

RECREATION SCHOLARSHIPS:

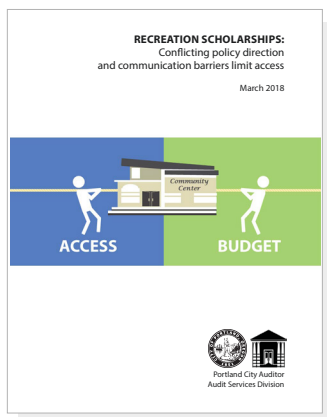
Conflicting policy direction
and communication barriers limit access

March 2018



Portland City Auditor
Audit Services Division

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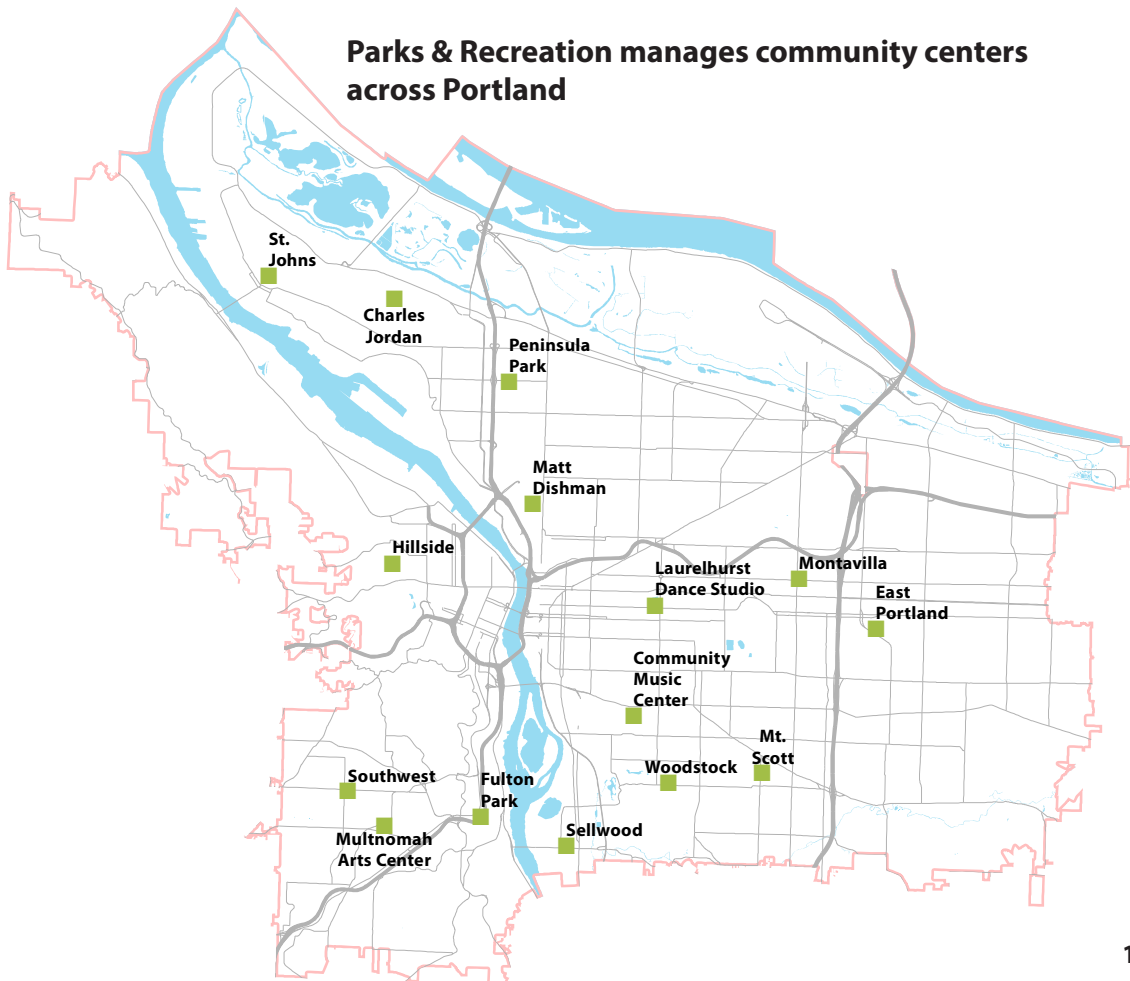
Summary

The City has contradictory goals for recreation services. It wants community centers to charge fees for activities while also ensuring all Portland residents have access to them. When community centers offer scholarships to help those who cannot afford the fees, they lose revenue they need to operate. Geographic disparities also exist because the amount of each scholarship provided is based on the discretion of individual managers, which differs from center to center.

City Council should reconcile its conflicting policy direction that calls for access to recreation activities for all with its budget direction to generate increased revenue through fees.

Background

Portland Parks & Recreation owns and operates 15 community centers located throughout the City. The bureau has five large centers, such as East Portland Community Center and Southwest Community Center, as well as small, neighborhood community centers, such as Sellwood Community Center, and activity-specific centers, such as the Laurelhurst Dance Studio.



The community centers offer a range of activities and services for all ages, including sports, fitness, art, dance, music, science, and languages. Residents may register for a class or camp online or purchase a pass to drop in and use center facilities.

The mission of Portland Parks & Recreation is firmly rooted in the philosophy of former Director and City Commissioner, Charles Jordan, who was passionate about access to parks and recreation for all. City Council adopted the goal to improve the quality of life in neighborhoods by providing access to recreation services. Recognizing that some residents of Portland require financial assistance, and to help honor Charles Jordan's ideal of making recreation accessible to all, Parks offers a limited number of scholarships as well as some free programming.

There has been an increase in demand for scholarships in the last 10 years. This has led to a 127 percent increase in value of scholarships granted, from \$260,000 in 2008 to \$590,000 in 2017. According to the bureau's last calculation, the median scholarship value was \$55.

These numbers are estimates, because it is difficult to isolate scholarships from other types of discounts in their registration system.

(Scholarships) may become very important to our household when you lose funding for your preschool program. - Survey Respondent

Full-paying customers can register for classes online, but residents who apply for scholarships have a more complex process. They must go to the center they wish to use with a completed application, including how much they think they can afford to contribute and proof of income. Although residents may register for classes online, they may not apply for scholarships online. A separate form must be filled out for each individual and for each activity for which a scholarship is being requested. Staff process the applications and inform residents if they were approved and how much of the cost will be covered by the scholarship. Non-residents are not eligible for scholarships.

Audit Results

Our audit objectives were to review alignment between City policies and budget direction regarding recreation scholarships and the barriers to accessing scholarships. While we focused on community centers, the results may apply to scholarships in the broader recreation system.

Revenue pressures cause inequitable access to scholarships

Parks is sensitive to the affordability of its services and City policies that make access a priority. The goals for access, however, are difficult to reconcile with the Bureau's need to generate revenue.

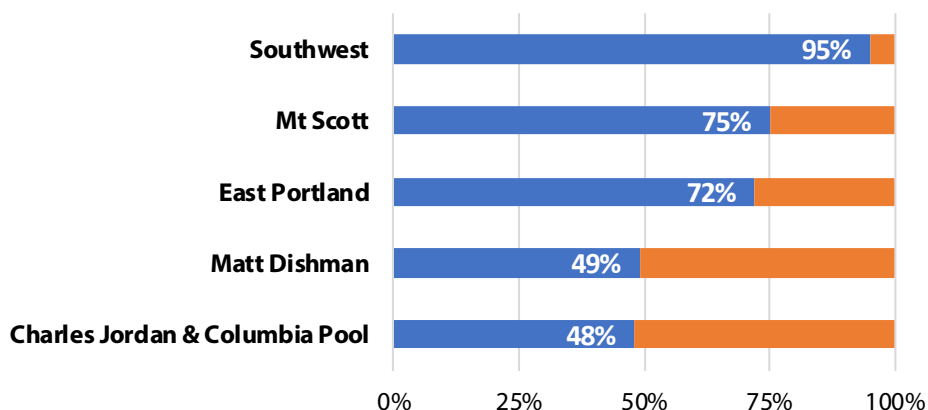


Source: Portland Parks & Recreation

Scholarships are a tool to provide access and promote equity. The Bureau's current scholarship policy gives some guidelines on the level of discount on fees that a customer can get based on their income level and household size. The policy, however, gives center directors flexibility on how much of a scholarship they provide on a case-by-case basis.

Community centers must also generate revenue to cover some of their operating costs. Each center has a different goal for recovering the expenses it takes to run its classes, camps, or programs, and these are reflected in the fees charged to customers. The revenue goals are based on the income profile of the neighborhood the center is located in and the age groups served. According to the Bureau, the goals are also based on the past performance of the centers. Centers have some discretion in how they meet their revenue goals. In recent years, City Council has directed Parks to decrease its reliance on funding from the City General Fund and increase revenue from fees.

Centers vary in their revenue results (2014)



Source: Parks & Recreation FY 2017-18 Requested Budget

The result of the pull between access and revenue generation is that a resident's ability to obtain a scholarship varies from center to center. For example, a center that needs higher revenue from fees or is behind on generating revenue may be less able to provide scholarships compared to a center that needs less fee revenue or has met its revenue goal. One director said that his center could only provide a 50 percent scholarship for an activity, but other centers offered reduced fees up to 75 percent. The amount of scholarship needed to participate goes up as the fees go up. Some people who want to participate but still can't afford the reduced fee cannot take the class.

...some managers won't give scholarships until the last minute to sell (activities) out at full price. This makes it stressful and hard to plan. There needs to be uniform procedures across the district. - Survey Respondent

We conducted a non-random survey of scholarship recipients for this audit to determine how they learned about scholarships and their experience in applying. We also surveyed people who did not receive scholarships to gauge their level of support for the scholarship program. Respondents expressed strong support for the scholarship program. Scholarship recipients noted the challenge of navigating different approaches to scholarships from center to center.

Scholarships are not budgeted or evaluated

Effective government programs make a deliberate and clear connection between policies and the budget. Both City Council and Parks & Recreation have clear policies to support access to recreation services. These policies, however, do not carry through to the City's budget. The City does not set aside an amount in the budget to pay for scholarships. By not providing clear budget support for scholarships, each center is left to balance these competing needs to the extent possible. The Bureau cannot track scholarship costs accurately or provide a transparent accounting to the public.

I'm a single mom of three, so having to fill out applications per camp/class/codes times three kids and then provide proof of income with each application...ugh, too much. - Survey Respondent

By identifying scholarships in the budget, Parks & Recreation could evaluate whether the program is making progress toward improved access with the resources allocated and identify tradeoffs between access and cost. Assessing the performance of the program as a whole and from center to center would also help management identify and integrate successful approaches into planning program improvements. The Bureau has a cost recovery study underway which is relevant to how much the Bureau will charge for services in the future.

Other parks organizations have more clearly defined scholarship programs

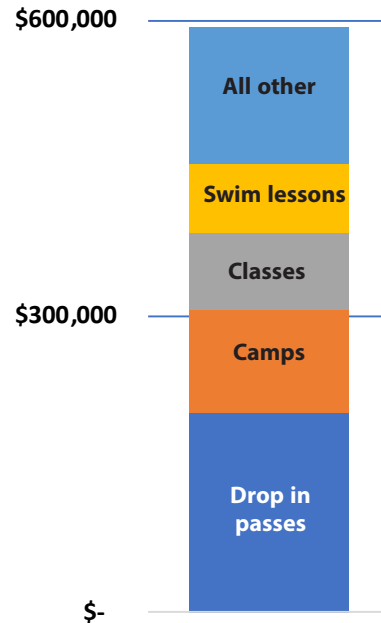
We compared Portland's approach to scholarships to three other cities and a parks and recreation district. Unlike Portland, three of the organizations we reviewed establish a dollar amount to be set aside in the budget for scholarships.

In addition, two cities target scholarships to certain activities and age groups. For example, Hillsboro only allows scholarships for children for classes and childcare. It does not provide scholarships for passes for drop-in services at their centers. In Portland, scholarships are allowed for group activities for all age groups as well as childcare and drop-in services. Drop-in passes are the single largest use of scholarships. With limited funds, Portland should prioritize the type of access the City should provide.

Other jurisdictions also had multiple revenue sources to fund their scholarship programs. These included General Funds, revenues from activity fees, and money from parks and recreation foundations.

In our survey, 70 percent of full-paying customers indicated they would pay higher fees to support the scholarship program for those less able to afford them, as is done in in some other parks and recreation organizations. Further research is needed to determine the extent of support for using increased fees to help fund scholarships.

Over half of Portland's scholarships supported day passes and camps



Scholarship information is hard to find

Those most likely to access community center activities with the help of a scholarship may have difficulty finding information about them. Scholarship customers who responded to our survey said they obtained information most often from City staff, and to a lesser extent, in the Bureau's program catalogues.

I was unaware of (scholarships), and wonder if you do more outreach in the schools that have populations that can take advantage of this. - Survey Respondent

Parks uses a variety of formats to share scholarship information, including its website, email, catalogues, and staff. We found that scholarship information was hard to find on the website, and information in the program catalogues is not equally distributed to customers across the City. The one consistent reference to scholarships appeared on the last page of the program catalogues. Information was rarely provided in a language other than English.

Public outreach staff said that because of budget pressures, outreach has focused on information about services provided rather than scholarships. The pressure to bring in fee revenue

We were able to enroll foster kids in activities for little cost. The only difficult part was feeling embarrassed to ask for help. - Survey Respondent

caused one center to abandon an existing plan to contact potential scholarship participants in its surrounding neighborhoods. The contacts succeeded in increasing scholarship participants, but reduced fee revenue to an unsustainable level, according to the center's director.

Some survey respondents noted other barriers. A few said having to go to a community center to apply was challenging. Some said that having to prove their income multiple times a year rather than just once was expensive and time consuming, particularly if they rely on public transportation to get to a center. It can also be difficult if they are bringing children along. They also expressed how uncomfortable it was to share financial information. Several respondents noted the desire for an online application process.

Recommendations

We recommend the Commissioner-in-Charge of Portland Parks & Recreation:

1. Clarify and update the Bureau's scholarships policy and implement it consistently across the centers. This update should include a Council work session with the Council's direction on whether scholarships would cover a prioritized list of specific services or whether services should be more flexible and at the discretion of the customer.
2. Budget for scholarships and establish funding sources.
3. Report to the Council periodically on the cost and performance of the scholarship program.
4. Develop a strategic outreach plan for scholarship information that overcomes language and other barriers, and is consistent with the budget and revised scholarship policies.

Objectives, scope, and methodology

Our audit objectives were to review alignment between City policies and budget direction regarding recreation scholarships and the barriers to accessing scholarships. We focused on Portland Parks and Recreation community centers, except for the Multnomah Arts Center, the Laurelhurst Dance Studio, and the Community Music Center. These were excluded because of some different means of management and funding. Our fieldwork ended on December 31, 2017.

To accomplish our audit objectives, we:

- Interviewed managers and staff from Parks & Recreation and the Portland Parks Foundation.
- Interviewed four other jurisdictions about their recreation scholarship programs and researched management of their programs. These included the cities of Hillsboro, Oregon; San Jose, California, and Seattle, Washington. We also reviewed the Tualatin Hills Parks & Recreation District, Oregon.
- Visited community centers to get an understanding of their business and challenges.
- Reviewed City plans, such as the Portland Plan, and bureau policies related to access and scholarships.
- Reviewed and analyzed bureau information going to the public about scholarships.
- Reviewed Parks & Recreation's ActiveNet database and analyzed information from the database. In analyzing information, we found the database does not track scholarships separately from other discounts, such as early-bird discounts. This made it difficult to verify the accuracy of scholarship revenue not collected by the Bureau. We communicated our data concerns to management during the audit.
- Conducted a non-scientific survey of scholarship recipients and non-recipients to obtain their views on Portland's scholarship program. The responses reflected 172 scholarship recipients and 529 non-recipients. The survey was sent to addresses on an e-mailing list from Parks & Recreation's ActiveNet registration system.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESPONSE TO THE AUDIT



February 26, 2018

Auditor Mary Hull Caballero
1221 SW 4th Avenue, Room 310
Portland, OR 97204

Dear Auditor Hull Caballero:

Thank you for the opportunity to respond to the “RECREATION SCHOLARSHIPS: Conflicting policy direction and communication barriers limit access” audit. We were pleased to work with the Audit Services staff, and we appreciated the opportunity to provide information and context during the audit process. We agree with the findings, conclusions, and recommendations of the audit, and we welcome the prospect of a deeper conversation regarding how to best resolve the competing and conflicting objectives that we face.

We appreciate the recognition of the important work done by Portland Parks & Recreation (PP&R) to provide recreation services and the understanding that a core challenge the bureau faces is in seeking to provide these services in an equitable way. While the audit focuses on community centers, we believe the analysis and recommendations are applicable to the broader spectrum of services that the bureau provides.

Equitable Access is a Priority

Equity is at the core of what we do. The City of Portland has taken significant and substantive steps to address inequities that exist in access to services and opportunities. PP&R embraces these values and in 2017 developed a five-year [Racial Equity Plan](#) that aims to improve service delivery to an increasingly diverse population of Portlanders. PP&R is making investments that will dramatically expand access to parks through construction of park improvements in East Portland, and in other areas of the City that have been historically underserved. As the audit points out, access to recreation services is not currently equitable due to the heavy reliance on program revenue and lack of identified resources for scholarships.

Scholarship Resources Required

The audit has affirmed our commitment to advancing bureau-wide efforts that balance the need for financially sustainable operations and accessible services and programs. PP&R plans to deliver to Council by the end of 2018 a financial plan that incorporates a scholarship funding component, and an update to the bureau’s 2004 Cost Recovery Policy. On March 6, we are convening a Council Work Session to discuss with Council how to effectively

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Mike Abbaté, Director



balance cost recovery expectations with impacts to equity and access. This conversation, and the resulting updated Cost Recovery Policy, will be critical frameworks to provide a clearer and more equitable scholarship approach.

The scholarship approach will include lessons learned from a pilot project to develop a more equitable and streamlined scholarship process, for which the bureau recently received one-time funding. The pilot project established a practice of providing a fixed amount of scholarship value for qualifying individuals and enabling them to identify how to use that value. That effort provides greater clarity and access to services, and highlights the need for ongoing budgeted resources to continue the scholarships and scale them for other recreation programs. However, expansion of the pilot requires additional resources to maintain a coordinator and adequately staff the demands of more equitable access to scholarships.

The audit also identifies improvements that can be made in communication and access to information related to scholarships. We agree and are eager to ensure all Portlanders understand how to seek financial assistance for recreation services if they need it.

With the help of this audit, the Cost Recovery Policy Update, and upcoming budget consideration of \$600,000 in ongoing General Fund support for scholarship funds, there is an opportunity for Portland City Council to set clear policy direction that reconciles competing demands. We look forward to exploring how best to balance the conflict between community access and limited budget. In this exploration, we hope to find a successful resolution between the need to generate program revenue, and the need to ensure that prices are not a barrier to participation.

Please extend our appreciation to your staff for their diligence and skill in carrying out this project, and for considering our feedback throughout the process.

Sincerely,

A handwritten signature in black ink that reads "Amanda". The script is fluid and cursive, with the first letter being a large capital 'A'.

Commissioner Amanda Fritz

A handwritten signature in black ink that reads "Mike". The script is fluid and cursive, with the first letter being a large capital 'M'.

Director Mike Abbate

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Report #501, March 1, 2017

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Mary Hull Caballero, City Auditor
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