



Commissioner Nick Fish
City of Portland

Date: June 16, 2016

To: Mayor Charlie Hales
Commissioner Amanda Fritz
Commissioner Steve Novick
Commissioner Dan Saltzman
Auditor Mary Hull Caballero

From: Commissioner Nick Fish

RE: Accept 2016 Arts Oversight Committee Report on the Arts Education & Access Fund (Report).

In 2012, Portland voters approved the Arts Education & Access fund income tax. Portland City Council appointed an independent citizen body, the Arts Oversight Committee (AOC), to oversee the implementation of the tax.

Tax revenue has helped restore arts and music teachers in our public schools, support arts organizations in our community, and fund grants that expand access to the arts.

On June 16, the AOC will present their second annual report. The report analyzes the funds that have been distributed to our seven Portland-area public school districts and the Regional Arts & Culture Council, and outlines a number of thoughtful recommendations for improving oversight going forward.

The AOC, chaired by Stan Penkin, has done outstanding work – I know Council will join me in thanking them for their commitment to transparency and strong oversight. I look forward to working with the AOC, our public school districts, RACC, and the Council to follow up on the report's recommendations.

I recommend that the City Council accept this Report on June 16, 2016

Sincerely,

Nick Fish

Arts Education and Access Fund Citizen Oversight Committee

Third Annual Report to City Council

June 16, 2016

History and Overview

The Arts Oversight Committee is pleased to present this third annual report of the Arts Education and Access Fund (AEAF).

With the successful adoption in 2012 of *Measure 26-146* creating the *Arts Education and Access Fund* to restore arts and music education in Portland schools and to help fund the arts, the City of Portland adopted *Code Provision 5.73.050* that created the Arts Education and Access Fund Citizen Oversight Committee. The Committee was charged with reviewing the expenditures, progress and outcomes of the fund and reporting their findings to the City Council on an annual basis.

A group of 20 diverse and committed citizens came together, amidst the uncertainty of lawsuits and controversy over the new Arts Tax, and with a new City administration, immediately got down to business fulfilling its task of overseeing the integrity of the system and ensuring that taxpayer money was being collected, distributed and utilized as intended by the voters.

To that end, the Arts Oversight Committee (AOC) established guidelines by which it would perform its tasks. The AOC further established a set of metrics by which it would evaluate the distribution and implementation of the tax funds to the schools and to the Regional Arts & Culture Council (RACC), as well as a methodology for evaluating the data and documentation provided by the Revenue Division.

To fulfill our tasks we initially established three subcommittees: Executive, Metrics and Communications. The Communications Committee was subsequently abandoned as explained in the 2014 Annual Report.

Through the work of the subcommittees, and with ultimate consensus by the AOC, we developed two important documents:

- An AOC *Working Agreement* (Appendix A), which established a process and guideline for the group's ongoing work for the AOC to follow in future years. This document was vetted by the City Attorney's office and unanimously adopted by members of the AOC.
- A set of uniform metrics (Appendix B) by which school and Revenue Division data would be requested and submitted to the AOC for review and evaluation. A glossary of terms was included for clarification. This past year, the metrics format has again been minimally improved based upon experience in years one and two. Through RACC's education coordination program, an effort has begun to gather data on the actual hours of arts instruction in order to better gauge the educational impacts of Arts Tax funding on our children. This was an AOC goal expressed in last year's report.

The Arts Oversight Committee

The adopted city code stipulates that “the citizen oversight committee shall be representative of the city’s diverse communities, consist of a minimum of ten and a maximum of twenty members, including, if possible, a member of the Tax Supervising and Conservation Committee.”

The AOC started out with the maximum of 20 members in an effort to represent as broad a spectrum of the community as possible. During the course of three years the AOC lost a number of members for a variety of reasons including relocations, conflicts with other commitments and term expirations. With some original members terming out at the end of this year, there will need to be a recruitment effort in order to maintain a representative and diverse group. While the City purview of this Committee technically lies within the Mayor’s office, Commissioner Fish’s office has been most helpful in working with the AOC through the liaison efforts of Jenny Kalez and now Paige Spence. With an upcoming new administration, the AOC will need clarity as to whom it will liaise with on issues that may arise and in recruitment efforts.

The AOC, now numbering 16 (after one most recent resignation), is pleased to welcome its newest members this year: Shameika Ansley, Amy Baggio, Niel DePonte and Dunja Jennings.

Meetings and Venues

The city code stipulated that the citizen oversight committee was to meet at least twice annually. In its first year of 2013, the AOC held six full committee meetings, four Metrics committee meetings, two Executive committee meetings and three Communications committee meetings.

In 2014 there were four full AOC meetings and three Metrics committee meetings. With the uncertainty of the early period behind us, two full meetings and four Metrics meetings were held in 2015. Three full meetings were scheduled for 2016 with three Metrics committee meetings held to date.

The early full AOC meetings were held at city venues in the Portland Building and at the Revenue Division. The AOC, however, felt that it was important to move its meetings around the city and into different communities. Subsequent meetings were held at the Parkrose School District office, the Centennial School District office, RACC offices and at City Hall. Meetings this past year were held at RACC as there was consensus of it being a more convenient venue; however, in the future the AOC would like to again hold some meetings at diverse locations across the city.

Acknowledgments

From day one it has been the goal of the AOC to establish a mutually respectful and collaborative relationship with all those involved in the many aspects of the huge undertaking of the arts fund. The AOC wishes to acknowledge with great appreciation the help, guidance and administrative support provided by the Revenue Division led by Thomas Lannom and his dedicated staff Terri Williams, Scott Karter and Meghan Fertal. The AOC has been most fortunate to have had the coordination and liaison efforts of Jenny Kalez from Commissioner Fish's office and more recently from Paige Spence following Jenny's departure.

RACC has been an integral partner in our work and we wish to thank Eloise Damrosch, Jeff Hawthorne, Marna Stalcup and Maya McFaddin, who between them have attended all our meetings and offered valuable input and guidance.

Lastly, but just as importantly, we appreciate the collaboration with the six school districts that attended many of our meetings, offered valuable input and were most cooperative in providing the requested data.

We now move on to report on the results and evaluations of the third year of the Arts Education and Access Fund and recommendations moving forward.

The Data and Evaluations

~ REVENUE DIVISION ~

The Revenue Division continued to be a major source of information, and provided complete updates on all aspects of the tax at every Committee meeting and in between.

TAX YEAR 2015 STATUS

While it is still too early in the 2015 filing season to forecast revenues, early indications are that 2015 will be the best year yet in terms of payment compliance. As of May 27, 2016, over 230,000 Portlanders had filed their tax returns and paid over \$8.1 million; this is more revenue by the same date than in any of the prior three tax years.

SNAPSHOT OF KEY DATA TAX YEAR 2015 AS OF APRIL 30, 2016

Arts Education and Access Fund		
Revenues, Collection Costs & Disbursements		
Tax Year 2015 - - Collections as of 06/5/2016, Costs/Disbursements as of 04/30/2016		
Revenues		
Gross Tax Collections	\$ 8,150,826	100.0%
Refunds to Taxpayers	\$ (1,181)	0.0%
Net Tax Collections	\$ 8,149,645	
Collection Costs		
Credit Card Fees	\$ (83,493)	1.0%
One-time start up costs	\$ -	0.0%
General Fund Overhead Charge	\$ (25,000)	0.3%
Revenue Division collection costs	\$ (424,515)	5.2%
Total Collection Costs	\$ (533,008)	6.5%
Net Revenues	\$ 7,616,637	93.4%
Disbursements		
Centennial School District	\$ -	0.0%
David Douglas (DD) School District Schools	\$ -	
DD School District Charter School	\$ -	
Total DD School District Disbursement	\$ -	0.0%
Parkrose School District	\$ -	0.0%
Portland Public (PPS) School District Schools	\$ -	
PPS School District Charter Schools	\$ -	
Total PPS School District Disbursement	\$ -	0.0%
Reynolds School District	\$ -	0.0%
Riverdale School District	\$ -	0.0%
Total School Disbursements	\$ -	0.0%
Regional Arts & Culture Council	\$ -	0.0%
Total Disbursements to Date	\$ -	0.0%
Net revenues less disbursements	\$ 7,616,637	93.4%
Contingency reserve	\$ (100,000)	1.2%
Interest earnings on AEAF	\$ 13,352	
Balance	\$ 7,529,988	
<i>Some items may not sum correctly due to rounding.</i>		

The Revenue Division's tax year 2015 outreach to taxpayers included:

- Sending email reminders to over 142,000 taxpayers.
- Sending paper tax forms to all taxpayers and households that had filed in a previous tax year (did not include taxpayer that had already paid in response to email).
- Making the Arts Tax form available in 10 languages in addition to English.

- The Arts Tax return is now available in leading tax preparation software products like H&R Block and TurboTax.
- Revenue received an \$8350 grant from the Office of Management and Finance to enter into an agreement with Elders in Action for assistance and outreach to the elder community.

SNAPSHOT OF COMBINED KEY DATA REPORTED AS OF APRIL 30, 2016

Arts Education and Access Fund - Revenues, Collection Costs & Disbursements

All Tax Years Combined - Collections as of 4/30/16, Costs/Disbursements as of 4/30/16

Revenues	TY 2012	TY 2013	TY 2014	Total	
Gross Tax Collections	\$9,215,740	\$9,062,719	\$9,326,812	\$27,605,271	100.0%
Refunds to Taxpayers	(\$79,584)	(\$9,369)	(\$11,364)	(\$100,317)	0.4%
Net Tax Collections	\$9,136,156	\$9,053,350	\$9,315,448	\$27,504,954	
Credit Card Fees (net of convenience fees)	(\$16,872)	(\$98,368)	(\$88,258)	(\$203,498)	0.7%
One-time start-up costs	(\$589,085)	\$0	\$0	(\$589,085)	2.1%
General Fund Overhead Charge	\$0	(\$25,000)	(\$25,000)	(\$50,000)	0.2%
Revenue Division collection costs	(\$360,285)	(\$774,799)	(\$892,149)	(\$2,027,233)	7.3%
Total Collection Costs	(\$966,242)	(\$898,167)	(\$1,005,407)	(\$2,869,816)	10.4%
Net Revenues	\$8,169,914	\$8,155,183	\$8,310,041	\$24,635,138	89.2%
Centennial School District	\$539,956	\$535,985	\$540,027	\$1,615,968	5.9%
David Douglas (DD) School District Schools	\$947,256	\$965,733	\$937,728	\$2,850,717	
DD School District Charter School	\$17,861	\$15,868	\$18,060	\$51,789	
Total DD School District Disbursement	\$965,118	\$981,600	\$955,788	\$2,902,506	10.5%
Parkrose School District	\$294,264	\$316,999	\$311,942	\$923,205	3.3%
Portland Public (PPS) School District Schools	\$4,408,990	\$4,362,219	\$4,473,158	\$13,244,367	
PPS School District Charter Schools	\$103,249	\$117,439	\$111,280	\$331,969	
Total PPS School District Disbursement	\$4,512,239	\$4,479,658	\$4,584,438	\$13,576,336	49.2%
Reynolds School District	\$357,942	\$388,310	\$393,586	\$1,139,838	4.1%
Riverdale School District	\$40,429	\$42,179	\$45,737	\$128,345	0.5%
Total School Disbursements	\$6,709,947	\$6,744,733	\$6,831,518	\$20,286,198	73.5%
Regional Arts & Culture Council	\$1,465,000	\$1,415,000	\$1,375,000	\$4,255,000	15.4%
Total Disbursements to Date	\$8,174,947	\$8,159,733	\$8,206,518	\$24,541,198	88.9%
Net revenues less disbursements	(\$5,033)	(\$4,550)	\$103,523	\$93,940	0.3%
Contingency reserve	\$0	\$0	(\$100,000)	(\$100,000)	0.4%
Interest earnings on AEAF	\$22,276	\$30,240	\$43,072	\$95,588	
Balance	\$17,243	\$25,690	\$46,595	\$89,528	

Some items may not sum correctly due to rounding.

The Expense Cap

The tax ordinance stipulates that administrative expenses should average no more than 5% of gross revenue collected over a period of five years, not including first year start-up expenses, and with first year start up costs not to exceed a revised \$600,000. Per the first year data, the first year expenses were at 3.9%. Start up costs were just under \$600,000 at \$589,085. For tax years 2013 and 2014, however, total reported expenses were 8.8% and 9.8% respectively. As additional revenues are collected, tax year 2013 and 2014 percentages are expected to fall somewhat, but not likely to hit 5%. The combined three-year average cost is currently 7.5%, 2.5% above the target level of 5%.

Subsequent years of the tax still encountered unknowns, especially related to the collection process and its cost. As we noted in our two previous reports, due to the lower anticipated future revenues as a result of changes made in year one, we could not know if the 5% cap could be maintained. As Revenue continues implementing new features of the tax, such as receiving taxpayer data directly from the IRS, and we expect revenues to increase. This will lower the cost percentage over time, but **we are currently doubtful that the 5% cap can be met** (see resolution #2 below).

Proposed City Council Resolutions

1. The Revenue Division has worked diligently to identify those individuals who are subject to the arts tax and to collect from those who have not paid in various tax years. To fulfill its duty to collect revenues, the Division is seeking a City Council Resolution to engage outside collection agencies to begin a collections process for delinquent taxpayers who are at least one year overdue in the amount of \$100 or more with a final demand letter to be sent allowing the taxpayer at least 30 days to respond (See appendix C4).
2. In addition, due to the anticipated difficulty in meeting the five year 5% administrative cost cap (a figure that the AOC questioned in its first Annual Report as likely being unrealistic), the Department is seeking a City Council Resolution to direct the Revenue Department to report on options for the permanent solution to the 5% five year average expense cap.

It should be noted that the originally conceived 5% cap was based on projected AEAF revenues of \$11 million to \$12 million. Due to changes made by City Council in the first year relating to exemptions and minimum income requirements, revenues have decreased thus increasing the administrative cost percentage. It should be further noted that compelling the Revenue Division to strictly adhere to the 5% cap would be counterproductive. It would reduce staffing and other efforts, which would have the consequence of decreasing the ability to maximize revenue collections. **The AOC recommends that City Council adopt these resolutions.**

Summary

We wish to note, as we have previously, that under a short startup time frame and with the subsequent issues and changes that took place, the Revenue Division did an excellent job in deploying its resources to implement the notification and collection process and continues to do so. Furthermore, the Division has been open, transparent and always receptive to questions and concerns from the AOC. It has also been responsive to our recommendation to find additional ways of communicating the tax requirements to the public and to send out notices earlier. Additionally, the Division addressed our recommendation to expand outreach in more languages that now number ten, and is continuing efforts to further expand outreach services. Finally, and very importantly, the tax return can now be filed through multiple software products on the market.

~ SCHOOLS ~

Following the first year, in which determining how to assess and evaluate the school's use of Arts Tax funds was one of the AOC's chief functions, in this third year the format has become relatively routine with all districts submitting their data on or about the December 31st deadline.

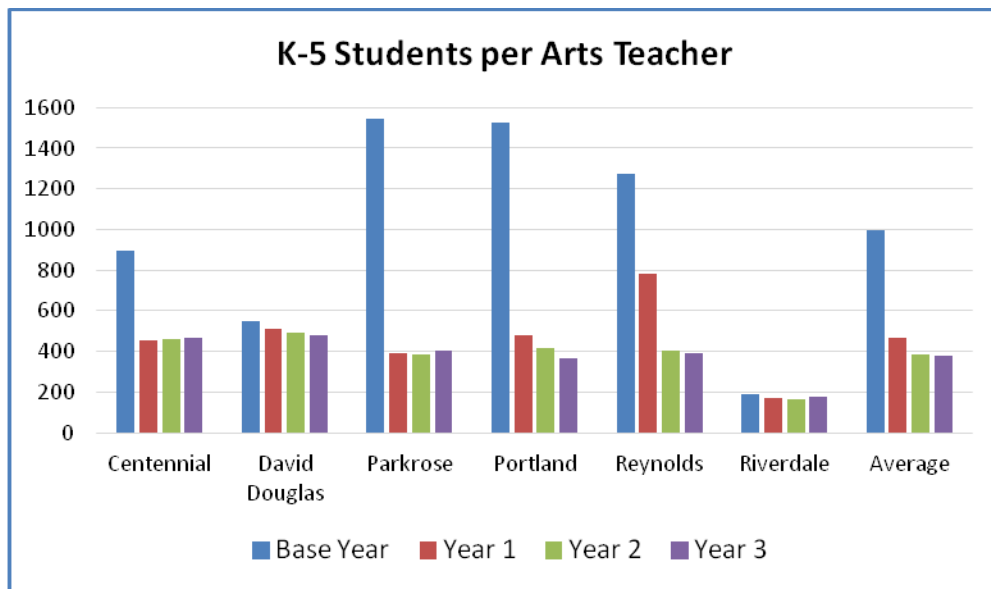
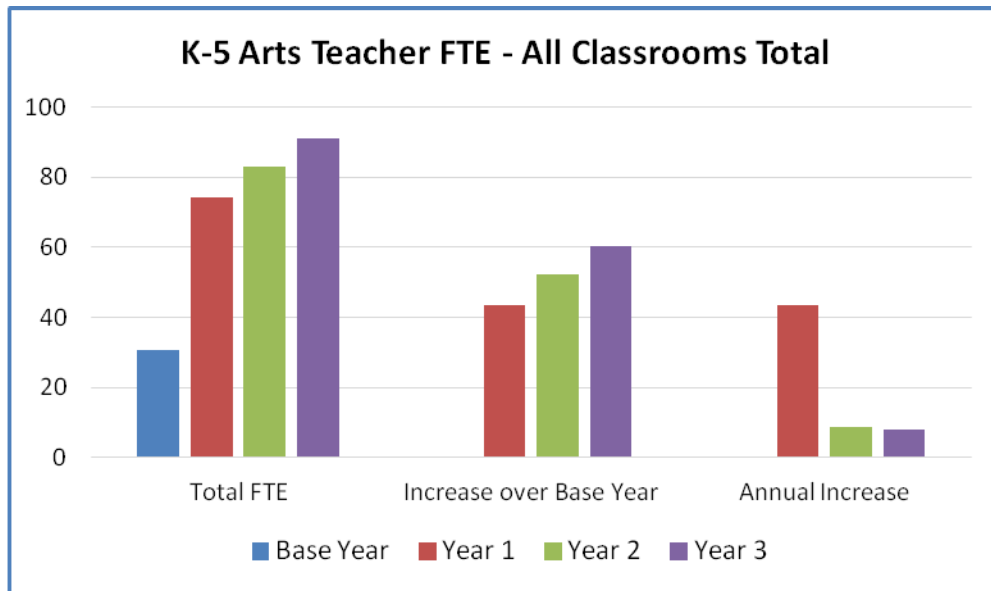
The key data points that allow the AOC to prepare its evaluation of each district include: Arts Tax funds received, funds expended, student population, teacher FTE and other information (including general funds and overall FTE teachers) that provide contextual information for observing trends over time within school districts and within individual schools themselves. Last year we discussed adding an additional metric to provide data on actual hours of arts instruction. After further discussion between the AOC and RACC, it was determined that this information could be better acquired by RACC. In its cadre meetings with the school districts and through surveys, this metric is being developed for eventual inclusion in the data submissions.

The AOC will additionally requests more detailed data about student populations and teacher FTE in the middle and high school level in order to observe whether the school districts adhere to the IGA determination that school districts are to provide an articulated course of study for the arts from K-12. The full data submissions for each district can be found in Appendix B1-B6.

Upon receiving this information, members of the Metrics Committee review, analyze and evaluate the data. Each of these evaluations are then reviewed by additional Metrics Committee members. We understand the importance of reviewing and preparing the data across the school districts and to the individual school level in order to answer questions that teachers, parents and students may have about the impacts of the Arts Education & Access Fund on their particular school. These detailed evaluations are provided in the Appendix B7-B12. For the purposes of the AOC's report to the City, however, we have focused on reporting a broader snapshot below of our analysis, considering the average trends at the district level.

ARTS K-5 FTE SNAPSHOT ALL SCHOOL DISTRICTS 2015-2016
June 16, 2016

<u>District</u>	2012 - 2013		2013 - 2014			2014 - 2015			2015 - 2016		
	Base Year	Teacher/	13-14 Arts FTE	Teacher/	Arts Fund	14-15 Arts FTE	Teacher/	Arts Fund	14-15 Arts FTE	Teacher/	Arts Fund
	Arts FTE	K-5 Student Ratio (1	FTE	K-5 Student Ratio (1	Dollars	FTE	K-5 Student Ratio (1	Dollars	FTE	K-5 Student Ratio (1	Dollars
	<u>K-5</u>	<u>per</u>	<u>K-5</u>	<u>per</u>	<u>Dollars</u>	<u>K-5</u>	<u>per</u>	<u>Dollars</u>	<u>K-5</u>	<u>per</u>	<u>Dollars</u>
Centennial	3.04	894	6.1	458	\$ 539,956	6.1	459	\$ 535,985	6.1	464	\$ 541,171
David Douglas	9.2	548	10.1	512	\$ 965,118	10.5	495	\$ 981,600	10.6	480	\$ 956,169
Parkrose	1	1548	4.0	389	\$ 294,264	4.0	383	\$ 316,999	4.0	403	\$ 324,847
PPS BAA	14.9	1528	50.3	480	\$ 4,512,239	56.2	415	\$4,479,658	64.1	365	\$ 4,558,212
Reynolds	1.5	1273	2.5	782	\$ 357,942	5.0	405	\$ 388,310	5.0	391	\$ 393,787
Riverdale*	0.9	189	1.2	172	\$ 40,429	1.1	165	\$ 42,179	1.2	178	\$ 45,950
Arts FTE All Districts	30.54		74.20			82.90			91.00		
Arts FTE Increase Over Base Year			43.66			52.36			60.46		
Arts FTE Increase/Decrease Over Previous Year			43.66			8.70			8.10		
Total Arts Fund Dollars to Date (3/31/16)					\$ 6,709,947			\$6,744,731			\$ 6,820,136
Average Ratio Across All Districts		997		465			387			380	



Summary of Findings

While a greater level of detailed data can be found about each of the school districts and individual school levels (See Appendix B7-12), this snapshot depicts what occurred for students across the Portland area over the past three years since the inception of the fund. As the snapshot indicates, school year 2015-2016 showed an increase of 60 arts teacher over the base year. We are pleased to note that the districts hired an additional eight teachers this current school year as they did in the previous 2014-2015 year. **The total number of K-5 arts teachers now numbers 91 compared to a mere 31 before the fund went into effect.**

Furthermore, the average ratio of FTE to K-5 students over all the districts dropped from 1:465 in year one to 1:380 this year. Compared to the pre fund base year of 2012-2013 when the ratio was 1:997, it is clear that the fund's goal of 1 arts teacher per 500 students has been successfully achieved. As in the previous year, there were no schools within any of the districts that did not have at least one arts teacher for its K-5 students.

In reviewing the districts' expenditure of arts tax funds, it is apparent that the money is being spent on the hiring of arts teachers and not for ancillary purposes as was noted for one particular school district in the first year. The IGA renewal language of the previous year has clarified the usage of funds.

While the primary focus of the Arts Education and Access Fund and the AOC review is on the enhancement of arts education at the K-5 level, the intention and spirit of the funding initiative is that the schools provide a continuum of arts curriculum into the middle and high schools. It is still early in the life of the fund to fully evaluate progress in the later grades for each district, but we are encouraged to see advancement in many of the districts. More information in that regard can be found in the individual data submissions in Appendix B1-B6 as indicated above. We anticipate a deeper dive into reviewing this aspect in the coming years.

The FTE Question

Last year a question arose regarding the allocation of FTE resources for staffing in the classroom. While we do not believe it is the AOC's role, nor is it our intent, to interfere with how the schools utilize their resources, we do believe that we play a role in helping to evaluate the quality and the impacts of the education being funded by the Arts Education and Access Fund. If there is any question regarding the effectiveness of the taxpayer's money, we believe we have a responsibility to bring forth those questions for discussion.

Although a school or a district may meet the Fund's funding parameter of 1 teacher or 1 FTE for every 500 students, in some instances schools have allocated less than 1FTE to a single arts discipline. For example, some schools of 500 students have split their 1FTE and hired 0 .5 FTE dance plus 0.5FTE drama/500 students. In many cases this reduces teachers contact time to the extent that they may have many hundreds of students with whom they meet only 30 minutes per week, thus minimizing the educational time and interaction with students. We have received feedback from teachers that this kind of scenario does not provide sufficient hours of

contact time with students to effectively educate within a discipline. It is also our understanding that in many of these scenarios the teachers do not even know students' names.

The AOC does not purport to understand the intricacies involved in allocating resources for an appropriate and qualitative education and has no specific recommendation in this regard. We did, however, recommend that RACC, through its Education Coordinator whose position is funded by this tax, be charged with the task of working together with the schools to obtain relevant data on this issue and to collaborate towards creating a program that addresses this concern and that aligns with recognized national standards for quality arts education. We are happy to report that RACC this past year began working with the school districts on this important topic.

Quality, Standards and Outcomes

A good deal of ongoing conversation has taken place regarding the quality of education, standards of arts education and the measurement of outcomes. The AOC firmly believes that part of its purview is to explore these issues and to work collaboratively with RACC and the school districts in further investigation with the understanding that it will take a substantial amount of time to adequately and appropriately answer these questions. Within the Committee, it has also been recently suggested that if school districts were to do an annual "State of the Arts" report, it might help to better understand more about what takes place within the districts.

The AOC wants to acknowledge that each district may have made progress on establishing curricular infrastructure in response to the AEAF funding of K-5 arts education, but currently does not have a consistent window into the details. For example, we are aware that PPS convened a team of K-5 visual arts teachers in winter-spring 2016, dedicating 200+ additional hours to write a K-5 Visual Arts Standards for adoption by PPS. Working with their Teacher on Special Assignment (TOSA), they provided teachers with much needed resources and common language about media, topics/subjects, cross-curricular connections and updated Standards aligned with the new National Core Arts Standards. They defined their mission and program goals and shared the information with their arts tax funded colleagues in an eight hour professional development session.

The full time PPS TOSA, now in her second year, is taking steps towards clarifying scope and sequence for all K-12 arts teacher. This is a big endeavor and can be expected to take a few years. In the meantime, the K-5 Music curriculum team will begin their work in summer 2016, and K-5 Dance is anticipated to begin its work in the fall of 2016. Clearly, PPS has been purposeful in their support of the AEAF assets.

Another example of district reinforcement of the AEAF funding for education can be seen in the Parkrose School District. They have added significant monies to next year's budget to purchase musical instruments for their students in support of their music education. Though we are not officially collecting data on these examples of commitment, we assume more is happening across all districts, and hope to share more in the future.

Equity

Questions have arisen, particularly from interest groups in East Portland, that arts tax funds are not being equally distributed. At its most recent May meeting the Metrics Committee established a task force to further engage with this issue.

Certified Teachers Definition

Previously, a question arose as to the definition of a “certified arts teacher.” The AOC asked if the IGA’s could be amended to include a clear definition so as to avoid any future confusion or misunderstanding. Terri Williams representing the Revenue Division and Ken McGair from the City Attorney’s office indicated that this could be best addressed via an administrative rule which they indicated they would work on. Both Revenue and the City Attorney’s Office agree that the definition for certified teachers needs to follow state law, but at the same time must specifically allow for the standard that is established for Charter Schools specifically. The AOC will be looking for this rule to be established in the coming months.

Charter Schools

At the AOC meeting on February 17, 2015, members of the public representing the Southwest and Ivy Charter School Districts were in attendance and expressed their disappointment in the lack of arts funding for these two schools. During ensuing conversation, it was learned that these two schools were chartered by the State, not Portland Public Schools; therefore, due to a technicality in the tax ordinance, these schools were not eligible for funds. The attendees explained that they are Portland residents who pay the arts tax and that the children in these schools are Portland residents, but they are nevertheless denied the benefits of the tax. The AOC felt that these Portland students should be treated equally and recommended that the City move towards rectifying this situation. For the school year 2015-2016, the Portland Public Schools District funded these charter schools. City Council subsequently approved funding for these schools by adding a definition for Charter Schools to Portland City Code 5.73.

~ REGIONAL ARTS & CULTURE COUNCIL (RACC) ~

AOC Metrics Committee Analysis Year 3: Regional Arts and Culture Council (RACC)

Analysis by Craig Gibons, AOC Committee

Note: This data was revised subsequent to the submittal of our report to the City Clerk, as the Committee received more RACC current year funding information.

This data set is as of 6/5/16 and Fiscal Year 2015-16 is estimated due to timing of grants

1. Funding provided to RACC by City Revenue Division

Following disbursement of Arts Tax proceeds to the school districts, the remaining proceeds are distributed to RACC. For the first fiscal year of distribution, very little funding went to RACC due to the timing of the receipts. Since then, distribution has rapidly picked up. Since tax collections frequently have a long tail, all Tax Years remain open and RACC will continue to receive funds from all tax years far into the future.

Funds Distributed to RACC				
Tax Year	Fiscal Year Received			Total
	13-14	14-15	15-16	
2012	\$ 425,000	\$ 835,000	\$ 205,000	\$ 1,465,000
2013	-	945,000	470,000	1,415,000
2014	-	-	1,375,000	1,375,000
Total	\$ 425,000	\$ 1,780,000	\$ 2,050,000	\$ 4,255,000

2. Funds Used by and Disbursed by RACC

RACC is obligated to disburse funds for grants and is authorized to use funds for an arts education coordinator position.

RACC's Distribution & Use of Funding				
	FY13-14	FY14-15	FY15-16	Total
Grants	\$175,800	\$1,346,134	\$1,911,566	\$ 3,433,500
Arts Edu Coord	12,529	46,282	143,820	202,631
Total	\$188,329	\$1,392,416	\$2,055,386	\$ 3,636,131

Note: 15-16 estimated due to grant timing cycles.

RACC has programmed the remaining funds received this fiscal year to be used next fiscal year.

Total Allocation of Funds Received				
	3-Year Total of Distribution & Use		Programed for FY16-17	Total
Grants	\$	3,433,500	\$ 462,869	\$ 3,896,369
Arts Edu Coor		202,631	156,000	\$ 358,631
Total	\$	3,636,131	\$ 618,869	\$ 4,255,000

Note: 15-16 estimated due to grant timing cycles.

3. Grants Awarded

RACC is authorized to distribute two types of grants.

- General Operating Support Grants to arts organizations- the bulk of the funding is used for these purposes
- Arts Access and Equity Grants – a minimum of 5% of funding goes to this effort to support cultural programming for underserved communities.

Dollar Value of Grants Awarded				
Type of Grant	FY13-14	FY14-15	FY15-16	3-Year Total
Ops Support	\$ 150,072	\$ 1,292,016	\$ 1,842,186	\$ 3,284,274
Access	25,728.0	54,118	69,380	\$ 149,226
Total	\$ 175,800	\$ 1,346,134	\$ 1,911,566	\$ 3,433,500

Note: 15-16 estimated due to grant timing cycles.

The *number* of Operating Support grants awarded decreased this year, while Access and Equity grants doubled.

Number of Grants Awarded				
Type of Grant	FY13-14	FY14-15	FY15-16	3-Year Total
Ops Support	44	44	47	135
Access	10	20	21	51
Total	54	64	68	186

Note: 15-16 estimated due to grant timing cycles.

The *average* Operating Support and Access Grants almost doubled in size.

Average Grant Size				
Type of Grant	FY13-14	FY14-15	FY15-16	
Ops Support	\$ 3,411	\$ 29,364	\$ 39,195	
Access	\$ 2,573	\$ 2,706	\$ 5,685	

Narrative

RACC FY15-16 General Operating Support:

As of March 31, RACC had awarded 23 General Operating Support Grants totaling \$1.6 million with 23 organizations to receive awards in June, 2016. Five of the grantees were awarded grants in excess of \$100,000. The largest grant (\$467,386) went to the Portland Art Museum. (See Appendices D2 and D3).

RACC FY 15-16 Access and Equity Grants:

These grants range in size from \$1,000 to \$7,000. The number and size of grants has almost doubled this year. All but two grantees are one time recipients. (See Appendix D1)

RACC FY15-16 Education Coordination Support

Funding for this position is provided by an amendment to the city's contract with RACC, and this position's primary responsibility is to work with the school districts to make sure there is a sequential course of arts studies from grades 5-12 and that city and AEAF dollars are being used to provide quality arts education.

Section 17 in the city contract states that no more than 3% of net revenues be used to fund this position; the Revenue Division provides this information to RACC. The \$143,000 spent to date this year is well below the 3% threshold for tax year 2014.

This investment has visible returns this year with a series of meetings between RACC and the school districts and the coalescing of arts teachers city-wide around RACC's professional development and coordination work. The AOC has worked with RACC on coordination efforts offering comments and suggestions in the process.

Communications

Since the inception of the AEAF, there has been a good deal of misunderstanding and negative press across the city about the fund and its impact. The AOC has continually recommended that there be greater communication from the City to dispel misinformation and to promote the positive results of the fund. RACC in April of this year rolled out a promotional campaign via a variety of outreach techniques including social media, media interviews and banners on schools. It is too early to assess the success of this effort, but the AOC is pleased that this effort is taking place.

Summary

Portland area school districts receive up-front AEAF funding based on a formula overseen by the Revenue Division to meet goals of providing one FTE certified arts instructor per 500 students. All additional revenues beyond this formula in a given tax year go to support grant

and educational programming through RACC as stipulated in the AEAF measure. RACC has received AEAF funds totaling \$4,255,000 million in the three fiscal years through April 30, 2016, which is 15.4% of the total gross disbursement. This disbursement remains lower than the three to four million dollar annual goal originally set out in the intent of the measure when a larger revenue stream was predicted, prior to the legal and administrative changes made to the AEAF.

We do want to point out that over time as school costs rise and its allocations increase, it is likely that the remaining portion of the funds available to RACC will diminish. This is a concern that should be considered as the AEAF continues into the future.

A difficulty previously faced by the AOC in evaluating RACC funding and distribution was that the Revenue Division's tax year calendar and RACC's fiscal year calendars are on different reporting schedules. Heightening the confusion was the need to determine in which fiscal year RACC was spending late-filer dollars distributed by the Revenue Division. This is an area in which the AOC and RACC successfully worked together to simplify reporting on how funds are being disbursed or held over for the following fiscal year. We wish to thank RACC for creating the distribution documents that are included as an appendix to this report.

The Oversight Committee wishes to thank the Revenue Division for providing RACC with advanced distribution estimates and releasing funds much more expeditiously than in years one and two. This has enabled RACC to more effectively distribute funds to area nonprofit arts organizations and implement an education coordination program.

RACC is to be commended for meeting all of its fiduciary obligations in providing increased support from dollars provided through the AEAF.

Recommendations:

1. Per the legislative intent of the measure, the AOC encourages the City to continue providing appropriate general fund support to RACC in addition to the revenue provided to RACC through the AEAF.
2. The AOC to continue working with RACC to create even more simplified reporting to track how different AEAF tax year dollars are used in any given RACC fiscal year. This will continue to be an on-going need as the Revenue Division becomes even better equipped to collect taxes from late and non-compliant filers.
3. The AOC should continue working with RACC in its education support efforts and to continue an ongoing discussion related to quality of education and positive outcomes.

Status of 2015 General Recommendations

1. Provide a clear definition of “certified arts teachers” via an administrative rule procedure. - Rule is expected to be completed during 2016.
2. Provide arts tax or other funding for the Southwest and Ivy Charter Schools so that they equally benefit on a proportionate basis with the other School Districts. – This was accomplished with Portland Public Schools providing the funding for 2015-2016. City Council has now established via definition in City Code that allows these two schools to receive AEF funding in the future.
3. The School Districts and RACC, through its Education Coordinator, should collaborate towards creating a model program that aligns with recognized national standards for quality arts education and which addresses the concern about FTE allocations. We further recommend that this be undertaken over the course of the following year with a report to be submitted to the Arts Oversight Committee by no later than this time in 2016. – Through the Arts Coordinator position, RACC has made excellent strides in meeting with the school districts to provide developmental support. The question of aligning with national standards and measuring quality of education and outcomes is and will be an ongoing process in collaboration with the school districts. RACC has provided reports on its progress on a regular basis during the course of the year.
4. AOC to add a request for hours of instruction in each arts discipline in its data submission form. – After further discussion following this recommendation, the AOC and RACC determined that this information could be better acquired by RACC. In its cadre meetings with the school districts and through surveys, this metric is slowly being developed.
5. The Revenue Division should provide projections of revenues and expenses at a time when it becomes viable to do so. – The Revenue Department (FKA Bureau) has been providing this information as available.
6. The legislative intent of the AEF was to add new resources on top of the city’s current levels of funding. We recognize that the city is on track by continuing its general fund investments in RACC and should continue to do so. – The City has continued to provide steady funding to RACC.
7. The AOC to work with RACC to create a more comprehensive way to track how different AEF tax year dollars are used in any given RACC Fiscal year. This will continue to be an on-going need as the Revenue Division becomes even better equipped to collect taxes from late and non-compliant filer. – This has been accomplished, but there will still be an ongoing effort to simplify reporting to the extent possible.

Summary of General Recommendations 2016

- 1. RACC and the AOC should further develop the measurement of the hours of arts instruction taking place in the schools, which is eventually to be included in the school districts yearly data submission to the AOC.**
- 2. RACC to continue its arts coordination work with an eye to the quality of arts education in the schools and to collaboratively work with the school districts toward developing metrics for the evaluation of outcomes.**
- 3. The AOC should further track arts instruction taking place in middle school and high school by breaking data down into individual schools as it does for K-5.**
- 4. A suggestion that school districts consider providing an annual “State of the Arts” report so that there can be a better understanding of what takes place within the districts relating to arts education.**
- 5. City Council should approve the proposed resolution to engage outside collection agencies to begin a collections process for delinquent taxpayers who are at least one year overdue in the amount of \$100 or more with a final demand letter to be sent allowing the taxpayer at least 30 days to respond.**
- 6. City Council should approve the proposed resolution to direct the Revenue Division to report on options for the permanent solution to the 5% five year average expense cap on administration of the arts tax.**
- 7. The City should continually be messaging the positive results of the arts tax and dispel misinformation as it arises.**

Moving Forward

Qualitative Impacts: As we have stated in previous years, while the Committee’s charge is to oversee and review the expenditures and outcomes of the arts fund, we continue to strongly believe that our task goes beyond just a quantitative measuring. The word “outcome” in the code language is not fully defined, but we feel it should include a qualitative evaluation as well.

- What are the ultimate impacts on children?
- Are children doing better in school?
- Are children doing better socially?
- Do we see an effect on graduation rates and student attendance?
- Do we have qualified and diverse arts teachers, not just more teachers?
- Has there been an effect on parent involvement in the schools?
- Have arts institutions been able to open their doors to more underserved communities?
- Are our multi cultural communities more engaged with the arts?

These are more difficult questions to answer than simply evaluating numbers, but we believe that these questions can and will be answered over time. Working together with the RACC school coordination team, arts teachers and the school districts, the AOC will continue to dive deeper into the questions of quality and outcomes.

Refinements: After three years we have come a long way in developing a process to review and analyze the workings of the AEAF. The data collection and evaluation process has now become generally routine, but we will continue to review our methods and make revisions as deemed appropriate. As always, we welcome input and suggestions from all sources.

Respectfully submitted by Stanley Penkin, Chair
Arts Education & Access Fund Citizen Oversight Committee

Members

Shameika Ansley
Amy Baggio
Srule Brachman
Niel DePonte
Carmen Dennison
Erika Foin
Jessy Friedt
Craig Gibons (Metrics Chair)
Nancy Helmsworth
Dunja Jennings
Carter MacNichol
Cheri-Anne May
Stanley Penkin (Chair)
Chip Shields
Gwen Sullivan
Mark Wubbold

Former Members: Yulia Arakelyan; Oscar Arana; James Cox; Lionel Clegg; Susan Dennis; Victoria Dinu; Alina Harway; Kimberly Howard; Kevin Jones; Alyssa Macy; Juan Martinez; Steve Nance; Charniece Tisdale; Anita Yap

Appendices

Appendix A	AOC Working Agreement
Appendix B	Metrics Data Sheet Template
Appendix B1	Metrics Data Submission - Centennial
Appendix B2	Metrics Data Submission – David Douglas
Appendix B3	Metrics Data Submission - Parkrose
Appendix B4	Metrics Data Submission – Portland Public
Appendix B5	Metrics Data Submission – Reynolds
Appendix B6	Metrics Data Submission – Riverdale
Appendix B7	School Evaluation – Centennial
Appendix B8	School Evaluation – David Douglas
Appendix B9	School Evaluation – Parkrose
Appendix B10	School Evaluation – Portland Public
Appendix B11	School Evaluation – Reynolds
Appendix B12	School Evaluation – Riverdale
Appendix C1	Revenue Department Collections Resolution
Appendix C2	Revenue Department 5% Cap Resolution
Appendix D1	RACC Cultural Access Grants
Appendix D2	RACC General Support Grantees
Appendix D3	RACC General Support Grantees – Three Year Totals
Appendix E	Parkrose Music Video Link

Agenda No.
REPORT
Title

Accept 2015 Arts Oversight Committee Report on the Arts Education & Access Fund (Report).

<p>INTRODUCED BY Commissioner/Auditor: Nick Fish</p>	<p>CLERK USE: DATE FILED <u>JUN 07 2016</u></p>
<p>COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Hales</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish <i>NF</i></p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Novick</p>	<p>Mary Hull Caballero Auditor of the City of Portland</p> <p>By: <u><i>Mary Hull Caballero</i></u> Deputy</p> <p>ACTION TAKEN: JUN 16 2016 ACCEPTED As Amended</p>
<p>BUREAU APPROVAL Bureau: Commissioner Fish's Office Bureau Head: Nick Fish</p> <p>Prepared by: Jennifer Kalez <i>Paige Spence</i> Date Prepared: <i>6/16/2016</i></p> <p>Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p> <p>City Auditor Office Approval: required for Code Ordinances</p> <p>City Attorney Approval: required for contract, code, easement, franchise, charter, Comp Plan</p> <p>Council Meeting Date 6/16/2016</p>	

<p>AGENDA <i>1 of 3</i></p>
<p>TIME CERTAIN <input checked="" type="checkbox"/> Start time: <u>2:00pm</u></p> <p>Total amount of time needed: 60 min (for presentation, testimony and discussion)</p>
<p>CONSENT <input type="checkbox"/></p>
<p>REGULAR <input type="checkbox"/> Total amount of time needed: _____ (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	✓	
2. Fish	✓	
3. Saltzman	✓	
4. Novick	_____	
Hales	✓	