



## **Exhibit B**

### **MEMORANDUM**

**To:** Portland City Council

**From:** Children's Levy Staff

**RE:** Ordinance to Approve grant renewal funding recommendations made by Children's Levy Allocation Committee for July 1, 2023 – June 30, 2025

#### **Background**

In November 2002, Portland voters approved the Portland Children's Levy (PCL). The Levy was most recently renewed by voters in May 2018 to run from July 2019 through June 2024. The Levy generates \$20-23 million annually for programs benefitting Portland children in early childhood, after-school, mentoring, child abuse prevention and intervention, foster care and hunger relief. Administrative costs for the fund are capped at 5% of revenues and the fund obtains annual audits to assure compliance with the administrative cap.

The Levy was recently referred to the May 16, 2023 special election ballot for a fourth renewal to run from July 2024 through June 2029. A copy of the Resolution referring the Levy to voters including ballot language and Act governing Levy operations is attached to this memorandum and titled: Resolution No. 37610.

An Allocation Committee governs PCL and grants funds to programs serving children and families residing in the City of Portland. The Allocation Committee is comprised of a member of City Council (Commissioner Dan Ryan), a County Commissioner (Chair Jessica Vega Pederson), a representative of the business community appointed by the mayor (Mitch Hornecker), a citizen member appointed by the County Board (Felicia Tripp Folsom), and a citizen member appointed by the Mayor (Traci Rossi).

PCL provides 3-year initial grants in a competitive process, with the possibility of a 2-year renewal depending on program performance.

In addition, PCL requests approval to re-start offering event sponsorships to organizations serving children and families that are not current PCL grantees. Sponsorships were discontinued during the pandemic. PCL has allocated \$10,000 annually for two years to be awarded as follows: \$500 sponsorships are offered twice per year (July and January) on a first

come, first served basis to qualifying organizations that services in a PCL program area to children and families in the City of Portland.

### **Request for City Council Approval**

PCL requests that City Council accept the recommendation of the Allocation Committee to fund 79 renewal grants in its 6 program areas and 40 event sponsorships in the amounts specified in the Ordinance, [Exhibit A: Portland Children's Levy Grant Renewal Recommendations FY 2024 – FY 2025](#). This memo provides background on the funding process for the initial 3-year grants, and the process leading up to the Allocation Committee's 2-year grant renewal recommendations.

### **2019-20 Funding Process Summary**

#### **Planning Phase**

##### **Local Data**

In 2018, Portland Children's Levy staff prepared [Portland's Children: Overview of Key Local Data](#) summarizing data from various local and state sources on population characteristics and outcomes in the context of the Levy's six program areas. The report was included as a reference in the funding application and used to frame current community conditions and outcomes for different populations and geographies.

##### **Community Engagement Process**

Empress Rules Equity Consulting conducted the community engagement process. Empress Rules surveyed 400 community members and 100 service providers on community needs and priorities. Community survey respondents identified as follows:

- 20% had children with disabilities; 11% had disabilities
- 81% were parents/caregivers; 17% were youth
- 24% were involved in the foster care system
- 19% identified as LGBTQ+
- 27% had experienced houselessness
- 32% were immigrants or refugees
- 48% primarily spoke languages other than English in their home

The Empress Rules team also hosted 85 people in 8 focus groups for deeper discussions with youth, parents and caregivers about the most effective and most needed program services for children, especially children most affected by historical inequities from diverse communities. Separate groups were convened those impacted by foster care, and disabilities, those identifying as immigrants or refugees, and two groups were conducted in Spanish. Survey respondents and focus group participants received stipends recognizing their contribution of time to participate in the process.

The [Portland Children's Levy Community Engagement Report](#) outlines findings and highlights in each of PCL's six program areas. The clear message in the findings is that equity is key to making

real change in the community. Services funded need to be culturally relevant and responsive. Direct service staff need to reflect the cultures and speak the languages of those being served. People of color need to be in leadership positions at the organizations providing services and at the Levy. Organizations need to include families in planning and evaluating programs and services and the Levy needs to include marginalized communities when allocating resources and making investment decisions.

### **Grantmaking Process Improvement**

PCL contracted with Portland State University's Center for Improvement of Child and Family Services to review the 2014 Levy grantmaking process. PSU conducted a qualitative evaluation to understand strengths and challenges and recommend improvements, particularly focused on equity and transparency.

The PSU team assessed pre-proposal, proposal, review of proposals and funding decisions phases of the grantmaking process. They reviewed all written documents related to the funding process including the funding application, review criteria, submitted proposals and scores, funding results, feedback surveys and the City Auditor's report. They conducted interviews and focus groups of 59 stakeholders including past applicants (successful and unsuccessful), other local funders, and Allocation Committee members.

PSU's final report, [The Portland Children's Levy: Review of the Grantmaking Process](#) includes 30 recommendations primarily focused on improving transparency and/or equity practices throughout the process. In response to recommendations by PSU and Empress Rules, the funding application (Request for Investment or RFI) was redesigned to focus on the equity, diversity and inclusion of applicant organizations and proposed programming. The recommendations also informed the [Program Area Strategies for 2020-2025](#), and the RFI questions on organizational practices and program design features. Public input and testimony were provided as the application was developed.

### **Application and Review Phase**

#### **Requests for Investment**

RFIs in each program area were published in fall of 2019. PCL staff hosted two information sessions to answer questions from potential applicants and to review the funding process prior to the application due date. Applicants were also invited to submit questions in writing to PCL staff. Staff replied to questions individually, emailed a weekly digest of all questions/answers to all applicants, and posted a searchable weekly digest on the Levy website. This assured that all applicants had access to the same information.

#### **Grant Review Process**

PCL modified the grant review process in response to PSU's recommendations and input received from grant reviewers in 2014. Staff conducted extensive outreach to recruit volunteer grant reviewers, implemented a reviewer application and screening process and provided enhanced training and support to include practice scoring applications, bias awareness training and a mid-point check-in with each reviewer.

PCL staff screened over 100 applications for qualifications related to knowledge and experience in the program area and in equity, diversity and inclusion. Staff selected 65 applicants and assigned 5 reviewers to score each application. Most reviewers were given 9 or 10 applications to score and were eligible to receive a stipend if review was completed on their own time. Review teams were balanced to include at least two reviewers with considerable racial equity, diversity and inclusion experience/knowledge. Nearly all reviewers had substantial program area knowledge and experience.

### **Staff Funding Recommendations**

Staff reviewed all applications, reviewer scores, past performance of current grantees and the financial health of the organizations submitting applications before making funding recommendations. Recommendations were based on the criteria published in the RFI.

Staff provided Allocation Committee members with the following information to prepare for decision-making:

- All applications submitted
- Brief summaries of each application
- A summary data sheet for each program area with applicants ranked by score and data variables including funding requested, number and age of children served, hours of service per child, focus population etc.
- Reviewer score sheets for all applications
- Staff funding recommendations and rationale.

The summary data sheets, reviewer score sheets and staff recommendations/rationale were also sent to applicants.

### **Applicant Testimony**

The testimony process was restructured in response to PSU recommendations. Applicants were invited to submit written and recorded testimony to the Committee after receiving staff recommendations and prior to Allocation Committee funding decisions. Staff had planned to schedule in-person video recording of testimony at community centers. When the COVID-19 outbreak hit, all scheduled video recording was changed to online audio recording via Zoom. All testimony was made available to Allocation Committee members and applicants. No testimony was heard at the decision meetings. Between September 2019 and May 2020, applicants were not permitted to contact Allocation Committee members with the intent of influencing the outcome of the funding process.

### **Funding Decisions and City Council Approval**

Virtual public meetings of the Allocation Committee were held in spring 2020 to make funding decisions and City Council approved the Allocation Committee's funding recommendations in May 2020.

### **2023 Grant Renewal Process**

Renewal grants are made to allow grantee partners to continue delivering the same or substantially similar services as funded in the initial 3-year grant.

### **Process Overview**

In February 2023, the Allocation Committee adopted the following formula for calculating maximum renewal funding amounts: 40% of 3-year grant amount as a base plus 4% compounded COLAs for each of the 2 renewal grant years. This method recognized increasing costs to deliver services due to higher-than-average inflation rates. The City economist projects adequate revenue to fund the renewal grants provided the Levy is renewed by voters in May 2023. The Committee reserved the right to recommend less funding than the formula would yield depending on performance. Grantees were notified of the funding formula and approach after the February meeting.

Staff reviewed and analyzed midyear data and narrative reports submitted by grantees. These reports cover service delivery for the first half of the fiscal year. Staff met individually with grantees to discuss progress toward grant agreement goals. In some cases, staff requested additional data on services provided after Dec. 31, 2022.

Renewal recommendations were sent to each grantee individually (March 29-31). Grantees had the opportunity to send written comments on staff recommendations through April 6. Staff forwarded all grantee comments on renewal recommendations to the Committee prior to decision-making.

### **Mid-Year Data Overview**

Grantees reported progress in meeting annual grant agreement goals for the number of people to serve and the number of service activities provided from July 1 through Dec. 31, 2022. Overall, the data reflect positive trends with 83% of grantees (66/80) on track to meet goals for the number of people served, and 78% (62/80) on track to meet at least half of their goals for service activities provided. Most programs have 2-3 service activity goals, with a range of 1 to 9 goals.

Staffing remains a significant challenge with programs experiencing more frequent turnover and difficulty recruiting and filling open positions. A majority of grantees (64%; 51/80) reported ongoing staffing issues. Of those reporting staffing issues, 31% (16/51) said these issues affected the number of people they served, and 65% (33/51) said they affected the number of service activities they delivered. This data and conversations with grantees indicate that pandemic recovery is ongoing, and filling in-person and part-time positions at the lowest end of agencies' wage scale remains difficult.

Grant spending is also closer to pre-pandemic rates. Before the pandemic hit, midyear spending was typically 44-45% of budget. During the pandemic, 38% of funds were spent at midyear. This year, 42% of budgets were spent at midyear which mirrors the trend toward more normal program delivery for many grantees. Vacant positions and staff turnover are driving underspending for some grants because personnel costs comprise the majority of grant budgets.

### **Funding Recommendations**

76 of 80 grants are recommended for renewal grants at the full formula level (40% of 3-year grant + 4% compounded COLA). One grantee partner, Mt. Hood Community College Head Start, declined renewal. Staffing shortages in the childcare/preschool sector have created challenges for MHCC to staff and operate some preschool classrooms. Three grants are recommended for reduced funding and service levels. In all of these cases, grantees have not been able to return to the pre-pandemic levels of service and trends are not positive.

1. El Programa Hispano Católico, After School: Funding and service obligations were reduced to align with actual number of youth and parents served. The program had significant challenges keeping youth advocate positions filled, and struggled to engage youth while staffed.
2. Neighborhood House, Early Head Start: Funding and service obligations were reduced to align with the actual number of children served. Grantee was unable to fill a vacant home visiting position for the past two years.
3. Sunshine Division, Weekend Food for Community Transitional School: Funding and service obligations were reduced to align with actual number of children served. Enrollment at the Community Transitional School for homeless children did not return to pre-pandemic levels, and fewer youth chose to participate in the weekend food bag program.