



November 2009

**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  
  
2009-2011 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.<sup>1</sup>*

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*,<sup>2</sup> 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

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<sup>1</sup> Article VIII, Section 8(1), Oregon Constitution.

<sup>2</sup> 345 OR 596, 200 P3d 133.

that 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 21<sup>st</sup> Century statutes found in ORS chapter 329.<sup>3</sup>

### **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 then Governor John Kitzhaber and subsequently codified by the Legislative Assembly in 2001. This 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 1<sup>st</sup> 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 the best practices,
  - Expected student performance under the best practices, and
  - At least two alternatives for meeting quality goals.

The QEC has 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 could be expected to result in identified outcomes. Prototype 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

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<sup>3</sup> 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 are not intended to be prescriptive nor are schools required to expend funds as recommended by the QEM.<sup>4</sup>

The 2008 QEC Report indicated that full funding of the QEM for the 2009-2011 biennium would require \$8.35 billion.<sup>5</sup> This is equivalent to \$7,880/ADMw<sup>6</sup> in the first year and \$8,212/ADMw in the second year.

The QEC offered two alternatives to funding the total figure identified by the QEM. The first was to invest in high-leverage strategies that advance Oregon's adopted standards for student achievement and high school graduation. This alternative would focus on shorter-term strategies of devoting limited resources to areas that are likely to allow the largest proportion of students to reach the state's achievement and new diploma standards. The QEC recommended that such strategies include: increasing time for collaboration among teachers and staff to analyze student achievement data and to plan instructional improvements; increasing school leadership capacity through focused professional development; providing resources that allow schools to increase instructional time, implement targeted interventions to improve student achievement, and support successful PreK-16 transitions; and improving communication and partnerships with parents and community members.<sup>7</sup>

The QEC's second alternative to full funding of the QEM was a 10-year phase-in of full funding, allowing funds to be appropriated in stepped annual amounts above current funding in order to reach the goal figure.<sup>8</sup>

### **Measures to Identify Progress Toward Quality Goals**

The QEM and its recommended funding levels are the state's primary measure for determining funding adequacy. With regard to student performance, the QEC looked to state standardized assessments to measure progress toward quality goals but acknowledged that a single measure is too narrow, in and of itself, to reflect the many dimensions of learning needed for students to meet their full potential. Exhibits 1 and 2 show the trends in student achievement in Oregon as measured by the percentage of students meeting or exceeding the state's academic achievement standards in reading and math at grades 3, 5, 8, and 10.

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<sup>4</sup> Quality Education Model Final Report, December 2008, pg. 33.

<http://www.ode.state.or.us/initiatives/qualityed/qec-quality-education-model-final-report-2008.pdf>

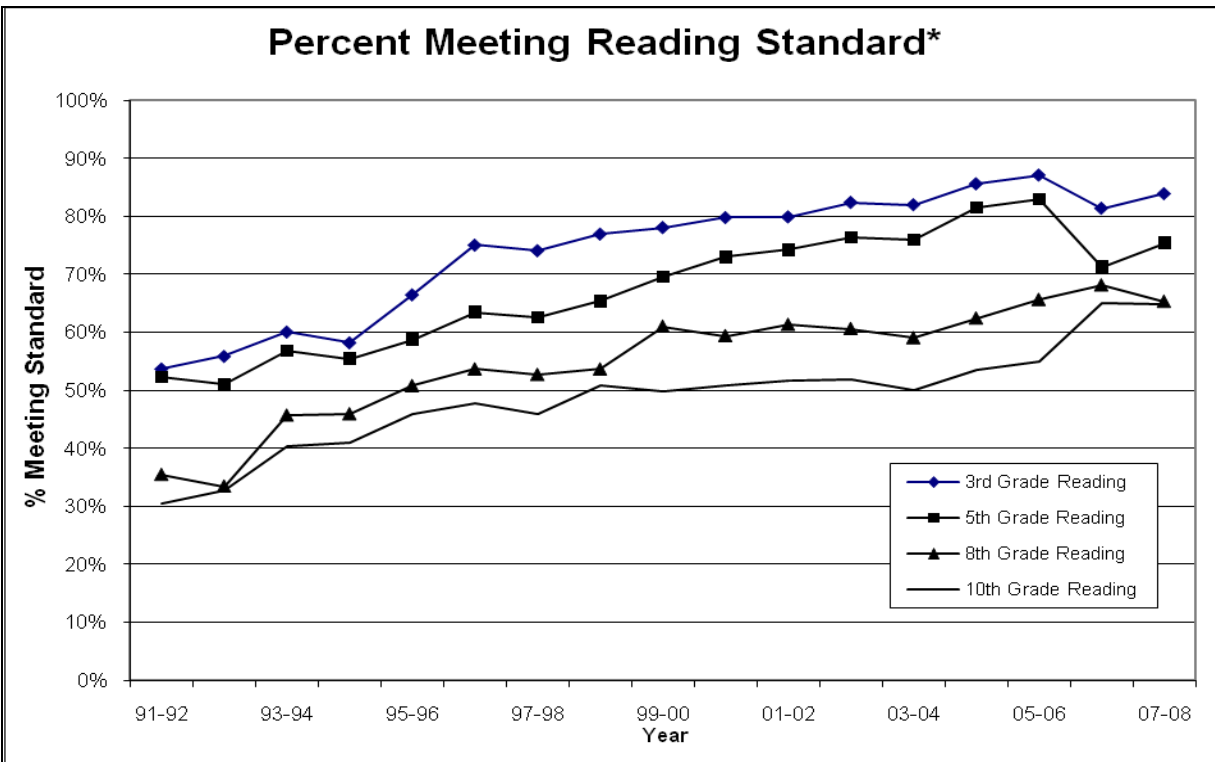
<sup>5</sup> *Ibid*, pg. 40.

<sup>6</sup> "ADMw" refers to average daily membership, weighted; the student count plus special student weightings (ORS 327.013).

<sup>7</sup> QEM Report, pg 45.

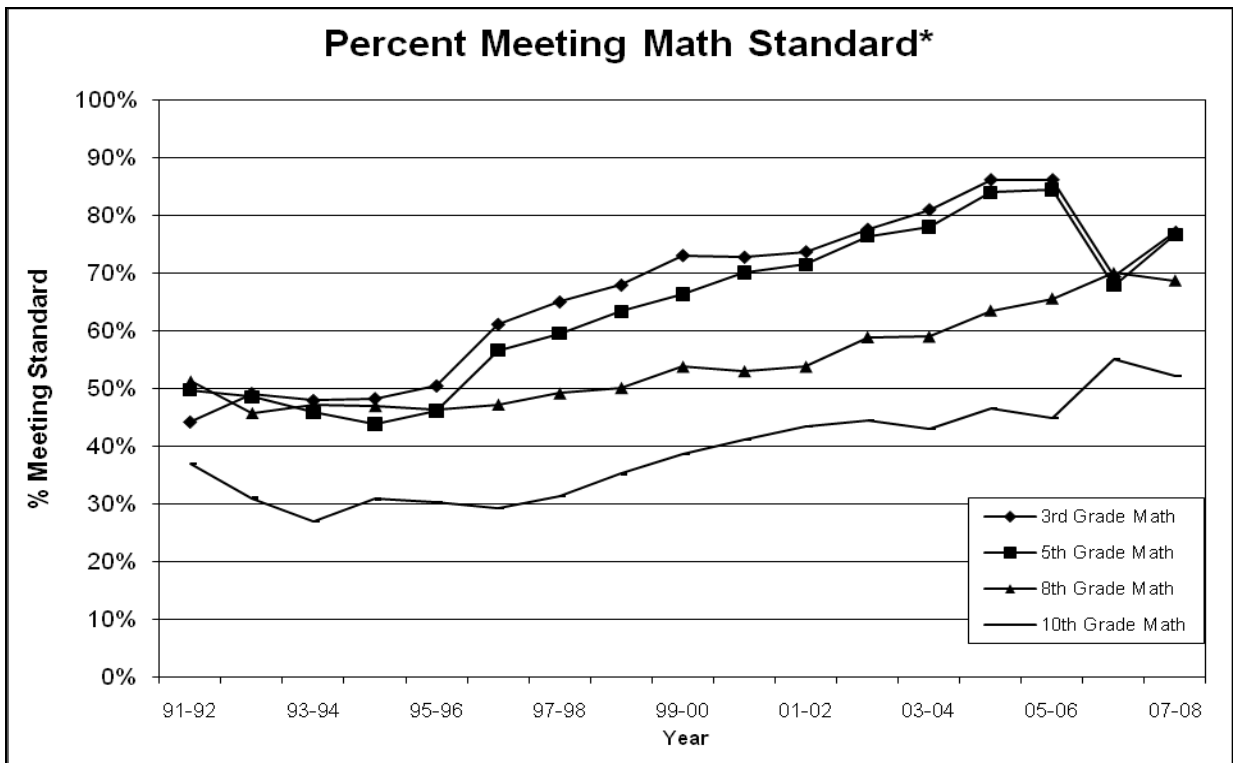
<sup>8</sup> *Ibid*, pg. 46.

Exhibit 1



\*Data for 2006-2007 and 2007-2008 are not comparable to prior years due to changes in the scores required to meet state benchmarks.

Exhibit 2



\*Data for 2006-2007 and 2007-2008 are not comparable to prior years due to changes in the scores required to meet state benchmarks.

To understand Oregon's student achievement within the national context, the QEC looked at several other measures. This committee believes that these measures should be included in this report for informational purposes only and that the primary indicator for student performance should be the state standardized assessments.

- *Student performance on the National Assessment of Educational Progress (NAEP)* – Average reading and math scores have generally increased and are slightly above the national average in many categories.
- *The Scholastic Achievement Test (SAT)* – Oregon students scored second in the nation among states that tested at least 50 percent of their high school seniors.
- *Advance Placement (AP) exams* – The number of students taking AP exams increased 36.5 percent between 2006 and 2007 and the number of students passing the exam was the highest reported in six years among European-American, Asian-American, American Indian, and African-American students.
- *The dropout rate compared to other states* – The state's dropout rate for the 2006-2007 school year increased 0.1 percent to 4.2 percent. Minority students continued to be disproportionately represented among the dropout population.<sup>9</sup>

It should be noted that a number of these measures do not directly relate to student performance. Additionally, in many cases, not all students are evaluated.

Three additional measures, although not specifically related to student performance, have been reviewed by this committee and its predecessors.

#### Achievement Gap

Differences in achievement based on ethnic and cultural background, limited English proficiency, low-income status, and disability persist. Math and reading results from the 2007 NAEP for 4<sup>th</sup> and 8<sup>th</sup> graders reveal achievement gaps between females and males, between economically advantaged and disadvantaged students, and between students from different racial and ethnic groups. While there was no statistical difference in math scores for 8<sup>th</sup> grade males and females, female student scores in reading were, on average, 11 points higher than male student scores. Eighth grade students who were not eligible for the free and reduced-price lunch program scored an average of 24 points higher on the math test than those students who were eligible for the program. On the 8<sup>th</sup> grade math test, the average score for Hispanic students was 261; for Native American students, 264; for African-Americans, 272; for White students, 289; and for Asian/Pacific Islander students, 299. There were similar gaps between scores for White students and both African American and Hispanic students on the reading test.<sup>10</sup>

#### Federal Criteria

The federal No Child Left Behind Act requires an annual determination of whether schools, districts, and states have made *adequate yearly progress* (AYP) toward the goal of having all students meet rigorous state academic standards by the 2013-2014 school year. Oregon's final AYP report for the 2007-2008 academic year indicates 780 Oregon schools (62.9 percent) met

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<sup>9</sup> *Ibid.*, pg. 31.

<sup>10</sup> Achievement Gaps in Oregon's Results on the 2007 National Assessment of Educational Progress.  
[http://www.ode.state.or.us/initiatives/naep/2007\\_naep\\_achievement\\_gaps.pdf](http://www.ode.state.or.us/initiatives/naep/2007_naep_achievement_gaps.pdf)

AYP standards. Of the schools receiving federal Title I funds targeted for improving the academic achievement of the disadvantaged, 565 (73.1 percent) met AYP standards compared to 675 (54.4 percent) of non-Title I schools.<sup>11</sup>

#### College Entry and Success

The number of newly admitted freshmen across the Oregon University System increased by 8.2 percent for the 2008-2009 academic year, compared to a four percent increase the previous year. Enrollment of Oregon resident freshmen increased by 5.3 percent, compared to the increase in 2007 of 0.2 percent from the previous year, and the number of newly admitted undergraduate transfer students increased by 8.9 percent.<sup>12</sup>

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<sup>11</sup> Statewide Report Card, 2007-2008, pg. 71. <http://www.ode.state.or.us/data/annreportcard/rptcard2008.pdf>

<sup>12</sup> Oregon University System Fall Enrollment Makes Major Gains.  
[http://www.ous.edu/news\\_and\\_information/news/111308.php](http://www.ous.edu/news_and_information/news/111308.php)



## 2009-2011 K-12 Appropriation

### Funding Sources

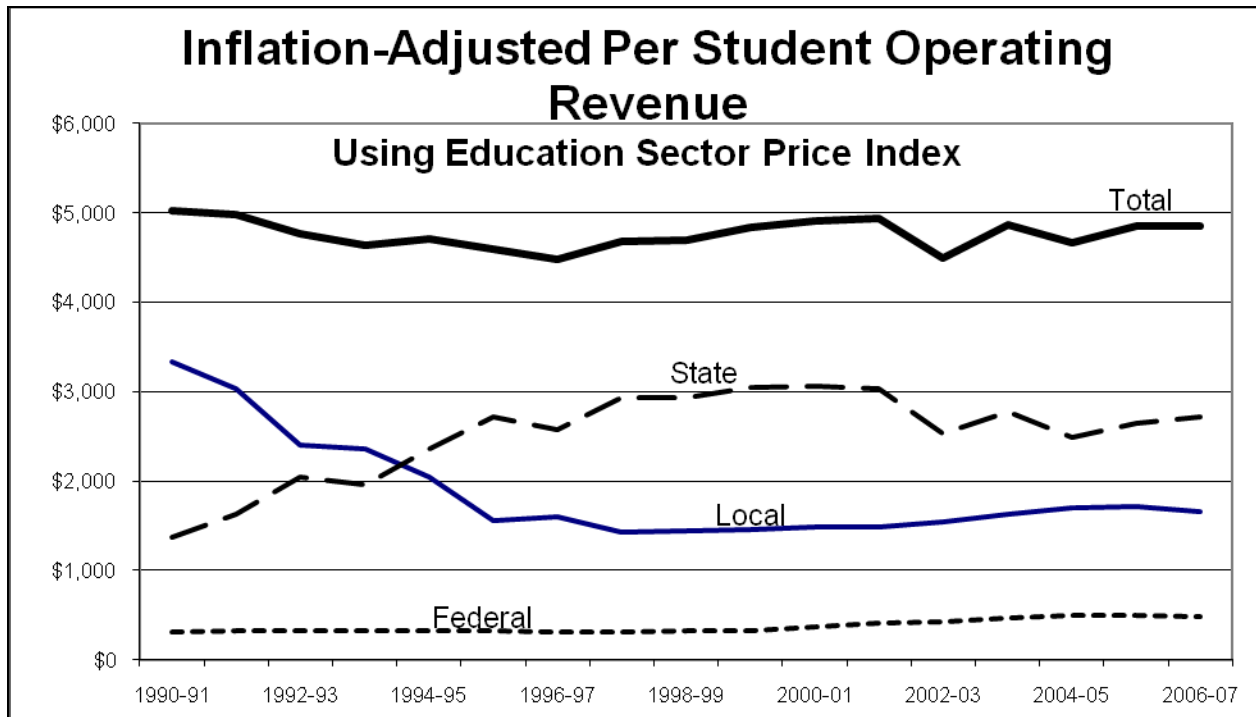
At the state level, Oregon's K-12 public education budget draws from four funds: the General Fund; Lottery Funds that are dedicated to economic development, education, and parks/salmon habitat; Other Funds that are dedicated by law for specific purposes; and Federal Funds also dedicated by law for specific 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 could 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 3 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.<sup>13</sup>

### Exhibit 3



<sup>13</sup> QEM Report, pg. 24.

## **K-12 Appropriation Process**

The process for determining each biennia's K-12 appropriation begins with identification of the essential budget level (EBL), defined as the cost to maintain current service levels. The EBL is determined each legislative interim by the School Revenue Forecast Committee that was established by executive order in 1999. The EBL is consistent with the baseline budget level used in the QEM prototype school approach. Assumptions made by the Committee for the 2009-2011 EBL included, among other factors, an increase in personal services costs (including average teacher salary and PERS) of 0.86 percent in 2009-2010 and 1.40 percent in 2010-2011, and growth in student counts of 0.28 percent for the biennium.

## **2009-2011 K-12 Appropriation**

The 2009-2011 legislatively adopted budget provides \$6 billion in state support for K-12 school funding. Of the total K-12 budget, \$5,112.9 million is from General Fund support, \$439.7 million from lottery funds, and \$226.1 million from federal American Recovery and Reinvestment Act (ARRA) funds. The overall appropriation represents a decrease of \$130.7 million, or 2.1 percent, from the 2007-2009 legislatively approved budget.<sup>14</sup>

Of the adopted budget figure, \$200 million is contingent on statewide financial conditions. If the sum of the balances in the Oregon Rainy Day Fund and Education Stability Fund, plus the General Fund ending balance as forecast in June 2010, exceeds \$100 million, all of the resources in the Oregon Rainy Day Fund and any unappropriated General Fund dollars will be appropriated up to the additional \$200 million.

As mentioned above, local revenues are not reflected in the state budget. For instance, an additional \$95.5 million from the Common School Fund will be distributed as local revenues. Local revenues are estimated to provide an additional \$3 billion for the 2009-2010 and 2010-2011 school years which, when combined with state and local support, result in essentially flat funding at \$9 billion for both the 2007-2009 and 2009-2011 biennia.<sup>15</sup>

Nearly 93 percent of the state's expenditures are found in the three major program areas of Education, Human Services, and Public Safety (including Judicial Branch expenditures). Nearly 52 percent of the state's General Fund and Lottery expenditures are dedicated to education programs, including \$5.552 billion, or 39 percent of the total, going to the K-12 State School Fund budget. With ARRA funds, these numbers for education are lower than actual funding levels.<sup>16</sup>

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<sup>14</sup> 2009-11 Legislatively Adopted Budget Highlights, pgs. 39-40.

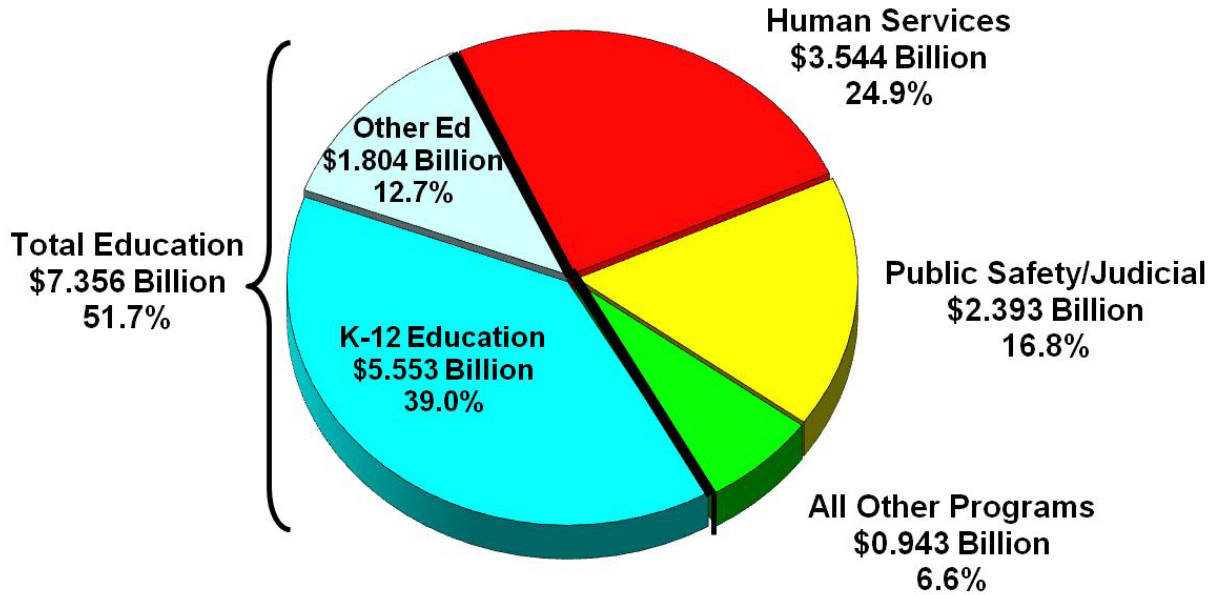
[http://www.leg.state.or.us/comm/lfo/2009\\_11\\_budget/highlights.pdf](http://www.leg.state.or.us/comm/lfo/2009_11_budget/highlights.pdf)

<sup>15</sup> *Ibid*, pg. 40.

<sup>16</sup> *Ibid*, pg. 5.

Exhibit 4

**2009-11 General Fund & Lottery Funds Total \$14.235 Billion**  
1% Decrease from 2007-09 Legislatively Approved

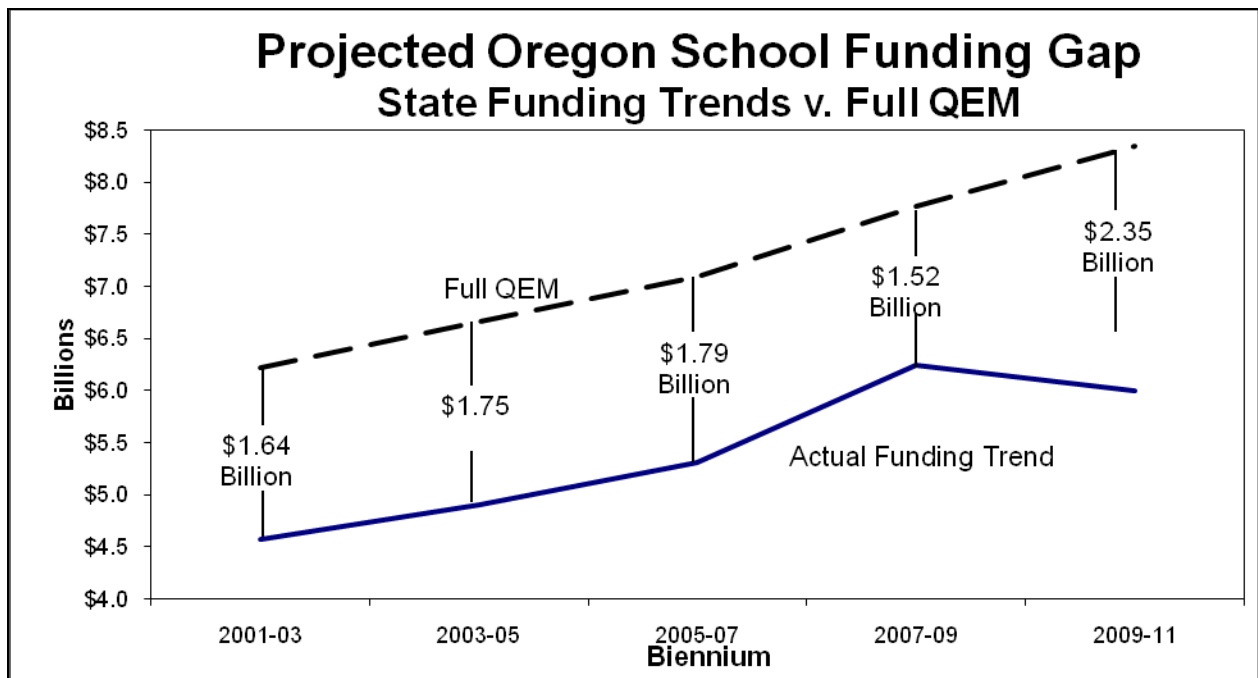


## Sufficiency Determination

It is the determination of the Joint Special Committee on Public Education Appropriation that the amount of moneys appropriated for the 2009-2011 biennium for K-12 public education is insufficient to meet the recommended funding levels of the QEC. The QEM estimates that state funding of \$8.35 billion for K-12 is required for 90 percent of Oregon students to meet the state's academic standards.<sup>17</sup> The state appropriation for K-12 public education funding was \$6 billion; a difference of \$2.35 billion.

Exhibit 5 illustrates the difference between the amounts recommended by the QEM and the amounts appropriated.

### Exhibit 5



Although the overall K-12 budget decreased slightly, the Department of Education's budget increased 11.5 percent over the 2007-2009 legislatively approved budget with an increase in federal funds for Grant-in-Aid programs accounting for most of the increase. The 2009-2011 legislatively adopted budget reflects adjustments for:

- An increase to child nutrition programs including three positions and \$442,027 in federal funds;
- The elimination of positions in central operations and the School for the Deaf, as well as the closure of the Oregon School for the Blind; and
- An increase in Common School Fund distributions.<sup>18</sup>

<sup>17</sup> QEM Report, pg. 25.

<sup>18</sup> Budget Highlights, pgs. 40-41.

## Factors Leading to Insufficiency

In all three of the constitutionally-mandated reports since the passage of Ballot Measure 1, this committee has found that funding insufficiencies were due to inadequate revenue growth and rapid cost increases in delivering educational services. Those factors continue to impact state spending on K-12 public education.

### Revenue Growth Historically

It is impossible to understand education's reduction in revenue growth in Oregon today without referencing the passage of Ballot Measure 5 (1990) as described earlier. Additionally, the passage of Ballot Measure 47 in 1996 and Ballot Measure 50 in 1997 added another, more restrictive constitutional limitation on real estate property taxes and thus further reduced property tax receipts from Ballot Measure 5's limitations.

Prior to 1990, Oregon ranked as a moderately high tax state, with relatively high property and income taxes but no sales tax. Since the property tax cuts, Oregon ranks near the middle of states in property tax burden. The amount of funding for schools has been decreasing in inflation-adjusted dollars. Prior to the passage of these ballot measures, school property tax rates averaged \$16.53 for \$1,000 of real estate market value; for the 2005-2006 tax year, they averaged \$4.33 per \$1,000 of market value, a reduction of 74 percent since 1990-1991.<sup>19</sup> With this dramatic cut in local property tax funding available for schools, the state, using General Fund dollars coming primarily from the state income tax, is the main source for Oregon's investment in public schools. This sole source must also support other critical services, making the state's overall tax system structurally inadequate to provide full funding to meet Oregonians' needs.

In addition to the impact of Ballot Measures 5, 47, and 50, 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 referred to voters by the Legislative Assembly: Ballot Measure 28 (January 2003) and Ballot Measure 30 (February 2004).

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

Generally, the state revenue system, dominated by the personal income tax, remains highly volatile over the short-term. This makes it difficult for the state to maintain adequate levels of

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<sup>19</sup> QEM Report, pg. 23.

public services during economic downturns. State policymakers have taken steps to offset revenue instability by the creation of the Education Stability Fund (2002) and the Rainy Day Fund (2007), but risks to major programs remain substantial during periods of recession. Because state revenue makes up roughly two-thirds of K-12 operating revenue, school finance remains especially vulnerable to the volatility of the personal income tax.<sup>20</sup>

Another factor contributing to volatility in state revenue is the two-percent surplus kicker. The kicker provision in the Oregon Constitution requires 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. These refunds reduce personal income tax revenue for the year in which they are sent out.<sup>21</sup> The surplus kicker revenue limit slows revenue growth during periods of high growth, such as the 1990s, and reduces revenue further during recessionary periods such as the 2001-2003 biennium and the 2007-2009 biennium, thereby exacerbating the impact of recessions on the state General Fund.<sup>22</sup>

Revenue projections for the 2007-2009 biennium declined \$1.1 billion or 8.8 percent between September of 2008 and May 2009. The declining revenue forecasts were caused by the emergence of the longest, deepest U.S. economic downturn since 1929-1933. The recession began in December of 2007 but became much more severe in September of 2008 following the collapse of Lehman Brothers. In addition to creating large reductions in General Fund revenue, the recession triggered sharp increases in the demand for human services from state government. Between June of 2007 and June of 2009, the number of unemployed in Oregon jumped 148 percent. The more than doubling of the unemployed not only reflected the economic stress in the state but also the pressures on the spending side of the state budget.<sup>23</sup>

### **Cost Increases**

While revenues continue to decline, the number of Oregon students requiring specialized education services, including English Language Learners, students identified as talented and gifted, and those identified under the federal Individuals with Disabilities Education Act (IDEA), continues to climb. Available state and federal revenues do not allow the state to provide adequate resources to meet the recommended service levels identified in the QEM for any group of students identified with specialized learning needs. Under the IDEA, Congress set a goal to fund up to 40 percent of the average per pupil expenditure involved in educating students with disabilities. This level of funding has never been realized. In 2008-2009, federal funds, not including ARRA funds, covered only 17 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. In 2008, only 49 percent of students on Individualized Education Plans (IEPs)

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<sup>20</sup> Task Force on Comprehensive Revenue Restructuring, Final Report, January 2009, pg 3.

[http://www.leg.state.or.us/comm/lro/comprehensive%20revenue%20task%20force/final\\_report\\_012109.pdf](http://www.leg.state.or.us/comm/lro/comprehensive%20revenue%20task%20force/final_report_012109.pdf)

<sup>21</sup> *Ibid.*, pg. 10.

<sup>22</sup> *Ibid.*, pg. 13.

<sup>23</sup> Referendum 301 & 302 Revenue Measures Research Report, September 2009, pgs. 4-5.

[http://www.leg.state.or.us/comm/lro/research\\_report\\_301302.pdf](http://www.leg.state.or.us/comm/lro/research_report_301302.pdf)

who left the public school system did so with a diploma. 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.

## Impact of Insufficiency on School Districts

Previous committee reports found that funding insufficiencies could result in stagnating student performance. However, for more than 15 years, the proportion of Oregon students reaching benchmark standards in reading and math showed general overall progress, with the greatest and most consistent gains occurring at the elementary level. Gains became considerably smaller as students moved through the middle and high school levels.<sup>24</sup> The QEC has previously noted that, despite levels of funding that have not kept pace with cost increases in recent years, enhanced instruction has allowed Oregon students to experience an improvement in the quality of their education.<sup>25</sup> This committee would like to acknowledge the strides and improvements that have been made in spite of fluctuating and, in some cases, declining resources. Going forward, the QEC indicates that, student improvement rates are likely to slow or stall unless Oregon continues to move forward with the implementation of new high school diploma standards.

Differences in achievement based on ethnic and cultural background, limited English proficiency, low-income status, and disability are a persistent issue. Changing student demographics may also result in slower achievement gains at the elementary level without additional targeted resources and practices as described in the QEM.<sup>26</sup>

With regard to impacts upon current and best practices, the chart in Appendix B provides a description of the impact 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.

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<sup>24</sup> QEM Report, pg. 30.

<sup>25</sup> Quality Education Model Final Report, December 2006, pg. 47.

[http://www.ode.state.or.us/initiatives/qualityed/final\\_qecrprt2006.pdf](http://www.ode.state.or.us/initiatives/qualityed/final_qecrprt2006.pdf)

<sup>26</sup> QEM Report, pg. 30.



## Post-Secondary Quality Education Goals

Previous reports of this committee have found that the Oregon University System and the Department of Community Colleges and Workforce Development did not have the same type of statutory goals as the K-12 public education system. Accordingly, they were exempt from the Ballot Measure 1 reporting requirements. This committee makes the same finding, but notes that work conducted pursuant to executive orders<sup>27</sup> issued in August 2007 indicate progress in this area. Executive Order 07-12 established a new process for calculating the EBL for the community college support fund in order to provide a more accurate picture of resources necessary to fully support community colleges in Oregon. Executive Order 07-13 established the Post-Secondary Quality Education Commission (Commission), charged with developing a new model for assessing the funding needs of community colleges and universities.

The Commission has made substantial progress in developing a model to estimate the number of students who must be educated to meet the State's "40-40-20 plan" for achieving a population that is characterized by 40 percent with an undergraduate or graduate degree, 40 percent who have attended college or completed an associate degree, and 20 percent with a high school diploma. Based on demographic data, the model can project the impact of various policy choices to support a given goal, such as increasing the high school participation rate, student retention, or participation of adult learners. The Commission is also in the process of conducting an inventory of best practices currently in place in particular sectors or in other states that could be expanded and applied elsewhere. It is anticipated that the Commission's continued work will provide a clearer idea of the statutory goals needed in order to thoughtfully invest in quality educational opportunities for all Oregonians.

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<sup>27</sup> See Appendix C.

## **APPENDIX A**

### Oregon Educational Act for the 21<sup>st</sup> 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

<b>Quality Education Model 2008</b> Prototype Elementary School – 340 Students Baseline Compared to Full Prototype			
	Baseline Prototype*	Full Prototype	Difference
Kindergarten	Half-day	Full-day	Doubles learning time
Average class size	22 for grades K-3 24 for grades 4-5	20 for grades K-3 24 for grades 4-5	Cuts class size by 2 for grades K-3
K-5 classroom teachers	14.0 FTE	16.0 FTE	Adds 2.0 FTE
Specialists for areas such as art, music, PE, reading, math, TAG, library/media, second language, or child development	2.5 FTE	4.5 FTE	Adds 2.0 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	\$89 per student	\$89 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 training for administrators	Limited	Based on 4 days of training	4 additional days
Students per computer	6	6	
Textbooks	\$64 per student	\$85 per student	\$21 per student
Classroom materials & equipment	\$82 per student	\$82 per student	
Other supplies	\$101 per student	\$105 per student	\$4 per student
Operations and maintenance	\$700 per student	\$700 per student	
Student transportation	\$382 per student	\$382 per student	
State-level special education fund	\$33 per student	\$82 per student	\$49 per student
Centralized special education	\$97 per student	\$97 per student	
Technology Services	\$161 per student	\$186 per student	\$25 per student
Other centralized support	\$320 per student	\$335 per student	\$15 per student
District administrative support	\$282 per student	\$282 per student	
Education Service District Services	\$641 per student	\$641 per student	
<b>Total Cost per student in 2006-07</b>	<b>\$9,167 per student</b>	<b>\$10,892 per student</b>	<b>\$1,725 per student</b>
Percent of students meeting standards in 2007008**			
Reading	3rd grade = 84% 5th grade = 75%	n/a	
Math	3rd grade = 77% 5th grade = 77%	n/a	
Percent of students expected to meet standards by year 2013-14			
Reading	3rd grade = 91% 5th grade = 85%	3rd grade = 95% 5th grade = 90%	
Math	3rd grade = 89% 5th grade = 88%	3rd grade = 93% 5th grade = 93%	

\*The Baseline Prototype shows the QEM's prototype school costs estimated using the level of inputs that currently exist in Oregon schools.

\*\*Due to revisions in the state standards, the percent of students meeting standards is not comparable to prior reports.

## Quality Education Model 2008

Prototype Middle School -- 500 Students

Baseline Compared to Fully Funded QEM

	Baseline Prototype*	Full 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	21.5 FTE	22.5 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 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	\$92 per student	\$92 per student	
On-site instructional improvement staff	None	1.0 FTE	Adds 1.0 FTE
Instructional support staff	11.0 FTE	10.0 FTE	Eliminates 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 7days	Equivalent of 4 additional days
Dedicated Teacher Collaboration Time	Limited	2 hours per week	Additional 2 hours per week
Leadership training for administrators	Limited	Based on 4 days of training	4 additional days
Students per computer	6	6	
Textbooks	\$51 per student	\$85 per student	\$34 per student
Classroom materials & equipment	\$87 per student	\$873 per student	
Other supplies	\$94 per student	\$104 per student	\$10 per student
Operations and maintenance	\$737 per student	\$737 per student	
Student transportation	\$384 per student	\$384 per student	
Centralized special education	\$97 per student	\$97 per student	
State-level special education fund	\$33 per student	\$82 per student	\$49 per student
Technology Services	\$161 per student	\$186 per student	\$25 per student
Other centralized support	\$310 per student	\$325 per student	\$15 per student
District administrative support	\$282 per student	\$282 per student	
Education Service District services	\$641 per student	\$641 per student	
<b>Total Cost per student in 2006-07</b>	<b>\$9,440 per student</b>	<b>\$10,407 per student</b>	<b>\$967 per student</b>
Percent of students meeting standards in 2007-08**			
Reading	65%	n/a	
Math	69%	n/a	
Percent of students expected to meet standards by year 2013-14			
Reading	73%	82%	
Math	75%	83%	

\*The Baseline Prototype shows the QEM's prototype school costs estimated using the level of inputs that currently exist in Oregon schools.

\*\*Due to revisions in the state standards, the percent of students meeting standards is not comparable to prior reports.

## Quality Education Model 2008

Prototype High School -- 1,000 Students

Baseline Compared to Full Prototype

	Baseline Prototype*	Full Prototype	Difference
Class size in core subjects of math, English, science, social studies, second language	22	21, with maximum class size of 29 in core academic subjects	Cuts average class size by 1 in core subjects
Staffing in core subjects	43.0 FTE	44.0 FTE	Adds 1.0 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
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	\$91 per student	\$91 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 7days	Equivalent of 4 additional days
Dedicated Teacher Collaboration Time	Limited	2 hours per week	Additional 2 hours per week
Leadership training for administrators	Limited	Based on 4 days of training	4 additional days
Students per computer	6	6	
Textbooks	\$56 per student	\$110 per student	\$54 per student
Classroom supplies and materials	\$120 per student	\$120 per student	
Other supplies	\$116 per student	\$131 per student	\$15 per student
Operations and maintenance	\$785 per student	\$785 per student	
Student transportation	\$382 per student	\$382 per student	
Centralized special education	\$97 per student	\$97 per student	
State-level special education fund	\$33 per student	\$82 per student	\$49 per student
Technology Services	\$161 per student	\$175 per student	\$25 per student
Other centralized support	\$304 per student	\$344 per student	\$40 per student
District administrative overhead	\$282 per student	\$282 per student	
Education Service District services	\$641 per student	\$641 per student	
<b>Total Cost per student in 2006-07</b>	<b>\$9,479 per student</b>	<b>\$10,588 per student</b>	<b>\$1,109 per student</b>
Percent of students meeting standards in 2007-08**			
Reading	65%	n/a	
Math	52%	n/a	
Percent of students expected to meet standards by year 2013-14			
Reading	73%	82%	
Math	62%	75%	

\*The Baseline Prototype shows the QEM's prototype school costs estimated using the level of inputs that currently exist in Oregon schools.

\*\*Due to revisions in the state standards, the percent of students meeting standards is not comparable to prior reports.



**EXECUTIVE ORDER NO. 07 – 12**

**GOVERNOR’S PROCESS FOR CALCULATING THE ESSENTIAL BUDGET LEVEL FOR THE COMMUNITY COLLEGE SUPPORT FUND**

The State’s calculation of the “essential budget level” for the Community College Support Fund is not developed to a level of detail that captures the true costs of the system, and it does not support effective decision-making. The Governor and the Legislature need additional detailed and timely information about the reasonable assumptions of its essential budget level for Oregon’s community colleges in order to adequately plan future budgets.

Oregon’s current process for calculating the essential budget level for the K-12 and Oregon University Systems utilizes a database initiative (DBI) that provides the detailed information necessary for budget planning. The Community College Support Fund requires a similar process. The Department of Community College and Workforce Development is working to develop and implement a database initiative capacity similar to that used by the Department of Education for K-12 financial data. The DBI model will provide to the Community College Support Fund the level of detailed financial information necessary for sound budget planning.

**IT IS HEREBY ORDERED AND DIRECTED:**

1. No later than May 1, and December 1, of each even-numbered year, the Oregon Department of Administrative Services (DAS) shall calculate the essential budget level (EBL) for the Community College Support Fund for the upcoming biennium. That forecast shall consider and include:

- a. Projected changes in the cost of personal services including salary and compensation changes negotiated and/or approved by the college districts, changes in health benefit costs, changes in retirement program costs and staff turnover;
- b. Projected increases in the cost of services and supplies and capital outlay based on the methodology included in the DAS Budget Instructions;
- c. Adjustments resulting from legislatively approved phase-ins, phase-outs and one-time expenditures;
- d. Forecasted local revenues for community colleges as provided by the Department of Administrative Services, Legislative Fiscal Office, Legislative Revenue Office and Department of Revenue;







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- e. Projected tuition revenues based on an economic indicator (e.g. change in median family income);
- f. Projected revenues available to community colleges from other local, state and federal sources.

2. The required calculation of an EBL for the Community College Support Fund using the factors listed above is dependent upon successful implementation of the the Database Initiative project by the Department of Community Colleges and Workforce Development.

3. The Department of Administrative Services shall form and chair a "Community College Forecast Committee" to review the statewide budget forecasts. This committee shall consist of representatives from the Office of the Governor, the Department of Community Colleges and Workforce Development, the Legislative Fiscal Office, the Legislative Revenue Office, the Legislative Assembly and stakeholders from community colleges and labor unions. This committee shall meet in each even-numbered year prior to each EBL calculation and at other times as may be determined to be appropriate.

Done at Salem, Oregon this 28<sup>th</sup> day of August, 2007.

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Theodore R. Kulongoski  
GOVERNOR

ATTEST:

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Bill Bradbury  
SECRETARY OF STATE





**EXECUTIVE ORDER NO. 07 – 13**

**POST-SECONDARY QUALITY EDUCATION COMMISSION**

Oregon's economic future depends on a well-educated and well-trained workforce and citizenry. Oregon's community colleges are the primary providers of workforce training for both emerging and adult workers. Oregon's community colleges provide an entry point for students interested in workforce training, professional certificates or two or four-year degrees. Oregon's Universities provide access to four-year and advanced degrees, in addition to providing vital research used by Oregon businesses.

State support for the post-secondary education system in Oregon has steadily eroded since the passage of Ballot Measure 5 in 1990.

State funding for the post-secondary system comes primarily from the State general fund and student tuition. These sources are volatile, and state funding for the post-secondary education system needs stability.

State policymakers do not have adequate tools to allow them to determine the reasonable costs of providing a quality post-secondary education for Oregonians. In conjunction with the Governor's office, members of the education community are working to lay the foundation for understanding the needs of the post-secondary education system.

**THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:**

1. The Post-secondary Quality Education Commission is hereby created to help direct the work necessary to complete a Post-secondary Quality Education Model to be used by state policymakers.
2. The Commission members shall be appointed by the Governor, after consultation with the Commissioner of Community Colleges and the Chancellor of the Oregon University System. Members shall serve at the pleasure of the Governor.
3. The chair shall be appointed by the Governor, after consultation with the Commissioner of Community Colleges and the Chancellor of the Oregon University System.
4. The Commission shall meet at the call of the chair. A majority of the members of the Commission shall constitute a quorum to do business.





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5. The Oregon Department of Community Colleges and Workforce Development and the Oregon University System shall jointly staff the Commission.

6. Members of the Commission shall receive no compensation for their activities as members of the Commission, but may be reimbursed for travel expenses incurred in the attending Commission business pursuant to ORS 292.495(2).

7. The Commission shall:

- a. Identify key issues to address in completing a model that identifies the particular needs of Community College and University students;
- b. Study the impact of the use of part-time faculty and graduate student employees on program quality and student success, and recommend a consistent definition to describe adjunct, contingent and part-time faculty;
- c. Determine the key values encompassing the mission of post-secondary education in Oregon including access to education, educational quality, student success, professional compensation, research, service, innovation, technical/career and adult basic education;
- d. Solicit input from educators, education policy experts and others about the elements of the model;
- e. Solicit public input regarding educational priorities for use in developing the model;
- f. Develop the model based on research, data, public input and experience; and
- g. Communicate with stakeholders regarding model development.

8. The Commission may establish subcommittees as necessary to assist in carrying out its work.

9. The Commission shall implement a work plan that will allow for completion of the model pilot in sufficient time to be used by the Governor in developing the 2009-11 Governor's Recommended Budget for the Postsecondary portions of the Education Enterprise.

**Office of the Governor  
State of Oregon**



**EXECUTIVE ORDER NO. 07 – 13  
PAGE THREE**

Done at Salem, Oregon this 28<sup>th</sup> day of August, 2007.

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Theodore R. Kulongoski  
GOVERNOR

ATTEST:

\_\_\_\_\_  
Bill Bradbury  
SECRETARY OF STATE

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