

Portland Children's Levy first budget reductions cut deep

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For the first time in its history, the Portland Children's Levy has cut funding to children's programs — the byproduct of declining property tax revenues. The drastic measures taken by the Levy's allocation committee have sent ripples of shock and worry throughout the provider community.

"I cried," says County Commissioner Deborah Kafoury, a member of the Levy's allocation committee. "These are among the most painful cuts I've made in my entire public career. We were making incredibly deep cuts to incredibly successful programs."

Julie Young, a children's advocate and community member of the Levy's allocation committee, says children will be directly effected.

"We know that quality programs generally cost more money. It will be a hard challenge," Young says. "There will be more waiting lists. It will mean that some programs that serve children will have to do more with less. Some children will not be served as well."

The levy's budget is 27 percent less than last year, equating to a \$3.5 million shortfall. The allocation committee, which is responsible for doling out the Levy's funds, met twice in late April to decide this year's funding for after-school, early childhood and child-abuse prevention programs for vulnerable and low-income children.

None of the 76 Levy-funded programs remained unscathed.

The largest cuts were made to agencies serving minority communities, the biggest being a 49.5 percent cut to Hacienda CDC's Portland Ninos program, — a \$88,068 cut from an original \$177,966 budget.

The program works to reduce academic and health disparities among Latino and immigrant children ages five and under. The program funds home visits to monitor the child's health, offers activities to the children that prepare them for kindergarten, and also engages parents in weekly support groups and educational workshops.

The second largest cut was a 39.7 percent cut to the foster care services provided by the Native American Youth Family Center (NAYA), or \$183,167 from a total \$461,529 budget. The agency's foster care services support Native American children in the foster care system from birth to age 24, and provides case management and culturally appropriate services, and recruits foster families and helps biological families reunite, among other services.

Other cuts to agencies such as Morrison Child and Family Services, IRCO, Impact Northwest, and Metropolitan Family Services most often ranged between 15 and 30 percent.

"There was nothing good about this whole process," Young says.

Some providers have cried foul that the cuts disproportionately affect minorities. Kafoury and others respond that the majority of agencies funded by the Levy

serve minority and ethnic children. They are also, Kafoury says, good programs.

"The vast majority of these programs have proven effective," Kafoury says.

Young says that programs with qualitative data to back up their successes, such as Head Start programs, were somewhat prioritized from deep cuts.

Mary Gay Broderick, the Levy's spokesperson, says issues of under performance were "looked at while making the deductions," and Children's Levy staff recommend that the allocation committee cut between five and 15 percent of an agency's Levy funding depending on "the severity of the issues." For example, Levy staff found that NAYA's foster care services fell short of meeting the 104 hours of case management pledged to each foster child. According to the Levy's assessment, only

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— JULIE YOUNG
CHILDREN'S LEVY ALLOCATION COMMITTEE

half received that amount.

"We feel pretty devastated," says Nicole Maher, NAYA's executive director. She says the cuts will directly impact 100 Native American youth, and that NAYA will have to decrease services and possibly make layoffs as a result.

Maher bristles at the staff's suggestion to reduce funding because of under performance. "We did experience some challenges when we first started the program," she says. "We had repeated misunderstanding with their staff on what they were looking for."

Maher says NAYA's most recent reports show that NAYA was meeting or exceeding benchmarks.

"It's a sad example of people who say they care about equity," Maher says. "When it comes to fund decisions, we still have a long way to go."

Other staff recommendations include reducing non-culturally specific programs by 5 percent, and agencies that served less than 39 percent of East Portland children by 5 percent.

But the committee ended up not necessarily adopting staff recommendations. Some level of under performance is expected when agencies work with difficult-to-work-with populations.

"It's a very tough population," Broderick says. "They're poor. They're disenfranchised. They're disengaged. A lot of them are very mobile, and caseworkers can't find them. It's a host of societal ills and problems that they are dealing with on a massive level."

A dozen programs saw their Levy funding completely eliminated.

One of the largest funding eliminations was to Big Brother Big Sisters' Project Hope program, which received \$121,000 from the Children's Levy. The program matches adult mentors with youth in foster care.

The \$308,992 in funding for Janus Youth's Metamorphosis program was also eliminated. The program provided peer-delivered services to homeless youth with long-standing drug and alcohol addictions issues.

"It was depressing," says Kathy Oliver, the executive director of homeless youth agency Outside In. "I know the city has less money and has to make hard choices, but boy, the safety net just shrunk."

The Metamorphosis program provides all of the mental health and substance abuse treatment to homeless youth.

"It's hard to imagine providing services for a homeless youth population without alcohol and drug treatment services and mental health services," Oliver says. "The research shows that just providing homeless youth with a place to live and a job is ineffective if

their drug and alcohol issues are not dealt with."

Oliver says representatives of the homeless youth continuum are meeting with county commissioners this week to see if the county can pitch in funding. "We'll see," she says. "I'm actually quite hopeful...the county funds other pieces of this system."

Also eliminated was \$67,911 in funding for the Community Cycling Center's Bike Club program. The program serves fourth and fifth graders from low-income families. It's an after school program where kids learn how to repair and safely ride bikes. At the end of the 12-week course, children are given the refurbished bike they used during the class.

"It's also an opportunity for them to build confidence and form new friendships," says Melinda Musser, the Community Cycling Center's spokesperson. "It's much more than getting a bike."

The program has been funded by the Children's Levy since 2005, and according to the Community Cycling Center's website, more than 1,000 children have participated.

A blog post on the Center's website discussing the cut said, "it represents the loss of one piece of the larger solution of promoting physical activity and ensuring kids from low-income families have a reliable way to get to school."

The agency is currently looking into alternative funding streams, including private fundraising.

It's possible that many agencies will ask for funding from the city or the county to make up for the loss. But given the cuts both governments are expecting to make to their budgets, such requests will face even more of an uphill battle.

"It's incredibly difficult," Kafoury says.

Both Oliver and Maher are doubtful that private funding can fill the funding gap.

"That's a hard row to hoe these days," Oliver says. "Foundation funding is generally one-time only."

A reason programming cuts were so steep is because the levy caps administrative costs at 5 percent. The allocation committee couldn't consider "cutting fat off the bone," Kafoury says, because there hardly is any.

The reason the Levy lost a quarter of its budget is tied directly to the recession, and Portland's property taxes.

The Portland Children's Levy, like all levies, gets its budget from property taxes — a 40 cent levy per \$1,000 of assessed value. If property values go down, as they have since the beginning of the recession, so do property taxes.

Compounding the decline of property values is a dynamic unique to Oregon's property tax and levy system: compression.

Oregon's Measures 5 and 50, passed in the early 1990s, limits property taxes to no more than \$10 per \$1,000 of assessed real estate value each year. If there are numerous levies seeking revenue through property taxes, the amount those levies generate shrinks, or compresses, because the amount of money generated through property taxes remains finite.

"It's catching up to us," Broderick says.

"We were all absolutely unprepared for what has happened with property taxes in Portland," Young says.

It's expected to get worse. The library district's levy is up for renewal during the May 15 primary and November general election. If the levy passes, Broderick estimates that the Children Levy's budget would decrease by another \$1 million, simply because of compression.

Could the Levy have avoided making such drastic cuts? The Levy does not have a reserve or "rainy day" fund, something that Kafoury and others think should possibly be created in the future—especially if the recession continues and property values don't begin increasing.

"Just in case," Kafoury says.

But the idea of a "rainy day fund" rankles some.

"In retrospect, it would have wise, perhaps," Young says.

But she and Broderick say that it would be inappropriate to stash money away when it could be used to serve children. "These are tax dollars," Broderick says. "We want to get them out the door as quickly as possible to serve as many children and families as we can."

The Portland Children's Levy was created in 2002 and re-approved by a large margin in 2008. The Children's Levy will be up for renewal next year. Broderick says that the Levy's current funding will expire on July 30, 2014. City Commissioner Dan Saltzman, who champions the Levy, has publicly said he will pursue renewing the Levy again. He did not return a call from Street Roots for comment.

The Children's Levy will make a presentation to the Multnomah County board of commissioners on May 17.



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