

# Portland Public Schools District # 1J

## 2023-24 Hearing Minutes

Tuesday, June 11, 2024

4:30 pm

Prophet Building

501 North Dixon Street

Portland, Oregon

Present:

### **TSCC:**

Chair Harmony Quiroz, Commissioner Mark Wubbold, Commissioner Matt Donahue, Commissioner Allison Lugo Knapp, Commissioner Tod Burton, Executive Director Allegra Willhite, and Budget Analyst Tunie Betschart

**Absent:** None

### **Portland Public Schools:**

Board Members: Board Chair Gary Hollands, Vice-Chair Herman Greene, Michelle DePass, Patti Sullivan, Julia Brim-Edwards, Edward Wang, Student Representative Francesca Silverstein

PPS Staff: Interim Superintendent Sandy Husk, Incoming Superintendent Dr. Kimberlee Armstrong, Interim Deputy Superintendent of Business and Operations Myong Leigh, Chief Accountability and Equity Officer Dr. Renard Adams, Senior Director of Special Education Jey Buno, Chief Operations Officer Dan Jung, Finance Program Manager Alexandra Martin, Senior Budget Manager Junho Chang

Chair Harmony Quiroz opened the public hearing by welcoming everyone to the hearing and briefly introducing the duties and responsibilities of the TSCC. She asked the Commissioners and staff to introduce themselves and state if they have business relationships with the district that could be perceived as a conflict of interest. Each commissioner and staff member introduced themselves and stated they had no conflict of interest with the district. She asked the district to introduce the board of directors and staff present.

Following introductions, Chair Quiroz commended the district on the Meritorious Budget Award from the Association of School Business Officials International for the 2023-24 Budget Book. Transparent, clear budget books are very helpful for TSCC and the public in understanding the budget. Then she asked if Board Chair Hollands would like to make brief introductory remarks about the budget. She stated that following the introductory remarks, testimony from the public would be taken.

Chair Hollands thanked TSCC members for their service to the district. He said the budget was challenging this year. No one wants to make cuts to the budget. With PPS's amazing staff, they were able to keep a lot of those cuts away from the kids. That was the priority. He thanked the staff and the interim superintendent, who came in with fresh eyes and experience. She helped to prioritize things. She helped ensure that kids can receive the educational experience they deserve.

Ms. Sandy Husk added that she arrived in February. She did some onboarding with Guadalupe Guerrero and his team in January, who had done much of the core work. She followed the values that Gary Hollands outlined and tried to reduce staffing and costs as needed while protecting the programs and education for the children. Remarkably, many instructional structures show that the dial on academic achievement is moving in the right direction and that graduation rates are in a good place. She said she is worried about the district going forward, knowing that a significant year of cuts is coming up. The budget

process was complicated. Even though it only looks like a few months to the public, it's a 12-month cycle behind the scenes. Adjustments had to be made after the strike was because the district lost a month, and it made a very tight timeline. She said they were ready to address the TSCC questions.

Chair Quiroz asked if anyone had signed in to give testimony, explaining each speaker would be limited to three minutes.

Executive Director Allegra Willhite said no one had signed up to speak. With that the commissioners started their questions.

### **TSCC Questions:**

#### **Commissioner Allison Lugo Knapp asked the following question:**

This year has been difficult, and the board has been tasked with making challenging decisions about where to cut. Can you share some about your process? How did you choose what to prioritize?

Mr. Gary Hollands said the district is indeed experiencing challenging financial constraints. Because revenues are not keeping pace with the costs of operating the school system, there will be budget reductions throughout the organization in the coming year. The school district must balance the budget and meet student needs. The reductions will impact all PPS communities in some way. That said, the student experience has been prioritized in budgeting and will not change significantly.

The district must center PPS's priorities when making decisions, especially when facing a budget shortfall that requires significant reductions. PPS is prioritizing three areas of focus;

- High-quality, grade-level, and standards-aligned curricular materials in the hands of every teacher
- Unified vision of what teaching and learning should look like in every classroom, every day, which the district calls the Instructional Framework
- Job-embedded professional learning to strengthen instructional practices and build and expand teacher capacity

These investments represent the most promising levers to improve student outcomes and advance the district and board goals for student achievement.

One of the earliest phases of budget decision-making is designing the school's core requirements to align with the district's priorities. A subsequent phase ensures schools are staffed to meet their core and contractual program requirements. This year, PPS staff analyzed the overall system of school-based supports (including central and school-based positions). A goal for this year was to be more strategic and more specific about allocations to the schools that need additional support and identify and streamline areas of redundancy.

An example of a redundancy addressed during this budget process was pre-kindergarten Early Learning and Head Start program offerings. This budget consolidates these services. PPS spent several months analyzing the program supports to determine opportunities to streamline resources while maintaining the same number of PreK/Head Start classrooms and the same high-quality programming for students and families. The district found by braiding all of the funding sources and collapsing unnecessary team distinctions within the department, the district could reduce program redundancies.

#### **Chair Harmony Quiroz asked this follow-up question:**

TSCC recently met with the county and discussed Preschool for All. Is there work being done to incorporate with PFA as an alternate funding source, or is the effort to maintain PPS's path?

At the hearing, PPS responded that they would follow up on this question with a written response.

TSCC received the following written response from Alexandra Martin:

*Our 51 PPS PreK classrooms are grant-funded from five different sources: Federal Head Start, State Head Start (OPK), Preschool Promise, Preschool for All, and Portland Children's Levy. We braid these funds together to allow families living at different income levels access to classrooms across the city and to maximize our available resources. Preschool for All has been a part of our braided funding mechanism since its pilot year (2022-23).*

**Commissioner Matt Donahue asked the following questions:**

Enrollment has continued to drop and, in addition to the loss of one-time federal funds, seems to be driving much of the cuts. More cuts are anticipated next year. What is the district doing to stabilize funding at schools for the short and long-term?

Interim Superintendent Sandy Husk said it's a triple whammy, enrollment declines, ESSR funds going away, and a disconnect between available state funds and what the community wants. This district made good decisions about knowing that those funds would go away and using them for one-time purposes. There is a distinct disconnect between what the state funds and what the community wants in education. The current service level needs a severe deep dive to see if it even comes close to aligning with the Quality Education Model.

There were lots of conversations with the superintendent groups as to how to participate on the governor's committees, how to make sure that they understand that while the Student Success Act was a perfect infusion of finance for school districts, those are designated funds, and what districts are struggling with are the core functions, what it takes to run organizations of this size, especially with communities that demand high-quality instruction, robust curriculum, and lots of program support.

PPS can adjust to enrollment declines, and the ESSER funds, but the inadequacy of the State Funding Formula in Oregon needs some severe political lift. There are parents, elected officials, and business leaders in this community who will step up to that challenge. Some district leaders are trying to get to that stage through the Coalition of Oregon School Administrators (COSA) to raise the level of understanding in the governor's office and at the legislative level.

Ms. Julia Brim-Edwards added passing the local option was a considerable stabilizer. It's \$100 million a year. Having that in place creates a strong foundation in addition to the enrollment. The enrollment has gone up and down, and there have been some significant "downs" in the past. One of the things that will benefit PPS is that the district will have a solid start to the next school year—rebuilding confidence in public schools for parents in this community and communicating about the value proposition of Portland Public Schools. The people in the district understand the unique things that Portland Public School can offer students. The district must continue communicating that to families because public schools are valuable.

At the state level, besides the state school fund, there are other levers that PPS could potentially influence that could impact the amount of funds coming in. For example, in the formula, PPS doesn't have any adjustment for the cost of doing business in a more expensive metro area. It's much more expensive to do business in the metro area than in other states. There's not a factor for that in the formula. There are other places besides the items that Superintendent Husk mentioned that PPS could potentially leverage more funding.

**Commissioner Mark Wubbold asked this follow-up question:**

Is there a task force in this association that's working on tweaking, resetting, working on, or re-evaluating the formula? It sounds like there may be structural issues as well as financial issues.

Ms. Husk said the governor called the task forces together. COSA has a seat at the table. School systems about the size of Medford and above have been having weekly conversations about what

needs to happen to raise the understanding. It will probably not be a formula tweak but rather a strong recognition that school districts can't keep up if the desire is to have a robust K12 education system in Oregon.

**Chair Quiroz asked these follow-up questions:**

Is the district doing work internally to restructure or change things as well? What are we doing to rethink how we do business to bring about future stability if state-level changes don't happen?

Ms. Husk said there are some places to increase efficiency, but based on what this community expects the school district to offer and support, making those adjustments at the district level through efficiencies will be impossible. This board and this new leader will need to make some decisions. The public engagement with employees around understanding what's creating these things that appear unstable from the outside needs to be simplified and communicated often. So, public engagement around what can be funded by the amount received needs to happen.

Ms. Brim-Edwards said that 80 to 85% of costs are in personnel and most of those in represented employees that PPS has contractual obligations that the board has negotiated and is a fair wage package for both the cost of living here in the metro area but also for the work they do. There's limited ability to change most of that. As Chair Hollands said, trying to keep the focus on school-based staff and school supports, that's a large portion of the cost. It leaves a much smaller discretionary budget that you could influence and ring efficiencies out of. That work will continue. It is just that the piece of the pie isn't big enough.

**Commissioner Donahue asked these follow-up questions:**

What is the most significant driver of parent and community expectations? Is it class size? Programming?

Ms. Huff said it is all those you mentioned. They go together, and it's a lot when you offer the number of robust programs that PPS has, Career Tech offerings, Dual Language Immersion offerings, the arts, and the unique things that PPS has in the schools. The community loves it. They speak up loudly when they think that the base is being shaken. However, this requires a lot of staffing.

**Commissioner Tod Burton asked the following questions:**

The Approved Budget includes a move of \$1.8 million from contingency to be spent on instruction, specifically for Racial Equity and Social Justice contracts. How does this change impact your reserve level? Is it still within the policy levels set by the board? And what is the plan for building up your reserves to the goal of 10%?

Mr. Myong Leigh said the PPS Board's policy on reserves reflects a goal of funding and maintaining a reserve in the general fund ranging from 5% to 10% of annual general fund revenues. If the existing reserve, the beginning fund balance, were included among total resources, the budget would fall slightly short of the 5% minimum threshold. In the coming months, staff will continue to update the financial projections, including estimates of revenues, expenditures, and reserves. These updated projections will be used to determine the scale of budget reductions that will be needed in 2025-26 to maintain adequate reserves per Board policy.

For the next two years, the PPS Board and staff are focused on maintaining the 5% minimum reserve level outlined in the Board policy. Discussions and plans to increase reserves closer to 10% will depend significantly on improvements in state funding for public education. The PPS is very close to 5%; the hope is that as the district refines the forecasts, additional dollars will be found to meet 5% for the near term, focusing on hitting the 5%.

**Chair Quiroz asked this follow-up question:**

PPS can only dip into reserves so often – can you give us insight into the intent and reasoning for dropping below the 5%?

Ms. Patti Sullivan said they decided to reduce reserves to less reserve so this year would be less painful.

Mr. Herman Greene said they wanted to reduce the immediate impact on the kids and those needing this support right now due to the events that recently happened and those currently happening. So, they decided to use small portions of the reserves to reduce some impact in some areas for those students who are marginalized and need more support, making things less painful this year. This helped ease the pain of making this hard decision and at the end of the day realizing that it was a decision that the board needed to make to give PPS staff direction on where to go and how to move. It's still not enough. Adding more money is the only way to get to 10% in the reserves. School districts aren't businesses. They don't make money. They don't have anything to sell that will create income. There is not enough money.

**Commissioner Wubbold asked the following questions:**

Last year you shared some of the work being done to improve safety and security, including the introduction of certified safety professionals, new policies and procedures, training, and building and design efforts. Are you seeing results? How does the number of safety and security incidents compare this year to last year?

Mr. Dan Jung said there is a lot of information and data in the written response on the number of instances in the last two years. He said he would give a summary of that information. Additional campus security personnel increased the district's ability to identify potential security concerns proactively through an increase in the daily safety and security assessments. The increase also allowed more effective and quicker responses to those security incidents when they did occur.

PPS added personnel across the district to ensure there were multiple staff at each high school. The district also elongated the time that security was at the high schools. PPS ensured every middle school had at least one dedicated safety associate, and the district increased its capacity to support the elementary schools and rovers that move throughout the site.

There was coverage at non-school campuses to some degree. With that, the district saw, in some cases, an increase in the total number of incidents. Staff attributes that to an increased ability to respond to instances like graffiti, vandalism, and similar things. In other cases, such as trespassing or theft, staff saw those instances go down and attributed that, at least in part, to having more security associates.

I want to ask the Student Representative, Francesca Silverstein, how she feels in school. Do you feel safer in school this year than last? What is your experience in comparison to the last couple of years?

Ms. Francesca Silverstein said she feels a little bit safer. Last year, there were many high-profile incidents, especially in her school. A car near the school was shot at. It was on people's minds a little more last year. This year, the discussions had somewhat eased everyone's concerns, and they were helpful because they opened the dialogue. It was knowing that they care and that safety is something they take very seriously.

**Chair Quiroz asked the following questions:**

During the strike, we heard discussions about the number of direct support staff in administration vs. the number of school-based staff. Is the ratio comparable to similar-sized districts, and if not, why is PPS different? Has the ratio changed over time?

Ms. Husk said about 90% of the PPS staffing positions are focused on instruction classroom and building support roles, and about 10% represent central office, which includes vital functions, payroll, human resources, technology systems, research, and facilities. PPS's ratio is pretty typical for this state. The district's average class size compares very favorably. Some are lower, but on average, PPS has smaller class sizes than other districts in the state.

PPS has experienced turnover in central administration in recent years, including in the offices of superintendent and CFO. Do you have a sense of why turnover occurs? What impacts arise from these staff changes, and how does PPS mitigate them?

Ms. Husk said the superintendent's position has been stable, about twice the national average in terms of duration. The previous superintendent was here for almost seven years. As for the finance team, many people are promoting up, or then finding another position and then coming back into a higher-level position. That will happen, especially in an urban area where driving from one district to another is easy. There has been a substantial bit of turnover in the higher-level finance positions in general. It's tough to find CFOs in the school district business right now. Many districts are struggling with that reality. This particular budget has a hefty workload, including expectations, exposure in the media, and exposure in the community review committees. That's not something you get in districts of other sizes. When you're the largest in the state, it carries a heavy scrutiny factor. PPS has looked at the compensation and may need to look at that again if the district wants to get the required stability.

**Commissioner Donahue asked the following question:**

There are multiple recent news articles on the impact of reductions on special education services in the district. Could you provide a summary of how special education is changing in this budget? How will the changes impact students?

Mr. Jey Buno said the district is implementing a special education program improvement plan rooted in the Forward Together Strategic plan. This plan is organized to address students' level of need and persistent gaps in achievement for students with disabilities. The plan supports what staff has heard from students and families for an increased focus on engagement and belonging. The plan is informed by an external special education program evaluation and direct input from students, families, staff, and school leaders. Implementation of this plan, frequently referred to as the Neighborhood Schools Plan, is currently focused on two elementary schools and will move to six additional elementary schools next year.

Program shifts, the foundation of this plan, were initiated this year to improve the capacity to provide services and support for students with disabilities at their neighborhood schools.

Due to the labor agreements, these shifts required staffing adjustments that were aligned with the budget development process. This plan requires a philosophical shift and action, moving from allocating staff to centralized support roles to allocating staff to school buildings in direct support of instruction and school-based student services.

This budget includes staff that support services for students who receive special education services blended with multiple funding functions, general funds, and grant funds. This budget includes an increase in licensed special education staff of seven FTE from last year's adopted budget and an increase in classified staff of eight FTE from last year's adopted budget.

Every staff allocation move made by the central special education department will not change a student's identified service needs outlined in each student's Individualized Education Plan. The district will continue to train and support the staff that serve students' IEP-related needs. The system will move to a model of school-based support, and if a student's IEP requires specific training within the support for school personnel section, that will continue to be provided.

**Commissioner Wubbold asked these follow-up questions:**

One district we spoke to during the budget hearings is the Multnomah Education Service District. They provide some of the services that you're describing now. Is there an overlap of your staff and what MESD could provide? Is there a more efficient way to serve that need by acquiring services from the ESD?

Mr. Jey Buno said the district uses two of the services provided by MESD: nursing services and specialized student placements. Other than that, PPS provides all other services using district employees.

**Chair Quiroz asked these follow-up questions:**

Some specialty services are going away next year. How do you ensure that the community and parents, especially those with the most vulnerable students, meet their needs?

Mr. Buno said that throughout the spring, PPS has reached out to each of the families served in the specialized classrooms. The district invited them to engagement sessions, specifically through the family liaisons. The district has facilitated informational conversations, letting them know what is happening and what has been reported. There is information on the website also.

The district focuses on not having one centralized medical model support system. The plan is to increase the capacity of the specialists across the system to serve kids. That way, the district will not be impacted by the service the students receive. PPS will still have specialists because there are students with significant needs, and staff will need their expertise.

Is there also capacity-building work for administrators and general educators on this new community-based model?

Mr. Buno said it's a significant shift for the system, which is one reason why PPS is approaching it with such intention and going very slowly to do it well. This is why the district started with two schools this year and is moving to six next. Then, the district will intentionally engage with the school staff to help support them.

**Commissioner Burton asked the following questions:**

Following the recent school closures due to extreme weather, how is PPS evaluating its emergency preparedness protocols, mainly when there is physical damage to schools? How will you respond more efficiently to future disruptions and minimize educational impact on students?

Mr. Jung said following the recent school closures due to extreme weather, PPS is thoroughly evaluating its emergency preparedness protocols to ensure the district is better equipped for future incidents. It's important to note that the recent event was an extreme anomaly that caused widespread power outages, leading directly to freezing pipes and subsequent damage due to the lack of power. Winter storms that cause severe damage and cause the governor to declare a state of emergency are uncommon. PPS's After-Action Report, currently under development, aims to identify strengths and areas for improvement based on recent experiences. This includes:

- Reviewing Communication Strategies - Ensuring timely and accurate communication with staff, students, and families is critical. PPS is assessing the notification systems and protocols to improve information dissemination during emergencies.
- Enhancing Coordination – The district is strengthening coordination with local emergency services and utility companies to ensure a faster and more effective response to school physical damage. The newer or remodeled schools did not experience severe damage. It was the much older facilities that were impacted. That highlights the need to prioritize capital programs and modernize schools.
- Ensuring Efficient Response and Minimizing Educational Impact - To ensure a more efficient response to future disruptions and minimize the educational impact on students, PPS is



prioritizing repairs and upgrades to the facilities that improve resilience against extreme weather, such as reinforcing roofs, windows, and HVAC systems.

What about the infrastructure side of this - how are you considering potential future extreme weather events for your capital and modernization projects?

Mr. Jung said one of the things the district is doing is planning for a future General Obligation Bond and executing it now for the future. The district knows that the biggest problems are the building systems, mechanical, electrical, plumbing, and exteriors. Plumbing is a big one.

**Commissioner Lugo Knapp asked the following questions:**

Construction costs for Jefferson High School continue to grow. Will increases be covered by contingency, and if not, what is the plan for covering cost increases? What lessons have you learned that you can apply to future projects?

Mr. Jung said on April 2nd, 2024, the Project Team presented a revised plan to the Board of Education for an all-new Jefferson High School building to be constructed at the north end of the campus along Killingsworth. This revised plan will cost \$491 million, which is \$125 million more than the \$366 million of funding provided by the 2020 School Improvement Bond.

While these new costs will require funding from an upcoming school improvement bond, the latest project budget includes sufficient project contingency and escalation that should cover future potential cost increases.

Regarding lessons learned from the Jefferson project to apply to future projects, bringing on a contractor as early as possible is essential to help inform the cost estimation process. This is particularly important for this type of complex, multi-phase high school modernization, where contractor participation early on can help guide the owner/architect/contractor team in the development of a constructability and target value design approach to use during the pre-construction phase to keep the project on budget.

Students will stay in the existing Jefferson HS building during the construction of the new Jefferson on the north end of the campus from 2025 through 2028. Students will move into the new building in the fall of 2028, at which point abatement & demolition of the existing building will begin, with completion of site athletic fields by the fall of 2029.

Can you update us on the plan to place students while construction continues? Where will Jefferson students be while the project finishes?

Mr. Jung said students will be in the structure while the new school is built, and then they will demolish the old building. Phase one, which moves students into the new building, will happen in fall 2028, with the end of the project sometime in 2029.

**Chair Quiroz asked the following questions:**

In the past we've had discussions about the Center for Black Excellence, a bond project from the 2020 school facilities bond. Can you share the latest progress? What is the current status?

Mr. Adams said there have been over 100 engagements with the community to conceptualize this facility. The physical infrastructure of the Center for Black Student Excellence (CBSE) will be approximately 45,000 square feet of a larger 85,000-90,000 square foot facility that is shared with a small PK-5 Learning Lab. That PK-5 space program is derived from PPS Educational Specifications for a PK-5 school. The CBSE space program is based on the CBSE Vision, created through an in-depth, four-phase public engagement series with the community from September 2022 through April 2023 (see page 49 of the CBSE Vision for more detail). From that engagement, guiding principles, functional goals, and space programming needs were developed. The next steps for the physical infrastructure would be to procure architecture and engagement consultants to



continue working with the community on comprehensive site planning. Elements of CBSE programming will also be implemented before the physical space is completed.

Do we know the timeline of those projects from the 2020 bond? How many 2020 bond projects will not be finished before PPS has to go out for another bond?

Mr. Yung said they are discussing going for another bond in November 2024. There are significant funds from the 2020 bond to spend down. There will be several more years of work with 2020 bond dollars, which isn't unanticipated. The district has had this overlapping bond sequence plan for over a decade. PPS anticipates having all the 2020 bonds spent roughly in the next six or seven years to complete that work. Then, the 2024 bond work will overlap.

**Commissioner Donahue asked the following question:**

PPS has been an excellent experience for my daughters. They will only be there for a couple more years. The district has provided them with an excellent education. My daughter, a sophomore at Grant High School, raised an issue near and dear to her heart. Apparently, at Grant, they spent \$60,000 on pouches to store phones during school hours, so she wants to know why they're spending money on keeping her iPhone in a pouch when they're cutting a Maker Space simultaneously in the school.

Ms. Brim-Edwards said she would address this subject from a policy standpoint. The pouches are in response to staff and community concerns. A broader conversation exists about developing a comprehensive policy on cell phones and schools. Grant wouldn't be the first school in the metro area to use the Yondr pouches. They are similar to what is used at a concert. Mount Scott Learning Center, a smaller Alternative Program, currently uses them. From the staff and student perspective, they are having very positive outcomes. They've had it for quite a while. The staff has seen more engagement with students and less distraction in the classroom. The students are free to use their phones before and after the school day. Walking into school, they focus on the classroom and their relationships with their peers, not on their phones.

The board was talking about the cost yesterday because that may be the entry point for other schools. That certainly will be a consideration of the price. There may be solutions other than buying the Yondr pouch that could address the issue in different ways that don't require any expenditure of funds.

Chair Quiroz thanked the district board members and staff for joining the discussion and contributing during the hearing. Then, she closed the hearing and opened a regular meeting of the Tax Supervising and Conservation Commission to certify the Portland Public School District's 2024-25 Approved Budget. She asked if the commissioners had any questions or comments concerning the budget.

She asked Executive Director Allegra Willhite to give staff recommendations for the certification letter. She said working with the budget and finance team at PPS was a pleasure. This year was challenging, and she knows how hard that team worked because PPS has a valuable and comprehensive budget document. Staff will contact TSCC when they have questions to ensure their budget procedure complies with budget law. TSCC staff is so appreciative of that. The district has a fantastic group of finance professionals, and those staff members have gone above and beyond this year. She said staff found the budget estimates reasonable for the purposes stated and in substantial compliance with budget law. TSCC staff suggests no recommendations or objections to the fiscal year 2024-25

Chair Quiroz called for a motion. Commissioner Donahue moved to certify the Portland Public School District's Approved Budget with no recommendations or objections, as staff suggested. Commissioner Wubbold seconded the motion, which passed with a unanimous vote of the commissioners.

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