# Portland Public School

# Five Year Local Option Levy

# Hearing Minutes

**Tuesday October 15, 2019, 5:00 p.m.**

**Blanchard Education Service Center**

**Mazama Room**

**501 N Dixon**

**Portland, Oregon**

#

**Measure 26-207**

November 5, 2019 Special Election

**Present:**

TSCC:

Chair David Barringer, Commissioner Mark Wubbold, Commissioner Margo Norton, Commissioner James Ofsink, Executive Director Craig Gibons, and Budget Analyst Tunie Betschart

**Absent:** None (One position vacant waiting appointment by Governor)

Portland Public School District:

Board Members:

Chair Amy Kohnstamm, Vice Chair Julia Brim-Edwards, Scott Bailey, Andrew Scott, Michelle DePass, Eilidh Lowery, and Rita Moore

Staff:

Superintendent Guadalupe Guerrero, Deputy Superintendent Claire Hertz, Chief Financial Officer Cynthia Le, Chief of Staff Stephanie Sodem, Internal Communications David Roy, and Community Budget Review Committee Chair Harmony Quiroz

Chair David Barringer opened the Public Hearing on the Five Year Local Option Levy Measure by explaining TSCC’s responsibilities with regard to tax measures. He explained that there will be no formal action taken as this is a hearing on the tax measure so the voters will take action in November. He followed with introductions of TSCC Commissioners and staff.

Chair Barringer asked the Portland Public School representatives to introduce themselves and give a brief presentation of the Local Option Levy.

Ms. Claire Hertz said they would like to explain before we begin, that being public employees of the district, once the ballot measure is filed with the county, staff may only provide factual information. And are not allowed to express opinions either for or against the levy. So the responses tonight are intended to be only factual. There is one thing they want to bring to the attention of the Commissioners. There is a transcription error published in the ballot measure summary for the collections information in the fifth year of the levy. The correct amount for that 2024-25 fiscal year is $116.9 million. All the other collection amounts are correct.

Ms. Stephanie Sodem gave a brief overview of the levy saying it is a renewal of the previous levy passed in 2014. It is the same rate $1.9900 per thousand of assessed value. It is intended to fund teaching positions, salary and benefits. Over the past 5 years the local option levy has funded an average of 825 teaching positions per year. The district anticipates this to be maintained throughout the duration of the levy.

**TSCC Questions:**

**Chair Barringer asked the following question:**

When you compare the two levies are there any differences in the two levies?

Ms. Kohnstamm said there is not.

**Commissioner Ofsink asked the following question:**

We are interested in the matrix used to measure the outcome. How do taxpayers know if the levy is accomplishing what it was intended to accomplish. So with the current levy what kind of outcome can you tout to the voters?

Ms. Claire Hertz said this levy has provided additional teachers in every school across the district. A chart has been distributed showing the various schools and the number of FTE funded by the local option levy last year (2018-19). This shows specifically how these dollars have been spent throughout the district.

**Commissioner Norton asked this follow-up question:**

We have seen this chart from your Citizens Review Committee. But your levy material and the explanatory statement talk about specific things, more than the number of teachers: that is the interest we have in terms of outcomes. So, yes, you promised the voters you would deliver X number of teacher and yes, you delivered that. In addition, you also suggested other outcomes you were looking for. Could you comment on that?

Ms. Hertz said at tonight’s board meeting the agenda includes an action item to adopt board goals which include a set of measureable student academic milestones that the board intends to monitor. It starts at the third grade reading goal, a fifth grade math goal, a high school readiness goal, and a post-secondary readiness goal. These are the metrics that the board intends to use-at a high district level-to see our academic and student achievement performance. So in terms of this levy, while it’s bringing many teachers into the district, it is also helping support these specific district targets.

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

Could you give us the definition of teacher?

Ms. Hertz answered saying it's a licensed professional and it's an educator. They can be a special education teacher; it could be a media specialist that's running a library, working with students; it could be a music teacher. There are many types.

Ms. Kohnstamm added that one of the things on this issue that was important for the board of education was that the district have a variety of teachers in all of the schools. The levy does not specifically just fund classroom teachers and thereby just reduce class size. It certainly does that, but it also enables the district to deploy specific teachers in service to specific goals. Schools may need intervention specialists or something like that.

Mr. David Roy stated that special education counselors are also certified.

**Commission Wubbold asked the following questions:**

We have a chart in the TSCC review showing staff by school and department. It has some information about Special Ed, Community transition program, Holiday Centers, some of these special programs. So you've talked about these key metrics for third, fifth, high school, and postgrad that you're going to be tracking for these more targeted, special programs. Do you have similar types of metrics for those? And if you do, what would those be?

Ms. Hertz answered saying they had a visioning process last year and that lead into a district goal setting by the board, which is now leading to a strategic plan framework that staff will bring to the board in November. And with that, PPS will be adopting a multiple year business plan that will have specific strategies with investments in key actions to support those strategies. The district will be developing academic return on investment metrics to support those investments. She said this work is in process and not everything is completely fleshed out. It's all based on last year’s community visioning process. Now we're rolling it forward into a plan for the next three years. The multi-year business plan will be approved December 3rd.

**Commissioner Ofsink asked this follow-up question:**

When was the last time the district had a Strategic Plan in place?

Will there be an oversite or advisory committee?

Mr. Scott Bailey said it has been at least a couple decades since the district had a Strategic Plan.

Superintendent Guerrero said in response to the question as to the outcome measures or performance targets PPS might be setting for student groups the district does have accountability measures as do the schools have a report card. Our principal supervisors work very closely with school principals and their leadership teams and school site councils to layout in their school improvement plans, specific targets, for wherever they may be experiencing, opportunity gaps. So it might be the kids with special needs, it might be African American students. District support to revisions is around showing accelerated growth in the areas for any particular school and identifying what interventions or strategies might be enacted in order to narrow those gaps. PPS might have a more global milestones than you see noted, for the school district, but doesn't preclude necessarily the more specific targets that a school may have identified as their next level of work

Mr. Bailey added, that it is important to note that goals the board is voting on tonight, the third grade and fifth grade math goals and the third grade reading goals, are focused on student growth, which means every student, but particularly accelerated for the historically underserved students.

**Commissioner Norton asked this follow-up questions**?

Those goals that are under consideration tonight will be on a go forward basis and would presumably be used for the measure that is going to be before the voters in November. The objectives for the levy that is just coming to a close were similar. What we were trying to get at was, other than reporting on the number of teachers, are you reporting on anything else for the current levy that will change under the new levy? Are we going to see something for the current levy that, maybe will be going away? And it sounds like it may be replaced by what you're talking about now on a go forward basis?

Ms. Rita Moore answered saying the only thing we're reporting on is X number of teachers. We promise that the levy money would go towards supporting positions and that's what we've delivered. Likewise for this levy, PPS is not stipulating any particular usage of those teacher teaching positions. That's going to be driven by the strategic plan and instructional strategies. We're not tying the levy money to particular kinds of positions and therefore we're not tying into any particular metrics beyond the metrics that we're establishing for all of the district’s initiatives.

Ms. Cynthia Le added that when they talk about the new levy they are asking for teaching positions and support staff. So that would be a music teacher; a Special Ed teacher; or it could very well be an assistant, for example, needed to support a targeted student. So I think it's important to call this out and it was identified.

Superintendent Guerrero added that the formal language in the levy just relates that every dollar will be spent in direct service, in positions to students that doesn't stipulate performance targets. However, we know that given that it funds a third of our teachers, that if you tie those positions to support the interventions and a coherent set of strategies, that's a key lever for driving student outcomes up. And so absent that set of strategies and a plan, which is what we're developing now as well as the vision that's been named by the community and performance schools more globally how we use whatever number of positions that yields in a range of positions that provides those academic and social emotional support is I think what will be different for this in this next levy

Mr. Bailey added that by the time we get around to adding 825 teachers there will not be much left for the education assistant or the career educator. The vast majority will go to certified teaching positions.

**Commissioner Norton made the following observation:**

So for example, the material that is provided in the ballot title says you'll continue to fund the same objectives as the current levy: maintain class sizes and support a well-rounded education including career and technical programs. You are not reporting of those specifically.

Ms. Kohnstamm said no.

Superintendent Guerrero added that the reporting is in the site by site allocation as well as in the category of employees that are being hired. So that's why you see the range of whether it's art or special education, which keeps caseloads down and allows personalized support to be provided. So that's where you see a transparency in the investment of those dollars in specific employee classification where you're providing direct service to students.

**Commissioner Norton asked the following questions:**

We have a series of questions that are also related to accountability and the ballot measure. You talk about your oversight committee, how the funds are in sub accounts, and things like that. So our question goes to the governing board: how does the board receive and review spending information from the local option levy?

Ms. Moore fielded this question saying we get an annual report from the community budget review committee. That's a roll up of the year’s receipts from the levy and how they were used. The money goes into an account that can be used only to support certificated teachers and it's an explicit responsibility of our Citizens' Budget Committee to provide that accountability function.

Mr. Bailey added and of course we see it on the front end going forward in the budget process as well.

Ms. Le added that she provides a financial report to the board quarterly. They provide the local option levy information beginning with second quarter of the fiscal year.

**Commissioner Ofsink asked the following question:**

So my question is about the timing. The question as written was how frequently the board receives levy spending reports from the CBRC and sounded like Director Moore that you said annually?

Ms. Moore said yes from the CBRC but we also get interim reports.

Ms. Le explained that they receive reports at the beginning of the second quarter of the fiscal year. And then in May, when the CBRC delivers its reports to the board on the proposed budget, the committee also includes a review of the local option levy.

Just so I can understand, qualitatively, what is typically, contained in that report from the CBRC and does the board feel like that gives you confidence that there is sufficient independent oversight of the levy funds specifically?

Ms. Harmony Quiroz, CBRC committee member answered saying she chaired the CBRC the previous 3 years and would like to give her perspective on the process. She said CBRC reviews the receipts just as the board does on a quarterly basis. Then at the end of the fiscal year in April or May, they reviewed the journal entries, specific to the transfer of those funds into the sub account and the expenditures of those funds only on licensed teaching positions. In addition, this past year, we were provided the same list you've seen, of the specific positions that are funded at a school by school basis, for that money. This was compared to the requirements of the levy.

**Chair Barringer asked the following question**:

So the ballot measure has this goal that the levy will maintain the teaching positions that we've been talking about and that no levy funds will be spent on administration. So how does the board verify that?

Ms. Le replied that the district received revenue and we put it in a sub account. So this is the journal entry that Harmony spoke about and has to do with using a journal entry as a method to allocate funds using a formula that we developed based on the actual expenditures of the teachers and we put it back into the appropriate expenditure account. That information is given to the CBRC committee for review. There are opportunities for a Q&A from committee members and external auditors to get a view and also review the journal entries at the end of the fiscal year. She went on to say that journal entries have been reviewed by three different people in her department; a preparer, reviewer, and an approver.

But now when you pay a teacher, how does the payment of the teacher link that to that sub account?

Ms. Le explained that they know at certain time of the year how much it will cost for a given teacher because everybody is based on a contractual basis. So from that we determine how many teachers will equal the amount of the receipt for the year. It is just simple math.

**Commissioner Norton made this observation followed by questions:**

So it's formulaic? You create sort of a model teacher costs and you just allocate by number of teachers at the model cost as opposed to the number of this teacher verses that teacher.

Ms. Le said yes it is formulaic based on the actual costs for what the teachers total cost in a given year for all teachers.

So thank you for clarifying the fifth year amount of the proposed levy because it looked a little low to me., This question is one that I am guessing may be on the minds of voters who will be considering this measure in November. The current levy by your own information is collecting more than you originally anticipated and has for each of the years of the current levy. And as we know that while the rate is staying the same, the assessed value is going up, compression is going down. All those wonderful things that mean your yield is more robust. So there's that; there's the Students' Success Act; Measure 98 is coming in. So all these funds are flowing into school districts all over the state, but specifically to PPS. How do you explain this to the voters that your need for this levy remains high?

Ms. Kohnstamm fielded this question saying costs are going up at the same time almost at a commensurate rate, which is why our prediction for the number of teachers is relative flat.

Ms. Hertz added that all funds and revenue sources comprising the PPS budget allow the district to serve the diverse needs of nearly 50,000 students. There is an Oregon Quality Education Model. (QEM) set by a state level group that says what is needed to educate children in the state of Oregon. It was developed to estimate the level of funding required to operate a system of highly-effective schools in the state. Our current funding, including all the pots of money you mentioned, does not meet Oregon’s educational goals. So as the local option increases, the district's budget is estimated to be closer to the QEM level of funding. So we're trying to get to that level. We're getting closer each year. The local option levy is intended to pay for teachers’ salaries and benefits only.

Then we also have the $39 million that's coming to PPS for the Student Success Act funds. It has very specific tactics and strategies to achieve improved outcomes for students traditionally underserved by the public school system. If you think about the 80% of current graduation rates where we have 20% that are not graduating across the state, this funding is targeted to be spent specifically on that 20% in order to reach a hundred percent graduation. So it's not intended to be used with an equity value at the heart of the statue. It's intended to be for specific purposes to meet the needs of historically underserved students and then meeting all the requirements to graduate.

Ms. Julia Brim-Edwards added that it's also relevant that we're expecting more from our students. Part of the goals that we're going to be adopting tonight will have much higher expectations and standards for what our expectations of what it means to be college and career ready. For example, that they would have three credits in advanced placement, or international baccalaureate classes, or dual credit classes, or have completed the sequence of career technical education. There's a cost differential between what PPS is currently offering and what the district will be expecting from students in order for them to be able to meet those expectations and the supports that they're going to need.

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

Is the elevating of these goals and these expectations, is that all part of the ROI, program that you just briefly touched on? I am very curious about that. I haven't heard Return on Investment Academic Programing at this level. Could you say something more about that?

Ms. Kohnstamm said academic return on investment, ROI, is a concept of when you create a strategic plan and you create instructional strategies you bring them forward in order to meet very specific needs of students, improving student performance. So the return on investment is looking not only at the achievement of students, but also the cost per student for delivering that strategy. So it ties both the financial and the academic performance into a calculation and metric to track the investment that we're making; is it making a difference? If not, what do we need to change or what do we need to do? Do we need to eliminate it completely or do we need to modify to see that improvement?

Ms. Hertz said part of that is very specific interventions for our highest needs students that we haven’t been serving well. We have huge achievement gaps. We need to differentiate the services for our special education students. So it's really a more targeted approach.

Mr. Bailey said that the other thing to remember, federal dollars have been dropping. We're getting less in terms of Title I and in terms of Special Education. So federal dollars used to cover about 18% of the cost of educating Special Education Students, now it is down to 11% or something like that. So there's many moving parts.

The other thing is our educational vision process. The public told us what they expect of our graduates. That's also part of what's driving our goals.

Ms. Moore added that they are finally approaching QEM levels of funding, but even with the $2 billion, PPS is still not there. And much of this new money is dedicated to specific uses. The state school fund allocation, is equalized across the state. So it does not make any accommodation at all for differences in cost of living. So the district’s cost of employing professionals is significantly higher than it is in say Enterprise. That is not taken into account in the state school funding. So Portland voters in their infinite wisdom have thankfully recognize the value of public education and are willing to invest in it.

**Chair Barringer asked this follow up question:**

Just to follow up on that, I think you're absolutely right, but just the average person doesn't think of those four goals that you described earlier for us. They think of class size, they think of graduation rates. So how do you link all that back to the things that are in people's heads?

Superintendent Guerrero answered saying school districts don't typically do a very good job of describing the correlation between the performance of the different student groups; the strategies and interventions they put in place; and the impact of those efforts. So, either you don't have the resources, which we know is the case in the state of Oregon not meeting its own definition for quality program. It hasn't oftentimes had a coherent strategy, whether at the state or local level. So if you combine those things and contract them all and transparently say to your public, “for these dollars, here's the margin of improvement we saw.” And oftentimes you're not doing the correct diagnosis of the growth areas that are the strengths in the school, let alone applying the right prescription to get the results that you want to see them.

So that's what we're endeavoring to do. But of course it requires a particularly sophisticated system to be able to do that. Including a balanced assessment system, which we're not institutionalized here. We’ve spent the last 18 months doing that so we can actually start tracking growth and whether our efforts have an impact.

If we had the sufficient positions that we needed, we still have pockets of classrooms where they're above the ideal class size goal that we've negotiated with our labor partners. We don't have the sufficient instructional coaches to build the capacity of our teachers. We don't have the trained reading specialists or in other areas too, to really provide the targeted support for our students who are furthest behind have. We don't have the diverse workforce; we don't have the trained interventionists. We're building our PD catalog, we're building our own organizational capacity to actually be able to provide that technical assistance to our school sites.

We actually have a stable and an even approach for how we actually look at schools and what elements we think should be in place there. Some of it will need to go to class size, but a lot of it will be to launching and identifying and recruiting instructional coaching networks, trained interventionists, whether it's Special Education or dyslexia or gifted and talented, all areas that have gaps.

We spent the last few months inventorying all our CTE pathways and our arts pathways and we know that there exists gaps. So as a student who was interested in music from K through 12, you might have a broken experience and we need to fill those discipline gaps. The same thing applies with CTE. You should have an array of choices, no matter what high school you walk into. You combined that with the other efforts aimed at modernizing our schools, making them more safe and secure and an academic improvement agenda with a team that's out in schools every single day, which was not customary in the past, reporting back to every other department in the school district around how to tailor and not saturate a particular school so that developmentally they're making progress. These are the positions that are not in place. Any additional ones would only go towards that kind of an effort through an equity lens. Those students who don't yet have equitable access or outcomes, which we know are those student groups that the SSA monies are also targeting.

He concluded by saying the combination of all these things, we believe we're consistent and stay with some fidelity to evidence based practices we know will have an impact on the growth areas that our students need to demonstrate.

**Commissioner Ofsink made this observation and asked the following questions:**

I have the last question. I think that the superintendent and the board and the district as a whole has done a lot of work addressing credibility issues with the public. We saw that the district has hired a performance auditor this year. Are there be any audit activities planned around the Local Option Levy?

Ms. Brim-Edwards fielded this question saying she is the chair of the audit committee and they have three board members on the committee and two community members: one who's the director of audit services for the City of Portland and they hired not just one, but two internal performance auditors.

She said essentially they're just getting off the ground right now. The board is going to be voting tonight on their audit function charter. The board has approved two audits to date. One relating to contracts and the second is a review of P Card purchases, something that had been called out.

At this point, that's the extent of what has really been planned. The audit committee is in the process of creating its annual work plan. Certainly there'll be engagement around the financial audit and in addition with director Scott's committee around the bond performance. If there's a need for or a recommendation from staff or an external party that we have our internal performance auditors look at the local option funds, we would do that. We haven't completely built out all their hours for this year. So it's a possibility.

With two staff, do you have a sense of how many audits per year you'll be targeting?

Ms. Brim-Edwards replied it depends on how big they are, how extensive and technical. We're in the process of actually standing up the function. We started with ones that we thought were sort of medium complexity. The P Card one is pretty straight forward is checking in processes.

I believe probably four audits. We just were getting ready to send to the board a recommendation concerning the handling of the ACH transactions. So four seems to be about the number. Two auditor's is actually quite small. Even though we have more than any other school district. Relatively speaking, given our budget size, it's still fairly small audit.

**Commissioner Norton made this observation:**

It's probably more of a comment than, than a question. But we hear a number of jurisdictions that have internal performance auditors. You are correct. You're the only school that we are aware of that have them, but we hear other jurisdictions do. And the description that you just made of the purchase cards and ACH transactions are transactional as opposed to performance outcome. And as you can tell each year when we come to talk to you during budget time, we are interested in moving along the sophistication line. And that's why I appreciate the superintendent's remarks that at some point just the number of teachers or the model expense of a teacher is not going to be sufficient to talk about what this is really doing at the student level. We will continue to ask about outcome measures.

Ms. Brim-Edwards said I'm glad you raised that because actually the contracts audit is more complex than just, “did they fulfill all this for financial requirements and best practices in the contracting process?” But it's also the oversight, specifically, contracts that provide services to students. So as you can imagine, we have thousands of contracts. So there's a special focus on those that are actually providing services to students to get at this particular issue versus the, “did they deliver a hundred reams of paper” versus “did this contractor that said they were going to provide this service and provide these outcomes.”

Mr. Andrew Scott added that the focus on outcomes is super important. We know that that's something that I believe really strongly in. I also think there's a difference when you're talking about a levy that is supporting one third of all teachers versus something else, like a ballot measure for parks or something similar from a local government. There’s a big difference there In terms of when you talk about the outcomes. I mean this is the equivalent of if the city was going to lay off a third of its workers, right? Or the county's going to do that. And so yes, outcomes are super important. We were very focused on them here at this district. But when it comes to a levy like this it is such a core operation. The district really wouldn't be able to function if we lost 800 teachers. And so the focus on outcomes is really important. But I also think it is important making a distinction between the types of things governments are asking for and this is pretty core service.

**Chair Barringer made this observation**:

Getting back to some of those goals that you talked about earlier like just the the third grade reading goal. You can say you met that goal or you didn't meet that goal and will that be audited by this audit team?

Ms. Brim-Edwards stated that it probably would be more appropriate for the superintendent to speak of the most recent hire who would be more likely to be looking at our educational programs and efficacy.

Superintendent Guerrero said, would we be satisfied in meeting our targets? No, we'd be satisfied, but we won't be complacent. Because we know there's a lot more work to do. Even if we maintain that level of growth, we know that it's a steep curve to make sure to narrow and eliminate that gap. I don't know if a district that's done it in the country. I hope we can be the first. But that means we have to be very scientific about what we do. This is money ball. So the approach will work if we have fidelity too.

We've made some key hires in that regard. Not only have we rebuild our teaching and learning team, not only are we investing a great deal of leadership development in our principals this year, along with three, four nationally renowned partners out there who are now working in district. But we're also rebuilding our system performance, our research assessment department. And so we've recruited probably the top system performance person who's now joined our cabinet. You can see it in just a couple of short weeks. He's already lending a lot of horsepower to our ability to have data-driven conversations. As we add to that team, we're only going to get more sophisticated about being able to account accomplishments. We're on our regression line in every one of our school communities and what's happening here versus there for a similar profile school. Let's keep propagating the promising practices that are working for specific student groups.

You talked earlier about credibility and there's nothing more credible than saying, Hey, look at this and these results, and the results can be seen by others and are really what you say they are. That really proves your credibility.

Ms. Kohnstamm said the last piece I would add to that is that the huge part of that accountability function lies with the board. And we have really made a pivot to having student outcomes focus model of governance so that we'll spend increasingly more and most of our time really looking at these metrics that are attached to these student achievement goals. And then using that as our frame of reference in our budget process really with data driven analysis of: These were the strategies that were implemented, are they working? Do we double down on them? Do we change course? That is a board function in the end.

Ms. Quiroz said she would just like to add that CBRC in addition to writing a local option levy report also writes up a report and reviews over the course of the entire budget year. PPS’s budget as a whole with the lens of these ideas is well-rounded. It was very educational experience for students, CTE, supports for struggling students and all of those, with that lens, the budget is analyzed and reviewed and the board is held accountable by the community through that committee of 11 to 12 community members on a regular basis. And not just a one time a year, but with staff on a monthly basis and then to the board, at least three times a year in person or in written form to hold them accountable to the kind of the intent of how voters money is spent. So this is another avenue in which the district is held accountable for the intent of how voters are voting to spend that money. That report can be made available to you as well.

Chair Barringer said that is it for our questions. Thank you all for your comments in here. He asked if any member of the public had signed up to speak or if anyone else wanted to make any other comments on the measure. No one had signed up to speak and there were no other comments.

With no further discussion Chair Barringer thanked those in attendance for coming and their thoughtful comments. He then adjourned the public hearing.

**Reviewed and approved by Commission on November 26, 2019**