BOARD OF EDUCATION
Portland Public Schools
STUDY SESSION
May 12, 2015

Board Auditorium
Blanchard Education Service Center
501 N. Dixon Street
Portland, Oregon 97227

Note: *Those wishing to speak before the School Board should sign the public comment sheet prior to the start of the meeting. No additional speakers will be accepted after the sign-in sheet is removed, but testifiers are welcome to sign up for the next meeting. While the School Board wants to hear from the public, comments must be limited to three minutes. All those testifying must abide by the Board's Rules of Conduct for Board meetings.*

Public comment related to an action item on the agenda will be heard immediately following staff presentation on that issue. Public comment on all other matters will be heard during the "Public Comment" time.

This meeting may be taped and televised by the media.

AGENDA

1.	**PUBLIC COMMENT**	6:00 pm
2.	**FOSTER SITE AGREEMENT WITH NAYA** – *action item*	6:20 pm
3.	**REPORT: CITIZEN BUDGET REVIEW COMMITTEE**	6:50 pm
4.	**DISCUSSION: BUDGET AMENDMENT NO. 3**	7:30 pm
5.	**DISCUSSION: 2015-16 BUDGET**	8:00 pm
6.	**BUSINESS AGENDA**	9:00 pm
7.	**ADJOURN**	9:15 pm

Portland Public Schools Nondiscrimination Statement

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society. The District is committed to equal opportunity and nondiscrimination based on race; national or ethnic origin; color; sex; religion; age; sexual orientation; gender expression or identity; pregnancy; marital status; familial status; economic status or source of income; mental or physical disability or perceived disability; or military service.

Citizen Budget Review Committee of Portland Public Schools
Review of the 2015-16 Proposed Budget

The Superintendent's proposed 2015-16 Budget will continue reinvesting in our schools. Thanks to our Local Option Levy, Portland Public Schools (PPS) is able to avoid the cuts that other Districts will experience because of the disappointing level of funding coming from the state for the 2015-17 biennium. This Proposed Budget maintains the District's investment in underserved populations in accordance with the Racial Educational Equity Policy and continues the process of rebuilding our schools to provide quality education for all students.

We are particularly pleased to note that the District is making a concerted effort to make longer-term investments in our schools rather than one-time expenditures. Following the trend of the mid-year allocations, the District is adding instructional and support positions that are meant to be sustained for the longer-term. Further, investments include taking over successful grant-funded programs such as wraparound services at the high school level. We appreciate the Superintendent's leadership in providing direction to schools by establishing dedicated FTE allocations (Full-Time Equivalent staffing) to build back basic resources and establish a floor for resourcing all schools. Every school will now have two full-time secretaries, full-time coverage of the library with the addition of library assistants and media specialists, and restored art electives for the middle grades in K-8 schools.

<u>The Three Priorities</u>

Beyond the central investments in building a school system that provides a quality experience for all students, the District is targeting investments to achieve its three priorities:

- Early Literacy
- High School Graduation and Completion
- Reducing Exclusionary Discipline

We support the focus on these priorities and would like to see a plan articulating how these expenditures/programs will be implemented, monitored, and evaluated over time in terms of advancing the goals.

Investments in the third grade reading initiative include the District assuming the cost of full-day kindergarten (estimated to be $11 million and not fully covered by state funding), more educational assistants for kindergarten classrooms in schools with over 50% historically underserved students, and eight FTE for reading support in kindergarten and first grade for focus and priority schools.

The District's work towards increasing graduation rates is a solid start for building the path towards college and career readiness. Investments include significant touch points such as Outdoor School in sixth grade, hands-on experiences in seventh grade, and a college/career readiness course in ninth grade. Expansion of AVID into the middle schools, a significant improvement in the counselor:student ratio in high schools and a guarantee of at least one full-time counselor for all schools serving students in grades K-8, 20 additional high school teachers, and full-time athletic directors for high schools with added support for middle grades are key investments to improve graduation rates. We look forward to future investments that solidify the continuum of 6^{th}-12^{th} grade experiences.

The improved counselor:student ratio and additional funding to expand restorative practices will help to address disproportionate discipline. We are pleased to see the District using measurable outcomes to track progress. This shows a commitment to connecting investments to outcomes. We encourage the District to apply this evaluation approach to all three priorities.

Equity Allocation

We continue to support the District's efforts to close the opportunity gap with the use of the equity allocation formula. More direct accounting for how equity allocation funding is being spent and evidence of the impact it is having on student outcomes is needed to accurately and thoroughly evaluate its effectiveness.

Budget Transparency

For several years, the CBRC has recommended that PPS work toward greater transparency in the budget process by developing a more user-friendly budget document available to the general public. We are gratified that the Board included this as one of its priorities this year and appreciate the collaboration with District budget staff to develop materials to supplement the legally mandated budget format. The CBRC is pleased that a summary budget document will be produced upon adoption of the Proposed 2015-16 Budget to begin this process.

The CBRC also applauds the restoration of a performance auditor function in the 2015-16 budget, showing the District's commitment to transparency and accountability.

We again encourage PPS to provide departmental budgets for the largest departments.

Linkage between Budgetary Allocations and Outcomes

The CBRC would like PPS to prepare a report that clearly shows the linkage between budgetary allocations and its goals. In particular, the significant investments in the District's three priorities should be monitored and evaluated for effectiveness. Outcome measures (i.e., third grade reading scores, graduation rate, discipline rates) should be accompanied by meaningful and actionable interim measures that can identify promising (and disappointing) practices and evaluate progress toward the goals. We recommend the development of meaningful quantitative and qualitative indicators to assess how policy initiatives are benefiting students in real time in collaboration with principals and classroom educators. This would allow the District to make appropriate adjustments more quickly, help build an internal capacity for continuous learning, and provide invaluable information for future budgetary deliberations.

Concluding Remarks

The CBRC joins with students, District staff, parents, and Portland residents in acknowledging the positive impact of increased funding available for the 2015-16 budget, thanks to the Local Option Levy and the improving economy. We are disappointed at the current level of state school funding and remain hopeful that additional funds will be made available. The CBRC strongly supports efforts to monitor and evaluate programs. It should be the goal of the District to report how all investments benefit students to better inform future budgetary decisions.

The CBRC respectfully submits this report to the PPS Board of Education:
Rita Moore, Co-Chair; Tom Fuller, Co-Chair; Raihana Ansary; Dick Cherry; Roger Kirchner; Scott McClain; Harmony Quiroz; Betsy Salter; Patrick Stupfel, Elidh Lowery, Claire Mesereau.

Citizen Budget Review Committee for Portland Public Schools
Local Option Levy Review 2014-2015

The Citizen Budget Review Committee (CBRC) conducted a general review of Portland Public Schools (PPS) expenditures of the Local Option Levy (Levy) funds approved by voters in November 2014. Measure 26-161 mandates independent citizen oversight to ensure tax dollars are used for purposes approved by local voters.

The CBRC examined Levy data to determine the use of funds in the following areas:

- Help maintain and lower class sizes that permit more individual attention for students;
- Help to support a well-rounded program, with enrichments for elementary and middle grades and electives in varied interest areas and disciplines for high school students; and
- Provide funding equivalent to 640 teaching positions.

The CBRC has the following comments:

- The CBRC finds in the fiscal year 2014-15, all Levy funds appear to have been spent as approved by voters.
- With the help of Levy funding PPS was able to make the following staffing ratio improvements that support and maintain lower class sizes in 2014-15:

	2013-14	**2014-15**
K-5 Schools (Adopted):	26.9:1	25.8:1
K-8 and K-12 Schools (Adopted)	25.6:1	24:0:1
Middle Schools (6-8) (Adopted)	25.25:1	24.75:1
High Schools (9-12) (Adopted)	25.72:1	23.65:1

- The Levy is also designed to help support well-rounded programs, enrichment for elementary and middle schools, and electives in varied interest areas for high schools. Since the Levy was passed in November 2014, the following actions have been implemented by the District to begin providing additional support as a result of the added staffing outlined above:
  - Met a new planning time commitment for K-5 teachers;
  - Help schools meet core program requirements; this enhancement includes providing support for a well-rounded program with enrichments for elementary and middle grades; and
  - Support students reaching the third grade reading milestone goal through strategies such as a reading specialist or class size reductions in early grades.
- (The CBRC's 2015-16 Local Option Levy Report will provide additional detail about how the renewed Levy will be providing improvements for middle grade elective offerings, college and career readiness staffing for middle grades and high schools, additional counselors with at least a full-time position in every school, full-time library coverage and a minimum of a half-time media specialist in every school, and additional support for athletics in middle grades and high schools.)
- With respect to the use of Levy funds for maintaining teaching positions, PPS estimates it will receive $62,457,500 for the current year from Multnomah, Washington and Clackamas Counties. Based on the 2014-15 receipts and an average teacher cost of

$97,031, Levy funds supported approximately 643 teaching positions for the 2014-15 fiscal year. This meets the stated goal of supporting at least 640 teaching positions.

- Effective with the 2013-2014 fiscal year, PPS established a procedure adopted for the federal stimulus funds and which was acceptable to the federal government whereby Levy funds are placed in a "sub-account" within the General Fund and can only be used to pay teachers' salaries and benefits. This provision was written into Measure 26-161's Explanatory Statement and is part of the current Levy language. Through April 30, 2015 PPS has collected $60,489,317.64 in Local Option Levy funds which have been deposited into the sub-account.
- Finally the Levy language continues to require independent citizen oversight to ensure that tax dollars are used as approved by local voters. The PPS Board of Education has appointed the CBRC as the citizen oversight body to perform this function.

The CBRC would like to take this opportunity to again thank the voters for approving this vital funding source for Portland Public Schools that will help ensure that our students continue to receive benefits from the additional teachers, lower class sizes and enriched classroom offerings afforded as a result of our Local Option Levy. The Local Option Levy helps mitigate the state's underfunding of K-12 education.

The CBRC respectfully submits this report to the PPS Board of Education:

Tom Fuller, Co-Chair
Rita Moore, Co-Chair
Raihana Ansary
Dick Cherry
Roger Kirchner
Eilidh Lowery
Scott McClain
Claire Mersereau
Harmony Quiroz
Betsy Salter
Patrick Stupfel.

Board of Education

Staff Report to the Board

Board Meeting Date: May 12, 2015

Executive Committee Lead:
Yousef Awwad, CPA, Chief Financial Officer

Department: Finance

Presenter/Staff Lead:
David Wynde, Deputy Chief Financial Officer & Budget Director

SUBJECT: Amendment No. 3 to 2013/14 Budget

BACKGROUND

This is the third amendment to the 2013/14 budget. There are three primary elements to this amendment:

1. It provides for the Board to appropriate funds to implement the $7.5 million one-time spending plan authorized by the Board on February 10, 2015, in Resolution No. 5018.

2. It reflects the issuance of $275 million in principal amount of capital bonds, as authorized by the Board on March 7, 2015, by way of Resolution No. 5041.

3. It includes changes to state school fund and local property tax revenues to reflect an increase in PPS 2014/15 permanent rate collections, a corresponding decrease in likely state school fund grant, and reductions in state school fund receipts as a result of 2013/14 reconciliation.

A more detailed history of actions on the 2014/15 budget is outlined in the recitals section of the draft resolution attached to this staff report.

RELATED POLICIES / BOARD GOALS AND PRIORITIES

Board Policy 8.10.030-AD, “Budget Reallocations – Post Budget Adoption,” establishes the guidelines to ensure consistent and detailed communication on fiscal issues between the Superintendent and the Board.

Oregon Local Budget Law, ORS 294.471, allows budget changes after adoption under prescribed guidelines.

Reviewed and Approved by
Executive Committee Lead

PROCESS / COMMUNITY ENGAGEMENT

There was substantial process leading up to the adoption of the budget for 2014/15. The actions taken by the Board to provide direction to staff earlier this fiscal year were discussed and voted on at public meetings on September 23, October 14, November 25, January 27, and February 10.

ALIGNMENT WITH EQUITY POLICY IMPLEMENTATION PLAN

The PPS budget for 2014/15 was developed to be in alignment with the PPS Racial Educational Equity Policy. The Citizen Budget Review Committee stated in its report to the Board that "This budget puts us intentionally on the path to improve outcomes for our historically underserved students, thereby improving outcomes for all students."

The $7.5 million one-time spending plan that is provided for by this amendment was developed to be in alignment with the Racial Education Equity Policy. Specific investments that reflect differentiation of resources include support for virtual scholars, summer school and credit recovery expansion, Beyond Diversity training, and AVID training.

BUDGET / RESOURCE IMPLICATIONS

Fund 101 – General Fund

Resources

Local Sources increases by $2 million to reflect revised estimate of local permanent rate property tax collections. State Sources reduces by $5.85 million, $2 million of which is the offsetting reduction in state school fund grant because of higher local collections.

The remainder is adjustments for 2013/14 state school fund reconciliation: $0.6 million is the final adjustment to high-cost disability reimbursement and the remaining $3.25 million is the offsetting adjustment for higher local revenues last year that has been anticipated and discussed in previous reports. This 2013/14 adjustment is consistent with the forecast shared with the Board on February 10, 2015.

Expenditures

Overall expenditures are increased in this amendment by $7.5 million to put into effect the one-time spending plan authorized by the Board in February. The $2.75 million increase in Instruction reflects budget for musical instruments, consolidated budgets, library books, credit recovery and PE equipment. The $0.66 million increase in Support includes budget increases for AVID, CTE, Beyond Diversity and dyslexia training. The budget for technology support for virtual scholars, high school lab and computer upgrades and for technology bundles shows up as a transfer of $3.3 million from the General Fund to the IT Systems Project Fund and the budget for school safety improvements ($0.77 million) appears as a transfer from the General Fund to the Facilities Capital Fund.

Contingency

Contingency is reduced by $11.3 million because of the $7.5 million spending plan and the $3.85 million reduction in state school fund proceeds after the 2013/14 reconciliation. As a result, unassigned contingency after this amendment is 4.73% of total expenditures, lower than the 5.4% contemplated in Resolution No. 5018.

This reduction in contingency for 2014/15 will have an impact on the 2015/16 budget, which currently (in the proposed budget) includes unassigned contingency of 3.5%. When this change to 2014/15 is rolled forward to 2015/16 (in the approved budget that is due to come to the board as budget committee on May 26) the unassigned contingency for 2015/16 is going to be close to 3%.

Fund 407 – IT Systems Project Fund

The changes in Fund 407 simply reflect the receipt of the transfer of budget funds for virtual scholars, high school lab and computer upgrades and for technology bundles and corresponding appropriation of funds.

Fund 438 – Facilities Capital Fund

The changes in this fund reflect the receipt of the transfer of budget funds for school safety improvements and corresponding appropriation, partially offset by a reduction of $80,000 to account for funds associated with the PPS/Concordia partnership at Faubion that will be accounted for in Fund 470.

Fund 450 – GO Bonds Fund

The changes in this fund include the receipt of bond proceeds (including $33.2 million in premium) and a consequent increase in estimated interest income. The majority of bond proceeds are in increased contingency but there is an increase in budgeted expenditures of $1.8 million based upon revised estimates for 2014/15 activity.

Fund 470 – Partnership Funds

This amendment includes this new fund for the first time and budgeted revenues and expenditures of $500,000 to cover initial activity on the PPS/Concordia partnership at Faubion.

NEXT STEPS / TIMELINE / COMMUNICATION PLAN

The Board is scheduled to hold a public hearing on May 26, 2015 and to consider the attached draft resolution at the board meeting on that date.

ATTACHMENTS

1. Draft Resolution
2. Authorized Spending Plan
3. February 10 Spending Plans and Contingency Levels

RESOLUTION No. XXXX

Amendment No. 3 to the 2014/15 Budget for School District No. 1J,
Multnomah County, Oregon

RECITALS

A. On June 23, 2014 the Board of Education ("Board"), by way of Resolution No. 4934, voted to adopt an annual budget for the Fiscal Year 2014/15 as required under Local Budget Law.

B. Board Policy 8.10.030-AD, "Budget Reallocations – Post Budget Adoption," establishes the guidelines to ensure consistent and detailed communication on fiscal issues between the Superintendent and the Board.

C. Oregon Local Budget Law, ORS 294.471, allows budget changes after adoption under prescribed guidelines.

D. On September 23, 2014 the Board, by way of Resolution No. 4961 directed the superintendent to use the higher than budgeted beginning fund balance to increase school staffing and support by $3.5 million immediately, to develop plans for additional investment in support of the District's strategic priorities, and to increase uncommitted contingency to 4.5%. All of which changes were to be detailed in a budget amendment to be presented to the Board in January 2015 after completion of the audit of the FY 2013/14 financial statements of the District.

E. As follow up action, on October 14, 2014 the Board, by way of Resolution No. 4970, directed the superintendent to implement plans that included $3.5 million in ongoing commitments and $2.85 million in one-time investments in support of the three priorities:

   a) Ensuring all students are reading at benchmark by the end of third grade;
   b) Improving high school graduation and completion rates; and,
   c) Eliminating disproportionality in out of school discipline between white students and students of color, and reducing out of school discipline for all students by 50 percent.

   The plans also included $3.15 million in additional strategic one-time investments to improve outcomes for PPS students and effective operations.

F. On November 25, 2014 the Board, by way of Resolution No. 4991, voted to approve Amendment No. 1 to the annual budget for the Fiscal Year 2014/15. Amendment No. 1 increased the amount transferred from Fund 101 – the General Fund - to Fund 438 – the Facilities Capital Project Fund - by $1,775,000, and appropriated those funds for Facilities Acquisition and Construction. This increase was part of the $3.15 million in additional strategic one-time investments to improve outcomes for PPS students and effective operations in the October 14 plans. The transfer was required prior to the full January budget amendment in order for facilities work to begin as soon as possible.

G. On January 27, 2015 the Board, by way of Resolution No. 5013, voted to approve Amendment No.2 to the annual budget for the Fiscal Year 2014/15. Amendment No. 2 formally effected the actions outlined in Resolutions Nos. 4961 and 4970 where the Board directed the Superintendent to include the changes outlined in those resolutions in an amendment to the 2014/15 budget in January 2015.

H. Amendment No.2 revised beginning fund balances to reflect the FY 2013/14 financial statements of the District; increased general fund revenues based upon information about actual property tax rates and values; and reduced some budgeted general fund expenditures after "fall balancing" to reflect information not available at the time of the adopted budget, e.g. actual teacher salaries and renewal rates for employees' health care benefit plans.

I. On February 10, 2015 the Board, by way of Resolution No. 5018, voted to direct the Superintendent to implement a plan to use $7.5 million on programs and services. The Board also directed the Superintendent to include the full details of these changes in a subsequent budget amendment to the 2014/15 budget, which was likely to be presented to the Board for

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approval in May 2015 after the completion of the second issuance of bonds under the $482 million capital bond authorization approved by voters in November 2012.

J. On March 9, 2015 the Board, by way of Resolution No. 5041, authorized the issuance and sale of up to $275 million in principal amount of general obligation bonds to pay for capital costs as described in the ballot measure for the 2012 Bond Election.

K. On April 30, 2015 the District closed the sale of $275 million principal amount of bonds.

L. Amendment No. 3 to the 2014/15 budget reflects the actions authorized and directed under resolutions. Nos 5018 and 5041. The amendment also reflects updated estimates for local revenue in 2014/15 and for 2013/14 state school fund reconciliation.

M. Expenditures in two funds (Fund 407 – IT Systems Project Fund and Fund 470 – Partnership Funds) will be changed by more than 10% under this amendment. Local budget law requires a public hearing on this change. A public hearing occurred prior to Board action.

N. The superintendent recommends approval of this resolution.

RESOLUTION

1. Having held a public hearing on this amendment as required under local budget law, the Board hereby amends budgeted expenditure appropriation levels as summarized by Fund and Appropriation Level in Attachment A for the fiscal year beginning July 1, 2014.

D. Wynde / Y. Awwad

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ATTACHMENT "A" TO RESOLUTION No. XXXX
Amendment 3 for the 2014/15 Budget

Schedule of Changes in Appropriations and Other Balances

Fund 101 - General Fund	Adopted Budget	Amendment #1	Amendment #2	Change Amount	Amendment #3
Resources					
Beginning Fund Balance	34,861,148	34,861,148	51,673,785	-	51,673,785
Local Sources	284,215,500	284,215,500	292,615,500	2,000,000	294,615,500
Intermediate Sources	12,723,555	12,723,555	12,713,555	-	12,713,555
State Sources	202,972,088	202,972,088	198,298,066	(5,850,000)	192,448,066
Federal Sources	-	-	-	-	-
Other Sources	100,000	100,000	100,000	-	100,000
Total	534,872,291	534,872,291	555,400,906	(3,850,000)	551,550,906
	-				
Requirements					
Instruction	304,391,929	304,391,929	297,798,072	2,757,452	300,555,524
Support Services	200,679,551	200,679,551	207,909,908	664,926	208,574,834
Enterprise & Community Services	1,815,169	1,815,169	1,926,466	-	1,926,466
Facilities Acquisition & Construction	-	-	-	-	-
Debt Service & Transfers Out	6,834,433	8,609,433	10,339,429	4,070,000	14,409,429
Contingency	21,151,209	19,376,209	37,427,031	(11,342,378)	26,084,653
Ending Fund Balance	-	-	-	-	-
Total	534,872,291	534,872,291	555,400,906	(3,850,000)	551,550,906

Fund 407 - IT Systems Project Fund	Adopted Budget	Amendment #1	Amendment #2	Change Amount	Amendment #3
Resources					
Beginning Fund Balance	4,017,021	4,017,021	3,986,494	-	3,986,494
Local Sources	500	500	50,500	-	50,500
Intermediate Sources	-	-	-	-	-
State Sources	-	-	-	-	-
Federal Sources	-	-	-	-	-
Other Sources	-	-	1,170,000	3,300,000	4,470,000
Total	4,017,521	4,017,521	5,206,994	3,300,000	8,506,994
Requirements					
Instruction	-	-	-	-	-
Support Services	3,829,848	3,829,848	5,019,321	3,104,901	8,124,222
Enterprise & Community Services	-	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-	-
Debt Service & Transfers Out	-	-	-	-	-
Contingency	187,673	187,673	187,673	195,099	382,772
Ending Fund Balance	-	-	-	-	-
Total	4,017,521	4,017,521	5,206,994	3,300,000	8,506,994

Fund 438 - Facilities Capital Fund	Adopted Budget	Amendment #1	Amendment #2	Change Amount	Amendment #3
Resources					
Beginning Fund Balance	1,628,420	1,628,420	2,159,002	-	2,159,002
Local Sources	3,000	3,000	312,768	(80,000)	232,768
Intermediate Sources	-	-	-	-	-
State Sources	-	-	-	-	-
Federal Sources	-	-	-	-	-
Other Sources	3,011,000	4,786,000	5,345,996	770,000	6,115,996
Total	4,642,420	6,417,420	7,817,766	690,000	8,507,766
Requirements					
Instruction	-	-	-	-	-
Support Services	4,400	4,400	4,400	-	4,400
Enterprise & Community Services	-	-	-	-	-
Facilities Acquisition & Construction	4,638,020	6,413,020	7,813,366	690,000	8,503,366
Debt Service & Transfers Out	-	-	-	-	-
Contingency	-	-	-	-	-
Ending Fund Balance	-	-	-	-	-
Total	4,642,420	6,417,420	7,817,766	690,000	8,507,766

Fund 450 - GO Bonds Fund	Adopted Budget	Amendment #1	Amendment #2	Change Amount	Amendment #3
Resources					
Beginning Fund Balance	90,794,310	90,794,310	90,466,520	-	90,466,520
Local Sources	400,000	400,000	400,000	325,000	725,000
Intermediate Sources	-	-	-	-	-
State Sources	-	-	-	-	-
Federal Sources	-	-	-	-	-
Other Sources	-	-	-	308,211,833	308,211,833
Total	91,194,310	91,194,310	90,866,520	308,536,833	399,403,353
Requirements					
Instruction	-	-	-	-	-
Support Services	435,600	435,600	435,600	-	435,600
Enterprise & Community Services	-	-	-	-	-
Facilities Acquisition & Construction	59,187,841	59,187,841	58,860,051	1,781,214	60,641,265
Debt Service & Transfers Out	-	-	-	-	-
Contingency	31,570,869	31,570,869	31,570,869	306,755,619	338,326,488
Ending Fund Balance	-	-	-	-	-
Total	91,194,310	91,194,310	90,866,520	308,536,833	399,403,353

Fund 470 - Partnerships Fund	Adopted Budget	Amendment #1	Amendment #2	Change Amount	Amendment #3
Resources					
Beginning Fund Balance	-	-	-	-	-
Local Sources	-	-	-	500,000	500,000
Intermediate Sources	-	-	-	-	-
State Sources	-	-	-	-	-
Federal Sources	-	-	-	-	-
Other Sources	-	-	-	-	-
Total	-	-	-	500,000	500,000
Requirements					
Instruction	-	-	-	-	-
Support Services	-	-	-	-	-
Enterprise & Community Services	-	-	-	-	-
Facilities Acquisition & Construction	-	-	-	500,000	500,000
Debt Service & Transfers Out	-	-	-	-	-
Contingency	-	-	-	-	-
Ending Fund Balance	-	-	-	-	-
Total	-	-	-	500,000	500,000

Idea	Spending Plan B	Lead Manager	Summary
Technology Support for Virtual Scholars	$ 400,000	Josh Klein/Korinna Wolfe	• Would provide 12 mobile computer labs for Virtual Scholars as needed to serve Virtual Scholars, Summer Scholars and Portland Evening scholars students enrolled in Learning And Credit Options year round.
High School Lab and Library Computer Upgrades	$ 900,000	Josh Klein	• Refresh outdated and end-of-life computer labs and library computers at all district high schools. Replace old equipment with new energy efficient equipment that reduces electricity and maintenance costs. • Replace non-functional or minimally functional computer labs with modern labs with a 4 year expected life span.
Technology Bundles (Wave 3)	$ 2,000,000	Josh Klein	• Refresh of classroom technology bundles deployed to 34 schools in the first wave (October 2010 – February 2012). This equipment has a five year useful life and is due for replacement during the 2015-16 school year. • Funding this initiative now allows for continuous deployment of technology bundles when Phase 2 completes in June 2015. A project team and supply chain is currently in full operational mode and should be leveraged. • A delay in funding the next phase creates a risk of losing momentum and needing to relaunch the project at significant additional cost in terms of time and resources.
School safety improvements	$ 770,000	Tony Magliano	• To address deficiencies in playground equipment, gym floors, lead paint, asbestos abatement and stage equipment
Consolidated Budgets	$ 300,000	David Wynde	• To match 6.5% increase recommended by workload committee
Summer School/Credit Recovery Expansion	$ 750,000	Antonio Lopez	• Expansion of virtual scholars to provide two eight-week sessions in second semester to identified students who need 6-10 credits to graduate. • Three week essential skills course in summer.
Library books	$ 350,000	Melissa Goff	• Purge and update library collections at schools. • Prioritization would be given to schools with the most out-of-date collections and focus will be on building library catalogs reflecting the cultural diversity of our students.
Musical Instruments	$ 925,000	Melissa Goff	• Provide 242 instruments at 49 schools serving students in grades PK-12 to support existing and new programming, including expansion in music access resulting from the City arts income tax staffing additions.
PE equipment	$ 100,000	Melissa Goff	• To provide schools, including those in Multiple Pathways to Graduation, with resources to purchase equipment based on national PE teacher association standards. • Resources allocated based on weighted per pupil ratio of 0.5 per HS student and 1 per K-8 student.
CTE expansion	$ 375,000	Antonio Lopez	• Funds for equipment/materials adds at all high schools to support expanded CTE class offerings next year. • Half-year cost of support staff to support curriculum development. • PD time, discretionary funds, computers and information systems.
Beyond Diversity training	$ 160,000	Lolenzo Poe	• Add 2 more BD training sessions for new teachers that were hired this year (and not in the 12 schools we covered already with additional funding from the Exclusionary Discipline Priority funds)
AVID training	$ 420,000	Harriet Adair	• Expansion of AVID to more high schools, middle schools and elementary schools. Matching funds also provided by Nike School Innovation Fund and Miller Foundation. • Funds pay for teacher time at summer training and site team meetings, tutors, family nights and PD.
Dyslexia training	$ 50,000	Melissa Goff	• Professional development costs, including cost of presenters and for reimbursement of staff, for late June multi-day professional learning about dyslexia. • PD will include job-specific sessions for certified and classified staff.
Total	**$ 7,500,000**		

Spending Plan A $12,125,000	Spending Plan B $7,200,000	Uncommitted/unassigned contingency
Technology Support for Teachers and Students $4,200,000	Technology Support for Teachers and Students $3,300,000	$33.1 million 6.5%
School Safety Improvements $770,000 Credit Recovery/Summer School $750,000	School Safety Improvements $770,000 Credit Recovery/Summer School $750,000 Library Books/Musical Instruments/PE Equipment $1,375,000	$30.7 million 6.0%
Library Books/Musical Instruments/PE Equipment $1,375,000	Training and Professional Development $630,000 CTE Expansion $375,000	$28.3 million 5.5%
Training and Professional Development $630,000 CTE Expansion $700,000	Difference Between Co-Chairs Budget and Current Service Level $10,400,000	$25.8 million 5.0%
Support for Focus & Priority Schools $3,700,000		$23.4 million 4.5%
Difference Between Co-Chairs Budget and Current Service Level $10,400,000		
	Estimate of 2014/14 Year End Adjustment $3,500,000	$15.8 million 3.0%
		$14.4 million 2.73%
Estimate of 2014/14 Year End Adjustment $3,500,000		
		$9.5 million 1.78%

Board of Education Informational Report

MEMORANDUM

Date: **May 4, 2015**

To: Members of the Board of Education

From: Carole Smith, Superintendent

Subject: Budget Questions following May 5 Board Meeting

What is the impact of the recent PERS decision to Portland Public Schools?

This is still a new decision and it will take some time before the details are fully understood, and the impacts calculated and communicated. While it is too early to know the financial impact for PPS, but we have resources that will mitigate the negative impact on PPS.

The Decision:

Under the decision rendered in the Moro v. State (PERS litigation) case essentially the court did three things:

1. Upheld the ability of the legislature to modify or eliminate the out-of-state tax benefit for non-residents (roughly $55 million in savings).

2. For any benefit earned prior to the enactment of SB 822, the COLA on that benefit cannot be modified. This means that for anyone who retired prior to date of enactment for SB 822 their COLA will be 2% and cannot be adjusted under SB 822. The issue of how to re-pay those individuals who did not receive their 2% COLA is yet to be determined and there are lawsuits that are filed that may now go forward to determine how to make those individuals whole.

3. For those individuals who are still in the system (Tier 1, Tier 2 and OPSRP members) PERS will have to actuarially determine their COLA for the benefits earned prior to enactment of SB 822, which would receive a 2% COLA, and those benefits earned after enactment of SB 822 which would receive the lower graduated COLA that was in SB 822. How PERS and their actuary will calculate this is unknown at this time and will prove somewhat challenging to say the least.

Summary Statement:

We filed the following voluntary disclosure statement to our bondholders:

"On April 30, 2015, the Oregon Supreme Court released its opinion in the case related to challenges to the legislative changes to the State's Public Retirement System.

The legislative changes and the challenges to the legislative changes are described in the Official Statement dated April 16, 2015 for the District's General Obligation Bonds, Series 2015A and Series 2015B on pages 37 and 38 under the subheadings "Changes to PERS during the 2013 Legislative Session and the 2013 Special Session" and "Challenges to PERS Reform."

The Supreme Court decision invalidated the reductions in cost of living adjustments insofar as they apply to benefits that members earned before the effective dates of the legislative changes. The decision held that cost of living adjustments were permissible insofar as they apply to benefits that members earn on or after the effective dates of the legislative changes and that the elimination of a benefit increase for out-of-state retirees are also permissible.

The decision is likely to result in an increase in required PERS contributions by public employers above current levels, but it is not currently possible to predict the magnitude of the increase. Under current PERS practices, any such increase would not affect District contributions until July 1, 2017.

The District has a substantial net surplus in its PERS side account, as disclosed on page 35 of the Official Statement, which serves to mitigate the impact of possible higher rates on its operations. In addition, the District has a contingency reserve for PERS contribution increases which will also mitigate the adverse impact of any future increases."

Resources:

As of December 31, 2013 (which is the latest actuarial valuation we have), the balance in the PPS PERS side account was $656 million, which represented a net surplus of $326 million over the unfunded pension liability, and is more than $250 million more than the bonds outstanding. The PERS Rate Stabilization Fund has a balance of $16 million. PPS proposed general fund budget for 2015/16 includes salaries of $301 million, so every increase of 1% in the PERS rate would cost PPS $3 million. We believe that the healthy side account balance will go some way to mitigate the impact on PPS general fund budget by absorbing a significant amount of any rate increase beginning in 2017-19

What would it take to ensure that all high school students have the option of an 8 period day?

For the 2014-15 school year, every student who wanted 8 courses was provided the opportunity to take 8 courses. Families who did not want 8 courses, were required to sign a form to opt out. For the 2015-16 school year, we are adding an additional 47.75 of high school teachers and licensed support (e.g. counselors, media specialists) to provide additional courses, supports and to lower student loads in the high schools.

How we will determine where Qualified Mental Health Providers (QMHP) are placed?

Student Services currently works with internal and external mental health and addiction partners in an attempt to provide access to mental health services to all students who need them regardless of their ability to pay. To reach this ambitious goal, we collaborate with community mental health partners to align priorities and leverage funding.

Currently PPS mental health services are provided in our schools by Multnomah County Department of Human Services, Morrison Center, Lifeworks, and Western Psychological Services, Cascadia, Trillium, and DePaul. At this time PPS does not directly pay for the services our students receive. Multnomah County has provided a baseline of service that is aligned

primarily with School Based Health Centers. Partnerships are required to fill the numerous service gaps. In so far as other community mental health partners Student Services pays for the additional background and fingerprinting costs and school provide space and internet access. Service costs are paid through the fees charged to the student's insurance.

Multnomah County currently prioritizes placement of County Mental Health Consultants (MHCs) in School Based Health Clinics (SBHC). Also this year the County board prioritized services to schools where there is 50% or more free and reduced populations. PPS Student Services Staff worked with Multnomah County Department of Human Services staff to align agency priorities and began to review data.

This year all schools with 70% or greater free and reduced lunch rates had some type of on site mental health services. Our goal is to increase the amount of service that is available, and to increase the number of schools with on site service, which is currently 30 schools. We are currently working with our mental health partners to establish a reasonable service goal given the current funding limits.

What kind of professional development could we provide to school secretaries and what would be the cost?

We currently have 2 full-day secretary trainings, one in August and one in January. The sessions are based on surveying secretaries and built around their ongoing professional development needs.

Additionally, in August we do a 4 day New Secretaries training which is coordinated by the HR and delivered by multiple departments to train all new-to-PPS secretaries on every system they will need expertise in. It includes a reference manual for each and both online modules they can do at their own pace as well as in-person training from Finance, Budget, Payroll, Student Body Funds, Synergy, Security, Substitutes Office, Procurement Cards, Risk Management and others. If a secretary is hired mid-year, we provide them a personalized training with all the same department attention and one-on-ones.

To add an additional 1.0 FTE for a training coordinator to provide technical support for all training and PD; including secretaries as well as all classified staff; non-reps; and administrative staff would be approximately $84,000 annually including fringe.

What transportation is being provided next year for DLI students?

For the most part we look to create centralized bus stop locations, usually at schools or local community gathering spots. We are working with programs and community agents when it comes to identifying any unique cultural needs of our students. We have prioritized schools where our community outreach has identified transportation as a barrier to access for Emergent Bilinguals.

The following schools already had transportation before this year: Richmond, Woodstock, Mt. Tabor Japanese Immersion.

The following programs are neighborhood only so their transportation is part of the regular program: Rigler, James John, Sitton, Scott.

This year we added transportation to Beach, Bridger, King, Roseway Heights and expanded Woodstock.

Next year we will add Ainsworth, Cesar Chavez and Lent. The following DLI programs will still

be without busing for out of neighborhood immersion students: Atkinson, Kelly, Beaumont, and West Sylvan.

What would a timeline look like for converting K-8 schools to a middle school model?

Budgeting for potential conversions would be for the 2016-17. Below is the current timeline for determining boundaries that may impact grade configurations:

1. We are estimating that D-BRAC will be bringing a boundary framework to the Board in late June, 2015.
2. Staff will model a new set of enrollment balancing scenarios, based on the approved framework and parameters. Results will go to D-BRAC and the broader community by October 2015.
3. D-BRAC will hear community input and assess whether the scenarios meet the goals of the framework before suggesting adjustments. Staff will produce one or more final scenarios for the Superintendent to consider and then recommend to the School Board by December, 2015.
4. The Board will make final boundary change decisions by February 2016. Implementation will begin in September, 2016, and may extend to additional school years.

What is the cost to add a social worker to every high school?
To add a social worker to the 9 comprehensive high schools plus Alliance, the fully-loaded cost would be approximately $935,000.

What are the half-time classified positions found in the school wide support tables?
These were positions that we added into the budget in the Fall of 2013 with our supplemental mid-year budget. They were not specified for a particular position.

What would the cost be to PPS if we implemented a $15/hr. minimum wage?

Our HR Department estimated the cost to be around $1.1 million including benefits for 442 employees. Potential impacts on changing the minimum wage would be:

- Compression with other employees
- Having to subsidize nutritional services from the General Fund (currently self-sustaining from Federal dollars and meal payments)

Where did the funding come from to expand outdoor school from 3 to 5 days? Is there still a parent pay component?

For 2015/16 we had availability within our MESD resolution funds to cover the additional $600,000 cost. We did not have to cut anything to make this happen. We may need to revisit this funding source in future years depending on levels of funding and our need/demand for MESD services.

There will continue to be an $85 fee, but is free for students who receive free or reduced priced meals.

BOARD OF EDUCATION
SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON

INDEX TO THE AGENDA

May 12, 2015

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Other Matters Requiring Board Approval

The Superintendent RECOMMENDS adoption of the following items:

Numbers 5087 through 5089

RESOLUTION No. 5087

RESERVED FOR NAYA RESOLUTION

RESOLUTION No. 5088

Establish One New Fund: Fund 470 – Partnership Funds

RECITALS

A. School Districts should maintain only those funds that are required to meet legal and operating requirements.

B. Government Accounting Standards call for capital construction and improvement work to be conducted in a capital projects fund, rather than a general fund.

C. On February, 2014, by way of Resolution No 5025, the Board of Education ("Board") of Portland Public Schools authorized the Superintendent to enter into a Disposition and Development Agreement with Concordia University.

D. Portland Public Schools anticipates the potential for future capital construction projects conducted with external partners and using funds that are generated separately from authorized capital bonds.

E. Staff has determined that establishing a fund for partnership activities separate from either the GO Bonds Fund (450) or the Facilities Capital Fund (438) will help to ensure proper financial controls and greater public transparency.

RESOLUTION

1. The Board hereby establishes Fund 470 - Partnership Funds, which will separately account for resources and requirements resulting from the non-bond-funded capital improvement work conducted by Portland Public Schools in conjunction with external partners.

Y. Awwad / D. Wynde

RESOLUTION No. 5089

Minutes

The following minutes are offered for adoption:

May 5, 2015