Recommendation Follow-up Report

Portland Public Schools

PPS Has Made Progress, but Must Take Further Steps to Reduce Inequities at High-Poverty Schools

March 2022
Report 2022-10
Portland Public Schools (PPS) partially implemented 13 of the 15 recommendations from our 2019 audit focused on improving the performance of struggling schools and implemented two. The audit included recommendations to PPS and the Oregon Department of Education (ODE). This follow-up report covers recommendations to PPS; a separate report, issued in September 2021, covered ODE recommendations. Follow-up reports are a status check on agency actions, not full audits under government auditing standards.

The COVID-19 pandemic has posed large challenges for PPS and other districts, including a shift to online instruction, school staff shortages, increased student needs, and high educator workload and stress. Prioritizing pandemic response delayed action on several recommendations.

**Findings from the original audit**

- PPS does relatively poorly with African-American, Latino, and economically disadvantaged students.
- Contributing to inequities at high-poverty schools: high turnover, high teacher absences, low teacher experience, and a disconnect between teachers and administrators on managing student conduct.
- PPS needs to develop a clear budget, report investment results, and compare spending to peer districts.

**Improvements noted**

- The district has improved support for high-poverty schools, adding training, student and family support, and staff such as counselors and assistant principals. (pg. 9)
- The district prioritized racial equity (pg. 3) and increased investment in instructional staff development. (pg. 4)
- PPS developed a strategic plan (pg. 3) and improved budget transparency (pg. 11), benchmarking against in-state districts (pg. 10), purchasing card management (pg. 12), and contract management (pg. 13).

**Remaining areas of concern**

- Despite high principal turnover, the district is not detailing or publicly discussing turnover, teacher experience, and initiative overload at high-poverty schools, all key equity issues. (pg. 5)
- The district needs to address transfer and hiring issues that promote high turnover and lower teacher experience at high-poverty schools. (pg. 7)
- The district’s public analysis of benchmarking and spending is not detailed enough to identify potential savings areas and help shift money to the classroom. (pg. 10)
- Since the audit, the school board has not ensured district management addresses some key equity issues at high-poverty schools (pg. 15), analyzes potential savings areas in depth (pg. 16), or tracks teacher issues with student conduct and classroom disruption. (pg. 16)
Introduction

The purpose of this report is to follow up on the recommendations we made to Portland Public Schools (PPS) as included in audit report 2019-01, “ODE and PPS Must Do More to Monitor Spending and Address Systemic Obstacles to Student Performance, Particularly at Struggling Schools.” This report pertains only to those recommendations made to PPS; a separate follow-up report, released in September 2021, addressed recommendations made to ODE.

The Oregon Audits Division conducts follow-up procedures for each of our performance audits. This process helps assess the impact of our audit work, promotes accountability and transparency within state government, and ensures audit recommendations are implemented and related risks mitigated to the greatest extent possible.

We use a standard set of procedures for these engagements that includes gathering evidence and assessing the efforts of the auditee to implement our recommendations; concluding and reporting on those efforts; and employing a rigorous quality assurance process to ensure our conclusions are accurate. We determine implementation status based on an assessment of evidence rather than self-reported information. This follow-up is not an audit, but a status check on the agency’s actions, and therefore does not adhere to the full set of government auditing standards.

To ensure the timeliness of this effort, the division asks all auditees to provide a timeframe for implementing the recommendations in our audit reports. We use this timeframe to schedule and execute our follow-up procedures.

Our follow-up procedures evaluate the status of each recommendation and assign it one of the following categories:

- **Implemented/Resolved:** The auditee has fully implemented the recommendation or otherwise taken the appropriate action to resolve the issue identified by the audit.

- **Partially implemented:** The auditee has begun taking action on the recommendation, but has not fully implemented it. In some cases, this simply means the auditee needs more time to fully implement the recommendation. However, it may also mean the auditee believes it has taken sufficient action to address the issue and does not plan to pursue further action on that recommendation.

- **Not implemented:** The auditee has taken no action on the recommendation. This could mean the auditee still plans to implement the recommendation and simply has not yet taken action; it could also mean the auditee has declined to take the action identified by the recommendation and may pursue other action, or the auditee disagreed with the initial recommendation.

The status of each recommendation and results of our follow-up work are detailed in the following pages.

We sincerely appreciate the courtesies and cooperation extended by officials and employees of PPS during the course of this follow-up work.
About the Secretary of State Audits Division

The Oregon Constitution provides that the Secretary of State shall be, by virtue of the office, Auditor of Public Accounts. The Audits Division performs this duty. The division reports to the elected Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The division has constitutional authority to audit all state officers, agencies, boards and commissions as well as administer municipal audit law.
Recommendation Implementation Status

Recommendations to PPS Management

Develop a strategic plan that sets concrete performance measures for improved student outcomes and discusses in depth the staffing, resources, interim steps, and improvements to the district’s operations and organizational culture needed to reach those outcomes.

Partially implemented

PPS recently developed a more full-fledged strategic plan. It specifies four broad district priorities, including priorities that could help shift the district’s organizational culture and improve operations: racial equity and social justice; inclusive and differentiated learning for every child; professional excellence and support; and embracing change. The plan also includes 17 performance measures for improving student outcomes and diversifying and improving the educator workforce.

The current plan is a significant improvement over the documentation of district strategy noted in the original audit. However, the performance measures do not yet have specific, quantitative goals. For example, they mention narrowing test score gaps for Black and Native American students through 2025, but do not specify a numerical goal, meaning even a slight reduction would meet the goal as stated. The plan also does not discuss the staffing or resources needed to reach the goals or whether district leaders believe current staffing and resources are adequate. In February 2022, the district’s board did include three specific goals in a contract extension for the superintendent. The extension ties potential retirement annuity bonuses to year-over-year increases of three percentage points in reading test scores for Black third-graders, in reading scores for students in underserved races and ethnicities in third grade, and in math scores for Black fifth-graders.

PPS also reported some recent district-specific student outcomes in a December 2021 board work session. This data showed increases in graduates’ post-secondary preparation, such as increased completion of Career Technical Education (CTE) courses across all racial and ethnic groups. However, results for the district-administered reading and math tests given to elementary and middle school students in Fall 2021 were concerning. White, Asian, and multiracial students did relatively well, with white students exceeding grade level targets at every grade level tested, but underserved students by race and ethnicity scored well below target levels on average. For example, the average 8th grade score for Black students in reading was at the level expected in winter of 5th grade — a deficit of more than two grades — and the average 8th grade score for Latino students was at the level expected at winter of 6th grade. Average math scores for Black and Latino students showed even larger deficits, with a deficit of nearly four grades for Black students.

National evidence the district presented also indicates declines in student performance during the pandemic have been far steeper in early grades at high-poverty schools than at low-poverty schools, and far steeper for Black, Hispanic, and American Indian-Alaska Native students. Our original audit

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1 Students in the underserved race/ethnicity group include American Indian/Alaska Native, Black/African-American, Hispanic/Latino, and Native Hawaiian/Pacific Islander students.

2 The district’s presentation is posted online.
identified a similarly concerning pattern of achievement results at PPS, finding PPS did relatively well compared to peer districts with white students who were not classified as economically disadvantaged, increasing the district’s overall results, and relatively poorly with African-American and Latino students who were classified as economically disadvantaged.

In developing a common core curriculum for schools, ensure adequate training for teachers — particularly new or inexperienced teachers. **Implemented**

The district’s 2021-22 budget shows a $10 million increase in investments for instructional staff development since the original audit, rising from roughly $25 million in 2018-19 to more than $35 million budgeted for 2021-22. This increase was due in part to increased state funding from the Student Success Act, passed after the original audit was released, and from federal funding for COVID-19 response. Spending on improvement of instruction also increased substantially.

District officials stated professional learning courses are available throughout the year, with courses differentiated for inexperienced and experienced teachers. Supports targeted for new teachers include mentoring and direct coaching, as well as a New Educator Orientation series, at which training is provided on the district’s Guaranteed and Viable Curriculum. New Educator Orientation conducted at struggling or high-poverty schools includes two additional training days before the typical contract year begins, district officials said, though they did not provide supporting documentation as requested detailing the nature of this additional training.

These investments in staff development are substantial, meeting the recommendation’s call for adequate training. However, the district’s planned core curriculum improvements are still in process (pg. 14), leaving substantial work to be done, and the extent of educator training in existing core curriculum is not clear from documents the district provided. Core curriculum training was also impacted by the pandemic. It prompted the district to focus on training in online instruction methods and led to decreased staffing, increased student need, and increased teacher workload and stress, reducing educators’ capacity for training. A January 2022 report from Oregon’s statewide teachers’ union pointed to staff shortages at districts across the state that have significantly increased teacher workload and asked for short-term district flexibility on professional development requirements. At PPS, an October 2021 survey by the Portland Association of Teachers indicated 80% of educators reported high workloads and 70% reported high or severe stress levels.

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3 A media report published in January 2022 that focused on Black and Latino students at PPS concluded that most PPS elementary educators involved in literacy instruction had not yet begun a voluntary, 100-hour training in new science-based reading instruction methods.

4 Oregon Education Association, "Education at a Breaking Point: Ringing the Alarm on the Historic Staffing Crisis Within Oregon’s Public Schools."
Regularly track teacher and principal turnover and the number of initiatives at schools and publicly report on it, with a particular focus on high-poverty schools.

Our original audit found high-poverty schools, which include many underserved students, face disproportionately high principal and teacher turnover, disproportionately low teacher experience, and disproportionately high initiative overload, all contributing to educational inequities.

However, the district has made relatively little progress on this recommendation when it comes to focusing on high-poverty schools. PPS publicly presented a report on teacher and administrator retention and turnover, disaggregated by race of educator, part of the district’s focus on increasing the number of educators of color. Yet, the analysis only presented turnover districtwide, and contained no information on high-poverty or other individual schools. At the 2021 Audit Committee’s request, made after we submitted follow-up questions, the district provided a list of administrator turnover at high-poverty schools and schools designated for improvement, though it does not appear the board publicly reviewed or discussed this data.

Our own analysis indicates turnover among principals at high-poverty Title I schools since our audit has been substantial, with 76% of the principals at Title I schools in 2018-19 no longer at the same schools in 2020-21. The original audit documented the importance of principal stability for student achievement, prompting us to recommend the district track turnover and publicly discuss it.

The original audit also documented relatively high levels of initiative overload and uncoordinated initiatives at Title I schools, which are provided additional support under federal law. District officials said the new strategic plan provides clearer expectations that will help schools focus on specific, measurable initiatives over time. District officials provided no evidence the district is tracking or reporting on the number of initiatives at individual schools.

Prioritize development and stability of effective principals by providing incentives and additional support, particularly at high-poverty schools. Supports include reducing turnover of principal supervisors, stabilizing district leadership, improving collaboration between principals and central administrators, improving hiring practices, streamlining initiatives, increasing collaboration between central office departments, and evaluating initiative results.

The district has taken steps to improve support for principals, such as establishing a support team that crosses departments and conducting monthly professional development meetings with principals. In addition, the district brought in the University of Virginia Partnership for Leadership in Education to help principals and teachers at PPS schools designated for improvement by the state. The annual Successful Schools Survey contained an administrator satisfaction survey for the first time in 2021, with results showing administrators rate staff-family relationships and school climate favorably. The district has also:
• Added social workers and counselors funded by state Student Investment Account money at all schools, and instructional specialists and assistant principals at high-poverty schools.
• Increased contracts with community providers to help support students and families at high-poverty schools.
• Added 11 new special education teachers and 12 new special education para-educators in 2020-21, in addition to staff added in 2019-20.
• Continued equity funding provisions that add funding for high-poverty schools and decrease their students per staff member. In the 2021-22 budget, Title I and CSI schools are projected to receive about $10,500 per student, while other schools are projected to receive about $7,700 per student. The number of students per staff member is also lower.

However, results from the 2021 Successful Schools Survey show substantial improvement is still needed. In particular, school administrators rated the district unfavorably for 1.) extent of district’s request for input when making decisions, 2.) the value of available professional learning, and 3.) feedback from the district. A separate PPS equity audit focused on current and former school and district administrators of color, supported by The Leadership Academy and completed in August 2021, also identified substantial concerns. Among them: an absence of consistent support for administrators of color from the leaders above them; a feeling of being “isolated and invisible;” a feeling their feedback is not welcomed within the district; and a sense they are accepted to a lesser degree than white colleagues and reprimanded to a more significant degree.

The district did not provide evidence of efforts to reduce initiative overload or to improve evaluation of initiative results. As discussed in the previous recommendation, principal turnover at high-poverty schools has been high since our original audit.

Maintain a consistent feedback loop with teachers, educational assistants, parents, and other stakeholders regarding student conduct issues, particularly as they affect Title I schools and other high-poverty schools. Address teacher concerns about lack of clarity in school policies and lack of consistent behavior standards.

Partially implemented

The original audit noted student conduct issues are relatively common at high-poverty schools and a substantial source of frustration to teachers at these schools. Helped by money from the state’s new Student Investment Account, PPS has significantly increased spending on services that should help address student conduct issues, including special education, attendance and social work services, and counseling. In terms of feedback loops between teachers and district administrators, the district highlights regular meetings with the Portland Association of Teachers (PAT), and a new section on its online discipline reporting form that includes room for teacher comments and suggestions. The district has also established an annual contractor-administered survey of students, teachers, and parents, and made access to the results publicly available online. As part of proposed revisions to the district’s student conduct and discipline policy, the district engaged with teachers, students, staff, school administrators, and families.

However, evidence indicates the district still has problems with classroom disruptions, student conduct and teacher communication, with significant work in these areas still in process. In the 2019-20 district
survey results, PPS teachers ranked the district below the national norm for responses in five of seven categories, including school climate and staff-leadership relationships. The survey report does not summarize results for Title I or high-poverty schools. The new student conduct and discipline policy has yet to be adopted after the PAT raised concerns and the district’s latest report on student discipline, for the 2018-19 school year, found the rate of students expelled or suspended out of school increased for every racial and ethnic group from 2016-17 to 2018-19. African Americans and Native Americans had the highest expulsion and in-school suspension rate in 2018-19, each at 11.3%.

In terms of communication with teachers, it is not clear if district leadership regularly receives feedback from teachers aside from the monthly meetings with PAT leadership mentioned above. A districtwide teacher coaching and development plan for Title I schools is not expected to be fully deployed until the 2021-22 school year. The district’s Behavior Collaboration Team no longer meets, and a new Reimagine Discipline Committee is in initial stages. Finally, the district is still developing a social-emotional learning plan.

At the same time, the statewide teachers’ union report issued in January 2022 said disrupted learning issues have “skyrocketed” from already high pre-pandemic levels as students returned to school after months of social isolation and heightened family stress.

In our original audit, we found that student conduct issues hit high-poverty schools the hardest. In a 2018 survey of licensed educators, concerns about managing student conduct were higher at PPS than at other Oregon districts. Within PPS, concerns were significantly higher at high-poverty schools, where teachers were less likely to agree that they could focus on students with minimal interruptions, that the school environment was safe, and that students at their school followed rules of conduct.

Work with union officials to address transfer and hiring issues that promote high turnover and lower teacher experience at high-poverty schools. Also address remaining contract issues raised in the recent investigation of teacher misconduct, including retention of educator records and reducing administrative obstacles to filing a complaint.

The original audit found district practices promote higher teacher turnover and lower teacher experience at high-poverty schools with large populations of underserved students, including a higher proportion of new teachers at these schools. The district said it plans to work with the PAT on proposals to provide targeted staffing, professional development, and incentives to work at designated high-poverty schools for educators, but bargaining on these issues has been delayed by the pandemic. The district also cited a PAT contract provision that allows PPS to make an exception to seniority preference to retain educators of color over an employee with more seniority but who is not a person of color when staffing reductions occur. District officials said this practice results in less turnover, but provided no data to support this statement. Similarly, district officials also state educator experience is tracked, but provided no evidence this information was compiled in a meaningful way, presented to the board, or used to improve transfer and hiring practices.

Since the original audit, the district has taken several steps to address concerns over handling of teacher sexual misconduct. The district’s changes came in response to an independent investigation
commissioned in 2017 by the school board in the case of a long-time teacher suspected of sexual misconduct. The investigation identified weaknesses in district practices. Among the positive changes that resulted:

- The PPS board developed and adopted a new Professional Conduct Between Adults and Students policy.
- The district designated a School Compliance Officer at each school, trained to receive reports, support investigations, and ensure mandatory reporting.
- The district developed training emphasizing the need to report potential misconduct and details reporting procedures.
- The district implemented an electronic, centralized document tracking system in 2019 that permanently keeps documents related to staff misconduct allegations and investigations together and easily searchable by employee name, a more reliable, complete record than in the past.
- New language in the PAT contract requires a trained, qualified investigator investigate sexual conduct issues.
- A timeline extension in the PAT contract from three to six years for removing "Letters of Expectation," including those issued in response to inappropriate behavior, from files accessible to principals and other building administrators.

District officials said the centralized database will allow human resource and legal staff to monitor issues and review records for patterns of conduct, supported by improved reporting from the designated School Compliance Officers. The district worked with one of the investigators in developing its approach. In an interview, the investigator said the district has made substantial improvements, including making it clearer all concerns need to be reported to human resources, establishing a comprehensive centralized system that retains even complaints deemed unfounded, and developing a strong human resource department commitment to following through on harassment and misconduct issues.

However, the district’s actions and the new PAT agreement do not address all the independent investigation’s recommendations. In our judgment, the key gap that remains is assurance school compliance officers, usually a principal or vice principal, will be aware of prior misconduct concerns about an educator so they can watch for improper conduct. The PAT agreement still requires purging of some documents from on-site files easily available to school administrators when a teacher transfers schools or gets a new supervisor at their school. Also, as noted above, the agreement allows purging of some documents short of final employee discipline from easily available files after six years. The independent investigative report recommended the district eliminate these provisions to allow current and subsequent supervisors to be more aware of potential problems and to increase their ability to see patterns of behavior over time. In an October 2019 memo, PPS officials told the school board that automatic purging of personnel file documents is not part of the district’s agreements with other employee unions.

District officials said human resources retains all documents, will allow access to school administrators who request it, and will notify the compliance officers of significant prior concerns about teachers when a principal or teacher is new to the school. However, this notification practice is not in policy and was not discussed in the training materials PPS provided. In our judgment, the lack of written policies or
procedures increases the risk appropriate notification of school administrators could diminish over time, as human resource personnel turn over and the urgency driven by the investigation diminishes, raising risks for students.

While working to improve instructional quality, address other obstacles that create inequities at high-poverty schools. Strategies include changes to attendance rules, boundary changes, and practices that could encourage retention of high-quality principals and teachers at high-poverty schools, such as additional pay, enhanced training, and additional classroom support.

PPS has taken steps to address obstacles that create inequities at high-poverty schools. However, two key steps — related to additional pay and enrollment balancing — are still pending, and it is not clear if the steps already taken have improved retention. The district did not provide evidence it is analyzing retention at high-poverty schools or other schools designated as needing improvement.

- **Classroom Support**: The district added social workers and counselors funded by Student Investment Account money from the state at all schools, as well as instructional specialists and assistant principals at high-poverty schools. It also increased contracts with community providers to students and families at high-poverty schools, and continued equity funding provisions that add funding for high-poverty schools and decrease their students per staff member.

- **Enhanced Training**: The district has partnered with the University of Virginia to provide enhanced training to teachers and school leaders at Title I schools and additional schools designated as needing improvement. These schools, typically high-poverty, received additional professional development training in 2020-21 focused on curriculum, social-emotional supports, and leadership development. PPS officials said they renewed the University of Virginia partnership for the 2021-22 school year.

- **Additional Pay**: The district has implemented incentive payments for substitute teachers at 18 high-poverty schools. As noted in the previous recommendation, the district is exploring a proposal to provide incentives for educators to work at high-poverty schools. Principals are not included in this proposal.

- **Attendance Rules and Boundary Changes**: PPS debuted a school enrollment balancing effort in the district’s southeast area designed to improve building utilization. However, the district has not fully addressed enrollment balancing in areas with concentrations of high-poverty schools. The original audit noted Title I schools at PPS tend to have far fewer students compared to the number of classrooms in their buildings, which can reduce elective and non-basic courses. Its efforts to date have focused on southeast Portland, including re-opening a long-closed middle school in 20201 to help balance enrollment and offer more electives for students.
Investigate and report on potential savings areas in depth, including the level of executive administration, use of substitute teachers and educational assistants due to educator absences, health benefits, bus services, legal services, and building utilization.

To identify where PPS might be able to redirect dollars to the classroom, the original audit highlighted several administrative, benefit, and substitute costs that were fast growing or high relative to Oregon peer districts. The district has reduced costs in several of these areas. Budget documents show General Fund costs for legal services and early retirement benefits declined from 2018-19 to 2021-22, the last budget adopted. The district plans to solicit new bus services designed to improve operational efficiency. The district’s school enrollment balancing effort, noted in the previous recommendation, should improve building utilization.

However, the district’s 2021-22 budget does not report on potential savings, highlight them, or explain changes in depth, even as budgeted costs for student transportation, executive administration, licensed substitutes, retiree health insurance, and group health insurance increased from 2018-19 to 2021-22. According to PPS officials, leaders drill down into detailed savings areas in senior leadership team meetings and internal budget development sessions, but the district provided no evidence of in-depth examinations or reports on potential savings in these areas.

Conduct regular and public peer benchmarking to identify potential savings areas and spending challenges. Identify peer districts using objective criteria, such as enrollment, level of poverty, and other demographic factors.

As part of quarterly financial reports to the school board, PPS produces a peer comparison and benchmark analysis based on other Oregon districts with over 10,000 students. District finance staff meet regularly with peers from other districts in this 10,000-student group to discuss benchmarking on revenue and expenditures. PPS also participates in the Council of the Great City Schools benchmarking project, which allows PPS to compare its operations and performance to other large districts across the nation.

Despite these benchmarking efforts, PPS provided no evidence the work has been used to identify savings areas and address spending challenges. District officials state benchmarking is used in internal discussions, but this process is not transparent to the public or to policymakers. While the district has publicly released benchmarking results, these are limited in choice of peer districts and level of financial detail. Although PPS contributes district data to the Council of the Great City Schools project, the district provided no evidence spending data from other urban schools in the project — including urban peers with demographics more comparable to PPS than other Oregon districts — were used for benchmarking.
The district’s 2021-22 budget includes several sections that make it clearer and more transparent.

- The budget now includes sections discussing significant budget additions narratively, without numbers, and high-level spending changes for major programs or expenses.
- An addendum to the 2020-21 budget called “School Reports” includes detailed information on individual school staffing, a by-school summary of personnel for administration, support, and the classroom, and identification of schools targeted for school improvement efforts by ODE.
- The budget also includes forecasted revenues and spending for three years, a positive step toward improving transparency.

PPS continues to include extensive data on budgeted staffing, particularly at individual schools. However, some weaknesses identified in the original audit remain. The district still does not include easily understandable summaries on districtwide staffing trends or a clear breakdown of staffing and costs for schools versus staffing and costs for staff who do not work directly with schools. In contrast, as noted in the original audit, Seattle Public Schools clearly details districtwide costs for direct services to schools versus support services conducted by administrators and other staff who do not work directly in schools. Seattle also summarizes districtwide staff totals over three years in easy-to-understand categories, such as “elementary teacher,” “counselor,” and “director/supervisor.”

The 2021-22 PPS budget contains less information on key performance indicators than the 2018-19 budget, which included graduation rates disaggregated by race and ethnicity and suspensions and expulsions by race and ethnic group. The board’s goals for student performance are mentioned in the budget, but actual results are not included. This gap is partly due to reduced student assessments during the pandemic. District officials said they plan to add more performance indicators in the 2022-23 budget.

In the original audit, we also noted the Beaverton School District’s budget has analyses of results and spending on key student performance investments, something the PPS budget lacks. According to PPS management, Measures of Academic Progress (MAP) test results and progress on initiatives under the state’s new Student Investment Account are reported to the board. Based on the evidence provided, these do not appear to involve a transparent, in-depth analysis of key initiative outcomes and corresponding spending strategies like Beaverton.

For the 2022-23 budget year, the district has developed a draft reallocation rubric that district officials say will help it abandon programs not meeting defined criteria, such as demonstrating clear results and effectively serving underserved students.
Improve controls over purchasing card use. Improvements include requiring management review for at least non-standard and high-dollar transactions, and improving policy guidance on appropriate businesses purposes, taxpayer-funded meals, parties, student incentives, gifts, and use of unusual merchants. Also, the district should improve aggregate analysis of card use data to identify spending trends and unusual transactions.

PPS has significantly improved its policies and procedures related to purchasing cards. New directives and procedures established since the original audit add supervisor reviews of transactions and considerable controls over purchases of meals, gifts, parties, and refreshments. The district also implemented new merchant category code restrictions for controlling prohibited transactions, established a new districtwide Amazon Prime account to improve purchasing transparency, and updated purchasing card appearance, guidance, and trainings aimed toward reducing infractions.

The district’s Office of the Internal Performance Auditor recently completed a purchasing card audit to address concerns such as those raised in our original audit. The district also performs a monthly purchasing card review that includes some analysis of purchasing trends and unusual transactions, such as examining:

- key vendors;
- high dollar transactions;
- activity of cardholders with notable infraction histories; and
- cardholders with unusual volumes of activity or dollar amounts charged.

Employees with purchasing cards have increased from 385 in March 2018 to 486 in April 2021, underscoring the importance of maintaining and enhancing card controls.

Ensure consistent performance evaluation depth and quality by training administrators to set high expectations and improve the depth of reviews. Periodically review evaluations for quality.

PPS officials said the district has increased training for building administrators on teacher performance evaluations and developed a new evaluation tool for distance learning during the pandemic. The Office of School Performance and the Human Resources office review evaluations for quality, district officials said, and target performance evaluations with low ratings to provide additional support and feedback.

However, it is not clear how much of this effort is new since our original audit. The district also did not provide evidence the depth and quality of evaluations has improved.
Adopt policies and practices that ensure strong management of contract and grant performance, particularly for non-competitive contracts and initiatives directly serving students, including consolidating contract management responsibilities.

The district has focused substantial effort on improving management of contract and grant performance, but still has gaps in better managing contract performance.

In 2020, PPS internal auditors issued a thorough report and made recommendations to better focus the district on improving contractor performance. Many of their recommendations focused on a new Scope of Work template, which the district has begun using for contracts that originate in the Central Office and involve the provision of support services to students and families with the goal of raising student achievement. The template is intended to improve performance management of these important services — typically Racial Equity and Social Justice (RESJ) initiatives — by including detailed information on scope, deliverables, and performance measures as part of the contract. The district also implemented a new contract management system accessible to all staff who work with contracts and expanded annual mandatory contract training that covers drafting an appropriate scope of work, deliverables, performance management, contract oversight, and review and documentation of contract performance and outcomes.

Although the use of the new template represents an improvement since the original audit, the actual contracts issued with the template do not appear to include outcome performance-based measures in some key cases. We reviewed the templates for three RESJ contracts approved during the October 2020 board meeting covering three important student service providers. Instead of outcome measures focused on student performance, they included only process-based measures, such as number of students served and numbers of hours per student. District officials said they are working to develop an evaluation framework for these and similar contracts in coming years. However, it is not clear if this framework will require actual outcome measures focused on improving student performance, which do not appear to be required by a district policy or administrative directive.

Another concern raised in the original audit was the district’s oversight of contracted alternative schools, which accounted for about 75% of the district’s dropouts. In the two cases we reviewed during the audit, the only thorough site visit documentation the district could provide dated to 2014. The documentation for the largest provider included a sparse school improvement plan and a site visit checkbox review by the district that checked yes for two contract requirements that did not appear to have been fulfilled. The district also could not provide documentation it followed up on the significant recommendations made in an outside review of the school. For this audit follow-up, the district said a new Request for Proposals for alternative schools will include updated performance measures, but it is not clear if these updates will address the limited oversight identified in the original audit.

District officials said there has been a reduction in non-competitive contracts recently, but provided no evidence of improvements to management of non-competitive contracts, or of efforts to consolidate contract management responsibilities outside of contracts pertaining to RESJ initiatives.
Use the strategic planning process to evaluate the most effective and efficient use of contracts designed to increase student performance.

Partially implemented

As part of the strategic planning process undertaken since the original audit, the district has prioritized RESJ, a shift the district’s Citizen’s Budget Review Committee said has improved the district’s focus on underserved students. The district said it has increased funding by 62% for contracts providing family engagement, wraparound services, mentoring, and crisis response. The district has consolidated management of RESJ contracts for students and families under a senior RESJ advisor, and reviewed RESJ contracts for effectiveness and efficiency.

These are significant steps. However, steps for improved performance management tied to these crucial contracts are still in process, and in our judgment the effectiveness of these steps remains uncertain. For example, district officials said the district implemented a coordinated evaluation framework to measure and report success, but the district’s documentation consisted of a link to a website showing only the number of hours of service provided by individual contractors and the number of students served. It contained no information about whether student performance increased.

The district reported efforts to collaborate with other funders of the same contractors to track impact, including Meyer Memorial Trust, Multnomah County, and the Portland Children’s Levy, but that effort appears to still be in progress as well. A third initiative designed to analyze the efficiency of PPS contracts focused on improving student performance, in which the district plans to analyze students served and not served at each school receiving RESJ contract services, is also underway. Officials stated this work is in progress but was disrupted by the pandemic.

Six-Part Recommendation to the PPS School Board

The PPS Board should ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including:

Building an effective common core curriculum based on state standards and ensuring adequate school support and accountability for performance.

Partially implemented

PPS began redesigning the district’s curriculum in 2017. Several components of this new curriculum, the Guaranteed and Viable Curriculum (GVC), have been designed and implemented. The board has discussed or been presented with information on several subject areas of GVC since 2019, including climate/environmental justice, dyslexia, ethnic studies, health education, middle school science, and social emotional learning. GVC areas of language arts, math, health, and science appear to be in various stages of development and deployment. The board has also taken steps to improve student support and accountability as the GVC is implemented, including the adoption of four performance goals, three of which focus on improving the performance of underserved students. As noted on pg 4, the district’s 2021-22 budget substantially increased spending for instructional staff development and improvement of instruction. In addition, the district’s $1.2 billion bond approved by voters in November 2020 set aside $53.4 million for new curriculum materials and textbooks.

However, the GVC status of some major subject areas are unclear as of this report, and the 2020-21 Audit Committee chair’s response to our follow-up questions stated the board requested but had
received no evidence the district is tracking feedback from schools on GVC implementation in classrooms. In our judgment, given the importance of effective implementation of the new curriculum, this is a significant gap in district practice, full board oversight, and public transparency. As noted in the original audit, implementing a consistent curriculum across schools helps teachers and districts set expectations and pinpoint problems. Consistent curriculum and teaching materials also improve equity for students who move between schools.

PPS staff report they are developing an electronic tracking and reporting system for tracking progress on the board’s performance goals, but COVID interrupted student testing that would have provided the necessary data. PPS did report some recent district-specific student outcomes in a December 2021 board work session (pg. 3).

The PPS Board should ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including: Developing a strategic plan that focuses on long-term investment and measurement of results. The plan should also address the district’s organizational culture, including improving the district’s feedback loops and trust between central administrators, principals and teachers.

Partially implemented

The district has completed substantial work on a Strategic Plan. An updated Strategic Plan was shared with the board in June 2021, but the plan did not yet have measurable annual SMART goals or results metrics. District officials said they will be developed during the 2021-22 school year.

The district has taken steps to measure organizational culture and gather feedback from principals and teachers. The Audit Committee response stated the board received some access to the school climate survey dashboard and they received updates on school climate survey results for 2020. However, there is no evidence the board has discussed efforts to strengthen feedback loops between the central office and schools, despite evidence (pg. 6) that the district still has significant problems with student conduct and teacher communication.

Partially implemented

PPS has added staff at high-poverty schools and, as noted in the original audit, added support instructors to support teachers and fill substitute gaps at high-poverty schools. The board reports that, along with district staff, it has discussed improvement strategies to support schools in board meetings and in executive sessions.

At the 2021 Audit Committee’s request, made after we submitted follow-up questions, the district provided a list of administrator turnover at high-poverty schools and schools designated for improvement, though it does not appear the board publicly reviewed or discussed this data. The board does not appear to have received or reviewed any data on teacher turnover in these schools, teacher experience levels relative to experience levels in other schools, or initiative overload at high-poverty
schools and other schools designated for improvement. In our judgment, this is a significant gap in board oversight and public transparency, particularly given the board’s equity focus. Our original audit found high-poverty schools face disproportionately high principal and teacher turnover, disproportionately low teacher experience, and disproportionately high initiative overload.

The PPS Board should ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including:

- Improving the transparency and impact of the district’s budget, including objective peer comparisons, analysis of results, and analysis of potential savings areas.

Since the original audit, the board has taken several important steps that should help improve the budget’s transparency and impact. The board established an internal audit office, approved purchase of Cloud Service budget software expected to improve monitoring and analysis of spending patterns and authorized the adoption of software that allows analysis and spending comparisons with peer districts. The board has also received reports on its performance goals, but results for the goals were not included in the most recent budget. There is no evidence the board has discussed detailed benchmarking results or potential savings areas in depth with district management. The board also received a list of projects funded by the state Student Investment Account, but it was an initial progress report and did not analyze results or cost effectiveness in any detail.

The PPS Board should ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including:

- Tracking and addressing teacher and principal issues with student discipline practices and priorities.

The district has begun steps to address discipline issues, with the board extensively involved in a proposed revision of the district’s student conduct and discipline policy during the 2019–20 school year. That process included feedback from parents, teachers, principals, and other school administrators, such as listening sessions and work sessions with the board’s policy committee.

However, it is unclear how much feedback the district received from teachers at the 38 Title I schools and other schools needing improvement during the student conduct policy process. The district’s listening sessions specifically included feedback from teachers at Cleveland, Lincoln, and Madison high schools. These schools are not among the 38 schools identified as Title I or schools needing improvement, though Jefferson and Roosevelt high schools are. The original audit found significant discipline-related concerns among teachers at Title I schools.

It is also unclear if district leadership regularly receives ongoing feedback from teachers aside from monthly meetings with PAT union leaders, and whether the district performs ongoing tracking of teacher and principal concerns with student discipline practices and priorities. The Audit Committee’s response to our follow-up questions stated district officials did not respond to recent requests for this information. In our judgment, this omission is also a significant gap in board oversight and public transparency. As with teacher turnover, teacher experience, and initiative overload at high-poverty
schools, teacher and principal issues with student discipline disproportionately affect high-poverty schools, creating additional educational inequities.

The PPS Board should ensure that district administrators prioritize key steps to improve the efficiency and effectiveness of district operations, including: Improving control of purchasing card transactions, contract performance management, and the oversight of key contracts.

The district and board have made significant progress on improving oversight of purchasing card transactions. However, oversight of key contracts remains limited.

In 2020, the board passed a new purchasing card policy covering numerous problem areas identified in the original audit, such as meals, refreshments, gifts, and parties. The board also approved internal audits on contracting at the district and on purchasing card controls. In October 2020, the district began publicly posting specialized Scope of Work information for each student, instructional, or family engagement contract on the board.

Some of the board’s contract oversight practices remain a concern. The board currently does not review any non-competitive contracts under $150,000; staff told the Audit Committee it was time intensive to create the reports and they no longer would be provided. In addition, the performance of multi-year contracts solicited with a Request for Proposals process — including key contracts for services to underserved students and their families — are not annually reviewed by the board but are subject to what the district describes as a rigorous review when the contract is initiated.

For contracted alternative schools, The board’s Charter School and Alternative Programs Committee annually reviews high-level outcome data, but does not review results for individual schools, school improvement plans, or site reviews by staff. The original audit found limited site visit documentation and no evidence the district had followed up on recommendations made in an outside review of the district’s largest alternative school.

Conclusion
Since the original audit was issued in January 2019, PPS has made significant progress in several key areas despite complications posed by the pandemic. The district developed a strategic plan, improved management of purchasing cards and contracts, and increased investments in teacher professional development. Helped by increased state and federal funding, PPS also increasing support staff and contracts providing student and family support at high-poverty schools.

However, our follow-up work indicates PPS management needs to do more in key areas, among them:

- Focusing on high principal and teacher turnover and low teacher experience at high-poverty schools.
- Addressing transfer and hiring issues that promote high turnover and lower teacher experience at high-poverty schools.
- Establishing a clear and candid feedback loop with teachers on student conduct issues and classroom disruption at high-poverty schools.
- Conducting in-depth and public benchmarking of spending against comparable peers.
Our final recommendation was addressed to the PPS School Board. Although we found some indications of strong oversight by the board, we also found significant gaps. On spending, the board has not ensured management is benchmarking or investigating in depth to identify savings areas and direct more money to the classroom. On equity issues, the board does not appear to have focused on principal turnover at high-poverty schools or received or reviewed any information on teacher turnover in high-poverty schools, teacher experience levels relative to experience levels in other schools, initiative overload, teacher and principal issues with student discipline, or school feedback on implementation of the district’s new curriculum.

Making progress in these areas requires tackling difficult and potentially controversial staffing and financial issues. However, doing so can help increase the performance of the district’s African-American, Latino, and economically disadvantaged students, an area where the original audit found PPS lagged its peers. Given national trends and the PPS-specific achievement testing during the COVID-19 pandemic, it is likely many of these students have suffered significant academic setbacks during the pandemic, further increasing the urgency of reducing inequities at the district’s high-poverty schools.
This report is intended to promote the best possible management of public resources.
Copies may be obtained from:

Oregon Audits Division
255 Capitol St NE, Suite 500
Salem OR 97310

(503) 986-2255
audits.sos@oregon.gov
sos.oregon.gov/audits