

Community Budget Review Committee's (CBRC) Review of the 2019-20 Portland Public Schools' (PPS) Proposed Budget

The Superintendent's Proposed 2019-20 Budget will decrease overall staffing in schools and cut 2.5% of Central Office costs to minimize instability in the face of the State Legislature's failure to provide even a maintenance level of funding for the 2019-20 school year. Like other vested education stakeholders, we have been closely tracking efforts in Salem to pass landmark revenue reform to significantly increase K-12 education funding in Oregon. We are cautiously optimistic that the State Legislature will fulfill its obligation to serve students and their communities by passing the proposed \$2 billion package in the coming days and weeks. While this well-overdue investment in Oregon's education system will not go into effect until the second year of the current biennium, it will help the district to plan and implement a more stable vision and strategic plan in the 2020-21 school year and beyond.

CBRC has thoroughly reviewed and evaluated the Superintendent's Proposed Budget with the Board-adopted budget principles as our lens. We present our report to the Board today with an appreciation for the student- and equity-centered approach that the Superintendent and his staff have taken in developing this proposed budget. While there are a number of outstanding concerns that our Committee has with respect to the proposed 2019-20 budget as outlined below, we have reason to believe that this proposal, coupled with new revenue expected in 2020-21, will lead to more equitable opportunities and improved outcomes for PPS students.

Budget Shortfall

-Despite having to cut \$17 million from an already lean budget, CBRC found a number of positive elements in the Superintendent's proposed budget. Most notably, targeted funding for historically underserved students and schools, follow-through on district leaders' commitment not to balance the budget on the backs of students and teachers by focusing cuts on central office and other operational expenses, and increased transparency in the development of the budget and the budget book itself. It should also be noted that CBRC is encouraged by the depth of expertise and commitment that the new budget staff brings to PPS. Lack of stability among prior budget staff has in the past hindered our ability to fully understand and evaluate the district's budget.

CBRC acknowledges the damaging effects of insufficient state funding and its impact on the 2019-20 budget. We also recognize the continuing benefit of the resident-supported Local Option Levy, which provides critically important funding for more than 800 teachers per year in PPS and offsets even deeper cuts. We support increased district investment in special education services, differentiated school supports, curricular reform, targeted funding aimed at maintaining the lower staffing ratio in schools identified for Comprehensive School Improvement (CSI), Targeted School Improvement (TSI), and Title I schools, prioritization of student health and safety with \$1 million in new facilities investments, and critical information technology (IT) one-time investments. We commend the Superintendent and the District for balancing the budget in a cuts environment by focusing on an equity- and student-oriented process when making challenging, if not impossible, decisions.

It should be noted that there has been a great deal of blame for our underfunded schools placed on public school teachers who receive Public Employees Retirement System (PERS) benefits. PPS perpetuates this misinformation by alleging that the increase in PERS is why we are budgeting for a \$17 million loss this coming school year when, in fact, this is not the case. Not only is the underfunding the result of a failure on the state's part to have a contingency plan for the increasing costs of PERS, but it is misleading when state and local government employees are also eligible members of PERS. Funding our public schools and funding PERS are two separate conversations, and neither should be held responsible for the state's inability to properly fund the other.

Equity

CBRC acknowledges and supports the district's use of the Racial Equity Social Justice (RESJ) lens in the development of the proposed budget. We fully support preserving and in some cases increasing spending in historically underserved Title I schools in the face of budget cuts. CBRC supports the district-developed decision-making process for determining how each school's equity allocation is spent, evaluated, and whether it achieves the desired outcomes. However, it is still challenging to understand the extent to which the new staffing model and equity allocations are, in fact, achieving their desired outcomes, making it difficult to fully evaluate the proposed budget from an equity standpoint.

Further, CBRC is concerned that the district's focus on equity may be undermined by the lack of transparency and accountability for independent school foundations. Many schools with independent school foundations are raising significant revenue to further enhance learning experiences and opportunities at their already enriched schools. The impact, unintended or not, is that opportunity and achievement gaps between students attending schools in wealthier communities and their less-affluent counterparts are exacerbated despite the district's efforts to level the playing field. CBRC urges the Board to take action to ensure more transparency with respect to fundraising for schools, including, but not limited to, collecting and reporting on all school-level revenue raised via foundations to better understand whether and to what extent it is impacting goals for more equitable spending and outcomes.

We also understand that while the 2019-20 proposed budget does not include any new spending on PPS's contract for the district boundary study, the work will continue in the coming year. CBRC urges the Board to consider impacts of the study's findings and recommendations on equity spending and goals as they review and approve next year's budget.

Reserves

In 2016, CBRC presented to the Board a revised reserves policy with the goal of increasing unassigned contingency to 5% by 2021 and 10% by 2026. On April 19, 2017, the Board unanimously approved the new reserves policy. Recently, the Policy and Governance Committee has recommended a revision of the policy that changes the long-term goal to a *range* of 5-10%, specifies contingency spending, and removes all goal dates from the policy.

CBRC understands the need to delay meeting the 5% goal by one year to manage PERS increases and give the district more flexibility to save in the second year of the biennium. However, we are discouraged by the lack of controls in place to ensure the district will meet the original 10% goal. The further weakening of the policy to suggest a range of 5-10% seems to disregard the guidance of the Government Finance Officers Association (GFOA) and of the community as a whole.

We do not support any change to the existing reserves policy until the board enacts structural controls to meet the 10% goal within the given timeframe. We strongly suggest that the board adopt a multi-year financial plan or enact some other form of control for which the community can hold the board and district accountable, particularly given economic forecasting that suggests a recession is a matter of *when* not *if*.

Concluding Remarks

In addition to actively advocating for adequate state funding, it is the responsibility of the District to thoughtfully and transparently use its available resources to best educate its students. We commend the district for producing a more comprehensive and transparent budget book and for reaching out to the community in new formats such as the budget forum and an accessible budget summary document. The mobilization of students and in particular students of color to advocate changes to PPS' proposed budget for school resource officers this past year highlights the importance of student voice and agency in determining needs and identifying barriers to their success. CBRC strongly recommends that the district more intentionally, consistently, and authentically engage students—particularly historically underserved students—in the budget planning and development process.

CBRC is hopeful that the forthcoming completion of the district's visioning process and strategic plan will be a starting point for addressing many of the existing inequities in PPS. Until the vision is approved by the board and available to the public, and there is a clear plan for implementation and measurement of impact, we ask that the board fully, and carefully consider the concerns and requests we have made before adopting the budget.

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

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