Memorandum: Request for Multnomah County Board Acceptance

Portland Children's Levy Background

In November of 2002, Portland voters approved the Portland Children's Levy (PCL). In the fall of 2008, voters renewed the levy for another five years. The levy generates approximately $13 million annually for early childhood, after-school and mentoring, child abuse prevention and intervention and foster care programs. Administrative costs for the fund are capped at 5% of revenues and the fund obtains annual audits to assure compliance with the administrative cap. A copy of the 2008 ballot language for the Children's Levy is attached as Exhibit A.

An Allocation Committee governs the PCL and grants funds to programs serving children and families residing in the City of Portland. The Allocation Committee is comprised of a City Commissioner (Dan Saltzman), a County Commissioner (Deborah Kafoury), a representative of the Portland Business Alliance (Ron Beltz), a citizen member appointed by the County Board (Adrienne Livingston), and a citizen member appointed by the City Council (Julie S. Young).

Request for County Board Acceptance

PCL is requesting that the Multnomah County Board of Commissioners accept the recommendation of the Allocation Committee to renew competitive grants and to reduce Leverage Fund challenge grant investments in the amounts specified in the table in "Exhibit B: Competitive Grant Renewal Amounts and Revised Leverage Grant Amounts".

Reduced Revenues for Portland Children's Levy

In January 2012 the city economist for Portland provided revised revenue projections for the Portland Children's Levy indicating a decline in levy revenues for FY13 and FY14. The decline amounts to 27.5% reduction to current annual funding levels in each of the Levy's five program areas. Reduced revenues are the result of a depressed housing market and compression of city property tax collections brought about by lower real market property values. In addition, the economist advised significant uncertainty in the projections for FY 2014. Depending on what happens with the Multnomah County Library District and real market values of properties in Portland, revenues for the final year (FY14) of the Levy could be $1 million less than currently projected.

Process for Renewal of Levy's Competitive Grants

Simultaneously, the Levy's current three-year competitive grants were eligible for renewal this spring. In order to prepare Allocation Committee for renewal decisions, PCL staff provided Committee members with the following information to consider in their renewal decisions for individual grants in each program area:

- Renewal Summary on each grant (template attached as Exhibit C: Grant Renewal Summary Form and Data Sheet), including:
  - Basic descriptive information on the grant, including current annual funding level, number of children or families to be served, and program description
  - Review of program performance on a variety of metrics; performance was compared to program's own goals and to average rate of performance for entire program area (e.g. whether the rate of participation in a program was high, low, or average compared to the average for the program area)
  - Financial review on a variety of metrics using a tool created by McDonald Jacobs, a local accounting firm specializing in financial audits of non-for-profit agencies
  - Policy issues related to the grant, using the policy issues listed below
- Policy considerations for the Levy overall, including:
  - Minimum annual grant amount policy of $30,000
  - Spending rate of individual grants
  - Priorities from the Request for Investments, which were based on extensive public input, and indicated preference for culturally specific services and services serving children & families residing East of 82nd Ave in Portland
- Policy considerations for some program areas, including:
  - After-School: use of SUN Coordinating Council policy for Levy investments in SUN school sites and preserving investments in SUN community school sites
  - Child Abuse Prevention & Intervention: preserving investments in prevention services, higher intensity services, and services for younger children
  - Early Childhood: preserving investments in daily classroom-based early education services and services with higher intensity (i.e. more than 50+ hours of service per children per year)

Using the grant performance profiles and the policy considerations, PCL staff generated recommendations to the Allocation Committee regarding funding reductions and renewal amounts for each competitive grant.

Process for Reduction of Leverage Fund Challenge Grants

In December 2008 the Allocation Committee of the Portland Children's Levy also voted to set aside $3 million for a Leverage Fund in an effort to leverage additional private and public resources to fund services in PCL's program areas. In June 2010 the Portland Children's Levy awarded funds totaling $2,500,000 (over four years) for challenge grants to 9 early childhood, child abuse prevention and intervention, and after-school programs.

In order to bring challenge grant expenditures in line with revenue projections, staff recommended that the Allocation Committee reduce challenge grant investments for FY13. Staff based its recommendations on policy considerations to prioritize the most intensive services supported by Leverage Fund investments and those services least likely to generate extensive support from private funders and donors.

Funding Recommendations of Allocation Committee

At meetings held on April 9, 2012 and April 16, 2012, the Allocation Committee made decisions to renew most competitive grants at funding levels lower than current year grant amounts and to discontinue some grants. The Committee based their decisions primarily, but not solely, on a commitment to reduce the overall number of grants due to limited administrative capacity, grant performance, rate of grant spending, and some ,but not all, policy priorities recommended by staff.

The Committee renewed grants for a one-year period from July 1, 2012 through June 30, 2013, with the possibility of an additional year of funding in Fiscal Year 2013-14. The city economist should be able to provide better revenue projections in January 2013, at which time the Allocation Committee can determine how to proceed for the FY 2013-14 funding year.

The Committee decided to discontinue one Leverage Fund challenge grant, which covered the majority of the deficit in that area, thereby minimizing the reductions to the remaining 8 grants.

The reductions to grants were necessary to bring grant expenditures in line with revenue projections.