



## MEMORANDUM

**To:** Portland City Council

**From:** Children's Levy Staff

**RE:** Ordinance to approve funding recommendations made by Children's Levy Allocation Committee for July 1, 2026 – June 30, 2029

### Request for City Council Approval

**The Portland Children's Levy (PCL) requests that City Council accept the recommendation of the Allocation Committee to fund investments in: 12 small grants in the amounts specified in the Ordinance, Exhibit A: Portland Children's Levy Small Grants Funding Allocations July 1, 2026 – June 30, 2029; and increase of 8% to all 94 competitively made current grants specified in Exhibit B: Portland Children's Levy July 1, 2025- June 30, 2028 Large Grants Funding Allocations, amended effective July 1, 2026.**

This memo outlines the processes, data, and financial updates leading to Allocation Committee recommendation of the two components in the ordinance:

1. Fund \$2.55 million in new small grants July 1, 2026 – June 30, 2029
2. For large grants previously approved by City Council June 25, 2025, fund a \$5.2 million increase (8%) for July 1, 2026 – June 30, 2028

### Background: Levy authorization and governance

In November 2002, Portland voters approved PCL, a local option property tax, for the first time. Council Resolution 37610 referred the Levy to voters for reauthorization in May 2023, and voters overwhelmingly renewed it a fourth time for an additional five years (FY25-FY29). The Levy generates approximately \$23 million annually for programs benefiting Portland children in after school, child abuse prevention and intervention, early childhood, foster care, hunger relief and mentoring. Administrative costs are capped at 5% of the fund, and the fund obtains annual audits to ensure compliance with the administrative cap.

As required by the ballot measure, 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 (Councilor Dan Ryan), a County Commissioner (Meghan Moyer), a representative of the business community (Dan Floyd), a citizen member appointed by the County Board (Felicia Tripp Folsom), and a citizen member appointed by the City Council (Charity Kreider).

PCL staff also works with the Community Council advisory board, 11-13 community volunteers reflecting lived and professional experience in PCL's 6 program areas. PCL created this Community Council advisory in response to [community engagement feedback](#) and [grant-making improvement recommendations](#) in 2019-20. PCL launched the Community Council in 2022-23. The Community Council advises staff and the Allocation Committee on Levy policies and procedures, including community engagement and grantmaking.

### City Council role

As stated in the Act governing Levy operations under Resolution 37610, City Council may approve or remand funding recommendations of Allocation Committee by "funding category." The city attorney has offered the following guidance on Council's role with the Allocation Committee recommendations:

- For small grants, the Allocation Committee allocates to one "funding category," the Small Grants fund, as it has since the program began in 2020. The Council may only approve or remand all small grants together.
- In the context of large grants, the Allocation Committee creates a "funding category" for each of the six defined program areas. Council exercised its authority to approve or remand by "funding category" last spring and does not now have renewed authority to remand. The Council now has authority to approve or deny the 8 percent across-the-board increase for large grants.

## 1. Fund \$2.55 million in small grants July 1, 2026 – June 30, 2029

**See list of 3-year for 12 small grants and funding amounts in Exhibit A to the Ordinance.**

### About PCL's Small Grants

PCL launched Small Grants in 2020 in response to community feedback from Empress Rules Equity Consulting and grantmaking-improvement recommendations from PSU's Center for the Improvement of Child and Family Services. PCL Small Grants are intended to increase access for smaller nonprofits and to strengthen their capacity to serve children, youth, and families, including Black, Indigenous, children of color, and children with disabilities. The grants focus on increasing opportunities for children, youth, and families in neighborhoods or schools with unmet needs. Funds are for specific program services, and not for general operating support. Applicants must apply in one of PCL's six program areas: after school, child abuse prevention and intervention, early childhood, foster care, hunger relief, and mentoring.

A total of \$2.55 million is available in the 2025-26 small grants funding round for up to 12 grants. This includes the initial \$1.5 million approved by the Allocation Committee in October 2025. In January 2026, the Allocation Committee approved an additional \$1 million based on updated revenue projections provided by the City of Portland economist a month earlier (see page 7).

### Grant size and organization size eligibility requirements

Organizations must have annual revenues in the last closed fiscal year between \$90,000 to \$750,000 to be eligible to apply for a small grant. Organizations with annual revenues greater than \$750,000 were eligible to apply in the large grants funding round 2024-25. Small grant amounts are \$81,000 – \$240,000 over 3 years. PCL limits an applicant's annual grant request to 30% or less of an organization's annual revenue in their last closed fiscal year.

### Community involvement and PCL funding priorities

In fall 2023, PCL began a community engagement process to inform priorities for grants to be awarded during the five-year Levy reauthorization period ending June 30, 2029. Camillie E. Trummer LLC and PKS International led the process. More than 750 community members and service providers provided input in 26 languages, including written surveys, focus groups and stakeholder interviews. The Community Council and Allocation Committee reviewed the [data from community engagement](#) and crafted funding priorities for the 2024-25 large grants funding round and 2025-26 small grant funding round.

### Lessons learned from 2020 Small Grants process

PCL's Community Council and Allocation Committee shaped the small grants application and process, including scoring criteria and review process. They used feedback from the first small grants process in 2020, including from applicants and reviewers. Strengths of the previous process were having both a written and interactive component to the application, and community reviewers' involvement in recommending applications for funding to PCL's Allocation Committee. Areas for improvement focused on simplifying the interactive component for all applicants. The 2020 small grants process had a two-step application, and only those moving to second step had the opportunity to do the interview. Even then, interviews were time-consuming for staff, applicants, and reviewers, and they proved difficult for reviewers to score.

### Lessons learned from 2024-25 Large Grants process

Feedback from the large grants process improvement report was also used to shape the 2025-26 small grants funding round. After the recent large grant funding round, PCL gathered feedback through an applicant survey, reviewer survey, and individual interviews with Community Council and Allocation Committee members. [The report](#) is available on PCL's website. Surveys had strong response rates and representative samples. Key findings are:

#### Areas of strength

- Integration of community voice throughout the process
- Staff's support for applicants, reviewers and community council during the process

#### Areas for improvement

- Funding recommendations: applicants want individual communication to each applicant that better explains funding recommendations.

- Decision-making: applicants want more clear rationale from Allocation Committee for their decisions; Community Council members and applicants indicated need for improved preparation by City Council for its decisions.

The small grants process built on PCL’s strengths of community voice in process design and review of applications. Changes to the process included the Community Council members choosing specific applications to recommend to the Allocation Committee for funding. In addition, staff created customized materials for each applicant about their application’s funding recommendations. During the Allocation Committee meeting on April 7, staff explained the methods of facilitation they would use to help the Allocation Committee discuss and make decisions on the small grants. In addition, staff facilitated each Allocation Committee member to share their individual reflections on the policy rationale for their decisions.

PCL staff will conduct a similar quality improvement process with small grants applicants, reviewers/Community Council, and Allocation Committee.

### Small grants funding process: key steps and timeline

Jan. – Sept. 2025	Design small grants process; outreach and feedback on application
Fall 2025	Grant applications available, applicant info sessions/support
Winter 2025	Review and scoring of applications by Community Council, staff
Feb. – March 2026	Community Council recommends 12 applications to Allocation Committee; applicants receive recommendations; applicant testimony
April 7, 2026	Allocation Committee makes funding decisions
April to mid-May	City Council considers small grants recommendation package from Allocation Committee
Mid-May – June	Grant negotiations begin
July 1, 2026	Grants scheduled to begin

### Small grants application phase

PCL staff did outreach for small grants over the past 2 years, through its 2024 community involvement process and with small organizations not eligible for PCL’s large grants in 2025. During August-September 2025, PCL staff emailed drafts of the small grants application questions and scoring criteria to over 40 potential applicants for their feedback. Staff received minimal feedback, all positive.

Applications were published on the PCL website on October 15, 2025. The application included:

- a written component focused on organizational experience, proposed programming, and proposed annual grant budget, and organization financial statements
- a 5-minute video component focused on the applicant’s unique strengths, successes, and proposed use for PCL funds

The scoring criteria for both components were available to applicants on PCL’s website.

PCL staff hosted two informational sessions and a drop-in question hour for potential applicants. Applicants were also invited to submit questions via email. Staff replied individually to each question and [posted all Q&As on the PCL website](#). Applications were due in the city's WebGrants online grant management system on December 1, 2025. PCL received 55 eligible small grants applications requesting \$10.4 million, more than \$4 requested for every \$1 available.

### Small grants application review process

Application review was completed by 3 PCL staff and 9 members of PCL's Community Council. All reviewers completed training on implicit bias, intra- and inter-rater reliability, the use of the scoring criteria, and review forms in WebGrants. Prior to review and scoring, staff and Community Council members were screened to ensure no conflicts of interest. Among 12 reviewers (3 staff and 9 Community Council members), 67% identify as Black, Indigenous, and people of color and 33% as white, 33% as LGBTQIA2S+, and 25% as having a disability.

For the written component, a team of 3 PCL staff reviewed and scored all 55 applications. Staff scores were averaged to use all 3 scores, which tended to have few outliers. For the video component, 9 Community Council members opted to review and score. A median of all 9 video scores was used. In staff's experience, working with multiple volunteer reviewers can lead to more outliers, and using the median accounts for that. The total score for each application was the sum of the average written score and the median video score.

Total points available was 76, and 33 applications scored at the median of 54 points or higher.

### Community Council funding recommendations to Allocation Committee

In January 2026, staff prepared briefing materials for the Community Council, including descriptive data about the applications, scores, program area, and PCL funding priorities. Staff created three policy-driven frameworks of potential grants to help the council consider applications to select for funding: score order; after school-focus; and balance of program areas. This approach identified 25 unique applications and provided council with tools for considering which applications to fund using factors like score, demand in the applicant pool for after school programming, or balancing for a range of program areas and funding priorities that applications address.

Council members reviewed the application scores and policy frameworks between February 12-23. They met in a public meeting on February 23 and deliberated for 4 hours on the applicant pool, using data on applicants and policy frameworks. Staff provided council members with an electronic ballot to independently vote on 12 applications they wanted to select for funding, out of all 55 total applications. Based on the grant amounts requested and staff capacity, PCL can support up to 12 small grants.

On their ballot for voting, members were asked which factors influenced their votes: score; balancing across program areas; prioritization of a particular program area/funding priority; or other. Of the 9 members voting who had all scored the video component, 7 said score was

“highly influential.” The 12 applications selected by PCL’s Community Council scored 59 or higher out of a total of 76 points.

After the Community Council selected applicants for funding, staff finalized the recommended funding amounts. All applications recommended for funding were for the full amount of funding the applicant requested.

On March 3, PCL staff sent the Community Council recommendations to all applicants along with a guide explaining the recommendations and instructions to submit optional written testimony to the Allocation Committee by March 17. Staff also sent the recommendations to the Allocation Committee.

Previously on Feb. 13, the committee received materials on the full applicant pool, including links to all applicant videos. They received applicants’ written testimony on March 19. Allocation Committee members had several weeks to review all materials before they made grant funding decisions on April 7.

### Allocation Committee funding decisions

The Allocation Committee made funding decisions at its April 7, 2026 public meeting. Their funding decisions were based on application scores, Community Council recommendations, written testimony from applicants, and policy considerations, including program areas and funding priorities, service array, location, and cost to support a balanced and integrated citywide system of services.

The following table outlines the small grants funding recommendations by PCL program area. The total funding recommended is \$2.55M, slightly over the increased allocation in January 2026. On February 17, 2026, PCL staff were informed by the Park Levy Coordinator that the tax compression offset that the Parks Levy provides to the Children’s Levy was \$69,291 higher than projected for FY26. The Allocation Committee voted to use \$50k of this funding toward the total small grants awards, leaving \$19k in fund balance for future grant renewals in FY2028-29.

Program area	# apps received	% of apps received	3 -yr \$ request	# apps recomm.	% of apps recomm.	3-year \$ recomm.
After School	23	42%	\$4.6 M	5	42%	\$1.05 M
Mentoring	19	35%	\$3.4 M	4	33%	\$885k
Hunger Relief	8	14%	\$1.5 M	1	8%	\$140k
Early Childhood	3	5%	\$480k	1	8%	\$240k
Foster Care	1	2%	\$240k	1	8%	\$240k
Child Abuse Prev. Interv.	1	2%	\$148k	0	0	0
<b>Total</b>	<b>55</b>	<b>100%</b>	<b>\$10.4 M</b>	<b>12</b>	<b>100%</b>	<b>\$2.55 M</b>

The 12 small grants recommended in Exhibit A to this memo also reflect the full amount of funding requested by each applicant based on grant size eligibility.

## 2. Fund \$5.2 million (8%) increase for previously approved large grants July 1, 2026 – June 30, 2028

**See list of current 3-year grants with funding increases in Exhibit B to this memo.**

### Background

On June 25, 2025, City Council unanimously passed Ordinance 192080 that repealed a one-year extension of funding for the Portland Children's Levy for FY 2025-26 and approved funding recommendations of the Children's Levy Allocation Committee for July 1, 2025 – June 30, 2028.

The \$65 million in grants over three years benefit 94 programs from 64 organizations. The package also included continued funding for the popular Community Childcare Initiative, a special initiative that makes high-quality childcare more affordable for working families with low incomes. Funding decisions were based on a thorough application process centered around community engagement and voice, and investments that serve all Portland children, including Black, Indigenous, and children of color; children living in families earning low incomes; children with disabilities; and children from other historically marginalized communities.

The \$65 million approved in three-year competitively made grants was calculated in December 2024 using the most current revenue projections available at that time from the City of Portland economist.

PCL grants provide stable, multi-year funding for grantee partners. Grant amounts are based on projected revenues that are anticipated to be collected in the future.

### December 2025 financial update

In December 2025, the City of Portland economist provided PCL staff with updated revenue projections.

Several factors unique to PCL led to an approximate \$6.5 million increase in projected resources available for fiscal years 2027-29 – or about \$2.17 million per year over the three years.

- \$2.8 million in updated revenue projections for fiscal years 2026-28. Updated projections from the City of Portland economist in December 2025 showed that the forecast from 2024 was more conservative than actual growth on assessed values for local option levies and that property tax compression impacts were not as steep as projected in 2024.
- \$1.7 million in offset due to compression from the Portland Parks & Recreation levy. The current Parks Levy is scheduled to end June 2026. Voters in November 2025 approved the new Parks Levy at a higher rate starting July 1, 2026. This means that the Parks Levy will continue to further compress and reduce revenue that the Children's Levy would otherwise receive. However, the City Council resolution 37710 referring the Parks Levy

to voters included language requiring the Parks Levy to continue offsetting the impacts to the Children's Levy.

- \$2 million from a combination of the following factors: an increase in actual property tax revenue collected in fiscal year 2025 compared to projected revenue; additional interest last year and projected additional interest through fiscal year 2028; grant underspending in the previous fiscal year from grants that were terminated; and savings from City of Portland internal reorganization changes.

### January 2026 Allocation Committee funding decisions

During this challenging time for nonprofits, the Allocation Committee moved swiftly to maximize the benefits for Portland children and families. Just one month later at the Jan. 27, 2026 meeting, the Allocation Committee voted unanimously to use the money to:

- Increase the allocation to the current small grants funding round by \$1 million to \$2.5 million total over three years, FY27- FY29. This would result in up to 12 total small grants, instead of the originally projected 6 to 10 grants.
- Increase three-year funding to current large grants by 8% for use in fiscal years 2027 and 2028. This would total \$5.2 million across the two years. This would help grantee partners address rising costs and allow for cost-of-living adjustments. It would also mitigate the impact of funding reductions last year that resulted in PCL awarding lower grant amounts than requested by large grant applicants.
- Leave \$300,000 in fund balance for future grant renewals.

If approved, additional funding for grants would begin July 1, 2026.

### Portland Children's Levy funding restrictions

Revenue from the [voter-approved Children's Levy](#) is legally required to be spent on grants that support children and families and cannot be used for other purposes. By law, PCL is limited to 5% spending on administration, which limits staff capacity for grant management.

### Allocation Committee rationale

#### **Rationale for \$1 million additional allocation for small grants, for 3-year total of \$2.5 million:**

- *Competition for small grants is high.* The \$10.4 million requested came out to nearly \$7 requested for every \$1 available with the \$1.5 million originally allocated for small grants. Even with the \$2.5 million now available, that's still more than \$4 requested for every \$1 available.
- *Meet more community need while staying within PCL requirements:* PCL can absorb a few more grants to meet more need. This would result in up to 12 total small grants, instead of the originally projected 6 to 10 grants. In its last small grants round, PCL had 7 small grants with its current staffing. Small grants require more management than large grants, because the purpose is to help smaller organizations build capacity with programming and managing a city grant. PCL staff can absorb up to 12 small grants and remain within current staff capacity and administrative cap limits.

- *Honoring community voice:* Boosting the amount available for small grants honors the 3-year community-centered process that shaped the community engagement, grant application, funding process, review and funding recommendations.

**Rationale for \$5.2 million increase (8%) for current large grants:**

Grantees would budget the increased funds in years 2 and 3 of their current 3-year grants.

- *Efficiently move additional future resources into community:* Amending current grant agreements allows 64 community-based organizations to receive additional resources to serve children and families starting July 1, 2026.
- *Address COLAs, rising costs, and loss of funding for community-based partners:* Providing an 8% increase allows a cost-of-living adjustment to address rising costs. It helps stabilize services for children and families as PCL grantee partners manage federal, state and local funding cuts. In addition, when PCL made the grants in spring 2025, they were based on December 2024 revenue forecasts from the city economist, which projected a 21% decline in revenue. That resulted in reductions to continuing grants and lower grant awards than applicants requested. Increases now would help mitigate those impacts.
- *Honoring community-centered process:* Amending agreements to increase current large grants honors PCL's past 3-year community-centered process that resulted in those grants.

The Allocation Committee and PCL staff considered the feasibility of revisiting the unfunded applications from the 2024-25 large grants funding round, and the Allocation Committee decided against it. In that funding round, PCL awarded 94 of 168 applications – over half. This resulted in a 20% increase in the number of grants PCL managed previously – but with the same staff capacity.

Among the 74 unfunded applications from the large grants funding round, most scored below median. PCL discontinued some previous grants for poor performance.

Furthermore, there is no clear process by which the Allocation Committee or PCL staff would reconsider the 74 unfunded applications. Due to the 5% administrative cap, staff do not have capacity to design a process to revisit the applications, much less take on the management of any additional grants. Requiring staff to design a process for unfunded applications would significantly delay resources reaching children and families.