

Multnomah Education Service District

2025-26 Hearing Minutes

Tuesday, May 20, 2025

6:00 pm

11611 NE Ainsworth Drive

Portland, Oregon

Present:

TSCC:

Chair Harmony Quiroz,
Vice Chair Matt Donahue,
Commissioner Tod Burton,
Commissioner Allison Lugo Knapp
Commissioner Dr. Rita Moore,
Allegra Willhite, Executive Director
Brittanie Abayare, Budget Analyst

Absent: None

Multnomah Education Service District:

Rene Anderson, Board Chair
Jessica Arzate, Board Vice Chair
Helen Ying, Board Member
Denyse Peterson, Board Member

Dr. Paul Coakley, Superintendent
Sascha Perrins, Assistant Superintendent
Executive Assistant to Superintendent and MESD Board Secretary Heather Severns,
Todd Greaves, Director of Student Services
Sara Bottomley, Senior Program Administrator for Business and Operations
Marifer Sager, Director of Communications

Opening Remarks

- Chair Harmony Quiroz officially called the annual Multnomah Education Service District budget hearing to order, welcoming attendees and explaining that the TSCC is a community oversight commission established over 100 years ago by the Oregon legislature. The commission oversees the budgets of all TSCC member taxing districts, conducts an annual thorough budget review and certification process, and holds public budget hearings to engage with district leadership and provide opportunities for public comment before budget adoption. TSCC members introduced themselves and confirmed no business relationships with the district that could be perceived as conflicts of interest.
- Superintendent Dr. Paul Coakley provided an overview of the district's budget for the 2025-26 fiscal year. He stated that their strategic plan, Blueprint 28, remains the comprehensive guide for aligning resources and initiatives with their mission and vision, reaffirming their dedication despite

current budgetary pressures. The 25-26 budget is based on three strategic planning goals: creating a high-quality learning experience for all, operationalizing systems that engage and empower the community, and building a culturally responsive workforce. Superintendent Coakley noted that the proposed \$11.4 billion state school fund is insufficient for Oregon K-12 districts, leading to deep budget cuts for their component districts. As a result, MESD's goal is to keep costs as flat as possible for component districts, which has led to internal reductions and a funding gap. He also mentioned that the menu of services offered to districts has been scaled back due to tight budgets.

- Federal funding remains uncertain, with a federal mental health grant already defunded for MESD, PPS, and Corbett. Other challenges include higher personnel costs and uncertain revenue streams. Despite this, the district remains focused on its goals, aiming to do more with less, and is committed to educational equity and responsiveness to student, family, and community needs. Superintendent Coakley shared that administrators, teachers, and classified staff had recently been notified of layoffs, with the district following contract procedures to keep costs flat and hoping to recall staff if funding improves.

Public Comment

- No one signed up in advance to testify, either in person or online. No public comment was received during the hearing.

Questions and Answers

- Question from Commissioner Burton: Last year you mentioned that in the absence of the state jumping in with additional education funding, you expected districts may need to have additional cuts to MESD services. Here we are a year later, and now we can add additional uncertainty in state and federal funds. How are things looking at this point in time?
 - Answer from Sara Bottomley, Senior Program Administrator for Business and Operations: Component districts had provided their selections for the coming year, and due to MESD's ability to keep costs flat, only minimal changes were observed, with a couple of programs experiencing more significant reductions. She added that as an ESD with a menu-based service plan, they have more experience than traditional districts in scaling services up and down and will continue to monitor developments closely.
 - Follow-up Question from Commissioner Burton: How will you quickly scale up or scale down if a large shift in funding happens one way or another?
 - Answer from Dr. Paul Coakley: Explained that since they have been following contract guidelines, scaling up would largely involve recalling staff. He noted that most impacted staff would receive layoff notifications with a last date of June 30, around which time funding information might clarify, allowing them to follow recall processes and bring people back to programs needing to scale up.
 - Follow-up Question from Chair Quiroz: Asked if there were other specific federal dollars at risk beyond the general uncertainty, particularly for the mental health program.
 - Answer from Sarah Bottomley: Their current assumptions involve flat funding for federal grants in general due to a lack of specific information about reductions or increases. However, for Title and IDEA grants, they are assuming a 5% reduction, aligning with the hedging strategies of many other school districts statewide.
- Question from Commissioner Lugo Knapp: This is a question for the board members in the room. We know component school districts can choose different levels of service. Additionally, your Blueprint'28 strategic plan has a goal to provide a systemic approach toward equity through the

services offered across the region. Given that the selection of services is outside of MESD's control, what role does MESD play in balancing equity across the different school districts?

- Answer from Jessica Arzate: Blueprint 28 commits MESD to providing regional equity and advancing equity by offering tailored equity supports, sharing disaggregated regional data, facilitating cross-district collaboration, and highlighting promising practices. She stated that MESD's responsibility is to build systems and support component districts in making equity accessible and actionable. MESD also serves as a convenor and collaborator, and based on conversations, component districts have a collective agreement to rely on their own equity departments, especially with reductions. She noted that even with districts shifting to focus on internal equity, MESD's work remains aligned with Blueprint 28 goals.
- Question from Chair Quiroz: From conversations with you last year, we understand that MESD does some work advocating for education funding at the state level. The projected state funding level for the next biennium is still billions below the full Quality Education Model funding amount. What's your perspective on the current status of state funding for education, and what's your strategy going forward?
 - Answer from Dr. Paul Coakley: Noted that the "grow your own" program has scaled down its staffing levels, meaning fewer people are doing the work while maintaining the same number of participants. He expressed that the two remaining staff members are strong administrators, but they are taking on more responsibility. He emphasized the agency's need to ensure wraparound services continue and participants feel supported, as their success contributes to the pipeline.
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 - Answer from Dr. Paul Coakley: MESD has been advocating all year, working with government affairs to meet with legislators and share student priorities. They emphasize that Multnomah County's student needs exceed state averages. He noted some work at the state level to fix the current service calculation, which now accounts for rollup costs (49/51 ratio instead of 50/50), but this doesn't improve distribution for student needs. He mentioned recent reports in February that criticized Oregon's outdated funding formula (unchanged since 1991) for not accounting for economic disadvantage or accurately predicting student outcomes.
 - Superintendent Coakley stated they recommend adopting an economic disadvantage index, which considers higher populations of students with disabilities, English language learners, economically disadvantaged students, and underfunded students, which would be relevant to all Multnomah County districts. They continue to engage with policymakers to discuss alternative funding methods, acknowledging changes will not happen this biennium.
 - Superintendent Coakley mentioned that they were hopeful the special education cap would increase from 11% to at least 15%, but based on the latest economic forecast from the state, available funding is not likely to increase and so the cap is likely to remain the same.
 - Contribution from Todd Greaves, Director of Student Services: This cap means districts cannot get full funding for students with disabilities, hurting instructional programs and students, especially since districts still must provide these services.

- Sara Bottomley added: Oregon is one of seven states with a special education cap, and 16% is the national trend.
- Follow-up Question from Commissioner Burton: Asked what they hear from the legislature when advocating for urbanized areas versus the rest of the state, inquiring about resistance.
 - Answer from Dr. Paul Coakley: People are generally concerned about advocating for specific areas and try to look at Oregon as a whole, often comparing rural and metropolitan needs to find a statewide baseline. He acknowledged that this approach creates "winners and losers".
- Follow-up Question from Commissioner Moore: asked if there was any discussion or plans to recommission an effort to bring the Quality Education Model (QEM) standards up to date?
 - Answer from Dr. Paul Coakley: No knowledge of any such plans or chatter about recommissioning an effort to update the QEM standards.
- Follow-up Question from Commissioner Moore: Asked for elaboration on efforts to reimagine the state funding formula and its status, acknowledging it cannot happen now but inquiring about future plans.
 - Answer from Dr. Paul Coakley: Some governmental affairs administrators in Multnomah County are collaborating, using research to create proposals and seek support from teacher unions and other organizations. However, there have been discussions for many years without significant movement.
 - Contribution from Todd Greaves: Washington has an economic disadvantage model for state funding that appears to achieve better outcomes than Oregon's. He also mentioned that other states fund special education by looking at average daily membership and applying weighted funding, sometimes double or triple weights, to help catch up.
- Question from Vice Chair Donahue: We see cuts to FTE in this budget based on anticipated district selections. In particular, the Approved Budget shows substantial cuts to special education. Although we know that these numbers will not be finalized until you receive better estimates from the school districts, it appears that some cuts are likely necessary. You've seen a trend of reductions in recent years – are schools finding other ways to provide these special education services? Is there less need? Or are the services just not being provided?
 - Answer from Todd Greaves: Shared an example from the current year where a component district, due to internal budget reductions and layoffs, decided to bring their children back to provide the functional living skills program themselves, resulting in significant savings for them. This reduced MESD's programming by about half, affecting approximately 18 students. He emphasized close collaboration with component districts, including identical messaging to staff and encouraging districts to hire MESD staff who already know the students.
 - Follow-up Question from Chair Quiroz: Asked how enrollment declines affect the number of special education students served, noting that while overall enrollment is down, special education needs (504 and IEP plans) are relatively flat or growing. They inquired if this meant that without a funding cap change, services could not be provided despite more students needing them.
 - Answer from Todd Greaves: Confirmed that due to the cap, services can only be

provided to a certain level. However, he noted that MESD, as a service provider, works closely with districts on response to intervention and multi-tiered systems of support to avoid over-identifying students with challenges. They have lengthened the process before referral to special education, incorporating progress monitoring, observations, and classroom assessments, ensuring decisions are evidence-based.

- Question from Chair Quiroz: Asked if MESD is working on creative solutions to build capacity in districts, perhaps through trainers or experts, rather than directly providing staff, to more efficiently deliver support with limited resources.
 - Answer from Sascha Perrins, Assistant Superintendent: Acknowledged that they do some of this but emphasized the complexity of the "ecosystem," where pulling on one thing impacts others. He noted that supporting staff when teachers are serving more students presents capacity challenges, describing the current situation as an "ebb" in a cyclical pattern for student education.
 - Follow-up Question from Commissioner Moore: Inquired about the current state of adapting teacher training programs to integrate all students into general education.
 - Answer from Sascha Perrins: While some efforts are being made, the primary issue is a shortage of people entering the field, particularly in hard-to-fill areas like special education. He described the current time as one of loss and regrouping.
- Question from Commissioner Moore: Asked about MESD's multi-year forecast, given enrollment declines in PPS and other districts, and if they anticipate likely budget cuts 5-10 years down the road.
 - Answer from Sarah Bottomley: Enrollment declines don't directly translate to reduced service needs, and their menu-based service plan makes a multi-year forecast difficult. Their agreements with districts are for single-year services, allowing districts to change selections annually. Their best information source is ongoing communication with component districts. She noted awareness of one multi-year plan to ramp down technology services program use.
 - Contribution from Sascha Perrins: Staff is retiring and replacing them has not been on track.
 - Dr. Paul Coakley: Numbers for teacher graduates from Portland State University and University of Oregon are lower than ever, and a single district could potentially hire all graduates from both programs. He mentioned a statewide teacher and substitute shortage since the pandemic, with administrators now filling absences. He stressed the importance of working with college partners to increase the teacher pipeline in Oregon.
 - He stated that they were experiencing difficulty retaining staff due to the reductions. He emphasized that MESD's goal is to meet the needs of its component districts, which are facing significant cuts (e.g., PPS \$40 million, David Douglas \$20 million, Reynolds \$20 million). He felt it would be irresponsible to increase costs for districts already in reductions, so they are keeping costs as flat as possible, which negatively impacts MESD staff but is done to ensure kids don't lose programs.
- Follow-up Question from Chair Quiroz: Inquired if teachers were being lost to other states or if this was a nationwide shortage.
 - Answer from Sascha Perrins: It's often based on seniority and union contracts, so newer, younger teachers are typically cut first. Some stick with it, while others switch careers.

- Question from Commissioner Burton: We'd love to hear an update on Rivercrest – could you please share a few highlights on how the program is going?
 - Answer from Sascha Perrins: Shared positive news, stating that Rivercrest is thriving in its second year with strong community support. They started before the state was reimbursing, with districts paying for students. Enrollment is now up to 25 students due to state reimbursement. Family participation in monthly meetings is nearly 100%, and they have partnerships with local organizations like 4 Recovery Collective Roots and Recovery Cafe. Students designed a phoenix mascot, and the program will offer summer school, host its first prom, and have its first graduation on June 6th.
 - Follow-up Question from Commissioner Burton: Asked for a brief description of the life or process of a Rivercrest student, specifically how the program balances public education and recovery work.
 - Answer from Sascha Perrins: Students receive public education alongside recovery work, which includes peer work, therapy, and social worker support on-site. There is also significant family connection. He praised the hiring of an expert who is connected to the recovery community, ensuring a strong start despite the unique nature of the world of recovery.
 - Follow-up Question from Commissioner Burton: Asked about retention in the program, given the dynamic nature of recovery and external forces.
 - Answer from Sascha Perrins: Confirmed good retention. He stated they started with 15 students, the maximum capacity for the space is 45, and they anticipate having 35 next year, aiming to ensure growth does not exceed capacity. He noted that continued growth would depend on state funding, as MESD was one of the initial programs.
 - Follow-up Question from Commissioner Burton: Asked if the funding for Rivercrest was more stable than for other programs.
 - Answer from Sascha Perrins: Believes there are numerous passionate advocates for Rivercrest, which he feels saves children's lives, suggesting an intensity that supports its funding.
 - Follow-up Question from Commissioner Moore: Asked if Rivercrest is eligible to draw on Medicaid funding.
 - Answer from Sascha Perrins: Stated that they have a dedicated staff member, Leanne Mixa, working specifically on Medicaid funding.. He did not know offhand but assumed if it was possible, she would pursue it.
- Question from Commissioner Lugo Knapp: We've heard in the news about the loan agreement with Corbett School District to help ease their budgetary shortfall - can you tell us a little about the decision-process to make the \$2 million loan as the best way to support the district?
 - Answer from Sarah Bottomley: MESD and Corbett School District accepted shared responsibility for Corbett's budget challenges and collaborated to determine the emergency aid loan was the best solution. MESD utilized reserves from its risk management fund (Fund 7) for initial loan installments. They are in the process of issuing a tax anticipation note (TAN) to ensure they meet their unappropriated ending fund balance for Fund 7 and avoid cash flow issues in 25-26. It is possible they may need to repeat the TAN process in future years until a sufficient amount of the loan is repaid. She anticipates the interest Corbett pays MESD will offset the cost of their borrowing through

the TAN.

- Follow-up Question from Chair Quiroz: Asked about the timeline for the payback of the loan.
 - Answer from Sarah Bottomley: Stated it is an eight-year timeline.
- Follow-up Question from Commissioner Burton: Asked if any of the loan had been paid off yet.
 - Answer from Sarah Bottomley: Repayment on the principal will begin in the next fiscal year, July 1st.
- Question from Chair Quiroz: For 2025–26, MESD anticipates significant spending of new resources from the Portland Clean Energy Fund to support energy-efficiency upgrades and carbon-emissions reductions in eligible MESD schools. We see these improvements are expected to begin next year. Can you describe for us what these projects will be? When do you anticipate projects will be complete?
 - Answer from Sarah Bottomley: There are two rounds of funding. The first round, from the climate-friendly public schools allocation (part of the P7 plan), involves projects like lighting efficiency upgrades required by House Bill 2531, improvements to building envelopes, and potential solar panels at one school. A technical energy audit is nearing completion to finalize these projects, which must be completed by 2028. The second round is a collective grant called "Collaborating for Climate Action," where MESD is the fiscal agent for itself and five component districts. They initially requested \$100 million and received \$70 million, so some down scoping is ongoing. For MESD schools, these projects include upgrading HVAC systems from gas to electric or potentially geothermal, transitioning parts of their fleet to electric vehicles, and installing charging infrastructure. This work is expected to be completed in 2029, with major construction starting in 2026.
 - Follow-up Question from Chair Quiroz: Asked if these projects were part of long-term maintenance plans or new initiatives.
 - Answer from Sarah Bottomley: These projects, such as converting to electric or geothermal, would not have been possible on this scale with typical school district funds. While replacing HVAC equipment is part of the plan, this funding allows for it on a much larger, more efficient scale, likely sooner than otherwise.
 - Follow-up Question from Chair Quiroz: Asked if the district has the capital planning and execution capacity to complete these projects within the next three to four years, noting challenges with capital projects.
 - Answer from Sarah Bottomley: Part of the funding would be used to hire contractors to assist with capacity and manage factors like tariffs.
 - Contribution from Dr. Paul Coakley: Construction costs rise annually and that with two large-scale bonds (PPS and Mt. Hood) on the ballot, competition for union trades and local companies could cause delays, as experienced previously. He reiterated the plan to bring in agency support for the work and contract process.
 - Follow-up Question from Chair Quiroz: Asked if there was any collaboration with PPS regarding technology plans or services related to climate policy and building upgrades.
 - Answer from Sascha Perrins: MESD leases buildings from some districts, making those relevant. Their technology services are part of a large regional ESD network, where tech directors collaborate and are knowledgeable about facilities.

- Follow-up Question from Commissioner Moore: Asked for more details on the geothermal projects.
 - Answer from Sarah Bottomley: MESD's eligible buildings are leased from Parkrose and are good candidates for geothermal due to available land around them, unlike PPS with tighter footprints. She noted that early estimates indicated this was a potential project, and they removed federal matching funds from the grant application last fall as they seemed unlikely to materialize.

Closing Remarks

- Chair Quiroz delivered closing remarks for the Multnomah Education Service District (MESD) hearing, thanking everyone for their frank conversation, especially during hard times. She noted that MESD has been a model in the region for being creative problem solvers and innovative, specifically mentioning their "grow your own program". She expressed hope that the work would continue to create a thriving system for kids.

Staff Recommendations and Objections

- TSCC Executive Director, Allegra Willhite, expressed a special thank you to the district finance staff, noting that it was a pleasure to work with them throughout the year.
- Staff found the budget estimates to be reasonable for the purposes stated. The budget was also found to be in substantial compliance with budget law.
- Staff suggested no recommendations or objections to the fiscal year 2025-2026 approved budget for MESD.

Vote to Certify

- A motion was made by Chair Quiroz to authorize the commission to sign the certification letter as recommended by staff.
- Vice Chair Donahue seconded the motion.
- All commissioners present voted "Aye".
- The Multnomah Education Service District's budget was certified by the TSCC.

There being no other business, Chair Quiroz closed the meeting.