

Arts Education and Access Fund Citizen Oversight Committee
First Annual Report to City Council
April 23, 2014

History and Overview

The Arts Oversight Committee is pleased to present this first annual report of the Arts Education and Access Fund. After what was a difficult start, we are pleased to come before City Council today and report that we have come a long way since the initial meeting of our Citizen Oversight Committee in February of 2013.

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 law suits and controversy over the new Arts Tax, and with a new City administration, in an effort to get down to business in fulfilling its task of overseeing the integrity of the system and to ensure that taxpayer money was being collected, distributed and utilized as intended by the voters.

To that end, the Arts Oversight Committee, or AOC as we affectionately call it, set out to establish 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 and Culture Council (RACC), as well as evaluating the data and documentation provided by the Revenue Bureau.

To fulfill our tasks we established three Subcommittees: Executive, Metrics and Communications.

Through the work of these Subcommittees, and ultimate consensus by the full Committee, we developed two important documents:

- An AOC *Working Agreement* (Appendix A), which established a process and guideline for the group's ongoing work and for the Committee to follow in future years. This document was vetted by the City Attorney's office and unanimously adopted by members of the Committee.

- A set of uniform metrics (Appendix B) by which school and Revenue Bureau data would be requested and submitted to the Committee for review and evaluation. A glossary of terms was included for clarification. Further detail will follow later in this report.

The Committee further explored the creation of its own stand-alone website as a public resource for viewing agendas, minutes, data, FAQ's etc. While the Revenue Bureau has been most responsive to maintaining this information on its website, it was initially felt that the AOC's work might be more transparent and accessible via its own website. As a committee of volunteer citizens, the AOC thought it would be appropriate to distinguish itself from being perceived as a government entity. Although some work was done to create a volunteer-run website, the effort was abandoned due to the difficulty of maintaining a volunteer run site and not wanting to divert any tax funds to create a professionally-run site. We also concluded that a site parallel to the Revenue Bureau's might cause confusion and divert AOC attention away from its primary task.

The 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 Committee 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 its first year, the Committee lost eight members for a variety of reasons including moving out of the city, being able to keep up with the time commitments or conflicts with other commitments. Unfortunately, of those resignations, five were members of the Afro-American, Native American and disabled communities. In an effort to again broaden the diversity of the Committee, working with Jenny Kalez in Commissioner Fish's office and Josh Alpert in Mayor Hales' office, we have recently brought on four new members. The AOC and the City will continue its outreach for new members.

The AOC is pleased to welcome its newest members: Craig Gibons, Jessy Friedt, Araceli Ortiz and Carmen Denison.

Meetings and Venues

The city code stipulated that the citizen oversight committee was to meet at least twice annually. In its first 12 months the AOC held six full Committee meetings (plus one on April 1st), four Metrics Subcommittee meeting (plus one recently on March 17th), two Executive Subcommittee meetings and three Communications Subcommittee meetings.

The early full Committee meetings were held at City venues at the Portland Building and at the Revenue Bureau. The AOC, however, felt that it was important to move its meetings across the city and into different communities. The January meeting was held at the Parkrose School District office followed by the recent April 1st meeting convened at the Centennial School District office. The AOC will continue to seek venues that bring its meetings to diverse areas of the city.

Acknowledgments

The early period of any new and unique endeavor is often difficult. From day one it has been the goal of the AOC to establish a mutually respectful and partnering 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 Bureau led by Thomas Lannom and his dedicated staff Terri Williams, Barbra Rice and Meghan Fertal. Noah Siegel, formerly of the Mayor's Office, was instrumental in helping us get off the ground in the early organizational days. The AOC has been most fortunate to now have the coordination and liaison efforts of Jenny Kalez and Josh Alpert for which we are most grateful. We are thankful to Mayor Hales and Commissioner Fish for their support of our efforts.

RACC has been an integral partner in our work and we wish to thank Eloise Damrosch, Jeff Hawthorne and Carol Smith, who between them have attended all of our meetings and offered valuable input and guidance. We also want to acknowledge Jessica Jarratt Miller, who as Director of CAN, was instrumental in the creation of the fund, and who provided the Committee with valuable background information. We further acknowledge the vision and leadership of former Mayor Sam Adams who was so instrumental in creating the fund.

Lastly, but just as importantly, we appreciate the cooperation and collaboration of the six school districts who attended many of our meetings and offered input along the way. While the Committee developed the data submission format, input was requested and received from the districts, which helped substantially in developing a workable format that would be easy for everyone to use.

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

The Data and Evaluations

REVENUE BUREAU

The Revenue Bureau has been a major source of information, and provided complete updates on all aspects of the tax at every Committee meeting. For presentation and clarity purposes we requested that the Bureau condense the basic and necessary information into a helpful one page summary (page 3 of Appendix C).

Because of issues that arose preventing taxation of income from PERS, Social Security and other income that came to light after passage of the ordinance, and City Council establishing a \$1,000 minimum income requirement for taxpayers, the original projections of revenue from the fund was revised downward by an estimated \$1.25 to \$2.1 million. As a result of those changes, the first year start up costs were increased from the initial maximum \$500,000 to \$600,000, of which \$589,085 was expended. The tax ordinance stipulates that administrative expenses should average no more than 5% of revenue collected over a period of five years. Per the most current data, we are pleased to note that the first year expenses to date (February 28, 2014) came in at 4.5%. Due to the lower anticipated future revenues, we do not yet know if the 5% cap can be maintained. We will continue to keep a close eye on these expenses as the collection process matures.

One element in the collection process was the charging of a 99 cent convenience fee for online credit and debit card payments, which discouraged some people from paying in that manner or at all. It was initially unclear if the convenience fee was part of the cap, which was later clarified as not. As paying by credit or debit card is the least expensive means of collecting the tax, as opposed to processing checks, City Council was in support of the Revenue Bureau not charging this fee in subsequent years, which it no longer is as of the 2013 tax year. The Revenue Bureau is working on having the tax included in Turbo Tax and other third party software, as well as establishing data sharing with the IRS. We encourage these efforts as it will help simplify payment and collections with a commensurate reduction in collection administrative expenses.

Snapshot of key data as of February 28, 2014:

Net collections	\$7,965,940	
Startup costs	(\$589,085)	
Collection costs	<u>(\$360,285)</u>	
Net Revenue		\$6,999,698
Total school distribution	\$6,709,947	
Total RACC distribution	<u>\$ 200,000</u>	
Total distribution		\$6,709,947
Balance (including interest earned)		\$ 112,027

It is our opinion that the Revenue Bureau, under a short start up time frame and with the subsequent issues and changes that took place, did an excellent job in pulling together its resources in implementing the collection process. The Bureau has been open and transparent and very responsive to questions and concerns from the committee. We recommend that the Bureau look into additional ways to communicate the tax requirements to the public and send out notices earlier.

SCHOOLS

Determining how to assess and evaluate the schools' use of Arts Tax funds has been one of the AOC's chief functions in these beginning stages. The Metrics Subcommittee identified key data points that would allow the AOC to evaluate what funds were received and spent by each of the districts. These data points included: Arts Tax funds received, student population, teacher FTE, and other information (including general funds and overall FTE teachers) to provide contextual information for observing trends over time within school districts and within individual schools themselves.

The Committee additionally requested data about student populations and teacher FTE in the middle and high school level, in order to observe in future years 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.

Each of the districts complied with these data requests, and the full data submissions have been provided in the Appendix (see B1-B6.)

Upon receiving this information, members of the Metrics Subcommittee were tasked with preparing analysis of the data. Each of these evaluations was then reviewed by additional Committee members. We understand the importance of reviewing and preparing the data across the school districts and to the individual school levels, 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 have been provided in the appendix here (see B7-B12.)

For the purposes of the AOC's report to the City, however, we have focused on reporting a broader snapshot of our analysis, considering the average trends at the district level.

ARTS K-5 FTE SNAPSHOT ALL SCHOOL DISTRICTS 2013-2014

April 12 2014

District	2012-2013		2013-2014		
	Base Year Arts FTE	Teacher/K-5 Student Ratio (1 per)	13-14 Arts FTE	Teacher/K-5 Student Ratio (1 per)	Arts Fund Dollars
	K-5		K-5		
Centennial	3.0	894	6.1	458	\$539,956
David Douglas	9.2	548	10.1	512	\$965,118
Parkrose	1	1548	4.0	389	\$294,264
PPS BAA	14.9	1528	50.3	480	\$4,512,239
Reynolds	1.5	1273	2.5	782	\$357,942
Riverdale	1.6	111	2.0	100	<u>\$40,429</u>
					\$6,709,947

Total Arts FTE All Districts	31.24	75
Arts FTE Increase Over Base Year		43.76
Average Ratio Across All Districts	984	453
Total Arts Fund Dollars to Date		\$6,709,947

Summary of Findings

While a greater level of detail can be reviewed about each of the school districts and individual school levels (See Appendix B7-12), this snapshot helps provide a picture of what occurred for students across the Portland area. We can see that each school district added a substantial number of FTE arts teachers assigned to its K-5 students, decreasing the teacher to student ratio overall to 1 FTE arts teacher for every 453 K-5 student in the Portland area. There were no schools within any of the districts that did not have at least one arts teacher for its K-5 students.

In addition to reviewing arts teacher FTE and student populations, the Committee reviewed how much each district was spending on arts teachers and compared it to how much the district had received from the arts fund. We also reviewed district spending from the prior year to observe how arts spending had changed. During this time, a number of questions were raised regarding our full understanding of the language of the ballot initiative, the related city ordinance and the Inter-Governmental Agreements (IGAs) between the City and the schools. There was a perception by some of us that the entire school portion of the funding was to be used only for the hiring of new, qualified arts teachers. This stemmed from the concerns we heard from the public and within the Committee about an issue of districts using the arts funds to pay for existing teachers,

rather than adding new teachers (“backfilling”) as compared to new, additive arts teachers.

In fact, during our evaluation process, we did discover that some of the Arts Tax money was used for purposes other than hiring new teachers. These expenses included ancillary purposes such as field tips, art supplies, etc. These expenses also included districts’ decision to retain arts teachers who they suggest would have otherwise been laid off in 2012-2013.

In reading the language of the measure and the IGA, we found it difficult to discern exactly what the requirements were and exactly how the schools could spend their dollars under the stipulated provisions. We sought clarification from the City Attorney’s office, asking:

- 1. Do Arts Tax funds have to be spent only on the hiring of new teachers?**
- 2. Can the schools use Arts Tax funds for ancillary items as described above?**

In response to those questions, we received the opinions quoted below from Ken McGair, Deputy City Attorney. Please note that the initial response to question #2 was replaced with a second response on which we based some of our findings.

Response to Question #1

“I’ve looked at the various documents concerning the Arts Tax and think the IGA language seems to govern. At the outset, the City just collects the tax and distributes it pursuant to the formula such that distribution is to be based on a ratio of one teacher for every 500 K-5 students (PCC 5.73.030 and IGA Section 4). The provision of the services is performed by the Districts themselves. In Section 5 of the IGAs, the Districts commit to providing arts and/or music education through certified teachers to all K-5 students in each of its elementary schools. Section 6, however, seems to be more to the point of your question and is couched in a more aspirational tone. It states:

“Supplemental Funding: It is the intention of this IGA to add to the number of existing certified arts and music teachers without creating financial problems for District. To that, end, Districts will ensure there will be at least one full time equivalent (FTE) of certified arts and/or music instruction at each non-charter school within the district that educates K-5 students and whose catchment overlaps with the City of Portland's geographical boundaries.”

At the very least, the IGA requires one arts/music teacher FTE in each K-5 school. It is the intention of the Arts Tax to add to the number of existing certified arts and music teachers without creating financial problems for the District, which has been accomplished. The IGAs do not require a specific number of additional art and/or music teachers -- only that there be one FTE in each school. If the money is used to save a position from being "cut" (provided that's a certified arts and/or music position and not something else), that is in line with the language that the purpose is to add teachers so long as it does not create a financial problem.

Finally, the ballot question itself lends to this reading. The question asked "Shall Portland restore arts, music for schools and fund arts through income tax capped at 35 dollars per year?" The summary says the tax will provide funds to hire arts and music teachers but does not specify those will be new hires rather than money to avoid cuts. Coupled with the use of the word "restore", it is reasonable to read that provision as either adding teachers through hiring or mitigating against losses by replacing lost funding for an arts or music teacher."

Initial Response to Question #2:

"I would first note that the distribution formula is 1/500, not necessarily the expenditure end of it. The IGAs simply say that "District shall provide arts and/or music education through certified arts and/or music teachers to all K-5 students in each of its elementary schools" and that they will "ensure there will be at least one full time equivalent (FTE) of certified arts and/or music instruction at each non-charter school within the district that educates K-5 students and whose catchment overlaps with the City of Portland's geographical boundaries."

Recital G speaks of a complete arts and music education including "experiences such as field trips and artist residencies, and arts integration in core subject areas that helps teachers utilize creativity to help children learn."

Generally, the text of the IGA doesn't get into the level of detail as to how the arts education is to be provided, nor is that the level of detail intended in the IGAs but the recital, while not definitive, suggests field-trips were allowed."

Final Response to Question #2

April 15, 2014

"FROM: Ken McGair
Deputy City Attorney

SUBJECT: Use of Arts Tax Funds

Question: Last week a member of the Arts Oversight Committee (AOC) asked whether a district may use the funding for any purpose other than hiring a teacher? For example, may a school district spend money on arts-related field trips or supplies?

Short Answer: Funds distributed to the Districts are to be used only to fund certified arts and/or music teachers¹. Otherwise, monies administered by the Regional Arts and Culture Council (RACC) may be allocated to schools to provide arts access to K-12 students.

There are three primary sources that we looked at to determine the answer to this question. First, the Ballot Title and accompanying summary as referred to the voters. Second, chapter 5.73 of the Portland City Code. Finally, the intergovernmental agreements between the City and the districts (IGAs).

Of note, the intent of the voters is key in determining how the funds were to be used. The Ballot Title Summary states that the "tax can only be used for:

- *Arts and Music Teachers:* Funds to hire arts and music teachers for kindergarten through 5th grade students at local public schools attended by Portland students. Distribution of funds based on school enrollment.
- *Arts Access:* Remaining funds for grants to nonprofit arts organizations, other nonprofits and schools. Will fund grants to provide high-quality arts access for kindergarten through 12th grade students and to make arts, culture experiences available to underserved communities. Funds administered by Regional Arts and Culture Council (RACC)."

Similarly, Portland City Code section 5.73.030A provides that "Net Revenues will be paid by the Revenue Bureau to the Arts Education and Access Fund for distribution by the City as follows:

A. First, funds shall be distributed to the School Districts for the purpose of hiring certified arts or music education teachers for elementary school students for Kindergarten through 5th grade (K-5)."

While the IGAs between the districts and the City do not directly address the issue, there are several provisions that are relevant.

¹ We have already opined on whether "hiring" teachers requires adding to the existing total of arts and music teachers.

- *Recital G provides “a complete arts and music education includes instruction by in-school teachers, arts experiences such as field trips and artist residencies, and arts integration in core subject areas that helps teachers utilize creativity to help children learn.”*
- *Recital K “[t]he IGA will assist in restoring arts and music education to our schools by providing stable, long-term funding for certified arts and music teachers – ensuring access to the arts for every Portland elementary school student.”*
- *Recital M “District has agreed to spend the money to ensure that funds are used to pay for the costs of providing certified arts and music teachers to students in elementary schools within the District.”*

Section 5 of the IGA requires districts to “provide arts and/or music education through certified arts and/or music teachers to all K-5 students in each of its elementary schools.” Finally, Section 6 of the IGA requires the districts to ensure that “there will be at least one full time equivalent (FTE) of certified arts and/or music instruction at each non-charter school within the district that educates K-5 students and whose catchment overlaps with the City of Portland’s geographical boundaries.”

The most legally defensible approach and reading of these documents is that the voters intended the distributions to the school districts to only be used only to fund certified arts or music teachers. At the very least, the IGAs require the school districts to provided one FTE of certified arts and/or music instruction at each school. Any remaining funds after the distribution to the districts may be used for arts access and cultural experiences in the schools as contemplated in Recital G of the IGAs with the districts. Those monies, however, are administered by RACC and provided to the school districts by receipt of grants.”

[This concludes the quoted sections]

This second, official interpretation of the language provides clarity for the public, the schools, and our oversight function. It states that funds must be used to provide arts education for K-5 students. This can include new teachers and retaining arts teachers when other budget cuts occur, but not providing arts materials and experiences or other arts purposes. Such other purposes, if funds are available, are to be administered by RACC and provided via grants to the schools. It also states that school districts must provide at minimum 1.0 FTE arts teacher for its K-5 students at each of its schools. The 1:500 ratio is a guideline for fund disbursement, not a requirement for school spending.

The Council evaluated the schools under this interpretation and determined that the school districts have fulfilled much of their obligation to provide arts education to the schools. The districts have increased arts teachers and reduced overall the teacher to

student ratio. However, the guideline that each school must provide 1.0 FTE in a school, coupled with the guideline that they should aim for 1:500 are not compatible goals. This is because there are many schools with student populations less than 500. Because of this, several schools within most of the school districts did not achieve the 1.0 FTE designation yet achieved a ratio of 1:500 or better. At the same time, several schools within the school districts that had 1.0 FTE arts teacher had higher student populations and did not achieve the 1:500 goal.

Further, the use of arts funds by Reynolds School District to provide arts materials and experiences does not fulfill the parameters established by the legal opinion received, which states that art funds must be used for art teacher expenditures only.

It is important to note that the official, legal interpretation of the IGA language was not delivered until April 15, 2014. (This is not owing to any delay by the City, as they responded very promptly to the question asked, but owing to the fact that this clarification was not sought until the AOC was well into its review process and after schools had created and implemented their budget decisions.) While this language has now been clarified, there were different – and even, at times, directly contradictory – understandings of the intention of the IGA and measure language by some prior to this ruling.

Because of this, the Committee strongly recommends that the City and schools consider providing further guidelines about how arts funds should be used when the IGAs are renewed. It is clear that there was much confusion in this first year among the public, the schools, the city, and the AOC, and we find that some may be dissatisfied with how vague the parameters are under this newest legal interpretation. This future work should include providing clearer expectations and parameters regarding how the arts funds may be spent (considering categories including: new teachers, retaining teachers, supplies, experiences, etc.) and how many arts teachers each schools should aspire to have for their K-5 students (considering the distinctions between 1.0 FTE at each school versus the 1:500 guideline.)

In sum, the AOC found that the schools fulfilled their duty to provide more arts instruction to K-5 students by hiring more arts teachers and working to reduce the art teacher to student ratio. Several of the schools were able to show the committee direct evidence of the impact the additional arts funds had on its K-5 student population, including video and testimony of school art programs. However, there are schools within the districts that do not yet achieve a full 1.0 FTE art teacher or 1:500 ratio. Additionally, the AOC found that Reynolds School District should not have spent Arts Tax funds on ancillary materials and experiences. A lack of clarity around the language prior to April 15 was likely a contributing factor to these budget decisions.

While the Committee strongly recommends providing additional parameters in the IGA, the AOC is satisfied that the Arts Tax has already significantly improved access to arts education, which we believe will result in positive impacts for our children and our communities.

REGIONAL ARTS & CULTURE COUNCIL (RACC)

AOC Metrics Committee Analysis Year 1: Regional Arts and Culture Council (RACC)

Analysis by Jim Cox, AOC Committee

2012-13 Arts Tax Funding to RACC: \$0 (2011 Tax year; pre-Arts Tax)

General Operating Support

- Total base funding pre tax: \$1,642,630
- Total Arts Tax Distribution: \$0
- Total number of Portland area nonprofits supported: 45
- Smallest tax grantee award: NA
- Largest tax grantee award: NA
- Percent of total grant awards from Arts Tax: NA

Access and Equity Grants

- Total base funding pre tax: 0 (grant category did not exist)
- Total Arts Tax Distribution: NA
- Total Grants: NA
- Smallest tax grantee award: NA
- Largest tax grantee award: NA

2013-14 Arts Tax Funding to RACC: \$200,000 to date (2012 Tax Year)

General Operating Support

- Total base funding pre-tax: \$1,659,694
- Total Arts Tax Distribution: \$150,072
- Total number of Portland area nonprofits Supported: 44
- Smallest tax grantee awards: \$882 (PHAME and NW Documentary Arts & Media)
- Largest tax grantee awards: \$22,138 (Portland Art Museum)
- Percent of total grant awards from Arts Tax: 9%

Access and Equity Grants

- Total base funding pre tax: \$0
- Total Arts Tax Distribution: \$26,000 to date
- Total Grants: TBD May 2014
- Smallest tax grantee award: TBD May, 2014
- Largest tax grantee award: TBD May, 2014

Coordination expenses from 2012 tax year

RACC will allocate \$13,000 to cover arts education coordination expenses including six hours of professional training for 26 arts specialists in Portland. This fund will also support the City of Portland's participation in "Any Given Child"—a partnership with the John F. Kennedy Center for the Performing Arts in Washington, DC.

Unallocated Funds 2012 tax year:

At the time of our review, RACC had \$10,924 in additional funds to allocate within a year, in addition to at least \$112,000 available for disbursement at the Revenue Bureau, and additional funds as yet to be collected from non-filers and late payers. *[Since that review, the Revenue Bureau has within the past few days distributed \$125,000 with which we agree.]*

Analysis:

Per the tax measure, RACC receives funding only after the Arts Tax fulfills its obligations to fund schools based on the percentage of net proceeds delineated in the measure. In the first year of collection, it was widely held that RACC would receive a low distribution, and possibly even no distribution. With the legal issues surrounding the measure disqualifying PERS, Social Security and other income from taxation, collections were lower than originally anticipated. That being the case, the measure was able to fully fund six school districts at a total level of \$6.7 million in the first year of collection, and the Revenue Bureau was able to do a late distribution of \$200,000 in January 2014 to RACC.

RACC immediately put these funds to use.

The main RACC funding stream in the measure states: "First, funds shall be used by RACC to fund grants to support non-profit Portland arts organizations that demonstrate artistic excellence, provide service to the community, show administrative and fiscal competence and provide a wide range of high-quality arts programs to the public." RACC has previously vetted 44 organizations across the city that receives general operating support. \$150,072 of the distribution was awarded to these organizations based upon their previous level of funding already provided by RACC.

The measure states "No less than 5% of the funds RACC receives from the Arts Education and Access Fund shall be used by RACC to fund grants and programs to schools and non-profit organizations that will give access to high-quality arts experiences to K-12 students and for grants and programs directed to communities who are underserved by local arts providers." 5% of RACC's \$200,000 allocation is \$10,000; RACC exceeds this minimum requirement with its investment of \$26,000.

RACC reports that \$26,000 will be invested in nonprofit organizations that do not already receive RACC General Operating Support but are working with underserved communities through the arts, including communities of color, the Disabled community,

and LGBTQ communities. An RFP was available as of February 5 with a deadline application of March 14. RACC anticipates announcing award decisions in May.

Summary:

Due to the structure of the tax measure, legal issues limiting the number of citizens who are required to pay the tax, and an extensive refund process because of changes to taxable income and income thresholds, the Revenue Bureau was delayed in sending collection letters. Funding for RACC was therefore late in arriving. An initial distribution of \$200,000 was made to RACC in January 2014. To the organization's credit, they worked immediately to distribute funds based on the rules of the tax measure and have put into place a competitive access grant process. Additional 2012 tax year funds from the Arts Tax currently held by the Revenue Bureau, as well as 2012 tax year funds collected from non-compliers will ultimately be distributed to RACC for further grant awards. All reporting from RACC looks to be in order and follows the mandate of the tax measure.

Advocates for the Arts Education & Access Fund estimated that new funding from the Arts Tax to RACC, along with the traditional RACC funding streams previously in place, would provide up to 5% of yearly general operating support to Portland's major cultural arts organizations in RACC's General Operating Support grant program. This obviously has not materialized in this tax year, and collections have a long way to go in order to get to a realization of this goal. This year's distribution, although welcome, is less than a 9% addition to the monies RACC already awarded. As a result, this year's Arts Tax distribution most likely will have a minimal impact in terms of local arts groups' abilities to increase access and programming. Some impact will be achieved in the new Access and Equity Grant Program provided to organizations that do not qualify for RACC's General Operating Support Grants.

Recommendations:

- As additional tax revenues are collected from late and non-filers for tax year 2012, Revenue Bureau and RACC should work together to determine how to get funds directly to RACC to provide much needed funding for the city's arts organizations.
- As most nonprofit arts organizations are planning their budgets a year or more in advance and must have a reasonable sense of what funding is available from RACC for their upcoming fiscal years, we would like to see the Revenue Bureau be able to expedite the collection process from non-filers. We would also like to see the Revenue Bureau provide future projections to RACC as soon as practicable. This is especially important as RACC only receives funding after schools have been supported per the mandate in the tax measure.

Summary of General Recommendations

1. The City should be at the forefront of providing more positive messaging about the tax and its benefits for children, the arts and the entire community.
2. Although we realize that the first year of a new initiative can be confusing to the public, the Revenue Bureau and City leaders should seek ways to better communicate the Arts Tax requirements to the public, including more outreach to minority populations and expanding explanations in additional languages, although there has been some effort to do so, even under cap constraints. We understand that administrative funds have been capped, but the city may need to explore ways to partner with other agencies to provide this important resource.
3. The Revenue Bureau should continue to work towards expediting its collection process in the future. Incorporating the Arts Tax into Turbo Tax and other third party software and seeking file sharing with the IRS should be implemented as soon as possible. Consider adding personnel to speed up collections and determine how that would affect the cap structure. Despite budget challenges, the Revenue Bureau was able to market the program in English and Spanish and provided on-site and telephone customer service in eight languages/dialects in addition to English.
4. Following up recommendation #3, City Council and the Revenue Bureau should review the 5% cap and determine if it is in fact a realistic figure, especially in light of expected reduced revenue.
5. The Revenue Bureau should provide a three year projection of revenues and expenses after all the data is in for the first year (tax year 2012).
6. The IGA between the City and the School Districts should have more specific language about how the funds should be spent and a clearer definition of "cost." Language should also be included about the citizen oversight committee's role and responsibility.
7. The AOC should be more insistent that all schools submit their data in the same format that was established by the Committee and within the time frame established. We recommend that the renewed IGA address this point.
8. Review the funding distribution calculations as it relates to schools that already have excellent ratios and consider how this should impact future distributions to ensure arts access within the Portland area.

What's Next?

RACC: A good part of our first year was focused on getting organized and fully understanding the workings of the Arts Tax as it related to the schools. Since the first and larger distributions were designated to the schools, it was incumbent upon us to obtain and measure the data and be able to evaluate the results. More recently we have begun to dig deeper into the RACC side of the funding . To that end we have had conversations with RACC at both our last Metrics and full Committee meetings and will be further developing our evaluation procedures for the RACC portion of the fund distribution and creating a standard metric template for future committee review and evaluations..

IGAs: During the first year several questions arose regarding the Intergovernmental Agreements (IGA's) between the schools and the City. With renewal of the IGA scheduled for June 30, 2014, the AOC will further review the current IGA for any additional suggestions it may have towards clarifying any aspects of it, particularly as it may relate to AOC requirements of the schools.

Qualitative Impacts: While our charge is to oversee and review the expenditures and outcomes of the arts fund, we strongly believe that our task goes beyond just a quantitative measuring of the outcomes. 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?
- Do we see an effect on 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 and what does that mean?

These are more difficult questions to answer than simply evaluating numbers, but we believe that these questions can be answered over time. The AOC plans to dive deeper into this in the coming year and in years to come.

Refinements: With the first year behind us, we will continue to review our methods of data collection and evaluations and make revisions as deemed appropriate. We remain open to input and suggestions from all sources.

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

Members

Oscar Arana
James Cox
Susan Denning
Carmen Dennison
Erika Foin
Jessy Friedt
Craig Gibons
Alina Harway (Metrics Chair)
Carter MacNichol
Juan Martinez
Cheri-Anne May
Araceli Ortiz
Stanley Penkin (Chair)
Chip Shields
Gwen Sullivan
Mark Wubbold

Former Members: Yulia Arakelyan; Lionel Clegg; Victoria Dinu; Kimberly Howard; Kevin Jones; Alyssa Macy; Steve Nance; 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 C	Revenue Bureau Status Update April 1, 2014
Appendix D	RACC Status Update
Appendix E	FTE Snapshot All Districts
Appendix F	Link to Parkrose Music Video
Appendix G	City Attorney Memorandum April 15, 2014
Appendix H	Revenue Bureau Tax Year 2012 Compliance Report