



November 2013

**Joint Special
Committee on Public
Education Appropriation**

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Report on Adequacy of
Public Education Funding
As Required by Article VIII,
Section 8, of the Oregon
Constitution

2013-2015 Education Budget

Introduction: Ballot Measure 1

Oregon voters enacted Ballot Measure 1 in November 2000.

The Legislative Assembly shall appropriate in each biennium a sum of money sufficient to ensure that the state's system of public education meets quality goals established by law, and publish a report that either demonstrates the appropriation is sufficient, or identifies the reasons for the insufficiency, its extent, and its impact on the ability of the state's system of public education to meet those goals.¹

The 2001 Oregon Legislative Assembly enacted ORS 171.857 specifying the content of the report. The statute reads, in part,

. . . The Legislative Assembly in the report shall [:] [d]emonstrate that the amount within the budget appropriated for the state's system of kindergarten through grade 12 public education is the amount of moneys as determined by the Quality Education Commission . . . that is sufficient to meet the quality goals; or [i]dentify the reasons that the amount appropriated for the state's system of kindergarten through grade 12 public education is not sufficient, the extent of the insufficiency and the impact of the insufficiency on the ability of the state's system of kindergarten through grade 12 public education to meet the quality goals. In identifying the impact of the insufficiency, the Legislative Assembly shall include in the report how the amount appropriated in the budget may affect both the current practices and student performance identified by the commission . . . and the best practices and student performance identified by the commission. . . .

With regard to post-secondary public education, ORS 171.857 states:

The Legislative Assembly shall identify in the report whether the state's system of post-secondary public education has quality goals established by law. If there are quality goals, the Legislative Assembly shall include in the report a determination that the amount appropriated in the budget is sufficient to meet those goals or an identification of the reasons the amount appropriated is not sufficient, the extent of the insufficiency and the impact of the insufficiency on the ability of the state's system of post-secondary public education to meet those quality goals.

In *Pendleton School Dist. v. State of Oregon*,² 18 school districts and 7 public school students sought a declaratory judgment requiring that the Legislative Assembly fund the Oregon public school system at a level sufficient to meet the quality educational goals established by law and a mandatory injunction directing the Legislative Assembly to appropriate the necessary funds. The Oregon Supreme Court ruled that “the legislature has failed to fund the Oregon public school system at the level sufficient to meet the quality education goals established by law and that

¹ Article VIII, Section 8(1), Oregon Constitution.

² 345 OR 596, 200 P3d 133.

plaintiffs were entitled to a declaratory judgment to that effect. However, we also conclude that, in adopting Article VIII, section 8, Oregon voters did not intend to achieve the level of funding required in that constitutional provision through judicial enforcement.”

K-12 Quality Education Goals

Oregon’s Education Quality Goals

“Quality goals” for kindergarten through grade 12 (K-12) public education are specified in ORS 327.506, that references goals in the Oregon Educational Act for the 21st Century statutes found in ORS chapter 329.³

Quality Education Commission

In 1997, Speaker of the House Lynn Lundquist created a council to outline an approach to determine the cost of a quality K-12 public education. This effort was endorsed by Governor John Kitzhaber and subsequently codified by the Legislative Assembly in 2001. The council became the Quality Education Commission (QEC).

Under ORS 327.506, the QEC is directed to:

1. Determine the amount of moneys sufficient to ensure that the state’s system of K-12 public education meets the quality goals.
2. Identify best practices that lead to high student performance and the costs of implementing those best practices in the state’s K-12 public schools.
3. Issue a report to the Governor and the Legislative Assembly, prior to August 1st of each even-numbered year, that identifies:
 - Current practices in the state’s system of K-12 public education
 - Costs of continuing current practices
 - Expected student performance under current practices
 - Best practices for meeting quality goals
 - Costs of implementing best practices
 - Expected student performance under best practices
 - At least two alternatives for meeting quality goals

The QEC developed the Quality Education Model (QEM) as a tool to depict Oregon’s K-12 education system with sufficient detail and accuracy to help policymakers understand how schools allocate their resources, how various policy proposals affect funding needs, and how the level of resources provided to schools is expected to affect student achievement. The QEM describes and estimates the costs of activities that may result in identified outcomes. Prototype

³ ORS 329.007 (Definitions), ORS 329.015 (Educational goals), ORS 329.025 (Characteristics of school system), ORS 329.045 (Revision of Common Curriculum Goals, performance indicators, diploma requirements, Essential Learning Skills and academic content standards; instruction in academic content areas), and ORS 329.065 (Adequate funding required). The full text of these statutes can be found in Appendix A.

schools at the elementary, middle, and high school levels are used as exemplars of best practices research in effective and high performing schools. The prototype schools are not intended to be prescriptive nor are schools required to expend funds as recommended by the QEM.⁴

The 2012 QEC Report indicated that full funding of the QEM for the 2013-2015 biennium would require \$8.75 billion.⁵ Subsequent changes to PERS formulas reduced this figure by approximately \$200 million to \$8.55 billion. (Please note that subsequent PERS changes are not included in this figure and that both sets of changes are currently the subject of litigation before the Oregon Supreme Court.)

As noted above, the QEC is directed to provide at least two alternatives for meeting quality goals. The 2012 report included the following two alternatives:

Alternative 1: Continue implementing the following recommendations contained in the 2010 report: Improve school teacher effectiveness through professional development; develop strong district frameworks for the articulation of academic content across grades; better align coursework to state assessments; and provide targeted interventions for Oregon students most at-risk of not meeting academic standards.

Additionally, based on the recommendations of the QEC Best Practices and Cost Panels contained in the 2012 report, the Commission encouraged school districts to pursue the following strategies:

- **Invest in effective teacher collaboration time.** Evaluation of practices of selected Oregon schools by the Commission's Best Practices Panel suggest that added teacher collaboration time is effective in raising student achievement if school staff are supportive and engaged in the activity and if it is implemented well. Staff-initiated collaboration appears to be the most effective, even if it is done informally.
- **Promote the use of high-quality formative assessments to improve instruction.** The Best Practices Panel also found that the data generated by formative assessments can be useful in improving instruction if teachers take the time to evaluate it with their colleagues and report what they find regularly to students and parents.
- **Evaluate the allocation of resources within districts to get the most impact from district resources.** Analysis by the Commission's Cost Panel suggests that more resources in the late elementary and middle grades (4 through 8) can generate improvements in student achievement that carry over through high school, particularly in mathematics.⁶

⁴ [Quality Education Model Final Report, October 2012, pg. 13.](#)

⁵ QEM Report, pg. 36.

⁶ QEM Report, pgs. 50-51.

Alternative 2: The other alternative identified by the QEC is to phase in the provisions and funding requirements over five biennia, which aligns with Governor Kitzhaber’s initiative to implement ten-year budgeting strategies by state agencies. The chart below illustrates this alternative:

SSF Required to Fully Phase-in QEM by 2021-23				
Billions of Dollars				
Biennium	Current Service Level (CSL)	Percent of Gap to Close	Required Funding Above CSL	Total State School Fund Required
2013-15	\$6.316	10%	\$0.579	\$6.895
2015-17		15%	\$0.869	\$7.764
2017-19		20%	\$1.159	\$8.923
2019-21		25%	\$1.448	\$10.371
2021-23		30%	\$1.738	\$12.110

7

Measures to Identify Progress toward Quality Goals

As in prior years, the QEC reviewed statewide data on student performance on the Oregon Assessment of Knowledge and Skills (OAKS) tests for reading, math and science to identify progress toward quality goals. OAKS tests for reading and math are administered in grades 3 – 9 and high school. Scientific inquiry is assessed in grades 5, 8 and high school.⁸ Writing tests were given in grades 4, 7 and high school, but the 4th and 7th grade tests were eliminated in 2008-09 due to budget cuts. (Transition from OAKS to the Smarter Balanced assessment system will occur in the coming biennium.) The report also presented information about the high school graduation rates, including cohort graduation rates for the years for which it was calculated. (See the charts on the next four pages from the QEM Report.)⁹

⁷ QEM Report, pg. 52.

⁸ Starting in 2010-11, the high school tests were administered to most students in the 11th grade. In prior years, it was administered in the 10th grade. In the graphs presented herein, the prior-year scores have been adjusted to be comparable to the 11th grade scores for 2010-11.

⁹ QEM Report, pg. 38.

Exhibit 1: Percent Meeting Math Standard

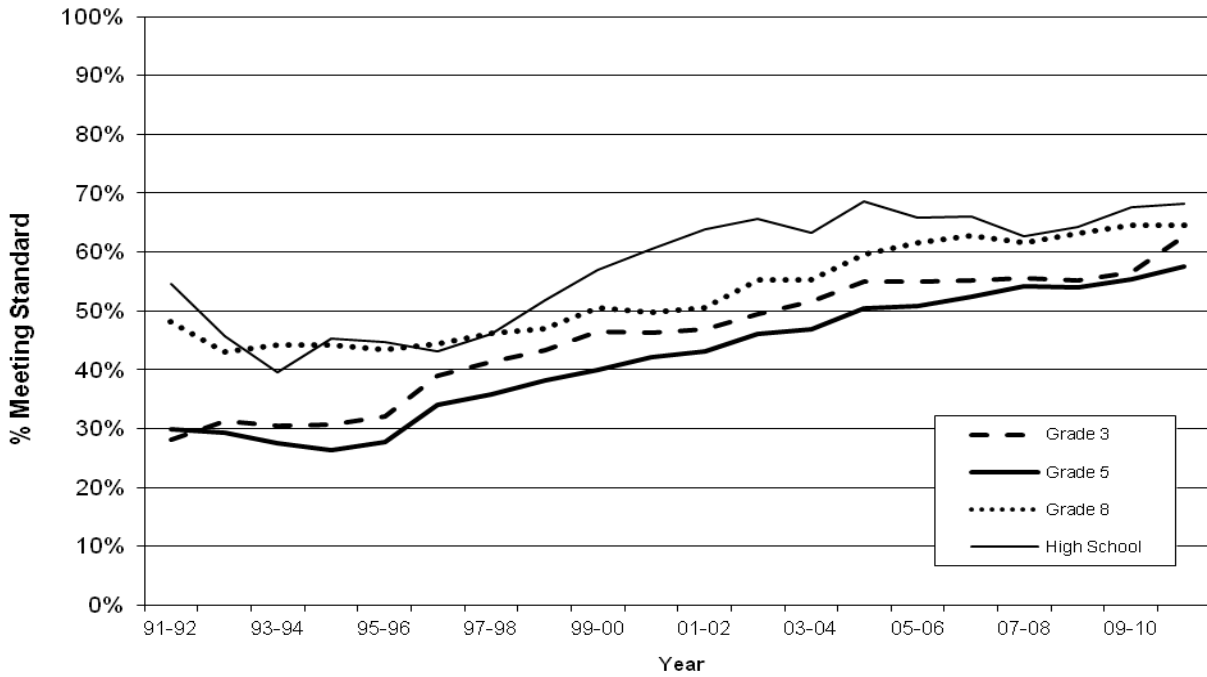


Exhibit 2: Percent Meeting Reading Standard

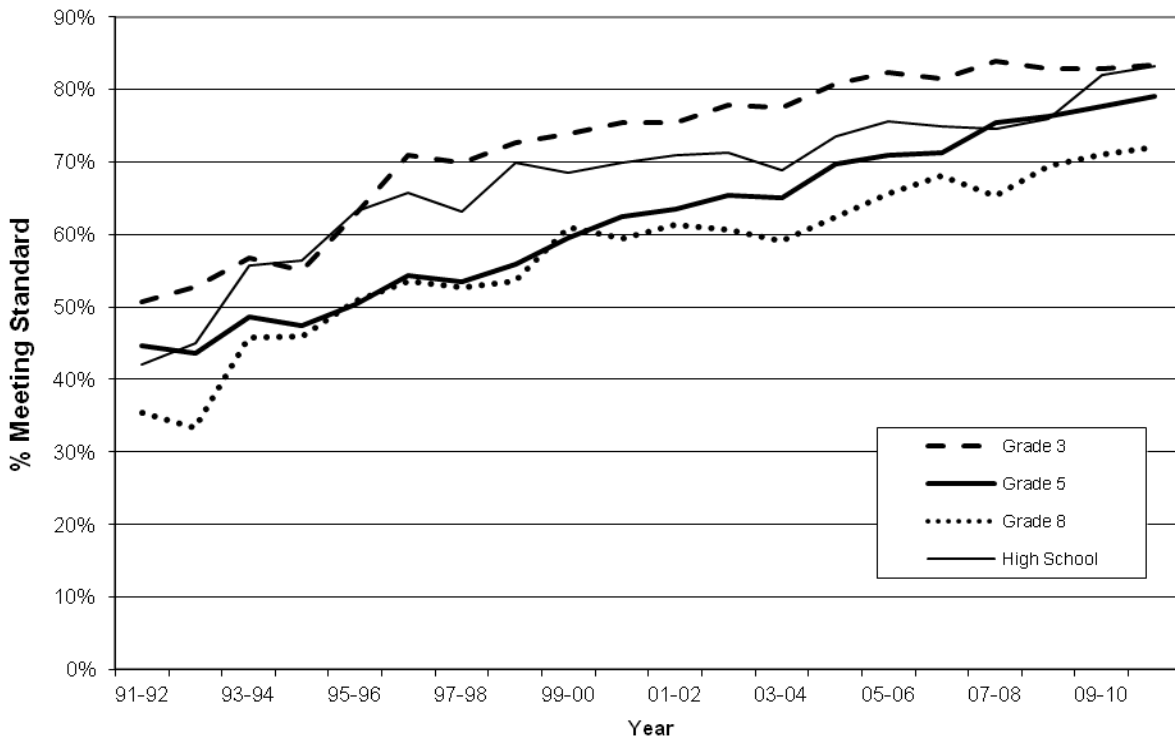


Exhibit 3: Percent Meeting Math Standard by Subgroup 2010-11

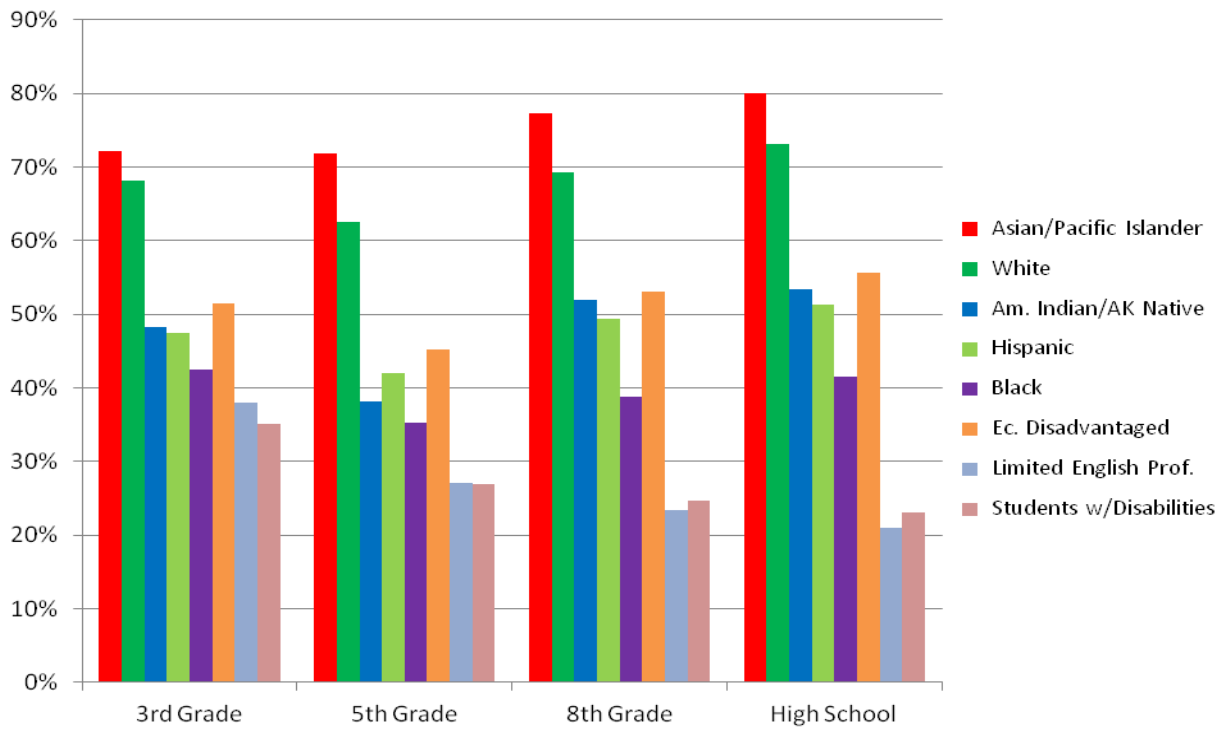


Exhibit 4: Percent Meeting Reading Standard by Subgroup 2010-11

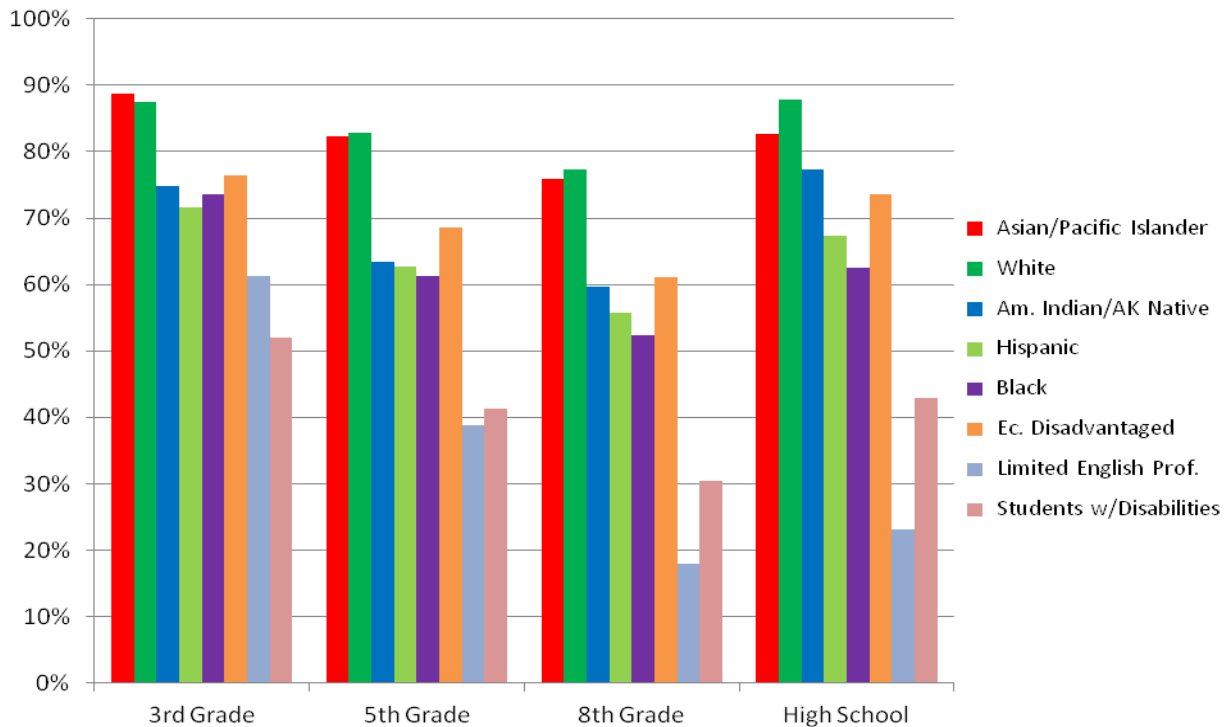


Exhibit 5: Percent Meeting Science Standard

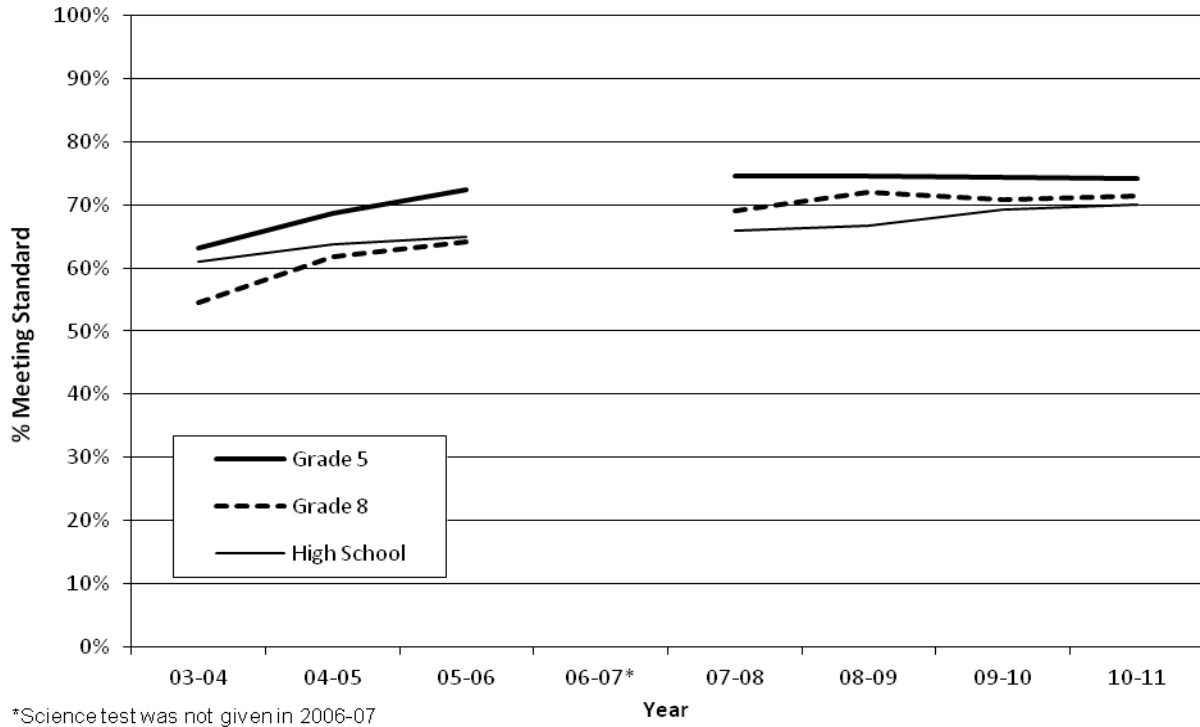


Exhibit 6: Percent Meeting Writing Standard

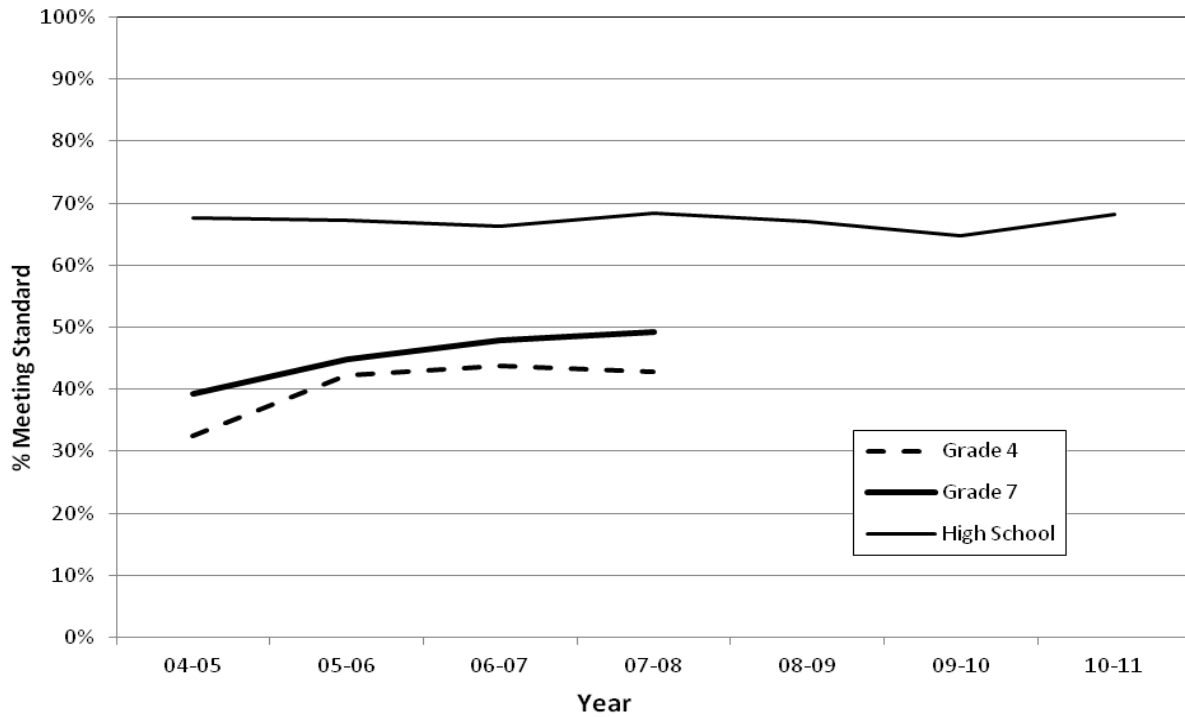
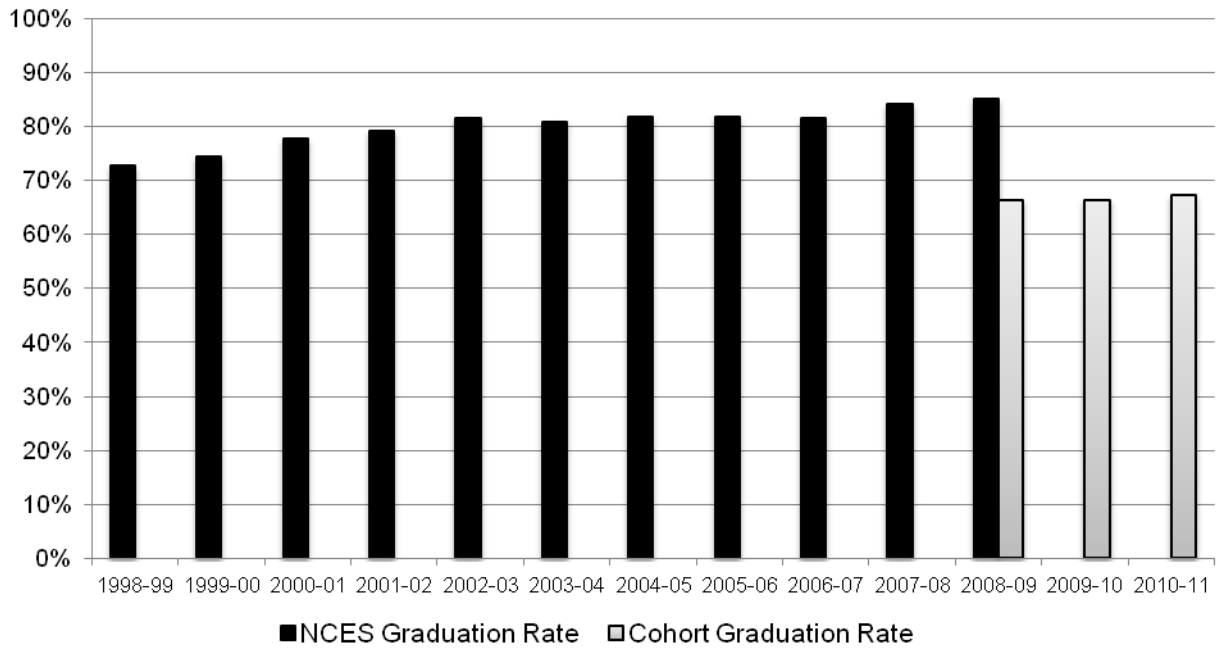


Exhibit 7: Oregon Graduation Rates

(Please note that in 2008-09, the Oregon Department of Education changed the calculation for graduation rates from the National Center for Education Statistics formula to a 4-year cohort method, which excludes students taking longer than four years to graduate, as well as those receiving a modified diploma, GED or alternative certificate.)



The data presented above led the QEC to the following conclusions:

- Oregon has made strides toward raising student achievement and closing the achievement gap. However, it is undeniable that certain conditions limit Oregon’s ability to fully achieve the state’s ambitious goal of assuring that all students graduate from high school. This goal will not be achieved unless all schools and districts utilize education best practices; accountability structures and incentives are in place to promote efficient resource use; and state, local, and federal funding—the resources needed to sustain improvement—are adequate and stable.
- The proportion of Oregon students who meet or exceed benchmark standards in math and reading continues to increase despite a consistent downward trend in inflation-adjusted resources available to school districts. Assessment results show that math performance in the 3rd and 8th grades decreased for the first time in many years in 2006-07, but rebounded the following year.¹⁰ The percentage of both 8th and 10th graders meeting the state standard rose in 2008-09. The percent of students meeting the state reading standard for 5th, 8th, and 10th grade increased in 2008-09. Except for a minor decrease in the most recent round of assessments, 3rd grade reading performance has been gradually improving since 2003-04. In general, the elementary grades have exhibited greater and more consistent growth in the proportion of students meeting state benchmarks. Improvement has been less consistent for middle and high school students.
- Predictions about the impact of fully funding the QEM suggest that the goal of getting all students to graduate from high school is within reach. However, without increased funding levels and continued improvement in educational practices, there is a great deal of uncertainty about whether or not this goal will be achieved by the 2025 target date.
- Predictions about future levels of student achievement are based on the assumption that additional funding will be supplied for schools, and that educational practices that are aligned with the Quality Indicators will be adopted by Oregon schools. Because neither increased funding nor best practices alone can be expected to significantly boost student achievement, effecting positive change during a time of economic uncertainty is a daunting task.
- Applying best practices and investing resources in all grades, K-12, will promote student achievement of Oregon’s high standards and new diploma requirements. However, as the analysis of resource allocation in this report suggests, adding resources proportionally to all grade levels may not be the best approach. Adding more resources in the grades where schools get the most bang-for-their-buck makes more sense. As the analysis indicates,

¹⁰ In 2006-07 most Oregon students were assessed using a paper and pencil test because the state’s computer-based testing system was shut down. Because of the different testing method, the scores for 2006-07 are not comparable to other years.

relatively more resources in the late elementary and middle school grades, at least for math, has the potential to improve high school test scores and, by extension, graduation rates.

- Disparities in student achievement continue to exist for certain segments of the student population; students of minority ethnic and cultural backgrounds, students with disabilities, those who have limited English proficiency, and economically disadvantaged students continue to exhibit lower performance on state assessments and lower graduation rates. As these segments of the student population continue to grow, it is increasingly important to invest in the targeted resources and strategies suggested by the Quality Education Model in an effort to close the achievement gap.¹¹

¹¹ QEM Report, pgs. 42-43.

2013-2015 K-12 Appropriation

Funding Sources

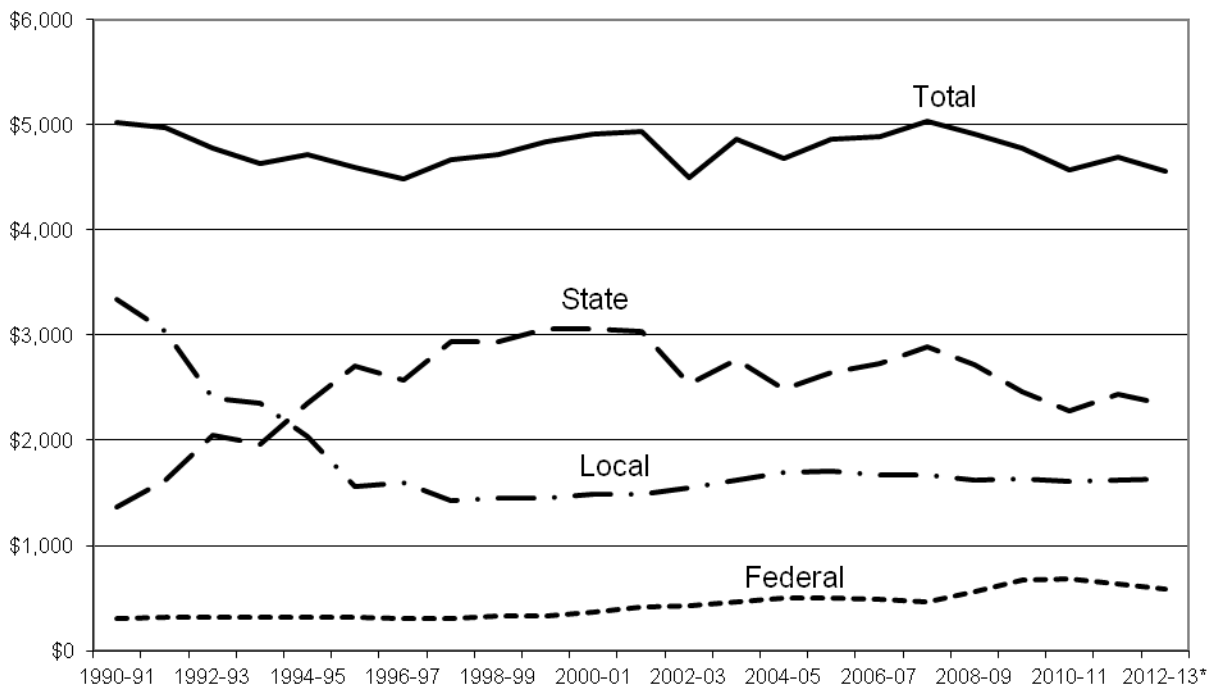
At the state level, Oregon's K-12 public education budget draws from four funds: the General Fund; Lottery Funds that are dedicated to economic development, education, and parks/salmon habitat; Other Funds that are dedicated by law for specific purposes; and Federal Funds also dedicated by law for specific purposes. School districts also draw upon local revenues from a variety of sources including property taxes, the Common School Fund, and, historically, state and federal timber taxes.

History of K-12 Appropriations

Oregon schools have historically received about 30 percent of their funding from state sources. The passage of Ballot Measure 5 in 1990 limited the amount of local property taxes that can be collected and used for schools. This shifted the bulk of school funding from local property tax to the state's General Fund. The state now provides approximately two-thirds of the K-12 public education budget.

Exhibit 8 shows how per-student funding, adjusted for inflation, has declined over time. The measure of inflation used, labeled the Education Price Index, is a weighted average of teacher salary increases and health insurance premiums increases. This index better reflects actual price increases in the education sector than does the Consumer Price Index.¹²

Exhibit 8: Inflation Adjusted Revenue per Student



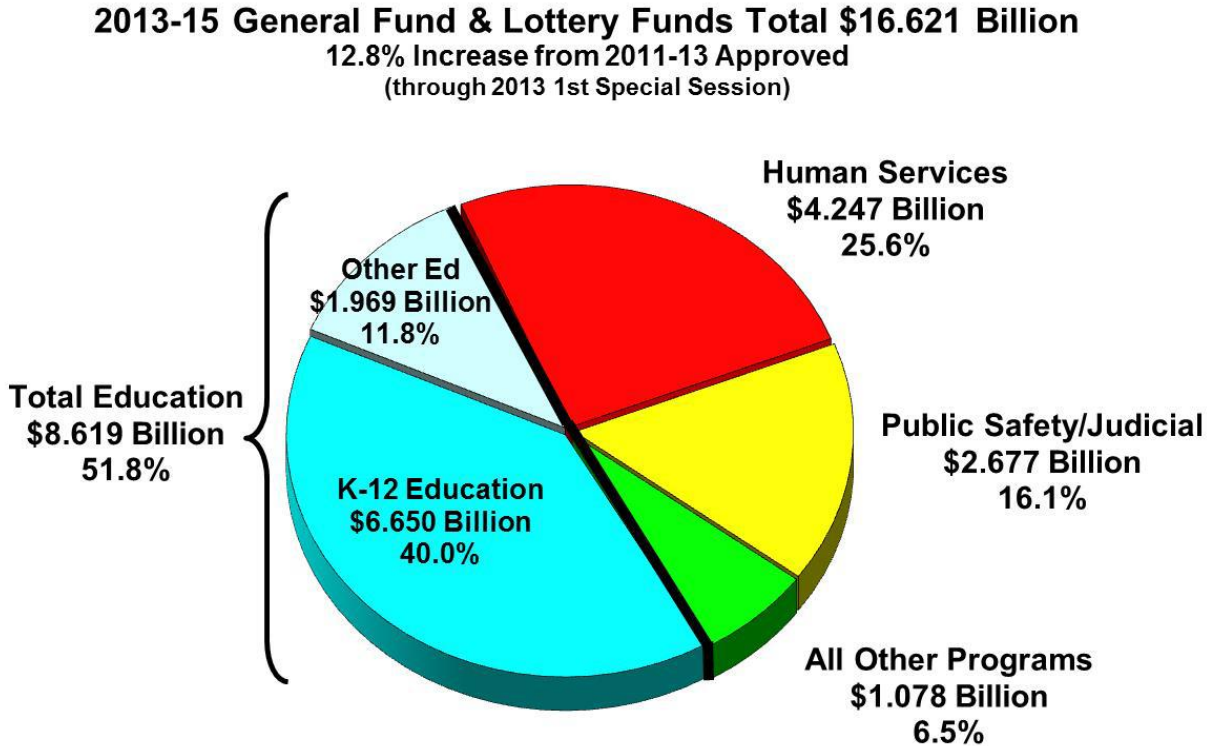
¹² QEM Report, pg. 36.

2013-2015 K-12 Appropriation

The 2013-2015 legislatively adopted budget provided \$6.55 billion in state support for K-12 school funding, including \$6.22 billion in General Fund support and \$327.4 million from lottery funds.¹³ Additionally, House Bill 5101 enacted during the 2013 special session appropriated an additional \$100 million to the State School Fund, bringing the total appropriation to \$6.65 billion.

The passage of SB 250 (2011) allowed specified school districts to withdraw from ESDs and reduced the ESD allocation from 4.75 percent to 4.5 percent. In 2013, HB 3401 expanded options for withdrawal to additional school districts and HB 2506 abolished the Office of Regional Educational Services as well as the 0.25% of the SSF allocation it had been receiving.¹⁴

Exhibit 9: Distribution of General Fund and Lottery Funds



¹³ Analysis of the 2013-15 Legislatively Adopted Budget, pg. 19.

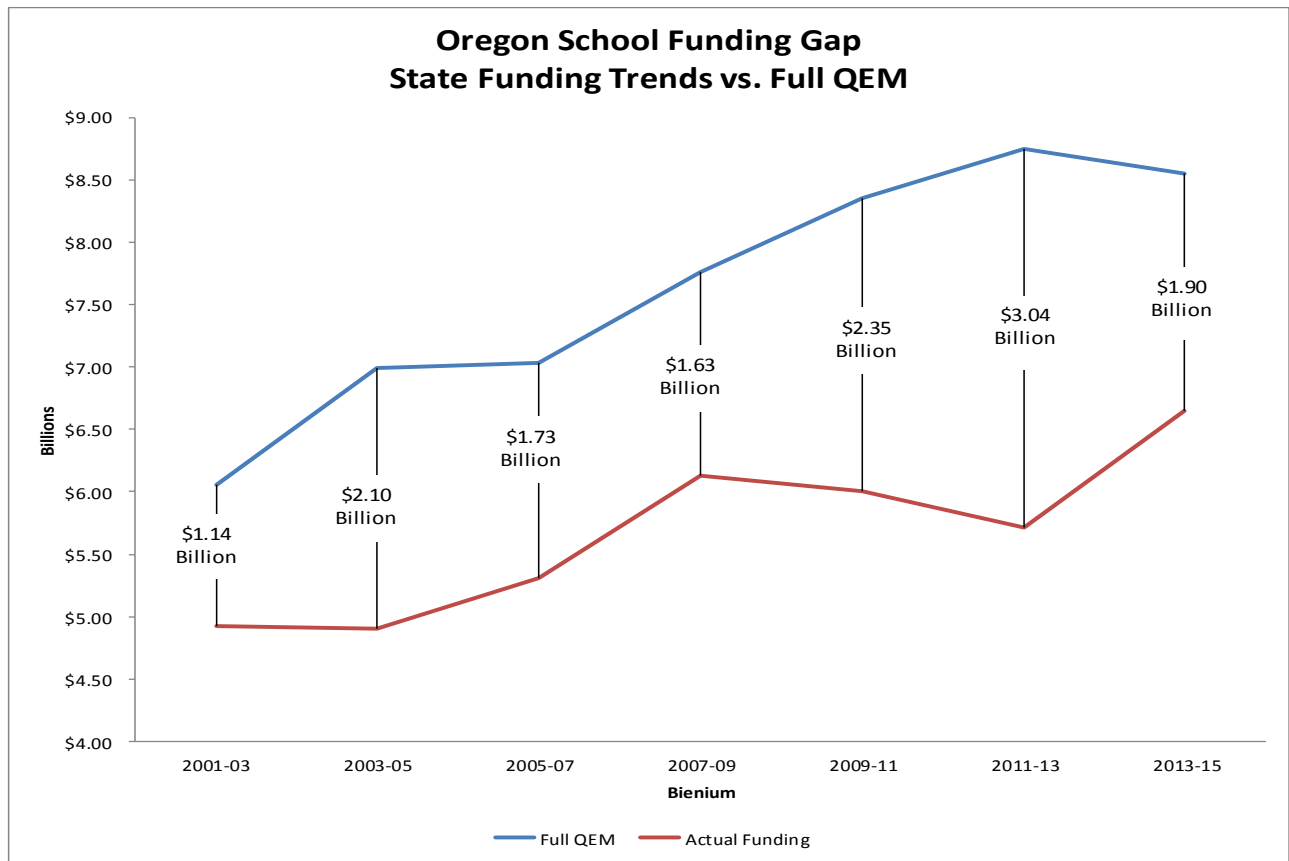
¹⁴ *Ibid*, pg. 19.

Sufficiency Determination

It is the determination of the Joint Special Committee on Public Education Appropriation that the amount of moneys appropriated for the 2013-2015 biennium for K-12 public education is insufficient to meet the recommended funding levels of the QEC. The QEM estimated that state funding of \$8.75 billion for K-12 would be required to reach the State’s educational goals.¹⁵ Changes to PERS contribution requirements made during the 2013 Legislative Session had the effect of reducing that estimate by appropriating \$200 million to \$8.55 billion. The Legislative appropriation for the 2013-2015 biennium amounted to \$6.55 billion (not including an additional \$75 million in strategic grant funding). During the September Special Session, an additional \$100 million was allocated to K-12 funding based on additional PERS adjustments, bringing the total allocation to \$6.65 billion. Assuming that both PERS adjustments withstand litigation, the gap between the QEM recommended funding and the adopted budget for the 2013-2015 biennium will be \$1.9 billion.

As the chart in Exhibit 10 indicates, the legislatively adopted budget for K-12 education has never equaled the amount recommended by the QEC. However, it should be noted that the current gap of \$1.9 billion constitutes the narrowest gap since 2007.

Exhibit 10: Projected Oregon School Funding Gap



¹⁵ QEM Report, pg. 36.

Factors Leading to Insufficiency

All previous reports required by Ballot Measure One have pointed to inadequate revenue growth and rapid cost increases in the delivery of educational services as causes for insufficient funding of education. Once again, these factors are considered primary drivers of education funding insufficiency.

Revenue Growth Historically

Understanding the state of school funding in Oregon today requires a review of the property tax limitation measures passed in the 1990s. Ballot Measure 5, passed in 1990, cut school property taxes dramatically by capping the school property tax rate at \$5 per \$1,000 of market value. Rapidly growing real estate market values in the early and mid-1990s caused property tax bills to continue to grow, and in response Oregon voters passed Measure 50 in 1997, further cutting property taxes. As a result, the amount of local funding for schools has been decreasing in inflation-adjusted dollars. Prior to the passage of Measures 5 and 50, school district and education service district combined property tax rates in Oregon averaged \$16.53 per \$1,000 of market value. For the 2011-2012 tax year, they averaged \$4.09 per \$1,000 of market value, a tax rate cut of 75 percent since 1990-91. As a result of the dramatic decline in local property tax funding available for schools, more responsibility shifted to the state, with state general fund dollars becoming the primary source of funding for Oregon schools.¹⁶

In addition to the impact of tax limiting Ballot Measures, Oregon's ability to increase funding in 2001-2003 and 2003-2005 was affected by the state's economic recession and voter defeat of two tax measures: Ballot Measure 28 (January 2003) referred to voters by the Legislative Assembly and Ballot Measure 30 (February 2004) proposed by referendum petition.

Ballot Measure 28 carried the option of increasing personal and corporate income tax rates for three years. It was referred to voters by the Fifth 2002 Special Session of the Oregon Legislative Assembly. Had it passed, it would have resulted in \$95 million, or an additional 4.2 percent, for K-12 public schools in 2002-2003.

The defeat of Measure 30 had the effect of implementing House Bill 5077 (2003) which reduced the State School Fund by \$284.6 million compared to the 2003 legislatively approved budget. In addition, the State School Fund was reduced another \$14.3 million because property tax revenue that would have been available under Measure 30 did not materialize. The overall reduction in the State School Fund was \$298.9 million.

Revenue Growth Currently

As noted in previous reports, the state revenue system, dominated by the personal income tax, remains highly volatile over the short-term. During economic downturns, the State has difficulty maintaining adequate levels of funding for all public services, including education. Creation of the Education Stability Fund (2002) and the Rainy Day Fund (2007) have attempted to mitigate negative impacts, but challenges to funding remain during economic downturns. As roughly two-

¹⁶ QEM Report, pg. 35.

thirds of K-12 operating revenue is derived from state funds, school finances remains especially vulnerable to the volatility of the personal income tax.¹⁷

The two-percent kicker provisions in the Oregon Constitution requiring that an income tax refund be mailed to taxpayers following any biennium in which revenue has exceeded the state's two-year budget forecast by two percent or more adds to revenue volatility. These refunds reduce personal income tax revenue for the year in which they are issued.¹⁸ The surplus kicker revenue limit slows revenue growth during periods of economic prosperity, such as the 1990s, and reduces revenue further during recessionary periods such as the 2001 and 2009, thereby exacerbating the impact of recessions on the state General Fund.¹⁹

According to the August 2013 Summary of the Oregon Economic and Revenue Forecast:

In terms of major General Fund components, a modest improvement in the outlook for personal income taxes is offset by an expected decline in corporate tax collections. All other General Fund revenues are raised slightly due to a stronger outlook in estate taxes. Furthermore, the lottery outlook is raised slightly as stronger traditional sales, particularly in jackpot games, offset a minor reduction in the video lottery sales outlook. The combination of these items is a decline of \$37 million in total available resources for the 2013-2015 biennium. The outlook for 2015-2017 is raised \$5 million and, on net, the 2017-2019 revenue outlook is unchanged.²⁰

Cost Increases

Although the number of Oregon students requiring specialized education services (English language learners, talented and gifted, and those identified under Individuals with Disabilities Education Act - IDEA), continues to climb, available state and federal revenues do not provide adequate resources to meet the recommended service levels identified in the QEM for any of these groups. Under IDEA, Congress set a goal to fund up to 40 percent of the average per pupil expenditure involved in educating students with disabilities, but this level of funding has yet to be realized. In 2011-2012, federal funds covered approximately 20 percent of costs. The state also provides additional revenue to offset some of the costs for districts that exceed the 11 percent cap and for students with disabilities whose costs exceed \$30,000 per year. This is done through two state school fund instruments, the 11% Cap Waiver Fund and the High Cost Disability Fund. However, school districts report that these funds can still fall short of actual costs. As a result, inadequate resources are available to meet the mandates of IDEA and performance of students with disabilities lags. The graduation rate for students on Individualized Education Plans (IEPs) receiving regular diplomas was 38 percent in 2012. Likewise, state law mandates that students who are talented and gifted be identified for specialized services, but funding that has been made available to serve this population of students has been inadequate.

¹⁷ [Task Force on Comprehensive Revenue Restructuring, Final Report, January 2009, pg. 3.](#)

¹⁸ *Ibid.*, pg. 10.

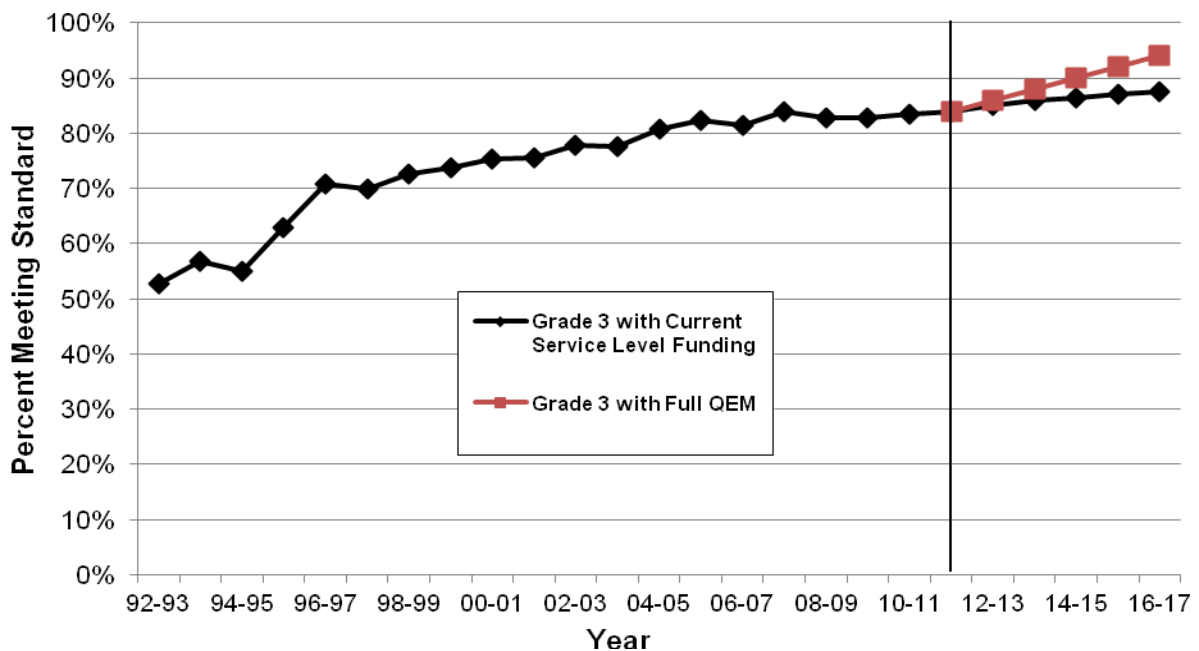
¹⁹ *Ibid.*, pg. 13.

²⁰ [Oregon Economic and Revenue Forecast Summary, August 2013, pg. 5.](#)

Impact of Insufficiency on School Districts

The Quality Education Model was designed to allow policymakers to examine the links between education policy, finances, and expected student performance. The following graphs provided by the Quality Education Commission contain estimates of student achievement outcomes, measured as the percentage of students meeting the state's benchmark standards in reading and mathematics, for both the baseline level of funding and the fully funded Quality Education Model. Exhibits 11-18 demonstrate notable differences between student performance expectations under the Baseline and Fully Funded scenarios. Continued improvement in student achievement at the current service level assumes that improved productivity demonstrated over the last two decades will continue, though at a reduced rate.²¹

Exhibit 11: 3rd Grade Reading Achievement Forecast



²¹ QEM Report, pg. 45.

Exhibit 12: 5th Grade Reading Achievement Forecast

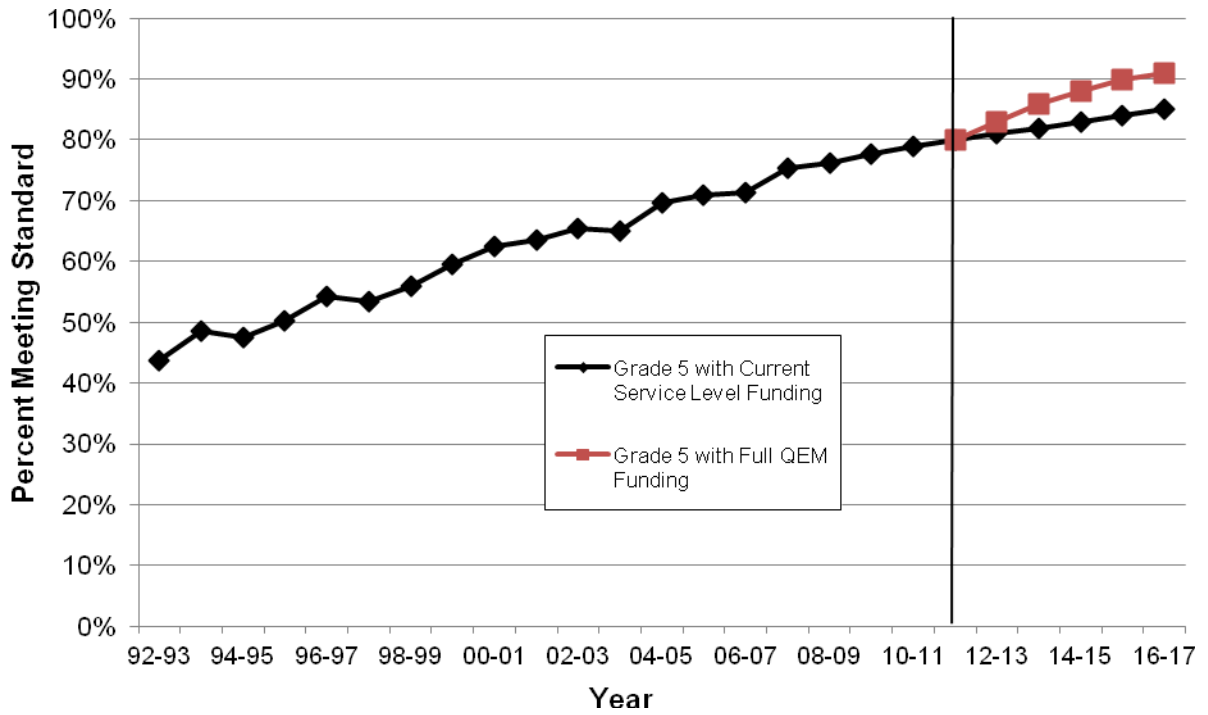


Exhibit 13: 8th Grade Reading Achievement Forecast

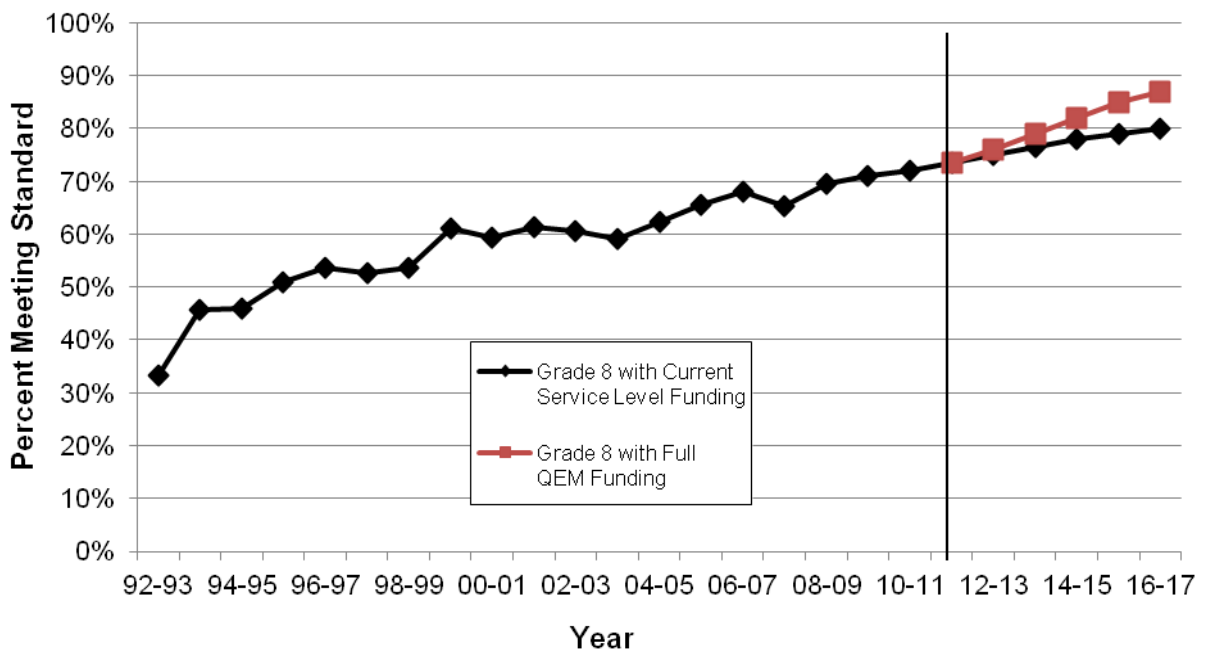
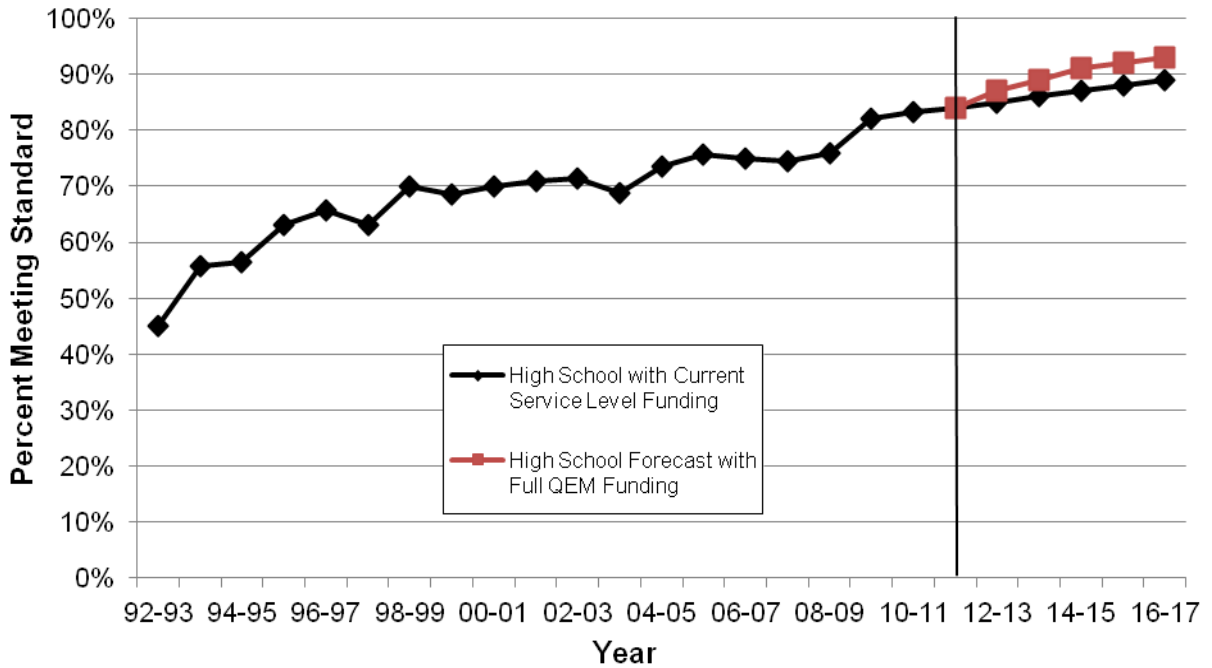


Exhibit 14: High School Reading Achievement Forecast



Starting in 2010-11, the high school test was given in the 11th grade rather than the 10th

Exhibit 15: 3rd Grade Math Achievement Forecast

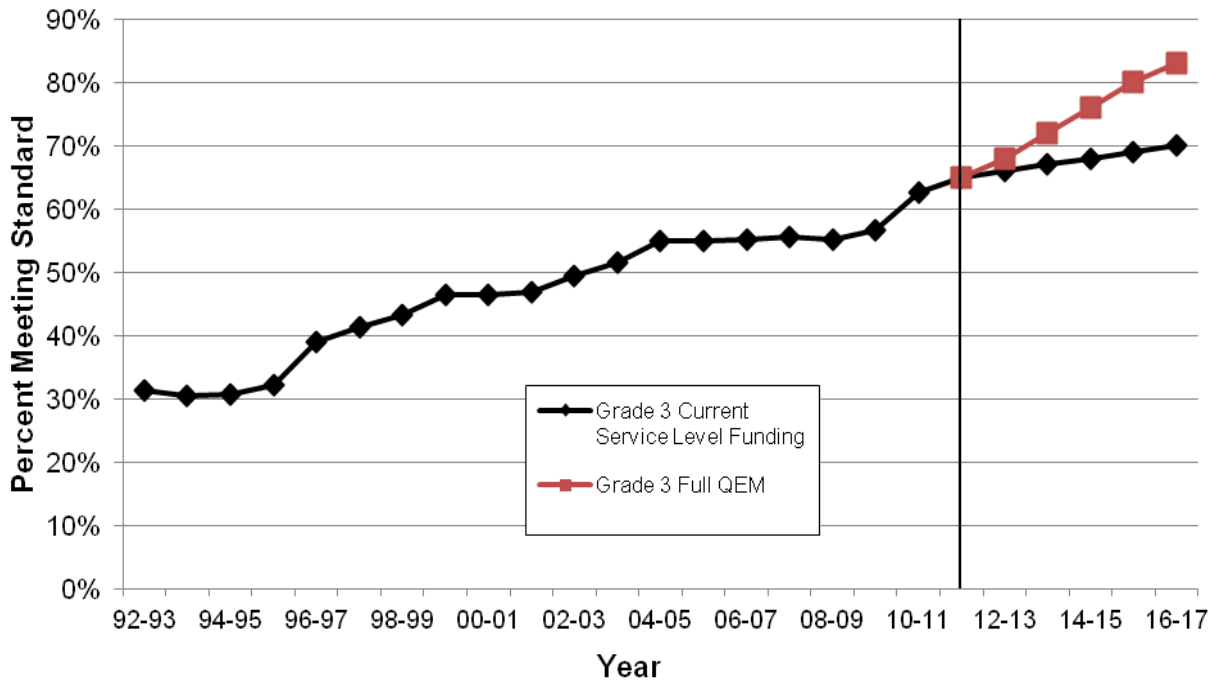


Exhibit 16: 5th Grade Math Achievement Forecast

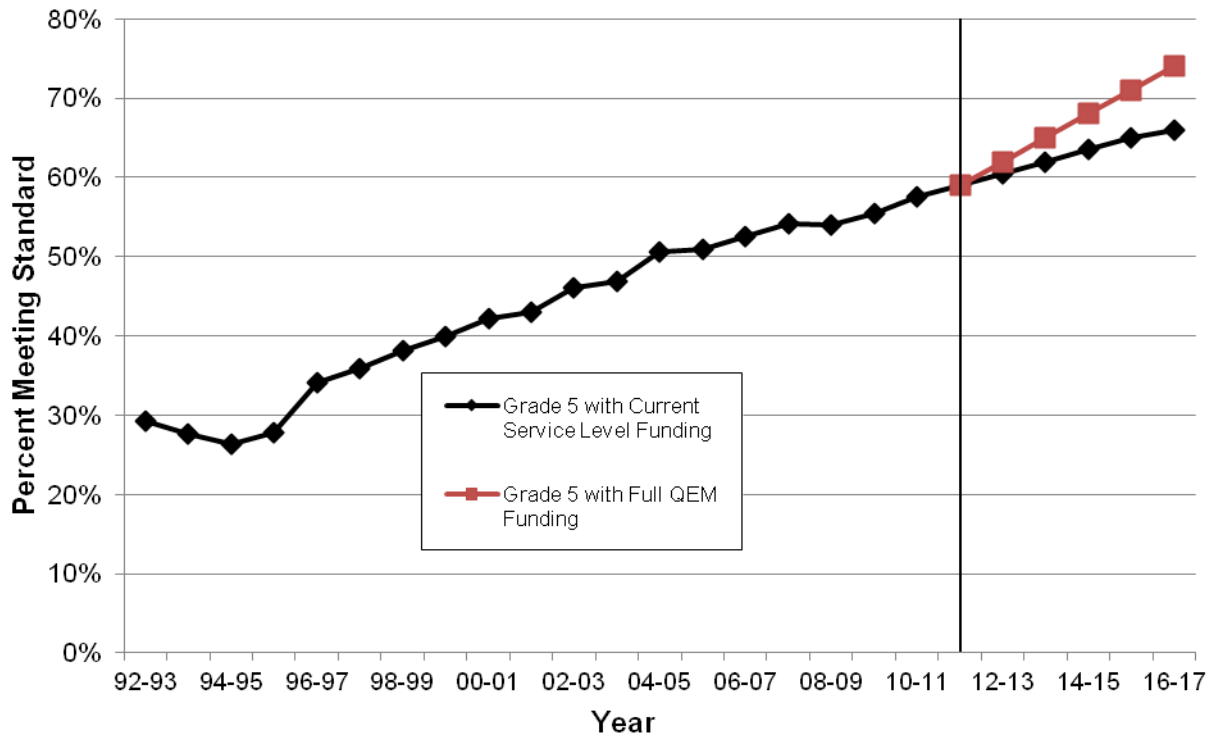


Exhibit 17: 8th Grade Math Achievement Forecast

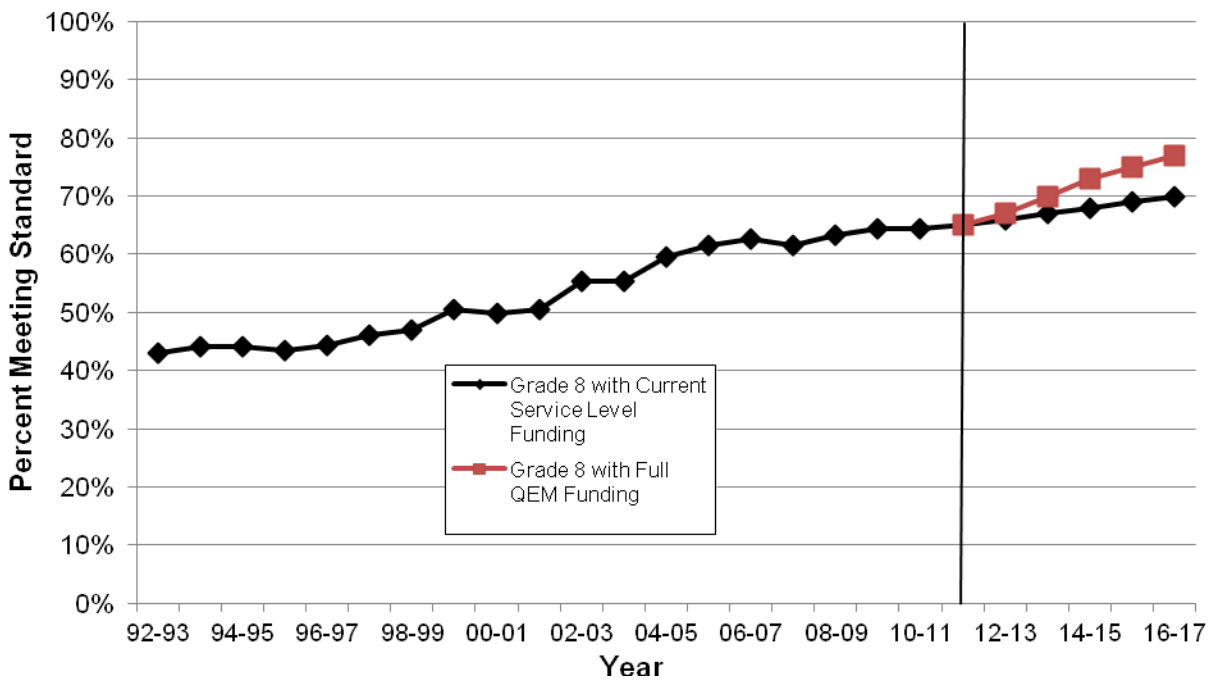
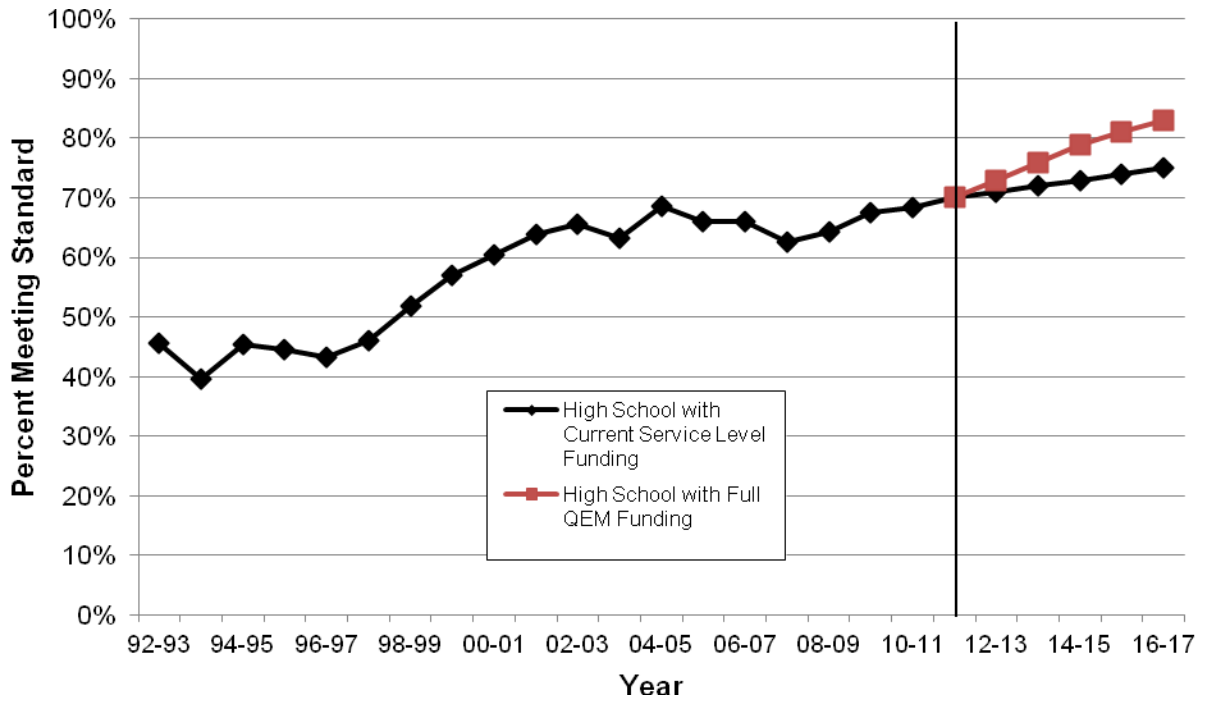


Exhibit 18: High School Math Achievement Forecast



The charts in Appendix B provide a description of impacts on performance by comparing factors and outcomes at baseline funding, which is the current level of funding, and full funding to implement best practices at each of the prototype schools.

Post-Secondary Quality Education Goals

ORS 171.857 requires the Legislative Assembly to identify in this report “whether the state’s system of post-secondary public education has quality goals established by law.” Senate Bill 253 (2011) revised the mission and purpose of post-secondary education in Oregon by establishing numerical goals to be achieved by 2025. These goals specify that at least 40 percent of adult Oregonians will earn a baccalaureate degree or higher; at least 40 percent will earn an associate degree or post-secondary credential; and the remaining 20 percent will earn a high school diploma, extended or modified diploma, or the equivalent as their highest level of educational attainment. Sponsors of the legislation and Legislative Counsel agree that, due to its aspirational nature, this “40-40-20” plan does not establish the quality goals that would require a determination of sufficiency under Ballot Measure 1.

The Post-Secondary Quality Education Commission (established by a 2007 Executive Order) has developed a model designed to gauge the impact of improved performance in post-secondary education on Oregon’s certificate and degree attainment rates. The model is designed primarily to assess the impact of improved performance on a variety of educational measures – ranging from high school graduation to college completion.²² With its release of the model, the commission recommended the following relatively low-cost strategies to improve retention and graduation rates at two- and four-year institutions: Improving remedial/developmental education; expansion of dual credit and advanced placement opportunities; identification and recruitment of adults who have attended college, but not graduated.

²² Postsecondary Quality Education Commission, [Scenarios for Achieving the 40% 40% 20% Goal in Oregon](#)

APPENDIX A

Oregon Educational Act for the 21st Century Selected Statutes

329.007 Definitions. As used in this chapter, unless the context requires otherwise:

- (1) “Academic content standards” means expectations of student knowledge and skills adopted by the State Board of Education under ORS 329.045.
- (2) “Administrator” includes all persons whose duties require an administrative license.
- (3) “Board” or “state board” means the State Board of Education.
- (4) “Community learning center” means a school-based or school-linked program providing informal meeting places and coordination for community activities, adult education, child care, information and referral and other services as described in ORS 329.157. “Community learning center” includes, but is not limited to, a community school program as defined in ORS 336.505, family resource centers as described in ORS 417.725, full service schools, lighted schools and 21st century community learning centers.
- (5) “Department” means the Department of Education.
- (6) “English” includes, but is not limited to, reading and writing.
- (7) “History, geography, economics and civics” includes, but is not limited to, Oregon Studies.
- (8) “Oregon Studies” means history, geography, economics and civics specific to the State of Oregon. Oregon Studies instruction in Oregon government shall include municipal, county, tribal and state government, as well as the electoral and legislative processes.
- (9) “Parents” means parents or guardians of students who are covered by this chapter.
- (10) “Public charter school” has the meaning given that term in ORS 338.005.
- (11) “School district” means a school district as defined in ORS 332.002, a state-operated school or any legally constituted combination of such entities.
- (12) “Second languages” means any foreign language or American Sign Language.
- (13) “Teacher” means any licensed employee of a school district who has direct responsibility for instruction, coordination of educational programs or supervision of students and who is compensated for such services from public funds. “Teacher” does not include a school nurse, as defined in ORS 342.455, or a person whose duties require an administrative license.
- (14) “The arts” includes, but is not limited to, literary arts, performing arts and visual arts.
- (15) “21st Century Schools Council” means a council established pursuant to ORS 329.704. [1995 c.660 §2; 1999 c.1023 §4; 1999 c.1029 §1; 2001 c.759 §1; 2003 c.303 §2; 2007 c.858 §1]

329.015 Educational goals.

- (1) The Legislative Assembly believes that education is a major civilizing influence on the development of a humane, responsible and informed citizenry, able to adjust to and grow in a rapidly changing world. Students must be encouraged to learn of their heritage and their place in the global society. The Legislative Assembly concludes that these goals are not inconsistent with the goals to be implemented under this chapter.
- (2) The Legislative Assembly believes that the goals of kindergarten through grade 12 education are:
 - (a) To equip students with the academic and career skills and information necessary to pursue the future of their choice through a program of rigorous academic preparation and career readiness;
 - (b) To provide an environment that motivates students to pursue serious scholarship and to have experience in applying knowledge and skills and demonstrating achievement;
 - (c) To provide students with the skills necessary to pursue learning throughout their lives in an ever-changing world; and

(d) To prepare students for successful transitions to the next phase of their educational development.

[Formerly 326.710; 1995 c.660 §3; 2007 c.858 §2]

329.025 Characteristics of school system. It is the intent of the Legislative Assembly to maintain a system of public elementary and secondary schools that allows students, parents, teachers, administrators, school district boards and the State Board of Education to be accountable for the development and improvement of the public school system. The public school system shall have the following characteristics:

- (1) Provides equal and open access and educational opportunities for all students in the state regardless of their linguistic background, culture, race, gender, capability or geographic location;
- (2) Assumes that all students can learn and establishes high, specific skill and knowledge expectations and recognizes individual differences at all instructional levels;
- (3) Provides each student an education experience that supports academic growth beyond proficiency in established academic content standards and encourages students to attain aspirational goals that are individually challenging;
- (4) Provides special education, compensatory education, linguistically and culturally appropriate education and other specialized programs to all students who need those services;
- (5) Supports the physical and cognitive growth and development of students;
- (6) Provides students with a solid foundation in the skills of reading, writing, problem solving and communication;
- (7) Provides opportunities for students to learn, think, reason, retrieve information, use technology and work effectively alone and in groups;
- (8) Provides for rigorous academic content standards and instruction in mathematics, science, English, history, geography, economics, civics, physical education, health, the arts and second languages;
- (9) Provides students an educational background to the end that they will function successfully in a constitutional republic, a participatory democracy and a multicultural nation and world;
- (10) Provides students with the knowledge and skills that will provide the opportunities to succeed in the world of work, as members of families and as citizens;
- (11) Provides students with the knowledge and skills that lead to an active, healthy lifestyle;
- (12) Provides students with the knowledge and skills to take responsibility for their decisions and choices;
- (13) Provides opportunities for students to learn through a variety of teaching strategies;
- (14) Emphasizes involvement of parents and the community in the total education of students;
- (15) Transports children safely to and from school;
- (16) Ensures that the funds allocated to schools reflect the uncontrollable differences in costs facing each district;
- (17) Ensures that local schools have adequate control of how funds are spent to best meet the needs of students in their communities; and
- (18) Provides for a safe, educational environment.

[Formerly 326.715; 1995 c.660 §4; 1999 c.1029 §2; 2003 c.303 §3; 2007 c.858 §3; 2009 c.101 §2; 2009 c.843 §1]

329.045 Revision of Common Curriculum Goals, performance indicators, diploma requirements, Essential Learning Skills and academic content standards; instruction in academic content areas.

(1) In order to achieve the goals contained in ORS 329.025, the State Board of Education shall regularly and periodically review and revise its Common Curriculum Goals, performance indicators and diploma requirements. This includes Essential Learning Skills and rigorous academic content standards in mathematics, science, English, history, geography, economics, civics, physical education, health, the arts and second languages. School districts and public charter schools shall maintain control over course content, format, materials and teaching methods. The regular review shall involve teachers and other educators, parents of students and other citizens and shall provide ample opportunity for public comment.

(2) The State Board of Education shall continually review and revise all adopted academic content standards necessary for students to successfully transition to the next phase of their education.

(3) School districts and public charter schools shall offer students instruction in mathematics, science, English, history, geography, economics, civics, physical education, health, the arts and second languages that meets the academic content standards adopted by the State Board of Education and meets the requirements adopted by the State Board of Education and the board of the school district or public charter school.

[Formerly 326.725; 1995 c.660 §6; 1999 c.200 §29; 1999 c.1029 §3; 2003 c.303 §5; 2007 c.858 §4]

329.065 Adequate funding required. Nothing in this chapter is intended to be mandated without adequate funding support. Therefore, those features of this chapter which require significant additional funds shall not be implemented statewide until funding is available.
[Formerly 326.740]

APPENDIX B
2012 QUALITY EDUCATION MODEL FUNDING COMPARISONS

PROTOTYPE ELEMENTARY SCHOOL – 340 STUDENTS	Current Service Level Prototype	Fully-Funded Prototype	Difference
Kindergarten	Half-day	Full-day	Doubles learning time
Average class size	23 for grades K-3 25 for grades 4-5	20 for grades K-3 24 for grades 4-5	Cuts class size by 3 for grades K-3 and by 1 for grades 4-5
K-5 classroom teachers	13.7 FTE	16.0 FTE	Adds 2.3 FTE
Specialists for areas such as art, music, PE, reading, math, TAG, library/media, second language, or child development	3.5 FTE	5.0 FTE	Adds 1.5 FTE
Special education licensed staff	2.5 FTE	3.0 FTE	Adds 0.5 FTE
English as a second language licensed staff	0.5 FTE	1.0 FTE	Adds 0.5 FTE
Licensed substitute teachers	\$120 per student	\$120 per student	
On-site instructional improvement staff	None	0.5 FTE	Adds 0.5 FTE
Instructional support staff	5.0 FTE	6.0 FTE	Adds 1.0 FTE
Additional instruction time for students not meeting standards: 20% of students	Limited	Summer school, after-school programs, Saturday school, tutoring, etc.	Additional programs for 20% of students
Professional development time for teachers	3 days	Equivalent of 7 days	Equivalent of 4 additional days
Dedicated Teacher Collaboration Time	Limited	2 hours per week	Additional 2 hours per week
Leadership development training for administrators	Limited	Equivalent of 4 days	4 additional days
Students per computer	6	6	
Textbooks	\$64 per student	\$107 per student	\$43 per student
Classroom materials & equipment	\$76 per student	\$89 per student	\$13 per student
Other supplies	\$54 per student	\$80 per student	\$26 per student
Operations and maintenance	\$742 per student	\$813 per student	\$71 per student
Student transportation	\$437 per student	\$437 per student	
State-level special education fund	\$32 per student	\$85 per student	\$53 per student
Centralized special education services	\$100 per student	\$100 per student	
Technology services	\$181 per student	\$205 per student	\$24 per student
Other centralized support	\$338 per student	\$360 per student	\$22 per student
District administrative support	\$305 per student	\$305 per student	
Education Service District Services	\$632 per student	\$744 per student	\$112 per student
Total Expenditure per Student in 2010-11	\$9,674	\$11,886	\$2,212
Percent of students meeting standards in 2010-11			
Reading	3rd grade=83% 5th grade = 79%	n/a	
Math*	3rd grade=63% 5th grade = 58%	n/a	
Percent of students expected to meet standards by 2016-17			
Reading	3rd grade=88% 5th grade = 85%	3rd grade=94% 5th grade = 91%	
Math*	3rd grade=70% 5th grade = 66%	3rd grade=83% 5th grade = 74%	

*The score required to meet the standard was raised in 2010-11, so percentages are not comparable to those in prior QEM reports

PROTOTYPE MIDDLE SCHOOL – 500 STUDENTS	Current Service Level Prototype	Fully-Funded Prototype	Difference
Class size in core subjects of math, English, science, social studies, second language	23	22, with maximum class size of 29 in core academic subjects	Cuts average class size by 1 in core subjects
Staffing in core subjects	20.0 FTE	21.0 FTE	Adds 1.0 FTE
Extra teachers in math, English, and science	0.5 FTE	1.5 FTE	Adds 1.0 FTE
English as a second language licensed staff	0.5 FTE	0.75 FTE	Adds 0.25 FTE
Special education and alternative education licensed staff	4.0 FTE	4.5 FTE	Adds 0.5 FTE
Media/Librarian	1.0 FTE	1.0 FTE	
Counselors	One for every 333 students	One for every 250 students	Adds 0.5 FTE
Licensed substitute teachers	\$120 per student	\$120 per student	
On-site instructional improvement staff	None	1.0 FTE	Adds 1.0 FTE
Instructional support staff	11.0 FTE	11.0 FTE	
Additional instruction time for students not meeting standards: 20% of students	Limited	Summer school, after-school programs, Saturday school, tutoring, etc.	Additional programs for 20% of students
Professional development time for teachers	3 days	Equivalent of 7 days	Equivalent of 4 additional days
Dedicated Teacher Collaboration Time	Limited	2 hours per week	Additional 2 hours per week
Leadership training for administrators	Limited	Equivalent of 4 days of training	4 additional days
Students per computer	6	6	
Textbooks	\$51 per student	\$107 per student	\$56 per student
Classroom materials & equipment	\$72 per student	\$94 per student	\$22 per student
Other supplies	\$62 per student	\$91 per student	\$29 per student
Operations and maintenance	\$791 per student	\$868 per student	\$77 per student
Student transportation	\$439 per student	\$439 per student	
Centralized special education services	\$100 per student	\$100 per student	
State-level special education fund	\$32 per student	\$85 per student	\$53 per student
Technology Services	\$184 per student	\$205 per student	\$21 per student
Other centralized support	\$324 per student	\$347 per student	\$23 per student
District administrative support	\$315 per student	\$315 per student	
Education Service District services	\$632 per student	\$744 per student	\$112 per student
Total Expenditure per Student in 2010-11	\$9,957	\$11,501	\$1,544
Percent of students meeting standards in 2010-11			
Reading	72%	n/a	
Math*	65%	n/a	
Percent of students expected to meet standards by 2016-17			
Reading	80%	87%	
Math*	70%	77%	

* The score required to meet the standard was raised in 2010-11, so percentages are not comparable to those in prior QEM reports

PROTOTYPE HIGH SCHOOL – 1,000 STUDENTS	Current Service Level Prototype	Fully-Funded Prototype	Difference
Class size in core subjects of math, English, science, social studies, second language	23	21, with maximum class size of 29 in core academic subjects	Cuts average class size by 2 in core subjects
Staffing in core subjects	42.0 FTE	44.0 FTE	Adds 2.0 FTE
Extra teachers in math, English, and science	1.0 FTE	3.0 FTE	Adds 2.0 FTE
English as a second language licensed staff	0.5 FTE	0.5 FTE	
Special Education and alternative education licensed staff	5.0 FTE	5.25 FTE	Adds 0.25 FTE
Alternative education and special programs	2.5 FTE	2.5 FTE	
Media/Librarian	1.0 FTE	1.0 FTE	
Counselors	One for every 333 students	One for every 250 students	Adds 1.0 FTE
Licensed substitute teachers	\$120 per student	\$120 per student	
On-site instructional improvement staff	None	1.0 FTE	Adds 1.0 FTE
Instructional support staff	20.0 FTE	20.5 FTE	Adds 0.5 FTE
Additional instruction time for students not meeting standards: 20% of students	Limited	Summer school, after-school programs, Saturday school, tutoring, etc.	Additional programs for 20% of students
Professional development time for teachers	3 days	Equivalent of 7 days	Equivalent of 4 additional days
Dedicated Teacher Collaboration Time	Limited	2 hours per week	Additional 2 hours per week
Leadership training for administrators	Limited	Equivalent of 4 days	4 additional days
Students per computer	6	6	
Textbooks	\$56 per student	\$140 per student	\$84 per student
Classroom supplies and materials	\$110 per student	\$130 per student	\$20 per student
Other supplies	\$66 per student	\$102 per student	\$36 per student
Operations and maintenance	\$846 per student	\$930 per student	\$84 per student
Student transportation	\$457 per student	\$457 per student	
Centralized special education services	\$100 per student	\$100 per student	
State-level special education fund	\$32 per student	\$85 per student	\$53 per student
Technology Services	\$188 per student	\$205 per student	\$17 per student
Other centralized support	\$328 per student	\$367 per student	\$39 per student
District administrative support	\$315 per student	\$315 per student	
Education Service District services	\$632 per student	\$744 per student	\$112 per student
Total Expenditure per Student in 2010-11	\$10,095	\$11,620	\$1,525
Percent of students meeting standards in 2010-11*			
Reading	83%	n/a	
Math	68%	n/a	
Percent of students expected to meet standards by 2016-17			
Reading	89%	93%	
Math	75%	83%	

* Starting in 2010-11 high school students took the test in the 11th grade rather than the 10th, so percentages are not comparable to those in prior QEM reports