call center staffing and the use of route planning software. In addition, contract obligations that had been previously overlooked were addressed through the negotiation of a one-year extension with First Student. PPS will begin implementing the remaining suggested recommendations to diversify its providers, ensure system stability, and create cost efficiencies.

**Legal services:**

The PPS Office of General Counsel is clearing legacy legal cases resulting in an increase in legal costs compared to previous years. In addition to identifying factual discrepancies in the historical legal department budget numbers cited in the audit, the following information was shared with the principal auditor about the legal expenses: The cost and effectiveness of the Office of General Counsel and outside counsel has been a priority for the Board. Since July 2017, the Board and current Interim General Counsel who arrived in November of 2017, have been focused on clearing the backlog of prior litigation, actively monitoring costs, and diversifying the corps of providers for outside legal counsel. The Board has scrutinized legal services contracts and provided direction to support both active management of costs/services and the completed transition from a single, primary firm to a diversification of legal providers.

Under the leadership of the new Interim General Counsel and the Board, the district has set high standards for legal representation and has implemented best practices on the following:

- Establishing a regular cadence of Board review of all current tort claims, lawsuits, BOLI complaints, USDOJ OCR complaints, etc., through a combination of quarterly Board executive sessions and detailed written monthly reporting;
- Supporting policies and practices that reduce legal risk to the district;
- Revising outdated Board policies to reflect current needs and practices;
- Pursuing root-cause analysis to understand and reduce drivers of legal expense;
- Resolving long-standing legacy cases; and
- Diversifying the use of external legal representation and pursuing, when applicable, competitive fixed-fee agreements and other cost-reducing efforts.

The Office of General Counsel is now highly accountable, provides outstanding legal advice and representation, and prioritizes quality and efficiency while always pursuing cost-effective representation. While continuously focused on cost-saving opportunities to reduce legal expenses, the PPS legal budget is consistent with budgets from legal departments at commensurately sized districts such as Seattle and Atlanta.

It is worth noting that the Board and Superintendent have also set a higher bar for staff performance and employee conduct resulting in some additional litigation and expense relating to employment claims and terminations. In those cases where litigation can't be avoided, the District seeks the highest quality, most cost-effective representation.

**Facilities Usage:**

The efficient and sustainable use of school facilities is necessary to increase student outcomes equitably across the district. In FY 2017-18 the Board approved plans to begin to address inequities among facilities and programs available to students by directing staff to open two new middle schools. This entailed a significant amount of both facilities work and boundary redesign for those schools that would now be feeding into the middle schools, including nine K-8 schools that were reconfigured into K-5 elementary schools.

The Board and Superintendent prioritized continuation of this work in the FY 2018-19 budget. This fall, PPS issued a request for proposals (RFP) to seek contracted support to examine school building utilization and a District-wide boundary/school assignment review. Combined with the District facilities conditions assessment (FCA) currently underway that will outline necessary physical and safety improvements, PPS is demonstrating efforts to systemically optimize building use to support equitable access to educational opportunities and improve student outcomes.

<b>RECOMMENDATION 4</b>		
Conduct regular and public peer benchmarking to identify potential savings areas and spending challenges. Identify peer districts using objective criteria, such as enrollment, level of poverty, and other demographic factors.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 6 months)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	June 2019	Claire Hertz Cynthia Le (503) 916-3376

**Narrative for Recommendation 4**

The District will use benchmarking to identify areas for potential redirection of resources to support the new vision and strategic plan. For state level benchmarking, a tool that is being implemented across all Oregon school districts, Forecast 5, is being implemented by PPS budget

and accounting staff. At the national level, as a member of the Council of Great City Schools (CGCS), PPS will submit key performance indicators (KPI) in the academic and business areas of the District in the spring of 2019 for comparison to urban districts across the country. The CGCS report will be published in the fall of 2020 and inform organizational, operational, and instructional decisions in the future.

It is important to note that accurately comparing PPS operating expenditures to other school districts in Oregon is challenging because the vast majority of PPS facilities are aged (many over 100 years old) and built on small urban lots with little or no room for expansion. The administrative costs to support many, smaller schools is significantly higher than in other districts with newer, larger schools that provide economies of scale and benefit from being centrally located to student population centers.

As part of the District’s Audit Action plan, regular benchmarking reporting will be presented to the Board Audit Committee and reported to the full Board during the budget development process. In addition, the Board is in the process of hiring two internal performance auditors who will assist in identifying potential savings areas and spending challenges to improve the effectiveness of the District’s operations.

<b>RECOMMENDATION 5</b>		
Make its budget more clear and transparent to the public, including staffing and spending by program over time, key performance indicators, and analysis of key initiative outcomes.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 6 months)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	August 2019	Claire Hertz Cynthia Le (503) 916-3376

**Narrative for Recommendation 5**

The District is committed to establishing a clear and transparent budget development process so that staffing decisions, program evaluations, and policy decisions are easily understood by the public. In the summer and fall of 2018, PPS hired two financial leaders with decades of Oregon K-12 experience to establish and lead the budget process for 2019-20. The Deputy Superintendent of Business and Operations has led national training for the Government Finance Officers Association (GFOA) [Best Practices in School District Budgeting](#) and the new Chief Financial Officer (CFO) has been trained in these research-based practices.

Despite vacancies in key positions, including the CFO, Chief Operating Officer, and Budget Director during FY 2017-18, a review of the agendas for the 2017-18 board and committee meetings provides evidence that the Board and Superintendent started its engagement in the



budget process much earlier in the year than was usual and discussed it on a regular basis through the end of the fiscal year.

In FY 2017-18, PPS instituted a new school staffing formula to more equitably distribute FTE to schools. School staffing represents a significant portion of the budget, so the Board made it a priority to discuss data, process, and implications at many of its meetings, starting in late summer 2017. Board members and the general public submitted many questions about the 2018-19 budget regarding contracts, substitutes, custodians, audits, central office staff evaluations, and academic supports. These issues were discussed in numerous public meetings, including committee meetings, regular Board meetings, and budget hearings, and are captured in this [comprehensive list of questions](#) and answers, which was provided to the public.

In addition to benchmarking and other recommendations in the Secretary of State's audit, the Board has adopted a budget calendar that will allow for adequate opportunities for questions and discussion in the 2019-20 budget process. A schedule is being developed for specific due dates to submit questions and responses to be published. The first round of Board questions will be submitted after the budget framework is released in March; the second round will be as the proposed budget is released; and a third round of questions will be responded to as the approval of the budget is requested. A final round of questions will be scheduled prior to the final adoption of the budget.

The district will develop a strategic plan with specific investments to support the plan, metrics for measuring the performance of the investments and analysis of academic return on investments. In the fall of 2019, PPS will develop its first multi-year finance plan to be updated annually, and used to guide future annual budget processes.

An issue to be addressed this year is the challenge that the Multnomah County Tax Supervising & Conservation Commission (TSCC) calendar presents for Board review and budget transparency with the community. The TSCC process provides minimal additional value given the external financial auditing PPS conducts, yet compresses the PPS budget calendar, limits reviews, and appears to be a one-off mandate that does not apply to most other school districts in the state. For the 2019-20 budget process, TSCC deadlines require the district to approve a budget before the May Oregon Economic Forecast is released which will preclude our ability to update revenue projections based on the forecast and make any necessary adjustments to the district budget.

In March 2016, the district adopted [Budget Principles](#) as one of the first steps in school budgeting best practices and those principles will continue to guide the budget development process for FY 2019-20, including eight public budget hearings and work sessions. The PPS Community Budget Review Committee (CBRC) is an important, community member validator in the process. Their monthly public meetings began in September 2018 and their final report will be presented to the Board in May 2019.

The district intends to submit its 2019-20 Adopted Budget document for peer review by the Association of School Business Officials (ASBO) in application for their Meritorious Budget Awards. Accordingly, the PPS budget document will be built to incorporate their “excellence in school budget presentation standards” for transparent budget development. This will include staffing and spending by program over time and key performance indicators.

<b>RECOMMENDATION 6</b>		
<p>Improve controls over purchasing card use. Improvements include requiring management review for at least non-standard and high-dollar transactions, and improving policy guidance on appropriate businesses purposes, taxpayer-funded meals, parties, student incentives, gifts, and use of unusual merchants. Also, the district should improve aggregate analysis of card use data to identify spending trends and unusual transactions.</p>		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 6 months)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	June 2019	Cynthia Le Emily Courtnage (503) 916-3376 Board of Education

**Narrative for Recommendation 6**

Purchasing cards provide an efficient and cost-effective method for purchasing basic goods, including school supplies and books, and simple services that do not require competition or extensive specifications. They also allow schools and departments to take advantage of online ordering and quick delivery, including through PPS’s e-commerce site that provides access to competitively solicited price agreements. Purchasing cards reduce the number of purchase orders and contracts for simple purchases, and minimize administrative costs associated with voucher creation and check processing. Finally, the use of purchasing cards, through the rebate program, generates revenue for the district. For all of these reasons, PPS will continue to encourage purchasing card use in appropriate circumstances, but will also continue to improve purchasing card controls.

Specifically, PPS will:

- Re-institute the manager approval process in Bank of America Works for all transactions under the manager’s supervision;
- Finalize and implement an updated infraction table detailing specific steps and remedies for different types of infractions (e.g., failure to attach receipts, accidental use) and earlier supervisor and second-level supervisor notice of infractions;
- Implement additional trainings and reminders regarding permitted and prohibited use of cards; and
- Implement additional internal review (audit) functions to help detect fraud, misuse, or abuse.

The Board will review and update policies regarding appropriate use of District funds, including for meals, celebrations, and student incentives. Staff will also review the accompanying Administrative Directives and guidance.

As part of the district’s Audit Action plan, PPS staff will establish a schedule to provide regular implementation updates to the Board Audit Committee and semi-annual updates to the full Board until all recommendations are implemented.

<b>RECOMMENDATION 16</b>		
In developing a common core curriculum for schools, ensure adequate training for teachers — particularly new or inexperienced teachers.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 6 months)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	In Progress	Dr. Luis Valentino (503) 916-3200

**Narrative for Recommendation 16**

As a key priority, PPS has begun to develop a comprehensive standards-based core curriculum across the system and across content areas, PreK - 12. The implementation of the core curriculum will include a comprehensive professional development plan that will develop school site and central office leadership capacity, teacher professional learning, and resource allocation.

Under new District leadership, professional development for the 2018-19 school year was significantly more intensive and guided by the Office of School Performance, with a coherent schedule of site-based work to proceed throughout the school year. Preserving adequate time for high quality professional development was a high priority for both the District and the Portland Association of Teachers (PAT) during contract negotiations.

A critical component to implement PPS’ core curriculum is the application of cycles of continuous inquiry and improvement. Our model, Improvement Science (IS), will allow for the provision of a systematic approach to learn from, and improve on, our developing practices to implement a core curriculum across the district. The Improvement Science model will inform our progress and growth over time, and will improve our decision making by facilitating normalization, data-gathering, and resource allocation.

<b>RECOMMENDATION 17</b>		
Develop a strategic plan that sets concrete performance measures for improved student outcomes and discusses in depth the staffing, resources, interim steps, and improvements to the district’s operations and organizational culture needed to reach those outcomes.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities</b>	<b>Name and phone number of specific point of contact for implementation</b>

	<b>(Generally expected within 6 months)</b>	
Agree	Fall 2019	Guadalupe Guerrero Claire Hertz Sharon Reese Kregg Cuellar (503) 916-3200

**Narrative for Recommendation 17**

In the 2018-19 budget, PPS prioritized funding to develop a District vision and accompanying strategic plan. This effort commenced with a broad, community-wide visioning process to construct a long-term and collective aspiration for graduates of the school system. This process will define a north star to guide the District’s strategic plan.

In the absence of a District-wide strategic plan in FY 2017-18, the Board developed and implemented a [comprehensive work plan](#) and [year end summary](#) for FY 2017-18 which provided transparency to the community about the Board’s goals, priorities, and progress. This work plan and scorecard were provided to the principal auditor.

For FY 2018-19, senior leadership, in collaboration with the Board, outlined a unified, high-level work plan articulating a coherent set of priorities that will lead to an initial draft of a multi-year strategic plan for PPS with concrete performance metrics. This first edition of a more formal strategic plan will clearly lay out a systemic theory of action, core beliefs, and high-leverage action steps aimed at improving conditions and capacity in school communities that will accelerate improved and more equitable outcomes for all students.

The FY 2018-19 work plan includes priorities such as creating a differentiated school support and supervision plan to strategically address the needs of underserved school communities, including schools identified by the federal Every Student Succeeds Act (ESSA); align specific efforts aimed at creating more safe and supportive learning environments (e.g. behavioral supports, policy work on student and adult conduct); and document emerging metrics to monitor student success indicators as part of the District’s continuous improvement efforts. School site improvement plans and efforts are undergoing close examination to ensure identified interventions address underperforming student subgroups and maximize available resources towards identified performance goals. PPS will continue to emphasize improved staffing levels and supports, including discretionary equity funds, to address performance gaps at underserved and ESSA-identified schools.

**RECOMMENDATION 18**  
 Maintain a consistent feedback loop with teachers, educational assistants, parents, and other stakeholders regarding student conduct issues, particularly as they affect Title I schools and other high-poverty schools. Address teacher concerns about lack of clarity in school policies and lack of consistent behavior standards.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 6 months)	Name and phone number of specific point of contact for implementation
Agree	See dates below	Brenda Martinek Kregg Cuellar (503) 916-3200

**Narrative for Recommendation 18:**

The district is focused on providing a clear, consistent and systematic process that promotes academic achievement, behavioral supports, and protocols for accessing higher levels of behavioral resources quickly. This includes supports for students with substance use disorder and mental health challenges. PPS is also actively pursuing a variety of strategies to promote social-emotional wellness across the District, including the development of a PK-12 social-emotional curriculum for students. All of this work is based on data, national trends, best practices, staff concerns and increased needs across the district.

**New MTSS Department added:**

In September 2018, a new multi-tiered system of support (MTSS) department was established. MTSS is a systemic, continuous improvement framework in which data-based problem solving and decision making is practiced across all levels of the educational system for supporting students across academics, behavior, and social-emotional wellness. The District contracted with a company that specializes in helping districts with coaching and professional development through an MTSS roll out. They will provide ongoing professional development for educators this year. Title I schools are the primary focus for year one of our four-year roll out. The roll out will reinforce the coaching and support provided through the MTSS system for building administrators, teachers, and paraeducators. School climate and MTSS teachers on special assignment (TOSAs), are deployed to sites for in-school guidance support and coaching.

- MTSS department website for more information: <https://www.pps.net/mtss>
- Timeline for completion: ongoing.

**Data tracking tool and coaching:**

The District submitted a proposal to purchase a data tracking tool in order to collect academic and behavioral data to monitor students’ progress and supports provided. The tool will be chosen and used in collaboration with the Office of School Performance, the Office of Teaching and Learning and the System Planning and Performance department. This collaborative work will align progress monitoring for academics and behavior across all departments. Title I schools have been prioritized to receive coaching and professional development support in the first cohort of schools, as described in the paragraph above. The MTSS supports and coaching will assist in aligning supports for students at any tier (level of need) in academics, behavior, and social emotional support. It is designed as a four-year roll out of coaching and supports to all schools in the district. The reason that it will take four years is due to the size and needs of the District and the necessity to implement with fidelity within our staffing bandwidth.

- Timeline for completion: June 2019 for data tracking tool.

**Supports for students with substance use disorder and mental health challenges:**

Like other school districts, PPS has seen a dramatic increase in the need for mental health supports in most of our schools and all of our high schools. Teachers, building administrators, and parents have asked for more mental health supports for their students. PPS has increased investments in qualified mental health providers (QMHPs) to help students return to school with a transition and recovery plan aligned to their treatment plan. Additional investments in mental health contracts with our community providers are helping to serve students regardless of their ability to pay or insurance status. New partnerships with community agencies and private funders are helping to supplement the costs of curriculum and training for all staff in drug and alcohol prevention, mental health awareness, and suicide prevention.

To serve students struggling with substance use disorder and mental health issues, PPS recently launched a five year implementation plan for the Recovery, Education and Action for Healthy Living (REAHL) continuum of care on 11/1/2018. The culmination of this five-year initiative will be to open a recovery high school for students re-entering the school system after substance use disorder and/or mental health treatment.

In 2017-2018 the District:

- Provided supports to over 183 students who participated in our Insights Program, which is a delayed expulsion program for students with their first drug/alcohol level 1 offense.
- Provided services to over 110 students in our Student Success Center, an alternative program to expulsion for level 1/2 offenses with drugs/alcohol.
- Last year 72 students had level 2/3 expulsion hearings for drugs/alcohol.

*If you would like to hear more about the REAHL continuum of care, we would be happy to meet with you.*

- *Brochure that discusses our continuum of care: [REAHL Information Pamphlet](#)*
- *FAQ: [REAHL Frequently Asked Questions](#)*
- *Powerpoint: [REAHL Proposal and Strategic Plan 2018-19](#)*
- *Timeline for completion: Fall 2024.*

### **Supports for students with immediate behavioral challenges:**

As a result of the 2016-19 contractual agreement with the Portland Association of Teachers (PAT), the district has invested in staffing to support a “Rapid Response Team” concept to assist with urgent behavioral needs that teachers and administrators identify. This team provides immediate, short-term assistance with additional staff, coaching, classroom management guidance, and the development of behavior support plans (BSPs) for students. The team collaborates with the Area Assistant Superintendents, special education (when appropriate), MTSS, and student success departments to ensure all of the necessary wrap around supports are provided for the student and family. Communication with the teacher and building administration is crucial for the success of the student.

- Last year we served over 67 students through the Rapid Response Team. To date, we have served 39 students in the first four months of this school year.
- Rapid Response Team website information: <https://www.pps.net/Page/10113>

The PPS Office of Student Support Services (OSSS) now meets regularly with PAT leaders to problem solve so that issues are communicated and resolved before they become untenable for staff. A new Behavior Collaboration Team (BCT) comprised of PPS and PAT staff focuses on

historically underserved students and families and addresses issues such as discipline support, classroom management support, and other behavior related items.

- Timeline for completion: Ongoing for Rapid Response Team and for next 6-12 months for the BCT with PAT.

#### **Student Threat Assessment Team:**

The district has now fully implemented the Student Threat Assessment Team (STAT) process, based on the nationally-recognized model developed by the Salem-Keizer School District. As a result, PPS dedicated centralized staff to support each school site's multidisciplinary team (referred to as a "level one team,") to address low- to mid-level threats. Student threat is defined as any communication or action intended to inflict pain, injury, damage or other hostile action on someone, either physically or psychologically. In these incidences, the central office supports school sites by helping to identify threats of harm, and, if needed, facilitating a "level two team," which is a community staffed team (including the school counselor, school resource officer, principal, and teacher) that meets weekly to review and assist with potential threats and supports available for the classroom teacher and administration.

- From September to date, we have had 66 student threat assessments submitted to our department.

##### Break down by level of assessment:

- Level 0 (threat screening): 42, 63.6%
- Level 1: 17, 25.7%
- Level 2: 7, 10.6%

##### By Race:

- White: 62.1%
- Asian American: 3%
- Black/African: 18.3%
- Multiple races: 16.6%

- Out of the 66 students who have been involved in a threat assessment, only 3 students have been expelled, the rest have been able to receive services within district/school with support of a safety plan and wrap around supports.
  - Of the 3 students expelled, one student is Asian, one student is white and one student is African American.
- Timeline for completion: November of 2018.

#### **Discipline referral form and process:**

The district enhanced the discipline referral reporting format to include additional information, including the disposition, plan for a student's return, and any additional details for consideration. A streamlined reporting process allows any staff member to fill out an online referral form in the District's student information database, Synergy.

- Timeline for completion: September 2018.

#### **Review of Board policies and student rights and responsibilities handbook:**

Key policies and processes related to expectations of student conduct will be updated over the next eighteen months. PPS will work with key stakeholders, including students, families and representatives from PAT, the Portland Federation of School Professionals (PFSP), and Portland Association of Principals and School Administrators (PAPSA), to review and recommend

amendments to the PPS Student Rights and Responsibilities Handbook, the Student Conduct and Discipline policy (4.30.010-P) and the district’s Program for Disruptive Students policy (4.30.030-P). Recommendations are anticipated to be presented to the Board in late spring of 2019. The Board will follow its policy development process that includes a policy review, public comment period, and formal adoption of the recommendations, potentially with amendments. PPS will provide in-depth training to school-based administrators with a specific focus on those schools reporting high discipline rates among African American male students.

- Timeline for completion: August 2020.

<b>RECOMMENDATION 19</b>		
<p>Prioritize development and stability of effective principals by providing incentives and additional support, particularly at high-poverty schools. Supports include reducing turnover of principal supervisors, stabilizing district leadership, improving collaboration between principals and central administrators, improving hiring practices, streamlining initiatives, increasing collaboration between central office departments, and evaluating initiative results.</p>		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 6 months)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	June 2019	Kregg Cuellar Luis Valentino Brenda Martinek (503) 916-3200

**Narrative for Recommendation 19**

In FY 2018-19, PPS restructured the central office to better support schools and communities. Under the direction of the Office of School Performance (OSP), each regional school cluster has an experienced Area Assistant Superintendent and Area Senior Director overseeing a specific group of schools (ranging from nine to 21 sites) and spending most of their time supporting school-site administrators with enhanced coaching and embedding practices of instructional excellence.

The newly designed structure aims at increasing the amount of school visits and principal mentorship by more than 50% in comparison to the old support structure. Under the old organizational structure, there were 10 senior directors who each supervised and supported a unique cluster of schools. Not only did the senior directors support principals, but they also were tasked with performing a multitude of operational duties that included budget, supporting with operations and transportation, human resource management, investigations, formal complaints, amongst other things. Because of all of the operational duties the senior directors were tasked with, it limited the amount of school visits and development opportunities with their school based leaders.

The new model shifts the operational management duties to the Area Assistant Superintendent thus freeing up the Area Senior Director to have more time and focused responsibility on supporting schools and leaders. A Monday – Friday schedule now allows for intensive



differentiated school support which includes visibility in schools, focused one-on-one check-ins, and increased amount of collaboration assisting leaders with their own self-development while providing continual learning opportunities with a growth mindset. As part of their role in supporting school leaders, this set of principal supervisors are deployed in the field to: help leaders facilitate continuous improvement work, coach through site leaders’ decision-making processes, and encourage principals’ reflection of their leadership practice in order to drive improved outcomes for all students.

The new OSP team now comprises many leaders who are nationally-recognized as proven school turnaround experts.

The core purpose of the central office reorganization is to:

- Accelerate and improve student achievement District-wide;
- Redesign the central office to support, scale, and sustain school improvement and academic efforts;
- Create greater coherence and alignment in and among departments within the central office to better support schools;
- Increase central office collaboration and customer service, ensuring that all activities are student-centered and results-oriented;
- Establish shared accountability, of school and district leadership, for student and school success by clearly articulating the roles and functions of each leadership support member; and
- Enable school-support teams to identify and address instructional and behavioral gaps throughout feeder patterns while connecting communities with needed resources and central office services.

The Office of School Performance (OSP), the Office of Teaching and Learning (OTL), and the Office of Student Support Services (OSSS) provide concentrated and streamlined supports at all schools, specifically for the lowest tiered schools identified as in need of additional support. Departmental goals are in place to hold the central team accountable in ensuring system-wide academic gains and ensure that all school improvement goals are achieved. This central office team has created a differentiated tier support plan to better leverage resources and serve the most historically underserved schools. Its core aim is to close the achievement gap by providing a targeted and intensive level of support.

In addition, PPS is working with local higher education partners to develop a strong and diverse pipeline of future administrators who are well-trained to lift student achievement, particularly for historically underserved students.

<b>RECOMMENDATION 20</b>		
Work with union officials to address transfer and hiring issues that promote high turnover and lower teacher experience at high-poverty schools. Also address remaining contract issues raised in the recent investigation of teacher misconduct, including retention of educator records and reducing administrative obstacles to filing a complaint.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities</b>	<b>Name and phone number of specific point of contact for implementation</b>

	<b>(Generally expected within 6 months)</b>	
Agree	June 2019	Sharon Reese (503) 916-3200

**Narrative for Recommendation 20**

PPS is committed to reducing teacher turnover and improving supports to enhance teachers’ work experience. In December 2018, in advance of teacher hiring and placements for the 2019-20 school year, the district engaged PAT leaders in early discussions to accomplish this through staffing assignments and the delivery of school-based supports by the Office of Student Support Services.

A separate discussion between PPS and PAT will begin in early 2019 to specifically address recommendations from the Board-commissioned investigation into previous staff sexual misconduct. The current collective bargaining agreement is set to expire June 30, 2019.

Independent of contract restrictions, PPS maintains investigation files on allegations of sexual misconduct and a cross-functional team has been established to enhance and streamline internal standards for and processes of reviewing allegations, investigations, and maintenance of related records.

<b>RECOMMENDATION 21</b>		
While working to improve instructional quality, address other obstacles that create inequities at high-poverty schools. Strategies include changes to attendance rules, boundary changes, and practices that could encourage retention of high-quality principals and teachers at high-poverty schools, such as additional pay, enhanced training, and additional classroom support.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 6 months)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	Various (see below)	Kregg Cuellar Dr. Luis Valentino Claire Hertz Sharon Reese (503) 916-3200

**Narrative for Recommendation 21**

Performance evaluation and coaching of administrators will be enhanced to include feedback, ideas, and tools to more effectively address the challenges they face in supporting all students, in particular, those in high poverty schools.

Areas of enhanced district support includes sustained professional development through the multi-tiered system of supports (MTSS) program, articulated in recommendation 18, and the

new comprehensive district standards-based curriculum, articulated in recommendation 16 and student assessment framework.

High-poverty schools have been prioritized to receive these supports, including coaching and professional development, in the first cohort of schools. As mentioned in the response to recommendation 18, this is a four-year roll out of coaching and supports to all schools in the district. The reason that it will take four years is due to the size and needs of the District and the necessity to implement with fidelity within our staffing bandwidth.

Evaluation of the first cohort will assist in aligning tiered supports for students at any tier in behavior, social emotional support, and academics throughout the district. The development of and collaboration among the Offices of School Performance, Teaching and Learning, and Student Support Services allows for a tightly coupled support model aimed at increasing the individualization of professional development, services and resources.

This work builds upon the site support instructors (SSI) model, which was first funded by the Board in FY 2016-17 budget. These are full-time employees assigned to high poverty schools who act as floating substitutes. High teacher absenteeism is a persistent problem in high poverty schools and SSIs provide significant reliability and stability for students.

Last spring, the Board allocated funds to address enrollment imbalances and facilities utilization that are contributing to inequitable access to educational opportunities. The new staffing formula implemented for 2018-19 guarantees that every school will have sufficient staff to provide all students with a core curriculum, regardless of the enrollment. For longer term solutions to persistent enrollment imbalances, the District has contracted with an external consultant to assess, review, and make recommendations for potential future changes by January 2020 for implementation in the fall of 2020.

Compensation for teachers is directly tied to contract negotiations with PAT, per Oregon law. The current contract is set to expire on June 30, 2019.

<b>RECOMMENDATION 22</b>		
Ensure consistent performance evaluation depth and quality by training administrators to set high expectations and improve the depth of reviews. Periodically review evaluations for quality.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 6 months)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	In process	Kregg Cuellar Sharon Reese (503) 916-3200

**Narrative for Recommendation 22**

PPS central leadership has created a structure for high expectations for all teacher evaluators. Professional development is designed and implementation has begun to improve the depth and quality of all performance evaluations.

These professional development opportunities are designed to increase the instructional capacity of all school site evaluators, thus accelerating and improving student achievement.

This work is already underway as central teams are providing meaningful feedback through instructional walks, frequent informal school and classroom visits, leadership mentoring, coaching, and customized support for principals and leadership teams across all school sites.

A cross-functional OSP and HR team has begun a quality review and coaching process for evaluations.

<b>RECOMMENDATION 23</b>		
Regularly track teacher and principal turnover and the number of initiatives at schools and publicly report on it, with a particular focus on high-poverty schools.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 6 months)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	Fall 2019	Kregg Cuellar Luis Valentino Brenda Martinek (503) 916-3200

**Narrative for Recommendation 23**

The District’s new strategic plan will help to address initiative overload cited in the audit. This articulated process of collaboration and engagement will lead to common vision development and greater clarity to District goals and priorities, strategies, and tactics. Clear expectations will result in the ability to focus on specific, measurable initiatives and practices that will best address the District’s most important and emerging priorities.

<b>RECOMMENDATION 24</b>		
Adopt policies and practices that ensure strong management of contract and grant performance, particularly for non-competitive contracts and initiatives directly serving students, including consolidating contract management responsibilities.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 6 months)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	August 2019	Claire Hertz Cynthia Le Emily Courtnage (503) 916-3200

**Narrative for Recommendation 24**

This audit focused on a category of contracts that is not representative of the District's contracting activity as a whole. Most of the District's contracts are not student services contracts and the vast majority are not directly negotiated. Of all contracts signed in 2017-18 fiscal year, 233 were in construction, architecture, engineering, related services, and maintenance services. Software and digital resources (60), goods (38), legal services (44), and intergovernmental agreements (119) are among the other categories of contracts. Of the District's personal services contracts, 544 were under \$5,000, most of these originating in schools for field trips, presentations, speakers, theater set builders, piano accompanists, and other one-time or short-term services in schools. Only 59 of the District's FY 2017-18 contracts were personal services contracts over \$50,000, and 45 of those were directly negotiated, nine of which were over \$150,000 and went to the Board for approval.

The auditors noted that the number of District contracts has steadily increased over the past several years. This increase can be attributed to: (1) The significant number of Bond-related construction, architecture, engineering, related services, and personal services contracts since 2013; (2) the centralization of control of small dollar contracts and removal of the ability of schools to initiate and pay for contracted services by check; and (3) a tightening of contracting controls that included funneling into contracts some work which previously had been done without contract.

PPS Purchasing & Contracting staff, in conjunction with Board members, have worked diligently over the last several years to strengthen contracting processes, conduct more rigorous performance reviews, and improve District-wide compliance with public contracting rules and best practices. Such improvements include:

- Strengthening all contract and scope of work templates to allow more detailed scope descriptions and payment terms;
- Implementing processes to ensure that work will not begin before contracts are vetted, approved, and signed;
- Centralizing contract review and signatory authority for all contracts District-wide;
- Implementing a more thorough review of independent contractor status;
- Requiring mandatory annual contracts training for all staff who work with contracts;
- Publicly posting all contracts on the Board business agenda and providing more detailed information to the Board to increase transparency in contract decisions; and
- Clarifying background check requirements for contractors.

PPS will continue to build on these improvements, with a particular focus on staff contract performance oversight and management. Improvement initiatives currently in process include:

- Implementation of a new cover memo template for instructional and student services contracts to help the Board more easily evaluate contracts on the business agenda;
- Development of a specialized scope of work template for instructional and student services contracts that will help contract managers identify and include appropriate performance measures and reporting requirements tailored to the particular contract; and
- Solicitation and implementation of contract management software that will assist contract managers in tracking contract status, budget to actuals, and deliverables.

<b>RECOMMENDATION 25</b>
--------------------------

Use the strategic planning process to evaluate the most effective and efficient use of contracts designed to increase student performance.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 6 months)	Name and phone number of specific point of contact for implementation
Agree	Fall 2019	Claire Hertz Yvonne Curtis (503) 916-3200

**Narrative for Recommendation 25**

The District will use the strategic planning process to prioritize research-based instructional strategies to ensure equitable outcomes for all students. The budget process will then align resources to the strategic plan’s priorities.

Addressing and improving the achievement of all students in PPS, in particular those who continue to be underserved, is a key responsibility of the PPS Offices of Teaching and Learning, Student Performance, and Student Support Services, all of which have seen substantial reorganization and leadership changes to enhance their capacity and focus on improving the student experience. In some cases, the District contracts with partners to provide supplemental supports and services around the core content work, school and classroom practices, and the supports students need. Our expectation is that as our internal capacity-building efforts mature in coming years, PPS will have less need for contracted services, but it is likely that there will always be need for some contracts as the most cost-effective mechanism to accomplish some tasks. The visioning, budget and strategic planning processes will help determine priorities for contracts in the future.

The Board has expressed concern about the lack of consistent performance data related to outside contracts and District leaders are committed to improving our contract management. Effective practices in managing these contracts include using a contract management framework to ensure clarity of purpose for these additional supports and services, defining the appropriate scope of work, monitoring the quality of the services provided, and applying the evaluation of the performance tool.

As positively noted in the audit, the PPS Alternative Schools, "Alternative Accountability Report Card" measures student growth in reading, math, attendance, and high school completion annually. This evidence-based practice allows for objective measuring of student outcomes related to our most struggling students. More importantly, the District will evaluate the deliverables against the expected outcomes.

<p><b>RECOMMENDATION 26</b>  The PPS Board should:  Ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including:</p>
---

<ul style="list-style-type: none"> <li>a. Building an effective common core curriculum based on state standards and ensuring adequate school support and accountability for performance.</li> <li>b. Developing a strategic plan that focuses on long-term investment and measurement of results. The plan should also address the district's organizational culture, including improving the district's feedback loops and trust between central administrators, principals, and teachers.</li> <li>c. Addressing inequities at high-poverty schools, such as high turnover, low teacher experience, and initiative overload.</li> <li>d. Improving the transparency and impact of the district's budget, including objective peer comparisons, analysis of results, and analysis of potential savings areas.</li> <li>e. Tracking and addressing teacher and principal issues with student discipline practices and priorities.</li> <li>f. Improving control of purchasing card transactions, contract performance management, and the oversight of key contracts</li> </ul>		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 6 months)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	Various	School Board and Staff (503) 916-3200

**Narrative for Recommendation 26:**

Many of the findings and recommendations contained in this audit mirror the focus and work plan currently underway by the Superintendent and Board of Education.

The Board of Education and Superintendent have been intently focused on addressing the kinds of deficits outlined in this audit: lack of effective systems and structures, a dysfunctional organizational culture, weak leadership, low morale, and systemic inequities that have perpetuated poor academic outcomes for students of color, English language learners, students with disabilities, and children living in poverty.

The current PPS leadership - both the new seven-person volunteer School Board and the new District leadership team - have been aggressively pursuing a comprehensive change agenda that is intended to transform PPS into the high-performing school District that students deserve and Portland needs.

Some issues such as improving transparency and financial controls are amenable to quick resolution and changes have already produced substantial improvements in these areas. For example, the District just completed their annual financial report and received a clean audit with no findings and an unqualified opinion, a distinct improvement over recent years.

Other deficits, such as the absence of foundational elements to support student academic achievement, will require multiple years of consistent, focused investments. As the audit itself acknowledges, it can take years before the impact of instructional initiatives can be demonstrated in student outcome data. Therefore, the Board and District leadership are developing a comprehensive set of interim assessment measures consistent with the principles of improvement science to permit effective monitoring of the changes underway and course corrections as needed.

a) As noted in the audit, PPS has lacked a core curriculum for several decades. One of the first steps taken by the new Superintendent upon his arrival in October 2017 was to address this fundamental deficit. He hired new leadership to spearhead an accelerated process to develop a standards-based core curriculum in collaboration with teachers. Over six months, more than 200 teachers contributed to the first draft of the District's Guaranteed and Viable Curriculum (GVC), a comprehensive, rigorous, supportive, and sustainable, standards-based instructional curriculum, across core content areas, including language arts, math, and science, across PK - 12.

Central office staff, in collaboration with teachers and principals, will continue to refine and implement the GVC. Successful implementation includes comprehensive professional development, site leadership capacity building, teacher professional learning, and the allocation of resources sufficient to support the work, including substantial investments to replace outdated books and materials. In addition, a comprehensive assessment system that measures student growth and progress over time is being implemented. Together, this integrated, data-informed, instructional system will allow for continuous learning and improvement at the classroom, school, and District level and will allow the Board to monitor progress on a regular basis.

In early 2017, at the urging of the Board, the District began developing a new methodology for staffing schools. The FY 2018-19 budget allocated additional funding to implement the new staffing method, resulting in lower staff-to-student ratios in Title I and high poverty schools. As the audit notes, this staffing formula allows for greater individual attention which is a key strategy for improving student performance.

The audit notes, somewhat in passing, that PPS reopened two new middle schools in August 2018. This was a massive undertaking that was successfully completed in an extraordinarily short timeline as part of a broader commitment by the Board to provide equitable educational opportunities to all students. The intention is to move toward re-establishing middle schools as the District model and the opening of several more middle schools is planned over the next three years.

Presently, the District has a number of single strand grades in some elementary schools that have been persistently under-enrolled. The new District leadership has tried to mitigate the negative impact of single strands by providing additional supports (e.g., educational assistants, instructional coaches, etc.) as an interim solution and a District-wide boundary enrollment balancing process and other measures will help create school populations appropriate to the size of the school facilities. The Board allocated significant funds in FY 2018-19 for an external contract to support District staff in developing an actionable plan to redraw boundaries and assist in right-sizing school populations effective by the 2020-21 school year.



Both national research and local experience have convincingly shown that one of the most important factors in the quality of a student's educational experience is the leadership capacity of the school principal. Unfortunately, as the audit states, for many years, PPS did not follow national best practices in hiring, supporting, and evaluating principals and other administrators.

The Board strongly supports the goal of the Superintendent who has identified this as a major area of focus. The Board agrees the Office of School Performance and Office of Teaching and Learning have a strong mandate to build a robust system of professional development, ongoing coaching, and consistent, rigorous evaluation of principals in every school. The Board has identified school site leadership as a growth area and will be receiving regular progress reports from District staff on changes in hiring, supporting, and evaluating principals.

b) The District has already initiated a broad community-wide process to develop an aspirational vision of the skills and dispositions that PPS graduates will need to thrive in adulthood and how PPS can best deliver the education students will need to prepare for their future. This vision will inform the creation of an actionable strategic plan that will guide the work of Board and District leadership going forward. The strategic plan will be drafted by fall 2019 and will outline a clear theory of action, core beliefs and high-leverage tactics to promote equitable student outcomes and evaluative methodologies to monitor progress. The Board is working with the Superintendent and the senior leadership team to develop not only a short-term budget to support this work in the 2019-20 academic year, but also a longer-range forecast of budgetary priorities for coming years. Board and District leadership feel particular urgency around improving how we serve all students and also understand that the work of rebuilding PPS will require sustained investments over many years and a clear-eyed assessment of the academic return on investments.

As noted earlier, there has been a complete turnover in Board membership since 2015. Current Board members have identified PPS's organizational culture as a key to student success. Accordingly, a great deal of effort has been made on a number of fronts to promote culture change.

Recognizing that issues of trust with parents, students, employees, and the broader community were fundamental barriers to transforming PPS, the Board initiated a series of deliberate actions to bring a new climate of transparency and accountability. On the theory that culture change begins at the top of any organization, the Board has made a concerted effort to improve its own governance processes and develop a productive relationship with District leadership that balances oversight with support. Board Directors have engaged in quarterly retreats with the Superintendent's executive leadership team to establish common goals, plan and monitor ongoing work, and clarify working agreements on communication and collaboration with the Superintendent and senior staff. Some of that work, for example, leadership team-building and work plan development, has been facilitated on a pro-bono basis by a nationally recognized external school governance consultant. We will also be taking advantage of Board development opportunities offered by the Council of Great City Schools.

In addition, in the 2016-17 school year the Board contracted an outside review of all of its governance policies and has since begun the process of reviewing and revising all policies. A substantial body of new and revised policies has been adopted by the Board to address long-standing problems around transparency, accountability, stewardship of District resources, and

student safety that have contributed to community distrust. The Board has implemented the following significant policy changes:

- Through a public process that included participation of a wide range of stakeholders over many months, the [policy governing public records requests](#) was thoroughly rewritten to reflect that exemptions will be construed liberally in favor of transparency and disclosure. In addition, resources were allocated and staff was hired to facilitate the timely response to requests for public records, despite the extraordinary volume of requests.
- A similar public process produced a revised [complaint policy](#) that established a more efficient and transparent process to resolve parent and community complaints, replacing the previous process that was cumbersome, confusing, time consuming, and out of compliance with state regulations.
- The Board adopted a new [facilities policy](#) that enshrines a commitment to proper maintenance and establishes strict criteria governing any sale or lease of PPS properties to protect the District's ability to carry out its core educational mission over the long term.
- In response to the findings from the investigation of sexual misconduct involving students, the Board has drafted several policies intended to enhance student safety that are nearing completion. One new [policy](#) currently under revision establishes guidelines for professional conduct for all employees and contractors who have direct contact with students and stipulates requirements for reporting suspicious behavior. The district's [policy governing out-of-district travel](#) is being substantially revised in the interest of safeguarding students from staff misconduct. Stakeholder feedback is currently being collected and we anticipate the revised policy will be adopted by early spring 2019. In addition, PPS is actively pursuing state legislation to close definitional loopholes and enhance the capacity of the Oregon Teacher Standards and Practice Committee (TSPC) to conduct timely investigations of allegations of misconduct.

In the last twelve months, PPS has concluded long-overdue contracts with all bargaining units and made significant movement toward improving the overall tenor of District-union relationships. In 2017, the PAT and District bargaining teams, including three Board members, invested significant time together in interest-based bargaining practices training. Board and staff leadership will continue to meet regularly with teachers, administrators, and labor leaders to discuss ongoing questions and proactively resolve issues in order to build more collaborative working relationships that will benefit students.

c) Improving the level of achievement by students who need additional support, regardless of what school they attend, is a primary Board objective. Full implementation of a multi-tiered system of supports (MTSS) will contribute to accomplishing this objective. MTSS creates a common framework of tiered strategies for instruction and intervention tailored to meet students' individual needs. It is supported by a common infrastructure of curriculum, universal screeners, problem solving processes, progress monitoring, communication and collaboration, capacity building methods, training and coaching, and leadership development. This model will ensure the early identification of needs and provide appropriate supports for both academic achievement and the social-emotional well-being of PPS students, provide progress monitoring for student progress and growth, and facilitate in-class interventions and extra supports for students that need them.

As the audit notes, some schools, particularly schools serving students of color and students living in poverty, have unusually high staff turnover and high rates of teacher absenteeism. Reversing this trend and producing increased student outcomes through stabilization of staff is a Board expectation of District staff. The Office of School Performance (OSP) is actively analyzing these issues and there is considerable evidence to suggest that staff turnover may be strongly related to the skills, experience, and longevity of principals. As noted above, until recently, PPS had very weak practices in hiring, coaching, and monitoring principals. In addition, there seemed to be a common past practice of regularly rotating principals in Title I schools, interfering with their ability to form relationships and establish a strong and supportive school climate. The OSP has created a more effective system for coaching and monitoring principals and, through collaboration with the Office of Teaching and Learning, is in the process of developing ongoing professional learning opportunities. The Board supports these efforts to stabilize the teaching corps, improve the climate in struggling schools, and benefit students, and will be receiving regular reports from District staff on progress being made or remaining challenges.

The new structure of principal and school supervision in OSP, along with the strategic plan, will help address initiative overload by re-establishing central guidance in determining when and where to apply high leverage, evidence-based strategies and practices. This articulated process of collaboration and engagement will lead to common vision development and strategic plan ownership, resulting in greater clarity of District goals and priorities at every level. The strategic plan will guide both Board and staff actions to achieve measurable outcomes and objectives, and will inform the Board's budgetary decision making.

As PPS works to recruit new educators, in particular, educators of color and those who teach in languages other than English, the chronically underfunded condition of Oregon's TSPC poses a significant barrier. The TSPC's inability to work with teacher applicants with credentials from outside the United States leads to significant delays in hiring and contributes to the severe shortage of bilingual and bicultural educators. PPS is updating its internal processes to employ additional research-based best practices on teacher recruitment and hiring as it engages with the Oregon Department of Education and local higher education partners to urgently diversify the District's qualified teacher workforce.

The District's Audit Action Plan will include a schedule for staff reporting to the Board on all the above-described initiatives, critical milestones, and a student-centered scorecard. The Board Audit Committee, in consultation with staff, will define its role related to oversight, accountability, budget support and policy development in these initiatives.

#### d) Transparency of the district budget

In March 8, 2016, the School Board adopted a set of budgetary principles ([Resolution 5229](#)) based on the Government Finance Officers Association (GFOA) best practices budget framework stipulating that budgetary decisions should be grounded in the following principles:

- Providing students with an exceptional educational experience and ensuring their academic success should drive the budget process
- Decisions should be driven by data
- Base resourcing decisions on cost-effectiveness
- Prioritize the core program in all schools
- Critically re-examine patterns of spending

- Provide every student with equitable access
- Take a long-term perspective
- Be transparent

While there is still room for improvement in fully implementing these principles, initial progress has been made toward improving the intentionality, management, oversight, and transparency of the District's investments.

The audit rightly notes that PPS budgets have not been particularly transparent, lacking sufficient detail to permit a full understanding of how the District is investing its resources, tracking spending over time, or evaluating the impact of investments. The opacity of the budget book, whose format conforms to statutory requirements, has been a source of frustration for both Board members and community members for many years and will be substantially improved for this next budget cycle. It is inaccurate, however, to suggest that the Board did not exercise appropriate oversight during the development of the FY 2018-19 budget. A review of agendas for the FY 2017-18 board meetings and committees demonstrates that engagement in the budget process began much earlier than in previous years and that various components of the budget were discussed in public meetings on a regular basis through the end of the budget year. The new school staffing formula, which has major implications for schools and accounts for a significant portion of the budget, was closely monitored by the Board in numerous public meetings starting in the summer of 2017 (and by some Board members at least six months prior to that) and continuing through the adoption of the final budget in June 2018. In addition to verbal discussion at regular Board and committee meetings, the Board submitted many written questions about the 2018-19 budget touching on many issues, including contracts, substitutes, custodians, audits, central office staff evaluations, and academic supports. A [comprehensive list of questions](#) asked of the Superintendent and staff and the answers provided to the Board was publicly posted.

The new finance team is committed to implementing best practices for school budgeting developed by the Government Finance Officers Association and has taken a number of concrete steps to enhance the capacity of the District to exercise good fiscal stewardship and permit appropriate Board oversight:

1. Significant improvements have been made to address the issue of weak fiscal controls that were identified in this and other audits. PPS's Comprehensive Annual Financial Report (CAFR) completed by a respected external auditing firm (TKW) in December 2018 had no negative findings. The CAFR audit was reviewed and discussed at the Board's December 17, 2018 Audit Committee meeting and the December 18, 2018 PPS Board of Education meeting.
2. In the last budget cycle, the Board approved the purchase of new budgeting software to replace the antiquated method of spreadsheets that have been used in recent years. This will give the finance team the ability to build a budget more accurately and fluidly, exercise real-time monitoring of budgets to actual spending, and track spending patterns over time.
3. The new financial leadership team has already established a schedule of regular reports to the Board to ensure budgetary oversight occurs throughout the year and not just during the spring budget cycle. For the upcoming budget cycle, in addition to the roll up budget information that has traditionally been made available to Board members, the

Board will have ready access to program budgets and school-based budgets as well as timely responses to requests for information from Board members.

4. The format of the budget book for the 2019-20 school year will be considerably different and more transparent. In addition to the mandated revenue-focused budget information, in conformance with new ESSA requirements, the PPS budget book will now include school-based budgets which will allow for more accurate comparisons of total expenditures across schools and programs. This will help identify any inequities in resource allocations that might be contributing to the persistent disparities in student outcomes.
5. Beginning with the FY 2019-20 budget, PPS will be actively benchmarking its budget against comparable districts, both regionally and nationally. During the last budget cycle, the Board authorized the adoption of Forecast 5 that will allow comparisons with comparator districts in Oregon like Salem and Beaverton. It also provides enhanced capabilities to develop dashboards and other visual displays that should make data more accessible to both decision makers and the public. In addition, PPS will be comparing its budget with members of the Council of Great City Schools and will participate more actively in the GFOA project on improving school district fiscal practices that PPS joined in 2016.
6. PPS has already published a budget calendar for the FY 2019-20 budget that includes multiple meetings at which the public will have opportunities to learn about and weigh in on budget priorities.

The Board and the new administration are focused on efficiently and effectively using limited resources to improve academic outcomes for students. The Superintendent has identified areas of highest need and will be providing the Board with a prioritized set of investments in evidence-based practices for raising achievement.

1. In hopes that some additional funding might be forthcoming from the State for the 2019-21 biennium, Board members have asked for “deltas” for major expenditures — options for how the District could best invest an additional \$1 million or, conversely, mitigate the negative effects of less funding — to help both the Board and the public better understand the inevitable tradeoffs.
2. As the audit rightly points out, PPS currently has few performance measures identified to evaluate the impact of programmatic spending on student outcomes. The strategic plan that will be drafted by early fall will include concrete steps to rebuild the District’s data analysis and evaluation capacity, establish standardized processes for program evaluation, and develop key performance indicators (KPIs) as well as programmatic process and outcome measures that can be used to guide budgetary decision making in the future.
3. Since building that evaluative capacity will take some time, in the last budget cycle the Board allocated funding to hire two internal performance auditors in the interim. The auditors will be hired within the next month and they will work with the Board’s Audit Committee to identify areas of focus.

e) The Board understands the importance of a well-implemented, overarching multi-tiered systems of support (MTSS) framework to support the academic and social emotional success for all students. It includes a strong core curriculum for all students, interventions matched to the intensity of students’ needs, data-based decision-making, and progress monitoring for both academics and behavior. To support the development of this critical framework and

professional development for school teams, the Board supported the Superintendent's budget request for expanding MTSS in the FY 2018-19 budget.

Per recommendation #18 the Board will review and amend, as needed, the Student Conduct and Discipline policy. The first reading of the draft policy revision will be no later than May 31st which will then open a 21 day public comment period. There is the possibility that additional implementation time may be needed if contract language needs to be amended in an employee association agreement. This policy review is expected to be completed by August 2019 with a comprehensive systematic review including communication process, transparency with discipline dispositions, restorative alternatives to suspension and expulsion, and a clear referral process for students and staff.

The Board will be receiving a staff report on the implementation and impact of the new Behavior Collaboration Team no later than June, 2019.

f) The draft audit recommends PPS "Adopt policies and practices that ensure strong management of contract and grant performance, particularly for non-competitive contracts and initiatives directly serving students, including consolidating contract management responsibilities." The Board will review the Public Contracting Rules which act as the public contracting policies as well as board procedures, practices and protocols relating to review and oversight.

One specific area that a policy revision may be warranted relates to expenditure types using district funds. As stated earlier, the Board will review and update policies regarding appropriate use of District funds, including for meals, celebrations, and student incentives. Staff will also review the accompanying Administrative Directives and guidance. Staff have continued to strengthen internal controls around purchasing practices in general and purchasing cards in particular. The Board's Audit Committee will ask internal and external auditors on a regular basis to test for compliance with policy and practices.

Over the past year, the Board and staff have instituted an improved contract approval process, including the following steps:

1. The week before the Board meeting at which a contract will be considered, it is sent to the board by the Purchasing & Contracting director. Each instructional or student services contract has a cover template with essential information on the contract. The Purchasing & Contracting Office has been responsive and transparent in its interactions with Board members and their requests for information about individual contracts.
2. Board members have an opportunity to review and submit questions to staff prior to the Board meeting about any contract. If there are significant issues with a contract or it needs to be modified, it is removed from the meeting's agenda until Board member questions or concerns are addressed (either through providing more information or modifying contract language).
3. Staff managing the contract under consideration are required to attend the Board meeting and be available to answer any questions.

4. At the beginning of the meeting or at the start of the business agenda, the chair asks if any Board member has an item on the business agenda that they want to pull out for a separate discussion. Requests have always been granted since 2017.
5. When the Board considers its business agenda, Board members can still ask for a discussion, ask questions about a contract or for a delay, and then can vote no on contracts.
6. Multi-year, direct-negotiation contracts impacting students are reviewed annually by the Board. The Board this past year has had the opportunity to review prior year outcomes of the multi-year contracts impacting students.

In response to Board inquiries in FY 2015-16, the number of employees with authority to contract for services was significantly restricted and new accounting protocols established. However, Board requests to review contract evaluation reports in FY 2017-18 revealed that there were still many cases of contracts that did not clearly identify expected deliverables or articulate criteria to evaluate contractor performance. Even when those are present, as the audit notes, contract evaluation practices on the program side remain weak. The Board requested specific contract process improvements and additional accountability measures, and the new Superintendent has clearly identified contract management, particularly performance evaluation, as a growth area for staff. The Board will continue to work with the Superintendent to ensure that rigorous contract management practices through the entire life-cycle of a contract -- from identification of need to performance evaluation -- are universally understood and consistently followed. The Board has requested that contract evaluation reports have a standard format, that reports are collected and evaluated on a regular and timely basis, that there is clarity around what constitutes adequate performance metrics, and that there is clarity on how performance reports are used by staff in reporting to the Board and recommendations on contract renewals.

As part of this audit, the auditors hand-picked contracts for review versus randomly selecting contracts, so the observations and recommendations are not necessarily applicable to all of the other PPS contracts. At least half the contracts selected for review by the auditors were contracts that the Superintendent and staff reviewed and approved, but did not meet the current monetary threshold criterion for Board review. Over the past three years, the Board has greatly increased the rigor of review of the largest dollar contracts the district enters into and that staff recommends to the Board for approval. The PPS Audit Committee welcomes the opportunity to further refine the review process to ensure cost effective contracting that optimizes resources in support of students.

Other contract process modifications that have been made in the last three years, many of which were initiated by the board include:

1. Contracts must be formally approved by the Board prior to work beginning, even for the extension of existing contracts.
2. All instructional services contracts must contain a clear scope of work, performance measures, and quarterly to annual reports.
3. The Board requested a cover template for each contract that includes essential information about the contract.

4. The Board requested that the contracts be shared earlier in the week prior so that questions can be asked during the work week (versus having them arrive for staff responses during the weekend).
5. Contracts advanced contrary to Board direction have been removed from the agenda (e.g. legal firm contracts in 2017).

Multi-year contracts impacting student achievement that have been directly negotiated are reviewed by the Board annually by evaluating prior year outcomes. Building the District's capacity to track student outcome data will improve the Board's ability to evaluate and compare the "effectiveness of directly negotiated contracts. The Board has requested more consistent templates and metrics for all directly negotiated contracts.

Potential changes that will be considered are enhanced oversight of personal services contracts and particularly those directly negotiated (non-competitive) under PPS 46-0525(3) or (4). Potential actions that could be taken include, revising the dollar threshold amounts, requiring more rigorous staff pre-evaluation of contracts, lowering the threshold for review on non-competitive personal service contracts between \$50,000 and \$150,000, receiving regular updates from staff on non-competitive contracts, requiring regular management reports at public meetings on contract management and performance, and undertaking a broad overview of the role of contractors in providing student services.

As part of the Audit Action plan, the Audit Committee will work with the Office of Purchasing and Contracting and other relevant staff to address these outstanding issues, the audit recommendations, and informal suggestions from the Audit team.

The FY 2018-19 budget includes an allocation for acquisition of an Enterprise Contract Management (ECM) system.