

## SCHOOL FUNDING TASK FORCE

January 22, 2014

Hearing Room 343, State Capitol Building, Salem, OR

### Members Present:

Sen. Richard Devlin, Chair  
Rep. Betty Komp, Vice-Chair  
Rep. Sherry Sprenger  
Kelly Devlin  
John W. Hayes, Jr. PhD  
Claire Hertz

Steven Isaacs (left at 12:30)  
Sena Norton  
Bobbie Regan  
John Rexford (by phone in am)  
Heidi Sipe  
Michael Wolfe

**Members Excused:** Sen. Fred Girod

### Staff:

Brian Reeder, Asst. Supt., Research & Data  
Analysis, ODE

Jan McComb, Legislative Coordinator, ODE  
Michael Elliott, Fiscal Analyst, ODE  
Michael Wiltfong, Director, School Finance, ODE

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The task force convened at 10:09 pm. Sen. Girod was excused. John Rexford participated by phone until noon. Rep. Komp, John Rexford, and Steve Isaacs were excused for the afternoon.

Chair Devlin reviewed the agenda.

### REVIEW SCHOOL FUNDING STATUTES

Brian Reeder, Asst. Supt., Research & Analysis, ODE

Reeder reviewed those provisions of ORS chapter 327 that pertain to the School Funding Distribution Formula.

- General Purpose Grant: This represents the bulk of the money. The number of students in a district x the per student amount. Funding Percentage x Target Grant x ADMw
- \$4500 is in the statute (ORS 327.013); in reality it has been more in recent years, as the amount of money appropriated to the SSF has increased.
- Reeder reviewed the various student weights found in the formula.
- Poverty, foster, and neglected & delinquent weights are reported by districts in aggregate counts, not student-specific.
- The formula assumes some students cost more to educate than others. Just how much is reflected in the weight. It involves cost logic—what it costs to educate students to some level. The weights were based on what other states did because there wasn't much data on student costs at the time the formula was created.

- If you adopt a view of equity to give districts an equal chance of educating students, the weights matter a great deal. New York, for example, has a whole weight for poverty, not .25 as Oregon does. Some states have a smaller weight for poverty or none at all.
- Small remote elementary school gives more weights based on size.
- The High Cost Disability Fund helps districts with funding for those students with disabilities that make it very expensive for districts to serve the students.
- Weights are based on averages. Some states use multiple categories within a weight such as special education.
- Reeder distributed information regarding special education as a percentage of ADMr and district transportation costs over time.
- Numbers of students identified as special education continue rise.
- Transportation costs vary a great deal among districts. Some districts are reimbursed at 90%; some at 80%, but most are at 70%. It used to be that all districts were reimbursed at 70%. Some districts' expenses are very high, as much as 35% of their operating costs.
- Facilities grant: For districts that have opened new schools this grant helps pay for furnishing the schools. Bond money can't be used to furnish schools.
- Carve outs taken off the top of the SSF for specific purposes ; the rest is distributed through the formula.
- Local property tax abatements affect the whole school funding pie; the district gets made (mostly) whole by state dollars. The reduction is shared statewide.

#### Discussion:

- Whether people have talked about modifying the statute, and getting rid of the \$4500 or the Funding Percentage, however you don't quite get the same result.
- Target grant =  $\$4500 + \$25 \times \text{teacher experience factor}$ .
- The teacher experience factor; rising salaries. Districts with more experienced teachers have higher labor costs. Districts don't have control over teacher experience. Labor accounts for 85% of district budgets.
- How teacher experience might affect/address "equity." Because labor costs are higher, the district needs more money in order to offer the same courses as a lower cost district.
- Whether the \$25 is still a good number for teacher experience.
- Whether high school is really cheaper than elementary.
- Full-day kindergarten costs; whether it should be a full weight.
- Special education 11% cap; how often is a waiver given, and how often reviewed? Whether that should be changed to eliminate the cap.
- Examples from districts and how the formula plays out.
- Whether special education should have different weights depending on the disability.
- The logic of the cap for districts to not over-identify special education.
- Whether more money (e.g. special ed) would act as an incentive to over identify students, given the legal responsibilities that follow such identification.
- The percentage of special ed continues to trend up, despite no financial incentive to identify them as such.
- Whether health data is trending similarly.
- How virtual schools are funded (same as other charter schools).
- Whether districts can lower transportation costs. Overall state growth in transportation is only .4% according to Supt Sipe's math.
- The Facilities Grant is being phased out; was reduced from \$25 m to \$20 past legislature.

- Benefits of property tax abatement; comes back in higher income taxes.
- Whether formula discussions should take place in Revenue or Ways & Means.
- Why 11% cap on special education was enacted, esp. given no cap on transportation.

## **DISCUSS AND VOTE ON EQUITY APPROACH**

Chair Devlin

Reeder reviewed again his proposed principles for the task force's approach toward the distribution formula, and that it be based on a notion of equity.

Three types of equity:

1. Inputs,
2. opportunities,
3. outcomes.

Chair Devlin asked members what their definition of equity was.

Sena Norton: Sees inequity in current system where there are large class sizes of unweighted students and small classes of higher needs students. The higher needs students get more teacher time, at the expense of other kids. This is contrary to the belief that class size isn't as important as an effective teacher. She's the same teacher, but less effective in large classes.

Heidi Sipe: Equity is a big issue for her and her district; her district has high poverty, high English as a Second Language learners. It takes additional instruction/time to get these kids to even consider postsecondary education; they don't have role models or normal life skills. Equity means that all kids reach similar outcomes such as graduation rates, college-going rates.

Claire Hertz: It takes different resources to get all kids to the 40-40-20 goal.

Steven Isaacs: Acknowledge challenges of teaching. Wants the money to get to the students and the opportunities and the positive outcomes.

Kelly Devlin: Struggles with how schools are funded and the source of funding. Has questions about the weight; are the weights being used effectively? There are different ways of identifying ELL students, and services to them differ. Is it the funding formula that needs to change or how the programs are operated?

John Hayes: Describes Forest Grove; high numbers of minorities and high poverty rate. The district has identified more than 11% of kids as special education and Forest Grove does get the extra money. The board then decides how to spend the money. Forest Grove is held up as an exemplary school district. Forest Grove must have more money. The community doesn't have a high college-going rate. Forest Grove wants to emphasize on PK through grade 4 with small classes and more attention. Also, the district wants students to earn college credit while in high school; this will get them into the mindset to go to college that they can succeed. None of the equity lens will substantially affect Forest Grove, because they need more money.

Michael Wolfe: The formula seems somewhat equitable. Not sure whether moving the money around moves the dial much. The district needs more money. He likes to recognize that different students cost differing amounts. To move towards the 40-40-20 goal, the state will likely need to make more strategic investment targets.

Bobbie Regan: Notes that she will be meeting with other school board members this weekend. The high cost special education kids—that could be more equitable. She tends toward looking at equitable outcomes for students. Homeless kids are not part of the formula. Mobile kids lose ground; is there a way to support those kids in a better way? Portland Public Schools has been trying to shift funds towards low socio-economic status kids, and support those schools more. It's important for high school students to earn college credit; it might be worth targeting money toward that. The senior year is not used well now.

Rep. Komp: She has given the distribution formula a lot of thought for 20 years. The challenges for teachers increase every year.

Sen. Devlin: He could make a case for all three equity types. We need to serve all students, and keep 40-40-20 goal in mind.

This afternoon, the task force will talk more about equity.

Discussion:

- Outcome of task force.

Chair Devlin recessed the task force for lunch at 12:20 am and reconvene at 1:45.

## **REVIEW AND DISCUSS DATA GATHERED TO DATE**

Chair Devlin

Two issues that have arisen so far is 1) ELL spending, from ELL stakeholders as well as 2) high cost distribution formula.

### *High Cost Disabilities*

- How much have we appropriated in recent years?
- How that has met or not met need?
- Whether the threshold should be lowered.
- Is the trend increasing? Where?

### *English Language Learners*

- Some have questioned whether the dollars are being spent effectively.
- Approximately \$180 m/year spent
- Some districts may be spending more, some less

**Discussion:**

- ELL students who have successfully exited programs would be important data to have.
- Looking at all the carve offs would be helpful, then look at whether those make sense.
- Looking at the poverty weight, and add'l data.

- Whether the formula should be used to incentivize certain activities or just a distribution formula.
- The value of acknowledging the many roles that teachers and administrators play and the cost of those activities.
- History of school funding, levels.
- Shift in tax dollars away from funding education.
- Whether the \$4500 in statute affects the mindset of legislators when appropriating school funding.
- How successful districts are allocating their funding.
- How long a student takes to become bilingual.
- Impact of practices such as 5<sup>th</sup> year of high school, mandates such as more PE.

## **IDENTIFY POSSIBLE APPROACHES TO WORK: SUBCOMMITTEES, SUBTOPICS**

### **February: work groups on**

1. Equity issue/process
2. ELL
3. High Cost Disabilities

### **Discussion:**

- Whether it is possible to look at whether the poverty weight has had an effect in student outcomes.
- Whether Feb 25 and 27 work as dates. Staff will poll.
- Work groups might have to do some work online

## **NEXT STEPS, MEETING SCHEDULE**

Chair Devlin

Any other data requests?

By June, task force should have some idea as to recommendations and write the report over the summer.

### **Discussion:**

- Reeder stated that he thought a number of members thought outcomes were most important. Devlin said it depends on how you define outcomes.
- 2006 Chalkboard Project report and whether members would find that useful.
- Tying outcomes with the formula; cautions. Many outcomes are outside the control of the classroom.
- The goal is equitable outcomes. Equitable inputs are easier—\$8000 for every student, regardless of needs.
- Role of health care in schools and benefits of expanding it.
- Do we have data on what districts spend on ELL? Where's the accountability? Difficulty in determining what spending effects ELL.
- Concern about funding to outcomes; use of language and opportunity to misinterpret.

## **ADJOURN**

Chair Devlin adjourned the committee at 3:00 pm