

Oregon Department of Education
Portland Public Schools

ODE and PPS Must Do More to Monitor Spending and Address Systemic Obstacles to Student Performance, Particularly at Struggling Schools

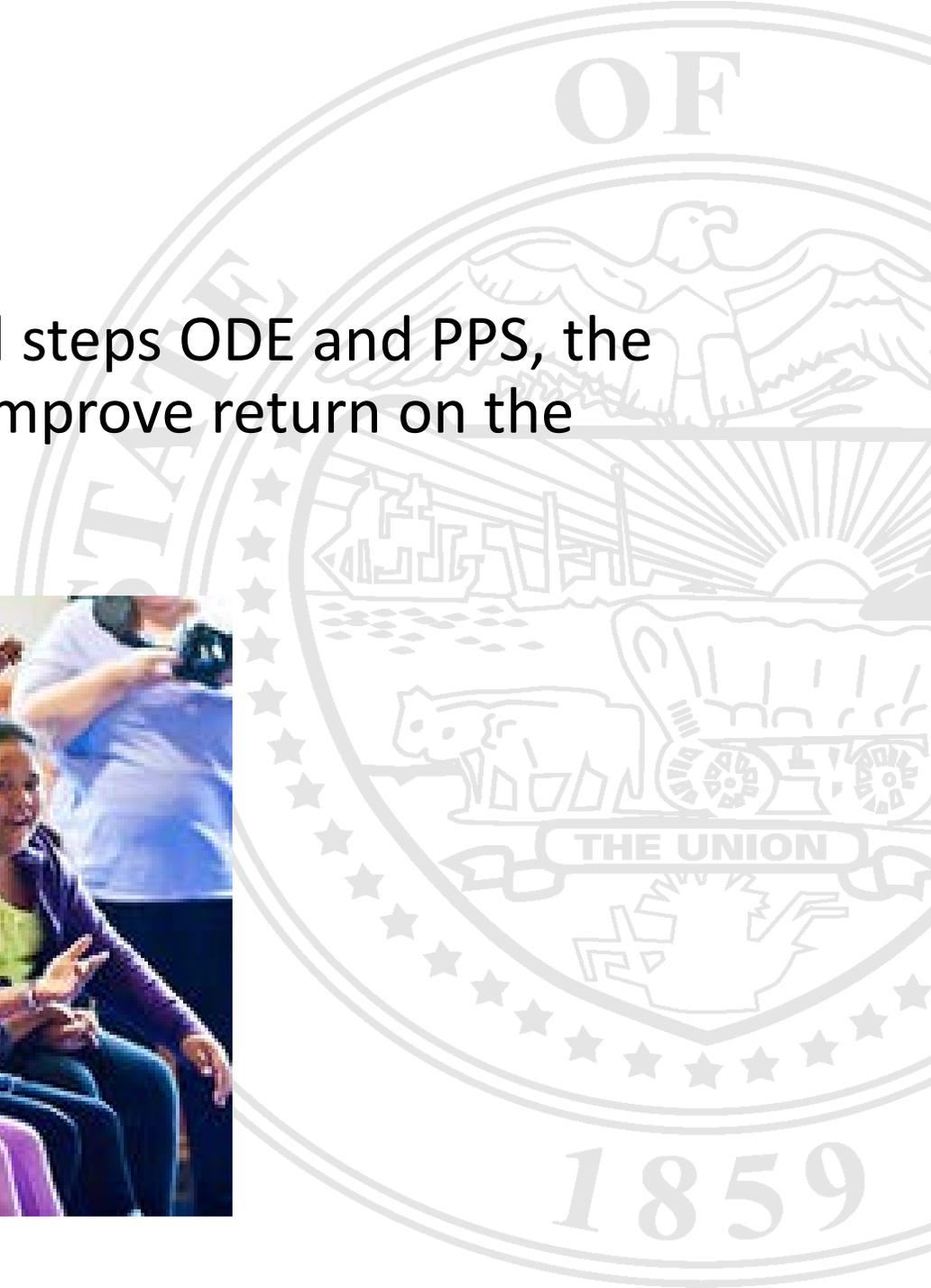
Report 2019-01
January 2019



**Secretary of State
Oregon Audits Division**

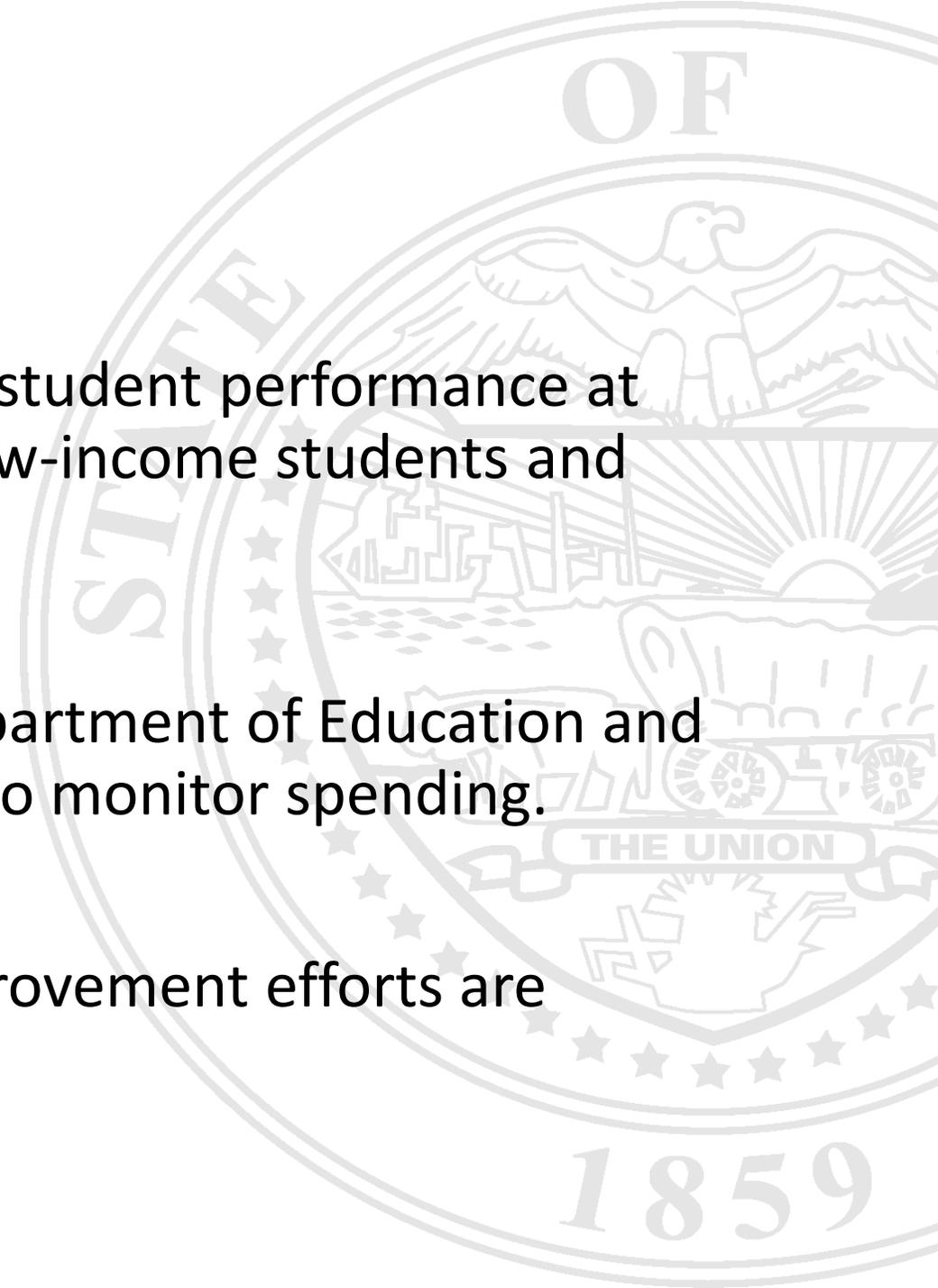
Audit objective

Examine spending and determine additional steps ODE and PPS, the state's largest school district, could take to improve return on the state's education investments.



Key Takeaways

- The audit identified systemic obstacles to student performance at Portland Public Schools, particularly for low-income students and students of color.
- The audit found that both the Oregon Department of Education and Portland Public Schools need to do more to monitor spending.
- It also found that Oregon's education improvement efforts are splintered and lack a coherent strategy.



K-12 education funding in Oregon

Oregon's K-12 funding and spending falls roughly in the middle of the pack. Operating revenue per student increased 17% since 1990-91, adjusting for inflation.

Figure 1: Oregon's adjusted per student education revenues and expenses rank from 27th to 35th compared to other states and the District of Columbia

	Revenue – Not Adjusted	Revenue – Adjusted for Price Differences	Current Expenses – Not Adjusted	Current Expenses – Adjusted for Price Differences
Census/NCES 2015-16	Rank: 26 th Per Student: \$12,838	33 rd	30 th \$10,842	35 th
NEA – 2015-16	Rank: 21 st Per Student: \$13,136	27 th	22 nd \$11,144	29 th

Source: Census/NCES and NEA data on revenue and spending per student.

Employee retirement costs are rising

Retirement account contribution rates have roughly doubled since the 1980s and 1990s for Oregon school districts, and are expected to rise another 19.5% in the 2019-21 biennium.

K-12 education funding for Portland Public Schools

- Portland Public Schools has more funding per student than Oregon peer districts.
- Portland Public Schools has more funding per student than many, but not all, national peer districts.

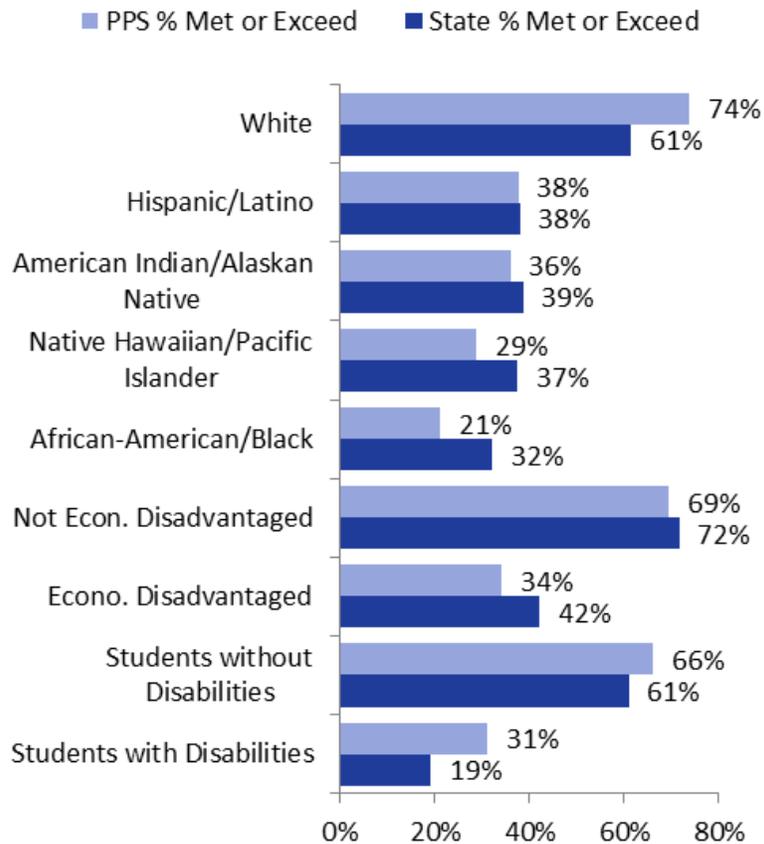
Figure 6: PPS has higher operating costs per student than other large districts and nearby districts

District	County	2016-17 enrollment	2016-17 operating cost per student	% students in poverty
Portland	Multnomah	47,240	\$13,678	13%
Salem-Keizer	Marion	41,718	\$11,332	20%
Beaverton	Washington	40,800	\$11,050	11%
Hillsboro	Washington	20,686	\$11,227	13%
Bend-La Pine	Deschutes	17,699	\$10,064	13%
North Clackamas	Clackamas	17,309	\$10,473	12%
Eugene	Lane	17,258	\$10,734	16%
Medford	Jackson	14,081	\$10,022	24%
Tigard-Tualatin	Washington	12,808	\$10,922	13%
Gresham-Barlow	Multnomah	11,972	\$10,457	16%
Reynolds	Multnomah	11,538	\$11,621	25%
Springfield	Lane	11,064	\$10,322	23%
David Douglas	Multnomah	10,591	\$13,349	26%
Centennial	Multnomah	6,145	\$11,194	25%
Parkrose	Multnomah	3,238	\$11,402	21%

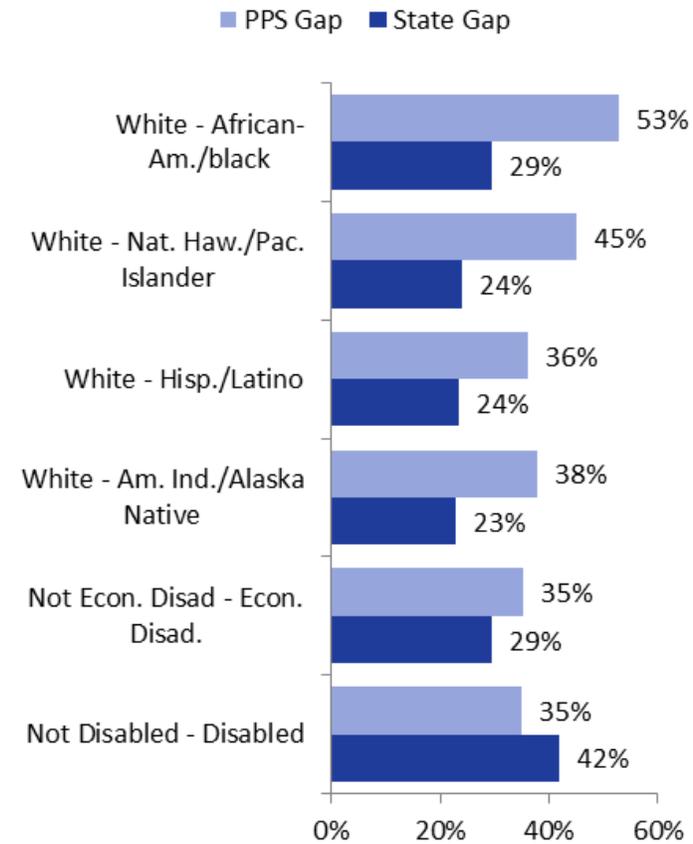
Sources: ODE financial reports; poverty percentages based on data used to calculate 2016-17 State School Fund disbursements.

Oregon and PPS face large achievement gaps

Achievement Test Performance



Achievement Test Gaps

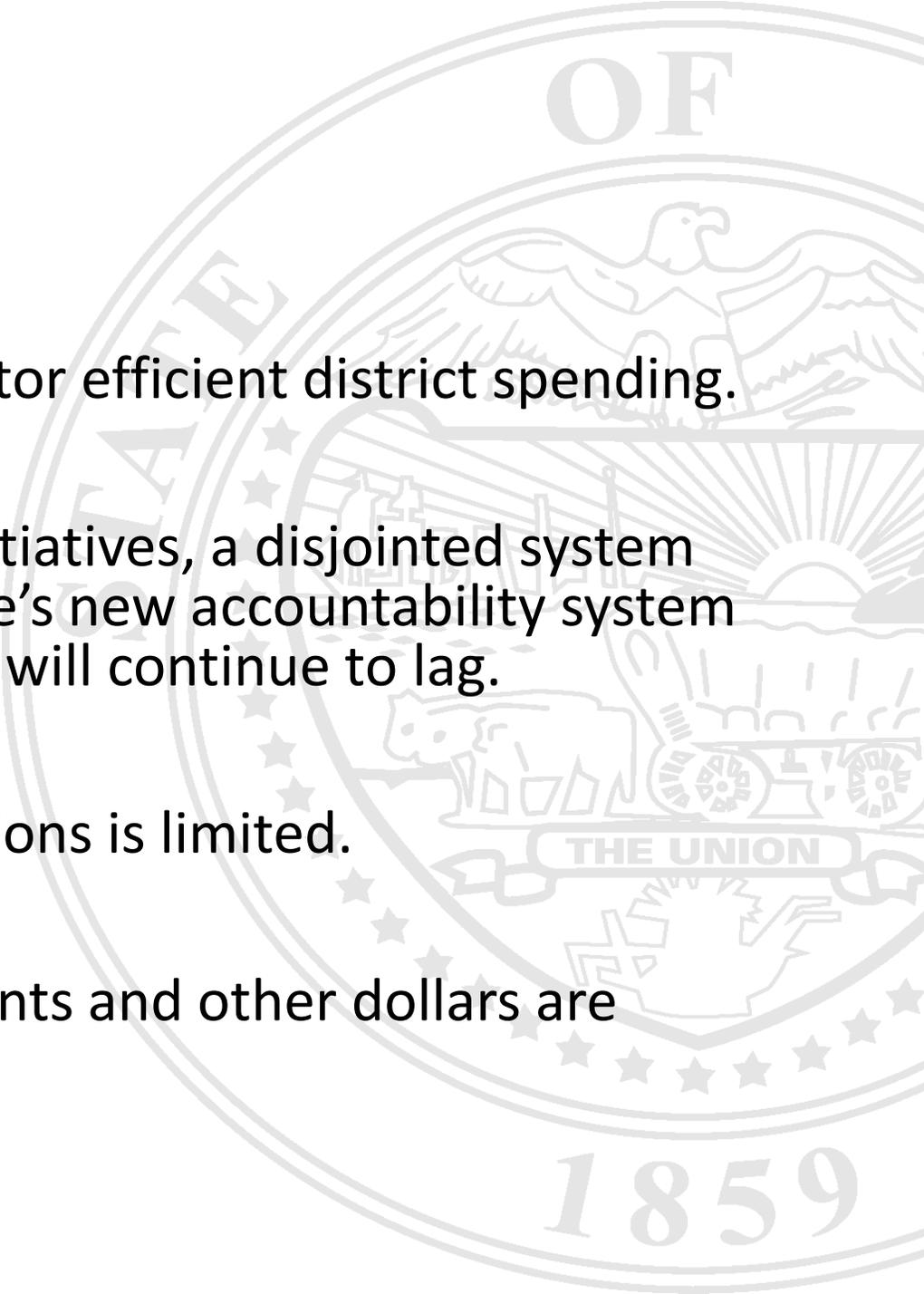


Source: ODE 2017-18 data on Smarter Balanced English Language Arts test results, all grades combined.

Source: Auditor analysis of 2017-18 English Language Arts test data from ODE.



Key findings - ODE

- ODE does relatively little to support and monitor efficient district spending.
 - ODE's reliance on short-lived improvement initiatives, a disjointed system of education funding, and red flags in the state's new accountability system all increase the risk that student performance will continue to lag.
 - ODE's enforcement of state education regulations is limited.
 - ODE is not adequately evaluating whether grants and other dollars are improving student performance.
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Education improvements are splintered and lack a coherent strategy

- Over the years, Oregon has begun and abandoned some substantial K-12 improvement efforts.
- Oregon does not have an overall strategic plan for education.
- The state's new school accountability efforts lack key specifics and are at risk of delays.
- ***The lack of sustained focus has the most detrimental effect on schools serving high numbers of African-American, Latino, and economically disadvantaged students.***

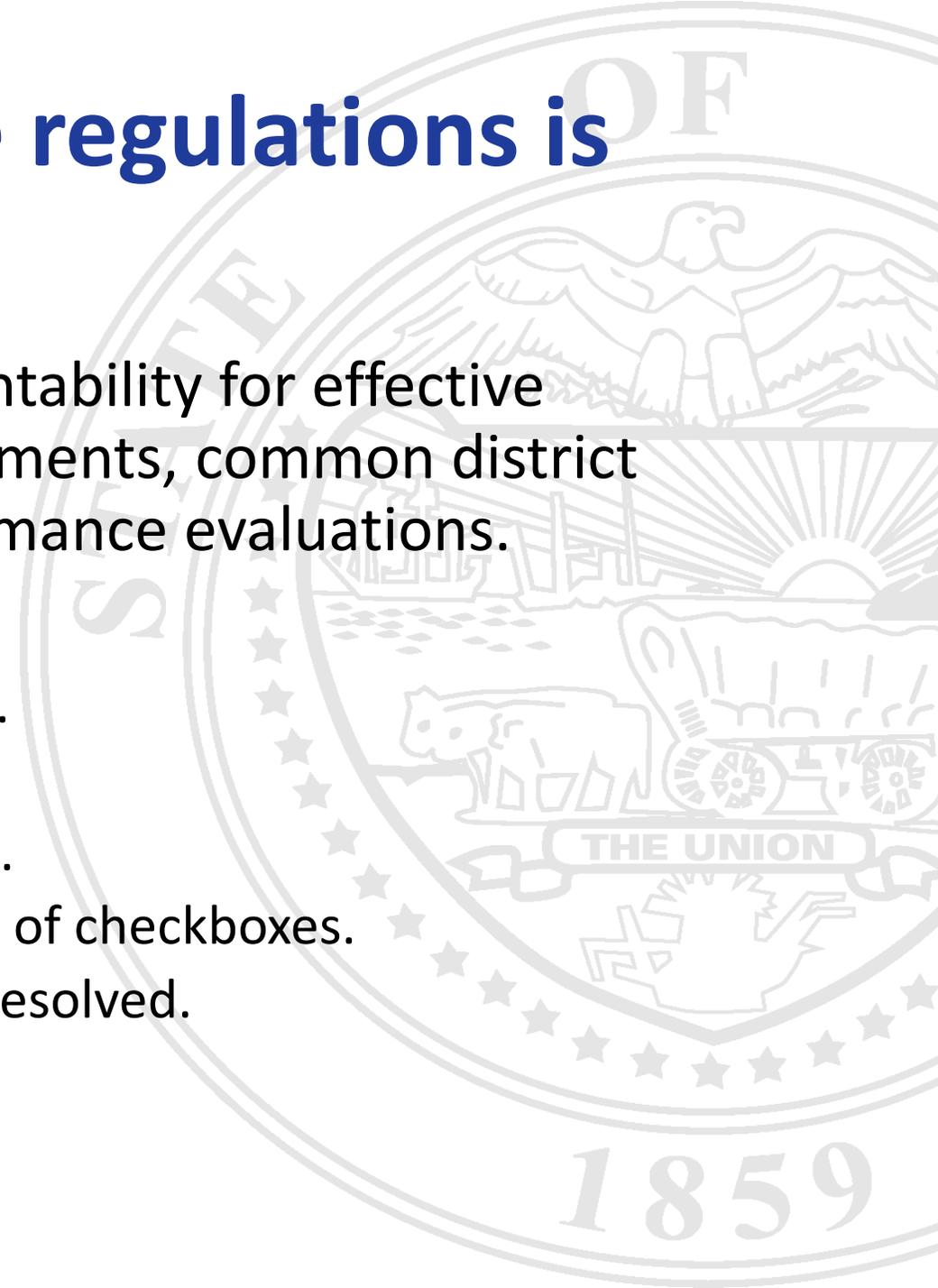
The state's new school accountability efforts lack key specifics and are at risk of delays

- The federal Every Student Succeeds Act (ESSA) aims key state improvement efforts at school districts rather than individual schools.
- The new plan has promise.
- There are several **red flags**:
 - Continues to rely on “Continuous Improvement Plans”
 - ESSA pilot project off to slow start
 - Plan relies on “braiding” funds
 - State has not spelled out consequences for low performance
 - State’s enforcement of its own regulations is limited

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ODE's enforcement of state regulations is limited

- Division 22 regulations can provide accountability for effective practices in areas such as diploma requirements, common district curriculum, academic content, and performance evaluations.
- However:
 - The regulations lack clarity and enforceability.
 - Enforcement is largely complaint driven.
 - On-site reviews have not been done for years.
 - District compliance forms consist of one page of checkboxes.
 - Local versus central control issues remain unresolved.

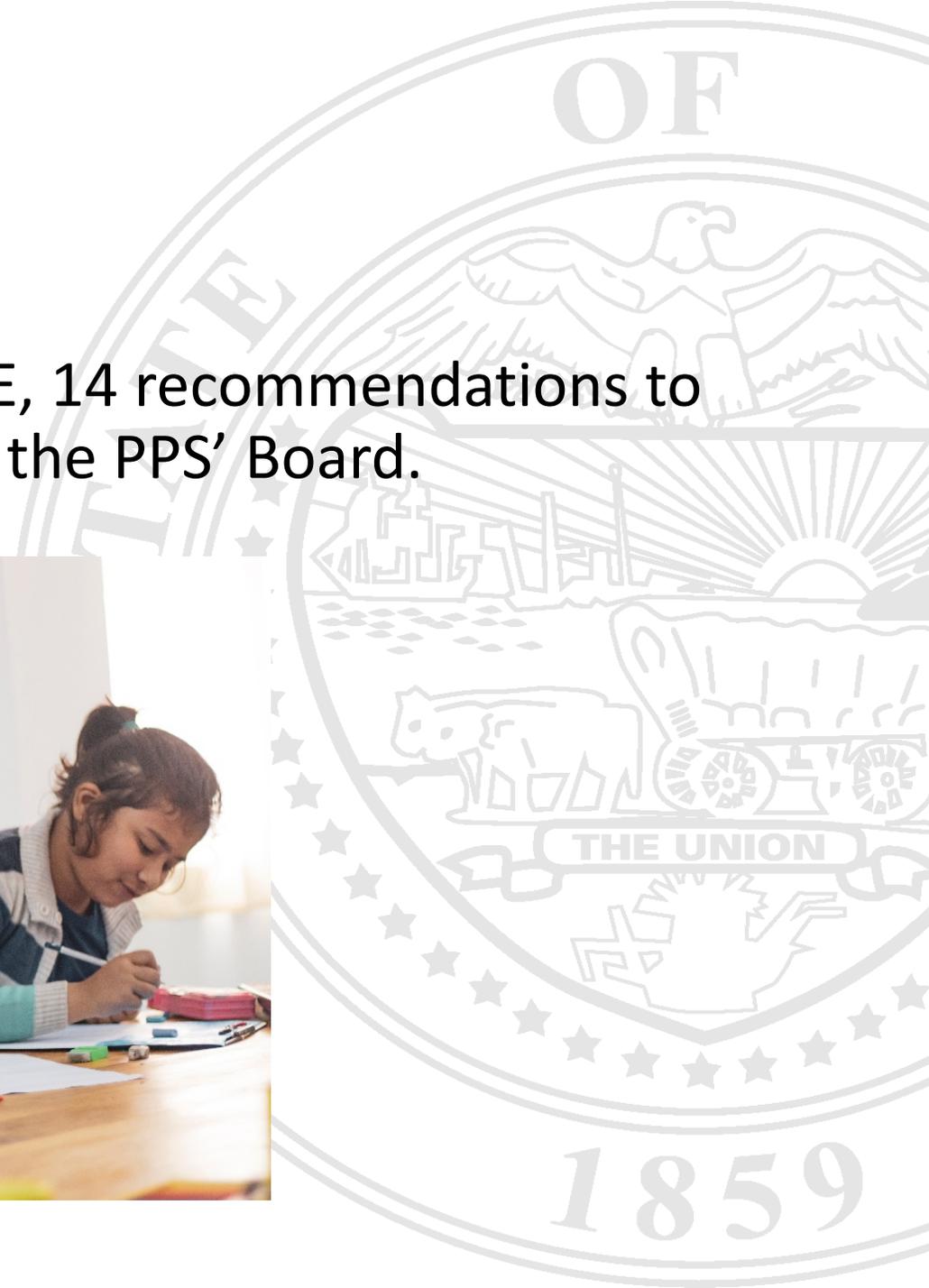


ODE can improve its management and evaluation of grants

- For the 2017-2019 biennium, ODE is scheduled to administer about 80 federal and state grants programs, totaling \$1.6 billion in federal grants and another \$700 million in state grants.
- Title I school improvement efforts have a low profile at the state level.
- ODE is inconsistent in evaluating the performance of Title III, HB 3499, and African American Student Success Grants.

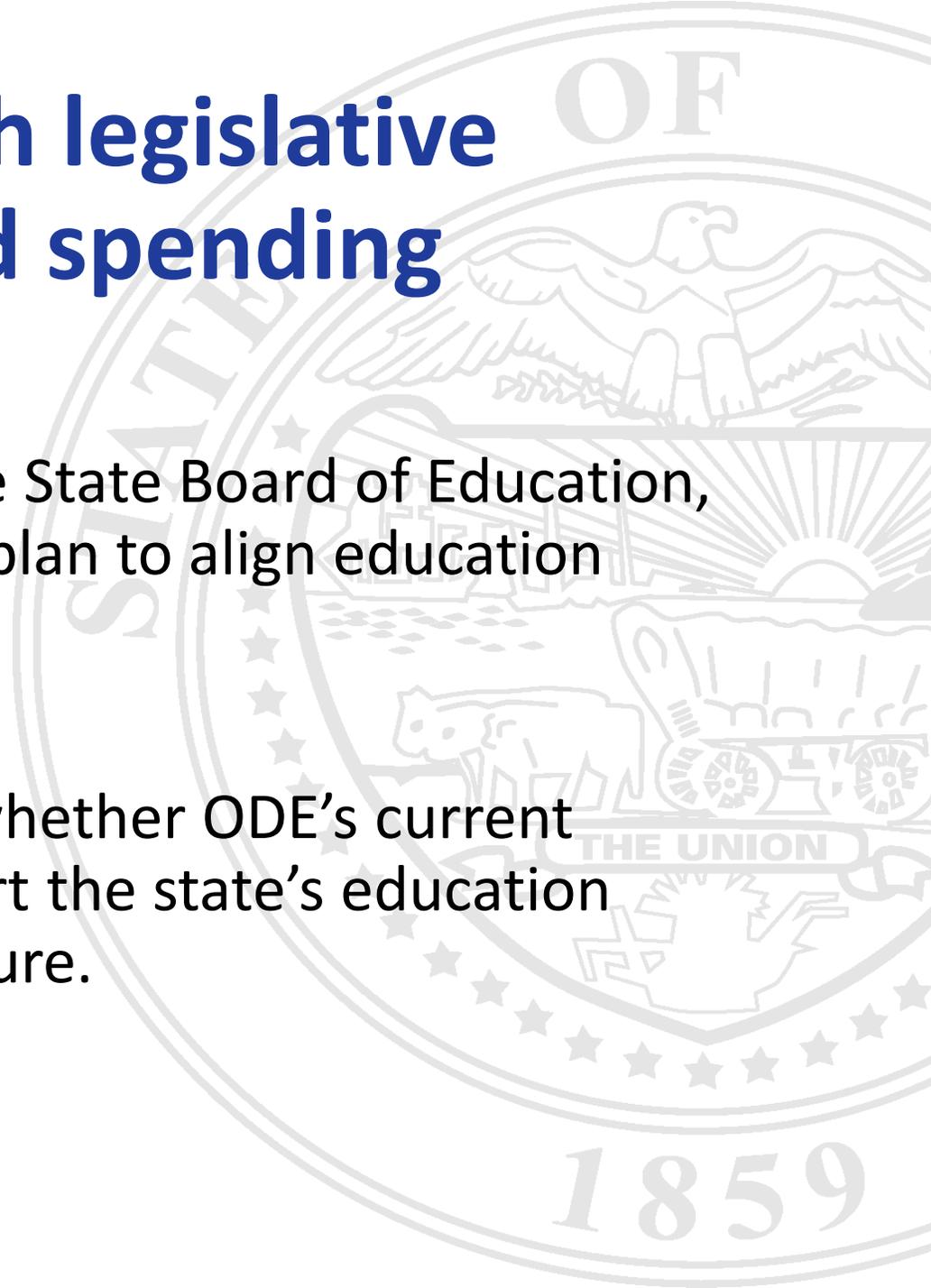
Recommendations

In all, we made 11 recommendations to ODE, 14 recommendations to PPS and one multi-part recommendation to the PPS' Board.



ODE recommendations with legislative involvement – planning and spending

- Coordinate with the Governor's Office, the State Board of Education, the Legislature, and districts to develop a plan to align education investments for the long-term.
- Conduct a staffing analysis to determine whether ODE's current staffing assignments align with and support the state's education priorities. Discuss results with the Legislature.



ODE recommendations with legislator involvement – performance management

- Include a thorough analysis of how ODE is addressing challenges to effective ESSA implementation and the results of those efforts in reports to the public, the State Board of Education, and Legislature.
- Report to the public, State Board of Education, and Legislature on how ODE manages grantee performance for key federal and state grants designed to improve student outcomes.

Other notable ODE recommendations

- Work with the State Board of Education and stakeholders to evaluate Division 22 district standards for clarity and enforceability, and ensure that ODE has adequate resources to review compliance and enforce standards when districts fall short.
- Thoroughly evaluate Title I school improvement program results annually and include the evaluation and results in ODE's statewide report card.
- Evaluate potential K-12 savings areas and spending trends, including an analysis of classroom spending compared to other spending.



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